

(Translation)

Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2016 (J-GAAP)

November 5, 2015

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

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Filing of Quarterly Securities Report (Scheduled): November 12, 2015

Commencement of Dividend Payment (Scheduled): December 7, 2015

Supplementary Document on Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2015

(from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2015	223,001	-2.5	3,594	-45.3	2,676	-72.1	895	-91.3
September 30, 2014	228,791	12.2	6,567	134.5	9,577	37.5	10,257	465.3

(Note) Comprehensive income Six months ended September 30, 2015: ¥(5,189) million (—%)
Six months ended September 30, 2014: ¥9,901 million (—%)

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
Six months ended September 30, 2015	1.03	—
September 30, 2014	12.83	11.83

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2015	412,494	113,601	27.3
As of March 31, 2015	439,358	121,414	27.2

(Reference) Shareholders' equity As of September 30, 2015: ¥112,814 million
As of March 31, 2015: ¥119,626 million

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2015	Yen —	Yen 2.00	Yen —	Yen 3.00	Yen 5.00
Fiscal year ending March 31, 2016	—	2.00			
Fiscal year ending March 31, 2016 (Projection)			—	3.00	5.00

(Note) Revisions to dividend projection most recently announced: None

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2016
(from April 1, 2015 to March 31, 2016)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	515,000	-4.7	17,000	-47.6	14,500	-61.8	10,000	-69.8	11.51

(Note) Revisions to operating results projection most recently announced: Yes

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to quarterly consolidated financial statements: None
- (3) 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: None
 - 4) Restatements: None
- (4) Number of outstanding shares (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)

As of September 30, 2015	872,176,028 shares
As of March 31, 2015	872,176,028 shares
 - 2) Number of treasury shares at the end of the period

As of September 30, 2015	3,742,815 shares
As of March 31, 2015	3,705,236 shares
 - 3) Average number of shares during the period

Six months ended September 30, 2015	868,451,326 shares
Six months ended September 30, 2014	792,483,995 shares

Implementation status for quarterly review procedure

The review procedure for quarterly financial statements based on the Financial Instruments and Exchange Act has 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 including the projection 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 “(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other” of “1. Qualitative Information on Financial Results for the Period” on page 3 of the Attachment.

(How to obtain supplemental document on quarterly financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on November 5, 2015 (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.

Contents of the Attachment

1. Qualitative Information on Financial Results for the Period	2
(1) Operating Results.....	2
(2) Financial Position	2
(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other	3
2. Summary Information (Notes).....	5
(1) Changes in Significant Subsidiaries during the Period.....	5
(2) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements.....	5
(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements	5
3. Consolidated Financial Statements	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statements of Income	
(For the Six Months Ended September 30, 2014 and 2015)	7
Consolidated Statements of Comprehensive Income	
(For the Six Months Ended September 30, 2014 and 2015)	8
(3) Consolidated Statements of Cash Flows	9
(4) Notes to Consolidated Financial Statements.....	10
(Going Concern Assumption)	10
(Significant Changes in Shareholders' Equity).....	10
(Segment Information).....	10

1. Qualitative Information on Financial Results for the Period

(1) Operating Results

1) Overview of the first half of the fiscal year ending March 31, 2016 (April 1, 2015 to September 30, 2015)

In the global economy during the period under review, the economy in the United States continued to recover as consumer spending increased and the unemployment rate fell, among other factors, while the economies in Europe also moved towards a moderate recovery. The Japanese economy was also recovering in general, supported by an improvement in employment conditions and signs of a pickup in corporate capital investment. However, concerns have begun to surface over an economic slowdown in emerging countries such as China, and consequently the outlook from hereon is uncertain.

In this business environment, the OKI Group recorded net sales of ¥223.0 billion (a year-on-year decrease of 2.5% or ¥5.8 billion), mainly attributable to a decline in sales volume in the Info-telecom Systems business and in the Printers business. Operating income was ¥3.6 billion (a year-on-year decrease of ¥3.0 billion), due to factors such as a decline in sales volume and the effects of foreign exchange rates in the Printers business.

