

Financial Results for the First Half of FY ending March 31, 2010

November 5, 2009

Oki Electric Industry Co., Ltd.

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

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1H Profit and Loss

(Billion yen)	1H FY Mar. 2010	1H FY Mar. 2009
Net sales	189.0	286.9
<i>Excluding Semiconductors</i>	189.0	232.8
Cost of sales	138.6	221.4
SG&A	52.0	76.1
Operating loss	(1.6)	(10.6)
<i>Excluding Semiconductors</i>	(1.6)	(5.4)
Other income/ loss	(3.1)	(2.7)
Recurring loss	(4.7)	(13.3)
Extraordinary loss	(1.2)	(18.4)
Income before income taxes	(6.0)	(31.7)
Net loss	(7.0)	(35.3)

[YoY comparison]

- Impact of semiconductor transfer:
Net sales declined by 54.1B yen
Operating loss improved by 5.1B yen
 - SG&A decreased impacted by semiconductor transfer and efforts in optimizing fixed costs.
- Extraordinary loss improved; previous year included implementing measures to revamp its business structure and valuation loss caused by the change of inventory valuation standards, etc.

[Reference: Currency exchange rate]

	FY Mar. 2010	FY Mar. 2009
USD	95.5	106.1
Euro	133.2	162.7

SG&A: Selling, General and Administrative expense
YoY: Year-on-year

* Semiconductor business was spun off and its shares were transferred in October 2008.

Summary of Segment Information

[YoY comparison]

* In the segment information, Semiconductors segment is excluded from the previous year's results.

- Net sales decreased by 43.8 B yen
 - Info-Telecom: In financial business, the replacement for ATMs and a large project of bank branch systems had ran its course.
 - Printers: Sales for SIDM decreased due to shrinking of the market, in addition to the impact of currency exchange.
 - "Others" segment: Components related businesses are still weak due to the impact of severe economic circumstances.
- Operating income increased by 3.8 B yen: Decrease in profits from sales decline was offset in reducing production costs and procurement costs and optimizing fixed costs.
- Impact of currency exchange: Net sales and operating income decreased by 10.3B yen and 2.9B yen

(Billion yen)	FY end Mar. 2010		FY end Mar. 2009 (Semiconductors excluded)	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	110.3	0.4	135.1	(4.8)
Printers	68.3	2.0	82.9	3.8
Others	10.4	(1.0)	14.8	(0.4)
Eliminates & Corp.	—	(3.1)	—	(4.1)
Total	189.0	(1.6)	232.8	(5.4)

