

Fiscal 2004 Interim Flash Report (Non-consolidated) November 20, 2003

Listed Company Name: Nihon Inter Electronics Corp.

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

TSE Code No: 6974

Listed exchange: Tokyo

Head Office Location

Kanagawa Prefecture

Representative: President and CEO Name: Takeshi Yasuda

Officer in charge of enquiries: General Manager of Acco Name: Fumio Inoue

Phone: +81-463-84-8015

Date of the Meeting of the Board of Directors for Settling Accounts: November 20, 2003

Payment of Interim Dividends: Yes

Interim term dividend payment date: December 12, 2003

Minimum share trading unit: 1,000 shares

1. Non-Consolidated results for the six-month ended September 30, 2003

(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, 2003	13,837	9.1	1,311	91.5	1,105	136.4
Six months ended Sep. 30, 2002	12,682	12.4	685	-	467	-
Year ended March 31, 2003	25,706	16.8	1,537	-	1,116	-

	Net income (loss)		Net income per share
	¥million	%increase (decrease)	¥
Six months ended Sep. 30, 2003	519	106.3	16.72
Six months ended Sep. 30, 2002	251	-	8.36
Year ended March 31, 2003	518	-	16.95

Note:

* Average number of shares (consolidated)

Six months ended Sep. 30, 2003 : 31,066,082

Six months ended Sep. 30, 2002 : 30,119,486

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

** 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, 2003	2.50	-
Six months ended Sep. 30, 2002	2.50	-
Year ended March 31, 2003	-	5.00

(3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥million	¥million	%	¥
Six months ended Sep. 30, 2003	27,139	9,507	35.0	305.45
Six months ended Sep. 30, 2002	26,837	8,696	32.4	288.77
Year ended March 31, 2003	27,116	8,965	33.1	288.78

2. Projected results for fiscal 2004 (ending March 31, 2004)

	Net sales	Operating income (loss)	Recurring profit (loss)	Annual Dividend Per	
				Fiscal year-end	
	¥million	¥million	¥million	¥	¥
Fiscal year ending March 31, 2004	28,500	2,430	1,180	2.50	5.00

Remarks: Projected net income (loss) per share (for the fiscal year) : ¥37.91

Interim Financial Statements

Balance Sheets

Assets

Millions of yen

Item	Six-month period ended Sep. 30, 2003	Year ended March 31, 2002	Year ended March 31, 2003
Current assets	18,994	17,870	18,433
Cash and deposits in banks	1,921	1,823	2,162
Trade receivables	2,582	2,410	2,669
Notes and accounts receivable	7,097	6,394	6,221
Inventory assets	4,766	5,064	5,030
Prepaid expenses	228	76	55
Short-term loans	984	948	1,092
Accrued revenue	457	178	105
Accounts receivable on compensatory materials	342	379	378
Deferred tax assets	285	576	715
Other current assets	356	33	9
Allowance for doubtful accounts	-29	-15	-6
Fixed assets	8,140	8,918	8,662
Tangible fixed assets	4,585	5,003	4,932
Buildings	2,030	2,167	2,097
Machinery and equipment	1,822	2,090	1,808
Land	349	349	349
Construction in progress	112	64	375
Other tangible fixed assets	271	332	302
Intangible fixed assets	41	48	46
Software	18	22	21
Other fixed assets	23	25	24
Investments and other assets	3,513	3,866	3,683
Investment securities	599	687	473
Shares of affiliated company	1,234	1,219	1,218
Long-term loans	50	234	80
Long-term prepaid expenses	505	187	740
Deferred tax assets	876	1,267	910
Other assets	272	293	285
Allowance for doubtful accounts	-24	-22	-23
Deferred assets	4	48	20
Experiment and research expenses	4	48	20
Total assets	27,139	26,837	27,116

