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

It is not a verbatim record.

P2 FY2014/03 1H results overview

- Net sales was 1,055.5 billion yen, an increase of 15.1% y-o-y, or 1.4% increase excluding forex.
- Operating income was 45.8 billion yen, 1.7 times the same period last year, an increase of 67.4% y-o-y. Net income was 24.7 billion yen, 2.1 times the same period last year, an increase of 111.0% y-o-y.
- Significant increase in profit was achieved thanks to structural reform, cost cutting for new products and forex effect.
- The full year forecast for operating income and net income in FY March 2014, as announced in July this year, remains unchanged.
- The dividend for the first half of the fiscal year is 16.5 yen. We shall stick to a projected annual dividend of 33 yen.

P3 FY2014/03 1H income statement

- Net sales was 1,055.5 billion yen, an increase of 15.1% y-o-y. Japan net sales increased by 3.0%, overseas net sales increased by 25.7 % (excluding forex, it was a slight increase, with a plus 0.0%).
- In both domestic and overseas markets, network system solutions such as IT services expanded.
- Gross profit was 430.3 billion yen, an increase of 15.0% y-o-y. SG&A was 384.5 billion yen, an increase of 10.8% y-o-y. Operating income was 45.8 billion yen, an increase of 67.4% y-o-y. This is thanks to the effect of structural reform, cost cutting for the new products and forex. Income before tax was 44.3 billion yen, showing significant growth. Net income was 24.7 billion yen.
- Forecast in terms of operating income, was 56 billion yen and the result was 45.8 billion yen. Reasons of this small gap were as follows.
 1. The cost for restructuring which was accelerated in the first quarter, amounting to which is a little less than 6 billion yen.
 2. It took some time for the launch of new products for the new platform and the cost of catching up was about 1 billion yen. Also, this caused some delay in the market launching of new models, which led to an opportunity loss of about 2 billion yen.
 3. We are involved in a patent litigation and funds for legal costs have been reserved.

P4 FY2014/03 1H operating income y-o-y comparison

<Effect of structural reform>

- In this year also, we increased expenses for structural reform to continue the effort into this year: even including that cost, a 15 billion yen net increase has been confirmed for the first half.

<Sales>

- Sales was down by 10.2 billion yen. There were additional costs due to delay of the launch of new products. Because of the lack of production volume, there were costs for air shipment and an opportunity loss.
- Also, the gross margin is somewhat lower due for one thing to MFP hardware, where the black & white market shrunk a fraction, through downsizing, leading to less net sales, accompanied by a drop in unit price.
- Another point, although net sales is increasing, sales in network solution type products show slightly lower gross margin in comparison to that of MFP type hardware products. Due to the product mix, products with slimmer margins are affecting the overall margin.

<Product Cost Down>

- Regarding product cost, it was achieved through mass production resulting in plus 3.5 billion yen.

<R&D>

- Regarding R&D costs, we spent 2.8 billion yen more than the same period last fiscal year. This is preparation for more new products in the future and part of our plan.

<Other Expenses>

- Other expenses increased by 17.3 billion yen. This includes investment in emerging countries and investment to further expand our service business.
- In addition, there were some one-time costs for product delivery and so forth.

<Effect of forex>

- Forex brought about plus 30.3 billion yen of operating income. However, in comparison to the forecast in 1Q, the actual impact was no more than 0.6 billion yen.

P5 FY2014/03 1H results supplement

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

<Operating income>

- Q2 operating income increased to 26.7 billion yen from 13.1 billion yen last fiscal year, about 2 times the result of the same period last year.

- Excluding one-time events, operating income is close to the 30 billion level and OP margin has also reached 5.0%.

<SG & A>

- SG&A was 189.4 billion yen and SG&A ratio was 35.5%. Compared to last year, the value has increased due to a boost by the forex but the ratio is less than that of the same period last year and more efficient cost structure is evident from our efforts in structural reform.

P6 Imaging & Solutions Segment(1)

<Sales>

- Sales was 923.2 billion yen, an increase of 15.7% y-o-y, or 0.9% increase excluding forex.
- In the area of Office Imaging, sales was 704.7 billion yen, an increase of 12.5% y-o-y, but a 3.3% decrease excluding forex. This is mainly due to a decline in the market for black & white models plus delays in the supply of new products, preventing us from catching up with color products, resulting in a 3.3% decrease.
- In Production Printing, sales was 85.2 billion yen, a 22.8% increase y-o-y. Even excluding the forex, a 2.4% increase. New products showed solid results from the latter half of the second quarter as expected, mainly in the overseas market. Thanks to that, the non-hardware area is beginning to show a solid, steady growth in sales.
- In Network System Solutions, sales was 133.2 billion yen, a 30.7% increase y-o-y, 25.5% increase excluding forex, resulting in a significant growth.
- In Japan, there is a demand for upgrading from Microsoft Windows XP, which has become an encouraging factor that led us to capture demand, resulting in sizable growth.

<Operating income>

- Operating income was 77.8 billion yen, an increase of 18.2 billion yen y-o-y. Operating profit margin was 8.4% a 0.9% improvement, compared with 7.5% y-o-y.
- In the second quarter, operating income was 43 billion yen with OP margin of 9.3%. In comparison to the 7.3% of the same period last fiscal year, this area has also shown in a significant increase.

