

Financial Results for the Q1 of
FY ending March 31, 2009

August 14, 2008

Oki Electric Industry Co., Ltd.

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* The values of year-on-year comparison in this material are those announce last fiscal year.

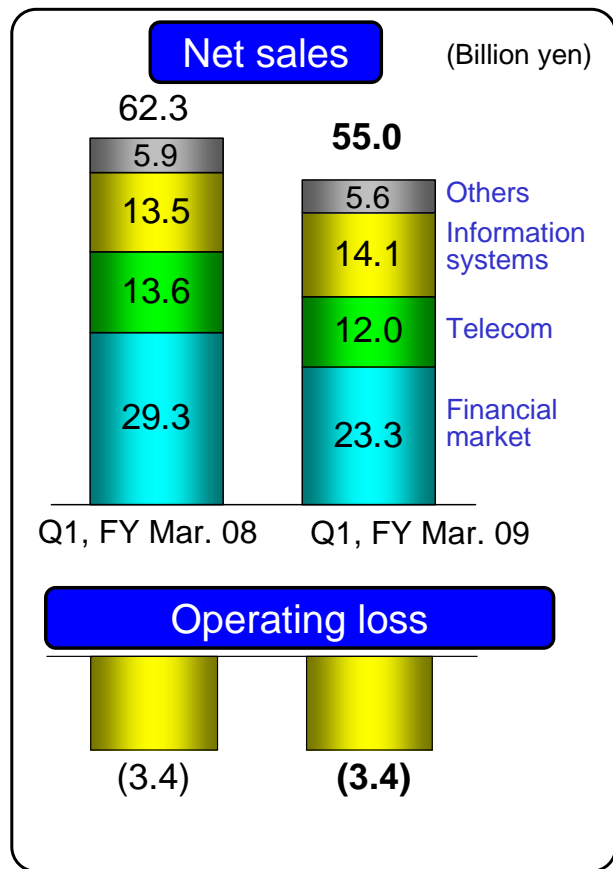
* The projections and plans on this material are subject to change depending upon the changes of business environments and other conditions.

Outline of Q1 Financial Results

- Net sales decreased to 125.3 B yen, a 13% decrease YoY as demand for privatization of Japan Post ran its course and semiconductors sales declined
- Net loss was 22.2 B yen due to the extraordinary loss caused by the change in inventory valuation standards, etc.

(Billion yen)	Q1, FY Mar. 08	Q1, FY Mar. 09
Net sales	143.5	125.3
Operating loss	(4.7)	(6.5)
Recurring loss	(5.4)	(6.4)
Net loss	(8.0)	(22.2)
Net loss per share	(11.73)yen	(32.45)yen
Total assets	598.4	531.2
Shareholders' equity	102.4	72.2
Shareholders' equity per share	149.84yen	107.00yen
Interest bearing debt	282.6	274.3

Segment Information: Info-telecom Systems



■ **Net sales: Decreased by 7.3B yen**

Financial market:

Sales increased for private financial institutions with domestic bank branch terminals and ATMs in China. However, sales for Japan Post decreased as demands for privatization ran its course.

Telecom:

By accelerating business selection and concentration, sales of low profit businesses declined.

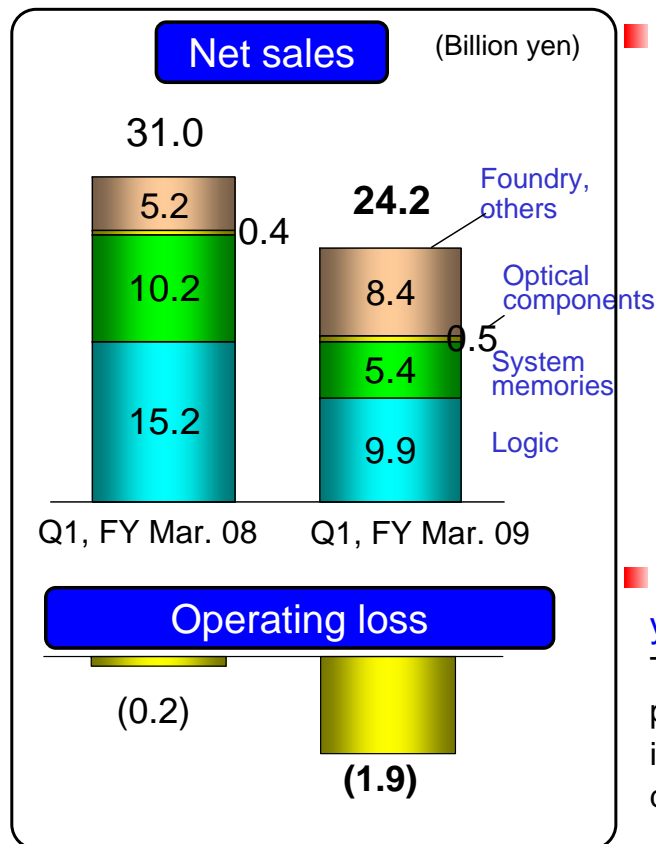
Info-sys:

Increase in system sales for enterprises.

