

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Half Year Ended September 30, 2014

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the half year ended September 30, 2014 pursuant to the Japanese Financial Instrument and Exchange Law.

Condensed Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

ASSETS	Millions of Yen	
	As of March 31, 2014	As of September 30, 2014
Current assets:		
Cash and cash equivalents	140,047	133,590
Time deposits	4,057	4,313
Trade and other receivables	544,725	533,567
Other financial assets	249,682	253,852
Inventories	194,171	211,814
Other current assets	34,317	39,460
Total current assets	1,166,999	1,176,596
Non-current assets:		
Property, plant and equipment	270,702	276,266
Goodwill and intangible assets	399,354	414,223
Other financial assets	560,892	572,871
Investments accounted for using the equity method	1,074	1,050
Other investments	50,724	48,998
Other non-current assets	40,420	44,421
Deferred tax assets	106,453	98,162
Total non-current assets	1,429,619	1,455,991
Total assets	2,596,618	2,632,587

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2014	As of September 30, 2014
Current liabilities:		
Bonds and borrowings (Note 5)	271,768	298,138
Trade and other payables	281,957	245,725
Other financial liabilities	18,140	21,387
Income tax payables	14,435	11,698
Other current liabilities (Note 6)	249,391	243,592
Total current liabilities	835,691	820,540
Non-current liabilities:		
Bonds and borrowings (Note 5)	452,396	475,548
Other financial liabilities	1,014	1,351
Accrued pension and retirement benefits	124,554	115,694
Other non-current liabilities	74,614	78,810
Deferred tax liabilities	13,953	8,668
Total non-current liabilities	666,531	680,071
Total liabilities	1,502,222	1,500,611
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,083	186,083
Treasury stock	(37,278)	(37,287)
Other components of equity	119,904	132,893
Retained earnings	625,340	647,357
Equity attributable to owners of the parent	1,029,413	1,064,410
Non-controlling interests	64,983	67,566
Total equity	1,094,396	1,131,976
Total liabilities and equity	2,596,618	2,632,587

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

Half year ended September 30, 2013 and 2014

	Millions of Yen	
	Half year ended September 30, 2013	Half year ended September 30, 2014
Sales: (Note 4)		
Products	482,237	510,890
Post sales and rentals	514,727	515,811
Other revenue	42,281	46,087
Total sales	1,039,245	1,072,788
Cost of sales:		
Products	(359,324)	(367,562)
Post sales and rentals	(235,520)	(231,182)
Other revenue	(24,339)	(27,588)
Total cost of sales	(619,183)	(626,332)
Gross profit	420,062	446,456
Selling, general and administrative expenses (Note 9)	(368,129)	(390,588)
Operating profit	51,933	55,868
Finance income	3,862	3,477
Finance costs	(5,603)	(3,724)
Share of loss of investments accounted for using the equity method	(35)	(32)
Profit before income tax expenses	50,157	55,589
Income tax expenses	(19,257)	(18,747)
Profit for the period	30,900	36,842
Profit attributable to:		
Owners of the parent	28,092	33,979
Non-controlling interests	2,808	2,863

	Yen	
	Half year ended September 30, 2013	Half year ended September 30, 2014
Earnings per share attributable to owners of the parent: (Note 10)		
Basic	38.75	46.87
Diluted	-	-

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

Three months ended September 30, 2013 and 2014

	Millions of Yen	
	Three months ended September 30, 2013	Three months ended September 30, 2014
Sales: (Note 4)		
Products	245,490	262,452
Post sales and rentals	257,548	260,178
Other revenue	21,510	23,720
Total sales	524,548	546,350
Cost of sales:		
Products	(184,106)	(186,208)
Post sales and rentals	(119,329)	(119,053)
Other revenue	(12,330)	(13,948)
Total cost of sales	(315,765)	(319,209)
Gross profit	208,783	227,141
Selling, general and administrative expenses (Note 9)	(179,089)	(198,442)
Operating profit	29,694	28,699
Finance income	3,202	2,692
Finance costs	(3,513)	(1,614)
Share of profit (loss) of investments accounted for using the equity method	(18)	1
Profit before income tax expenses	29,365	29,778
Income tax expenses	(11,539)	(9,415)
Profit for the period	17,826	20,363
Profit attributable to:		
Owners of the parent	16,387	18,898
Non-controlling interests	1,439	1,465

