Annual Securities Report

(The 118th Business Term)
From April 1, 2017 to March 31, 2018

3-6, Nakamagome 1-chome, Ohta-ku, Tokyo
Ricoh Company, Ltd.

[Cover]

[Document Filed]	Annual Securities Report (“Yukashoken Houkokusho”)
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 27, 2018
[Fiscal Year]	The 118th Business Term (from April 1, 2017 to March 31, 2018)
[Company Name]	Kabushiki Kaisha Ricoh
[Company Name in English]	Ricoh Company, Ltd.
[Title and Name of Representative]	Yoshinori Yamashita Representative Director, President, Chief Executive Officer
[Address of Head Office]	3-6, Nakamagome 1-chome, Ohta-ku, Tokyo
[Phone No.]	03-3777-8111
[Contact Person]	Hidetaka Matsuishi, Director, Corporate Executive Vice President, Chief Financial Officer
[Contact Address]	3-6, Nakamagome 1-chome, Ohta-ku, Tokyo
[Phone No.]	03-3777-8111
[Contact Person]	Hidetaka Matsuishi, Director, Corporate Executive Vice President, Chief Financial Officer
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

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

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

Contents

I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	IFRSs				
Fiscal year	114th business term	115th business term	116th business term	117th business term	118th business term
Year end	March 2014	March 2015	March 2016	March 2017	March 2018
Sales	2,108,475	2,151,404	2,209,028	2,028,899	2,063,363
Profit(loss) before income tax expenses	118,063	112,297	95,684	29,955	(124,182)
Profit(loss) attributable to owners of the parent	72,818	68,562	62,975	3,489	(135,372)
Comprehensive income(loss) attributable to owners of the parent	139,771	79,056	18,332	(6,705)	(118,072)
Equity attributable to owners of the parent	1,029,413	1,084,167	1,077,813	1,042,106	909,565
Total assets	2,596,618	2,730,207	2,776,461	2,759,287	2,641,030
Equity per share attributable to owners of the parent (yen)	1,420.04	1,495.61	1,486.87	1,437.62	1,254.79
Earnings per share attributable to owners of the parent, basic (yen)	100.44	94.58	86.87	4.81	(186.75)
Earnings per ADR share attributable to owners of the parent, basic (yen)	502.20	94.58	86.87	4.81	(186.75)
Earnings per share attributable to owners of the parent, diluted (yen)	-	-	-	-	-
Earnings per ADR share attributable to owners of the parent company, diluted (yen)	-	-	-	-	-
Equity attributable to owners of the parent ratio (%)	39.64	39.71	38.82	37.77	34.44
Profit to equity attributable to owners of the parent ratio (%)	7.49	6.49	5.83	0.33	(14.88)
Price earnings ratio (times)	11.85	13.83	13.19	190.44	-
Net cash provided by operating activities	146,894	102,544	99,858	88,299	110,288
Net cash used in investing activities	(122,938)	(143,457)	(104,138)	(106,715)	(81,077)
Net cash provided by (used in) financing activities	(9,236)	29,936	42,669	(19,921)	6,407
Cash and cash equivalents at end of year	140,047	137,722	167,547	126,429	160,568
Number of employees	108,195	109,951	109,361	105,613	97,878

(Note)
1. Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").
2. Sales do not include consumption tax, etc.
3. There were no diluted shares for the year 2014, 2015, 2016 and 2017.
4. There were net losses and no diluted shares for the year 2018.
5. The Company changed its ADR ratio on January 13, 2015.
   - The ratio before the change: 1 ADR = 5 underlying shares
   - The ratio after the change: 1 ADR = 1 underlying share
6. The compilation method has been changed from the year 2016 such that a portion of the lease transactions are shown in a net basis instead of a gross basis. The comparative figures for the year 2014 and 2015 have also been adjusted to conform to the current year presentation.
7. There were Losses per share attributable to owners of the parent, basic for the year 2018.

(Millions of Yen, unless otherwise stated)

	U.S. GAAP
Fiscal year	114th business term
Year end	March 2014
Net sales	2,149,692
Income (loss) before income taxes	117,204
Net income (loss) attributable to owners of the parent company	72,828
Comprehensive income (loss) attributable to the owners of the parent company	149,416
Equity attributable to owners of the parent company	1,083,337
Total assets	2,556,960
Equity per share attributable to owners of the parent company (yen)	1,404.17
Net income (loss) per share attributable to owners of the parent company, basic (yen)	100.46
Net income (loss) per ADR share attributable to owners of the parent company, basic (yen)	502.30
Net income (loss) per share attributable to owners of the parent company, diluted (yen)	-
Net income (loss) per ADR share attributable to owners of the parent company, diluted (yen)	-
Equity attributable to owners of the parent ratio (%)	39.81
Profit to equity attributable to owners of the parent ratio (%)	7.60
Price earnings ratio (times)	11.85
Net cash provided by operating activities	131,593
Net cash used in investing activities	(106,844)
Net cash provided by (used in) financing activities	(10,029)
Cash and cash equivalents at end of year	140,047
Number of employees	108,195

(Notes) 1. Net sales do not include consumption tax, etc.

2. There were no diluted shares for the year 2014.

3. The 114th Business Term consolidated financial statements under U.S. GAAP have not been audited by the audit firm pursuant to the provisions of Article 193-2, Section 1 of the Financial Instruments and Exchange Act.
4. The compilation method has been changed from the year 2016 such that a portion of the lease transactions are shown in a net basis instead of a gross basis. The comparative figures for the year 2014 have also been adjusted to conform to the current year presentation.

2. HISTORY

February 1936	Riken Kankoshi Co., Ltd. is formed in Kita-kyushu to manufacture and sell sensitized paper.
March 1938	The Company's name is changed to Riken Optical Co., Ltd. and starts manufacturing and selling optical devices and equipment.
May 1949	The Company lists its securities on the Tokyo and Osaka Stock Exchanges.
April 1954	The Company establishes an optical device and equipment plant in Ohmori, Ohta-ku, Tokyo (now known as the Head office).
May 1955	The Company begins manufacturing and selling desktop copiers.
May 1961	The Company establishes a sensitized paper plant in Ikeda, Osaka (now known as the Ikeda plant).
October 1961	The Company lists its securities on the First Section of each of the Tokyo and Osaka Stock Exchanges.
June 1962	The Company starts operations of a paper plant in Numazu, Shizuoka, which featured a fully-integrated sensitized paper production system (now known as the Numazu plant).
December 1962	The Company establishes Ricoh of America, Inc. (a subsidiary, now known as Ricoh USA, Inc.).
April 1963	The Company changes its corporate name to Ricoh Company, Ltd.
July 1967	The Company establishes Tohoku Ricoh Co., Ltd. in Shibata-gun, Miyagi.
May 1971	The Company completes its manufacturing facility in Atsugi, Kanagawa (now known as the Atsugi plant), to which it transfers some of its office equipment production from the Ohmori plant.
June 1971	The Company establishes Ricoh Nederland B.V. (a subsidiary, later known as Ricoh Europe B.V. and now known as Ricoh Europe Holdings B.V.) in the Netherlands.
January 1973	The Company establishes Ricoh Electronics, Inc. (a subsidiary) in the United States.
December 1976	The Company forms Ricoh Credit Co., Ltd. (a subsidiary, now known as Ricoh Leasing Co., Ltd.).
December 1978	The Company establishes Ricoh Business Machines, Ltd. (a subsidiary, now known as Ricoh Hong Kong Ltd.).
March 1981	The Company builds the Ricoh Electronics Development Center at the Ikeda plant to develop and manufacture electronic devices.
May 1982	The Company establishes sensitized paper production facilities in Sakai, Fukui (now known as the Fukui plant).
December 1983	The Company establishes Ricoh UK Products Ltd. (a subsidiary).
October 1985	The Company builds a copier manufacturing plant in Gotemba, Shizuoka which takes over some of production from Atsugi plant.
April 1986	The Company opens a research and development ("R&D") facility in Yokohama, Kanagawa (now known as the Ricoh Research and Development Center) in commemoration of the Company's 50th anniversary, to which it transfers some of its R&D operations from the Ohmori plant.

April 1987	The Company establishes Ricoh Industrie France S.A. (a subsidiary, now known as Ricoh Industrie France S.A.S.).
April 1989	The Company sets up an electronic devices facility in Kato, Hyogo (now known as the Yashiro plant at Ricoh Electronic Devices Company, Ltd.).
January 1991	The Company establishes Ricoh Asia Industry (Shenzhen) Ltd. (a subsidiary) in China.
March 1995	Ricoh Corporation acquires Savin Corporation, an American office equipment sales company.
September 1995	The Company acquires Gestetner Holdings PLC (now known as Ricoh Europe PLC), a British office equipment sales company.
January 1996	Ricoh Leasing Co., Ltd. lists its securities on the Second Section of the Tokyo Stock Exchange (currently listed on the First Section of the Tokyo Stock Exchange).
December 1996	The Company establishes Ricoh Asia Pacific Pte Ltd (a subsidiary) in Singapore.
March 1997	The Company establishes Ricoh Silicon Valley, Inc. (a subsidiary, now known as Ricoh Innovations Corporation) in the United States.
August 1999	Ricoh Hong Kong Ltd. acquires Inchcape NRG Ltd., a Hong Kong-based office equipment sales company.
January 2001	Ricoh Corporation acquires Lanier Worldwide, Inc., an American office equipment sales company.
October 2002	The Company establishes Ricoh China Co., Ltd. (a subsidiary).
April 2003	Tohoku Ricoh Co., Ltd. becomes a wholly-owned subsidiary of the Company.
October 2004	The Company acquires Hitachi Printing Solutions, Ltd. in Japan.
August 2005	The Company opens Ricoh Technology Center in Ebina, Kanagawa to integrate its domestic development facilities and offices.
November 2005	The Company relocates its headquarters to Chuo-ku, Tokyo.
January 2007	Ricoh Europe B.V. acquires the European operations of Danka Business Systems PLC.
June 2007	Info Print Solutions Company, LLC, a joint venture company of Ricoh and International Business Machines Corporation ("IBM"), commences its operations.
May 2008	The Company establishes Ricoh Manufacturing (Thailand) Ltd. (a subsidiary) in Thailand.
August 2008	Ricoh Elemex Corporation becomes a wholly-owned subsidiary of the Company.
October 2008	Ricoh Americas Corporation acquires all of the outstanding shares of IKON Office Solutions, Inc. ("IKON", now known as Ricoh USA, Inc.), an American office equipment sales and service company.
July 2010	Seven domestic sales subsidiaries and the marketing group of the Company are merged into one domestic sales subsidiary named Ricoh Japan Corporation.
August 2010	The Company completes the construction of a new building that expands the Ricoh Technology Center located in Ebina, Kanagawa.
October 2011	The Company acquires the PENTAX imaging systems business from HOYA Corporation (now known as Ricoh Imaging Co., Ltd.).

April 2013	The Company transfers part of its engineering functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Technologies Company, Ltd.
April 2013	The Company transfers part of its production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industry Company, Ltd.
July 2014	Domestic sales and service subsidiaries are merged into Ricoh Japan Corporation.
October 2014	The Company transfers its direct sales of optical equipment and electronic components divisions previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industrial Solutions Inc.
October 2014	The Company transfers its Electronic Devices Division to Ricoh Electronic Devices Company, Ltd.
April 2016	The Company opens Ricoh Eco Business Development Center in Gotemba, Shizuoka.
January 2018	The Company relocates its headquarters to Ohta-ku, Tokyo.
March 2018	The Company transfers 80% of the outstanding shares of Ricoh Electronic Devices Co., Ltd., to Nisshinbo Holdings Inc.

3. DESCRIPTION OF BUSINESS

Ricoh consists of the parent company, Ricoh Company, Ltd., 210 subsidiaries and 12 affiliates as of March 31, 2018.

Ricoh's development, manufacturing, sales and service activities center on the business segments of Office Printing, Office Services, Commercial Printing, Industrial Printing, Thermal Media and Other.

Ricoh Company, Ltd., the parent company of Ricoh, heads development. The Company and its respective subsidiaries and affiliates maintain an integrated domestic and overseas manufacturing structure.

Ricoh is represented in roughly 200 countries and runs its sales and service activities out of four regional headquarters located in the geographic areas of 1) Japan, 2) the Americas, 3) Europe, the Middle East and Africa and 4) Other, which includes China, South East Asia and Oceania.

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

<Office Printing >

In the Office Printing segment, as our core business, we supply multifunctional printers for use in offices, for which we have the top market share worldwide, as well as imaging devices such as printers and related services.

<Office Services>

In addition to providing visual communication products that support new workstyles, the Office Services segment also contributes in solving customer issues in offices through total solutions that combine building of IT environment, operation support of network environment, user support and more.

<Commercial Printing>

The Commercial Printing segment provides customers in the printing industry with digital printing related products and services capable of high-mix, low-volume printing.

<Industrial Printing>

The Industrial Printing segment manufactures and sells industrial inkjet heads, inkjet ink, industrial printers, etc., which enables a wide range of printing, including furniture, wallpaper, automobile exteriors and furnishing fabric.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan: Hasama Ricoh Inc., Ricoh Industry Co., Ltd. and Ricoh Elemex Corporation

The Americas: Ricoh Electronics, Inc.

Europe: Ricoh UK Products Ltd. and Ricoh Industrie France S.A.S.

Other regions: Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Asia Industry (Shenzhen) Ltd., Ricoh Components & Products (Shenzhen) Co., Ltd. and Ricoh Manufacturing (Thailand) Ltd.

Sales, Service and Support

Japan: Ricoh Japan Corporation, Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd. and Ricoh IT Solutions Co.,Ltd.

The Americas: Ricoh Americas Holdings, Inc., Ricoh Canada Inc., Ricoh USA Inc., mindSHIFT Technologies, Inc. and Ricoh Printing System America, Inc.

Europe: Ricoh Europe Holdings PLC, Ricoh Sverige AB., Ricoh UK Ltd., Ricoh Deutschland GmbH, Ricoh Nederland B.V., Ricoh Europe SCM B.V., Ricoh Belgium N.V., Ricoh France S.A.S., Ricoh Schweiz AG, Ricoh Italia S.R.L. and Ricoh Espana S.L.U.

Other regions: Ricoh China Co., Ltd., Ricoh Asia Industry Ltd., Ricoh Asia Pacific Operations Ltd., Ricoh Hong Kong Ltd., Ricoh India Ltd., Ricoh Thailand Ltd., Ricoh Asia Pacific Pte. Ltd. and Ricoh Australia Pty, Ltd.

<Thermal Media>

The Thermal Media segment manufactures and sells thermal paper used in POS labels for food products, barcode labels, delivery labels, etc., and thermal transfer ribbon used to print clothing price tags, brand tags, tickets, and the like.

[Main Subsidiaries and Affiliates]

Manufacturing

Ricoh Electronics, Inc., Ricoh Industrie France S.A.S. and Ricoh Thermal Media (Wuxi) Co., Ltd

<Other>

The Other segment comprises “Industrial Products,” “Smart Vision,” and “Other,” which includes a wide range of other business segments. In this segment, we use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.

Smart Vision: We manufacture and sell unique and compelling products such as 360° spherical cameras, DSLR cameras for professional use and action cameras with exceptional waterproof, dustproof and impact resistance properties.

Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (health care) business, focusing primarily on the magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

Main Products/ and Services

Optical equipment, electronic components, digital cameras, industrial cameras, 3D printing, environment and healthcare, etc.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan: Ricoh Industrial Solutions Co., Ltd. and Ricoh Elemex Corporation

Other regions: Ricoh Imaging Products (Philippines) Corporation

Sales, Service and Support

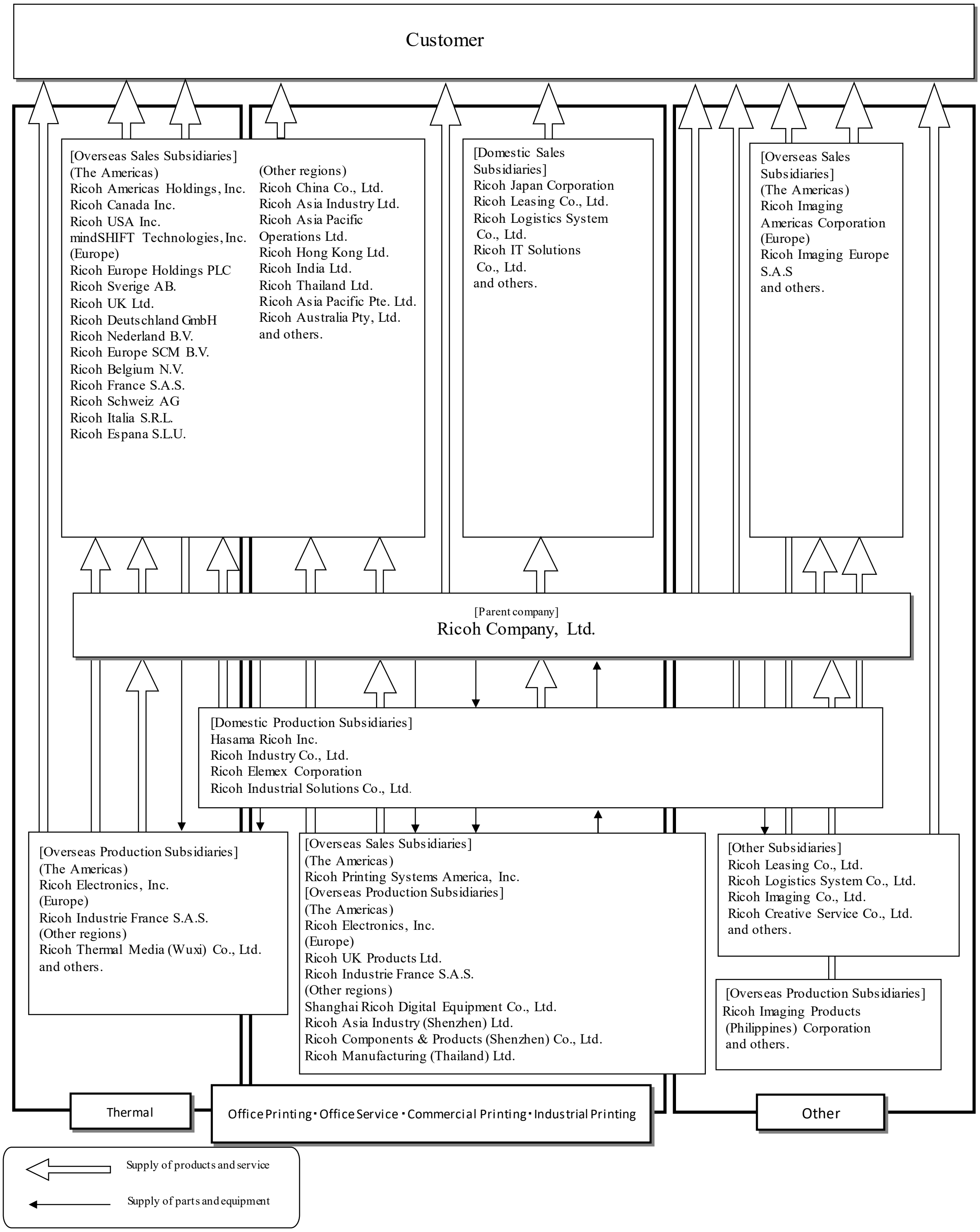
Japan: Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd., Ricoh Imaging Co., Ltd. and Ricoh Creative Service Co., Ltd.

The Americas: Ricoh Imaging Americas Corporation

Europe: Ricoh Imaging Europe S.A.S

<Chart of Operational Flow>

The following chart shows the group's positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2018)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Consolidated Subsidiaries)			
Hasama Ricoh, Inc.	Japan	Manufacturing parts for office equipment	100.0 (50.0)
Ricoh Industry Co., Ltd.	Japan	Manufacturing office equipment	100.0
Ricoh Elemex Corporation	Japan	Manufacturing and sale of office equipment	100.0
Ricoh Japan Corporation	Japan	Sale, maintenance and service of office equipment	100.0
Ricoh Leasing Co., Ltd.	Japan	General leasing	52.9
Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	100.0
Ricoh IT Solutions Co., Ltd.	Japan	Development and construction of network systems	100.0
Ricoh Imaging Co., Ltd.	Japan	Manufacturing and sale of digital cameras	100.0
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Industrial Solutions Co., Ltd.	Japan	Manufacturing and sale of optical equipment and electronic components	100.0
Ricoh Technologies Co., Ltd.	Japan	Development and design of office equipment	100.0
Ricoh Electronics, Inc.	U.S.A.	Manufacturing office equipment and related supplies and Manufacturing and sale of thermal media	100.0 (100.0)
Ricoh UK Products Ltd.	U.K.	Manufacturing office equipment	100.0 (100.0)
Ricoh Industrie France S.A.S.	France	Manufacturing office equipment, related	100.0

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
		supplies and Manufacturing and sale of thermal media	
Ricoh Thermal Media (Wuxi) Co., Ltd.	China	Manufacturing and sale of thermal media	99.0 (10.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Manufacturing and sale of office equipment	100.0 (55.3)
Ricoh Asia Industry (Shenzhen) Ltd.	China	Manufacturing office equipment and related supplies	100.0 (100.0)
Ricoh Components & Products (Shenzhen) Co., Ltd.	China	Manufacturing parts for office equipment	100.0 (100.0)
Ricoh Manufacturing (Thailand) Ltd.	Thailand	Manufacturing office equipment and related supplies	100.0
Ricoh Imaging Products (Philippines) Corporation	Philippines	Manufacturing digital cameras	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Canada Inc.	Canada	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Sale, maintenance and service of office equipment	100.0 (100.0)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT services	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Sale of inkjet head	100.0 (4.4)
Ricoh Imaging Americas Corporation	U.S.A.	Sale of digital cameras	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company in Europe	100.0
Ricoh Sverige AB.	Sweden	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh UK Ltd.	U.K.	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Sale, maintenance and service of office equipment	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Nederland B.V.	Netherlands	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Europe SCM B.V.	Netherlands	Sale of office equipment	100.0 (100.0)
Ricoh Belgium N.V.	Belgium	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh France S.A.S	France	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital cameras	100.0 (100.0)
Ricoh China Co., Ltd.	China	Sale, maintenance and service of office equipment	100.0
Ricoh Asia Industry Ltd.	Hong Kong, China	Sale of office equipment	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh Hong Kong Ltd.	Hong Kong, China	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh India Ltd.	India	Sale, maintenance and service of office equipment	73.6 (27.6)
Ricoh Thailand Ltd.	Thailand	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Asia Pacific Pte Ltd	Singapore	Sale of office equipment	100.0
Ricoh Australia Pty, Ltd.	Australia	Sale, maintenance and service of office equipment	100.0 (100.0)
And 164 other consolidated subsidiaries			

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Affiliates)			
Ricoh Electronic Devices Co., Ltd.	Japan	Manufacturing and sale of semiconductors	20.0
11 affiliates (none of which are material affiliates)			

(Note) The percentage in the parenthesis under “Ownership percentage of voting rights” indicates the indirect ownership out of the total ownership noted above.

5. EMPLOYEES

(1) Consolidated basis

(As of March 31, 2018)

Segment	Number of employees
Office Printing	40,129
Office Service	20,154
Commercial Printing	6,977
Common to the 3 segments above	18,337
Industrial Printing	865
Thermal Media	1,238
Other	7,380
All companies(Shared)	2,798
Total	97,878

(Note) 1. Number of employees represents the number of employed workers, but excludes temporary employees.
2. The reportable segments have been changed since the current fiscal year. The details are as described in "V. FINANCIAL INFORMATION 5.Operating Segments ".

(2) The Company

(As of March 31, 2018)

Number of employees	Average age	Average length of service	Average annual salary (Yen)
7,740 (534)	44.0	19.5	8,056,737

Segment	Number of employees
Office Printing	1,559
Office Service	638
Commercial Printing	680
Common to the 3 segments above	700
Industrial Printing	465
Thermal Media	320
Other	625
All companies(Shared)	2,753
Total	7,740

(Note) 1. "Number of employees" represents the number of employed workers, and the numbers within brackets indicate the average number of temporary employees over the current fiscal year (converted at 7.5h/day).
2. Temporary employees include contracted staff after retirement and part time employees, but exclude temporary staff who are contracted through staffing agencies, business consignments and contractors.
3. Average annual salary includes bonuses and extra wages.
4. The reportable segments have been changed since the current fiscal year. The details are as described in "V. FINANCIAL INFORMATION 5.Operating Segments ".

(3) Relationship with labor union

A union is organized in the Company and certain subsidiaries. There were no significant labor disputes noted in fiscal year 2017, and the Company believes that it has a good relationship with its employees.

II. **BUSINESS OVERVIEW**

1. SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR 2017

The fiscal year ended March 31, 2018 was the first year of the 19th Mid-Term Management Plan, which put forth the basic plan of "RICOH Resurgent" consisting of structural reforms, prioritization of growth businesses and reinforcement of management systems.

During the fiscal year, structural reforms were implemented in order to eliminate all barriers to new growth. In the Office Printing segment, a core business, we switched from a strategy that emphasized scale expansion to one focused on profit and dedicated our efforts to making changes to our systems and optimizing our fixed costs and expenses in order to achieve this. We also strove to improve asset efficiency by consolidating bases, thoroughly screening businesses and accelerating reinforcement of profitability.

The fiscal year ending March 31, 2019, the second year of the 19th Mid-Term Management Plan, will be a year in which we make significant progress in our "RICOH Ignite" growth strategy. We will improve the earning power of our Office Printing segment and expand growth areas which can serve as the pillars of new business.

Furthermore, from the fiscal year ending March 31, 2021, we will "Take Off" to ensure sustainable growth and further progress.

The future related matters discussed in this section are determined with the information available as of this fiscal year.

.

(1) Initiatives towards Cost Structure Reform

The Ricoh Group has established a system for copier and multifunctional product sales and maintenance services which is said to be the finest in the industry and has achieved tremendous growth while building deeper relationships with customers around the world. We recognize the rebuilding of these systems and business processes to better align with future business environments as an urgent challenge and will implement structural reforms that look not to the past, but to the future.

Under the 19th Mid-Term Management Plan, we have set our target at ¥100.0 billion for total effects of structural reforms for the three years of the plan (the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020). During the fiscal year ended March 31, 2018, we produced ¥41.6 billion from restructuring by taking measures such as optimizing our overseas sales structure, restructuring our production bases, streamlining our headquarters and back office functions and narrowing the range of multifunctional products and printers in development. These efforts have made progress even faster than initially planned. We also transferred equity in Ricoh Electronic Devices Co., Ltd. and San-Ai Kanko Co., Ltd. sold equity in Coca-Cola Bottlers Japan Holdings Inc., and left no stone unturned as we reviewed and reassessed our assets and businesses.

In the fiscal year ending March 31, 2019, all employees will work as one to further implement thorough work process reforms and business selection, continuing to carry out and enhance our measures for building a solid company's essential character.

Operating loss during the fiscal year under review was ¥115.6 billion and included ¥31.5 billion in structural reform expenses which include a part of Ricoh India-related expenses and ¥175.9 billion in impairment loss on assets such as goodwill. After excluding these one time irregular items, profit levels improved over those of the previous fiscal year. The results of maintaining multifunctional product printers sale prices, reducing manufacturing costs and expanding business in growth areas combined to produce steady improvements in earning power.

(2) Basic Concept of Growth Strategy

In formulating our growth strategy, we have given special consideration to two social trends. The first is that companies that do not contribute to the achievement of SDGs*1 (sustainability development goals) are not expected to achieve sustained growth, regardless of whether they have high revenues or positive market evaluations. The second is that individual lifestyles and values will continue to become more diverse.

The “RICOH Ignite” growth strategy recognizes that both solving social problems and achieving business success are vital missions for companies. Under this strategy, we have defined five critical challenges for the Ricoh Group: creating knowledge, improving productivity, improving quality of life, realizing a carbon-free society, and realizing a recycling-oriented society. In the future, we expect the creation of regulations and standards based on SDGs to continue. As they become further established among investors and the consumer community, it will become necessary to explain the value of products and services in terms of SDGs. The Ricoh Group has a long history of tackling the above five critical challenges. We will carry out business activities that address these five critical challenges and contribute to the achievement of SDGs while simultaneously increasing the corporate value of the Ricoh Group.

Meanwhile, individual lifestyles and values are continuing to diversify. This, combined with the evolution of IoT (the Internet of Things), which connects IT, networks and objects, is eliminating work location restrictions and accelerating the personalization of work styles. We consider these changes to present major business opportunities and will continue to provide new products and services which enrich people’s lives and work styles.

*1 SDGs: Sustainability Development Goals
In September 2015, the United Nations Summit adopted 17 Sustainable Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in terms of such areas as health, sanitation, economic development, and the environment by 2030.

Following these two social trends, our growth strategy “RICOH Ignite” includes three sub-strategies that make use of our strengths: “Growth Strategy #0,” “Growth Strategy #1” and “Growth Strategy #2.” Growth Strategy #0 will reinforce earning power by increasing customer value and improving operation efficiency.

For many years in core business segments, we have developed technologies such as optical, image processing, mechanical, electrical, chemical and control technologies. Growth strategies #1 and #2 consist of using printing technologies composed of sophisticated combinations of these technologies, together with the Ricoh’s global customer base (1.4 million corporate clients worldwide) to cultivate growth areas to serve as new revenue sources.

Growth Strategy #0
Ignite Core Business
Our strategy is to link multifunction products and various business application software with cloud computing to expand the range of solutions for solving customers’ business challenges. The plan is to evolve multifunctional products to serve as core devices in business transformation and provide greater added value.

The strategy also promotes production automation and improvement of maintenance process efficiency using robots and artificial intelligence (AI). Production and application software development will be subcontracted to outside companies, supply chain management digitalization and advancement initiatives will be implemented, with the aim of some of the lowest cost operations in the industry.

Growth Strategy #1
Ignite a Revolution in Manufacturing with Printing Technology
This strategy will evolve printing technologies for commercial and industrial applications, enhancing our "display printing" for media such as garments and construction materials in addition to paper and expanding our customer base. Furthermore, the plan envisions taking on the challenge of "applied printing," such as additive manufacturing (additive fabrication) and bioprinting (cell lamination). We export to broaden the future of printing, with our eyes set on expanding into various other fields such as drug discovery and regenerative medicine.

Growth Strategy #2
Create Customer Value by Linking Offices to Frontlines
This strategy will support the improvement of customer productivity and knowledge creation through new solutions that combine our digital devices with cutting-edge technologies such as IoT and artificial intelligence (AI). We expect to continue to evolve our multifunctional products, interactive whiteboards, unified communication systems and 360° spherical cameras to further contribute to work efficiency improvements and smoother communications in various workplaces, led by the concept of "working smarter."

These devices, used by customers around the globe, digitize and collect a wide range of data such as documents, images and audio. We will work with influential partners in fields such as application software, data platforms, artificial intelligence (AI) and security collecting and analyzing various types of data, and using edge devices[*2] and applications that support the business success of our customers to create new customer value.

*2 Edge devices: Network devices with data processing functions, such as multifunctional products and cameras, that serve as input and output points for various data, such as text, photographs, audio and video

In addition to the above three growth strategies, we will also strengthen our efforts in new businesses that contribute to solutions to social problems while creating further success for the Ricoh Group, such as bed sensor systems capable of high precision monitoring of biological information such as body movement and breathing and magnetoencephalographic instruments that enable the early detection of epilepsy and dementia.

