

QUARTERLY REPORT

First Quarter ended June 30, 2006

(Results for the Period from April 1, 2006 to June 30, 2006)

Performance Outline (Consolidated)

				(Billions of yen)	
	Three months ended June 30, 2006 Results	Three months ended June 30, 2005 Results	Change	Year ending March 31, 2007 Forecast	Change
Domestic sales	240.4	232.4	3.4%	1,003.0	3.8%
Overseas sales	244.1	218.9	11.5%	1,057.0	12.1%
Net sales	484.5	451.4	7.3%	2,060.0	7.9%
Gross profit	202.5	193.5	4.7%	850.0	6.9%
Operating income	40.6	36.3	11.7%	170.0	14.4%
Income from continuing operations before income taxes	38.7	37.1	4.0%	168.0	10.0%
Net income	29.1	23.7	22.8%	106.5	9.7%
Exchange rate (Yen/US\$)	114.53	107.60	6.93	114.88	1.62
Exchange rate (Yen/EURO)	143.78	135.55	8.23	140.94	3.08
Net income per share (yen)	39.92	32.32	7.60	145.99	13.66
Cash flows from operating activities	26.3	47.5	-21.1	-	-
Cash flows from investing activities	-5.0	-36.1	31.1	-	-
Cash flows from financing activities	-17.4	-52.4	34.9	-	-
Cash and cash equivalents at end of period	189.1	144.6	44.5	-	-
Capital expenditures	15.9	34.7	-18.7	85.0	-17.0
Depreciation for tangible fixed assets	15.9	15.6	0.3	69.0	1.5
R&D expenditures	25.3	25.5	-0.1	120.0	9.6
	June 30, 2006	March 31, 2006	Change		
Total assets	2,055.1	2,041.1	13.9		
Shareholders' equity	980.2	960.2	19.9		
Interest-bearing debt	372.4	381.2	-8.7		
Equity ratio (%)	47.7	47.0	0.7		
Shareholders' equity per share (yen)	1,343.70	1,316.21	27.49		

Ricoh Company, Ltd.

Notes:

* As a result of the sale of a business, the operating results and cash flows from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

* The Company bases the forecast estimates for the fiscal year ending March 31, 2007 above upon information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.

Performance

*Overview

Consolidated net sales for the first quarter of fiscal year 2007 (the three months period from April 1, 2006 to June 30, 2006) increased by 7.3% as compared to the previous corresponding period, to ¥484.5 billion. During this quarter, the average yen exchange rates were ¥114.53 against the U.S. dollar (down ¥6.93) and ¥143.78 against the Euro (down ¥8.23). Net sales would have increased by 4.2% excluding impact of such foreign currency exchange fluctuation.

As for Japan, sales of product categories such as digital PPCs (plain paper copiers), MFPs (multifunctional printers) and laser printers, especially color models, and sales in the solutions business, such as support and services relating to Ricoh's imaging solutions products, increased. Sales in the Industrial Products and Other segments also increased. Consequently, overall domestic sales increased by 3.4% as compared to the previous corresponding period.

As for overseas, sales of product categories such as MFPs and laser printers increased in each geographic area. Sales in the Americas, Europe and Other, which includes China, Asia and Oceania, increased by 15.5% (8.5% excluding exchange fluctuation impact), 8.6% (2.5%) and 9.7% (3.9%), as compared to the previous corresponding period, respectively. As a result, overall overseas sales increased by 11.5% as compared to the previous corresponding period. Had the foreign currency exchange rates remained the same as during the prior period, its sales would have increased by 5.0%.

Gross profit increased by 4.7% as compared to the previous corresponding period, to ¥202.5 billion. This increase primarily reflects an increase in sales of value-added high-margin products in the Office Solutions segment, the recovery in demand for the Industrial Products segment, and the continuous cost reduction activities at all the stages such as product development, manufacturing and logistics.

Selling, general and administrative expenses increased by 3.0% as compared to the previous corresponding period, to ¥161.9 billion. This increase was due primarily to the research and development expenses (¥25.3 billion, 5.2% of net sales) for developing new products and expenses for the enhancement of sales forces, especially overseas.

