

Consolidated Flash Report for 3rd quarter of fiscal year ending March 31, 2009 (FY2008)

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(Figures are rounded down to millions of yen)

1. Consolidated business performances for 3Q of FY2008 (April 1, 2008 ~ December 31, 2008)

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

	Sales		Operating (loss) income		Ordinary (loss) income		Net (loss) income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q of FY2008	26,093	--	(1,363)	--	(1,865)	--	(4,002)	--
3Q of FY2007	29,476	6.5	768	(54.4)	396	(69.5)	212	(75.4)

	Net (loss) income per common share		Net (loss) income per common share (diluted)	
	Yen	Sen	Yen	Sen
3Q of FY2008	(129.30)	--	--	--
3Q of FY2007	6.85	--	--	--

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
As of Dec. 31, 2008	33,702	5,790	17.2	187.08	
As of March 31, 2008	37,247	9,879	26.5	319.16	

(Reference) Shareholders' equity as of: Dec. 31, 2008: 5,790 million yen; March 31, 2008: 9,879 million yen
 (According to Japanese GAAP: Shareholders' equity = Net assets - Stock option - Minority interest)

2. Dividend information

(Record date)	Dividend per share					Annual dividend
	End of 1Q	End of 2Q	End of 3Q	End of FY		
	Yen	Yen	Yen	Yen	Yen	Yen
FY2007	--	4.00	--	2.00	6.00	
FY2008	--	0.00	-----	-----	-----	
FY2008 (Forecast)	-----	--	--	0.00	0.00	

(Note) Modifications to dividend forecast figures during the current quarter: none.

3. Consolidated performance forecast for FY2008 (April 1, 2008 ~ March 31, 2009)

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

	Sales		Operating (loss) income		Ordinary (loss) income		Net (loss) income		Net (loss) income per common share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
FY2008	32,000	(16.9)	(1,900)	--	(2,600)	--	(5,500)	--	(177.68)	

(Note) Modifications to consolidated performance forecast figures during the current quarter: yes.

1. Non-quantitative information regarding the Consolidated Business Performance

The Japanese economy during the 3rd cumulative period reflected an evident recession that originated from the financial crisis of U.S.A. from July 2008. The increase of cost in petroleum and raw materials acted as cues that created a slowdown in personal consumption as well as capital expenditure. The latter half of this cumulative quarter period was characterized by declination of general level of prices that followed the fall of oil price. Demands for electric, automobile, industrial machinery still continued their way on a sharp downward slope, accelerating production adjustment and regressions for employment situation as its outcome.

Given such circumstance, the Cumulative Sales for this 3rd quarter showed 26 billion 93 million yen (11.5% decrease YOY). This figure breaks down to 13 billion 692 million yen for product sales (13.1% decrease YOY), and 12 billion 401 million yen for trading sales of merchandise (9.6% decrease YOY).

The demand for flat panel display television in the IT and digital equipment domain from early spring was nowhere near our expectation in spite of the Beijing Olympics, diminishing the sale of discrete semiconductor products. The sales of those discrete semiconductor products summed up to be 9 billion 195 million yen (15% decrease YOY) due to factors such as the surge of yen and rapid monthly decrease of orders from our customers who also aim for production adjustment in the latter half of this cumulative period.

The sales performance of Schottky Barrier Diode (SBD) high frequency rectifier resulted in its stable growth to ODM manufacturers for its liquid crystal television, which is an upshot of our intensified promotion project carried out in Taiwan and China. However, the overall sales declined by 11% YOY, due to underperformance of personal computers, cell phones, and amusement machinery. Although Fast Recovery Epitaxial Diodes (FRED) made its way in the PFC (Power Factor Correction) circuit sector for liquid crystal television power units and achieved a slight increase, personal computers, automobiles, industrial machinery, and plasma television brought a 22% decline, making the sale of FRED 13% lower YOY as a whole. Diodes for small currents were no exception; the lingering doldrums in the automobile industry and audio-visual equipments concluded the quarter with a 31% decrease YOY.

