

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Half Year Ended September 30, 2015

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the half year ended September 30, 2015 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, 2015	As of September 30, 2015
Current assets:		
Cash and cash equivalents	137,722	180,196
Time deposits	927	768
Trade and other receivables	553,534	552,885
Other financial assets	260,056	271,238
Inventories	224,481	227,513
Other current assets	39,662	46,160
Total current assets	1,216,382	1,278,760
Non-current assets:		
Property, plant and equipment	276,617	278,171
Goodwill and intangible assets	435,752	434,506
Other financial assets	601,797	623,984
Investments accounted for using the equity method	450	856
Other investments	58,237	59,975
Other non-current assets	44,119	42,303
Deferred tax assets	96,853	96,840
Total non-current assets	1,513,825	1,536,635
Total assets	2,730,207	2,815,395

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2015	As of September 30, 2015
Current liabilities:		
Bonds and borrowings (Note 5)	222,065	222,069
Trade and other payables	276,986	255,582
Other financial liabilities	1,800	548
Income tax payables	13,683	14,921
Other current liabilities	257,605	301,353
Total current liabilities	772,139	794,473
Non-current liabilities:		
Bonds and borrowings (Note 5)	568,515	615,072
Other financial liabilities	1,537	2,766
Accrued pension and retirement benefits	144,153	136,584
Other non-current liabilities	84,721	84,998
Deferred tax liabilities	4,830	4,748
Total non-current liabilities	803,756	844,168
Total liabilities	1,575,895	1,638,641
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,083	186,423
Treasury stock	(37,295)	(37,304)
Other components of equity	153,547	154,033
Retained earnings	646,468	668,688
Total equity attributable to owners of the parent	1,084,167	1,107,204
Non-controlling interests	70,145	69,550
Total equity	1,154,312	1,176,754
Total liabilities and equity	2,730,207	2,815,395

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, 2014 and 2015

	Millions of Yen	
	Half year ended September 30, 2014	Half year ended September 30, 2015
Sales: (Note 4)		
Products	470,715	500,131
Post sales and rentals	515,811	547,067
Other revenue	46,087	47,980
Total sales	1,032,613	1,095,178
Cost of sales:		
Products	(327,387)	(367,384)
Post sales and rentals	(231,182)	(253,884)
Other revenue	(27,588)	(27,174)
Total cost of sales	(586,157)	(648,442)
Gross profit	446,456	446,736
Selling, general and administrative expenses (Note 8)	(392,433)	(408,161)
Other income	1,845	17,543
Operating profit	55,868	56,118
Finance income	3,477	3,431
Finance costs	(3,724)	(6,035)
Share of profit (loss) of investments accounted for using the equity method	(32)	48
Profit before income tax expenses	55,589	53,562
Income tax expenses	(18,747)	(16,185)
Profit for the period	36,842	37,377
Profit attributable to:		
Owners of the parent	33,979	34,543
Non-controlling interests	2,863	2,834

	Yen	
	Half year ended September 30, 2014	Half year ended September 30, 2015
Earnings per share (attributable to owners of the parent): (Note 9)		
Basic	46.87	47.65
Diluted	-	-

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

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

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

Three months ended September 30, 2014 and 2015

	Millions of Yen	
	Three months ended September 30, 2014	Three months ended September 30, 2015
Sales: (Note 4)		
Products	242,149	255,883
Post sales and rentals	260,178	275,204
Other revenue	23,720	24,916
Total sales	526,047	556,003
Cost of sales:		
Products	(165,905)	(191,347)
Post sales and rentals	(119,053)	(128,456)
Other revenue	(13,948)	(14,302)
Total cost of sales	(298,906)	(334,105)
Gross profit	227,141	221,898
Selling, general and administrative expenses (Note 8)	(198,498)	(203,377)
Other income	56	16,924
Operating profit	28,699	35,445
Finance income	2,692	2,785
Finance costs	(1,614)	(4,156)
Share of profit of investments accounted for using the equity method	1	36
Profit before income tax expenses	29,778	34,110
Income tax expenses	(9,415)	(11,093)
Profit for the period	20,363	23,017
Profit attributable to:		
Owners of the parent	18,898	21,557
Non-controlling interests	1,465	1,460