(3) Further Growth and Reform of Business Composition

We expect to improve the profitability of our core businesses and expand new businesses with the aim of achieving further growth.

Our financial targets for the fiscal year ending March 31, 2019, the second year of the 19th Mid-Term Management Plan, are sales of ¥2,040.0 billion, operating profit of ¥80.0 billion and ROE of 5.0% or more. In the fiscal year ending March 31, 2020, the final year of our Mid-Term Management Plan, we will aim for sales of ¥2,200.0 billion, operating profit of ¥100.0 billion, and ROE of 6.9%. In addition, we will generate free cash flow, excluding finance business (FCEF), totaling ¥100.0 billion[*3] during the three years of the Mid-Term Management Plan. Furthermore, in the fiscal year ending March 31, 2023, the final year of our next Mid-Term Management Plan, our targets will be net sales of ¥2,300.0 billion, operating profit of ¥185.0 billion, and ROE of 9.0% or more, and we will generate free cash flow, excluding finance business (FCEF), totaling ¥250.0 billion[*4].

We will promote reform of our business structure while simultaneously promoting business growth. During the fiscal year ended March 31, 2017, the sales composition of these three business segments were as follows: Growth Strategy #0 (Office Printing) accounted for 53% of our business, Growth Strategy #1 (Commercial Printing/Industrial Printing/Thermal Media) accounted for 12%, and Growth Strategy #2 (digital business/office service/industrial products/Smart Vision) accounted for 24%. By implementing each Growth Strategy, by the fiscal year ending March 31, 2020, Growth Strategy #0 will account for

45%, Growth Strategy #1 for 17%, and Growth Strategy #2 for 27%: and by the fiscal year ending March 31, 2023, Growth Strategy #0 will account for 39%, Growth Strategy #1 will account for 20%, and Growth Strategy #2 will account for 31%, significantly changing our business composition. In order to achieve this, we plan to make strategic investment of ¥100.0 billion yen in both Growth Strategy #1 and Growth Strategy #2 by the fiscal year ending March 31, 2020.

*3 Total for fiscal year ended March 31, 2018 to fiscal year ending March 31, 2020.

*4 Total for fiscal year ending March 31, 2021 to fiscal year ending March 31, 2023.

(4) Reinforce Management Systems

During the fiscal year ended March 31, 2018, we drastically changed our corporate governance and management systems to reinforce implementation and further delegate authority. Specifically, we decided to change the terms of office of our Directors, formulated an evaluation system for Internal Directors, revised our business management system, and reinforced management of our overseas affiliate companies. We will continue our efforts in strengthening the effectiveness of these measures.

We will maintain the Ricoh Group's culture and features created based on the Spirit of Three Loves, while conducting a review of our traditions and precedents and carrying out structural reforms that leave no stone unturned. In implementing our growth strategies, we will adopt a theme of open decision-making and speedy and reliable implementation, not allowing ourselves to be hemmed in by looking only inwardly, but instead using a broad range of outside knowledge.

2. RISK FACTORS

Ricoh is a global manufacturer of office equipment and conducts business on a global scale. Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not conclusive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.

In addition, this section contains forward-looking statements, which are based on our judgments at the date of submission of the securities report.

(1) Ability to respond to rapid technological changes

The document imaging and management industry includes products such as copiers/MFPs, production printing products, printers and digital duplicators. The technology used in this industry changes rapidly and products in this industry will often require frequent and timely product enhancements or have a short product life cycle. Most of Ricoh's products are part of this industry and as such Ricoh's success will depend on its ability to respond to such technological changes in the industry. To remain competitive in this industry, Ricoh invests a significant amount of resources and capital every year in research and development activities. Despite this investment, the process of developing new products or technologies is inherently complex and uncertain, and there are a number of risks that Ricoh is subject to, including the following:

- No assurances can be made that Ricoh will successfully anticipate whether its products or technologies will satisfy its customers' needs or gain market acceptance;
- No assurances can be made that the introduction of more advanced products that also possess the capabilities of existing products will not adversely affect the sales performance of such existing products;
- No assurances can be made that Ricoh will be able to procure raw materials and parts necessary for new products or technologies from its suppliers at competitive prices;
- No assurances can be made that Ricoh will be able to successfully manage the distribution system for its new products to eliminate the risk of loss resulting from a failure to take advantage of market opportunities;
- No assurances can be made that Ricoh will succeed in marketing any newly developed product or technology; and
- No assurances can be given that Ricoh will be able to respond adequately to changes in the industry.

Ricoh's failure to respond to any risks associated with this industry, including those described above, may adversely affect Ricoh's future growth and profitability as well as its financial results and condition.

(2) Highly competitive markets

Ricoh is continually faced with the risk of fierce competition, shift in demand to low-priced products, shorter product life cycles, threats of new entrants and substitute products in the business segments it operates in.

While Ricoh is a leading manufacturer and distributor in the document imaging and management industry and intends to maintain its position, no assurances can be made that it will continue to compete effectively in the future. Pricing pressures or loss of potential customers resulting from Ricoh's failure to compete effectively may adversely affect Ricoh's financial results and condition.

(3) Global business operations

A substantial portion of Ricoh's manufacturing and marketing activity is conducted outside of Japan, including in the United States, Europe, and in Other region, such as China. There are a number of risks inherent in doing business in such overseas markets, including the following:

- unfavorable political or economical factors;
- fluctuations in foreign currency exchange rates;

- unexpected changes in taxation or international taxation risks such as transfer price taxation;
- unexpected legal or regulatory changes;
- lack of sufficient protection for intellectual property rights;
- difficulties in recruiting and retaining personnel and managing international operations; and
- less developed infrastructure.

Ricoh's inability to manage successfully the risks inherent in its global business activities could adversely affect its business, financial condition and operating results.

(4) Economic outlook in major markets

Demand for Ricoh's products are affected by cyclical changes in the economies of Ricoh's major markets, including Japan, the United States, Europe and Other regions such as China. Economic slowdown and a decline in consumption in Ricoh's major markets may adversely affect Ricoh's financial results and condition.

(5) Foreign exchange rate fluctuations

Local currency denominated financial results in each of the Company's subsidiaries around the world are translated into Japanese yen by applying the average market rate during each financial period and recorded on Ricoh's consolidated statement of profit or loss and consolidated statement of comprehensive income. Local currency denominated assets and liabilities are translated into Japanese yen by applying the market rate at the end of each financial period and recorded on Ricoh's consolidated statement of financial position. Accordingly, the financial results, assets and liabilities are subject to foreign exchange fluctuations.

In addition, operating profits and losses are especially subject to foreign exchange fluctuations. Because of the high volume of Ricoh's production and sales activities in the United States, Europe and Other regions such as China, Ricoh has a high ratio of profits and losses denominated in foreign currency. Ricoh enters into foreign exchange contracts with financial institutions to hedge against the short-term impact of fluctuations in foreign currencies such as the U.S. dollar, the Euro and the Japanese yen, effectively. However, if the medium and long-term foreign exchange fluctuations make Ricoh's procurement, production, logistics and sales activities difficult, such events may adversely affect Ricoh's financial position and results of operations.

(6) Procurement of parts and materials

Ricoh relies on externally sourced raw materials in its manufacturing operations, and it does business with a broad range of suppliers to ensure steady supplies of high-quality raw materials at competitive prices. Many of the parts or materials used in manufacturing Ricoh's products are made from oil. If the price of crude oil rises, the purchase price of such parts or materials may increase as well. Further, unanticipated contingencies among these suppliers or if parts and materials procured by these suppliers suffer from quality problems or are in short supply, Ricoh may be forced to discontinue production. Such events could adversely affect Ricoh's financial position and results of operations.

(7) Government regulations

Ricoh is subject to various governmental regulations and approval procedures in the countries in which it operates. For example, Ricoh may be required to obtain approvals for its business and investment plans and be subject to export regulations and tariffs as well as rules and regulations relating to commerce, antitrust, patent, consumer and business taxation, exchange control and environmental and recycling laws. Ricoh has established a CSR organization to heighten awareness of the importance of corporate social responsibility. Through CSR, Ricoh involves its employees in various activities designed to ensure compliance with applicable regulations as part of its overall risk management and compliance program. However, if Ricoh is unable to comply with any of these regulations or fails to obtain the requisite approvals, Ricoh's activities in such countries may be restricted. In addition, even if Ricoh is able to comply with these regulations, compliance can result in increased costs. In either event, Ricoh's financial results and condition may be adversely affected.

(8) Protection of intellectual property rights

Ricoh owns or licenses a number of intellectual property rights in the field of office equipment automation and, when Ricoh believes it is necessary or desirable, obtains additional licenses for the use of other parties' intellectual property rights. If Ricoh fails to protect, maintain or obtain such rights, its performance and ability to compete may be adversely affected. Ricoh has a program in place under which company employees are compensated for any valuable intellectual property rights arising out of any inventions developed by them during the course of their employment with Ricoh. While unlikely, management believes that there could arise instances in the future where Ricoh may become the subject of legal actions or proceedings where claims alleging inadequate compensation are asserted by company employees.

(9) Securing and retaining skilled personnel

Ricoh believes that in order to maintain mid- to long-term competitiveness, securing and retaining highly skilled personnel at the right time is essential. Ricoh has placed emphasis on securing and retaining such personnel. However, failure by Ricoh to recruit and train qualified personnel or the loss of key employees may adversely affect Ricoh's future growth, financial results and condition.

(10) Employee benefit obligations

With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations. Currently, there is no immediate and significant funding requirement. However, if returns from investment assets continue to decrease and/or turn negative due to market conditions, such as with fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh's financial position and results of operations.

(11) Climate-Related Risks

Ricoh is exposed to risks from the effects of climate change. They include the "Transition risk" to a decarbonized society such as the increased manufacturing and sales costs due to the strengthening of regulations on environmental labels and introduction of carbon taxes and the loss of sales opportunities due to inability to react to market demand driven by sustainability in a timely manner and "Physical risk" as a result of extreme climate events which cause suspension of product supply and disruption of the supply chain.

Ricoh sets environmental targets for 2030 and 2050 aligned with our mid- and long-term management plans on a global level as a mitigation measure related to climate change. We develop environmental action plans every three years to achieve the targets by managing the PDCA cycle. In addition, we became the first Japanese company to join RE 100, an international initiative to actively utilize renewable energy. However, if climate change measures are delayed, there is a possibility that business results and financial condition may be adversely affected by the risks associated with transition to a decarbonized society and physical risks of extreme climate events.

(12) Environmental laws and regulations

Ricoh's operations are subject to many environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use and handling of hazardous substances, waste disposal, product recycling and soil and ground-water contamination. Ricoh faces risks of environmental liability in our current and historical manufacturing activities. Costs associated with future additional environmental compliance or remediation obligations could adversely affect Ricoh's business, operating results and financial condition.

(13) Financing business

Ricoh provides financing to some of its customers in connection with its equipment sales and leases. Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of credit as it deems necessary to minimize any potential risks of concentrating credit risk or nonpayment. Despite the application of these monitoring procedures, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit due to unforeseeable defaults by its customers.

In addition, these financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. Although Ricoh finances these financing arrangements with short-term borrowings subject to variable interest rates along with borrowings subject to fixed interest rates whose terms are matched with the term of the financing arrangements for the purpose of hedging the interest rate risk, Ricoh is not able to fully hedge this interest rate mismatch.

If Ricoh is unable to successfully manage these risks associated with its equipment financing business, Ricoh's financial results and condition may be adversely affected.

(14) Product liability

Ricoh may be held responsible for any defects that occur with respect to its products and services. Depending on the defect, Ricoh may be liable for significant damages which may adversely affect its financial results and condition. Furthermore, as Ricoh increasingly provides products and services utilizing sophisticated and complex technologies, such defects may occur more frequently. Such potential increase in defects, which could result in an increase in Ricoh's liability, may adversely affect its financial results and condition.

In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.

(15) Alliances with other entities, joint ventures and strategic investment

Ricoh engages in alliance with entities to create various products and services to fulfill customer demand. Ricoh believes that alliances are effective for the timely development of new technology and products using management resources of both parties. However, if Ricoh's interest differs from other parties' interests due to financial or other reasons, Ricoh may be unable to maintain the alliance. Ricoh also makes strategic investments to acquire interests in companies that Ricoh believes would support existing businesses and/or lead to new businesses. Such strategic investments may not necessarily lead to the expected outcome or performance and may result in increased time and expenses being incurred due to the integration of businesses, technologies, products and/or personnel necessitated by such investments. Accordingly, these types of management decisions may have a significant impact on the future performance of Ricoh. Failure to maintain an on-going alliance, establish a necessary alliance or make a strategic investment to acquire an interest in a company may adversely affect Ricoh's future financial position and results of operations.

(16) Information security

Ricoh obtains confidential or sensitive information from various sources, including its customers, in the ordinary course of business. Ricoh also holds trade secrets regarding its technologies and other confidential or sensitive information relating to marketing. To prevent unauthorized access and/or fraudulent leakage or disclosure of such confidential or sensitive information, Ricoh has implemented an internal management system which includes measures to improve security and access to its internal database and employee training programs to educate its employees with respect to compliance with applicable regulations relating to information security and data access. Despite Ricoh's efforts, however, confidential or sensitive information may be inadvertently or accidentally leaked or disclosed and any such leakage or disclosure may result in Ricoh incurring damages which may adversely affect Ricoh's reputation. In addition, Ricoh may incur significant expenses for defending any lawsuits that may arise from such claims. Furthermore, the leakage or disclosure of Ricoh's confidential or sensitive marketing and technological information to a third party may adversely affect Ricoh's financial results and condition.

(17) Effects of disasters and other unpredictable events

Ricoh will do its utmost to ensure the continuation of business activities and fulfill its social responsibilities as a corporate citizen in the event of an earthquake, fire, hurricane, flood or other natural disaster, pandemic such as from a new strain of influenza or other unpredictable events. Measures taken to mitigate such risks include periodic inspections of equipment and facilities, conducting disaster drills, implementation of systems to confirm employee safety and formation of a business continuity plan. In spite of these measures, however, an earthquake on a scale beyond our expectations or other disasters or events that may temporarily suspend operations could adversely affect Ricoh's financial results and condition.

(18) Impairment

Ricoh recognizes goodwill in relation to acquisitions and various tangible assets or intangible assets for business operation. There might be harmful effects on business results or financial positions of Ricoh when expected cashflows could not be generated by failure to meet the target or other.

(19) Ricoh India Limited

As described in "V. FINANCIAL INFORMATION 34. Subsequent event," on January 29, 2018, Ricoh India Limited filed a petition to initiate the corporate insolvency resolution process. The petition was admitted, an interim resolution professional has been appointed, and Ricoh India will begin restructuring. In this process, there might be harmful effects on the business results or financial positions of Ricoh depending on decisions by the creditors committee, which consists of Ricoh India's financial creditors and the National Company Law Tribunal.

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

The future related matters discussed in this section are determined with the information available as of this fiscal year.

(1) Significant Accounting Policies

The consolidated financial statements of Ricoh are prepared in accordance with International Financial Reporting Standards ("IFRSs") under the provisions of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" issued by the Japanese Financial Services Agency (FSA). Ricoh evaluates its estimates based on historical experience and other assumptions that are believed to be reasonable. For a summary of the significant accounting policies, refer to "V. Financial Information – Notes to Consolidated Financial Statements – 3. Significant Accounting Policies".

(2) Business results

The global economy during the fiscal year ended March 31, 2018 maintained its recovery trend from last year, and overall economic growth was steady. The economies of Japan and the U.S. continued to gradually grow, and although in Europe the outlook remained uncertain due to issues including Brexit (UK's decision to leave the EU), the economy remained steady. In China, on the other hand, the gradual economic slowdown continued.

As for Japanese yen exchange rates with major currencies, the rate with the U.S. dollar stayed roughly the same as that from the previous fiscal year, while the yen weakened against the Euro. In these economic conditions, demand for office equipment, our core business, continued to decline gradually in developed countries, but expanded in emerging markets, resulting in overall demand remaining roughly flat compared with that of the previous fiscal year. However, revenue fell slowly due to a decrease in average prices resulting from the growth in demand for low cost products, especially in emerging markets, and the continued decline in the prices of comsumables. On the other hand, in commercial printing and industrial printing, positioned as growth areas, advances in digitalization have steadily increased demand.
In the fiscal year ended March 31, 2018, the first year of the 19th Mid-Term Management Plan, with its theme of "RICOH Resurgent," we strove to cast aside any elements that stood in the way of growth. In line with this, we engaged in activities such as cost structure reforms, business process reforms, development and expansion of growth businesses, and the reformation of our management systems without being constrained by precedents.

During the fiscal year under review, we merged and closed production sites, narrowed our range of developed models and improved the efficiency of our headquarters and our back office operations, making progress on cost structure reforms. In order to focus our management resources on growth businesses, we reformed our businesses and assets, such as by transferring certain equity ownership to partners in the electronic device business and the hotel business and selling held shares. Furthermore, we reformed our Board of Directors system and structure, reformed our internal systems and management systems for strengthening global governance and strove to further strengthen corporate governance and improve transparency.

Consolidated sales in the fiscal year ended March 31, 2018 rose by 1.7% from the previous fiscal year to ¥2,063.3 billion. Although sales in the Office Printing domain fell due to a one-time sales reduction in activity arising from the restructuring of the U.S. sales structure, the growth areas of the Office Service, Industrial Printing, and Other Industrial Products domains increased revenue, and together with the impact of the weak yen, revenue grew from the previous fiscal year.

On regional basis, in Japan, the Office Service segment and Other segments grew, resulting in revenue growth from the previous fiscal year. In the Americas, revenue declined due to a decline in the Office Printing segment. In Europe, the Middle East, and Africa, growth in segments such as the Office Service segment and the Commercial Printing segment, together with the prevailing exchange rates, produced an increase in revenue. In other regions, revenue increased due to the growth in the Office Printing segment and Industrial Printing segment.

With regard to gross profit, while sales in the Office Printing segment fell, profit was generated by implementing price maintenance measures and reducing production costs, and this, together with the effect of the prevailing exchange rates, caused gross profit to rise 0.3% from the previous fiscal year to ¥791.0 billion.

Selling, general and administrative expenses rose by 3.0% from the previous fiscal year to ¥777.9 billion, due to the structural reform costs and expenses related to Ricoh India, despite limiting other expenses by means such as the success of structural reforms and business process reforms.

During the fiscal year under review, we posted ¥31.5 billion in structural reform expenses which include a part of Ricoh India-related expenses. Due to initiatives such as structural reform measures implemented ahead of schedule, one time income of ¥11.1 billion and reduction in fixed costs of ¥41.6 billion were realized during the fiscal year under review. The Company is progressing ahead of schedule compared to the planned target of generating a total of over ¥100.0 billion in structural reform results over the three-year period from the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020.
Furthermore, during the fiscal year under review, we posted ¥175.9 billion in fixed asset impairment loss including loss on goodwill related to past corporate acquisitions. In conjunction with the strategy shift towards growth in the 19th Mid-Term Management Plan, and the redefinition of business segments, more detailed decision-making, and business management structure changes, we have reviewed the units of impairment testing. As the result of this testing, which was performed using the new units, we posted an impairment loss.

Consequently, operating profit (loss) for fiscal year ended March 31, 2018 resulted in an operating loss of ¥115.6 billion due to the effect of the impairment losses (operating profit for fiscal year ended March 31, 2017 was ¥33.8 billion). However, after excluding irregular factors such as Ricoh India-related expenses, impairment losses, structural reform costs and one time income, operating profit for fiscal year ended March 31, 2018 was equivalent to ¥86.0 billion (operating profit for fiscal year ended March 31, 2017 after excluding irregular factors was ¥60.8 billion), and the Company was successful in steadily improving its effective income earning capabilities in comparison to that of the previous fiscal year.

In finance income and finance costs, foreign exchange loss increased from the previous fiscal year. Income (loss) before income taxes recorded a loss of ¥124.1 billion.

Consequently, profit (loss) attributable to owners of the parent for fiscal year ended March 31, 2018 was a loss of ¥135.3 billion (profit (loss) attributable to owners of the parent for fiscal year ended March 31, 2017 was ¥3.4 billion) .

Operating results by segment are as follows:

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Change	%
Office Printing:				
Sales:	1,165,979	1,144,053	(21,926)	*(1.9)*
Operating profit	99,666	(44,306)	(143,972)	-
Operating profit on sales in Imaging & Solutions (%)	*8.5*	*(3.9)*		
Office Service:				
Sales:	425,612	447,973	22,361	*5.3*
Operating profit	(6,653)	(25,617)	(18,964)	-
Operating profit on sales in Imaging & Solutions (%)	*(1.6)*	*(5.7)*		
Commercial Printing:				
Sales:	186,110	185,933	(177)	*(0.1)*
Operating profit	18,868	25,180	6,312	*33.5*
Operating profit on sales in Imaging & Solutions (%)	*10.1*	*13.5*		

Industrial Printing:				
Sales:	11,883	19,200	7,317	*61.6*
Operating profit	(3,435)	(2,250)	1,185	-
Operating profit on sales in Imaging & Solutions (%)	*(28.9)*	*(11.7)*		
Thermal Media:				
Sales:	57,287	61,458	4,171	*7.3*
Operating profit	5,884	5,016	(868)	*(14.8)*
Operating profit on sales in Industrial Products (%)	*10.3*	*8.2*		
Other:				
Sales:	258,018	275,986	17,968	*7.0*
Operating profit (loss)	(2,937)	10,032	12,969	-
Operating profit (loss) on sales in Other (%)	*(1.1)*	*3.6*		

Finance business included in the above is as follows:

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Change	%
Sales	143,532	149,252	5,720	*4.0*
Operating profit	31,885	30,966	(919)	*(2.9)*
Operating profit on sales in Finance Business (%)	*22.2*	*20.7*		

a. Office Printing

Under the 19th Mid-Term Management Plan, which began in fiscal year ended March 31, 2018, the Office Printing segment will switch from a strategy that emphasized scale expansion to one thoroughly focused on profit. We will also focus on enhancing earnings power and creating and providing new value while striving to optimize the systems involved in this strategy transition.

During the fiscal year under review, we released the new RICOH SP C261SF series as a new product for A4 color multifunctional laser printers for which global demand is rising. We also launched government certificate issuing service-compatible multifunctional printers for use in Japan. These devices are installed in convenience stores and enable users to acquire and print various certificates issued by local governments. Through this, we will contribute to reducing the operational burden placed on municipal governments and improving the level of service offered to residents. We also launched the new RICOH MP C4503RC, a digital full-color reconditioning multifunctional printer which has a greatly reduced environmental impact.

In the Office Printing segment, sales decreased by 1.9% from the previous fiscal year to ¥1,144.0 billion due to a temporary slowdown in sales activities resulting from sales structure reforms in North America. As for operating profit (loss), operating loss was recorded due to the posting of ¥148.7 billion in impairment loss on goodwill and other fixed assets. However, after excluding impairment loss, operating profit increased from the previous fiscal year due to sales price rectification focused on profitability and the results of Group-wide activities to reduce costs.

b. Office Services
In the Office Service segment, using our worldwide customer base, we will strive to achieve business growth by offering enhanced value to office customers through solutions and services that support customer workstyle reforms.

During the fiscal year under review, Ricoh Japan Corporation, together with Microsoft Japan Co., Ltd., initiated activities for cloud service platforms for small- and medium-sized enterprises, encompassing everything from deployment and construction to utilization promotion, management, and operation support. In addition, we worked to enhance our products and services through the launches of products such as RICOH Unified Communication System Advanced, a new virtual meeting room-type teleconference system that can connect to various devices and environments, and 11 models of new projectors such as the RICOH PJ WX5770 series.

In the Office Service segment, sales increased by 5.3% from the previous fiscal year to ¥447.9 billion thanks to IT infrastructure and communication service growth, primarily in Japan. As for operating profit (loss), operating loss was recorded due to the posting of ¥26.9 billion in impairment loss on goodwill and other fixed assets. However, after excluding impairment loss, operating profit was in the black as opposed to the loss recorded in the previous fiscal year due to factors such as sales expansion and profitability improvements.

c. Commercial Printing
In the Commercial Printing segment, there is a growing need for products that offer high image quality, high productivity, support a wide range of papers and can produce printed articles with added value that can open up new business and the market for these products is growing. We are working to expand our business by meeting these needs of commercial printing customers and contributing to customer business expansion.

During the fiscal year under review, we launched the new RICOH Pro C7210S series of color production printers. These new products continue to support the well-received special color toners of previous products, such as white and clear colors, while automating color tone adjustment and image position adjustment, reducing the labor involved in printing operations and stabilizing print quality. In the Commercial Printing segment, despite steady growth in related supplies and services resulting from an increase in the number of devices in use, primarily cut sheet color printers, product sales fell due to the positioning of the year in between product seasons. Consequently, sales decreased by 0.1% from the previous fiscal year to ¥185.9 billion. Operating profit increased due to an increase in comsumables, in addition to a significant decrease in selling, general and administrative expenses.

d. Industrial Printing
In the Industrial Printing segment, we are striving to capture new industrial markets and customers through Ricoh's core inkjet heads, which offer high durability and support a wide range of inks. Furthermore, we also believe that we can create new value by using printing technologies such as the additive manufacturing and bioprinting typified by 3D printers.

During the fiscal year under review, we expanded our line of print system products, launching mainly in Europe and America the RICOH Ri 100, a garment printer* that can print directly onto garments, and the RICOH ProT7210, a large format UV flatbed inkjet printer for industrial printing that can print onto materials such as acrylic, glass, wood, aluminum and steel plate.

In the Industrial Printing segment, sales increased by 61.6% from the previous fiscal year to ¥19.2 billion due to strong sales of inkjet heads, especially overseas. Although operating profit (loss) increased in comparison to the previous fiscal year due to product development and system improvement expenses aimed at business growth, the segment posted an operating loss.

e. Thermal Media

In the Thermal Media segment, amid strongly expanding demand, such as the increased worldwide demand for shipping labels driven by the growth of e-commerce, we are using the material technologies developed by the Ricoh Group over the years to steadily expand business by providing thermal paper, ribbon and other products with exceptional thermal resistance, abrasion resistance, fine printing capabilities and preservation properties. We are also expanding the new value we provide through products such as our Rewritable Laser System which use our proprietary laser rewritable technologies to perform contact-free label rewriting.

In the Thermal Media segment, sales increased by 7.3% from the previous fiscal year to ¥61.4 billion, driven by strong sales, especially in Europe and America. Operating profit decreased from the previous fiscal year due to material supply shortages and increased sales expenses.

f. Other

The Other segment comprises “Industrial Products,” “Smart Vision” and “Other,” which includes a wide range of other business segments. We use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.

Smart Vision: We manufacture and sell unique and compelling products such as 360° spherical cameras, DSLR cameras for professional use and action cameras with exceptional waterproof, dustproof and impact resistance properties.

Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (health care) business, focusing primarily on magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

In the Smart Vision subsegment, we rolled out the 360-degree spherical camera RICOH THETA V which enables high quality 4K resolution video recording and other features. In the Industrial Products subsegment, we launched a vehicle-mounted stereo camera for the automobile market with sharply rising needs for advanced driving support systems and expanded sales.

In the Other segment, sales increased by 7.0% from the previous fiscal year to ¥275.9 billion. In Japan, sales in the industrial products business and lease finance business rose. Overseas, sales increased due in part to the impact of currency exchange rates. Operating profit improved significantly over the previous fiscal year due to factors such as the posting of impairment loss on goodwill and other fixed assets in the camera business.

* Ricoh redefined its business domain from April 1, 2017 which marked the start of 19th Mid-term Management Plan. Based on this redefinition, Ricoh has changed Operating Segment Information from the fiscal year ended March 31, 2018. Comparative figures for the year ended March 31, 2017 have also been reclassified to conform to the current year's presentation. Intersegment transactions increased due to subdivision of segment information. Intersegment transactions are mainly sales from the Other segment to the Office Printing segment..

Changes in Operating Segment Information

Prior Segment		Products & Services
Imaging & Solutions	Office Imaging	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, facsimile, scanners, related parts and supplies, services, support and software

	Network System Solutions	Personal computers, servers, network equipment, related services, support and software
	Production Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Products		Thermal media, optical equipment, electronic components, semiconductor devices and inkjet heads
Other		Digital cameras

New Segments	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software service solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal media
Other	Optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment and healthcare solutions

1) Production

Production in each segment for the years ended March 31, 2017 and 2018 are as follows:

	Millions of Yen		
	For the year ended March 31, 2017	For the year ended March 31, 2018	Change
Office Printing	1,108,900	1,073,530	(3.2%)
Office Services	8,978	8,951	(0.3%)
Commercial Printing	159,024	155,352	(2.3%)
Industrial Printing	12,105	19,887	64.3%
Thermal Media	51,121	57,844	13.2%
Other	182,505	196,640	7.7%
Total	1,522,633	1,512,204	(0.7%)

(Note) 1. The amounts are based on sales prices, including intersegment transactions.
2. The figures above do not include consumption tax, etc.

2) Orders Received

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

3) Orders Received

Sales in each segment for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		
	For the year ended March 31, 2017	For the year ended March 31, 2018	Change
Office Printing	1,165,979	1,144,053	(1.9%)
Office Services	425,612	447,973	5.3%
Commercial Printing	186,110	185,933	(0.1%)
Industrial Printing	11,883	19,200	61.6%
Thermal Media	57,287	61,458	7.3%
Other	182,028	204,746	12.5%
Total	2,028,899	2,063,363	1.7%

(Note) 1. All intersegment transactions are eliminated.
2. Information on sales by customer is omitted because no single customer accounted for 10% or more of the total revenues for the years ended March 31, 2017 and 2018.
3. The figures above do not include consumption tax, etc.

Impairment Loss

1. Summary of impairment loss

During the fourth quarter of the fiscal year ended March 31, 2018, the Company posted ¥175.9 billion in asset impairment loss. Broken down by business segment, this consisted mainly of ¥148.7 billion for the Office Printing segment and ¥26.9 billion for the Office Service segment.
The assets that suffered impairment losses were goodwill, tangible fixed assets and intangible assets primarily located in the United States. In the Office Printing segment, this included goodwill for IKON Office Solutions, Inc (“IKON”), acquired in 2008. In the Office Service segment, this included goodwill for mindSHIFT Technologies, Inc (“mindSHIFT”), acquired in 2014.

2. Background of impairment loss

In the past, the Company operated its business based on three disclosed segments: Imaging & Solutions, Industrial and Other. Of these, Imaging & Solutions was composed of the three categories of Office Imaging, focusing on printers, multifunctional printers, Network System Solutions, which has the same customers and produces sales synergy, and Production Printing, which has some customer overlap and produces technical synergy. Our strategy had been to leverage the synergies of these segments in our core business to expand global sales and achieve growth. Evaluation and reassessment of assets such as goodwill was performed along with these business segment categories.

Under the 19th Mid-Term Management Plan, launched in April 2017, our strategy shifted from expanding the scale of our business to focusing on profit for the core business segments of Office Printing and Office Services, and we defined a strategic goal of using the cash they created to concentrate investment in growth businesses to change the business structure of the Ricoh Group. In order to carry out business management aligned with this strategy, from the fiscal year ended March 31, 2018, the Company divided its disclosable segments into Office Printing, Office Services, Commercial Printing, Industrial Printing, Thermal Media, and Other. At the same time, for each of these six business segments, a system was created that enabled actual management decision-making and business management monitoring using smaller management units. Furthermore, future cash flow was reviewed and asset value was reassessed based on this strategy shift, in the cash generating units newly defined based on management units. As a result, impairment loss was posted.

