

**Ricoh Company, Ltd.**

Condensed Consolidated Financial Statements  
for the Three Months Ended June 30, 2016

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the three months ended June 30, 2016 pursuant to the Japanese Financial Instrument and Exchange Law.

# Condensed Consolidated Statement of Financial Position

*Ricoh Company, Ltd. and Consolidated Subsidiaries*

<b>ASSETS</b>	Millions of Yen	
	As of March 31, 2016	As of June 30, 2016
Current assets:		
Cash and cash equivalents	167,547	186,957
Time deposits	973	4,448
Trade and other receivables	564,204	509,845
Other financial assets	272,347	269,737
Inventories	207,092	206,197
Other current assets	61,032	54,943
Total current assets	1,273,195	1,232,127
Non-current assets:		
Property, plant and equipment	276,551	265,117
Goodwill and intangible assets	413,836	380,787
Other financial assets	620,171	610,370
Investments accounted for using the equity method	935	850
Other investments	67,084	66,770
Other non-current assets	38,905	37,344
Deferred tax assets	85,784	88,794
Total non-current assets	1,503,266	1,450,032
Total assets	2,776,461	2,682,159

<b>LIABILITIES AND EQUITY</b>	Millions of Yen	
	As of March 31, 2016	As of June 30, 2016
Current liabilities:		
Bonds and borrowings (Note 5)	260,755	297,118
Trade and other payables	286,123	266,030
Other financial liabilities	1,820	1,106
Income tax payables	15,220	12,424
Other current liabilities	242,950	230,951
Total current liabilities	806,868	807,629
Non-current liabilities:		
Bonds and borrowings (Note 5)	592,045	584,341
Other financial liabilities	3,745	4,391
Accrued pension and retirement benefits	139,049	130,262
Other non-current liabilities	82,392	81,775
Deferred tax liabilities	4,598	3,972
Total non-current liabilities	821,829	804,741
Total liabilities	1,628,697	1,612,370
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,423	186,423
Treasury stock	(37,312)	(37,313)
Other components of equity	114,914	44,270
Retained earnings	678,424	670,509
Equity attributable to owners of the parent	1,077,813	999,253
Non-controlling interests	69,951	70,536
Total equity	1,147,764	1,069,789
Total liabilities and equity	2,776,461	2,682,159

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

# Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Sales: (Note 4)		
Products	244,248	215,828
Post sales and rentals	271,863	247,753
Other revenue	23,064	24,125
Total sales	539,175	487,706
Cost of sales:		
Products	(176,037)	(161,331)
Post sales and rentals	(125,428)	(114,000)
Other revenue	(12,872)	(13,537)
Total cost of sales	(314,337)	(288,868)
Gross profit	224,838	198,838
Selling, general and administrative expenses (Note 8)	(204,165)	(187,968)
Operating profit	20,673	10,870
Finance income	646	1,805
Finance costs	(1,879)	(2,281)
Share of profit (loss) of investments accounted for using the equity method	12	3
Profit before income tax expenses	19,452	10,397
Income tax expenses	(5,092)	(4,010)
Profit for the period	14,360	6,387
Profit attributable to:		
Owners of the parent	12,986	4,771
Non-controlling interests	1,374	1,616

	Yen	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Earnings per share attributable to owners of the parent: (Note 9)		
Basic	17.91	6.58
Diluted	-	-

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

# Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit for the period	14,360	6,387
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	-
Total components that will not be reclassified subsequently to profit or loss	-	-
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) on fair value of available-for-sale financial assets	2,985	4
Net gain (loss) on fair value of cash flow hedges	198	(1,123)
Exchange differences on translation of foreign operations	22,979	(70,153)
Total components that will be reclassified subsequently to profit or loss	26,162	(71,272)
Total other comprehensive income (loss)	26,162	(71,272)
Comprehensive income (loss)	40,522	(64,885)
Comprehensive income (loss) attributable to:		
Owners of the parent	39,185	(65,873)
Non-controlling interests	1,337	988