As a result, operating income increased by 11.7% as compared to the previous corresponding period, to ¥40.6 billion.

With respect to other (income) expenses, the increase in interest expense was due to an increase in market interest rates, and a foreign currency exchange loss was incurred during the period.

On May 31, 2006, San-Ai Co., Ltd., a domestic subsidiary, completed the sale of its content distribution business. The sales price was ¥12.0 billion. Ricoh recognized income from the discontinued operation of its component on this sale equal to ¥5.5 billion, net of tax.

As a result, net income increased by 22.8% as compared to the previous corresponding period, to ¥29.1 billion.

*Conditions by Product Line

Office Solutions (Sales up 6.1% to ¥411.8 billion)

Imaging Solutions (Sales up 6.7% to ¥372.7 billion)

- Sales of digital PPCs and MFPs increased as compared to the previous corresponding period. This was mainly due to the increase in sales of color products both in Japan and overseas, resulting from launch of new products in response to customers' demand for high-speed, networking, and colorization.

MFPs: Imagio Neo 250/300 series, Imagio MP6000/7500 series in Japan
Aficio 3035/3045 series, Aficio 2020/2000 series overseas

Color MFPs: Imagio MP C2500/C3000 series, Imagio MP C3500/4000 series in Japan
Aficio 3260C, Aficio 3235C/3245C series overseas

- Sales of laser printers continued to increase in Japan and overseas. The sales of after-sales business such as services and supplies also increased.

- As a result, sales in this category increased by 6.7%.

Network System Solutions (Sales up 1.2% to ¥39.0 billion)

- Sales in this category increased as compared to the previous corresponding period, due to the increase in sales of solution business products, offsetting the decrease in sales of personal computers and servers.

As a result, sales in the Office Solutions segment increased by 6.1% as compared to the previous corresponding period, to ¥411.8 billion. Net operating income in this segment increased by 5.5% as compared to the previous corresponding period, to ¥51.3 billion. This was due to the effect of the sales increase and the launch of new products, and the continuous cost reduction activities at all the stages such as product development, manufacturing and logistics.

Industrial Products (Sales up 33.1% to ¥34.7 billion)

Sales in the Industrial Products segment increased by 33.1% as compared to the previous corresponding period, to ¥34.7 billion. This was due primarily to the recovery in demand for semiconductor devices and increase in the sales resulting from thermal media, measuring equipment and electronic components businesses.

As a result, net operating income in this segment was ¥1.2 billion (net operating loss of ¥0.5 billion for the previous corresponding period).

Other (Sales up 2.0% to ¥38.0 billion)

Sales in the Other segment increased by 2.0% as compared to the previous corresponding period, to ¥38.0 billion. Though the sales of optical discs business decreased in the overseas market, the sales of financing services and logistics services continued well. As a result, net operating income in this segment increased as compared to the previous corresponding period, to ¥0.6 billion.

*Cash Flows (Three months from April 1, 2006 to June 30, 2006)

Net cash provided by operating activities decreased by ¥21.1 billion as compared to the previous corresponding period, to ¥26.3 billion. Inventories increased due primarily to the launch of new products, though net income and depreciation increased as compared to the previous corresponding period and trade receivables decreased.

Net cash used in investing activities decreased by ¥31.1 billion as compared to the previous corresponding period, to ¥5.0 billion, due primarily to the decrease in capital expenditures and the sale of a discontinued operation.

As a result, free cash flow generated by operating and investing activities increased by ¥9.9 billion as compared to the previous corresponding period, to ¥21.2 billion.

Net cash used in financing activities amounted to ¥17.4 billion due primarily to the repayment of interest-bearing debt and the dividend payment.

As a result, cash and cash equivalents at the end of this first quarter increased by ¥2.1 billion as compared to the end of the preceding fiscal year, to ¥189.1 billion.

*Forecast for the entire fiscal year

Ricoh assumes exchange rates of ¥115.00 against the U.S. dollar and of ¥140.00 against the Euro in and after the second quarter, the same as announced in April 2006. Having results of the first quarter's performance, sales forecast for fiscal year 2007 revised upward. Ricoh intends to achieve growth by implementing the business strategies such as continuous and effective launch of new products, responding the change of customers' demand and absorbing the fluctuation of currency rates.

