

# Fiscal 2001 Non-Consolidated Balance Sheet

May 22, 2002

Listed Company Name Nihon Inter Electronics Corp.  
TSE Code No: 6974

Listed exchange: Tokyo  
Head Office location  
Kanagawa Prefecture

Officer in charge of enquiries: General Manager of Accounting

Name: Yoichiro Sugita

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United States accounting standards: Applied

## 1. Non-Consolidated results for the year ended March 31, 2002

### (1) Business results

Note: Stated figures are round down to the nearest million

	Net sales		Operating income (loss)		Recurring profit (loss)	
	¥ million	%increase (decrease)	¥ million	%increase (decrease)	¥ million	%increase (decrease)
Year ended March 31, 2002	22,003	-30.1	-45	-	-165	-
Year ended March 31, 2001	31,479	15.8	1,513	103.4	1,271	189.0

	Net income (loss)		Net income per share		Net income per share after adjustment for shares, undiluted		Shareholders' equity		Total capital		Net sales	
	¥ million	%increase (decrease)	¥	¥	¥	¥	Net profit ratio	Recurring profit ratio	Recurring profit ratio	Recurring profit ratio	Recurring profit ratio	Recurring profit ratio
Year ended March 31, 2002	-1,454	-	-48.27	-	-	-	-15.9	-	-0.6	-	-	-0.8
Year ended March 31, 2001	-127	-	-4.44	-	-	-	-1.3	4.1	4.1	4.1	4.1	4.0

Note:

\* Average number of shares (consolidated)

Year ended March 31, 2002 : 30,126,973

Year ended March 31, 2001: 28,796,217

\*\* Changes to accounting methods: none

\*\*\* Percentages appended to net sales, operating income, recurring profit, and net income are the rate of increase (decline) compared with the same period of the previous year.

### (2) Dividends

	Annual Dividend Per Share			Total dividend (For the year)	Payout ratio	Ratio of dividends to shareholders' equity
	¥	Interim term	Fiscal year-end			
Year ended March 31, 2002	0.00	0.00	0.00	-	-	-
Year ended March 31, 2001	5.00	2.50	2.50	146	-	1.5

### (3) Financial Position

	Total assets		Shareholders' equity		Shareholders' equity ratio		Shareholders' equity per share	
	¥ million	¥ million	¥ million	¥ million	%	%	¥	¥
Year ended March 31, 2002	26,265	26,265	8,416	8,416	32.0	32.0	279.33	279.33
Year ended March 31, 2001	31,134	31,134	9,900	9,900	31.8	31.8	328.61	328.61

Note:

\* No. of issued shares at period-end

Year ended March 31, 2002 : 30,129,550

Year ended March 31, 2001 : 30,129,550

## 2. Projected results for fiscal 2003 (ending March 31, 2003)

	Net sales	Operating income (loss)	Recurring profit (loss)	Annual Dividend Per Share		
				Interim term	Fiscal year-end	
	¥ million	¥ million	¥ million	¥	¥	¥
Fiscal year ending March 31, 2002	12,000	500	300	2.50	-	-
Fiscal year ending March 31, 2002	25,000	1,300	750	-	2.50	5.00

