

(Translation)

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (J-GAAP)

May 9, 2013

Listed Company Name: Oki Electric Industry Co., Ltd.

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange, Osaka Securities Exchange

URL: <http://www.oki.com/en/>

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Date of Ordinary General Meeting of Shareholders (Scheduled): June 26, 2013

Commencement of Dividend Payment (Scheduled): —

Filing of Securities Report (Scheduled): June 26, 2013

Supplementary Document on Financial Results: Yes

Financial Results Briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(1) Consolidated operating results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2013	455,824	7.6	13,475	12.5	20,304	123.7	13,599	774.2
March 31, 2012	423,480	-2.1	11,980	89.9	9,075	678.3	1,555	—

(Note) Comprehensive income Fiscal year ended March 31, 2013: ¥16,040 million (363.3%)
Fiscal year ended March 31, 2012: ¥3,461 million (-%)

	Net income per share—basic	Net income per share—diluted	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2013	17.24	12.05	28.0	5.7	3.0
March 31, 2012	0.32	—	3.9	2.5	2.8

(Reference) Equity in earnings (loss) of affiliates Fiscal year ended March 31, 2013: ¥84 million
Fiscal year ended March 31, 2012: ¥94 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2013	349,322	56,625	16.1	34.40
As of March 31, 2012	368,065	41,251	11.2	13.42

(Reference) Shareholders' equity As of March 31, 2013: ¥56,072 million
As of March 31, 2012: ¥41,125 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2013	(11,619)	(9,214)	(21,093)	35,894
March 31, 2012	22,791	(9,392)	(17,535)	74,996

2. Dividends

	Dividend per share					Total dividend amount (Annual) (Million yen)	Dividend payout ratio (Consolidated) (%)	Dividends to net assets (Consolidated) (%)
	First quarter-end (Yen)	Second quarter-end (Yen)	Third quarter-end (Yen)	Year-end (Yen)	Total (Yen)			
Fiscal year ended								
March 31, 2012	—	0.00	—	0.00	0.00	0	0.0	0.0
March 31, 2013	—	0.00	—	0.00	0.00	0	0.0	0.0
Fiscal year ending March 31, 2014 (Projection)	—	—	—	—	—		—	

(Note) As for the payment of dividends for the fiscal year ending March 31, 2014, the Company plans to make a decision by taking into consideration financial results and other factors. The above "Dividends" are those on common stock. For the dividends on (unlisted) other class stock with different rights from those of common stock issued by the Company, please refer to "(Reference) Dividends on Other Class Stock" on page 3.

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	194,500	0.5	1,500	—	(500)	—	(2,500)	—	(3.43)
Full year	460,000	0.9	22,000	63.3	19,000	-6.4	11,500	-15.4	14.42

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies in accordance with revision of accounting standards, etc.: Yes
 - 2) Any changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: Yes
 - 4) Restatements: None
- (3) Number of outstanding shares (common stock)
 - 1) Number of shares issued at the end of the period (including treasury stock)
 - As of March 31, 2013 731,438,670 shares
 - As of March 31, 2012 731,438,670 shares
 - 2) Number of shares of treasury stock at the end of the period
 - As of March 31, 2013 3,465,556 shares
 - As of March 31, 2012 612,141 shares
 - 3) Average number of shares during the period
 - Fiscal year ended March 31, 2013 728,938,908 shares
 - Fiscal year ended March 31, 2012 730,911,942 shares

(Note) For information on the number of shares for the basis for calculating net income per share (consolidated), please refer to "Per Share Information" on page 38 of the Attachment.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(1) Non-consolidated operating results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2013	225,953	10.2	12,517	97.9	32,816	392.1	20,763	511.6
March 31, 2012	205,078	8.0	6,323	36.7	6,668	70.7	3,395	—

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
Fiscal year ended		
March 31, 2013	27.06	18.39
March 31, 2012	2.84	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2013	302,166	72,744	24.0	57.17
As of March 31, 2012	292,460	49,897	17.0	25.30

(Reference) Shareholders' equity As of March 31, 2013: ¥72,665 million
As of March 31, 2012: ¥49,817 million

Implementation status for auditing procedures

The financial statements auditing procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this document.

Explanation regarding appropriate use of results projection and other special notes

(Warning on forward-looking statements)

The forward-looking statements such as outlook for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results projection and notes on the use of such projections, please refer to "Outlook for the fiscal year ending March 31, 2014" of "1. Analysis of Operating Results and Financial Position, (1) Analysis of Operating Results" on page 2 of the Attachment.

(How to obtain supplemental document on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on May 9, 2013 (Thursday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company's website on the same day.

(Reference) Dividends on Other Class Stock

The breakdown of dividends per share on other class stock with different rights from those of common stock is as follows:

Class A preferred stock (Base date)	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2012	—	0.00	—	44,047.00	44,047.00
March 31, 2013	—	0.00	—	34,410.00	34,410.00
Fiscal year ending March 31, 2014 (Projection)	—	0.00	—	33,490.00	33,490.00

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Results of operations for the fiscal year under review (April 1, 2012 to March 31, 2013)

During the fiscal year under review, uncertainties emerged about the future of the global economy due to factors such as the prolonged European debt crisis and a slowdown in the emerging economies. However, the economic environment has since started showing signs of improvement after the fiscal cliff was averted in the United States and hopes are mounting that economic policies by Japan's new administration will lead to an economic recovery.

In this business environment, the OKI Group recorded net sales of ¥455.8 billion (a year-on-year increase of 7.6% or ¥32.3 billion), owing to increases in net sales for all segments centered on Info-telecom Systems. Operating income was ¥13.5 billion (a year-on-year increase of ¥1.5 billion), as the effects of factors such as an increase in marginal profits due to increased volume and a reduction in variable costs offset the effects of price drops, currency fluctuations, and a rise in fixed costs and other costs.

Ordinary income came to ¥20.3 billion (a year-on-year increase of ¥11.2 billion), due to factors such as the recording of foreign exchange gains. Also, net income increased steeply by ¥12.0 billion year on year to ¥13.6 billion, in spite of the recording of loss on liquidation of subsidiaries related to a consolidated subsidiary in Spain following the end of its sales activity and was offset by the absence of losses related to the flood damage in Thailand in the previous fiscal year, and recording of gain on sales of noncurrent assets.

The results by business were as follows.

<Info-telecom Systems>

Net sales to external customers came to ¥293.0 billion (a year-on-year increase of 9.7% or ¥25.8 billion). Sales increased by ¥23.8 billion when a ¥2.0 billion positive impact from the currency exchange rates is excluded. In Solutions & Services, projects for public sector and the enterprise markets brought in steady earnings. In Social Infrastructure Systems, projects related to disaster prevention increased due to the full-scale development of digital firefighting systems and post-disaster reconstruction demand. In Mechatronics Systems, sales of ATMs in China continued to be robust on the strength of an expansion of the operating area, and sales of cash handling equipment were also strong. Meanwhile in Telecom Systems, sales of core network and enterprises network grew, as did maintenance and construction work. However, overall sales in this business decreased due to a slowdown in demand for optical access.

Operating income came to ¥23.8 billion (a year-on-year increase of ¥5.1 billion), thanks to an increase in marginal profits due to increased volume and a reduction in variable costs among other factors.

<Printers>

Net sales to external customers amounted to ¥111.4 billion (a year-on-year increase of 3.7% or ¥4.0 billion). The increase in sales was ¥3.2 billion when excluding the ¥0.8 billion positive impact from the currency exchange. By product, unit sales of business-use color LED printers and monochrome LED printers increased as a result of aggressive sales investment and enhanced product lineups, despite market environment has further deteriorated. While unit sales of dot-impact printers increased, overall sales amount decreased due to the price decline of hardware.

Operating loss rose ¥4.5 billion year on year to ¥8.8 billion because of the impact of currency fluctuations and price drops, as well as an increase in fixed costs, etc. including sales investment and transportation costs.

<EMS, Others>

Net sales in EMS to external customers came to ¥32.7 billion (a year-on-year increase of 4.5% or ¥1.4 billion). Net sales in Others amounted to ¥18.7 billion (a year-on-year increase of 6.4% or ¥1.1 billion). In EMS, overall sales increased owing to the new consolidation of OKI TANAKA Circuits Co., Ltd., in spite of a decline in demand for semiconductor-related equipment. In Others, the components-related business recorded an increase in sales.

Operating income in EMS increased by ¥0.1 billion year on year to ¥1.6 billion, and operating income in Others increased by ¥0.5 billion year on year to ¥3.0 billion. These improvements were attributable mainly to an increase in marginal profits due to increased volume.

<<Reference: Summary of non-consolidated results of operations for the fiscal year under review>>

As for non-consolidated results of operations for the fiscal year under review, net sales came to ¥226.0 billion (a year-on-year increase of 10.2% or ¥20.9 billion), due mainly to increases in sales of Social Infrastructure Systems and Mechatronics Systems in Info-telecom Systems. Operating income amounted to ¥12.5 billion (a year-on-year increase of ¥6.2 billion), thanks mainly to the impact of an increase in marginal profits due to increased volume and a reduction in variable costs.

Ordinary income came to ¥32.8 billion (a year-on-year increase of ¥26.1 billion), due to factors such as the recording of dividends from subsidiaries and affiliates and foreign exchange gains. Net income amounted to ¥20.8 billion (a year-on-year increase of ¥17.4 billion), as a result of factors such as the recording of provision for loss on business of subsidiaries and affiliates in connection with the deteriorating financial situation of subsidiaries and affiliates.

2) Outlook for the fiscal year ending March 31, 2014

In the fiscal year ending March 31, 2014, uncertainties about the future outlook of the global economy are expected to persist because of the prolonged fiscal problem in Europe and the slowdown in the economies of emerging countries. However, the economy is expected to continue recovering moderately against the backdrop of signs of a recovery of the U.S. economy, the hopes pinned on the new Japanese government's economic policies, and the yen depreciation stemming from monetary easing.

In the fiscal year ending March 31, 2014, the last year of the Group's mid-term business plan, the OKI Group will ensure stable profits for base businesses by focusing on securing replacement demand for financial and telecom systems and capturing demand for disaster prevention and reduction measures, including digital wireless communication systems used for firefighting and disaster prevention radio systems. Moreover, the OKI Group will accelerate overseas deployment to achieve growth and will implement revamping Printer business structure. Based on these measures, we forecast a ¥4.2 billion year-on-year increase in net sales to ¥460.0 billion.

Operating income is expected to increase by ¥8.5 billion year on year to ¥22.0 billion due to the impacts of a reduction in variable costs and currency movements as well as a reduction in fixed costs arising from the revamping Printer business structure. Net income is expected to decline ¥2.1 billion year on year to ¥11.5 billion since currency exchange is not anticipated to impact other income and the Company plans to book expenses for enhancing management base of Printer business.

