



Interim flash Report for Fiscal Year 2006 (Consolidated)

November 14, 2006 issued

Listed company name: Nihon Inter Electronics Corporation
TSE code No: 6974
pref.

Listed stock exchange: Tokyo
Head office location: Kanagawa

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

Representative President (CEO) Name: Takeshi Yasuda

Officer in charge of inquiry Name: Fumio Inoue, General Manager, Accounting Dept.
TEL: (0463) 84-8015

Date of Board of Directors meeting for closing account: November 14, 2006

Name of parent company: Kyosan Electric Mfg. Co., Ltd. (Code No: 6742) Voting rights held by parent company: 20.7%
Adoption of American accounting principles: None

1. Consolidated financial performance for the first half (from April 1, 2006 to September 30, 2006)

(1) Consolidated business performance results (Note) figures are rounded off to nearest million yen

	Sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
1 st half of FY 2006	18,721	20.1	1,263	31.3	978	29.6
1 st half of FY 2005	15,586	(12.6)	962	(45.8)	755	(51.0)
FY 2005	33,183	1.0	2,295	(20.5)	1,935	(18.2)

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
1 st half of FY 2006	631	49.8	20.98	20.91
1 st half of FY 2005	421	(53.4)	13.49	13.39
FY 2005	1,130	(12.5)	35.08	34.88

(Note) ①Equity method investment gain (loss): for 1st half of FY 2006: - million yen,
for 1st half of FY 2005: - million yen, for FY 2005: - million yen

②Average number of shares outstanding (consolidated): for 1st half of FY 2006: 30,085,618 shares,
for 1st half of FY 2005: 31,239,363 shares, for full FY 2005: 31,270,702 shares

③Change in accounting methods: None

④Percentages(%) appending to sales, operating income, ordinary income and net income are the rates
of increase (decrease) compared with the same period of the previous year.() of % shows minus %

(2) Consolidated financial position

	Total assets	Net equity	Net equity ratio	Net equity per share
	Millions of yen	Millions of yen	%	Yen
As of Sept. 30, 2006	36,203	11,583	32.0	379.59
As of Sept. 30, 2005	31,564	11,144	35.3	356.05
As of March 31, 2006	32,030	11,883	37.1	378.89

(Note) Number of shares outstanding (consolidated) on 9/30/2006: 30,515,401 shares,
9/30/2005: 31,301,842 shares, 3/31/2006: 31,277,086 shares

(3) Consolidated results of cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
1 st half of FY 2006	(152)	(787)	1,318	3,407
1 st half of FY 2005	(274)	(917)	16	1,595
FY 2005	2,978	(1,577)	(1,100)	3,089

(4) Items pertaining to scope of consolidation and equity method application

Number of consolidated subsidiaries: 6

Number of non-consolidated subsidiaries applicable to equity method: None

Number of subsidiaries applicable to equity method: None

(5) Changes to scope of consolidation and equity method application: None

Newly consolidated: None and disconsolidated: None

Newly added equity method subsidiaries: None, and removed from equity method subsidiaries: None

