Annual Securities Report

(The 117th Business Term)
From April 1, 2016 to March 31, 2017

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

[Cover]

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[Fiscal Year]	The 117th Business Term (from April 1, 2016 to March 31, 2017)
[Company Name]	Kabushiki Kaisha Ricoh
[Company Name in English]	Ricoh Company, Ltd.
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Securities Exchange (14-1, Nishi 5-chome, Minami 1-jo, Chuo-ku, Sapporo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan. Certain information is only included in this English translation of the Annual Securities Report for ADR holders and not included in the original report. The translation of the Independent Auditors' Report is included at the end of this document.

In this document, the term "Ricoh" refers to Ricoh Company, Ltd. and our consolidated subsidiaries or as the context may require, and the term "the Company" refers to Ricoh Company, Ltd. on a non-consolidated basis. References in this document to the "Financial Instruments and Exchange Act" are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan. References in this document to the "Companies Act" are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

Contents

I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of Yen, unless otherwise stated)

	IFRSs				
Fiscal year	113th business term	114th business term	115th business term	116th business term	117th business term
Year end	March 2013	March 2014	March 2015	March 2016	March 2017
Sales	1,811,814	2,108,475	2,151,404	2,209,028	2,028,899
Profit before income tax expenses	68,082	118,063	112,297	95,684	29,955
Profit attributable to owners of the parent	38,915	72,818	68,562	62,975	3,489
Comprehensive income attributable to owners of the parent	91,647	139,771	79,056	18,332	(6,705)
Equity attributable to owners of the parent	913,705	1,029,413	1,084,167	1,077,813	1,042,106
Total assets	2,391,163	2,596,618	2,730,207	2,776,461	2,759,287
Equity per share attributable to owners of the parent (yen)	1,260.22	1,420.04	1,495.61	1,486.87	1,437.62
Earnings per share attributable to owners of the parent, basic (yen)	53.67	100.44	94.58	86.87	4.81
Earnings per ADR share attributable to owners of the parent, basic (yen)	268.35	502.20	94.58	86.87	4.81
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 (%)	38.21	39.64	39.71	38.82	37.77
Profit to equity attributable to owners of the parent ratio (%)	4.44	7.49	6.49	5.83	0.33
Price earnings ratio (times)	18.71	11.85	13.83	13.19	190.44
Net cash provided by operating activities	137,318	146,894	102,544	99,858	88,299
Net cash used in investing activities	(121,743)	(122,938)	(143,457)	(104,138)	(106,715)
Net cash provided by (used in) financing activities	(61,837)	(9,236)	29,936	42,669	(19,921)
Cash and cash equivalents at end of year	117,051	140,047	137,722	167,547	126,429
Number of employees	107,431	108,195	109,951	109,361	105,613

(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 consumption tax, etc.

3. There were no diluted shares for the year 2013, 2014, 2015, 2016 and 2017.

4. The Company changed its ADR ratio 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 that a portion of the lease transactions are shown in a net basis instead of a 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 / Year end	U.S. GAAP 113th business term March 2013	U.S. GAAP 114th business term March 2014
Net sales	1,850,316	2,149,692
Income (loss) before income taxes	58,173	117,204
Net income (loss) attributable to owners of the parent company	32,467	72,828
Comprehensive income (loss) attributable to the owners of the parent company	95,599	149,416
Equity attributable to owners of the parent company	958,658	1,083,337
Total assets	2,360,697	2,556,960
Equity per share attributable to owners of the parent company (yen)	1,238.55	1,404.17
Net income (loss) per share attributable to owners of the parent company, basic (yen)	44.78	100.46
Net income (loss) per ADR share attributable to owners of the parent company, basic (yen)	223.90	502.30
Net income (loss) per share attributable to owners of the parent company, diluted (yen)	-	-
Net income (loss) per ADR share attributable to owners of the parent company, diluted (yen)	-	-
Equity attributable to owners of the parent ratio (%)	38.04	39.81
Profit to equity attributable to owners of the parent ratio (%)	3.77	7.60
Price earnings ratio (times)	22.42	11.85
Net cash provided by operating activities	124,526	131,593
Net cash used in investing activities	(106,467)	(106,844)
Net cash provided by (used in) financing activities	(64,321)	(10,029)
Cash and cash equivalents at end of year	117,051	140,047
Number of employees	107,431	108,195

(Notes) 1. Net sales do not include consumption tax, etc.
2. There were no diluted shares 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 that a portion of the lease transactions are shown in a net basis instead of a gross basis. The comparative figures for the year 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 sell 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, now known as Ricoh USA, Inc.).
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 Gotemba, 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 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.
April 2016	The Company opens Ricoh Eco Business Development Center in Gotemba, Shizuoka.

3. DESCRIPTION OF BUSINESS

Ricoh consists of 218 subsidiaries and 8 affiliates as of March 31, 2017.

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 runs its sales and service activities out of four regional headquarters located in the geographic areas of 1) Japan, 2) the Americas, 3) Europe, the Middle East and Africa and 4) Other, which includes China, South East Asia and Oceania.

Our main product areas and the locations of key subsidiaries and affiliates are listed below.

<Imaging & Solutions>

Products and systems that support and enhance office productivity 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 regions ... 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 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 regions … 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 heads 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 regions … Ricoh Thermal Media (Wuxi) Co., Ltd.

<Other>

The manufacturing and sales of digital cameras, the 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

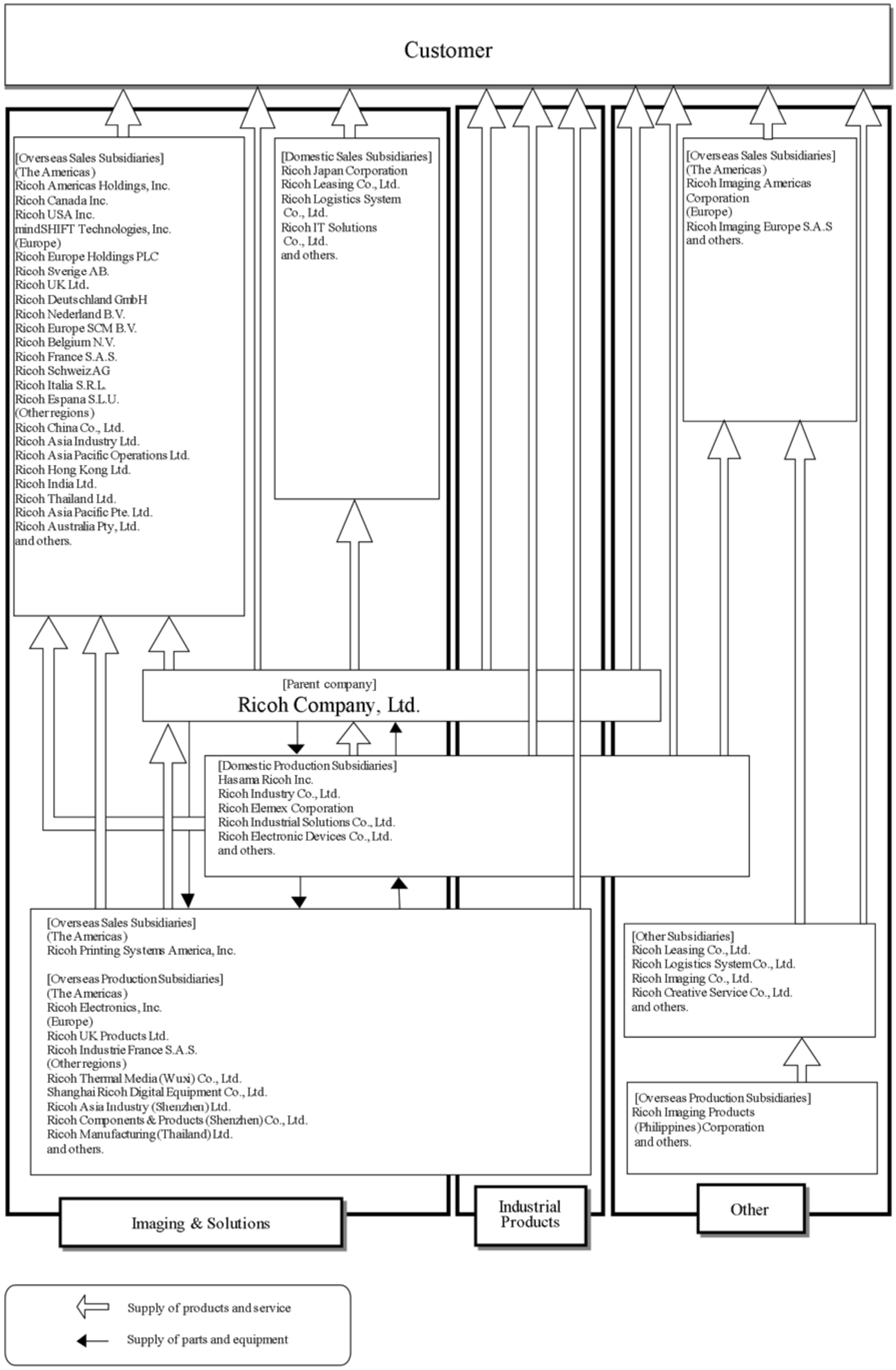
Ricoh Imaging Americas Corporation and Ricoh Imaging Europe S.A.S

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, 2017)

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 systems	100.0
Ricoh Imaging Co., Ltd.	Japan	Manufacturing and sale of digital cameras	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 semiconductors	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 cameras	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Canada Inc.	Canada	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Sale, maintenance and service of office equipment	100.0 (100.0)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT services	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 cameras	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company in Europe	100.0
Ricoh Sverige AB.	Sweden	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh UK Ltd.	U.K.	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Nederland B.V.	Netherlands	Sale, maintenance and service 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, maintenance and service of office equipment	100.0 (100.0)
Ricoh France S.A.S	France	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital cameras	100.0 (100.0)
Ricoh China Co., Ltd.	China	Sale, maintenance and service 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, maintenance and service of office equipment	100.0 (100.0)
Ricoh India Ltd.	India	Sale, maintenance and service of office equipment	73.6 (27.6)
Ricoh Thailand Ltd.	Thailand	Sale, maintenance and service 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, maintenance and service of office equipment	100.0 (100.0)
And 166 other consolidated subsidiaries			

(Affiliates)

8 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, 2017)

Segment	Number of employees
Imaging & Solutions	95,662
Industrial Products	3,364
Other	5,249
Headquarters	1,338
Total	105,613

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

(2) The Company

(As of March 31, 2017)

Number of employees	Average age	Average length of service	Average annual salary (Yen)
8,043 (582)	43.5	18.4	8,071,393

Segment	Number of employees
Imaging & Solutions	5,767
Industrial Products	564
Other	374
Headquarters	1,338
Total	8,043

(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 staff 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 were no significant labor disputes noted in fiscal year 2016, 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 2016

(1) Business results

Ricoh's consolidated sales for the year decreased by 8.2% from the previous corresponding period to ¥2,028.8 billion. During this period, the average exchange rates of the Japanese yen against the U.S. dollar and the Euro were ¥108.39 (down ¥11.73 from previous year) and ¥118.82 (down ¥13.86 from previous year), respectively.
While the Japanese economy showed some signs of a gradual recovery, the future of the Japanese economy has been unpredictable caused by increasing geopolitical risk. Under such market conditions, the sales in the Imaging & Solutions segment decreased, but sales in the Industrial Products segment and the Other segment increased. As a result, the sales in the domestic market increased by 0.8% from the previous corresponding period.

As for the overseas market, though the U.S. economy has been expecting an economic expansion after the president election, the European economy remains uncertain with the Brexit. China and other developing countries in Asia are showing signs of stopping the economic slowdown and gradual recovery. Under such market conditions, sales in the Imaging & Solutions segment mainly decreased. As for overseas sales by region, sales in the Americas decreased by 12.2% (a decrease of 2.7% excluding foreign currency exchange fluctuation), sales in Europe, the Middle East and Africa decreased by 14.0% (a decrease of 4.1% as above) and sales in the Other region, which includes China, South East Asia and Oceania, decreased by 12.1% (a decrease of 2.8% as above). As a result, sales in the overseas market decreased by 12.9% from the previous corresponding period. Excluding effects of foreign currency fluctuations, sales in overseas would have decreased by 3.2% from the previous corresponding period.

Gross profit decreased by 10.6% from the previous corresponding period to ¥788.6 billion, due mainly to the decrease in sales and impairment of property, plant and equipment and intangible assets in the camera business (¥1.7 billion of loss).

Selling, general and administrative expenses decreased by 5.5% from the previous corresponding period to ¥755.3 billion. Though there was an increase in cost relating structural reforms for future business growth and impairment of property, plant and equipment and intangible assets in the camera business (¥3.7 billion of loss), the effects of foreign currency fluctuations and continuous group-wide activities to reduce costs contributed to controlling these expenses.

Other income decreased significantly as compared to the previous corresponding period. Impairment of goodwill (¥3.9 billion of loss) is included in Other expense. As a result, operating profit decreased by 66.9% from the previous corresponding period, to ¥33.8 billion.
As for finance income and costs, foreign exchange profit increased from the previous corresponding period. Profit before income tax expenses decreased by 68.7% from the previous corresponding period to ¥29.9 billion.
The income tax expense by which mutual discussion about Advance Pricing Arrangement (APA) had been contracted between Japan and American tax authorities is included in income tax expenses. This agreement eliminates double tax implementation risk of transfer pricing taxation. As a result, profit attributable to owners of the parent decreased by 94.5% from the previous corresponding period to ¥3.4 billion. In this corresponding period, Ricoh recorded a loss of ¥6.9 billion, including the loss that was recorded by our subsidiary listed in India, whose disclosure was delayed, in the financial closing for the year ended March 31, 2016.

Operating results by segment are as follows:

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Change	%
Imaging & Solutions:				
Sales:	1,974,510	1,792,064	-182,446	*-9.2*
Operating profit	147,728	82,793	-64,935	*-44.0*
Operating profit on sales in Imaging & Solutions (%)	*7.5*	*4.6*		
Industrial Products:				
Sales:	138,026	136,278	-1,748	*-1.3*
Operating profit	11,017	9,847	-1,170	*-10,.6*
Operating profit on sales in Industrial Products (%)	*8.0*	*7.2*		
Other:				
Sales:	109,053	111,949	2,896	*2.7*
Operating profit (loss)	1,411	-6,069	-7,480	-
Operating profit (loss) on sales in Other (%)	*1.3*	*-5.4*		

Finance business included in the above is as follows:

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Change	%
Sales	143,120	143,532	412	*0.3*
Operating profit	31,229	31,885	656	*2.1*
Operating profit on sales in Finance Business (%)	*21.8*	*22.2*		

a. Imaging & Solutions
Sales in the Imaging & Solutions segment which consists of the Office Imaging, Production Printing and Network System Solutions decreased by 9.2% from the previous corresponding period to ¥1,792.0 billion.

(Office Imaging)
Sales in this category decreased by 11.0% from the previous corresponding period to ¥1,274.8 billion. Sales in Other region increased, but was offset by the impact of the strengthening of the yen and the decrease in sales in the Americas and in the Europe, the Middle East and Africa.

In hardware sales, the amount of MFP sales in the domestic market decreased slightly due to the acceleration of business talk which focus on profitability form second half of the fiscal year. As for overseas, amount of MFP sales in the Americas increased, but decreased in the Europe because of the weakness of demand caused by the uncertain macro environment. As a result, the total amount of MFP sales became the same level as the previous corresponding period, but sales kept decreasing due to the reduction of average unit price and the increase in the ratio of A4 MFPs Color MFPs such as the MP C4504 series continued to increase from the previous corresponding period. After-sales also decreased due to the reduction in the sales price, but the low-end machines with low profitability have stopped decreasing by narrowing down the sales strategically.

(Production Printing)
Sales in this category decreased by 7.9% from the previous corresponding period to ¥206.2 billion.
In hardware sales, though the Pro C9100 series and Pro VC60000 expanded steadily, sales became the same level as the previous corresponding period affected by the reaction of new products of cut sheet which were launched from the previous corresponding period. After this effects calmed down, sales in the fourth quarter began to increase.

After-sales continues to increase steadily reflecting the increase in market operating number. Also, the “Customer Experience Center” in the world’s four regions have been established, and Ricoh will accelerate the suggestions for improvement for the work-flow of industrial printing.
(Network System Solutions)
Sales in this category decreased by 2.4% from the previous corresponding period to ¥310.9 billion.
For domestic market sales of IT service, Visual Communication (Projector, Unified Communication System and Interactive White Board) expanded. In the overseas market, sales began to increase from the second half of the fiscal year because the reduction of IT service in the Other regions stopped, but was offset by the strengthening of the yen.