3. Main companies with impairment loss

Below is a supplementary explanation of the background behind IKON and mindSHIFT, the main companies for which the impairment loss was posted.

[IKON]

IKON, which accounted for a significant portion of the impairment loss, was acquired in 2008. The acquisition of IKON made it possible for the Company to expand its Office Printing, Office Services, and Commercial Printing businesses in the U.S. and secure management resources such as a customer base, personnel and know-how that could be leveraged for future growth. As a result, the acquisition of IKON is recognized as having achieved positive results to a certain extent.

On the other hand, paperless work environments have increased, primarily due to the increase in the use of cloud and mobile technologies and digitization progressing even faster than expected. In North America, competition intensified in the Office Printing business, and unit prices continued to decline, exposing fundamental issues in the revenue structure.

From the 19th Mid-Term Management Plan, the Office Printing business in developed countries has switched from a strategy of scale expansion to one comprehensively focused on profit. After reviewing future cash flows, which were based on the assumption of ongoing investment, it became apparent that we needed to recognize impairment loss for goodwill, tangible fixed assets and intangible assets, primarily related to the acquisition of IKON.

[mindSHIFT]

The Company acquired mindSHIFT in 2014. The acquisition of mindSHIFT made it possible for the Company to expand its Service business in the U.S., develop service offerings (service menu for resolving customers' challenges), resolve customers' issues and secure the personnel and know-how needed to earn customer trust. However, the rapid growth of cloud services and changes in the market environment along with intensified competition increased the likelihood that it would not be possible to achieve the profitability initially forecasted.

"RICOH Resurgent" responds to these environment changes by concentrating the existing Office Service segment in businesses with profit contribution potential. In addition, the growth strategy announced in February 2018 (RICOH Ignite) shifts resources to development capable of adding Ricoh-oriented value to the customer base, which is one of the strengths of the Ricoh Group.
After a review of future plans that reflect this change in strategy, impairment loss was recognized primarily for goodwill in conventional IT services business acquired under the previous strategy with the purpose of services business expansion.

4. Future measures

The Company will consider acquisitions as a means to acquire management resources for business growth as necessary. However, in response to the posting of impairment loss, we will improve the acquisition process, namely, acquisition targets will be selected more in line with the Company's growth strategy, and acquisition costs will be more rigorously assessed at the time of acquisition. We will also improve headquarter functions for their implementation. In addition, thorough monitoring will be conducted during the integration process after the acquisition, with the adequate involvement of the headquarters for setting KPIs appropriate for each project, instead of leaving it to the discretion of the local offices.

Regarding the Circumstances and Response to The financial irregularities at an Overseas Consolidated Subsidiary and the Subsequent Decision to Terminate Financial Support

1. The impact on financial results for the fiscal year ended March 31, 2018

In the financial results for the fiscal year ended March 31, 2018, the Company posted a loss of ¥11.7 billion in relation to our overseas consolidated subsidiary Ricoh India Limited ("Ricoh India").
After signs of financial irregularities were recognized in 2015, Ricoh India has been trying to effectuate management reforms, cost reductions and other measures for the purpose of rehabilitating

its business. However, its business performance has not improved. In these circumstances, in the fiscal year ended March 31, 2018, after reviewing the situation in Ricoh India again, we decided to terminate financial support and announced our decision on October 27, 2017. At that point, we posted expenses of ¥6.5 billion in the second quarter ended September 30, 2017 as an allowance for assets not expected to be collected, including debts. Following this, we further examined assets and determined that we could not expect to make collections in the future for assets such as inventory and accounts receivable and so recorded an allowance of ¥5.2 billion in the fourth quarter ended March 31, 2018.

2. **Background**

Following the filing of its first quarter financial results ended June 30, 2015 to the Bombay Stock Exchange, Ricoh India, in line with good governance, changed its auditors. In order to meet its required reporting obligations with the Bombay Stock Exchange, the auditors undertook a limited review of the results for the second quarter ended September 30, 2015 as part of their new auditor processes. During this review the auditors raised concerns with Ricoh India's management and Ricoh India's audit committee regarding financial irregularities. While the Ricoh India's audit committee appointed external experts to conduct an in-house investigation, new senior management were appointed on April 13, 2016 to make the necessary changes to the operating structure of the business. The delayed results for the second quarter ended September 30, 2015 were filed on May 18, 2016 to the Bombay Stock Exchange.

Following this, Ricoh India continued to investigate the financial irregularities. On July 19, 2016, Ricoh India disclosed expected loss for the year and revised their results. Ricoh filed a petition with the National Company Law Tribunal ("NCLT") in India regarding a capital increase with the aim of restructuring Ricoh India's business (the capital increase was executed on October 15 of the same year). In addition, by dispatching a new executive officer from Ricoh as Chairman of Ricoh India, we endeavored to normalize the accounting and finance functions, execute appropriate reporting of accounts and implement recurrence prevention measures under the new management. Under these circumstances, the business relationship with Ricoh India's major IT vendor, Fourth Dimension Solutions (Headquarters: New Delhi, National Stock Exchange of India, "FDS") deteriorated. Ricoh India continued negotiations to review its business relationship in order to improve the profitability of several joint projects with FDS, however due to the frequent defaults in contracts by FDS, part of the contract with FDS was cancelled in March 2017, and negotiations for the return of advanced payments continued.

In September 2017, FDS filed a petition with the NCLT to initiate insolvency proceedings for Ricoh India, under the Insolvency and Bankruptcy Code of India. Although the petition was rejected, the dispute with FDS had surfaced. FDS filed the same petition again on October 26, 2017, but the petition was rejected again. Given these circumstances, in April 2017, under Ricoh's newly-appointed President and CEO, Yoshinori Yamashita, and based on the "RICOH Resurgent" policy, which aims to implement global structural reform across each and every business unit without exception, we reevaluated our support to Ricoh India. As a result, we decided not to provide any additional financial support going forward and to minimize the consolidated losses of the Ricoh Group, and disclosed this decision on October 27, 2017.

On January 29, 2018, Ricoh India made a resolution and filed an application to initiates corporate insolvency proceeding with the NCLT pursuant to Section 10 of the Insolvency and Bankruptcy Code of India (*). Ricoh India has been trying to effectuate management reforms, cost reductions and other measures for the purpose of rehabilitating its business. However, Ricoh India's relationship with its major vendor has deteriorated, resulting in default of contracts by the vendor and failure to collect receivables from business partners. Ricoh India announced that, since Ricoh India had reached a

position where it was unable to meet its liabilities, it decided to file the application in the best interests of its customers, employees, minority shareholders, creditors and all other stakeholders.
As the largest supplier, creditor and shareholder, we will closely monitor the decision of the NCLT of India. We recognize the importance of providing services to our customers, and we will make every effort to continue to provide services to our customers in India and maintain the quality of those services going forward. Any information that needs to be reported regarding future situations will be promptly reported.

*Reconstruction process based on the Insolvency and Bankruptcy Code of India:
After the NCLT admits an application filed under Section 10 of the Code, NCLT will appoint a resolution professional vested with the management of the corporate debtor and prescribe a time period during which a resolution plan is to be prepared and submitted to the committee of creditors and to NCLT for approval. In the event a resolution plan is not submitted to NCLT within the time period or other events stipulated in the Code occur, the NCLT will pass an order requiring the corporate debtor to be liquidated.

3. Factors behind the issues in Ricoh India

Unlike other emerging countries, India has a market expanding around IT services, and our sales grew without an adequate understanding of the regional characteristics and business models. This led us to believe that the business was successful, and we did not recognize the rapid expansion of business to be unnatural growth, resulting in the delay of the discovery.
Also, our regional headquarters which had authority delegated to them by the headquarters (4 HQs: Japan, the Americas, Europe, Asia) were in charge of managing overseas sales subsidiaries in each region.

Among them, Ricoh India was our only overseas subsidiary that was listed on the local stock market, and in accordance with listing rules in India, a management governance system had been put in place. As such, unlike other overseas subsidiaries, it is our understanding that checks by the regional headquarters became lenient.

In addition, as Ricoh India did not have its critical mission systems unified, it was difficult to find this fraud. Furthermore, our whistleblowing system did not have a mechanism for making direct reports from overseas subsidiaries to the headquarters in Japan.

4. Efforts to prevent recurrence

As we disclosed in October 2017, we acknowledge the gravity of the situation of having to change the financial support policy for Ricoh India, and, with the aim of strengthening group governance, we have been undertaking the following measures to prevent a recurrence through strengthening cooperation between the Japan headquarters and the regional headquarters and overseas subsidiaries. In addition, in January 2018, in light of the fact that Ricoh India filed a petition initiating the corporate insolvency resolution process with the NCLT pursuant to Section 10 of the Insolvency and Bankruptcy Code of India, we are working on the following measures to prevent a recurrence from the viewpoint of business management and organizational enhancement.

1) Strengthen business management

(A) Establishing a mechanism to review risk evaluation items with awareness of regional and business characteristics when planning and approving mid-term management plans and other business plans.
(B) Managing subsidiaries in a way that corresponds to the emerging country business risks and risks of new and growing businesses that they are exposed to.
(C) Strengthening business management of overseas subsidiaries and globally standardizing purchasing processes.
(D) Building frameworks to expose shortcomings and implement best practices in new business domains.

2) Business administration enhancement

(A) Strengthening the management of overseas subsidiaries under the unified effort of regional headquarters, the supervisory department for subsidiaries and affiliates, and the accounting department of Japan headquarters.
(B) Establishing a mechanism that enables the headquarters function to check the status of business in each country.

3) Strengthen the organizational structure
(A) Establishing an organization to control sales subsidiaries in the headquarters, and redefining the scope of responsibilities and roles between the new organization, the regional headquarters and sales subsidiaries.
(B) Integrating the headquarters accounting and finance functions to clarify the reporting lines and management responsibility.

4) Compliance enhancement
(A) Educating those seconded to our overseas subsidiaries as senior officers with particular emphasis on compliance and internal control and clarifying their roles and responsibilities.
(B) Strengthening the evaluation and supervision of senior management through the establishment of a nomination and compensation committee in the Asia Pacific region.
(C) Enhancing the development of a whistleblowing system in group companies and thoroughly notifying all employees accordingly, as well as establishing a shared internal reporting desk enabling all group employees to report directly to the headquarter.

5) Audit enhancement
(A) Conducting internal audits by the global audit team to improve the effectiveness of internal audits with efforts, such as checking transaction details.
(B) Unifying the independent auditor of overseas subsidiaries into those affiliated with the auditing firm adopted by Japan headquarters and strengthening cooperation with the independent auditors of overseas subsidiaries.

6) IT governance enhancement
(A) Implementing assessments of the core system in the Asia-Pacific region and reconstructing the system with effective IT governance.

(3) Financial positions
In Assets, “Property, plant and equipment” and “Goodwill and intangible assets” decreased because of impairment loss. As a result, Total assets decreased by ¥118.2 billion from the previous corresponding period to ¥2,641.0 billion. In Liabilities, “Other current liabilities” and “Accrued pension and retirement benefits” decreased from the previous corresponding period. Total liabilities increased by ¥9.8 billion from the previous corresponding period to ¥1,652.2 billion. In Equity, “Retained Earnings” decreased due to recognition of losses for the year from the previous period. As a result, Total equity decreased by ¥128.1 billion from the previous period, to ¥988.7 billion.

(4) Cash flows
Net cash provided by operating activities increased by ¥21.9 billion from the previous corresponding period to ¥110.2 billion due mainly to the improvement in inventories and decrease in the amount of the increase in lease receivables. Net cash used in investing activities decreased by ¥25.6 billion from the previous corresponding period to ¥81.0 billion due mainly to the decrease in “Time deposits.” Net cash provided by financing activities increased by ¥26.3 billion from the previous corresponding period to ¥6.4 billion due mainly to the decrease in “Repayments of long-term debt” and “Dividends paid.” As a result, the balance of cash and cash equivalent at the end of year increased by ¥34.1 billion from the end of previous year, to ¥160.5 billion.

Cash and Asset-Liability Management

Ricoh has in recent years tried to achieve greater efficiencies in the utilization of cash balances held by its subsidiaries pursuant to its policy of ensuring adequate financing and liquidity for its operations and growth and maintaining the strength of its financial position. One method that Ricoh has implemented to achieve greater efficiency is building up its group cash management system in each region as well as globally. This cash management system functions as an arrangement in which Ricoh's funds are pooled together and cash resources are lent and borrowed from one group company to another with finance companies located in each region coordinating this arrangement. As part of that, Ricoh introduced a global cash pooling system and realized further improvement of fund operation efficiency globally.

Ricoh also enters into various derivative financial instrument contracts in the normal course of its business and in connection with the management of its assets and liabilities. Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign exchange fluctuation on local currency-denominated assets and liabilities and interest rate swap agreements to hedge against the potentially adverse impact of cash flow fluctuations on its outstanding debt interests. Ricoh uses these derivative instruments to reduce its risk and to protect the market value of its assets and liabilities in conformity with Ricoh's policy. Ricoh does not use derivative financial instruments for trading or speculative purposes nor is it a party to leveraged derivatives.

Sources of Funding

Ricoh's principal sources of funding are a combination of cash and cash equivalents on hand, various credit facilities and long-term debt securities. In assessing its liquidity and capital resources needs, Ricoh places importance on the balance of cash and cash equivalents in the consolidated statement of financial position and operating cash flows in the consolidated statement of cash flows.

As of March 31, 2018, Ricoh had ¥160.5 billion in cash and cash equivalents and ¥658.5 billion in credit facilities. Of the ¥658.5 billion in credit facilities, ¥635.9 billion was available for borrowing by Ricoh as of March 31, 2018. The Company has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥150.0 billion. Also, Ricoh Leasing Co., Ltd. has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥50.0 billion. These committed credit line amounts of the Company and Ricoh Leasing Co., Ltd. are included in the ¥658.5 billion figure for credit facilities. Ricoh may also borrow up to its borrowing limit from financial institutions under the interest rates of each respective market. The loans offered by these financial institutions are mostly unsecured loans.

The Company and certain subsidiaries raise capital by issuing commercial paper and long-term debt securities in various currencies. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 2.0% to 2.3%, interest rates for bank loans ranged from 0.02% to 4.79% and interest rates for long-term debt securities ranged from 0.001% to 7.30% during fiscal year ended March 31, 2018. Furthermore, Ricoh utilizes a cash management system in Japan, the United States and Europe and globally elsewhere to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Services ("Moody's") and Rating and Investment Information, Inc. ("R&I"). As of March 31, 2018, S&P assigned long-term and short-term credit ratings for the Company of BBB+ and A-2, respectively, Moody's assigned a short-term credit rating for the Company of P-3 and R&I assigned long-term and short-term credit ratings for the Company of A+ and a-1, respectively.

As is customary in Japan, substantially all of the bank loans are subject to general agreements with each lending bank which provide, among other things, that the bank may request additional security for loans if there is reasonable and probable cause for the necessity of such additional security and that the bank may treat any security furnished, as well as any cash deposited in such bank, as security for all present and future indebtedness. The Company has never been requested to furnish such additional security.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year ending March 31, 2019. Even if there were a decrease in cash flows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing credit facilities would be sufficient to finance its operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of existing businesses and the development of new projects through its access to financial and capital markets. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations would not significantly affect Ricoh's liquidity, due mainly to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cash flow generated from its operating activities and group-wide cash management system.

Ricoh expects that its capital expenditures for the fiscal year ending March 31, 2019 will amount to approximately ¥83.0 billion, which will be used principally for investments in manufacturing facilities and the rationalization of production mainly in the Office Printing segment and Other segment. In addition, Ricoh is obligated to repay long-term indebtedness in the aggregate principal amount of ¥182.4 billion during fiscal year ending March 31, 2019 and is obliged to repay the aggregate principal amount of ¥540.8 billion during fiscal years ending March 31, 2020 through 2022.

The Company and certain of its subsidiaries have various employee pension plans covering all of their employees. As described in "V. FINANCIAL INFORMATION 21. EMPLOYEE BENEFITS," the unfunded portion of these employee pension plans amounted to ¥106.4 billion as of March 31, 2018 and was recorded as liability on the Consolidated Statement of Financial Position of Ricoh as of March 31, 2018. The amounts contributed to pension plans for fiscal years ended March 31, 2017 and 2018 were ¥19.4 billion and ¥18.7 billion, respectively.

4. **MATERIAL AGREEMENTS, ETC.**

(1) The important patent and licensing agreements

The following table lists some of the important patent and licensing agreements which the Company is currently a party to:

Counterparty	Country and Region	Summary of the Contract	Contract Term
International Business Machines Corporation	USA	Comprehensive cross license patent agreement related to information processing technology (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
ADOBE Systems Incorporated	USA	Patent licensing agreements related to development of printer software and sales (counterparty as licensee)	January 1, 1999 to March 31, 2019
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement related to computer image analysis and other products (counterparty as licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
Canon Inc.	Japan	Patent licensing agreement related to office equipment (reciprocal agreement)	October 1, 1998 to expiration date of the patent subject to the agreement
KYOCERA Document Solutions Inc.	Japan	Patent licensing agreement related to method of controlling multi-function peripherals (Company as licensor)	January 1, 2012 to December 31, 2018
KYOCERA Document Solutions Inc.	Japan	Patent licensing agreement related to facsimile functions (Company as licensor)	June 1, 2012 to May 31, 2019
Hewlett-Packard Company	USA	Comprehensive cross license patent agreement related to document processing systems (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement related to office equipment (Company as licensor)	October 1, 2014 to September 30, 2019

(2) Transfer of shares

The company concluded a share transfer agreement to transfer 80% of the outstanding shares of Ricoh Electronic Devices Co., Ltd. (referred to as Ricoh Electronic Devices from here), its consolidated subsidiary, to Nisshinbo Holdings Inc. on October 30, 2017.
For the details, refer to “V. Financial Information – Notes to Consolidated Financial Statements – 25. Loss of Control of Subsidiary”.

Ricoh concluded an agreement on February 21, 2018 for tendering all Ricoh owned shares in the Coca-Cola Bottlers Japan Holdings Inc. (referred to as CCBJH from here), as proposed by CCBJH on February 22, 2018. The tender was completed on March 22, 2018.
For the details, refer to “V. Financial Information – Notes to Consolidated Financial Statements – 35. Subsequent Events – 1. Tender offer by Coca Cola Bottlers Japan and settlement of the transaction”.

At a meeting on May 18, the Ricoh Board of Directors agreed to sell 66.6% (omitted the figures below the second decimal place) of the company’s shares in Ricoh Logistics System Co., Ltd., to SBS Holdings Co., Ltd. Ricoh thereafter plans to transfer all of its remaining ordinary shares in Ricoh Logistics System.

For the details, refer to "V. Financial Information – Notes to Consolidated Financial Statements – 35. Subsequent Events – 2. Conclusion of agreement to sell shares in Ricoh Logistics System".

5. RESEARCH AND DEVELOPMENT

At Ricoh (the Company and consolidated subsidiaries), we are committed to providing excellence to improve the quality of living and to drive sustainability as its basic management philosophy. Based on this management philosophy, Ricoh conducts R&D activities under three key RICOH Resurgent objectives in the 19th Mid-Term Management Plan (from April 2017 to March 2020, hereinafter the 19th MTP): cost structure reforms, prioritizing growth businesses centered on our strengths, and reinforcing our management systems. Pursuing our objective of prioritizing growth businesses centered on our strengths and after redefining and narrowing down our strengths, we will leverage them in an effort to achieve growth. In the office market, we will forge deeper ties with customers around the world, and, in addition to the printing domain of our existing core business, we will provide new services such as a meeting support system offering improved customer workflow and enhanced business productivity. To bring smart solutions to the way people work, we will combine machine vision-based input, AI-driven analysis and device display and control to create products and technologies that help reform customer workplaces and resolve social issues.

Ricoh is expanding the printing technologies it has accumulated over many years into new areas such as commercial printing, industrial printing and healthcare. Through inkjet heads that not only print on paper but are capable of printing on various materials, we are pursuing applications such as display printing, which enables three-dimensional printing and others, and applied printing, which is utilized on electronic circuits and biological objects.

Ricoh has research and development sites in Japan, the United States, India and China. Each site explores market needs and conducts research and technology development attuned to regional characteristics while deepening cooperative connections among global sites. We also have opened technology centers and customer experience centers around the world. We launched value–creating activities involving our customers, using a framework for gathering feedback on market needs ascertained directly through customer support activities to enhance future product development.

Ricoh promotes open innovation together with universities, research institutions and other enterprises to accelerate efforts to help resolve social issues, streamlining the development of advanced technologies. We are applying our core technologies including inkjet, machine vision, and image processing through active participation in the Japanese government-supported Funding Program for World-Leading Innovative R&D on Science and Technology and joint R&D with universities and independent administrative corporations. We are also reinforcing relationships with venture enterprises to accelerate the creation of new businesses.

Ricoh will pursue the development of innovative technologies and provide innovative products and services that delight our customers by integrating the new concepts into Ricoh's core technologies, which have been accumulated over many years through product development in areas such as image processing technologies, optical technologies, new materials, devices, environmental technologies, network technologies and software technologies.

With the adoption of IFRSs, part of the development costs incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh's consolidated R&D expenditures were approximately ¥ 111.0 billion, including the development costs which were treated as intangible assets of ¥ 17.0 billion.

(1) Office Printing
With the recent expansion of the cloud services market, work environments that are free of time and place constraints have streamlined operational efficiency in a wide range of businesses. In response to the

heightened demand for solutions from issues arising from changing work patterns, Ricoh has developed equipment catering to a diverse range of needs in the area of multifunction printers (MFPs) while accelerating the roll-out of cloud solutions in collaboration with development partners.

Ricoh’s R&D activities in the Office Printing segment include electrophotographic technology for MFPs and printers for office use, supply technology, precision optical components, image data processing technology, next-generation image producing engines, cutting-edge software technologies, as well as applications for the advancement of office solutions and 3Rs (reduce, re-use and recycle) for reducing environmental impact.

Notable achievements of R&D activities in this segment during the fiscal year ended March, 2018 were as follows.

- RICOH MP C4503RC SPF/C3003RC SPF Full Color Reconditioned Multifunction Printer
  Combines high-productivity with usability in addition to reducing environmental impact
  <Main Features of the New RICOH MP C4503RC SPF/C3003RC SPF>
  Reducing environmental impact by introducing advanced recycling technologies
  Reusable, returnable eco package used for transportation
  Environment-friendly design meets various standards and achieves a balance between usability, energy efficiency and low cost.
  Demonstrates high productivity, and realizes space-saving design and quiet operation
  Outputs high-quality documents by high image quality and broad paper support

- Release of RICOH FAX 5520, a facsimile capable of sending and receiving A3 paper
  Strikes a balance between comfortable operability and robust information security features
  <Main Features of the New RICOH FAX 5520>
  Pursues usability and achieves outstanding operability
  Equipped with advanced security features to provide secure operation for users
  Helps reduce costs with a wide array of functions utilizing networks
  Includes highly versatile functions that provide comfortable support for business tasks in the office

- Release of the flagship model RICOH SP 8400 series A3 monochrome printers
  Offers enhanced productivity and operability while contributing to improved business efficiency in the office
  <Main Features of the New RICOH SP 8400 Series>
  Achieves high speed and durability to handle high-volume output tasks
  Pursues usability and achieves outstanding operability
  Newly extended options equipped with enhanced post-processing functions
  Wide variety of paper support to help boost business efficiency
  Excellent environmental performance contributes to energy savings and cost reductions in the office
  Supports various types of document output

Release of the RICOH SP C261/C260L series A4 color laser printers and MFPs
  Caters to the need to print from mobile devices and improves operability
  <Main Features of the RICOH SP C261/C260L Color Laser Printer>
  Achieves high productivity with a compact body
  Supports many different ways to print from mobile devices
  Helps to lower running costs in the office
  Helps reduce the environmental impact through exceptional environmental performance
  <Main Features of the RICOH SP C261SF/C260SFL Color Laser MFPs>
  Incorporates four functions into a compact body

Provides user-centered design
Equipped with a facsimile function that helps in reducing costs and enhancing security

- Release of the RICOH SP 2200L series A4 monochrome printers and MFPs
  Improves durability and supports a wide range of ways to print from mobile devices
  <Main Features of the New RICOH SP 2200L Series>
  Achieves high productivity and durability
  Supports a wide range of ways to print from mobile devices
  Both the main unit and toner refills are offered at low cost
  Compact and stylish design
  Consolidates four functions into a single unit (RICOH SP 2200SFL)

The R&D expenditures in the Office Printing segment were approximately ¥45.5 billion

(2) Office Services
As office communication and workstyles change, Ricoh provides customers with visual communication systems that foster collaboration across time and space. We strive to provide values that enhance customer productivity through our work efficiency knowhow and solutions that draw on products such as teleconferencing and web conferencing systems, interactive whiteboards (IWB) and projectors. In this way, Ricoh provides total support for the working environment.

This is why we develop visual communication technologies, IT services and application services and the cloud platforms to support those services.

Notable achievements of R&D activities in this segment during the fiscal year ended March, 2018 were as follows.

- Release of the RICOH PJ WU6480/X6480 high-end projector
  Achieving high intensity and excellent reliability with the adoption of a dual-lamp system
  We released two new high-end projector products, the RICOH PJ WU6480 and X6480.

- Release of RICOH Unified Communication System Advanced
  Offering a teleconferencing system that can be accessed from any device and environment

  As a new product offered under the RICOH Unified Communication System ("RICOH UCS") our teleconferencing system, we launched RICOH Unified Communication System Advanced, a virtual meeting room solution that allows connections from any device and environment.

- Release of 10 models across five product lines in standard model projectors
  In addition to enhanced input interfaces, increasing flexibility for main unit installation
  Ricoh released the high-intensity RICOH PJ WX5770/X5770 series and medium-intensity RICOH PJ HD5451/WX5461/X5461 series as new standard model projectors, representing 10 models across five product lines in total.

- Release of three entry-level projector products
  Enhanced input interfaces to support diverse workstyles for customers
  Three models, the RICOH PJ WX2440/ X2440 / S2440 were released as new entry-level projectors. In addition to the enhanced basic functions, the series of entry-level models are designed with a focus on usability and achieved comfortable operability.

- Release of two new RICOH Interactive Whiteboard products
  Unified operation across all series products make it easier for customers to choose

Ricoh has introduced the RICOH Interactive Whiteboard D6510 (65-inch screen) and the RICOH Interactive Whiteboard D5520 (55-inch screen) as new products of the RICOH Interactive Whiteboard series that promote collaboration through the concepts of "project, write and share."

The R&D expenditures in the Office Services segment were approximately ¥4.9 billion.

(3) Commercial Printing

For customers in the printing industry, Ricoh proposes combinations of products and workflow solutions delivering exceptional performance at attractive prices, with the aim driving the offset to digital transition while securing new commercial printing customers. Ricoh's R&D activities in the commercial printing segment include digital electrophotographic technology for commercial printing use, supply technology, precision optical components, imaging data processing technology, inkjet technology, next-generation image producing engines, cutting-edge software technology and applications for the advancement of production printing workflow.

Notable achievements of R&D activities in this segment during the fiscal year ended March, 2018 were as follows.

- Release of the new Ricoh Pro RICOH Pro C7210S/C7200S Color Production Printer

  As successors to the RICOH Pro C7110S/C7110/C7100S released in December 2014, new products have achieved even higher productivity and image quality and enhanced basic performance. They continue to support the special color toners (white, clear, neon yellow and neon pink) that were well received in the predecessors. Combining these with process colors (cyan, magenta, yellow and black) and printing on various types of paper enables rich and vivid expression. The products are also equipped with Ricoh's new IQCT* technology, which automates the color calibration and image alignment traditionally performed by a highly-skilled operator. This has the dual benefits of saving labor on printing operation and stabilizing print quality.

  *Inline Quality Control Technology: A technology that delivers consistently high-quality printouts by automating adjustments before and during printing.

The R&D expenditures in the Commercial Printing segment were approximately ¥32.4 billion.

(4) Industrial Printing

The industrial inkjet printhead field is poised for growth in view of diversifying requirements for these components and the intensive development of products and applications. The inkjet modules and industrial printer business is expected to grow as an area expanding the potential of printing technologies. Digitization of processes will enable on-demand printing of small runs of multiple jobs and low costs.

We also actively brought out products for segments exhibiting particularly solid growth from among these diverse needs. Direct to Garment (DTG) printers for clothes, fabrics and other items are expected to have a promising future in the market, and we aim to expand our business accordingly.

Ricoh is engaged in the development of inkjet heads, inkjet modules and industrial printer technologies in the Industrial Printing segment.

Notable achievements of R&D activities in this segment during the fiscal year ended March, 2018 were as follows.

- Development of two new industrial inkjet heads, the RICOH MH5421F and RICOH MH5421MF

  These products offer highly stable jetting performance, employing our proprietary ink circulation structure that enables continuous ink flow directly past back the nozzles to prevent dry nozzle and ink particle sedimentation. Depending on the difference in ink viscosity, customers can select from two models, the RICOH MH5421F and RICOH MH5421MF. Both products also support a wide array of ink thanks to a proprietary stainless bonding technology and achieve improved system reliability.

- The new launch of the RICOH Ri 100, a strategic DTG printer that directly prints on garments such as t-shirts for textile printing use

  This product has achieved a high-quality finishing to deliver outstanding image quality and smooth texture. Integration of the printer and finisher resulted in a compact design, with new cassette-type T-shirt holders making operation simple and enabling safe and easy direct printing to garments. The RICOH Ri 100 went on sale in Asia and China first in summer 2017, followed by the Japanese launch in autumn 2017 and will become available elsewhere thereafter.

- Development of the RICOH Pro T7210, Ricoh's first large format UV flatbed inkjet printer for industrial printing, utilizing our proprietary inkjet technologies

  Ricoh has combined its proprietary inkjet technologies accumulated over more than 40 years. By arranging 12 inkjet heads in three staggered rows, we have realized high productivity with a maximum speed of $100m^2/h$ during 4-color printing. High-speed printing is also available during 5- and 6-color printing jobs. The printer uses original UV ink to achieve high adhesion (the property by which the pattern formed on the base material does not peel off) on a variety of base materials such as acrylic, glass, wood, aluminum and steel sheet.

The R&D expenditures in this segment were approximately ¥7.9 billion.

(5) Thermal
We aim to build customer trust through our high-value-added thermal paper, in which we dominate the world market, and our top quality products and services.
The R&D expenditures in this segment were approximately ¥1.6 billion.

(6) Other
The following details our notable achievements during the fiscal year ended March 31, 2018 in industrial systems, optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment and healthcare solutions.

■ Industrial Systems and Industrial Cameras
We continue to develop our businesses, optimizing our cultivated technological strengths in the industrial production field, including the automotive industry, striving to resolve social issues with our business partners.

- Launch of the RICOH Open Remote Services, which supports the businesses of customers manufacturing industrial equipment by utilizing IoT technologies and big data and providing expertise in maintenance services.

  We continue to help customers to visualize equipment status and build new business models by providing internal practices cultivated at Ricoh such as service and support as a remote monitoring service.

  For industrial equipment manufacturers, we combine our different technological strengths to help customers develop new businesses through remote monitoring, log data utilization, maintenance services and more.