2. Consolidated forecast for FY 2006 (from April 1, 2006 to March 31, 2007)

	Sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full FY	38,000	2,300	1,400

(Note) Forecast of net income per share for full FY 2006: 45.88 yen

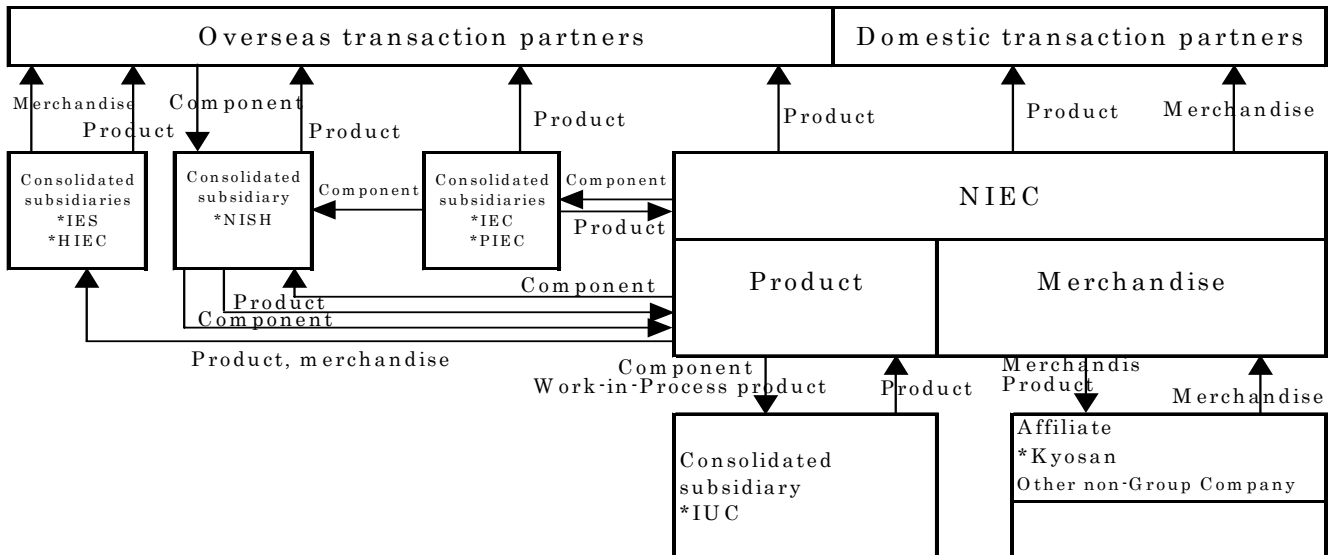
Note: Please bear in mind the forecasted figures shown above are based on the information that is available at the moment when the report is written and made on the assumptions that are considered rational but include a number of risks and uncertainties that could materially affect the business performance. Actually realized performance etc. might be materially differed from the forecasted figures contained in this report, depending on business and market environment changes and so on.

Group Overview

The Nihon Inter Electronics Group (“The Company”) consists of the Nihon Inter Electronics Corporation (“Nihon Inter” or “NIEC”), six consolidated subsidiaries (one domestic subsidiary, five overseas subsidiaries), two affiliates and conducts its business activities with a primary focus on the manufacturing and sale of power semiconductors. Products and merchandise handled by Nihon Inter, its subsidiaries and affiliates as well as their respective functions are as follows:

Segment		Principal products and merchandise	Company
Products	Semiconductor discrete devices	Schottky barrier diodes (SBD), and fast recovery epitaxial diodes (FRED), rectifying diodes for small power applications	Nihon Inter (mfg., sales) IEC (mfg., sales) PIEC (mfg.) IES (sales) HIEC (sales) NISH (mfg., sales)
		Rectifying diodes for medium to large power applications, thyristors, others	Nihon Inter (mfg., sales)
	Semiconductor-app lied products	Power modules, stacks	Nihon Inter (mfg., sales), Inter Unit Corp. (mfg., sales), NISH (mfg., sales)
Merchandise		Semiconductors, electronic components, LCD devices, power sources, others	Nihon Inter (sales) Kyosan Electric (supply)

The following is a flow chart of the Company’s operations.



*IEC: International Electronics Corp., Ltd.

*IES: Inter Electronics Singapore Pte. Ltd.

*PIEC: Philippine Inter Electronics Corporation

*HIEC: Hong Kong Inter Electronics Co.

*NISH: Nihon Inter Electronics (Shanghai) Co., Ltd.

*IUC: Inter units Corporation

*Kyosan: Kyosan Electric Mfg. Co., Ltd.

Management Policies

1. Basic Management Policy

Nihon Inter Electronics Corporation (NIEC)'s basic guiding principle is to fulfill the expectations of its shareholders and all other stakeholders. With a focus on markets and applications with high growth potential, Nihon Inter is one of the leaders in its industry on development, manufacture, and sales of power semiconductors and devices that enable high-efficiency power conversion and power management.

Nihon Inter's mission is to contribute to society in terms of energy conservation and environmental protection by efficient use of electricity through power management solutions. Therefore, the Company's basic management policy is to develop industry-leading high-value-added products while continually augmenting its cost competitiveness, improving financial performance, and taking the leadership role in its industry.

2. Basic Policy Regarding Profit Sharing

One of our basic policies is to maintain stable distribution of our dividends to our shareholders. With a view of strengthening our competitive position in the power management market, we plan to effectively utilize our retained earnings towards reinforcement of our business infrastructure through research and development and capital expenditures. At the same time, we shall endeavor further to meet the expectations of our shareholders by distributing appropriate dividends, commensurate with our business results.

