Consolidated Financial Results for the Fiscal Year ended March 31, 2013

(2nd edition)

NEC Mobiling, Ltd.

Note: This document is 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 Fiscal Year ended March 31, 2013 ［Japanese GAAP］

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Homepage: http://www.nec-mobiling.com
Scheduled Date of Dividend Payment: June 3, 2013

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2013

(1) Consolidated Business Results

(Units: Millions of yen)

	Fiscal Year ended March 31, 2012		Fiscal Year ended March 31, 2013	
		% change		% change
Net Sales	126,084	0.4%	141,010	11.8%
Operating Income	10,438	8.6%	10,210	(2.2%)
Ordinary Income	10,613	8.1%	10,235	(3.6%)
Net Income	4,888	(11.1%)	5,887	20.4%
Net Income per Share (Yen)	336.45		405.17	
Net Income per Share, fully diluted (Yen)	--		--	
Return on Equity	12.0		13.2	
Return (Ordinary Income) on Assets	14.3		13.0	
Operating Income to Net Sales	8.3		7.2	

Note1: Percentages for Net Sales, Operating Income, Ordinary Income and Net Income represent change from the previous fiscal year.

2: Comprehensive income: Fiscal Year ended March 31, 2012: 5,455 < 1.6% >
Fiscal Year ended March 31, 2013: 5,989 < 9.8% >

Equity in earnings of affiliated companies: Fiscal Year ended March 31, 2012: --
Fiscal Year ended March 31, 2013: --

(2) Consolidated Financial Position

(Units: Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Total Assets	77,676	79,459
Net Assets	42,590	46,763
Net Assets Ratio	54.8%	58.9%
Net Assets per Share (Yen)	2,931.27	3,218.55

(3) Consolidated Cash Flows

(Units: Millions of yen)

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013
Net Cash provided by Operating Activities	6,847	4,932
Net Cash used in Investing Activities	(718)	(1,278)
Net Cash used in Financing Activities	(1,670)	(1,884)
Cash and Cash Equivalents at end of year	27,699	29,470

2. Dividends

(Units: Millions of yen)

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013	Forecast for Fiscal Year ending March 31, 2014
Annual Dividends per Share (Yen)	120.00	130.00	--
Interim (Yen)	60.00	65.00	0.00
Year - End (Yen)	60.00	65.00	Not decided
Total Dividends paid (Annual)	1,744	1,889	
Dividend Payout Ratio (Consolidated)	35.7%	32.1%	--
Dividend Rate for Net Assets (Consolidated)	4.3%	4.2%	

3. Consolidated Financial Forecast for the Fiscal Year ending March 31, 2014

(Units: Millions of yen)

	First Half ending September 30, 2013		Fiscal Year ending March 31, 2014	
		% change		% change
Net Sales	69,000	1.4%	141,000	(0.0%)
Operating Income	3,800	(30.7%)	7,700	(24.6%)
Ordinary Income	3,800	(30.9%)	7,700	(24.8%)
Net Income	3,250	8.7%	5,500	(6.6%)
Net Income per Share (Yen)	223.69		378.55	

4. Notes

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

(2) Changes in accounting policies, changes in accounting estimates and restatements:

1. Changes in accounting policies caused by revision of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of shares outstanding

1. Shares outstanding at the end of term:	As of March 31, 2012:	14,529,400
	As of March 31, 2013:	14,529,400
2. Treasury stocks at the end of term:	As of March 31, 2012:	70
	As of March 31, 2013:	143
3. Average number of shares outstanding during the term:	Fiscal Year ended March 31, 2012:	14,529,330
	Fiscal Year ended March 31, 2013:	14,529,277

・At the time of this report's release, audit procedures under the Financial Instruments and Exchange Law are not completed.

Forecasts related to future business performance, one aspect of the current strategies, plans and awareness at NEC Mobiling, Ltd. described in this documents, 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, trends in demand for products and services provided by the Company, pressures for price reductions due to enhancedcompetition, and the ability of the Company's technological capability to respond to the customers' requests. Factors with an impact on business performance are not limited to those herein described.

