OKI Open up your dreams

ANNUAL REPORT

2014 (For the year ended March 31, 2014)

PROFILE

Founded in 1881, Meikosha, Ltd. was the forerunner of today's OKI and Japan's first telecommunications equipment manufacturer. Meikosha's success came from the company's "enterprising spirit" to attempt to become the first domestic manufacturer of telephones only five years after Alexander Graham Bell's invention of the telephone in 1876.

Underpinned by this "enterprising spirit," which has been nurtured and passed down throughout the Company's long history, OKI has developed and provided a succession of products that have contributed to the development of today's information society. Always in the vanguard of technology innovation, OKI began selling computers containing Japan's first domestically developed core memories, developed the world's first cash recycling automated teller machine (ATM) that recycles deposited bills as funds for withdrawals, developed LED printers, and introduced the first Voice-over-Internet Protocol (VoIP) system to the Japanese market.

As a company that supports social infrastructural development, OKI will quickly grasp and incorporate the needs of the market into the development of products that satisfy customers, while contributing to the development of an information society. Guided by its brand statement, "Open up your dreams," OKI will diligently strive to achieve the dreams and hopes of stakeholders, to become the preferred global partner of choice and achieve continuous growth.

SOLUTIONS & SERVICES

Business offering solutions and services capitalizing on OKI's exceptional know-how in business systems for financial, public sector, transportation, retail, manufacturing, and other industries.

Open up your dreams

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TELECOM SYSTEMS

Business providing communication systems and services to link people and goods by leveraging our technology and know-how for telecom carriers, service providers, and enterprises.

SOCIAL INFRASTRUCTURE SYSTEMS

Business providing customized systems that serve as the social infrastructure mainly for government agencies and local governments.

MECHATRONICS SYSTEMS

Business offering products built on core mechatronics technology, including ATMs and cash handling equipment.

PRINTERS

Business offering printers and multifunction printers leveraged by OKI's unique LED technology.

EMS

Consigned design and manufacturing business based on design and manufacturing technologies cultivated in info-telecom systems.

FINANCIAL HIGHLIGHTS

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

	Millions of yen					Thousands of U.S. dollars (Note 1)
Ended March 31	2010	2011	2012	2013	2014	2014
For the year						
Net sales	¥ 442,949	¥ 432,651	¥ 423,480	¥ 455,824	**¥ 483,112**	**$ 4,736,392**
Operating income	6,508	6,308	11,980	13,475	**27,196**	**266,627**
Net income (loss)	(3,836)	(31,809)	1,555	13,599	**27,359**	**268,225**
Net cash (used in) provided by operating activities	51,290	1,588	22,791	(11,619)	**31,868**	**312,431**
Net cash (used in) provided by investing activities	(12,992)	(4,423)	(9,392)	(9,214)	**(13,977)**	**(137,029)**
Free cash flow	38,298	(2,835)	13,399	(20,833)	**17,890**	**175,392**
At the year end						
Total assets	¥ 377,894	¥ 368,822	¥ 368,065	¥ 349,322	**¥ 412,514**	**$ 4,044,254**
Shareholders' equity	40,532	38,308	41,125	56,072	**88,735**	**869,950**
Interest-bearing debt	172,467	152,051	136,478	120,524	**119,004**	**1,166,705**
Ratios						
Return on assets (ROA) (%)	(1.0)	(8.5)	0.4	3.8	**7.2**	
Return on equity (ROE) (%)	(9.4)	(80.7)	3.9	28.0	**37.8**	
Shareholders' equity (%)	10.7	10.4	11.2	16.1	**21.5**	

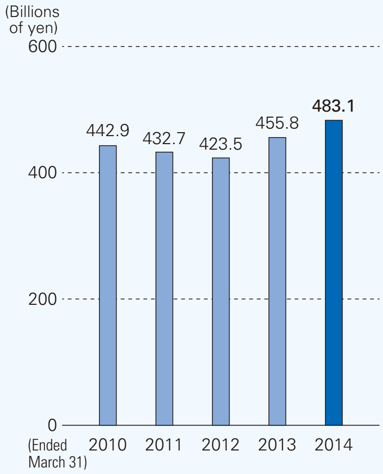
	Yen					U.S. dollars (Note 1)
Per share amounts						
Net income (loss)	¥ (5.62)	¥ (44.00)	¥ 0.32	¥ 17.24	**¥ 36.21**	**$ 0.35**
Net assets (shareholders' equity, excluding warrants and minority interests in consolidated subsidiaries)	59.40	11.37	13.42	34.40	**79.32**	**0.77**
Cash dividends (common stock)	—	—	—	—	**3.00**	**0.02**
Other information						
Number of employees	18,111	16,697	16,736	17,459	**21,090**	

Note 1: The U.S. dollar amounts in this annual report are translated from yen, for convenience only, at ¥102 = U.S. $1.00, the approximate exchange rate prevailing on March 31, 2014.

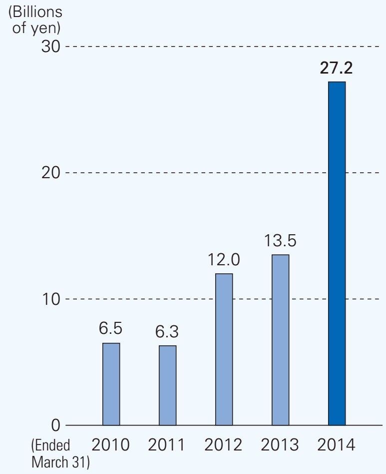
Forward-looking Statements

This annual report contains forward-looking statements concerning the OKI Group's future plans, financial targets, technologies, products, services and performance. These forward-looking statements represent assumptions and beliefs based on data and calculation methods currently available to OKI as of the date of publication, and therefore OKI does not guarantee the accuracy of statements are subject to changes attributable to business risks and uncertainties, which may affect OKI's performance and consequently cause actual results to differ from our forecasts.

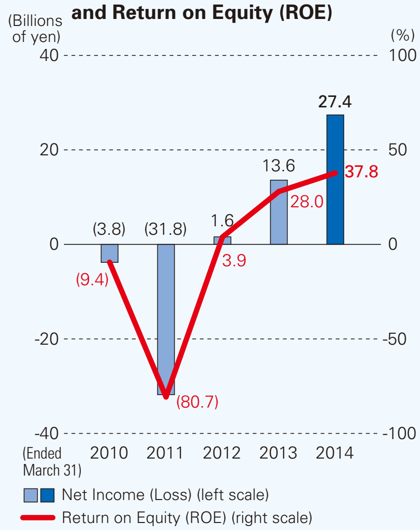
Net Sales



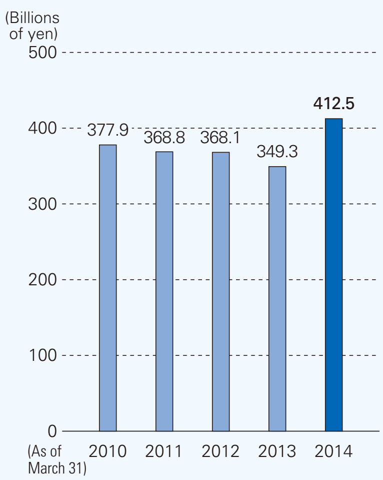
Operating Income



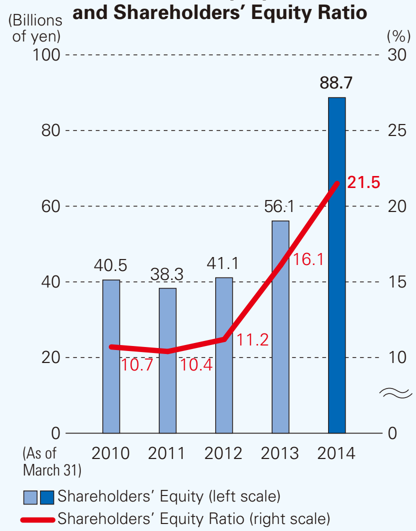
Net Income (Loss) and Return on Equity (ROE)



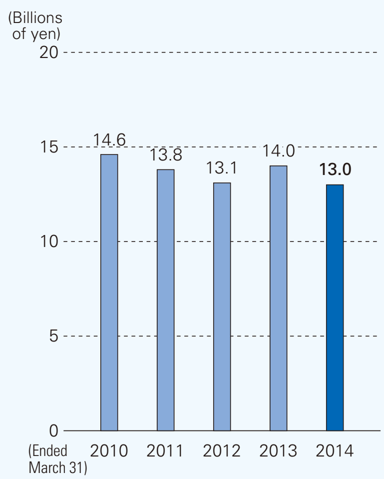
Total Assets



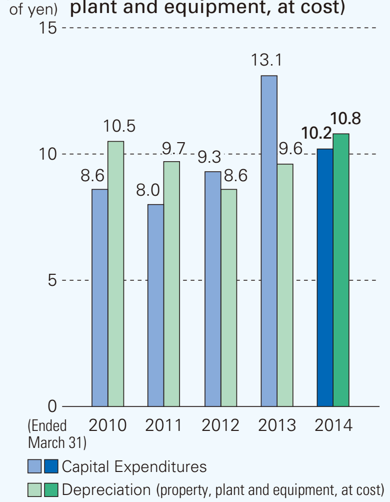
Shareholders' Equity and Shareholders' Equity Ratio



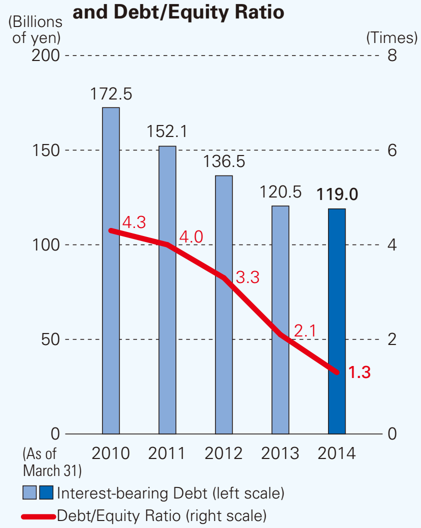
R&D Expenses



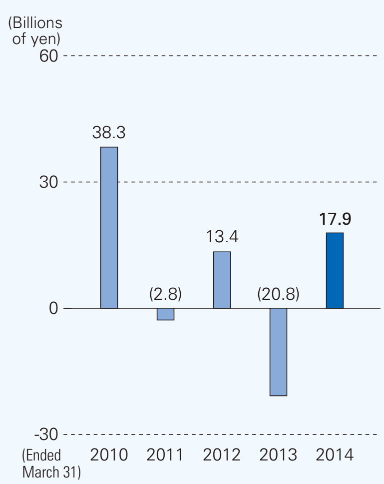
Capital Expenditures and Depreciation (property, plant and equipment, at cost)



Interest-bearing Debt and Debt/Equity Ratio



Free Cash Flow



TO OUR STAKEHOLDERS

Centering on marketing and innovation as pivots for action, the OKI Group shift gears to growth with concerted efforts across the Group

In fiscal year 2013, the OKI Group achieved more profits than forecasts through concerted efforts to reach the targets, amid the gradually favorable business conditions in Japan and abroad.

Net sales grew by ¥27.3 billion year on year to ¥483.1 billion due to firm earnings at key segments, including the Info-Telecom Systems business, along with a lift from a weaker yen. Operating income climbed by ¥13.7 billion year on year to ¥27.2 billion due to fixed-cost cuts achieved via structural reforms and an impact of product mix improvement in the Printers business, in addition to a contribution from the weaker yen. Ordinary income rose by ¥16.4 billion from the previous year to ¥36.7 billion due to foreign exchange gains. Net income increased by ¥13.8 billion year on year to ¥27.4 billion, reflecting the booking of expenses arising from structural reforms in the Printers business etc.

Accordingly, in fiscal year 2013, we achieved most numerical targets announced in the Mid-term Business Plan 2013, which was released in October 2010. Over this span, we worked for growth and consolidation of our management foundation. It shows that our efforts have borne fruit now. Because we steadily accumulated profits and turned capable of paying our dividend again, we paid a year-end dividend of ¥3 per share in fiscal year 2013.

Fiscal year 2014 marks the first year of the Mid-term Business Plan 2016. We will accelerate our efforts to realize sustainable growth by shifting our focus from former "structural reforms" to "growth", while we will secure stable profits at core businesses. The Info-Telecom Systems business seeks to lock in solid demand in Japan and expand overseas operations, while the Printers business is working to improve its profitability by redefining its marketing strategy. Moreover, we will enter next-generation social infrastructure businesses and develop the medical and new energy fields in our maintenance and EMS businesses.

To maintain growth, building on the last results as a foundation, we aim to reach our fiscal year 2014 forecasts for sales of ¥525.0 billion, up ¥41.9 billion year on year, and operating income of ¥28.5 billion, up ¥1.3 billion. Through the year, we will work to secure results in progressing towards the targets in the Mid-term Business Plan 2016.

Our per-share dividend plan for fiscal year 2014 is to pay an interim dividend of ¥2 and a year-end dividend of ¥2 for an aggregate full-year dividend of ¥4. We will strive to return profits to our shareholders in a continuous and stable manner, while we regard it as one of the most important management issues.

I look forward to further support and cooperation of all our stakeholders.

July 2014

Hideichi Kawasaki

Hideichi Kawasaki
President
Oki Electric Industry Co., Ltd.

FEATURE: MID-TERM BUSINESS PLAN 2016

The OKI Group launched the Mid-term Business Plan 2016 in April 2014. Along with targeting operating income of ¥34.0 billion in fiscal year 2016 through sustainable growth, we aim to "become a high-value added creation group, contributing to the realization of safe and comfortable society."

1 Mid-term Business Plan 2016:Corporate Policy

The OKI Group defines our medium- to long-term vision in the Mid-term Business Plan 2016 as "become a high-value added creation group, contributing to the realization of safe and comfortable society." We have set group management plan, a milestone set in order to achieve this vision.

Moreover, we established the Group's corporate policy to proceed with this plan as "realizing sustainable growth through continuous investment by securing stable profitability."

Corporate policy

Realize sustainable growth through continuous investment by securing stable profitability

In contrast to the previous mid-term business plan aiming of management reconstruction, the current mid-term plan steers the Group to the growth mode with securing stable profits in core businesses. The new plan also flexibly responds to changes in the business environment and focuses on initiatives for sustainable growth by expanding businesses in global markets and entering the field of next-generation social infrastructure.

2 Mid-term Business Plan 2016: Key Management Targets

In the Mid-term Business Plan 2016, we plan net sales of ¥560.0 billion and operating income of ¥34.0 billion for the final fiscal year 2016, and target an operating profit margin of 6%, a shareholders' equity ratio of more than 30%, and a debt-equity ratio of less than 1 times as management targets in the same year. The net sales target is an increase of ¥76.9 billion from fiscal year 2013 mainly in overseas sales, and the operating income target is set as ¥6.8 billion growth driven largely by the Info-telecom Systems business and the Printers business. In addition, the current plan targets an overseas sales ratio of 40%.

Financial targets

Operating profit margin	**6**%
Shareholders' equity ratio	More than **30**%
DE ratio	Less than **1** times

Concurrent with business strategies towards growth, we set financial strategies to continuously strengthen the Group's financial foundation by securing periodic profits and generating cash flows with working capital reduction. As for our dividend policy, we will work to continuously and steadily deliver dividends in the future by securing stable profits.

Results and Mid-term Plan Targets

Foreign exchange rate assumptions: ¥95/$ ¥125/€

	FY2013 results		FY2016 targets
Net sales	¥483.1 billion		¥560.0 billion
Overseas sales	¥146.0 billion	Expand profitability in areas of specialty	¥220.0 billion
Operating income	¥27.2 billion		¥34.0 billion
Operating profit margin	5.6%		6%
Shareholders' equity ratio	21.5%	Realize sustainable growth	More than 30%
DE ratio	1.3 times		Less than 1 times
Dividend	¥3		Stable dividend

3 Management Strategy

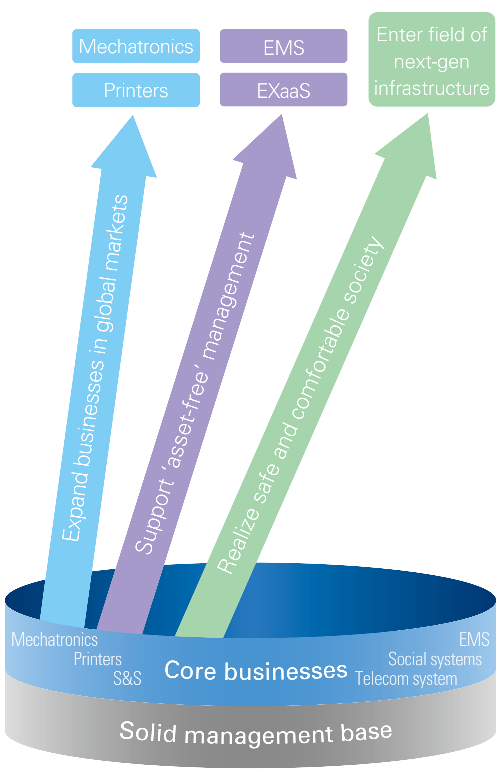
OKI is executing business strategies with a dual emphasis on “securing stable profits” and “achieving sustainable growth” based on the management policy set in the Mid-term Business Plan 2016.

Securing stable profits

In addition to capturing opportunities accurately in the domestic financial system business and the ATM business in the stably growing Chinese market, we will work to secure renewal demands for social and telecom infrastructure systems. We will also generate stable profits with effects of the structural reforms in the Printers business conducted in fiscal year 2013, and optimization in the Info-telecom Systems business and EMS business.

Achieving sustainable growth

We will add new approaches based on changes in the business environment and implement various measures through three pillars of “expanding business in global markets,” “supporting customers’ ‘asset-free’ management,” and “entering field of next-generation social infrastructure,” while continuing initiatives we have implemented so far.



