



Interim Flash Report for Fiscal Year 2007 (Consolidated)

issued on November 13th, 2007

Listed company name: Nihon Inter Electronics Corporation Listed on Sec.1 of TSE
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Date to submit financial report: December 19th, 2007 Date to pay out dividend: December 10th, 2007

(Figures are rounded down to millions of yen)

1. Consolidated business performances for 1st half of FY2007 (April 1, 2007 ~ September 30, 2007)

(1) Consolidated business performances (% indicates the changes to corresponding numbers of previous periods)

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1 st half of FY 2007	19,195	2.5	552	(56.3)	359	(63.2)	202	(68.0)
1 st half of FY 2006	18,721	20.1	1,263	31.3	978	29.6	631	49.8
FY 2006	36,712	—	1,845	—	1,297	—	834	—

	Net income per common share (basic)		Net income per common share (diluted)	
	Yen	Sen	Yen	Sen
1 st half of FY 2007	6.53	—	—	—
1 st half of FY 2006	20.98	—	20.91	—
FY 2006	27.40	—	27.33	—

(Note) Investment gain or loss under equity method: for 1st half of FY 2007: - million yen,
 for 1st half of FY 2006: - million yen, for FY 2006: - million yen

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
As of Sept. 30, 2007	39,807	12,184	30.6	393.62	—
As of Sept. 30, 2006	36,203	11,583	32.0	379.59	—
As of March 31, 2007	39,193	12,019	30.7	388.56	—

(Note) Balance of shareholders' equity at the end of: Sept.30, 2007: 12,184 million yen;
 Sept.30, 2006: 11,583 million yen; March 31, 2007: 12,019 million yen.

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
1 st half of FY 2007	187	(2,388)	1,992	2,114
1 st half of FY 2006	(152)	(787)	1,318	3,407
FY 2006	(1,210)	(3,144)	3,628	2,317

2. Dividend information

(Record date)	Dividend per share					
	1st half		2nd half		Full year	
	Yen	Sen	Yen	Sen	Yen	Sen
FY 2006	4.00	—	4.00	—	8.00	—
FY 2007	4.00	—	—	—	8.00	—
FY 2007 (Forecast)	—	—	4.00	—	—	—

3. Consolidated performance forecast for FY 2007 (April 1, 2007 ~ March 31, 2008)

(% indicates the changes to corresponding numbers of previous periods)

	Sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
Full year	41,400	12.8	1,000	(45.8)	540	(58.4)	300	(64.1)	9.69	—

4. Others

- (1) Changes in significant subsidiaries during the year (changes in certain subsidiaries accompanying the changes in scope of consolidation) : None
- (2) Changes in principles, procedures and presentation methods, etc., of accounting processes concerning preparation of interim consolidated financial statements (those to be stated in the changes of fundamental material issues for preparing interim consolidated financial statements)
- (a) Changes accompanying the amendments to accounting standards: Yes
- (b) Changes other than (a) : Yes
- (3) Number of shares outstanding (common stock)
- (a) Number of shares outstanding at the end of the term (including treasury stock)
1st half of FY2007: 31,577,550 shares; 1st half of FY2006: 31,538,550 shares; FY2006: 31,557,550 shares.
- (b) Number of treasury stocks at the end of the term
1st half of FY2007: 623,792 shares; 1st half of FY2006: 1,023,149 shares; FY2006: 623,463 shares.

(Note) Summary of non-consolidated interim business performances

1. Non-consolidated financial performance for 1st half of FY2007 (April 1, 2007 ~ September 30, 2007)

(1) Non-consolidated business performance (% indicates the changes to corresponding numbers of previous periods)

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1st half of FY 2007	18,573	3.6	358	(66.2)	203	(75.9)	116	(78.3)
1st half of FY 2006	17,920	21.3	1,061	11.5	845	0.9	536	6.6
FY 2006	35,201	—	1,576	—	1,153	—	698	—

	Net income per common share (basic)	
	Yen	Sen
1st half of FY 2007	3.76	
1st half of FY 2006	17.83	
FY 2006	22.93	

(2) Non-consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
As of Sept. 30, 2007	38,965	12,759	32.7	412.22	
As of Sept. 30, 2006	34,646	12,376	35.7	405.58	
As of March 31, 2007	38,328	12,771	33.3	412.85	

(Note) Balance of shareholders' equity at the end of: Sept.30, 2007: 12,759 million yen;

Sept.30, 2006: 12,376 million yen; March 31, 2007: 12,771 million yen.

