

Ricoh Company, Ltd. And Consolidated

INTERIM REPORT (Consolidated. Half year ended September 30, 2001)

*Date of approval for the financial results for the half year ended September 30, 2001, at the Board of Directors' meeting: October 31, 2001

1. Results for the Period from April 1, 2001 to September 30, 2001

(1) Operating Results (Millions of yen)			
	Half Year ended September 30, 2001	Half Year ended September 30, 2000	Year ended March 31, 2001
Net sales	820,087	735,303	1,538,262
(% change from the previous corresponding period).....	11.5	2.5	6.3
Operating income	59,904	51,141	105,105
(% change from the previous corresponding period).....	17.1	16.1	18.2
Income before income taxes	52,524	46,171	97,765
(% change from the previous corresponding period).....	13.8	36.4	38.9
Interim (net) income.....	28,408	25,808	53,228
(% change from the previous corresponding period).....	10.1	26.3	27.0
Interim (net) income per share (yen)	40.97	37.27	76.85
Fully diluted net income per share (yen).....	38.24	34.44	71.02

Notes:

- Equity in income (loss) of affiliates: ¥1,016 million; ¥1,250 million (half year ended September 30, 2000); ¥2,098 million (year ended March 31, 2001)
- Some changes have been made in accounting method
- Average number of shares outstanding (consolidated): 693,402,051 shares; 692,517,126 shares (half year ended September 30, 2000); 692,616,894 shares (year ended March 31, 2001)
- Percentage changes in net sales, operating income, income before income taxes, and net income based on the previous corresponding period.

(2) Financial Position (Millions of yen)

	September 30, 2001	September 30, 2000	March 31, 2001
Total assets	1,713,042	1,566,307	1,704,791
Shareholders' equity	581,364	554,853	556,728
Equity ratio (%)	33.9	35.4	32.7
Equity per share (yen).....	837.85	800.99	803.64

(3) Cash Flow (Millions of yen)

	Half Year ended September 30, 2001	Half Year ended September 30, 2000	Year ended March 31, 2001
Cash flows from operating activities	44,998	25,160	102,728
Cash flows from investing activities	-55,815	-24,320	-62,728
Cash flows from financing activities	6,046	1,152	-88,382
Cash and cash equivalents at End of Year.....	60,452	113,372	64,457

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

Number of consolidated subsidiaries: 320; nonconsolidated subsidiaries: 42; affiliated companies: 27

(5) Changes in accounting method, etc.:

Consolidated subsidiaries: 2 additions; 0 removals

Companies accounted for by the equity method: 0 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.

Net income per share is calculated based on Statement of Financial Accounting Standards(SFAS) No.128.

2. Forecast of operating results from April 1, 2001 to March 31, 2002 (Consolidated) (Millions of yen)

Net sales	1,670,000
Operating income	120,000
Income before income taxes	108,000
Net income.....	59,000

Note: Net income per share (Consolidated) 85.03 yen

In accordance with Japanese regulations, Ricoh has issued forecast for its financial results for the fiscal year ending March 2001. 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 363 subsidiaries and 27 affiliates. In this fiscal year, Ricoh acquired Lanier Worldwide, Inc., and its 64 subsidiaries as well as 3 affiliates, through a take over bit.

Their development, manufacturing, sales, and service activities center on office equipment (copiers and related supplies and communications and information systems), optical equipment, and other devices.

The parent company heads development. The parent company and subsidiaries and 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>

In this business category, the Company provides products and systems that help enhance the office productivity of customers. Major products include:

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

[Main Subsidiaries and Affiliates]

Production

Japan...Tohoku Ricoh Co., Ltd.; Ricoh Elemex Corporation, Ricoh Unitechno Co., Ltd.,
Hasama Ricoh Inc., Ricoh Microelectronics Co., Ltd., Ricoh Keiki Co., Ltd.
The Americas...Ricoh Electronics, Inc.
Europe...Ricoh UK Products Ltd. and Ricoh Industrie France S.A.
Other regions...Ricoh Asia Industry (Shenzhen) Ltd., Sindo Ricoh Co., Ltd., Shanghai Ricoh Facsimile Co., Ltd.

Sales and Service

Japan ...Ricoh Tohoku, Co., Ltd., Ricoh Chugoku Co., Ltd., Tokyo Ricoh Co., Ltd., Osaka Ricoh Co., Ltd. and
43 other sales companies nationwide,
Ricoh Technosystems Co., Ltd.; NBS Ricoh Co., Ltd.
The Americas...Ricoh Corporation, Savin Corporation, 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., NRG Group PLC(*)
Other regions...Ricoh Hong Kong Ltd., Ricoh Asia Pacific Pte, Ltd., Ricoh Australia Pty, Ltd.,
Ricoh New Zealand Ltd.