3. Targeted Management Benchmarks

Having identified, as our targeted management benchmarks, sales increase rate, gross margin rate, ratio of net income to total assets (Return on Assets), we set respective targets for these benchmarks and are striving to achieve such targets every business year.

4. Mid- and Long-term Management Strategy

The efficient use of electricity is a global issue. Environmental and social issues are preventing developed economies from creating the additional supply required to meet the growing demand and infrastructure development costs are prohibitive in the developing economies. In addition, today's electronics need to use electricity more efficiently to improve features and functionality. The need to use electricity more efficiently is a trend that will become more critical with the passage of time.

Over the last several years, power management companies have spearheaded the effort to use electricity more efficiently. Power management is a group of technologies that work together to refine electricity into a format that can be consumed more efficiently. Nihon Inter is a power management company and holds the #1 market share in SBD, a key building block technology in power management.

Entering into the last term of our current 3-year plan, we continue to emphasize the “Focus on the Market” principle. The “Focus on the Market” principle entails identifying the markets that have the most potential for Nihon Inter and our customers and then focusing our resources on that market to become a leader in key power management applications.

We have identified 3 long-term power management market trends to focus our 3-year plan on

- . Progress in IT convergence and digitalization for consumer use appliances,
- . The electronification of the automobile,
- . Development of industry use machineries and white goods home appliances functioned with inverters for more saving enegyrequirement.

We have organized our company to support these trends and focus our sales, manufacture and R&D activities to continuously and profitably improve our position in these markets.

In order to support the “Focus on the Market” principle, we have established a matrix organization. The matrix includes the traditional functional reporting relationship but then organizes teams of managers from each functional organization such as production, sales and R&D divisions to focus on our selected markets. These teams work together to quickly react to individual market conditions and then ensure that we are maximizing our position in that market. The teams’ incentive programs are based upon achieving agreed-to targets in the market segment.

5. Company’s goals and issues to be addressed

The Company has been focusing on upgrading its position in the industry within IT and digital home appliances, automotive and related products, industrial machinery and clean energy markets. Under each of those broad market categories, we then further select specific applications with expectable growth potentials to target and carry out our extracted strategies.

Our company's important goals include:

To increase our share of SBD/FRED and other discrete devices in selected applications

To increase our share of power management modules in selected applications

To improve manufactured product gross margin rate

To improve cash flow of our merchandise business

To improve ROA

For consumer-use products, we set the expansion of market share that stems from full fledged mass production of 8-inch wafer fab. and continuous cost reduction as the highest priority. By reinforcing stable product provision system to satisfy the customers' demand and deliver request and increasing the productivity of current manufacturing lines at the same time, we target top of worldwide market share in SBD product.

For industry-use products, we could direct sales increase to Japanese companies which have entered into Chinese market by inception of manufacturing and selling in Nihon Inter Electronics (Shanghai) Co., Ltd. Moreover, regarding hybrid car market that is expected to rapidly grow from now on, we concentrate our resources and exert ourselves to develop new products by organizing 2 in 1 project team with our clients.

For merchandise business, we aim at enlarging cash flows by contracting collection period in our targeted audio, video, amusement, automobile, medical and security markets and compressing inventory. As to our own developed merchandise business with high added value, since the expansion of our focus market has been recognized, we strengthen the development of new products based on needs and sales system.

In addition, being as a part of our BPI (business process innovation) activity, we have been reviewing overall supply chain management system inside all Nihon Inter Group. By sharing the information through one integrated network with domestic and overseas group companies, precisely catching global market trends, we will be working on the construction of more efficiently structured supply chain system to match the market requirements.

6. Major shareholder(s) etc. information

As of Sept. 30, 2006

Name of companies	Attribute	Shares of holding voting rights	Listed at stock exchange etc.
Kyosan Electric Mfg.Co., Ltd	Major shareholder	20.7%	Tokyo Stock Exchange Osaka Stock Exchange

Business performance and Financial position

1. Business performance

(1) Overview of the 1st half of fiscal year ended on Sept. 30, 2006

Regarding Japan's economic situation during the 1st half of fiscal year 2006, domestic demand such as increasing capital investment desires with backgrounds to improve companies' profitabilities and etc., has been steadily expanding. Export, also, generally has been growing firmly resulting from the increases to China and other Asian area, though we could see slowdown in American economy.

