

Financial Results for
the First Quarter of FY ending March 31, 2006

July 28, 2005

OkI Electric Industry Co., Ltd.

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1. Financial Results for the Q1 of FY ending Mar. 2006
 - 1-1 Business Environments
 - 1-2 Financial Result Overview
 - 1-3 Profit and Loss
 - 1-4 Segment Information
 - 1-5 Balance Sheet
 - 1-6 Cash Flows

 2. First Half Projections for the FY ending Mar. 2006
 - 2-1 Profit and Loss Projections
 - 2-2 Projections by Segment
 - 2-3 Product Development for High Profitability

* The projections and plans on this material are subject to change depending upon the changes of business environments and other conditions.

1. Because of the completion of new banknote related investments, financial institutions' investments on ATM-related equipment stagnated since the latter half of previous fiscal year. Investments on security expand gradually, but move in high gear from the next fiscal year
2. Telecom carriers' investments on optical and broadband IP networks remained in a high level, while fiercer competitions among carriers to gain subscribers led price-drop pressure
3. Slowdown in the semiconductor market continued from the latter half of the previous year. While there were recovery signs in PC-related and some other items, overall market continued to stagnate
4. While the color NIP market continued to grow, price competition for gaining shares intensified
5. Foreign currency exchange rate

	OkI internal rate for FY ending Mar. 06	Q1 actual rate	Q2 projected rate
USD	105.0 yen	107.7 yen	107.0 yen
Euro	135.0 yen	135.6 yen	135.0 yen

- ◆ Net sales decreased by 5.7 billion yen on a year-on-year basis, particularly sales for financial institutions and semiconductors
- ◆ Operating income decreased by 1.8 billion yen along with the sales decline
- ◆ Both shareholders' equity ratio and interest-bearing debt ratio improved

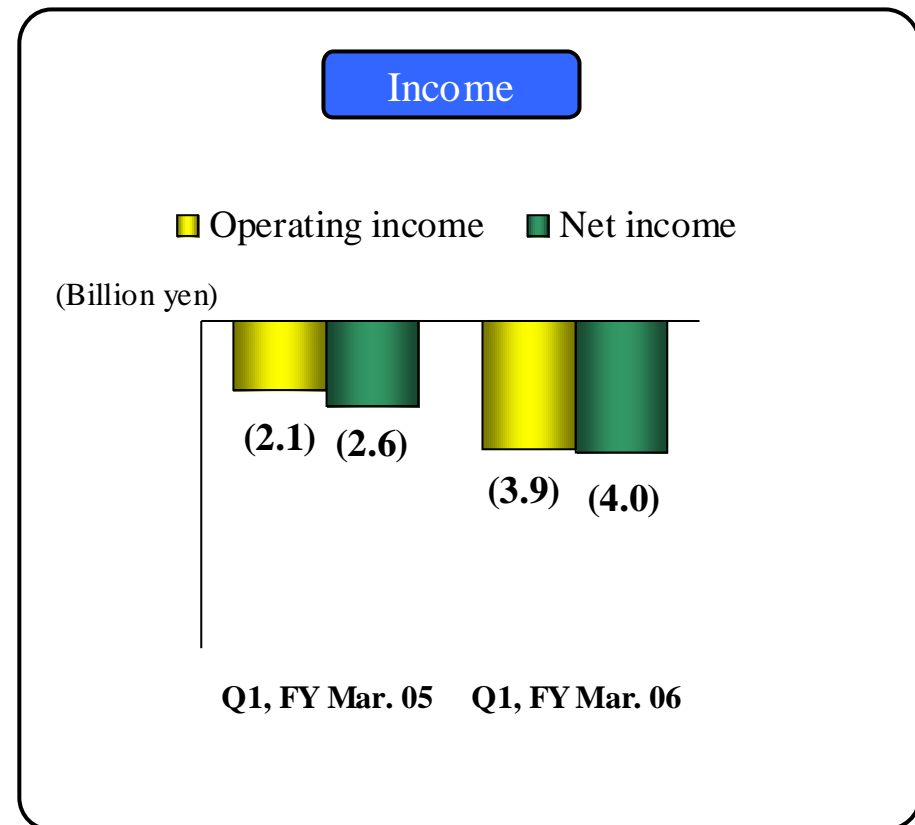
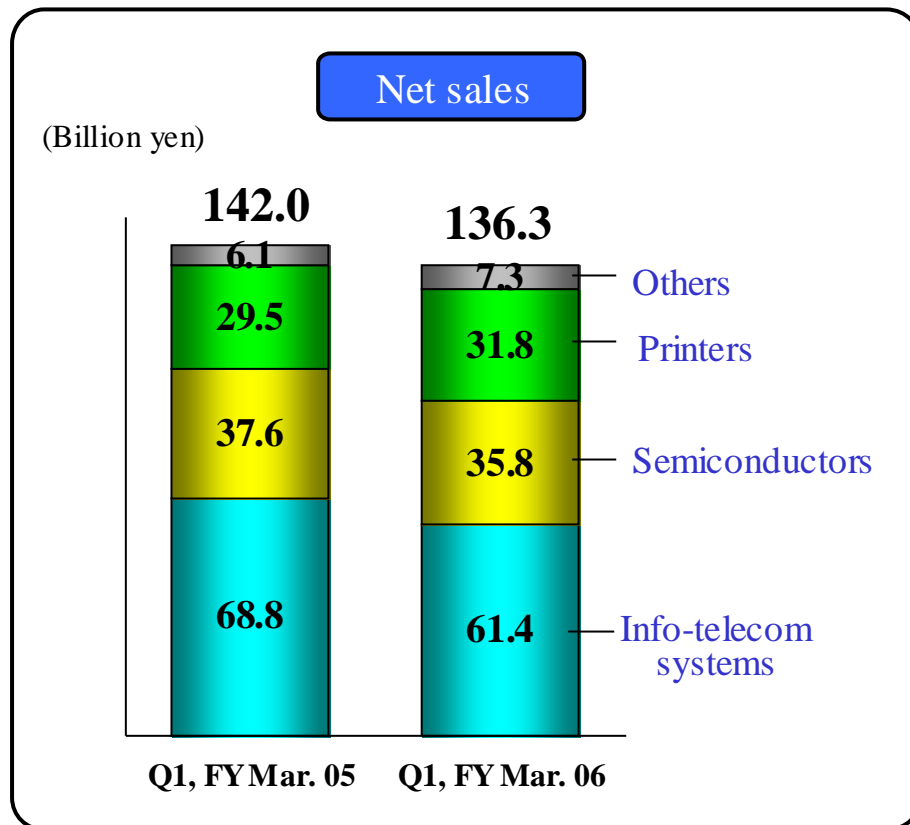
(Billion yen)	Q1 of FY Mar. 05	Q1 of FY Mar. 06	Variance
Net sales	142.0	136.3	(5.7)
Operating income	(2.1)	(3.9)	(1.8)
Recurring income	(3.1)	(4.5)	(1.4)
Net income	(2.6)	(4.0)	(1.4)
Net income per share	(4.28) yen	(6.54) yen	(2.26) yen
Total assets	583.4	595.4	12.0
Shareholders' equity	110.5	118.0	7.5
Shareholders' equity per share	180.63 yen	192.90 yen	12.27 yen
Interest-bearing debt	283.4	279.0	(4.4)

