

## Financial Results (Consolidated) for Six months ended September 30, 2005

Date of Board Meeting for six months ended September 30, 2005: October 31, 2005

(Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.)

### 1. Results of Six months ended September 30, 2005 (From April 1, 2005 to September 30, 2005)

#### (1) OPERATING RESULTS

Amount Unit: Millions of yen unless otherwise specified

	Revenue		Operating Income		Income before Income Taxes	
		%		%		%
Six months ended Sept. 30, 2005	1,303,580	4.0	60,014	(40.8)	63,556	(40.0)
Six months ended Sept. 30, 2004	1,252,925	(0.5)	101,302	8.1	105,935	30.7
Year ended March 31, 2005	2,527,374		164,442		162,346	

	Net Income		Net Income Per Share of Common Stock		Net Income Per Share of Common Stock (Assuming Full Dilution)	
		%	Yen	Yen	Yen	Yen
Six months ended Sept. 30, 2005	33,114	(37.2)	65.02		-	
Six months ended Sept. 30, 2004	52,706	28.2	102.71		-	
Year ended March 31, 2005	84,500		164.78		-	

- Notes
- Equity in net earnings of affiliated companies (including unconsolidated subsidiaries)  
 Six months ended Sept. 30, 2005: ¥2,739 million    Six months ended Sept. 30, 2004: ¥391 million    Year ended March 31, 2005: ¥4,146 million
  - Average number of shares:  
 Six months ended Sept. 30, 2005: 509,296,392    Six months ended Sept. 30, 2004: 513,153,188    Year ended March 31, 2005: 512,801,030
  - Change in Accounting Policies: None
  - Percent: Change against corresponding period of the previous year in Revenue, Operating Income, Income before Income Taxes, Net Income.

#### (2) FINANCIAL POSITION

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio to Total Assets	Shareholders' Equity per Share of Common Stock
			%	Yen
As of Sept. 30, 2005	3,006,281	1,901,229	63.2	3,733.09
As of Sept. 30, 2004	2,996,808	1,831,348	61.1	3,569.07
As of March 31, 2005	2,983,457	1,849,102	62.0	3,630.67

Note: Number of shares outstanding:  
 As of Sept. 30, 2005: 509,291,163    As of Sept. 30, 2004: 513,116,104    As of March 31, 2005: 509,299,992

#### (3) CASH FLOWS

	Net Cash provided by Operating activities	Net Cash used in Investing activities	Net Cash used in Financing activities	Cash and Cash Equivalents at end of period
Six months ended Sept. 30, 2005	107,602	(100,826)	(35,483)	264,172
Six months ended Sept. 30, 2004	125,322	(143,441)	(42,553)	404,565
Year ended March 31, 2005	219,361	(312,401)	(83,406)	288,157

#### (4) SCOPE OF CONSOLIDATION AND EQUITY METHOD

- Consolidated Subsidiaries : 224 subsidiaries
- Companies accounted for by equity method: 93 companies

#### (5) CHANGE IN SCOPE OF CONSOLIDATION AND EQUITY METHOD

- Consolidation: Increase 5, Decrease 4    Equity Method: Increase 4, Decrease 11

### 2. Forecast for the Fiscal Year ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

	Revenue	Operating Income	Income before Income Taxes	Net Income
For Year ending March 31, 2006	2,700,000	170,000	164,000	85,000

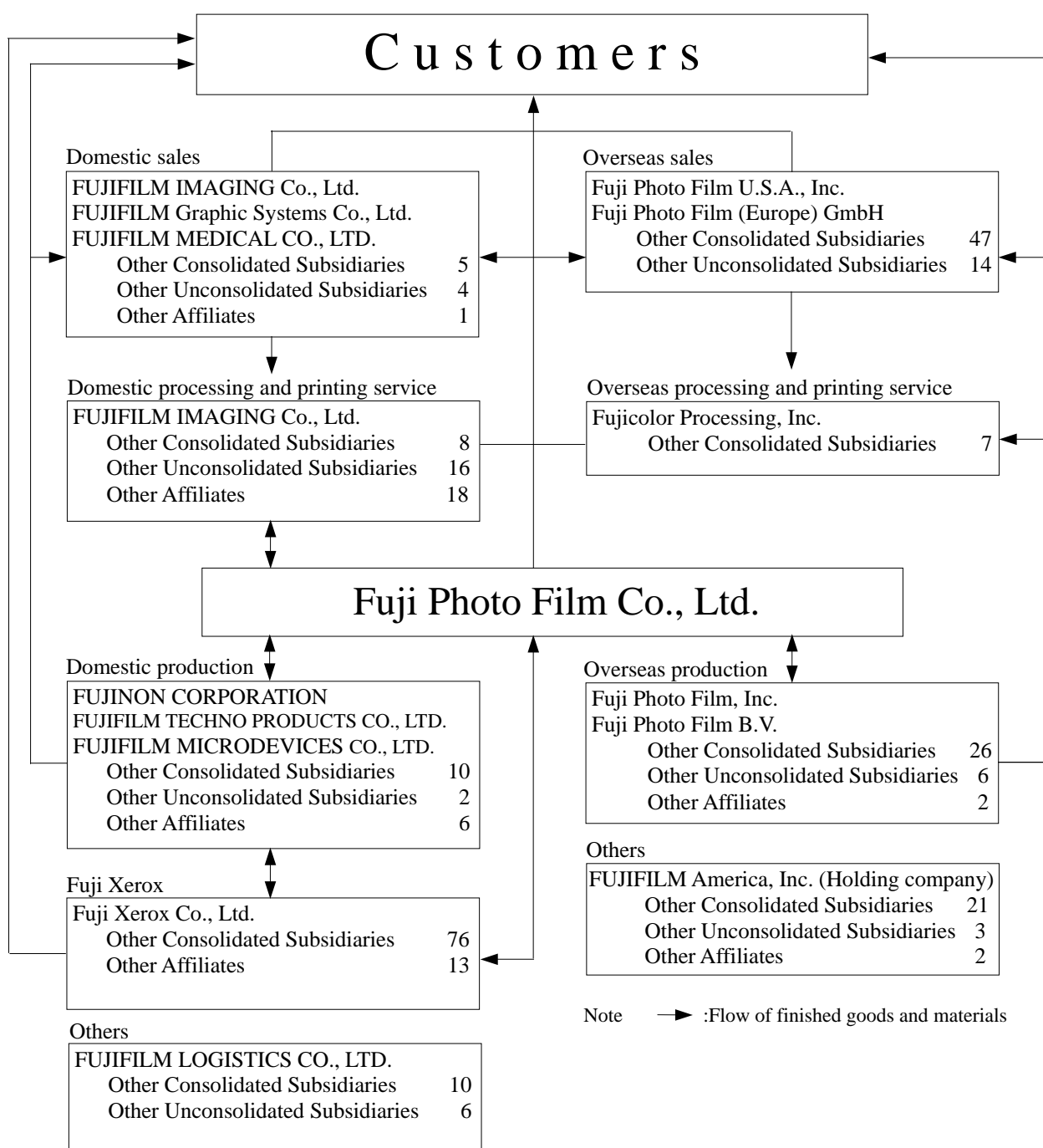
(Reference) Expected Net Income per Share of Common Stock for Year ending March 31, 2006: ¥166.90

Note: These forecast are based on the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements. See note on page 13.

## 1. THE FUJIFILM GROUP

The Fujifilm Group comprises Fuji Photo Film Co., Ltd., 275 subsidiaries and 42 affiliated companies that perform R&D, manufacturing, marketing, and service activities in the Group's core business of segments of Imaging Solutions, Information Solutions, and Document Solutions. The Fujifilm Group main companies in each segment are outlined as follows:

	Description	Main companies
Imaging Solutions	Color films, digital cameras, photofinishing equipment, color paper and chemicals and services for photofinishing, etc.	Fuji Photo Film Co., Ltd., FUJINON CORPORATION, FUJIFILM IMAGING Co., Ltd., FUJIFILM MICRODEVICES CO., LTD., Fuji Photo Film, Inc., Fuji Photo Film B.V., Fuji Photo Film U.S.A., Inc., Fuji Photo Film (Europe) GmbH, Fujicolor Processing, Inc. etc.
Information Solutions	Systems devices for graphic arts, medical imaging and information systems, flat panel display materials and recording media, etc.	Fuji Photo Film Co., Ltd., FUJIFILM TECHNO PRODUCTS CO., LTD., FUJIFILM Graphic Systems Co., Ltd., FUJIFILM MEDICAL CO., LTD., FUJIFILM Electronic Materials Co., Ltd., Fuji Photo Film, Inc., Fuji Photo Film B.V., Fuji Photo Film U.S.A., Inc., Fuji Photo Film (Europe) GmbH etc.
Document Solutions	Office copiers/MFPs, printers, production systems and services, paper, consumables and office services, etc.	Fuji Xerox Co., Ltd., Suzuka Fuji Xerox Co., Ltd., Fuji Xerox Office Supply Co., Ltd., Tokyo Xerox Co., Ltd., Fuji Xerox Printing Systems Co., Ltd., Fuji Xerox (China) Limited, Fuji Xerox Asia Pacific Pte Ltd., etc.



