＜Note＞

This document is prepared for reference purposes for investors. It represents the essence of a presentation of consolidated results for the first quarter FY2014/03.

It is not a verbatim record.

P2 FY2014/03 Q1 results overview

- Net sales was 521.7 billion yen, an increase of 13.6% y-o-y. Operating income was 19.0 billion yen, an increase of 33.5% y-o-y. Net income was 10.1 billion yen, an increase of 55.4% y-o-y.
- Significant increase in profit was achieved as the yen depreciated more than expected. Excluding forex, our business proceeded almost in accordance with our forecast.
- Structural reform accelerated and appropriated costs were moved up to Q1.
- We are sticking with the forecast for FY2014/03 to achieve operating income of 140 billion yen and net income of 80 billion yen.
- We propose an annual dividend of 33 yen for the term.

P3 FY2014/03 Q1 income statement

- Net sales was 521.7 billion yen, an increase of 13.6% y-o-y. Excluding forex, it was an increase of 0.8%. Japan net sales increased by 1.1%, overseas net sales increased by 24.6 %(excluding forex: 0.6%). This makes growth in net sales excluding forex almost as we planned at the beginning of the fiscal year.
- All profit items achieved growth in comparison to the same period last year.
- Gross profit increased by 12.8% y-o-y. Thanks to a decrease in the overhead cost ratio, operating income increased by 33.5% y-o-y. Income before income taxes increased by 51.0% y-o-y. Net income increased by 55.4% y-o-y.
- With regards to exchange rates, 95 yen to the dollar and 125 yen to the euro was our starting assumption and in reality, it was 98.79 yen to the dollar and 129.04 yen to the euro, transitioning to yen depreciation.

P4 FY2014/03 Q1 operating income y-o-y comparison

＜Restructuring charge, net＞

- The cost was 5.1 billion yen with 7.1 billion yen benefit from reforms bringing 2 billion yen contribution to the operating income in this quarter.
- Regarding the above costs, in this quarter, with 6.8 billion yen set aside this quarter and 1.7 billion yen the previous term, the result was a net increase of expense for this period of 5.1 billion yen net. Of the 6.8 billion yen, we have accelerated structural reform mainly in Europe with 5.8 billion yen appropriated for this program.

＜Sales＞

- Sales was down by 5.5 billion yen and this figure was worse than our initial assumption.
- In the first quarter, the background of sales not reaching the assumption as of the end of the last term was that there were bulk orders which shifted to April as we explained. This somewhat impacted gross profit negatively.
- Although we introduced new products in the first quarter, in April and May, we accelerated the sales of existing products, and this influenced the profit structure somewhat. However new products were launched in June and we expect this to result in a solid outcome in the second and the subsequent quarters.

＜Product Cost Down＞

- As planned, this has brought 1.2 billion yen in benefit.

＜R&D＞

- Due to introduction of new products, R&D increased approximately 1 billion yen. This was almost as planned.

＜Other Expenses＞

- Other expenses increased by 6.1 billion yen. It was based on planned structural reinforcement for growth. We invested in business expansion and have increased personnel in emerging countries and service businesses.

＜Forex, net＞

- Forex brought about plus 14.3 billion yen of operating income. Gross profit grew by 28.6 billion yen and since there was some cost increase, with a net impact of 14.3 billion yen.
- As a result, operating income in this quarter was 19.0 billion yen.

P5 FY2014/03 Q1 results supplement

This section explains the transition of operating income and operating cost as well SG&A at each quarter.

<Operating income>

- Q1 operating income increased to 19.0 billion yen from 14.2 billion yen last year.
- Operating income would have been 24.8 billion yen except for the moved up cost for structural reform.
- Operating profit margin improved to 3.7% from 3.1% of Q1 last year. It would have improved to 4.7% except for the moved up cost for structural reform.

<SG & A>

- Thanks to benefit from structural reform, SG&A ratio improved to 37.3%

compared to 38.2% for Q1 last year.

