

**Consolidated Financial Results for
the First Quarter of the Fiscal Year
ending March 31, 2013**

(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.

Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2013

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Stock Code: 9430

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1. Consolidated Financial Results for the First Quarter ended June 30, 2012

(1) Consolidated Business Results

(Units: Millions of yen)

	Three months ended June 30, 2011		Three months ended June 30, 2012	
		% change		% change
Net Sales	28,597	(10.3)	28,816	0.8
Operating Income	2,500	18.2	2,252	(9.9)
Ordinary Income	2,562	19.0	2,255	(12.0)
Net Income	1,399	19.5	1,247	(10.9)
Net Income per Share (Yen)	96.27		85.83	
Net Income per Share, fully diluted (Yen)	--		--	

Note: Comprehensive income: Three months ended June 30, 2011: 1,385 < 31.1%>

Three months ended June 30, 2012: 1,087 <-21.5%>

(2) Consolidated Financial Position

(Units: Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Total Assets	77,676	67,578
Net Assets	42,590	42,805
Net Assets Ratio	54.8%	63.3%

2. Dividends

(Units: Yen)

	Fiscal Year ended March 31, 2012	Fiscal Year ending March 31, 2013	
			(Planned)
Annual Dividends per Share	120.00		130.00
First Quarter	--	--	
Second Quarter	60.00		65.00
Third Quarter	--		--
Year-end	60.00		65.00

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

3. Consolidated Financial Forecast for the Fiscal Year ending March 31, 2013

(Units: Millions of yen)

	First Half ending September 30, 2012		Fiscal Year ending March 31, 2013	
		% change		% change
Net Sales	60,700	(1.2)	126,500	0.3
Operating Income	5,000	2.0	10,500	0.6
Ordinary Income	5,050	0.9	10,600	(0.1)
Net Income	2,950	9.1	6,200	26.8
Net Income per share (Yen)	203.04		426.72	

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

※ Notes

- (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: None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (4) Number of shares outstanding
- | | | |
|--|-----------------------------------|------------|
| 1. Shares outstanding at the end of term: | As of March 31, 2012: | 14,529,400 |
| | As of June 30, 2012: | 14,529,400 |
| 2. Treasury stocks at the end of term: | As of March 31, 2012: | 70 |
| | As of June 30, 2012: | 70 |
| 3. Average number of shares outstanding during the term: | Three months ended June 30, 2011: | 14,529,330 |
| | Three months ended June 30, 2012: | 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, 2013

1. General Overview

Consolidated operating results for the fiscal year ending March 31, 2013 (in millions of yen)

	Year to date (April 1- June 30, 2011)	Year to date (April 1- June 30, 2012)	YoY (%)
Net Sales	28,597	28,816	0.8%
Operating Income	2,500	2,252	(9.9%)
Ordinary Income	2,562	2,255	(12.0%)
Net Income	1,399	1,247	(10.9%)

In the three-month period ended June 30, 2012, Japan's economy saw a modest recovery on the back of post-quake reconstruction demand, but overall, difficult environments continued. The European debt crisis, the strong yen, and the economic slowdown overseas has clouded future outlook, overshadowing the positive signs of turnaround in production, capital investment, and personal consumption.

In the mobile phone sales market, smartphone unit sales grew faster than the rest, as mobile network operators enhanced their smartphone lines and rolled out aggressive marketing promotions. Market size has grown, and smartphones now account for over 50% of unit sales.

In this operating environment, the NEC Mobiling Group, which consists of NEC Mobiling and its consolidated subsidiaries ("the Company"), redoubled its 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. The robust sales market was translated into diminishing demand for maintenance services, as consumers increasingly opted to replace rather than to have their old handsets repaired. To cope with this trend, the Company undertook actions aimed at cost reduction and improved operational efficiency.

As a result of the foregoing, the Company posted net sales of ¥28,816 million (up 0.8% year-on-year) in the period under review. Stronger sales reflected a 7% increase, on a year-on-year basis, in unit sales of handsets to 370,000 units, which more than compensated for the lower demand for maintenance services.