■ *Comparison of consolidated P/L* (Billion yen)

	Q1 of FY Mar. 05	Q1 of FY Mar. 06	Variance
Net sales	142.0	136.3	(5.7)
(Cost of sales ratio)	(75.4%)	(76.8%)	(-1.4 %)
Cost of sales	107.1	104.7	(2.4)
SG&A	37.0	35.5	(1.5)
Operating income	(2.1)	(3.9)	(1.8)
Other income	(1.0)	(0.6)	0.4
Recurring income	(3.1)	(4.5)	(1.4)
Extraordinary income	0.1	0.1	0.0
Extraordinary loss	1.3	0.6	(0.7)
Income before taxes	(4.3)	(5.0)	(0.7)
Income taxes	(1.7)	(1.0)	0.7
Net income	(2.6)	(4.0)	(1.4)

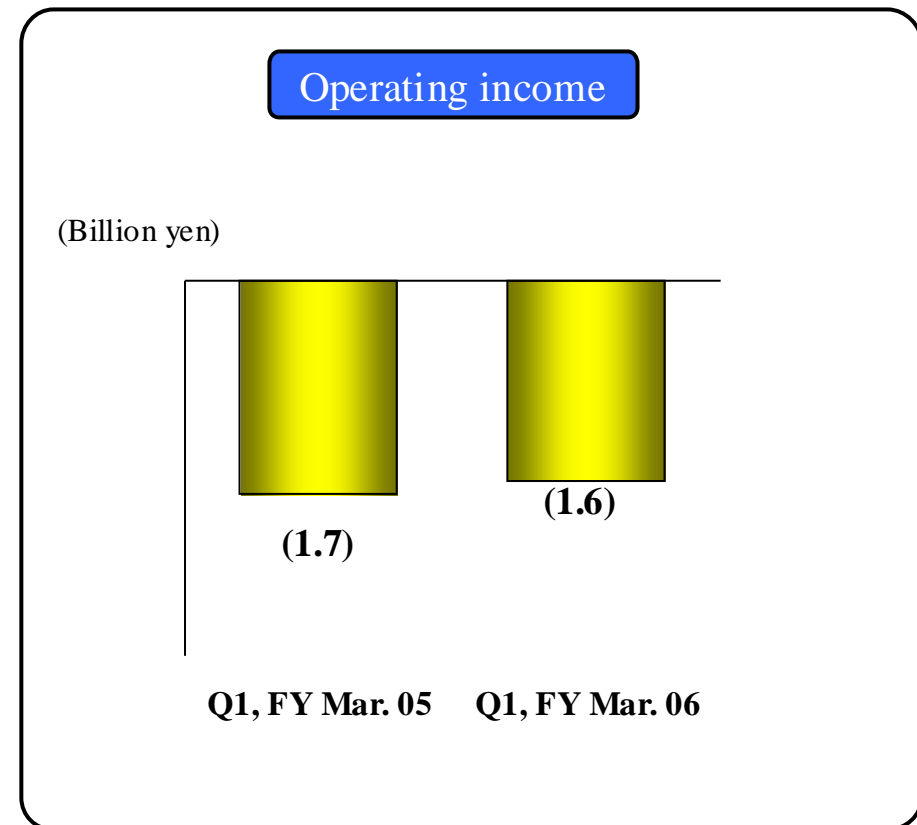
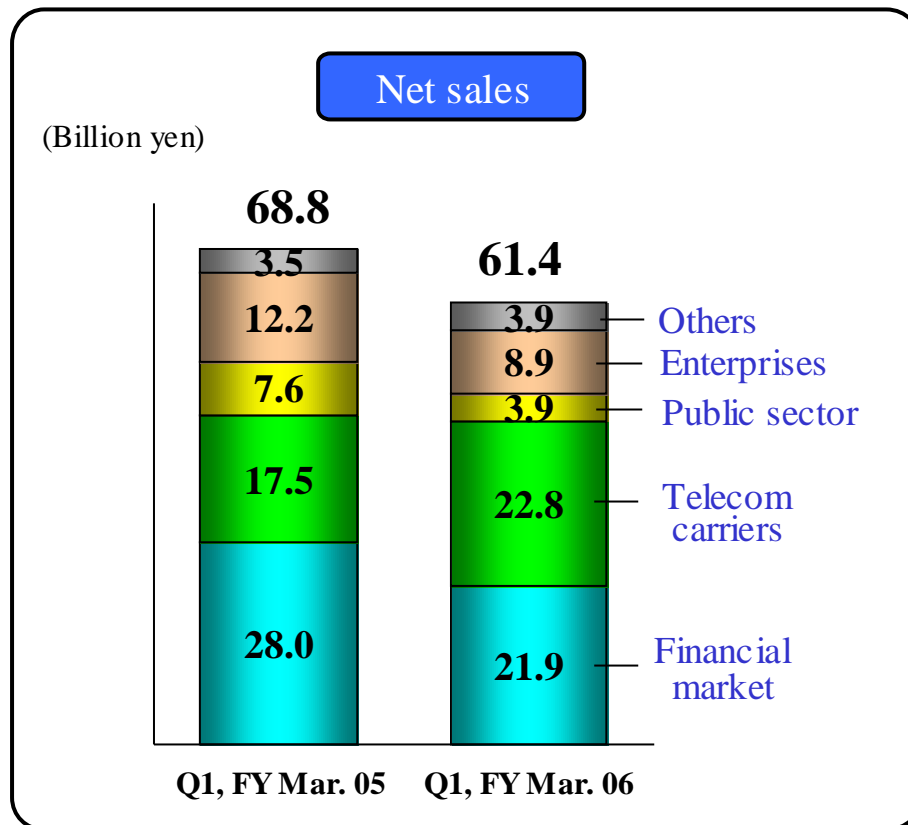
- Operating loss was 3.9 billion yen, decreased by 1.8 billion yen on a year-on-year basis, due to sales reduction
- Cost of sales ratio dropped by 1.4 point, largely due to price down
- Other income improved by 0.4 billion yen, due to 0.4 billion yen increase in dividend earned
- 0.5 billion yen reduction of loss on disposal of fixed assets and 0.2 billion yen reduction of special retirement payments improved extraordinary loss by 0.7 billion yen

- While printer sales increased, sales in info-telecom systems and semiconductors decreased
- Due to sales reduction, both operating income and net income decreased

