

# Consolidated Statements of Income

Oki Electric Industry Co., Ltd. and consolidated subsidiaries  
 Years ended March 31, 2006, 2005 and 2004

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2006	2005	2004	2006
Net sales	¥ 680,526	¥ 688,542	¥ 654,214	\$ 5,816,461
Cost of sales	514,483	504,340	484,455	4,397,290
<b>Gross profit</b>	<b>166,043</b>	<b>184,202</b>	<b>169,759</b>	<b>1,419,170</b>
Selling, general and administrative expenses	155,449	156,982	148,153	1,328,623
<b>Operating income</b>	<b>10,593</b>	<b>27,220</b>	<b>21,606</b>	<b>90,538</b>
Other income (expenses):				
Interest expense	(6,171)	(6,724)	(7,464)	(52,743)
Interest and dividend income	1,837	1,323	1,074	15,700
Foreign exchange gain (loss), net	1,403	561	(2,039)	11,991
Gain on sale of investments in securities	8,043	3,037	1,374	68,743
Write-downs of investments in subsidiaries and other investments in securities	—	(1,193)	(1,538)	—
Gain (loss) on sale and disposition of property, plant and equipment	1,045	(1,300)	(4,630)	8,931
Gain on return of substitutional portion of the Welfare Pension Fund Plan	—	—	8,282	—
Loss on impairment of fixed assets (Note 12)	(2,973)	—	—	(25,410)
Loss on natural disaster (Note 13)	(856)	—	(3,344)	(7,316)
Restructuring charges (Note 14)	(1,442)	(2,363)	(7,709)	(12,324)
Other, net	(1,019)	(2,261)	(3,415)	(8,709)
	(133)	(8,920)	(19,410)	(1,136)
Income before income taxes, minority interests and equity in earnings of affiliates	10,460	18,299	2,195	89,410
Income taxes (Note 8):				
Current	1,579	2,695	2,555	13,495
Deferred	3,773	4,377	(1,720)	32,247
	5,352	7,072	835	45,743
Income before minority interests and equity in earnings of affiliates	5,107	11,226	1,360	43,658
Minority interests in earnings of consolidated subsidiaries	(211)	(297)	(140)	(1,803)
Equity in earnings of affiliates	161	245	109	1,376
<b>Net income (Note 17)</b>	<b>¥ 5,058</b>	<b>¥ 11,174</b>	<b>¥ 1,328</b>	<b>\$ 43,230</b>

The accompanying notes are an integral part of these statements.