In electric and electronics market to which we belong, demand centering on digital home appliances, PCs, mobile phones, mobile music players, as represented by flat panel TVs, has been enlarging globally. Though production adjustments started in the second quarter of the term could be slightly seen, as well as the world cup effect could not reach the extent as expected, demand has shown strong increases throughout the term.

Under this situation, our consolidated sales during the 1st half of fiscal year 2006 totaled ¥18,721 million, increased by ¥3,135 million, 20.1% on a year-on-year base, and both sales of our products and merchandises have recorded the highest results ever in the history of NIEC.

Of the ¥11,038 million (a y-o-y increase of 10.3%) total sales of products, sales of semiconductor-discrete devices centering on consumer use machinery was ¥7,885 million (a y-o-y increase of 8.9%). As to our mainstream products, Schottky Barrier Diode (SBD) and Fast Recovery Epitaxial Diode (FRED), sales to LCD TVs showed more than double increase comparing with the same previous period. Sales to automobiles increased strongly as supported by the expansion of hybrid cars but sales to Plasma TVs did not grow so much as forecasted at the beginning since the panel makers entered into production adjustments.

As to semiconductor-applied products (power management module products) for industry-use, as inventory adjustments of industry-use machinery to China market completed, sales of our mainstream module products to be used for such as general-purpose inverters, UPS, semiconductor manufacturing facilities and machines increased more than 20% y-o-y. In addition, power module products for PC servers and communication units for mobile phone base stations also increased to ¥3,153 million (a y-o-y increase of 14.1%).

Concerning our merchandise business, not only our mainstream merchandises such as LCD, opt devices and etc went well since the expansion in demand of digital home appliances, sales of our developed memory modules for amusement industry also increased greatly, total sales of merchandise business posted the highest record of ¥7,682 million (a y-o-y increase of 37.6%).

Based on the revenues mentioned above our mid-term profit could be shown as follows. Due to the profit effects from increased sales volume and our endeavor to strengthen competitive edge in term of cost by making 8-inch wafer fab operation more full-fledged and implementing reduction of components costs and etc in order to offset price-down and depreciation burdens was ¥1,263 million (a y-o-y increase of 31.3%), consolidated ordinary income was ¥978 million (a y-o-y increase of 29.6%) and the consolidated net income was ¥631 million (a y-o-y increase of 49.8%).

Re: interim dividend for 1st half of fiscal year 2006 to be declared

We are to distribute the interim dividend of ¥4 per share.

(2) Outlook for the full fiscal year ending March 31, 2007

As to near future general economic condition, though it could be forecasted that the economy would continue expanding gradually, since there are still many concerns on material prices hike of raw materials associated with crude oil prices increase, dull export caused by slowdown of US and China economies and so on, it could be considered the situation where we continuously watch the quickly moving trends of market conditions will be needed.

Within such economic situation, with reference to our product business, we position “IT and digitalized home appliances market”, “Automobile and its related products market which more electronification is progressing” and “Industrial machinery and clean energy market” as strategically important markets, which are mostly expected to grow more from now on, and we would focus the management resources onto the business for those markets to accurately capture the business chances. Matching the expanding demand for flat panel TVs and etc., we would continue ramping up mass production of 8-inch wafer, uplifting productivities of current lines, progressing VA improvement to enhance the entire production ability and reducing the costs thoroughly. In addition, under the new organizational structure such as quality assurance center and business innovation project, for providing more competitive products in terms of quality and delivery continuously, we are also working on strengthening quality assurance system and constructing new operational process.

With regard to merchandise business, along with continuous sales expansion to target markets of audio, video, amusement and so on, we will also focus on increase in revenues from our originally developed products with higher value added to automobile, medical and security markets, and strive to enlarge cash flows by contracting collection period and compressing inventory.

Regarding the forecast of full fiscal year's consolidated business performance, total sales is expected to increase by 14.5% to ¥38,000 million, ordinary income and net income to be ¥2,300 million, +18.9% and ¥1,400 million, +23.9% y-o-y respectively.

Re: annual dividend for the full fiscal year.

Taking into account of full year business performance forecast and future cash requirement situations, annual dividend of ¥8 per share is expected to be declared.

