

**Financial Results for
the First Quarter of the Fiscal Year
ending March 31, 2009**

(2nd edition)

NEC Mobiling, Ltd.

Note: This document has been prepared as a guide to non-Japanese analysts for their convenience only and is a translation summary of the Japanese language original. The company does not assure the accuracy of the translation. All numbers are rounded off to the nearest unit in accordance with standard Japanese practice. This document contains forward-looking statements that are based on assumptions and projection at the date of publication. A number of factors could cause actual results to differ materially from expectations.

Financial Results for the First Quarter of the Fiscal Year ending March 31, 2009

Company Name: NEC Mobiling, Ltd.

Head Office: Yokohama, Japan
 President: Katsuhiro Nakagawa
 Inquiries: Public and investor Relations Office
 Telephone: +81 45 476 6622

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 Homepage: <http://www.nec-mobiling.com/>

1. Financial Results for the First Quarter ended June 30, 2008

(1) Business Results

(Units: Millions of yen)

	Three months ended June 30, 2007		Three months ended June 30, 2008	
		% change		% change
Net Sales	30,188	4.6%	29,807	-- %
Operating Income	1,459	22.3%	1,269	-- %
Ordinary Income	1,489	23.5%	1,352	-- %
Net Income	856	3.5%	771	-- %
Net Income per Share (Yen)	58.91		53.04	
Net Income per Share, fully diluted (Yen)	--		--	

Note: Percentages for Net Sales, Operating Income, Ordinary Income and Net Income represent change from the same term of the previous fiscal year.

(2) Financial Position

(Units: Millions of yen)

	As of June 30, 2008	As of March 31, 2008
Total Assets	53,813	58,638
Net Assets	29,317	29,056
Equity Ratio	54.5%	49.6%
Net Assets per Share (Yen)	2,017.75	1,999.81

2. Dividends

(Units: Yen)

	Full Year ended March 31, 2008	Forecast for Full Year ending March 31, 2009
Annual Dividends per Share	55.00	60.00
Interim	27.50	30.00
Year - End	27.50	30.00

3. Forecast for the Fiscal Year ending March 31, 2009

(Units: Millions of yen)

	First Half ending Sept. 30, 2008		Full Year ending March 31, 2009	
		% change		% change
Net Sales	73,700	-- %	156,000	20.9%
Operating Income	2,750	-- %	5,750	0.2%
Ordinary Income	2,800	-- %	5,850	0.1%
Net Income	1,620	-- %	3,400	0.3%
Net Income per share (Yen)	111.50		234.01	

Notes: 1. Percentages for Net Sales, Operating Income, Ordinary Income and Net Income represent change from the same term of the previous fiscal year.

2. The above mentioned forecast was disclosed on May 14, 2008.

4. Other information

(1) Item(s) in preparation method for quarterly financial results:

The simplified method is applied to tax effect accounting.

(2) Changes to accounting procedures:

From the fiscal year ending March 31, 2009, Accounting Standard for quarterly financial statements (ASBJ Statement No. 12) and its Implementation Guidance for accounting standards for quarterly financial statements (ASBJ Guidance No. 14) have been applied.

Therefore, % changes in "Three months ended June 30, 2008" and "First Half ending Sept. 30, 2008" are not mentioned.

(3) Number of shares outstanding

1. Shares outstanding at end of term:	As of June 30, 2008:	14,529,400
	As of March 31, 2008:	14,529,400
2. Treasury stocks at end of term:	As of June 30, 2008:	51
	As of March 31, 2008:	16
3. Average number of shares outstanding during the term:	Three months ended June 30, 2008:	14,529,354
	Full Year ended March 31, 2008:	14,529,384

Forecasts related to future business performance, one aspect of the current strategies, plans and awareness at NEC Mobiling, Ltd. described in these materials, involve risks and uncertain factors. It should be noted that actual business performance may differ greatly from these forecasts due to a variety of factors. Primary factors with an impact on actual business performance include economic conditions and social trends affecting the scope of business of the Company, trend in demand for products and services provided by the Company, pressures for price reductions due to enhanced competition, and the ability of the Company's technological capability to respond to the customer's requests. Factors with an impact on business performance are not limited to those herein described.

Qualitative Information and Financial Statements

1. Qualitative information pertaining to operating results

(1) General overview

In the mobile communications market, there was a net increase in mobile phone contracts of 920,000 during the first quarter, or a decrease of 31 percent over the corresponding period a year earlier. Added to which, the increase in subscribers to third-generation mobile communications services produced a drop-off in transitional demand and major mobile network operators saw a decline in their churn rates, meaning that whilst replacement demand for highly-functional handsets remained firm, sales of mobile phone handsets weakened.

In light of this operating environment, the first quarter of the year was devoted to aggressive efforts to incorporate replacement demand for highly-functional handsets, expand sales channels and improve overall business efficiency.

