(Translation)

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [J-GAAP]

May 12, 2017

Listed Company Name: Oki Electric Industry Co., Ltd.
Securities Code: 6703
Stock Exchange Listing: Tokyo Stock Exchange URL: http://www.oki.com/
Representative: Shinya Kamagami, President, Representative Director
Contact: Atsushi Yamauchi, General Manager, Investor Relations TEL: +81-3-3501-3836
Date of Ordinary General Meeting of Shareholders (Scheduled): June 23, 2017
Commencement of Dividend Payment (Scheduled): June 26, 2017
Filing of Securities Report (Scheduled): June 23, 2017
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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results (cumulative) (Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2017	451,627	(7.9)	2,545	(86.3)	(2,366)	–	4,691	(29.0)
March 31, 2016	490,314	(9.2)	18,594	(42.6)	11,366	(70.0)	6,609	(80.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥(4,351) million (–%)
Fiscal year ended March 31, 2016: ¥(10,271) million (–%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2017	54.03	54.01	4.6	(0.6)	0.6
March 31, 2016	76.10	–	5.8	2.7	3.8

(Reference) Share of profit (loss) of entities accounted for using equity method:
Fiscal year ended March 31, 2017: ¥473 million
Fiscal year ended March 31, 2016: ¥423 million

* With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented. Accordingly, basic earnings per share and diluted earnings per share have been calculated on the assumption that this consolidation of shares was carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	360,724	97,215	26.9	1,115.68
As of March 31, 2016	411,776	107,384	25.9	1,229.09

(Reference) Shareholders' equity: As of March 31, 2017: ¥96,878 million
As of March 31, 2016: ¥106,733 million

* With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented. Accordingly, net assets per share has been calculated on the assumption that this consolidation of shares was carried out at the beginning of the previous fiscal year.

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2017	41,967	7,588	(43,985)	51,980
March 31, 2016	(3,573)	(13,762)	11,138	46,322

2. Dividends

	Dividend per share					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended								
March 31, 2016	–	2.00	–	3.00	5.00	4,343	65.7	3.8
March 31, 2017	–	2.00	–	30.00	–	4,343	92.5	4.3
Fiscal year ending March 31, 2018 (Projection)	–	20.00	–	30.00	50.00		54.3	

* With regard to the year-end dividend per share for the fiscal year ended March 31, 2017, the amount presented takes into account the consolidation of shares and a "–" is used to indicate the total amount. The annual dividend per share that is calculated in accordance with the standard after the consolidation of shares are ¥50 per share for the fiscal year ended March 31, 2016 and fiscal year ended March 31, 2017.

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	198,000	(0.6)	(5,000)	–	(5,500)	–	(6,500)	–	(74.86)
Full year	455,000	0.7	13,000	410.8	12,000	–	8,000	70.5	92.13

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: None
  4) Restatements: None

(3) Number of shares issued (common stock)
  1) Number of shares issued at the end of the period (including treasury shares)
    As of March 31, 2017: 87,217,602 shares
    As of March 31, 2016: 87,217,602 shares
  2) Number of treasury shares at the end of the period
    As of March 31, 2017: 384,195 shares
    As of March 31, 2016: 378,283 shares
  3) Average number of shares during the period
    Fiscal Year ended March 31, 2017: 86,836,338 shares
    Fiscal Year ended March 31, 2016: 86,842,914 shares

(Note) For information on the number of shares for the basis for calculating basic earnings per share (consolidated), please refer to "Per Share Information" on page 46 of the Attachment.

* With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented. Accordingly, number of shares issued has been calculated on the assumption that this consolidation of shares was carried out at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Non-consolidated Operating Results (Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2017	212,198	(6.5)	5,025	(49.0)	10,314	(8.0)	(18,691)	–
March 31, 2016	226,936	(12.1)	9,853	(41.1)	11,214	(52.8)	6,448	(73.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2017	(215.18)	–
March 31, 2016	74.23	–

* With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented. Accordingly, basic earnings per share has been calculated on the assumption that this consolidation of shares was carried out at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	264,613	82,623	31.2	950.12
As of March 31, 2016	322,288	104,997	32.6	1,207.80

(Reference) Shareholders' equity: As of March 31, 2017: ¥82,529 million
As of March 31, 2016: ¥104,918 million

* With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented. Accordingly, net assets per share has been calculated on the assumption that this consolidation of shares was carried out at the beginning of the previous fiscal year.

Financial results reports are not required to be audited.

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 "Outlook for the fiscal year ending March 31, 2018" of "1. Overview of Operating Results and Others, (1) Analysis of Operating Results" on page 2 of the Attachment.

(How to obtain supplementary document on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on May 12, 2017 (Friday). 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. Overview of Operating Results and Others

(1) Analysis of Operating Results

1) Results of operations for the fiscal year under review (April 1, 2016 to March 31, 2017)

Looking at the global economy during the fiscal year ended March 31, 2017, in the U.S. there were worries about uncertainties regarding the policies of the new administration but recovery continued as private consumption and the number of employed persons increased. In Europe, recovery continued in such areas as a downward trend in the unemployment rate. Economic conditions also firmed slightly in China and other emerging countries. The Japanese economy also continued its moderate recovery supported by improvement in the employment situation and corporate earnings.

Under this business environment, OKI Group reported net sales of ¥451.6 billion, a ¥38.7 billion or 7.9% decrease year-on-year, due to decrease in overseas sales volume in Mechatronics systems business and Printers business despite the sales for Japanese market mainly for ICT business roughly as planned. Operating income was ¥2.5 billion, a ¥16.1 billion decrease year-on-year, due to provision of allowance for doubtful accounts related to the receivables in Chinese ATM business.

Ordinary loss was ¥2.4 billion, a ¥13.8 billion worsen year-on-year, due to recording foreign exchange losses of ¥4.8 billion in non-operating expenses. Profit attributable to owners of parent was ¥4.7 billion, a ¥1.9 billion decrease year-on-year, as the recording of ¥12.6 billion from gain on sales of shares of subsidiaries and associates and ¥7.8 billion from gain on return of assets from retirement benefits trust in extraordinary income were offset by the recording of ¥2.4 billion from loss on sales of non-current assets and ¥2.5 billion from loss on Anti-Monopoly Act in extraordinary losses.

(Billions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change rate
Net sales	451.6	490.3	(7.9)%
Operating income	2.5	18.6	(86.3)%
Ordinary income (loss)	(2.4)	11.4	–
Profit attributable to owners of parent	4.7	6.6	(29.0)%

Net sales and operating income to external customers by business were as follows.

<ICT>

Net sales came to ¥177.4 billion (a year-on-year decrease of 7.2% or ¥13.8 billion). The decline reflected the end of sales to telecom carriers concerning existing networks in the previous fiscal year and a decline in demand for digitalizing wireless communication systems for firefighting use.

Operating income came to ¥14.4 billion (a year-on-year increase of ¥2.8 billion) despite the impact of a decline in sales volume, thanks to profitability improvement supported by structural reforms.

(Billions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change rate
Net sales	177.4	191.2	(7.2)%
Operating income	14.4	11.6	23.7%

* In line with the revision in segmentation, the figures for the fiscal year ended March 31, 2016 have been restated.

<Mechatronics Systems>

Net sales came to ¥100.9 billion (a year-on-year decrease of 11.2% or ¥12.8 billion). Sales declined, as although sales centering on cash handling equipment in the domestic businesses and sales in Brazil and other overseas businesses were essentially in line with projections, sales volume of ATMs to China fell owing to the disappearance of sales to a local partner in China, which amounted to two months' worth in the previous fiscal year, and demand remaining subdued.

Operating loss came to ¥11.8 billion (a year-on-year deterioration of ¥17.8 billion), owing to provision of allowance for doubtful accounts relating to the Chinese ATM business and lower sales volume and the impact of production adjustments to bring inventories to an appropriate level.

(Billions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change rate
Net sales	100.9	113.7	(11.2)%
Of which, sales in Japan	60.5	55.6	8.7%
sales in overseas	40.5	58.1	(30.3)%
Operating income	(11.8)	6.0	–

* In line with the revision in segmentation, the figures for the fiscal year ended March 31, 2016 have been restated.

<Printers>

Net sales came to ¥112.4 billion (a year-on-year decrease of 9.8% or ¥12.2 billion). There was a contribution from the consolidation of the wide format printer business company established in October 2015, but color and monochrome LED printers were affected by exchange rate movements as well as ongoing contraction in office printing demand.

Operating income came to ¥1.0 billion (a year-on-year decrease of ¥0.4 billion) despite the decrease in sales volume, thanks to profits from product mix improvements and a review of fixed costs.

(Billions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change rate
Net sales	112.4	124.6	(9.8)%
Of which, sales in Japan	29.8	28.4	4.7%
sales in overseas	82.6	96.2	(14.1)%
Operating income	1.0	1.4	(27.6)%

<EMS>

Net sales came to ¥43.2 billion (a year-on-year increase of 1.9% or ¥0.8 billion), as a result that reflected partly delays in consignment from an existing major customer. Operating income came to ¥2.1 billion (a year-on-year decrease of ¥0.2 billion).

(Billions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change rate
Net sales	43.2	42.4	1.9%
Operating income	2.1	2.3	(9.9)%

<Others>

Net sales came to ¥17.8 billion (a year-on-year decrease of 3.9% or ¥0.7 billion) due to a pause in demand for components up until the previous fiscal year. Operating income came to ¥3.4 billion (a year-on-year decrease of ¥0.8 billion) owing to lower sales volume.

