

# FINANCIAL SECTION

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## Financial Analysis and Review

### Operating Results for the Fiscal Year Ended March 31, 2016

#### Economic Environment

In an analysis of the global economy during the fiscal year ended March 31, 2016 (April 1, 2015, through March 31, 2016—FY2016/3), the overall trend of gradual economic recovery persisted, while there were signs of weak economic conditions in emerging countries in Asia. In the United States, centering on showing an increasing trend in consumption, the moderate economic recovery trend persisted. In Europe, the United Kingdom continued with its economic recovery, and the trend of gradual economic recovery persisted in the Euro region. Regarding Asia, reflecting a moderate economic slowdown in China, countries generally showed weak economic conditions. In Japan, against a background of improvement in the employment and income environment, a gradual economic recovery trend continued.

The effective currency exchange rates for the U.S. dollar and the euro against the Japanese yen during the fiscal year under review were ¥120 and ¥133, respectively.

#### Overview of Operating Results

##### Consolidated Operating Results

Against the backdrop of this economic environment, the Fujifilm Group has been expanding sales, market share, and operating income using the growth drivers of the healthcare, highly functional materials, and document business fields with sales promotions and new product launches to achieve the goals of the medium-term management plan VISION 2016 (April 1, 2014, through March 31, 2017). The Group is also accelerating the improvement of profitability by improving productivity and efficiency in every corporate activity while maintaining its business scale and market advantages.

In FY2016/3, the Fujifilm Group recorded ¥2,491.6 billion in consolidated revenue (almost unchanged from the previous fiscal year). While sales in such businesses as the photo imaging business, medical systems business, industrial products business, and electronic materials business increased, those in the optical device and electronic imaging business and flat panel display (FPD) materials business decreased.

Consolidated operating income totaled ¥191.2 billion, up 10.9% from the previous fiscal year, reflecting such factors as improvement of profitability in most businesses.

#### Operating Results by Segment

##### Imaging Solutions

Revenue declined due to such factors as a contraction of the digital camera product lineup. On a positive note, operating income improved substantially following the growth in revenues in the photo imaging business.

##### Information Solutions

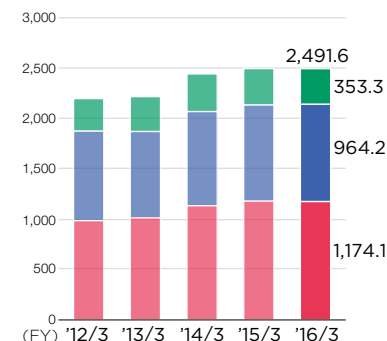
While sales in the FPD materials business decreased, sales in such businesses as medical systems, industrial products, and electronic materials increased. Taking these results into consideration and accounting for other factors including improvement in profitability, revenue and earnings increased.

##### Document Solutions

Despite the growth in revenues from operations in the Asia-Oceania region, overall sales remained almost unchanged from the previous fiscal year due to a decrease in demand in the office printer market in Japan and other factors. Operating income declined from the previous fiscal year, reflecting negative impact due to movements in foreign currency exchange rates.

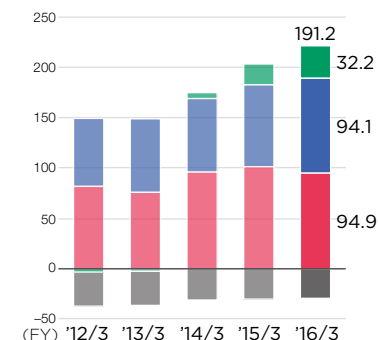
#### Revenue by operating segment\*

Billions of yen



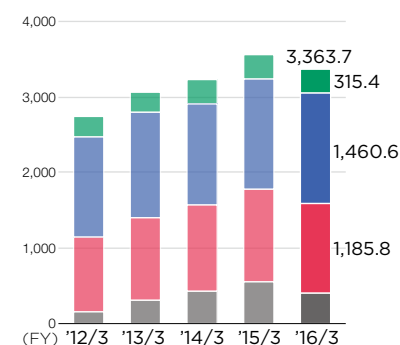
#### Operating income by operating segment\*

Billions of yen



#### Total assets by operating segment\*

Billions of yen



■ Imaging Solutions  
■ Information Solutions  
■ Document Solutions  
■ Corporate expenses and eliminations

\* Following organizational changes carried out in the first quarter of FY2014/3, the optical device business was moved from Information Solutions to Imaging Solutions. In accordance with this change, the numerical values for FY2012/3 and FY2013/3 have been restated.

## Net Income

Consolidated income before income taxes amounted to ¥194.5 billion, down 1.3% from the previous fiscal year. This was because in the previous fiscal year, when making Japan Tissue Engineering Co., Ltd., (J-TEC) a consolidated subsidiary of the Fujifilm Group, a gain on revaluation of ¥21.2 billion was recorded as other income. On the other hand, consolidated net income attributable to FUJIFILM Holdings totaled ¥123.3 billion, up 4.0% from the previous fiscal year, reflecting such factors as the impact from the reduction of the corporate tax rate due to the tax system revision in Japan.

## Basic Policy Regarding the Distribution of Profits

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on the consideration of such factors as the level of funds required for M&A transactions, capital investment, and new product development investments needed to support priority business expansion as well as other measures aimed at increasing the Company's corporate value in the future. Adequate buybacks will be considered and implemented depending on the situation of cash flows and stock prices. In the context of its basic policy regarding the distribution of profits, the Company focuses on the payment of cash dividends with an eye to achieving a dividend payout ratio of 25% or more.