1. Operating Results for the Fiscal Year Ended March 31, 2013

(1) Analyses of Operating Results

1) Operating Results for the Fiscal Year Ended March 31, 2013

General Overview

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

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013	YoY (%)
Net Sales	126,084	141,010	11.8%
Operating Income	10,438	10,210	(2.2%)
Ordinary Income	10,613	10,235	(3.6%)
Net Income	4,888	5,887	20.4%

Japan's economy generally remained in difficult environments throughout the consolidated fiscal year that ended on March 31, 2013, caused by lackluster personal consumption and business spending under persistent deflationary pressure and the strong yen, in addition to stagnant exports due to the European debt crisis and the slowdown experienced by the emerging economies. Despite the overall weakness, some bright signs, notably a stock market rally, began to emerge toward the end of the fiscal year, as the anticipated monetary easing elevated expectations for the yen's depreciation and an economic recovery.

Mobile phone sales market were virtually on par with the previous fiscal year, but sales of smartphones grew fast, as the mobile network operators enhanced their line-up of smartphones and carried out aggressive marketing and sales promotions.

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 at its shops while actively seizing opportunities created by a surge in demand for smartphones. It also strengthened its sales channels by acquiring NANGOKU Telephone, Ltd. in October 2012. To cope with the diminishing demand for maintenance services caused by consumer shifts to replace rather than to have their old handsets repaired, the Company embarked on actions aimed at improved operational efficiency.

As a result of the above, the Company posted net sales of ¥141,010 million (up 11.8% year-on-year) in the period under review. Stronger sales reflected a 6% increase in the unit sales of handsets to 1.75 million units, which more than compensated for lower demand for maintenance services. Operating income and ordinary income came in at ¥10,210 million (down 2.2%) and ¥10,235 million (down 3.6%), respectively, on the back of weaker demand for handset maintenance and weaker handset sales to corporate customers, which was not fully absorbed by an increase in smartphone sales and the effects of cost reduction and other actions aimed at improved operational efficiency. Net income was ¥5,887 million (up 20.4%), which reflected a decrease, from the previous fiscal year, in extraordinary losses and income taxes.

Segment Overview

Please note that for the purpose of financial reporting, business segments have been re-classified into the "Mobile Sales Business" and the "Mobile Solutions Business" effective the fiscal year that started on April 1, 2012. The Mobile Solutions Business includes the mobile phone sales business targeting corporate customers, which was previously classified under the "Mobile Sales Business," in addition to the maintenance service business and the base station-related business, which were previously under the Mobile Service Business."

The segment information for the consolidated fiscal year ended March 31, 2012 presented herein is based on the new reporting segments.

(a) Mobile Sales Business

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

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013	YoY (%)
Net Sales	90,015	113,235	25.8%
Operating Income	3,827	5,228	36.6%

In the period under review, the market witnessed the accelerated release of smartphones with attractive features, including longer-lasting batteries, larger display areas, and high-speed computing capacity, which was further complemented by the progress made in LTE (long-term evolution) and other high-speed, large-capacity communications services. In the fourth quarter, which contained the peak sales period of the year, the market enjoyed robust sales underpinned by the healthy growth of demand for tablets and data communications products, in addition to strong sales of smartphones, which now account for about 70% of total sales—although the pace of growth failed to reach the explosive surge in smartphone sales recorded in March 2012.

In this operating environment, the NEC Mobiling Group undertook measures to strengthen its sales channels. This included the acquisition of NANGOKU Telephone, which is now a subsidiary of NEC Mobiling, in a bid to gain more exposure to the customer base, and the relocation and renovation of existing shops. To boost sales of smartphones and other mobile handsets with advanced functions, as well as to elevate customer satisfaction, NEC Mobiling installed its proprietary Smartphone Concierge Service (see note) terminals at its shops, enhanced the accessory and peripheral product lines for handsets, and expanded its application recommendation service.

As a result of the above, net sales rose 25.8% to ¥113,235 million year-on-year on the back of a higher unit cost of goods sold, resulting in higher retail prices, in addition to an increase in unit sales. Operating income rose 36.6% to ¥5,228 million, reflecting higher unit sales and stronger measures for operational efficiency, such as initiatives by individual shops to improve profits.

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

(b) Mobile Service Business

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

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013	YoY (%)
Net Sales	36,069	27,775	(23.0%)
Operating Income	6,611	4,982	(24.6%)

In the period under review, demand from corporate customers for mobile phones decreased. In addition, demand for maintenance services continued to slide, as consumers increasingly opted to replace existing handsets rather than having them serviced.

The above trends were reflected in net sales, which decreased 23.0% year-on-year to ¥27,775 million. Operating income fell 24.6% to ¥4,982 million, despite efforts for greater operational efficiency, including cost reductions through better repair technology and fixed cost reductions through the consolidation of locations, in addition to efforts to gain greater maintenance service orders for handsets made by overseas manufacturers.

