

Financial Results for the 3rd Quarter of FY ending March 31, 2011

January 28, 2011

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.

Table of Contents

I. Financial results for the Q3, FY ending Mar. 2011

1. Segment information
2. Changing factors of operating income
3. Profit and loss
4. Balance sheets
5. Cash flows

II. Full Year Projections of the FY ending Mar. 2011

1. Summary
2. Qualitative information

Summary of Segment Information

■ OKI's nine months results were different for each segment and the Printer segment struggled.

[YoY comparison]

- Net sales decreased by 4.1B yen.
 - Info-telecom segment: Sales were approximately the same as previous fiscal year.
 - Printer segment: Sales decreased due to the impact of the delayed economic recovery in certain regions across Europe, in addition to the impact of currency exchange.
 - EMS segment and Others: Sales increased due to its market recovery. EMS: Electronics Manufacturing Service
- Operating loss worsened by 6.1B yen to 5.0B yen.
 - Info-telecom segment: Operating income was approximately the same as previous fiscal year.
 - Though operating income of EMS segment and Others increased, overall operating income decreased as profit decline of Printers segment could not be recovered.
- Impact of currency exchange: Net sales decreased by 9.0B yen and operating income fell by 2.2B yen.

*after restatement (Billion yen)	Net sales		Operating income (loss)	
	FY end Mar. 2011	FY end Mar. 2010*	FY end Mar. 2011	FY end Mar. 2010*
Info-telecom	163.6	163.3	4.1	4.4
Printers	87.5	100.9	(5.7)	2.4
EMS	22.1	15.1	0.7	(0.4)
Others	11.5	9.6	1.1	(0.6)
Eliminates & Corp.	—	—	(5.2)	(4.6)
Total	284.8	288.9	(5.0)	1.1

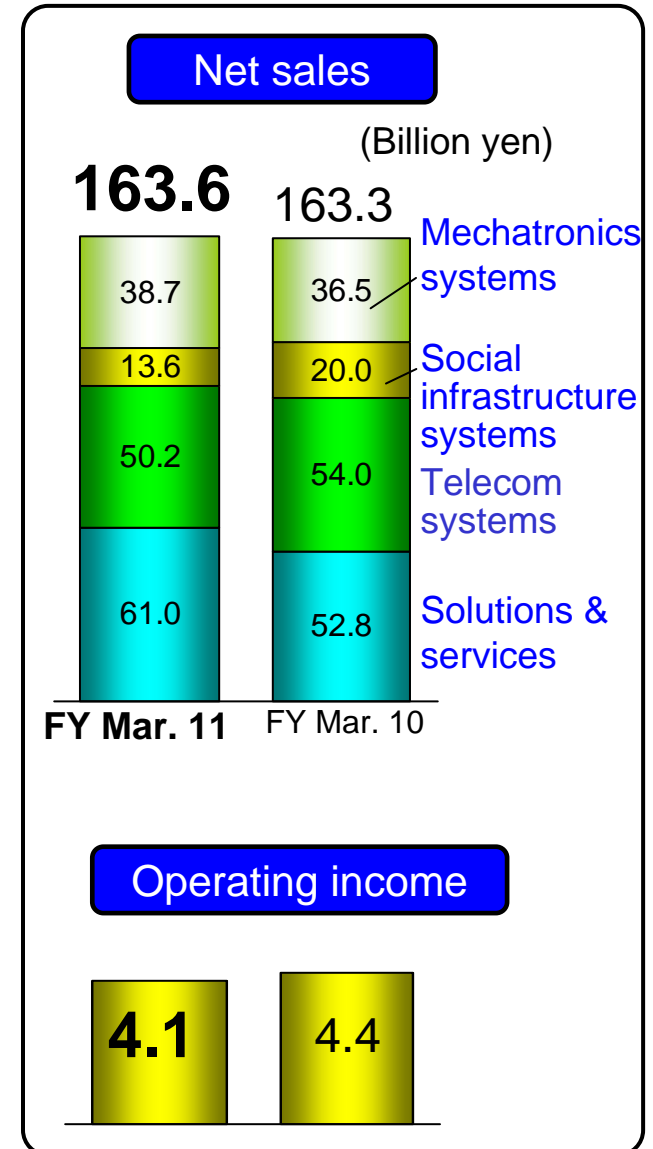
Segment Information: Info-telecom Systems

■ Net sales:

- Solutions & services:
Sales increased due to the rise in 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 in core network and existing network, though shipment of GE-PON increased.
Sales for enterprises declined due to the decrease of large projects.
- Social infrastructure systems:
Though results were 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 sales of ticket issuing terminals also expanded.