Operating income, ordinary income, and net income came in at ¥2,252 million (down 9.9%), ¥2,255 million (down 12.0%), and ¥1,247 million (down 10.9%), respectively. The decrease was attributable primarily to lower demand for maintenance services, which was not fully offset by the Company's efforts to: increase the number of handsets sold, market more accessories and peripheral equipment, and improve operational efficiency through cost reduction.

2. Segment Overview

From the fiscal year starting April 1, 2012, the business segments has been changed. The "Mobile Service Business" has been changed to the "Mobile Solutions Business," combined with the mobile handset sales for enterprise related business, which was formerly included in the "Mobile Sales Business."

Please note that the segment information for the first quarter of the last fiscal year is based on the new reporting segments recently adopted.

(a) Mobile Sales Business

Consolidated operating results for the fiscal year ending March 31, 2013 (in millions of yen)

	Year to date (April 1- June 30, 2011)	Year to date (April 1- June 30, 2012)	YoY (%)
Net Sales	19,725	22,169	12.4%
Operating Income	896	987	10.2%

In the period under review, the sales market for smartphones continued to grow, as manufacturers rolled out smartphones enhanced with the additional features and capabilities that have been available in conventional handsets and that are extremely popular in Japan, including e-wallet and water resistance. Additional momentum was created by the enhanced lineup of smartphones by overseas manufacturers and the greater availability of LTE (long-term evolution) and other high-speed, large-capacity communication services, in addition to aggressive marketing promotions by the mobile network operators.

In this operating environment, the NEC Mobiling Group rolled out a variety of measures aimed at improving customer satisfaction. This included the launch of new shops and the relocation/renovation of existing shops, in addition to service enhancements through the installation of the unique Smartphone Concierge Service (see Note) terminals at its shop locations, the sale of accessories and peripheral equipment for handsets, and the provision of advice regarding smartphone applications. Undertaken in an attempt to achieve greater sales of smartphones and other mobile handsets with advanced functions, these measures successfully led to the higher unit sales of handsets, accompanied by higher sales of related goods.

Net sales increased 12.4% year-on year to ¥22,169 million. Operating income rose 10.2% year-on-year to ¥987 million, reflecting stronger initiatives for greater operational efficiency including actions to achieve improvements by individual shops.

Note: Smartphone Concierge Service: Assistance provided to customers for the initial setup of a smartphone

(b) Mobile Solutions Business

Consolidated operating results for the fiscal year ending March 31, 2013 (in millions of yen)

	Year to date (April 1- June 30, 2011)	Year to date (April 1- June 30, 2012)	YoY (%)
Net Sales	8,872	6,647	(25.1%)
Operating Income	1,604	1,265	(21.1%)

While replacement demand continued to grow, bolstered by the aggressive smartphone promotional efforts of mobile network operators, the demand for maintenance services diminished in the period under review.

Net sales decreased 25.1% year-on year to ¥6,647 million. As a result, operating income decreased 21.1% year-on-year to ¥1,265 million, despite efforts to offset lower net sales by achieving greater operational efficiency, such as cost reduction through better repair technology and the achievement of maintenance business wins for handsets manufactured overseas.

2) Analyses of the Consolidated Financial Position Position as of June 30, 2012

Assets, Liabilities, and Net Assets

Total assets stood at ¥67,578 million, as of June 30, 2012, reflecting a decrease of ¥10,098 million from the end of the previous fiscal year on March 31, 2012, due largely to a decrease in notes and accounts receivable — trade and a decrease in accounts receivables — other. Total liabilities decreased ¥10,313 million over the same period to ¥24,773 million. The decrease was primarily attributable to lower notes and accounts payable — trade and income taxes payable, accrued expenses. Meanwhile, total net assets increased ¥215 million to ¥4,285 million. Factors that contributed to the change included the posting the quarterly net income and a distribution of retained earnings as dividends.

These changes brought equity ratio to 63.3%.

3) Outlook for the Fiscal Year Ending March 2013

Qualitative information pertaining to consolidated earnings forecasts

No revision has been made on the earnings forecasts announced on April 25, 2012.