## **2. MANAGEMENT POLICIES**

### **(1) Basic Management Policies**

FUJIFILM will constantly strive to develop superior technologies and to continue to cultivate an imaging and information culture. As a global company fully trusted by both customers and society itself, we aim to make innovative use of the most advanced technologies to create beautiful images and wide-ranging information and provide the imaging, information, and document solutions that will best meet the increasingly sophisticated needs of the world community.

### **(2) Medium-and Long-Term Strategy and Essential Tasks**

In the fields in which we are developing our operations, rapid progress in the application of digital technologies has led to a major ongoing paradigmatic transition often referred to as “digital impact.” Taking full advantage of opportunities associated with digital impact, we have aptly responded to other changes in our business environment. Aiming to move ahead with additional reforms, and develop new corporate growth paths, Fujifilm last year drafted the VISION75 medium-term management plan, extending through the year in which the Company will mark the 75th anniversary of its founding.

VISION75 articulates the fundamental strategies of “building new growth strategies,” “implementing comprehensive structural reforms at all management levels,” and “enhancing consolidated management.” In concrete terms, the entire Fujifilm Group will be strategically emphasizing the following efforts:

- a) We will strategically distribute our corporate resources in a manner that promotes additional expansion in business growth fields and strengthens the overall profit base.
- b) We will rebuild our R&D system, boost investment in it, and tighten its strategic focus with an eye to creating new businesses that will be pillars of the Group’s operations in the future.
- c) We will maintain and expand our existing operations and thereby generate profit.
- d) We will maintain our competitive superiority through restructuring that includes reexamining, reorganizing, and boosting the efficiency of systems associated with all our manufacturing, marketing, distribution, and purchasing processes.
- e) We will further increase the use of business management systems based on consolidated accounts with the objectives of more concertedly marshaling the Group and promoting greater competitiveness and growth.
- f) We will undertake corporate social responsibility (CSR) activities with an emphasis on appropriate internal control systems through the integrated promotion of compliance and risk management systems and more proactive responses to environmental issues.

### **(3) Basic Policy Regarding Distribution of Profits**

Fujifilm’s basic policy regarding the distribution of profits is to provide shareholders with stable dividends as well as to maintain sufficient internal reserves to strengthen the management foundation, permitting it to support an aggressive expansion of its business activities while being prepared for sudden changes in the business environment.

### **(4) Policy Regarding Reduction of Basic Trading Unit of Shares**

Regarding the reduction of the basic trading unit of shares, Fujifilm believes it is important to provide investment opportunities to a greater number of investors, particularly individuals, and to increase market liquidity. Accordingly, as of September 1, 2004, the trading unit size was reduced from 1,000 shares to 100 shares.

### **(5) Basic Policy Regarding Corporate Governance and Implementation of Related Measures**

Recognizing that a corporation’s main mission is to increase corporate value, Fujifilm has been given top priority to measures aimed at increasing its own corporate value by strengthening and broadening its corporate governance systems, and it has steadily proceeded with the implementation of these measures.

## Units Associated with Corporate Governance

### a) Directors and the board of directors:

Currently, Fujifilm has 16 directors and its board of directors is entirely composed of internal directors. In principle, regular meetings of the board of directors are held monthly and special meetings are held as the need arises. To further clarify the mission and responsibilities of directors, the Company gives them terms in office of one year.

### b) Executive officer system:

In June 1998, Fujifilm introduced an executive officer system with the goal of expediting operational execution. The board of directors is positioned as “the body for determining basic management policies and strategies as well as for supervising the execution of business affairs,” and the executive officers are responsible for the execution of business affairs in accordance with the basic policies and strategies adopted by the board of directors. The Company currently has 31 executive officers, 16 of whom also serve as directors, and they are given the same one-year terms as directors.

### c) Management Council:

The Management Council determines which issues are exclusively the responsibility of the board of directors and should be submitted for consideration by the board. In addition, it serves as an organ for the discussion of important matters, such as those pertaining to business affairs carried out by executive officers, in accordance with the basic policies, strategies, and plans determined by the board of directors. Council meetings are scheduled in line with changing circumstances, and participants include executive officers who hold positions of executive vice president or higher and any additional executive officers who are connected with a meeting’s agenda.

### d) Auditors and the board of corporate auditors:

Fujifilm has adopted an auditor system. The board of corporate auditors is currently composed of four members, including two external corporate auditors. Based on recognition that the board of corporate auditors is an independent body with key roles and responsibilities in Fujifilm's corporate governance system, each corporate auditor performs audits—based on auditing standards established by the board of corporate auditors and in accordance with auditing policies, auditing plans, and other related items—of the entire range of the directors' performance of their duties. At regular meetings of the board of corporate auditors, which are in principle held monthly, measures are taken to share audit execution information. All the auditors attend meetings of the board of directors, and the standing statutory auditors also attend every ordinary management council meeting considered to be important. To promote the strengthening of corporate auditor audit functions, two employees (concurrently performing internal audit duties) are currently assigned to work as staff for the corporate auditors.

### e) Auditor’s Office:

Fujifilm has established an Auditor's Office, which currently has a staff of six employees, to serve as an internal auditing unit independent from departments responsible for the execution of business affairs. The Auditor's Office examines each department’s operational processes and other items and verifies that they are appropriate. In addition, regarding environmental protection and export administration fields, the staff of specialized departments perform audits. Regarding principal Group companies, the Auditor's Office cooperates with corporate auditors to perform regularly scheduled audits and thereby confirm the creation and operation of internal control systems. To further reinforce its internal auditing system, the Company is working to expand and strengthen its internal auditing staff.

### f) Independent Auditors:

Fujifilm has appointed Ernst & Young ShinNihon as its independent auditor, giving it the role of providing opinions on the Company’s financial statements from an independent standpoint.

## Names of Certified Public Accountants, Affiliated Audit Firm, and Consecutive Auditing Years

Names of Certified Public Accountants		Affiliated Audit Firm	Consecutive Auditing Years
Designated and Engagement partner	Akira Tanaka	Ernst & Young ShinNihon	19 years *
	Takashi Miyazawa		12 years *
	Haruya Takahashi		6years
	Yoshihiko Nakatani		3years

\* Both Akira Tanaka and Takashi Miyazawa are scheduled to be rotated off after auditing of financial statements for the fiscal year ending March 31, 2006.

g) Mutual cooperation among Internal Auditing units, Corporate Auditors, and Independent Auditors:

While Ernst & Young ShinNihon has been appointed to perform financial auditing, the Company recognizes that mutual cooperation among its internal auditing units, corporate auditors, and independent auditors can promote the reinforcement of its corporate governance and is therefore working to promote the sharing of important information among those three groups. Each year, in addition to prior consultations at the audit plan drafting stage and the coordination of views at the audit report stage, consultative meetings are convened whenever needed during the audit implementation process. Regarding the auditing of factories and Group companies, the three groups—corporate auditors, internal auditing units and independent auditors—perform audits concurrently, collaborate in inspecting on-site inventories, and otherwise operate while maintaining close coordination and thereby strive to conduct audits efficiently.

### **Promotion of CSR Management and Development of Risk Management and Internal Control Systems**

In line with its basic management principles, Fujifilm has long undertaken various corporate social responsibility (CSR) activities designed to ensure its maintenance of ethical standards, compliance, and appropriate response to environmental and product safety issues. In April 2004, Fujifilm further strengthened its CSR operations by establishing the CSR Division, which leads the promotion of CSR throughout the Company through appropriate measures, including the planning of CSR operations in cooperation with various relevant departments.

The CSR Division includes the Company's Compliance and Risk Management Division and the Ecology and Quality Management Division. In addition to its compliance-related functions, the Compliance and Risk Management Division is responsible for building, operating, and upgrading a risk management system that comprehensively manages risks associated with all Fujifilm Group companies. It is seeking to augment the promotion and strengthening of both of its principal objectives in an integrated manner.

#### **a) Risk Management Systems**

In addition to the systematic activities of the Compliance and Risk Management Division, Fujifilm maintains two committees that broadly coordinate risk management activities throughout the Company—the General Risk Management Committee, managed by the Compliance & Risk Management Division and the PL (Product Liability) Committee, managed by the Ecology and Quality Management Division. The General Risk Management Committee helps manage risks by delegating responsibilities to diverse specialized subcommittees, while the PL Committee establishes Companywide policies related to product safety management and discusses fundamental issues associated with the promotion of these policies.

