Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2012

NEC Mobiling, Ltd.

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Company Name: NEC Mobiling, Ltd.

Head Office: Tokyo, Japan
President: Koji Yamasaki
Inquiries: Public and Investor Relations Office
Telephone: +81 3 5532 3320
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Homepage: http://www.nec-mobiling.com/

1. Consolidated Financial Results for the First Quarter ended June 30, 2011

(1) Consolidated Business Results

(Units: Millions of yen)

	Three months ended June 30, 2010		Three months ended June 30, 2011	
		% change		% change
Net Sales	31,884	-- %	28,597	(10.3%)
Operating Income	2,115	-- %	2,500	18.2%
Ordinary Income	2,153	-- %	2,562	19.0%
Net Income	1,170	-- %	1,399	19.5%
Net Income per Share (Yen)	80.56		96.27	
Net Income per Share, fully diluted (Yen)	--		--	

Note: 1.Comprehensive income: Three months ended June 30, 2010: 1,056 (--%)
Three months ended June 30, 2011: 1,385 (31.1%)

2. The Company began its quarterly reporting on a consolidated basis on the first quarter ended June 30, 2010. Therefore, the percentage changes in numbers from the corresponding period in the previous fiscal year are not presented.

(2) Consolidated Financial Position

(Units: Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Total Assets	70,984	66,431
Net Assets	38,732	39,391
Net Assets Ratio	54.6%	59.3%

2. Dividends

(Units: Yen)

	Full Year ended March 31, 2011	Full Year ending March 31, 2012	
			(Planned)
Annual Dividends per Share	100.00		120.00
First Quarter	--	--	
Second Quarter	50.00		60.00
Third Quarter	--		--
Year-end	50.00		60.00

Notes: Revision of dividends forecasts during the quarter under review: None

3. Consolidated Financial Forecast for the Fiscal Year ending March 31, 2012

(Units: Millions of yen)

	First Half ending September 30, 2011		**Full Year ending March 31, 2012**	
		% change		% change
Net Sales	63,000	0.1	126,700	0.9
Operating Income	4,800	1.6	9,700	1.0
Ordinary Income	4,900	1.2	9,900	0.9
Net Income	2,700	3.7	5,500	0.1
Net Income per share (Yen)	185.83		378.54	

Notes: Revision of earnings forecasts during the quarter under review: None

4. Other Information

(1) Important changes in scope of consolidation during period: None

(2) Item in preparation method for quarterly financial results:
The simplified method is applied to tax effect accounting.

(3) Changes in accounting policies, changes in accounting estimates and restatements
1. Changes in accounting policies caused by revision of accounting standards: None
2. Changes other than above: Yes *
3. Changes in accounting estimates: Yes *
4. Restatements: None

* Starting from April 1, 2011, the Company and the subsidiaries changed the depreciation method for property, plant and equipment from the declining-balance method to the straight-line method.

(4) Number of shares outstanding

1. Shares outstanding at the end of term:	As of March 31, 2011:	14,529,400
	As of June 30, 2011:	14,529,400
2. Treasury stocks at the end of term:	As of March 31, 2011:	70
	As of June 30, 2011:	70
3. Average number of shares outstanding during the term:	Three months ended June 30, 2010:	14,529,330
	Three months ended June 30, 2011:	14,529,330

・At the time of this report's release, the quarterly review procedures under the Financial Instruments and Exchange Law have not been completed.

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.

Analyses of Operating Results

1) Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2012

1. General Overview

Consolidated operating results for the fiscal year ending March 31, 2012 (in millions of yen)

	Year to date (April 1- June 30, 2010)	Year to date (April 1- June 30, 2011)	YoY (%)
Net Sales	31,884	28,597	(10.3%)
Operating Income	2,115	2,500	18.2%
Ordinary Income	2,153	2,562	19.0%
Net Income	1,170	1,399	19.5%

In the first quarter ended June 30, 2011, Japan's economy remained in a difficult environment in the aftermath of the Great East Japan Earthquake, as manifested in a significant drop in production and exports, in particular. Personal consumption also dwindled amidst post-quake uncertainty.

In the mobile phone sales market, smartphone unit sales grew faster than the rest, consistently capturing a greater share of the mobile phone sales market, as the mobile network operators stepped up sales promotions for smartphones. In addition to smartphones, the submarkets of tablets and data communications devices grew in size.

