Annual Securities Report

(The 114th Business Term)
From April 1, 2013 to March 31, 2014

13-1, Ginza 8-chome, Chuo-ku, Tokyo
Ricoh Company, Ltd.

[Cover]

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[Filed to]	Director, Kanto Local Finance Bureau
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[Fiscal Year]	The 114th Business Term (from April 1, 2013 to March 31, 2014)
[Company Name]	Kabushiki Kaisha Ricoh
[Company Name in English]	Ricoh Company, Ltd.
[Title and Name of Representative]	Zenji Miura, President, Chief Executive Officer
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Securities Exchange (14-1, Nishi 5-chome, Minami 1-jo, Chuo-ku, Sapporo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan.

Certain information is only included in this English translation of the Annual Securities Report for ADR holders and not included in the original report.

The translation of the Independent Auditors' Report is included at the end of this document.

In this document, the term "Ricoh" refers to Ricoh Company, Ltd. and our consolidated subsidiaries or as the context may require, and the term "the Company" refers to Ricoh Company, Ltd. on a non-consolidated basis.

References in this document to the "Financial Instruments and Exchange Act" are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

References in this document to the "Companies Act" are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

Contents

I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of Yen, unless otherwise stated)

Fiscal year / Year end	IFRSs Transition to IFRSs April 1, 2012	IFRSs 113th business term March 2013	IFRSs 114th business term March 2014
Sales	-	1,885,995	2,195,696
Profit before income tax expenses	-	68,082	118,063
Profit attributable to owners of the parent	-	38,915	72,818
Comprehensive income attributable to owners of the parent	-	91,647	139,771
Equity attributable to owners of the parent	837,320	913,705	1,029,413
Total assets	2,309,971	2,391,163	2,591,361
Equity per share attributable to owners of the parent (yen)	1,154.80	1,260.22	1,420.04
Earnings per share attributable to owners of the parent , basic (yen)	-	53.67	100.44
Earnings per ADR share attributable to owners of the parent , basic (yen)	-	268.35	502.20
Earnings per share attributable to owners of the parent , diluted (yen)	-	-	-
Earnings per ADR share attributable to owners of the parent company, diluted (yen)	-	-	-
Equity attributable to owners of the parent ratio (%)	36.25	38.21	39.72
Profit ratio to equity attributable to owners of the parent (%)	-	4.44	7.49
Price earnings ratio (times)	-	18.71	11.85
Net cash provided by operating activities	-	137,318	146,894
Net cash used in investing activities	-	(121,743)	(122,938)
Net cash used in financing activities	-	(61,837)	(9,236)
Cash and cash equivalents at end of year	156,210	117,051	140,047
Number of employees	109,241	107,431	108,195

(Note) 1. Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") from the 114th Business Term.

2. Sales do not include the consumption tax, etc.

3. No diluted shares noted for the year 2013 and 2014.

(Millions of Yen, unless otherwise stated)

	U.S. GAAP				
Fiscal year	110th business term	111th business term	112th business term	113th business term	114th business term
Year end	March 2010	March 2011	March 2012	March 2013	March 2014
Net sales	2,015,811	1,941,336	1,903,477	1,924,497	2,236,913
Income (loss) before income taxes	57,082	44,169	(31,937)	58,173	117,204
Net income (loss) attributable to owners of the parent company	27,044	18,630	(44,560)	32,467	72,828
Comprehensive income (loss) attributable to the owners of the parent company	-	(16,311)	(74,059)	95,599	149,416
Equity attributable to owners of the parent company	1,019,891	978,130	879,018	958,658	1,083,337
Total assets	2,377,983	2,255,564	2,289,358	2,360,697	2,556,960
Equity per share attributable to owners of the parent company (yen)	1,335.96	1,275.31	1,134.64	1,238.55	1,404.17
Net income (loss) per share attributable to owners of the parent company, basic (yen)	37.27	25.68	(61.42)	44.78	100.46
Net income (loss) per ADR share attributable to owners of the parent company, basic (yen)	186.35	128.40	(307.10)	223.90	502.30
Net income (loss) per share attributable to owners of the parent company, diluted (yen)	36.25	25.15	(61.42)	-	-
Net income (loss) per ADR share attributable to owners of the parent company, diluted (yen)	181.25	125.75	(307.10)	-	-
Equity attributable to owners of the parent ratio (%)	40.76	41.02	35.94	38.04	39.81
Profit ratio to equity attributable to owners of the parent (%)	2.78	1.97	(5.10)	3.77	7.60
Price earnings ratio (times)	38.01	36.04	-	22.42	11.85
Net cash provided by operating activities	187,280	128,636	11,206	124,526	131,593
Net cash used in investing activities	(89,515)	(91,906)	(112,443)	(106,467)	(106,844)
Net cash provided by (used in) financing activities	(113,369)	(92,963)	87,823	(64,321)	(10,029)
Cash and cash equivalents at end of year	237,101	172,221	156,210	117,051	140,047
Number of employees	108,525	109,014	109,241	107,431	108,195

(Notes) 1. Net sales do not include the consumption tax, etc.

2. During the 112th Business Term, Ricoh eliminated the previously existing three months difference between the reporting periods of the Company and certain subsidiaries. The consolidated financial data for the 110th and 111th Business Term have been retrospectively adjusted to reflect the elimination of the lag period.
3. The 114th Business Term consolidated financial statements under U.S. GAAP have not been audited by the audit firm pursuant to the provisions of Article 193-2, Section 1 of the Financial Instruments and Exchange Act.
4. No diluted shares noted for the year 2013 and 2014.

2. HISTORY

February 1936	Riken Kankoshi Co., Ltd. is formed in Kita-kyushu to manufacture and market sensitized paper.
March 1938	The Company's name is changed to Riken Optical Co., Ltd., and starts manufacturing and selling optical devices and equipment.
May 1949	The Company lists its securities on the Tokyo and Osaka Stock Exchanges.
April 1954	The Company establishes an optical device and equipment plant in Ohmori, Ohta-ku, Tokyo (now known as the Ohmori plant).
May 1955	The Company begins manufacturing and selling desktop copiers.
May 1961	The Company establishes a sensitized paper plant in Ikeda, Osaka (now known as the Ikeda plant).
October 1961	The Company lists its securities on the First Section of each of the Tokyo and Osaka Stock Exchanges.
June 1962	The Company starts operations of a paper plant in Numazu, Shizuoka, which featured a fully-integrated sensitized paper production system (now known as the Numazu plant).
December 1962	The Company establishes Ricoh of America, Inc. (a subsidiary, later known as Ricoh Corporation and now known as Ricoh Americas Corporation).
April 1963	The Company changes its corporate name to Ricoh Company, Ltd.
July 1967	The Company establishes Tohoku Ricoh Co., Ltd. in Shibata-gun, Miyagi.
May 1971	The Company completes its manufacturing facility in Atsugi, Kanagawa (now known as the Atsugi plant), to which it transfers some of its office equipment production from the Ohmori plant.
June 1971	The Company establishes Ricoh Nederland B.V. (a subsidiary, later known as Ricoh Europe B.V. and now known as Ricoh Europe Holdings B.V.) in the Netherlands.
January 1973	The Company establishes Ricoh Electronics, Inc. (a subsidiary) in the United States.
December 1976	The Company forms Ricoh Credit Co., Ltd. (a subsidiary, now known as Ricoh Leasing Co., Ltd.).
December 1978	The Company establishes Ricoh Business Machines, Ltd. (a subsidiary, now known as Ricoh Hong Kong Ltd.).
March 1981	The Company builds the Ricoh Electronics Development Center at the Ikeda plant to develop and manufacture electronic devices.
May 1982	The Company establishes sensitized paper production facilities in Sakai, Fukui (now known as the Fukui plant).
December 1983	The Company establishes Ricoh UK Products Ltd. (a subsidiary).
October 1985	The Company builds a copier manufacturing plant in Gotenba, Shizuoka which takes over some of production from Atsugi plant.
April 1986	The Company opens a research and development ("R&D") facility in Yokohama, Kanagawa (now known as the Ricoh Research and Development Center) in commemoration of the Company's 50th anniversary, to which it transfers some of its R&D operations from the Ohmori plant.

April 1987	The Company establishes Ricoh Industrie France S.A. (a subsidiary, now known as Ricoh Industrie France S.A.S.).
April 1989	The Company sets up an electronic devices facility in Yashiro-cho, Kato-gun, Hyogo (now known as the Yashiro plant).
January 1991	The Company establishes Ricoh Asia Industry (Shenzhen) Ltd. (a subsidiary) in China.
March 1995	Ricoh Corporation acquires Savin Corporation, an American office equipment sales company.
September 1995	The Company acquires Gestetner Holdings PLC (now known as Ricoh Europe PLC), a British office equipment sales company.
January 1996	Ricoh Leasing Co., Ltd. lists its securities on the Second Section of the Tokyo Stock Exchange (currently listed on the First Section of the Tokyo Stock Exchange).
December 1996	The Company establishes Ricoh Asia Pacific Pte Ltd (a subsidiary) in Singapore.
March 1997	The Company establishes Ricoh Silicon Valley, Inc. (a subsidiary, now known as Ricoh Innovations Corporation) in the United States.
August 1999	Ricoh Hong Kong Ltd. acquires Inchcape NRG Ltd., a Hong Kong-based office equipment sales company.
January 2001	Ricoh Corporation acquires Lanier Worldwide, Inc., an American office equipment sales company.
October 2002	The Company establishes Ricoh China Co., Ltd. (a subsidiary).
April 2003	Tohoku Ricoh Co., Ltd. becomes a wholly-owned subsidiary of the Company.
October 2004	The Company acquires Hitachi Printing Solutions, Ltd. in Japan.
August 2005	The Company opens Ricoh Technology Center in Ebina, Kanagawa to integrate its domestic development facilities and offices.
November 2005	The Company relocates its headquarters to Chuo-ku, Tokyo.
January 2007	Ricoh Europe B.V. acquires the European operations of Danka Business Systems PLC.
June 2007	Info Print Solutions Company, LLC (now known as Ricoh Production Print Solutions, LLC), a joint venture company of Ricoh and International Business Machines Corporation (“IBM”), commences its operations.
May 2008	The Company establishes Ricoh Manufacturing (Thailand) Ltd. (a subsidiary) in Thailand.
August 2008	Ricoh Elemex Corporation becomes a wholly-owned subsidiary of the Company.
October 2008	Ricoh Americas Corporation acquires all of the outstanding shares of IKON Office Solutions, Inc. (“IKON”, now known as Ricoh USA, Inc.), an American office equipment sales and service company.
July 2010	Seven domestic sales subsidiaries and the marketing group of the Company are merged into one domestic sales subsidiary named Ricoh Japan Corporation.
August 2010	The Company completes the construction of a new building that expands the Ricoh Technology Center, which is located in Ebina, Kanagawa.
October 2011	The Company acquires the PENTAX imaging systems business from HOYA

	Corporation (now known as Ricoh Imaging Co., Ltd.).
April 2013	The Company transfers part of its engineering functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Technologies Company, Ltd.
April 2013	The Company transfers part of its production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industry Company, Ltd.

3. DESCRIPTION OF BUSINESS

Ricoh is comprised of 213 subsidiaries and 10 affiliates as of March 31, 2014.

Ricoh's development, manufacturing, sales, and service activities center on the three business segments of Imaging & Solutions, Industrial Products and Other.

Ricoh Company, Ltd., the parent company of Ricoh, heads development. The Company and its respective subsidiaries and affiliates maintain an integrated domestic and overseas manufacturing structure.

Ricoh is represented in roughly 200 countries and run its sales and service activities out of four regional headquarters located in the geographic areas of 1) Japan, 2) the Americas, 3) Europe, Middle East and Africa and 4) Other, which includes China, South East Asia and Oceana.

Below, we have listed our main product areas and the positions of key subsidiaries and affiliates.

<Imaging & Solutions>

Products and systems that support the enhancement for the office productivity of customers are included in this business segment. Major products include:

MFPs (multifunction printers), copiers, laser printers, cut sheet printers and IT solution products including personal computers and servers. In addition to providing maintenance service and related supplies, Ricoh also provides support and services such as IT environment setup and network administration.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan...Ricoh Industry Co., Ltd., Ricoh Elemex Corporation, Hasama Ricoh Inc. and Ricoh Microelectronics Co., Ltd.

The Americas...Ricoh Electronics, Inc.

Europe...Ricoh UK Products Ltd., Ricoh Industrie France S.A.S.

Other regions...Ricoh Asia Industry (Shenzhen) Ltd., Shanghai Ricoh Digital Equipment Co., Ltd. , Ricoh Manufacturing (Thailand) Ltd. and Ricoh Components & Products (Shenzhen) Co., Ltd.

Sales, Service and Support

Japan ...Ricoh Japan Corporation, Ricoh Technosystems Co., Ltd., Ricoh IT Solutions Co.,Ltd., Ricoh Leasing Co., Ltd. and Ricoh Logistics System Co., Ltd.

The Americas... Ricoh Americas Holdings, Inc., Ricoh Americas Corporation, Ricoh Canada Inc., Ricoh Production Print Solutions, LLC, Ricoh USA Inc., Ricoh Printing Systems America, Inc. and mindSHIFT Technologies, Inc.

Europe...Ricoh Europe Holdings PLC, Ricoh UK Ltd., Ricoh Deutschland GmbH, Ricoh France S.A.S., Ricoh Nederland B.V., Ricoh Belgium N.V., Ricoh Espana S.L.U. and Ricoh Italia Srl., Ricoh Schweiz AG, Ricoh Sverige AB. and Ricoh Europe SCM B.V.

Other regions…Ricoh China Co., Ltd., Ricoh Hong Kong Ltd., Ricoh Asia Industry Ltd., Ricoh Asia Pacific Operations Ltd., Ricoh Components Asia (Hong Kong) Co., Ltd., Ricoh Asia Pacific Pte. Ltd., Ricoh Thailand Ltd., Ricoh India Ltd. and Ricoh Australia Pty, Ltd.

<Industrial Products>

The manufacturing and sales of thermal media, optical equipment, semiconductors and electronic component are included in this business segment.

[Main Subsidiaries and Affiliates]

Manufacturing and Sales

Japan...Ricoh Optical Industries Co., Ltd. and Ricoh Microelectronics Co., Ltd.

The Americas...Ricoh Electronics, Inc.

Europe...Ricoh Industrie France S.A.S.

<Other>

The manufacturing and sales of digital cameras, financing business and logistics services provided through the Company’s subsidiaries are included in this business segment.

[Main Subsidiaries and Affiliates]

Manufacturing

Ricoh Imaging Products (Philippines) Corporation

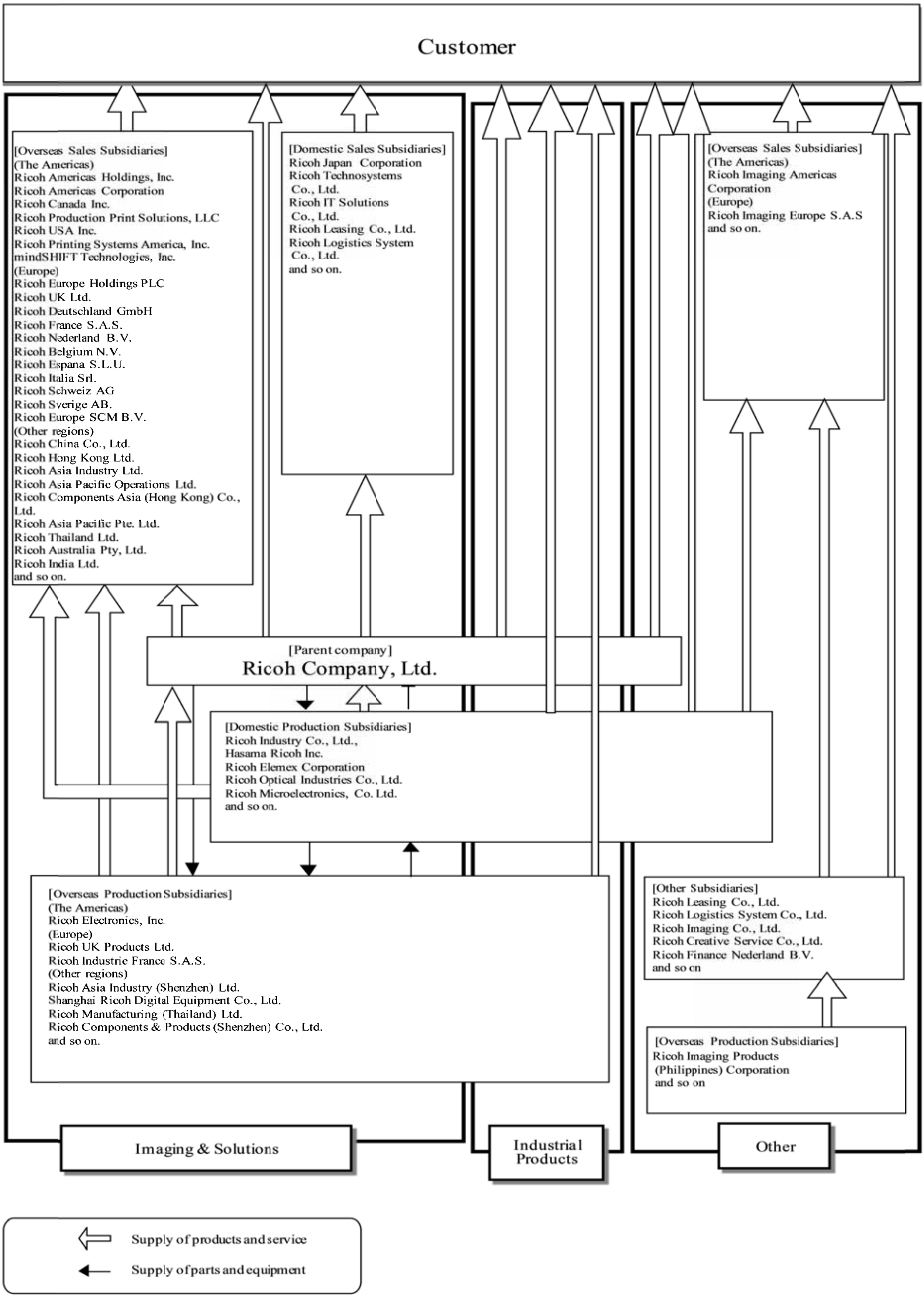
Sales

Ricoh Imaging Americas Corporation and Ricoh Imaging Europe S.A.S

Other

Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd., Ricoh Imaging Co., Ltd., Ricoh Creative Service Co., Ltd. and Ricoh Finance Nederland B.V.

<Chart of Operational Flow>
The following chart shows the group's positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2014)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Subsidiaries)			
Ricoh Optical Industries Co., Ltd.	Japan	Manufacturing optical equipment	100.0
Hasama Ricoh, Inc.	Japan	Manufacturing parts for office equipment	100.0 (50.0)
Ricoh Elemex Corporation	Japan	Manufacturing and sales of office equipment	100.0
Ricoh Industry Co., Ltd.	Japan	Manufacturing office equipment	100.0
Ricoh Technologies Co., Ltd.	Japan	Manufacturing office equipment	100.0
Ricoh Microelectronics Co., Ltd.	Japan	Manufacturing parts for office equipment	100.0
Ricoh Japan Corporation	Japan	Sale of office equipment	100.0
Ricoh Technosystems Co., Ltd.	Japan	Maintenance, service and sale of office equipment	100.0
Ricoh IT Solutions Co., Ltd.	Japan	Development and construction of network system	100.0
Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	100.0
Ricoh Leasing Co., Ltd.	Japan	General leasing	51.1 (1.4)
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Imaging Co., Ltd.	Japan	Manufacturing and sale of digital camera	100.0
Ricoh Electronics, Inc.	U.S.A.	Manufacturing office equipment and related supplies	100.0 (100.0)
Ricoh UK Products Ltd.	U.K.	Manufacturing office equipment	100.0 (100.0)
Ricoh Industrie France S.A.S.	France	Manufacturing	100.0

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
		office equipment and related supplies	
Ricoh Asia Industry (Shenzhen) Ltd.	China	Manufacturing office equipment and related supplies	100.0 (100.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Manufacturing and sale of office equipment	100.0 (55.3)
Ricoh Components Asia (Hong Kong) Co., Ltd.	Hong Kong, China	Sale of parts for office equipment	100.0 (0.3)
Ricoh Components & Products (Shenzhen) Co., Ltd.	China	Manufacturing parts for office equipment	100.0 (100.0)
Ricoh Manufacturing (Thailand) Ltd.	Thailand	Manufacturing office equipment	100.0
Ricoh Imaging Products (Philippines) Corporation	Philippines	Manufacturing digital camera	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Americas Corporation	U.S.A.	Sale of office equipment	100.0 (100.0)
Ricoh Canada Inc.	Canada	Sale of office equipment	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Sale of office equipment	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Manufacturing and sales of office equipment	100.0 (4.4)
Ricoh Production Print Solutions, LLC	U.S.A.	Sale of office equipment	100.0 (100.0)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT service	100.0 (100.0)
Ricoh Imaging Americas Corporation	U.S.A.	Sale of digital camera	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company in Europe	100.0
Ricoh UK Ltd.	U.K.	Sale of office equipment	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Sale of office equipment	100.0 (100.0)
Ricoh France S.A.S	France	Sale of office equipment	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Sale of office equipment	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Espana S.L.U.	Spain	Sale of office equipment	100.0 (100.0)
Ricoh Belgium N.V.	Belgium	Sale of office equipment	100.0 (100.0)
Ricoh Nederland B.V.	Netherlands	Sale of office equipment	100.0 (100.0)
Ricoh Europe SCM B.V.	Netherlands	Sale of office equipment	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Sale of office equipment	100.0 (100.0)
Ricoh Sverige AB.	Sweden	Sale of office equipment	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital camera	100.0 (100.0)
Ricoh Finance Nederland B.V.	Netherlands	Corporate finance	100.0
Ricoh China Co., Ltd.	China	Sale of office equipment	100.0
Ricoh Hong Kong Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh Asia Industry Ltd.	Hong Kong, China	Sale of office equipment	100.0
Ricoh Asia Pacific Pte Ltd	Singapore	Sale of office equipment	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh Thailand Ltd.	Thailand	Sale of office equipment	100.0 (100.0)
Ricoh India Ltd.	India	Sale of office equipment	73.6 (27.6)
Ricoh Australia Pty, Ltd.	Australia	Sale of office equipment	100.0 (100.0)
And 162 other subsidiaries			
(Affiliates)			
10 affiliates (none of which are material affiliates)			

(Note) The percentage in the parenthesis under “Ownership percentage of voting rights” indicates the indirect ownership out of the total ownership noted above.

5. EMPLOYEES

(1) Consolidated basis

(As of March 31, 2014)

Segment	Number of employees
Imaging & Solutions	98,014
Industrial Products	2,980
Other	5,855
Headquarters	1,346
Total	108,195

(Note) "Number of employees" represents the number of employed workers, but excludes temporary employees.

(2) The Company

(As of March 31, 2014)

Number of employees	Average age	Average length of service	Average annual salary (Yen)
9,041 (700)	42.1	17.5	7,991,365

Segment	Number of employees
Imaging & Solutions	6,194
Industrial Products	1,501
Other	-
Headquarters	1,346
Total	9,041

(Note) 1. "Number of employees" represents the number of employed workers and the numbers within brackets indicate the average number of temporary employees over the current fiscal year (converted at 7.5h/day).

2. Temporary employees include contracted staff after retirement and part time employees, but exclude temporary staffs who are contracted through staffing agencies, business consignments and contractors.

3. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

A union is organized in the Company and certain subsidiaries. There is no significant labor dispute noted in fiscal year 2013 and the Company believes that it has a good relationship with its employees.

II. **BUSINESS OVERVIEW**

1. SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR 2013

(1) Business results

Ricoh's consolidated sales for fiscal year 2013 increased by 16.4% to ¥2,195.6 billion compared to the previous corresponding period. During this period, the average exchange rates of the Japanese yen against the U.S. dollar and the euro were ¥100.29 (down by ¥17.23 from previous year) and ¥134.47 (down by ¥27.39 from previous year) respectively.
The Japanese economy continued to maintain its gradual recovery largely due to the depreciation of the yen and the increase in stock prices achieved through the expansive measures taken by the central bank and government along with the surge in demand ahead of the April 1 consumption tax increase.
In the domestic market, sales increased in all three business segments (Imaging & Solutions, Industrial Products and Other) and the overall domestic sales increased by 9.7%.
As for the overseas market, the U.S. economy continued its modest recovery, even though the outlook of the economy remains unpredictable as the U.S. scales back its quantitative easing program. The European economy, although having remission in the European debt crisis, is still faced with the risk of a prolonged period of economic stagnation. China and the rest of the emerging markets also appear to be showing signs of a slowdown after maintaining consistently strong growth in recent years.
Despite the challenging economic environment, the weakening trend of the yen during the year contributed to the overall increase in sales overseas. As for overseas sales by region, sales in the Americas increased by 18.6%, sales in Europe, Middle East and Africa increase by 24.1% and sales in the Other region, which includes China, South East Asia and Oceania increased by 26.6%. As a result, sales in the overseas market increased by 21.8%.
Gross profit increased by 16.5% to ¥873.2 billion, mainly due to an increase in sales, cost reductions and the weakening of the yen.
Although group-wide activities to streamline costs have contributed in controlling selling, general and administrative expenses, these expenses have increased by 11.4% to ¥752.8 billion due to the depreciation of the yen.
As a result, operating income increased by 63.6% to ¥120.3 billion compared to the previous corresponding period.
Finance income increased due to gain on sale of securities.
Income before income taxes expenses increased by 73.4% to ¥118.0 billion compared to the previous corresponding period.
As a result, net income attributable to the owners of the parent company increased by 87.1% to ¥72.8 billion.

Ricoh has adopted IFRSs for reporting its consolidated financial statements from the fiscal year ending March 31, 2014, in place of U.S. GAAP previously adopted. Thus, all amounts, including prior year amounts for comparison of the current year conform to IFRSs.

Operating results by segment are as follows:

a. Imaging & Solutions
The Imaging & Solutions segment is comprised of the Office Imaging, Production Printing and Network System Solutions product categories. Sales in the Imaging & Solutions operating segment increased by 17.1% to ¥1,969.8 billion. Sales would have increased by 4.2% when excluding the impact of the U.S. dollar and euro exchange-rate fluctuations.
(Office Imaging)
Sales in this category increased by 11.4% to ¥1,476.7 billion compared to the previous corresponding period due to increase in sales overseas and the exchange-rate effects.
The RICOH MP C1803/C2503/C3003/C4503/C5503/C6003 series were introduced to the market in June 2013 as part of the renewal of our main color MFP lineup. The new model lineups were accepted by a broad range of customers in various industries and have contributed to the strong sales worldwide.
In the domestic market, although sales of new products were favorable, the overall sales decreased due to the shift in demand from monochrome to color products, which affected the sales of our monochrome products, along with the price reduction implemented on our after-sales services to reflect upon the severe business environment.

In the overseas market, sales increased due to the a favorable sales trend of our compact A4 sized digital full color MFPs, the RICOH MP C305SP series. The continued investments in our Managed Document Services (MDS) business have also contributed to the increase in sales overseas, particularly in the Americas.
(Production Printing)
Sales in this category increased by 25.9% to ¥185.0 billion compared to the previous corresponding period.
To strengthen our color production printing lineup to fulfill the market demand for Print on demand (POD), the RICOH Pro C5110S/C5100S series color production printers were introduced to the market in June 2013. Strong sales were achieved through these printers in both the domestic and overseas market.
The supplies and after-sales service revenue have also increased in both the domestic and overseas market in conjunction with the increase in hardware sales.
(Network System Solutions)
Sales in this category increased by 47.5% to ¥308.0 billion compared to the previous corresponding period.
In the domestic market, the sales increase in personal computer as well as software license and application has contributed to the strong sales due to the replacement of Windows XP machines and software upgrades prior to the change in consumption tax rate, which also expanded marketing opportunities of the related maintenance services and solution offerings.
In the overseas market, as part of strengthening IT services business to provide customers with optimization solutions, Ricoh acquired mindSHIFT Technologies, Inc.in the U.S.A. Together with the acquisition of ADA-Das SystemHaus GmbH in Germany in the previous year, these acquisitions have contributed to the increase in our sales overseas.
In addition, other new businesses such as projection systems and unified communication systems also achieved solid growth.

Operating income in the Imaging & Solutions segment increased by ¥34.7 billion (+23.2%) to ¥184.3 billion due to cost reductions achieved through the group-wide activities to streamline costs.

b. Industrial Products
Sales in the Industrial Products segment increased by 11.8% to ¥108.9 billion compared to the previous corresponding period. The increase in sales of optical units for projectors contributed to the increase in sales in our optical unit business. For our semiconductor business, although sales decreased in the domestic market with the continued slowdown in sales of analog one-chip LSIs for cellular phones and power and battery management ICs, the sales overseas increased as the ICs for cellular phones achieved strong sales in Asia.
The operating income in this segment, mainly through improved profitability from our semiconductor business, increased to ¥5.2 billion from a loss of ¥0.1 billion noted in previous fiscal year.

c. Other
Sales in Other segment increased by 8.9% to ¥120.8 billion compared to the previous corresponding period.
The digital camera business has remained stable through the launch of PENTAX Q7, the smallest, lightest interchangeable lens system in the world, the entry model PENTAX K-50 and the high-end PENTAX K-3 models introduced during the year.
The sales from our financing business also increased due to the higher demand for medical equipment leasing.
As a result of the above, the operating income in this segment increased to ¥0.2 billion from a loss of ¥4.9 billion in the previous fiscal year.

(2) Cash flow

Net cash provided by operating activities increased by ¥9.5 billion to ¥146.8 billion primarily due to the increase in net income and trade and other payables.

Even though purchase of fixed assets decreased and sales of available-for-sale securities increased, the acquisition cost incurred during the fiscal year affected the overall net cash used in investing activities. The net cash used in investing activities increased by ¥1.1 billion to ¥122.9 billion.

As a result, free cash inflows generated by operating and investing activities increased by ¥8.3 billion to ¥23.9 billion compared to the previous corresponding period.

Net cash used in financing activities in this period amounted to ¥9.2 billion primarily due to proceeds from interest-bearing debt and payment of dividends.

As a result of the above, cash and cash equivalents as at end of this fiscal year increased by ¥22.9 billion from the end of previous corresponding period to ¥140.0 billion.

(3) Summary of consolidated financial statements in accordance with U.S. GAAP

Ricoh has adopted IFRSs for the first time in preparing its consolidated financial statements.
Summary of consolidated financial statements in accordance with U.S. GAAP, based on the stipulations of Article 95 of "Regulation Concerning Terminology, Form, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance of Japan Regulation No. 28, 1976) are as follows.
Summary of Consolidated Financial Statements prepared in accordance with U.S. GAAP (from April 1, 2013 to March 31, 2014) were not audited pursuant to the first clause of Article 193-2 of Financial Instruments and Exchange Act.

a. Summary of Consolidated Balance Sheets under U.S. GAAP as of March 31, 2013 and 2014

	Millions of Yen	
	2013	2014
ASSETS		
Current assets	1,126,219	1,224,843
Net property, plant and equipment	290,875	290,516
Long-term finance receivables, net	466,608	544,171
Other assets	476,995	497,430
Total assets	2,360,697	2,556,960
LIABILITIES AND EQUITY		
Current liabilities	700,367	831,353
Long-term liabilities	476,381	451,759
Accrued pension and severance costs	164,289	132,588
Other liabilities	61,002	57,923
Ricoh Company, Ltd. shareholders' equity	897,996	1,017,907
Noncontrolling interests	60,662	65,430
Total liabilities and equity	2,360,697	2,556,960

b. Summary of Consolidated Statements of Operations for the years ended March 31, 2013 and 2014.