- New features added to the RICOH SC-10 series inspection camera systems

  Capable of distinguishing between components of similar color through differences in texture

The RICOH SC-10 series is a system to check whether the manual assembly of parts, components, etc., is properly performed. Automated checks that utilize image recognition technologies make it possible to prevent operational errors and have been well received at various work sites.
Now a new texture checking feature has been added, making it possible to distinguish not only different colors but different textures as well. Other features include support for various photo shooting conditions with the addition of individual sensor control functions, support for one-shot output that makes it easier to connect with external devices and support for task planning functions enabling efficient work.

- Development and the start of mass production of the world's smallest* automotive stereo camera
  Catering to the rapidly growing demand for Advanced Driver Assistance Systems (ADAS) in the automotive industry, the Ricoh Group has jointly developed the world's smallest automotive stereo camera with Denso Corporation and begun mass production.
  Stereo camera systems use two cameras to generate parallax images and measure distance. These cameras have an excellent feature in the accuracy of distance measurement. However, as this design increases the size of the housing, reducing the size enough for vehicle mounting was a challenge. With this latest development, proprietary optical design technologies, various calibration technologies and real-time parallax correction technology were utilized to successfully develop the world's smallest automotive stereo camera (with left-right camera spacing of 80mm), and mass production was started.
  *As of April 2017, based on Ricoh survey

■ Healthcare
Ricoh entered the healthcare field in 2016 to capitalize on opportunities offered by an aging society and the need to reduce medical costs and eliminate regional disparities in medical treatment standards. We aim to expand our business by focusing on healthcare solutions, medical imaging and biomedicine.

- Started business development of a bed sensor system for the nursing care industry in partnership with MinebeaMitsumi Inc.
  Ricoh and MinebeaMitsumi Inc. signed a joint business development agreement to commercialize a bed sensor system for monitoring biometric information. By integrating the sensor module technologies from MinebeaMitsumi with our systemization technologies and expertise in manufacturing, marketing, maintenance support and more, we will provide a high-added value bed sensor system and associated information service.

- Release of the new RICOH MEG magnetoencephalography system in the United States
  Ricoh has been working on technological development for biomagnetic measurement devices since 2014, and one such device is a magnetoencephalography system. In April 2016, we took over the magnetoencephalography business from Yokogawa Electric Corporation. The new RICOH MEG product has been newly developed by combining the sensing technologies to measure deep brain areas or high frequencies developed by Yokogawa Electric over many years together with the image technologies, system design capabilities and production know-how Ricoh has gained through its core businesses.

■ Environment
Ricoh has evolved further the scope of environmental management, an area it has focused on since the 1990s with the aim of achieving "environmental management that evolves with customers." In 2016, we opened the Ricoh Eco Business Development Center in Gotemba. The center was established to create and expand new businesses based on environmental sustainability and will be engaged in technological development as a center for verification of eco-business technologies.

- Concluded an agreement with the town of Taki in Taki District, Mie Prefecture and the company Aquaignis on the energy supply for warm bathing facilities using wood biomass

  Since December 2016, through collaboration with Shizuoka Prefecture, Ricoh Eco Business Development Center runs a biomass boiler that burns woodchips from thinned timber waste in the woods around the Center. The boiler powers the site's air-conditioning systems and hot water supply. Using the know-how gained from this endeavor, we utilized wood biomass at warm bathing facilities.

■ Digital Cameras

We aim to create new expressions of images and video through the use of unique and attractive hardware and its data.

- Release of the RICOH THETA V, a camera that can shoot 360-degree spherical images in a single shot

  Ricoh launched the RICOH THETA V, which supports features that include 360-degree 4K video capture, immersive spatial audio recording and high-speed transfer as a high-end model of the 360-degree RICOH THETA camera series. RICOH THETA V has received awards in Good Design Best 100 and in German iF Design Award 2018.

- Launch of a dedicated app for the cloud service THETA 360.biz that enables 360-degree spherical images to be shown on subscriber websites

  We developed and started offering the RICOH 360.biz for Tour Creator, smartphone and tablet app that makes it easier to use THETA 360.biz, enabling users to show 360-degree spherical images on subscriber websites.

- Entering a business to display banner advertisements in 360-degrees using VR and AI

  As demand for banner advertisements that generate appeal and high click-through rates is expected to grow, Ricoh will enter the business to display Internet banner advertisements with 360-degree images. As a part of this endeavor, Ricoh has launched RICOH 360 for Ad, providing various services from providing 360-degree advertising images to measuring the effects of the ads. The spot to be focused on images of an advertisement will be automatically identified through AI by utilizing Ricoh's proprietary 360-degree image interest area animation technologies (patent pending) and learning from 360-degree images that have been recorded to date. Through this process, the advertising image will not only be rotated horizontally, but will also automatically show the area that the advertisements appeal to internet users.

- Launch of the PENTAX K-1 Mark II 35mm full-frame digital SLR camera

  Developed as the successor to the PENTAX K-1 35mm full-frame digital SLR camera (launched in April 2016), the PENTAX K-1 Mark II was designed to be the new flagship of the acclaimed PENTAX K-series lineup. In addition to the outstanding image quality, this model provides excellent super-high-sensitivity imaging performance and much improved operability—important factors expected in a top-of-the-line model—to accommodate a wider range of subjects and scenes. By coupling a newly incorporated accelerator unit with the PRIME IV imaging engine, it assures flawless, high-speed operation and excellent noise reduction, improving image quality and super-high-sensitivity imaging performance. The PENTAX-developed Pixel Shift Resolution System—the latest super-resolution technology designed to optimize the image sensor's imaging performance — has been upgraded to the Pixel Shift Resolution System II. This system features a newly developed Dynamic Pixel Shift Resolution mode which allows the photographer to capture super-high-sensitivity images in handheld shooting by detecting the slight fluctuations of the subject's position during continuous shooting. In addition to the conventional shooting style using a tripod, this innovative mode provides a new option for the photographer to enjoy super-high-sensitivity photography with a wider variety of subjects and scenes.

The R&D expenditures in this segment were approximately ¥7.7 billion.

(7) Fundamental Research

Ricoh continues to engage in the development of its fundamental research fields, which focus on R&D activities that can be applied to various products and that are difficult to categorize into a specific operating segment. These R&D activities include R&D in nanotechnology, micro electro mechanical systems (MEMS), general technologies in measuring, analysis and simulation, application in printing technology, new materials and devices, next-generation image display, image recognition and image data processing technologies and the necessary photonics technology, data collection and analysis technologies, application of artificial intelligence, system solutions, manufacturing technology, environmental technologies and healthcare technologies.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2018 were as follows.

- Bioprinters that position cells in 3D

  It is necessary to precisely arrange different types of cells derived from induced pluripotent stem cells (iPS cells) and assemble them three-dimensionally to reproduce biological tissue structures that closely approximate those of living bodies. Ricoh is researching and developing 3D bioprinters that can mix cells with inks, disperse them in liquid and stably eject cells from inkjet printheads without crushing them to produce artificial human tissues.

- Demonstration testing of road surface inspection

  In the area of road management, the Maintenance Control Index (MCI) is used as a comprehensive benchmark for maintenance management ensuring that road repairs are undertaken at the appropriate time. To calculate MCI, Ricoh employs an on-board measuring system that uses multiple stereo cameras capable of acquiring 3D information to measure the rate of cracks, the depth of ruts and flatness. By replacing the visual inspection process (determination of cracking rate) with machine reading through an AI-derived model, man-hours can be reduced compared with conventional methods. In this way, Ricoh has automated the processes from capturing images to the creation of measurement results.

- Start of joint demonstration test on autonomous driving in Semboku City, Akita Prefecture with AZAPA Co., Ltd.

  The demonstration testing is being conducted to identify specific issues in the way of practical utilization, including technical issues, involved with operating on public roads, practical operation in snowy regions, coordination with transport infrastructure environments and the development of legislation. AZAPA focuses on areas from route generation in autonomous driving to autonomous driving control in evasive maneuvers as well as the control technologies concerning the feeling that passengers experienced. Ricoh works on themes related to omnidirectional image sensing technologies and advanced analysis of people's recognition, decisions and behaviors. Using a vehicle that combines the two companies' technologies, the demonstration testing is designed to identify issues in autonomous driving and provide new technological solutions.

- Development of a vibration data visualization system

  By combining Ricoh's unique sensors with data analyzing technology, we have made it possible to extract the data necessary to detect problems both with equipment and machines. Users can understand conditions and features that have not previously been understood such as abnormal manufacturing equipment vibrations and sudden shocks affecting product quality as well as confirming equipment soundness in real time and in numeric form. The system provides stable equipment operation by preventing equipment failure, reducing downtime and simplifying maintenance, while providing new added value in preventing future maintenance.

- Utilization of credit approval models utilizing AI technologies
  Ricoh has advanced demonstration testing on the introduction of AI in its credit approval operations. By applying machine learning developed in-house on the large volume of credit data maintained by Ricoh, we have developed a highly accurate credit approval model. The system has been utilized at Ricoh in its credit approval operations since January 2018 following verification based on actual data that was begun in September 2017.

The R&D expenditures in this segment were approximately ¥11.0 billion.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2018 was ¥72,285 million. A breakdown of capital investment by segment is as follows:

	Millions of yen			
	For the year ended March 31, 2017	For the year ended March 31, 2018	Change	Change (%)
Office Printing	50,401	45,326	(5,075)	(10.1)
Office Services	3,951	3,155	(796)	(20.1)
Commercial Printing	3,912	4,613	701	17.9
Industrial Printing	1,316	3,240	1,924	146.2
Thermal Media	2,606	4,515	1,909	73.3
Other	9,052	8,280	(772)	(8.5)
Corporate	4,209	3,156	(1,053)	(25.0)
Total	75,447	72,285	(3,162)	(4.2)

(Notes) 1. These investments were financed mostly with Ricoh's own capital or borrowings.
2. The figures in the above table do not include consumption tax, etc.
3. A breakdown of the capital investment of each segment is as follows:
Office Printing: ¥10,912 million for an increase in production capacity and improvement in production efficiency, ¥17,778 million for the purchase of rental assets and so on.
Other... ¥4,498 million for the improvement of the manufacturing facilities.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2018)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Office Printing & Commercial Printing	Manufacturing facilities for supplies	1,162	4,765	- (-)	5,927	-
Head Office (Tokyo)	Corporate and Office Printing , Office Service, Commercial Printing, Industrial Printing & Other	Development facilities & Other equipment	6,635	494	120 (17)	7,250	924
Research & Development Center (Kanagawa)	Corporate	Other equipment	870	83	3,200 (17)	4,153	-
System Center (Tokyo)	Corporate	Other equipment	762	463	259 (3)	1,484	44
Ricoh Technology Center (Kanagawa)	Office Printing , Office Service, Commercial Printing, Industrial Printing & Other	Development facilities	24,027	3,858	4,944 (89)	32,829	3,634
Atsugi Plant (Kanagawa)	Office Printing , Commercial Printing & Industrial Printing	Manufacturing facilities for office equipment	2,361	2,033	2,011 (98)	6,405	277
Shin-Yokohama Office (Kanagawa)	Office Printing, Office Service, Thermal Media & Other	Other equipment	514	150	- (-)	664	577
Numazu Plant (Shizuoka)	Office Printing, Commercial Printing & Industrial Printing	Manufacturing facilities for supplies	9,386	6,528	1,194 (128)	17,108	734
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	1,677	299	2,205 (93)	4,181	44

Fukui Plant (Fukui)	Office Printing & Thermal Media	Manufacturing facilities for supplies	1,215	2,516	1,120 (93)	4,851	135
Ikeda Plant (Osaka)	Corporate	Other equipment	1,604	538	98 (19)	2,240	88

(2) Domestic subsidiaries

(As of March 31, 2018)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Ricoh Industry Co., Ltd. (Kanagawa)	Office Printing, Commercial Printing & Industrial Printing	Manufacturing facilities for office equipment	8,191	3,808	1,223 (168)	13,222	2,322
Ricoh Elemex Corporation (Aichi)	Office Printing and Other	Manufacturing facilities for office equipment and others	1,719	4,730	3,244 (546)	9,693	546
Ricoh Japan Corporation (Tokyo)	Office Printing, Office Service, Commercial Printing, Industrial Printing and Other	Other equipment	5,371	12,776	3,370 (63)	21,517	17,066
Ricoh Leasing Co., Ltd. (Tokyo)	Office Printing and Other	Other equipment	99	17,909	- (-)	18,008	765
Ricoh Logistics System Co., Ltd (Tokyo)	Office Printing and Other	Distribution warehouse and vehicles	3,699	3,152	155 (21)	7,006	1,245
Ricoh Imaging Co., Ltd. (Tokyo)	Other	Other equipment	2	-	1,501 (5)	1,503	110
Ricoh Industrial Solutions Co., Ltd. (Kanagawa)	Other	Manufacturing facilities for optical equipment and electronic components	2,625	2,452	331 (40)	5,408	1,213

(3) Overseas subsidiaries

(As of March 31, 2018)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Ricoh Electronics, Inc. (U.S.A.)	Office Printing and Thermal Media	Manufacturing facilities for office equipment and supplies	1,752	6,140	1,660 (134)	9,552	774
Ricoh UK Products Ltd. (U.K.)	Office Printing and Commercial Printing	Manufacturing facilities for office equipment	603	1,780	324 (210)	2,707	605
Ricoh Industrie France S.A.S. (France)	Office Printing and Thermal Media	Manufacturing facilities for office equipment and supplies	597	2,025	52 (209)	2,674	788
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Thermal Media	Manufacturing facilities for thermal media	1,471	830	- [64]	2,301	319
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Office Printing and Office Service	Manufacturing facilities for office equipment	1,282	2,079	- [59]	3,361	1,673
Ricoh Asia Industry (Shenzhen) Ltd. (China)	Office Printing	Manufacturing facilities for office equipment	236	2,630	- [48]	2,866	3,084
Ricoh Components & Products (Shenzhen) Co., Ltd. (China)	Office Printing and Other	Manufacturing facilities for office equipment and others	156	2,258	- [78]	2,414	3,082
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Office Printing	Manufacturing facilities for office equipment	4,053	1,019	482 (121)	5,554	2,306
Ricoh USA Inc. and other 44 sales subsidiaries in Americas	Office Printing, Office Service, Commercial Printing and Industrial Printing	Other equipment	1,292	14,816	466 (221)	16,574	25,096

Ricoh Europe Holdings PLC and other 68 sales subsidiaries in Europe	Office Printing, Office Service, Commercial Printing and Industrial Printing	Other equipment	995	12,643	- (-)	13,638	15,190
Ricoh Asia Pacific Pte Ltd and other 19 sales subsidiaries in Other area	Office Printing, Office Service and Commercial Printing	Other equipment	690	7,295	78 (49)	8,063	6,944

(Notes) 1. The figures in the above table do not include consumption tax, etc.

2. The tables above do not include construction in progress.

3. Currently there is no material idle equipment.

4. The facilities of the Tohoku plant at Ricoh Industry Co., Ltd. are owned by the Company, but the manufacturing is performed under a consignment agreement with Ricoh Industry Co., Ltd.

5. Research & Development Center has relocated the office and accordingly, employees are moved. Therefore, there is no employee as of March 31, 2018. It has changed the name as Nakamachidai plant since April 1, 2018.

6. The disclosures for Ricoh Leasing Co., Ltd., Ricoh Logistics System Co., Ltd. and Ricoh Electronics, Inc. are based on consolidated figures.

7. The land used by Ricoh Thermal Media (Wuxi) Co., Ltd., Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Asia Industry (Shenzhen) Ltd. and Ricoh Components & Products (Shenzhen) Co., Ltd. are leased from third parties and disclosed within brackets [ ].

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

The amount of capital investment for the fiscal year ending March 31, 2019 will be ¥83,000 million. A breakdown by segment is as follows:

	Millions of Yen For the year ending March 31, 2019	Main purpose of investment
Office Printing	51,400	Increase production capacity and streamline production of office equipment, etc.
Office Service	2,500	Increase production capacity and streamline production of visual communication products, etc.
Commercial Printing	4,600	Increase production capacity and streamline production of commercial printing products, etc.
Industrial Printing	4,000	Increase production capacity and streamline production of industrial printing products, etc.
Thermal Media	4,700	Increase production capacity and streamline production of thermal media products, etc
Other	11,500	Increase production of industrial products and other new business related investment, etc.
Corporate	4,300	Improve information system, etc.
Total	83,000	

(Notes) 1. These investments will be mostly financed with Ricoh's own capital or borrowings.
2. The figures in the above table do not include consumption tax, etc.
3. A breakdown of the capital investment of each segment is as follows:
Office Printing: ¥15,900 million for an increase in production capacity and improvement in production efficiency and ¥13,700 million for the purchase of rental assets, etc.
Other: ¥7,200 million for the improvement of manufacturing facilities, etc.

IV. INFORMATION ON THE COMPANY

1. INFORMATION ON THE COMPANY'S STOCK, ETC.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,500,000,000
Total	1,500,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) March 31, 2018	Number of shares issued as of the filing date (shares) June 27, 2018	Stock exchanges on which the Company is listed	Description
Common stock	744,912,078	744,912,078	Tokyo	The number of shares per one unit of shares is 100 shares
Total	744,912,078	744,912,078	-	-

3) American Depositary Receipts ("ADRs")
American Depositary Receipts ("ADRs") evidencing American Depositary Shares are issued by The Bank of New York Mellon. The normal trading unit is 1 American Depositary Share. As of March 31, 2018, 228,981 American Depositary Shares were held of record by one institutional registered holder in the United States of America.

(2) Information on the stock acquisition rights, etc.

Not applicable

(3) Information on moving strike convertible bonds, etc.

Not applicable

(4) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in total number of issued shares (hundreds of shares)	Balance of total number of issued shares (hundreds of shares)	Change in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Change in capital reserve (Millions of Yen)	Balance of capital reserve (Millions of Yen)
September 1, 2005	-	7,449,120	-	135,364	1,282	180,804

(Note)
Increase is due to share exchanges for making Ricoh Logistics System Co., Ltd. a wholly owned subsidiary.

(5) Shareholder composition

(As of March 31, 2018)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non individuals	Individuals			
Number of shareholders	-	96	34	563	591	46	44,951	46,281	-
Share ownership (units)	-	3,227,422	203,534	345,578	2,802,201	531	862,490	7,441,756	736,478
Ownership percentage of shares (%)	-	43.37	2.74	4.64	37.66	0.01	11.59	100.00	-

(Note)
As for 20,040,659 shares of treasury stock, 200,406 units are included in the “Individual and others” column and 59 shares are included in the “Number of shares less than one unit” column.

(6) Major shareholders

(As of March 31, 2018)

Name	Address	Share Ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	672,251	9.27
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	504,533	6.96
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	396,861	5.47
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	4.06
BNYSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (Standing proxy: The bank of Tokyo-Mitsubishi UFJ, Ltd.)	Vertigo Building-Polaris 2-4 Eugene Ruppert Luxembourg Grand Duchy of Luxembourg (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	252,879	3.49
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	133 Fleet Street London EC4A 2BB,UK (10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo)	228,274	3.15
ECM MF (Standing proxy: Tachibana Securities Co. Ltd.)	24 Shedden Road Po Box 1586 George Town Grand Cayman KY1-1110 Cayman Islands (13-14, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo)	224,999	3.10
The bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	215,735	2.98
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: The bank of Tokyo-Mitsubishi UFJ, Ltd.)	Peterborogh Court 133 Fleet Street London EC4A 2BB United Kingdom (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	203,010	2.80
The New Technology Development Foundation	26-10, Kitamagome 1-chome, Ohta-ku	158,395	2.19
Total	-	3,151,355	43.47

(Notes) 1. The number of shares of treasury stock (200,406 hundreds of shares) is not included in the chart above.

2. The bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name as MUFG Bank Ltd on April 1, 2018.

3. The New Technology Development Foundation changed its name as Ichimura Foundation for New Technology on April 1, 2018.

4. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on March 23, 2018, the Company has confirmed that Effissimo Capital Management Pte Ltd held shares as set forth below as of March 16, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

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

5. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on March 6, 2018, the Company has confirmed that Sumitomo Mitsui Trust Bank, Limited, its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. held of shares as set forth below as of February 28, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	343,708	4.61
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	12,030	0.16
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	105,234	1.41

6. Following confirmation of reports of possession of large volume of shares issued on February 19, 2016, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders, 6 other companies, held shares as set forth below as of February 15, 2016. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

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

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi1-chome, Chiyoda-ku, Tokyo	102,126	1.37
BlackRock Investment Management LLC	1 Princeton University Square Drive, New Jersey, USA	7,786	0.10
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	17,865	0.24
BlackRock Asset Management Ireland Limited	JP Morgan House International Financial Services Centre, Dublin, Ireland	32,217	0.43

BlackRock Fund Advisors	400 Howard Street San Francisco, California, USA	92,471	1.24
BlackRock Institutional Trust Company, N.A.	400 Howard Street San Francisco, California, USA	109,289	1.47
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	13,485	0.18

7. Following confirmation of reports of possession of a large volume of shares issued on May 17, 2017, the Company has confirmed that Eastspring Investments Co., Ltd. held shares as set forth below as of January 13, 2017. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

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

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Eastspring Investments (Singapore) Co., Ltd.	Marina Bay Financial Center Tower 2, 32-10, Marina Bluebird 10, SIngapore	432,363	5.80
M&G Investment Management Co., Ltd.	EC4R OHH, Lawrence Bountny Hill, Lomdon, UK	20,870	0.28

8. Following confirmation of reports of possession of a large volume of shares issued on February 7, 2018, the Company has confirmed that Mizuho Bank, Ltd. held shares as set forth below as of January 31, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

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

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	1–5–5, Otemachi, Chiyoda–ku, Tokyo	10,000	0.13
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	384,719	5.16
Asset Management One International Ltd.	Mizuho House, 30 Old Bailey, London, EC4M 7AU, UK	8,671	0.12

(7) Information on voting rights

1) Issued shares

(As of March 31, 2018)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Common stock 20,040,600	-	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock	7,241,350	Same as above

	724,135,000		
Shares less than one unit	Common stock 736,478	-	Shares less than one unit of 100 shares.
Number of issued shares	744,912,078	-	-
Total number of voting rights	-	7,241,350	-

As for the number of treasury stocks, 59 shares are included in the “Shares less than one unit” column.

2) Treasury stock, etc.

(As of March 31, 2018)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Ricoh Company, Ltd.	3-6, Nakamagome 1-chome, Ohta-ku	20,040,600	-	20,040,600	2.69
Total	-	20,040,600	-	20,040,600	2.69

2. INFORMATION ON ACQUISITION, ETC. OF TREASURY STOCK

Class of shares
Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition of treasury stock resolved at the general meeting of shareholders
Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings
Not applicable

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2018	10,466	10,981,210
Treasury stock acquired during the current period	1,190	1,276,787

(Note)
The number of shares of treasury stock acquired due to requests to purchase stock of less than one unit of shares from June 1, 2018 to the filing date is not included.

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

Classification	Fiscal year ended March 31, 2018		Current period (Note)	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock which was offered to subscribers	-	-	-	-
Acquired treasury stock which was canceled	-	-	-	-
Acquired treasury stock which was transferred due to merger, share exchange or company split	-	-	-	-
Others (acquired treasury stock which was sold due to requests from shareholders holding shares of less than one unit of shares to sell additional shares)	275	509,850	19	35,226
Total number of treasury stock held	20,040,659	-	20,041,830	-

(Note)
The number of shares of treasury stock acquired due to requests to purchase stock of less than one of unit of shares from June 1, 2018 to the filing date is not included.

3. DIVIDEND POLICY

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

An appropriation of surplus will be made to shareholders twice a year, at the interim and the year-end. The appropriation of surplus at the interim is based upon a resolution of the Board of Directors and the distribution of surplus at year-end is decided upon a resolution at the General Meeting of Shareholders.

The dividend per share distributed at the interim was ¥7.50, and the dividend per share at the year-end was ¥7.50, for a total of ¥15.00.

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

The Company provides in its Articles of Incorporation that an appropriation of surplus at the interim will be made to shareholders of record as of September 30 of each year by a resolution of the Board of Directors.

The appropriation of surplus for the fiscal year ended March 31, 2018 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (October 30, 2017)	5,436	7.5
Ordinary General Meeting of Shareholders (June 22, 2018)	5,436	7.5

4. CHANGES IN SHARE PRICES

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

	Year ended March 31,				
	2014	2015	2016	2017	2018
Highest (yen)	1,422	1,357.5	1,380.5	1,213	1,255
Lowest (yen)	919	1,032	1,041	804	837

(Note)
The share prices are market prices on the first section of the Tokyo Stock Exchange.

(2) Highest and lowest share prices in each of the recent six months

	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018
Highest (yen)	1,182	1,045	1,078	1,133	1,255	1,162
Lowest (yen)	1,031	963	1,004	1,053	1,056	1,014

(Note)
The share prices are market prices on the first section of the Tokyo Stock Exchange.

5. DIRECTORS AND SENIOR MANAGEMENT

Directors and Audit & Supervisory Board Members of the Company as of June 27, 2018 are as follows:

Men: 12 persons, Women: 1 person (Ratio of women in the Directors and Audit & Supervisory Board Members: 7.7%)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yoshinori Yamashita	Representative Director	Mar. 1980	Joined the Company
(August 22, 1957)		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer, Corporate Vice President
		Apr. 2011	Corporate Senior Vice President
		Apr. 2011	General Manager of Corporate Planning Division
		June. 2012	Director
		June. 2012	Corporate Executive Vice President
		Apr. 2013	In charge of Internal Management and Control
		Apr. 2014	General Manager of Business Solutions Group
		Apr. 2015	In charge of core business
		June. 2016	Deputy President
		Apr. 2017	Representative Director (Current)
		Apr. 2017	President (Current)
		Apr. 2017	CEO (Chief Executive Officer) (Current)
Nobuo Inaba	Chairman of the Board and Director	Apr. 1974	Joined the Bank of Japan
(November 11, 1950)		May. 1992	Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan
		May. 1994	Director, Head of Planning Division Policy Planning Office of the Bank of Japan
		May. 1996	Deputy Director-General, Policy Planning Office of the Bank of Japan
		Apr. 1998	Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan
		Apr. 2000	Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan
		June. 2001	Director-General, Information System Services Department of the Bank of Japan
		June. 2002	Director-General, Bank Examination and Surveillance Department of the Bank of Japan

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		May. 2004	Executive Director, Financial System Stability of the Bank of Japan
		May. 2008	Joined the Company
		May. 2008	Executive Advisor
		Apr. 2010	President of Ricoh Institute of Sustainability and Business
		June. 2010	Director (Current)
		June. 2010	Corporate Executive Vice President
		June. 2012	CIO (Chief Information Officer)
		Sept. 2015	In charge of promoting Corporate Governance
		Apr. 2017	Chairman of the Board (Current)
Hidetaka Matsuishi (February 22, 1957)	Director	Apr. 1981	Joined the Company
		Oct. 2000	General Manager of SCM Innovation Center, Marketing Group
		Jan. 2003	President of Nishi Tokyo Ricoh Co., Ltd.
		Apr. 2005	President of Ricoh Tohoku Co., Ltd.
		Apr. 2008	General Manager of Business Strategy Center, Marketing Group
		Apr. 2009	General Manager of Major Accounts Marketing Division, Marketing Group
		July. 2009	Representative Director and President of Ricoh IT Solutions Co., Ltd.
		Apr. 2014	Group Executive Officer (Corporate Senior Vice President)
		Apr. 2014	Representative Director, President and CEO of Ricoh Leasing Co., Ltd.
		June. 2016	Corporate Senior Vice President
		June. 2016	General Manager of Japan Marketing Group
		June. 2016	Representative Director, President and CEO of Ricoh Japan Corporation
		Apr. 2018	Corporate Executive Vice President and CFO (Chief Financial Officer) (Current)
		Apr. 2018	General Manager of Business Planning Division (Current)
		June. 2018	Director(Current)
Seiji Sakata (September 12, 1958)	Director	Apr. 1981	Joined the Company
		Apr. 2006	General Manager of 1st Design Center, MFP Business Group
		Apr. 2008	Deputy General Manager of MFP Business Group
		Apr. 2009	General Manager of Controller Development Division and Deputy General Manager of MFP Business Group

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of Human Resources Division
		Apr. 2012	Corporate Senior Vice President
		Apr. 2014	General Manager of Japan Management Division
		Feb. 2015	General Manager of Imaging Systems Development Division
		Apr. 2017	General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group
		Apr. 2018	Corporate Executive Vice President (Current)
		Apr. 2018	General Manager of Office Printing Business Group (Current)
		June. 2018	Director (Current)
Makoto Azuma (May 25, 1945)	Outside Director	Apr. 1972	Joined TOSHIBA CORPORATION
		Apr. 1989	Director of Basic Research Laboratory, Research and Development Center of TOSHIBA CORPORATION
		Apr. 1994	Director of Materials and Devices Laboratory, Corporate Research & Development Center of TOSHIBA CORPORATION
		July. 1998	Chief Technology Executive of Storage Media Business Group of TOSHIBA CORPORATION
		Apr. 1999	Director of Corporate Research & Development Center of TOSHIBA CORPORATION
		June. 2000	Corporate Vice President (Director of Corporate Research & Development Center) of TOSHIBA CORPORATION
		June. 2003	Executive Officer, Corporate Senior Vice President (General Executive of Technology) of TOSHIBA CORPORATION
		June. 2005	Executive Officer, Corporate Executive Vice President (Chief Technology Officer) of TOSHIBA CORPORATION
		Dec. 2005	Advisory Professor of Tsing Hua University (China) (Current)
		June. 2008	Adviser to TOSHIBA CORPORATION
		Aug. 2008	Councilor of TOSHIBA INTERNATIONAL FOUNDATION (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2010	Advisor of TDK Corporation (Current)
		June. 2011	Professor of Graduate School of Innovation Studies, Tokyo University of Science
		Oct. 2011	Member of Science Council of Japan (Current)
		June. 2014	Outside Director (Current)
Masami Iijima (September 23, 1950)	Outside Director	Apr. 1974	Joined MITSUI & CO., LTD.
		June. 2000	General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.
		Apr. 2004	General Manager of Metals Administrative Division of MITSUI & CO., LTD.
		Apr. 2005	General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and NonFerrous Metals Business Unit of MITSUI & CO., LTD.
		Apr. 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.
		Apr. 2008	Executive Managing Officer of MITSUI & CO., LTD.
		June. 2008	Representative Director, Executive Managing Officer of MITSUI & CO., LTD.
		Oct. 2008	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
		Apr. 2009	Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
		Apr. 2015	Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. (Current)
		June. 2016	Outside Director (Current)
		June. 2018	Outside Director, SoftBank Group Corp. (Current)
Mutsuko Hatano (October 1, 1960)	Outside Director	Apr. 1983	Joined Hitachi, Ltd.
		Sept. 1997	Visiting Researcher at the University of California, Berkeley (UCB) (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		July. 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)
		Oct. 2014	Council Member of Science Council of Japan (Current)
		June. 2016	Outside Director (Current)
Kazuhiro Mori (October 7, 1946)	Outside Director	Apr. 1969	Joined Hitachi, Ltd.
		Feb. 1999	General Manager of Chubu Area Operation, Hitachi, Ltd.
		June. 2003	Executive Officer, Hitachi, Ltd.
		Apr. 2004	Vice President and Executive Officer, General Manager of Electronics Group & CEO, Hitachi, Ltd.
		Aug. 2005	Vice President and Executive Officer, Hitachi, Ltd.
			President and Director, Hitachi Displays, Ltd.
		Apr. 2006	Senior Vice President and Executive Officer, Hitachi, Ltd.
		Jan. 2007	Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. (until March 2012)
		June. 2007	Outside Director, Hitachi Capital Corporation
		June. 2010	Chairman of the Board, Outside Director, Hitachi Capital Corporation
			Outside Director, Hitachi Medical Corporation
		Apr. 2011	Director, Hitachi Maxell, Ltd. (Current Maxell Holdings, Ltd.)
		Apr. 2012	Executive Vice President and Executive Officer, Hitachi, Ltd.
		June. 2013	Chairman of the Board, Outside Director, Hitachi High-Technologies Corporation
			Outside Director, Hitachi Transport System, Ltd.
		June. 2014	Outside Director, Isuzu Motors Limited (Current)
		June. 2018	Outside Director (Current)
Katsumi Kurihara (March 24, 1956)	Audit & Supervisory Board Member	Apr. 1978	Joined the Company
		Apr. 2006	General Manager of Development Process Innovation Center, MFP Business Group
		Apr. 2007	Deputy General Manager of Office Business Planning Center

