

Financial Results for the First Half of FY ending March 31, 2013

November 13, 2012

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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*All of the Y-o-Y comparisons in this document is based on the restatements made on September 14,2012.

Summary of Segment Information

■ 1H results: Net sales increased mainly in Info-telecom segment.

Operating income decreased due to the impact of appreciation of the yen, etc.

[YoY comparison]

- Net sales increased by 7.3 B yen. (Impact of currency exchange:-2.9 B yen)
 - Info-telecom segment: Sales increased due to the increase in ATM for China.
- Operating loss increased by 1.1B yen. (Impact of currency exchange:-1.2B yen)
 - Excluding the impact of currency exchange, approximately the same as the previous fiscal year.

[Comparison with previous projection]

Both net sales and operating income decreased due to the impact of sales decline in Spain in the printer segment.

(Billion yen)	FY end Mar. 2013		FY end Mar. 2012		Previous projections	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	116.2	4.6	108.9	4.4	116.0	4.5
Printers	53.8	(7.2)	53.2	(6.2)	56.0	(3.5)
EMS	14.8	0.5	15.5	0.5	15.0	0.5
Others	8.8	1.4	8.7	1.4	8.0	1.0
Eliminates & Corp.	—	(3.2)	—	(3.1)	—	(3.0)
Total	193.6	(4.0)	186.3	(2.9)	195.0	(0.5)

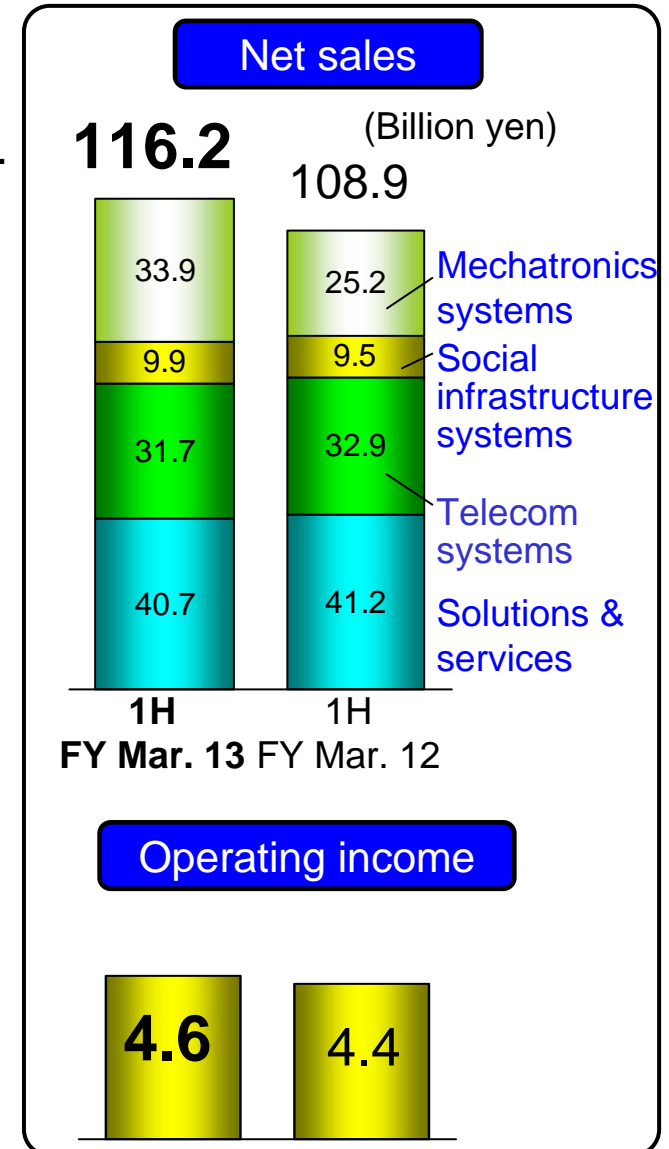
Segment Information: Info-telecom Systems

■ Net sales:

- Solutions & services:
Sales was approximately the same as the previous fiscal year though sales for public sectors increased.
- Telecom systems:
Sales decreased as demands for optical access equipment ran its course.
- Social infrastructure systems:
Large replacement projects for some governmental offices increased.
- Mechatronics systems:
 - Sales of ATM for China continues to be steady.
 - Sales increased by about 4.0 B yen due to the impact of change in accounting period for consolidated subsidiaries in China.

