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Nihon Inter Announces Revision to Fiscal 2001 Results Forecasts

February 8, 2002—Nihon Inter Electronics Corporation(NIEC) today announced revisions to its business results forecast for fiscal 2001—which were originally announced on October 5, 2001— in light of the recent business climate.

[I] Revisions to Non-Consolidated Fiscal Year Results Forecasts (April 1, 2001, to March 31, 2002)

(Unit: ¥ million; %)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	23,800	0	- 900
Revised Forecast (B)	21,600	- 180	- 1,450
Difference (B) - (A)	- 2,200	- 180	- 550
Differential (%)	90.8	-	-
(Reference) Results from Previous Term (ended March 31, 2001)	31,480	1,271	- 128

[II] Revisions to Consolidated Results Fiscal Year Forecasts (April 1, 2001, to March 31, 2002)

(Unit: ¥ million; %)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	24,800	- 350	- 1,400
Revised Forecast (B)	22,500	- 550	- 1,950
Difference (B) - (A)	- 2,300	- 200	- 550
Differential (%)	90.7	-	-
(Reference) Results from Previous Term (ended March 31, 2001)	32,470	1,591	- 44

[III] Reasons for Forecast Revisions

Owing to the substantial decline in sales, selling prices, and productivity throughout the fiscal year as a result of the sharp drop in demand for IT related products, net sales have fallen below forecast levels and thus NIEC expects to incur substantial recurring and net losses. As sales have slid 30% year on year, we are determined to create a business platform capable of securing revenues even amid the current severe operating environment by means of our medium-term management plan. To this end, for the first half of the fiscal year (ended September 30, 2001), we have recorded approximately ¥1.2 billion in reserve for structural reforms based on the premise of a

staff reduction of 250 employees (100 domestically, 150 overseas) achieved through early retirement incentives.

Under this plan, the NIEC's total calculation of domestic employees taking early retirement included an additional 90 employees. Hence, we have recorded an additional extraordinary loss of approximately ¥0.6 billion.

NIEC expects to record a recurring profit for the second half of the fiscal year by implementing aggressive Companywide efforts to reduce costs, improve its gross profit margin ratio, and curtail operating expenditures. However, despite the recovery in notebook PCs and video game units as well as signs of growth in the PDP market seen in January 2002, owing to the substantial impact on earnings of the decline in purchase orders and sales that continued through December 2001, net sales, recurring profit, and net income for the fiscal year are expected to amount to the figures stated above.

Outlook

Indications of recovery are being seen in such products as notebook PCs and video game units that make use of the Schottky Barrier Diodes(SBD) and Fast Recovery Diodes(FRD) that comprise NIEC's primary product mix. We also expect improvement in earnings resulting from the surge in growth for the PDP market—which is one of our major sources of revenue—and anticipated recovery in consumer sales in the following fiscal year, as well as from the effects of the personnel downsizing efforts implemented during the current term (approximately ¥1.3 billion per annum), which should last throughout the year.

Under its three-year medium-term management plan implemented last year, NIEC will extend every effort to improve its earnings by concentrating on SBD, FRD, and other core products, aggressively implementing new product strategies and taking rigorous cost-reduction initiatives to enhance gross profits.