

CONSOLIDATED STATEMENTS OF OPERATIONS

Oki Electric Industry Co., Ltd., and consolidated subsidiaries
Years ended March 31, 2001, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2001	2000	1999	2001
Net sales	¥740,250	¥669,776	¥673,170	\$5,969,763
Cost of sales	563,368	513,402	551,619	4,543,291
Gross profit	176,882	156,374	121,551	1,426,471
Selling, general and administrative expenses	148,567	142,570	159,848	1,198,126
Operating income (loss)	28,314	13,804	(38,297)	228,345
Other income (expenses):				
Interest expense	(10,426)	(12,291)	(13,305)	(84,087)
Interest and dividend income	2,812	2,625	2,733	22,679
Foreign exchange gain (loss), net	1,881	(5,030)	(1,311)	15,171
Other, net	(4,275)	7,407	(18,354)	(34,477)
	(10,008)	(7,288)	(30,238)	(80,714)
Income (loss) before income taxes, minority interests and equity in earnings (losses) of affiliates	18,306	6,515	(68,535)	147,631
Income taxes (benefit) (Note 8):				
Current	3,466	2,429	2,434	27,955
Deferred	6,762	2,626	(23,853)	54,536
	10,228	5,056	(21,418)	82,491
Income (loss) before minority interests and equity in earnings (losses) of affiliates ..	8,077	1,458	(47,116)	65,139
Minority interests in (earnings) losses of consolidated subsidiaries	681	(257)	(221)	5,497
Equity in earnings (losses) of affiliates	185	(55)	(83)	1,492
Net income (loss) (Note 15)	¥ 8,944	¥ 1,146	¥ (47,421)	\$ 72,129

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Oki Electric Industry Co., Ltd., and consolidated subsidiaries
Years ended March 31, 2001, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2001	2000	1999	2001
Common stock:				
Balance at beginning of the year	¥67,862	¥ 67,849	¥ 67,849	\$547,277
Increase due to conversion of convertible bonds	—	12	—	—
Balance at end of the year	¥67,862	¥ 67,862	¥ 67,849	\$547,277
Additional paid-in capital:				
Balance at beginning of the year	¥71,150	¥ 71,138	¥ 71,138	\$573,797
Increase due to conversion of convertible bonds	—	12	—	—
Balance at end of the year	¥71,150	¥ 71,150	¥ 71,138	\$573,797
Special reserves (Note 9):				
Balance at beginning of the year	¥11,587	¥ 13,436	¥ 20,311	\$ 93,448
Decrease due to recognition of deferred income taxes	—	—	(9,685)	—
Balance at beginning of the year, as adjusted	11,587	13,436	10,626	93,448
Transfer from retained earnings	203	142	6,261	1,640
Transfer to retained earnings	(1,957)	(1,990)	(3,451)	(15,787)
Balance at end of the year	¥ 9,833	¥ 11,587	¥ 13,436	\$ 79,300
Retained earnings (accumulated deficit) (Note 9):				
Balance at beginning of the year	¥(8,036)	¥(11,142)	¥ 37,817	\$(64,806)
Increase (decrease) at beginning of the year of initially consolidated subsidiaries	(351)	(6)	(499)	(2,833)
Decrease due to exclusion of an affiliate from the equity method	—	—	(2,565)	—
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	(8,387)	(11,149)	41,325	(67,639)
Net income (loss)	8,944	1,146	(47,421)	72,129
Increase due to merger of a consolidated subsidiary with unconsolidated subsidiaries	87	136	—	705
Cash dividends paid	—	—	(2,142)	—
Bonuses to directors and statutory auditors	—	(18)	(93)	—
Transfer to special reserves	(203)	(142)	(6,261)	(1,640)
Transfer from special reserves	1,957	1,990	3,451	15,787
Balance at end of the year	¥ 2,398	¥ (8,036)	¥(11,142)	\$ 19,342

The accompanying notes are an integral part of these statements.