■ Operating income:

Operating income increased due to improvement in marginal profit through volume rise, etc.



Segment Information: Printers

■ Impact of currency exchange:

➤ Net sales declined by 2.9 B yen. Operating loss increased by 1.2 B yen.

■ Net sales increased by 3.5 B yen excluding the impact of currency exchange.

● Color and mono LED printers:

- Unit sales increased favorably due to expanded products line-ups by launching business-use entry models, in addition to proactive channel support measures such as promotions along with new model launches.

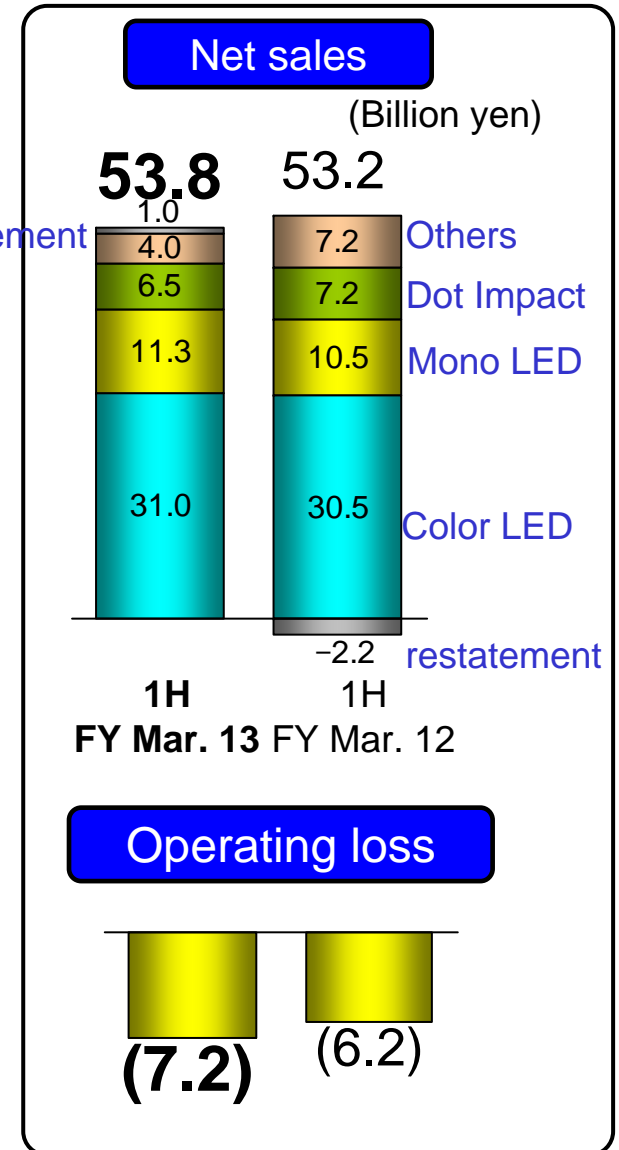
- Sales for flagship new A4 color and mono models were steady.

➤ Others:

Sales of products other than printers in Spain decreased.

■ Operating loss was approximately the same as the previous year excluding the impact of currency exchange.

Impact of improvement in marginal profit due to increase in volume and reduction of variable costs offset price decline and increase in sales costs.



Segment Information: EMS, Others

■ Net sales:

➤ EMS:

Net sales declined as demand for semiconductor related equipment decreased.