- SG & A ratio was lowered to 36.7 % from 37.3% except for the moved up cost for structural reform. Our structural reform is resulting in a solid improvement and is beginning to contribute to our profit.

P6 Imaging & Solutions (1)

<Sales>

- Sales was 459.5 billion yen, an increase of 14.7% y-o-y, and 0.8% increase excluding forex.
- In the area of Office Imaging and Production Printing, excluding forex, there was a slight decrease in sales.
- In Network System Solution, sales was 58.0 billion yen, an increase of 26.3% excluding forex from 44.1 billion yen in Q1 last year. We consider this area as the most important strategic area for future business and it is now showing a good outcome as planned.
- Network System Solutions consists of IT service and our new commodities such as combination of projectors, video conference systems and interactive white boards. This network system business saw a significant growth in sales.

<Operating income>

Operating income was 34.7 billion yen, an increase of 4.0 billion yen y-o-y.

- This 34.7 billion yen includes structural reform costs of 5.8 billion yen. 34.7 billion yen would have been 40.5 billion yen except for the moved up cost for structural reform.
- Operating profit margin was 7.6% compared with 7.7% y-o-y. It would have been 8.8% except for the moved up cost for structural reform and showed significant improvement in the profit structure.

P7 Imaging & Solutions (2)

＜MFP (Office Imaging)＞

- Color MFP sales increased while monochrome decreased, resulting in an overall dip in sales.
  Since June, we have launched new products in Japan.
  From April to May, due to the product switch, there was a need to sell older models, resulting in a slight decline in profit.
  With regards to new products launched in June, customers and our sales team have shown a very positive response and we have high expectation of sales expansion.

＜LP(Office Imaging)＞

- Sales decreased by comparison with the major deals of the previous year.
  We saw a significant growth mainly in A4 models in comparison to the same period last year.
  Therefore, we can expect a sales increase deriving form the sale of consumables, contributing

to our net income.

＜MDS(Office Imaging)＞

- More than double-digit sales growth continues mainly in Europe and the Americas.

＜Production Printing＞

- Color cut sheet models are growing steadily but unfortunately, since monochrome cut sheet models and continuous format machines are not doing so well, this resulted in an overall sales dip in this area. Still, MIF of color cut sheet models have been expanding steadily, and we can expect a sales increase from consumables, making this a promising business area for the future.

＜Network System Solutions＞

- As for IT Service, we are experiencing double-digit growth mainly in overseas markets and this trend is continuing steadily. Projectors and UCS, Unified Communication System, are beginning to show steady growth in Japan and overseas.

P8 FY2014/03 Q1 sales by business region

＜Japan＞

Sales increased y-o-y thanks to expansion of IT services.

＜The Americas＞

Sales decreased y-o-y but business environment is trending positive.

＜EMEA＞

Sales increased thanks to PP and IT services.

＜AP & China＞

Sales is growing steadily.

P25 OP by geographic segment

＜Japan＞

Profit improved steadily thanks to restructuring efforts.

＜The Americas＞

We carried out structural reform actively and profits improved steadily.

＜EMEA＞

Profits decreased y-o-y, but we accelerated costs for structural reform at one time. Except for that, Europe is also showing a steady trend of profit growth.

＜AP & China＞

Operating income is almost flat but sales is growing steadily and contributing to the profit.

P9 Industrial Products

＜Industrial Products＞

- Sales was 24.3 billion yen, growth y-o-y but minus 5.3% excluding forex. This mainly derives from the sale of measuring equipment business as anticipated.
- Within the optical business, camera lenses we offer for use in factory automation is showing steady growth.
- Operating income was 0.8 billion yen and resulted in a significant growth y-o-y. We shall push on with structural reform in this area and strive to further improve the profit structure.

P10 Other

＜Other＞

- Sales was 37.8 billion yen with 7.0% growth. This covers the financing business, which is expanding its sales steadily and at the same time, the camera business is expanding its sales, beginning to contribute to profits.
- However, operating income was minus 0.3 billion yen in Q1, FY2013/03 whereas it is minus 0.6 billion yen this Q1. It did not quite contribute to profit due to the fact that, there has been advanced investment in other new areas of business besides the finance business and the camera business.

