

Financial Results for the Q1 of FY ending March 31, 2012

July 29, 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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Introduction

Today, OKI announces 1H projections based on recent circumstances and business performance, which OKI held off announcing at the time of the announcement of financial results for the FY end. Mar. 2011 (May 13, 2011). This is because most of the risks such as difficulty in procuring components and power supply that were of concern originally, have been, by and large, resolved.

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Summary of Segment Information

■ Net sales increased mainly in Info-telecom segment.

Operating loss improved drastically due to the impact of reducing fixed costs, etc.

[YoY comparison]

- Net sales increased by 1.3 B yen. (Impact of currency exchange:-0.7 B yen)
 - Info-telecom segment: Sales increased due to the increase in ATM monitoring and management services and the impact of sales of previous fiscal year delaying into this Q1 in social infrastructure systems business.
- - Printers: Sales decreased due to the impact of currency exchange.
- - EMS segment and Others: Sales were approximately the same as previous fiscal year.
- Operating loss improved by 7.5 B yen. (Impact of currency exchange:+0.5 B yen)

ATM: Automated Teller Machine EMS: Electronics Manufacturing Service

| (Billion yen) | FY end Mar. 2012 | | FY end Mar. 2011 | |
|--------------------|------------------|-------------------------|------------------|-------------------------|
| | Net sales | Operating income (loss) | Net sales | Operating income (loss) |
| Info-telecom | 46.7 | 1.5 | 44.7 | (1.6) |
| Printers | 26.8 | (0.9) | 27.5 | (4.7) |
| EMS | 6.9 | 0.1 | 6.6 | 0.0 |
| Others | 3.4 | 0.6 | 3.7 | 0.5 |
| Eliminates & Corp. | — | (1.6) | — | (2.0) |
| Total | 83.8 | (0.3) | 82.5 | (7.8) |

Segment Information: Info-telecom Systems

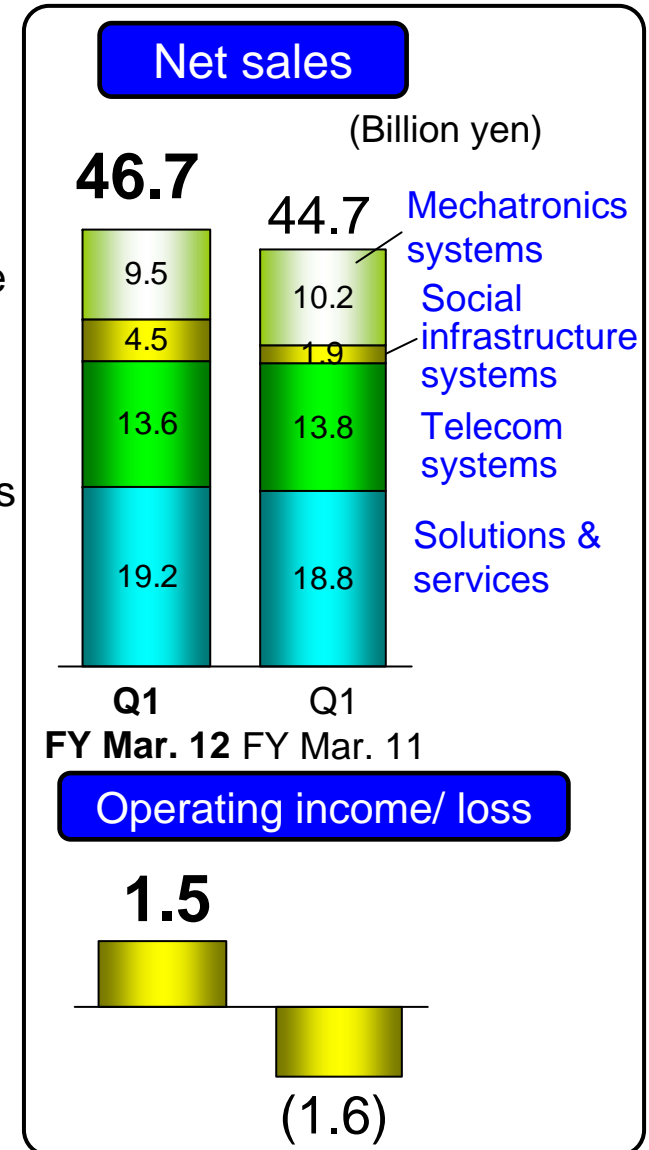
■ Net sales:

- **Solutions & services:**
Sales increased due to the growth of ATM monitoring and management services, etc.
- **Telecom systems:**
Sales remained the same as previous fiscal year due to increase in shipment of GE-PON and sales of maintenance and construction.
- **Social infrastructure systems:**
Sales increased due to the impact of sales of previous fiscal year for disaster-prevention systems delaying into this Q1.
- **Mechatronics systems:**
Sales for ATM in Japan were steady. Sales for cash handling equipment also grew.
Sales for ATM in China decreased temporarily due to the timing of sales.

■ Operating income:

Operating income improved by 3.1B yen due to the impact of reduction in fixed costs in addition to increase in volume and changes in product mix, reduction in production and procurement costs, despite price decline, etc.

GE-PON : Gigabit Ethernet Passive Optical Network



Segment Information: Printers

■ Impact of currency exchange:

- Net sales declined by 0.7B yen. Operating loss decreased by 0.5B yen.

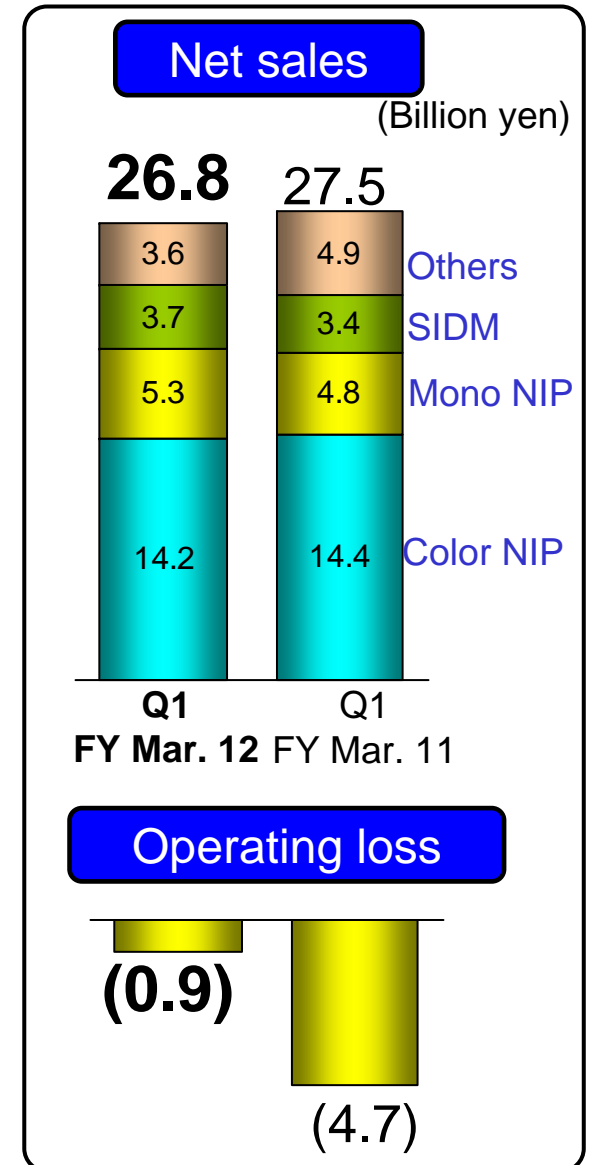
■ Net sales were approximately the same as previous fiscal year excluding the impact of currency exchange.

- Color and Mono NIP: Sales for flagship new A4 color and mono models were steady.
- SIDM: Sales for SIDM increased by special procurements due to the impact of revised tax law in China.

■ Operating loss decreased by 3.3B yen excluding the impact of currency exchange.

Operating loss improved due to the impact of reduction in fixed costs in addition to increase in volume and changes in product mix, reduction in production and procurement costs, despite price decline, etc.

