



Financial Results (Consolidated) for Six months ended September 30, 2018

FUJIFILM Holdings Corporation

Kenji Sukeno

President and Chief Operating Officer

Projected date of Quarterly report: November 14, 2018

Projected date of the beginning of cash dividends: December 4, 2018

Reference materials regarding operating results of the current quarter to be prepared: Yes

Meeting to explain operating results of the current quarter to be held: Yes

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

November 7, 2018

URL: <http://www.fujifilmholdings.com/>

1. Results of Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(1) OPERATING RESULTS

Amount Unit: Millions of yen unless otherwise specified / Figures are rounded off to the nearest million yen

#: Changes from the corresponding period of the previous fiscal year

	Revenue		Operating income		Income before income taxes		Net income attributable to FUJIFILM Holdings	
		%		%		%		%
Six months ended Sept. 30, 2018	1,172,743	(1.3)	83,930	16.0	98,831	(1.3)	65,494	(7.6)
Six months ended Sept. 30, 2017	1,187,938	6.7	72,338	11.6	100,167	55.7	70,899	106.2

Note: Comprehensive income

Six months ended Sept. 30, 2018 ¥ 96,876 million (Δ11.0%)

Six months ended Sept. 30, 2017 ¥ 108,795 million (- %)

	Net income attributable to FUJIFILM Holdings per share	Net income attributable to FUJIFILM Holdings per share (Assuming full dilution)
	Yen	Yen
Six months ended Sept. 30, 2018	152.43	151.98
Six months ended Sept. 30, 2017	161.92	161.37

(2) FINANCIAL POSITION

Amount Unit: Millions of yen unless otherwise specified / Figures are rounded off to the nearest million yen

	Total assets	Total equity (Net asset)	FUJIFILM Holdings shareholders' equity	FUJIFILM Holdings shareholders' equity ratio to total assets
As of Sept. 30, 2018	3,399,155	2,286,112	2,084,181	61.3
As of March 31, 2018	3,492,940	2,298,706	2,079,134	59.5

2. Cash Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Year Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	-	37.50	-	37.50	75.00
Year ending March 31, 2019	-	40.00	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	40.00	80.00

Note: Changes in dividends forecast during the quarter under review: None

3. Forecast for the Fiscal Year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

Amount Unit: Millions of yen unless otherwise specified / Figures are rounded off to the nearest million yen

#: Changes from the corresponding period of the previous fiscal year

	Revenue		Operating income		Income before income taxes		Net income attributable to FUJIFILM Holdings		Net income attributable to FUJIFILM Holdings per share	
		%		%		%		%		Yen
For the Year ending March 31, 2019	2,470,000	1.5	200,000	62.2	205,000	3.6	130,000	(7.6)		305.31

Note: Changes in forecast which was recently announced: Yes

Note: Net income attributable to FUJIFILM Holdings per share is calculated using the number of shares issued as of September 30, 2018 excluding treasury shares for the average number of shares for the relevant period.

Notes

(1) Changes in status of material subsidiaries during this quarter

(Company newly consolidated or removed from consolidation): None

(2) Adoption of simplified method of accounting or specific accounting treatments: None

(3) Changes in accounting principles

1. Changes in accounting policies accompanied by revisions of accounting standards: Yes

2. Changes in accounting policies other than 1. above: None

(4) Number of shares outstanding (common stock)

1. Issued (including treasury stock):

2. Treasury stock:

3. Average number of shares:

As of Sept. 30, 2018	514,625,728	As of March 31, 2018	514,625,728
As of Sept. 30, 2018	88,825,840	As of March 31, 2018	84,396,402
Six months ended Sept. 30, 2018	429,670,455	Six months ended Sept. 30, 2017	437,854,795

This report is not reviewed.

Explanation of Appropriate Use of Forecast and Other Special Items

Statements regarding future events including forecasts of operating results are based on limited available information and reasonable assumptions as of today. The Company does not have an intention of guaranteeing the realization of the forecasts. Actual operating results are always subject to change significantly due to various matters. Assumptions for the forecasts and warnings for users of the forecasts are mentioned in the page 6, (3) Explanation on Projected Information on Forecasts of the Consolidated Operating Results in 1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER.

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1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER

(1) Explanation on Consolidated Operating Results

Amount Unit: Billions of yen

	Six months ended September 30, 2018		Six months ended September 30, 2017		Change	
					Amount	%
Domestic revenue	41.0%	480.8	41.2%	489.5	(8.7)	(1.8)
Overseas revenue	59.0%	691.9	58.8%	698.4	(6.5)	(0.9)
Revenue	100.0%	1,172.7	100.0%	1,187.9	(15.2)	(1.3)
Operating income	7.2%	83.9	6.1%	72.3	11.6	16.0
Income before income taxes	8.4%	98.8	8.4%	100.2	(1.4)	(1.3)
Net income attributable to FUJIFILM Holdings	5.6%	65.5	6.0%	70.9	(5.4)	(7.6)
Exchange rates (Yen / US\$)		¥110		¥111		(¥1)
Exchange rates (Yen / Euro)		¥130		¥126		¥4

Overviewing the global economy during the first half of the fiscal year ending March 31, 2019 (April 1, 2018 through September 30, 2018), the general trend of gradual economic recovery persisted. In the U.S., the trend of economic recovery persisted steadily through increase in personal consumption and capital investment. In Europe, the trend of gradual economic recovery continued due to the increase in consumption and capital investments. China and other Asian regions showed continued economic recovery. In Japan, personal consumption recovered due to the improvement in the employment and income environment, and the trend of gradual economic recovery persisted.