Liabilities and Shareholders' Equity

Millions of yen

Item	Six-month period ended Sep. 30, 2003	Year ended March 31, 2002	Year ended March 31, 2003
Current liabilities	12,276	7,334	9,074
Trade notes payable	3,336	2,933	3,029
Accounts payable	2,333	2,000	2,041
Short-term debt	389	922	360
Current portion of long-term debt	5,068	967	2,372
Accrued liabilities	445	16	621
Accrued expenses	266	178	177
Corporate Tax etc., Payables	22	6	13
Allowance for employee bonuses	297	233	243
Facilities-related bills payable	100	61	199
Other current liabilities	16	13	15
Fixed liabilities	5,355	10,806	9,076
Long-term debt	2,992	8,561	6,777
Allowance for retirement benefits	2,321	2,210	2,262
Other fixed liabilities	40	34	37
Total liabilities	17,632	18,140	18,150
Shareholders' equity	3,991	3,904	3,979
Capital surplus	3,960	3,873	3,948
Capital reserve	3,960	3,873	3,948
Revenue surplus	1,478	844	1,036
Revenue reserve	333	333	333
Voluntary reserve	482	1,683	1,683
Retained earnings	662	-1,171	-980
Unrealized loss on marketable securities	91	76	6
Treasury stock	-13	-2	-6
Total shareholders' equity	9,507	8,696	8,965
Total	27,139	26,837	27,116

Interim Statements of Income and Retained Earnings

Millions of yen

Item	Six-month period ended Sep. 30, 2003		Year ended March 31, 2002		Year ended March 31, 2003	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Net sales	13,837	100.0	12,682	100.0	25,706	100.0
Cost of sales	10,972	79.3	10,503	82.8	21,149	82.3
Gross profit	2,865	20.7	2,178	17.2	4,556	17.7
Selling, general and administrative expenses	1,554	11.2	1,493	11.8	3,019	11.7
Operating (loss) income	1,311	9.5	685	5.4	1,537	6.0
Nonoperating income	60	0.4	56	0.4	99	0.4
Interest received	15		17		34	
Dividends received	5		5		6	
Other income	40		34		58	
Nonoperating expenses	267	1.9	273	2.1	519	2.0
Interest expense	68		72		144	
Loss on disposal of inventories	65		0		66	
Write-off of fees for technology acquisition	60		60		121	
Foreign currency translation income	39		73		82	
Other expenses	32		66		105	
Recurring (loss) income	1,105	8.0	467	3.7	1,116	4.4
Extraordinary income	0	0.0	3	0.0	9	0.0
Gain on sale of fixed assets	0		3		5	
Other extraordinary income	0		0		3	
Extraordinary loss	131	1.0	11	0.1	120	0.5
Director retirement bonuses	129		0		0	
Other extraordinary losses	1		11		119	
Net income (loss) before income taxes	974	7.0	458	3.6	1,004	3.9
Corporate, local inhabitants and enterprise taxes	47	0.3	9	0.0	18	0.1
Income tax and other adjustments	407	2.9	197	1.6	467	1.8
Net loss	519	3.8	251	2.0	518	2.0
Previous term's earned surplus	142		-1,423		-1,423	
Interim cash dividends paid	0		0		75	
Retained earnings	662		-1,171		-980	

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.)

(3) Standards and Methods for the Valuation of 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.

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. Disposal Methods for Deferred Assets

(1) New stock issue expense

Expensed in full at the time of expenditure

(2) 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.

4. 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.

5. 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.

6. 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 Determining Hedge Validity

Principal conditions concerning hedge measures and hedged items are the same, and, because it can be anticipated that hedges will completely offset any exchange rate fluctuations both at the time of hedge commencement and continuously thereafter, the determination of hedge validity is omitted.

7. Other important items

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

	(Millions of yen)		
	Six-month ended Sep. 30, 2003	Six-month ended Sep. 30, 2002	Year ended March 31, 2003
1. Depreciation of tangible fixed assets	12,894	12,392	12,559
2. Treasury stock	46,867 shares	13,087 shares	33,176 shares

Lease Transactions

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

	Millions of yen		
	Six-month ended Sep. 30, 2003	Six-month ended Sep. 30, 2002	Year ended March 31, 2003
Leased property acquisition prices	984	538	656
Depreciation, total	307	284	380
Interim term-end balance	676	254	275

2. Leased property acquisition prices

	Millions of yen		
	Six-month ended Sep. 30, 2003	Six-month ended Sep. 30, 2002	Year ended March 31, 2003
One year or less	147	80	94
More than one year	533	178	186
	681	258	280

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

	Millions of yen		
	Six-month ended Sep. 30, 2003	Six-month ended Sep. 30, 2002	Year ended March 31, 2003
Payable Lease Fees	63	48	109
Depreciation, Total	59	45	102
Interest Payment	3	3	7

(Marketable securities)

There were no subsidiary or affiliate stocks with cash value.