

Ricoh Company, Ltd.

FLASH REPORT (Non-Consolidated. Year ended March 31, 1998) —Translation—

1. Date of approval for the financial results for the year ended March 31, 1998, at the Board of Directors' meeting: **May 20, 1998**

2. Date of shareholders' annual meeting: **June 26, 1998**

3. Results for the period from April 1, 1997 to March 31, 1998 (Non-Consolidated)

(1) Operating Results (Millions of yen)

	Year ended March 31, '98	Year ended March 31, '97
Net sales	752,630	698,836
(% change from the previous period)	7.7	8.1
Operating income	46,677	47,511
(% change from the previous period)	-1.8	58.2
Ordinary income	42,935	40,696
(% change from the previous period)	5.5	27.6
Net income	22,505	19,816
(% change from the previous period)	13.6	16.2
Net income per share (yen)	33.59	30.25
Fully diluted net income per share (yen)	30.37	27.23
Return on equity(%)	5.8	5.6
Ordinary income on total assets (%)	5.7	5.7
Ordinary income on net sales (%)	5.7	5.8

Notes: i. Average number of shares outstanding:

Year ended March 31, 1998

669,959 thousand shares

Year ended March 31, 1997

655,010 thousand shares

ii. No changes in accounting and reporting policies.

(2) Dividend Information

	Year ended March 31, '98	Year ended March 31, '97
Cash dividends, applicable to the year (yen)	11.00	12.00
Year-end (yen)	5.50	6.00
Half year (yen)	5.50	6.00
Total annual dividends (millions of yen)	7,490	7,872
Payout Ratio (%)	33.3	39.7
Dividends on shareholders' equity (%)	1.8	2.2

Note: The interim and year-end cash dividends of fiscal 1997 include a special dividend of ¥1 per share.

(3)Financial Position (Millions of yen)

	Year ended March 31, '98	Year ended March 31, '97
Total assets.....	760,484	742,449
Shareholders' equity.....	416,235	359,980
Equity ratio (%).....	54.7	48.5
Equity per share (yen).....	601.89	547.60

Notes: i. Number of shares issued

Year ended March 31, 1998 691,546 thousand shares

Year ended March 31, 1997 657,375 thousand shares

ii. Difference between market price of marketable securities and carrying amount: ¥85,994 million

iii. The difference between derivative transaction market prices and their contract amounts: ¥235 million.

4. Forecast of operating results from April 1, 1998 to March 31, 1999 (Non-Consolidated)

	Half year ended September 30 '98	Year ended March 31, '99
Net sales (millions of yen).....	378,000	770,000
Operating income (millions of yen).....	23,000	47,000
Ordinary income (millions of yen).....	21,500	43,500
Net income (millions of yen).....	11,700	23,500
Cash dividends, applicable to the year (yen).....	-	11.00
Half year (yen).....	5.50	-
Year-end (yen).....	-	5.50

Note: Net income per share: 33.98 yen

In accordance with Japanese regulations, Ricoh has issued forecast for its financial results for the fiscal year ending March 1999. These forecast are forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties.

I. Fiscal 1998 Results and Outlook

In fiscal 1998, ended March 31, 1998, the domestic economy became more sluggish owing to a hike in the consumption tax and the end of special tax cuts, which depressed personal consumption and housing investments. Another adverse factor was the destabilization of the financial system. Offshore, conditions were favorable in the United States and Europe, which offset the turmoil in Asian economies amid currency crises.

In this context, Ricoh strove companywide to strengthen its customer oriented management structure, which aims to bolster customer satisfaction and make the Company a competitive winner. We also worked to broaden the business scope of Image Communication—our corporate slogan. In digital copiers, for example, we bolstered our lineup to cover everything from mid- to high-volume machines. We focused on attracting replacement demand for analog copiers and a growing need for networking. Our Aficio line of digital copiers was very well received in US and European markets, where we greatly strengthened our sales channels and improved our market position. Aficio models therefore contributed significantly to our performance. In new business areas, our optical disk operations launched the world's first CD-ReWritable drives.

