

(Translation)

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [J-GAAP]

May 9, 2019

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

URL: <https://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 21, 2019

Commencement of Dividend Payment (Scheduled): June 24, 2019

Filing of Securities Report (Scheduled): June 21, 2019

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, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(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, 2019	441,452	0.8	17,522	126.9	15,477	81.8	8,405	42.7
March 31, 2018	438,026	(3.0)	7,721	203.4	8,515	—	5,891	25.6

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥3,576 million ([53.0]%)
Fiscal year ended March 31, 2018: ¥7,605 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, 2019	97.16	97.03	8.4	4.2	4.0
March 31, 2018	67.86	67.80	6.0	2.3	1.8

(Reference) Share of profit (loss) of entities accounted for using equity method:
Fiscal year ended March 31, 2019: ¥214 million
Fiscal year ended March 31, 2018: ¥563 million

(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, 2019	365,503	100,200	27.3	1,155.28
As of March 31, 2018	366,512	102,144	27.3	1,154.03

(Reference) Shareholders' equity: As of March 31, 2019: ¥99,941 million
As of March 31, 2018: ¥100,169 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2019	6,364	(12,099)	(12,971)	26,823
March 31, 2018	15,578	(10,485)	(11,512)	45,481

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, 2018	–	20.00	–	30.00	50.00	4,343	73.7	4.4
March 31, 2019	–	0.00	–	50.00	50.00	4,325	51.5	4.3
Fiscal year ending March 31, 2020 (Projection)	–	0.00	–	50.00	50.00		30.9	

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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	450,000	1.9	18,500	5.6	17,000	9.8	14,000	66.6	161.83

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.: None
 - 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, 2019: 87,217,602 shares
 - As of March 31, 2018: 87,217,602 shares
 - 2) Number of treasury shares at the end of the period
 - As of March 31, 2019: 709,516 shares
 - As of March 31, 2018: 417,875 shares
 - 3) Average number of shares during the period
 - Fiscal Year ended March 31, 2019: 86,508,750 shares
 - Fiscal Year ended March 31, 2018: 86,826,746 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 15 of the Attachment.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	215,960	5.9	2,525	–	9,417	304.6	8,457	–
March 31, 2018	203,987	(3.9)	(891)	–	2,327	(77.4)	(1,975)	–

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2019	97.77		97.63	
March 31, 2018	(22.75)		–	

(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, 2019	265,944	79,722	29.9	920.02
As of March 31, 2018	253,891	77,505	30.5	891.08

(Reference) Shareholders' equity: As of March 31, 2019: ¥79,589 million
As of March 31, 2018: ¥77,403 million

Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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, 2020" 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 9, 2019 (Thursday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company's website on the same day.

Contents of the Attachment

1. Overview of Operating Results and Others	2
(1) Analysis of Operating Results	2
(2) Analysis of Financial Position	5
(3) Basic Policy Concerning the Distribution of Profits and the Dividend Distributions for the Fiscal Year Ended March 31, 2019 and the Fiscal Year Ending March 31, 2020	5
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(Consolidated Statements of Income)	8
(Consolidated Statements of Comprehensive Income)	9
(3) Consolidated Statements of Changes in Equity	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
(Notes Relating to Going Concern Assumption).....	13
(Additional Information).....	13
(Segment Information)	13
(Per Share Information).....	15
(Significant Subsequent Event).....	15

1. Overview of Operating Results and Others

(1) Analysis of Operating Results

1) Results of operations for the fiscal year under review (April 1, 2018 to March 31, 2019)

Looking at the global situation in fiscal year ended March 31, 2019, the economy continued to show a gradual recovery as a whole, but economic uncertainty rose due to the effects of China's economic slowdown caused by US-China trade friction and problems associated with Brexit in the UK. Japan's economy continued its modest recovery supported by factors such as improved employment conditions and increased capital investment, but began to show signs of a slowdown in some business areas due to the effects of the global economy.