#### **b) Internal Control Systems**

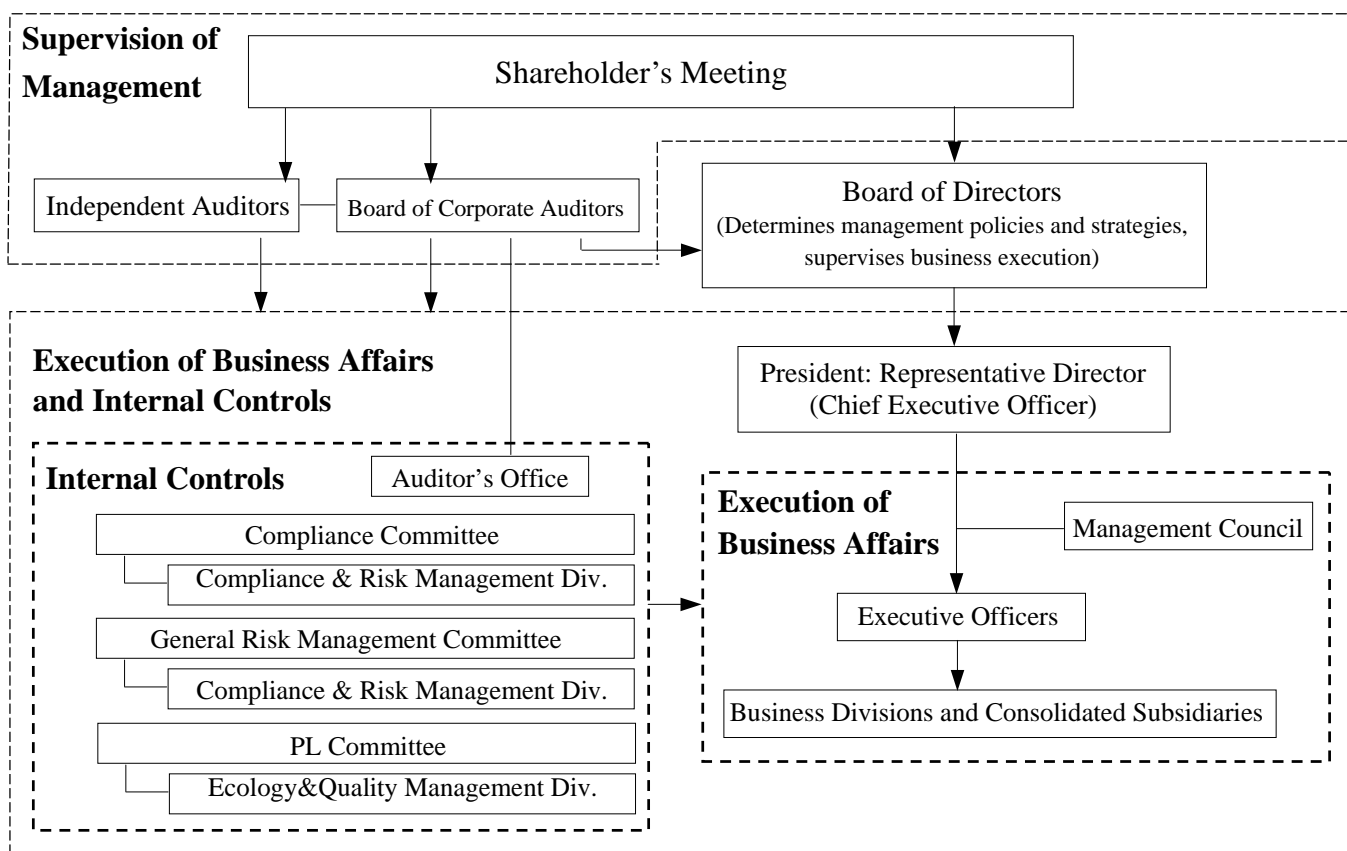
Recognizing that compliance systems are crucial prerequisites of efficient and sound corporate management activities, Fujifilm has compiled its fundamental principles regarding compliance in its business activities in the Fujifilm Group Charter for Good Corporate Behavior. Based on this charter, principal Group companies in Japan and overseas have drafted their own employee conduct codes and are duly working to ensure compliance with those codes. Fujifilm has also established a Compliance Committee chaired by the Company's president. This committee and the Compliance & Risk Management Division, which serve as the committee's secretariat, comprise the principal hub of programs for promoting compliance awareness throughout the Group. For example, they hold compliance explanation meetings at each workplace, organize compliance education programs for staff in each management stratum, and monitor performance by conducting compliance awareness surveys and taking various other measures. To prevent small problems within the Fujifilm Group from developing into major disasters, the Company has established and begun operating consultation units—both within specialized internal departments and external institutions—that work with Group employees in handling consultations, liaison activities, and reports related to conformance and infractions of compliance standards. In addition, recognizing that it is important to build and operate internal control systems for appropriately preparing reports on financial information and other matters as well as to disclose such reports in a timely manner, Fujifilm is striving to further expand and strengthen its internal systems related to these tasks.

**Disclosure**

Recognizing the importance of maintaining and improving the transparency of its operational execution and the timely and appropriate disclosure of corporate information, Fujifilm is striving to ensure the timely and fair disclosure to stakeholders within and outside the Company of information related to the entire range of corporate operations, including management policy disclosure, the detailed disclosure of quarterly performance information, and the dissemination of such CSR activity related information as that concerning proactive efforts with respect to society and the environment.

Having established its Corporate Communications Division to consolidate public relations functions, advertising and promotional functions, and investor relations functions, Fujifilm is seeking to create systems to coordinate these functions in a manner that increases the dimensions of communications with external entities and that is also more integrally connected with management so as to promote the dissemination of consistent and unified messages.

The following chart provides an overview of Fujifilm’s auditing and management systems and internal control mechanism.



### 3. OPERATING RESULTS AND FINANCIAL POSITION

#### (1) Operating Results

Regarding conditions in the global economy during the interim fiscal period under review, the U.S. economy remained robust, owing to such factors as sustained growth in personal consumption and a rise in corporate capital investment. The Asian economy maintained expansion centered on the Chinese economy, which benefited from brisk capital investment. The pace of economic recovery in Europe was slow, however, reflecting the low level of growth in personal consumption. In Japan, despite a trend of increase in private-sector capital investment, employment conditions continued to be severe, and personal consumption growth was restrained to a slow pace. In addition, there was concern regarding the prospective impact of surging crude oil prices on the entire global economy.

Amid these conditions, Fujifilm dynamically expanded its operations while utilizing digital and networking technologies to provide customers with comprehensive solutions in the imaging, information, and document businesses. Noteworthy examples of how the Company worked to strengthen and expand its operations in each of these business fields include the implementation of a campaign to stimulate greater demand for prints from digital camera images; the execution of measures to increase sales of high-image-quality and high-sensitivity digital cameras featuring the Company's unique technologies; the boosting of manufacturing capacity for flat panel display materials and computer-to-plate (CTP) printing plates, which are in great demand; the promotion of more-widespread use of ultrasmall-diameter endoscope products that can be inserted via the nostrils; and the expanded marketing of digital color multifunction devices for office use that draw on new technologies. The Company is also proceeding quickly and resolutely with the implementation of various structural reform measures, including the reorganization of manufacturing systems centered on producing photosensitive materials such as color film and color paper and digital imaging operations and the consolidation in China of copier manufacturing bases.

Regarding consolidated net sales during the period under review (April 1, 2005, through September 30, 2005), although sales of color film and digital minilabs declined, the continued abundance of demand for flat panel display materials supported a large increase in Fujifilm's sales of such materials. In addition, sales of digital color multifunction devices and office printers were strong, particularly overseas. Such positive factors—together with contributions from companies newly included within the scope of consolidation and the positive effect of the progressive depreciation of the yen vis a vis euro—boosted consolidated net sales to ¥1303.5 billion, a rise of 4.0% from the same period in the previous fiscal year. Domestic revenue amounted to ¥646.2 billion, up 1.4%, while overseas revenue totaled ¥657.3 billion, up 6.8%. A factor greatly affecting the year-on-year comparison of profitability was Fuji Xerox's recording of temporary gains on the return of the substitutional portion of its employee pension fund liabilities in the previous year. In addition, regarding the cost of sales and operating expenses, the Company strove to reduce costs through such measures as those to improve manufacturing efficiency, reduce procurement costs, and more-tightly focus spending on strategically emphasized tasks. However, cost increases due to rises in main raw material prices, greater R&D spending with the objective of creating new products and businesses, and expenses accompanying proactive measures to reorganize manufacturing systems for imaging solutions operations centered on photosensitive materials operations and digital imaging operations and to implement other restructuring projects caused operating income to drop 40.8%, to ¥60.0 billion. Income before income taxes decreased 40.0%, to ¥63.5 billion, and net income declined 37.2%, to ¥33.1 billion.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the period were ¥109 and ¥136, respectively.

Trends in net sales and business development for each business segment were as follows:

### **Imaging Solutions**

Factors exerting a negative influence on imaging solutions revenue included reduced demand for color films, and a temporary weakening in demand for minilabs arising from the installation of a large volume of minilabs by major clients in the previous fiscal year. As a result of these and other factors, consolidated revenue in this segment amounted to ¥ 348.3billion, down 10.7% from the same period in the previous fiscal year.

