RICOH CO LTD
Form 6-K
December 12, 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 December, 2003

Commission File Number 2 - 68279

RICOH COMPANY, LTD.
(Translation of Registrant's name into English)

15-5, Minami-Aoyama 1-Chome, Minato-ku, Tokyo 107-8544, Japan
(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-__)

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.

(Registrant)

By: /S/ Zenji Miura

Zenji Miura
Senior Vice President
General Manager of
Finance & Accounting Division

December 12, 2003

RICOH COMPANY, LTD.

Interim Consolidated Financial Statements
For the six month ended September 30, 2003

This is an English translation of summary information of the semi annual report in Japanese language, which is "Hanki Hokokusyo".

Ricoh Company, Ltd. and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS
September 30, 2002, 2003 and March 31, 2003

	Millions of Yen		
ASSETS	September 30, 2002	September 30, 2003	March
Current Assets:			
Cash and cash equivalents	217,418	225,013	
Time deposits	7,969	1,881	
Marketable securities	2,118	136	
Trade receivables-			
Notes	78,150	75,100	
Accounts	346,787	349,618	
Less- Allowance for doubtful receivables	(18,358)	(17,084)	
Inventories-			
Finished goods	105,546	105,716	
Work in process and raw materials	43,438	46,438	
Deferred income taxes and other	54,876	58,567	
Total current assets	837,944	845,385	
Property, Plant and Equipment, at cost:			
Land	44,261	42,921	
Buildings	203,344	203,869	
Machinery and equipment	667,510	655,825	
Construction in progress	4,588	7,868	
	919,703	910,483	
Less- Accumulated depreciation	(666,972)	(668,225)	
	252,731	242,258	

Investments and Other Assets:			
Finance receivables	463,853	497,109	
Investment securities	44,473	67,726	
Investments in and advances to affiliates	49,069	45,909	
Goodwill	27,528	26,325	
Other intangible assets	39,184	41,992	
Lease deposits and other	111,603	145,458	
	735,710	824,519	
	1,826,385	1,912,162	1

	Millions of Yen		
LIABILITIES AND SHAREHOLDERS' INVESTMENT	September 30, 2002	September 30, 2003	March
Current Liabilities:			
Short-term borrowings	108,279	111,872	
Current maturities of long-term indebtedness	72,104	88,696	
Trade payables-			
Notes	33,943	28,876	
Accounts	234,460	244,400	
Accrued income taxes	34,910	37,735	
Accrued expenses and other	119,354	123,688	
Total current liabilities	603,050	635,267	
Long-term Liabilities:			
Long-term indebtedness	362,909	284,392	
Accrued pension and severance costs	116,253	212,756	
Deferred income taxes	26,310	28,219	
	505,472	525,367	
Minority Interests	54,198	48,453	
Commitments and Contingent Liabilities (Note 6)			
Shareholders' Investment:			
Common stock;			
Authorized - 1,000,000,000 as of September 30, 2002 and 993,000,000 as of September 30, 2003 and March 31, 2003			
Issued - 727,324,532 shares as of September 30, 2002 and 744,912,078 shares as of September 30, 2003 and March 31, 2003	120,489	135,364	
Additional paid-in capital	171,656	186,600	
Retained earnings	414,176	471,815	

Accumulated other comprehensive income (loss)	(41,762)	(86,531)	
Treasury stock at cost; 405,422 shares, 2,005,815 shares and 2,303,443 shares as of September 30, 2002, 2003 and March 31, 2003	(894)	(4,173)	
Total shareholders' investment	663,665	703,075	
	1,826,385	1,912,162	1

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

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Ricoh Company, Ltd. and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
For the Half Years Ended September 30, 2002, 2003 and Year Ended March 31, 2003

	Millions of Yen		
	Half year ended September 30, 2002	Half year ended September 30, 2003	M
Net Sales	856,821	888,090	
Cost of Sales	496,176	499,983	
Gross profit	360,645	388,107	
Selling, General and Administrative Expenses	299,317	310,852	
Operating income	61,328	77,255	
Other (Income) Expenses:			
Interest and dividend income	(2,035)	(1,313)	
Interest expense	4,030	2,863	
Foreign currency exchange (gain) loss, net	(225)	3,991	
Other, net	3,885	298	
Total	5,655	5,839	
Income before Income Taxes, Minority Interests and Equity in Earnings of Affiliates	55,673	71,416	
Provision for Income Taxes:			
Current	29,050	29,681	
Deferred	(5,030)	(1,257)	
Total	24,020	28,424	
Income before Minority Interests and Equity in Earnings of Affiliates	31,653	42,992	
Minority Interests	(264)	1,699	

Equity in Earnings of Affiliates	1,608	972
Net Income	33,525	42,265

	Yen	
Per Share of Common Stock:		
Net income:		
Basic	(Yen) 46.11	(Yen) 56.79
Diluted	44.68	-
Cash dividends paid	(Yen) 7.00	(Yen) 7.00
Per American Depositary Share, each representing 5 shares of common stock:		
Net income:		
Basic	(Yen) 230.55	(Yen) 283.95
Diluted	223.40	-
Cash dividends paid	(Yen) 35.00	(Yen) 35.00

The accompanying notes to consolidated financial statements are an integral part of these statements.

