

# QUARTERLY REPORT

Half year ended September 30, 2008

(Results for the Period from April 1, 2008 to September 30, 2008)

Three months ended September 30, 2008

(Results for the Period from July 1, 2008 to September 30, 2008)

## Performance Outline (Consolidated)

(1) Half year ended September 30, 2007, 2008 and Year ending March 31, 2009 (Forecast)

	Half year ended		Change	(Billions of yen)	
	September 30, 2008 Results	September 30, 2007 Results		Year ending March 31, 2009 Forecast	Change
Domestic sales	483.8	504.4	-4.1%	1,000.0	-1.6%
Overseas sales	582.1	583.9	-0.3%	1,150.0	-4.5%
Net sales	1,065.9	1,088.3	-2.1%	2,150.0	-3.2%
Gross profit	443.3	451.2	-1.8%	898.0	-3.2%
Operating income	65.0	84.5	-23.0%	150.0	-17.4%
Income before income taxes	58.8	85.0	-30.8%	142.0	-18.7%
Net income	34.3	53.1	-35.4%	87.0	-18.3%
Exchange rate (Yen/US\$)	106.15	119.37	-13.22	103.08	-11.32
Exchange rate (Yen/EURO)	162.69	162.36	0.33	146.35	-15.34
Net income per share-basic (yen)	47.56	72.83	-25.27	120.48	-25.56
Net income per share-diluted (yen)	46.28	70.90	-24.62	117.24	-24.91
Cash flows from operating activities	21.1	78.8	-57.7	-	-
Cash flows from investing activities	-65.6	-137.1	71.4	-	-
Cash flows from financing activities	34.1	-7.2	41.4	-	-
Cash and cash equivalents at end of period	159.6	190.1	-30.4	-	-
Capital expenditures	46.9	39.6	7.3	90.0	4.7
Depreciation for tangible fixed assets	35.3	35.6	-0.3	75.0	2.2
R&D expenditures	63.2	61.5	1.6	127.0	0.9
	September 30, 2008	March 31, 2008	Change		
Total assets	2,220.8	2,214.3	6.5		
Shareholders' investment	1,102.4	1,080.1	22.2		
Interest-bearing debt	426.8	384.3	42.5		
Equity ratio (%)	49.6	48.8	0.8		
Shareholders' investment per share (yen)	1,519.08	1,498.29	20.79		

(2) Three months ended September 30, 2007 and 2008

	Three months ended September 30, 2008 Results	Three months ended September 30, 2007 Results	Change
Domestic sales	249.9	259.7	-3.8%
Overseas sales	294.4	298.5	-1.4%
Net sales	544.3	558.2	-2.5%
Gross profit	214.9	222.4	-3.4%
Operating income	25.3	37.9	-33.3%
Income before income taxes	15.1	31.7	-52.4%
Net income	8.6	19.3	-55.4%
Exchange rate (Yen/US\$)	107.63	117.98	-10.35
Exchange rate (Yen/EURO)	161.92	162.00	-0.08
Net income per share-basic (yen)	11.85	26.45	-14.60
Net income per share-diluted (yen)	11.53	25.75	-14.22
Capital expenditures	26.5	22.5	3.9
Depreciation for tangible fixed assets	17.6	18.8	-1.2
R&D expenditures	31.4	34.3	-2.8

## Ricoh Company, Ltd.

\* The Company bases the forecast estimates for the fiscal year ending March 31, 2009 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 Second Quarter Ended September 30, 2008 (U.S. GAAP Financial Information)

### 1. Results for the Period from April 1, 2008 to September 30, 2008

(1) Operating Results	(Millions of yen)	
	Half year ended September 30, 2008	Half year ended September 30, 2007
Net sales	1,065,927	1,088,373
<i>(% change from the previous corresponding period)</i>	-2.1	10.3
Operating income	65,076	84,568
<i>(% change from the previous corresponding period)</i>	-23.0	15.6
Income before income taxes	58,875	85,042
<i>(% change from the previous corresponding period)</i>	-30.8	14.5
Net income	34,345	53,160
<i>(% change from the previous corresponding period)</i>	-35.4	2.1
Net income per share-basic (yen)	47.56	72.83
Net income per share-diluted (yen)	46.28	70.90

(2) Financial Position	(Millions of yen)	
	September 30, 2008	March 31, 2008
Total assets	2,220,881	2,214,368
Shareholders' Investment	1,102,493	1,080,196
Equity ratio (%)	49.6	48.8
Shareholders' investment per share (yen)	1,519.08	1,498.29

### 2. Dividend information

	Year ended March 31, 2008	Year ending March 31, 2009
	(Results)	(Forecast)
Cash dividends, applicable to the year (yen)	33.00	37.00
Interim (yen)	16.00	18.00
Year-end (yen)	17.00	19.00

Notes: Revision of expected dividends during this period: No

### 3. Forecast of Operating Results from April 1, 2008 to March 31, 2009

	(Millions of yen)
	Year ending March 31, 2009
Net sales	2,150,000
Operating income	150,000
Income before income taxes	142,000
Net income	87,000
Net income per share (yen)	120.48

Notes: Revision of forecast of consolidated operating results during this period: Yes

### 4. Others

(1) Changes in significant subsidiaries: No

(2) Changes in accounting method: Yes

\* For details see "4.Others" on page 5.

(3) Number of common stock outstanding (including treasury stock):

As of September 30, 2008 744,912,078 shares As of March 31, 2008 744,912,078 shares

(4) Number of treasury stock:

As of September 30, 2008 19,146,842 shares As of March 31, 2008 23,960,828 shares

(5) Average number of common stock:

As of September 30, 2008 722,135,512 shares As of March 31, 2008 729,901,240 shares

## Consolidated Performance

### 1. Operating results

#### \*Overview

Consolidated net sales of Ricoh Group for the first half of fiscal year 2009 (6months period from April 1, 2008 to September 30, 2008) decreased by 2.1% as compared to the previous corresponding period, to ¥1,065.9 billion. During this quarter, the average yen exchange rates were ¥106.15 against the U.S. dollar (up ¥13.22) and ¥162.69 against the Euro (down ¥0.33). Net sales would have increased by 1.0% excluding impact of such foreign currency exchange fluctuation.