Under this business environment, the OKI Group reported net sales of ¥441.5 billion, a ¥3.5 billion or 0.8% increase year-on-year, despite decreases in sales in the Mechatronics Systems business and the Printers business, because these decreases were offset by remained stable sales in the ICT business and the effects of the newly consolidated Oki Electric Cable Co., Ltd. on the EMS business. Operating income was ¥17.5 billion, an increase of ¥9.8 billion year-on-year, due to factors such as increased sales and earnings generated through differences in project mix in the ICT business, effects of structural reforms in the Mechatronics Systems business, and reductions in fixed costs through reforms to business structures and the effects of the yen's depreciation on the Printers business.

Ordinary income was ¥15.5 billion, an increase of ¥7.0 billion year-on-year, due to increased operating income, despite the posting of a ¥1.3 billion of foreign exchange loss as non-operating expenses. Profit attributable to owners of parent was ¥8.4 billion, an increase of ¥2.5 billion year-on-year, due to factors such as the posting of ¥1.4 billion of a gain on sale of non-current assets and ¥1.0 billion of a gain on sale of investment securities as extraordinary income, despite the posting of ¥3.5 billion of business structure improvement expenses and ¥2.9 billion of the impairment loss in the Mechatronics Systems business as extraordinary losses.

(Billions of yen)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Year-on-year change rate
Net sales	441.5	438.0	0.8%
Operating income	17.5	7.7	126.9%
Ordinary income (loss)	15.5	8.5	81.8%
Profit attributable to owners of parent	8.4	5.9	42.7%

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

<ICT>

Net sales came to ¥184.3 billion (a year-on-year increase of 6.7% or ¥11.6 billion). The increase resulted from factors such as increases in social infrastructure-related projects, sales to telecom carriers, and projects for some public agencies.

Operating income came to ¥14.7 billion, a year-on-year increase of ¥1.2 billion, with the effect of a sales increase and differences in project mix.

(Billions of yen)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Year-on-year change rate
Net sales	184.3	172.7	6.7%
Operating income	14.7	13.5	8.5%

<Mechatronics Systems>

Net sales came to ¥82.7 billion (a year-on-year decrease of 11.6% or ¥10.8 billion). The decline was mainly due to the disappearance of the effects of standardizing the fiscal periods of Brazilian subsidiaries and the impacts of reviewing business operations in the process of making structural reforms.

Operating income was ¥0.1 billion, an improvement of ¥5.2 billion year-on-year, mainly due to the effects of fixed cost reductions achieved through structural reforms, despite the effects of decreases in sales.

(Billions of yen)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Year-on-year change rate
Net sales	82.7	93.5	(11.6)%
Of which, sales in Japan	61.7	61.1	0.9%
sales in overseas	21.0	32.4	(35.2)%
Operating income	0.1	(5.1)	–

<Printers>

Net sales came to ¥102.6 billion (a year-on-year decrease of 5.8% or ¥6.3 billion). The decline was mainly due to the large-scale projects included in the previous fiscal year.

Operating income was ¥5.7 billion, up ¥3.0 billion year-on-year, due to the effect of fixed cost structure improvement and the weak yen.

(Billions of yen)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Year-on-year change rate
Net sales	102.6	108.9	(5.8)%
Of which, sales in Japan	28.8	28.5	0.7%
sales in overseas	73.8	80.4	(8.1)%
Operating income	5.7	2.7	110.3%

<EMS>

Net sales came to ¥65.2 billion (a year-on-year increase of 17.4% or ¥9.7 billion) mainly due to the effect of new consolidation of Oki Electric Cable Co., Ltd. Operating income increased by ¥0.4 billion to ¥3.7 billion owing to higher sales volume.

(Billions of yen)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Year-on-year change rate
Net sales	65.2	55.5	17.4%
Operating income	3.7	3.3	12.1%

* The figures for the fiscal year ended March 31, 2018 have been restated.

<Others>

Net sales came to ¥6.7 billion (a year-on-year decrease of 9.0% or ¥0.7 billion) and operating income came to ¥0.9 billion (a year-on-year decrease of ¥0.1 billion).