The exchange rates used in the consolidated results projection are ¥85.0 to the U.S. dollar and ¥115.0 to the euro.

For details, please refer to "Financial Results for the Fiscal Year ended March 31, 2013" disclosed today.

(Warning on forward-looking statements)

The forward-looking statements such as outlook for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. Major factors that may affect actual results include market trends, a sharp rise in raw material prices, abrupt currency fluctuations and disasters. It should be noted, however, that factors that may affect actual results are not limited to these items.

(2) Analysis of Financial Position

1) Analysis of assets, liabilities, net assets and cash flows

At the end of the fiscal year under review, total assets decreased by ¥18.8 billion year on year to ¥349.3 billion. Meanwhile, shareholders' equity increased by ¥15.0 billion year on year to ¥56.1 billion due to the recording of net income of ¥13.6 billion and other factors. As a result, shareholders' equity ratio stood at 16.1%.

With respect to major increases and decreases in assets, cash and deposits decreased by ¥15.3 billion and securities declined ¥27.8 billion. Meanwhile, there were increases of ¥11.8 billion in notes and accounts receivable-trade, of ¥6.8 billion in inventories, and of ¥5.2 billion in property, plant and equipment.

Total liabilities decreased by ¥34.1 billion. Loans decreased by ¥16.0 billion from ¥136.5 billion at the end of the previous fiscal year to ¥120.5 billion, due mainly to repayment of long-term loans payable. As for current liabilities, other current liabilities decreased by ¥14.8 billion.

Net cash used in operating activities amounted to ¥11.6 billion (net cash provided by operating activities of ¥22.8 billion in the previous fiscal year) due mainly to an increase in working capital.

Net cash used in investing activities amounted to ¥9.2 billion (¥9.4 billion for the previous fiscal year), due mainly to purchase of property, plant and equipment.

As a result, free cash flows, which are the sum of cash from operating activities and investing activities, saw a net outflow of ¥20.8 billion (a net inflow of ¥13.4 billion for the previous fiscal year).

Net cash used in financing activities amounted to ¥21.1 billion (¥17.5 billion in the previous fiscal year) due mainly to repayment of long-term loans payable.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased from ¥75.0 billion at the end of the previous fiscal year to ¥35.9 billion.

2) Cash flow-related indicators

	As of March 31, 2009	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Shareholders' equity ratio (%)	10.4	10.7	10.4	11.2	16.1
Shareholders' equity ratio on a market value basis (%)	10.8	14.1	13.1	24.8	24.4
Ratio of interest-bearing debt to cash flows	6.9	6.3	6.1	5.2	7.6
Interest coverage ratio	4.6	4.6	4.4	5.1	3.6

(Notes) 1. Formulas

- Shareholders' equity ratio: Shareholders' equity/Total assets
- Shareholders' equity ratio on a market value basis: Total market value of stock/Total assets
- Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Cash flows from operating activities
- Interest coverage ratio: Cash flows from operating activities/Interest expenses

2. Basis of figures used in calculation

- Total market value of stock: Number of shares issued excluding treasury stock
- Cash flows from operating activities: "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows (average of past 5 years)
- Interest expenses: "Interest expenses paid" in the consolidated statements of cash flows (average of past 5 years)
- Interest-bearing debt: All debt bearing interest recorded in the consolidated balance sheets

(3) Basic Policy Concerning the Distribution of Profits and the Dividend Distributions for the Fiscal Year Ended March 31, 2013 and the Fiscal Year Ending March 31, 2014

The Company recognizes at all times that strengthening its financial structure and securing internal reserves for enhancing the OKI Group's corporate value, as well as striving to increase returns to shareholders who will hold shares over the medium to long term, are management's highest priorities.

Regarding the use of internal reserves, the Company will make investments in research and development and equipment required for future growth with a view to strengthening the corporate structure and management bases. Furthermore, in determining the dividend amounts, the Company will place the most focus on the continuation of a stable return of profits to shareholders and also take financial results into account.

In the fiscal year under review, the Company will distribute no year-end dividends, in consideration that a base for stable dividend distributions has yet to be built.

The Company plans to distribute dividends on preferred stock based on the outline of preferred stock specified at the time of issuance.

As for the payment of dividends for the fiscal year ending March 31, 2014, the Company plans to make a decision by taking into consideration financial results and other factors.

(4) Risks Related to Business

The forward-looking statements such as the OKI Group's outlook for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ materially from such statements due to a variety of factors. The following are major factors that may affect the OKI Group's actual financial results.

It should be noted, however, that factors that may affect the OKI Group's financial results are not limited to these items. The OKI Group is aware of the potential impact these risks may have if any were to occur, and it is implementing measures to avoid such occurrence, as well as to minimize the weight of their impact should they occur.

1) Political and economic trends

Demand for the OKI Group's products is subject to political and economic trends in the individual countries and regions in which they are sold. Accordingly, economic slowdowns, the resulting contraction of demand in the OKI Group's principal operating markets including Japan, North America, Europe and Asia, and changes in the import-export policy for foreign products may adversely affect the OKI Group's financial results and position.

2) Sudden technological innovation

The OKI Group's principal business segments, Info-telecom Systems and Printers, are subject to rapid technological innovations. Accordingly, the OKI Group strives to preserve its competitive advantage through new technology and new product development. However, the OKI Group's financial results and position may be adversely affected in the event it is unable to keep pace with sudden technological innovations, burdened with obsolete technologies that the OKI Group is currently holding, and unable to deliver products and services that appeal to customers.

3) Market trends

- (i) The product and geographical markets in which the OKI Group is operating are subject to persistently severe competition due to such factors as entry by new participants. In an effort to secure competitive advantages, the OKI Group strives to develop new products and reduce costs. However, the OKI Group's financial results and position may be adversely affected in the event that the OKI Group is unable to implement effective measures for product development and cost rationalization and fails to maintain market share or secure profitability sufficiently.
- (ii) The financial results of Info-telecom Systems may be adversely affected by a variety of factors including: 1) changes in investment trends by financial institutions due to revisions of financial regulations, poor performance and other factors; 2) changes in investment trends by telecom carriers owing to amendments to telecom regulations, shifts in business strategy and other factors; and 3) a significant decline in public-sector investment due to national and local government policies.
- (iii) The printer market, in which the OKI Group is operating, is experiencing intense price competition, particularly in color printers. In an effort to secure a strong market position and profitability, the OKI Group is endeavoring to develop new products and reduce costs. Despite these efforts, continued declines in product prices below levels anticipated may adversely affect the financial results of Printers.

4) Raw materials and component procurement

The OKI Group procures a variety of raw materials and components in support of its production activities. The ability to ensure timely product shipment, avoid delays in product delivery, and minimize opportunity loss is dependent upon a stable supply of raw materials, components, specialized parts and alternative components. The OKI Group's financial results and position may be adversely affected in the event of disruptions to that stable supply from natural disasters and other factors.

The OKI Group is reliant upon the direct or indirect supply of crude oil and raw materials such as metals for its production activities. A sharp rise in the prices of such raw materials may adversely affect the OKI Group's financial results and position.

5) Product defects and delays in delivery

Despite every effort to maintain quality assurance, the OKI Group is unable to eliminate entirely the possibility of product or service defects. In the event of such defects, the OKI Group may be liable for damage incurred by the customers. In addition, any incidence of a defect may impact the OKI Group's reputation, resulting in a drop in demand for the OKI Group's products and services. In either case, the OKI Group's financial results and position may be adversely affected.

While the OKI Group adopts complete and thorough measures to ensure the timely delivery of its products and services, unforeseen incidents in material procurement, production control and design may lead to a delay in delivery. In this case, the OKI Group may become liable for damage incurred by the customers due to delivery delays.

6) Success or failure of strategic alliances

The OKI Group is constructively engaged with other companies in strategic alliances for research and development, manufacturing, sales and other activities. However, there may be instances where the OKI Group is not able to maintain desired cooperation with a strategic partner in business strategy, product and technical development, fund procurement or other activities, or where the alliance does not yield

satisfactory results. In such cases, the OKI Group's financial results and position may be adversely affected.

7) Overseas business activities

The OKI Group is engaged in production and sales activities across a variety of countries and regions. Accordingly, it is subject to a number of risks specific to overseas business activities, including country risk and foreign exchange fluctuation risk.

The OKI Group has production sites in Thailand and China. The OKI Group's financial results and position may be adversely affected by the occurrence of unforeseen events such as economic downturns, political turmoil and fluctuations in local currency exchange rates in these countries.

To minimize foreign exchange fluctuation risk, the OKI Group enters into forward exchange and currency swap contracts to address fluctuations of the yen against the U.S. dollar and euro. However, the OKI Group cannot guarantee the complete removal of risks, and abrupt fluctuations in foreign exchange rates in particular may adversely affect the OKI Group's financial results and position.

8) Patents and intellectual property

The OKI Group strives to protect its patents and to secure new patents with the aim of differentiating the OKI Group from its competitors. A failure in these objectives may adversely affect the business performance of relevant businesses. The OKI Group also strives to secure the necessary licenses from third parties for the use of their patents required in the development and production of products. There may be possibilities that the OKI Group is unable to secure necessary licenses in the future, or is authorized to use patents or rights under unfavorable terms and conditions. In either case, the OKI Group's financial results and position may be adversely affected.

The OKI Group endeavors to heed intellectual properties held by third parties. It is not, however, in a position to completely guarantee that the OKI Group will not be accused of violation of intellectual property rights held by third parties. The OKI Group's financial results and position may be adversely affected in the event that a suit is instituted against the OKI Group and its lawsuit costs increase as a result, or in the event that the OKI Group is found to have breached such intellectual property rights and incurs damages.

9) Statutory and regulatory compliance

The OKI Group is subject to a variety of government regulations, including business and investment approvals, export restrictions relating to national security and other factors, and other import and export regulations such as customs, in each of the countries and regions in which it is operating. The OKI Group is also subject to laws and regulations relating to commerce, antitrust, patents, taxation, foreign currency controls, the environment and recycling. In the event that the OKI Group is unable to comply with any of the aforementioned laws and regulations, or any unexpected changes occur, the possibility is that its activities would be restricted or suspended. Accordingly, such laws and regulations may adversely affect the OKI Group's financial results and position.

10) Natural and other disasters

The OKI Group conducts periodic inspection of facilities and periodic checking of accident and disaster prevention measures to minimize stoppages of its manufacturing lines. However, there is no guarantee that the OKI Group will be able to completely prevent accidents at its production facilities and the adverse impact of natural and other disasters. Moreover, the impact of the disruption of manufacturing lines due from such factors as earthquakes, wind or flood damage or electric outages, as well as the significant impact of various disasters on economic activities in the countries where the OKI Group is conducting sales activities, may adversely affect the OKI Group's financial results and position.