Income for the first quarter of fiscal year 2006 was almost same as announced in April 2006. Operating income and income from continuing operations before income tax for fiscal year 2006 are forecasted same as announced in April 2006. Ricoh continues to focus on the improvement of its profitability.

Our performance forecast for fiscal year 2007 is as follows:

Exchange Rate Assumptions for the full year ending March 31, 2007

US\$ 1 = ¥114.88 (¥113.26 in previous fiscal year)

EURO 1 = ¥140.94 (¥137.86 in previous fiscal year)

(Billions of yen)

	Year ending March 31, 2007 (Forecast)	Year ended March 31, 2006 (Results)	Change
Domestic sales	1,003.0	966.2	3.8%
Overseas sales	1,057.0	943.0	12.1%
Net sales	2,060.0	1,909.2	7.9%
Gross profit	850.0	795.0	6.9%
Operating income	170.0	148.5	14.4%
Income from continuing operations before income taxes	168.0	152.7	10.0%
Net income	106.5	97.0	9.7%

Notes:

* As a result of the sale of a business, the operating results from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

* Ricoh bases the forecast estimates for the year ending March 31, 2007 above upon information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.

Ricoh Company, Ltd. and Consolidated Subsidiaries

Financial Highlights for the First Quarter Ended June 30, 2006 (U.S. GAAP Financial Information)

1. Items Relating to First Quarter Financial Statements

- (1) No change in accounting method has been made.
 (2) Change relating to the scale of consolidation and the application of the equity method:
 Consolidated subsidiaries: No addition; 4 removals
 Companies accounted for by the equity method: No addition; 2 removals

2. Results for the Period from April 1, 2006 to June 30, 2006

(1) Operating Results	(Millions of yen)		
	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
Net sales	484,576	451,465	1,909,238
<i>(% change from the previous corresponding period)</i>	<i>7.3</i>	<i>3.8</i>	<i>5.6</i>
Operating income	40,647	36,389	148,584
<i>(% change from the previous corresponding period)</i>	<i>11.7</i>	<i>-5.0</i>	<i>13.3</i>
Income from continuing operations before income taxes	38,704	37,198	152,766
<i>(% change from the previous corresponding period)</i>	<i>4.0</i>	<i>-7.5</i>	<i>16.6</i>
Net income	29,125	23,723	97,057
<i>(% change from the previous corresponding period)</i>	<i>22.8</i>	<i>-4.7</i>	<i>16.7</i>
Net income per share-basic (yen)	39.92	32.32	132.33
Net income per share-diluted (yen)	-	-	-

(2) Financial Position	(Millions of yen)		
	June 30, 2006	June 30, 2005	March 31, 2006
Total assets	2,055,138	1,899,986	2,041,183
Shareholders' equity	980,225	879,665	960,245
Equity ratio (%)	47.7	46.3	47.0
Equity per share (yen)	1,343.70	1,198.48	1,316.21

Cash Flows	(Millions of yen)		
	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
Cash flows from operating activities	26,345	47,502	173,479
Cash flows from investing activities	-5,086	-36,186	-120,051
Cash flows from financing activities	-17,482	-52,430	-59,989
Cash and cash equivalents at end of period	189,173	144,617	187,055

3. Forecast of Operating Results from April 1, 2006 to March 31, 2007

	(Millions of yen)	
	Half year ending September 30, 2006	Year ending March 31, 2007
Net sales	987,000	2,060,000
Operating income	73,000	170,000
Income from continuing operations before income taxes	72,000	168,000
Net income	48,300	106,500
Net income per share (Consolidated) ¥145.99		

Notes:

* As a result of the sale of a business, the operating results and cash flows from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

* In accordance with Japanese regulations, Ricoh has issued forecast for its financial results for the fiscal year ending March 31, 2007. These forecast are forward-looking statements based on a number of assumptions and beliefs in light of the information.