(Billions of yen)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Year-on-year change rate
Net sales	6.7	7.4	(9.0)%
Operating income	0.9	1.0	(11.3)%

* The figures for the fiscal year ended March 31, 2018 have been restated.

2) Outlook for the fiscal year ending March 31, 2020

As the business outlook for the OKI Group for the fiscal year ending March 31, 2020, the Company projects a ¥8.5 billion year-on-year increase in net sales to ¥450.0 billion, a ¥1.0 billion increase in operating income to ¥18.5 billion, a ¥1.5 billion increase in ordinary income to ¥17.0 billion and a ¥5.6 billion increase in profit attributable to owners of parent to ¥14.0 billion.

In the ICT business, the plan is to grow sales to sectors such as some public agencies focusing on social infrastructure, while continuing to invest for the future. The Mechatronics Systems business is expanding recurring revenue business and proceeding with strengthening the business. In the Printers business, the industrial printing market is being developed with the launch of new products, while initiatives are being implemented to improve the sales mix. The EMS business is aiming to develop new customers and increase new orders, while continuing to increase revenues and profit.

The exchange rates used in the consolidated results projection are ¥110.0 to the U.S. dollar and ¥125.0 to the euro.

(Billions of yen)	Fiscal year ending March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	450.0	441.5	1.9%
Operating income	18.5	17.5	5.6%
Ordinary income	17.0	15.5	9.8%
Profit attributable to owners of parent	14.0	8.4	66.6%

(Billions of yen)		Fiscal year ending March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
ICT	Net sales	203.0	184.3	10.2%
	Operating income	14.5	14.7	(1.2)%
Mechatronics Systems	Net sales	72.0	82.7	(13.0)%
	Operating income	1.0	0.1	–
Printers	Net sales	104.0	102.6	1.4%
	Operating income	7.0	5.7	21.9%
EMS	Net sales	67.0	65.2	2.8%
	Operating income	4.0	3.7	8.0%
Others	Net sales	4.0	6.7	(40.4)%
	Operating income	0.0	0.9	–
Elimination/corporate	Operating income	(8.0)	(7.6)	–
Total	Net sales	450.0	441.5	1.9%
	Operating income	18.5	17.5	5.6%

(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) Assets, liabilities, and net assets at the end of the fiscal year under review

At the end of the fiscal year under review, total assets decreased by ¥1.0 billion from the end of the previous fiscal year to ¥365.5 billion. Shareholders' equity decreased by ¥0.3 billion from the end of the previous fiscal year to ¥99.9 billion due to factors such as the decrease of ¥4.9 billion in accumulated other comprehensive income and distribution of ordinary dividends of ¥2.6 billion, despite the recording of profit attributable to owners of parent of ¥8.4 billion.

As a result, shareholders' equity ratio stood at 27.3%.

With respect to major increases and decreases in assets, there were increases of ¥8.8 billion in notes and accounts receivable - trade, ¥4.4 billion in inventories, and ¥3.5 billion in lease investment assets, while cash and deposits decreased by ¥19.0 billion.

With respect to major increases in liabilities, there were increases of ¥2.9 billion in lease obligations and ¥2.4 billion in net defined benefit liability. Loans payable decreased by ¥3.3 billion from ¥81.9 billion at the end of the previous fiscal year to ¥78.6 billion.

2) Cash flows for the fiscal year under review

Net cash provided by operating activities amounted to ¥6.4 billion (¥15.6 billion of cash inflow for the previous fiscal year), due to the recording of profit before income taxes despite an increase in working capital.

Net cash used in investing activities amounted to ¥12.1 billion (¥10.5 billion of cash outflow for the previous fiscal year), due mainly to purchase of property, plant and equipment, and intangible assets.

As a result, free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, resulted in a net outflow of ¥5.7 billion (net inflow of ¥5.1 billion for the previous fiscal year).

