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## Earnings of 1H FY 2009/3

(From April 1, to September 30, 2008)

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**FUJIFILM Holdings Corporation**

October 30, 2008

**FORWARD-LOOKING STATEMENTS**

This document contains projections of performance and other projections, which are made based on judgments regarding currently available information and which encompass potential risks and uncertainties. Accordingly, please be aware that diverse factors may cause actual results to differ materially from projected results.

## Performance Summary for 1H FY2009/3

**FUJIFILM**

Revenue and operating income decreased due to the impact of worldwide economic deceleration and progressive appreciation of the yen.

Billions of yen

	1H FY2008/3 (Apr. - Sep. 2007)		1H FY2009/3 (Apr. - Sep. 2008)		Change	
					Amount	%
Revenue	100.0%	1,408.0	100.0%	1,338.4	-69.6	-4.9
Operating Income*	7.7%	108.6	6.1%	81.2	-27.4	-25.2
Income Before Income Taxes	8.2%	114.7	6.1%	81.7	-33.0	-28.8
Net Income	4.6%	64.6	3.4%	45.3	-19.3	-29.8
Earnings per Share		¥126.48		¥89.97		-¥36.51
Exchange Rates						
US\$		¥119		¥106		-¥13
Euro€		¥162		¥163		+¥1

(billions of yen)

<Reference> Factors affecting YoY changes of 1H operating income

Exchange rates movements: -10.9 Higher raw materials prices: -11.5 Change in depreciation method :-3.0 Sales expansion and other: -2.0

\* Including structural reform expenses: 1H FY2008/3 4.3 1 H FY2009/3 4.1

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Consolidated revenue amounted to ¥1,338.4 billion, down 4.9% from the same period of the previous year.

The main factors causing the decrease were the appreciation of the yen, particularly against the U.S. dollar, and a decline in revenue of the Imaging Solutions business.

The portion of the ¥69.6 billion decrease in revenue attributable to exchange rate changes was approximately ¥50.2 billion.

Operating income amounted to ¥81.2 billion, down 25.2% from the same period of the previous year.

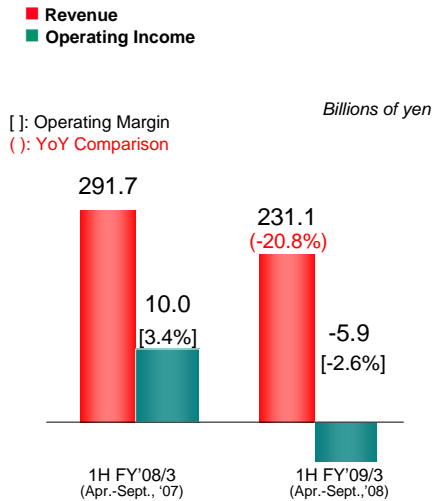
We estimate that exchange rate trends had the effect of reducing operating income by approximately ¥27.4 billion, while the impact of surging prices of silver, aluminum, and other principal raw materials was approximately ¥11.5 billion. The impact of the new depreciation method introduced in the previous fiscal year was approximately ¥3.0 billion. Combined, these three factors had the effect of reducing operating income by approximately ¥25.4 billion.

Income before income taxes, minority interests and equity in net earnings of affiliated companies decreased 28.8% from the same period of the previous year, to ¥81.7 billion, while net income amounted to ¥45.3 billion, down 29.8% year on year.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the first half fiscal period were ¥106 and ¥163, respectively.

## ■ Imaging Solutions

### Revenue<sup>+</sup> / Operating Income



#### Revenue

¥231.1 billion (YoY: -20.8%)

- In addition to the shrinking of the color film market, sales of digital cameras declined due to drop in unit prices.
- Impact of yen appreciation: -¥13.5 billion

#### Operating Income

-¥5.9 billion (fell into the red)

- Operating income decreased owing to the impact of decline in the unit prices of digital cameras and other factors.
- Stubbornly high silver prices and impact of yen appreciation pressuring profitability