In the imaging field, Fujifilm continues to provide high-value-added products and services, both digital and analog, that meet customers' increasingly diverse and advanced needs. These products and services provide imaging solutions along the entire "capture-store-print-share" continuum. Particularly, in view of the continued increase in digital camera ownership throughout the world, Fujifilm is emphasizing measures to compensate for a decline in demand for prints from color film by positioning prints from digital cameras a strategic growth field. The Company is proactively taking diverse measures to further expand its business in this field. Specifically, Fujifilm is undertaking domestic and overseas marketing campaigns that encourage greater awareness of the superiority of its digital image printing services—emphasizing the simplicity, high quality, and nonfading characteristics of its prints—and the Company is also striving to expand the installation of Frontier series digital minilabs and otherwise move ahead with the creation of infrastructure for its "Print at Retail" digital image printing services, thereby increasing the volume of digital image printing opportunities. These measures are steadily generating results, and the Company increased its digital image printing sales by a large margin. The measures also contributed to increases in the Company's color paper sales volume despite the trend of a declining volume of prints from color film. Although sales of Frontier minilabs have been affected by a temporary cyclical weakening of demand for new installations, Fujifilm is working to promote such demand from additional customers by providing products tailored to their needs, and the Company anticipates that this effort will help expand the volume of its "Print at Retail" digital image printing services business. Regarding digital cameras, Fujifilm greatly improved its domestic sales performance, owing to contributions from new products that earned high evaluations in the domestic market, including the FinePix F10, which offers a maximum sensitivity of ISO 1600 and thereby enables attractive photos even in dim lighting conditions while reducing problems associated with camera shaking and movement of photographed objects, and the FinePix Z1, which has an ultrathin, fully flat body. Overseas, conditions continued to be particularly harsh in the North American market, where camera manufacturers are engaged in intense price competition, and the Company is striving to increase its competitiveness there through such measures as improving its supply chain management and reorganizing its marketing systems. Conditions for color film business continued to be severe. Regarding one-time-use recyclable cameras, however, Fujifilm was able to increase its supplies to major customers in the North American market and maintain strong sales performance in those markets. To stimulate demand in Japan, the Company proactively placed television commercials and otherwise augmented its sales promotion measures for the Night & Day model in the QuickSnap product line prior to the summer fireworks season, which is a period of particularly strong demand for one-time-use recyclable cameras.

### **Information Solutions**

Growth in sales of flat panel materials was sustained, and smooth sales growth was achieved in CTP plates, for which the market continued to expand. In addition, contributions were made by such newly acquired subsidiaries as FUJIFILM Electronic Materials U.S.A., Inc., which is expanding the Company's business in semiconductor-related processing materials, and FUJIFILM Sericol UK Limited, which is handling operations involving such products as screen printing inks and industrial ink-jet inks. Such factors boosted consolidated revenue in this segment by 10.5% from the same period in the previous fiscal year, to ¥415.2 billion.

In flat panel display materials, demand for mainstay FUJITAC and WV Film products continued to be robust. In view of projections of further demand growth, Fujifilm is taking steps to augment its manufacturing capacity for such materials. On April 1, 2005, Fujifilm established a manufacturing subsidiary, FUJIFILM Kyushu Co., Ltd., which is an additional major base for manufacturing FUJITAC. At existing plants, FUJITAC and WV Film manufacturing facilities began operations during the second quarter of the current fiscal year.

Regarding medical imaging business, in the medical diagnostic product field, the general trend to digital equipment supported strong sales of FCR (Fuji Computed Radiography), dry imagers, and other equipment products. Regarding endoscope products, smooth increases were recorded in sales of products centered on the Transnasal Endoscope, and Fujifilm worked to promote more rapid diffusion of Transnasal Endoscope products through the September 2005 launch of a new product that incorporates Fujifilm's Super CCD and unique image-processing technology to realize additional improvement in image quality. Fujifilm is also augmenting its medical imaging



product marketing capabilities in Japan and overseas through such measures as increasing the number of related marketing staff and establishing additional marketing bases.

Regarding graphic arts system products, the growing use of digital products worldwide has been reducing demand for graphic arts films, but Fujifilm has achieved large increases in sales of its CTP system related products. The Company is steadily creating additional CTP plate manufacturing facilities to meet the huge demand for CTP plate products, and it is also moving ahead with steps to strengthen CTP marketing promotion capabilities, such as the April 1, 2005, establishment of a marketing subsidiary in the Chinese market, which is projected to expand.

Regarding recording media, despite persistently intense competition in mid-range data storage tape and DVD media markets, the continued expansion of those markets enabled Fujifilm to increase its associated sales.

Regarding Fujifilm's office & industrial operations, in the field of optical lens products, the Company achieved a steady rise in sales of megapixel lens units.

### **Document Solutions**

Increases in sales of color and monochrome models of digital multifunction devices and laser printers, particularly export sales to North American and European markets, helped boost consolidated revenue in this segment to ¥540.0 billion, up 10.9% from the same period in the previous fiscal year.

Regarding office product business, the Company strengthened its domestic lineup of ApeosPort series products, with augmented networking functions, in response to the rise in companies' needs to strengthen document security and unify document administration following the implementation of the e-Document Act and Personal Information Protection Act in Japan. With respect to equipment sales, robust growth was recorded in the sales volume of DocuCentre C6550 I/C5540 I models—the top products in the DocuCentre Color multifunction device line—and a large increase in the sales volume of low- to medium-speed monochrome multifunction device models was achieved. In addition, the volume of exports of full-color high-speed products and monochrome low-speed products to North America and Europe was up greatly from the previous fiscal year. The rising share of full-color products within multifunction device sales has been accompanied by steady growth in revenues from full-color product maintenance services and consumables. Regarding consumables manufacturing, the Company is implementing a policy of designing all its copiers and multifunction devices to employ EA (Emulsion Aggregation) toner and, to meet rising demand for this toner, it is currently moving ahead with measures to augment its EA toner manufacturing facilities. An additional EA toner manufacturing facility is scheduled to be completed and to begin shipments during the current year.

With respect to office printer operations, the volume of color and monochrome laser printer sales overseas increased greatly. In particular, growth in the OEM sales volume of reasonably priced color laser printers helped create a large surge in the volume of color laser printer exports to North America and Europe. The sales volume of reasonably priced color laser printers also grew markedly in China and other Asian countries.

In production services business, the Company greatly expanded its supply of computer printing systems and on-demand printing systems to the digital printing markets of China and other Asian countries. In Japan, the Xerox iGen3 Digital Production Press high-speed, high-quality full-color on-demand printing system line launched in the previous fiscal year was strengthened with the launch of the Xerox iGen3 110 Digital Production Press, an even superior product. In addition, Executive Print Innovation Center “epicenters” were established at four bases in the Asia-Pacific region during the previous fiscal year, and Fuji Xerox has worked to expand the digital printing market by effectively employing these facilities to promote next-generation digital outputting business models characterized by superior profitability.

In office services business, Fuji Xerox continued to expand its domestic document outsourcing business. Moreover, in June 2005, it cooperated with CAC Corporation to establish a joint venture, CrossForce Co., Ltd., to handle a comprehensive range of integrated services involving document management solutions and mission-critical operations solutions and thereby strengthen the infrastructure for expanding the scale and scope of its office services business.

In line with the fundamental strategies in its VISION75 medium-term management plan, Fujifilm is steadily moving ahead with measures to overcome diverse challenges.

First, regarding measures associated with the objective of "building new growth strategies," in flat panel display material operations, which is currently a principal pillar of Fujifilm's growth, the Company acquired additional shares in Sanritz Corporation, a manufacturer of polarizers for LCDs, increasing its shareholding to approximately 30% in June 2005. This increase is designed to strengthen Fujifilm's partnership with Sanritz and thereby help further accelerate the development of high-performance functional materials for use with LCDs while also boosting the Company's competitive strength in flat panel display materials operations. In the new business field of life science operations, Fujifilm is drawing on its abundant store of photochemical-related technologies accumulated in the course of photosensitive materials research as it proceeds with base-strengthening efforts aimed at developing life science operations into a new core business field. As a part of this strategy, in September 2005, the Company established FUJIFILM CMIC HEALTHCARE Co., Ltd., as a joint venture with CMIC Co., Ltd., which has abundant experience supporting clinical trials. While deriving maximum benefit from CMIC's pharmaceutical development know-how and network of specialists, the joint venture is expected to provide total support for Fujifilm healthcare product development work ranging from exploratory research through precommercialization tasks and also proactively undertake cooperation with domestic and overseas companies, thereby greatly accelerating the development of Fujifilm's life science business.

On October 1, 2005, Fuji Xerox sought to support the strengthening of its service business, which is considered a growth field, by revamping its domestic sales structure through measures including the transformation of all domestic marketing companies into wholly owned subsidiaries. All domestic marketing operations have been transformed into services business. Fuji Xerox's direct marketing units have been concentrated in three major metropolitan areas—Tokyo, Nagoya, and Osaka—and are now specialized in marketing to corporate customers in Japan and overseas, primarily large corporate customers. At the same time, sales subsidiaries have begun undertaking operations that are deeply rooted in their respective regions and flexibly employ integrated marketing and servicing capabilities to expand the scale of their services business.

