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RICOH CO LTD  
Form 6-K  
July 30, 2003

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

For the month of July, 2003

Commission File Number 2 - 68279

RICOH COMPANY, LTD.

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(Translation of Registrant's name into English)

15-5, Minami-Aoyama 1-Chome, Minato-ku, Tokyo 107-8544, Japan  
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(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports  
under cover Form 20-F or Form 40-F.)

Form 20-F    X        Form 40-F    \_\_\_

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(1): \_\_\_ )

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(7): \_\_\_ )

(Indicate by check mark whether by furnishing the information contained in this  
Form, the registrant is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act  
of 1934.)

Yes    \_\_\_        No    X

(If "Yes" is marked, indicate below the file number assigned to the registrant  
in connection with Rule 12g3-2(b): 82-\_\_\_ )

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the  
registrant has duly caused this report to be signed on its behalf by the  
undersigned, thereunto duly authorized.

Ricoh Company, Ltd.

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-----  
(Registrant)

By: /S/ Zenji Miura

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Zenji Miura  
Executive Vice President  
and General Manager of the  
Finance and Accounting Division

July 30, 2003

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[LOGO] RICOH

QUARTERLY REPORT

1st Quarter ended June 30, 2003  
(Results for the Period from April 1, 2003 to June 30, 2003)

PERFORMANCE OUTLINE (CONSOLIDATED)

	Three months ended June 30, 2003 Results	Three months ended June 30, 2002 Results	Change	Mar
Domestic sales	224.3	224.8	-0.2%	
Overseas sales	213.1	203.4	4.8%	
Net sales	437.4	428.2	2.1%	
Gross profit	192.7	186.4	3.4%	
Operating income	38.4	35.9	7.1%	
Income before income taxes	37.3	32.2	15.6%	
Net income	22.3	19.5	14.5%	
Exchange rate (Yen/US\$)	118.52	127.01	-8.49	
Exchange rate (Yen/EURO)	134.67	116.56	18.11	
Net income per share (yen)	30.04	26.85	3.19	
Net income per share-diluted (yen)	-	26.01	-	
Cash flows from operating activities	39.8	54.3	-14.4	
Cash flows from investing activities	-7.9	-15.4	7.4	
Cash flows from financing activities	-6.4	-3.7	-2.6	
Cash and cash equivalents at end of period	215.9	203.0	12.9	
Capital expenditures	18.6	17.6	1.0	
Depreciation for tangible fixed assets	17.0	16.9	0.0	
R&D expenditures	19.3	18.4	0.9	

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	June 30, 2003	March 31, 2003	Change
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Total assets	1,924.6	1,884.9	39.7
Shareholders' equity	685.7	657.5	28.2
Interest-bearing debt	483.1	484.6	-1.4
<hr style="border-top: 1px dashed black;"/>			
Equity ratio (%)	35.6	34.9	0.7
<hr style="border-top: 1px dashed black;"/>			
Shareholder's equity per share (yen)	920.97	885.41	35.56
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### RICOH COMPANY, LTD.

\* The Company bases the forecast estimates for March 31, 2004 above upon information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.

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#### PERFORMANCE

##### \*Overview

Consolidated net sales for the first quarter of fiscal 2004 (the three months period from April 1 to June 30, 2003) amounted to YEN437.4 billion, up 2.1% as compared to the previous corresponding period. During this quarter, the average yen exchange rates were at YEN118.52 against the U.S. dollar (an appreciation of approximately 6.7% as compared to the previous corresponding period) and YEN134.67 against the Euro (a depreciation of approximately 15.5% as compared to the previous corresponding period). Net sales would rise 0.9 % excluding effects of such exchange fluctuations.

Domestic sales of printing systems such as MFPs (multifunctional printers) and laser printers with networks and multifunctions, and solutions business such as useware and support continued to be favorable. In addition, demand for semiconductors has recovered. Nevertheless, owing to the growing shift from analog equipments to MFPs and color equipments and to the sluggish growth in PC servers, overall sales decreased by 0.2% as compared to the previous corresponding period.

As for overseas sales, our core product category such as digital PPCs, MFPs and printers posted growth in sales in each region. Sales in the Americas were down 5.6% as compared to the previous corresponding period due to the effects of the yen's appreciation. On the other hand, sales in Europe increased by 18.4% due in part to the effects of the yen's depreciation. Sales in China and other Asian markets decreased by 2.7% due primarily to a decline in demand for optical discs. As a result, overall overseas sales were up 4.8% as compared to the previous corresponding period, and it would increase by 2.1% excluding effects of exchange fluctuations.

