

# Ricoh Company, Ltd. And Consolidated Subsidiaries

## INTERIM REPORT (Consolidated. Half year ended September 30, 1998)

Date of approval for the financial results for the half year ended September 30, 1998, at the Board of Directors' meeting: November 19, 1998

### 1. Results for the Period from April 1, 1998 to September 30, 1998

#### (1) Operating Results

(Millions of yen)

	Half Year ended September 30, 1998	Half Year ended September 30, 1997	Year ended March 31, 1998
Net sales.....	708,449	692,104	1,403,348
<i>(% change from the previous corresponding period)....</i>	<i>2.4</i>	<i>9.4</i>	<i>6.6</i>
Operating income.....	31,210	43,198	89,707
<i>(% change from the previous corresponding period)....</i>	<i>-27.8</i>	<i>24.8</i>	<i>7.6</i>
Income before income taxes.....	22,408	32,260	68,428
<i>(% change from the previous corresponding period)....</i>	<i>-30.5</i>	<i>10.9</i>	<i>2.3</i>
Interim (net) income.....	12,164	13,194	30,131
<i>(% change from the previous corresponding period)....</i>	<i>-7.8</i>	<i>2.0</i>	<i>4.2</i>
Interim (net) income per share (yen).....	17.59	19.89	44.97
Fully diluted net income per share (yen) .....	16.25	17.69	41.35
Notes: Equity in income (loss) of affiliates (Millions of yen):	2,009	1,948	4,067

#### (2) Financial Position

(Millions of yen)

	September 30, 1998	September 30, 1997	March 31, 1998
Total assets.....	1,681,507	1,630,464	1,660,496
Shareholders' equity.....	483,516	445,227	475,005
Equity ratio (%).....	28.8	27.3	28.6
Equity per share (yen).....	699.13	664.21	686.87

(3) Items relating to the scale of consolidation and the application of the equity method: (Please see following page)

(4) Changes in accounting method, etc.: (Please see following page)

Note: Consolidated financial statements of the Company and its consolidated subsidiaries have been prepared in conformity with accounting principles generally accepted in the United States of America.

### 2. Forecast of operating results from April 1, 1998 to March 31, 1999 (Consolidated)

(Millions of yen)

Net sales .....	1,427,000
Operating income .....	65,000
Income before income taxes .....	47,000
Net income .....	29,500

Note: Net income per share (Consolidated) 42.65 yen  
Net income per share (Non-consolidated) 27.47 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.

**Reference: Non-consolidated results for the period from April 1, 1998 to September 30, 1998**  
(Millions of yen)

	Half Year ended September 30, 1998
Net sales.....	355,212
<i>(% change from the previous corresponding period)...</i>	<i>-3.6</i>
Operating income.....	20,718
<i>(% change from the previous corresponding period)...</i>	<i>-10.0</i>
Ordinary income .....	19,632
<i>(% change from the previous corresponding period)...</i>	<i>-6.8</i>
Interim income .....	9,052
<i>(% change from the previous corresponding period)...</i>	<i>-22.5</i>
Net income per share (yen).....	13.09
Total assets .....	770,164
Shareholders' equity.....	421,390

(3) Items relating to the scale of consolidation and the application of the equity method:

Number of consolidated subsidiaries: 256 (Major subsidiaries include Tokyo Ricoh Co., Ltd.; Ricoh Corporation; and Ricoh Leasing Co., Ltd.)

Number of non-consolidated subsidiaries: 39 (39 of these are accounted for by the equity method; major subsidiaries include Ricoh Finance Ltd.)

Number of affiliated companies: 38 (38 of these are accounted for by the equity method; major subsidiaries include Kita Kyushu Coca-Cola Bottling Co., Ltd.)