	Millions of Yen	
	2013	2014
Net sales	1,924,497	2,236,913
Cost of sales	(1,155,896)	(1,342,603)
Gross profit	768,601	894,310
Selling, general and administrative expenses	(705,167)	(773,920)
Operating income	63,434	120,390
Other expenses:	(5,261)	(3,186)
Income before income taxes and equity in earnings of affiliates	58,173	117,204
Provision for income taxes	(20,838)	(38,664)
Equity in earnings (losses) of affiliates	31	(33)
Net income	37,366	78,507
Net income attributable to noncontrolling interests	(4,899)	(5,679)
Net income attributable to Ricoh Company, Ltd.	32,467	72,828

c. Summary of Consolidated Statements of Comprehensive Income for the years ended March 31, 2013 and 2014

	Millions of Yen	
	2013	2014
Net income	37,366	78,507
Other comprehensive income, net of tax:	58,233	70,909
Comprehensive income	95,599	149,416
Comprehensive income attributable to noncontrolling interests	5,045	5,442
Comprehensive income attributable to Ricoh Company, Ltd.	90,554	143,974

d. Summary of Consolidated Statements of Changes in Equity for the years ended March 31, 2013 and 2014

	Millions of Yen		
	Ricoh Company, Ltd. shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2012	822,704	56,314	879,018
Loss on disposal of treasury stock	(7)	-	(7)
Dividends declared and approved to Ricoh Company, Ltd. shareholders	(15,226)	-	(15,226)
Comprehensive income (loss)	90,554	5,045	95,599
Net changes in treasury stock	(29)	-	(29)
Dividends to noncontrolling interests	-	(697)	(697)
Balance at March 31, 2013	897,996	60,662	958,658
Loss on disposal of treasury stock	(6)	-	(6)
Dividends declared and approved to Ricoh Company, Ltd. shareholders	(23,925)	-	(23,925)
Comprehensive income (loss)	143,974	5,442	149,416
Net changes in treasury stock	(132)	-	(132)
Dividends to noncontrolling interests	-	(674)	(674)
Balance at March 31, 2014	1,017,907	65,430	1,083,337

e. Summary of Consolidated Statements of Cash Flows for the years ended March 31, 2013 and 2014

	Millions of Yen	
	2013	2014
Cash flows from operating activities	124,526	131,593
Cash flows from investing activities	(106,467)	(106,844)
Cash flows from financing activities	(64,321)	(10,029)
Effect of exchange rate change on cash and cash equivalents	7,103	8,276
Net increase (decrease) in cash and cash equivalents	(39,159)	22,996
Cash and cash equivalents at beginning of year	156,210	117,051
Cash and cash equivalents at end of year	117,051	140,047

f. Changes in basis of preparation of consolidated financial statements

For the year ended March 31, 2013

Ricoh adopted ASC 220 as from April 1 2012, which was revised based on Accounting Standards Update (ASU) 2011-05 and 2011-12. ASU 2011-05 requires an entity to present net income and other comprehensive income either in a single continuous statement or in two separate, but consecutive statements. It also requires separate presentation in both net income and other comprehensive income of reclassification adjustments for items that are reclassified from other comprehensive income to net income. ASU 2011-12 defers the effective date for only the presentation requirements related to reclassifications in ASU 2011-05. Ricoh has presented this requirement in two separate, but consecutive statements. Management believes that this adoption has no material impact on Ricoh's consolidated financial statements.

On April 1, 2012, the Company and its domestic subsidiaries changed their depreciation method from the declining-balance method to the straight-line method. The Company decided that the straight-line method is more appropriate to reflect the expected pattern of consumption of property, plant and equipment. The effects of the change are accounted for prospectively beginning with the period of change, as a change in accounting estimate. Management believes that this adoption has no material impact on Ricoh's consolidated financial statements for the year ended March 31, 2013.

For the year ended March 31, 2014

Ricoh adopted retroactively Accounting Standards Update (ASU) 2011-11 and ASU 2013-01 from April 1 2013. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements. ASU 2013-01 replaced ASU 2011-11. The updates create new disclosure requirements requiring entities to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. This affects only disclosure and will have no impact on Ricoh’s consolidated financial position.

Ricoh adopted ASU 2013-02 from April 1 2013. This ASU requires an entity to report the effect of reclassifications out of accumulated other comprehensive income. This affects only disclosure and will have no impact on Ricoh’s consolidated financial position.

2. PRODUCTION, ORDERS RECEIVED AND SALES

(1) Production

Production in each segment for the years ended March 31, 2013 and 2014 are as follows:

	Millions of Yen		
	For the year ended March 31, 2013	For the year ended March 31, 2014	Change
Imaging & Solutions	1,268,084	1,479,442	16.7%
Industrial Products	93,866	107,959	15.0%
Other	138,163	152,940	10.7%
Total	1,500,113	1,740,341	16.0%

(Note) 1. The amounts are based on the sales price, including inter-segment transactions.
2. The figures above do not include the consumption tax, etc.

(2) Orders Received

Not applicable as production system adopted is based on estimated orders.

(3) Sales

Sales in each segment for the years ended March 31, 2013 and 2014 are as follows:

	Millions of Yen		
	For the year ended March 31, 2013	For the year ended March 31, 2014	Change
Imaging & Solutions	1,682,008	1,969,878	17.1%
Industrial Products	93,094	105,018	12.8%
Other	110,893	120,800	8.9%
Total	1,885,995	2,195,696	16.4%

(Note)1. All inter-segment transactions are eliminated.

2. Information of the sales by customers is omitted because no single customer accounted for 10% or more of the total revenues for the years ended as of March 31, 2013 and 2014.

3. The figures above do not include the consumption tax, etc.

3. CHALLENGES FACED BY RICOH

Ricoh has not only taken various steps to cope with the worldwide financial meltdown, the Thailand flooding, the catastrophic earthquake and tsunami in Japan and a huge shift ICT technology, but has implemented various initiatives to build a strong and stable management system for growth. Under the 18th Mid-Term Management Plan beginning in the fiscal year ending March 31, 2015, we have set forth and will implement the following four core action plans in order to ensure long-term development for Ricoh during this three-year period.

(1) Reinforce and develop earnings power in the Office business domain

Reinforcement and development of earnings power in the Office business domain will be a top priority. We will continue to win over competition and increase market share by improving the features of our products at competitive prices, along with providing quicker innovative solutions to our customers. Furthermore, we will provide products and services that meet wide-ranging customer demands, through highly efficient utilization of service infrastructure and high added value. Additionally, in the emerging markets with continued growth, we will reinforce our system for developing products and services based upon the features, prices, and even basic design demanded in the respective markets. In addition to China, India and others, we will continue to establish our presence in markets or countries in which we can expect strong growth.

Furthermore, we will broaden the value we offer by means such as expanding the IT services menu, and enhancing products and services for communications.

(2) Achieve growth by creating new profit generators

We will establish new profit generators by steadily seizing business opportunities in growth markets based on Ricoh’s strengths of customer communications and technology. In our Production Printing business, we will provide products and services that deliver high productivity for customers’ printing needs such as sales promotion materials. In the Industrial Products segment, for manufacturing site customers, we will offer integrated services, including optical modules based on advanced sensing technology, FA cameras, inspection equipment, and maintenance. In the camera business, in addition to existing digital cameras, we will pursue expansion by providing a new visual experience through added application services to next generation photography equipment such as RICOH THETA.

(3) Rebuild management infrastructure

We will accelerate business growth through reinforcement of the management infrastructure. With the launch of the 18th Mid-Term Management Plan, in order to meet customer demands quicker to product planning and design development, we have put in place a system for each business domain, including Office, Industry, and Consumer. Furthermore, in order to identify and realize customers’ future demands even faster, we have implemented measures including rebuilding the technology management system to accelerate technological development by increasing synergies within Ricoh. In addition to these, we will continue to carry out measures to enhance the management infrastructure.

(4) Transform into a perpetually successful company

In line with transforming into a perpetually successful company, we will promote themes of efficiency that cross divisions and functions, such as procurement reform, SCM reform, production reform, and design and development reform. Meanwhile, each organization will refine its basic function in a self-motivated manner, increase productivity, and accelerate the shift of resources to areas of growth.

For Ricoh to be sustainable for the future, it must continue to provide new customer value to society, while adapting to environmental changes. To do so, we will seek to create customer value in terms of confidence, comfort, and convenience by referring to the 18th Mid-Term Management Plan and looking into the future beyond. Ricoh will continue its concerted efforts to drive innovation to a broader extent than customers' expectations, aiming to remain their most valued and trusted business partner.

4. RISK FACTORS

Ricoh is a global manufacturer of office equipment and conducts business on a global scale. Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not conclusive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.

In addition, this section contains forward-looking statements, which are based on our judgments at the date of submission of the securities report.

(1) Ability to respond to rapid technological changes

The document imaging and management industry includes products such as copiers, printers, production printing products and digital duplicators. The technology used in this industry changes rapidly and products in this industry will often require frequent and timely product enhancements or have a short product life cycle. Most of Ricoh's products are a part of this industry and as such Ricoh's success will depend on its ability to respond to such technological changes in the industry. To remain competitive in this industry, Ricoh invests a significant amount of resources and capital every year in research and development activities. Despite this investment, the process of developing new products or technologies is inherently complex and uncertain and there are a number of risks that Ricoh is subject to, including the following:

- No assurances can be made that Ricoh will successfully anticipate whether its products or technologies will satisfy its customers' needs or gain market acceptance;
- No assurances can be made that the introduction of more advanced products that also possess the capabilities of existing products will not adversely affect the sales performance of each such product;
- No assurances can be made that Ricoh will be able to procure raw materials and parts necessary for new products or technologies from its suppliers at competitive prices;
- No assurances can be made that Ricoh will be able to successfully manage the distribution system for its new products to eliminate the risk of loss resulting from a failure to take advantage of market opportunities;
- No assurances can be made that Ricoh will succeed in marketing any newly developed product or technology; and
- No assurances can be given that Ricoh will be able to respond adequately to changes in the industry.

Ricoh's failure to respond to any risks associated with this industry, including those described above, may adversely affect Ricoh's future growth and profitability as well as its financial results and condition.

(2) Highly competitive markets

Ricoh is continually faced with the risk of fierce competition, shift in demand to low-priced products, shorter product life cycle, threat of new entrants and substitute products in the business segments it operates in.

While Ricoh is a leading manufacturer and distributor in the document imaging and management industry and intends to maintain its position, no assurances can be made that it will continue to compete effectively in the future. Pricing pressures or loss of potential customers resulting from Ricoh's failure to compete effectively may adversely affect Ricoh's financial results and condition.

(3) Global business operations

A substantial portion of Ricoh's manufacturing and marketing activity is conducted outside of Japan, including in the United States, Europe, and in developing and emerging markets such as China. There are a number of risks inherent in doing business in such overseas markets, including the following:

- unfavorable political or economical factors;
- fluctuations in foreign currency exchange rates;
- potentially adverse tax consequences;

- unexpected legal or regulatory changes;
- lack of sufficient protection for intellectual property rights;
- difficulties in recruiting and retaining personnel, and managing international operations; and
- less developed infrastructure.

Ricoh’s inability to manage successfully the risks inherent in its global business activities could adversely affect its business, financial condition and operating results.

(4) Economic outlooks in major markets

Demand for Ricoh’s products are affected by cyclical changes in the economies of Ricoh’s major markets, including Japan, the Americas, Europe and South East Asia including China. Economic slowdown and decline in consumption in Ricoh’s major markets may adversely affect Ricoh’s financial results and condition.

(5) Foreign exchange rate fluctuations

Local currency-denominated financial results in each of the Company’s subsidiaries around the world are translated into Japanese yen by applying the average market rate during each financial period and recorded on Ricoh’s consolidated statements of operations. Local currency-denominated assets and liabilities are translated into Japanese yen by applying the market rate at the end of each financial period and recorded on Ricoh’s consolidated balance sheets. Accordingly, the financial results, assets and liabilities are subject to foreign exchange fluctuations.

(6) Procurement of parts and materials

Ricoh relies on externally sourced raw materials in its manufacturing operations, and it does business with a broad range of suppliers to ensure steady supplies of high-quality raw materials at competitive prices. Many of the parts or materials used in manufacturing Ricoh’s products are made from oil. If the price of crude oil rises, the purchase price of such parts or materials may increase as well. Further, unanticipated contingencies among these suppliers or if parts and materials procured by these suppliers suffer from quality problems or are in short supply, Ricoh may be forced to discontinue production. Such events, if occurred, may adversely affect Ricoh's financial position and results of operations.

(7) Government regulations

Ricoh is subject to various governmental regulations and approval procedures in the countries in which it operates. For example, Ricoh may be required to obtain approvals for its business and investment plans, be subject to export regulations and tariffs, as well as rules and regulations relating to commerce, antitrust, patent, consumer and business taxation, exchange control, and environmental and recycling laws. Ricoh has established a CSR organization to heighten awareness of the importance of corporate social responsibility. Through CSR, Ricoh involves its employees in various activities designed to ensure compliance with applicable regulations as part of its overall risk management and compliance program. However, if Ricoh is unable to comply with any of these regulations or fails to obtain the requisite approvals, Ricoh’s activities in such countries may be restricted. In addition, even if Ricoh is able to comply with these regulations, compliance can result in increased costs. In either event, Ricoh’s financial results and condition may be adversely affected.

(8) Protection of intellectual property rights

Ricoh owns or licenses a number of intellectual property rights in the field of office equipment automation and, when Ricoh believes it is necessary or desirable, obtains additional licenses for the use of other parties’ intellectual property rights. If Ricoh fails to protect, maintain or obtain such rights, its performance and ability to compete may be adversely affected. Ricoh has a program in place under which company employees are compensated for any valuable intellectual property rights arising out of any inventions developed by them during the course of their employment with Ricoh. While unlikely, management believes that there could arise instances in the future where Ricoh may become the subject of legal actions or proceedings where claims alleging inadequate compensation are asserted by company employees.

(9) Securing and retaining skilled personnel

Ricoh believes that in order to maintain mid to long term competitiveness, securing and retaining highly skilled personnel at the right time is essential. Ricoh has placed emphasis on securing and retaining such personnel. However, failure by Ricoh to recruit and train qualified personnel or the loss of key employees may adversely affect Ricoh's future growth, financial results and condition.

(10) Employee benefit obligations

With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations. Currently, there is no immediate and significant funding requirement; however, if returns from investment assets continue to decrease and/or turn to be negative due to market conditions, such as the fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh's financial position and results of operations.

(11) Environmental laws and regulations

Ricoh's operations are subject to many environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use and handling of hazardous substances, waste disposal, product recycling, and soil and ground-water contamination. Ricoh faces risks of environmental liability in our current and historical manufacturing activities. Costs associated with future additional environmental compliance or remediation obligations could adversely affect Ricoh's business, operating results, and financial condition.

(12) Financing business

Ricoh provides financing to some of its customers in connection with its equipment sales and leases. Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of credit as it deems necessary to minimize any potential risks of concentrating credit risk or non-payment of credit. Despite the application of these monitoring procedures, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit due to unforeseeable defaults by its customers.

In addition, these financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. However, Ricoh finances these financing arrangements primarily with short-term borrowings subject to a variable interest rate. Although Ricoh engages in hedging activities, Ricoh is not able to fully hedge this interest rate mismatch.

If Ricoh is unable to successfully manage these risks associated with its equipment financing business, Ricoh's financial results and condition may be adversely affected.

(13) Product liability

Ricoh may be held responsible for any defects that occur with respect to its products and services. Based on the defect, Ricoh may be liable for significant damages, which may adversely affect its financial results and condition. Furthermore, as Ricoh increasingly provides products and services utilizing sophisticated and complex technologies, such defects may occur more frequently. Such potential increase in defects, which could result in an increase in Ricoh's liability, may adversely affect its financial results and condition.

In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.

(14) Alliances with other entities, joint ventures and strategic investment

Ricoh engages in alliances with other entities to create various products and services to fulfill customer demands. Ricoh believes that an alliance is an effective method for timely development of new technology and products using management resources of both parties. However, if Ricoh's interest differs from other parties' interests due to financial or other reasons, Ricoh may be unable to maintain the alliance. Ricoh also makes strategic investments to acquire interests in companies that Ricoh believes would support existing businesses and/or lead to new businesses. Such strategic investments may not necessarily lead to the expected outcome or performance and may result in increased time and expenses being incurred due to the integration of businesses, technologies, products and/or personnel necessitated by such investments. Accordingly, these types of management decisions may have a significant impact on the future performance of Ricoh. Failure to maintain an on-going alliance, establish a necessary alliance or make a strategic investment to acquire an interest in a company may adversely affect Ricoh’s future financial position and results of operations.

(15) Information security

Ricoh obtains confidential or sensitive information from various sources, including its customers, in the ordinary course of its business. Ricoh also holds trade secrets regarding its technologies and other confidential or sensitive information relating to marketing. To prevent unauthorized access and/or fraudulent leakage or disclosure of such confidential or sensitive information, Ricoh has implemented an internal management system, which includes measures to improve security and access to its internal database, as well as employee training programs to educate its employees with respect to compliance with applicable regulations relating to information security and data access. Despite Ricoh’s efforts, however, confidential or sensitive information may be inadvertently or accidentally leaked or disclosed and any such leakage or disclosure may result in Ricoh incurring damages, which may adversely affect Ricoh’s reputation. In addition, Ricoh may incur significant expenses for defending any lawsuits that may arise from such claims. Furthermore, the leakage or disclosure of Ricoh’s confidential or sensitive marketing and technological information to a third party may adversely affect Ricoh’s financial results and condition.

(16) Influence of disasters or other unpredictable events

Ricoh will do its utmost to ensure the continuation of business activities and fulfill its social responsibilities as a corporate citizen in the event of an earthquake, fire, hurricane, flood, and other natural disasters, pandemic of a new strain of influenza or other unpredictable events. Measures taken to mitigate such risks include periodic inspections of equipment and facilities, conducting disaster drills, implementation of systems to confirm employee safety and formation of a business continuity plan. In spite of these measures, however, in the event of an earthquake on a scale beyond our assumptions or other disasters or events that may temporarily suspend operations could adversely affect Ricoh's financial results and condition.

5. MATERIAL AGREEMENTS, ETC.

The following table lists some of the important patent and licensing agreements which the Company is currently a party to:

Counterparty	Country and Region	Summary of the Contract	Contract Term
International Business Machines Corporation	USA	Comprehensive cross license patent agreement relating to the information processing technology area (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
ADOBE Systems Incorporated	USA	Patent licensing agreements relating to development on printer software and sales (the counterparty as the licensee)	January 1, 1999 to March 31, 2015
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement relating to computer image analysis and other products (the counterparty as the licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
Canon Inc.	Japan	Patent licensing agreement relating to office equipment (reciprocal agreement)	October 1, 1998 to expiration date of the patent subject to the agreement
KYOCERA Document Solutions Inc.	Japan	Patent licensing agreement relating to method of controlling multi function peripheral (the Company as the licensor)	January 1, 2012 to December 31, 2018
KYOCERA Document Solutions Inc.	Japan	Patent licensing agreement relating to facsimile functions (the Company as the licensor)	June 1, 2012 to May 31, 2017
Sony Corporation	Japan	Patent licensing agreements relating to optical disks (the Company as the licensor) and digital cameras (reciprocal agreement)	April 1, 2009 to March 31, 2018
Brother Industries, Ltd.	Japan	Patent licensing agreement relating to digital photography (the Company as the licensor)	October 1, 2009 to September 30, 2014
Quantum Storage Inc.	Taiwan	Patent licensing agreement relating to optical disc (the Company as the licensor)	February 22, 2011 to February 22, 2016
Hewlett-Packard Company	USA	Comprehensive cross license patent agreement relating to the document processing system area (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement

6. RESEARCH AND DEVELOPMENT

Since its formation, Ricoh's basic management philosophy has been to contribute to society by developing and providing innovative and useful products with an emphasis on the relationship between people and information. Based on this management philosophy, Ricoh undertakes a variety of R&D activities to develop new technologies, products and systems to facilitate better communication. Ricoh Institute of Technology functions as the headquarters of Ricoh's R&D activities, which are conducted at its R&D bases throughout Japan and certain satellite R&D bases overseas. Ricoh conducts a wide range of R&D activities, from seeds research (i.e., early stage research) to research in elemental technologies, product applications and manufacturing technologies, including environmental technologies.

In Japan, Ricoh conducts basic and advanced research in connection with optical technologies, new materials, devices, information electronics, environmental technologies and software technologies as well as elemental development for new products. In addition, Ricoh has established satellite R&D bases in the United States, China and India through which it conducts R&D activities that focus on developing products that can be marketed globally and that take into consideration the needs of such particular geographic area. All aspects of Ricoh's research efforts are focused on developing products and services that are suitable for the new work environment. Ricoh also engages in R&D activities to protect the environment in every stage of each of its products' life cycles to realize Ricoh's three core values of "harmonizing with the environment (i.e., reducing and minimizing environmental impact)," "simplifying your life and work (i.e., enhancing user friendliness and striving towards simplification)," and "supporting knowledge management (i.e., offering solutions to process information)."

Ricoh will pursue R&D from innovative technology development to create comfortable 21st century work style and to provide innovative value added products and services that delight our customers.

With the adoption of IFRSs, part of the development cost incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh's consolidated R&D expenditures were approximately ¥116.2 billion, included the development costs which were treated as intangible assets of ¥21.9 billion.

(1) Imaging & Solutions

Ricoh's R&D activities in the Imaging & Solutions segment include, but not limited to the development of (1) digital electrophotographic technology for copiers, printers and production printing products, (2) supply technology, (3) precision optical components, (4) imaging data processing technology, (5) inkjet technology, (6) next-generation image producing engines, (7) cutting edge software technology and (8) applications for the advancement of IT solutions.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2014 are as follows.

<u>MFPs</u>

a) RICOH MP C3003/MP C3503/MP C4503/MP C5503/MP C6003 series digital full-color MFPs

   Ricoh has renewed its lineup of 30-60 pages per minute full-color MFPs. These environmental friendly printers offer connectivity to a range of cloud services for scanning document storage and mobile printing. Some models are offered with a touch panel that provides the functionality and performance of today's Smartphones and tablets. Furthermore, new technologies introduced in these models such as the light-weight compact engines and color QSU (Quick Start-up) technology have contributed to reducing the size and the improving the energy efficiency of our products, achieving top class energy-efficiency in the industry.

b) RICOH MP C1803/MP C2503 series digital full-color MFPs

   Ricoh has also introduced the entry-level models RICOH MP C1803/MP C2503 (18 and 25 page per minute) with similar user and environmentally friendly features as the RICOH MP C3003/MP C3503/MP C4503/MP C5503/MP C6003 series. These models offer connectivity to cloud services and compatibility to various paper size and weight. Along with this series, Ricoh has launched a total of seven full-color MFPs (24 model variations offered in the domestic market) ranging from entry-level to high-speed. Ricoh has also introduced a safe and environmentally friendly staple less stapler finisher option, which allows users to bind paper without using staples. Ricoh is the first in the industry to offer this product.

c) RICOH MP 2553/MP 3353 series digital monochrome MFPs

Ricoh has also introduced the RICOH MP 2553/MP 3353 series with improved usability and energy-saving features. Home Screen can be personalized with one-click icons for commonly used tasks, including copying, scanning and faxing. Furthermore, by integrating with various cloud services, documents stored in the MFP can be viewed and delivered through mobile devices, providing a solution to the changing work style.

Production printers

a) RICOH Pro C5100S/C5110S series color production printers

These models have been introduced to strengthen Ricoh's color production printer lineup. These models offer variety of solutions to the commercial printing industry and office environment that require print-on-demand (POD) capabilities, in-house printing needs of various customers, and printing of comprehensive layouts ("comps") for the design and advertising industry.

These models come standard with Ricoh's revolutionary Vertical Cavity Surface Emitting Laser (VCSEL) technology and PxP-EQ Toner technology to deliver high-quality output to suit the needs of printing professionals.

b) RICOH Pro 8100S/8110S/8120S series monochrome production printers

These models have been introduced to strengthen Ricoh's monochrome production printer lineup. These models produce up to 135 black-and-white pages per minute for incredible throughput. Although these are black-and-white models, they are equipped with the VCSEL technology used in color production printers. This technology and the high-quality Granular toner technology enable these models to produce brilliant outputs. These models deliver enhanced media handling and precision front-to-back registration control to maintain exceptional alignment on each page for booklets, postcards and other two-sided documents.

c) RICOH Pro L4130/L4160 wide format color printers

The RICOH Pro L4130/L4160 wide format color printers can produce posters, signs, banners, wall coverings, wraps and more for indoor or outdoor advertising and point-of-sale displays. Ricoh introduced these models to further expand coverage in the production printing market. The aqueous latex ink allows not only printing on paper and cloth, but also on various array of substrates, including plastic, vinyl, clear film, backlit materials and more. The aqueous latex ink is also environmentally friendly contributing to low levels of VOC (Volatile Organic Compound).

Printers

a) RICOH SP C251/C250L A4 color laser printers

These models are equipped with standard wireless LAN capabilities and support printing from mobile devices. By using the free application "RICOH Smart Device Print&Scan", documents of various formats such as web pages, photos, PDF data and others can be printed easily and securely from mobile devices and will help in supporting work styles not bound by the constraints of location.

b) RICOH SG 3120B SF battery powered A4 GELJET MFPs

Even during an event of a disaster without any electricity, this model equipped with lithium-ion batteries can be used to support business continuity. Also, besides such emergencies, these models can be used with ease during events or other situations without the hassle of finding electricity and to reduce electrical cord clutter.

Network Solution

a) RICOH PJ WX4141NI/WX4141N/WX4141 ultra-short throw projector

These are the successor models to the PJ WX4130N/WX4130J. The projection system projects high-quality, high-definition images onto flat surfaces from only inches away. It produces at least 3,300 lumens for exceptional clarity even when projecting in a bright environment. The projector can be set on the edge of a table or near a wall, or have it permanently installed and can be used in various situations such as in classrooms or as a signage.

b) RICOH Unified Communication System P1000

Ricoh commercialized the all-in-one portable communication system, the RICOH Unified Communication System (UCS) P1000. This portable unit equipped with an LCD display and battery operated requires no external power source, allowing for simple and easy visual communication in places where there is little or no power.

c) RICOH Smart Presenter

RICOH Smart Presenter is an easy-to-operate paperless meeting solution lets user present and participate in meetings on multiple devices during board gatherings, workshops, training seminars and lectures. This paperless meeting solution minimizes print costs, engages participants and helps protect the integrity of confidential information. The RICOH Smart Presenter was initially running on Apple iPad and iPhone products but was upgraded to support web browsers for Windows. Further enhancements have been made to the system from the initial launch such as increasing the number of documents files per meeting and improved usability of functions such as zoom-in, zoom-out.

The R&D expenditures in the Imaging & Solutions segment were approximately ¥92.3 billion.

(2) Industrial Products

Industrial Products consists of development for use in the industrial segment, which include but are not limited to FA cameras, lens, rewritable laser system and voltage regulator for automotive applications.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2014 are as follows.

a) RICOH Extended Depth of Field Cameras used for production line inspection

Due to the synergy of Ricoh's optical design and image-processing technology, the new industrial cameras have roughly three times the depth of field of previous models. This feature allows subject in both the foreground and background stay in focus, so there is no need to readjust the focus or the subject and camera positions. This camera is ideal for inspections that in the past were performed by multiple cameras and by visual inspections and can contribute to higher productivity and cost reductions. An extensive line-up allows for customers to select from a variety of camera and lens combinations based on one’s requirement.

b) Lenses for Machine Vision – RICOH FL Series

Ricoh introduced FL series manual-iris lens for image processing data capture at 2 mega-pixels that can be used for a variety of applications. These lenses greatly reduce distortion that causes problems in image measurement and recognition and deliver great results for high-precision manufacturing inspection (chip mounters, wafers, electronic substrates, etc.).

c) Rewritable Laser System

Ricoh established a technology that can rewrite physical distribution labels pasted on tote containers with no contact and at high speed about 1,000 times. The labels can be used repeatedly for five years or more under severe outdoor conditions; this contributes greatly to reduced environmental impact and cost. This rewritable laser system won the Technology Prize from the Imaging Society of Japan in 2013.

The conventional rewritable recording medium for cards cannot meet high light stability demands against direct sunlight for outdoor physical distribution applications. This system has solved the problem with outdoor application under severe conditions using a unique technology. The solution has also made rewritable recording technology applicable for use in physical distribution.

Ricoh established a laser beam scanning control technology, which can draw high-quality character images without the excessive rise in temperature. By using a rewritable laser marker that incorporates with this technology, repetitive durability is achieved in addition to improved visibility allowing for repeated printing and erasure of about 1,000 times on a rewriteable laser medium. This technology has helped to significantly improve durability from previous thermal recording methods. The rewritable laser system not only allows for a broader range of application of thermal rewriteable technology, but has been highly appraised as a technology for reducing CO2 emission, thereby helping to protect the environment.

d) R1513S Series Voltage Regulator for Automotive Applications

Ricoh was the first in the industry to introduce the "R1513S" series CMOS-based voltage regulator (VR) that is specifically designed for automotive applications featuring 300 mA output current and 36 V input voltage. Internally, the R1513S consists of a fold-back protection circuit, a short current protection circuit and a thermal shutdown circuit in addition to the basic regulator circuit.

The performance is specified for 25°C with ±0.8% output voltage accuracy and for the −40°C to 125°C temperature range with ±1.0% output voltage accuracy. The operating temperature range is −40°C to 125°C and the maximum input voltage is 36 V.

All these features make the R1513S ideal for power source for car accessories and electronic control units in automotive vehicles.

The R&D expenditures in the Industrial Products segment were approximately ¥5.1 billion.

(3) Other (Consumer segment)

Other consists of developments in the area of imaging system technology, which include but are not limited to image input devices such as the “THETA” and digital cameras.

<New input devices>

a) Ricoh Theta (Imaging Device for Fully Spherical Imagery)

Ricoh introduced the RICOH THETA, the world’s first mass-produced imaging device that encapsulates fully spherical scenes with one shot. The RICOH THETA features a proprietary ultra-small twin-lens folded optical system that captures the scene around, above and below the device in one shot for unprecedented, fully spherical images. Fitting easily in a pocket or the palm of a hand, the slim, lightweight (95-gram). The RICOH THETA enables people to capture, discover, explore and share their creativity with other people.