2. Non-consolidated performance forecast for FY 2007 (April 1, 2007 ~ March 31, 2008)

(% indicates the changes to corresponding numbers of previous periods)

	Sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
Full year	40,000	13.6	780	(50.5)	350	(69.7)	200	(71.4)	6.46	

(Note) Please bear in mind that the forecasted figures shown in this report 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 performances forecasted. Actually realized performances etc., might be materially differed from the forecasted figures contained in this report, depending on business and market environment changes and so on.

1. Business Performance Analysis

Consumer consumption and industrial capital expenditure of Japanese economy grew steadily during the first half of this fiscal year with continuing recovery of business sector performance and labor market factors even though wage increase was weak. Inventory adjustment in IT industry such as electronic parts and devices continued and long-term economic growth of our economy was sustained.

Steady recovery was seen in the electronics industry where we belong due to inventory adjustment in major applications such as flat TV note PC and cell phone. Intense price competition in flat TV sector caused some slowdown in North American market in contrast to growth seen in home appliance and power electronics sector excluding digital products business centering on markets in European and newly developing countries.

Our consolidated sales marked record high of 19,195 million yen, an increase of 474 million yen (a YOY increase of 2.5%) from the first half of last fiscal year under these circumstances.

Production sector sales were 10,543 million yen (a YOY decrease of 4.5%) of which discrete semiconductor products mainly for consumer application was 7,232 million yen (a YOY decrease of 8.3%). Although sales of our high frequency rectifier Schottky Barrier Diode (SBD) for flat TV application grew in double digit figure, SBD overall could not mark a significant growth due to delayed new product sales promotion and weak demand from America and Europe. Sales of our Fast Recovery Epitaxial Diode (FRED) decreased by 15% due to Korean Won appreciation causing production adjustment among major plasma TV panel producers. Low power rectifier decreased in automotive sector however SBD/FRED for that sector showed double digit increase supplying hybrid electric vehicle for automotive. We expect sales increase in newly designed low profile package products which we developed last year for growing clean energy solar panel producer market.

Sales of industrial product sector, which makes semiconductor applications, were 3,311 million yen (a YOY increase of 5.0%). Sales in main target application markets such as converter for general use, industrial machinery, base station power unit for cell phone and air conditioner increased in comparison to decrease in welder for automotive production market.

Trading sector sales marked record high of 8,651 million yen (a YOY increase of 12.6%) because of continued strong demand from amusement industry and audio-visual industry. We developed and supplied memory module and power units for amusement machine as well as optical devices such as photocoupler, optical sensor and liquid crystal applications for audio-visual industry.

Although we endeavoured to cut cost in wafer production and package assembly

process, gross profit for production sector decreased by 31%, because we could not absorb temporarily high-level depreciation cost due to less than expected capital utilization in 8-inch wafer production line, sales price depreciation and material price appreciation, by means of increased sales volume of our products. Gross profit for trading sector dramatically increased 25.8% YOY because of increase in both sales volume and margin resulting from solution oriented business. As a consequence of all above, operating income was 552 million yen (a YOY decrease of 56.3%), ordinary income was 359 million yen (a YOY decrease of 63.2%) and net income was 202 million yen (a YOY decrease of 68.0%).

2. Forecast to the Full Fiscal Year

In the context of economic forecast, on the one hand we can see good signs in many aspects of the economy such as blooming Chinese economy and strong demand from newly developed countries, on the other hand housing market is weakening due to sub-prime loan problem and materials price appreciation highlighted by crude oil price. Therefore direction of the economy is not clear as such that overseas demand may decrease due to slowdown in American economy as well as appreciation of Yen may cause suppression to our exports. Semiconductor and device sector in electronics industry is expected to recover further in the latter half of this fiscal year mainly in markets such as consumer communication, automobile, industrial machinery, taking into consideration of digital TV broadcasting introduction, more use of hybrid automobile and more saving of energy due to more strict environmental regulation.

We recognize that our prime commitment is to increase order flow. In meeting the commitment, we designed collaboration of production, sales and development by transforming this company into three divisions corporate structure which consists of Consumer Device Division, Industrial and Automotive Division, Trading and Solution Division and pursuing productivity enhancement, promptness of new product development and above all increase of sales. We will concentrate our resource to high growth market such as LCD TV, automobile, industrial machinery and clean energy, making the best out of 8-inch wafer processing product line which was established last year. We set up a project team assigning it promotion of sales in Chinese market which was pointed out as one of our prime target where 70 percent of power supply units worldwide are produced. We will build up well-balanced customer spectrum by increasing sales to Japanese power supply unit producer operating in China to broaden our customer base. We will cut cost in our overseas subsidiary companies by rationalizing product items and logistics.