Segment Information: Info-telecom Systems

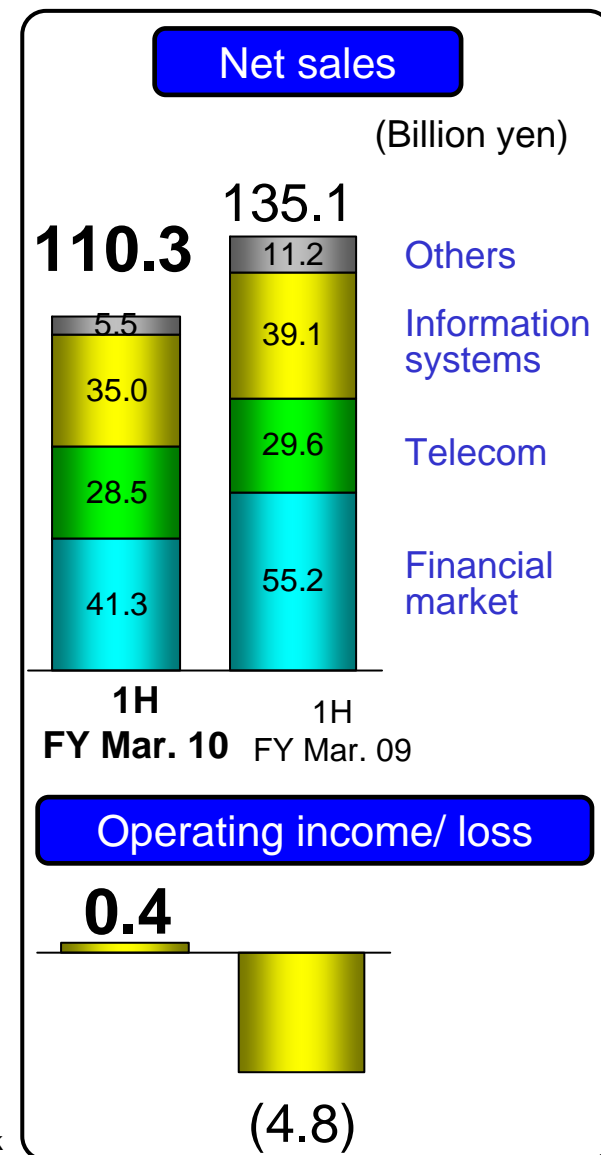
■ Net sales

- Financial market:
Overall net sales decreased as the replacement for ATMs in retail markets and a large project of bank branch systems had ran its course, etc.
- Telecom:
Though sales for telecom carriers increased due to increase in unit shipments for GE-PON and existing network products sales, overall net sales declined by narrowing low profit home network products through efforts in “accelerating business selection and concentration”.
- Information systems:
Sales for public sector remained flat. For enterprises, sales decreased due to the impact of severe economic circumstances, mainly in manufacturing business.

■ Operating income

Operating income improved by 5.2B yen to 0.4B yen by making efforts to optimize fixed costs and to reduce production and procurement costs, despite decrease in marginal profits from volume decline.

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



Segment Information: Printers

■ Impact of currency exchange

- Net sales declined by 10.2B yen. Operating income declined by 3.0B yen

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

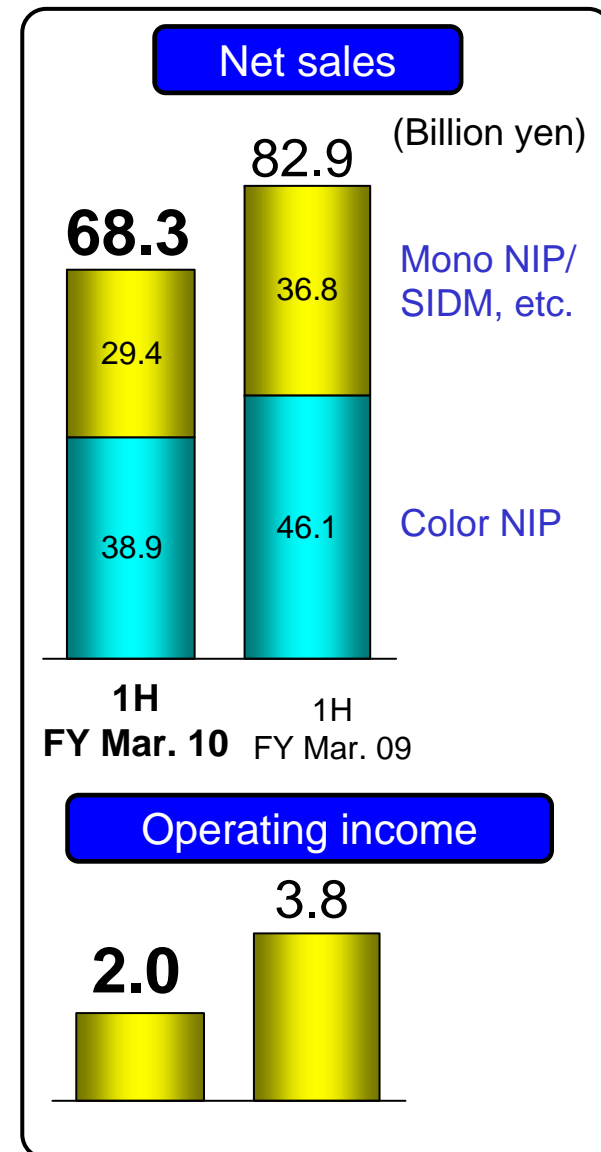
- **Color NIP:**
Despite the impact of worsening economic circumstances, unit sales remained flat due to launching new products and efforts made through promotion.
- **Mono NIP, SIDM, etc.:**
 - Unit sales for Mono NIP increased through promotion in Europe in addition to launching new products to the market during the latter half of the previous year.
 - Unit sales for SIDM decreased due to the overall shrinking market.

