

Financial Results for the First Half of FY ending March 31, 2014

October 30, 2013

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

Net Sales increased by 10.4 B yen, operating income increased by 6.8 B yen year on year.

- Net sales in each main segment increased.
- Operating income in Printers segment improved drastically.

Impact of currency exchange

Year on Year: Net sales(+13.1 B yen), Operating income (+1.8 B yen)

vs.previous projections: Net sales(+8.5 B yen), Operating income (+0.8 B yen)

[Average exchange rate]

	FY end. Mar.2014	Previous plan	FY end Mar.2013
USD	98.9	85	79.4
EUR	130.0	115	100.6

(Billion yen)	FY end Mar. 2014		FY end Mar. 2013		Previous projections	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	120.3	4.4	116.2	4.6	114.0	3.0
Printers	57.3	(0.6)	53.8	(7.2)	55.0	0.0
EMS	18.0	0.5	14.8	0.5	17.5	0.5
Others	8.4	1.3	8.8	1.4	8.0	1.0
Eliminates & Corp.	—	(2.8)	—	(3.2)	—	(3.0)
Total	204.0	2.8	193.6	(4.0)	194.5	1.5

Segment Information: Info-telecom Systems

■ Impact of currency exchange

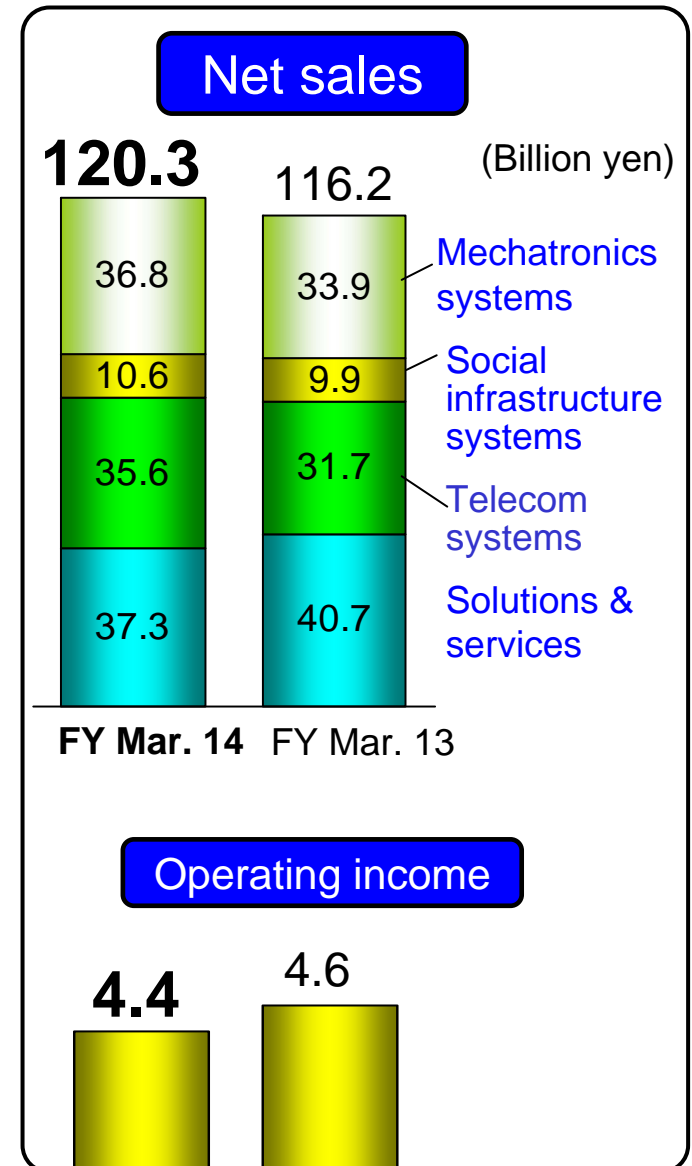
- Net sales increased by 3.9 B yen. Operating income increased by 0.6 B yen.

■ Net sales increased by 0.2 B yen excluding the impact of currency exchange.

- Solutions & services:
 - Solutions for financial institutions and enterprises were steady.
 - Large service projects decreased.
- Telecom systems:
 - Sales of core networks were steady in addition to enterprise networks, maintenance and construction.
- Social infrastructure systems:
 - Sales of systems for some governmental offices increased.
- Mechatronics systems:
 - Sales of ATMs for convenience stores and cash handling systems were strong in Japan.
 - Sales of ATMs for China was also steady.