2) Outlook for the Fiscal Year Ending March 2013

Japan's economy has begun to show some bright signs, including an upturn in the stock market and the yen's depreciation, which are translated into higher hopes for economic recovery. Despite the emerging optimism, it may require more time before the economy fully recovers, and an uncertain outlook will continue to prevail in the meantime.

The mobile communications market is expected to remain strong, supported by consumer shifts to smartphones with more advanced functions and a growing demand for tablets, among others. These positives will be complemented by the greater availability of new services, which in turn, will give rise to higher demand for accessories and related products. On the other hand, customers opting to repair handsets will continue to decline, and this will lead to a further decrease in maintenance services.

In the fiscal year ending March 31, 2014, NEC Mobiling projects sales growth for the Mobile Sales Business to be achieved by stepped-up actions to capture growing demand. For the Mobile Solutions Business, however, the Company anticipates that its conventional repair business on NEC-made handsets will decrease by half, in light of the fewer number of smartphones brought to the Company for repair, the fewer number of feature phones in use, and the fewer number of customers wishing to have their handsets repaired. To compensate for the expected decline in business, the Company will redouble its efforts to gain business wins from new customers, but operating income is expected to decrease. In light of the foregoing, the Company's earnings forecasts for the fiscal year ending March 31, 2014 are as follows.

(Units: Billions of yen)	Fiscal Year ending March 31, 2014	
Net Sales	141.0	(YoY increase of ± 0%)
Operating Income	7.7	(YoY decrease of 25%)
Ordinary Income	7.7	(YoY decrease of 25%)
Net Income	5.5	(YoY decrease of 7%)

(2) Analyses of the Financial Position

1) Position as of March 31, 2012

Assets, liabilities, and net assets

Total assets as of the end of the consolidated fiscal year ended March 31, 2013 stood at ¥79,459 million, representing an increase of ¥1,783 million from a year earlier. The increase was due largely to an increase in cash and deposits, merchandise and finished goods, and accounts receivable — other, in addition to the posting of goodwill associated with the newly consolidated subsidiary, which more than offset a decrease in notes and accounts receivable — trade and the effect of the sales of investment securities. Total liabilities decreased ¥2,390 million over the same period to ¥32,696 million, primarily on a decrease in notes and accounts payable — trade. Total net assets increased ¥4,173 million, to ¥46,763 million. The posting of net income positively contributed to the advance in total net assets, while the distributions of retained earnings in the form of cash dividends caused total net assets to decrease.

These changes brought the shareholders' equity ratio to 58.9%.

State of cash flows

Cash and cash equivalents ("cash") stood at ¥29,470 million as of March 31, 2013, up ¥1,771 million from a year earlier.

(Cash flows from operating activities)

Cash flows provided by operating activities during the fiscal year under review totaled ¥4,932 million, or 28.0% less than the inflow posted in the previous fiscal year. The inflow was attributable primarily to cash-increasing factors such as the posting of income before income taxes and a decrease in trade receivables, which exceeded cash-decreasing factors such as an increase in accounts receivable — other, a decrease in trade payables, and income tax payments. Compared with the previous fiscal year, income before income taxes rose, but a decrease in non-cash items, such as valuation loss on investment securities and changes in assets and liabilities, resulted in the cash inflow, which was ¥1,915 million less than the inflow posted in the previous fiscal year.

(Cash flows from investing activities)

Cash used by investing activities amounted to ¥1,278 million. It was 78.2% more than the cash used in the previous fiscal year.

The payments of investments in subsidiaries resulting in change in scope of consolidation exceeded the proceeds from the sale of investment securities.

As a result of the above and other factors, the outflow was ¥560 million more than the outflow recorded in the previous fiscal year.

(Cash flows from financing activities)

Cash used by financing activities amounted to ¥1,884 million. It was 12.8% more than the outflow posted in the previous consolidated fiscal year.

The outflow was attributable mainly to the payments of the end-of-year dividends for the fiscal year ended March 31, 2012 and the interim dividends for the fiscal year under review.

The outflow was ¥214 million more than the outflow recorded in the previous fiscal year, due primarily to an increase in the per-share dividends declared.

2) Outlook for the Fiscal Year Ending March 2014

NEC Mobiling expects that its cash and cash equivalents will be ¥36,500 million on March 31, 2014, which represents an increase of ¥7,000 million from March 31, 2013.

The above outlook is based on its forecasts of cash proceeds of ¥7,000 million from operating activities and on cash disbursements of ¥1,000 million each for investing and financing activities.