\*Note: After elimination of intersegment transaction

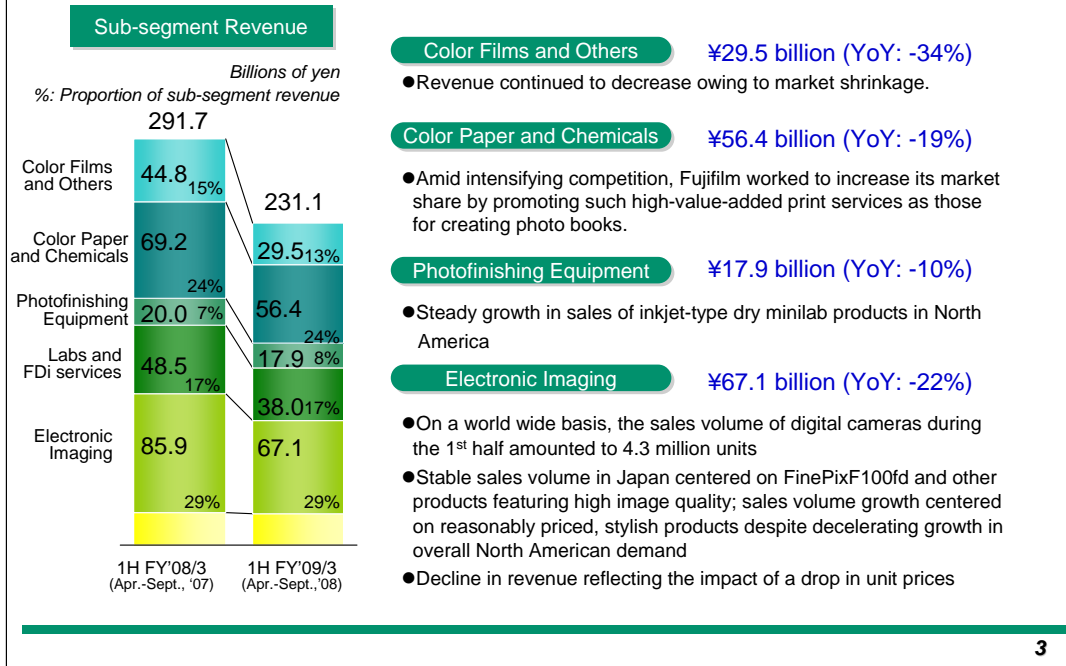
2

Next, I will explain the situation regarding the Imaging Solutions segment.

The segment was negatively affected by such factors as declining demand for color films and digital minilabs, intensifying competition in digital camera markets, and the appreciation of the yen. As a result, consolidated revenue in the segment amounted to ¥231.1 billion, down 20.8% from the same period of the previous fiscal year.

Amid a harsh operating environment, the segment recorded an operating loss of ¥5.9 billion, reflecting such factors as the surging prices of silver and other raw materials, the impact of yen appreciation, and a downtrend in digital camera prices.

# Operating Segments



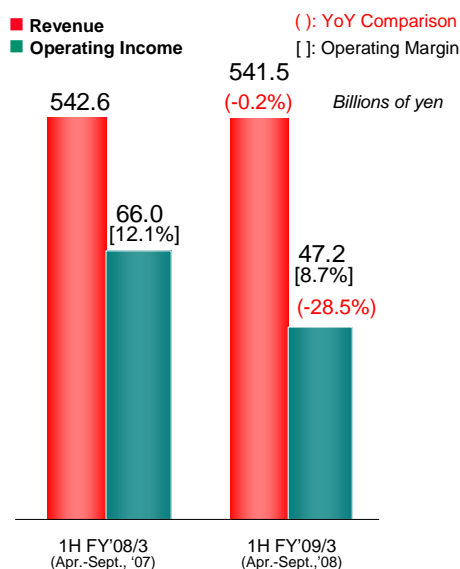
Next, we will take a look at trends in the Imaging Solutions segment's various businesses.

Although we implemented sales promotion measures in principal consuming countries, sales of color paper decreased, reflecting such factors as intensifying price competition and yen appreciation. Going forward, we plan to continue strengthening our marketing promotion measures for high-value-added print products.

Regarding digital cameras, while reducing our inventories, we launched new products and took other measures that maintained our unit sales volume in Japan and North America. However, our performance was impacted by the worldwide economic slowdown and a drop in selling prices caused by intensifying competition.

## ■ Information Solutions

### Revenue\* /Operating Income



#### Revenue

¥541.5 billion (YoY: -0.2%)

- Segment sales kept flat overall despite growth in sales of such products as flat panel display materials and lens units for camera phones
- Impact of yen appreciation: -¥20.5 billion

#### Operating Income

¥47.2 billion (YoY: -28.5%)

- Operating income decreased owing to the impact of such factors as yen appreciation and the surge in raw materials prices.

\*Note: After elimination of intersegment transaction

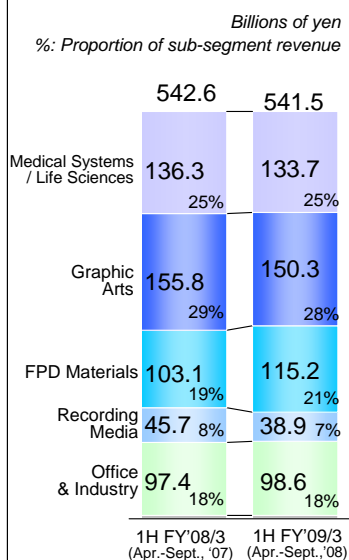
The Information Solutions segment was able to increase its sales of Flat Panel Display (FPD) materials and such strong-selling optical device products as lens units for camera phones, but the segment's consolidated revenue was approximately unchanged from the same period of the previous year, amounting to ¥541.5 billion.