Since 2000 when the demand for photographic film, the core business, declined sharply, the Fujifilm Group (the Group) has established a business foundation that generates profits stably through drastic business restructuring, and has entered a new phase of growth. In August 2017, the Group formulated “Sustainable Value Plan 2030 (“SVP2030”), a CSR plan specifying targets for the fiscal year ending March 2031 (FY2031/3). It will contribute further to the realization of a sustainable society, with increased efforts to resolve social issues through its business activities by providing innovative technologies, products and services. Furthermore, a medium-term management plan VISION2019 was drawn up as a concrete action plan to achieve the goals in “SVP2030”. In its second year ending March 31, 2019, we will strengthen our business portfolio to increase the corporate value by achieving strong business growth in the healthcare and highly functional materials fields, and fundamentally strengthening the document business.

In the first half of the fiscal year ending March 31, 2019, the Fujifilm Group recorded ¥1,172.7 billion in consolidated revenue (down 1.3% from the same period of the previous fiscal year), reflecting such factors as a sales increase in such businesses as the medical systems business, bio CDMO business, display materials business and electronic materials business, and a sales decrease in the document business.

Operating income increased significantly by the improvements in profitability of the document business and impact of structural reforms, to ¥83.9 billion (up 16.0% from the same period of the previous fiscal year). In addition, consolidated income before income taxes amounted to ¥98.8 billion (down 1.3% from the same period of the previous fiscal year) and consolidated net income attributable to FUJIFILM Holdings totaled ¥65.5 billion (down 7.6% from the same period of the previous fiscal year) due to the profit from valuation of investment securities and others.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the first half of this fiscal year were ¥110 and ¥130, respectively.

Revenue by Operating Segment

Amount Unit: Billions of yen

Segment	Six months ended September 30, 2018	Six months ended September 30, 2017	Change	
			Amount	%
Imaging Solutions	175.9	174.8	1.1	0.6
Healthcare & Material Solutions	499.0	480.8	18.2	3.8
Document Solutions	497.8	532.3	(34.5)	(6.5)
Consolidated Total	1,172.7	1,187.9	(15.2)	(1.3)

Operating Income by Operating Segment

Amount Unit: Billions of yen

Segment	Six months ended September 30, 2018	Six months ended September 30, 2017	Change	
			Amount	%
Imaging Solutions	21.6	23.8	(2.2)	(9.1)
Healthcare & Material Solutions	37.5	37.1	0.4	1.0
Document Solutions	43.3	26.6	16.7	63.0
Corporate Expenses and Eliminations	(18.5)	(15.2)	(3.3)	-
Consolidated Total	83.9	72.3	11.6	16.0

Imaging Solutions

In the Imaging Solutions segment, consolidated revenue amounted to ¥175.9 billion (up 0.6% from the same period of the previous fiscal year), reflecting solid sales in all businesses.

Consolidated operating income amounted to ¥21.6 billion (down 9.1% from the same period of the previous fiscal year), due to advertising and promotion costs and upfront investments such as R&D.

In the photo imaging business, overall sales increased especially in instant photo systems which enable users to enjoy on-the-spot printing of photos, such as the instax series and instax films. *Instax SQUARE SQ6*, the instant camera launched in May 2018, has gained popularity with the younger generation who are familiar with SNS. We will work on the further increase of the sales and brand awareness of instax through a global promotion featuring Taylor Swift as the instax global partner. In the value-added printing businesses, we are expanding a base of the printing market by, for example, launching a service to print pictures ordered via the smartphone app *Super-Easy Print* on multifunctional copy machines in Seven-Eleven stores located throughout Japan in August 2018.

In the electronic imaging field of the optical device and electronic imaging business, overall sales increased, supported by the successful launch of *FUJIFILM X-T3* in September 2018. The new model carries the fourth-generation new sensor and high-speed image processing engine for the X series and has received recognition for its high-speed, high-precision auto focus and high video performance. The sales of interchangeable lenses were also favorable as the sales of high-end models increased. To capture the increasing demand for interchangeable lenses, an expansion of production facilities have been decided.

In the optical device field, overall sales increased steadily, mainly in various industrial use lenses such as lenses for vehicle cameras. We are strengthening our product lineup to address expanding needs for 4K video creation, announcing the launch of portable broadcast lenses *FUJINON UA46x9.5BERD* and *FUJINON UA46x13.5BERD*, with the world's highest* 46x zoom. We also announced newly entering into the projector market by developing a projector featuring high-performance FUJINON lens, which can project images in various directions just by the rotation of the lens, planned to be launched in 2019.

* World's largest zoom magnification among portable 4K broadcast lenses according to Fujifilm data as of August 20, 2018

Healthcare & Material Solutions

In the Healthcare & Material Solutions segment, consolidated revenue amounted to ¥499.0 billion (up 3.8% from the same period of the previous fiscal year) due to a sales increase in the medical systems business, bio

CDMO business, display materials business, electronic materials business and others.