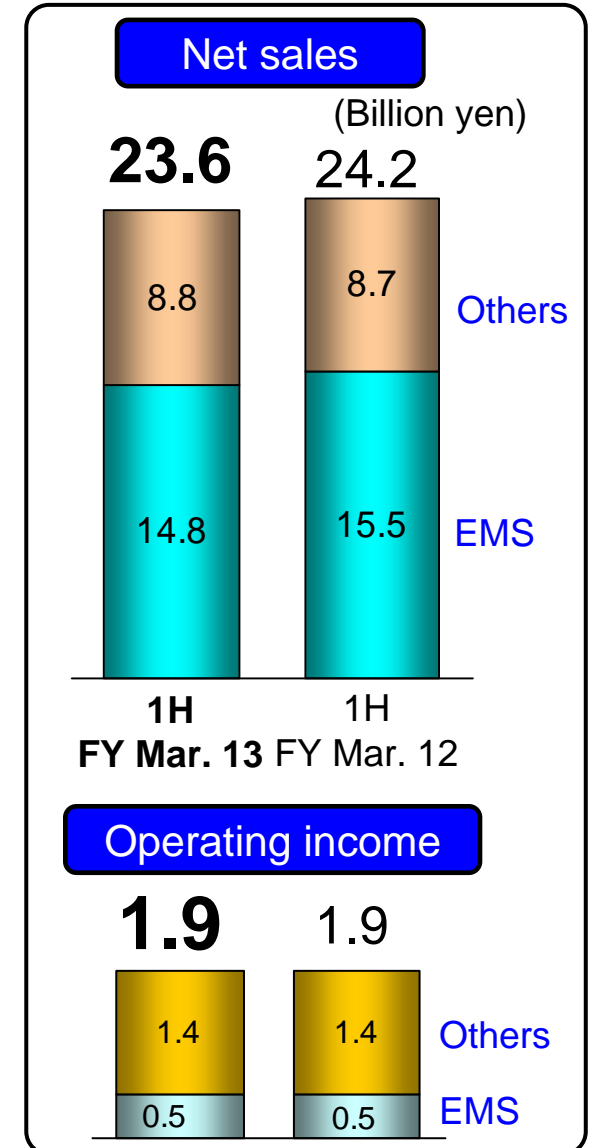
➤ Others:

Sales for components related business for amusement market was steady.

■ Operating income:

Operating income was the same as the previous fiscal year.

