

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the First Quarter Ended June 30, 2014

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the first quarter ended June 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 June 30, 2014
Current assets:		
Cash and cash equivalents	140,047	118,595
Time deposits	4,057	3,106
Trade and other receivables	544,725	515,994
Other financial assets	249,682	250,775
Inventories	194,171	203,629
Other current assets	34,317	41,230
Total current assets	1,166,999	1,133,329
Non-current assets:		
Property, plant and equipment	270,702	270,277
Goodwill and intangible assets	399,354	393,949
Other financial assets	560,892	560,451
Investments accounted for using the equity method	1,074	1,043
Other investments	50,724	50,555
Other non-current assets	40,420	42,110
Deferred tax assets	106,453	104,503
Total non-current assets	1,429,619	1,422,888
Total assets	2,596,618	2,556,217

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2014	As of June 30, 2014
Current liabilities:		
Bonds and borrowings (Note 5)	271,768	330,834
Trade and other payables	281,957	247,402
Other financial liabilities	18,140	15,280
Income tax payables	14,435	10,881
Other current liabilities (Note 6)	249,391	259,728
Total current liabilities	835,691	864,125
Non-current liabilities:		
Bonds and borrowings (Note 5)	452,396	392,441
Other financial liabilities	1,014	1,486
Accrued pension and retirement benefits	124,554	119,502
Other non-current liabilities	74,614	77,814
Deferred tax liabilities	13,953	12,225
Total non-current liabilities	666,531	603,468
Total liabilities	1,502,222	1,467,593
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,083	186,083
Treasury stock	(37,278)	(37,284)
Other components of equity	119,904	110,225
Retained earnings	625,340	628,460
Equity attributable to owners of the parent	1,029,413	1,022,848
Non-controlling interests	64,983	65,776
Total equity	1,094,396	1,088,624
Total liabilities and equity	2,596,618	2,556,217

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	
	First quarter ended June 30, 2013	First quarter ended June 30, 2014
Sales: (Note 4)		
Products	236,747	248,438
Post sales and rentals	257,179	255,633
Other revenue	20,771	22,367
Total sales	514,697	526,438
Cost of sales:		
Products	(175,218)	(181,354)
Post sales and rentals	(116,191)	(112,129)
Other revenue	(12,009)	(13,640)
Total cost of sales	(303,418)	(307,123)
Gross profit	211,279	219,315
Selling, general and administrative expenses (Note 9)	(189,040)	(192,146)
Operating profit	22,239	27,169
Finance income	660	785
Finance costs	(2,090)	(2,110)
Share of loss of investments accounted for using the equity method	(17)	(33)
Profit before income tax expenses	20,792	25,811
Income tax expenses	(7,718)	(9,332)
Profit for the period	13,074	16,479
Profit attributable to:		
Owners of the parent	11,705	15,081
Non-controlling interests	1,369	1,398

	Yen	
	First quarter ended June 30, 2013	First quarter ended June 30, 2014
Earnings per share attributable to owners of the parent: (Note 10)		
Basic	16.14	20.80
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	
	First quarter ended June 30, 2013	First quarter ended June 30, 2014
Profit for the period	13,074	16,479
Other comprehensive income:		
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	1,957	(280)
Net gain (loss) on fair value of cash flow hedges	399	(257)
Exchange differences on translation of foreign operations	19,955	(9,389)
Total components that will be reclassified subsequently to profit or loss	22,311	(9,926)
Total other comprehensive income	22,311	(9,926)
Comprehensive income	35,385	6,553
Comprehensive income attributable to:		
Owners of the parent	34,167	5,402
Non-controlling interests	1,218	1,151

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)				-	1,949	285
Comprehensive income:	-	-	-	-	1,949	285
Net change in treasury stock			(22)			
Dividends declared and approved to owners (Note 7)						
Transfer from other components of equity to retained earnings				-		
Total transactions with owners	-	-	(22)	-	-	-
Balance as of June 30, 2013	135,364	186,083	(37,168)	-	11,938	(576)

	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			11,705	11,705	1,369	13,074
Other comprehensive income(loss)	20,228	22,462		22,462	(151)	22,311
Comprehensive income:	20,228	22,462	11,705	34,167	1,218	35,385
Net change in treasury stock			-	(22)		(22)
Dividends declared and approved to owners (Note 7)			(11,963)	(11,963)	(343)	(12,306)
Transfer from other components of equity to retained earnings			-	-		-
Total transactions with owners	-	-	(11,963)	(11,985)	(343)	(12,328)
Balance as of June 30, 2013	69,714	81,076	570,532	935,887	61,172	997,059

(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)				-	(287)	(151)
Comprehensive income:	-	-	-	-	(287)	(151)
Net change in treasury stock			(6)			
Dividends declared and approved to owners (Note 7)						
Transfer from other components of equity to retained earnings				-		
Total transactions with owners	-	-	(6)	-	-	-
Balance as of June 30, 2014	135,364	186,083	(37,284)	-	11,561	(372)

	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			15,081	15,081	1,398	16,479
Other comprehensive income(loss)	(9,241)	(9,679)		(9,679)	(247)	(9,926)
Comprehensive income:	(9,241)	(9,679)	15,081	5,402	1,151	6,553
Net change in treasury stock			-	(6)		(6)
Dividends declared and approved to owners (Note 7)			(11,961)	(11,961)	(358)	(12,319)
Transfer from other components of equity to retained earnings			-	-		-
Total transactions with owners	-	-	(11,961)	(11,967)	(358)	(12,325)
Balance as of June 30, 2014	99,036	110,225	628,460	1,022,848	65,776	1,088,624

