

Fiscal 2001 Non-Consolidated Balance Sheet

Nov/21/2001

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

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United States accounting standards: Applied

1. Non-Consolidated results for the six months ended Sep. 30, 2001

(1) Business results

Note: Stated figures are rounded down to the nearest million

	Net sales		Operating income (loss)		Recurring profit (loss)	
	¥ million	%increase (decrease)	¥ million	%increase (decrease)	¥ million	%increase (decrease)
Six months ended Sep. 30, 2001	11,282	-29.7	-172	-	-186	-
Six months ended Sep. 30, 2000	16,055	21.6	779	173.4	670	366.0
Year ended March 31, 2001	31,479		1,513		1,271	

	Net income (loss)		Net income per share	
	¥ million	%increase (decrease)	¥	
Six months ended Sep. 30, 2001	-1,088	-	-36.14	
Six months ended Sep. 30, 2000	-436	-	-15.50	
Year ended March 31, 2001	-127		-4.44	

Note:
 * Average number of shares (consolidated) Six months ended Sep. 30, 2001: 30,129,550
 Six months ended Sep. 30, 2000: 28,129,550
 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

	Interim Dividend Per Share		Annual Dividend Per Share	
	¥		¥	
Six months ended Sep. 30, 2001	0.00		-	
Six months ended Sep. 30, 2000	2.50		-	
Year ended March 31, 2001			5.00	

Note:
 * Detail of Interim Dividend Per Share Paid for in Sep, 2001.
 Memorial Dividend - ¥
 Bonus Dividend - ¥

(3) Financial Position

	Total assets		Shareholders' equity		Shareholders' equity ratio	Shareholders' equity per share
	¥ million		¥ million		%	¥
Six months ended Sep. 30, 2001	28,133		8,761		31.1	290.78
Six months ended Sep. 30, 2000	29,728		9,062		30.5	322.18
Year ended March 31, 2001	31,134		9,900		31.8	328.61

Note:
 * No. of issued shares at period-end Six months ended Sep. 30, 2001: 30,129,550
 Six months ended Sep. 30, 2000: 28,129,550
 Year ended March 31, 2001: 30,129,550

2. Projected results for fiscal 2001 (ending March 31, 2002)

	Net sales	Operating income (loss)	Recurring profit (loss)	Annual Dividend Per Share	
				Year-end	
Fiscal year ending March 31, 2002	¥ million 23,800	¥ million 0	¥ million -900	¥ 2.50	¥ 2.50

Remarks: Projected net income (loss) per share (for the fiscal year): ¥ -29.87

Interim Financial Statements

Interim Balance Sheets

Assets Millions of yen

Item	Sep/30, 2001	Sep/30/2000	Mar/31/2001
Current assets	18,775	19,998	21,173
Cash and deposits in banks	591	493	1,228
Trade receivables	2,520	4,016	3,851
Notes and accounts receivable	5,660	7,702	7,084
Marketable securities	51	62	52
Treasury stock	0	0	0
Merchandise	1,647	1,438	1,925
Products	2,771	1,955	2,331
Raw materials	969	730	782
Work in process	1,306	1,138	1,390
Inventories	62	49	37
Prepaid expenses	44	35	23
Short-term loans	1,858	1,660	1,859
Accrued revenue	149	180	200
Accounts receivable on compensatory materials	166	371	214
Deferred tax assets	993	147	191
Other current assets	50	18	29
Allowance for doubtful accounts	-69	-4	-31
Fixed assets	9,221	9,485	9,772
Tangible fixed assets	5,815	5,907	6,354
Buildings	2,255	2,307	2,342
Structures	65	58	55
Machinery and equipment	2,288	2,403	2,430
Vehicles	0	0	0
Tools, instruments and fixtures	247	258	301
Land	349	349	349
Construction in progress	608	530	875
Intangible fixed assets	56	58	61
Land lease rights	7	7	7
Software	30	30	34
Other fixed assets	18	20	19
Investments and other assets	3,349	3,519	3,355
Investment securities	617	562	565
Shares of affiliated company	1,214	966	1,210
Long-term loans	72	450	96
Security deposits	128	132	132
Deferred tax assets	852	791	825
Other assets	486	640	545
Allowance for doubtful accounts	-20	-25	-20
Deferred assets	135	244	188
Experiment and research expenses	135	244	188
Total assets	28,133	29,728	31,134

Liabilities and Shareholders' Equity

Millions of yen

Item	Sep/30, 2001	Sep/30/2000	Mar/31/2001
Current liabilities	10,823	14,473	14,334
Trade notes payable	2,909	3,898	3,977
Accounts payable	1,426	2,263	2,188
Short-term debt	4,491	6,511	5,716
Accrued liabilities	7	144	63
Accrued expenses	204	261	228
Corporate Tax etc., Payables	8	529	755
Deposits	24	20	20
Allowance for employee bonuses	434	442	456
Facilities-related bills payable	132	401	928
Allowance for structural reforms	1,182	-	-
Fixed liabilities	8,548	6,192	6,899
Long-term debt	6,030	3,792	4,436
Allowance for retirement benefits	2,494	2,378	2,437
Other liabilities	24	22	26
Total liabilities	19,372	20,666	21,233
Shareholders' equity	3,904	3,604	3,904
Capital reserve	3,873	3,573	3,873
Revenue reserve	333	318	325
Other surplus	624	1,565	1,796
Voluntary reserve	1,684	1,685	1,685
Reserve for technical research	13	13	13
Reserve for reduction of fixed assets	18	19	19
Contingent reserve	1,653	1,653	1,653
Retained earnings	-1,059	-119	111
Unrealized loss on marketable securities	24	-	-
Total shareholders' equity	8,761	9,062	9,900
Total	28,133	29,728	31,134