3) Changes in Cash Flow Indicators

Changes in cash flow indicators

	Fiscal Year ended March 2009	Fiscal Year ended March 2010	Fiscal Year ended March 2011	Fiscal Year ended March 2012	Fiscal Year ended March 2013
Shareholders’ Equity Ratio	51.7 %	53.0 %	54.6 %	54.8 %	58.9 %
Shareholders’ Equity Ratio at market value	36.8 %	49.7 %	52.1 %	53.4 %	113.7 %

Note: Shareholders' Equity Ratio = Total Net Assets/Total Assets

Shareholders' Equity Ratio at market value = Market Capitalization/Total Assets

* The indicators shown above are based on the Company's financial figures. Consolidated results have been in use since the fiscal year ended March 31, 2011.

* The market capitalization used in the calculation of the above is based on the number of shares outstanding as of the fiscal year-end, excluding the treasury stock.

(3) Basic Policy Regarding Profit Appropriation and Dividends for the Fiscal Year Ended March 31, 2013 and the Fiscal Year Ending March 31, 2014

In the past, the Company's policy with respect to dividends was to maintain stable payouts considering an approximate 30% payout ratio, in view of its major management priority of according respect and importance to its valued shareholders and in line with its commitment to ensuring ample retained earnings—in order to build a stronger business base and enable future business expansion.

The above profit distribution policy was withdrawn.

The Company declared a year-end cash dividend of 65 yen per share for the fiscal year ended March 31, 2013. Combined with an interim cash dividend of 65 yen, which was already paid, the annual dividend amounted to 130 yen per share, or 10 yen higher than the previous fiscal year.

For the fiscal year ending March 2014, the board of directors resolved that no interim dividend would be declared. The board of directors further resolved that no specific amount of the year-end dividends would be projected.

2. State of the Group

The NEC Mobiling Group consists of NEC Mobiling, its parent, subsidiaries, and two major related parties.

NEC Mobiling belongs to the NEC Group, a cluster of corporations with NEC Corporation at its core.

NANGOKU Telephone, Ltd. is the major consolidated subsidiary of NEC Mobiling, effective the period under review.

The system engineering business of NEC Mobiling was de-merged on April 1, 2013 to NEC Networks & System Integration Corporation ("NESIC"), pursuant to an absorption-type company de-merger agreement with NESIC.

3. Management Policies

(1) Basic Management Policies

Under the corporate philosophy of "contributing to the creation of a lively society where people around the world can build a better understanding of each other and fully express their individuality through the use of the mobile multimedia platform anytime and anywhere," NEC Mobiling has evolved into what it is today in step with the advancement of the mobile Internet.

The Company, through the delivery of mobile services that address various aspects of personal and business situations, plans to grow further as a driving force behind the creation of a society anchored on highly sophisticated information and communications technology (ICT) capable of quickly responding to the changing needs of the times.

(2) Target Management Indicators

Over the medium and long-term range, the Company, based on its growth strategies aimed at a highly sophisticated ICT society, seeks to boost its earnings on a consistent basis.

(3) Medium and Long-term Management Strategies and Challenges

Japan's mobile telecommunication market has grown by incorporating global cutting-edge technologies in succession, and along the way, it has played a key role in the advancement of an information and communication society, as symbolized by the Internet. It is anticipated that further progress will be made in the utilization of ICT with the introduction and growth of LTE, Wi-Fi, and other high-speed networks and novel services.

In an effort to make the usage of mobilephone more convenient and enjoyable, NEC Mobiling will continue to: re-invent the support and assistance extended to its customers including advice on mobile Internet utilization tailored to individual lifestyle requirements, broaden its sales platform for greater exposure to customers, enhance the existing product lines of accessories, and introduce new product and services, in a bid to achieve greater profits. In the sphere of handset repairs and maintenance, it plans to expand into business areas where its strength of quality repairs built over many years of servicing handsets can be leveraged.