	Yen	
	Three months ended September 30, 2013	Three months ended September 30, 2014
Earnings per share attributable to owners of the parent: (Note 10)		
Basic	22.60	26.07
Diluted	-	-

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

Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

Half year ended September 30, 2013 and 2014

	Millions of Yen	
	Half year ended September 30, 2013	Half year ended September 30, 2014
Profit for the period	30,900	36,842
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	3,300	-
Total components that will not be reclassified subsequently to profit or loss	3,300	-
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) on fair value of available-for-sale financial assets	2,769	(1,213)
Net gain on fair value of cash flow hedges	505	656
Exchange differences on translation of foreign operations	26,549	13,630
Total components that will be reclassified subsequently to profit or loss	29,823	13,073
Total other comprehensive income	33,123	13,073
Comprehensive income	64,023	49,915
Comprehensive income attributable to:		
Owners of the parent	61,374	46,968
Non-controlling interests	2,649	2,947

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

Three months ended September 30, 2013 and 2014

	Millions of Yen	
	Three months ended September 30, 2013	Three months ended September 30, 2014
Profit for the period	17,826	20,363
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	3,300	-
Total components that will not be reclassified subsequently to profit or loss	3,300	-
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) on fair value of available-for-sale financial assets	812	(933)
Net gain on fair value of cash flow hedges	106	913
Exchange differences on translation of foreign operations	6,594	23,019
Total components that will be reclassified subsequently to profit or loss	7,512	22,999
Total other comprehensive income	10,812	22,999
Comprehensive income	28,638	43,362
Comprehensive income attributable to:		
Owners of the parent	27,207	41,566
Non-controlling interests	1,431	1,796

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

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 on fair value of available-for-sale financial assets	Net gain(loss) on fair value of cash flow hedges
Balance as of April 1, 2013	135,364	186,083	(37,146)	-	9,989	(861)
Profit for the period						
Other comprehensive income(loss)				3,393	2,713	416
Comprehensive income:	-	-	-	3,393	2,713	416
Net change in treasury stock			(53)			
Dividends declared and approved to owners (Note 7)						
Transfer from other components of equity to retained earnings				(3,393)		
Total transactions with owners	-	-	(53)	(3,393)	-	-
Balance as of September 30, 2013	135,364	186,083	(37,199)	-	12,702	(445)

	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, 2013	49,486	58,614	570,790	913,705	60,297	974,002
Profit for the period			28,092	28,092	2,808	30,900
Other comprehensive income(loss)	26,760	33,282		33,282	(159)	33,123
Comprehensive income:	26,760	33,282	28,092	61,374	2,649	64,023
Net change in treasury stock				(53)		(53)
Dividends declared and approved to owners (Note 7)			(11,963)	(11,963)	(346)	(12,309)
Transfer from other components of equity to retained earnings		(3,393)	3,393	-		-
Total transactions with owners	-	(3,393)	(8,570)	(12,016)	(346)	(12,362)
Balance as of September 30, 2013	76,246	88,503	590,312	963,063	62,600	1,025,663

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net gain on fair value of available-for-sale financial assets	Net gain(loss) on fair value of cash flow hedges
Balance as of April 1, 2014	135,364	186,083	(37,278)	-	11,848	(221)
Profit for the period						
Other comprehensive income(loss)					(1,240)	417
Comprehensive income:	-	-	-	-	(1,240)	417
Net change in treasury stock			(9)			
Dividends declared and approved to owners (Note 7)						
Transfer from other components of equity to retained earnings						
Total transactions with owners	-	-	(9)	-	-	-
Balance as of September 30, 2014	135,364	186,083	(37,287)	-	10,608	196

