

Listed Company Name: Nihon Inter Electronics Corp.

Listed exchange: Tokyo

(URL: <http://www.niec.co.jp>)

Head Office Location

TSE Code No:

6974

Kanagawa Prefecture

Phone: +81-463-84-8015

Representative: President and CEO

Name: Takeshi Yasuda

Officer in charge of equities: General Manager of Accounting

Name: Fumio Inoue

Date of the Meeting of the Board of Directors for Settling Accounts: May 14, 2004

Date of the General Meeting of Shareholders: June 25, 2004

Payment of Interim Dividends: Yes

Minimum share trading unit: 1,000 shares

1. Non-Consolidated results for fiscal 2004 (April 1, 2003 to March 31, 2004)

(1) Business results

Note: Stated figures are round down to the nearest million

	Net sales		Operating income (loss)		Ordinary profit (loss)	
	¥ million	% increase (decrease)	¥ million	% increase (decrease)	¥ million	% increase (decrease)
Fiscal year ending March 31, 2004	29,291	13.9	2,994	94.8	2,564	129.8
Fiscal year ending March 31, 2003	25,706	16.8	1,537	-	1,116	-

	Net income (loss)		Net income per share		Return on Equity margin	Ordinary profit / total capital margin	Ordinary profit / net sales margin
	¥ million	% increase (decrease)	¥	¥			
Fiscal year ending March 31, 2004	1,242	139.7	38.48	39.71	12.9	9.4	8.8
Fiscal year ending March 31, 2003	518	-	16.95	-	6.0	12.8	4.3

Note:

* Average number of shares (consolidated)

Year ended March 31, 2004: 31,107,972 shares

Year ended March 31, 2003: 30,586,165 shares

** Changes to accounting methods: none

*** Percentages appended to net sales, operating income, ordinary 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				
Fiscal year ending March 31, 2004	5.50	2.50	3.00	171	14.3	1.7
Fiscal year ending March 31, 2003	5.00	2.50	2.50	152	29.5	1.7

(3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ million	¥ million	%	¥
Fiscal year ending March 31, 2004	27,721	10,297	37.1	328.88
Fiscal year ending March 31, 2003	27,116	8,965	33.1	288.78

Note:

* No. of issued shares at period-end

Year ended March 31, 2004 : 31,169,398 shares

Year ended March 31, 2003 : 31,046,374 shares

** No. of Treasury stocks at period-end

Year ended March 31, 2004 : 60,152 shares

Year ended March 31, 2003 : 33,176 shares

2. Projected results for fiscal 2005 (ending March 31, 2005)

	Net sales	Operating income	Ordinary profit	Annual Dividend Per Share	
				Interim term	Fiscal year-end
Interim term	¥ million	¥ million	¥ million	¥	¥
Fiscal year-end	15,400	1,510	810	2.50	-
	32,100	3,400	1,830	-	3.00
					5.50

Remarks: Projected net income (loss) per share (for the fiscal year): ¥ 58.71

Financial Statements

Balance Sheets

Assets

Millions of yen

Item	Fiscal year ending March 31, 2004 (A)	Fiscal year ending March 31, 2003 (B)	Gain (loss) (A) - (B)
Current assets	19,243	18,433	810
Cash and deposits in banks	1,856	2,162	-306
Notes receivables	2,778	2,669	109
Accounts receivable	8,359	6,221	2,138
Merchandise	1,326	1,503	-177
Products	1,669	1,912	-243
Raw materials	518	500	18
Work in process	897	1,068	-171
Inventories	33	44	-11
Prepaid expenses	176	55	121
Short-term loans	1,065	1,092	-27
Accrued revenue	336	483	-147
Deferred tax assets	250	715	-465
Other current assets	7	9	-2
Allowance for doubtful accounts	-33	-6	-27
Fixed assets	8,477	8,662	-185
Tangible fixed assets	4,641	4,932	-291
Buildings	1,985	2,097	-112
Structures	53	58	-5
Machinery and equipment	1,740	1,808	-68
Vehicles	0	0	-
Tools, instruments and fixtures	207	243	-36
Land	349	349	-
Construction in progress	305	375	-70
Intangible fixed assets	39	46	-7
Software	16	21	-5
Other fixed assets	23	24	-1
Investments and other assets	3,796	3,683	113
Investment securities	831	473	358
Shares of affiliated company	1,444	1,218	226
Long-term loans	22	80	-58
Security deposits	119	118	1
Long-term prepaid expenses	442	740	-298
Deferred tax assets	812	910	-98
Other assets	146	166	-20
Allowance for doubtful accounts	-23	-23	-
Deferred assets	-	20	-20
Experiment and research expenses	-	20	-20
Total assets	27,721	27,116	605