<Other Businesses>

Manufacturing and marketing analog cameras and optical lenses, semiconductor devices, and measuring equipment, and providing leasing and

[Main Subsidiaries and Affiliates]

Production

Japan...Ricoh Optical Industries Co., Ltd., Ricoh Elemex Corporation
Overseas...Taiwan Ricoh Co., Ltd.

Sales

Ricoh Corporation, Ricoh Photo Products (Asia) Ltd., NRG Group PLC(*)

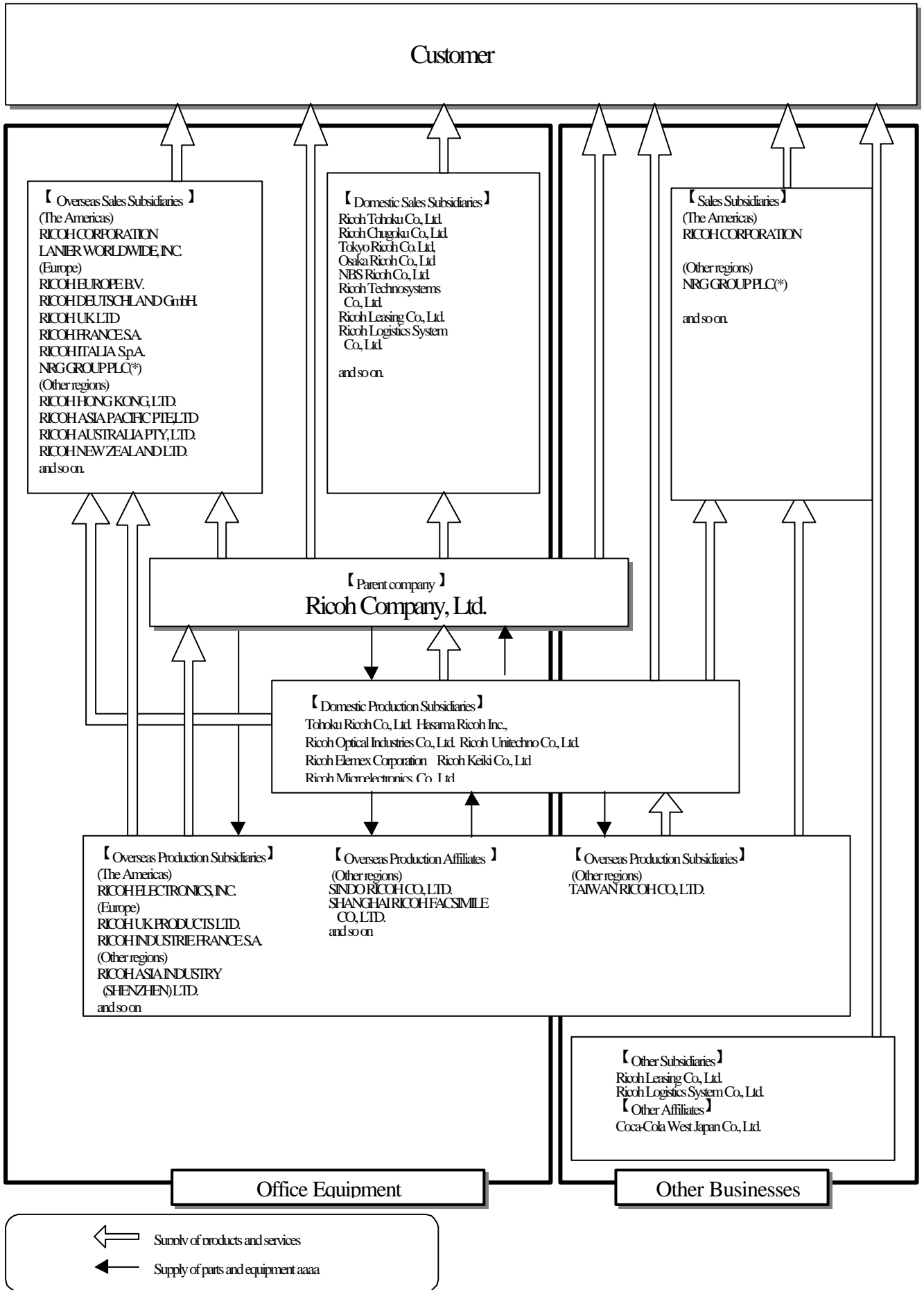
Other

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

(*) In this interim term, Gestetner Holdings PLC changed the name to NRG Group PLC.

<Business System Chart>

The following chart can show this group position.



1. Sales by Product Line (Consolidated)

For the half years ended September 30, 2000, 2001, and year ended March 31, 2001.