■ Operating income increased by 1.2B yen excluding the impact of currency exchange

Despite decrease in marginal profits from volume and price decline, operating income increased, in the case of excluding the impact of currency exchange, due to efforts to optimize fixed costs and to reduce production and procurement costs.

NIP: Non-Impact Printer

SIDM: Serial Impact Dot Matrix



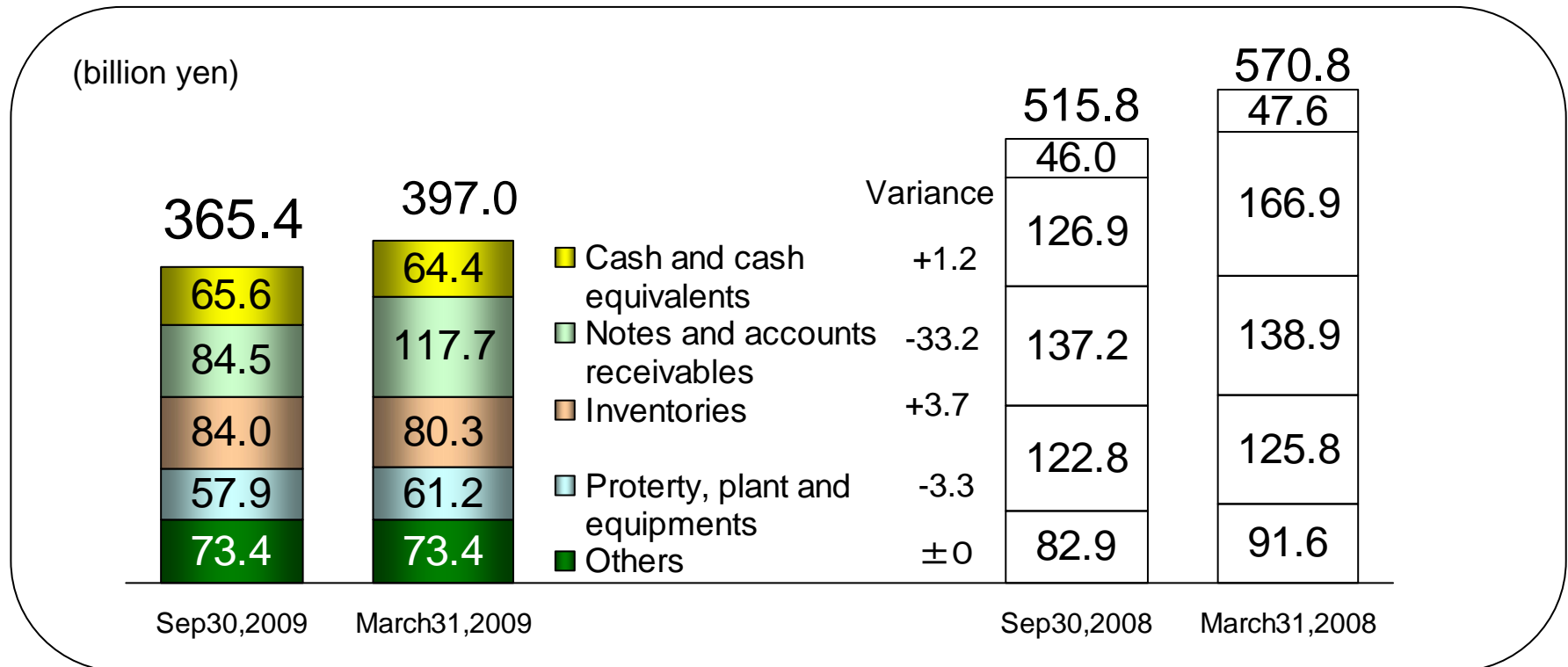
Changing Factors of Operating Income

- Operating income increased by 3.8B yen YoY through efforts to reduce production and procurement costs and to optimize