

Fiscal Year ending March 2006



**Report on 1st Half,
FY 2005 Financial
Results**

November 30, 2005

Nihon Inter Electronics Corporation

Outline

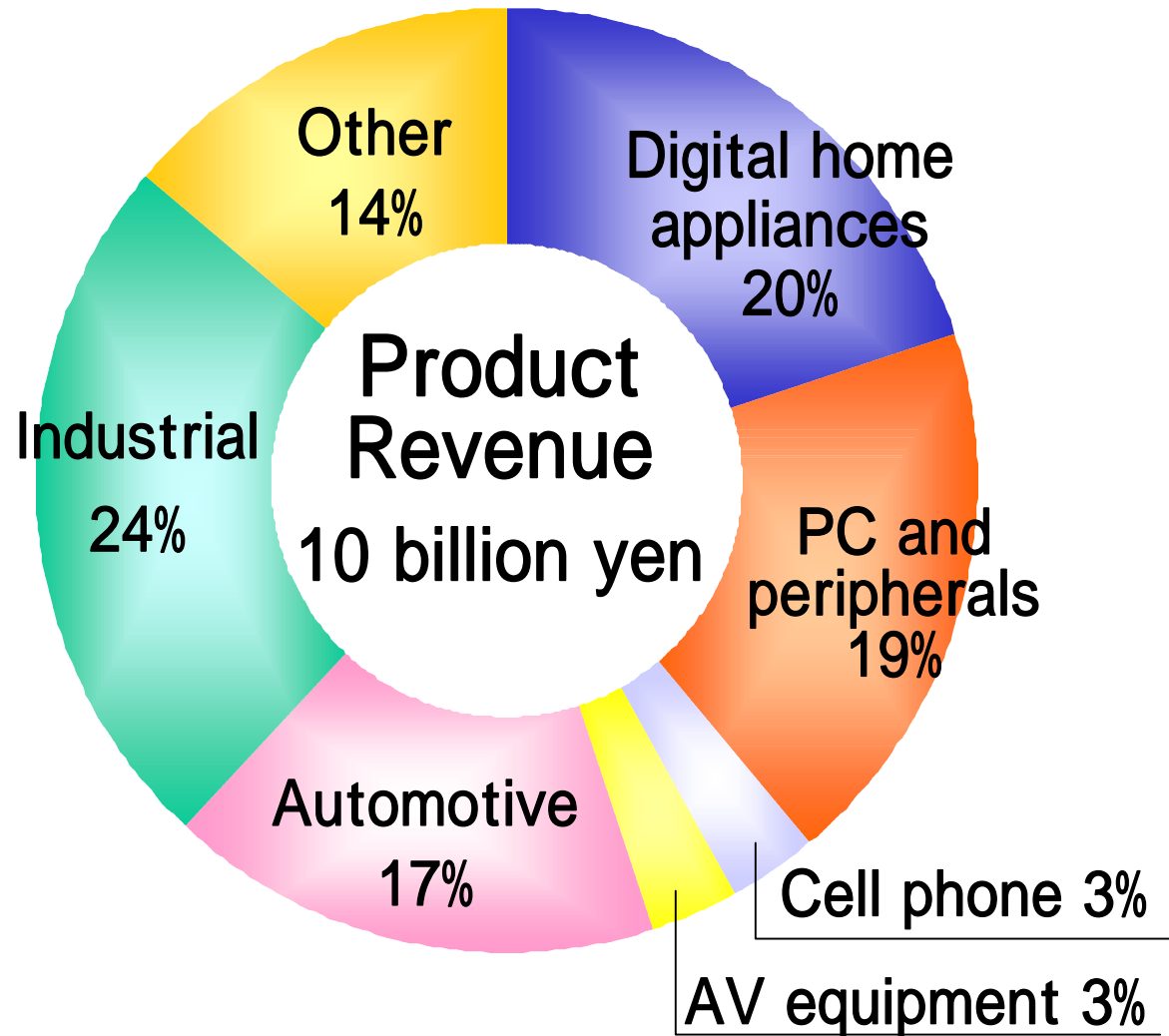
- 1. Overview of 1st half financial results**
- 2. Forecast of performances in FY 2005**
- 3. Future operations and strategies**

1st Half 2005 Consolidated Financial Results

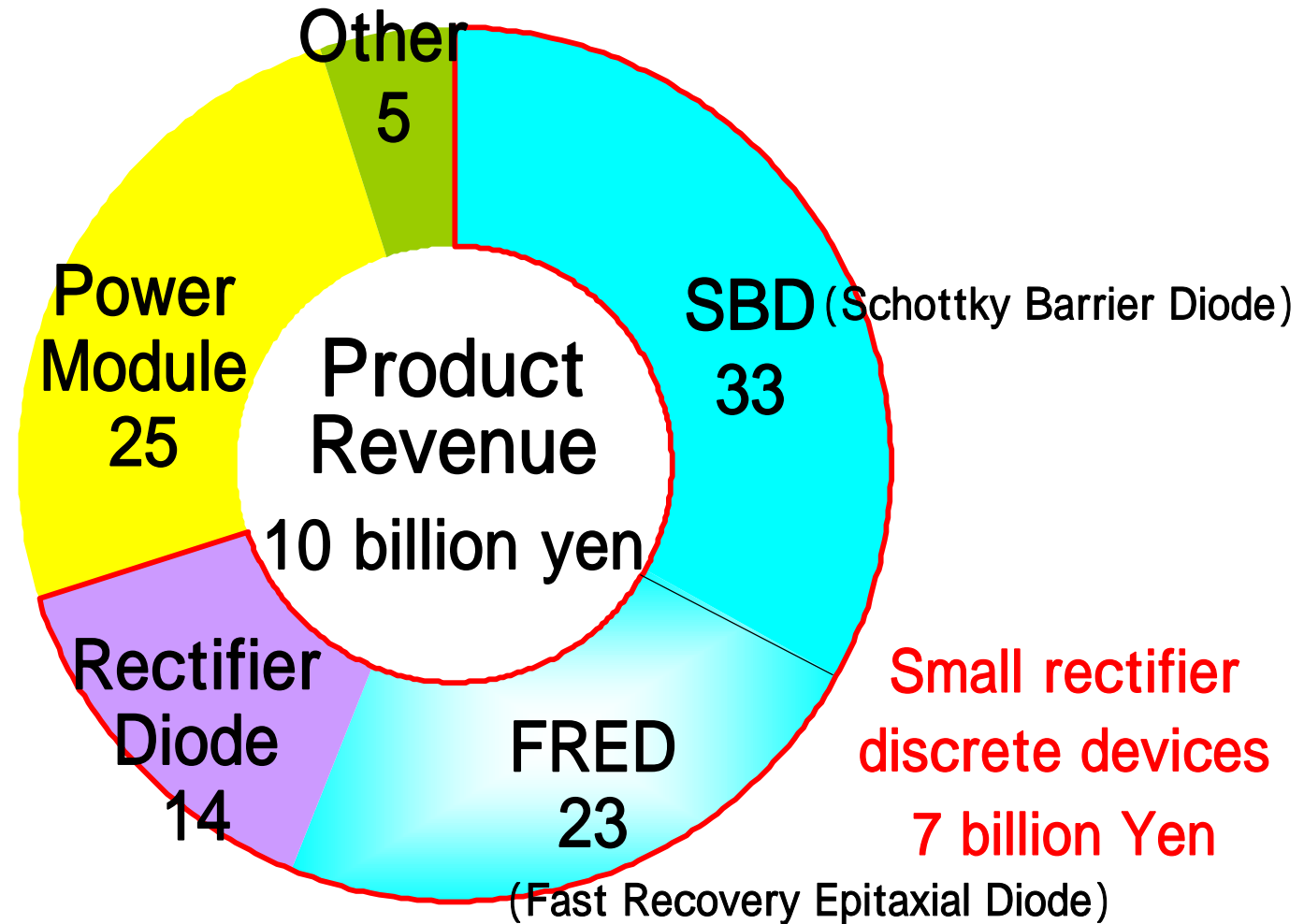
In million yen

	2005 1H		2004 1H		Y-O-Y	
Sales	15,586	100.0%	17,826	100.0%	(2,240)	(12.6)%
Product	10,004	64.2%	10,445	58.6%	(441)	(4.2)%
Merchandise	5,582	35.8%	7,381	41.4%	(1,799)	(24.4)%
Gross profit	3,253	20.9%	3,796	21.3%	(543)	(14.3)%
Product	2,652	26.5%	3,046	29.2%	(394)	(12.9)%
Merchandise	601	10.8%	750	10.2%	(149)	(19.9)%
Operating expenses	2,291	14.7%	2,020	11.3%	271	13.4%
Operating profit	962	6.2%	1,776	10.0%	(814)	(45.8)%
Ordinary profit	755	4.8%	1,541	8.6%	(786)	(51.0)%
Net income	421	2.7%	903	5.1%	(482)	(53.3)%