Consolidated Performance

1. Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Change	%
Net sales	484,576	451,465	33,111	7.3
Cost of sales	282,011	257,948	24,063	9.3
<i>Percentage of net sales (%)</i>	58.2	57.1		
Gross Profit	202,565	193,517	9,048	4.7
<i>Percentage of net sales (%)</i>	41.8	42.9		
Selling, general and administrative expenses	161,918	157,128	4,790	3.0
<i>Percentage of net sales (%)</i>	33.4	34.8		
Operating income	40,647	36,389	4,258	11.7
<i>Percentage of net sales (%)</i>	8.4	8.1		
Other (income) expense				
Interest and dividend income	1,097	685	412	60.1
<i>Percentage of net sales (%)</i>	0.2	0.2		
Interest expense	1,584	1,009	575	57.0
<i>Percentage of net sales (%)</i>	0.3	0.2		
Other, net	1,456	-1,133	2,589	-
<i>Percentage of net sales (%)</i>	0.3	-0.1		
Income from continuing operations before income taxes, equity income and minority interests	38,704	37,198	1,506	4.0
<i>Percentage of net sales (%)</i>	8.0	8.2		
Provision for income taxes	14,226	13,144	1,082	8.2
<i>Percentage of net sales (%)</i>	2.9	2.9		
Minority interests in earnings of subsidiaries	1,339	1,226	113	9.2
<i>Percentage of net sales (%)</i>	0.3	0.3		
Equity in earnings of affiliates	486	363	123	33.9
<i>Percentage of net sales (%)</i>	0.1	0.1		
Income from continuing operations	23,625	23,191	434	1.9
<i>Percentage of net sales (%)</i>	4.9	5.1		
Income from discontinued operation, net of tax	5,500	532	4,968	933.8
<i>Percentage of net sales (%)</i>	1.1	0.2		
Net Income	29,125	23,723	5,402	22.8
<i>Percentage of net sales (%)</i>	6.0	5.3		

Note:

* As a result of the sale of a business, the operating results from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

Reference : Exchange rate

US\$ 1	¥114.53	¥107.60
EURO 1	¥143.78	¥135.55

2-1. Consolidated Sales by Product Category

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Change	%
<Office Solutions>				
Imaging Solutions	372,755	349,487	23,268	6.7
<i>Percentage of net sales (%)</i>	76.9	77.4		
Network System Solutions	39,047	38,586	461	1.2
<i>Percentage of net sales (%)</i>	8.1	8.6		
Office Solutions Total	411,802	388,073	23,729	6.1
<i>Percentage of net sales (%)</i>	85.0	86.0		
<Industrial Products>				
Industrial Products	34,709	26,078	8,631	33.1
<i>Percentage of net sales (%)</i>	7.2	5.8		
<Other>				
Other	38,065	37,314	751	2.0
<i>Percentage of net sales (%)</i>	7.8	8.2		
Grand Total	484,576	451,465	33,111	7.3
<i>Percentage of net sales (%)</i>	100.0	100.0		

2-2. Consolidated Sales by Geographic Area

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Change	%
<Domestic>	240,431	232,474	7,957	3.4
<i>Percentage of net sales (%)</i>	49.6	51.5		
<Overseas>	244,145	218,991	25,154	11.5
<i>Percentage of net sales (%)</i>	50.4	48.5		
The Americas	100,635	87,156	13,479	15.5
<i>Percentage of net sales (%)</i>	20.8	19.3		
Europe	113,510	104,479	9,031	8.6
<i>Percentage of net sales (%)</i>	23.4	23.1		
Other	30,000	27,356	2,644	9.7
<i>Percentage of net sales (%)</i>	6.2	6.1		
Grand Total	484,576	451,465	33,111	7.3
<i>Percentage of net sales (%)</i>	100.0	100.0		

Note:

* As a result of the sale of a business, the operating results from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

3. Consolidated Balance Sheets

Assets	(Millions of yen)		
	June 30, 2006	March 31, 2006	Change
Current Assets			
Cash and time deposits	190,662	188,525	2,137
Trade receivables	631,651	630,501	1,150
Marketable securities	166	162	4
Inventories	183,719	169,245	14,474
Other current assets	58,379	55,110	3,269
Total Current Assets	1,064,577	1,043,543	21,034
Fixed Assets			
Tangible fixed assets	266,494	268,243	-1,749
Finance receivables	416,990	415,435	1,555
Other investments	307,077	313,962	-6,885
Total Fixed Assets	990,561	997,640	-7,079
Total Assets	2,055,138	2,041,183	13,955