As for Japan, while sales of laser printers increased, sales of black & white PPCs (plain paper copiers) and MFPs (multifunctional printers) as well as sales in Industrial Products and Other segments decreased. Consequently, overall domestic sales decreased by 4.1% as compared to the previous corresponding period.

As for overseas, despite the appreciation of the Yen against the U.S. dollar, the increase in sales of color MFPs and color laser printers contributed to the favorable performance in each geographic area to strengthen its sales structures and expand printer business operations. Although sales in the Americas increased by 0.9% (+13.4%, excluding foreign currency exchange fluctuation) due mainly to economic downturns and the appreciation of the Yen against the U.S. dollar, sales in Europe decreased by 0.1% (+0.3%, excluding foreign currency exchange fluctuation) and sales in Other, comprised of China, South East Asia and Oceania, decreased by 4.2% (+1.9%, excluding foreign currency exchange fluctuation). As a result, sales in the overseas market decreased by 0.3% as compared to the previous corresponding period. Excluding effects of foreign currency fluctuations, net sales in overseas would have increased by 5.3% as compared to the previous corresponding period.

Although gross profit decreased by 1.8% as compared to the previous corresponding period, to ¥443.3 billion due mainly to the appreciation of the Yen, gross profit as a percentage of net sales increased by 0.1 percentage point as compared to the previous corresponding period, to 41.6%. This increase primarily reflects the increase in sales derived from cost reduction.

Selling, general and administrative expenses increased by 3.2% as compared to the previous corresponding period, to ¥378.2 billion due to the increase of expenses relating to expanding printer business operations and R&D activity.

As a result, operating income decreased by 23.0% as compared to the previous corresponding period, to ¥65.0 billion.

Other (income) expenses, foreign exchange loss increased as compared to the previous corresponding period. As a result, income before income taxes decreased by 30.8% as compared to the previous corresponding period, to ¥58.8 billion.

As a result, net income decreased by 35.4% as compared to the previous corresponding period, to ¥34.3 billion.

\*Conditions by Product Line

Conditions by Product Line for half year ended September 30, 2008 are as follows;

Imaging & Solutions (Sales down 0.5% to ¥919.7 billion)

Imaging Solutions (Sales down 1.6% to ¥814.1 billion)

As for PPCs and MFPs, while sales of color products remained steady, sales of monochrome products decreased significantly as compared to the previous corresponding period.

As for printers, sales increased both in Japan and overseas, reflecting Ricoh's continuing effort to strengthen its sales structures and expand printer business operations.

Excluding effects of foreign currency fluctuations, net sales in this category would have increased by 2.1% as compared to the previous corresponding period.

Network System Solutions (Sales up 8.7% to ¥105.6 billion)

Sales in this category increased by 8.7% as compared to the previous corresponding period, to ¥105.6 billion. Excluding effects of foreign currency fluctuations, net sales in this category would have increased by 9.6% as compared to the previous corresponding period.

Overseas IT service business was changed from Imaging Solutions to Network System Solutions in this period. The effect of the change was ¥9.5 billion.

As a result, sales in the Imaging & Solutions segment decreased by 0.5% as compared to the previous corresponding period, to ¥919.7 billion. Operating income decreased by 11.4% as compared to the previous corresponding period, to ¥98.2 billion due to the increase of expenses relating to the expansion of its business operations as well as the appreciation of the Yen against U.S. dollar.

Industrial Products (Sales down 12.4% to ¥67.8 billion)

Sales in the Industrial Products segment decreased by 12.4% as compared to the previous corresponding period, to ¥67.8 billion. Sales of electronic components decreased.

As a result, operating income in the Industrial Products segment was ¥0.7 billion (¥2.6 billion for the previous corresponding period).

Other (Sales down 9.2% to ¥78.3 billion)

Net sales in the Other segment decreased by 9.2% as compared to the previous corresponding period, to ¥78.3 billion. Sales of digital cameras decreased both in Japan and overseas.

As a result operating income in the Other segment was ¥1.5 billion (¥1.1 billion for the previous corresponding period).

## 2. Financial Position

\*Assets, Liabilities and Shareholders' Investment

Total Assets amounted to ¥2,220.8 billion as of September 30, 2008.

For Assets, inventories increased from the end of the previous period. As a result, total assets increased by ¥6.5 billion, to ¥2,220.8 billion.

For Liabilities, although short-term borrowings increased, trade payables and long-term indebtedness decreased. As a result, total liabilities decreased by ¥6.7 billion, to ¥1,069.1 billion.

Minority Interest decreased by ¥9.0 billion, to ¥49.2 billion, due primarily to the fact that Ricoh Elemex Corporation became a wholly owned subsidiary of Ricoh.

Shareholders' investment increased by ¥22.2 billion, to ¥1,102.4 billion due primarily to the fact that the decrease by dividends payment was sufficiently offset by the increase by earning profit.

\*Cash Flows (First half year from April 1, 2008 to September 30, 2008)

Cash Flows results for half year ended September 30, 2008 are as follows;

Net cash provided by operating activities in this period decreased by ¥57.7 billion as compared to the previous corresponding period, to ¥21.1 billion. Net income and trade payables decreased and inventories and finance receivables increased as compared to the previous corresponding period.

Net cash used in investing activities in this period decreased by ¥71.4 billion as compared to the previous corresponding period, to ¥65.6 billion. Net cash used in investing activities in the previous corresponding period consisted primarily of a payment in connection with the establishment and commencement of a joint venture company with IBM Corporation.

As a result, free cash flows generated by operating and investing activities decreased by ¥13.7 billion as compared to the previous corresponding period, to cash outflows of ¥44.5 billion.