■ Operating income:

Operating income decreased by 0.3B yen due to effects of treatment optimization, while OKI made efforts to reduce production and procurement costs, and improve product mix, etc.



ATM: Automated Teller Machine GE-PON : Gigabit Ethernet Passive Optical Network

Segment Information: Printers

■ **Impact of currency exchange:**

➤ Net sales declined by 9.0B yen. Operating income declined by 2.2B yen.

■ **Net sales decreased by 4.4B yen excluding the impact of currency exchange.**

➤ **Color and Mono NIP:**

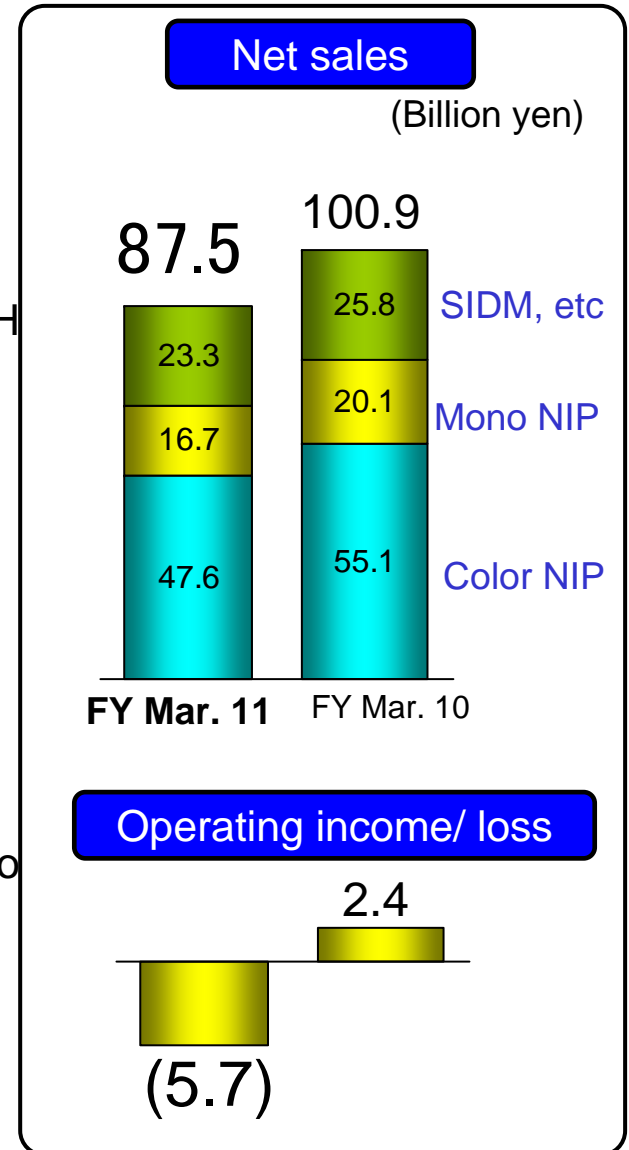
The delay in switching to new products which occurred in 1H has resolved and full-scale deployment of new models started in 2H. Though sales for new models were steady in Japan and US markets, overall sales decreased due to the impact of delayed economic recovery in certain regions across Europe.

➤ **SIDM, etc.:**

Unit sales for SIDM decreased due to the overall shrinking market.

■ **Operating loss increased by 5.9B yen excluding the impact of currency exchange.**

The deteriorated product mix caused by the delay in switching to new products resolved during 1H. Operating income decreased due to the impact of price decline, changes in volume, changes in product mix and increase in sales expense which occurred in 1H, in addition to the treatment optimization, while OKI made efforts to reduce production and procurement costs.



Segment Information: EMS, Others

■ Net sales:

➤ EMS:

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

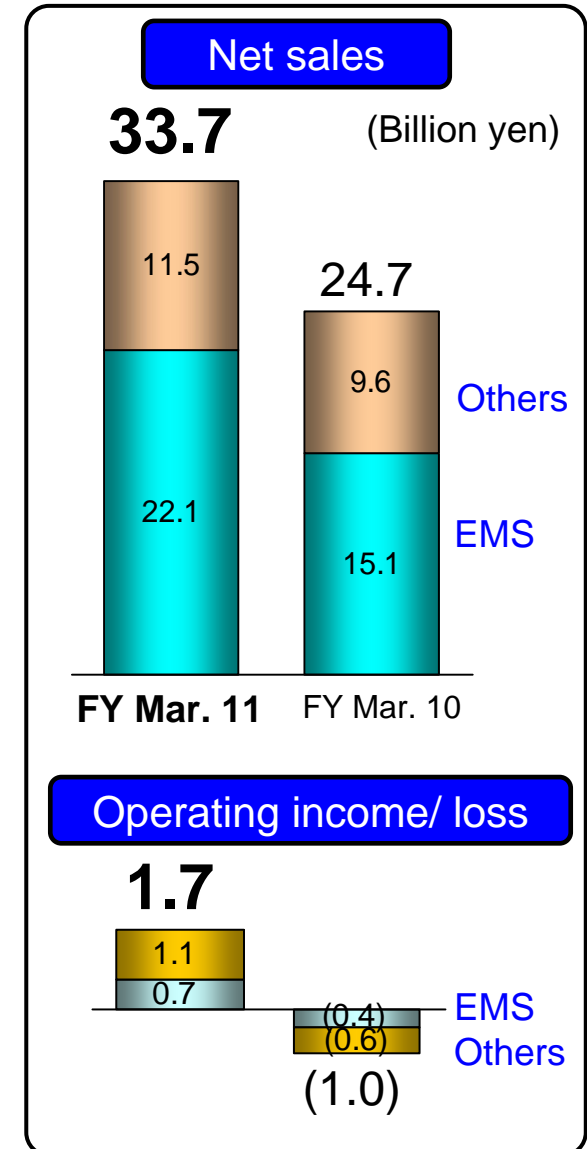
- Sales for substrate businesses increased due to its market recovery.

➤ Others:

Sales for components related business increased with the market recovery.

■ Operating income:

Operating income improved by 2.7B yen due to the improvement in product mix and the reduction in production and procurement costs, in addition to the increase in marginal profits due to the rise in volume, despite the impact of treatment optimization.



Changing Factors of Operating Income

- Operating loss increased by 6.1B yen Y on Y due to price decline, impact of the strong yen, changes in volume and product mix, increase in other costs, and the impact of treatment optimization, etc., despite growth factors such as reduction of production and procurement costs.

		(Billion yen)	Operating income (loss)
	Results of 9 months FY ending March 2011		(5.0)
	Results of previous FY ended March 2010		1.1
	Variance of operating income		(6.1)
Changing factors	Changes in volume and product mix		(0.5)
	Price decline		(2.0)
	Impact of currency exchange		(2.0)
	Reduction of procurement and production costs		3.5
	Changes in fixed-costs		(3.0)
	Changes in other costs		(2.0)

Profit and Loss for the Nine Months

(Billion yen)	9 months FY Mar. 2011	9 months FY Mar. 2010
Net Sales	284.8	288.9
Cost of Sales	214.5	211.2
SG&A	75.2	76.6
Operating income (loss)	(5.0)	1.1
Other income & expenses	(5.1)	(4.2)
Recurring loss	(10.0)	(3.1)
Extraordinary loss	(5.0)	(2.4)
Income before income taxes	(15.1)	(5.5)
Net loss	(18.3)	(8.7)

[Y on Y comparison]

- SG&A decreased by effects of reduction etc.
- Other income and expenses worsened due to stock issuance expense, though interest expense and the loss caused by the redemption of corporate bonds in the previous year decreased.
- Extraordinary loss deteriorated due to the special retirement benefit etc. which is one of the measures of the Mid-term Biz. Plan.
 - Gain on negative goodwill due to OKI Wintech becoming a wholly-owned subsidiary (+2.7B yen)
 - Loss on revising retirement benefit scheme (- 2.1B yen)
 - Special retirement benefit (-1.7B yen), etc.