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2008	Associate Director
		Apr. 2009	General Manager of Quality Management Division
		Apr. 2010	Corporate Vice President
		Apr. 2012	Corporate Senior Vice President
		June. 2012	General Manager of Process Innovation Group
		Apr. 2014	General Manager of Development Process Innovation Group
		Apr. 2015	General Manager of Manufacturing Quality Assurance Center, Manufacturing Division
		June. 2016	Audit & Supervisory Board Member (Current)
Hiroshi Osawa (February 28, 1964)	Audit & Supervisory Board Member	Apr. 1988	Joined the Company
		July. 2008	General Manager of Accounting Department, Finance and Accounting Division
		Nov. 2009	General Manager of Finance Department, Finance and Accounting Division
		Apr. 2011	General Manager of Audit & Supervisory Board office
		July. 2013	Executive Vice President of Ricoh Europe Plc
		May. 2016	General Manager of Communication Support Department, Corporate Strategy & Planning Center, Corporate Division
		Apr. 2017	General Manager of Business Management Department, Corporate Strategy & Planning Center, Corporate Division
		June. 2017	Audit & Supervisory Board Member (Current)
Takashi Narusawa (December 8, 1949)	Outside Audit & Supervisory Board Member	Oct. 1973	Joined Nomura Research Institute, Ltd.
		June. 1991	Manager of Corporate Planning Department of Nomura Research Institute, Ltd.
		June. 1994	Director of Nomura Research Institute, Ltd.
		June. 1997	Director, Division Manager of Consulting Division of Nomura Research Institute, Ltd.
		June. 2000	Managing Director, Divisional Director of Consulting Division of Nomura Research Institute, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2002	Representative Director, Corporate Executive Vice President of Nomura Research Institute, Ltd.
		Apr. 2004	Representative Director, Corporate Executive Vice President, Business Operations of Nomura Research Institute, Ltd.
		Apr. 2007	Representative Director, Corporate Senior Executive Vice President, Business Operations of Nomura Research Institute, Ltd.
		Apr. 2008	Representative Director, Vice Chairman of Nomura Research Institute, Ltd.
		Mar. 2009	Outside Director of Tokyo Coca-Cola Bottling Co., Ltd.
		June. 2011	Outside Director of The Nisshin OilliO Group, Ltd. (Current)
		July. 2012	Corporate Executive Vice President, General Manager of International Division of Starts Corporation Inc.
		June. 2016	Outside Audit & Supervisory Board Member (Current)
		June. 2016	Outside Director of Hirata Corporation (Current)
Shigeru Nishiyama (October 27, 1961)	Outside Audit & Supervisory Board Member	Apr. 1984	Joined Sanwa & Co. (now Deloitte Touche Tohmatsu LLC)
		Sept. 1995	CEO of Nishiyama Associates Co., Ltd.
		Apr. 2003	Outside Audit & Supervisory Board Member of Pigeon Corporation (Current)
		Apr. 2006	Professor at Graduate School of Asia-Pacific Studies, Waseda University
		Apr. 2008	Professor at Graduate School of Commerce, Waseda University
		June. 2012	Outside Audit & Supervisory Board Member of Astellas Pharma Inc.
		June. 2015	Outside Audit & Supervisory Board Member of UNIPRES CORPORATION
		Apr. 2016	Professor at Graduate School of Business & Finance, Waseda University (Current)
		June. 2016	Outside Audit & Supervisory Board Member (Current)
		June. 2016	Outside Director of UNIPRES CORPORATION (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yo Ota (October 3, 1967)	Outside Audit & Supervisory Board Member	Apr. 2001	A member of staff of Civil Affairs Bureau of The Ministry of Justice (Japanese Commercial Code Group of Counsellor's Office)
		Jan. 2003	Partner of Nishimura & Asahi (Current)
		June. 2005	Outside Auditor of Culture Convenience Club Co., Ltd.
		June. 2005	Outside Director of Denki Kogyo Co., Ltd. (Current)
		May. 2012	Director of the Japan Association of Corporate Directors (Current)
		Apr. 2013	Professor of Graduate Schools for Law and Politics of the University of Tokyo
		June. 2013	Councilor of LOTTE Foundation (Current)
		July. 2014	Vice Chairman of Corporate Governance Committee of the Japan Association of Corporate Directors (Current)
		June. 2016	Outside Director of Nippon Kayaku Co., Ltd. (Current)
		June. 2017	Outside Audit & Supervisory Board Member (Current)

Directors and Audit & Supervisory Board Members are elected at a general meeting of shareholders for two and four years terms, respectively, and may serve any number of consecutive terms. The Board of Directors appoints from among its members a Chairman and one or more Representative Directors in accordance with the Corporation Law of Japan.

The following table shows the number of shares of common stock owned by each Director and Audit & Supervisory Board Member of the Company as of March 31, 2018. None of the Company's Directors or Audit & Supervisory Board Members is a beneficial owner of more than 1% of the Company's common stock.

Name	Position	Number of Shares
Yoshinori Yamashita	Representative Director	25,500
Nobuo Inaba	Chairman of the Board and Director	21,000
Hidetaka Matsuishi	Director	2,300
Seiji Sakata	Director	10,400
Makoto Azuma	Outside Director	7,900
Masami Iijima	Outside Director	3,900
Mutsuko Hatano	Outside Director	1,900
Kazuhiro Mori	Outside Director	-
Katsumi Kurihara	Audit & Supervisory Board Member	6,500
Hiroshi Osawa	Audit & Supervisory Board Member	3,200
Takashi Narusawa	Outside Audit & Supervisory Board Member	5,000
Shigeru Nishiyama	Outside Audit & Supervisory Board Member	3,200
Yo Ota	Outside Audit & Supervisory Board Member	-
Total		90,800

The Company maintains an executive officer system under which there are 33 officers each with one of the following roles:

- Executive officers: Oversee operations under the authority granted from the president and report to the president.

- Group executive officers: Assist the president with the management of Ricoh.

Executive Officers of the Company as of June 27, 2018 are as follows:

Name	Current Position (Function)	Current Position (Business Area)
Yoshinori Yamashita	President	Chief Executive Officer
Akira Oyama	Corporate Executive Vice Presidents	General Manager of Sales and Marketing Group
Seiji Sakata	Corporate Executive Vice Presidents	General Manager of Office Printing Business Group
Hidetaka Matsuishi	Corporate Executive Vice Presidents	CFO General Manager of Business Planning Division
Hidetsugu Nonaka	Corporate Senior Vice Presidents	Deputy General Manager of Digital Business Group
Katsunori Nakata	Corporate Senior Vice Presidents	General Manager of Industrial Products Business Group President of Ricoh Industrial Solutions Inc.
Kazuo Nishinomiya	Corporate Senior Vice President	General Manager of Production Division General Manager of Chemical Technology & Products Division
Hisao Murayama	Corporate Senior Vice President	General Manager of Quality Management Division
Yasutomo Mori	Corporate Senior Vice President	General Manager of IMS Business Group Chairman of Ricoh International (Shanghai) Co., Ltd. Chairman of Ricoh Thermal Media (Wuxi) Co., Ltd.
Tadashi Furushima	Corporate Vice Presidents	General Manager of Research and Development Division General Manager of Intellectual Property Division
David Mills	Corporate Vice Presidents	CEO of Ricoh Europe PLC General Manager of Europe Marketing Group
Shigeo Kato	Corporate Vice Presidents	General Manager of Sustainability Management Division
Yoshinori Sakaue	Corporate Vice Presidents	General Manager of Digital Business Group Chairman of Ricoh Software Research Center (Beijing) Co., Ltd.
Hiroyuki Ishino	Corporate Vice Presidents	General Manager of Digital Transformation Division President of Ricoh IT Solutions Co., Ltd.
Yukihiko Yamanaka	Corporate Vice Presidents	Deputy General Manager of Sales and Marketing Group

Name	Current Position (Function)	Current Position (Business Area)
Nobuhiro Gemma	Corporate Vice Presidents	Deputy General Manager of Research and Development Division
Takashi Kozu	Corporate Vice Presidents	General Manager of Ricoh Institute of Sustainability and Business
Peter Williams	Corporate Vice Presidents	General Manager of Commercial and Industrial Printing Business Group Corporate Vice President of Ricoh Europe PLC
Kiyoshi Shimizu	Corporate Vice Presidents	General Manager of Focused Region Business Group
Kazuhisa Goto	Corporate Vice Presidents	President of Ricoh Asia Pacific Pte Ltd. General Manager of Asia Pacific Marketing Group Chairman of Ricoh Hong Kong Ltd. Chairman of Ricoh Australia Pty, Ltd. Chairman of Ricoh (Thailand) Ltd.
Yasuyuki Nomizu	Corporate Vice Presidents	General Manager of Integrated Platform Division
Shinji Sato	Corporate Vice Presidents	General Manager of Finance and Legal Division President of Ricoh Americas Holdings, Inc.
Tomohiro Sakanushi	Corporate Vice Presidents	General Manager of Japan Marketing Group President of Ricoh Japan Corporation
Wataru Ohtani	Corporate Vice Presidents	General Manager of Smart Vision Business Group Chairman of Ricoh Innovations Corporation
Tetsuya Morita	Corporate Vice Presidents	General Manager of Commercial and Industrial Printing Development Division Deputy General Manager of Commercial and Industrial Printing Business Group
Yoichi Kawagiri	Corporate Vice Presidents	General Manager of Supply Chain Management Division
Carsten Bruhn	Corporate Vice Presidents	General Manager of Ricoh Global Services Group
Donna Venable	Corporate Vice Presidents	Deputy General Manager of Americas Marketing Group Deputy General Manager of Human Resources Division
Joji Tokunaga	Corporate Vice Presidents	General Manager of Americas Marketing Group President of Ricoh USA, Inc.
Daisuke Segawa	Corporate Advisory Officers	President of Ricoh Leasing Company, Ltd.
Noboru Akahane	Corporate Advisory Officers	Chairman of Ricoh India Limited
Masahiro Kumei	Corporate Advisory Officers	President of Ricoh Asia Industry Ltd.
Tadashi Tokura	Corporate Advisory Officers	President of Ricoh Industry Company, Ltd. Chairman of Ricoh Industrie France S.A.S. Chairman of Ricoh UK Products Ltd.

6. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

[Basic Policies for Corporate Governance]
Ricoh is working to build a corporate governance system in accordance with social awareness and with various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, Ricoh increases its continuous growth and expands its corporate value. The RICOH Way, which comprises our founding principles and Management Philosophy, is the foundation of the Ricoh's management policy and strategy and the basis of the corporate governance.

[Policies for constructive engagement with shareholders]
The Company engages energetically and constructively with shareholders. We maintain a cycle in which we reflect feedback from those shareholders in our activities to cultivate trust through mutual understanding. In our operations based on that cycle, we endeavor to innovate and deliver value that is useful for everyone everywhere, helping to enhance lives and create social sustainability while increasing medium- and long-term corporate value.

1) Management Structure
a. Outline of Corporate Governance structure
The Company has introduced the corporate audit system. The Company will aim to enhance oversight of executive management and execution of operations through the Board of Directors meeting and the executive officer system. As of the reporting date of this Securities report, 4 of the Board's 8 directors are Outside Directors.

The Board of Directors is responsible for management oversight and important decision making concerning the Company's management. By appointing 4 highly independent Outside Directors, the Company ensures transparency in management and its decision making.

As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee", which is chaired by a nonexecutive Director and the "Compensation Coummittee", which is chaired by an Outside Director have been established. In each committee, more than half of the members are nonexecutive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc., is secured. The Board of Directors Office is set up to support the Board of Directors, driving robust decision making and ensuring transparent management oversight.

Audit & Supervisory Board Members hold discussions to determine Audit & Supervising policies and the assignment of duties, and monitor corporate management. The Audit & Supervisory Board Members consist of 5 members of whom 3 are Outside Audit & Supervisory Board Members.

Under the executive officer system, the authority to carry out business has been assigned to respective functional departments so as to expedite decision making and clarify the roles of each department. The Group Management Committee (GMC), on the other hand, consists of executive officers and is a decision making body chaired by the Representative Director empowered by the Board of Directors. The GMC facilitates deliberation and renders decisions on Ricoh's overall management from the perspective of total optimization.

b. Reason for adopting current corporate governance structure
The Company adopted the current corporate governance in order to create a sense of alertness in management and business execution and further enhance the quality and speed of such functions.

c. Internal Audit & Supervisory Board Members
The Internal Management & Control Division, which consists of 22 staff members and is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to improve operational effectiveness and efficiency, ensure the reliability of financial reporting, to comply with regulations and Company rules related to corporate activities and to safeguard assets. The results are regularly reported to the GMC's Internal Control Committee.

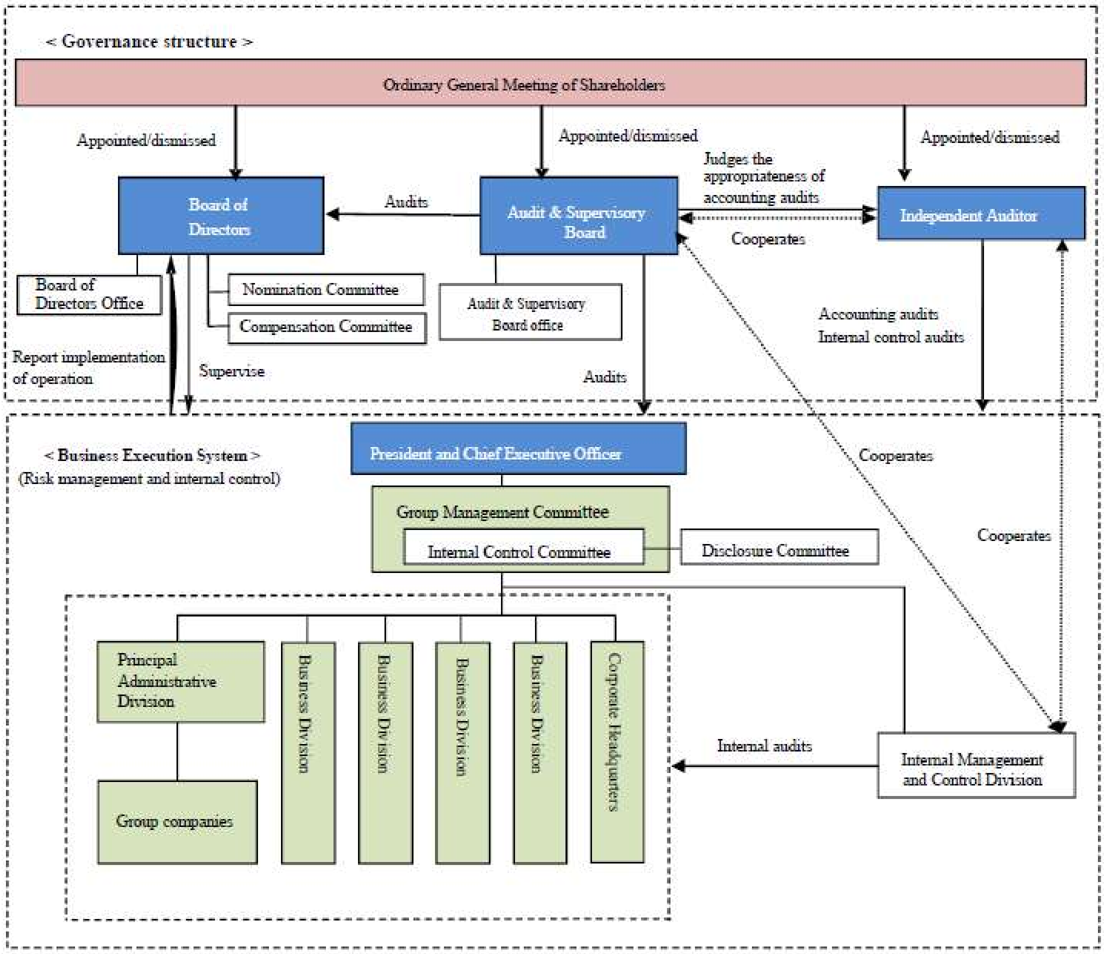
Based upon the Audit & Supervising policies and the assignment of duties determined through the Audit & Supervisory Board Members' meeting, the Audit & Supervisory Board Members attend all important meetings, including but not limited to Board meetings, exchange information regularly with the representative directors and oversee and evaluate the operations of the Company's divisions and subsidiaries. Furthermore, the Audit & Supervisory Board Members also perform audits on issues related to accounting policies and the reliability of its financial reporting. Our Audit & Supervisory Board Member Mr. Hiroshi Osawa has considerable knowledge of finance and accounting department, as well as his abundant experience in corporate management at an overseas affiliate company of the Ricoh Group. Mr. Shigeru Nishiyama, an Outside Audit & Supervisory Board Member, is a qualified professional with experience working as a certified public accountant, and professor at Waseda Business School. Together they have considerable expertise in finance and accounting. Mr. Katsumi Kurihara is an Audit & Supervisory Board Member in the Company given his experience working within our design and development production and quality assurance divisions, among others, as well as his in-depth knowledge of business processes in the Company's core businesses. An outside Audit & Supervisory Board Members, Mr. Yo Ota has abundant experience as an attorney-at-law and expert in corporate governance, and Mr. Takashi Narusawa is an investment analyst and management consultant and in management at Nomura Research Institute, Ltd. Furthermore, five designated support staff have been assigned to ensure that the Audit & Supervisory Board Members can work effectively.

The Internal Management & Control Division will have periodic meetings with the Audit & Supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties can be implemented effectively.

The Audit & Supervisory Board Members will also maintain close ties with external auditors and proactively exchange opinions and information in order to perform effective audits.
All divisions and subsidiaries are responsible for providing action plans for findings identified during an audit, and the process of remediation will be monitored on an ongoing basis to strengthen internal control and quality of management operations.

d. An overview of our corporate governance and internal control framework (at the date of submission of the securities report) is as follows:

Corporate governance system



e. Auditing of financial statements

For the year ended March 31, 2018, the certified public accountants (CPAs) who conducted the audit on the Company's financial statements were Hiroshi Shiina, Katsunori Hanaoka and Shingo Iwamiya from KPMG Azsa LLC. The numbers of continuous audit years of each member are omitted because they were all not more than 7 years. There were a total of 57 audit assistants involved in the auditing as of March 31, 2018, 22 certified public accountants and 35 others. The Audit & Supervisory Board is required to pre-approve the audit and nonaudit services performed by the Company's independent auditor, KPMG Azsa LLC, in order to assure that KPMG Azsa LLC's provision of such services does not impair its independence.

f. Related Party Transactions

If the Company engages in transactions with conflicting interests, the internal rules require a resolution of approval in advance by the Board of Directors. In addition, to supervise conflict-of-interest transactions by executives, the Board of Directors are required to submit a yearly report to the Audit & Supervisory Board Members regarding any transactions conflicting with the Board of Directors.

g. The relationship with Outside Directors and Outside Audit & Supervisory Board Members

The Company has appointed four Outside Directors and three Outside Audit & Supervisory Board Members.

When appointing Outside Directors and Outside Audit & Supervisory Board Members, the Company will confirm the following in order to ensure independence.

(i) In principle, Outside Directors of the Company shall be independent and satisfy all of the items set out below.
The Ricoh Group stated herein refers to the corporate group that comprises the Company and its subsidiaries.
i. A person who is not a shareholder holding 10% or more of the total voting rights of the Company (“major shareholder”) or a person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.
ii. A person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.
iii. A person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group or a person who was not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group within 10 years preceding the assumption of the office of Outside Director.
iv. A person with whom the Ricoh Group was not a major business partner (a person whose sales to the Ricoh Group accounted for 2% or more of its consolidated net sales) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year or a person who is not a director (excluding outside directors who are independent), audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
v. A person who was not a major business partner of the Ricoh Group (to which sales of the Ricoh Group accounted for 2% or more of the consolidated net sales of the Ricoh Group) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year or a person who is not a director (excluding outside directors who are independent), audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
vi. A person who is not a consultant, certified public accountant, certified tax accountant, lawyer or any other professional who received money or other property other than executive remuneration, either directly or indirectly, from the Ricoh Group in an amount of ¥10 million or more in the immediately preceding fiscal year or per year in average over the preceding three fiscal years.
vii. A person who does not belong to an organization, such as a law firm, auditing firm, tax accounting firm, consulting firm or any other professional advisory firm that received money or other property either directly or indirectly from the Ricoh Group in an amount equivalent to 2% or more of its total revenue in the immediately preceding fiscal year or per year in average over the preceding three fiscal years.
viii. A person who is not a spouse, a relative within the second degree of kinship or a relative who lives in the same household of a person who falls under the items i through vii.
ix. A person who is not a director, audit & supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other important employee of a company, its parent company or subsidiary that has directors dispatched from the Ricoh Group.
x. A person who is unlikely to cause a substantial conflict of interests with the Company.

(ii) The Company may appoint a person as Outside Director if it judges that the person is qualified for the post even though the person fails to satisfy any of the above items i and iv through ix in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

All transactions with current or former companies to which our Outside Directors and Outside Audit & Supervisory Board Members have been affiliated with are immaterial and omitted in this report. Other than those mentioned above, there are no vested interests between the Company and its Outside Directors and Outside Audit & Supervisory Board Members.

Outside Directors are appointed to pursue their management oversight function with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders and to strengthen the transparency of the Company's management. Outside Audit & Supervisory Board Members will serve to strengthen the governance of Ricoh through their knowledge and experience acquired over the years outside of the Company.

i. Relationship with Outside Directors and Outside Audit & Supervisory Board Members and reasons for their appointments

Outside Directors

<u>Makoto Azuma</u>

With his abundant experience as Corporate Executive Vice President and Chief Technology Officer of TOSHIBA CORPORATION and as a professor at the Graduate School of Innovation Studies of Tokyo University of Science, we have judged that he is an appropriate person to be a Director of the Company.

<u>Masami Iijima</u>

With his abundant experience as a management executive at MITSUI & CO., LTD., we have judged that he is an appropriate person to be a Director of the Company.

<u>Mutsuko Hatano</u>

With her abundant experience as a professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and serving as a committee member of many administrative bodies, we have judged that she is an appropriate person to be a Director of the Company.

Outside Audit & Supervisory Board Members

<u>Kazuhiro Mori</u>

With his abundant experience in management and expertise about technology and marketing as a Vice President and Executive Officer, Hitachi, Ltd. , we have judged that he is an appropriate person to be a Director of the Company.

Outside Audit & Supervisory Board Members

<u>Takashi Narusawa</u>

With his abundant experience as an investment analyst and management consultant and in management at Nomura Research Institute, Ltd., we have judged that he is an appropriate person to be an Audit & Supervisory Board Member of the Company.

<u>Shigeru Nishiyama</u>

With his abundant experience as a professional in the finance and accounting fields, such as his experience as a certified public accountant and a professor at Waseda Business School (Graduate School of Business and Finance), we have judged that he is an appropriate person to be an Audit & Supervisory Board Member of the Company.

<u>Yo Ota</u>

With his abundant experience as an attorney-at-law and expert in corporate governance, we have judged that he is an appropriate person to be an Audit & Supervisory Board Member of the Company.

ii. Cooperation among internal audits, audits by Audit & Supervisory Board Members and accounting audits and relations with internal control departments

Outside directors, as member of the Board of Directors, are responsible for management oversight and important decision making concerning Ricoh's management. Outside Audit & Supervisory Board Members are responsible for auditing the decision making and operations performed by Executive Officers.

Supervisory board members and so on about information shared in the three-way audit meeting which consists of Internal Audit & Supervisory board members, the Internal Management & Control Division who is in charge of internal audit and External Auditor. It is held periodically to exchange views of auditing policies and plans, and to share the findings from the audits performed by each auditor.

Furthermore, Outside Audit & Supervisory Board Members maintain an effective cooperation with Internal Audit & Supervisory Board Members, External Auditor and Internal Management & Control Division. They attend the interviews to Directors performed by External Auditor with Internal Audit & Supervisory board members and the Internal Management & Control Division and perform audits with Internal Audit & Supervisory board members, if necessary.

2) Risk Management

(i) In order to thoroughly implement the “Ricoh Group Corporate Social Responsibility (CSR) Charter”, which sets forth the principles of corporate behavior including compliance, and the “Ricoh Group Code of Conduct”, which articulates the general rules of conduct for Ricoh officers and employees, the Specialty Committee and a “Hot Line” for reporting incidents and seeking advice have been established. Also, various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatment of anyone who made a report to the “Hot Line” due to such reporting

(ii) Ricoh implements risk management in order to accurately respond to risks that may have serious adverse impact on the corporate activities of Ricoh. The basic purpose when implementing risk management is to realize effective and efficient total risk management (TRM) by grasping exhaustively and systematically the risks surrounding Ricoh and organizing and responding to the risks in order to increase stability, sustainable development and the corporate value of Ricoh.

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

(iii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout Ricoh with the goal of “complying with laws, norms and internal rules”, “improvement of business effectiveness and efficiency”, “maintaining high reliability of financial reporting” and “securing of assets”, including compliance with the Financial Instruments and Exchange Law and other relevant laws and regulations.

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

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

(i) The Company’s Board of Directors and the “Group Management Committee” (GMC) make decisions and perform management oversight for the Ricoh Group as a whole.

(ii) The Company establishes its management regulations concerning affiliate companies and prescribes a system for reporting matters regarding the performance of duties of the Directors of each affiliate in the Ricoh Group and the Directors’ authority for conducting such duties efficiently.

(iii) Each Group company conducts risk management for risk exposure related to the company. Should any incident arise, the company should strive to minimize damage and recover quickly and promptly report to the Company.

(iv) To ensure that the duties of each Group company’s Directors and employees are performed in compliance with the relevant laws and Articles of Incorporation, we formulate a set of common rules which shall be followed as the Ricoh Group’s common standards, the “Ricoh Group Standard” (RGS), and promote compliance across the Ricoh Group.

4) Number of Directors

The number of directors is limited to 15 as set out in the Company's Articles of Incorporation.

5) Conditions for Resolution on Appointments of Directors

The Company's Articles of Incorporation stipulate that a resolution to appoint a director or corporate auditor must be made by the majority vote of attending shareholders holding at least one-third of the voting rights of shareholders who are eligible to exercise voting rights.

6) Acquisition of treasury stock

Pursuant to the provisions of Article 165, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors. The aim is to allow management to swiftly exercise capital policies as deemed appropriate in response to changes in the operating environment by allowing the Company to acquire treasury stock through market transactions, etc.

7) Requirements for Special Resolution by an Ordinary General Shareholders' Meeting

Pursuant to Article 309, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that special resolutions by an ordinary general shareholders' meeting must be passed by at least a two-thirds majority vote of attending shareholders holding at least one-third of the voting rights of shareholders eligible to exercise voting rights. The aim is to lower the required quorum for a special resolution of an ordinary general shareholders' meeting to facilitate the smooth operations of the meeting.

8) Determination of Interim Dividends

Under the provisions of the Company's Articles of Incorporation, pursuant to Article 454, Paragraph 5 of the Japanese Corporate Law, the Company may through the resolution of the Board of Directors pay an interim dividend with the record date of September 30 each year to allow an expeditious distribution of profits to shareholders.

9) Limitation of liabilities of Outside Directors and Outside Audit & Supervisory Board Members

Pursuant to Paragraph 1, Article 427 of the Company Law, the Company has entered into liability limitation agreements with the Outside Directors and Outside Auditors that limit their liability for damages when they have acted in good faith and they have committed no material negligence in executing their duties, based on Paragraph 1, Article 425 of the Company Law. Under these agreements, Outside Directors are subject to the higher of either ¥10 million or the minimum limited amount as specified under Paragraph 1, Article 425 of the Company Law. Outside Audit & Supervisory Board Members are subject to the higher of either ¥5 million or the minimum limited amount set forth under Paragraph 1, Article 425 of the Company Law.

10) Compensation to Directors and Audit & Supervisory Board Members

(i) The amount of compensation to Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2018 is as follows:

Category		Number of Persons	Total amount of compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)	
				Basic Salary	Bonus
Directors (excluding Outside Directors)		6	341	341	-
Audit & Supervisory Board Members (excluding Outside Audit &Supervisory Board Members)		3	57	57	-
Outside Directors and Audit & Supervisory Board Members	Outside Directors	8	86	86	-
	Outside Audit &	4	57	57	-
	Supervisory Board Members	4	29	29	-
Total		17	485	485	-

(Notes)

1. The upper limit on basic salary for Directors was set at ¥46 million per month in the 107th Ordinary General Meeting of Shareholders held on June 27, 2007. The upper limit on basic salary for Audit & Supervisory Board Members was set at ¥9 million per month in the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.

2. Total amount of compensation, etc., does not include the portion of an employee's salary for Directors who concurrently serve as employees.

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

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

(iii) The portion of an employee's salary for Directors who concurrently serve as employees

There is no significant amount for the portion of employee's salary for Directors who concurrently serve as employees.

(iv) Director compensation used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value of Ricoh and the Ricoh Group. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:

<Directors>

1) Compensation is composed of three elements: 1) basic compensation that reflects roles and performance of Directors, 2) bonuses that reflect business results (performance-linked compensation), and 3) compensation that reflects medium- to long-term increase in shareholder value.
2) When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.
   Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities.
   In addition, compensation based on positions is additionally provided for the Representative Director, Chairman of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc.
   The amount of bonuses paid to Directors is determined based on the achievement of key performance indicators, which reflect the improvement in shareholder value and enhancement of the Company's competitiveness. Operating income was decided as the key performance indicator serving as the standard for bonuses at the Compensation Committee held on December 12, 2017. By setting operating income as the key performance indicator, which is strongly correlated with market

capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value.
In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and nonfinancial factors will be discussed and decided by the Compensation Committee.
(Reference)
The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.
Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income[*5])

*5 Number of months = consolidated operating income (millions of yen) ÷ ¥20,000

Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium- to long-term. In addition, stock price-linked compensation is paid as an allowance that changes depending on Ricoh's stock price compared to the average stock price in the stock market as an incentive for increasing shareholder value each fiscal year. Compensation for acquiring stocks and stock price-linked compensation are paid to Directors by the Company in cash as funds.

<Auditors>
Compensation of Audit & Supervisory Board Members is appropriately reflected by expected role of the Auditors only.

11) Information on share holdings

1. Equity securities held for purposes other than pure investment

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

The Company can hold shares of relevant partners only when it is considered necessary and effective for future development of the Ricoh Group from the viewpoint of business alliance or facilitating or reinforcing collaborative business development, taking dividends and other returns into account.