Because of these factors, we achieved record nonconsolidated results for the second consecutive year. Net sales climbed 7.7% ¥752.6 billion. Ordinary income was up 5.5%, to ¥42.9 billion, and net income jumped 13.6%, to ¥22.5 billion.

Our consolidated figures were also records. Net sales advanced 6.6%, to ¥1,403.3 billion, a record for the third year in a row. Income before income taxes gained 2.3%, to ¥68.4 billion, and net income surged 4.2%, to ¥30.1 billion, which are both records for four consecutive years.

Outlook

The Japanese government has formulated comprehensive policies to turn the economy around. Nevertheless, we expect the operating environment to remain tough because of the unclear economic outlook. Western economies should continue to grow, against which conditions in Asia will probably stay very adverse.

In this context, we will strive to offer our customers more solutions so they can swiftly rationalize their businesses. We will also endeavor to ensure that the whole Ricoh Group can expand in keeping with the regions in which it operates. As we enter the final year of our 12th Mid Term Management Plan, we will concentrate our management resources on our core competence, further reform our business structure, and achieve even better results.

II. Dividend Policy

Ricoh's core businesses of copiers and related supplies and communications information systems are experiencing dramatic changes in technology and market structures. To become stronger and cultivate new opportunities, the Company accordingly maintains a basic policy of bolstering internal reserves while maintaining stable returns to shareholders through earnings improvements.

For fiscal 1998, Ricoh made an interim dividend of ¥5.50 per share, and plans to match that amount for the end of the term, for a total of ¥11.00 per share for the year. Consequently, our payout ratio for the term will be 33.3%. The return on equity will be 5.8%, with the return on investment reaching 1.8%.

We intend to allocate the internal reserves to investments in medium- and long-term growing fields.

On April 18, 1996, when we made our ninth issue of unsecured convertible bond, we pledged to maintain a certain standard payout ratio for the three years starting in fiscal 1997. The tables below illustrate the statuses of those pledges.

Ninth issue of unsecured convertible bond

	Pledged Payout Ratio	Actual Payout Ratio
Fiscal 1996 (before financing).....	-	38.2%
Fiscal 1997 (After financing).....	30.0%	39.7%
Fiscal 1998 (After financing).....	30.0%	33.3%
Two-period average	-	36.3%

	Adjusted Payout Ratio	Pledged/Adjusted
Fiscal 1996 (before financing).....	39.8%	-
Fiscal 1997 (After financing).....	39.7%	132.3%
Fiscal 1998 (After financing).....	33.3%	110.9%
Two-period average	36.3%	121.0%

III. Sales by Product Line (Non-Consolidated)

For the years ended March 31, 1997 and 1998

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change (%)
Copiers:			
Domestic	345,980	348,417	-2,437 (-0.7)
Export	196,012	154,945	+41,067 (26.5)
Total.....	541,993	503,362	+38,631 (7.7)
<i>Percentage of net sales (%)</i>	72.0	72.0	
Information Equipment:			
Domestic	112,229	107,594	+4,635 (4.3)
Export	44,910	42,125	+2,785 (6.6)
Total.....	157,140	149,720	+7,420 (5.0)
<i>Percentage of net sales (%)</i>	20.9	21.4	
Photographic Equipment:			
Domestic	6,273	7,971	-1,698 (-21.3)
Export	4,767	4,625	+142 (3.1)
Total.....	11,040	12,597	-1,557 (-12.4)
<i>Percentage of net sales (%)</i>	1.5	1.8	
Other Products:			
Domestic	26,506	24,550	+1,956 (8.0)
Export	15,949	8,605	+7,344 (85.3)
Total.....	42,456	33,156	+9,300 (28.0)
<i>Percentage of net sales (%)</i>	5.6	4.8	
Total:			
Domestic	490,990	488,534	+2,456 (0.5)
<i>Percentage of net sales (%)</i>	65.2	69.9	
Export	261,640	210,302	+51,338 (24.4)
<i>Percentage of net sales (%)</i>	34.8	30.1	
America	104,980	82,647	+22,333 (27.0)
<i>Percentage of net sales (%)</i>	13.9	11.8	
Europe	117,240	94,919	+22,321 (23.5)
<i>Percentage of net sales (%)</i>	15.6	13.6	
Other	39,419	32,734	+6,685 (20.4)
<i>Percentage of net sales (%)</i>	5.3	4.7	
Total.....	52,630	698,836	+53,794 (7.7)
<i>Percentage of net sales (%)</i>	100.0	100.0	