(Billions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change rate
Net sales	17.8	18.5	(3.9)%
Operating income	3.4	4.2	(18.0)%

2) Outlook for the fiscal year ending March 31, 2018

In the fiscal year ending March 31, 2018, while the global economy is expected to remain on a moderate recovery trend in general, there are concerns for possible impacts from uncertainty about the U.S. policies and the UK leaving the EU.

As the business outlook for the OKI Group for the fiscal year ending March 31, 2018, we project a ¥3.4 billion year-on-year increase in net sales to ¥455.0 billion, a ¥10.5 billion increase in operating income to ¥13.0 billion, a ¥14.4 billion increase in ordinary income to ¥12.0 billion and a ¥3.3 billion increase in profit attributable to owners of parent to ¥8.0 billion. Foreign exchange differences are not factored in for the non-operating income and expenses.

In the ICT business, we plan to implement investments in new businesses while ensuring stable profits from the existing lines of business. In the Mechatronics Systems business, while the Chinese ATM market remains on a plateau, we project an improvement in the business conditions of Brazil and increases in sales of ATMs in other overseas locations. In the Printers business, we have set implementation of structural reforms to secure stable profits as the top priority. In the EMS business, we will continue to work for its further growth.

The exchange rates used in the consolidated results projection are ¥110.0 to the U.S. dollar and ¥115.0 to the euro.

(Billions of yen)	Fiscal year ending March 31, 2018	Fiscal year ended March 31, 2017	Year-on-year change rate
Net sales	455.0	451.6	0.7%
Operating income	13.0	2.5	410.8%
Ordinary income	12.0	(2.4)	–
Profit attributable to owners of parent	8.0	4.7	70.5%

(Billions of yen)		Fiscal year ending March 31, 2018	Fiscal year ended March 31, 2017	Year-on-year change rate
ICT	Net sales	183.0	177.4	3.2%
	Operating income	13.5	14.4	(6.2)%
Mechatronics Systems	Net sales	105.0	100.9	4.0%
	Operating income	1.0	(11.8)	–
Printers	Net sales	106.0	112.4	(5.7)%
	Operating income	1.0	1.0	(3.2)%
EMS	Net sales	49.0	43.2	13.5%
	Operating income	2.5	2.1	21.5%
Others	Net sales	12.0	17.8	(32.4)%
	Operating income	1.5	3.4	(56.3)%
Elimination/corporate	Operating income	(6.5)	(6.5)	–
Total	Net sales	455.0	451.6	0.7%
	Operating income	13.0	2.5	410.8%

(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) 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 ¥51.1 billion from the end of the previous fiscal year to ¥360.7 billion. Meanwhile, shareholders' equity decreased by ¥9.8 billion from the end of the previous fiscal year to ¥96.9 billion mainly due to the decrease of ¥8.2 billion in accumulated other comprehensive income and distribution of ordinary dividends of ¥4.3 billion, despite the recording of profit attributable to owners of parent of ¥4.7 billion.

As a result, shareholders' equity ratio stood at 26.9%.

With respect to major decreases in assets, there were decreases of ¥34.3 billion in notes and accounts receivable - trade, ¥16.9 billion in inventories, ¥11.9 billion in property, plant and equipment, while there was an increase of ¥17.0 billion in investment securities.

With respect to major decreases in liabilities, there were decreases of ¥6.8 billion in notes and accounts payable – trade. Loans payable decreased by ¥35.1 billion from ¥122.1 billion at the end of the previous year to ¥87.0 billion.

Net cash provided by operating activities amounted to ¥42.0 billion (¥3.6 billion of cash outflow for the previous fiscal year), due mainly to an improvement in working capital.

Net cash provided by investing activities amounted to ¥7.6 billion (¥13.8 billion of cash outflow for the previous fiscal year), due mainly to proceeds from sales of shares of a subsidiary.

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 inflow of ¥49.6 billion (net outflow of ¥17.4 billion for the previous fiscal year).

Net cash used in financing activities amounted to ¥44.0 billion (¥11.1 billion of cash inflow for the previous fiscal year), due mainly to repayments of loans payable and the distribution of ordinary dividends.

As a result, cash and cash equivalents at the end of the fiscal year under review increased from ¥46.3 billion at the end of the previous fiscal year to ¥52.0 billion.

2) Cash flow-related indicators

	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017
Shareholders' equity ratio (%)	16.1	21.5	27.2	25.9	26.9
Shareholders' equity ratio on a market value basis (%)	24.4	39.0	49.2	33.5	38.6
Ratio of interest-bearing debt to cash flows (years)	7.6	6.6	6.7	8.1	4.9
Interest coverage ratio (times)	3.6	5.0	5.1	5.7	8.5

(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:
  The amount is calculated by multiplying the number of shares issued (excluding treasury shares) by the share price on the last day of the fiscal year.
- Cash flows from operating activities:

"Cash flows from 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, 2017 and the Fiscal Year Ending March 31, 2018

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.

Based on this policy, the Company will distribute dividends of surplus (a year-end dividend) at ¥30.00 per share for the fiscal year under review. The Company will pay an annual dividend of ¥50.00 per share including the interim dividend of ¥20.00 per share(*).

As for dividends of surplus for the next fiscal year, the Company plans to pay an annual dividend of ¥50.00 per share, comprising an interim dividend of ¥20.00 per share and a year-end dividend of ¥30.00 per share.

* With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented. The interim dividend for the fiscal year under review is presented assuming that the shares were consolidated at the beginning of the fiscal year under review. The interim dividend without factoring in the consolidation of shares would be ¥2.00.

(4) Risks Related to Business

Major risks related to business performance, financial status, and other factors of the OKI Group (the Company and its consolidated subsidiaries) that may potentially have significant influence on investors' decisions include the following:

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, Asia and South America and changes in the import-export policy for foreign products may adversely affect the OKI Group's financial results and position.

2) Statutory and regulatory requirements
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, 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.

3) Sudden technological innovation
The OKI Group's principal business segments are subject to rapid technological innovations, and existing technologies and products become soon obsolete. Accordingly, the OKI Group strives to preserve its competitive advantage that supports its businesses through research and development. However, the OKI

Group's financial results and position may be adversely affected in the event it is unable to deliver products and services that appeal to customers due to a delay in the development.

4) Market trends

(i) Competitions

Competitions in the product and geographical markets in which the OKI Group is operating are intensifying, with new participants in addition to the existing competitors. In an effort to get ahead of the competition and secure competitive advantages, the OKI Group strives its best to develop new products and reduce costs. However, the OKI Group's financial results and position may be adversely affected in the event that these measures turn out not effective, and the OKI Group as a result loses its competitive advantage or fails to secure profitability sufficiently.

(ii) Customer trends

In the event that some specific major customers representing a certain percentage of net sales of the OKI Group change their investment decisions due to operational or financial reasons, resulting in a decrease of transactions with the Company, that the public-sector investment significantly declines due to national government policies, or that investment of major customers declines as affected by said policies, etc., the OKI Group's financial results and position may be adversely affected.

(iii) Decline in price

Due to the severe competitions, the OKI Group may find it difficult to maintain appropriate prices of its products and services. Despite every effort to secure profitability through development of new products and cost reduction, the OKI Group's financial results and position may be adversely affected if the prices decline more sharply than projected.

5) Overseas business activities

The OKI Group has production sites in Thailand, China and Brazil, being engaged in sales activities across a variety of countries and regions. The OKI Group's financial results and position may be adversely affected by the occurrence of unforeseen events such as economic downturns, political turmoil, fluctuations in local currency exchange rates, and social disorder caused by conflict or terrorism 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.

6) Internal Control

The OKI Group has established an internal control system in an effort to ensure appropriateness of the business operation and accuracy of financial reporting, and is operating the system while striving to further enhance it. The OKI Group, however, cannot deny the possibility that the internal control system will become not functional due to a variety of factors such as negligence or wrongdoings by the Group's officer or employee, and any change in the business environment that was not assumed when the system was built. If consequently the OKI Group fails to secure appropriateness of the business operation, which results in a violation of laws and regulations or similar problem, or the Group is unable to maintain effectiveness of the internal control for financial reporting, the OKI Group's financial results and position may be adversely affected.

7) 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 are 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 eliminate the possibility that a lawsuit may be instituted against the OKI Group for 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 such lawsuit 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.

8) 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.

9) 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.

10) Raw materials and component procurement

The OKI Group procures a variety of raw materials and components in support of its production activities, and, due to the effect of disasters, it may become incapable of stable procurement of raw materials and components, and incapable of switching suppliers or replacing components due to special properties of these raw materials and components. In such cases, there may be delays in product shipment, leading to delays in delivery to customers, missed business opportunities and other losses, and the OKI Group's financial results and position may be adversely affected.

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.

11) 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.

12) 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, financing 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.

13) 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.

14) 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 increase in financing costs in the future.

15) 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.

16) 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.

17) 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.

18) 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.