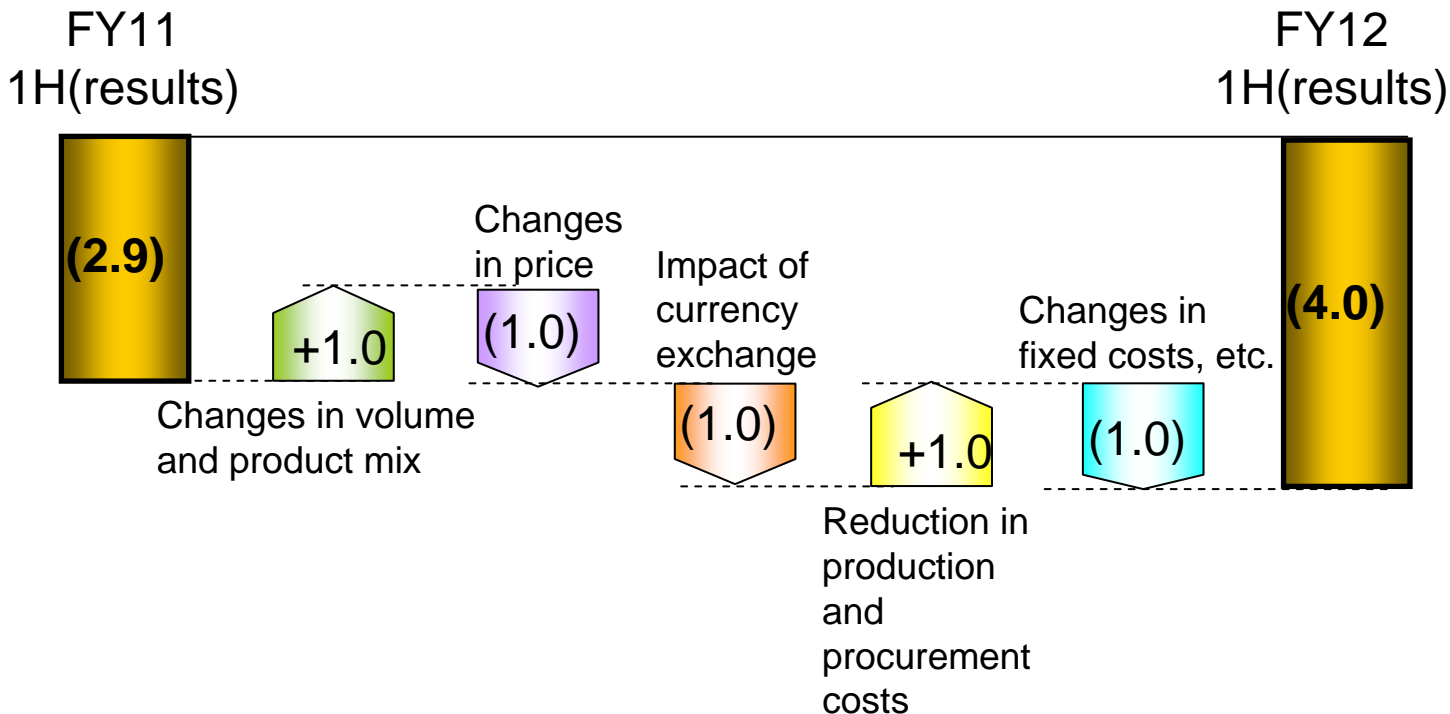
EMS: Electronics Manufacturing Service



Changing Factors of Operating Income

Operating loss increased by 1.1 B yen Y on Y due to the impact of the strong yen and increase in fixed costs despite increase effects such as rise in volume and reduction of variable costs, etc.

(Billion yen)



1H Profit and Loss

(Billion yen)	1H FY Mar. 2013	1H FY Mar. 2012
Net Sales	193.6	186.3
Cost of Sales	145.1	140.1
SG&A	52.6	49.0
Operating income (loss)	(4.0)	(2.9)
Other income & expenses	(2.1)	(2.3)
Recurring income (loss)	(6.1)	(5.2)
Extraordinary loss	(0.4)	(1.8)
Income before income taxes	(6.5)	(7.0)
Net income (loss)	(6.7)	(9.7)

[Y on Y comparison]

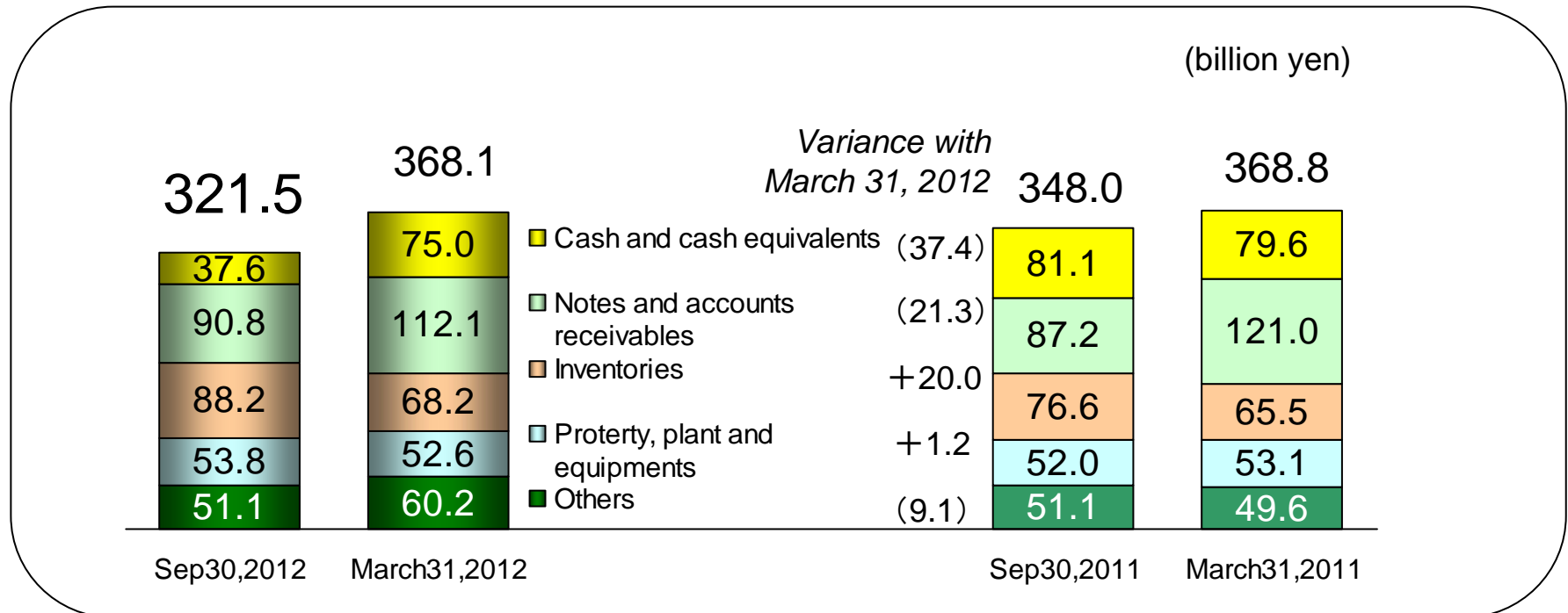
- SG&A increased caused by increase in allowance for doubtful accounts in Spain and rise in transportation cost in the printer business, etc.
- Other income and expenses improved as interest expense fell.
- Extraordinary income and loss improved as loss on revaluation of investments in securities decreased, etc.
 - Loss on revaluation of investments in securities (-1.2 B yen → -0.3 B yen)