■ **Operating loss: Flat**

While sales decreased Japan Post and low profit businesses in telecom market were reduced, efforts in reducing production, procurement and fixed costs were made.

Segment Information: Semiconductors



■ **Net sales: Decreased by 6.8 B yen**

Logic:

Sales declined in driver LSIs* due to main LCD panel manufacture's shift to self-manufacturing, and decline in demand for PHS* baseband LSIs in China.

System memory:

Sales declined in P2ROM* due to the demand fluctuation and delay in developing new products.

Foundry:

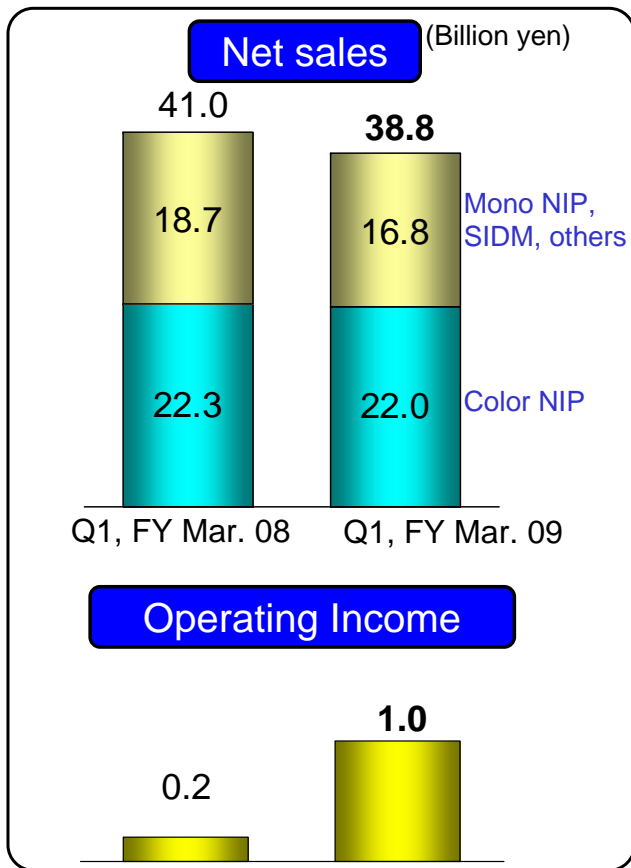
Customer demands were steady.

■ **Operating loss: Losses increased by 1.7 B yen**

Though making efforts to reduce production, procurement and fixed costs, operating loss increased due to decrease in marginal profits and due to decline in volume and price

LSI*: Large Scale Integration PHS*: Personal Handy-phone System P2ROM*: Production Programmed Read Only Memory

Segment Information: Printers



■ **Net sales: Decreased by 2.2B yen**

Color NIP*:

Due to change in strategy to shift color NIP to mid-and-high end models, printer hardware shipments decreased and sales for consumables increased

Mono NIP, SIDM*, etc.:

Shipment of SIDM for Europe and the U.S. decreased due to the shrinking of its market.

■ **Operating income: Increased by 0.8 B yen**

Increase in consumable sales for color NIP and reduction of production and procurement costs.

NIP*: Non Impact Printer SIDM*: Serial Impact Dot Matrix

Changing Factors of Operating Income

- Marginal profits decreased due to volume decline in Semiconductors and Info-telecom Systems
- Though reducing production, procurement and fixed costs had effect, total operating loss increased by 1.8 B yen YoY

(Billion yen)

Q1, FY Mar. 08 operating loss	(4.7)
Q1, FY Mar. 09 operating loss	(6.5)
Variance	(1.8)
■ Major changing factors	
Changes in quantity and product mix	(4.0)
Price decline	(1.0)
Reduction of production and procurement costs	2.5
Changes in fixed-costs	2.0
Others	(1.0)

Q1 Profit and Loss

(Billion yen)	Q1 FY Mar. 08	Q1 FY Mar. 09
Net sales	143.5	125.3
(Cost of sales ratio)	(77.7%)	(76.8%)
Cost of sales	111.5	96.2
SG&A	36.7	35.6
Operating loss	(4.7)	(6.5)
Other income/ loss	(0.7)	0.1
Recurring loss	(5.4)	(6.4)
Extraordinary loss	(0.3)	(12.0)
Income before income taxes	(5.7)	(18.4)
Income taxes	2.3	3.8
Net loss	(8.0)	(22.2)