P11 Balance Sheet as of June 30, 2013

- Total asset increased by 60.3 billion yen. Overall, the increase came mainly from forex.
- Inventories increased by 10.0 billion yen, mainly due to the launch of new products, including preparatory inventory, initial inventory before launch and this is all according to plan. Turn over shifted from 2.03 at the end of the previous fiscal year to 2.00 showing a small improvement
- We aim to put a close control in place to create cash by way of optimizing the inventory level.

P12 Balance Sheet as of June 30, 2013

- Total shareholders' investment was almost flat. We intend to strive for profit creation in the future and compression of liabilities so as to make further improvements.
- Interest-bearing debt increased by about 21.9 billion yen. Total debt was 724.6 billion yen and this increase comes from an increase in finance receivables due to expansion of sales. In future, we plan to improve the PL and create more cash by increasing sales so as to reduce liabilities.

P13 FY2014/03 Q1 statement of cash flow

- Free cash flow was minus 5.4 billion yen and it was minus 15.3 billion yen for the last Q1, meaning that it increased by 9.8 billion yen.
- We shall strive to improve operating capital with further control and improvement to boost cash flow significantly.

P14 FY2014/3 income statement forecast

- Regarding the annual forecast, basically, it has not changed.
- Only net sales, in the first quarter, show increase to some extent due to forex so this will be adjusted.
- 140 billion yen of operating income will not be changed.
- Considering that, due to the following 5 reasons, we believe 140 billion yen is achievable.
  ① The main MFP product portfolio has been refreshed and this should bring about sales expansion. This product requires small space and lower power consumption and has been, since the launch, starting in Japan, very well received. On top of that, it is well designed in terms of connectivity to cloud computing resulting in rapid expansion of business.
  ② Switch to new products materialized cost reduction and this will certainly and increasingly contribute to further profit.
  ③ Regarding Production Printing, consumables expansion thanks to the increase of MIF, Machine In Field, can be expected without fail.
  ④ Expected improvement in the economic landscape in the latter half of the fiscal year in Japan and the US, should bring steady sales growth.
  ⑤ Our strategic aim to grow our business by way of expanding the service business was evident during Q1
- Regarding forex forecast, in Q2 and onward~~s~~, will be based on our initial assumption of 95 yen to the dollar and 125 yen to the euro, which remains unchanged.

P15 FY2014/3 operating income y-o-y comparison

- Our situation is almost the same as we indicated in April in terms of increase/decrease against last year and is almost unchanged.
- Our initial forecast of sales increase of 15 billion yen is adjusted to 13 billion yen and the forex impact, initially assumed to be 42.4, increased to 44.4 billion yen.
- This reflects an actual increase from forex and instead, 2 billion yen was adjusted in sales.
- This indicates our path towards 140 billion yen and Q1 gap in sales does not mean automatic dip in revenue as we do our best to catch up.

P16 Progress of structural reform (CRGP)

- Structural reform, too, has been unchanged from our initial forecast.
- We have not changed our plan to invest 10 billion yen and aim for an accumulated benefit of net 66 billion yen.
- However, acceleration to this 10 billion yen will not be evenly distributed through out the year and instead, most of it shall be applied in Q1 to reap benefit at an early stage.
- Structural reform involves, in addition to optimization of head count, several measures.
- Reorganizing design and production by way of establishing design and production subsidiaries and cessation of production of imaging products in the Gotemba plant. Such initiatives are bearing fruit so far.
- There is benefit from global procurement and we built a center of local procurement in Thailand.
- The measuring equipment business was sold.
- As announced in April this year, we are taking on the challenge of electronic component business reorganization, to rapidly and increasingly improve profit structure.

P17 Dividend and ROE

- We do not have intended to change the annual dividend of 33 yen as announced in April.