Remarks: Projected net income (loss) per share (for the fiscal year): ¥ 24.89

# Financial Statements

## Balance Sheets

### Assets

Millions of yen

Item	Year ended March 31, 2002 (A)	Year ended March 31, 2001 (B)	Gain (loss) (A) - (B)
Current assets	16,695	21,173	-4,478
Cash and deposits in banks	1,309	1,228	81
Trade receivables	2,378	3,851	-1,473
Notes and accounts receivable	5,490	7,084	-1,594
Marketable securities	54	52	2
Treasury stock	-	0	0
Merchandise	1,290	1,925	-635
Products	2,380	2,331	49
Raw materials	703	782	-79
Work in process	993	1,390	-397
Inventories	40	37	3
Prepaid expenses	40	23	17
Short-term loans	942	1,859	-917
Accrued revenue	33	200	-167
Accounts receivable on compensatory materials	393	214	179
Deferred tax assets	641	191	450
Other current assets	6	29	-23
Allowance for doubtful accounts	-3	-31	28
Fixed assets	9,482	9,772	-290
Tangible fixed assets	5,371	6,354	-983
Buildings	2,203	2,342	-139
Structures	62	55	7
Machinery and equipment	1,991	2,430	-439
Vehicles	0	0	0
Tools, instruments and fixtures	280	301	21
Land	349	349	-
Construction in progress	484	875	-391
Intangible fixed assets	53	61	-8
Software	27	34	-7
Other fixed assets	26	27	-1
Investments and other assets	4,057	3,355	702
Investment securities	589	565	24
Shares of affiliated company	1,214	1,210	4
Long-term loans	288	96	192
Security deposits	127	132	-5
Long-term prepaid expenses	250	372	-122
Deferred tax assets	1,437	825	612
Other assets	251	173	78
Allowance for doubtful accounts	-101	-20	-81
Deferred assets	88	188	-100
Experiment and research expenses	88	188	-100
Total assets	26,265	31,134	-4,869

## Liabilities and Shareholders' Equity

Millions of yen

Item	Year ended March 31, 2002	Year ended March 31, 2001	Gain (loss)
<b>Current liabilities</b>	8,734	14,334	-5,600
Trade notes payable	2,131	3,977	-1,846
Accounts payable	1,247	2,188	-941
Short-term debt	4,964	5,716	-752
Accrued liabilities	51	63	-12
Accrued expenses	155	228	-73
Corporate Tax etc., Payables	9	755	-746
Deposits	12	20	-8
Allowance for employee bonuses	102	456	-354
Facilities-related bills payable	61	928	-867
<b>Fixed liabilities</b>	9,114	6,899	2,215
Long-term debt	6,952	4,436	2,516
Allowance for retirement benefits	2,138	2,437	-299
Other liabilities	24	26	-2
<b>Total liabilities</b>	17,849	21,233	-3,384
Shareholders' equity	3,904	3,904	-
Capital reserve	3,873	3,873	-
Revenue reserve	333	325	8
Other surplus	259	1,796	-1,537
Voluntary reserve	1,684	1,685	-1
Reserve for technical research	13	13	-
Reserve for reduction of fixed assets	18	19	-1
Contingent reserve	1,653	1,653	-
Retained earnings	-1,424	111	-1,535
(Net income )	(-1454)	(-127)	(-1327)
Unrealized loss on marketable securities	45	-	45
Treasury stock	0	-	0
<b>Total shareholders' equity</b>	8,416	9,900	-1,484
<b>Total</b>	26,265	31,134	-4,869

## Statements of Income and Retained Earnings

Millions of yen

Item	Year ended March 31, 2002		Year ended March 31, 2001		Gain (loss)	
	(A)		(B)		(A) - (B)	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Net sales	22,003	100.0	31,479	100.0	-9,476	-
Cost of sales	18,977	86.2	26,615	84.5	-7,638	1.7
Gross profit	3,025	13.8	4,864	15.5	-1,839	-1.7
Selling, general and administrative expenses	3,071	13.9	3,351	10.7	-280	3.2
Operating (loss) income	-45	-0.1	1,513	4.8	-1,558	-4.9
Nonoperating income	278	1.3	336	1.1	-58	0.2
Interest received	46		57		-11	
Dividends received	146		17		129	
Foreign currency translation income	27		94		-67	
Other income	57		167		-110	
Nonoperating expenses	397	2.0	579	1.9	-182	0.1
Interest expense	156		144		12	
Write-off of fees for technology acquisition	121		121		-	
Write-off of deferred experiment and research expenses	99		116		-17	
Other expenses	20		196		-176	
Recurring (loss) income	-165	-0.8	1,271	4.0	-1,436	-4.8
Extraordinary income	6	0.0	378	1.2	-372	-1.2
Gain on sale of fixed assets	6		0		6	
Gain on reserve for new stock subscription rights	-		352		-352	
Other extraordinary income	-		25		-25	
Extraordinary loss	2,332	10.5	1,825	5.8	507	4.7
Structural reform expenditures	1,737		-		1,737	
Loss on disposal of inventories	258		-		258	
Loss on retirement of fixed assets	195		25		170	
Differential due to change to retirement benefit accounting standards	-		1,749		-1,749	
Other extraordinary losses	141		50		91	
Net income (loss) before income taxes	-2,491	-11.3	-176	0.6	-2,315	-10.7
Corporate, local inhabitants and enterprise taxes	57	0.3	866	2.8	-809	-2.5
Income tax and other adjustments	-1,094	-5.0	-914	-2.9	-180	-2.1
Net loss	-1,454	-6.6	-127	-0.5	-1,327	-6.1
Previous term's earned surplus	29		316		-287	
Interim cash dividends paid	-		70		-70	
Transfer to legal reserve	-		7		-7	
Retained earnings	-1,424		111		-1,535	