In this operating environment, the NEC Mobiling Group, which consists of NEC Mobiling and its consolidated subsidiaries (hereinafter referred to as "the Company"), redoubled efforts to improve the service quality offered to customers at shops and to actively capture replacement demand by encouraging a shift to handsets with advanced functions, such as smartphones, while elevating operational efficiency.

As a result, the Company posted net sales of ¥28,597 million (down 10.3% year-on-year) in the quarter under review. Although the number of handsets sold remained virtually unchanged from the same period in the previous consolidated fiscal year, sales in monetary terms decreased mainly due to lower unit prices offered to customers on the back of a reduction in the procurement unit costs of handsets. Weaker demand for mobile phone repair services also contributed to the decrease.

Profits were boosted by the Company's actions aimed at greater operational efficiency, including the enhanced staff assessment system designed to better motivate employees, in addition to greater sales of accessories/peripheral merchandise and cost reduction efforts. As a result, the Company reported ¥2,500 million in operating income (up 18.2% year-on-year), ¥2,562 million in ordinary income (up 19.0%), and ¥1,399 million in net income (up 19.5%).

2. Segment Overview

(a) Mobile Sales Business

Consolidated operating results for the fiscal year ending March 31, 2012 (in millions of yen)

	Year to date (April 1- June 30, 2010)	Year to date (April 1- June 30, 2011)	YoY (%)
Net Sales	23,391	20,982	(10.3%)
Operating Income	719	1,084	50.8%

The first quarter saw mobile network operators step-up efforts to enhance their lineup of mobile handsets, including smartphones, tablets, digital photo frames, and devices with Wi-Fi (wireless fidelity) connectivity. In particular, smartphones continued to make greater inroads into the marketplace, as manufacturers enhanced them with popular features and functions, such as e-wallet functionality, water proof, and One Seg reception capability. An additional momentum was created by the release of more mobile phones by overseas manufacturers. However, unit sales of conventional mobile phones experienced a decline.

In this environment, the Company concentrated on sales of smartphones and other handsets with advanced functions by rolling out "AND market Kasumigaseki" (a shop dedicated to smartphones) and by providing new services such as the Visual Concierge Service[1] and the Smart Concierge Service.[2] In terms of the number of handsets sold by the Company, however, sales remained virtually unchanged from a year ago, due to a decrease in the number of conventional mobile phones sold.

Net sales came in at ¥20,982 million (down 10.3%). The decrease was mainly attributable to the declining average sales price caused by a change in the product mix sold with a greater percentage of sales generated from smartphones and data communication devices (e.g., digital photo frames). In contrast, operating income rose 50.8% to ¥1,084 million on stronger efforts toward greater operational efficiency, including the profit maximization initiatives by individual shops and greater sales of accessories and other peripheral merchandise.

[1] Visual Concierge Service: Customer support that utilizes videophones
[2] Smart Concierge Service: Tools assisting initial set-ups by smartphone users

(b) Mobile Service Business

Consolidated operating results for the fiscal year ending March 31, 2012 (in millions of yen)

	Year to date (April 1- June 30,2010)	Year to date (April 1- June 30, 2011)	YoY (%)
Net Sales	8,493	7,615	(10.3%)
Operating Income	1,396	1,416	1.4%

Demand related to mobile communications base station systems remained firm in the quarter under review, due to stepped-up efforts by mobile network operators to improve their network quality and to enhance their networks to accommodate an increasing number of smartphone users. While replacement demand was spurred by sales promotions for smartphones by mobile phone network operators and the lower average unit prices of smartphones (therefore remaining firm), demand for mobile phone repair services decreased.

Net sales decreased 10.3% year-on-year to ¥7,615 million. However, operating income grew 1.4% to ¥1,416 million as a result of accelerated efforts toward greater operational efficiency, including cost reduction efforts.

2) Analyses of the Financial Position

Assets, Liabilities, and Net Assets

Total assets stood at ¥66,431 million as of June 30, 2011, reflecting a decrease of ¥4,553 million from the end of the previous consolidated fiscal year on March 31, 2011, due largely to a decrease in trade and non-trade receivables. Total liabilities decreased ¥5,212 million over the same period to

¥27,040 million, which was primarily attributable to a decrease in trade payable, income taxes payable, and other accrued expenses. Total net assets increased ¥659 million to ¥39,391 million. Factors that contributed to the change included the distribution of retained earnings as dividends and the posting of quarterly net income.