[Reference: Currency exchange rate]

	1H FY Mar. 2013	1H FY Mar. 2012
USD	79.4	79.8
EUR	100.6	113.8

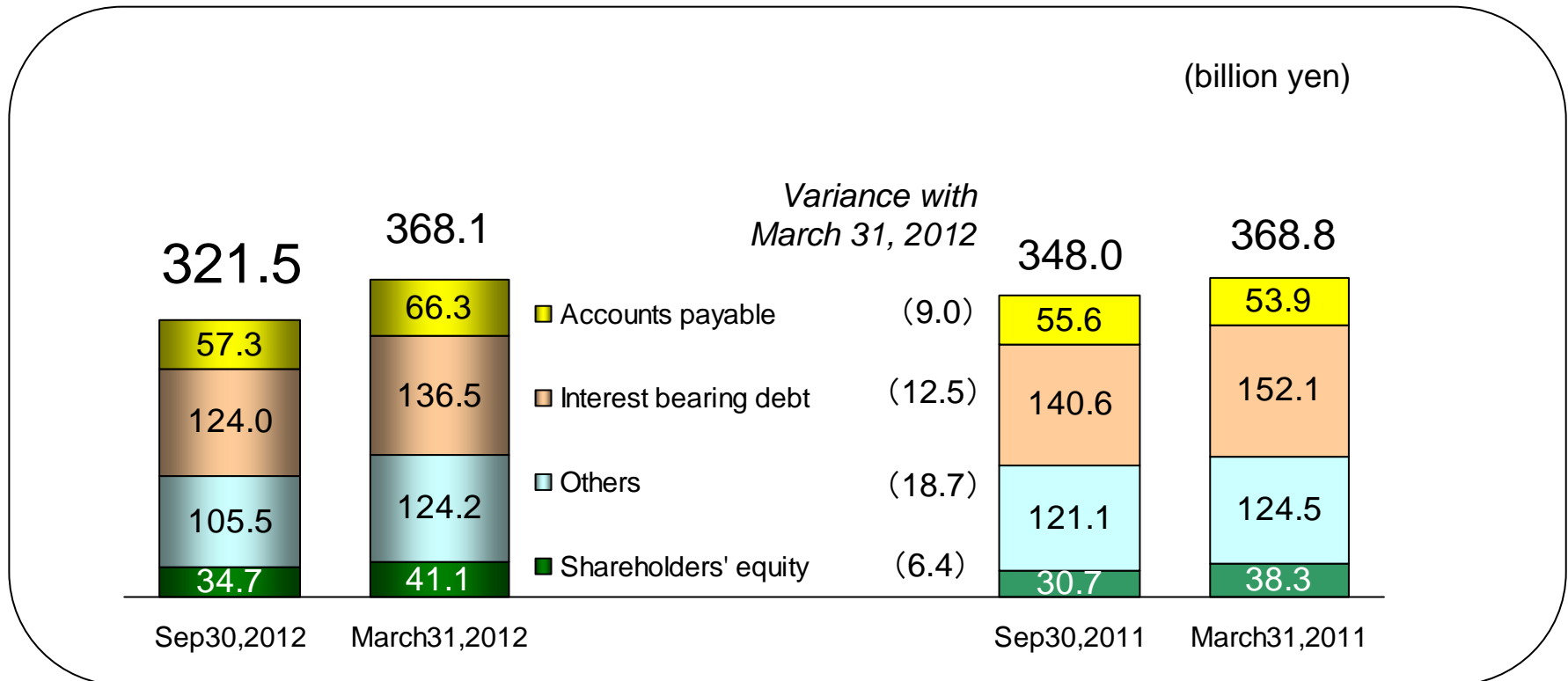
Balance Sheet [Assets]