In term of trading business, we will promote sales in digital home equipment and amusement market and cut cost by reviewing logistics, then developing new trading

items for a growing market such as medical equipment, security and automobile by combining selected devices.

We will improve our cash flow by pursuing order sensitive production system and reducing inventory.

We forecast for this whole fiscal year, bearing the performance of the first half of this fiscal year and future order flow in mind, 12.8% sales increase YOY of 41.4billion yen, 45.8% decrease YOY of operating income to 1billion yen, 58.4% decrease YOY of ordinary income to 540 million yen and 64.1% decrease YOY of net income to 300 million yen.

3. Interim Consolidated Financial Statements

(1) Interim consolidated balance sheet

Millions of yen

Item	1st Half of FY 2007 (As of Sept.30, 2007)		1st Half of FY 2006 (As of Sept.30, 2006)		FY 2006 (As of March 31, 2007)	
	Amount	%	Amount	%	Amount	%
(Assets)						
I Current assets	25,901	65.1	25,069	69.3	25,708	65.6
Cash and deposits in banks	2,214		3,507		2,417	
Notes and accounts receivable	11,761		12,309		11,949	
Inventory assets	11,164		8,257		9,995	
Deferred tax assets	112		180		138	
Assets to be leased back within one year	—		40		327	
Other current assets	655		778		884	
Allowances for doubtful accounts	(6)		(4)		(3)	
II Fixed assets	13,823	34.7	11,091	30.6	13,416	34.2
Tangible fixed assets	10,482	26.3	8,392	23.2	9,873	25.2
Buildings and structures	4,086		3,419		3,518	
Machinery and vehicles	3,822		1,764		3,806	
Land	1,310		1,310		1,310	
Construction in progress	866		1,553		818	
Other tangible fixed assets	396		345		420	
Intangible assets	58	0.1	53	0.1	66	0.2
Software	25		16		30	
Other intangible assets	33		37		36	
Investments and other assets	3,282	8.3	2,645	7.3	3,475	8.8
Investments and securities	2,578		1,603		2,587	
Long-term prepaid expenses	120		233		166	
Deferred tax assets	303		496		423	
Other investments and assets	302		323		319	
Allowances for doubtful accounts	(22)		(11)		(22)	
III Deferred assets	81	0.2	42	0.1	69	0.2
Start-up costs	1		1		1	
Bond issuance costs	79		40		68	
Total assets	39,807	100.0	36,203	100.0	39,193	100.0

Millions of yen

Item	1st Half of FY 2007 (As of Sept.30, 2007)		1st Half of FY 2006 (As of Sept.30, 2006)		FY 2006 (As of March 31, 2007)	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
I Current liabilities	14,213	35.7	16,704	46.1	16,993	43.4
Trade notes and accounts payable	9,367		9,409		9,791	
Short-term loans	2,285		4,068		3,699	
Bonds, due within one year	500		500		500	
Other accounts payable	994		1,274		1,743	
Accrued expenses	522		525		437	
Income taxes payable	24		247		19	
Allowance for employees' bonuses	306		341		291	
Allowance for directors' bonuses	14		—		—	
Other current liabilities	198		338		511	
II Fixed liabilities	13,409	33.7	7,914	21.9	10,180	25.9
Bonds	8,450		4,500		7,100	
Long-term borrowings	3,420		1,360		1,240	
Allowances for retirement benefits	1,372		1,877		1,663	
Other fixed liabilities	166		177		177	
Total Liabilities	27,622	69.4	24,619	68.0	27,174	69.3
(Net assets)						
I Shareholders' equity	12,072	30.3	11,472	31.7	11,903	30.4
Common stock	4,041		4,036		4,039	
Capital surplus	4,077		4,054		4,075	
Retained earnings	4,461		4,216		4,297	
Treasury stock	(509)		(835)		(508)	
II Appraisals and exchange adjustments	111	0.3	111	0.3	116	0.3
Unrealized gain on investment securities	444		447		452	
Foreign currency exchange adjustments	(332)		(336)		(336)	
III Stock option	—	—	—	—	—	—
IV Minority interest	—	—	—	—	—	—
Total net assets	12,184	30.6	11,583	32.0	12,019	30.7
Total liabilities and net assets	39,807	100.0	36,203	100.0	39,193	100.0