Ricoh Company, Ltd. and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT
For the Half Years Ended September 30, 2002, 2003 and Year Ended March 31, 2003

	Millions of Yen		
	Half year ended September 30, 2002	Half year ended September 30, 2003	Year March 3
Common Stock:			
Beginning balance	120,461	135,364	120
Conversion of convertible bonds	28	-	14
Ending balance	120,489	135,364	135
Additional Paid-in Capital:			
Beginning balance	171,628	186,521	171
Conversion of convertible bonds	28	-	14
Gains on share exchange	-	79	
Ending balance	171,656	186,600	186
Retained Earnings:			

Beginning balance	385,741	434,748	385
Net income for the period	33,525	42,265	72
Dividends declared and approved	(5,090)	(5,198)	(10
Retirement of treasury stock	-	-	(13
Ending balance	414,176	471,815	434
Accumulated other comprehensive income (loss):			
Beginning balance	(44,376)	(94,733)	(44
Foreign currency translation adjustments	(835)	(425)	1
Unrealized gains (losses) on securities, net of reclassification adjustment	(1,100)	2,799	(1
Unrealized gains (losses) on derivatives, net of reclassification adjustment	24	120	
Minimum pension liability adjustments	4,525	5,708	(49
Ending balance	(41,762)	(86,531)	(94
Treasury stock:			
Beginning balance	(434)	(4,386)	
Purchase of treasury stock	(460)	(4,056)	(17
Retirement of treasury stock	-	-	13
Share exchange	-	4,269	
Ending balance	(894)	(4,173)	(4
Comprehensive income:			
Net income for the period	33,525	42,265	72
Other comprehensive income (loss) for the period, net of tax	2,614	8,202	(50
Total comprehensive income for the period	36,139	50,467	22

The accompanying notes to consolidated financial statements are an integral part of these statements.

Ricoh Company, Ltd. and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Half Years Ended September 30, 2002, 2003 and Year Ended March 31, 2003

	Millions of Yen	
	Half year ended September 30, 2002	Half year ended September 30, 200
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	33,525	42,265
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	36,782	37,827

Equity in earnings of affiliates, net of dividends received	(670)	(230)
Deferred income taxes	(5,030)	(1,257)
Losses on disposals and sales of property, plant and equipment	777	837
Changes in assets and liabilities-		
Decrease in trade receivables	30,129	7,935
(Increase) decrease in inventories	9,521	(7,979)
Increase in finance receivables	(20,230)	(21,723)
(Decrease) increase in trade payables	(5,339)	(6,773)
(Decrease) increase in accrued income taxes and accrued expenses and other	(2,004)	(5,069)
Increase in accrued pension and severance costs	5,354	9,806
Other, net	16,304	6,017
Net cash provided by operating activities	99,119	61,656
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	174	134
Expenditures for property, plant and equipment	(36,576)	(36,282)
Payments for purchases of available-for-sale securities	(22,019)	(25,103)
Proceeds from sales of available-for-sale securities	22,133	33,514
Decrease in time deposits	3,815	9,159
Other, net	(922)	(1,419)
Net cash used in investing activities	(33,395)	(19,997)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term loans	51,032	1,125
Repayment of long-term loans	(11,559)	(15,970)
Increase (Decrease) in short-term borrowings, net	(48,641)	30,244
Proceeds from issuance of long-term debt securities	10,000	1,000
Repayment of long-term debt securities	(11,553)	(14,000)
Dividend payments	(5,089)	(5,181)
Payment for purchase of treasury stock	(460)	(3,643)
Other, net	(292)	(218)
Net cash used in financing activities	(16,562)	(6,643)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,916)	754
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,246	35,770
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	170,172	189,243
CASH AND CASH EQUIVALENTS AT END OF PERIOD	217,418	225,013
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR-		
Interest	4,618	3,689
Income taxes	25,670	33,569

The accompanying notes to consolidated financial statements are an integral part of these statements.