Operating income amounted to ¥37.5 billion (up 1.0% from the same period of the previous fiscal year), due to improvements in profitability of each business.

In the medical systems business, overall sales increased due to strong sales in such business fields as X-ray imaging diagnostics and endoscopes. In the X-ray imaging diagnostics field, sales of *FUJIFILM DR CALNEO AQRO*, an ultra-light weight mobile digital X-ray system, were strong mainly in the overseas market. We are also working on the sales expansion of *COREVISION 3D*, a surgical C-arm digital fluoroscopic system launched in June 2018 to support precise intraoperative procedures by providing 3D images. In the medical IT field, sales of systems, particularly *SYNAPSE*, Picture Archiving Communication Systems (PACS), were strong mainly in Japan and the United States. In the endoscopes field, strong sales were seen with *LASEREO*, Fujifilm's unique endoscope systems paired with laser light. In the ultrasound diagnostics field, sales of products such as the full-flat *SonoSite S II* and the portable *SonoSite Edge II* showed steady growth in the U.S., Europe and Asia. In the field of IVD, sales were favorable with *FUJI DRI-CHEM Series*, the blood examination system, in both domestic and overseas markets.

In the pharmaceutical business, overall sales increased due to the supply of *Avigan Tablet*, the anti-influenza drug, to a national stockpile in Japan. Also, in September 2018, Fujifilm Kyowa Kirin Biologics Co., Ltd., Fujifilm's affiliated company, obtained marketing authorization from the European Commission for *Hulio*®, a biosimilar to *adalimumab*, a human monoclonal antibody against TNF-alpha. We continue to promote the development and manufacture of high-reliability, high-quality and cost-competitive biosimilars. In addition, Fujifilm merged TOYAMA CHEMICAL, a company conducting the research, development, manufacture and sales of small molecule pharmaceutical products, and FUJIFILM RI Pharma, a company conducting the research, development, manufacture and sales of radiopharmaceuticals, to form FUJIFILM Toyama Chemical as of October 1, 2018 in order to accelerate the development of new therapeutic and diagnostic drugs.

In the bio CDMO business, revenue increased as the contract process development and manufacturing business for biopharmaceuticals progressed favorably. The production sites in Texas, the U.S., which started operations in the last fiscal year, and the expanded facilities for the development of production processes in the UK, also contributed to the increased revenue. While bolstering its production capacity, Fujifilm will, through the development of highly efficient, highly productive technology, expand its businesses for performing bio-pharmaceutical contract process development and manufacturing business.

In the regenerative medicine business, revenue increased due to the favorable sales of cell culture media for bio-pharmaceuticals by Irvine Scientific Sales Company and IS JAPAN, leading companies in cell culture media Fujifilm acquired in June 2018. In addition, we have successfully developed intestinal epithelial cells derived from human iPS cells optimal for the assessment of drug absorption in joint research conducted with Nagoya City University. Fujifilm continues its contribution to promote the use of human iPS cells for supporting drug discovery.

In the life sciences business, revenue increased due to strong sales of *ASTALIFT ESSENCE DESTINY serum* relaunched in September 2018, which keeps skin supple and taut, as well as supplements such as the *MetabARRIER* series.

Regarding the display materials business, overall sales increased due to solid sales of TAC products in addition to the strong sales of products related to touch-panels and OLED.

In the industrial products business, the sales of *EXCLEAR*, touch-panel sensor films, showed strong growth along with industrial-use X-ray film and *Prescale*, pressure measurement film.

Revenue in the electronic materials business increased, reflecting continued strong sales of such advanced products as photo resists, peripheral materials related to photolithography, CMP slurries, Image Sensor Color Mosaic and others.

In the fine chemical business, revenue remained at the same level as the previous year, reflecting the solid sales of such products as laboratory chemicals for research institutes and polymerization initiator, which is one of raw materials for high water absorption resin used in daily necessities such as paper diapers.

In the recording media business, revenue decreased due to inventory adjustments of high-capacity magnetic tapes for data storage and other factors. Fujifilm is expanding the sales of magnetic tapes for data storage, which use unique technologies such as barium ferrite (BaFe) particles and also providing data archive services such as *dternity* and others to certainly meet customer's need in this big data era.

In the graphic systems business, overall sales decreased mainly due to the decline in total demands of graphic arts film and CTP plates. In the printing plates field, we are expanding the sales of environmentally responsive products, including the newly launched process-less plates for newspaper. In the digital printing field, Fujifilm introduced *Acuity Ultra*, a wide-format printer to expand the sales in the sign display market, and we continue to promote digital press systems in the commercial and package printing market.

In the inkjet business, solid sales trends continued with industrial inkjet printheads. Fujifilm plans to expand its sales not only in the existing commercial printing field, sign display field, and packaging field, but also in new areas such as textile by introducing unique products.

Document Solutions

In the Document Solutions segment, consolidated revenue amounted to ¥497.8 billion (down 6.5% from the same period of the previous fiscal year) due to such factors as a reduction in low-profitability parts of the low-end office printer business, and a change in an accounting method for recognizing revenue from purchased products.

Operating income amounted to ¥43.3 billion (up 63.0% from the same period of the previous fiscal year), due to such factors as improved profitability and a positive impact from structural reforms.