IV. Statement of Income (Non-Consolidated)

For the years ended March 31, 1997 and 1998

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change(%)
Net sales	752,630	698,836	+53,794 (7.7)
Cost of sales	530,721	484,751	+45,970 (9.5)
<i>Percentage of net sales (%)</i>	70.5	69.4	
Selling, general and administrative expenses	175,231	166,573	+8,658 (5.2)
<i>Percentage of net sales (%)</i>	23.3	23.8	
Operating income	46,677	47,511	-834 (-1.8)
<i>Percentage of net sales (%)</i>	6.2	6.8	
Non-operating income			
Interest and dividends.....	7,822	6,218	1,604 (25.8)
<i>Percentage of net sales (%)</i>	1.0	0.9	
Other income.....	4,268	4,516	-248 (-5.5)
<i>Percentage of net sales (%)</i>	0.6	0.6	
Non-operating expenses			
Interest	2,854	3,294	-440 (-13.4)
<i>Percentage of net sales (%)</i>	0.4	0.5	
Other expenses	12,978	14,255	-1,277 (-9.0)
<i>Percentage of net sales (%)</i>	1.7	2.0	
Ordinary income.....	42,935	40,696	+2,239 (5.5)
<i>Percentage of net sales (%)</i>	5.7	5.8	
Extraordinary expenses.....	230	280	-50 (-17.9)
<i>Percentage of net sales (%)</i>	0.0	0.0	
Income before income taxes.....	42,705	40,416	+2,289 (5.7)
<i>Percentage of net sales (%)</i>	5.7	5.8	
Provision for income taxes	20,200	20,600	-400 (-1.9)
<i>Percentage of net sales (%)</i>	2.7	2.9	
Net income.....	22,505	19,816	+2,689 (13.6)
<i>Percentage of net sales (%)</i>	3.0	2.8	
Retained earnings at beginning of year.....	4,727	4,064	+663 (16.3)
<i>Percentage of net sales (%)</i>	0.6	0.6	
Interim dividends.....	3,686	3,928	-242 (-6.1)
<i>Percentage of net Sales (%)</i>	0.5	0.6	
Transfer to legal reserve.....	368	392	-24 (-6.1)
<i>Percentage of net sales (%)</i>	0.0	0.1	
Retained earnings at end of year.....	23,176	19,560	+3,616 (18.5)
<i>Percentage of Net Sales (%)</i>	3.1	2.8	

V. Balance Sheets (Non-Consolidated)

For the years ended March 31, 1997 and 1998

(1)Assets

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change
Current Assets			
Cash on hand and in banks.....	61,278	101,517	-40,239
Notes receivable-trade.....	12,088	12,746	-658
Accounts receivable-trade	145,677	129,541	+16,136
Marketable securities.....	88,061	76,964	+11,097
Treasury stock	16	21	-5
Finished goods.....	42,565	32,227	+10,338
Raw materials.....	4,877	4,029	+848
Work-in-process	8,148	5,558	+2,590
Supplies.....	9,544	9,965	-421
Short-term loans receivable	83	1,723	-1,640
Accounts receivable-other.....	113,258	103,786	+9,472
Other current assets.....	3,866	2,549	+1,317
Allowance for doubtful accounts.....	-2,096	-1,813	-283
Total Current Assets	487,370	478,816	+8,554
Fixed Assets			
Tangible Fixed Assets			
Buildings.....	51,852	47,693	+4,159
Machinery and equipment.....	22,828	22,863	-35
Tools.....	21,524	19,529	+1,995
Land.....	24,973	24,295	+678
Construction in progress.....	3,418	3,379	+39
Total Tangible Fixed Assets.....	124,597	117,762	+6,835
Intangible Fixed Assets.....	503	586	-83
Investments and Other Assets			
Investment securities	21,969	22,175	-206
Investment in subsidiaries.	101,425	99,737	+1,688
Long-term loans receivable.....	17,534	15,253	+2,281
Other investments.....	9,194	10,451	-1,257
Allowance for doubtful accounts.....	-2,111	-2,336	+225
Total Investments and Other Assets	148,013	145,283	+2,730
Total Fixed Assets.....	273,114	263,633	+9,481
Total Assets.....	760,484	742,449	+18,035