Other information

1) Important changes in subsidiaries during the three-month period ended June 30, 2012

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

None

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Units: Millions of yen)

Items	Term	As of	As of
		March 31, 2012	June 30, 2012
		Amount	Amount
Assets			
Cash and deposits		7,841	9,672
Notes and accounts receivable—trade		17,967	11,243
Short-term investment securities		10,997	10,997
Merchandise and finished goods		4,477	5,275
Work in process		1,237	1,598
Raw materials and supplies		682	718
Accounts receivable—other		11,095	5,103
Deposit paid in subsidiaries and affiliates		9,000	9,000
Other		2,249	2,206
Allowance for doubtful accounts		(5)	(4)
Current assets		65,540	55,808
Property, plant and equipment		2,625	2,620
Intangible assets			
Goodwill		1,435	1,316
Other		417	366
Total intangible assets		1,852	1,682
Investments and other assets		7,659	7,468
Non-current assets		12,136	11,770
Total assets		77,676	67,578
Liabilities			
Notes and accounts payable—trade		14,338	10,166
Income taxes payable		2,272	961
Provision for bonuses		--	841
Accrued expenses		11,739	6,026
Other		2,025	2,004
Current liabilities		30,374	19,998
Provision for retirement benefits		3,971	4,020
Other		741	755
Non-current liabilities		4,712	4,775
Total liabilities		35,086	24,773
Shareholders' equity			
Capital stock		2,371	2,371
Capital surplus		2,707	2,707
Retained earnings		37,614	37,990
Treasury stocks		(0)	(0)
Total shareholders' equity		42,692	43,068
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		(102)	(263)
Total accumulated other comprehensive income		(102)	(263)
Total net assets		42,590	42,805
Total liabilities and net assets		77,676	67,578

**(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)**

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2011	Three months ended June 30, 2012
		Amount	Amount
Net sales		28,597	28,816
Cost of sales		23,228	23,771
Gross profit		5,369	5,045
Selling, general and administrative expenses		2,869	2,793
Operating income		2,500	2,252
Non-operating income			
Interest income		11	12
Dividend income		43	30
Other		32	19
Total Non-operating income		86	61
Non-operating expenses			
Interest expense		1	1
Loss on retirement of non-current assets		7	46
Other		16	11
Total Non-operating expenses		24	58
Ordinary income		2,562	2,255
Income before income taxes		2,562	2,255
Income taxes		1,163	1,008
Income before minority interests		1,399	1,247
Net income		1,399	1,247

(Consolidated Statements of Comprehensive Income)

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2011	Three months ended June 30, 2012
		Amount	Amount
Net income		1,399	1,247
Other comprehensive income			
Valuation difference on available-for-sale securities		(14)	(160)
Total other comprehensive income		(14)	(160)
Comprehensive income		1,385	1,087

(Comprehensive income attributable)

Comprehensive income attributable to owners of the parent	1,385	1,087
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(3) Going Concern Assumption

None

(4) Material Changes in Shareholder's Equity

None

(5) Subsequent Event

None

Supplementary Information

(Units: Millions of yen)

	Three months ended June 30, 2011 <Consolidated>	Three months ended June 30, 2012 <Consolidated>	% Change
Net sales	28,597	28,816	0.8
Operating income	2,500	2,252	(9.9)
%	8.7	7.8	
Ordinary income	2,562	2,255	(12.0)
%	9.0	7.8	
Net income	1,399	1,247	(10.9)
%	4.9	4.3	
Net Income per Share (Yen)	96.27	85.83	

< Business Segment Information >

(Units: Millions of yen)

		Three months ended June 30, 2011 <Consolidated> (Reclassified)		Three months ended June 30, 2012 <Consolidated>		% Change
		Amount	%	Amount	%	
Mobile Sales Business	Net sales	19,725	69.0	22,169	76.9	12.4
	Operating income	896	35.8	987	43.8	10.2
	%	4.5		4.5		
Mobile Solutions Business	Net sales	8,872	31.0	6,647	23.1	(25.1)
	Operating income	1,604	64.2	1,265	56.2	(21.1)
	%	18.1		19.0		
Total	Net sales	28,597	100.0	28,816	100.0	0.8
	Operating income	2,500	100.0	2,252	100.0	(9.9)
	%	8.7		7.8		

Note: From the fiscal year starting April 1, 2012, the business segments has been changed. The "Mobile Service Business" has been changed to the "Mobile Solutions Business," combined with the mobile handset sales for enterprise related business, which was formerly included in the "Mobile Sales Business."