

(Translation)

## Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2018 (J-GAAP)

October 31, 2017

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

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Filing of Quarterly Securities Report (Scheduled): November 14, 2017

Commencement of Dividend Payment (Scheduled): December 6, 2017

Supplementary Document on Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2017

(from April 1, 2017 to September 30, 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	%
Six months ended September 30, 2017	193,974	(2.7)	(4,125)	—	(3,344)	—	(4,581)	—
September 30, 2016	199,255	(10.6)	(647)	—	(8,946)	—	(13,528)	—

(Note) Comprehensive income Six months ended September 30, 2017: ¥(3,789) million (–%)  
Six months ended September 30, 2016: ¥(12,136) million (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	(52.76)	—
September 30, 2016	(155.79)	—

\* 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) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	348,000	90,794	26.0
As of March 31, 2017	360,724	97,215	26.9

(Reference) Shareholders' equity As of September 30, 2017: ¥90,640 million  
As of March 31, 2017: ¥96,878 million

### 2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	2.00	—	30.00	—
Fiscal year ending March 31, 2018	—	20.00			
Fiscal year ending March 31, 2018 (Projection)			—	30.00	50.00

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

\* 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 is ¥50 per share.

### 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
Full year	455,000	0.7	13,000	410.8	12,000	—	8,000	70.5	92.13

(Note) Revisions to operating results projection most recently announced: None

#### Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
  - 1) Changes in accounting policies in accordance with revision of accounting standards, etc.: None
  - 2) Any changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Restatements: None
- (4) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period (including treasury shares)
    - As of September 30, 2017 87,217,602 shares
    - As of March 31, 2017 87,217,602 shares
  - 2) Number of treasury shares at the end of the period
    - As of September 30, 2017 377,878 shares
    - As of March 31, 2017 384,195 shares
  - 3) Average number of shares during the period
    - Six months ended September 30, 2017 86,840,183 shares
    - Six months ended September 30, 2016 86,838,620 shares

\* 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.

Quarterly financial results reports are not required to be subjected to quarterly reviews.

#### Explanation regarding appropriate use of results projection and other special notes

The forward-looking statements including the projection for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results projection and notes on the use of such projections, please refer to “(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other” of “1. Qualitative Information on Financial Results for the Period” on page 4 of the Attachment.

The Company is scheduled to hold a financial results briefing for institutional investors on October 31, 2017 (Tuesday). 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.

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## 1. Qualitative Information on Financial Results for the Period

### (1) Operating Results

#### 1) Overview of the first half of the fiscal year ending March 31, 2018 (April 1, 2017 to September 30, 2017)

With regard to the global economy during the period under review, recover continued with increases in consumption seen in the United States and Europe, as well as declines in the unemployment rates. In emerging countries including China, economic conditions have also been improving. In Japan, the economy is on a gentle recovery trend against the backdrop of exports and production picking up due to the overseas conditions mentioned above.

Under this business environment, OKI Group's businesses such as ICT business and EMS business were generally steady, but due to weakness in the emerging countries ATM business in Mechatronics Systems business, net sales came to ¥194.0 billion (a year-on-year decrease of 2.7% or ¥5.3 billion). Operating loss was ¥4.1 billion (a year-on-year deterioration of ¥3.5 billion) due primarily to the impact of a decline in sales volume and differences in product mix.

Ordinary loss was ¥3.3 billion (a year-on-year improvement of ¥5.6 billion), as foreign exchange losses posted in the same period of the previous fiscal year of ¥8.1 billion shifted to foreign exchange gains of ¥0.4 billion in the period under review. Loss attributable to owners of parent was ¥4.6 billion (a year-on-year improvement of ¥8.9 billion).

(Billions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2016	Year-on-year change rate
Net sales	194.0	199.3	(2.7)%
Operating loss	(4.1)	(0.6)	—
Ordinary loss	(3.3)	(8.9)	—
Loss attributable to owners of parent	(4.6)	(13.5)	—

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

#### 2) Results by business segment

##### <ICT>

Net sales came to ¥68.5 billion (a year-on-year increase of 2.5% or ¥1.6 billion). Due to increases in some public sector, social infrastructure-related and construction projects, overall net sales increased.

Operating income came to ¥0.1 billion (a year-on-year improvement of ¥0.4 billion) as a result of improvements in product mix for projects sold and increases in sales volume.