Note:

Contents of cash and time deposits;

Cash and cash equivalents	189,173	187,055
Time deposits	1,489	1,470

Liabilities and Shareholders' Investment	(Millions of yen)		
	June 30, 2006	March 31, 2006	Change
Current Liabilities			
Trade payables	328,434	339,152	-10,718
Short-term borrowings	171,398	185,651	-14,253
Other current liabilities	172,172	159,225	12,947
Total Current Liabilities	672,004	684,028	-12,024
Fixed Liabilities			
Long-term indebtedness	201,090	195,626	5,464
Accrued pension and severance costs	96,942	97,020	-78
Other fixed liabilities	50,859	51,374	-515
Total Fixed Liabilities	348,891	344,020	4,871
Total Liabilities	1,020,895	1,028,048	-7,153
Minority Interest	54,018	52,890	1,128
Shareholders' Investment			
Common stock	135,364	135,364	-
Additional paid-in capital	186,450	186,450	0
Retained earnings	685,758	665,394	20,364
Accumulated other comprehensive income (loss)	3,836	4,099	-263
Treasury stock	-31,183	-31,062	-121
Total Shareholders' Investment	980,225	960,245	19,980
Total Liabilities and Shareholders' Investment	2,055,138	2,041,183	13,955

Note:

Other comprehensive income;

Net unrealized holding gains on available-for-sale securities	8,124	8,928	-804
Pension liability adjustments	-7,086	-7,643	557
Net unrealized gains (losses) on derivative instruments	121	157	-36
Cumulative translation adjustments	2,677	2,657	20

Reference: Exchange rate	June 30, 2006	March 31, 2006
US\$ 1	¥115.24	¥117.47
EURO 1	¥146.00	¥142.81

4. Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2006	Three months ended June 30, 2005
I. Cash Flows from Operating Activities:		
Net income	29,125	23,723
Income from discontinued operation, net of tax	-5,500	-532
Income from continuing operations	23,625	23,191
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	20,776	19,543
Equity in earnings of affiliates, net of dividends received	7	113
Deferred income taxes	-1,232	288
Loss on disposals and sales of tangible fixed assets	116	405
Pension and severance costs, less payments	134	883
Changes in assets and liabilities—		
Decrease in trade receivables	3,233	32,394
Increase in inventories	-14,205	-2,209
Increase in finance receivables	-7,217	-6,166
Decrease in trade payables	-9,533	-32,363
Increase in accrued income taxes and accrued expenses and other	7,970	7,232
Other, net	2,671	4,191
Net cash provided by operating activities	26,345	47,502
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	42	21
Expenditures for tangible fixed assets	-15,954	-34,718
Payments for purchases of available-for-sale securities	-24,739	-36,105
Proceeds from sales of available-for-sale securities	24,019	36,542
Increase in time deposits	-38	-399
Proceeds from sales of discontinued operation	12,000	-
Other, net	-416	-1,527
Net cash used in investing activities	-5,086	-36,186
III. Cash Flows from Financing Activities:		
Proceeds from long-term indebtedness	36,069	13,366
Repayment of long-term indebtedness	-13,845	-20,420
Increase (Decrease) in short-term borrowings, net	-12,526	3,308
Repayment of long-term debt securities	-18,000	-41,000
Dividend paid	-8,764	-7,348
Payment for purchase of treasury stock	-125	-100
Other, net	-291	-236
Net cash used in financing activities	-17,482	-52,430
IV. Net Increase in Cash and Cash Equivalents from discontinued operation	825	996
V. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-2,484	-2,122
VI. Net Increase (Decrease) in Cash and Cash Equivalents	2,118	-42,240
VII. Cash and Cash Equivalents at Beginning of Year	187,055	186,857
VIII. Cash and Cash Equivalents at End of Period	189,173	144,617

Note:

* As a result of the sale of a business, the operating results from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