Net cash used in financing activities amounted to ¥13.0 billion (¥11.5 billion of cash outflow for the previous fiscal year), due to repayments of loans payable and repayments of lease obligations, among others.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased from ¥45.5 billion from the end of the previous fiscal year to ¥26.8 billion.

(3) Basic Policy Concerning the Distribution of Profits and the Dividend Distributions for the Fiscal Year Ended March 31, 2019 and the Fiscal Year Ending March 31, 2020

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 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 (annual dividends) at ¥50.00 per share for the fiscal year under review, which is scheduled to be paid at the end of the fiscal year under review.

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

2. 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	48,698	29,730
Notes and accounts receivable - trade	97,936	106,672
Lease investment assets	8,024	11,513
Finished goods	17,041	18,823
Work in process	21,867	25,007
Raw materials and supplies	21,296	20,777
Other	10,012	10,940
Allowance for doubtful accounts	(132)	(257)
Total current assets	224,743	223,206
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,957	19,656
Machinery, equipment and vehicles, net	7,505	8,166
Tools, furniture and fixtures, net	9,014	8,464
Land	13,240	12,829
Construction in progress	332	277
Total property, plant and equipment	52,048	49,393
Intangible assets	9,952	10,457
Investments and other assets		
Investment securities	48,760	43,621
Net defined benefit asset	15,357	18,339
Long-term operating receivables	22,456	21,940
Other	13,116	17,921
Allowance for doubtful accounts	(19,924)	(19,376)
Total investments and other assets	79,766	82,446
Total non-current assets	141,768	142,296
Total assets	366,512	365,503
Liabilities		
Current liabilities		
Notes and accounts payable - trade	67,124	67,465
Short-term loans payable	58,958	48,880
Accrued expenses	21,952	21,764
Other	38,625	38,084
Total current liabilities	186,661	176,194
Non-current liabilities		
Long-term loans payable	22,956	29,673
Lease obligations	8,950	11,926
Deferred tax liabilities	11,782	9,945
Provision for directors' retirement benefits	502	463
Net defined benefit liability	27,814	30,158
Other	5,700	6,941
Total non-current liabilities	77,705	89,108
Total liabilities	264,367	265,302

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Capital stock	44,000	44,000
Capital surplus	19,795	19,057
Retained earnings	45,983	51,785
Treasury shares	(563)	(997)
Total shareholders' equity	109,215	113,845
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,578	2,816
Deferred gains or losses on hedges	34	169
Foreign currency translation adjustment	(12,203)	(10,884)
Remeasurements of defined benefit plans	(3,455)	(6,006)
Total accumulated other comprehensive income	(9,045)	(13,904)
Share acquisition rights	101	133
Non-controlling interests	1,873	126
Total net assets	102,144	100,200
Total liabilities and net assets	366,512	365,503

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	438,026	441,452
Cost of sales	327,450	322,624
Gross profit	110,576	118,827
Selling, general and administrative expenses	102,854	101,305
Operating income	7,721	17,522
Non-operating income		
Interest income	191	97
Dividend income	1,571	1,302
Dividend income of insurance	353	391
Miscellaneous income	1,449	627
Total non-operating income	3,564	2,419
Non-operating expenses		
Interest expenses	1,559	1,633
Foreign exchange losses	–	1,280
Penalty	325	425
Miscellaneous expenses	884	1,125
Total non-operating expenses	2,770	4,464
Ordinary income	8,515	15,477
Extraordinary income		
Gain on sales of non-current assets	770	1,426
Gain on sales of investment securities	115	969
Gain on sales of investments in capital of subsidiaries and associates	119	–
Gain on step acquisitions	1,116	–
Gain on bargain purchase	210	–
Gain on extinguishment of debt	179	–
Total extraordinary income	2,512	2,396
Extraordinary losses		
Loss on disposal of non-current assets	373	475
Impairment loss	–	2,890
Business structure improvement expenses	2,526	3,489
Total extraordinary losses	2,900	6,855
Profit before income taxes	8,128	11,018
Income taxes - current	2,561	2,476
Income taxes - deferred	(217)	108
Total income taxes	2,344	2,585
Profit	5,783	8,432
Profit (loss) attributable to non-controlling interests	(108)	27
Profit attributable to owners of parent	5,891	8,405