(Billions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2016	Year-on-year change rate
Net sales	68.5	66.9	2.5%
Operating income (loss)	0.1	(0.3)	—

##### <Mechatronics Systems>

Net sales came to ¥45.4 billion (a year-on-year decrease of 7.3% or ¥3.6 billion). While there was an increase in net sales due to the unifying of the accounting period of the Brazilian subsidiary, overall net sales fell due to a decline in major projects that had been recorded in the domestic cash handling equipment business in the same period of the previous fiscal year, and weak sales of ATMs in overseas markets.

Operating loss came to ¥3.0 billion (a year-on-year deterioration of ¥4.3 billion) mainly due to the decreased sales volume.

(Billions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2016	Year-on-year change rate
Net sales	45.4	49.0	(7.3)%
Operating income (loss)	(3.0)	1.3	—

#### <Printers>

Net sales came to ¥51.8 billion (a year-on-year decrease of 4.5% or ¥2.5 billion). In addition to the impact of a change in business strategy involving the shifting of resources to industrial printing markets in such industries as medical, retail and design, the office printing market continued to shrink, leading to lower net sales.

Operating income came to ¥0.6 billion (a year-on-year improvement of ¥1.4 billion) as a result of the effects of structural business reforms and the weaker yen.

(Billions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2016	Year-on-year change rate
Net sales	51.8	54.3	(4.5)%
Operating income (loss)	0.6	(0.8)	—

#### <EMS>

Net sales came to ¥22.2 billion (a year-on-year increase of 6.6% or ¥1.3 billion) due to steady sales in the business involving printed circuit boards, which are primarily used for semiconductor-related equipment. Operating income came to ¥0.7 billion (flat year on year).

(Billions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2016	Year-on-year change rate
Net sales	22.2	20.9	6.6%
Operating income	0.7	0.7	3.0%

#### <Others>

Net sales came to ¥6.0 billion (a year-on-year decrease of 27.8% or ¥2.3 billion) due to such factors as the revenue-reducing effect from the exclusion from the scope of consolidation of Oki Sensor Device Corporation as a result of the transfer of its shares on March 31, 2017. Operating income came to ¥0.9 billion (a year-on-year decrease of ¥0.6 billion) due to the decreased sales volume.

(Billions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2016	Year-on-year change rate
Net sales	6.0	8.3	(27.8)%
Operating income	0.9	1.5	(41.0)%

## (2) Financial Position

### 1) Assets, liabilities, net assets, etc., at the end of the first half of the fiscal year ending March 31, 2018

At the end of the period under review, total assets decreased by ¥12.7 billion from the end of the previous fiscal year to ¥348.0 billion. Shareholders' equity decreased by ¥6.3 billion from the end of the previous fiscal year to ¥90.6 billion mainly due to recording of ¥4.6 billion in loss attributable to owners of parent and the distribution of ordinary dividends of ¥2.6 billion during the first half of the fiscal year ending March 31, 2018. As a result, shareholders' equity ratio stood at 26.0%.

With respect to major decreases in assets, there was a decrease of ¥24.9 billion in notes and accounts receivable - trade, while there was an increase of ¥9.6 billion in inventories.

With respect to major decreases in liabilities, loans payable decreased by ¥5.9 billion from ¥87.0 billion at the end of the previous fiscal year to ¥81.1 billion.

2) Cash flows for the first half of the fiscal year ending March 31, 2018

For the period under review, net cash provided by operating activities amounted to ¥4.5 billion (¥21.0 billion of cash inflow for the same period of the previous fiscal year), due mainly to a decrease in working capital.

Net cash used in investing activities amounted to ¥2.8 billion (¥8.2 billion of cash outflow for the same period of the previous fiscal year), due mainly to purchase of property, plant and equipment.

As a result, free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, resulted in a net inflow of ¥1.7 billion (net inflow of ¥12.8 billion for the same period of the previous fiscal year).

Net cash used in financing activities amounted to ¥9.8 billion (¥15.9 billion of cash outflow for the same period of the previous fiscal year), due mainly to repayments of loans payable and the distribution of ordinary dividends.

In addition to the above factors, due to an increase of ¥0.4 billion from the effect of exchange rate change on cash and cash equivalents, cash and cash equivalents at the end of the period under review decreased from ¥52.0 billion at the end of the previous fiscal year to ¥44.1 billion.

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

Although there were variations in strength and weaknesses among the different businesses, overall performance in the period under review was generally in line with plans, for which reason the results projections announced on May 12, 2017 have been left unchanged. Going forward, in the event that a significant deviation from the figures in the initial plan is observed based on exchange rate fluctuations and market trends etc., we will implement prompt disclosure.