	Yen	
	Three months ended September 30, 2014	Three months ended September 30, 2015
Earnings per share (attributable to owners of the parent): (Note 9)		
Basic	26.07	29.74
Diluted	-	-

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

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

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

Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

Half year ended September 30, 2014 and 2015

	Millions of Yen	
	Half year ended September 30, 2014	Half year ended September 30, 2015
Profit for the period	36,842	37,377
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	(1,213)	1,742
Net gain (loss) on fair value of cash flow hedges	656	(301)
Exchange differences on translation of foreign operations	13,630	(1,312)
Total components that will be reclassified subsequently to profit or loss	13,073	129
Total other comprehensive income	13,073	129
Comprehensive income	49,915	37,506
Comprehensive income attributable to:		
Owners of the parent	46,968	35,029
Non-controlling interests	2,947	2,477

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

Three months ended September 30, 2014 and 2015

	Millions of Yen	
	Three months ended September 30, 2014	Three months ended September 30, 2015
Profit for the period	20,363	23,017
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 loss on fair value of available-for-sale financial assets	(933)	(1,243)
Net gain (loss) on fair value of cash flow hedges	913	(499)
Exchange differences on translation of foreign operations	23,019	(24,291)
Total components that will be reclassified subsequently to profit or loss	22,999	(26,033)
Total other comprehensive income (loss)	22,999	(26,033)
Comprehensive income	43,362	(3,016)
Comprehensive income attributable to:		
Owners of the parent	41,566	(4,156)
Non-controlling interests	1,796	1,140

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(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, 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 6)						
Transfer from other components of equity to retained earnings						
Acquisition of non-controlling interests						
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 6)			(11,961)	(11,961)	(364)	(12,325)
Transfer from other components of equity to retained earnings				-		-
Acquisition of non-controlling interests				-		-
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

(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, 2015	135,364	186,083	(37,295)	-	17,082	803
Profit for the period						
Other comprehensive income (loss)					1,823	(201)
Comprehensive income:	-	-	-	-	1,823	(201)
Net change in treasury stock			(9)			
Dividends declared and approved to owners (Note 6)						
Transfer from other components of equity to retained earnings						
Acquisition of non-controlling interests		340				
Total transactions with owners	-	340	(9)	-	-	-
Balance as of September 30, 2015	135,364	186,423	(37,304)	-	18,905	602

	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			34,543	34,543	2,834	37,377
Other comprehensive income (loss)	(1,136)	486		486	(357)	129
Comprehensive income:	(1,136)	486	34,543	35,029	2,477	37,506
Net change in treasury stock				(9)		(9)
Dividends declared and approved to owners (Note 6)			(12,323)	(12,323)	(464)	(12,787)
Transfer from other components of equity to retained earnings				-		-
Acquisition of non-controlling interests				340	(2,608)	(2,268)
Total transactions with owners	-	-	(12,323)	(11,992)	(3,072)	(15,064)
Balance as of September 30, 2015	134,526	154,033	668,688	1,107,204	69,550	1,176,754