▶ Expanding business in global markets

While working to develop other overseas ATM markets following our entry into Russia, Indonesia, and India, we will make a full-scale entry into ATM business in Brazil through the company we set up in January 2014, and expand ATM sales across the Central and South America regions. Moreover, we look to expand our products into areas like cash handling equipment and maintenance services. We will also promote high-value added printers for the office solution and professional markets worldwide. To facilitate our global development by reinforcing the organizational structure, we established the Overseas Marketing & Sales Division in April, 2014.

▶ Supporting customers’ “asset-free” management

We are working to reinforce “EXaaS™” sales and develop its market. EXaaS offers cloud computing services, life-cycle management (LCM) services, which extend from introduction planning to operations of ATMs, information terminals, and printers, and BPO services. Moreover, we are developing fields such as medical, new energy for high-end EMS services and maintenance operations that offer services to meet the needs of customers with “asset-free” management models.

▶ Entering field of next-generation social infrastructure

We are embarking on creation of new businesses by leveraging our strengths, such as sensing and network technologies. Among the target fields are disaster prevention and reduction as well as aging infrastructure concerns. To make a full-scale entry into such fields, we established the Next Social Infrastructure Business Planning Taskforce that is responsible for drafting strategies.

Other key measures

Along with executing the aforementioned strategies, we will reform production and design, lower procurement costs, and reduce working capital. We also seek to strengthen R&D functions as well as personnel policies such as reassigning people into growth fields, leveraging international human resources, and promoting career opportunities for women employees.

AT A GLANCE

BUSINESS UNITS	OUTLINE	MAIN PRODUCTS AND SERVICES
SOLUTIONS & SERVICES	Business offering solutions and services capitalizing on OKI's exceptional know-how in business systems for financial, government agencies, transportation, retail, manufacturing, and other industries	• Bank branch systems and centered-administration systems for financial institutions • Various business systems (personnel and salary systems, ERP systems) • Ticket reservations and issuing systems • Cloud computing services • LCM services • Business process outsourcing services
TELECOM SYSTEMS	Business providing communication systems and services to link people and goods by leveraging our technology and know-how for telecom carriers, service providers, and enterprises	• IP multimedia systems/Optical network systems • Next-generation home gateways • Video delivery systems • IP-PBX/Business telephone systems • Call center systems • Videoconferencing systems • 920MHz frequency band wireless communication systems
SOCIAL INFRASTRUCTURE SYSTEMS	Business providing customized systems that serve as the social infrastructure mainly for government agencies and local governments	• Flight control systems • ITS-related systems (ETC, VICS, etc.) • Disaster prevention administrative radio systems for municipalities • Firefighting navigation systems • Digital wireless communication systems for firefighting and emergency use • VoIP bulletin systems • Self-defense equipment
MECHATRONICS SYSTEMS	Business offering products built on core mechatronics technology including ATMs and cash handling equipment	• ATMs • Cash handling equipment • Bank branch terminals • Ticket reservations and issuing terminals • Check-in terminals • Currency exchanger machines
PRINTERS	Business offering printers leveraged by OKI's unique LED technology	• Color and monochrome LED printers and multifunction printers (MFP) • Dot-impact printers
EMS	Consigned design and manufacturing business based on design and manufacturing technologies cultivated in info-telecom systems	• Design and manufacturing of electronic products requiring high-density mounting, high quality, and high-speed detection technology • Design and manufacturing of mechatronics products requiring high-precision mechanisms

MAIN MEASURES	NET SALES (Billions of yen)	OPERATING INCOME (Billions of yen)
• Expand service business by offering comprehensive services based on the EXaaS cloud computing concept • Expand market share by creating packages of powerful business solutions, and marketing them to new customers • Expand maintenance services for multi-vendor supporting products to the nationwide scale, fully leveraging our maintenance service facilities all-over Japan, one of the industry's broadest service network.	FY2013 (ended March 2014) Results 85.5 FY2014 (ending March 2015) Plan 84.0	FY2013 (ended March 2014) Results 23.4 FY2014 (ending March 2015) Plan 22.5
• Provide clients with from higher-speed networks, full IP solutions, and integration of networks to virtualization and 4K/8K resolution systems • Expand enterprise systems business by forming alliances to strengthen product lineup and sales and providing one-stop solutions • Offer xEMS (energy management systems) and Smart Network solutions for the M2M market by leveraging 920MHz frequency band wireless multi-hop network technologies	FY2013 (ended March 2014) Results 80.0 FY2014 (ending March 2015) Plan 84.0	
• Develop user-friendly systems that are safe, secure, and comfortable using wireless, control systems, and other technologies • Provide equipment with excellent operability, to respond to the needs of customers	FY2013 (ended March 2014) Results 52.6 FY2014 (ending March 2015) Plan 52.0	
• Introduce competitive strategic products designed for the global market and expand ATM sales in China, Russia, Indonesia, Brazil, and other countries • Leverage strengths in banknote transportation technology and develop products in Japan and overseas that address customers' needs	FY2013 (ended March 2014) Results 85.5 FY2014 (ending March 2015) Plan 120.0	
• Enhance profitability by revising product line and sales strategy for the office printer market • Intensify efforts in the office solutions market with solutions incorporating applications and A4 MFP strategic products • Intensify efforts in the professional printing market with high-value-added printers, which functions include special color features	FY2013 (ended March 2014) Results 124.8 FY2014 (ending March 2015) Plan 128.0	FY2013 (ended March 2014) Results 5.1 FY2014 (ending March 2015) Plan 8.0
• Strengthen alliances among Group companies and establish the framework to meet various needs of customers • Focus on high-end-type EMS market where high-level *monozukuri* (manufacturing) capabilities are required • Expand service provision processes beyond production to include design, staging, and other processes	EMS / Other Businesses FY2013 (ended March 2014) Results 37.1 / 17.6 FY2014 (ending March 2015) Plan 40.0 / 17.0	EMS / Other Businesses FY2013 (ended March 2014) Results 1.7 / 2.8 FY2014 (ending March 2015) Plan 2.0 / 2.5

OVERVIEW OF OPERATIONS

SOLUTIONS & SERVICES

We deliver solutions and services addressing various issues of our customers by leveraging amassed know-how in business systems.

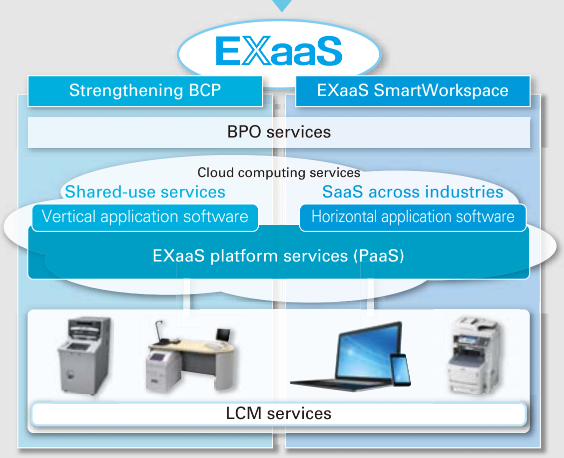
The solutions & services business provides solutions and services leveraging know-how and technologies amassed through our work in offering business systems to customers in such industries as finance, government agencies, transportation, retail, and manufacturing.

In the solutions business, we provide products that address the various issues and requests of our customers. We contribute to increased efficiency of the branch operations of financial institutions in such areas as bank branch systems and centered-administration systems for financial institutions in Japan. In addition, we are working to achieve further development in sales of financial systems in the Chinese market. We also excel in salary payment systems for government agencies, ticket reservation and issuing systems for the travel and transportation industries, and business systems for the manufacturing sector.

In the services business, we offer services that support customers with "asset-free" business models. We are developing services provided by "EXaaS", such as cloud computing services that enable shared use of business systems, Life Cycle Management (LCM) services that help manage business terminals such as ATMs, PCs, printers, and smartphones from introduction planning to asset management to operational support, Business Process Outsourcing (BPO) services where some operations are conducted on behalf of our customers, and other services. In March 2014, we established the ATM-LCM Operation Center, the industry-first shared ATM operation center for multiple financial institutions, to reinforce the structure for the ATM-LCM service. Adopting a new work flow system, the center contributes to improving the operation quality of financial institutions and customer satisfaction.

In the maintenance business, we fully use one of the industry's broadest service networks across the country in providing high- and uniform-quality maintenance services to all customers around Japan. Furthermore, we are expanding multi-vendor maintenance in new fields, such as medical and energy, among others.

Cloud Computing Service "EXaaS"



"EXaaS" provides cloud computing services alongside BPO services and LCM services, realizing optimization of total life cycle costs.

EXaaS Foreign Exchange OCR Service is used at Tokyo Tomin Bank

The Tokyo Tomin Bank, Limited has adopted the EXaaS foreign exchange OCR service. Without need of its own equipment, introduction of the cloud-computing service enables the bank to realize more efficient task-processing and operations in bank transfers.

TELECOM SYSTEMS

We provide network infrastructures, which form the backbone of society, as well as communication systems that enhance corporate competitiveness.

The telecom systems business provides communication systems and services leveraging our technology and know-how to link people and goods to telecom carriers, service providers, companies, and other customers.

The business provides large-scale network infrastructures, such as IP multimedia systems, and GE-PONs*1 supporting increasingly sophisticated access networks to telecom carriers and service providers. The business also provides home ICT solutions, such as next-generation home gateway products, servers that efficiently deliver 4K/8K video, and VoIP applications for smartphones that enable high-quality voice transmission. The telecom business is seeking to broaden its business domain by providing infrastructure to telecom carriers geared to the changing market environment and by developing and offering products enabling a greater range of services over the infrastructure.

For enterprises, we offer competitive products and services in the IP networks field. We are working to expand sales with new products for our call center systems, where we are the domestic market share leader, and for IP-PBXs we developed with our alliance partners. We are also focusing on videoconferencing systems, which have gained attention as a BCP*2 measure.

The telecom systems business provides smart network solutions matched to customer needs, including new products utilizing wireless multi-hop network technologies for the 920 MHz frequency band, with the aim of realizing a low-carbon society and building disaster-resilient communities through the use of telecommunications technologies.

*1 **GE-PON:** Gigabit Ethernet-Passive Optical Network
*2 **BCP:** Business Continuity Plan

Wireless 920MHz Telecommunication Module

This telecommunication module adds a wireless function to sensors and measurement hardware, using our wireless 920MHz band multi-hop network technologies. This high-reliability module can easily be embedded into devices.

CrosCore® Series Office Communication System

The CrosCore system becomes a core for communication in small and medium-sized offices. It equips many business phone functions and various communication terminals to connect to the internet and LAN systems. Furthermore, it also provides intruder detection sensors and can responds to Earthquake Early Warnings.

SOCIAL INFRASTRUCTURE SYSTEMS

We offer social infrastructure systems that contribute to public safety and security by meeting the needs of government agencies and local governments.

The social infrastructure systems business provides customized social infrastructure systems for government agencies, local governments, and other entities. We build social infrastructures that offer safety, security, comfort, and convenience by delivering products and services that make use of our advanced and unique technologies in telecom networks, mechatronics, and acoustics.

In the transportation infrastructure field, we provide flight control systems, ETC, VICS*1, and other ITS*2 -related systems with the aim of enhancing convenience and ensuring user safety, security, and comfort. We also developed and is offering new services including the Customer-welcoming System incorporated DSRC*3 as well as safety and information support services employing vehicle to vehicle communication.

For local governments, we provide firefighting navigation systems, digital wireless communication systems for firefighting and emergency use, disaster prevention administrative radio systems for municipalities, and VoIP community bulletin systems. Demand for digitalization of devices for the firefighting and emergency radio system is growing before the planned shift to digital transmission in 2016. We supply systems with a level of operability and durability to local governments.

In April 2014 OKI established a call center for social infrastructure systems to reinforce our maintenance support services for these infrastructure systems.

In addition, we provide self-defense equipment based on our core expertise in acoustic and info-telecom technologies.

We will continue to provide social infrastructure systems that contribute to the safety, security, and comfort of communities harnessing our strengths.

*1 **VICS:** Vehicle Information and Communication System
*2 **ITS:** Intelligent Transport Systems
*3 **DSRC:** Dedicated Short Range Communication

OKI's River Monitoring System is Used for Field-test at NICT Test Bed, the Sawayama Basin in Chikuma-city,

For one test bed site prepared by the National Institute of Information and Communication Technology (NICT), we developed and delivered a river monitoring system that enables remote monitoring of river water levels using a wireless 920 MHz band multi-hop network to collect data via sensors for tracking water levels and rainfall amounts.

Digital Wireless Communication Systems for Firefighting and Emergency Use

Towards the digitalization of the system in 2016, we will deploy car wireless systems and portable wireless devices at fire department headquarters nationwide and supply total support service from operations to maintenance.

MECHATRONICS SYSTEMS

Capitalizing on its core strength in mechatronics technologies, OKI offers ATMs and cash handling equipment, as well as ticket reservations and issuing terminals, check-in terminals, and other equipment for financial institutions and the travel and transportation industry.

The mechatronics systems business provides products built around OKI's core mechatronics technologies. The business supplies ATMs, other cash handling equipment, and bank branch terminals for the financial industry and for the travel and transportation industries ticket reservations and issuing terminals and automated check-in machines.

OKI is a leader in ATMs, with a leading share in the domestic market. In China, as well, we are solidifying our position as a top vendor of cash recycling ATMs. In Japan, our strategy for the future is to capture ATM replacement demand from financial institutions and retail stores, as well as to actively continue selling of the "ATM-Recycler G7", a cash recycling ATM that can handle banknotes in multiple currencies in overseas markets. In addition to the China market, which we expect to continue steadily growing, we have made fully-fledged entry into Brazil, where we established OKI Brasil in January 2014. We will also accelerate business development of new markets with growth potential such as Russia, Indonesia, and India, and strive to expand our market shares in each of these regions.

The "RG7 Currency Exchanger", a currency exchange machine capable of recycling deposits and withdrawals in multiple currencies from a single unit, helps enhance efficiency in foreign currency exchange operations for customers such as foreign exchange firms and travel agencies, and improve customer convenience. The "RG7 Currency Exchanger" is in use at Japan's Narita International Airport and Tokyo International Airport, Haneda, and we are working to extend adoption further both at home and overseas.

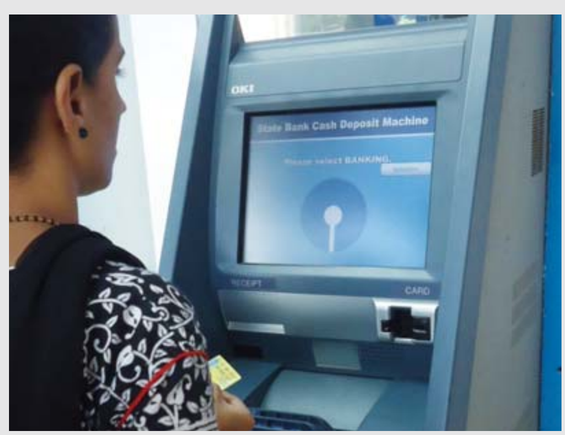
In cash handling equipment, we have a wide lineup of products that includes integrated cash management systems, recycling withdrawal/deposit machines, and coin and banknote change machines. We are deploying these products tailored to the requirements of our customers in the financial, retail, and other sectors. We have also developed new products for the Chinese market with the aim of expanding sales in this market, which we have developed with our ATM business.

We will strive to become a top global mechatronics manufacturer by offering products that match the needs of customers in Japan and overseas.

ATM Business Company, OKI Brasil, Starts Operations

OKI Brasil commenced operations in January 2014, established through a business acquisition from Brazil's second-largest ATM and cash dispensers (CD) vendor. We are expanding our ATM business from our foothold in Brazil across Central and South America.

Entry into Indian ATM market



We delivered our cash-recycling ATMs, "ATM-Recycler G7," to State Bank of India, the largest bank in India. Home to Asia's third-largest base of ATMs and CDs in operation, India is a promising market with prospects for rapid growth.

PRINTERS

We provide printers and multifunction printers based on the superiority of LED technologies to customers worldwide, contributing to the enhancement of business efficiency.

In the printers business, OKI specializes in business-use machines, deploying its renowned expertise in LED technologies to make color and monochrome LED printers, multifunction printers, and dot-impact printers to customers in 100 countries around the world. In 1981, we developed the world's first printer using LEDs as the light source. Compared with the laser method used by our competitors, these products have advantages in terms of compact design, high speed, and high resolution. They are also capable of printing on long sheets of paper and can handle a diversity of media. Drawing on the high reliability of LED printers, OKI created the COREFIDO Series for the Japanese market—the first in the industry with a free five-year warranty. Further, we have also been able to offer maintenance products free of charge under the COREFIDO2 Series.

Introducing high-value-added products into growing sectors based on the printer business strategy launched in March 2013, OKI has focused on reorganizing the printers business structure to secure profits. In the office solutions market, we develop solution proposals featuring the combination of standard application and multifunction printers equipped with Open Platform technology. In the professional printing market, we are introducing compact, high-value-added printers with printing capabilities including white and clear toners with the aim of replacing the high-priced single-purpose equipment that has dominated the market. We are also continuously focusing on Managed Print Services (MPS) that respond to the shift of customer needs: removal the burden of ownership.

OKI is committed to providing highly reliable LED printers to customers around the world in its quest to enhance business efficiency and create comfortable office environments.

A4 Color LED Multifunction Printer "MC780"

"MC780" A4 color LED multifunction printer for offices is our first to feature built-in Open Platform technology and enhances our ability to offer optimal solutions.