Operating income increased by 7.1% as compared to the previous corresponding period, to YEN38.4 billion. This was attributed to an increase in revenues from high-margin, high-value-added products such as digital PPCs, MFPs and printers, and the effects of new products offering and of the continuous cost-cutting activities. In addition, the effects of the yen's depreciation contributed to this rise in operating income. As for non-operating profit and loss, exchange

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loss and other expenses decreased.

As a result, income before income taxes increased by 15.6% as compared to the previous corresponding period, to YEN37.3 billion.

Due to the change of the Corporate Tax Law in Japan, the amount of tax exemption on research and development expenses was increased, thereby leading to a decline in the effective tax rate. As a result, net income increased by 14.5% as compared to the previous corresponding period, to YEN22.3 billion.

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### \*Conditions by Product Line

Office Equipment (Sales up 1.7%, to YEN383.7 billion)

To support customers more efficiently manage their TDV(total document volume), the Ricoh Group advances solution proposals on optimization of their total printing costs. Ricoh is thus shifting away from standalone analog equipment toward digital, networking, and color and high-speed technologies as a strategy to realize this objective. These efforts allowed us to continue expanding the sales volume digital PPCs, MFPs, laser printers, and other printing systems while continuous sales increase in useware, support and other network system solutions.

In Japan, sales of office equipment took a downturn due primarily to a slowdown in sales of PC servers. However, overseas sales increased due primarily to growth in sales of digital PPCs and printing systems and the relative effects of the yen's depreciation. As a result, overall sales of office equipment increased by 1.7% as compared to the previous corresponding period, to YEN383.7 billion.

Imaging Solutions (Sales down 3.3%, to YEN212.7 billion)

Digital Imaging Systems

- Continuous new offering of digital PPCs products (Imagio Neo 351/451 series in Japan and Aficio 2035/2045 series overseas)
  - Domestic sales decreased due primarily to sluggish demand
  - Overseas sales of digital PPCs increased in each region
- As a result, sales in this category increased by 1.7%.

Other Imaging Systems

- Sales were down 15.5% due to a shift from analog equipments to MFPs and color equipments.

Network Input/Output Systems (Sales up 15.4%, to YEN127.5 billion)

Printing Systems

- New offering products to cope with the shift to high-speed, networked and color models in Japan and overseas (Imagio Neo C380 in Japan and Aficio 1224C/1232C overseas)
  - Sales of MFPs and laser printers continued increasing.
- As a result, sales for this category increased by 22.7%.

Other Input/Output Systems

Sales of the optical disc business, which was favorable results in the previous term, decreased by 28.0% due primarily to the model change.

Network System Solutions (Sales down 7.4%, to YEN43.4 billion)

- Responded to customers' need for improving total cost performance

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- Strengthened useware, document management and other solutions business
- Sales of PC servers took a downturn.

Operating income for the entire office equipment business increased by 3.5% as compared to the previous corresponding period, to YEN48.2 billion. This can be ascribed to the continued introduction of new high-margin, high-value-added products, an increase in their sales, and the impact of ongoing cost-cutting efforts in production. In addition, the relative effects of the yen's depreciation contributed to this increase.

Other Businesses (Sales up 5.5%, to YEN53.7 billion)

Sales in this segment increased by 5.5% as compared to the previous corresponding period, to YEN53.7 billion. The semiconductor business registered growth in sales, contributing to the overall improvement in revenues of the other businesses. Sales of measuring equipment took a downswing, on the other hand the leasing business achieved steady gains.

As a result, overall operating income for other businesses increased to YEN2.4 billion.

### \*Cash Flows

Net cash provided by operating activities decreased YEN14.4 billion as compared to the previous corresponding period, to YEN39.8 billion. This was attributed to the fact that although net income and depreciation and amortization expenses increased as compared to the previous corresponding period, inventories increased in order to cope with SARS (severe acute respiratory syndrome) and an expansion of sales.

Net cash used in investing activities was YEN7.9 billion due to capital investment in new product lines and product development, and the redemption of securities.

As a result, free cash flow generated by operating and investing activities totaled YEN31.9 billion, down YEN7.0 billion as compared to the previous corresponding period.