For the years ended March 31, 1997 and 1998

(2) Liabilities

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change
Current Liabilities			
Notes payable-trade	13,458	37,427	-23,969
Accounts payable-trade.....	84,434	67,780	+16,654
Bonds maturing within one year.....	-	29,827	-29,827
Accounts payable-other.....	62,222	46,517	+15,705
Accrued enterprise tax.....	3,662	4,302	-640
Accrued corporate tax.....	10,925	12,873	-1,948
Accrued expenses.....	28,894	26,809	+2,085
Accrued bonus.....	14,086	14,958	-872
Warranty reserve	701	803	-102
Notes payable-construction.....	1,482	3,862	-2,380
Other current Liabilities.....	3,035	2,530	+505
Total Current Liabilities	222,903	247,692	-24,789
Fixed Liabilities			
Bonds.....	40,000	40,000	-
Convertible bonds.....	65,178	78,912	-13,734
Estimated retirement allowances.....	14,047	13,289	+758
Long-term accrued expenses.....	2,120	2,575	-455
Total Fixed Liabilities.....	121,345	134,776	-13,431
Total Liabilities	344,249	382,468	-38,219

(3) Shareholders' Equity

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change
Common Stock	102,819	82,034	+20,785
Additional paid-in-capital.....	143,622	122,876	+20,746
Legal reserve.....	12,159	11,381	+778
Retained earnings			
Reserve for deferral of capital gain on property.....	1,171	1,224	-53
Reserve for special depreciation.....	463	478	-15
Reserve for warranty on computer programs.....	2,472	3,075	-603
General reserve.....	130,350	119,350	+11,000
Unappropriated retained earnings.....	23,176	19,560	+3,616
[Net income for the period].....	[22,505]	[19,816]	[+2,689]
Total Retained earnings	157,633	143,687	+13,946
Total Shareholders' Equity.....	416,235	359,980	+56,255
Total Liabilities and Shareholders' Equity.....	760,484	742,449	+18,035

Notes:

i. Accumulated depreciation on tangible fixed assets....	269,889	267,132
ii. Trade notes receivable discounted with banks.....	84	118
iii. Treasury stock (shares).....	12,210	15,424
iv. Guarantee obligation.....	6,144	5,697
v. Issuance of new shares during the year		
Conversion of convertible bonds (shares).....	34,170,930	
[Amount transferred to common stock (millions of yen)]	[20,785]	
vi. Contingent liabilities related to debt assumption agreements for bonds.....	25,000	25,000

Significant Accounting Policies

1. Valuation method for securities

Stock exchange-listed securities are stated at the lower of moving cost or market. Securities not listed on a stock exchange are stated at the moving average cost.

2. Valuation method for inventories

Finished goods, raw materials, work-in-process and supplies are stated at the lower of average cost or market.

3. Depreciation of fixed assets

Tangible fixed assets are depreciated using the declining balance method. Intangible fixed assets are depreciated using the straight-line method.

4. Disposition of deferred Charges

The full amount of deferred charges is expensed at the time of their payment.

5. Basis for provision of reserves

- 1) The allowance for doubtful accounts is provided to cover possible losses arising from bad debts and represents the total of possible individual doubtful accounts plus the allowance deductible under Japanese Income Tax Law.
- 2) The reserve for accrued bonuses is provided by estimating the amount of bonuses payable to employees for the current financial year under our corporate rules for calculating such bonus payment.
- 3) The reserve for retirement allowances is provided under unfunded retirement plans for both employees and directors.

