(Translation)

This document is an English translation of the notice for the general meeting of shareholders originally written in Japanese. This translation was made for reference purpose only and all warranties, and in particular the accuracy of this translation, are hereby disclaimed.

(Securities Identification Code: 6703)
June 4, 2013

NOTICE OF 89TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Oki Electric Industry Co., Ltd. (the "Company") would hereby like to inform you that the 89th ordinary general meeting of shareholders will be held as follows. We would be grateful if you could attend the meeting.

Those who will not be able to attend the meeting are kindly requested to review "4. Exercise of Voting Rights" on page 2 and exercise their voting rights no later than 5:15 p.m., June 25 (Tuesday), 2013 (JST).

Yours faithfully,

Hideichi Kawasaki,
President, Representative Director
Oki Electric Industry Co., Ltd.
1-7-12 Toranomon, Minato-ku, Tokyo

(Translation)

1. **Date and Time:** Wednesday, June 26, 2013, from 10:00 a.m.
2. **Location:** Nippon Seinen-kan Hall, 7-1 Kasumigaoka, Shinjuku-ku, Tokyo

3. **Meeting Agenda**

Items to be reported:

1. Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 89th fiscal year (from April 1, 2012 to March 31, 2013)
2. Non-consolidated Financial Statements for the 89th fiscal year (from April 1, 2012 to March 31, 2013)

Items to be resolved:

Agenda 1: Appropriation of Surplus
Agenda 2: Election of Two (2) Directors
Agenda 3: Election of One (1) Audit & Supervisory Board Member

4. **Exercise of Voting Rights**

(1) Attendance at the meeting in person
Please submit the enclosed ballot at the reception desk of the meeting.

(2) Exercise of voting rights via postal mail
Please indicate your approval or disapproval for each of the proposals in the space provided on the ballot and return the ballot to the Company.

(3) Exercise of voting rights via electronic means (Internet)
Please read the appended "Instructions for the Exercise of Voting Rights via the Internet," and indicate your approval or disapproval online via the designated website at http://www.it-soukai.com/. There is no need to mail the ballot if you choose to vote via Internet.

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* The Company has provided the Notice of 89th Ordinary General Meeting of Shareholders on its Internet website (http://www.oki.com/). Any amendment to the Company's Reference Documents for the General Meeting of Shareholders, the Business Report, and the Consolidated and Non-consolidated Financial Statements (including the "Notes to the Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements") will be announced on the website.

(Translation)

(Attachment)

Business Report

(From April 1, 2012 to March 31, 2013)

1. Status of the OKI Group

(1) Operating progress and results

The OKI Group is sincerely sorry for having caused much inconvenience and anxiety to its shareholders as a result of improper accounting at a Company's overseas consolidated subsidiary and the accompanying partial restatement of its past financial results from the first quarter of the Fiscal Year ended March 31, 2007 to the Fiscal Year ended March 31, 2012.

The OKI Group takes the case seriously and is committed to steadily implement and ensure compliance with all officers and employees of the Group, taking preventive measures in a unified manner so that such error will not occur again. We intend to make ardent efforts to restore the confidence of our stakeholders, and we would like to ask for your continued support as we move forward.

The following statement of the Group's financial results in the business report reflects the amendments to the past financial results based on the Financial Instruments and Exchange Act.

During fiscal year 2012, there was a sense of uncertainty toward economic recovery against the backdrop of economic downturn caused by the prolonged financial crisis in Europe and slowdown of economic growth in emerging countries. However, economic climate is improving due to the avoidance of the fiscal cliff in the US and high expectations for economic recovery based on measures taken by the new administration in Japan.

In this business environment, OKI Group's net sales for all segments increased, mainly in Info-telecom business, recording net sales of ¥455.8 billion, a ¥32.3 billion (7.6%) increase year-on-year. Operating income was ¥13.5 billion, a ¥1.5 billion increase year-on-year due to increase in marginal profit associated with rise in volume and reduction of variable costs which offset price decline, impact of currency exchange and increase in fixed costs etc.

Ordinary income increased by ¥11.2 billion year-on-year to ¥20.3 billion, due to recording foreign exchange gain. Net income improved vastly by ¥12.0 billion to ¥13.6 billion, as the disaster loss caused by the flood in Thailand accrued in the last fiscal year cleared and also gain on sale of property, plant and equipment was recorded which offset loss on suspending sales activities of a Spanish consolidated subsidiary.

Looking at non-consolidated business performance, net sales were ¥226.0 billion, up ¥20.9 billion (10.2%) from the previous fiscal year. This was because of an increase in net sales at the Info-telecom system business, mainly for social infrastructure systems and mechatronics systems. Operating income was ¥12.5 billion, a ¥6.2 billion increase year-on-year due to increase in marginal profit associated with rise in volume and reduction of variable costs etc.

Ordinary income increased ¥26.1 billion year-on-year to ¥32.8 billion, due mainly to recording of dividend income received from subsidiaries and affiliates and foreign exchange gain. Net income was up ¥17.4 billion to ¥20.8 billion from the previous fiscal year because a provision for loss on business of subsidiaries and affiliates was recorded following a deterioration of the financial conditions of subsidiaries and affiliates.

Regarding the dividends for the fiscal year under review, establishment of the basis to enable stable dividends continuously is not complete. For this reason, we deeply regret to pass dividends to shareholders for the fiscal year ended March 31, 2013. As for preferred stock, we will distribute dividends in accordance with the terms and conditions for Class A Preferred Stock stipulated at the time of issuance.

Net sales by segment are as provided below.

- Net Sales

(Unit: billions of yen)

Segment	FY2011 (reference: previous year)	FY2011 (amended: previous year)	FY2012 (the year under review)	Increase or decrease	Compared to the previous year (%)
Info-telecom systems	267.2	267.2	293.0	25.8	9.7
Printers	112.0	107.4	111.4	0.4	3.7
EMS	31.3	31.3	32.7	1.4	4.5
Others	17.6	17.6	18.7	1.1	6.4
Total	428.1	423.5	455.8	32.3	7.6

Notes:

1. Figures less than ¥100 million for each item are rounded to the nearest ¥100 million. The amounts of "increase or decrease" are calculated on the basis of figures in units of ¥100 million.
2. "Increase or decrease" indicates changes from the previous year's results that reflect the amendments of past financial results based on the Financial Instrument and Exchange Act.

The following provides a summary of each segment.

(Translation)

Info-telecom systems

Net sales to external customers were ¥293.0 billion, up ¥25.8 billion (9.7%) from the previous fiscal year. The increase in sales included a ¥2.0 billion increase due to foreign exchange effect. Excluding this effect, net sales increased by ¥23.8 billion. Sales of solution & services were strong in projects for government offices and in the corporate market. In the social infrastructure systems business, disaster-prevention projects increased on the back of full-scale development of digital wireless communication systems for fire prevention and demand for the post-earthquake reconstruction. In the mechatronics system business, sales of ATMs for China remained strong due to expansion of installation areas and sales of cash handling equipment were also robust. On the other hand, overall sales of telecom systems fell, affected by a slowdown in demand for optical access, despite an increase in sales of core networks and enterprise networks and robust sales of maintenance and construction.

Operating income was ¥23.8 billion, a ¥5.1 billion increase year-on-year, owing to improved marginal profit caused by the increase in volume and a decline in variable cost.

Printers

Net sales to external customers were ¥111.4 billion, up ¥4.0 billion (3.7%) from the previous fiscal year. The increase in sales included a ¥0.80 billion increase due to foreign exchange effect, and excluding this effect the net sales grew by ¥3.2 billion yen. With regards to sales by product, the unit sales of office color LED printers and monochrome LED printers increased as a result of proactive investment in the printer business and enhancement of product line-ups, despite an increasingly tough market environment. Sales of dot impact printers declined due to a fall in unit price although the unit sales increased.

Operating loss amounted to ¥8.8 billion (a deterioration of ¥4.5 billion). This was because of the impact of foreign exchange, price declines and an increase in fixed costs caused by increases in investment in the printer business and transportation cost.

Electronics manufacturing services (EMS) and others

Net sales to external customers were ¥32.7 billion, up ¥1.4 billion (4.5%) from the previous fiscal year, in EMS business and ¥18.7 billion, up ¥1.1 billion (6.4%) from the previous fiscal year, in the Others businesses. The increase in sales of the EMS business was attributable to new consolidation of OKI TANAKA Circuits Co., Ltd., despite a decrease in semiconductor equipment-related demand. In the Others business, sales of the component-related business increased.

Operating income was ¥1.6 billion, a ¥0.1 billion increase in EMS, and ¥3.0 billion, a ¥0.5 billion increase in the Others business, owing to improved marginal profit caused by volume increase.

(Translation)

(2) Capital expenditure

Capital expenditures for the fiscal year equaled ¥13.1 billion.

Investment amounts by segment were as follows.

(Unit: billions of yen)

Segment	Amount of capital expenditure	Major investments
Info-telecom systems	5.0	Investments in R&D, development of new products and production activities for financial systems, automation equipment systems, systems related to fire- and disaster-prevention and optical access systems, etc.
Printers	6.3	Investments in R&D, development and production activities relating to business-use printers
EMS	0.5	Investments in contract manufacturing activities of medical, telecommunications and industrial equipment
Others	1.3	
Total	13.1	

(3) Financing

Funds required for the term under review were obtained from our own funds and borrowed funds.

Borrowing funds are mainly long-term borrowings principally from major banks.

(4) Future challenges

The uncertain economic climate, such as the prolonged financial crisis in Europe and slowdown of economic growth in China, will continue for fiscal year 2013. However, economic climate is improving due to the avoidance of the fiscal cliff in the US and high expectations for economic recovery based on measures taken by the new administration in Japan.

Under such circumstances, the OKI Group has been implementing a series of initiatives based on the mid-term business plan announced in October 2010. Specifically, the Group is carrying out the Growth Program, in which it aims for growth of focus areas through concentrated investment of resources and promotion of strategic alliances. We have come out with the three directions in which to head for growth as policies: “move into global markets,” “supporting management unencumbered by assets” and “new business aiming for Smart Society.” Under these, the Group has been implementing various measures at businesses such as solutions & services, mechatronics-systems, printers and electronics manufacturing services (EMS), which the Group has set as the fields for growth under the mid-term business plan. The Group will also achieve continuous growth from a medium- and long-term viewpoint by promoting strategic alliances. It will do this by building up mutually complementary relationships with partners with resources and know-how that the OKI Group needs.

Through these initiatives, the Group was working to expand sales and enhance its profitability and making progress in achieving the goals stated in the plan and the early resumption of dividend payments. However, the OKI Group’s financial position was significantly impaired by improper accounting at an overseas consolidated subsidiary, announced in August 2012. We have been implementing the following preventive measures, and announced in March 2013 the mid-term business plan for the printer business, aiming to resuscitate it. The Group will strive to enhance the management base of the printer business, as well as the Info-telecom systems business and EMS businesses which maintain robust performance, to ensure steady earnings.