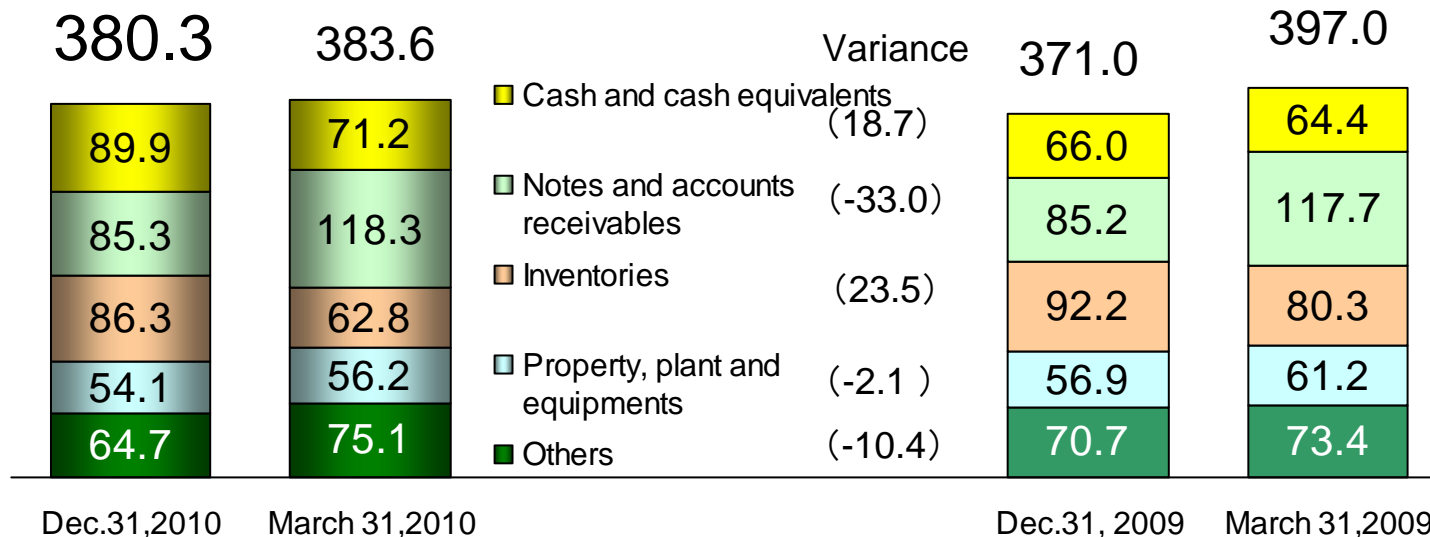
[Reference: Currency exchange rate]

	FY Mar. 2011	FY Mar. 2010
USD	86.9	93.6
Euro	113.3	133.0

Balance Sheet [Assets]

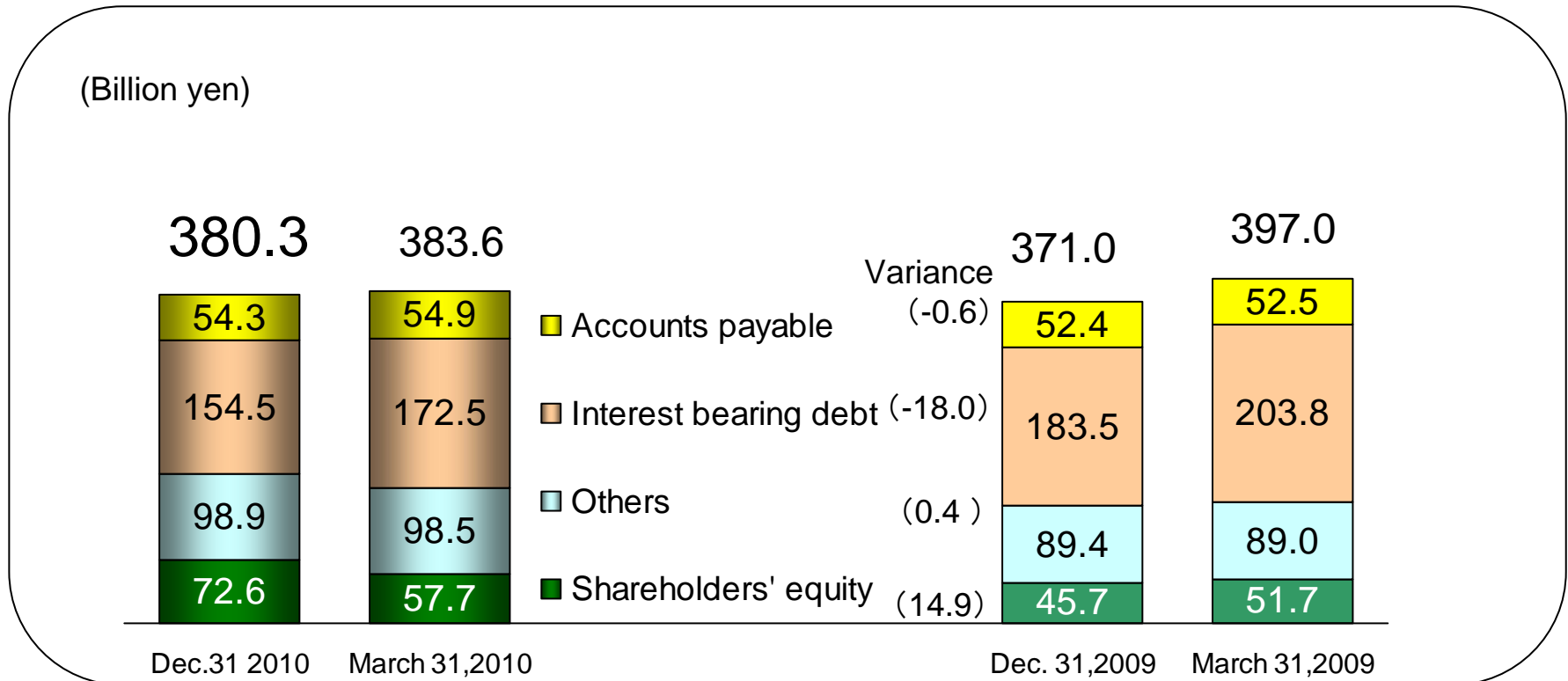
- Total assets decreased by 33.0B yen due to the reduction in notes and accounts receivables.
- Due to the tendency of larger sales in Q4 of the previous fiscal year, notes and account receivables at March end increased. These receivables are collected in cash, etc., during this nine months which reduces the portion of receivables at December end. Inventories declined at March end and increased at December end because of the rise in sales items after January.