Ordinary income was ¥2.7 billion (a year-on-year decrease of ¥6.9 billion), due to factors including incurring foreign exchange losses despite posting foreign exchange gains in non-operating income in the same period of the previous year. Profit attributable to owners of parent also fell by ¥9.4 billion year on year to ¥0.9 billion.

2) Results by business segment

<Info-telecom Systems>

Net sales to external customers came to ¥133.9 billion (a year-on-year decrease of 3.0% or ¥4.2 billion). In Solutions & Services, sales increased thanks to steady sales of projects for the finance and corporate sector, and steady performance of road traffic-related systems and disaster prevention administrative systems for municipalities also increased sales in Social Infrastructure Systems. Sales in Telecom Systems decreased due to the effect of sales of existing network devices for telecom carriers slowing down. Meanwhile, in Mechatronics Systems, sales decreased due to a fall in the sales of our subsidiary in Brazil and of ATMs to our sales partner in China, despite the robust sales of cash handling equipment in Japan.

Operating income was ¥3.7 billion (a year-on-year increase of ¥0.5 billion) due to reduced fixed costs and other factors, which offset the impact of falling sales volume.

<Printers>

Net sales to external customers amounted to ¥59.1 billion (a year-on-year decrease of 4.1% or ¥2.5 billion). In color and monochrome LED printers, although sales were firm for strategic products including the new A3 color MFPs, sales particularly of existing color printers decreased due to the impact of the shrinking market of developed nations such as the United States and Europe. These results were also affected by our decision to adhere to our profit-focused policy and not to follow the price offensive of competitors in relatively low-priced products.

Operating loss was ¥0.5 billion (worsening by ¥4.5 billion year on year) due to the effects of foreign exchange rates, an increase in fixed costs and a decline in sales volume.

<EMS, Others>

Net sales in EMS to external customers came to ¥20.6 billion (a year-on-year increase of 1.9% or ¥0.4 billion). Net sales in Others amounted to ¥9.5 billion (a year-on-year increase of 6.3% or ¥0.6 billion). Sales increased in EMS supported by the acquisition of new projects and the positive effects of M&A, while the favorable performance of reed switches and other components also boosted sales in Others.

Operating income in EMS increased to ¥0.8 billion (a year-on-year increase of ¥0.2 billion), and operating income in Others increased to ¥2.2 billion (a year-on-year increase of ¥0.6 billion).

(2) Financial Position

1) Assets, liabilities, net assets, etc., at the end of the first half of the fiscal year ending March 31, 2016

At the end of the period under review, total assets decreased by ¥26.9 billion from the end of the previous fiscal year to ¥412.5 billion. Shareholders' equity decreased by ¥6.8 billion from the end of the previous fiscal year to ¥112.8 billion mainly due to a decrease of ¥5.1 billion in accumulated other comprehensive income in addition to the distribution of ordinary dividends of ¥2.6 billion during the first half of the fiscal year ending March 31, 2016. As a result, shareholders' equity ratio stood at 27.3%.

With respect to major increases and decreases in assets, among current assets, there was an increase of ¥13.8 billion in inventories, while cash and deposits decreased by ¥9.4 billion and notes and accounts

receivable – trade decreased by ¥32.1 billion.

Total liabilities decreased by ¥19.0 billion mainly due to a decrease of ¥17.6 billion in notes and accounts payable – trade. Loans payable increased by ¥7.2 billion from ¥107.6 billion at the end of the previous fiscal year to ¥114.8 billion.

2) Cash flows for the first half of the fiscal year ending March 31, 2016

For the period under review, net cash used in operating activities amounted to ¥3.5 billion (¥23.0 billion in net cash provided for the same period of the previous fiscal year), due mainly to an increase in working capital.