○ Outline of the measures for preventing improper accounting

In order to deal with the improper accounting at the overseas consolidated subsidiary, the Company set up the Preventive Committee with the President as the chairman effective September 11, 2012, and has drawn up preventive measures and monitored operations and implementation of these measures. In April 2013, the committee compiled an improvement status report on the progress of implementation of preventive measures and submitted it to the Tokyo Stock Exchange and the Osaka Securities Exchange.

An outline of the preventive measures is as follows.

1) Thorough management of subsidiaries
Enhancement of consolidated management, review of personnel management, enhancement of check function through monitoring and such like by the Board of Directors and management indicators, review of various authorities and proper target setting and monitoring, etc.

2) Review of internal control and enforcement of internal audit function
Confirmation and review of internal control, enhancement of a lineup of the audit division, review of the audit cycle and performance of audit, etc.

3) Enhancement of governance and improvement of compliance consciousness
Establishment and operation of the Risk Management Committee, adoption of Compliance Commitment by the Company's officers, revision and dissemination of the OKI Group Code of Conduct, provision of compliance education and reinforcement of the whistle-blowing system, etc.

We will consistently operate and further ensure that we implement various measures such as continuous provision of compliance education and proper responses to business risks by the Risk Management Committee.

Following this development, as well as operation and implementation of the preventive measures, we revised the basic policy for establishing an internal control system as stated on page 20.

(Translation)

(5) Trends in assets and profit/loss

Trends in assets and profit/loss for the fiscal year under review and the past three years are as follows.

	86th year (FY2009)		87th year (FY2010)		88th year (FY2011)		89th year (the year under review, FY2012)	
Sales	443.9	billion yen	432.7	billion yen	428.1	billion yen	455.8	billion yen
Net income	3,619	million yen	(27,001)	million yen	8,000	million yen	13,599	million yen
Net income per share	5.30	yen	(37.35)	yen	9.14	yen	17.24	yen
Total assets	383.6	billion yen	372.2	billion yen	374.8	billion yen	349.3	billion yen
Net assets	64.8	billion yen	59.9	billion yen	67.5	billion yen	56.6	billion yen
Net assets per share	84.61	yen	40.15	yen	49.36	yen	34.40	yen

Notes:

1. Parentheses indicate losses.
2. Net income per share is computed based on the average number of shares of common stock during the year (weighted average). Net assets per share are computed based on the number of shares of common stock outstanding at the year-end. These figures exclude treasury stocks.
3. Trends in business performances after amendments were made to past financial results based on the Financial Instrument and Exchange Act are as follows.

	86th year (FY2009)		87th year (FY2010)		88th year (FY2011)	
Sales	442.9	billion yen	432.7	billion yen	423.5	billion yen
Net income	(3,836)	million yen	(31,809)	million yen	1,555	million yen
Net income per share	(5.62)	yen	(44.00)	yen	0.32	yen
Total assets	377.9	billion yen	368.8	billion yen	368.1	billion yen
Net assets	47.6	billion yen	38.9	billion yen	41.3	billion yen
Net assets per share	59.40	yen	11.37	yen	13.42	yen

(Translation)

(6) Status of major subsidiaries

(i) Status of major subsidiaries

Name	Capital	Company's voting right ratio (%)	Major business
Oki Data Corporation	29,000 million yen	100	Manufacturing and sales of printers
Oki Customer Adtech Co., Ltd.	1,800 million yen	100	Maintenance, construction and sales of information processing equipment and telecommunications equipment
OKI Software Co., Ltd.	400 million yen	100	Development and operation of telecommunications system software
Oki Wintech Co., Ltd.	2,001 million yen	100	Design and construction of electronic works and electronic telecommunications works
Oki Data Americas, Inc.	10 million U.S. dollars	100*	Sales of printers
Oki Data Manufacturing (Thailand) Co., Ltd.	420 million baht	100*	Manufacturing of printers
Oki Europe Ltd.	33 million pound sterling	100*	Sales of printers
Oki Electric Industry (Shenzhen) Co., Ltd.	50 million Renminbi	100*	Manufacturing of information processing equipment and printers

Note: Figures marked with an asterisk (*) indicate the ratio of voting rights held by subsidiaries of the Company.

(ii) Major partners

- Major technical partners:
  International Business Machines Corporation (US)
  Canon Inc.
- Major business partners:
  Hewlett-Packard Company (US)
  Cisco Systems G.K.
  ACCESS Co., Ltd.

(7) Major businesses

The OKI Group offers as its core businesses info-telecom systems/equipment, and printers as well as related solutions, services and EMS.

Major business items include the following.

Segment	Business items
Info-telecom systems	Financial systems, automation equipment systems (ATM, cash handling equipments, ticket reservations and issuing terminals, etc.), systems for government agencies (aviation, transportation, disaster prevention, firefighting, various info-telecom systems, etc.), telecom carrier systems (switching, transmission, optical access, etc.), IP telecommunication systems (PBX, call center, videoconferencing, etc.), various information systems (travel, logistics, manufacturing, etc.), and IT services for the said business items (cloud computing service, system integration, support, maintenance, etc.), etc.
Printers	Color LED printers, monochrome LED printers, dot impact printers, multi-purpose printers, etc.
EMS	Designing & manufacturing services, printed circuit boards, etc.

(Translation)

(8) Major offices

Our major offices are as follows.

Name	Classification	Location
Oki Electric Industry Co., Ltd.	Head office	Minato-ku, Tokyo
	Branch offices	Kitanihon region (Sendai, Miyagi), Chubu region (Nagoya, Aichi), Kansai region (Osaka, Osaka), Chushikoku region (Hiroshima, Hiroshima), and Kyushu region (Fukuoka, Fukuoka)
	Business offices	Minato-ku (Tokyo), Warabi (Saitama), Honjo (Saitama), Takasaki (Gunma), Tomioka (Gunma) and Numazu (Shizuoka)
	Research institutes	Warabi (Saitama), Osaka (Osaka) and Takasaki (Gunma)
Oki Data Corporation	Head office	Minato-ku, Tokyo
Oki Customer Adtech Co., Ltd.	Head office	Koto-ku, Tokyo
Oki Software Co., Ltd.	Head office	Warabi, Saitama
Oki Wintech Co., Ltd.	Head office	Shinagawa-ku, Tokyo
Oki Data Americas, Inc.	Head office	New Jersey, USA
Oki Data Manufacturing (Thailand) Co., Ltd.	Head office	Ayutthaya, Thailand
Oki Europe Ltd.	Head office	Surrey, UK
Oki Electric Industry (Shenzhen) Co., Ltd.	Head office	Guangdong, China

(Translation)

(9) Employees

(i) Employees of the OKI Group

Segment	Number of employees
Info-telecom systems	8,688
Printers	5,564
EMS	1,104
Other	1,751
Company-wide (shared)	352
Total	17,459

(ii) Employees of Oki Electric Industry

Number of employees	Average age	Average years of service
3,678 (increased by 305 from the end of the previous year)	42.1	19.5

(10) Major creditors

Major creditors of the OKI Group are as follows:

Creditor	Loan balance
	Billion yen
Mizuho Corporate Bank, Ltd.	29.5
Sumitomo Mitsui Banking Corporation	19.7
Mizuho Trust & Banking Co., Ltd.	8.3
Aozora Bank, Ltd.	4.4
The Norinchukin Bank	4.1

(11) Other significant events of the OKI Group

The OKI Group submitted amended reports to the securities reports and such like, effective September 14, 2012. In response to this, the Securities and Exchange Surveillance Commission recommended that the Financial Services Agency issue an order for payment of a surcharge of ¥16.8 million, on April 26, 2013.

(Translation)

2. Shareholders' Equity

(1) Number of shares authorized to be issued by the Company:
2,400,000 thousand shares

Total number of classified shares authorized to be issued

Common Stock: 2,400,000 thousand shares

Class A Preferred Stock: 30,000 shares

(2) Number of outstanding shares:

Common Stock: 731,438 thousand shares
(including 3,192 thousand shares of treasury stock)

Class A Preferred Stock: 30,000 shares

(3) Number of shareholders:

Common Stock: 88,516

Class A Preferred Stock: 14

(4) Major shareholders (Top 10):

1) Common Stock

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	33,903	4.66
Japan Trustee Services Bank, Ltd. (trust account)	21,837	3.00
Oki Denki Group Employees' Shareholdings Committee	19,127	2.63
Mizuho Corporate Bank, Ltd.	14,196	1.95
Meiji Yasuda Life Insurance Company	14,000	1.92
Japan Trustee Services Bank, Ltd. (trust account 4)	11,922	1.64
Japan Securities Finance Co., Ltd.	7,125	0.98
Sompo Japan Insurance Inc.	7,000	0.96
Japan Trustee Services Bank, Ltd. (trust account 1)	6,861	0.94
CBHK CBLDN-FUND 135 T&D ASSET MANAGEMENT LIMITED	6,448	0.89

Note: The percentages of shares held are calculated after deducting treasury stock (3,192 thousand shares).

(Translation)

2) Class A Preferred Stock

Name of shareholder	Number of shares held	Percentage of shares held (%)
Mizuho Corporate Bank, Ltd.	15,000	50.00
Meiji Yasuda Life Insurance Company	3,000	10.00
NTT Data Corporation	3,000	10.00
Hulic Co., Ltd.	2,500	8.33
Kiyo Bank, Ltd.	1,000	3.33
Sompo Japan Insurance Inc.	1,000	3.33
The Chiba Kogyo Bank, Ltd.	1,000	3.33
Fujitsu Limited	1,000	3.33
Fuyo General Lease Co., Ltd.	1,000	3.33
Yasuda Real Estate Co., Ltd.	600	2.00

(Translation)

3. Equity Warrants

(1) Equity warrants granted to the Company's officers as consideration for their performance of duties

(i) Number of equity warrants

259

(ii) Type and number of shares subject to equity warrants

259,000 shares of the Company's common stock (1,000 shares per equity warrant)

(iii) Status of equity warrants held by the Company's officers

Issued Number	Exercise period	Directors (excluding outside Directors)		Audit & Supervisory Board Members	
		Number of equity warrants	Number of holders	Number of equity warrants	Number of holders
No. 2 equity warrant (384 yen) (Issued on July 18, 2003)	July 1, 2005 to June 26, 2013	20	1	20	1
No. 3 equity warrant (458 yen) (Issued on July 20, 2004)	July 1, 2006 to June 28, 2014	31	2	11	1
No. 4 equity warrant (406 yen) (Issued on July 20, 2005)	July 1, 2007 to June 28, 2015	34	2	11	1
No. 5 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	26	2	-	-
No. 6 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	-	-	11	1
No. 7 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	57	2	23	1
No. 8 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	15	1	-	-

(2) Equity warrants issued to employees in consideration of performance during the fiscal year under review

The Company did not issue equity warrants in the fiscal year under review.