Fujifilm is also relentlessly taking initiatives in accordance with another of VISION75's fundamental strategies—"implementing comprehensive structural reforms at all management levels."

To respond to changes in its business structure and create a more efficient and highly competitive manufacturing system, on October 1, 2005, Fujifilm organizationally unified each function of its Ashigara and Odawara factories, which are manufacturing bases for photosensitive materials and flat panel display materials, thereby creating the Kanagawa Factory. At the same time, departments handling photosensitive material processing lines related to color film and other products were comprehensively shifted to the manufacturing subsidiary, thereby promoting the rationalization of manufacturing systems. By organizationally unifying the two factories and operating them in an integrated manner, the Company will be able to streamline its related organizational structure and workforce as well as shift a portion of the engineers and operators previously working in photosensitive materials operations to development and manufacturing work in the growth field of flat panel display materials and thereby accelerate product development in that field. This reorganization program is a part of a fundamental reevaluation of Fujifilm's photosensitive materials manufacturing system from a global perspective. Plans call for further accelerating related reforms with the goals of creating a manufacturing system that has increasingly higher cost-competitiveness.

Fujifilm's document solutions units are continuing to progressively shift copier mass-manufacturing operations to facilities in China. Besides reducing processing expenses and improving overall manufacturing efficiency, the units are working to increase component commonality and standardization, reevaluate procurement processes, and internalize mold and die manufacturing, and thereby shorten product development lead times. Through these and other efforts, the units are steadily realizing cost reductions. In addition, in May 2005, the units began operating a new information system designed to play a central role in information process reform measures that have been progressively implemented with the goal of standardizing purchasing, manufacturing, marketing, distribution, and other operational processes and thereby greatly increasing efficiency. This is enabling the creation of a common administrative platform for the integration of marketing and operational administration as well as measures to reduce selling, general and administrative costs centered on cost reductions attained through inventory reductions. In addition, the future comprehensive integration of the information systems of Fuji Xerox and its domestic marketing companies will enable the unified administration of customer information and business negotiation information.

The Company plans to distribute interim cash dividends of ¥12.50 per share.

## (2) Financial Position

Net cash provided by operating activities amounted to ¥107.6 billion, down ¥17.7 billion from the previous year, while net cash used in investing and financial activities totaled ¥100.8 billion and ¥35.5 billion, respectively. As a result, total cash and cash equivalents at the end of the period amounted to ¥264.2 billion, down ¥24.0 billion from the end of previous fiscal year.

### Cash flow indices (consolidated)

	Year ended March 31, 2005 From April 1, 2005 To March 31, 2005	Six months ended September 30, 2005 From April 1, 2005 To September 30, 2005
Ratio of shareholder's equity to total assets(%)	62.0	63.2
Ratio of market capitalization to total assets(%)	66.9	63.4
Ratio of interest-bearing debt to operating cash flow(years)	1.0	0.9
Interest coverage ratio (times)	47.0	51.5

#### Notes:

1. Market capitalization equals the stock at the end of the fiscal year multiplied by the number of shares at the end of the fiscal year
2. Interest-bearing debt includes corporate debt securities and short- and long-term debt.
3. Interest coverage ratio: Operating cash flow divided by interest paid.

## (3) Outlook for the Full Fiscal Year and the Distribution of Profits

Against the backdrop of the recent trend of yen depreciation against the dollar, the protracted high level of oil prices is spurring increasing concern regarding inflation in U.S. markets and anticipation that U.S. interest rates will be raised as a countermeasure. These factors are eliciting growing fear that the U.S. economy, which has been strong to date, will decelerate. As the stubbornly high level of crude oil prices may lead to a further rise in raw materials prices, predicting trends in the global economy is increasingly difficult.

Amid these conditions, regarding Fujifilm's principal markets, the expansion of the LCD television market and growing size of LCD panels is expected to support continued abundant demand for flat panel display materials. Moreover, with respect to document solutions operations, demand for color multifunction devices and color laser printers is robust, and the sales volume of such products is projected to increase. On the other hand, a significant decrease in demand for color film and slackening in digital camera market growth is likely to continue presenting the Company with harsh business conditions. In view of such current and prospective market conditions, the Company is continuing to move ahead with structural reforms on a global scale that are centered on the imaging solutions business and involve manufacturing, marketing/distribution, and development laboratory operations.

For the current fiscal year, the Company has not changed the performance forecast that it announced on April 28, 2005. Specifically, the Company projects that it will record ¥2,700.0 billion in consolidated revenue, ¥170.0 billion in consolidated operating income, ¥164.0 billion in income before income taxes, and ¥85.0 billion in consolidated net income.

These projections are made assuming exchange rates of ¥105 to US\$1 and ¥135 to 1 euro in the second half of the fiscal year.

The Company plans to distribute year-end cash dividends of ¥12.50 per share, and cash dividends applicable to the fiscal year under review are expected to total ¥25.00 per share.

#### 4) Business-Related and Other Risks

The following types of risk have the potential for affecting the Fujifilm Group's financial condition and business performance. Text referring to the future is written from the perspective of the end of the interim fiscal period under review.

##### a) Impact of Economic and Exchange Rate Trends on Performance

Fujifilm provides products and services in diverse markets throughout the world, and the share of consolidated sales accounted for by overseas sales was approximately 50% in the interim fiscal period under review. There is a possibility that performance will be greatly affected by economic conditions throughout the world and particularly by currency exchange rates.

To reduce the impact of currency exchange rates on performance, Fujifilm undertakes hedging measures, primarily using forward exchange contracts for the U.S. dollar and the euro, but currency exchange fluctuations, depending on their degree, still could have an impact on performance.

##### b) Competition in Markets

Fujifilm provides diverse digital-related products and services—including digital cameras and other consumer products as well as such commercial use products as those for medical, graphic arts, and office applications — and, in recent years, the rising and broadening use of digital and networking technologies has led to a sustained rise in the share of digital products and services. In these business fields, although business volume is expanding, the intensification of competition with electronic equipment manufacturers and other companies is leading to falls in the selling prices of products during short periods of time and are also shortening product life cycles. By affecting sales, increasing R&D costs, and exerting other effects, these trends have the potential for reducing profitability. In the future, Fujifilm will continually work to develop products incorporating new technologies and to support the sales of such products with marketing activities, and the success or failure of these activities is expected to have an influence on performance.

##### c) Patents and Other Intellectual Property

Fujifilm has diverse patents, know-how, and other intellectual property that enable competitive benefits, but such future events as the expiration of patents and emergence of replacement technologies may make it difficult to maintain competitive superiority.

In the wide range of business fields with which Fujifilm is associated, there are numerous companies with sophisticated and complex technologies, and the number of these technologies is rising rapidly. Developing Fujifilm's business operations sometimes may require the use of other companies' patents, know-how, and other intellectual property, and when negotiations for the use of such intellectual property are not successful there is a potential for performance to be affected. In addition, Fujifilm is developing its business while constantly taking care not to infringe on the intellectual property of other companies, but it must be recognized that in reality it is difficult to completely eliminate the risk of becoming involved with litigation. If Fujifilm becomes involved with litigation, not only litigation costs would arise but also the potential for compensatory payment costs that could have an influence on performance.

##### d) Public Regulations

In the regions where Fujifilm is developing its operations, diverse government regulations exist that apply to Fujifilm's operations, such as business and investment permits as well as limits and regulations related to imports and exports. Moreover, Fujifilm is subject to commercial, fair trade, patent, consumer protection, tax, foreign exchange administration, environmental, and other laws and regulations.

If Fujifilm were not to strictly comply with one of these laws or regulations, it could be subject to fines. Moreover, it is possible that these laws and regulation might be tightened or greatly changed, and in such cases it is impossible to deny the possibility that Fujifilm's activities could be limited or that Fujifilm might have to bear greater costs to attain compliance or respond to the changes. Accordingly, these laws and regulations have the potential for affecting Fujifilm's performance.

##### e) Manufacturing Operations

As Fujifilm engages in manufacturing operations throughout the world, it is possible that provision of Fujifilm's products could be halted by earthquakes or other natural disasters, the discontinuation of the manufacture of raw materials and components, the bankruptcy of suppliers, terrorist activities, wars, labor strikes, major disease outbreaks, and other factors that cause disorder. It is also possible that a rapid rise in the price of raw materials could affect Fujifilm's performance. Fujifilm manufactures its products in conformance with rigorous quality control standards, but the possibility of defective products does exist. If Fujifilm were to have to respond to such an event by undertaking product recalls or other actions, Fujifilm's performance might be affected.

#### f) Structural Reforms

Fujifilm is proceeding with structural reform measures that involve the manufacturing, marketing, and service activities of Group companies and mergers of Group companies, and it intends to continue such measures with the goal of striving to increase management efficiency. Depending on the degree of progress in structural reforms, it is possible that Fujifilm might bear additional costs that would affect its performance.