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Ricoh Company, Ltd. and Consolidated Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

According to the article 81 of the "Regulations Regarding Terms, Forms and Preparation of Interim Consolidated Financial Statements"(Ministry of Finance Ordinance No.24, 1999), the accompanying consolidated financial statements of Ricoh (Ricoh Company, Ltd. and its consolidated subsidiaries) have been prepared in conformity with accounting principles generally accepted in the United States of America. Significant accounting and reporting policies are summarized below:

The accompanying consolidated financial statements for the half years ended September 30, 2002, 2003 and year ended March 31, 2003 are presented in Japanese yen, the functional currency of the Company and its domestic subsidiaries.

The books of the Company and its domestic subsidiaries are maintained in conformity with Japanese accounting principles and practices, while foreign subsidiaries maintain their books in conformity with the standards of their country of domicile.

The accompanying consolidated financial statements reflect necessary adjustments, not recorded in the books, to present them in conformity with accounting principles generally accepted in the United States of America.

(A) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Ricoh. Investments in entities in which Ricoh has the ability to exercise significant influence over the entities' operating and financial policies (generally 20 to 50 percent ownership) are accounted for on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The accounts of certain consolidated subsidiaries have been included on the basis of fiscal periods ended within three months prior to September 30 or March 31.

(B) REVENUE RECOGNITION

Ricoh generates revenue principally through the sale of equipment, supplies and related services under separate contractual arrangements for each. Generally, Ricoh recognizes revenue when (1) it has a firm contract, (2) the product has been shipped to and accepted by the customer or the service has been provided, (3) the sales price is fixed or determinable and (4) amounts are reasonably assured of collection.

Most equipment sales require that Ricoh install the product. As such, revenue is recognized at the time of delivery and installation at the customer location. Equipment revenues are based on established prices by product type and model and are net of discounts and trade-in allowances. A sales return is accepted only when the equipment is defective and does not meet Ricoh's product performance specifications. Other than installation, there are no customer acceptance clauses in the sales contract.

Service revenues result primarily from maintenance contracts that are normally entered into at the time the equipment is sold. Standard service fee prices are established depending on equipment classification and include a cost value for the estimated services to be performed based on historical experience plus a profit margin thereon. As a matter of policy, Ricoh does not discount such prices. On a monthly basis, maintenance service revenues are earned and recognized by Ricoh and billed to the customer in accordance with the contract and include a fixed monthly fee plus a variable amount based on usage. The length of the contract ranges up to five-years, however, most contracts are cancelable at any time by the customer upon a short notice period.

(C) FOREIGN CURRENCY TRANSLATION

For foreign operations with functional currencies other than the Japanese yen, assets and liabilities are translated at the exchange rates in effect at each end of the period, and income and expenses are translated at the average rates of exchange prevailing during each period. The resulting translation adjustments are included as a part of accumulated other comprehensive income (loss) in shareholders' investment.

All foreign currency transaction gains and losses are included in other income and expense in the period incurred.

(D) CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments with maturities of three months or less at the date of purchase.

(E) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

As discussed further in Note 4, Ricoh manages its exposure to certain market risks, primarily foreign currency and interest rate risks, through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes. Ricoh adopted SFAS No.133 "Accounting for Derivative Instruments and Hedging Activities", and SFAS No.138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" which require that all derivative instruments be recorded on the balance sheet at their respective fair values.

In accordance with SFAS 133, Ricoh, when it enters into a derivative contract, makes a determination as to whether or not for accounting purposes the derivative is part of a hedging relationship. In general, a derivative may be designated as either (1) a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge"), (2) a hedge of the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction ("cash flow hedge"), or (3) a foreign currency fair value or cash flow hedge ("foreign currency hedge"). Ricoh formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair values, cash flow, or foreign currency hedges to specific assets and liabilities on the consolidated balance sheet or to specific firm commitments or forecasted transactions.

For derivative contracts that are designated and qualify as fair value hedges including foreign currency fair value hedges, the derivative instrument is marked-to-market with gains and losses recognized in current period earnings to offset the respective losses and gains recognized on the underlying exposure. For derivative contracts that are designated and qualify as cash flow hedges including foreign currency cash flow hedges, the effective portion of gains and losses on these contracts is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period the hedged item or transaction affects earnings. Any hedge ineffectiveness on cash flow hedges is immediately recognized in earnings. For all derivative instruments that are not designated as part of a hedging relationship and for designated derivative instruments that do not qualify for hedge accounting, the contracts are recorded at fair value with the gain or loss recognized in current period earnings.

(F) ALLOWANCE FOR DOUBTFUL TRADE RECEIVABLES AND FINANCE RECEIVABLES

Ricoh records allowances for doubtful receivables that are based upon historical experience and specific customer collection issues. The estimated amount of probable credit losses in its existing receivables is determined from write-off history adjusted to reflect current economic conditions and specific allowances for receivables including nonperforming leases, impaired loans or other accounts of which Ricoh has concluded it will be unable to collect all amounts due according to original terms of the lease or loan agreement. Account balances are charged-off against the allowances when collection is considered remote.