A pension plan (integration of benefits under government and private funded pension plans) is provided for all employees. In addition, we have a retirement allowance plan for certain qualified employees, a part of which has been funded under the qualified pension plan since April 1, 1983. For accounting purposes, the reserve for retirement allowances represents the balance of the estimated necessary amount to be provided for indemnities to all employees who may retire on a voluntary basis under the applicable corporate rule, after the deduction of the pension plan assets.

A retirement allowance reserve for directors is provided in the amount of ¥847 million covering the indemnities payable under the applicable corporate rule after the deduction of the pension plan assets. This reserve is provided under Article 287-2 of the Japanese Commercial Code.

6. Consumption Taxes

Consumption taxes are excluded from revenues and expenses.

The refundable consumption tax at the end of year is included in *Other current assets* in the balance sheets.

7. Leasing

Finance lease where the title of ownership is not transferred to the lessee is treated as operating lease.

(Lease Transactions)

Finance lease transactions outside those for which the transfer of ownership of leases to lessees is recognized.

1. Lease acquisition price, accumulated depreciation, and year-end balance

(Millions of yen)

	Year ended March 31, 1998			Year ended March 31, 1997		
	Lease acquisition price	Accumulated depreciation	Year-end balance	Lease acquisition price	Accumulated depreciation	Year-end balance
Machinery and equipment	11,107	4,162	6,944	8,695	1,840	6,855
Others	4,413	2,144	2,269	5,352	2,389	2,963
Total	15,520	6,307	9,213	14,048	4,229	9,818

2. Year-end balance of current leasing charges

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997
Less than one year	3,692	3,248
More than one year	5,928	6,874
Total	9,620	10,122

3. Lease payment charges, depreciation, and interest paid

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997
Lease payment charges	4,169	3,099
Depreciation	3,620	2,654
Interest paid	672	518

4. Depreciation calculation method

The lease period is the number of durable years; straight line depreciation is used so that the remaining value is zero.

5. Interest calculation method

Interest is the difference between the overall value of a lease charge and the value of a leased item. Allocation for each period is based on the interest method.

VI. Proposed Appropriation of Retained Earnings

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change
Unappropriated retained earnings at end of year	23,176	19,560	+3,616
Reversal of reserve for deferral of capital gain on property	57	59	-2
Reversal of reserve for special depreciation.....	136	130	+6
Reversal of reserve for warranty on computer programs.....	685	754	-69
Total.....	24,056	20,504	+3,552

To be appropriated as follows:

(Millions of yen)

	Year ended March 31, 1998	Year ended March 31, 1997	Change
Transfer to legal reserve.....	395	409	-14
Cash dividends	3,803	3,944	-141
Dividends per share (yen)	5.50	6.00	
Director bonuses.....	150	150	-
Reserve for deferral of capital gain on property.....	-	6	-6
Reserve for special depreciation	57	114	-57
Reserve for warranty on computer programs	94	152	-58
Reserve for social contribution	150	-	+150
General reserve.....	15,000	11,000	+4,000
Retained earnings brought forward to the next year.....	4,405	4,727	-322

Notes:

- i. Reserves of the compressed tangible assets, special depreciation, and program, are based on the Special Taxation Measures Law.
- ii. On December 10, 1997, the company made interim cash dividends of ¥5.50 per share totaling ¥3,686 million.