fixed costs. Despite decrease in marginal profit from volume and price decline, in addition to the impact of strong yen.

		(billion yen)	Operating income (loss)
	Results of FY ending March 2010		(1.6)
	Results of previous FY ended March 2009 (excluding semiconductors)		(5.4)
	Variance of operating income		3.8
Changing factors	Changes in volume and product mix		(9.0)
	Price decline		(2.0)
	Impact of currency exchange		(3.0)
	Reduction of procurement and production costs		3.5
	Changes in fixed costs		14.0

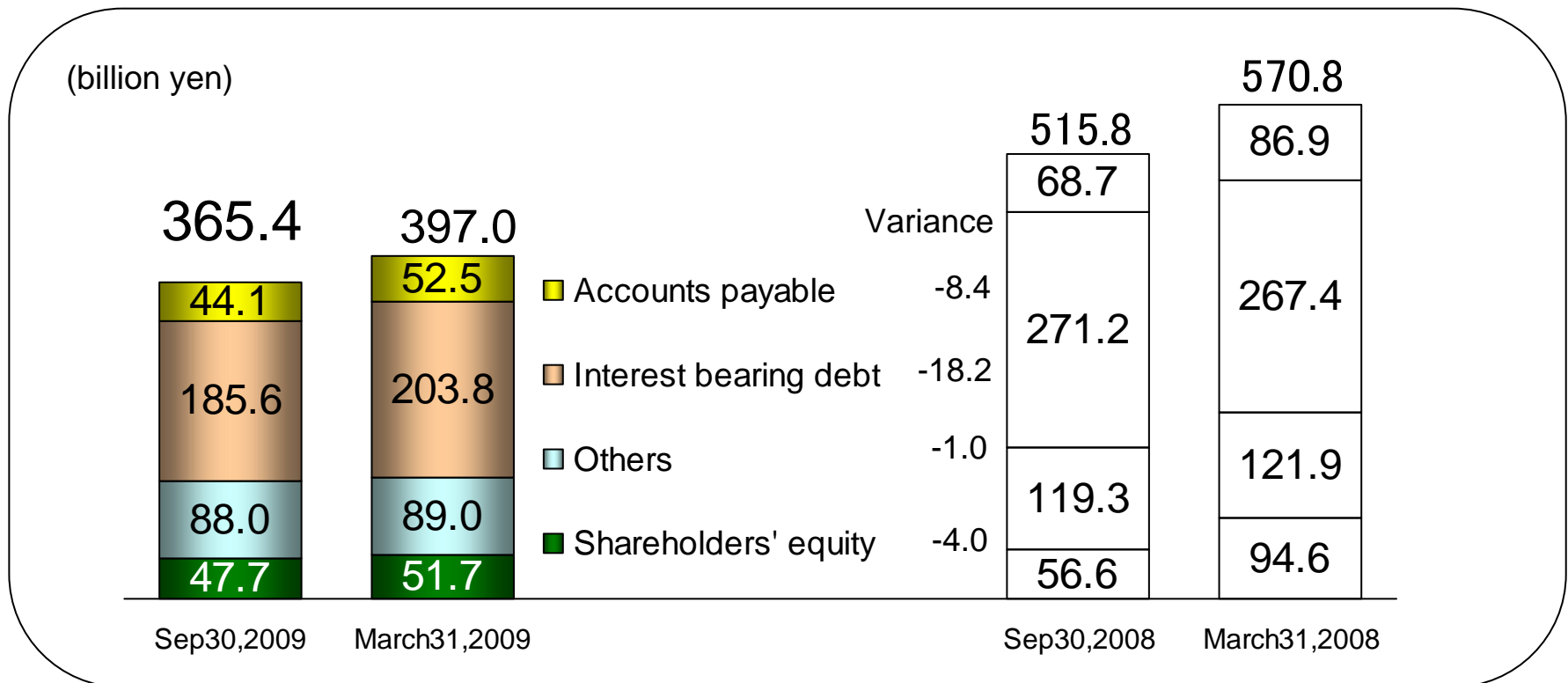
Balance Sheet [Assets]