11) Information management

Although the OKI Group implements defense measures to protect its internal systems against computer viruses and to prevent information leakage, the OKI Group cannot guarantee complete protection from system failure and information leakage caused by human error, new viruses, etc. The OKI Group may incur additional losses if such events occur.

12) Securing and fostering human resources

The ability to secure and foster high-performance human resources is a key factor in ensuring further growth as a company capable of generating stable profits. Accordingly, the OKI Group strives to recruit capable employees at every level, including new graduates and mid-career employees. In an effort to foster high-performance human resources, the OKI Group also conducts on-the-job training, education

and a variety of supporting activities. In the event that the OKI Group is unable to secure and foster high-performance human resources, or a number of key employees leave the OKI Group, the OKI Group's future growth may be adversely affected.

13) Interest-rate fluctuations

The OKI Group maintains interest-bearing debt that is subject to the impact of fluctuations in interest rates. The OKI Group utilizes interest-rate swaps and other instruments to manage the risks of the impact. However, a rise in interest rates may lead to an increase in interest charges and may adversely affect the OKI Group's ability to raise working capital due to increased costs of raising capital in the future.

14) Changes to accounting standards

The OKI Group prepares consolidated and non-consolidated financial statements in accordance with corporate accounting standards generally accepted as fair and valid. In the event that the OKI Group changes its accounting policy in association with the establishment or revision of accounting standards, etc., the OKI Group's financial results and position may be adversely affected.

15) Debt recovery

The OKI Group constantly appraises the financial conditions of its customers and estimates and provides an appropriate amount of allowances for bad debts that are expected to accrue after the balance sheet date. However, a sudden deterioration of the financial condition of a customer may adversely affect the OKI Group's financial results and position.

16) Impairment loss on noncurrent assets

In the event that it becomes necessary for the OKI Group to recognize impairment loss on property, plant and equipment, intangible assets, investments and other assets, the OKI Group's financial results and position may be adversely affected.

17) Deferred tax assets

The OKI Group provides appropriate amounts of retained losses carried forward and other temporary differences for deferred tax assets. In the event that the OKI Group derecognizes deferred tax assets as it is unable to eliminate such retained losses carried forward and other temporary differences due to the decline in taxable income brought on by future changes in its financial results, the OKI Group's financial results and position may be adversely affected.

18) Retirement benefit obligations

The OKI Group provides appropriate amounts of retirement benefit obligations based on assumptions and preconditions such as a discount rate established using actuarial calculations and on expected rate of return on pension assets. However, such assumptions and preconditions are susceptible to changes in market interest rates and stock market trends, which may cause actual results to differ from such provision and may lead to an increase in retirement benefit obligations. In such a case, the OKI Group's financial results and position may be adversely affected.

19) Stock price fluctuations

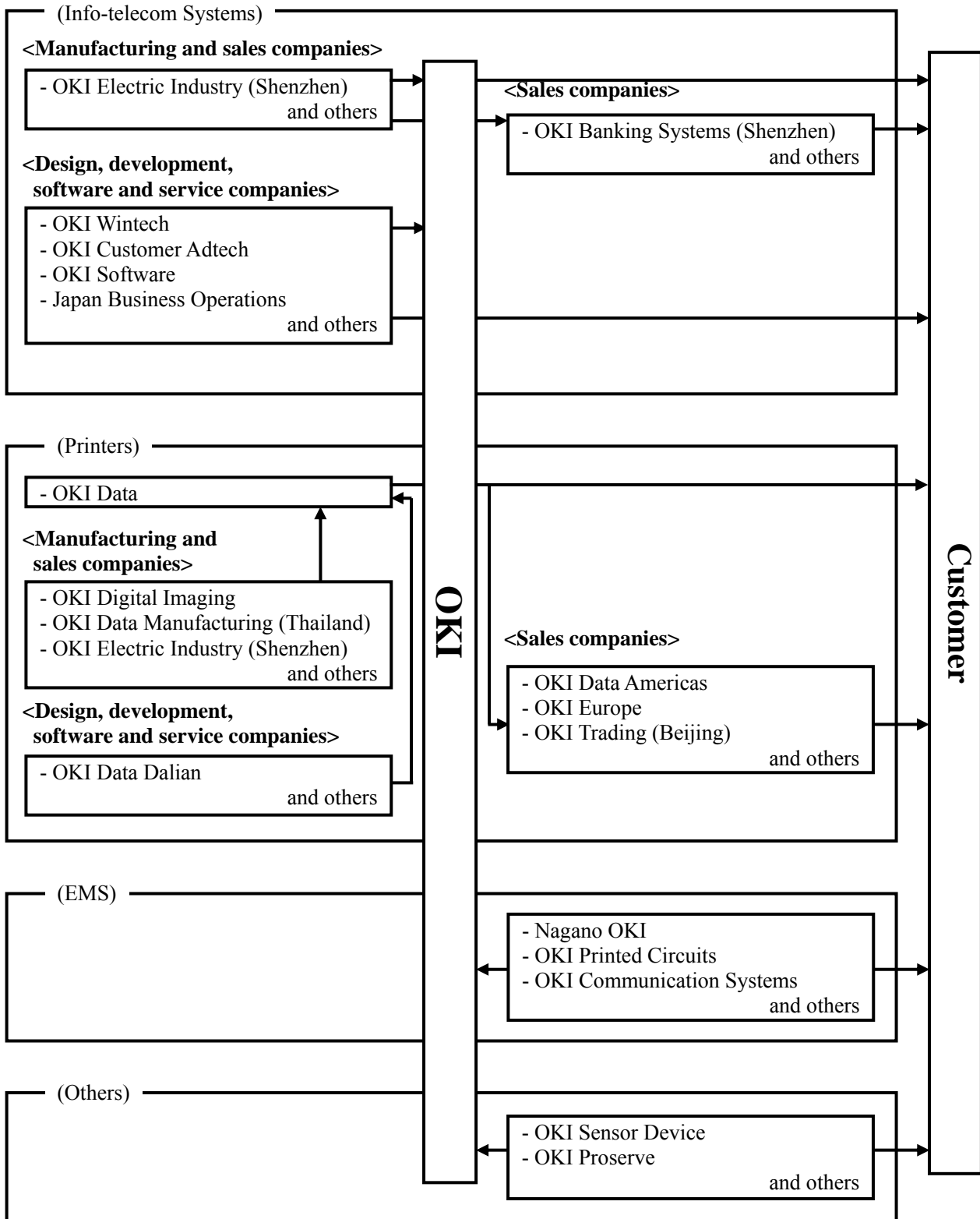
The OKI Group holds shares of stocks in listed companies as part of its investment securities portfolio. A fall in stock prices may lead to valuation loss and/or a decrease in valuation difference, which may adversely affect the OKI Group's financial results and position.

20) Dilution of stocks

The OKI Group issued Class A preferred stock through allocation to third parties on December 22, 2010, with the aim of building a strong business base capable of generating stable sustained profits, and of drastically improving its financial base. Class A preferred stock is issued with a put option in exchange for common stock (put option period: April 1, 2014 through March 31, 2024) and a put provision (lump purchase on April 1, 2024). In the event that common stock is issued as a result of the exercise of the put option and put provision in exchange for the common stock in the future, the outstanding shares of common stock will be diluted, which may affect the stock price.

2. Corporate Group

In the OKI Group, the general business relationships between OKI (the parent company) and its affiliates are as shown below.



3. Management Policies

(1) Basic Management Policies

Founded in 1881, Meikosha, Ltd. was the forerunner of today's OKI and Japan's first communications equipment manufacturer. Only five years after Alexander Graham Bell invented the first telephone in the United States, Meikosha made an early attempt to domestically manufacture telephones and was successful. This "enterprising spirit" has been passed down and remains in the DNA that runs through the history of the OKI Group. With OKI's corporate philosophy* revolving around this enterprising spirit, the OKI Group adopts the basic policy of meeting the expectations of all its stakeholders, including customers, shareholders and employees, by aiming to become a company that generates stable profits and attains steady growth.

* "The people of OKI, true to the Company's enterprising spirit, are committed to creating superior network solutions and providing outstanding information and communications services globally to meet the diversified needs of communities worldwide in the information age."

(2) The Company's Mid- to Long-term Management Strategy, Management Targets and Issues to Be Addressed

In the current global economy, there are uncertainties about the future outlook due to factors such as the prolonged European debt crisis and a slowdown in the economic growth in China. However, since the fiscal cliff has been averted in the United States and hopes are mounting that economic policies by Japan's new administration would lead to an economic recovery in Japan, the economic environment is showing signs of improvement.

Under these circumstances, the OKI Group is implementing various measures of the mid-term business plan announced in October 2010 and conducting the program for growth that aims at each business domain of focus by concentrating management resources and driving strategic alliances. The OKI Group put forward three directions for growth, namely "deployment into global markets," "support for customers' asset-free management" and "new businesses aimed at a smart society," and is implementing various measures mainly in Solutions & Services, Mechatronics Systems, Printers and EMS, which are positioned as growth fields in the mid-term business plan. In addition, continuous growth will be realized over the medium to long term by driving strategic alliances and forming mutually complementary relationships with partners that possess the resources and know-how necessary for the OKI Group.