Net cash used in financing activities amounted to ¥34.1 billion due primarily to an increase in short-term borrowings.

As a result, cash and cash equivalents as of September 30, 2008 decreased by ¥10.9 billion as compared to the end of the preceding fiscal year, to ¥159.6 billion.

### 3. Forecast for the entire fiscal year

As for the forecast of business results for the first half of fiscal year ending March 31, 2009 and exchange rate fluctuations, we have revised downward our forecast of sales, gross profit, operating income, income before income taxes and net income from announced in July 2008. This revision reflects the third quarter result and so on.

Ricoh assumes that exchange rates of ¥100.00 against the U.S. dollar and of ¥130.00 against the Euro in and after the third quarter, which were changed from announced in July 2008.

Our performance forecast for fiscal year 2009 is as follows:

Exchange Rate Assumptions for the full year ending March 31, 2009

US\$ 1 = ¥103.08 (¥114.40 in previous fiscal year)

EURO 1 = ¥146.35 (¥161.69 in previous fiscal year)

(Billions of yen)

	Year ending March 31, 2009 (Forecast)	Year ended March 31, 2008 (Results)	Change
Domestic sales	1,000.0	1,016.0	-1.6%
Overseas sales	1,150.0	1,203.9	-4.5%
Net sales	2,150.0	2,219.9	-3.2%
Gross profit	898.0	927.7	-3.2%
Operating income	150.0	181.5	-17.4%
Income before income taxes	142.0	174.6	-18.7%
Net income	87.0	106.4	-18.3%

\* Ricoh bases the forecast estimates for the year ending March 31, 2009 above upon information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.

### 4. Others

(1) Changes in significant subsidiaries:

Not applicable

(2) Changes in accounting method:

Adoption of new accounting standards:

i. In September 2006, the FASB issued SFAS No.157, "Fair Value Measurements". The effect that adoption of SFAS 157 has on its consolidated results of operations and financial condition was not material.

ii. In September 2006, the FASB issued SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". The effect that adoption of SFAS 158 has on its consolidated results of operations and financial condition was not material.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Assets	(Millions of yen)		
	September 30, 2008	March 31, 2008	Change
Current Assets			
Cash and time deposits	162,239	172,138	-9,899
Trade receivables	693,161	699,043	-5,882
Inventories	206,178	192,023	14,155
Other current assets	62,406	60,936	1,470
Total Current Assets	1,123,984	1,124,140	-156
Fixed Assets			
Tangible fixed assets	256,394	254,633	1,761
Finance receivables	457,943	445,436	12,507
Other investments	382,560	390,159	-7,599
Total Fixed Assets	1,096,897	1,090,228	6,669
<b>Total Assets</b>	<b>2,220,881</b>	<b>2,214,368</b>	<b>6,513</b>

Note:

Contents of cash and time deposits;

Cash and cash equivalents	159,674	170,607
Time deposits	2,565	1,531

Liabilities and Shareholders' Investment	(Millions of yen)		
	September 30, 2008	March 31, 2008	Change
Current Liabilities			
Trade payables	328,121	360,569	-32,448
Short-term borrowings	217,125	158,442	58,683
Other current liabilities	183,691	194,745	-11,054
Total Current Liabilities	728,937	713,756	15,181
Fixed Liabilities			
Long-term indebtedness	209,765	225,930	-16,165
Accrued pension and severance costs	101,283	99,830	1,453
Other fixed liabilities	29,121	36,373	-7,252
Total Fixed Liabilities	340,169	362,133	-21,964
<b>Total Liabilities</b>	<b>1,069,106</b>	<b>1,075,889</b>	<b>-6,783</b>
Minority Interest	49,282	58,283	-9,001
Shareholders' Investment			
Common stock	135,364	135,364	-
Additional paid-in capital	186,117	186,448	-331
Retained earnings	857,327	835,238	22,089
Accumulated other comprehensive income (loss)	-39,688	-31,005	-8,683
Treasury stock	-36,627	-45,849	9,222
Total Shareholders' Investment	1,102,493	1,080,196	22,297
<b>Total Liabilities and Shareholders' Investment</b>	<b>2,220,881</b>	<b>2,214,368</b>	<b>6,513</b>

Note:

Other comprehensive income;

Net unrealized holding gains (losses) on available-for-sale securities	-69	1,316	-1,385
Pension liability adjustments	-21,076	-20,788	-288
Net unrealized gains (losses) on derivative instruments	12	-408	420
Cumulative translation adjustments	-18,555	-11,125	-7,430

Reference: Exchange rate

	September 30, 2008	March 31, 2008
US\$ 1	¥103.57	¥100.19
EURO 1	¥149.05	¥158.19

## (2) Consolidated Statements of Income

Half year ended September 30, 2007 and 2008

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007	Change	%
Net sales	1,065,927	1,088,373	-22,446	-2.1
Cost of sales	622,583	637,120	-14,537	-2.3
<i>Percentage of net sales (%)</i>	58.4	58.5		
Gross Profit	443,344	451,253	-7,909	-1.8
<i>Percentage of net sales (%)</i>	41.6	41.5		
Selling, general and administrative expenses	378,268	366,685	11,583	3.2
<i>Percentage of net sales (%)</i>	35.5	33.7		
Operating income	65,076	84,568	-19,492	-23.0
<i>Percentage of net sales (%)</i>	6.1	7.8		
Other (income) expenses				
Interest and dividend income	3,078	3,160	-82	-2.6
<i>Percentage of net sales (%)</i>	0.3	0.3		
Interest expense	2,448	2,721	-273	-10.0
<i>Percentage of net sales (%)</i>	0.2	0.3		
Other, net	6,831	-35	6,866	-
<i>Percentage of net sales (%)</i>	0.6	-0.0		
Income before income taxes, equity income and minority interests	58,875	85,042	-26,167	-30.8
<i>Percentage of net sales (%)</i>	5.5	7.8		
Provision for income taxes	22,582	29,878	-7,296	-24.4
<i>Percentage of net sales (%)</i>	2.1	2.7		
Minority interests in earnings of subsidiaries	1,970	2,959	-989	-33.4
<i>Percentage of net sales (%)</i>	0.2	0.3		
Equity in earnings of affiliates	22	955	-933	-97.7
<i>Percentage of net sales (%)</i>	0.0	0.1		
Net Income	34,345	53,160	-18,815	-35.4
<i>Percentage of net sales (%)</i>	3.2	4.9		
Reference : Exchange rate				
US\$ 1	¥106.15	¥119.37		
EURO 1	¥162.69	¥162.36		