5. Segment Information

(1) Operating Segments Information

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Change	%
Office Solutions:				
Net sales:				
Unaffiliated customers	411,802	388,073	23,729	6.1
Intersegment	-	-	-	-
Total	411,802	388,073	23,729	6.1
Operating expenses	360,458	339,394	21,064	6.2
Operating income	51,344	48,679	2,665	5.5
<i>Operating income on sales in Office Solutions (%)</i>	<i>12.5</i>	<i>12.5</i>		
Industrial Products:				
Net sales:				
Unaffiliated customers	34,709	26,078	8,631	33.1
Intersegment	1,205	586	619	105.6
Total	35,914	26,664	9,250	34.7
Operating expenses	34,680	27,188	7,492	27.6
Operating income	1,234	-524	1,758	-
<i>Operating income on sales in Industrial Products (%)</i>	<i>3.4</i>	<i>-2.0</i>		
Other:				
Net sales:				
Unaffiliated customers	38,065	37,314	751	2.0
Intersegment	-	-	-	-
Total	38,065	37,314	751	2.0
Operating expenses	37,382	37,249	133	0.4
Operating income	683	65	618	950.8
<i>Operating income on sales in Other (%)</i>	<i>1.8</i>	<i>0.2</i>		
Corporate and Eliminations:				
Net sales:				
Intersegment	-1,205	-586	-619	-
Total	-1,205	-586	-619	-
Operating expenses:				
Intersegment	-1,250	-594	-656	-
Corporate	12,659	11,839	820	-
Total	11,409	11,245	164	-
Operating income	-12,614	-11,831	-783	-
Consolidated:				
Net sales:				
Unaffiliated customers	484,576	451,465	33,111	7.3
Intersegment	-	-	-	-
Total	484,576	451,465	33,111	7.3
Operating expenses	443,929	415,076	28,853	7.0
Operating income	40,647	36,389	4,258	11.7
<i>Operating income on consolidated net sales (%)</i>	<i>8.4</i>	<i>8.1</i>		

Note:

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(2) Geographic Segments Information

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Change	%
Japan:				
Net sales:				
External customers	246,140	240,007	6,133	2.6
Intersegment	123,068	104,986	18,082	17.2
Total	369,208	344,993	24,215	7.0
Operating expenses	337,072	316,779	20,293	6.4
Operating income	32,136	28,214	3,922	13.9
<i>Operating income on sales in Japan (%)</i>	8.7	8.2		
The Americas:				
Net sales:				
External customers	100,625	86,298	14,327	16.6
Intersegment	989	1,308	-319	-24.4
Total	101,614	87,606	14,008	16.0
Operating expenses	99,593	86,282	13,311	15.4
Operating income	2,021	1,324	697	52.6
<i>Operating income on sales in the Americas (%)</i>	2.0	1.5		
Europe:				
Net sales:				
External customers	113,509	103,476	10,033	9.7
Intersegment	898	1,120	-222	-19.8
Total	114,407	104,596	9,811	9.4
Operating expenses	109,783	98,698	11,085	11.2
Operating income	4,624	5,898	-1,274	-21.6
<i>Operating income on sales in Europe (%)</i>	4.0	5.6		
Other:				
Net sales:				
External customers	24,302	21,684	2,618	12.1
Intersegment	32,347	23,627	8,720	36.9
Total	56,649	45,311	11,338	25.0
Operating expenses	52,330	42,126	10,204	24.2
Operating income	4,319	3,185	1,134	35.6
<i>Operating income on sales in Other (%)</i>	7.6	7.0		
Corporate and Eliminations:				
Net sales:				
Intersegment	-157,302	-131,041	-26,261	-
Total	-157,302	-131,041	-26,261	-
Operating expenses	-154,849	-128,809	-26,040	-
Operating income	-2,453	-2,232	-221	-
Consolidated:				
Net sales:				
External customers	484,576	451,465	33,111	7.3
Intersegment	-	-	-	-
Total	484,576	451,465	33,111	7.3
Operating expenses	443,929	415,076	28,853	7.0
Operating income	40,647	36,389	4,258	11.7
<i>Operating income on consolidated net sales (%)</i>	8.4	8.1		

Note:

* As a result of the sale of a business, the operating results from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

-APPENDIX- (Three months ended June 30, 2006)