Net cash used in investing activities amounted to ¥9.2 billion (¥10.0 billion for the same period of the previous fiscal year), due mainly to purchase of property, plant and equipment.

As a result, free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, resulted in a net outflow of ¥12.7 billion (a net inflow of ¥13.0 billion for the same period of the previous fiscal year).

Net cash provided by financing activities amounted to ¥3.7 billion (¥8.4 billion in net cash used for the same period of the previous fiscal year), due mainly to an increase in loans payable.

As a result, cash and cash equivalents at the end of the period under review decreased from ¥53.6 billion at the end of the previous fiscal year to ¥44.5 billion.

(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other

As for full-year consolidated results projection, the Company revised the projected figures announced on May 8, 2015, taking into account the performance trends and other factors for the first half of the fiscal year ending March 31, 2016.

In the Info-telecom Systems business, although the performance of the business for domestic market remains robust, net sales and profits are anticipated to decline from the previously announced plan. The decline is primarily attributable to the performance in the overseas market such as a decrease in sales of ATMs for our sales partner in China and a drop in sales from subsidiaries in Brazil affected by its local economic stagnation, in addition to intensified price competition for existing products and the effects of foreign exchange rates in the Printers business.

As a result, operating results for the fiscal year ending March 31, 2016 are expected to be ¥515.0 billion in net sales (¥30.0 billion decrease from previous announcement), ¥17.0 billion in operating income (¥13.0 billion decrease from previous announcement), ¥14.5 billion in ordinary income (¥13.5 billion decrease from previous announcement), and ¥10.0 billion in profit attributable to owners of parent (¥12.0 billion decrease from previous announcement).

The exchange rates for the second half of the fiscal year ending March 31, 2016 used in the full-year consolidated results projection are ¥125.0 to the U.S. dollar and ¥135.0 to the euro.

For details, please refer to “Financial Results for the First Half of FY ending March 31, 2016” disclosed today (November 5, 2015).

(Reference)

Full-year consolidated results projection for the fiscal year ending March 31, 2016
(from April 1, 2015 to March 31, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Previous projection (A)	545,000	30,000	28,000	22,000
Current projection (B)	515,000	17,000	14,500	10,000
Amount change (B – A)	-30,000	-13,000	-13,500	-12,000
Percentage change (%)	-5.5	-43.3	-48.2	-54.5
(Reference) Actual results for the fiscal year ended March 31, 2015	540,153	32,415	37,928	33,091

(Warning on forward-looking statements)

The forward-looking statements including the projection 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. Summary Information (Notes)

- (1) Changes in Significant Subsidiaries during the Period
Not applicable
- (2) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements
Not applicable

- (3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements
(Changes in Accounting Policies)

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013; the “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; the “Consolidated Financial Statements Accounting Standard”), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; the “Business Divestitures Accounting Standard”) and others. Accordingly, the Company has adopted the methods to record the differences arising from a change in the Company’s equity interest in its subsidiaries over which the Company continues to have control as capital surplus, and to record acquisition-related costs as expenses for the fiscal year in which such costs are incurred. Furthermore, for business combinations conducted at and after the beginning of the first quarter of the fiscal year ending March 31, 2016, a review on the allocation of acquisition costs upon finalization of provisional accounting treatments shall be reflected in the consolidated financial statements for the quarterly financial period in which the date of the relevant business combination falls. In addition, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests.” In order to reflect these changes in presentation, the consolidated financial statements for the first half of the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2015 have been reclassified.

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has changed the presentation of some items in the consolidated statements of cash flows. Cash flows associated with the changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are recorded under “Cash flows from financing activities,” and cash flows associated with expenses related to the purchase of shares of subsidiaries resulting in change in scope of consolidation or expenses arising from the changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are stated under “Cash flows from operating activities.”