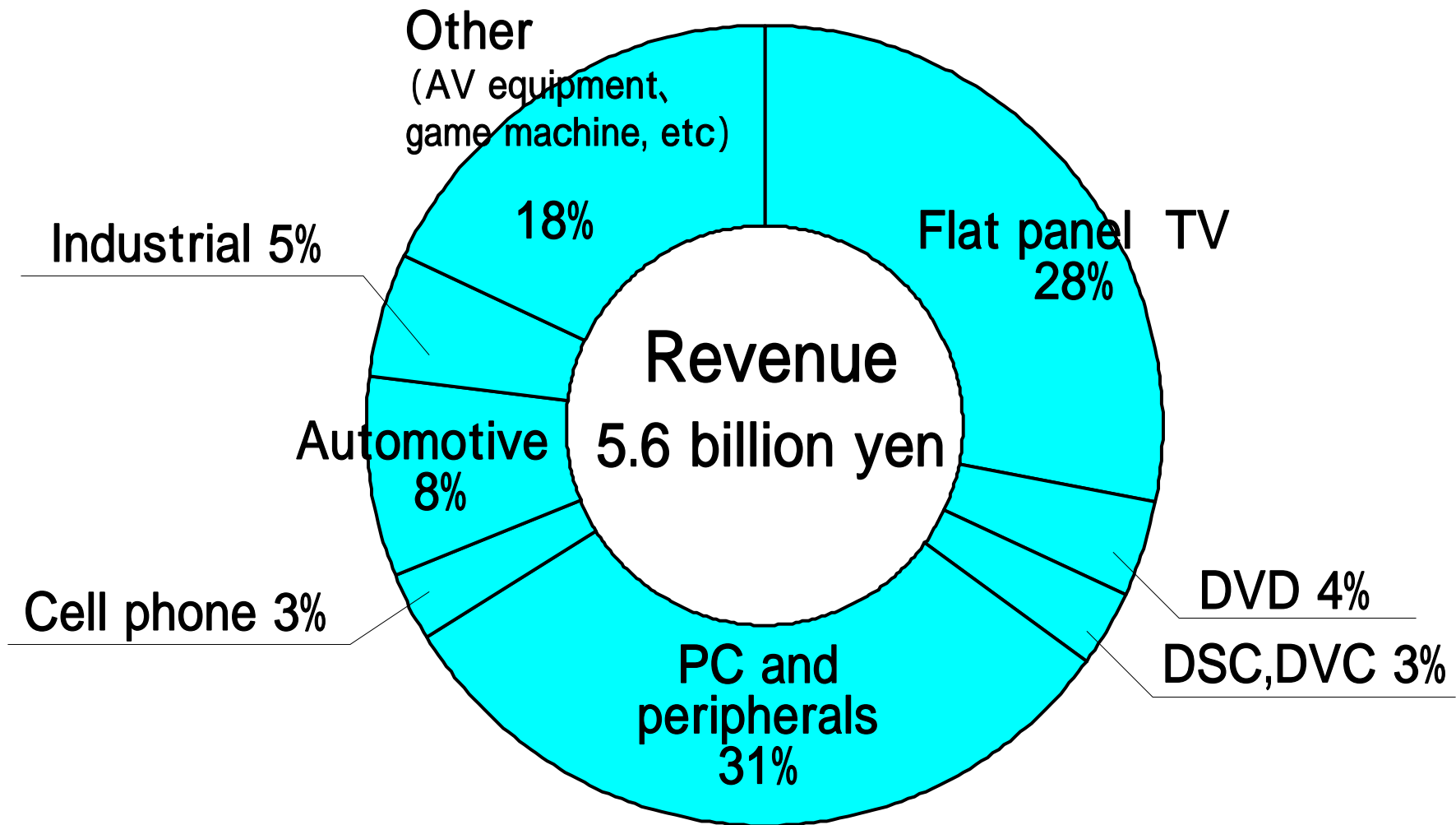
Product Revenue by End Market



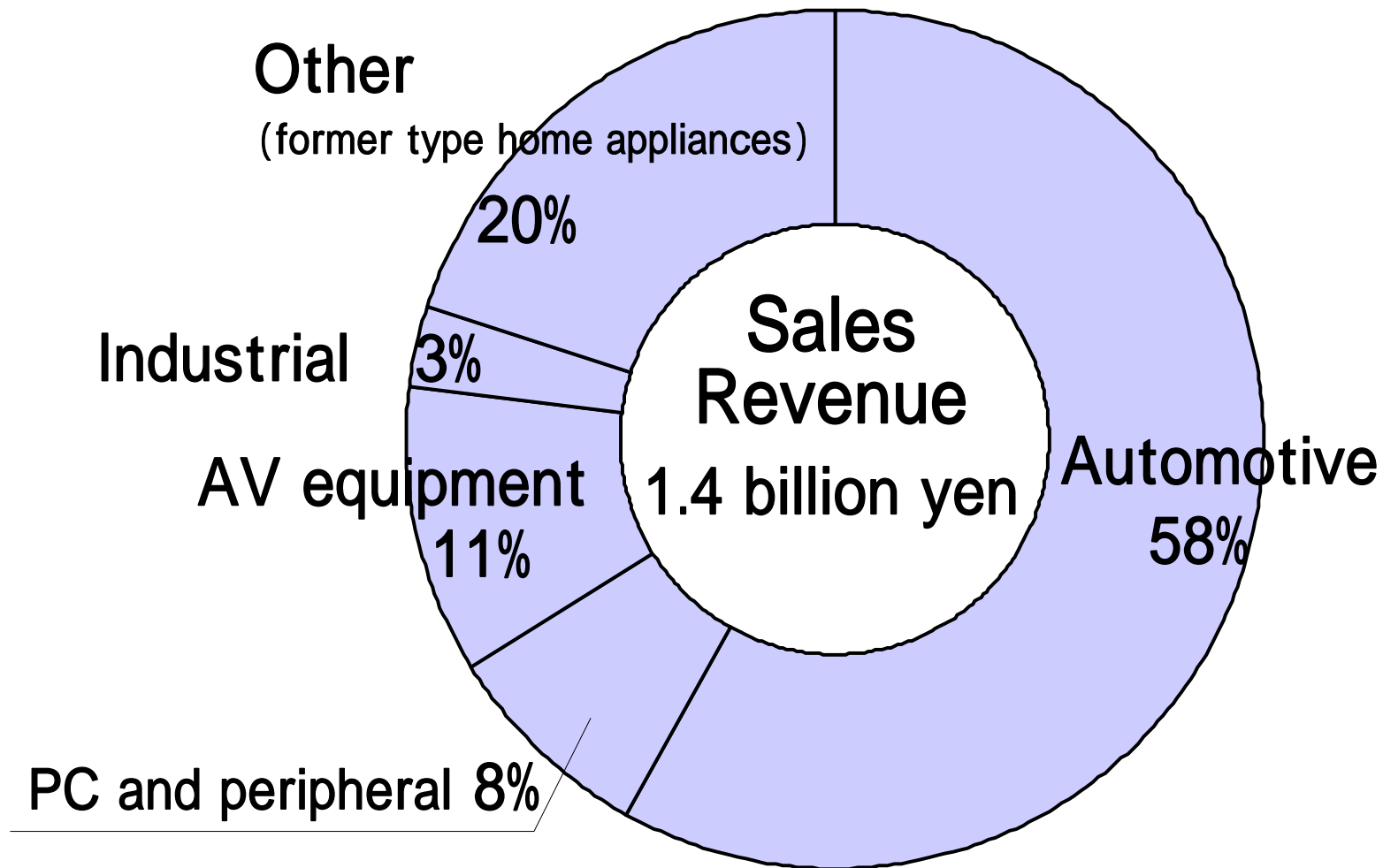
Product Revenue by Product Category



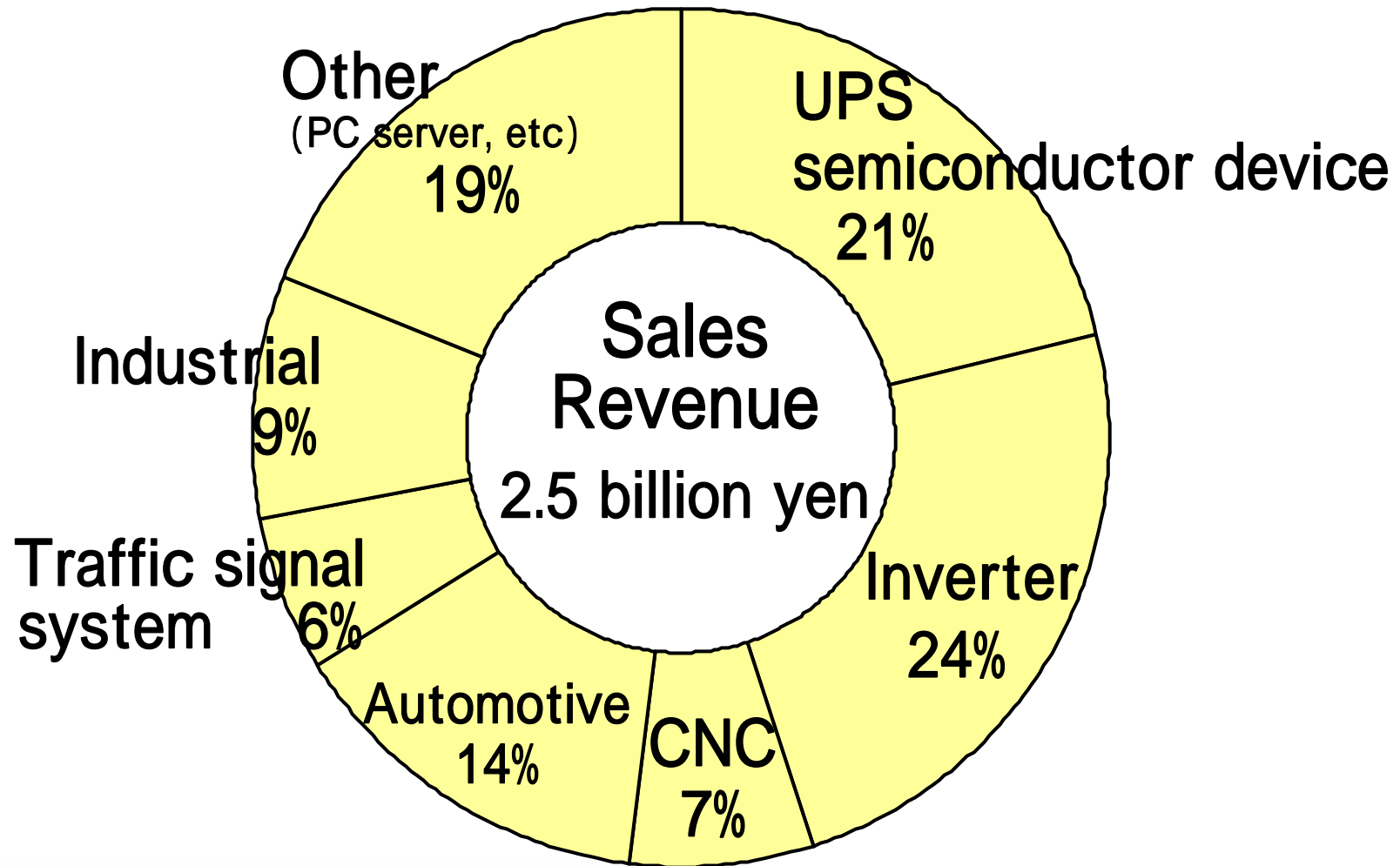
SBD/FRED Revenue by End Market



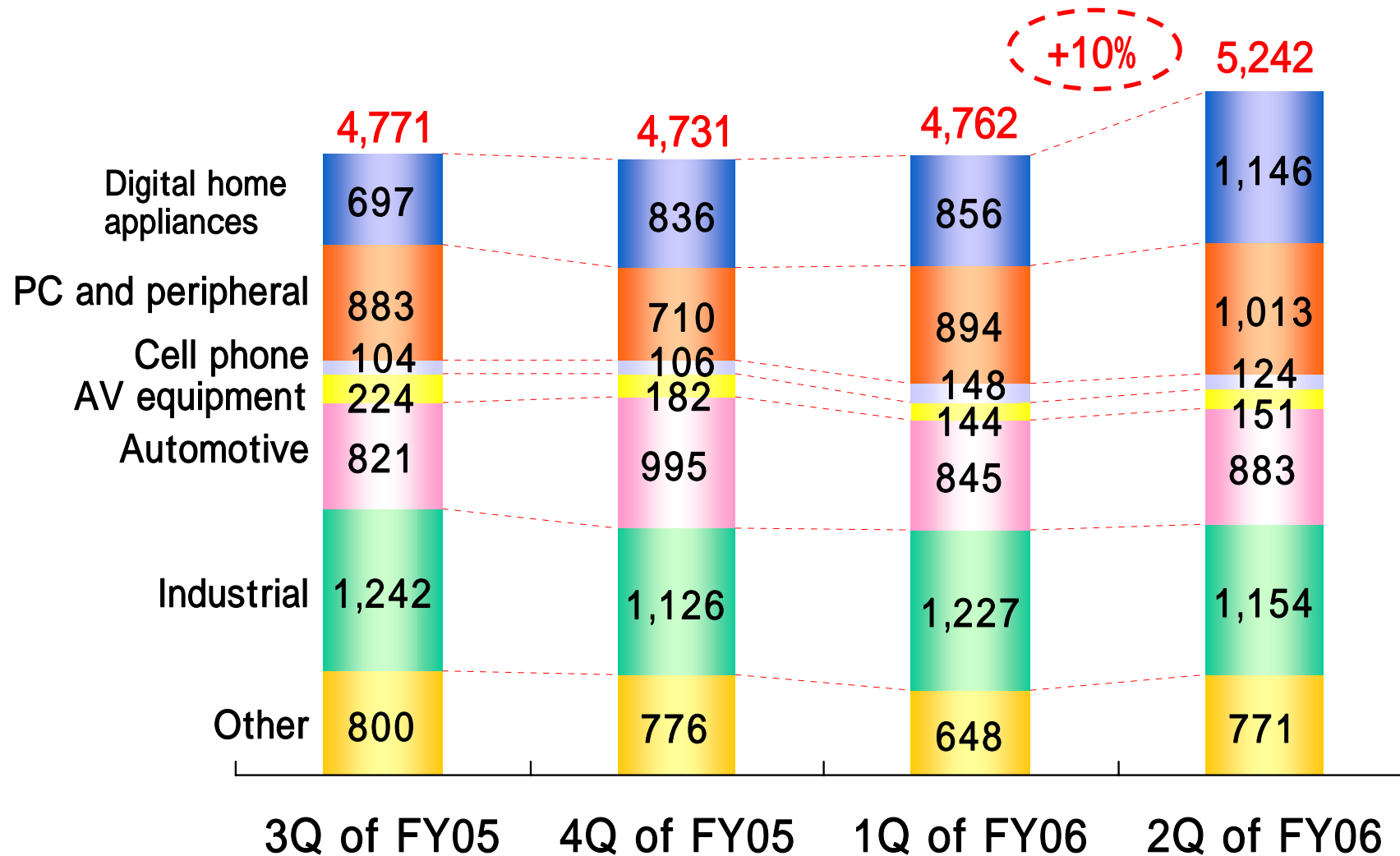
Rectifier Diode Revenue by End Market



Power Management Module Revenue by End Market

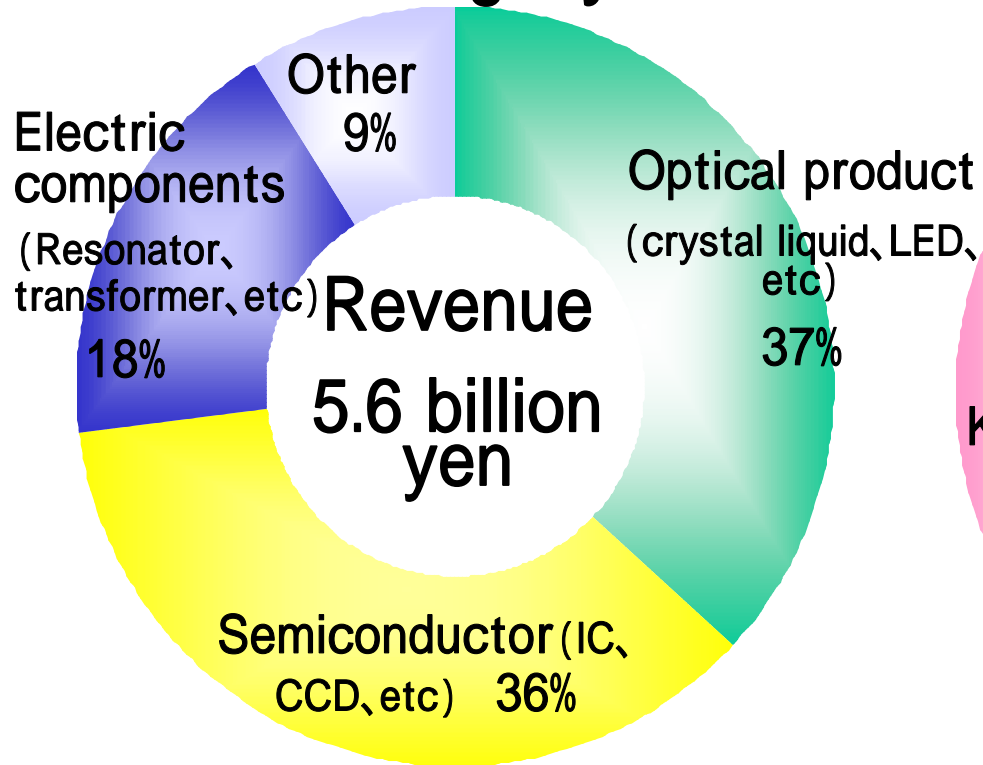


Growth of Product Revenue by End Market

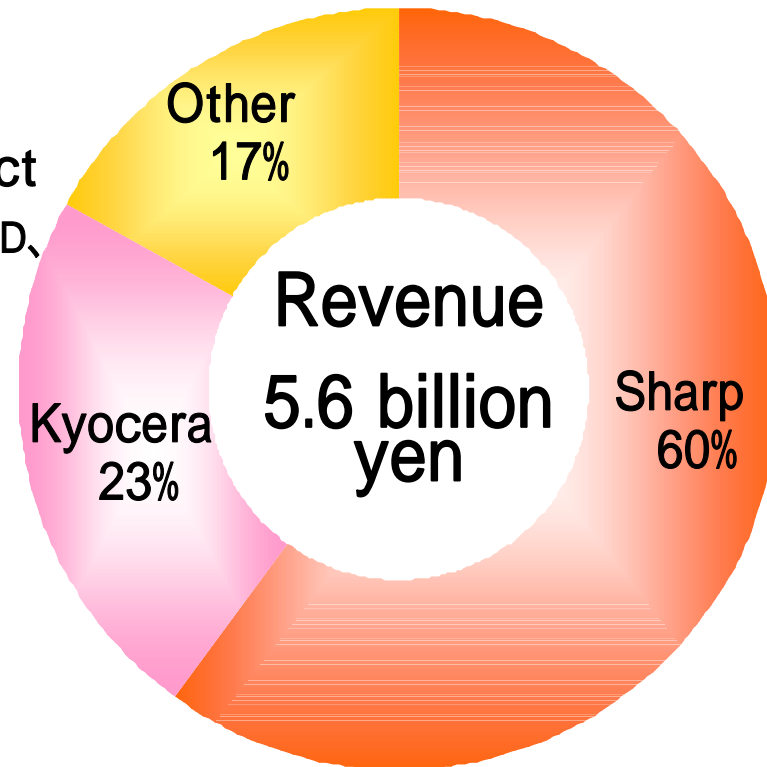


Merchandise Revenue

By product category

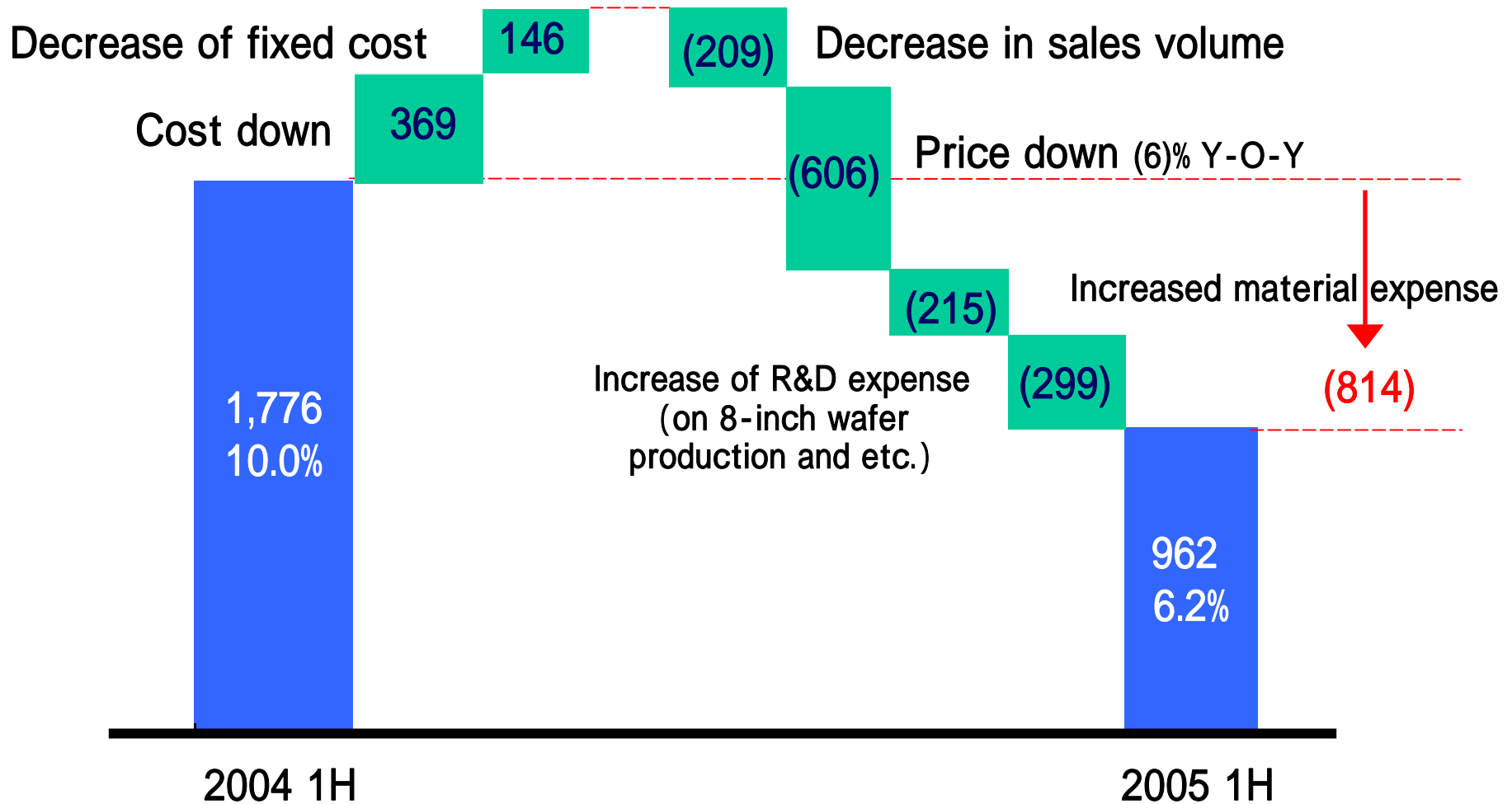


By supplier