As for operating profit, it decreased by ¥64.9 billion (-44.0%) from the previous corresponding period to ¥82.7 billion due to the increased group-wide activities to streamline costs, sluggish business environment and intensifying competition.

b. Industrial Products
Sales in the Industrial Products segment decreased by 1.3% from the previous corresponding period to ¥136.2 billion. Though it decreased because of the strengthening of the yen, Chinese logistics (e-commerce) expanded and sales in the domestic and European market were in good shape in the thermal media business. Also, sales of inkjets increased due to investment in increased production for favorable conditions of inkjet related technology.
Operating profit decreased by ¥1.1 billion (-10.6%) from previous corresponding period to ¥9.8 billion, due mainly to the impact of the strengthening of the yen.

c. Other
Sales in the Other segment increased by 2.7% from the previous corresponding period to ¥111.9 billion. Sales in the finance business were in good shape. Sales of spherical camera THETA is also continued to increase.
Operating profit decreased significantly to a ¥6.0 billion loss due to ¥9.4 billion in impairment of property, plant and equipment and intangible assets in the camera business. (Operating profit for the previous corresponding period was ¥1.4 billion,)

(2) Cash flow

Net cash provided by operating activities decreased by ¥11.5 billion from the previous corresponding period to ¥88.2 billion, due mainly to the decrease in “profit”.
Net cash used in investing activities increased by ¥2.5 billion from the previous corresponding period to ¥106.7 billion, due mainly to the increase in “Time deposits”.
Net cash used in financing activities increased by ¥62.5 billion from the previous corresponding period to ¥19.9 billion, due mainly to the increase in “Repayments of long-term debt”.
As a result, the balance of cash and cash equivalents at the end of year decreased by ¥41.1 billion from the end of previous year to ¥126.4 billion.

2. PRODUCTION, ORDERS RECEIVED AND SALES

(1) Production

Production in each segment for the years ended March 31, 2016 and 2017 are as follows:

	Millions of Yen		
	For the year ended March 31, 2016	For the year ended March 31, 2017	Change
Imaging & Solutions	1,507,040	1,276,509	-15.3%
Industrial Products	135,082	129,208	-4.3%
Other	114,848	116,916	1.8%
Total	1,756,970	1,522,633	-13.3%

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

(2) Orders Received

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

(3) Sales

Sales in each segment for the years ended March 31, 2016 and 2017 are as follows:

	Millions of Yen		
	For the year ended March 31, 2016	For the year ended March 31, 2017	Change
Imaging & Solutions	1,974,510	1,792,064	-9.2%
Industrial Products	125,465	124,886	-0.5%
Other	109,053	111,949	2.7%
Total	2,209,028	2,028,899	-8.2%

(Note) 1. All inter-segment transactions are eliminated.
2. Information on sales by customer is omitted because no single customer accounted for 10% or more of the total revenues for the years ended March 31, 2016 and 2017.
3. The figures above do not include consumption tax, etc.

3. ISSUES THAT THE RICOH GROUP FACES

Under the 18th Mid-Term Management Plan ended March 2017, we deployed the aforementioned business strategies and continued to implement structural reforms. For various reasons, however, we failed to reach our financial targets. These factors included unanticipated changes in the business environment, growing economic uncertainty in Europe, economic slowdowns in emerging nations, and exchange rate fluctuations.

We formulated the 19th Mid-Term Management Plan launched from fiscal year ending March 31, 2018 after evaluating our results. We have set forth the theme of the 19th Mid-Term Management Plan as RICOH Resurgent and will renew the rationale inside the Company afresh. It is under that banner that we are reviewing our scale-oriented strategies to date of expanding market share and the number of machines in field. Management is making it a top priority to reform our cost structure and reinforce the profitability of our products and services in the office domain. At the same time, we will focus on allocating investments in growth businesses in which we can leverage our strengths to generate market expansion. We will also set about improving our management systems, strengthening implementation, and delegating more authority. The future related matters mentioned in this section is determined by this corresponding period.

1. Cost structure reform

Ricoh Group's expansion over the years in the Office Imaging field resulted in a high-cost structure and processes because we made it a top priority to avoid missing out on revenue opportunities, and we therefore vertically integrated sales companies. We need to undertake reforms, however, in keeping with the current business climate, characterized by falling prices and intensifying competition and we consider this as an urgent issue. We will review strategies predicated on in-house manufacturing and reinforcing direct sales and services, focusing on profits instead of market share and machine in field expansion.

2. Prioritize growth businesses

We will determine the thrust of our growth businesses by considering and leveraging our customer base and printing technology strengths. Utilizing our customer base of 1.3 million corporate customers around the world and the 4.0 million devices operating in those customer's offices, in addition to conventional printing, we aim to also offer products and services that further increase the added value of those devices and become the number one partner of our customers. For example, we will provide new services that offer cloud-based solutions which support the workflows of mainly small to medium enterprises, as well as digital multifunction printers with large operation panels (Multilink-Panel) that enable the introduction and use of those solutions. Furthermore, taking advantage of our Interactive Whiteboard (electronic blackboard), we will start offering services that use artificial intelligence to support conferences between remote areas, such as automated interpreting and minutes preparation. On the other hand, we will deliver advanced printing technologies that incorporate our capabilities in optics, mechatronics, chemicals, and controls to the areas of commercial and industrial printing. For example in industrial printing, we will provide industrial inkjet printers for building materials and apparel by utilizing image processing technology, which Ricoh has cultivated in its office and commercial printing businesses, and inkjet head technology, which have been proven in various industrial printing applications. We will respond to high-mix low-volume production with digital printing and contribute to improvement of product value with unique designs. In addition to these, we will respond to the needs of customers in various fields by expanding the potential of printing, such as bio printers that create layers of living cells.

3. Reinforce management systems

We will review our management systems to reinforce implementation and further delegate authority. We will accelerate decision making and implementation to increase business speed by appointing business leaders in the office services and commercial and industrial printing domains to oversee these businesses in the Americas and Europe. Our management team aims to drive and complete the implementation of structural reforms during the first half of our new mid-term management plan.

We will maintain the positive aspects of Ricoh's management and corporate culture based on the Spirit of three Loves, conducting reviews that cast aside the traditions and precedents that hamper growth. We will endeavor to produce steady results even in the most dramatic changes in the business climate. We position the 19th Mid-term Management Plan as a time to transform into a corporate structure that generates profit, and to acquire sufficient fundamental strength for our next growth stage. With regard to the financial targets of the 19th Mid-term Management Plan that we will promote through “RICOH Resurgent”, we have set targets of over ¥100.0 billion each for structural reform effects, operating income for the fiscal year ending March 31, 2020, and free cash flow excluding the finance business for the three years of the Plan.

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 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 such existing products;
- 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 cycles, threats 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 outlook 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 regions such as China. Economic slowdown and a 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 regions such as China, Ricoh has a 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 impact of fluctuations in foreign currencies such as the U.S. dollar, the Euro and the Japanese yen, effectively. However, if the medium and long-term foreign exchange fluctuations 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 could 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 and 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 negative due to market conditions, such as with 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. 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 variable interest rates along with borrowings subject to fixed interest rates whose terms are matched with the term of the 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. Depending 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 alliance with entities to create various products and services to fulfill customer demand. Ricoh believes that alliances are effective for the 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 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 and 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) Effects of disasters and 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 or other natural disaster, pandemic such as from 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, an earthquake on a scale beyond our expectations 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 related to information processing technology (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
ADOBE Systems Incorporated	USA	Patent licensing agreements related to development of printer software and sales (counterparty as licensee)	January 1, 1999 to March 31, 2018
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement related to computer image analysis and other products (counterparty as licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
Canon Inc.	Japan	Patent licensing agreement related 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 related to method of controlling multi-function peripherals (Company as licensor)	January 1, 2012 to December 31, 2018
KYOCERA Document Solutions Inc.	Japan	Patent licensing agreement related to facsimile functions (Company as licensor)	June 1, 2012 to May 31, 2019
Sony Corporation	Japan	Patent licensing agreements related to optical disks (Company as licensor) and digital cameras (reciprocal agreement)	April 1, 2009 to March 31, 2018
Hewlett-Packard Company	USA	Comprehensive cross license patent agreement related to document processing systems (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement
FUNAI ELECTRIC CO., LTD.	Japan	Patent licensing agreement related to optical disks (Company as licensor)	October 1, 2014 to September 30, 2017
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement related to office equipment (Company as licensor)	October 1, 2014 to September 30, 2019

6. RESEARCH AND DEVELOPMENT

At Ricoh (the Company and consolidated subsidiaries), we are committed to providing excellence to improve the quality of living and to drive sustainability as its basic management philosophy. Based on this management philosophy, Ricoh conducts R&D activities under the two basic strategies set forth in the 18th Mid-Term Management Plan (from April 2014 through March 2017, hereinafter the 18th MTP), which are to reinforce and develop earnings power for its core businesses and achieve growth by creating new profit generators.

Pursuing its strategy of reinforcing and developing earnings power for core businesses, Ricoh has enhanced competitiveness by delivering value combining products and services and adding a service-based value proposition that draws on our close ties with customers in addition to providing products as before. Specifically, we worked on launching MFPs that can be used as input and output terminals for the cloud service to help customers achieve operational efficiency and strengthening IT services that propose workstyle reforms by using managed document services, document digitization, networking and others. In the R&D field, we undertook structural reforms, including improving development efficiency through integrated design in the product series.

As for the strategy of achieving growth by creating new profit generators, we worked on strengthening the inkjet business in the industrial printing market by using the inkjet head and ink materials technologies we have developed. In addition, Ricoh entered the healthcare field by acquiring the magnetoencephalography business from Yokogawa Electric Corporation in April 2016. Ricoh also opened the Ricoh Eco Business Development Center in April 2016 to expand and create business based on the environment in Gotemba, Shizuoka Prefecture.

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 provide 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 costs incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh’s consolidated R&D expenditures were approximately ¥ 114.3 billion, including the development costs which were treated as intangible assets of ¥ 14.0 billion.

(1) Imaging & Solutions

Ricoh’s R&D activities in the Imaging & Solutions segment include but are 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. In addition, Ricoh developed technologies related to visual communication that propose productivity improvement and new workstyles by making the communications environment of various types of business such as offices and educational fields more comfortable. Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2017 are as follows.

<u>MFPs</u>

Ricoh renewed its lineup of middle and high speed full color MFPs playing a central role in the office and low- to high-speed monochrome MFPs. The main models equipped with a 10.1" wide full color touch screen, the Smart Operation Panel, offers improved operability. In addition, it enabled customers to download applications suiting their business interests or needs by connecting to the Ricoh Application Site from the Smart Operation Panel from which extended features contributing to the efficiency could be delivered. Ricoh will support workstyle reforms by utilizing MFPs as input and output terminals for the cloud service. In the development of solutions, we will accelerate the rolling out of cloud solutions connected with MFPs in cooperation with partners.

a) RICOH MP C6004/C5504/C4504/C3504/C3004 series digital full color MFPs
Ricoh has introduced 12 models across 5 series that achieve both usability and energy efficiency. All the models are equipped with the Smart Operation Panel. A newly installed motion detector substantially reduces the recovery time from the sleep mode to the start of operation.

b) RICOH MP 9003/C7503/C6503 series monochrome MFPs
Ricoh has also introduced 4 models across 3 products, including the high-end model of monochrome MFPs for the office. All the models are equipped with the Smart Operation Panel and motion detectors. A thoroughly environmentally friendly design and newly developed recycled materials that can be used repeatedly being made of commercially available collected materials (plastic packaging containers and plastics used from home appliances) contributes to savings of resources and energy.

c) RICOH MP C6055/C5055/C4055/C3555/C2555 series digital monochrome MFPs
Ricoh has also introduced 10 models across 5 series that achieve both usability and energy efficiency. All the models are equipped with the Smart Operation Panel.

<u>Production Printers</u>

Ricoh has introduced the RICOH Pro series color/monochrome production printer and the printer controller targeting the commercial printing market, among others. In response to increasing needs for digital printing that is able to provide multi-kind small-lot printed materials for quick delivery in the commercial printing market, two new controllers are respectively intended to increase efficiency and flexibility in the distinction between offset printing and digital printing by linking to the existing system environment for offset printing, and to increase operational efficiency for multi-kind small-lot printing.

a) RICOH Pro 8200 series monochrome production printer
Equipped with Vertical Cavity Surface Emitting Laser (VCSEL) technology used in color production printers, this printer achieves a higher writing resolution of 1,200 dpi × 4,800 dpi and productivity of 136 ppm (A4 LEF) that will meet the needs of in-house printing and commercial printing.
*In the case of RICOH Pro 8220S

b) TotalFlow print server R-61/R-61A printer controller
This is a printer controller for the production printer RICOH Pro C series that inherits the wide range of functions and performance of its predecessor TotalFlow print server R-60/R-60A. It achieves the creation of a seamless hybrid workflow between offset printing and digital printing (Ricoh Pro C series) utilizing the existing workflow system that is widely used all over the world.

c) RICOH TotalFlow BatchBuilder V2 printer controller
This is the commercial printing software for the TotalFlow series that provides POD solutions. It sorts high volume jobs for muti-kind small-lot printing by paper types and post-processing methods and achieves automatic implementation to increase operational efficiency.

The R&D expenditures in the Imaging & Solutions segment were approximately ¥89.1 billion.

(2) Industrial Products

Ricoh engages in the technological development of system devices for industrial applications such as inkjet heads, optical devices, semiconductors, thermal media and electrical components.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2017 are as follows.

a) RICOH MH5220 industrial inkjet head

This is an industrial inkjet head used in the printing system for labels, packages and sign graphics. With a minimum droplet volume of 2.5 pl (picoliter), it achieves high-resolution printing. It can freely discharge a different droplet volume with droplet control by multi-drop. Its stainless structure ensures excellent durability and extended service life. It can also discharge high viscosity inks with its built-in heater. It responds to UV curable inks used in the label printing field.

b) RICOH SC-10A operation support camera system

Ricoh released an operation support camera system that offers the ability to automatically check whether the manual assembly of parts and components, etc., is properly performed through image recognition. The system compares the photo shot image of the work results with the image registered in advance, which shows the right post-processing state and recognizes parts and differences in shape to undertake automatic analysis. Automatic checking prevents operation errors and substantially improves production efficiency.

c) R1580N series constant current LED driver controller

This is an IC that can control the shade and flicker of LED lighting. For the first time in the industry, it achieves both low brightness control to 1/200 and flicker-free (no flickering) at the photo shooting despite the *PWM (pulse width modulation) signal input.

* As of March 2016 Ricoh survey

d) RP118 series power management IC for IoT/wearable devices

This power management IC is a world-class* ultra-low current consumption voltage regulator. It features ultra-low 0.2 μA current consumption at no load and 0.002 μA standby current contributing to the current long-time driving battery of wireless sensors and wearable devices used as terminals. Despite its low current consumption, it achieves fast response characteristics owing to its unique circuit technology.

* As of March 2017, Ricoh survey

The R&D expenditures in the Industrial Products segment were approximately ¥ 9.3 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, 2017 are as follows.

<u>360-degree Spherical Cameras</u>

a) RICOH THETA SC standard model

This is a standard class 360-degree spherical camera that can capture a fully spherical image with a single shutter release, providing a full range of basic features and outstanding operability. This model is designed to be lighter in weight, while retaining the high level of image quality provided by the high-end model RICOH THETA S using a high-performance CMOS image sensor and large-aperture lens. It allows users to easily transfer captured 360-degree images to smartphones and tablet computers and enjoy VR experience with any commercially available VR viewer.

b) RICOH R Development Kit for the 24-hour spherical live streaming video camera

This development kit enables fully spherical 360-degree live streaming of images in 2K resolution at 30 frames per second by utilizing Ricoh’s original fully spherical imaging technology. The image processing is performed within the camera in real time, converting the image to the Equirectangular Projection Format, the standard format for fully spherical images.

Digital Cameras

a) PENTAX K-70 digital SLA camera

Within its compact body, this camera features a dustproof and drip-proof construction and cold-proof performance suitable for outdoor shooting. It achieves super-high-sensitivity shooting at ISO 102400. A hybrid AF system which harmonizes the advantages of both the image plane phase detection AF and the contrast detection AF is newly adopted. It even provides a range of advanced, upper-class-equivalent features such as an in-body shake reduction mechanism.

b) PENTAX KP digital SLA camera

This camera was developed as a mid-range model that can meet a wide range of needs from taking shots of ordinary daily scenes to serious outdoor shooting in demanding weather conditions. It adopts a new-generation APS-C-sized CMOS image sensor, which ensures super-high resolution image of approximately 24.32 effective megapixels. It has a slim compact body with a new design. It allows the photographer to handhold it in snapshot photography for night scenes at the super-high sensitivity of ISO819200.