Regarding the office products business of the office products and printers business, overall sales volume decreased from the same period of the previous fiscal year, although the sales of a multifunction device developed for the Chinese market remained solid. In the office printers business, sales volume decreased due to a reduction in low-profitability parts of low-end printers business.

In the production services business, though the overall number of sales units fell from the same period of the previous fiscal year, strong sales were seen for an on-demand production color printer called the *Iridesse™ Production Press* mainly in the U.S. and Europe. In May 2018, Fuji Xerox opened *Future Edge*, a hub for open innovation to work together with its customers on transforming communications utilizing printing technologies. The expansion of sales is targeted through the demonstration of enhanced productivity of print operations and work-style innovations.

In the solutions and services business, though the sales of BPO (Business Process Outsourcing) contracts and business-specific solutions showed steady growth, overall sales decreased due to a change in an accounting method for recognizing revenue from purchased products. With the new value creation strategy called *Smart Work Innovation*, Fuji Xerox launched *Smart Work Entry*, a solution to improve the efficiency in cumbersome processing of handwritten information with the use of unique AI (Artificial Intelligence) technologies in July. We aim further growth in the service filed by continuously providing services that support our customers in improvements of work efficiency and productivity.

(2) Explanation on the Consolidated Financial Position

At the end of the second quarter of the fiscal year ending March 31, 2019, total assets decreased by ¥93.8 billion, compared with the end of the previous fiscal year, to ¥3,399.2 billion, owing to a decrease in cash and cash equivalents and other factors. Total liabilities decreased by ¥81.2 billion, compared with the end of the previous fiscal year, to ¥1,113.0 billion. FUJIFILM Holdings shareholders' equity increased by ¥5.0 billion, compared with the end of the previous fiscal year, to ¥2,084.2 billion. As a result, the current ratio increased by 1.0 percentage points, to 281.1%, the debt-equity ratio decreased by 4.0 percentage points, to 53.4%, and the equity ratio increased by 1.8 percentage points, to 61.3%, compared with the end of the previous fiscal year. Fujifilm is maintaining a stable level of asset liquidity and a sound capital structure.

(Cash Flows)

Amount Unit: Billions of yen

	Six months ended September 30, 2018	Six months ended September 30, 2017	Change
Net cash provided by operating activities	85.3	111.0	(25.7)
Net cash used in investing activities	(131.1)	(179.0)	47.9
Net cash used in financing activities	(128.6)	(135.7)	7.1

During the first half of the fiscal year ending March 31, 2019, net cash provided by operating activities totaled ¥85.3 billion, due to a decrease in accounts receivable and other factors. Net cash used in investing activities amounted to ¥131.1 billion, due to the acquisition of Irvine Scientific Sales Company and IS JAPAN and other factors. Thus, free cash flow—or the sum of cash flow from operating and investing activities—was ¥(45.8) billion. Net cash used in financing activities amounted to ¥128.6 billion, due to purchases of stock for treasury, capital transactions with noncontrolling interests and other factors.

As a result, cash and cash equivalents at the end of the quarter under review amounted to ¥600.6 billion, down ¥167.7 billion from the end of the previous fiscal year.

(3) Explanation on Projected Information on Forecasts of the Consolidated Operating Results

In the light of the fact that the progress of a reduction in low-profit business as part of strengthening the Document Solutions segment has exceeded the original assumption, FUJIFILM Holdings has lowered its forecast for revenue. The forecast for operating income, income before income taxes and net income attributable to FUJIFILM Holdings are not revised as improvements in profitability and structural reforms are making good progress.

Amount Unit: Billions of yen

	Previous forecast (A) (announced on May 18, 2018)	Latest revised forecast (B)	Change (B-A)	Change (%)	(Ref.) Actual results for FY2018/3
Revenue	2,510.0	2,470.0	(40.0)	(1.6%)	2,433.4
Operating income	200.0	200.0	-	-	123.3
Income before income taxes	205.0	205.0	-	-	197.8
Net income attributable to FUJIFILM Holdings	130.0	130.0	-	-	140.7
Net income attributable to FUJIFILM Holdings per share	¥302.16	¥305.31	¥3.15	1.0%	¥322.62

Note: Net income attributable to FUJIFILM Holdings per share in the previous forecast is calculated using the number of shares issued as of March 31, 2018 excluding treasury shares for the average number of shares for the relevant period, that in the latest revised forecast is calculated using the number of shares issued as of September 30, 2018 excluding treasury shares.

The projected currency exchange rates for the U.S. dollar and the euro against the yen during the fiscal year ending March 31, 2019 are ¥110 and ¥130, respectively.