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	5,783	8,432
Other comprehensive income		
Valuation difference on available-for-sale securities	1,332	(3,762)
Deferred gains or losses on hedges	37	134
Foreign currency translation adjustment	(495)	1,321
Remeasurements of defined benefit plans, net of tax	956	(2,551)
Share of other comprehensive income of entities accounted for using equity method	(8)	0
Total other comprehensive income	1,821	(4,856)
Comprehensive income	7,605	3,576
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,725	3,546
Comprehensive income attributable to non- controlling interests	(119)	30

(3) Consolidated Statements of Changes in Equity
 Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	19,799	44,434	(477)	107,757
Changes of items during period					
Dividends of surplus			(4,343)		(4,343)
Profit attributable to owners of parent			5,891		5,891
Purchase of treasury shares				(99)	(99)
Disposal of treasury shares		(4)		12	8
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(4)	1,548	(86)	1,457
Balance at end of current period	44,000	19,795	45,983	(563)	109,215

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,337	(2)	(11,702)	(4,511)	(10,878)	94	242	97,215
Changes of items during period								
Dividends of surplus								(4,343)
Profit attributable to owners of parent								5,891
Purchase of treasury shares								(99)
Disposal of treasury shares								8
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	1,240	37	(500)	1,056	1,833	6	1,631	3,471
Total changes of items during period	1,240	37	(500)	1,056	1,833	6	1,631	4,929
Balance at end of current period	6,578	34	(12,203)	(3,455)	(9,045)	101	1,873	102,144

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	19,795	45,983	(563)	109,215
Changes of items during period					
Dividends of surplus			(2,603)		(2,603)
Profit attributable to owners of parent			8,405		8,405
Purchase of treasury shares				(448)	(448)
Disposal of treasury shares		(9)		30	21
Change in ownership interest of parent due to transactions with non-controlling interests		(728)		(15)	(744)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(737)	5,801	(433)	4,630
Balance at end of current period	44,000	19,057	51,785	(997)	113,845

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	6,578	34	(12,203)	(3,455)	(9,045)	101	1,873	102,144
Changes of items during period								
Dividends of surplus								(2,603)
Profit attributable to owners of parent								8,405
Purchase of treasury shares								(448)
Disposal of treasury shares								21
Change in ownership interest of parent due to transactions with non-controlling interests								(744)
Net changes of items other than shareholders' equity	(3,761)	134	1,318	(2,551)	(4,858)	31	(1,746)	(6,574)
Total changes of items during period	(3,761)	134	1,318	(2,551)	(4,858)	31	(1,746)	(1,943)
Balance at end of current period	2,816	169	(10,884)	(6,006)	(13,904)	133	126	100,200

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	8,128	11,018
Depreciation	12,978	12,367
Impairment loss	–	2,890
Loss (gain) on step acquisitions	(1,116)	–
Increase (decrease) in provision	1,152	1,443
Interest and dividend income	(1,762)	(1,400)
Interest expenses	1,559	1,633
Loss (gain) on sales of investment securities	(115)	(925)
Loss (gain) on disposal of non-current assets	(397)	(933)
Decrease (increase) in notes and accounts receivable - trade	5,576	(6,823)
Decrease (increase) in inventories	3,296	(4,529)
Increase (decrease) in notes and accounts payable - trade	7,593	(418)
Other, net	(17,416)	(4,388)
Subtotal	19,475	9,932
Interest and dividend income received	1,761	1,400
Interest expenses paid	(1,496)	(1,551)
Income taxes paid	(2,176)	(2,937)
Payments for loss on Anti-Monopoly Act	(1,985)	(479)
Net cash provided by (used in) operating activities	15,578	6,364
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,801)	(9,486)
Proceeds from sales of property, plant and equipment	2,745	2,186
Purchase of intangible assets	(2,638)	(3,908)
Purchase of investment securities	(15)	(1,056)
Proceeds from sales of investment securities	244	1,726
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,199)	–
Purchase of long-term prepaid expenses	(738)	(1,224)
Other payments	(463)	(816)
Other proceeds	382	479
Net cash provided by (used in) investing activities	(10,485)	(12,099)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(598)	(6,896)
Proceeds from long-term loans payable	15,000	24,970
Repayments of long-term loans payable	(18,894)	(22,071)
Cash dividends paid	(4,322)	(2,601)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3)	(2,502)
Repayments of lease obligations	(2,724)	(3,416)
Other, net	31	(452)
Net cash provided by (used in) financing activities	(11,512)	(12,971)
Effect of exchange rate change on cash and cash equivalents	(79)	48
Net increase (decrease) in cash and cash equivalents	(6,498)	(18,657)
Cash and cash equivalents at beginning of period	51,980	45,481
Cash and cash equivalents at end of period	45,481	26,823