■ Operating income decreased by 0.8 B yen excluding the impact of currency exchange.

Operating income decreased due to price decline and rise in costs, etc.



Segment Information: Printers

■ Impact of currency exchange

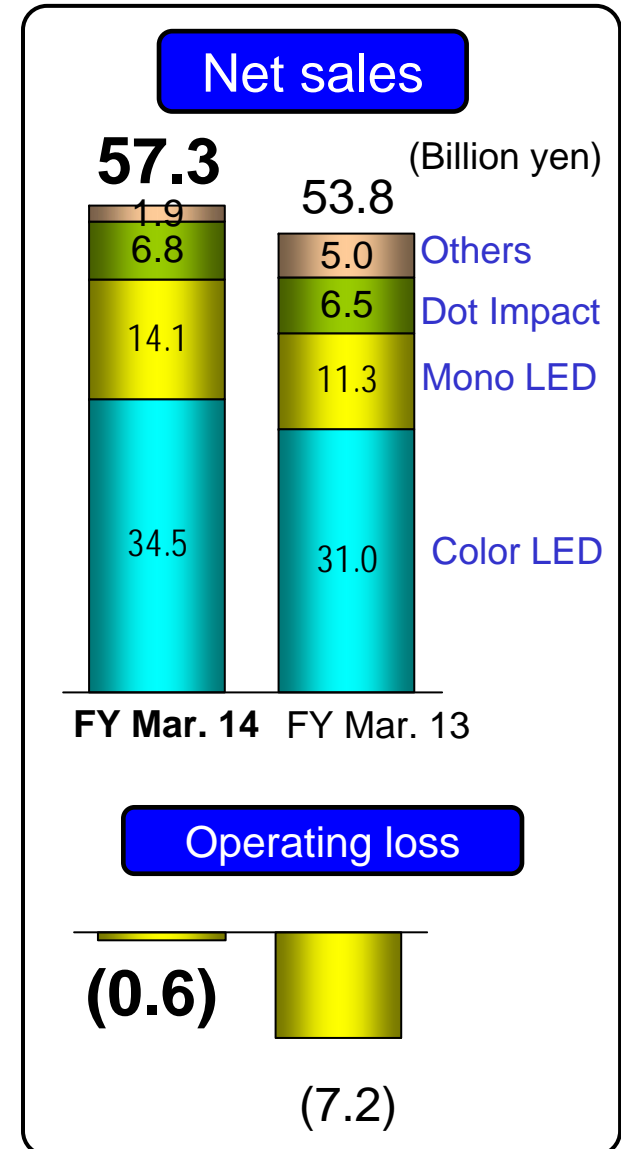
- Net sales increased by 9.2 B yen. Operating income increased by 1.2 B yen.

■ Net sales decreased by 5.7 B yen excluding the impact of currency exchange.

- LED printers:
 - Unit sales decreased due to redefining sales strategies and focusing on models.
 - Launch of new models designed for the copiers domain started favorably.
- Dot impact printers:
 - Sales in Asian market was steady though worldwide market shrank.
- Others:
 - Sales decreased as a result of suspending sales activities at Spanish sales office.

■ Operating loss improved by 5.4 B yen excluding the impact of currency exchange.

Operating loss improved drastically due to cut down in fixed costs, as part of the efforts to revamp business structure, which offset the impact of volume and price decline.