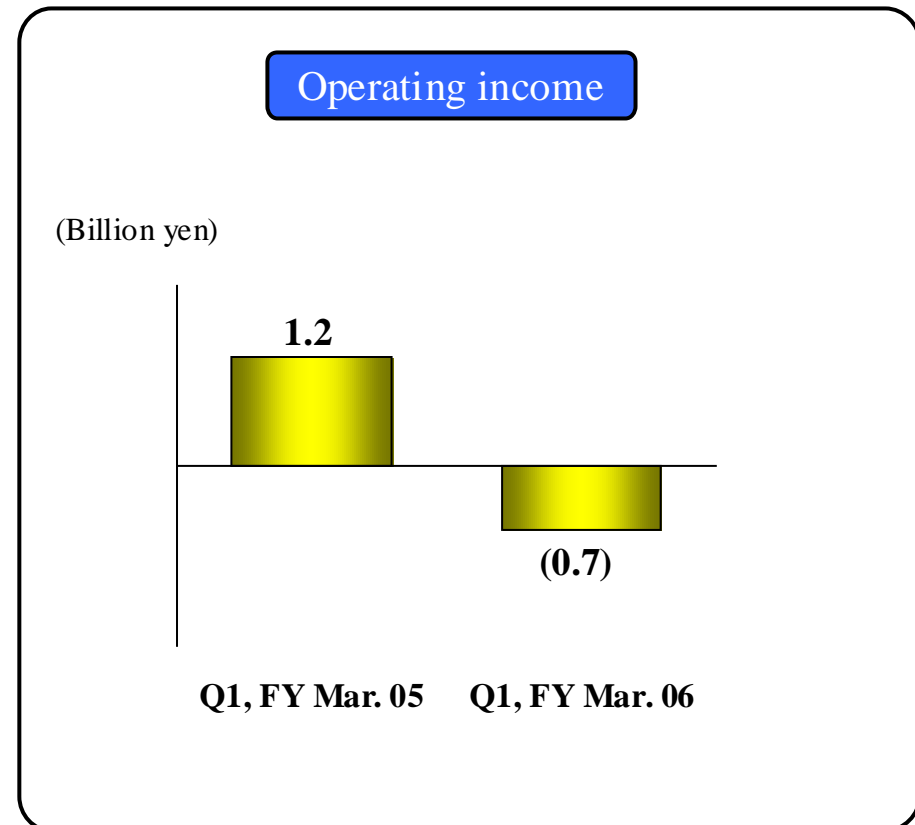
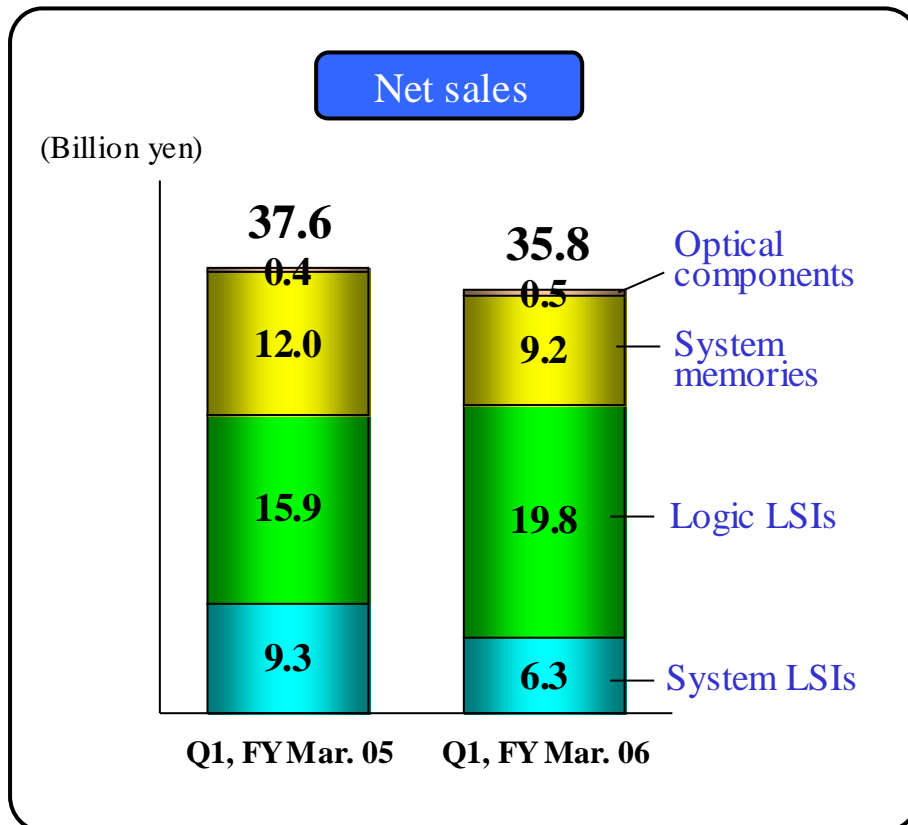


OKI Q1 Segment Information: Info-Telecom Systems OkI. Network Solutions for a Global Society

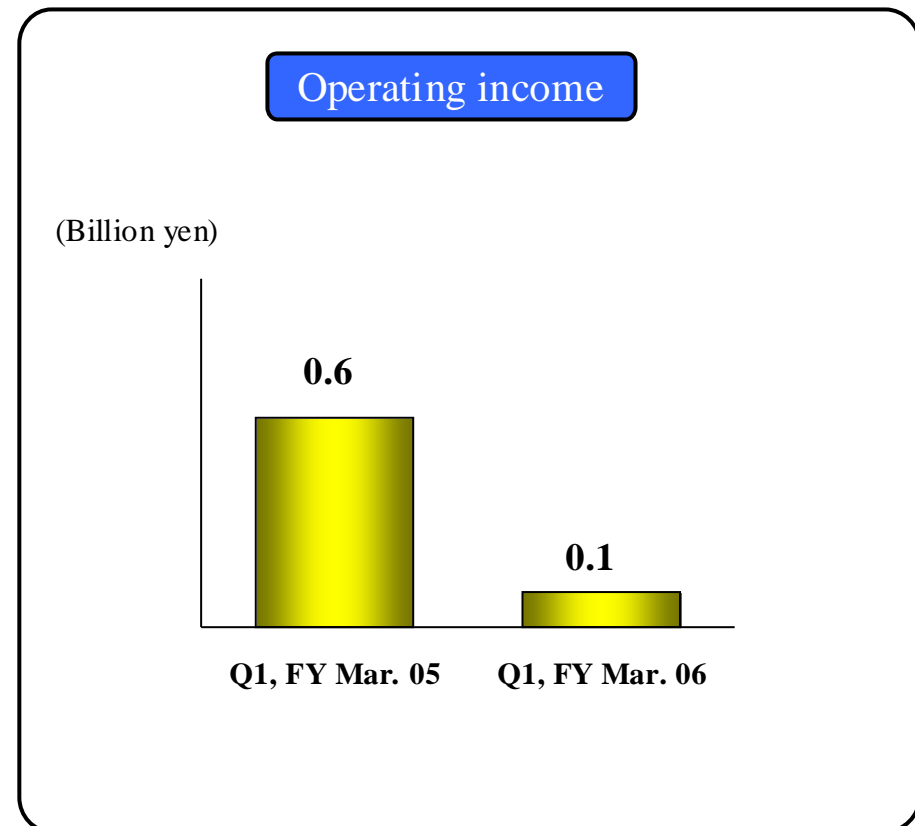
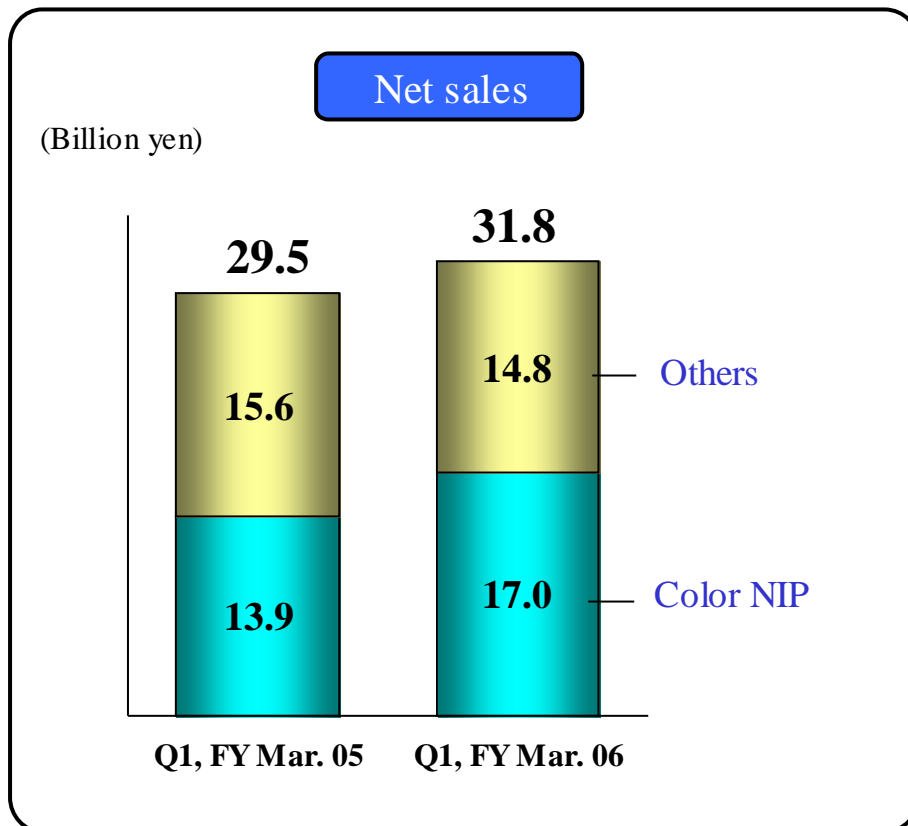
- Telecom carriers' active investments on optical and broadband IP networks increased sales for telecom carriers
- Net sales decreased on a year-on-year basis, due to slow investments on ATMs by financial institutions and slow IT investments by public sector