Three months ended September 30, 2007 and 2008

(Millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change	%
Net sales	544,353	558,260	-13,907	-2.5
Cost of sales	329,406	335,777	-6,371	-1.9
<i>Percentage of net sales (%)</i>	60.5	60.1		
Gross Profit	214,947	222,483	-7,536	-3.4
<i>Percentage of net sales (%)</i>	39.5	39.9		
Selling, general and administrative expenses	189,621	184,531	5,090	2.8
<i>Percentage of net sales (%)</i>	34.8	33.1		
Operating income	25,326	37,952	-12,626	-33.3
<i>Percentage of net sales (%)</i>	4.7	6.8		
Other (income) expenses				
Interest and dividend income	1,790	1,855	-65	-3.5
<i>Percentage of net sales (%)</i>	0.3	0.3		
Interest expense	1,379	1,572	-193	-12.3
<i>Percentage of net sales (%)</i>	0.3	0.3		
Other, net	10,597	6,457	4,140	64.1
<i>Percentage of net sales (%)</i>	1.9	1.1		
Income before income taxes, equity income and minority interests	15,140	31,778	-16,638	-52.4
<i>Percentage of net sales (%)</i>	2.8	5.7		
Provision for income taxes	5,757	11,686	-5,929	-50.7
<i>Percentage of net sales (%)</i>	1.1	2.1		
Minority interests in earnings of subsidiaries	796	1,337	-541	-40.5
<i>Percentage of net sales (%)</i>	0.1	0.2		
Equity in earnings of affiliates	15	550	-535	-97.3
<i>Percentage of net sales (%)</i>	0.0	0.1		
Net Income	8,602	19,305	-10,703	-55.4
<i>Percentage of net sales (%)</i>	1.6	3.5		
Reference : Exchange rate				
US\$ 1	¥107.63	¥117.98		
EURO 1	¥161.92	¥162.00		

## Consolidated Sales by Product Category

Half year ended September 30, 2007 and 2008

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007	Change	%
<Imaging & Solutions>				
Imaging Solutions	814,105	827,392	-13,287	-1.6
<i>Percentage of net sales (%)</i>	76.4	76.0		
Network System Solutions	105,667	97,235	8,432	8.7
<i>Percentage of net sales (%)</i>	9.9	9.0		
Imaging & Solutions Total	919,772	924,627	-4,855	-0.5
<i>Percentage of net sales (%)</i>	86.3	85.0		
<Industrial Products>				
Industrial Products	67,841	77,476	-9,635	-12.4
<i>Percentage of net sales (%)</i>	6.4	7.1		
<Other>				
Other	78,314	86,270	-7,956	-9.2
<i>Percentage of net sales (%)</i>	7.3	7.9		
Grand Total	1,065,927	1,088,373	-22,446	-2.1
<i>Percentage of net sales (%)</i>	100.0	100.0		

\* Overseas IT service business was changed from Imaging Solutions to Network System Solutions in this period. The effect of the change was ¥9,543 million.

Reference : Exchange rate

US\$ 1	¥106.15	¥119.37
EURO 1	¥162.69	¥162.36

Three months ended September 30, 2007 and 2008

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change	%
<Imaging & Solutions>				
Imaging Solutions	403,987	415,209	-11,222	-2.7
<i>Percentage of net sales (%)</i>	74.2	74.4		
Network System Solutions	60,527	56,580	3,947	7.0
<i>Percentage of net sales (%)</i>	11.1	10.1		
Imaging & Solutions Total	464,514	471,789	-7,275	-1.5
<i>Percentage of net sales (%)</i>	85.3	84.5		
<Industrial Products>				
Industrial Products	34,746	41,940	-7,194	-17.2
<i>Percentage of net sales (%)</i>	6.4	7.5		
<Other>				
Other	45,093	44,531	562	1.3
<i>Percentage of net sales (%)</i>	8.3	8.0		
Grand Total	544,353	558,260	-13,907	-2.5
<i>Percentage of net sales (%)</i>	100.0	100.0		

\* Overseas IT service business was changed from Imaging Solutions to Network System Solutions in this period. The effect of the change was ¥4,851 million.

Reference : Exchange rate

US\$ 1	¥107.63	¥117.98
EURO 1	¥161.92	¥162.00



### Consolidated Sales by Geographic Area

Half year ended September 30, 2007 and 2008

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007	Change	%
<Domestic>	483,817	504,439	-20,622	-4.1
<i>Percentage of net sales (%)</i>	45.4	46.3		
<Overseas>	582,110	583,934	-1,824	-0.3
<i>Percentage of net sales (%)</i>	54.6	53.7		
The Americas	217,585	215,701	1,884	0.9
<i>Percentage of net sales (%)</i>	20.4	19.8		
Europe	288,710	289,116	-406	-0.1
<i>Percentage of net sales (%)</i>	27.1	26.6		
Other	75,815	79,117	-3,302	-4.2
<i>Percentage of net sales (%)</i>	7.1	7.3		
Grand Total	1,065,927	1,088,373	-22,446	-2.1
<i>Percentage of net sales (%)</i>	100.0	100.0		