#### 4. ENVIRONMENTAL POLICIES

Since its founding, Fujifilm has implemented diverse environmental policies in line with a corporate philosophy that designates environmental awareness and protection as fundamental elements of corporate business activities, giving particular emphasis to the themes of “environmental awareness” and “ensuring that chemicals are used in a safe manner.” Based on the “Fujifilm Group Green Policy” medium-term environmental policy, we are striving to maintain high levels of “environmental quality” in our products, services, and corporate activities.

All Fujifilm Group companies have adopted uniform standards for designing environment-friendly products. In addition, the Company has established a structure in which no product of the Company is produced unless its the environmental quality has been deliberated and approved at all stages, from production through disposal. Reflecting this policy are such products launched during the interim fiscal period under review as the Frontier 550 digital minilab, which has been made more compact and incorporates a newly developed drying unit that boosts its thermal efficiency and enables it to consume approximately 34% less power than the previous model.

The Japan Environmental Management Association for Industry has authorized the use of the EcoLeaf Environmental Label for such Fujifilm products as the FinePix series of digital cameras. The Company’s introduction of the LCA system requires the quantitative and objective assessment of environmental impact throughout product life cycles.

Regarding energy conservation and greenhouse gas emission reduction activities at manufacturing facilities, the Company decided to invest in the World Bank’s Community Development Carbon Fund. In addition, environmental protection measures will soon be implemented at three facilities of the Yoshida-Minami Factory, which manufactures printing plates, Fujifilm Optomaterials Co., Ltd., and FUJIFILM Kyushu Co., Ltd., which manufacture, such products as the indispensable LCD component FUJITAC film. From 2006, the Company has decided to commission Nippon Oil Co., Ltd., to equip those facilities with high-efficiency natural gas-fueled cogeneration facilities, natural gas-fueled boiler facilities, and other equipment. The Company has made preventing global warming a common Groupwide goal that it can contribute toward achieving through steady corporate efforts.

Looking at notable examples of excellent environmental performance among Fujifilm Group companies, one of Fuji Xerox’s manufacturing facilities—Fuji Xerox of Shenzhen Ltd.—has been certified as an environment-friendly corporation by the State Environmental Protection Administration of China. The company intends to continue proactively working to create overseas companies that give due consideration to environmental protection.

Fujifilm is contributing to the “sustainable development” of society and the global environment by continually working in its product design, manufacturing, and marketing operations to increase “environmental quality.”

#### **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements. Where any such forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, Fujifilm cautions that assumed facts or bases almost always vary from the actual results, and differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, Fujifilm or its management expresses an expectation or belief as to future results, there can be no guaranty or assurance that the statement of expectation or belief will result or be achieved or accomplished. The words “forecast,” “project,” “believe,” “expect,” “estimate,” “anticipate,” and similar expressions may identify forward-looking statements.

Taking into account the foregoing, the following are identified as important factors, risks or uncertainties that could cause the actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, Fujifilm: competitive factors, including without limitation, pricing, implementation of Fujifilm’s product strategies, and economic trends in important markets worldwide.

Fujifilm assumes no obligation to update its forward-looking statements or to advise of any changes in the assumptions and factors on which they are based.

## CONSOLIDATED BALANCE SHEETS

Amount Unit: Millions of yen

	As of September 30, 2005		As of March 31, 2005		Change	As of September 30, 2004	
	%		%			%	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents		264,172		288,157	(23,985)		404,565
Marketable securities		51,008		65,729	(14,721)		73,038
Notes and accounts receivable:							
Trade and finance		533,678		516,228	17,450		504,917
Affiliated companies		33,073		31,514	1,559		29,142
Allowance for doubtful receivables		(16,402)		(14,517)	(1,885)		(15,351)
		550,349		533,225	17,124		518,708
Inventories		384,380		371,365	13,015		376,187
Deferred income taxes		87,864		88,795	(931)		84,653
Prepaid expenses and other		31,307		25,997	5,310		28,647
Total current assets	45.5	1,369,080	46.0	1,373,268	(4,188)	49.6	1,485,798
Investments and long-term receivables:							
Investments in and advances to affiliated companies		49,404		46,563	2,841		46,327
Investment securities		288,331		279,895	8,436		245,736
Long-term finance and other receivables		97,874		97,029	845		96,642
Allowance for doubtful receivables		(4,609)		(4,946)	337		(6,888)
Total investments and long-term receivables	14.3	431,000	14.0	418,541	12,459	12.7	381,817
Property, plant and equipment:							
Land		75,482		74,915	567		69,881
Buildings		584,049		570,140	13,909		561,342
Machinery and equipment		1,634,533		1,596,768	37,765		1,592,891
Construction in progress		50,849		49,002	1,847		32,640
		2,344,913		2,290,825	54,088		2,256,754
Less accumulated depreciation		(1,576,468)		(1,543,613)	(32,855)		(1,533,433)
Total property, plant and equipment	25.6	768,445	25.1	747,212	21,233	24.2	723,321
Other assets:							
Goodwill, net		229,240		227,775	1,465		215,572
Other intangible assets, net		48,890		48,851	39		35,501
Deferred income taxes		45,817		47,750	(1,933)		51,103
Other		113,809		120,060	(6,251)		103,696
Total other assets	14.6	437,756	14.9	444,436	(6,680)	13.5	405,872
<b>Total assets</b>	<b>100.0</b>	<b>3,006,281</b>	<b>100.0</b>	<b>2,983,457</b>	<b>22,824</b>	<b>100.0</b>	<b>2,996,808</b>

Amount Unit: Millions of yen

	As of September 30, 2005		As of March 31, 2005		Change	As of September 30, 2004	
<b>LIABILITIES</b>	<b>%</b>		<b>%</b>			<b>%</b>	
Current liabilities:							
Short-term debt	125,824		123,592		2,232	120,358	
Notes and accounts payable:							
Trade	268,422		274,260		(5,838)	275,622	
Construction	55,867		47,846		8,021	34,131	
Affiliated companies	9,793		10,035		(242)	12,164	
	334,082		332,141		1,941	321,917	
Accrued income taxes	25,785		31,193		(5,408)	33,486	
Accrued liabilities	189,229		192,809		(3,580)	189,730	
Other current liabilities	57,258		54,365		2,893	56,155	
Total current liabilities	24.4	732,178	24.6	734,100	(1,922)	24.1	721,646
Long-term liabilities:							
Long-term debt	76,356		96,040		(19,684)	114,748	
Accrued pension and severance costs	94,744		105,084		(10,340)	130,680	
Deferred income taxes	53,873		48,224		5,649	41,254	
Customers' guarantee deposits and other	36,819		34,941		1,878	42,148	
Total long-term liabilities	8.7	261,792	9.5	284,289	(22,497)	11.0	328,830
Minority interests in subsidiaries	3.7	111,082	3.9	115,966	(4,884)	3.8	114,984
<b>SHAREHOLDERS' EQUITY</b>							
Common stock, without par value:							
Authorized: 800,000,000 shares	40,363		40,363		-	40,363	
Issued: 514,625,728 shares							
Additional paid-in capital	68,135		68,135		-	68,135	
Retained earnings	1,821,132		1,794,385		26,747	1,768,979	
Accumulated other comprehensive income(loss)	(8,113)		(33,525)		25,412	(40,688)	
Treasury stock, at cost							
As of September 30, 2004	1,509,624shares		5,325,736shares				
As of March 31, 2005	5,334,565shares		(20,288)		(20,256)		(5,441)
As of September 30, 2005	(20,288)		(20,256)		(32)		(5,441)
Total shareholders' equity	63.2	1,901,229	62.0	1,849,102	52,127	61.1	1,831,348
Total liabilities and shareholders' equity	100.0	3,006,281	100.0	2,983,457	22,824	100.0	2,996,808

Note: Details of Accumulated other comprehensive income(loss)

	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
Unrealized gains on securities	35,601	25,808	9,793	18,876
Foreign currency translation adjustments	(8,902)	(25,458)	16,556	(19,274)
Minimum pension liability adjustments	(34,896)	(33,900)	(996)	(40,254)
Unrealized gains(losses) on derivatives	84	25	59	(36)