Through this series of measures, the OKI Group strived to expand sales and enhance profitability and was making steady progress in aiming to achieve the management targets set in the mid-term business plan and realizing the early resumption of dividends. However, in August 2012, it was found that improper accounting had been conducted at an overseas consolidated subsidiary of the Company, thus significantly impairing the OKI Group's financial base. The OKI Group will strengthen compliance in a unified manner to prevent such error from occurring again, and announced in March 2013 the mid-term plan for Printers with the aim of resuscitating it. We will strive to enhance the management base of Printers, as well as Info-telecom Systems and EMS which maintain robust performance, with a view to ensuring stable profits.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	45,193	29,904
Notes and accounts receivable–trade	112,137	123,886
Securities	34,320	6,502
Finished goods	24,696	31,215
Work in process	18,424	18,856
Raw materials and supplies	25,106	24,890
Deferred tax assets	6,996	6,634
Other	19,339	12,704
Allowance for doubtful accounts	(12,325)	(7,600)
Total current assets	273,888	246,994
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,989	23,595
Machinery, equipment and vehicles, net	8,001	11,170
Tools, furniture and fixtures, net	9,368	9,090
Land	12,042	12,343
Construction in progress	1,189	1,629
Total property, plant and equipment	* 52,592	* 57,829
Intangible assets	7,026	7,655
Investments and other assets		
Investment securities	26,418	28,570
Other	9,314	9,209
Allowance for doubtful accounts	(1,175)	(936)
Total investments and other assets	34,557	36,843
Total noncurrent assets	94,176	102,328
Total assets	368,065	349,322
Liabilities		
Current liabilities		
Notes and accounts payable–trade	66,307	63,416
Short-term loans payable	76,635	75,192
Accrued expenses	29,758	31,666
Other	41,654	26,855
Total current liabilities	214,355	197,129

(Million yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Noncurrent liabilities		
Long-term loans payable	59,843	45,332
Lease obligations	3,761	3,626
Provision for retirement benefits	18,912	19,823
Provision for directors' retirement benefits	294	386
Long-term accounts payable—other	26,863	21,864
Other	2,782	4,534
Total noncurrent liabilities	112,457	95,567
Total liabilities	326,813	292,697
Net assets		
Shareholders' equity		
Capital stock	44,000	44,000
Capital surplus	21,554	21,554
Retained earnings	(20,968)	(7,788)
Treasury stock	(38)	(399)
Total shareholders' equity	44,547	57,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,815)	2,192
Deferred gains or losses on hedges	(973)	(656)
Foreign currency translation adjustment	(632)	(2,829)
Total accumulated other comprehensive income	(3,422)	(1,293)
Subscription rights to shares	79	79
Minority interests	46	473
Total net assets	41,251	56,625
Total liabilities and net assets	368,065	349,322

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net sales	423,480	455,824
Cost of sales	*2 316,939	*2 337,406
Gross profit	106,541	118,417
Selling, general and administrative expenses	*1, *2 94,560	*1, *2 104,942
Operating income	11,980	13,475
Non-operating income		
Interest income	260	161
Dividend income	786	489
Foreign exchange gains	—	8,792
Miscellaneous income	1,093	1,378
Total non-operating income	2,140	10,822
Non-operating expenses		
Interest expenses	4,026	3,003
Miscellaneous expenses	1,018	989
Total non-operating expenses	5,045	3,993
Ordinary income	9,075	20,304
Extraordinary income		
Gain on sales of noncurrent assets	—	2,783
Gain on sales of investment securities	—	678
Reversal of allowance for doubtful accounts	398	—
Insurance income	3,852	—
Gain on settlement of asset retirement obligations	96	—
Total extraordinary income	4,346	3,461

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Extraordinary loss		
Loss on disposal of noncurrent assets	663	674
Impairment loss	97	219
Loss on sales of investment securities	210	—
Loss on valuation of investment securities	184	225
Loss on valuation of investments in capital	129	—
Loss on disaster	5,201	—
Special retirement expenses	372	—
Loss on liquidation of subsidiaries	—	*3 4,011
Loss on revision of value-added tax	969	—
Total extraordinary losses	7,828	5,131
Income before income taxes and minority interests	5,593	18,634
Income taxes—current	2,590	4,106
Income taxes—deferred	820	656
Total income taxes	3,411	4,762
Income before minority interests	2,182	13,872
Minority interests in income	627	273
Net income	1,555	13,599

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Income before minority interests	2,182	13,872
Other comprehensive income		
Valuation difference on available-for-sale securities	105	3,993
Deferred gains or losses on hedges	10	317
Foreign currency translation adjustment	1,095	(2,157)
Share of other comprehensive income of associates accounted for using equity method	67	15
Total other comprehensive income	* 1,278	* 2,167
Comprehensive income	3,461	16,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,830	15,734
Comprehensive income attributable to minority interests	631	305

(3) Consolidated Statements of Changes in Net Assets

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	44,000	44,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	44,000	44,000
Capital surplus		
Balance at the beginning of current period	113,124	21,554
Changes of items during the period		
Deficit disposition	(91,569)	—
Total changes of items during the period	(91,569)	—
Balance at the end of current period	21,554	21,554
Retained earnings		
Balance at the beginning of current period	(114,094)	(20,968)
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	91,569	—
Net income	1,555	13,599
Change of scope of consolidation	0	902
Total changes of items during the period	93,125	13,179
Balance at the end of current period	(20,968)	(7,788)
Treasury stock		
Balance at the beginning of current period	(23)	(38)
Changes of items during the period		
Purchase of treasury stock	(14)	(361)
Total changes of items during the period	(14)	(361)
Balance at the end of current period	(38)	(399)

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Total shareholders' equity		
Balance at the beginning of current period	43,006	44,547
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	—	—
Net income	1,555	13,599
Purchase of treasury stock	(14)	(361)
Change of scope of consolidation	0	902
Total changes of items during the period	1,541	12,818
Balance at the end of current period	44,547	57,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(1,988)	(1,815)
Changes of items during the period		
Net changes of items other than shareholders' equity	172	4,008
Total changes of items during the period	172	4,008
Balance at the end of current period	(1,815)	2,192
Deferred gains or losses on hedges		
Balance at the beginning of current period	(983)	(973)
Changes of items during the period		
Net changes of items other than shareholders' equity	10	317
Total changes of items during the period	10	317
Balance at the end of current period	(973)	(656)
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,724)	(632)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,091	(2,196)
Total changes of items during the period	1,091	(2,196)
Balance at the end of current period	(632)	(2,829)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(4,697)	(3,422)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,275	2,128
Total changes of items during the period	1,275	2,128
Balance at the end of current period	(3,422)	(1,293)

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Subscription rights to shares		
Balance at the beginning of current period	79	79
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	79	79
Minority interests		
Balance at the beginning of current period	470	46
Changes of items during the period		
Net changes of items other than shareholders' equity	(424)	426
Total changes of items during the period	(424)	426
Balance at the end of current period	46	473
Total net assets		
Balance at the beginning of current period	38,859	41,251
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	—	—
Net income	1,555	13,599
Purchase of treasury stock	(14)	(361)
Change of scope of consolidation	0	902
Net changes of items other than shareholders' equity	850	2,554
Total changes of items during the period	2,392	15,373
Balance at the end of current period	41,251	56,625

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,593	18,634
Depreciation and amortization	12,680	13,021
Impairment loss	97	219
Increase (decrease) in provision	2,560	(5,040)
Interest and dividends income	(1,047)	(651)
Interest expenses	4,026	3,003
Loss (gain) on valuation of investment securities	184	225
Loss (gain) on sales of investment securities	180	(672)
Loss (gain) on disposal of noncurrent assets	656	(2,109)
Decrease (increase) in notes and accounts receivable–trade	7,418	3,487
Decrease (increase) in inventories	(3,079)	(1,307)
Increase (decrease) in notes and accounts payable–trade	11,018	(17,963)
Increase (decrease) in long-term accounts payable–other	(5,287)	(4,998)
Other	(7,039)	(12,389)
Subtotal	27,965	(6,540)
Interest and dividends income received	1,048	653
Interest expenses paid	(4,142)	(3,040)
Proceeds from insurance income	—	2,934
Income taxes paid	(2,080)	(5,626)
Net cash provided by (used in) operating activities	22,791	(11,619)
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(1,509)	(3,505)
Proceeds from redemption of securities	1,000	4,000
Purchase of property, plant and equipment	(8,757)	(11,881)
Proceeds from sales of property, plant and equipment	74	4,053
Purchase of intangible assets	(2,282)	(2,977)
Purchase of investment securities	(2,153)	(1,948)
Proceeds from sales of investment securities	4,705	4,809
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,188)
Other payments	(1,617)	(1,895)
Other proceeds	1,149	1,321
Net cash provided by (used in) investing activities	(9,392)	(9,214)

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(20,405)	571
Proceeds from long-term loans payable	66,163	4,325
Repayment of long-term loans payable	(61,467)	(22,867)
Proceeds from sale and leaseback	611	885
Repayments of lease obligations	(2,726)	(2,313)
Cash dividends paid	(0)	(1,321)
Other	288	(372)
Net cash provided by (used in) financing activities	(17,535)	(21,093)
Effect of exchange rate change on cash and cash equivalents	(87)	1,368
Net increase (decrease) in cash and cash equivalents	(4,224)	(40,558)
Cash and cash equivalents at beginning of period	79,645	74,996
Increase in cash and cash equivalents from newly consolidated subsidiary	193	1,426
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(618)	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	29
Cash and cash equivalents at end of period	* 74,996	* 35,894

- (5) Notes to Consolidated Financial Statements
(Notes Relating to Going Concern Assumption)
Not applicable

(Significant Matters for the Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

Of 92 subsidiaries, 86 companies are consolidated subsidiaries. As for Awaya Denki Kogyo K.K. and 5 other subsidiaries, their total assets, retained earnings, net sales or net income and loss are small and immaterial on an individual and overall basis; thus, they are not included in the scope of consolidation.

The following companies are included in the scope of consolidation from the current fiscal year: OKI Micro Engineering (DG) Co., Ltd. which was newly established; TIE Co., Ltd. and OKI TANAKA Circuits Co., Ltd. which became new subsidiaries due to a new acquisition of stock; JIPTechno Co., Ltd., Tomioka Electric Co., Ltd., TRUSTEC Co., Ltd. and OKI Hytech Co., Ltd. which became new subsidiaries due to an additional acquisition of stock; Adachi Protechno Co., Ltd., Oki Advanced Communications Co., Ltd., OK Enterprise Corporation, OTEM Co., Ltd., OBC Works Co., Ltd., OKI Software Expert Service Co., Ltd., OKI WorkWel Co., Ltd., JNO Co., Ltd., Shibaura OKI Electric Construction Co., Ltd., OKI Proassist Co., Ltd., OKI Printed Circuits (Changzhou) Co., Ltd., OKI Power Trading (Shenzhen) Co., Ltd. and OKI Micro Engineering (HK) Co., Ltd. of which relative significance among subsidiaries has increased.

OKI Networks Co., Ltd. is extinguished from the scope of consolidation due to an absorption-type merger with the Company.

2. Application of the equity method

The equity method is applied to investments in 4 companies of 6 non-consolidated subsidiaries and 7 affiliates.

As for Awaya Denki Kogyo K.K. and 5 other non-consolidated subsidiaries as well as Oki Denki Bohsai Co., Ltd. and 2 other affiliates, all of which are not accounted for using the equity method, the effects of their net income or loss and retained earnings are minor, and immaterial overall.

3. Standards for accounting treatment

(1) Valuation standards and methods for significant assets

1) Securities

The Company and its domestic consolidated subsidiaries evaluate securities according to holding purposes, as follows. Overseas consolidated subsidiaries use the lower of cost or market value method.
Held-to-maturity securities:

Amortized cost method

Available-for-sale securities:

Securities with market quotations:

Market value method based on the quoted market price at the fiscal year-end (Any unrealized gains or losses are reported directly as a component of shareholders' equity and the cost of securities sold is calculated using the moving-average method.)

Securities without market quotations:

Cost method using the moving-average method.

2) Inventories

The Company and its domestic consolidated subsidiaries evaluate inventories as follows. Overseas consolidated subsidiaries mainly use the lower of cost or market value method.