These changes brought the shareholders' equity ratio to 59.3%.

3) Outlook for the Fiscal Year Ending March 2012

No revision has been made on the earnings forecasts announced on April 27, 2011.

Other information

1) Important changes in subsidiaries during the first quarter

None

2) Summary of special accounting procedures applied to the consolidated financial statements

・ Calculation of tax expenses

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate, which are estimated reasonably upon the application of tax effect accounting to income before income taxes of the current consolidated fiscal year.

Deferred income taxes is included in income taxes.

3) Changes in accounting policy, changes in accounting estimates, and the restatements

・ Changes in accounting policy

(Depreciation method for property, plants, and equipment)

Effective from the first quarter of the current consolidated fiscal year, NEC Mobiling and its consolidated subsidiaries changed the depreciation method for the calculation of property, plants, and equipment from the declining-balance method to the straight-line method.

The change was made based on the Company's conclusion that the use of the straight-line method, where the depreciable cost of an asset is expensed in equal increments over the useful life of the asset, is more reasonable in light of the changing business environments that surround the mobile sales and mobile service operations.

The Mobile Sales Business previously relied on the declining-balance method for the calculation of depreciation for the tangible assets in the shops they operate, in order to ensure the accelerated recovery of invested capital associated with them in preparation for obsolescence. However, the emergence of smartphones is halting the decline in the number of handsets sold at individual shops, and the Company, based on this new development, has concluded that the use of the straight-line method applied over the economic life, appropriate for the state of the use of individual tangible assets in the shops, would result in a fairer calculation of income in the reported period generated by individual shops. Despite the saturated state of Japan's mobile phone market, replacement demand is expected to keep unit sales at a stable level.

Given the stable level of the number of mobile handsets sold, the Mobile Service Business foresees that demand for its mobile phone repair services will remain virtually unchanged. For this reason, the use of the straight-line method, where the depreciable cost is spread evenly over the useful life of a tangible asset, is more reasonable for the Mobile Service Business.

The change had the effect of decreasing depreciation charges for the first quarter by ¥63 million and increasing operating income, ordinary income, and income before income taxes by ¥60 million, respectively, compared with the respective amounts derived by using the previous method.

・ <Additional information>

(Application of the “Accounting Standard for Accounting Changes and Error Corrections” and others)

For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, the Company have applied the “Accounting Standard for Accounting Changes and

Error Corrections" (ASBJ Statement No.24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 of December 4, 2009).

(Discontinuance of director retirement benefits)

In the past, the consolidated subsidiaries of NEC Mobiling posted, to the "provision for director retirement benefits" account, an amount needed for the fiscal year-end distribution of retirement benefits to their directors in accordance with its internal rules. However, the board of directors decided at their meetings of the consolidated subsidiaries on June 30, 2011 to abolish said retirement benefit program. The extraordinary sessions of the shareholders' meeting of the consolidated subsidiaries held on June 30, 2011 additionally adopted a resolution paying retirement allowance to directors based on the length of service up to the date of said extraordinary session (only payable at the time of the retirement of each director).

Accordingly, the entire amount pooled in the "provision for director retirement benefits" account was drawn down, and ¥52 million, which will be paid to the directors later, is now reported under "Other Liabilities" in the "Noncurrent Liabilities" section.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Units: Millions of yen)