P7 Imaging & Solutions Segment (2)

<MFP (Office Imaging)>

- Non-hardware turned positive from 2Q.

<LP (Office Imaging)>

- Package contract and A4 machine sales pushed hardware sales up. Because of decreasing price, non-hardware sales decreased.

<MDS (Office Imaging)>

- Double digit sales continue mainly in the Americas and Europe.

<Production Printing>

- Thanks to new product launches hardware sales increased mainly overseas.
- Non-hardware also grew steadily.

<Network System Solutions>

- IT services grew worldwide. PJS, UCS etc shifted steadily in both domestic and overseas markets.

P8 OP by geographic segment

<Japan>

- Japan grew in sales y-o-y, thanks to expansion of IT Services.
- Profit also improved thanks to structural reform, showing steady results.

<The Americas>

- Sales declined but the business environment is certainly recovering. PP is also growing.
- Profit is steadily improving thanks to structural reform. Operating income is improving.

P9 OP by geographic segment

<EMEA>

- Sales was minus 2.7 %, a small drop, and this is also the result of MFP black & white market decline and could not be compensated fully by color models.
- However, as in the case of the Americas, Production Printing and IT Services are showing steady growth.
- Operating income in the second quarter was 5.7 billion and increased y-o-y from 4.4 billion but in Q1, the fact that operating income was small, 2.4 billion yen, is due to accelerated structural reform costs which came to just under 6 billion yen. But this excluded, this area has grown since last year and the second quarter is also showing growth compared to last year.

<AP & China>

- Sales is growing steadily.
- Low-end MFP and the IT services are both indicating steady growth, as a result, operating income increased significantly in Q2.

P10 Industrial Products Segment

- Sales was 51.5 billion yen with 8.8% growth y-o-y but minus 1.1% excluding forex. This mainly derives from the sale of measuring equipment. Excluding that, the situation is better.
- Optical Unit business is expanding significantly.

- As we reported on the profit in Q1, Q2 is even better with operating income of 1.3 billion yen. In terms of first half y-o-y, there is a 2.8 billion yen increase in operating income.

P11 Other Segment

- Sales was 80.7 billion yen with 11.6% growth y-o-y, even excluding forex, a 9.4% increase.
- This was supported by growth in the finance business in Japan and the camera business.
- OP was minus 0.4 billion yen but it turned positive in Q2.
- The camera business is showing steady growth in sales and contributed to this positive shift.
- Concerning the camera business, sales expanded mainly in Japan and AP. We understand sales in Europe and the US in general decrease but fortunately for us, we are not much affected by this.

P12 Balance Sheet as of Sep 30, 2013

- Total asset is 2,423.6 billion yen and increased by 62.9 billion yen compared to the end of the fiscal year March 2013. The increase came mainly from forex.
- Inventories is 209.7 billion yen and increased by 14.3 billion yen. Turn over is 2.01, which a market improvement compared to September, 2013.
- Though we still increased inventory due to the launch of new products, we will decrease the inventory level according to sales expansion in the latter half of this year.

P13 Balance Sheet as of Sep 30, 2013

- Total shareholders' equity is 947.4 billion yen an equity ratio of 39.1%. This is improved compared to 36.1% y-o-y and also improved compared to the end of FY 2013. We are striving for profit creation in the future and compression of liabilities so as to make further improvements.
- Debt was 735.0 billion yen, an increase of 32.3 billion yen.
- Net debt was 606.2 billion yen, an increase of 23.7 billion yen compared to the end of FY 2013. This comes from an increase in finance receivables due to expansion of sales.

P14 FY2014/03 1H statement of cash flow

- Free cash flow was minus 11.4 billion yen, and improving steadily from minus 24.1 billion yen y-o-y.
- Cash flow from operating activities was 28.5 billion yen, almost the same as last year but affected slightly by an increase in leasing inventory.
- Cash flow from investing activities was minus 40.0 billion yen. In spite of new product releases, we saved compared to minus 52.6 billion yen y-o-y.

P15 FY2014/3 income statement forecast

- The economic landscape in Europe is slightly uncertain but there are expected improvements mainly in Japan and the US. Also emerging markets bring steady sales growth.
Net sales forecasts 2,180.0 billion yen and a 13.3% increase.
- We add 50 billion to 2,130.0 billion yen, sales forecast last July. With the contribution of new color MFPs, MDS, and IT services in the Imaging and Solutions area should bring sales growth.
- Operating income of 140 billion yen and net income of 80 billion yen have not changed.
- Forex forecast will be based on our initial assumption of 95 yen to the dollar and 125 yen to the euro, which remains unchanged.

P16 FY2014/3 operating income y-o-y comparison

- Our initial forecast of sales increase of 13.0 billion yen is adjusted to 16.4 billion yen and R&D expenditure of 900 million yen adjusted to 5 billion yen because of investment in new products.
- Forex forecast for second half remains unchanged.

P17 Progress of structural reform (CRGP)

- Structural reform, too, is unchanged from our initial forecast.
- We have progressed not only in human resources transfer but BRP promotion, reorganization of design and production, and combining and dividing subsidiaries.

P18 Dividend and ROE

- We determined the half year dividend of 16.5 yen.
- We do not have any intention to change the annual dividend of 33 yen as announced in April.
- We plan on an annual ROE of 8.4%.