

# Financial Results for the Q1 of FY ending March 31, 2011

July 30, 2010

Oki Electric Industry Co., Ltd.

- Indication method of amounts in hundred millions (yen) are as follow:  
Amounts in each item are rounded to the nearest hundred million yen. Variances are calculated in the hundred millions.
- The projections and plans in this material are subject to change depending upon the changes of business environments and other conditions.

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# Summary of Segment Information

- OKI's Q1 results were approximately as projected though circumstances for each segment were somewhat different.

[YoY comparison]

- Net sales remained the same as the previous fiscal year, 82.5B yen.  
- EMS etc., covered the fall in sales of Info-telecom and Printers.
- Operating loss increased by 4.7B yen to 7.8B yen.
- Impact of currency exchange: Net sales and operating income decreased by 2.1B yen and 0.3B yen.

\*after restatement

(Billion yen)	FY end Mar. 2011		FY end Mar. 2010*	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	44.7	(1.6)	45.9	0.2
Printers	27.5	(4.7)	29.9	(1.0)
Others	10.3	0.5	6.8	(0.9)
Eliminates & Corp.	—	(2.0)	—	(1.3)
<b>Total</b>	<b>82.5</b>	<b>(7.8)</b>	<b>82.6</b>	<b>(3.1)</b>

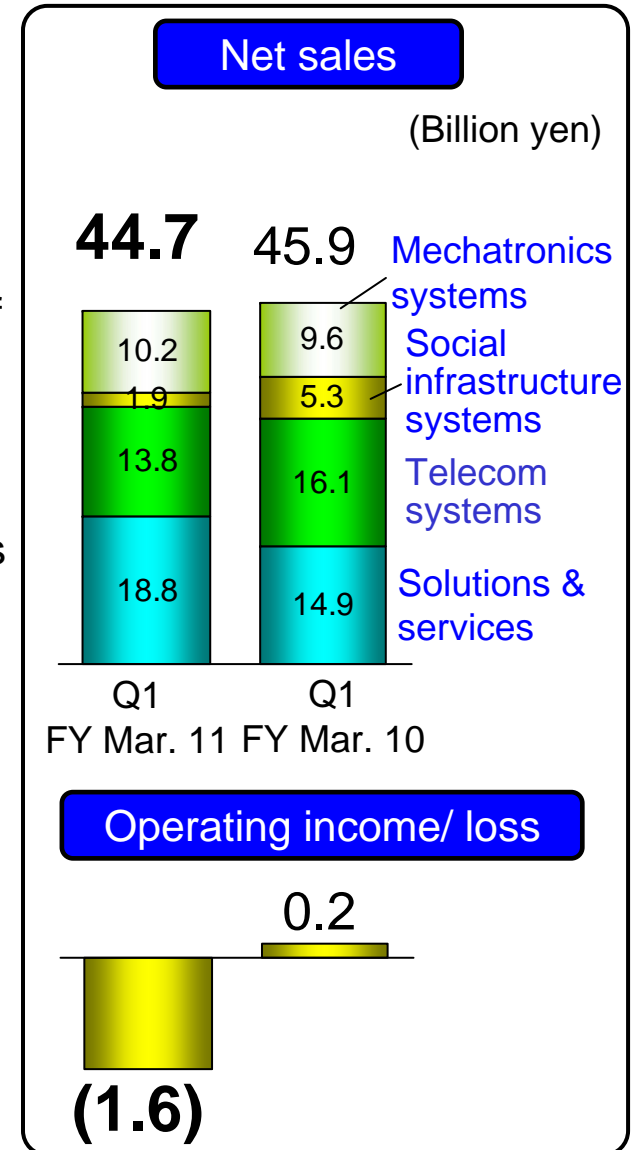
# Segment Information: Info-telecom Systems

## Net sales:

- **Solutions & services:**  
Sales increased due to the growth of maintenance and services such as ATM monitoring services, and systems sales for governmental offices, etc.
- **Telecom systems:**  
Sales for telecom carriers decreased due to the decline of core network and existing network equipment, though shipment of GE-PON increased. Sales for enterprises remained flat.
- **Social infrastructure systems:**  
Though procurement was as planned, sales decreased as large project replacements for some governmental offices were in the changeover period.
- **Mechatronics systems:**  
Sales for ATM in Japan and China were steady. Overall sales increased as bank branch terminals sales also expanded.

## Operating income:

Despite making efforts to reduce production and procurement costs, operating income decreased by 1.8B yen due to the decline in marginal profits impacted by the decrease in volume and treatment optimization.