(4) Changes in accounting method, etc.:

i. Changes in consolidated subsidiaries and affiliates under the equity method

Consolidated subsidiaries:

2 additions, including Ricoh France Est S.A.; 3 removals, including Gestetner Corporation

Companies accounted for by the equity method:

8 additions, including Shanghai Ricoh Market Co., Ltd.;

7 removals, including RIKA Media Technologies Spain, S.A.

ii. Changes in accounting policies:

No changes.

iii. Disclosure method used in Consolidated Balance Sheet:

From the first half of fiscal 1999, Ricoh started applying U.S. Financial Accounting Standard No. 130: "Reporting Comprehensive Profits." In line with this change, we restated other comprehensive earnings from fiscal 1998 on the balance sheets. That amount was -¥11,658 million.

## I. Sales by Product Line (Consolidated)

For the half years ended September 30, 1997 and 1998, and year ended March 31, 1998.

(Millions of yen)

	Half year ended September 30, '98	Half Year ended September 30, '97	Change(%)	Year ended March 31, '98
Copiers:				
Domestic.....	227,483	237,462	-9,979 (-4.2)	472,681
Overseas.....	229,268	194,800	+34,468 (17.7)	418,362
Total.....	456,751	432,262	+24,489 (5.7)	891,043
<i>Percentage of net sales (%)</i> .....	64.5	62.5		63.5
Information Equipment:				
Domestic.....	111,998	114,864	-2,866 (-2.5)	226,097
Overseas.....	45,992	45,837	+155 (0.3)	96,328
Total.....	157,990	160,701	-2,711 (-1.7)	322,425
<i>Percentage of net sales (%)</i> .....	22.3	23.2		23.0
Other Products:				
Domestic.....	64,636	70,169	-5,533 (-7.9)	132,561
Overseas.....	29,072	28,972	+100 (0.3)	57,319
Total.....	93,708	99,141	-5,433 (-5.5)	189,880
<i>Percentage of net sales (%)</i> .....	13.2	14.3		13.5
Total:				
Domestic .....	404,117	422,495	-18,378 (-4.3)	831,339
<i>Percentage of net sales (%)</i> .....	57.0	61.0		59.2
Overseas .....	304,332	269,609	+34,723 (12.9)	572,009
<i>Percentage of net sales (%)</i> .....	43.0	39.0		40.8
The Americas.....	124,745	109,239	+15,506 (14.2)	230,342
<i>Percentage of net sales (%)</i> .....	17.6	15.8		16.4
Europe.....	136,934	110,908	+26,026 (23.5)	252,042
<i>Percentage of net sales (%)</i> .....	19.4	16.0		18.0
Other.....	42,653	49,462	-6,809 (-13.8)	89,625
<i>Percentage of net sales (%)</i> .....	6.0	7.2		6.4
Total.....	708,449	692,104	+16,345 (2.4)	1,403,348
<i>Percentage of net sales (%)</i> .....	100.0	100.0		100.0

## II. Statement of Income (Consolidated)

For the half years ended September 30, 1997 and 1998, and year ended March 31, 1998.

(Millions of yen)