The R&D expenditures in the Other segment were approximately ¥3.6 billion.

We reviewed the calculation method for R&D expenditures by restructuring the Camera Business. The R&D expenditures in the Other segment for the previous corresponding period were approximately ¥3.3 billion using the same calculation method.

(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 segments. 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 and the necessary photonics technology, data collection and analysis technologies, application of artificial intelligence, system solutions, manufacturing technology, environmental technologies and healthcare technologies.

The R&D expenditures related to the Fundamental Research segment were approximately ¥ 12.2 billion.

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

The future related matters mentioned in this section is determined by 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 provisions 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 decreased by ¥180.1 billion (-8.2%) to ¥2,028.8 billion. Sales decreased in both the Imaging & Solutions segment and the Industrial Products segment.

Sales in the Imaging & Solutions segment saw an increase in sales in the Network System Solutions in the domestic market but were offset by the decrease in sales of A3 MFP monochrome machines, MFP after services and the impact of the strengthening of the yen.

Sales in the Industrial Products segment saw an increase in sales in optical equipment and electronic components in the domestic market but were offset by the impact of the strengthening of the yen in overseas markets.

Sales in the Other segment increased due to increase in sales in the Leasing business.

Cost of sales

Cost of sales decreased by ¥86.7 billion (-6.5%) to ¥1,240.2 billion. This was due mainly to an increase in sales and the weakening of the yen against the U.S. dollar and the euro.

Gross profit

Gross profit decreased by ¥93.3 billion (-10.6%) to ¥788.6 billion. This was due mainly to a decrease in sales and the impairment of property, plant and equipment and intangible assets in the camera business (¥1.7 billion of loss).

Selling, general and administrative expenses

Selling, general and administrative expenses decreased by ¥44.0 billion (-5.5%) to ¥755.3 billion. Though there was an increase of cost related structural reforms for future business growth and impairment of property, plant and equipment and intangible assets at camera business (¥3.7 billion of loss), the effects of foreign currency fluctuations and continuous group-wide activities to reduce costs contributed to controlling these expenses.

Other income and expense

Other income decreased significantly from the previous corresponding period. Impairment of goodwill (¥3.9 billion of loss) is included in Other expense.

Operating profit

Operating profit decreased by ¥68.4 billion (-66.9%) to ¥33.8 billion due to a decrease in gross profit.

Profit before income tax expenses

Profit before income tax expenses decreased by ¥65.7 billion (-68.7%) to ¥29.9 billion due mainly to a decrease in operating profit.

Income tax expenses

Income tax expenses decreased by ¥7.8 billion (-27.7%) to ¥20.5 billion. The effective income tax rate for the fiscal year was 68% (the effective income tax rate for the previous year was 30%). The difference between the effective income tax rate and the statutory income tax rate of 32% arose from unrecognized deferred tax assets and others.

Profit attributable to owners of the parent

As a result, profit attributable to owners of the parent decreased by ¥3.4 billion (-94.5%) to ¥59.4 billion.

(3) Liquidity and Capital Resources

Cash flows

Operating cash flows

Net cash provided by operating activities decreased by ¥11.5 billion to ¥88.2 billion due primarily to a decrease in profit caused by impairment in the camera business and unit price declines caused by the deteriorating market conditions and the intensification of market competition.

Investing cash flows

Net cash used in investing activities increased by ¥2.5 billion to ¥106.7 billion due primarily to a decrease in gains on sales of idle facilities and offices as a result of group-wide activities to streamline costs such as reorganization. Net cash used in investing activities consisted mainly of ¥75.4 billion of expenditures for property, plant and equipment, ¥26.7 billion of expenditures for intangible fixed assets and ¥7.5 billion for increase in time deposits. 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 used in financing activities was ¥19.9 billion. Net cash provided by financing activities consisted primarily of ¥51.5 billion of proceeds received from the issuance of bonds and ¥303.1 billion of proceeds received from the issuance of long-term indebtedness, which were partially offset by ¥324.6 billion to repay debt, ¥28.9 billion to pay dividends and ¥20.0 billion to repay bonds.

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 globally. This cash management system functions as an arrangement in which Ricoh's funds are pooled together and cash resources are lent and borrowed from one group company to another with finance companies located in each region coordinating this arrangement. As part of that, Ricoh introduced a global cash pooling system 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 to hedge against the potentially adverse impact of foreign exchange fluctuation on local currency-denominated assets and liabilities and interest rate swap agreements to hedge against the potentially adverse impact 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 balance 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, 2017, Ricoh had ¥126.4 billion in cash and cash equivalents and ¥733.4 billion in aggregate borrowing facilities. Of the ¥733.4 billion in aggregate borrowing facilities, ¥701.3 billion was available for borrowing by Ricoh as of March 31, 2017. The Company has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥150.0 billion. Also, Ricoh Leasing Co., Ltd. has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥50.0 billion. These committed credit line amounts of the Company and Ricoh Leasing Co., Ltd. are included in the ¥733.4 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 1.28% to 1.35%, interest rates for bank loans ranged from 0.01% to 13.70% and interest rates for long-term debt securities ranged from 0.001% to 7.30% during fiscal year ended March 31, 2017. Furthermore, Ricoh utilizes a cash management system in Japan, the United States and Europe and globally elsewhere to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Services ("Moody's") and Rating and Investment Information, Inc. ("R&I"). As of March 31, 2017, S&P assigned long-term and short-term credit ratings for the Company of A- and A-2, respectively, Moody's assigned a short-term credit rating for the Company of P-1 and R&I assigned long-term and short-term credit ratings for the Company of A+ and A-1, respectively.

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 that 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, 2018. 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 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 financial and capital markets. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations would not significantly affect Ricoh's liquidity, due mainly 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 the fiscal year ending March 31, 2018 will amount to approximately ¥76.0 billion, which will be used principally for investments in manufacturing facilities and the 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 ¥167.6 billion during fiscal year ending March 31, 2018 and in the aggregate principal amount of ¥473.3 billion during fiscal years ending March 31, 2019 through 2021.

The Company and certain of its subsidiaries have various employee pension plans covering all of their employees. As described in Note 21 of the Notes to the Consolidated Financial Statements, the unfunded portion of these employee pension plans amounted to ¥120.3 billion as of March 31, 2017 and was recorded as liability on the Consolidated Statement of Financial Position of Ricoh as of March 31, 2017. The amounts contributed to pension plans for fiscal years ended March 31, 2016 and 2017 were ¥21.2 billion and ¥19.4 billion, respectively.

(4) Medium and Long Term Management Strategy

Ricoh understands that our Imaging & Solutions business, which stands at the center of Ricoh Group businesses, has reached its turning point. To respond to changes in the business environment and continue to provide new values going forward, we formulated the 18th Mid-Term Management Plan effective from April 2014 to March 2017, in which our goal was specified as “an environmentally friendly company that makes customers feel confident, comfortable and convenient while exceeding their expectations and supports lifestyle transformation” by envisioning the year of 2020 and the future beyond. Also, the 18th Mid-Term Management Plan was defined as a period of realizing our goal and as “three years to ensure Ricoh Group’s long-term growth”. Accordingly we are committed to 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 (Office Imaging)” and “Achieve growth by creating new profit generators”. For “Reinforce and develop earnings power for core businesses (Office Imaging)”, we have identified an action plan of "reinforcing earnings power in developed countries" and "creating new profit generators in emerging markets, services, and VC businesses. For “Achieve growth by creating new profit generators”, we have identified an action plan of "creating profit generators in commercial printing, industrial, and consumer businesses" and of "creating new businesses by leveraging Ricoh Group's core assets".

Business strategy 1: Reinforce and develop earnings power for office imaging business

We launched 14 models in six series of digital color multifunctional printers (MFPs) and another 14 models in eight series of digital monochrome MFPs. All these offerings employed the 10.1-inch full-color MultiLink-Panel. As with smart devices, users can run applications with the panel by flicking their fingers intuitively. They can directly access a special site from the panel to download an array of applications or quickly use extended features that help make office work more efficient. Customers can use their MFPs as cloud service input and output terminals according to their business needs.

We collaborated with Concur Japan, Ltd., to supply MFP-linked cloud solutions that streamline expense settlements and management. Just by scanning a receipt into an MFP, a user imports data into Concur's travel and expense cloud system, which supports a global corporate standard, making expense management much more efficient.

We also introduced two recycled digital full-color MFPs that the RICOH Eco Business Development Center produced at the Gotemba in Shizuoka Prefecture. We set up that facility as part of our commitment to creating and expanding environmentally friendly businesses. Our lineup of 17 recycled models in 9 series can output 28 or 40 color pages per minute and between 25 and 75 monochrome pages per minute, catering to the diverse needs of customers that are particularly keen to safeguard the environment.

In the services arena, we developed business to deploy, operate, and maintain network environments for customers finding it hard to secure in-house IT engineers. This helps them constrain initial deployment investments and run their networks for years without having to concern themselves about replacement purchases. We introduced NET Begin BB Pack Next, offering a successor to NET Begin BB Pack Select, which more than 100,000 customers began using after its launch in May 2005. Customer engineers handling MFP and printer repairs offer one-stop support for network environments.

We continued to expand our communication support services to enable customers to work anytime, anywhere as communications and work practices changed in their offices. As well as supplying such visual communication products as projectors, Interactive White Boards and teleconferencing systems, we provide expertise and solutions to streamline customer workflows.

We introduced the RICOH PJ WXC1110, a compact ultra-short-throw projector that can be set up in meeting room corners, small meeting rooms and other tight locations. It employs a LED light source with 600 lumens. The unit is ideal for sales representatives looking to deliver presentations on the road.

We also brought out the RICOH Interactive Whiteboard D8400. This 84-inch 4K-compatible information board is ideal for large meeting rooms, corporate reception areas, public facilities and event venues.

In addition, we rolled out the RICOH Multilingual Interpretation Service, which leverages the RICOH Unified Communication System teleconferencing platform to link Japanese users through a user-friendly smart device app to native-level interpreters of seven languages (English, Chinese, Korea, Thai, Spanish, Portuguese and Russian). In most cases, the service is available at any time of day throughout the year.

Business strategy 2: Achieve growth by creating new profit generators

In production printing, we have started to offer value for marketing as well as production workflows. Customers increasingly look to us to broaden upstream and downstream solutions, not just for Ricoh brand printers. Therefore, we acquired Avanti Computer Systems Limited, a leading management information systems vendor based in Toronto, Canada. We aim to expand production workflow value for customers in the production printing market, globally deploying our support to enhance management efficiency and productivity. We responded to such expectations by purchasing PTI Marketing Technologies in December 2014, expanding value by supplying Web-to-print and variable print solutions. The acquisition of Avanti Computer Systems enabled us to deliver whole production workflow systems, including for print management information systems, for our product groups.

We opened the RICOH Customer Experience Center TOKYO in Heiwajima, Ota Ward so customers could immerse themselves in commercial printing workflows from ordering to editing, printing, post-processing, packaging and shipping. We have also set up such centers in the United Kingdom, the United States and Thailand to expand our production printing business as a growth driver. We can thereby present proposals to customers in each of our four global operating regions.

Ricoh has cultivated proprietary inkjet technologies over more than 30 years, with businesses in this area ranging from inkjet heads to ink sales and technical support for applications that include signage, textiles, and 3D modeling. We capitalized on opportunities in the expanding industrial printing market by developing industrial inkjet heads used in labels, packages, sign graphics and other printing systems.

In New business, we enhanced our THETA lineup by developing the RICOH R DEVELOPMENT KIT, a 24-hour spherical live streaming camera. It stitches footage within the camera in real time to fit the standard Equirectangular Projection Format. It uses an AC adapter and can record video on a microSD card. The RICOH R Development Kit employs our proprietary spherical imaging technology by using our API, it can be utilized not only in entertainment but also in other areas such as Telexistence and Computer vision.

Under the 18th Mid-Term Management Plan ended March 31, 2017, we deployed the above business strategies and continued to implement structural reforms. For various reasons, however, we failed to reach our financial targets. These factors included unanticipated changes in the business environment, growing economic uncertainty in Europe, economic slowdowns in emerging nations and exchange rate fluctuations. We formulated the 19th Mid-Term Management Plan launched from fiscal 2017 after evaluating our results.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2017 was ¥75,447 million. A breakdown of capital investment by segment is as follows:

	Millions of Yen			
	For the year ended March 31, 2016	For the year ended March 31, 2017	Change	Change (%)
Imaging & Solutions	70,169	65,458	(4,711)	(6.7)
Industrial Products	5,763	5,953	190	3.3
Other	6,185	2,874	(3,311)	(53.5)
Corporate	1,661	1,162	(499)	(30.0)
Total	83,778	75,447	(8,331)	(9.9)

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

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

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

Imaging & Solutions ... ¥18,367 million for an increase in production capacity and improvement in production efficiency, ¥19,477 million for the purchase of rental assets and so on.

Industrial Products ... ¥2,493 million for the improvement of the manufacturing facilities for thermal media, ¥1,363 million for the improvement of the manufacturing facilities for optical equipment and optical lenses, etc.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2017)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Imaging & Solutions	Manufacturing facilities for supplies	1,186	6,045	- (-)	7,231	-
Ohmori Plant (Tokyo)	Corporate and Imaging & Solutions	Development facilities	6,374	175	120 (17)	6,669	468
Head Office (Tokyo)	Corporate and Imaging & Solutions	Other equipment	2,311	140	- (-)	2,451	644
Research & Development Center (Kanagawa)	Corporate	Other equipment	1,019	920	3,200 (17)	5,139	405
System Center (Tokyo)	Corporate	Other equipment	820	197	259 (3)	1,276	86
Ricoh Technology Center (Kanagawa)	Imaging & Solutions	Development facilities	19,593	2,051	4,944 (89)	26,588	3,418
Atsugi Plant (Kanagawa)	Imaging & Solutions	Manufacturing facilities for office equipment	2,375	1,587	2,011 (98)	5,973	300
Shin-Yokohama Office (Kanagawa)	Imaging & Solutions, Industrial products and Other	Other equipment	207	112	- (-)	319	741
Numazu Plant (Shizuoka)	Imaging & Solutions and Industrial products	Manufacturing facilities for supplies	8,852	7,467	1,194 (128)	17,513	798
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	1,143	258	2,397 (101)	3,798	39
Fukui Plant (Fukui)	Imaging & Solutions and Industrial products	Manufacturing facilities for supplies	1,261	2,756	1,120 (93)	5,137	138

Ikeda Plant (Osaka)	Industrial Products	Manufacturing facilities for semiconductors	1,507	455	98 (19)	2,060	108
Yashiro Plant at Ricoh Electronic Devices Co., Ltd. (Hyogo)	Industrial Products	Manufacturing facilities for semiconductors	1,076	6	2,005 (115)	3,087	-

(2) Domestic subsidiaries

(As of March 31, 2017)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)				Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of m^2)	Total	
Ricoh Industry Co., Ltd. (Kanagawa)	Imaging & Solutions	Manufacturing facilities for office equipment	8,467	3,790	1,223 (168)	13,480	2,462
Ricoh Elemex Corporation (Aichi)	Imaging & Solutions and Other	Manufacturing facilities for office equipment and others	1,821	5,140	3,244 (546)	10,205	583
Ricoh Japan Corporation (Tokyo)	Imaging & Solutions	Other equipment	5,225	13,988	3,193 (63)	22,406	17,730
Ricoh Leasing Co., Ltd. (Tokyo)	Imaging & Solutions and Other	Other equipment	118	14,212	- (-)	14,330	758
Ricoh Logistics System Co., Ltd (Tokyo)	Imaging & Solutions and Other	Distribution warehouse and vehicles	4,010	3,311	155 (21)	7,476	1,308
Ricoh Imaging Co., Ltd. (Tokyo)	Other	Other equipment	-	-	1,501 (5)	1,501	102
Ricoh Industrial Solutions Co., Ltd. (Kanagawa)	Industrial products	Manufacturing facilities for optical equipment and electronic components	2,727	2,466	331 (40)	5,524	1,216
Ricoh Electronic Devices Co., Ltd. (Osaka)	Industrial products	Manufacturing facilities for semiconductors	360	1,250	- (-)	1,610	572

(3) Overseas subsidiaries

(As of March 31, 2017)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)				Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of m^2)	Total	
Ricoh Electronics, Inc. (U.S.A.)	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	1,602	5,853	2,093 (193)	9,548	728
Ricoh UK Products Ltd. (U.K.)	Imaging & Solutions	Manufacturing facilities for office equipment	663	2,295	305 (210)	3,263	690
Ricoh Industrie France S.A.S. (France)	Imaging & Solutions and Industrial products	Manufacturing facilities for office equipment and supplies	590	2,181	47 (209)	2,818	798
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Industrial products	Manufacturing facilities for thermal media	1,350	808	- [64]	2,158	323
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Imaging & Solutions	Manufacturing facilities for office equipment	1,286	2,101	- [59]	3,387	1,886
Ricoh Asia Industry (Shenzhen) Ltd. (China)	Imaging & Solutions	Manufacturing facilities for office equipment	393	3,698	- [48]	4,091	3,848
Ricoh Components & Products (Shenzhen) Co., Ltd. (China)	Imaging & Solutions, Industrial products and Other	Manufacturing facilities for office equipment and others	26	2,396	- [78]	2,422	3,244
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Imaging & Solutions	Manufacturing facilities for office equipment	4,186	1,092	462 (121)	5,740	2,097
Ricoh USA Inc. and other 44 sales subsidiaries in Americas	Imaging & Solutions, and Other	Other equipment	1,663	19,140	495 (221)	21,298	28,585
Ricoh Europe Holdings PLC and other 68 sales subsidiaries in Europe	Imaging & Solutions	Other equipment	859	14,269	- (-)	15,128	16,087

Ricoh Asia Pacific Pte Ltd and other 21 sales subsidiaries in Other area	Imaging & Solutions	Other equipment	582	9,315	81 (49)	9,978	7,485

(Notes) 1. The figures in the above table do not include 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 the 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 the 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 brackets [ ].