[YoY comparison]

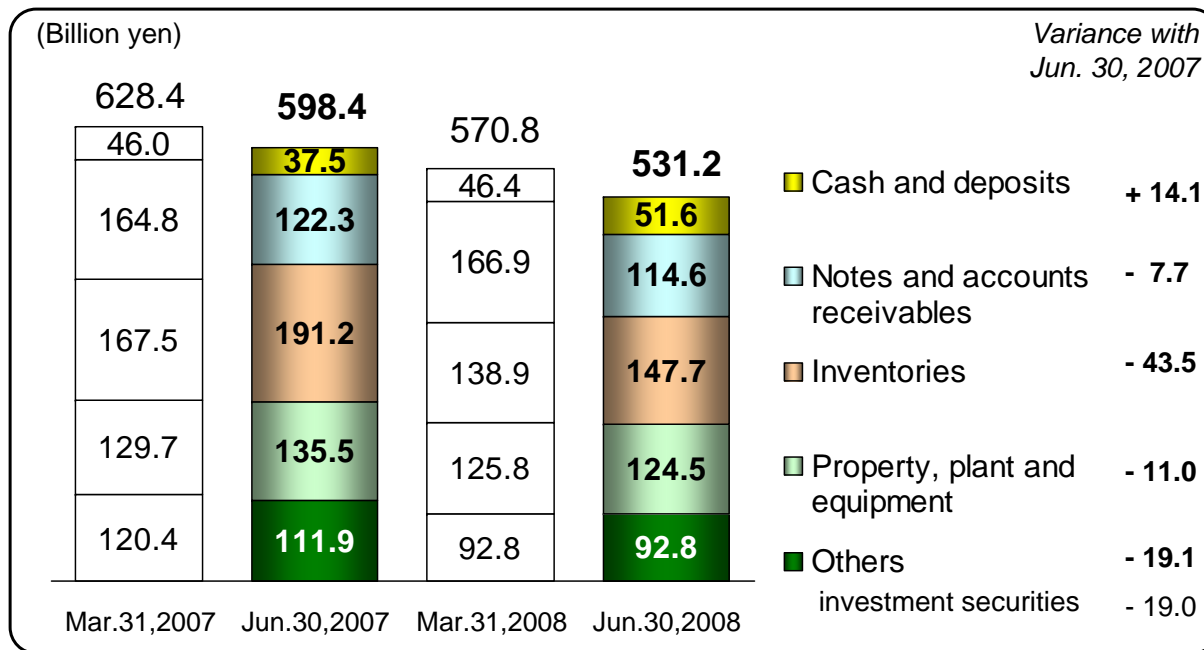
- Cost of sales ratio improved by 0.9 points from 77.7% to 76.8%
- SG&A decreased by 1.1 B yen due to sales decline and continued containment
- 10.6B yen out of extraordinary loss was valuation loss caused by the change of inventory valuation standards, etc.

[Reference: Currency exchange rate]

