

Consolidated Financial & Business Performance Results

for 3rd quarter of fiscal year ending March 2007 (as of December 31, 2006)

issued on January 31, 2007

Nihon Inter Electronics Corporation

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1. Information on Preparing Quarterly Financial and Business Performance Results

- (1) Adoption of concise methods in accounting treatment : Yes
(Content) Standard on recording corporate tax and etc.
- (2) Changes in accounting policies from consolidated report : Yes
- (3) Changes in scope of consolidation and application of equity method : None

2. Financial and Business Performance Results for the Third Quarter of Fiscal Year 2006

(From April 1, 2006 to December 31, 2006)

(1) Consolidated Business Performances (Note) Figures are rounded down to millions of yen

	Sales	Operating income	Ordinary income	Net income
	Mil yen y-o-y %	Mil yen y-o-y %	Mil yen y-o-y %	Mil yen y-o-y %
Nine months ended Dec.31, 2006	27,681 12.5	1,687 9.9	1,299 1.7	861 12.4
Nine months ended Dec.31, 2005	24,601 (3.3)	1,534 (36.0)	1,278 (36.6)	766 (35.4)
(Ref) FY 2005	33,183	2,295	1,935	1,130

	E.P.S	Diluted E.P.S
	Yen sen	Yen sen
Nine months ended Dec.31, 2006	28.42	28.34
Nine months ended Dec.31, 2005	24.53	24.38
(Ref) FY 2005	35.08	34.88

(Note) % of Sales and Profits shows changes on Y-o-Y basis respectively.

[Qualitative Comment on Trends of Consolidated Business Performances]

As for the consolidated business performance results for the third quarter ended Dec.31, 2006, our sales increased by 12.5% Y-o-Y to ¥27,681 million, out of which, product sales increased by 4.8% Y-o-Y to ¥16,238 million and merchandise sales increased by 25.6% Y-o-Y to ¥11,442 million.

For consumer-use semiconductor discrete device products, sales for liquid crystal TVs use showed approximately double growth Y-o-Y, besides the increases in sales of SBD (Schottky barrier diode), sales of small rectifier diodes mainly for automobile use also showed stable growth. However, resulted from the decrease in sales of mainstream product FRED (Fast recovery epitaxial diode), as being influenced by the production adjustments among plasma panel makers, sales as a total ended up with an increase of 2% Y-o-Y only.

Concerning industry-use applied semiconductor products, inventory adjustments of industrial machineries for China market almost finished during the period, in addition to the increases in sales for mainstay general use inverters and industrial power sources uses, sales of modules for servers use, units for mobile communication base stations and illuminations uses remained strong, hence, total sales grew by 12% over the same period of the previous year.

Regarding the merchandise, sales of modules which were developed merchandises for amusement use greatly increased, sales of mainstream liquid crystal and optical devices related merchandises held firm as well.

Therefore, for the 3rd quarter of FY2006, consolidated operating income was ¥1,687 million, up 9.9% Y-o-Y, consolidated ordinary income was ¥1,299 million, up 1.7% Y-o-Y and the consolidated net income was ¥861 million, up 12.4% Y-o-Y.

(2) Trend in Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Net worth per Share
	Mil yen	Mil yen	%	Yen
As of Dec.31, 2006	36,218	12,054	33.3	389.91
As of Dec.31, 2005	33,615	11,437	34.0	365.06
(Ref) FY 2005	32,030	11,883	37.1	378.89

[Consolidated Cash Flows]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of 3 rd quarter
	Mil yen	Mil yen	Mil yen	Mil yen
Nine months ended Dec.31, 2006	(947)	(2,282)	1,676	1,504
Nine months ended Dec.31, 2005	(447)	(1,229)	788	1,862
(Ref) FY 2005	2,978	(1,577)	(1,100)	3,089

[Qualitative Information on Changes in Consolidated Financial Position]

The balance of cash and cash equivalents account amounted ¥1,504 million at the end of the 3rd quarter of FY2006, a decrease of ¥1,585 million Y-o-Y. The status of cash flows is as follows:

Cash flows used in operating activities were ¥947 million mainly due to the increases in sales receivables and inventories, though there were increases in income, accounts payables and etc as well.

Cash flows used in investing activities were ¥2,282 million, which resulted primarily from the investment for 8-inch wafer manufacturing facility.

Cash flows provided by financing activities were ¥1,676 million, as a result of capital procurement activities such as the issuance of bonds and etc.

3. Forecast of the Consolidated Business Performances for FY 2006 ending March 31, 2007 (from April 1, 2006 to March 31, 2007)

There is no any change or revise to the forecast of the consolidated business performances for FY2006 as presented in the interim flash report for this fiscal year, which was released on November 14, 2006.