Analysis on Operating Profit

In million yen



Financial Position of 2005 1H

In million yen

	05/9/30		04/9/30		Variation
Total assets	31,564		30,041		1,523
Shareholders' equity	11,144		10,317		827
Equity ratio	35.3%		34.3%		1.0%P
Cash and cash equivalents	1,695		2,409		(714)
Accounts receivable months	10,057	3.9	11,445	3.9	(1,388)
Inventory months	6,944	3.4	6,258	2.7	686
Tangible long-term assets	7,295		6,641		654
Accounts payable months	7,343	3.6	6,193	2.6	1,150
Interest-bearing liabilities D/E ratio	9,151	0.8	9,086	0.9	65
Operating cash flow	(274)		1,170		(1,444)
Investing cash flow	(917)		(1,582)		665

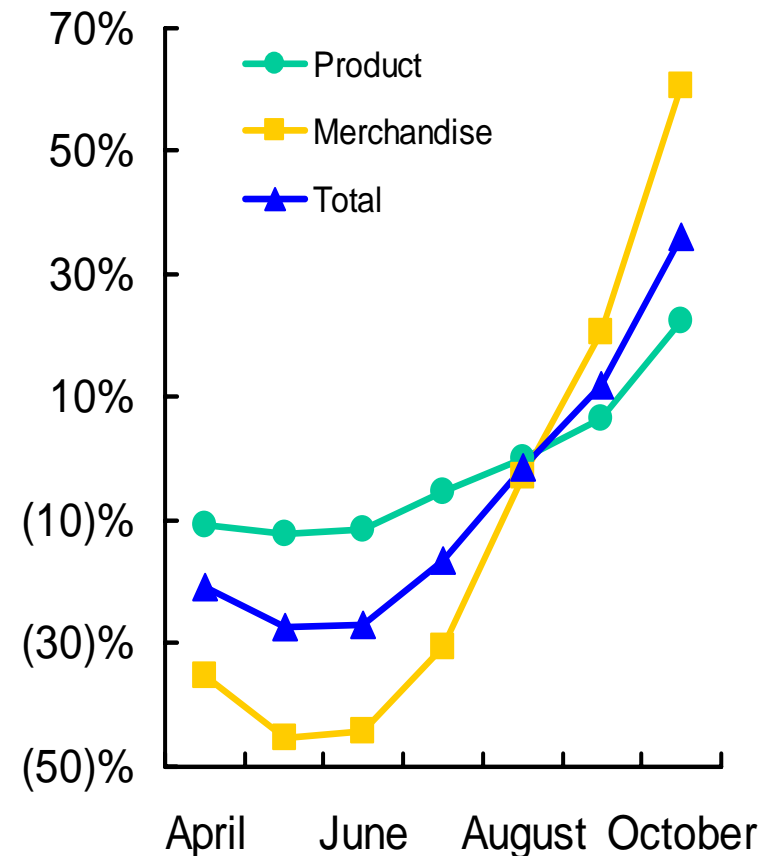
Forecast of FY 2005 and strategies

Market condition and orders situation

➤ Market condition

- High growth of digital home appliances
- Further development on electrification of vehicles
- Enlargement of clean energy market
- Asian economies' development centering around China
- Soaring price of raw material along with increasing crude oil price
- Export decrease for economy slowdown in US and China
- Intense price competition since the rise of Asian manufacturers

Recent orders situation
(Y-O-Y)