Five-Color Toner LED Printer "C941dn"

"C941dn" is OKI Data's first five-color toner LED printer supporting paper sizes up to A3+ for the professional market. With white and clear toner options, it can print on a range of media such as cardboard and transparent film.

EMS

Leveraging the exceptional design and manufacturing technologies of the OKI Group, we develop high-end electronic manufacturing services as the virtual factory of our customers.

The EMS business provides consigned design and manufacturing services covering mechatronics and electronics components underpinned by design and manufacturing technologies and a proven track record amassed over more than 100 years in the info-telecom field. In this business, we offer one-stop EMS solutions, from development to mass production, according to the conceptual and requirement specifications of our customers.

Our EMS business enables us to address diversified requirements for high-end products in every field, characterized by high quality, high reliability, and a wide variety of products in small quantities. OKI is particularly strong in two areas: mechatronics products that require high-precision mechanisms, and products that require large-scale and multiple-layer substrates technology and high-speed signal processing.

Currently, OKI is providing services in the markets for communications equipment, measuring instruments, industrial instruments, and medical equipment. Going forward, we will expand the scope of our businesses by entering into new fields, such as energy, and by undertaking not only consigned design and manufacturing but also consigned reliability assessments, with the aim of acquiring new customers.

To further strengthen our printed circuit board business for high-end products, we completed the transfer of the printed circuit board business from TANAKA KIKINZOKU KOGYO K.K. and established OKI Circuit Technology Co., Ltd.* and we established OKI IDS, which consigns design and development, in March 2014. Through these moves, OKI seeks to expand its integrated consigned production business, which extends from the design and production of printed circuit boards through the assembly of final products.

OKI aims to provide total monozukuri (manufacturing) solutions and to continue being entrusted with consignment production of highly reliable devices for our customers as their own "virtual factory".

* OKI Circuit Technology Co., Ltd. changed its corporate name on April 1, 2014 from its former name of OKI TANAKA Circuits Co., Ltd.

Established Design and Development Service Provider OKI IDS

OKI IDS was established in March 2014 to further expand the EMS business by bolstering the Group's capabilities in design and development.

Production Lines achieving High Quality and Reliability with OKI-developed Technologies

Based on the advanced design and manufacturing technologies cultivated in the info-telecom business, we are focusing on in-house development of leading-edge technologies to offer one-stop EMS solutions for high-quality and high-reliability products.

RESEARCH AND DEVELOPMENT

Aiming to Improve the Business Value through Development of Advanced Technology

The OKI Group actively develops cutting-edge technologies with the aim of contributing to building "a safe, secure and comfortable society," as an important theme for R&D. We designate the important areas of technology for "a safe, secure and comfortable society" as "sensing," "smart network," and "data mining." We are further advancing the integration of OKI's traditional strengths of media processing technologies and optical broadband technologies with OKI's ability to build systems.

Furthermore, we are pouring effort into innovative development that will connect the fruits of research and development with new business value, aiming for the creation of new businesses.

01

Research and Development for OKI's Safe, Secure and Comfortable Society Vision

The IT foundation for a safe, secure and comfortable society is formed by organically connecting the technologies of "sensing," "smart network," and "data mining." Our efforts in these technological areas include the following:

Sensing

OKI has newly developed radio sensing technology, whereby people's activities and contexts can be detected with high sensitivity from fluctuations in radio waves. When combined with awareness technology, such vital changes as respiratory rate can even be recognized. With the arrival of the unprecedented aging society, this technology, together with image-sensing technologies, will contribute to the provision of safety and security.

Smart Network

OKI was the first in the world to develop a 920 MHz bandwidth wireless multi-hop network technology that can accommodate large-scale as well as small-scale systems, and offers enhanced efficiency in power consumption. This enables various sensors and equipment to be connected to networks, regardless of the environment. This technology is expected to be used in combination with data mining technology, and we envision its utilization in energy-saving applications at smart offices as well as in the disaster recovery field for remotely surveying the damage from earthquake, for example.

Data Mining

OKI is developing data mining technology to find and utilize hidden "meaningful information" from among an expansive environment of diversified information and information on people's activities conveyed via networks after obtained from sensing.

02

Research and Development Leveraging OKI's Strengths

OKI has strengths traditionally in media processing technologies for audio and video and optical broadband technologies, and is able to compete on a global level in these areas.

Aiming for Audio and Video Technologies that Provide Greater Comfort

Amid the rapid proliferation of smartphones, OKI is working to develop audio and video technologies that provide comfort, such as voice processing technologies that achieve clarity in reproduction even in noisy environments and video coding technologies that can operate even on devices with limited processing capabilities. Furthermore, we are also working to develop digital signage and other media processing systems that can integrate these technologies.

Aiming for Further Development of Broadband Networks

In order to realize further improvements in energy conservation, OKI is developing new optical broadband technology for next-generation optical access networks to realize virtual networks with more efficient bandwidth utilization.

03

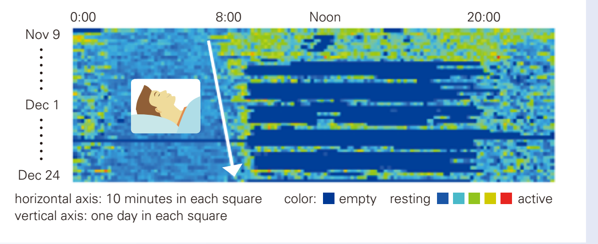
Development of Basic Technologies for the Future

The accumulation of technologies that we develop will become the foundation that supports OKI's future businesses. In particular, OKI is researching usability technologies, quantum cryptography technologies, and recognition technologies. Usability technologies are indispensable to terminal equipment that we have many years' research experiences. Quantum cryptography technologies will enable the realization of indecipherable encoding, when everything in society becomes interconnected and security turns to be more important. Recognition technologies, also, is necessary to replicate human intellectual functions.

Topics 1 Ultra-sensitive Human-detecting Sensor Technology Capable of Detecting Minute Movements, including Human Breathing

OKI developed a human-detecting sensor technology capable of distinguishing between large movements such as walking about a room to minute movements like breathing. Last year, the Company commercialized this technology to launch a personal monitoring system and is continuing to advance development of this technology to extract higher valuable information from the system's sensor signals. In the future, the system could, for example, help practitioners identify health risks from changes in a person's activities and internal stress from data on minute changes. We hope that it will contribute to supporting healthy and independent living and accordingly leading to a safer and more secure society.

The graph shows sensor-collected data on a person's movements in the house in autumn and winter, which are color-coded for the degree of movement. People's activity levels differ depending on the season, therefore, the data indicates a trend for inertia on cold mornings when temperatures are declining. We believe that extracting data in this way could have important health implications.



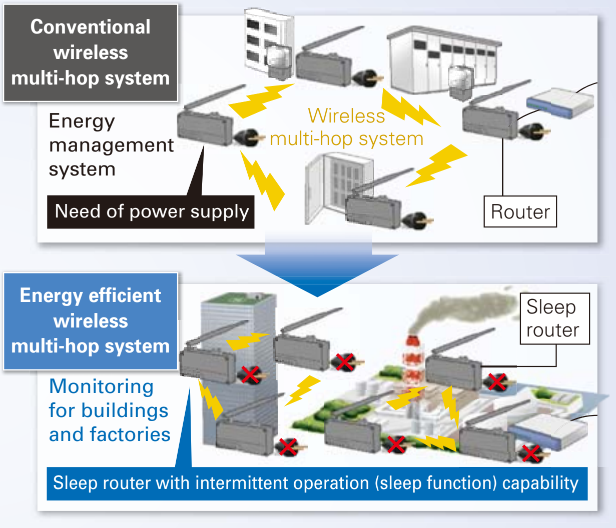
Comment from the Technical Engineer

We are working hard every day to broaden R&D into new territories for the next phase of advancing the technology. While honing OKI's strength in sensing technology, we are also deepening collaborations with experts in other fields and seeking new ways to interpret the data. These activities require constant testing and retesting of the technology, and this repetition is the foundation for OKI's strength in R&D.

Topics 2 Highly energy efficient wireless multi-hop technology enables battery-powered router devices

OKI developed highly energy efficient wireless multi-hop technology for wireless networks effectively collecting a vast range of sensor data. The technology will enable all of a network's wireless sensor-incorporated devices, including repeaters (router devices) to work on intermittent operation (sleep function), creating the potential for a whole network to be battery powered. In conventional sensor networks, such as ZigBee networks, only the wireless sensors in the network terminals have sleep capability, and it was necessary for the intermediate routers to have a power supply. Our development makes it possible for a network's routers to also operate on batteries, thereby enabling wireless sensor networks to extend over broader ranges. The extended range creates application potential in areas where supplying power is difficult, such as on bridges and in tunnels, to be used for social infrastructure maintenance and management and for building and factory monitoring.

Supposed applications



Comment from the Technical Engineer

Making wireless devices sleep when they are not sending communication signals is an effective way to save energy. Since, in data-relaying multi-hop communications, controlling the timing that a device sleeps is a key technology because the devices must be able to receive the relay data at any time.

We are advancing the technology to improve energy efficiency by lengthening the sleep periods while also having the ability to relay data with low-latency networking.

CORPORATE GOVERNANCE

The OKI Group regards ongoing improvements in corporate value as its most important management priority in its quest to earn the trust of stakeholders. To this end, we are working to reinforce corporate governance based on our fundamental policies, including “the enhancement of management fairness and transparency,” “the acceleration of decision-making processes,” and “full compliance and the fortification of risk management.”

Corporate Governance Structure

OKI maintains a corporate auditor system, with a Board of Directors and an Audit & Supervisory Board. To enhance management efficiency, it has also introduced an executive officer system, with the aim of separating the roles of the Board of Directors and Audit & Supervisory Board members/Audit & Supervisory Board (supervision and auditing of business execution) and executive officers (business execution).

The Board of Directors makes decisions on fundamental management policies and other important issues, and also supervises the execution of business. Audit & Supervisory Board members audit the business execution functions of directors—based on audit policies and methods decided at Audit & Supervisory Board meetings—through attendance to Board of Directors’ meetings and other important meetings. Audit & Supervisory Board members also liaise closely with the accounting auditors and the Internal Auditing Division to accurately ascertain the overall status of company operations as well as to carry out audits of business executions. The Board of Directors and Audit & Supervisory Board include three independent director/Audit & Supervisory Board members who have no conflict of interest with general shareholders.

The Executive Officer Committee makes decisions related to the execution of Group operations. Through participation by all executive officers, the Committee seeks to accelerate decision-making and business advancement and clarify business responsibilities.

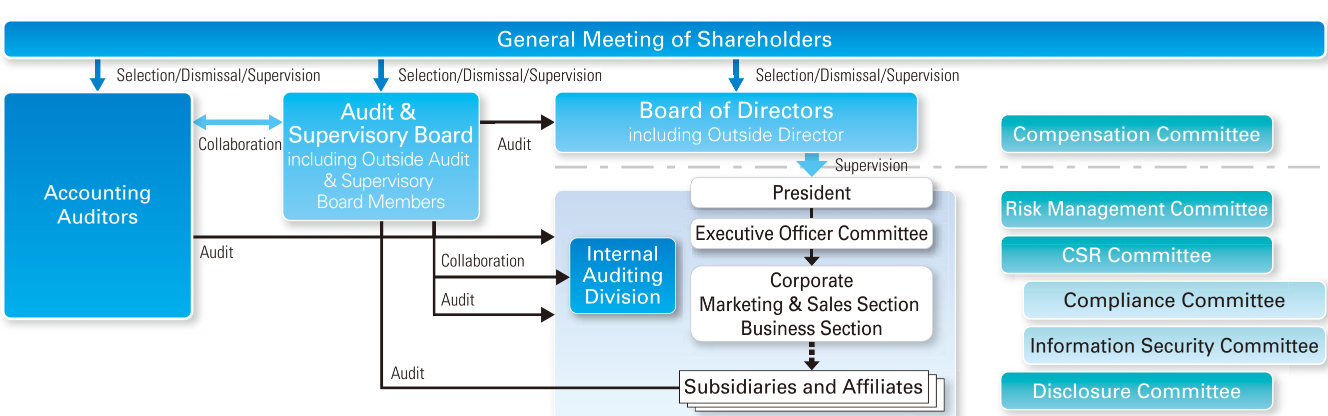
Committee Organizations

As part of its efforts to reinforce corporate governance, the Compensation Committee, whose members include an outside director, takes responsibility for ensuring transparency in the criteria and mechanisms used to set executive remuneration. We have set up the Risk Management Committee to ascertain and address risks related to our business activities. We also have the CSR Committee to deliberate basic policies related to our CSR activities as well as several dedicated committees. These include the Compliance Committee to deliberate fundamental compliance-related policies and the Information Security Committee to ensure the thorough implementation of information security measures. In addition, the Disclosure Committee ensures that disclosure to stakeholders is accurate and timely.

Internal Control

In accordance with Japan’s Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors in May 2006 passed a resolution concerning the Basic Policy for the Establishment of an Internal Control System and OKI has been developing a system to secure appropriate business operations. Pursuant to the Financial Instruments and Exchange Act, we also have an internal control reporting system in place, through which we submit internal control reports to the Kanto regional bureau of the Ministry of Finance and disclose the assessment results of the effectiveness of internal controls related to financial reporting.

Corporate Governance Structure



CORPORATE SOCIAL RESPONSIBILITY (CSR)

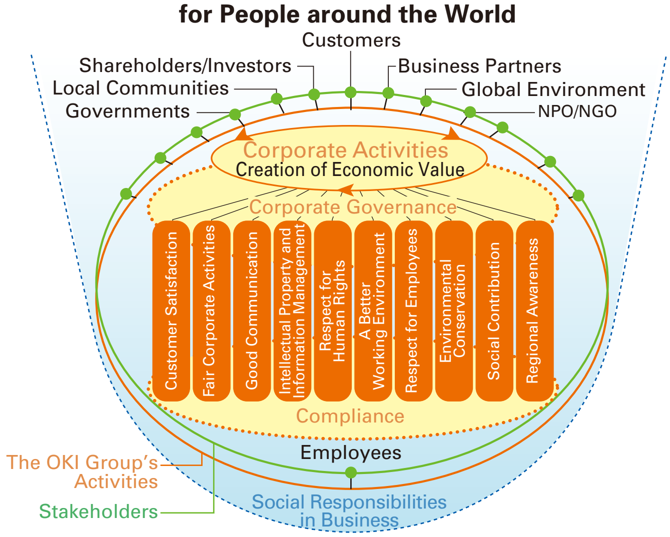
"The people of OKI, true to the company's enterprising spirit, are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age." Guided by this philosophy, OKI actively conducts a variety of activities to fulfill its corporate social responsibilities, which include not only complying with laws and regulations but also implementing sound business activities consistent with social norms.

CSR Activities Based on Corporate Philosophy

The OKI Group, as described in its corporate philosophy, aims at contributing to the improvement of the quality of life for people around the world through its core business, namely the provision of products and services that can serve the development of the information age. What underlies the group's CSR initiatives is our commitment to the pursuit and fulfillment of this idea.

Committed to CSR, OKI established the OKI Group Charter of Corporate Conduct as a statement of values that OKI Group companies need to share, in order to promote Group-wide CSR activities. In addition to this, OKI set up the OKI Group Code of Conduct to be conformed to by all OKI executive officers and employees. This Code of Conduct has been incorporated into OKI's educational programs. We have also defined seven priority themes to be pursued. The CSR Division, an organization dedicated to CSR-related efforts, takes the initiative in promoting activities under these themes. By assuring that all OKI executive officers and employees observe the Charter and Code and behave accordingly, the OKI Group strives to fulfill its social responsibility in accordance with the corporate philosophy.

Contributing to the Improvement of the Quality of Life for People around the World



OKI Group's CSR

OKI Participates in United Nations Global Compact

In May 2010, OKI joined the United Nations Global Compact. The Global Compact is a CSR initiative proposed by then-UN Secretary-General Kofi Annan at the World Economic Forum meeting held in January 1999. The OKI Group supports the Global Compact's 10 principles in the areas of human rights, labor, environment, and anti-corruption, and will work to contribute to creating a sustainable society by understanding its social responsibilities properly in the context of its global business operations.

OKI Group Environmental Management

The OKI Group regards environmental initiatives as among the most important elements of its business activities. Under the OKI Group Environmental Policy, based on which we conduct our environmental management, we coordinate and implement environmental management systems across the entire Group, and implement measures guided by the OKI Group Environmental Activity Plan that sets out mid-term and annual targets to reduce the environmental impact of the Group's operations.

The "OKI Group Environmental Vision 2020" adopted in April 2012 sets a course for the Group's environmental management based on global environmental issues and with the objective of contributing to realizing a better earth environment. We are stepping up measures related to our business activities and products to achieve targets for 2020 in the four areas of realizing a low-carbon society, pollution prevention, resource recycling, and biodiversity conservation.