Sales for power modules installed in industrial sectors marked 4 billion 496 million yen (10% decrease YOY). Restraints for capital expenditures lead to diminution for factory machinery such as general usage inverters, showing a 3% reduction YOY for the industrial machinery market. Additional curtailments of demand were seen in markets of power units for cell phone base stations and welding machines installed in automobile production lines.

The trading sector did not show much of a flux for custom-made modules and power controls. Although small sized liquid crystal showed a minor increase, the amusement markets dragged its inactivity due to diversification of modes of entertainment in its field, as well as semiconductors and opto-devices.

In terms of profit and loss, we addressed the critical issue of cutting both variable and fixed costs to counteract the slow market. Yet, the third quarter concluded with an operating loss of 1 billion 363 million yen, ordinary loss of 1 billion 865 million yen, and the net-loss to be 4 billion 2 million yen. Some of the factors contributing to this outcome are demand decrease beyond our anticipation, recession due to yen appreciation, and the ongoing price competition in the Taiwanese/Chinese market.

3. Non-quantitative information regarding the Consolidated Business Forecast

The severe global recession continues to force the markets downhill month by month during this 3rd cumulative quarter period, clouding our foresight to establish the next course of action and all levels of estimation. Production adjustment naturally becomes the major strategy and concern of our clients in the electric, automobile, and industrial manufacturers; hence it is highly conceivable to receive fewer orders during the 4th quarter period. Considering these circumstances to come, we will modify our announced forecast data to the following: Sales to be 32 billion yen, operating loss to be 1 billion 900 million yen, ordinary loss to be 2 billion 600 million yen, and net-loss to be 5 billion 500 million yen.

Judging from the current economical upheaval, its restoration cannot be expected anytime soon. However, we endeavor to improve our business performance by cutting down on fixed costs and initiate closure of unprofitable products. We are determined to thrive in the toughest of situations by strategically downsizing our business structure and gearing towards promising target markets such as hybrid and electric vehicles, solar panels, and LED lightings by further developing and expanding the sale of our products.

5. Consolidated Financial Statements

(1) Consolidated balance sheet

	(Millions of Yen)	
	3rd quarter of FY 2008 (As of Dec.31, 2008)	FY 2007 (As of March 31, 2008)
(Assets)		
Current Assets		
Cash and deposits in banks	2,197	2,151
Notes and accounts payable	9,525	10,440
Merchandise	2,015	1,738
Products	3,644	3,078
Raw materials	1,932	1,438
Work-in-process	3,444	3,995
Supplies	65	54
Deferred tax assets	119	119
Others	565	1,200
Allowances for doubtful accounts	(5)	(6)
Total of current assets	23,504	24,210
Fixed Assets		
Tangible fixed assets		
Building and constructions (net)	3,778	3,940
Machinery and vehicles (net)	1,569	3,527
Assets in lease (net)	1,363	-
Land	1,348	1,310
Construction in progress	88	60
Others	213	338
Total of tangible fixed assets	8,362	9,177
Intangible fixed assets	60	68
Investments and other assets		
Investments and securities	1,216	1,632
Long term prepaid expenses	107	113
Deferred tax assets	124	1,676
Others	297	323
Allowances for doubtful accounts	(22)	(24)
Total of investments and other assets	1,722	3,721
Total of fixed assets	10,144	12,967
Deferred assets	52	69
Total assets	33,702	37,247

(Millions of Yen)