The Business Combinations Accounting Standard and others were in accordance with transitional treatments set forth in Paragraph 58-2 (4) of the Business Combinations Accounting Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Paragraph 57-4 (4) of the Business Divestitures Accounting Standard, and the Company has adopted the accounting standards prospectively from the beginning of the first quarter of the fiscal year ending March 31, 2016.

The adoption of the accounting standards has no impact on profit and loss for the first half of the fiscal year ending March 31, 2016.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Six months ended September 30, 2015 (As of September 30, 2015)
Assets		
Current assets		
Cash and deposits	53,632	44,228
Notes and accounts receivable – trade	137,895	105,785
Finished goods	37,355	43,429
Work in process	22,406	31,507
Raw materials and supplies	26,293	24,993
Other	23,986	23,995
Allowance for doubtful accounts	(7,940)	(8,194)
Total current assets	293,629	265,746
Non-current assets		
Property, plant and equipment	57,176	57,299
Intangible assets	10,240	10,037
Investments and other assets	78,311	79,412
Total non-current assets	145,728	146,748
Total assets	439,358	412,494
Liabilities		
Current liabilities		
Notes and accounts payable – trade	79,053	61,541
Short-term loans payable	63,329	73,303
Provision	3,272	3,562
Other	65,925	56,995
Total current liabilities	211,580	195,402
Non-current liabilities		
Long-term loans payable	44,241	41,483
Provision for directors' retirement benefits	378	411
Net defined benefit liability	22,817	23,365
Other	38,924	38,231
Total non-current liabilities	106,362	103,490
Total liabilities	317,943	298,893
Net assets		
Shareholders' equity		
Capital stock	44,000	44,000
Capital surplus	21,554	21,554
Retained earnings	41,989	40,278
Treasury shares	(453)	(463)
Total shareholders' equity	107,090	105,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,291	7,082
Deferred gains or losses on hedges	(72)	(50)
Foreign currency translation adjustment	(10,433)	(13,712)
Remeasurements of defined benefit plans	14,750	14,123
Total accumulated other comprehensive income	12,536	7,443
Subscription rights to shares	79	79
Non-controlling interests	1,708	708
Total net assets	121,414	113,601
Total liabilities and net assets	439,358	412,494

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)
(For the Six Months Ended September 30, 2014 and 2015)

(Million yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Net sales	228,791	223,001
Cost of sales	170,922	164,766
Gross profit	57,869	58,234
Selling, general and administrative expenses	51,301	54,640
Operating income	6,567	3,594
Non-operating income		
Interest income	96	175
Dividend income	478	535
Share of profit of entities accounted for using equity method	181	362
Foreign exchange gains	4,227	—
Miscellaneous income	489	431
Total non-operating income	5,473	1,504
Non-operating expenses		
Interest expenses	1,218	1,008
Foreign exchange losses	—	1,067
Miscellaneous expenses	1,245	346
Total non-operating expenses	2,464	2,422
Ordinary income	9,577	2,676
Extraordinary income		
Gain on sales of non-current assets	—	190
Total extraordinary income	—	190
Extraordinary losses		
Loss on disposal of non-current assets	126	138
Total extraordinary losses	126	138
Income before income taxes and minority interests	9,450	2,728
Income taxes – current	1,695	949
Income taxes – deferred	(2,061)	1,714
Total income taxes	(365)	2,663
Profit	9,816	64
Loss attributable to non-controlling interests	(441)	(830)
Profit attributable to owners of parent	10,257	895

(Consolidated Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2014 and 2015)

(Million yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Profit	9,816	64
Other comprehensive income		
Valuation difference on available-for-sale securities	1,540	(1,197)
Deferred gains or losses on hedges	239	22
Foreign currency translation adjustment	(707)	(3,440)
Remeasurements of defined benefit plans, net of tax	(1,016)	(835)
Share of other comprehensive income of entities accounted for using equity method	30	197
Total other comprehensive income	85	(5,253)
Comprehensive income	9,901	(5,189)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,303	(4,196)
Comprehensive income attributable to non-controlling interests	(401)	(992)