(G) SECURITIES

Ricoh conforms with SFAS No.115, "Accounting for Certain Investments in Debt and Equity Securities" which requires all investments in debt and marketable equity securities to be classified as either held-to-maturity, trading, or available-for-sale securities. As of September 30, 2002, March 31, 2003 and September 30, 2003, all of Ricoh's investments in debt and marketable equity securities are classified as available-for-sale securities. Those 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). Available-for-sale securities, which mature or are expected to be sold in one year, are classified as current assets.

Individual securities classified as available-for-sale securities are reduced to their then fair value for any declines in market value determined to be other than temporary. These impairment losses are charged against earnings at the time that a decline has been determined to be other than temporary based primarily on the financial condition of the issuer and the extent and length of time of the decline. Investments whose market values have declined below cost that extends for nine months are automatically written-down to their then fair value in all cases.

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

Non-marketable equity securities owned by Ricoh primarily relate to less than 20% owned companies and are stated at cost.

(H) INVENTORIES

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

(I) PROPERTY, PLANT AND EQUIPMENT

For the Company and its domestic subsidiaries, depreciation of property, 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, which currently accounts for approximately 42% of the consolidated depreciation expense. The depreciation period generally ranges from 5 years to 50 years for buildings and 2 years to 12 years for machinery and equipment.

Effective rates of depreciation for the half years ended September 30, 2002, 2003 and year ended March 31, 2003 are summarized below:

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	Half year ended September 30, 2002	Half year ended September 30, 2003	M
Buildings	4.0%	4.0%	
Machinery and equipment	22.1	23.4	

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized. When properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts, and any differences are included in earnings.

(J) GOODWILL AND OTHER INTANGIBLE ASSETS

Ricoh fully adopted the provision of SFAS No.141, "Business Combinations", and SFAS No.142, "Goodwill and Other Intangible Assets". SFAS 141 requires the use of only the purchase method of accounting for business combinations and refines the definition of intangible assets acquired in a purchase business combination. SFAS 142 eliminates the amortization of goodwill and instead requires annual impairment testing thereof. SFAS 142 also requires acquired intangible assets with a definite useful life to be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS 144. Any acquired intangible asset determined to have an indefinite useful life is not amortized, but instead is tested for impairment based on its fair value until its life would be determined to no longer be indefinite.

Goodwill acquired in business combinations completed before July 1, 2001, was amortized until March 31, 2002. In connection with the transitional impairment evaluation, SFAS 142 required Ricoh to perform an assessment of whether there was an indication that goodwill was impaired as of April 1, 2002. To accomplish this, Ricoh (1) identified its reporting units, (2) determined the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units, and (3) determined the fair value of each reporting unit. As the result of the transitional assessment, Ricoh determined there was no indication that goodwill had been impaired as of April 1, 2002.

Prior to the adoption of SFAS 142, Ricoh classified the cost in excess of fair value of the net assets of companies acquired in purchase transactions as goodwill, and the goodwill was being amortized on a straight-line method over the estimated periods benefited, not to exceed 20 years.

(K) PENSION AND RETIREMENT ALLOWANCES PLANS

The measurement of pension costs and liabilities is determined in accordance with SFAS No.87, "Employers' Accounting for Pensions." Under SFAS 87, changes in the amount of either the projected benefit obligation or plan assets resulting from actual results different from that assumed and from changes in assumptions can result in gains and losses not yet recognized in the consolidated financial statements. Amortization of an unrecognized net gain or loss is included as a component of the net periodic benefit plan cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of (1) the projected benefit obligation or (2) the fair value of that plan's assets. In such case, the amount of amortization recognized is the resulting excess divided by the average remaining service period of active employees expected to receive benefits under the plan. The expected long-term rate of return on plan assets used for pension accounting is determined based on the historical long-term rate of return on plan assets. The discount rate is determined based on the rates of return of high-quality fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits.