Operating income for the segment was ¥47.2 billion, down 28.5% from the same period of the previous fiscal year. If we exclude the negative impact of such factors as yen appreciation, introduction of the new depreciation method, and the surging prices of aluminum, silver, and other raw materials, however, profitability was roughly the same as in the previous year.

## Operating Segments

**FUJIFILM**

### Sub-segment Revenue



#### Medical Systems / Life Sciences ¥133.7 billion (YoY: -2%)

- Although the revisions to Japan's national health care reimbursement system depressed demand for medical use films, sales of FCRs and picture archiving and communications systems (PACS) have expanded.
- Recorded robust sales overseas of newly launched Hi Resolution endoscope system products in Europe and North America; launched Justia electronic endoscope product amid intensified competition in Japan

#### Graphic Arts ¥150.3 billion (YoY: -4%)

- Despite impact of weakening economic conditions in North America and Europe, CTP sales volume continued to increase due to robust demand in Japan and expanding demand in NICs.
- Sales of wide-format ink-jet products increased owing to strength of orders received at the drupa trade fair and other factors.

#### FPD Materials ¥115.2 billion (YoY: +12%)

- Despite the impact of temporary production adjustments by panel manufacturers, growth was sustained in sales of FUJITAC, and such high-value-added films as WV film.

#### Recording Media ¥38.9 billion (YoY: -15%)

- The sales volume of high-end enterprise-use data storage media grew smoothly, although exchange rates movements and other factors weakened the revenue of this business.

#### Office & Industry ¥98.6 billion (YoY: +1%)

- In the field of optical devices, sales of Fujifilm's lens units for camera phones grew.
- Rising demand from principal customers supported an increase in sales of industrial ink-jet printer heads.

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Next, we will take a look at trends in the Information Solutions segment's various businesses.

Regarding the medical systems/life science business, national health care reimbursement system revisions decreased demand for films, but robust sales were recorded of compact FCR products for doctors in private practice and of PACS. Endoscope product sales were strong overseas, but the competition was intensifying in domestic market. We were able to greatly broaden our marketing of functional cosmetic products, reflecting the effectiveness of our television commercials, expansion of marketing channels, and other measures.

Our graphic arts business was impacted by exchange rate trends and the economic slowdown in North America and Europe, but we recorded strong sales of wide-format ink-jet systems and CTP plates.

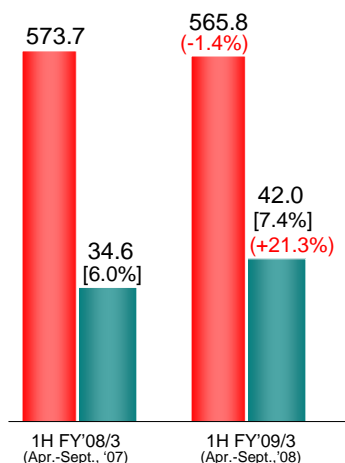
FPD materials operations were negatively affected by the manufacturing adjustments that LCD panel makers began making from around August, but we were able to continue expanding our sales of FUJITAC and WV film products.

In office and industrial operations, we increased our sales of lens units for camera phones.

## ■ Document Solutions

### Revenue\* /Operating Income

■ Revenue [ ]: Operating Margin  
■ Operating Income ( ): YoY Comparison  
 Billions of yen



#### Revenue

¥565.8 billion (YoY: -1.4%)

- Exports to Europe and North America grew considerably, particularly of color models, but the negative impact of exchange rates movements caused a decline in revenue.
- Impact of yen appreciation: -¥16.2billion

#### Operating Income

¥42.0 billion (YoY: +21.3%)

- Operating income grew greatly, reflecting the benefits of improvement of cost of sales and a reduction in SG&A expenses.

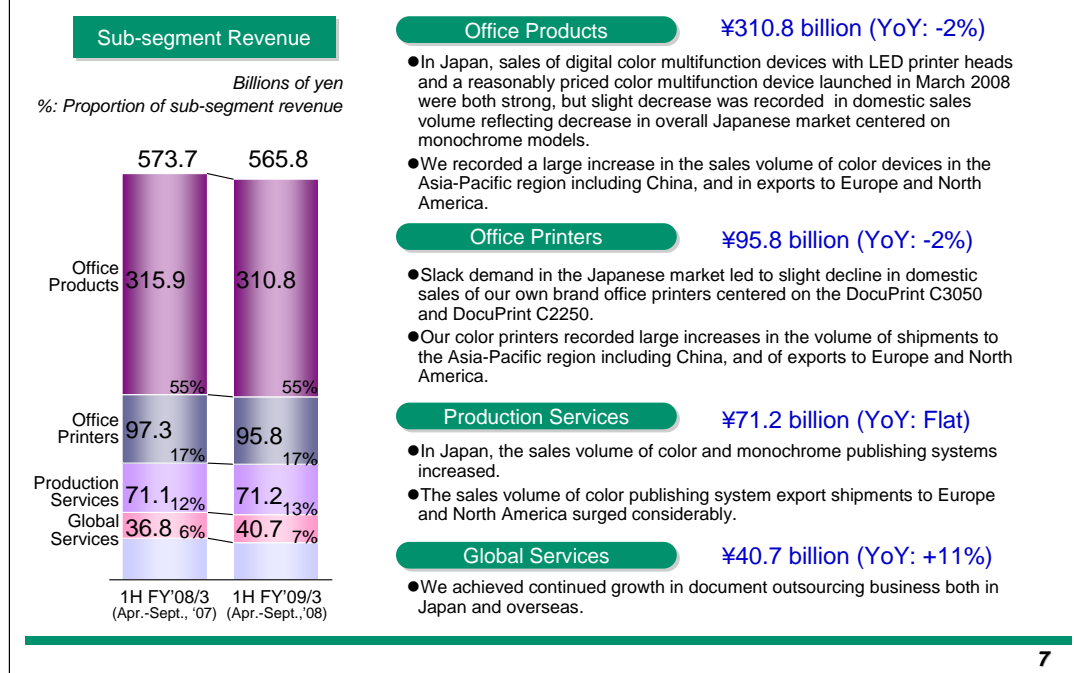
\*Note: After elimination of intersegment transaction

