



# FLASH REPORT

Year ended March 31, 2004

(Results for the Period from April 1, 2003 to March 31, 2004)

Three months ended March 31, 2004

(Results for the Period from January 1, 2004 to March 31, 2004)

## Performance Outline (Consolidated)

(1) Year ended March 31, 2004, 2003 and 2005 (Forecast)

				(Billions of yen)	
	Year ended March 31, 2004 (Results)	Year ended March 31, 2003 (Results)	Change	Year ended March 31, 2005 (Forecast)	Change
Domestic sales	914.0	896.0	2.0%	935.0	2.3%
Overseas sales	866.1	842.3	2.8%	875.0	1.0%
Net sales	1,780.2	1,738.3	2.4%	1,810.0	1.7%
Gross profit	765.6	745.3	2.7%	785.0	2.5%
Operating income	150.0	133.6	12.2%	175.0	16.7%
Income before income taxes	143.0	123.4	15.9%	165.0	15.3%
Net income	91.7	72.5	26.6%	95.0	3.5%
Exchange rate (Yen/US\$)	113.09	121.96	-8.87	105.00	-8.09
Exchange rate (Yen/EURO)	132.65	121.00	11.65	130.00	-2.65
Net income per share (yen)	123.63	99.79	23.84	128.57	4.94
Return on equity (%)	12.6	11.2	1.4	-	-
Income before income taxes on total assets (%)	7.7	6.6	1.1	-	-
Income before income taxes on net sales (%)	8.0	7.1	0.9	9.1	1.1
Total assets	1,852.7	1,884.9	-32.1	-	-
Shareholders' equity	795.1	657.5	137.6	-	-
Interest-bearing debt	432.7	484.6	-51.8	-	-
Equity ratio (%)	42.9	34.9	8.0	-	-
Shareholder's equity per share (yen)	1,076.11	885.41	190.7	-	-
Cash flows from operating activities	154.9	185.7	-30.8	-	-
Cash flows from investing activities	-63.3	-98.1	34.8	-	-
Cash flows from financing activities	-74.8	-67.1	-7.6	-	-
Cash and cash equivalents at end of period	203.0	189.2	13.7	-	-
Capital expenditures	75.5	73.9	1.5	74.5	-1.0
Depreciation for tangible fixed assets	67.6	69.5	-1.8	69.0	1.3
R&D expenditures	92.5	83.5	8.9	100.0	7.4
Number of employees (Japan) (thousand people)	38.8	39.5	-0.7	-	-
Number of employees (Overseas) (thousand people)	34.4	35.1	-0.8	-	-

## Ricoh Company, Ltd.

\* The Company bases the forecast estimates for March 31, 2005 above upon information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.

## (2) Three months ended March 31, 2004 and 2003

	(Billions of yen)		
	Three months ended March 31, 2004	Three months ended March 31, 2003	Change
Domestic sales	252.5	236.2	6.9%
Overseas sales	218.7	224.5	-2.6%
Net sales	471.2	460.7	2.3%
Gross profit	191.7	199.7	-4.0%
Operating income	36.5	38.9	-6.2%
Income before income taxes	38.3	37.8	1.5%
Net income	29.8	21.1	40.8%
Exchange rate (Yen/US\$)	107.31	119.04	-11.73
Exchange rate (Yen/EURO)	134.10	127.63	6.47
Net income per share (yen)	40.31	29.17	11.14
Return on equity (%)	4.0	3.2	0.8
Income before income taxes on total assets (%)	2.0	2.0	0.0
Income before income taxes on net sales (%)	8.1	8.2	-0.1
Capital expenditures	23.6	18.8	4.8
Depreciation for tangible fixed assets	18.2	18.1	0.1
R&D expenditures	24.0	22.4	1.5

## (3) Three months ended June 30, 2004 (Forecast) and 2003

	(Billions of yen)		
	Three months ended June 30, 2004 (Forecast)	Three months ended June 30, 2003 (Results)	Change
Domestic sales	233.0	224.3	3.9%
Overseas sales	208.0	213.1	-2.4%
Net sales	441.0	437.4	0.8%
Gross profit	192.3	192.7	-0.2%
Operating income	39.0	38.4	1.3%
Income before income taxes	37.5	37.3	0.5%
Net income	22.5	22.3	0.6%
Exchange rate (Yen/US\$)	105.00	118.52	-13.52
Exchange rate (Yen/EURO)	130.00	134.67	-4.67
Capital expenditures	18.0	18.6	-0.6
Depreciation for tangible fixed assets	17.0	17.0	0.0
R&D expenditures	22.0	19.3	2.6

## (4) Half year ended September 30, 2004 (Forecast) and 2003

	(Billions of yen)		
	Half year ended September 30, 2004 (Forecast)	Half year ended September 30, 2003 (Results)	Change
Domestic sales	466.0	448.6	3.9%
Overseas sales	429.0	439.4	-2.4%
Net sales	895.0	888.0	0.8%
Gross profit	386.8	388.1	-0.3%
Operating income	78.0	77.2	1.0%
Income before income taxes	74.5	71.4	4.3%
Net income	43.8	42.2	3.6%
Exchange rate (Yen/US\$)	105.00	118.06	-13.06
Exchange rate (Yen/EURO)	130.00	133.47	-3.47
Capital expenditures	37.0	36.3	0.6
Depreciation for tangible fixed assets	34.0	33.6	0.3
R&D expenditures	50.0	44.2	5.7

# Ricoh Company, Ltd. and Consolidated Subsidiaries

## FLASH REPORT (Consolidated. Year ended March 31, 2004)

Date of approval for the financial results for the year ended March 31, 2004,  
at the Board of Directors' meeting: April 28, 2004

### 1. Results for the period from April 1, 2003 to March 31, 2004

	(Millions of yen)	
	Year ended March 31, 2004	Year ended March 31, 2003
Net sales	1,780,245	1,738,358
<i>(% change from the previous fiscal year)</i>	<i>2.4</i>	<i>3.9</i>
Operating income	150,006	133,654
<i>(% change from the previous fiscal year)</i>	<i>12.2</i>	<i>3.1</i>
Income before income taxes	143,063	123,470
<i>(% change from the previous fiscal year)</i>	<i>15.9</i>	<i>8.4</i>
Net income	91,766	72,513
<i>(% change from the previous fiscal year)</i>	<i>26.6</i>	<i>17.7</i>
Net income per share-basic (yen)	123.63	99.79
Net income per share-diluted (yen)	-	96.81
Return on equity (%)	12.6	11.2
Income before income taxes on total assets (%)	7.7	6.6
Income before income taxes on net sales (%)	8.0	7.1

Notes:

- i. Equity in income of affiliates: ¥2,065 million (¥2,403 million in previous fiscal year)
- ii. Some changes in accounting method have been made.
- iii. Average number of shares outstanding (consolidated): 742,292,806 shares (726,659,698 shares in previous fiscal year)
- iv. Net income per share is calculated as required by SFAS No. 128.

	(Millions of yen)	
	March 31, 2004	March 31, 2003
Total assets	1,852,793	1,884,922
Shareholders' equity	795,131	657,514
Equity ratio (%)	42.9	34.9
Equity per share (yen)	1,076.11	885.41

Note: Number of shares outstanding as of March 31, 2004: 738,894,891 shares (742,608,635 shares as of March 31, 2003)

	(Millions of yen)	
	Year ended March 31, 2004	Year ended March 31, 2003
Cash flows from operating activities	154,911	185,742
Cash flows from investing activities	-63,383	-98,199
Cash flows from financing activities	-74,835	-67,143
Cash and cash equivalents at end of period	203,039	189,243

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

Number of consolidated subsidiaries: 321; nonconsolidated subsidiaries: 39; affiliated companies: 21

(5) Changes relating to the scale of consolidation and the application of the equity method:

Consolidated subsidiaries: 1 addition; 14 removals

Companies accounted for by the equity method: 2 additions; 3 removals

Notes:

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.

	(Millions of yen)	
	Half year ended September 30, 2004	Year ended March 31, 2005
Net sales	895,000	1,810,000
Operating income	78,000	175,000
Income before income taxes	74,500	165,000
Net income	43,800	95,000

Note: Net income per share (Consolidated) 128.57 yen

In accordance with Japanese regulations, Ricoh has issued forecast for its financial results for the fiscal year ending March 2005. 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.

## Group Position

The Ricoh Group comprises 360 subsidiaries and 21 affiliates.

Their development, manufacturing, sales, and service activities center on office equipment business and other businesses (optical equipments, semiconductors and metering equipments).

Ricoh Company, Ltd., a parent company, heads development. The parent company and subsidiaries or affiliates maintain an integrated domestic and international manufacturing structure. Below, we have listed our main product areas and the positions of key subsidiaries and affiliates.

### <Office Equipment Business>

In this business category, Ricoh provides products and systems that support the enhancement of the office productivity of customers.

Major products include:

Digital/analog copiers, MFPs (multifunctional printers), laser printers, facsimile machines, digital duplicators, optical disks. Ricoh also provides solution systems including personal computers and servers, utilizing its information technology. Another business Ricoh also provides are support, service, and related supplies, as well as useware including IT environment setup and network administration.

### [Main Subsidiaries and Affiliates]

#### Production

Japan...Tohoku Ricoh Co., Ltd., Ricoh Elemex Corporation, Ricoh Unitechno Co., Ltd., Hasama Ricoh Inc., Ricoh Microelectronics Co., Ltd., and Ricoh Keiki Co., Ltd.

The Americas...Ricoh Electronics, Inc.

Europe...Ricoh UK Products Ltd., Ricoh Industrie France S.A.S.

Other regions...Ricoh Asia Industry (Shenzhen) Ltd., Shanghai Ricoh Facsimile Co., Ltd., and Sindo Ricoh Co., Ltd. (affiliated company)

#### Sales and Service

Japan ...Ricoh Tohoku Co., Ltd., Ricoh Chubu Co., Ltd., Ricoh Kansai Co., Ltd., Ricoh Chugoku Co., Ltd., Ricoh Kyushu Co., Ltd., Tokyo Ricoh Co., Ltd., Osaka Ricoh Co., Ltd. and 43 other sales companies nationwide, Ricoh Technosystems Co., Ltd., NBS Ricoh Co., Ltd., Ricoh Leasing Co., Ltd., and Ricoh Logistics System Co., Ltd.

The Americas...Ricoh Corporation, Savin Corporation, and Lanier Worldwide, Inc.

Europe...Ricoh Europe B.V., Ricoh Deutschland GmbH, Ricoh UK Ltd., Ricoh France S.A., Ricoh Espana S.A., Ricoh Italia S.p.A., and NRG Group PLC

Other regions...Ricoh China Co., Ltd., Ricoh Hong Kong Ltd., Ricoh Asia Pacific Pte, Ltd., Ricoh Australia Pty, Ltd., and Ricoh New Zealand Ltd.

### <Other Businesses>

Manufacturing and marketing optical equipment, semiconductors and metering equipments, and providing leasing and logistics services

### [Main Subsidiaries and Affiliates]

#### Production

Ricoh Optical Industries Co., Ltd., Ricoh Elemex Corporation

#### Sales

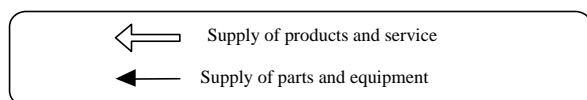
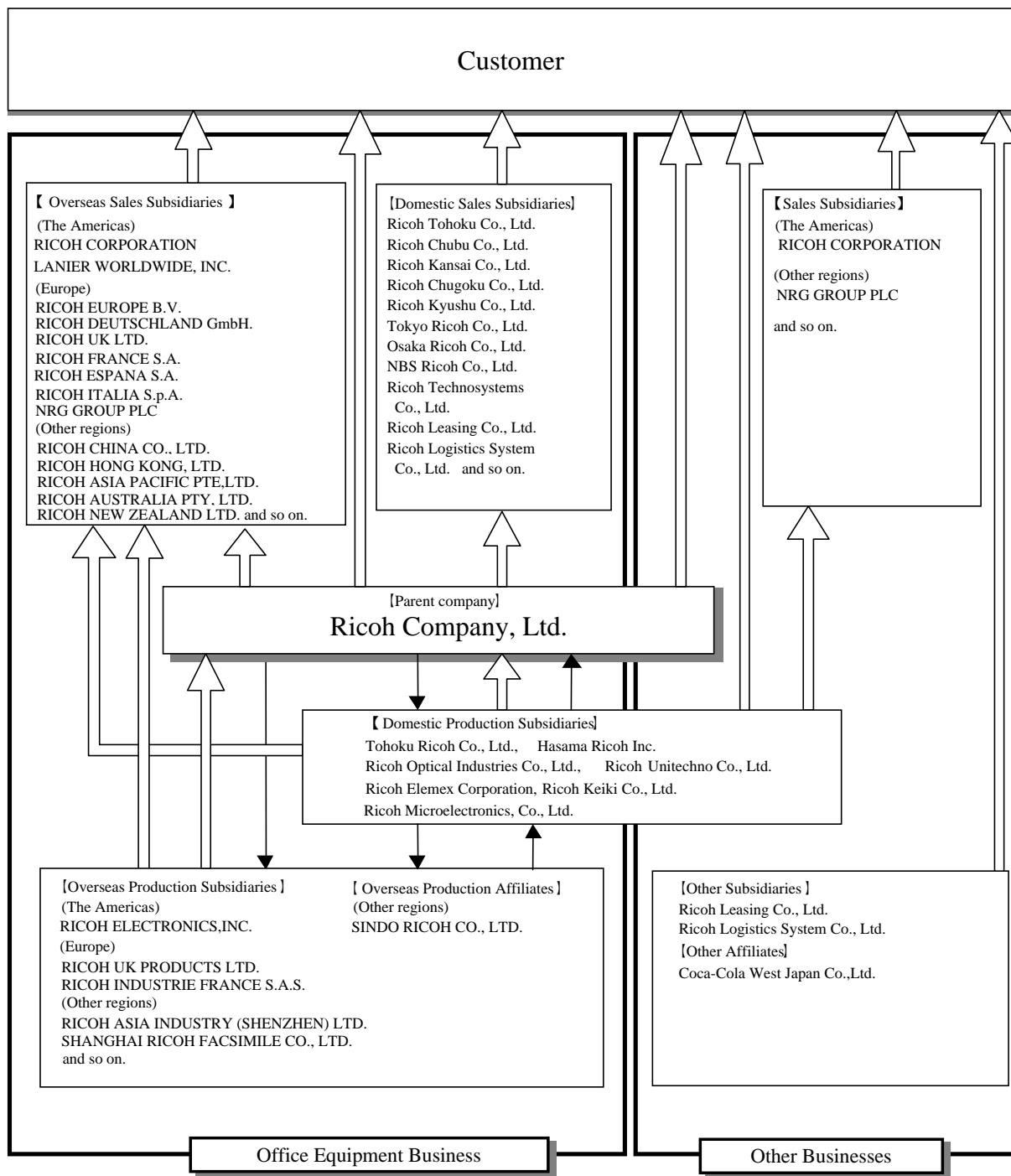
Ricoh Corporation, NRG Group PLC

#### Other

Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd., and Coca-Cola West Japan Co., Ltd. (affiliated company)

### <Chart of Business System>

The following chart is showing the group positions.