## Profit distribution

(Millions of yen)

Item	Year ended March 31, 2002		Year ended March 31, 2002	
	Amount		Amount	
Unappropriated retained earnings		-		111
Reversal of general reserve				
Reversal of special reserve for write-down of fixed assets		-		1
Profit distribution				
Legal reserve	-		7	
Shareholders' dividends	-	-	75	82
Retained earnings		-		29

## Loss treatment

(Millions of yen)

Item	Year ended March 31, 2002		Year ended March 31, 2002	
	Amount		Amount	
Unabsorbed loss		1,424		-
Loss treatment				
Reversal of general reserve				
Reversal of special reserve for write-down of fixed assets		1		-
Loss carried over		1,423		-

## **Basis for Presenting Financial Statements**

### **1. Standards and Methods for the Valuation of Assets**

#### **(1) Stock of subsidiaries**

At cost, based on the gross average method

#### **(2) Other marketable securities**

Mark-to-market based on the market price at the end of the term (Net unrealized gains or losses are reported directly in shareholders' equity on a net-of-tax basis. Selling costs are calculated using the gross average method.)

### **2. Standards and Methods for the Valuation of Inventories**

At cost, based on the moving average method.

### **3. Depreciation and Amortization Methods for Fixed Assets**

#### **(1) Tangible fixed assets**

The declining balance method is used. However, buildings (including fixtures) are accounted for using the straight-line method.

Assets' useful lives and remaining values are determined according to the same standards as the method prescribed by the corporate tax law. Depreciable assets with small acquisition values of between ¥100,000 and ¥200,000 are depreciated over a three-year period according to the regulations of the corporate income tax law.

#### **(2) Intangible fixed assets**

The straight-line method is used. Assets' useful lives and remaining values are determined according to the same standards as the method prescribed by the corporate tax law. However, software used internally by the Company is amortized on a straight-line basis over a five-year period, the estimated useful life of the software.

#### **(3) Long-term prepaid expenses**

The straight-line method is used based on the same depreciation and amortization standards as those prescribed by the corporate tax law.

### **4 . Disposal Methods for Deferred Assets**

#### **R&D Expenses**

The average total of R&D expenses per fiscal year is amortized over a five-year period, the maximum period permitted by the Commercial Code of Japan.

## 5. Recording Standards for Allowances

### (1) Allowance for doubtful accounts

The allowances for the avoidance of bad debt losses on trade receivables, loans and others is primarily recorded according to the rate of previous bad debt occurrences. In the case of particularly doubtful accounts and other specific claims, the projected nonrecoverable amounts, based on an individual calculation of recoverability, are budgeted.

### (2) Allowance for employee bonuses

To allocate funds to bonuses paid to employees, the estimated sum to be paid during the given period is recorded.

### (3) Allowance for retirement benefits

To prepare employee retirement benefits, the liability was calculated as the difference between the projected benefit obligation at fiscal year-end and the fair value of the assets retained to meet said payments.