Reference : Exchange rate

US\$ 1	¥106.15	¥119.37
EURO 1	¥162.69	¥162.36

Three months ended September 30, 2007 and 2008

(Millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change	%
<Domestic>	249,948	259,705	-9,757	-3.8
<i>Percentage of net sales (%)</i>	45.9	46.5		
<Overseas>	294,405	298,555	-4,150	-1.4
<i>Percentage of net sales (%)</i>	54.1	53.5		
The Americas	115,921	112,527	3,394	3.0
<i>Percentage of net sales (%)</i>	21.3	20.2		
Europe	140,039	142,267	-2,228	-1.6
<i>Percentage of net sales (%)</i>	25.7	25.5		
Other	38,445	43,761	-5,316	-12.1
<i>Percentage of net sales (%)</i>	7.1	7.8		
Grand Total	544,353	558,260	-13,907	-2.5
<i>Percentage of net sales (%)</i>	100.0	100.0		

Reference : Exchange rate

US\$ 1	¥107.63	¥117.98
EURO 1	¥161.92	¥162.00

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007
<b>I. Cash Flows from Operating Activities:</b>		
Net income	34,345	53,160
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	48,742	46,662
Equity in earnings of affiliates, net of dividends received	-22	-380
Deferred income taxes	-5,797	1,965
Loss on disposals and sales of tangible fixed assets	760	936
Pension and severance costs, less payments	1,245	-3,352
Changes in assets and liabilities—		
Decrease (Increase) in trade receivables	4,719	-2,705
Increase in inventories	-15,586	-1,895
Increase in finance receivables	-16,240	-7,357
Decrease in trade payables	-33,167	-2,363
Decrease in accrued income taxes and accrued expenses and other	-9,550	-11,396
Other, net	11,651	5,561
<b>Net cash provided by operating activities</b>	<b>21,100</b>	<b>78,836</b>
<b>II. Cash Flows from Investing Activities:</b>		
Proceeds from sales of property, plant and equipment	73	36
Expenditures for property, plant and equipment	-46,965	-39,677
Payments for purchases of available-for-sale securities	-909	-48,486
Proceeds from sales of available-for-sale securities	253	49,930
Increase in time deposits	-1,047	242
Other, net	-17,045	-99,169
<b>Net cash used in investing activities</b>	<b>-65,640</b>	<b>-137,124</b>
<b>III. Cash Flows from Financing Activities:</b>		
Proceeds from long-term indebtedness	25,329	44,521
Repayment of long-term indebtedness	-37,243	-46,972
Increase in short-term borrowings, net	58,981	17,194
Repayment of long-term debt securities	-	-10,000
Dividends paid	-12,256	-10,950
Payment for purchase of treasury stock	-317	-469
Other, net	-312	-580
<b>Net cash used in financing activities</b>	<b>34,182</b>	<b>-7,256</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>-575</b>	<b>-57</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-10,933</b>	<b>-65,601</b>
<b>VI. Cash and Cash Equivalents at Beginning of Year</b>	<b>170,607</b>	<b>255,737</b>
<b>VII. Cash and Cash Equivalents at End of Period</b>	<b>159,674</b>	<b>190,136</b>

**(4) Notes on premise going concern**

Not applicable

**(5) Segment Information**

(a) Operating Segments Information

Half year ended September 30, 2007 and 2008

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007	Change	%
<b>Imaging &amp; Solutions:</b>				
Net sales:				
Unaffiliated customers	919,772	924,627	-4,855	-0.5
Intersegment	-	-	-	-
Total	919,772	924,627	-4,855	-0.5
Operating expenses	821,569	813,772	7,797	1.0
Operating income	98,203	110,855	-12,652	-11.4
<i>Operating income on sales in Imaging &amp; Solutions (%)</i>	<i>10.7</i>	<i>12.0</i>		
<b>Industrial Products:</b>				
Net sales:				
Unaffiliated customers	67,841	77,476	-9,635	-12.4
Intersegment	2,293	2,155	138	6.4
Total	70,134	79,631	-9,497	-11.9
Operating expenses	69,358	76,937	-7,579	-9.9
Operating income	776	2,694	-1,918	-71.2
<i>Operating income on sales in Industrial Products (%)</i>	<i>1.1</i>	<i>3.4</i>		
<b>Other:</b>				
Net sales:				
Unaffiliated customers	78,314	86,270	-7,956	-9.2
Intersegment	-	-	-	-
Total	78,314	86,270	-7,956	-9.2
Operating expenses	76,733	85,105	-8,372	-9.8
Operating income	1,581	1,165	416	35.7
<i>Operating income on sales in Other (%)</i>	<i>2.0</i>	<i>1.4</i>		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-2,293	-2,155	-138	-
Total	-2,293	-2,155	-138	-
Operating expenses:				
Intersegment	-2,292	-2,156	-136	-
Corporate	35,483	30,147	5,336	-
Total	33,191	27,991	5,200	-
Operating income	-35,484	-30,146	-5,338	-
<b>Consolidated:</b>				
Net sales:				
Unaffiliated customers	1,065,927	1,088,373	-22,446	-2.1
Intersegment	-	-	-	-
Total	1,065,927	1,088,373	-22,446	-2.1
Operating expenses	1,000,851	1,003,805	-2,954	-0.3
Operating income	65,076	84,568	-19,492	-23.0
<i>Operating income on consolidated net sales (%)</i>	<i>6.1</i>	<i>7.8</i>		