2. MATTERS RELATING TO SUMMARY (OTHER) INFORMATION

(1) Changes in Status of Material Subsidiaries during This Quarter (Company Newly Consolidated or Removed from Consolidation): None

(2) Adoption of Simplified Method of Accounting or Specific Accounting Treatments: None

(3) Changes in Accounting Principles: Yes

In May 2014, U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2014 - 09 "Revenue from Contracts with Customers" and subsequently revised a part of it. These standards define a revenue recognition model consisting of five steps to recognize revenues arising from contracts with all customers except for some exceptions. We have applied these standards from the first quarter of the fiscal year ending March 31, 2019 (commencing on April 1, 2018). Upon adoption of these standards, we applied a method that recognizes the cumulative effect of adopting these standards on the effective date of adoption,

which is accepted as transitional measures. As a result of identifying performance obligations under contracts with customers, some of sales promotion expenses, etc., which are consideration paid by the Group to customers and were previously accounted for as selling, general and administrative expenses, are deducted from revenue from the first quarter of the consolidated accounting period. As a result, in the quarterly consolidated statements of income for the first half and the second quarter of the current fiscal year, revenue and selling, general and administrative expenses decreased by ¥2,088 million and ¥1,096 million, respectively, compared with those with the previous accounting standards applied. There is no impact on operating profit or quarterly earnings. In addition, out of the revenue in the first half and the second quarter of the current fiscal year, those recognized from lease contracts amounted to ¥27,710 million and ¥19,584 million, respectively.

In January 2016, U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-01 "Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". These standards require that equity investments be measured at fair value and their changes be recognized in profit or loss, with the exception of equity method investments and consolidated investments. We have applied these standards from the first quarter of the fiscal year ending March 31, 2019 (commencing on April 1, 2018). Upon adoption of these standards, we adjusted the unrealized gains of ¥ 18,976 million (net of tax) related to equity investment, which was recognized as accumulated other comprehensive income, as the cumulative effect on retained earnings at the beginning of the year.

In October 2016, U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-16 "Income Taxes – Intra-Entity Transfers of Assets Other Than Inventory". These standards require the tax effect to be recognized at the time of intra-entity transfers of assets other than inventory. Under the current accounting standards, tax effects on assets other than inventory are not recognized until the asset is transferred to a third party. These standards require the cumulative effect to be applied by a method of adjusting the retained earnings at the beginning of the first year of adoption. We have applied these standards from the first quarter of the fiscal year ending March 31, 2019 (commencing on April 1, 2018). The adoption of the Accounting Standards Update 2016-16 has no significant impact on our operating results and financial conditions.

In March 2017, U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". These standards require that periodic pension cost and net periodic postretirement benefit cost be classified into the service cost components and other components, and the service cost components be presented in the same item as employee compensation cost, and the other components in non-operating income and expenses. Also, it is not permitted to capitalize components other than service costs. These standards require that provisions to separately present the service cost components and other components be applied retroactively and that provisions allowing capitalization of only service cost components be applied prospectively. We have applied these standards from the first quarter of the fiscal year ending March 31, 2019 (commencing on April 1, 2018). As a result of the adoption of these standards, operating income will decline and non-operating income and expenses will increase during the first half and the second quarter consolidated accounting period of the fiscal year ended March 31, 2017 and the first half and the second quarter consolidated accounting period of the fiscal year ended March 31, 2018. The impact amounts are ¥2,536 million, ¥1,320 million, ¥3,539 million and ¥1,763 million, respectively.

3. OVERVIEW OF MATERIAL EVENTS REGARDING THE GOING CONCERN ASSUMPTION: NONE

Note: This document is a faithful translation into English of an earnings report prepared in Japanese by FUJIFILM Holdings Corporation in accordance with Tokyo Stock Exchange guidelines.

Accordingly, the explanations for each business segment may include references to products that are marketed under different product names overseas or are not marketed overseas and may also include references to product marketing periods that differ by region.

"Xerox" is a registered trademark of Xerox Corporation in the United States and other countries. All other product names contained in this material are trademarks of their respective companies.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

Amount Unit: Millions of yen

	As of September 30, 2018	As of March 31, 2018	Change
ASSETS			
Current assets:			
Cash and cash equivalents	600,571	768,246	(167,675)
Notes and accounts receivable:			
Trade and finance	612,331	634,851	(22,520)
Affiliated companies	6,140	15,010	(8,870)
Allowance for doubtful receivables	(32,642)	(30,811)	(1,831)
	585,829	619,050	(33,221)
Inventories	403,703	361,321	42,382
Prepaid expenses and Other	100,863	112,185	(11,322)
Total current assets	1,690,966	1,860,802	(169,836)
Investments and long-term receivables:			
Investments in and advances to affiliated companies	22,976	33,269	(10,293)
Investment securities	93,858	87,180	6,678
Long-term finance and other receivables	119,402	122,219	(2,817)
Allowance for doubtful receivables	(3,491)	(3,512)	21
Total investments and long-term receivables	232,745	239,156	(6,411)
Property, plant and equipment:			
Land	99,257	99,108	149
Buildings	691,127	720,853	(29,726)
Machinery and equipment and other	1,475,124	1,644,568	(169,444)
Construction in progress	30,608	28,863	1,745
	2,296,116	2,493,392	(197,276)
Less accumulated depreciation	(1,765,420)	(1,955,847)	190,427
Total property, plant and equipment	530,696	537,545	(6,849)
Other assets:			
Goodwill, net	662,677	591,568	71,109
Other intangible assets, net	153,665	127,137	26,528
Other	128,406	136,732	(8,326)
Total other assets	944,748	855,437	89,311
Total assets	3,399,155	3,492,940	(93,785)