Net cash used in financing activities amounted to YEN6.4 billion due primarily to efforts of reductions of interest-bearing debt and to dividend payments.

As a result, cash and cash equivalents at the end of the first quarter were YEN26.7 billion higher than the end of the preceding year, standing at YEN215.9 billion.

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### \*Expectations

As for the forecast of business results for the fiscal year ended March 31, 2004, we maintain our net sales forecast YEN1,805.0 billion as that announced in May of this year. We anticipate the exchange rates to trade at YEN116.00 against the U.S. dollar and YEN130.00 against the Euro in and after the second quarter. We believe we can offset the decline in domestic sales stemming from sluggish demand by implementing business strategies, such as the continued and effective introduction of new products, and by augmenting overseas sales expansion.

As for income, we revised upward our forecast of operating income from YEN147.0 billion announced in May of this year to YEN151.0 billion, income before income

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taxes from YEN137.0 billion to YEN145.5 billion, and net income from YEN79.0 billion to YEN85.0 billion. This upward revision reflects stronger first quarter results than initially forecast and our anticipation of a further improvement in profitability.

Our performance forecasts for fiscal 2004 are as follows:

Exchange Rate Assumptions for the full year ended March 31, 2004  
 US\$ 1 = YEN116.63 (YEN121.96 in previous fiscal year)  
 EURO 1 = YEN131.17 (YEN121.00 in previous fiscal year)

(Billions of yen)			
	Year ended March 31, 2004 Forecast	Year ended March 31, 2003 Results	Change
Domestic sales	900.0	896.0	0.4%
Overseas sales	905.0	842.3	7.4%
Net sales	1,805.0	1,738.3	3.8% (*1)
Gross profit	792.0	745.3	6.3%
Operating income	151.0	133.6	13.0%
Income before income taxes	145.5	123.4	17.8%
Net income	85.0	72.5	17.2% (*2)

Notes:

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

\*2...Net income would be twelfth consecutive year of growth and tenth consecutive year of record high.

\* Ricoh bases the forecast estimates for March 31, 2004 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 1ST QUARTER ENDED JUNE 30, 2003  
 (U.S. GAAP FINANCIAL INFORMATION)

1. ITEMS RELATING TO 1ST QUARTER FINANCIAL STATEMENTS

- (1) No change in accounting method has been made.
- (2) No change relating to the scale of consolidation and the application of the equity method has been made.

2. RESULTS FOR THE PERIOD FROM APRIL 1, 2003 TO JUNE 30, 2003

(1) Operating Results

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	Three months ended June 30, 2003	Three months ended June 30, 2002
Net sales	437,453	428,
(% change from the previous corresponding period)	2.1	
Operating income	38,484	35,
(% change from the previous corresponding period)	7.1	1
Income before income taxes	37,317	32,
(% change from the previous corresponding period)	15.6	1
Net income	22,355	19,
(% change from the previous corresponding period)	14.5	3
Net income per share-basic (yen)	30.04	26
Net income per share-diluted (yen)	-	26

Notes:

- i. Equity in earnings of affiliates: YEN 452 million (YEN 831 million in previous corresponding period)
- ii. Average number of shares outstanding: 744,258,093 shares (727,067,931 shares in previous corresponding period)

(2) Financial Position

	June 30, 2003	June 30, 2002
Total assets	1,924,631	1,821,
Shareholders' equity	685,730	648,
Equity ratio (%)	35.6	3
Equity per share (yen)	920.97	891

Note: Number of shares outstanding as of June 30, 2003: 744,571,144 shares (727,024,532 shares as of June 30, 2002)

Cash Flow

	Three months ended June 30, 2003	Three months ended June 30, 2002
Cash flows from operating activities	39,877	54,
Cash flows from investing activities	-7,973	-15,
Cash flows from financing activities	-6,404	-3,
Cash and cash equivalents at end of period	215,982	203,

3. FORECAST OF OPERATING RESULTS FROM APRIL 1, 2003 TO MARCH 31, 2004

	Half year ended September 30, 200
Net sales	892,

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Operating income	73,
Income before income taxes	71,
Net income	41,

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Note: Net income per share (Consolidated) 114.16 yen

In accordance with Japanese regulations, Ricoh has issued forecast for its financial results for the fiscal year ending March 2004. 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.