(Translation)

4. Corporate Officers

(1) Names, etc. of Directors and Audit & Supervisory Board Members

Note 1	Position	Name	Status or main duties
X	President, Representative Director	Hideichi Kawasaki	Supervision
X	Senior Executive Vice President and Member of the Board, Representative Director	Naoki Sato	Chief Financial Officer In charge of Marketing & Sales Division, Secretarial Office, Group Administration Division and General Affairs Division
X	Executive Vice President and Member of the Board	Sei Yano	Chief Information Officer and Chief Technology Officer In charge of IT Solution & Services Business Division, Government & External Relations Division, Human Resources Division and Information Planning Division
X	Senior Vice President and Member of the Board	Takao Hiramoto	In charge of Printer Business Division President, Oki Data Corporation
	Director	Takuma Ishiyama	
Standing Audit & Supervisory Board Member		Shuichi Kawano	
Audit & Supervisory Board Member		Keiichi Fukumura	
Audit & Supervisory Board Member		Kuninori Hamaguchi	
Audit & Supervisory Board Member		Kaoru Yoshida	

Notes:

1. X indicates executive officer.
2. Director Takuma Ishiyama is an Outside Director.
3. Audit & Supervisory Board Members Kuninori Hamaguchi and Kaoru Yoshida are Outside Audit & Supervisory Board Members.
4. Director Takuma Ishiyama, Audit & Supervisory Board Members Kuninori Hamaguchi and Kaoru Yoshida are independent officers based on the terms of the Tokyo Stock Exchange and the Osaka Securities Exchange.
5. Audit & Supervisory Board Member Keiichi Fukumura served in positions such as Manager, Financial Division, Manager, Accounting & Control Division and Officer in charge of the Accounting & Control Division, and has extensive knowledge in finance and accounting.

6. Executive officers as of March 31, 2013 are as follows (excluding those who concurrently serve as Directors).

Position	Name	Principal duty
Executive Vice President	Hisao Suzuki	Chief Compliance Officer In charge of CSR Division, Accounting & Control Division, Public Relations Division, Audit Office and Enterprise Systems Marketing & Sales Division
Senior Vice President	Hidetoshi Saigo	In charge of Telecom Systems Business Division and Carriers Systems Marketing & Sales Division
Senior Vice President	Yasunori Shibata	In charge of Financial Systems Marketing & Sales Division, Government & Public Systems Marketing & Sales Division and Partner Business Marketing & Sales Division
Senior Vice President	Toshinao Takeuchi	In charge of Corporate Planning Division, Corporate Research & Development Center and Production & Manufacturing Safety Office
Senior Vice President	Yoshiyuki Gondou	In charge of Public Systems Business Division
Senior Vice President	Shinya Kamagami	In charge of Systems Hardware Business Division
Senior Vice President	Kouichirou Shimizu	In charge of Electronics Manufacturing Services Business Division
Executive Officer	Toshiya Hatakeyama	Manager, Group Administration Division and Accounting & Control Division
Executive Officer	Masahiko Morioka	Director, Vice President, Oki Data Corporation
Executive Officer	Kazunari Kobayashi	Director, Vice President, Oki Customer Adtech Co., Ltd.
Executive Officer	Kenichi Tamura	Manager, Planning Division in Marketing & Sales Division
Executive Officer	Akira Komatsu	Manager, Government & Public Systems Marketing & Sales Division
Executive Officer	Yoshikazu Matsuoka	Manager, Carriers Systems Marketing & Sales Division
Executive Officer	Yoshiyuki Nakano	In charge of Procurement Center Manager, Mechatronics Systems Plant in Systems Hardware Business Division
Executive Officer	Seiji Mouri	Manager, IT Solution & Services Business Division

(2) Compensation paid to Directors and Audit & Supervisory Board Members

Title	Number of persons	Amount of payment
Directors	8	¥172 million
Audit & Supervisory Board Members	6	¥50 million
Total	14	¥222 million

Notes:

1. The amounts of compensation approved by the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006 are within ¥600 million per year for Directors and ¥100 million per year for Audit & Supervisory Board Members. The amount of compensation for Directors excludes employee wages for Directors who are also employees.
2. The number of Directors and Audit & Supervisory Board Members as of the end of the fiscal year under review is different from the number shown above, and the above number includes those who resigned at the conclusion of the 88th Ordinary General Meeting of Shareholders held on June 28, 2012.

(Translation)

(3) Outside Directors and Audit & Supervisory Board Members

(i) Major activities in the fiscal year under review

(a) Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

	Board of Directors meeting (number of meetings in parenthesis)		Audit & Supervisory Board meeting (number of meetings in parenthesis)	
	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate
Takuma Ishiyama, Director	16 (17)	94%	-	-
Kuninori Hamaguchi, Audit & Supervisory Board Member	13 (13)	100%	11 (11)	100%
Kaoru Yoshida, Audit & Supervisory Board Member	13 (13)	100%	11 (11)	100%

Notes: The number of meetings for Audit & Supervisory Board Members Kuninori Hamaguchi and Kaoru Yoshida represents the number of meetings held since they took office in June 2012.

(b) Major activities

a. Takuma Ishiyama, Director

Making objective statements mainly as a specialist in corporate law, he provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. While he had not recognized in advance that there had been improper accounting at an overseas consolidated subsidiary, he proactively provided advice and guidance on investigation by the internal investigative committee and formulation of preventive measures from an independent viewpoint, and helped to enhance compliance by using his initiative in management.

b. Kuninori Hamaguchi, Audit & Supervisory Board Member

With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using his many years of extensive experience and knowledge as a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and carrying out, when necessary, adequate activities concerning performances of the Audit & Supervisory Board. While he had not recognized in advance that there had been improper accounting at an overseas consolidated subsidiary, after the fact was identified, he proactively expressed opinions on preventive measures and monitored the state of their implementation. Therefore, he appropriately carried out his duties.

c. Kaoru Yoshida, Audit & Supervisory Board Member

With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using his many years of extensive experience and knowledge as a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and carrying out, when necessary, adequate activities concerning performances of the Audit & Supervisory Board. While he had not recognized in advance that there had been improper accounting at an overseas consolidated subsidiary, after the fact was identified, he proactively expressed opinions on preventive measures and monitored the state of their implementation. Therefore, he appropriately carried out his duties.

(ii) Outline of Liability Limitation Agreements

The Company concluded agreements to limit liabilities with outside officers (Director Takuma Ishiyama, and Audit & Supervisory Board Members Kuninori Hamaguchi and Kaoru Yoshida) under the provisions of Article 427 of the Companies Act. The outline of the agreements is as follows:

- In cases where outside officers are liable for any damages arising from their negligence to the Company, they shall compensate for such damages only to the extent of the minimum liabilities as stipulated in Article 427, Paragraph 1 of the Companies Act.
- The above limitation of liability shall be applied only when the relevant outside officers have executed their duties that caused the liabilities in good faith and without gross negligence.

(iii) Total amount of compensation, etc.

¥24 million (for the five individuals)

(Translation)

5. Status of Accounting Auditor

(1) Name: Ernst & Young ShinNihon LLC

(2) Compensation, etc.

	Amount of payment
1. Compensation, to be paid to the accounting auditor for the fiscal year under review	137 million yen
2. Total sum of cash and profits on other assets that the Company and its subsidiaries should pay to the accounting auditor	349 million yen

Notes:

1. The Company does not distinguish between auditor compensation regarding (i) auditing in accordance with the Companies Act, and (ii) auditing in accordance with the Financial Instruments and Exchange Law. The total of these amounts is recorded above.
2. Among major subsidiaries, Oki Data Manufacturing (Thailand) Co., Ltd., Oki Europe Ltd. and Oki Electric Industry (Shenzhen) Co., Ltd. have undergone statutory audits by accounting auditors other than the accounting auditor of the Company.

(3) Policy regarding decision to dismiss or not reappoint the accounting auditor

The Audit & Supervisory Board will dismiss the accounting auditor if the auditor falls under provisions of Article 340 of the Companies Act. In addition, if it is deemed unlikely that the accounting auditor will be able to perform audits properly, the Company, upon the consent or request of the Audit & Supervisory Board, the Board of Directors will discuss whether to submit a proposal to the general meeting of shareholders for dismissal or non-reappointment of the accounting auditor.

(Translation)

6. Policies and procedures of the Company

Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business, as well as other procedures of the Company, in order to assure the appropriateness of the Company's operations

(1) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business

(i) As the foundation for ensuring compliance, the Company has established the "OKI Group Charter of Corporate Conduct" and "OKI Group Code of Conduct." In addition, officers take the initiative in compliance activities in conformance with the "Compliance Commitment."

(ii) The Company has established a Compliance Committee chaired by the Chief Compliance Officer to decide on and examine basic policies regarding compliance programs.

(iii) In accordance with the basic policies formulated by the Compliance Committee, the division responsible for compliance plans, draws up, and promotes specific measures such as education and training for Directors and employees. In education and training, we aim to raise employee awareness about compliance by utilizing means such as e-learning.

(iv) The Company provides rules on public-interest disclosure and provides a contact point for reporting and consultation, aiming to detect any misconduct at its earliest stages.

(v) The Company stands firmly against antisocial groups that threaten the order and safety of civil society in cooperation with the police and related organizations, and refuses to have any relationship with them as a whole.

(2) Procedures to retain and manage information relating to Directors' conduct of business

The Company retains and stores information relating to the conduct of business by Directors as appropriate in accordance with applicable laws, regulations and internal rules.

(3) Rules concerning risk management and other procedures

(i) The Company has established a Risk Management Committee and promotes measures for appropriately grasping risks that may occur in relation to its business activities and preventing such risks from emerging.

(ii) Pursuant to risk management rules, each section of the Company manages risks that may occur in relation to its main duties. At the same time, the Company has established a supervisory section to deal with risks needing company-wide management. This section assesses risks, draws up policies for risk countermeasures and develops appropriate structures based on such policies.

(iii) If any risk occurs, the Company will set up an emergency countermeasure headquarters to handle the risk.

(4) Procedures to secure efficient business performance by Directors

(i) The Company holds regular meetings of the Board of Directors once a month to decide important matters and supervise the work of Directors.

(ii) The Company holds meetings of the Board of Executive Officers consisting of executive officers etc. to provide for flexible decision making on fundamental and significant matters in managing the business.

(iii) The Company assigns Directors responsibilities and authority pursuant to rules on division of duties and authorities.

(5) Procedures to secure appropriate Group (Company and subsidiaries) operations

(i) To ensure that Group companies run their operations properly, the Company has established the "OKI Group Charter of Corporate Conduct" which sets out the values for the entire Group. In addition, the Company has established the "OKI Group Code of Conduct" as the code of conduct which all officers and employees of Group companies should comply with, and is striving to make the code known to all of them.

(ii) The division responsible for compliance implements various measures for promoting compliance common to the Group through each Group company's compliance officer. The Division also determines, through regular monitoring, the implementation status of such measures by each Group company and reports to the Compliance Committee on the results.

(iii) The Company, in accordance with Group management rules, determines the status of each Group company's management activities and provides advice and guidance.

(iv) To secure the reliability of financial reporting, the Company and Group companies establish an internal control system for financial reporting in accordance with related laws and regulations, and strive to maintain and improve that system.