Note: Following subsidiaries are listed on domestic stock exchange.  
 Ricoh Leasing Co., Ltd.: Tokyo Stock Exchange  
 Ricoh Elemex Corporation: Tokyo Stock Exchange, Nagoya Stock Exchange

## Policies

### (1) Basic Management

The Ricoh Group intends to be the company that gains most from the 21st century. With this aim, we will continue to provide high levels of reliability and to create new value in order to contribute both to productivity improvement and also to knowledge creation for individuals working anytime, anywhere. Accordingly, our proactive approach encompasses not only products and services for traditional office setups, but also customers working in a broadband environment. Our three-year 14th medium-term management plan – which extends from April 2002 until March 2005 – features the following five basic management policies:

- i. Realize a "vital and motivated culture"
- ii. Strengthen technologies to become the World No.1 product manufacturing company
- iii. Build "Customer-Friendly" and "Environmentally-Friendly" company
- iv. Strengthen each business unit and revolutionize group business structures
- v. Strengthen management constitution for competitive advantage

### (2) Medium-Term Management Strategies

In terms of office equipment business – our core competence – we in the Ricoh Group have made every possible effort since the inception of our 13th medium-term management plan to move beyond the manufacture and retail of equipment such as copiers and printers so that we may overhaul our operational structure, thus enabling us to support our customers in their efforts to improve or enhance productivity through our offering.

As these customers continue to experience heightened demand for operation improvement and reform, further expansion of digital networking will be accompanied by changes in the nature of critical customer information in terms of increased digitization, coloring, and volume.

As a result of these factors, it is expected that efficient and effective I/O, storage, and searching of TDV (i.e., total document volume), which includes printed material in addition to photocopies, will become a pressing issue for said customers.

Our 14th medium-term management plan thus focuses on the realization of TDV, thereby broadening our revenue and earning framework. In this, our basic strategy features the following three goals:

- i. Replacing monochrome products with color models

To expand our lineup of compact color machines at prices comparable to those of monochrome models, thus satisfying our customers' requirements for color capability without being limited simply to the replacement of monochrome copiers.

- ii. Increased sales of high-speed models

To provide high-speed copiers with a competitive edge in terms of purchase price, maintenance costs, and reliability, thus responding suitably to customer needs for high levels of efficiency.

- iii. Provision of printing solutions

To propose optimum combinations of copiers and printers in order to allow customers to meet additional cost reduction requirements.

The state of achievement of these basic strategy goals in the current period is as follows.

In terms of the replacement of monochrome products with color models, we have striven to complete our product lineup by continuously introducing new multifunction color models and color laser printers to the market. As a result of these efforts, our share in the color copier market in the US and Europe in particular has increased significantly. Furthermore, with the aim of cultivating a market for ink-jet printers intended for business usage, we have released the IPSiO G505/G707 – a pair of color ink-jet printers that utilize Ricoh's unique gel-jet technology.

Turning our attention to the sale of high-speed copiers, our multifunction high-speed digital models continue to set an excellent reputation in markets both here in Japan and overseas, thus establishing a position of prominence in a vast range of commercial scenes. Finally, with regard to the provision of printing solutions, we continue to make proposals for the optimization of total spending on copiers and printers and to implement our global service and support system in order to steadily expand our business dealings with major clients on the worldwide stage; furthermore, this is particularly true in the case of the US and European markets.

At Ricoh, we strive to enhance our technological capabilities in order to become the world No.1 product manufacturing company, fully capable of providing products and services with an unrivalled competitive edge. In specific terms, these efforts focus on technologies aimed at developing next-generation, high-speed color imaging equipment, design and development aimed at simplifying the process of connecting various items of office hardware, and the creation of environmentally-friendly products and services.

The Imagio Neo 602/752 series represents one of the achievements made possible by the above-mentioned strategy: Boasting not only exceptional environmental characteristics, these multifunction digital copiers simultaneously achieve ease-of-use and energy efficiency while retaining the high productivity required of high-speed models.

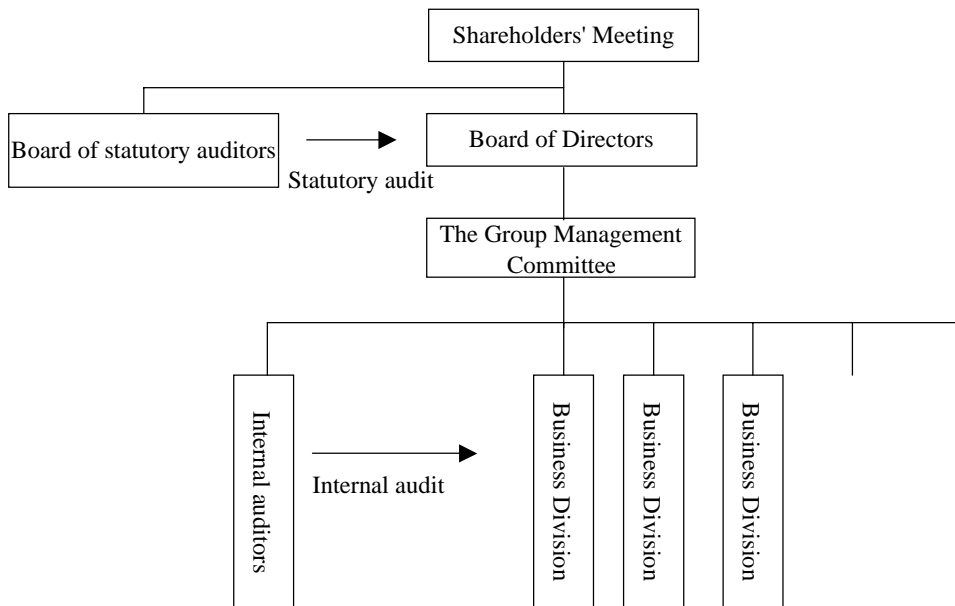
(3) Basic Approach and Policies for Corporate Governance

In our drive to enhance competitive strengths, Ricoh is committed to management transparency in accordance with our corporate philosophy and ethics.

i. State of implementation of policies for corporate governance

By reinforcing the board of directors and implementing an executive officer system in accordance with the following measures, we aim to strengthen both business administration and the enforcement of management.

- Adoption of a statutory auditors system
- Placement of an executive officer system and the assignment of authority to divisions in order to clarify their roles
- Maintaining of a board of fourteen directors including two external members to handle major decisions on business administration and group management
- Establishment of a group management committee and enforcement of management through the auditing of individual divisions, formulation of optimum strategies for the group as a whole, and other similar activities
- Continuation of legally-required auditing through the efforts of four auditors (including two external auditors) and establishment of independent internal auditing by a corporate audit office



ii. Personal, capital-based, business, and other factors between the company and the two external directors and two external auditors.

There are currently no conflicts of interest.

iii. Corporate governance initiatives implemented by Ricoh over the past year

In addition to establishing both a Corporate Social Responsibility (CSR) charter for the entire Ricoh Group and group-wide codes of conduct, we have recognized, understood, and strictly observed national law, international rules, and the corresponding thinking; furthermore, we have painstakingly ensured that all activities are carried out with a thorough sense of social awareness and responsibility. In terms of the disclosure of corporate information, corporate rules have been setup for the entire process comprising data research, gathering, reporting, and disclosure. Furthermore, a Disclosure Committee has been established in order to ensure that such information is disclosed in a proper, punctual, and comprehensive manner.

In response to calls for higher degrees of independence for auditing firms, we have set forth regulations regarding the policies and measures for advance acknowledgement of audited and non-audited activities. The board of auditors' advance acknowledgement system has been implemented with respect to the content of auditing contracts and the corresponding charges.

#### (4) Challenges

Although the economy of Japan and the US began to exhibit some upswing momentum in the second half of the last fiscal year, prospects for the business climate remain unpredictable as a result of the continuing appreciation of the yen against the US dollar and the euro, and also due to epidemics, terrorism, and other factors adversely affecting international stability. In terms of our operating environment, furthermore, the level of competition has increased significantly in the market for digital networking and coloring solutions.

The Ricoh Group's priorities in the achievement of sustainable growth within such a challenging environment are to create new customer value and to manage in a highly-efficient manner, thereby enhancing corporate competitiveness. In order that we may create customer value through the identification of new customer requirements and the provision of the highest levels of product value to said customers, it is crucial that Ricoh achieves its aim of becoming the world No.1 product manufacturing company. With this fully in mind, we intend to redouble our efforts in the creation of value in all facets of management that target customer satisfaction, while at the same time reinforcing our technological strengths as a means of generating new value with our products and services.

In addition, we intend to vigorously pursue the three customer-value factors that we, as a manufacturer, must achieve – namely, simplification of knowledge creation, harmony with the environment, and the well-being of all. In other words, we will strive to support our customer's knowledge creation activities, or alternatively, to create an environment that fosters the creation of knowledge; to provide products and services that allow our customers to contribute to protection of the environment; and to achieve higher levels of user friendliness so that customers may put our products and services to more efficient use.

Meanwhile, steady progress is currently being made in the optimization of efficiency through process reform in all group fields, thus improving management efficiency. In addition to enhancing our earning power through these efforts, we intend to positively invest the profit that we have achieved in future growth. Furthermore, in terms of the stock acquisition of Hitachi Printing Solutions, Ltd., for which a basic agreement was reached at the end of March, we will endeavor to ensure that this is brought to fruition, thus helping to achieve our aim of expanding and intensifying the printer industry.

#### (5) Dividend Policy

Ricoh endeavors to ensure that policies are regularly updated to reflect increases in earnings and to take the dividend payout ratio into consideration in the payment of dividends, while at the same time increasing retained earnings for the enhancement of corporate structure and the generation of new business. Furthermore, these retained earnings will be used both in the reinforcement of core businesses and for investment in new fields with both medium-term and long-term perspectives.

#### (6) Approach and Policies for Reducing Minimum Investment Lots

Ricoh plans to keep investment patterns and shareholder composition under close scrutiny, and we will consider taking the appropriate steps to alter the minimum investment lot if so required. By reducing the minimum number of shares required to invest in the company, Ricoh believes that a broader range of investors can be attracted to equity markets, while at the same time, the liquidity of this company's shares may be enhanced. Nevertheless, many investors already trade in Ricoh's shares, and for this reason, management has concluded that there is no immediate need for reduction of the minimum investment lots.

Furthermore, we intend to pay attention to the condition of business partners and of shareholder makeup as we carefully study both the necessity and the timing of implementation of these measures.



## Performance

### \*Overview

In fiscal 2004 (extending from April 1st, 2003 to March 31st, 2004), consolidated net sales of the Ricoh Group increased 2.4% from the previous corresponding period to ¥1,780.2 billion, and this was the 10th consecutive revenue growth. The average exchange rates prevailing during the term were ¥113.09 to the dollar (up ¥8.87) and ¥132.65 to the euro (down ¥11.65). Accordingly, the increase in sales with respect to the previous period would be 1.8%, excluding the effect of such foreign exchange fluctuation.

In terms of the domestic market, sales increased for printing systems such as multifunctional printers (MFPs) and laser printers. Although sales performance also became favorable for solutions business such as useware and document management, sales of optical disc decreased. As a result of these factors, overall sales of office equipment increased 1.4% from the previous corresponding period. In terms of other business areas, furthermore, results were affected by poor demand for measuring equipment. However, optical equipments, leasing and other business continue to perform favorably. Consequently, overall domestic sales increased 2.0% to ¥914.0 billion. Domestic sales accounted for 51.3% of consolidated net sales, down 0.2%.

In terms of overseas sales, though sales decreased due to the yen's appreciation against the dollar in the United States, our office equipment business continued to perform favorably in Europe. In other areas, sluggish demand for optical disc products led to a reduction in sales figures. In terms of sales by product category, our core products – namely, color PPCs and printing systems – generated increased sales, and this compensated for reduced sales of standalone analog equipments and optical discs. As a result of these factors, sales in overseas markets increased 2.8% from the previous corresponding period to ¥866.1 billion. Overseas sales would increase 1.5%, excluding the effect of foreign exchange rates fluctuations. Furthermore, these sales accounted for 48.7% of consolidated net sales, up 0.2%.

Gross profit increased 2.7% to ¥765.6 billion. In both Japan and abroad, sales increased for high-margin, high-value-added products – notably MFPs and laser printers – and in addition to the effect of the yen's depreciation against the euro, Ricoh also benefited from ongoing cost cutting efforts.

In terms of selling, general and administrative expenses, increases were recorded for pension cost and strategic spending on research and development, the development of core systems, and other activities. Furthermore, although losses of ¥5.9 billion were incurred as a result of settlement of tax qualified pension plan, a gain of ¥8.3 billion on return of the substitutional portion of Employees' Pension Fund to the Japanese Government was recorded. As a result of these factors, expenses increased 0.6% to ¥615.6 billion.

Ricoh has valued long-lived assets in an appropriate manner, adopting the expected present-value approach of future cash flow.

Consequently, operating income increased by 12.2% from the previous corresponding period to ¥150.0 billion.

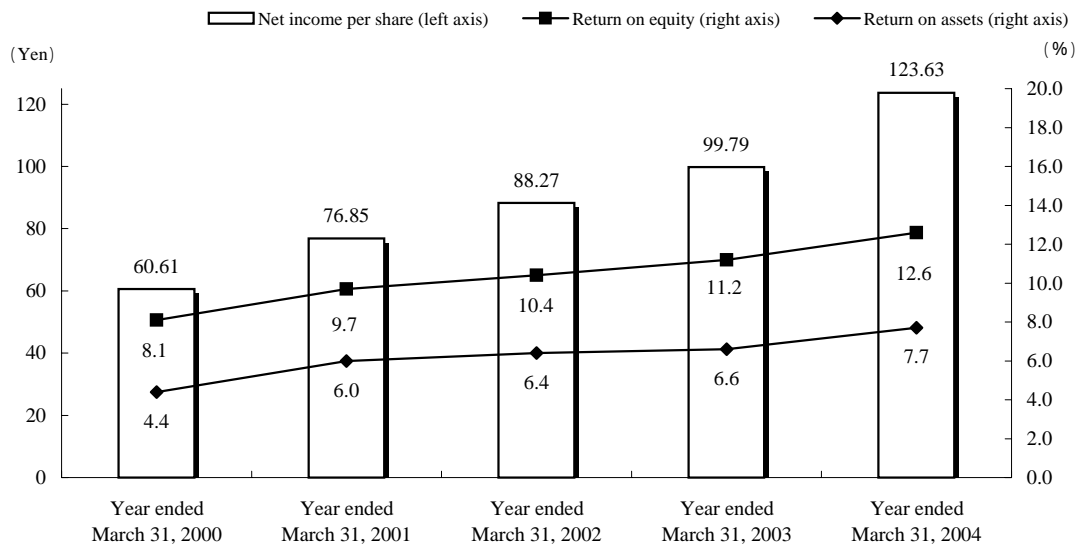
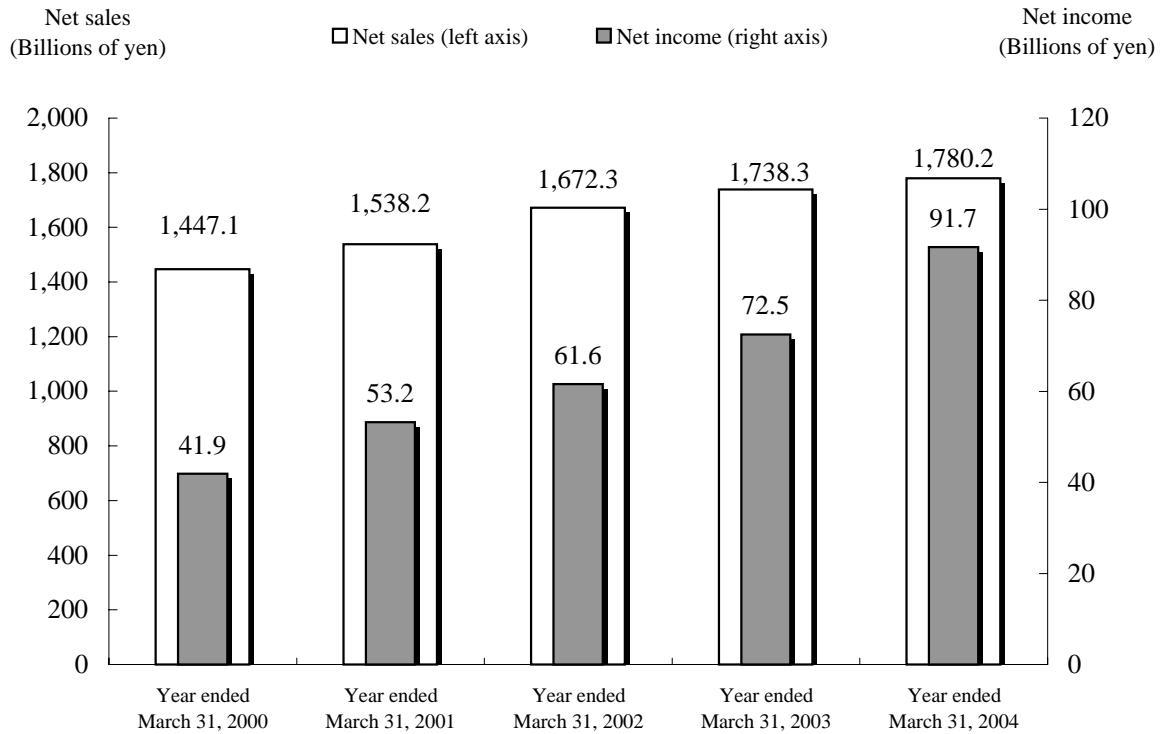
In terms of other (income) expenses, interest and dividend income decreased primarily due to sluggish financial markets, and in addition, foreign exchange losses also increased. Meanwhile, the company reduced interest-bearing debt and interest costs by reinforcing cash management systems in Japan, the United States, and Europe. In accordance with an amendment of the pension system, furthermore, certain marketable securities were contributed to the employee retirement benefit trust, and this generated net realized gains of the securities. As the result, income before income taxes increased 15.9%, to ¥143.0 billion.