<Digital cameras (Ricoh Imaging Company, Ltd.>

b) Ricoh GR digital compact camera

Ricoh launched the GR compact digital camera as a successor model to the GR Digital IV, with improved basic features and functions along with inheriting the concept of the GR brand since the launch of the first GR Digital model. The newly designed lens provides high resolution images with edge-to-edge sharpness and the combination of APS-C size CMOS sensor, advanced GR ENGINE V imaging engine and the anti-aliasing filterless design produces supremely high resolution, color-rich images with depth and beautiful Bokeh effects.

c) Smallest and lightest interchangeable lens system in the world – PENTAX Q-7

PENTAX Q-7 is the high-end model in the Q series lineup of interchangeable lens system. This model is not only one of the smallest interchangeable lens system that can fit comfortably in the palm of your hand, but can also produce beautiful high quality pictures with the back-illuminated CMOS image sensor upgraded from the previous model.

d) High quality digital SLR photography for beginning digital SLR users – PENTAX K-50

This is the first entry level model digital SLR to be equipped with reliable weather-resistant, dustproof body as well as having the basic specifications that rival many upper-class models.

e) Top performance K series digital SLR camera – PENTAX K-3

Developed to be the flagship of the PENTAX K digital SLR camera series, this new model features a host of advanced functions and user-friendly features to optimize image quality, operability and maneuverability under demanding shooting conditions in the field.

f) Outdoor waterproof compact cameras – RICOH WG-4/RICOH WG-4 GPS

The RICOH WG-4 and RICOH WG-4 GPS digital compact cameras were introduced to the market as the high-end models of the renewed WG-series lineup. These models assure exceptional waterproof and shock-resistant performance and high-quality shooting in the outdoors and in the water.

The R&D expenditures in the Other segment were approximately ¥1.1 billion.

In addition, Ricoh continues to engage in the development of its fundamental research fields, which focus on R&D activities that can be applied to various products and that are difficult to categorize into a specific operating segment. Such R&D activities include R&D in nanotechnology, micro electro mechanical system (MEMS), general technologies in measuring, analysis and simulation, new materials and devices, next-generation image display technologies, manufacturing technology, system software modules, photonics technology for high speed and high quality image processing and environmental technologies.

The R&D expenditures relating to fundamental research field were approximately ¥17.7 billion.

7. ANALYSES OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS

(1) Significant Accounting Policies

The consolidated financial statements of Ricoh are prepared in accordance with International Financial Reporting Standards ("IFRSs"), under the provision of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" issued by the Japanese Financial Services Agency (FSA). Ricoh evaluates its estimates based on historical experience and other assumptions that are believed to be reasonable.

For a summary of the significant accounting policies, refer to "V. Financial Information – Notes to Consolidated Financial Statements – 3. Significant Accounting Policies".

(2) Business results

Sales

Consolidated sales of Ricoh increased by ¥309.7 billion (+16.4%) to ¥2,195.6 billion. Increase in sales was achieved in all segments (Imaging & Solutions, Industrial Products and Other). Sales would have increased by 4.3% compared to the previous corresponding period when excluding the impact of such foreign currency exchange fluctuation.

Sales in the Imaging & Solutions segment increased due to strong sales from our newly launched color MFP lineup and the depreciation of the yen against the U.S. dollar and euro during the period. Furthermore, sales increased in the production printing category due to strong sales achieved through new models and the increase in supplies and after-service revenue. The strong demand of personal computers and related products and continuous investments into key growth areas including the acquisition of IT services companies have contributed to the increased sales in the Network System Solutions category.

Sales in the Industrial Products segment increased due to increase in sales in our optical unit business and semiconductors overseas.

Sales in the Other segment increased due to sales increases from our financing business and the strong demand in the domestic market for our digital cameras especially through the sales of our newly released models.

Cost of sales

Consolidated cost of sales increased by ¥186 billion (+16.4%) to ¥1,322.4 billion. This was achieved due to increase in sales and the weakening trend of the yen.

Gross profit

Consolidated gross profit increased by ¥123.6 billion (+16.5%) to ¥873.2 billion. This was mainly due to increase in sales, the weakening trend of the yen and the streamlining of costs.

Selling, general and administrative expenses

Consolidated selling, general and administrative expenses increased by ¥76.8 billion (+11.4%) to ¥752.8 billion. Although group-wide activities to streamline costs have contributed in controlling selling, general and administrative expenses, these expenses have increased due to depreciation of the yen.

Operating profit

Consolidated operating profit increased by ¥46.7 billion (+63.6%) to ¥120.3 billion. Sales and gross profit increased due to the weakening of the yen and activities to streamline costs have all contributed to the increase in operating income during this period.

Profit before income tax expenses

Consolidated profit before income tax expenses increased by ¥49.9 billion (+73.4%) to ¥118 billion. In addition to the increase in operating profit, increase in finance income from the sale of securities contributed to the increase in profit before income tax expenses.

Income tax expenses

Total consolidated income tax expenses increased by ¥15.3 billion to ¥39.6 billion. The effective tax rate during the fiscal year was 34% (Effective tax rate during the previous year was 36%). The difference between the effective tax rate and the normal effective statutory tax rate of 38% is arising from the effective tax rates applied by our overseas consolidated subsidiaries and the decrease in unrecognized deferred tax assets.

Profit attributable to owners of the parent

Profit attributable to owners of the parent increased by ¥33.9 billion to ¥72.8 billion.

(3) Liquidity and Capital Resources

Cash flows

Operating Cash flows

Net cash provided by operating activities increased by ¥9.5 billion to ¥146.8 billion primarily due to (1) the depreciation of the yen against the U.S. dollar and the euro towards the end of fiscal year, which contributed to an increase in cash collections from overseas sales, (2) the surge in demand during the end of the fiscal year and redefined business terms led to increase in trade payables, and (3) the decrease in inventory achieved through activities taken by the Company to minimize inventory.

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Investing Cash flows

Net cash used in investing activities increased by ¥1.1 billion to ¥122.9 billion. Net cash used in investing activities consisted mainly of ¥72.9 billion of expenditures for tangible fixed assets, ¥35.0 billion of expenditures for intangible fixed assets and ¥16.8 billion for business acquisitions. Expenditures for tangible fixed assets consisted primarily of increases in the production capacity and improvement of the production efficiency for office equipment, network system and purchase of rental assets. Expenditures for business acquisitions consisted primarily of the acquisition of mindSHIFT Technologies, Inc.

Financing Cash flows

Net cash used in financing activities consisted primarily of ¥114.6 billion to repay long-term debt and ¥23.9 billion to pay dividends, which were partially offset by ¥40.0 billion of proceeds received from the issuance of bonds and ¥149.3 billion of proceeds received from the issuance of long-term indebtedness.

Cash and Asset-Liability Management

Ricoh has in recent years tried to achieve greater efficiencies in the utilization of cash balances held by its subsidiaries pursuant to its policy of ensuring adequate financing and liquidity for its operations and growth, and maintaining the strength of its balance sheet. One method that Ricoh has implemented to achieve greater efficiency is building up its group cash management system in Japan, the United States and Europe. This cash management system functions as an arrangement whereby Ricoh's funds are pooled together and cash resources are lent and borrowed from one group company to another company, with finance companies located in Japan, the United States, the United Kingdom and the Netherlands coordinating this arrangement.

Ricoh also enters into various derivative financial instrument contracts in the normal course of its business and in connection with the management of its assets and liabilities. Ricoh enters into is interest rate swap agreements to hedge against the potentially adverse impacts of cash flow fluctuations on its outstanding debt interests. Ricoh uses these derivative instruments to reduce its risk and to protect the market value of its assets and liabilities in conformity with Ricoh's policy. Ricoh does not use derivative financial instruments for trading or speculative purposes, nor is it a party to leveraged derivatives.

Sources of Funding

Ricoh's principal sources of funding are a combination of cash and cash equivalents on hand, various lines of credit, the issuance of commercial paper and long-term debt securities. In assessing its liquidity and capital resources needs, Ricoh places importance on the balances of cash and cash equivalents in the balance sheet and operating cash flows in the cash flow statements.

As of March 31, 2014, Ricoh had ¥140 billion in cash and cash equivalents and ¥737.9 billion in aggregate borrowing facilities. Of the ¥737.9 billion in aggregate borrowing facilities, ¥620.7 billion was available to be borrowed by Ricoh as of March 31, 2014. The Company has committed credit lines with bank having credit ratings satisfactory to Ricoh in the aggregate amount of ¥50 billion. Also, Ricoh Leasing Co., Ltd. has committed credit lines with several banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥50 billion. These committed credit line amounts of the Company and Ricoh Leasing Co., Ltd. are included in the ¥737.9 billion figure for aggregate borrowing facilities. Ricoh may also borrow up to its borrowing limit from financial institutions under the interest rates of each respective market. The loans offerred by these financial institutions are mostly unsecured loans.

The Company, Ricoh Leasing Co., Ltd. and certain overseas subsidiaries raise capital by issuing commercial paper, medium term notes and long-term debt securities in various currencies. Ricoh Leasing Co., Ltd. and certain overseas subsidiaries of the Company issue commercial paper to meet their short-term funding requirements. Utilization of such capacity depends on Ricoh's financing needs, investor demand and market conditions, as well as the ratings outlook for Ricoh's securities. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 0.09% to 0.25%, interest rates for bank loans ranged from 0.46% to 10.50% and interest rates for long-term debt securities ranged from 0.15% to 7.30% during fiscal year 2014. For fiscal year 2014, the Company and its subsidiaries did not have any medium-term note programs. Furthermore, Ricoh utilizes a cash management system in Japan, the United States and Europe to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc. ("S&P"), Moody's Investors Services ("Moody's"), and another local rating agency in Japan. As of March 31, 2014, S&P assigned long-term and short-term credit ratings for the Company of A and A-1, respectively, and Moody's assigned a short-term credit rating for the Company of P-1.

As is customary in Japan, substantially all of the bank loans are subject to general agreements with each lending bank which provide, among other things, that the bank may request additional security for loans if there is reasonable and probable cause for the necessity of such additional security and the bank may treat any security furnished, as well as any cash deposited in such bank, as security for all present and future indebtedness. The Company has never been requested to furnish such additional security.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year 2014. Even if there were a decrease in cash flows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing borrowing facilities would be sufficient to finance its anticipated operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of existing businesses and the development of new projects through its access to the financial and capital markets. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations will not significantly affect Ricoh's liquidity, mainly due to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cash flow generated from its operating activities and group-wide cash management system.

Ricoh expects that its capital expenditures for fiscal year 2014 will amount to approximately ¥89.0 billion, which will principally be used for investments in manufacturing facilities and rationalization of production in mainly the Imaging & Solutions segment and the Industrial Products segment. In addition, Ricoh is obligated to repay long-term indebtedness in the aggregate principal amount of ¥176.8 billion during fiscal year 2014, and in the aggregate principal amount of ¥354.2 billion during fiscal years 2015 through 2017.

The Company and certain of its subsidiaries have various employee pension plans covering all of their employees. As described in Note [22] to the Consolidated Financial Statements, the unfunded portion of these employee pension plans amounted to ¥124.5 billion as of March 31, 2014 and was recorded as liability on the Consolidated Statement of Financial Position of Ricoh as of March 31, 2014. The amounts contributed to pension plans for fiscal years 2012 and 2013 were ¥13.4 billion and ¥17.8 billion, respectively.

(4) Medium and Long Term Management Strategy

The business environment surrounding Ricoh has drastically changed in the past several years and we are currently at a turning point for our core Imaging & Solutions business. ystem.

In developed countries, the demands for copiers and MFPs have become stagnant. More information is processed in the office environment than ever before, but the increase in the information communicated is handled more through the Internet by devices such as smartphones and tablet PCs. This has increased the variations in the way we print. Furthermore, amid heightened cost consciousness since the world financial crisis, combined with the development of cloud computing, the values sought by customers are shifting towards an emphasis on "owning products" in addition to "using services". It is becoming increasingly difficult to respond adequately to customer demands through product function and price alone.

Ricoh has launched the 17th Mid-Term Management Plan that runs from April 2011 to March 2014, which defines "business creation and integration" and "establishment of highly efficient management" as its two basic strategies to adapt to these changes and worked on these strategies.

For "business creation and integration", aiming for "regeneration", we implemented measures to reinforce the earning power through core businesses, to create new profit models in current core businesses and to accelerate development for new growth businesses.

With regard to the "establishment of highly efficient management", we are reconstructing our corporate systems in order to build an organization that can maintain accelerated business growth while properly responding to any changes in the business environment. Also in order to improve resource efficiency, we are reviewing our business processes and our allocation of human resources. We are also conducting a full analysis of all business activities, and advancing structural reform. The performance for this fiscal year on our core strategies are as follows:

Business Creation and Integration

In the Imaging & Solutions segment, we introduced a full line-up of products that will contribute to the increase in productivity and reduction of total cost of ownership (TCO) for our customers.

With regard to our digital full-color MFPs, we renewed our product lineup with the introduction of the RICOH MP C6003/C5503/C4503/C3503/C3003 series featuring outstanding environmental performance and mobile and cloud compatibility. Some models are equipped with MultiLink-Panel, a next generation user interface that makes intuitive operation possible. Furthermore, exhaustive attention to environmental friendliness in the design has substantially reduced the typical amount of electricity consumed, thus contributing to reduction of total cost of ownership (TCO).

For digital monochrome MFPs, we introduced eight models under the RICOH MP 3353/2553 series. Operations are enhanced with the newly adopted home screen that can be customized for each user. In addition, connection to various cloud services allows the user to see or send received documents outside the office using a smart device, thus contributing to changing work styles of customers.

As for printers, we introduced the RICOH SP C251/C250L, an A4 color laser printer newly equipped with a wireless LAN function as a standard feature and compatible with smart device output, and the RICOH SP 2100L, a monochrome laser printer that achieves outstanding cost performance and environmental performance.

In addition, for GELJET MFPs, we introduced the RICOH SG 3120B SF, which is equipped with a lithium-ion battery to support business continuity even in the event of a power supply interruption during a disaster.

With regard to our other offerings, we introduced our desk edge/short throw projectors RICOH PJ WX4141NI/WX4141N/WX4141. These projectors feature increased brightness that allows for clear displays even in bright environments, and can be mounted on walls, making them useful for a wider range of contexts such as classrooms and signage.

Furthermore, the RICOH Unified Communication System P1000 was launched as a new portable terminal for remote visual communication. Equipped with a display and built-in battery, this product makes it even easier to conduct visual communication in remote regions or via mobile.

We expanded Managed Document Services (MDS)* and IT services that range from the introduction of IT to providing solutions including security and business continuity, and supported customers in improving their productivity. In addition, we expanded the services business base of Ricoh globally with the acquisition of mindSHIFT Technologies, Inc., an American IT services company.

*Managed Document Services (MDS)
A service which undertakes the outsourcing of customers' document administration in order to realize cost reductions and improve productivity. This service visualizes and analyzes operations such as document creation, utilization, and storage, and proposes improvements that lead to solutions for challenges faced by our customers.

In the emerging markets, in Turkey we acquired Saral Buro Pazarlama Limited Sirketi, Merkezi, a distributor of office equipment and production printers, and Ofisteknik A.S. and Ofisteknik LTD., which are engaged in sales of office equipment and document related services in order to solidify our direct sales structure in Turkey, which we consider a key emerging market. We are continuously aiming to further expand our business in the emerging markets.

In production printing, in addition to strengthening the product lineup of color printers and monochrome printers in the RICOH Pro series, we reorganized the domestic sales function in order to further strengthen and streamline the business. Furthermore, as part of enhancing the lineup of solutions offered to customers in the production printing market, we invested in and formed an alliance with Avanti Computer Systems LTD., a major systems vendor.

With regard to new business development, we introduced the RICOH THETA, the world's first imaging device that makes it possible to encapsulate fully spherical scenes surrounding the photographer with a single shutter release. Photographers can encounter a new imaging experience which captures everything and everyone around them in an instant, and images that go beyond the photographer's intentions or predictions, as well as enjoying sharing novel, fully spherical images with people around the world.

In the Industrial Products segment, we introduced an Extended Depth of Field Camera that is optimal for use in inspections on manufacturing lines, etc., allowing for cost reductions and higher productivity. In addition, we expanded our product lineup with the introduction of six models in the RICOH FL series of Manual Iris Lenses, and promoted sales expansion in the FA camera market segment. In addition, in the thermal business, we reinforced our production line of thermal paper for high added-value applications in response to an increase in demand in the North American market, and with a view to newly establishing our presence in Central and South American markets.

As for the Consumer segment, we continue to strengthen our consumer product lineup with the introduction of cameras including the world's smallest class PENTAX Q7, the entry level K-50 and top of the line PENTAX K-3 in the series of digital SLR cameras; the GR, the compact digital camera with the highest picture quality in the GR series; and the RICOH WG-4/RICOH WG-4 GPS for those who enjoy taking photographs outdoors.

Establish Highly Effective Management

In order to steadily achieve performance targets and build a robust management structure for further growth under severe business environment, Ricoh has implemented various initiatives. This includes initiatives such as drastically reducing expenses, streamlining overlapping operations and shifting of personnel to growth areas, as well as an exhaustive review of all operations.

III. PROPERTY, PLANTS AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2014 was ¥72,993 million. A breakdown of capital investment by segment is as follows:

	Millions of Yen			
	For the year ended March 31, 2013	For the year ended March 31, 2013	Change	Change (%)
Imaging & Solutions	68,564	63,791	(4,773)	(7.0)
Industrial Products	5,386	2,415	(2,971)	(55.2)
Other	3,866	5,510	1,644	42.5
Corporate	1,471	1,277	(194)	(13.2)
Total	79,287	72,993	(6,294)	(7.9)

(Notes)1. These investments were mostly financed with Ricoh's own capital or debt payable.
2. The figures in the above table do not include the consumption tax, etc.
3. A breakdown of capital investment of each segment is as follows:
Imaging & Solutions... ¥22,827 million for increase in the production capacity and improvement of the production efficiency, ¥17,375 million for purchase of rental assets, and so on.
Industrial Products…¥842 million for the improvement of the manufacturing facilities of thermal media, ¥764 million for the improvement if the manufacturing facilities of optical equipment, and so on.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Ohmori Plant (Tokyo)	Corporate and Imaging & Solutions	Development facilities	6,320	289	120 (17)	6,729	996
Ricoh Technology Center (Kanagawa)	Imaging & Solutions	Development facilities	20,300	1,870	4,944 (89)	27,114	3,411
Atsugi Plant (Kanagawa)	Imaging & Solutions	Manufacturing facilities for office equipment	2,988	399	2,011 (98)	5,398	881
Numazu Plant (Shizuoka)	Imaging & Solutions and Industrial products	Manufacturing facilities for supplies	9,081	9,503	1,194 (128)	19,778	933
Fukui Plant (Fukui)	Imaging & Solutions and Industrial products	Manufacturing facilities for supplies	1,378	1,943	1,120 (93)	4,441	123
7th plant at Ricoh Industries Co., Ltd. . (Miyagi)	Imaging & Solutions	Manufacturing facilities for supplies	1,442	11,075	- (-)	12,517	-
Ikeda Plant (Osaka)	Industrial Products	Manufacturing facilities for semiconductor	1,875	751	98 (19)	2,724	589
Yashiro Plant (Hyogo)	Industrial Products	Manufacturing facilities for semiconductor	1,853	719	2,005 (115)	4,577	249
Head Office (Tokyo)	Corporate and Imaging & Solutions	Other equipment	1,480	335	- (-)	1,815	2,407
Research & Development Center (Kanagawa)	Basic R&D	Other equipment	1,247	1,097	3,200 (17)	5,544	463
System Center (Tokyo)	Corporate	Other equipment	1,021	166	318 (4)	1,505	178
Ginza Office (Tokyo)	Imaging & Solutions	Other equipment	554	44	3,396 (11)	3,994	-
Shin-Yokohama office (Kanagawa)	Imaging & Solutions, Industrial products and Other	Other equipment	196	315	- (-)	511	748

(2) Domestic subsidiaries

(As of March 31, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Ricoh Optical Industries Co., Ltd (Iwate).	Industrial products	Manufacturing facilities for optical equipment	1,639	1,058	331 (41)	3,028	559
Ricoh Industries Co., Ltd. (Kanagawa)	Imaging & Solutions	Manufacturing facilities for office equipment	9,295	5,827	1,223 (168)	16,345	2,401
Ricoh Elemex Corporation (Aichi)	Imaging & Solutions, Industrial products and Other	Manufacturing facilities for office equipment and others.	1,886	2,118	3,246 (546)	7,250	617
Ricoh Japan Corporation (Tokyo)	Imaging & Solutions	Other equipment	3,977	8,431	3,641 (80)	16,049	10,362
Ricoh Technosystems Co., Ltd. (Tokyo)	Imaging & Solutions	Other equipment	882	2,553	74 (2)	3,509	6,672
Ricoh Logistics System Co., Ltd (Tokyo)	Imaging & Solutions and Other	Distribution warehouse and vehicles	2,711	1,742	155 (21)	4,608	1,556
Ricoh Leasing Co., Ltd. (Tokyo)	Imaging & Solutions and Other	Other equipment	153	8,817	- (-)	8,970	668
Ricoh Imaging Co., Ltd. (Tokyo)	Other	Other equipment	385	843	1,501 (5)	2,729	451

(3) Overseas subsidiaries

(As of March 31, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Ricoh Electronics, Inc. (U.S.A.).	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	1,746	6,114	2,149 (186)	10,009	802
Ricoh UK Products Ltd. (U.K.)	Imaging & Solutions,	Manufacturing facilities for office equipment.	346	1,191	125 (210)	1,662	665
Ricoh Industrie France S.A.S. (France)	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	755	3,458	56 (209)	4,269	870
Ricoh Asia Industry (Shenzhen) Ltd. (China)	Imaging & Solutions	Manufacturing facilities for office equipment.	875	1,052	- [48]	1,927	4,389
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Imaging & Solutions	Manufacturing facilities for office equipment	2,016	566	- [59]	2,582	1,054
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Imaging & Solutions	Manufacturing facilities for office equipment	2,120	978	439 (119)	3,537	1,488
Ricoh Components & Products (Shenzhen) Co., Ltd. (China)	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	758	2,448	- (-)	3,206	3,629
Ricoh Asia Pacific Pte Ltd and other 19 sales subsidiaries in Other area	Imaging & Solutions, Industrial products and Other	Other equipment	613	9,856	81 (49)	10,550	6,927
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Industrial products	Manufacturing facilities for supplies	1,010	1,591	- [41]	2,601	311
Ricoh Americas Corporation and other 45 sales subsidiaries in Americas	Imaging & Solutions, and Other	Other equipment	1,542	13,762	519 (247)	15,823	29,157

Ricoh Europe Holdings PLC and other 53 sales subsidiaries in Europe	Imaging & Solutions, and Other	Other equipment	972	19,987	- (-)	20,959	16,741
Ricoh Imaging Products(Vietnam) Corporation (Vietnam)	Other	Manufacturing facilities for others	933	469	- (-)	1,402	893

(Notes)
1. The figures in the above table do not include the consumption tax, etc.
2. The tables above do not include construction in progress.
3. Apart from above, Ricoh owns the Gotenba plant which is currently in idle (having Land of ¥2,397 million (101 m^2), buildings of ¥1,052 million and machinery and equipment of ¥13 million).
4 The facilities of 7th plant at Ricoh Industries Co., Ltd. are owned by the Company but the manufacturing is performed under a consignment agreement with Ricoh Industries Co., Ltd. Furthermore, the majority of office space in the Ginza office is leased out to the Company's subsidiaries.
5 The disclosures for Ricoh Logistics System Co., Ltd, Ricoh Leasing Co., Ltd., Ricoh Electronics, Inc. and Ricoh Europe Holdings PLC are based on consolidated figures.
6 The land used by Ricoh Asia Industry (Shenzhen) Ltd., Shanghai Ricoh Digital Equipment Co., Ltd. and Ricoh Thermal Media (Wuxi) Co., Ltd. are leased from third parties and disclosed within the [ ] brackets.

3. PLANS FOR CAPITAL INVESTMENT, DISPOSALS OF PROPERTY, PLANTS AND EQUIPMENT, ETC.

The amount of capital investment for the fiscal year ending March 31, 2015 will be ¥89,000 million, and a breakdown by segment is as follows:

	Millions of Yen For the year ending March 31, 2015	Main purpose of investment
Imaging & Solutions	74,370	Increase production capacity and streamline production of office equipment, etc.
Industrial Products	9,230	Increase production capacity and streamline production of thermal media products , etc.
Other	4,300	Increase production of digital cameras ,etc.
Corporate	1,100	Improve information system, etc.
Total	89,000	

(Notes)1. These investments will be mostly financed with Ricoh's own capital or debt payable.

2. There are no plans for the disposal or sale of major facilities, excluding the disposal and sale of facilities for regular updating.

3. The figures in the above table do not include the consumption tax, etc.

4. A breakdown of capital investment of each segment is as follows:

Imaging & Solutions... ¥26,370 million for increase in the production capacity and improvement of the production efficiency, ¥17,900 million for purchase of rental assets, etc.

Industrial Products…¥3,200 million for the improvement of the manufacturing facilities of thermal media, ¥2,400 million for the improvement if the manufacturing facilities of optical equipment, etc.

IV. INFORMATION ON THE COMPANY

1. INFORMATION ON THE COMPANY'S STOCK, ETC.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,500,000,000
Total	1,500,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) March 31, 2014	Number of shares issued as of the filing date (shares) June 26, 2014	Stock exchange on which the Company is listed	Description
Common stock	744,912,078	744,912,078	Tokyo, Nagoya, Fukuoka, Sapporo	The number of shares per one unit of shares is 100 shares
Total	744,912,078	744,912,078	-	-

(Notes)1. On October 31, 2013, the Board of Directors of the Company resolved to change the share trading unit size from 1,000 shares to 100 shares. The share unit change is effective January 1, 2014.
2. Ricoh's shares have been delisted from the Euronext Paris Stock Exchange on May 9, 2014.

3) American Depositary Receipts ("ADRs")
American Depositary Receipts ("ADRs") evidencing American Depositary Shares are issued by The Bank of New York Mellon. The normal trading unit is 5 American Depositary Shares. As of March 31, 2014, 265,374 American Depositary Shares were held of record by one institutional registered holder in the United States of America.

(2) Information on the stock acquisition rights, etc.

Not applicable

(3) Information on moving strike convertible bonds, etc.

Not applicable

(4) Information on shareholder right plans

Not applicable

(5) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Change in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Change in capital reserve (Millions of Yen)	Balance of capital reserve (Millions of Yen)
September 1, 2005	-	744,912	-	135,364	1,282	180,804

(Note)
Increase is due to share exchanges for making Ricoh Logistics System Co., Ltd. a wholly owned subsidiary

(6) Shareholders composition

(As of March 31, 2014)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments and business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	0	138	58	612	564	28	33,841	35,241	-
Share ownership (units)	0	3,362,582	207,727	349,327	2,623,274	823	922,848	7,440,581	853,978
Ownership percentage of shares (%)	0	44.84	2.79	4.70	35.26	0.01	13.40	100.0	-

(Note)

Of 19,995,714 shares of treasury stock, 199,957 units are included in the "Individual and others" column, while 14 shares are included in the "Number of shares less than one unit" column.

(7) Major shareholders

(As of March 31, 2014)

Name	Address	Share Ownership (hundred shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	721,329	9.68
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	511,280	6.86
Nippon Life Insurance Company	6-6, Marunouhi 1-chome, Chiyoda-ku, Tokyo	331,215	4.45
The bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	215,735	2,.90
Nipponkoa Insurance Co., Ltd.	7-3, Kasumigaseki 3-chome, Chiyoda-ku	181,984	2.44
The New Technology Development Foundation	26-10, Kitamagome 1-chome, Ota-ku	158,395	2.13
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	147,060	1.97
The Ricoh Employee Shareholding Association	3-6, Nakamagome 1-chome, Ota-ku	125,801	1.69
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku	94,280	1.27
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	83,581	1.12
Total	-	2,570,662	34.51

(Notes)1. The number of treasury stocks (199,957 hundreds of shares) is not included in the chart above.
2. In addition to the above, stakes in the Company include 10,000 hundreds of shares (0.13%) that Nipponkoa Insurance Co., Ltd. owns and has entrusted with The Master Trust Bank of Japan, Ltd. These shares are registered in the name of The Masters Trust Bank of Japan, Ltd. as the owner, but Nipponkoa Insurance Co., Ltd. reserves the right to instruct on exercising voting rights on these shares.

(8) Information on voting rights

1) Issued shares

(As of March 31, 2014)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	-	-	-
Shares with restricted voting right (treasury stock, etc.)	-	-	-
Shares with restricted voting right (others)	-	-	-
Shares with full voting right (treasury stock, etc.)	Common stock 19,995,700	-	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock 724,062,400	7,240,624	Same as above
Shares less than one unit	Common stock 853,978	-	Shares less than one unit of 100 shares.
Number of issued shares	744,912,078	-	-

Total number of voting rights	-	7,240,624	-

2) Treasury stock, etc.

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Ricoh Company, Ltd.	3-6, Nakamagome 1-chome, Ota-ku	19,995,700	-	19,995,700	2.68
Total	-	19,995,700	-	19,995,700	2.68

(9) Details of stock option plans

Not applicable

2. INFORMATION ON ACQUISITION, ETC. OF TREASURY STOCK

Class of shares
Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition of treasury stock resolved at the general meeting of shareholders
Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings
Not applicable

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

(As of March 31, 2014)

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2014	126,583	143,096,632
Treasury stock acquired during the current period	3,639	4,226,541

(Note)
The number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2014 to filing date is not included.

(4) Status of the disposition and holding of acquired treasury stock

(As of March 31, 2014)

Classification	Fiscal year ended March 31, 2014		Current period (Note)	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock which was offered to subscribers	-	-	-	-
Acquired treasury stock which was canceled	-	-	-	-
Acquired treasury stock which was transferred due to merger, share exchange or company split	-	-	-	-
Others (Acquired treasury stock which was sold due to requests from shareholders holding shares less than one unit shares to sell additional shares)	6,531	12,126,876	438	812,928
Total number of treasury stock held	19,995,714	-	19,998,915	-

(Note)
The number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2014 to filing date is not included.

3. DIVIDEND POLICY

Ricoh endeavors to provide stable dividends to its shareholders by boosting profitability. At the same time, Ricoh undertakes to increase retained earnings to reinforce its corporate structure and to cultivate new businesses. Ricoh uses such retained earnings to strengthen its core businesses and invest in new fields with medium- and long-term perspectives.

The appropriation of surplus will be made to shareholders twice a year, at interim and at year-end. The appropriation of surplus at interim is based upon a resolution of the Board of Directors and the distribution of surplus at year-end is decided upon a resolution at the General Meeting of Shareholders.

The dividend per share distributed at interim was ¥16.50 and the total dividend per share at year-end was ¥16.50, for a total of ¥33.00.

The Company intends to use internal reserve funds intensively for the further development of its core businesses and for investment in growing business areas, with medium to long-term objective of achieving prosperity.

The Company provides in its Articles of Incorporation that appropriation of surplus at interim will be made to shareholders of record as of September 30 of each year by a resolution of the Board of Directors.

The appropriation of surplus for the fiscal year ended March 31, 2014 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (October 31, 2013)	11,962	16.50
Ordinary General Meeting of Shareholders (June 20, 2014)	11,961	16.50

4. CHANGES IN SHARE PRICES

(1) Highest and lowest share prices in each of the recent five fiscal years

	Year ended March 31,				
	2010	2011	2012	2013	2014
Highest (yen)	1,473	1,647	977	1,113	1,422
Lowest (yen)	1,089	818	588	486	919

(2) Highest and lowest share prices in each of the recent six months

	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014
Highest (yen)	1,160	1,178	1,189	1,245	1,312	1,305
Lowest (yen)	1,026	952	1,055	1,077	1,075	1,098

(Note)
The share prices are market prices on the first section of the Tokyo Stock Exchange.

