

Financial Results for the First Half of FY ending March 31, 2012

November 1, 2011

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

- 1H results: Net sales increased mainly in Info-telecom segment. Operating income achieved profit for 1H in seven terms due to increase in volume and improvement in variable costs.

[YoY comparison]

- Net sales increased by 2.5 B yen. (Impact of currency exchange:-1.4 B yen, substantial increase, 3.9 B yen)
 - Info-telecom segment: Sales increased due to the increase in ATM and ATM management and monitoring services and the impact of sales of previous fiscal year delaying into this 1H in social infrastructure systems business.
 - Printers: Sales decreased due to the impact of currency exchange and economic stagnation in Europe.
 - EMS and Others: Sales increased due to its market recovery.
- Operating income improved by 7.2 B yen. (Impact of currency exchange:+0.9 B yen)

(Billion yen)	FY end Mar. 2012		FY end Mar. 2011		Previous projections	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	108.9	4.4	104.7	1.3	107.0	3.5
Printers	55.4	(1.8)	58.6	(4.9)	55.5	(2.0)
EMS	15.5	0.5	14.8	0.5	15.5	0.5
Others	8.7	1.4	7.9	0.8	8.0	1.0
Eliminates & Corp.	—	(3.1)	—	(3.4)	—	(3.0)
Total	188.4	1.5	185.9	(5.7)	186.0	0.0

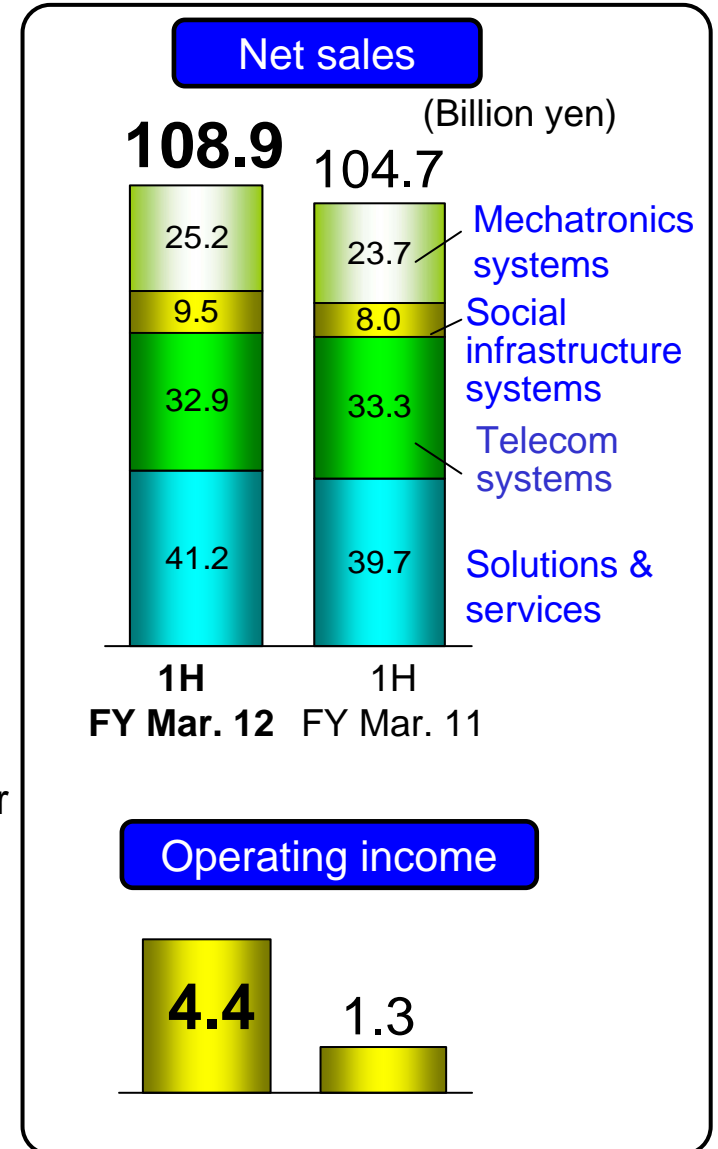
Segment Information: Info-telecom Systems

■ Net sales:

- Solutions & services:
Sales increased due to the growth of ATM management and monitoring and services, etc.
- Telecom systems:
Unit sales of GE-PON increased due to the increase in setting up optical lines. Sales for home gateway were steady.
- Social infrastructure systems:
Sales increased due to the impact of previous fiscal year delaying into this 1H for disaster prevention systems.
- Mechatronics systems:
Sales for ATM in Japan and China were steady. Sales for terminals for financial institutions increased.