Items \ Term	As of March 31, 2011 Amount	As of June 30, 2011 Amount
Assets		
Cash and deposits	7,392	6,925
Notes and accounts receivable－trade	17,017	15,026
Short-term investment securities	6,998	6,999
Merchandise and finished goods	4,252	4,908
Work in process	1,559	1,685
Raw materials and supplies	667	655
Accounts receivable－other	7,977	5,209
Deposit paid in subsidiaries and affiliates	9,000	9,000
Other	2,314	2,325
Allowance for doubtful accounts	(7)	(6)
Current assets	**57,169**	**52,726**
Property, plant and equipment	2,619	2,703
Intangible assets		
Goodwill	1,911	1,792
Other	676	600
Total intangible assets	2,587	2,392
Investments and other assets	8,609	8,610
Non-current assets	**13,815**	**13,705**
Total assets	**70,984**	**66,431**
Liabilities		
Notes and accounts payable－trade	13,939	12,371
Income taxes payable	2,265	1,123
Provision for bonuses	--	747
Provision for loss on subleases	25	14
Accrued expenses	9,531	5,992
Other	1,925	2,162
Current liabilities	**27,685**	**22,409**
Provision for retirement benefits	3,820	3,848
Other	747	783
Non-current liabilities	**4,567**	**4,631**
Total liabilities	**32,252**	**27,040**
Shareholders' equity		
Capital stock	2,371	2,371
Capital surplus	2,707	2,707
Retained earnings	34,323	34,996
Treasury stocks	(0)	(0)
Total shareholders' equity	**39,401**	**40,074**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(669)	(683)
Total accumulated other comprehensive income	**(669)**	**(683)**
Total net assets	**38,732**	**39,391**
Total liabilities and net assets	**70,984**	**66,431**

(2) Consolidated Statements of Income

(Units: Millions of yen)

Items / Term	Three months ended June 30, 2010	Three months ended June 30, 2011
	Amount	Amount
Net sales	**31,884**	**28,597**
Cost of sales	27,088	23,228
Gross profit	**4,796**	**5,369**
Selling, general and administrative expenses	2,681	2,869
Operating income	**2,115**	**2,500**
Non-operating income		
Interest income	11	11
Dividend income	43	43
Rent income	14	18
Other	4	14
Total Non-operating income	72	86
Non-operating expenses		
Interest expense	1	1
Rent expenses	30	12
Loss on retirement of non-current assets	2	7
Other	1	4
Total Non-operating expenses	34	24
Ordinary income	**2,153**	**2,562**
Extraordinary gains		
Reversal of provision for loss on subleases	39	--
Reversal of allowance for doubtful accounts	2	--
Total extraordinary gains	41	--
Extraordinary losses		
Loss on adjustment for changes of accounting standard for asset retirement obligations	108	--
Total extraordinary losses	108	--
Income before income taxes	**2,086**	**2,562**
Income taxes	916	1,163
Income before minority interests	**1,170**	**1,399**
Net income	**1,170**	**1,399**

(3) Consolidated Statements of Comprehensive Income

(Units: Millions of yen)

Items / Term	Three months ended June 30, 2010	Three months ended June 30, 2011
	Amount	**Amount**
Net income	**1,170**	**1,399**
Other comprehensive income		
Valuation difference on available-for-sale securities	(114)	(14)
Total other comprehensive income	(114)	(14)
Comprehensive income	**1,056**	**1,385**
(Comprehensive income attributable)		
Comprehensive income attributable to owners of the parent	1,056	1,385

(4)Going Concern Assumption

None

(5)Material Changes in Shareholders' Equity

None

(6)Subsequent Event

None

Supplementary Information

(Units: Millions of yen)

	Three months ended June 30, 2010 <Consolidated>	Three months ended June 30, 2011 <Consolidated>	% Change
Net sales	31,884	28,597	(10.3)
Operating income	2,115	2,500	18.2
%	6.6	8.7	
Ordinary income	2,153	2,562	19.0
%	6.8	9.0	
Net income	1,170	1,399	19.5
%	3.7	4.9	
Net Income per Share (Yen)	80.56	96.27	

＜Business Segment Information＞

(Units: Millions of yen)

		Three months ended June 30, 2010 <Consolidated>		Three months ended June 30, 2011 <Consolidated>		% Change
		Amount	%	Amount	%	
Mobile Sales Business	Net sales	23,391	73.4	20,982	73.4	(10.3)
	Operating income	719	34.0	1,084	43.4	50.8
	%	3.1		5.2		
Mobile Service Business	Net sales	8,493	26.6	7,615	26.6	(10.3)
	Operating income	1,396	66.0	1,416	56.6	1.4
	%	16.4		18.6		
Total	Net sales	31,884	100.0	28,597	100.0	(10.3)
	Operating income	2,115	100.0	2,500	100.0	18.2
	%	6.6		8.7		