2. Financial conditions

The ending balance of cash and cash equivalents at the end of 1st half of fiscal year 2006 increased by ¥317 million from the end of fiscal year 2005, March 31,2006 to ¥3,407 million. The detailed categories of cash flows are briefed as follows:

Cash flows for the first half of fiscal year 2006 from operating activities decreased by ¥152 million (as compared to the decrease of ¥274 million for the same previous half consolidated term) mainly attributable to the increases in receivables, inventories and etc., though there were increases in incomes and payables as well. Cash flows from investing activities decreased by ¥787 million (as compared to the decrease of ¥917 million for the same previous half consolidated term), mainly as a result of capital expenditures. Cash flows from financing activities increased by ¥1,318 million (as compared to the increase of ¥16 million for the same previous half consolidated term) for capital arrangements such as issuance of company bond and etc.

Consolidated Balance Sheet

The 1st half of Fiscal Year ending March 31, 2007 (FY 2006)
(Assets)

Millions of yen

Items	1st Half of FY 2006 (As of Sept.30, 2006)		1st Half of FY 2005 (As of Sept.30, 2005)		FY 2005 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
Current assets	25,069	69.3	21,640	68.6	22,128	69.1
Cash and deposits in banks	3,507		1,695		3,189	
Notes and accounts receivable	12,309		10,057		10,528	
Inventory assets	8,257		6,944		7,233	
Deferred tax assets	180		197		185	
Assets to be leased back within one year	40		2,214		497	
Other current assets	778		552		517	
Allowances for doubtful accounts	(4)		(21)		(23)	
Fixed assets	11,091	30.6	9,898	31.3	9,884	30.8
Tangible fixed assets	8,392	23.2	7,295	23.1	7,200	22.5
Buildings and structures	3,419		3,390		3,339	
Machinery and vehicles	1,764		1,700		1,541	
Land	1,310		1,310		1,310	
Construction in progress	1,553		588		743	
Other tangible fixed assets	345		306		265	
Intangible assets	53	0.1	52	0.2	74	0.2
Software	16		13		36	
Other intangible assets	37		39		37	
Investments and other assets	2,645	7.3	2,550	8.0	2,609	8.1
Investments and securities	1,603		1,102		1,417	
Long-term prepaid expenses	233		360		309	
Deferred tax assets	496		773		564	
Other investments and assets	323		333		328	
Allowances for doubtful accounts	(11)		(19)		(10)	
Deferred assets	42	0.1	24	0.1	17	0.1
Start-up costs	1		-		1	
Bond issuance costs	40		24		16	
Total assets	36,203	100.0	31,564	100.0	32,030	100.0

Note: Figures below million yen are rounded down.

(Liabilities, minority interest, and shareholders' equity)

Millions of yen

Items	1st Half of FY 2006 (As of Sept.30, 2006)		1st Half of FY 2005 (As of Sept.30, 2005)		FY 2005 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
Current liabilities	16,704	46.1	13,767	43.6	13,925	43.5
Trade notes and accounts payable	9,409		7,343		8,222	
Short-term loans	4,068		5,120		4,404	
Bonds, due within one year	500		-		-	
Other accounts payable	1,274		102		136	
Accrued expenses	525		456		456	
Income taxes payable	247		213		349	
Allowance for employees' bonuses	341		291		286	
Other current liabilities	338		239		69	
Fixed liabilities	7,914	21.9	6,651	21.1	6,221	19.4
Bonds and debentures	4,500		2,500		2,500	
Long-term borrowings	1,360		1,531		1,380	
Allowances for retirement benefits	1,877		2,448		2,152	
Allowances for directors' retirement	-		127		145	
Other fixed liabilities	177		43		43	
Total Liabilities	24,619	68.0	20,419	64.7	20,146	62.9
Minority interest	-	-	-	-	-	-
Common stock	-	-	4,017	12.7	4,025	12.6
Capital surplus	-	-	3,986	12.6	3,994	12.5
Retained earnings	-	-	3,159	10.0	3,774	11.7
Appraisal differences on marketable securities	-	-	383	1.2	514	1.6
Adjustment for foreign exchange valuation	-	-	(356)	(1.1)	(300)	(0.9)
Treasury stock	-	-	(45)	(0.1)	(124)	(0.4)
Total shareholders' equity	-	-	11,144	35.3	11,883	37.1
Total liabilities, minority interest and shareholders equity	-	-	31,564	100.0	32,030	100.0

Note: Figures below million yen are rounded down.