With regard to taxes, the amount of tax exemption on research and development expenses and information technology investments increased, thereby leading to a decline in the effective tax rate. The effect of improvement in business performance of our affiliates is reflected in minority interests in earnings of subsidiaries. In addition, the cumulative effects of accounting change in accounting for marketable securities transferred to pension trust in a previous year were also reflected in the income statement in connection with gain recognition for additional contribution to the employee pension trust made in March, 2004. As a result of the above, net income increased 26.6% to ¥91.7 billion, and this represents the 12th consecutive increase and the 10th consecutive record high.

With regard to the state of the business segment, sales and operating earnings associated with office equipment operations rose as a result of increased retail sales of printing systems and cost reduction activities such as supply chain management (SCM). Furthermore, stagnation in the sluggish market for measuring equipment was compensated for by the favorable performance of leasing and other business. As the results, both sales and operating income increased. Turning our attention to geographic segments, sales volumes for core strategic products increased and high production levels were maintained, thus leading to higher operating earnings in each region.

Year-end cash dividends are proposed as ¥10.00 per share, and when combined with interim dividends of ¥8.00, total dividends for the current fiscal year 2004 will be ¥18.00.

## Consolidated performance



\*Consolidated Sales by Product Line

Office Equipment (up 2.4% to ¥1,557.6 billion)

Demand placed on customers for productivity overhaul and enhancement has risen sharply. At the Ricoh group, we continue to propose solutions that optimize our customers' total printing costs, thus supporting the efficient and effective management of TDV (total document volume) through the further expansion of digital networking in combination with increased digitization, colorization and high speeding, we are advancing the level of digitization and networking in standalone analog equipments and the level of support for increased color usage and speed.

As a result, we have significantly increased sales, particularly in MFPs, laser printers, and other printing solutions. Furthermore, sales generated by solution business dealing with useware, software, and the like continue to grow. In Japan, sales of personal computers and servers decreased and there is currently stagnation in the retail of optical-disc products. Furthermore, overseas operations are suffering under the effect of turmoil in the Middle East, the yen's appreciation against the dollar, sluggish demand in the Asian region, and other factors. Nevertheless, the deployment and expansion of strategies for our core products proved effective, and sales increased in both the domestic and overseas markets. Accordingly, sales of office equipment increased 2.4% from the previous corresponding period to ¥1,557.6 billion.

Imaging Solutions (down 6.5% to ¥803.5 billion)

In terms of digital imaging systems, the Company has strengthened its lineup of digital PPC products from standard models to high-speed digital models, in addition, we also offered new color PPC products to our range. Digital PPC products are now performing well in overseas markets, and sales of color PPC products have increased both in Japan and overseas. Nevertheless, the shift towards printing systems has led to a 3.3% reduction in overall sales of digital imaging systems from the previous corresponding period.

In terms of other imaging systems, sales decreased 15.2% as a result of the trend to move away from analog type equipment in favor of digital equipments and MFPs. Accordingly, the effect of Ricoh group strategies on the entire imaging solutions field has led to sales dropping by 6.5% to ¥803.5 billion. Sales in this category accounted for 45.1% of consolidated net sales, down 4.4%.

Networking Input/Output Systems (up 20.5% to ¥558.2 billion)

In the field of printing systems, Ricoh introduced new products with higher levels of speed, networkability, and color support to expand the sale of printing equipment to meet customer needs. In terms of MPFs, Imagio Neo 352/452 and Imagio Neo C385/C325 was well received here in Japan, and the same is true for Aficio 2035/2045 and Aficio 1224C/1232C in overseas markets. Sales of laser printers are also on the increase, with the IPSiO NX85S and IPSiO CX7200 performing favorably in the domestic market, and the AP400/400N and Aficio CL3000 moving well overseas. In accordance with these factors, overall sales of printing systems increased 24.6%.

In the input/output systems, although optical discs performed favorably in overseas markets in the previous period, there has been a downturn in the retail of drives, and overall sales for other input/output systems decreased 10.1%.

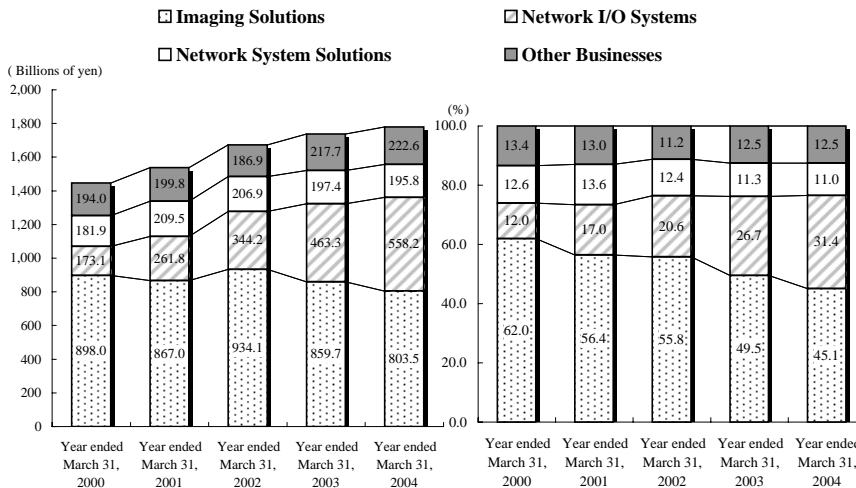
As a result, sales in networking input/output systems, our key field for the implementation of strategies, increased 20.5% to ¥558.2 billion. Sales in this category accounted for 31.4% of consolidated net sales, up 4.7%.

Network System Solutions (down 0.8% to ¥195.8 billion)

In order to support customers in the optimization of their total printing costs, Ricoh has strengthened the solution business with respect to useware, document management, and software. This has also led to increased domestic and overseas sales. On the other hand, sales of personal computers and servers continued to decline in Japan, reflecting sluggish information technology spending. In accordance with these factors, sales in this category decreased 0.8% to ¥195.8 billion.

Other Businesses (up 2.2% to ¥222.6 billion)

Sales generated by other business activities increased 2.2% to ¥222.6 billion. Optical equipments, leasing and other business performed favorably, although results have become stagnant in the sluggish market for measuring equipment.



\* Consolidated Sales by Geographic Area

Japan (up 2.0% to ¥914.0 billion)

While recovery is now predicted for stock market conditions, corporate capital expenditure, and business profitability, conditions within the Japanese domestic market remain difficult. Accordingly, we have promoted product and marketing strategies in office equipment in order to respond suitably to customer needs, and as a result, printing systems such as MFPs and laser printers performed favorably in terms of sales, as have solution business products such as useware and software. Meanwhile, sales in analog equipments replaced with MFPs and color equipments and sales of personal computers and servers declined. In terms of other business, sales have also fallen in the sluggish market for measuring equipment, although leasing and other business performed favorably. As a result of these factors, sales in Japan have increased 2.0% to ¥914.0 billion. Domestic sales accounted for 51.3% of consolidated net sales, down 0.2% .

The Americas (down 5.1% to ¥326.3 billion)

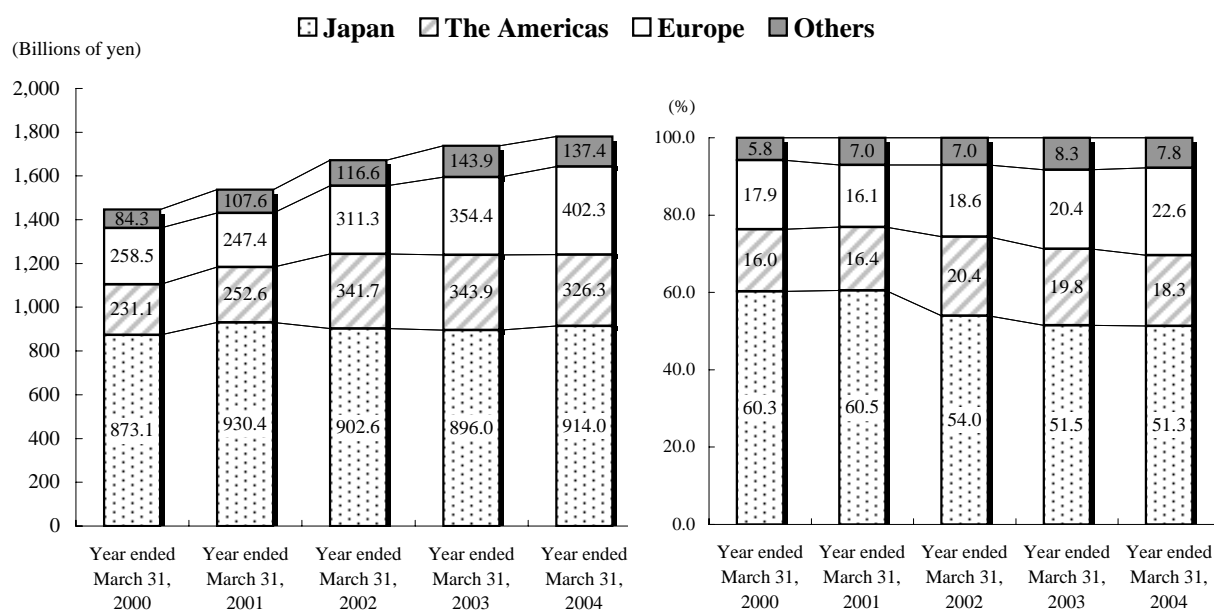
In circumstances of repercussions from the Iraq war, turmoil in the Middle East, and severe competition, through its enhanced sales network, Ricoh has injected full effort into the retail of color PPCs and into printing systems that can respond to customers' changing needs for networking, coloration, and high speeding. Furthermore, we have also striven to expand sales to major accounts. Nevertheless, sales in the Americas have decreased 5.1% to ¥326.3 billion, due to the higher yen against the dollar, and after factoring out the yen's appreciation, sales increased 2.1%.

Europe (up 13.5% to ¥402.3 billion)

With European economies remaining relatively stable, sales of color PPCs and printing systems increased. Ricoh has strengthened its sales network and continuously reinforced its brand power, and these efforts have helped Ricoh to maintain its top share of the European market for copiers and MFPs. The yen's depreciation against the euro also contributed. As a result, sales in Europe increased 13.5% to ¥402.3 billion.

Others (down 4.5% to ¥137.4 billion)

In China and other Asian markets, a full-fledged shift in business-equipment purchasing trends towards digital networked and color models has generated an increase in our sales of color PPCs and printing systems. However, demand for optical discs has dropped and performance has also been affected by a reduction in demand throughout the entire Asian region. Accordingly, sales in other regions decreased 4.5% to ¥137.4 billion.



## \*Segment Information

### Business Segment

#### Office Equipment

In the category of imaging solutions and printing systems, Ricoh has introduced a range of high value-added products from standard models to high-speed digital models and with document functionality that extends from input/output to sharing and administration. Accordingly, domestic and overseas sales of color PPC and MFPs have grown, and retail volume for laser printers increased – particularly in terms of color models. Sales continue to increase for useware, software, and other solutions aimed at satisfying the diverse needs of customers. However, sales of optical disc business that moved into positive territory during the last period decreased. As the result of the above factors, sales of business equipment increased 2.4% to ¥1,557.6 billion.

Turning our attention to operating expenses, despite increased investment in research and development and in information technologies for the core system development, operating income increased 7.1% to ¥204.3 billion. This increase has been achieved through increased sales of high value-added products with high margins, through ongoing cost cutting activities in production and administration, as well as through the effect of the yen's depreciation against the euro. The operating income to net sales increased 0.6% to 13.1%.

Capital expenditure focused primarily on the enhancement of new production lines and on investment for research and development purposes. In terms of total assets, while account receivables and inventories both grew in this period, assets efficiency has improved.

#### Other Businesses

Optical devices, leasing and other business performed favorably, although results have become stagnant in the sluggish market for measuring equipment. As a result, sales in other business increased 2.1% to ¥225.0 billion, and operating earnings improved to ¥4.6 billion.

	(Billions of yen)		
	Year ended March 31, 2004	Year ended March 31, 2003	Change (%)
<b>Office Equipment:</b>			
Net sales	1,557.6	1,520.5	2.4
Operating income	204.3	190.7	7.1
<i>Operating income on sales(%)</i>	<i>13.1</i>	<i>12.5</i>	<i>0.6</i>
Identifiable assets	1,220.7	1,198.7	1.8
Capital expenditures	65.3	65.7	-0.5
Depreciation	57.9	60.6	-4.5
<b>Other Businesses:</b>			
Net sales	225.0	220.5	2.1
Operating income	4.6	-2.2	-
<i>Operating income on sales(%)</i>	<i>2.1</i>	<i>-1.0</i>	<i>3.1</i>
Identifiable assets	182.5	176.2	3.5
Capital expenditures	8.7	7.2	20.8
Depreciation	7.7	6.9	12.4

## Geographic Segment

### Japan

In our office equipment business, sales of 2nd half year in particular increased for printing systems pursued an aggressive marketing strategy. Useware and other solution businesses also performed well. In addition, due to higher exports to overseas markets and the yen's depreciation against the euro, sales in Japan increased 3.0% to ¥1,313.1 billion. In combination with this sales growth, increased retail of printing systems and cost reduction activities such as supply chain management (SCM), compensated for the effect of sluggish performance of optical disc business and stagnation in the measuring equipment market. Accordingly, operating earnings increased 13.0% to ¥97.3 billion.