Amount Unit: Millions of yen

	As of September 30, 2018	As of March 31, 2018	Change
LIABILITIES			
Current liabilities:			
Short-term debt	67,784	41,676	26,108
Notes and accounts payable:			
Trade	219,325	224,012	(4,687)
Construction	19,984	21,169	(1,185)
Affiliated companies	1,891	3,367	(1,476)
	241,200	248,548	(7,348)
Accrued income taxes	17,578	28,226	(10,648)
Accrued liabilities	174,221	219,723	(45,502)
Other current liabilities	100,832	126,044	(25,212)
Total current liabilities	601,615	664,217	(62,602)
Long-term liabilities:			
Long-term debt	383,230	412,502	(29,272)
Accrued pension and severance costs	42,234	45,193	(2,959)
Other long-term liabilities	85,964	72,322	13,642
Total long-term liabilities	511,428	530,017	(18,589)
Total liabilities	1,113,043	1,194,234	(81,191)
EQUITY			
FUJIFILM Holdings shareholders' equity	40,363	40,363	-
Common stock, without par value:			
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares			
Additional paid-in capital	24,262	79,153	(54,891)
Retained earnings	2,452,406	2,383,793	68,613
Accumulated other comprehensive income (loss)	(75,377)	(87,783)	12,406
Treasury stock, at cost	(357,473)	(336,392)	(21,081)
Total FUJIFILM Holdings shareholders' equity	2,084,181	2,079,134	5,047
Noncontrolling interests	201,931	219,572	(17,641)
Total equity	2,286,112	2,298,706	(12,594)
Total liabilities and equity	3,399,155	3,492,940	(93,785)

Note: Details of accumulated other comprehensive income (loss)

	As of September 30, 2018	As of March 31, 2018	Change
Unrealized gains (losses) on securities	3	18,976	(18,973)
Foreign currency translation adjustments	25,190	(3,786)	28,976
Pension liability adjustments	(100,337)	(102,524)	2,187
Unrealized gains (losses) on derivatives	(233)	(449)	216

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

Six months ended September 30

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018		Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017		Change	
					Amount	%
	%		%			
Revenue	100.0	1,172,743	100.0	1,187,938	(15,195)	(1.3)
Cost of sales	58.5	685,836	60.2	714,982	(29,146)	(4.1)
Gross profit	41.5	486,907	39.8	472,956	13,951	2.9
Operating expenses:						
Selling, general and administrative	27.5	323,489	27.0	321,463	2,026	0.6
Research and development	6.8	79,488	6.7	79,155	333	0.4
	34.3	402,977	33.7	400,618	2,359	0.6
Operating income	7.2	83,930	6.1	72,338	11,592	16.0
Other income (expenses):						
Interest and dividend income		2,705		2,990	(285)	
Interest expense		(1,936)		(2,629)	693	
Foreign exchange gains (losses), net		126		1,446	(1,320)	
Gains (losses) on equity securities, net		8,788		293	8,495	
Other, net		5,218		25,729	(20,511)	
	1.2	14,901	2.3	27,829	(12,928)	(46.5)
Income before income taxes	8.4	98,831	8.4	100,167	(1,336)	(1.3)
Income taxes	2.0	23,524	1.9	23,099	425	1.8
Equity in net earnings (losses) of affiliated companies	(0.1)	(1,130)	0.0	390	(1,520)	(389.7)
Net income	6.3	74,177	6.5	77,458	(3,281)	(4.2)
Less: Net (income) loss attributable to the noncontrolling interests	(0.7)	(8,683)	(0.5)	(6,559)	(2,124)	32.4
Net income attributable to FUJIFILM Holdings	5.6	65,494	6.0	70,899	(5,405)	(7.6)

Three months ended September 30

Amount Unit: Millions of yen

	Three months ended September 30, 2018 From July 1, 2018 To September 30, 2018		Three months ended September 30, 2017 From July 1, 2017 To September 30, 2017		Change	
					Amount	%
	%		%			
Revenue	100.0	607,851	100.0	616,450	(8,599)	(1.4)
Cost of sales	58.7	356,668	60.7	374,341	(17,673)	(4.7)
Gross profit	41.3	251,183	39.3	242,109	9,074	3.7
Operating expenses:						
Selling, general and administrative	27.1	164,763	26.4	162,297	2,466	1.5
Research and development	6.5	39,345	6.7	41,534	(2,189)	(5.3)
Operating income	33.6	204,108	33.1	203,831	277	0.1
Operating income	7.7	47,075	6.2	38,278	8,797	23.0
Other income (expenses):						
Interest and dividend income		847		1,128	(281)	
Interest expense		(975)		(1,204)	229	
Foreign exchange gains (losses), net		(311)		618	(929)	
Gains (losses) on equity securities, net		7,561		43	7,518	
Other, net		(1,163)		3,680	(4,843)	
Income before income taxes	1.0	5,959	0.7	4,265	1,694	39.7
Income before income taxes	8.7	53,034	6.9	42,543	10,491	24.7
Income taxes	1.6	10,003	2.1	12,867	(2,864)	(22.3)
Equity in net earnings (losses) of affiliated companies	0.0	(107)	0.0	133	(240)	(180.5)
Net income	7.1	42,924	4.8	29,809	13,115	44.0
Less: Net (income) loss attributable to the noncontrolling interests	(1.0)	(5,754)	(0.4)	(2,712)	(3,042)	112.2
Net income attributable to FUJIFILM Holdings	6.1	37,170	4.4	27,097	10,073	37.2

(Consolidated Statements of Comprehensive Income)**Six months ended September 30**