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In June 2001, the Japanese pension law was amended to permit an employer to elect to transfer the entire substitutional portion benefit obligation from the domestic employer pension fund (EPF) plan to the government together with a specified amount of plan assets pursuant to a government formula. After such transfer, the employer would be required to make periodic contributions to Japanese Pension Insurance (JPI) program, and the Japanese government would be responsible for all benefit payments. The corporate portion of the EPF would continue to exist exclusively as a corporate defined benefit pension plan. In this regard, Ricoh has elected to transfer the substitutional portion of its EPF to the government. The process of separating the substitutional portion from the corporate portion includes several phases. In January 2003, Ricoh received government approval of exemption from the obligation for benefits related to future employee service with respect to the substitutional portion of its EPF and is proceeding with the remaining steps to effectuate the transfer. Ricoh will account for the transfer in accordance with EITF 03-2 "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities". As specified in EITF 03-2, the entire separation process is to be accounted for at the time of completion of the transfer to the government of the benefit obligation and related plan assets as a settlement in accordance with SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits". Accordingly, there has been no effect on Ricoh's consolidated financial statements for the half year ended September 30, 2003. The aggregate effect of this separation will be determined based on the Company's total pension benefits obligation as of the date the transfer is completed and the amount of plan assets required to be transferred. Based on the Company's current estimates as to the total amount of such pension benefits obligation and the amount of plan assets required to be transferred, Ricoh's management does not presently expect that this separation will have a significant effect on Ricoh's financial condition or results of operation. However, the final amount of the impact could be significantly different depending on any change in the amounts of the pension benefit obligation or plan assets to be transferred.

(L) INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(M) RESEARCH AND DEVELOPMENT EXPENSES AND ADVERTISING COSTS

Research and development expenses and advertising costs are expensed as incurred.

(N) SHIPPING AND HANDLING COSTS

Shipping and handling costs, which mainly include transportation to customers, are included in selling, general and administrative expenses on the consolidated statements of income.

(O) IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

Ricoh adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 develops a single accounting model, based on the framework established in SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" for long-lived assets to be disposed of by sale, and broadens the scope of what constitutes a business to be disposed of that should be reported as a discontinued operation. The new standard was adopted on April 1, 2002, and did not have a material effect on Ricoh's consolidated financial position or results of operations.

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SFAS 144 requires that long-lived assets and acquired intangible assets with a definite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of assets to be held and used is assessed by comparing the carrying amount of an asset or asset group to the expected future undiscounted net cash flows of the asset or group of assets. If an asset or group of assets is considered to be impaired, the impairment charge to be recognized is measured as the amount by which the carrying amount of the asset or group of assets exceeds fair value. Long-lived assets meeting the criteria to be considered as held for sale are reported at the lower of their carrying amount or fair value less costs to sell.

(P) EARNINGS PER SHARE

Basic net income per common share is calculated by dividing net income by the weighted-average number of shares outstanding during the period. The calculation of diluted net income per common share is similar to the calculation of basic net income per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as convertible bonds.

(Q) NON-CASH TRANSACTIONS

The following non-cash transactions have been excluded from the consolidated statements of cash flows for the half years ended September 30, 2002, 2003 and year ended March 31, 2003:

	Millions of Yen	
	September 30, 2002	September 30, 2003
Conversion of convertible bonds	3,165	-
Capital lease obligations incurred	1,563	50
Retirement of treasury stock	-	-
Acquisition of minority interests of a consolidated subsidiary through stock for stock exchanges	-	5,579

(R) 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.

The Company has identified five areas where it believes assumptions and estimates are particularly critical to the consolidated financial statements. These are revenue recognition, determination of the allowance for doubtful receivables, impairment on long-lived assets and goodwill, realizability of deferred tax assets and pension accounting.

2. SECURITIES

Marketable securities and investment securities as of September 30, 2002, 2003 and March 31, 2003 consist of the following:

	Millions of Ye	
	September 30, 2002	September 3 2003
Marketable securities:		
Available-for-sale securities	2,118	136
Investment securities:		
Available-for-sale securities	36,954	60,555
Non-marketable equity securities	7,519	7,171
	44,473	67,726

The current and noncurrent security types of available-for-sale securities, and the respective cost, gross unrealized holding gains, gross unrealized holding losses and fair value as of September 30, 2002, 2003 and March 31, 2003 are as follows:

	Millions of Yen							
	September 30, 2002				September 30, 2003			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value

Current:									
Corporate debt securities	2,119	-	1	2,118	121	4	-	125	
Other	-	-	-	-	11	-	-	11	
	2,119	-	1	2,118	132	4	-	136	
Non-current:									
Equity securities	7,582	5,931	647	12,866	6,088	8,146	126	14,108	
Corporate debt securities	15,020	6	97	14,929	45,013	2	83	44,932	4
Other	10,294	5	1,140	9,159	1,261	266	12	1,515	
	32,896	5,942	1,884	36,954	52,362	8,414	221	60,555	6

Other non-current securities mainly include investment trusts consisting of investment in marketable debt and equity securities.