	Half year ended September 30, '98	Half Year ended September 30, '97	Change(%)	Year ended March 31, '98
Net sales .....	708,449	692,104	+16,345 (2.4)	1,403,348
Cost of sales.....	429,216	417,370	+11,846 (2.8)	838,440
<i>Percentage of net sales (%).....</i>	<i>60.6</i>	<i>60.3</i>		<i>59.7</i>
Gross Profit.....	279,233	274,734	+4,499 (1.6)	564,908
<i>Percentage of net sales (%).....</i>	<i>39.4</i>	<i>39.7</i>		<i>40.3</i>
Selling, general and administrative expenses .....	248,023	231,536	+16,487 (7.1)	475,201
<i>Percentage of net sales (%).....</i>	<i>35.0</i>	<i>33.5</i>		<i>33.9</i>
Operating income .....	31,210	43,198	-11,988(-27.8)	89,707
<i>Percentage of net sales (%).....</i>	<i>4.4</i>	<i>6.2</i>		<i>6.4</i>
Other (income) expense				
Interest and dividend income.....	4,462	3,358	+1,104(32.9)	5,931
<i>Percentage of net sales (%).....</i>	<i>0.6</i>	<i>0.5</i>		<i>0.4</i>
Interest expense.....	6,645	6,280	+365 (5.8)	12,270
<i>Percentage of net sales (%).....</i>	<i>0.9</i>	<i>0.9</i>		<i>0.9</i>
Other, net .....	6,619	8,016	-1,397(-17.4)	14,940
<i>Percentage of net sales (%).....</i>	<i>0.9</i>	<i>1.1</i>		<i>1.1</i>
Income before income taxes, equity income and minority interests.....	22,408	32,260	-9,852(-30.5)	68,428
<i>Percentage of net sales (%).....</i>	<i>3.2</i>	<i>4.7</i>		<i>4.9</i>
Provision for income taxes.....	11,403	19,061	-7,658(-40.2)	40,210
<i>Percentage of net sales (%).....</i>	<i>1.6</i>	<i>2.8</i>		<i>2.9</i>
Minority interests in earnings of subsidiaries .. ...	850	1,953	-1,103(-56.5)	2,154
<i>Percentage of net sales (%).....</i>	<i>0.1</i>	<i>0.3</i>		<i>0.2</i>
Equity in earnings of affiliates.....	2,009	1,948	+61 (3.1)	4,067
<i>Percentage of net sales (%).....</i>	<i>0.2</i>	<i>0.3</i>		<i>0.3</i>
Interim (net) income .....	12,164	13,194	-1,030(-7.8)	30,131
<i>Percentage of net sales (%).....</i>	<i>1.7</i>	<i>1.9</i>		<i>2.1</i>

### III. Balance Sheets (Consolidated)

September 30, 1998 and March 31, 1998

#### (1)Assets

(Millions of yen)

	September 30, 1998	March 31, 1998	Change
<b>Current Assets</b>			
Cash and cash equivalents.....	130,344	159,084	-28,740
Notes and accounts receivable trade.....	343,390	347,404	-4,014
Marketable securities.....	138,196	86,487	+51,709
Inventories.....	179,183	184,185	-5,002
Other current assets.....	35,522	34,918	+604
<b>Total Current Assets.....</b>	<b>826,635</b>	<b>812,078</b>	<b>+14,557</b>
<b>Fixed Assets</b>			
Tangible fixed assets.....	272,878	267,553	+5,325
Finance receivable.....	388,509	379,482	+9,027
Other Investments.....	193,485	201,383	-7,898
<b>Total Fixed Assets.....</b>	<b>854,872</b>	<b>848,418</b>	<b>+6,454</b>
<b>Total Assets.....</b>	<b>1,681,507</b>	<b>1,660,496</b>	<b>+21,011</b>

#### (2)Liabilities

(Millions of yen)

	September 30, 1998	March 31, 1998	Change
<b>Current Liabilities</b>			
Notes and accounts payable trade.....	254,762	279,220	-24,458
Short-term borrowings.....	351,291	379,410	-28,119
Other current liabilities.....	112,890	121,767	-8,877
<b>Total Current Liabilities.....</b>	<b>718,943</b>	<b>780,397</b>	<b>-61,454</b>
<b>Fixed Liabilities</b>			
Long-Term Liabilities.....	377,137	295,536	+81,601
Estimated retirement allowances.....	55,360	59,045	-3,685
Other fixed liabilities.....	21,721	26,292	-4,571
<b>Total Fixed Liabilities.....</b>	<b>454,218</b>	<b>380,873</b>	<b>+73,345</b>
Minority interests.....	24,830	24,221	+609
<b>Total Liabilities.....</b>	<b>1,197,991</b>	<b>1,185,491</b>	<b>+12,500</b>