NEC Mobiling strives to build, on a continuous basis, more powerful structure that can respond quickly for next-generation mobile communication services, and make any attempt to develop business area, improve business results, and maximize shareholder value, in an effort to ensure further business growth.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Units: Millions of yen)

Items / Term	As of March 31, 2012	As of March 31, 2013
	Amount	Amount
Assets		
Current assets		
Cash and deposits	7,841	9,911
Notes and accounts receivable－trade	17,967	16,322
Short-term investment securities	10,997	10,997
Merchandise and finished goods	4,477	5,544
Work in process	1,237	1,126
Raw materials and supplies	682	368
Deferred tax assets	1,628	1,599
Accounts receivable－other	11,095	12,389
Deposit paid in subsidiaries and affiliates	9,000	9,000
Other	621	538
Allowance for doubtful accounts	(5)	(4)
Total current assets	**65,540**	**67,790**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,659	4,027
Accumulated depreciation	(1,660)	(1,825)
Buildings and structures, net	1,999	2,202
Machinery, equipment and vehicles	33	43
Accumulated depreciation	(23)	(33)
Machinery, equipment and vehicles, net	10	10
Tools, furniture and fixtures	1,171	1,177
Accumulated depreciation	(691)	(720)
Tools, furniture and fixtures, net	480	457
Land	--	422
Lease assets	266	343
Accumulated depreciation	(138)	(190)
Lease assets, net	128	153
Construction in progress	8	6
Total property, plant and equipment	**2,625**	**3,250**
Intangible assets		
Goodwill	1,435	2,526
Other	417	337
Total intangible assets	**1,852**	**2,863**
Investments and other assets		
Investment securities	2,320	404
Deferred tax assets	1,571	1,490
Other	3,812	3,702
Allowance for doubtful accounts	(44)	(40)
Total investments and other assets	**7,659**	**5,556**
Total noncurrent assets	**12,136**	**11,669**
Total assets	**77,676**	**79,459**

(Units: Millions of yen)

Items \ Term	As of March 31, 2012	As of March 31, 2013
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable－trade	14,338	12,011
Income taxes payable	2,272	1,760
Accrued expenses	11,739	11,860
Other	2,025	2,110
Total current liabilities	**30,374**	**27,741**
Noncurrent liabilities		
Provision for retirement benefits	3,971	4,192
Other	741	763
Total noncurrent liabilities	**4,712**	**4,955**
Total liabilities	**35,086**	**32,696**
Net assets		
Shareholders' equity		
Capital stock	2,371	2,371
Capital surplus	2,707	2,707
Retained earnings	37,614	41,685
Treasury stocks	(0)	(0)
Total shareholders' equity	**42,692**	**46,763**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(102)	(0)
Total accumulated other comprehensive income	**(102)**	**(0)**
Total net assets	**42,590**	**46,763**
Total liabilities and net assets	**77,676**	**79,459**

(2) Consolidated Statements of Income and comprehensive income
(Consolidated Statements of Income)

(Units: Millions of yen)

Items / Term	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013
	Amount	Amount
Net sales	**126,084**	**141,010**
Cost of sales	103,720	119,900
Gross profit	**22,364**	**21,110**
Selling, general and administrative expenses	11,926	10,900
Operating income	**10,438**	**10,210**
Non-operating income		
Interest income	45	48
Dividend income	159	77
Rent income	47	42
Other	61	31
Total Non-operating income	312	198
Non-operating expenses		
Interest expense	4	4
Rent expenses	28	23
Loss on retirement of noncurrent assets	79	125
Other	26	21
Total Non-operating expenses	137	173
Ordinary income	**10,613**	**10,235**
Extraordinary gains		
Gain on sales of investment securities	--	9
Total extraordinary gains	--	9
Extraordinary losses		
Loss on valuation of investment securities	1,119	178
Impairment loss	--	59
Loss on sales of non-current assets	24	--
Office transfer expenses	122	--
Loss on liquidation of business	43	--
Other	--	34
Total extraordinary losses	1,308	271
Income before income taxes	**9,305**	**9,973**
Income taxes-current	4,380	3,958
Income taxes-deferred	37	128
Total income taxes	4,417	4,086
Income before minority interests	**4,888**	**5,887**
Net income	**4,888**	**5,887**

(Consolidated Statements of comprehensive income)

(Units: Millions of yen)

Items / Term	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013
	Amount	Amount
Net income	**4,888**	**5,887**
Other comprehensive income		
Valuation difference on available-for-sale securities	567	102
Total other comprehensive income	567	102
Comprehensive income	**5,455**	**5,989**
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,455	5,989

(3) Consolidated Statements of Changes in Net Assets

(Units: Millions of yen)