## Segment Information: Printers

### ■ Impact of currency exchange:

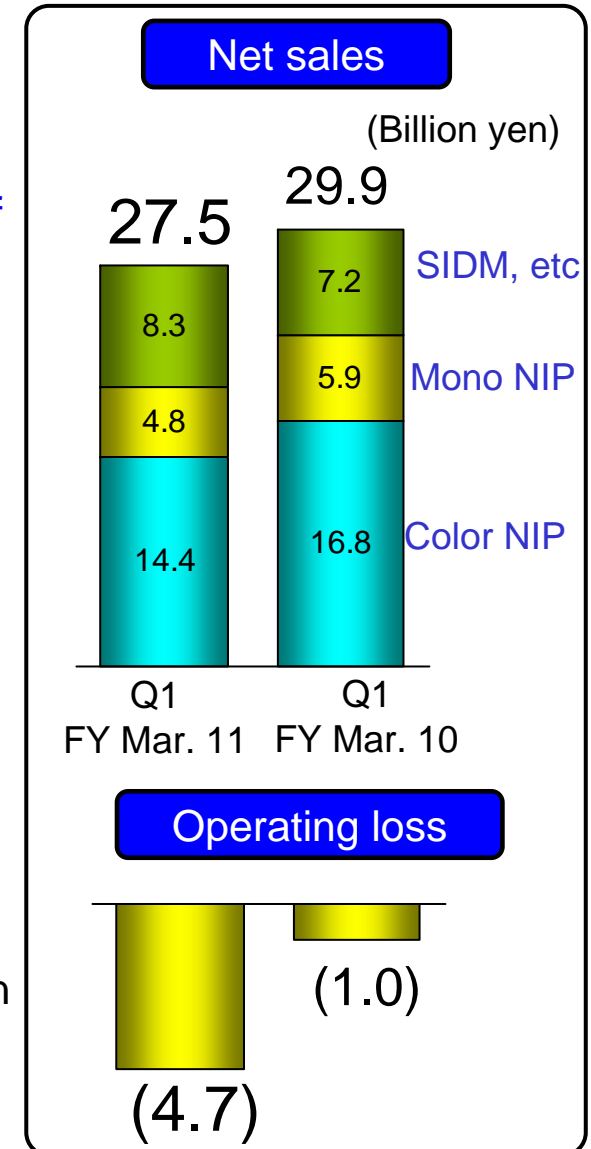
- Net sales declined by 2.1B yen. Operating income declined by 0.2B yen.

### ■ Net sales decreased by 0.3B yen excluding the impact of currency exchange.

- Color and Mono NIP: Though unit sales for color and mono NIP increased, sales decreased due to unit price decline in previous models caused by the launch of new products in Europe and the impact of the challenging economic environment in certain regions across Europe.
- SIDM, etc.: SIDM remained approximately the same as the previous fiscal year.

### ■ Operating loss increased by 3.5B yen excluding the impact of currency exchange.

Operating loss increased by 3.7B yen due to the impact of treatment optimization, in addition to the price decline, changes in volume and product mix, increase in sales expense, while OKI made efforts to reduce production and procurement costs.



# Others

## ■ Net sales:

### ➤ EMS:

- Sales for EMS business increased due to the expanded orders for large businesses in telecom equipment market, acquirement of new business in medical equipment market, and the market recovery in industrial and semiconductor equipment markets.