VII. Fair Market Value of Marketable Securities

(Millions of yen)

Year ended March 31, 1998			
	Carrying value evaluated	Fair market value	Evaluated gains/losses
1. Current assets			
Equities.....	6,413	25,235	18,822
Bonds.....	10,486	10,789	302
Others.....	23,829	23,850	20
Subtotal.....	40,729	59,875	19,145
2. Fixed assets			
Equities.....	15,278	82,127	66,848
[Of affiliates].....	[9,317]	[70,036]	[60,718]
Bonds.....	-	-	-
Others.....	-	-	-
Subtotal.....	15,278	82,127	66,848
[Of affiliates].....	[9,317]	[70,036]	[60,718]
Totals.....	56,008	142,002	85,994
[Of affiliates].....	[9,317]	[70,036]	[60,718]

(Millions of yen)

Year ended March 31, 1997			
	Carrying value evaluated	Fair market value	Evaluated gains/losses
1. Current assets			
Equities.....	6,662	34,312	27,650
Bonds.....	17,482	17,960	477
Others.....	30,518	30,561	42
Subtotal.....	54,663	82,834	28,171
2. Fixed assets			
Equities.....	15,214	88,277	73,062
[Of affiliates].....	[9,073]	[71,921]	[62,847]
Bonds.....	-	-	-
Others.....	-	-	-
Subtotal.....	15,214	88,277	73,062
[Of affiliates].....	[9,073]	[71,921]	[62,847]
Totals.....	69,877	171,112	101,234
[Of affiliates].....	[9,073]	[71,921]	[62,847]

Notes:

- i. Basis for fair market value calculation
 - (1) Listed securities; Year end closing quoted prices from Tokyo Stock Exchange
 - (2) Over-the-counter securities...Trading prices announced by the Securities Dealers Association of Japan
 - (3) Securities investment trusts...Standard price
 - (4) The calculation of the fair market values and equivalents of unlisted bonds is based on the yields and remaining maturity periods of representative public and corporate bonds announced by the Securities Dealers Association of Japan.
- ii. Equities holdings include the treasury stock.

iii. Carrying values of marketable securities excluded from fair market value calculation

(1) Current assets			(Millions of yen)
	Year ended March 31, '98	Year ended March 31, '97	
a. Commercial paper	24,956	-	
b. Unlisted foreign bonds	21,191	17,125	
c. Unlisted domestic bonds with remaining redemption periods of less than one year	1,000	1,000	
d. Securities investment trust under closing period.....	200	200	
e. Bonds with resale agreement.....	-	2,000	
c. Listed foreign bonds with forward currency contracts.....	-	1,997	
(2) Fixed assets			(Millions of yen)
	Year ended March 31, '98	Year ended March 31, '97	
a. Unlisted equities and investments excluding securities traded over-the-counter	104,740	103,185	
[Including those of affiliates]	[97,707]	[96,842]	
b. Listed foreign bonds with forward currency contracts.....	-	1,000	

VIII. Derivative Transaction Contract Amounts, etc., and Market Price and Appraisal Losses

1. Currencies

(Millions of yen)

	Type	Year ended March 31, 1998			Year ended March 31, 1997				
		Contract amounts, etc.		Market price	Appraised loss	Contract amounts, etc.		Market price	Appraised loss
			More than one year				More than one year		
Non-market transactions	*Forward exchange transactions sales of US\$	24	-	33	-8	219	24	319	-99
	Total	-	-	33	-8	-	-	319	-99

Notes:

- i. The direct markets were used for foreign currency markets at year-end.
- ii. Forward exchange contracts are attached to foreign exchange monetary credits and debts, so the latter amounts are those for which the yen-denominated amounts are fixed at the end of the period under review. The relevant yen-denominated amounts shown on the balance sheets are not disclosed.

2. Interest

(Millions of yen)

	Type	Year ended March 31, 1998			Year ended March 31, 1997				
		Contract amounts, etc.		Market price	Appraised loss	Contract amounts, etc.		Market price	Appraised loss
			More than one year				More than one year		
Non-market transactions	Interest swap transactions		-						
	*Fixed receivable/ fluctuating payment	12,000	9,000	512	512	16,000	12,000		
	*Fixed payment/ fluctuating receivable	12,490	5,000	-432	-432	14,487	12,490		
	*Fluctuating receivable and payment	10,000	10,000	205	205	11,000	10,000		
	Interest options transactions								
*Call	5,000 (41)	5,000 (41)	0	-41	5,000 (69)	5,000 (69)			
Total		-	-	285	244	-	-		