



Consolidated Financial & Business Performance Results
for 1st Quarter of the fiscal year ending March 2006
 (ended on June 30, 2005)

issued on 8/02/2005

Nihon Inter Electronics Corporation

Code: 6974, listed Sec. 1 TSE

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1. Information on Preparing Quarterly Financial and Business Performance results

- ① Use of concise methods in accounting treatment :Yes
- ② Changes in accounting policies from consolidated report :None
For most recent fiscal year
- ③ Changes in scope of consolidation and application of equity method :None

2. Financial and business performance results for the first quarter of Fiscal 2005

(From April 1,2005 to June 30,2005)

(1) Business performance

(Note) figures rounded down to millions yen

	Sales		Operating pft		Ordinary pft		Net income	
	Mil yen	y-o-y %	Mil yen	y-o-y %	Mil yen	y-o-y %	Mil yen	y-o-y %
1 st quarter, FY 2006	7,052	△21.2	416	△53.5	321	△59.8	158	△63.3
1 st quarter, FY 2005	8,947	29.3	895	62.5	799	66.9	430	54.0
(Ref)full year, FY 2005	32,852		2,886		2,367		1,291	

	E.P.S		Diluted E.P.S	
	Yen	sen	Yen	sen
1 st quarter, FY 2006	5.07		5.03	
1 st quarter, FY 2005	13.81		13.68	
(Ref) full year, FY 2005	40.13		39.78	

(Note) % of Sales and Profits shows changes on year on year basis respectively.

[Qualitative comment on trends of consolidated business performance]

The consolidated sales for the first quarter of the fiscal year 2006 became 7,052 million yen, of which the product sales decreased 7% year on year to 4,761 million yen and merchandise sales also decreased 40% year on year to 2,290 million yen especially since the previous year's first quarter had a big ad hoc merchandise sales for amusement so that the combined total sales of this year's first quarter resulted in 21% year on year decline.

In the market situation where, after the products sales peaked in the previous year's first half, in the second half, they reversed to declining trend due to inventory adjustment for digital electric alliances and Chinese government's investment restriction etc. our consumer-use discrete device product sales showed a slight recovery on year on year base and for automobile related did as well, but for PC and peripheral and AV related decreased year on year. Industry-use power management module products in total did not grow well in the situation where sales for welding machine and manufacturing machineries showed a little pick-up but our main products for common-use inverters did not recover due to delayed adjustment of inventories for sales to China.

We report the operating profit of 416 million yen (53.5% decrease year on year), the ordinary profit of 321 million yen (59.8% decrease year on year). In the end, the net income decreased 63.3% year on year to 158 million yen. Our product gross margin declined because not recovered enough sales units could not offset about 5% year on year price reduction even though some cost reduction was continuously realized. In addition, in this year's first quarter, the expense of 100 million yen or more related to 8-inch fab. which is scheduled to start full-operation next April is included.

(2) Trend in Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Net worth per Share
1 st quarter, FY 2006	31,397 Mil yen	10,720 Mil yen	34.1 %	343.45 Yen
1 st quarter, FY 2004	29,927	9,901	33.0	317.66
(Ref)full year, FY 2005	31,994	10,676	33.4	340.82

【Consolidated Cash Flow】

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of 1 st quarter
1 st quarter, FY 2006	107 Mil yen	△518 Mil yen	180 Mil yen	2,500 Mil yen
1 st quarter, FY 2005	△136	△1,105	756	1,834
(Ref)full year, FY 2005	2,409	△2,300	365	2,735

[Qualitative Information on Trends in Consolidated Financial Position]

Balance of cash and cash equivalents at the end of the first quarter amounted to 2.5 billion yen decreased by 234 million yen from the end of the previous fiscal year ended on March 31, 2005, which is mainly due to acquisition of tangible fixed assets of 559 million yen.

Cash flow provided by operating activities for the quarter amounted to 107 million yen increase due to increased income before tax but increased inventories and corporate taxes etc.

Cash flow provided by investing activities amounted to 518 million yen decrease by financing activities amounted to 180 million yen increase.