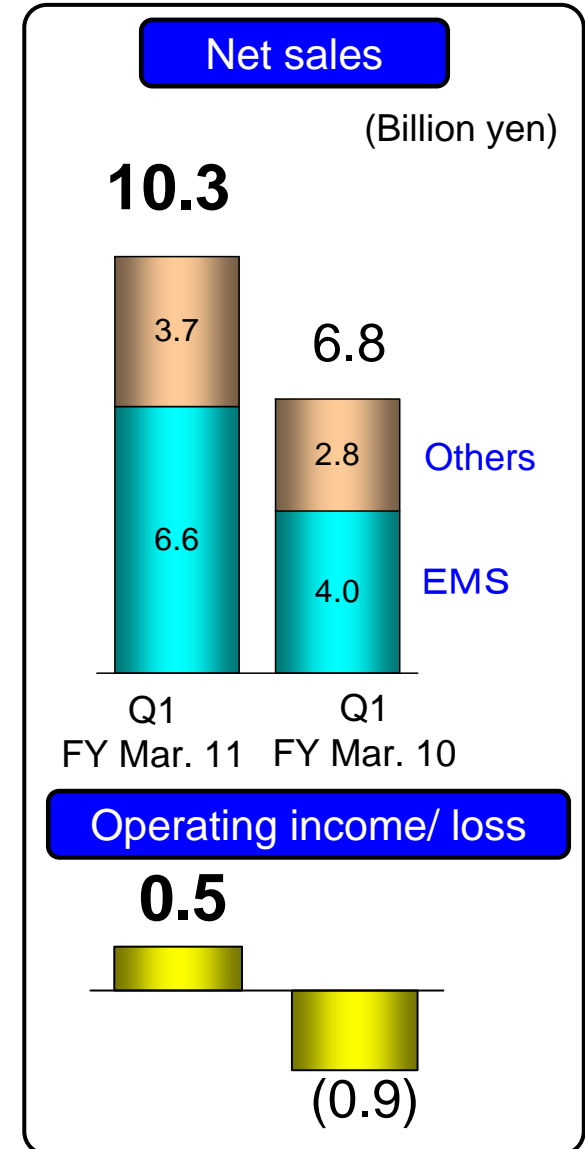
- Sales for substrate businesses increased, due to its market recovery.

### ➤ Others:

Sales for components related business increased with the market recovery.

## ■ Operating income:

Operating income improved by 1.4B yen due to the improvement in product mix and making efforts to reduce production and procurement costs, in addition to the increase in marginal profits due to increase in volume.



## Changing Factors of Operating Income

- Operating loss increased by 4.7B yen due to changes in product mix, price decline, impact of the strong yen, increase in other costs, and the impact of treatment optimization, etc., while OKI made efforts to reduce production and procurement costs.

		(Billion yen)	Operating income (loss)
	Results of FY ending March 2011		(7.8)
	Results of previous FY ended March 2010		(3.1)
	Variance of operating income		(4.7)
Changing factors	Changes in volume and product mix		(0.5)
	Price decline		(0.5)
	Impact of currency exchange		(0.5)
	Reduction of procurement and production costs		1.0
	Changes in fixed-costs		(3.0)
	Changes in other costs		(1.5)

# Q1 Profit and Loss

(Billion yen)	<b>FY Mar. 2011</b>	FY Mar. 2010
Net Sales	<b>82.5</b>	82.6
Cost of Sales	<b>64.8</b>	61.5
SG&A	<b>25.5</b>	24.2
Operating loss	<b>(7.8)</b>	(3.1)
Other income/loss	<b>(1.2)</b>	(1.9)
Recurring loss	<b>(9.1)</b>	(5.0)
Extraordinary loss	<b>(0.4)</b>	(0.7)
Income before income taxes	<b>(9.4)</b>	(5.8)
Net loss	<b>(10.5)</b>	(6.7)

## [Y on Y comparison]

- SG&A increased impacted by the rise in sales expense and efforts in optimizing treatment etc.
- Other income and expenses improved, since previous year included loss caused by the redemption of corporate bonds.
- Extraordinary loss was approximately the same as the previous fiscal year.
  - Gain on negative goodwill due to OKI Wintech becoming a wholly-owned subsidiary (+2.7B yen)
  - Loss on revaluation of investments in securities (- 2.4B yen)