(Millions of yen)

	Half year ended September 30, '01	Half Year ended September 30, '00	Change(%)		Change excluding exchange rate effect(%)		Year ended March 31, '01
Copiers and Related Supplies:							
Total	510,694	433,114	+77,580	17.9	+50,719	11.7	915,333
<i>Percentage of net sales (%)</i>	62.3	58.9					59.5
Domestic.....	230,384	226,651	+3,733	1.6	+3,733	1.6	467,956
Overseas	280,310	206,463	+73,847	35.8	+46,986	22.8	447,377
Communications and Information Systems:							
Total	218,879	198,296	+20,583	10.4	+15,275	7.7	423,041
<i>Percentage of net sales (%)</i>	26.7	27.0					27.5
Domestic.....	149,016	144,143	+4,873	3.4	+4,873	3.4	300,682
Overseas	69,863	54,153	+15,710	29.0	+10,402	19.2	122,359
Other Businesses:							
Total	90,514	103,893	-13,379	-12.9	-14,234	-13.7	199,888
<i>Percentage of net sales (%)</i>	11.0	14.1					13.0
Domestic.....	73,325	85,329	-12,004	-14.1	-12,004	-14.1	161,795
Overseas	17,189	18,564	-1,375	-7.4	-2,230	-12.0	38,093
Total:							
Total	820,087	735,303	+84,784	11.5	+51,760	7.0	1,538,262
<i>Percentage of net sales (%)</i>	100.0	100.0					100.0
Domestic.....	452,725	456,123	-3,398	-0.7	-3,398	-0.7	930,433
<i>Percentage of net sales (%)</i>	55.2	62.0					60.5
Overseas	367,362	279,180	+88,182	31.6	+55,158	19.8	607,829
<i>Percentage of net sales (%)</i>	44.8	38.0					39.5
The Americas.....	162,666	112,496	+50,170	44.6	+30,353	27.0	252,698
<i>Percentage of net sales (%)</i>	19.8	15.3					16.4
Europe.....	148,135	117,183	+30,952	26.4	+20,788	17.7	247,449
<i>Percentage of net sales (%)</i>	18.1	16.0					16.1
Other.....	56,561	49,501	+7,060	14.3	+4,017	8.1	107,682
<i>Percentage of net sales (%)</i>	6.9	6.7					7.0
Reference:							
Exchange rate							
	Half year ended September 30, '01	Half Year ended September 30, '00	Year ended March 31, '01				
US\$ 1.....	¥122.16	¥107.23	¥110.60				
EURO 1	¥107.79	¥98.63	¥100.41				

2. Sales by Product Category (Consolidated) (Office equipment; other businesses)

For the half years ended September 30, 2000, 2001, and year ended March 31, 2001.

(Millions of yen)

	Half year ended September 30, '01	Half Year ended September 30, '00	Change(%)		Change excluding exchange rate effect(%)		Year ended March 31, '01
<Office Equipment>							
Imaging Solutions:							
Digital Imaging Systems	311,968	275,112	+36,856	13.4	+21,576	7.8	574,161
<i>Percentage of net sales (%)</i>	38.0	37.4					37.3
Domestic	152,522	160,504	-7,982	-5.0	-7,982	-5.0	313,805
Overseas	159,446	114,608	+44,838	39.1	+29,558	25.8	260,356
Other Imaging Systems.....	146,353	147,171	-818	-0.6	-9,565	-6.5	292,872
<i>Percentage of net sales (%)</i>	17.9	20.0					19.1
Domestic	51,586	61,957	-10,371	-16.7	-10,371	-16.7	120,963
Overseas	94,767	85,214	+9,553	11.2	+806	0.9	171,909
Total Imaging Solutions	458,321	422,283	+36,038	8.5	+12,011	2.8	867,033
<i>Percentage of net sales (%)</i>	55.9	57.4					56.4
Domestic	204,108	222,461	-18,353	-8.2	-18,353	-8.2	434,768
Overseas	254,213	199,822	+54,391	27.2	+30,364	15.2	432,265
Networking input/output systems:							
Printing Systems.....	148,406	89,761	+58,645	65.3	+50,962	56.8	217,308
<i>Percentage of net sales (%)</i>	18.1	12.2					14.1
Domestic	65,900	41,958	+23,942	57.1	+23,942	57.1	109,824
Overseas	82,506	47,803	+34,703	72.6	+27,020	56.5	107,484
Other Input/Output Systems	19,896	18,871	+1,025	5.4	+604	3.2	44,530
<i>Percentage of net sales (%)</i>	2.4	2.6					2.9
Domestic	7,388	8,023	-635	-7.9	-635	-7.9	19,336
Overseas	12,508	10,848	+1,660	15.3	+1,239	11.4	25,194
Total Networking input/output systems.....	168,302	108,632	+59,670	54.9	+51,566	47.5	261,838
<i>Percentage of net sales (%)</i>	20.5	14.8					17.0
Domestic.....	73,288	49,981	+23,307	46.6	+23,307	46.6	129,160
Overseas	95,014	58,651	+36,363	62.0	+28,259	48.2	132,678
Network system solutions.....	102,950	100,495	+2,455	2.4	+2,417	2.4	209,503
<i>Percentage of net sales (%)</i>	12.6	13.7					13.6
Domestic	102,004	98,352	+3,652	3.7	+3,652	3.7	204,710
Overseas	946	2,143	-1,197	-55.9	-1,235	-57.6	4,793
Office Equipment Total.....	729,573	631,410	+98,163	15.5	+65,994	10.5	1,338,374
<i>Percentage of net sales (%)</i>	89.0	85.9					87.0
Domestic	379,400	370,794	+8,606	2.3	+8,606	2.3	768,638
Overseas	350,173	260,616	+89,557	34.4	+57,388	22.0	569,736

2. Sales by Product Category (Consolidated) (Office equipment; other businesses)(Continued)

For the half years ended September 30, 2000 and 2001, and year ended March 31, 2001.