Finished goods:

Stated at cost mainly using the moving-average method (Amounts on the balance sheets take into account declines in book values based on reduced profitability.)

Work in process:

Stated at cost mainly using the specific cost method (Amounts on the balance sheets take into account declines in book values based on reduced profitability.)

Raw materials and supplies:

Stated at cost mainly using the moving-average method (Amounts on the balance sheets take into account declines in book values based on reduced profitability.)

3) Derivatives

Stated at market value

(2) Depreciation methods for significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

- The Company and its domestic consolidated subsidiaries mainly use the declining-balance method, and overseas consolidated subsidiaries mainly use the straight-line method.
- 2) Intangible assets (excluding lease assets)
The Company and its domestic consolidated subsidiaries use the straight-line method.
Software for sales in the market is amortized based on the estimated sales volume over the estimated valid sales period (3 years), and software for internal use is amortized using the straight-line method over the estimated available period (5 years).
Overseas consolidated subsidiaries mainly use the straight-line method.
- 3) Lease assets
Lease assets concerning non-transfer ownership finance lease transactions are depreciated using the straight-line method, defining the lease terms of respective assets as their useful lives, assuming the residual value is zero.
Among lease assets concerning non-transfer ownership finance lease transactions, lease transactions that commenced on or prior to March 31, 2008 are stated using the similar accounting treatment that is applied to regular rental transactions.
- (3) Accounting standards for significant allowances and provisions
- 1) Allowance for doubtful accounts
The Company and its domestic consolidated subsidiaries provide for possible credit losses on notes and accounts receivable—trade and loans receivable. Allowance for ordinary bad debts are computed based on the historical rate of defaults, and the likelihood of recovery is considered on an individual basis for specific debts where recovery is doubtful. Overseas consolidated subsidiaries provide mainly for specific debts in consideration of the likelihood of recovery.
- 2) Provision for retirement benefits
To provide for employees' retirement benefits, the Company and its consolidated subsidiaries make provisions for estimated retirement benefits at the end of the current fiscal year, based on the projected retirement benefit obligations and related pension assets as of the end of the current fiscal year.
Net retirement benefit obligation at transition is amortized evenly over 15 years, excluding consolidated subsidiaries that amortize collectively in the first fiscal year of application and some overseas consolidated subsidiaries that deduct obligations directly from retained earnings.
Prior service cost is amortized, using the straight-line method, over certain years (11 to 13 years) not exceeding the average remaining service years of employees at the time of occurrence.
Actuarial gain or loss is amortized evenly using the straight-line method over certain years (11 to 13 years) not exceeding the average remaining service years of employees at the time of occurrence, from the fiscal year following the year of occurrence.
- 3) Provision for directors' retirement benefits
Some consolidated subsidiaries provide necessary amounts at the year-end for directors' retirement benefits, in accordance with the companies' internal rules.
- (4) Accounting standards for significant revenue and expenses
Accounting standards for revenue from contract works and software development contracts
- a) Works/developments with certainty of results recognized in the part in progress by the end of the current fiscal year
Stated using the percentage of completion method (Progress rate for works is estimated using the cost-to-cost method.)
- b) Others
Stated on an inspection basis (or by the completed-contract method at some domestic consolidated subsidiaries)
- (5) Significant hedge accounting method
- 1) Hedge accounting method
The deferred hedge accounting is used. Allocation treatment is applied for foreign exchange forward contracts that meet specific criteria of allocation treatment. Special treatment is applied for interest rate swap transactions that meet specific criteria of special treatment.
- 2) Hedging instruments and hedged items
Foreign exchange forward contracts are used to hedge fluctuations in foreign exchange rates for foreign currency-denominated monetary claims and liabilities, and interest rate swap transactions are used to hedge market interest rate fluctuation risks in future for short-term and long-term loans payable at floating interest rates.
- 3) Hedging policy

Derivatives transactions are used for the purpose of avoiding market fluctuation risks that monetary claims and liabilities are exposed to.

4) Method for evaluating hedging effectiveness

From the time of implementation of hedging through the time of assessment of effectiveness, hedged items and hedging instruments, and respective market fluctuations or changes in cash flows are compared and evaluated based on the amount of changes in both.

(6) Amortization of goodwill and amortization period

Goodwill is amortized evenly over its effective period (mainly 5 years).

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding 3 months at the time of purchase whose value is not subject to significant fluctuation risk.

(8) Other significant matters for the preparation of consolidated financial statements

1) Accounting treatment for consumption taxes, etc.

The tax exclusion method is applied for the accounting treatment for national and local consumption taxes.

2) Application of consolidated taxation system

The consolidated taxation system is applied.

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)

Following the revision of the Corporation Tax Law, some domestic consolidated subsidiaries have changed the depreciation method in accordance with the revised Corporation Tax Law for property, plant and equipment acquired on and after April 1, 2012, effective from the current fiscal year.

The effects of this change on income and loss are immaterial.

(Changes in Presentation)

(Consolidated Balance Sheets)

“Long-term loans receivable” under “Investments and other assets,” which was separately stated for the previous fiscal year, is included in “Other” under investments and other assets for the current fiscal year due to its decreasing quantitative materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Long-term loans receivable” of ¥720 million stated under “Investments and other assets” on the consolidated balance sheets for the previous fiscal year has been reclassified into “Other.”

(Consolidated Statements of Income)

“Royalty income from corporate brand” under “Non-operating income,” which was separately stated for the previous fiscal year, is included in “Miscellaneous income” for the current fiscal year due to its decreasing quantitative materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Royalty income from corporate brand” of ¥244 million stated under “Non-operating income” on the consolidated statements of income for the previous fiscal year has been reclassified into “Miscellaneous income.”

(Consolidated Statements of Cash Flows)

“Decrease (increase) in accounts receivable–other” and “Increase (decrease) in accrued expenses” under “Net cash provided by (used in) operating activities,” which were separately stated for the previous fiscal year, are included in “Other” for the current fiscal year due to their decreasing quantitative materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Decrease (increase) in accounts receivable–other” of ¥(4,357) million and “Increase (decrease) in accrued expenses” of ¥3,806 million stated under “Net cash provided by (used in) operating activities” on the consolidated statements of cash flows for the previous fiscal year have been reclassified into “Other.”

“Payments into time deposits” and “Proceeds from withdrawal of time deposits” under “Net cash provided by (used in) investing activities,” which were separately stated for the previous fiscal year, are included in “Other payments” and “Other proceeds,” respectively, for the current fiscal year due to their decreasing quantitative materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Payments into time deposits” of ¥(58) million and “Proceeds from withdrawal of time deposits” of ¥76 million stated under “Net cash provided by (used in) investing activities” on the consolidated statements of cash flows for the previous fiscal year have been reclassified into “Other payments” and “Other proceeds,” respectively.

“Proceeds from sales of property, plant and equipment,” which was included in “Other proceeds” under “Net cash provided by (used in) investing activities” for the previous fiscal year, is separately stated from the current fiscal year due to its increasing quantitative materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Other proceeds” of ¥1,146 million stated under “Net cash provided by (used in) investing activities” on the consolidated statements of cash flows for the previous fiscal year has been reclassified into “Proceeds from sales of property, plant and equipment” of ¥74 million yen and “Other” of ¥1,072 million.

“Cash dividends paid,” which was included in “Other” under “Net cash provided by (used in) financing activities” for the previous fiscal year, is separately stated from the current fiscal year due to its increasing quantitative materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Other” of ¥288 million stated under “Net cash provided by (used in) financing activities” on the consolidated statements of cash flows for the previous fiscal year has been reclassified into “Cash dividends paid” of ¥(0) million and “Other” of ¥288 million.

(Consolidated Balance Sheets)

* Accumulated depreciation of property, plant and equipment

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2013)
Accumulated depreciation of property, plant and equipment	146,342	152,008

(Consolidated Statements of Income)

*1 The major items and amounts under selling, general and administrative expenses are as follows:

(Million yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
Salaries and wages	27,109	28,815
Retirement benefit expenses	3,351	3,046
Research and development expenses	13,109	13,982
Provision of allowance for doubtful accounts and bad debts expenses	1,114	5,838

*2 Research and development expenses included in general and administrative expenses are as follows.
Research and development expenses are not included in manufacturing costs.

(Million yen)

Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
13,109	13,982

*3 Loss on liquidation of subsidiaries

Expenses for disposal of assets and personnel cuts in accordance with the business suspension of a subsidiary in Europe were recorded for the current fiscal year.

(Consolidated Statements of Comprehensive Income)

* Reclassification adjustment and tax effect related to other comprehensive income

(Million yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
Valuation difference on available-for-sale securities:		
Amount arising during the period	(37)	4,934
Reclassification adjustment	175	203
Amount before income tax effect	137	5,137
Income tax effect	(31)	(1,143)
Valuation difference on available-for-sale securities	105	3,993
Deferred gains or losses on hedges:		
Amount arising during the period	(289)	63
Reclassification adjustment	299	261
Amount before income tax effect	10	325
Income tax effect	—	(8)
Deferred gains or losses on hedges	10	317
Foreign currency translation adjustment:		
Amount arising during the period	1,095	(2,157)
Share of other comprehensive income of associates accounted for using equity method:		
Amount arising during the period	(13)	15
Reclassification adjustment	81	—
Share of other comprehensive income of associates accounted for using equity method	67	15
Total other comprehensive income	1,278	2,167

(Consolidated Statements of Changes in Net Assets)

Previous fiscal year (from April 1, 2011 to March 31, 2012)

1. Type and number of issued shares and treasury stock

	Number of shares at beginning of current fiscal year (Thousand shares)	Number of shares increased during current fiscal year (Thousand shares)	Number of shares decreased during current fiscal year (Thousand shares)	Number of shares at end of current fiscal year (Thousand shares)
Issued shares				
Common stock	731,438	—	—	731,438
Class A preferred stock	30	—	—	30
Total	731,468	—	—	731,468
Treasury stock				
Common stock (Note)	418	193	—	612
Total	418	193	—	612

(Note) The increase in common stock under treasury stock (193 thousand shares) includes the increase of 193 thousand shares due to the purchase of fractional shares, and the increase of less than one thousand shares in treasury stock (the Company's stock) that are owned by companies accounted for using the equity method and are attributable to the Company.