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# Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and Consolidated Subsidiaries

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net gain(loss) 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 for the period						
Other comprehensive income (loss)					3,032	113
Comprehensive income	-	-	-	-	3,032	113
Net change in treasury stock			(4)			
Dividends declared and approved to owners (Note 6)						
Transfer from other components of equity to retained earnings						
Total transactions with owners	-	-	(4)	-	-	-
Balance as of June 30, 2015	135,364	186,083	(37,299)	-	20,114	916

	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 for the period			12,986	12,986	1,374	14,360
Other comprehensive income (loss)	23,054	26,199		26,199	(37)	26,162
Comprehensive income	23,054	26,199	12,986	39,185	1,337	40,522
Net change in treasury stock				(4)		(4)
Dividends declared and approved to owners (Note 6)			(12,323)	(12,323)	(419)	(12,742)
Transfer from other components of equity to retained earnings				-		-
Total transactions with owners	-	-	(12,323)	(12,327)	(419)	(12,746)
Balance as of June 30, 2015	158,716	179,746	647,131	1,111,025	71,063	1,182,088

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net gain(loss) on fair value of available-for-sale financial assets	Net gain(loss) on fair value of cash flow hedges
Balance as of April 1, 2016	135,364	186,423	(37,312)	-	23,617	(267)
Profit for the period						
Other comprehensive income (loss)					42	(599)
Comprehensive income	-	-	-	-	42	(599)
Net change in treasury stock			(1)			
Dividends declared and approved to owners (Note 6)						
Transfer from other components of equity to retained earnings						
Total transactions with owners	-	-	(1)	-	-	-
Balance as of June 30, 2016	135,364	186,423	(37,313)	-	23,659	(866)

	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, 2016	91,564	114,914	678,424	1,077,813	69,951	1,147,764
Profit for the period			4,771	4,771	1,616	6,387
Other comprehensive income (loss)	(70,087)	(70,644)		(70,644)	(628)	(71,272)
Comprehensive income	(70,087)	(70,644)	4,771	(65,873)	988	(64,885)
Net change in treasury stock				(1)		(1)
Dividends declared and approved to owners (Note 6)			(12,686)	(12,686)	(403)	(13,089)
Transfer from other components of equity to retained earnings				-		-
Total transactions with owners	-	-	(12,686)	(12,687)	(403)	(13,090)
Balance as of June 30, 2016	21,477	44,270	670,509	999,253	70,536	1,069,789

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

# Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit for the period	14,360	6,387
Adjustments to reconcile profit for the period to net cash provided by operating activities -		
Depreciation and amortization	26,460	25,846
Share of profit (loss) of investments accounted for using the equity method	(12)	(3)
Finance income and costs	1,233	476
Income tax expenses	5,092	4,010
Decrease in trade and other receivables	2,238	26,628
Increase in inventories	(4,105)	(11,696)
Increase in lease receivables	(13,743)	(4,682)
Decrease in trade and other payables	(23,459)	(13,099)
Decrease in accrued pension and retirement benefits	(2,784)	(2,825)
Other, net	4,936	5,767
Interest and dividends received	601	1,032
Interest paid	(1,543)	(1,728)
Income taxes paid	(8,879)	(8,451)
Net cash provided by operating activities	395	27,662
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of property, plant and equipment	80	1,036
Expenditures for property, plant and equipment	(20,596)	(16,056)
Expenditures for intangible assets	(5,716)	(5,279)
Payments for purchases of available-for-sale securities	(95)	(100)
Proceeds from sales of available-for-sale securities	57	436
Decrease (increase) in time deposits	101	(3,588)
Purchase of business, net of cash acquired	(371)	(287)
Other, net	(4,025)	(2,108)
Net cash used in investing activities	(30,565)	(25,946)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds of short-term debt	41,339	19,819
Proceeds from long-term debt	87,105	48,707
Repayments of long-term debt	(16,592)	(26,600)
Repayments of bonds (Note 5)	(60,000)	-
Dividends paid (Note 6)	(12,323)	(12,686)
Payments for purchase of treasury stock	(4)	(1)
Other, net	(419)	(403)
Net cash provided by financing activities	39,106	28,836
<b>IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	3,069	(11,142)
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,005	19,410
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	137,722	167,547
<b>VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	149,727	186,957