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



Segment Information: EMS, Others

■ Net sales:

➤ EMS:

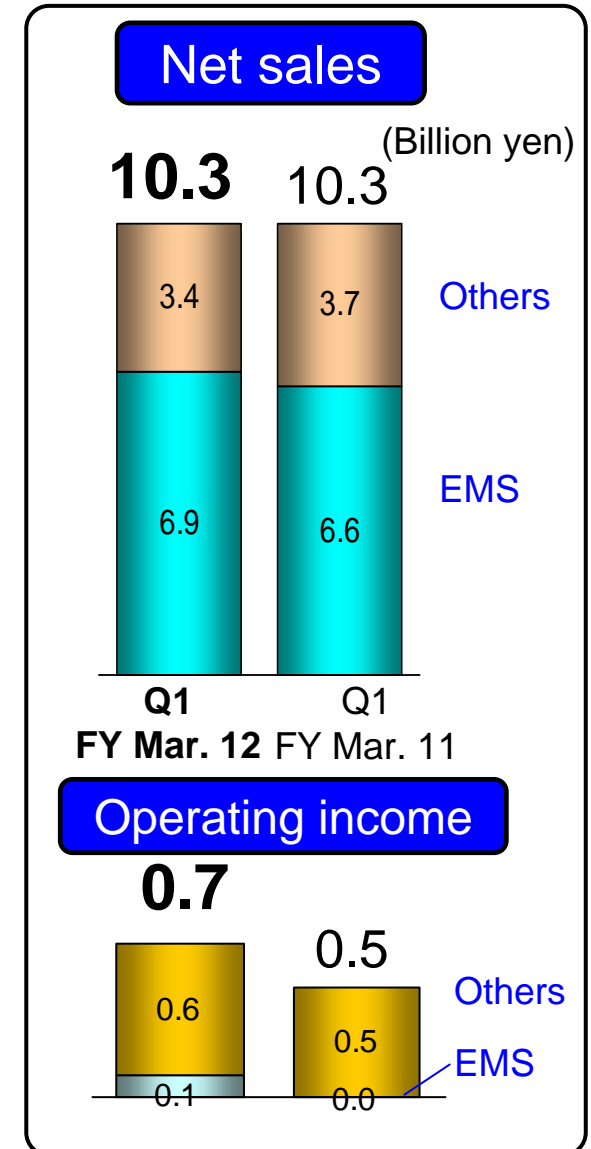
Sales were firm despite the impact of difficulty to procure some components and restriction of power supply.

➤ Others:

Sales declined due to the impact of selection and concentration in affiliate companies though components related business was steady.