(2) Interim consolidated profit and loss statement

Millions of yen

Item	1st half of FY 2007 〔 From April 1, 2007 To Sept. 30, 2007 〕		1st half of FY 2006 〔 From April 1, 2006 To Sept. 30, 2006 〕		FY 2006 〔 From April 1, 2006 To March 31, 2007 〕	
	Amount	%	Amount	%	Amount	Change(%)
I Sales	19,195	100.0	18,721	100.0	36,712	100.0
Products	10,543	54.9	11,038	59.0	21,392	58.3
Merchandises	8,651	45.1	7,682	41.0	15,320	41.7
II Cost of sales	16,199	84.4	15,034	80.3	29,976	81.7
Products	8,552	81.1	8,150	73.8	16,222	75.8
Merchandises	7,647	88.4	6,883	89.6	13,753	89.8
Gross profit	2,995	15.6	3,686	19.7	6,736	18.3
Products	1,991	18.9	2,887	26.2	5,169	24.2
Merchandises	1,004	11.6	798	10.4	1,566	10.2
III Selling, general administrative and R&D expenses	2,443	12.7	2,423	13.0	4,891	13.3
Operating income	552	2.9	1,263	6.7	1,845	5.0
IV Non-operating income	115	0.6	77	0.4	169	0.5
Interest and dividend income	27		12		22	
Foreign currency transaction gains	16		14		46	
Others	71		49		100	
V Non-operating expenses	307	1.6	362	1.9	717	2.0
Interest expenses	113		79		178	
Loss on write-off of inventory	71		157		282	
Amortization of tech. acquisition fees	66		66		133	
Other non-operating expenses	56		58		123	
Ordinary income	359	1.9	978	5.2	1,297	3.5
VI Extra-ordinary gain	21	0.1	18	0.1	15	0.0
Gain on sale of investment securities	21		—		—	
Other extra-ordinary gains	—		18		15	
VII Extra-ordinary loss	12	0.1	18	0.1	27	0.1
Los on write-off of fixed assets	10		17		25	
Other extra-ordinary losses	1		1		1	
Income before taxes	369	1.9	978	5.2	1,285	3.4
Corporate taxes and etc.	16	0.1	253	1.3	222	0.6
Adjustments of taxes	150	0.8	93	0.5	228	0.6
Net income	202	1.0	631	3.4	834	2.2

(3) Consolidated statement of changes in Shareholders' equity, etc.

Current consolidated accounting period (from April 1, 2007 to Sept. 30, 2007)

Millions of yen

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	4,039	4,075	4,297	(508)	11,903
Changes of items during the period					
Newly issuance of common stock	2	2	—	—	4
Dividend payment from surplus	—	—	(123)	—	(123)
Net income	—	—	202	—	202
Acquisition of treasury stock	—	—	—	0	0
Increased amount due to functional currency changes in overseas subsidiaries	—	—	85	—	85
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	2	2	163	0	168
Balance at Sept. 30, 2007	4,041	4,077	4,461	(509)	12,072

Millions of yen

	Appraisals and exchange adjustments			Stock option	Minority interest	Total net assets
	Unrealized loss on investment securities	Exchange adjustments	Total appraisals and adjustments			
Balance at March 31, 2007	452	(336)	116	—	—	12,019
Changes of items during the period						
Newly issuance of common stock	—	—	—	—	—	4
Dividend payment from surplus	—	—	—	—	—	(123)
Net income	—	—	—	—	—	202
Acquisition of treasury stock	—	—	—	—	—	0
Increased amount due to functional currency changes in overseas subsidiaries	—	—	—	—	—	85
Net changes of items other than shareholders' equity	(8)	4	(4)	—	—	(4)
Total changes of items during the period	(8)	4	(4)	—	—	164
Balance at Sept. 30, 2007	444	(332)	111	—	—	12,184

Previous consolidated accounting period (from April 1, 2006 to Sept. 30, 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					
Newly issuance of common stock	11	11	—	—	22
Dividend payment from surplus	—	—	(156)	—	(156)
Bonus to directors	—	—	(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 exchange adjustments			Stock option	Minority interest	Total net assets
	Unrealized loss on investment securities	Exchange adjustments	Total appraisals and adjustments			
Balance at March 31, 2006	514	(300)	213	—	—	11,883
Changes of items during the period						
Newly issuance of common stock	—	—	—	—	—	22
Dividend payment from surplus	—	—	—	—	—	(156)
Bonus to directors	—	—	—	—	—	(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