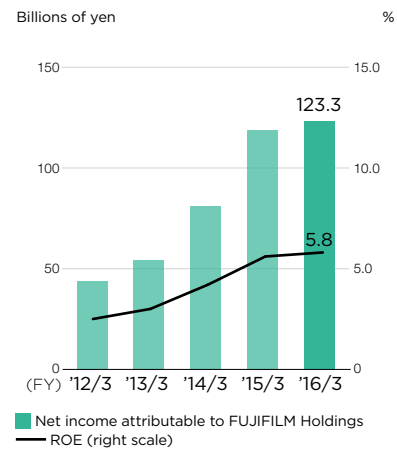
Annual cash dividends applicable to FY2016/3 were ¥65 per share. This amount included the interim cash dividend of ¥32.5 per share, which has already been disbursed.

## Outlook for the Fiscal Year Ending March 31, 2017 (As of April 27, 2016)

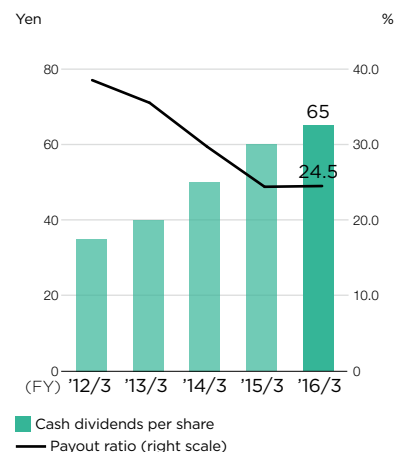
Regarding the Fujifilm Group's consolidated performance in FY2017/3, revenue is projected to reach ¥2,550.0 billion, up 2.3% from FY2016/3. From a profit perspective, operating income is forecast to total ¥220.0 billion, 15.1% higher than in FY2016/3. Income before income taxes is expected to climb 13.1% year on year, to ¥220.0 billion, while net income attributable to FUJIFILM Holdings is anticipated to reach ¥125.0 billion, an increase of 1.4% from FY2016/3.

These forecast results reflect a variety of factors, including anticipated business growth centering on the three core healthcare, highly functional materials, and document business fields as well as improved profitability in all businesses fields.

## Net income attributable to FUJIFILM Holdings / ROE



## Cash dividends per share / Payout ratio



| Millions of yen      | Imaging Solutions |          |          | Information Solutions |          |          | Document Solutions |            |            |
|----------------------|-------------------|----------|----------|-----------------------|----------|----------|--------------------|------------|------------|
|                      | FY2014/3          | FY2015/3 | FY2016/3 | FY2014/3              | FY2015/3 | FY2016/3 | FY2014/3           | FY2015/3   | FY2016/3   |
| Revenue              |                   |          |          |                       |          |          |                    |            |            |
| External customers   | ¥373,624          | ¥361,033 | ¥353,287 | ¥933,844              | ¥953,541 | ¥964,215 | ¥1,132,485         | ¥1,178,031 | ¥1,174,122 |
| Intersegment         | 2,371             | 2,391    | 2,910    | 1,442                 | 2,176    | 1,830    | 9,525              | 10,117     | 8,567      |
| Total                | 375,995           | 363,424  | 356,197  | 935,286               | 955,717  | 966,045  | 1,142,010          | 1,188,148  | 1,182,689  |
| Operating income     | 3,590             | 20,731   | 32,236   | 72,916                | 81,151   | 94,098   | 95,995             | 101,345    | 94,887     |
| Operating margin (%) | 1.0               | 5.7      | 9.1      | 7.8                   | 8.5      | 9.7      | 8.4                | 8.5        | 8.0        |

- Sales of *instax* instant cameras and high-value-added printing businesses including the *Year Album* and *Shuffle Print* service expanded
- Sales of *X Series* were strong, reflecting such factors as new products launching sales expansion in Asian countries
- Sales of camera modules for use in smartphones significantly decreased

- In the medical systems business, sales increased in such growth fields as medical IT, endoscopes, and ultrasound diagnosis
- In the FPD materials business, sales decreased, reflecting such impact as production adjustment due to slowdown in the LCD panel market and other factors
- In the industrial products business, sales of such new business products as *EXCLEAR* and backsheets for solar cell were strong
- In the electronic materials business, sales of such advanced products as photo resists and treatment agents were robust

- In the office products business, overall sales volume increased. Although sales volume in export shipments to Xerox Corporation decreased, this overall increase was due primarily to the replacement of devices in major domestic convenience stores
- In the production services business, overall sales volume increased, reflecting strong sales of color on-demand publishing systems and monochrome production printers
- In the global services business, revenue increased in Japan and in the Asia-Oceania region owing to a rise in the managed print service business

### Outlook for the fiscal year ending March 31, 2017 (As of April 27, 2016)

| Billions of yen                              | FY2016/3<br>(Actual) | FY2017/3<br>(Forecast) | Change<br>(%) |
|--|----------------------|------------------------|---------------|
| Revenue                                      | ¥2,491.6             | ¥2,550.0               | 2.3           |
| Operating income                             | 191.2                | 220.0                  | 15.1          |
| Income before income taxes                   | 194.5                | 220.0                  | 13.1          |
| Net income attributable to FUJIFILM Holdings | 123.3                | 125.0                  | 1.4           |
| Currency exchange rates (U.S. dollar / Yen)  | ¥120                 | ¥110                   | ¥(10)         |
| Currency exchange rates (Euro / Yen)         | ¥133                 | ¥125                   | ¥ (8)         |