19) Retirement benefit obligations

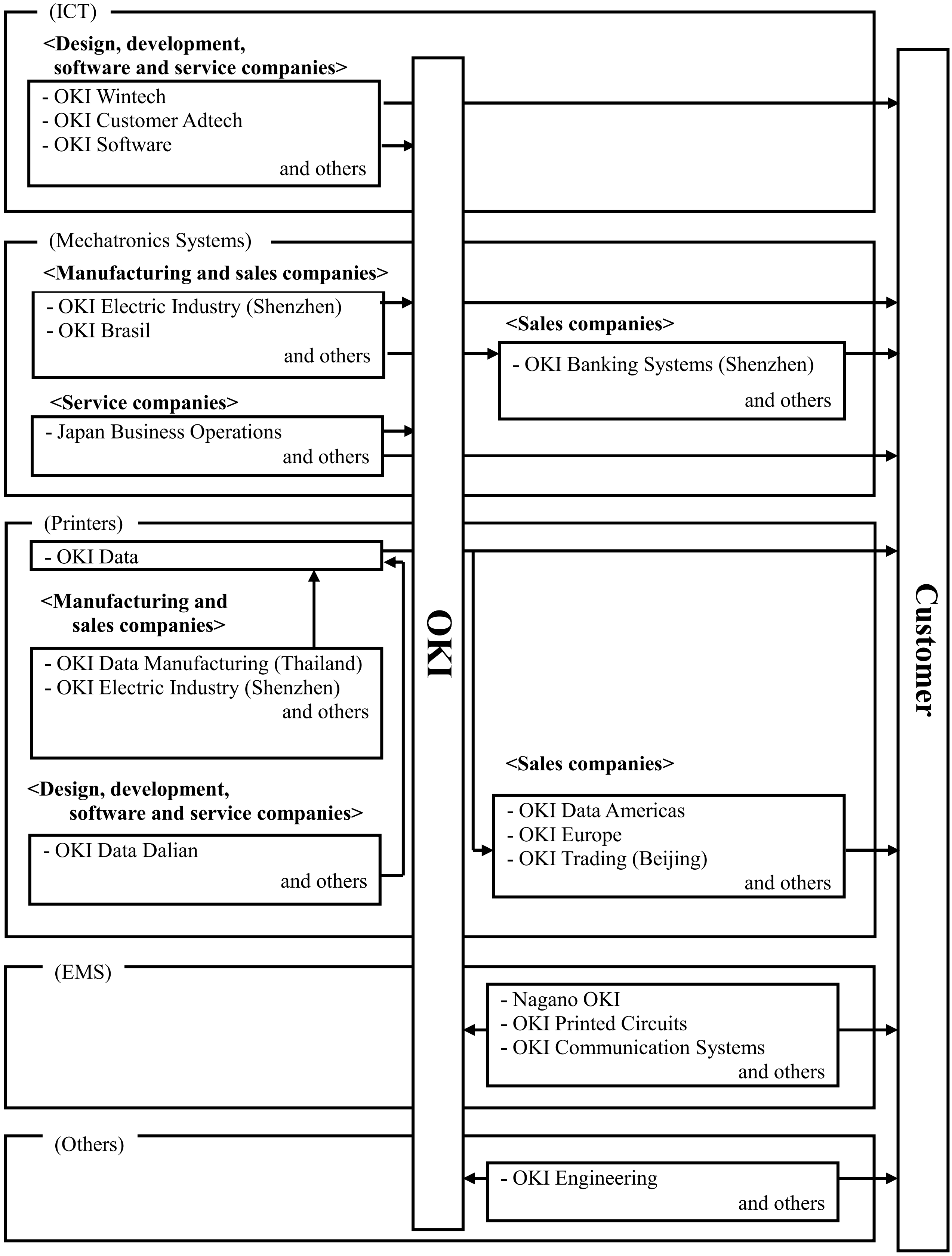
The OKI Group provides appropriate amounts of retirement benefit obligations based on assumptions and preconditions such as a discount rate established using actuarial calculations and on expected long-term rate of return on pension assets. However, such assumptions and preconditions are susceptible 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.

20) Natural and other disasters, and accidents

The OKI Group strives to ensure that its disaster prevention framework remains well maintained through periodic inspections on disaster prevention measures and maintenance of facilities to minimize negative impacts from interruption of its manufacturing lines caused by a disaster or an accident. However, there is no guarantee that the OKI Group will be able to completely prevent adverse impacts from such factors as earthquakes, wind or flood damage, fire, major power outages, other disasters, accidents, conflicts, and terrorism. If any business location of the OKI Group is closed, or its business activity is suspended due to any of these factors, the OKI Group's financial results and position may be adversely affected.

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

Guided by the corporate philosophy of “The people of OKI, true to the company’s ‘enterprising spirit,’ are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age,” the Company aims to become a company that generates stable profits and attains steady growth. Also, the Company strives to meet the expectations and response to the trust of all its stakeholders, including the society, customers, shareholders and employees.

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

The ICT related market in which the OKI group operates is constantly evolving, and at an ever-faster rate. To respond to such changes in the business environment, we recognize that we face major challenges to develop new products, accelerate advances into growth fields, and improve profitability.

Faced with these challenges, the OKI Group aims to secure stable profits and sustained improvement in corporate value. In existing businesses, we will strive to maintain and improve profitability through efforts centering on strengthening cost competitiveness. In addition, we intend to expand our business by actively promoting strategic investments in the development of new products and businesses. Besides developing business making use of the OKI Group’s key strengths in networks and sensing and our highly reliable manufacturing technologies, we aim also actively to use business alliances and M&A investments to support growth. While enhancing products and services that respond to diversifying market needs, we intend to expand sales by improving quality and productivity, strengthening collaboration between production and sales bases in Japan and overseas, and bolstering our service structure. At the same time, we will strive to raise capital efficiency by improving asset efficiency and realize stable shareholder returns.

From the perspective of corporate social responsibility, we regard environmental issues as a vital management issue. We are actively pressing forward with initiatives on energy-saving, resource conservation, reducing and recycling waste, and reducing the environmental load.

To response to the trust from all stakeholders, we are also striving to ensure reliable business continuity by strengthening internal control systems through reinforcing corporate governance, compliance systems, and risk management systems.

The OKI Group plans to announce its new Mid-term Business Plan on May 26, 2017. For details, please refer to the new Mid-term Business Plan.

4. Basic Approach to the Selection of Accounting Standards

The OKI Group is conducting studies on the differences between the International Financial Reporting Standards (IFRS) and J-GAAP and their potential impact. The OKI Group is moving ahead with deliberations on the future application of IFRS.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	47,829	54,164
Notes and accounts receivable - trade	135,910	101,572
Lease investment assets	4,904	5,430
Finished goods	36,599	20,423
Work in process	19,496	19,656
Raw materials and supplies	23,373	22,502
Deferred tax assets	6,750	5,454
Other	11,079	9,679
Allowance for doubtful accounts	(8,314)	(7,377)
Total current assets	277,630	231,506
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,565	20,449
Machinery, equipment and vehicles, net	9,142	7,337
Tools, furniture and fixtures, net	10,326	10,004
Land	13,079	6,780
Construction in progress	576	211
Total property, plant and equipment	* 56,691	* 44,783
Intangible assets	9,637	10,891
Investments and other assets		
Investment securities	32,604	49,576
Net defined benefit asset	27,286	9,511
Long-term operating receivables	510	18,659
Other	8,233	7,768
Allowance for doubtful accounts	(818)	(11,971)
Total investments and other assets	67,816	73,544
Total non-current assets	134,145	129,218
Total assets	411,776	360,724
Liabilities		
Current liabilities		
Notes and accounts payable - trade	65,477	58,685
Short-term loans payable	72,692	56,882
Accrued expenses	33,265	29,499
Other	27,726	31,492
Total current liabilities	199,162	176,559
Non-current liabilities		
Long-term loans payable	49,391	30,129
Lease obligations	5,727	7,135
Deferred tax liabilities	13,742	14,683
Provision for directors' retirement benefits	462	490
Net defined benefit liability	24,841	26,199
Other	11,061	8,310
Total non-current liabilities	105,228	86,949
Total liabilities	304,391	263,509

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Net assets		
Shareholders’ equity		
Capital stock	44,000	44,000
Capital surplus	21,673	19,799
Retained earnings	44,255	44,434
Treasury shares	(468)	(477)
Total shareholders’ equity	109,460	107,757
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,642	5,337
Deferred gains or losses on hedges	(562)	(2)
Foreign currency translation adjustment	(12,835)	(11,702)
Remeasurements of defined benefit plans	6,028	(4,511)
Total accumulated other comprehensive income	(2,726)	(10,878)
Subscription rights to shares	79	94
Non-controlling interests	572	242
Total net assets	107,384	97,215
Total liabilities and net assets	411,776	360,724

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

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
Net sales		490,314		451,627
Cost of sales	*2	361,250	*2	337,393
Gross profit		129,064		114,233
Selling, general and administrative expenses	*1, *2	110,469	*1, *2	111,688
Operating income		18,594		2,545
Non-operating income				
Interest income		309		354
Dividend income		871		827
Share of profit of entities accounted for using equity method		423		473
Dividend income of insurance		335		355
Miscellaneous income		674		503
Total non-operating income		2,613		2,514
Non-operating expenses				
Interest expenses		1,990		1,794
Foreign exchange losses		6,374		4,764
Miscellaneous expenses		1,476		868
Total non-operating expenses		9,841		7,426
Ordinary income (loss)		11,366		(2,366)
Extraordinary income				
Gain on sales of non-current assets		198		178
Gain on sales of investment securities		1,935		1,034
Gain on sales of shares of subsidiaries and associates		–	*3	12,567
Gain on return of assets from retirement benefits trust		–	*4	7,822
Total extraordinary income		2,134		21,602
Extraordinary losses				
Loss on sales of non-current assets		8	*5	2,405
Loss on abandonment of non-current assets		495		680
Impairment loss		1,059		–
Provision for environmental measures		247		–
Loss on Anti-Monopoly Act		–	*6	2,477
Total extraordinary losses		1,811		5,563
Profit before income taxes		11,689		13,672
Income taxes - current		1,916		2,704
Income taxes - deferred		4,495		6,530
Total income taxes		6,412		9,235
Profit		5,277		4,437
Loss attributable to non-controlling interests		(1,332)		(254)
Profit attributable to owners of parent		6,609		4,691