(6) Procedures for employees who assist Audit & Supervisory Board Members; independence of employees from Directors

(i) The Company assigns employees, who are not subject to Directors' instructions and orders, as staff to assist Audit & Supervisory Board Members.

(ii) Any change in such staffing requires the prior consent of the Audit & Supervisory Board.

(7) Procedures for Directors and employees to report to Audit & Supervisory Board Members; procedures for Audit & Supervisory Board Members to receive other reports

(i) If Directors discover anything that may cause significant damage to the Company, they are required to report the matter immediately to the Audit & Supervisory Board Members pursuant to applicable laws and regulations.

(ii) Standing Audit & Supervisory Board Members attend meetings of the Board of Directors and meetings of the Board of Executive Officers in order to understand important decision-making processes and the status of business operations, as well as to inspect important documentation.

(iii) Audit & Supervisory Board Members receive reports on the status of establishing internal control systems and their operations from Directors and employees on a regular basis, and may request Directors and employees to report on matters deemed necessary.

(8) Other procedures to secure effective audits by Audit & Supervisory Board Members

(i) In conducting inspections on the Company's operations and assets and performing other audit duties, Audit & Supervisory Board Members shall conduct audits efficiently and effectively in close cooperation with the internal audit section.

(ii) Audit & Supervisory Board Members implement efficient audits by closely cooperating with the accounting auditor. To this end, Audit & Supervisory Board Members hold meetings with the accounting auditor on a regular basis, attend on-site audits by the accounting auditor, and request reports from the accounting auditor on the progress of audits when necessary.

Note: indication of amounts

Figures in this business report are indicated as follows.

1. Units of ¥1 million: Figures less than one unit are disregarded.
2. Units of ¥100 million: Figures less than one unit are rounded to the nearest unit.

(Translation)

Consolidated Balance Sheet

(as of March 31, 2013)

(Unit: millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	29,904	Notes and accounts payable	63,416
Notes and accounts receivable	123,886	Short-term borrowings	75,192
Securities	6,502	Other accrued expenses	31,666
Finished goods	31,215	Other current liabilities	26,855
Work in process	18,856	Total current liabilities	197,129
Raw materials and supplies	24,890	Long-term liabilities	
Deferred tax assets	6,634	Long-term borrowings	45,332
Other current assets	12,704	Lease obligations	3,626
Allowance for doubtful receivables	(7,600)	Retirement benefits	19,823
Total current assets	246,994	Provision for Directors' retirement benefits	386
		Long-term accounts payable-other	21,864
		Other long-term liabilities	4,534
Fixed assets		Total long-term liabilities	95,567
Property, plant and equipment		Total liabilities	292,697
Buildings and structures	23,595	(Net Assets)	
Machinery, equipment and delivery equipment	11,170	Shareholders' equity	
Tools, furniture and fixtures	9,090	Common stock	44,000
Land	12,343	Additional paid-in capital	21,554
Construction in progress	1,629	Retained earnings	(7,788)
Total property, plant and equipment	57,829	Treasury stock at cost	(399)
Intangible assets	7,655	Total shareholders' equity	57,366
Investments and other assets		Accumulated other comprehensive income	
Investments in securities	28,570	Net unrealized holding gain/loss on other securities	2,192
Other investments and other assets	9,209	Loss on deferred hedges	(656)
Allowance for doubtful receivables	(936)	Translation adjustments	(2,829)
Total investments and other assets	36,843	Total accumulated other comprehensive income	(1,293)
Total fixed assets	102,328	Equity warrants	79
		Minority interests in consolidated subsidiaries	473
		Total net assets	56,625
Total assets	349,322	Total liabilities and net assets	349,322

(Translation)

Consolidated Statement of Operations

(From April 1, 2012 to March 31, 2013)

(Unit: millions of yen)

Account title	Amount	
Net sales		455,824
Cost of sales		337,406
Gross profit		118,417
Selling, general and administrative expenses		104,942
Operating income		13,475
Non-operating income		
Interest income	161	
Dividend income	489	
Foreign exchange gain	8,792	
Other	1,378	10,822
Non-operating expenses		
Interest expense	3,003	
Other	989	3,993
Ordinary income		20,304
Extraordinary profit		
Gain on sale of property, plant and equipment	2,783	
Gain on sale of investments in securities	678	3,461
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	674	
Loss on impairment of fixed assets	219	
Write-downs of investments in unconsolidated subsidiaries and other securities	225	
Loss on liquidation of subsidiary	4,011	5,131
Income before income taxes and minority interests		18,634
Income taxes	4,106	
Income taxes deferred	656	4,762
Income before minority interests		13,872
Minority interests in earnings of consolidated subsidiaries		273
Net income		13,599

(Translation)

Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2013)

(Unit: Millions of yen)

Shareholders' equity	
Common stock	
Balance at April 1, 2012	44,000
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	44,000
Additional paid-in capital	
Balance at April 1, 2012	21,554
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	21,554
Retained earnings	
Balance at April 1, 2012	9,034
Accumulated effect of correction of errors	(30,003)
Balance at April 1, 2012 after retroactive adjustment	(20,968)
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	13,599
Change of scope of consolidation	902
Net changes during the term under review	13,179
Balance at March 31, 2013	(7,788)
Treasury stock at cost	
Balance at April 1, 2012	(38)
Changes during the term under review	
Purchases of treasury stock	(361)
Net changes during the term under review	(361)
Balance at March 31, 2013	(399)
Total shareholders' equity	
Balance at April 1, 2012	74,551
Accumulated effect of correction of errors	(30,003)
Balance at April 1, 2012 after retroactive adjustment	44,547
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	13,599
Purchases of treasury stock	(361)
Change of scope of consolidation	902
Net changes during the term under review	12,818
Balance at March 31, 2013	57,366

(Translation)

Accumulated other comprehensive income	
Net unrealized holding gain/loss on other securities	
Balance at April 1, 2012	(1,815)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	4,008
Net changes during the term under review	4,008
Balance at March 31, 2013	2,192
Loss on deferred hedges	
Balance at April 1, 2012	(973)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	317
Net changes during the term under review	317
Balance at March 31, 2013	(656)
Translation adjustments	
Balance at April 1, 2012	(4,363)
Accumulated effect of correction of errors	3,730
Balance at April 1, 2012 after retroactive adjustment	(632)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	(2,196)
Net changes during the term under review	(2,196)
Balance at March 31, 2013	(2,829)
Total accumulated other comprehensive income	
Balance at April 1, 2012	(7,153)
Accumulated effect of correction of errors	3,730
Balance at April 1, 2012 after retroactive adjustment	(3,422)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	2,128
Net changes during the term under review	2,128
Balance at March 31, 2013	(1,293)
Equity warrants	
Balance at April 1, 2012	79
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	79
Minority interests in consolidated subsidiaries	
Balance at April 1, 2012	46
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	426
Net changes during the term under review	426
Balance at March 31, 2013	473

(Translation)

Total net assets	
Balance at April 1, 2012	67,524
Accumulated effect of correction of errors	(26,272)
Balance at April 1, 2012 after retroactive adjustment	41,251
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	13,599
Purchases of treasury stock	(361)
Changes of scope of consolidation	902
Net changes in items other than shareholders' equity during the term under review	2,554
Net changes during the term under review	15,373
Balance at March 31, 2013	56,625

(Translation)

Notes to Consolidated Financial Statements

Principles for Preparing Consolidated Financial Statements and Notes to Changes in Scope of Consolidation and Scope of Equity Method Application

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 86 companies

Names of major consolidated subsidiaries:

Oki Data Corporation; Oki Customer Adtech Co., Ltd.; Oki Wintech Co., Ltd.; OKI Software Co., Ltd.; Japan Business Operations Co., Ltd.; Nagano Oki Co., Ltd.; Oki Proserve Co., Ltd.; Oki Data Americas, Inc.; Oki Data Manufacturing (Thailand) Co., Ltd.; Oki Europe Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.; and Oki Banking Systems (Shenzhen) Co., Ltd.

(2) Names of major non-consolidated subsidiaries:

Awaya Denki Kogyo K.K. and 5 other companies

Reasons for excluding from consolidation:

Total assets, retained earnings, net sales and net income or loss are individually and wholly immaterial and have no significant influence.

(3) Changes in scope of consolidation:

Beginning from the fiscal year under review, OKI Micro Engineering (DG) Co., Ltd. was included within the scope of consolidation as it was newly established; TIE Co., Ltd., OKI TANAKA Circuits Co., Ltd. were included within the scope of consolidation because they became subsidiaries following new acquisition of shares by the Company; JIPTechno Co., Ltd., Tomioka Electric Co., Ltd., TRUSTEC Co., Ltd. and OKI Hytech Co., Ltd. were included within the scope of consolidation because they became subsidiaries following additional acquisition of shares by the Company; and Adachi Protechno Co., Ltd., Oki Advanced Communications Co., Ltd, OK Enterprise Corporation, OTEM Co., Ltd., OBC Works Co., Ltd., OKI Software Expert Service Co., Ltd., OKI WorkWel Co., Ltd., JNO Co., Ltd., Shibaura OKI Electric Construction Co., Ltd., OKI Proassist Co., Ltd., OKI Printed Circuits (Changzhou) Co., Ltd., Oki Power Trading (Shenzhen) Co., Ltd. and Oki Micro Engineering (HK) Co., Ltd. were included within the scope of consolidation because of an increase in the relative importance of these subsidiaries. Meanwhile, OKI Networks Co., Ltd. was excluded from the scope of consolidation because it merged with the Company.

(Translation)

2. Application of equity method

(1) Number of affiliated companies to which the equity method is applied: 4
Name of major company to which the equity method is applied:
Oki Electric Cable Co., Ltd.

(2) Names of major non-consolidated subsidiaries and affiliated companies to which the equity method is not applied:
Non-consolidated subsidiaries:
Awaya Denki Kogyo K.K. and 5 other companies
Affiliated companies: Oki Denki Bohsai Co., Ltd. and 2 other companies

Reason for not applying the equity method:
The companies individually have little influence and have no significance as a whole on net income or loss and retained earnings.

3. Accounting standards

(1) Valuation standards and methods for significant assets

(i) Negotiable securities

The Company and its domestic consolidated subsidiaries value securities in accordance with how they are held as indicated below. Overseas consolidated subsidiaries apply the lower of cost or fair value.

Other negotiable securities:

Marketable securities:
Stated at fair value based on the market price at the end of the fiscal year
(Any difference between book value and fair value is included in net assets; sales costs are calculated by the moving average method.)

Non-marketable securities:
Stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries evaluate inventories as follows, and overseas consolidated subsidiaries primarily apply the lower of cost or fair value.

Finished goods:
Principally stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process:
Principally stated at cost based on the specific identification method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:
Principally stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(iii) Derivatives

Stated at fair value

(2) Depreciation and amortization

(i) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries primarily apply the declining-balance method; overseas consolidated subsidiaries primarily apply the straight-line method.