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	
	First Quarter ended June 30, 2013	First Quarter ended June 30, 2014
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	13,074	16,479
Adjustments to reconcile profit for the period to net cash provided by operating activities		
Depreciation and amortization	25,033	26,611
Share of loss of investments accounted for using the equity method	17	33
Finance income and costs	1,430	1,325
Income tax expenses	7,718	9,332
Decrease (increase) in trade and other receivables	(2,470)	22,849
Increase in inventories	(3,044)	(11,629)
Increase in lease receivables	(9,434)	(5,867)
Decrease in trade and other payables	(16,722)	(33,201)
Increase (decrease) in accrued pension and retirement benefits	5,978	(4,279)
Other, net	9,677	11,754
Interest and dividends received	517	575
Interest paid	(1,073)	(1,439)
Income taxes paid	(7,742)	(12,349)
Net cash provided by operating activities	22,959	20,194
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	103	179
Expenditures for property, plant and equipment	(16,669)	(18,251)
Expenditures for intangible assets	(9,246)	(6,773)
Payments for purchases of available-for-sale securities	(7)	(79)
Proceeds from sales of available-for-sale securities	415	87
Decrease (Increase) in time deposits	(984)	891
Purchase of business, net of cash acquired	-	(2,530)
Other, net	(1,023)	(866)
Net cash used in investing activities	(27,411)	(27,342)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (repayments) of short-term debt	12,214	33,611
Proceeds from long-term debt	40,540	31,532
Repayments of long-term debt	(31,828)	(30,549)
Repayments of bonds (Note 5)	-	(35,000)
Dividends paid (Note 7)	(11,963)	(11,961)
Payments for purchase of treasury stock	(20)	(6)
Other, net	(343)	(358)
Net cash provided by (used in) financing activities	8,600	(12,731)
IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	2,351	(1,573)
V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,499	(21,452)
VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	117,051	140,047
VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD	123,550	118,595

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, 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 “Segment Information”).

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 three months ended June 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 quarters ended June 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 first quarter ended June 30, 2013 and 2014.

(a) Operating Segment Information

	Millions of Yen	
	First quarter ended June 30, 2013	First quarter ended June 30, 2014
Segment sales:		
Imaging & Solutions	460,588	470,468
Industrial Products	26,489	28,309
Other	28,589	28,573
Intersegment sales	(969)	(912)
Total segment sales	514,697	526,438
Segment profit (loss):		
Imaging & Solutions	38,242	39,697
Industrial Products	1,074	1,652
Other	(638)	(1,144)
Total segment profit	38,678	40,205
Reconciling items:		
Corporate expenses and elimination	(16,439)	(13,036)
Finance income	660	785
Finance costs	(2,090)	(2,110)
Share of loss of investments accounted for using equity method	(17)	(33)
Profit before income tax expenses	20,792	25,811

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	
	First quarter ended June 30, 2013	First quarter ended June 30, 2014
Sales:		
Japan	206,180	205,427
The Americas	143,133	147,324
Europe, Middle East and Africa	122,168	128,095
Other	43,216	45,592
Consolidated	514,697	526,438

* 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

No issuance or repayment of bonds was noted for the first quarter ended June 30, 2013.

As for the first quarter ended June 30, 2014, there were repayments of straight bonds of ¥35,000 million (1.47% per annum, due April 2014). The Company did not issue any bond during the quarter.

6. PROVISIONS

Other provisions decreased by ¥3,200 million as compared to March 31, 2014 due primarily to the settlement of litigation.

7. DIVIDENDS

(a) Dividends paid during the first quarter ended June 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 current quarter but whose effective date is in the following quarter

No such dividend was noted for the first quarter ended June 30, 2013 and 2014.

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 June 30, 2014	
	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:				
Trade receivables	60,244	62,203	60,102	62,056
Lease receivables	710,728	730,730	711,083	731,196
Installment loans	97,884	98,697	98,751	99,571
Derivative assets	1,962	1,962	1,392	1,392
Securities	48,856	48,856	48,730	48,730
Bonds	1,868	1,868	1,825	1,825
Total	921,542	944,316	921,883	944,770
Liabilities:				
Derivative liabilities	(17,939)	(17,939)	(16,198)	(16,198)
Loans and borrowings	(452,396)	(450,372)	(392,441)	(391,198)
Lease liabilities	(1,215)	(1,214)	(568)	(568)
Total	(471,550)	(469,525)	(409,207)	(407,964)

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, borrowings and lease liabilities 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 June 30, 2014				
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,392	-	1,392
Securities	46,553	-	2,177	48,730
Bonds	1,825	-	-	1,825
Total assets	48,378	1,392	2,177	51,947
Derivative liabilities	-	16,198	-	16,198
Total liabilities	-	16,198	-	16,198

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 first quarter ended June 30, 2013 and 2014:

	Millions of Yen	
	First quarter ended June 30, 2013	First quarter ended June 30, 2014
Research and development expenses	22,243	24,044
Shipping and handling costs	6,406	6,809
Advertising costs	2,581	2,456

10. EARNINGS PER SHARE

Earnings per share are as follows.

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

	Three months ended June 30, 2013	Three months ended June 30, 2014
Profit attributable to owners of the parent (millions of yen)	11,705	15,081
Weighted average number of issued and outstanding shares (thousands of shares)	725,027	724,914
Earnings per share attributable to owners of the parent-basic (yen)	16.14	20.80

11. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2014 and June 30, 2014, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥42,699 million and ¥38,989 million.

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

As of March 31, 2014, the Company and certain subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the 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 August 8, 2014.