Interim Statements of Income and Retained Earnings

Millions of yen

Item	Six-month period ended September 30, 2001		Six-month period ended September 30, 2000		Year ended March 31, 2001	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Net sales	11,282	100.0	16,055	100.0	31,479	100.0
Cost of sales	9,722	86.2	13,652	85.0	26,615	84.5
Gross profit	1,559	13.8	2,403	15.0	4,864	15.5
Selling, general and administrative expenses	1,731	15.4	1,623	10.1	3,351	10.7
Operating (loss) income	-172	-1.6	779	4.9	1,513	4.8
Nonoperating income	204	1.8	153	1.0	336	1.1
Interest received	25		30		57	
Dividends received	145		14		17	
Other income	33		108		261	
Nonoperating expenses	218	1.9	262	1.7	579	1.9
Interest expense	74		74		144	
Write-off of fees for technology acquisition	60		60		121	
Write-off of deferred experiment and research expenses	52		60		116	
Foreign currency translation loss	14		-		-	
Other expenses	16		66		196	
Recurring (loss) income	-186	-1.7	670	4.2	1,271	4.0
Extraordinary income	5	0.0	413	2.6	378	1.2
Gain on sale of fixed assets	5		0		0	
Gain on reserve for new stock subscription rights	-		352		352	
Other extraordinary income	-		60		25	
Extraordinary loss	1,709	15.1	1,815	11.4	1,825	5.8
Structural reform expenditures	1,182		-		-	
Loss on disposal of inventories	258		-		-	
Loss on retirement of fixed assets	192		17		25	
Differential due to change to retirement benefit accounting standards	-		1,749		1,749	
Other extraordinary losses	75		48		50	
Net income (loss) before income taxes	-1,890	-16.8	-731	-4.6	-176	-0.6
Corporate, local inhabitants and enterprise taxes	44	0.4	541	3.3	866	2.8
Income tax and other adjustments	-845	-7.5	-836	-5.2	-914	-2.9
Net loss	-1,088	-9.7	-436	-2.7	-127	-0.5
Previous term's earned surplus	29		316		316	
Interim cash dividends paid	-		-		70	
Transfer to legal reserve	-		-		7	
Interim term retained earnings	-1,059		-119		111	

Basis for Presenting Financial Statements

1. Standards and Methods for the Valuation of Assets

(1) Marketable securities

① Stock of subsidiaries

At cost, based on the gross average method

② Other marketable securities

Items with cash value

Mark-to-market method based on the market price at the end of the interim 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) Inventories

At cost, based on the moving average method.

2. 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.

(2) Intangible fixed assets

The straight-line method is used. 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. 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 structural reforms

The Company records reasonably estimated extraordinary retirement benefits and other expenses that are anticipated to be incurred as a result of structural reforms implemented based on its medium-term management plan.

(4) Allowance for retirement benefits

To prepare employee retirement benefits, the liability was calculated as the difference between expected future retirement payments and the related 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.

4. 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.

5. Accounting Methods for Sales Taxes

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

Additional Information

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 and changed from the cost method using the gross average method to the mark-to-market method based on the current stock price on the final day of the accounting 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.)

Due to this change, an unrealized gain on other marketable securities was recorded of ¥24 million.

Notes

Balance Sheets and Statements of Income and Retained Earnings

1. Depreciation of tangible fixed assets

Six-month period ended September 30, 2001: ¥11,890 million

Six-month period ended September 30, 2000: ¥12,747 million

Year ended March 31, 2001: ¥13,095 million

2. Treasury stock

Six-month period ended September 30, 2001: 1,561 shares

Six-month period ended September 30, 2000: 1,982 shares

Year ended March 31, 2001: 1,361 shares

3. Accounting for bills maturing on the final day of the interim term

Bills maturing on the final day of the interim term 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

interim term have also been treated as items settled on their maturity date.

Bills discounted: ¥279 million

Bills payable: ¥571 million

Lease Transactions

1. Value of leased property acquisition prices; depreciation, total, and interim term-end balance

Leased property acquisition prices:

Six-month period ended September 30, 2001: ¥3,277 million

Six-month period ended September 30, 2000: ¥3,205 million

Year ended March 31, 2001: ¥3,221 million

Depreciation, total:

Six-month period ended September 30, 2001: ¥2,930 million

Six-month period ended September 30, 2000: ¥2,539 million

Year ended March 31, 2001: ¥2,759 million

Interim term-end balance:

Six-month period ended September 30, 2001: ¥347 million

Six-month period ended September 30, 2000: ¥665 million

Year ended March 31, 2001: ¥461 million

2. Value of unearned lease fees balance at interim term-end

One year or less:

Six-month period ended September 30, 2001: ¥245 million

Six-month period ended September 30, 2000: ¥489 million

Year ended March 31, 2001: ¥435 million

More than one year:

Six-month period ended September 30, 2001: ¥144 million

Six-month period ended September 30, 2000: ¥295 million

Year ended March 31, 2001: ¥107 million

Total:

Six-month period ended September 30, 2001: ¥390 million

Six-month period ended September 30, 2000: ¥784 million

Year ended March 31, 2001: ¥543 million

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

Payable Lease Fees:

Six-month period ended September 30, 2001: ¥249 million

Six-month period ended September 30, 2000: ¥278 million

Year ended March 31, 2001: ¥556 million

Depreciation, Total:

Six-month period ended September 30, 2001: ¥197 million

Six-month period ended September 30, 2000: ¥219 million

Year ended March 31, 2001: ¥439 million

Interest Payment:

Six-month period ended September 30, 2001: ¥11 million

Six-month period ended September 30, 2000: ¥27 million

Year ended March 31, 2001: ¥47 million