#### (3)Shareholders' Equity

(Millions of yen)

	September 30, 1998	March 31, 1998	Change
<b>Shareholders' Investment</b>			
Common stock.....	102,848	102,820	+28
Additional paid-in capital.....	154,054	154,026	+28
Legal reserve.....	13,843	13,407	+436
Retained earnings.....	224,332	216,410	+7,922
Other comprehensive earnings.....	-11,561	-11,658	+97
<b>Total Shareholders' Investment.....</b>	<b>483,516</b>	<b>475,005</b>	<b>+8,511</b>
<b>Total Liabilities and Shareholders' Investment .....</b>	<b>1,681,507</b>	<b>1,660,496</b>	<b>+21,011</b>

Note: The contents of other comprehensive earnings are as follows:

Net unrealized holding gains on available-for-sale securities.....	5,262	12,868	-7,606
Pension liability adjustments.....	-10,395	-14,336	+3,941
Cumulative translation adjustments.....	-6,428	-10,190	+3,762

## IV. Segment Information

For the half years ended September 30, 1997 and 1998, and year ended March 31 1998

### By Product Line

(Millions of yen)

Half Year ended September 30, 1998				
	Office equipment	Other	Corporate and eliminations	Total
a. Net sales and operating income/expenses				
Net Sales (including intersegment sales and transfers)	614,741	95,193	(1,485)	708,449
Operating expenses	562,415	94,588	20,236	677,239
Operating income	52,326	605	(21,721)	31,210
b. Assets, depreciation, and capital expenditure				
Assets	1,059,620	197,553	424,334	1,681,507
Depreciation	26,234	5,463	764	32,461
Capital expenditure	30,041	8,241	1,310	39,592

(Millions of yen)

Half Year ended September 30, 1997				
	Office equipment	Other	Corporate and eliminations	Total
a. Net sales and operating income/expenses				
Net Sales (including intersegment sales and transfers)	592,963	101,085	(1,944)	692,104
Operating expenses	529,468	100,281	19,157	648,906
Operating income	63,495	804	(21,101)	43,198
b. Assets, depreciation, and capital expenditure				
Assets	1,014,944	192,023	423,497	1,630,464
Depreciation	23,809	2,564	723	27,096
Capital expenditure	40,765	4,519	763	46,047

(Millions of yen)

Year ended March 31, 1998				
	Office equipment	Other	Corporate and eliminations	Total
a. Net sales and operating income/expenses				
Net Sales (including intersegment sales and transfers)	1,213,468	193,958	(4,078)	1,403,348
Operating expenses	1,083,499	192,738	37,404	1,313,641
Operating income	129,969	1,220	(41,482)	89,707
b. Assets, depreciation, and capital expenditure				
Assets	1,060,416	186,877	413,203	1,660,496
Depreciation	49,328	10,993	1,650	61,971
Capital expenditure	76,924	15,484	1,709	94,117

### Notes:

- i. The Company's operations and those of its subsidiaries are segmented into office equipment (copiers and information equipment) and other products (photographic equipment, electronic components, etc.).
- ii. Unallocated operating expenses included in "Operating expenses" of "Corporate and eliminations" consist primarily of the parent company's basic research spending and headquarters functions.
 

Half year ended September 30, 1998	¥21,734 million
Half year ended September 30, 1997	¥17,331 million
Year ended March 31, 1998	¥41,328 million
- iii. Corporate assets included in "Assets" of "Corporate and eliminations" consist primarily of surplus investment capital (cash and securities) and long-term investment capital (investment securities).
 

Half year ended September 30, 1998	¥435,077 million
Half year ended September 30, 1997	¥435,537 million
Year ended March 31, 1998	¥423,690 million
- iv. Intersegment sales and transfers for each segment are immaterial.