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

The amount of capital investment for the fiscal year ending March 31, 2018 will be ¥76,000 million, and a breakdown by segment is as follows:

	Millions of Yen For the year ending March 31, 2018	Main purpose of investment
Imaging & Solutions	59,100	Increase production capacity and streamline production of office equipment, etc.
Industrial Products	11,900	Increase production capacity and streamline production of thermal media products, etc.
Other	3,200	Increase production of digital cameras and other new business relating investment, etc.
Corporate	1,800	Improve information system, etc.
Total	76,000	

(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 consumption tax, etc.
3. A breakdown of the capital investment of each segment is as follows:
Imaging & Solutions ... ¥20,300 million for an increase in production capacity and improvement in production efficiency, ¥15,200 million for the purchase of rental assets, etc.
Industrial Products ... ¥6,200 million for the improvement of the manufacturing facilities for thermal media, ¥1,600 million for the improvement of the manufacturing facilities for 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, 2017	Number of shares issued as of the filing date (shares) June 22, 2017	Stock exchanges 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, 2017, 282,667 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 total number of issued shares (hundreds of shares)	Balance of total number of issued shares (hundreds of 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) Shareholder composition

(As of March 31, 2017)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	-	132	58	692	545	55	64,983	66,465	-
Share ownership (units)	-	2,991,472	299,542	363,282	2,662,617	680	1,123,835	7,441,428	769,278
Ownership percentage of shares (%)	-	40.20	4.03	4.88	35.78	0.01	15.10	100.00	-

(Note)

As for 20,030,468 shares of treasury stock, 200,304 units are included in the “Individual and others” column and 68 shares are included in the “Number of shares less than one unit” column.

(7) Major shareholders

(As of March 31, 2017)

Name	Address	Share Ownership (hundreds of 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	595,957	8.00
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)	550,165	7.39
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	395,405	5.31
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	3.95
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
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	237,702	3.19
The bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	215,735	2.90
BNYSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (Standing proxy: The bank of Tokyo-Mitsubishi UFJ, Ltd.)	Vertigo Building-Polaris 2-4 Eugene Ruppert Luxembourg Grand Duchy of Luxembourg (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	200,451	2.69
The New Technology Development Foundation	26-10, Kitamagome 1-chome, Ohta-ku	158,395	2.13
Sompo Japan Nipponkoa Insurance Inc.	26-1, Nishishinjuku1-chome, Shinjuku-ku	133,994	1.80
Total	-	3,027,220	40,64

(Notes) 1. The number of shares of treasury stock (200,304 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 reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on March 29, 2017, the Company has confirmed that Effissimo Capital Management Pte Ltd held shares as set forth below as of March 23, 2017. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	904,589	12.14

4. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 6, 2017, 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 set forth below as of March 31, 2017. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	277,380	3.72
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	11,177	0.15
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	91,035	1.22

5. Following confirmation of reports of possession of large volume of shares issued on February 19, 2016, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders, 6 other companies, held shares as set forth below as of February 15, 2016. But since the company could not 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 a large volume of shares are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi1-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, UK	17,865	0.24
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

6. Following confirmation of reports of possession of a large volume of shares issued on January 18, 2017, the Company has confirmed that Eastspring Investments Co., Ltd. held shares as set forth below as of January 13, 2017. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

The reports of possession of a large volume of shares are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Eastspring Investments (Singapore) Co., Ltd.	Marina Bay Financial Center Tower 2, 32-10, Marina Bluebird 10, SIngapore	356,645	4.79
M&G Investment Management Co., Ltd.	EC4R OHH, Lawrence Bountny Hill, Lomdon, UK	15,978	0.21

(8) Information on voting rights

1) Issued shares

(As of March 31, 2017)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Common stock 20,030,400	-	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock 724,112,400	7,241,124	Same as above
Shares less than one unit	Common stock 769,278	-	Shares less than one unit of 100 shares.
Number of issued shares	744,912,078	-	-
Total number of voting rights	-	7,241,124	-

As for the number of treasury stocks, 68 shares are included in the “Shares less than one unit” column.

2) Treasury stock, etc.

(As of March 31, 2017)

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	20,030,400	-	20,030,400	2.69
Total	-	20,030,400	-	20,030,400	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, 2017	7,518	7,246,386
Treasury stock acquired during the current period	1,195	1,095,089

(Note)
The number of shares of treasury stock acquired due to requests to purchase stock of less than one unit of shares from June 1, 2017 to the filing date is not included.

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

Classification	Fiscal year ended March 31, 2017		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 of less than one unit of shares to sell additional shares)	479	888,363	91	168,714
Total number of treasury stock held	20,030,468	-	20,031,572	-

(Note)
The number of shares of treasury stock acquired due to requests to purchase stock of less than one of unit of shares from June 1, 2017 to the filing date is not included.

3. DIVIDEND POLICY

The Company endeavors for stable dividends taking a medium-term profit prospect, investment, cashflow, and financial standing into consideration.

An appropriation of surplus will be made to shareholders twice a year, at the interim and the year-end. The appropriation of surplus at the 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 the interim was ¥22.50 (ordinary dividends of ¥17.50 and 80th anniversary dividends of ¥5.00), and the dividend per share at the year-end was ¥12.50 (ordinary dividends of ¥7.50 and 80th anniversary dividends of ¥5.00), for a total of ¥35.00 (ordinary dividends of ¥25.00 and 80th anniversary dividends of ¥10.00).

Retained earnings will be utilized for the enhancement of basic business and for concentrated investment in growth business fields with medium and long-term vision.

The Company provides in its Articles of Incorporation that an appropriation of surplus at the 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, 2017 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (October 27, 2016)	16,309	22.50
Ordinary General Meeting of Shareholders (June 16, 2017)	9,061	12.50

4. CHANGES IN SHARE PRICES

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

	Year ended March 31,				
	2013	2014	2015	2016	2017
Highest (yen)	1,113	1,422	1,357.5	1,380.5	1,213
Lowest (yen)	486	919	1,032	1,041	804

(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 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Highest (yen)	944	935	1,065	1,050	1,016	1,024
Lowest (yen)	852	804	933	982	925	916

(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 22, 2017 are as follows:

Men: 14 persons, Women: 1 person (Ratio of women in the Directors and Audit & Supervisory Board Members: 7%)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yoshinori Yamashita	Representative Director	Mar. 1980	Joined the Company
(August 22, 1957)		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer, Corporate Vice President
		Apr. 2011	Corporate Senior Vice President
		Apr. 2011	General Manager of Corporate Planning Division
		June 2012	Director
		June 2012	Corporate Executive Vice President
		Apr. 2013	In charge of Internal Management and Control
		Apr. 2014	General Manager of Business Solutions Group
		Apr. 2015	In charge of core business
		June 2016	Deputy President
		Apr. 2017	Representative Director (Current)
		Apr. 2017	President (Current)
		Apr. 2017	CEO (Chief Executive Officer) (Current)
Shiro Kondo	Director	Apr. 1973	Joined the Company
(October 7, 1949)		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
		Apr. 2007	President
		Apr. 2007	CEO
		Apr. 2013	Chairman
		Apr. 2013	Chairman of the Board
		Apr. 2016	Chairman* (Current) * Chairman of the Board to be a non-executive director
		Apr. 2017	Director (Current)
Nobuo Inaba	Chairman of the Board and Director	Apr. 1974	Joined the Bank of Japan
(November 11, 1950)		May 1992	Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		May 1994	Director, Head of Planning Division Policy Planning Office of the Bank of Japan
		May 1996	Deputy Director-General, Policy Planning Office of the Bank of Japan
		Apr. 1998	Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan
		Apr. 2000	Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan
		June 2001	Director-General, Information System Services Department of the Bank of Japan
		June 2002	Director-General, Bank Examination and Surveillance Department of the Bank of Japan
		May 2004	Executive Director, Financial System Stability of the Bank of Japan
		May 2008	Joined the Company
		May 2008	Executive Advisor
		Apr. 2010	President of Ricoh Institute of Sustainability and Business
		June 2010	Director (Current)
		June 2010	Corporate Executive Vice President
		June 2012	CIO (Chief Information Officer)
		Sept. 2015	In charge of promoting Corporate Governance
		Apr. 2017	Chairman of the Board (Current)
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

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2014	General Manager of Ricoh Institute of Technology
		Feb. 2015	In charge of Research and Development
		Apr. 2016	General Manager of Intellectual Property Division (Current)
		Apr. 2017	General Manager of Research and Development Division (Current)
Kunihiko Satoh (October 21, 1956)	Director	Mar. 1979	Joined the Company
		June 2005	Corporate Vice President
		Apr. 2007	Group Executive Officer, Corporate Vice President
		Apr. 2009	Representative Director, President of Ricoh Kansai Co., Ltd.
		Oct. 2011	Corporate Senior Vice President
		Oct. 2011	Representative Director, President and CEO (Chief Executive Officer) of Ricoh Japan Corporation
		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
		May 2016	In charge of development Global New Business
		May 2016	General Manager of New Business Development Division
		Apr. 2017	General Manager of Office Printing Business Group (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)
		Apr. 2017	CFO (Chief Financial Officer) (Current)
		Apr. 2017	General Manager of CEO office (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.
		June 2013	Outside Director of NEC Corporation (Current)
		Apr. 2016	Chairman of the Board of Komatsu Ltd. (Current)
Makoto Azuma	Outside Director	Apr. 1972	Joined TOSHIBA CORPORATION

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
(May 25, 1945)		Apr. 1989	Director of Basic Research Laboratory, Research and Development Center of TOSHIBA CORPORATION
		Apr. 1994	Director of Materials and Devices Laboratory, Corporate Research & Development Center of TOSHIBA CORPORATION
		July 1998	Chief Technology Executive of Storage Media Business Group of TOSHIBA CORPORATION
		Apr. 1999	Director of Corporate Research & Development Center of TOSHIBA CORPORATION
		June 2000	Corporate Vice President (Director of Corporate Research & Development Center) of TOSHIBA CORPORATION
		June 2003	Executive Officer, Corporate Senior Vice President (General Executive of Technology) of TOSHIBA CORPORATION
		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.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI & CO., LTD.
		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.
		Sept. 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)
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
		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

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		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)
Hiroshi Osawa (February 28, 1964)	Audit & Supervisory Board Member	Apr. 1988	Joined the Company
		July. 2008	General Manager of Accounting Department, Finance and Accounting Division
		Nov. 2009	General Manager of Finance Department, Finance and Accounting Division
		Apr. 2011	General Manager of Audit & Supervisory Board office
		July. 2013	Executive Vice President of Ricoh Europe Plc
		May 2016	General Manager of Communication Support Department, Corporate Strategy & Planning Center, Corporate Division
		Apr. 2017	General Manager of Business Management Department, Corporate Strategy & Planning Center, Corporate Division
		June 2017	Audit & Supervisory Board Member (Current)
Takashi Narusawa (December 8, 1949)	Outside Audit & Supervisory Board Member	Oct. 1973	Joined Nomura Research Institute, Ltd.
		June 1991	Manager of Corporate Planning Department of Nomura Research Institute, Ltd.
		June 1994	Director of Nomura Research Institute, Ltd.
		Apr. 1997	Director, Division Manager of Consulting Division of Nomura Research Institute, Ltd.
		Apr. 2000	Managing Director, Divisional Director of Consulting Division of Nomura Research Institute, Ltd.
		Apr. 2002	Representative Director, Corporate Executive Vice President of Nomura Research Institute, Ltd.
		Apr. 2004	Representative Director, Corporate Executive Vice President, Business Operations of Nomura Research Institute, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		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.
		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.
		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)
		Sept. 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.
		June 2015	Outside Audit & Supervisory Board Member of UNIPRES CORPORATION
		Apr. 2016	Professor at Graduate School of Business & Finance, Waseda University (Current)
		June 2016	Outside Audit & Supervisory Board Member (Current)
		June 2016	Outside Director of UNIPRES CORPORATION (Current)
Yo Ota (October 3, 1967)	Outside Audit & Supervisory Board Member	Apr. 2001	A member of staff of Civil Affairs Bureau of The Ministry of Justice (Japanese Commercial Code Group of Counsellor’s Office)
		Jan. 2003	Partner of Nishimura & Asahi (Current)
		June. 2005	Outside Auditor of Culture Convenience Club Co., Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2005	Outside Director of Denki Kogyo Co., Ltd. (Current)
		May 2012	Director of the Japan Association of Corporate Directors (Current)
		Apr. 2013	Professor of Graduate Schools for Law and Politics of the University of Tokyo
		June. 2013	Councilor of LOTTE Foundation (Current)
		July. 2014	Vice Chairman of Corporate Governance Committee of the Japan Association of Corporate Directors (Current)
		June. 2016	Outside Director of Nippon Kayaku Co., Ltd. (Current)
		June 2017	Outside Audit & Supervisory Board Member (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 shares of common stock owned by each Director and Audit & Supervisory Board Member of the Company as of March 31, 2017. 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
Yoshinori Yamashita	Representative Director	19,600
Shiro Kondo	Director	77,000
Nobuo Inaba	Chairman of the Board and Director	21,000
Yohzoh Matsuura	Director	13,400
Kunihiko Satoh	Director	20,600
Akira Oyama	Director	14,400
Kunio Noji	Outside Director	10,100
Makoto Azuma	Outside Director	5,600
Masami Iijima	Outside Director	1,600
Mutsuko Hatano	Outside Director	800
Katsumi Kurihara	Audit & Supervisory Board Member	5,900
Hiroshi Osawa	Audit & Supervisory Board Member	-
Takashi Narusawa	Outside Audit & Supervisory Board Member	5,000
Shigeru Nishiyama	Outside Audit & Supervisory Board Member	2,000
Yo Ota	Outside Audit & Supervisory Board Member	-
Total		197,000

The Company maintains an executive officer system under which there are 33 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 22, 2017 are as follows:

Name	Current Position (Function)	Current Position (Business Area)
Yoshinori Yamashita	President	Chief Executive Officer
Yohzoh Matsuura	Corporate Executive Vice President	General Manager of Research and Development Division General Manager of Intellectual Property Division
Kunihiko Satoh	Corporate Executive Vice President	General Manager of Office Printing Business Group
Akira Oyama	Corporate Executive Vice President	Chief Financial Officer General Manager of Corporate Division General Manager of CEO Office President of Ricoh Americas Holdings, Inc.
Hidetsugu Nonaka	Corporate Senior Vice President	Deputy General Manager of Office Services Business Group General Manager of Business Management & Development Center, Office Services Business Group
Seiji Sakata	Corporate Senior Vice President	General Manager of Office Printing Development Division Deputy General Manager of Office Printing Business Group
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 Products Business Group Representative Director, President of Ricoh Industrial Solutions Inc.
Kazuo Nishinomiya	Corporate Senior Vice President	General Manager of Global Procurement Division Deputy General Manager of Production Division
Hisao Murayama	Corporate Senior Vice President	General Manager of Quality Management Division