The contractual maturities of debt securities classified as available-for-sale as of September 30, 2003, regardless of their balance sheet classification, are as follows:

	Millions of Yen	
	September 30, 2003	
	Cost	Fair value
Due within one year	121	125
Due after one year through five years	45,013	44,932
	45,134	45,057

Proceeds from the sales of available-for-sale securities were (Yen) 22,133 million, (Yen) 33,514 million and (Yen) 24,513 million for the half years ended September 30, 2002, 2003 and year ended March 31 2003, respectively.

There were no significant realized gains on sales of available-for-sale securities for the half years ended September 30, 2002, 2003 and year ended March 31, 2003. There were no significant realized losses on sales of available-for-sale securities for the half years ended September 30, 2002, 2003 and year ended March 31, 2003. There were no significant losses on securities for the half years ended September 30, 2002 and 2003 charged to other expense for declines in market value of available-for-sale securities where the decline was determined to be other than temporary. The loss on securities of (Yen) 2,260 million for the year ended March 31, 2003 was charged to other expense for declines in market value of available-for-sale securities where the decline was determined to be other than temporary.

In March 2000, the Company contributed certain marketable equity securities, not including those of its subsidiaries and affiliated companies, to an employee retirement benefit trust fully administered and controlled by an independent bank trustee, with no cash proceeds thereon. The transfer of the available-for-sale securities was accounted for as a sale in accordance with

SFAS No.125, "Accounting for Transfer and Servicing of Financial Assets and Extinguishments of Liabilities" and accordingly the recorded pension liability was reduced by the fair market value amount of the transferred securities. The fair value of these securities at the time of contribution was (Yen) 20,760 million. The net unrealized gains on these available-for-sale securities amounting to (Yen) 13,095 million continues to be included in "Accumulated other comprehensive income (loss)" on the consolidated balance sheets and will only be reflected in realized gains in the statements of income upon the future sale of the transferred securities by the trustee.

3. PER SHARE DATA

Shareholders' equity per share were (Yen) 912.98, (Yen) 885.41 and (Yen) 946.38 as of September 30, 2002, March 31, 2003 and September 30, 2003, respectively.

Dividends per share shown in the consolidated statements of income are computed based on dividends paid for the year.

The following table sets forth the computation of basic and diluted earnings per share showing the reconciliation of the numerators and denominators used for the computation.

	Thousands of shares	
	September 30, 2002	September 30, 2003
Weighted average common shares outstanding	727,020	744,261
Effect of dilutive securities:		
Convertible bonds-		
0.35%, payable in yen, due March 2003	24,684	-
Diluted common shares outstanding	751,704	744,261

	Millions of Yen	
	September 30, 2002	September 30, 2003
Net income applicable to common shareholders	33,525	42,265
Effect of dilutive securities:		
Convertible bonds-		
0.35%, payable in yen, due March 2003	60	-
Diluted net income	33,585	42,265

Yen

Earnings per share:		
Basic	(Yen) 46.11	(Yen) 56.79
Diluted	44.68	-

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4. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

Ricoh enters into various derivative financial instrument contracts in the normal course of business in connection with the management of its assets and liabilities.

Ricoh uses derivative instruments to reduce risk and protect market value of assets and liabilities in conformity with the Ricoh's policy. Ricoh does not use derivative financial instruments for trading or speculative purposes, nor is it a party to leveraged derivatives.

All derivative instruments are exposed to credit risk arising from the inability of counterparties to meet the terms of the derivative contracts. However, Ricoh does not expect any counterparties to fail to meet their obligations because these counterparties are financial institutions with satisfactory credit ratings. Ricoh utilizes a number of counterparties to minimize the concentration of credit risk.

Foreign Exchange Risk Management

Ricoh conducts business on a global basis and holds assets and liabilities denominated in foreign currencies. Ricoh enters into foreign exchange contracts and foreign currency options to hedge against the potentially adverse impacts of foreign currency fluctuations on these assets and liabilities denominated in foreign currencies.

Interest Rate Risk Management

Ricoh enters into interest rate swap agreements to hedge against the potential adverse impacts of changes in fair value or cash flow fluctuations on interest of its outstanding debt.

Fair Value Hedges

Changes in the fair value of derivative instruments and the related hedged items designated and qualifying as fair value hedges are included in other (income) expenses on the consolidated statements of income. There is no hedging ineffectiveness nor are net gains or losses excluded from the assessment of hedge effectiveness for the half years ended September 30, 2002, 2003 and year ended March 31 2003 as the critical terms of the interest rate swap match the terms of the hedged debt obligations.

Cash Flow Hedges

Changes in the fair value of derivative instruments designated and qualifying as cash flow hedges are included in accumulated other comprehensive income (loss) on the consolidated balance sheets. These amounts are reclassified into earnings as interest on the hedged loans is paid. There is no hedging ineffectiveness nor are net gains or losses excluded from the assessment of hedge effectiveness for the half years ended September 30, 2002, 2003 and year ended March 31 2003 as the critical terms of the interest rate swap match the terms of the hedged debt obligations. Ricoh expects that it will reclassify into earnings through other (income) expenses during the next 12 months approximately (Yen) 54 million of the balance of accumulated other comprehensive loss as of September 30, 2003.