	FY Mar. 08	FY Mar. 09
USD	120.8	104.6
Euro	162.7	163.4

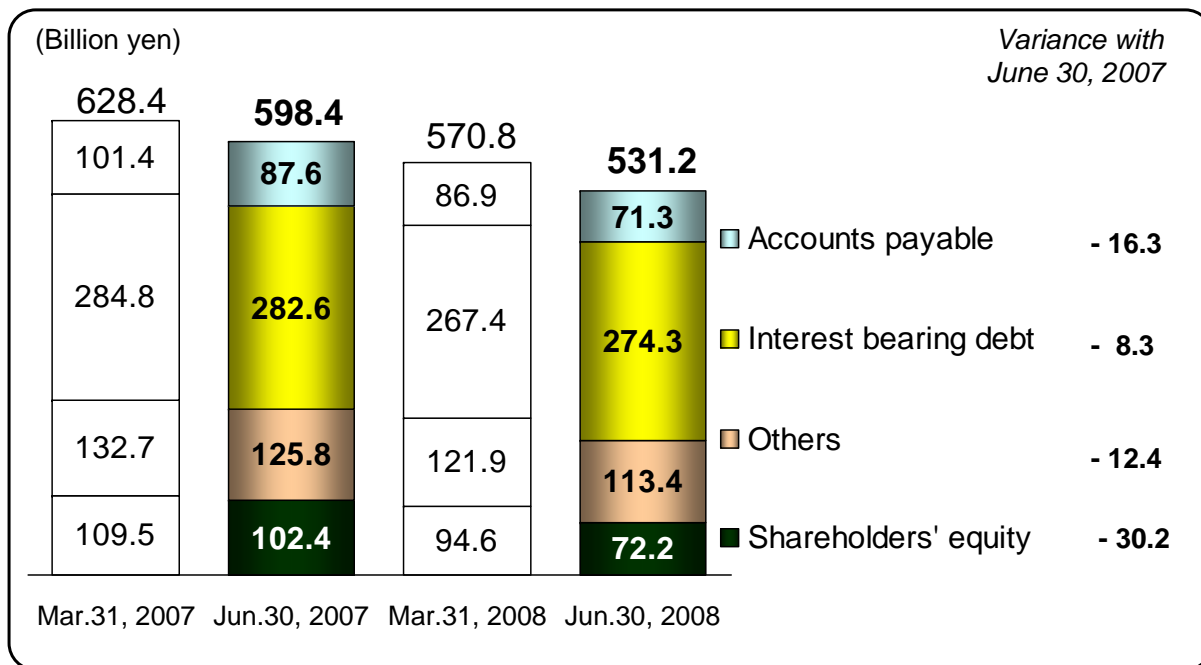
Q1 Balance Sheet: Assets

- Inventories decreased by 43.5 B yen YoY due to reduction efforts, and change of inventory valuation standards
- Total assets decreased by 67.2 B yen YoY through decrease in inventories and decline in investment securities (19.0 B yen) as current value declined



Q1 Balance Sheet: Liabilities and shareholders' equity

- Accounts payable decreased 16.3 B yen YoY through efforts in inventory reduction activities
- Shareholders' equity declined by 30.2 B yen YoY, due to current period net loss and decrease in marketable securities valuation difference, etc.



Q1 Cash Flows

- Free cash flows improved by 1.9 B yen YoY; While working capital improved by 19.0 B yen, mostly from decrease in inventories, net loss worsened by 12.7 B yen.

(Billion yen)	Q1, FY Mar.08	Q1, FY Mar.09	Notes
I. Cash flows from operating activities	5.5	6.3	
Income before income taxes	(5.7)	(18.4)	<Changes in working capital> FY Mar. FY Mar. 08 09 Receivables 48.3 53.7 Inventories (21.5) (7.9) Payables (15.7) (15.7) Total 11.1 30.1
Depreciation & amortization	8.4	7.8	
Changes in working capital	11.1	30.1	
Others	(8.3)	(13.2)	
II. Cash flows from investing activities	(6.6)	(5.5)	
Purchases of property, plant & equip.	(6.4)	(4.6)	
Others	(0.2)	(0.9)	
Free cash flows (I+II)	(1.1)	0.8	
III. Cash flows from financing activities	(8.4)	5.2	
Changes in other interest-bearing debts, etc.	(8.4)	5.2	
Net cash flows (I+II+III)	(9.5)	6.0	
IV. Cash and cash equivalents at the period end	42.3	56.1	

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Revising the Projections for the Fiscal Year ending Mar.09

- Revised full year projections as the definitive agreement to transfer shares of its semiconductor subsidiary has been signed
 - Revised 2H projections of net sales and operating income for semiconductor segment
 - Improvement in “Other Income” from transferring shares
- Though expected to remain within the plan, the transfer price and asset value may change as each of them will be fixed at the time of transfer.
- At this time, we do not include the impact of transfer or other factors that may affect our business performance

(Billion yen)	FY end. Mar. 09 (Projections)	Variance	Previous projections (5/28)	
			Full year	First half
Net sales	629.0	(71.0)	700.0	300.0
Operating income/ loss	7.0	(5.0)	12.0	(9.0)
Other income/ loss	(6.5)	1.5	(8.0)	(3.5)
Recurring income/ loss	0.5	(3.5)	4.0	(12.5)
Extraordinary loss	(13.5)	0	(13.5)	(12.0)
Net loss	(17.5)	(3.5)	(14.0)	(24.5)

Priority Measures in 2H and current status

- Priority measures in 2H
 - Invest to strengthen info-telecom and mechatronics (ATMs, printers, etc.) businesses
 - Review OKI Group's operating structure
 - ✓ Review overall Group, including affiliated companies, to aim for a business structure leveraging OKI's strengths
 - ✓ Review and streamline corporate function
 - ✓ Establish telecom business company

- Status of non-semiconductor businesses
 - For financial market: Trend of increasing ATM shipments to China
Sales for bank branch terminals proceed as planned
 - Telecom: Though business environment remains severe, OKI aims to achieve its target by improving efficiency through spinning off telecom business
 - Info-systems: Proceeding as planned
 - Printer: Continue to shift color NIP to mid-and-high end models
Trend of increasing sales for consumables