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018	Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017	Change
Net income	74,177	77,458	(3,281)
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	3	7,934	(7,931)
Foreign currency translation adjustments	30,461	30,752	(291)
Pension liability adjustments	2,590	1,577	1,013
Unrealized gains (losses) on derivatives	232	446	(214)
Total	33,286	40,709	(7,423)
Comprehensive income (loss)	107,463	118,167	(10,704)
Less: Comprehensive (income) loss attributable to noncontrolling interests	(10,587)	(9,372)	(1,215)
Comprehensive income (loss) attributable to FUJIFILM Holdings	96,876	108,795	(11,919)

Three months ended September 30

Amount Unit: Millions of yen

	Three months ended September 30, 2018 From July 1, 2018 To September 30, 2018	Three months ended September 30, 2017 From July 1, 2017 To September 30, 2017	Change
Net income	42,924	29,809	13,115
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	1	1,695	(1,694)
Foreign currency translation adjustments	22,089	19,397	2,692
Pension liability adjustments	1,135	1,100	35
Unrealized gains (losses) on derivatives	102	123	(21)
Total	23,327	22,315	1,012
Comprehensive income (loss)	66,251	52,124	14,127
Less: Comprehensive (income) loss attributable to noncontrolling interests	(7,407)	(4,930)	(2,477)
Comprehensive income (loss) attributable to FUJIFILM Holdings	58,844	47,194	11,650

(3) Consolidated Statements of Cash Flows

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018	Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017	Change
Operating activities			
Net income	74,177	77,458	(3,281)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	63,200	61,594	1,606
Gain on remeasurement of step acquisitions	-	(20,838)	20,838
(Gains) losses on equity securities, net	(8,788)	(293)	(8,495)
Equity in net (gains) losses of affiliated companies, net of dividends received	5,229	484	4,745
Changes in operating assets and liabilities:			
Notes and accounts receivable	38,733	45,566	(6,833)
Inventories	(35,192)	(27,762)	(7,430)
Notes and accounts payable - trade	(8,083)	(28,519)	20,436
Accrued income taxes and other liabilities	(79,678)	(10,357)	(69,321)
Other	35,673	13,639	22,034
Subtotal	11,094	33,514	(22,420)
Net cash provided by operating activities	85,271	110,972	(25,701)
Investing activities			
Purchases of property, plant and equipment	(29,764)	(30,624)	860
Purchases of software	(10,075)	(9,603)	(472)
Proceeds from sales and maturities of marketable and investment securities	2,314	493	1,821
Purchases of marketable and investment securities	(524)	(2,347)	1,823
(Increase) decrease in time deposits, net	(2,443)	(7,724)	5,281
(Increase) decrease in investments in and advances to affiliated companies	37	(2,006)	2,043
Acquisitions of businesses, net of cash acquired	(84,310)	(125,657)	41,347
Other	(6,332)	(1,511)	(4,821)
Net cash used in investing activities	(131,097)	(178,979)	47,882
Financing activities			
Proceeds from long-term debt	36	541	(505)
Repayments of long-term debt	(1,599)	(101,768)	100,169
Increase (decrease) in short-term debt, net	(5,959)	(11,069)	5,110
Cash dividends paid to shareholders	(16,134)	(15,321)	(813)
Subsidiaries' cash dividends paid to noncontrolling interests	(4,038)	(4,476)	438
Net purchases of stock for treasury	(22,190)	(4,095)	(18,095)
Capital transactions with noncontrolling interests and other	(78,753)	502	(79,255)
Net cash used in financing activities	(128,637)	(135,686)	7,049
Effect of exchange rate changes on cash and cash equivalents	6,788	10,515	(3,727)
Net decrease in cash and cash equivalents	(167,675)	(193,178)	25,503
Cash and cash equivalents at beginning of period	768,246	875,958	(107,712)
Cash and cash equivalents at end of period	600,571	682,780	(82,209)

(4) Notes to Consolidated Financial Statements**Note Relating to the Going Concern Assumption**

N/A

Segment Information**1. Six months ended September 30****(A) Operating Segment Information****a. Revenue**

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018		Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017		Change	
	%		%		Amount	%
Revenue:						
Imaging Solutions:						
External customers	15.0	175,912	14.7	174,838	1,074	0.6
Intersegment		1,105		1,219	(114)	-
Total		177,017		176,057	960	0.5
Healthcare & Material Solutions:						
External customers	42.6	499,061	40.5	480,777	18,284	3.8
Intersegment		673		435	238	-
Total		499,734		481,212	18,522	3.8
Document Solutions:						
External customers	42.4	497,770	44.8	532,323	(34,553)	(6.5)
Intersegment		3,839		3,660	179	-
Total		501,609		535,983	(34,374)	(6.4)
Eliminations		(5,617)		(5,314)	(303)	-
Consolidated total	100.0	1,172,743	100.0	1,187,938	(15,195)	(1.3)

b. Operating income

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018		Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017		Change	
	%		%		Amount	%
Operating Income:						
Imaging Solutions	12.2	21,599	13.5	23,772	(2,173)	(9.1)
Healthcare & Material Solutions	7.5	37,511	7.7	37,131	380	1.0
Document Solutions	8.6	43,287	5.0	26,564	16,723	63.0
Total		102,397		87,467	14,930	17.1
Corporate expenses and eliminations		(18,467)		(15,129)	(3,338)	-
Consolidated total	7.2	83,930	6.1	72,338	11,592	16.0