Regarding the volume of major cross-shareholdings, the Board of Directors examines the medium to long-term economic rationality, and endeavors to keep the volume at minimum level.

(ii) Number of stock names and total amount recorded in the Nonconsolidated Statement of Financial Position

Number of stock names: 56 stock names

Total amount recorded in the Nonconsolidated Statement of Financial Position: ¥91,926 million

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

(Fiscal year ended March 31, 2017)

Specified investment securities

Stock Name	Number of Shares (Shares)	Nonconsolidated Statement of Financial Position Amount as of March 31, 2017 (Millions of Yen)	Purpose of Holding
SAN-AI OIL CO.,LTD	3,362,820	3,171	Maintaining comfortable relationships over the long term
OMRON Corporation	363,565	1,776	Maintaining comfortable relationships over the long term
Sindoh Co., Ltd	313,748	1,596	Maintaining comfortable relationships over the long term
OTSUKA CORPORATION.	195,000	1,177	Maintaining comfortable relationships over the long term
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	751	Maintaining comfortable relationships over the long term
MAX Co., Ltd.	500,000	740	Maintaining comfortable relationships over the long term
Central Japan Railway Company	40,000	725	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	704	Maintaining comfortable relationships over the long term
NIDEC CORPORATION.	60,988	646	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	112,409	433	Maintaining comfortable relationships over the long term
Daiwa Securities Group Inc.	304,924	206	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	202	Maintaining comfortable relationships over the long term
Nippon Paper Group, Inc.	81,024	162	Maintaining comfortable relationships over the long term
Tokio Marine Holdings, Inc.	34,500	162	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	52,800	105	Maintaining comfortable relationships over the long term
Japan Pulp & Paper Co., Ltd.	171,852	63	Maintaining comfortable relationships over the long term
Sompo Holdings, Inc.	12,403	50	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	165,562	50	Maintaining comfortable relationships over the long term

SMK Corporation.	124,091	49	Maintaining comfortable relationships over the long term
STANLEY ELECTRIC CO., LTD.	5,813	18	Maintaining comfortable relationships over the long term
KYOCERA Corporation	1,800	11	Maintaining comfortable relationships over the long term
Katakura Industries Co., Ltd.	5,000	6	Maintaining comfortable relationships over the long term
TDK Corporation	930	6	Maintaining comfortable relationships over the long term
NEC Corporation	6,275	1	Maintaining comfortable relationships over the long term
Xinhua Holdings Ltd.	600	0	Maintaining comfortable relationships over the long term

Deemed holding securities

Stock Name	Number of Shares (Shares)	Nonconsolidated Statement of Financial Position Amount as of March 31, 2017 (Millions of Yen)	Purpose of Holding
SAN-AI OIL CO.,LTD	5,800,000	5,523	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mitsubishi UFJ Financial Group, Inc.	7,790,000	5,510	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
STANLEY ELECTRIC CO., LTD.	1,300,000	4,147	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	1,983	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mizuho Financial Group, Inc.	5,445,000	1,128	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement

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

(Fiscal year ended March 31, 2018)

Specified investment securities

Stock Name	Number of Shares (Shares)	Nonconsolidated Statement of Financial Position Amount as of March 31, 2018 (Millions of Yen)	Purpose of Holding
Coca-Cola Bottlers Japan Holdings Inc.	17,075,239	75,045	Sold on April 13, 2018 as described in “V. FINANCIAL INFORMATION 34.Subsequent event “.
SAN-AI OIL CO.,LTD	3,362,820	5,262	Maintaining comfortable relationships over the long term
OMRON Corporation	363,565	2,275	Maintaining comfortable relationships over the long term
Sindoh Co., Ltd	313,748	2,089	Maintaining comfortable relationships over the long term
OTSUKA CORPORATION.	195,000	1,045	Maintaining comfortable relationships over the long term
NIDEC CORPORATION.	60,988	999	Maintaining comfortable relationships over the long term
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	973	Maintaining comfortable relationships over the long term
Central Japan Railway Company	40,000	805	Maintaining comfortable relationships over the long term
Ushio Inc.	500,429	714	Maintaining comfortable relationships over the long term
MAX Co., Ltd.	500,000	683	Maintaining comfortable relationships over the long term
Sumitomo Mitsui Trust Holdings, Inc.	112,409	484	Maintaining comfortable relationships over the long term
Hitachi, Ltd.	336,000	258	Maintaining comfortable relationships over the long term
Daiwa Securities Group Inc.	304,924	206	Maintaining comfortable relationships over the long term
Tokio Marine Holdings, Inc.	34,500	163	Maintaining comfortable relationships over the long term
Nippon Paper Group, Inc.	81,024	160	Maintaining comfortable relationships over the long term
The Dai-ichi Life Insurance Company, Limited	52,800	102	Maintaining comfortable relationships over the long term
Japan Pulp & Paper Co., Ltd.	17,185	73	Maintaining comfortable relationships over the long term

SMK Corporation.	124,091	54	Maintaining comfortable relationships over the long term
Sompo Holdings, Inc.	12,403	53	Maintaining comfortable relationships over the long term
THE BANK OF SAGA LTD.	16,556	38	Maintaining comfortable relationships over the long term
STANLEY ELECTRIC CO., LTD.	5,813	22	Maintaining comfortable relationships over the long term
KYOCERA Corporation	1,800	10	Maintaining comfortable relationships over the long term
TDK Corporation	930	8	Maintaining comfortable relationships over the long term
Katakura Industries Co., Ltd.	5,000	6	Maintaining comfortable relationships over the long term

Deemed holding securities

Stock Name	Number of Shares (Shares)	Nonconsolidated Statement of Financial Position Amount as of March 31, 2018 (Millions of Yen)	Purpose of Holding
SAN-AI OIL CO.,LTD	5,800,000	9,131	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mitsubishi UFJ Financial Group, Inc.	7,790,000	5,489	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
STANLEY ELECTRIC CO., LTD.	1,300,000	5,132	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Ushio Inc.	1,388,000	2,012	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement
Mizuho Financial Group, Inc.	5,445,000	1,059	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement

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

2. Equity securities held for pure investment

None.

(2) Audit Fees

1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018	
	Fees for audit services (Millions of Yen)	Fees for non audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non audit services (Millions of Yen)
The Company	217	-	218	-
Consolidated subsidiaries	138	-	135	4
Total	355	-	354	4

2) Other fees

(Fiscal year ended March 31, 2017)

Fees for audit services and non audit services paid by the Company and its subsidiary to KPMG, which belongs to the same network as the Company's accounting auditor, were ¥1,222 million and ¥247 million respectively.

(Fiscal year ended March 31, 2018)

Fees for audit services and non audit services paid by the Company and its subsidiary to KPMG, which belongs to the same network as the Company's accounting auditor, were ¥1,324 million and ¥224 million respectively.

3) Descriptions of non audit services to the Company

(Fiscal year ended March 31, 2017)

Not applicable.

(Fiscal year ended March 31, 2018)

Not applicable.

4) Policy on determination of audit fees

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

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2018
With Independent Auditor's Report

Index to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

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

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents (Note 6)	126,429	160,568
Time deposits (Note 6)	8,662	68
Trade and other receivables (Note 7)	566,315	589,741
Other financial assets (Note 12 and 13)	276,575	291,144
Inventories (Note 8)	202,551	180,484
Other Investments (Note 14 and 23)	-	55,921
Other current assets	58,682	50,052
Total current assets	1,239,214	1,327,978
Non-current assets:		
Property, plant and equipment (Note 9 and 11)	271,257	250,005
Goodwill and intangible assets (Note 10 and 11)	388,177	217,130
Other financial assets (Note 12 and 13)	655,600	689,629
Investments accounted for using the equity method	563	3,703
Other investments (Note 14)	81,579	26,985
Other non-current assets	39,210	36,806
Deferred tax assets (Note 20)	83,687	88,794
Total non-current assets	1,520,073	1,313,052
Total assets (Note 5)	2,759,287	2,641,030

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 16)	229,944	223,194
Trade and other payables (Note 15)	295,788	300,724
Other financial liabilities (Note 18)	2,227	453
Income tax payables	15,149	17,871
Provisions (Note 17)	9,127	12,235
Other current liabilities (Note 19)	254,689	234,045
Total current liabilities	806,924	788,522
Non-current liabilities:		
Bonds and borrowings (Note 16)	629,799	658,707
Other financial liabilities (Note 18)	2,178	3,788
Accrued pension and retirement benefits (Note 21)	120,725	104,998
Provisions (Note 17)	10,969	12,709
Other non-current liabilities (Note 19)	61,701	80,174
Deferred tax liabilities (Note 20)	10,114	3,377
Total non-current liabilities	835,486	863,753
Total liabilities	1,642,410	1,652,275
Equity:		
Common stock (Note 22)	135,364	135,364
Additional paid-in capital (Note 22)	186,423	186,463
Treasury stock (Note 22)	(37,318)	(37,329)
Other components of equity	100,194	114,954
Retained earnings (Note 22)	657,443	510,113
Total equity attributable to owners of the parent	1,042,106	909,565
Non-controlling interests (Note 33)	74,771	79,190
Total equity	1,116,877	988,755
Total liabilities and equity	2,759,287	2,641,030

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

Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Sales (Note 5) :		
Products	928,088	922,767
Post sales and rentals	1,001,317	1,017,742
Other revenue	99,494	122,854
Total sales	2,028,899	2,063,363
Cost of sales:		
Products	(709,815)	(715,154)
Post sales and rentals	(475,752)	(478,246)
Other revenue	(54,704)	(78,957)
Total cost of sales	(1,240,271)	(1,272,357)
Gross profit	788,628	791,006
Selling, general and administrative expenses (Note 26 and 27)	(755,393)	(777,917)
Other income (Note 24)	4,590	17,062
Impairment of Goodwill (Note 11)	(3,945)	(145,827)
Operating profit(loss)	33,880	(115,676)
Finance income (Note 28)	4,600	4,123
Finance costs (Note 28)	(8,556)	(12,831)
Share of profit (loss) of investments accounted for using the equity Method	31	202
Profit before income (loss) tax expenses	29,955	(124,182)
Income tax expenses (Note 20)	(20,518)	(5,457)
Profit(loss)	9,437	(129,639)
Profit(loss) attributable to:		
Owners of the parent	3,489	(135,372)
Non-controlling interests	5,948	5,733

	Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Earnings per share (attributable to owners of the parent) (Note 30) :		
Basic	4.81	(186.75)
Diluted	-	-

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

* Gain on sales of property, plant and equipment and others are included in “Other income”.

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit(loss)	9,437	(129,639)
Other comprehensive income (loss) (Note 29) :		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	4,555	2,541
Total components that will not be reclassified subsequently to profit or loss	4,555	2,541
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) on fair value of available-for-sale financial assets	10,746	17,375
Net gain (loss) on fair value of cash flow hedges	222	(13,497)
Exchange differences on translation of foreign operations	(25,974)	10,737
Total components that will be reclassified subsequently to profit or loss	(15,006)	14,615
Total other comprehensive income (loss)	(10,451)	17,156
Comprehensive income (loss)	(1,014)	(112,483)
Comprehensive income (loss) attributable to:		
Owners of the parent	(6,705)	(118,072)
Non-controlling interests	5,691	5,589

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

Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen					
				Other components of equity		
	Common stock	Additional paid-in capital	Treasury stock	Remeasure-ments of defined benefit plans	Net gain on fair value of available-for-sale financial assets	Net gain (loss) on fair value of cash flow hedges
Balance as of April 1, 2016	135,364	186,423	(37,312)	-	23,617	(267)
Profit						
Other comprehensive income (loss) (Note 29)				4,526	10,713	340
Comprehensive income (loss)	-	-	-	4,526	10,713	340
Net change in treasury stock			(6)			
Dividends to owners declared and approved						
Transfer from other components of equity to retained earnings				(4,526)		
Acquisition of non-controlling interests						
Total transactions with owners	-	-	(6)	(4,526)	-	-
Balance as of March 31, 2017	135,364	186,423	(37,318)	-	34,330	73
Profit(loss)						
Other comprehensive income (loss) (Note 29)				2,540	17,251	(13,334)
Comprehensive income (loss)	-	-	-	2,540	17,251	(13,334)
Net change in treasury stock			(11)			
Dividends to owners declared and approved						
Transfer from other components of equity to retained earnings				(2,540)		
Acquisition of non-controlling interests		40				
Total transactions with owners	-	40	(11)	(2,540)	-	-
Balance as of March 31, 2018	135,364	186,463	(37,329)	-	51,581	(13,261)

	Millions of Yen					
	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2016	91,564	114,914	678,424	1,077,813	69,951	1,147,764
Profit			3,489	3,489	5,948	9,437
Other comprehensive income (loss) (Note 29)	(25,773)	(10,194)		(10,194)	(257)	(10,451)
Comprehensive income(loss)	(25,773)	(10,194)	3,489	(6,705)	5,691	(1,014)
Net change in treasury stock				(6)		(6)
Dividends to owners declared and approved (Note 22)			(28,996)	(28,996)	(871)	(29,867)
Transfer from other components of equity to retained earnings		(4,526)	4,526	-		-
Acquisition of non-controlling interests				-		-
Total transactions with owners	-	(4,526)	(24,470)	(29,002)	(871)	(29,873)
Balance as of March 31, 2017	65,791	100,194	657,443	1,042,106	74,771	1,116,877
Profit(loss)			(135,372)	(135,372)	5,733	(129,639)
Other comprehensive income (loss) (Note 29)	10,843	17,300		17,300	(144)	17,156
Comprehensive income(loss)	10,843	17,300	(135,372)	(118,072)	5,589	(112,483)
Net change in treasury stock				(11)		(11)
Dividends to owners declared and approved (Note 22)			(14,498)	(14,498)	(954)	(15,452)
Transfer from other components of equity to retained earnings		(2,540)	2,540	-		-
Acquisition of non-controlling interests				40	(216)	(176)
Total transactions with owners	-	(2,540)	(11,958)	(14,469)	(1,170)	(15,639)
Balance as of March 31, 2018	76,634	114,954	510,113	909,565	79,190	988,755

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

Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	9,437	(129,639)
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization (Note 5)	106,890	108,327
Impairment losses of property, plant and equipment and intangible assets (Note 11)	5,552	30,140
Impairment of goodwill (Note 11)	3,945	145,827
Other income (Note 24)	(4,590)	(17,062)
Share of loss (profit) of investments accounted for using the equity method	(31)	(202)
Finance income and costs	3,956	8,708
Income tax expenses	20,518	5,457
Increase in trade and other receivables	(12,763)	(17,106)
Decrease in inventories	1,176	22,720
Increase in lease receivables	(37,741)	(27,922)
Increase in trade and other payables	11,992	5,215
Decrease in accrued pension and retirement benefits	(9,094)	(11,506)
Other, net	21,099	32,808
Interest and dividends received	2,947	3,902
Interest paid	(8,406)	(5,025)
Income taxes paid	(26,588)	(44,354)
Net cash provided by operating activities	88,299	110,288
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	14,893	18,484
Expenditures for property, plant and equipment	(75,447)	(72,285)
Proceeds from sales of intangible assets	-	6,554
Expenditures for intangible assets	(26,793)	(34,698)
Payments for purchases of available-for-sale securities	(464)	(1,005)
Proceeds from sales of available-for-sale securities	824	186
Increase in time deposits	(7,519)	8,062
Purchases of business, net of cash acquired	(1,429)	(458)
Other, net	(10,780)	(5,917)
Net cash used in investing activities	(106,715)	(81,077)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayments of short-term debt	(35,246)	(21,180)
Proceeds from long-term debt	303,100	134,819
Repayments of long-term debt	(289,452)	(109,877)
Proceeds from issuance of bonds	51,567	68,285
Repayments of bonds	(20,000)	(50,000)
Dividends paid (Note 22)	(28,996)	(14,498)
Payments for purchases of treasury stock	(7)	(11)
Other, net	(887)	(1,131)
Net cash provided by (used in) financing activities	(19,921)	6,407
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(2,781)	(1,479)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,118)	34,139
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	167,547	126,429
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	126,429	160,568

*The additional payment of corporate taxes based on the transfer pricing taxation paid by the subsidiary in U.S. is included in "Income taxes paid" for the year ended March 31, 2018.

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

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the "Company") is a company domiciled in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 2018 comprise the Company and its subsidiaries ("Ricoh" as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of the Office Printing segment, including MFPs and copiers, related parts and supplies, the Office Service segment, including communications and information systems and related services and solutions, the Commercial Printing segment, including Cut sheet printers, continuous feed printers and related parts and supplies, the Industrial Printing segment, including Inkjet heads, imaging systems and industrial printers, the Thermal Media segment, including Thermal media and Other, including digital cameras (see Note 5, "Segment Information").

2. BASIS OF PREPARATION

(1) Statements of Compliance

Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") based on the stipulations of Article 93 of the "Regulations Concerning Terminology, Form and Method for Preparing Financial Statements". Ricoh meets all the requirements for "Regulations Concerning Terminology, Form and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance of Japan Regulation No. 28, 1976).

(2) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following significant items:

• Derivative financial instruments are measured at fair value.

• Available-for-sale financial assets are measured at fair value.

• Defined benefit pension plan assets and liabilities are measured at the present value of defined benefit plan liabilities less the fair value of the plan assets.

(3) Functional and Presentation Currency

The items included in financial statements of each group company are measured by the currency of the primary economic environment in which each group company operates ("functional currency"). The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All amounts presented in Japanese yen have been rounded to the nearest million.

(4) Changes in Accounting Policies

Ricoh did not change any significant accounting policies from the previous fiscal year.

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

IFRSs	Title	Summaries of new IFRSs/amendments
IAS 7	Statement of Cash Flow	Requirement for disclosure of changes in liabilities arising from financing activities

(5) Early Adoption of New Standards

Ricoh has no early adoption of new standards.

(6) Use of Estimates and Judgments

For the preparation of consolidated financial statements in accordance with IFRSs, it is required that management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

• Note 20 – Income taxes (Recognition of deferred tax assets)

The following notes include information in respect to uncertainties of judgments and estimates which have a significant risk to cause material adjustments in the next fiscal year.

• Note 11 - Impairment losses (Impairment losses on tangible assets, intangible assets and goodwill)

• Note 17 - Provisions

• Note 20 - Income taxes (Recognition of deferred tax assets)

• Note 21 - Employee benefits (Pension accounting)

• Note 23 - Financial Instruments and related disclosures (Allowance for doubtful receivables)

• Note 23 - Financial Instruments and related disclosures (Impairment of securities)

(7) Change in accounting presentation

“Impairment of goodwill” included in “Other expenses” in the Statement of Profit or Loss for the previous fiscal year has been separately presented for the current fiscal year due to an increase in quantitative and qualitative significance.

To reflect this change in presentation, ¥-3,945 million presented under “Other expenses” in the prior year Consolidated Statement of Profit or Loss have been reclassified as “Impairment of goodwill”.

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combinations

Business combinations are accounted for using the acquisition method. Goodwill is recognized and measured as the excess of the net of the acquisition date amounts of identifiable assets acquired and liabilities assumed over the aggregate of consideration transferred, the amount of any noncontrolling interests and, in case of business combinations achieved in stages, the acquisition date fair value of the previously held equity interest. If the consideration of the acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is immediately recognized as profit in the consolidated statement of profit or loss. If the amount of initial accounting for a business combination is not determined by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported and are adjusted during the measurement period, which is one year from the acquisition date. The acquisition related costs incurred are recognized as expenses.

Business combinations of entities under common control or business combinations in which all the combined entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations when that control is not transitory are accounted for based on carrying amounts.

(b) Subsidiaries

Subsidiaries are entities which are controlled by Ricoh. Ricoh controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. When necessary, the accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by Ricoh. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

On the disposal of interests in subsidiaries, if Ricoh retains control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration received is recognized directly in equity as Ricoh Company, Ltd. shareholders' equity. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

(c) Associates

Associates are entities over which Ricoh has significant influence but does not have control to govern financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized at cost on acquisition. The investments include goodwill recognized on acquisition.

Ricoh's share of the income and expenses of the associates accounted for using the equity method and changes in Ricoh's share in such equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of associates accounted for using the equity method have been adjusted to ensure consistency with those applied by Ricoh.

(2) Foreign Currency

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currencies of Ricoh by applying the rate of exchange prevailing at the date of transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies at the prevailing exchange rate at the reporting date. Nonmonetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the exchange rate at the date when the fair value was determined. Exchange differences arising from retranslation are recognized in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions of foreign operations are translated using the exchange rate at the reporting date. In addition, the income and expenses of foreign operations are translated using the average exchange rate for the year excluding those cases in which exchange rates are fluctuating significantly.

Foreign exchange translation differences are recognized as other comprehensive income. On disposal of the entire interest in foreign operations and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the foreign exchange translation differences related to such foreign operations is reclassified to profit or loss at the time of such disposal.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available for withdrawal on demand and short-term investments due within 3 months or less and are substantially free from any price fluctuation risk.

(4) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory includes purchase costs and conversion costs that contain appropriate allocation of fixed and variable overhead expenses. These costs are assigned to inventories mainly by the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(5) Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment loss. The cost of items of property, plant and equipment includes costs directly attributable to the acquisition and initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized to the extent they enhance the future economic benefit of the asset.

(c) Depreciation

Depreciation of property, plant and equipment is mainly computed by the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 2 to 60 years for buildings and structures, 1 to 20 years for machinery and vehicles and 1 to 20 years for tools, equipment and fixtures. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset if there is no reasonable certainty that Ricoh will obtain ownership by the end of the lease term. The depreciation method, useful life and residual value are reviewed at the end of each reporting period and changed when necessary.

(6) Leased Assets

Assets held by Ricoh under lease arrangements that transfer to Ricoh substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with accounting policies applicable to the assets. Assets held under leases other than finance leases are classified as operating leases and are not recognized in Ricoh's consolidated statement of financial position.

(7) Goodwill and Intangible Assets

(a) Goodwill

Goodwill is recognized and measured as the excess of the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed over the aggregate of consideration transferred, including the recognized amount of any noncontrolling interests in the acquiree, generally measured at fair value at the acquisition date. It is not amortized and is measured by deducting impairment loss from cost.

(b) Intangible Assets

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

(i) Capitalized software costs

Ricoh capitalizes certain internal and external costs incurred to acquire or create internal use software during the application development stage as well as upgrades and enhancements that result in additional functionality. The capitalized software is amortized on a straight line basis generally over 2 to 10 years.

(ii) Development assets

An intangible asset arising from development activities (or from the development phase of an internal project) shall be recognized if, and only if, Ricoh can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset for use or sale;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of such an asset commences on the commercial production date after the completion of an internal project, and the asset is amortized on a straight-line basis over its estimated useful life, generally ranging from 2 to 9 years, that is the period over which it is expected to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(iii) Other intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are measured at fair value on the acquisition date.

(iv) Amortization (other than development assets)

Intangible assets with definite useful lives are amortized over the estimated useful life and a determination is made as to whether there exists any indication of impairment. Intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight-line basis over 1 to 20 years. Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but are tested annually for impairment until the asset's life is determined to no longer be indefinite.

(8) Impairment

(a) Non derivative financial assets

At each reporting date, the carrying amounts of financial assets other than those to be measured at fair value through profit or loss are assessed to determine whether there is objective evidence of impairment.

Objective evidence that indicates a financial asset or group of assets is impaired is as follows:

- significant financial difficulty of the issuer or obligor;
- a breach of contract such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets.

A significant or prolonged decline in the fair value of an investment in securities below its cost is also objective evidence of impairment.

(i) Financial assets carried at amortized cost

Ricoh assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

The amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of impairment loss is recognized in profit or loss.

The impairment loss recorded in prior periods is reversed and recognized in profit or loss if the reversal can be attributed objectively to an event occurring after the impairment loss was recognized.

(ii) Available-for-sale financial assets

Impairment loss on available-for-sale financial assets is recognized by reclassifying from net gain on fair value of available-for-sale financial assets in other components of equity to profit or loss. The impairment loss is the difference between the acquisition cost, net of any principal repayment and amortization and the current fair value less any impairment loss recognized previously in profit or loss.

(b) Non financial assets

At the end of each reporting period, Ricoh assesses whether there is any indication of impairment for non financial assets, excluding inventories and deferred tax assets. If any such indication exists, the assets are tested for impairment based on the recoverable amount. Goodwill is tested annually for impairment whether or not there is any indication of impairment. A cash generating unit ("CGU") is the smallest group of assets which generates cash inflows that are largely independent from the cash inflows of other assets or groups of assets. A CGU or group of CGU to which the goodwill is allocated is determined based on the unit by which the goodwill is monitored for internal management purposes and is not larger than the operating segment before aggregation.

The grouping of assets is based on business management units for performance management accounting.

In the 19th Mid-Term Management Plan that Ricoh launched in this fiscal year, our strategy shifted from expanding scale to focusing on profit for the core business segments of Office Printing and Office Service, and we have redefined our business domain for business management according to that strategy and divided it into more discrete segments than before. A system was created that enabled actual management decision-making and business management monitoring using smaller management units and newly defined CGUs and CGU groups based on the management units.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposed and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects the time value of money and the risks specific to the asset that are not considered in estimating future cash flows. Because corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the assets are tested based on the recoverable amount of the CGU to which they belong. If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit.

At the end of each reporting period, Ricoh assesses whether there is any indication that an impairment loss recognized in prior periods for an asset or CGU may no longer exist or may have decreased. If any such indication exists in an asset or CGU, the recoverable amount of the asset or CGU is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed. The carrying amount after the reversal of the impairment loss will not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized in prior years. Impairment loss recognized for goodwill is not reversed in subsequent periods.

(9) Leases

Ricoh assesses whether an arrangement is or contains a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to Ricoh the right to control the use of the underlying assets. At the inception or on reassessment of an arrangement that contains a lease, Ricoh separates payments and other consideration required by the arrangement into lease and non lease elements on the basis of their relative fair values. If Ricoh concludes that it is impracticable to separate the payments for finance leases reliably, then assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently, the liabilities are reduced as payments are made, and imputed finance costs incurred on the liabilities are recognized using Ricoh's incremental borrowing rate.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable components of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to the finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

(10) Provisions

Provisions are recognized when Ricoh has present obligations (legal or constructive) as a result of past events, when it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. Where the time value of money is material, the provision is measured based on the present value using a discount rate that reflects the risks specific to the liability.

The estimated costs of dismantling, removing and restoring assets and any other expenditures arising from a contractual obligation are recognized as provisions for asset retirement obligation, which is included in the cost of “Property, plant and equipment”. The estimated costs and discount rate are reviewed annually, and where Ricoh considers it is necessary to change them, the liability is added to or deducted from the cost of the related asset as a change in accounting estimate.

The warranties provision corresponds to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs were included in “Post sales and rentals” in “Cost of sales”.

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in the statement of profit over the expected useful life of the relevant assets on a straight-line basis.

(12) Employee benefits

(a) Post-employment benefits

Ricoh has defined benefit corporate pension plans and defined contribution plans.

The net obligations for defined benefit plans are recognized at the present value of the amount of future benefits that the employees have earned in the current and prior periods less the fair value of any plan assets on a plan-by-plan basis. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and directly reclassified to retained earnings from other components of equity. Past service costs are recognized in profit or loss.

The contribution to the defined contribution plans are recognized as an expense when the related service is provided by the employee.

(b) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if Ricoh has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(13) Financial Instruments

Non derivative financial assets of Ricoh are classified as loans, receivables and available-for-sale financial assets. Non derivative financial liabilities are classified as other financial liabilities.

(a) Recognition and derecognition of non derivative financial assets and liabilities

Ricoh initially recognizes loans, receivables and debt securities on the date that they are originated. All other financial assets and liabilities are recognized initially on the settlement date, which is the date that Ricoh becomes a party to the contractual provisions of the instrument. Ricoh derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or Ricoh transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Ricoh derecognizes a financial liability when contractual obligations are discharged, cancelled or expire.

(b) Measurement of non derivative financial assets

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets that are designated as available-for-sale or are not classified as any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and the subsequent changes in fair value are recognized as "Net gain on fair value of available-for-sale financial assets" in other comprehensive income. When objective evidence of impairment exists for an available-for-sale financial asset, the impairment loss is recognized in profit or loss. Dividends from available-sale-securities are included in net income as part of financial income. On derecognition, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit or loss.

(c) Non derivative financial liabilities

Non derivative financial liabilities, including borrowings, are initially recognized at fair value less transaction costs that are directly attributable to the issuance of the financial liability. After initial recognition, non derivative financial liabilities are measured at amortized cost using the effective interest method.

(d) Equity

(i) Ordinary shares

Incremental costs, net of tax, directly attributable to the issuance of equity instruments are deducted from equity.

(ii) Treasury shares

If the Company purchases its own equity instruments (treasury shares), the consideration paid, net of directly attributable transaction costs and tax, is recognized as a deduction from equity. If the Company disposes of treasury shares, any gains or losses arising from the disposal are recognized in equity.

(e) Derivative financial instruments and hedging activities

Ricoh manages its exposure to certain market risks, primarily foreign currency, interest rate and stock price risks through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets hedge effectiveness requirements. In general, a derivative may be designated as either (1) a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge") or (2) a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a highly probable forecasted transaction ("cash flow hedge").

Ricoh formally documents all relationships between hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the consolidated statement of financial position or to specific firm commitments or forecasted transactions.

(i) Fair value hedges

Derivative instruments designated as fair value hedges are measured at fair value. Changes in the fair values of derivatives designated as fair value hedges are recognized as gains or losses and are offset by the loss or gains resulting from the changes in the fair values of the hedged items.

(ii) Cash flow hedges

The effective portion of the gains and losses of hedging instruments in a cash flow hedge are recognized through other comprehensive income. Other comprehensive income is reclassified to profit or loss in the same period during which the hedged expected cash flows affects profit or loss. Changes in the fair values of the ineffective portions of cash flow hedges are recognized immediately in profit or loss.

(iii) Derivatives not designated as hedging instruments

Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in profit or loss.

(14) Revenue Recognition

Revenue is measured at the fair value of the consideration for goods sold and services provided in the ordinary course of business less sales related taxes. Transactions in which Ricoh acted as an agent are shown in a net basis.

(a) Product sales

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable and the associated costs and amount of revenue can be measured reliably. Usually, revenue is recognized when products were installed and the customer accepted it.

(b) Revenue from maintenance services

Revenue from sales of maintenance services is earned and recognized by Ricoh and billed to the customer in accordance with the contract and includes a fixed monthly fee plus a variable amount based on use.

(c) Multiple-element arrangements

Ricoh enters into arrangements with multiple elements, which may include any combination of products, equipment, installation and maintenance. Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the fair value if it meets both of the requirements below:

・The elements have standalone value to the customer.

・The fair value of the elements can be reliably measured.

If these criteria are not met, revenue is deferred until the undelivered elements are fulfilled and accounted for as a single unit of accounting.

(d) Revenue from leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Other leases are classified as operating leases. In circumstances in which the lessor is a manufacturer or dealer, the profit or loss from a finance lease is recognized in accordance with the same revenue recognition policy as that for products sales. Finance income is recognized over the term of the lease using the effective interest method. In circumstances in which the lessor is neither a manufacturer nor dealer, finance income is recognized over the term of the lease using the effective interest method.

The interest rate implicit in the lease is the discount rate that causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equaled to the sum of the fair value of the leased asset and any initial direct costs incurred by the lessor.

Revenues from operating leases are recognized on a straight-line basis over the term of the lease.