Our Document Solutions segment maintained robust exports to U.S.-based Xerox Corporation, particularly of color devices. However, the negative impact of exchange rate trends regarding the U.S. dollar as well as Asian and Oceanian currencies caused consolidated revenue to decrease 1.4% below the level in the same period of the previous fiscal year, to ¥565.8 billion.

The segment's operating income surged considerably, rising 21.3%, to ¥42.0 billion. This increase reflects our Slim and Strong drive's benefits in improving the cost of sales as well as our reduction of SG&A expenses and other factors.

## Operating Segments

FUJIFILM



Next, we will take a look at trends in the various businesses of the Document Solutions segment.

With respect to the office product business, total Japanese demand for this market decreased, but we were able to increase our domestic sales volume of color models, particularly full color digital multifunction devices with an LED print-head system. Our strong sales of color devices boosted sales volume in the Asia-Pacific region including China. Moreover, we greatly increased the volume of color and monochrome models exported to U.S.-based Xerox Corporation, reflecting growing demand in natural resource-exporting countries and NICs, benefits stemming from Xerox Corporation acquisition of marketing channels, and other factors.

In office printer operations, the overall size of the Japanese printer market shrank, and our domestic sales volume decreased. Overseas, however, we greatly increased the volume of our color printer sales as well as color printer exports.

Looking at production services business, the shipment volume surged considerably both in Japan and overseas, reflecting strong initial sales of the 700 Digital Color Press light production color system and other factors.

In our global service operations, we continued to expand our document outsourcing business both in Japan and overseas.

This concludes my overview explanation of operations and performance in the first half of fiscal 2009.



## Performance Summary for 2Q FY2009/3

Billions of yen

	2Q FY2008/3 (Jul. - Sep. 2007)		2Q FY2009/3 (Jul. - Sep. 2008)		Change	
					Amount	%
Revenue	100.0%	719.7	100.0%	684.7	-35.0	-4.9
Operating Income*	6.8%	48.8	5.2%	35.3	-13.5	-27.6
Income Before Income Taxes	6.2%	44.7	3.9%	26.7	-18.0	-40.2
Net Income	3.3%	23.6	2.0%	13.4	-10.2	-43.2
Earnings per Share		¥46.33		¥26.66		-¥19.67
Exchange Rates						
US\$		¥118		¥108		-¥10
Euro		¥162		¥162		-

(billions of yen)

&lt;Reference&gt; Factors affecting YoY changes of 2Q operating income

Exchange rates movements: -4.8 Higher raw materials prices: -7.7 Sales expansion and other: -1.0

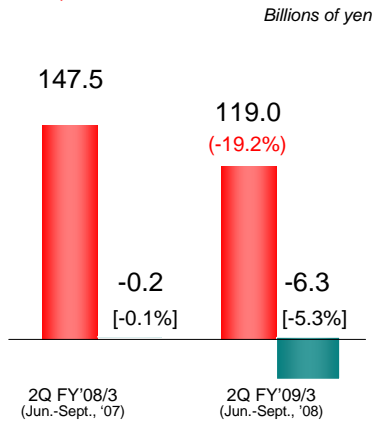
\* Including structural reform expenses: 2Q FY2008/3 3.3