(Millions of yen)

	Half year ended September 30, '01	Half Year ended September 30, '00	Change(%)		Change excluding exchange rate effect (%)		Year ended March 31, '01
< Other Businesses >							
Other Businesses	90,514	103,893	-13,379	-12.9	-14,234	-13.7	199,888
<i>Percentage of net sales (%)</i>	<i>11.0</i>	<i>14.1</i>					<i>13.0</i>
Domestic.....	73,325	85,329	-12,004	-14.1	-12,004	-14.1	161,795
Overseas	17,189	18,564	-1,375	-7.4	-2,230	-12.0	38,093
Grand Total.....	820,087	735,303	+84,784	11.5	+51,760	7.0	1,538,262
<i>Percentage of net sales (%)</i>	<i>100.0</i>	<i>100.0</i>					<i>100.0</i>
Domestic.....	452,725	456,123	-3,398	-0.7	-3,398	-0.7	930,433
<i>Percentage of net sales (%)</i>	<i>55.2</i>	<i>62.0</i>					<i>60.5</i>
Overseas	367,362	279,180	+88,182	31.6	+55,158	19.8	607,829
<i>Percentage of net sales (%)</i>	<i>44.8</i>	<i>38.0</i>					<i>39.5</i>
The Americas	162,666	112,496	+50,170	44.6	+30,353	27.0	252,698
<i>Percentage of net sales (%)</i>	<i>19.8</i>	<i>15.3</i>					<i>16.4</i>
Europe.....	148,135	117,183	+30,952	26.4	+20,788	17.7	247,449
<i>Percentage of net sales (%)</i>	<i>18.1</i>	<i>16.0</i>					<i>16.1</i>
Other.....	56,561	49,501	+7,060	14.3	+4,017	8.1	107,682
<i>Percentage of net sales (%)</i>	<i>6.9</i>	<i>6.7</i>					<i>7.0</i>

Each category includes the following products:

Digital Imaging Systems.....	Digital PPCs, color PPCs, digital duplicators, facsimile machines, related supplies and services
Other Imaging Systems	Analog PPCs, diazo copiers, and related supplies including thermal paper, and services
Printing Systems	Multifunctional printers(MFPs), laser printers, related supplies, services and software
Other Input/Output Systems	Optical discs and system scanners
Network System Solutions.....	Personal computers, PC servers, network systems, network related software, And service/support
Other Businesses	Digital cameras, analog cameras, semiconductors

Reference:

Exchange rate

	Half year ended September 30, '01	Half Year ended September 30, '00	Year ended March 31, '01
US\$ 1.....	¥122.16	¥107.23	110.60
EURO 1	¥107.79	¥98.63	100.41

3. Statement of Income (Consolidated)

For the half years ended September 30, 2000 and 2001, and year ended March 31, 2001.

(Millions of yen)