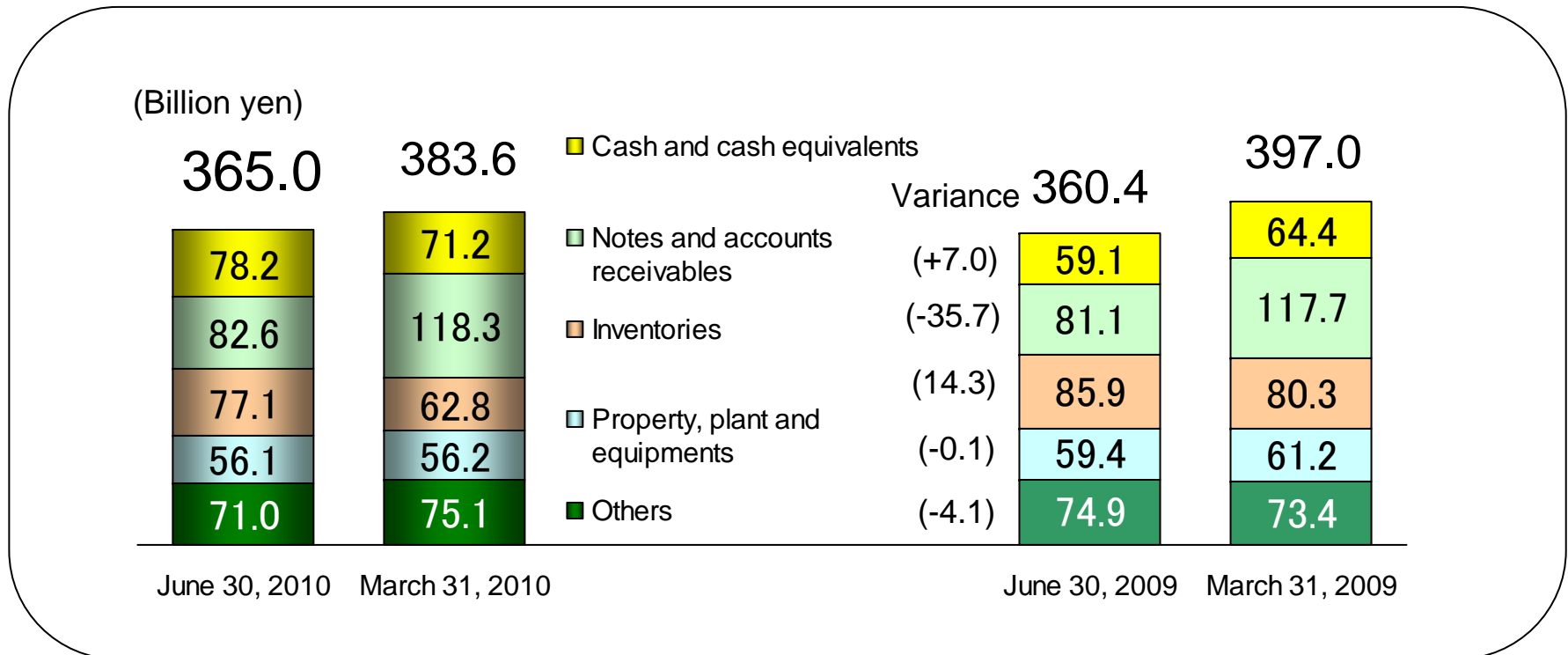
## [Reference: Currency exchange rate]

	<b>FY Mar. 2011</b>	FY Mar. 2010
USD	<b>92.0</b>	97.3
Euro	<b>117.0</b>	132.6



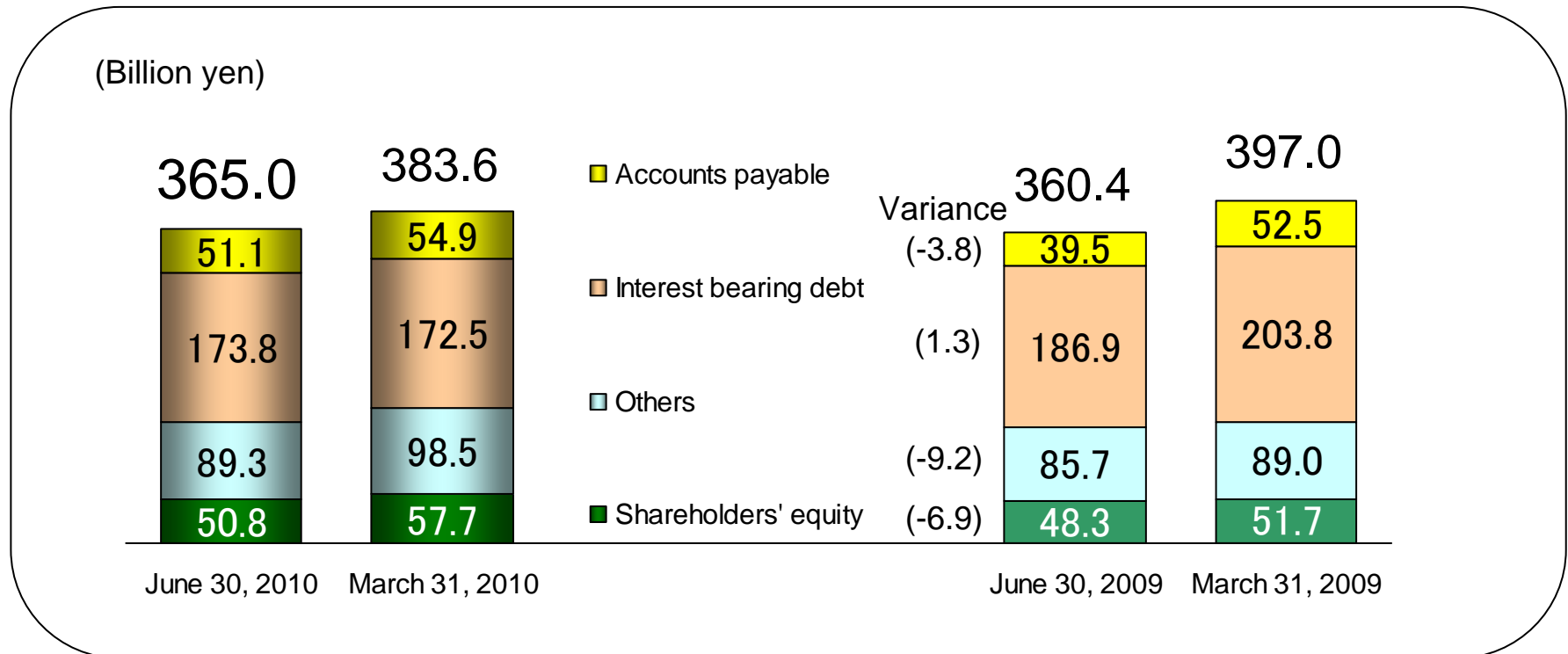
## Balance Sheet [Assets]