Undesignated Derivative Instruments

Derivative instruments not designated as hedging instruments are held to reduce the risk relating to the variability in exchange rates on assets and liabilities denominated in foreign currencies. Changes in the fair value of these instruments are included in other (income) expenses on the consolidated statement of income.

5. CREDIT LINES

The Company and certain of its subsidiaries enter into the contracts with financial institutions regarding lines of credit and overdrawing, and hold the issuing programs of commercial paper and medium-term notes. The unused lines of credit amounted to (Yen) 618,613 million, (Yen) 613,884 million and (Yen) 590,271 million as of September 30, 2002, March 31, 2003 and September 30, 2003, respectively, of which (Yen) 358,356 million, (Yen) 378,984 million and (Yen) 329,013 million related to commercial paper and medium-term notes programs at prevailing interest rates.

6. COMMITMENTS AND CONTINGENT LIABILITIES

Ricoh was also contingently liable as guarantor for employees' housing loans amounted to (Yen) 347 million as of September 30, 2003.

As of September 30, 2003, the Company and certain of its subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the consolidated financial position or the results of operations of Ricoh.

7. SECURED LOAN AND COLLATERAL

Certain subsidiaries of the company provide their land, buildings and lease receivables to banks, insurance companies and other financial institutions as collateral. Secured loan are amounted to (Yen) 3,269 million, (Yen) 2,553 million and (Yen) 1,483 million as of September 30, 2002, March 31, 2003 and September 30, 2003, respectively, which are collateralized by land, buildings and lease receivables with a book value of (Yen) 8,557 million, (Yen) 8,432 million and (Yen) 3,633 million as of September 30, 2002, March 31, 2003 and September 30, 2003, respectively.

8. DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

(A) CASH AND CASH EQUIVALENTS, TIME DEPOSITS, TRADE RECEIVABLES, SHORT-TERM BORROWINGS, CURRENT MATURITIES OF LONG-TERM INDEBTEDNESS, TRADE PAYABLES AND ACCRUED EXPENSES

The carrying amounts approximate fair values because of the short maturities of these instruments.

(B) MARKETABLE SECURITIES AND INVESTMENT SECURITIES

The fair value of the marketable securities and investment securities is principally based on quoted market price.

(C) INSTALLMENT LOANS

The fair value of installment loans is based on the present value of future cash flows using the current rate for similar instruments of comparable maturity.

(D) LONG-TERM INDEBTEDNESS

The fair value of each of the long-term indebtedness instruments is based on the quoted price in the most active market or the present value of future cash flows associated with each instrument discounted using the current borrowing rate for similar instruments of comparable maturity.

(E) INTEREST RATE SWAP AGREEMENTS

The fair value of interest rate swap agreements is estimated by obtaining quotes from brokers.

(F) FOREIGN CURRENCY CONTRACTS AND FOREIGN CURRENCY OPTIONS

The fair value of foreign currency contracts and foreign currency options is estimated by obtaining quotes from brokers.

The estimated fair value of the financial instruments as of September 30, 2002, 2003 and March 31, 2003 is summarized as follows:

	Millions of Yen				
	September 30, 2002		September 30, 2003		Mar
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carryin Amount
Marketable securities and Investment securities	46,591	46,591	67,862	67,862	72,0
Installment loans	49,507	49,696	50,818	51,016	50,5
Long-term indebtedness	(362,909)	(369,351)	(284,392)	(287,780)	(345,9
Interest rate swap agreements, net	4,158	4,158	2,543	2,543	3,9
Foreign currency contracts, net	(157)	(157)	1,136	1,136	(5
Foreign currency options, net	(482)	(482)	1,147	1,147	(4

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

9. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF INCOME

The following amounts were charged to selling, general and administrative expenses for the half years ended September 30, 2002, 2003 and year ended March 31, 2003:

	Millions of Yen	
	Half year ended September 30, 2002	Half year ended September 30, 2003
Research and development costs	40,230	44,255
Advertising costs	7,629	8,272
Shipping and handling costs	6,345	6,217

10. SEGMENT INFORMATION

The operating segments presented below are the segments of Ricoh for which separate financial information is available and for which a measure of profit or loss is evaluated regularly by Ricoh's management in deciding how to allocate resources and in assessing performance. The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies, as discussed in Note 1.

Ricoh's operating segments are comprised of office equipment, including copiers and related supplies, communications and information systems, and others, including optical equipment and electronic devices.