5. DIRECTORS AND SENIOR MANAGEMENT

Directors and Audit & Supervisory Board Members of the Company as of June 20, 2014 were as follows:

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
Shiro Kondo (October 7, 1949)	Chairman of the Board and Representative Director	Apr. 1973	Joined the Company
		June 2000	Senior Vice President
		Oct. 2000	General Manager of Imaging System Business Group
		June 2002	Executive Vice President
		June 2003	Managing Director
		Oct. 2004	General Manager of MFP Business Group
		June 2005	Director
		June 2005	Corporate Executive Vice President
		Apr. 2007	Representative Director (Current)
		Apr. 2007	President
		Apr. 2007	CEO (Chief Executive Officer)
		Apr. 2013	Chairman (Current)
		Apr. 2013	Chairman of the Board (Current)
Zenji Miura (January 5, 1950)	Representative Director	Apr. 1976	Joined the Company
		Jan. 1993	President of Ricoh France S.A.
		Oct. 2000	Senior Vice President
		Oct. 2000	General Manager of Finance and Accounting Division
		June 2003	Executive Vice President
		June 2004	Managing Director
		June 2005	Director
		June 2005	Corporate Executive Vice President
		June 2005	CFO (Chief Financial Officer)
		Apr. 2006	CIO (Chief Information Officer)
		Apr. 2006	General Manager of Corporate Planning Division
		Apr. 2009	CSO (Chief Strategy Officer)
		Apr. 2011	Representative Director (Current)
		Apr. 2011	Deputy President
		Oct. 2011	General Manager of Imaging Systems Business Group
		Apr. 2012	Chairman and CEO (Chief Executive Officer) of Ricoh Americas Holdings, Inc.
		May 2012	General Manager of Americas Marketing Group
		Apr. 2013	President (Current)
		Apr. 2013	CEO (Chief Executive Officer) (Current)
Nobuo Inaba (November 11, 1950)	Director	Apr. 1974	Joined the Bank of Japan
		May 1992	Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		May 1994	Director, Head of Planning Division Policy Planning Office of the Bank of Japan
		May 1996	Deputy Director-General, Policy Planning Office of the Bank of Japan
		Apr. 1998	Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan
		Apr. 2000	Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan
		June 2001	Director-General, Information System Services Department of the Bank of Japan
		June 2002	Director-General, Bank Examination and Surveillance Department of the Bank of Japan
		May 2004	Executive Director, Financial System Stability of the Bank of Japan
		May 2008	Joined the Company
		May 2008	Executive Advisor
		Apr. 2010	President of Ricoh Institute of Sustainability and Business (Current)
		June 2010	Director (Current)
		June 2010	Corporate Executive Vice President (Current)
		June 2012	CIO (Chief Information Officer) (Current)
Yohzoh Matsuura (April 15, 1956)	Director	Apr. 1980	Joined the Company
		Oct. 2004	General Manager of Imaging Engine Development Division
		Apr. 2008	Corporate Vice President
		Apr. 2010	Corporate Senior Vice President
		July 2010	General Manager of MFP Business Group (Current)
		Apr. 2011	General Manager of Controller Development Division
		June 2012	Director (Current)
		June 2012	Corporate Executive Vice President (Current)
		June 2012	In charge of environmental management
		Apr. 2013	General Manager of Research and Development Group (Current)
		Aug. 2013	General Manager of Imaging Systems Development Division (Current)
		Apr. 2014	General Manger of Ricoh Institute of Technology (Current)
Yoshinori Yamashita	Director	Mar. 1980	Joined the Company

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
(August 22, 1957)		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer, Corporate Vice President
		Apr. 2011	Corporate Senior Vice President
		Apr. 2011	General Manager of Corporate Planning Division (Current)
		June 2012	Director (Current)
		June 2012	Corporate Executive Vice President (Current)
		Apr. 2013	In charge of Internal Management and Control (Current)
		Apr. 2014	General Manager of Business Solutions Group (Current)
Kunihiko Satoh (October 21, 1956)	Director	Mar. 1979	Joined the Company
		June 2005	Corporate Vice President
		Apr. 2007	Group Executive Officer, Corporate Vice President
		Apr. 2009	Representative Director, President of Ricoh Kansai Co., Ltd.
		Oct. 2011	Corporate Senior Vice President
		Oct. 2011	Representative Director, President and CEO (Chief Executive Officer) of Ricoh Japan Corporation (Current)
		Oct. 2011	General Manager of Japan Marketing Group (Current)
		June 2012	Director (Current)
		June 2012	Corporate Executive Vice President (Current)
		Feb. 2014	Representative Director, President of Ricoh Technosystems Co., Ltd. (Current)
		Feb. 2014	Representative Director, President of Ricoh Business Expert Co., Ltd. (Current)
Mochio Umeda (August 30, 1960)	Outside Director	Jan. 1988	Joined Arthur D. Little (Japan) Inc.
		Oct. 1994	Director of Arthur D. Little, Inc.
		May 1997	Founded MUSE Associates, LLC. (U.S.A)
		May 1997	President of MUSE Associates, LLC. (U.S.A) (Current)
		Aug. 2000	Founded Pacifica Fund I, LP.
		Aug. 2000	Managing Director of Pacifica Fund I, LP. (Current)
		June 2010	Outside Director (Current)
		Mar. 2012	Outside Director of ASATSU-DK INC. (Current)
		June 2012	Founded MUSE ASSOCIATES INC.

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		June 2012	Representative Director, President of MUSE ASSOCIATES INC. (Current)
		Oct. 2013	Director of B innovation, Co., Ltd. (Current)
Kunio Noji (November 17, 1946)	Outside Director	Apr.1969	Joined KOMATSU LTD.
		June 1997	Director of KOMATSU LTD.
		June 2001	Managing Director and President of Production Division and e-Komatsu Technical Center of KOMATSU LTD.
		Apr. 2003	Director and Senior Executive Officer, President of Construction & Mining Equipment Marketing Division of KOMATSU LTD.
		Apr. 2005	Supervising Construction & Mining Equipment Business and e-Komatsu technical Center of KOMATSU LTD.
		July 2006	General Manager of KOMATSU Way Division of KOMATSU LTD
		June 2007	President and CEO of KOMATSU LTD.
		June 2012	Outside Director (Current)
		Apr. 2013	Chairman of the Board of KOMATSU LTD. (Current)
		June 2013	Outside Director of NEC Corporation (Current)
Makoto Azuma (May 25, 1945)	Outside Director	Apr. 1972	Joined TOSHIBA CORPORATION
		Apr. 1989	Director of Basic Research Laboratory, Research and Development Center of TOSHIBA CORPORATION
		Apr. 1994	Director of Materials and Devices Laboratory, Corporate Research & Development Center of TOSHIBA CORPORATION
		July 1998	Chief Technology Executive of Storage Media Business Group of TOSHIBA CORPORATION
		Apr. 1999	Director of Corporate Research & Development Center of TOSHIBA CORPORATION
		June 2000	Corporate Vice President (Director of Corporate Research & Development Center) of TOSHIBA CORPORATION
		June 2003	Executive Officer, Corporate Senior Vice President (General Executive of Technology) of TOSHIBA CORPORATION

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		June 2005	Executive Officer, Corporate Executive Vice President (Chief Technology Officer) of TOSHIBA CORPORATION
		Dec. 2005	Advisory Professor of Tsing Hua University (China) (Current)
		June 2008	Adviser to TOSHIBA CORPORATION
		June 2011	Professor of Graduate School of Innovation Studies, Tokyo University of Science (Current)
		June 2014	Outside Director (Current)
Kunihito Minakawa (August 15, 1954)	Audit & supervisory Board Member	Apr. 1978	Joined the Company
		Jan. 2008	General Manager of Business Strategy & Planning Center of International Business Group
		Apr. 2009	General Manager of Finance and Accounting Division
		Jan. 2010	General Manager of Group Management System Planning Office of Finance and Accounting Division
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of CRGP Office
		Apr. 2012	Corporate Senior Vice President
		June 2013	Audit & supervisory Board Member (Current)
Mitsuhiro Shinoda (November 23, 1953)	Audit & supervisory Board Member	Apr. 1978	Joined the Company
		Oct. 2000	General Manager of Group Management Department of Corporate Planning Division
		Apr. 2001	General Manager of Audit Office
		June 2003	General Manager of Finance Department of Finance and Accounting Division
		Nov. 2004	General Manager of Internal Management & Control Office of Finance and Accounting Division
		Apr. 2007	General Manager of Internal Management & Control Division
		Jan. 2010	Director, General Manager of Corporate Planning Division of Ricoh Chubu Co., Ltd.
		June 2011	Audit & supervisory Board Member (Current)
Takao Yuhara (June 7, 1946)	Outside Audit & supervisory Board Member	Apr. 1969	Joined Nippon Chemical Industrial Co., Ltd.
		May 1971	Joined SONY CORPORATION
		June 2003	Corporate Executive Officer and Group CFO (Chief Financial Officer) of SONY CORPORATION

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		Dec.2007	Managing Executive Officer of ZENSHO CO., LTD. (now known as ZENSHO HOLDINGS CO., Ltd. since October 2011)
		June 2008	Outside Audit and Supervisory Board Member (Current)
		May 2011	Managing Director and CFO of ZENSHO CO., LTD.
		Apr. 2013	Advisor of LEOPALACE21 CORPORATION (Current)
		June 2013	Outside Corporate Auditor of mofiria Corporation (Current)
Kimitoshi Yabuki (August 22, 1956)	Outside Audit & supervisory Board Member	Apr. 1987	Qualified as an attorney-at-law in Japan
		Apr. 1987	Joined Nagashima & Ohno
		Sep. 1991	Graduated from Columbia Law School, NY (LLM)
		Sep. 1991	Joined Covington and Burling in Washington DC and Brussels
		May 1996	Joined Yabuki Law Office (Current)
		Mar. 2000	Outside Audit & supervisory Board Member of UPS Japan K.K.
		June 2008	Outside Director of the Board of Eisai Co., Ltd.,
		June 2013	Outside Audit & supervisory Board Member (Current)
Kiyohisa Horie (March 7, 1948)	Substitute Audit & supervisory Board Member	Apr.1970	Joined Horie Morita Audit Office (now known as Meiji Audit Corporation) Joined Showa Accounting Office
		Aug.1980	Registered as Certified Public Accountant
		Mar.1988	Registered as Tax Accountant
		Apr.1988	Senior Partner of Meiji Audit Corporation (Current)
		May.1988	Representative Director of Showa Accounting Office (Current)
		May.1988	Managing Partner of Meiji Audit Corporation (Current)
		May.1998	Vice-Chairman & Managing Partner of Meiji Audit Corporation (Current)

Directors and Audit & supervisory Board Members are elected at a general meeting of shareholders for two and four years terms, respectively, and may serve any number of consecutive terms. The Board of Directors appoints from among its members a Chairman and one or more Representative Directors in accordance with the Corporation Law of Japan.

The following table shows the number of Common Stock owned by each Director and Audit & supervisory Board Member of the Company as of June 20, 2014. None of the Company's Directors or Audit & supervisory Board Members is a beneficial owner of more than 1% of the Company's Common Stock.

Name	Position	Number of Shares
Shiro Kondo	Chairman of the Board and Representative Director	51,600
Zenji Miura	Representative Director	54,600
Nobuo Inaba	Director	14,800
Yozoh Matsuura	Director	6,800
Yoshinori Yamashita	Director	9,400
Kunihiko Satoh	Director	11,900
Mochio Umeda	Outside Director	9,900
Kunio Noji	Outside Director	3,700
Makoto Azuma	Outside Director	-
Kunihito Minakawa	Audit & supervisory Board Member	6,200
Mitsuhiro Shinoda	Audit & supervisory Board Member	3,500
Takao Yuhara	Outside Audit & supervisory Board Member	-
Kimitoshi Yabuki	Outside Audit & supervisory Board Member	-
Total		172,400

The Company maintains an executive officer system and under such system there are 28 such officers each with one of the following roles:

- Executive officers: Oversee operations under the authority granted from the president and report to the president.

- Group executive officers: Assist the president with the management of Ricoh.

Executive Officers of the Company as of June 20, 2014 were as follows:

Name	Current Position (Function)	Current Position (Business area)
Shiro Kondo	Chairman	
Zenji Miura	President	Chief Executive Officer
Shiro Sasaki	Corporate Executive Vice President	In charge of Global Management General Manager of Environmental Management Division General Manager of Trade Affairs & Export/Import Administration Division
Nobuo Inaba	Corporate Executive Vice President	President of Ricoh Institute of Sustainability and Business
Yohzoh Matsuura	Corporate Executive Vice President	General Manager of Imaging Systems Development Division General Manger of Ricoh Institute of Technology
Yoshinori Yamashita	Corporate Executive Vice President	General Manager of Business Solutions Group
Kunihiko Satoh		Representative Director, President and CEO (Chief Executive Officer) of Ricoh Japan Corporation General Manager of Japan Marketing Group General Manager of Products Planning Office of Japan Marketing Group Representative Director, President of Ricoh Technosystems Co., Ltd. Representative Director, President of Ricoh Business Expert Co., Ltd.
Soichi Nagamatsu	Corporate Senior Vice President	General Manager of Intellectual Property Division
Hidetsugu Nonaka	Corporate Senior Vice President	General Manager of Network Appliance Business Group
Katsumi Kurihara	Corporate Senior Vice President	General Manager of Development Process Transformation Division
Seiji Sakata	Corporate Senior Vice President	Corporate Human Resources Executive General Manager of Japan Management Division General Manager of Japan Business Support Center of Japan Management Division General Manager of Corporate Sports Promotion Center

Name	Current Position (Function)	Current Position (Business area)
Daisuke Segawa	Corporate Senior Vice President	Corporate Internal Management and Control Executive Corporate Financial Executive General Manager of Management Transformation Division
Masayuki Ishihara	Corporate Senior Vice President	General Manager of Production Division
Katsunori Nakata	Corporate Senior Vice President	General Manager of Industrial Business Division General Manager of Industrial Optical Systems Center of Industrial Business Division General Manager of Imaging Systems Business Group General Manager of Imaging Systems Business Division
Akira Oyama	Corporate Senior Vice President	General Manager of Corporate Division General Manager of Corporate Strategy and Planning Center of Corporate Division
Junichi Matsuno	Corporate Vice President	General Manager of Ink Jet Business Division
Masahiro Nakamura	Corporate Vice President	General Manager of Quality Management Division General Manager of Electronic Devices Business Division Chairman of Ricoh Electronic Devices Shanghai Co., Ltd.
Tadashi Furushima	Corporate Vice President	General Manager of Production Printing Business Group Chairman and CEO of Ricoh Production Print Solutions, LLC.
Kazuo Nishinomiya	Corporate Vice President	General Manager of Global Procurement Division
Hisao Murayama	Corporate Vice President	General Manager of Imaging Engine Development Division General Manager of Chemical Technology & Products Division
Yasutomo Mori	Corporate Vice President	President of Industrial Media Solutions Division Chairman of Ricoh Thermal Media (Beijing) Co., Ltd. Chairman of Ricoh Thermal Media (Wuxi) Co., Ltd. Chairman of Ricoh International (Shanghai) Co., Ltd. Chairman of Ricoh Thermal Media and Pacific Private Ltd.
Hidetaka Matsuishi	Group Executive Officer, Corporate Senior Vice President	Representative Director, President of Ricoh Leasing Co., Ltd.

Name	Current Position (Function)	Current Position (Business area)
Nobuaki Majima	Group Executive Officer, Corporate Senior Vice President	President of Ricoh Asia Pacific, Pte. Ltd. General Manager of Asia Pacific & China Marketing Group Chairman of Ricoh China Co., Ltd. Chairman, President of Ricoh Technology Co., Ltd. (China)
Kiyotaka Yamada	Group Executive Officer, Corporate Vice President	Representative Director, President of Ricoh Industry Co., Ltd.
Martin Brodigan	Group Executive Officer, Corporate Vice President	Chairman and CEO of Ricoh Americas Corporation Chairman and CEO of Ricoh USA, Inc. General Manager of Americas Marketing Group
Jeffrey Briwick	Group Executive Officer, Corporate Vice President	President and CEO of Ricoh Electronics, Inc.
David Mills	Group Executive Officer, Corporate Vice President	CEO of Ricoh Europe PLC Chairman of Ricoh Europe (Netherlands) B.V. General Manager of Europe Marketing Group
Haruhisa Sakai	Group Executive Officer, Corporate Vice President	President of Ricoh Korea Co., Ltd.

6. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

Ricoh has established the RICOH Way, a set of guiding principles and values that serves as a foundation for its business activities. Abiding by these principles in corporate ethics and legal compliance and maintaining adequate transparency in corporate management, the group strives to continuously improve its corporate governance system, through which it ultimately aims to enhance its competitiveness.
The RICOH Way, which comprises our founding principles and management philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of Ricoh's management policy, strategy and internal control system. Inspired by the values incorporated in the RICOH Way, we are working to establish and implement an internal control system aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.
Furthermore, in Ricoh, we strongly believe that in global corporate activities, a corporate culture that embraces both a sense of mission to meet expectations of diverse stakeholders and a lofty sense of ethics that remain in line with common sense values of society provides us with discipline to guide our actions. Based on this belief, we maintain and improve our corporate culture under the RICOH Way.
According to this concept, Ricoh is committed to enhance and promote the corporate governance system while working hard to achieve sustainable business growth and increase corporate values.

1) Management Structure
a. Outline of Corporate Governance structure
Ricoh has introduced the corporate audit system. Ricoh will aim to enhance oversight of executive management and execution of operations through the Board of Directors meeting and the executive officer system. As of the reporting date of this Securities report, three of the Board's nine directors are outside directors.
The Board of Directors is responsible for management oversight and important decision-making concerning Ricoh's management. By appointing highly independent outside directors, Ricoh ensures transparency in management and its decision-making.
Audit & supervisory Board Members hold discussions to determine Audit & supervising policies and the assignment of duties, and monitor corporate management. The Audit & supervisory Board Members are comprised of four members of whom two are Outside Audit & supervisory Board Members.
Under the executive officer system, the authority to carry out business has been assigned to respective functional departments so as to expedite decision-making and clarify the roles of each department.
The Group Management Committee (GMC), on the other hand, consists of executive officers and is a decision-making body empowered by the Board of Directors. The GMC facilitates deliberation and renders decisions on Ricoh's overall management from the perspective of total optimization.
As part of the strengthening of management oversight functions by the Board of Directors, the Nomination and Compensation Committee, a permanent organization composed of outside directors and designated internal directors, plans the appointment/dismissal policy of directors and executive officers as well as their compensation packages.

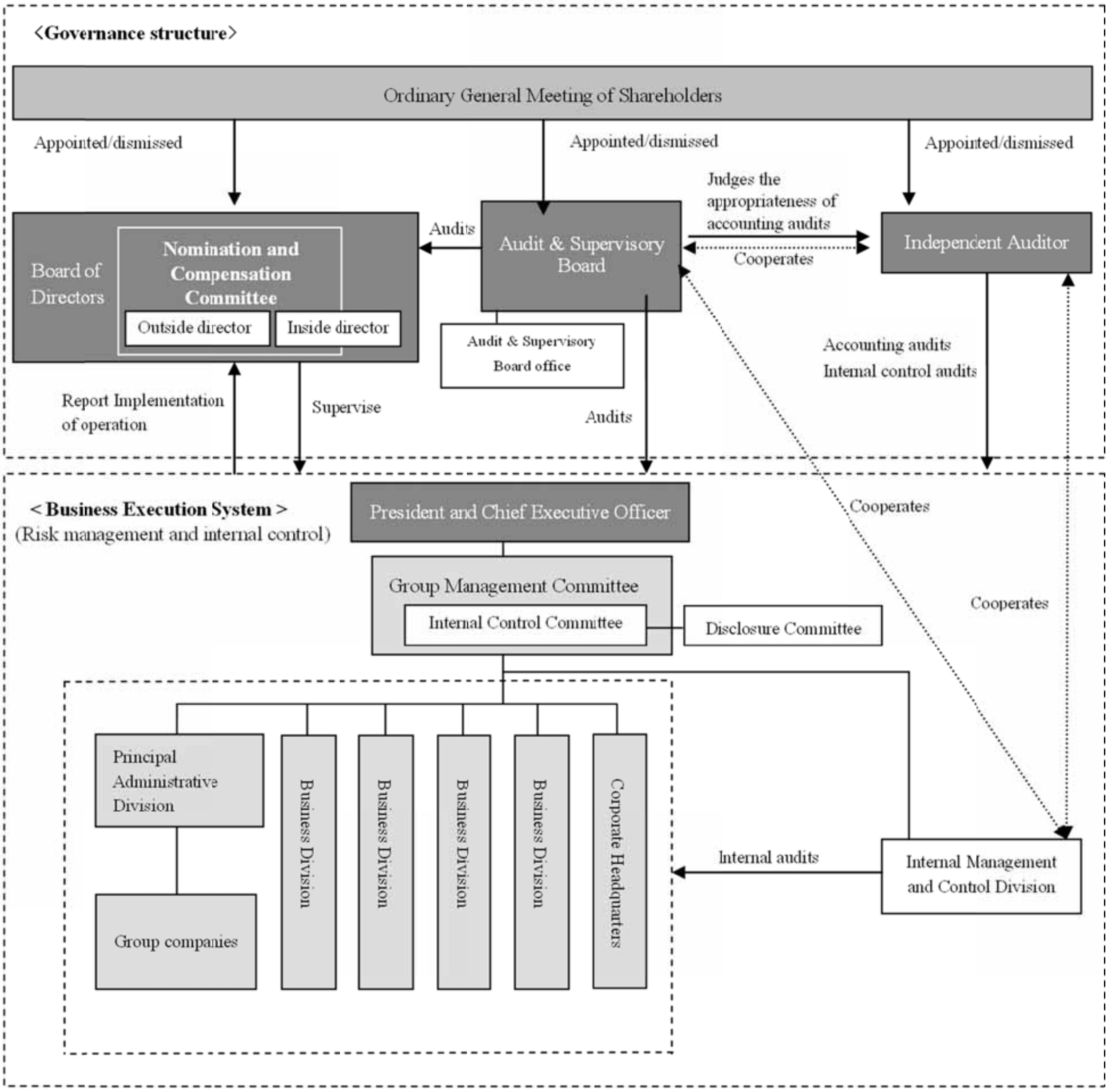
b. Reason for adopting current corporate governance structure
Ricoh adopted the current corporate governance in order to create a sense of alertness in management and business execution, and further enhance the quality and speediness of such functions.

c. Internal Audit & supervisory Board Members
The Internal Management & Control Division, which is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to ensure legal compliance and adequacy of execution practices. It also provides advice and recommendations for improvement. The results are regularly reported to the GMC's Internal Control Committee. The Internal Management & Control Division comprises 14 staff members.
Based upon the Audit & supervising policies and the assignment of duties determined through the Audit & supervisory Board Members meeting, the Audit & supervisory Board Members will attend all important meetings, including but not limited to Board meetings, exchange information regularly with the representative directors and oversee and evaluate the operations of Ricoh's divisions and subsidiaries. Furthermore, the Audit & supervisory Board Members will also perform an audit on issues relating to accounting policies and reliability of its financial reporting. Our Audit & supervisory Board Members, Mr. Kunihito Minakawa and Mr. Mitsuhiro

Shinoda have considerable knowledge of finance and accounting due to their long experience in the Company's finance and accounting department as well as Mr. Takao Yuhara, our Outside Audit & supervisory Board Member, with his abundant experience as CFO of Sony Corporation. Together they have considerable expertise in finance and accounting. Furthermore, four designated support staff has been assigned to ensure that the Audit & supervisory Board Members can work effectively.
The Internal Management & Control Division will have periodic meetings with the Audit & supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties can be implemented effectively.
The Audit & supervisory Board Members will also maintain close ties with external auditors, proactively exchange opinions and information in order to perform effective audits.
All divisions and subsidiaries are responsible for providing action plans for findings identified during an audit and the process of remediation will be monitored on an ongoing basis to strengthen internal control and quality of management operations.

d. Overview of our corporate governance and internal control framework is as follows:

Corporate governance system



e. Auditing of financial statements

For the year ended March 31, 2014, the certified public accountants (CPAs) who execute audit on the Company's financial statements are: Masahiro Mekada, Katsunori Hanaoka and Junichi Adachi, from KPMG Azsa LLC. There is total 88 audit assistants involved in the auditing as of March 31, 2014, and is comprised of 45 certified public accountants and 43 others. Audit & supervisory Board is required to pre-approve the audit and non-audit services performed by the Company's independent auditor, KPMG Azsa LLC, in order to assure that KPMG Azsa LLC's provision of such services does not impair its independence.

f. The relationship with outside directors and outside Audit & supervisory Board Members

Ricoh has appointed three outside directors and two outside Audit & supervisory Board Members.

When appointing outside directors and outside Audit & supervisory Board Members, Ricoh will confirm that they do not apply to any of the following in order to insure independence.

i. A large shareholder or persons having other special interests in Ricoh

ii. Current or former officers or employees of Ricoh

iii. Current or former officers or employees of companies that have direct or indirect material business relationships with Ricoh

iv. Persons receiving significant compensation from Ricoh other than those received as a company director

v. Immediate family and close relatives of those that apply to any of the above 1) through 4)

vi. Persons having "inter-directorship" relations with Ricoh

vii. Persons who in the past had been an outside director of Ricoh

Ricoh paid consulting fee to MUSE Associates, LLC, which is a limited liability company wholly owned by the Company's outside director, Mr. Mochio Umeda. The consulting agreement was recorded in selling, general and administrative expenses and account for less than 0.01% of total consolidated selling, general and administrative expenses, which is deemed to be immaterial. Furthermore, all transactions with current or former companies to which our outside directors and outside Audit & supervisory Board Members have been affiliated with are immaterial, thus omitted in this report. Other than those mentioned above, there are no vested interests between Ricoh and its outside directors and outside Audit & supervisory Board Members.

Outside directors is appointed in pursuit of their management oversight function with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders and to strengthen the transparency of Ricoh's management. Outside Audit & supervisory Board Members will serve to strengthen the governance of Ricoh through their knowledge and experience acquired over the years outside of Ricoh.

(i) Relationship with outside directors and outside Audit & supervisory Board Members and reasons for their appointments

Outside Directors

<u>Mochio Umeda</u>

With his advanced knowledge in the area of information technology and his experience in global business, we have judged that Mr. Mochio Umeda is an appropriate person to be a Director of the Company.

<u>Kunio Noji</u>

With his abundant experience as a management member of KOMATSU LTD., we have judged that Mr. Kunio Noji is an appropriate person to be a Director of the Company.

<u>Makoto Azuma</u>

Mr. Makoto Azuma served as Executive Officer, Corporate Executive Vice President and Chief Technical Officer of TOSHIBA CORPORATION, and is a professor of Graduate School of Innovation Studies, Tokyo University of Science. With his experience, we have judged that Mr. Azuma holds sufficient management ability and extensive technical knowledge and experience, and that he is an appropriate person to be a Director of the Company.

Outside Audit & supervisory Board Members

Takao Yuhara

With his abundant experience as financial officer of SONY CORPORATION and ZENSHO HOLDINGS CO., LTD., we have judged that Mr. Takao Yuhara is an appropriate person to be an Audit & supervisory Board Member of the Company.

Kimitoshi Yabuki

Mr. Kimitoshi Yabuki has global experience as a legal expert as well as years of experience in corporate management through activities related to corporate legal matters, and as an outside officer, and has high management oversight capabilities. We have judged that he is an appropriate person to be an Audit & supervisory Board Member of the Company.

(ii) Cooperation among internal audits, audits by Audit & supervisory Board Members and accounting audits and relations with internal control departments

Outside directors, as member of the Board of Directors, is responsible for management oversight and important decision-making concerning Ricoh's management. Outside Audit & supervisory Board Members are responsible for auditing the decision-making and operations performed by Executive Officers.

The Internal Management & Control Division, in charge of internal audit, will have periodic meetings with the Audit & supervisory Board Members to share information and will report on their findings from the audits performed to the Outside Audit & supervisory Board Members during the Audit & supervisory Board meeting.

External auditors have the duty to explain to the Audit & supervisory Board Members, during a meeting in which Outside Audit & supervisory Board Members participates, on how they maintain independence and quality of their audit. Furthermore, Outside Audit & supervisory Board Members will also accompany the external auditors when they perform interview to the Company's Executive Officers, thus maintaining an effective working relationship.

Internal Audit & supervisory Board Members will share with outside Audit & supervisory Board Members on the information obtained through various meetings and the audit results reported to them.

Through the various communication and information shared, the outside directors and outside Audit & supervisory Board Members offer expert advice to the Company.

2) Risk Management

In order to ensure the appropriateness of the Company's operations and to ensure that employees perform their duties in compliance with the laws, regulations, the Company's articles of incorporation and other systems, Ricoh has implemented the following basic policies for building and enhancing its risk management system.

In order for Ricoh to achieve continued growth and prosperity and to respect the independence between the Company and its subsidiaries, the following system for ensuring the appropriateness of operations has been established.

1. The "Group Management Committee" (GMC) is a decision-making organization delegated by the Board of Directors, and composed of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management of the entire

Group, concerning the most appropriate strategies for direction of each business division and the entire Group, within the powers granted to it.

2. Ricoh has developed a basic disclosure policy to ensure that the corporate information it releases is accurate, timely and comprehensive, and set up the “Disclosure Committee”, an independent body charged with verifying the process, to prepare the information to be disclosed.

3. Ricoh has established a set of common rules that must be followed - the Ricoh Group Standards (RGS) - and ensures adherence to these rules across the Group.

4. In order to thoroughly implement the “Ricoh Group Corporate Social Responsibility (CSR) Charter” which sets forth the principles of corporate behavior including compliance, and the “Ricoh Group Code of Conduct” which articulates the general rules of conduct for Ricoh employees, the Specialty Committee and a “Hot Line” for reporting incidents and seeking advice have been established. Also various training programs are set up to enhance compliance domestically and overseas.

5. The Company takes an uncompromising attitude toward antisocial activities and any organizations engaged therein in an effort to eradicate any antisocial activities and will not have any relationship with antisocial entities. This is stipulated in the “Ricoh Group Code of Conduct”, which stipulates correct behaviors for all corporate officers and employees of the Group. Also, the Company has established an internal hotline and has been working closely with outside agencies, such as the police, and relevant organizations as well as making efforts to build trust with such organizations. In the future also, the Company will continue to strengthen its internal system so as to eradicate any antisocial activities or relationships with antisocial entities.

6. Ricoh implements risk management in order to accurately respond to risks that may give serious adverse impact on corporate activities of Ricoh. The basic purpose, when implementing risk management, is to realize effective and efficient total risk management (TRM), by grasping exhaustively and systematically, and organizing and responding to the risks surrounding Ricoh, in order to increase stability, sustainable development and corporate value of Ricoh.

Ricoh has also created a Business Continuity Plan (BCP) to enable the business to quickly recover and continue and to minimize the degree of damage in the event of an earthquake, pandemic of a new strain of influenza or other unanticipated disaster or accidents.

7. Efforts are being made to improve business processes and construct a framework for standardized internal control throughout Ricoh, with the goal of “complying with laws, norms and internal rules”, “improvement of business effectiveness and efficiency”, “maintaining high reliability of financial reporting” and “securing of assets”, including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations.

3) Number of Directors

The number of directors is limited to 15 as set out in the Company's Articles of Incorporation.