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



# Notes to Condensed Consolidated Financial Statements

*Ricoh Company, Ltd. and Consolidated Subsidiaries*

## 1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended June 30, 2016 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of Imaging & Solutions, including MFPs & copiers, related parts & supplies, communications & information systems and services & solutions, Industrial Products, including thermal media and semiconductors, and Other, including digital cameras (see Note 4 “Operating Segment”).

## 2. BASIS OF PREPARATION

### (1) Statements of Compliance

The condensed consolidated financial statements meets the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the “Rules on Quarterly Consolidated Financial Statements”) under which the Company is qualified as a “specified company” and duly prepares such summary in accordance with IAS 34 “Interim Financial Reporting”, under the provisions of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As the condensed consolidated financial statements do not contain all the information required in annual consolidated financial statements, it should be read in combination with the consolidated financial statements for the fiscal year ended March 31, 2016, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The condensed 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.

### (2) Use of Estimates and Judgments

The preparation of condensed consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the three months ended June 30, 2016 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

The adoption of the following IFRSs has no material impact on Ricoh's condensed consolidated financial statements.

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 requirement 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 requirement 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

### 4. OPERATING SEGMENTS

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

Segment profit (loss) is based on operating profit, 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 three months ended June 30, 2015 and 2016. Intersegment sales are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the three months ended June 30, 2015 and 2016.

### (a) Operating Segment Information

	Millions of Yen	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Segment sales:		
Imaging & Solutions	481,473	430,469
Industrial Products	33,921	31,673
Other	26,613	28,406
Intersegment sales	(2,832)	(2,842)
Total segment sales	539,175	487,706
Segment profit:		
Imaging & Solutions	31,998	19,466
Industrial Products	2,927	2,574
Other	406	1,594
Total segment profit	35,331	23,634
Reconciling items:		
Corporate expenses and elimination	(14,658)	(12,764)
Finance income	646	1,805
Finance costs	(1,879)	(2,281)
Share of profit (loss) of investments accounted for using equity method	12	3
Profit before income tax expenses	19,452	10,397

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

### (b) Geographic Information

Sales based on the location of customers are as follows:

	Millions of Yen	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Sales:		
Japan	179,877	179,101
The Americas	174,239	145,609
Europe, Middle East and Africa	129,812	116,538
Other	55,247	46,458
Consolidated	539,175	487,706
The United States (included in The Americas)	147,561	122,257

## 5. BONDS

During the three months ended June 30, 2015, there were repayments of straight bonds of ¥20,000 million (0.61% per annum, due May 2015) and straight bonds of ¥40,000 million (0.57% per annum, due June 2015). No issuance of bonds was noted in the same period.

No issuance or repayment of bonds was noted for the first quarter ended June 30, 2016.

## 6. DIVIDENDS

(a) Dividends paid during the three months ended June 30, 2015 and 2016 are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Source of dividends
		(Millions of Yen)	(Yen)			
Ordinary general meeting of shareholders held on June 19, 2015	Ordinary shares	12,323	17.0	March 31, 2015	June 22, 2015	Retained earnings
Ordinary general meeting of shareholders held on June 17, 2016	Ordinary shares	12,686	17.5	March 31, 2016	June 20, 2016	Retained earnings

(b) Dividends whose record date is in the current quarter but whose effective date is in the following quarter

No such dividend was noted for the first quarter ended June 30, 2015 and 2016.