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2014	108,277	119,904	625,340	1,029,413	64,983	1,094,396
Profit for the period			33,979	33,979	2,863	36,842
Other comprehensive income(loss)	13,812	12,989		12,989	84	13,073
Comprehensive income:	13,812	12,989	33,979	46,968	2,947	49,915
Net change in treasury stock			(1)	(10)		(10)
Dividends declared and approved to owners (Note 7)			(11,961)	(11,961)	(364)	(12,325)
Transfer from other components of equity to retained earnings				-		-
Total transactions with owners	-	-	(11,962)	(11,971)	(364)	(12,335)
Balance as of September 30, 2014	122,089	132,893	647,357	1,064,410	67,566	1,131,976

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	
	Half year ended September 30, 2013	Half year ended September 30, 2014
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	30,900	36,842
Adjustments to reconcile profit for the period to net cash provided by operating activities -		
Depreciation and amortization	52,362	53,951
Share of loss of investments accounted for using the equity method	35	32
Finance income and costs	1,741	247
Income tax expenses	19,257	18,747
Decrease in trade and other receivables	6,629	15,809
Increase in inventories	(6,778)	(11,604)
Increase in lease receivables	(22,202)	(13,181)
Decrease in trade and other payables	(17,716)	(39,254)
Decrease in accrued pension and retirement benefits	(11,919)	(10,115)
Other, net	1,177	(15,086)
Interest and dividends received	1,130	1,347
Interest paid	(3,876)	(3,333)
Income taxes paid	(12,524)	(15,284)
Net cash provided by operating activities	38,216	19,118
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	55	316
Expenditures for property, plant and equipment	(35,545)	(38,655)
Expenditures for intangible assets	(17,903)	(17,132)
Payments for purchases of available-for-sale securities	(36)	(87)
Proceeds from sales of available-for-sale securities	7,031	158
Decrease (increase) in time deposits	(126)	76
Purchase of business, net of cash acquired	(566)	(4,535)
Other, net	(1,943)	(2,600)
Net cash used in investing activities	(49,033)	(62,459)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (repayments) of short-term debt	(7,240)	10,479
Proceeds from long-term debt	73,135	105,743
Repayments of long-term debt	(54,954)	(55,801)
Proceeds from issuance of bonds (Note 5)	20,000	20,000
Repayments of bonds (Note 5)	(1,818)	(35,000)
Dividends paid (Note 7)	(11,963)	(11,961)
Payments for purchase of treasury stock	(52)	(11)
Other, net	(346)	(364)
Net cash provided by financing activities	16,762	33,085
IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	2,262	3,799
V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,207	(6,457)
VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	117,051	140,047
VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD	125,258	133,590

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 September 30, 2014 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of Imaging & Solutions, including MFPs & copiers, related parts & supplies, communications & information systems and services & solutions, Industrial Products, including thermal media and semiconductors, and Other, including digital cameras (see Note 4 “Operating Segment”).

2. BASIS OF PREPARATION

(1) Statements of Compliance

Ricoh's 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 Ricoh 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, 2014, 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 half year ended September 30, 2014 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. Some of the comparative information on Ricoh's condensed consolidated financial statements has been adjusted retrospectively to apply the change in accounting policy.

IFRSs	Title	Summaries of new IFRSs/amendments
IAS 32	Financial Instruments: Disclosure and Presentation	Presentation of offsets of financial assets and financial liabilities
IAS 36	Impairment of Assets	Disclosure of recoverable amounts for non-financial assets
IAS 39	Financial Instruments: Recognition and Measurement	Continuing hedge accounting after derivative novations
IFRIC 21	Levies	Recognition of liabilities related to levies
IFRS 10	Consolidated Financial Statements	Regulations of control as single basis for consolidation
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements for forms of interests in other entities, including subsidiaries, joint control arrangements, associates and unconsolidated structured entities

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 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 half year and three months ended September 30, 2013 and 2014. Intersegment sales are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the half year and three months ended September 30, 2013 and 2014.