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### CONSOLIDATED PERFORMANCE

#### 1. CONSOLIDATED STATEMENTS OF INCOME

	Three months ended June 30, 2003	Three months ended June 30, 2002
Net sales	437,453	428,271
Cost of sales	244,701	241,774
Percentage of net sales (%)	55.9	56.5
Gross Profit	192,752	186,497
Percentage of net sales (%)	44.1	43.5
Selling, general and administrative expenses	154,268	150,570
Percentage of net sales (%)	35.3	35.1
Operating income	38,484	35,927
Percentage of net sales (%)	8.8	8.4
Other (income) expense		
Interest and dividend income	696	963
Percentage of net sales (%)	0.1	0.2
Interest expense	1,524	1,739
Percentage of net sales (%)	0.3	0.4
Other, net	339	2,881
Percentage of net sales (%)	0.1	0.7
Income before income taxes, equity income and minority interests	37,317	32,270
Percentage of net sales (%)	8.5	7.5
Provision for income taxes	14,062	13,001
Percentage of net sales (%)	3.2	3.0
Minority interests in earnings of subsidiaries	1,352	579
Percentage of net sales (%)	0.3	0.1
Equity in earnings of affiliates	452	831
Percentage of net sales (%)	0.1	0.2
Net income	22,355	19,521
Percentage of net sales (%)	5.1	4.6

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#### 2-1. CONSOLIDATED SALES BY PRODUCT CATEGORY

	Three months ended June 30, 2003	Three months ended June 30, 2002
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(Office Equipment)		
Imaging Solutions:		
Digital Imaging Systems	158,997	156,289
Percentage of net sales (%)	36.3	36.5
Other Imaging Systems	53,771	63,632
Percentage of net sales (%)	12.3	14.8
Total Imaging Solutions	212,768	219,921
Percentage of net sales (%)	48.6	51.3
-----		
Network Input/Output Systems:		
Printing Systems	116,106	94,653
Percentage of net sales (%)	26.5	22.1
Other Input/Output Systems	11,421	15,863
Percentage of net sales (%)	2.7	3.7
Total Network Input/Output Systems	127,527	110,516
Percentage of net sales (%)	29.2	25.8
-----		
Network System Solutions	43,437	46,930
Percentage of net sales (%)	9.9	11.0
-----		
Office Equipment Total	383,732	377,367
Percentage of net sales (%)	87.7	88.1
-----		
(Other Businesses)		
Other Businesses	53,721	50,904
Percentage of net sales (%)	12.3	11.9
-----		
Grand Total	437,453	428,271
Percentage of net sales (%)	100.0	100.0
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### 2-2. CONSOLIDATED SALES BY GEOGRAPHIC AREA

	Three months ended June 30, 2003	Three months ended June 30, 2002
-----		
(Domestic)	224,335	224,844
Percentage of net sales (%)	51.3	52.5
(Overseas)	213,118	203,427
Percentage of net sales (%)	48.7	47.5
The Americas	79,491	84,171
Percentage of net sales (%)	18.2	19.7
Europe	98,619	83,260
Percentage of net sales (%)	22.5	19.4
Other	35,008	35,996
Percentage of net sales (%)	8.0	8.4
Grand Total	437,453	428,271
Percentage of net sales (%)	100.0	100.0
-----		
Reference : Exchange rate		
US\$ 1	YEN118.52	YEN127.01
EURO 1	YEN134.67	YEN116.56

### 3. SEGMENT INFORMATION

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(1) Industry Segment Information

	Three months ended June 30, 2003	Three months ended June 30,
<b>OFFICE EQUIPMENT:</b>		
Net sales:		
Unaffiliated customers	383,732	
Intersegment	-	
Total	383,732	
Operating expenses	335,487	
Operating income	48,245	
Operating income on office equipment sales(%)	12.6	
<b>OTHER BUSINESSES:</b>		
Net sales:		
Unaffiliated customers	53,721	
Intersegment	627	
Total	54,348	
Operating expenses	51,936	
Operating income	2,412	
Operating income on sales in other businesses (%)	4.4	
<b>CORPORATE AND ELIMINATIONS:</b>		
Net sales:		
Intersegment	-627	
Total	-627	
Operating expenses:		
Intersegment	-647	
Corporate	12,193	
Total	11,546	
Operating income	-12,173	
<b>CONSOLIDATED:</b>		
Net sales:		
Unaffiliated customers	437,453	
Intersegment	-	
Total	437,453	
Operating expenses	398,969	
Operating income	38,484	
Operating income on consolidated net sales(%)	8.8	