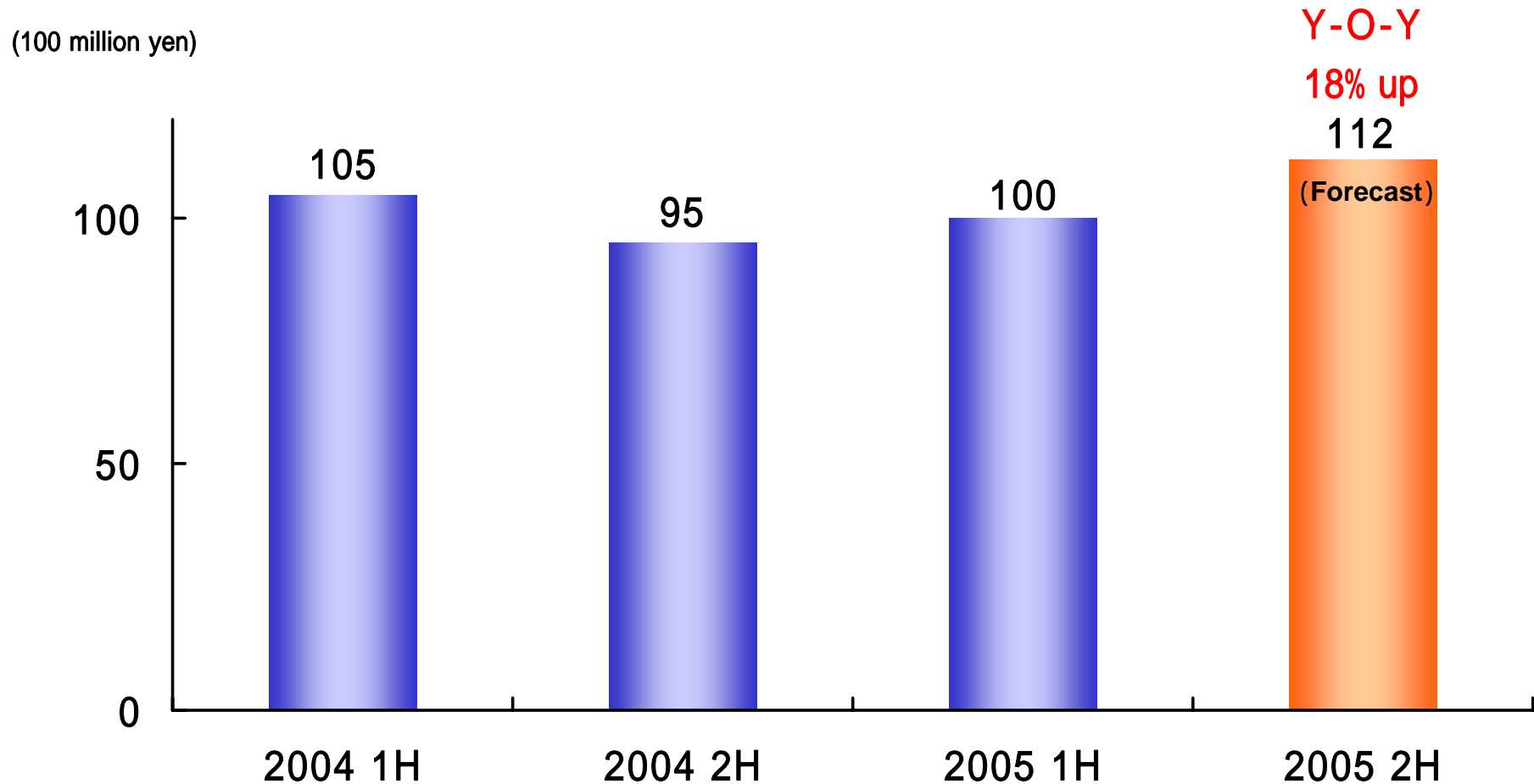


Financial Forecast ending March 2006

In million yen

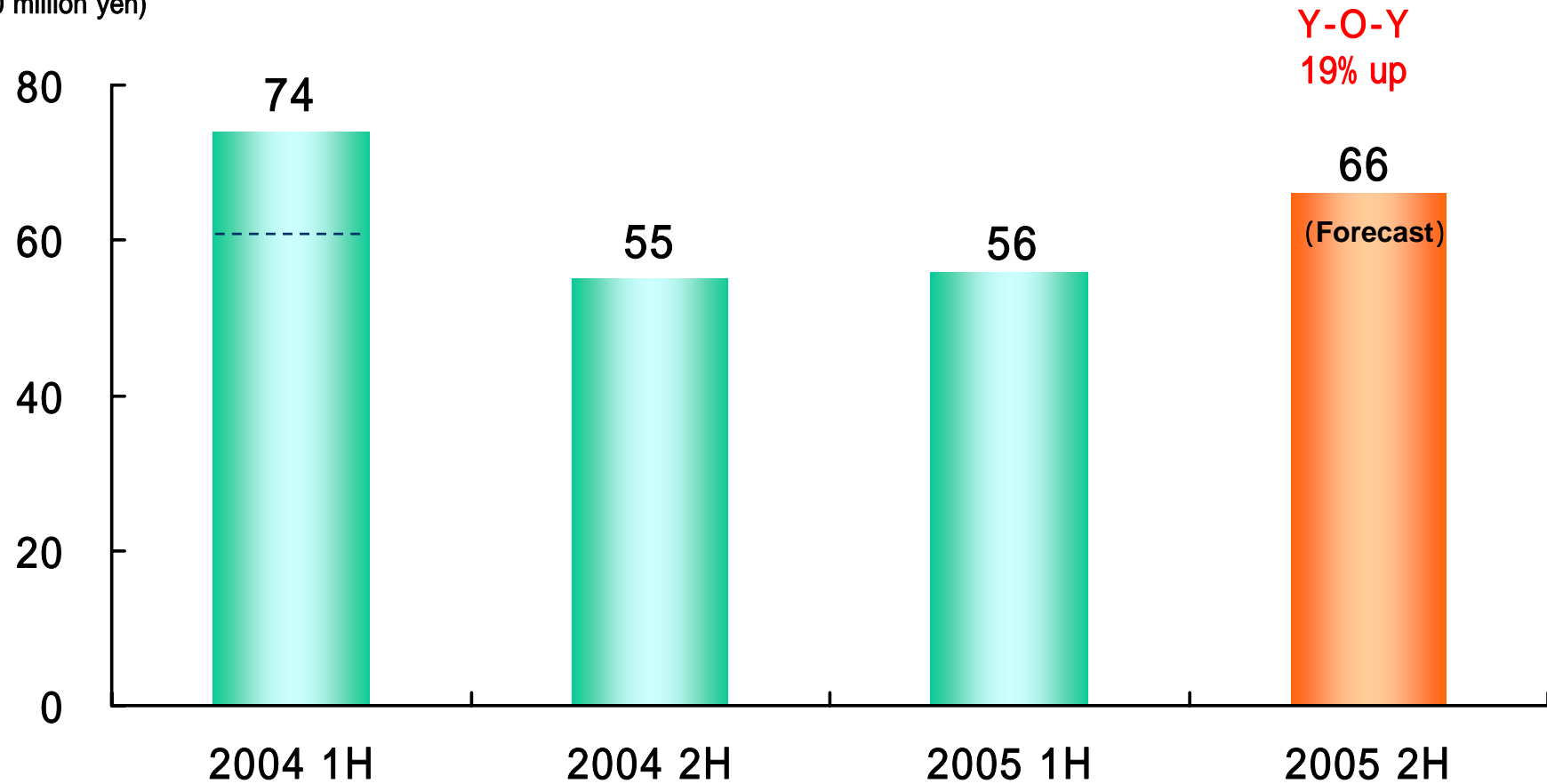
	Forecast of FY 2005		Results of FY 2004		Y-O-Y	
Sales	33,380	100.0%	32,852	100.0%	528	1.6%
Product	21,200	63.5%	19,947	60.7%	1,253	6.3%
Merchandise	12,180	36.5%	12,905	39.3%	(725)	(5.6)%
Gross profit	7,180	21.5%	6,930	21.1%	250	3.6%
Product	5,950	28.1%	5,611	28.1%	339	6.0%
Merchandise	1,230	10.1%	1,319	10.2%	(89)	(6.7)%
Operating expenses	4,640	13.9%	4,043	12.3%	597	14.8%
Operating profit	2,540	7.6%	2,887	8.8%	(347)	(12.0)%
Ordinary profit	2,140	6.4%	2,368	7.2%	(228)	(9.6)%
Net income	1,320	4.0%	1,291	3.9%	29	2.2%