2Q FY2009/3 2.4

■ Imaging Solutions

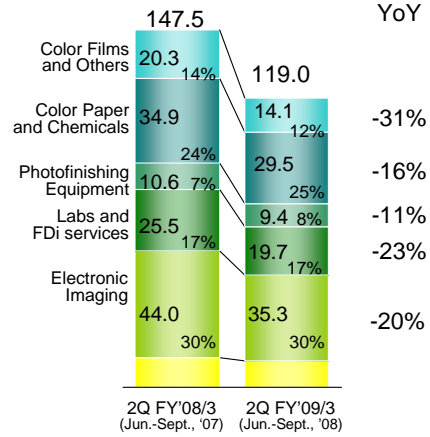
Revenue<sup>†</sup> / Operating Income

■ Revenue  
■ Operating Income  
[ ]: Operating Margin  
( ): YoY Comparison



Sub-segment Revenue

Billions of yen

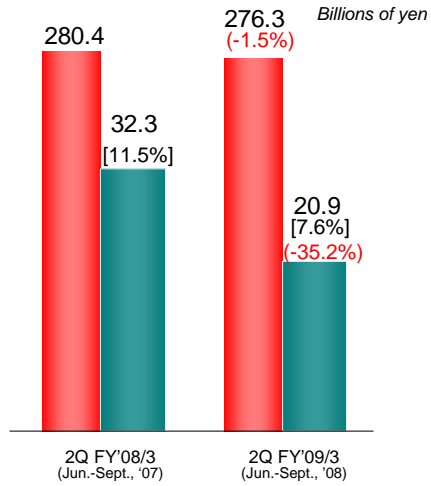


\*Note: After elimination of intersegment transaction

■ Information Solutions

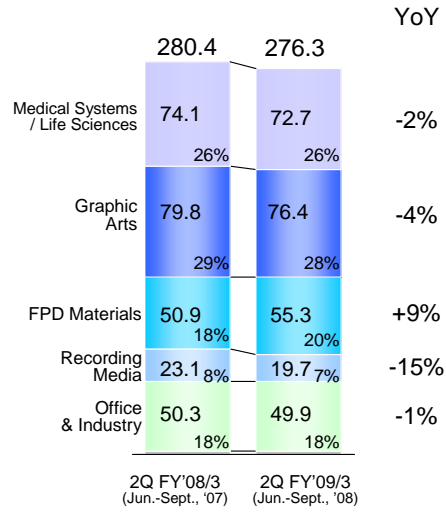
Revenue\* /Operating Income

■ Revenue [ ]: Operating Margin  
 ■ Operating Income ( ): YoY Comparison



Sub-segment Revenue

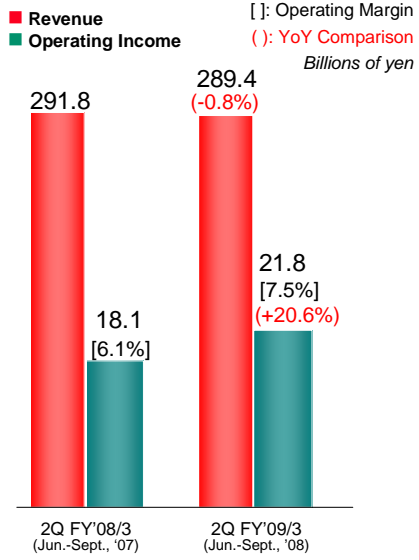
Billions of yen



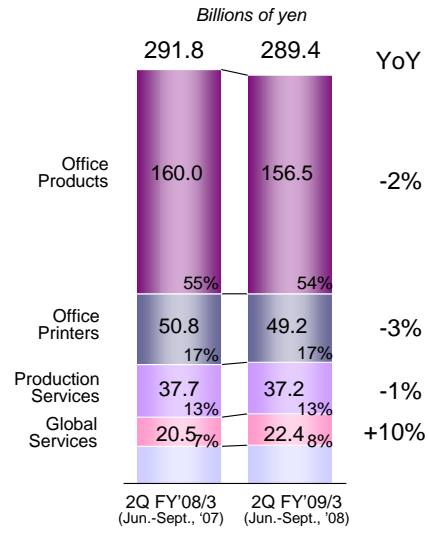
\*Note: After elimination of intersegment transaction