- Net sales in LCD drivers increased, due to the effect of the acquisition of Japan TI's driver business
- Net sales in PHS baseband LSIs and sound generator LSIs decreased, affected by mobile terminal inventory adjustment in China
- Operating income decreased by 1.9 billion yen on a year-on-year basis, because of price drop, etc.

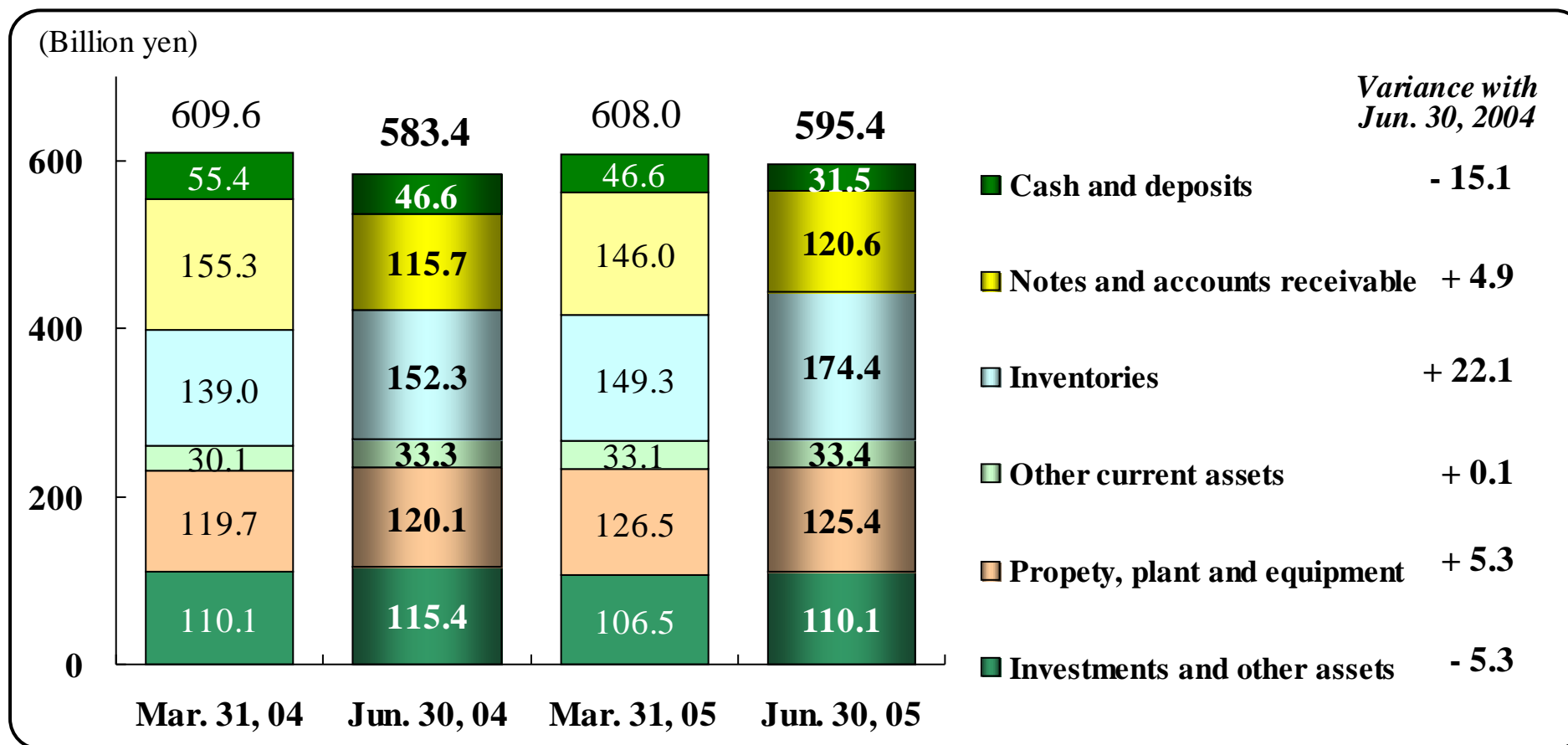


- Color NIP unit shipment drastically increased, which led increase in net sales under the severer price competition among printer vendors to gain shares
- Price drop and active investment on sales reduced operating income