(Net Assets)

Millions of yen

Items	1st Half of FY 2006 (As of Sept.30, 2006)		1st Half of FY 2005 (As of Sept.30, 2005)		FY 2005 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
Shareholders' equity	11,472	31.7	-	-	-	-
Common stock	4,036		-		-	
Capital surplus	4,054		-		-	
Retained earnings	4,216		-		-	
Treasury stock	(835)		-		-	
Appraisals and translation adjustments	111	0.3	-	-	-	-
Unrealized gain on investment securities	447		-		-	
Foreign currency translation adjustment	(336)		-		-	
Equity warrant	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Total net assets	11,583	32.0	-	-	-	-
Total liabilities and net assets	36,203	100.0	-	-	-	-

②: Figures below million yen are rounded down.

Consolidated Profit and Loss Statement

The 1st half of Fiscal Year ending March 31, 2007(FY 2006)

Millions of yen

	1st half of FY 2006 From April 1, 2006 To Sept. 30, 2006		1st half of FY 2005 From April 1, 2005 To Sept. 30, 2005		FY 2005 From April 1, 2005 To March 31, 2006	
	Amount	%	Amount	%	Amount	Change(%)
Sales	18,721	100.0	15,586	100.0	33,183	100.0
Products	11,038	59.0	10,003	64.2	20,711	62.4
Merchandise	7,682	41.0	5,582	35.8	12,471	37.6
Cost of sales	15,034	80.3	12,333	79.1	26,252	79.1
Products	8,150	73.8	7,351	73.5	15,137	73.1
Merchandise	6,883	89.6	4,981	89.2	11,114	89.1
Gross margin	3,686	19.7	3,253	20.9	6,930	20.9
Products	2,887	26.2	2,652	26.5	5,573	26.9
Merchandise	798	10.4	600	10.8	1,356	10.9
Selling, general administrative and R&D expenses	2,423	13.0	2,290	14.7	4,634	14.0
Operating income	1,263	6.7	962	6.2	2,295	6.9
Non-operating income	77	0.4	66	0.4	138	0.4
Interest and dividend income	12		10		13	
Foreign exchange gains	14		27		56	
Others	49		29		68	
Non-operating expenses	362	1.9	274	1.8	498	1.5
Interest expenses	79		73		147	
Loss on write-off of inventory	157		95		132	
Amortization of tech. acquisition fees	66		61		133	
Other non-operating expenses	58		43		84	
Ordinary income	978	5.2	755	4.8	1,935	5.8
Extra-ordinary gain	18	0.1	9	0.1	8	0.0
Write-back from doubtful asset reserves	18		6		5	
Other extra-ordinary gain	-		2		3	
Extra-ordinary loss	18	0.1	36	0.2	62	0.1
Loss on write-off of fixed assets	17		7		17	
Other extra-ordinary loss	1		28		44	
Income before taxes	978	5.2	728	4.7	1,882	5.7
Corporate taxes and etc.	253	1.3	196	1.3	503	1.5
Adjustment of taxes	93	0.5	111	0.7	249	0.8
Net income	631	3.4	421	2.7	1,130	3.4

Note: Figures below million yen are rounded down.

Consolidated Statement of Changes in Shareholders' Equity

The 1st half of Fiscal Year ending March 31, 2007(FY 2006)

Millions of yen

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	4,025	3,994	3,774	(124)	11,669
Changes of items during the period					
Issuance of common stock	11	11	-	-	22
Transfer of surplus (Note)	-	-	(156)	-	(156)
Bonus to directors (Note)	-	-	(33)	-	(33)
Net income	-	-	631	-	631
Acquisition of treasury stock	-	-	-	(2,145)	(2,145)
Disposal of treasury stock	-	48	-	1,435	1,484
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	11	60	441	(710)	(197)
Balance at Sept. 30, 2006	4,036	4,054	4,216	(835)	11,472

Millions of yen

	Appraisals and translation adjustments			Equity warrant	Minority interest	Total net assets
	Unrealized loss on investment securities	Translation adjustments	Total appraisals and adjustments			
Balance at March 31, 2006	514	(300)	213	-	-	11,883
Changes of items during the period						
Issuance of common stock	-	-	-	-	-	22
Transfer of surplus (Note)	-	-	-	-	-	(156)
Bonus to directors (Note)	-	-	-	-	-	(33)
Net income	-	-	-	-	-	631
Acquisition of treasury stock	-	-	-	-	-	(2,145)
Disposal of treasury stock	-	-	-	-	-	1,484
Net changes of items other than shareholders' equity	(66)	(35)	(102)	-	-	(102)
Total changes of items during the period	(66)	(35)	(102)	-	-	(300)
Balance at Sept. 30, 2006	447	(336)	111	-	-	11,583

Note: Figures below million yen are rounded down.