2. Matters related to subscription rights to shares and treasury subscription rights to shares

Classification	Breakdown of subscription rights to shares	Type of shares underlying subscription rights to shares	Number of shares underlying subscription rights to shares (Shares)				Outstanding shares at end of current fiscal year (Million yen)
			At beginning of current fiscal year	Increase during current fiscal year	Decrease during current fiscal year	At end of current fiscal year	
The Filing Company (Parent company)	Subscription rights to shares as stock options			—			79
Total				—			79

3. Matters related to dividends

(1) Dividends paid
Not applicable

(2) Dividends whose record date falls in the current fiscal year but whose effective date comes in the following fiscal year

(Resolution)	Class of stock	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2012	Class A preferred stock	1,321	Retained earnings	44,047	March 31, 2012	June 29, 2012

Current fiscal year (from April 1, 2012 to March 31, 2013)

1. Type and number of issued shares and treasury stock

	Number of shares at beginning of current fiscal year (Thousand shares)	Number of shares increased during current fiscal year (Thousand shares)	Number of shares decreased during current fiscal year (Thousand shares)	Number of shares at end of current fiscal year (Thousand shares)
Issued shares				
Common stock	731,438	—	—	731,438
Class A preferred stock	30	—	—	30
Total	731,468	—	—	731,468
Treasury stock				
Common stock (Note)	612	2,853	—	3,465
Total	612	2,853	—	3,465

(Note) The increase in common stock under treasury stock (2,853 thousand shares) includes the increase of 153 thousand shares due to the purchase of fractional shares, and the increase of 2,700 thousand shares due to the purchase of shares from dissenting shareholders in accordance with Article 797, Paragraph 1 of the Companies Act.

2. Matters related to subscription rights to shares and treasury subscription rights to shares

Classification	Breakdown of subscription rights to shares	Type of shares underlying subscription rights to shares	Number of shares underlying subscription rights to shares (Shares)				Outstanding shares at end of current fiscal year (Million yen)
			At beginning of current fiscal year	Increase during current fiscal year	Decrease during current fiscal year	At end of current fiscal year	
The Filing Company (Parent company)	Subscription rights to shares as stock options			—			79
Total				—			79

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Class of stock	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2012	Class A preferred stock	1,321	Retained earnings	44,047	March 31, 2012	June 29, 2012

(2) Dividends whose record date falls in the current fiscal year but whose effective date comes in the following fiscal year

(Matters for deliberation)	Class of stock	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2013	Class A preferred stock	1,032	Retained earnings	34,410	March 31, 2013	June 27, 2013

(Consolidated Statements of Cash Flows)

* Relationship between the fiscal year-end balance of cash and cash equivalents and the amounts of consolidated balance sheets items

	(Million yen)	
	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
Cash and deposits	45,193	29,904
Time deposits with original maturities of more than 3 months	(13)	(10)
Short-term investments (securities) with maturities of less than 3 months	29,815	6,000
Cash and cash equivalents	74,996	35,894

(Securities)

1. Securities–trading
Not applicable

2. Held-to-maturity securities
Previous fiscal year (as of March 31, 2012)

(Million yen)

	Type	Amount recorded in consolidated balance sheets	Market value	Unrealized gain or loss
Held-to-maturity securities whose market value does not exceed the amount recorded in consolidated balance sheets	Bonds	3,998	3,998	(0)
	Negotiable certificates of deposit	1,000	1,000	—
Total		4,998	4,998	(0)

- Current fiscal year (as of March 31, 2013)
Not applicable

3. Available-for-sale securities
Previous fiscal year (as of March 31, 2012)

(Million yen)

	Type	Amount recorded in consolidated balance sheets	Acquisition cost	Unrealized gain or loss
Available-for-sale securities whose amount recorded in consolidated balance sheets exceeds their acquisition cost	Stocks	2,411	1,583	827
	Bonds	1,621	1,604	16
	Other	221	221	0
	Subtotal	4,254	3,409	844
Available-for-sale securities whose amount recorded in consolidated balance sheets does not exceed their acquisition cost	Stocks	8,873	11,396	(2,523)
	Bonds	3,491	3,506	(15)
	Negotiable certificates of deposit	25,000	25,000	—
	Other	2,914	2,919	(4)
Subtotal		40,278	42,822	(2,543)
Total		44,533	46,232	(1,699)

Current fiscal year (as of March 31, 2013)

(Million yen)

	Type	Amount recorded in consolidated balance sheets	Acquisition cost	Unrealized gain or loss
Available-for-sale securities whose amount recorded in consolidated balance sheets exceeds their acquisition cost	Stocks	13,092	8,633	4,458
	Bonds	301	301	0
	Subtotal	13,393	8,935	4,458
Available-for-sale securities whose amount recorded in consolidated balance sheets does not exceed their acquisition cost	Stocks	3,528	4,547	(1,018)
	Bonds	202	202	(0)
	Negotiable certificates of deposit	6,000	6,000	—
	Other	14	14	—
	Subtotal	9,745	10,764	(1,018)
Total		23,139	19,699	3,439

4. Available-for-sale securities sold

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Million yen)

Type	Amount of proceeds	Total gain on sales	Total loss on sales
Stocks	41	0	14
Others	79	0	—
Total	120	0	14

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Million yen)

Type	Amount of proceeds	Total gain on sales	Total loss on sales
Stocks	34	4	5
Bonds	4,216	8	0
Others	1,538	—	—
Total	5,789	13	6

5. Impaired securities that were written down to their fair values

During the previous fiscal year, a loss of ¥179 million was incurred by a write-down of impaired securities (available-for-sale securities).

During the current fiscal year, a loss of ¥214 million was incurred by a write-down of impaired securities (available-for-sale securities).

Securities whose current market price at the fiscal year-end falls considerably lower than the acquisition cost were written down by the amount deemed necessary after comprehensively assessing the likelihood of recovery, etc.

(Retirement Benefits)

1. Overview of retirement benefit plans

The Company and its domestic consolidated subsidiaries have two types of defined benefit retirement plans: a defined benefit pension plan and a lump-sum retirement payment plan. The Company and its domestic consolidated subsidiaries that participate in the OKI Pension Fund have transferred part of the lump-sum retirement payment plan to a defined contribution pension plan based on the change of the retirement benefits plans, which was implemented on June 1, 2011.

Overseas consolidated subsidiaries have a defined benefit pension plan and a defined contribution pension plan to provide for employees' retirement.

There are also cases when the Company and its consolidated subsidiaries pay an extra retirement payments to employees on leaving.

The Company implements employees' retirement benefits trust.

The Company's OKI Pension Fund was established on January 1, 2005, and 18 consolidated subsidiaries participate in the fund.

2. Retirement benefit obligations

(Million yen)

	Previous fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2013)
(1) Retirement benefit obligations	(106,707)	(111,578)
(2) Pension assets	78,636 (Note 2)	95,331 (Note 2)
(3) Unfunded retirement benefit obligations ((1)+(2))	(28,071)	(16,247)
(4) Unrecognized net retirement benefit obligation at transition	6,363	4,242
(5) Unrecognized actuarial gain or loss	13,950	1,732
(6) Unrecognized prior service cost (decrease in obligations)	(11,155) (Note 3)	(9,550)
(7) Amount recorded in consolidated balance sheets, net ((3)+(4)+(5)+(6))	(18,912)	(19,823)
(8) Prepaid pension cost	—	—
(9) Provision for retirement benefits ((7)–(8))	(18,912)	(19,823)

(Notes) 1. Some consolidated subsidiaries use the simplified method for calculating retirement benefit obligations.

2. Employees' retirement benefits trust of ¥15,673 million for previous fiscal year and ¥29,348 million for current fiscal year is included in "Pension assets."

3. On June 1, 2011, the Company and its domestic consolidated subsidiaries that participate in the OKI Pension Fund transferred part of the defined contribution pension plan to a lump-sum retirement payment plan. As a result, prior service cost (decrease in obligations) has accrued.

3. Retirement benefit expenses

(Million yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
(1) Service cost	2,415 (Note 2)	3,311 (Note 2)
(2) Interest cost on retirement benefit obligation	2,503	2,279
(3) Expected return on plan assets	(1,137)	(1,965)
(4) Amortization of net retirement benefit obligation at transition	2,367	2,121
(5) Amortization of actuarial gain or loss	3,775	3,263
(6) Amortization of prior service cost	(1,506)	(1,604)
(7) Other	1,657 (Note 3)	2,064 (Note 3)
(8) Retirement benefit expenses ((1)+(2)+(3)+(4)+(5)+(6)+(7))	10,075	9,469

- (Notes) 1. Other than the above retirement benefit expenses, extra retirement payments (¥372 million for the previous fiscal year) were paid and stated in “Special retirement expenses” under extraordinary loss.
2. Retirement benefit expenses of consolidated subsidiaries using the simplified method are added up in “(1) Service cost.”
3. “(7) Other” is the contribution to the defined contribution pension plan.

4. Assumptions in calculating retirement benefit obligations

(1) Periodical allocation of estimated retirement benefits

Allocation on a point basis or allocation to each period by the straight-line method

(Point basis is applied for the periodical allocation of estimated retirement benefits that are based on the point-system pension and cash balance pension plan.)

(2) Discount rate

Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
2.1%	1.4%

(3) Expected rate of return on plan assets

Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
1.5%	2.5%

(4) Amortization period for prior service cost

11 to 13 years (Prior service cost is amortized using the straight-line method over certain years not exceeding the average remaining service years of employees at the time of occurrence.)

(5) Amortization period for actuarial gain or loss

11 to 13 years (Actuarial gain or loss is amortized using the straight-line method over certain years not exceeding the average remaining service years of employees at the time of occurrence, from the fiscal year following the year of occurrence.)

(6) Amortization period for net retirement benefit obligations at transition

15 years, excluding consolidated subsidiaries that amortize obligations collectively in the first fiscal year of application of changes in accounting standards and some overseas consolidated subsidiaries that deduct obligations directly from retained earnings.

(Tax Effect Accounting)

1. Breakdown of major factors that caused deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2012)	(Million yen) Current fiscal year (As of March 31, 2013)
Deferred tax assets		
Retained losses carried forward	35,165	33,369
Nondeductible provision for retirement benefits	11,727	12,159
Nondeductible accounts payable from change of retirement benefit plan	11,441	9,365
Excess allowance for doubtful accounts and nondeductible bad debts expenses	3,345	6,205
Nondeductible accrued bonuses	3,994	4,211
Nondeductible loss on valuation of inventories	2,941	2,983
Nondeductible loss on valuation of investment securities	239	2,158
Nondeductible impairment loss	1,711	1,578
Other	6,338	6,992
Deferred tax assets (Subtotal)	76,905	79,024
Valuation allowance	(65,989)	(68,065)
Total deferred tax assets	10,915	10,959
Deferred tax liabilities		
Nondeductible gain on contribution of securities to retirement benefit trust	(3,830)	(3,830)
Valuation difference on available-for-sale securities	(79)	(1,222)
Other	(313)	(490)
Total deferred tax liabilities	(4,223)	(5,543)
Net deferred tax assets (liabilities)	6,691	5,415

2. Breakdown of items that caused the difference between the statutory tax rate and the effective tax rate after application of tax effect accounting

	Previous fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2013)
Statutory tax rate	41.0%	38.0 %
(Adjustment)		
Dividends and other income not counted for tax purposes	(5.4)	(0.5)
Entertainment and other expenses not counted for tax purposes	6.1	2.1
Increase in valuation allowance related to deferred tax assets	2.2	4.4
Inhabitant tax on per capita basis	5.4	1.6
Other	11.7	(20.0)
The effective tax rate after application of tax effect accounting	61.0	25.6

(Segment Information)

1. Segment information

(1) Overview of reportable segments

The reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company mainly conducts “Info-telecom Systems” and “EMS,” and the OKI Data Group (Oki Data Corporation and its group companies) conducts “Printers” as an independent management unit; each of them plans comprehensive strategies about their main product lines in domestic and overseas markets and deploys business activities.

