

Annual Securities Report

(The 116th Business Term)
From April 1, 2015 to March 31, 2016

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

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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.

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I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

Fiscal year Year end	(Millions of Yen, unless otherwise stated)				
	IFRSs				
	Transition to IFRSs April 1, 2012	113 th business term March 2013	114 th business term March 2014	115 th business term March 2015	116 th business term March 2016
Sales	-	1,811,814	2,108,475	2,151,404	2,209,028
Profit before income tax expenses	-	68,082	118,063	112,297	95,684
Profit attributable to owners of the parent	-	38,915	72,818	68,562	62,975
Comprehensive income attributable to owners of the parent	-	91,647	139,771	79,056	18,332
Equity attributable to owners of the parent	837,320	913,705	1,029,413	1,084,167	1,077,813
Total assets	2,309,971	2,391,163	2,596,618	2,730,207	2,776,461
Equity per share attributable to owners of the parent (yen)	1,154.80	1,260.22	1,420.04	1,495.61	1,486.87
Earnings per share attributable to owners of the parent , basic (yen)	-	53.67	100.44	94.58	86.87
Earnings per ADR share attributable to owners of the parent , basic (yen)	-	268.35	502.20	94.58	86.87
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	39.64	39.71	38.82
Profit ratio to equity attributable to owners of the parent (%)	-	4.44	7.49	6.49	5.83
Price earnings ratio (times)	-	18.71	11.85	13.83	13.19
Net cash provided by operating activities	-	137,318	146,894	102,544	99,858
Net cash used in investing activities	-	(121,743)	(122,938)	(143,457)	(104,138)
Net cash provided by (used in) financing activities	-	(61,837)	(9,236)	29,936	42,669
Cash and cash equivalents at end of year	156,210	117,051	140,047	137,722	167,547
Number of employees	109,241	107,431	108,195	109,951	109,361

- (Note) 1. Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") from the 114th Business Term. The consolidated financial data for the 113th Business Term and the transition date to IFRSs are noted in accordance with IFRSs as well.
2. Sales do not include the consumption tax, etc.
 3. No diluted shares noted for the year 2013, 2014, 2015 and 2016.
 4. The Company changed a ratio of its ADR on January 13, 2015.
 - The ratio before the change: 1 ADR = 5 underlying shares
 - The ratio after the change: 1 ADR = 1 underlying share
 5. The compilation method has been changed from the year 2016 such as part of the lease transactions are shown in net basis instead of gross basis. The comparative figures for the year 2013, 2014 and 2015 have also been adjusted to conform to the current year presentation.

(Millions of Yen, unless otherwise stated)

Fiscal year	U.S. GAAP		
	112 th	113 th	114 th
	business term	business term	business term
Year end	March 2012	March 2013	March 2014
Net sales	1,827,303	1,850,316	2,149,692
Income (loss) before income taxes	(31,937)	58,173	117,204
Net income (loss) attributable to owners of the parent company	(44,560)	32,467	72,828
Comprehensive income (loss) attributable to the owners of the parent company	(74,059)	95,599	149,416
Equity attributable to owners of the parent company	879,018	958,658	1,083,337
Total assets	2,289,358	2,360,697	2,556,960
Equity per share attributable to owners of the parent company (yen)	1,134.64	1,238.55	1,404.17
Net income (loss) per share attributable to owners of the parent company, basic (yen)	(61.42)	44.78	100.46
Net income (loss) per ADR share attributable to owners of the parent company, basic (yen)	(307.10)	223.90	502.30
Net income (loss) per share attributable to owners of the parent company, diluted (yen)	(61.42)	-	-
Net income (loss) per ADR share attributable to owners of the parent company, diluted (yen)	(307.10)	-	-
Equity attributable to owners of the parent ratio (%)	35.94	38.04	39.81
Profit ratio to equity attributable to owners of the parent (%)	(5.10)	3.77	7.60
Price earnings ratio (times)	-	22.42	11.85
Net cash provided by operating activities	11,206	124,526	131,593
Net cash used in investing activities	(112,443)	(106,467)	(106,844)
Net cash provided by (used in) financing activities	87,823	(64,321)	(10,029)
Cash and cash equivalents at end of year	156,210	117,051	140,047
Number of employees	109,241	107,431	108,195

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

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

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. The compilation method has been changed from the year 2016 such as part of the lease transactions are shown in net basis instead of gross basis. The comparative figures for the year 2012, 2013 and 2014 have also been adjusted to conform to the current year presentation.

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 50 th 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 Kato, Hyogo (now known as the Yashiro plant at Ricoh Electronic Devices Company, Ltd.).
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, 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.
- July 2014 Domestic sales and service subsidiaries are merged into Ricoh Japan Corporation.
- October 2014 The Company transfers its direct sales of optical equipment and electronic components divisions previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industrial Solutions Inc.
- October 2014 The Company transfers its Electronic Devices Division to Ricoh Electronic Devices Company, Ltd.

3. DESCRIPTION OF BUSINESS

Ricoh is comprised of 219 subsidiaries and 11 affiliates as of March 31, 2016.

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 Oceania.

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

The Americas...Ricoh Electronics, Inc.

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

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

Sales, Service and Support

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

The Americas...Ricoh Americas Holdings, Inc., Ricoh Americas Corporation, Ricoh Canada Inc., Ricoh USA Inc. and mindSHIFT Technologies, Inc.

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

Other region...Ricoh China Co., Ltd., Ricoh Asia Industry Ltd., Ricoh Asia Pacific Operations Ltd., Ricoh Hong Kong Ltd., Ricoh India Ltd., Ricoh Thailand Ltd., Ricoh Asia Pacific Pte. Ltd. and Ricoh Australia Pty, Ltd.

<Industrial Products>

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

[Main Subsidiaries and Affiliates]

Manufacturing and Sales

Japan... Ricoh Industrial Solutions Co., Ltd. and Ricoh Electronic Devices Co., Ltd.

The Americas...Ricoh Electronics, Inc. and Ricoh Printing Systems America, Inc.

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

Other region...Ricoh Thermal Media (Wuxi) Co., Ltd.

<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

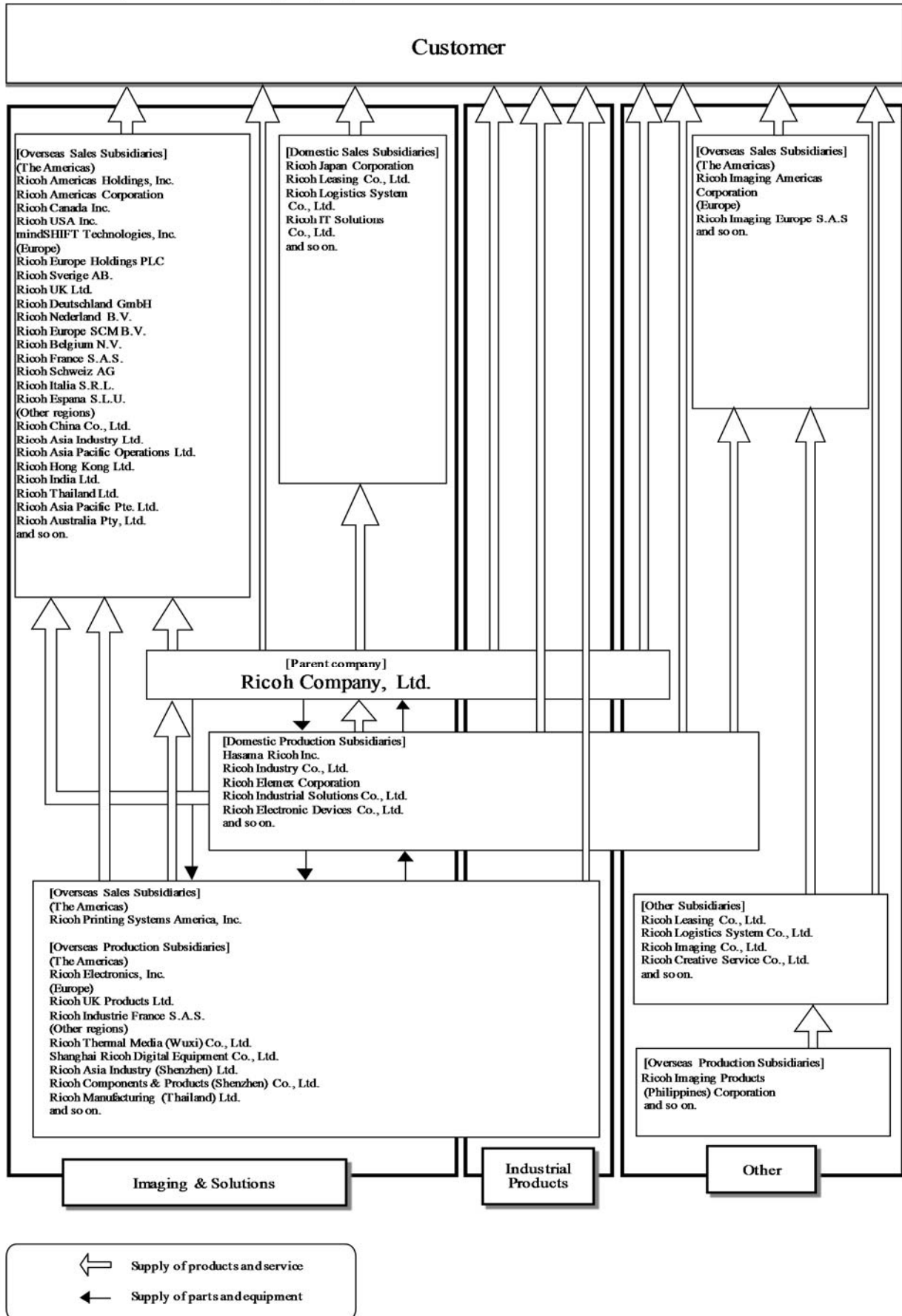
Ricoh Imaging Americas Corporation and Ricoh Imaging Europe S.A.S

Other

Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd., Ricoh Imaging Co., Ltd. and Ricoh Creative Service Co., Ltd.

<Chart of Operational Flow>

The following chart shows the group's positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2016)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Consolidated Subsidiaries)			
Hasama Ricoh, Inc.	Japan	Manufacturing parts for office equipment	100.0 (50.0)
Ricoh Industry Co., Ltd.	Japan	Manufacturing office equipment	100.0
Ricoh Elemex Corporation	Japan	Manufacturing and sale of office equipment	100.0
Ricoh Japan Corporation	Japan	Sale, maintenance and service of office equipment	100.0
Ricoh Leasing Co., Ltd.	Japan	General leasing	52.9
Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	100.0
Ricoh IT Solutions Co., Ltd.	Japan	Development and construction of network system	100.0
Ricoh Imaging Co., Ltd.	Japan	Manufacturing and sale of digital camera	100.0
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Industrial Solutions Co., Ltd.	Japan	Manufacturing and sale of optical equipment and electronic components	100.0
Ricoh Technologies Co., Ltd.	Japan	Development and design of office equipment	100.0
Ricoh Electronic Devices Co., Ltd.	Japan	Manufacturing and sale of semiconductor	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)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Industrie France S.A.S.	France	Manufacturing office equipment and related supplies	100.0
Ricoh Thermal Media (Wuxi) Co., Ltd.	China	Manufacturing and sale of thermal media	99.0 (10.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Manufacturing and sale of office equipment	100.0 (55.3)
Ricoh Asia Industry (Shenzhen) Ltd.	China	Manufacturing office equipment and related supplies	100.0 (100.0)
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)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT service	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Sale of inkjet head	100.0 (4.4)
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 Sverige AB.	Sweden	Sale of office equipment	100.0 (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 Nederland B.V.	Netherlands	Sale of office equipment	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Europe SCM B.V.	Netherlands	Sale of office equipment	100.0 (100.0)
Ricoh Belgium N.V.	Belgium	Sale of office equipment	100.0 (100.0)
Ricoh France S.A.S	France	Sale of office equipment	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Sale of office equipment	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Sale of office equipment	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Sale of office equipment	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital camera	100.0 (100.0)
Ricoh China Co., Ltd.	China	Sale of office equipment	100.0
Ricoh Asia Industry Ltd.	Hong Kong, China	Sale of office equipment	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh Hong Kong Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh India Ltd.	India	Sale of office equipment	73.6 (27.6)
Ricoh Thailand Ltd.	Thailand	Sale of office equipment	100.0 (100.0)
Ricoh Asia Pacific Pte Ltd	Singapore	Sale of office equipment	100.0
Ricoh Australia Pty, Ltd.	Australia	Sale of office equipment	100.0 (100.0)
And 166 other consolidated subsidiaries			

(Affiliates)

11 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, 2016)

Segment	Number of employees
Imaging & Solutions	99,380
Industrial Products	3,314
Other	5,271
Headquarters	1,396
Total	109,361

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

(2) The Company

(As of March 31, 2016)

Number of employees	Average age	Average length of service	Average annual salary (Yen)
8,169 (609)	43.0	18.0	8,292,731

Segment	Number of employees
Imaging & Solutions	6,248
Industrial Products	525
Other	-
Headquarters	1,396
Total	8,169

(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 2015 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 2015

(1) Business results

Ricoh's consolidated sales for the year increased by 2.7% as compared to the previous corresponding period, to ¥2,209.0 billion.

During this period, the average exchange rates of the Japanese yen against the U.S. dollar and the Euro were ¥120.12 (down ¥10.23 from previous year) and ¥132.68 (up ¥6.17 from previous year) respectively.

The Japanese economy continued to maintain its gradual recovery by the improvement in corporate profits and labor market, but the unpredictable economy has been caused by strengthening of the yen and low stock price from the beginning of this year.

Under such market conditions, as for the sales in the domestic market, sales in the Imaging & Solutions and the Industrial Products segment increased through the increase in sales of Network System Solutions and so on, but was offset by the sales decrease in the Other segment derived from sale of San-ai apparel business and so on. As a result, the sales in the overall domestic market increased by 0.3% as compared to the previous corresponding period.

As for the overseas market, the U.S. economy continued to show a solid recovery, but the outlook of the overall global economy remains uncertain with the increasing European geopolitical risk and the continuous slowdown in the growth of the emerging markets including China. Even under such market conditions, in addition to the increase in the sales of color MFP models, the weak yen against U.S. dollar and the acquisition have contributed to the overall increase in Ricoh's overseas sales. As for overseas sales by region, sales in the Americas increased by 7.0% sales in Europe, Middle East and Africa decreased by 0.3% and sales in Other region, which includes China, South East Asia and Oceania, increased by 5.6%. As a result, sales in the overseas market increased by 4.0% as compared to the previous corresponding period.

Although sales increased, gross profit decreased by 2.8% as compared to the previous corresponding period, to ¥881.9 billion, due to unit price declines caused by the deteriorated market conditions and the intensification of market competition.

Although group-wide activities to streamline costs have contributed in controlling selling, general and administrative expenses, these expenses have increased by 0.7% as compared to the previous corresponding period, to ¥799.4 billion, due mainly to the weakening of the yen against U.S. dollar and acquisitions.

Other income includes gains on sales of idle places and offices as a result of group-wide activities to streamline costs such as reorganization and integration of domestic sales bases.

As a result, operating profit decreased by 11.6% as compared to the previous corresponding period, to ¥102.2 billion.

As for finance income and costs, foreign exchange loss increased as compared to the previous corresponding period.

Profit before income tax expenses decreased by 14.8% as compared to the previous corresponding period, to ¥95.6 billion.

In addition, there were issues such as a delay in disclosure of financial reports at local listed sales subsidiary in India.

As a result, profit attributable to owners of the parent decreased by 8.1% as compared to the previous corresponding period, to ¥62.9 billion.

Operating results by segment are as follows:

(Millions of yen)				
	Year ended March 31, 2015	Year ended March 31, 2016	Change	%
Imaging & Solutions:				
Sales:	1,916,676	1,974,510	57,834	3.0
Operating profit	172,258	147,728	-24,530	-14.2
Operating profit on sales in Imaging & Solutions (%)	9.0	7.5		
Industrial Products:				
Sales:	131,273	138,026	6,753	5.1
Operating profit	6,399	11,017	4,618	72.2
Operating profit on sales in Industrial Products (%)	4.9	8.0		
Other:				
Sales:	116,956	109,053	-7,903	-6.8
Operating profit (loss)	-3,064	1,411	4,475	-
Operating profit (loss) on sales in Other (%)	-2.6	1.3		

* The compilation method has been changed from this fiscal year such as part of the lease transactions are shown in net basis instead of gross basis. Prior year comparative figures have also been adjusted to conform to the current year presentation.

Finance business included in the above is as follows:

(Millions of yen)				
	Year ended March 31, 2015	Year ended March 31, 2016	Change	%
Sales	137,015	143,120	6,105	4.5
Operating profit	29,779	31,229	1,450	4.9
Operating profit on sales in Finance Business (%)	21.7	21.8		

a. Imaging & Solutions

Sales in the Imaging & Solutions segment which is comprised of the Office Imaging, Production Printing and Network System Solutions increased by 3.0% as compared to the previous corresponding period, to ¥1,974.5 billion.

(Office Imaging)

Sales in this category decreased by 0.5% as compared to the previous corresponding period, to ¥1,432.0 billion, mainly due to the deteriorated market conditions, the intensification of market competition and the weakening of the yen against U.S. dollar, though sales of color MFP models increased in both the domestic and overseas market.

For domestic market, although the sales of color MFP models achieved solid growth and the unit sales of monochrome MFP increased compared to corresponding period, overall hardware sales decreased due to the price reduction. After-sales also decreased due to the price reduction by the severe business environment and diversification of customer demand.

For overseas market, we carried out the initiatives to expand sales aggressively. Although Managed Document Services (MDS) business have also contributed to the increase in sales overseas, particularly in the Americas, overall sales decreased due to the decrease of monochrome MFP and price deduction.

(Production Printing)

Sales in this category increased by 16.6% as compared to the previous corresponding period, to ¥223.8 billion. The after-sales services revenue increased in both the domestic and overseas market due to the strong sales of the RICOH Pro C9110/C9100 series color production printers which are flagship models for color print on demand (POD).

For domestic market, although the sales of color products and after-sales services revenue were favorable, it was tempered by a sales decline at continuous feed printer and wide format printer.

For overseas market, although the sales of continuous feed printer and wide format printer decreased, the overall sales grew as the sales of color products and after-sales services revenue were favorable.

