



July 12, 2005

Nihon Inter Electronics Corporation
Takeshi Yasuda, Representative President
(Code Number 6974,
Section 1, Tokyo Stock Exchange)
Person to contact: Koji Kokubo
Deputy Head of Administration Division)
(Tel: 0463-84-8011)

Announcement on Establishment of Subsidiary

We, Nihon Inter Electronics Corporation, hereby announce the decision, which was made at the Board meeting on July 12, 2005, upon the establishment of subsidiary as the following:

1. Details of the subsidiary

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| a. Name | Nihon Inter Electronics (Shanghai) Co., Ltd. |
| b. Location | 8/F, Tower C, Building No. 3, No. 889 Yishan Road, Shanghai 200233, China |
| c. Management | Mr. Saburou Mori, Chairman |
| d. Date of foundation | August 17, 2005 |
| e. Registered capital | US\$ 600,000 |
| f. Shareholder | Nihon Inter Electronics Corporation (100% hold) |
| g. Businesses | Research, development, manufacturing, inspection, sales, maintenance, technical services, after services and etc, which are related to semiconductor and its applied products. |
| h. Fiscal Year | End at December 31 |

2. Reasons for establishment

We are the company that manufactures the discrete semiconductor devices for consumer use, such as our main product, Schottky Barrier Diode (SBD) and Fast Recovery Epitaxial Diode (FRED), and semiconductor-applied products for industry use like power management modules and etc.

Since the production inside China by our customers of end-product manufactures has been increasing recently, the demand of our products from China market is expected to grow further. In order to address to such trend more quickly and accurately, to enlarge the sales in domestic China and to procure components for our production from China, we decide to upgrade our Shanghai representative office and establish our 100% owned company in Shanghai.

3. Outlook

We consider the probable impact, which is brought by the subsidiary to consolidated financial effects for this fiscal year, to be minor. We prepare to show our business performance from time to time by incorporating the subsidiary into our consolidated report.