Three months ended September 30, 2007 and 2008

(Millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change	%
<b>Imaging &amp; Solutions:</b>				
Net sales:				
Unaffiliated customers	464,514	471,789	-7,275	-1.5
Intersegment	-	-	-	-
Total	464,514	471,789	-7,275	-1.5
Operating expenses	421,729	421,691	38	0.0
Operating income	42,785	50,098	-7,313	-14.6
<i>Operating income on sales in Imaging &amp; Solutions (%)</i>	9.2	10.6		
<b>Industrial Products:</b>				
Net sales:				
Unaffiliated customers	34,746	41,940	-7,194	-17.2
Intersegment	1,135	1,036	99	9.6
Total	35,881	42,976	-7,095	-16.5
Operating expenses	36,111	41,383	-5,272	-12.7
Operating income	-230	1,593	-1,823	-
<i>Operating income on sales in Industrial Products (%)</i>	-0.6	3.7		
<b>Other:</b>				
Net sales:				
Unaffiliated customers	45,093	44,531	562	1.3
Intersegment	-	-	-	-
Total	45,093	44,531	562	1.3
Operating expenses	44,025	44,208	-183	-0.4
Operating income	1,068	323	745	230.7
<i>Operating income on sales in Other (%)</i>	2.4	0.7		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-1,135	-1,036	-99	
Total	-1,135	-1,036	-99	-
Operating expenses:				
Intersegment	-1,135	-1,039	-96	
Corporate	18,297	14,065	4,232	
Total	17,162	13,026	4,136	-
Operating income	-18,297	-14,062	-4,235	-
<b>Consolidated:</b>				
Net sales:				
Unaffiliated customers	544,353	558,260	-13,907	-2.5
Intersegment	-	-	-	-
Total	544,353	558,260	-13,907	-2.5
Operating expenses	519,027	520,308	-1,281	-0.2
Operating income	25,326	37,952	-12,626	-33.3
<i>Operating income on consolidated net sales (%)</i>	4.7	6.8		

## (b) Geographic Segments Information

Half year ended September 30, 2007 and 2008

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007	Change	%
<b>Japan:</b>				
Net sales:				
External customers	499,654	521,352	-21,698	-4.2
Intersegment	236,933	248,573	-11,640	-4.7
Total	736,587	769,925	-33,338	-4.3
Operating expenses	688,870	719,417	-30,547	-4.2
Operating income	47,717	50,508	-2,791	-5.5
<i>Operating income on sales in Japan (%)</i>	6.5	6.6		
<b>The Americas:</b>				
Net sales:				
External customers	216,648	213,825	2,823	1.3
Intersegment	2,256	2,100	156	7.4
Total	218,904	215,925	2,979	1.4
Operating expenses	224,183	210,474	13,709	6.5
Operating income	-5,279	5,451	-10,730	-
<i>Operating income on sales in the Americas (%)</i>	-2.4	2.5		
<b>Europe:</b>				
Net sales:				
External customers	286,907	289,308	-2,401	-0.8
Intersegment	1,486	1,731	-245	-14.2
Total	288,393	291,039	-2,646	-0.9
Operating expenses	268,240	275,209	-6,969	-2.5
Operating income	20,153	15,830	4,323	27.3
<i>Operating income on sales in Europe (%)</i>	7.0	5.4		
<b>Other:</b>				
Net sales:				
External customers	62,718	63,888	-1,170	-1.8
Intersegment	85,165	90,905	-5,740	-6.3
Total	147,883	154,793	-6,910	-4.5
Operating expenses	139,585	142,549	-2,964	-2.1
Operating income	8,298	12,244	-3,946	-32.2
<i>Operating income on sales in Other (%)</i>	5.6	7.9		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-325,840	-343,309	17,469	
Total	-325,840	-343,309	17,469	-
Operating expenses	-320,027	-343,844	23,817	-
Operating income	-5,813	535	-6,348	-
<b>Consolidated:</b>				
Net sales:				
External customers	1,065,927	1,088,373	-22,446	-2.1
Intersegment	-	-	-	-
Total	1,065,927	1,088,373	-22,446	-2.1
Operating expenses	1,000,851	1,003,805	-2,954	-0.3
Operating income	65,076	84,568	-19,492	-23.0
<i>Operating income on consolidated net sales (%)</i>	6.1	7.8		

Three months ended September 30, 2007 and 2008

(Millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change	%
<b>Japan:</b>				
Net sales:				
External customers	258,534	269,226	-10,692	-4.0
Intersegment	113,562	106,946	6,616	6.2
Total	372,096	376,172	-4,076	-1.1
Operating expenses	350,455	360,737	-10,282	-2.9
Operating income	21,641	15,435	6,206	40.2
<i>Operating income on sales in Japan (%)</i>	5.8	4.1		
<b>The Americas:</b>				
Net sales:				
External customers	115,363	111,314	4,049	3.6
Intersegment	1,032	1,271	-239	-18.8
Total	116,395	112,585	3,810	3.4
Operating expenses	120,461	108,970	11,491	10.5
Operating income	-4,066	3,615	-7,681	-
<i>Operating income on sales in the Americas (%)</i>	-3.5	3.2		
<b>Europe:</b>				
Net sales:				
External customers	138,651	142,690	-4,039	-2.8
Intersegment	763	521	242	46.4
Total	139,414	143,211	-3,797	-2.7
Operating expenses	130,930	134,146	-3,216	-2.4
Operating income	8,484	9,065	-581	-6.4
<i>Operating income on sales in Europe (%)</i>	6.1	6.3		
<b>Other:</b>				
Net sales:				
External customers	31,805	35,030	-3,225	-9.2
Intersegment	41,238	43,479	-2,241	-5.2
Total	73,043	78,509	-5,466	-7.0
Operating expenses	69,312	71,935	-2,623	-3.6
Operating income	3,731	6,574	-2,843	-43.2
<i>Operating income on sales in Other (%)</i>	5.1	8.4		
<b>Corporate and Eliminations:</b>				
Net sales:				
Intersegment	-156,595	-152,217	-4,378	
Total	-156,595	-152,217	-4,378	-
Operating expenses	-152,131	-155,480	3,349	-
Operating income	-4,464	3,263	-7,727	-
<b>Consolidated:</b>				
Net sales:				
External customers	544,353	558,260	-13,907	-2.5
Intersegment	-	-	-	-
Total	544,353	558,260	-13,907	-2.5
Operating expenses	519,027	520,308	-1,281	-0.2
Operating income	25,326	37,952	-12,626	-33.3
<i>Operating income on consolidated net sales (%)</i>	4.7	6.8		

## (6) Notes on significant changes in shareholders' investment

Not applicable

## -APPENDIX-

### 1. Consolidated Sales by Product Category

Half year ended September 30, 2007 and 2008

(Millions of yen)