## 7. FINANCIAL INSTRUMENTS

### (1) Fair value of financial instruments by type

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

	Millions of Yen			
	As of March 31, 2016		As of June 30, 2016	
	Carrying amount	Fair value	Carrying amount	Fair Value
<b>Assets:</b>				
Trade receivables	82,703	85,827	85,546	88,777
Lease receivables	778,529	805,923	763,194	790,283
Installment loans	109,249	109,906	111,550	112,221
Derivative assets	4,740	4,740	5,363	5,363
Securities	65,425	65,425	65,279	65,279
Bonds	1,659	1,659	1,491	1,491
<b>Total</b>	<b>1,042,305</b>	<b>1,073,480</b>	<b>1,032,423</b>	<b>1,063,414</b>
<b>Liabilities:</b>				
Derivative liabilities	(3,697)	(3,697)	(3,541)	(3,541)
Loans and borrowings	(592,045)	(593,086)	(584,341)	(585,792)
Lease liabilities	(1,868)	(1,941)	(1,956)	(2,032)
<b>Total</b>	<b>(597,610)</b>	<b>(598,724)</b>	<b>(589,838)</b>	<b>(591,365)</b>

Note:

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

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

(ii) Trade and other receivables

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

Fair value of the receivables expected to be recovered or settled after more than 12 months, per each receivable classified per certain business types, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

Trade and other receivables using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(iii) Lease receivables and installment loans

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

(iv) Derivatives

Derivative instruments include interest rate swap agreements, foreign currency contracts and foreign currency options. Fair values of these instruments are mainly measured by obtaining quotes from brokers or proper valuation method based on available information.

(v) Securities and bonds

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

(vi) Loans, borrowings and lease liabilities

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

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

## **(2) Fair value hierarchy applied in condensed consolidated statement of financial position**

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

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

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

Level 3: Inputs not based on observable market data

The following tables present the fair value hierarchy of financial assets and liabilities that are measured at the fair values in the condensed 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 June 30, 2016				
	Level 1	Level 2	Level 3	Total
Derivative assets	-	5,363	-	5,363
Securities	62,135	-	3,144	65,279
Bonds	1,491	-	-	1,491
Total assets	63,626	5,363	3,144	72,133
Derivative liabilities	-	3,541	-	3,541
Total liabilities	-	3,541	-	3,541

Note:

(i) Derivative instruments consist of interest rate swap agreements, foreign currency contracts and foreign currency options. 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 include marketable equity securities, bonds and unlisted securities. Marketable equity securities and bonds are observable and valued using a market approach based on the quoted market prices of identical instruments in active markets, and therefore marketable equity securities and bonds are classified as Level 1. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and therefore unlisted securities are classified as Level 3.

There were no significant changes in the nature of Level 3 securities during the period.

## 8. SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following amounts were charged to selling, general and administrative expenses for the three months ended June 30, 2015 and 2016:

Millions of Yen		
	Three months ended June 30, 2015	Three months ended June 30, 2016
Research and development expenses	23,843	23,764
Shipping and handling costs	7,298	6,473
Advertising costs	2,603	1,912

## 9. EARNINGS PER SHARE

Earnings per share are as follows.

Diluted net income per share for the three months ended June 30, 2015 and 2016 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit attributable to owners of the parent (millions of yen)	12,986	4,771
Weighted average number of issued and outstanding shares (thousands of shares)	724,899	724,888
Earnings per share attributable to owners of the parent-basic (yen)	17.91	6.58

## 10. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2016 and June 30, 2016, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥22,968 million and ¥19,090 million.

As of March 31, 2016 and June 30, 2016, there were no significant contingent liabilities.

As of June 30, 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 financial position or the results of operations of Ricoh.

## 11. SUBSEQUENT EVENTS

There are no material subsequent events.

## 12. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were authorized for issue by Zenji Miura, Representative Director and President, and Yukihiro Yamanaka, Corporate Vice President and Corporate Financial Executive, on August 8, 2016.