For more information, please refer to the "Social and Environmental Report" at the following site:
http://www.oki.com/en/csr/

MANAGEMENT

(As of June 25, 2014)

President,
Representative Director
Hideichi Kawasaki

Senior Executive Vice President and Member of the Board,
Representative Director
Naoki Sato

DIRECTORS

Representative Director
Hideichi Kawasaki

Representative Director
Naoki Sato

Director
Hisao Suzuki

Director
Takao Hiramoto

Director
Toshinao Takeuchi

Director
Shinya Kamagami

Director
Takuma Ishiyama*1

AUDIT & SUPERVISORY BOARD MEMBERS

Standing Audit & Supervisory Board Member
Shuichi Kawano

Standing Audit & Supervisory Board Member
Tsutomu Tai

Audit & Supervisory Board Member
Kuninori Hamaguchi*2

Audit & Supervisory Board Member
Kaoru Yoshida*2

EXECUTIVE OFFICERS

President
Hideichi Kawasaki

Senior Executive Vice President
Naoki Sato

Executive Vice President
Hisao Suzuki

Executive Vice President
Takao Hiramoto

Senior Vice President
Hidetoshi Saigo

Senior Vice President
Toshinao Takeuchi

Senior Vice President
Shinya Kamagami

Senior Vice President
Koichiro Shimizu

Executive Officer
Toshiya Hatakeyama

Executive Officer
Kenichi Tamura

Executive Officer
Akira Komatsu

Executive Officer
Yoshiyuki Nakano

Executive Officer
Seiji Mouri

Executive Officer
Makoto Nagaiwa

Executive Officer
Shinya Ando

Executive Officer
Toru Hatano

Executive Officer
Shinya Takahashi

Executive Officer
Tetsuya Izaki

*1 Outside Director
*2 Outside Audit & Supervisory Board Members

FINANCIAL SECTION

CONTENTS

FIVE-YEAR SUMMARY

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

	Millions of yen					Thousands of U.S. dollars (Note 1)
	2014	2013	2012*	2011*	2010*	**2014**
For the year:						
Net sales	**¥ 483,112**	¥ 455,824	¥ 423,480	¥ 432,651	¥ 442,949	**$ 4,736,392**
Cost of sales	**354,635**	337,406	316,939	318,793	321,646	**3,476,813**
Gross profit	**128,477**	118,417	106,541	113,858	121,302	**1,259,578**
Operating income	**27,196**	13,475	11,980	6,308	6,508	**266,627**
Other income (expenses), net	**4,564**	5,159	(6,386)	(36,430)	(8,834)	**44,745**
Income (loss) before income taxes and minority interests	**31,761**	18,634	5,593	(30,121)	(2,325)	**311,382**
Net income (loss)	**27,359**	13,599	1,555	(31,809)	(3,836)	**268,225**
Comprehensive income	**22,442**	16,040	3,461	(35,991)	(678)	**220,019**
At the year end:						
Total current assets	**¥ 278,522**	¥ 246,994	¥ 273,888	¥ 269,694	¥ 262,370	**$ 2,730,607**
Total investments and long-term receivables	**60,291**	28,638	27,031	29,161	37,731	**591,088**
Property, plant and equipment, net	**56,193**	57,829	52,592	53,134	56,155	**550,911**
Other assets	**17,506**	15,861	14,552	16,830	21,635	**171,627**
Total assets	**412,514**	349,322	368,065	368,822	377,894	**4,044,254**
Total current liabilities	**242,272**	197,129	214,355	240,783	241,222	**2,375,215**
Total long-term liabilities	**78,322**	95,567	112,457	89,179	89,064	**767,862**
Total net assets	**91,918**	56,625	41,251	38,859	47,607	**901,156**
Capital stock	**44,000**	44,000	44,000	44,000	76,940	**431,372**

	Yen					U.S. dollars (Note 1)
Per share amounts:						
Net income (loss) per share	**¥ 36.21**	¥ 17.24	¥ 0.32	¥ (44.00)	¥ (5.62)	**$ 0.35**
Cash dividends per share (Common stock)	**3.00**	—	—	—	—	**0.02**
Number of shareholders (Common stock)	**85,073**	88,516	95,618	102,813	107,917	
Number of employees	**21,090**	17,459	16,736	16,697	18,111	
Ratios (%):						
Return on equity	**37.8 %**	28.0 %	3.9 %	(80.7) %	(9.4) %	
Return on assets	**7.2**	3.8	0.4	(8.5)	(1.0)	
Shareholders' equity	**21.5**	16.1	11.2	10.4	10.7	

*As restated (See Note 2)

Note 1: The U.S. dollar amounts in this annual report are translated from yen, for convenience only, at ¥102 = U.S. $1.00, the approximate exchange rate prevailing on March 31, 2014.

Note 2: On August 8, 2012, the Company announced that improper accounting had been conducted at an overseas consolidated subsidiary. Based on the investigation reports by outside experts, the Company restated the consolidated financial statements and related notes for 2012 and previous years.

FINANCIAL REVIEW

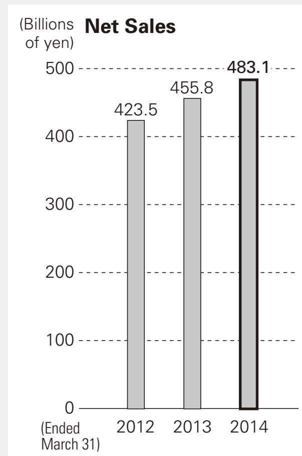
Annual Report for Oki Electric Industry Co., Ltd. and its Consolidated Subsidiaries

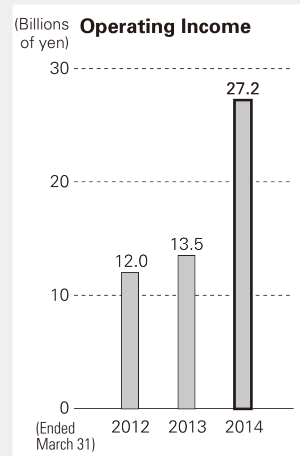
OVERVIEW OF THE FISCAL YEAR ENDED MARCH 31, 2014

NET SALES AND OPERATING INCOME

In the fiscal year under review, the global economy showed some signs of recovery, such as a declining unemployment rate and an upturn in consumer spending in the U.S. and gradual improvement in both Europe and emerging economies. In Japan, too, the economy recovered modestly with increases of consumer spending and industrial production and improved employment conditions.

Amid this business environment, the OKI Group recorded consolidated net sales of ¥483.1 billion, a 6.0% year-on-year increase, due to solid earnings at key segments, led by the Info-Telecom Systems segment, along with a lift from a weaker yen. Operating income came to ¥27.2 billion, a year-on-year increase of ¥13.7 billion, on fixed-cost cuts achieved via structural reforms and an impact of the product mix improvement in the Printers segment, in addition to a contribution from the weaker yen.





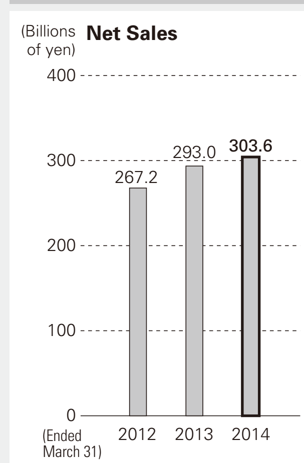
SEGMENT INFORMATION

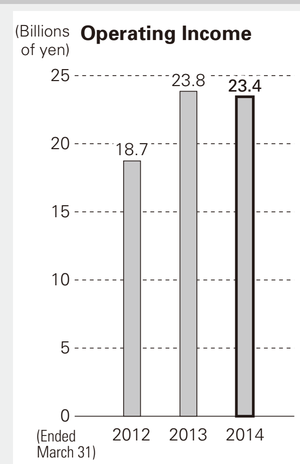
Info-Telecom Systems

In the Info-Telecom Systems segment, sales increased by 3.6% year on year to ¥303.6 billion. In the solutions & services business, despite growth in financial systems-related solutions, sales declined due to a decrease of large service-related projects. In the telecom systems business, sales rose steadily in enterprises network and maintenance and construction work along with core network. In the social infrastructure systems business, sales grew due to digitalization of wireless communication systems for firefighting and emergency use and solid demand in disaster prevention-related equipment. In the mechatronics systems business, sales climbed thanks to brisk domestic demands in ATMs for convenience stores and cash handling equipment and bank branch terminals for financial institutions coupled with broadly favorable ATM trends in China, despite a delay in shipments to one of the customers until the next period. Also, the sales increase due to a weaker yen was ¥8.1 billion.

Operating income in the Info-Telecom Systems segment slid ¥400 million from the year-ago level to ¥23.4 billion due to price declines and higher costs.

Info-Telecom Systems



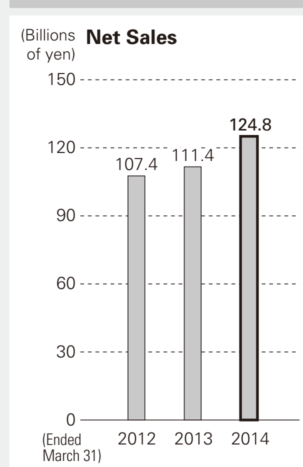


Printers

In the Printers segment, net sales increased by 12.1% year on year to ¥124.8 billion. In LED printers, sales of business-use LED printers increased due to a better product mix reflecting a shift to higher value-added models resulted from redefining its marketing strategy in conjunction with favorable sales of new products for the office solutions/proffesional domains. In dot-impact printers, the size of the overall market continued to shrink. The sales increase from a weaker yen came to ¥17.0 billion.

Operating income in the Printers segment totaled ¥5.1 billion, a sharp improvement of ¥13.9 billion year-on-year due to a better product mix coupled with cuts to fixed costs coming from structural reforms.

Printers



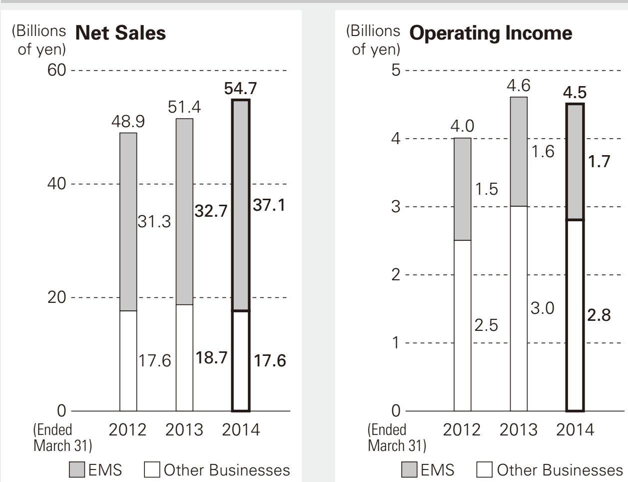
EMS Segment, Other Businesses

Sales in the EMS segment rose 13.6% year-on-year to ¥37.1 billion, and sales of Other Businesses fell by 6.3% year-on-year to ¥17.6 billion. In the EMS segment, sales increased due to solid demand from the telecom equipment market as well as an effect from consolidating OKI Circuit Technology Co., Ltd*. As for Other Businesses, sales declined, despite a solid performance in the components-related business, due to a fall-off of shipments to amusement markets.

Operating income in the EMS segment improved ¥100 million year-on-year to ¥1.7 billion, and operating income in Other Businesses deteriorated by ¥200 million year-on-year to ¥2.8 billion.

*OKI Circuit Technology Co., Ltd. changed its corporate name on April 1, 2014 from its former name of OKI TANAKA Circuits Co., Ltd.

EMS Segment, Other Businesses



NET INCOME

Net income increased by ¥13.8 billion year-on-year to ¥27.4 billion, reflecting the booking of ¥11.3 billion in foreign exchange gains in the non-operating section due to yen weakness as well as the booking of ¥4.3 billion in costs arising from structural reforms to the Printers segment etc. Against this backdrop, net income per share came to ¥36.21 for fiscal year 2013.

ASSETS AND LIABILITIES

At the fiscal year-end, total assets were up ¥63.2 billion year-on-year to ¥412.5 billion. Due to a net income of ¥27.4 billion and other factors, shareholders' equity increased by ¥32.6 billion year on year to ¥88.7 billion. As a result, the shareholders' equity ratio came to 21.5%.

With respect to major increases and decreases in assets, cash and cash equivalents increased by ¥17.0 billion, notes and accounts receivable grew by ¥9.5 billion, inventories rose ¥10.3 billion, and assets relating to retirement benefits were up ¥27.5 billion.

Total liabilities increased by ¥27.9 billion. Notes and accounts payable increased by ¥9.9 billion, and deferred tax liabilities increased by ¥16.4 billion, while debt came to ¥119.0 billion, down ¥1.5 billion from ¥120.5 billion at the previous fiscal year-end.

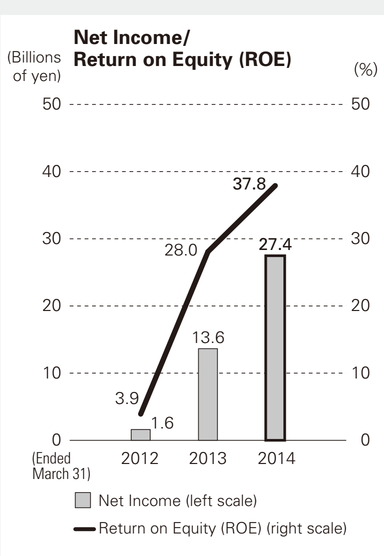
CASH FLOWS

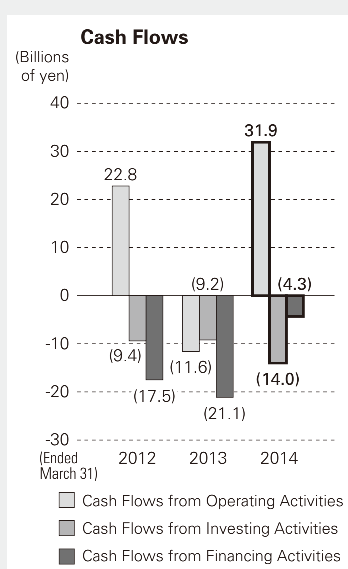
Net cash provided by operating activities amounted to ¥31.9 billion, a turnaround of ¥43.5 billion year on year from an outflow in the prior fiscal year. This was mainly due to improvements in net income before taxes and minority interests and working capital.

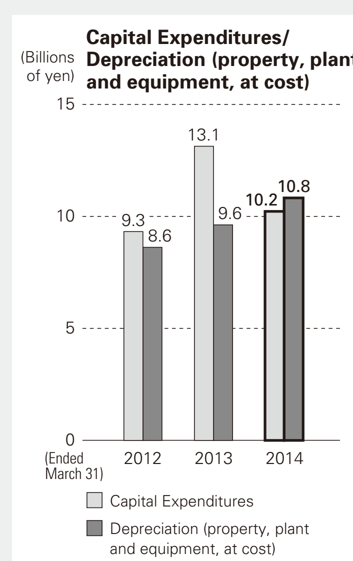
Net cash used in investing activities totaled ¥14.0 billion, up ¥4.8 billion from the previous fiscal year. Main outflows were for purchases of property, plant, and equipment.

As a result, free cash flows, which are the sum of cash from operating activities and investing activities, turned positive with a net inflow of ¥17.9 billion, a year-on-year improvement of ¥38.7 billion from an outflow in the prior fiscal year.

Net cash used in financing activities amounted to ¥4.3 billion with the payment of preferred stock dividends and loan repayments, a year-on-year reduction in outflows of ¥16.8 billion.







As a result, the balance of cash and cash equivalents at the consolidated fiscal year-end stood at ¥50.9 billion, up from ¥35.9 billion at the prior year-end.

CAPITAL EXPENDITURES, DEPRECIATION, AND RESEARCH AND DEVELOPMENT EXPENSES

Capital expenditures declined by ¥2.9 billion year on year to ¥10.2 billion. This is due to ending recovery-related investment after flooding in Thailand in the prior fiscal year. Depreciation increased ¥1.2 billion year on year to ¥10.8 billion. Centering on the Info-Telecom Systems segment, R&D expenses totaled ¥13.0 billion, down ¥1.0 billion year on year.

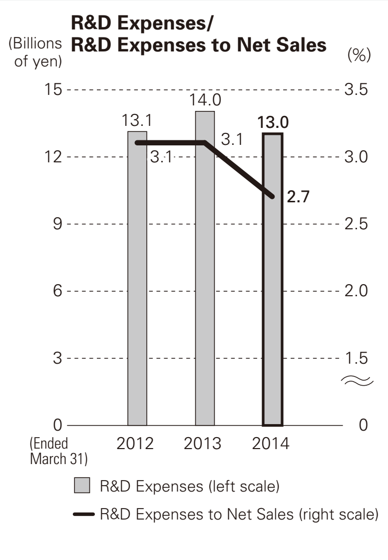
OUTLOOK FOR FISCAL YEAR ENDING MARCH 31, 2015

In the fiscal year ending March 31, 2015, the broad-based recovery is in place, while there are concerns about of the prolonged fiscal problem and geo-political risks in Europe, in addition to the effects of the tapering of U.S. credit expansion. In Japan, consumers purchase dropped in some items after rush demand ahead of the April 1, 2014 consumption tax rise, but the overall economy is expected to continue recovering moderately.

In the fiscal year ending March 31, 2015, the first year of the Group's Mid-Term Business Plan 2016, the OKI Group will steer it to "growth" mode. The Group will ensure stable profits for core businesses and accelerate activities for realizing sustainable growth. Under this business plan, the Info-telecom Systems business will strive to capture the strong current domestic demand while growing revenues in the China ATM business, an area that has entered a phase of stable growth. The Printers business will strive to improve its profitability through stronger marketing strategies. In addition, OKI will accelerate the development of its global businesses by establishing a stable ATM business in Brazil and by expanding ATM sales in other regions. To achieve sustainable growth, OKI will undertake full-scale activities to venture into the next-generation social infrastructure business, and develop businesses in the areas of medicine, new energy, and other fields in the maintenance and EMS businesses. Through these efforts, OKI plans to achieve net sales of ¥525.0 billion, up ¥41.9 billion from the previous year.

Operating income is expected to increase by ¥1.3 billion year on year to ¥28.5 billion by securing stable profits in core businesses. Net income is expected to fall by ¥9.9 billion year on year to ¥17.5 billion, as yen weakness is not considered to impact non-operating income, while the Company will drop expenses on structural reforms to the Printers business, which was booked in the previous year.

The above forecasts for the fiscal year ending March 31, 2015, are based on exchange rate assumptions of ¥100 to the U.S. dollar and ¥135 to the euro.