Liabilities and Shareholders' Equity

Millions of yen

Item	Fiscal year ending March 31, 2004 (A)	Fiscal year ending March 31, 2003 (B)	Gain (loss) (A) - (B)
Current liabilities	12,415	9,074	3,341
Notes payable	3,400	3,029	371
Accounts payable	2,360	2,041	319
Short-term debt	897	360	537
Current portion of long-term debt	4,205	2,372	1,833
Accrued liabilities	132	621	-489
Accrued expenses	288	177	111
Corporate Tax etc., Payables	501	13	488
Deposits	20	14	6
Allowance for employee bonuses	330	243	87
Facilities-related bills payable	274	199	75
Other current liabilities	3	1	2
Fixed liabilities	5,008	9,076	-4,068
Long-term debt	2,571	6,777	-4,206
Allowance for retirement benefits	2,396	2,262	134
Other fixed liabilities	40	37	3
Total liabilities	17,423	18,150	-727
Shareholders' equity	3,998	3,979	19
Capital surplus	3,967	3,948	19
Capital reserve	3,967	3,948	19
Revenue surplus	2,123	1,036	1,087
Revenue reserve	333	333	0
Voluntary reserve	482	1,683	-1,201
Reserve for technical research	13	13	0
Reserve for reduction of fixed assets	16	17	-1
Contingent reserve	453	1,653	-1,200
Retained earnings	1,308	-980	2,288
Unrealized loss on marketable securities	230	6	224
Treasury stock	-23	-6	-17
Total shareholders' equity	10,297	8,965	1,332
Total	27,721	27,116	605

Statements of Income and Retained Earnings

Millions of yen

Item	Fiscal year ending March 31, 2004 (A)		Fiscal year ending March 31, 2003 (B)		Gain (loss) (A) - (B)	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Net sales	29,291	100.0	25,706	100.0	3,703	-
Cost of sales	23,059	78.7	21,149	82.3	2,172	-3.9
Gross profit	6,232	21.3	4,556	17.7	1,531	3.9
Selling, general and administrative expenses	3,237	11.1	3,019	11.7	-52	-2.2
Operating (loss) income	2,994	10.2	1,537	6.0	1,582	6.1
Nonoperating income	154	0.5	99	0.4	-179	-0.9
Interest received / Dividends received	33		40		-12	
Purchase discount	31		27		5	
Other income	89		30		-32	
Nonoperating expenses	583	2.0	519	2.0	122	0.0
Interest expense	127		144		-12	
Write-off of fees for technology acquisition	173		121		-	
Loss on foreign currency exchange	79		82		82	
Other expenses	203		172		18	
Recurring (loss) income	2,564	8.7	1,116	4.3	1,281	5.2
Extraordinary income	-	-	9	0.0	3	0.0
Gain on sale of fixed assets	-		5		-1	
Other extraordinary income	-		3		3	
Extraordinary loss	380	1.3	120	0.5	-2,212	-10.0
Loss on disposal of inventories	243		-			
Director retirement bonuses	129		0		28	
Other extraordinary losses	7		119		-517	
Net income (loss) before income taxes	2,184	7.4	1,004	3.9	3,495	15.2
Corporate, local inhabitants and enterprise taxes	532	1.8	18	0.1	-39	-0.2
Income tax and other adjustments	408	1.4	467	1.8	1,561	6.8
Net income	1,242	4.2	518	2.0	1,972	8.6
Earned surplus brought from previous term	142		-1,423		-1,452	
Interim cash dividends paid	77		75		75	
Retained earnings	1,308		-980		444	

Profit distribution

(Millions of yen)