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, 2014	Half year ended September 30, 2015
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	36,842	37,377
Adjustments to reconcile profit for the period to net cash provided by operating activities -		
Depreciation and amortization	53,951	53,124
Other income	(1,845)	(17,543)
Share of loss (profit) of investments accounted for using the equity method	32	(48)
Finance income and costs	247	2,604
Income tax expenses	18,747	16,185
Decrease in trade and other receivables	15,809	6,841
Increase in inventories	(11,604)	(3,261)
Increase in lease receivables	(13,181)	(27,474)
Decrease in trade and other payables	(39,254)	(21,967)
Decrease in accrued pension and retirement benefits	(10,115)	(8,546)
Other, net	(13,241)	35,515
Interest and dividends received	1,347	1,389
Interest paid	(3,333)	(3,422)
Income taxes paid	(15,284)	(15,168)
Net cash provided by operating activities	19,118	55,606
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	316	17,933
Expenditures for property, plant and equipment	(38,655)	(40,921)
Expenditures for intangible assets	(17,132)	(13,052)
Payments for purchases of available-for-sale securities	(87)	(204)
Proceeds from sales of available-for-sale securities	158	2,399
Decrease in time deposits	76	145
Purchase of business, net of cash acquired	(4,535)	(4,724)
Other, net	(2,600)	(7,643)
Net cash used in investing activities	(62,459)	(46,067)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds of short-term debt	10,479	18,901
Proceeds from long-term debt	105,743	104,247
Repayments of long-term debt	(55,801)	(34,654)
Proceeds from issuance of bonds (Note 5)	20,000	20,000
Repayments of bonds (Note 5)	(35,000)	(60,000)
Dividends paid (Note 6)	(11,961)	(12,323)
Payments for purchase of treasury stock	(11)	(9)
Other, net	(364)	(2,732)
Net cash provided by financing activities	33,085	33,430
IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	3,799	(495)
V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,457)	42,474
VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,047	137,722
VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD	133,590	180,196

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, 2015 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, 2015, 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, 2015 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 13	Fair Value Measurement	Clarifying a scope exception for measuring the fair value of a portfolio
IAS 19	Employee Benefits	Clarifying accounting treatment for contributions from employees or third parties as required in the terms of defined benefit plans

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 half year and three months ended September 30, 2014 and 2015. 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, 2014 and 2015.

(a) Operating Segment Information

Half year ended September 30, 2014 and 2015

	Millions of Yen	
	Half year ended September 30, 2014	Half year ended September 30, 2015
Segment sales:		
Imaging & Solutions	914,923	978,054
Industrial Products	63,487	69,417
Other	60,616	53,704
Intersegment sales	(6,413)	(5,997)
Total segment sales	1,032,613	1,095,178
Segment profit:		
Imaging & Solutions	81,614	78,696
Industrial Products	2,057	6,103
Other	168	1,321
Total segment profit	83,839	86,120
Reconciling items:		
Corporate expenses and elimination	(27,971)	(30,002)
Finance income	3,477	3,431
Finance costs	(3,724)	(6,035)
Share of profit (loss) of investments accounted for using equity method	(32)	48
Profit before income tax expenses	55,589	53,562

Three months ended September 30, 2014 and 2015

	Millions of Yen	
	Three months ended September 30, 2014	Three months ended September 30, 2015
Segment sales:		
Imaging & Solutions	464,327	496,581
Industrial Products	32,847	35,496
Other	32,043	27,091
Intersegment sales	(3,170)	(3,165)
Total segment sales	526,047	556,003
Segment profit:		
Imaging & Solutions	41,917	46,698
Industrial Products	865	3,176
Other	1,312	915
Total segment profit	44,094	50,789
Reconciling items:		
Corporate expenses and elimination	(15,395)	(15,344)
Finance income	2,692	2,785
Finance costs	(1,614)	(4,156)
Share of profit of investments accounted for using equity method	1	36
Profit before income tax expenses	29,778	34,110

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, 2014 and 2015

	Millions of Yen	
	Half year ended September 30, 2014	Half year ended September 30, 2015
Sales:		
Japan	374,728	367,021
The Americas	304,233	352,870
Europe, Middle East and Africa	254,447	259,984
Other	99,205	115,303
Consolidated	1,032,613	1,095,178
The United States (included in The Americas)	255,043	299,162

Three months ended September 30, 2014 and 2015

	Millions of Yen	
	Three months ended September 30, 2014	Three months ended September 30, 2015
Sales:		
Japan	189,173	187,144
The Americas	156,909	178,631
Europe, Middle East and Africa	126,352	130,172
Other	53,613	60,056
Consolidated	526,047	556,003
The United States (included in The Americas)	130,875	151,601

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

5. BONDS

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 was also a repayment of straight bonds of ¥35,000 million (1.47% per annum, due April 2014).

As for the half year ended September 30, 2015, there was an issuance of straight bonds of ¥20,000 million (0.27% per annum, due August 2020). 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).