(2) Geographic Segment Information

	Three months ended June 30, 2003	Three months ended June 30,
<b>JAPAN:</b>		
Net sales:		
External customers	238,338	

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Intersegment	97,074
Total	335,412
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Operating expenses	301,568
-----	
Operating income	33,844
Operating income on sales in Japan(%)	10.1
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THE AMERICAS:	
Net sales:	
External customers	77,534
Intersegment	1,582
Total	79,116
-----	
Operating expenses	76,823
-----	
Operating income	2,293
Operating income on sales in the Americas(%)	2.9
-----	
EUROPE:	
Net sales:	
External customers	98,763
Intersegment	1,056
Total	99,819
-----	
Operating expenses	94,329
-----	
Operating income	5,490
Operating income on sales in Europe(%)	5.5
-----	
OTHER:	
Net sales:	
External customers	22,818
Intersegment	25,115
Total	47,933
-----	
Operating expenses	45,580
-----	
Operating income	2,353
Operating income on sales in other(%)	4.9
-----	
CORPORATE AND ELIMINATIONS:	
Net sales:	
Intersegment	-124,827
Total	-124,827
-----	
Operating expenses:	-119,331
-----	
Operating income	-5,496
-----	
CONSOLIDATED:	
Net sales:	
External customers	437,453
Intersegment	-
Total	437,453
-----	
Operating expenses	398,969
-----	
Operating income	38,484
Operating income on consolidated net sales(%)	8.8
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4. CONSOLIDATED BALANCE SHEETS

Assets

	June 30, 2003	March 31, 2003
Current Assets		
Cash and time deposits	219,888	200,330
Trade receivables	412,046	417,942
Marketable securities	112	107
Inventories	161,770	146,051
Other current assets	59,874	58,083
Total Current Assets	853,690	822,513
Fixed Assets		
Tangible fixed assets	246,613	248,752
Finance receivable	484,702	476,293
Other Investments	339,626	337,364
Total Fixed Assets	1,070,941	1,062,409
Total Assets	1,924,631	1,884,922

Note:

Contents of cash and time deposits:

Cash and cash equivalents	215,982	189,243
Time deposits	3,906	11,087

Liabilities and Shareholders' Investment

	June 30, 2003	March 31, 2003
Current Liabilities		
Trade payables	287,377	280,798
Short-term borrowings	165,971	138,713
Other current liabilities	174,678	169,072
Total Current Liabilities	628,026	588,583
Fixed Liabilities		
Long-term indebtedness	317,227	345,902
Retirement benefit obligation	214,622	209,011
Other fixed liabilities	30,556	30,653
Total Fixed Liabilities	562,405	585,566
Total Liabilities	1,190,431	1,174,149
Minority Interest	48,470	53,259
Shareholders' Investment		
Common stock	135,364	135,364
Additional paid-in capital	186,599	186,521
Retained earnings	451,905	434,748
Accumulated other comprehensive income (loss)	-87,518	-94,733
Treasury stock	-620	-4,386
Total Shareholders' Investment	685,730	657,514

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Total Liabilities and Shareholders' Investment	1,924,631	1,884,922
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Note: Other comprehensive income;

Net unrealized holding gains on available-for-sale securities	10,165	8,582
Pension liability adjustments	-87,358	-89,119
Net unrealized gains (losses) on derivative instruments	-96	-178
Cumulative translation adjustments	-10,229	-14,018

Reference: Exchange rate	June 30, 2003	March 31, 2003
US\$ 1	YEN119.80	YEN120.20
EURO 1	YEN136.92	YEN129.83

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5. CONSOLIDATED STATEMENTS OF CASH FLOW

Three months ended  
June 30, 2003

I. Cash Flows from Operating Activities:

1. Net income	22,355
2. Adjustments to reconcile net income to net cash provided by operating activities--	
Depreciation and amortization	19,673
Equity in earnings of affiliates, net of dividends received	2
Deferred income taxes	-3,382
Loss on disposal and sales of tangible fixed assets	22
Changes in assets and liabilities--	
Decrease in trade receivables	8,801
Decrease (increase) in inventories	-14,126
Increase in finance receivables	-8,102
Increase (decrease) in trade payables	6,019
Increase in accrued income taxes and accrued expenses and other	3,792
Retirement benefit obligation, net	6,835
Other, net	-2,012