Consolidated Statement of Cash Flows

The 1st half of Fiscal Year ending March 31, 2007 (FY 2006)

Millions of yen

Items	1st half of FY 2006 From April 1, 2006 To Sept. 30, 2006	1st half of FY 2005 From April 1, 2005 To Sept. 30, 2005	FY 2005 From April 1, 2005 To March 31, 2006
Items	Amount	Amount	Amount
I. Cash flows from operating activities			
Income before taxes	978	728	1,882
Depreciation and amortization	457	451	949
Amortization of deferred assets	78	71	168
Decrease in allowances for doubtful accounts	(17)	(9)	(16)
Increase (decrease) in reserve for retirement benefits	(283)	(229)	(538)
Increase in allowance for directors' retirements	-	4	21
Interest and dividend income	(12)	(10)	(13)
Interest expenses	79	73	147
Loss (gain) on changes of foreign exchange rate	30	21	31
Loss on write-off of fixed assets	17	7	17
Decrease(increase) in account and note receivable	(1,782)	145	(256)
Decrease(increase) in inventories	(1,033)	0	(219)
Increase(decrease) in account and note payable	1,177	(182)	632
Increase (decrease) in allowance for employees' bonuses	55	1	(5)
Increase in assets to be leased back within one year	456	(572)	1,144
Others	83	70	100
Sub-total	285	571	4,045
Receipt of interest and dividends	12	10	13
Payment of interest	(98)	(76)	(148)
Payment of corporate taxes	(351)	(779)	(932)
Net cash provide by (used in) operating activities	(152)	(274)	2,978
II. Cash flows from investing activities			
Expenditures for the acquisition of tangible fixed assets	(515)	(857)	(1,412)
Proceeds from sales of tangible fixed assets	-	-	1
Purchases of investment securities	(269)	0	(94)
Proceeds from sales of investment securities	-	36	36
Other	(2)	(96)	(107)
Net cash used in investing activities	(787)	(917)	(1,577)
III. Cash flows from financing activities			
Net increase(decrease) in short-term bank loans	(1,381)	1,617	796
Proceeds from long-term debt	1,200	519	719
Repayments of long-term debt	(169)	(2,051)	(2,389)
Proceeds from issuance of bonds	2,465	-	-
Proceeds from issuance of common stock	22	23	39
Proceeds from disposal of treasury stock	1,484	-	-
Redemption of treasury stock	(2,145)	0	(79)
Cash dividends paid to stockholders	(156)	(93)	(187)
Net cash proved by (used in) financing activities	1,318	16	(1,100)
IV Differences of foreign exchange rate translation on cash and cash equivalents	(60)	35	52
V Net increase(decrease) in cash and cash equivalent	317	(1,140)	353
VI Cash and cash equivalents at beginning of period	3,089	2,735	2,735
VII Cash and cash equivalents at end of period	3,407	1,595	3,089

Note: Figures below million yen are rounded down.

Consolidated surplus statement

The 1st half of Fiscal Year ending March 31, 2007(FY 2006)

Millions of yen

Items	1st half of FY 2005 From April 30, 2005 to Sept. 30, 2005		FY 2005 From April 30, 2005 to March 31, 2006	
	Amount		Amount	
(Capital surplus)				
Consolidated capital surplus balance at beginning of the period		3,974		3,974
Increases				
Issuance of common stock	11		19	
Gain on transaction of Treasury Stock	—	11	—	19
Decreases		—		—
Balance at end of period		3,986		3,994
(Capital surplus)				
Consolidated capital surplus balance at beginning of the period		2,871		2,871
Increases				
Net income (interim)	421	421	1,130	1,130
Decreases				
Cash dividends	93		187	
Bonuses to directors	40	133	40	227
Balance at end of period		3,159		3,774