NEC Mobiling recorded ¥29,807 million in sales (down 1.3% on the same period last year) for the first quarter of the year on declining handset sales for the Mobile Sales business and a decrease in related demand for the Mobile Service business as demand for mobile base station systems from mobile network operators ran its course. Meanwhile, despite the cost cuts made on improvements to business processes, operating income fell to ¥1,269 million (down 13.0% year-to-year), while ordinary income decreased to ¥1,352 million (down 9.2% year-to-year) and net income for the first quarter came in at ¥771 million (down 10.0% year-to-year).

(2) Segment overview

[Mobile Sales Business]

Whilst replacement demand for highly-functional handsets equipped with one-segment TV broadcasting, GPS, music streaming and settlement functions remained firm during the first quarter, transitional demand for third-generation mobile communication services has run its course and initial demand has cooled with the introduction of installment payment plans for handset sales and the new service charge systems based on the separation of handset prices and mobile service charges, which means that there has been an overall weakening in mobile phone sales.

NEC Mobiling efforts have thus been focused on expanding sales of highly-functional handsets and enhancing our sales channels.

As a result, although retail prices of mobile phone handsets have increased, sales for the first quarter came in at ¥24,586 million (down 2.4% year-to-year) due to a drop of around 20 percent in number of handset sales to 370,000 against a background of declining demand. The decline in sales, meanwhile, meant that the business also recorded a decline in operating income, which was ¥432 million (down 15.1% year-to-year).

[Mobile Service Business]

Despite a decrease in demand for mobile base station business, Mobile Service sales for the first quarter were ¥5,221 million (up 4.5% year-to-year) on an increase in demand for mobile phone handset maintenance services. Operating income, however, was ¥837 million, down 11.9 percent on the same period last year due to the decrease in sales of mobile base station business and in spite of an efficiency drive that has included efforts to improve business process efficiency.

Note that NEC Mobiling rearranged its business segments for the current business year and beyond under the following designations: Mobile Sales Business and Mobile Service Business.

In essence, mobile solutions services – ASP services for mobile phones, etc. which were formerly incorporated into our Mobile Sales arm, have now been incorporated into our Mobile Services arm with a view to better reflecting business content.

2. Qualitative information pertaining to the financial standing of the company

Total assets decreased to ¥53,813, down ¥4,824 million on the figure for the end of the preceding fiscal year. Total liabilities decreased to ¥5,086 million, while total net assets increased by ¥261 million, resulting in a 4.9-point improvement in our equity ratio, which stands at 54.5%.

Non-consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2009

Cash flows provided by operating activities yielded income of ¥1,022 million.

This is attributed to the fact that increases, i.e. the reckoning of quarterly net income (pretax) and decreases in notes and accounts receivable and accounts receivable, other, exceeded decreases, i.e. decreases in notes and accounts payable, accrued expenses and outstanding corporate tax.

Cash flows used in investing activities resulted in the defrayal of ¥1,644 million.

This amount was spent on acquiring investment securities and fixed assets.

Cash flows used in financial activities resulted in a total outlay of ¥389 million, primarily on payment of year-end dividends at the end of the preceding fiscal year.

Cash and cash equivalents for the first quarter were thus down ¥1,008 million on figure for the end of the preceding fiscal year, amounting to ¥15,939 million.

3. Qualitative information pertaining to earnings forecasts

There has been no revision to the earnings forecasts announced on May 14, 2008.

Non-consolidated Financial Statements

(1) Balance Sheets

(Units: Millions of yen)

Items	Term	As of June 30, 2008	As of March 31, 2008
		Amount	Amount
Assets			
Cash on hand and in banks		9,940	10,948
Notes and accounts receivable, trade		13,134	15,592
Marketable securities		999	999
Merchandise		4,618	3,796
Semifinished components		3	2
Raw materials		343	365
Work in process		551	461
Accounts receivable, other		6,720	9,111
Affiliated company deposits		5,000	5,000
Other		1,340	1,254
Current assets		42,648	47,528
Property and equipment		1,362	1,356
Intangible assets		1,099	1,158
Investments and other assets		8,704	8,596
Fixed assets		11,165	11,110
Total assets		53,813	58,638
Liabilities			
Notes and accounts payable, trade		11,215	11,632
Accrued corporate taxes		569	1,174
Accounts payable, other		7,683	10,867
Other		1,320	2,272
Current liabilities		20,787	25,945
Accrued pension and severance costs		3,406	3,383
Other		303	254
Long-term liabilities		3,709	3,637
Total liabilities		24,496	29,582
Net assets			
Common stock		2,371	2,371
Additional paid-in capital		2,707	2,707
Retained earnings		24,508	24,137
Treasury stocks		(0)	(0)
Total shareholders' equity		29,586	29,215
Unrealized gains (losses) on marketable securities		(269)	(159)
Valuation and translation adjustments		(269)	(159)
Total net assets		29,317	29,056
Total liabilities and net assets		53,813	58,638