4) Conditions for Resolution on Appointments of Directors

The Company's Articles of Incorporation stipulate that a resolution to appoint a director or corporate auditor must be made by the majority vote of attending shareholders holding at least one-third of the voting rights of shareholders who are eligible to exercise voting rights.

5) Acquisition of treasury stock

Pursuant to the provisions of Article 165, paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors. The aim is to allow management to swiftly exercise capital policies as deemed appropriate in response to changes in the operating environment, by allowing the Company to acquire treasury stock through market transactions, etc.

6) Requirements for Special Resolution by an Ordinary General Shareholders' Meeting

Pursuant to Article 309, paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that special resolutions by an ordinary general shareholders' meeting must be passed by at least a two-thirds majority vote of attending shareholders holding at least one-third of the voting rights of shareholders eligible to exercise voting rights. The aim is to lower the required quorum for a special resolution of an ordinary general shareholders' meeting to facilitate the smooth operations of the meeting.

7) Determination of Interim Dividends

Under the provisions of the Company's Articles of Incorporation, pursuant to Article 454, Paragraph 5 of the Japanese Corporate Law, the Company may, through the resolution of the Board of Directors, pay an interim dividend to allow an expeditious distribution of profits to shareholders.

8) Limitation of liabilities of Outside Directors and Outside Audit & supervisory Board Members

Pursuant to Paragraph 1, Article 427 of the Company Law, the Company has entered into liability limitation agreements with the outside directors and outside auditors that limit their liabilities for damages when they have acted in good faith and they have committed no material negligence in executing their duties, based on Paragraph 1, Article 423 of the Company Law. Under these agreements, outside directors are subject to the higher of either ¥10 million or the minimum limited amount as specified under Paragraph 1, Article 425 of the Company Law. Outside Audit & supervisory Board Members are subject to the higher of either ¥5 million or the minimum limited amount set forth under Paragraph 1, Article 425 of the Company Law.

9) Compensation to Directors and Audit & supervisory Board Members

(i) The amount of compensation to Directors and Audit & supervisory Board Members for the fiscal year ended March 31, 2014 is as follows:

Category		Number of persons	Total amount of compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)	
				Basic salary	Bonus
Directors (excluding Outside Directors)		9	528	386	142
Audit & supervisory Board Members (excluding Outside Audit & supervisory Board Members)		3	52	52	-
Outside Directors and Audit & supervisory Board Members		5	36	36	-
	Outside Directors	2	21	21	-
	Outside Audit & supervisory Board Members	3	14	14	-
Total		17	617	474	142

(Notes)
1. The upper limit on basic salary for directors was set at ¥46 million per month in the 107th Ordinary General Meeting of Shareholders held on June 27, 2007. The upper limit on basic salary for Audit & supervisory Board

Members was set at ¥9 million per month in the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.
2. Total amount of compensation, etc. do not include the portion of employee's salary for directors who concurrently serve as employees.
3. Total amount of compensation, etc. includes ¥142 million that was resolved as total amount of bonus for directors at the 114th Ordinary General Meeting of Shareholders held on June 20, 2014.
4. The above includes three directors and two Audit & supervisory Board Members who retired or resigned for the fiscal year ended March 31, 2014.

(ii) The individual amount of compensation to directors and Audit & supervisory Board Members

None of them stated above was awarded with consolidated remuneration of ¥100 million or more in total.

(iii) The portion of employee's salary for directors who concurrently serve as employees

There is no significant amount for the portion of employee's salary for directors who concurrently serve as employees.

(iv) Policy on the determination of compensation to directors and Audit & supervisory Board Members

The policy on the determination of compensation to directors and Audit & supervisory Board Members is as follows:

From the fiscal year ended March 31, 2008, the Company has increased the link between the compensation to directors and the share price of the Company as well as the compensation to directors and the performance of the Company in order to build shareholder value so that there will be a common shareholder viewpoint among directors. Specifically, for the directors excluding outside directors, the Company has introduced the share price-linked compensation while the Company links its key performance indicator such as Sales, Operating income and ROA etc. to the individual performance evaluation as for the performance-linked compensation (Bonus to directors).

10) Information on share holdings

1. Equity securities held for purpose other than pure investment

(i) Number of stock names and total amount recorded in Consolidated Statement of Financial Position

Number of stock names: 79 stock names

Total amount recorded in Consolidated Statement of Financial Position: ¥14,043 million

(ii) Classification, stock name, number of shares, amount recorded in Consolidated Statement of Financial Position, and purpose of holding regarding equity securities held for purposes other than pure investment

(Fiscal year ended March 31, 2013)

Specified investment securities

Stock Name	Number of shares (shares)	Consolidated Statement of Financial Position amount as of March 31, 2013 (Millions of Yen)	Purpose of holding
Sindoh Co., Ltd	1,613,748	8,598	Maintaining comfortable relationships over the long term
SAN-AI OIL CO.,LTD	5,862,820	2,784	Maintaining comfortable relationships over the long term
Mitsubishi UFJ Financial Group, Inc.	1,980,992	1,105	Enhancing relationships with correspondent banks
OMRON Corporation	363,565	843	Maintaining comfortable relationships over the long term

OTSUKA CORPORATION.	65,000	663	Maintaining comfortable relationships over the long term
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	607	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	1,323,098	586	Enhancing relationships with correspondent banks
MAX Co., Ltd.	500,000	584	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	487	Maintaining comfortable relationships over the long term
Central Japan Railway Company	40,000	396	Maintaining comfortable relationships over the long term
MACNICA, Inc.	142,187	272	Maintaining comfortable relationships over the long term
Tokai Tokyo Financial Holdings, Inc.	386,211	263	Maintaining comfortable relationships over the long term
The Yokohama Rubber Co., Ltd.	241,500	261	Maintaining comfortable relationships over the long term
Mizuho Financial Group, Inc.	1,142,580	227	Enhancing relationships with correspondent banks
Daiwa Securities Group Inc.	304,924	200	Maintaining comfortable relationships over the long term
1st Holdings, Inc.	313,311	194	Maintaining comfortable relationships over the long term
Nippon Express Co., Ltd.	412,000	189	Maintaining comfortable relationships over the long term
Tokio Marine Holdings, Inc.	69,000	182	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	182	Maintaining comfortable relationships over the long term
SEED CO., LTD.	165,000	169	Maintaining comfortable relationships over the long term
NIDEC COPAL CORPORATION.	249,958	159	Maintaining comfortable relationships over the long term
Nippon Paper Group, Inc.	81,024	118	Maintaining comfortable relationships over the long term
KITAMURA CO., LTD.	110,200	77	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	528	66	Maintaining comfortable relationships over the long term
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	15,300	62	Maintaining comfortable relationships over the long term
Japan Pulp & Paper Co., Ltd.	171,852	51	Maintaining comfortable relationships over the long term
CHIYODA Corporation	41,472	43	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	165,562	39	Maintaining comfortable relationships over the long term
SMK Corporation.	124,091	32	Maintaining comfortable relationships over the long term

Deemed holding securities

Stock Name	Number of shares (shares)	Consolidated Statement of Financial Position amount as of March 31, 2013 (Millions of Yen)	Purpose of holding
Mitsubishi UFJ Financial Group, Inc.	7,790,000	4,390	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
SAN-AI OIL CO.,LTD	5,800,000	2,790	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
STANLEY ELECTRIC CO., LTD.	1,300,000	2,170	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	1,380	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mizuho Financial Group, Inc.	5,445,000	1,098	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement

(Notes)
Specified investment securities and deemed holding securities are not combined for disclosure of major shareholders.

(Fiscal year ended March 31, 2014)

Specified investment securities

Stock Name	Number of shares (shares)	Consolidated Statement of Financial Position amount as of March 31, 2014 (Millions of Yen)	Purpose of holding
SAN-AI OIL CO.,LTD	5,862,820	3,705	Maintaining comfortable relationships over the long term
Sindoh Co., Ltd	313,748	1,995	Maintaining comfortable relationships over the long term
OMRON Corporation	363,565	1,548	Maintaining comfortable relationships over the long term
OTSUKA CORPORATION.	65,000	876	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	666	Maintaining comfortable relationships over the long term
MAX Co., Ltd.	500,000	572	Maintaining comfortable relationships over the long term

HISAMITSU PHARMACEUTICAL CO., INC.	118,100	550	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	1,124,098	523	Enhancing relationships with correspondent banks
Central Japan Railway Company	40,000	482	Maintaining comfortable relationships over the long term
MACNICA, Inc.	142,187	434	Maintaining comfortable relationships over the long term
Daiwa Securities Group Inc.	304,924	273	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	256	Maintaining comfortable relationships over the long term
The Yokohama Rubber Co., Ltd.	241,500	234	Maintaining comfortable relationships over the long term
SEED CO., LTD.	165,000	227	Maintaining comfortable relationships over the long term
Nippon Express Co., Ltd.	412,000	208	Maintaining comfortable relationships over the long term
NIDEC CORPORATION.	30,494	191	Maintaining comfortable relationships over the long term
Nippon Paper Group, Inc.	81,024	157	Maintaining comfortable relationships over the long term
Tokio Marine Holdings, Inc.	34,500	106	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	52,800	79	Maintaining comfortable relationships over the long term
Nippon BS Broadcasting Corp.	40,000	73	Maintaining comfortable relationships over the long term
KITAMURA CO., LTD.	110,200	71	Maintaining comfortable relationships over the long term
Japan Pulp & Paper Co., Ltd.	171,852	60	Maintaining comfortable relationships over the long term
CHIYODA Corporation	41,472	55	Maintaining comfortable relationships over the long term
SMK Corporation.	124,091	48	Maintaining comfortable relationships over the long term
BICCAMERA INC.	70,000	43	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	165,562	37	Maintaining comfortable relationships over the long term
NKSJ Holdings, Inc.	12,403	32	Maintaining comfortable relationships over the long term

Deemed holding securities

Stock Name	Number of shares (shares)	Consolidated Statement of Financial Position amount as of March 31, 2014 (Millions of Yen)	Purpose of holding
Mitsubishi UFJ Financial Group, Inc.	7,790,000	4,463	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
SAN-AI OIL CO.,LTD	5,800,000	3,699	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
STANLEY ELECTRIC CO., LTD.	1,300,000	2,994	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	1,874	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mizuho Financial Group, Inc.	5,445,000	1,126	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement

Specified investment securities and deemed holding securities are not combined for disclosure of major shareholders.

2. Equity securities held for pure investment

None.

(2) Audit Fees

1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	315	29	270	13
Consolidated subsidiaries	160	3	140	0
Total	475	32	410	13

2) Other fees

Audit fees paid by the Company and its subsidiary to KPMG AZSA LLC, the certified public accountants for the fiscal year ended March 31, 2013 and 2014, were ¥988 and ¥1,145 respectively.

3) Descriptions of non-audit service to the Company

Non-audit services to the Company for the fiscal year ended March 31, 2013 and 2014 were in respect of the implementation of IFRSs.

4) Policy on determination of audit fees

For determining the amount of audit fees, the Company has a thorough discussion with the certified public accountants, including the scale and characteristics of businesses.

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2014
With Independent auditor's report

Index to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

All schedules not listed have been omitted because they are not applicable, or the required information has been otherwise supplied in the consolidated financial statements or the notes thereto.

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents (Note 7)	156,210	117,051	140,047
Time deposits	2,461	3,280	4,057
Trade and other receivables (Note 8)	440,324	476,605	544,725
Other financial assets (Note 13 and 14)	225,484	231,380	249,682
Inventories (Note 9)	195,009	196,696	194,171
Other current assets	26,476	30,325	29,060
Total current assets	1,045,964	1,055,337	1,161,742
Non-current assets:			
Property, plant and equipment (Note 10 and 12)	243,431	266,353	270,702
Goodwill and intangible assets (Note 11 and 12)	334,701	361,925	399,354
Other financial assets (Note 13 and 14)	479,462	492,256	560,892
Investments accounted for using the equity method	99	689	1,074
Other investments (Note 15)	45,265	54,020	50,724
Other non-current assets	45,083	45,759	40,420
Deferred tax assets (Note 21)	115,966	114,824	106,453
Total non-current assets	1,264,007	1,335,826	1,429,619
Total assets (Note 5)	2,309,971	2,391,163	2,591,361

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings (Note 17)	215,032	227,744	271,768
Trade and other payables (Note 16)	217,584	219,711	281,957
Other financial liabilities (Note 19)	5,158	10,744	18,140
Income tax payables	13,448	12,091	14,435
Other current liabilities (Note 18 and 20)	212,868	230,531	244,134
Total current liabilities	664,090	700,821	830,434
Non-current liabilities:			
Bonds and borrowings (Note 17)	523,977	474,591	452,396
Other financial liabilities (Note 19)	5,047	12,576	1,014
Accrued pension and retirement benefits (Note 22)	168,005	167,973	124,554
Other non-current liabilities (Note 18 and 20)	44,712	49,695	74,614
Deferred tax liabilities (Note 21)	10,871	11,505	13,953
Total non-current liabilities	752,612	716,340	666,531
Total liabilities	1,416,702	1,417,161	1,496,965
Equity:			
Common stock (Note 23)	135,364	135,364	135,364
Additional paid-in capital (Note 23)	186,083	186,083	186,083
Treasury stock (Note 23)	(37,117)	(37,146)	(37,278)
Other components of equity	3,290	58,614	119,904
Retained earnings (Note 23)	549,700	570,790	625,340
Total equity attributable to owners of the parent	837,320	913,705	1,029,413
Non-controlling interests (Note 32)	55,949	60,297	64,983
Total equity	893,269	974,002	1,094,396
Total liabilities and equity	2,309,971	2,391,163	2,591,361

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

Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Sales: (Note 5)		
Products	864,699	1,041,794
Post sales and rentals	941,610	1,064,555
Other revenue	79,686	89,347
Total sales	1,885,995	2,195,696
Cost of sales:		
Products	(644,165)	(776,834)
Post sales and rentals	(446,236)	(494,647)
Other revenue	(45,984)	(50,990)
Total cost of sales	(1,136,385)	(1,322,471)
Gross profit	749,610	873,225
Selling, general and administrative expenses (Note 25 and 26)	(676,055)	(752,880)
Operating profit	73,555	120,345
Finance income (Note 27)	3,104	6,872
Finance costs (Note 27)	(8,608)	(9,121)
Share of profit (loss) of investments accounted for using the equity method	31	(33)
Profit before income tax expenses	68,082	118,063
Income tax expenses (Note 21)	(24,264)	(39,611)
Profit	43,818	78,452
Profit attributable to:		
Owners of the parent	38,915	72,818
Non-controlling interests	4,903	5,634

	Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Earnings per share (attributable to owners of the parent): (Note 29)		
Basic	53.67	100.44
Diluted	-	-

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

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Profit	43,818	78,452
Other comprehensive income: (Note 28)		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	(2,500)	5,352
Total components that will not be reclassified subsequently to profit or loss	(2,500)	5,352
Components that will be reclassified subsequently to profit or loss:		
Net gain on fair value of available-for-sale financial assets	5,544	1,893
Net gain on fair value of cash flow hedges	474	854
Exchange differences on translation of foreign operations	49,356	58,580
Total components that will be reclassified subsequently to profit or loss	55,374	61,327
Total other comprehensive income	52,874	66,679
Comprehensive income	96,692	145,131
Comprehensive income attributable to:		
Owners of the parent	91,647	139,771
Non-controlling interests	5,045	5,360

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

Consolidated Statement of Changes in Equity
Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen					
				Other components of equity		
	Common stock	Additional paid-in capital	Treasury stock	Exchange differences on translation of foreign operations	Net gain on fair value of available-for-sale financial assets	Net gain(loss) on fair value of cash flow hedges
Balance as of April 1, 2012	135,364	186,083	(37,117)	-	4,494	(1,204)
Profit						
Other comprehensive income (loss) (Note 28)				49,486	5,495	343
Comprehensive income	-	-	-	49,486	5,495	343
Net change in treasury stock			(29)			
Dividends declared and approved to owners						
Transfer from other components of equity to retained earnings						
Total transactions with owners	-	-	(29)	-	-	-
Balance as of March 31, 2013	135,364	186,083	(37,146)	49,486	9,989	(861)
Profit						
Other comprehensive income (loss) (Note 28)				58,791	1,859	640
Comprehensive income	-	-	-	58,791	1,859	640
Net change in treasury stock			(132)			
Dividends declared and approved to owners						
Transfer from other components of equity to retained earnings						
Total transactions with owners	-	-	(132)	-	-	-
Balance as of March 31, 2014	135,364	186,083	(37,278)	108,277	11,848	(221)

	Millions of Yen					
	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Remeasurement of defined benefit plan	Total other components of equity				
Balance as of April 1, 2012	-	3,290	549,700	837,320	55,949	893,269
Profit			38,915	38,915	4,903	43,818
Other comprehensive income (loss) (Note 28)	(2,592)	52,732	-	52,732	142	52,874
Comprehensive income	(2,592)	52,732	38,915	91,647	5,045	96,692
Net change in treasury stock			(7)	(36)		(36)
Dividends declared and approved to owners (Note 23)			(15,226)	(15,226)	(697)	(15,923)
Transfer from other components of equity to retained earnings (Note 28)	2,592	2,592	(2,592)	-		-
Total transactions with owners	2,592	2,592	(17,825)	(15,262)	(697)	(15,959)
Balance as of March 31, 2013	-	58,614	570,790	913,705	60,297	974,002
Profit			72,818	72,818	5,634	78,452
Other comprehensive income (loss) (Note 28)	5,663	66,953	-	66,953	(274)	66,679
Comprehensive income	5,663	66,953	72,818	139,771	5,360	145,131
Net change in treasury stock			(6)	(138)		(138)
Dividends declared and approved to owners (Note 23)			(23,925)	(23,925)	(674)	(24,599)
Transfer from other components of equity to retained earnings (Note 28)	(5,663)	(5,663)	5,663	-		-
Total transactions with owners	(5,663)	(5,663)	(18,268)	(24,063)	(674)	(24,737)
Balance as of March 31, 2014	-	119,904	625,340	1,029,413	64,983	1,094,396

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

Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	43,818	78,452
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization	95,916	106,230
Share of profit (loss) of investments accounted for using the equity method	(31)	33
Finance income and costs	5,504	2,249
Income tax expenses	24,264	39,611
Increase in trade and other receivables	(7,882)	(31,702)
Decrease in inventories	12,681	15,814
Increase in lease receivables	(430)	(67,758)
Increase (decrease) in trade and other payables	(3,947)	54,209
Decrease in accrued pension and retirement benefits	(11,115)	(33,702)
Other, net	3,696	9,967
Interest and dividends received	3,048	2,588
Interest paid	(8,579)	(8,308)
Income taxes paid	(19,625)	(20,789)
Net cash provided by operating activities	137,318	146,894
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	1,712	558
Expenditures for property, plant and equipment	(79,287)	(72,993)
Expenditures for intangible assets	(34,784)	(35,030)
Payments for purchases of available-for-sale securities	(93)	(99)
Proceeds from sales of available-for-sale securities	208	10,034
Increase in time deposits	(374)	(445)
Purchase of business, net of cash acquired (Note 6)	(2,774)	(16,850)
Other, net	(6,351)	(8,113)
Net cash used in investing activities	(121,743)	(122,938)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (repayments) of short-term debt	(59,046)	12,689
Proceeds from long-term debt	155,845	149,340
Repayments of long-term debt	(162,677)	(114,694)
Proceeds from issuance of bonds	20,000	40,000
Repayments of bonds	-	(71,841)
Dividends paid (Note 23)	(15,226)	(23,925)
Payments for purchase of treasury stock	(39)	(143)
Other, net	(694)	(662)
Net cash used in financing activities	(61,837)	(9,236)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	7,103	8,276
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,159)	22,996
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	156,210	117,051
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	117,051	140,047

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

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the "Company") is a company domiciled in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 2014 comprise of the Company and its subsidiaries (the "Ricoh" as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of Imaging & Solutions, including MFPs & copiers, related parts & supplies, communications & information systems and services & solutions, Industrial Products, including thermal media and semiconductors, and Other, including digital cameras (see Note 5 "Segment Information").

2. BASIS OF PREPARATION

(1) Statements of Compliance

Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), based on the stipulations of Article 93 of the "Regulations Concerning Terminology, Form, and Method for Preparing Financial Statements". Ricoh meets all the requirements for a "Regulation Concerning Terminology, Form, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance of Japan Regulation No. 28, 1976).

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("IASB"). Ricoh has adopted IFRSs for the first time in preparing its consolidated financial statements and the date of transition to IFRSs is April 1, 2012. Ricoh has applied International Financial Reporting Standard No. 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). An explanation of how the transition has affected the financial position, profit or loss, comprehensive income and cash flows of Ricoh is provided in Note 35.

(2) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following significant items:

• Derivative financial instruments are measured at fair value.

• Available-for-sale financial assets are measured at fair value.

• Defined benefit pension plan assets and liabilities are measured at the present value of defined benefit plan liabilities less the fair value of the plan assets.

(3) Functional and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All amounts presented in Japanese yen have been rounded to the nearest million.

(4) Early Adoption of New Standards

Ricoh has no early adoption of new standards.

(5) Use of Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

• Note 21 – Income taxes (Recognition of deferred tax assets)

The following notes include information in respect to uncertainties of judgments and estimates which have a significant risk to cause material adjustments in the next fiscal year.

• Note 12 - Impairment losses (Impairment losses on goodwill and intangible assets)

• Note 21 - Income taxes (Recognition of deferred tax assets)

• Note 22 - Employee benefits (Pension accounting)

• Note 24 - Financial Instruments (Allowance for doubtful receivables)

• Note 24 - Financial Instruments (Impairment of securities)

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combination

Business combinations are accounted for using the acquisition method. Goodwill is recognized and measured as the excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed over the aggregate of consideration transferred, the amount of any non-controlling interest, and in case of business combinations achieved in stages, the acquisition-date fair value of the previously held equity interest. If the consideration of acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is immediately recognized as profit in the consolidated statement of profit or loss. If the amount of initial accounting for a business combination is not determined by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported and are adjusted during the measurement period, which is one year from the acquisition date. Acquisition related costs incurred are recognized as expenses.

Business combination of entities under common control, or business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations, when that control is not transitory, are accounted for based on carrying amounts.

(b) Subsidiaries

Subsidiaries are entities which are controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. The accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company, when necessary. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

On the disposal of interests in subsidiaries, if Ricoh retains control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as Ricoh Company, Ltd. shareholders' equity. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

(c) Associates

Associates are entities over which Ricoh has significant influence but does not have control to govern the financial and operating policies.

Investments in associates are accounted for using the equity method, and are recognized at cost on acquisition. The investments include goodwill recognized on acquisition (net of accumulated impairment losses).

Ricoh's share of the income and expenses of the equity-accounted investees and changes in Ricoh's share in equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of equity-accounted investees have been adjusted to ensure consistency with those applied by Ricoh.

(2) Foreign Currency

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currencies of Ricoh by applying the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies at the prevailing exchange rates at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the exchange rates at the date when the fair value was determined. Exchange differences arising from retranslation are recognized in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions of foreign operations are translated using the exchange rate at the reporting date. In addition, the income and expenses of foreign operations are translated using the average exchange rate for the year excluding those cases in which exchange rates are fluctuating significantly.

Foreign exchange translation differences are recognized as other comprehensive income. On disposal of the entire interest in foreign operations, and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the foreign exchange translation differences related to such foreign operation is reclassified to profit or loss at the time of such disposal.

Ricoh has elected to deem the cumulative exchange differences on translation of foreign operations to be zero as of the transition date.

(3) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, bank deposits available for withdrawal on demand, and short-term investments due within three months or less and are substantially free from any price fluctuation risk.

(4) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory includes purchase costs and conversion costs that contain appropriate allocation of fixed and variable overhead expenses. These costs are assigned to inventories by mainly the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(5) Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. The cost of items of property, plant and equipment includes costs directly attributable to the acquisition and initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized to the extent they enhance the future economic benefit of the asset.

(c) Depreciation

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 3 years to 60 years for buildings and structures, 3 years to 17 years for machinery and vehicles and 2 years to 20 years for tools, equipment and fixtures. Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that Ricoh will obtain ownership by the end of the lease term. The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(6) Leased Assets

Assets held by Ricoh under lease arrangements that transfer to Ricoh substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with accounting policies applicable to the assets. Assets held under other leases are classified as operating leases and are not recognized in Ricoh's consolidated statement of financial position.

(7) Goodwill and Intangible Assets

Goodwill

Goodwill is recognized and measured as the excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed over the aggregate of consideration transferred, including the recognized amount of any non-controlling interests in the acquiree, which generally is measured at fair value at the acquisition date. Goodwill is measured at cost less any accumulated impairment losses. It is not amortized and is required to be tested at least annually for impairment.

Intangible Assets

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

(a) Capitalized software costs

Ricoh capitalizes certain internal and external costs incurred to acquire or create internal use software during the application development stage as well as upgrades and enhancements that result in additional functionality. The capitalized software is amortized on a straight line basis generally from 3 years to 10 years.

(b) Development assets

An intangible asset arising from development activities (or from the development phase of an internal project) shall be recognized if, and only if, Ricoh can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset for use or sale;
- its ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of the asset commences on the commercial production date after the completion of an internal project and the asset is amortized on a straight line basis over the estimated useful lives generally ranging from 2 years to 9 years that is the expected periods to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(c) Other intangible asset

Intangible asset acquired separately is measured at cost at initial recognition. Intangible asset acquired in a business combination and recognized separately from goodwill are measured at fair value on the acquisition date.

(d) Amortization (other than development assets)

Intangible assets with definite useful lives are amortized over the estimated useful lives and determination is made for existence of impairment indication. The intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight line basis over 3 years to 20 years. Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but are tested annually for impairment until its life would be determined to no longer be indefinite.

(8) Impairment

(a) Non-derivative financial assets

At each reporting date, the carrying amounts of financial assets other than those to be measured at fair value through profit or loss are assessed to determine whether there is objective evidence of impairment.

Objective evidence that a financial asset or group of assets is impaired is as follows:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets,

A significant or prolonged decline in the fair value of an investment in securities below its cost is also objective evidence of impairment.

(i) Financial assets carried at amortized cost

Ricoh first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at original effective interest rate of the financial asset. The carrying amount of the asset is reduced either directly or through use of an allowance account and the amount of impairment loss is recognized in profit or loss.

The impairment loss recorded in prior periods is reversed and recognized in profit or loss if the reversal can be attributed objectively to an event occurring after the impairment loss was recognized.

(ii) Available-for-sale financial assets

The impairment loss on available-for-sale financial assets is recognized by reclassifying from net gain on fair value of available-for-sale financial assets in other component of equity to profit or loss. The impairment loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss.

(b) Non-financial assets

At the end of each reporting period, Ricoh assesses whether there is any indication of impairment for non-financial assets, excluding inventories and deferred tax assets. If any such indication exists, the assets are tested for impairment based on the recoverable amount. Goodwill is tested annually for impairment irrespective of whether there is any indication of impairment. A cash generating unit ("CGU") is the smallest group of assets which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU or group of CGU to which the goodwill is allocated is determined based on the unit by which the goodwill is monitored for internal management purposes, and are not larger than operating segment before aggregation. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to dispose and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset that are not considered in estimating future cash flows. Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the assets are tested based on the recoverable amount of CGU which they belong. If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

At the end of each reporting period, Ricoh assesses whether there is any indication that an impairment loss recognized in prior periods for an asset or a CGU may no longer exist or may have decreased. If any such indication exists in an asset or a CGU, the recoverable amount of the asset or CGU is estimated. In cases that the recoverable amount exceeds the carrying amount of the asset or CGU, impairment loss is reversed. The carrying amount after reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized in prior years. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(9) Leases

Ricoh assesses whether an arrangement is, or contains, a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to Ricoh the right to control the use of the underlying assets. At the inception or on reassessment of an arrangement that contains a lease, Ricoh separates payments and other consideration required by the arrangement into lease and non-lease elements on the basis of their relative fair values. If Ricoh concludes that it is impracticable to separate the payments for finance leases reliably, then assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently the liabilities are reduced as payments are made and imputed finance costs incurred on liabilities are recognized using Ricoh's incremental borrowing rate.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable component of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to the finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

(10) Provisions

Provisions are recognized when Ricoh has present obligations (legal or constructive) as a result of past events, when it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the time value of money is material, provision is measured based on the present value using a discount rate that reflects the risks specific to the liability.

The estimated costs of obligations for dismantling, removing and restoring of assets, and any other expenditures arising from a contractual obligation are recognized as provisions for asset retirement obligation, which are included in the cost of "property, plant and equipment". The estimated costs and discount rate are reviewed annually, and where Ricoh considers it is necessary to change them, the liability is added to or deducted from the cost of the related asset as a change in accounting estimate.

Warranties provision is recognized based on the estimated service costs during the warranty period to account for the expenditures on after service of goods. The warranty expenses are included in "cost of sales" in the consolidated statement of profit or loss.

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached of the grants. With regard to government grants for purchase of assets, the amount of the grants is credited to deferred income and recognized in the statement of profit over the expected useful life of the relevant assets on a straight line basis.

(12) Employee benefits

(a) Post-employment benefits

Ricoh has defined benefit corporate pension plans and defined contribution plans.

The net obligations for defined benefit plans are recognized at the present value of the amount of future benefit that the employee have earned in the current and prior periods, less the fair value of any plan assets on a plan-by-plan basis. Actuarial gains and losses arising from the defined benefit plan are recognized immediately in other comprehensive income and directly reclassified to retained earnings from other components of equity. Past service costs are recognized in profit or loss.

The contribution to the defined contribution plans are recognized as an expense when the related service is provided by the employee.

(b) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Ricoh has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(13) Financial Instruments

Non-derivative financial assets of Ricoh are classified as loans and receivables, and available-for-sale financial assets. Non-derivative financial liabilities are classified as other financial liabilities.

Recognition and derecognition of non-derivative financial assets and non-derivative financial liabilities

Ricoh initially recognizes loans, receivables and debt securities on the date that they are originated. All other financial assets and liabilities are recognized initially on the trade date, which is the date that Ricoh becomes a party to the contractual provisions of the instrument. Ricoh derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Ricoh derecognizes a financial liability when contractual obligations specified under a contract is discharged, cancelled or expires.

Measurement of non-derivative financial assets

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, these are measured at fair value and the subsequent changes in fair value are recognized as "net gain on fair value of available-for-sale financial assets" in other comprehensive income. When objective evidence of impairment exists individually, the impairment loss is recognized in profit or loss. Dividends from available-sale-securities are included in net income as part of financial income. When an investment is derecognized, the net gain on fair value of available-for-sale financial assets in other component of equity is reclassified to profit or loss.

Non-derivative financial liabilities

Non-derivative financial liabilities, including borrowings, are initially recognized at fair value less transaction costs that are directly attributable to issue of financial liability. After initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method.

Equity

(a) Ordinary shares

Incremental costs (net of tax) directly attributable to the issue of equity instruments are deducted from equity.

(b) Treasury shares

If the Company purchases own equity instruments (treasury shares), the consideration paid, net of directly attributable transaction costs and tax, is recognized as a deduction from equity. If the Company disposes of treasury shares, any gains or losses arising from the disposal of treasury shares are recognized in equity.

Derivative financial instruments and hedging activities

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 Ricoh's policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When Ricoh enters into a derivative contract, Ricoh makes a determination as to whether or not, the hedging relationship meets the hedge effectiveness requirements. In general, a derivative may be designated as either (1) a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge") or (2) a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a highly probably forecast transaction ("cash flow 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 value or cash flow hedges to specific assets and liabilities on the consolidated statement of financial position or to specific firm commitments or forecasted transactions.