**2. By Region**

(Millions of yen)

	Half Year ended September 30, 1998					
	Japan	The Americas	Europe	Other	Corporate and eliminations	Total
a. Net Sales and operating income/expenses						
Net sales						
(1) Sales to outside customers...	408,622	123,311	141,174	35,342	-	708,449
(2) Intersegment sales.....	120,295	4,675	3,198	21,009	(149,177)	-
Total	528,917	127,986	144,372	56,351	(149,177)	708,449
Operating expenses .....	504,476	122,229	139,916	54,997	(144,379)	677,239
Operating income.....	24,441	5,757	4,456	1,354	(4,798)	31,210
b. Assets .....	983,251	124,914	165,034	61,676	346,632	1,681,507

(Millions of yen)

	Half Year ended September 30, 1997					
	Japan	The Americas	Europe	Other	Corporate and eliminations	Total
a. Net Sales and operating income/expenses						
Net sales						
(1) Sales to outside customers...	428,590	106,116	110,618	46,780	-	692,104
(2) Intersegment sales.....	120,347	2,769	1,384	24,371	(148,871)	-
Total	548,937	108,885	112,002	71,151	(148,871)	692,104
Operating expenses .....	513,858	103,514	108,583	69,121	(146,170)	648,906
Operating income.....	35,079	5,371	3,419	2,030	(2,701)	43,198
b. Assets .....	1,007,492	109,139	130,974	59,058	323,801	1,630,464

(Millions of yen)

	Year ended March 31, 1998					
	Japan	The Americas	Europe	Other	Corporate and eliminations	Total
a. Net Sales and operating income/expenses						
Net sales						
(1) Sales to outside customers...	846,018	224,407	260,093	72,830	-	1,403,348
(2) Intersegment sales.....	246,961	6,938	3,533	48,090	(305,522)	-
Total	1,092,979	231,345	263,626	120,920	(305,522)	1,403,348
Operating expenses .....	1,022,298	220,302	255,140	116,091	(300,190)	1,313,641
Operating income.....	70,681	11,043	8,486	4,829	(5,332)	89,707
b. Assets .....	997,004	127,719	147,419	59,620	328,734	1,660,496

Note:

i. Corporate assets included in "Assets" of "Corporate and eliminations" consist primarily of surplus investment capital (cash and securities) and long-term investment capital (investment securities).

Half year ended September 30, 1998   ¥435,077 million

Half year ended September 30, 1997   ¥435,357 million

Year ended March 31, 1998           ¥423,690 million

ii. Main countries and regions in each category:

The Americas: United States, Canada, and Central and South America

Europe: United Kingdom, France, Germany, Italy, and the Netherlands

Others: China, Asia, Australia, the Middle East, and Africa

**3. Overseas Sales**

(Millions of yen)

	Half Year ended September 30, 1998			
	The Americas	Europe	Other	Total
(1) Overseas sales .....	124,745	136,934	42,653	304,332
(2) Consolidated net sales .....				708,449
(3) Overseas sales as a percentage of net sales (%).....	17.6	19.4	6.0	43.0

(Millions of yen)

	Half Year ended September 30, 1997			
	The Americas	Europe	Other	Total
(1) Overseas sales .....	109,239	110,908	49,462	269,609
(2) Consolidated net sales .....				692,104
(3) Overseas sales as a percentage of net sales (%).....	15.8	16.0	7.2	39.0

(Millions of yen)

	Year ended March 31, 1998			
	The Americas	Europe	Other	Total
(1) Overseas sales .....	230,342	252,042	89,625	572,009
(2) Consolidated net sales .....				1,403,348
(3) Overseas sales as a percentage of net sales (%).....	16.4	18.0	6.4	40.8

Note: Categorization methods and classifications of main countries and regions:

i. Countries and regions are categorized according to geographic proximity.

ii. Main countries and regions in each category:

The Americas: United States, Canada, and Central and South America

Europe: United Kingdom, France, Germany, Italy, and the Netherlands

Others: China, Asia, Australia, the Middle East, and Africa