(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. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	54,164	47,021
Notes and accounts receivable - trade	101,572	76,721
Finished goods	20,423	21,120
Work in process	19,656	28,268
Raw materials and supplies	22,502	22,772
Other	20,564	21,293
Allowance for doubtful accounts	(7,377)	(283)
Total current assets	231,506	216,915
Non-current assets		
Property, plant and equipment	44,783	42,377
Intangible assets	10,891	10,128
Investments and other assets		
Investment securities	49,576	51,925
Other	23,967	26,654
Total investments and other assets	73,544	78,580
Total non-current assets	129,218	131,085
Total assets	360,724	348,000
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	58,685	57,986
Short-term loans payable	56,882	60,159
Provision	4,896	4,318
Other	56,094	55,477
Total current liabilities	176,559	177,943
Non-current liabilities		
Long-term loans payable	30,129	20,948
Provision for directors' retirement benefits	490	515
Other provision	782	964
Net defined benefit liability	26,199	26,610
Other	29,346	30,224
Total non-current liabilities	86,949	79,263
Total liabilities	263,509	257,206
<b>Net assets</b>		
Shareholders' equity		
Capital stock	44,000	44,000
Capital surplus	19,799	19,795
Retained earnings	44,434	37,247
Treasury shares	(477)	(469)
Total shareholders' equity	107,757	100,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,337	6,887
Deferred gains or losses on hedges	(2)	(449)
Foreign currency translation adjustment	(11,702)	(11,874)
Remeasurements of defined benefit plans	(4,511)	(4,496)
Total accumulated other comprehensive income	(10,878)	(9,932)
Subscription rights to shares	94	70
Non-controlling interests	242	83
Total net assets	97,215	90,794
Total liabilities and net assets	360,724	348,000

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)  
(For the Six Months Ended September 30, 2016 and 2017)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	199,255	193,974
Cost of sales	150,515	148,286
Gross profit	48,740	45,687
Selling, general and administrative expenses	49,387	49,813
Operating loss	(647)	(4,125)
Non-operating income		
Interest income	224	125
Dividend income	482	1,115
Foreign exchange gains	–	418
Miscellaneous income	522	671
Total non-operating income	1,228	2,330
Non-operating expenses		
Interest expenses	921	801
Foreign exchange losses	8,057	–
Penalty	7	383
Miscellaneous expenses	542	363
Total non-operating expenses	9,528	1,548
Ordinary loss	(8,946)	(3,344)
Extraordinary income		
Gain on sales of non-current assets	–	479
Gain on sales of investments in capital of subsidiaries and associates	–	119
Total extraordinary income	–	599
Extraordinary losses		
Loss on disposal of non-current assets	92	111
Business structure improvement expenses	–	1,395
Loss on Anti-Monopoly Act	2,477	–
Total extraordinary losses	2,570	1,506
Loss before income taxes	(11,516)	(4,252)
Income taxes - current	644	1,015
Income taxes - deferred	1,485	(526)
Total income taxes	2,130	488
Loss	(13,647)	(4,740)
Loss attributable to non-controlling interests	(118)	(158)
Loss attributable to owners of parent	(13,528)	(4,581)



(Consolidated Statements of Comprehensive Income)  
(For the Six Months Ended September 30, 2016 and 2017)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Loss	(13,647)	(4,740)
Other comprehensive income		
Valuation difference on available-for-sale securities	(215)	1,537
Deferred gains or losses on hedges	124	(446)
Foreign currency translation adjustment	2,470	(176)
Remeasurements of defined benefit plans, net of tax	(880)	0
Share of other comprehensive income of entities accounted for using equity method	12	36
Total other comprehensive income	1,510	950
Comprehensive income	(12,136)	(3,789)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(11,954)	(3,635)
Comprehensive income attributable to non- controlling interests	(181)	(154)