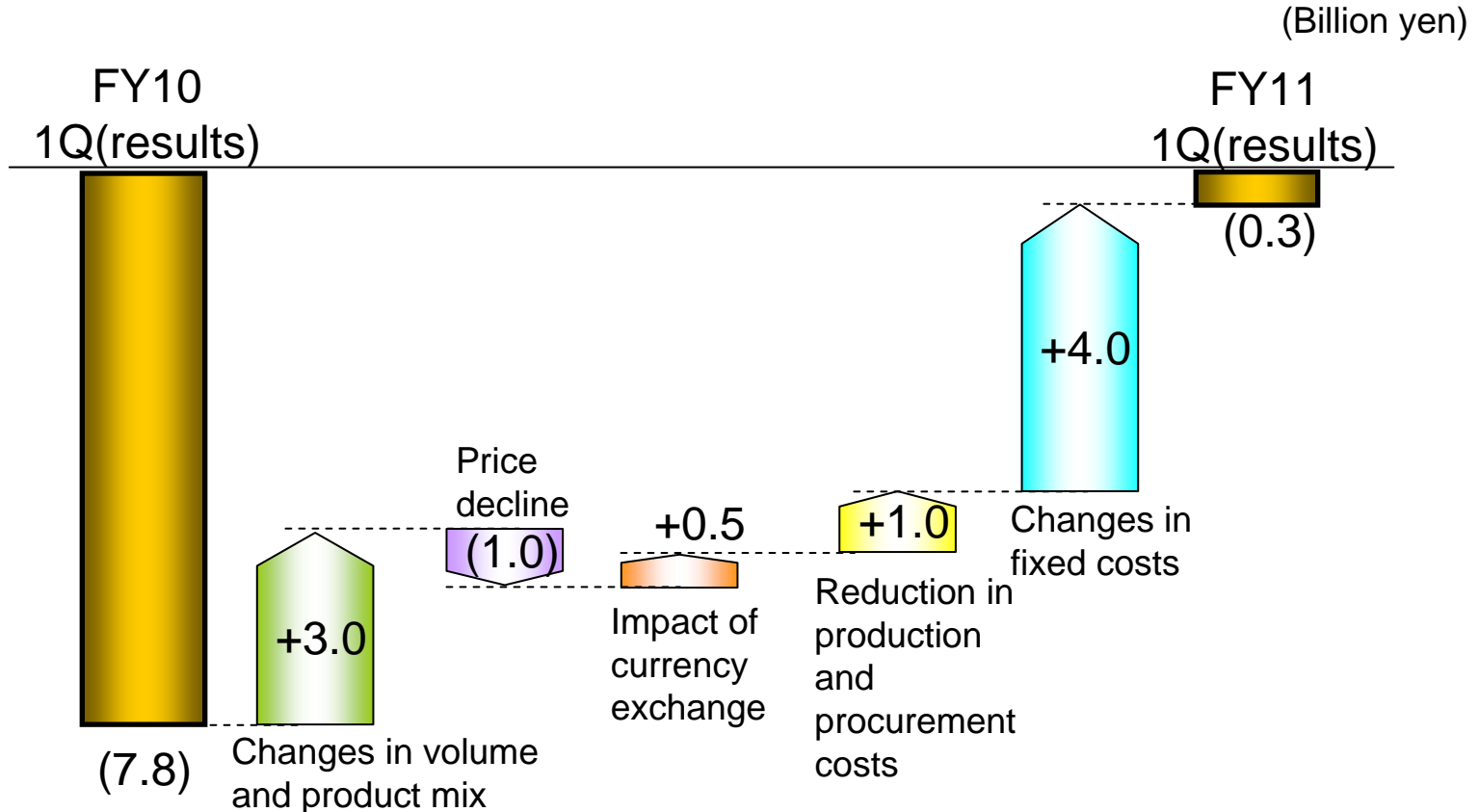
■ Operating income:

Operating income increased by 0.2B yen due to changes in volume and product mix, etc.



Changing Factors of Operating Income

- Operating income improved by 7.5B yen due to the impact of reducing fixed costs in addition to increase in volume and changes in product mix, reduction in production and procurement costs, and the exchange gains from the strong yen, despite price decline, etc.



Q1 Profit and Loss

| (Billion yen) | FY Mar. 2012 | FY Mar. 2011 |
|----------------------------|-------------------------|-----------------|
| Net Sales | 83.8 | 82.5 |
| Cost of Sales | 62.3 | 64.8 |
| SG&A | 21.8 | 25.5 |
| Operating loss | (0.3) | (7.8) |
| Other income/loss | (0.6) | (1.2) |
| Recurring loss | (0.9) | (9.0) |
| Extraordinary loss | (0.4) | (0.4) |
| Income before income taxes | (1.4) | (9.4) |
| Net loss | (3.2) | (10.5) |

[Y on Y comparison]

- Cost to sales ratio improved by 4.1 points from 78.5% to 74.4%.
- SG&A decreased due to the impact of reducing fixed costs.
- Other income and expenses improved due to decline in interest expense and exchange loss.