(15) Finance Income and Finance Costs

Finance income comprises dividend income, interest income, gain on sales of available-for-sale financial assets and foreign currency exchange gain. Dividend income is recognized on the date when the right to receive payment is established. Interest income is recognized when incurred using the effective interest method.

Finance costs comprise interest costs, impairment loss from available-for-sale financial assets, loss on sales of available-for-sale financial assets and foreign currency exchange loss. Interest costs are recognized when incurred using the effective interest method.

(16) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for those taxes which are recognized either in other comprehensive income, directly in equity or arising from business combinations. Current taxes are the expected taxes payable or receivable on taxable profit or loss using the tax rates and tax laws enacted or substantially enacted by the end of the reporting period adjusted by taxes payable or receivable in prior years. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis and net operating loss carryforwards.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither book basis or tax basis profits. Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and investments accounted for by the equity method. However, if Ricoh is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates accounted for by the equity method are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences are expected to be reversed based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and income taxes are levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(17) Earnings Per Share

Basic earnings per share are calculated by dividing profit and loss attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of treasury shares. Diluted earnings per share are calculated by adjusting the effects of potentially dilutive ordinary shares.

(18) Operating Segments

Operating segments are components of business activities from which Ricoh may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments, and for which discrete financial information for operating results of all operating segments is available and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and interpretations that were not effective in the reporting period ended March 31, 2018, and which Ricoh has not yet adopted for the preparation of consolidated financial statements are set forth in the table below. Ricoh believes the effect of IFRS 9 and IFRS 15 will not be material. Ricoh is currently evaluating the effect of IFRS 16. As for the other new standards, Ricoh estimates that there will be no material impact on the consolidated financial statements.

IFRSs	Title	Date on or after which the application is required for new reporting periods	Ricoh's applicable reporting period	Summaries of new IFRSs/amendments
IFRS 9	Financial Instruments	January 1, 2018	Period ending March 2019	Amendments of classification and measurement of financial instruments and application of impairment models based on expected credit losses.
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Period ending March 2019	Providing clear principles for revenue recognition in a robust framework
IFRS 16	Leases	January 1, 2019	Period ending March 2020	Changes in accounting for lease

5. OPERATING SEGMENTS

Ricoh redefined its business domain from April 1, 2017 which marked the start of 19th Mid-term Management Plan. Based on this redefinition, Ricoh has changed Operating Segment Information from the fiscal year ended March 31, 2018. Comparative figures for the year ended March 31, 2017 have also been reclassified to conform to the current year's presentation. Intersegment transactions increased due to subdivision of segment information. Intersegment transactions are mainly sales from the Other segment to the Office Printing segment.

Changes in Operating Segment Information

Prior Segment		Products & Services
Imaging & Solutions	Office Imaging	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, facsimile, scanners, related parts and supplies, services, support and software
	Network System Solutions	Personal computers, servers, network equipment, related services, support and software
	Production Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Products		Thermal media, optical equipment, electronic components, semiconductor devices and inkjet heads
Other		Digital cameras

New Segments	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software service solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal media
Other	Optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment and healthcare solutions

Segment profit (loss) is determined by subtracting “Cost of sales” and “Selling, general and administrative expenses” from “Sales,” and is used by Ricoh’s chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit (loss) excludes certain corporate expenses such as costs related to human resources, legal relations, investor relations, public relations, corporate planning and environmental activities.

The following tables present certain information regarding Ricoh’s operating segments and geographic areas for the years ended March 31, 2017 and 2018. Intersegment sales are made at arm’s-length prices. No single customer accounted for 10% or more of the total sales for the years ended March 31, 2017 and 2018.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Segment sales:		
Office Printing	1,165,979	1,144,053
Office Services	425,612	447,973
Commercial Printing	186,110	185,933
Industrial Printing	11,883	19,200
Thermal Media	57,287	61,458
Other	258,018	275,986
Intersegment sales	(75,990)	(71,240)
Total segment sales	2,028,899	2,063,363
Segment profit (loss):		
Office Printing	99,666	(44,306)
Office Services	(6,653)	(25,617)
Commercial Printing	18,868	25,180
Industrial Printing	(3,435)	(2,250)
Thermal Media	5,884	5,016
Other	(2,937)	10,032
Total segment profit	111,393	(31,945)
Reconciling items:		
Corporate expenses and elimination	(77,513)	(83,731)
Finance income	4,600	4,123
Finance costs	(8,556)	(12,831)
Share of profit (loss) of investments accounted for using equity method	31	202
Profit before income tax expenses	29,955	(124,182)

Intersegment sales represent sales of the Other segment to the Office Printing segment.

The following table represents significant restructuring activities for the years ended March 31, 2017 and 2018.

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Office Printing	8,072	18,428
Commercial Printing	-	682
Corporate	300	6,637
Total	8,372	25,747

Differences between Restructuring costs above and ¥31.5 billion in structural reform expenses described in "II. BUSINESS OVERVIEW 1. SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR 2018 (1) Initiatives towards Cost Structure Reform" and "3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS (2) Business results" are primarily because costs related to Ricoh India Limited were not included in Restructuring costs above.

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Total assets:		
Office Printing	1,633,443	1,466,929
Office Services	280,382	272,529
Commercial Printing	167,926	169,635
Industrial Printing	17,692	23,614
Thermal Media	42,264	49,038
Other	252,458	249,667
Elimination	(8,810)	(9,496)
Corporate	373,932	419,114
Consolidated	2,759,287	2,641,030

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Capital expenditures:		
Office Printing	64,902	59,579
Office Services	4,214	3,981
Commercial Printing	9,389	14,474
Industrial Printing	1,362	3,363
Thermal Media	2,609	4,517
Other	10,632	9,801
Corporate	9,132	11,268
Consolidated	102,240	106,983
Depreciation and amortization:		
Office Printing	68,064	67,997
Office Services	5,617	6,312
Commercial Printing	11,581	12,398
Industrial Printing	1,586	1,904
Thermal Media	2,121	1,947
Other	9,672	8,623
Corporate	8,249	9,146
Consolidated	106,890	108,327

Assets are allocated to the operating segments which mainly benefited from the assets. Corporate assets consist primarily of cash and cash equivalents and other financial assets that are not related to specific operating segments.

(2) Sales by Product Category

Information for sales by product category is as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Office Printing	1,165,979	1,144,053
Office Services	425,612	447,973
Commercial Printing	186,110	185,933
Industrial Printing	11,883	19,200
Thermal Media	57,287	61,458
Other	182,028	204,746
Total sales	2,028,899	2,063,363

* Each category includes the following product lines:

Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Service	Personal computers, servers, network equipment, related services, support, software and service & solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printer, related parts & supplies, services, support and software
Industrial printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal media
Other	Optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment and healthcare solutions

(3) Geographic Information

Sales based on the location of customers and noncurrent assets, including property, plant and equipment, goodwill and intangible assets were as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Sales:		
Japan	767,522	799,904
The Americas	609,098	577,559
Europe, the Middle East and Africa	456,471	477,554
Other	195,808	208,346
Consolidated	2,028,899	2,063,363
The United States (included in The Americas)	513,547	479,014

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Non-current assets:		
Japan	280,722	266,740
The Americas	253,930	85,949
Europe, the Middle East and Africa	89,603	85,046
Other	35,179	29,400
Consolidated	659,434	467,135
The United States (included in The Americas)	234,076	68,312

6. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Cash and cash equivalents		
Cash and deposit	135,091	160,636
Less time deposit over 3 months	(8,662)	(68)
Total cash and cash equivalents on consolidated statement of financial position	126,429	160,568

The balance of "Cash and cash equivalents" in the consolidated statement of financial position as of March 31, 2017 and 2018 agree with the respective balances in the consolidated statement of cash flows.

7. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Notes receivables and electronically recorded monetary claims	49,688	48,914
Accounts receivables	424,824	441,323
Other receivables	103,330	113,801
Less allowance for doubtful receivables	(11,527)	(14,297)
Total	566,315	589,741

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

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Within 12 months	501,894	512,377
After 12 months	64,421	77,364
Total	566,315	589,741

8. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Goods and products	117,811	97,899
Work in progress and raw materials	84,740	82,585
Total	202,551	180,484

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Amount of write-down	4,554	7,152

The amount of write-down is included in “Cost of sales” in the consolidated statement of profit or loss.

9. PROPERTY, PLANT AND EQUIPMENT

Cost, accumulated depreciation and impairment loss, and the carrying amount of property, plant and equipment are as follows:

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2016	36,365	283,627	265,788	450,301	12,117	1,048,198
Additions	-	4,263	4,608	45,698	20,878	75,447
Acquisitions through business combinations	-	-	-	-	22	22
Disposals	(965)	(6,853)	(6,312)	(48,094)	(631)	(62,855)
Transfers from construction in progress	-	3,436	7,556	9,848	(20,840)	-
Exchange differences	(63)	(1,632)	(2,595)	3,538	(109)	(861)
Others	(154)	1,512	(4,583)	5,078	(498)	1,355
Balance as of March 31, 2017	35,183	284,353	264,462	466,368	10,939	1,061,305
Additions	-	3,682	4,302	44,319	19,982	72,285
Acquisitions through business combinations	-	18	-	13	-	31
Disposals	(1,222)	(10,619)	(9,370)	(46,710)	(181)	(68,102)
Transfers from construction in progress	413	7,749	4,550	8,579	(21,291)	-
Exchange differences	(86)	(96)	1,360	(696)	(29)	453
Decrease due to disposal of interest in subsidiaries	(1,562)	(8,586)	(44,828)	(2,819)	(583)	(58,378)
Others	(730)	(364)	13	6,880	(295)	5,504
Balance as of March 31, 2018	31,996	276,137	220,489	475,934	8,542	1,013,098

Accumulated depreciation and impairment loss

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1, 2016	(1,608)	(194,817)	(219,606)	(355,616)	(771,647)
Depreciation expense	-	(9,480)	(12,556)	(45,971)	(68,007)
Disposals	-	6,117	5,814	43,485	55,416
Impairment loss	-	(1,048)	(393)	(987)	(2,428)
Exchange differences	-	1,270	1,920	(4,796)	(1,606)
Others	-	(47)	2,656	(4,385)	(1,776)
Balance as of March 31, 2017	(1,608)	(198,005)	(222,165)	(368,270)	(790,048)
Depreciation expense	-	(9,633)	(12,030)	(46,773)	(68,436)
Disposals	-	10,055	8,472	40,678	59,205
Impairment loss	(321)	(3,194)	(845)	(7,150)	(11,510)
Exchange differences	-	337	(1,044)	498	(209)
Decrease due to disposal of interest in subsidiaries	-	6,812	43,688	2,436	52,936
Others	321	751	351	(6,454)	(5,031)
Balance as of March 31, 2018	(1,608)	(192,877)	(183,573)	(385,035)	(763,093)

Carrying amount

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2016	34,757	88,810	46,182	94,685	12,117	276,551
Balance as of March 31, 2017	33,575	86,348	42,297	98,098	10,939	271,257
Balance as of March 31, 2018	30,388	83,260	36,916	90,899	8,542	250,005

10. GOODWILL AND INTANGIBLE ASSETS

Cost, accumulated amortization and impairment loss, and the carrying amount of goodwill and intangible assets are as follows:

Cost

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2016	314,139	170,835	86,416	80,291	25,590	677,271
Additions	-	12,767	-	-	13	12,780
Acquisitions through business combinations	246	469	384	-	-	1,099
Increase through internal development activities	-	-	-	14,013	-	14,013
Disposals	-	(7,034)	(504)	(11,743)	(2,003)	(21,284)
Exchange differences	(5,348)	(2,855)	(1,680)	-	(85)	(9,968)
Others	-	(666)	751	(71)	(260)	(246)
Balance as of March 31, 2017	309,037	173,516	85,367	82,490	23,255	673,665
Additions	-	17,255	-	-	417	17,672
Acquisitions through business combinations	466	22	90	-	-	578
Increase through internal development activities	-	-	-	17,026	-	17,026
Disposals	-	(13,575)	(517)	(18,973)	(580)	(33,645)
Exchange differences	(7,693)	2,206	(2,581)	-	(54)	(8,122)
Decrease due to disposal of interest in subsidiaries	-	(2,384)	-	-	(2,910)	(5,294)
Others	-	(555)	-	(3)	158	(400)
Balance as of March 31, 2018	301,810	176,485	82,359	80,540	20,286	661,480

Accumulated amortization and impairment loss

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2016	(39,232)	(120,600)	(56,142)	(27,366)	(20,095)	(263,435)
Amortization expense	-	(11,446)	(7,933)	(18,673)	(831)	(38,883)
Disposals	-	6,560	504	11,743	2,000	20,807
Impairment loss	(3,945)	(386)	(1,515)	-	(1,223)	(7,069)
Exchange differences	161	1,627	923	-	56	2,767
Others	-	436	-	-	(111)	325
Balance as of March 31, 2017	(43,016)	(123,809)	(64,163)	(34,296)	(20,204)	(285,488)
Amortization expense	-	(12,682)	(6,779)	(19,557)	(873)	(39,891)
Disposals	-	9,822	517	18,973	259	29,571
Impairment loss	(145,827)	(8,643)	(9,987)	-	-	(164,457)
Exchange differences	7,987	(830)	2,559	-	470	10,186
Decrease due to disposal of interest in subsidiaries	-	2,174	-	-	2,907	5,081
Others	-	648	-	-	-	648
Balance as of March 31, 2018	(180,856)	(133,320)	(77,853)	(34,880)	(17,441)	(444,350)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2016	274,907	50,235	30,274	52,925	5,495	413,836
Balance as of March 31, 2017	266,021	49,707	21,204	48,194	3,051	388,177
Balance as of March 31, 2018	120,954	43,165	4,506	45,660	2,845	217,130

Amortization expense of development assets and other intangible assets were included in “Cost of sales”, and “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

11. IMPAIRMENT LOSS

(1) Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit groups

Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit group was as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Office Printing (Americas sales group)	-	137,171
Office Printing (Australia sales)	-	5,990
Office Printing (Europe, Middle East and Africa sales group)	-	3,112
Other	-	2,433
Office Printing Total	-	148,705
mindSHIFT	-	16,846
Office Service (Europe, Middle East and Africa sales group)	-	6,132
Other	-	3,900
Office Service Total	-	26,878
Other Total	9,497	383
Impairment loss Total	9,497	175,967

(2) Impairment loss on Property, plant and equipment and goodwill and intangible assets per type

Impairment loss on Property, plant and equipment and goodwill and intangible assets per type was as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Land	-	321
Buildings and structures	1,048	3,194
Machinery and vehicles	393	845
Tools, equipment and fixtures	987	7,150
Property, plant and equipment Total	2,428	11,510
Goodwill	3,945	145,827
Software	386	8,643
Trademarks and customer relationships	1,515	9,987
Others	1,223	-
Goodwill and intangible assets Total	7,069	164,457
Impairment loss Total	9,497	175,967

Impairment loss for the fiscal year ended March 31, 2017 was included in “Cost of sales” in the amount of ¥1,770 million, “Selling, general and administrative expenses” in the amount of ¥3,782 million and “Impairment of goodwill” in the amount of ¥3,945 million. Impairment loss for the fiscal year ended March 31, 2018 was included in “Selling, general and administrative expenses” in the amount of ¥30,140 million and “Impairment of goodwill” in the amount of ¥145,827 million.

(3) Impairment losses and the background
<Previous year>
Ricoh recognized the impairment loss of property, plant and equipment and goodwill and intangible assets of the camera business due to actual profit falling below assumed profit. Ricoh decreased the recoverable amount of these carrying amounts to zero.
The recoverable amount of the camera business is calculated by value in use.
Value in use is calculated by discounting 11.4% of the estimated cash flows based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate of long-term market expectation is not used.
All this impairment loss is added in the Other segment.
<Current year>
In the past, the Company has managed business based on three disclosed segments: Imaging & Solutions, Industrial, and Other. Of these, Imaging & Solutions was composed of the three categories of Office Imaging, focusing on printers, multifunctional printers, printers and Network System Solutions, which has the same customers and produces sales synergy, and Production Printing, which has some customer overlap and produces technical synergy. Our strategy had been to leverage the synergies of these segments in our core business to expand global sales and achieve growth. Asset evaluation such as goodwill was performed along with these business segment categories.
Under the 19th Mid-Term Management Plan, launched in April 2017, our strategy shifted from expanding scale to focusing on profit for the core business segments of Office Printing and Office Service, and we defined a strategic goal of using the cash they created to concentrate investment in growth businesses to change the business structure of the Ricoh Group. In order to carry out business management aligned with this strategy, from the fiscal year ended March 31, 2018, the Company further divided its disclosure segments into Office Printing, Office Service, Commercial Printing, Industrial Printing, Thermal Media, and Other.
At the same time, for each of these six business domains, a system was created that enabled actual management decision-making and business management monitoring using smaller management units. Furthermore, future cash flow was reviewed and asset value was evaluated based on this strategy shift, in the cash generating units newly defined based on management units. As a result, impairment losses were posted.
Ricoh recognized the impairment loss of a part of property, plant and equipment and goodwill and intangible assets of Office Printing segment and Office Service segment due to actual profit falling below assumed profit.
Ricoh decreased the carrying amounts of relevant assets in the Office Printing segment (Americas sales group) to the recoverable amount (the net realizable value : ¥6,100 million), in the Office Printing segment (Europe, Middle East and Africa sales group) to the recoverable amount (the value in use : ¥142,248 million) and in mindSHIFT to the recoverable amount (the net realizable value ¥421 million). In addition, Ricoh decreased the carrying amounts of relevant assets in Office Printing (Australia sales) and Office Service (Europe, Middle East and Africa sales group) to zero.
Value in use is calculated by discounting 7.6% to 14.9% of the estimated cash flows based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate of long-term market expectation is not used.
The major components of impairment losses above-mentioned are as follows.
Office Printing segment: ¥148,705 million, of which goodwill was ¥130,134 million
Office Service segment: ¥26,878 million, of which goodwill was ¥15,693 million
The impaired assets primarily consist of tangible assets, goodwill and intangible assets in North America from the geographic perspective.
Goodwill for IKON acquired in 2008 was included in the Office Printing segment. Goodwill for mindSHIFT acquired in 2014 was included in the Office Service segment.

(4) Impairment test of goodwill
<Previous year>
The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU belongs (1 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU (8 to 12%).

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

	Growth rate	Discount rate
Imaging & Solutions excluding Production Printing	-3.1%	+2.7%
Imaging & Solutions (Production Printing)	-5.5%	+3.8%

<Current year>
The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-2 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (7 to 15%).
If the expected cash flows decrease or discount rates increase in the Office Printing segment (Europe, Middle East and Africa sales group), which are major assumptions for the impairment test, there is possibility that additional impairment losses are recognized. Other than the above, Ricoh believes carrying amounts will not exceed the recoverable amounts even if major assumptions (growth rate or discount rates) change within a reasonable range.
The details of goodwill after recognition of impairment losses by CGU or CGU group are as follows.
In accordance with redefinition of the CGU or CGU group, the Office Printing segment is separated into Sales functions and Common functions other than sales in consideration of monitoring of business management and the decision making units. CGU or CGU group is set by geographic area as well with regard to sales.

	Millions of Yen
	As of March 31, 2017
Imaging & Solutions excluding Production Printing	262,806
Imaging & Solutions (Production Printing)	2,641
Other CGUs	574
Total	266,021

	Millions of Yen
	As of March 31, 2018
Office Printing (Common function group excluding sales)	63,568
Office Printing (Europe, Middle East and Africa sales group)	47,245
Office Printing (Japan sales group)	5,078
Other CGUs, CGU groups	5,063
Total	120,954

12. LEASE

(1) As Lessor

Lease receivables are included in other financial assets.

Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Co., Ltd., a majority owned domestic subsidiary, and to overseas customers primarily through certain overseas subsidiaries. Most of these leases are accounted for as finance leases.

Future receivables under finance leases are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Gross investments in finance leases		
Due in 1 year or less	294,326	309,030
Due after 1 year through 5 years	546,246	560,729
Due after 5 years	34,512	40,698
Unguaranteed residual value	(7,054)	(6,710)
Future finance income	(56,650)	(57,870)
Present value of minimum lease payments receivable	811,380	845,877

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

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Due in 1 year or less	282,420	296,741
Due after 1 year through 5 years	498,452	513,070
Due after 5 years	30,508	36,066

(2) As Lessee

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

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Due in 1 year or less	23,797	19,775
Due after 1 year through 5 years	45,681	40,430
Due after 5 years	7,731	8,036

Ricoh made lease payments totaling ¥44,800 million and ¥43,648 million for the years ended March 31, 2017 and 2018, respectively, under cancelable and non cancelable operating lease agreements for office space, warehouses and machinery and equipment. Some of the agreements contain lease renewal option or escalation clauses.

13. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Derivative assets	1,673	1,605
Lease receivables	818,434	852,587
Installment loans	121,659	137,468
Less allowance for doubtful receivables	(9,591)	(10,887)
Total	932,175	980,773
Current	276,575	291,144
Noncurrent	655,600	689,629

14. OTHER INVESTMENTS

The components of other investments were as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Securities	80,141	81,759
Bonds	1,438	1,147
Total	81,579	82,906
Current	-	55,921
Noncurrent (i)	81,579	26,985

(i) Securities held for sale were reclassified from noncurrent assets to current assets.

15. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Notes payables and electronically recorded obligations	22,082	25,483
Accounts payable	173,143	168,930
Other payables	100,563	106,311
Total	295,788	300,724

16. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Bonds:		
0.88% straight bonds, payable in yen, due June 2017, issued by the Company	20,000	-
2.08% straight bonds, payable in yen, due March 2019, issued by the Company	15,000	15,000
0.37% straight bonds, payable in yen, due July 2019, issued by the Company	11,979	13,052
0.35% straight bonds, payable in yen, due July 2020, issued by the Company	-	13,052
0.15% straight bonds, payable in yen, due July 2017, issued by a consolidated subsidiary	10,000	-
0.35% straight bonds, payable in yen, due November 2017, issued by a consolidated subsidiary	20,000	-
0.47% straight bonds, payable in yen, due July 2018, issued by a consolidated subsidiary	10,000	10,000
0.32% straight bonds, payable in yen, due January 2019, issued by a consolidated subsidiary	10,000	10,000
0.27% straight bonds, payable in yen, due July 2019, issued by a consolidated subsidiary	10,000	10,000
0.001% straight bonds, payable in yen, due September 2019, issued by a consolidated subsidiary	10,000	10,000
0.001% straight bonds, payable in yen, due February 2020, issued by a consolidated subsidiary	10,000	10,000
0.05% straight bonds, payable in yen, due July 2020, issued by a consolidated subsidiary	-	15,000
0.27% straight bonds, payable in yen, due August 2020, issued by a consolidated subsidiary	20,000	20,000
0.08% straight bonds, payable in yen, due January 2021, issued by a consolidated subsidiary	-	10,000
0.05% straight bonds, payable in yen, due September 2021, issued by a consolidated subsidiary	10,000	10,000
0.16% straight bonds, payable in yen, due January 2022, issued by a consolidated subsidiary	-	10,000
0.13% straight bonds, payable in yen, due February 2022, issued by a consolidated subsidiary	10,000	10,000
0.16% straight bonds, payable in yen, due July 2022, issued by a consolidated subsidiary	-	10,000
0.3% straight bonds, payable in yen, due January 2025, issued by a consolidated subsidiary	-	5,000
0.345% straight bonds, payable in yen, due July 2027, issued by a consolidated subsidiary	-	5,000
6.75% straight bonds, payable in yen, due December 2025, issued by a consolidated subsidiary	1,571	1,491
7.30% straight bonds, payable in yen, due November 2027, issued by a consolidated subsidiary	2,313	2,193
Total bonds	170,863	189,788

Unsecured loans		
From banks and insurance companies		
weighted average interest rate	0.24%	0.20%
due 2027	605,076	629,959
Long-term borrowings arising from securitization of lease receivables (see Note 23)	21,505	21,388
Subtotal	797,444	841,135
Less current maturities included in “Current liabilities”	(167,645)	(182,428)
Total	629,799	658,707

All bonds outstanding as of March 31, 2018 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured borrowings as defined in the agreements. Ricoh was in compliance with all such covenants as of March 31, 2018.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with respective banks. Banks may request additional security for these loans if there is reasonable and probable cause and may treat the additional security, as well as the cash deposits, as security for present and future borrowings. Ricoh has never been requested to submit such additional security with respect to any borrowings.

Short-term borrowings consist of the following:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Borrowings, principally from banks	51,080	32,798
Commercial paper	11,219	7,968
Total	62,299	40,766

	Weighted average interest rate	
	As of March 31, 2017	As of March 31, 2018
Borrowings, principally from banks	5.9%	1.9%
Commercial paper	1.3%	2.1%

Movement of liabilities related to financing activities consisted of the following:

	Millions of yen			
	As of April 1, 2017	Movement with cash flows	Exchange differences	As of March 31, 2018
Short-term debt	62,299	(21,180)	(353)	40,766
Long-term debt (i)	626,581	24,942	(176)	651,347
Bonds (i)	170,863	18,285	640	189,788
Total	859,743	22,047	111	881,901

(i) Including the current portion.

17. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of April 1, 2017	8,552	2,098	4,378	5,068	20,096
Increase for the year	810	1,852	12,516	4,065	19,243
Decrease for the year (applied against provisions)	(139)	(1,061)	(7,827)	(1,852)	(10,879)
Decrease for the year (unused amounts reversed)	(796)	(943)	(1,251)	(1,108)	(4,098)
Interest expense for discounting	59	-	-	-	59
Others	60	24	293	146	523
Balance as of March 31, 2018	8,546	1,970	8,109	6,319	24,944
Current liabilities	1,609	1,970	8,109	547	12,235
Noncurrent liabilities	6,937	-	-	5,772	12,709

Ricoh recognizes provisions for asset retirement obligation when there is a contractual obligation to dismantle, remove or restore assets at the end of lease contract or obligation to decontaminate certain fixed assets. Future expected outflows of economic benefits are long-term in nature and may be affected by future business plans.

The warranties provision corresponds to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs were included in "Post sales and rentals" in "Cost of sales".

The restructuring provision consists of expenditures on restructuring activities such as fixed costs reductions in order to enhance competitiveness. Restructuring provisions are expected to be utilized mainly within the next fiscal year. However, they may be affected by future business plans.

Other provisions mainly consist of litigation provisions.

18. OTHER FINANCIAL LIABILITIES

The components of other financial liabilities are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Derivative liabilities	2,444	706
Lease liabilities	1,961	3,535
Total	4,405	4,241
Current	2,227	453
Noncurrent	2,178	3,788

19. GOVERNMENT GRANTS

Government grants, principally arising in the Office Printing segment, relate to capital expenditures on R&D of Ricoh Company, Ltd. and the production facility of a manufacturing subsidiary in Japan. Government grants are recognized in the consolidated statement of profit or loss on a straight-line basis over the expected useful life of the relevant assets.

The total balance of government grants, presented as deferred income in "Other current liabilities" or "Other noncurrent liabilities" in the consolidated statement of financial position as of March 31, 2017 and 2018 was ¥5,589 million and ¥5,032 million, respectively.

There are no unfulfilled conditions or contingencies related to government grants recognized as deferred income.

20. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

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

	Millions of Yen				
	As of April 1, 2017	Recognized in profit or loss	Recognized in other comprehen-sive income	Other (foreign exchange fluctuations)	As of March 31, 2018
Deferred tax assets:					
Accrued expenses	21,613	2,449	-	(12)	24,050
Unrealized profit on inventories	15,510	(4,318)	-	(163)	11,029
Depreciation and amortization	11,662	(4,208)	-	(1,566)	5,888
Accrued pension and retirement benefits	40,715	(5,005)	(4,165)	89	31,634
Net operating loss carryforwards	29,081	5,529	-	(1,366)	33,244
Other	7,115	22,708	5,831	(4,178)	31,476
Total deferred tax assets	125,696	17,155	1,666	(7,196)	137,321
Deferred tax liabilities:					
Finance leases	(494)	(79)	-	-	(573)
Undistributed earnings of foreign subsidiaries and affiliates	(7,377)	546	-	(1)	(6,832)
Net gain on fair value of available-for-sale financial assets	(15,462)	-	(494)	45	(15,911)
Goodwill and intangible assets	(27,025)	6,819	-	-	(20,206)
Other	(1,765)	(7,170)	105	448	(8,382)
Total deferred tax liabilities	(52,123)	116	(389)	492	(51,904)

Ricoh assesses the probability that a portion or all of the future deductible temporary differences or net operating loss carryforwards can be used to offset future taxable profits on recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Ricoh believes it is more likely than not that the deferred tax assets of these deductible differences will be realized. The amount of the deferred tax assets considered realizable, however, will be reduced if estimates of future taxable income during the carryforward period are reduced.

Net operating loss carryforwards, deductible temporary differences and foreign tax credit carryforwards for which deferred tax assets have not been recognized are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Net operating loss carryforwards	106,629	86,026
Deductible temporary differences	7,179	14,112
Foreign tax credit carryforwards	4,784	2,271
Total	118,592	102,409

The expiration date and amounts of net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Within 4 years	11,803	7,631
After 5 years and thereafter	94,826	78,395
Total	106,629	86,026

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

Ricoh applies the consolidated taxation system in Japan. The above amounts do not include net operating loss carryforwards in which deferred tax assets related to local taxes (residence tax and enterprise tax) are not recognized as it is not covered by consolidated taxation system. The amounts of net operating loss carryforwards related to residence tax and enterprise tax as of March 31, 2017 were ¥47,856 million and ¥82,415 million respectively and as of March 31, 2018 were ¥8,671 million and ¥64,763 million, respectively.

The amounts of recognized deferred tax assets over the amounts of deferred tax liabilities as of March 31, 2017 and 2018 were ¥36,643 million and ¥48,516 million, respectively. These deferred tax assets were recognized in the domestic consolidated taxation group and some other subsidiaries which recognized tax losses for the year ended March 31, 2017 or 2018, and the recoverability of deferred tax assets are dependent on future taxable profits. Ricoh and some other subsidiaries assess the probability that the domestic consolidated taxation group and some other subsidiaries can utilize deductible temporary differences, net operating loss carryforwards and foreign tax credit carryforwards against future taxable profits.

Details of current and deferred tax expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Current tax expense:		
Current year	24,639	22,728
Previous year	(1,025)	-
Total current tax expense	23,614	22,728
Deferred tax expense:		
Origination and reversal of temporary differences	(23,031)	(17,890)
Changes in tax rates	132	1,312
Changes in unrecognized deferred tax assets in previous years	19,803	(693)
Total deferred tax expense	(3,096)	(17,271)
Total provision for income taxes	20,518	5,457

The amount of the benefits arising from previously unrecognized tax losses, tax credit or temporary differences of a prior period that were used to reduce current tax expenses for the years ended March 31, 2018 was ¥3,505 million, and these benefits were included in the current tax expense.

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 32% for the year ended March 31, 2017 and approximately 32% for the year ended March 31, 2018.

The corporate tax rate for calculating deferred tax assets and liabilities has not been changed by the new laws enacted by the Japanese government in March 2017. However there has been reclassification between the national tax rate and the local tax rate for the year ended March 31, 2017.