(ii) Intangible assets (excluding lease assets)

The Company and its domestic consolidated subsidiaries apply the straight-line method.

For software sold in the market, amortization is based on the estimated amounts of sales in the estimated number of years for sales (three years). For software for internal use, the straight-line method, based on the estimated durable years (five years), is used.

Overseas consolidated subsidiaries primarily apply the straight-line method.

(iii) Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

(3) Basis for provision of reserves

(i) Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, the Company and its domestic consolidated subsidiaries calculate the amount of potential loss by using the historical loss ratio for non-classified loans/receivables and individual assessment for classified loans/receivables. Overseas consolidated subsidiaries calculate the amount of potential losses by individually assessing the possibility of collection for specific loans/receivables.

(ii) Retirement benefits

To prepare for payment of retirement benefits to employees, the Company and its consolidated subsidiaries register the amount recognized to accrue at the end of the fiscal year based on estimated values of retirement benefit obligations and pension assets.

Differences caused by changes in accounting standards are amortized over 15 years except for consolidated subsidiaries that amortize the difference in the first year of application and some overseas consolidated subsidiaries that directly deduct the difference from retained earnings.

Prior service costs are amortized by the straight-line method over a set number of years (11 to 13 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight line method over a set number of years (11 to 13 years) within the average remaining years of service of employees at the time of their accrual in each fiscal year. Amortization of such gains and losses is deemed to be effective from the year after the one in which they arise.

(iii) Provision for Directors' retirement benefits

Some consolidated subsidiaries register the necessary amount at the end of the year in accordance with internal rules to prepare for the payment of Directors' retirement allowance.

(4) Basis for provision of income and expense

Basis for provision of income relating to contract work and software development contracts

a. Income from those with certain results in progress before the end of the fiscal year

Percentage-of-completion method (The progress ratio of construction is estimated by the cost proportion method.)

b. Other income

Inspection basis (completed-contract method for some domestic consolidated subsidiaries)

(5) Important hedge accounting methods

(i) Method of hedge accounting

Deferred hedging is applied. Allocation treatment is applied for forward exchange contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet requirements for special treatment.

(ii) Means of hedging and coverage

Forward exchange contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate short-term borrowings and long-term borrowings.

(iii) Hedging policy

Derivative transactions are used to hedge fluctuations of market rates on credits and debts.

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness of hedges, the Company compares the accumulated total of market fluctuations or cash flow fluctuations for the targets of hedging and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

(6) Amortization of goodwill and amortization period

Goodwill is evenly amortized over its useful life (mainly five years).

(7) Other important matters in preparation of consolidated financial statements

(i) Accounting processing of consumption tax

The tax-exclusion method is used for accounting of consumption tax and local consumption tax.

(ii) Application of consolidated tax payment

The consolidated tax payment is applied.

Notes on correction of errors

In the fiscal year under review, OKI discovered improper accounting at an OKI Group overseas consolidated subsidiary, OKI SYSTEMS IBERICA, S.A.U., and made correction of errors. The accumulated effect of this correction of errors has been reflected in the book value of net assets at the beginning of the fiscal year under review. As a result, in the Consolidated Statement of Changes in Net Assets, the balance at April 1, 2012 of retained earnings decreased by ¥30,003 million and that of translation adjustments increased by ¥3,730 million.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral

Buildings and structures	¥346 million
Land	¥138 million
Investments in securities	¥8,280 million
Total	¥8,765 million
Liabilities collateralized by the above assets:	
Short-term borrowings	¥6,821 million
Long-term borrowings	¥467 million
Total	¥7,289 million

2. Accumulated depreciation on property, plant and equipment ¥152,008 million

3. Liabilities for guarantee

Guarantee for borrowings by employees	¥568 million
Other	¥34 million
Total	¥602 million

(Translation)

Notes to Consolidated Statement of Changes in Net Assets

1. Matters concerning class and total number of shares outstanding as of the end of FY2012

Common Stock	731,438 thousand shares
Class A Preferred Stock	30 thousand shares

2. Matters concerning appropriation of surplus

(1) Dividends paid

Resolution	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2012	Class A Preferred Stock	Retained earnings	1,321	44,047	March 31, 2012	June 29, 2012

(2) Dividends for which the record date falls in the fiscal year under review and the effective date falls in the following fiscal year.

Resolution	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2013	Class A Preferred Stock	Retained earnings	1,032	34,410	March 31, 2013	June 27, 2013

3. Number of shares to be issued upon exercise of equity warrants

Category	Breakdown of equity warrants	Type of shares to be issued upon exercise of equity warrants	Number of shares to be issued upon exercise of equity warrants (shares)
The Company	No. 2 Equity Warrants (issued on July 18, 2003)	Common stock	815,000
	No. 3 Equity Warrants (issued on July 20, 2004)	Common stock	452,000
	No. 4 Equity Warrants (issued on July 20, 2005)	Common stock	442,000
	No. 5 Equity Warrants (issued on July 28, 2006)	Common stock	185,000
	No. 6 Equity Warrants (issued on July 28, 2006)	Common stock	157,000
	No. 7 Equity Warrants (issued on July 27, 2007)	Common stock	287,000
	No. 8 Equity Warrants (issued on July 27, 2007)	Common stock	222,000

(Translation)

Notes on Financial Instruments

1. Matters concerning the status of financial instruments

The OKI Group mainly uses short-term deposits and highly safe marketable securities for fund management, and raises its funds primarily through borrowings from financial institutions and issuance of corporate bonds.

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable, which are operating receivables, by carrying out customer credit investigations in accordance with regulations for the management of accounts receivable of individual companies.

For borrowings, the Group raises short-term funds mainly for working capital and long-term funds for working capital and capital investment. For borrowings exposed to the interest rate risk, the Group applies derivative instruments (interest rate swap transactions) to hedge its risk.

The Group executes and manages derivative transactions in accordance with Oki Group's policy.

2. Disclosure concerning fair value of financial instruments

As of March 31, 2013 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences are as shown in the table below. Any item whose fair value is deemed extremely difficult to assess is excluded from the table. (See Note 2.)

(Unit: millions of yen)

	Amount recorded in consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	29,904	29,904	-
(2) Notes and accounts receivable	123,886		
Allowance for doubtful receivables (*1)	(7,040)		
	116,846	116,846	-
(3) Securities and investments in securities	26,271	25,017	(1,254)
(4) Notes and accounts payable	(63,416)	(63,416)	-
(5) Short-term borrowings (*2)	(56,371)	(56,371)	-
(6) Other accrued expenses	(31,666)	(31,666)	-
(7) Long-term borrowings (*2)	(64,153)	(64,147)	(5)
(8) Long-term accounts payable-other	(21,864)	(21,764)	(99)
(9) Derivative transactions	(1,604)	(1,604)	-

(*1) Allowance for doubtful receivables specifically provided for notes and accounts receivable is deducted.

(*2) Long-term borrowings (¥18,821 million) that will be reimbursed within one year are classified as "short-term borrowings" in the consolidated balance sheet.

Notes:

1. Disclosure concerning methods of calculation of fair value of financial instruments, securities and derivative transactions
   (1) Cash and deposits and (2) Notes and accounts receivable
   These items are settled over a short period of time and their fair value is virtually equally to their book value. Hence, their fair value is based on the relevant book value.
   (3) Securities and investments in securities
   The fair value of equity securities is based on their prices determined at the financial instruments exchanges, and the fair value of bonds is based on the quotations offered by the correspondent financial institution.
   (4) Notes and accounts payable, (5) Short-term borrowings, and (6) Other accrued expenses
   These items are settled over a short period of time and their fair value is virtually equally to their book value.

Hence, their fair value is based on the relevant book value.

(7) Long-term borrowings

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps (see (9) below). Hence, the fair value of a long-term borrowing is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said amount is freshly borrowed in a similar manner.

(8) Long-term accounts payable-other

Fair values of long-term accounts payable are calculated by dividing into a specific period of time to discount at a reasonable rate.

(9) Derivative transactions

Derivative transactions subject to special accounting treatment applicable to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence their fair value is included in that of long-term borrowings.

2. Financial instruments whose fair value is considered extremely difficult to assess

Unlisted equity securities (¥8,746 million on the consolidated balance sheet) and investments in a limited liability joint business partnership (¥55 million on the consolidated balance sheet) are not included in (3) Securities and investments in securities because they have no market price and it is deemed extremely difficult to assess their fair values.

Notes to Per-share Information

1. Net assets per share: ¥34.40
2. Net income per share: ¥17.24

Notes to important subsequent events

Acquisition of a company through share acquisition

At the Board of Directors meeting held on May 14, 2013, the Company resolved to acquire a 70 percent stake in a company which will succeed the Automation and Services division of Itautec S.A. –Grupo Itautec (“Itautec”) and turn the company into its subsidiary. The Company signed a share transfer agreement effective May 15, 2013.

(1) Reasons for share acquisition

The Company developed the world’s first cash-recycling ATM in 1982 and, in 2011, succeeded in developing an ATM capable of simultaneously handling deposits and withdrawals of mixed banknotes in up to 128 denominations within one unit. Through its long history in manufacturing ATMs, the Company has accumulated the industry’s leading mechatronics technology and quality control technologies that allow it to manufacture high-quality products with a short lead-time. The Company identifies development of its cash-recycling ATMs in markets outside of Japan as one of its key growth areas. The Company has achieved strong track records in Japan and China, where it holds the leading market share, as well as in Russia and Indonesia. Capitalizing on these achievements, the Company focuses on expanding sales in emerging countries, where rapid economic growth is expected.

In order to boost overseas business expansion, the Company considered it necessary to establish business bases in Central and South America, where the ATM market is expected to grow. Accordingly, the Company entered into a strategic partnership for the ATM business in Central and South America with Itaúsa-Investimentos Itaú S.A. (the “ITAU Group”), the second largest conglomerate in Brazil that is engaged in the banking, chemical, electronics and healthcare businesses. Itautec, which operates the ITAU Group's computer business, automation equipment business which deals in ATMs and cash dispensers, and maintenance services business, will transfer its automation equipment business and maintenance services business to a new company set up by Itautec, and the Company will acquire the shares of this new company.

The Company and the ITAU Group has few overlapping areas in terms of technologies and regions in which they have advantages. The Company has assessed that it can expect to strengthen and expand businesses by capitalizing on its strengths. The Company will develop a solid business base in Brazil first and aim to develop business into the ATM market in Central and South America.

(2) Counterparty of share acquisition
Itautec S.A. –Grupo Itautec
Itautec Participações e Comércio S.A.

(3) Name of company to be acquired
BR Indústria e Comércio de Produtos e Tecnologia em Automação S.A.