(Billion yen)



Balance Sheet [Liabilities and Net Assets]

- Overall shareholders' equity increased, due to 30.0B yen of capital expansion through the issuance of preferred stock and the increase in additional paid-in capital due to the share exchange from acquiring the whole ownership of OKI Wintech, though shareholders' equity fell due to 18.3B yen of net loss during this nine months and the decrease in valuation adjustments.
- Interest bearing debt decreased by 18.0B yen. Net interest bearing debt also decreased by 36.6B yen to 64.7B yen.



Cash Flows

- Cash flows from operating activities amounted to 6.1B yen due to improved working capital, etc.
- Cash flows from financing activities was 14.9B yen due to increase in cash from 30.0B yen of capital expansion through the issuance of preferred stock, despite the repayment of debt.

(Billion yen)	FY March end. 2011	FY March end. 2010	Notes
I Cash flows from operating activities	6.1	32.6	
Net income before income taxes	(15.1)	(5.5)	
Depreciation & amortization	10.5	11.5	
Changes in working capital	5.6	21.5	
Others	5.1	5.1	
II Cash flows from investing activities	(2.7)	(8.9)	
Purchase of property, plants & equipment	(5.3)	(6.0)	
Others	2.6	(2.9)	
Free cash flows (I + II)	3.4	23.7	
III Cash flows from financing activities	14.9	(21.6)	
Net cash flows (I + II + III)	18.3	2.1	

Cash and cash equivalents at the period end	89.9	66.0	
--	------	------	--

I. Financial results for the Q3, FY ending Mar. 2011

1. Segment information
2. Changing factors of operating income
3. Profit and loss
4. Balance sheets
5. Cash flows

II. Full Year Projections of the FY ending Mar. 2011

1. Summary
2. Qualitative information

Full Year Projections for the FY end. Mar. 2011 (comparison with the previous announcement) [Summary]

In light of recent business performance of Printers, OKI has reviewed numerical values for each segment and revised net sales projection downward by 5.0 B yen. Net income remains the same as previous projections since OKI will cut down on expenses even further and review fixed costs, in addition to reducing procurement and production costs.

(Billion yen)	Full Year Projections for the FY end. Mar. 2011		
	Jan. 28,2011	Previous projections	Variance
Net Sales	440.0	445.0	(5.0)
Info-telecom	267.5	267.5	—
Printers	125.0	130.0	(5.0)
EMS	32.0	32.0	—
Others	15.5	15.5	—
Operating income	12.0	12.0	—
Info-telecom	15.5	13.5	2.0
Printers	0.5	2.5	(2.0)
EMS	1.7	1.7	—
Others	1.3	1.3	—
Eliminates & Corp.	(7.0)	(7.0)	—
Recurring income	5.5	5.5	—
Net loss	(28.0)	(28.0)	—

Qualitative Information (comparison with the previous announcement)

◆ Printer segment

[Net sales]

- Overall sales decrease due to the impact of delayed economic recovery in certain regions across Europe, though sales for new models are favorable in Japan and in the US markets.

[Operating income]

- Operating income decrease due to the declined marginal profit by downturn in product volume and changes in product mix, though OKI makes efforts to cut down on costs even further and review fixed costs.

◆ Info-telecom segment

[Operating income]

- Operating income increase as OKI cuts down expenses even further and reviews fixed costs, in addition to reducing procurement and production costs.



Open up your dreams