(2) Statements of Income

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2008
		Amount
Net sales		29,807
Cost of sales		26,614
Gross profit		3,193
Selling, general and administrative expenses		1,924
Operating income		1,269
Non-operating income		93
Interest income		13
Dividend income		74
Miscellaneous income		6
Non-operating expenses		10
Interest expense		0
Loss on disposal of fixed assets		9
Miscellaneous expenses		1
Ordinary income		1,352
Income before income taxes		1,352
Income taxes		581
Net income		771

(3) Statements of Cash Flows

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2008
Cash flow from operating activities		
Income before income taxes		1,352
Depreciation		162
Increase in allowance for doubtful accounts		1
Increase in accrued pension and severance costs		12
Interest and dividend income		(87)
Interest expense		0
Foreign exchange loss		(3)
Loss on disposal of fixed assets		9
Decrease in notes and accounts receivable, trade		2,458
Increase in inventories		(892)
Decrease in accounts receivable, other		2,392
Decrease in notes and accounts payable, trade		(407)
Decrease in accrued expenses		(3,184)
Increase in consumption tax payable		26
Increase in deposits received		201
Other		55
Sub-total		2,095
Proceeds from interest and dividend income		87
Payments for interest expense		(0)
Payments for income taxes and other		(1,160)
Net cash provided by operating activities		1,022
Cash flow from investing activities		
Purchases of property and equipment		(147)
Purchases of intangible assets		(61)
Purchases of investment securities		(1,227)
Other		(209)
Net cash used in investing activities		(1,644)
Cash flows from financing activities		
Dividends paid		(387)
Repayments of lease obligations		(2)
Purchase of treasury stock		(0)
Net cash used in financing activities		(389)
Effect of exchange rate changes on cash and cash equivalents		3
Decrease in cash and cash equivalents		(1,008)
Cash and cash equivalents at beginning of term		16,947
Cash and cash equivalents at end of term		15,939

[Reference]

(1) Condensed Statements of Income

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2007
		Amount
Net sales		30,188
Cost of sales		26,700
Gross profit		3,488
Selling, general and administrative expenses		2,029
Operating income		1,459
Non-operating income		41
Non-operating expenses		11
Ordinary income		1,489
Income before income taxes		1,489
Income taxes		633
Net income		856

(2) Condensed Statements of Cash Flows

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2007
Cash flow from operating activities		
Income before income taxes		1,489
Depreciation		181
Decrease in notes and accounts receivable, trade		5,315
Increase in inventories		(1,039)
Decrease in accounts receivable, other		2,859
Decrease in notes and accounts payable, trade		(3,434)
Decrease in accrued expenses		(3,956)
Other		114
Sub-total		1,529
Payments for income taxes and other		(1,680)
Other		34
Net cash provided by operating activities		(117)
Cash flow from investing activities		
Purchases of property and equipment		(151)
Purchases of intangible assets		(188)
Proceeds from transfer of business		93
Other		(2)
Net cash used in investing activities		(248)
Cash flows from financing activities		
Dividends paid		(352)
Net cash used in financing activities		(352)
Effect of exchange rate changes on cash and cash equivalents		2
Decrease in cash and cash equivalents		(715)
Cash and cash equivalents at beginning of term		17,501
Cash and cash equivalents at end of term		16,786

[Supplementary Information]

(1) Financial highlights

(Units: Millions of yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	% Change
Net sales	30,188	29,807	(1.3%)
Operating income	1,459	1,269	(13.0%)
<Operating income to Net sales>	<4.8%>	<4.3%>	
Ordinary income	1,489	1,352	(9.2%)
<Ordinary income to Net sales>	<4.9%>	<4.5%>	
Net income	856	771	(10.0%)
<Net income to Net sales>	<2.8%>	<2.6%>	
Net income per share	58.91Yen	53.04Yen	--
Net cash (used in) provided by operating activities	(117)	1,022	--
Net cash used in investing activities	(248)	(1,644)	--
Free cash flows	(365)	(622)	--
Net cash used in financing activities	(352)	(389)	--
Number of employees	1,045	1,078	--

(2) Business Segment Information

(Units: Millions of yen)

		Three months ended June 30, 2007 (Rearranged)		Three months ended June 30, 2008		Change
		Amount	%	Amount	%	%
Mobile Sales Business	Net sales	25,192	83.5	24,586	82.5	(2.4)
	Operating income	509	34.9	432	34.0	(15.1)
	%	2.0%		1.8%		
Mobile Service Business	Net sales	4,996	16.5	5,221	17.5	4.5
	Operating income	950	65.1	837	66.0	(11.9)
	%	19.0%		16.0%		
Total	Net sales	30,188	100.0	29,807	100.0	(1.3)
	Operating income	1,459	100.0	1,269	100.0	(13.0)
	%	4.8%		4.3%		

Note: NEC Mobiling rearranged its business segments for the current business year and beyond under the following designations: Mobile Sales Business and Mobile Service Business. In essence, mobile solutions services – ASP services for mobile phones, etc. which were formerly incorporated into our Mobile Sales arm, have now been incorporated into our Mobile Services arm with a view to better reflecting business content.