Name	Current Position (Function)	Current Position (Business Area)
Yasutomo Mori	Corporate Senior Vice President	General Manager of IMS Division Chairman of Ricoh Thermal Media (Wuxi) Co., Ltd. Chairman of Ricoh International (Shanghai) Co., Ltd.
Masahiro Nakamura	Corporate Vice President	General Manager of Business Development Division General Manager of Additive Manufacturing Business Center, Business Development Division
Tadashi Furushima	Corporate Vice President	Deputy General Manager of Research and Development Division General Manager of Institute of Advanced Printing Technology, Research and Development Division Deputy General Manager of Intellectual Property Division
Shigeo Kato	Corporate Vice President	General Manager of Sustainability Management Division General Manager of Trade & Export/Import Control Division General Manager of Market Development Center
Noboru Akabane	Corporate Vice President	In charge of Internal Management & Control
Yoshinori Sakaue	Corporate Vice President	Deputy General Manager of Research and Development Division General Manager of Ricoh Institute of Information and Communication Technology, Research and Development Division General Manager of Management of Technology Center Chairman of Ricoh Software Research Center (Beijing) Co., Ltd.
Hiroyuki Ishino	Corporate Vice President	General Manager of Degital Transformation Division Representative Director, President of Ricoh IT Solutions Co., Ltd.
Ian Winham	Corporate Vice President	General Manager of Global Capital Management Support Center, Corporate Division Chairman of Ricoh India Limited
Yukihiko Yamanaka	Corporate Vice President	In charge of Financial Affairs General Manager of Business Support Division Deputy General Manager of Corporate Division General Manager of Finance & Accounting Center, Business Support Division

Name	Current Position (Function)	Current Position (Business Area)
Nobuhiro Gemma	Corporate Vice President	Deputy General Manager of Research and Development Division General Manager of Ricoh Institute of Future Technology, Research and Development Division General Manager of Research & Development Planning Center, Ricoh Institute of Future Technology
Takashi Kozu	Corporate Vice President	General Manager of Ricoh Institute of Sustainability and Business
Peter Williams	Corporate Vice President	General Manager of Commercial and Industrial Printing Business Group Corporate Vice President of Ricoh Europe PLC
Kiyoshi Shimizu	Corporate Vice President	General Manager of Focused Region Business Group Chairman of Ricoh China Co., Ltd.
Yasuyuki Nomizu	Corporate Vice President	General Manager of Office Services Development Division Deputy General Manager of Office Services Business Group General Manager of Development Strategy Center, Office Services Development Division
Daisuke Segawa	Group Executive Officer, Corporate Senior Vice President	Representative Director, President of Ricoh Leasing Co., Ltd.
Jeffrey Briwick	Group Executive Officer, Corporate Vice President	President and CEO of Ricoh Electronics, Inc. General Manager of Americas Marketing Division
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	Chairman of Ricoh Korea Co., Ltd.
Eiichi Katoh	Group Executive Officer, Corporate Vice President	Representative Director, President of Ricoh Industry Co., 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.
Kazuhisa Gotoh	Group Executive Officer, Corporate Vice President	President of Ricoh Asia Pacific Pte Ltd. General Manager of Asia Pacific Marketing Group Chairman of Ricoh Hong Kong Ltd. Chairman of Ricoh Australia Pty, Ltd. Chairman of Ricoh (Thailand) Limited

6. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

[Basic Policies for Corporate Governance]
Ricoh is working to build a corporate governance system in accordance with social awareness and with 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 its continuous growth and expands its corporate value. The RICOH Way, which comprises our founding principles and Management Philosophy, is the foundation of the Ricoh’s management policy and strategy and 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 our operations based on that cycle, we endeavor to innovate and deliver value that is useful for everyone everywhere, helping to enhance 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 10 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, the “Nomination Committee”, which is chaired by a non-executive Director and the “Compensation Committee”, which is chaired by an Outside Director have been established. In each committee, more than half of the members are non-executive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc., is secured. 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 consist 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 speed of such functions.

c. Internal Audit & Supervisory Board Members
The Internal Management & Control Division, which consists of 25 staff members and 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 improve operational effectiveness and efficiency, ensure the reliability of

financial reporting, to comply with regulations and Company rules related to corporate activities and to safeguard assets. The results are regularly reported to the GMC's Internal Control Committee.

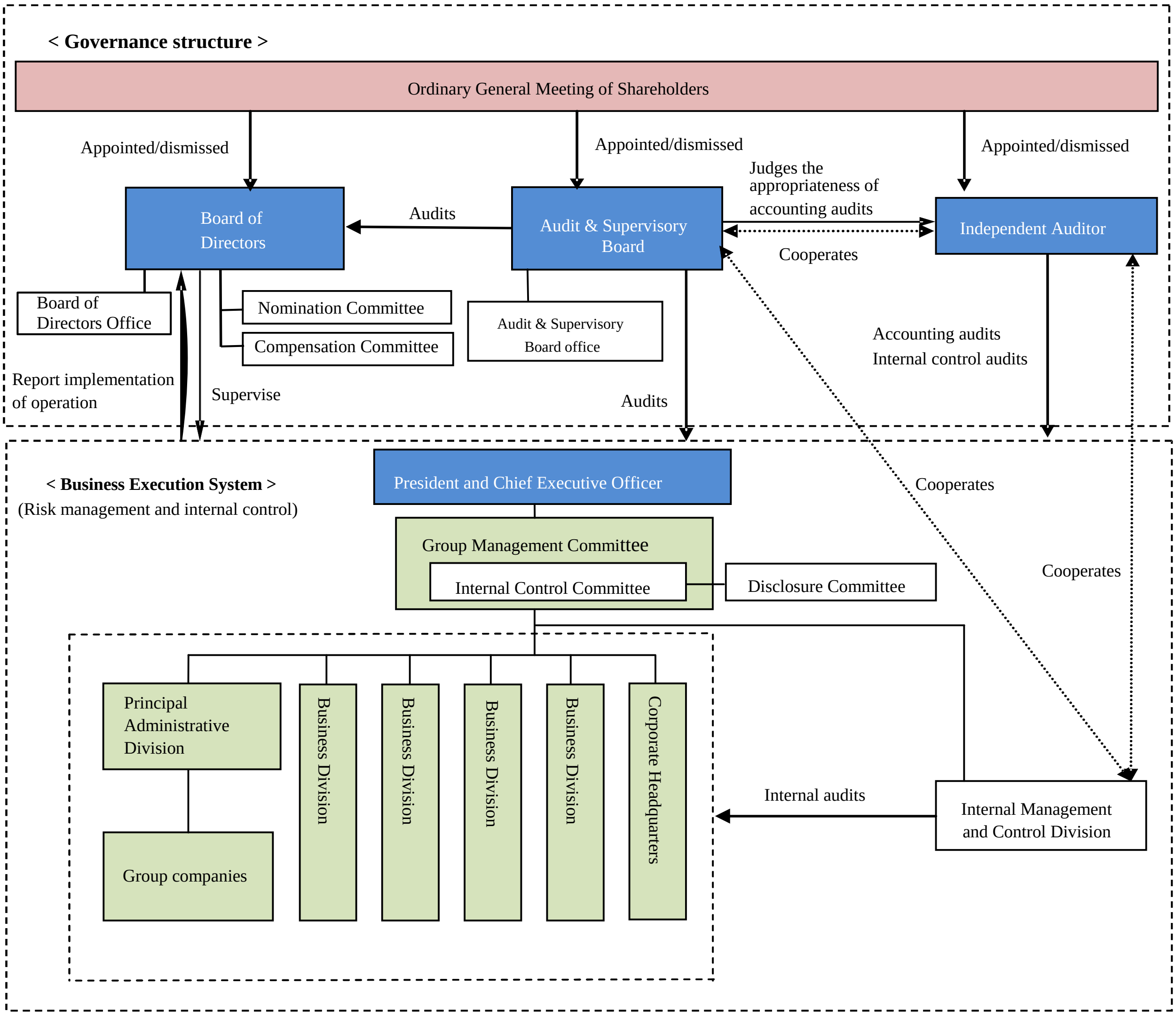
Based upon the Audit & Supervising policies and the assignment of duties determined through the Audit & Supervisory Board Members' meeting, the Audit & Supervisory Board Members attend all important meetings, including but not limited to Board meetings, exchange information regularly with the representative directors and oversee and evaluate the operations of the Company's divisions and subsidiaries. Furthermore, the Audit & Supervisory Board Members also perform audits on issues related to accounting policies and the reliability of its financial reporting. Our Audit & Supervisory Board Member Mr. Hiroshi Osawa has considerable knowledge of finance and accounting department, as well as his abundant experience in corporate management at an overseas affiliate company of the Ricoh Group. Mr. Shigeru Nishiyama, an Outside Audit & Supervisory Board Member, is a qualified professional with experience working as a certified public accountant, and professor at Waseda Business School. Together they have considerable expertise in finance and accounting. Mr. Katsumi Kurihara is an 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. An outside Audit & Supervisory Board Members, Mr. Yo Ota has abundant experience as an attorney-at-law and expert in corporate governance, and Mr. Takashi Narusawa is an investment analyst and management consultant and in management at Nomura Research Institute, Ltd. Furthermore, five 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 and 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. An overview of our corporate governance and internal control framework (at the date of submission of the securities report) is as follows:

Corporate governance system



e. Auditing of financial statements

For the year ended March 31, 2017, the certified public accountants (CPAs) who conducted the audit on the Company's financial statements were Masahiro Mekada, Katsunori Hanaoka and Shingo Iwamiya from KPMG Azsa LLC. The numbers of continuous audit years of each member are omitted because they were all not more than 7 years. There were a total of 62 audit assistants involved in the auditing as of March 31, 2017, 24 certified public accountants and 38 others. The 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 yearly report to the Audit & Supervisory Board Members regarding any transactions conflicting with the Board of Directors.

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 ensure 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 ("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 with whom the Ricoh Group was not a major business partner (a person 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 the 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 preceding 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 preceding 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 the person 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 and 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 are appointed to pursue 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

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 his experience 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.

Yo Ota

With his abundant experience as an attorney-at-law and expert in corporate governance, 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, are 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 meetings in which Outside Audit & Supervisory Board Members participate on how they maintain independence and the quality of their audits. Furthermore, Outside Audit & Supervisory Board Members will also accompany the external auditors when they perform interviews of the Company's Executive Officers to maintain an effective working relationship.

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

Through the various communications 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. The Company prohibits unfavorable treatment of anyone who made a report to the "Hot Line" due to such reporting

(ii) Ricoh implements risk management in order to accurately respond to risks that may have serious adverse impact on the 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 the risks surrounding Ricoh and organizing and responding to the risks in order to increase stability, sustainable development and the corporate value of Ricoh.

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

(iii) 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 with the Financial Instruments and Exchange Law and other relevant laws and regulations.

(iv) 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 such antisocial entities. This is stipulated in the "Ricoh Group Code of Conduct", which stipulates correct behavior 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 other relevant organizations as well as making efforts to build trust with such organizations. In the future, the Company will continue to strengthen its internal system so as to eradicate any antisocial activities or relationships with antisocial entities.

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

The Company and each affiliate in the Ricoh Group shall devise and maintain a system that ensures adherence to correct business standards to improve business performance and enhance the prosperity of each Group company while respecting each other’s independence in accordance with the following:

(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 risk exposure related 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 the relevant laws and Articles of Incorporation, we formulate a set of common rules which shall be followed 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 liability 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, 2017 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	416	378	38
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)		3	60	60	-
Outside Directors and Audit & Supervisory Board Members		9	79	79	-
	Outside Directors	5	54	54	-
	Outside Audit & Supervisory Board Members	4	25	25	-
Total		19	555	517	38

(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 an employee’s salary for Directors who concurrently serve as employees.
3. Total amount of compensation, etc., includes ¥38 million that was resolved as the total amount of bonus Directors at the 117th Ordinary General Meeting of Shareholders held on June 16, 2017.

(ii) The individual amount of compensation for Directors and Audit & Supervisory Board Members

There are no members who were awarded with consolidated remuneration of ¥100 million or more in total.

(iii) The portion of an 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 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 increases in shareholder value. And, the Company strives for ensuring the objectivity, the transparency and 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 shareholder value.

2. In making the decision about the level of remuneration and individual Director's remuneration, the Company strives for ensuring the objectivity, the transparency and 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 indicators such as Sales, Operating income and ROA etc., to the individual performance evaluation 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 purposes other than pure investment

(i) Policy on holding equity securities for purposes other than pure investment

The Company can hold shares of relevant partners only when it is considered 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 the 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 the Non-consolidated Statement of Financial Position

Number of stock names: 59 stock names

Total amount recorded in the Non-consolidated Statement of Financial Position: ¥13,260 million

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

(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

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

(Fiscal year ended March 31, 2017)

Specified investment securities

Stock Name	Number of Shares (Shares)	Non-consolidated Statement of Financial Position Amount as of March 31, 2017 (Millions of Yen)	Purpose of Holding
SAN-AI OIL CO.,LTD	3,362,820	3,171	Maintaining comfortable relationships over the long term
OMRON Corporation	363,565	1,776	Maintaining comfortable relationships over the long term
Sindoh Co., Ltd	313,748	1,596	Maintaining comfortable relationships over the long term
OTSUKA CORPORATION.	195,000	1,177	Maintaining comfortable relationships over the long term
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	751	Maintaining comfortable relationships over the long term
MAX Co., Ltd.	500,000	740	Maintaining comfortable relationships over the long term
Central Japan Railway Company	40,000	725	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	704	Maintaining comfortable relationships over the long term
NIDEC CORPORATION.	60,988	646	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	112,409	433	Maintaining comfortable relationships over the long term
Daiwa Securities Group Inc.	304,924	206	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	202	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	162	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	52,800	105	Maintaining comfortable relationships over the long term
Japan Pulp & Paper Co., Ltd.	171,852	63	Maintaining comfortable relationships over the long term

Sompo Holdings, Inc.	12,403	50	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	165,562	50	Maintaining comfortable relationships over the long term
SMK Corporation.	124,091	49	Maintaining comfortable relationships over the long term
STANLEY ELECTRIC CO., LTD.	5,813	18	Maintaining comfortable relationships over the long term
KYOCERA Corporation	1,800	11	Maintaining comfortable relationships over the long term
Katakura Industries Co., Ltd.	5,000	6	Maintaining comfortable relationships over the long term
TDK Corporation	930	6	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, 2017 (Millions of Yen)	Purpose of Holding
SAN-AI OIL CO.,LTD	5,800,000	5,523	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	5,510	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	4,147	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	1,983	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	1,128	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement

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

2. Equity securities held for pure investment

None.

(2) Audit Fees

1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	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	-	217	-
Consolidated subsidiaries	126	-	138	-
Total	333	-	355	-

2) Other fees

(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.

(Fiscal year ended March 31, 2017)

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 ¥1,222 million and ¥247 million respectively.

3) Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2016)

Not applicable.

(Fiscal year ended March 31, 2017)

Not applicable.

4) Policy on determination of audit fees

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

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2017
With Independent Auditor's Report

Index to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

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

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents (Note 6)	167,547	126,429
Time deposits (Note 6)	973	8,662
Trade and other receivables (Note 7)	564,204	566,315
Other financial assets (Note 12 and 13)	272,347	276,575
Inventories (Note 8)	207,092	202,551
Other current assets	61,032	58,682
Total current assets	1,273,195	1,239,214
Non-current assets:		
Property, plant and equipment (Note 9 and 11)	276,551	271,257
Goodwill and intangible assets (Note 10 and 11)	413,836	388,177
Other financial assets (Note 12 and 13)	620,171	655,600
Investments accounted for using the equity method	935	563
Other investments (Note 14)	67,084	81,579
Other non-current assets	38,905	39,210
Deferred tax assets (Note 20)	85,784	83,687
Total non-current assets	1,503,266	1,520,073
Total assets (Note 5)	2,776,461	2,759,287

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 16)	260,755	229,944
Trade and other payables (Note 15)	286,123	295,788
Other financial liabilities (Note 18)	1,820	2,227
Income tax payables	15,220	15,149
Provisions (Note 17)	6,629	9,127
Other current liabilities (Note 19)	236,321	254,689
Total current liabilities	806,868	806,924
Non-current liabilities:		
Bonds and borrowings (Note 16)	592,045	629,799
Other financial liabilities (Note 18)	3,745	2,178
Accrued pension and retirement benefits (Note 21)	139,049	120,725
Provisions (Note 17)	9,502	10,969
Other non-current liabilities (Note 19)	72,890	61,701
Deferred tax liabilities (Note 20)	4,598	10,114
Total non-current liabilities	821,829	835,486
Total liabilities	1,628,697	1,642,410
Equity:		
Common stock (Note 22)	135,364	135,364
Additional paid-in capital (Note 22)	186,423	186,423
Treasury stock (Note 22)	(37,312)	(37,318)
Other components of equity	114,914	100,194
Retained earnings (Note 22)	678,424	657,443
Total equity attributable to owners of the parent	1,077,813	1,042,106
Non-controlling interests (Note 33)	69,951	74,771
Total equity	1,147,764	1,116,877
Total liabilities and equity	2,776,461	2,759,287

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, 2016	For the year ended March 31, 2017
Sales (Note 5) :		
Products	1,018,979	928,088
Post sales and rentals	1,092,245	1,001,317
Other revenue	97,804	99,494
Total sales	2,209,028	2,028,899
Cost of sales:		
Products	(768,209)	(709,815)
Post sales and rentals	(504,375)	(475,752)
Other revenue	(54,480)	(54,704)
Total cost of sales	(1,327,064)	(1,240,271)
Gross profit	881,964	788,628
Selling, general and administrative expenses (Note 26 and 27)	(799,406)	(755,393)
Other income (Note 24)	19,737	4,590
Other expense (Note 25)	-	(3,945)
Operating profit	102,295	33,880
Finance income (Note 28)	5,091	4,600
Finance costs (Note 28)	(11,757)	(8,556)
Share of profit (loss) of investments accounted for using the equity method	55	31
Profit before income tax expenses	95,684	29,955
Income tax expenses (Note 20)	(28,378)	(20,518)
Profit	67,306	9,437
Profit attributable to:		
Owners of the parent	62,975	3,489
Non-controlling interests	4,331	5,948

	Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Earnings per share (attributable to owners of the parent) (Note 30) :		
Basic	86.87	4.81
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”.