Product Revenue Forecast in 2005 2H



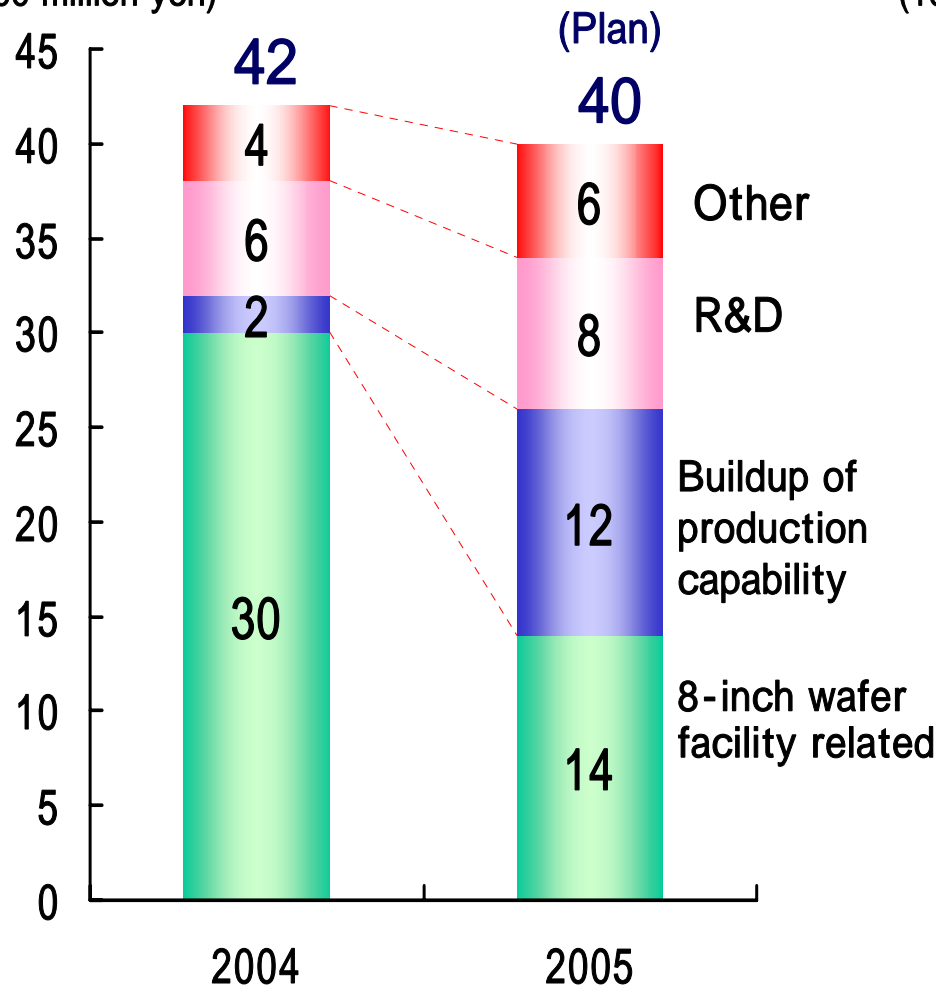
Merchandise Revenue Forecast in 2005 2H

(100 million yen)

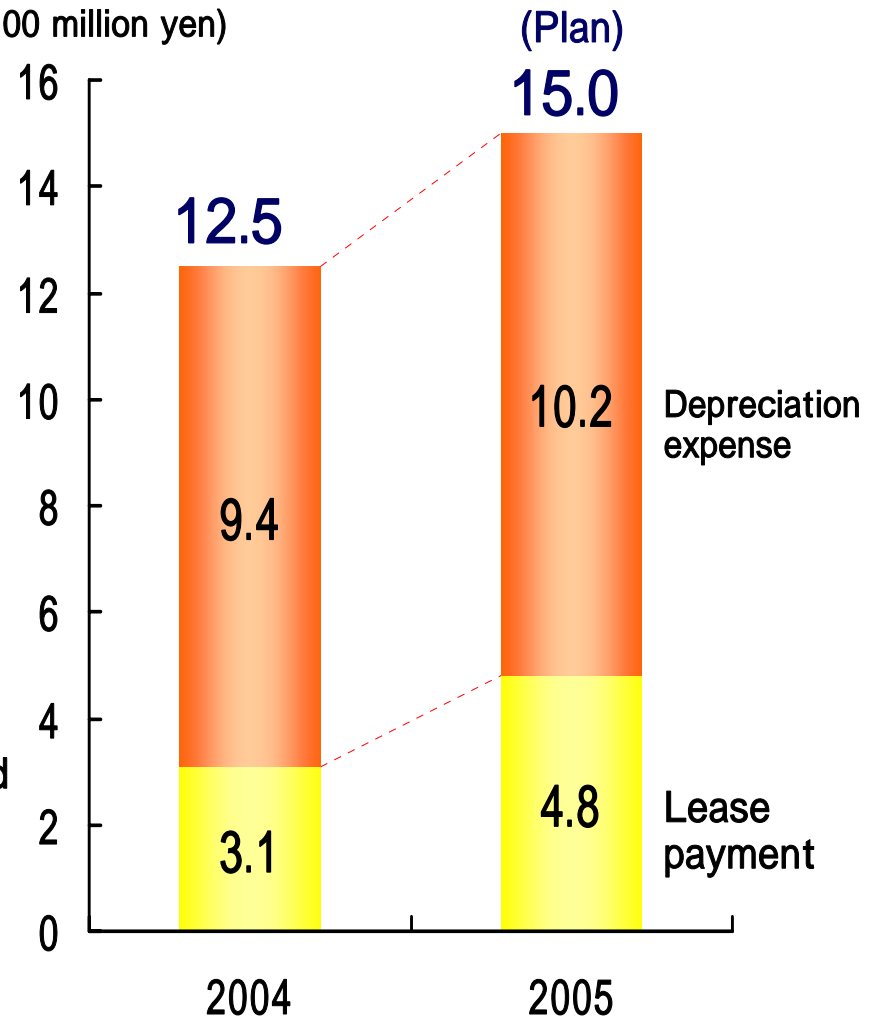


Capital Expenditure and Depreciation Expense or Lease Payment

(100 million yen)



(100 million yen)



Focus on 3 Strategic Markets

➤ IT and Digital Home Appliances Market

- FPD (PDP, LCD)
- DVD Recorder, DSC, DVC
- Note PC, Printer, Cell Phone

➤ Electric Vehicles and Related Market

- Hybrid Car, Fuel Cell Vehicle
- Automotive production equipment, Inspection facility

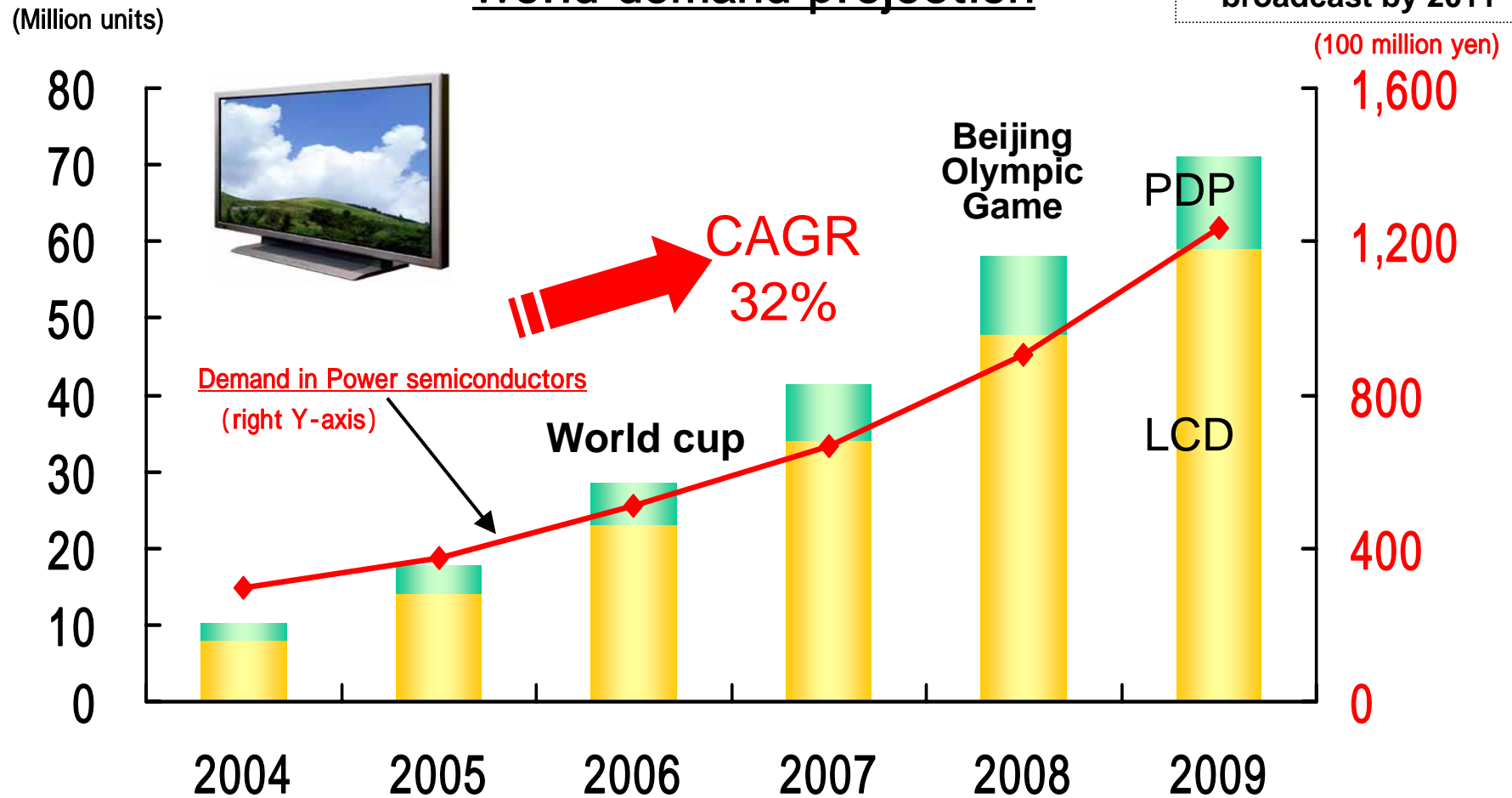
➤ Industrial Machinery · Clean Energy Market