### The Americas

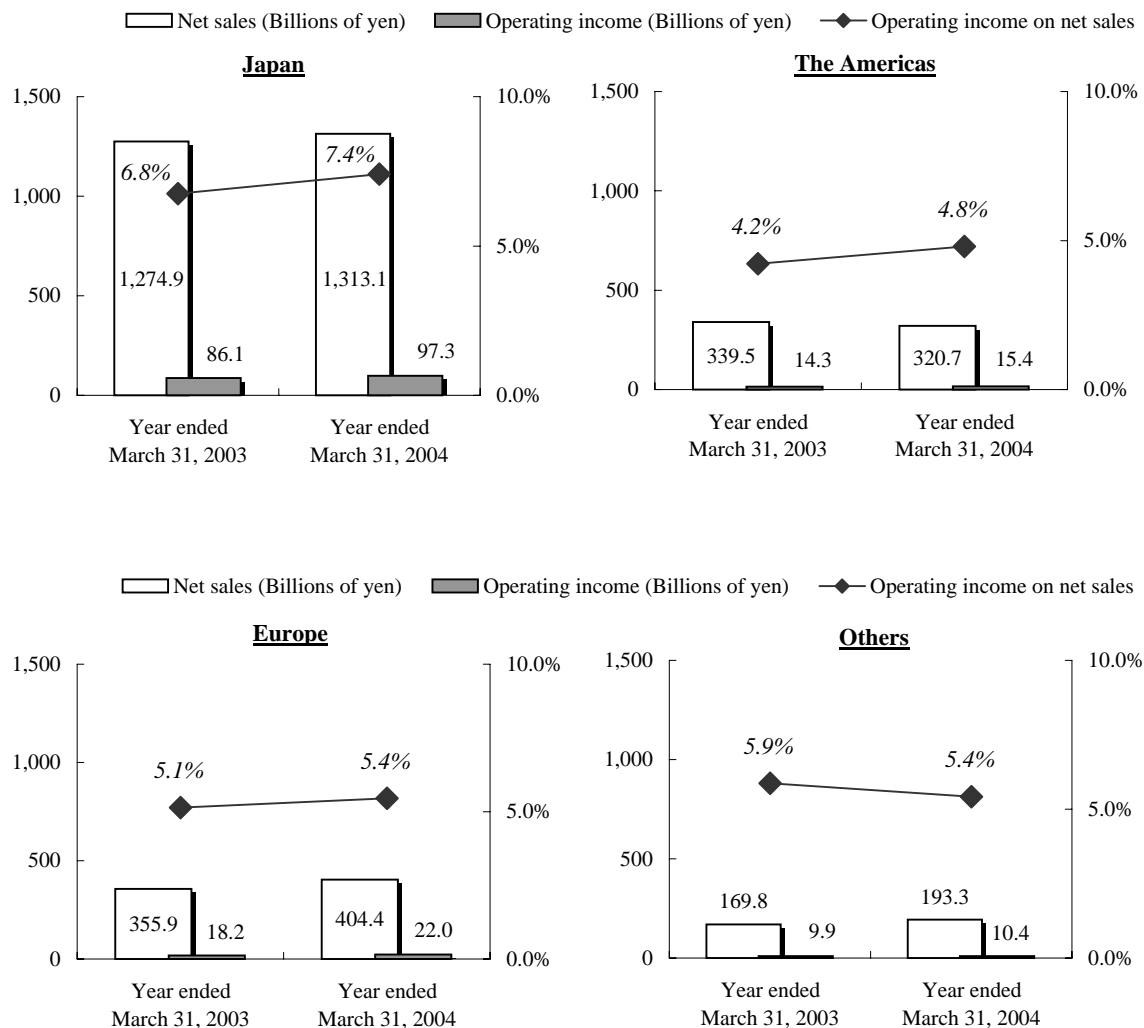
In an environment characterized by turmoil in the Middle East and intensifying competition, Ricoh through its continually-enhanced retail channel efficiently expanded sales of printing systems and improved retail strategies for major accounts. Sales of MFPs and laser printers increased, particularly in the case of new color products. However, the yen's appreciation against the dollar has caused sales in the Americas to drop by 5.5% to ¥320.7 billion. With full effort injected into cost cutting through SCM and other activities, operating earnings increased 8.0% to ¥15.4 billion.

### Europe

Operations in Europe succeeded in increasing sales in all regional markets, with PPCs and printing systems performing particularly well, and Ricoh maintained its top share in the European copier and MFPs market. As a result, sales in Europe increased 13.6% to ¥404.4 billion. Furthermore, operating income increased by 20.6% to ¥22.0 billion, reflecting higher increase on revenue, the effect of production in the optimum region closer to customers, and the yen's depreciation against the euro.

### Others

The shift in demand for office equipment to MFPs and color models has been significant both in China and elsewhere in Asia and Oceania. In addition, Ricoh has maintained high production levels in order to respond to increased demand all over the world. As a result of these factors, sales for this segment increased 13.8% to ¥193.3 billion, and operating income increased 5.0% to ¥10.4 billion reflecting higher levels of sales and production.



\*Financial Position

(1) Assets, Liabilities, and Shareholders' Equity at Year-End	(Billions of yen)		
	March 31, 2004	March 31, 2003	Change
Total Assets	1,852.7	1,884.9	-32.1
Shareholders' Equity	795.1	657.5	137.6
Equity Ratio	42.9%	34.9%	8.0%

In Assets, account receivables especially in Japan and Europe increased ¥4.3 billion with respect to the previous period to ¥422.2 billion. Inventories reduced ¥0.6 billion to ¥145.3 billion. Capital expenditure focused on effective performance resulted in tangible fixed assets reduced ¥10.0 billion to ¥238.7 billion. On the other hand, finance receivables increased ¥37.7 billion to ¥514.0 billion, mainly in Japan. Factors such as the replacement of investment securities with marketable securities and lower deferred tax assets as a result of reduced employee pension obligations caused other investments decreased ¥109.1 billion to ¥228.2 billion. As a result, total assets decreased ¥32.1 billion to ¥1,852.7 billion.

Turning to liabilities, domestic and overseas trade payable increased ¥16.8 billion to ¥297.6 billion. Interest-bearing debt has been reduced by ¥51.8 billion to ¥432.7 billion due primarily to efforts to lower borrowing. Furthermore, other current liabilities decreased ¥10.4 billion to ¥158.5 billion, and as a result of amendment of the domestic pension system and transfer of the substituted portion of the Employees' Pension Fund, retirement benefit obligations reduced ¥125.5 billion to ¥83.4 billion. In accordance with the above, total liabilities decreased ¥165.3 billion to ¥1,008.7 billion.

In Shareholders' Equity, common stock and additional paid-in capital were essentially unchanged. Retained earnings increased ¥80.6 billion to ¥515.3 billion. Accumulated other comprehensive income decreased ¥64.4 billion, due primarily to the decrease of pension liability adjustments. Consequently, total shareholders' equity increased ¥137.6 billion to ¥795.1 billion.

(2) Cash Flows	(Billions of yen)		
	Year ended March 31, 2004	Year ended March 31, 2003	Change
Cash flows from operating activities	154.9	185.7	-30.8
Cash flows from investing activities	-63.3	-98.1	34.8
Cash flows from financing activities	-74.8	-67.1	-7.6
Cash and Cash Equivalents at End of Period	203.0	189.2	13.7

Although net income and depreciation and amortization increased, increase of account receivables and inventories, and the payment of corporate tax resulted in net cash provided by operating activities decreasing by ¥30.8 billion from the previous corresponding period to ¥154.9 billion.

While investment continued for the enhancement of new-product lines, factors such as reduced fund investments resulted in the net cash used in investing activities decreasing by ¥34.8 billion from the previous corresponding period to ¥63.3 billion.

As a result of the above factors, free cash flow generated by operating and investing activities increased ¥3.9 billion to ¥91.5 billion.

Effective use of financial resources was promoted throughout the group and every effort was made to reduce interest-bearing debt. Consequently, net cash used in financing activities reached a level of ¥74.8 billion. Note that this expenditure includes dividend payments of ¥11.1 billion and ¥11.4 billion to secure treasury stock.

As a result of these factors, cash and cash equivalents at the close of the term increased ¥13.7 billion with respect to the previous period to ¥203.0 billion.

(3) Cash Flow Indices	Year ended	Year ended	Year ended	Year ended	Year ended
	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004
Shareholders' equity / Total assets	35.1%	32.7%	34.5%	34.9%	42.9%
Market capitalization / Total assets	98.7%	92.2%	95.6%	73.0%	85.3%
Interest bearing debt / Operating cash flow	3.8	5.2	5.3	2.6	2.8
Operating cash flow / Interest expense	13.3	13.2	12.8	27.1	29.3

Notes:

- i. All indices are calculated based on consolidated data.
- ii. Market capitalization equals the stock price at the end of fiscal year multiples by the number of shares outstanding at the end of fiscal year.
- iii. Operating cash flow is shown in consolidated statement of cash flow. Interest bearing debt equals all debt in consolidated balance sheets.

\*Forecast for the next fiscal year

\*Economic projections and Ricoh Group's strategies for fiscal 2005

While recovery is now predicted for stock market conditions, corporate capital expenditure, and business profitability, factors such as high unemployment and the uncertain income environment give rise for concern about the outlook for fiscal 2004 (extending from April 1st, 2004 to March 31st, 2005), and Ricoh management considers that it will take time for the Japanese economy to make a full recovery. In addition, it is also felt that repercussions of the Iraq war, turmoil in the Middle East, and sever competition will continue to effect overseas economies as they push towards recovery.

In light of these conditions and as part of its 14th medium-term term management plan – a plan that comes to completion with the end of this fiscal year – the Ricoh Group has opted to expand its profit base in accordance with the core strategy of expanding total document volume (i.e., by increasing volume and value per sheet). In specific terms, we have promoted activities in line with the following policies.

- Replacing monochrome products with color models
- Increased sales of high-speed models
- Provision of printing solutions

The crucial challenges for our customers will be to improve workflow and enhance productivity by better management of total document volume. We will support such efforts by continuing to formulate proposals to optimize our customers' total printing costs and by promoting on-going products and services that meet more sophisticated needs for color and speed in office document production.

With regard to activities to date, we have expanded our market share by continuously introducing new multifunction color models and color laser printers to the market. We have released a range of color ink-jet printers for business applications. In accordance with the enhancement of our printing solutions, we have increased business with major clients through the use of our global-scale service and support system. Furthermore, in terms of the stock acquisition of Hitachi Printing Solutions, Ltd., for which a basic agreement was reached at the end of March we will endeavor to ensure that this is brought to fruition, thus helping to achieve our aim of expanding and intensifying the printer industry.

Ricoh will pursue efficiencies through process reform in each of the group's business areas in order to ensure sustainable earnings growth and to generate cash flow; in addition, we will further reinforce our price competitiveness through the reduction of product costs and the streamlining of business structure.

Our performance forecasts for fiscal 2005 are as follows:

Exchange Rate Assumptions for the full year ended March 31, 2005

US\$ 1 = ¥105.00 (¥113.09 in previous fiscal year)

EURO 1 = ¥130.00 (¥132.65 in previous fiscal year)

	(Billions of yen)		
	Year ended March 31, 2005 (Forecast)	Year ended March 31, 2004 (Results)	Change
Domestic sales	935.0	914.0	2.3%
Overseas sales	875.0	866.1	1.0%
Net sales	1,810.0	1,780.2	1.7% (*1)
Gross profit	785.0	765.6	2.5%
Operating income	175.0	150.0	16.7%
Income before income taxes	165.0	143.0	15.3%
Net income	95.0	91.7	3.5% (*2)

Notes:

\*1...Net sales would be eleventh consecutive year of growth.

\*2...Net income would be thirteenth consecutive year of growth and eleventh consecutive year of record high.

\* Ricoh bases the forecast estimates for March 31, 2005 above upon information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.



## Consolidated Performance

### 1. Consolidated Statements of Income

(Three months ended March 31, 2004 and 2003)

(Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
Net sales	471,252	460,798	10,454	2.3
Cost of sales	279,512	261,031	18,481	7.1
<i>Percentage of net sales (%)</i>	59.3	56.6		
Gross Profit	191,740	199,767	-8,027	-4.0
<i>Percentage of net sales (%)</i>	40.7	43.4		
Selling, general and administrative expenses	155,203	160,835	-5,632	-3.5
<i>Percentage of net sales (%)</i>	32.9	35.0		
Operating income	36,537	38,932	-2,395	-6.2
<i>Percentage of net sales (%)</i>	7.8	8.4		
Other (income) expense				
Interest and dividend income	178	1,134	-956	-84.3
<i>Percentage of net sales (%)</i>	0.0	0.2		
Interest expense	1,090	1,525	-435	-28.5
<i>Percentage of net sales (%)</i>	0.2	0.3		
Other, net	-2,756	731	-3,487	-
<i>Percentage of net sales (%)</i>	-0.5	0.1		
Income before income taxes, equity income and minority interests	38,381	37,810	571	1.5
<i>Percentage of net sales (%)</i>	8.1	8.2		
Provision for income taxes	14,744	15,235	-491	-3.2
<i>Percentage of net sales (%)</i>	3.1	3.3		
Minority interests in earnings of subsidiaries	1,334	1,724	-390	-22.6
<i>Percentage of net sales (%)</i>	0.2	0.4		
Equity in earnings of affiliates	161	336	-175	-52.1
<i>Percentage of net sales (%)</i>	0.0	0.1		
Income before cumulative effect of accounting changes	22,464	21,187	1,277	6.0
<i>Percentage of net sales (%)</i>	4.8	4.6		
Cumulative effect of accounting change, net of tax	7,373	-	7,373	-
<i>Percentage of net sales (%)</i>	1.5	-		
Net income	29,837	21,187	8,650	40.8
<i>Percentage of net sales (%)</i>	6.3	4.6		
Reference : Exchange rate				
US\$ 1	¥107.31	¥119.04		
EURO 1	¥134.10	¥127.63		

(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
Net sales	1,780,245	1,738,358	41,887	2.4
Cost of sales	1,014,619	993,009	21,610	2.2
<i>Percentage of net sales (%)</i>	57.0	57.1		
Gross Profit	765,626	745,349	20,277	2.7
<i>Percentage of net sales (%)</i>	43.0	42.9		
Selling, general and administrative expenses	615,620	611,695	3,925	0.6
<i>Percentage of net sales (%)</i>	34.6	35.2		
Operating income	150,006	133,654	16,352	12.2
<i>Percentage of net sales (%)</i>	8.4	7.7		
Other (income) expense				
Interest and dividend income	1,925	3,772	-1,847	-49.0
<i>Percentage of net sales (%)</i>	0.1	0.2		
Interest expense	5,290	6,853	-1,563	-22.8
<i>Percentage of net sales (%)</i>	0.3	0.4		
Other, net	3,578	7,103	-3,525	-49.6
<i>Percentage of net sales (%)</i>	0.2	0.4		
Income before income taxes, equity income and minority interests	143,063	123,470	19,593	15.9
<i>Percentage of net sales (%)</i>	8.0	7.1		
Provision for income taxes	56,641	51,984	4,657	9.0
<i>Percentage of net sales (%)</i>	3.2	3.0		
Minority interests in earnings of subsidiaries	4,094	1,376	2,718	197.5
<i>Percentage of net sales (%)</i>	0.2	0.0		
Equity in earnings of affiliates	2,065	2,403	-338	-14.1
<i>Percentage of net sales (%)</i>	0.1	0.1		
Income before cumulative effect of accounting changes	84,393	72,513	11,880	16.4
<i>Percentage of net sales (%)</i>	4.7	4.2		
Cumulative effect of accounting change, net of tax	7,373	-	7,373	-
<i>Percentage of net sales (%)</i>	0.5	-		
Net income	91,766	72,513	19,253	26.6
<i>Percentage of net sales (%)</i>	5.2	4.2		
Reference : Exchange rate				
US\$ 1	¥113.09	¥121.96		
EURO 1	¥132.65	¥121.00		

## 2-1. Consolidated Sales by Product Category

(Three months ended March 31, 2004 and 2003)

(Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
<Office Equipment>				
Imaging Solutions:				
Digital Imaging Systems	153,230	166,111	-12,881	-7.8
Percentage of net sales (%)	32.5	36.0		
Other Imaging Systems	46,217	54,917	-8,700	-15.8
Percentage of net sales (%)	9.8	12.0		
Total Imaging Solutions	199,447	221,028	-21,581	-9.8
Percentage of net sales (%)	42.3	48.0		
Network Input/Output Systems:				
Printing Systems	151,191	116,450	34,741	29.8
Percentage of net sales (%)	32.1	25.3		
Other Input/Output Systems	5,928	10,565	-4,637	-43.9
Percentage of net sales (%)	1.2	2.3		
Total Network Input/Output Systems	157,119	127,015	30,104	23.7
Percentage of net sales (%)	33.3	27.6		
Network System Solutions	56,967	57,357	-390	-0.7
Percentage of net sales (%)	12.2	12.4		
Office Equipment Total	413,533	405,400	8,133	2.0
Percentage of net sales (%)	87.8	88.0		
< Other Businesses >				
Other Businesses	57,719	55,398	2,321	4.2
Percentage of net sales (%)	12.2	12.0		
Grand Total	471,252	460,798	10,454	2.3
Percentage of net sales (%)	100.0	100.0		
Reference : Exchange rate				
US\$ 1	¥107.31	¥119.04		
EURO 1	¥134.10	¥127.63		

(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
<Office Equipment>				
Imaging Solutions:				
Digital Imaging Systems	606,270	626,967	-20,697	-3.3
Percentage of net sales (%)	34.1	36.1		
Other Imaging Systems	197,304	232,746	-35,442	-15.2
Percentage of net sales (%)	11.0	13.4		
Total Imaging Solutions	803,574	859,713	-56,139	-6.5
Percentage of net sales (%)	45.1	49.5		
Network Input/Output Systems:				
Printing Systems	509,212	408,830	100,382	24.6
Percentage of net sales (%)	28.6	23.5		
Other Input/Output Systems	49,025	54,549	-5,524	-10.1
Percentage of net sales (%)	2.8	3.2		
Total Network Input/Output Systems	558,237	463,379	94,858	20.5
Percentage of net sales (%)	31.4	26.7		
Network System Solutions	195,822	197,482	-1,660	-0.8
Percentage of net sales (%)	11.0	11.3		
Office Equipment Total	1,557,633	1,520,574	37,059	2.4
Percentage of net sales (%)	87.5	87.5		
< Other Businesses >				
Other Businesses	222,612	217,784	4,828	2.2
Percentage of net sales (%)	12.5	12.5		
Grand Total	1,780,245	1,738,358	41,887	2.4
Percentage of net sales (%)	100.0	100.0		
Reference : Exchange rate				
US\$ 1	¥113.09	¥121.96		
EURO 1	¥132.65	¥121.00		

Each category includes the following product line:

Digital Imaging Systems

Digital PPCs, color PPCs, digital duplicators and facsimile machines

Other Imaging Systems

Analog PPCs, diazo copiers, and thermal paper

Printing Systems

MFPs(multifunctional printers), laser printers and software

Other Input/Output Systems

Optical discs and system scanners

Network System Solutions

Personal computers, PC servers, network systems and network related software

Other Businesses

Optical equipments, metering equipments and semiconductors

## 2-2. Consolidated Sales by Geographic Area

(Three months ended March 31, 2004 and 2003)

(Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
<Domestic>	252,516	236,250	16,266	6.9
<i>Percentage of net sales (%)</i>	53.6	51.3		
<Overseas>	218,736	224,548	-5,812	-2.6
<i>Percentage of net sales (%)</i>	46.4	48.7		
The Americas	82,783	89,330	-6,547	-7.3
<i>Percentage of net sales (%)</i>	17.6	19.4		
Europe	106,019	99,927	6,092	6.1
<i>Percentage of net sales (%)</i>	22.5	21.7		
Other	29,934	35,291	-5,357	-15.2
<i>Percentage of net sales (%)</i>	6.3	7.6		
Grand Total	471,252	460,798	10,454	2.3
<i>Percentage of net sales (%)</i>	100.0	100.0		
Reference : Exchange rate				
US\$ 1	¥107.31	¥119.04		
EURO 1	¥134.10	¥127.63		

(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
<Domestic>	914,060	896,022	18,038	2.0
<i>Percentage of net sales (%)</i>	51.3	51.5		
<Overseas>	866,185	842,336	23,849	2.8
<i>Percentage of net sales (%)</i>	48.7	48.5		
The Americas	326,380	343,940	-17,560	-5.1
<i>Percentage of net sales (%)</i>	18.3	19.8		
Europe	402,392	354,477	47,915	13.5
<i>Percentage of net sales (%)</i>	22.6	20.4		
Other	137,413	143,919	-6,506	-4.5
<i>Percentage of net sales (%)</i>	7.8	8.3		
Grand Total	1,780,245	1,738,358	41,887	2.4
<i>Percentage of net sales (%)</i>	100.0	100.0		
Reference : Exchange rate				
US\$ 1	¥113.09	¥121.96		
EURO 1	¥132.65	¥121.00		

### 3. Consolidated Balance Sheets

(March 31, 2004 and 2003)

Assets	(Millions of yen)		
	March 31, 2004	March 31, 2003	Change
<b>Current Assets</b>			
Cash and time deposits	204,001	200,330	3,671
Trade receivables	422,244	417,942	4,302
Marketable securities	45,124	107	45,017
Inventories	145,369	146,051	-682
Other current assets	55,079	58,083	-3,004
<b>Total Current Assets</b>	<b>871,817</b>	<b>822,513</b>	<b>49,304</b>
<b>Fixed Assets</b>			
Tangible fixed assets	238,712	248,752	-10,040
Finance receivable	514,047	476,293	37,754
Other Investments	228,217	337,364	-109,147
<b>Total Fixed Assets</b>	<b>980,976</b>	<b>1,062,409</b>	<b>-81,433</b>
<b>Total Assets</b>	<b>1,852,793</b>	<b>1,884,922</b>	<b>-32,129</b>

Note:

Contents of cash and time deposits:

Cash and cash equivalents	203,039	189,243
Time deposits	962	11,087

Liabilities and Shareholders' Investment	(Millions of yen)		
	March 31, 2004	March 31, 2003	Change
<b>Current Liabilities</b>			
Trade payables	297,672	280,798	16,874
Short-term borrowings	151,162	138,713	12,449
Other current liabilities	158,594	169,072	-10,478
<b>Total Current Liabilities</b>	<b>607,428</b>	<b>588,583</b>	<b>18,845</b>
<b>Fixed Liabilities</b>			
Long-term indebtedness	281,570	345,902	-64,332
Retirement benefit obligation	83,492	209,011	-125,519
Other fixed liabilities	36,295	30,653	5,642
<b>Total Fixed Liabilities</b>	<b>401,357</b>	<b>585,566</b>	<b>-184,209</b>
<b>Total Liabilities</b>	<b>1,008,785</b>	<b>1,174,149</b>	<b>-165,364</b>
<b>Minority Interest</b>	<b>48,877</b>	<b>53,259</b>	<b>-4,382</b>
<b>Shareholders' Investment</b>			
Common stock	135,364	135,364	-
Additional paid-in capital	186,599	186,521	78
Retained earnings	515,372	434,748	80,624
Accumulated other comprehensive income (loss)	-30,272	-94,733	64,461
Treasury stock	-11,932	-4,386	-7,546
<b>Total Shareholders' Investment</b>	<b>795,131</b>	<b>657,514</b>	<b>137,617</b>
<b>Total Liabilities and Shareholders' Investment</b>	<b>1,852,793</b>	<b>1,884,922</b>	<b>-32,129</b>

Note: Other comprehensive income;

Net unrealized holding gains on available-for-sale securities	4,026	8,582	-4,556
Pension liability adjustments	-14,863	-89,119	74,256
Net unrealized gains (losses) on derivative instruments	-24	-178	154
Cumulative translation adjustments	-19,411	-14,018	-5,393

Reference: Exchange rate	March 31, 2004	March 31, 2003
US\$ 1	¥105.69	¥120.20
EURO 1	¥128.88	¥129.83

### 4. Retained Earnings

(Year ended March 31, 2004 and 2003)

	(Millions of yen)	
	Year ended March 31, 2004	Year ended March 31, 2003
Retained earnings (beginning balance)	434,748	385,741
Net income	91,766	72,513
Cash dividends	11,142	10,178
Retirement of treasury stock	-	13,328
<b>Retained earnings (ending balance)</b>	<b>515,372</b>	<b>434,748</b>

## 5. Consolidated Statements of Cash Flow

(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003
<b>I. Cash Flows from Operating Activities:</b>		
1. Net income	91,766	72,513
2. Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	76,968	76,551
Equity in earnings of affiliates, net of dividends received	-1,001	-1,167
Deferred income taxes	3,338	-9,289
Loss on disposal and sales of tangible fixed assets	2,035	1,975
Cumulative effect of accounting change	-7,373	-
Changes in assets and liabilities—		
(Increase) decrease in trade receivables	-11,367	22,176
(Increase) decrease in inventories	-4,317	14,983
Increase in finance receivables	-32,650	-33,109
Increase in trade payables	21,316	5,632
(Decrease) increase in accrued income taxes and accrued expenses and other	-5,913	11,173
Retirement benefit obligation, net	-609	7,806
Other, net	22,718	16,498
<b>Net cash provided by operating activities</b>	<b>154,911</b>	<b>185,742</b>
<b>II. Cash Flows from Investing Activities:</b>		
1. Proceeds from sales of property, plant and equipment	190	245
2. Expenditures for tangible fixed assets	-75,432	-71,984
3. Payments for purchases of available-for-sale securities	-35,518	-52,219
4. Proceeds from sales of available-for-sale securities	45,464	24,513
5. Decrease in time deposits	9,915	944
6. Other, net	-8,002	302
<b>Net cash used in investing activities</b>	<b>-63,383</b>	<b>-98,199</b>
<b>III. Cash Flows from Financing Activities:</b>		
1. Proceeds from long-term indebtedness	13,349	58,194
2. Repayment of long-term indebtedness	-31,509	-23,133
3. Decrease in short-term borrowings, net	-10,728	-73,393
4. Proceeds from issuance of long-term debt securities	1,000	11,000
5. Repayment of long-term debt securities	-23,910	-11,723
6. Cash dividends paid	-11,136	-10,176
7. Purchase of treasury stocks	-11,411	-17,281
8. Other, net	-490	-631
<b>Net cash used in financing activities</b>	<b>-74,835</b>	<b>-67,143</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>-2,897</b>	<b>-1,329</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>13,796</b>	<b>19,071</b>
<b>VI. Cash and Cash Equivalents at Beginning of Year</b>	<b>189,243</b>	<b>170,172</b>
<b>VII. Cash and Cash Equivalents at End of Period</b>	<b>203,039</b>	<b>189,243</b>

## 6. Segment Information

### (1) Industry Segment Information

(Three months ended March 31, 2004 and 2003)

(Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
<b>Office Equipment:</b>				
Net sales:				
Unaffiliated customers	413,533	405,400	8,133	2.0
Intersegment	-	-	-	-
Total	413,533	405,400	8,133	2.0
Operating expenses	361,866	352,578	9,288	2.6
Operating income	51,667	52,822	-1,155	-2.2
<i>Operating income on office equipment sales(%)</i>	<i>12.5</i>	<i>13.0</i>		
<b>Other Businesses:</b>				
Net sales:				
Unaffiliated customers	57,719	55,398	2,321	4.2
Intersegment	722	606	116	19.1
Total	58,441	56,004	2,437	4.4
Operating expenses	57,752	56,300	1,452	2.6
Operating income	689	-296	985	-
<i>Operating income on sales in other businesses (%)</i>	<i>1.2</i>	<i>-0.5</i>		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-722	-606	-116	-
Total	-722	-606	-116	-
Operating expenses:				
Intersegment	-730	-573	-157	-
Corporate	15,827	13,561	2,266	-
Total	15,097	12,988	2,109	-
Operating income	-15,819	-13,594	-2,225	-
<b>Consolidated:</b>				
Net sales:				
Unaffiliated customers	471,252	460,798	10,454	2.3
Intersegment	-	-	-	-
Total	471,252	460,798	10,454	2.3
Operating expenses	434,715	421,866	12,849	3.0
Operating income	36,537	38,932	-2,395	-6.2
<i>Operating income on consolidated net sales(%)</i>	<i>7.8</i>	<i>8.4</i>		

Identifiable assets: (Millions of yen)

	March 31, 2004	March 31, 2003	Change	%
Office Equipment	1,220,747	1,198,706	22,041	1.8
Other Businesses	182,532	176,296	6,236	3.5
Elimination	-8,047	-6,908	-1,139	16.5
Corporate assets	457,561	516,828	-59,267	-11.5
Total	1,852,793	1,884,922	-32,129	-1.7

Capital expenditure: (Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
Office Equipment	20,423	15,845	4,578	28.9
Other Businesses	2,444	2,913	-469	-16.1
Corporate	752	52	700	1,346.2
Total	23,619	18,810	4,809	25.6

Depreciation: (Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
Office Equipment	14,497	15,389	-892	-5.8
Other Businesses	2,250	2,262	-12	-0.5
Corporate	535	452	83	18.4
Total	17,282	18,103	-821	-4.5

(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
<b>Office Equipment:</b>				
Net sales:				
Unaffiliated customers	1,557,633	1,520,574	37,059	2.4
Intersegment	-	-	-	-
Total	1,557,633	1,520,574	37,059	2.4
Operating expenses	1,353,304	1,329,776	23,528	1.8
Operating income	204,329	190,798	13,531	7.1
<i>Operating income on office equipment sales(%)</i>	<i>13.1</i>	<i>12.5</i>		
<b>Other Businesses:</b>				
Net sales:				
Unaffiliated customers	222,612	217,784	4,828	2.2
Intersegment	2,462	2,755	-293	-10.6
Total	225,074	220,539	4,535	2.1
Operating expenses	220,391	222,772	-2,381	-1.1
Operating income	4,683	-2,233	6,916	-
<i>Operating income on sales in other businesses (%)</i>	<i>2.1</i>	<i>-1.0</i>		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-2,462	-2,755	293	-
Total	-2,462	-2,755	293	-
Operating expenses:				
Intersegment	-2,494	-2,726	232	-
Corporate	59,038	54,882	4,156	-
Total	56,544	52,156	4,388	-
Operating income	-59,006	-54,911	-4,095	-
<b>Consolidated:</b>				
Net sales:				
Unaffiliated customers	1,780,245	1,738,358	41,887	2.4
Intersegment	-	-	-	-
Total	1,780,245	1,738,358	41,887	2.4
Operating expenses	1,630,239	1,604,704	25,535	1.6
Operating income	150,006	133,654	16,352	12.2
<i>Operating income on consolidated net sales(%)</i>	<i>8.4</i>	<i>7.7</i>		

Identifiable assets: (Millions of yen)

	March 31, 2004	March 31, 2003	Change	%
Office Equipment	1,220,747	1,198,706	22,041	1.8
Other Businesses	182,532	176,296	6,236	3.5
Elimination	-8,047	-6,908	-1,139	16.5
Corporate assets	457,561	516,828	-59,267	-11.5
Total	1,852,793	1,884,922	-32,129	-1.7

Capital expenditure: (Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
Office Equipment	65,366	65,720	-354	-0.5
Other Businesses	8,712	7,213	1,499	20.8
Corporate	1,429	1,023	406	39.7
Total	75,507	73,956	1,551	2.1

Depreciation: (Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
Office Equipment	57,956	60,687	-2,731	-4.5
Other Businesses	7,774	6,917	857	12.4
Corporate	1,954	1,954	-	-
Total	67,684	69,558	-1,874	-2.7

(2) Geographic Segment Information  
(Three months ended March 31, 2004 and 2003)

(Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%
<b>Japan:</b>				
Net sales:				
External customers	258,807	249,405	9,402	3.8
Intersegment	83,638	83,382	256	0.3
Total	342,445	332,787	9,658	2.9
Operating expenses	322,424	310,014	12,410	4.0
Operating income	20,021	22,773	-2,752	-12.1
<i>Operating income on sales in Japan(%)</i>	5.8	6.8		
<b>The Americas:</b>				
Net sales:				
External customers	81,216	86,937	-5,721	-6.6
Intersegment	1,385	1,810	-425	-23.5
Total	82,601	88,747	-6,146	-6.9
Operating expenses	74,417	83,754	-9,337	-11.1
Operating income	8,184	4,993	3,191	63.9
<i>Operating income on sales in the Americas(%)</i>	9.9	5.6		
<b>Europe:</b>				
Net sales:				
External customers	105,222	99,704	5,518	5.5
Intersegment	963	936	27	2.9
Total	106,185	100,640	5,545	5.5
Operating expenses	99,566	93,879	5,687	6.1
Operating income	6,619	6,761	-142	-2.1
<i>Operating income on sales in Europe(%)</i>	6.2	6.7		
<b>Other:</b>				
Net sales:				
External customers	26,007	24,752	1,255	5.1
Intersegment	21,921	18,489	3,432	18.6
Total	47,928	43,241	4,687	10.8
Operating expenses	44,645	40,897	3,748	9.2
Operating income	3,283	2,344	939	40.1
<i>Operating income on sales in other(%)</i>	6.8	5.4		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-107,907	-104,617	-3,290	-
Total	-107,907	-104,617	-3,290	-
Operating expenses:	-106,337	-106,678	341	-
Operating income	-1,570	2,061	-3,631	-
<b>Consolidated:</b>				
Net sales:				
External customers	471,252	460,798	10,454	2.3
Intersegment	-	-	-	-
Total	471,252	460,798	10,454	2.3
Operating expenses	434,715	421,866	12,849	3.0
Operating income	36,537	38,932	-2,395	-6.2
<i>Operating income on consolidated net sales(%)</i>	7.8	8.4		

Identifiable assets:

(Millions of yen)

	March 31, 2004	March 31, 2003	Change	%
Japan	1,071,297	1,064,857	6,440	0.6
The Americas	188,644	201,359	-12,715	-6.3
Europe	188,184	174,541	13,643	7.8
Other	63,701	70,458	-6,757	-9.6
Elimination	-116,594	-143,121	26,527	-18.5
Corporate assets	457,561	516,828	-59,267	-11.5
Total	1,852,793	1,884,922	-32,129	-1.7



(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%
<b>Japan:</b>				
Net sales:				
External customers	962,127	954,310	7,817	0.8
Intersegment	351,070	320,596	30,474	9.5
Total	1,313,197	1,274,906	38,291	3.0
Operating expenses	1,215,875	1,188,760	27,115	2.3
Operating income	97,322	86,146	11,176	13.0
<i>Operating income on sales in Japan(%)</i>	7.4	6.8		
<b>The Americas:</b>				
Net sales:				
External customers	315,504	333,935	-18,431	-5.5
Intersegment	5,249	5,620	-371	-6.6
Total	320,753	339,555	-18,802	-5.5
Operating expenses	305,284	325,228	-19,944	-6.1
Operating income	15,469	14,327	1,142	8.0
<i>Operating income on sales in the Americas(%)</i>	4.8	4.2		
<b>Europe:</b>				
Net sales:				
External customers	400,646	352,943	47,703	13.5
Intersegment	3,770	3,019	751	24.9
Total	404,416	355,962	48,454	13.6
Operating expenses	382,383	337,693	44,690	13.2
Operating income	22,033	18,269	3,764	20.6
<i>Operating income on sales in Europe(%)</i>	5.4	5.1		
<b>Other:</b>				
Net sales:				
External customers	101,968	97,170	4,798	4.9
Intersegment	91,373	72,664	18,709	25.7
Total	193,341	169,834	23,507	13.8
Operating expenses	182,870	159,864	23,006	14.4
Operating income	10,471	9,970	501	5.0
<i>Operating income on sales in other(%)</i>	5.4	5.9		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-451,462	-401,899	-49,563	-
Total	-451,462	-401,899	-49,563	-
Operating expenses:	-456,173	-406,841	-49,332	-
Operating income	4,711	4,942	-231	-
<b>Consolidated:</b>				
Net sales:				
External customers	1,780,245	1,738,358	41,887	2.4
Intersegment	-	-	-	-
Total	1,780,245	1,738,358	41,887	2.4
Operating expenses	1,630,239	1,604,704	25,535	1.6
Operating income	150,006	133,654	16,352	12.2
<i>Operating income on consolidated net sales(%)</i>	8.4	7.7		

Identifiable assets:

(Millions of yen)

	March 31, 2004	March 31, 2003	Change	%
Japan	1,071,297	1,064,857	6,440	0.6
The Americas	188,644	201,359	-12,715	-6.3
Europe	188,184	174,541	13,643	7.8
Other	63,701	70,458	-6,757	-9.6
Elimination	-116,594	-143,121	26,527	-18.5
Corporate assets	457,561	516,828	-59,267	-11.5
Total	1,852,793	1,884,922	-32,129	-1.7

## **7. Significant Accounting Policies (Consolidated)**

### **1. Change relating to the scale of consolidation and the application of the equity method from April 1, 2003 to March 31, 2004.**

Consolidated subsidiaries:

Addition: NRG SECURITIES LTD.

14 removals including OFFICE RESEARCH INSTITUTE CO., LTD. and TAIWAN RICOH CO., LTD.

Companies accounted for by the equity method:

2 additions including RICOH SOFTWARE RESEARCH CENTER (BEIJING) CO., LTD.

3 removals including T&P CO., LTD.

### **2. Consolidated Accounting Policies (Summary)**

#### **(1) Principles of Consolidation**

The consolidated financial statements include the accounts of Ricoh and its consolidated subsidiaries. Investments in 20% to 50% owned companies when the company has the ability to exercise significant influence are accounted for on the equity basis. All significant inter-company balances and transactions have been eliminated in consolidation.

#### **(2) Securities**

In conformity with SFAS No.115, securities are mainly classified as available-for-sale securities. Available-for-sale securities are reported at fair value with unrealized gains and losses, net of related taxes, excluded from earnings and reported in accumulated other comprehensive income (loss).

The cost of the securities sold is computed based on the average cost of each security held at the time of sale.

In March 2000, the Company contributed certain marketable equity securities, not including those of its subsidiaries and affiliated companies, to its employee retirement benefit trust (the "Trust") fully administered and controlled by an independent bank trustee, with no cash proceeds thereon (the "2000 Transfer"). The 2000 Transfer of the available-for-sale securities was accounted for as a sale in accordance with SFAS No.125, "Accounting for Transfer and Servicing of Financial Assets and Extinguishments of Liabilities" and accordingly the recorded pension liability was reduced by the fair market value amount of the transferred securities. The fair value of these securities at the time of transfer was ¥20,760 million. The net unrealized gains on these available-for-sale securities amounting to ¥13,095 million and was initially included in "Accumulated other comprehensive income (loss)" on the consolidated balance sheets with the expectation of being reflected in realized gains in the statements of income upon the future sale of the transferred securities by the trustee.

In March 2004, the Company contributed certain additional marketable equity securities, not including those of its subsidiaries and affiliated companies to the Trust, with no cash proceeds thereon (the "2004 Transfer"). The fair value and net unrealized gains on these available-for-sale securities at the time of transfer was ¥3,648 million and ¥2,691 million, respectively.

In connection with the 2004 Transfer, the Company has changed its accounting policy with respect to the recognition of unrealized gains and losses as realized in the statements of income on transfers of such marketable equity securities. The Company has concluded that it is preferable to recognize in the statements of income unrealized gains or losses associated with marketable equity securities transferred to the Trust when the Company has effectively given up the economic rewards of ownership, that is, when the assets are no longer considered corporate assets and when the Trust has the irrevocable and unrestricted right to realize those benefits as and when it chooses. This generally occurs at the time the assets are transferred to the Trust and not upon future sale of the assets by the trustee provided.

Accordingly, the Company has recognized realized gains in the consolidated statement of income on the transfer of marketable equity securities to the Trust for fiscal 2004 of ¥2,691 million. In addition, the Company has recognized in its fiscal 2004 consolidated statement of income a cumulative effect of accounting change, net of tax, of ¥7,373 million associated with the 2000 Transfer.

#### **(3) Inventories**

Inventories are mainly stated at the lower of average cost or market. Inventory costs include raw materials, labor and manufacturing overheads.

#### **(4) Plant and Equipment**

Depreciation of plant and equipment is computed principally by using the declining-balance method over the estimated useful lives. Most of the foreign subsidiaries have adopted the straight-line method for computing depreciation. Certain leased buildings, machinery and equipment are accounted for as capital leases in conformity with SFAS No. 13, "Accounting for Leases."

(5) Goodwill and Other Intangible Assets

In conformity with SFAS No.142, Goodwill and intangible asset determined to have an indefinite useful life are not amortized. SFAS No. 142 requires annual impairment testing thereof.

(6) Pension and Retirement Allowances Plans

The measurement of pension costs and liabilities is determined in accordance with SFAS No.87, "Employers' Accounting for Pensions." Under SFAS 87, changes in the amount of either the projected benefit obligation or plan assets resulting from actual results different from that assumed and from changes in assumptions can result in gains and losses not yet recognized in the consolidated financial statements. Amortization of an unrecognized net gain or loss is included as a component of the net periodic benefit plan cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of (1) the projected benefit obligation or (2) the fair value of that plan's assets.

In such case, the amount of amortization recognized is the resulting excess divided by the average remaining service period of active employees expected to receive benefits under the plan. The expected long-term rate of return on plan assets used for pension accounting is determined based on the historical long-term rate of return on plan assets. The discount rate is determined based on the rates of return of high-quality fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits.

Pursuant to the newly enacted Defined Payment Corporate Pension Act, Ricoh received an approval of exemption from the Minister of Health, Labor and Welfare, effective January 1, 2003, from the obligation for benefits related to future employee service with respect to the substitutional portion of its EPF. Ricoh received government approval of exemption from the obligation for benefits related to past employee service in January 2004 with respect to the substitutional portion of its domestic contributory plan. The transfer to the government was completed on March 16, 2004.

Ricoh accounted for the transfer in accordance with Emerging Issues Task Force Issue No. 03-2 "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities" ("EITF 03-2"). As specified in EITF 03-2, the entire separation process is to be accounted for at the time of completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets as a settlement in accordance with Statement of Financial Accounting Standards No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits". As a result of the transfer, Ricoh recognized net settlement gain of ¥ 8,315 million for the year ended March 31, 2004 and is presented net in operating expense.

(7) Use of Estimates

Management of the Company has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, including impairment losses of long-lived assets and the disclosures of fair value of financial instruments and contingent assets and liabilities, to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

## 8. Notes to Consolidated Financial Statements

### (1) Fair Value of Marketable Securities

The securities and the respective cost, gross unrealized holding gains, gross unrealized holding losses and fair value as of March 31, 2004 and March 31, 2003 are as follows:

(Millions of yen)				
March 31, 2004				
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Current:				
Corporate debt securities	45,139	6	22	45,123
Other	1	-	-	1
	45,140	6	22	45,124
Noncurrent:				
Equity securities	5,053	8,080	33	13,100
Corporate debt securities	-	-	-	-
Other	1,174	492	-	1,666
Nonmarketable securities (at cost)	7,105	-	-	7,105
	13,332	8,572	33	21,871

(Millions of yen)				
March 31, 2003				
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Current:				
Corporate debt securities	107	-	-	107
Other	-	-	-	-
	107	-	-	107
Noncurrent:				
Equity securities	6,328	5,148	519	10,957
Corporate debt securities	45,020	5	195	44,830
Other	9,459	10	654	8,815
Nonmarketable securities (at cost)	7,371	-	-	7,371
	68,178	5,163	1,368	71,973

### (2) Derivative

The Company and certain of its subsidiaries enter into various financial instrument contracts in the normal course of business and in connection with the management of their assets and liabilities. The outstanding agreements, carrying amount and estimated fair value of derivative financial instruments as of March 31, 2004, and March 31, 2003 are as follows:

(Millions of yen)		
March 31, 2004		
	Carrying amount	Estimated Fair value
Interest rate swap agreements, net	2,266	2,266
Foreign currency contracts-net credit	1,876	1,876
Currency options-net credit	-145	-145
Total	3,997	3,997

(Millions of yen)		
March 31, 2003		
	Carrying amount	Estimated Fair value
Interest rate swap agreements, net	3,985	3,985
Foreign currency contracts-net credit	-594	-594
Currency options	-466	-466
Total	2,925	2,925

### (3) Transactions of Ricoh with affiliates

(Millions of yen)		
	March 31, 2004	March 31, 2003
Account balances:		
Receivables	3,530	6,434
Payables	2,217	1,604
(Millions of yen)		
	Year ended March 31, 2004	Year ended March 31, 2003
Transactions:		
Sales	19,534	26,510
Purchases	18,714	19,808
Dividend income	1,064	1,236

# Ricoh Company, Ltd.

## FLASH REPORT (Non-consolidated. Year ended March 31, 2004)

\*Date of approval for the financial results for the year ended March 31, 2004,

at the Board of Directors' meeting: April 28, 2004

\*Date of shareholders' annual meeting: Jun 25, 2004

### 1. Results for the Period from April 1, 2003 to March 31, 2004 (Non-consolidated)

#### (1) Operating Results

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003
Net sales	876,366	855,024
(% Change from the previous fiscal year)	2.5	-0.6
Operating income	62,161	71,856
(% Change from the previous fiscal year)	-13.5	2.8
Ordinary income	62,513	68,898
(% Change from the previous fiscal year)	-9.3	1.8
Net income	58,595	42,880
(% Change from the previous fiscal year)	36.6	7.0
Net income per share-basic (yen)	79.18	58.75
Net income per share-diluted (yen)	-	56.98
Return on equity (%)	9.5	7.5
Ordinary income on total assets (%)	6.7	7.5
Ordinary income on net sales (%)	7.1	8.1

Notes: Average number of shares outstanding:

Year ended March 31, 2004 742,292,806 shares Year ended March 31, 2003 726,659,698 shares

No change in accounting and reporting policies

#### (2) Dividend Information

	Year ended March 31, 2004	Year ended March 31, 2003
Cash dividends, applicable to the year (yen)	18.00	14.00
Half year (yen)	8.00	7.00
Year-end (yen)	10.00	7.00
Total annual dividends (millions of yen)	13,332	10,286
Payout Ratio (%)	22.8	24.0
Dividends on shareholders' equity (%)	2.1	1.7

#### (3) Financial Position

(Millions of yen)

	March 31, 2004	March 31, 2003
Total assets	937,310	933,341
Shareholders' equity	642,415	596,694
Equity ratio (%)	68.5	63.9
Equity per share (yen)	869.19	803.26

Notes: Number of shares issued:

As of March 31, 2004 738,894,891 shares As of March 31, 2003 742,608,635 shares

Number of Treasury stocks:

As of March 31, 2004 6,017,187 shares As of March 31, 2003 2,303,443 shares

#### (4) Forecast of operating results from April 1, 2004 to March 31, 2005 (Non-consolidated)

	Half year ended September 30, 2004	Year ended March 31, 2005
Net sales (Millions of yen)	440,000	890,000
Ordinary income (Millions of yen)	34,000	70,000
Net income (Millions of yen)	21,700	44,600
Cash dividends, applicable to the year (yen)	-	20.00
Half year (yen)	10.00	-
Year-end (yen)	-	10.00

Note: Net income per share ¥ 60.36

In accordance with Japanese regulations, Ricoh has issued forecast for its financial results for the half year ended September 30, 2004 and year ended March 31, 2005. These forecast are forward-looking statements based on a number of assumptions and beliefs.

## 9. Non-consolidated Performance

### (1) Statement of Income (Non-consolidated)

For the years ended March 31, 2004 and 2003.