(5) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable

(Additional information)

(Changes due to Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets (if any) were presented under “Investments and other assets” and deferred tax liabilities (if any) were presented under “Non-current liabilities.”

(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 (Okidata 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 printers, and dot-impact printers, etc.
EMS	Consigned designing and manufacturing services, printed circuit boards, etc.

The EMS business was restructured from the fiscal year under review with the aim of further strengthening the Company’s one-stop services from sales to design, manufacturing, and evaluation. Accordingly, some businesses that had previously been categorized as “Others” have been amended to “EMS business”.

Consequently, segment information for the previous fiscal year has been created and disclosed on the basis of the segment information categories following the amendment.

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

Segment income is calculated on an operating income basis. Intersegment transactions are calculated based on prevailing market rates.

3. Information about amounts of net sales, profit and loss by reportable segment
Previous fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	ICT	Mechatronics Systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	172,716	93,542	108,905	55,488	430,652	7,374	438,026	–	438,026
Intersegment net sales or transfers	4,002	2,125	5,815	718	12,662	16,006	28,668	(28,668)	–
Total	176,718	95,667	114,721	56,206	443,314	23,380	466,695	(28,668)	438,026
Segment income (loss)	13,513	(5,093)	2,729	3,305	14,454	988	15,443	(7,721)	7,721

Current fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	ICT	Mechatronics Systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	184,286	82,731	102,554	65,167	434,740	6,712	441,452	–	441,452
Intersegment net sales or transfers	4,306	1,888	5,228	816	12,240	16,167	28,408	(28,408)	–
Total	188,592	84,620	107,782	65,984	446,980	22,879	469,860	(28,408)	441,452
Segment income (loss)	14,668	82	5,740	3,705	24,197	877	25,074	(7,552)	17,522

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 income or loss	Previous fiscal year	Current fiscal year
Elimination of intersegment transactions	125	69
Corporate expenses*	(7,783)	(7,530)
Adjustment to non-current assets	(63)	(91)
Total	(7,721)	(7,552)

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

(Per Share Information)

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net assets per share	¥1,154.03	¥1,155.28
Basic earnings per share	¥67.86	¥97.16
Diluted earnings per share	¥67.80	¥97.03

Notes: 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	5,891	8,405
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	5,891	8,405
Weighted average number of shares of common stock during the period (Thousand shares)	86,826	86,508
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increase of common stock (Thousand shares)	80	120
Outline of dilutive shares not counted in the calculation of diluted earnings per share due to no dilutive effect	–	–

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

	Previous fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Total net assets (Millions of yen)	102,144	100,200
Amount deducted from the total net assets (Millions of yen)	1,974	259
[Subscription rights to shares included in the above]	[101]	[133]
[Non-controlling interests included in the above]	[1,873]	[126]
Amount of net assets related to common stock at end of period (Millions of yen)	100,169	99,941
Number of common stock used to calculate net assets per share at end of period (Thousand shares)	86,799	86,508

(Significant Subsequent Event)

Not applicable