### Financial Condition

#### Assets, Liabilities, and Net Assets

As of the end of FY2016/3, total assets decreased ¥192.9 billion compared with the end of the previous fiscal year, to ¥3,363.7 billion, owing to a decrease mainly in cash and cash equivalents, and investment securities. Total liabilities decreased ¥9.4 billion compared with the end of the previous fiscal year, to ¥1,079.8 billion. FUJIFILM Holdings shareholders' equity decreased ¥178.2 billion compared with the end of the previous fiscal year, to ¥2,054.5 billion.

As a result, the current ratio decreased 18.6 percentage points, to 293.7%; the debt-equity ratio increased 3.8 percentage points, to 52.6%; and the equity ratio decreased 1.7 percentage points, to 61.1%, compared with the end of the previous fiscal year. The Company is confident that it is maintaining a stable level of asset liquidity and a sound capital structure.

#### Capital Expenditures and Depreciation

Capital expenditures amounted to ¥74.1 billion for FY2016/3. The Company's investment was largely directed toward boosting production capacity of high-growth products, streamlining and increasing the efficiency of production facilities, and implementing eco-friendly measures aimed at protecting the environment.

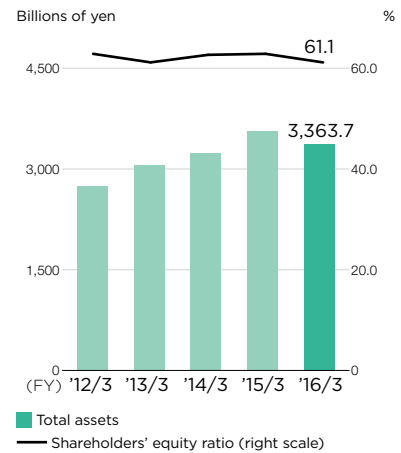
By operating segment, capital expenditures stood at ¥10.1 billion in the Imaging Solutions segment, ¥39.3 billion in the Information Solutions segment, and ¥23.3 billion in the Document Solutions segment. Total depreciation\* of property, plant and equipment, excluding rental equipment in the Document Solutions segment and others, increased ¥0.8 billion year on year, to ¥65.9 billion.

#### Cash Flow Analysis

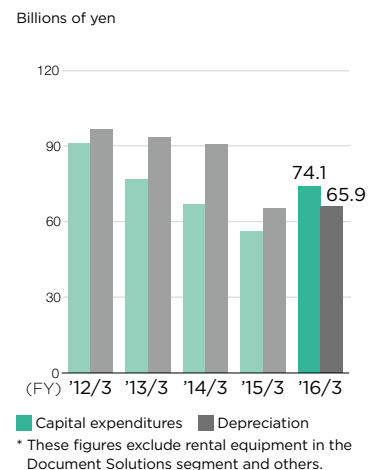
Net cash provided by operating activities totaled ¥221.9 billion, primarily due to the increase in net income and other factors. Net cash used in investing activities amounted to ¥155.7 billion due to purchases of property, plant and equipment, acquisitions of businesses, and other factors. Thus, free cash flows—or the sum of cash flows from operating and used in investing activities—resulted in cash inflows of ¥66.2 billion, down ¥77.0 billion from the previous fiscal year. Net cash used in financing activities amounted to ¥171.7 billion, due primarily to cash dividends paid to shareholders, purchases of stock for treasury, and other factors.

As a result, cash and cash equivalents as of the end of the fiscal year under review amounted to ¥600.9 billion, down ¥126.0 billion compared with the end of the previous fiscal year.

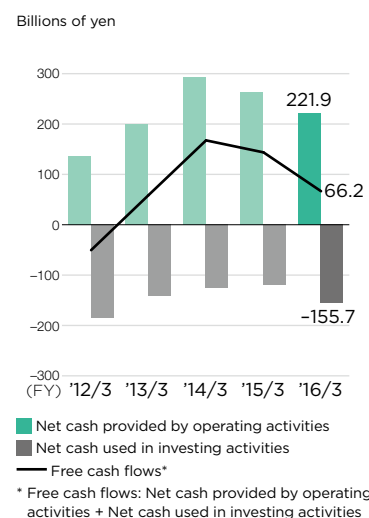
### Total assets / Shareholders' equity ratio



### Capital expenditures / Depreciation\*



### Cash flows



## 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 as of the end of FY2016/3.

### **Impact of Economic and Exchange Rate Trends on Performance**

The Fujifilm Group provides products and services in diverse markets throughout the world, and the share of consolidated revenue accounted for by overseas operations was 60% in FY2016/3. 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.

### **Competition in Markets**

In the business fields where the Fujifilm Group operates, the intensification of competition with other companies may lead to declines in the selling prices of products, shorter product lifecycles, and the emergence of alternative products. These phenomena may negatively impact Fujifilm's sales and, consequently, profit, forcing Fujifilm to increase R&D expenses and impair the goodwill and other intangible assets it holds. In the future, Fujifilm will continually work to develop products incorporating new technologies and to support the sales of such products with marketing activities. The success or failure of these activities is expected to have an influence on performance.