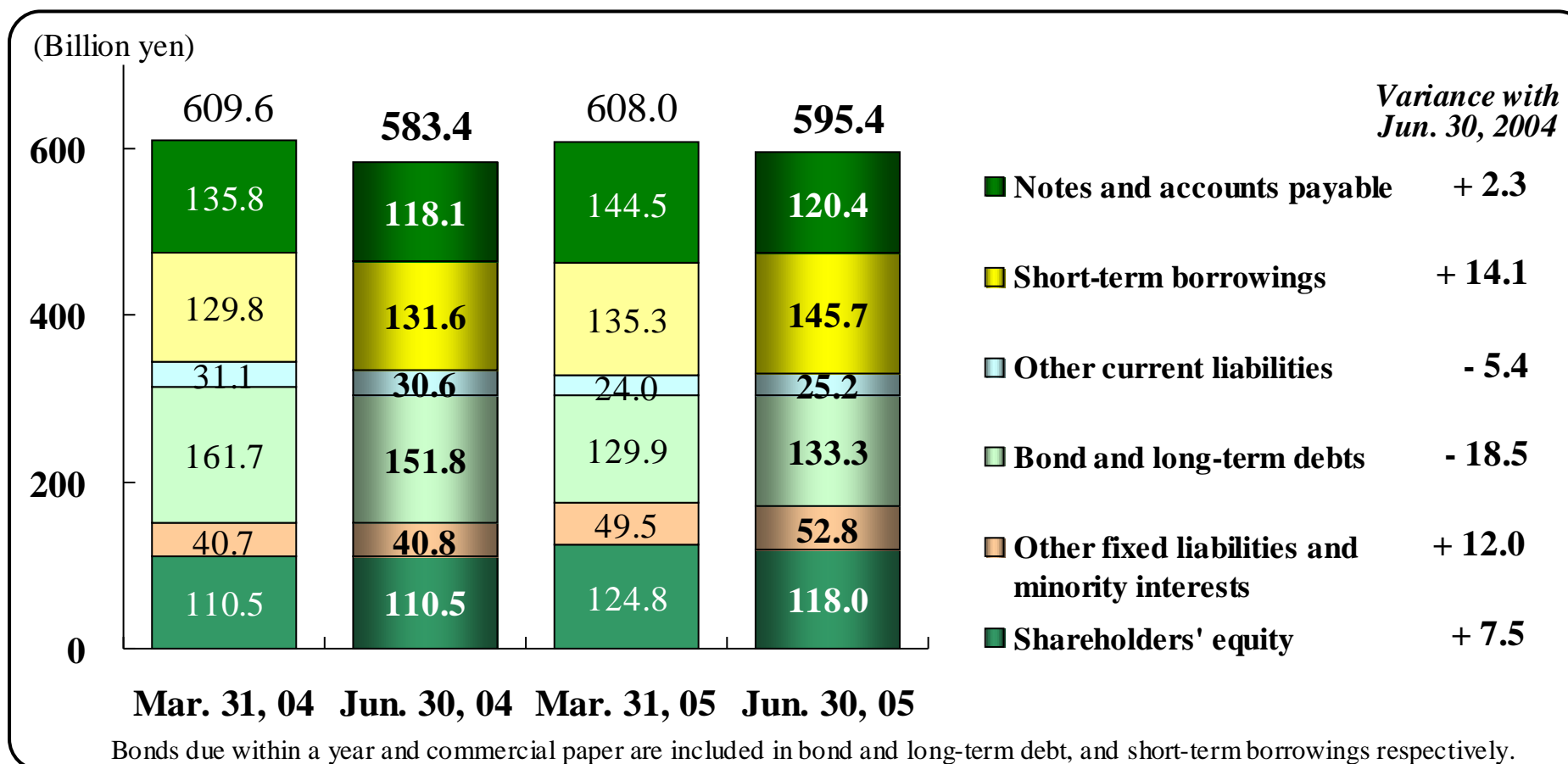
<Balance Sheet: Assets>

- Inventory increased by 22.1 billion yen on a year-on-year basis, because of the printer sales growth and the increase in inventory value in Yen in overseas subsidiaries caused by the depreciation of the Yen.



<Balance Sheet: Liabilities and Shareholders' Equity>

- Balance of interest-bearing debt was 279.0 billion yen, decreased by 4.4 billion yen on a year-on-year basis
- Interest-bearing debt ratio reached 46.9%, improved by 1.7 points on a year-on-year basis, shareholders' equity ratio was 19.8%, improved by 0.9 points



- Increase in working capital, including notes and accounts receivable and inventory, worsened cash flows from operating activities by 29.1 billion yen on a year-on-year basis
- Accordingly, free cash flows worsened by 27.6 billion yen

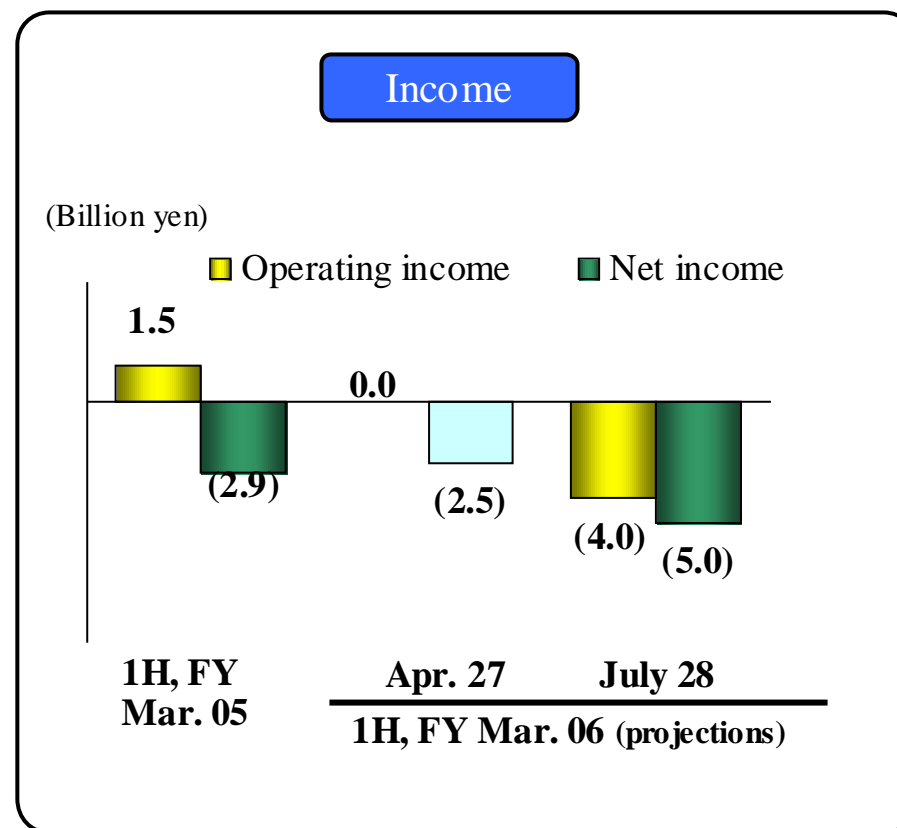
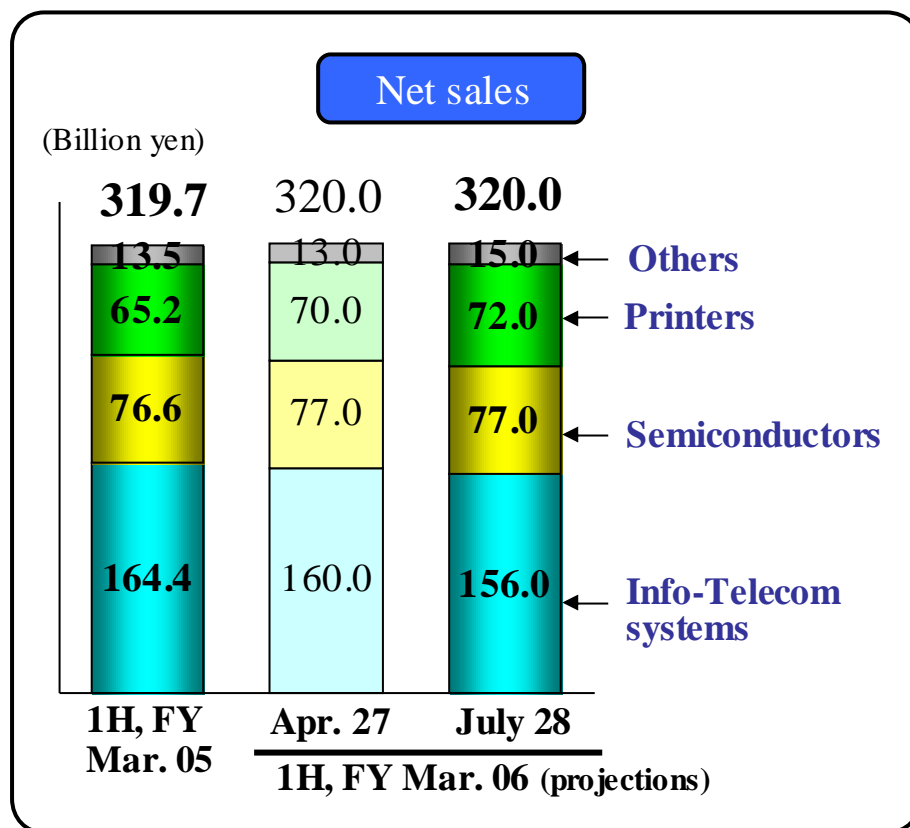
(Billion yen)