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	5,277	4,437
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,627)	667
Deferred gains or losses on hedges	(489)	559
Foreign currency translation adjustment	(2,688)	496
Remeasurements of defined benefit plans, net of tax	(8,899)	(10,543)
Share of other comprehensive income of entities accounted for using equity method	155	30
Total other comprehensive income	* (15,548)	* (8,788)
Comprehensive income	(10,271)	(4,351)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,653)	(4,033)
Comprehensive income attributable to non-controlling interests	(1,617)	(318)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	21,554	41,989	(453)	107,090
Changes of items during period					
Dividends of surplus			(4,343)		(4,343)
Profit attributable to owners of parent			6,609		6,609
Purchase of treasury shares				(14)	(14)
Change of scope of consolidation					–
Capital increase of consolidated subsidiaries		118			118
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	118	2,265	(14)	2,369
Balance at end of current period	44,000	21,673	44,255	(468)	109,460

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at beginning of current period	8,291	(72)	(10,433)	14,750	12,536	79	1,708	121,414
Changes of items during period								
Dividends of surplus								(4,343)
Profit attributable to owners of parent								6,609
Purchase of treasury shares								(14)
Change of scope of consolidation								–
Capital increase of consolidated subsidiaries								118
Change in ownership interest of parent due to transactions with non-controlling interests								–
Net changes of items other than shareholders' equity	(3,649)	(489)	(2,402)	(8,722)	(15,262)	–	(1,136)	(16,399)
Total changes of items during period	(3,649)	(489)	(2,402)	(8,722)	(15,262)	–	(1,136)	(14,030)
Balance at end of current period	4,642	(562)	(12,835)	6,028	(2,726)	79	572	107,384

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	21,673	44,255	(468)	109,460
Changes of items during period					
Dividends of surplus			(4,343)		(4,343)
Profit attributable to owners of parent			4,691		4,691
Purchase of treasury shares				(8)	(8)
Change of scope of consolidation			(168)		(168)
Capital increase of consolidated subsidiaries					–
Change in ownership interest of parent due to transactions with non-controlling interests		(1,873)			(1,873)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(1,873)	179	(8)	(1,702)
Balance at end of current period	44,000	19,799	44,434	(477)	107,757

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at beginning of current period	4,642	(562)	(12,835)	6,028	(2,726)	79	572	107,384
Changes of items during period								
Dividends of surplus								(4,343)
Profit attributable to owners of parent								4,691
Purchase of treasury shares								(8)
Change of scope of consolidation								(168)
Capital increase of consolidated subsidiaries								–
Change in ownership interest of parent due to transactions with non-controlling interests								(1,873)
Net changes of items other than shareholders' equity	695	559	1,133	(10,540)	(8,151)	15	(329)	(8,466)
Total changes of items during period	695	559	1,133	(10,540)	(8,151)	15	(329)	(10,168)
Balance at end of current period	5,337	(2)	(11,702)	(4,511)	(10,878)	94	242	97,215

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017
Cash flows from operating activities			
Profit before income taxes	11,689		13,672
Depreciation	14,382		13,991
Gain on return of assets from retirement benefits trust	–		(7,822)
Increase (decrease) in provision	466		13,244
Interest and dividend income	(1,180)		(1,182)
Interest expenses	1,990		1,794
Loss (gain) on sales of investment securities	(1,928)		(1,034)
Loss (gain) on sales of shares of subsidiaries and associates	–		(12,567)
Loss (gain) on disposal of non-current assets	305		2,907
Decrease (increase) in notes and accounts receivable - trade	(8,743)		30,440
Decrease (increase) in inventories	3,539		15,515
Increase (decrease) in notes and accounts payable - trade	(4,784)		(1,040)
Increase (decrease) in accrued expenses	(2,079)		(3,684)
Decrease (increase) in long-term operating receivables	20		(17,803)
Other, net	(9,653)		(1,358)
Subtotal	4,024		45,072
Interest and dividend income received	1,278		1,181
Interest expenses paid	(1,938)		(1,842)
Income taxes paid	(6,938)		(2,445)
Net cash provided by (used in) operating activities	(3,573)		41,967
Cash flows from investing activities			
Purchase of property, plant and equipment	(11,598)		(8,773)
Proceeds from sales of property, plant and equipment	503		5,760
Proceeds from sales of investment securities	2,680		3,081
Purchase of intangible assets	(2,630)		(5,194)
Payments for transfer of business	(1,973)		–
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	*2	14,218
Other payments	(1,457)		(1,760)
Other proceeds	713		256
Net cash provided by (used in) investing activities	(13,762)		7,588
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	6,622		(13,360)
Proceeds from long-term loans payable	28,537		–
Repayments of long-term loans payable	(19,249)		(22,418)
Cash dividends paid	(4,314)		(4,317)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–		(1,967)
Proceeds from share issuance to non-controlling shareholders	608		–
Repayments of lease obligations	(2,470)		(2,660)
Other, net	1,404		739
Net cash provided by (used in) financing activities	11,138		(43,985)
Effect of exchange rate change on cash and cash equivalents	(1,079)		(117)

Net increase (decrease) in cash and cash equivalents		(7,276)		5,453
Cash and cash equivalents at beginning of period		53,598		46,322
Increase in cash and cash equivalents from newly consolidated subsidiary		–		205
Cash and cash equivalents at end of period	*1	46,322	*1	51,980

(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

All 94 companies are consolidated subsidiaries.

Oki BR ARGENTINA S.A. and 6 other companies were included within the scope of consolidation because of an increase in its relative importance of these subsidiaries from the current fiscal year.

Oki Sensor Device Corporation and Oki Sensor Device (Shanghai) Co., Ltd. were excluded from the scope of consolidation as a result of the transfer of all the shares of Oki Sensor Device Corporation as of March 31, 2017.

2. Application of the equity method

The equity method is applied to investments in 4 companies of 5 affiliates.

TOWN NETWORK SERVICE Corporation, an affiliate which is not accounted for using the equity method, was excluded from the scope of the equity method, as the company has little influence on profit or loss and retained earnings and has no significance.

3. Fiscal years, etc., of consolidated subsidiaries

The Company's consolidated subsidiaries, OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A. and other 7 companies close accounts on December 31, a different date from the consolidated closing date, and financial statements as of the closing date of the company are used. However, significant transactions that occurred between December 31 and the consolidated closing date are adjusted as required for the consolidation purposes.

4. Accounting policy

(a) Valuation standards and methods for significant assets

i) 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.

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.

ii) 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.)

iii) Derivatives

Stated at market value

(b) Depreciation methods for significant depreciable assets

i) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method, and overseas consolidated subsidiaries mainly use the straight-line method.

ii) Intangible assets (excluding leased 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 (mainly 5 years).

Overseas consolidated subsidiaries mainly use the straight-line method.

iii) Leased assets

Leased 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 leased 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.

(c) Accounting standards for significant allowances and provisions

i) 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.

ii) 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.

(d) Accounting methods for retirement benefits

(i) Method of attributing expected retirement benefit to periods

In calculation of retirement benefit obligations, the method of attributing the expected retirement benefit to periods before the end of the current fiscal year is on a benefit formula basis.

ii) Actuarial gain or loss and past service cost

Past 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.

(e) 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)

(f) Significant hedge accounting method

i) Hedge accounting method

The deferred hedge accounting is used. Allocation treatment is applied to foreign exchange forward contracts and currency swap transactions that meet specific criteria for such treatment. Special treatment is applied to interest rate swap transactions that meet specific criteria for such treatment.

ii) Hedging instruments and hedged items

Foreign exchange forward contracts and currency swap transactions are used to hedge fluctuations in foreign exchange rates for foreign currency-denominated monetary claims and liabilities. Interest rate swap transactions are used to hedge market interest rate fluctuation risks in future for long-term loans payable at floating interest rates.

iii) Hedging policy

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

iv) 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.

(g) Amortization of goodwill and amortization period

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

(h) 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.

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

i) Accounting treatment for consumption taxes, etc.

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

ii) Application of consolidated taxation system

The consolidated taxation system is applied.

(Changes in Accounting Policies, etc.)

Following the revision to the Corporation Tax Act, some subsidiaries in Japan have applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the fiscal year under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of the adoption of the accounting standards on the consolidated financial statements is immaterial.

(Changes in Presentation)

(Consolidated Balance Sheets)

“Long-term operating receivables,” which was included in “Other” under “Investments and other assets” 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 ¥8,743 million stated under “Investments and other assets” on the consolidated balance sheets for the previous fiscal year has been reclassified into “Long-term operating receivables” of ¥510 million and “Other” of ¥8,233 million.