* Impairment of goodwill is included in “other expense”.

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit	67,306	9,437
Other comprehensive income (loss) (Note 29) :		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	(6,039)	4,555
Total components that will not be reclassified subsequently to profit or loss	(6,039)	4,555
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) on fair value of available-for-sale financial assets	6,457	10,746
Net gain (loss) on fair value of cash flow hedges	(1,916)	222
Exchange differences on translation of foreign operations	(44,180)	(25,974)
Total components that will be reclassified subsequently to profit or loss	(39,639)	(15,006)
Total other comprehensive income (loss)	(45,678)	(10,451)
Comprehensive income (loss)	21,628	(1,014)
Comprehensive income (loss) attributable to:		
Owners of the parent	18,332	(6,705)
Non-controlling interests	3,296	5,691

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

Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen					
				Other components of equity		
	Common stock	Additional paid-in capital	Treasury stock	Remeasure-ments of defined benefit plans	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, 2015	135,364	186,083	(37,295)	-	17,082	803
Profit						
Other comprehensive income (loss) (Note 29)				(6,010)	6,535	(1,070)
Comprehensive income	-	-	-	(6,010)	6,535	(1,070)
Net change in treasury stock			(17)			
Dividends to owners declared and approved						
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)
Profit						
Other comprehensive income (loss) (Note 29)				4,526	10,713	340
Comprehensive income	-	-	-	4,526	10,713	340
Net change in treasury stock			(6)			
Dividends to owners declared and approved						
Transfer from other components of equity to retained earnings				(4,526)		
Acquisition of non-controlling interests						
Total transactions with owners	-	-	(6)	(4,526)	-	-
Balance as of March 31, 2017	135,364	186,423	(37,318)	-	34,330	73

	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, 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 29)	(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 to owners declared and approved (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
Profit			3,489	3,489	5,948	9,437
Other comprehensive income (loss) (Note 29)	(25,773)	(10,194)		(10,194)	(257)	(10,451)
Comprehensive income	(25,773)	(10,194)	3,489	(6,705)	5,691	(1,014)
Net change in treasury stock				(6)		(6)
Dividends to owners declared and approved (Note 22)			(28,996)	(28,996)	(871)	(29,867)
Transfer from other components of equity to retained earnings		(4,526)	4,526	-		-
Acquisition of non-controlling interests				-		-
Total transactions with owners	-	(4,526)	(24,470)	(29,002)	(871)	(29,873)
Balance as of March 31, 2017	65,791	100,194	657,443	1,042,106	74,771	1,116,877

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, 2016	For the year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	67,306	9,437
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization (Note 5)	107,366	106,890
Impairment losses of property, plant and equipment and intangible assets (Note 11)	-	5,552
Impairment of goodwill (Note 11)	-	3,945
Other income (Note 24)	(19,737)	(4,590)
Share of loss (profit) of investments accounted for using the equity method	(55)	(31)
Finance income and costs	6,666	3,956
Income tax expenses	28,378	20,518
Increase in trade and other receivables	(23,376)	(12,763)
Decrease in inventories	9,595	1,176
Increase in lease receivables	(35,683)	(37,741)
Increase in trade and other payables	11,992	11,992
Decrease in accrued pension and retirement benefits	(9,107)	(9,094)
Other, net	(14,323)	21,099
Interest and dividends received	2,350	2,947
Interest paid	(6,916)	(8,406)
Income taxes paid	(24,598)	(26,588)
Net cash provided by operating activities	99,858	88,299
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	20,997	14,893
Expenditures for property, plant and equipment	(83,778)	(75,447)
Expenditures for intangible assets	(28,968)	(26,793)
Payments for purchases of available-for-sale securities	(799)	(464)
Proceeds from sales of available-for-sale securities	3,244	824
Increase in time deposits	(163)	(7,519)
Purchases of business, net of cash acquired	(5,687)	(1,429)
Other, net	(8,984)	(10,780)
Net cash used in investing activities	(104,138)	(106,715)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayments of short-term debt	(3,620)	(35,246)
Proceeds from long-term debt	198,895	303,100
Repayments of long-term debt	(84,432)	(289,452)
Proceeds from issuance of bonds	20,000	51,567
Repayments of bonds	(60,000)	(20,000)
Dividends paid (Note 22)	(25,009)	(28,996)
Payments for purchases of treasury stock	(16)	(7)
Other, net	(3,149)	(887)
Net cash provided by financing activities	42,669	(19,921)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(8,564)	(2,781)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,825	(41,118)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	137,722	167,547
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	167,547	126,429

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, 2017 comprise the Company and its subsidiaries ("Ricoh" as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of Imaging & Solutions, including MFPs and copiers, related parts and supplies, communications and information systems and services and 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 "Regulations 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.

(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 any significant accounting policies from the previous fiscal year.

However Ricoh has adopted served new IFRSs which have had no material impact on Ricoh's consolidated financial statements. These IFRSs are summarized in the table below.

IFRSs	Title	Summaries of new IFRSs/amendments
IFRS 7	Financial Instruments Disclosures	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
IAS 1	Presentation of Financial Statements	Clarifying disclosure requirements regarding materiality considerations
IAS 19	Employee Benefits	Clarifying the method to determine the discount rate for post-employment benefit obligations
IAS 34	Interim Financial Reporting	Clarifying disclosure requirements for information “elsewhere in the interim financial report”
IAS 16 IAS 38	Property, Plant and Equipment Intangible Assets	Clarifying that a revenue based method is not considered to be an acceptable method of depreciation and amortization in principle

(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 17 - Provisions

• 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)

(7) Change of indication method

“Provisions” included in “Other current liabilities” and “Other non-current liabilities” in the Consolidated Statement of Financial Position for the previous fiscal year has been separately presented for the current fiscal year, due to an increase in quantitative and qualitative significance.

To reflect this change in presentation, ¥6,629 million presented under “Other current liabilities” and ¥9,502 million presented under “Other non-current liabilities” in the prior year Consolidated Statement of Financial Position have been reclassified as “Provisions” respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combinations

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 identifiable assets acquired and liabilities assumed over the aggregate of consideration transferred, the amount of any non-controlling interests and, in case of business combinations achieved in stages, the acquisition date fair value of the previously held equity interest. If the consideration of the 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. The acquisition related costs incurred are recognized as expenses.

Business combinations 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. When necessary, the accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by Ricoh. All intercompany 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 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 associates accounted for using the equity method and changes in Ricoh's share in such 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 associates accounted for using the equity method 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 rate of exchange prevailing at the date of transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the exchange rate 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 operations is reclassified to profit or loss at the time of such disposal.

(3) Cash and cash equivalents

Cash and cash equivalents comprise 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 mainly by 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 loss. 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 by the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 2 to 60 years for buildings and structures, 1 to 20 years for machinery and vehicles and 1 to 20 years for tools, equipment and fixtures. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset if there is no reasonable certainty that Ricoh will obtain ownership by the end of the lease term. The depreciation method, useful life and residual value 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, generally measured at fair value at the acquisition date. It is not amortized and is measured by deducting impairment loss from cost.

(b) Intangible Assets

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

(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 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; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of such an 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 its estimated useful life, generally ranging from 2 to 9 years, that is the period over which it is expected to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(iii) Other intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are 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 life and a determination is made as to whether there exists any indication of impairment. Intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight-line basis over 1 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 the asset's life is 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 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 the original effective interest rate of the financial asset. The carrying amount of the asset is reduced either directly or through the 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

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 components 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 is not larger than the operating segment before aggregation. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to dispose of 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 CGU may no longer exist or may have decreased. If any such indication exists in an asset or CGU, the recoverable amount of the asset or CGU is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed. The carrying amount after the reversal of the 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. 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 the 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 components 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, the 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 assets and any other expenditures arising from a contractual obligation are recognized as provisions for asset retirement obligation, which is 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.

The provision for warranties is recognized based on the estimated service costs during the warranty period to account for the expenditures on after service of goods. 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 to the grants. With regard to government grants for the purchase of assets, the amount of the grant 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 benefits 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 defined benefit plans 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 reliably estimated.

(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 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 Ricoh 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, available-for-sale financial assets 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 for an available-for-sale financial asset, the impairment loss is recognized in profit or loss. Dividends from available-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 the issuance of the 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 issuance of equity instruments are deducted from equity.

(ii) Treasury shares

If the Company purchases its 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 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 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 entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets 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 objectives 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 hedges

Derivative instruments designated as fair value hedges are measured at fair value. Changes in the 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 hedges

The effective portion of the 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 the 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. Transactions in which Ricoh acted as an agent are shown in a net basis.

(a) Product 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 the customer accepted it.

(b) Revenue from 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 use.

(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

A 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 circumstances in which the lessor is a manufacturer or dealer, the profit or loss from a finance lease is recognized in accordance with the same revenue recognition policy as that for products sales. Finance income is recognized over the term of the lease using the effective interest method. In circumstances in which the lessor is neither a 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 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 interest costs, impairment loss 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 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 payable or receivable on 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 by 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 be reversed in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates accounted for by the equity method 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 be reversed 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 are expected to be reversed 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 tax 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 potentially dilutive 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, and for which 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, 2017, and which Ricoh has not yet adopted for the preparation of consolidated financial statements are set forth in the table below. Ricoh is currently evaluating the effect of IFRS 9, IFRS 15 and IFRS 16. As for the other new standards and interpretations, Ricoh estimates that there would be no material impact 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 9	Financial Instruments	January 1, 2018	Period ending March 2019	Changes in qualifying criteria for hedge accounting
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Period ending March 2019	Providing clear principles for revenue recognition in a robust framework
IFRS 16	Leases	January 1, 2019	Period ending March 2020	Changes in accounting for lease
IAS 7	Statement of Cash Flow	January 1, 2017	Period ending March 2018	Requirement for disclosure of changes in liabilities arising from financing activities

5. OPERATING SEGMENTS

Ricoh's operating segments consists of Imaging & Solutions, including MFPs and copiers, related parts and supplies, communications and information systems and services and 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, 2016 and 2017. 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, 2016 and 2017.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Segment sales:		
Imaging & Solutions	1,974,510	1,792,064
Industrial Products	138,026	136,278
Other	109,053	111,949
Intersegment sales	(12,561)	(11,392)
Total segment sales	2,209,028	2,028,899
Segment profit (loss):		
Imaging & Solutions	147,728	82,793
Industrial Products	11,017	9,847
Other	1,411	(6,069)
Total segment profit	160,156	86,571
Reconciling items:		
Corporate expenses and elimination	(57,861)	(52,691)
Finance income	5,091	4,600
Finance costs	(11,757)	(8,556)
Share of profit (loss) of investments accounted for using equity method	55	31
Profit before income tax expenses	95,684	29,955

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

The following table represents significant restructuring activities for the years ended March 31, 2016 and 2017.

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Imaging & Solutions	2,942	8,072
Corporate	-	300
Total	2,942	8,372

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Total assets:		
Imaging & Solutions	2,228,957	2,224,561
Industrial Products	73,506	79,303
Other	139,081	141,895
Elimination	(1,577)	(1,194)
Corporate	336,494	314,722
Consolidated	2,776,461	2,759,287

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Capital expenditures:		
Imaging & Solutions	94,738	86,559
Industrial Products	6,497	6,256
Other	7,534	3,988
Corporate	3,977	5,437
Consolidated	112,746	102,240
Depreciation and amortization:		
Imaging & Solutions	93,969	93,148
Industrial Products	4,578	4,348
Other	4,156	5,123
Corporate	4,663	4,271
Consolidated	107,366	106,890

Assets are allocated to the operating segments which 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, 2016	For the year ended March 31, 2017
Imaging & Solutions:	1,974,510	1,792,064
Office Imaging	1,432,065	1,274,888
Production Printing	223,815	206,202
Network System Solutions	318,630	310,974
Industrial Products	125,465	124,886
Other	109,053	111,949
Total sales	2,209,028	2,028,899

Each category includes mainly the following product lines:

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

Production Printing: Cut sheet printers, continuous feed printers, related parts and 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 heads

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, 2016	For the year ended March 31, 2017
Sales:		
Japan	761,590	767,522
The Americas	693,786	609,098
Europe, Middle East and Africa	531,002	456,471
Other	222,650	195,808
Consolidated	2,209,028	2,028,899
The United States (included in The Americas)	587,872	513,547

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Non-current assets:		
Japan	295,610	280,722
The Americas	256,668	253,930
Europe, Middle East and Africa	101,185	89,603
Other	36,924	35,179
Consolidated	690,387	659,434
The United States (included in The Americas)	238,263	234,076

6. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Cash and cash equivalents		
Cash and deposit	168,520	135,091
Less time deposit over 3 months	(973)	(8,662)
Total cash and cash equivalents on consolidated statement of financial position	167,547	126,429

The balance of "cash and cash equivalents" in the consolidated statement of financial position as of March 31, 2016 and 2017 agree with 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, 2016	As of March 31, 2017
Notes receivables and electronically recorded monetary claims	47,507	49,688
Accounts receivables	428,194	424,824
Other receivables	101,799	103,330
Less allowance for doubtful receivables	(13,296)	(11,527)
Total	564,204	566,315

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Within 12 months	508,687	501,894
After 12 months	55,517	64,421
Total	564,204	566,315

8. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Goods and products	115,062	117,811
Work in progress and raw materials	92,030	84,740
Total	207,092	202,551

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Amount of write-down	5,184	4,554

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 loss, and the carrying amount of property, plant and equipment are as follows:

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 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)
Transfers 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
Additions	-	4,263	4,608	45,698	20,878	75,447
Acquisitions through business combinations	-	-	-	-	22	22
Disposals	(965)	(6,853)	(6,312)	(48,094)	(631)	(62,855)
Transfers from construction in progress	-	3,436	7,556	9,848	(20,840)	-
Exchange differences	(63)	(1,632)	(2,595)	3,538	(109)	(861)
Others	(154)	1,512	(4,583)	5,078	(498)	1,355
Balance as of March 31, 2017	35,183	284,353	264,462	466,368	10,939	1,061,305

Accumulated depreciation and impairment loss

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1, 2015	(1,608)	(195,305)	(218,462)	(357,026)	(772,401)
Depreciation expense	-	(8,795)	(14,922)	(45,023)	(68,740)
Disposals	-	6,408	9,035	44,914	60,357
Impairment loss	-	-	-	-	-
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)
Depreciation expense	-	(9,480)	(12,556)	(45,971)	(68,007)
Disposals	-	6,117	5,814	43,485	55,416
Impairment loss	-	(1,048)	(393)	(987)	(2,428)
Exchange differences	-	1,270	1,920	(4,796)	(1,606)
Others	-	(47)	2,656	(4,385)	(1,776)
Balance as of March 31, 2017	(1,608)	(198,005)	(222,165)	(368,270)	(790,048)

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, 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
Balance as of March 31, 2017	33,575	86,348	42,297	98,098	10,939	271,257

10. GOODWILL AND INTANGIBLE ASSETS

Cost, accumulated amortization and impairment loss, and the 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, 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
Additions	-	12,767	-	-	13	12,780
Acquisitions through business combinations	246	469	384	-	-	1,099
Increase through internal development activities	-	-	-	14,013	-	14,013
Disposals	-	(7,034)	(504)	(11,743)	(2,003)	(21,284)
Exchange differences	(5,348)	(2,855)	(1,680)	-	(85)	(9,968)
Others	-	(666)	751	(71)	(260)	(246)
Balance as of March 31, 2017	309,037	173,516	85,367	82,490	23,255	673,665

Accumulated amortization and impairment loss

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2015	(41,849)	(115,300)	(53,764)	(21,535)	(20,471)	(252,919)
Amortization expense	-	(12,690)	(9,105)	(15,744)	(1,087)	(38,626)
Disposals	-	5,013	3,340	9,913	1,320	19,586
Impairment loss	-	-	-	-	-	-
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)
Amortization expense	-	(11,446)	(7,933)	(18,673)	(831)	(38,883)
Disposals	-	6,560	504	11,743	2,000	20,807
Impairment loss	(3,945)	(386)	(1,515)	-	(1,223)	(7,069)
Exchange differences	161	1,627	923	-	56	2,767
Others	-	436	-	-	(111)	325
Balance as of March 31, 2017	(43,016)	(123,809)	(64,163)	(34,296)	(20,204)	(285,488)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 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
Balance as of March 31, 2017	266,021	49,707	21,204	48,194	3,051	388,177

Amortization expense 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.