Accordingly, the Company has three reportable segments by product lines based on the Company and the OKI Data Group: “Info-telecom Systems,” “Printers” and “EMS.”

“Info-telecom Systems” provides solutions and services focused on the know-how earned from various business systems for financial, transportation, retail, and manufacturing industries; communication equipment for telecom carriers; video and voice communication systems; systems dedicated to social infrastructure; and mechatronics technology products. “Printers” provides LED technology-featured printers. “EMS” conducts consigned manufacturing business based on the manufacturing technologies developed within the group.

Listed below are the major products and services of each reportable segment:

Business segment	Major products and services
Info-telecom Systems	Financial systems, automation equipment systems (ATMs, cash handling equipment, ticket issuing equipment, etc.), systems dedicated to public sector (aviation and traffic, disaster prevention and firefighting, various info-telecom systems, etc.), systems dedicated to telecom carriers (switching, transmission, optical access, etc.), IP telecommunication systems (PBX, call center, video conference, etc.), various information systems (travel, retail, manufacturing, etc.), and relevant IT services (cloud computing services, system integration, support services, maintenance services, etc.)
Printers	Color LED printers, monochrome LED printers, dot-impact printers, multifunction printers, etc.
EMS	Design and manufacturing services, printed circuit boards, etc.

(2) Calculation methods for the amount of net sales, income and loss, assets, liabilities and other items by reportable segment

The methods of accounting treatment for the reported business segments are the same as set forth in “Significant Matters for the Basis of Preparation of Consolidated Financial Statements.” Revenues from intersegment transactions and transfers are calculated based on prevailing market rates.

(3) Information about amounts of net sales, income and loss, assets, liabilities and other items by reportable segment
Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Info- telecom Systems	Printers	EMS	Total				
Net sales								
Net sales to external customers	267,179	107,425	31,264	405,869	17,611	423,480	—	423,480
Intersegment net sales or transfers	2,481	5,033	124	7,639	22,166	29,805	(29,805)	—
Total	269,660	112,458	31,389	413,508	39,777	453,286	(29,805)	423,480
Segment income (loss)	18,709	(4,343)	1,467	15,833	2,535	18,368	(6,388)	11,980
Segment assets	165,302	80,372	19,883	265,558	25,694	291,253	76,812	368,065
Other items								
Depreciation and amortization	5,057	3,267	980	9,305	1,015	10,320	1,326	11,647
Amortization of goodwill	8	27	—	35	—	35	(0)	35
Investments in companies accounted for using equity method	1,422	—	—	1,422	28	1,450	3,170	4,621
Increase in property, plant and equipment and intangible assets	5,019	3,588	720	9,328	661	9,989	1,363	11,353

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Info- telecom Systems	Printers	EMS	Total				
Net sales								
Net sales to external customers	293,034	111,379	32,665	437,079	18,744	455,824	—	455,824
Intersegment net sales or transfers	3,203	5,669	135	9,008	22,746	31,754	(31,754)	—
Total	296,238	117,049	32,800	446,088	41,490	487,578	(31,754)	455,824
Segment income (loss)	23,815	(8,837)	1,569	16,548	3,014	19,563	(6,087)	13,475
Segment assets	183,527	73,673	23,256	280,456	24,710	305,166	44,155	349,322
Other items								
Depreciation and amortization	4,913	3,921	1,014	9,849	998	10,847	1,202	12,049
Amortization of goodwill	6	0	—	6	—	6	19	25
Investments in companies accounted for using equity method	1,433	—	—	1,433	27	1,460	3,130	4,591
Increase in property, plant and equipment and intangible assets	6,953	5,722	1,065	13,741	874	14,615	1,003	15,619

- (Notes) 1. “Others” consists of businesses not included in the reportable segments, such as provision of services, and manufacturing and sales of other equipment products.
 2. Details of adjustment are as follows:

(Million yen)

Segment income or loss	Previous fiscal year	Current fiscal year
Elimination of intersegment transactions	50	149
Corporate expenses*	(6,474)	(6,158)
Adjustment to noncurrent assets	35	(79)
Total	(6,388)	(6,087)

* Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.

(Million yen)

Segment assets	Previous fiscal year	Current fiscal year
Elimination of intersegment transactions	(96,971)	(121,471)
Corporate assets*	169,645	166,879
Adjustment to noncurrent assets	4,139	(1,252)
Total	76,812	44,155

* Corporate assets are mainly surplus funds, fund for long-term investment and assets related to the general administration section of the Filing Company.

(Million yen)

Depreciation and amortization	Previous fiscal year	Current fiscal year
Depreciation and amortization of corporate assets	1,482	1,365
Adjustment to noncurrent assets	(156)	(163)
Total	1,326	1,202

(Million yen)

Investments in companies accounted for using equity method	Previous fiscal year	Current fiscal year
Corporate investments	3,170	3,130

(Million yen)

Increase in property, plant and equipment and intangible assets	Previous fiscal year	Current fiscal year
Corporate assets	1,505	1,249
Adjustment to noncurrent assets	(142)	(246)
Total	1,363	1,003

3. Segment income or loss is adjusted with operating income on the consolidated statements of income.

2. Related information

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(1) Information by products and services

(Million yen)

	Solutions & Services	Telecom Systems	Social Infrastructure Systems	Mechatronics Systems	Printers	EMS	Others	Total
Net sales to external customers	88,299	77,533	33,375	67,970	107,425	31,264	17,611	423,480

(2) Information by geographic areas

1) Net sales

(Million yen)

Japan	North America	Europe	Others	Total
310,631	17,106	46,402	49,340	423,480

(Note) Net sales are sorted by countries or regions based on the location of customers.

2) Property, plant and equipment

(Million yen)

Japan	Asia	Others	Total
46,275	3,668	2,648	52,592

Current fiscal year (from April 1, 2012 to March 31, 2013)

(1) Information about products and services

(Million yen)

	Solutions & Services	Telecom Systems	Social Infrastructure Systems	Mechatronics Systems	Printers	EMS	Others	Total
Net sales to external customers	91,093	75,711	49,357	76,872	111,379	32,665	18,744	455,824

(2) Information by geographic areas

1) Net sales

(Million yen)

Japan	North America	Europe	Others	Total
329,265	19,428	46,635	60,495	455,824

(Note) Net sales are sorted by countries or regions based on the location of customers.

2) Property, plant and equipment

(Million yen)

Japan	Asia	Others	Total
47,454	7,821	2,553	57,829

3. Information about impairment loss on noncurrent assets of each reportable segment
Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Million yen)

	Info-telecom Systems	Printers	EMS	Others	Corporate/elimination	Total
Impairment loss	—	13	—	—	84	97

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Million yen)

	Info-telecom Systems	Printers	EMS	Others	Corporate/elimination	Total
Impairment loss	133	7	—	79	—	219

4. Information about amortization of goodwill and unamortized balance of each reportable segment
Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Million yen)

	Info-telecom Systems	Printers	EMS	Others	Corporate/elimination	Total
Goodwill at end of fiscal year	6	0	—	—	(0)	5

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Million yen)

	Info-telecom Systems	Printers	EMS	Others	Corporate/elimination	Total
Goodwill at end of fiscal year	—	0	—	—	(0)	—

(Per Share Information)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
Net assets per share	¥13.42	¥34.40
Net income per share	¥0.32	¥17.24
Net income per share–diluted	Not stated as there were no dilutive shares with dilutive effect	¥12.05

(Note) 1. The basis for calculation of net income per share and net income per share–diluted is as follows:

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2012 to March 31, 2013)
Net income per share		
Net income (Million yen)	1,555	13,599
Net income not attributable to common shareholders (Million yen)	1,321	1,032
[Dividends on Class A preferred stock included in the above]	[1,321]	[1,032]
Net income related to common stock (Million yen)	234	12,566
Weighted average number of shares of common stock during the period (Thousand shares)	730,911	728,938
Net income per share–diluted		
Adjustment to net income (Million yen)	—	1,032
[Dividends on Class A preferred stock included in the above]	[—]	[1,032]
Increase of common stock (Thousand shares)	—	400,000
[Class A preferred stock included in the above]	[—]	[400,000]
Outline of dilutive shares not counted in the calculation of net income per share– diluted due to no dilutive effect	Subscription rights to shares (5 classes), and Class A preferred stock (30,000 shares)	Subscription rights to shares (5 classes)

2. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2013)
Total net assets (Million yen)	41,251	56,625
Amount deducted from the total net assets (Million yen)	31,447	31,584
[Amount paid for Class A preferred stock included in the above]	[30,000]	[30,000]
[Dividends on Class A preferred stock included in the above]	[1,321]	[1,032]
[Subscription rights to shares included in the above]	[79]	[79]
[Minority interests included in the above]	[46]	[473]
Amount of net assets related to common stock at end of period (Million yen)	9,804	25,040
Number of common shares used to calculate net assets per share at end of period (Thousand shares)	730,826	727,973

(Significant Subsequent Event)

Not applicable

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	22,569	13,578
Notes receivable–trade	1,143	695
Accounts receivable–trade	56,111	65,385
Lease investment assets	2,350	2,101
Securities	28,998	6,000
Finished goods	5,049	4,320
Work in process	14,299	12,927
Raw materials and supplies	6,108	7,211
Prepaid expenses	356	724
Short-term loans receivable	39,312	51,353
Accounts receivable–other	6,338	7,847
Deferred tax assets	3,286	2,690
Other	250	171
Allowance for doubtful accounts	(198)	(45)
Total current assets	185,978	174,961
Noncurrent assets		
Property, plant and equipment		
Buildings	36,839	37,333
Accumulated depreciation	(26,941)	(27,085)
Buildings, net	9,898	10,247
Structures	2,446	2,481
Accumulated depreciation	(2,173)	(2,177)
Structures, net	273	303
Machinery and equipment	14,058	14,282
Accumulated depreciation	(12,136)	(12,160)
Machinery and equipment, net	1,922	2,122
Vehicles	77	84
Accumulated depreciation	(71)	(69)
Vehicles, net	5	14
Tools, furniture and fixtures	32,403	32,522
Accumulated depreciation	(27,198)	(27,130)
Tools, furniture and fixtures, net	5,205	5,392
Land	9,635	8,397
Construction in progress	21	129
Total property, plant and equipment	26,961	26,606