	Half year ended	Half Year ended	Change(%)		Year ended
	September 30, '01	September 30, '00			March 31, '01
Net sales.....	820,087	735,303	+84,784	11.5	1,538,262
Cost of sales.....	478,191	441,274	+36,917	8.4	924,893
<i>Percentage of net sales (%).....</i>	<i>58.3</i>	<i>60.0</i>			<i>60.1</i>
Gross Profit.....	341,896	294,029	+47,867	16.3	613,369
<i>Percentage of net sales (%).....</i>	<i>41.7</i>	<i>40.0</i>			<i>39.9</i>
Selling, general and administrative expenses.....	281,992	242,888	+39,104	16.1	508,264
<i>Percentage of net sales (%).....</i>	<i>34.4</i>	<i>33.0</i>			<i>33.1</i>
Operating income.....	59,904	51,141	+8,763	17.1	105,105
<i>Percentage of net sales (%).....</i>	<i>7.3</i>	<i>7.0</i>			<i>6.8</i>
Other (income) expense					
Interest and dividend income.....	2,896	4,835	-1,939	-40.1	8,045
<i>Percentage of net sales (%).....</i>	<i>0.4</i>	<i>0.6</i>			<i>0.5</i>
Interest expense.....	4,562	2,830	+1,732	61.2	7,787
<i>Percentage of net sales (%).....</i>	<i>0.6</i>	<i>0.4</i>			<i>0.5</i>
Other, net.....	5,714	6,975	-1,261	-18.1	7,598
<i>Percentage of net sales (%).....</i>	<i>0.7</i>	<i>0.9</i>			<i>0.4</i>
Income before income taxes, equity income and minority interests.....	52,524	46,171	+6,353	13.8	97,765
<i>Percentage of net sales (%).....</i>	<i>6.4</i>	<i>6.3</i>			<i>6.4</i>
Provision for income taxes.....	23,519	19,834	+3,685	18.6	43,512
<i>Percentage of net sales (%).....</i>	<i>2.8</i>	<i>2.7</i>			<i>2.8</i>
Minority interests in earnings of subsidiaries.....	1,613	1,779	-166	-9.3	3,123
<i>Percentage of net sales (%).....</i>	<i>0.2</i>	<i>0.2</i>			<i>0.2</i>
Equity in earnings of affiliates.....	1,016	1,250	-234	-18.7	2,098
<i>Percentage of net sales (%).....</i>	<i>0.1</i>	<i>0.1</i>			<i>0.1</i>
Interim (net) income.....	28,408	25,808	+2,600	10.1	53,228
<i>Percentage of net sales (%).....</i>	<i>3.5</i>	<i>3.5</i>			<i>3.5</i>
Reference:					
Exchange rate					
	Half year ended	Half Year ended	Year ended		
	September 30, '01	September 30, '00	March 31, '01		
US\$ 1.....	¥122.16	¥107.23	¥110.60		
EURO 1.....	¥107.79	¥98.63	¥100.41		

4. Net Income Per Share (Consolidated)

For the half years ended September 30, 2000 and 2001, and year ended March 31, 2001

(Yen)

	Half year ended	Half Year ended	Change		Year ended
	September 30, '01	September 30, '00			March 31, '01
Net income per share-basic (yen).....	40.97	37.27	+3.70		76.85
Net income per share- diluted (yen).....	38.24	34.44	+3.80		71.02

5. Balance Sheets (Consolidated)

September 30, 2001 and March 31, 2001

Assets

(Millions of yen)

	September 30, 2001	March 31, 2001	Change
Current Assets			
Cash and time deposits.....	76,219	75,644	+575
Trade receivables.....	404,813	410,861	-6,048
Marketable securities.....	78,787	62,213	+16,574
Inventories.....	163,707	176,383	-12,676
Other current assets.....	48,652	54,306	-5,654
Total Current Assets.....	772,178	779,407	-7,229
Fixed Assets			
Tangible fixed assets.....	265,300	267,249	-1,949
Finance receivable.....	440,271	428,790	+11,481
Other Investments.....	235,293	229,345	+5,948
Total Fixed Assets.....	940,864	925,384	+15,480
Total Assets.....	1,713,042	1,704,791	+8,251

Note:

Contents of cash and time deposits:

Cash and cash equivalents.....	60,452	64,457	-4,005
Time deposits.....	15,767	11,187	+4,580

Liabilities and Shareholders' Investment

(Millions of yen)

	September 30, 2001	March 31, 2001	Change
Current Liabilities			
Trade payables.....	270,659	291,791	-21,132
Short-term borrowings.....	288,531	321,185	-32,654
Other current liabilities.....	149,513	166,460	-16,947
Total Current Liabilities.....	708,703	779,436	-70,733
Fixed Liabilities			
Long-term indebtedness.....	260,127	217,743	+42,384
Retirement benefit obligation.....	88,038	82,828	+5,210
Other fixed liabilities.....	25,466	20,625	+4,841
Total Fixed Liabilities.....	373,631	321,196	+52,435
Total Liabilities.....	1,082,334	1,100,632	-18,298
Minority Interest.....	49,344	47,431	+1,913
Shareholders' Investment			
Common stock.....	103,948	103,434	+514
Additional paid-in capital.....	155,149	154,635	+514
Retained earnings.....	356,699	332,447	+24,252
Accumulated other comprehensive income.....	-34,432	-33,788	-644
Total Shareholders' Investment.....	581,364	556,728	+24,636
Total Liabilities and Shareholders' Investment.....	1,713,042	1,704,791	+8,251

Note: Other comprehensive income:

Net unrealized holding gains onavailable-for-sale securities	9,503	11,332	-1,829
Pension liability adjustments.....	-23,579	-23,579	-
Net unrealized holding gains on derivative transaction.....	362	-	+362
Cumulative translation adjustments.....	-20,718	-21,541	+823

Reference: Exchange rate

	September 30, '01	March 31, '01
US\$ 1.....	¥119.40	¥123.90
EURO 1.....	¥109.30	¥109.33

6. Retained Earnings

For the half year ended September 30, 2001 and year ended March 31, 2001

(Millions of yen)