- Motor Drive, UPS
- High-current, High-voltage power sourcing system for electrical, steel, railway or industrial machinery
- Solar Power Generation, Wind Power Generation, Fuel cell

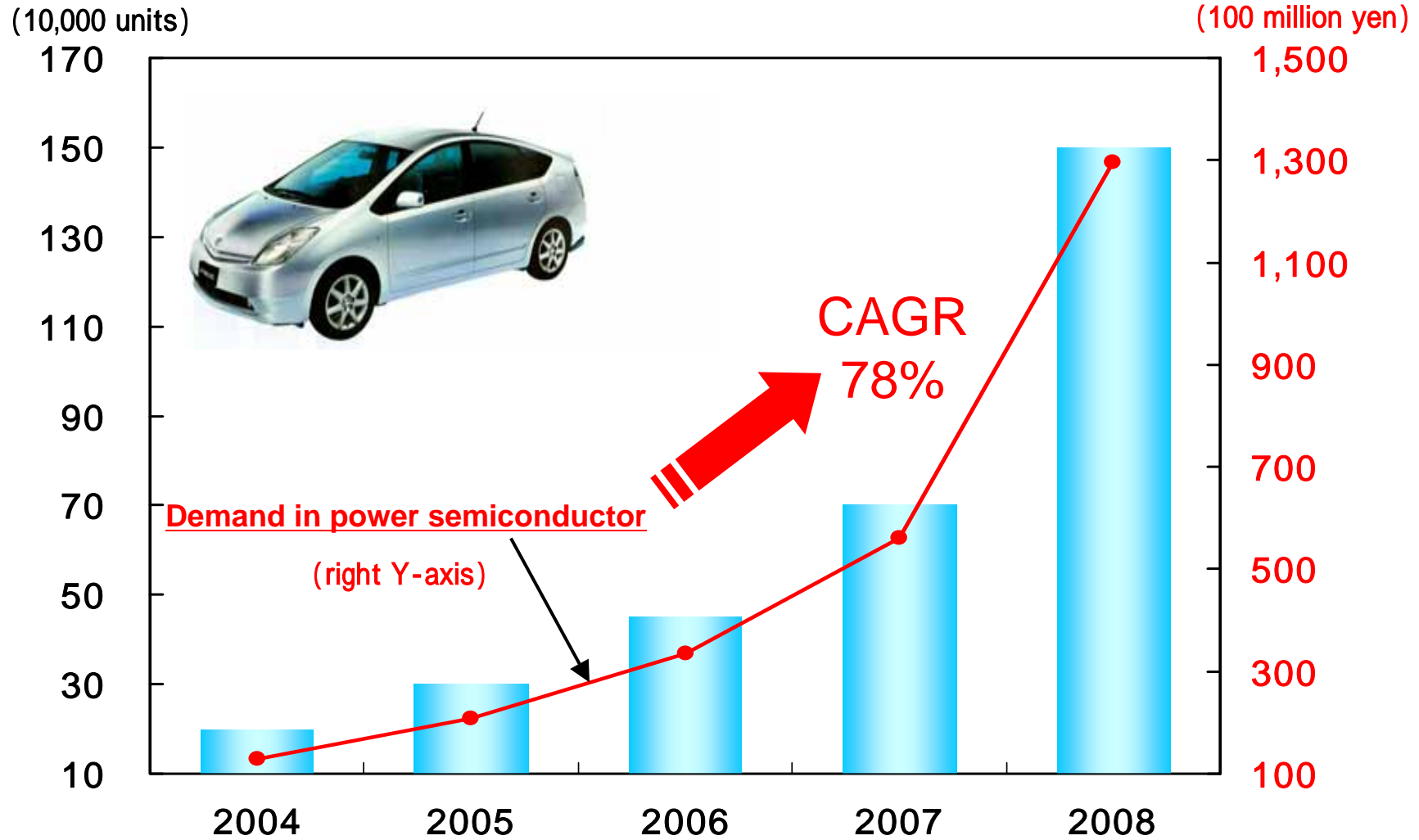
Strategy towards PDP/LCD Markets

World demand projection

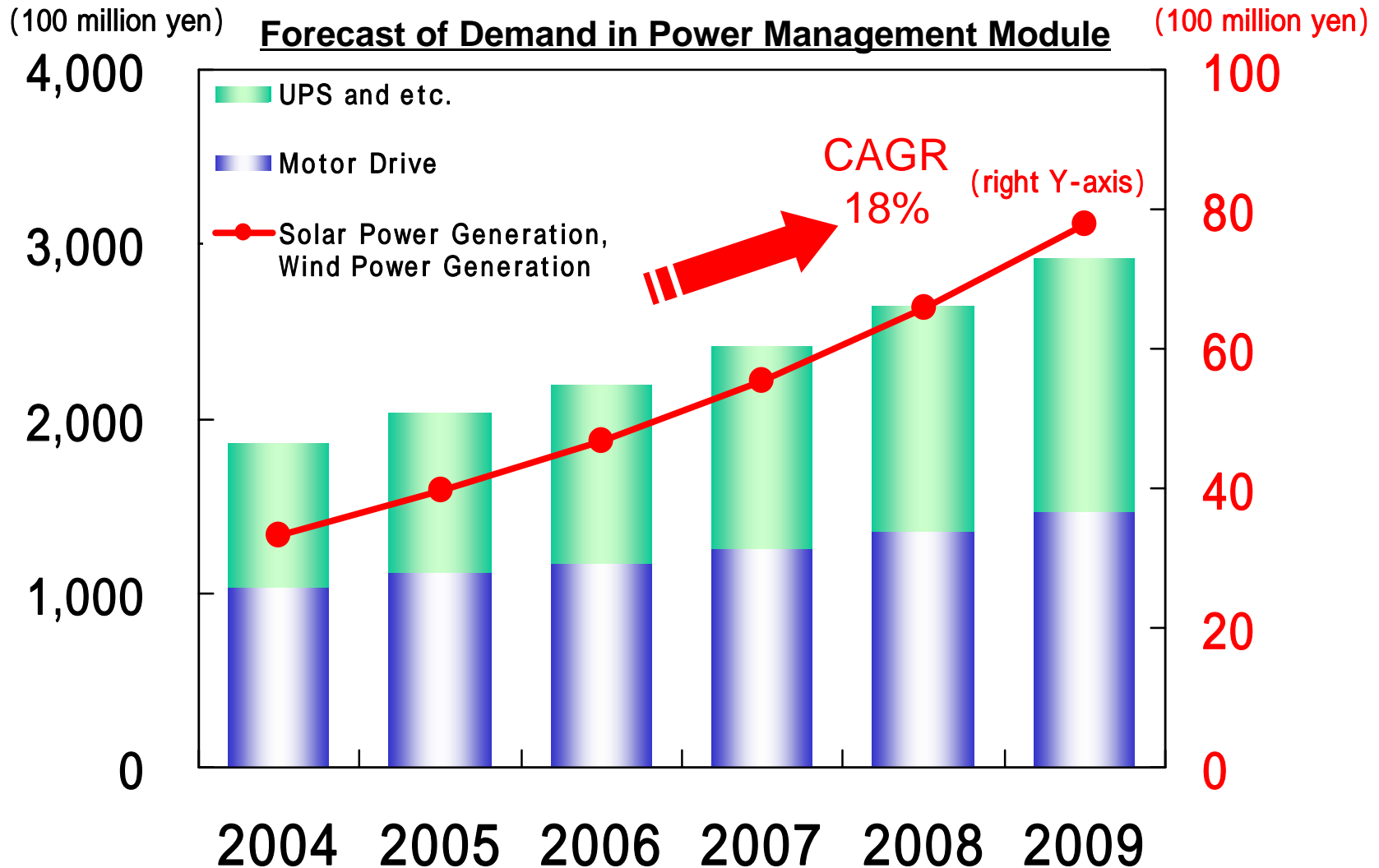
Cease of analog broadcast by 2011



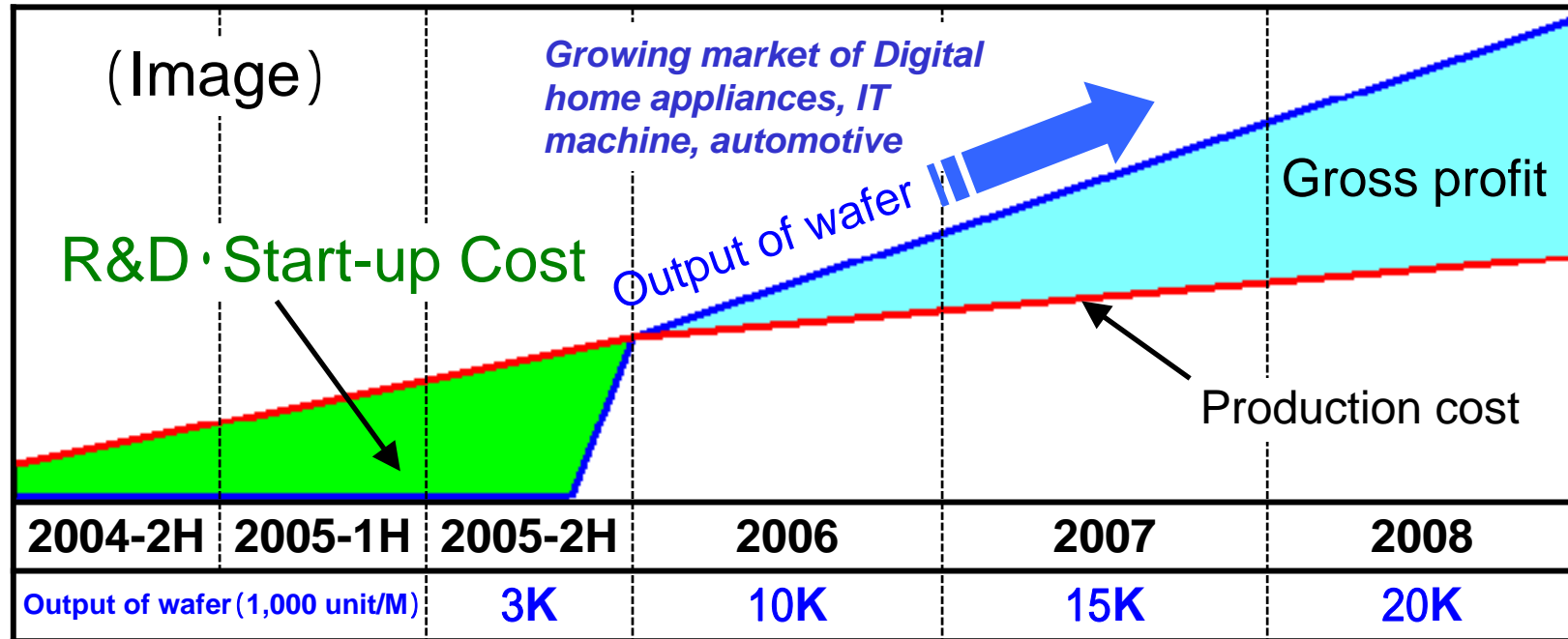
Trend of Demand in Hybrid Vehicles Market



Strategy towards Motor Drive Market and New Market



Strategy concerning 8-inch Wafer Production



SBD

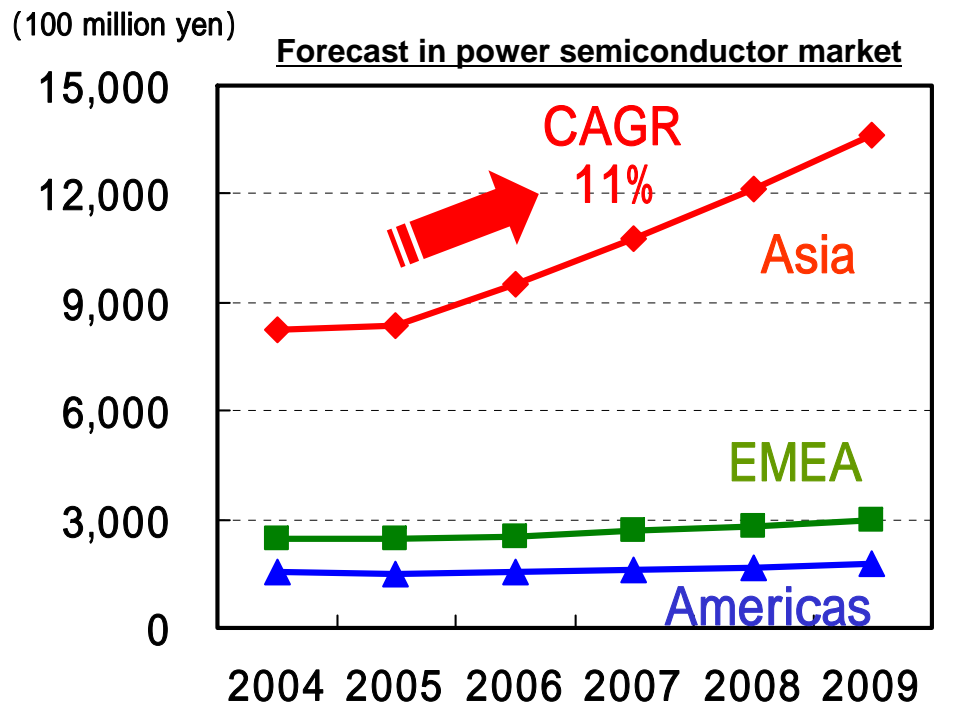
Mass production from Jan.2006

FRED

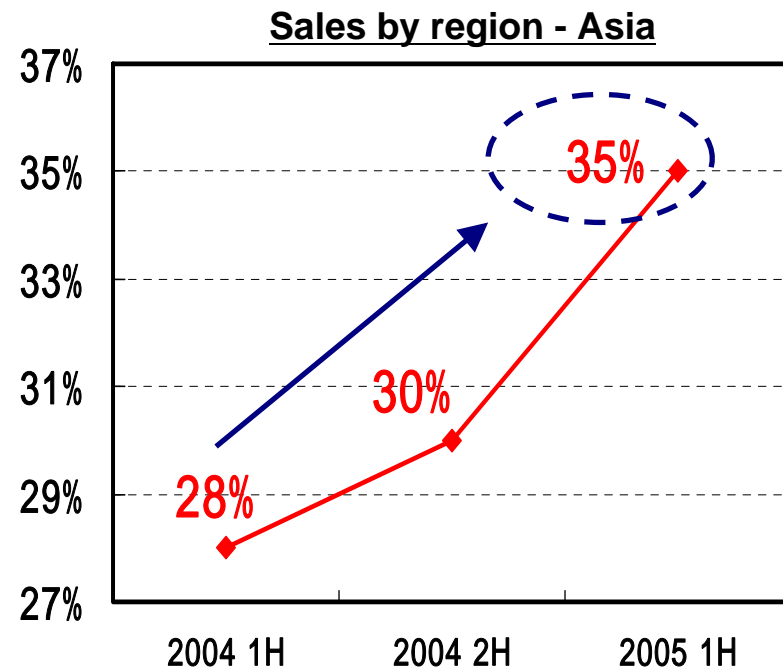
Mass production from 2H of 2007

Overseas Sales Strategy for Product Division

- Strategy towards expanding China market and Asian power sources manufacturers
 - Cost leadership resulting from 8-inch wafer production
 - Enhancement of sales net through subsidiaries at China, Hong Kong and sales representative in South Korea



Resources: IMS Research (exchange rate: 1\$=¥110)



Sales Strategy for Merchandise Division

➤ AVC Market

- Concentrate on digital home appliances like flat panel TV, DSC and etc.
- Strengthen overseas sales.

➤ Amusement Facility Market

- Sales expansion of memory module
- Sales expansion of custom power sources

➤ Electric Vehicles, Medical, Security Markets

- Expansion to solution businesses like CCD camera module, LCD unit and etc.

CCD camera module



Custom power source



LCD unit



R&D on SBD/FRED

➤ New product groups, started manufacturing and selling from 2005 1H