■ Operating income:

Operating income increased by 3.1 B yen due to the improvement in marginal profit caused by increase in volume and changes in product mix.



Segment Information: Printers

■ Impact of currency exchange:

➤ Net sales declined by 1.4 B yen. Operating income increased by 0.8 B yen.

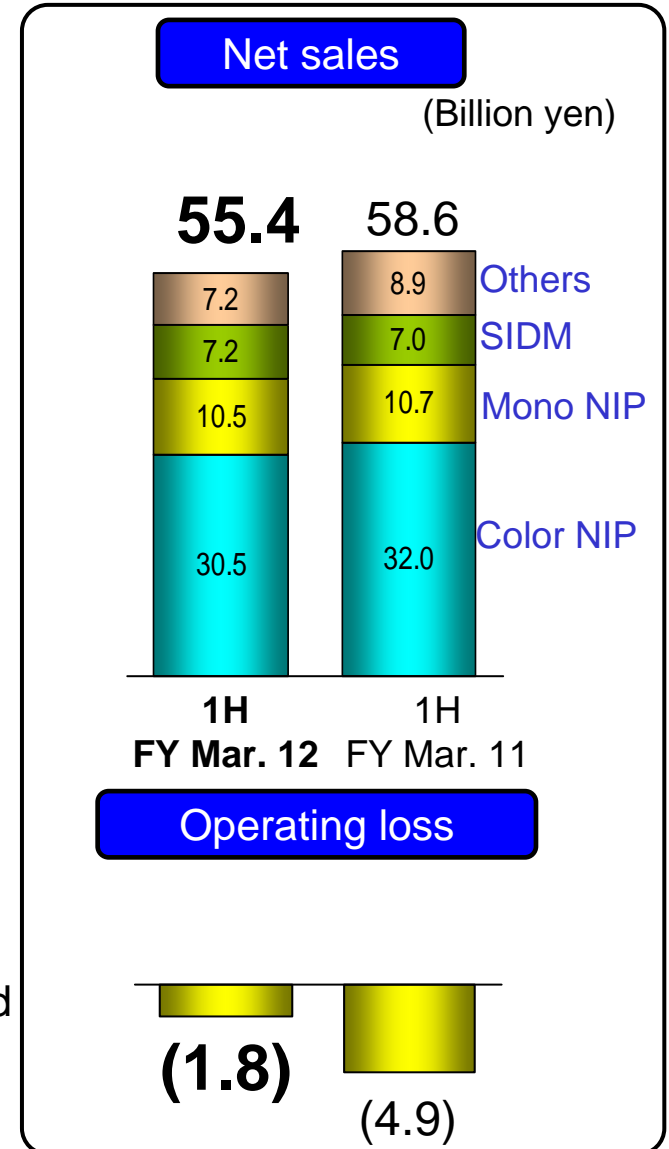
■ Net sales decreased by 1.8 B yen excluding the impact of currency exchange.

➤ Color and Mono NIP:
Sales for flagship new A4 color and mono models increased. Overall sales decreased due to the impact of economic stagnation in Europe.

➤ SIDM:
Unit sales increased by special procurements due to the impact of revised tax law in China.

■ Operating loss decreased by 2.3B yen excluding the impact of currency exchange.

Operating loss decreased due to revisiting sales expense and making continuous efforts to reduce other costs, in addition to improvement in variable costs, despite price decline, etc.



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

Segment Information: EMS, Others

■ Net sales:

➤ EMS:

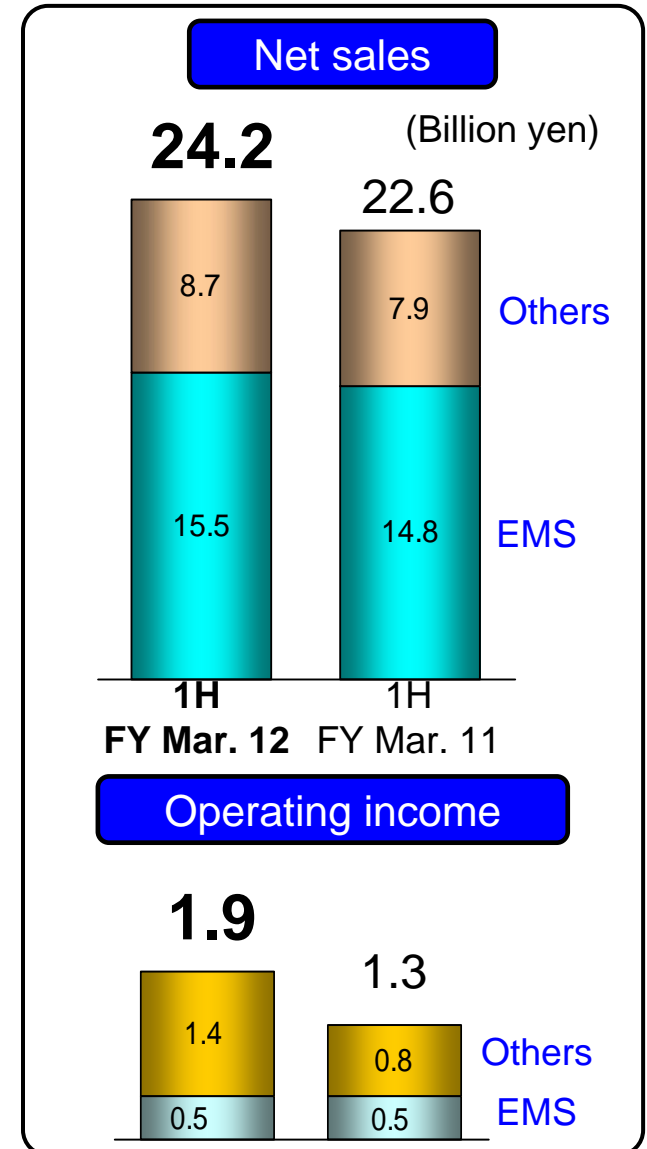
- Business expanded favorably by utilizing its unique business model, such as high-end type EMS.
- Sales increased due to obtaining new two orders for “plant full-outsourcing ” in measurement equipment market, etc..

➤ Others:

Components related business was steady.

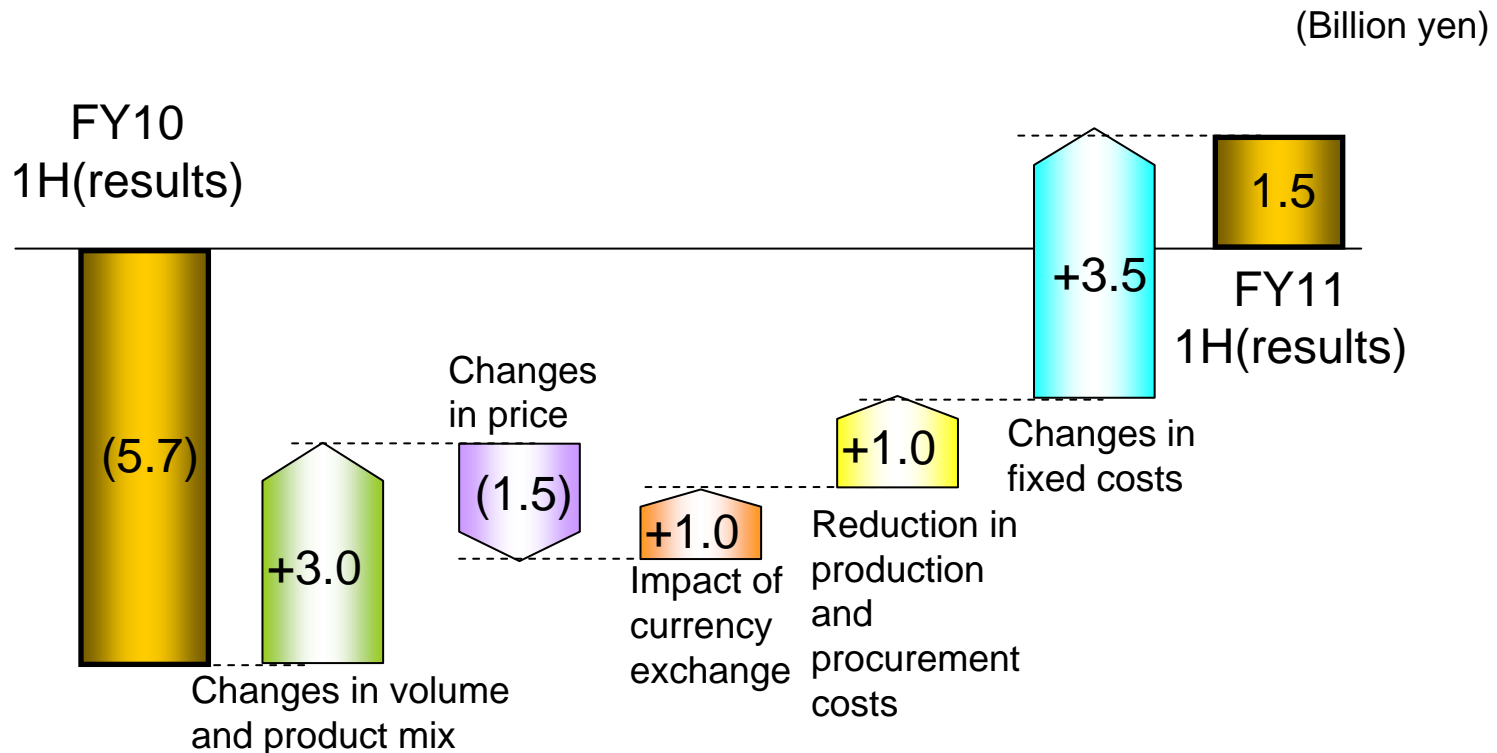
■ Operating income:

Operating income increased by 0.6 B yen due to improvement in marginal profit caused by increase in volume.



Changing Factors of Operating Income

- Operating income improved by 7.2 B yen year-on-year due to the improvement in variable costs, impact of efforts in reducing fixed costs and appreciation of the yen against the dollar, in addition to improvement in marginal profit caused by increase in volume mainly in Info-telecom segment, despite price decline, etc.



1H Profit and Loss

(Billion yen)	1H FY Mar. 2012	1H FY Mar. 2011
Net Sales	188.4	185.9
Cost of Sales	141.4	140.8
SG&A	45.6	50.9
Operating income (loss)	1.5	(5.7)
Other income & expenses	(2.3)	(2.2)
Recurring income (loss)	(0.9)	(7.9)
Extraordinary loss	(1.5)	(1.1)
Income before income taxes	(2.3)	(9.0)
Net income (loss)	(5.0)	(11.7)

[Y on Y comparison]

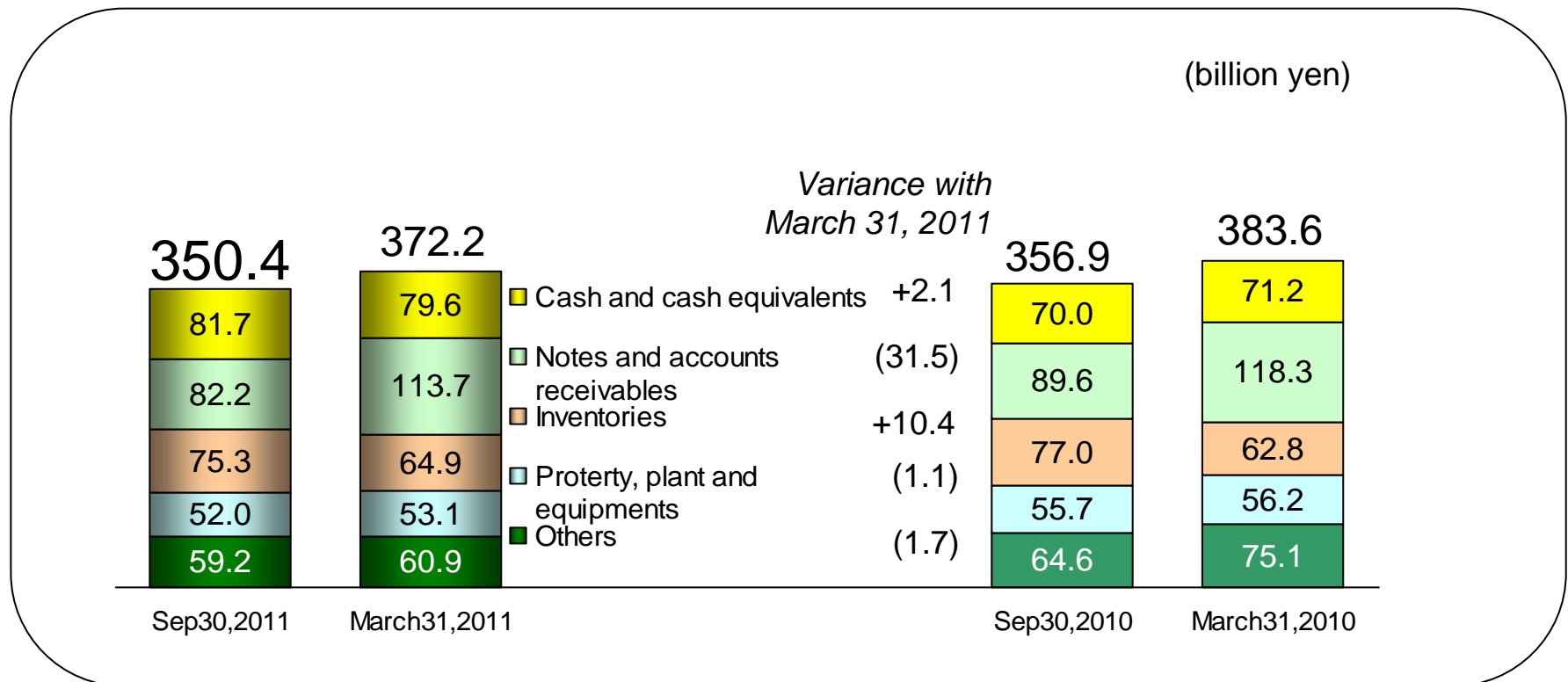
- SG&A decreased due to the impact of reducing fixed costs.
- Other income and expenses was almost the same as the previous year as foreign exchange loss increased, despite the decline in interest expense.
- Extraordinary income and loss:
Loss on revaluation of investments in securities decreased. Gain on negative goodwill was posted in the previous year:
 - Loss on revaluation of investments in securities (-2.7 B yen→-1.1 B yen)
 - Gain on negative goodwill (2.7 B yen→0.0 B yen)