■ Document Solutions

Revenue\* /Operating Income

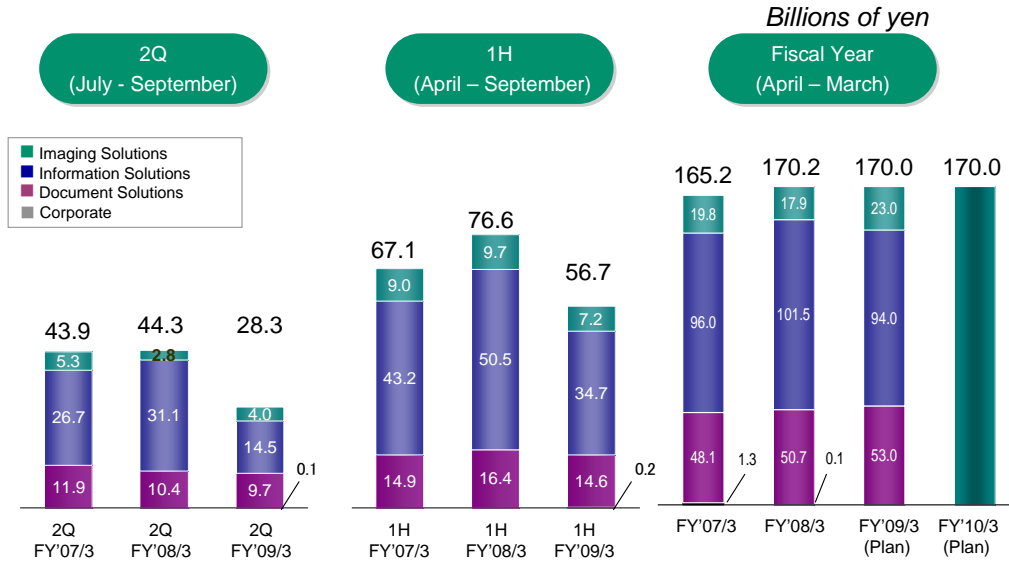


Sub-segment Revenue



\*Note: After elimination of intersegment transaction

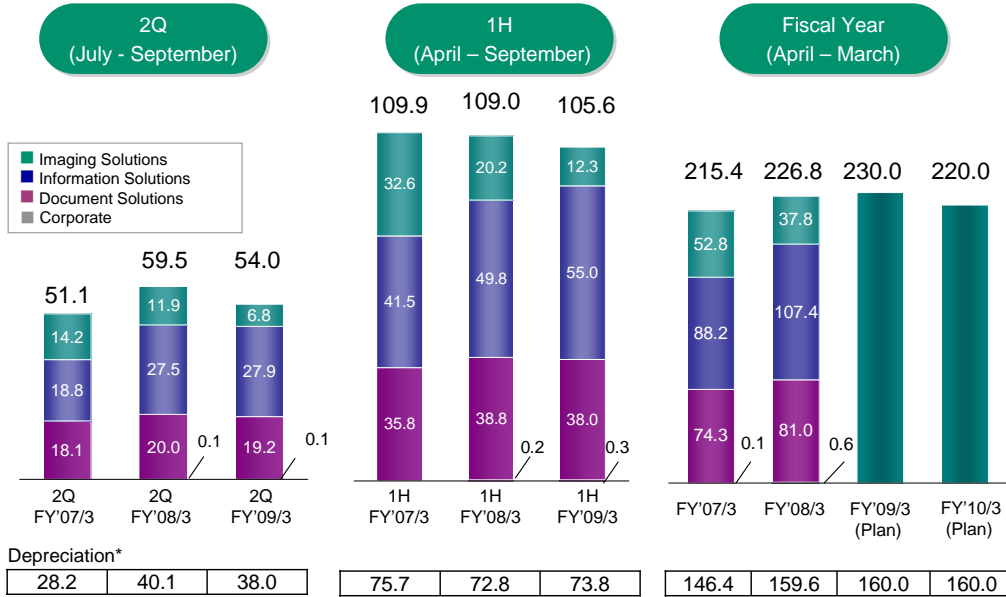
■ Capital Expenditure\*



\*Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment.

■ Depreciation & Amortization

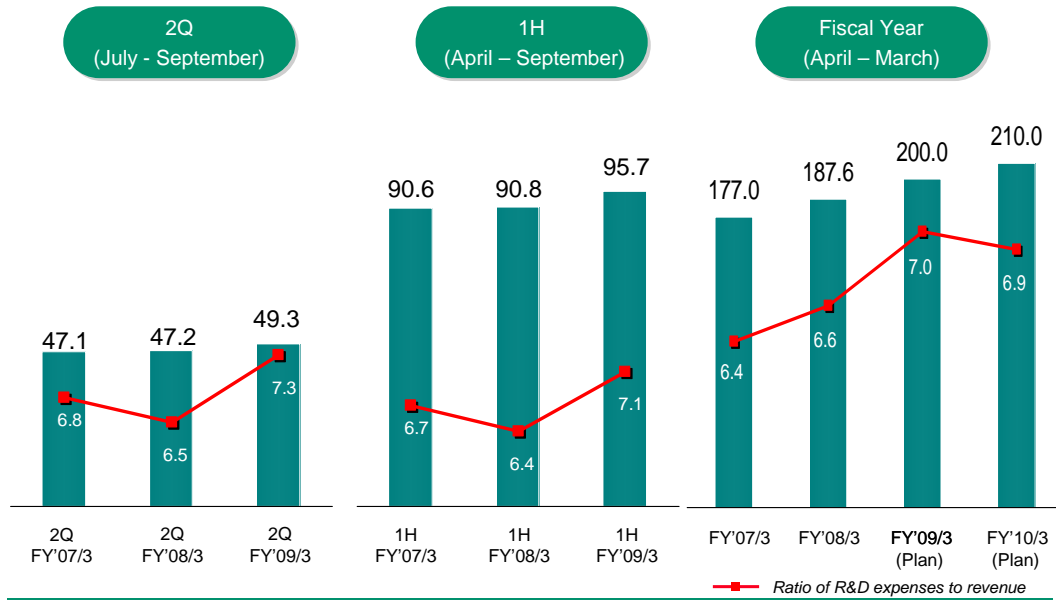
Billions of yen



\*Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment.