- 400V & 600V-G ultrafast FRED
- LPTO-263 (t: 1.7mm) packaged SBD
- SOD-323LP (t: 0.6mm) packaged SBD



TO-263 (t: 4.8mm) LPTO-263 (t: 1.7mm)

➤ Product R&D plan

- Electrical characteristics improvement and serialization of MPS (Merged Pin Schottky Diode) product group
- High voltage SBD product embedded with new metal barrier
- High performance thinner and smaller packaged LPSF product with smaller contact area (production in 2005 2H)
- Product packaged with new package (non-resin package)

R&D on Power Management Modules

➤ New product groups, started manufacturing and selling from 2005 1H

- Aiming for electric forklift truck
500A/100V• 150V MOSFET module
- 1700V IGBT module (75A ~ 400A)



➤ Product R&D plan

- High volume thyristor module by pressure welding (500A ~ 1400A, 1600V ~ 2500V)
- High volume mold type power module (100A ~ 400A)
- IPM for electric vehicles (400A ~ 800A IGBT)
- IPM for solar power generation (3KW ~ 5KW)

Summary

- Focus on strategic markets
- Buildup of production capability by active capital expenditure
- Reinforcement of overseas sales net
- Contribution of R/D to power-conserving products

Cautionary Information

Please bear in mind that the forecasts, policies and other forward-looking statements contained in these materials are uncertain insofar as they are based on information available at the time these materials were created.

Tsukuba Factory

First time in the world, 8-inch wafer production in discrete product area

(to be in mass production by April, 2006)

Assembly of ultra flat type products with new package