6. DIVIDENDS

(a) Dividends paid during the half year ended September 30, 2014 and 2015 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 20, 2014	Ordinary shares	11,961	16.5	March 31, 2014	June 23, 2014	Retained earnings
Ordinary general meeting of shareholders held on June 19, 2015	Ordinary shares	12,323	17.0	March 31, 2015	June 22, 2015	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)			
Board of Directors' meeting held on October 27, 2014	Ordinary shares	12,323	17.0	September 30, 2014	December 1, 2014	Retained earnings
Board of Directors' meeting held on October 30, 2015	Ordinary shares	12,686	17.5	September 30, 2015	December 1, 2015	Retained earnings

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, 2015		As of September 30, 2015	
	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:				
Trade receivables	71,531	74,214	77,177	80,072
Lease receivables	753,920	777,935	779,754	804,444
Installment loans	103,764	104,600	108,553	109,428
Derivative assets	4,169	4,169	6,915	6,915
Securities	56,220	56,220	58,118	58,118
Bonds	2,017	2,017	1,857	1,857
Total	991,621	1,019,155	1,032,374	1,060,834
Liabilities:				
Derivative liabilities	(2,484)	(2,484)	(1,360)	(1,360)
Loans and borrowings	(568,515)	(564,609)	(615,072)	(608,427)
Lease liabilities	(853)	(853)	(1,954)	(1,954)
Total	(571,852)	(567,946)	(618,386)	(611,741)

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.

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

(v) Securities and bonds

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

(vi) Loans, borrowings and lease liabilities

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

Fair value of loans, borrowings and lease liabilities are calculated from estimated present value using year-end borrowing rates derived from future cash flows, on a per-loan basis, as well as calculated based on market prices. Loans, borrowings and lease liabilities using inputs described above are classified as Level 2 under the fair value measurement and disclosure 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, 2015			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	4,169	-	4,169
Securities	53,736	-	2,484	56,220
Bonds	2,017	-	-	2,017
Total assets	55,753	4,169	2,484	62,406
Derivative liabilities	-	2,484	-	2,484
Total liabilities	-	2,484	-	2,484

	Millions of Yen			
	As of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	6,915	-	6,915
Securities	55,810	-	2,308	58,118
Bonds	1,857	-	-	1,857
Total assets	57,667	6,915	2,308	66,890
Derivative liabilities	-	1,360	-	1,360
Total liabilities	-	1,360	-	1,360

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 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.

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 half year and three months ended September 30, 2014 and 2015:

	Millions of Yen	
	Half year ended September 30, 2014	Half year ended September 30, 2015
Research and development expenses	47,731	50,860
Shipping and handling costs	13,794	14,357
Advertising costs	5,266	5,252

	Millions of Yen	
	Three months ended September 30, 2014	Three months ended September 30, 2015
Research and development expenses	23,687	27,017
Shipping and handling costs	6,985	7,059
Advertising costs	2,810	2,649

9. EARNINGS PER SHARE

Earnings per share are as follows.

Diluted net income per share for the half year ended September 30, 2014 and 2015 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

	Half year ended September 30, 2014	Half year ended September 30, 2015
Profit attributable to owners of the parent (millions of yen)	33,979	34,543
Weighted average number of issued and outstanding shares (thousands of shares)	724,911	724,897
Earnings per share (attributable to owners of the parent) (yen)	46.87	47.65

	Three months ended September 30, 2014	Three months ended September 30, 2015
Profit attributable to owners of the parent (millions of yen)	18,898	21,557
Weighted average number of issued and outstanding shares (thousands of shares)	724,909	724,896
Earnings per share (attributable to owners of the parent) (yen)	26.07	29.74

10. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2015 and September 30, 2015, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥29,314 million and ¥33,243 million.

As of March 31, 2015 and September 30, 2015, there were no significant contingent liabilities.

As of September 30, 2015, 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, President and Chief Executive Officer, and Daisuke Segawa, Corporate Senior Vice President and Corporate Financial Executive, on November 11, 2015.