(3) Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	9,450	2,728
Depreciation	6,759	6,899
Increase (decrease) in provision	(1,213)	181
Interest and dividend income	(575)	(711)
Interest expenses	1,218	1,008
Loss (gain) on disposal of non-current assets	112	(51)
Decrease (increase) in notes and accounts receivable – trade	36,491	29,889
Decrease (increase) in inventories	(15,968)	(14,622)
Increase (decrease) in notes and accounts payable – trade	(8,283)	(15,789)
Other, net	(1,689)	(6,829)
Subtotal	26,302	2,702
Interest and dividend income received	575	704
Interest expenses paid	(1,225)	(1,002)
Income taxes paid	(2,650)	(5,857)
Net cash provided by (used in) operating activities	23,001	(3,453)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,128)	(6,539)
Purchase of intangible assets	(1,392)	(739)
Payments for transfer of business	—	(1,973)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,717)	—
Other payments	(1,049)	(658)
Other proceeds	248	670
Net cash provided by (used in) investing activities	(10,039)	(9,240)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,468	9,352
Proceeds from long-term loans payable	6,200	6,886
Repayments of long-term loans payable	(11,926)	(8,905)
Proceeds from sales and leasebacks	379	331
Repayments of lease obligations	(1,334)	(1,317)
Cash dividends paid	(3,158)	(2,585)
Other, net	(17)	(17)
Net cash provided by (used in) financing activities	(8,389)	3,742
Effect of exchange rate change on cash and cash equivalents	530	(134)
Net increase (decrease) in cash and cash equivalents	5,103	(9,085)
Cash and cash equivalents at beginning of period	50,866	53,598
Increase in cash and cash equivalents from newly consolidated subsidiary	44	—
Cash and cash equivalents at end of period	56,013	44,513

(4) Notes to Consolidated Financial Statements

(Going Concern Assumption)
Not Applicable(Significant Changes in Shareholders' Equity)
Not Applicable

(Segment Information)

I First half of the fiscal year ended March 31, 2015 (from April 1, 2014 to September 30, 2014)
Information about amounts of net sales, income and loss by reportable segment

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Info- telecom Systems	Printers	EMS	Total				
Net sales								
Net sales to external customers	138,094	61,613	20,192	219,900	8,891	228,791	—	228,791
Intersegment net sales or transfers	2,427	2,545	171	5,144	11,083	16,227	(16,227)	—
Total	140,521	64,159	20,364	225,044	19,974	245,019	(16,227)	228,791
Segment income (loss)	3,220	3,999	575	7,795	1,592	9,388	(2,820)	6,567

- (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. The adjustment to segment income or loss of ¥(2,820) million includes the elimination of intersegment transactions of ¥86 million, corporate expenses not allocated to each reportable segment of ¥(2,826) million, and an adjustment to non-current assets of ¥(79) million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
 3. Segment income or loss is adjusted with operating income in the consolidated statements of income.

II First half of the fiscal year ending March 31, 2016 (from April 1, 2015 to September 30, 2015)
Information about amounts of net sales, income and loss by reportable segment

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Info- telecom Systems	Printers	EMS	Total				
Net sales								
Net sales to external customers	133,890	59,084	20,572	213,547	9,454	223,001	—	223,001
Intersegment net sales or transfers	1,940	2,640	175	4,756	12,390	17,146	(17,146)	—
Total	135,831	61,724	20,747	218,303	21,844	240,148	(17,146)	223,001
Segment income (loss)	3,705	(492)	801	4,014	2,224	6,238	(2,644)	3,594

- (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. The adjustment to segment income or loss of ¥(2,644) million includes the elimination of intersegment transactions of ¥92 million, corporate expenses not allocated to each reportable segment of ¥(2,676) million, and an adjustment to non-current assets of ¥(59) million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
 3. Segment income or loss is adjusted with operating income in the consolidated statements of income.