	Q1 of FY Mar. 05	Q1 of FY Mar. 06	Variance	Notes
I. Cash flows from operating activities	10.4	(18.7)	(29.1)	
Income before income taxes	(4.3)	(5.0)	(0.7)	<Changes in working capital> Q1 of FY Q1 of FY Mar. 05 Mar. 06 Receivables 40.3 26.1 Inventories (13.2) (25.0) Payables (9.9) (13.7) <hr/> Total 17.2 (12.6)
Depreciation & amortization	7.3	7.9	0.6	
Changes in working capital	17.2	(12.6)	(29.8)	
Others	(9.8)	(9.0)	0.8	
II. Cash flows from investing activities	(9.0)	(7.5)	1.5	
Purchases of property, plant & equipment	(6.7)	(6.2)	0.5	
Others	(2.3)	(1.3)	1.0	
Free cash flows (I+II)	1.4	(26.2)	(27.6)	
III. Cash flows from financing activities	(8.4)	11.9	20.3	
Redemption of bonds	0.0	(10.0)	(10.0)	
Changes in other interest bearing debts, etc.	(8.4)	21.9	30.3	
Net cash flow (I+II+III)	(7.0)	(14.3)	(7.3)	
IV. Cash and cash equivalents at the period end	51.4	36.3	(15.1)	

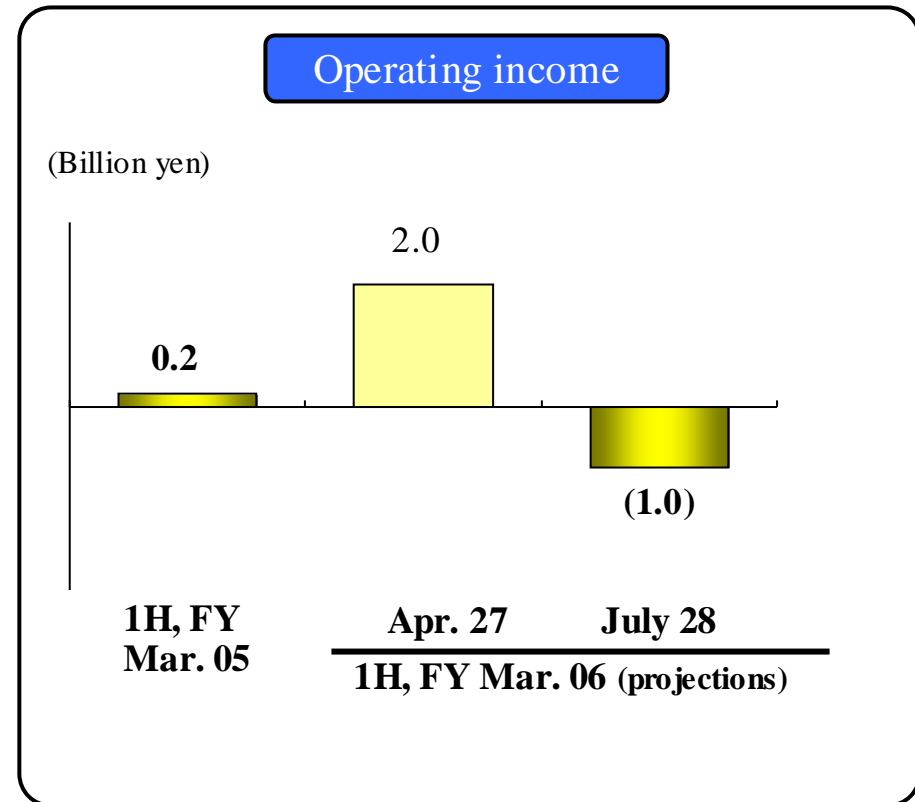
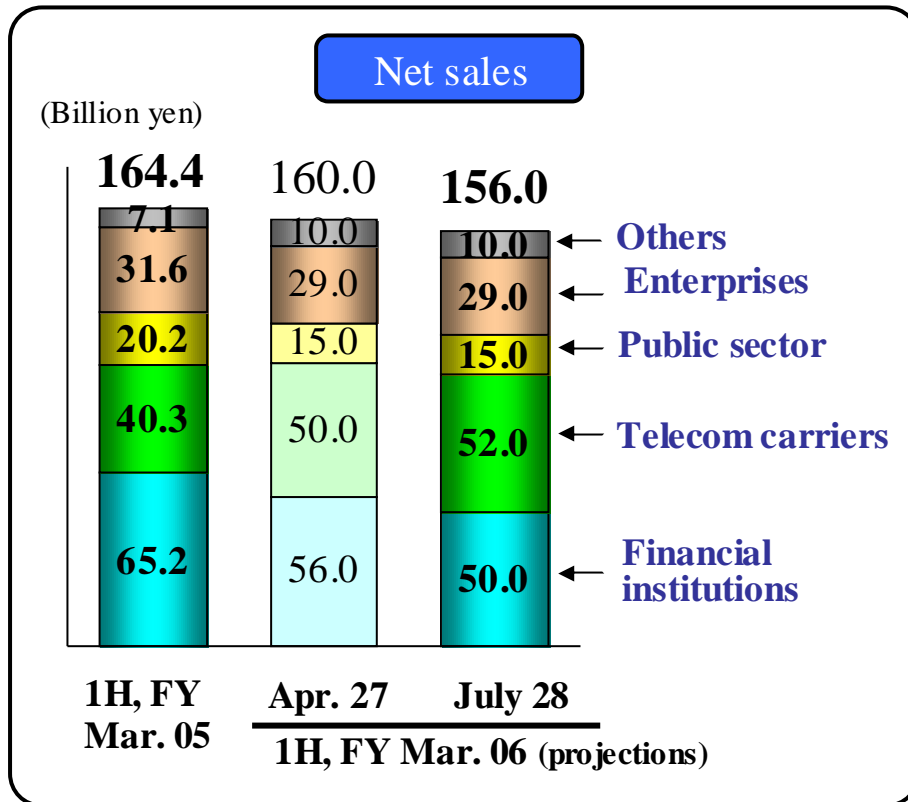
- Though net sales is unchanged, operating income decreases 4.0 billion yen from the previous projections announced on Apr. 27
- While net sales slightly increases on a year-on-year basis, Oki expects an operating loss of 4.0 billion yen, affected by price drops, etc. Net loss will be 5.0 billion yen, decreased by 2.1 billion yen