[Reference: Currency exchange rate]

	1H FY Mar. 2012	1H FY Mar. 2011
USD	79.8	89.0
EUR	113.8	113.8

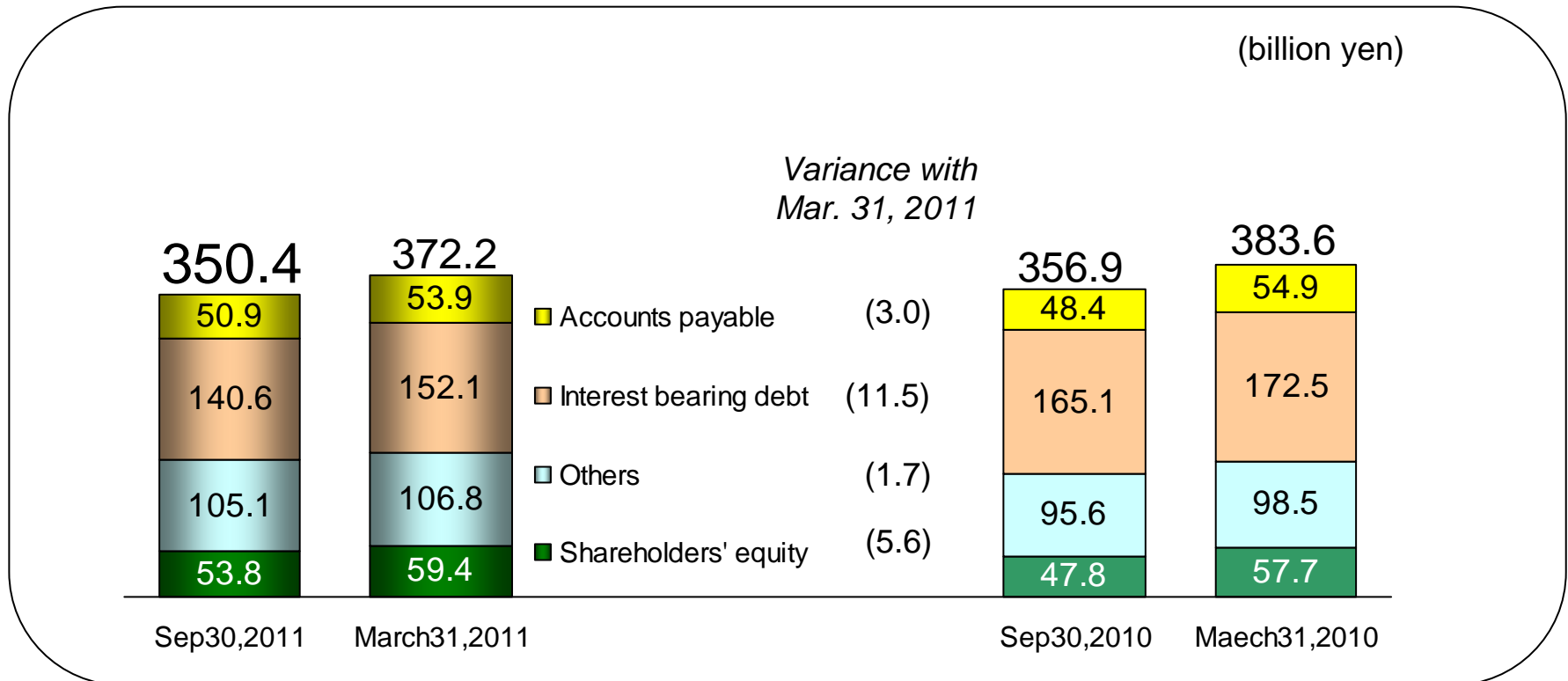
Balance Sheet [Assets]