### **Patents and Other Intellectual Property**

The Fujifilm Group 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 a competitive edge. In the wide range of business fields with which Fujifilm is associated, there are numerous companies with sophisticated and complex technologies, and the landscape regarding these technologies is evolving 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 risk 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 getting involved in litigation. If Fujifilm gets involved in litigation, not only litigation costs but also possible compensatory payment costs could have an influence on Fujifilm's performance.

### **Public Regulations**

In the regions where the Fujifilm Group is developing its business, 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, pharmaceutical, and other laws and regulations. If Fujifilm were to infringe on any of these laws or regulations, it could be subject to fines. Moreover, it is possible that these laws and regulations 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 ensure full compliance with the current and altering regulations. Accordingly, these laws and regulations have the potential to affect Fujifilm's performance.

### **Manufacturing Operations**

In connection with the Fujifilm Group's manufacturing activities, natural or human-made disasters, discontinuation by vendors of the manufacture of raw materials and components, and confusion caused by other factors may prevent the Group from delivering its products as well as cause major facility and equipment failure. It is also possible that a rapid rise in the price of raw materials and parts, etc., could affect Fujifilm's performance. The Fujifilm Group 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.

### **Information Systems**

The Fujifilm Group operates a variety of information systems in the ongoing execution of its operations and business. In this context, steps are taken to put in place an appropriate information system management framework as well as all relevant security countermeasures. Despite these initiatives, a wide range of factors including interruptions in electric power, disasters, and unauthorized access may impair the Group's information systems or lead to the leakage, modification, or falsification of personal data. In each of these events, Fujifilm's performance may be affected.

### **Large-Scale Disasters**

The Fujifilm Group engages in production, sales, and related business activities worldwide. In the event of a large-scale natural disaster including earthquakes, typhoons, or floods as well as a fire, terrorist attack, war, or spread of infection such as a new influenza virus, Fujifilm's business activities may be affected as well as its operating performance.

### **Structural Reforms**

The Fujifilm Group will continue implementing effective measures such as reductions in cost and expense as well as asset compression to improve its management efficiency in the future. However, the implementation of structural reforms and related measures may cause the Group to incur major contingent expenses associated with organizational and operational changes, and in such cases, Fujifilm's performance may be affected.

## Consolidated Balance Sheets

|   | Millions of yen |             | Thousands of<br>U.S. dollars* |
|---|-----------------|-------------|-------------------------------|
|   | March 31        |             |                               |
|   | 2015            | 2016        | 2016                          |
| <b>Assets:</b>                                      |                 |             |                               |
| <b>Current assets</b>                               |                 |             |                               |
| Cash and cash equivalents                           | ¥ 726,888       | ¥ 600,897   | \$ 5,317,673                  |
| Marketable securities                               | 19,033          | 28,012      | 247,894                       |
| Notes and accounts receivable:                      |                 |             |                               |
| Trade and finance                                   | 671,807         | 658,550     | 5,827,876                     |
| Affiliated companies                                | 31,816          | 26,444      | 234,018                       |
| Allowance for doubtful receivables                  | (22,610)        | (21,107)    | (186,788)                     |
| Inventories   | 372,513         | 352,924     | 3,123,221                     |
| Deferred income taxes                               | 83,665          | 77,883      | 689,230                       |
| Prepaid expenses and other                          | 60,103          | 65,727      | 581,655                       |
| Total current assets                                | 1,943,215       | 1,789,330   | 15,834,779                    |
| <b>Investments and long-term receivables</b>        |                 |             |                               |
| Investments in and advances to affiliated companies | 29,426          | 29,635      | 262,257                       |
| Investment securities                               | 186,722         | 144,472     | 1,278,513                     |
| Long-term finance and other receivables             | 169,139         | 173,269     | 1,533,354                     |
| Allowance for doubtful receivables                  | (4,370)         | (3,567)     | (31,566)                      |
| Total investments and long-term receivables         | 380,917         | 343,809     | 3,042,558                     |
| <b>Property, plant and equipment</b>                |                 |             |                               |
| Land  | 94,304          | 91,596      | 810,584                       |
| Buildings   | 723,809         | 717,290     | 6,347,699                     |
| Machinery and equipment                             | 1,743,646       | 1,723,915   | 15,255,885                    |
| Construction in progress                            | 23,396          | 36,526      | 323,239                       |
|   | 2,585,155       | 2,569,327   | 22,737,407                    |
| Less accumulated depreciation                       | (2,057,778)     | (2,035,198) | (18,010,602)                  |
| Net property, plant and equipment                   | 527,377         | 534,129     | 4,726,805                     |
| <b>Other assets</b>                                 |                 |             |                               |
| Goodwill, net                                       | 504,963         | 506,870     | 4,485,575                     |
| Other intangible assets, net                        | 80,271          | 86,249      | 763,266                       |
| Deferred income taxes                               | 9,272           | 7,091       | 62,752                        |
| Other   | 110,554         | 96,196      | 851,292                       |
| Total other assets                                  | 705,060         | 696,406     | 6,162,885                     |
| Total assets  | ¥ 3,556,569     | ¥ 3,363,674 | \$ 29,767,027                 |

\* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

|  | Millions of yen |            | Thousands of<br>U.S. dollars* |
|--|-----------------|------------|-------------------------------|
|  | March 31        |            |                               |
|  | 2015            | 2016       | 2016                          |
| <b>Liabilities:</b>  |                 |            |                               |
| <b>Current liabilities</b>   |                 |            |                               |
| Short-term debt  | ¥ 36,644        | ¥ 55,305   | \$ 489,425                    |
| Notes and accounts payable:  |                 |            |                               |
| Trade  | 248,527         | 232,073    | 2,053,743                     |
| Construction   | 16,733          | 23,421     | 207,266                       |
| Affiliated companies   | 3,723           | 3,834      | 33,929                        |
| Accrued income taxes   | 20,443          | 18,469     | 163,442                       |
| Accrued liabilities  | 195,270         | 183,718    | 1,625,823                     |
| Other current liabilities  | 100,945         | 92,327     | 817,053                       |
| Total current liabilities  | 622,285         | 609,147    | 5,390,681                     |
| <b>Long-term liabilities</b>   |                 |            |                               |
| Long-term debt   | 313,045         | 310,388    | 2,746,797                     |
| Accrued pension and severance costs  | 30,711          | 64,756     | 573,062                       |
| Deferred income taxes  | 63,012          | 34,653     | 306,664                       |
| Customers' guarantee deposits and other  | 60,100          | 60,898     | 538,920                       |
| Total long-term liabilities  | 466,868         | 470,695    | 4,165,433                     |
| Total liabilities  | 1,089,153       | 1,079,842  | 9,556,124                     |
| <b>Equity:</b>   |                 |            |                               |
| <b>FUJIFILM Holdings shareholders' equity</b>                                  | 40,363          | 40,363     | 357,195                       |
| Common stock, without par value:   |                 |            |                               |
| Authorized: 800,000,000 shares   |                 |            |                               |
| Issued: 514,625,728 shares   |                 |            |                               |
| Additional paid-in capital   | 75,588          | 75,780     | 670,619                       |
| Retained earnings  | 2,126,075       | 2,219,651  | 19,642,929                    |
| Accumulated other comprehensive income (loss)                                  | 91,589          | (31,112)   | (275,327)                     |
| Treasury stock, at cost (64,128,303 shares in 2016; 32,398,163 shares in 2015) | (100,901)       | (250,229)  | (2,214,416)                   |
| Total FUJIFILM Holdings shareholders' equity                                   | 2,232,714       | 2,054,453  | 18,181,000                    |
| Noncontrolling interests   | 234,702         | 229,379    | 2,029,903                     |
| Total equity   | 2,467,416       | 2,283,832  | 20,210,903                    |
| Total liabilities and equity   | ¥3,556,569      | ¥3,363,674 | \$29,767,027                  |

\* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

## Consolidated Statements of Income

|   | Millions of yen     |            |            | Thousands of<br>U.S. dollars* |
|---|---------------------|------------|------------|-------------------------------|
|   | Year ended March 31 |            |            |                               |
|   | 2014                | 2015       | 2016       | 2016                          |
| <b>Revenue</b>  |                     |            |            |                               |
| Sales   | ¥2,094,291          | ¥2,143,283 | ¥2,146,604 | \$18,996,496                  |
| Rentals   | 345,662             | 349,322    | 345,020    | 3,053,274                     |
|   | 2,439,953           | 2,492,605  | 2,491,624  | 22,049,770                    |
| <b>Cost of sales</b>  |                     |            |            |                               |
| Sales   | 1,379,343           | 1,386,823  | 1,370,954  | 12,132,336                    |
| Rentals   | 139,568             | 144,274    | 144,038    | 1,274,673                     |
|   | 1,518,911           | 1,531,097  | 1,514,992  | 13,407,009                    |
| Gross profit  | 921,042             | 961,508    | 976,632    | 8,642,761                     |
| <b>Operating expenses</b>                                     |                     |            |            |                               |
| Selling, general and administrative                           | 615,883             | 627,966    | 622,420    | 5,508,141                     |
| Research and development                                      | 164,351             | 161,144    | 163,033    | 1,442,770                     |
|   | 780,234             | 789,110    | 785,453    | 6,950,911                     |
| Operating income  | 140,808             | 172,398    | 191,179    | 1,691,850                     |
| <b>Other income (expenses)</b>                                |                     |            |            |                               |
| Interest and dividend income                                  | 6,219               | 5,858      | 6,206      | 54,920                        |
| Interest expense  | (4,181)             | (4,567)    | (4,374)    | (38,708)                      |
| Foreign exchange gains (losses), net                          | 7,135               | 3,131      | (8,784)    | (77,734)                      |
| Gains (losses) on sales of investment securities, net         | 5,489               | (703)      | 11,996     | 106,159                       |
| Other, net  | 1,684               | 20,985     | (1,694)    | (14,991)                      |
|   | 16,346              | 24,704     | 3,350      | 29,646                        |
| Income before income taxes                                    | 157,154             | 197,102    | 194,529    | 1,721,496                     |
| <b>Income taxes</b>   |                     |            |            |                               |
| Current   | 36,971              | 41,565     | 42,481     | 375,938                       |
| Deferred  | 17,726              | 16,918     | 9,995      | 88,451                        |
|   | 54,697              | 58,483     | 52,476     | 464,389                       |
| Equity in net earnings (losses) of affiliated companies       | (333)               | (1,473)    | (337)      | (2,983)                       |
| Net income  | 102,124             | 137,146    | 141,716    | 1,254,124                     |
| Less: Net income attributable to the noncontrolling interests | (21,128)            | (18,593)   | (18,403)   | (162,859)                     |
| Net income attributable to FUJIFILM Holdings                  | ¥ 80,996            | ¥ 118,553  | ¥ 123,313  | \$ 1,091,265                  |
|   |                     |            | Yen        | U.S. dollars*                 |
|   | 2014                | 2015       | 2016       | 2016                          |
| <b>Amounts per share of common stock</b>                      |                     |            |            |                               |
| <b>Net income attributable to FUJIFILM Holdings</b>           |                     |            |            |                               |
| Basic   | ¥168.07             | ¥245.94    | ¥264.87    | \$2.34                        |
| Diluted   | 167.63              | 245.18     | 264.00     | 2.34                          |
| Cash dividends declared                                       | 50.00               | 60.00      | 65.00      | 0.58                          |

\* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.



## Consolidated Statements of Comprehensive Income

|   | Millions of yen     |          |           | Thousands of<br>U.S. dollars* |
|---|---------------------|----------|-----------|-------------------------------|
|   | Year ended March 31 |          |           |                               |
|   | 2014                | 2015     | 2016      | 2016                          |
| Net income  | ¥102,124            | ¥137,146 | ¥ 141,716 | \$ 1,254,124                  |
| Other comprehensive income (loss), net of tax                       |                     |          |           |                               |
| Net unrealized gains (losses) on securities                         | 9,348               | 34,295   | (20,124)  | (178,089)                     |
| Foreign currency translation adjustments                            | 71,554              | 94,117   | (77,611)  | (686,823)                     |
| Pension liability adjustments                                       | 19,881              | 8,159    | (39,873)  | (352,858)                     |
| Net unrealized gains (losses) on derivatives                        | 179                 | (950)    | (1,471)   | (13,018)                      |
| Other comprehensive income (loss)                                   | 100,962             | 135,621  | (139,079) | (1,230,788)                   |
| Comprehensive income  | 203,086             | 272,767  | 2,637     | 23,336                        |
| Less: Comprehensive income attributable to noncontrolling interests | (27,860)            | (32,630) | (2,025)   | (17,920)                      |
| Comprehensive income attributable to FUJIFILM Holdings              | ¥175,226            | ¥240,137 | ¥ 612     | \$ 5,416                      |

\* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

## Consolidated Statements of Changes in Equity

Millions of yen

|   | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | FUJIFILM Holdings shareholders' equity | Noncontrolling interests | Total equity |
|---|--------------|----------------------------|-------------------|---|----------------|--|--------------------------|--------------|
| <b>Balance as of March 31, 2013</b>                         | ¥40,363      | ¥75,226                    | ¥1,979,552        | ¥(124,225)                                    | ¥(102,046)     | ¥1,868,870                             | ¥155,916                 | ¥2,024,786   |
| Comprehensive income (loss):                                |              |                            |                   |   |                |  |                          |              |
| Net income  | —            | —                          | 80,996            | —   | —              | 80,996                                 | 21,128                   | 102,124      |
| Change in net unrealized gains (losses) on securities       | —            | —                          | —                 | 9,819   | —              | 9,819                                  | (471)                    | 9,348        |
| Foreign currency translation adjustments                    | —            | —                          | —                 | 67,691  | —              | 67,691                                 | 3,863                    | 71,554       |
| Pension liability adjustments                               | —            | —                          | —                 | 16,577  | —              | 16,577                                 | 3,304                    | 19,881       |
| Change in net unrealized gains (losses) on derivatives      | —            | —                          | —                 | 143   | —              | 143                                    | 36                       | 179          |
| Net comprehensive income                                    |              |                            |                   |   |                | 175,226                                | 27,860                   | 203,086      |
| Purchases of stock for treasury                             | —            | —                          | —                 | —   | (23)           | (23)                                   | —                        | (23)         |
| Sales of stock from treasury                                | —            | (1)                        | —                 | —   | 382            | 381                                    | —                        | 381          |
| Dividends paid to FUJIFILM Holdings shareholders            | —            | —                          | (24,097)          | —   | —              | (24,097)                               | —                        | (24,097)     |
| Dividends paid to noncontrolling interests                  | —            | —                          | —                 | —   | —              | —                                      | (6,264)                  | (6,264)      |
| Issuance of stock acquisition rights                        | —            | 281                        | —                 | —   | —              | 281                                    | —                        | 281          |
| Equity transactions with noncontrolling interests and other | —            | 1                          | —                 | —   | —              | 1                                      | 72                       | 73           |
| <b>Balance as of March 31, 2014</b>                         | ¥40,363      | ¥75,507                    | ¥2,036,451        | ¥ (29,995)                                    | ¥(101,687)     | ¥2,020,639                             | ¥177,584                 | ¥2,198,223   |
| Comprehensive income (loss):                                |              |                            |                   |   |                |  |                          |              |
| Net income  | —            | —                          | 118,553           | —   | —              | 118,553                                | 18,593                   | 137,146      |
| Change in net unrealized gains (losses) on securities       | —            | —                          | —                 | 33,954  | —              | 33,954                                 | 341                      | 34,295       |
| Foreign currency translation adjustments                    | —            | —                          | —                 | 83,632  | —              | 83,632                                 | 10,485                   | 94,117       |
| Pension liability adjustments                               | —            | —                          | —                 | 4,916   | —              | 4,916                                  | 3,243                    | 8,159        |
| Change in net unrealized gains (losses) on derivatives      | —            | —                          | —                 | (918)   | —              | (918)                                  | (32)                     | (950)        |
| Net comprehensive income                                    |              |                            |                   |   |                | 240,137                                | 32,630                   | 272,767      |
| Purchases of stock for treasury                             | —            | —                          | —                 | —   | (62)           | (62)                                   | —                        | (62)         |
| Sales of stock from treasury                                | —            | (44)                       | —                 | —   | 848            | 804                                    | —                        | 804          |
| Dividends paid to FUJIFILM Holdings shareholders            | —            | —                          | (28,929)          | —   | —              | (28,929)                               | —                        | (28,929)     |
| Dividends paid to noncontrolling interests                  | —            | —                          | —                 | —   | —              | —                                      | (6,600)                  | (6,600)      |
| Issuance of stock acquisition rights                        | —            | 125                        | —                 | —   | —              | 125                                    | —                        | 125          |
| Equity transactions with noncontrolling interests and other | —            | —                          | —                 | —   | —              | —                                      | 31,088                   | 31,088       |
| <b>Balance as of March 31, 2015</b>                         | ¥40,363      | ¥75,588                    | ¥2,126,075        | ¥ 91,589                                      | ¥(100,901)     | ¥2,232,714                             | ¥234,702                 | ¥2,467,416   |
| Comprehensive income (loss):                                |              |                            |                   |   |                |  |                          |              |
| Net income  | —            | —                          | 123,313           | —   | —              | 123,313                                | 18,403                   | 141,716      |
| Change in net unrealized gains (losses) on securities       | —            | —                          | —                 | (19,968)                                      | —              | (19,968)                               | (156)                    | (20,124)     |
| Foreign currency translation adjustments                    | —            | —                          | —                 | (68,480)                                      | —              | (68,480)                               | (9,131)                  | (77,611)     |
| Pension liability adjustments                               | —            | —                          | —                 | (32,781)                                      | —              | (32,781)                               | (7,092)                  | (39,873)     |
| Change in net unrealized gains (losses) on derivatives      | —            | —                          | —                 | (1,472)                                       | —              | (1,472)                                | 1                        | (1,471)      |
| Net comprehensive income                                    |              |                            |                   |   |                | 612                                    | 2,025                    | 2,637        |
| Purchases of stock for treasury                             | —            | —                          | —                 | —   | (150,050)      | (150,050)                              | —                        | (150,050)    |
| Sales of stock from treasury                                | —            | 117                        | —                 | —   | 722            | 839                                    | —                        | 839          |
| Dividends paid to FUJIFILM Holdings shareholders            | —            | —                          | (29,737)          | —   | —              | (29,737)                               | —                        | (29,737)     |
| Dividends paid to noncontrolling interests                  | —            | —                          | —                 | —   | —              | —                                      | (7,295)                  | (7,295)      |
| Issuance of stock acquisition rights                        | —            | 73                         | —                 | —   | —              | 73                                     | —                        | 73           |
| Equity transactions with noncontrolling interests and other | —            | 2                          | —                 | —   | —              | 2                                      | (53)                     | (51)         |
| <b>Balance as of March 31, 2016</b>                         | ¥40,363      | ¥75,780                    | ¥2,219,651        | ¥ (31,112)                                    | ¥(250,229)     | ¥2,054,453                             | ¥229,379                 | ¥2,283,832   |

Thousands of U.S. dollars\*

|   | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | FUJIFILM Holdings shareholders' equity | Noncontrolling interests | Total equity |
|---|--------------|----------------------------|-------------------|---|----------------|--|--------------------------|--------------|
| <b>Balance as of March 31, 2015</b>                         | \$357,195    | \$668,920                  | \$18,814,823      | \$ 810,522                                    | \$ (892,929)   | \$19,758,531                           | \$2,077,009              | \$21,835,540 |
| Comprehensive income (loss):                                |              |                            |                   |   |                |  |                          |              |
| Net income  | —            | —                          | 1,091,265         | —   | —              | 1,091,265                              | 162,859                  | 1,254,124    |
| Change in net unrealized gains (losses) on securities       | —            | —                          | —                 | (176,708)                                     | —              | (176,708)                              | (1,381)                  | (178,089)    |
| Foreign currency translation adjustments                    | —            | —                          | —                 | (606,018)                                     | —              | (606,018)                              | (80,805)                 | (686,823)    |
| Pension liability adjustments                               | —            | —                          | —                 | (290,097)                                     | —              | (290,097)                              | (62,761)                 | (352,858)    |
| Change in net unrealized gains (losses) on derivatives      | —            | —                          | —                 | (13,026)                                      | —              | (13,026)                               | 8                        | (13,018)     |
| Net comprehensive income                                    |              |                            |                   |   |                | 5,416                                  | 17,920                   | 23,336       |
| Purchases of stock for treasury                             | —            | —                          | —                 | —   | (1,327,876)    | (1,327,876)                            | —                        | (1,327,876)  |
| Sales of stock from treasury                                | —            | 1,035                      | —                 | —   | 6,389          | 7,424                                  | —                        | 7,424        |
| Dividends paid to FUJIFILM Holdings shareholders            | —            | —                          | (263,159)         | —   | —              | (263,159)                              | —                        | (263,159)    |
| Dividends paid to noncontrolling interests                  | —            | —                          | —                 | —   | —              | —                                      | (64,557)                 | (64,557)     |
| Issuance of stock acquisition rights                        | —            | 646                        | —                 | —   | —              | 646                                    | —                        | 646          |
| Equity transactions with noncontrolling interests and other | —            | 18                         | —                 | —   | —              | 18                                     | (469)                    | (451)        |
| <b>Balance as of March 31, 2016</b>                         | \$357,195    | \$670,619                  | \$19,642,929      | \$(275,327)                                   | \$(2,214,416)  | \$18,181,000                           | \$2,029,903              | \$20,210,903 |

\* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

## Consolidated Statements of Cash Flows

|  | Millions of yen     |           |           | Thousands of<br>U.S. dollars* |
|--|---------------------|-----------|-----------|-------------------------------|
|  | Year ended March 31 |           |           |                               |
|  | 2014                | 2015      | 2016      | 2016                          |
| <b>Operating activities</b>  |                     |           |           |                               |
| Net income   | ¥ 102,124           | ¥ 137,146 | ¥ 141,716 | \$ 1,254,124                  |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                     |           |           |                               |
| Depreciation and amortization  | 141,440             | 122,909   | 121,354   | 1,073,929                     |
| Gain on remeasurement of previously held equity interests                          | —                   | (21,224)  | —         | —                             |
| (Gains) losses on sales of investment securities, net                              | (5,489)             | 703       | (11,996)  | (106,159)                     |
| Deferred income taxes  | 17,726              | 16,918    | 9,995     | 88,451                        |
| Equity in net (earnings) losses of affiliated companies, net of dividends received | 7,015               | 16,143    | 2,337     | 20,681                        |
| Changes in operating assets and liabilities:                                       |                     |           |           |                               |
| Notes and accounts receivable  | (24,325)            | (11,384)  | (16,313)  | (144,363)                     |
| Inventories  | 57,973              | 8,919     | 7,153     | 63,301                        |
| Notes and accounts payable-trade   | 7,244               | (14,304)  | (2,041)   | (18,062)                      |
| Accrued income taxes and other liabilities   | (2,933)             | 11,096    | (14,389)  | (127,336)                     |
| Other  | (8,243)             | (3,191)   | (15,947)  | (141,124)                     |
| Net cash provided by operating activities  | 292,532             | 263,731   | 221,869   | 1,963,442                     |
| <b>Investing activities</b>  |                     |           |           |                               |
| Purchases of property, plant and equipment   | (70,285)            | (56,943)  | (63,810)  | (564,690)                     |
| Purchases of software  | (24,589)            | (26,554)  | (22,278)  | (197,151)                     |
| Proceeds from sales and maturities of marketable and investment securities         | 18,635              | 37,164    | 45,254    | 400,478                       |
| Purchases of marketable and investment securities                                  | (20,023)            | (37,244)  | (30,798)  | (272,549)                     |
| (Increase) decrease in time deposits, net  | (4,182)             | 1,273     | (271)     | (2,398)                       |
| Increase in investments in and advances to affiliated companies                    | (4,344)             | (6,309)   | (3,950)   | (34,956)                      |
| Acquisitions of businesses and minority interests, net of cash acquired            | —                   | (800)     | (36,697)  | (324,752)                     |
| Other  | (20,690)            | (31,095)  | (43,160)  | (381,947)                     |
| Net cash used in investing activities  | (125,478)           | (120,508) | (155,710) | (1,377,965)                   |
| <b>Financing activities</b>  |                     |           |           |                               |
| Proceeds from long-term debt   | 1,752               | 4,530     | 2,955     | 26,150                        |
| Repayments of long-term debt   | (6,630)             | (8,619)   | (6,110)   | (54,071)                      |
| Increase (decrease) in short-term debt, net  | 5,358               | (8,332)   | 20,808    | 184,142                       |
| Cash dividends paid to shareholders  | (19,275)            | (26,510)  | (31,974)  | (282,956)                     |
| Subsidiaries' cash dividends paid to noncontrolling interests                      | (6,264)             | (6,600)   | (7,295)   | (64,557)                      |
| Net purchases of stock for treasury  | (22)                | (62)      | (150,049) | (1,327,867)                   |
| Other  | (13)                | —         | —         | —                             |
| Net cash (used in) provided by financing activities                                | (25,094)            | (45,593)  | (171,665) | (1,519,159)                   |
| Effect of exchange rate changes on cash and cash equivalents                       | 17,217              | 24,687    | (20,485)  | (181,283)                     |
| Net increase (decrease) in cash and cash equivalents                               | 159,177             | 122,317   | (125,991) | (1,114,965)                   |
| Cash and cash equivalents at beginning of year                                     | 445,394             | 604,571   | 726,888   | 6,432,638                     |
| Cash and cash equivalents at end of year   | ¥ 604,571           | ¥ 726,888 | ¥ 600,897 | \$ 5,317,673                  |
| <b>Supplemental disclosures of cash flow information</b>                           |                     |           |           |                               |
| Cash paid for interest   | ¥ 5,830             | ¥ 6,132   | ¥ 5,922   | \$ 52,407                     |
| Cash paid for income taxes   | 34,274              | 40,612    | 45,030    | 398,496                       |

\* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.