(Billion yen)	1H, FY Mar. 05 (Results)	1H, FY Mar. 06 (July 28 announcement)	Variances	<i>Reference:</i> 1H, FY Mar. 06 (Apr. 27 announcement)
Net sales	319.7	320.0	0.3	320.0
Operating income	1.5	(4.0)	(5.5)	0.0
Other income	(2.1)	(3.0)	(0.9)	(3.5)
Recurring income	(0.6)	(7.0)	(6.4)	(3.5)
Extraordinary income	(4.1)	(0.5)	3.6	(1.0)
Income before taxes	(4.7)	(7.5)	(2.8)	(4.5)
Income taxes	(1.8)	(2.5)	(0.7)	(2.0)
Net income	(2.9)	(5.0)	(2.1)	(2.5)

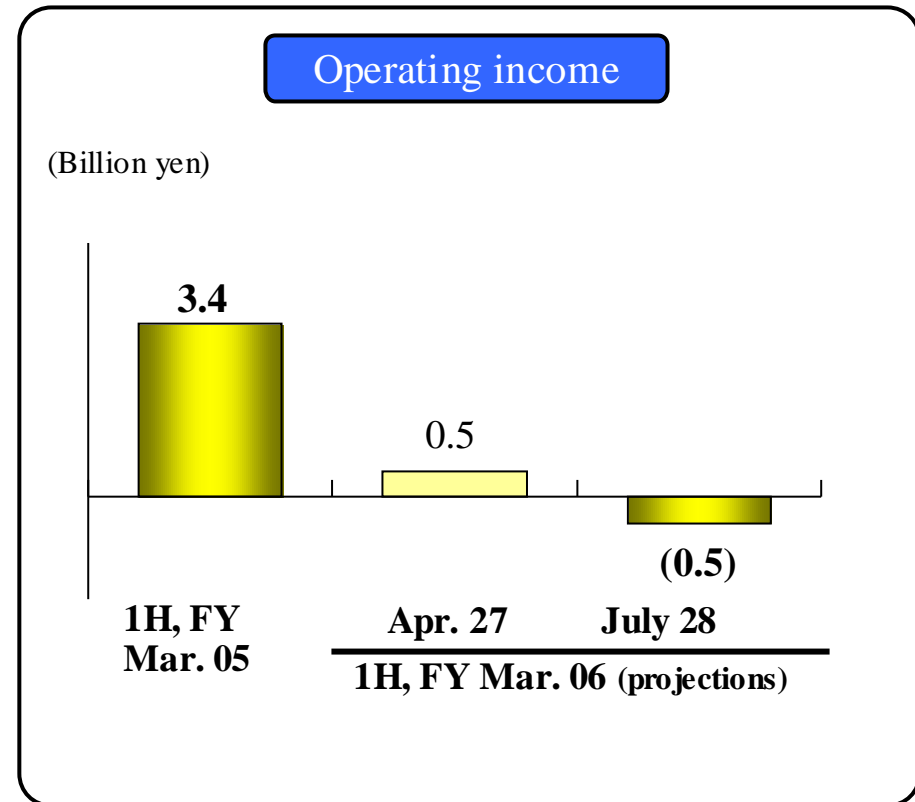
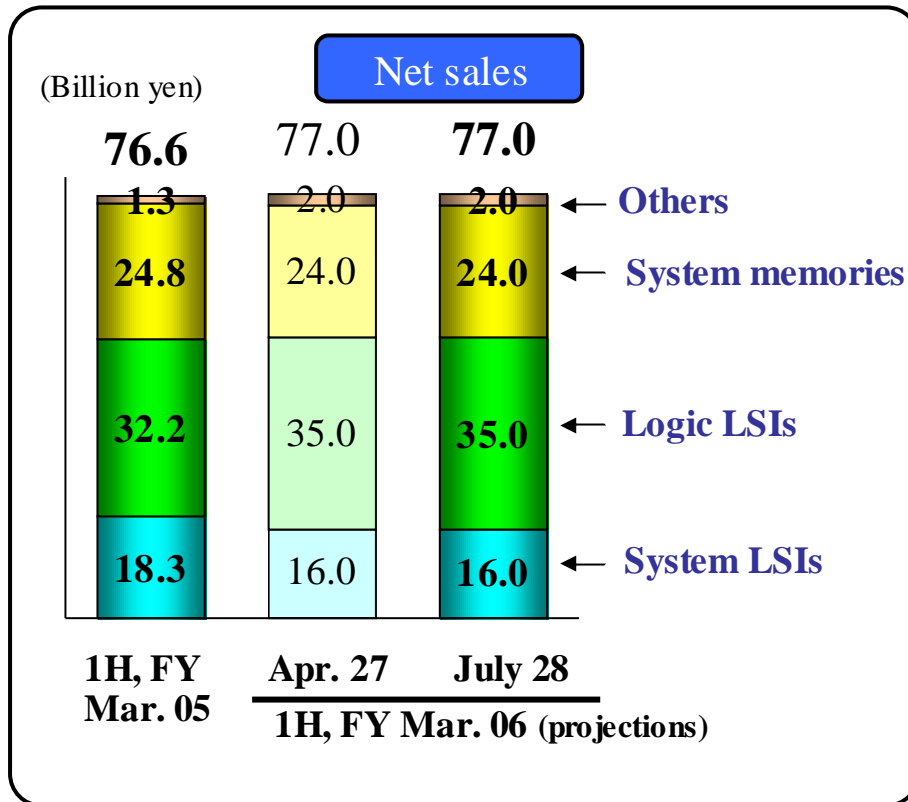
- Net sales is 320.0 billion yen, unchanged from Apr. 27 announcement. Operating income decreases by 4.0 billion yen from previous projections, affected by decrease in sales for financial institutions and price drop in semiconductor segment
- On a year-on-year basis, while sales of info-telecom systems decreases by 8.4 billion yen, sales of printer increases by 6.8 billion yen, which makes total net sales flat. Operating income decreases by 5.5 billion yen, largely affected by semiconductor price drop