- Total assets declined by 46.6 B yen due to the reduction in notes and account receivables, cash and cash equivalents, etc.
- Cash and cash equivalents decreased by 37.4 B yen due to the repayment of debt and cancellation of factoring in Spain, etc.
- Due to the tendency of larger sales in Q4 of the previous fiscal year, notes and account receivables at March end increase. These receivables are collected in cash etc., during this 1H which reduces the portion of receivables at September end. Inventories declined at March end and increased at September end because of production equalization during this 1H.



Balance Sheet [Liabilities and shareholders' equity]

- Shareholders' equity decreased by 6.4 B yen due to recording net loss and dividend payment on preferred shares, etc.
Shareholders' equity ratio: 10.8%
- Net interest bearing debt increased by 24.9 B yen to 86.4 B yen.
Net D/E ratio: 2.5 times.



Cash Flows

- Cash outflow from operating activities was 16.3 B yen of due to increase in net loss and working capital, and cancellation of factoring in Spain etc.,.

(Billion yen)	FY March end. 2012	FY March end. 2011	Notes
I Cash flows from operating activities	(16.3)	17.2	
Net income before income taxes	(6.5)	(7.0)	
Depreciation & amortization	5.9	6.2	
Changes in working capital	(7.0)	19.0	
Others	(8.7)	(1.0)	
II Cash flows from investing activities	(9.3)	(4.9)	
Purchase of property, plants & equipment	(5.3)	(3.9)	
Others	(4.0)	(1.0)	
Free cash flows (I + II)	(25.6)	12.3	
III Cash flows from financing activities	(13.7)	(11.2)	
Net cash flows (I + II + III)	(39.3)	1.1	

Free cash flows and net cash flows are the total of each item which are rounded to the nearest hundred million yen.

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Full Year Projections for the Fiscal Year end. Mar. 2013

OKI revises net sales and operating income in light of 1H performance in Spain in printer segment.

(Ref.)	Currency exchange rate in 2H
USD	76.0
EUR	100.0

	Full year projections for the FY end. Mar. 2013			FY end. Mar.2012	
	(Billion yen)	Nov. 13, 2012	Previous projections		Variance
Net sales		445.0	447.0	(2.0)	423.5
Info-telecom		280.0	280.0	—	267.2
Printers		113.0	115.0	(2.0)	107.4
EMS		35.0	35.0	—	31.3
Others		17.0	17.0	—	17.6
Operating income		14.0	18.5	(4.5)	12.0
Info-telecom		21.0	21.0	—	18.7
Printers		(5.0)	(0.5)	(4.5)	(4.3)
EMS		1.5	1.5	—	1.5
Others		3.0	3.0	—	2.5
Eliminates & Corp.		(6.5)	(6.5)	—	(6.4)
Recurring income		11.0	15.5	(4.5)	9.1
Net income		6.5	11.0	(4.5)	1.6

Related information

<p>Info telecom system</p>	<ul style="list-style-type: none"> ➤ Strong expansion of ATM sales for China continues ➤ Accelerate deployment of recycling ATM in global market ➤ Accelerate alliance in services businesses and expand line-up of EXaaS ➤ Continue to acquire new orders for social infrastructure systems such as disaster prevention administrative radio systems and digitalization of fire prevention wireless systems
<p>Printer</p>	<ul style="list-style-type: none"> ➤ Promote measures to strengthen management base in OKI Data group ➤ For areas except Spain, continue to expand MIF mainly in Germany, North America, and Japan where sales is strong. ➤ Strengthen product line-up (strategic products for vertical markets and copier market)
<p>EMS Others</p>	<ul style="list-style-type: none"> ➤ Continue to develop new areas such as medical and ecological ➤ OKI TANAKA Circuits started its business as planned ➤ Steady sales of component related business for amusement market