(Consolidated Statements of Income)

“Litigation expenses” under “Non-operating expenses,” which was separately stated for the previous fiscal year, is included in “Miscellaneous expenses” 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, “Litigation expenses” of ¥376 million stated under “Non-operating expenses” on the consolidated statements of income for the previous fiscal year has been reclassified into “Miscellaneous expenses.”

“Loss on sales of non-current assets” and “Loss on abandonment of non-current assets,” which were included in “Loss on disposal of non-current assets” under “Extraordinary losses” for the previous fiscal year, is separately stated from the current fiscal year due to increasing quantitative materiality of “Loss on sales of non-current assets.” To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Loss on disposal of non-current assets” of ¥503 million stated under “Extraordinary losses” on the consolidated statements of income for the previous fiscal year has been reclassified into “Loss on sales of non-current assets” of ¥8 million and “Loss on abandonment of non-current assets” of ¥495 million.

(Consolidated Statements of Cash Flows)
"Decrease (increase) in long-term operating receivables," which was included in "Other, net" under "Cash flows from operating 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, net" of ¥(10,269) million stated under "Cash flows from operating activities" on the consolidated statements of cash flows for the previous fiscal year has been reclassified into "Decrease (increase) in long-term operating receivables" of ¥20 million and "Other, net" of ¥(10,289) million.

"Impairment loss" and "Share of (profit) loss of entities accounted for using equity method" under "Cash flows from operating activities," which were separately stated for the previous fiscal year, are included in "Other, net" under 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, "Impairment loss" of ¥1,059 million and "Share of (profit) loss of entities accounted for using equity method" of ¥(423) million stated under "Cash flows from operating activities" on the consolidated statements of cash flows for the previous fiscal year have been reclassified into "Other, net."

"Proceeds from sales of property, plant and equipment," which was included in "Other proceeds" under "Cash flows from 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 ¥1,216 million stated under "Cash flows from 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 ¥503 million and "Other proceeds" of ¥713 million.

"Proceeds from sales and leasebacks" under "Cash flows from financing activities," which was separately stated for the previous fiscal year, is included in "Other, net" 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, "Proceeds from sales and leasebacks" of ¥1,428 million stated under "Cash flows from financing activities" on the consolidated statements of cash flows for the previous fiscal year has been reclassified into "Other, net."

(Additional information)

Effective from the fiscal year ended March 31, 2017, the Company has adopted the "Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Consolidated Balance Sheets)

* Accumulated depreciation of property, plant and equipment

(Millions of yen)

Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
155,885	145,631

(Consolidated Statements of Income)

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

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Salaries and wages	35,104	33,714
Provision of allowance for doubtful accounts	510	10,907

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

(Millions of yen)

Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
13,317	10,275

*3 Gain on sales of shares of subsidiaries and associates

In the current fiscal year, the Company transferred shares to the Company's consolidated subsidiary, Oki Sensor Device Corporation, posting gain on sales of shares of subsidiaries and associates of ¥12,567 million in extraordinary income.

*4 Gain on return of assets from retirement benefits trust

In the current fiscal year, the Company had pension assets including retirement benefits trust significantly in surplus with regard to retirement benefit obligations, and expects the surplus to continue in the future. The Company therefore cancelled part of the retirement benefits trust and had it returned.

In connection with this, the Company recorded relevant unrecognized actuarial gain or loss collectively, posting ¥7,822 million of gain in extraordinary income.

*5 Loss on sales of non-current assets

In the current fiscal year, the Company recorded loss on sales of non-current assets of ¥2,405 million in extraordinary loss mostly due to sale of land and buildings of Tokai Training Center.

*6 Loss on Anti-Monopoly Act

In the fiscal year under review, the Company received an order for payment of surcharge from the Fair Trade Commission with respect to antitrust law violations related to our products and services for digitalizing wireless communication systems for firefighting and emergency use.

In connection with this, the Company recorded ¥ 2,477 million in extraordinary loss to prepare against payment of surcharge and other associated losses.

(Consolidated Statements of Comprehensive Income)

* Reclassification adjustment and tax effect related to other comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Valuation difference on available-for-sale securities:		
Amount arising during the period	(3,518)	1,855
Reclassification adjustment	(1,877)	(908)
Amount before income tax effect	(5,396)	946
Income tax effect	1,768	(278)
Valuation difference on available-for-sale securities	(3,627)	667
Deferred gains or losses on hedges:		
Amount arising during the period	(562)	576
Reclassification adjustment	72	(16)
Amount before income tax effect	(489)	559
Income tax effect	(0)	0
Deferred gains or losses on hedges	(489)	559
Foreign currency translation adjustment:		
Amount arising during the period	(2,688)	486
Reclassification adjustment	–	10
Amount before income tax effect	(2,688)	496
Income tax effect	–	–
Foreign currency translation adjustment	(2,688)	496
Remeasurements of defined benefit plans:		
Amount arising during the period	(10,077)	(4,022)
Reclassification adjustment	(3,178)	(10,874)
Amount before income tax effect	(13,255)	(14,897)
Income tax effect	4,355	4,354
Remeasurements of defined benefit plans, net of tax	(8,899)	(10,543)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the period	86	(3)
Reclassification adjustment	69	33
Share of other comprehensive income of entities accounted for using equity method	155	30
Total other comprehensive income	(15,548)	(8,788)

(Consolidated Statements of Changes in Equity)

Previous fiscal year (from April 1, 2015 to March 31, 2016)

1. Type and number of issued shares and treasury shares

	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	872,176	–	–	872,176
Total	872,176	–	–	872,176
Treasury shares				
Common stock (Note)	3,705	77	–	3,782
Total	3,705	77	–	3,782

(Note)

The increase in the number of shares of common stock under treasury shares (77 thousand shares) is attributed to the purchase of shares less than one unit (68 thousand shares) and treasury shares held by entities accounted for using equity method (the Company's shares) attributable to the Company (8 thousand shares).

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 (Millions of 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 (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2015	Common stock	2,606	Retained earnings	3.00	March 31, 2015	June 25, 2015
Board of Directors' Meeting held on November 5, 2015	Common stock	1,737	Retained earnings	2.00	September 30, 2015	December 7, 2015

(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 (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2016	Common stock	2,606	Retained earnings	3.00	March 31, 2016	June 27, 2016

Current fiscal year (from April 1, 2016 to March 31, 2017)

1. Type and number of issued shares and treasury shares

	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 (Notes 1, 2)	872,176	–	784,958	87,217
Total	872,176	–	784,958	87,217
Treasury shares				
Common stock (Notes 1, 3, 4)	3,782	20	3,419	384
Total	3,782	20	3,419	384

(Notes)

1. With an effective date of October 1, 2016, a 10:1 share consolidation of common stock was implemented.
2. The decrease in the number of issued shares of common stock (784,958 thousand shares) is attributed to the share consolidation.
3. The increase in the number of shares of common stock under treasury shares (20 thousand shares) is attributed to the purchase of fractional shares in conjunction with the share consolidation (2 thousand shares) and purchase of shares less than one unit (17 thousand shares).
4. The decrease in the number of shares of common stock under treasury shares (3,419 thousand shares) is attributed to the share consolidation.

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 (Millions of 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	–					94
Total		–					94

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Class of stock	Total amount of dividends (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2016	Common stock	2,606	Retained earnings	3.00	March 31, 2016	June 27, 2016
Board of Directors' Meeting held on October 28, 2016 (Note)	Common stock	1,737	Retained earnings	2.00	September 30, 2016	December 5, 2016

(Note) As the record date for dividend is September 30, 2016, the amount of dividend per share shows the amounts prior to the share consolidation as of October 1, 2016.

(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 (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2017	Common stock	2,605	Retained earnings	30.00	March 31, 2017	June 26, 2017

(Consolidated Statements of Cash Flows)

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

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Cash and deposits	47,829	54,164
Time deposits with original maturities of more than 3 months	(17)	(20)
Deposits with withdrawal restrictions	(1,490)	(2,162)
Cash and cash equivalents	46,322	51,980

*2 Breakdown of major assets and liabilities of a company that ceased to be a consolidated subsidiary in the current fiscal year following the sale of shares

The breakdown of assets and liabilities at the time of the sale of shares in Oki Sensor Device Corporation that ceased to be a consolidated subsidiary following the sale of shares, and the relationship of the sale value of shares and proceeds from sales of shares are as follows:

	(Millions of yen)
Current assets	3,110
Non-current assets	1,419
Current liabilities	(1,784)
Non-current liabilities	(152)
Foreign currency translation adjustment	10
Incidental expenses in conjunction with the sale of shares	228
Gain on sales of shares of subsidiaries and associates	12,567
Sale value of shares	15,400
Incidental expenses in conjunction with the sale of shares	(228)
Cash and cash equivalents of the target-of-sale company	(953)
Net balance: proceeds from sales of shares	14,218

(Securities)

1. Securities – trading

Not applicable

2. Held-to-maturity securities

Not applicable

3. Available-for-sale securities

Previous fiscal year (as of March 31, 2016)

(Millions of 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	18,065	10,930	7,135
	Subtotal	18,065	10,930	7,135
Available-for-sale securities whose amount recorded in consolidated balance sheets does not exceed their acquisition cost	Stocks	1,440	1,965	(525)
	Other	5	5	–
	Subtotal	1,445	1,970	(525)
Total		19,511	12,900	6,610

Current fiscal year (as of March 31, 2017)

(Millions of 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	19,867	11,165	8,702
	Subtotal	19,867	11,165	8,702
Available-for-sale securities whose amount recorded in consolidated balance sheets does not exceed their acquisition cost	Stocks	18,816	19,962	(1,145)
	Subtotal	18,816	19,962	(1,145)
Total		38,684	31,128	7,556

4. Available-for-sale securities sold

Previous fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

Type	Amount of proceeds	Total gain on sales	Total loss on sales
Stocks	2,620	1,882	1
Total	2,620	1,882	1

Current fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

Type	Amount of proceeds	Total gain on sales	Total loss on sales
Stocks	1,409	908	0
Total	1,409	908	0

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

Impairment has not been applied to securities for the previous fiscal year and fiscal year under review.