Performance Forecasts for the Fiscal Year Ending March 31, 2015

(Billions of yen unless otherwise stated)

Net Sales	Operating Income	Net Income	Net Income per Share (Yen)
¥525.0	¥28.5	¥17.5	¥22.68

BUSINESS AND OTHER RISKS

The forecasts and projected operating results contained in this report are based on information available and assumptions deemed rational at the time of preparation, and thus entail inherent uncertainties. Accordingly, investors are cautioned that actual results may differ materially from those projected as a result of a variety of factors. The following items are business and other risks that the OKI Group considers may significantly influence investors' judgments. The following are also major factors that could possibly affect the Group's actual performance.

It should be noted, however, that factors that may affect the Group's performance are not limited to these items. The OKI Group is aware of the potential impact these risks may have if any were to occur and is implementing measures to avoid such occurrence, as well as to minimize the weight of their impact should they occur.

(1) Political and Economic Trends

Demand for the OKI Group's products is subject to political and economic trends in the individual countries and regions in which they are sold. Accordingly, economic recession, the resulting contraction in demand in the OKI Group's principal operating markets of Japan, North America, Europe, Asia, and South America and changes in the import-export policy for foreign products may impact its business performance and financial position.

(2) Sudden Technological Innovation

The OKI Group's principal business segments, comprising Info-Telecom Systems and Printers, are subject to rapid technological innovation. Accordingly, the OKI Group strives to preserve its competitive advantage through new technology and product research and development. In the event, however, that the OKI Group is unable to keep pace with technological innovations, is burdened with obsolete products, and is unable to deliver products and services that appeal to customers, its performance and financial position may be affected.

(3) Market Trends

1. The product and geographical markets in which the OKI Group operates are subject to frequent entry by new participants and persistent competition. In an effort to secure competitive advantage, the OKI Group strives to enhance product development and reduce costs. In the event the OKI Group is unable to implement effective product development and cost rationalization measures and fails to maintain and secure sufficient market share, its business performance and financial position may be affected.
2. The performance of Info-Telecom Systems segment is subject to a variety of factors including: (1) changes in investment trends by financial institutions due to revisions of financial regulation, poor performance and other factors; (2) changes in investment trends by telecommunication carriers owing to amendments to telecommunication regulations, shifts in business strategy and other factors, and; (3) a significant decline in public-sector investment due to national and local government policies.
3. The printer market is experiencing intense price competition, particularly in color printers. In an effort to secure a strong market position and profitability, the OKI Group is endeavoring to develop new products and reduce costs. Despite these efforts, continued downward revisions to product prices may impact the Printers segment's performance.

(4) Raw Materials and Component Procurement

The OKI Group procures a variety of raw materials and components in support of its manufacturing activities. The ability to ensure timely product shipment, avoid delays in product delivery and minimize opportunity loss is dependent upon the stable supply of raw materials, components, specialized parts and alternative components. The OKI Group's performance and financial position may therefore be affected in the event stable supply cannot be maintained due to natural disasters and other factors.

The OKI Group is reliant upon the direct and indirect supply of crude oil and materials, such as metals, as a part of its manufacturing activities. A sharp rise in the price of these and other key materials may impact the OKI Group's performance and financial position.

(5) Product Defects and Delays in Delivery

Despite every effort to maintain quality assurance, the OKI Group is unable to eliminate all possibility of product and service defects. In the event of a product or service defect, the OKI Group may be liable for damages. In addition, any incidence of defect may impact the OKI Group's reputation and standing and contribute to a drop in demand. In either case, the OKI Group's performance and financial position may be affected.

While the OKI Group adopts complete and thorough measures to ensure the timely delivery of its products and services, unforeseen incidents in design, material procurement and production control may lead to a delay in shipment. In this case, the OKI Group may become liable for the payment of damages.

(6) Success or Failure of Strategic Alliances

The OKI Group is aggressively engaged with other companies in strategic alliances in research and development, manufacturing, sales and other activities. While the OKI Group only enters into and maintains such alliances with the utmost caution, there may in theory be instances where the OKI Group is not able to obtain the desired cooperation from the strategic partner in business strategy, production and technical development, fund procurement or other activity, or where the alliance does not yield satisfactory results. The OKI Group's performance and financial condition may be adversely affected by such an event.

(7) Overseas Business Activities

The OKI Group is engaged in manufacturing and sales activities across a variety of countries and regions. Accordingly, it is subject to a number of risks specific to overseas business activities, including country risk and foreign currency fluctuation risk. The OKI Group operates production sites in Thailand, China, and Brazil. The OKI Group's performance and financial position may therefore be affected in the event of economic recession, political turmoil, movements in local currency exchange rates and unforeseen circumstances in either of these countries.

To minimize foreign currency fluctuation risk, the OKI Group enters into forward currency and currency swap contracts to address fluctuations of the yen against the U.S. dollar and euro. However, the OKI Group cannot guarantee the complete removal of risk, and abrupt fluctuations in foreign currency exchange rates in particular may affect the OKI Group's performance and financial position.

(8) Patents and Intellectual Property

The OKI Group strives to protect its patents and to secure new patents with the aim of differentiating the OKI Group from its competitors. Failure to do so may impact the performance of relevant businesses. The OKI Group is also active in securing the necessary approvals and authorization from third parties for the use of external patents required in the development and manufacture of new products. In the event the OKI Group is unable to secure patents or rights, or secures patents or rights under unfavorable terms and conditions, its performance and financial position may be affected.

The OKI Group endeavors to comply with patents held by third parties. It is not, however, in a position to completely guarantee the OKI Group will not violate intellectual property rights held by another party. In the event the OKI Group is involved in a claim relating to the violation of intellectual property rights, it is likely to incur legal and other expenses. In the event the OKI Group is found to have breached intellectual property rights held by another party, then it is likely to incur damages. In either event, the performance and financial position of the OKI Group may be affected.

(9) Statutory and Regulatory Compliance

The OKI Group is subject to statutory and regulatory requirements, business and investment application and approval, export restrictions relating to national security and other factors, import regulations including customs and taxation and a variety of government ordinances in each of the countries and regions in which it operates. The OKI Group is also subject to statutory and regulatory requirements relating to commerce, antitrust, patents and intellectual property rights, taxation, foreign currencies, the environment and recycling. In the event the OKI Group is unable to comply with any of the aforementioned or any unexpected changes occur, the possibility exists that its activities would be restricted or suspended. Accordingly, the aforementioned and other statutory and regulatory requirements may impact the OKI Group's performance and financial position.

(10) Natural and Other Disasters
The OKI Group conducts periodic inspections and implements a variety of accident, disaster and fire prevention measures to minimize stoppages of its production lines. However, there is no guarantee that the OKI Group will be able to completely prevent accidents as well as natural and other disasters that negatively affect the operations of its production facilities. Moreover, accidents in production lines due to earthquake, wind or flood damage or electric outages as well as natural and other disasters in the countries where the OKI Group conducts marketing operations may adversely impact the Group's performance and financial position.

(11) Information Management
Although the OKI Group implements defense measures to protect its internal systems against computer viruses and the leakage of information, the Group cannot guarantee complete protection from system failure and information leakage attributable to human error, new virus strains other like causes. The Group, therefore, faces the risk of cumulative losses should there be a breech in the information management structure.

(12) Procurement and Training of Human Resources
The ability to secure and foster high-quality human resources is a key factor in ensuring further growth as a stable earnings company. Accordingly, the OKI Group strives to recruit capable employees at every level, including new graduates and mid-career employees. In an effort to foster exceptional human resources, the OKI Group also conducts on-the-job training, education and a variety of training activities. In the event the OKI Group is unable to secure and foster high-quality human resources or a number of key employees leave the OKI Group, future growth may be affected.

(13) Interest-Rate Fluctuations
The OKI Group maintains interest-bearing debt that is subject to the impact of fluctuations in interest rates. The OKI Group utilizes interest-rate swaps and other instruments to manage the risks of interest-rate fluctuations. However, there is a possibility that interest charges may suffer an increase associated with a rise in interest rates and that the increased cost of raising capital would adversely affect the Group's ability to raise working capital.

(14) Changes to Accounting Standards
The OKI Group makes consolidated and non-consolidated financial statements in accordance with accounting standards generally recognized as fair and accurate. Should changes to accounting standards occur, there is a possibility that the OKI Group's performance and financial position may be adversely affected.

(15) Debt Recovery
While the OKI Group constantly appraises the financial situation of its customers and sets aside an adequate amount of allowances based on its provision for bad debts after the Balance Sheet date, a sudden deterioration in the financial condition of a major customer could exert a negative influence on the OKI Group's performance.

(16) Impairment Loss on Fixed Assets
In the event that it becomes necessary for the OKI Group to dispose of impairment loss on fixed assets, such as tangible and intangible fixed assets, investment and other assets, the Group's performance and financial position may be adversely affected.

(17) Deferred Tax Assets
The OKI Group amortizes deferred assets against retained losses carried forward and temporary differences as appropriate. In the event the OKI Group is unable to liquidate deferred tax assets due to the decline in taxable income brought on by fluctuations in its business results, the OKI Group's performance may be affected.

(18) Retirement Benefit Obligations
The OKI Group provides for retirement benefit obligations based on a discount rate established using actuarial calculations and on long-term expected rate of return on pension assets. However, such preconditions and assumptions are susceptible to changes in market interest rates and stock market trends, which may cause actual results to differ from such preconditions and assumptions. Such an event could lead to an increase in retirement benefit obligations and impact the OKI Group's performance and financial position.

(19) Stock Price Fluctuations
The OKI Group holds shares in listed companies as part of its investment securities portfolio. Falling share prices may lead to valuation losses or declines in unrealized gains on such holdings, which may impact the OKI Group's performance and financial position.

(20) Dilution of Stocks
On December 22, 2010, the OKI Group made a private placement issuance of Class A Preferred Stocks to a third party, with the aim of building a strong business foundation capable of generating stable, sustained profits and dramatically improving its financial base. Holders of Class A Preferred Stocks have the right to request purchase of common stocks as compensation (purchase request period: April 1, 2014–March 31, 2024) and a purchase provision (lump purchase on April 1, 2024). In the event that, in the future, common stocks are issued as a result of such purchase request or purchase provision, existing common stocks will become diluted, which may impact the stock price.

CONSOLIDATED BALANCE SHEET

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
As of March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	**2014**	2013	**2014**
Current assets:			
Cash and cash equivalents (Notes 3 and 7)	**¥ 50,866**	¥ 35,894	**$ 498,686**
Time deposits (Note 7)	**34**	10	**333**
Securities (Notes 3 and 7)	**—**	502	**—**
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	**2,449**	2,052	**24,009**
Other	**139,221**	131,770	**1,364,911**
Less: Allowance for doubtful receivables	**(8,684)**	(7,600)	**(85,137)**
Inventories (Note 4)	**85,285**	74,963	**836,127**
Other current assets (Note 9)	**9,349**	9,401	**91,656**
Total current assets	**278,522**	246,994	**2,730,607**
Investments and long-term receivables:			
Investments in and advances to unconsolidated subsidiaries and affiliates (Notes 5 and 7)	**5,730**	4,878	**56,176**
Other investments in securities (Notes 3, 6 and 7)	**27,027**	23,829	**264,970**
Asset for retirement benefits (Note 8)	**27,507**	—	**269,676**
Other long-term receivables	**853**	866	**8,362**
Less: Allowance for doubtful receivables	**(828)**	(936)	**(8,117)**
Total investments and long-term receivables	**60,291**	28,638	**591,088**
Property, plant and equipment, at cost (Note 6)**:**			
Land	**12,201**	12,343	**119,617**
Buildings	**76,895**	78,064	**753,872**
Machinery and equipment	**118,218**	117,800	**1,159,000**
Construction in progress	**601**	1,629	**5,892**
	207,917	209,838	**2,038,401**
Less: Accumulated depreciation	**(151,723)**	(152,008)	**(1,487,480)**
Property, plant and equipment, net	**56,193**	57,829	**550,911**
Other assets (Note 9)	**17,506**	15,861	**171,627**
Total assets	**¥ 412,514**	¥ 349,322	**$ 4,044,254**

LIABILITIES	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 2) 2014
Current liabilities:			
Short-term borrowings (Notes 6 and 7)	**¥ 55,410**	¥ 56,371	**$ 543,235**
Current portion of long-term debt (Notes 6 and 7)	**49,067**	18,821	**481,049**
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	**859**	897	**8,421**
Other	**88,067**	74,448	**863,401**
Other accrued expenses	**37,447**	33,688	**367,127**
Other current liabilities (Note 9)	**11,420**	12,902	**111,960**
Total current liabilities	**242,272**	197,129	**2,375,215**
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	**14,526**	45,332	**142,411**
Retirement benefit (Note 8)	**—**	20,209	**—**
Liability for retirement benefits (Note 8)	**20,594**	—	**201,901**
Other long-term liabilities (Notes 7 and 9)	**43,202**	30,025	**423,549**
Total long-term liabilities	**78,322**	95,567	**767,862**
Total liabilities	**320,595**	292,697	**3,143,088**
NET ASSETS			
Shareholders' equity (Notes 10 and 18)**:**			
Capital stock: Authorized—2,400,000,000 shares Common stock: Issued—731,438,670 shares in 2014 and 2013 Class A preferred stock: Issued—30,000 shares in 2014 and 2013	**44,000**	44,000	**431,372**
Additional paid-in capital	**21,554**	21,554	**211,313**
Retained earnings (Accumulated deficit)	**18,382**	(7,788)	**180,215**
Less: Treasury stock, at cost: 3,614,428 shares in 2014 and 3,465,556 shares in 2013	**(432)**	(399)	**(4,235)**
Total shareholders' equity	**83,504**	57,366	**818,666**
Accumulated other comprehensive income:			
Net unrealized holding gain on other securities	**4,333**	2,192	**42,480**
Loss on deferred hedges	**(389)**	(656)	**(3,813)**
Translation adjustments	**(10,358)**	(2,829)	**(101,549)**
Retirement benefits liability adjustments	**11,644**	—	**114,156**
Total accumulated other comprehensive income	**5,230**	(1,293)	**51,274**
Subscription rights to shares	**79**	79	**774**
Minority interests in consolidated subsidiaries	**3,104**	473	**30,431**
Total net assets	**91,918**	56,625	**901,156**
Contingent liabilities (Note 19)			
Total liabilities and net assets	**¥ 412,514**	¥ 349,322	**$ 4,044,254**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF INCOME

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2014	2013	**2014**
Net sales	**¥ 483,112**	¥ 455,824	**$ 4,736,392**
Cost of sales	**354,635**	337,406	**3,476,813**
Gross profit	**128,477**	118,417	**1,259,578**
Selling, general and administrative expenses	**101,281**	104,942	**992,950**
Operating income	**27,196**	13,475	**266,627**
Other income (expenses):			
Interest expense	**(2,522)**	(3,003)	**(24,725)**
Interest and dividend income	**900**	651	**8,823**
Equity in earnings of affiliates	**339**	84	**3,323**
Foreign exchange gain, net	**11,277**	8,792	**110,558**
Taxes and dues	**(448)**	(86)	**(4,392)**
Commission for syndicate loan	**(446)**	(239)	**(4,372)**
Gain on sale of investments in securities	**553**	678	**5,421**
Gain on bargain purchase (Note 12)	**102**	—	**1,000**
Insurance income (Note 13)	**322**	—	**3,156**
Gain on transfer of business (Note 14)	**123**	—	**1,205**
(Loss) gain on sale and disposition of property, plant and equipment	**(659)**	2,109	**(6,460)**
Loss on impairment of fixed assets	**(184)**	(219)	**(1,803)**
Write-downs of investments in securities	**—**	(225)	**—**
Business restructuring expenses (Note 15)	**(4,311)**	—	**(42,264)**
Loss on liquidation of subsidiaries (Note 16)	**(841)**	(4,011)	**(8,245)**
Other, net (Note 8)	**359**	629	**3,519**
	4,564	5,159	**44,745**
Income before income taxes and minority interests	**31,761**	18,634	**311,382**
Income taxes (Note 9):			
Current	**3,820**	4,106	**37,450**
Deferred	**394**	656	**3,862**
	4,214	4,762	**41,313**
Income before minority interests	**27,546**	13,872	**270,058**
Minority interests in earnings of consolidated subsidiaries	**(187)**	(273)	**(1,833)**
Net income (Note 20)	**¥ 27,359**	¥ 13,599	**$ 268,225**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2014	2013	**2014**
Income before minority interests	**¥ 27,546**	¥ 13,872	**$ 270,058**
Other comprehensive income			
Net unrealized holding gain on other securities	**2,099**	3,993	**20,578**
Gain on deferred hedges	**266**	317	**2,607**
Translation adjustments	**(7,511)**	(2,157)	**(73,637)**
Share of other comprehensive income of equity-method affiliates	**40**	15	**392**
Total other comprehensive income	**(5,104)**	2,167	**(50,039)**
Comprehensive income	**¥ 22,442**	¥ 16,040	**$ 220,019**
Comprehensive income attributable to:			
Owners of the parent	**¥ 22,237**	¥ 15,734	**$ 218,009**
Minority interests	**¥ 205**	¥ 305	**$ 2,009**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2014