	Year ended March 31, 2004	Year ended March 31, 2003	(Millions of yen) Change (%)	
Net sales	876,366	855,024	21,342	(2.5)
Cost of sales	600,991	584,539	16,452	(2.8)
<i>Percentage of net sales (%)</i>	68.6	68.4		
Gross profit	275,375	270,485	4,890	(1.8)
<i>Percentage of net sales (%)</i>	31.4	31.6		
Selling, general and administrative expenses	213,213	198,628	14,585	(7.3)
<i>Percentage of net sales (%)</i>	24.3	23.2		
Selling expenses	61,475	56,767	4,708	
General and administrative expenses	151,737	141,861	9,876	
Operating income	62,161	71,856	-9,695	(-13.5)
<i>Percentage of net sales (%)</i>	7.1	8.4		
Non-operating income	9,765	11,361	-1,596	(-14.1)
<i>Percentage of net sales (%)</i>	1.1	1.3		
Interest	2,408	3,078	-670	
Interest on securities	143	372	-229	
Dividends	3,579	3,800	-221	
Exchange gain	-	256	-256	
Miscellaneous income	3,633	3,853	-220	
Non-operating expenses	9,414	14,319	-4,905	(-34.3)
<i>Percentage of net sales (%)</i>	1.1	1.6		
Interest	4	3	1	
Interest on bonds	1,471	1,523	-52	
Allowance for bankruptcy	-	4,957	-4,957	
Exchange loss	5,361	-	5,361	
Loss on disposition of fixed assets	1,367	1,273	94	
Miscellaneous expenses	1,209	6,562	-5,353	
Ordinary income	62,513	68,898	-6,385	(-9.3)
<i>Percentage of net sales (%)</i>	7.1	8.1		
Extraordinary income	30,219	-	30,219	
<i>Percentage of net sales (%)</i>	3.4	-		
Gain on exemption from the obligation for benefits related to substitutional portion of Employees' Pension Fund	26,949	-	26,949	
Gain on transfer of securities to an employee retirement benefit trust	2,691	-	2,691	
Gain on sales of shares of a subsidiary	572	-	572	
Gain on settlement of qualified pension plan	6	-	6	
Income before income taxes	92,732	68,898	23,834	(34.6)
<i>Percentage of net sales (%)</i>	10.6	8.1		
Provision for income taxes	21,100	33,880	-12,780	(-37.7)
<i>Percentage of net sales (%)</i>	2.4	4.0		
Corporate and other tax adjustments	13,037	-7,862	20,899	(-265.8)
<i>Percentage of net sales (%)</i>	1.5	-0.9		
Net income	58,595	42,880	15,715	(36.6)
<i>Percentage of net sales (%)</i>	6.7	5.0		
Retained earnings at beginning of year	5,736	5,703	33	
Reversal of reserve for social contribution	89	81	8	
Retirement of Treasury stocks	-	13,328	-13,328	
Interim dividends	5,943	5,088	855	
Retained earnings at end of year	58,478	30,248	28,230	

Reference:

Exchange rate

	Year ended March 31, 2004	Year ended March 31, 2003
US\$ 1	113.19	121.83
EURO 1	133.01	121.21

**(2) Balance Sheets (Non-consolidated)**

March 31, 2004 and 2003

Assets	(Millions of yen)		
	March 31, 2004	March 31, 2003	Change
Current Assets	543,987	498,155	45,832
Cash on hand and in banks	14,687	8,951	5,736
Notes receivable-trade	7,345	6,287	1,058
Accounts receivable-trade	209,588	170,349	39,239
Marketable securities	211,045	132,096	78,949
Finished goods	24,043	20,711	3,332
Raw materials	2,934	3,397	-463
Work-in-process	6,286	5,572	714
Supplies	6,448	5,680	768
Advances	69	257	-188
Prepaid expenses	1,075	1,726	-651
Deferred tax assets	17,415	19,417	-2,002
Accounts receivable-other	14,551	119,481	-104,930
Short-term loans receivable	27,213	3,323	23,890
Other current assets	3,248	1,951	1,297
Allowance for doubtful accounts	-1,965	-1,049	-916
Fixed Assets	393,323	435,186	-41,863
Tangible Fixed Assets	110,528	107,183	3,345
Buildings	41,503	41,408	95
Structures	1,752	1,797	-45
Machinery and equipment	18,619	18,914	-295
Vehicles	15	17	-2
Tools	19,044	17,898	1,146
Land	26,023	24,478	1,545
Construction in progress	3,570	2,669	901
Intangible Fixed Assets	26,893	21,346	5,547
Patent rights	557	691	-134
Leased property rights	8,479	8,479	-
Software	17,597	11,907	5,690
Other intangible fixed assets	258	267	-9
Investments and Other Assets	255,901	306,655	-50,754
Investment securities	19,116	69,176	-50,060
Affiliates' securities	138,681	133,589	5,092
Investment in affiliates	19,055	18,199	856
Long-term loans receivable	30	27	3
Long-term loans to affiliates	61,639	55,454	6,185
Bankruptcy and rehabilitation debts	31	235	-204
Deferred tax assets	10,913	23,721	-12,808
Lease deposit	5,930	5,709	221
Other investments	3,327	3,318	9
Allowance for doubtful accounts	-2,824	-2,777	-47
<b>Total Assets</b>	<b>937,310</b>	<b>933,341</b>	<b>3,969</b>

Reference:

Exchange rate

	March 31,2004	March 31,2003
US\$ 1	105.69	120.20
EURO 1	128.88	129.83

March 31, 2004 and 2003

Liabilities		(Millions of yen)		
	March 31, 2004	March 31, 2003	Change	
Current Liabilities	187,125	201,259	-14,134	
Notes payable-trade	4,156	6,822	-2,666	
Accounts payable-trade	99,181	100,348	-1,167	
Accounts payable-other	13,674	7,791	5,883	
Accrued expenses	43,805	44,789	-984	
Accrued corporate tax	6,146	19,375	-13,229	
Advances by customers	170	285	-115	
Deposits payable	4,242	3,440	802	
Accrued bonuses	13,873	15,838	-1,965	
Warranty reserve	330	202	128	
Derivative liabilities, at fair value	-	879	-879	
Other current liabilities	1,545	1,484	61	
Fixed Liabilities	107,769	135,387	-27,618	
Bonds	100,000	100,000	-	
Long-term Accounts payable-other	6,445	-	6,445	
Retirement benefit obligation	341	34,507	-34,166	
Reserve for directors' retirement allowances	982	879	103	
<b>Total Liabilities</b>	<b>294,895</b>	<b>336,646</b>	<b>-41,751</b>	

Shareholders' Equity		(Millions of yen)		
	March 31, 2004	March 31, 2003	Change	
Common Stock	135,364	135,364	-	
Additional paid-in-capital	179,522	176,131	3,391	
Legal capital reserve	179,522	176,131	3,391	
Other additional paid-in-capital	0	-	0	
Retained earnings	335,298	288,027	47,271	
Legal reserve	14,955	14,955	-	
Voluntary reserves	261,864	242,824	19,040	
Reserve for deferral of capital gain on property	600	613	-13	
Reserve for special depreciation	499	486	13	
Reserve for warranty on computer programs	304	255	49	
Reserve for social contribution	110	119	-9	
General reserve	260,350	241,350	19,000	
Unappropriated retained earnings	58,478	30,248	28,230	
Net unrealized holding gains on securities	4,161	1,556	2,605	
Treasury stock	-11,932	-4,386	-7,546	
<b>Total Shareholders' Equity</b>	<b>642,415</b>	<b>596,694</b>	<b>45,721</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>937,310</b>	<b>933,341</b>	<b>3,969</b>	

Reference:

Exchange rate

	March 31, 2003	March 31, 2003
US\$ 1	105.69	120.20
EURO 1	128.88	129.83



### (3) Proposed Appropriation of Retained Earnings

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change
Unappropriated retained earnings at end of year	58,478	30,248	28,230
Reversal of reserve for deferral of capital gain on property	25	27	-2
Reversal of reserve for special depreciation	198	104	94
Reversal of reserve for warranty on computer programs	85	91	-6
Total	58,788	30,472	28,316

To be appropriated as follows:

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change
Cash dividends	7,388	5,198	2,190
Dividends per share (yen)	10.00	7.00	
Director bonuses	178	183	-5
Reserve for deferral of capital gain on property	-	14	-14
Reserve for special depreciation	500	118	382
Reserve for warranty on computer programs	-	141	-141
Reserve for social contribution	89	81	8
General reserve	41,000	19,000	22,000
Retained earnings brought forward to the next year	9,630	5,736	3,894

Notes:

On December 1, 2003, the Company made interim cash dividends of ¥8.00 per share totaling ¥5,943,250,104.

## Significant Accounting Policies (Non-consolidated)

### 1. Accounting policy for assets

(1) Inventories are stated at the lower of average cost.

(2) Securities

Securities of subsidiaries and affiliates are stated at moving average cost.

Other securities:

Marketable securities are marked to market based on the market price at the end of the term and other factors (accounting for all valuation differences with the full capital injection method; the cost of securities sold is valued at moving average cost.)

Non-marketable securities are stated at cost based on the moving average method.

(3) Derivatives are stated at market value.

### 2. Depreciation of fixed assets

(1) Tangible fixed assets

Tangible fixed assets are depreciated using the declining balance method.

For buildings (excluding fixtures) secured on and after April 1, 1998, however, Ricoh uses straight-line depreciation.

(2) Intangible fixed assets

Ricoh uses straight-line depreciation for intangible fixed assets.

With software for sale in the marketplace, however, the Company records the larger of a depreciation based on projected sales profits or a uniform depreciation based on a projected effective sales period for the balance. The initially projected effective sale term is three years. With software for internal use, the company uses straight-line depreciation on a usable period of five years.

### 3. Basis for provision of reserves

(1) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided to cover possible losses from bad debts and represents possible individual doubtful accounts based on historical default rates and the potential for irrecoverableness.

(2) Reserve for Accrued Bonuses

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) Warranty reserve

To cover product after-sales service expenses, the Company calculates the product warranty reserve based on projected service costs during warranty terms.

(4) Reserve for Retirement Benefit Obligations

To cover projected employee benefits, the Company records the estimated obligations at the end of current fiscal year based on projected year-end benefit obligations and plan assets. The company uses straight-line depreciation for actuarial gains or losses and for prior service costs over averaged remaining employment term. (15years)

(Additional information)

Based on enforcement of Defined Benefit Corporate Pension Law, the Company obtained government approval of exemption from the obligation for benefits related to past employee service with respect to the substitutional portion of its Employees' Pension Fund (EPF) on January 1, 2004 and transferred government-specified portion of the plan assets of the EPF (minimum actuarial liability) to government on March 16, 2004. As a result, extraordinary gain amounting to ¥26,949 million was recorded.

In accordance with Defined Contribution Pension Law, the Company transferred retirement lump sum plan and qualified pension plan to defined contribution pension plan and prepayment plan of retirement benefit and accounted in accordance with "Accounting for Transfers between Retirement Benefit Plans" (Application Guidance for Accounting Standards Board Statement No.1) As a result, extraordinary gain amounting to ¥6 million was recorded.

(5) Reserve for Directors' Retirement Allowances

At year-end, Ricoh calculates the amounts required under internal rules to pay directors retirement allowances.

### 4. Leasing

Finance leases for which ownership does not transfer to lessees are accounted for as operating leases.

## 5. Hedge accounting

### (1) Hedge Accounting Methods

Ricoh accounts for hedges at market value. With currency swaps, however, the Company hedges by assigning transactions that meet assignment requirements.

### (2) Hedging Instruments and Targets

There is no Hedging Instrument or Hedging Target at the end of current fiscal year.

### (3) Hedging policies

In keeping with its internal Market Risk Management Rules, Ricoh uses derivatives to manage the exposure of its assets and liabilities to market fluctuations.

### (4) Hedge Effectiveness

Ricoh assesses the effectiveness of hedges by analyzing the ratios of the total market fluctuations of hedged targets and instruments.

## 6. Others

### Consumption taxes

Consumption taxes are excluded from revenues and expenses. The refundable consumption tax at the end of the year is included in "Other current assets", after offsetting suspense payments and receipt of consumption taxes and etc.

## Notes to Non-consolidated Financial Statements

### (Balance Sheets)

	(Millions of yen)	
	March 31, 2004	March 31, 2003
1. Accumulated depreciation on tangible fixed assets	327,967	319,167
2. Trade notes receivable discounted with banks	27	47
3. Guarantee obligations	512	1,115

### (Securities)

Fair values of subsidiaries and affiliates

#### 1. Year ended March 31, 2003

(Millions of yen)	Balance Sheets	Fair value	Difference
Securities of consolidated companies	6,966	26,552	19,586
Securities of affiliated companies	6,935	43,295	36,359
<b>Total</b>	<b>13,901</b>	<b>69,848</b>	<b>55,946</b>

#### 2. Year ended March 31, 2004

(Millions of yen)	Balance Sheets	Fair value	Difference
Securities of consolidated companies	7,206	47,865	40,659
Securities of affiliated companies	6,935	55,648	48,712
<b>Total</b>	<b>14,142</b>	<b>103,514</b>	<b>89,371</b>

### (Tax Effect Accounting)

1. The prime components of deferred tax assets and liabilities are as follows:

	(Millions of yen)	
	March 31, 2004	March 31, 2003
Deferred tax assets:		
Retirement benefit obligation	9,337	21,251
Accrued bonuses	5,618	5,397
Loss on valuation of securities	4,676	6,743
Inventory revaluation	3,745	2,239
Depreciation and amortization	1,652	1,958
Accrued enterprise tax	728	1,883
Other	13,232	11,523
<b>Total deferred tax assets</b>	<b>38,988</b>	<b>50,994</b>
Deferred tax liabilities:		
Retirement benefit trust establishment	-6,743	-5,842
Net unrealized holding gains on securities	-2,832	-1,060
Reserve for deferral of capital gain on property	-391	-408
Reserve for special depreciation	-545	-339
Reserve for warranty on computer programs	-149	-207
<b>Total deferred tax liabilities</b>	<b>-10,660</b>	<b>-7,856</b>
<b>Net deferred tax assets</b>	<b>28,328</b>	<b>43,138</b>
Included in current assets	17,415	19,417
Included in investment and other assets	10,913	23,721

2. Difference in normal effective statutory tax rate and effective tax rate after applying tax effective accounting

Normal effective statutory tax rate (Reconciliation)	41.9 %
Permanently non-deductible expenses	0.2
Permanently non-taxable income	-0.5
Tax credit for foreign taxes	-0.6
Effect of change in enacted tax rate	0.6
Tax credit for research and development expenses	-4.9
Other	0.1
<b>Effective tax rate</b>	<b>36.8 %</b>

**-APPENDIX-** (Year ended march 31, 2004)

**1. Consolidated Quarterly Performance Outline**

	(Billions of yen)							
	1Q	Change(%)	2Q	Change(%)	3Q	Change(%)	4Q	Change(%)
Net sales	437.4	2.1	450.6	5.2	420.9	0.0	471.2	2.3
Gross profit	192.7	3.4	195.3	12.2	185.7	0.5	191.7	-4.0
Operating income	38.4	7.1	38.7	52.6	36.2	8.4	36.5	-6.2
Income before income taxes	37.3	15.6	34.0	45.7	33.2	10.9	38.3	1.5
Net income	22.3	14.5	19.9	42.2	19.6	10.5	29.8	40.8
Net income per share (yen)	30.04	-	26.75	-	26.53	-	40.31	-
Total assets	1,924.6	-	1,912.1	-	1,922.1	-	1,852.7	-
Shareholders' equity	685.7	-	703.0	-	708.8	-	795.1	-
Shareholders' equity per share (yen)	920.97	-	946.38	-	958.20	-	1,076.11	-
Cash flows from operating activities	39.8	-	21.7	-	20.0	-	73.2	-
Cash flows from investing activities	-7.9	-	-12.0	-	-20.4	-	-22.9	-
Cash flows from financing activities	-6.4	-	-0.2	-	15.8	-	-84.0	-
Cash and cash equivalents at end of period	215.9	-	225.0	-	238.3	-	203.0	-

(2) Capital expenditures and Depreciation

	(Billions of yen)			
	1Q	2Q	3Q	4Q
Capital expenditures	18.6	17.6	15.5	23.6
Depreciation for tangible fixed assets	17.0	16.5	15.7	18.2