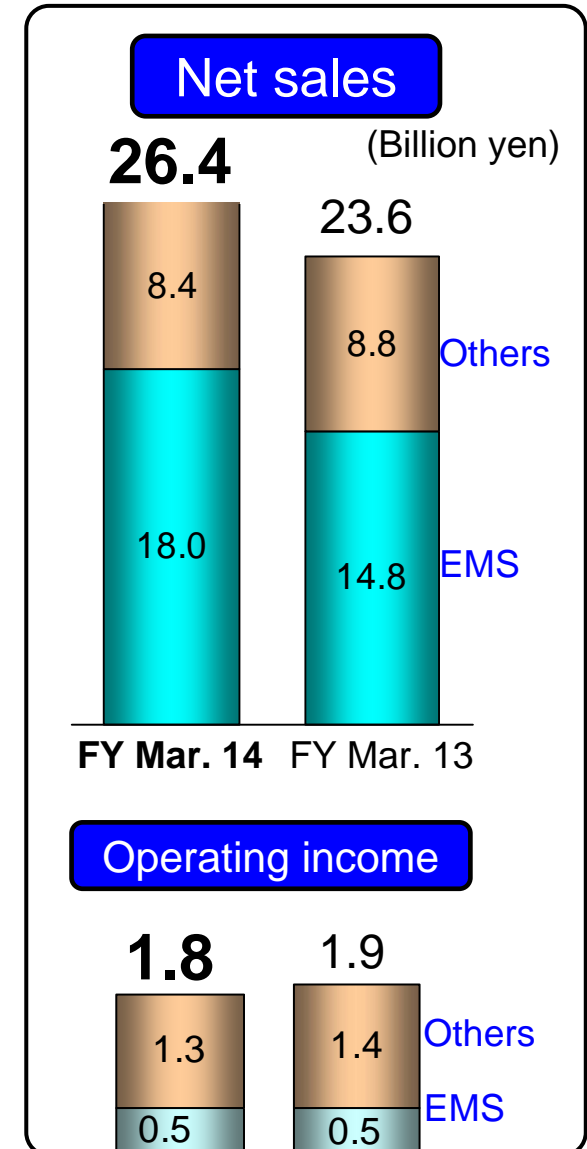
Segment Information: EMS, Others

Net sales:

- EMS: Net sales increased by 3.2 B yen.
 - Sales for the telecom equipment market was steady and demand for semiconductor related equipment also increased.
 - Effect of new consolidation of OKI Tanaka Circuits
- Others: Net sales decreased by 0.4 B yen.
 - Sales of components were favorable.
 - Sales for amusement market decreased.

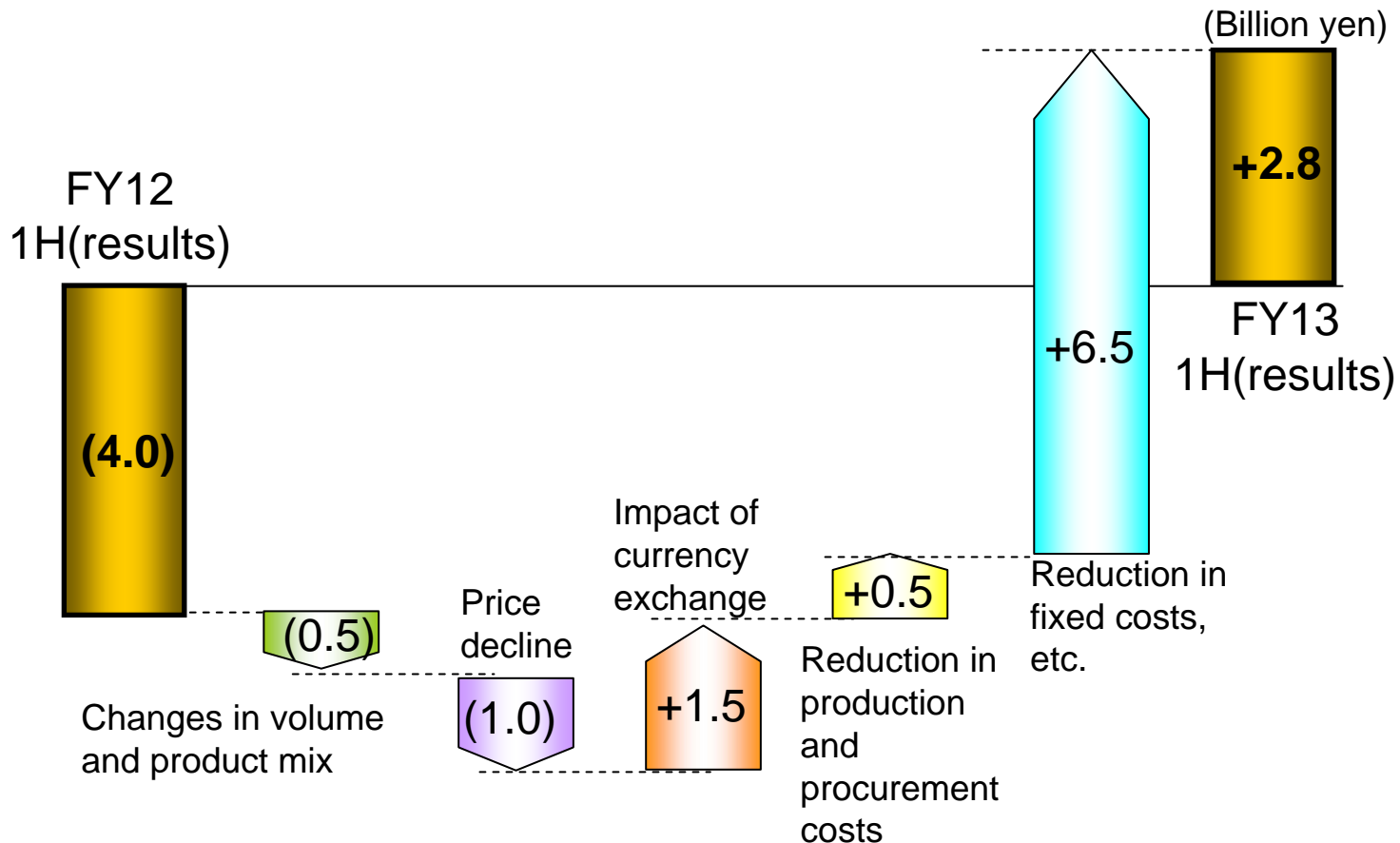
Operating income:

Operating income was almost the same as the previous fiscal year due to rise in part prices, though marginal profit rose due to ramp-up in volume.



Changing Factors of Operating Income

Operating income improved drastically by 6.8 B yen since reduction in fixed costs, due to revamping Printers business structure and impact of depreciation of yen.



1H Profit and Loss

(Billion yen)	FY Mar. 2014	FY Mar. 2013
Net Sales	204.0	193.6
Cost of Sales	152.8	145.1
SG&A	48.4	52.6
Operating income/loss	2.8	(4.0)
Other income/loss	4.2	(2.1)
Ordinary income/loss	7.0	(6.1)
Extraordinary loss	(3.3)	(0.4)
Income before income taxes	3.7	(6.5)
Net income/loss	1.8	(6.7)

[Y on Y comparison]

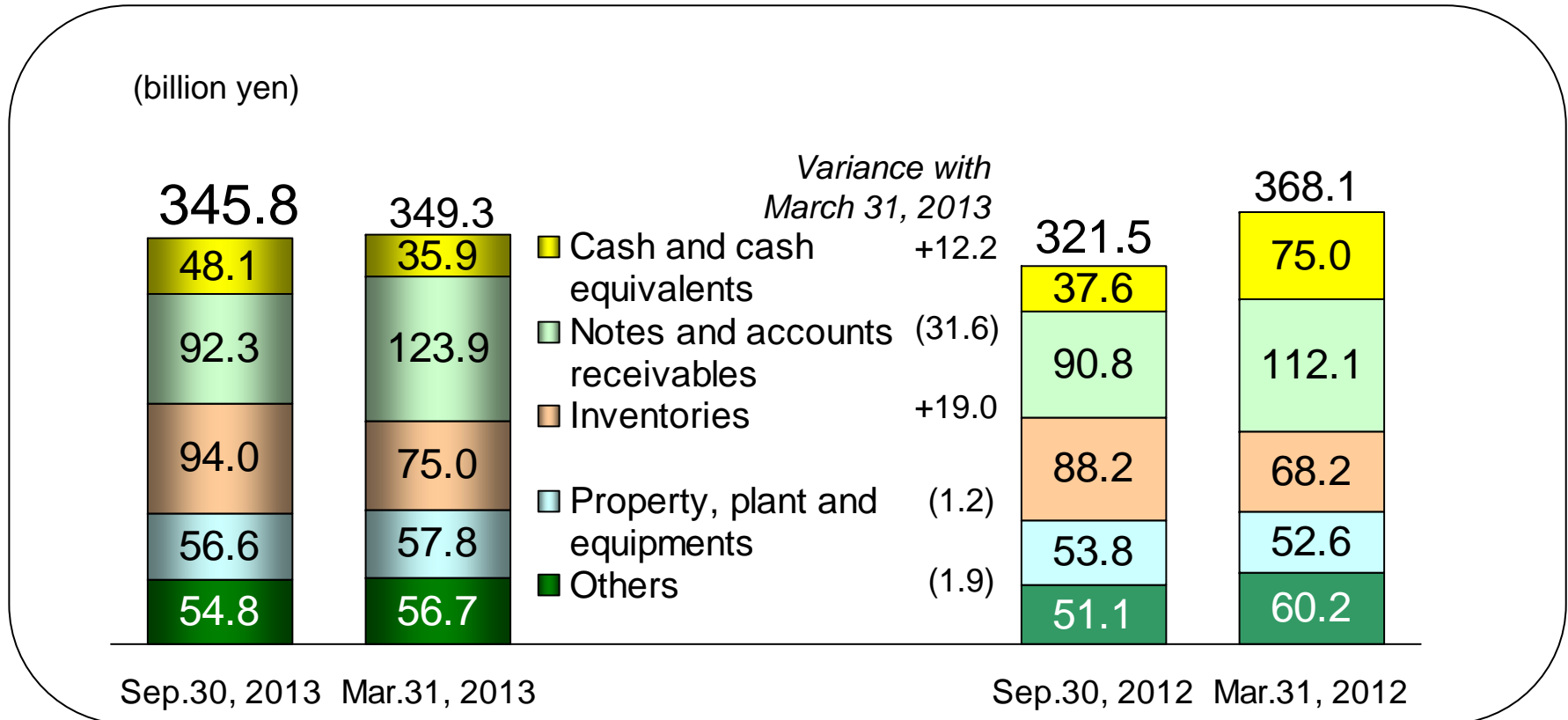
- SG&A decreased as fixed costs were cutdown due to revamping Printers business structure, etc.
- Recorded exchange gain of 5.2 B yen in other income and expenses.
 - Exchange gain/loss (from -1.1 B yen to 5.2 B yen)
- Recorded 2.9 B yen of expense for revamping Printers business structure in extraordinary loss.