	Half year ended September 30, 2001	Year ended March 31, 2001
Retained earnings (beginning balance).....	332,447	287,182
Net income.....	28,408	53,228
Cash dividends.....	4,156	7,963
Retained earnings (ending balance).....	356,699	332,447

7. Statements of Cash Flow (Consolidated)

For the half year ended September 30, 2001 and year ended March 31, 2001

(Millions of yen)

	Half year ended Sept. 30, 2001	Half year ended Sept. 30, 2000	Year ended Mar. 31, 2001
I. Cash Flows from Operating Activities:			
1. Net income	28,408	25,808	53,228
2. Adjustments to reconcile net income to net cash provided by operating activities—			
Depreciation and amortization.....	33,113	28,909	62,142
Equity in earnings of affiliates, net of dividends received.....	-557	-807	-1,056
Deferred income taxes	342	-6,757	-9,994
Loss on disposal and sales of tangible fixed assets.....	856	1,072	2,223
Changes in assets and liabilities, net of effects from acquisition—			
Decrease (increase) in trade receivables	3,201	-16,601	-32,476
Decrease (increase) in inventories.....	10,955	-11,682	-7,167
Decrease (increase) in finance receivables.....	-11,139	-13,751	-15,127
(Decrease) increase in trade payables	-18,863	9,899	16,235
(Decrease) increase in accrued income taxes and accrued expenses and other.....	-16,443	1,933	27,310
Retirement benefit obligation, net.....	5,428	2,121	1,667
Other, net	9,697	5,016	5,743
Net cash provided by operating activities	44,998	25,160	102,728
II. Cash Flows from Investing Activities:			
1. Proceeds from sales of plant and equipment.....	452	299	1,120
2. Expenditures for tangible fixed assets	-39,646	-37,309	-73,040
3. Payments for purchases of available-for-sale securities.....	-30,923	-15,790	-52,853
4. Proceeds from sales of available-for-sale securities.....	25,901	40,300	93,705
5. (Increase) decrease in investments in and advances to affiliates	26	85	51
6. Decrease (increase) in time deposits	-4,804	-1,288	6,797
7. Acquisition amount of Lanier Worldwide, Inc.	-	-	-28,103
8. Other, net	-6,821	-10,617	-10,405
Net cash used in investing activities	-55,815	-24,320	-62,728
III. Cash Flows from Financing Activities:			
1. Proceeds from long-term indebtedness.....	20,549	16,085	33,183
2. Repayment of long-term indebtedness.....	-34,832	-25,095	-114,701
3. (Decrease) increase in short-term borrowings, net	-4,739	14,369	5,565
4. Proceeds from issuance of long-term debt securities.....	39,500	-	-
5. Repayment of long-term debt securities	-10,000	-	-2,990
6. Cash dividends paid	-4,156	-3,808	-7,964
7. Other, net	-276	-372	-1,475
Net cash provided by (used in) financing activities	6,046	1,152	-88,382
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents.....	+766	-458	1,001
V. Net Increase (Decrease) in Cash and Cash Equivalents	-4,005	1,534	-47,381
VI. Cash and Cash Equivalents at Beginning of Year.....	64,457	111,838	111,838
VII. Cash and Cash Equivalents at End of Year.....	60,452	113,372	64,457

8. Significant Accounting Policies (Consolidated)

1. Items relating to the scale of consolidation and the application of the equity method

Consolidated subsidiaries:

2 additions: Ricoh Tohoku Co., Ltd. And Ricoh Chugoku Co., Ltd. (established through spinoff from Ricoh)

Companies accounted for by the equity method:

3 removals including Sakura Technos Ltd.(liquidation)

2. Consolidated Accounting Policies

(1) Principles of Consolidation

The consolidated financial statements include the accounts of Ricoh. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in affiliated companies are accounted for on the equity basis.

(2) Securities

Ricoh conforms with SFAS No.115, "Accounting for Certain Investments in Debt and Equity Securities," which requires certain investments in debt and equity securities to be classified as either held-to-maturity, trading, or available-for-sale securities. Available-for-sale 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 was computed based on the average cost of each security held at the time of sale.

(3) Inventories

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

(4) Tangible fixed assets

Depreciation of tangible fixed assets 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

Ricoh has classified as goodwill the cost in excess of fair value of the net assets of major companies acquired in purchase transactions. Goodwill is being amortized on a straight-line method over the estimated periods benefited, not to exceed 20 years.

(6) 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, and the disclosure of contingent assets and liabilities, to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

3. Notes to Consolidated Statements

In fiscal 2002, ended March 31, 2002, the Company adopted two statements issued by the Financial Accounting Standards Board (FASB). They are the Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," and Statement 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," an amendment of FASB Statement No. 133. The Statement requires that changes in a derivative instrument's fair value be recognized as assets or liabilities in the consolidated balance sheets. The cumulative effect adjustment upon the adoption of SFAS 133 and 138, net of the related income tax effect, resulted in a decrease to other comprehensive income of approximately ¥1,864 million and a decrease to net income of approximately ¥66 million.