(Network System Solutions)

Sales in this category increased by 11.8% as compared to the previous corresponding period, to ¥318.6 billion.

For domestic market, although the sales of personal computer decreased due to the rebound from the replacement demand, overall sales increased through the increase of application as well as related maintenance services and solution offerings for the Social Security and Tax Number System particularly.

In the overseas market, Ricoh acquired NPO Sistemi srl in Italia. Together with the acquisition of Future Ware Ltd and Future Tech Ltd in Korea in the previous year, these acquisitions have contributed to the sales increase in the overseas market.

In addition, other new businesses such as projection systems and unified communication systems also achieved solid growth in both the domestic and overseas market.

As for operating profit, although the sales increased, operating profit decreased by ¥24.5 billion (-14.2%) as compared to the previous corresponding period, to ¥147.7 billion due to price deduction by the intensification of market competition.

b. Industrial Products

Sales in the Industrial Products segment increased by 5.1% to ¥138.0 billion compared to the previous corresponding period. In thermal media business, the sales increased due to higher demand in Europe. The increase in sales of inkjet related technology in inkjet business has contributed to the overall solid sales in both the domestic and overseas market as well.

Operating profit in this segment, through the increase in sales, increased by ¥4.6 billion (+72.2%) as compared to the previous corresponding period, to ¥11.0 billion.

c. Other

Sales in Other segment decreased by 6.8% to ¥109.0 billion compared to the previous corresponding period. The sales in digital camera business decreased in both domestic and overseas market due to the continuous shrinking of the market despite of the launching of the single-lens reflex K model series PENTAX K-3 II, high-end compact digital camera GR II and high-end machine of THETA which can take 360-degree photo by one-shot THETA-S, in addition to sale of San-ai apparel business.

As a result, operating profit in this segment was ¥1.4 billion (operating loss of ¥3.0 billion was incurred for the previous corresponding period).

(2) Cash flow

Net cash provided by operating activities decreased by ¥2.6 billion as compared to the previous corresponding period, to ¥99.8 billion, mainly due to the decrease in “profit”.

Net cash used in investing activities decreased by ¥39.3 billion as compared to the previous corresponding period, to ¥104.1 billion, mainly due to the increase in “proceeds from sales of property, plant and equipment”.

Net cash provided by financing activities increased by ¥12.7 billion as compared to the previous corresponding period, to ¥42.6 billion, mainly due to the decrease in “repayments of long-term debt”.

As a result, the balance of cash and cash equivalent at the end of year increased by ¥29.8 billion as compared to the end of previous year, to ¥167.5 billion.

2. PRODUCTION, ORDERS RECEIVED AND SALES

(1) Production

Production in each segment for the years ended March 31, 2015 and 2016 are as follows:

	Millions of Yen		Change
	For the year ended March 31, 2015	For the year ended March 31, 2016	
Imaging & Solutions	1,511,533	1,507,040	-0.3%
Industrial Products	131,815	135,082	2.5%
Other	129,428	114,848	-11.3%
Total	1,772,776	1,756,970	-0.9%

(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, 2015 and 2016 are as follows:

	Millions of Yen		Change
	For the year ended March 31, 2015	For the year ended March 31, 2016	
Imaging & Solutions	1,916,676	1,974,510	3.0%
Industrial Products	117,772	125,465	6.5%
Other	116,956	109,053	-6.8%
Total	2,151,404	2,209,028	2.7%

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

2. The compilation method has been changed from this fiscal year such as part of the lease transactions are shown in net basis instead of gross basis. Prior year comparative figures have also been adjusted to conform to the current year presentation.

3. 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 March 31, 2015 and 2016.

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

3. ISSUES THAT THE RICOH GROUP FACES

The world economy has been witnessing falling stock prices in developed markets since the beginning of this year, and the long-term interest rate declined to the historically low level. The prices of crude oil and other primary products as a whole have dropped to extremely low levels. On the other hand, the yen was considered to be a safe currency, it has been appreciated in the foreign exchange market. Among developed markets, while the US economy has continuously been expanding moderately, the EU is saddled with various economic and geographic risks, and gradually increasing downward pressures have been exerted on commodity prices. Also among emerging economies the Chinese, Russian, and Brazilian economy has been slowing down, however other Asian country economy are still expanding. In Japan enterprises have been more emphasizing strategic investment resulting in the companies' improved performance and/or new business generation than investment for rationalization aiming for cost reduction and/or operational efficiency.

In those changes in the environment, Ricoh Group concentrates on the following three points as issues to be resolved.

(1) Further reinforce the Office Imaging business

- In office imaging businesses we release new, unprecedentedly attractive products and continue to offer new customer value. Then we will keep our No.1 market share in A3 MFP market in the world. Further not only reducing product costs, we also optimize sales and support structures, improving profitability. Among them, from regional perspectives, market competition in America has become harsher, so we reinforce the provision of added values to meet the customers' business characteristics.

- In network system solution businesses, we have been expanding services businesses as we planned. In addition, while each Region has been expanding business areas through M&A and so on, conducting streamlining is mandatory as there are still overlaps in infrastructure and so on. Since the previous fiscal year, we have been standardizing service menus and infrastructures globally, promoting approaches to further enhance profitability.

- For the production printing business in the commercial printing market, in addition to the expansion of the product lineup, we have developed structures to provide one-stop support for a series of processes from sales promotion planning to documentation and production of advertising media and sales promotion materials. In the future, utilizing the know-how of Ricoh as a manufacturer, we improve business processes of customers in the printing business.

(2) Further accelerate the growth of new businesses

- In growth and new businesses we aggressively focus investment on the targeted areas to ensure business growth.

- We intend to expand the industrial printing business with IJ technology as its core. The value that printing provides has been increasing in the industrial printing market where printing is performed on industrial products and other media other than paper. Utilizing the technology we have developed in sales of inkjet heads for many years, we widen through open innovation the range of values provided from ink head modules to printing systems.

- We also released new products in industry and other business area. Then we should need to sell these products more by using our strength of selling power.

(3) Reinforce the management structure for further transformation

- Without losing momentum in the reinforcement of the management structure that we have been engaged in to date, by stabilizing and reinforcing activities to improve productivity in all functions such as selling, development, production, procurement, headquarters and so on and to contribute to profit, we proceed to create a robust management base that is not affected by changes in the external environment.

- In addition we start to reinforce governance from this fiscal year. Even in the severe business environment, we conduct business management that conforms to The RICOH Way and further reinforce management transparency.

Finally, in order for Ricoh Group to survive permanently, we need to continue to provide society with new customer values while adapting to environmental changes. We continuously strive to create customer value from three aspects of being "confident", "comfortable", and "convenient". Looking at the future of customers and society, we imagine our ideal, and to realize it, we implement transformations that we ought to perform now.

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/MFPs, production printing products, printers, 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 Other region, 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 United States, Europe and Other region, such as 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 statement of profit or loss and consolidated statement of comprehensive Income. 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 statement of financial position. Accordingly, the financial results, assets and liabilities are subject to foreign exchange fluctuations.

In addition, operating profits and losses are especially subject to foreign exchange fluctuations. Because of the high volume of Ricoh's production and sales activities in the United States, Europe and Other region, such as China, Ricoh has the high ratio of profits and losses denominated in foreign currency. Ricoh enters into foreign exchange contracts with financial institutions to hedge against the short-term impacts of foreign currency fluctuations, such as the U.S. dollar, the Euro and the Japanese yen, effectively. However, if the medium and long-term foreign exchange fluctuations will make Ricoh's procurement, production, logistics and sales activities difficult, such events may adversely affect Ricoh's financial position and results of operations.

(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. Although Ricoh finances these financing arrangements with short-term borrowings subject to a variable interest rate along with borrowings subject to a fixed interest rate whose term are matched with the term of financing arrangements for the purpose of hedging the interest rate risk, 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 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, 2017
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
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
FUNAI ELECTRIC CO., LTD.	Japan	Patent licensing agreement relating to optical disks (the Company as the licensor)	October 1, 2014 to September 30, 2017
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement relating to office equipment (the Company as the licensor)	October 1, 2014 to September 30, 2019

(Note)

Patent licensing agreement relating to optical disc (the Company as the licensor) with Quantum Storage Inc. was terminated due to expiration of the effective period as of February 22, 2016.

6. RESEARCH AND DEVELOPMENT

In recent years, our working environment has undergone drastic changes, including rapid technological innovation and the globalization of business. In keeping with these changes in society, Ricoh's basic management philosophy has been to contribute to society by providing innovative and useful products and services 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 to facilitate better communication. Ricoh conducts a wide range of R&D activities, from technological research to research in elemental technologies, fundamental technologies for product applications, environmental technologies, and manufacturing technologies, at its R&D bases throughout Japan and certain satellite R&D bases overseas. Ricoh also accelerates the development of cutting-edge technologies through the promotion of open innovation utilizing the capabilities of universities, research institutions and other companies.

Ricoh will pursue the development of innovative technologies and providing innovative products and services that delight our customers by integrating the new concepts into Ricoh's core technologies, which have been accumulated over many years through product development, such as image processing technologies, optical technologies, new materials, devices, environmental technologies, network technologies and software technologies.

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 ¥118.5 billion, including development costs which were treated as intangible assets of ¥16.5 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 MFPs, 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 office solutions.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2016 are as follows.

MFPs

Ricoh has introduced compact A4 digital full color/monochrome MFPs and wide format digital MFPs.

a) RICOH MP C306 series digital full color MFPs

Ricoh has introduced this model as a successor to the high-performance A4 color printer, RICOH MP C305 SP. The new model achieves excellent productivity with a compact body, capable of copying and printing at a speed of 30 ppm (pages per minute, A4 SEF) in both full color and monochrome as well as single-sided and duplex printing. The LCD operating panel is now 10.1 inches in size, offering intuitive operability.

b) RICOH MP 305+ SPF digital monochrome MFP

This A4 MFP is capable of A3 paper feed/paper output, despite its compact mainframe size (W350 x D487 x H505mm). Furthermore, it suppresses noise by adopting Ricoh's proprietary noise reduction technology and achieves high productivity, offering a continuous copying speed of 30 ppm (A4 LEF) and a first copy time of 4.3 seconds (A4 LEF).

c) RICOH MP CW2201/CW1201 Series and RICOH MP W6700 SP digital MFPs supporting output up to A0/A1

With improved productivity and operability in comparison with their predecessors, both models are capable of linking with all kinds of solutions. While equipped with a full color scanner function as standard, the printers enable the digitization of even large drawings in full color with the high-compression PDF data conversion function and the scanner's variable magnification function.

Production Printers

Ricoh has introduced the flagship models of the RICOH Pro series and the printer controllers targeted at the commercial printing market.

a) RICOH Pro C9110/C9100 color production printers

These printers feature the best quality, the best paper support capability and the best productivity in the lineup as the flagship models of Ricoh's color POD (print on demand). Equipped with Vertical Cavity Surface Emitting Laser (VCSEL) technology, these printers achieve higher resolution writing of 1,200 dpi × 4,800 dpi and high productivity of 130 ppm (A4 LEF)*.

* In the case of C9110 (C9100 achieves 110 ppm (A4 LEF))

b) TotalFlow print server R-60/R-60A printer controllers

Ricoh has added high-speed color controllers that support the printing operations for the RICOH Pro C series production printers. Meeting the high level of productivity and quality required for digital printing in the commercial printing market, these printer controllers offer outstanding performance.

Ricoh's advanced technology and unique architecture allow high quality, high speed and the accurate output of PDF data containing complex designs and effects.

Visual Communications

Ricoh proposes increasing productivity and improving new work styles in various business fields by offering visual communication devices including video conference systems, interactive whiteboard (electronic whiteboard), projectors, and digital signage.

a) RICOH Interactive Whiteboard D6500 large screen electronic whiteboard to support ICT utilization in the education field

In contrast to Ricoh's existing product, RICOH Interactive Whiteboard D5510, this new model specializes in the functions required in the education field. Its 65-inch large anti-reflective screen allows more than one student to write on the board using their fingers at the same time when connected to a PC with educational applications installed. Moreover, the product has built-in speakers and supports multiple types of input and output terminals.

b) RICOH PJ WX4152NI/WX4152N/WX4152 ultra-short-throw projectors

Ricoh has introduced these models as successors to the RICOH PJ WX4141 series. With the adoption of Ricoh's proprietary free-form mirror, the projector has broadened its range of function utilization with the luminance increased to 3,500 lm, desktop projection from the horizontal position and four concurrent user connections using the network utility, while preserving its features as the world's smallest*, lightest* and closest-range* projector of its kind.

* As mirror reflection type ultra-short-throw projectors (As of January 2016, Ricoh survey)

The R&D expenditures in the Imaging & Solutions segment were approximately ¥93.3 billion.

(2) Industrial Products

Ricoh engages in the development of industrial lasers and laser processing machines, and the technological development of system devices for industrial application, such as the FA picking system and the DC/DC controller IC for automotive use.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2016 are as follows.

a) RICOH RL series picking system for both 2D and 3D

Ricoh automated the picking and assembly of parts and components for the first time in the industry.*

Ricoh equipped the industrial stereo camera RICOH SV-M-S1 with arm robots and achieved the automation of the picking and assembly of parts and components of various sizes by combining its original 3D recognition technology and robot control technology.

* As of January 2016, Ricoh survey

b) RICOH SU-1020 ultrashort pulse fiber laser

This is industrial laser processing equipment for the more efficient precision processing in manufacturing home information appliances, IT-related devices and optical parts and components. Employing a directly modulated seed light source for a fiber laser of more than 10W for the first time in the industry*, this fiber laser demonstrates a maximum average output of 16W and a shortest pulse width of 50 picoseconds. It also enables combined processing that makes full use of the features of both thermal processing and non-thermal processing. The fiber laser shows outstanding performance in the electrode patterning of thin-film solar cells, the cutting of flat panel display glass, and the die machining of micro-optical elements.

* As of January 2016, Ricoh survey

c) RICOH LA-1100 laser patterning equipment for functional films

This laser processing machine is used for functional high polymer films for the touchscreens of smartphones and tablet terminals. It is equipped with the abovementioned ultrashort pulse fiber laser RICOH SU-1020, and its picosecond laser technology has achieved the simultaneous processing of transparent conductive films, such as Indium Tin Oxide (ITO) films used for touchscreens, and a silver-extraction electrode for the first time in the world.* This significantly increases production efficiency.

* As of January 2016, Ricoh survey

d) R1272S series step-down DC/DC controller IC for automotive

Since this IC can endure high voltage with a maximum operating voltage of 34V, it can be directly input from an onboard battery (+12V). It can handle large current output and drive output current of 20A*. It has also achieved greater efficiency with the light load and is equipped with the SSCG function.

*The current value of output current depends on the conditions and external parts and components, this value is just a rough estimate.

The R&D expenditures in the Industrial Products segment were approximately ¥8.9 billion.

(3) Other (consumer segment)

Other consists of development in the area of imaging system technology, which includes but is not limited to image input devices, such as the THETA 360-degree spherical cameras and digital SLA cameras.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2016 are as follows.

< 360-degree Spherical Cameras >

a) RICOH THETA S high-end model

While preserving its product concept of compact size and lightweight body, the THETA S achieved the shooting of high-resolution spherical images and the recording of high-quality spherical videos (maximum of 25 minutes) using newly developed lens units, a larger image sensor, and the latest image processing. It is equipped with the first live view function for RICOH THETA that enables users to check and shoot 360-degree spherical images on a smartphone or tablet terminal when shooting still images.

b) THETA+ Video editing application for 360-degree image

THETA+ Video is a dedicated application for editing videos, which has been captured using the fully spherical camera RICOH THETA, and it enables easy editing and processing, including trimming, changing the color tone, and adding music to the video.

< Digital Cameras (Ricoh Imaging Co., Ltd.) >

a) PENTAX K-1 35 mm full-frame digital SLA camera

As the top-class model of the K series, the K-1 incorporates a large CMOS image sensor, equal in size to the full image area of 35 mm film. This model can produce high-resolution images that are excellent in reproduction of gradation and high-sensitivity performance by super-high-resolution of around

36.4 effective megapixels and original image processing technology. In addition, the camera is also equipped with the latest technologies, including a new 5-axis camera shake compensation mechanism and exposure control function that apply artificial intelligence technology.

b) GR II high-end compact digital camera

As a successor to GR, this model inherits the concept of both high-resolution images and portability with high-resolution images employing a large image sensor that is the same size as in Ricoh's SLA cameras and a small-sized body that is perfectly suitable for shooting on the streets. The model also employs the Wi-Fi™ function for the first time in a GR series model and the Near Field Communication (NFC) function for easy pairing with terminals, such as smartphones, and enables image transmission and remote shooting to link with smartphones.

* Wi-Fi is the trademark of Wi-Fi Alliance

c) RICOH WG-M2 high-grade action camera

RICOH WG-M2 has been developed as a high-end model of the RICOH WG-M1, standard-class waterproof action camera. Within its compact, lightweight body, it features waterproof performance to a depth of 20 meters, shockproof from height of two meters, and freezeproof down to -10°C. It also provides 4K video recording for the first time among Ricoh's digital cameras and can capture dynamic, high-resolution, high-bit-rate movie with a 204° ultra-wide-angle lens.

The R&D expenditures in the Other segment were approximately ¥0.2 billion.

(4) Fundamental Research

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 systems (MEMS), general technologies in measuring, analysis and simulation, new materials and devices, next-generation image display, image recognition and image processing technologies, data collection and analysis technologies, manufacturing technology, system solutions, photonics technology for high speed and high quality image processing, environmental technologies, and healthcare technologies.

The R&D expenditures relating to Fundamental Research segment were approximately ¥16.0 billion.

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

The future related matters mentioned on this section is determined on this fiscal year.

(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

Sales increased by ¥57.6 billion (+2.7%) to ¥2,209.0 billion. Increase in sales was achieved in Imaging & Solutions segment and Industrial Products segment.

Sales in the Imaging & Solutions segment increased due to increase in sales of color MFP models, color cut sheet printers of the Production Printing, and in sales of solution category along with the weakening of the yen against U.S. dollar, despite the rebound from the special demand for personal computers at the end of previous corresponding period in the domestic Network System Solutions.

Sales in the Industrial Products segment increased due to increase in sales in the thermal media and inkjet business.