		Shareholders' equity					Accumulated other comprehensive income							
	Numbers of shares issued	Capital stock	Additional paid-in capital	(Accumu-lated deficit) retained earnings (Note 1)*	Treasury stock, at cost	Total sharehold-ers' equity (Note 1)*	Net unreal-ized holding (loss) gain on other securities	(Loss) gain on deferred hedges	Translation adjustments (Note 1)*	Retirement benefits liability adjustments	Total accumulated other comprehen-sive income (Note 1)*	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets (Note 1)*
	(Thousands)													Millions of yen
Balance at March 31, 2012	731,468	¥44,000	¥ 21,554	¥(20,968)	¥ (38)	¥44,547	¥(1,815)	¥ (973)	¥ (632)	¥ —	¥(3,422)	¥ 79	¥ 46	¥ 41,251
Cash dividends paid				(1,321)		(1,321)								(1,321)
Net income				13,599		13,599								13,599
Purchases of treasury stock					(361)	(361)								(361)
Changes in scope of consolidation				902		902								902
Other, net							4,008	317	(2,196)	—	2,128	—	426	2,554
Net changes during the year	—	—	—	13,179	(361)	12,818	4,008	317	(2,196)	—	2,128	—	426	15,373
Balance at March 31, 2013	**731,468**	**44,000**	**21,554**	**(7,788)**	**(399)**	**57,366**	**2,192**	**(656)**	**(2,829)**	**—**	**(1,293)**	**79**	**473**	**56,625**
Cash dividends paid				**(1,032)**		**(1,032)**								**(1,032)**
Net income				**27,359**		**27,359**								**27,359**
Purchases of treasury stock					**(32)**	**(32)**								**(32)**
Increase due to the merger				**157**		**157**								**157**
Changes in scope of consolidation				**(313)**		**(313)**								**(313)**
Other, net							**2,140**	**266**	**(7,528)**	**11,644**	**6,523**	**—**	**2,631**	**9,155**
Net changes during the year	**—**	**—**	**—**	**26,171**	**(32)**	**26,138**	**2,140**	**266**	**(7,528)**	**11,644**	**6,523**	**—**	**2,631**	**35,293**
Balance at March 31, 2014	**731,468**	**¥ 44,000**	**¥ 21,554**	**¥ 18,382**	**¥ (432)**	**¥ 83,504**	**¥ 4,333**	**¥ (389)**	**¥ (10,358)**	**¥11,644**	**¥ 5,230**	**¥ 79**	**¥ 3,104**	**¥ 91,918**

		Shareholders' equity					Accumulated other comprehensive income							
	Numbers of shares issued	Capital stock	Additional paid-in capital	(Accumu-lated deficit) retained earnings (Note 1)*	Treasury stock, at cost	Total sharehold-ers' equity (Note 1)*	Net unrealized holding gain on other securities	(Loss) gain on deferred hedges	Translation adjustments (Note 1)*	Retirement benefits liability adjustments	Total accumulated other comprehen-sive income (Note 1)*	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets (Note 1)*
	(Thousands)													Thousands of U.S. dollars (Note 2)
Balance at March 31, 2013	**731,468**	**$ 431,372**	**$ 211,313**	**$ (76,352)**	**$ (3,911)**	**$ 562,411**	**$ 21,490**	**$ (6,431)**	**$ (27,735)**	**$ —**	**$ (12,676)**	**$ 774**	**$ 4,637**	**$ 555,147**
Cash dividends paid				**(10,117)**		**(10,117)**								**(10,117)**
Net income				**268,225**		**268,225**								**268,225**
Purchases of treasury stock					**(313)**	**(313)**								**(313)**
Increase due to the merger				**1,539**		**1,539**								**1,539**
Changes in scope of consolidation				**(3,068)**		**(3,068)**								**(3,068)**
Other, net							**20,980**	**2,607**	**(73,803)**	**114,156**	**63,950**	**—**	**25,794**	**89,754**
Net changes during the year	**—**	**—**	**—**	**256,578**	**(313)**	**256,254**	**20,980**	**2,607**	**(73,803)**	**114,156**	**63,950**	**—**	**25,794**	**346,009**
Balance at March 31, 2014	**731,468**	**$ 431,372**	**$ 211,313**	**$180,215**	**$ (4,235)**	**$ 818,666**	**$ 42,480**	**$ (3,813)**	**$ (101,549)**	**$114,156**	**$ 51,274**	**$ 774**	**$ 30,431**	**$ 901,156**

*The Balance at March 31, 2012 is restated.
The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2014	2013	**2014**
Cash flows from operating activities:			
Net income	**¥ 27,359**	¥ 13,599	**$ 268,225**
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	**14,249**	13,021	**139,696**
Loss on impairment of fixed assets	**184**	219	**1,803**
(Reversal of) provisions	**(20,352)**	(5,040)	**(199,529)**
Write-downs loss of investment in securities	**—**	225	**—**
Gain on sale of investments in securities	**(553)**	(672)	**(5,421)**
Loss (gain) on sale and disposition of property, plant and equipment	**634**	(2,109)	**6,215**
Deferred income taxes	**394**	656	**3,862**
Other, net	**(4,990)**	(3,424)	**(48,921)**
Changes in operating assets and liabilities:			
Notes and accounts receivable	**5,009**	3,487	**49,107**
Inventories	**(371)**	(1,307)	**(3,637)**
Notes and accounts payable	**(3,075)**	(17,963)	**(30,147)**
Accrued income taxes	**2,424**	(1,520)	**23,764**
Other accrued expenses	**586**	(121)	**5,745**
Other assets and liabilities	**10,370**	(10,668)	**101,666**
Net cash provided (used in) by operating activities	**31,868**	(11,619)	**312,431**
Cash flows from investing activities:			
Decrease in time deposits and marketable securities	**484**	1,007	**4,745**
(Increase) decrease in investments and other long-term receivables	**(279)**	5,826	**(2,735)**
Purchases of property, plant and equipment	**(7,771)**	(11,881)	**(76,186)**
Purchases of intangible assets	**(3,664)**	(2,977)	**(35,921)**
Purchases of investment in subsidiaries resulting in change in scope of consolidation	**(2,746)**	(1,188)	**(26,921)**
Net cash used in investing activities	**(13,977)**	(9,214)	**(137,029)**
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	**(2,056)**	571	**(20,156)**
Issuance of long-term debt	**20,440**	4,325	**200,392**
Repayment of long-term debt	**(21,212)**	(22,867)	**(207,960)**
Proceeds from sale and lease-back transactions	**1,969**	885	**19,303**
Repayment of lease obligations	**(2,338)**	(2,313)	**(22,921)**
Cash dividends paid	**(1,032)**	(1,321)	**(10,117)**
Other, net	**(41)**	(372)	**(401)**
Net cash used in financing activities	**(4,270)**	(21,093)	**(41,862)**
Effect of exchange rate changes on cash and cash equivalents	**1,084**	1,368	**10,627**
Net increase (decrease) in cash and cash equivalents	**14,703**	(40,558)	**144,147**
Cash and cash equivalents at beginning of the year	**35,894**	74,996	**351,901**
Cash of newly consolidated subsidiaries at beginning of the year	**32**	1,426	**313**
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	**235**	29	**2,303**
Cash and cash equivalents at end of the year	**¥ 50,866**	¥ 35,894	**$ 498,686**
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	**¥ 2,546**	¥ 3,040	**$ 24,960**
Income taxes	**¥ 1,396**	¥ 5,626	**$ 13,686**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements of Oki Electric Industry Co., Ltd. (the "Company") and consolidated subsidiaries (the "Group") have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The accompanying consolidated statements of cash flows, which have not been prepared under the same requirements as those specified in the Japanese accounting standard for cash flows, are presented in a format similar to that required under accounting standards generally accepted in the United States, and the concept and format are almost identical to those required under the Japanese standard.

On August 8, 2012, the Company announced that improper accounting had been conducted at an overseas consolidated subsidiary. Improper practices were performed by recording fictitious sales, overstating accounts receivable (cover up of unrecoverable accounts receivable) and not recording of existing debt at Oki Systems Iberica S.A.U. which is an overseas consolidated subsidiary of OKI Data Corporation in printer business.

As a result of investigation by External Investigative Committee, the Company retroactively restated the consolidated financial statements for the year ended March 31, 2012.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and all significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in significant affiliates are accounted for by the equity method. Other investments in unconsolidated subsidiaries and affiliates are stated at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written them down to reflect the impairment.

(c) Foreign currency transactions

(1) The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries at the average rates of exchange in effect during the year. The balance sheet accounts, except for the components of net assets excluding minority interests in consolidated subsidiaries, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of net assets excluding minority interests in consolidated subsidiaries are translated at their historical exchange rates. Differences arising from translation where two exchange rates have been used are presented under translation adjustments as a component of net assets.

(2) Current and non-current monetary assets and liabilities denominated in foreign currencies of the Company and domestic consolidated subsidiaries are translated into yen at the exchange rates in effect at the balance sheet date, except for those hedged by forward foreign exchange contracts which are translated at the contracted rates.

All revenues and expenses are translated at the average rate for the month prior to the transaction.

Gains and losses arising from foreign exchange differences are credited or charged to income in the year in which they are made or incurred, except for those arising from forward foreign exchange contracts pertaining to long-term debt which are deferred and amortized over the periods of the respective contracts.

(d) Cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(e) Securities

Held-to-maturity debt securities are either amortized or accumulated to face value. Other securities with quoted market prices are carried at market value. The difference between the acquisition cost and the carrying value of other securities, net of the applicable income taxes, is recognized as a component of net assets and is reflected as "Net unrealized holding gain (loss) on other securities." The cost of other securities sold is computed by the moving average method. Other securities without quoted market prices are stated at cost based on the moving average method.

(f) Inventories

Inventories are principally stated at cost determined by the following methods. Overseas subsidiaries adopt the lower of cost or market method.

Finished goods—Moving average method
Work in process—Specific identification method
Raw materials and supplies—Moving average method

(g) Property, plant and equipment, and depreciation (Except for assets leased)

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is principally computed by the declining balance method over the estimated useful lives of the respective assets. However, buildings (excluding leasehold improvements) acquired on or after April 1, 1998 by the Company and domestic consolidated subsidiaries are depreciated by the straight-line method over their respective estimated useful lives. Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

(h) Intangible assets and amortization (Except for assets leased)

Intangible assets, including capitalized computer software costs, are amortized by the straight-line method over their respective estimated useful lives.

(i) Leases

Depreciation of assets on finance leases which do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with their residual value of zero, except the leases started on or before March 31, 2008. The leases which were started on or before March 31, 2008 are principally accounted for as operating leases.

(j) Retirement benefits

(1) Attributing expected retirement benefits to a period
When calculating retirement benefit obligations, the Company applies the point system or the straight-line method to attribute expected retirement benefits to the period until the end of the fiscal year.

(2) Accounting for actuarial gains and losses, prior service costs, and differences arising from the initial adoption of the accounting standard.
Differences arising from the initial adoption of the accounting standard 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.

(k) Income taxes

Deferred income taxes are recognized by the asset and liability method under which deferred tax assets and liabilities are determined based on the difference between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(l) Hedge accounting

Forward foreign exchange contracts and currency swap contracts are accounted for by hedge accounting which requires that unrealized gains or losses be deferred as assets or liabilities. Forward foreign exchange contracts and currency swap contracts which meet certain criteria are accounted for by the allocation method which is utilized to hedge against risks arising from fluctuation in foreign currency exchange rates. Interest-rate swaps which meet the required criteria are accounted for by a special method (as stipulated in the accounting standard for financial instruments) as if the interest rates applied to the interest-rate swaps had originally applied to the underlying borrowings. Interest-rate swaps contracts are utilized to hedge market risks which may arise in the future with respect to short-term and long-term loans with variable interest rates.

The Group has developed hedging policies to control various aspects of derivatives transactions, including levels of authorization and transaction volume. Based on these policies, the Group hedges risks arising from fluctuation in foreign currency exchange rates and interest rates. During the period from the inception of a hedge position to the assessment of its effectiveness, the Group reviews the effectiveness of all its hedging policies in order to monitor and control the cumulative cash flows and to respond to any changes in the market.

(m) Changes in methods of accounting

As of the end of the fiscal year ended March 31, 2014, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; the "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; the "Guidelines for Retirement Benefits") (excluding, however, provisions provided for in the main clause of Section 35 of the Retirement Benefits Accounting Standard and that of Section 67 of the Guidelines for Retirement Benefits).

The Company changed to the method of posting the amount after deducting pension assets from retirement benefit obligations as Liability for retirement benefits, and books unrecognized differences arising from the initial adoption of the accounting standard unrecognized prior service cost, and unrecognized actuarial gains and losses as such liability. In case the amount of pension assets exceeds retirement benefit obligations, they are posted as Asset for retirement benefits.

Regarding the application of the Retirement Benefits Accounting Standard, etc., the Company abides by the transitional handling provided for in Section 37 of the Retirement Benefits Accounting Standard, and makes an addition/reduction of the effect from such change in Retirement benefits liability adjustments in accumulated other comprehensive income at the end of the fiscal year.

As a result, as of the end of the fiscal year ended March 31, 2014, the Company posted ¥27,507 million ($269,676 thousand) as Asset for retirement benefits and ¥20,225 million ($198,284 thousand) as Liability for retirement benefits. Accumulated other comprehensive income increased by ¥11,644 million ($114,156 thousand).

Net assets per share increased by ¥16.00 ($0.15).

2. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥102 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2014. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. SECURITIES

Securities at March 31, 2014 and 2013 were summarized as follows. Securities for which it is extremely difficult to reasonably measure its fair value are not included in the table below.

Other securities

	Millions of yen						Thousands of U.S. dollars		
	2014			2013			**2014**		
	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference
Other securities whose fair value recorded in balance sheet exceeds their acquisition costs:									
Equity securities	**¥ 18,116**	**¥ 10,932**	**¥ 7,184**	¥ 13,092	¥ 8,633	¥ 4,458	**$ 177,607**	**$ 107,176**	**$ 70,431**
Bonds	**—**	**—**	**—**	301	301	0	**—**	**—**	**—**
Other	**7**	**7**	**0**	—	—	—	**68**	**68**	**0**
Subtotal	**18,124**	**10,939**	**7,184**	13,393	8,935	4,458	**177,686**	**107,245**	**70,431**
Other securities whose fair value recorded in balance sheet does not exceed their acquisition costs:									
Equity securities	**1,773**	**2,280**	**(506)**	3,528	4,547	(1,018)	**17,382**	**22,352**	**(4,960)**
Bonds	**3**	**3**	**—**	202	202	(0)	**29**	**29**	**—**
Certificates of deposit	**4,000**	**4,000**	**—**	6,000	6,000	—	**39,215**	**39,215**	**—**
Other	**9**	**9**	**—**	14	14	—	**88**	**88**	**—**
Subtotal	**5,786**	**6,292**	**(506)**	9,745	10,764	(1,018)	**56,725**	**61,686**	**(4,960)**
Total	**¥ 23,910**	**¥ 17,232**	**¥ 6,677**	¥ 23,139	¥ 19,699	¥ 3,439	**$ 234,411**	**$ 168,941**	**$ 65,460**

4. INVENTORIES

Inventories at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Finished goods	**¥ 34,203**	¥ 31,215	**$ 335,323**
Work in process	**22,652**	18,856	**222,078**
Raw materials and supplies	**28,429**	24,890	**278,715**
Total	**¥ 85,285**	¥ 74,963	**$ 836,127**

5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Investments stated:			
By the equity method	**¥ 4,698**	¥ 4,591	**$ 46,058**
At cost or less	**997**	287	**9,774**
Advances	**34**	—	**333**
Total	**¥ 5,730**	¥ 4,878	**$ 56,176**

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Loans, principally from banks, at weighted-average interest rates of 1.5% and 1.6% at March 31, 2014 and 2013, respectively:			
Secured	**¥ 6,700**	¥ 6,700	**$ 65,686**
Unsecured	**48,710**	49,671	**477,549**
Total	**¥ 55,410**	¥ 56,371	**$ 543,235**

Long-term debts at March 31, 2014 and 2013 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Loans from banks, insurance companies and government agencies, due through 2018:			
Secured	**¥ 454**	¥ 589	**$ 4,450**
Unsecured	**63,139**	63,564	**619,009**
Subtotal	**63,594**	64,153	**623,470**
Less: Current portion	**(49,067)**	(18,821)	**(481,049)**
Total	**¥ 14,526**	¥ 45,332	**$ 142,411**

At March 31, 2014, ¥7,154 million ($70,137 thousand) of long-term debt and short-term borrowings were collateralized by assets amounting to ¥15,230 million ($149,313 thousand).

As is customary in Japan, both short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees (or additional collateral or guarantees, as appropriate) with respect to present and future indebtedness be given at the request of the lending bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset the obligations with any cash deposited with the bank.

The aggregate annual maturities of long-term debt subsequent to March 31, 2014 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥ 49,067	$ 481,049
2016	8,582	84,137
2017	4,526	44,372
2018	922	9,039
2019 and thereafter	494	4,843
Total	¥ 63,594	$ 623,470

The Group has access to substantial sources of funds at numerous banks worldwide. Total unused credit available to the Group at March 31, 2014 was ¥15,564 million ($152,588 thousand).

7. FINANCIAL INSTRUMENTS

(a) Summary of financial instruments

The 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 credit risks associated with notes and accounts receivable from customers, 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.

(b) Disclosure about fair value of financial instruments

The fair values of financial instruments at March 31, 2014 and 2013 were summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2014			2013			**2014**		
	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference
(1) Cash and deposits (*1)	**¥ 46,901**	**¥ 46,901**	**¥ —**	¥ 29,904	¥ 29,904	¥ —	**$ 459,813**	**$ 459,813**	**$ —**
(2) Notes and accounts receivable	**133,383**			123,886			**1,307,676**		
Allowance for doubtful receivables (*2)	**(8,177)**			(7,040)			**(80,166)**		
	125,205	**125,205**	**—**	116,846	116,846	—	**1,227,500**	**1,227,500**	**—**
(3) Securities and investments in securities (*3)	**27,017**	**26,274**	**(742)**	26,271	25,017	(1,254)	**264,872**	**257,588**	**(7,274)**
Total assets	**199,124**	**198,381**	**(742)**	173,021	171,767	(1,254)	**1,952,196**	**1,944,911**	**(7,274)**
(1) Notes and accounts payable	**73,312**	**73,312**	**—**	63,416	63,416	—	**718,745**	**718,745**	**—**
(2) Short-term borrowings	**55,410**	**55,410**	**—**	56,371	56,371	—	**543,235**	**543,235**	**—**
(3) Other accrued expenses	**34,956**	**34,956**	**—**	31,666	31,666	—	**342,705**	**342,705**	**—**
(4) Long-term debt (*4)	**63,594**	**63,664**	**70**	64,153	64,147	(5)	**623,470**	**624,156**	**686**
Total liabilities	**227,273**	**227,343**	**70**	215,607	215,601	(5)	**2,228,166**	**2,228,852**	**686**
Derivative transactions (*5)	**¥ (524)**	**¥ (524)**	**¥ —**	¥ (1,604)	¥ (1,604)	¥ —	**$ (5,137)**	**$ (5,137)**	**$ —**

*1 Cash and deposits are included in "Cash and cash equivalents" and "Time deposits" in the consolidated balance sheets.