9. Segment Information

(1) Industry Segment Information

For the half years ended September 30, 2000 and 2001, and year ended March 31, 2001.

(Millions of yen)

	Half year ended September 30, '01	Half Year ended September 30, '00	Change(%)		Year ended March 31, '01
Net sales:					
Office Equipment	729,573	631,410	+98,163	15.5	1,338,374
Other Businesses	92,576	105,428	-12,852	-12.2	205,095
Intersegment transaction.....	-2,062	-1,535	-527	34.3	-5,207
Total	820,087	735,303	+84,784	11.5	1,538,262
Operating expenses:					
Office Equipment	645,127	564,338	+80,789	14.3	1,195,834
Other Businesses	91,216	97,638	-6,422	-6.6	191,909
Intersegment transaction.....	-2,087	-1,533	-554	36.1	-5,218
Corporate and eliminations.....	25,927	23,719	+2,208	9.3	50,632
Total	760,183	684,162	+76,021	11.1	1,433,157
Operating income:					
Office Equipment	84,446	67,072	+17,374	25.9	142,540
Other Businesses	1,360	7,790	-6,430	-82.5	13,186
Intersegment transaction.....	25	-2	+27	-1350.0	11
Unallocated expense.....	-25,927	-23,719	-2,208	9.3	-50,632
Consolidated operating income.....	59,904	51,141	+8,763	17.1	105,105
Other income(expenses).....	-7,380	-4,970	-2,410	48.5	-7,340
Consolidated pretax profit	52,524	46,171	+6,353	13.8	97,765
Total assets:					
Office Equipment	1,174,019	1,001,813	+172,206	17.2	1,179,499
Other Businesses	172,132	174,016	-1,884	-1.1	180,164
Elimination.....	-8,722	-8,913	+191	-2.1	-9,116
Corporate assets.....	375,613	399,391	-23,778	-6.0	354,244
Total	1,713,042	1,566,307	+146,735	9.4	1,704,791
Capital expenditure:					
Office Equipment	36,300	31,173	+5,127	16.4	61,836
Other Businesses	2,510	5,459	-2,949	-54.0	10,235
Corporate.....	1,007	677	+330	48.7	1,258
Total	39,817	37,309	+2,508	6.7	73,329
Depreciation and Amortization:					
Office Equipment	29,298	24,641	+4,657	18.9	52,908
Other Businesses	2,928	3,519	-591	-16.8	7,598
Corporate.....	887	749	+138	18.4	1,636
Total	33,113	28,909	+4,204	14.5	62,142

(2) Geographic Segment Information

For the half years ended September 30, 2000, 2001, and year ended March 31, 2001.

(Millions of yen)

	Half year ended September 30, '01	Half Year ended September 30, '00	Change(%)		Year ended March 31, '01
Net sales:					
Japan					
Unaffiliated Customers.....	467,270	466,456	+814	0.2	954,125
Intersegment	150,594	140,898	+9,696	6.9	279,802
Total	617,684	607,354	+10,510	1.7	1,233,927
The Americas					
Unaffiliated Customers.....	162,139	112,042	+50,097	44.7	252,029
Intersegment	3,365	2,875	+490	17.0	4,470
Total	165,504	114,917	+50,587	44.0	256,499
Europe					
Unaffiliated Customers.....	147,786	119,160	+28,626	24.0	254,548
Intersegment	2,160	1,530	+630	41.2	3,246
Total	149,946	120,690	+29,256	24.2	257,794
Other					
Unaffiliated Customers.....	42,892	37,645	+5,247	13.9	77,560
Intersegment	29,179	19,120	+10,059	52.6	39,571
Total	72,071	56,765	+15,306	27.0	117,131
Elimination of intersegment sales	-185,298	-164,423	-20,875	12.7	-327,089
Total	820,087	735,303	+84,784	11.5	1,538,262
Operating expenses:					
Japan	564,897	561,819	+3,078	0.5	1,150,353
The Americas.....	163,283	110,676	+52,607	47.5	247,521
Europe	145,242	115,575	+29,667	25.7	246,498
Other.....	69,398	54,494	+14,904	27.3	110,937
Corporate and eliminations.....	-182,637	-158,402	-24,235	15.3	-322,152
Total	760,183	684,162	+76,021	11.1	1,433,157
Operating income:					
Japan	52,967	45,535	+7,432	16.3	83,574
The Americas.....	2,221	4,241	-2,020	-47.6	8,978
Europe	4,704	5,115	-411	-8.0	11,296
Other.....	2,673	2,271	+402	17.7	6,194
Corporate and eliminations.....	-2,661	-6,021	+3,360	-55.8	-4,937
Consolidated operating income.....	59,904	51,141	+8,763	17.1	105,105
Other income(expenses).....	-7,380	-4,970	-2,410	48.5	-7,340
Consolidated pretax profit	52,524	46,171	+6,353	13.8	97,765
Total assets:					
Japan	1,040,786	1,014,105	+26,681	2.6	1,042,557
The Americas.....	210,771	103,733	+107,038	103.2	209,638
Europe	159,918	123,108	+36,810	29.9	163,542
Other.....	60,453	52,454	+7,999	15.2	63,438
Eliminations.....	-134,499	-126,484	-8,015	6.3	-128,628
Corporate assets.....	375,613	399,391	-23,778	-6.0	354,244
Consolidated	1,713,042	1,566,307	+146,735	9.4	1,704,791