Sales in the Other segment decreased due to decrease in sales of camera business and San-ai apparel business.

Cost of sales

Cost of sales increased by ¥82.5 billion (+6.6%) to ¥1,327.0 billion. This was mainly due to increase in sales and the weakening trend of the yen against U.S. dollar.

Gross profit

Gross profit decreased by ¥24.9 billion (-2.8%) to ¥881.9 billion. This was mainly due to unit price declines caused by the deteriorated market conditions and the intensification of market competition.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by ¥5.3 billion (+0.7%) to ¥799.4 billion. Although group-wide activities to streamline costs have contributed in controlling selling, general and administrative expenses, these expenses have increased due to the weakening of the yen against U.S. dollar and business acquisition.

Other income

Other income includes gains on sales of idle places and offices as a result of group-wide activities to streamline costs such as reorganization and integration of domestic sales bases.

Operating profit

Operating profit decreased by ¥13.4 billion (-11.6%) to ¥102.2 billion due to decrease in gross profit and increase in selling, general and administrative expenses.

Profit before income tax expenses

Profit before income tax expenses decreased by ¥16.6 billion (-14.8%) to ¥95.6 billion mainly due to decrease in operating profit and increase in foreign exchange loss.

Income tax expenses

Income tax expenses decreased by ¥10.2 billion (-26.5%) to ¥28.3 billion. The effective income tax rate during the fiscal year was 30% (Effective income tax rate during the previous year was 34%). The difference between the effective income tax rate and the statutory income tax rate of 33% is arising from the statutory income tax rates applied by overseas consolidated subsidiaries and the decrease in unrecognized deferred tax assets.

Profit attributable to owners of the parent

As a result, profit attributable to owners of the parent decreased by ¥5.5 billion (-8.1%) to ¥62.9 billion.

(3) Liquidity and Capital Resources

Cash flows

Operating Cash flows

Net cash provided by operating activities decreased by ¥2.6 billion to ¥99.8 billion primarily due to decrease in profit by unit price declines caused by the deteriorated market conditions and the intensification of market competition.

Investing Cash flows

Net cash used in investing activities decreased by ¥39.3 billion to ¥104.1 billion, primarily due to gains on sales of idle places and offices as a result of group-wide activities to streamline costs such as reorganization. Net cash used in investing activities consisted mainly of ¥83.7 billion of expenditures for property, plant and equipment, ¥28.9 billion of expenditures for intangible fixed assets and ¥5.6 billion for business acquisitions. Expenditures for property, plant and equipment consisted primarily of increases in the production capacity and improvement of the production efficiency for office equipment, network system and purchase of rental assets.

Financing Cash flows

Net cash provided by financing activities is ¥42.6 billion. Net cash provided by financing activities consisted primarily of ¥84.4 billion to repay long-term debt and ¥25.0 billion to pay dividends, which were partially offset by ¥20.0 billion of proceeds received from the issuance of bonds and ¥198.8 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 financial position. One method that Ricoh has implemented to achieve greater efficiency is building up its group cash management system in each region and global. 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 each region coordinating this arrangement. As part of that, Ricoh introduced global cash pooling system from this fiscal year and realized further improvement of fund operation efficiency globally.

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 foreign currency contracts and foreign currency option contracts to hedge against the potentially adverse impacts of foreign exchange fluctuation on local currency-denominated assets and liabilities and 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 consolidated statement of financial position and operating cash flows in the consolidated statement of cash flows.

As of March 31, 2016, Ricoh had ¥167.5 billion in cash and cash equivalents and ¥729.9 billion in aggregate borrowing facilities. Of the ¥729.9 billion in aggregate borrowing facilities, ¥685.9 billion was available to be borrowed by Ricoh as of March 31, 2016. 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 bank 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 ¥729.9 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 offered by these financial institutions are mostly unsecured loans.

The Company and certain subsidiaries raise capital by issuing commercial paper and long-term debt securities in various currencies. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 0.08% to 0.65%, interest rates for bank loans ranged from 0.06% to 10.90% and interest rates for long-term debt securities ranged from 0.07% to 7.30% during fiscal year ended March 31, 2016. Furthermore, Ricoh utilizes a cash management system in Japan, the United States and Europe and global 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, 2016, 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 ending March 31, 2017. 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 ending March 31, 2017 will amount to approximately ¥90.0 billion, which will principally be used for investments in manufacturing facilities and rationalization of production mainly in 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 ¥146.7 billion during fiscal year ending March 31, 2017, and in the aggregate principal amount of ¥456.7 billion during fiscal years ending March 31, 2018 through 2020.

The Company and certain of its subsidiaries have various employee pension plans covering all of their employees. As described in Note [21] to the Consolidated Financial Statements, the unfunded portion of these employee pension plans amounted to ¥138.7 billion as of March 31, 2016 and was recorded as liability on the Consolidated Statement of Financial Position of Ricoh as of March 31, 2016. The amounts contributed to pension plans for fiscal years ended March 31, 2015 and 2016 were ¥20.7 billion and ¥21.2 billion, respectively.

(4) Medium and Long Term Management Strategy

The business environment surrounding the Ricoh Group has drastically changed in the past several years and we are currently at a turning point for our core Imaging & Solutions business. In order to create lasting new value in such an environment, the Ricoh Group has determined the ideal it should aim for with an eye on the year 2020 and beyond as “an environmentally friendly company that makes customers feel ‘confident, comfortable, and convenient’ while exceeding their expectations and to support lifestyle transformation”. To reach this ideal, we continuously pursue the three fundamental initiatives, namely, “actionable strategies”, “management systems”, and “transformation”.

Especially for actionable strategies we have specified two basic strategies of “Reinforce and develop earnings power for core businesses” and “Achieve growth by creating new profit generators”. The current status of the two basic strategies in the fiscal year under review is as follows:

Reinforce and develop earnings power for core businesses (Imaging & Solutions)

In our core business, the Imaging & Solutions business, in addition to introducing various new products, we have developed a number of measures for enhancing profitability, including expanding our sales and service system.

In Office Imaging, we launched 3 models of A4 monochrome multifunction printers and 1 model of A4 full-color multifunction printers as new products in our line of digital multifunction printers. With the compact body appearance, RICOH MP C306 series, an A4 full-color multifunctional printer, has attained high productivity, enabling simplex and duplex copying/printing at the same speed of 30 pages per minute (A4 portrait). Also, cooperating with optional personal authentication systems and other various solutions, it supports the improvement of customers' business with its services that are the same with those of A3 models provide.

As for printers, we released RICOH SP C740, a new A3 color printer, as well as 3 new A4 monochrome printers and expanded our lineup.

In addition, for the growth in emerging markets, we acquired 2 affiliates of IMPROMAT in Czech Republic and Slovak Republic, which is a distributing company of office devices in Eastern Europe. By further reinforcing the cooperation of the specialty of the locally rooted distributing company and our products and services, we provide customers with higher quality services and added values.

In addition, as part of approaches for the environmental management, which intended to attain environmental conservation and profit generation at the same time, we started a recycling multifunctional printer business in China as well. We are the first among multifunctional printer manufacturers to obtain the

permission to import used multifunctional printers into China and manufacture recycled multifunctional printers, and we will expand the recycling multifunctional printer business we have cultivated in developed markets to emerging markets as well.

In the Production Printing, we released new color production printers RICOH Pro C9110/C9100. As the flagship models of our color print on-demand machines, these models have realized the top print quality, paper-size compatibility, and productivity, enabling the production of various prints such as packages, catalogs, book covers, banners and so on. Also, we released Ricoh-developed printer controllers TotalFlow Print Server R-60/R-60A. This provides excellent performance for a variety of customer needs by responding to small lot multi-kind on-demand printing, which is the requirement of the commercial printing market.

In Network System Solutions, as a new option for our domestic IT services, we launched the “remote network service”, which enables safe and flexible creation, maintenance, and operation of our customers’ network environment. We also enhanced our services to support customer needs, such as by launching cloud-based security services. In Visual Communication as well, we launched the electronic whiteboard RICOH Interactive Whiteboard D6500 which supports the use of ICT in the education field, as well as the RICOH PJ WUL6280/WXL6280, a new projector that is our first such product to employ a laser light source.

Achieve growth by creating new profit generators

In the Industrial Printing segment, we enhanced and expanded our inkjet business in the industrial printing market, which is expected to grow in the future. In collaboration with Hitachi High-Tech Fine Systems Corporation, we will manufacture high-precision, high-efficiency industrial inkjet print systems, and provide new value to customers in various fields, including construction materials, interior design, housing facilities, and automotive interiors. In addition, we acquired AnaJet, Inc, a manufacturer and seller of printers that print directly to garment fabrics such as T-shirts. We will use this to expand sales to customers including leading apparel manufacturers, printing companies, and apparel stores.

In the Thermal business, we established a new company that locally processes and sells thermal transfer ribbons for barcode labels in Indonesia, where the market is expected to grow along with increased consumption. In the future, we will provide products to meet local needs in industrial applications, food, and logistics.

In the Additive Manufacturing, a 3D printer related business, we started to release new 3D print-related services for manufacturing scenes. We provide manufacturing services through making customers’ parts or products on the spot by utilizing experts and multiple 3D printers at RICOH Rapid Fab Atsugi in Atsugi, Kanagawa Prefecture. Further, we have released the first Ricoh brand 3D printer RICOH AM S5500P. The RICOH AM S5500P will realize package molding of large parts that support high-performance materials.

In Other segment, as the higher model of RICOH THETA that allows photographers to perform one-shot shooting for the spherical image around them, we released RICOH THETA S that supports high definition still images, high quality movie shooting, and live view functions. It satisfies not only requests from users demanding higher resolution image quality, but also high requirements for increasing business purposes, and has won popularity. Also, for digital cameras, we released GR II as the successor to GR that many fans enjoy using. GR II is a model that users can enjoy in various scenes by widening the range of usability and shooting expression.

Additionally, as approaches to new businesses, we opened at the west exit of Ebina Station in Kanagawa Prefecture the commercial facility RICOH Future House with the concept “a place where people gather, learn, grow, and create the future”. We aim to create new businesses that contribute to invigorating communities, such as next-generation education.

In addition, we have been working on development of biomagnetism measuring apparatus (magneto-spinography) for visualizing biomagnetic fields generated by neural activity, and have now inherited a magnetoencephalograph business from Yokogawa Electric Corporation, marking our full-scale entry to the healthcare field. Moving forward, we will accelerate our research and development and business development in the diagnostic imaging equipment business.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2016 was ¥83,778 million. A breakdown of capital investment by segment is as follows:

	Millions of Yen		Change	Change (%)
	For the year ended March 31, 2015	For the year ended March 31, 2016		
Imaging & Solutions	65,487	70,169	4,682	7.1
Industrial Products	4,867	5,763	896	18.4
Other	3,959	6,185	2,226	56.2
Corporate	1,663	1,661	(2)	(0.1)
Total	75,976	83,778	7,802	10.3

(Notes) 1. These investments were mostly financed with Ricoh's own capital or borrowings.

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... ¥19,534 million for increase in the production capacity and improvement of the production efficiency, ¥17,019 million for purchase of rental assets, and so on.

Industrial Products... ¥2,730 million for the improvement of the manufacturing facilities of thermal media, ¥1,960 million for the improvement of the manufacturing facilities of optical equipment and electronic components, etc.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2016)							
Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)			Total	Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of m ²)		
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Imaging & Solutions	Manufacturing facilities for supplies	1,272	7,188	- (-)	8,460	-
Ohmori Plant (Tokyo)	Corporate and Imaging & Solutions	Development facilities	5,961	218	120 (17)	6,299	540
Head Office (Tokyo)	Corporate and Imaging & Solutions	Other equipment	1,440	149	- (-)	1,589	824
Research & Development Center (Kanagawa)	Corporate	Other equipment	1,118	1,117	3,200 (17)	5,435	462
System Center (Tokyo)	Corporate	Other equipment	883	220	259 (3)	1,362	101
Ricoh Technology Center (Kanagawa)	Imaging & Solutions	Development facilities	20,462	2,175	4,944 (89)	27,581	3,861
Atsugi Plant (Kanagawa)	Imaging & Solutions	Manufacturing facilities for office equipment	2,381	830	2,011 (98)	5,222	159
Shin-Yokohama office (Kanagawa)	Imaging & Solutions, Industrial products and Other	Other equipment	628	140	- (-)	768	777
Numazu Plant (Shizuoka)	Imaging & Solutions and Industrial products	Manufacturing facilities for supplies	8,862	8,664	1,194 (128)	18,720	930
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	1,128	115	2,397 (101)	3,640	-
Fukui Plant (Fukui)	Imaging & Solutions and Industrial products	Manufacturing facilities for supplies	1,333	2,843	1,120 (93)	5,296	144

Ikeda Plant (Osaka)	Industrial Products	Manufacturing facilities for semiconductor	1,662	622	98 (19)	2,382	124
Yashiro Plant at Ricoh Electronic Devices Co., Ltd. (Hyogo)	Industrial Products	Manufacturing facilities for semiconductor	1,322	11	2,005 (115)	3,338	-

(2) Domestic subsidiaries

(As of March 31, 2016)							
Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)			Total	Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of m ²)		
Ricoh Industry Co., Ltd. (Kanagawa)	Imaging & Solutions	Manufacturing facilities for office equipment	8,734	4,432	1,223 (168)	14,389	2,196
Ricoh Elemex Corporation (Aichi)	Imaging & Solutions and Other	Manufacturing facilities for office equipment and others	1,850	4,695	3,244 (546)	9,789	590
Ricoh Japan Corporation (Tokyo)	Imaging & Solutions	Other equipment	5,350	13,141	3,207 (63)	21,698	17,930
Ricoh Leasing Co., Ltd. (Tokyo)	Imaging & Solutions and Other	Other equipment	136	13,703	- (-)	13,839	672
Ricoh Logistics System Co., Ltd (Tokyo)	Imaging & Solutions and Other	Distribution warehouse and vehicles	4,018	3,635	155 (21)	7,808	1,362
Ricoh Imaging Co., Ltd. (Tokyo)	Other	Other equipment	321	928	1,501 (5)	2,750	347
Ricoh Industrial Solutions Co., Ltd. (Kanagawa)	Industrial products	Manufacturing facilities for optical equipment and electronic components	2,512	2,104	331 (40)	4,947	1,252
Ricoh Electronic Devices Co., Ltd. (Osaka)	Industrial products	Manufacturing facilities for semiconductor	177	1,159	- (-)	1,336	568

(3) Overseas subsidiaries

(As of March 31, 2016)							
Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)			Total	Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of m ²)		
Ricoh Electronics, Inc. (U.S.A.)	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	1,658	6,329	2,352 (206)	10,339	849
Ricoh UK Products Ltd. (U.K.)	Imaging & Solutions	Manufacturing facilities for office equipment	783	2,231	353 (210)	3,367	634
Ricoh Industrie France S.A.S. (France)	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	642	2,680	51 (209)	3,373	821
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Industrial products	Manufacturing facilities for thermal media	1,154	1,086	- [64]	2,240	338
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Imaging & Solutions	Manufacturing facilities for office equipment	1,495	1,702	- [59]	3,197	2,074
Ricoh Asia Industry (Shenzhen) Ltd. (China)	Imaging & Solutions	Manufacturing facilities for office equipment	559	2,664	- [48]	3,223	4,264
Ricoh Components & Products (Shenzhen) Co., Ltd. (China)	Imaging & Solutions, Industrial products and Other	Manufacturing facilities for office equipment and others	44	2,575	- [78]	2,619	3,638
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Imaging & Solutions	Manufacturing facilities for office equipment	4,189	955	452 (121)	5,596	2,190
Ricoh Imaging Products(Vietnam) Corporation (Vietnam)	Other	Manufacturing facilities for others	860	296	- [35]	1,156	829
Ricoh Americas Corporation and other 46 sales subsidiaries in Americas	Imaging & Solutions, and Other	Other equipment	1,979	15,490	498 (221)	17,967	29,426

Ricoh Europe Holdings PLC and other 65 sales subsidiaries in Europe	Imaging & Solutions	Other equipment	1,000	16,143	- (-)	17,143	17,103
Ricoh Asia Pacific Pte Ltd and other 20 sales subsidiaries in Other area	Imaging & Solutions	Other equipment	834	9,111	80 (49)	10,025	7,718

(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. Currently there is no material idle equipment.

4. The facilities of Tohoku plant at Ricoh Industry Co., Ltd. are owned by the Company but the manufacturing is performed under a consignment agreement with Ricoh Industry Co., Ltd. The facilities of Yashiro Plant at Ricoh Electronic Devices Co., Ltd. are owned by the Company but the manufacturing is performed under a consignment agreement with Ricoh Electronic Devices Co., Ltd.

5. The disclosures for Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd. and Ricoh Electronics, Inc. are based on consolidated figures.

6. The land used by Ricoh Thermal Media (Wuxi) Co., Ltd., Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Asia Industry (Shenzhen) Ltd., Ricoh Components & Products (Shenzhen) Co., Ltd. and Ricoh Imaging Products(Vietnam) Corporation 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, 2017 will be ¥90,000 million, and a breakdown by segment is as follows:

	<u>Millions of Yen</u> For the year ending March 31, 2017	Main purpose of investment
Imaging & Solutions	72,600	Increase production capacity and streamline production of office equipment, etc.
Industrial Products	11,600	Increase production capacity and streamline production of thermal media products , etc.
Other	4,100	Increase production of digital cameras ,etc.
Corporate	1,700	Improve information system, etc.
Total	90,000	

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

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... ¥25,000 million for increase in the production capacity and improvement of the production efficiency, ¥19,100 million for purchase of rental assets, etc.

Industrial Products... ¥5,900 million for the improvement of the manufacturing facilities of thermal media, ¥3,300 million for the improvement of the manufacturing facilities of optical equipment and electronic components, 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, 2016	Number of shares issued as of the filing date (shares) June 23, 2016	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	-	-

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 1 American Depositary Share. As of March 31, 2016, 364,446 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 (hundred shares)	Balance of the total number of issued shares (hundred 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	-	7,449,120	-	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, 2016)

Class of shareholders	Status of shares (one unit of stock: 100 shares)							Total	Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others		
					Non-individuals	Individuals			
Number of shareholders	-	134	52	576	562	35	42,692	44,051	-
Share ownership (units)	-	3,075,865	168,981	347,759	2,951,548	371	896,790	7,441,314	780,678
Ownership percentage of shares (%)	-	41.34	2.27	4.67	39.66	0.01	12.05	100.00	-

(Note)

As for 20,023,429 shares of treasury stock, 200,234 units are included in the “Individual and others” column and 29 shares are included in the “Number of shares less than one unit” column.