- Cash and cash equivalents remained approximately the same level as March 31 despite decrease from redemption of corporate bonds, as free cash flow increased due to working capital improvement.
- Due to the tendency of larger sales in Q4, notes and accounts receivables at March end increased. These receivables are collected in cash, etc. during the next 1H, which reduces the portion of receivables at September end. Inventories declined at March end and increased at September end because of production equalization.



Balance Sheet [Liabilities and shareholders' equity]

- Interest bearing debt declined through redemption of corporate bonds, etc.
- Though the valuation adjustments increased due to rise of valuation of owned shares, total shareholders' equity fell from the loss during this quarter.



Cash Flows

- Free cash flows increased mainly from improved net income during first half.
- Expense in cash flows from financing activities increased through redemption of corporate bonds.

(billion yen)	1H March end. 2010	1H March end. 2009*	Notes
I. Cash flows from operating activities	25.3	7.1	
Net income before income taxes	(6.0)	(31.7)	
Depreciation & amortization	7.6	16.2	
Changes in working capital	21.4	21.5	
Others	2.3	1.1	
II. Cash flows from investing activities	(4.8)	(13.2)	
Purchase of property, plants & equipment	(4.1)	(12.1)	
Others	(0.7)	1.1	
Free cash flows (I+II)	20.5	6.1	
III. Cash flows from financing activities	(19.1)	2.7	
Net cash flow (I+II+III)	1.4	(3.4)	
Cash and cash equivalents at the period end	65.6	46.0	

* Semiconductors segment is included in previous fiscal year

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Full Year Projections for the Fiscal Year end. March 2010 [Summary]

In light of recent business performance, net sales for “Other” segment has been revised downward by 4.0 B yen. Income remains the same due to efforts in saving expenses.

(billion yen)	Full year projections		
	FY end Mar.2010	Previous projections. (5/12)	Variance
Net sales	456.0	460.0	(4.0)
Info-telecom	280.0	280.0	0
Printers	150.0	150.0	0
Others	26.0	30.0	(4.0)
Operating income	14.0	14.0	0
Info-telecom	12.5	12.0	+0.5
Printer	8.0	9.0	(1.0)
Others	0	0	0
Eliminates & Corp.	(6.5)	(7.0)	+0.5
Recurring income	7.5	7.5	0
Net income	2.0	2.0	0

Qualitative Information

[Net sales]

For “Other” segment, given the challenging economic circumstances, business performance for components related business has weakened and net sales has been revised downwards by 4.0 B yen from the previous projections.

- Info-telecom segment: Sales declined as projects for the financial business has been postponed. For telecom, sales for access network and existing network products for telecom carriers increased. Sales for info-system grew due to increase in the number of projects for the public sector. Overall, net sales projections remain the same as the previous announcement.
- Printer segment: Due to the challenging economic environment and increased competition in Europe and North America, unit sales for color and mono NIP fell short. However, given the impact of currency exchange, net sales projections remain the same as the previous announcement.

[Operating income]

While marginal profit decreased as volume fell short and prices declined, operating income remains as planned, 14.0 B yen, due to driving expense saving even more as well as the impact of currency exchange.