*2 It comprises the allowance for doubtful receivables in respect to Notes and accounts receivable.

*3 Securities and investments in securities are included in "Cash and cash equivalents," "Securities," "Investments in and advances to unconsolidated subsidiaries and affiliates" or "Other investments in securities" in the consolidated balance sheets.

*4 Long-term debt that will be reimbursed within one year is classified as "Current portion of long-term debt" in the consolidated balance sheets.

*5 The amount of the receivables and payables derived from derivative transactions is presented on a net basis and the amounts in parentheses are liabilities as the result of netting.

Notes:

1. Fair value measurements of financial instruments and investment in securities and derivative transaction

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable

These fair values are presented at amount recorded in balance sheets, since they are settled in a short period of time and their fair value reasonably approximates the amount recorded in the balance sheets.

(3) Securities and investments in securities

The fair value of securities is based on the market price on the stock exchange. The fair value of bond is based on the quotes presented by the financial institutions.

Liabilities

(1) Notes and accounts payable, (2) Short-term borrowings, and (3) Other accrued expenses

These fair values are presented at amount recorded in balance sheets, since they are settled in a short period of time and their fair value reasonably approximates the amount recorded in the balance sheets.

(4) Long-term debt

The fair value is based primarily on the method of calculation whereby the sum of principal and interest amounts is discounted by an assumed interest rate to be applied for newly borrowed long-term loans. Some long-term borrowings with floating interest rates and related interest rate swaps are accounted for using special accounting treatment applicable to interest rate swaps. 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 to be applied for newly borrowed long-term loans under similar borrowing terms.

Derivative transactions

Described in Note 17.

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

Unlisted equity securities (¥9,598 million ($94,098 thousand) and ¥8,746 million) and investments in a limited liability joint business partnership (¥18 million ($176 thousand) and ¥55 million) at March 31, 2014 and 2013, respectively, 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.

8. RETIREMENT BENEFITS

For the year ended March 31, 2014

The Company and domestic consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution plans.

The noncontributory defined benefit plan that is a funded plan adopts a cash balance plan. In this plan, amount of benefit in which the "Point" based on the pay level is multiplied by rate based on the Japanese Government Bonds is provided to employee as pension or lump-sum payment.

The lump-sum retirement benefit is provided employee in accordance with the "Point" based on the business results, and the length of service. The lump-sum retirement payment plans are unfunded plans excluding the Company. The Company's plan is a funded plan due to contribution to the pension and retirement benefit trust.

Several overseas consolidated subsidiaries have defined benefit and defined contribution pension plans.

The Company has pension and retirement benefit trust.

Certain consolidated subsidiaries appraise projected benefit obligation and retirement benefit expenses of lump-sum retirement payment plans by the simplified method.

The changes in the retirement benefit obligation during the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Retirement benefit obligation at April 1, 2013	**¥111,578**	**$ 1,093,901**
Service cost	**2,905**	**28,480**
Interest cost	**1,583**	**15,519**
Actuarial gain	**(154)**	**(1,509)**
Retirement benefit paid	**(7,740)**	**(75,882)**
Other	**539**	**5,284**
Retirement benefit obligation at March 31, 2014	**¥108,713**	**$ 1,065,813**

The changes in plan assets during the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Plan assets at April 1, 2013	**¥ 95,331**	**$ 934,617**
Expected return on plan assets	**2,383**	**23,362**
Actuarial gain	**19,256**	**188,784**
Contributions by the Company and subsidiaries	**4,690**	**45,980**
Retirement benefits paid	**(5,670)**	**(55,588)**
Other	**5**	**49**
Plan assets at March 31, 2014	**¥115,995**	**$ 1,137,205**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Funded retirement benefit obligation	**¥ 95,414**	**$ 935,431**
Plan assets at fair value	**(115,995)**	**(1,137,205)**
	(20,581)	**(201,774)**
Unfunded retirement benefit obligation	**13,298**	**130,372**
Net liability for retirement benefits in the balance sheet	**(7,282)**	**(71,392)**
Liability for retirement benefits	**20,225**	**198,284**
Asset for retirement benefits	**(27,507)**	**(269,676)**
Net asset for retirement benefits in the balance sheet	**¥ (7,282)**	**$ (71,392)**

The components of retirement benefit expense for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Service cost	**¥ 2,905**	**$ 28,480**
Interest cost	**1,583**	**15,519**
Expected return on plan assets	**(2,383)**	**(23,362)**
Amortization of actuarial gain	**2,588**	**25,372**
Amortization of prior service cost	**(1,604)**	**(15,725)**
Amortization of transition obligation arising from the initial adoption of a new method of accounting	**2,121**	**20,794**
Other(1)	**3,258**	**31,941**
Retirement benefit expense	**¥ 8,470**	**$ 83,039**

(1) Special retirement payment of ¥2,662 million ($26,098 thousand) and the amortization of actuarial loss of ¥595 million ($5,833 thousand) for business dissolution of certain subsidiaries.
(2) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end are included in "Service cost".

Unrecognized prior service cost and unrecognized actuarial gain included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Unrecognized prior service cost	**¥ (8,161)**	**$ (80,009)**
Unrecognized actuarial gain	**(20,836)**	**(204,274)**
Unrecognized transition obligation arising from the initial adoption of a new method of accounting	**2,120**	**20,784**
Total	**¥ (26,877)**	**$ (263,500)**

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 were as follows:

	2014
Bonds	**36%**
Stocks	**49**
Other	**15**
Total*	**100%**

* The Company's pension and retirement benefit trust consists of 42% of the plan assets.

The expected return on assets has been estimated based on the average rate of the latest 3 years in consideration of the assets composition ratio.

The assumptions used in accounting for the above plans were as follows:

	2014
Discount rate	**1.4%**
Expected rate of return on plan assets	**2.5**

The Company and domestic consolidated subsidiaries paid for defined contribution pension plans of ¥2,103 million ($20,617 thousands) for the year ended March 31, 2014.

For the year ended March 31, 2013
The Company and domestic consolidated subsidiaries have a noncontributory defined benefit pension plan and lump-sum retirement payment plans which cover substantially all employees who terminate their employment with the Group.

The Company and the domestic consolidated subsidiaries that joined the OKI Pension Fund transferred some portion of their lump-sum retirement payment plans to defined contribution pension plans on June 1, 2011.

Several overseas consolidated subsidiaries have defined benefit and defined contribution pension plans.

Eligible employees, upon termination of their employment with the Group, may receive certain additional payments under the plans.

The Company has pension and retirement benefit trust.

The Company and 18 domestic consolidated subsidiaries joined the OKI Pension Fund which was established on January 1, 2005.

The following is a summary of the plans at March 31, 2013:

	Millions of yen
	2013
Projected benefit obligation	¥ (111,578)
Fair value of plan assets	95,331
Funded status	(16,247)
Transition differences arising from initial adoption of new accounting standard for retirement benefits	4,242
Unrecognized actuarial gain or loss	1,732
Unrecognized prior service cost	(9,550)
Obligation recognized in the consolidated balance sheets	(19,823)
Prepaid pension cost	—
Allowance for retirement benefits	¥ (19,823)

(1) Certain domestic consolidated subsidiaries have applied a simplified method, as permitted, to calculate their projected benefit obligation.
(2) The above "Allowance for retirement benefits" does not include the "allowance for retirement benefits to directors and statutory auditors." Therefore, it differs from the retirement benefits reported in the accompanying consolidated balance sheets.

Components of net periodic pension cost for the years ended March 31, 2013 were as follows:

	Millions of yen
	2013
Service cost during the year	¥ 3,311
Interest cost on projected benefit obligation	2,279
Expected return on plan assets	(1,965)
Amortization of obligation at transition	2,121
Amortization of actuarial difference	3,263
Amortization of prior service cost	(1,604)
Other cost	2,064
Net periodic pension cost	¥ 9,469

(1) The allowance for retirement benefits was determined by the simplified method by certain consolidated subsidiaries and their net periodic pension cost has been included in service cost of benefits earned during the year.
(2) Other cost is the contributions paid for defined contribution pension plans.

Assumptions used in the actuarial calculation:

	Year ended March 31, 2013
Discount rate:	1.40%
Expected rates of return:	2.50%
Amortization period for prior service cost:	11-13 years (amortized by the straight-line method over a period which falls within the average remaining years of service of the participants in the plans, commencing the year subsequent to the year in which the cost was incurred).
Amortization period for actuarial difference:	11-13 years (amortized by the straight-line method over a period which falls within the average remaining years of service of the participants in the plans, in the year subsequent to the year in which such difference was incurred).
Amortization period for transition obligation arising from the initial adoption of a new method of accounting:	15 years, except for certain consolidated subsidiaries which charged or credited it to income when incurred, and certain overseas subsidiaries which charge it directly to retained earnings.

9. INCOME TAXES

Deferred tax assets and liabilities at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Deferred tax assets:			
Loss carryforwards	**¥ 27,363**	¥ 33,369	**$ 268,264**
Nondeductible retirement benefits	**—**	12,159	**—**
Liability for retirement benefits	**17,523**	—	**171,794**
Excess of allowance for doubtful receivables and nondeductible bad debts expenses	**7,543**	6,205	**73,950**
Nondeductible accounts payable for revision of retirement payment plan	**7,302**	9,365	**71,588**
Nondeductible accrued bonuses	**4,591**	4,211	**45,009**
Nondeductible write-downs of inventories	**3,081**	2,983	**30,205**
Nondeductible write-downs of investments on securities	**2,159**	2,158	**21,166**
Nondeductible loss on impairment of fixed assets	**1,546**	1,578	**15,156**
Other	**7,059**	6,992	**69,205**
Gross deferred tax assets	**78,172**	79,024	**766,392**
Less: Valuation allowance	**(67,262)**	(68,065)	**(659,431)**
Total deferred tax assets	**10,909**	10,959	**106,950**
Deferred tax liabilities:			
Asset for retirement benefits	**(15,448)**	—	**(151,450)**
Nondeductible unrealized gain on contribution of securities to a pension trust	**(3,830)**	(3,830)	**(37,549)**
Net unrealized holding gain on other securities	**(2,362)**	(1,222)	**(23,156)**
Other	**(364)**	(490)	**(3,568)**
Total deferred tax liabilities	**(22,006)**	(5,543)	**(215,745)**
Net deferred tax (liabilities) assets	**¥ (11,096)**	¥ 5,415	**$ (108,784)**

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Other current assets	**¥ 6,503**	¥ 6,634	**$ 63,754**
Other assets	**707**	723	**6,931**
Other current liabilities	**—**	—	**—**
Other long-term liabilities	**18,307**	1,942	**179,480**
Net deferred tax (liabilities) assets	**¥ (11,096)**	¥ 5,415	**$ (108,784)**

Income taxes applicable to the Company and domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 38% for the years ended March 31, 2014 and 2013, respectively. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rates applicable in their respective countries of incorporation. A reconciliation between the statutory tax rates and the effective tax rates as a percentage of income before income taxes and minority interests for the years ended March 31, 2014 and 2013 were summarized as follows:

	2014	2013
Statutory tax rates	**38.0 %**	38.0 %
Additions to (deductions from) income taxes resulting from:		
Permanent differences not recognized for tax purposes such as dividends received	**(0.5)**	(0.5)
Permanent nondeductible differences such as entertainment expenses	**2.8**	2.1
(Decrease) increase in valuation allowance for deferred tax assets	**(26.1)**	4.4
Per capita portion of inhabitants' taxes	**1.0**	1.6
Downward adjustment of deferred tax assets at the end of the year due to tax rate change	**2.1**	—
Other, net	**(4.0)**	(20.0)
Effective tax rates	**13.3 %**	25.6 %

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No.10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014. In addition, the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 4 of 2014) and the “Act for Partial Amendment of the Local Corporate Tax Act, etc.” (Act No.11 of 2014) were promulgated on March 31, 2014 and the Company is subject to the amended Local Corporate Tax effective for fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rate used to measure the Company’s deferred tax assets and liabilities was changed from 38.0% to 36.0% for the temporary differences expected to be realized or settled from fiscal years beginning April 1, 2014. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets after offsetting deferred tax liabilities by ¥719 million ($7,049 thousand) and increase deferred income taxes by ¥682 million ($6,686 thousand) and loss on deferred hedges and Retirement benefits liability adjustments decreased ¥0 million ($0 thousand) and ¥37 million ($362 thousand), respectively as of and for the year ended March 31, 2014.

10. SHAREHOLDERS’ EQUITY

Companies Act of Japan (the “Act”) provides that amounts from additional paid-in capital and retained earnings may be distributed to the shareholders at any time by resolution of the shareholders or that of the board of directors if certain provisions are met subject to the extent of the applicable sources of such distributions. The Act further provides that amounts equal to 10% of such distributions be transferred to the capital reserve included in additional paid-in capital or the legal reserve included in retained earnings based on the applicable sources of such distributions until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account.

11. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the years ended March 31, 2014 and 2013 were as follows:

Millions of yen		Thousands of U.S. dollars
2014	2013	**2014**
¥ 12,959	¥ 13,982	**$ 127,049**

12. GAIN ON BARGAIN PURCHASE

For the year ended March 31, 2014, the Company acquired the shares of certain subsidiaries. As the total of consideration transferred was less than the fair value of the net assets of the subsidiaries acquired, the difference between them was recognized as bargain purchase gain.

13. INSURANCE INCOME

For the year ended March 31, 2014, certain subsidiary recorded insurance compensation for losses arising from flooding in Thailand.

14. GAIN ON TRANSFER OF BUSINESS

For the year ended March 31, 2014, certain subsidiary recognized gain due to the sale of the insurance business.

15. BUSINESS RESTRUCTURING EXPENSES

For the year ended March 31, 2014, certain subsidiaries in the printer business recognized the losses on abandonment of assets and the severance cost for restructuring business.

16. LOSS ON LIQUIDATION OF SUBSIDIARY

The Company and the subsidiaries recognized the loss on abandonment of assets and the severance cost due to the business liquidation for the year ended March 31, 2014.

17. DERIVATIVES

Derivative transactions at March 31, 2014 and 2013 were as follows:

(a) Derivative transactions which do not qualify for hedge accounting

Forward foreign exchange contract

	Millions of yen				Thousands of U.S. dollars			
	2014				**2014**			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Sell:								
Euro	**¥ 7,078**	**¥ —**	**¥ (143)**	**¥ (143)**	**$ 69,392**	**$ —**	**$ (1,401)**	**$ (1,401)**
Buy:								
U.S. Dollars	**1,855**	**—**	**(3)**	**(3)**	**18,186**	**—**	**(29)**	**(29)**
Total	**¥ 8,933**	**¥ —**	**¥ (146)**	**¥ (146)**	**$ 87,578**	**$ —**	**$ (1,431)**	**$ (1,431)**

	Millions of yen			
	2013			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Sell:				
Euro	¥ 7,915	¥ —	¥ (1,029)	¥ (1,029)
Buy:				
U.S. Dollars	1,148	—	73	73
Total	¥ 9,064	¥ —	¥ (955)	¥ (955)

Note: Fair value is based on the quotes presented by the financial institutions.

(b) Derivative transactions which qualify for hedge accounting

(1) Forward foreign exchange contract

		Millions of yen			Thousands of U.S. dollars		
		2014			**2014**		
	Hedged item	Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Sell:							
U.S. Dollars	Accounts receivable	**¥ 123**	**¥ —**	**¥ (0)**	**$ 1,205**	**$ —**	**$ (0)**
Euro	Accounts receivable	**993**	**—**	**4**	**9,735**	**—**	**39**
Buy:							
U.S. Dollars	Accounts payable	**4,901**	**—**	**30**	**48,049**	**—**	**294**
Total		**¥ 6,017**	**¥ —**	**¥ 33**	**$ 58,990**	**$ —**	**$ 323**

		Millions of yen		
		2013		
	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Sell:				
U.S. Dollars	Accounts receivable	¥ 315	¥ —	¥ (2)
Euro	Accounts receivable	302	—	0
Buy:				
U.S. Dollars	Accounts payable	1,667	—	23
Total		¥ 2,284	¥ —	¥ 22

Note: Fair value is based on the quotes presented by the financial institutions.

(2) Currency swaps

		Millions of yen			Thousands of U.S. dollars		
		2014			**2014**		
	Hedged item	Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Pay Yen/receive U.S.Dollars	Long-term borrowings	**¥ 2,286**	**¥ 1,778**	**¥ (26)**	**$ 22,411**	**$ 17,431**	**$ (254)**

Note: Fair value is based on the quotes presented by the financial institutions.