(7) Major shareholders

(As of March 31, 2016)

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	589,127	7.91
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	133 Fleet Street London EC4A 2BB,UK (10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo)	453,385	6.09
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	436,713	5.86
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	3.95
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	252,988	3.40
ROYAL BANK OF CANADA TRUST COMPANY (CAYMAN) LIMITED (Standing proxy: Tachibana Securities Co. Ltd.)	24 Shedden Road Po Box 1586 George Town Grand Cayman KY1-1110 Cayman Islands (13-14, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo)	244,999	3.29
The bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	215,735	2.90
BNYML-NON TREATY ACCOUNT (Standing proxy: The bank of Tokyo-Mitsubishi UFJ, Ltd.)	2-4 Rue Eugene Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	171,154	2.30
The New Technology Development Foundation	26-10, Kitamagome 1-chome, Ohta-ku	158,395	2.13
Sompo Japan Nipponkoa Insurance Inc.	26-1, Nishishinjuku 1-chome, Shinjuku-ku	133,994	1.80
Total	-	2,950,907	39.61

(Notes) 1. The number of treasury stocks (200,234 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 Sompo Japan Nipponkoa Insurance Inc. 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 Sompo Japan Nipponkoa Insurance Inc. reserves the right to instruct on exercising voting rights on these shares.

3. Following confirmation of the reports of possession of large volume and the reports of changes in possession of large volume issued on January 27, 2016, the Company has confirmed that Effissimo Capital Management Pte Ltd held of shares as follows as of January 21, 2016 respectively. But since the company cannot confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

Following confirmation that report, there has been a change in a principal shareholder in stock of the company, so the extraordinary report (change report) was submitted to the Kanto Local Finance Bureau as of January 29, 2016.

Contents of Amendment Statement are as follows.

Name	Address	Share Ownership (hundred shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	803,777	10.79

The following that company filed with the Kanto Local Finance Bureau a report to amend the report on the holding of a large volume and the reports of changes in possession of large volume dated March 25, 2016, the company was reported that they held of shares as follows as of March 18, 2016. But since the company cannot confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share Ownership (hundred shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	807,777	10.84

4. Following confirmation of the reports of possession of large volume and the reports of changes in possession of large volume issued on December 21, 2015, the Company has confirmed that Sumitomo Mitsui Trust Bank, Limited, its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. held of shares as follows as of December 15, 2015 respectively. But since the company cannot confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share Ownership (hundred shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	293,986	3.95
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	10,638	0.14
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	72,049	0.97

5. Following confirmation of the reports of possession of large volume issued on February 19, 2016, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders other 6 companies held of shares as follows as of February 15, 2016 respectively. But since the company cannot confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

The reports of possession of large volume are as follows.

Name	Address	Share Ownership (hundred shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	102,126	1.37
BlackRock Investment Management LLC	1 Princeton University Square Drive, New Jersey, USA	7,786	0.10
BlackRock Life Limited	12 Throgmorton Avenue, London,	17,865	0.24

	UK		
BlackRock Asset Management Ireland Limited	JP Morgan House International Financial Services Centre, Dublin, Ireland	32,217	0.43
BlackRock Fund Advisors	400 Howard Street San Francisco, California, USA	92,471	1.24
BlackRock Institutional Trust Company, N.A.	400 Howard Street San Francisco, California, USA	109,289	1.47
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	13,485	0.18

(8) Information on voting rights

1) Issued shares

				(As of March 31, 2016)
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 20,023,400	-	The number of shares per one unit of shares is 100 shares	
Shares with full voting right (others)	Common stock 724,108,000	7,241,080	Same as above	
Shares less than one unit	Common stock 780,678	-	Shares less than one unit of 100 shares.	
Number of issued shares	744,912,078	-	-	
Total number of voting rights	-	7,241,080	-	

As for the number of treasury stocks (29 shares) are included in the “Shares less than one unit” column.

2) Treasury stock, etc.

						(As of March 31, 2016)
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, Ohta-ku	20,023,400	-	20,023,400	2.69	
Total	-	20,023,400	-	20,023,400	2.69	

(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

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2016	12,447	15,570,670
Treasury stock acquired during the current period	869	901,278

(Note)

The number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2016 to filing date is not included.

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

Classification	Fiscal year ended March 31, 2016		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)	218	404,390	50	92,750
Total number of treasury stock held	20,023,429	-	20,024,248	-

(Note)

The number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2016 to filing date is not included.

3. DIVIDEND POLICY

The Company has basic concept to provide stable dividends to its shareholders by boosting profitability. In particular, The Company strives to increase dividends based on performance consolidated payout ratio in the range of 30-50%.

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 ¥17.50 and the dividend per share at year-end was ¥17.50, for a total of ¥35.00.

The Company intends to use internal reserve funds to strengthen its core businesses and invest in growing fields with medium- and long-term perspectives.

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, 2016 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (October 30, 2015)	12,686	17.50
Ordinary General Meeting of Shareholders (June 17, 2016)	12,686	17.50

4. CHANGES IN SHARE PRICES

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

	Year ended March 31,				
	2012	2013	2014	2015	2016
Highest (yen)	977	1,113	1,422	1,357.5	1,380.5
Lowest (yen)	588	486	919	1,032	1,041

(Note)

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

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

	October	November	December	January	February	March
	2015	2015	2015	2016	2016	2016
Highest (yen)	1,380.5	1,364	1,304	1,246	1,250	1,199
Lowest (yen)	1,196	1,203	1,183	1,082	1,041	1,086

(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 23, 2016 were as follows:

Men: 15 person, Women: 1 person (Ratio of women in the Directors and Audit & Supervisory Board Members: 6%)

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
		Apr. 2013	Chairman of the Board (Current)
		Apr. 2016	Chairman (Current) * Chairman of the Board to be a non-executive director
		Zenji Miura (January 5, 1950)	Representative Director
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)		

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience		
Yoshinori Yamashita (August 22, 1957)	Director	Mar. 1980	Joined the Company		
		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		
		June 2012	Director (Current)		
		June 2012	Corporate Executive Vice President		
		Apr. 2013	In charge of Internal Management and Control		
		Apr. 2014	General Manager of Business Solutions Group (Current)		
		Apr. 2015	In charge of core business (Current)		
		June 2016	Deputy President (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
				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				
June 2010	Director (Current)				
June 2010	Corporate Executive Vice President				
June 2012	CIO (Chief Information Officer)				
Sep. 2015	In charge of promoting Corporate Governance				

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
Yohzoh Matsuura (April 15, 1956)	Director	Mar. 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
		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
		Aug. 2013	General Manager of Imaging Systems Development Division
		Apr. 2014	General Manager of Ricoh Institute of Technology
		Feb. 2015	In charge of Research and Development (Current)
		Apr. 2016	General Manager of Intellectual Property Division (Current)
		Kunihiko Satoh (October 21, 1956)	Director
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		
Oct. 2011	General Manager of Japan Marketing Group		
June 2012	Director (Current)		
June 2012	Corporate Executive Vice President (Current)		
Feb. 2014	Representative Director, President of Ricoh Technosystems Co., Ltd.		
Feb. 2014	Representative Director, President of Ricoh Business Expert Co., Ltd.		
May 2016	In charge of Optical Business (Current)		
May 2016	In charge of development Global New Business (Current)		
May 2016	General Manager of New Business Development Division (Current)		

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
Akira Oyama (January 6, 1961)	Director	July 1986	Joined the Company
		Apr. 2011	President and COO of Ricoh Europe PLC
		Aug. 2012	Group Executive Officer, Corporate Vice President
		Aug. 2012	General Manager of Europe Marketing Group
		Aug. 2012	CEO of Ricoh Europe PLC
		Aug. 2012	Chairman of Ricoh Europe B.V.
		Apr. 2014	Corporate Senior Vice President
		Apr. 2014	General Manager of Corporate Division (Current)
		Apr. 2015	Corporate Human Resources Executive (Current)
		Apr. 2015	President of Ricoh Americas Holdings, Inc. (Current)
		June 2015	Director (Current)
		Sep. 2015	General Manager of New Business Development Division
		June 2016	Corporate Executive Vice President (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

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		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
		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
		Aug. 2008	Councilor of TOSHIBA INTERNATIONAL FOUNDATION (Current)
		Apr. 2010	Advisor of TDK Corporation (Current)
		June 2011	Professor of Graduate School of Innovation Studies, Tokyo University of Science
		Oct. 2011	Member of Science Council of Japan (Current)
		June 2014	Outside Director (Current)
Masami Iijima (September 23, 1950)	Outside Director	Apr. 1974	Joined MITSUI & CO., LTD.
		June 2000	General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.
		Apr. 2004	General Manager of Metals Administrative Division of MITSUI & CO., LTD.
		Apr. 2005	General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI & CO., LTD.

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		Apr. 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.
		Apr. 2008	Executive Managing Officer of MITSUI & CO., LTD.
		June 2008	Representative Director, Executive Managing Officer of MITSUI & CO., LTD.
		Oct. 2008	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
		Apr. 2009	Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
		Apr. 2015	Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. (Current)
		June 2016	Outside Director (Current)
Mutsuko Hatano (October 1, 1960)	Outside Director	Apr. 1983	Joined Hitachi, Ltd.
		Sep. 1997	Visiting Researcher at the University of California, Berkeley (UCB) (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd.
		July 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)
		Oct. 2014	Council Member of Science Council of Japan (Current)
		June 2016	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
		Apr. 2010	Corporate Vice President
		Apr. 2012	Corporate Senior Vice President
		June 2013	Audit & Supervisory Board Member (Current)
Katsumi Kurihara (March 24, 1956)	Audit & supervisory Board Member	Apr. 1978	Joined the Company
		Apr. 2006	General Manager of Development Process Innovation Center, MFP Business Group
		Apr. 2007	Deputy General Manager of Office Business Planning Center
		Apr. 2008	Associate Director

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		Apr. 2009	General Manager of Quality Management Division
		Apr. 2010	Corporate Vice President
		Apr. 2012	Corporate Senior Vice President
		June 2012	General Manager of Process Innovation Group
		Apr. 2014	General Manager of Development Process Innovation Group
		Apr. 2015	General Manager of Manufacturing Quality Assurance Center, Manufacturing Division
		June 2016	Audit & supervisory Board Member (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 Law Offices
		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 Offices (Current)
		Mar. 2000	Outside Audit & Supervisory Board Member of UPS Japan K.K.
		June 2008	Outside Director of the Board of Eisai Co., Ltd.
		Apr. 2010	Professor of Graduate School of Hitotsubashi University Graduate School of International Corporate Strategy (Current)
		June 2013	Outside Audit & Supervisory Board Member (Current)
		July 2015	Outside Director of Sumitomo Life Insurance Company (Current)
Takashi Narusawa (December 8, 1949)	Outside Audit & Supervisory Board Member	Oct. 1973	Joined Nomura Research Institute, Ltd. As Investment Analyst (Japanese, US & European Equities)
		Nov. 1983	Director of Investment Research of NRI Europe Ltd, London, UK
		Apr. 1990	President of NRI Deutschland GmbH, Frankfurt, Germany
		June 1991	Manager of Corporate Planning Department of Nomura Research Institute, Ltd.
		June 1994	Director, Department Manager of Management Systems Consulting Department of Nomura Research Institute, Ltd.

Name (Date of Birth)	Current Position (Function/Business area)	Date	Business Experience
		June 1997	Director, Division Manager of Consulting Division of Nomura Research Institute, Ltd.
		June 2000	Managing Director, Divisional Director of Consulting Division of Nomura Research Institute, Ltd.
		Apr. 2002	Representative Director, Corporate Executive Vice President, Divisional Director of Consulting Division of Nomura Research Institute, Ltd.
		Apr. 2004	Representative Director, Corporate Executive Vice President, Business Operations of Nomura Research Institute, Ltd.
		Apr. 2007	Representative Director, Corporate Senior Executive Vice President, Business Operations of Nomura Research Institute, Ltd.
		Apr. 2008	Representative Director, Vice Chairman of Nomura Research Institute, Ltd.
		Mar. 2009	Outside Director of Tokyo Coca-Cola Bottling Co., Ltd.
		Apr. 2009	Vice Chairman, Director of Nomura Research Institute, Ltd.
		June 2011	Outside Director of The Nisshin OilliO Group, Ltd. (Current)
		July 2012	Corporate Executive Vice President, General Manager of International Division of Starts Corporation Inc.
		Apr. 2015	Advisor of Starts Corporation Inc.
		June 2016	Outside Audit & Supervisory Board Member (Current)
		June 2016	Outside Director of Hirata Corporation (Current)
Shigeru Nishiyama (October 27, 1961)	Outside Audit & Supervisory Board Member	Apr. 1984	Joined Sanwa & Co. (now: Deloitte Touche Tohmatsu LLC)
		Sep. 1995	CEO of Nishiyama Associates Co., Ltd.
		Apr. 2003	Outside Audit & Supervisory Board Member of Pigeon Corporation (Current)
		Apr. 2006	Professor at Graduate School of Asia-Pacific Studies, Waseda University
		Apr. 2008	Professor at Graduate School of Commerce, Waseda University
		June 2012	Outside Audit & Supervisory Board Member of Astellas Pharma Inc.

<u>Name</u> <u>(Date of Birth)</u>	<u>Current Position</u> <u>(Function/Business area)</u>	<u>Date</u>	<u>Business Experience</u>
		June 2015	Outside Audit & Supervisory Board Member of UNIPRES CORPORATION
		Apr. 2016	Professor at Waseda Business School (Graduate School of Business and Finance) (Current)
		June 2016	Outside Audit & Supervisory Board Member (Current)
		June 2016	Outside Director of UNIPRES 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 March 31, 2016. 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	67,300
Zenji Miura	Representative Director	74,000
Yoshinori Yamashita	Director	15,500
Nobuo Inaba	Director	20,700
Yohzoh Matsuura	Director	10,900
Kunihiko Satoh	Director	17,000
Akira Oyama	Director	11,000
Kunio Noji	Outside Director	7,700
Makoto Azuma	Outside Director	3,200
Masami Iijima	Outside Director	-
Mutsuko Hatano	Outside Director	-
Kunihito Minakawa	Audit & Supervisory Board Member	6,800
Katsumi Kurihara	Audit & Supervisory Board Member	5,300
Kimitoshi Yabuki	Outside Audit & Supervisory Board Member	500
Takashi Narusawa	Outside Audit & Supervisory Board Member	-
Shigeru Nishiyama	Outside Audit & Supervisory Board Member	-
Total		239,900

The Company maintains an executive officer system and under such system there are 33 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 23, 2016 were as follows:

Name	Current Position (Function)	Current Position (Business area)
Zenji Miura	President	Chief Executive Officer
Yoshinori Yamashita	Deputy President	In charge of core business General Manager of Business Solutions Group General Manager of Transformation 2.0 Center of Business Solutions Group
Yohzoh Matsuura	Corporate Executive Vice President	In charge of Research and Development, General Manager of Intellectual Property Division
Kunihiko Satoh	Corporate Executive Vice President	In charge of Optical Business In charge of development Global New Business General Manager of New Business Development Division
Akira Oyama	Corporate Executive Vice President	In charge of Human Resources General Manager of Corporate Division General Manager of Business Transformation Center, Corporate Division President of Ricoh Americas Holdings, Inc.
Hidetsugu Nonaka	Corporate Senior Vice President	Deputy General Manager of Business Solutions Group
Seiji Sakata	Corporate Senior Vice President	General Manager of Imaging Systems Development Division
Masayuki Ishihara	Corporate Senior Vice President	General Manager of Production Division General Manager of Chemical Technology & Products Division
Hidetaka Matsuishi	Corporate Senior Vice President	Representative Director, President and CEO (Chief Executive Officer) of Ricoh Japan Corporation General Manager of Japan Marketing Group
Katsunori Nakata	Corporate Senior Vice President	General Manager of Industrial Business Division Representative Director, President of Ricoh Industrial Solutions Inc.
Kazuo Nishinomiya	Corporate Senior Vice President	General Manager of Global Procurement Division
Hisao Murayama	Corporate Senior Vice President	General Manager of Imaging Engine Development Division

Name	Current Position (Function)	Current Position (Business area)
Junichi Matsuno	Corporate Vice President	General Manager of Ink Jet Business Division Deputy General Manager of Imaging Engine Development Division
Masahiro Nakamura	Corporate Vice President	General Manager of Quality Management Division
Tadashi Furushima	Corporate Vice President	Deputy General Manager of Business Solutions Group
Yasutomo Mori	Corporate Vice President	General Manager of IMS Division Chairman of Ricoh Thermal Media (Beijing) Co., Ltd. Chairman of Ricoh Thermal Media (Wuxi) Co., Ltd. Chairman of Ricoh International (Shanghai) Co., Ltd.
Shigeo Kato	Corporate Vice President	General Manager of Sustainability Management Division General Manager of Trade & Export/Import Control Division
Yoshinori Sakaue	Corporate Vice President	General Manager of Ricoh Institute of Information and Communication Technology General Manager of Management of Technology Center Chairman of Ricoh Software Research Center (Beijing) Co., Ltd.
Hiroyuki Ishino	Corporate Vice President	Deputy General Manager of Corporate Division
Ian Winham	Corporate Vice President	General Manager of Global Capital Management Support Center, Corporate Division
Yukihiko Yamanaka	Corporate Vice President	In charge of Internal Management and Control In charge of Financial Affairs General Manager of Finance & Accounting Center, Corporate Division General Manager of Japan Business Support Center, Corporate Division
Nobuhiro Gemma	Corporate Vice President	General Manager of Ricoh Institute of Future Technology
Takashi Kozu	Corporate Vice President	General Manager of Ricoh Institute of Sustainability and Business
Daisuke Segawa	Group Executive Officer, Corporate Senior Vice President	Representative Director, President of Ricoh Leasing 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

Name	Current Position (Function)	Current Position (Business area)
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 General Manager of Europe Marketing Group
Haruhisa Sakai	Group Executive Officer, Corporate Vice President	President of Ricoh Korea Co., Ltd.
Eiichi Katoh	Group Executive Officer, Corporate Vice President	Representative Director, President of Ricoh Industry Co., Ltd. General Manager of Industrial Technology Development Center, Production Division
Tetsuya Takano	Group Executive Officer, Corporate Vice President	President of Ricoh Asia Pacific Pte, Ltd. General Manager of Asia Pacific & China Marketing Group Chairman of Ricoh India Limited Chairman of Ricoh China Co., Ltd. Chairman of Ricoh Hong Kong Ltd. Chairman of Ricoh Australia Pty, Ltd. Chairman of Ricoh (Thailand) Limited
Noboru Akahane	Group Executive Officer, Corporate Vice President	Representative Director, President of Ricoh Imaging Company, Ltd.
Satoru Taji	Group Executive Officer, Corporate Vice President	Representative Director, President of Ricoh Electronic Devices Co., Ltd.
Masahiro Kumei	Group Executive Officer, Corporate Vice President	President of Ricoh Asia Industry Ltd.

6. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

[Basic Policies for Corporate Governance]

Ricoh is working to build a governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.

In this way, Ricoh increases the continuous growth and expands the corporate value.

The RICOH Way, which comprises our founding principles and Management Philosophy, is the foundation of the Ricoh's management policy and strategy, also is the basis of the corporate governance.

[Policies for constructive engagement with shareholders]

The Company engages energetically and constructively with shareholders. We maintain a cycle in which we reflect feedback from those shareholders in our activities to cultivate trust through mutual understanding.

In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.

1) Management Structure

a. Outline of Corporate Governance structure

The Company has introduced the corporate audit system. The Company 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, 4 of the Board's 11 directors are Outside Directors.

The Board of Directors is responsible for management oversight and important decision-making concerning the Company's management. By appointing 4 highly independent Outside Directors, the Company ensures transparency in management and its decision-making.

As part of the strengthening of management oversight functions by the Board of Directors, "Nomination Committee" which is chaired by Non-executive Director, with the majority members being Outside Directors and "Compensation Committee" which is chaired by Outside Director, with the majority members being Outside Directors are established to ensure transparency and objectivity of nomination, dismissal and compensation of Directors and executive officers, etc. And the Board of Directors Office is set up to support the Board of Directors, driving robust decision-making and ensuring transparent management oversight.

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 5 members of whom 3 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 chaired by the Representative Director empowered by the Board of Directors. The GMC facilitates deliberation and renders decisions on Ricoh's overall management from the perspective of total optimization.

b. Reason for adopting current corporate governance structure

The Company 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 to improve operational effectiveness and efficiency, to ensure reliability of financial reporting, to comply with regulations and Company rules related to corporate activities, and to safeguard of assets. The results are regularly reported to the GMC's Internal Control Committee. The Internal Management & Control Division comprises 27 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 the Company'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 has considerable knowledge of finance and accounting due to his long experience in the Company's finance and accounting department as well as Mr. Shigeru Nishiyama, outside our Audit & Supervisory Board Member, is a qualified professional experience working as a certified public accounting, and professor at Waseda Business School. Together they have considerable expertise in finance and accounting. Mr. Katsumi Kurihara has Audit & Supervisory Board Member, in the Company given his experience working within our design and development, production, and quality assurance divisions, among others, as well as his in-depth knowledge of business processes in the Company's core businesses. Mr. Kimitoshi Yabuki has engaged in corporate legal matters as a lawyer, and has a high level of expertise and management oversight capability as well as experience as an outside officer. Mr. Takashi Narusawa has investment analyst and management consultant and in management at Nomura Research Institute, Ltd. Furthermore, 4 designated support staff have been assigned to ensure that the Audit & Supervisory Board Members can work effectively.

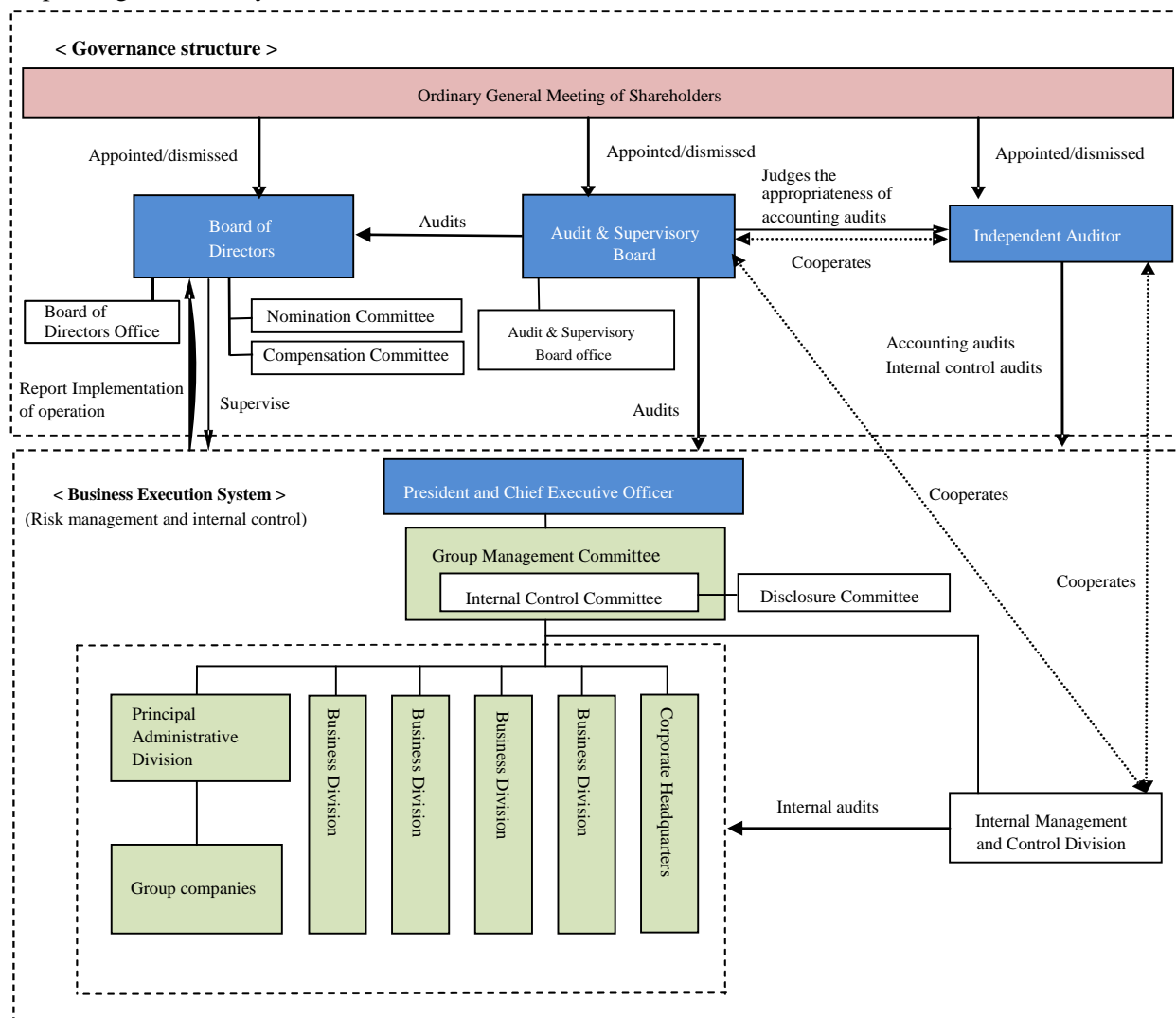
The Internal Management & Control Division will have periodic meetings with the Audit & Supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties 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 (at the date of submission of the securities report):

Corporate governance system



e. Auditing of financial statements

For the year ended March 31, 2016, the certified public accountants (CPAs) who execute audit on the Company's financial statements are: Masahiro Mekada, Katsunori Hanaoka and Shingo Iwamiya, from KPMG Azsa LLC. The numbers of continuous audit years of each member are omitted because they are all not more than 7 years. There are total 59 audit assistants involved in the auditing as of March 31, 2016, and are 19 certified public accountants and 40 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. Related Party Transactions

If the Company engages in transactions with conflicting interests, the internal rules require a resolution of approval in advance by the Board of Directors. In addition, to supervise conflict-of-interest transactions by executives, the Board of Directors are required to submit a report to the Audit & Supervisory Board Members regarding any transactions conflicting with the Board of Directors yearly.

g. The relationship with Outside Directors and Outside Audit & Supervisory Board Members

The Company has appointed four Outside Directors and three Outside Audit & Supervisory Board Members. When appointing Outside Directors and Outside Audit & Supervisory Board Members, the Company will confirm the following in order to insure independence.

(i) In principle, Outside Directors of the Company shall be independent and satisfy all of the items set out below. The Ricoh Group stated herein refers to the corporate group that comprises the Company and its subsidiaries.

- i. A person who is not a shareholder holding 10% or more of the total voting rights of the Company (the “major shareholder”), or a person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.
- ii. A person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.
- iii. A person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group, or a person who was not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group within 10 years preceding the assumption of the office of Outside Director.
- iv. A person of which the Ricoh Group was not a major business partner (whose sales to the Ricoh Group accounted for 2% or more of its consolidated net sales) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
- v. A person who was not a major business partner of the Ricoh Group (to which sales of the Ricoh Group accounted for 2% or more of consolidated net sales of the Ricoh Group) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
- vi. A person who is not a consultant, certified public accountant, certified tax accountant, lawyer or any other professional who received money or other property other than executive remuneration, either directly or indirectly, from the Ricoh Group in an amount of ¥10 million or more in the immediately preceding fiscal year or per year in average over the past three fiscal years.
- vii. A person who does not belong to an organization, such as a law firm, auditing firm, tax accounting firm, consulting firm or any other professional advisory firm, that received money or other property, either directly or indirectly, from the Ricoh Group in an amount equivalent to 2% or more of its total revenue in the immediately preceding fiscal year or per year in average over the past three fiscal years.
- viii. A person who is not a spouse, a relative within the second degree of kinship or a relative who lives in the same household of a person who falls under the items i through vii.
- ix. A person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other important employee of a company, its parent company or subsidiary that has directors dispatched from the Ricoh Group.
- x. A person who is unlikely to cause a substantial conflict of interests with the Company.

(ii) The Company may appoint a person as Outside Director if it judges that the person is qualified for the post, even though he/she fails to satisfy any of the above items i and iv through ix in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

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 the Company 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 the Company'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 the Company.

i. Relationship with Outside Directors and Outside Audit & Supervisory Board Members and reasons for their appointments

Outside Directors

Kunio Noji

With his abundant experience as a management executive at Komatsu Ltd., we have judged that he is an appropriate person to be a Director of the Company.

Makoto Azuma

With his abundant experience as Corporate Executive Vice President and Chief Technology Officer of TOSHIBA CORPORATION, and as a professor at the Graduate School of Innovation Studies of Tokyo University of Science, we have judged that he is an appropriate person to be a Director of the Company.

Masami Iijima

With his abundant experience as a management executive at MITSUI & CO., LTD., we have judged that he is an appropriate person to be a Director of the Company.

Mutsuko Hatano

With her abundant experience as a professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology, and serving as a committee member of many administrative bodies, we have judged that she is an appropriate person to be a Director of the Company.

Outside Audit & Supervisory Board Members

Kimitoshi Yabuki

With his abundant 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 his high management oversight capabilities, we have judged that he is an appropriate person to be an Audit & Supervisory Board Member of the Company.

Takashi Narusawa

With his abundant experience as an investment analyst and management consultant and in management at Nomura Research Institute, Ltd., we have judged that he is an appropriate person to be an Audit & Supervisory Board Member of the Company.

Shigeru Nishiyama

With his abundant experience as a professional in the finance and accounting fields, such as a certified public accountant, and a professor at Waseda Business School (Graduate School of Business and Finance), 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

(i) 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 officers and 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.

(ii) 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.

(iii) 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.

(iv) 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) Systems to ensure correct business standards at Ricoh and its affiliates

The Company and each affiliate in the Ricoh Group shall devise a system that ensures the adherence to correct business standards to improve business performance and enhance the prosperity of each Group company, while respecting each other's independence, as follows:

- (i) The Company's Board of Directors and the "Group Management Committee" (GMC) make decisions and perform management oversight for the Ricoh Group as a whole.
- (ii) The Company establishes its management regulations concerning affiliate companies, and prescribes a system for reporting matters regarding the performance of duties of the Directors of each affiliate in the Ricoh Group, and the Directors' authority for conducting such duties efficiently.
- (iii) Each Group company conducts risk management for losses relating to the company. Should any incident arise, the company should strive to minimize damage and recover quickly, and promptly report to the Company.
- (iv) To ensure that the duties of each Group company's Directors and employees are performed in compliance with laws and Articles of Incorporation, we formulate a set of common rules which shall be followed as a Group as the Ricoh Group's common standards, the "Ricoh Group Standard" (RGS), and promote compliance across the Ricoh Group.

4) Number of Directors

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

5) 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.

6) 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.

7) 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.

8) 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 with the record date of September 30 each year to allow an expeditious distribution of profits to shareholders.

9) 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 425 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.

10) 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, 2016 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)	7	479	356	122
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	52	52	-
	5	59	59	-
Outside Directors and Audit & Supervisory Board Members	Outside Directors	3	43	-
	Outside Audit & Supervisory Board Members	2	16	-
Total	14	591	468	122

(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. does not include the portion of employee's salary for directors who concurrently serve as employees.
3. Total amount of compensation, etc. includes ¥122 million that was resolved as total amount of bonus for directors at the 116th Ordinary General Meeting of Shareholders held on June 17, 2016.

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

Category	Total amount of compensation, etc. (Millions of Yen)	Category	Company	Total amount of each type (Millions of Yen)	
				Basic salary	Bonus
Shiro Kondo	113	Director	Ricoh Company, Ltd.	88	25
Zenji Miura	119	Director	Ricoh Company, Ltd.	91	28

(Notes) Only members who were awarded with consolidated remuneration of ¥100 million or more in total are stated.

(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 compensation to directors and Audit & Supervisory Board Members

The Company positions the compensation of directors and Audit & Supervisory Board Members as an effective incentive to improve mid and long term performance towards further increase in shareholder value. And the Company strives for ensuring of the objectivity, the transparency, the propriety of the level of remuneration and individual Director's remuneration from a reinforcement of its corporate governance point of view. Policy on the compensation of directors and Audit & Supervisory Board Members is as follows.

1. Compensation of directors and Audit & Supervisory Board Members is appropriately reflected by expected role of the Directors/Auditors, their liability, company performance and shareholders' value.
2. In making the decision about the level of remuneration and individual Director's remuneration, the Company strives for ensuring of the objectivity, the transparency, the propriety through external benchmarks and the Compensation Committee.

Specifically, for the directors excluding outside directors, the Company has introduced the share price-linked compensation as a part of monthly remuneration, 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). Audit & Supervisory Board Members receive only monthly remuneration which does not include a performance-related portion.

11) Information on share holdings

1. Equity securities held for purpose other than pure investment

(i) Policy on the purpose of holding regarding equity securities held for purposes other than pure investment

The Company can hold shares of relevant partners only in case where it is considered to be necessary and effective for future development of the Ricoh Group, from the viewpoint of business alliance, or facilitating or reinforcing collaborative business development, taking dividends and other returns into account.

Regarding volume of major cross-shareholdings, the Board of Directors examines the medium to long-term economic rationality, and endeavors to keep the volume at minimum level.

(ii) Number of stock names and total amount recorded in Non-consolidated Statement of Financial Position

Number of stock names: 63 stock names

Total amount recorded in Non-consolidated Statement of Financial Position: ¥11,902 million

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

(Fiscal year ended March 31, 2015)

Specified investment securities

Stock Name	Number of shares (shares)	Non-consolidated Statement of Financial Position amount as of March 31, 2015 (Millions of Yen)	Purpose of holding
SAN-AI OIL CO.,LTD	5,962,820	4,645	Maintaining comfortable relationships over the long term
Sindoh Co., Ltd	313,748	2,363	Maintaining comfortable relationships over the long term
OMRON Corporation	363,565	1,970	Maintaining comfortable relationships over the long term
OTSUKA CORPORATION.	195,000	998	Maintaining comfortable relationships over the long term
Central Japan Railway Company	40,000	869	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	748	Maintaining comfortable relationships over the long term
MAX Co., Ltd.	500,000	707	Maintaining comfortable relationships over the long term
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	582	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	1,124,098	556	Enhancing relationships with correspondent banks
NIDEC CORPORATION.	60,988	487	Maintaining comfortable relationships over the long term
The Yokohama Rubber Co., Ltd.	241,500	299	Maintaining comfortable relationships over the long term
Daiwa Securities Group Inc.	304,924	288	Maintaining comfortable relationships over the long term
Nippon Express Co., Ltd.	412,000	276	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	276	Maintaining comfortable relationships over the long term
SEED CO., LTD.	165,000	229	Maintaining comfortable relationships over the long term
Tokio Marine Holdings, Inc.	34,500	156	Maintaining comfortable relationships over the long term

Nippon Paper Group, Inc.	81,024	146	Maintaining comfortable relationships over the long term
Nippon BS Broadcasting Corp.	80,000	99	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	52,800	92	Maintaining comfortable relationships over the long term
BICCAMERA INC.	70,000	87	Maintaining comfortable relationships over the long term
KITAMURA CO., LTD.	110,200	84	Maintaining comfortable relationships over the long term
SMK Corporation.	124,091	64	Maintaining comfortable relationships over the long term
Japan Pulp & Paper Co., Ltd.	171,852	55	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	165,562	50	Maintaining comfortable relationships over the long term
NKSJ Holdings, Inc.	12,403	46	Maintaining comfortable relationships over the long term
CHIYODA Corporation	41,472	42	Maintaining comfortable relationships over the long term
HAZAMA ANDO CORPORATION	40,000	27	Maintaining comfortable relationships over the long term

Deemed holding securities

Stock Name	Number of shares (shares)	Non-consolidated Statement of Financial Position amount as of March 31, 2015 (Millions of Yen)	Purpose of holding
Mitsubishi UFJ Financial Group, Inc.	7,790,000	5,852	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	4,564	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	3,549	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	2,104	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	1,165	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.

