

CONSOLIDATED STATEMENTS OF OPERATIONS

Oki Electric Industry Company, Limited and consolidated subsidiaries
Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2000	1999	1998	2000
Net sales	¥669,776	¥673,170	¥764,596	\$6,318,647
Cost of sales	513,402	551,619	587,332	4,843,418
Gross profit	156,374	121,551	177,263	1,475,228
Selling, general and administrative expenses	142,570	159,848	166,083	1,345,000
Operating income (loss)	13,804	(38,297)	11,180	130,227
Other income (expenses):				
Interest expense	(12,291)	(13,305)	(14,494)	(115,956)
Interest and dividend income	2,625	2,733	2,723	24,769
Foreign exchange (loss) gain, net	(5,030)	(1,311)	(1,888)	(47,459)
Other, net	7,407	(18,354)	453	69,883
	(7,288)	(30,238)	(13,206)	(68,762)
Income (loss) before income taxes, minority interests and equity in earnings of affiliates	6,515	(68,535)	(2,026)	61,465
Income taxes (benefit) (Note 8):				
Current	2,429	2,434	6,187	22,920
Deferred	2,626	(23,853)	—	24,780
	5,056	(21,418)	6,187	47,701
Income (loss) before minority interests and equity in earnings of affiliates	1,458	(47,116)	(8,213)	13,763
Minority interests in earnings of consolidated subsidiaries	(257)	(221)	(230)	(2,428)
Equity in (losses) earnings of affiliates	(55)	(83)	369	(521)
Net income (loss) (Note 16)	¥ 1,146	¥ (47,421)	¥ (8,074)	\$ 10,814

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Oki Electric Industry Company, Limited and consolidated subsidiaries
Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2000	1999	1998	2000
Common stock:				
Balance at beginning of the year	¥ 67,849	¥ 67,849	¥67,849	\$ 640,089
Increase due to conversion of convertible bonds	12	—	—	121
Balance at end of the year	¥ 67,862	¥ 67,849	¥67,849	\$ 640,210
Additional paid-in capital:				
Balance at beginning of the year	¥ 71,138	¥ 71,138	¥71,138	\$ 671,114
Increase due to conversion of convertible bonds	12	—	—	121
Balance at end of the year	¥ 71,150	¥ 71,138	¥71,138	\$ 671,235
Special reserves (Note 9):				
Balance at beginning of the year	¥ 13,436	¥ 20,311	¥23,191	\$ 126,756
Decrease due to recognition of deferred income taxes	—	(9,685)	—	—
Balance at end of the year, as adjusted	13,436	10,626	23,191	126,756
Transfer from retained earnings	142	6,261	1,708	1,343
Transfer to retained earnings	(1,990)	(3,451)	(4,588)	(18,782)
Balance at end of the year	¥ 11,587	¥ 13,436	¥20,311	\$ 109,316
Retained earnings (accumulated deficit):				
Balance at beginning of the year	¥(11,142)	¥ 37,817	¥50,729	\$(105,120)
Increase (decrease) at beginning of the year of initially consolidated subsidiaries	(6)	(499)	109	(58)
Decrease due to exclusion of an affiliate from the equity method	—	(2,565)	(3,378)	—
Adjustment for the cumulative effect on prior years of retroactively recognizing deferred income taxes	—	(3,111)	—	—
Increase due to recognition of deferred income taxes	—	9,685	—	—
Balance at beginning of the year, as adjusted	(11,149)	41,325	47,460	(105,179)
Net income (loss)	1,146	(47,421)	(8,074)	10,814
Increase due to merger of a consolidated subsidiary with unconsolidated subsidiaries	136	—	—	1,284
Cash dividends paid	—	(2,142)	(4,285)	—
Bonuses to directors and statutory auditors	(18)	(93)	(164)	(170)
Transfer to special reserves	(142)	(6,261)	(1,708)	(1,343)
Transfer from special reserves	1,990	3,451	4,588	18,782
Balance at end of the year	¥ (8,036)	¥(11,142)	¥37,817	\$ (75,811)

The accompanying notes are an integral part of these statements.