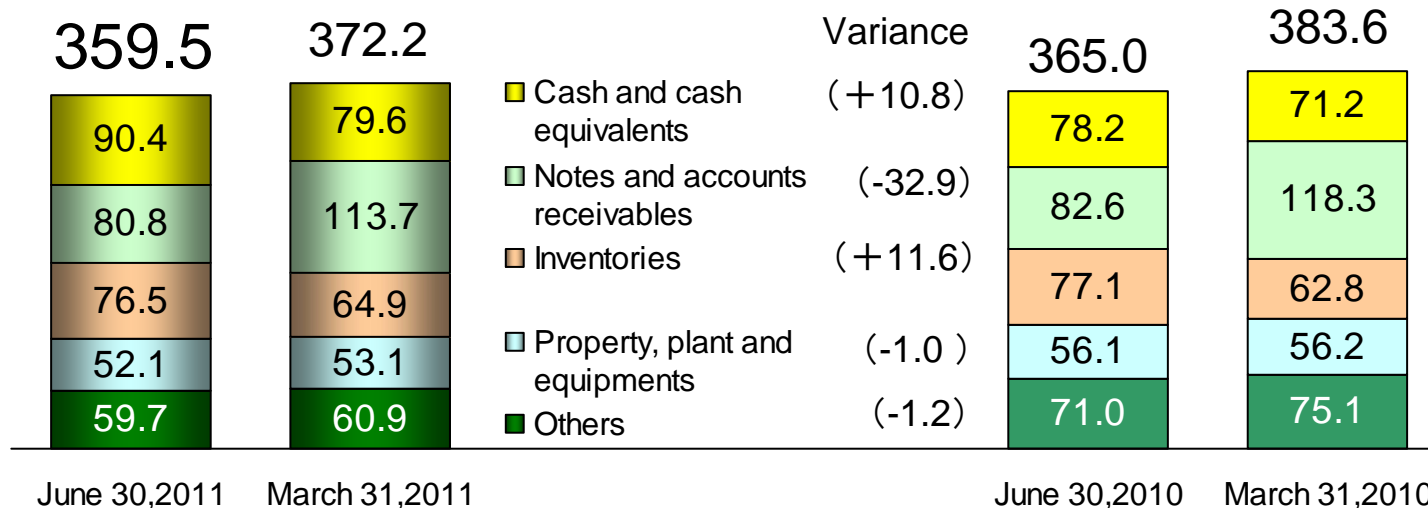
[Reference: Currency exchange rate]

| | FY Mar. 2012 | FY Mar. 2011 |
|-----|-------------------------|-----------------|
| USD | 81.8 | 92.0 |
| EUR | 117.4 | 117.0 |

Balance Sheet [Assets]

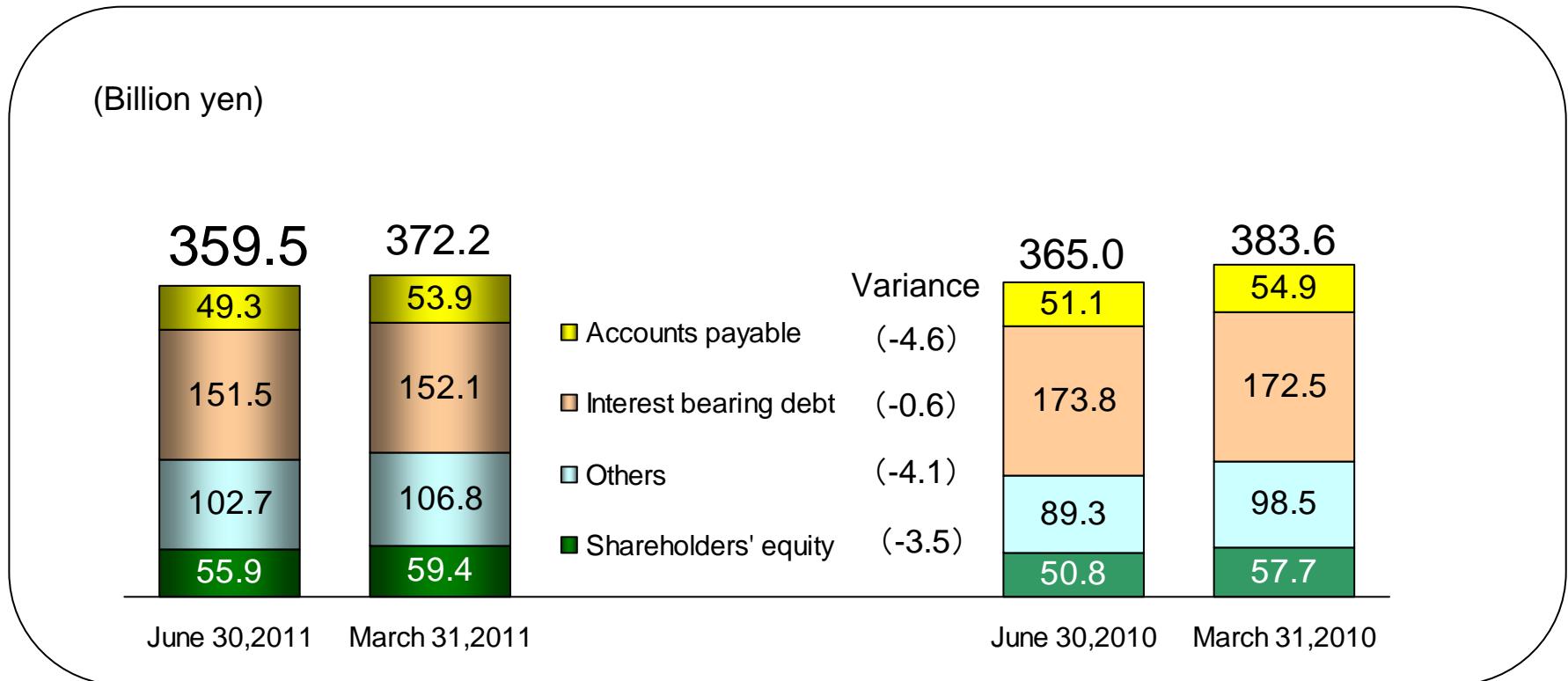
- Total assets decreased by 12.7B yen due to the reduction in notes and accounts receivables.
- Cash and cash equivalents increased by 10.8B yen.
- Due to the tendency of larger sales in Q4 of the previous fiscal year, notes and account receivables at March end increased. These receivables are collected in cash, etc., during this Q1 which reduces the portion of receivables at June end. Inventories declined at March end and increased at June end because of production equalization during this Q1.

