

Financial Section

Consolidated Statements of Operations

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2004	2003	2002	2004
Net sales	¥ 654,214	¥585,473	¥604,572	\$ 6,230,617
Cost of sales	484,455	445,709	490,257	4,613,858
Gross profit	169,759	139,763	114,314	1,616,759
Selling, general and administrative expenses	148,153	138,395	141,562	1,410,985
Operating income (loss)	21,606	1,368	(27,247)	205,773
Other income (expenses):				
Interest expense	(7,464)	(7,513)	(8,102)	(71,090)
Interest and dividend income	1,074	973	1,259	10,233
Foreign exchange (loss) gain, net	(2,039)	(1,886)	2,205	(19,423)
Write-downs of investments in subsidiaries and other investments in securities	(1,538)	(7,218)	(18,148)	(14,656)
(Loss) gain on sale and disposition of property, plant and equipment	(4,630)	18,610	(1,999)	(44,099)
Gain on return of substitutional portion of the Welfare Pension Fund Plan (Note 7)	8,282	—	—	78,878
Loss on earthquakes (Note 13)	(3,344)	—	—	(31,848)
Restructuring charges (Note 12)	(7,709)	(6,120)	(7,625)	(73,419)
Other, net	(2,041)	(1,447)	2,767	(19,438)
	(19,410)	(4,602)	(29,643)	(184,864)
Income (loss) before income taxes, minority interests and equity in earnings (losses) of affiliates	2,195	(3,233)	(56,890)	20,909
Income taxes (Note 8):				
Current	2,555	2,425	1,965	24,338
Deferred	(1,720)	298	(25,179)	(16,382)
	835	2,724	(23,214)	7,956
Income (loss) before minority interests and equity in earnings (losses) of affiliates	1,360	(5,958)	(33,676)	12,952
Minority interests in earnings of consolidated subsidiaries	(140)	(367)	(218)	(1,340)
Equity in earnings (losses) of affiliates	109	(234)	(182)	1,038
Net income (loss) (Note 17)	¥ 1,328	¥ (6,560)	¥ (34,077)	\$ 12,651

The accompanying notes are an integral part of these statements.

Financial Section

Consolidated Statements of Shareholders' Equity

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2004	2003	2002	2004
Common stock:				
Balance at beginning of the year	¥ 67,862	¥ 67,862	¥ 67,862	\$ 646,308
Balance at end of the year	¥ 67,862	¥ 67,862	¥ 67,862	\$ 646,308
Additional paid-in capital:				
Balance at beginning of the year	¥ 71,150	¥ 71,150	¥ 71,150	\$ 677,627
Balance at end of the year	¥ 71,150	¥ 71,150	¥ 71,150	\$ 677,627
(Accumulated deficit) retained earnings:				
Balance at beginning of the year	¥ (31,004)	¥ (25,180)	¥ 12,231	\$ (295,285)
Net income (loss)	1,328	(6,560)	(34,077)	12,651
Decrease at beginning of the year of initially consolidated subsidiaries	(8)	(4)	(274)	(85)
Increase due to an affiliate initially accounted for by the equity method	—	741	—	—
Cash dividends paid	—	—	(3,061)	—
Balance at end of the year	¥ (29,685)	¥ (31,004)	¥ (25,180)	\$ (282,719)

The accompanying notes are an integral part of these statements.