10. Notes to Consolidated Financial Statements

(1) Fair Value of Marketable Securities

The nonmarketable securities as of September 30, 2001, and March 31, 2001, primarily relate to less than 20%-owned companies and are stated at cost.

The securities and the respective cost, gross unrealized holding gains, gross unrealized holding losses and fair value as of September 30, 2001 and March 31, 2001 are as follows:

Half year ended September 30, 2001				(Millions of yen)
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Current:				
Corporate debt securities.....	18,663	1,385	-	20,048
Other	58,737	2	-	58,739
	77,400	1,387	-	78,787
Noncurrent:				
Equity securities	7,457	5,660	367	12,750
Corporate debt securities.....	5,051	18	42	5,027
Other	13,962	78	2,409	11,631
Nonmarketable securities.....	2,602	-	-	2,602
	29,072	5,756	2,818	32,010
Year ended March 31, 2001				(Millions of yen)
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Current:				
Japanese and foreign governmental bond securities.....	997	10	-	1,007
Corporate debt securities.....	7,062	2	12	7,052
Other	54,168	5	19	54,154
	62,227	17	31	62,213
Noncurrent:				
Equity securities	7,686	8,805	453	16,038
Corporate debt securities.....	21,587	2,656	53	24,190
Other	7,639	6	1,642	6,003
Nonmarketable securities.....	2,845	-	-	2,845
	39,757	11,467	2,148	49,076

Other includes money management funds of 47,525 million yen and 38,665 million yen as of September 30 2001, and March 31, 2001, respectively, and investment trusts consisting of investments in marketable debt.

(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.

From fiscal 2002 ended March 31, 2002, the Company adopted FASB Statement No. 133 and FASB Statement No. 138, based on which changes in the fair values of all derivative instruments are recognized as assets or liabilities in the consolidated balance sheets.

The Company and certain of its subsidiaries enter into foreign currency contracts and foreign currency options to hedge assets and liabilities denominated in foreign currencies.

Ricoh enters into interest rate swap agreements to reduce interest rate risk and the fair value of the principal on its outstanding debt and to lower the risks of cash flow fluctuations. Most of these agreements are designated as fair value hedges and cash flow hedges in line with FASB Statement No. 133.

Fluctuations in the fair value of derivative instruments designated as fair value hedges are recorded as other income (expenses) in the consolidated statements of income. These amounts did not materially affect Ricoh's consolidated results of operations in the first half of fiscal 2002.

Fluctuations in the fair value of derivative instruments designated as cash flow hedges are recorded as accumulated other comprehensive income (loss) in the consolidated balance sheets. They are transferred to the consolidated financial statements once the hedged loans are repaid. Of accumulated other comprehensive income (loss) as of September 30, 2001, Ricoh expects to recognize ¥144 million in the consolidated statements of income within the following 12 months.

These derivative instruments exposed to credit risk in the event of nonperformance by counterparties. However, these counterparties are financial institutions with high credit ratings, so Ricoh deems the credit risk negligible. The Company has optimally concentrated credit risk by diversifying its dealings with counterparties.

The outstanding agreements, carrying amount and estimated fair value of derivative financial instruments as of March 31, 2001, and September 30, 2001 are as follows:

	Half year ended September 30, 2001		(Millions of yen)
	Outstanding Agreements	Carrying amount	Estimated Fair value
Interest rate swap agreements, net.....	90,175	4,719	4,719
Foreign currency contracts-net credit	109,630	-2,137	-2,137
Currency options-net credit.....	57,536	135	135
Total.....	257,341	2,717	2,717

	Year ended March 31, 2001		(Millions of yen)
	Outstanding Agreements	Carrying amount	Estimated Fair value
Interest rate swap agreements, net.....	287,161	189	4,480
Foreign currency contracts-net credit	73,722	-386	-3,068
Currency options.....	25,820	-	-292
Total.....	386,703	-197	1,120

(3) Transactions of Ricoh with affiliates

(Millions of yen)

	September 30, 2001	March 31, 2001
Account balances:		
Receivables	6,292	6,398
Payables	1,731	1,979

(Millions of yen)

	Half year ended September 30, 2001	Year ended March 31, 2001
Transactions:		
Sales	11,306	20,952
Purchases	5,575	13,673
Dividend income.....	817	1,008