(a) Fair value hedge

Derivative instruments designated as fair value hedges are measured at fair value. Changes in fair values of derivatives designated as fair value hedges are recognized as gains or losses and are offset by gains or losses resulting from the changes in the fair values of the hedged items.

(b) Cash flow hedge

The effective portion of gains and losses of on hedging instruments in a cash flow hedge are recognized through other comprehensive income. Other comprehensive income is reclassified to profit or loss in the same period during which the hedged expected cash flows affects profit or loss.

Changes in fair values of ineffective portions of cash flow hedges are recognized immediately in profit or loss.

(c) Derivatives not designated as hedging instruments

Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in profit or loss.

(14) Revenue Recognition

Revenue is measured at the fair value of the consideration for goods sold and services provided in the ordinary course of business, less sales related taxes.

(a) Products sales

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable and the associated costs and amount of revenue can be measured reliably.

(b) Revenue from rendering of maintenance services

Revenue from sales of maintenance services 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.

(c) Multiple-element arrangements

Ricoh enters into arrangements with multiple elements, which may include any combination of products, equipment, installation and maintenance. Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the fair value if it meets both of the requirements below:

・The elements have standalone value to the customer.

・The fair value of the elements can be reliably measured.

If these criteria are not met, revenue is deferred until the undelivered elements are fulfilled and accounted for as a single unit of accounting.

(d) Revenue from leases

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Other leases are classified as operating leases. In the circumstances whereby the lessor is a manufacturer or dealer, the profit or loss from finance lease is recognized in accordance with revenue recognition policy. Finance income is recognized over the term of the lease using the effective interest method. In the circumstances whereby the lessor is neither manufacturer nor dealer, finance income is recognized over the term of the lease using the effective interest method.

The interest rate implicit in the lease is the discount rate that, causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equaled to the sum of the fair value of the leased asset and any initial direct costs incurred by the lessor.

Revenues from operating leases are recognized on a straight-line basis over the term of the lease.

(15) Finance Income and Finance Costs

Finance income comprises of dividend income, interest income and gain on sales of available-for-sale financial assets. Dividend income is recognized on the date when the right to receive payment is established. Interest income is recognized when incurred using the effective interest method.
Finance costs comprises of interest costs, impairment losses from available-for-sale financial assets, loss on sales of available-for-sale financial assets and foreign currency exchange loss.

(16) Income Taxes

Income taxes comprise of current taxes and deferred taxes. These are recognized in profit or loss, except for those taxes which are recognized either in other comprehensive income, directly in equity or arising from business combinations. Current taxes are the expected taxes payables or receivables on the taxable profit, using the tax rates and tax laws enacted or substantially enacted by the end of the reporting period, adjusted by taxes payable or receivable in prior years. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither book basis or tax basis profits. Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and investments accounted for under the equity method. However, if Ricoh is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and equity-accounted investees are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences will reverse, based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(17) Earnings per Share

Basic earnings per share are calculated by dividing profit and loss attributable to ordinary shareholders of the parent company by the weighted-average number of ordinary shares outstanding during the year, adjusted by the number of treasury shares. Diluted earnings per share are calculated by adjusting the effects of dilutive potential ordinary shares.

(18) Operating Segments

Operating segments are components of business activities from which Ricoh may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available, and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and interpretations that have not been adopted in the reporting period ended March 31, 2014, and which Ricoh has yet to apply to the preparation of consolidated financial statements, are as follows. Ricoh is currently evaluating the effect that the new standards and interpretations will have on the consolidated financial statements.

IFRSs	Title	Reporting period on or after which the application is required	Ricoh's applicable reporting period	Summaries of new IFRSs/amendments
IAS 32	Financial Instruments: Presentation	January 1, 2014	Period ending on March 31, 2015	Presentation of offsets of financial assets and financial liabilities
IAS 36	Impairment of Assets	January 1, 2014	Period ending on March 31, 2015	Disclosure of recoverable amounts for non-financial assets
IAS 39	Financial Instruments: Effectiveness testing	January 1, 2014	Period ending on March 31, 2015	Continuing hedge accounting after derivative novations
IFRIC 21	Levies	January 1, 2014	Period ending on March 31, 2015	Recognition of liabilities related to levies
IFRS 10	Consolidated Financial Statements	January 1, 2014	Period ending on March 31, 2015	Regulations of control as single basis for Consolidation
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014	Period ending on March 31, 2015	Disclosure requirements for forms of interests in other entities, including subsidiaries, joint control arrangements, associates and unconsolidated structured entities
IFRS 9	Financial Instruments	-	-	Changes in qualifying criteria for hedge accounting
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	Period ending on March 31, 2018	Providing clear principles for revenue recognition in a robust framework

5. OPERATING SEGMENTS

Ricoh's operating segments are comprised of Imaging & Solutions, including MFPs & copiers, related parts & supplies, communications & information systems and services & solutions, Industrial Products, including thermal media and semiconductors, and Other, including digital cameras.

Segment profit (loss) is determined by subtracting "cost of sales" and "selling, general and administrative expenses" from "sales", and is used by Ricoh's chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit (loss) excludes certain corporate expenses, such as costs related to human resources, legal relations, investor relations, public relations, corporate planning and environmental activities.

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the years ended March 31, 2013 and 2014. Intersegment sales are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the years ended as of March 31, 2013 and 2014.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Segment sales:		
Imaging & Solutions	1,682,008	1,969,878
Industrial Products	97,408	108,942
Other	110,893	120,800
Intersegment sales	(4,314)	(3,924)
Total segment sales	1,885,995	2,195,696
Segment profit (loss):		
Imaging & Solutions	149,599	184,314
Industrial Products	(102)	5,282
Other	(4,944)	211
Total segment profit	144,553	189,807
Reconciling items:		
Corporate expenses and elimination	(70,998)	(69,462)
Finance income	3,104	6,872
Finance costs	(8,608)	(9,121)
Share of profit (loss) of investments accounted for using equity method	31	(33)
Profit before income tax expenses	68,082	118,063

Intersegment sales represent sales of Industrial Products segment to Imaging & Solutions segment.

The following table represents significant restructuring activities for the years ended March 31, 2013 and 2014.

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Imaging & Solutions	13,440	11,322
Industrial Products	197	1,765
Other	2,003	-
Corporate	986	-
Total	16,626	13,087

For the year ended March 31, 2013, Ricoh continued its restructuring activities, consisting mainly of human resource optimization in Japan, reorganization of domestic business locations and consolidations of overseas business locations.

For the year ended March 31, 2013, Ricoh recognized restructuring charges of ¥8,641 million recorded by the Company and its domestic subsidiaries and ¥7,985 million by the overseas subsidiaries. These charges were included in "cost of sales" of ¥3,573 million and "selling, general and administrative expenses" of ¥13,053 million in the consolidated statement of profit or loss.

For the year ended March 31, 2014, Ricoh continued its restructuring activities, consisting mainly of consolidations in Japan and human resource optimizations overseas.

For the year ended March 31, 2014, Ricoh recognized restructuring charges of ¥2,510 million recorded by the Company and its domestic subsidiaries and ¥10,577 million by the overseas subsidiaries. These charges were included in "cost of sales" of ¥1,765 million and "selling, general and administrative expenses" of ¥11,322 million in the consolidated statement of profit or loss.

	Millions of Yen		
	As of April 1, 2012	As of March, 31 2013	As of March 31, 2014
Total assets:			
Imaging & Solutions	1,791,655	1,906,482	2,102,095
Industrial Products	78,629	67,350	64,715
Other	107,066	119,597	114,176
Elimination	(1,724)	(1,789)	(1,715)
Corporate assets	334,345	299,523	312,090
Consolidated	2,309,971	2,391,163	2,591,361

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Capital expenditures:		
Imaging & Solutions	99,110	94,224
Industrial Products	5,601	2,527
Other	5,525	7,329
Corporate assets	3,835	3,943
Consolidated	114,071	108,023
Depreciation and amortization:		
Imaging & Solutions	83,109	93,567
Industrial Products	3,008	3,058
Other	4,738	3,596
Corporate assets	5,061	6,009
Consolidated	95,916	106,230

Each category mainly includes the following product line:

Corporate assets consist primarily of cash and cash equivalents and other financial assets maintained that are not related to specific operating segments.

(2) Sales by Product Category

Information for sales by product category is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Imaging & Solutions:	1,682,008	1,969,878
Office Imaging	1,326,225	1,476,797
Production Printing	147,040	185,081
Network System Solutions	208,743	308,000
Industrial Products	93,094	105,018
Other	110,893	120,800
Total sales	1,885,995	2,195,696

Each category mainly includes the following product line:

Office Imaging: MFPs, copiers, laser printers, digital duplicators, facsimile, scanners, related parts & supplies, services, support and software

Production Printing: Cut sheet printer, continuous feed printer, related parts & supplies, services, support and software

Network System Solutions: Personal computers, servers, network equipment, related services, support and software

Industrial Products: Thermal media, optical equipment, semiconductor devices and electronic components

Other: Digital cameras

(3) Geographic Information

Sales based on the location of customers and non-current assets, including property, plant and equipment, goodwill and intangible assets are as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Sales:		
Japan	835,066	915,714
The Americas	496,857	589,160
Europe, Middle East and Africa	418,418	519,103
Other	135,654	171,719
Consolidated	1,885,995	2,195,696

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Non-current assets:			
Japan	274,018	285,143	281,643
The Americas	195,917	217,812	246,227
Europe, Middle East and Africa	83,282	94,347	109,336
Other	24,915	30,976	32,850
Consolidated	578,132	628,278	670,056

6. ACQUISITIONS OF SUBSIDIARIES

On February 1, 2014, Ricoh acquired mindSHIFT Technologies, Inc. ("mindSHIFT"), which operates IT service business, through the Company's wholly owned U.S. holding subsidiary, Ricoh Americas Holdings Inc., for a total cash consideration of ¥16,842 million, including transaction costs. With this acquisition, Ricoh aims to strengthen its IT service business opportunities and infrastructure in the Americas region. Ricoh applied the acquisition method to account for the acquisition and the acquisition cost has been allocated to the assets acquired and the liabilities assumed based on the acquisition-date fair values. The amount of consideration paid in excess of the estimated fair values of the identifiable assets acquired and liabilities assumed was ¥9,586 million which was recorded as goodwill. The initial accounting for the business combination is incomplete as of March 31, 2014 and therefore, the provisional amounts of intangible assets and goodwill could possibly be adjusted upon the completion of the purchase price allocation. The operating results of mindSHIFT have been included in the accompanying consolidated financial statements since the acquisition date. The acquisition-date fair values of the consideration transferred, assets acquired and liabilities assumed are as follows:

	Millions of Yen
Fair value of the consideration transferred	16,544
Cash and cash equivalents	861
Trade receivables and other assets	1,267
Property, plant and equipment	1,506
Identifiable intangible assets	6,391
Liabilities	(3,067)
Net assets	6,958
Goodwill	9,586
Total	16,544

Identifiable intangible assets of mindSHIFT included customer relationships of ¥4,365 million which were estimated to have remaining useful life of 10 years, a trademark of ¥1,245 million which was estimated to have remaining useful life of 12 years, and other intangible assets of ¥781 million. Goodwill arising from the acquisition of mindSHIFT consists primarily of future economic benefits and synergies with existing operations and has been allocated to the Imaging & Solutions segment. The acquisition-related costs of ¥298 million were included in “selling, general and administrative expenses” in the consolidated statement of profit or loss. The consideration transferred is composed of cash and cash equivalents.

7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Cash and cash equivalents			
Cash and deposit	158,671	120,331	144,104
less time deposit over 3 months	(2,461)	(3,280)	(4,057)
Total cash and cash equivalents on consolidated statement of financial position	156,210	117,051	140,047

The balance of “cash and cash equivalents” in the consolidated statement of financial position as of the date of transition to IFRSs, March 31, 2013 and 2014 agree to the respective balances in the consolidated statement of cash flows.

8. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Notes receivables	43,921	36,772	36,862
Accounts receivables	357,024	391,764	441,855
Other receivables	55,759	63,493	85,067
Less - Allowance for doubtful receivables	(16,380)	(15,424)	(19,059)
Total	440,324	476,605	544,725

The amount expected to be recovered or settled after no more or more than twelve months after reporting period are follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
No more than twelve months	414,253	445,071	505,620
More than twelve months	26,071	31,534	39,105
Total	440,324	476,605	544,725

9. INVENTORIES

Details of inventories are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Goods and products	101,165	102,897	102,731
Work in progress and raw materials	93,844	93,799	91,440
Total	195,009	196,696	194,171

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Amount of write-down	7,370	5,969

The amount of write-down was included in “cost of sales” in the consolidated statement of profit or loss.

10. PROPERTY, PLANT AND EQUIPMENT

Cost, accumulated depreciation and impairment losses, and carrying amount of property, plant and equipment are as follows:

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1,2012	39,215	269,334	256,306	371,176	9,576	945,607
Additions	80	2,984	4,021	43,672	28,530	79,287
Acquisitions through business combinations	-	-	1,963	-	-	1,963
Disposals	(806)	(5,209)	(10,140)	(45,022)	(4)	(61,181)
Transfer from construction in progress	-	3,005	9,681	7,745	(20,431)	-
Exchange differences	410	5,000	3,965	14,849	716	24,940
Others	654	(882)	(12,446)	11,586	(496)	(1,584)
Balance as of March 31,2013	39,553	274,232	253,350	404,006	17,891	989,032
Additions	3	4,838	2,920	46,629	18,603	72,993
Acquisitions through business combinations	-	204	1,336	32	-	1,572
Disposals	(590)	(7,604)	(11,942)	(50,703)	(3)	(70,842)
Transfer from construction in progress	-	4,092	11,229	12,531	(27,852)	-
Exchange differences	278	4,140	5,119	13,682	536	23,755
Others	(119)	(1,209)	(4,806)	1,353	(1,380)	(6,161)
Balance as of March 31,2014	39,125	278,693	257,206	427,530	7,795	1,010,349

Accumulated depreciation and impairment losses

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1,2012	(1,220)	(176,566)	(209,670)	(314,720)	(702,176)
Depreciation expenses	-	(9,118)	(14,085)	(31,173)	(54,376)
Disposals	53	4,306	8,705	40,120	53,184
Impairment losses	(475)	(361)	(154)	(389)	(1,379)
Exchange differences	-	(3,232)	(1,854)	(10,160)	(15,246)
Others	-	770	7,675	(11,131)	(2,686)
Balance as of March 31, 2013	(1,642)	(184,201)	(209,383)	(327,453)	(722,679)
Depreciation expenses	-	(8,990)	(12,059)	(42,256)	(63,305)
Disposals	34	6,666	11,590	45,727	64,017
Impairment losses	-	-	(111)	(758)	(869)
Exchange differences	-	(3,019)	(3,667)	(9,101)	(15,787)
Others	-	582	3,192	(4,798)	(1,024)
Balance as of March 31, 2014	(1,608)	(188,962)	(210,438)	(338,639)	(739,647)

Carrying amount

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2012	37,995	92,768	46,636	56,456	9,576	243,431
Balance as of March 31, 2013	37,911	90,031	43,967	76,553	17,891	266,353
Balance as of March 31, 2014	37,517	89,731	46,768	88,891	7,795	270,702

11. GOODWILL AND INTANGIBLE ASSETS

Cost, accumulated amortization and impairment losses, and carrying amount of goodwill and intangible assets are as follows:

Cost

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1,2012	223,829	156,215	97,206	57,516	27,181	561,947
Additions	-	12,204	-	-	-	12,204
Acquisitions through business combinations	1,605	-	421	-	-	2,026
Increase through internal development activities	-	-	-	22,580	-	22,580
Disposals	-	(4,941)	-	(13,365)	(2,197)	(20,503)
Exchange differences	28,505	7,783	8,050	-	1,651	45,989
Others	-	(2,364)	-	-	(131)	(2,495)
Balance as of March 31,2013	253,939	168,897	105,677	66,731	26,504	621,748
Additions	-	13,019	-	-	161	13,180
Acquisitions through business combinations	10,856	-	5,602	-	762	17,220
Increase through internal development activities	-	-	-	21,850	-	21,850
Disposals	-	(3,131)	-	(9,850)	(615)	(13,596)
Exchange differences	25,242	9,370	7,850	-	1,046	43,508
Others	-	(1,024)	-	-	305	(719)
Balance as of March 31,2014	290,037	187,131	119,129	78,731	28,163	703,191

Accumulated amortization and impairment losses

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1,2012	(28,578)	(101,402)	(56,857)	(18,492)	(21,917)	(227,246)
Amortization expenses	-	(16,019)	(6,504)	(17,864)	(1,153)	(41,540)
Disposals	-	4,767	-	13,365	2,099	20,231
Impairment losses	-	-	-	-	-	-
Exchange differences	(4,144)	(5,316)	(3,708)	-	(2,074)	(15,242)
Others	-	2,078	-	-	1,896	3,974
Balance as of March 31,2013	(32,722)	(115,892)	(67,069)	(22,991)	(21,149)	(259,823)
Amortization expenses	-	(16,296)	(6,754)	(19,457)	(418)	(42,925)
Disposals	-	2,879	-	9,850	344	13,073
Impairment losses	-	-	-	-	-	-
Exchange differences	(3,100)	(5,973)	(4,369)	-	(1,043)	(14,485)
Others	-	577	-	-	(254)	323
Balance as of March 31,2014	(35,822)	(134,705)	(78,192)	(32,598)	(22,520)	(303,837)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1,2012	195,251	54,813	40,349	39,024	5,264	334,701
Balance as of March 31,2013	221,217	53,005	38,608	43,740	5,355	361,925
Balance as of March 31,2014	254,215	52,426	40,937	46,133	5,643	399,354

Amortization expenses of development assets and other intangible assets were included in "cost of sales", and "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of profit or loss respectively.

Goodwill and trademarks and customer relationships are primarily attributable to Imaging & Solutions segment. The carrying amount of goodwill was included in Imaging & Solutions segment as of April 1, 2012 and March 31, 2013 and 2014 is ¥191,525 million, ¥217,477 million and ¥250,448 million, respectively. The carrying amount of trademarks and customer relationships was included in Imaging & Solutions segment as of April 1, 2012 and March 31, 2013 and 2014 is ¥37,992 million, ¥36,375 million and ¥38,830 million, respectively. Goodwill and trademarks and customer relationships in Imaging & Solutions segment are primarily generated from the acquisition of IKON Office Solutions, Inc. (now known as Ricoh USA, Inc.) in 2008.

12. IMPAIRMENT LOSSES

(1) Property, plant and equipment

Ricoh recognized impairment losses of ¥1,379 million for the year ended March 31, 2013, which were included in “selling, general and administrative expenses” in the consolidated statement of profit or loss.

Impairment losses of ¥903 million were related to land and buildings primarily with the closure of the business office. These assets were scheduled to be no longer utilized and reduced their book value to the recoverable amount. The recoverable amount was measured based on the fair value less costs to dispose with a combination of repurchase cost approach and market approach. The impairment losses were included in the results of Imaging & Solutions segment.

Ricoh recognized impairment losses of ¥869 million for the year ended March 31, 2014, which were included in “selling, general and administrative expenses” in the consolidated statement of profit or loss.

Impairment losses of ¥658 million were related to equipment and fittings primarily with the business reorganization and recognized because the recoverable amount was less than the carrying amount due primarily to the deterioration in the outlook for performance. The recoverable amount of these assets was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by the management. The discount rate used is calculated based on a pre-tax weighted average capital cost of respective cash generating unit (“CGU”) (11%). The impairment losses were included in the results of Imaging & Solutions segment.

(2) Goodwill

Ricoh reviews the carrying value of its goodwill for impairment annually at December 31 and when a triggering event occurs between annual impairment tests. As a result of goodwill impairment test as of December 31, 2012 and 2013, there was no CGU which goodwill was considered impaired.

The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by the management and the growth rate. The growth rate used is determined by considering the long term growth rate of the market to which the CGU belongs to (1 to 2%). The discount rate used is calculated based on a pre-tax weighted average capital cost of each CGU (11 to 15%).

Management considers it is not likely that significant impairment losses would be recognized even if key assumptions vary in the range which is reasonably possible.

Goodwill of each CGU is as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Imaging & Solutions	191,525	217,477	250,448
Other	3,726	3,740	3,767
Total	195,251	221,217	254,215

13. LEASE

(1) As Lessor

Other financial assets include lease receivables.

Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Company, Ltd., a majority-owned domestic subsidiary, and to overseas customers primarily through certain overseas subsidiaries. Most of these leases are accounted for as finance leases. Revenues from finance leases are recognized at the inception of the leases.

Future receivable under finance leases are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Gross investments in finance leases			
Due in one year or less	242,666	243,528	261,814
Due after one year through five years	419,591	424,896	490,488
Due after five years	8,384	11,478	12,462
Unguaranteed residual value	(8,954)	(11,881)	(9,675)
Future finance income	(41,133)	(38,661)	(45,472)
Present value of minimum lease payments receivable	620,554	629,360	709,617

Present value of future receivable under finance leases are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Due in one year or less	230,926	230,493	249,626
Due after one year through five years	382,536	389,094	448,893
Due after five years	7,092	9,773	11,098

Ricoh Leasing Company, Ltd. is involved with structured entities, mainly through securitization of finance lease receivables. These structured entities, which have been designed in a way that voting or similar rights are not the dominating factors in deciding who controls these entities, are consolidated.

Ricoh Leasing Company, Ltd. has the power to direct the activities of the structured entities that most significantly impact the entities' economic performance, and has the right to the profit or the duty to the losses that would be potentially significant to the entities as well. Therefore, the entities are judged to be controlled by Ricoh Leasing Company, Ltd.

In accordance with the contractual arrangements with the structured entities, use of assets and settlement of liabilities of these consolidated structured entities are restricted to the purposes for which they are structured.

The carrying amounts of assets and liabilities of the consolidated structured entities for Ricoh are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Current maturities of finance lease receivables, net	15,487	13,895	12,482
Finance lease receivables, net	30,225	22,568	17,284
Current maturities of borrowings	12,487	11,975	10,205
Borrowings	24,371	18,810	15,264

Ricoh Leasing Company, Ltd. transfers a portion of beneficial interests. The transferring of beneficial interests was recorded as financial transactions, since Ricoh Leasing Company, Ltd. retained substantially all the risks and reward of beneficial interests transferred. Lease receivables recognized based on the accounting treatment of consolidation of the structured entities and borrowings, are, in substance, only to be used to settle obligation of the structured entities' liabilities.

The transferred assets which the counterparties have recourse and the associated liabilities are follows:

	Millions of Yen					
	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair Value
Finance lease receivables, net	36,858	38,358	30,785	31,739	25,469	26,174
Borrowings	36,858	36,679	30,785	30,693	25,469	25,322

Apart from the transactions mentioned above, some other foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recorded these transfers as secured loans, since the risks and economic values are retained. These transactions did not meet the derecognition criteria of financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Current maturities of finance lease receivables, net	1,397	1,743	3,459
Finance lease receivables, net	6,919	5,575	1,432
Current maturities of borrowings	1,397	1,743	3,459
Borrowings	6,919	5,575	1,432

The transferred assets the counterparties have recourse and the associated liabilities are as follows:

	Millions of Yen					
	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair Value
Finance receivables, net	8,316	8,850	7,318	7,753	4,891	5,296
Borrowings	8,316	8,290	7,318	7,317	4,891	4,938

In the year ended March 31, 2013, certain consolidated subsidiaries of the Company sold lease receivables of ¥27,605 million without recourse to third-party financial institutions for cash proceeds of ¥29,570 million, which were reported as operating cash flows in the consolidated statement of cash flows. Since Ricoh's consolidated subsidiaries did not maintain effective control over the transferred lease receivables, such arrangements of lease receivable transfers were accounted for as sales, and a pre-tax gain of ¥1,965 million was recognized on these sales and reported as "other revenue" in the consolidated statement of profit or loss.

(2) As Lessee

Future minimum lease payments under non-cancellable operating leases are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Due in one year or less	22,650	24,001	23,009
Due after one year through five years	47,091	44,830	46,235
Due after five years	8,556	11,128	11,244

Ricoh made lease payments totaling ¥47,597 million and ¥50,124 million for the years ended March 31, 2013 and 2014, respectively, under cancelable and non-cancelable operating lease agreements for office space, warehouse, machinery and equipment. Some of the agreements contain lease renewal option or escalation clauses.

14. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Derivative assets	549	1,465	1,962
Lease receivables	629,508	641,241	719,292
Installment loans	85,108	91,179	99,292
Less - Allowance for doubtful receivables	(10,219)	(10,249)	(9,972)
Total	704,946	723,636	810,574
Current	225,484	231,380	249,682
Non-Current	479,462	492,256	560,892

Other financial assets are presented net of the allowance for doubtful accounts in the consolidated statement of financial position.

15. OTHER INVESTMENTS

The components of other investments are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Securities	43,486	52,068	48,856
Bonds	1,779	1,952	1,868
Total	45,265	54,020	50,724

16. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Notes payables	11,553	15,197	23,876
Accounts payables	159,098	153,160	190,672
Other payables	46,933	51,354	67,409
Trade and other payables	217,584	219,711	281,957

17. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Bonds:			
1.39%, straight bonds, payable in yen, due March 2014 issued by the Company	50,000	50,000	-
0.57%, straight bonds, payable in yen, due June 2015 issued by the Company	40,000	40,000	40,000
0.88%, straight bonds, payable in yen, due June 2017 issued by the Company	20,000	20,000	20,000
2.08%, straight bonds, payable in yen, due March 2019 issued by the Company	15,000	15,000	15,000
0.61%, straight bonds, payable in yen, due January 2014 issued by a consolidated subsidiary	20,000	20,000	-
1.47%, straight bonds, payable in yen, due April 2014 issued by a consolidated subsidiary	35,000	35,000	35,000
0.61%, straight bonds, payable in yen, due May 2015 issued by a consolidated subsidiary	20,000	20,000	20,000
0.15%, straight bonds, payable in yen, due July 2016 issued by a consolidated subsidiary	-	-	10,000
0.17%, straight bonds, payable in yen, due January 2017 issued by a consolidated subsidiary	-	-	10,000
0.35%, straight bonds, payable in yen, due November 2017 issued by a consolidated subsidiary	-	20,000	20,000
0.47%, straight bonds, payable in yen, due July 2018 issued by a consolidated subsidiary	-	-	10,000
0.32%, straight bonds, payable in yen, due January 2019 issued by a consolidated subsidiary	-	-	10,000
6.75%, straight bonds, payable in yen, due December 2025 issued by a consolidated subsidiary	2,411	2,764	1,434
7.30%, straight bonds, payable in yen, due November 2027 issued by a consolidated subsidiary	1,921	2,202	2,111
Total bonds	204,332	224,966	193,545
Unsecured loans-			
Banks and insurance companies, weighted average interest rate	1.01%	0.93%	0.67%
due 2019	377,784	373,825	404,181
Secured loans-			
Banks, insurance companies and other financial institution			
weighted average interest rate	0.01%	0.00%	0.00%
due 2015	447	222	99
Long-term borrowings from lease transactions (see Note 13)	45,174	38,103	30,360
Sub total	627,737	637,116	628,185
Less - Current maturities included in "current liabilities"	(103,760)	(162,525)	(175,789)
Total	523,977	474,591	452,396

Secured loans collateralized by land, buildings and lease receivables with book values are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Property, plant and equipment,	88	84	-
Lease receivables	424	230	98
Total	512	314	98

All bonds outstanding as of March 31, 2014 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured borrowings, as defined in the agreements. Ricoh was in compliance with such covenants as of March 31, 2014.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with respective banks. Banks may request for additional security for these loans if there is reasonable and probable cause and may treat the additional security, as well as cash deposits, as security for present and future borrowings. Ricoh has never been requested to submit such additional security with respect to any borrowings.

Short-term borrowings consist of the followings:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Borrowings, principally from banks	33,667	34,933	52,249
Commercial paper	77,605	30,286	43,730
Total	111,272	65,219	95,979

	Weighted average interest rate		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Borrowings, principally from banks	0.9%	2.0%	1.9%
Commercial paper	0.1	0.2	0.2

18. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of March 31,2013	3,344	1,997	1,835	8,866	16,042
Increase for the year	49	1,542	17,319	4,716	23,626
Decrease for the year (applied against provisions)	(102)	(1,660)	(13,087)	(2,035)	(16,884)
Decrease for the year (unused amounts reversed)	-	(102)	(1,065)	(192)	(1,359)
Interest expenses for discounting	62	-	-	-	62
Others	-	143	143	496	782
Balance as of March 31,2014	3,353	1,920	5,145	11,851	22,269
Current liabilities	-	1,920	5,145	11,119	18,184
Non-current liabilities	3,353	-	-	732	4,085

Ricoh recognizes provisions for asset retirement obligation when there is contractual obligation to dismantle, remove or restore assets at the end of lease contracts, or obligation to decontaminate certain fixed assets. Future expected outflows of economic benefits are long-term in nature and may be affected by future business plans.

The warranties provision consists of expenditures on after service of goods and is recognized based on the estimated after service costs during the warranty period. The warranty expenses were included in "post sales and rentals" in "cost of sales".

The restructuring provision consists of expenditures on restructuring activities such as fixed costs reductions in order to enhance competitiveness. Restructuring provisions are expected to be utilized mainly within the next fiscal year, however, it may be affected by future business plans.

Other provisions mainly consist of litigation provisions. The detailed information of the individual litigation provision is not disclosed as this could be detrimental to Ricoh's interests.

These provisions were included in "other current liabilities" and "other non-current liabilities" in the consolidated statement of financial position.

19. OTHER FINANCIAL LIABILITIES

The components of other financial liabilities are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Derivative liabilities	9,583	22,702	17,939
Lease liabilities	622	618	1,215
Total	10,205	23,320	19,154
Current	5,158	10,744	18,140
Non-Current	5,047	12,576	1,014

20. GOVERNMENT GRANTS

Government grants, principally arising in Imaging & Solution segment, relate to capital expenditures on R&D base of Ricoh Company, Ltd. and the production facility of a manufacturing subsidiary in Japan. Government grants are recognized in the consolidated statement of profit or loss on a straight-line basis over the period of the grant.

The total balance of government grants, presented as deferred income in "other current liabilities" or "other non-current liabilities" in the consolidated statement of financial position, as of the date of transition to IFRSs, March 31, 2013 and 2014 was ¥5,070 million, ¥4,840 million and ¥6,835 million, respectively.

There are no unfulfilled conditions or contingencies relating to government grants recognized as deferred income.

21. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen				
	As of April 1, 2012	Recognized in profit or loss	Recognized in other comprehensive income	Business Transfer	As of March 31, 2013
Deferred tax assets:					
Accrued expenses	21,408	2,096	-	-	23,504
Unrealized profit on inventories	11,731	4,969	-	-	16,700
Depreciation and amortization	10,443	2,865	-	-	13,308
Accrued pension and severance costs	59,888	(1,351)	1,274	-	59,811
Net operating loss carryforwards	24,515	(12,121)	-	-	12,394
Other	26,925	5,083	(417)	-	31,591
Total gross deferred tax assets	154,910	1,541	857	-	157,308
Deferred tax liabilities:					
Finance leases	(1,375)	284	-	-	(1,091)
Undistributed earnings of foreign subsidiaries and affiliates	(9,769)	(744)	-	-	(10,513)
Net gain (loss) on fair value of available-for-sale financial assets	(3,024)	(320)	(3,092)	-	(6,436)
Goodwill and intangible assets	(30,437)	(960)	-	-	(31,397)
Other	(5,210)	658	-	-	(4,552)
Total deferred tax liabilities	(49,815)	(1,082)	(3,092)	-	(53,989)

Note:
The difference between the amount of "Recognized in profit or loss" recognized in the above and "Deferred tax expenses" is due to foreign exchange fluctuations.