(4) Exercise period of share acquisition
By the end of the fiscal year ending March 2014 (scheduled)

(5) Acquisition cost and ownership ratio after share acquisition
Acquisition cost: Undetermined
Ownership ratio after share acquisition: 70%

(Translation)

Transcript of Accounting Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

May 17, 2013

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Yasutoyo Imai (seal),
Engagement Partner, Certified Public Accountant
Yasuhiro Tamura (seal),
Engagement Partner, Certified Public Accountant
Yukiyasu Yamakawa (seal),
Engagement Partner, Certified Public Accountant

We have audited the consolidated financial statements – the consolidated balance sheets, the consolidated statement of operations, the consolidated statement of changes in shareholders equity and notes to the consolidated financial statements – of Oki Electric Industry Co., Ltd. for the 89th term from April 1, 2012 to March 31, 2013 in accordance with Article 444 Paragraph 4 of the Companies Act.

Responsibility of management for preparing consolidated financial statements
Oki Electric Industry's management is responsible for preparing and presenting fairly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these consolidated financial statements that are without material misstatement due to fraud or errors.

Responsibility of auditors
Our responsibility is to express our independent opinion regarding these consolidated financial statements based on audits by Ernst & Young ShinNihon LLC. We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we prepare audit plans and implement audit based on them to obtain reasonable assurance as to whether the consolidated financial statements are without material misstatement.

The audit requires procedures to obtain audit evidence about amounts and disclosure of these consolidated financial statements. The audit procedures are selected and applied based on evaluation of risks about material misstatement of these consolidated financial statements due to fraud or errors. Although the purpose of the audit is not to express our opinion about the effectiveness of internal control, we consider the internal control associated with preparation and fair presentation of these consolidated financial statements, in order to plan appropriate audit procedures in line with actual situations at the time of risk evaluation. Also, our audit includes reviews of accounting policies, and methods that management adopts, and an evaluation of management estimates and the presentation of the consolidated financial statements as a whole.

We believe we have obtained enough and appropriate audit evidence as the basis for our opinion.

Audit opinion
We concluded that the consolidated financial statements fairly present in all aspects Oki Electric Industry's and its subsidiaries' assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Matter to be emphasized
As stated in the notes to important subsequent events, OKI Electric Industry passed a resolution at its Board of Directors held on May 14, 2013 to acquire a 70 percent stake in a company which succeeds the automatic equipment business and maintenance service business of Itautec S.A. –Grupo Itautec and turn the company into its subsidiary. The Company signed a share transfer agreement effective May 15, 2013.

The said matter does not affect our audit opinion.

Conflict of interest
No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry, our firm (Ernst & Young ShinNihon LLC) and the respective engagement partners.

(Translation)

Non-Consolidated Balance Sheet

(as of March 31, 2013)

(Unit: millions of yen)

Account title	Amount		Account title	Amount	
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits		13,578	Notes payable		227
Notes receivable		695	Accounts payable, trade		42,935
Accounts receivable, trade		65,385	Short-term borrowings		37,676
Lease investment assets		2,101	Current portion of long-term borrowings		18,415
Securities		6,000	Lease obligations		527
Finished goods		4,320	Accounts payable, others		8,579
Work in process		12,927	Other accrued expenses		15,054
Raw materials and supplies		7,211	Advances received		1,592
Prepaid expenses		724	Deposits received		1,605
Short-term loans		51,353	Provision for loss on construction contracts		41
Accounts receivable-other		7,847	Asset retirement obligations		8
Deferred tax assets		2,690	Other current liabilities		677
Other current assets		171	Total current liabilities		127,341
Allowance for doubtful receivables		(45)			
Total current assets		174,961	Long-term liabilities		
			Long-term borrowings		43,643
			Lease obligations		1,838
			Deferred tax liabilities		4,076
Fixed assets			Retirement benefits		13,396
Property, plant and equipment			Provision for loss on business of subsidiaries and affiliates		26,008
Buildings	37,333		Asset retirement obligations		827
Accumulated depreciation	(27,085)	10,247	Long-term accounts payable-other		12,290
Structures	2,481		Total long-term liabilities		102,080
Accumulated depreciation	(2,177)	303	Total liabilities		229,421
Machinery and equipment	14,282				
Accumulated depreciation	(12,160)	2,122	(Net Assets)		
Vehicle and delivery equipment	84		Shareholders' equity		
Accumulated depreciation	(69)	14	Common stock		44,000
Tools, furniture and fixtures	32,522		Additional paid-in capital		21,553
Accumulated depreciation	(27,130)	5,392	Capital reserve		15,000
Land		8,397	Other additional paid-in capital		6,553
Construction in progress		129	Retained earnings		6,450
Total property, plant and equipment		26,606	Other retained earnings		6,450
Intangible assets			Retained earnings carried forward		6,450
Facility rights		118	Treasury stock at cost		(386)
Software		4,505	Total shareholders' equity		71,616
Total intangible assets		4,623			
			Valuation, translation adjustments and others		
Investments and other assets			Net unrealized holding gain/loss on other securities		1,718
Investments in securities		22,278	Loss on deferred hedges		(670)
Shares of subsidiaries and affiliates		61,544	Total valuation, translation adjustments and others		1,048
Contribution		94			
Contribution in subsidiaries and affiliates		1,764	Equity warrants		79
Long-term loans to subsidiaries and affiliates		5,938	Total net assets		72,744
Long-term prepaid expenses		1,817			
Claims provable in bankruptcy, rehabilitation and other		111			
Lease and guarantee deposits		3,152			
Other investments and other assets		353			
Allowance for doubtful receivables		(1,080)			
Total investments and other assets		95,974			
Total fixed assets		127,205			
Total assets		302,166	Total liabilities and net assets		302,166

(Translation)

Non-Consolidated Statement of Operations

(From April 1, 2012 to March 31, 2013)

(Unit: millions of yen)

Account title	Amount	
Net sales		225,953
Cost of sales		171,040
Gross profit		54,912
Selling, general and administrative expenses		42,395
Operating income		12,517
Non-operating income		
Interest income	643	
Interest income on securities	70	
Dividend income	17,675	
Royalty income from corporate brand	1,242	
Foreign exchange gain	2,443	
Other	1,031	23,107
Non-operating expenses		
Interest expenses	2,202	
Other	606	2,808
Ordinary income		32,816
Extraordinary profit		
Gain on sale of property, plant and equipment	2,772	
Gain on sale of investments in securities	568	
Gain on sale of subsidiaries and affiliates' stocks	19	
Gain on extinguishment of tie-in shares	223	3,582
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	340	
Loss on impairment of fixed assets	133	
Write-downs of investments in unconsolidated subsidiaries and other securities	217	
Provision for loss on business of subsidiaries and affiliates	13,599	14,290
Income before income taxes		22,108
Income taxes	980	
Income taxes deferred	365	1,345
Net income		20,763

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2013)

(Unit: millions of yen)

Shareholders' equity	
Common stock	
Balance at April 1, 2012	44,000
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	44,000
Additional paid-in capital	
Capital reserve	
Balance at April 1, 2012	15,000
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	15,000
Other additional paid-in capital	
Balance at April 1, 2012	6,553
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	6,553
Total additional paid-in capital	
Balance at April 1, 2012	21,553
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	21,553
Retained earnings	
Other retained earnings	
Retained earnings carried forward	
Balance at April 1, 2012	5,159
Accumulated effect of correction of errors	(18,150)
Balance at April 1, 2012 after retroactive adjustment	(12,991)
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	20,763
Net changes during the term under review	19,441
Balance at March 31, 2013	6,450
Total retained earnings	
Balance at April 1, 2012	5,159
Accumulated effect of correction of errors	(18,150)
Balance at April 1, 2012 after retroactive adjustment	(12,991)
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	20,763
Net changes during the term under review	19,441
Balance at March 31, 2013	6,450

(Translation)

Treasury stock at cost	
Balance at April 1, 2012	(25)
Changes during the term under review	
Purchases of treasury stock	(361)
Net changes during the term under review	(361)
Balance at March 31, 2013	(386)
Total shareholders' equity	
Balance at April 1, 2012	70,687
Accumulated effect of correction of errors	(18,150)
Balance at April 1, 2012 after retroactive adjustment	52,536
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	20,763
Purchases of treasury stock	(361)
Net changes during the term under review	19,080
Balance at March 31, 2013	71,616
Valuation, translation adjustments and others	
Net unrealized holding gain/loss on other securities	
Balance at April 1, 2012	(1,908)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	3,626
Net changes during the term under review	3,626
Balance at March 31, 2013	1,718
Loss on deferred hedges	
Balance at April 1, 2012	(810)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	139
Net changes during the term under review	139
Balance at March 31, 2013	(670)
Total valuation, translation adjustments and others	
Balance at April 1, 2012	(2,718)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	3,766
Net changes during the term under review	3,766
Balance at March 31, 2013	1,048
Equity warrants	
Balance at April 1, 2012	79
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2013	79

(Translation)

Total net assets	
Balance at April 1, 2012	68,048
Accumulated effect of correction of errors	(18,150)
Balance at April 1, 2012 after retroactive adjustment	49,897
Changes during the term under review	
Dividends from surplus	(1,321)
Net income	20,763
Purchases of treasury stock	(361)
Net changes in items other than shareholders' equity during the term under review	3,766
Net changes during the term under review	22,847
Balance at March 31, 2013	72,744

(Translation)

Note to Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and valuation methods for negotiable securities

Shares of subsidiaries and affiliated companies:

Stated at cost based on the moving average method

Other negotiable securities:

Marketable securities:

Stated at fair value based on the market price at the end of the fiscal year (The difference between book value and fair value is included in net assets. The sale cost is calculated by using the moving average method.)

Non-marketable securities: Stated at cost based on the moving average method

2. Standards and valuation methods for derivatives

Derivatives: Stated at fair value

3. Standards and valuation methods for inventories

Finished goods: Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process: Stated at cost based on the specific identification method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

4. Depreciation and amortization

Property, plant and equipment (excluding lease assets): Declining-balance method

The straight-line method is applied to buildings, excluding annexed structures, acquired on or after April 1, 1998.

Intangible assets (excluding lease assets)

Software for sale in the market:

Amortization method based on the estimated amounts of sales in the estimated number of years for sales (3 years)

Software for internal use:

Straight-line method based on the estimated durable years (5 years)

Others: Straight-line method

Lease assets

(Lease assets relating to finance lease transactions without transfer of ownership):

They are depreciated over the lease contract’s lifetime by the straight-line

method, assuming the residual value is zero.
In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

5. Basis for provision of reserves

Allowance for doubtful receivables

To prepare for any losses on accounts receivable and loans, the Company calculates the amount of potential loss by using the historical loss ratio in the case of non-classified loans/receivables and by individual assessment in the case of classified loans/receivables.

Provision for loss on construction contracts

To prepare for any losses on construction contracts, the estimated amount of losses for the following fiscal years are calculated for some of the orders backlog as of the end of the fiscal year under review, which are likely to incur losses and for which the amounts thereof can be reasonably estimated.

Retirement benefits

To prepare for payment of retirement benefits to employees, the Company records the amount recognized to accrue at the end of the fiscal year based on the estimated values of retirement benefit obligations and pension assets.

Differences for changes in accounting standards are amortized over 15 years.

Prior service cost is amortized by the straight-line method over a certain number of years (13 years) within the average remaining years of service of employees.