## CONSOLIDATED STATEMENTS OF INCOME

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change		Year ended March 31, 2005 From April 1, 2004 To March. 31, 2005	
					Amount	%		
Revenue:	%		%				%	
Sales		1,121,872		1,076,371	45,501	4.2		2,172,003
Rentals		181,708		176,554	5,154	2.9		355,371
	100.0	1,303,580	100.0	1,252,925	50,655	4.0	100.0	2,527,374
Cost of sales:								
Sales		709,073		667,749	41,324	6.2		1,365,601
Rentals		75,845		71,478	4,367	6.1		145,080
	60.2	784,918	59.0	739,227	45,691	6.2	59.8	1,510,681
Gross profit	39.8	518,662	41.0	513,698	4,964	1.0	40.2	1,016,693
Operating expenses:								
Selling, general and administrative	28.1	366,324	32.7	409,165	(42,841)	(10.5)	30.4	767,363
Research and development	7.1	92,324	6.8	86,360	5,964	6.9	6.6	168,017
Subsidy related to transfer of substitutional portion of employee pension fund liabilities		-	(6.6)	(83,129)	83,129	-	(3.3)	(83,129)
	35.2	458,648	32.9	412,396	46,252	11.2	33.7	852,251
Operating income	4.6	60,014	8.1	101,302	(41,288)	(40.8)	6.5	164,442
Other income (expenses):								
Interest and dividend income		3,908		2,765	1,143			6,080
Interest expense		(2,088)		(2,080)	(8)			(4,668)
Foreign exchange gains (losses), net		4,066		3,576	490			1,862
Other, net		(2,344)		372	(2,716)			(5,370)
	0.3	3,542	0.4	4,633	(1,091)	(23.5)	(0.1)	(2,096)
Income before income taxes	4.9	63,556	8.5	105,935	(42,379)	(40.0)	6.4	162,346
Income taxes	2.1	27,408	3.5	42,706	(15,298)	(35.8)	2.5	63,889
Income before minority interests and equity in net earnings of affiliated companies	2.8	36,148	5.0	63,229	(27,081)	(42.8)	3.9	98,457
Minority interests	(0.5)	(5,773)	(0.8)	(10,914)	5,141	47.1	(0.8)	(18,103)
Equity in net earnings of affiliated companies	0.2	2,739	0.0	391	2,348	600.5	0.2	4,146
Net income	2.5	33,114	4.2	52,706	(19,592)	(37.2)	3.3	84,500



## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amount Unit: Millions of yen

	Six months ended Sept. 30, 2005 From April 1, 2005 To Sept. 30, 2005	Six months ended Sept. 30, 2004 From April 1, 2004 To Sept. 30, 2004	Year ended March 31, 2005 From April 1, 2004 To March 31, 2005
<b>Operating activities</b>			
Net income	33,114	52,706	84,500
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	104,584	85,142	182,286
Deferred income taxes	3,266	13,585	8,806
Minority interests	5,773	10,914	18,103
Equity in net earnings of affiliated companies, less dividend received	(1,474)	1,645	(2,031)
Subsidy related to transfer of substitutional portion of employee pension fund liabilities	-	(83,129)	(83,129)
Changes in operating assets and liabilities:			
Notes and accounts receivable	(4,993)	28,652	19,593
Inventories	(3,126)	(15,677)	(5,964)
Notes and accounts payable - trade	(11,721)	(16,708)	(23,320)
Accrued income taxes and other liabilities	(19,635)	48,607	20,869
Other	1,814	(415)	(352)
Subtotal	74,488	72,616	134,861
Net cash provided by operating activities	107,602	125,322	219,361
<b>Investing activities</b>			
Purchases of property, plant and equipment	(84,969)	(78,368)	(150,915)
Purchases of software	(9,326)	(12,550)	(33,050)
Proceeds from sales and maturities of marketable and investment securities	49,680	12,811	40,733
Purchases of marketable and investment securities	(25,274)	(44,145)	(85,287)
Increase in investments in and advances to affiliated companies	(4,783)	(2,698)	(1,156)
Acquisitions of businesses and minority interests, net of cash acquired	(10,417)	(7,676)	(58,010)
Other	(15,737)	(10,815)	(24,716)
Net cash used in investing activities	(100,826)	(143,441)	(312,401)
<b>Financing activities</b>			
Proceeds from long-term debt	769	1,876	1,940
Repayments of long-term debt	(5,984)	(7,854)	(19,085)
Decrease in short-term debt	(21,176)	(26,673)	(31,042)
Cash dividends paid	(6,367)	(6,416)	(12,831)
Cash dividends paid to minority shareholders	(2,693)	(3,228)	(7,091)
Purchases of stock for treasury, net	(32)	(258)	(15,297)
Net cash used in financing activities	(35,483)	(42,553)	(83,406)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	4,722	3,473	2,839
<b>Net decrease in cash and cash equivalents</b>	(23,985)	(57,199)	(173,607)
<b>Cash and cash equivalents at beginning of period</b>	288,157	461,764	461,764
<b>Cash and cash equivalents at end of period</b>	264,172	404,565	288,157

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended March 31, 2005 and Six months ended September 30, 2005

Amount Unit: Millions of yen

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income(loss)	Treasury stock	Total shareholders' equity
	40,363	68,135	1,722,692	(76,121)	(5,187)	1,749,882
Comprehensive income:						
Net income	-	-	84,500	-	-	84,500
Net increase in unrealized gains on securities	-	-	-	2,948	-	2,948
Foreign currency translation adjustments	-	-	-	12,669	-	12,669
Minimum pension liability adjustments	-	-	-	26,801	-	26,801
Change in net unrealized gains(losses) on derivatives	-	-	-	178	-	178
Net comprehensive income						127,096
Purchases of stock for treasury	-	-	-	-	(15,370)	(15,370)
Sales of stock from treasury	-	-	(25)	-	301	276
Cash dividends applicable to earnings of the year	-	-	(12,782)	-	-	(12,782)
<b>Balance at March 31, 2005</b>	40,363	68,135	1,794,385	(33,525)	(20,256)	1,849,102
Comprehensive income:						
Net income	-	-	33,114	-	-	33,114
Net increase in unrealized gains on securities	-	-	-	9,793	-	9,793
Foreign currency translation adjustments	-	-	-	16,556	-	16,556
Minimum pension liability adjustments	-	-	-	(996)	-	(996)
Change in net unrealized gains(losses) on derivatives	-	-	-	59	-	59
Net comprehensive income						58,526
Purchases of stock for treasury	-	-	-	-	(36)	(36)
Sales of stock from treasury	-	-	0	-	4	4
Cash dividends applicable to earnings of the period	-	-	(6,367)	-	-	(6,367)
<b>Balance at September 30, 2005</b>	40,363	68,135	1,821,132	(8,113)	(20,288)	1,901,229

Six months ended September 30, 2004

Amount Unit: Millions of yen

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income(loss)	Treasury stock	Total shareholders' equity
	40,363	68,135	1,722,692	(76,121)	(5,187)	1,749,882
Comprehensive income:						
Net income	-	-	52,706	-	-	52,706
Net decrease in unrealized gains on securities	-	-	-	(3,984)	-	(3,984)
Foreign currency translation adjustments	-	-	-	18,853	-	18,853
Minimum pension liability adjustments	-	-	-	20,447	-	20,447
Change in net unrealized gains(losses) on derivatives	-	-	-	117	-	117
Net comprehensive income						88,139
Purchases of stock for treasury	-	-	-	-	(307)	(307)
Sales of stock from treasury	-	-	(4)	-	53	49
Cash dividends applicable to earnings of the period	-	-	(6,415)	-	-	(6,415)
<b>Balance at September 30, 2004</b>	40,363	68,135	1,768,979	(40,688)	(5,441)	1,831,348

## DETAILS OF CONSOLIDATED REVENUE

### (1) Revenue by product

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Imaging Solutions	26.7%	348,311	31.1%	390,098	(41,787)	(10.7)
Information Solutions	31.9%	415,209	30.0%	375,639	39,570	10.5
Document Solutions	41.4%	540,060	38.9%	487,188	52,872	10.9
Consolidated total	100.0%	1,303,580	100.0%	1,252,925	50,655	4.0

Note: The major products and services of each operating segment are as follows:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing
Information Solutions	System devices for graphic arts, medical imaging, and information systems, flat panel display materials and recording media
Document Solutions	Office copiers/MFPs, printers, production systems and services, paper, consumables and office services

### (2) Domestic and overseas revenue

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Domestic	49.6%	646,233	50.9%	637,561	8,672	1.4
Overseas						
The Americas	21.6%	281,587	21.1%	264,926	16,661	6.3
Europe	14.4%	188,218	14.2%	177,532	10,686	6.0
Asia and others	14.4%	187,542	13.8%	172,906	14,636	8.5
Subtotal	50.4%	657,347	49.1%	615,364	41,983	6.8
Consolidated total	100.0%	1,303,580	100.0%	1,252,925	50,655	4.0

## SEGMENT INFORMATION

### (1) Operating segments

Revenue and Operating Income

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Imaging Solutions:						
External customers	26.7%	348,311	31.1%	390,098	(41,787)	(10.7)
Intersegment		299		111	188	-
Total		348,610		390,209	(41,599)	(10.7)
Information Solutions:						
External customers	31.9%	415,209	30.0%	375,639	39,570	10.5
Intersegment		1,639		2,412	(773)	-
Total		416,848		378,051	38,797	10.3
Document Solutions:						
External customers	41.4%	540,060	38.9%	487,188	52,872	10.9
Intersegment		5,545		6,897	(1,352)	-
Total		545,605		494,085	51,520	10.4
Eliminations		(7,483)		(9,420)	1,937	-
Consolidated total	100.0%	1,303,580	100.0%	1,252,925	50,655	4.0

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Operating Income:						
Imaging Solutions	(1.4)%	(4,970)	1.1%	4,274	(9,244)	-
Information Solutions	8.5%	35,306	9.7%	36,764	(1,458)	(4.0)
Document Solutions	5.4%	29,628	12.2%	60,442	(30,814)	(51.0)
Total		59,964		101,480	(41,516)	(40.9)
Eliminations		50		(178)	228	-
Consolidated total	4.6%	60,014	8.1%	101,302	(41,288)	(40.8)