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
<b>Cash flows from operating activities</b>		
Loss before income taxes	(11,516)	(4,252)
Depreciation	6,767	6,495
Increase (decrease) in provision	3,278	26
Interest and dividend income	(706)	(1,240)
Interest expenses	921	801
Loss (gain) on sales of investments in capital of subsidiaries and associates	–	(119)
Loss (gain) on disposal of non-current assets	83	(367)
Decrease (increase) in notes and accounts receivable - trade	25,740	26,227
Decrease (increase) in inventories	(9,699)	(9,123)
Increase (decrease) in notes and accounts payable - trade	1,053	(2,140)
Increase (decrease) in accrued expenses	(2,299)	(1,531)
Other, net	8,177	(8,571)
Subtotal	21,800	6,203
Interest and dividend income received	923	1,240
Interest expenses paid	(938)	(784)
Income taxes paid	(748)	(934)
Payments for loss on Anti-Monopoly Act	–	(1,261)
Net cash provided by (used in) operating activities	21,036	4,462
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,898)	(2,956)
Proceeds from sales of property, plant and equipment	124	2,046
Purchase of intangible assets	(2,000)	(1,325)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(141)
Other payments	(724)	(610)
Other proceeds	288	137
Net cash provided by (used in) investing activities	(8,210)	(2,849)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(117)	3,705
Repayments of long-term loans payable	(11,978)	(9,696)
Cash dividends paid	(2,587)	(2,590)
Repayments of lease obligations	(1,407)	(1,302)
Other, net	216	38
Net cash provided by (used in) financing activities	(15,875)	(9,844)
Effect of exchange rate change on cash and cash equivalents	(480)	382
Net increase (decrease) in cash and cash equivalents	(3,530)	(7,848)
Cash and cash equivalents at beginning of period	46,322	51,980
Increase in cash and cash equivalents from newly consolidated subsidiary	205	–
Cash and cash equivalents at end of period	42,997	44,132

(4) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Not applicable

(Additional Information)

(Changes in matters related to fiscal years, etc., of consolidated subsidiaries)

Previously, for the Company's consolidated subsidiaries, OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A. and 7 other companies that close accounts on December 31, financial statements as of that closing date had been used in the preparation of the consolidated financial statements of the Company, and significant transactions that occurred between December 31 and the consolidated balance sheet date had been adjusted as required for the purposes of consolidation. However, in order to provide more appropriate disclosure of consolidated financial information, from the first quarter of the fiscal year ending March 31, 2018, the Company has changed the method of consolidation to that of performing a provisional closing of accounts on the consolidated balance sheet date.

Due to this change, the consolidated statements of income for the first six months of the fiscal year ending March 31, 2018, are the results reflecting the operating results of the aforementioned consolidated subsidiaries for the nine months from January 1 to September 30, 2017.

## (Segment Information)

## I First half of the fiscal year ended March 31, 2017 (from April 1, 2016 to September 30, 2016)

## Information about amounts of net sales, income and loss by reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	ICT	Mechatronics systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	66,863	48,963	54,255	20,864	190,946	8,309	199,255	–	199,255
Intersegment net sales or transfers	2,089	779	2,665	139	5,674	9,605	15,279	(15,279)	–
Total	68,952	49,743	56,920	21,003	196,620	17,914	214,535	(15,279)	199,255
Segment income (loss)	(291)	1,323	(773)	717	976	1,507	2,484	(3,131)	(647)

- (Notes)
1. “Others” consists of businesses not included in the reportable segments, such as provision of services, and manufacturing and sales of other equipment products.
  2. The adjustment to segment income or loss of ¥(3,131) million includes the elimination of intersegment transactions of ¥117 million, corporate expenses not allocated to each reportable segment of ¥(3,288) million, and an adjustment to non-current assets of ¥39 million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
  3. Segment income or loss is adjusted with operating loss in the consolidated statements of income.

## II First half of the fiscal year ending March 31, 2018 (from April 1, 2017 to September 30, 2017)

## Information about amounts of net sales, income and loss by reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	ICT	Mechatronics systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	68,506	45,410	51,820	22,241	187,978	5,995	193,974	–	193,974
Intersegment net sales or transfers	1,922	932	2,974	56	5,885	8,417	14,302	(14,302)	–
Total	70,429	46,342	54,794	22,297	193,864	14,412	208,277	(14,302)	193,974
Segment income (loss)	101	(2,986)	578	739	(1,568)	890	(678)	(3,447)	(4,125)

- (Notes)
1. “Others” consists of businesses not included in the reportable segments, such as provision of services, and manufacturing and sales of other equipment products.
  2. The adjustment to segment income or loss of ¥(3,447) million includes the elimination of intersegment transactions of ¥52 million, corporate expenses not allocated to each reportable segment of ¥(3,482) million, and an adjustment to non-current assets of ¥(17) million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
  3. Segment income or loss is adjusted with operating loss in the consolidated statements of income.