The following tables present certain information regarding Ricoh's operating segments and operations by geographic areas for the half years ended September 30, 2002, 2003 and year ended March 31, 2003.

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(A) OPERATING SEGMENT INFORMATION

	Millions of Yen	
	Half year ended September 30, 2002	Half year ended September 30, 2003
Sales-		
Office equipment	749,357	775,508
Other	108,956	113,747
Intersegment transaction	(1,492)	(1,165)
Consolidated	856,821	888,090
Operating Expenses-		
Office equipment	655,773	672,809
Other	112,047	110,761
Intersegment transaction	(1,487)	(1,195)
Unallocated expense	29,160	28,460

Consolidated	795,493	810,835
Operating Income-		
Office equipment	93,584	102,699
Other	(3,091)	2,986
Elimination	(29,165)	(28,430)
Consolidated	61,328	77,255
Other Expenses	(5,655)	(5,839)
Income before Income Taxes, Minority Interests and Equity in Earnings of Affiliates	55,673	71,416

	Millions of Yen	
	Half year ended September 30, 2002	Half year ended September 30, 2003
Total Assets-		
Office equipment	1,168,995	1,196,927
Other	184,776	184,083
Elimination	(6,851)	(7,596)
Corporate assets	479,465	538,748
Consolidated	1,826,385	1,912,162
Expenditure for segment assets-		
Office equipment	35,202	31,938
Other	2,673	3,916
Corporate assets	546	480
Consolidated	38,421	36,334
Depreciation-		
Office equipment	29,718	29,378
Other	3,115	3,349
Corporate assets	1,062	895
Consolidated	33,895	33,622

Unallocated expense represents expenses for corporate headquarters.

Intersegment sales are not separated by operating segment because they are immaterial.

Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained for general corporate purposes.

(B) GEOGRAPHIC INFORMATION

Sales which are attributed to countries based on location of customers and long-lived assets for the half years ended September 30, 2002, 2003 and year ended March 31, 2003 are as follows:

	Millions of Yen	
	Half year ended September 30, 2002	Half year ended September 30, 2003
Sales-		
Japan	449,575	448,636
The Americas	170,433	167,664
Europe	166,169	196,951
Other	70,644	74,839
Consolidated	856,821	888,090
Long-Lived Assets-		
Japan	251,427	249,199
The Americas	74,795	66,242
Europe	34,007	33,780
Other	11,584	11,428
Consolidated	371,813	360,649

Ricoh's long-lived assets consist property, plant and equipment, goodwill, other intangible assets and lease deposits and other.

(C) ADDITIONAL INFORMATION

The following information shows net sales and operating income recognized by geographic origin for the half years ended September 30, 2002, 2003 and year ended March 31, 2003. In addition to the disclosure requirements under SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information", Ricoh discloses this information as supplemental information in light of the disclosure requirements of the Japanese Securities and Exchange Law, which a Japanese public company is subject to.

	Millions of Yen	
	Half year ended September 30, 2002	Half year ended September 30, 2003
Sales-		
Japan		
External customers	478,814	478,922
Intersegment	152,398	184,331
Total	631,212	663,253

The Americas		
External customers	164,940	161,965
Intersegment	2,537	2,992
Total	167,477	164,957
Europe		
External customers	165,668	196,560
Intersegment	1,432	1,771
Total	167,100	198,331
Other		
External customers	47,399	50,643
Intersegment	34,830	49,225
Total	82,229	99,868
Elimination of intersegment sales	(191,197)	(238,319)
Consolidated	856,821	888,090
Operating Expenses-		
Japan	593,978	606,466
The Americas	159,936	157,274
Europe	160,097	188,819
Other	77,669	95,302
Elimination of intersegment sales	(196,187)	(237,026)
Consolidated	795,493	810,835
Operating Income-		
Japan	37,234	56,787
The Americas	7,541	7,683
Europe	7,003	9,512
Other	4,560	4,566
Elimination of intersegment profit	4,990	(1,293)
Consolidated	61,328	77,255
Other Expenses	(5,655)	(5,839)
Income before Income Taxes, Minority Interests and Equity in Earnings of Affiliates	55,673	71,416
Total Assets-		
Japan	1,047,667	1,061,188
The Americas	204,813	192,700
Europe	165,816	186,650
Other	59,483	69,154
Elimination	(130,859)	(136,278)
Corporate assets	479,465	538,748
Consolidated	1,826,385	1,912,162

Intersegment sales between geographic areas are made at cost plus profit. Operating income by geographic area is sales less expense related to the area's operating revenue.

No single customer accounted for 10% or more of the total revenues for the half years ended September 30, 2002, 2003 and year ended March 31, 2003.