(Billion yen)



Balance Sheet [Liabilities and shareholders' equity]

- Shareholders' equity decreased due to decline in net income and net unrealized holding gain on other securities.
- Interest bearing debt decreased by 0.6B yen. Net interest bearing debt decreased by 11.3B yen to 61.1B yen.



Cash Flows

- Cash flows from operating activities increased to 13.4B yen due to improved net income, etc.

| (Billion yen) | FY March end. 2012 | FY March end. 2011 | Notes |
|---|-----------------------|-----------------------|-------|
| I Cash flows from operating activities | 13.4 | 6.6 | |
| Net income before income taxes | (1.4) | (9.4) | |
| Depreciation & amortization | 3.0 | 3.4 | |
| Changes in working capital | 14.1 | 15.9 | |
| Others | (2.3) | (3.3) | |
| II Cash flows from investing activities | (1.8) | (1.0) | |
| Purchase of property, plants & equipment | (1.7) | (1.8) | |
| Others | (0.1) | 0.8 | |
| Free cash flows (I + II) | 11.6 | 5.6 | |
| III Cash flows from financing activities | (0.9) | 1.2 | |
| Net cash flows (I + II + III) | 10.7 | 6.7 | |
| Cash and cash equivalents at the period end | 90.4 | 78.2 | |

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Projections for the 1H, FY ending Mar. 2012

- OKI expects fundamental business such as financial institutions and government agencies to continue to keep firm following on 1Q and projects stable profitability. OKI to accelerate efforts to expand market share in high-growth market and to develop and deploy new products and services.
- OKI expects operating income to improve substantially by offsetting the impact of price decline and treatment optimization with reducing fixed costs in addition to reducing production and procurement costs.

| (Billion yen) | 1H, FY Mar. 2012 | 1H, FY Mar. 2011 |
|--------------------|------------------|------------------|
| Net sales | 186.0 | 185.9 |
| Info-telecom | 107.0 | 104.7 |
| Printers | 55.5 | 58.6 |
| EMS | 15.5 | 14.8 |
| Others | 8.0 | 7.9 |
| Operating income | 0.0 | (5.7) |
| Info-telecom | 3.5 | 1.3 |
| Printers | (2.0) | (4.9) |
| EMS | 0.5 | 0.5 |
| Others | 1.0 | 0.8 |
| Eliminates & Corp. | (3.0) | (3.4) |
| Recurring income | (1.5) | (7.9) |
| Net income | (5.0) | (11.7) |

[Ref. Currency exchange rate]

| | 2Q, FY Mar. 2012 |
|-----|---------------------|
| USD | 85.0 |
| EUR | 110.0 |



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