(3) Interest rate swaps

	Hedged item	Millions of yen 2014 Contract amount	Contract amount over 1 year	Fair value	Thousands of U.S. dollars 2014 Contract amount	Contract amount over 1 year	Fair value
Pay fixed/receive floating	Short-term borrowings	**¥ 25,000**	**¥ 20,000**	**¥ (411)**	**$245,098**	**$ 196,078**	**$ (4,029)**
	Long-term borrowings	**3,168**	**1,004**	*****	**31,058**	**9,843**	*****
Total		**¥ 28,168**	**¥ 21,004**	**¥ (411)**	**$276,156**	**$ 205,921**	**$ (4,029)**

	Hedged item	Millions of yen 2013 Contract amount	Contract amount over 1 year	Fair value
Pay fixed/receive floating	Short-term borrowings	¥ 25,000	¥ 25,000	¥ (670)
	Long-term borrowings	4,136	2,168	*
Total		¥ 29,136	¥ 27,168	¥ (670)

* Derivative transactions subject to special accounting treatment applied 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.

Note: Fair value is based on the quotes presented by the financial institutions.

18. LEASES

Lease payments relating to finance leases started before March 31, 2008, accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥97million ($950 thousand) and ¥379 million for the years ended March 31, 2014 and 2013, respectively.

The leases which were started on or before March 31, 2008 are principally accounted for as operating leases.

Leased assets held under finance leases accounted for as operating leases at March 31, 2014 and 2013 were as follows:

	Millions of yen 2014	2013	Thousands of U.S. dollars 2014
Machinery and equipment	**¥ 175**	¥ 774	**$ 1,715**
Other	**6**	20	**58**
Less: Accumulated depreciation	**160**	689	**1,568**
Total	**¥ 21**	¥ 105	**$ 205**

Depreciation is computed by applying the straight-line method over the estimated useful lives of the related assets assuming that the Company guarantees a nil residual value at the end of the term of each lease.

The following is a schedule of future minimum lease payments under finance leases accounted for as operating leases:

Year ending March 31,	Millions of yen	Thousands of U.S.dollars
2015	¥ 15	$ 147
2016 and thereafter	8	78
Total	¥ 24	$ 235

Minimum rental payments subsequent to March 31, 2014 required under operating leases with noncancelable lease terms in excess of one year are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S.dollars
2015	¥ 2,352	$ 23,058
2016 and thereafter	10,412	102,078
Total	¥ 12,765	$ 125,147

19. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
As guarantors of employees' housing loans	**¥ 460**	¥ 568	**$ 4,509**
Other	**—**	34	**—**
Total	**¥ 460**	¥ 602	**$ 4,509**

20. AMOUNTS PER SHARE

In accordance with the accounting standard for earnings per share, basic net income per share is computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average numbers of shares of common stock outstanding during each year assuming full conversion of the convertible bonds and full exercise of the subscription rights to shares. Net assets per share are based on the number of shares of common stock outstanding at the year end.

	Yen		U.S.dollars
	2014	2013	**2014**
Net income:			
Basic	**¥ 36.21**	¥ 17.24	**$ 0.35**
Diluted	**26.13**	12.05	**0.25**

	Yen		U.S.dollars
	2014	2013	**2014**
Net assets	**¥ 79.32**	¥ 34.40	**$ 0.77**

21. STOCK OPTION PLANS

At March 31, 2014, the following employee stock option plans of the Company had been approved by the shareholders:

Date of approval by shareholders	June 29, 2004	June 29, 2005	June 29, 2006	June 26, 2007
Grantees	9 directors, 12 executive officers, 9 management officials and 4 directors of subsidiaries	9 directors, 12 executive officers, 8 management officials and 3 directors of subsidiaries	10 directors, 11 executive officers, 7 management officials and 1 director of a subsidiary	9 directors, 10 executive officers, 6 management officials and 1 director of a subsidiary
Type of shares to be issued	Common stock	Common stock	Common stock	Common stock
Number of shares reserved	452,000 shares	442,000 shares	342,000 shares	509,000 shares
Exercise price	¥ 458	¥ 406	¥ 277	¥ 248
Exercisable period	July 1, 2006– June 28, 2014	July 1, 2007– June 28, 2015	July 1, 2008– June 28, 2016	July 1, 2009– June 25, 2017

22. BUSINESS COMBINATION

Business combinations for the year ended March 31, 2014 consisted of the following:
(Business combination by acquisition)

1. Name and business of the acquired company
   Name: BR INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A.
   Business: Design, develop, manufacture, sell automated equipment and provide services

2. Main reasons for the business combination
   OKI's Mid-term Business Plan 2016 announced on November 12, 2013 sets expansion of overseas businesses as one of the most important management strategies. Within its ATM business, OKI's cash-recycling ATM has a strong track record in China, Russia and Indonesia. In order to further expand its overseas business and help accelerate business growth, OKI has established an ATM business company that includes banking as well as retail automation, and services in Brazil.

3. Date of the business combination
   January 10, 2014

4. Legal form of the business combination
   Acquisition of shares

5. Name of company after business combination
   OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A. ("OBR")

6. Percentage of voting rights acquired
   70.0%

7. Principal reasons for determining the acquiring company
   Since the Company delivered the consideration of the acquired shares, which consisted of cash only, the Company is determined to be the acquiring company.

8. Period of the acquired company's financial results included in the consolidated financial statements.
   The operating result of the acquiree was not included in the consolidated statement of income for the year ended March 31, 2014, because the Company deemed the acquisition date as December 31, 2013, and used the financial statement of the subsidiary as of December 31, 2013, in the preparation of the consolidated financial statements.

9. Acquisition costs

Consideration paid for the acquisition	Cash	¥ 6,070 million ($ 59,509 thousand)
Expenses directly required for the acquisition	Advisory fee and other	¥ 609 million ($ 5,970 thousand)
Total		¥ 6,680 million ($ 65,490 thousand)

10. Amount of goodwill recognized, reason for recognition and amortization method and period of amortization.

a) Amount of goodwill ¥626 million ($6,137 thousand) *1
b) Reasons
   Future business activities are expected to generate excess profitability.
c) Amortization method and period
   Goodwill is amortized by the straight-line over the estimated period expected to yield benefits. *2

11. Amounts of assets and liabilities acquired on the day of business combination.*1

Current assets	¥ 12,526 million ($ 122,803 thousand)
Non-current assets	¥ 2,576 million ($ 25,254 thousand)
Total assets	¥ 15,102 million ($ 148,058 thousand)
Current liabilities	¥ 5,597 million ($ 54,872 thousand)
Long-term liabilities	¥ 346 million ($ 3,392 thousand)
Total liabilities	¥ 5,944 million ($ 58,274 thousand)

*1 The allocation of acquisition cost was not completed at the end of the consolidated financial year ended March 31, 2014 and the cost is provisionally recognized based on reasonable information available at that point of time.
*2 The company determines the amortization period in accordance with the result of the allocation of acquisition costs.

23. SEGMENT INFORMATION

Business segments

The Group classifies its businesses into Info-Telecom Systems, Printers and EMS.

The segment information for the years ended March 31, 2014 and 2013 were summarized as follows:

	Millions of yen							
	2014							
	Segments							
For the year ended March 31	Info-Telecom Systems	Printers	EMS	Subtotal	Other	Total	Adjustments	Consolidated
Sales to third parties	**¥ 303,600**	**¥ 124,831**	**¥ 37,111**	**¥ 465,543**	**¥ 17,569**	**¥ 483,112**	**¥ —**	**¥ 483,112**
Inter-segment sales and transfers	**4,189**	**5,048**	**137**	**9,376**	**21,099**	**30,475**	**(30,475)**	**—**
Net sales	**307,790**	**129,879**	**37,249**	**474,919**	**38,669**	**513,588**	**(30,475)**	**483,112**
Operating income (loss)	**¥ 23,416**	**¥ 5,125**	**¥ 1,656**	**¥ 30,198**	**¥ 2,844**	**¥ 33,043**	**¥ (5,846)**	**¥ 27,196**
Total assets	**¥ 208,778**	**¥ 75,154**	**¥ 25,125**	**¥ 309,058**	**¥ 25,494**	**¥ 334,553**	**¥ 77,960**	**¥ 412,514**
Depreciation and amortization	**¥ 5,365**	**¥ 4,771**	**¥ 937**	**¥ 11,074**	**¥ 1,013**	**¥ 12,088**	**¥ 1,116**	**¥ 13,204**
Amortization of the goodwill	**¥ 11**	**¥ 0**	**¥ —**	**¥ 11**	**¥ —**	**¥ 11**	**¥ (0)**	**¥ 11**
Investments in equity-method affiliates	**¥ 1,653**	**¥ —**	**¥ —**	**¥ 1,653**	**¥ 27**	**¥ 1,680**	**¥ 3,018**	**¥ 4,698**
Increase in property, plant, equipment and intangible assets	**¥ 8,049**	**¥ 2,725**	**¥ 800**	**¥ 11,576**	**¥ 784**	**¥ 12,361**	**¥ 1,063**	**¥ 13,424**

	Millions of yen							
	2013							
	Segments							
For the year ended March 31	Info-Telecom Systems	Printers	EMS	Subtotal	Other	Total	Adjustments	Consolidated
Sales to third parties	¥ 293,034	¥ 111,379	¥ 32,665	¥ 437,079	¥ 18,744	¥ 455,824	¥ —	¥ 455,824
Inter-segment sales and transfers	3,203	5,669	135	9,008	22,746	31,754	(31,754)	—
Net sales	296,238	117,049	32,800	446,088	41,490	487,578	(31,754)	455,824
Operating income (loss)	¥ 23,815	¥ (8,837)	¥ 1,569	¥ 16,548	¥ 3,014	¥ 19,563	¥ (6,087)	¥ 13,475
Total assets	¥ 183,527	¥ 73,673	¥ 23,256	¥ 280,456	¥ 24,710	¥ 305,166	¥ 44,155	¥ 349,322
Depreciation and amortization	¥ 4,913	¥ 3,921	¥ 1,014	¥ 9,849	¥ 998	¥ 10,847	¥ 1,202	¥ 12,049
Amortization of the goodwill	¥ 6	¥ 0	¥ —	¥ 6	¥ —	¥ 6	¥ 19	¥ 25
Investments in equity-method affiliates	¥ 1,433	¥ —	¥ —	¥ 1,433	¥ 27	¥ 1,460	¥ 3,130	¥ 4,591
Increase in property, plant, equipment and intangible assets	¥ 6,953	¥ 5,722	¥ 1,065	¥ 13,741	¥ 874	¥ 14,615	¥ 1,003	¥ 15,619

	Thousands of U.S. dollars							
	2014							
	Segments							
For the year ended March 31	Info-Telecom Systems	Printers	EMS	Subtotal	Other	Total	Adjustments	Consolidated
Sales to third parties	**$ 2,976,470**	**$ 1,223,833**	**$ 363,833**	**$ 4,564,147**	**$ 172,245**	**$ 4,736,392**	**$ —**	**$ 4,736,392**
Inter-segment sales and transfers	**41,068**	**49,490**	**1,343**	**91,921**	**206,852**	**298,774**	**(298,774)**	**—**
Net sales	**3,017,549**	**1,273,323**	**365,186**	**4,656,068**	**379,107**	**5,035,176**	**(298,774)**	**4,736,392**
Operating income (loss)	**$ 229,568**	**$ 50,245**	**$ 16,235**	**$ 296,058**	**$ 27,882**	**$ 323,950**	**$ (57,313)**	**$ 266,627**
Total assets	**$ 2,046,843**	**$ 736,803**	**$ 246,323**	**$ 3,029,980**	**$ 249,941**	**$ 3,279,931**	**$ 764,313**	**$ 4,044,254**
Depreciation and amortization	**$ 52,598**	**$ 46,774**	**$ 9,186**	**$ 108,568**	**$ 9,931**	**$ 118,509**	**$ 10,941**	**$ 129,450**
Amortization of the goodwill	**$ 107**	**$ 0**	**$ —**	**$ 107**	**$ —**	**$ 107**	**$ (0)**	**$ 107**
Investments in equity-method affiliates	**$ 16,205**	**$ —**	**$ —**	**$ 16,205**	**$ 264**	**$ 16,470**	**$ 29,588**	**$ 46,058**
Increase in property, plant, equipment and intangible assets	**$ 78,911**	**$ 26,715**	**$ 7,843**	**$ 113,490**	**$ 7,686**	**$ 121,186**	**$ 10,421**	**$ 131,607**

(1) Adjustments of Operating income (loss) consist principally of expenses in the Company's General and Administrative Department and research and development expenses within the Group amounting to ¥5,978 million ($58,607 thousand) and ¥6,158 million for the years ended March 31, 2014 and 2013, respectively.

(2) Adjustments of total assets consist principally of the Company's surplus funds, funds for long-term investments and assets belonging to the General and Administrative Department amounting to ¥209,605 million ($2,054,950 thousand) and ¥166,879 million at March 31, 2014 and 2013, respectively.

REPORT OF INDEPENDENT AUDITORS

EY
Building a better working world

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Independent Auditor's Report

The Board of Directors
Oki Electric Industry Co., Ltd.

We have audited the accompanying consolidated financial statements of Oki Electric Industry Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oki Electric Industry Co., Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC
June 25, 2014
Tokyo, Japan

COMPANY PROFILE

PROFILE (As of March 31, 2014)

Company Name:	Oki Electric Industry Co., Ltd.
Founded:	1881
Company Established:	November 1, 1949
Common Stock:	44,000 million yen
Employees:	21,090 (Consolidated) 3,788 (Non-consolidated)
President, Representative Director:	Hideichi Kawasaki
Head Office:	1-7-12 Toranomon, Minato-ku, Tokyo 105-8460, Japan Tel +81-3-3501-3111 URL http://www.oki.com

MAJOR SUBSIDIARIES AND AFFILIATES (As of July 1, 2014)

JAPAN

OKI Customer Adtech
OKI Consulting Solutions
Payment First
Japan Business Operations
OKI Software
OKI Wintech
OF Networks
OKI Comtec
Shizuoka OKI
OKI Seatec
Nagano OKI
OKI Printed Circuits
OKI Communication Systems
OKI Circuit Technology
OKI IDS
OKI Data
OKI Digital Imaging
M L Supply
OKI Micro Engineering
OKI Techno Power Systems
OKI Metaltech
OKI Sensor Device
OKI Engineering
OKI Proserve
OKI Electric Cable

AMERICAS

OKI Data Americas
OKI Data de Mexico
OKI Brasil
OKI Data do Brasil

EUROPE

OKI Europe
OKI (UK)
OKI Systems (UK)
OKI Systems (Danmark)
OKI Systems (Holland)
OKI Systems (Ireland)
OKI Systems (Italia)
OKI Systems (Norway)
OKI Systems (Sweden)
OKI Systems (Finland)
OKI Systèmes (France)
OKI Systems (Deutschland)
OKI Systems (Rus)
OKI Systems (Polska)
OKI Systems (Magyarország)
OKI Systems (Czech and Slovak)
OKI Sistem ve Yazici Çözümleri Ticaret

ASIA/OCEANIA

OKI Hong Kong
OKI Electric Industry (Shenzhen)
OKI Banking Systems (Shenzhen)
OKI Electric Technology (Kunshan)
OKI Software Technology
OKI Trading (Beijing)
OKI Data Dalian
OKI Systems Korea
OKI Data (Singapore)
OKI Data Manufacturing (Thailand)
OKI Precision (Thailand)
OKI Systems (Thailand)
OKI Proserve (Thailand)
OKI India
OKI Data (Australia)

INVESTOR INFORMATION

Number of Shares (As of March 31, 2014)

Authorized: 2,400,000 thousand
Issued (Common Stock): 731,438 thousand (including 3,341 thousand treasury stock)
Issued (Class A Preferred Stock): 30 thousand

Number of Shareholders (As of March 31, 2014)

Common Stock: 85,073
Class A Preferred Stock: 15

Stock Exchange Listing

First Section of the Tokyo Stock Exchange

Administrative Agent for the Company's Shareholder Register

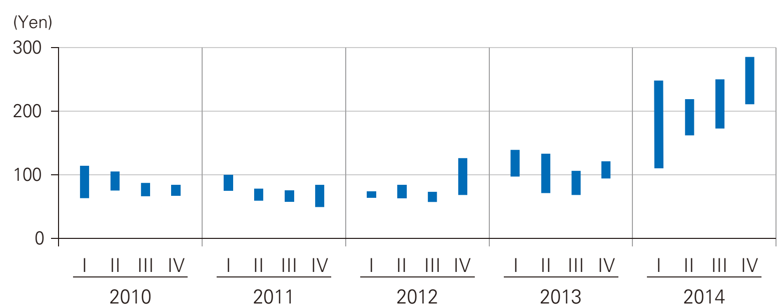
Mizuho Trust & Banking Co., Ltd.

Contact for Further Information

Investor Relations
Public Relations Division
Oki Electric Industry Co., Ltd.
1-7-12 Toranomon, Minato-ku, Tokyo 105-8460, Japan
Tel: +81-3-3501-3836 E-mail: ir-info@oki.com

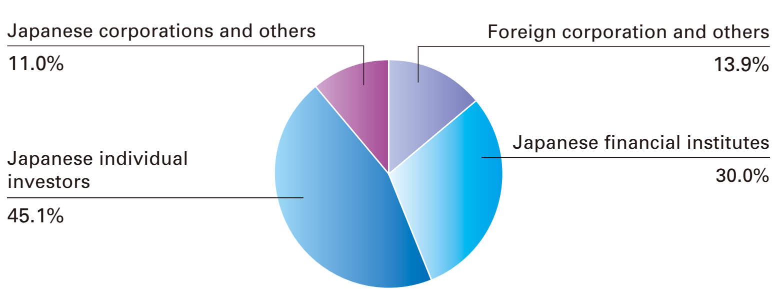
Common Stock Price Range on the Tokyo Stock Exchange

(Years ended March 31)



Breakdown of Shares Held by Shareholder Type (Common Stock)

(As of March 31, 2014)



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OKI

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