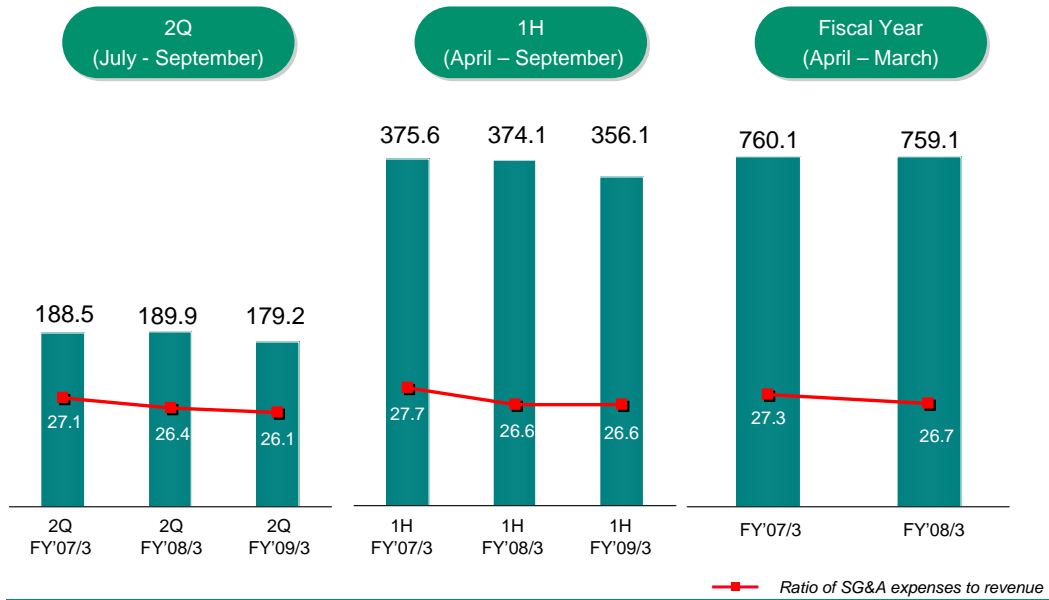
■ R&D Expenses

Billions of yen



■ SG&A Expenses

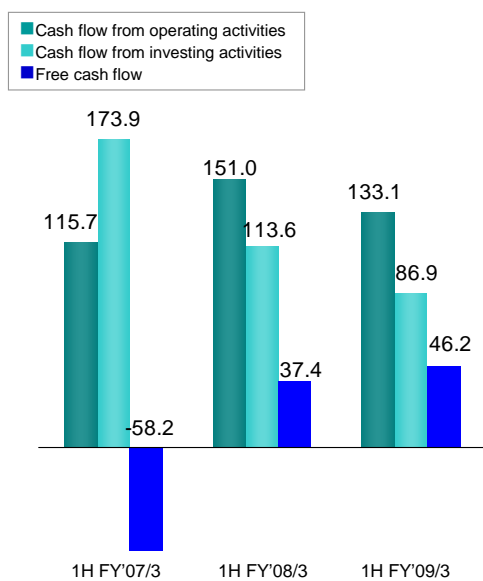
Billions of yen





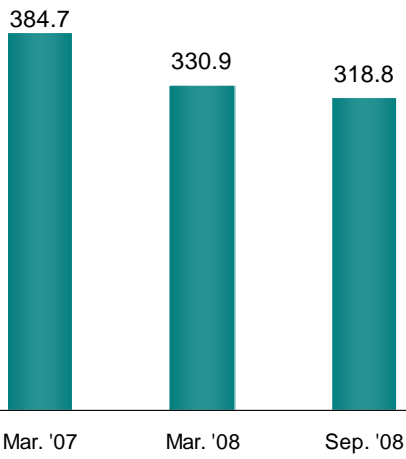
■ Free Cash Flow

Billions of yen

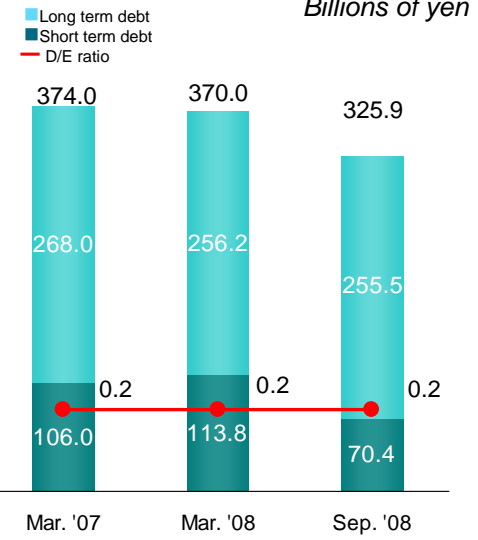


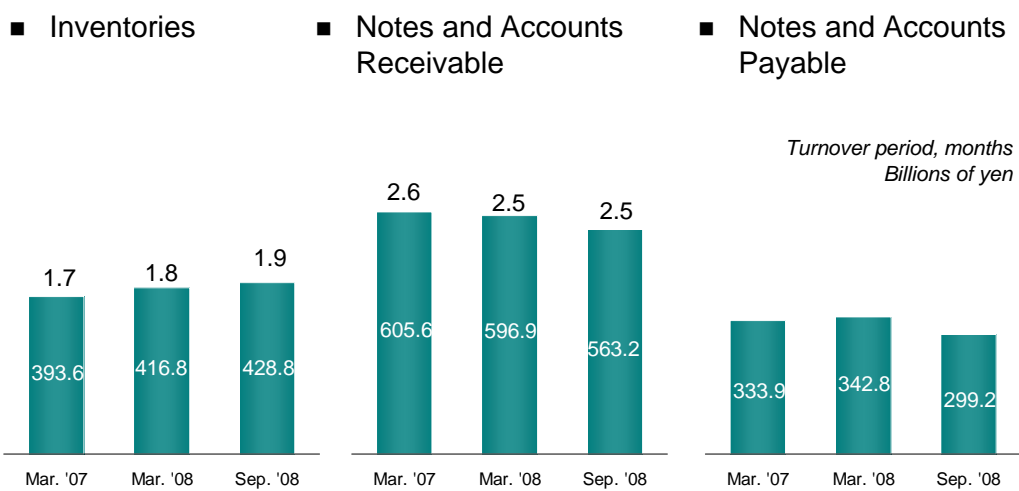
Cash Flow		
	1H FY'08/3	1H FY'09/3
Net income	64.6	45.3
Depreciation & amortization	109.0	105.6
Change in working capital	(20.1)	(0.4)
Change in deferred income taxes and other liabilities	(14.3)	(38.7)
Others	11.8	21.3
<b>C/F from operating activities</b>	<b>151.0</b>	<b>133.1</b>
Capital expenditure	(78.5)	(82.9)
M & A	-	-
Others	(35.1)	(4.0)
<b>C/F from investing activities</b>	<b>(113.6)</b>	<b>(86.9)</b>
<b>Free cash flow</b>	<b>37.4</b>	<b>46.2</b>

■ Cash and Cash Equivalents



■ Interest Bearing Debt





■ Current State of New Drug Development

Development code	Therapeutic category	Region	Development stage					Formulation
			Non-clinical	P I	P II	P III	Filed	
T-614	Rheumatoid arthritis	Japan						Oral
T-3262 10% fine granules(OZ) EX fine granules for children)	Quinolone synthetic antibacterial	Japan	 2008.10 Apply for approval of manufacturing and marketing					Oral