1. Consolidated Sales by Product Category

	(Millions of yen)					
	Three months ended June 30, 2006	Three months ended June 30, 2005	Change	%	Change excluding exchange impact	%
<Office Solutions>						
Imaging Solutions	372,755	349,487	23,268	6.7	10,321	3.0
<i>Percentage of net sales (%)</i>	76.9	77.4				
Domestic	151,521	149,622	1,899	1.3	1,899	1.3
Overseas	221,234	199,865	21,369	10.7	8,422	4.2
Network System Solutions	39,047	38,586	461	1.2	340	0.9
<i>Percentage of net sales (%)</i>	8.1	8.6				
Domestic	37,242	36,599	643	1.8	643	1.8
Overseas	1,805	1,987	-182	-9.2	-303	-15.2
Office Solutions Total	411,802	388,073	23,729	6.1	10,661	2.7
<i>Percentage of net sales (%)</i>	85.0	86.0				
Domestic	188,763	186,221	2,542	1.4	2,542	1.4
Overseas	223,039	201,852	21,187	10.5	8,119	4.0
The Americas	93,041	82,966	10,075	12.1	4,449	5.4
Europe	107,310	98,671	8,639	8.8	2,517	2.6
Other	22,688	20,215	2,473	12.2	1,153	5.7
<Industrial Products>						
Industrial Products	34,709	26,078	8,631	33.1	7,851	30.1
<i>Percentage of net sales (%)</i>	7.2	5.8				
Domestic	18,830	15,858	2,972	18.7	2,972	18.7
Overseas	15,879	10,220	5,659	55.4	4,879	47.7
The Americas	7,339	3,139	4,200	133.8	3,756	119.7
Europe	4,700	3,945	755	19.1	518	13.1
Other	3,840	3,136	704	22.4	605	19.3
<Other>						
Other	38,065	37,314	751	2.0	500	1.3
<i>Percentage of net sales (%)</i>	7.8	8.2				
Domestic	32,838	30,395	2,443	8.0	2,443	8.0
Overseas	5,227	6,919	-1,692	-24.5	-1,943	-28.1
The Americas	255	1,051	-796	-75.7	-810	-77.1
Europe	1,500	1,863	-363	-19.5	-447	-24.0
Other	3,472	4,005	-533	-13.3	-686	-17.1
Grand Total	484,576	451,465	33,111	7.3	19,012	4.2
<i>Percentage of net sales (%)</i>	100.0	100.0				
Domestic	240,431	232,474	7,957	3.4	7,957	3.4
<i>Percentage of net sales (%)</i>	49.6	51.5				
Overseas	244,145	218,991	25,154	11.5	11,055	5.0
<i>Percentage of net sales (%)</i>	50.4	48.5				
The Americas	100,635	87,156	13,479	15.5	7,395	8.5
<i>Percentage of net sales (%)</i>	20.8	19.3				
Europe	113,510	104,479	9,031	8.6	2,588	2.5
<i>Percentage of net sales (%)</i>	23.4	23.1				
Other	30,000	27,356	2,644	9.7	1,072	3.9
<i>Percentage of net sales (%)</i>	6.2	6.1				
Reference: Exchange rate						
US\$ 1	¥114.53	¥107.60	¥6.93			
EURO 1	¥143.78	¥135.55	¥8.23			

Notes:

* As a result of the sale of a business, the operating results from the discontinued operation have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

*Each category includes the following product line:

Imaging Solutions	Digital PPCs, color PPCs, digital duplicators, facsimile machines, analog PPCs, diazo copiers, scanners, MFPs(multifunctional printers), laser printers and software
Network System Solutions	Personal computers, servers, network systems and network related software
Industrial Products	Thermal media, optical equipment, semiconductor devices, electronic components and measuring equipment
Other	Optical discs and digital cameras

2. Forecast of Consolidated Performance

(Billions of yen)