(Fiscal year ended March 31, 2016)

Specified investment securities

Stock Name	Number of shares (shares)	Non-consolidated Statement of Financial Position amount as of March 31, 2016 (Millions of Yen)	Purpose of holding
SAN-AI OIL CO.,LTD	3,362,820	2,747	Maintaining comfortable relationships over the long term
Sindoh Co., Ltd	313,748	1,581	Maintaining comfortable relationships over the long term
OMRON Corporation	363,565	1,217	Maintaining comfortable relationships over the long term
OTSUKA CORPORATION.	195,000	1,158	Maintaining comfortable relationships over the long term
Central Japan Railway Company	40,000	796	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	748	Maintaining comfortable relationships over the long term
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	594	Maintaining comfortable relationships over the long term
MAX Co., Ltd.	500,000	578	Maintaining comfortable relationships over the long term
NIDEC CORPORATION.	60,988	469	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	1,124,098	370	Maintaining comfortable relationships over the long term
Daiwa Securities Group Inc.	304,924	211	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	176	Maintaining comfortable relationships over the long term
Nippon Paper Group, Inc.	81,024	162	Maintaining comfortable relationships over the long term
Tokio Marine Holdings, Inc.	34,500	131	Maintaining comfortable relationships over the long term
SEED CO., LTD.	88,500	105	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	52,800	71	Maintaining comfortable relationships over the long term
SMK Corporation.	124,091	71	Maintaining comfortable

			relationships over the long term
Japan Pulp & Paper Co., Ltd.	171,852	55	Maintaining comfortable relationships over the long term
KITAMURA CO., LTD.	55,300	45	Maintaining comfortable relationships over the long term
NKSJ Holdings, Inc.	12,403	39	Maintaining comfortable relationships over the long term
Nippon BS Broadcasting Corp.	34,400	37	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	165,562	35	Maintaining comfortable relationships over the long term
STANLEY ELECTRIC CO., LTD.	5,813	14	Maintaining comfortable relationships over the long term
KYOCERA Corporation	1,800	8	Maintaining comfortable relationships over the long term
Katakura Industries Co., Ltd.	5,000	5	Maintaining comfortable relationships over the long term
TDK Corporation	930	5	Maintaining comfortable relationships over the long term
NEC Corporation	6,275	1	Maintaining comfortable relationships over the long term
Xinhua Holdings Ltd.	600	0	Maintaining comfortable relationships over the long term

Deemed holding securities

Stock Name	Number of shares (shares)	Non-consolidated Statement of Financial Position amount as of March 31, 2016 (Millions of Yen)	Purpose of holding
SAN-AI OIL CO.,LTD	5,800,000	4,787	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mitsubishi UFJ Financial Group, Inc.	7,790,000	4,121	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	3,327	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	2,107	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	932	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
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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, 2015		Fiscal year ended March 31, 2016	
	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	207	-	207	-
Consolidated subsidiaries	155	-	126	-
Total	362	-	333	-

2) Other fees

(Fiscal year ended March 31, 2015)

Fees for audit services and non-audit services paid by the Company and its subsidiary to KPMG, which belongs to the same network as the Company's accounting auditor, were ¥1,294 million and ¥174 million respectively.

(Fiscal year ended March 31, 2016)

Fees for audit services and non-audit services paid by the Company and its subsidiary to KPMG, which belongs to the same network as the Company's accounting auditor, were ¥1,364 million and ¥213 million respectively.

3) Descriptions of non-audit service to the Company

(Fiscal year ended March 31, 2015)

Not applicable.

(Fiscal year ended March 31, 2016)

Not applicable.

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, 2016
With Independent Auditor's Report

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Ricoh Company, Ltd. and Consolidated Subsidiaries

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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 March 31, 2015	As of March 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents (Note 6)	137,722	167,547
Time deposits (Note 6)	927	973
Trade and other receivables (Note 7)	553,534	564,204
Other financial assets (Note 12 and 13)	260,056	272,347
Inventories (Note 8)	224,481	207,092
Other current assets	39,662	61,032
Total current assets	1,216,382	1,273,195
Non-current assets:		
Property, plant and equipment (Note 9 and 11)	276,617	276,551
Goodwill and intangible assets (Note 10 and 11)	435,752	413,836
Other financial assets (Note 12 and 13)	601,797	620,171
Investments accounted for using the equity method	450	935
Other investments (Note 14)	58,237	67,084
Other non-current assets	44,119	38,905
Deferred tax assets (Note 20)	96,853	85,784
Total non-current assets	1,513,825	1,503,266
Total assets (Note 5)	2,730,207	2,776,461

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 16)	222,065	260,755
Trade and other payables (Note 15)	276,986	286,123
Other financial liabilities (Note 18)	1,800	1,820
Income tax payables	13,683	15,220
Other current liabilities (Note 17 and 19)	257,605	242,950
Total current liabilities	772,139	806,868
Non-current liabilities:		
Bonds and borrowings (Note 16)	568,515	592,045
Other financial liabilities (Note 18)	1,537	3,745
Accrued pension and retirement benefits (Note 21)	144,153	139,049
Other non-current liabilities (Note 17 and 19)	84,721	82,392
Deferred tax liabilities (Note 20)	4,830	4,598
Total non-current liabilities	803,756	821,829
Total liabilities	1,575,895	1,628,697
Equity:		
Common stock (Note 22)	135,364	135,364
Additional paid-in capital (Note 22)	186,083	186,423
Treasury stock (Note 22)	(37,295)	(37,312)
Other components of equity	153,547	114,914
Retained earnings (Note 22)	646,468	678,424
Total equity attributable to owners of the parent	1,084,167	1,077,813
Non-controlling interests (Note 32)	70,145	69,951
Total equity	1,154,312	1,147,764
Total liabilities and equity	2,730,207	2,766,461

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, 2015	For the year ended March 31, 2016
Sales: (Note 5)		
Products	990,908	1,018,979
Post sales and rentals	1,068,678	1,092,245
Other revenue	91,818	97,804
Total sales	2,151,404	2,209,028
Cost of sales:		
Products	(704,036)	(768,209)
Post sales and rentals	(485,957)	(504,375)
Other revenue	(54,493)	(54,480)
Total cost of sales	(1,244,486)	(1,327,064)
Gross profit	906,918	881,964
Selling, general and administrative expenses (Note 25 and 26)	(794,014)	(799,406)
Other income (Note 24)	2,861	19,737
Operating profit	115,765	102,295
Finance income (Note 27)	3,963	5,091
Finance costs (Note 27)	(7,381)	(11,757)
Share of profit (loss) of investments accounted for using the equity method	(50)	55
Profit before income tax expenses	112,297	95,684
Income tax expenses (Note 20)	(38,598)	(28,378)
Profit	73,699	67,306
Profit attributable to:		
Owners of the parent	68,562	62,975
Non-controlling interests	5,137	4,331

	Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Earnings per share (attributable to owners of the parent): (Note 29)		
Basic	94.58	86.87
Diluted	-	-

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

* Gain on sales of property, plant and equipment and others are included in "other income". Prior year comparative figures have also been adjusted to conform to the current year presentation.

* The compilation method has been changed from this fiscal year such as part of the lease transactions are shown in net basis instead of gross basis. Prior year comparative figures have also been adjusted to conform to the current year presentation.

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Profit	73,699	67,306
Other comprehensive income (loss): (Note 28)		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	(23,135)	(6,039)
Total components that will not be reclassified subsequently to profit or loss	(23,135)	(6,039)
Components that will be reclassified subsequently to profit or loss:		
Net gain on fair value of available-for-sale financial assets	5,316	6,457
Net gain (loss) on fair value of cash flow hedges	1,838	(1,916)
Exchange differences on translation of foreign operations	27,224	(44,180)
Total components that will be reclassified subsequently to profit or loss	34,378	(39,639)
Total other comprehensive income (loss)	11,243	(45,678)
Comprehensive income	84,942	21,628
Comprehensive income attributable to:		
Owners of the parent	79,056	18,332
Non-controlling interests	5,886	3,296

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					
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	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, 2014	135,364	186,083	(37,278)	-	11,848	(221)
Profit						
Other comprehensive income (loss) (Note 28)				(23,149)	5,234	1,024
Comprehensive income	-	-	-	(23,149)	5,234	1,024
Net change in treasury stock			(17)			
Dividends declared and approved to owners						
Transfer from other components of equity to retained earnings				23,149		
Acquisition of non-controlling interests						
Total transactions with owners	-	-	(17)	23,149	-	-
Balance as of March 31, 2015	135,364	186,083	(37,295)	-	17,082	803
Profit						
Other comprehensive income (loss) (Note 28)				(6,010)	6,535	(1,070)
Comprehensive income	-	-	-	(6,010)	6,535	(1,070)
Net change in treasury stock			(17)			
Dividends declared and approved to owners						
Transfer from other components of equity to retained earnings				6,010		
Acquisition of non-controlling interests		340				
Total transactions with owners	-	340	(17)	6,010	-	-
Balance as of March 31, 2016	135,364	186,423	(37,312)	-	23,617	(267)

	Millions of Yen					
	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2014	108,277	119,904	625,340	1,029,413	64,983	1,094,396
Profit			68,562	68,562	5,137	73,699
Other comprehensive income (loss) (Note 28)	27,385	10,494		10,494	749	11,243
Comprehensive income	27,385	10,494	68,562	79,056	5,886	84,942
Net change in treasury stock				(17)		(17)
Dividends declared and approved to owners (Note 22)			(24,285)	(24,285)	(724)	(25,009)
Transfer from other components of equity to retained earnings		23,149	(23,149)	-		-
Acquisition of non-controlling interests				-		-
Total transactions with owners	-	23,149	(47,434)	(24,302)	(724)	(25,026)
Balance as of March 31, 2015	135,662	153,547	646,468	1,084,167	70,145	1,154,312
Profit			62,975	62,975	4,331	67,306
Other comprehensive income (loss) (Note 28)	(44,098)	(44,643)		(44,643)	(1,035)	(45,678)
Comprehensive income	(44,098)	(44,643)	62,975	18,332	3,296	21,628
Net change in treasury stock				(17)		(17)
Dividends declared and approved to owners (Note 22)			(25,009)	(25,009)	(882)	(25,891)
Transfer from other components of equity to retained earnings		6,010	(6,010)	-		-
Acquisition of non-controlling interests				340	(2,608)	(2,268)
Total transactions with owners	-	6,010	(31,019)	(24,686)	(3,490)	(28,176)
Balance as of March 31, 2016	91,564	114,914	678,424	1,077,813	69,951	1,147,764

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, 2015	For the year ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	73,699	67,306
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization (Note5)	107,836	107,366
Other income (Note24)	(2,861)	(19,737)
Share of loss (profit) of investments accounted for using the equity method	50	(55)
Finance income and costs	3,418	6,666
Income tax expenses	38,598	28,378
Increase in trade and other receivables	(2,574)	(23,376)
Decrease (increase) in inventories	(18,562)	9,595
Increase in lease receivables	(42,886)	(35,683)
Increase (decrease) in trade and other payables	(11,177)	11,992
Decrease in accrued pension and retirement benefits	(17,146)	(9,107)
Other, net	7,344	(14,323)
Interest and dividends received	2,724	2,350
Interest paid	(7,518)	(6,916)
Income taxes paid	(28,401)	(24,598)
Net cash provided by operating activities	102,544	99,858
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	3,018	20,997
Expenditures for property, plant and equipment	(75,976)	(83,778)
Expenditures for intangible assets	(36,008)	(28,968)
Payments for purchases of available-for-sale securities	(546)	(799)
Proceeds from sales of available-for-sale securities	158	3,244
Decrease (increase) in time deposits	3,573	(163)
Purchase of business, net of cash acquired	(9,772)	(5,687)
Other, net	(27,904)	(8,984)
Net cash used in investing activities	(143,457)	(104,138)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (repayments) of short-term debt	880	(3,620)
Proceeds from long-term debt	272,587	198,895
Repayments of long-term debt	(203,527)	(84,432)
Proceeds from issuance of bonds	20,000	20,000
Repayments of bonds	(35,000)	(60,000)
Dividends paid (Note 22)	(24,285)	(25,009)
Payments for purchase of treasury stock	(19)	(16)
Other, net	(700)	(3,149)
Net cash provided by financing activities	29,936	42,669
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	8,652	(8,564)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,325)	29,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,047	137,722
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	137,722	167,547

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, 2016 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).

(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.
- Loans and receivables are measured at fair value.
- Non-derivative financial liabilities, including borrowings, are measured at fair value.

(3) Functional and Presentation Currency

The items included in financial statements of each group company are measured by the currency of the primary economic environment in which each group company operates (“functional 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) Changes in Accounting Policies

Ricoh did not change the significant accounting policies from the previous fiscal year, with the exception of the following.

Ricoh adopted the following new IFRSs and there was no material impact on Ricoh's consolidated financial statements.

IFRSs	Title	Summaries of new IFRSs/amendments
IFRS 13	Fair Value Measurement	Clarifying a scope exception for measuring the fair value of a portfolio
IAS 19	Employee Benefits	Clarifying accounting treatment for contributions from employees or third parties as required in the terms of defined benefit plans

(5) Early Adoption of New Standards

Ricoh has no early adoption of new standards.

(6) Use of Estimates and Judgments

For the preparation of consolidated financial statements in accordance with IFRSs, it is required that management makes 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 20 – 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 11 - Impairment losses (Impairment losses on goodwill and intangible assets)
- Note 20 - Income taxes (Recognition of deferred tax assets)
- Note 21 - Employee benefits (Pension accounting)
- Note 23 - Financial Instruments and related disclosures (Allowance for doubtful receivables)
- Note 23 - Financial Instruments and related disclosures (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 combined 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 Ricoh. Ricoh 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 Ricoh, 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.

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.

(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 3 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 2 years to 60 years for buildings and structures, 1 year to 20 years for machinery and vehicles and 1 year 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 leases other than finance leases are classified as operating leases and are not recognized in Ricoh's consolidated statement of financial position.

(7) Goodwill and Intangible Assets

(a) 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.

(b) Intangible Assets

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

(i) 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 over 2 years to 10 years.

(ii) 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.

(iii) 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 is measured at fair value on the acquisition date.

(iv) 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 indicates 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 from the cash inflows of 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 it is 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 to 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 a CGU is estimated. In cases that the recoverable amount exceeds the carrying amount of the asset or a 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 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 employees 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 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.

(a) 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 are discharged, cancelled or expire.

(b) Measurement of non-derivative financial assets

(i) 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.

(ii) 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-for-sale securities are included in net income as part of financial income. On derecognition, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit or loss.

(c) 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.

(d) Equity

(i) Ordinary shares

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

(ii) 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.

(e) 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.

(i) 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.

(ii) 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.

(iii) 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. Usually, revenue is recognized when products were installed and customer accepted it.

(b) Revenue from rendering of maintenance services

Revenue from sales of maintenance services is earned and recognized by Ricoh and billed to the customer in accordance with the contract and includes 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 which is same as recognition policy of products sales. 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, gain on sales of available-for-sale financial assets and foreign currency exchange gain. 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 comprise 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. Interest costs are recognized when incurred using the effective interest method.

(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 or loss, 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, and net operating loss carryforwards.

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 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 effective in the reporting period ended March 31, 2016, and which Ricoh has not yet adopted 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
IFRS 7	Financial Instruments: Disclosures	January 1, 2016	Period ending on March 2017	Clarifying the criteria on whether a servicing contract is continuing involvement in a transferred financial asset Clarifying the applicability of the offset disclosure of financial assets and financial liabilities to

				condensed interim financial statements
IFRS 9	Financial Instruments	January 1, 2018	To be determined	Changes in qualifying criteria for hedge accounting
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Period ending on March 2019	Providing clear principles for revenue recognition in a robust framework
IFRS 16	Lease	January 1, 2019	Period ending on March 2020	Changes in accounting for lease
IAS 1	Presentation of Financial Statements	January 1, 2016	Period ending on March 2017	Clarifying disclosure requirement regarding materiality considerations
IAS 7	Statement of Cash Flow	January 1, 2017	Period ending on March 2018	Requirement for disclosure of changes in liabilities arising from financing activities
IAS 19	Employee Benefits	January 1, 2016	Period ending on March 2017	Clarifying the method to determine the discount rate for post-employment benefit obligations
IAS 34	Interim Financial Reporting	January 1, 2016	Period ending on March 2017	Clarifying disclosure requirement for information “elsewhere in the interim financial report”
IAS 16 IAS 38	Property, Plant and Equipment Intangible Assets	January 1, 2016	Period ending on March 2017	Clarifying that a revenue-based method is not considered to be an acceptable method of depreciation and amortization in principle

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, 2015 and 2016. 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 March 31, 2015 and 2016.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Segment sales:		
Imaging & Solutions	1,916,676	1,974,510
Industrial Products	131,273	138,026
Other	116,956	109,053
Intersegment sales	(13,501)	(12,561)
Total segment sales	2,151,404	2,209,028
Segment profit (loss):		
Imaging & Solutions	172,258	147,728
Industrial Products	6,399	11,017
Other	(3,064)	1,411
Total segment profit	175,593	160,156
Reconciling items:		
Corporate expenses and elimination	(59,828)	(57,861)
Finance income	3,963	5,091
Finance costs	(7,381)	(11,757)
Share of profit (loss) of investments accounted for using equity method	(50)	55
Profit before income tax expenses	112,297	95,684

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

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Total assets:		
Imaging & Solutions	2,228,058	2,228,957
Industrial Products	72,349	73,506
Other	133,327	139,081
Elimination	(1,506)	(1,577)
Corporate	297,979	336,494
Consolidated	2,730,207	2,776,461

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Capital expenditures:		
Imaging & Solutions	97,771	94,738
Industrial Products	4,945	6,497
Other	5,304	7,534
Corporate	3,964	3,977
Consolidated	111,984	112,746
Depreciation and amortization:		
Imaging & Solutions	94,958	93,969
Industrial Products	4,555	4,578
Other	3,485	4,156
Corporate	4,838	4,663
Consolidated	107,836	107,366

Assets are allocated to the operating segments mainly benefited from the assets. Corporate assets consist primarily of cash and cash equivalents and other financial assets 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, 2015	For the year ended March 31, 2016
Imaging & Solutions:	1,916,676	1,974,510
Office Imaging	1,439,723	1,432,065
Production Printing	191,991	223,815
Network System Solutions	284,962	318,630
Industrial Products	117,772	125,465
Other	116,956	109,053
Total sales	2,151,404	2,209,028

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, electronic components, and inkjet head

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, 2015	For the year ended March 31, 2016
Sales:		
Japan	759,580	761,590
The Americas	648,545	693,786
Europe, Middle East and Africa	532,375	531,002
Other	210,904	222,650
Consolidated	2,151,404	2,209,028
The United States (included in The Americas)	544,288	587,872

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Non-current assets:		
Japan	296,187	295,610
The Americas	273,037	256,668
Europe, Middle East and Africa	105,742	101,185
Other	37,403	36,924
Consolidated	712,369	690,387
The United States (included in The Americas)	255,972	238,263

* The compilation method has been changed from this fiscal year such as part of the lease transactions are shown in net basis instead of gross basis. Prior year comparative figures have also been adjusted to conform to the current year presentation.

6. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Cash and cash equivalents		
Cash and deposit	138,649	168,520
Less time deposit over 3 months	(927)	(973)
Total cash and cash equivalents on consolidated statement of financial position	137,722	167,547

The balance of “cash and cash equivalents” in the consolidated statement of financial position as of March 31, 2015 and 2016 agree to the respective balances in the consolidated statement of cash flows.

7. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Notes receivables	35,137	47,507
Accounts receivables	433,392	428,194
Other receivables	104,138	101,799
Less - Allowance for doubtful receivables	(19,133)	(13,296)
Total	553,534	564,204

The amounts expected to be recovered or settled within or after 12 months after reporting period are follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Within 12 months	506,121	508,687
After 12 months	47,413	55,517
Total	553,534	564,204

8. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Goods and products	123,767	115,062
Work in progress and raw materials	100,714	92,030
Total	224,481	207,092

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Amount of write-down	5,519	5,184

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

9. 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					Total
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	
Balance as of April 1, 2014	39,125	278,693	257,206	427,530	7,795	1,010,349
Additions	-	3,206	4,280	46,005	22,485	75,976
Acquisitions through business combinations	-	26	185	1,348	-	1,559
Disposals	(324)	(7,457)	(7,673)	(50,359)	(96)	(65,909)
Transfer from construction in progress	-	3,390	8,997	7,041	(19,428)	-
Exchange differences	527	5,127	3,451	13,095	1,105	23,305
Others	213	1,827	(280)	3,085	(1,107)	3,738
Balance as of March 31, 2015	39,541	284,812	266,166	447,745	10,754	1,049,018
Additions	11	4,818	5,352	48,260	25,337	83,778
Acquisitions through business combinations	-	40	30	1,458	-	1,528
Disposals	(3,011)	(8,642)	(9,746)	(49,607)	(51)	(71,057)
Transfer from construction in progress	14	6,286	8,087	7,936	(22,323)	-
Exchange differences	(319)	(4,313)	(4,291)	(5,346)	(220)	(14,489)
Others	129	626	190	(145)	(1,380)	(580)
Balance as of March 31, 2016	36,365	283,627	265,788	450,301	12,117	1,048,198

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, 2014	(1,608)	(188,962)	(210,438)	(338,639)	(739,647)
Depreciation expenses	-	(8,240)	(13,583)	(49,101)	(70,924)
Disposals	-	6,020	7,129	43,170	56,319
Impairment losses	-	-	-	-	-
Exchange differences	-	(3,458)	(2,290)	(8,121)	(13,869)
Others	-	(665)	720	(4,335)	(4,280)
Balance as of March 31, 2015	(1,608)	(195,305)	(218,462)	(357,026)	(772,401)
Depreciation expenses	-	(8,795)	(14,922)	(45,023)	(68,740)
Disposals	-	6,408	9,035	44,914	60,357
Impairment losses	-	-	-	-	-
Exchange differences	-	2,859	3,069	1,230	7,158
Others	-	16	1,674	289	1,979
Balance as of March 31, 2016	(1,608)	(194,817)	(219,606)	(355,616)	(771,647)

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, 2014	37,517	89,731	46,768	88,891	7,795	270,702
Balance as of March 31, 2015	37,933	89,507	47,704	90,719	10,754	276,617
Balance as of March 31, 2016	34,757	88,810	46,182	94,685	12,117	276,551

10. 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, 2014	290,037	187,131	119,129	78,731	28,163	703,191
Additions	-	12,995	923	-	1,593	15,511
Acquisitions through business combinations	6,572	1,634	2,641	-	-	10,847
Increase through internal development activities	-	-	-	20,497	-	20,497
Disposals	-	(36,159)	(37,148)	(24,996)	(3,385)	(101,688)
Exchange differences	30,100	1,865	8,965	-	1,184	42,114
Others	-	(1,097)	-	-	(704)	(1,801)
Balance as of March 31, 2015	326,709	166,369	94,510	74,232	26,851	688,671
Additions	-	12,373	-	-	58	12,431
Acquisitions through business combinations	5,237	54	505	-	-	5,796
Increase through internal development activities	-	-	-	16,537	-	16,537
Disposals	-	(5,155)	(3,340)	(10,478)	(1,377)	(20,350)
Exchange differences	(17,807)	(3,051)	(5,259)	-	(532)	(26,649)
Others	-	245	-	-	590	835
Balance as of March 31, 2016	314,139	170,835	86,416	80,291	25,590	677,271

Accumulated amortization and impairment losses

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2014	(35,822)	(134,705)	(78,192)	(32,598)	(22,520)	(303,837)
Amortization expenses	-	(13,579)	(7,778)	(13,933)	(1,622)	(36,912)
Disposals	-	35,882	37,148	24,996	3,375	101,401
Impairment losses	-	-	-	-	-	-
Exchange differences	(6,027)	(2,379)	(4,942)	-	(1,034)	(14,382)
Others	-	(519)	-	-	1,330	811
Balance as of March 31, 2015	(41,849)	(115,300)	(53,764)	(21,535)	(20,471)	(252,919)
Amortization expenses	-	(12,690)	(9,105)	(15,744)	(1,087)	(38,626)
Disposals	-	5,013	3,340	9,913	1,320	19,586
Impairment losses	-	-	-	-	-	-
Exchange differences	2,617	1,917	3,387	-	344	8,265
Others	-	460	-	-	(201)	259
Balance as of March 31, 2016	(39,232)	(120,600)	(56,142)	(27,366)	(20,095)	(263,435)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2014	254,215	52,426	40,937	46,133	5,643	399,354
Balance as of March 31, 2015	284,860	51,069	40,746	52,697	6,380	435,752
Balance as of March 31, 2016	274,907	50,235	30,274	52,925	5,495	413,836

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 amounts of goodwill included in Imaging & Solutions segment as of March 31, 2015 and 2016 were ¥281,107 million and ¥270,581 million, respectively. The carrying amounts of trademarks and customer relationships included in Imaging & Solutions segment as of March 31, 2015 and 2016 were ¥38,923 million and ¥28,618 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.

11. IMPAIRMENT LOSSES

(1) Property, plant and equipment

There were no impairment losses for the year ended March 31, 2015 and 2016.

(2) Goodwill

Ricoh reviews the carrying value of its goodwill for impairment annually and when a triggering event occurs between annual impairment tests. As a result of goodwill impairment test for the year ended March 31, 2015 and 2016, 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 (7 to 14%).

Management considers it is not likely that significant impairment losses would be recognized even if key assumptions varied within a reasonably possible range.

Goodwill of each CGU is as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Imaging & Solutions excluding Production Printing	279,384	268,858
Other CGU	5,476	6,049
Total	284,860	274,907

12. LEASE

(1) As Lessor

Lease receivables are included in other financial assets.

Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Co., 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.

Future receivable under finance leases are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Gross investments in finance leases		
Due in 1 year or less	276,126	284,752
Due after 1 year through 5 years	518,861	531,296
Due after 5 years	19,950	29,734
Unguaranteed residual value	(9,082)	(7,308)
Future finance income	(52,360)	(58,887)
Present value of minimum lease payments receivable	753,495	779,587

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

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Due in 1 year or less	263,542	272,343
Due after 1 year through 5 years	472,318	481,459
Due after 5 years	17,635	25,785

(2) As Lessee

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

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Due in 1 year or less	26,174	20,985
Due after 1 year through 5 years	51,461	47,691
Due after 5 years	10,119	9,706

Ricoh made lease payments totaling ¥49,901 million and ¥49,044 million for the years ended March 31, 2015 and 2016, 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.

13. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Derivative assets	4,169	4,740
Lease receivables	762,577	786,895
Installment loans	105,273	110,590
Less - Allowance for doubtful receivables	(10,166)	(9,707)
Total	861,853	892,518
Current	260,056	272,347
Non-Current	601,797	620,171

14. OTHER INVESTMENTS

The components of other investments are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Securities	56,220	65,425
Bonds	2,017	1,659
Total	58,237	67,084

15. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Notes payables	20,184	21,555
Accounts payables	179,213	176,718
Other payables	77,589	87,850
Total	276,986	286,123

16. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Bonds:		
0.57%, straight bonds, payable in yen, due June 2015 issued by the Company	40,000	-
0.88%, straight bonds, payable in yen, due June 2017 issued by the Company	20,000	20,000
2.08%, straight bonds, payable in yen, due March 2019 issued by the Company	15,000	15,000
0.61%, straight bonds, payable in yen, due May 2015 issued by a consolidated subsidiary	20,000	-
0.07%, straight bonds, payable in yen, due July 2016 issued by a consolidated subsidiary	10,000	10,000
0.10%, straight bonds, payable in yen, due January 2017 issued by a consolidated subsidiary	10,000	10,000
0.15%, straight bonds, payable in yen, due July 2017 issued by a consolidated subsidiary	10,000	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	10,000
0.32%, straight bonds, payable in yen, due January 2019 issued by a consolidated subsidiary	10,000	10,000
0.27%, straight bonds, payable in yen, due July 2019 issued by a consolidated subsidiary	10,000	10,000
0.27%, straight bonds, payable in yen, due August 2020 issued by a consolidated subsidiary	-	20,000
6.75%, straight bonds, payable in yen, due December 2025 issued by a consolidated subsidiary	1,677	1,575
7.30%, straight bonds, payable in yen, due November 2027 issued by a consolidated subsidiary	2,469	2,319
Total bonds	179,146	138,894

Unsecured loans-		
From banks and insurance companies		
weighted average interest rate	0.41%	0.28%
due 2021	492,458	577,810
Secured loans-		
From banks, insurance companies and other financial institutions		
weighted average interest rate	0.00%	0.00%
due 2016	39	6
Long-term borrowings from lease transactions (see Note 23)	23,272	22,113
Sub total	694,915	738,823
Less - Current maturities included in "current liabilities"	(126,400)	(146,778)
Total	568,515	592,045

Lease receivables as a collateral for secured loans are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Lease receivables	39	6
Total	39	6

All bonds outstanding as of March 31, 2016 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, 2016.

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 March 31, 2015	As of March 31, 2016
Borrowings, principally from banks	37,622	96,653
Commercial paper	58,043	17,324
Total	95,665	113,977

	Weighted average interest rate	
	As of March 31, 2015	As of March 31, 2016
Borrowings, principally from banks	1.7%	2.7%
Commercial paper	0.2	0.3

17. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of April 1, 2015	7,944	2,677	2,465	5,945	19,031
Increase for the year	-	1,716	1,985	1,855	5,556
Decrease for the year (applied against provisions)	(1,171)	(2,081)	(2,310)	(1,404)	(6,966)
Decrease for the year (unused amounts reversed)	-	(32)	(621)	(900)	(1,553)
Interest expenses for discounting	62	-	-	-	62
Others	73	(188)	47	69	1
Balance as of March 31, 2016	6,908	2,092	1,566	5,565	16,131
Current liabilities	-	2,092	1,566	2,971	6,629
Non-current liabilities	6,908	-	-	2,594	9,502

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 correspond to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs 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.

18. OTHER FINANCIAL LIABILITIES

The components of other financial liabilities are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Derivative liabilities	2,484	3,697
Lease liabilities	853	1,868
Total	3,337	5,565
Current	1,800	1,820
Non-Current	1,537	3,745

19. 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 expected useful life of the relevant assets.

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 March 31, 2015 and 2016 was ¥6,483 million and ¥6,027 million, respectively.

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

20. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen				
	As of April 1, 2014	Recognized in profit or loss	Recognized in other comprehensive income	Acquisitions of subsidiaries	As of March 31, 2015
Deferred tax assets:					
Accrued expenses	23,673	(2,477)	-	-	21,196
Unrealized profit on inventories	15,961	2,329	-	-	18,290
Depreciation and amortization	13,278	23	-	-	13,301
Accrued pension and retirement benefits	43,500	940	8,787	-	53,227
Net operating loss carryforwards	7,092	273	-	-	7,365
Other	40,476	(7,358)	-	-	33,118
Total deferred tax assets	143,980	(6,270)	8,787	-	146,497
Deferred tax liabilities:					
Finance leases	(1,396)	434	-	-	(962)
Undistributed earnings of foreign subsidiaries and affiliates	(8,224)	(151)	(61)	-	(8,436)
Net gain on fair value of available-for-sale financial assets	(6,664)	1,191	(2,596)	-	(8,069)
Goodwill and intangible assets	(32,092)	(1,790)	-	(858)	(34,740)
Other	(3,104)	1,748	(911)	-	(2,267)
Total deferred tax liabilities	(51,480)	1,432	(3,568)	(858)	(54,474)

Note:

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

	Millions of Yen				
	As of April 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Acquisitions of subsidiaries	As of March 31, 2016
Deferred tax assets:					
Accrued expenses	21,196	(16)	-	-	21,180
Unrealized profit on inventories	18,290	(4,028)	-	-	14,262
Depreciation and amortization	13,301	(3,684)	-	-	9,617
Accrued pension and retirement benefits	53,227	(8,148)	2,303	-	47,382
Net operating loss carryforwards	7,365	9,737	-	-	17,102
Other	33,118	(8,134)	-	-	24,984
Total deferred tax assets	146,497	(14,273)	2,303	-	134,527
Deferred tax liabilities:					
Finance leases	(962)	529	-	-	(433)
Undistributed earnings of foreign subsidiaries and affiliates	(8,436)	337	322	-	(7,777)
Net gain on fair value of available-for-sale financial assets	(8,069)	(1,000)	(2,950)	-	(12,019)
Goodwill and intangible assets	(34,740)	3,480	-	(13)	(31,273)
Other	(2,267)	(508)	936	-	(1,839)
Total deferred tax liabilities	(54,474)	2,838	(1,692)	(13)	(53,341)

Note:

The difference between the amount of “Recognized in profit or loss” in the above and the amount of “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 net operating loss carryforwards 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 assets 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 March 31, 2015	As of March 31, 2016
Net operating loss carryforwards	137,525	109,723
Deductible temporary differences	37,118	9,167
Total	174,643	118,890

The expiration date and amounts of net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Within 4 years	9,716	8,176
After 5 years and thereafter	127,809	101,547
Total	137,525	109,723

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

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Current tax expense:		
Current year	29,749	20,637
Total current tax expense	29,749	20,637
Deferred tax expense:		
Origination and reversal of temporary differences	7,562	9,494
Changes in tax rates	3,843	1,893
Changes of unrecognized deferred tax assets in previous years	(2,556)	(3,646)
Total deferred tax expense	8,849	7,741
Total provision for income taxes	38,598	28,378

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 36% for the year ended March 31, 2015 and approximately 33% for the year ended March 31, 2016.

The corporate tax rate has been changed due to the new laws enacted by the Japanese government in March 2016. 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 from the period of April 1, 2016 to the period of March 31, 2018 has been changed from 33% to 32%, and the statutory tax rate of calculating deferred tax assets and liabilities that are expected to be settled and realized from the period of April 1, 2018 has been changed from 33% to 31%.

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

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Statutory income tax rate	36%	33%
Nondeductible expenses	0	0
Changes of unrecognized deferred tax assets in previous years	(2)	(4)
Tax credit for research and development and other	(1)	(1)
Income tax exposures	1	1
Taxes on undistributed earnings of foreign subsidiaries	0	1
Difference in statutory tax rates of foreign subsidiaries	(4)	(3)
Change in tax rate	3	2
Other, net	1	1
Effective income tax rate	34	30

Ricoh does not recognize deferred tax liability on the taxable temporary differences associated with a portion of undistributed retained earnings in foreign subsidiaries because Ricoh is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences would not reverse in the foreseeable future.

The amount of those taxable temporary differences as of March 31, 2015 and 2016 were ¥334,446 million and ¥361,098 million, respectively. The calculation of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

21. 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, 2014, some of subsidiaries in Japan had modified a portion of the existing defined benefit pension plans into defined contribution plan. As a result of this modification, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2015.

In December 2014 and 2015, certain subsidiaries in the United States offered voluntary lump-sum pension payout options to employees and made a lump-sum payment to applicants of this offer. As a result, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2015 and 2016.