On December 2017, the "Tax Cuts and Jobs Act" was enacted in the U.S that became effective from January 2018. As a result, the federal corporate tax rate applicable to subsidiaries in the U.S. was reduced from 35% to 21% and a tax for Mandatory Deemed Repatriation on foreign earnings was imposed. Income tax expenses of the Company's U.S. consolidated subsidiaries increased ¥1,312 million as a result of the remeasurement of Deferred Tax Assets and Liabilities in these subsidiaries. In addition, income tax expenses of subsidiaries in U.S. increased ¥2,090 million due to the imposition of new tax for the year ended March 31, 2018.

Reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Statutory income tax rate	32%	32%
Nondeductible expenses	1	(0)
Nontaxable income	(1)	0
Changes in unrecognized deferred tax assets in previous years	66	1
Tax credits for research and development and other	(1)	1
Income tax exposures	(27)	(1)
Taxes on undistributed earnings of foreign subsidiaries	7	(2)
Difference in statutory tax rates of foreign subsidiaries	(9)	2
Changes in tax rate	0	(1)
Impairment of goodwill	4	(34)
Other, net	(4)	(2)
Effective income tax rate	68	(4)

"Impairment of goodwill" was included in "Other, net" for the previous fiscal year. From the current fiscal year "Impairment of goodwill" has been separately presented for the previous and current fiscal year due to an increase in quantitative and qualitative significance.

Ricoh does not recognize deferred tax liability on the taxable temporary differences associated with a portion of undistributed retained earnings in foreign subsidiaries because Ricoh is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The amount of those taxable temporary differences as of March 31, 2017 and 2018 was ¥392,735 million and ¥420,239 million, respectively.

21. EMPLOYEE BENEFITS

(1) Defined benefit plans

Ricoh has defined benefit corporate pension plans and lump-sum payment plans. The benefits on these defined benefit plans are provided based on employees' years of service, compensation level and other terms. Contributions to these plans have been made to provide future pension payments in conformity with actuarial calculations determined by the current basic rate of salary.

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

The Company and some of its subsidiaries are responsible for operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations and any orders issued by the Minister of Health, Labour and Welfare. Furthermore, the Company and some of its subsidiaries are prohibited from engaging in any actions that could hinder proper administration and investment of the pension reserves for the purpose of furthering their own interests or the interests of third parties other than the participants.

In February 2017, and in December 2017, certain overseas subsidiaries offered voluntary lump-sum pension payout options to employees and made a lump-sum payment to applicants of this offer. As a result, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2017 and 2018

The changes in the defined benefit obligations and plan assets of the pension plans are as follows:

	Millions of Yen	
Domestic plans	For the year ended March 31, 2017	For the year ended March 31, 2018
Net defined benefit obligations at beginning of year:	73,266	60,358
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	259,881	252,295
Current service cost	9,157	8,732
Interest cost	773	1,241
Actuarial loss (i)	(5,742)	2,675
Settlements	-	-
Benefits paid	(11,774)	(15,817)
Decrease due to disposal of interest in subsidiaries	-	(6,463)
Defined benefit obligations at end of year	252,295	242,663
Changes in plan assets:		
Fair value of plan assets at beginning of year	186,615	191,937
Interest income	776	966
Income related to plan assets (ii)	6,890	8,122
Employer contributions	9,683	9,347
Partial withdrawal of plan assets	(310)	(330)
Benefits paid	(11,717)	(15,767)
Decrease due to disposal of interest in subsidiaries	-	(4,335)
Fair value of plan assets at end of year	191,937	189,940
Net defined benefit obligations at end of year	60,358	52,723

Foreign plans	Millions of Yen For the year ended March 31, 2017	 For the year ended March 31, 2018
Net defined benefit obligations at beginning of year:	65,475	60,037
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	254,082	247,611
Current service cost	855	950
Past service cost	-	-
Interest cost	8,221	8,081
Plan participants' contributions	3	8
Actuarial gain and loss (i)	10,263	2,244
Settlements	(4,732)	(10,669)
Benefits paid	(9,236)	(10,135)
Foreign exchange impact and other	(11,845)	980
Defined benefit obligations at end of year	247,611	239,070
Changes in plan assets:		
Fair value of plan assets at beginning of year	188,607	187,574
Interest income	5,900	6,319
Income related to plan assets (ii)	7,012	3,504
Employer contributions	9,801	9,375
Plan participants' contributions	3	8
Partial withdrawal of plan assets	(937)	(496)
Settlements	(4,047)	(9,370)
Benefits paid	(9,243)	(10,135)
Foreign exchange impact and other	(9,522)	(1,456)
Fair value of plan assets at end of year	187,574	185,323
Net defined benefit obligations at end of year	60,037	53,747

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

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

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

	Domestic plans		Foreign plans	
	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018
Discount rate	0.5%	0.4%	3.4%	3.2%
Rate of compensation increase	2.4%	2.4%	2.2%	2.3%

In situations in which the discount rate changes, the effects on the defined benefit obligation as of March 31, 2017 and 2018 are shown below. The sensitivity analysis is based on the assumption that there are no other changes in the actuarial calculations, but, in fact, other changes in assumptions could possibly effect the defined benefit obligation. Ricoh does not expect any changes in the rate of compensation to increase.

	Millions of Yen For the year ended March 31, 2017	 For the year ended March 31, 2018
Increase of 0.5 of a percentage point	(32,602)	(29,983)
Decrease of 0.5 of a percentage point	35,698	32,673

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

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

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

The fair value of plan assets as of March 31, 2018 by asset class is as follows:

	Millions of Yen		
	As of March 31, 2018		
Domestic plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	26,556	-	26,556
Pooled funds	-	35,514	35,514
Debt securities:			
Domestic bonds	6,842	-	6,842
Pooled funds	-	69,429	69,429
Life insurance company general accounts	-	26,025	26,025
Other assets	16	25,558	25,574
Total assets	33,415	156,525	189,940

	Millions of Yen		
	As of March 31, 2018		
Foreign plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	1,075	-	1,075
Pooled funds	-	39,945	39,945
Debt securities:			
Foreign bonds	43,458	-	43,458
Pooled funds	-	74,733	74,733
Life insurance company general accounts	-	22,507	22,507
Other assets	408	3,197	3,605
Total assets	44,941	140,382	185,323

Ricoh's investment objectives are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit speculative investment in derivative financial instruments. Ricoh addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh's model portfolio for domestic plans consists of three major components: approximately 30% is invested in equity securities, approximately 45% is invested in debt securities and approximately 25% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Outside Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh's model portfolio for foreign plans has been developed as follows: approximately 20% is invested in equity securities, approximately 65% is invested in debt securities and approximately 15% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Ricoh expects to contribute ¥17,540 million to its pension plans for the year ending March 31, 2019.

The weighted average duration of defined benefit obligations was mainly 13 years as of March 31, 2018.

(2) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2017 and 2018 were ¥13,860 million and ¥12,062 million, respectively.

(3) Employee benefit expense

The employee benefit expense included in "Cost of sales" and "Selling, general and administrative expenses" on consolidated statement of profit or loss for the years ended March 31, 2017 and 2018 was ¥693,101 million and ¥670,202 million, respectively.

22. CAPITAL AND RESERVES

(1) Common Stock

The numbers of shares authorized and issued are as follows:

	Number of shares	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Authorized:		
Ordinary shares	1,500,000,000	1,500,000,000
Issued:		
Balance, beginning of year	744,912,078	744,912,078
Adjustment for the year	-	-
Balance, end of year	744,912,078	744,912,078

The number of shares of treasury stock as of March 31, 2017 and 2018 included in the number of shares issued shown above were 20,030,468 shares and 20,040,659 shares, respectively.

(2) Reserves

(a) Additional Paid-in Capital

Under the Company Law of Japan (“the Company Law”), at least 50% of the proceeds of certain issues of common shares shall be credited to Common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company’s general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥247,091 million and ¥139,074 million as of March 31, 2017 and 2018, respectively, were not restricted by the limitations under the Company Law.

(3) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)	(Yen)		
Ordinary general meeting of shareholders held on June 17, 2016	Ordinary shares	12,686	17.5	March 31, 2016	June 20, 2016
Board of Directors' meeting held on October 27, 2016	Ordinary shares	16,309	22.5	September 30, 2016	December 1, 2016
Ordinary general meeting of shareholders held on June 16, 2017	Ordinary shares	9,061	12.5	March 31, 2017	June 19, 2017
Board of Directors' meeting held on October 30, 2017	Ordinary shares	5,436	7.5	September 30, 2017	December 1, 2017

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

Resolution	Class of shares	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)		(Yen)		
Ordinary general meeting of shareholders held on June 22, 2018	Ordinary shares	5,436	Retained earnings	7.5	March 31, 2018	June 25, 2018

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital risk management

Ricoh’s capital management policy is to maintain a strong financial position, which enables us to procure sufficient funds for business expansion and to build an efficient capital structure in order to achieve continuous growth and increase corporate value.

Ricoh manages net interest-bearing debt, where cash and deposits are deducted from interest-bearing debt, capital (equity attributable to owners of the parent company) and the debt-to-equity ratio (ratio of interest-bearing debt to equity). The amounts as of each year end are as set forth in the table below.

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

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Interest-bearing debt	859,743	881,901
Cash and deposit	(135,091)	(160,636)
Net interest-bearing debt	724,652	721,265
Capital (equity attributable to owners of the parent)	1,042,106	909,565
Debt Equity Ratio	0.70	0.79

(2) Market risk management

(a) Foreign currency exchange rate risk

(i) Foreign currency exchange rate risk management

The financial results, assets and liabilities are subject to foreign exchange fluctuations because of the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China.

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

(ii) Foreign currency contracts

Foreign currency contracts are as follows:

Foreign Currency Contracts

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

	As of March 31, 2018		
	Exchange rates (Yen)	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	106.24	3,973	16
Euro/¥	130.52	22,301	73
Other currencies		36,279	613
Total		62,553	702

(iii) Sensitivity analysis for foreign currency risk

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

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
U.S. dollar	379	310
Euro	30	370

(b) Interest rate risk

(i) Interest rate risk management

Interest-bearing debt with floating rates is exposed to interest rate fluctuation risk.

Derivative financial contracts that Ricoh enters into are interest rate swap agreements to hedge against the potentially adverse impacts of cash flow fluctuations on its outstanding debt. Ricoh uses these financial instruments to reduce its risk in conformity with Ricoh policy.

(ii) Sensitivity analysis for interest rate

If the interest rate of financial instruments held by Ricoh as of March 31, 2017 and 2018 had increased by 1%, the impact on profit before income taxes in the consolidated statement of profit or loss would have been as set forth below.

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

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit before income tax expense	(846)	(1,364)

(3) Credit risk management

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

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

Ricoh continuously monitors overdue trade and other receivables and, Ricoh considers uncollectible risk receivables. For trade and other receivables with specific customer collection issues, Ricoh individually evaluates the collectability in order to determine the amount of allowance for doubtful receivables. For other receivables, Ricoh categorizes these receivables into groups by their nature and characteristics. Ricoh evaluates the collectability by group, using its historical experience of write-offs and determines the amount of allowance for doubtful receivables.

Allowance for doubtful receivables is as follows:

	Millions of Yen		
	Trade and other receivables	Finance receivables	Total
As of April 1, 2016	13,296	9,707	23,003
Provision	3,483	1,506	4,989
Charge-offs	(5,024)	(1,554)	(6,578)
Translation adjustments	(228)	(68)	(296)
As of March 31, 2017	11,527	9,591	21,118
Provision	6,692	3,263	9,955
Charge-offs	(3,893)	(1,900)	(5,793)
Translation adjustments	(29)	(67)	(96)
As of March 31, 2018	14,297	10,887	25,184

As of March 31, 2017 and 2018, the total gross amount of trade and other receivables and finance receivables that were determined to be impaired and subject to write-off individually were ¥18,237 million and ¥20,399 million, respectively, and the allowance for doubtful receivables recognized as of March 31, 2017 and 2018 was ¥9,427 million and ¥10,385 million, respectively.

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

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Past due in 1 - 90 days	62,010	62,914
Past due 91 - 365 days	13,018	6,564
Past due 366 days or more	1,150	4,373
Total	76,178	73,851

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or the issuance of bonds. These liabilities are exposed to the liquidity risk that Ricoh would not be able to repay liabilities on the due date due to the deterioration of the financing environment.

The Company and certain subsidiaries have committed limit of borrowing and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented a cash management system as a pooling-of-funds arrangement to achieve greater efficiencies in the utilization of liquidity on hand from one group company to another company through finance subsidiaries located in each region.

Ricoh has various funding methods and also has several committed lines of credit with financial institutions in order to reduce the liquidity risk.

An analysis of the contractual maturities of financial liabilities other than guarantee liabilities is as follows:

	Millions of Yen							
	As of March 31, 2017							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non derivative financial liabilities								
Trade and other payables	295,788	295,788	295,788	-	-	-	-	-
Short-term borrowings	62,299	62,323	62,323	-	-	-	-	-
long-term borrowings	626,581	630,098	118,756	144,851	155,643	88,609	57,227	65,012
Bonds	170,863	174,867	50,903	35,772	42,349	20,315	20,289	5,239
Subtotal	1,155,531	1,163,076	527,770	180,623	197,992	108,924	77,516	70,251
Derivative financial liabilities								
Interest rate swap agreements	798	798	104	137	148	275	96	38
Foreign currency contracts	1,646	1,646	1,630	-	16	-	-	-
Forward contracts	-	-	-	-	-	-	-	-
Subtotal	2,444	2,444	1,734	137	164	275	96	38
Total	1,157,975	1,165,520	529,504	180,760	198,156	109,199	77,612	70,289

	Millions of Yen							
	As of March 31, 2018							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non derivative financial liabilities								
Trade and other payables	300,724	300,724	300,724	-	-	-	-	-
Short-term borrowings	40,766	40,791	40,791	-	-	-	-	-
long-term borrowings	651,347	651,610	145,550	156,861	113,170	152,743	36,759	46,527
Bonds	189,788	194,360	35,886	43,535	33,479	20,355	15,336	45,769
Subtotal	1,182,625	1,187,485	522,951	200,396	146,649	173,098	52,095	92,296
Derivative financial liabilities								
Interest rate swap agreements	615	615	65	85	358	72	35	-
Foreign currency contracts	91	91	91	-	-	-	-	-
Forward contracts	19,124	19,124	19,124	-	-	-	-	-
Subtotal	19,830	19,830	19,280	85	358	72	35	-
Total	1,202,455	1,207,315	542,231	200,481	147,007	173,170	52,130	92,296

Note:

Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in Consolidated Statement of Financial Position.

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

The total of credit facilities are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Limit of borrowing and overdrafts		
Used	20,872	14,572
Unused	428,885	370,031
Total	449,757	384,603
Issue limit of commercial paper		
Used	11,219	7,968
Unused	272,438	265,936
Total	283,657	273,904

(5) Fair value of financial instruments by type

The carrying amount and fair value of major financial instruments were as follows:

	Millions of Yen			
	As of March 31, 2017		As of March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Trade receivables	94,964	99,231	110,375	115,018
Lease receivables	810,191	835,283	842,908	860,968
Installment loans	120,311	120,820	136,260	137,055
Derivative assets	1,673	1,673	1,605	1,605
Securities	80,141	80,141	100,883	100,883
Bonds	1,438	1,438	1,147	1,147
Total	1,108,718	1,138,586	1,193,178	1,216,676
Liabilities:				
Derivative liabilities	2,444	2,444	19,830	19,830
Loans and borrowings	629,799	628,380	658,707	657,165
Lease liabilities	1,961	2,026	3,535	3,616
Total	634,204	632,850	682,072	680,611

Note:

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

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

(ii) Trade and other receivables

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

The fair value of the receivables expected not to be recovered or settled in a short period is calculated per each receivable classified per certain business type based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk.

Trade and other receivables using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iii) Lease receivables and installment loans

The fair value of lease receivables and installment loans is calculated per each receivable classified per certain period based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk. Lease receivables and installment loans using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iv) Derivatives

Derivative instruments include foreign currency contracts, interest rate swap agreements and forward contracts. The fair values of these instruments are measured mainly by obtaining quotes from brokers.

Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in the Consolidated Statement of Financial Position.

(v) Securities and bonds

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

As described in Note (iv), Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in Consolidated Statement of Financial Position.

(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 value due to the short maturities of these instruments.

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

(6) Fair value hierarchy applied in consolidated statement of financial position

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

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

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

Level 3: Inputs not based on observable market data

The following tables present the fair-value hierarchy of financial assets and liabilities that are measured at fair value in the consolidated statement of financial position.

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

	Millions of Yen			
	As of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,605	-	1,605
Securities	97,259	-	3,624	100,883
Bonds	1,147	-	-	1,147
Total assets	98,406	1,605	3,624	103,635
Derivative liabilities	-	19,830	-	19,830
Total liabilities	-	19,830	-	19,830

Note:

(i) Derivative instruments consist of foreign currency contracts, interest rate swap agreements and forward contracts. 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.

Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in Consolidated Statement of Financial Position.

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

As described in Note (i), Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in Consolidated Statement of Financial Position.

A reconciliation of financial assets categorized at Level 3 from beginning balances to ending balances is as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Beginning balance	3,056	3,198
Total gains and losses:	(100)	75
- in other comprehensive income (i)	(100)	75
Purchases	615	1,112
Sales	(149)	(213)
Reclassified to Level 1 (ii)	-	(402)
Others	(224)	(146)
Ending balance	3,198	3,624

Note:

(i) Total gains and losses for the years ended March 31, 2017 and 2018 included in other comprehensive income relate to the shares not traded in the market. Related profit and loss was included in "Net gain on fair value of available-for-sale financial assets" (see Note 29, "Other Comprehensive Income").

(ii). Reclassification is because the initial public offering of investees made possible to observe its fair value by the share market price.

(7) Derivative financial instruments and hedging activities

Ricoh manages its exposure to certain market risks, primarily foreign currency, interest rate risks and stock price, through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets the hedge effectiveness requirements.

In general, a derivative instrument may be designated as either a hedge of the exposure to change in the fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge") or a hedge of the exposure to change in the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction ("cash flow hedge").

The periods in which the cash flows associated with the cash flow hedge derivatives are expected to occur and the periods in which the cash flows are expected to enter into the determination of profit or loss are from 1 year to 5 years.

Gains and losses resulting from the fair values of derivatives not designated as hedging instruments were ¥1,833 million (loss) and ¥1,943 million (gain) for the years ended March 31, 2017 and 2018, respectively, and are included in "Finance income" and "Finance costs" on consolidated statement of profit or loss. The gains and losses as noted above were due mainly to the impact of foreign exchange fluctuation.

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

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Cash flow hedge	414	(19,019)
Fair value hedge	56	92
Total	470	(18,927)

Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in Consolidated Statement of Financial Position.

(8) Financial assets and liabilities offset

As for financial assets and liabilities arising from cash pooling, Ricoh has a legally enforceable right to offset and has the intention to settle the assets and liabilities between subsidiaries in Europe on a net basis or realize the assets and settle the liabilities simultaneously.

The amount of recognized financial assets and liabilities arising from the cash pooling contracts were as follows:

	Millions of Yen		
	As of March 31, 2017		
	Gross amount	Offset amount	Carrying amount (Net)
Financial assets			
Cash and cash equivalents	22,363	(17,321)	5,042
Financial liabilities			
Bonds and borrowings	17,321	(17,321)	-

	Millions of Yen		
	As of March 31, 2018		
	Gross amount	Offset amount	Carrying amount
Financial assets			
Cash and cash equivalents	19,698	(19,698)	-
Financial liabilities			
Bonds and borrowings	21,488	(19,698)	1,790

(9) Liquidated financial assets not qualify for derecognition criteria

Ricoh has liquidated financial assets such as “Trade and other receivables” and “Finance lease receivables”.

Ricoh Leasing Co., Ltd. is involved with structured entities mainly through securitization of finance lease receivables. These structured entities, which have been designed in a way that voting or similar rights are not the dominating factors in deciding who controls these entities, are consolidated.

Ricoh Leasing Co., Ltd. has the power to direct the activities of the structured entities that most significantly impact the entities’ economic performance, and has the right to the profit and the obligation of the losses that would be potentially significant to the entities as well. Therefore, the entities are considered controlled by Ricoh Leasing Co., Ltd.

In accordance with the contractual arrangements with the structured entities, use of assets and the settlement of liabilities of these consolidated structured entities are restricted to the purposes for which they are structured.

The carrying amounts of assets and liabilities of the consolidated structured entities for Ricoh are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Current maturities of finance lease receivables, net	9,548	9,654
Finance lease receivables, net	15,238	15,140
Current maturities of borrowings	7,810	7,895
Borrowings	12,464	12,381

Ricoh Leasing Co., Ltd. transfers a portion of its beneficial interests. Transfers of beneficial interests are recorded as financial transactions since Ricoh Leasing Co., Ltd. retains substantially all the risks and rewards of the beneficial interests transferred. Lease receivables recognized based on the accounting treatment of consolidation of the structured entities and borrowings are in substance only to be used to settle obligations of the structured entities’ liabilities.

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

	Millions of Yen			
	As of March 31, 2017		As of March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	20,274	20,950	20,276	20,794
Borrowings	20,274	20,360	20,276	20,313

Apart from the transactions mentioned above, some other foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recognized receivables subject to these transfers as well as relevant liabilities as Borrowings since the risks and economic values were retained and these transactions did not meet the derecognition criteria for financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Current maturities of finance lease receivables, net	558	489
Finance lease receivables, net	673	623
Current maturities of borrowings	558	489
Borrowings	673	623

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

	Millions of Yen			
	As of March 31, 2017		As of March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	1,231	1,303	1,112	1,176
Borrowings	1,231	1,231	1,112	1,112

24. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Gain on sale of tangible assets and intangible assets	1,357	6,515
Gain on sale of securities of affiliates	-	4,756
Others	3,233	5,791
Total	4,590	17,062

25. LOSS OF CONTROL OF SUBSIDIARY

The Company concluded a share transfer agreement to transfer 80% of the outstanding shares of consolidated subsidiary Ricoh Electronic Devices Co., Ltd. ("Ricoh Electronic Devices"), its consolidated subsidiary, to Nisshinbo Holdings Inc. on October 30, 2017, and share transfer took place on March 1, 2018. As a result of the share transfer, Ricoh Electronic Devices became an affiliated company accounted for by the equity method.

Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	For the year ended March 31, 2018
	Carrying amount
Cash and cash equivalents	2,542
Trade and other receivables	5,325
Inventories	4,360
Property, plant and equipment	4,556
Other assets	1,932
Trade and other payables	(6,089)
Accrued pension and retirement benefits	(2,069)
Other liabilities	(2,315)
Total	8,242

Gain arising from the sale of the subsidiary with to loss of control was as follows:

	Millions of Yen
	For the year ended March 31, 2018
Cash received	9,610
Net assets removed	(8,242)
Retained investment in former subsidiary	2,402
Gain arising from the sale of subsidiaries due to loss of control	3,770

Note:

Gain arising from the sale of the subsidiary with loss of control was included in "Other income". The gain from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was ¥754 million.

Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen
	For the year ended March 31, 2018
Cash received from the sale of subsidiary	9,610
Cash and cash equivalents of derecognized subsidiary	(2,542)
Net proceeds from the sale of subsidiary	7,068

26. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Personnel expenses	473,021	459,680
Depreciation and amortization expense	40,287	40,093
Rental payments	33,960	33,257
Shipping and handling costs	26,977	28,745
Restructuring costs	8,372	25,747
Advertising costs	7,785	6,948
Others	164,991	183,447
Total	755,393	777,917

Differences between Restructuring costs above and ¥31.5 billion in structural reform expenses described in "II. BUSINESS OVERVIEW 1. SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR 2018 (1) Initiatives towards Cost Structure Reform" and "3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS (2) Business results" are primarily because costs related to Ricoh India Limited were not included in Restructuring costs above.

27. RESEARCH AND DEVELOPMENT

Research and development expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Research and development expenses	100,385	93,989

28. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Finance income		
Dividend income		
Available-for-sale financial assets	1,306	1,542
Interest income		
Loans and receivables	1,576	2,301
Available-for-sale financial assets	65	59
Gain on sales		
Available-for-sale financial assets	684	105
Foreign currency exchange gain, net	838	-
Other finance income	131	116
Total finance income	4,600	4,123
Finance costs		
Interest costs		
Interest-bearing debt	7,490	6,667
Provisions	62	59
Impairment loss		
Available-for-sale financial assets	2	1
Loss on sales		
Available-for-sale financial assets	7	-
Foreign currency exchange loss, net	-	5,444
Other finance costs	995	660
Total finance costs	8,556	12,831

29. OTHER COMPREHENSIVE INCOME

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

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Remeasurements of defined benefit plans		
Gains (losses) arising during the year	4,555	2,541
Total	4,555	2,541
Net gain on fair value of available-for-sale financial assets		
Gains (losses) arising during the year	11,209	17,446
Reclassification adjustments to profit or loss for the year	(463)	(71)
Total	10,746	17,375
Net gain (losses) on fair value of cash flow hedges		
Gains (losses) arising during the year	194	(13,528)
Reclassification adjustments to profit or loss for the year	28	31
Total	222	(13,497)
Exchange differences on translation of foreign operations		
Gains (losses) arising during the year	(25,968)	10,737
Reclassification adjustments to profit or loss for the year	(6)	0
Total	(25,974)	10,737

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

	Millions of Yen					
	For the year ended March 31, 2017			For the year ended March 31, 2018		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurements of defined benefit plans	9,381	(4,826)	4,555	6,706	(4,165)	2,541
Net gain on fair value of available-for-sale financial assets	15,656	(4,910)	10,746	17,869	(494)	17,375
Net gain (loss) on fair value of cash flow hedges	316	(94)	222	(19,433)	5,936	(13,497)
Exchange differences on translation of foreign operations	(25,974)	-	(25,974)	10,737	-	10,737
Total other comprehensive income	(621)	(9,830)	(10,451)	15,879	1,277	17,156

30. EARNINGS PER SHARE

Earnings per share are as follows:

Diluted net income (loss) per share for the years ended March 31, 2017 and 2018 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the year.

	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit (loss) attributable to owners of the parent (millions of yen)	3,489	(135,372)
Weighted average number of issued and outstanding shares (thousands of shares)	724,885	724,877
Earnings per share (attributable to owners of the parent) (yen)	4.81	(186.75)

31. RELATED PARTIES

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

Directors' remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2017	For the year ended March 31, 2018
Remuneration, including bonuses	470	399

32. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2017 and 2018, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥13,004 million and ¥14,449 million, respectively.

As of March 31, 2017 and 2018, there were no significant contingent liabilities.

33. GROUP ENTITIES

See “4. Information on Affiliates” in “I. Overview of the Company”.

Ricoh Leasing Co., Ltd. has noncontrolling interests that are material to the Company. “Total assets” of Ricoh Leasing Co., Ltd. as of March 31, 2017 and 2018 were ¥1,008,717 million and ¥1,051,311 million, respectively, and “Total liabilities” were ¥854,119 million and ¥887,483 million, respectively. “Profit” for the years ended March 31, 2017 and 2018 was ¥11,996 million and ¥11,330 million, respectively, and “Comprehensive income” was ¥11,872 million and ¥11,260 million, respectively.

34. SUBSEQUENT EVENTS

1. Tender offer by Coca Cola Bottlers Japan Holdings Inc. and settlement of the transaction

Ricoh concluded an agreement on February 21, 2018 to tender of sale all Ricoh owned shares in Coca-Cola Bottlers Japan Holdings Inc. (referred to as CCBJH hereafter), as proposed by CCBJH on February 22, 2018. All 17,075,239 CCBJH common shares Ricoh owned were tendered accordingly, and the tender offer was accepted on March 22, 2018 when the term expired. The transaction was settled on April 13, 2018.
There will be no effect on profit as IFRS 9 "Financial Instrument" will be applied from the fiscal year ending March 31, 2019

2. Conclusion of agreement to sell shares in Ricoh Logistics System

At a meeting on May 18, 2018, the Ricoh Board of Directors agreed to sell approximately 66.6% of the Company’s shares in Ricoh Logistics System Co., Ltd., to SBS Holdings Co., Ltd and concluded an agreement on the same date.

Ricoh plans to transfer all of its remaining shares in Ricoh Logistics System, representing approximately a 33.3% stake, to a new joint venture. Following that transfer, Ricoh intends to transfer ordinary shares equivalent to 33.4% of the new joint venture company to Otsuka Corporation (collectively, these transfers are the “Transactions”).

In accordance with the agreement, assets related to Ricoh Logistics System and directly associated liabilities included in the Other segment will be recognized as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" until the share transfer is complete. The major components of those assets and liabilities are current assets, trade receivables and trade payables. The transactions are expected to eventually take place upon the approvals of the relevant authorities around August 1, 2018.

Ricoh Logistics System will accordingly become an affiliated company accounted for by the equity method.

Ricoh plans to book a ¥12 billion gain on sale of shares on a consolidated basis for the fiscal year ending March 31, 2019.

3. Initiation of corporate insolvency resolution process of Ricoh India Limited.

On January 29, 2018, our consolidated subsidiary Ricoh India Limited ("Ricoh India"), with headquarters in New Delhi and listed on the Bombay Stock Exchange, filed a petition with the National Company Law Tribunal (NCLT) pursuant to Section 10 of the Insolvency and Bankruptcy Code, 2016 of India (*1), to initiate corporate insolvency resolution process. The petition had been admitted in May 2018. Along with this, a moratorium (*2) was issued by the NCLT, and an interim resolution professional was appointed. From the point, Ricoh India is no longer part of our consolidated company.

A creditors committee composed of Ricoh India’s financial creditors, appointed the current interim resolution professional as the official resolution professional. The officially appointed resolution professional will compile the details of Ricoh India’s financial debt into an information memorandum. Based on this, a resolution plan will be created by Ricoh India or third party and submitted to the creditors committee via the resolution professional. Once an approval is received from the creditors committee and the NCLT, Ricoh India will begin restructuring in accordance with the plan. However, if the creditors committee does not approve the plan before the deadline or if the decision is made to liquidate the company, liquidation proceedings will be initiated.

The quantitative effect on the consolidated financial statements of the fiscal year ending March 31,2019 is undetermined at present.

*1…Reconstruction process based on the Insolvency and Bankruptcy Code of India:

After the NCLT admits an application filed under Section 10 of the Code, it appoints a resolution professional to be vested with the management of Ricoh India, and there is a prescribed time period during which a resolution plan is to be prepared and submitted to the creditors committee and to the NCLT for their respective approval. In the event a resolution plan is not submitted to the NCLT within the period or if other events set out in the Code occur, the NCLT will pass an order requiring the corporate debtor to be liquidated.

*2…About the moratorium:

The NCLT issues a moratorium simultaneously with the decision to commence insolvency proceedings. By issuing the moratorium, actions such as the recovery of assets owned by debtors, judicial or other procedures against debtors, the granting of security interest, and the disposal of debtors' assets or rights are prohibited. The moratorium continues until the NCLT approves a resolution plan or a liquidation order is given.

35. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi, Director and Corporate Executive Vice President, on June 27, 2018.

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Ricoh Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and notes to the consolidated financial statements for the financial year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ricoh Company, Ltd. and its consolidated subsidiaries as at March 31, 2018, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 34 to the consolidated financial statements.
The company's consolidated subsidiary, Ricoh India Limited filed a petition with the National Company Law Tribunal (NCLT) pursuant to Section 10 of the Insolvency and Bankruptcy Code, 2016 of India, to initiate the corporate insolvency resolution process and the petition had been admitted.
Our opinion is not modified in respect of this matter.

KPMG AZSA LLC

June 27, 2018
Tokyo, Japan