(3) R&D Expenditures

	(Billions of yen)			
	1Q	2Q	3Q	4Q
R&D expenditures	19.3	24.8	24.2	24.0
R&D expenditures / Total Sales (%)	4.4	5.5	5.8	5.1

(4) Interest income (expenses) net

	(Billions of yen)			
	1Q	2Q	3Q	4Q
Interest income (expenses) net	-0.8	-0.7	-0.9	-0.9

(5) Exchange Rate

	1Q	2Q	3Q	4Q
Exchange rate (Yen/US\$)	118.52	117.61	108.92	107.31
Exchange rate (Yen/EURO)	134.67	132.27	129.58	134.10

## 2. Consolidated Sales by Product Category

(Three months ended March 31, 2004 and 2003)

(Millions of yen)

	Three months ended March 31, 2004	Three months ended March 31, 2003	Change	%	Change excluding exchange impact	%
<Office Equipment>						
Imaging Solutions:						
Digital Imaging Systems	153,230	166,111	-12,881	-7.8	-9,957	-6.0
<i>Percentage of net sales (%)</i>	32.5	36.0				
Domestic	69,041	66,170	2,871	4.3	2,871	4.3
Overseas	84,189	99,941	-15,752	-15.8	-12,828	-12.8
Other Imaging Systems	46,217	54,917	-8,700	-15.8	-8,305	-15.1
<i>Percentage of net sales (%)</i>	9.8	12.0				
Domestic	16,974	18,822	-1,848	-9.8	-1,848	-9.8
Overseas	29,243	36,095	-6,852	-19.0	-6,457	-17.9
Total Imaging Solutions	199,447	221,028	-21,581	-9.8	-18,262	-8.3
<i>Percentage of net sales (%)</i>	42.3	48.0				
Domestic	86,015	84,992	1,023	1.2	1,023	1.2
Overseas	113,432	136,036	-22,604	-16.6	-19,285	-14.2
Network Input/Output Systems:						
Printing Systems	151,191	116,450	34,741	29.8	35,131	30.2
<i>Percentage of net sales (%)</i>	32.1	25.3				
Domestic	64,255	51,043	13,212	25.9	13,212	25.9
Overseas	86,936	65,407	21,529	32.9	21,919	33.5
Other Input/Output Systems	5,928	10,565	-4,637	-43.9	-4,681	-44.3
<i>Percentage of net sales (%)</i>	1.2	2.3				
Domestic	1,186	1,868	-682	-36.5	-682	-36.5
Overseas	4,742	8,697	-3,955	-45.5	-3,999	-46.0
Total Network Input/Output Systems	157,119	127,015	30,104	23.7	30,450	24.0
<i>Percentage of net sales (%)</i>	33.3	27.6				
Domestic	65,441	52,911	12,530	23.7	12,530	23.7
Overseas	91,678	74,104	17,574	23.7	17,920	24.2
Network System Solutions	56,967	57,357	-390	-0.7	-335	-0.6
<i>Percentage of net sales (%)</i>	12.2	12.4				
Domestic	55,502	56,795	-1,293	-2.3	-1,293	-2.3
Overseas	1,465	562	903	160.7	958	170.5
Office Equipment Total	413,533	405,400	8,133	2.0	11,853	2.9
<i>Percentage of net sales (%)</i>	87.8	88.0				
Domestic	206,958	194,698	12,260	6.3	12,260	6.3
Overseas	206,575	210,702	-4,127	-2.0	-407	-0.2
The Americas	82,663	88,937	-6,274	-7.1	2,316	2.6
Europe	104,981	98,309	6,672	6.8	1,560	1.6
Other	18,931	23,456	-4,525	-19.3	-4,283	-18.3
< Other Businesses >						
Other Businesses	57,719	55,398	2,321	4.2	1,879	3.4
<i>Percentage of net sales (%)</i>	12.2	12.0				
Domestic	45,558	41,552	4,006	9.6	4,006	9.6
Overseas	12,161	13,846	-1,685	-12.2	-2,127	-15.4
The Americas	120	393	-273	-69.5	-254	-64.6
Europe	1,038	1,618	-580	-35.8	-624	-38.6
Other	11,003	11,835	-832	-7.0	-1,249	-10.6
Grand Total	471,252	460,798	10,454	2.3	13,732	3.0
<i>Percentage of net sales (%)</i>	100.0	100.0				
Domestic	252,516	236,250	16,266	6.9	16,266	6.9
<i>Percentage of net sales (%)</i>	53.6	51.3				
Overseas	218,736	224,548	-5,812	-2.6	-2,534	-1.1
<i>Percentage of net sales (%)</i>	46.4	48.7				
The Americas	82,783	89,330	-6,547	-7.3	2,062	2.3
<i>Percentage of net sales (%)</i>	17.6	19.4				
Europe	106,019	99,927	6,092	6.1	936	0.9
<i>Percentage of net sales (%)</i>	22.5	21.7				
Other	29,934	35,291	-5,357	-15.2	-5,532	-15.7
<i>Percentage of net sales (%)</i>	6.3	7.6				
Reference: Exchange rate						
US\$ 1	¥107.31	¥119.04	¥-11.73			
EURO 1	¥134.10	¥127.63	¥6.47			

Each category includes the following product line:

Digital Imaging Systems	Digital PPCs, color PPCs, digital duplicators and facsimile machines
Other Imaging Systems	Analog PPCs, diazo copiers, and thermal paper
Printing Systems	MFPs(multifunctional printers), laser printers and software
Other Input/Output Systems	Optical discs and system scanners
Network System Solutions	Personal computers, PC servers, network systems and network related software
Other Businesses	Optical equipments, metering equipments and semiconductors

(Year ended March 31, 2004 and 2003)

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Change	%	Change excluding exchange impact	%
<Office Equipment>						
Imaging Solutions:						
Digital Imaging Systems	606,270	626,967	-20,697	-3.3	-21,034	-3.4
<i>Percentage of net sales (%)</i>	34.1	36.1				
Domestic	253,830	265,654	-11,824	-4.5	-11,824	-4.5
Overseas	352,440	361,313	-8,873	-2.5	-9,210	-2.5
Other Imaging Systems	197,304	232,746	-35,442	-15.2	-38,022	-16.3
<i>Percentage of net sales (%)</i>	11.0	13.4				
Domestic	70,762	80,520	-9,758	-12.1	-9,758	-12.1
Overseas	126,542	152,226	-25,684	-16.9	-28,264	-18.6
Total Imaging Solutions	803,574	859,713	-56,139	-6.5	-59,056	-6.9
<i>Percentage of net sales (%)</i>	45.1	49.5				
Domestic	324,592	346,174	-21,582	-6.2	-21,582	-6.2
Overseas	478,982	513,539	-34,557	-6.7	-37,474	-7.3
Network Input/Output Systems:						
Printing Systems	509,212	408,830	100,382	24.6	94,874	23.2
<i>Percentage of net sales (%)</i>	28.6	23.5				
Domestic	218,165	177,510	40,655	22.9	40,655	22.9
Overseas	291,047	231,320	59,727	25.8	54,219	23.4
Other Input/Output Systems	49,025	54,549	-5,524	-10.1	-6,459	-11.8
<i>Percentage of net sales (%)</i>	2.8	3.2				
Domestic	4,981	10,100	-5,119	-50.7	-5,119	-50.7
Overseas	44,044	44,449	-405	-0.9	-1,340	-3.0
Total Network Input/Output Systems	558,237	463,379	94,858	20.5	88,415	19.1
<i>Percentage of net sales (%)</i>	31.4	26.7				
Domestic	223,146	187,610	35,536	18.9	35,536	18.9
Overseas	335,091	275,769	59,322	21.5	52,879	19.2
Network System Solutions	195,822	197,482	-1,660	-0.8	-1,680	-0.9
<i>Percentage of net sales (%)</i>	11.0	11.3				
Domestic	191,302	194,873	-3,571	-1.8	-3,571	-1.8
Overseas	4,520	2,609	1,911	73.2	1,891	72.5
Office Equipment Total	1,557,633	1,520,574	37,059	2.4	27,679	1.8
<i>Percentage of net sales (%)</i>	87.5	87.5				
Domestic	739,040	728,657	10,383	1.4	10,383	1.4
Overseas	818,593	791,917	26,676	3.4	17,296	2.2
The Americas	325,106	342,568	-17,462	-5.1	7,186	2.1
Europe	398,109	349,577	48,532	13.9	15,008	4.3
Other	95,378	99,772	-4,394	-4.4	-4,898	-4.9
< Other Businesses >						
Other Businesses	222,612	217,784	4,828	2.2	3,067	1.4
<i>Percentage of net sales (%)</i>	12.5	12.5				
Domestic	175,020	167,365	7,655	4.6	7,655	4.6
Overseas	47,592	50,419	-2,827	-5.6	-4,588	-9.1
The Americas	1,274	1,372	-98	-7.1	-1	-0.1
Europe	4,283	4,900	-617	-12.6	-943	-19.2
Other	42,035	44,147	-2,112	-4.8	-3,644	-8.3
Grand Total	1,780,245	1,738,358	41,887	2.4	30,746	1.8
<i>Percentage of net sales (%)</i>	100.0	100.0				
Domestic	914,060	896,022	18,038	2.0	18,038	2.0
<i>Percentage of net sales (%)</i>	51.3	51.5				
Overseas	866,185	842,336	23,849	2.8	12,708	1.5
<i>Percentage of net sales (%)</i>	48.7	48.5				
The Americas	326,380	343,940	-17,560	-5.1	7,185	2.1
<i>Percentage of net sales (%)</i>	18.3	19.8				
Europe	402,392	354,477	47,915	13.5	14,065	4.0
<i>Percentage of net sales (%)</i>	22.6	20.4				
Other	137,413	143,919	-6,506	-4.5	-8,542	-5.9
<i>Percentage of net sales (%)</i>	7.8	8.3				
Reference: Exchange rate						
US\$ 1	¥113.09	¥121.96	¥-8.87			
EURO 1	¥132.65	¥121.00	¥11.65			

Each category includes the following product line:

Digital Imaging Systems	Digital PPCs, color PPCs, digital duplicators and facsimile machines
Other Imaging Systems	Analog PPCs, diazo copiers, and thermal paper
Printing Systems	MFPs(multifunctional printers), laser printers and software
Other Input/Output Systems	Optical discs and system scanners
Network System Solutions	Personal computers, PC servers, network systems and network related software
Other Businesses	Optical equipments, metering equipments and semiconductors

### 3. Forecast of Consolidated Sales by Product Category

(Billions of yen)

	Year ended Mar.31,'04	Year ended March 31, 2005				Half year ended September 30, 2004			
		Forecast	Change %	Forecast(*)	Change %	Forecast	Change %	Forecast(*)	Change %
<Office Equipment>									
Imaging Solutions:									
Digital Imaging Systems	606.2	543.3	-10.4	556.0	-8.3	281.6	-8.9	291.6	-5.7
Domestic	253.8	230.0	-9.4	230.0	-9.4	119.1	-4.5	119.1	-4.5
Overseas	352.4	313.3	-11.1	326.0	-7.5	162.5	-11.9	172.5	-6.4
Other Imaging Systems	197.3	157.5	-20.1	161.5	-18.1	83.9	-20.7	87.2	-17.7
Domestic	70.7	60.5	-14.5	60.5	-14.5	31.2	-14.5	31.2	-14.5
Overseas	126.5	97.0	-23.3	101.0	-20.2	52.7	-24.0	56.0	-19.4
Total Imaging Solutions	803.5	700.9	-12.8	717.5	-10.7	365.5	-11.9	378.8	-8.7
Domestic	324.5	290.5	-10.5	290.5	-10.5	150.3	-6.8	150.3	-6.8
Overseas	478.9	410.4	-14.3	427.0	-10.9	215.2	-15.2	228.5	-10.0
Network Input/Output Systems:									
Printing Systems	509.2	636.5	25.0	651.5	27.9	293.2	25.6	303.6	30.0
Domestic	218.1	265.8	21.8	265.8	21.8	124.6	24.2	124.6	24.2
Overseas	291.0	370.7	27.4	385.7	32.5	168.6	26.7	179.0	34.5
Other Input/Output Systems	49.0	48.9	-0.2	51.1	4.2	22.9	-22.8	24.1	-18.9
Domestic	4.9	2.7	-45.8	2.7	-45.8	1.0	-63.5	1.0	-63.5
Overseas	44.0	46.2	5.0	48.4	9.9	21.9	-18.6	23.1	-14.4
Total Network Input/Output Systems	558.2	685.5	22.8	702.6	25.9	316.1	20.1	327.7	24.5
Domestic	223.1	268.5	20.3	268.5	20.3	125.6	21.8	125.6	21.8
Overseas	335.0	417.0	24.5	434.1	29.5	190.5	19.0	202.1	26.2
Network System Solutions	195.8	203.4	3.9	203.7	4.0	100.8	3.7	101.0	3.9
Domestic	191.3	196.0	2.5	196.0	2.5	97.6	2.5	97.6	2.5
Overseas	4.5	7.4	63.8	7.7	70.4	3.2	62.4	3.4	72.4
Office Equipment Total	1,557.6	1,589.9	2.1	1,623.8	4.2	782.5	0.9	807.5	4.1
Domestic	739.0	755.0	2.2	755.0	2.2	373.5	3.9	373.5	3.9
Overseas	818.5	834.9	2.0	868.8	6.1	409.0	-1.6	434.0	4.4
The Americas	325.1	318.2	-2.1	342.8	5.4	154.6	-7.3	173.9	4.3
Europe	398.1	410.1	3.0	418.5	5.1	199.2	2.4	204.6	5.1
Other	95.3	106.5	11.7	107.5	12.7	55.1	1.3	55.5	2.1
< Other Businesses >									
Other Businesses	222.6	220.0	-1.1	220.4	-1.0	112.5	-0.1	112.7	0.1
Domestic	175.0	180.0	2.8	180.0	2.8	92.5	3.9	92.5	3.9
Overseas	47.5	40.0	-15.8	40.4	-15.1	20.0	-15.1	20.2	-14.3
The Americas	1.2	1.2	-5.3	1.3	2.0	0.8	-7.4	0.9	4.2
Europe	4.2	6.6	55.6	6.8	58.8	3.5	55.8	3.6	59.9
Other	42.0	32.2	-23.4	32.3	-23.2	15.7	-23.2	15.7	-23.2
Grand Total	1,780.2	1,810.0	1.7	1,844.2	3.6	895.0	0.8	920.2	3.6
Domestic	914.0	935.0	2.3	935.0	2.3	466.0	3.9	466.0	3.9
Overseas	866.1	875.0	1.0	909.2	5.0	429.0	-2.4	454.2	3.4
The Americas	326.3	319.4	-2.1	344.1	5.4	155.4	-7.3	174.8	4.3
Europe	402.3	416.8	3.6	425.3	5.7	202.7	3.0	208.2	5.7
Other	137.4	138.7	0.9	139.8	1.7	70.8	-5.4	71.2	-4.9

\* Excluding foreign exchange impact

Reference:	Year ended Mar. 31, '04	Year ended Mar. 31, '05	Half year ended Sept. 30, '04
Exchange rate	(Results)	(Forecast)	(Forecast)
US\$ 1	¥113.09	¥105.00	¥105.00
EURO 1	¥132.65	¥130.00	¥130.00

Each category includes the following product line:

Digital Imaging Systems	Digital PPCs, color PPCs, digital duplicators and facsimile machines
Other Imaging Systems	Analog PPCs, diazo copiers, and thermal paper
Printing Systems	MFPs(multifunctional printers), laser printers and software
Other Input/Output Systems	Optical discs and system scanners
Network System Solutions	Personal computers, PC servers, network systems and network related software
Other Businesses	Optical equipments, measuring equipments and semiconductors