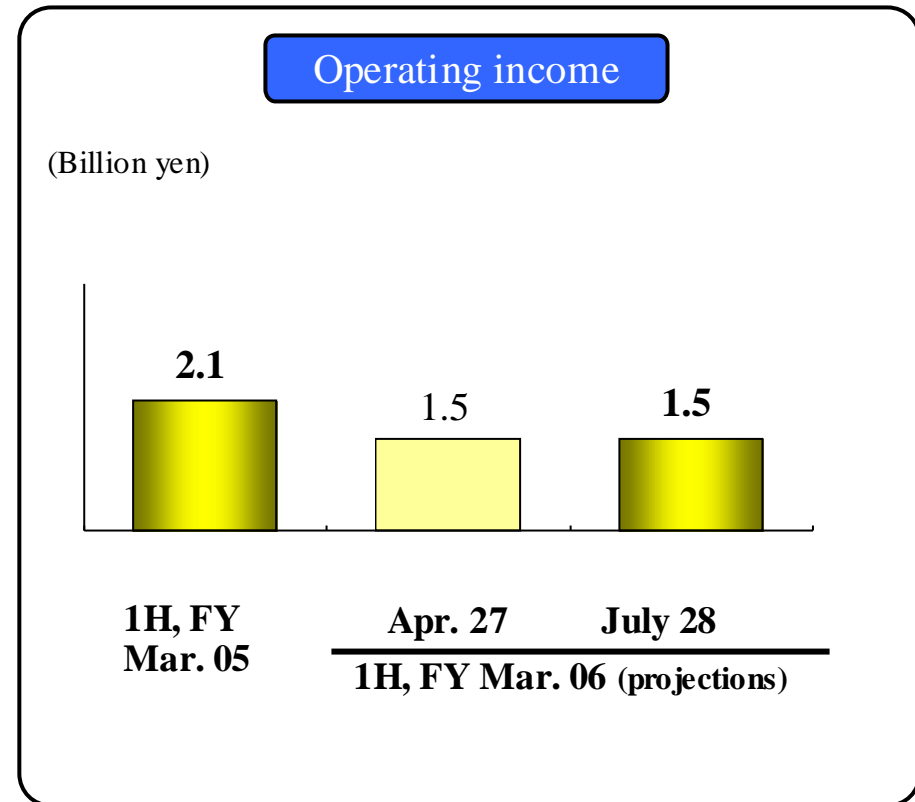
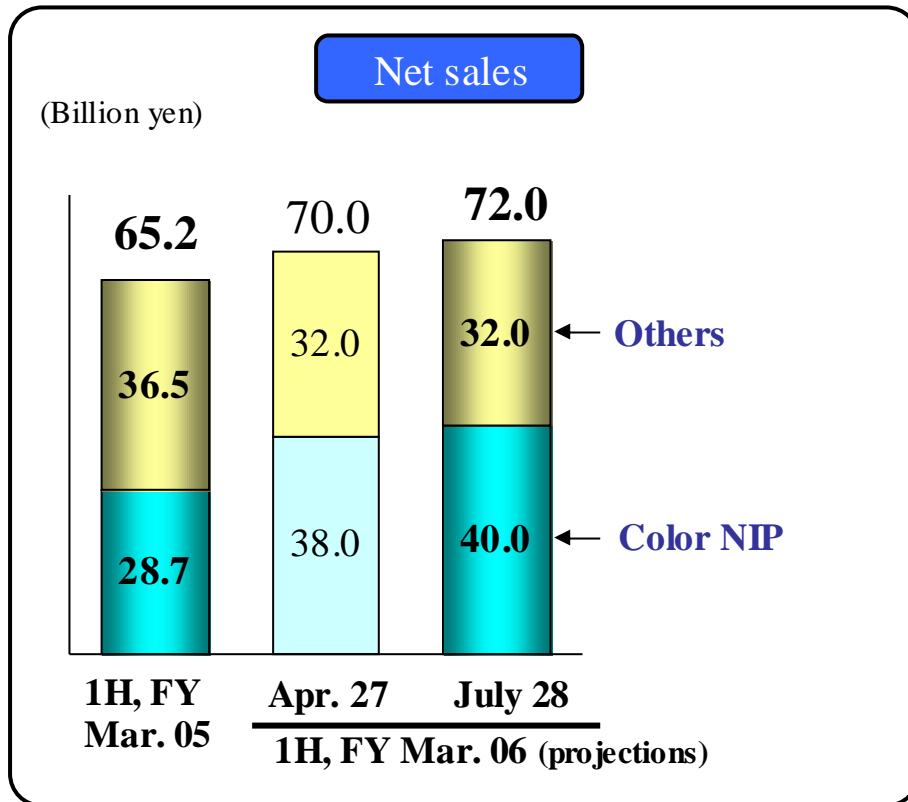
- Sales in telecom carriers increases by 2.0 billion yen, while sales in financial institutions decreases by 6.0 billion yen, which leads decrease in both net sales and operating income from the previous projections announced on Apr. 27
- On a year-on-year basis, sales in telecom carriers increase while sales in financial institutions and public sectors decrease drastically, and in total, net sales decreases by 8.4 billion yen. Operating income decreases by 1.2 billion yen



- Net sales of 77.0 billion yen is unchanged from the previous projections on Apr. 27. Operating income decreases by 1.0 billion yen, due to price drop
- On a year-on-year basis, while there is sales increase factor caused by the driver LSI business acquisition, net sales remains unchanged due to adjustment in the semiconductor market since the latter half of the previous year. Operating income decreases by 3.9 billion yen on a year-on-year basis, due to price down



- Sales in color NIP increases by 2.0 billion yen from the previous projections on Apr. 27. Operating income is 1.5 billion yen, unchanged from the previous projections, due to price down
- On a year-on-year basis, net sales increases by 6.8 billion yen due to large increase in color NIP unit shipment. Operating income decreases by 0.6 billion yen, due to price down and active investments on sales



- Create “strong products” which generate high profitability

Info-telecom System Business

- Deliver ATM-BankIT to mega banks, regional banks and Shinkin banks (Oct. 2005)
- Expand line-up of SS9100 (Q3, Oct-Dec. 2005)
- Unveil products that realize triple-play (Q2, July-Sept. 2005)

Semiconductor Business

- Launch TFT driver products, which converge Oki products and products of driver business acquired from Texas Instrument Japan (Q3, Oct.-Dec. 2005)
- Expand custom P2ROM business and unveil advanced P2ROM (Q4, Jan.-Mar. 2006)

Printer Business

- Launch new models of color LED printer
 - Color multifunction printer for the U.S. and Europe (May 2005)
 - High speed color printer with high color management capability (providing 32 levels of halftones per dot) (May 2005)
- Develop more competitive color LED printer (low cost, high speed, compact, high resolution)