	Millions of Yen				
	As of Mach 31, 2013	Recognized in profit or loss	Recognized in other comprehensive income	Business Transfer	As of March 31, 2014
Deferred tax assets:					
Accrued expenses	23,504	152	-	17	23,673
Unrealized profit on inventories	16,700	(739)	-	-	15,961
Depreciation and amortization	13,308	(30)	-	-	13,278
Accrued pension and severance costs	59,811	(13,174)	(3,137)	-	43,500
Net operating loss carryforwards	12,394	(5,355)	-	53	7,092
Other	31,591	9,317	(555)	123	40,476
Total gross deferred tax assets	157,308	(9,829)	(3,692)	193	143,980
Deferred tax liabilities:					
Finance leases	(1,091)	(305)	-	-	(1,396)
Undistributed earnings of foreign subsidiaries and affiliates	(10,513)	2,289	-	-	(8,224)
Net gain (loss) on fair value of available-for-sale financial assets	(6,436)	828	(1,056)	-	(6,664)
Goodwill and intangible assets	(31,397)	1,266	-	(1,961)	(32,092)
Other	(4,552)	1,448	-	-	(3,104)
Total deferred tax liabilities	(53,989)	5,526	(1,056)	(1,961)	(51,480)

Note:
The difference between the amount of “Recognized in profit or loss” recognized in the above and “Deferred tax expenses” is due to foreign exchange fluctuations.

Ricoh assesses the probability that a portion of, or all of the future deductible temporary differences or operating loss carry forwards can be utilized against future taxable profits on recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Ricoh believes it is more likely than not that the deferred tax assets of these deductible differences will be realized. The amount of the deferred tax asset considered realizable, however, would be reduced if estimates of future taxable income during the carryforward period are reduced.

Net operating loss carryforwards and deductible temporary differences for which deferred tax assets have not been recognized are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Net operating loss carryforwards	179,272	208,406	215,948
Deductible temporary differences	42,021	48,012	31,093
Total	221,293	256,418	247,041

The expiration date and amounts of tax losses carry forward for which deferred tax assets are not recognized are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Within 4 years	10,847	7,723	9,411
After 5 years and thereafter	168,425	200,683	206,537
Total	179,272	208,406	215,948

Details of current tax expense and deferred tax expense are as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Current tax expense:		
Current year	24,435	32,856
Total current tax expense	24,435	32,856
Deferred tax expense:		
Origination and reversal of temporary differences	(3,797)	7,468
Changes in tax rates	-	1,665
Changes of unrecognized deferred tax assets in previous years	3,626	(2,378)
Total deferred tax expense	(171)	6,755
Total provision for income taxes	24,264	39,611

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 38% for the years ended March 31, 2013 and 2014.

The corporate tax rate has been changed due to the new laws enacted by the Japanese government in March, 2014. As a result of this change in tax law, the statutory tax rate of calculating deferred tax assets and liabilities that are expected to be settled and realized during the period of April 1, 2014 to March 31, 2015 has been changed from 38.2% to 35.8%.

The reconciliation of the statutory income tax (benefit) rate to the effective income tax rate is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Statutory tax (benefit) rate	38%	38%
Nondeductible expenses	2	0
Changes of unrecognized deferred tax assets in previous years	5	(2)
Tax credit for research and development and other	(2)	(1)
Income tax exposures	2	(2)
Taxes on undistributed earnings of foreign subsidiaries	0	0
Difference in statutory tax rates of foreign subsidiaries	(10)	(2)
Change in tax law and rate	-	1
Other, net	1	2
Effective tax rate	36	34

As of the date of transition to IFRSs, March 31, 2013 and 2014, in principle, Ricoh did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because Ricoh was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future.

The amount of taxable temporary differences associated with investments in subsidiaries on which a deferred tax liability was not recognized in the accompanying consolidated financial statements as of the date of transition to IFRSs, March 31, 2013 and 2014 totaled to ¥328,175 million, ¥326,185 million and ¥323,735 million, respectively. The calculation of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

22. EMPLOYEE BENEFITS

(1) Defined benefit plans

Ricoh has defined benefit corporate pension plans and lump-sum payment plans. The benefits on these defined benefit plans are provided based on employees' years of service, compensation level and other terms. Contributions to these plans have been made to provide future pension payments in conformity with an actuarial calculation determined by the current basic rate of salary payment.

The Company and some of its subsidiaries have contract-type corporate pension plan based on pension provision. The Company and some of its subsidiaries have established "Ricoh group corporate pension provision" stipulating the contents of the pension plan such as eligibility requirements, content and way of benefit payments, burden of contributions with the agreement of their employees, and have been approved by the Minister of Health, Labour and Welfare. The Company and some of its subsidiaries maintain the plan by exchanging contracts with trust banks and insurance companies for the payment of contributions, management of accumulated funds. The trust banks maintain and manage the plan assets while they perform actuarial calculation and payments of annual and lump-sum benefit.

The Company and some of its subsidiaries are responsible for executing operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations, any orders issued by the Minister of Health, Labour and Welfare. Furthermore, the Company and some of its subsidiaries are prohibited from engaging in any actions that could hinder proper administration and investment of the pension reserves for the purpose of furthering their own interests or the interests of third parties other than the participants.

From April 1, 2013, the Company and some of its subsidiaries in Japan have modified a portion of the existing defined benefit pension plans into defined contribution plan. As a result of this modification, Ricoh recognized past service cost in consolidated statement of profit or loss for the year ended March 31, 2013.

From October 1, 2013 and April 1, 2014, some of subsidiaries in Japan have modified a portion of the existing defined benefit pension plans into defined contribution plan. As a result of this modification, Ricoh recognized past service cost and settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2014.

The changes in the defined benefit obligations and plan assets of the pension plans are as follows:

Domestic plans	Millions of Yen For the year ended March 31, 2013	Millions of Yen For the year ended March 31, 2014
Net defined benefit obligations at beginning of year:	124,386	112,360
Change in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	277,598	276,613
Current service cost	11,170	9,550
Past service cost	(7,199)	(13,573)
Interest cost	4,354	3,283
Actuarial loss (i)	8,015	3,432
Settlements	-	(18,459)
Benefits paid	(17,325)	(11,351)
Defined benefit obligations at end of year	276,613	249,495
Change in plan assets:		
Fair value of plan assets at beginning of year	153,212	164,253
Interest income	2,359	2,193
Income related to plan assets (ii)	11,674	6,888
Employer contributions	7,361	9,165
Partial withdrawal of plan assets	(170)	(340)
Benefits paid	(10,183)	(9,292)
Fair value of plan assets at end of year	164,253	172,867
Net defined benefit obligations at end of year	112,360	76,628

Foreign plans	Millions of Yen For the year ended March 31, 2013	 For the year ended March 31, 2014
Net defined benefit obligations at beginning of year:	44,463	54,156
Change in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	194,251	237,607
Current service cost	1,335	1,641
Past service cost	(43)	(1,200)
Interest cost	8,903	10,646
Plan participants’ contributions	553	595
Actuarial gain and loss (i)	14,416	(4,308)
Settlements	(100)	(46)
Benefits paid	(6,823)	(9,638)
Foreign exchange impact and other	25,115	30,419
Defined benefit obligations at end of year	237,607	265,716
Change in plan assets:		
Fair value of plan assets at beginning of year	149,788	183,451
Interest income	7,136	8,840
Income related to plan assets (ii)	6,983	725
Employer contributions	6,114	8,669
Plan participants’ contributions	553	595
Benefits paid	(6,823)	(9,638)
Foreign exchange impact and other	19,700	25,194
Fair value of plan assets at end of year	183,451	217,836
Net defined benefit obligations at end of year	54,156	47,880

(i) Actuarial gain and loss mainly arises from changes in financial assumptions.

(ii) Income related to plan assets excludes interest income.

The weighted-average significant actuarial assumptions used to determine defined benefit obligations are as follows:

	Domestic plans			Foreign plans		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Discount rate	1.6%	1.3%	1.0%	4.7%	4.3%	4.4%
Rate of compensation increase	3.3%	3.3%	2.3%	2.0%	2.9%	2.5%

In situations where the discount rate changes, the effects on the defined benefit obligation as of March 31, 2014 are shown below. The sensitivity analysis is based on the assumption that there are no other changes in the actuarial calculations, but, in fact, other changes in assumptions could possibly effect the defined benefit obligation. Ricoh does not expect any changes in the rate of compensation to increase.

	Millions of Yen
Increase of 0.5 of a percentage point	(33,053)
Decrease of 0.5 of a percentage point	36,438

The fair value of plan assets as of April 1, 2012, by asset class is as follows:

Domestic plans	Millions of Yen		
	As of April 1, 2012		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	14,744	-	14,744
Pooled funds	-	25,303	25,303
Debt securities:			
Domestic bonds	4,934	-	4,934
Pooled funds	-	58,237	58,237
Life insurance company general accounts	-	38,019	38,019
Other assets	21	11,954	11,975
Total assets	19,699	133,513	153,212

Foreign plans	Millions of Yen		
	As of April 1, 2012		
	Assets with quoted market prices in an active market	Assets with quoted market prices in an active market	Total
Equity securities:			
Foreign companies	16,557	-	16,557
Pooled funds	6,673	19,026	25,699
Debt securities:			
Domestic bonds	1,171	-	1,171
Foreign bonds	36,779	-	36,779
Pooled funds	26,921	21,620	48,541
Life insurance company general accounts	-	17,593	17,593
Other assets	1,722	1,726	3,448
Total assets	89,823	59,965	149,788

The fair value of plan assets as of March 31, 2013, by asset class is as follows:

Domestic plans	Millions of Yen		
	As of March 31, 2013		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	17,759	-	17,759
Pooled funds	-	30,787	30,787
Debt securities:			
Domestic bonds	5,182	-	5,182
Pooled funds	-	61,286	61,286
Life insurance company general accounts	-	36,984	36,984
Other assets	110	12,145	12,255
Total assets	23,051	141,202	164,253

Foreign plans	Millions of Yen		
	As of March 31, 2013		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	5,754	-	5,754
Pooled funds	-	40,137	40,137
Debt securities:			
Foreign bonds	57,098	-	57,098
Pooled funds	15,873	38,699	54,572
Life insurance company general accounts	-	20,153	20,153
Other assets	3,816	1,921	5,737
Total assets	82,541	100,910	183,451

The fair value of plan assets as of March 31, 2014, by asset class is as follows:

Domestic plans	Millions of Yen		
	As of March 31, 2014		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	17,132	-	17,132
Pooled funds	-	25,982	25,982
Debt securities:			
Domestic bonds	8,749	-	8,749
Pooled funds	-	76,753	76,753
Life insurance company general accounts	-	25,688	25,688
Other assets	15	18,548	18,563
Total assets	25,896	146,971	172,867

Foreign plans	Millions of Yen		
	As of March 31, 2014		
	Assets with quoted market prices in an active market	Assets with quoted market prices in an active market	Total
Equity securities:			
Foreign companies	10,128	-	10,128
Pooled funds	-	44,645	44,645
Debt securities:			
Foreign bonds	68,264	-	68,264
Pooled funds	16,197	48,389	64,586
Life insurance company general accounts	-	24,230	24,230
Other assets	3,176	2,807	5,983
Total assets	97,765	120,071	217,836

Ricoh's investment objectives are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit speculative investment in derivative financial instruments. Ricoh addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh's model portfolio for domestic plans consists of three major components: approximately 25% is invested in equity securities, approximately 50% is invested in debt securities and approximately 25% is invested in other investment vehicles, primarily consisting of investments in life insurance company general accounts.

Outside Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh's model portfolio for foreign plans has been developed as follows: approximately 25% is invested in equity securities, approximately 60% is invested in debt securities, and approximately 15% is invested in other investment vehicles, primarily consisting of investments in life insurance company general accounts.

Ricoh expects to contribute ¥21,880 million to its pension plans for the year ending March 31, 2015.

The weighted average duration of defined benefit obligations was mainly 14 years as of March 31, 2014.

(2) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2013 and 2014 were ¥7,018 million and ¥11,363 million, respectively.

(3) Employee benefit expenses

The employee benefit expenses included in "cost of sales" and "selling, general and administrative expenses" on consolidated statement of profit or loss for the years ended March 31, 2013 and 2014 were ¥624,212 million and ¥687,605 million, respectively.

23. CAPITAL AND RESERVES

(1) Common Stock

The numbers of shares authorized and issued are as follows:

	Number of shares	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Authorized:		
Ordinary shares	1,500,000,000	1,500,000,000
Issued:		
Balance, beginning of year	744,912,078	744,912,078
Adjustment for the year	-	-
Balance, end of year	744,912,078	744,912,078

The number of shares of treasury stock as of March 31, 2013 and 2014 included in the number of shares issued shown above were 19,875,662 shares and 19,995,714 shares, respectively.

(2) Reserves

(a) Additional Paid-in Capital

Under the Company Law of Japan ("the Company Law"), at least 50% of the proceeds of certain issues of common shares shall be credited to Common stock. The remainder of the proceeds shall be credited to Additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from Additional paid-in capital to Common stock.

(b) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥300,506 million, ¥301,119 million and ¥286,896 million as of the date of transition to IFRSs, March 31, 2013 and 2014, respectively, were not restricted by the limitations under the Company Law.

(3) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 26, 2012	Ordinary shares	6,163	8.5	March 31, 2012	June 27, 2012
Board of Directors' meeting held on October 30, 2012	Ordinary shares	9,063	12.5	September 30, 2012	December 3, 2012
Ordinary general meeting of shareholders held on June 21, 2013	Ordinary shares	11,963	16.5	March 31, 2013	June 24, 2013
Board of Directors' meeting held on October 31, 2013	Ordinary shares	11,962	16.5	September 30, 2013	December 2, 2013

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends (Millions of Yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 20, 2014	Ordinary shares	11,961	Retained earnings	16.5	March 31, 2014	June 23, 2014

24. FINANCIAL INSTRUMENTS

(1) Capital management

Our capital management policy is to maintain a strong financial position, which enables us to procure sufficient funds for business expansion, and to build efficient capital structure, in order to achieve continuous growth and increase corporate value.

Ricoh manages net interest-bearing debt, where cash and cash equivalents are deducted from interest-bearing debt, capital (equity attributable to owners of the parent company) and the debt-to-equity ratio (ratio of interest-bearing debt to equity). The amounts as of each year end are as follows:

In addition, Ricoh manages net interest-bearing debt, excluding debt from sales financing, for managerial purpose.

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Interest-bearing debt	739,009	702,335	724,164
Cash and cash equivalents	(158,671)	(120,331)	(144,104)
Net interest-bearing debt	580,338	582,004	580,060
Capital (equity attributable to owners of the parent company)	837,320	913,705	1,029,413
Debt Equity Ratio	0.69	0.64	0.56

(2) Market risk management

(a) Foreign currency exchange rate risk

(i) Foreign currency exchange rate risk management

The financial results, assets and liabilities are subject to foreign exchange fluctuations because of the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China.

Ricoh enters into foreign currency contracts and foreign currency options to hedge against the potentially adverse impacts of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

(ii) Foreign currency contracts and foreign currency option contracts

Foreign currency contracts and foreign currency option contracts are as follows:

Foreign Currency Contracts

	As of April 1, 2012		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	80.08	166,602	(4,875)
Euro/¥	104.46	15,998	(776)
Other currencies		7,943	(181)
Total		190,543	(5,832)

	As of March 31, 2013		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	83.55	182,075	(19,697)
Euro/¥	120.19	30,760	(213)
Other currencies		1,677	(7)
Total		214,512	(19,917)

	As of March 31, 2014		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	87.23	121,255	(15,825)
Euro/¥	140.75	36,583	(200)
Other currencies		2,466	(35)
Total		160,304	(16,060)

Foreign Currency Option Contracts

	As of April 1, 2012		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Options purchased to sell foreign currencies			
U.S. dollar/¥	80.00	4,274	(156)
Euro/¥	103.51	14,164	(900)
Total		18,438	(1,056)
Options written to buy foreign currencies			
U.S. dollar/¥	80.00	2,137	10
Euro/¥	103.14	7,082	26
Total		9,219	36

	As of March 31, 2013		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Options purchased to sell foreign currencies			
U.S. dollar/¥	-	-	-
Euro/¥	125.58	4,829	(15)
Total		4,829	(15)
Options written to buy foreign currencies			
U.S. dollar/¥	-	-	-
Euro/¥	122.98	3,622	99
Total		3,622	99

	As of March 31, 2014		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Options purchased to sell foreign currencies			
U.S. dollar/¥	103.03	1,945	(4)
Euro/¥	142.00	6,927	5
Total		8,872	1
Options written to buy foreign currencies			
U.S. dollar/¥	103.03	1,945	(4)
Euro/¥	142.20	5,510	(7)
Total		7,455	(11)

(iii) Sensitivity analysis for foreign currency

The following table represents Ricoh's sensitivity analysis for foreign currency risk exposures. The analysis shows the hypothetical impact on operating profit in the consolidated statement of profit or loss that would result from a 1 yen appreciation of the Yen against U.S. dollar and Euro for the recurring positions at the end of the year. The analysis is based on the assumption that other factors such as the outstanding balance and interest rates are constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	As of March 31, 2013	As of March 31, 2014
U.S. dollar	(891)	(812)
Euro	(2,022)	(1,377)

(b) Interest rate risk

(i) Interest rate risk management

Interest-bearing debt with floating rates is exposed to interest rate fluctuation risk.

Derivative financial contracts that Ricoh enters into are interest rate swap agreements to hedge against the potentially adverse impacts of cash flow fluctuations on its outstanding debt interests. Ricoh uses these derivative instruments to reduce its risk in conformity with Ricoh's policy.

(ii) Sensitivity analysis for interest rate

In cases where the interest rate of financial instruments held by Ricoh as of March 31, 2013 and 2014 increase by 1%, the impact on profit before income taxes in the consolidated statement of profit or loss is as follows:

The analysis is subject to financial instruments affected by interest rate fluctuation and based on the assumption that other factors, including the impacts of foreign exchange fluctuation, are constant.

	Millions of Yen	
	As of March 31, 2013	As of March 31, 2014
Profit before income tax expenses	(812)	(1,153)

(3) Credit risk management

Trade and other receivables are exposed to customer credit risk. The management responsible for trade receivables is focused on establishing appropriate credit limits, ongoing credit evaluation and account monitoring procedures. It is Ricoh's policy to only enter into derivative contracts with a diversified group of financial institutions having credit ratings satisfactory to Ricoh to minimize the concentration of credit risk.

In derivative transactions, Ricoh uses only creditworthy financial institutions to reduce credit risks.

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

Ricoh continuously monitors overdue trade and other receivables and finance receivables, which Ricoh considers as uncollectible risk receivables. For trade and other receivables and finance receivables with specific customer collection issues, Ricoh individually evaluates their collectability in order to determine the amount of allowance for doubtful receivables. For other receivables, Ricoh categorizes these receivables into groups by their nature and characteristics. Ricoh collectively evaluates the collectability by each group, using its historical experience of write-offs and determines the amount of allowance for doubtful receivables.

Allowance for doubtful receivables is as follows:

	Millions of Yen		
	Trade and other receivables	Finance receivables	Total
Allowance for doubtful receivables:			
As of April 1, 2012	16,380	10,219	26,599
Impairment losses	1,668	1,579	3,247
Charge-off	(3,465)	(1,886)	(5,351)
Translation adjustments	841	337	1,178
As of March 31, 2013	15,424	10,249	25,673
Impairment losses	4,157	1,511	5,668
Charge-off	(1,410)	(2,025)	(3,435)
Translation adjustments	888	237	1,125
As of March 31, 2014	19,059	9,972	29,031

As of the date of transition to IFRSs, March 31, 2013 and 2014, the total gross amounts of trade and other receivables determined to be impaired and subject to write off were ¥36,168 million, ¥35,396 million and ¥38,229 million, respectively and the allowance for doubtful receivables recognized as of the date of transition to IFRSs, March 31, 2013 and 2014 were ¥15,298 million, ¥14,971 million and ¥17,076 million, respectively.

The aging of trade and other receivables that are past due at the end of reporting period but not impaired is as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Past due in 1-90 days	52,928	73,182	83,300
Past due 91 - 365 days	7,238	11,758	10,723
Past due 366 days or more	1,092	951	2,395
Total	61,258	85,891	96,418

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or issuance of bonds. These liabilities are exposed to the liquidity risk that Ricoh would not be able to repay liabilities on the due date due to the deterioration of the financing environment.

Ricoh and its certain subsidiaries committed lines of credit and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented cash management system as a pooling-of-funds arrangement to achieve greater efficiencies in the utilization of liquidity on hand from one group company to another company through finance subsidiaries located in each region.

Ricoh has various funding methods and also has several committed lines of credit with financial institutions in order to reduce the liquidity risk.

An analysis of the remaining contractual maturities at the end of the reporting period of financial liabilities including estimated interest payments is as follows:

	Millions of yen							
	As of April 1, 2012							
	Carrying amount	Contractual cash flows	Due within one year or less	Due between one year and two years	Due between two years and three years	Due between three years and four years	Due between four years and five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	217,584	217,584	217,584	-	-	-	-	-
Short-term borrowings	111,272	111,371	111,371	-	-	-	-	-
long-term borrowings	423,405	429,512	105,793	88,594	127,079	27,446	78,192	2,408
Bonds	204,332	214,301	2,315	71,947	36,025	60,881	20,634	22,499
Subtotal	956,593	972,768	437,063	160,541	163,104	88,327	98,826	24,907
Derivative financial liabilities								
Interest rate swap agreements	2,227	2,227	479	314	1,220	95	119	-
Foreign currency contracts	6,300	6,300	3,111	1,363	1,826	-	-	-
Foreign currency options	1,056	1,056	1,056	-	-	-	-	-
Subtotal	9,583	9,583	4,646	1,677	3,046	95	119	-
Total	966,176	982,351	441,709	162,218	166,150	88,422	98,945	24,907

	Millions of Yen							
	As of March 31, 2013							
	Carrying amount	Contractual cash flows	Due within one year or less	Due between one year and two years	Due between two years and three years	Due between three years and four years	Due between four years and five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	219,711	219,711	219,711	-	-	-	-	-
Short-term borrowings	65,219	65,268	65,268	-	-	-	-	-
long-term borrowings	412,150	415,840	93,760	136,026	58,982	79,917	43,092	4,063
Bonds	224,966	234,697	72,565	36,295	60,981	904	40,749	23,203
Subtotal	922,046	935,516	451,304	172,321	119,963	80,821	83,841	27,266
Derivative financial liabilities								
Interest rate swap agreements	2,239	2,239	220	1,170	259	493	97	-
Foreign currency contracts	20,448	20,448	10,114	10,334	-	-	-	-
Foreign currency options	15	15	15	-	-	-	-	-
Subtotal	22,702	22,702	10,349	11,504	259	493	97	-
Total	944,748	958,218	461,653	183,825	120,222	81,314	83,938	27,266

	Millions of Yen							
	As of March 31, 2014							
	Carrying amount	Contractual cash flows	Due within one year or less	Due between one year and two years	Due between two years and three years	Due between three years and four years	Due between four years and five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	281,957	281,957	281,957	-	-	-	-	-
Short-term borrowings	95,979	95,998	95,998	-	-	-	-	-
long-term borrowings	434,640	438,195	141,897	63,174	120,735	64,963	37,641	9,785
Bonds	193,545	200,089	36,324	61,009	20,912	40,732	35,604	5,508
Subtotal	1,006,121	1,016,239	556,176	124,183	141,647	105,695	73,245	15,293
Derivative financial liabilities								
Interest rate swap agreements	1,451	1,451	605	186	426	173	43	18
Foreign currency contracts	16,478	16,478	16,478	-	-	-	-	-
Foreign currency options	10	10	10	-	-	-	-	-
Subtotal	17,939	17,939	17,093	186	426	173	43	18
Total	1,024,060	1,034,178	573,269	124,369	142,073	105,868	73,288	15,311

Ricoh enters into overdrafts and lines of credit arrangements with financial institutions. These financial institutions also hold the commercial papers issued by Ricoh.

The total of overdrafts and lines of credits are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Overdrafts			
Used	53,482	33,814	73,464
Unused	347,010	363,410	383,583
Total	400,492	397,224	457,047
Lines of credit			
Used	77,605	30,286	43,730
Unused	197,052	276,144	237,146
Total	274,657	306,430	280,876

(5) Fair value of financial instruments by type

Carrying amounts and fair values of the major financial instruments are as follows:

	Millions of Yen					
	As of April 1, 2012		As of March 31, 2013		As of March 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:						
Trade receivables	41,100	43,246	49,651	51,706	60,244	62,203
Lease receivables	621,036	644,872	632,514	651,178	710,728	730,730
Installment loans	83,361	84,441	89,657	90,655	97,884	98,697
Derivative assets	549	549	1,465	1,465	1,962	1,962
Securities	43,486	43,486	52,068	52,068	48,856	48,856
Bonds	1,779	1,779	1,952	1,952	1,868	1,868
Total	791,311	818,373	827,307	849,024	921,542	944,316
Liabilities:						
Derivative liabilities	(9,583)	(9,583)	(22,702)	(22,702)	(17,939)	(17,939)
Loans and borrowings	(523,977)	(522,675)	(474,591)	(474,672)	(452,396)	(450,372)
Lease liabilities	(622)	(622)	(618)	(618)	(1,215)	(1,214)
Total	(534,182)	(532,880)	(497,911)	(497,992)	(471,550)	(469,525)

Note:

(i) Trade and other receivables

The receivables settled in a short period of trade and other receivables are not included the table above, because the carrying amounts approximate fair values because of the short maturities of these instruments.

Fair value of the receivables expected to be recovered or settled after more than twelve months, per each receivable classified per certain business types, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

Trade and other receivables using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework.

(ii) Lease receivables and installment loans

Fair value of lease receivables and installment loans, per each receivable classified per certain period, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk. Lease receivables and installment loans using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework.

(iii) Derivatives

Derivative instruments consist of foreign currency contracts, currency swap agreements, foreign currency options and interest rate swap agreements. Fair values of these instruments are mainly measured by obtaining quotes from brokers.

(iv) Securities and bonds

Securities and bonds include mainly marketable securities, bonds and unlisted securities. Marketable securities and bonds are held at fair value using quoted prices in an active market. The fair value of unlisted securities is measured using the comparable companies' analysis or other reasonable valuation methods.

(v) Loans, borrowings and lease liabilities

Fair value of loans, borrowings and lease liabilities are calculated from estimated present value using year-end borrowing rates derived from future cash flows, on a per-loan basis, as well as calculated based on market prices. Loans, borrowings and lease liabilities using inputs described above are classified as Level 2 under the fair value measurement and disclosure frame.

(6) Fair value hierarchy applied in consolidated statement of financial position

The fair value hierarchy of financial instruments is categorized as follows from Level 1 to Level 3:

Level 1: Quoted prices in active markets with respect to identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Inputs not based on observable market data

The following tables present the fair-value hierarchy of financial assets and liabilities that are measured at the fair values in the consolidated statement of financial position.

	Millions of Yen			
	As of April 1, 2012			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	549	-	549
Securities	41,854	-	1,632	43,486
Bonds	1,779	-	-	1,779
Total assets	43,633	549	1,632	45,814
Derivative liabilities	-	9,583	-	9,583
Total liabilities	-	9,583	-	9,583

	Millions of Yen			
	As of March 31, 2013			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,465	-	1,465
Securities	50,367	-	1,701	52,068
Bonds	1,952	-	-	1,952
Total assets	52,319	1,465	1,701	55,485
Derivative liabilities	-	22,702	-	22,702
Total liabilities	-	22,702	-	22,702

	Millions of Yen			
	As of March 31, 2014			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,962	-	1,962
Securities	46,878	-	1,978	48,856
Bonds	1,868	-	-	1,868
Total assets	48,746	1,962	1,978	52,686
Derivative liabilities	-	17,939	-	17,939
Total liabilities	-	17,939	-	17,939

Note:

(i) Derivative instruments consist of foreign currency contracts, currency swap agreements, foreign currency options and interest rate swap agreements (including interest rate and currency swap agreements). These derivative instruments are classified as Level 2 in the fair value hierarchy, since they are valued using observable market data such as LIBOR-based yield curves.

(ii) Securities and Bonds are classified as Level 1 in the fair value hierarchy contains marketable equity securities and bonds. Marketable equity securities and bonds are valued using a market approach based on the quoted market prices of identical instruments in active markets. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and therefore unlisted securities are classified as Level 3.

Reconciliation of financial assets categorized at Level 3 from beginning balances to ending balances is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Beginning balance	1,632	1,701
Total gains or losses:	18	(78)
- in profit or loss (i)	(95)	(17)
- in other comprehensive income (ii)	113	(61)
Purchases	124	457
Sales	(52)	(5)
Others	(21)	(97)
Ending balance	1,701	1,978

Note:

(i) Total gains or losses for the years ended March 31, 2013 and 2014 included in profit or loss relate to available-for-sale financial assets at the end of the reporting period. Related loss of these assets was included in “finance costs” (see Note 27 “Finance Income and Finance Costs”).

(ii) Total gains or losses for the years ended March 31, 2013 and 2014 included in other comprehensive income relate to the shares not traded in the market. Related profit and loss was included in “net gain on fair value of available-for-sale financial assets” (see Note 28 “Other Comprehensive Income”).

(7) Derivative financial instruments and hedging activities

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 Ricoh's policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When Ricoh enters into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets the hedge effectiveness requirements.

In general, a derivative instrument may be designated as either a hedge of the exposures to changes in fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge") or a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction ("cash flow hedge").

The periods in which the cash flows associated with the cash flow hedge derivatives are expected to occur and the periods in which the cash flows are expected to enter into the determination of profit or loss are from 1 year to 7 years.

Gains and losses resulting from the fair values of derivatives not designated as hedging instruments were ¥12,973 million (loss) and ¥3,847 million (gain) for the years ended March 31, 2013 and 2014, respectively and are included in "finance costs" on consolidated statement of profit or loss.