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

To provide for employees' retirement benefits, the Company and its domestic consolidated subsidiaries have saving and non-saving types of benefit plans: a defined benefit plan and a defined contribution plan.

In a saving-type defined benefit pension plan, the Company and its domestic consolidated subsidiaries adopts a cash balance plan, in which cumulative points are saved in each member employee's virtual personal account as a pool for pension or lump-sum retirement payment. The cumulative points are comprised of "pension points," which are given based on each member employee's salary level, and interests based on the yields of Japanese government bonds.

In a lump-sum retirement payment plan (this is a non-saving-type plan in general; one company has a saving-type plan as it set up an employees' retirement benefits trust), lump-sum retirement payments are made based on "achievement points," which are granted according to the results of each member employee's performance, and service years.

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

The Company implements employees' retirement benefits trust for its defined benefit pension plan and lump-sum retirement payment plan.

In the lump-sum retirement payment plans of some consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

The Company and some domestic consolidated subsidiaries participate in a multi-employer pension plan, the OKI Corporate Pension Fund, and the following amounts include the amounts associated with the multi-employer pension plan.

2. Defined benefit plan

(1) Adjustments to retirement benefit obligations between the beginning and end of the period

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Retirement benefit obligations at the beginning of the period	112,442	109,538
Service cost	2,868	2,803
Interest cost on retirement benefit obligation	1,341	1,236
Actuarial gain or loss arising during the period	9	2,414
Payments of retirement benefits	(6,766)	(6,380)
Other	(357)	(255)
Retirement benefit obligations at the end of the period	109,538	109,357

(2) Adjustments to pension assets between the beginning and end of the period

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Pension assets at the beginning of the period	120,103	111,983
Expected return on pension assets	2,986	2,720
Actuarial gain or loss arising during the period	(10,061)	(1,610)
Employer contribution	4,757	3,598
Payments of retirement benefits	(5,801)	(5,155)
Return of assets from retirement benefits trust	–	(18,717)
Other	–	(151)
Pension assets at the end of the period	111,983	92,668

(Note) Pension assets included ¥38,983 million of the employees' retirement benefits trust in the previous fiscal year, and ¥20,067 million of the employees' retirement benefits trust in the current fiscal year.

(3) Adjustments between retirement benefit obligations and pension assets at the end of the period and net defined benefit liability and net defined benefit asset stated on consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Retirement benefit obligations in saving-type plan	94,864	93,830
Pension assets	(111,983)	(92,668)
	(17,119)	1,162
Retirement benefit obligations in non-saving-type plan	14,673	15,526
Net liability/asset stated on consolidated balance sheets	(2,445)	16,688
Net defined benefit liability	24,841	26,199
Net defined benefit asset	(27,286)	(9,511)
Net liability/asset stated on consolidated balance sheets	(2,445)	16,688

(4) Retirement benefit expenses and their breakdown

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Service cost	2,868	2,803
Interest cost on retirement benefit obligation	1,341	1,236
Expected return on pension assets	(2,986)	(2,720)
Amortization of actuarial gain or loss	(1,727)	(1,673)
Amortization of prior service cost	(1,450)	(1,457)
Other	142	208
Retirement benefit expenses related to defined benefit plan	(1,811)	(1,604)
Gain on return of assets from retirement benefits trust	–	(7,822)

(5) Remeasurements of defined benefit plans, before tax

The breakdown of remeasurements of defined benefit plans (before deduction of tax effects) is as follows:

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Past service cost	(1,450)	(1,481)
Actuarial gain or loss	(11,805)	(13,416)
Total	(13,255)	(14,897)

(6) Remeasurements of defined benefit plans

The breakdown of remeasurements of defined benefit plans (before deduction of tax effects) is as follows:

(Millions of yen)

	Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Unrecognized past service cost	(3,192)	(1,711)
Unrecognized actuarial gain or loss	(11,630)	1,786
Total	(14,822)	74

(7) Pension assets

1) Breakdown of major pension assets

The proportion of each category to total pension assets is as follows:

	Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Bonds	42%	41%
Stocks	38%	26%
Alternative	8%	19%
Others	12%	13%
Total	100%	100%

(Note) The employees' retirement benefits trust accounted for 31% of total pension assets in the previous fiscal year and 16% of total pension assets in the current fiscal year.

2) Method of determining long-term expected rate of return on pension assets

A long-term expected rate of return on pension assets is determined as a rate calculated based on the average of actual rates of return for the last 3 years (0 – 2.5%), which is multiplied by a future risk factor if portfolio assets include those of higher fluctuation risks.

(8) Assumptions in actuarial calculation

Major assumptions in actuarial calculation are as follows:

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Discount rate	0.9%	0.9%
Long-term expected rate of return on pension assets	2.5%	2.5%

3. Defined contribution plan

Contributions required by the defined contribution plans of the Company and its consolidated subsidiaries were ¥2,140 million in the previous fiscal year and ¥2,241 million in the current fiscal year.

(Tax Effect Accounting)

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

(Millions of yen)

	Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Deferred tax assets		
Retained losses carried forward	14,515	13,916
Net defined benefit liability	12,836	12,942
Excess allowance for doubtful accounts and bad debts expenses	2,261	4,861
Accrued bonuses	4,301	3,608
Loss on valuation of inventories	2,519	2,504
Accounts payable from change of retirement benefit plan	3,455	2,235
Loss on valuation of investment securities	1,857	1,884
Impairment loss	1,739	1,706
Elimination of intersegment income among consolidated subsidiaries	1,649	1,559
Other	6,187	6,921
Deferred tax assets (Subtotal)	51,324	52,140
Valuation allowance	(41,435)	(44,435)
Total deferred tax assets	9,889	7,705
Deferred tax liabilities		
Gain on valuation of investment securities	–	(5,793)
Net defined benefit asset	(9,219)	(4,833)
Valuation difference on available-for-sale securities	(1,989)	(2,267)
Gain on contribution of securities to retirement benefit trust	(3,298)	(1,981)
Other	(1,074)	(983)
Total deferred tax liabilities	(15,582)	(15,858)
Net deferred tax assets (liabilities)	(5,693)	(8,153)

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, 2016)	Current fiscal year (As of March 31, 2017)
Statutory tax rate	33.0%	31.0%
(Adjustment)		
Dividends and other income not counted for tax purposes	(2.0)	(1.0)
Entertainment and other expenses not counted for tax purposes	7.2	4.0
Increase and decrease in valuation allowance related to deferred tax assets	9.2	25.0
Inhabitant tax on per capita basis	2.4	2.1
Other	5.1	6.4
The effective tax rate after application of tax effect accounting	54.9	67.5

(Business Combination)

1. Transactions, etc. under Common Control

The Company resolved to additionally acquire shares of OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A., a consolidated subsidiary, at the Board of Directors Meeting on December 27, 2016, and acquired the shares on January 11, 2017.

(1) Outline of transactions

i) Name and content of business of the company involved in the merger

Name of the company involved in the merger:

OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A.

Content of business:

Design, manufacture, sales and maintenance and services of automation equipment

ii) Date of business combination

January 11, 2017

iii) Legal forms of business combination

Purchases of stock

iv) Name of the company after combination

No change in name

v) Other items regarding outline of transaction

The Company additionally acquired 4.99% shares of OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A., and the ownership ratio of the Company is 88.77%.

(2) Outline of accounting procedures applied

The transaction was accounted for as transactions with non-controlling shareholders in the category of transactions under common control, etc. in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013).

(3) Matters listed in the case of acquisition of additional shares of a subsidiary

Acquisition cost of acquired company and breakdown

Consideration for the acquisition	Cash and deposits	¥1,930 million
Acquisition cost		¥1,930 million

(4) Matters concerning change in the Company's ownership interest of subsidiaries due to transactions with non-controlling shareholders

i) Major factor of change in capital surplus

Acquisition of additional shares of a subsidiary

ii) Amount of capital surplus decreased by transactions with non-controlling shareholders

¥1,866 million

2. Business Divestitures

The Company resolved to transfer all shares of Oki Sensor Device Corporation (hereinafter "OKI Sensor Device") to Mold-Tech Singapore PTE LTD which is under the control of Standex International Corporation (hereinafter "Standex") at the Board of Directors Meeting on February 2, 2017, and transferred the shares on March 31, 2017.

(1) Outline of business divestitures

i) Name of the buyer

Mold-Tech Singapore PTE LTD

ii) Content of business of the divested subsidiary

Development, manufacture and sales of reed switches and its applied products

iii) Main reason for business divestiture

The OKI Group is reviewing its business portfolio and assets as part of its growth strategy to enhance its resources for focus areas.