[Ref.] FY2006/3 full year business performance forecast (from 4/01/2005 to 3/31/2006)

There are no changes or revise to the consolidated business performance forecast for mid-term and full year previously announced on May 19, 2005.

The business performance forecast was made based on the premise which we judged rationally with the information reasonably available now. We would like you to bear it in mind that there is likelihood of changes from our forecast now which includes various types of risk factors and uncertainty

Full-Year Consolidated Financial Statements

Consolidated balance sheet (Assets)

millions yen

Item	1st Quarter FY 2006 ended June 30, 2005		1st quarter FY 2005 ended June 30, 2004		Variance y-o-y		Note The end of FY 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Current assets	21,467	68.4	20,702	69.2	765	3.7	22,321	69.8
Cash and deposits in banks	2,600		1,844		756		2,835	
Notes and accounts receivable	9,343		12,144		△ 2,801		10,161	
Inventory assets	7,192		6,117		1,075		6,935	
Deferred tax assets	202		266		△ 64		204	
Assets to be leased back within one year	1,749		—		1,749		1,641	
Other	399		363		36		571	
Allowances for doubtful accounts	△ 20		△ 32		12		△ 27	
Fixed assets	9,901	31.5	9,224	30.8	677	7.3	9,639	30.1
Tangible fixed assets	7,347	23.4	6,579	21.9	768	11.7	7,053	22.0
Buildings and structures	2,369		2,402		△ 33		2,416	
Machinery and vehicles	1,798		1,974		△ 176		1,776	
Land	1,310		1,310		—		1,310	
Construction in process	1,637		669		968		1,294	
Other	232		222		10		255	
Intangible fixed assets	56	0.2	47	0.2	9	17.7	55	0.2
Land lease rights	7		7		—		7	
Software	16		20		△ 4		15	
Other	32		19		13		32	
Investments and other assets	2,498	7.9	2,597	8.7	△ 99	△ 3.8	2,530	7.9
Investment securities	856		878		△ 22		889	
Long-term prepaid expenses	388		516		△ 128		388	
Deferred tax assets	980		918		62		976	
Other	294		307		△ 13		297	
Allowances for doubtful accounts	△ 22		△ 23		1		△ 22	
Deferred assets	28	0.1	—	—	28	—	32	0.1
Bond issue costs	28		—		28		32	
Total assets	31,397	100.0	29,927	100.0	1,470	4.9	31,994	100.0

(Liabilities, minority interest, and shareholders' equity)

millions yen

Item	1st quarter FY 2006 ended June 30, 2005		1st quarter FY 2005 ended June 30, 2004		Variance y-o-y		Note The enf of FY 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Current liabilities	13,998	44.6	14,679	49.1	△ 681	△ 4.6	14,533	45.4
Notes and accounts payable	7,393		6,526		867		7,479	
Short-term loans	5,347		6,611		△ 1,264		5,067	
Other account payable	45		134		△ 89		81	
Income taxes payable	177		379		△ 202		777	
Accrued expenses	402		414		△ 12		415	
Allowance for employee bonuses	173		196		△ 23		290	
Other	458		415		43		421	
Fixed liabilities	6,678	21.3	5,346	17.9	1,332	24.9	6,784	21.2
Bonds and debentures	2,500		—		2,500		2,500	
Long-term loans	1,451		2,614		△ 1,163		1,451	
Allowances for retirement benefits	2,561		2,660		△ 99		2,676	
Reserve for directors' retirements allowances	131		30		101		123	
Other	33		40		△ 7		33	
Total liabilities	20,677	65.9	20,025	67.0	652	3.3	21,318	66.6
Minority interest	—	—	—	—	—	—	—	—
Shareholders' equity	4,006		3,999		7		4,005	
Capital surplus	3,975		3,968		7		3,974	
Revenue surplus	2,896		2,104		792		2,871	
Appraisal differences on marketable securities	237		230		7		237	
Equity adjustment from foreign currency translation	△ 350		△ 368		18		△ 368	
Treasury stock	△ 45		△ 32		△ 13		△ 44	
Total shareholders' equity	10,720	34.1	9,901	33.0	819	8.3	10,676	33.4
Total liabilities & shareholders' equity	31,397	100.0	29,927	100.0	1,470	4.9	31,994	100.0