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

- Imaging Solutions: Color films, digital cameras, color paper, services and equipment for photofinishing, instant photo systems and optical devices
- Healthcare & Material Solutions: Equipment and materials for medical systems, cosmetics and supplements, pharmaceuticals, contract development and manufacturing organization of biopharmaceuticals, regenerative medicine, fine chemicals, equipment and materials for graphic arts, inks and industrial inkjet printheads, display materials, recording media, electronic materials
- Document Solutions: Digital MFPs, publishing systems, document management software and related solutions and services

(B) Geographic Information**a. Revenue**

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018		Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017		Change	
	%		%		Amount	%
Revenue:						
Japan:						
External customers	48.9	573,721	49.3	585,653	(11,932)	(2.0)
Intersegment		251,406		244,983	6,423	-
Total		825,127		830,636	(5,509)	(0.7)
The Americas:						
External customers	18.5	217,375	18.3	217,019	356	0.2
Intersegment		24,890		23,002	1,888	-
Total		242,265		240,021	2,244	0.9
Europe:						
External customers	9.7	113,196	9.1	107,667	5,529	5.1
Intersegment		9,358		9,486	(128)	-
Total		122,554		117,153	5,401	4.6
Asia and others:						
External customers	22.9	268,451	23.3	277,599	(9,148)	(3.3)
Intersegment		147,169		157,242	(10,073)	-
Total		415,620		434,841	(19,221)	(4.4)
Eliminations		(432,823)		(434,713)	1,890	-
Consolidated total	100.0	1,172,743	100.0	1,187,938	(15,195)	(1.3)

b. Operating income

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018		Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017		Change	
	%		%		Amount	%
Operating Income (Loss):						
Japan	6.3	51,594	4.9	41,038	10,556	25.7
The Americas	3.7	8,853	4.1	9,850	(997)	(10.1)
Europe	3.3	4,098	3.4	3,978	120	3.0
Asia and others	7.6	31,770	5.8	25,036	6,734	26.9
Eliminations		(12,385)		(7,564)	(4,821)	-
Consolidated total	7.2	83,930	6.1	72,338	11,592	16.0

c. Overseas revenue (Destination Base)

Amount Unit: Millions of yen

	Six months ended September 30, 2018 From April 1, 2018 To September 30, 2018		Six months ended September 30, 2017 From April 1, 2017 To September 30, 2017		Change	
					Amount	%
Revenue:	%		%			
Domestic	41.0	480,787	41.2	489,521	(8,734)	(1.8)
Overseas:						
The Americas	18.8	220,024	19.4	229,985	(9,961)	(4.3)
Europe	12.8	150,391	12.1	144,440	5,951	4.1
Asia and others	27.4	321,541	27.3	323,992	(2,451)	(0.8)
Subtotal	59.0	691,956	58.8	698,417	(6,461)	(0.9)
Consolidated total	100.0	1,172,743	100.0	1,187,938	(15,195)	(1.3)

Note: The presentation of the overseas revenue (Destination Base) has been classified and disclosed based on the customer's location.

2. Three months ended September 30**(A) Revenue by Operating Segment**

Amount Unit: Millions of yen

	Three months ended September 30, 2018 From July 1, 2018 To September 30, 2018		Three months ended September 30, 2017 From July 1, 2017 To September 30, 2017		Change	
					Amount	%
Revenue:	%		%			
Imaging Solutions	14.5	87,996	14.6	89,878	(1,882)	(2.1)
Healthcare & Material Solutions	43.3	263,156	40.7	250,790	12,366	4.9
Document Solutions	42.2	256,699	44.7	275,782	(19,083)	(6.9)
Consolidated total	100.0	607,851	100.0	616,450	(8,599)	(1.4)

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

Imaging Solutions	Color films, digital cameras, color paper, services and equipment for photofinishing, instant photo systems and optical devices
Healthcare & Material Solutions	Equipment and materials for medical systems, cosmetics and supplements, pharmaceuticals, contract development and manufacturing organization of biopharmaceuticals, regenerative medicine, fine chemicals, equipment and materials for graphic arts, inks and industrial inkjet printheads, display materials, recording media, electronic materials
Document Solutions	Digital MFPs, publishing systems, document management software and related solutions and services

(B) Overseas Revenue (Destination Base)

Amount Unit: Millions of yen

	Three months ended September 30, 2018 From July 1, 2018 To September 30, 2018		Three months ended September 30, 2017 From July 1, 2017 To September 30, 2017		Change	
					Amount	%
Revenue:	%		%			
Domestic	41.3	250,855	41.9	258,056	(7,201)	(2.8)
Overseas:						
The Americas	18.5	112,466	19.0	116,927	(4,461)	(3.8)
Europe	12.9	78,557	12.3	75,993	2,564	3.4
Asia and others	27.3	165,973	26.8	165,474	499	0.3
Subtotal	58.7	356,996	58.1	358,394	(1,398)	(0.4)
Consolidated total	100.0	607,851	100.0	616,450	(8,599)	(1.4)

Note on Significant Changes to FUJIFILM Holdings Shareholders' Equity

N/A