Reed switch business of OKI Sensor Device holds top share in the automobile and home electronics market worldwide, and has contributed to the Group in the past. As a result of reviewing the position of the reed switch business in the future OKI Group as well as its further business enhancement, the Company judged that it is most appropriate to transfer the shares to Standex Group where synergy effect can be expected.

iv) Date of business divestiture

March 31, 2017

v) Other matters including legal form of business divestiture

Share transfer with the consideration in only assets such as cash

(2) Summary of accounting procedures applied

i) Amount of gain on the share transfer

Gain on sales of shares of subsidiaries and associates: ¥12,567 million

ii) Book values and breakdown of the assets and liabilities of the business transferred

	(Millions of yen)
Current assets	3,110
Non-current assets	1,419
Total assets	4,529
Current liabilities	(1,784)
Non-current liabilities	(152)
Total liabilities	(1,936)

iii) Accounting procedures

The transaction was accounted for in accordance with the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013).

(3) Name of reportable segment in which the divested business was included

It was categorized in "Others," which is not included in reportable segments.

(4) Approximate amounts of profit or loss of the divested business included in the consolidated statement of operations for the fiscal year under review

Net sales: ¥5,983 million

Operating income: ¥1,567 million

(Segment Information)

[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 “ICT,” “Mechatronics 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. The above four businesses are the reportable segments.

“ICT” provides solutions that leverage IoT and solutions that enable business processes to be optimized and streamlined.

“Mechatronics Systems” provides products and services built on core mechatronics technology including ATMs and cash handling equipment.

“Printers” provides LED technology-featured printers.

“EMS” conducts consigned manufacturing business based on our extensive record in social infrastructure equipment.

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

Business segment	Major products and services
ICT	Traffic infrastructure-related systems, Disaster-related systems, Self-defense-related systems, communications equipment for telecom carriers, bank branch systems, centered-administration systems, ticket reservations and issuing systems, IP-PBX, business telephones, contact centers, 920MHz band wireless multi-hop communication systems, etc.
Mechatronics Systems	ATMs, cash handling equipment, bank branch terminals, ticket reservations and issuing terminals, check-in terminals, currency exchange machines, and ATM monitoring and operations services, etc.
Printers	Color and monochrome LED printers, color and monochrome LED multifunction printers, wide format ink jet printer, and dot-impact printers, etc.
EMS	Consigned designing and manufacturing services, printed circuit boards, etc.

From the fiscal year under review, following the organizational reforms put into effect on April 1, 2016, the business that offered products centered around mechatronics technology, and which had been included in the “Info-telecom Systems,” was established as an independent reportable segment called “Mechatronics Systems.” The segment previously called “Info-telecom Systems” is now called “ICT.”

As a result, the reportable segments has been changed from three former segments of “Info-telecom systems,” “Printers,” and “EMS” to four segments of “ICT,” “Mechatronics Systems,” “Printers,” and “EMS.”

The reportable segment for the previous fiscal year is prepared and disclosed based on the classification reflecting the organizational change.

2. Calculation methods for the amount of net sales, profit 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, profit and loss, assets, liabilities and other items by reportable segment

Previous fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	ICT	Mechatronics Systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	191,174	113,667	124,647	42,354	471,843	18,471	490,314	–	490,314
Intersegment net sales or transfers	4,777	1,664	5,580	308	12,330	24,183	36,514	(36,514)	–
Total	195,951	115,332	130,228	42,662	484,174	42,655	526,829	(36,514)	490,314
Segment profit (loss)	11,627	6,017	1,426	2,284	21,355	4,185	25,541	(6,946)	18,594
Segment assets	116,899	95,469	71,652	31,649	315,671	26,439	342,110	69,665	411,776
Other items									
Depreciation	3,164	3,296	4,120	1,048	11,630	1,115	12,746	1,243	13,989
Investments in entities accounted for using equity method	2,102	–	–	–	2,102	30	2,133	3,381	5,515
Increase in property, plant and equipment and intangible assets	2,984	4,918	3,355	1,010	12,267	1,556	13,824	1,133	14,957

Current fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	ICT	Mechatronics Systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	177,391	100,923	112,389	43,165	433,870	17,756	451,627	–	451,627
Intersegment net sales or transfers	4,312	1,622	5,617	181	11,733	19,108	30,842	(30,842)	–
Total	181,703	102,545	118,007	43,346	445,603	36,865	482,469	(30,842)	451,627
Segment profit (loss)	14,385	(11,818)	1,033	2,058	5,659	3,431	9,090	(6,545)	2,545
Segment assets	105,583	69,280	67,154	30,900	272,919	20,066	292,986	67,738	360,724
Other items									
Depreciation	2,974	3,218	4,063	934	11,191	1,124	12,316	1,245	13,561
Investments in entities accounted for using equity method	1,937	–	–	–	1,937	30	1,968	3,518	5,486
Increase in property, plant and equipment and intangible assets	2,554	4,620	2,463	764	10,403	1,161	11,565	1,209	12,774

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:

(Millions of yen)

Segment profit or loss	Previous fiscal year	Current fiscal year
Elimination of intersegment transactions	162	321
Corporate expenses*	(6,935)	(6,874)
Adjustment to non-current assets	(172)	7
Total	(6,946)	(6,545)

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

(Millions of yen)

Segment assets	Previous fiscal year	Current fiscal year
Elimination of intersegment transactions	(128,613)	(113,868)
Corporate expenses*	199,806	183,130
Adjustment to non-current assets	(1,528)	(1,522)
Total	69,665	67,738

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

(Millions of yen)

Depreciation	Previous fiscal year	Current fiscal year
Depreciation of corporate assets	1,432	1,478
Adjustment to non-current assets	(188)	(232)
Total	1,243	1,245

(Millions of yen)

Investments in entities accounted for using equity method	Previous fiscal year	Current fiscal year
Corporate investments	3,381	3,518

(Millions of yen)

Increase in property, plant and equipment and intangible assets	Previous fiscal year	Current fiscal year
Corporate assets	1,516	1,442
Adjustment to non-current assets	(382)	(231)
Total	1,133	1,209

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

[Related information]

Previous fiscal year (from April 1, 2015 to March 31, 2016)

1. Information about products and services

   This information has been omitted, as identical information is disclosed in segment information.

2. Information by geographic areas

   (1) Net sales

(Millions of yen)

Japan	North America	Latin America	Europe	China	Others	Total
326,036	20,022	25,456	53,101	50,700	14,999	490,314

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
50,256	4,187	2,247	56,691

Current fiscal year (from April 1, 2016 to March 31, 2017)

1. Information about products and services

   This information has been omitted, as identical information is disclosed in segment information.

2. Information by geographic areas

   (1) Net sales

(Millions of yen)

Japan	North America	Latin America	Europe	China	Others	Total
320,288	17,459	20,682	45,247	29,401	18,548	451,627

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
40,135	3,406	1,241	44,783

[Information about impairment loss on non-current assets of each reportable segment]

Previous fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	ICT	Mechatronics Systems	Printers	EMS	Others	Corporate/ elimination	Total
Impairment loss	8	1,035	9	–	6	–	1,059

Current fiscal year (from April 1, 2016 to March 31, 2017)

Not applicable

[Information about amortization of goodwill and unamortized balance of each reportable segment]

Previous fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	ICT	Mechatronics Systems	Printers	EMS	Others	Corporate/ elimination	Total
Amortization in the current fiscal year	17	193	–	–	–	–	211
Goodwill at end of fiscal year	44	2	–	–	–	–	46

Current fiscal year (from April 1, 2016 to March 31, 2017)

Information is omitted because of immateriality.

(Per Share Information)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net assets per share	¥1,229.09	¥1,115.68
Basic earnings per share	¥76.10	¥54.03
Diluted earnings per share	Not recorded as there were no latent shares with a dilution effect.	¥54.01

Notes: 1. The Company consolidated ten shares of common stock into one share of common stock as of October 1, 2016. Net assets per share, basic earnings per share and diluted earnings per share are calculated assuming that the shares were consolidated at the beginning of the previous fiscal year.