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 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. Condensed Consolidated Balance Sheet

(Millions of yen, %)

Item	Nine Months Ended at December 31st, 2006 (Third quarter FY 2006)		Nine Months Ended at December 31st, 2005 (Third quarter FY 2005)		Variance (Y-o-Y)		(Note) FY 2005 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%	Amount	%
(Assets)								
I Current Assets	23,832	65.8	23,700	70.5	132	0.6	22,128	69.1
1 Cash and deposits in banks	1,604		1,962		(358)		3,189	
2 Notes and accounts receivable	11,893		11,313		580		10,528	
3 Inventories	9,315		7,279		2,036		7,233	
4 Deferred tax assets	180		198		(18)		185	
5 Assets to be leased back within one year	40		2,409		(2,369)		497	
6 Other current assets	802		562		240		517	
7 Allowances for doubtful accour	(4)		(24)		20		(23)	
II Fixed assets	12,350	34.1	9,894	29.4	2,456	24.8	9,884	30.8
1 Tangible fixed assets	9,020	24.9	7,184	21.3	1,836	25.6	7,200	22.5
(1) Buildings and structures	3,531		3,409		122		3,339	
(2) Machinery and vehicles	2,476		1,635		841		1,541	
(3) Land	1,310		1,310		—		1,310	
(4) Construction in process	1,414		522		892		743	
(5) Other tangible fixed assets	287		306		(19)		265	
2 Intangible fixed assets	64	0.2	54	0.2	10	19.7	74	0.2
(1) Software	27		15		12		36	
(2) Other intangible fixed assets	37		38		(1)		37	
3 Investments and other assets	3,264	9.0	2,655	7.9	609	22.9	2,609	8.1
(1) Investment securities	2,232		1,196		1,036		1,417	
(2) Long-term advanced payment	235		366		(131)		309	
(3) Deferred tax assets	494		777		(283)		564	
(4) Other assets	312		333		(21)		328	
(5) Allowances for doubtful accour	(11)		(19)		8		(10)	
III Deferred assets	36	0.1	20	0.1	16	79.5	17	0.1
1 Start-up costs	1		—		1		1	
2 Bond issuance costs	35		20		15		16	
Total assets	36,218	100.0	33,615	100.0	2,603	7.7	32,030	100.0

(Millions of yen, %)

Item	Nine Months Ended at December 31st, 2006 (Third quarter FY 2006)		Nine Months Ended at December 31st, 2005 (Third quarter FY 2005)		Variance (Y-o-Y)		(Note) FY 2005 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%	Amount	%
(Liabilities)								
I Current liabilities	16,360	45.2	15,509	46.1	851	5.5	13,925	43.5
1 Notes and accounts payable	9,322		8,470		852		8,222	
2 Short-term bank loans	4,190		5,807		(1,617)		4,404	
3 Bonds due within one year	500		—		500		—	
4 Accrued amounts payable	1,390		110		1,280		136	
5 Accrued income taxes	79		218		(139)		349	
6 Accrued expenses	469		484		(15)		456	
7 Accrued employees' bonuses	179		178		1		286	
8 Other current liabilities	228		237		(9)		69	
II Fixed liabilities	7,804	21.5	6,669	19.9	1,135	17.0	6,221	19.4
1 Bonds and debentures	4,500		2,500		2,000		2,500	
2 Long-term debt	1,360		1,731		(371)		1,380	
3 Allowances for employees' retirement benefits	1,766		2,257		(491)		2,152	
4 Allowances for directors' retirement benefits	—		136		(136)		145	
5 Other fixed liabilities	177		43		134		43	
Total liabilities	24,164	66.7	22,178	66.0	1,986	9.0	20,146	62.9
(Minority interests)								
Minority interests	—	—	—	—	—	—	—	—
(Shareholders' equity)								
I Capital stock	—		4,023		—		4,025	
II Capital surplus	—		3,992		—		3,994	
III Retained earnings	—		3,411		—		3,774	
IV Appraisal differences on marketable securities	—		383		—		514	
V Foreign currency translation adjustments	—		(311)		—		(300)	
VI Treasury stock	—		(61)		—		(124)	
Total shareholders' equity	—	—	11,437	34.0	—	—	11,883	37.1
Total liabilities, minority interest and shareholders' equity	—	—	33,615	100.0	—	—	32,030	100.0
(Net assets)								
I Shareholders' equity	11,926	32.9	—	—	—	—	—	—
1 Capital stock	4,036		—		—		—	
2 Capital surplus	4,073		—		—		—	
3 Retained earnings	4,324		—		—		—	
4 Treasury stock	(508)		—		—		—	
II Valuation and translation adjustments	128	0.4	—	—	—	—	—	—
1 Appraisal differences on marketable securities	447		—		—		—	
2 Foreign currency translation adjustments	(319)		—		—		—	
III Stock option	—	—	—	—	—	—	—	—
IV Minority interests	—	—	—	—	—	—	—	—
Total net assets	12,054	33.3	—	—	—	—	—	—
Total liabilities and net assets	36,218	100.0	—	—	—	—	—	—

2. Condensed Consolidated Profit and Loss Statement

(Millions of yen, %)