The fair values of cash flow hedges and fair value hedges are as follows:

	Millions of Yen		
	As of April 1, 2012	As of March 31, 2013	As of March 31, 2014
Cash flow hedge	(1,933)	(1,163)	201
Fair value hedge	-	-	49
Total	(1,933)	(1,163)	250

25. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Details of selling, general and administrative expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Personnel expenses	438,829	473,026
Rental payments	37,627	40,301
Depreciation and amortization expenses	35,404	37,112
Shipping and handling costs	23,672	26,774
Advertising costs	11,393	11,804
Restructuring charges	13,053	11,322
Others	116,077	152,541
Total	676,055	752,880

26. RESEARCH AND DEVELOPMENT

Research and development expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Research and development expenses	89,426	94,372

27. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Finance income		
Dividend income		
Available-for-sale financial assets	1,810	1,407
Interest income		
Loans and receivables	1,157	1,096
Available-for-sale financial assets	81	85
Gain on sales		
Available-for-sale financial assets	56	4,284
Total finance income	3,104	6,872
Finance costs		
Interest costs		
Interest-bearing debt	7,315	7,391
Provisions	62	62
Impairment losses		
Available-for-sale financial assets	1,005	17
Loss on sales		
Available-for-sale financial assets	11	54
Foreign currency exchange loss, net	215	1,597
Total finance costs	8,608	9,121

28. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income (loss) are as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Remeasurement of defined benefit		
Gains (losses) arising during the year	(2,500)	5,352
Reclassification adjustments to profit or loss for the year	-	-
Total	(2,500)	5,352
Net gain on fair value of available-for-sale financial assets		
Gains (losses) arising during the year	4,928	4,598
Reclassification adjustments to profit or loss for the year	616	(2,705)
Total	5,544	1,893
Net gain on fair value of cash flow hedges		
Gains (losses) arising during the year	388	748
Reclassification adjustments to profit or loss for the year	86	106
Total	474	854
Exchange differences on translation of foreign operations		
Gains (losses) arising during the year	49,356	58,580
Reclassification adjustments to profit or loss for the year	-	-
Total	49,356	58,580

Tax effects of other comprehensive income (losses) (including those attributable to non-controlling interests) are as follows:

	Millions of Yen					
	For the year ended March 31, 2013			For the year ended March 31, 2014		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurement of defined benefit	(3,774)	1,274	(2,500)	8,489	(3,137)	5,352
Net gain on fair value of available-for-sale financial assets	8,636	(3,092)	5,544	2,949	(1,056)	1,893
Net gain on fair value of cash flow hedges	770	(296)	474	1,364	(510)	854
Exchange differences on translation of foreign operations	49,477	(121)	49,356	58,625	(45)	58,580
Total other comprehensive income (loss)	55,109	(2,235)	52,874	71,427	(4,748)	66,679

29. EARNINGS PER SHARE

Earnings per share are as follows:

Diluted net income per share for the years ended March 31, 2013 and 2014 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the year.

	For the year ended March 31, 2013	For the year ended March 31, 2014
Profit attributable to owners of the parent company (millions of yen)	38,915	72,818
Weighted average number of issued and outstanding shares (thousands of shares)	725,063	724,981
Earnings per share (attributable to owners of the parent) (yen)	53.67	100.44

30. RELATED PARTIES

Ricoh had transactions with the following company which is wholly owned by a director of the Company.

		Millions of Yen	
Company name	Transaction	For the year ended March 31, 2013	For the year ended March 31, 2014
MUSE Associates, LLC (U.S. company)	Consulting fee	25	37

Transactions are priced on an arm’s length basis and are conducted under normal market terms and conditions. There are no unpaid account payable balances related to this transaction as at April 1, 2012, March 31, 2013 and 2014.

Directors’ remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Remuneration, including bonuses	572	550

31. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2013 and 2014, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥40,539 million and ¥42,699 million.

As of March 31, 2013 and 2014, there were no significant contingent liabilities.

As of March 31, 2014, the Company and certain 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.

32. GROUP ENTITIES

See “4. Information on Affiliates” in “I. Overview of the Company”.

Ricoh Leasing Co., Ltd. has non-controlling interests that are material to the Company. “Total assets” of Ricoh Leasing Co., Ltd. as of the date of transition to IFRSs, March 31, 2013 and 2014 were ¥758,817 million, ¥795,417 million and ¥865,483 million, respectively, and “total liabilities” were ¥647,963 million, ¥675,756 million and ¥736,904 million, respectively. “Profit” for the years ended March 31, 2013 and 2014 were ¥9,624 million and ¥10,477 million, respectively, and “comprehensive income” was ¥10,179 million and ¥10,349 million, respectively.

33. SUBSEQUENT EVENTS

There are no material subsequent events.

34. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Zenji Miura, Representative Director, President and Chief Executive Officer, and Daisuke Segawa, Corporate Senior Vice President and Corporate Financial Executive, on June 26, 2014.

35. IFRSs TRANSITION DISCLOSURE

Ricoh prepared its first consolidated financial statements in accordance with IFRSs.

Significant accounting policies in Note 3 to the consolidated financial statements have been applied in preparing the consolidated financial statements for the year ended March 31, 2014, the comparative information for the year March 31, 2013 and the opening IFRS consolidated statement of financial position as of the date of transition to IFRSs (April 1, 2012).

(1) Exemptions under IFRS 1

IFRSs require full retrospective application of IFRSs for the first time adopters. However, IFRS 1 provides certain mandatory exceptions and voluntary exemptions from full retrospective applications. These adjustments as a result of the initial application of IFRSs are recognized directly through retained earnings and other components of equity at the date of transition to IFRSs. The exemptions applied by Ricoh under IFRS 1 were as follows:

Business combinations

IFRS 3 may be applied retrospectively or prospectively. Under retrospective application, it is required to restate all business combinations that occurred before the date of transition to IFRSs. Ricoh elected not to retrospectively apply IFRS 3 to business combinations that occurred before the date of transition to IFRSs. Any goodwill arising from business combinations which occurred before the date of transition to IFRSs were not restated from the carrying value previously determined under U.S. GAAP. In addition, Ricoh performed an impairment test at the date of transition to IFRSs regardless of whether there was an indication that the goodwill may be impaired.

Application of deemed cost

IFRS 1 allows to use the fair value for property, plant and equipment as deemed cost at the date of transition to IFRSs. Accordingly, Ricoh applied the exemption in IFRS 1 and used the fair value for certain of its property, plant and equipment as deemed cost at the date of transition to IFRSs.

Exchange differences on translating foreign operations

IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRSs. Ricoh elected to deem all of cumulative exchange differences on translating foreign operations to be zero at the date of transition to IFRSs.

(2) Mandatory exceptions under IFRS 1

IFRS 1 prohibits retrospective application of IFRSs with respect to estimates, derecognition of financial assets and financial liabilities, hedge accounting, non-controlling interests, and classification and measurement of financial assets. Accordingly, Ricoh applied the requirements of IFRSs on these items prospectively.

(3) Reconciliation of U.S. GAAP to IFRSs

In preparing its consolidated statement of financial position as of the date of transition to IFRSs, Ricoh has adjusted amounts reported previously in its consolidated financial statements prepared in accordance with U.S. GAAP.

An explanation of how the transition from U.S. GAAP to IFRSs have affected Ricoh's consolidated statement of financial position, profit or loss, comprehensive income and cash flows is as follows:

Reconciliation of equity as of the date of transition to IFRSs (April 1, 2012)

	Millions of Yen					
ASSETS	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	ASSETS
Current assets:						Current assets:
Cash and cash equivalents	156,210	-	-	156,210		Cash and cash equivalents
Time deposits	2,461	-	-	2,461		Time deposits
		442,957	(2,633)	440,324		Trade and other receivables
Trade receivables	467,214	(467,214)				
		220,141	5,343	225,484	E,H	Other financial assets
Current maturities of long-term finance receivables, net	219,716	(219,716)				
Inventories	195,009	-	-	195,009		Inventories
Deferred income taxes and other	65,896	(41,317)	1,897	26,476		Other current assets
Total current assets	1,106,506	(65,149)	4,607	1,045,964		Total current assets
Fixed assets:						Non-current assets:
Net property, plant and equipment	268,527	-	(25,096)	243,431	A,B,E	Property, plant and equipment
		308,165	26,536	334,701	A,D	Goodwill and intangible assets
		468,128	11,334	479,462	E,H	Other financial assets
Investments and other assets:						
Long-term finance receivables, net	468,004	(468,004)				
Investment securities	45,470	(45,470)				
		99	-	99	H	Investments accounted for using the equity method
		45,470	(205)	45,265		Other investments
Investments in and advances to affiliates	444	(444)				
Goodwill	195,251	(195,251)				
Other intangible assets	112,914	(112,914)				
		39,120	5,963	45,083		Other non-current assets
Lease deposits and other	92,242	(92,242)				
		118,492	(2,526)	115,966	G,H	Deferred tax assets
Total investments and other assets	914,325					
Total fixed assets	1,182,852	65,149	16,006	1,264,007		Total non-current assets
Total assets	2,289,358	-	20,613	2,309,971		Total assets

LIABILITIES AND EQUITY	Millions of Yen U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	LIABILITIES AND EQUITY
Current liabilities:						Current liabilities:
		215,921	(889)	215,032		Bonds and borrowings
Short-term borrowings	111,272	(111,272)				
Current maturities of long-term indebtedness	105,160	(105,160)				
		221,824	(4,240)	217,584		Trade and other payables
Trade payables	252,209	(252,209)				
		5,158	-	5,158	H	Other financial liabilities
Accrued income taxes	13,448	-	-	13,448		Income tax payables
		209,742	3,126	212,868		Other current liabilities
Accrued expenses and other	190,935	(190,935)				
Total current liabilities	673,024	(6,931)	(2,003)	664,090		Total current liabilities
Long-term liabilities:						Non-current liabilities:
Long-term indebtedness, less current maturities	525,435	(111)	(1,347)	523,977		Bonds and borrowings
		5,047	-	5,047	H	Other financial liabilities
Accrued pension and severance costs	164,757	-	3,248	168,005	C	Accrued pension and retirement benefits
Deferred income taxes and other	47,124	(11,226)	8,814	44,712		Other non-current liabilities
		13,221	(2,350)	10,871	H	Deferred tax liabilities
Total long-term liabilities	737,316	6,931	8,365	752,612		Total non-current liabilities
Total liabilities	1,410,340	-	6,362	1,416,702		Total liabilities
Equity:						Equity:
Common stock	135,364	-	-	135,364		Common stock
Additional paid-in capital	186,083	-	-	186,083		Additional paid-in capital
Retained earnings	742,549	(742,549)				
Accumulated other comprehensive loss	(204,175)	204,175				
Treasury stock	(37,117)	-	-	(37,117)		Treasury stock
		(204,175)	207,465	3,290	C,F	Other components of equity
		742,549	(192,849)	549,700		Retained earnings
Total Ricoh Company, Ltd. shareholders' equity	822,704	-	14,616	837,320		Total equity attributable to owners of the parent
Noncontrolling interests	56,314	-	(365)	55,949		Non-controlling interests
Total equity	879,018	-	14,251	893,269		Total equity
Total liabilities and equity	2,289,358	-	20,613	2,309,971		Total liabilities and equity

Reconciliation of equity as of March 31, 2013

ASSETS	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	ASSETS
	Millions of Yen					
Current assets:						Current assets:
Cash and cash equivalents	117,051	-	-	117,051		Cash and cash equivalents
Time deposits	3,280	-	-	3,280		Time deposits
		478,318	(1,713)	476,605		Trade and other receivables
Trade receivables	509,581	(509,581)				
		226,370	5,010	231,380	E,H	Other financial assets
Current maturities of long-term finance receivables, net	235,889	(235,889)				
Inventories	195,367	-	1,329	196,696		Inventories
Deferred income taxes and other	65,051	(34,553)	(173)	30,325		Other current assets
Total current assets	1,126,219	(75,335)	4,453	1,055,337		Total current assets
Fixed assets:						Non-current assets:
Net property, plant and equipment	290,875	-	(24,522)	266,353	A,B, E	Property, plant and equipment
		328,919	33,006	361,925	A,D	Goodwill and intangible assets
		477,592	14,664	492,256	E,H	Other financial assets
Investments and other assets:						
Long-term finance receivables, net	466,608	(466,608)				
Investment securities	54,102	(54,102)				
		689	-	689	H	Investments accounted for using the equity method
		54,102	(82)	54,020		Other investments
Investments in and advances to affiliates	1,026	(1,026)				
Goodwill	221,217	(221,217)				
Other intangible assets	107,702	(107,702)				
		39,776	5,983	45,759		Other non-current assets
Lease deposits and other	92,948	(92,948)				
		117,860	(3,036)	114,824	G,H	Deferred tax assets
Total investments and other assets	943,603					
Total fixed assets	1,234,478	75,335	26,013	1,335,826		Total non-current assets
Total assets	2,360,697	-	30,466	2,391,163		Total assets

LIABILITIES AND EQUITY	Millions of Yen U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	LIABILITIES AND EQUITY
Current liabilities:						Current liabilities:
		227,818	(74)	227,744		Bonds and borrowings
Short-term borrowings	65,219	(65,219)				
Current maturities of long-term indebtedness	161,180	(161,180)				
		219,711	-	219,711		Trade and other payables
Trade payables	256,538	(256,538)				
		10,744	-	10,744	H	Other financial liabilities
Accrued income taxes	12,091	-	-	12,091		Income tax payables
		226,200	4,331	230,531		Other current liabilities
Accrued expenses and other	205,339	(205,339)				
Total current liabilities	700,367	(3,803)	4,257	700,821		Total current liabilities
Long-term liabilities:						Non-current liabilities:
Long-term indebtedness, less current maturities	476,381	(2,037)	247	474,591		Bonds and borrowings
		12,576	-	12,576	H	Other financial liabilities
Accrued pension and severance costs	164,289	-	3,684	167,973	C	Accrued pension and retirement benefits
Deferred income taxes and other	61,002	(20,634)	9,327	49,695		Other non-current liabilities
		13,898	(2,393)	11,505	H	Deferred tax liabilities
Total long-term liabilities	701,672	3,803	10,865	716,340		Total non-current liabilities
Total liabilities	1,402,039	-	15,122	1,417,161		Total liabilities
Equity:						Equity:
Common stock	135,364	-	-	135,364		Common stock
Additional paid-in capital	186,083	-	-	186,083		Additional paid-in capital
Retained earnings	759,783	(759,783)				
Accumulated other comprehensive loss	(146,088)	146,088				
Treasury stock	(37,146)	-	-	(37,146)		Treasury stock
		(146,088)	204,702	58,614	C,F	Other components of equity
		759,783	(188,993)	570,790		Retained earnings
Total Ricoh Company, Ltd. shareholders' equity	897,996	-	15,709	913,705		Total equity attributable to owners of the parent
Noncontrolling interests	60,662	-	(365)	60,297		Non-controlling interests
Total equity	958,658	-	15,344	974,002		Total equity
Total liabilities and equity	2,360,697	-	30,466	2,391,163		Total liabilities and equity

Reconciliation of equity as of March 31, 2014

ASSETS	Millions of Yen U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	ASSETS
Current assets:						Current assets:
Cash and cash equivalents	140,047	-	-	140,047		Cash and cash equivalents
Time deposits	4,057	-	-	4,057		Time deposits
		544,089	636	544,725		Trade and other receivables
Trade receivables	573,347	(573,347)				
		243,964	5,718	249,682	E,H	Other financial assets
Current maturities of long-term finance receivables, net	248,651	(248,651)				
Inventories	194,789	-	(618)	194,171		Inventories
Deferred income taxes and other	63,952	(34,767)	(125)	29,060		Other current assets
Total current assets	1,224,843	(68,712)	5,611	1,161,742		Total current assets
Fixed assets:						Non-current assets:
Net property, plant and equipment	290,516	-	(19,814)	270,702	A,B, E	Property, plant and equipment
		362,202	37,152	399,354	A,D	Goodwill and intangible assets
		550,820	10,072	560,892	E,H	Other financial assets
Investments and other assets:						
Long-term finance receivables, net	544,171	(544,171)				
Investment securities	50,792	(50,792)				
		1,074	-	1,074	H	Investments accounted for using the equity method
		50,792	(68)	50,724		Other investments
Investments in and advances to affiliates	1,374	(1,374)				
Goodwill	254,215	(254,215)				
Other intangible assets	107,987	(107,987)				
		34,522	5,898	40,420		Other non-current assets
Lease deposits and other	83,062	(83,062)				
		110,903	(4,450)	106,453	G,H	Deferred tax assets
Total investments and other assets	1,041,601					
Total fixed assets	1,332,117	68,712	28,790	1,429,619		Total non-current assets
Total assets	2,556,960	-	34,401	2,591,361		Total assets

LIABILITIES AND EQUITY	Millions of Yen U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	LIABILITIES AND EQUITY
Current liabilities:						Current liabilities:
		271,672	96	271,768		Bonds and borrowings
Short-term borrowings	95,979	(95,979)				
Current maturities of long-term indebtedness	176,740	(176,740)				
		279,065	2,892	281,957		Trade and other payables
Trade payables	317,062	(317,062)				
		18,140	-	18,140	H	Other financial liabilities
Accrued income taxes	14,435	-	-	14,435		Income tax payables
		241,708	2,426	244,134		Other current liabilities
Accrued expenses and other	227,137	(227,137)				
Total current liabilities	831,353	(6,333)	5,414	830,434		Total current liabilities
Long-term liabilities:						Non-current liabilities:
Long-term indebtedness, less current maturities	451,759	(168)	805	452,396		Bonds and borrowings
		1,014	-	1,014	H	Other financial liabilities
Accrued pension and severance costs	132,588	-	(8,034)	124,554	C	Accrued pension and retirement benefits
Deferred income taxes and other	57,923	(12,170)	28,861	74,614		Other non-current liabilities
		17,657	(3,704)	13,953	H	Deferred tax liabilities
Total long-term liabilities	642,270	6,333	17,928	666,531		Total non-current liabilities
Total liabilities	1,473,623	-	23,342	1,496,965		Total liabilities
Equity:						Equity:
Common stock	135,364	-	-	135,364		Common stock
Additional paid-in capital	186,083	-	-	186,083		Additional paid-in capital
Retained earnings	808,680	(808,680)				
Accumulated other comprehensive loss	(74,942)	74,942				
Treasury stock	(37,278)	-	-	(37,278)		Treasury stock
		(74,942)	194,846	119,904	C,F	Other components of equity
		808,680	(183,340)	625,340		Retained earnings
Total Ricoh Company, Ltd. shareholders' equity	1,017,907	-	11,506	1,029,413		Total equity attributable to owners of the parent
Noncontrolling interests	65,430	-	(447)	64,983		Non-controlling interests
Total equity	1,083,337	-	11,059	1,094,396		Total equity
Total liabilities and equity	2,556,960	-	34,401	2,591,361		Total liabilities and equity

Reconciliation of profit and comprehensive income for the year ended March 31, 2013

	Millions of Yen					
	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	
Net sales	1,924,497	-	(38,502)	1,885,995		Sales
Cost of sales	(1,155,896)	-	19,511	(1,136,385)	C,D	Cost of sales
Gross profit	768,601	-	(18,991)	749,610		Gross profit
Selling, general and administrative expenses	(705,167)	(524)	29,636	(676,055)	C	Selling, general and administrative expenses
Operating income	63,434	(524)	10,645	73,555		Operating profit
Other (income) expenses:						
Interest and dividend income	3,048	(3,048)				
Interest expense	(7,377)	7,377				
Foreign currency exchange loss, net	(121)	121				
Losses on impairment of securities	(332)	332				
Other, net	(479)	479				
		3,104	-	3,104	I	Finance income
		(7,841)	(767)	(8,608)	I	Finance costs
Total other (income) expenses	(5,261)					
		31	-	31		Share of profit (loss) of investments accounted for using the equity method
Income (loss) before income taxes and equity in earnings of affiliates	58,173	31	9,878	68,082		Profit before income tax expenses
Provision for income taxes:						
Current	(21,079)					
Deferred	241					
Total Provision for income taxes	(20,838)	-	(3,426)	(24,264)	G	Income tax expenses
Equity in earnings (losses) of affiliates	31	(31)				
Net income	37,366	-	6,452	43,818		Profit
Net income attributable to noncontrolling interests	(4,899)	4,899				Profit attributable to:
Net income attributable to Ricoh Company, Ltd.	32,467	-	6,448	38,915		Owners of the parent
		(4,899)	9,802	4,903		Non-controlling interests

	Yen					
	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	
Net income attributable to Ricoh Company, Ltd. per share of common stock:						Earnings per share (attributable to owners of the parent):
Basic	44.78	-	8.89	53.67		Basic
Diluted	-	-	-	-		Diluted

	Millions of Yen					
	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	
Net income	37,366	-	6,452	43,818		Profit
Other comprehensive income , net of tax:						Other comprehensive income:
						Components that will not be reclassified to profit or loss:
Pension liability adjustments	3,407	-	(5,907)	(2,500)	C	Remeasurement of defined benefit plan
						Components that will be reclassified to profit or loss:
Net unrealized holding gains and losses on securities	5,033	-	511	5,544		Net gain on fair value of available-for-sale financial assets
Net unrealized gains and losses on derivatives	423	-	51	474		Net gain on fair value of cash flow hedges
Foreign currency translation adjustments	49,370	-	(14)	49,356		Exchange differences on translation of foreign operations
Total Other comprehensive income , net of tax	58,233	-	(5,359)	52,874		Total other comprehensive income
Comprehensive income	95,599	-	1,093	96,692		Comprehensive income
Comprehensive income attributable to noncontrolling interests	(5,045)	5,045				Comprehensive income attributable to:
Comprehensive income attributable to Ricoh Company, Ltd.	90,554	-	1,093	91,647		Owners of the parent
		(5,045)	10,090	5,045		Non-controlling interests

Reconciliation of profit and comprehensive income for the year ended March 31, 2014

	Millions of Yen					
	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	
Net sales	2,236,913	-	(41,217)	2,195,696		Sales
Cost of sales	(1,342,603)	-	20,132	(1,322,471)	C,D	Cost of sales
Gross profit	894,310	-	(21,085)	873,225		Gross profit
Selling, general and administrative expenses	(773,920)	(423)	21,463	(752,880)	C	Selling, general and administrative expenses
Operating income	120,390	(423)	378	120,345		Operating profit
Other (income) expenses:						
Interest and dividend income	2,588	(2,588)				
Interest expense	(7,530)	7,530				
Foreign currency exchange loss, net	(1,597)	1,597				
Losses on impairment of securities	3,793	(3,793)				
Other, net	(440)	440				
		6,435	437	6,872	I	Finance income
		(9,198)	77	(9,121)	I	Finance costs
Total other (income) expenses	(3,186)					
		(33)	-	(33)		Share of profit (loss) of investments accounted for using the equity method
Income (loss) before income taxes and equity in earnings of affiliates	117,204	(33)	892	118,063		Profit before income tax expenses
Provision for income taxes:						
Current	(34,233)					
Deferred	(4,431)					
Total Provision for income taxes	(38,664)	-	(947)	(39,611)	G	Income tax expenses
Equity in earnings (losses) of affiliates	(33)	33				
Net income	78,507	-	(55)	78,452		Profit
Net income attributable to noncontrolling interests	(5,679)	5,679				Profit attributable to:
Net income attributable to Ricoh Company, Ltd.	72,828	-	(10)	72,818		Owners of the parent
		(5,679)	11,313	5,634		Non-controlling interests

	Yen					
	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	
Net income attributable to Ricoh Company, Ltd. per share of common stock:						Earnings per share (attributable to owners of the parent):
Basic	100.46	-	(0.02)	100.44		Basic
Diluted	-	-	-	-		Diluted

	Millions of Yen					
	U.S. GAAP	Reclassification	Effect of transition to IFRSs	IFRSs	Note	
Net income	78,507	-	(55)	78,452		Profit
Other comprehensive income (loss) , net of tax:						Other comprehensive income:
						Components that will not be reclassified to profit or loss:
Pension liability adjustments	8,459	-	(3,107)	5,352	C	Remeasurement of defined benefit plan
						Components that will be reclassified to profit or loss:
Net unrealized holding gains and losses on securities	2,165	-	(272)	1,893		Net gain on fair value of available-for-sale financial assets
Net unrealized gains and losses on derivatives	854	-	-	854		Net gain on fair value of cash flow hedges
Foreign currency translation adjustments	59,431	-	(851)	58,580		Exchange differences on translation of foreign operations
Total Other comprehensive income (loss) , net of tax	70,909	-	(4,230)	66,679		Total other comprehensive income
Comprehensive income (loss)	149,416	-	(4,285)	145,131		Comprehensive income
Comprehensive income attributable to noncontrolling interests	(5,442)	5,442				Comprehensive income attributable to:
Comprehensive income (loss) attributable to Ricoh Company, Ltd.	143,974	-	(4,203)	139,771		Owners of the parent
		(5,442)	10,802	5,360		Non-controlling interests

(4) Notes to reconciliation of U.S. GAAP to IFRSs

Notes to reconciliation of equity, profit or loss and comprehensive income

A. Impairment

Under U.S. GAAP, if any of indications that an impairment loss of a long-lived asset is identified, it is needed to compare the carrying amount with its undiscounted future cash flows. As a result of comparing, if the carrying amount exceeds its undiscounted future cash flows, the excess of the carrying amount over the fair value of the asset is recognized as an impairment loss.

Under IFRSs, if any of indications that an impairment loss of a non-financial asset is identified, the excess of the carrying amount of an asset over its recoverable amount, which is the higher of value in use and fair value less costs to sell, is recognized as an impairment loss.

As a result of the transition to IFRSs, property, plant and equipment and intangible assets decreased by ¥2,094 million and ¥5,529 million respectively at the date of transition to IFRSs due to differences of accounting standards between U.S. GAAP and IFRSs.

Net amount after deducting the related deferred tax assets by ¥2,879 million was included in “retained earnings” at the date of transition.

B. Deemed cost

Ricoh applied the exemption in IFRS 1 and treat fair value for some of the property, plant and equipment as deemed cost at the date of transition to IFRSs. The carrying value of the property, plant and equipment under U.S. GAAP to which Ricoh applied deemed cost was ¥14,453 million and their fair value was ¥7,267 million. As a result, “property, plant and equipment” decreased by ¥7,186 million at the date of transition to IFRSs. Net amount after deducting the related deferred tax assets by ¥2,574 million was included in “retained earnings”.

C. Employee benefits

Under U.S. GAAP, actuarial gains (losses) and prior service costs that have not been recognized as a part of net periodic pension costs during the period arising from the defined benefit pension plans and lump-sum payment plans are recognized as accumulated other comprehensive income (loss), net of tax. The amount recognized in accumulated other comprehensive income (loss) are amortized over a certain period of time in profit or loss as a part of net periodic pension costs.

Under IFRSs, actuarial gains (losses) arising from remeasurement of defined benefit plan, net of tax, are recognized as other comprehensive income, and past service cost are recognized in profit or loss in the consolidated statement of profit or loss. Defined benefit plan actuarial gains (losses) are directly reclassified to retained earnings from other components of equity.

As a result, defined benefit plan actuarial gains (losses) recognized as accumulated other comprehensive income (loss) are reclassified to “retained earnings” by ¥67,578 million, ¥64,266 million and ¥55,534 million at the date of transition to IFRSs, as of March 31, 2013 and as of March 31, 2014, respectively.

“ Cost of sales” decreased by ¥3,632 million and “selling, general and administrative expenses” decreased by ¥5,416 million, as a result, “profit” increased by ¥5,835 million in the consolidated statement of profit or loss for the year ended March 31, 2013. “Cost of sales” decreased by ¥636 million and “selling, general and administrative expenses” increased by ¥2,627 million, as a result, “profit” decreased by ¥1,269 million in the consolidated statement of profit or loss for the year ended March 31, 2014.

D. Development assets

Under IFRSs, certain expenditures arising from development activities were recognized and accounted as assets in the consolidated statement of financial position, which met the requirement of capitalization, although these expenditures had been expensed under U.S. GAAP.

As a result, carrying amount of development assets recognized as “intangible assets” at the date of transition to IFRSs, as of March 31, 2013 and 2014 were ¥39,024 million, ¥43,740 million and ¥46,133 million, respectively. Net amount after deducting the related deferred tax assets by ¥14,907 million was included in “retained earnings” at the date of transition. “Cost of sales” increased by ¥17,864 million and “selling, general and administrative expenses” decreased by ¥22,580 million, and as a result, “profit” increased by ¥3,218 million for the year ended March 31, 2013. “Cost of sales” increased by ¥19,457 million and “selling, general and administrative expenses” decreased by ¥21,850 million, and as a result, “profit” increased by ¥2,281 million for the year ended March 31, 2014.

E. Lease

Under U.S. GAAP, revenue from operating leases is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term, and the assets classified as operating leases are reported in Ricoh’s consolidated statement of financial position.

Under IFRSs, certain of these lease contracts are classified as finance leases. Revenue from finance leases is recognized on the contract start date, and the related financial receivables are reported in Ricoh’s consolidated statement of financial position.

As a result, “current other financial assets” increased by ¥5,343 million, ¥5,010 million and ¥5,718 million, “non-current other financial assets” increased by ¥10,247 million, ¥13,603 million and ¥9,007 million, and “property, plant and equipment” decreased by ¥14,804 million, ¥14,565 million and ¥10,141 million at the date of transition to IFRSs, as of March 31, 2013 and as of March 31, 2014, respectively.

F. Exchange differences on translating foreign operations

Under IFRSs, the cumulative amount of exchange differences on translating foreign operations is permitted to be deemed zero at the date of transition to IFRSs.

As a result, ¥139,125 million of the cumulative amount of exchange differences on translating foreign operations of the other components of equity at the date of transition to IFRSs was transferred and included in “retained earnings”.

G. Income tax expense

Under U.S. GAAP, the tax effects arising from the elimination of intercompany unrealized gains are recognized as prepaid taxes using the sellers’ tax amounts.

Under IFRSs, these tax effects are recognized as deferred tax assets using the purchasers’ tax rates which temporary differences after a study of the recoverability of the deferred tax assets.

Under U.S. GAAP, in relation to deferred tax assets or liabilities previously recognized in other comprehensive income, the recognition of a change in deferred taxes caused by the change in tax rates or readjustment of recoverability are recognized in profit for the year.

Under IFRSs, these changes are recognized in other comprehensive income.

As a result, “deferred tax assets (net)” decreased by ¥1,049 million, ¥908 million and ¥2,030 million at the date of transition to IFRSs, for the year ended March 31, 2013 and March 31, 2014, respectively and “retained earnings” decreased by ¥1,538 million, ¥1,448 million and ¥2,570 million at the date of transition to IFRSs, as of March 31, 2013 and March 31, 2014, respectively.

H. Reclassifications in the presentation of the consolidated statement of financial position

Reclassifications in the presentation of the consolidated statement of financial position were made in accordance with IFRSs, which had no impact in the consolidated statement of profit or loss and comprehensive income, and “retained earnings”. The main items are as follows:

(a) All of the deferred tax assets and deferred tax liabilities, that were classified as current assets and current liabilities under U.S. GAAP, have been reclassified to non-current assets and non-current liabilities.

(b) Financial assets and financial liabilities as defined in IFRSs were disclosed independently.

(c) Investments accounted for using the equity method as defined in IFRSs was disclosed independently.

I. Reclassifications in the presentation of the consolidated statement of profit or loss

Reclassifications in the presentation of the consolidated statement of profit or loss were made in accordance with IFRSs, which had no impact in “retained earnings”. The main item is as follows:

(a) Finance income and finance costs as defined in IFRSs were disclosed independently.

Adjustments to the consolidated statement of cash flows for the years ended March 31, 2013 and 2014

Certain expenditures for development activities are recognized and accounted as assets in the consolidated statement of financial position, which meets the requirement for capitalization under IFRSs, but these expenditures are expensed under U.S. GAAP.

Ricoh classified these development expenditures as operating activities in consolidated statement of cash flows under US. GAAP and have reclassified these expenditures into investing activities under IFRSs.

KPMG

Independent Auditor's Report

To the Board of Directors of Ricoh Company, Ltd.:

We have audited the accompanying consolidated financial statements of Ricoh Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ricoh Company, Ltd. and its consolidated subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG AZSA LLC

June 26, 2014
Tokyo, Japan