	Half year ended September 30, 2008	Half year ended September 30, 2007	Change	%	Change excluding exchange impact	%
<Imaging & Solutions>						
Imaging Solutions	814,105	827,392	-13,287	-1.6	17,266	2.1
<i>Percentage of net sales (%)</i>	76.4	76.0				
Domestic	286,162	296,648	-10,486	-3.5	-10,486	-3.5
Overseas	527,943	530,744	-2,801	-0.5	27,752	5.2
Network System Solutions	105,667	97,235	8,432	8.7	9,353	9.6
<i>Percentage of net sales (%)</i>	9.9	9.0				
Domestic	88,716	91,630	-2,914	-3.2	-2,914	-3.2
Overseas	16,951	5,605	11,346	202.4	12,267	218.9
Imaging & Solutions Total	919,772	924,627	-4,855	-0.5	26,619	2.9
<i>Percentage of net sales (%)</i>	86.3	85.0				
Domestic	374,878	388,278	-13,400	-3.5	-13,400	-3.5
Overseas	544,894	536,349	8,545	1.6	40,019	7.5
The Americas	208,409	206,293	2,116	1.0	28,056	13.6
Europe	275,622	271,610	4,012	1.5	5,262	1.9
Other	60,863	58,446	2,417	4.1	6,701	11.5
<Industrial Products>						
Industrial Products	67,841	77,476	-9,635	-12.4	-8,641	-11.2
<i>Percentage of net sales (%)</i>	6.4	7.1				
Domestic	37,314	44,251	-6,937	-15.7	-6,937	-15.7
Overseas	30,527	33,225	-2,698	-8.1	-1,704	-5.1
The Americas	8,118	8,013	105	1.3	1,046	13.1
Europe	10,879	11,526	-647	-5.6	-664	-5.8
Other	11,530	13,686	-2,156	-15.8	-2,086	-15.2
<Other>						
Other	78,314	86,270	-7,956	-9.2	-7,434	-8.6
<i>Percentage of net sales (%)</i>	7.3	7.9				
Domestic	71,625	71,910	-285	-0.4	-285	-0.4
Overseas	6,689	14,360	-7,671	-53.4	-7,149	-49.8
The Americas	1,058	1,395	-337	-24.2	-239	-17.1
Europe	2,209	5,980	-3,771	-63.1	-3,768	-63.0
Other	3,422	6,985	-3,563	-51.0	-3,142	-45.0
Grand Total	1,065,927	1,088,373	-22,446	-2.1	10,544	1.0
<i>Percentage of net sales (%)</i>	100.0	100.0				
Domestic	483,817	504,439	-20,622	-4.1	-20,622	-4.1
<i>Percentage of net sales (%)</i>	45.4	46.3				
Overseas	582,110	583,934	-1,824	-0.3	31,166	5.3
<i>Percentage of net sales (%)</i>	54.6	53.7				
The Americas	217,585	215,701	1,884	0.9	28,863	13.4
<i>Percentage of net sales (%)</i>	20.4	19.8				
Europe	288,710	289,116	-406	-0.1	830	0.3
<i>Percentage of net sales (%)</i>	27.1	26.6				
Other	75,815	79,117	-3,302	-4.2	1,473	1.9
<i>Percentage of net sales (%)</i>	7.1	7.3				
Reference: Exchange rate						
US\$ 1	¥106.15	¥119.37	¥-13.22			
EURO 1	¥162.69	¥162.36	¥0.33			

\*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	Digital cameras

\* Overseas IT service business was changed from Imaging Solutions to Network System Solutions in this period. The effect of the change was ¥9,543 million.

Three months ended September 30, 2007 and 2008

(Millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change	%	Change excluding exchange impact	%
<b>&lt;Imaging &amp; Solutions&gt;</b>						
Imaging Solutions	403,987	415,209	-11,222	-2.7	2,382	0.6
<i>Percentage of net sales (%)</i>	74.2	74.4				
Domestic	138,093	144,975	-6,882	-4.7	-6,882	-4.7
Overseas	265,894	270,234	-4,340	-1.6	9,264	3.4
Network System Solutions	60,527	56,580	3,947	7.0	4,344	7.7
<i>Percentage of net sales (%)</i>	11.1	10.1				
Domestic	51,379	53,592	-2,213	-4.1	-2,213	-4.1
Overseas	9,148	2,988	6,160	206.2	6,557	219.4
Imaging & Solutions Total	464,514	471,789	-7,275	-1.5	6,726	1.4
<i>Percentage of net sales (%)</i>	85.3	84.5				
Domestic	189,472	198,567	-9,095	-4.6	-9,095	-4.6
Overseas	275,042	273,222	1,820	0.7	15,821	5.8
The Americas	111,049	107,636	3,413	3.2	14,388	13.4
Europe	133,718	133,351	367	0.3	1,225	0.9
Other	30,275	32,235	-1,960	-6.1	208	0.6
<b>&lt;Industrial Products&gt;</b>						
Industrial Products	34,746	41,940	-7,194	-17.2	-6,795	-16.2
<i>Percentage of net sales (%)</i>	6.4	7.5				
Domestic	18,796	23,591	-4,795	-20.3	-4,795	-20.3
Overseas	15,950	18,349	-2,399	-13.1	-2,000	-10.9
The Americas	4,239	4,519	-280	-6.2	100	2.2
Europe	5,124	5,558	-434	-7.8	-430	-7.7
Other	6,587	8,272	-1,685	-20.4	-1,670	-20.2
<b>&lt;Other&gt;</b>						
Other	45,093	44,531	562	1.3	743	1.7
<i>Percentage of net sales (%)</i>	8.3	8.0				
Domestic	41,680	37,547	4,133	11.0	4,133	11.0
Overseas	3,413	6,984	-3,571	-51.1	-3,390	-48.5
The Americas	633	372	261	70.2	298	80.1
Europe	1,197	3,358	-2,161	-64.4	-2,158	-64.3
Other	1,583	3,254	-1,671	-51.4	-1,530	-47.0
Grand Total	544,353	558,260	-13,907	-2.5	674	0.1
<i>Percentage of net sales (%)</i>	100.0	100.0				
Domestic	249,948	259,705	-9,757	-3.8	-9,757	-3.8
<i>Percentage of net sales (%)</i>	45.9	46.5				
Overseas	294,405	298,555	-4,150	-1.4	10,431	3.5
<i>Percentage of net sales (%)</i>	54.1	53.5				
The Americas	115,921	112,527	3,394	3.0	14,786	13.1
<i>Percentage of net sales (%)</i>	21.3	20.2				
Europe	140,039	142,267	-2,228	-1.6	-1,363	-1.0
<i>Percentage of net sales (%)</i>	25.7	25.5				
Other	38,445	43,761	-5,316	-12.1	-2,992	-6.8
<i>Percentage of net sales (%)</i>	7.1	7.8				
Reference: Exchange rate						
US\$ 1	¥107.63	¥117.98	¥-10.35			
EURO 1	¥161.92	¥162.00	¥-0.08			