The actuarial difference is amortized proportionately using the straight-line method over a certain number of years (13 years) within the average remaining service period of the employees from the fiscal year after the difference is incurred.

Provision for loss on business of subsidiaries and affiliates

To prepare for any losses on business of subsidiaries and affiliates, the estimated amount of loss on business is calculated in consideration of the financial position and operating results of the relevant subsidiaries and affiliates.

6. Hedge accounting methods

(1) Method of hedge accounting
Deferred hedging is applied. With regard to interest rate swaps that meet the requirements for special treatment, special treatment is applied.

(2) Means of hedging and hedged item
Interest rate swaps are employed to hedge fluctuations of interest rates on short-term borrowings and long-term borrowings.

(3) Hedging policy
Derivative instruments are used to hedge fluctuations of market rates on credits and debts.

(4) Assessment method of hedging effectiveness
To determine the effectiveness, the Company compares the accumulated total of the market fluctuations or the cash flow fluctuations for the hedged item and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the

period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

7. Other important matters in preparation of non-consolidated financial statements

(1) Accounting processing of consumption tax

The tax-exclusion approach is applied for accounting of consumption tax and local consumption tax.

(2) Application of consolidated tax payments

Consolidated tax payments are applied.

Notes on correction of errors

In the fiscal year under review, OKI discovered improper accounting at an OKI Group overseas consolidated subsidiary, OKI SYSTEMS IBERICA, S.A.U., and made correction of errors. The accumulated effect of this correction of errors has been reflected in the book value of net assets at the beginning of the fiscal year under review.

As a result, the balance at April 1, 2012 of retained earnings brought forward in the Non-consolidated Statement of Changes in Net Assets decreased by ¥18,150 million yen.

Notes to Non-consolidated Balance Sheets

1. Guarantee liabilities:

The Company provides guarantees for bank borrowings made by employees, and subsidiaries and affiliates as shown below.

Oki Data Corporation	¥3,439 million
Oki Data Americas, Inc.	¥2,819 million
	($30,000 thousand)
Oki Hong Kong Ltd.	¥1,970 million
	($20,060 thousand, HK$7,030 thousand)
Oki Data Manufacturing (Thailand) Co., Ltd.	¥1,120 million
	(350,000 thousand baht)
Oki Electric Industry (Shenzhen) Co., Ltd.	¥721 million
	(47,636 thousand yuan)
Eight other entities:	¥776 million
Total:	¥10,847 million

2. Monetary claims receivable from and payable to subsidiaries and affiliates

Short-term monetary claims receivable from subsidiaries and affiliates:	¥66,381 million
Long-term monetary claims receivable from subsidiaries and affiliates:	¥7,099 million
Short-term monetary claims payable to subsidiaries and affiliates:	¥24,065 million
Long-term monetary claims payable to subsidiaries and affiliates:	¥7 million

(Translation)

Notes to Non-consolidated Statement of Operations

Transactions with subsidiaries and affiliates

Sales:	¥32,078 million
Purchases:	¥59,319 million
Non-operating transactions:	¥22,403 million

Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of treasury stock as of the end of the fiscal year

Common stock: 3,192 thousand shares

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets and liabilities

Deferred tax assets	
Loss carry forwards	¥17,819 million
Nondeductible provision for loss on business of subsidiaries and affiliates	¥9,362 million
Nondeductible retirement benefits	¥9,180 million
Nondeductible write-downs of shares of subsidiaries and affiliates	¥6,187 million
Nondeductible accounts payable-other due to changes in retirement benefit plans	¥5,137 million
Adjustments of losses on transfers among consolidated subsidiaries	¥4,012 million
Nondeductible accrued bonuses	¥1,387 million
Nondeductible loss on impairment of fixed assets	¥1,042 million
Nondeductible write-downs of inventories	¥867 million
Nondeductible bad debts expenses	¥416 million
Others	¥2,590 million
Subtotal deferred tax assets	¥58,004 million
Valuation allowance	¥(54,406) million
Total deferred tax assets	¥3,597 million
Deferred tax liabilities	
Nondeductible unrealized gain on contribution of securities to the pension trust	¥(3,830) million
Net unrealized holding gain/loss on other securities	¥(952) million
Others	¥(200) million
Total deferred tax liabilities	¥(4,983) million
Net deferred tax assets	¥(1,385) million

(Translation)

Notes to Leased Fixed Assets

Finance lease transactions that do not transfer ownership whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

1. Amount equivalent to acquisition cost of leased assets as of the end of the term under review ¥34 million
2. Amount equivalent to accumulated depreciation of leased assets as of the end of the term under review ¥19 million
3. Amount equivalent to unexpired lease payment of leased assets as of the end of the term under review ¥16 million

(Translation)

Notes to Related Party Transactions

Subsidiaries, etc.

Attribute	Company name	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Subsidiary	OKI Software Co., Ltd.	Warabi, Saitama Pref.	¥400 million	Development, design, manufacture and maintenance of software, system building services, SI/solution services, consulting outsourcing and sales of information equipment	(Direct) 100%	Production of software on a contract basis, etc., lending of funds	Purchase of services	19,760	Accounts payable, trade	6,296
									Other accrued expenses	906
							Lending of funds	4,400	Short-term loans	2,300
Subsidiary	Oki Hong Kong, Ltd.	Hong Kong	HK$60,000 thousand	Holdings company, material procurement	(Direct) 100%	Supply products etc., lending of funds, concurrent assumption of office of officer	Sales of products	15,815	Accounts receivable-trade	4,872
							Lending of funds	13,889	Short-term loans	15,597
Subsidiary	Oki Data Corporation	Minato-ku, Tokyo	¥29,000 million	Sales of printers	(Direct) 100%	Purchase of products, lending of funds, concurrent assumption of office of officer	Lending of funds	22,830	Short-term loans	23,712
							Underwriting of capital increase	20,000	-	-
Subsidiary	Oki Customer Adtech Co., Ltd.	Koto-ku, Tokyo	¥1,800 million	Maintenance, construction, monitoring, operation, manufacture and sale of equipment and systems	(Direct) 100%	Purchase of services, lending of funds, concurrent assumption of office of officer	Lending of funds	17,970	Short-term loans	1,000
Subsidiary	Oki Printed Circuits Co., Ltd.	Joetsu, Niigata Pref.	¥480 million	Development, designing, manufacturing and sale of high-density multilayer printed circuit boards	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	4,248	Short-term loans	938
Subsidiary	Oki Communication Systems Co., Ltd.	Tokorozawa, Saitama Pref.	¥300 million	Design, manufacture, development and sale of electronic, information and telecommunications device and related parts	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	3,790	Short-term loans	1,810
Subsidiary	Nagano Oki Electric Co., Ltd.	Komoro, Nagano Pref.	¥400 million	Manufacture, inspection and repair for boards and devices	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	3,600	Long-term loans to subsidiaries and affiliates	2,280
Subsidiary	Oki Wintech Co., Ltd.	Shinagawa-ku, Tokyo	¥2,001 million	Equipment work, designing, construction and maintenance of telecommunication, firefighting and other facilities	(Direct) 100%	Purchase of services, lending of funds	Lending of funds	3,050	Short-term loans	600
Subsidiary	Oki Proserve Co., Ltd.	Minato-ku, Tokyo	¥321 million	Facility business, human resource management, design business, logistics business	(Direct) 100%	Purchase of services, lease and brokerage of real estate, lending of funds	Lending of funds	700	Short-term loans	700
									Long-term loans to subsidiaries and affiliates	2,800

Notes:

1. The transactions amount excludes consumption tax, while the ending balance includes consumption tax.
2. Conditions of transactions and policy in determining conditions
   (1) The Company determines conditions regarding purchase of services and products based on market prices.
   (2) The Company determines the interest rate for the lending of funds by taking the market rate of interest into consideration.
3. Underwriting of capital increase: The Company underwrote a capital increase carried out by Oki Data Corporation, purchasing new shares at ¥32,000 per share.

4. For the loans to three subsidiaries, the Company recorded an allowance for doubtful receivables of ¥845 million in total. The Company also recorded a reversal of allowance for doubtful receivables of ¥706 million in the fiscal year under review.

Notes to Per-share Information

1. Net assets per share: ¥57.17
2. Net income per share: ¥27.06

Notes to important subsequent events

Acquisition of a company through share acquisition

At the Board of Directors meeting held on May 14, 2013, the Company resolved to acquire a 70 percent stake in a company which will succeed the Automation and Services division of Itautec S.A. –Grupo Itautec ("Itautec") and turn the company into its subsidiary. The Company signed a share transfer agreement effective May 15, 2013.

(1) Reasons for share acquisition

The Company developed the world's first cash-recycling ATM in 1982 and, in 2011, succeeded in developing an ATM capable of simultaneously handling deposits and withdrawals of mixed banknotes in up to 128 denominations within one unit. Through its long history in manufacturing ATMs, the Company has accumulated the industry's leading mechatronics technology and quality control technologies that allow it to manufacture high-quality products with a short lead-time. The Company identifies development of its cash-recycling ATMs in markets outside of Japan as one of its key growth areas. The Company has achieved strong track records in Japan and China, where it holds the leading market share, as well as in Russia and Indonesia. Capitalizing on these achievements, the Company focuses on expanding sales in emerging countries, where rapid economic growth is expected.

In order to boost overseas business expansion, the Company considered it necessary to establish business bases in Central and South America, where the ATM market is expected to grow. Accordingly, the Company entered into a strategic partnership for the ATM business in Central and South America with Itaúsa-Investimentos Itaú S.A. (the "ITAU Group"), the second largest conglomerate in Brazil that is engaged in the banking, chemical, electronics and healthcare businesses. Itautec, which operates the ITAU Group's computer business, automation equipment business which deals in ATMs and cash dispensers, and maintenance services business, will transfer its automation equipment business and maintenance services business to a new company set up by Itautec, and the Company will acquire the shares of this new company.

The Company and the ITAU Group has few overlapping areas in terms of technologies and regions in which we have advantages. The Company has assessed that it can expect to strengthen and expand its businesses by capitalizing on its strengths. The Company will develop a solid business base in Brazil first and aim to develop business into the ATM market in Central and South America.

(Translation)

(2) Counterparty of share acquisition
Itautec S.A. –Grupo Itautec
Itautec Participações e Comércio S.A.

(3) Name of company to be acquired
BR Indústria e Comércio de Produtos e Tecnologia em Automação S.A.

(4) Exercise period of share acquisition
By the end of the fiscal year ending March 2014 (scheduled)

(5) Acquisition cost and ownership ratio after share acquisition
Acquisition cost: Undetermined
Ownership ratio after share acquisition: 70%

(Translation)

Transcript of Accounting Auditors' Report

Independent Auditors' Report

May 17, 2013

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Yasutoyo Imai (seal),
Engagement Partner, Certified Public Accountant
Yasuhiro Tamura (seal),
Engagement Partner, Certified Public Accountant
Yukiyasu Yamakawa (seal),
Engagement Partner, Certified Public Accountant

We have audited the non-consolidated financial statements – the non-consolidated balance sheets, the non-consolidated statement of operations, the non-consolidated statement of changes in shareholders equity and notes to the non-consolidated financial statements – and its supporting schedules of Oki Electric Industry Co., Ltd. for the 89th term from April 1, 2012 to March 31, 2013 in accordance with Article 436 Paragraph 2 Item 1 of the Companies Act.