- Total assets decreased by 21.8 B yen due to the reduction in notes and accounts receivables.
- Cash and cash equivalents increased by 2.1 B yen.
- Due to the tendency of larger sales in Q4 of the previous fiscal year, notes and accounts receivables at March end increased. 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 5.6 B yen due to recording net loss etc.,
- Interest bearing debt decreased by 11.5 B yen. Net interest bearing debt also decreased by 13.5 B yen to 58.9 B yen.



Cash Flows

- Cash flow from operating activities amounted to 17.9 billion yen due to improvement in net income, etc.,.

(Billion yen)	FY March end. 2012	FY March end. 2011	Notes
I Cash flows from operating activities	17.9	3.6	
Net income before income taxes	(2.3)	(9.0)	
Depreciation & amortization	6.2	7.0	
Changes in working capital	13.2	6.0	
Others	0.8	(0.4)	
II Cash flows from investing activities	(4.9)	(0.7)	
Purchase of property, plants & equipment	(3.9)	(3.5)	
Others	(1.0)	2.8	
Free cash flows (I + II)	13.0	2.9	
III Cash flows from financing activities	(11.2)	(4.4)	
Net cash flows (I + II + III)	1.8	(1.5)	
Cash and cash equivalents at the period end	81.7	70.0	

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. 2012

OKI revises net sales and operating income in light of 1H performance and the growing uncertainty over the world economy.

* These projections do not reflect the impact of the flood in Thailand as it is currently under examination.

(Ref.)	Currency exchange rate in 2H
USD	80.0
EUR	110.0

(Billion yen)	Full year projections for the FY end. Mar. 2012			FY end. Mar.2011
	Nov 1, 2011 *	Previous projections	Variance	
Net sales	436.0	436.0	—	432.7
Info-telecom	262.5	262.0	+0.5	260.7
Printers	123.5	125.0	(1.5)	125.0
EMS	34.0	34.0	—	31.0
Others	16.0	15.0	+1.0	15.9
Operating income	15.0	15.0	—	11.0
Info-telecom	16.5	16.0	+0.5	14.7
Printers	1.5	2.5	(1.0)	0.2
EMS	1.5	1.5	—	1.3
Others	2.0	1.5	+0.5	1.5
Eliminates & Corp.	(6.5)	(6.5)	—	(6.7)
Recurring income	12.0	12.0	—	5.9
Net income	7.5	7.5	—	(27.0)

Related information

Topics for 2nd half plans

- Increase ATM management and monitoring and ATM-LCM services.
- Steady GE-PON sales due to strong set-up of optical lines. Expand sales for home gateway steadily.
- Increase in large replacement of some governmental offices for social systems.
- Expand sales for ATM for China steadily, due to replacement demands etc.,. (FY11 projection: approx. 14,000 units)
- Expand printer unit sales by proactive sales investment despite impact of economic downturn in Europe.

Efforts geared toward sales expansion

- Start sales of cash handling equipment for the Chinese market which OKI developed with ATMs.
- Enforce proposal capability to win re-establishments demands generated by the supplementary budget.
- Enhance responsiveness to expedite full-scale up-grading to digitalization of fire prevention wireless communication systems.
- Form partnership with NTT Data in the field of global IT services.
- Accelerate co-development of new products for enterprise NW with Saxa.

Response to damage caused by the flood in Thailand

- Planning an early launch of alternate production for Thai-manufactured products.
 - ✓NIP: Alternate production in China. (Shenzhen manufacturing facility)
 - ✓SIDM: Alternate production at Fukushima manufacturing facility in Japan.
- No impact on consumables (toners etc.,) caused by the flood in Thailand since they are manufactured elsewhere.



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