T-3811	New-type quinolone synthetic antibacterial	Japan						Injection*
		U.S.A.						Oral/Injection
		Europe						
T-3762	Quinolone synthetic antibacterial	Japan						Injection**
T-817MA	Alzheimer's disease	U.S.A.						Oral
T-5224 (R7277)	Rheumatoid arthritis	Japan						Oral
		Overseas						
T-705	Antiviral	Japan						Oral
		U.S.A.						
T-1106	Antiviral	Japan						Oral
T-2307	Antifungal	Japan						Injection

\*Note: Received an approval in 2007 as a oral quinolone antibacterial agent under the brand name of GENINAX

\*\*Note: Additional dosage of PASIL intravenous drip, which received an approval in 2002

■ Exchange Rates

Yen

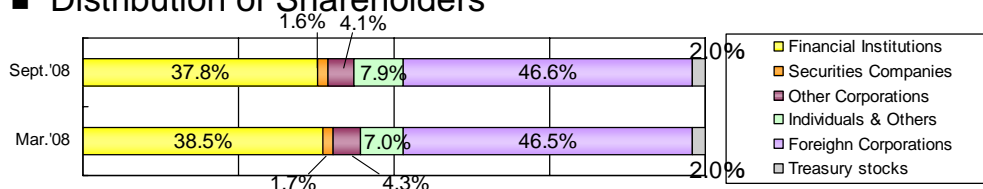
	FY2009/3			FY2008/3			
	1Q	2Q	1H	1Q	2Q	1H	Year
US\$	104	108	106	121	118	119	115
EURO €	163	162	163	162	162	162	162

Impact of exchange rates movement on operating income (full year, ¥1 change)  
 US\$: ¥1.2 billion Euro: ¥1.1 billion

■ Number of Employees

	Sep.2008	Jun.2008	Mar.2008	Dec.2007	Sep.2007
	78,228	78,765	78,321	78,008	77,555

■ Distribution of Shareholders





We will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

IR Office, Corporate Planning Div.  
**FUJIFILM Holdings Corporation**