Goodwill and trademarks and customer relationships are primarily attributable to the Imaging & Solutions segment. The carrying amounts of goodwill included in the Imaging & Solutions segment as of March 31, 2016 and 2017 were ¥270,581 million and ¥265,447 million, respectively. The carrying amounts of trademarks and customer relationships included in the Imaging & Solutions segment as of March 31, 2016 and 2017 were ¥28,618 million and ¥20,758 million, respectively. Goodwill and trademarks and customer relationships in the Imaging & Solutions segment are primarily generated from the acquisition of IKON Office Solutions, Inc. (now known as Ricoh USA, Inc.) in 2008.

11. IMPAIRMENT LOSS

(1) Property, plant and equipment and goodwill and intangible assets

Impairment loss on Property, plant and equipment and goodwill and intangible assets are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Buildings and structures	-	1,048
Machinery and vehicles	-	393
Tools, equipment and fixtures	-	987
Property, plant and equipment Total	-	2,428
Goodwill	-	3,945
Software	-	386
Trademarks and customer relationships	-	1,515
Others	-	1,223
Goodwill and intangible assets Total		7,069
Impairment loss Total	-	9,497

Impairment loss is included in “cost of sales” in the amount of ¥1,770 million, “selling, general and administrative expenses” in the amount of ¥3,782 million and “other expense” in the amount of ¥3,945 million.

Ricoh recognize the impairment loss of property, plant and equipment and goodwill and intangible assets of the camera business due to actual profit falling below assumed profit. Ricoh decreased the recoverable amount of these carrying amounts to zero.

The recoverable amount of the camera business is calculated by value in use.

Value in use is calculated by discounting 8.7% (the previous corresponding period was 10.7%) of the estimated cash flows based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate of long-term market expectation is not used.

All this impairment loss is added in the Other segment.

(2) Impairment test of goodwill

Ricoh reviews the recoverable amount of its goodwill for impairment annually and when a triggering event occurs between annual impairment tests. As a result of goodwill impairment tests for the year ended March 31, 2016 and 2017, there was no CGU for which goodwill was considered impaired except the camera CGU for the year ended March 31, 2017.

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 projections approved by 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 (1 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU (5 to 9%).

The result of estimations of the growth rate and the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the growth rate falls or the discount rate rise in each.

	Growth rate	Discount rate
Imaging & Solutions excluding Production Printing	-3.1%	1.8%
Imaging & Solutions (Production Printing)	-5.5%	2.5%

The carrying amount of Goodwill for each CGU is as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Imaging & Solutions excluding Production Printing	268,858	262,806
Imaging & Solutions (Production Printing)	1,723	2,641
Other CGU	4,326	574
Total	274,907	266,021

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 receivables under finance leases are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Gross investments in finance leases		
Due in 1 year or less	284,752	294,326
Due after 1 year through 5 years	531,296	546,246
Due after 5 years	29,734	34,512
Unguaranteed residual value	(7,308)	(7,054)
Future finance income	(58,887)	(56,650)
Present value of minimum lease payments receivable	779,587	811,380

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Due in 1 year or less	272,343	282,420
Due after 1 year through 5 years	481,459	498,452
Due after 5 years	25,785	30,508

(2) As Lessee

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Due in 1 year or less	20,985	23,797
Due after 1 year through 5 years	47,691	45,681
Due after 5 years	9,706	7,731

Ricoh made lease payments totaling ¥49,044 million and ¥44,800 million for the years ended March 31, 2016 and 2017, respectively, under cancelable and non-cancelable operating lease agreements for office space, warehouses and 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, 2016	As of March 31, 2017
Derivative assets	4,740	1,673
Lease receivables	786,895	818,434
Installment loans	110,590	121,659
Less allowance for doubtful receivables	(9,707)	(9,591)
Total	892,518	932,175
Current	272,347	276,575
Non-Current	620,171	655,600

14. OTHER INVESTMENTS

The components of other investments are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Securities	65,425	80,141
Bonds	1,659	1,438
Total	67,084	81,579

15. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Notes payables and electronically recorded obligations	21,555	22,082
Accounts payable	176,718	173,143
Other payables	87,850	100,563
Total	286,123	295,788

16. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Bonds:		
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
0.37% straight bonds, payable in yen, due July 2019, issued by the Company	-	11,979
0.07% straight bonds, payable in yen, due July 2016, issued by a consolidated subsidiary	10,000	-
0.10% straight bonds, payable in yen, due January 2017, issued by a consolidated subsidiary	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
0.001% straight bonds, payable in yen, due September 2019, issued by a consolidated subsidiary	-	10,000
0.001% straight bonds, payable in yen, due February 2020, issued by a consolidated subsidiary	-	10,000
0.27% straight bonds, payable in yen, due August 2020, issued by a consolidated subsidiary	20,000	20,000
0.05% straight bonds, payable in yen, due September 2021, issued by a consolidated subsidiary	-	10,000
0.13% straight bonds, payable in yen, due February 2022, issued by a consolidated subsidiary	-	10,000
6.75% straight bonds, payable in yen, due December 2025, issued by a consolidated subsidiary	1,575	1,571
7.30% straight bonds, payable in yen, due November 2027, issued by a consolidated subsidiary	2,319	2,313
Total bonds	138,894	170,863

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Unsecured loans		
From banks and insurance companies		
weighted average interest rate	0.28%	0.24%
due 2027	577,810	605,076
Secured loans		
From banks, insurance companies and other financial institutions		
weighted average interest rate	0.00%	-
due 2016	6	-
Long-term borrowings arising from securitization of lease receivables (see Note 23)	22,113	21,505
Subtotal	738,823	797,444
Less current maturities included in “current liabilities”	(146,778)	(167,645)
Total	592,045	629,799

Lease receivables as collateral for secured loans are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Lease receivables	6	-
Total	6	-

All bonds outstanding as of March 31, 2017 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 all such covenants as of March 31, 2017.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with respective banks. Banks may request additional security for these loans if there is reasonable and probable cause and may treat the additional security, as well as the 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 following:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Borrowings, principally from banks	96,653	51,080
Commercial paper	17,324	11,219
Total	113,977	62,299

	Weighted average interest rate	
	As of March 31, 2016	As of March 31, 2017
Borrowings, principally from banks	2.7%	5.9%
Commercial paper	0.3	1.3

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, 2016	6,908	2,092	1,566	5,565	16,131
Increase for the year	1,637	1,388	5,696	1,719	10,440
Decrease for the year (applied against provisions)	(52)	(1,425)	(2,372)	(1,356)	(5,205)
Decrease for the year (unused amounts reversed)	-	(10)	(443)	(880)	(1,333)
Interest expense for discounting	62	-	-	-	62
Others	(3)	53	(69)	20	1
Balance as of March 31, 2017	8,552	2,098	4,378	5,068	20,096
Current liabilities	-	2,098	4,378	2,651	9,127
Non-current liabilities	8,552	-	-	2,417	10,969

Ricoh recognizes provisions for asset retirement obligation when there is a contractual obligation to dismantle, remove or restore assets at the end of lease contract 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 corresponds 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, they may be affected by future business plans.

Other provisions mainly consist of litigation provisions.

18. OTHER FINANCIAL LIABILITIES

The components of other financial liabilities are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Derivative liabilities	3,697	2,444
Lease liabilities	1,868	1,961
Total	5,565	4,405
Current	1,820	2,227
Non-Current	3,745	2,178

19. GOVERNMENT GRANTS

Government grants, principally arising in the Imaging & Solution segment, relate to capital expenditures on R&D 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, 2016 and 2017 was ¥6,027 million and ¥5,589 million, respectively.

There are no unfulfilled conditions or contingencies related 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, 2015	Recognized in profit or loss	Recognized in other comprehen-sive income	Acquisitions of subsidiaries	Other (foreign exchange fluctuations)	As of March 31, 2016
Deferred tax assets:						
Accrued expenses	21,196	114	-	-	(130)	21,180
Unrealized profit on inventories	18,290	(3,133)	-	-	(895)	14,262
Depreciation and amortization	13,301	(3,987)	-	-	303	9,617
Accrued pension and retirement benefits	53,227	(8,481)	2,303	-	333	47,382
Net operating loss carryforwards	7,365	11,158	-	-	(1,421)	17,102
Other	33,118	(6,335)	-	-	(1,799)	24,984
Total deferred tax assets	146,497	(10,664)	2,303	-	(3,609)	134,527
Deferred tax liabilities:						
Finance leases	(962)	467	-	-	62	(433)
Undistributed earnings of foreign subsidiaries and affiliates	(8,436)	336	322	-	1	(7,777)
Net gain on fair value of available-for-sale financial assets	(8,069)	-	(2,950)	-	(1,000)	(12,019)
Goodwill and intangible assets	(34,740)	3,476	-	(13)	4	(31,273)
Other	(2,267)	(1,356)	936	-	848	(1,839)
Total deferred tax liabilities	(54,474)	2,923	(1,692)	(13)	(85)	(53,341)

Note:
"Recognized in profit or loss" and "Other (foreign exchange fluctuations)" have been separated from this fiscal year. Prior year figures have also been adjusted to conform to the current year presentation

	Millions of Yen					
	As of April 1, 2016	Recognized in profit or loss	Recognized in other comprehen-sive income	Acquisitions of subsidiaries	Other (foreign exchange fluctuations)	As of March 31, 2017
Deferred tax assets:						
Accrued expenses	21,180	524	-	-	(91)	21,613
Unrealized profit on inventories	14,262	1,643	-	-	(395)	15,510
Depreciation and amortization	9,617	3,508	-	-	(1,463)	11,662
Accrued pension and retirement benefits	47,382	(2,184)	(4,826)	-	343	40,715
Net operating loss carryforwards	17,102	10,564	-	-	1,415	29,081
Other	24,984	(16,110)	-	-	(1,759)	7,115
Total deferred tax assets	134,527	(2,055)	(4,826)	-	(1,950)	125,696
Deferred tax liabilities:						
Finance leases	(433)	(61)	-	-	-	(494)
Undistributed earnings of foreign subsidiaries and affiliates	(7,777)	455	-	-	(55)	(7,377)
Net gain on fair value of available-for-sale financial assets	(12,019)	-	(4,910)	-	1,467	(15,462)
Goodwill and intangible assets	(31,273)	4,248	-	-	-	(27,025)
Other	(1,839)	509	(94)	-	(341)	(1,765)
Total deferred tax liabilities	(53,341)	5,151	(5,004)	-	1,071	(52,123)

Note:
“Recognized in profit or loss” and “Other (foreign exchange fluctuations)” have been separated from this fiscal year. Prior year figures have also been adjusted to conform to the current year presentation

Ricoh assesses the probability that a portion 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, 2016	As of March 31, 2017
Net operating loss carryforwards	109,723	106,629
Deductible temporary differences	9,167	7,179
Foreign tax credit carryforwards	-	4,784
Total	118,890	118,592

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, 2016	As of March 31, 2017
Within 4 years	8,176	11,803
After 5 years and thereafter	101,547	94,826
Total	109,723	106,629

The expiration date of foreign tax credit carryforwards is within 4 years.

Ricoh applies the consolidated taxation system in Japan. The above amounts do not include net operating loss carryforwards where deferred tax assets related to local tax (residence tax and enterprise tax) are not recognized, as it is not covered by consolidated taxation system. The amounts of net operating loss carryforwards related to residence tax and enterprise tax as of March 31, 2017 was ¥47,856 million and ¥82,415 million, respectively.

The amounts of recognized deferred tax assets over than the amounts of deferred tax liabilities as of March 31 2017 were ¥36,643 million. These deferred tax assets were recognized in the domestic consolidated taxation group which recognized tax loss, and the recoverability of deferred tax assets is dependent on future taxable profits. Ricoh assess the probability that the domestic consolidated taxation group can utilize deductible temporary differences, net operating loss carryforwards and foreign tax credit carryforwards against future taxable profits.

Details of current and deferred tax expense are as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Current tax expense:		
Current year	20,637	24,639
Previous year	-	(1,025)
Total current tax expense	20,637	23,614
Deferred tax expense:		
Origination and reversal of temporary differences	9,494	(23,031)
Changes in tax rates	1,893	132
Changes of unrecognized deferred tax assets in previous years	(3,646)	19,803
Total deferred tax expense	7,741	(3,096)
Total provision for income taxes	28,378	20,518

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 33% for the year ended March 31, 2016 and approximately 32% for the year ended March 31, 2017.

The corporate tax rate for calculating deferred tax assets and liabilities has not been changed due the new laws enacted by the Japanese government in March 2017. However there has been reclassification between national tax rate and local tax rate.

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, 2016	For the year ended March 31, 2017
Statutory income tax rate	33%	32%
Nondeductible expenses	0	1
Nontaxable income	0	(1)
Changes in unrecognized deferred tax assets in previous years	(4)	66
Tax credits for research and development and other	(1)	(1)
Income tax exposures	1	(27)
Taxes on undistributed earnings of foreign subsidiaries	1	7
Difference in statutory tax rates of foreign subsidiaries	(3)	(9)
Changes in tax rate	2	0
Other, net	1	0
Effective income tax rate	30	68

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, 2016 and 2017 was ¥361,098 million and ¥392,735 million, respectively.

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 actuarial calculations determined by the current basic rate of salary.

The Company and some of its subsidiaries have contract-type corporate pension plans based on pension provision. The Company and some of its subsidiaries have established Ricoh group corporate pension provisions stipulating the contents of the pension plan such as eligibility requirements, contents and method for determining benefit payments and burden of contributions by agreement with their employees and have, had these plans approved by the Minister of Health, Labour and Welfare. The Company and some of its subsidiaries maintain plans by exchanging contracts with trust banks and insurance companies for the payment of contributions and the 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 benefits.

The Company and some of its subsidiaries are responsible for operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations and 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.

In December 2015 and in February 2017, certain overseas subsidiaries 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, 2016 and 2017.

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, 2016	 For the year ended March 31, 2017
Net defined benefit obligations at beginning of year:	66,220	73,266
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	252,826	259,881
Current service cost	8,796	9,157
Interest cost	1,747	773
Actuarial loss (i)	9,787	(5,742)
Settlements	-	-
Benefits paid	(13,275)	(11,774)
Defined benefit obligations at end of year	259,881	252,295
Changes in plan assets:		
Fair value of plan assets at beginning of year	186,606	186,615
Interest income	1,180	776
Income related to plan assets (ii)	1,096	6,890
Employer contributions	10,363	9,683
Partial withdrawal of plan assets	(310)	(310)
Benefits paid	(12,320)	(11,717)
Fair value of plan assets at end of year	186,615	191,937
Net defined benefit obligations at end of year	73,266	60,358

Foreign plans	Millions of Yen For the year ended March 31, 2016	 For the year ended March 31, 2017
Net defined benefit obligations at beginning of year:	78,606	65,475
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	301,099	254,082
Current service cost	1,017	855
Past service cost	(452)	-
Interest cost	9,992	8,221
Plan participants' contributions	3	3
Actuarial gain and loss (i)	(11,681)	10,263
Settlements	(15,969)	(4,732)
Benefits paid	(11,388)	(9,236)
Foreign exchange impact and other	(18,539)	(11,845)
Defined benefit obligations at end of year	254,082	247,611
Changes in plan assets:		
Fair value of plan assets at beginning of year	222,493	188,607
Interest income	8,088	5,900
Income related to plan assets (ii)	(11,332)	7,012
Employer contributions	10,853	9,801
Plan participants' contributions	3	3
Partial withdrawal of plan assets	(1,024)	(937)
Settlements	(14,441)	(4,047)
Benefits paid	(11,388)	(9,243)
Foreign exchange impact and other	(14,645)	(9,522)
Fair value of plan assets at end of year	188,607	187,574
Net defined benefit obligations at end of year	65,475	60,037

(i) Actuarial gain arose mainly from changes in financial assumptions.