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, 2015	For the year ended March 31, 2016
Net defined benefit obligations at beginning of year:	76,628	66,220
Change in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	249,495	252,826
Current service cost	8,995	8,796
Interest cost	2,412	1,747
Actuarial loss (i)	7,095	9,787
Settlements	(3,468)	-
Benefits paid	(11,703)	(13,275)
Defined benefit obligations at end of year	252,826	259,881
Change in plan assets:		
Fair value of plan assets at beginning of year	172,867	186,606
Interest income	1,611	1,180
Income related to plan assets (ii)	13,682	1,096
Employer contributions	10,246	10,363
Partial withdrawal of plan assets	(339)	(310)
Benefits paid	(11,461)	(12,320)
Fair value of plan assets at end of year	186,606	186,615
Net defined benefit obligations at end of year	66,220	73,266

Foreign plans	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Net defined benefit obligations at beginning of year:	47,880	78,606
Change in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	265,716	301,099
Current service cost	1,265	1,017
Past service cost	(3,822)	(452)
Interest cost	11,234	9,992
Plan participants' contributions	313	3
Actuarial gain and loss (i)	61,550	(11,681)
Settlements	(48,767)	(15,969)
Benefits paid	(10,125)	(11,388)
Foreign exchange impact and other	23,735	(18,539)
Defined benefit obligations at end of year	301,099	254,082
Change in plan assets:		
Fair value of plan assets at beginning of year	217,836	222,493
Interest income	7,673	8,088
Income related to plan assets (ii)	23,041	(11,332)
Employer contributions	10,474	10,853
Plan participants' contributions	313	3
Partial withdrawal of plan assets	(1,069)	(1,024)
Settlements	(44,847)	(14,441)
Benefits paid	(10,125)	(11,388)
Foreign exchange impact and other	19,197	(14,645)
Fair value of plan assets at end of year	222,493	188,607
Net defined benefit obligations at end of year	78,606	65,475

(i) Actuarial loss for the year ended March 31, 2015 arising from changes in demographic assumptions was ¥12,130 million which was mainly recognized in overseas subsidiaries. Other actuarial loss arose from changes in financial assumptions. Actuarial gain for the year ended March 31, 2016 mainly arose 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 March 31, 2015	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016
Discount rate	0.7%	0.3%	3.5%	3.6%
Rate of compensation increase	2.3%	2.4%	2.3%	2.2%

In situations where the discount rate changes, the effects on the defined benefit obligation as of March 31, 2015 and 2016 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	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Increase of 0.5 of a percentage point	(36,456)	(32,655)
Decrease of 0.5 of a percentage point	39,927	35,667

The fair value of plan assets as of March 31, 2015, by asset class is as follows:

	Millions of Yen		
	As of March 31, 2015		
Domestic plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	21,240	-	21,240
Pooled funds	-	31,895	31,895
Debt securities:			
Domestic bonds	8,655	-	8,655
Pooled funds	-	80,323	80,323
Life insurance company general accounts	-	26,199	26,199
Other assets	13	18,281	18,294
Total assets	29,908	156,698	186,606

	Millions of Yen		
	As of March 31, 2015		
Foreign plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	6,191	-	6,191
Pooled funds	-	43,774	43,774
Debt securities:			
Foreign bonds	63,051	-	63,051
Pooled funds	18,765	57,049	75,814
Life insurance company general accounts	-	27,721	27,721
Other assets	2,639	3,303	5,942
Total assets	90,646	131,847	222,493

The fair value of plan assets as of March 31, 2016, by asset class is as follows:

Domestic plans	Millions of Yen		
	As of March 31, 2016		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	18,841	-	18,841
Pooled funds	-	28,959	28,959
Debt securities:			
Domestic bonds	9,318	-	9,318
Pooled funds	-	83,931	83,931
Life insurance company general accounts	-	26,754	26,754
Other assets	11	18,801	18,812
Total assets	28,170	158,445	186,615

Foreign plans	Millions of Yen		
	As of March 31, 2016		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	5,149	-	5,149
Pooled funds	-	35,221	35,221
Debt securities:			
Foreign bonds	54,710	-	54,710
Pooled funds	14,726	49,221	63,947
Life insurance company general accounts	-	24,596	24,596
Other assets	2,172	2,812	4,984
Total assets	76,757	111,850	188,607

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 20% is invested in equity securities, approximately 65% 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 ¥20,670 million to its pension plans for the year ending March 31, 2017.

The weighted average duration of defined benefit obligations was mainly 13 years as of March 31, 2016.

(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, 2015 and 2016 were ¥13,174 million and ¥14,671 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, 2015 and 2016 were ¥729,216 million and ¥741,278 million, respectively.

22. 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, 2015	For the year ended March 31, 2016
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, 2015 and 2016 included in the number of shares issued shown above were 20,011,200 shares and 20,023,429 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 ¥291,193 million and ¥273,289 million as of March 31, 2015 and 2016, 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	Dividends per share	Record date	Effective date
		(Millions of Yen)	(Yen)		
Ordinary general meeting of shareholders held on June 20, 2014	Ordinary shares	11,961	16.5	March 31, 2014	June 23, 2014
Board of Directors' meeting held on October 27, 2014	Ordinary shares	12,323	17.0	September 30, 2014	December 1, 2014
Ordinary general meeting of shareholders held on June 19, 2015	Ordinary shares	12,323	17.0	March 31, 2015	June 22, 2015
Board of Directors' meeting held on October 30, 2015	Ordinary shares	12,686	17.5	September 30, 2015	December 1, 2015

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	Source of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)		(Yen)		
Ordinary general meeting of shareholders held on June 17, 2016	Ordinary shares	12,686	Retained earnings	17.5	March 31, 2016	June 20, 2016

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital management

Ricoh's 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 March 31, 2015	As of March 31, 2016
Interest-bearing debt	790,580	852,800
Cash and deposit	(138,649)	(168,520)
Net interest-bearing debt	651,931	684,280
Capital (equity attributable to owners of the parent)	1,084,167	1,077,813
Debt Equity Ratio	0.60	0.63

(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 March 31, 2015		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	119.46	53,370	(216)
Euro/¥	133.92	24,831	354
Other currencies		11,653	(1,352)
Total		89,854	(1,214)

	As of March 31, 2016		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	112.68	28,452	(47)
Euro/¥	127.70	84,294	129
Other currencies		60,824	514
Total		173,570	596

Foreign Currency Option Contracts

	As of March 31, 2015		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Options purchased to sell foreign currencies			
U.S. dollar/¥	120.53	5,312	(13)
Euro/¥	137.95	20,982	(72)
Total		26,294	(85)
Options written to buy foreign currencies			
U.S. dollar/¥	119.18	5,311	4
Euro/¥	134.30	11,859	415
Total		17,170	419

	As of March 31, 2016		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Options purchased to sell foreign currencies			
U.S. dollar/¥	-	-	-
Euro/¥	-	-	-
Total		-	-
Options written to buy foreign currencies			
U.S. dollar/¥	-	-	-
Euro/¥	-	-	-
Total		-	-

(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 at the end of the year. The analysis is based on the assumption that exchange rate other than U.S. dollar and Euro is constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
U.S. dollar	(562)	(493)
Euro	(1,387)	(1,531)

(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 financial 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, 2015 and 2016 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	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Profit before income tax expenses	(578)	(730)

(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. Ricoh adjusts the credit limits based on the result of the monitoring procedures in order to minimize the potential risk such as concentration of credit risk and credit default. 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
As of April 1, 2014	19,059	9,972	29,031
Impairment losses	2,316	2,315	4,631
Charge-off	(2,412)	(2,254)	(4,666)
Translation adjustments	170	133	303
As of March 31, 2015	19,133	10,166	29,299
Impairment losses	3,754	1,412	5,166
Charge-off	(9,492)	(1,674)	(11,166)
Translation adjustments	(99)	(197)	(296)
As of March 31, 2016	13,296	9,707	23,003

As of March 31, 2015 and 2016, the total gross amounts of trade and other receivables and finance receivables that were determined to be impaired and subject to write off individually were ¥27,894 million and ¥26,717 million, respectively and the allowance for doubtful receivables recognized as of March 31, 2015 and 2016 were ¥20,023 million and ¥13,467 million, respectively.

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

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Past due in 1-90 days	81,977	70,864
Past due 91 - 365 days	6,683	7,192
Past due 366 days or more	1,129	3,548
Total	89,789	81,604

(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.

The Company 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 contractual maturities of financial liabilities other than guarantee liabilities is as follows:

	Millions of Yen							
	As of March 31, 2015							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	276,986	276,986	276,986	-	-	-	-	-
Short-term borrowings	95,665	95,686	95,686	-	-	-	-	-
long-term borrowings	515,769	519,398	67,488	125,077	113,340	112,219	70,376	30,898
Bonds	179,146	185,313	61,093	20,996	50,806	35,673	10,302	6,443
Subtotal	1,067,566	1,077,383	501,253	146,073	164,146	147,892	80,678	37,341
Derivative financial liabilities								
Interest rate swap agreements	1,042	1,042	93	291	174	104	330	50
Foreign currency contracts	1,433	1,433	1,421	12	-	-	-	-
Foreign currency options	9	9	9	-	-	-	-	-
Subtotal	2,484	2,484	1,523	303	174	104	330	50
Total	1,070,050	1,079,867	502,776	146,376	164,320	147,996	81,008	37,391

Millions of Yen								
As of March 31, 2016								
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	286,123	286,123	286,123	-	-	-	-	-
Short-term borrowings	113,977	113,917	113,917	-	-	-	-	-
long-term borrowings	599,929	602,728	127,525	116,136	80,325	112,369	101,659	64,714
Bonds	138,894	144,102	50,999	30,803	35,676	20,298	276	6,050
Subtotal	1,138,923	1,146,870	578,564	146,939	116,001	132,667	101,935	70,764
Derivative financial liabilities								
Interest rate swap agreements	2,584	2,584	177	397	426	764	504	316
Foreign currency contracts	1,113	1,113	1,113	-	-	-	-	-
Foreign currency options	-	-	-	-	-	-	-	-
Subtotal	3,697	3,697	1,290	397	426	764	504	316
Total	1,142,620	1,150,567	579,854	147,336	116,427	133,431	102,439	71,080

The Company and its certain subsidiaries enter into overdrafts and lines of credit arrangements with financial institutions. These financial institutions also hold the commercial papers issued by the Company and its certain subsidiaries.

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

Millions of Yen		
	As of March 31, 2015	As of March 31, 2016
Overdrafts		
Used	49,532	26,672
Unused	418,225	419,460
Total	467,757	446,132
Lines of credit		
Used	58,043	17,324
Unused	228,009	266,480
Total	286,051	283,804

(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 March 31, 2015		As of March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:				
Trade receivables	71,531	74,214	82,703	85,827
Lease receivables	753,920	777,935	778,529	805,923
Installment loans	103,764	104,600	109,249	109,906
Derivative assets	4,169	4,169	4,740	4,740
Securities	56,220	56,220	65,425	65,425
Bonds	2,017	2,017	1,659	1,659
Total	991,621	1,019,155	1,042,305	1,073,480
Liabilities:				
Derivative liabilities	(2,484)	(2,484)	(3,697)	(3,697)
Loans and borrowings	(568,515)	(564,609)	(592,045)	(593,086)
Lease liabilities	(853)	(853)	(1,868)	(1,941)
Total	(571,852)	(567,946)	(597,610)	(598,724)

Note:

(i) Cash and cash equivalents, time deposits, and trade and other payables

These financial instruments are not included in the table above, as the carrying amounts approximate fair values due to the relatively short term nature.

(ii) Trade and other receivables

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

Fair value of the receivables expected not to be recovered or settled in a short period, 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.

(iii) 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.

(iv) Derivatives

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

(v) 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.

(vi) Loans, borrowings and lease liabilities

Loans and borrowings expected to be settled in less than 12 months are not included in the table above, as the carrying amounts approximate fair values due to the short maturities of these instruments.

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 March 31, 2015				
	Level 1	Level 2	Level 3	Total
Derivative assets	-	4,169	-	4,169
Securities	53,736	-	2,484	56,220
Bonds	2,017	-	-	2,017
Total assets	55,753	4,169	2,484	62,406
Derivative liabilities	-	2,484	-	2,484
Total liabilities	-	2,484	-	2,484

Millions of Yen				
As of March 31, 2016				
	Level 1	Level 2	Level 3	Total
Derivative assets	-	4,740	-	4,740
Securities	62,369	-	3,056	65,425
Bonds	1,659	-	-	1,659
Total assets	64,028	4,740	3,056	71,824
Derivative liabilities	-	3,697	-	3,697
Total liabilities	-	3,697	-	3,697

Note:

(i) Derivative instruments consist of foreign currency contracts, foreign currency options and interest rate 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, 2015	For the year ended March 31, 2016
Beginning balance	1,978	2,484
Total gains or losses:	58	(8)
- in other comprehensive income (i)	58	(8)
Purchases	673	785
Sales	(53)	(71)
Others	(172)	(134)
Ending balance	2,484	3,056

Note:

(i) Total gains or losses for the years ended March 31, 2015 and 2016 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 ¥6,970 million (loss) and ¥1,179 million (gain) for the years ended March 31, 2015 and 2016, respectively and are included in "finance income" and "finance costs" on consolidated statement of profit or loss. The gains and losses as noted above were mainly due to the impact of foreign exchange.

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

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Cash flow hedge	2,950	98
Fair value hedge	33	181
Total	2,983	279

(8) Financial assets and liabilities offset

As for financial assets and liabilities arising from cash pooling, Ricoh has a legally enforceable right to

offset and has the intention to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously.

The amount of recognized financial assets (gross) as of March 31, 2015 and 2016 were ¥156,917 million and ¥74,818 million, respectively, and the amount of recognized financial liabilities (gross) as of March 31, 2015 and 2016 were ¥150,865 million and ¥111,423 million, respectively. The amount of recognized financial assets (net) as of March 31, 2015 was ¥6,052 million and recorded as "Cash and cash equivalents" on the Consolidated Statement of Financial Position. The amount of recognized financial liabilities (net) as of March 31, 2016 was ¥36,605 million and recorded as "Bonds and borrowings" on the Consolidated Statement of Financial Position.

(9) Liquidated financial assets not qualify for derecognition criteria

Ricoh has liquidated financial assets, such as "Trade and other receivables" and "Finance lease receivables".

Ricoh Leasing Co., 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 Co., 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 Co., 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 March 31, 2015	As of March 31, 2016
Current maturities of finance lease receivables, net	9,410	9,328
Finance lease receivables, net	15,287	15,438
Current maturities of borrowings	7,755	7,640
Borrowings	12,533	12,644

Ricoh Leasing Co., Ltd. transfers a portion of beneficial interests. The transferring of beneficial interests was recorded as financial transactions, since Ricoh Leasing Co., 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 March 31, 2015		As of March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair Value
Finance lease receivables, net	20,288	20,942	20,284	21,072
Borrowings	20,288	20,147	20,284	20,384

Apart from the transactions mentioned above, some other foreign subsidiaries of the Company transferred "Trade receivables and other receivables" and 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 March 31, 2015	As of March 31, 2016
Trade receivables and other receivables	-	7,480
Current maturities of finance lease receivables, net	2,312	998
Finance lease receivables, net	672	831
Current maturities of borrowings	2,312	8,478
Borrowings	672	831

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

	Millions of Yen			
	As of March 31, 2015		As of March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair Value
Trade receivables and other receivables	-	-	7,480	7,480
Finance lease receivables, net	2,984	3,218	1,829	1,913
Borrowings	2,984	2,985	9,309	9,309

24. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Gain on sale of property, plant and equipment	368	17,895
Others	2,493	1,842
Total	2,861	19,737

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, 2015	For the year ended March 31, 2016
Personnel expenses	503,455	512,427
Rental payments	39,584	37,916
Depreciation and amortization expenses	37,300	37,138
Shipping and handling costs	28,786	28,717
Advertising costs	11,195	10,044
Others	173,694	173,164
Total	794,014	799,406

26. RESEARCH AND DEVELOPMENT

Research and development expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Research and development expenses	98,285	102,046

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, 2015	For the year ended March 31, 2016
Finance income		
Dividend income		
Available-for-sale financial assets	1,385	1,271
Interest income		
Loans and receivables	1,256	998
Available-for-sale financial assets	83	81
Gain on sales		
Available-for-sale financial assets	30	2,507
Foreign currency exchange gain, net	795	-
Other finance income	414	234
Total finance income	3,963	5,091
Finance costs		
Interest costs		
Interest-bearing debt	7,031	6,480
Provisions	80	62
Impairment losses		
Available-for-sale financial assets	-	5
Loss on sales		
Available-for-sale financial assets	142	-
Foreign currency exchange loss, net	-	5,025
Other finance costs	128	185
Total finance costs	7,381	11,757

28. OTHER COMPREHENSIVE INCOME

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

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Remeasurement of defined benefit plan		
Gains (losses) arising during the year	(23,135)	(6,039)
Reclassification adjustments to profit or loss for the year	-	-
Total	(23,135)	(6,039)
Net gain on fair value of available-for-sale financial assets		
Gains (losses) arising during the year	5,241	8,174
Reclassification adjustments to profit or loss for the year	75	(1,717)
Total	5,316	6,457
Net gain (losses) on fair value of cash flow hedges		
Gains (losses) arising during the year	1,722	(2,018)
Reclassification adjustments to profit or loss for the year	116	102
Total	1,838	(1,916)
Exchange differences on translation of foreign operations		
Gains (losses) arising during the year	27,224	(44,180)
Reclassification adjustments to profit or loss for the year	-	-
Total	27,224	(44,180)

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, 2015			For the year ended March 31, 2016		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurement of defined benefit plan	(31,922)	8,787	(23,135)	(8,342)	2,303	(6,039)
Net gain on fair value of available-for-sale financial assets	7,912	(2,596)	5,316	9,407	(2,950)	6,457
Net gain (losses) on fair value of cash flow hedges	2,749	(911)	1,838	(2,852)	936	(1,916)
Exchange differences on translation of foreign operations	27,285	(61)	27,224	(44,502)	322	(44,180)
Total other comprehensive income	6,024	5,219	11,243	(46,289)	611	(45,678)

29. EARNINGS PER SHARE

Earnings per share are as follows:

Diluted net income per share for the years ended March 31, 2015 and 2016 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the year.

	For the year ended March 31, 2015	For the year ended March 31, 2016
Profit attributable to owners of the parent (millions of yen)	68,562	62,975
Weighted average number of issued and outstanding shares (thousands of shares)	724,908	724,894
Earnings per share (attributable to owners of the parent) (yen)	94.58	86.87

30. RELATED PARTIES

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

Company name	Transaction	Millions of Yen	
		For the year ended March 31, 2015	For the year ended March 31, 2016
MUSE ASSOCIATES, INC.	Consulting fee	23	8

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 March 31, 2015 and 2016.

Directors' remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2015	For the year ended March 31, 2016
Remuneration, including bonuses	524	523

31. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2015 and 2016, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥29,314 million and ¥22,968 million.

As of March 31, 2015 and 2016, there were no significant contingent liabilities.

As of March 31, 2016, 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 March 31, 2015 and 2016 were ¥898,006 million and ¥962,156 million, respectively, and “total liabilities” were ¥759,669 million and ¥817,644 million, respectively. “Profit” for the years ended March 31, 2015 and 2016 was ¥9,515 million and ¥9,944 million, respectively, and “comprehensive income” was ¥11,329 million and ¥7,917 million, respectively.

33. SUBSEQUENT EVENTS

There were no material subsequent events.

34. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Zenji Miura, Representative Director and President, and Yukihiko Yamanaka, Corporate Vice President and Corporate Financial Executive, on June 23, 2016.



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, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and notes to the consolidated financial statements for the financial year from April 1, 2015 to March 31, 2016.

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 misstatement, 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, 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG AZSA LLC

June 23, 2016
Tokyo, Japan