(Million yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Intangible assets		
Goodwill	0	—
Right of using facilities	123	118
Software	3,716	4,505
Total intangible assets	3,839	4,623
Investments and other assets		
Investment securities	19,713	22,278
Stocks of subsidiaries and affiliates	40,408	61,544
Investments in capital	94	94
Investments in capital of subsidiaries and affiliates	1,764	1,764
Long-term loans receivable from subsidiaries and affiliates	8,791	5,938
Long-term prepaid expenses	3,127	1,817
Claims provable in bankruptcy, claims provable in rehabilitation and other	141	111
Lease and guarantee deposits	3,051	3,152
Other	423	353
Allowance for doubtful accounts	(1,835)	(1,080)
Total investments and other assets	75,679	95,974
Total noncurrent assets	106,481	127,205
Total assets	292,460	302,166

(Million yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes payable–trade	173	227
Accounts payable–trade	41,671	42,935
Short-term loans payable	33,846	37,676
Current portion of long-term loans payable	22,178	18,415
Lease obligations	479	527
Accounts payable–other	11,735	8,579
Accrued expenses	14,132	15,054
Advances received	2,016	1,592
Deposits received	8,589	1,605
Provision for loss on construction contracts	—	41
Asset retirement obligations	3	8
Other	813	677
Total current liabilities	135,639	127,341
Noncurrent liabilities		
Long-term loans payable	58,859	43,643
Lease obligations	2,129	1,838
Long-term accounts payable–other	14,890	12,290
Deferred tax liabilities	3,307	4,076
Provision for retirement benefits	14,520	13,396
Provision for loss on business of subsidiaries and affiliates	12,409	26,008
Asset retirement obligations	806	827
Total noncurrent liabilities	106,922	102,080
Total liabilities	242,562	229,421

(Million yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Net assets		
Shareholders' equity		
Capital stock	44,000	44,000
Capital surplus		
Legal capital surplus	15,000	15,000
Other capital surplus	6,553	6,553
Total capital surpluses	21,553	21,553
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(12,991)	6,450
Total retained earnings	(12,991)	6,450
Treasury stock	(25)	(386)
Total shareholders' equity	52,536	71,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,908)	1,718
Deferred gains or losses on hedges	(810)	(670)
Total valuation and translation adjustments	(2,718)	1,048
Subscription rights to shares	79	79
Total net assets	49,897	72,744
Total liabilities and net assets	292,460	302,166

(2) Non-consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net sales	205,078	225,953
Cost of sales	159,242	171,040
Gross profit	45,836	54,912
Selling, general and administrative expenses	39,513	42,395
Operating income	6,323	12,517
Non-operating income		
Interest income	386	643
Interest on securities	48	70
Dividends income	875	17,675
Royalty income from corporate brand	1,474	1,242
Foreign exchange gains	120	2,443
Miscellaneous income	428	1,031
Total non-operating income	3,333	23,107
Non-operating expenses		
Interest expenses	2,348	2,202
Miscellaneous expenses	640	606
Total non-operating expenses	2,988	2,808
Ordinary income	6,668	32,816
Extraordinary income		
Gain on sales of noncurrent assets	—	2,772
Gain on sales of investment securities	94	568
Gain on sales of stocks of subsidiaries and affiliates	—	19
Gain on extinguishment of tie-in shares	—	223
Reversal of allowance for doubtful accounts	968	—
Difference on asset retirement obligations	96	—
Total extraordinary income	1,158	3,582

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Extraordinary loss		
Loss on disposal of noncurrent assets	494	340
Impairment loss	84	133
Loss on sales of stocks of subsidiaries and affiliates	76	—
Loss on valuation of investment securities	146	217
Loss on valuation of stocks of subsidiaries and affiliates	115	—
Provision for loss on business of subsidiaries and affiliates	1,741	13,599
Bad debts expenses	65	—
Special retirement expenses	167	—
Business structure improvement expenses	31	—
Total extraordinary losses	2,922	14,290
Income before income taxes	4,903	22,108
Income taxes—current	490	980
Income taxes—deferred	1,018	365
Total income taxes	1,508	1,345
Net income	3,395	20,763

(3) Non-consolidated Statements of Changes in Net Assets

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	44,000	44,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	44,000	44,000
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	15,000	15,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	15,000	15,000
Other capital surplus		
Balance at the beginning of current period	98,123	6,553
Changes of items during the period		
Deficit disposition	(91,569)	—
Total changes of items during the period	(91,569)	—
Balance at end the of current period	6,553	6,553
Total capital surplus		
Balance at the beginning of current period	113,123	21,553
Changes of items during the period		
Deficit disposition	(91,569)	—
Total changes of items during the period	(91,569)	—
Balance at the end of current period	21,553	21,553

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	(107,956)	(12,991)
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	91,569	—
Net income	3,395	20,763
Total changes of items during the period	94,964	19,441
Balance at end of current period	(12,991)	6,450
Total retained earnings		
Balance at the beginning of current period	(107,956)	(12,991)
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	91,569	—
Net income	3,395	20,763
Total changes of items during the period	94,964	19,441
Balance at the end of current period	(12,991)	6,450
Treasury stock		
Balance at the beginning of current period	(10)	(25)
Changes of items during the period		
Purchase of treasury stock	(14)	(361)
Total changes of items during the period	(14)	(361)
Balance at the end of current period	(25)	(386)
Total shareholders' equity		
Balance at the beginning of current period	49,155	52,536
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	—	—
Net income	3,395	20,763
Purchase of treasury stock	(14)	(361)
Total changes of items during the period	3,380	19,080
Balance at the end of current period	52,536	71,616

(Million yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(1,950)	(1,908)
Changes of items during the period		
Net changes of items other than shareholders' equity	42	3,626
Total changes of items during the period	42	3,626
Balance at the end of current period	(1,908)	1,718
Deferred gains or losses on hedges		
Balance at the beginning of current period	(917)	(810)
Changes of items during the period		
Net changes of items other than shareholders' equity	107	139
Total changes of items during the period	107	139
Balance at the end of current period	(810)	(670)
Total valuation and translation adjustments		
Balance at the beginning of current period	(2,868)	(2,718)
Changes of items during the period		
Net changes of items other than shareholders' equity	149	3,766
Total changes of items during the period	149	3,766
Balance at the end of current period	(2,718)	1,048
Subscription rights to shares		
Balance at the beginning of current period	79	79
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	79	79
Total net assets		
Balance at the beginning of current period	46,367	49,897
Changes of items during the period		
Dividends of surplus	—	(1,321)
Deficit disposition	—	—
Net income	3,395	20,763
Purchase of treasury stock	(14)	(361)
Net changes of items other than shareholders' equity	149	3,766
Total changes of items during the period	3,530	22,847
Balance at the end of current period	49,897	72,744

(4) Notes to Non-consolidated Financial Statements
(Notes Relating to Going Concern Assumption)
Not applicable

6. Others

(1) Change in Officers
Not applicable

Any change of officers, if determined subsequent to the release of this Summary of Consolidated Financial Results, will be disclosed as soon as the details are confirmed.

(2) Others

Please also refer to the presentation materials “Financial Results for the Fiscal Year Ended March 31, 2013,” which is released today.

Consolidated P/L

(Billion yen; amounts less than hundred million yen are rounded)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013		Fiscal year ending March 31, 2014 (Projection)	
			YoY change (%)		YoY change (%)
Net sales	423.5	455.8	7.6	460.0	0.9
Operating income	12.0	13.5	12.5	22.0	63.3
Ordinary income	9.1	20.3	123.7	19.0	-6.4
Net income	1.6	13.6	774.2	11.5	-15.4

Net sales by segment (to external customers)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013		Fiscal year ending March 31, 2014 (Projection)	
			YoY change (%)		YoY change (%)
Info-telecom Systems	267.2	293.0	9.7	289.0	-1.4
Printers	107.4	111.4	3.7	115.0	3.3
EMS	31.3	32.7	4.5	39.0	19.4
Others	17.6	18.7	6.4	17.0	-9.3
Total	423.5	455.8	7.6	460.0	0.9

Operating income (loss) by segment

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013		Fiscal year ending March 31, 2014 (Projection)	
			YoY change (%)		YoY change (%)
Info-telecom Systems	18.7	23.8	27.3	20.5	-13.9
Printers	(4.3)	(8.8)	—	4.0	—
EMS	1.5	1.6	7.0	2.0	27.5
Others	2.5	3.0	18.9	2.0	-33.6
Adjustment	(6.4)	(6.1)	—	(6.5)	—
Total	12.0	13.5	12.5	22.0	63.3

Consolidated cash flows

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013		Fiscal year ending March 31, 2014 (Projection)	
			YoY change (%)		YoY change (%)
Net cash provided by (used in) operating activities	22.8	(11.6)	—	25.0	—
Net cash provided by (used in) investing activities	(9.4)	(9.2)	—	(15.0)	—
Net cash provided by (used in) financing activities	(17.5)	(21.1)	—	—	—
Effect of exchange rate change on cash and cash equivalents	(0.1)	1.4	—	—	—
Net increase (decrease) in cash and cash equivalents	(4.2)	(40.6)	—	—	—
Cash and cash equivalents at end of period	75.0	35.9	-52.1	—	—

Capital investment by segment

(Billion yen; amounts less than hundred million yen are rounded)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013		Fiscal year ending March 31, 2014 (Projection)	
			YoY change (%)		YoY change (%)
Info-telecom Systems	4.0	5.0	25.0	7.5	51.2
Printers	3.5	6.3	80.3	4.5	-28.5
EMS	0.7	0.5	-27.6	1.0	102.4
Others and common	1.2	1.3	12.5	1.0	-25.3
Total	9.3	13.1	40.3	14.0	6.9
Depreciation (of property, plant and equipment)	8.6	9.6	11.6	11.5	19.9

Research and development investment by segment

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013		Fiscal year ending March 31, 2014 (Projection)	
			YoY change (%)		YoY change (%)
Info-telecom Systems	8.7	9.5	9.0	9.5	-0.3
Printers	2.2	2.4	7.9	2.5	6.3
EMS	0.1	0.0	-60.0	0.0	-100.0
Others and common	2.1	2.1	-1.9	2.0	-3.5
Total	13.1	14.0	6.7	14.0	0.1

Exchange rates (in yen)

		Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ending March 31, 2014 (Projection)
Average rate during period	USD	79	83	85
	EUR	109	107	115

Number of employees at the end of the period

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Non-consolidated	3,373	3,678
Domestic total	10,060	11,353
Overseas total	6,676	6,106
Total	16,736	17,459