Items	Nine Months of FY2006 From April 1, 2006 to December 31, 2006		Nine Months of FY2005 From April 1, 2005 to December 31, 2005		Variance (Y-o-Y)		(Note) FY 2005	
	Amount	%	Amount	%	Amount	% of changes	Amount	%
I Sales	27,681	100.0	24,601	100.0	3,080	12.5	33,183	100.0
Product sales	16,238	58.7	15,492	63.0	746	4.8	20,711	62.4
Merchandise sales	11,442	41.3	9,108	37.0	2,334	25.6	12,471	37.6
II Cost of sales	22,352	80.7	19,516	79.3	2,836	14.5	26,252	79.1
Product cost of sales	12,060	74.3	11,374	73.4	686	6.0	15,137	73.1
Merchandise cost of sales	10,292	89.9	8,142	89.4	2,150	26.4	11,114	89.1
Gross profit	5,328	19.3	5,084	20.7	244	4.8	6,930	20.9
Product gross profit	4,178	25.7	4,118	26.6	60	1.5	5,573	26.9
Merchandise gross profit	1,150	10.1	966	10.6	184	19.1	1,356	10.9
III Selling, Administrative and R&D expenses	3,641	13.2	3,549	14.5	92	2.6	4,634	14.0
Operating Profit	1,687	6.1	1,534	6.2	153	9.9	2,295	6.9
IV Non-operating income	119	0.4	121	0.5	(2)	(1.3)	138	0.4
V Non-operating expenses	507	1.8	377	1.5	130	34.4	498	1.5
Ordinary profit	1,299	4.7	1,278	5.2	21	1.7	1,935	5.8
VI Extra-ordinary gain	18	0.1	9	0.0	9	88.1	8	0.0
VII Extra-ordinary loss	22	0.1	44	0.1	(22)	(49.7)	62	0.1
Income before income taxes and other adjustments	1,295	4.7	1,243	5.1	52	4.2	1,882	5.7
Income taxes	433	1.6	476	2.0	(43)	(9.0)	752	2.3
Net income	861	3.1	766	3.1	95	12.4	1,130	3.4

3. Condensed Consolidated Statement of Changes in Shareholders' Equity

Nine months from April 1, 2006 to December 31, 2006 (3rd Quarter of 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
Dividend from surplus			(278)		(278)
Bonus to directors			(33)		(33)
Net income			861		861
Acquisition of treasury stock				(2,146)	(2,146)
Disposal of treasury stock		67		1,761	1,828
Total changes of items during the period	11	78	550	(384)	256
Balance at December 31, 2006	4,036	4,073	4,324	(508)	11,926

	Valuation and translation adjustments				Stock option	Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Deferred gains or losses by hedging	Foreign currency translation adjustments	Total of valuation and translation adjustments			
Balance at March 31, 2006	514	—	(300)	213	—	—	11,883
Changes of items during the period							
Issuance of common stock							22
Dividend from surplus							(278)
Bonus to directors							(33)
Net income							861
Acquisition of treasury stock							(2,146)
Disposal of treasury stock							1,828
Net changes of items other than shareholders' equity	(66)		(18)	(85)			(85)
Total changes of items during the period	(66)	—	(18)	(85)	—	—	171
Balance at December 31, 2006	447	—	(319)	128	—	—	12,054

4. Condensed Consolidated Statement of Cash Flows

(Millions of yen, %)

	Nine Months of FY2006 From April 1, 2006 to December 31, 2006	Nine Months of FY2005 From April 1, 2005 to December 31, 2005	(Note) FY 2005
Items	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and other adjustments	1,295	1,243	1,882
Depreciation and amortization, etc.	853	695	949
Decrease (increase) in notes and accounts receivable	(1,357)	(1,065)	(256)
Decrease (increase) in inventories	(2,055)	(278)	(219)
Increase (decrease) in notes and accounts payable	1,063	884	632
Other	(141)	(969)	922
Payments of income taxes, etc.	(606)	(957)	(932)
Net cash provided by (used in) operating activities	(947)	(447)	2,978
II Cash flows from investing activities			
Purchase of tangible fixed assets	(1,345)	(1,073)	(1,412)
Purchase of investment securities	(927)	(94)	(94)
Other	(10)	(61)	(69)
Net cash used in investing activities	(2,282)	(1,229)	(1,577)
III Cash flows from financing activities			
Proceeds from short-term bank loans	(1,164)	2,504	796
Proceeds from long-term debt	1,200	719	719
Repayments of long-term debt	(266)	(2,279)	(2,389)
Proceeds from issuance of bonds	2,465	—	—
Dividends paid to stockholders	(263)	(175)	(187)
Other	(294)	19	(40)
Net cash provided by (used in) financing activities	1,676	788	(1,100)
IV Effect of exchange rate changes on cash and cash equivalents	(31)	15	52
V Net increase (decrease) in cash and cash equivalents	(1,585)	(873)	353
VI Cash and cash equivalents, beginning of period	3,089	2,735	2,735
VII Cash and cash equivalents, end of period	1,504	1,862	3,089