Note: The major products and services of each operating segment are as follows:

Imaging Solutions	Color films digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing
Information Solutions	System devices for graphic arts, medical imaging, and information systems, flat panel display materials and recording media
Document Solutions	Office copiers/MFPs, printers, production systems and services, paper, consumables and office services

## (2) Geographic information

Revenue and Operating Income

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Japan						
External customers	62.5%	814,951	63.2%	792,063	22,888	2.9
Intersegment		182,789		173,501	9,288	-
Total		997,740		965,564	32,176	3.3
The Americas						
External customers	17.2%	223,944	17.9%	224,231	(287)	(0.1)
Intersegment		12,286		5,496	6,790	-
Total		236,230		229,727	6,503	2.8
Europe						
External customers	11.8%	153,262	11.0%	138,166	15,096	10.9
Intersegment		6,533		5,886	647	-
Total		159,795		144,052	15,743	10.9
Asia and others						
External customers	8.5%	111,423	7.9%	98,465	12,958	13.2
Intersegment		114,364		51,546	62,818	-
Total		225,787		150,011	75,776	50.5
Eliminations		(315,972)		(236,429)	(79,543)	-
Consolidated total	100.0%	1,303,580	100.0%	1,252,925	50,655	4.0

Amount Unit: Millions of yen

	Six months ended September 30, 2005 From April 1, 2005 To Sept. 30, 2005		Six months ended September 30, 2004 From April 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Operating Income:						
Japan	3.9%	39,085	8.1%	78,489	(39,404)	(50.2)
The Americas	1.1%	2,531	3.0%	6,793	(4,262)	(62.7)
Euope	2.5%	4,061	6.5%	9,418	(5,357)	(56.9)
Asia and others	5.4%	12,233	5.2%	7,774	4,459	57.4
Eliminations		2,104		(1,172)	3,276	-
Consolidated total	4.6%	60,014	8.1%	101,302	(41,288)	(40.8)

## MARKETABLE AND INVESTMENT SECURITIES

### Fair Value on Marketable Securities

Amount Unit: Millions of yen

	As of September 30, 2005				As of September 30, 2004			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:								
Corporate debt securities	40,866	137	31	40,972	67,768	290	19	68,039
Government debt securities	10,031	5	-	10,036	4,999	-	0	4,999
Total marketable securities	50,897	142	31	51,008	72,767	290	19	73,038
Investment securities:								
Government debt securities	42,731	41	61	42,711	12,734	35	1	12,768
Corporate debt securities	68,239	257	447	68,049	91,027	612	167	91,472
Equity securities	77,439	65,011	829	141,621	71,281	35,745	1,273	105,753
Total investment securities	188,409	65,309	1,337	252,381	175,042	36,392	1,441	209,993
Total	239,306	65,451	1,368	303,389	247,809	36,682	1,460	283,031

Note: This statement is prepared in accordance with accounting principles generally accepted in the United States of America. All debt and equity securities held by Fuji Photo Film Co., Ltd. and subsidiaries are classified as available-for-sale securities.

&lt;Reference&gt;

**CONSOLIDATED STATEMENTS OF INCOME (The Second Quarter)**

Amount Unit: Millions of yen

	Three months ended September 30, 2005 From July 1, 2005 To Sept. 30, 2005		Three months ended September 30, 2004 From July 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Sales		589,193		555,108	34,085	6.1
Rentals		89,206		86,046	3,160	3.7
	100.0	678,399	100.0	641,154	37,245	5.8
Cost of sales:						
Sales		376,576		349,357	27,219	7.8
Rentals		37,727		35,514	2,213	6.2
	61.1	414,303	60.0	384,871	29,432	7.6
Gross profit	38.9	264,096	40.0	256,283	7,813	3.0
Operating expenses:						
Selling, general and administrative	27.5	186,384	36.3	232,805	(46,421)	(19.9)
Research and development	7.2	48,890	7.1	45,221	3,669	8.1
Subsidy related to transfer of substitutional portion of employee pension fund liabilities		-	(13.0)	(83,129)	83,129	-
	34.7	235,274	30.4	194,897	40,377	20.7
Operating income	4.2	28,822	9.6	61,386	(32,564)	(53.0)
Other income (expenses):						
Interest and dividend income		1,804		1,243	561	
Interest expense		(1,255)		(1,089)	(166)	
Foreign exchange gains(losses), net		2,393		3,069	(676)	
Other, net		(738)		4	(742)	
	0.4	2,204	0.5	3,227	(1,023)	(31.7)
Income before income taxes	4.6	31,026	10.1	64,613	(33,587)	(52.0)
Income taxes	1.9	12,666	4.2	26,797	(14,131)	(52.7)
Income before minority interests and equity in net earnings of affiliated companies	2.7	18,360	5.9	37,816	(19,456)	(51.4)
Minority interests	(0.5)	(3,100)	(1.2)	(7,830)	4,730	60.4
Equity in net earnings of affiliated companies	0.3	1,896	0.2	1,178	718	61.0
Net income	2.5	17,156	4.9	31,164	(14,008)	(44.9)

&lt;Reference&gt;

**CONSOLIDATED STATEMENTS OF CASH FLOWS (The Second Quarter)**

Amount Unit: Millions of yen

	Three months ended Sept. 30, 2005 From July 1, 2005 To Sept. 30, 2005	Three months ended Sept. 30, 2004 From July 1, 2004 To Sept. 30, 2004
<b>Operating activities</b>		
Net income	17,156	31,164
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	54,365	44,185
Minority interests	3,100	7,830
Equity in net earnings of affiliated companies, less dividends received	(789)	715
Subsidiary related transfer of substitutional portion of employee pension fund liabilities	-	(83,129)
Changes in operating assets and liabilities:		
Notes and accounts receivable	(25,008)	(3,968)
Inventories	16,592	(13,481)
Notes and accounts payable - trade	(12,706)	10,767
Accrued income taxes and other liabilities	(26,884)	35,835
Other	(1,391)	13,634
Subtotal	7,279	12,388
Net cash provided by operating activities	24,435	43,552
<b>Investing activities</b>		
Purchases of property, plant and equipment	(45,540)	(39,414)
Purchases of software	(4,507)	(7,315)
Proceeds from sales and maturities of marketable and investment securities	38,678	11,491
Purchases of marketable and investment securities	(7,978)	(18,340)
Increase in investments in and advances to affiliated companies	(1,449)	(2,589)
Acquisitions of businesses and minority interest, net of cash acquired	(8,956)	(2,200)
Other	(977)	(5,549)
Net cash used in investing activities	(30,729)	(63,916)
<b>Financing activities</b>		
Proceeds from long-term debt	510	17
Repayments of long-term debt	(5,184)	(3,613)
Decrease in short-term debt	(14,957)	(20,420)
Cash dividends paid to minority shareholders	-	(286)
Purchases of stock for treasury, net	(23)	(140)
Net cash used in financing activities	(19,654)	(24,442)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	3,405	2,964
<b>Net decrease in cash and cash equivalents</b>	(22,543)	(41,842)
<b>Cash and cash equivalents at beginning of period</b>	286,715	446,407
<b>Cash and cash equivalents at end of period</b>	264,172	404,565



<Reference>

## DETAILS OF CONSOLIDATED REVENUE (The Second Quarter)

### (1) Revenue by product

Amount Unit: Millions of yer

	Three months ended September 30, 2005 From July 1, 2005 To Sept. 30, 2005		Three months ended September 30, 2004 From July 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Imaging Solutions	26.5%	180,189	30.3%	194,403	(14,214)	(7.3)
Information Solutions	32.5%	220,281	30.5%	195,727	24,554	12.5
Document Solutions	41.0%	277,929	39.2%	251,024	26,905	10.7
Consolidated total	100.0%	678,399	100.0%	641,154	37,245	5.8

Note: The major products and services of each operating segment are as follow:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing
Information Solutions	System devices for graphic arts, medical imaging, and information systems flat panel display materials and recording media
Document Solutions	Office copiers/MFPs, printers, production systems and service, paper, consumables and office services

### (2) Domestic and overseas revenue

Amount Unit: Millions of yer

	Three months ended September 30, 2005 From July 1, 2005 To Sept. 30, 2005		Three months ended September 30, 2004 From July 1, 2004 To Sept. 30, 2004		Change	
					Amount	%
Revenue:						
Domestic	48.7%	330,250	51.2%	328,429	1,821	0.6
Overseas						
The Americas	22.4%	151,623	20.5%	131,687	19,936	15.1
Europe	14.3%	97,144	14.2%	90,634	6,510	7.2
Asia and others	14.6%	99,382	14.1%	90,404	8,978	9.9
Subtotal	51.3%	348,149	48.8%	312,725	35,424	11.3
Consolidated total	100.0%	678,399	100.0%	641,154	37,245	5.8