	3rd Quarter of FY 2008 (As of Dec.31, 2008)	FY 2007 (As of March 31, 2008)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	8,362	8,872
Short-term borrowings	4,717	4,176
Bonds due within one year	3,000	500
Liabilities of lease	192	-
Other Accounts payable	146	137
Accrued expenses	543	477
Income taxes payable	38	15
Allowances for bonus	137	275
Others	110	76
Total of current liabilities	17,249	14,531
Fixed Liabilities		
Bonds and debentures	5,450	8,200
Long-term borrowings	2,920	3,300
Liabilities of lease	1,185	-
Allowances for retirement benefits	916	1,179
Others	189	158
Total of fixed liabilities	10,662	12,837
Total liabilities	27,911	27,368
(Net Assets)		
Shareholders' capital		
Capital	4,041	4,041
Capital surplus	4,077	4,077
Retained earnings	(1,457)	2,606
Treasury stock	(508)	(509)
Total of shareholder's capital	6,152	10,216
Evaluation and translation differences		
Unrealized gain (loss) on investment securities	89	37
Foreign currency exchange adjustments	(451)	(375)
Total evaluation and translation differences	(361)	(337)
Total net assets	5,790	9,879
Total liabilities and net assets	33,702	37,247

(2) Consolidated profit and loss statement (cumulative)

	(Millions of Yen)
	3rd Quarter of FY 2008 (From April 1, 2008 to Dec. 31, 2008)
Sales	
Sales of products	13,692
Sales of merchandise	12,401
Total Sales	26,093
Cost of goods sold	
Cost of products sold	12,218
Cost of merchandise sold	11,341
Total of Cost of goods sold	23,559
Gross profit	2,533
Selling and general administrative expenses	3,897
Operating (loss) income	(1,363)
Non-operating income	
Interest income	2
Dividend income	37
Gains on other goods sales	52
Others	53
Total of non-operating income	145
Non-operating expenses	
Interest expense	237
Amortization of long-term prepaid expenses	66
Loss on write-off of inventory	44
Amortization of bond issuance expense	16
Loss on exchange rate changes	232
Others	49
Total of non-operating expenses	647
Ordinary (loss) income	(1,865)
Extra-ordinary gain	
Reversal of allowances for doubtful accounts	2
Total of extra-ordinary gain	2
Extra-ordinary loss	
Loss on write-down of investment securities	503
Loss on write-off of fixed assets	79
Others	34
Total of extra-ordinary loss	616
Loss before taxes and other adjustments	(2,479)
Corporate taxes, etc.	1,522
Net loss	(4,002)

(3) Consolidated statement of cash flows (cumulative)

	(Millions of Yen)
	3rd Quarter of FY 2008 (From April 1, 2008 to Dec. 31, 2008)
Cash flow from operating activities	
Loss before taxes and other adjustments	(2,479)
Depreciation	1,113
Amortization of deferred assets	104
Increase (Decrease) in allowances for doubtful accounts	(2)
Increase (Decrease) in reserve for retirement benefits	(230)
Interest and dividend income	(40)
Interest expense	237
Loss (Gain) on exchange rate changes	70
Loss on write-off of tangible fixed assets	79
Loss (Gain) on write-down of investment securities	503
Decrease (Increase) in notes and accounts receivable	711
Decrease (Increase) in inventories	(940)
Increase (Decrease) in notes and accounts payable	(254)
Decrease (Increase) in other receivables	893
Increase (Decrease) in accrued expenses	43
Increase (Decrease) in allowances for bonus	(134)
Others	(144)
Subtotal	<u>(468)</u>
Receipt of interest and dividends	40
Payment of interest	(207)
Payment of corporate income taxes and etc	(20)
Cash flow used in operating activities	<u>(655)</u>
Cash flow from investing activities	
Expenditures for acquisition of tangible fixed assets	(500)
Proceeds from sales of tangible fixed assets	77
Provision of loans	(4)
Collection of loans	2
Others	(10)
Cash flow used in investing activities	<u>(435)</u>
Cash flow from financing activities	
Net increase (decrease) in short-term borrowings	619
Repayments of long-term borrowings	(430)
Repayments of bonds	(250)
Proceeds from sale and leaseback	1,483
Repayments of lease liabilities	(108)
Dividend distributed	(62)
Others	(0)
Cash flow provided by financing activities	<u>1,251</u>
Effect of exchange rate differences on cash and cash equivalents	(114)
Net increase (decrease) in cash and cash equivalents	<u>46</u>
Cash and cash equivalents, beginning of the term	<u>2,051</u>
Cash and cash equivalents, end of the term	<u>2,097</u>