\*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	Digital cameras

\* Overseas IT service business was changed from Imaging Solutions to Network System Solutions in this period. The effect of the change was ¥4,851 million.



## 2. Forecast of Consolidated Performance

(Billions of yen)

	Half year ended		Half year ending		Year ending	
	Sept. 30, 2008	Change	March 31, 2009	Change	March 31, 2009	Change
	Results	%	Forecast	%	Forecast	%
Net sales	1,065.9	-2.1	1,084.0	-4.2	2,150.0	-3.2
Gross profit	443.3	-1.8	454.6	-4.6	898.0	-3.2
Operating income	65.0	-23.0	84.9	-12.4	150.0	-17.4
Income before income taxes	58.8	-30.8	83.1	-7.3	142.0	-18.7
Net income	34.3	-35.4	52.6	-1.3	87.0	-18.3
Net income per share-basic (yen)	47.56	-	72.92	-	120.48	-
Net income per share-diluted (yen)	46.28	-	70.95	-	117.24	-
Capital expenditures	46.9	-	43.1	-	90.0	-
Depreciation for tangible fixed assets	35.3	-	39.7	-	75.0	-
R&D expenditures	63.2	-	63.8	-	127.0	-
Exchange rate (Yen/US\$)	106.15	-	100.00	-	103.08	-
Exchange rate (Yen/EURO)	162.69	-	130.00	-	146.35	-

## 3. Forecast of Consolidated Sales by Product Category

(Billions of yen)

	Half year ending March 31, 2009				Year ending March 31, 2009			
	Forecast	Change	Forecast(*)	Change	Forecast	Change	Forecast(*)	Change
		%		%		%		%
<Imaging & Solutions>								
Imaging Solutions	832.0	-5.7	911.0	3.3	1,646.1	-3.7	1,755.6	2.7
Domestic	319.0	2.2	319.0	2.2	605.1	-0.6	605.1	-0.6
Overseas	513.0	-10.0	592.0	3.9	1,040.9	-5.4	1,150.4	4.5
Network System Solutions	117.8	14.5	121.0	17.7	223.4	11.7	227.5	13.7
Domestic	98.3	1.9	98.3	1.9	187.0	-0.6	187.0	-0.6
Overseas	19.5	207.8	22.7	258.3	36.4	205.3	40.5	239.8
Imaging & Solutions Total	949.8	-3.6	1,032.0	4.8	1,869.5	-2.1	1,983.2	3.9
Domestic	417.3	2.1	417.3	2.1	792.1	-0.6	792.1	-0.6
Overseas	532.5	-7.6	614.7	6.7	1,077.3	-3.2	1,191.0	7.1
The Americas	211.2	0.5	230.5	9.7	419.6	0.8	464.8	11.6
Europe	249.4	-16.8	308.5	2.9	525.0	-8.1	585.3	2.4
Other	71.9	8.7	75.7	14.4	132.7	6.6	140.8	13.0
<Industrial Products>								
Industrial Products	63.9	-4.4	66.6	-0.4	131.7	-8.7	135.4	-6.2
Domestic	34.5	1.6	34.5	1.6	71.8	-8.2	71.8	-8.2
Overseas	29.4	-10.6	32.1	-2.4	59.9	-9.4	63.6	-3.8
The Americas	8.4	3.1	9.1	11.7	16.5	2.2	18.1	12.4
Europe	8.4	-22.9	10.4	-4.6	19.2	-14.0	21.2	-5.2
Other	12.6	-9.1	12.6	-9.1	24.1	-12.4	24.2	-12.1
<Other>								
Other	70.4	-11.8	71.0	-11.0	148.7	-10.5	149.8	-9.8
Domestic	64.4	-6.5	64.4	-6.5	136.0	-3.4	136.0	-3.4
Overseas	6.0	-45.2	6.6	-39.7	12.6	-49.9	13.8	-45.4
The Americas	0.8	0.1	0.8	0.1	1.8	-15.3	1.9	-10.8
Europe	2.2	-34.0	2.8	-16.0	4.4	-52.7	5.0	-46.2
Other	3.0	-56.0	3.0	-56.0	6.4	-53.5	6.8	-50.4
Grand Total	1,084.1	-4.2	1,169.6	3.4	2,150.0	-3.2	2,268.5	2.2
Domestic	516.2	0.9	516.2	0.9	1,000.0	-1.6	1,000.0	-1.6
Overseas	567.9	-8.4	653.4	5.4	1,150.0	-4.5	1,268.5	5.4
The Americas	220.4	0.6	240.4	9.7	437.9	0.7	484.9	11.5
Europe	260.0	-17.2	321.7	2.4	548.7	-9.0	611.6	1.4
Other	87.5	0.8	91.3	5.2	163.3	-1.6	171.8	3.6

\* Excluding foreign exchange impact