EXaaS: OKI's cloud-computing service

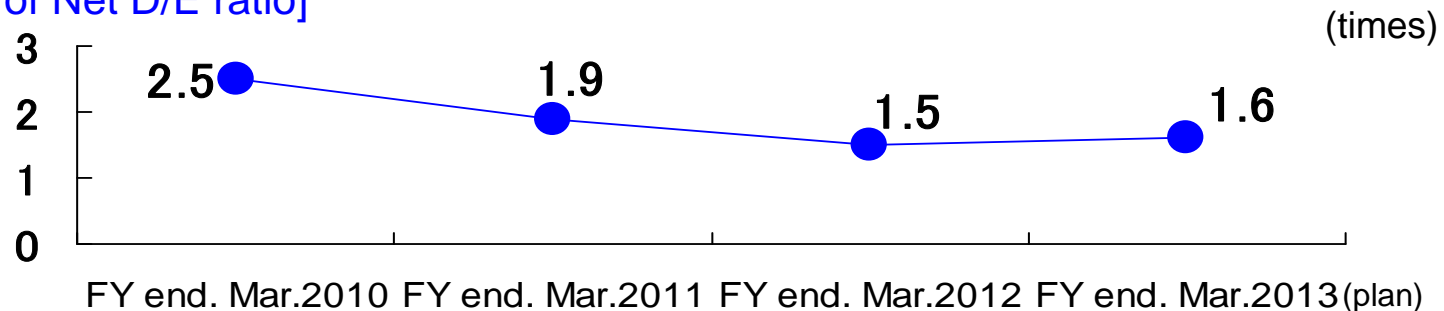
MIF : Machines In Field

Cash flow projections

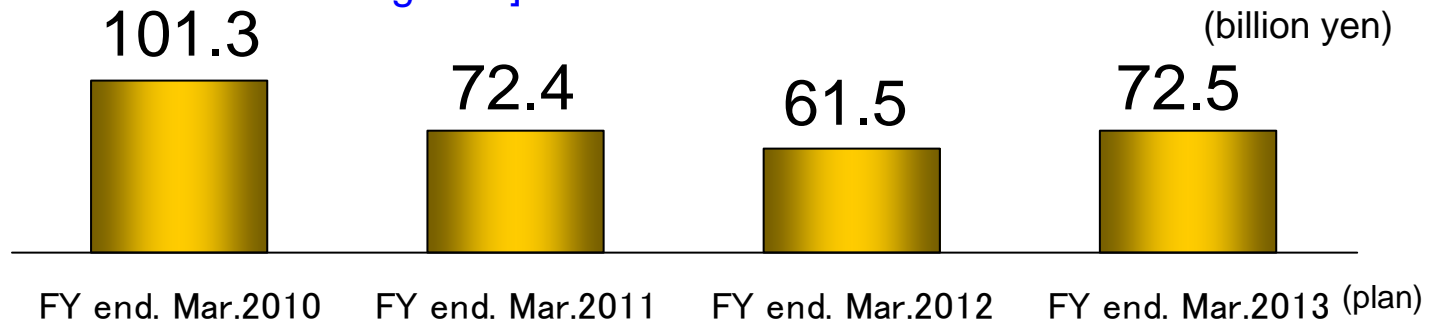
- Cash flows from operating activities include allocation of cash reserves for cancellation of factoring etc in Spain. (approx.-10.0 B yen)

(billion yen)	FY end Mar. 2013 (Plan)	FY end Mar. 2012 (Results)
I Cash flows from operating activities	10.0	23.8
II Cash flows from investing activities	(19.0)	(9.4)
Free cash flows (I + II)	(9.0)	14.4

[Trend of Net D/E ratio]



[Balance of net interest bearing debt]





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