(a) Operating Segment Information

Half year ended September 30, 2013 and 2014

	Millions of Yen	
	Half year ended September 30, 2013	Half year ended September 30, 2014
Segment sales:		
Imaging & Solutions	924,032	955,098
Industrial Products	55,957	58,927
Other	61,287	60,616
Intersegment sales	(2,031)	(1,853)
Total segment sales	1,039,245	1,072,788
Segment profit (loss):		
Imaging & Solutions	85,375	81,614
Industrial Products	2,754	2,517
Other	(516)	168
Total segment profit	87,613	84,299
Reconciling items:		
Corporate expenses and elimination	(35,680)	(28,431)
Finance income	3,862	3,477
Finance costs	(5,603)	(3,724)
Share of loss of investments accounted for using equity method	(35)	(32)
Profit before income tax expenses	50,157	55,589

Three months ended September 30, 2013 and 2014

	Millions of Yen	
	Three months ended September 30, 2013	Three months ended September 30, 2014
Segment sales:		
Imaging & Solutions	463,444	484,630
Industrial Products	29,468	30,618
Other	32,698	32,043
Intersegment sales	(1,062)	(941)
Total segment sales	524,548	546,350
Segment profit:		
Imaging & Solutions	47,133	41,917
Industrial Products	1,680	865
Other	122	1,312
Total segment profit	48,935	44,094
Reconciling items:		
Corporate expenses and elimination	(19,241)	(15,395)
Finance income	3,202	2,692
Finance costs	(3,513)	(1,614)
Share of loss of investments accounted for using equity method	(18)	1
Profit before income tax expenses	29,365	29,778

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:

Half year ended September 30, 2013 and 2014

	Millions of Yen	
	Half year ended September 30, 2013	Half year ended September 30, 2014
Sales:		
Japan	421,005	414,903
The Americas	285,569	304,233
Europe, Middle East and Africa	241,701	254,447
Other	90,970	99,205
Consolidated	1,039,245	1,072,788

Three months ended September 30, 2013 and 2014

	Millions of Yen	
	Three months ended September 30, 2013	Three months ended September 30, 2014
Sales:		
Japan	214,825	209,476
The Americas	142,436	156,909
Europe, Middle East and Africa	119,533	126,352
Other	47,754	53,613
Consolidated	524,548	546,350

* The compilation method has been changed from this fiscal year such as reclassification of certain products from Imaging & Solutions to Industrial Products. Prior year comparative figures have been also reclassified to conform to the current year's presentation.

5. BONDS

As for the half year ended September 30, 2013, there were issuances of straight bonds of ¥10,000 million (0.15% per annum, due July 2016) and ¥10,000 million (0.47% per annum, due July 2018). No material repayment of bonds was noted for the half year ended September 30, 2013.

As for the half year ended September 30, 2014, there were issuances of straight bonds of ¥10,000 million (0.15% per annum, due July 2017) and ¥10,000 million (0.27% per annum, due July 2019). There were also repayments of straight bonds of ¥35,000 million (1.47% per annum, due April 2014).

6. PROVISIONS

Other provisions decreased by ¥7,600 million as compared to March 31, 2014 primarily due to the settlement of litigation.