Consolidated Profit and Loss Statement

millions yen

Items	1st quarter FY 2006		1st quarter FY 2005		Variance y-o-y		Note Full year FY 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Sales	7,052	100.0	8,947	100.0	△ 1,895	△ 21.2	32,852	100.0
Product sales	4,761	67.5	5,129	57.3	△ 368	△ 7.2	19,947	60.7
Merchandise cost of sales	2,290	32.5	3,817	42.7	△ 1,527	△ 40.0	12,905	39.3
Cost of sales	5,537	78.5	7,083	79.2	△ 1,546	△ 21.8	25,922	78.9
Product sales	3,515	73.8	3,625	70.7	△ 110	△ 3.1	14,336	71.9
Merchandise cost of sales	2,022	88.3	3,457	90.6	△ 1,435	△ 41.5	11,585	89.8
Gross margin	1,514	21.5	1,864	20.8	△ 350	△ 18.8	6,929	21.1
Product sales	1,246	26.2	1,503	29.3	△ 257	△ 17.1	5,610	28.1
Merchandise cost of sales	267	11.7	360	9.4	△ 93	△ 25.7	1,319	10.2
Sales Admini. And R&D expenses	1,098	15.6	968	10.8	130	13.4	4,043	12.3
Operating profit	416	5.9	895	10.0	△ 479	△ 53.5	2,886	8.8
Non-operating income	31	0.4	30	0.3	1	2.3	106	0.3
Non-operating expenses	126	1.7	127	1.4	△ 1	△ 0.8	624	1.9
Ordinary profit	321	4.6	799	8.9	△ 478	△ 59.8	2,367	7.2
Extra-ordinary gain	10	0.1	1	0.0	9	667.7	6	0.0
Extra-ordinary loss	12	0.2	25	0.3	△ 13	△ 51.2	98	0.3
Profit before taxes	319	4.5	774	8.6	△ 455	△ 58.8	2,275	6.9
Corporate taxes etc.	161	2.3	344	3.8	△ 183	△ 53.2	984	3.0
Net income for 1st quarter FY 2006	158	2.2	430	4.8	△ 272	△ 63.3	1,291	3.9

Consolidated Cash Flow Statement

millions yen

	1st quarter FY 2006	1st quarter FY 2005	Note Full year FY 2005
	Amount	Amount	Amount
I. Cash flows from operating activities			
Profit before taxes	319	774	2,275
Depreciation and amortization etc.	227	236	958
Decrease(Increase) in notes and accounts receivable	834	△ 999	976
Decrease (increase) in inventories	△ 225	△ 457	△ 1,229
Increase (decrease) in notes and accounts payable	△ 101	802	1,759
Other increases or decreases	△ 177	2	△ 1,579
Payment of corporate taxes	△ 769	△ 496	△ 751
Net cash provide from (used in) operating activities	107	△ 136	2,409
II. Cash flows from investing activities			
Expenditures for the acquisition of tangible fixed assets	△ 559	△ 1,097	△ 2,209
Others	40	△ 8	△ 91
Net cash used in investing activities	△ 518	△ 1,105	△ 2,300
III. Cash flows from financing activities			
Net increase(decrease) in short-term bank loans	854	3,736	1,411
Proceeds from long-term debt	—	—	1,000
Repayment of long-term debt	△ 593	△ 2,892	△ 4,299
Proceeds from bonds	—	—	2,451
Dividends paid to stockholders	△ 82	△ 81	△ 191
Others	1	△ 6	△ 6
Net cash proved by (used in) financing activities	180	756	365
IV. Foreign exchange differential on cash and cash equivalents	△ 3	16	△ 41
V. Net increase(decrease) in cash and cash equivalents	△ 234	△ 469	432
VI. Cash and cash equivalents at beginning of period	2,735	2,303	2,303
VII. Cash and cash equivalents at end of period	2,500	1,834	2,735