Responsibility of management for preparing non-consolidated financial statements and its supporting schedules
Oki Electric Industry's management is responsible for preparing and presenting fairly these non-consolidated financial statements and its supporting schedules in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these non-consolidated financial statements and its supporting schedules that are without material misstatement due to fraud or errors.

Responsibility of auditors
Our responsibility is to express our independent opinion regarding these non-consolidated financial statements and its supporting schedules based on audits by Ernst & Young ShinNihon LLC. We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we prepare audit plans and implement audit based on them to obtain reasonable assurance as to whether the non-consolidated financial statements and its supporting schedules are without material misstatement.

The audit requires procedures to obtain audit evidence about amounts and disclosure of these non-consolidated financial statements and its supporting schedules. The audit procedures are selected and applied based on evaluation of risks about material misstatement of these non-consolidated financial statements and its supporting schedules due to fraud or errors. Although the purpose of the audit is not to express our opinion about the effectiveness of internal control, we consider the internal control associated with preparation and fair presentation of these non-consolidated financial statements and its supporting schedules, in order to plan appropriate audit procedures in line with actual situations at the time of risk evaluation. Also, our audit includes reviews of accounting policies, and methods that the management adopts, and an evaluation of management estimates and the presentation of the non-consolidated financial statements and its supporting schedules as a whole.

We believe we have obtained enough and appropriate audit evidence as the basis for our opinion.

Audit opinion
We concluded that the non-consolidated financial statements and its supporting schedules fairly present in all aspects Oki Electric Industry's assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Matter to be emphasized
As stated in the notes to important subsequent events, OKI Electric Industry passed a resolution at its Board of Directors held on May 14, 2013 to acquire a 70 percent stake in a company which succeeds the automatic equipment business and maintenance service business of Itautec S.A. –Grupo Itautec and turn the company into its subsidiary. The Company signed a share transfer agreement effective May 15, 2013.

The said matter does not affect our audit opinion.

Conflict of interest
No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry, our firm (Ernst & Young ShinNihon LLC) and the respective engagement partners.

(Translation)

Transcript of Audit & Supervisory Board's Report

Audit & Supervisory Board's Report

We, the Audit & Supervisory Board, have prepared upon consultation this Audit Report based on reports compiled by each Audit & Supervisory Board Member with respect to Directors' performance of their duties during the 89th fiscal year from April 1, 2012 to March 31, 2013, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit

The Audit & Supervisory Board specified an audit policy, compiled audit plans and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audits and also received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.

Each Audit & Supervisory Board Member, according to the audit standards, policy and plans set up by the Audit & Supervisory Board, has maintained good communications with Directors, the internal audit division and other employees and strived to collect information and improve the audit environment as well as attending meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. In addition, we have periodically received reports from Directors and employees, among others, required explanation when necessary, and made opinions with regard to the status of operations and the systems established thereon (internal control systems) made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act as necessary for ensuring compliance with laws and the Company's Articles of Incorporation in the performance of duties by Directors, described in the Business Report, and for ensuring appropriateness of duties of a joint stock company. Also, we have maintained good communications and exchanged information with directors, audit & supervisory board members and others of the subsidiaries of the Company, and received from the subsidiaries reports on their business conditions as needed. Based on the methods mentioned above, we have reviewed the financial statements for the said fiscal year and their supplementary schedules.

We have also monitored and verified whether the accounting auditors maintained their independence and properly implemented audits, received from the auditors reports on the performance of their duties and asked them for explanations as necessary. The accounting auditors reported to us that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Corporate Calculation Regulations) have been established in accordance with the quality control standards concerning audits (Business Accounting Council, October 28, 2005), and asked them for explanations as necessary. Based on the methods mentioned above, we have reviewed financial statements for the said fiscal year (balance sheet, statement of operations, statement of changes in shareholders' equity, and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report

1) We consider that the business report and its supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

2) With respect to the Directors' performance of their duties, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Articles of Incorporation.

3) We consider that the details of the resolution made by the Board of Directors concerning internal control procedures are proper. As for the findings of improper accounting at an overseas consolidated subsidiary, we have confirmed that the Company has implemented preventive measures based on the results of an investigation by the External Investigative Committee and its recommendations, as stated in the business report. We have also confirmed that the Company has made improvements.

(2) Results of audit of financial statements and their supplementary schedules

We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of consolidated financial statements

We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

May 20, 2013

The Audit & Supervisory Board, Oki Electric Industry Co., Ltd.

Shuichi Kawano, Standing Audit & Supervisory Board Member (seal)

Keiichi Fukumura, Audit & Supervisory Board Member (seal)

Kuninori Hamaguchi, Outside Audit & Supervisory Board Member (seal)

Kaoru Yoshida, Outside Audit & Supervisory Board Member (seal)

(Translation)

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Matters

Agenda 1: Appropriation of Surplus

The Company places returning profits stably and continuously to our shareholders as the most paramount task and determines the dividend amount for common stock based on the Company's performance. However, we have not completed establishing a financial base that enables us to stably and continuously pay dividends. For this reason, we deeply regret to say that there will be no payment of dividends for the fiscal year under review.

As for Class A Preferred Stock dividends, the Company proposes the following in accordance with the terms and conditions for Class A Preferred Stock stipulated at the time of issuance.

1. Type of dividend asset

Cash

2. Allocation of dividend assets and total amount of dividends

¥34,410 per Class A Preferred Stock

Total amount of dividends is ¥1,032,300,000.

3. Effective date of dividend of surplus

June 27, 2013

(Translation)

Agenda 2: Election of Two (2) Directors

The tenure of office of Director Hideichi Kawasaki will expire at the end of this general meeting of shareholders.

Two candidates for directors are shown as follows.

Candidates for Directors (Two):

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions		Number of Oki shares held
1	Hideichi Kawasaki (January 10, 1947)	Apr. 1970	Joined Oki Electric Industry Co., Ltd.	Common stock 110,000 shares
		Nov. 1990	Director, Sales 3 Team, Financial Systems Sales Division	
		Apr. 2001	Executive Officer	
		Apr. 2004	Senior Vice President	
		Jun. 2005	Managing Director	
		Apr. 2009	Senior Executive Vice President and Member of the Board	
		Jun. 2009	President, Representative Director (incumbent)	
2	Hisao Suzuki (April 14, 1952)	Apr. 1975	Joined The Fuji Bank, Limited	Common stock 60,800 shares
		May 2000	Manager, First Global Credit Department, The Fuji Bank, Limited	
		Apr. 2002	Manager, Second Credit Department, Mizuho Corporate Bank, Ltd.	
		Jun. 2004	Director, Oki Wintech Co., Ltd.	
		May 2005	Managing Director, Oki Wintech Co., Ltd.	
		Apr. 2008	Executive Officer, Oki Electric Industry Co., Ltd.	
		Apr. 2009	Senior Vice President	
		Apr. 2012	Executive Vice President (incumbent)	
		Apr. 2012	Chief Compliance Officer (incumbent)	

(Translation)

Agenda 3: Election of One (1) Audit & Supervisory Board Member

The tenure of office of Audit & Supervisory Board Member Keiichi Fukumura will expire at the end of this general meeting of shareholders. One candidate for audit & supervisory board member is shown as follows.

This agenda has been approved by the Audit & Supervisory Board.

Candidate for Audit & Supervisory Board Member (One):

Name (Date of birth)	Brief personal profile, position in the Company and significant concurrent positions		Number of Oki shares held
Tsutomu Tai (May 20, 1954)	Apr. 1977	Joined Oki Electric Industry Co., Ltd.	Common stock 51,000 shares
	Apr. 2002	Manager, Accounting Division, Systems Solutions Company	
	Apr. 2006	Manager, Group Administration Division	
	Apr. 2010	Executive Officer	
	Apr. 2010	Manager, Corporate Planning Division	
	Apr. 2011	President and Representative Director, OKI Software Co., Ltd. (incumbent)	

Notes:

1. The candidate Tsutomu Tai is scheduled to resign as President and Representative Director of OKI Software Co., Ltd. on June 25, 2013.
2. The candidate Tsutomu Tai has many years of experience working in the Company’s accounting divisions, and has extensive knowledge in finance and accounting.

(Translation)

Appendix

Instructions for the Exercise of Voting Rights via the Internet

1. **Matters requiring your agreement concerning the exercise of voting rights via the Internet**
We kindly request your consent to the following regarding exercise of voting rights via the Internet.
    1) Exercise of voting rights via Internet is only possible by accessing the voting site designated by the Company (please refer to the following URL). It is also possible to access this site with a mobile phone. You will need to enter your voting rights exercise code and password (valid only for purposes of this general meeting) provided in the lower right corner of the voting rights exercise form, enclosed with the Notice.
    2) If you exercise your voting rights both in writing and via the Internet, we will regard the vote cast via the Internet to be effective.
    3) If you exercise your voting rights more than once, we will regard the last vote you cast via the Internet to be the effective one.
    4) You will bear all connection charges for using the Internet (service provider access fees, communication charges, etc.)

2. **Instructions for voting via the Internet**
    1) Access http://www.it-soukai.com/ or https://daiko.mizuho-tb.co.jp/.
    (Please note that the above URLs cannot be accessed from 3:00 a.m. to 5:00 a.m. during the voting period.)
    2) Enter the voting rights exercise code and the password and click "log-in."
    3) Proceed to vote in accordance with the onscreen instructions.

3. **Technical specifications**
    1) Operating system: Windows operating systems
    2) Browser: Internet Explorer 5.5 or above
    3) Internet connection: Any service providing Internet access
    4) Mobile phones: Services should be available from any of i-mode, EZweb or Yahoo! Keitai (certain models cannot be used.). If you are using a cellular phone with bar-code scanner features we request that you use the QR Code provided in the margin.

4. **Notes on information security**
Please rest assured that you will be able to use our systems safely as we use cryptographic technology (128-bit SSL) in order to prevent exercise-related information from being falsified or wiretapped.
The voting rights exercise code and password provided on your voting rights exercise form are an important means of validating you as our shareholder. Please ensure that they are not disclosed to others. The Company's staff will never ask you to disclose your password.

5. **Contact**
    1) For information concerning the operation of personal computers for the electronic exercise of voting rights:
    Internet Help Dial, Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
    Tel: 0120-768-524 (toll-free)
    From 9:00 a.m. to 9:00 p.m. excluding Saturdays, Sundays and national holidays
    2) For address changes and other matters other than (1) above:
    Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
    Tel. 0120-288-324 (toll-free)
    From 9:00 a.m. to 5:00 p.m. excluding Saturdays, Sundays and national holidays