- Total assets decreased by 18.6B yen due to the reduction in notes and accounts receivables.
- Due to the tendency of larger sales in Q4 of the previous fiscal year, notes and account receivables at March end increased. These receivables are collected in cash, etc., during this Q1 which reduces the portion of receivables at June end. Inventories declined at March end and increased at June end because of production equalization during this Q1.



## Balance Sheet [Liabilities and shareholders' equity]

- Overall shareholders' equity fell, caused by the decrease in net income and valuation adjustments, although additional paid-in capital increased due to the share exchange from acquiring the whole ownership of OKI Wintech.
- Net interest bearing debt decreased by 5.7B yen to 95.6B yen, despite increase in interest bearing debt of 1.3B yen.



# Cash Flows

- Cash flows from operating activities increased by 6.6B yen due to improved working capital, etc.

(Billion yen)	<b>FY March end. 2011</b>	FY March end. 2010	<b>Notes</b>
<b>I Cash flows from operating activities</b>	6.6	15.4	
Net income before income taxes	(9.4)	(5.8)	
Depreciation & amortization	3.4	3.7	
Changes in working capital	15.9	23.0	
Others	(3.3)	(5.5)	
<b>II Cash flows from investing activities</b>	(1.0)	(2.3)	
Purchase of property, plants & equipment	(1.8)	(2.0)	
Others	0.8	(0.3)	
<b>Free cash flows ( I + II )</b>	5.6	13.1	
<b>III Cash flows from financing activities</b>	1.2	(18.9)	
<b>Net cash flows ( I + II + III )</b>	6.7	(5.8)	
<b>Cash and cash equivalents at the period end</b>	78.2	59.1	

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## 1H Projections of for the Fiscal Year end. Mar. 2011 [Summary]

**Projections for the 1H of the FY end. Mar. 31, 2011 remain the same as the previous announcement.**

However, net sales and operating income for each segment have been revised, in light of recent business performance.

(Billion yen)	1H Projections for the FY end. March 31, 2011		
	July 30, 2010	Previous projections	Variance
Sales	185.0	185.0	0
Info-telecom	103.0	101.5	+1.5
Printers	60.0	62.5	(2.5)
Others	22.0	21.0	+1.0
Operating income	(5.0)	(5.0)	0
Info-telecom	0	(1.0)	+1.0
Printers	(3.0)	(1.0)	(2.0)
Others	1.4	0.4	1.0
Eliminates & Corp.	(3.4)	(3.4)	0
Recurring income	(7.5)	(7.5)	0
Net income	(8.0)	(8.0)	0

# Qualitative Information

## [Net sales]

- Info-telecom segment: Sales increased from maintenance services of solutions and services business and system sales for the public sector, in addition to the market condition recovery in Japan.
- Printer segment: Sales decreased due to the challenging economic environment in certain regions across Europe and the unit price decline in previous models when new color and mono NIP products were launched in Europe. It was also impacted by the currency exchange.
- Others: Sales increased for EMS business and components related business, given the market recovery in Japan.

## [Operating income]

- Info-telecom segment and Others: Operating income increased due to improved marginal profit from sales increase, reduced procurement and production costs, as well as changes in product mix.
- Printer segment: Operating income declined due to the price fall, volume fluctuation, changes in product mix, in addition to the impact of the currency exchange.