Net cash provided by operating activities	39,877
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II. Cash Flows from Investing Activities:

1. Proceeds from sales of plant and equipment	7
2. Expenditures for tangible fixed assets	-18,657
3. Payments for purchases of available-for-sale securities	-25,043
4. Proceeds from sales of available-for-sale securities	30,063
5. (Increase) decrease in investments in and advances to affiliates	14
6. Decrease in time deposits	7,176
7. Other, net	-1,533

Net cash used in investing activities	-7,973
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III. Cash Flows from Financing Activities:	
1. Proceeds from long-term indebtedness	759
2. Repayment of long-term indebtedness	-8,596
3. Increase (decrease) in short-term borrowings, net	11,907
4. Proceeds from issuance of long-term debt securities	-
5. Repayment of long-term debt securities	-5,000
6. Cash dividends paid	-5,195
7. Purchase of treasury stocks	-85
8. Other, net	-194
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Net cash used in financing activities	-6,404
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IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,239
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V. Net Increase in Cash and Cash Equivalents	26,739
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VI. Cash and Cash Equivalents at Beginning of Year	189,243
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VII. Cash and Cash Equivalents at End of Period	215,982
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### 6. SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED)

#### 1. ITEMS RELATING TO THE SCALE OF CONSOLIDATION AND THE APPLICATION OF THE EQUITY METHOD

Number of consolidated subsidiaries: 334; non-consolidated subsidiaries: 37; affiliated companies: 24

#### 2. CONSOLIDATED ACCOUNTING POLICIES (SUMMARY)

##### (1) Principles of Consolidation

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

##### (2) Securities

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

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

##### (3) Inventories

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

##### (4) Plant and Equipment

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

##### (5) Goodwill and Other Intangible Assets

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

### (6) Use of Estimates

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

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### -APPENDIX-

#### 1. CONSOLIDATED SALES BY PRODUCT CATEGORY

	Three months ended June 30, 2003	Three months ended June 30, 2002	Change
(Office Equipment)			
Imaging Solutions:			
Digital Imaging Systems	158,997	156,289	2,708
Percentage of net sales (%)	36.3	36.5	
Domestic	65,894	70,950	-5,056
Overseas	93,103	85,339	7,764
Other Imaging Systems	53,771	63,632	-9,861
Percentage of net sales (%)	12.3	14.8	
Domestic	19,282	22,406	-3,124
Overseas	34,489	41,226	-6,737
Total Imaging Solutions	212,768	219,921	-7,153
Percentage of net sales (%)	48.6	51.3	
Domestic	85,176	93,356	-8,180
Overseas	127,592	126,565	1,027
Network Input/Output Systems:			
Printing Systems	116,106	94,653	21,453
Percentage of net sales (%)	26.5	22.1	
Domestic	52,458	40,108	12,350
Overseas	63,648	54,545	9,103
Other Input/Output Systems	11,421	15,863	-4,442
Percentage of net sales (%)	2.7	3.7	
Domestic	1,642	3,463	-1,821
Overseas	9,779	12,400	-2,621
Total Network Input/Output Systems	127,527	110,516	17,011
Percentage of net sales (%)	29.2	25.8	
Domestic	54,100	43,571	10,529
Overseas	73,427	66,945	6,482
Network System Solutions	43,437	46,930	-3,493
Percentage of net sales (%)	9.9	11.0	
Domestic	42,667	46,285	-3,618
Overseas	770	645	125

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Office Equipment Total	383,732	377,367	6,365
Percentage of net sales (%)	87.7	88.1	
Domestic	181,943	183,212	-1,269
Overseas	201,789	194,155	7,634
The Americas	78,908	83,895	-4,987
Europe	97,613	82,608	15,005
Other	25,268	27,652	-2,384
-----			
(Other Businesses)			
Other Businesses	53,721	50,904	2,817
Percentage of net sales (%)	12.3	11.9	
Domestic	42,392	41,632	760
Overseas	11,329	9,272	2,057
The Americas	583	276	307
Europe	1,006	652	354
Other	9,740	8,344	1,396
-----			
Grand Total	437,453	428,271	9,182
Percentage of net sales (%)	100.0	100.0	
Domestic	224,335	224,844	-509
Percentage of net sales (%)	51.3	52.5	
Overseas	213,118	203,427	9,691
Percentage of net sales (%)	48.7	47.5	
The Americas	79,491	84,171	-4,680
Percentage of net sales (%)	18.2	19.7	
Europe	98,619	83,260	15,359
Percentage of net sales (%)	22.5	19.4	
Other	35,008	35,996	-988
Percentage of net sales (%)	8.0	8.4	
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Each category includes the following product line:

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

Reference: Exchange rate	Three months ended June 30, 2003	Three months ended June 30, 2002	Change
US\$ 1	YEN118.52	YEN127.01	YEN-8.49
EURO 1	YEN134.67	YEN116.56	YEN18.11

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2. FORECAST OF CONSOLIDATED QUARTERLY PERFORMANCE

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	Three months ended June 30, 2003 Results	Change %	Three months ended Sept. 30, 2003 Forecast	Change %	Half year e Sept. 30, Forecast
Net sales	437.4	2.1	455.0	6.2	8
Gross profit	192.7	3.4	195.2	12.1	3
Operating income	38.4	7.1	35.0	37.9	
Income before income taxes	37.3	15.6	33.6	43.9	
Net income	22.3	14.5	19.1	36.7	
Net income per share (yen)	30.04	-	25.70	-	5
Capital expenditure	18.6	-	18.9	-	
Depreciation for tangible fixed assets	17.0	-	17.0	-	
R&D expenditure	19.3	-	21.7	-	
Exchange rate (Yen/US\$)	118.52	-	116.00	-	11
Exchange rate (Yen/EURO)	134.67	-	130.00	-	13

3. FORECAST OF CONSOLIDATED SALES BY PRODUCT CATEGORY

	Half year ended September 30, 2003				
	Forecast	Change %	Forecast (*)	Change %	Forecast
(Office Equipment)					
Imaging Solutions:					
Digital Imaging Systems	313.0	1.2	309.1	-0.1	6
Domestic	126.0	-7.3	126.0	-7.3	2
Overseas	187.0	7.8	183.1	5.5	3
Other Imaging Systems	96.0	-20.6	94.5	-21.9	1
Domestic	34.0	-17.0	34.0	-17.0	
Overseas	62.0	-22.5	60.5	-24.4	1
Total Imaging Solutions	409.0	-5.0	403.6	-6.2	7
Domestic	160.0	-9.5	160.0	-9.5	3
Overseas	249.0	-1.8	243.6	-3.9	4
Network Input/Output Systems:					
Printing Systems	248.0	30.9	242.0	27.8	5
Domestic	107.0	30.5	107.0	30.5	2
Overseas	141.0	31.3	135.0	25.7	3
Other Input/Output Systems	27.0	-8.6	26.7	-9.6	
Domestic	4.0	-32.9	4.0	-32.9	
Overseas	23.0	-2.4	22.7	-3.7	
Total Network Input/Output Systems	275.0	25.6	268.7	22.7	5
Domestic	111.0	26.2	111.0	26.2	2
Overseas	164.0	25.2	157.7	20.4	3
Network System Solutions	94.5	-5.5	94.4	-5.6	1
Domestic	93.0	-5.8	93.0	-5.8	1

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Overseas	1.5	15.6	1.4	7.9	
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Office Equipment Total	778.5	3.9	766.7	2.3	1,5
Domestic	364.0	0.1	364.0	0.1	7
Overseas	414.5	7.4	402.7	4.4	8
The Americas	169.0	-0.5	176.9	4.1	3
Europe	197.5	20.1	176.7	7.5	4
Other	48.0	-6.7	49.1	-4.6	1
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(Other Businesses)					
Other Businesses	114.0	6.1	113.3	5.4	2
Domestic	87.0	1.1	87.0	1.1	1
Overseas	27.0	25.9	26.3	22.6	
The Americas	1.0	97.6	1.1	117.4	
Europe	2.5	43.8	2.3	32.3	
Other	23.5	22.4	22.9	19.3	
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Grand Total	892.5	4.2	880.0	2.7	1,8
Domestic	451.0	0.3	451.0	0.3	9
Overseas	441.5	8.4	429.0	5.3	9
The Americas	170.0	-0.3	178.0	4.4	3
Europe	200.0	20.4	179.0	7.7	4
Other	71.5	1.2	72.0	1.9	1
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\* Excluding foreign exchange impact