2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	6,609	4,691
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	6,609	4,691
Weighted average number of shares of common stock during the period (Thousand shares)	86,842	86,836
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increase of common stock (Thousand shares)	–	29
Outline of dilutive shares not counted in the calculation of diluted earnings per share due to no dilutive effect	Subscription rights to shares (2 classes)	Subscription rights to shares (1 class)

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

	Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Total net assets (Millions of yen)	107,384	97,215
Amount deducted from the total net assets (Millions of yen)	651	337
[Subscription rights to shares included in the above]	[79]	[94]
[Non-controlling interests included in the above]	[572]	[242]
Amount of net assets related to common stock at end of period (Millions of yen)	106,733	96,878
Number of common stock used to calculate net assets per share at end of period (Thousand shares)	86,839	86,833

(Significant Subsequent Event)

Not applicable

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	24,855	32,280
Notes receivable - trade	911	1,333
Accounts receivable - trade	63,112	49,525
Lease investment assets	4,859	5,378
Finished goods	5,466	3,256
Work in process	13,726	13,924
Raw materials and supplies	6,165	5,484
Prepaid expenses	361	510
Short-term loans receivable	59,954	9,992
Accounts receivable - other	6,162	6,517
Deferred tax assets	2,297	2,011
Other	969	252
Allowance for doubtful accounts	(23)	(7)
Total current assets	188,819	130,462
Non-current assets		
Property, plant and equipment		
Buildings	38,281	34,230
Accumulated depreciation	(27,277)	(24,701)
Buildings, net	11,004	9,529
Structures	2,514	2,243
Accumulated depreciation	(2,192)	(1,863)
Structures, net	321	380
Machinery and equipment	13,641	11,662
Accumulated depreciation	(11,490)	(9,913)
Machinery and equipment, net	2,150	1,748
Vehicles	70	70
Accumulated depreciation	(52)	(52)
Vehicles, net	18	17
Tools, furniture and fixtures	35,725	35,783
Accumulated depreciation	(29,338)	(28,992)
Tools, furniture and fixtures, net	6,386	6,790
Land	8,397	2,302
Construction in progress	481	60
Total property, plant and equipment	28,760	20,828
Intangible assets		
Goodwill	13	9
Right of using facilities	114	114
Software	5,503	7,012
Total intangible assets	5,631	7,136

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Investments and other assets		
Investment securities	24,781	42,367
Shares of subsidiaries and associates	66,643	48,212
Investments in capital	88	88
Investments in capital of subsidiaries and associates	617	98
Long-term loans receivable from subsidiaries and associates	3,114	23,135
Long-term prepaid expenses	556	561
Claims provable in bankruptcy, claims provable in rehabilitation and other	45	39
Lease and guarantee deposits	3,183	3,182
Other	283	262
Allowance for doubtful accounts	(236)	(11,761)
Total investments and other assets	99,076	106,185
Total non-current assets	133,468	134,150
Total assets	322,288	264,613
Liabilities		
Current liabilities		
Notes payable - trade	1,800	2,299
Accounts payable - trade	37,962	34,774
Short-term loans payable	32,976	29,089
Current portion of long-term loans payable	21,054	17,991
Lease obligations	1,181	1,576
Accounts payable - other	8,730	9,984
Accrued expenses	16,199	15,283
Income taxes payable	162	916
Advances received	1,020	2,041
Deposits received	4,393	8,285
Asset retirement obligations	–	2
Provision for directors' bonuses	44	75
Provision for loss on construction contracts	–	45
Provision for environmental measures	299	–
Provision for loss on Anti-Monopoly Act	–	2,086
Other	115	3
Total current liabilities	125,940	124,455
Non-current liabilities		
Long-term loans payable	44,754	26,762
Lease obligations	4,530	6,186
Long-term accounts payable - other	4,929	2,810
Deferred tax liabilities	4,315	9,161
Provision for retirement benefits	4,579	9,785
Provision for loss on business of subsidiaries and associates	27,341	1,776
Asset retirement obligations	830	983
Other	68	67
Total non-current liabilities	91,350	57,533
Total liabilities	217,290	181,989

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
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	35,935	12,900
Total retained earnings	35,935	12,900
Treasury shares	(454)	(463)
Total shareholders' equity	101,034	77,990
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,884	4,538
Total valuation and translation adjustments	3,884	4,538
Subscription rights to shares	79	94
Total net assets	104,997	82,623
Total liabilities and net assets	322,288	264,613

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	226,936	212,198
Cost of sales	176,153	168,057
Gross profit	50,782	44,140
Selling, general and administrative expenses	40,928	39,115
Operating income	9,853	5,025
Non-operating income		
Interest income	1,378	970
Interest on securities	3	0
Dividend income	3,972	5,033
Corporate Brand Royalty income	761	772
Miscellaneous income	530	486
Total non-operating income	6,645	7,262
Non-operating expenses		
Interest expenses	1,441	1,293
Foreign exchange losses	3,130	350
Stock related expenses	207	238
Miscellaneous expenses	505	89
Total non-operating expenses	5,284	1,973
Ordinary income	11,214	10,314
Extraordinary income		
Gain on sales of investment securities	1,933	1,002
Gain on sales of shares of subsidiaries and associates	–	14,804
Reversal of provision for loss on business of subsidiaries and associates	–	26,571
Gain on reversal of subscription rights to shares	–	32
Gain on extinguishment of tie-in shares	217	–
Gain on return of assets from retirement benefits trust	–	7,822
Total extraordinary income	2,151	50,232
Extraordinary losses		
Loss on sales of non-current assets	–	2,404
Loss on abandonment of non-current assets	294	517
Loss on valuation of investment securities	–	30
Loss on valuation of shares of subsidiaries and associates	6,525	28,367
Loss on valuation of investments in capital of subsidiaries and associates	–	518
Provision for environmental measures	247	–
Loss on debt forgiveness of subsidiaries and affiliates	–	25,500
Provision for loss on business of subsidiaries and associates	–	1,062
Provision of allowance for doubtful accounts	–	11,550
Loss on Anti-Monopoly Act	–	2,477
Total extraordinary losses	7,067	72,428
Profit (loss) before income taxes	6,298	(11,881)
Income taxes - current	(1,166)	1,949
Income taxes - deferred	1,015	4,860
Total income taxes	(150)	6,809
Profit (loss)	6,448	(18,691)

(3) Non-consolidated Statements of Changes in Equity
Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	15,000	6,553	21,553	33,830	33,830	(440)	98,943
Changes of items during period								
Dividends of surplus					(4,343)	(4,343)		(4,343)
Profit (loss)					6,448	6,448		6,448
Purchase of treasury shares							(14)	(14)
Net changes of items other than shareholders' equity								
Total changes of items during period	–	–	–	–	2,105	2,105	(14)	2,090
Balance at end of current period	44,000	15,000	6,553	21,553	35,935	35,935	(454)	101,034

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	7,301	(72)	7,228	79	106,251
Changes of items during period					
Dividends of surplus					(4,343)
Profit (loss)					6,448
Purchase of treasury shares					(14)
Net changes of items other than shareholders' equity	(3,416)	72	(3,344)	–	(3,344)
Total changes of items during period	(3,416)	72	(3,344)	–	(1,253)
Balance at end of current period	3,884	–	3,884	79	104,997

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	15,000	6,553	21,553	35,935	35,935	(454)	101,034
Changes of items during period								
Dividends of surplus					(4,343)	(4,343)		(4,343)
Profit (loss)					(18,691)	(18,691)		(18,691)
Purchase of treasury shares							(8)	(8)
Net changes of items other than shareholders' equity								
Total changes of items during period	–	–	–	–	(23,034)	(23,034)	(8)	(23,043)
Balance at end of current period	44,000	15,000	6,553	21,553	12,900	12,900	(463)	77,990

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	3,884	–	3,884	79	104,997
Changes of items during period					
Dividends of surplus					(4,343)
Profit (loss)					(18,691)
Purchase of treasury shares					(8)
Net changes of items other than shareholders' equity	653	–	653	15	669
Total changes of items during period	653	–	653	15	(22,374)
Balance at end of current period	4,538	–	4,538	94	82,623

(4) Notes to Non-consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable

<Reference Material>

Supplementary Materials

Consolidated P/L

(Billions of yen; amounts less than hundred million yen are rounded)

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)	
			YoY change (%)
Net sales	451.6	455.0	0.7
Operating income	2.5	13.0	410.8
Ordinary income	(2.4)	12.0	–
Profit attributable to owners of parent	4.7	8.0	70.5

Net sales by segment (to external customers)

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)	
			YoY change (%)
ICT	177.4	183.0	3.2
Mechatronics Systems	100.9	105.0	4.0
Printers	112.4	106.0	(5.7)
EMS	43.2	49.0	13.5
Others	17.8	12.0	(32.4)
Total	451.6	455.0	0.7

Operating income (loss) by segment

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)	
			YoY change (%)
ICT	14.4	13.5	(6.2)
Mechatronics Systems	(11.8)	1.0	–
Printers	1.0	1.0	(3.2)
EMS	2.1	2.5	21.5
Others	3.4	1.5	(56.3)
Adjustment	(6.5)	(6.5)	–
Total	2.5	13.0	410.8

Consolidated cash flows

(Billions of yen; amounts less than hundred million yen are rounded)

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)	
			YoY change (%)
Net cash provided by (used in) operating activities	42.0	13.0	(69.0)
Net cash provided by (used in) investing activities	7.6	(15.0)	–
Net cash provided by (used in) financing activities	(44.0)	–	–
Effect of exchange rate change on cash and cash equivalents	(0.1)	–	–
Net increase (decrease) in cash and cash equivalents	5.5	–	–
Cash and cash equivalents at end of period	52.0	–	–

Capital investment by segment

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)	
			YoY change (%)
ICT	1.7	3.5	109.5
Mechatronics Systems	3.1	2.0	(34.6)
Printers	1.9	4.0	107.9
EMS	0.7	1.5	129.0
Others and common	1.3	1.5	11.6
Total	8.7	12.5	44.5
Depreciation (of property, plant and equipment)	10.6	10.0	(5.5)

Research and development investment by segment

(Billions of yen; amounts less than hundred million yen are rounded)

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)	
			YoY change (%)
ICT	3.3	4.0	20.4
Mechatronics Systems	3.3	4.0	22.1
Printers	1.7	1.5	(13.6)
EMS	0.0	0.0	(100.0)
Others and common	1.9	2.0	3.8
Total	10.3	11.5	11.9

Exchange rates (in yen)

		Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Projection)
Average rate during period	USD	108	110
	EUR	119	115

Number of employees at the end of the period

	Fiscal year ended March 31, 2017
Non-consolidated	4,063
Domestic total	12,040
Overseas total	7,424
Total	19,464