Actuarial differences are treated as expenses for the fiscal year in which they occur and are amortized using the straight-line method over 10 years, within the average remaining term of employment, following the year in which they arise.

## 6. Accounting Methods for Lease Transactions

Finance leases (with the exception of those whose property ownership rights have been designated for transfer to the lessee) are accounted for in the same way as ordinary operating leases.

## 7. Accounting Methods for Sales Taxes

Net-of-tax formulas are applied to sales taxes and local sales taxes.

### Additional Information:

#### Treasury stock

Due to amendments made to the regulations governing financial statements and related documents, treasury stock—which was recorded as an asset in the previous term—is now listed as a deduction from shareholders' equity.

### Accounting for Financial Instruments:

From the period under review, the Company has adopted a new Japanese accounting standard for financial instruments (see "Report on the Establishment of Accounting Standards for Financial Instruments" issued by the Business Accounting Council on January 1, 1999) for application to other marketable securities with cash value.

Consequently, an unrealized gain on other marketable securities of ¥45 million was recorded, and a deduction of ¥33 million from deferred tax assets was recorded.

**Notes:****Balance Sheets and Statements of Income and Retained Earnings**

	Millions of yen		
	Year ended March 31, 2002	Year ended March 31, 2001	Gain (loss)
1. Depreciation of tangible fixed assets	12,303	13,095	-792
2. Treasury stock	6,462	1,361	5,101
3. Accounting for bills maturing on the final day of the term			

Bills maturing on the final day of the fiscal year are treated as items that are settled on their maturity dates. Moreover, because the final day of the interim term under review fell on a bank holiday, bills maturing on the final day of the next fiscal year have also been treated as items settled on their maturity date.

Bills discounted:      ¥330 million

Bills payable:        ¥351 million

**Lease Transactions****1. Value of leased property acquisition prices; depreciation, total, and fiscal year-end balance**

	Millions of yen		
	Year ended March 31, 2002	Year ended March 31, 2001	Gain (loss)
Leased property acquisition prices	3,378	3,221	157
Depreciation, total	3,104	2,759	345
Fiscal year-end balance	273	461	-188

**2. Leased property acquisition prices**

	Millions of yen		
	Year ended March 31, 2002	Year ended March 31, 2001	Gain (loss)
One year or less	82	435	-353
More than one year	195	107	88
	277	542	-265

### 3. Value of Payable Lease Fees; Depreciation, Total, and Interest Payment

	Millions of yen		
	Year ended March 31, 2002	Year ended March 31, 2001	Gain (loss)
Payable Lease Fees	460	556	-96
Depreciation, Total	364	439	-75
Interest Payment	16	47	-31

#### Marketable securities

There were no subsidiary or affiliate stocks with cash value.

#### Tax-effect accounting

Breakdown of principal causes of deferred tax assets and deferred tax liabilities

	Millions of yen	
	Year ended March 31, 2002	Year ended March 31, 2001
<b>Deferred tax assets</b>		
Excess accrued employee bonuses	4	109
Accrued enterprise taxes	0	69
Excess of provision for employee retirement benefits	800	832
Excess of provision for doubtful accounts	42	18
Loss carryforward	1,210	0
Overseas taxes	64	0
Other	2	1
Total deferred tax assets	2,124	1,030
<b>Deferred tax liabilities</b>		
Special reserve for writedown of fixed assets	12	13
Gain on valuation of marketable securities	33	0
Total deferred tax liabilities	45	13
<b>Net deferred tax assets</b>	2,079	1,017

### Changes to the Board of Directors ( The June 25, 2002, general meeting of shareholders )

#### 1 ) New director candidate

New title	Name	Current title
Director ( external )	Toshiki Morikawa	Executive managing director, Kyosan Electric Mfg. Co., Ltd.

#### 2 ) Retiring director

Current title	Name
Director	Tutomu Nishikawa