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

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

	Domestic plans		Foreign plans	
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2016	As of March 31, 2017
Discount rate	0.3%	0.5%	3.6%	3.4%
Rate of compensation increase	2.4%	2.4%	2.2%	2.2%

In situations in which the discount rate changes, the effects on the defined benefit obligation as of March 31, 2016 and 2017 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, 2016	 For the year ended March 31, 2017
Increase of 0.5 of a percentage point	(32,655)	(32,602)
Decrease of 0.5 of a percentage point	35,667	35,698

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

The fair value of plan assets as of March 31, 2017 by asset class is as follows:

Domestic plans	Millions of Yen		
	As of March 31, 2017		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	22,486	-	22,486
Pooled funds	-	43,268	43,268
Debt securities:			
Domestic bonds	6,965	-	6,965
Pooled funds	-	68,870	68,870
Life insurance company general accounts	-	27,196	27,196
Other assets	10	23,142	23,152
Total assets	29,461	162,476	191,937

Foreign plans	Millions of Yen		
	As of March 31, 2017		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	7,373	-	7,373
Pooled funds	-	44,514	44,514
Debt securities:			
Foreign bonds	42,223	-	42,223
Pooled funds	-	67,577	67,577
Life insurance company general accounts	-	22,440	22,440
Other assets	231	3,216	3,447
Total assets	49,827	137,747	187,574

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 35% is invested in equity securities, approximately 40% is invested in debt securities and approximately 25% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

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

Ricoh expects to contribute ¥17,450 million to its pension plans for the year ending March 31, 2018.

The weighted average duration of defined benefit obligations was mainly 13 years as of March 31, 2017.

(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, 2016 and 2017 were ¥14,671 million and ¥13,860 million, respectively.

(3) Employee benefit expense

The employee benefit expense included in "cost of sales" and "selling, general and administrative expenses" on consolidated statement of profit or loss for the years ended March 31, 2016 and 2017 was ¥741,278 million and ¥693,101 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, 2016	For the year ended March 31, 2017
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, 2016 and 2017 included in the number of shares issued shown above were 20,023,429 shares and 20,030,468 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 ¥273,289 million and ¥247,091 million as of March 31, 2016 and 2017, respectively, were not restricted by the limitations under the Company Law.

(3) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 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
Ordinary general meeting of shareholders held on June 17, 2016	Ordinary shares	12,686	17.5	March 31, 2016	June 20, 2016
Board of Directors' meeting held on October 27, 2016	Ordinary shares	16,309	22.5	September 30, 2016	December 1, 2016

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

Resolution	Class of shares	Amount of dividends (Millions of Yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 16, 2017	Ordinary shares	9,061	Retained earnings	12.5	March 31, 2017	June 19, 2017

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 an 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 set forth in the table below.

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Interest-bearing debt	852,800	859,743
Cash and deposit	(168,520)	(135,091)
Net interest-bearing debt	684,280	724,652
Capital (equity attributable to owners of the parent)	1,077,813	1,042,106
Debt Equity Ratio	0.63	0.70

(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 to hedge against the potentially adverse impact of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

(ii) Foreign currency contracts

Foreign currency contracts are as follows:

Foreign Currency Contracts

	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

	As of March 31, 2017		
	Average contractual rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	112.19	6,238	(42)
Euro/¥	119.79	79,548	(362)
Other currencies		122,794	(837)
Total		208,580	(1,241)

(iii) Sensitivity analysis for foreign currency risk

The following table represents Ricoh’s sensitivity analysis of financial instruments for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before income tax expenses in the consolidated statement of profit or loss that would have resulted from a 1 yen appreciation of the Japanese yen against the U.S. dollar and the euro at the end of the year. The analysis is based on the assumption that such balances and interest rates are constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
U.S. dollar	309	379
Euro	(117)	30

(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. Ricoh uses these financial instruments to reduce its risk in conformity with Ricoh policy.

(ii) Sensitivity analysis for interest rate

If the interest rate of financial instruments held by Ricoh as of March 31, 2016 and 2017 had increased by 1%, the impact on profit before income taxes in the consolidated statement of profit or loss would have been as set forth below.

The analysis assumes interest-bearing debt with floating rates affected by interest rate fluctuation and is based on the assumption that other factors, including the impact of foreign exchange fluctuation, are constant.

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit before income tax expense	(730)	(846)

(3) Credit risk management

Trade and other receivables are exposed to customer credit risk. Management responsible for trade receivables is focused on establishing appropriate credit limits, ongoing credit evaluation and account monitoring procedures. Ricoh adjusts credit limits based on the result of the monitoring procedures in order to minimize potential risks such as the concentration of credit risk and credit default. To reduce credit risk in derivative transactions, Ricoh uses only creditworthy financial institutions.

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 Ricoh considers uncollectible risk receivables. For trade and other receivables and finance receivables with specific customer collection issues, Ricoh individually evaluates the 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 evaluates the collectability by 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, 2015	19,133	10,166	29,299
Impairment loss	3,754	1,412	5,166
Charge-offs	(9,492)	(1,674)	(11,166)
Translation adjustments	(99)	(197)	(296)
As of March 31, 2016	13,296	9,707	23,003
Impairment loss	3,483	1,506	4,989
Charge-offs	(5,024)	(1,554)	(6,578)
Translation adjustments	(228)	(68)	(296)
As of March 31, 2017	11,527	9,591	21,118

As of March 31, 2016 and 2017, the total gross amount of trade and other receivables and finance receivables that were determined to be impaired and subject to write-off individually were ¥26,717 million and ¥18,237 million, respectively, and the allowance for doubtful receivables recognized as of March 31, 2016 and 2017 was ¥13,467 million and ¥9,427 million, respectively.

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Past due in 1 - 90 days	70,864	62,010
Past due 91 - 365 days	7,192	13,018
Past due 366 days or more	3,548	1,150
Total	81,604	76,178

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or the 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 certain subsidiaries have committed lines of credit and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented a 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, 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	-	-	-	-	-
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

	Millions of Yen							
	As of March 31, 2017							
	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	295,788	295,788	295,788	-	-	-	-	-
Short-term borrowings	62,299	62,323	62,323	-	-	-	-	-
long-term borrowings	626,581	630,098	118,756	144,851	155,643	88,609	57,227	65,012
Bonds	170,863	174,867	50,903	35,772	42,349	20,315	20,289	5,239
Subtotal	1,155,531	1,163,076	527,770	180,623	197,992	108,924	77,516	70,251
Derivative financial liabilities								
Interest rate swap agreements	798	798	104	137	148	275	96	38
Foreign currency contracts	1,646	1,646	1,630	-	16	-	-	-
Subtotal	2,444	2,444	1,734	137	164	275	96	38
Total	1,157,975	1,165,520	529,504	180,760	198,156	109,199	77,612	70,289

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

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Overdrafts		
Used	26,672	20,872
Unused	419,460	428,885
Total	446,132	449,757
Lines of credit		
Used	17,324	11,219
Unused	266,480	272,438
Total	283,804	283,657

(5) Fair value of financial instruments by type

Carrying amount and fair value of major financial instruments are as follows:

	Millions of Yen			
	As of March 31, 2016		As of March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:				
Trade receivables	82,703	85,827	94,964	99,231
Lease receivables	778,529	805,923	810,191	835,283
Installment loans	109,249	109,906	120,311	120,820
Derivative assets	4,740	4,740	1,673	1,673
Securities	65,425	65,425	80,141	80,141
Bonds	1,659	1,659	1,438	1,438
Total	1,042,305	1,073,480	1,108,718	1,138,586
Liabilities:				
Derivative liabilities	(3,697)	(3,697)	(2,444)	(2,444)
Loans and borrowings	(592,045)	(593,086)	(629,799)	(628,380)
Lease liabilities	(1,868)	(1,941)	(1,961)	(2,026)
Total	(597,610)	(598,724)	(634,204)	(632,850)

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 the fair values due to the relatively short-term nature.

(ii) Trade and other receivables

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

The fair value of the receivables expected not to be recovered or settled in a short period per each receivable classified per certain business type is calculated based on the 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 3 under the fair value measurement and disclosure framework.

(iii) Lease receivables and installment loans

The fair value of lease receivables and installment loans per each receivable classified per certain period is calculated based on the 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 3 under the fair value measurement and disclosure framework.

(iv) Derivatives

Derivative instruments consist of foreign currency contracts and interest rate swap agreements. The fair values of these instruments are measured mainly 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 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.

The fair value of loans, borrowings and lease liabilities are calculated from estimated present values using year-end borrowing rates derived from future cash flows on a per-loan basis as well as 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 framework.

(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 and 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 fair value in the consolidated statement of financial position.

	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

	Millions of Yen			
	As of March 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,673	-	1,673
Securities	76,943	-	3,198	80,141
Bonds	1,438	-	-	1,438
Total assets	78,381	1,673	3,198	83,252
Derivative liabilities	-	2,444	-	2,444
Total liabilities	-	2,444	-	2,444

Note:

(i) Derivative instruments consist of foreign currency contracts 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 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 comparable companies' share prices and unobservable inputs, therefore, unlisted securities are classified as Level 3.

A 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, 2016	For the year ended March 31, 2017
Beginning balance	2,484	3,056
Total gains and losses:	(8)	(100)
- in other comprehensive income (i)	(8)	(100)
Purchases	785	615
Sales	(71)	(149)
Others	(134)	(224)
Ending balance	3,056	3,198

Note:

Total gains and losses for the years ended March 31, 2016 and 2017 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 29, “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 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 entering 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 exposure to change in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or a hedge of the exposure to change in the 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 ¥1,179 million (gain) and ¥1,833 million (loss) for the years ended March 31, 2016 and 2017, 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 due mainly to the impact of foreign exchange fluctuation.

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

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Cash flow hedge	98	414
Fair value hedge	181	56
Total	279	470

(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 assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

The amount of recognized financial assets (gross) as of March 31, 2016 and 2017 was ¥74,818 million and ¥22,363 million, respectively, and the amount of recognized financial liabilities (gross) as of March 31, 2016 and 2017 was ¥111,423 million and ¥17,321 million, respectively. The amount of recognized financial liabilities (net) as of March 31, 2016 was ¥36,605 million and was recorded as "Bonds and borrowings" on the Consolidated Statement of Financial Position. The amount of recognized financial assets (net) as of March 31, 2017 was ¥5,042 million and was recorded as "Cash and cash equivalents" 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 and the obligation of the losses that would be potentially significant to the entities as well. Therefore, the entities are considered controlled by Ricoh Leasing Co., Ltd.

In accordance with the contractual arrangements with the structured entities, use of assets and the 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, 2016	As of March 31, 2017
Current maturities of finance lease receivables, net	9,328	9,548
Finance lease receivables, net	15,438	15,238
Current maturities of borrowings	7,640	7,810
Borrowings	12,644	12,464

Ricoh Leasing Co., Ltd. transfers a portion of its beneficial interests. Transfers of beneficial interests are recorded as financial transactions since Ricoh Leasing Co., Ltd. retains substantially all the risks and rewards of the 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 obligations of the structured entities' liabilities.

The senior beneficial interests for which the investors have recourse only in transferred asset and the associated liabilities are as follows:

	Millions of Yen			
	As of March 31, 2016		As of March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair Value
Finance lease receivables, net	20,284	21,072	20,274	20,950
Borrowings	20,284	20,384	20,274	20,360

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 were retained. These transactions did not meet the derecognition criteria for financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

	Millions of Yen	
	As of March 31, 2016	As of March 31, 2017
Trade receivables and other receivables	7,480	-
Current maturities of finance lease receivables, net	998	558
Finance lease receivables, net	831	673
Current maturities of borrowings	8,478	558
Borrowings	831	673

The senior beneficial interests for which the investors have recourse only in transferred asset and the associated liabilities are as follows:

	Millions of Yen			
	As of March 31, 2016		As of March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair Value
Trade receivables and other receivables	7,480	7,480	-	-
Finance lease receivables, net	1,829	1,913	1,231	1,303
Borrowings	9,309	9,309	1,231	1,231

24. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Gain on sale of property, plant and equipment	17,895	1,357
Others	1,842	3,233
Total	19,737	4,590

25. OTHER EXPENSE

The components of other expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Impairment loss on goodwill	-	3,945
Total	-	3,945

26. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Personnel expenses	512,427	473,021
Depreciation and amortization expense	37,138	40,287
Rental payments	37,916	33,960
Shipping and handling costs	28,717	26,977
Restructuring costs	2,942	8,372
Advertising costs	10,044	7,785
Others	170,222	164,991
Total	799,406	755,393

27. RESEARCH AND DEVELOPMENT

Research and development expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Research and development expenses	102,046	100,385

28. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Finance income		
Dividend income		
Available-for-sale financial assets	1,271	1,306
Interest income		
Loans and receivables	998	1,576
Available-for-sale financial assets	81	65
Gain on sales		
Available-for-sale financial assets	2,507	684
Foreign currency exchange gain, net	-	838
Other finance income	234	131
Total finance income	5,091	4,600
Finance costs		
Interest costs		
Interest-bearing debt	6,480	7,490
Provisions	62	62
Impairment loss		
Available-for-sale financial assets	5	2
Loss on sales		
Available-for-sale financial assets	-	7
Foreign currency exchange loss, net	5,025	-
Other finance costs	185	995
Total finance costs	11,757	8,556

29. OTHER COMPREHENSIVE INCOME

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

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Remeasurements of defined benefit plans		
Gains (losses) arising during the year	(6,039)	4,555
Reclassification adjustments to profit or loss for the year	-	-
Total	(6,039)	4,555
Net gain on fair value of available-for-sale financial assets		
Gains (losses) arising during the year	8,174	11,209
Reclassification adjustments to profit or loss for the year	(1,717)	(463)
Total	6,457	10,746
Net gain (losses) on fair value of cash flow hedges		
Gains (losses) arising during the year	(2,018)	194
Reclassification adjustments to profit or loss for the year	102	28
Total	(1,916)	222
Exchange differences on translation of foreign operations		
Gains (losses) arising during the year	(44,180)	(25,968)
Reclassification adjustments to profit or loss for the year	-	(6)
Total	(44,180)	(25,974)

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

	Millions of Yen					
	For the year ended March 31, 2016			For the year ended March 31, 2017		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurements of defined benefit plans	(8,342)	2,303	(6,039)	9,381	(4,826)	4,555
Net gain on fair value of available-for-sale financial assets	9,407	(2,950)	6,457	15,656	(4,910)	10,746
Net gain (loss) on fair value of cash flow hedges	(2,852)	936	(1,916)	316	(94)	222
Exchange differences on translation of foreign operations	(44,502)	322	(44,180)	(25,974)	-	(25,974)
Total other comprehensive income	(46,289)	611	(45,678)	(621)	(9,830)	(10,451)

30. EARNINGS PER SHARE

Earnings per share are as follows:

Diluted net income per share for the years ended March 31, 2016 and 2017 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the year.

	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit attributable to owners of the parent (millions of yen)	62,975	3,489
Weighted average number of issued and outstanding shares (thousands of shares)	724,894	724,885
Earnings per share (attributable to owners of the parent) (yen)	86.87	4.81

31. RELATED PARTIES

Ricoh does not have material transactions with any company which is wholly owned by a director of the Company.

Directors’ remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2016	For the year ended March 31, 2017
Remuneration, including bonuses	523	470

32. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2016 and 2017, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥22,968 million and ¥13,004 million, respectively.

As of March 31, 2016 and 2017, 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.

33. 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, 2016 and 2017 were ¥962,156 million and ¥1,008,717 million, respectively, and “total liabilities” were ¥817,644 million and ¥854,119 million, respectively. “Profit” for the years ended March 31, 2016 and 2017 was ¥9,944 million and ¥11,996 million, respectively, and “comprehensive income” was ¥7,917 million and ¥11,872 million, respectively.

34. SUBSEQUENT EVENTS

There were no material subsequent events.

35. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Akira Oyama, Director and Corporate Executive Vice President, on June 22, 2017.

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Ricoh Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position, 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, 2016 to March 31, 2017.

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, 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG AZSA LLC

June 22, 2017
Tokyo, Japan