7. DIVIDENDS

(a) Dividends paid during the half year ended September 30, 2013 and 2014 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 21, 2013	Ordinary shares	11,963	16.5	March 31, 2013	June 24, 2013	Retained earnings
Ordinary general meeting of shareholders held on June 20, 2014	Ordinary shares	11,961	16.5	March 31, 2014	June 23, 2014	Retained earnings

(b) Dividends whose record date is in the second quarter but whose effective date is in the following quarter 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 October 31, 2013	Ordinary shares	11,962	16.5	September 30, 2013	December 2, 2013	Retained earnings
Ordinary general meeting of shareholders held on October 27, 2014	Ordinary shares	12,323	17.0	September 30, 2014	December 1, 2014	Retained earnings

8. 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, 2014		As of September 30, 2014	
	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:				
Trade receivables	60,244	62,203	63,525	65,591
Lease receivables	710,728	730,730	723,483	743,948
Installment loans	97,884	98,697	100,402	101,236
Derivative assets	1,962	1,962	2,838	2,838
Securities	48,856	48,856	47,096	47,096
Bonds	1,868	1,868	1,902	1,902
Total	921,542	944,316	939,246	962,611
Liabilities:				
Derivative liabilities	(17,939)	(17,939)	(22,173)	(22,173)
Loans and borrowings	(452,396)	(450,372)	(475,548)	(472,251)
Lease liabilities	(1,215)	(1,214)	(565)	(565)
Total	(471,550)	(469,525)	(498,286)	(494,989)

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 twelve months, per each receivable classified per certain business types, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

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

(iii) Lease receivables and installment loans

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

(iv) Derivatives

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

(v) Securities and bonds

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

(vi) Loans, borrowings and lease liabilities

Loans and borrowings expected to be settled in less than twelve 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.

(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, 2014			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,962	-	1,962
Securities	46,878	-	1,978	48,856
Bonds	1,868	-	-	1,868
Total assets	48,746	1,962	1,978	52,686
Derivative liabilities	-	17,939	-	17,939
Total liabilities	-	17,939	-	17,939

	Millions of Yen			
	As of September 30, 2014			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	2,838	-	2,838
Securities	45,051	-	2,045	47,096
Bonds	1,902	-	-	1,902
Total assets	46,953	2,838	2,045	51,836
Derivative liabilities	-	22,173	-	22,173
Total liabilities	-	22,173	-	22,173

Note:

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

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

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

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

The following amounts were charged to selling, general and administrative expenses for the half year and three months ended September 30, 2013 and 2014:

	Millions of Yen	
	Half year ended September 30, 2013	Half year ended September 30, 2014
Research and development expenses	45,980	47,731
Shipping and handling costs	12,935	13,794
Advertising costs	6,141	5,266

	Millions of Yen	
	Three months ended September 30, 2013	Three months ended September 30, 2014
Research and development expenses	23,737	23,687
Shipping and handling costs	6,529	6,985
Advertising costs	3,560	2,810

10. EARNINGS PER SHARE

Earnings per share are as follows.

Diluted net income per share for the half year ended September 30, 2013 and 2014 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

	Half year ended September 30, 2013	Half year ended September 30, 2014
Profit attributable to owners of the parent (millions of yen)	28,092	33,979
Weighted average number of issued and outstanding shares (thousands of shares)	725,015	724,911
Earnings per share attributable to owners of the parent-basic (yen)	38.75	46.87

	Three months ended September 30, 2013	Three months ended September 30, 2014
Profit attributable to owners of the parent (millions of yen)	16,387	18,898
Weighted average number of issued and outstanding shares (thousands of shares)	725,003	724,909
Earnings per share attributable to owners of the parent-basic (yen)	22.60	26.07

11. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2014 and September 30, 2014, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥42,699 million and ¥28,751 million.

As of March 31, 2014 and September 30, 2014, there were no significant contingent liabilities.

As of September 30, 2014, the Company and certain subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the financial position or the results of operations of Ricoh.

12. SUBSEQUENT EVENTS

There are no material subsequent events.

13. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were authorized for issue by Zenji Miura, Representative Director, President and Chief Executive Officer, and Daisuke Segawa, Corporate Senior Vice President and Corporate Financial Executive, on November 7, 2014.