Consolidated statement of changes in shareholders' equity and etc. for previous fiscal year (from April 1, 2006 to March 31, 2007)

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					
Newly issuance of common stock	13	13	-	-	27
Dividend payment from surplus	-	-	(278)	-	(278)
Bonus to directors	-	-	(33)	-	(33)
Net income	-	-	834	-	834
Acquisition of treasury stock	-	-	-	(2,146)	(2,146)
Disposal of treasury stock	-	67	-	1,761	1,828
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	13	80	523	(384)	233
Balance at March 31, 2007	4,039	4,075	4,297	(508)	11,903

Millions of yen

	Appraisals and translation adjustments			Stock option	Minority interest	Total net assets
	Unrealized loss on investment securities	Exchange adjustments	Total appraisals and adjustments			
Balance at March 31, 2006	514	(300)	213	-	-	11,883
Changes of items during the period						
Newly issuance of common stock	-	-	-	-	-	27
Dividend payment from surplus	-	-	-	-	-	(278)
Bonus to directors	-	-	-	-	-	(33)
Net income	-	-	-	-	-	834
Acquisition of treasury stock	-	-	-	-	-	(2,146)
Disposal of treasury stock	-	-	-	-	-	1,828
Net changes of items other than shareholders' equity	(61)	(35)	(97)	-	-	(97)
Total changes of items during the period	(61)	(35)	(97)	-	-	136
Balance at March 31, 2007	452	(336)	116	-	-	12,019

(4) Interim consolidated statement of cash flows

Millions of yen

Item	1st half of FY 2007	1st half of FY 2006	FY 2006
	[From April 1, 2007] [To Sept. 30, 2007]	[From April 1, 2006] [To Sept. 30, 2006]	[From April 1, 2006] [To March 31, 2007]
	Amount	Amount	Amount
I. Cash flows from operating activities			
Income before taxes	369	978	1,285
Depreciation and amortization	873	457	1,154
Amortization of deferred assets	96	78	159
Increase (decrease) in allowances for doubtful accounts	3	(17)	(7)
Decrease in reserve for retirement benefits	(287)	(283)	(497)
Interest and dividend income	(27)	(12)	(22)
Interest expenses	113	79	178
Loss (gain) on foreign currency transaction	(10)	30	(4)
Loss on write-off of fixed assets	10	17	25
Loss (gain) on sale of investment securities	(21)	—	0
Decrease(increase) in account and note receivable	150	(1,782)	(1,447)
Decrease(increase) in inventories	(1,191)	(1,033)	(2,768)
Increase(decrease) in account and note payable	(387)	1,177	1,558
Increase (decrease) in allowance for employees' bonuses	15	55	5
Increase (decrease) in allowance for directors' bonuses	14	—	—
Increase in assets to be leased back within one year	327	456	169
Others	199	83	(256)
Sub-total	247	285	(468)
Receipt of interest and dividends	27	12	22
Payment of interest	(120)	(98)	(178)
Payment of corporate taxes	33	(351)	(585)
Net cash provided by (used in) operating activities	187	(152)	(1,210)
II. Cash flows from investing activities			
Expenditures for the acquisition of tangible fixed assets	(2,411)	(515)	(1,853)
Purchases of investment securities	(12)	(269)	(1,275)
Proceeds from sales of investment securities	27	—	1
Other	8	(2)	(16)
Net cash used in investing activities	(2,388)	(787)	(3,144)
III. Cash flows from financing activities			
Net increase(decrease) in short-term loans	(469)	(1,381)	(1,687)
Proceeds from long-term debt	2,400	1,200	1,200
Repayments of long-term debt	(1,150)	(169)	(341)
Proceeds from issuance of bonds	1,579	2,465	5,276
Repayments of bonds	(250)	—	(250)
Proceeds from issuance of common stock	4	22	27
Proceeds from disposal of treasury stock	—	1,484	1,828
Acquisition of treasury stock	0	(2,145)	(2,146)
Cash dividends paid to stockholders	(123)	(156)	(278)
Net cash provided by financing activities	1,992	1,318	3,628
Differences of foreign exchange rate translation			
IV on cash and cash equivalents	5	(60)	(46)
V Net increase(decrease) in cash and cash equivalents	(202)	317	(772)
VI Cash and cash equivalents at beginning of period	2,317	3,089	3,089
VII Cash and cash equivalents at end of period	2,114	3,407	2,317