	Three months ended		Three months ending		Half year ending		Year ending	
	June 30, 2006	Change	Sept. 30, 2006	Change	Sept. 30, 2006	Change	March 31, 2007	Change
	Results	%	Forecast	%	Forecast	%	Forecast	%
Net sales	484.5	7.3	502.4	7.3	987.0	7.3	2,060.0	7.9
Gross profit	202.5	4.7	208.4	8.4	411.0	6.6	850.0	6.9
Operating income	40.6	11.7	32.3	13.0	73.0	12.3	170.0	14.4
Income from continuing operations								
before income taxes	38.7	4.0	33.2	9.8	72.0	6.7	168.0	10.0
Net income	29.1	22.8	19.1	0.2	48.3	12.7	106.5	9.7
Net income per share (yen)	39.92	-	26.29	-	66.21	-	145.99	-
Capital expenditures	15.9	-	22.0	-	38.0	-	85.0	-
Depreciation for tangible fixed assets	15.9	-	16.0	-	32.0	-	69.0	-
R&D expenditures	25.3	-	32.6	-	58.0	-	120.0	-
Exchange rate (Yen/US\$)	114.53	-	115.00	-	114.77	-	114.88	-
Exchange rate (Yen/EURO)	143.78	-	140.00	-	141.89	-	140.94	-

3. Forecast of Consolidated Sales by Product Category

(Billions of yen)

	Half year ending September 30, 2006				Year ending March 31, 2007			
	Forecast	Change	Forecast(*)	Change	Forecast	Change	Forecast(*)	Change
		%		%		%		%
<Office Solutions>								
Imaging Solutions	747.5	7.8	727.6	5.0	1,574.1	8.8	1,558.3	7.7
Domestic	293.2	1.4	293.2	1.4	605.5	3.4	605.5	3.4
Overseas	454.2	12.5	434.4	7.6	968.5	12.5	952.8	10.6
Network System Solutions	94.7	1.7	94.5	1.5	197.8	3.8	197.6	3.7
Domestic	90.2	1.4	90.2	1.4	187.5	3.5	187.5	3.5
Overseas	4.5	8.1	4.2	2.8	10.3	9.1	10.0	6.8
Office Solutions Total	842.2	7.1	822.1	4.6	1,771.9	8.2	1,755.9	7.3
Domestic	383.4	1.4	383.4	1.4	793.0	3.5	793.0	3.5
Overseas	458.7	12.4	438.7	7.5	978.8	12.4	962.9	10.6
The Americas	198.4	13.8	189.3	8.6	414.6	12.6	409.6	11.3
Europe	216.2	13.2	206.7	8.2	465.9	12.9	456.6	10.7
Other	44.1	3.6	42.6	0.0	98.3	9.3	96.6	7.4
<Industrial Products>								
Industrial Products	68.5	17.3	67.5	15.5	136.1	12.9	135.3	12.2
Domestic	40.3	12.0	40.3	12.0	80.9	11.9	80.9	11.9
Overseas	28.1	25.9	27.1	21.3	55.1	14.3	54.3	12.6
The Americas	11.4	39.1	10.8	32.5	20.5	18.1	20.1	16.1
Europe	8.6	15.1	8.2	10.6	17.3	7.8	16.9	5.7
Other	8.1	21.7	7.9	19.5	17.3	17.0	17.1	16.0
<Other>								
Other	76.1	1.4	75.9	1.0	151.8	0.3	151.6	0.2
Domestic	66.1	4.2	66.1	4.2	128.9	1.3	128.9	1.3
Overseas	10.0	-14.1	9.7	-16.2	22.9	-4.6	22.6	-5.7
The Americas	0.6	-50.4	0.6	-51.5	1.2	-31.7	1.3	-27.0
Europe	2.7	-5.7	2.6	-8.6	6.0	-3.2	5.9	-4.6
Other	6.6	-10.8	6.5	-12.9	15.6	-2.1	15.4	-3.6
Grand Total	987.0	7.3	965.6	5.0	2,060.0	7.9	2,042.9	7.0
Domestic	490.0	2.6	490.0	2.6	1,003.0	3.8	1,003.0	3.8
Overseas	497.0	12.4	475.6	7.6	1,057.0	12.1	1,039.9	10.3
The Americas	210.5	14.5	200.8	9.2	436.4	12.7	431.1	11.3
Europe	227.5	13.0	217.6	8.1	489.2	12.5	479.5	10.3
Other	58.9	3.8	57.1	0.6	131.3	8.7	129.2	7.0

* Excluding foreign exchange impact