[Reference: Closing exchange rate]

	End of Sep. 2013	End of Mar. 2013
USD	97.8	94.0
EUR	131.9	120.7

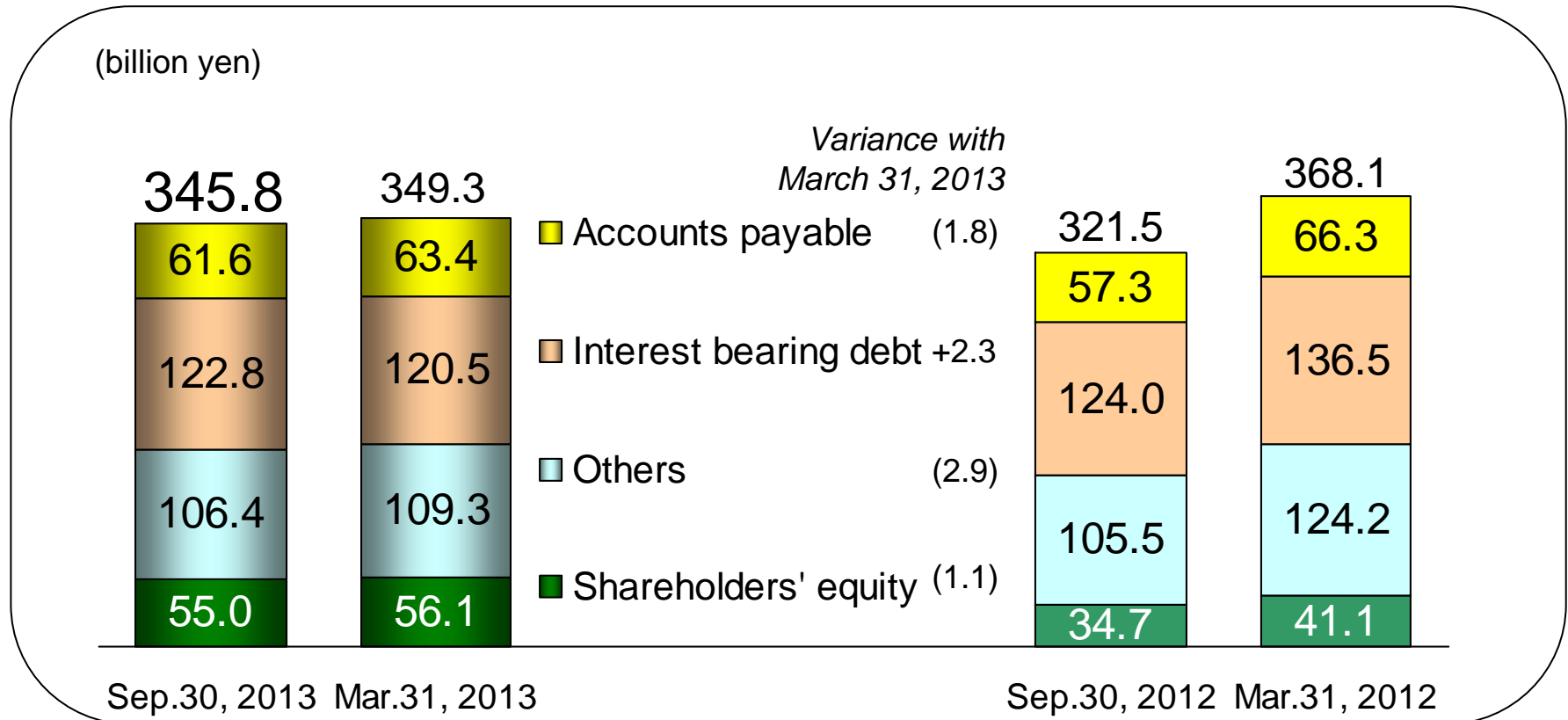
Balance Sheet [Assets]