Item	Year ended March 31, 2004		Year ended March 31, 2003		Gain (loss) (A) - (B)	
	Amount		Amount		Amount	
Unappropriated retained earnings		1,308		-980		2,288
Reversal of general reserve						
Reversal of special reserve for write-down of fixed assets	1		0		1	
Disposition of separate reserve funds	0	1	1,200	1,200	-1,200	-1,199
Subtotal		1,309		220		1,089
Profit distribution						
Shareholders' dividends	93		77		16	
Director bonuses	40				40	
Auditor bonuses	6				6	
Other reserve	1,000	1,139			1,000	1,062
Surplus profit carried forward to the following term		169		142		27

Note: Interim dividend of ¥77 million (¥2.5 per share) was paid on Dec. 12, 2003

Basis for Presenting Financial Statements

1. Standards and Methods for the Valuation of Marketable Securities

(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.

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 non recoverable 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. Principal Hedge Accounting Methods

1. Hedge Accounting Methods

Foreign currency denominated debts and credits with currency exchange contracts are accounted for by appropriation.

2. Hedging Measures and Hedged Items

Hedging measures: exchange rate contract

Hedged items: Foreign currency denominated debts and credits and other items

3. Hedge Policy

The limit on exchange rate contracts is defined as the scope of real demand, and hedge measures are implemented for the purpose of avoiding risk due to future exchange rate fluctuations within the designated scope of hedged items.

4. Method of evaluation of effectiveness of hedging

Evaluation of hedge effectiveness is not considered necessary as the terms and notional amounts of hedge instruments used are the same as those of related transactions, and therefore they are assumed to be highly effective in offsetting fluctuations in exchange rates and interest rates at their inception as well as during their term and at their termination.

8. Other important items

(1) Accounting Methods for Sales Taxes

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

[Notes]

Balance Sheets and Statements of Income and Retained Earnings

	Fiscal year ending March 31, 2004	Fiscal year ending March 31, 2002	Millions of yen Gain (loss)
1. Accumulated depreciation of tangible fixed assets	13,206	12,559	647
2. Treasury stock	60,152 shares	33,176 shares	26,976 shares

Lease Transactions

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

	Fiscal year ending March 31, 2004	Fiscal year ending March 31, 2003	Millions of yen Gain (loss)
Leased property acquisition prices	1,377	656	721
Depreciation, total	379	380	-1
Interim term-end balance	997	275	722

2. Leased property acquisition prices

	Fiscal year ending March 31, 2004	Fiscal year ending March 31, 2003	Millions of yen Gain (loss)
One year or less	190	94	96
More than one year	815	186	629
	1,006	280	726

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

	Fiscal year ending March 31, 2004	Fiscal year ending March 31, 2003	Millions of yen Gain (loss)
Payable Lease Fees	174	109	65
Depreciation, Total	162	102	60
Interest Payment	16	7	9

Marketable securities

There were no subsidiary or affiliate stocks with cash value.

Tax-effect accounting

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

	Millions of yen	
	Year ended March 31, 2004	Year ended March 31, 2003
Deferred tax assets		
Excess accrued employee bonuses	138	92
Accrued enterprise taxes	48	-
Excess of provision for employee retirement benefits	973	918
Excess of provision for doubtful accounts	6	6
Loss carry forward	-	569
Overseas taxes	54	52
Other	9	1
Total deferred tax assets	<u>1,231</u>	<u>1,641</u>
Deferred tax liabilities		
Special reserve for writedown of fixed assets	-10	-11
Gain on valuation of marketable securities	-157	-4
Total deferred tax liabilities	<u>-168</u>	<u>-15</u>
Net deferred tax assets	<u>1,063</u>	<u>1,625</u>

Change to the Board of Directors (June 25, 2004, general meeting of shareholders, board meeting)

1) New director candidate (Disclosed on April 28, 2004)

New title	Current title	Name
Director and Senior Executive Officer, Business Strategy Division	Senior Executive Officer, Business Strategy Division	Tomotoshi Kobayashi
Director and Senior Executive Officer, Sales Division	Senior Executive Officer, Sales Department	Masao Ishii

2) New auditor candidate

New title	Current title	Name
Part-time Director	Senior Executive Officer, Interunits Corporation	Fumio Tamura

3) Transition of important director (Disclosed on April 28, 2004)

New title	Current title	Name
Director and Senior Executive Officer, Administration Division	Managing Director and Executive Officer, Administration Division	Takaaki Shinozaki