- Total assets declined by 3.5 B yen due to reduction in notes and accounts receivables.
- Cash and cash equivalents increased by 12.2 B yen mainly due to generating cash flow.
- Notes and account receivables decreased since the balance from the end of previous fiscal year were collected. Inventories increased, in response to sales projects for 2nd half.



Balance Sheet [Liabilities and shareholders' equity]

- Shareholders' equity decreased by 1.1 B yen to 55.0 B yen.
Shareholders' equity ratio: 15.9%
- Net interest bearing debt decreased by 9.9 B yen to 74.7 B yen.
Net D/E ratio: 1.4 times



Cash Flows

- Free cash flows saw a net inflow of 10.7 B yen due to improvement in net income and working capital.

(Billion yen)	FY end. Mar. 2014	FY end. Mar. 2013
I Cash flows from operating activities	14.6	(16.3)
Net income before income taxes	3.7	(6.5)
Depreciation & amortization	6.9	5.9
Change in working capital	12.2	(7.0)
Others	(8.2)	(8.7)
II Cash flows from investing activities	(3.9)	(9.3)
Purchase of property, plants & equipment	(3.5)	(5.3)
Others	(0.4)	(4.0)
Free Cash Flows(I + II)	10.7	(25.6)
III Cash flows from financing activities	0.7	(13.7)
Net cash flows (I + II + III)	11.4	(39.3)

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 and Dividend

- ◆ OKI revises full year projection upward in light of favorable 1H performance.
- ◆ 3 yen of year-end dividend is planned.

(Billion yen)	Full year projections for the FY end. Mar. 2014			FY end. Mar.2013
	Oct. 30, 2013	Previous projections	Variance	
Net sales	480.0	460.0	+20.0	455.8
Info-telecom	302.0	289.0	+13.0	293.0
Printers	121.0	115.0	+6.0	111.4
EMS	39.0	39.0	—	32.7
Others	18.0	17.0	+1.0	18.7
Operating income	24.0	22.0	+2.0	13.5
Info-telecom	22.0	20.5	+1.5	23.8
Printers	4.0	4.0	—	(8.8)
EMS	2.0	2.0	—	1.6
Others	2.5	2.0	+0.5	3.0
Eliminates & Corp.	(6.5)	(6.5)	—	(6.1)
Ordinary income	24.0	19.0	+5.0	20.3
Net income	15.0	11.5	+3.5	13.6

* 2H exchange rate
 USD 95 yen
 EUR 125 yen

Related information of Each Segment

<p>Info telecom system</p>	<ul style="list-style-type: none"> ➤ Sales of ATMs for China is steady, and development in overseas markets, such as Russia and Indonesia also favorable. ➤ Sales of disaster prevention administrative radio systems and digitalization of fire prevention wireless systems continue stably. ➤ Steady sales of enterprise networks continues due to impact of new products. ➤ Solutions for financial institutions and enterprises are steady.
<p>Printer</p>	<ul style="list-style-type: none"> ➤ Revamping biz. structure has been implemented ahead of schedule. ➤ Focus on sales of strategic products designed for the copier market ➤ Launch new products for the professional market
<p>EMS Others</p>	<ul style="list-style-type: none"> ➤ Sales of telecom equipment market are steady. Develop medical and ecological markets, etc. ➤ Sales of components continues stably.



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