Items / Term	As of March 31, 2012 Amount	As of March 31, 2013 Amount
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	2,371	2,371
Changes of items during the period		
Total changes of items during the period	--	--
Balance at the end of current period	**2,371**	**2,371**
Capital surplus		
Balance at the beginning of current period	2,707	2,707
Changes of items during the period		
Total changes of items during the period	--	--
Balance at the end of current period	**2,707**	**2,707**
Retained earnings		
Balance at the beginning of current period	34,323	37,614
Changes of items during the period		
Dividends from surplus	(1,598)	(1,816)
Net income	4,888	5,887
Total changes of items during the period	3,291	4,071
Balance at the end of current period	**37,614**	**41,685**
Treasury stock		
Balance at the beginning of current period	(0)	(0)
Changes of items during the period		
Purchase of treasury stock	--	(0)
Total changes of items during the period	--	(0)
Balance at the end of current period	**(0)**	**(0)**
Total shareholders' equity		
Balance at the beginning of current period	39,401	42,692
Changes of items during the period		
Dividends from surplus	(1,598)	(1,816)
Net income	4,888	5,887
Purchase of treasury stock	--	(0)
Total changes of items during the period	3,291	4,071
Balance at the end of current period	**42,692**	**46,763**

(Units: Millions of yen)

Items / Term	As of March 31, 2012 Amount	As of March 31, 2013 Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(669)	(102)
Changes of items during the period		
Net changes of items other than shareholders' equity	567	102
Total changes of items during the period	567	102
Balance at the end of current period	**(102)**	**(0)**
Total Accumulated other comprehensive income		
Balance at the beginning of current period	(669)	(102)
Changes of items during the period		
Net changes of items other than shareholders' equity	567	102
Total changes of items during the period	567	102
Balance at the end of current period	**(102)**	**(0)**
Total net assets		
Balance at the beginning of current period	38,732	42,590
Changes of items during the period		
Dividends from surplus	(1,598)	(1,816)
Net income	4,888	5,887
Purchase of treasury stock	--	(0)
Net changes of items other than shareholders' equity	567	102
Total changes of items during the period	3,858	4,173
Balance at the end of current period	**42,590**	**46,763**

(4) Consolidated Statements of Cash Flows

(Units: Millions of yen)

Items / Term	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013
Cash flow from operating activities		
Income before income taxes	9,305	9,973
Depreciation and amortization	821	612
Amortization of goodwill	476	531
Increase (decrease) in allowance for doubtful accounts	(58)	(4)
Increase (decrease) in provision for retirement benefit	261	389
Increase (decrease) in provision for directors' retirement benefit	(50)	--
Increase (decrease) in provision for loss on subleases	(25)	--
Interest and dividend income	(204)	(125)
Interest expense	4	4
Foreign exchange losses (gains)	0	(1)
Impairment loss	--	59
Loss on retirement of property, plant and equipment	79	125
Loss (gain) on sales of noncurrent assets	24	--
Loss (gain) on sales of investment securities	--	(9)
Loss (gain) on valuation of investment securities	1,119	178
Loss on liquidation of business	43	--
Head office transfer cost	122	--
(Increase) decrease in notes and accounts receivable－trade	(950)	1,787
(Increase) decrease in inventories	82	(542)
(Increase) decrease in accounts receivable－other	(3,194)	(1,248)
Increase (decrease) in notes and accounts payable－trade	442	(2,463)
Increase (decrease) in accrued expenses	2,207	60
Increase (decrease) in accrued consumption taxes	202	(57)
Increase (decrease) in deposits received	72	(23)
Other, net	346	60
Sub-total	**11,124**	**9,306**
Interest and dividend income received	204	125
Interest expense paid	(4)	(4)
Income taxes paid	(4,373)	(4,495)
Other, net	(104)	--
Net cash provided (used-in) by operating activities	**6,847**	**4,932**

(Units: Millions of yen)

Items / Term	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013
Cash flow from investing activities		
Proceeds from withdrawal of time deposits	--	120
Purchases of property, plant and equipment	(718)	(510)
Proceeds from sales of property, plant and equipment	159	3
Purchases of intangible assets	(164)	(131)
Proceeds from sales of investment securities	--	1,906
Payments of investments in subsidiaries resulting in change in scope of consolidation	--	(2,661)
Proceeds from transfer of business	86	--
Other, net	(81)	(5)
Net cash provided by (used in) investing activities	**(718)**	**(1,278)**
Cash flows from financing activities		
Cash dividends paid	(1,597)	(1,815)
Repayments of lease obligations	(73)	(69)
Purchase of treasury stock	--	(0)
Net cash provided by (used in) financing activities	**(1,670)**	**(1,884)**
Effect of exchange rate changes on cash and cash equivalents	**0**	**1**
Net increase (decrease) in cash and cash equivalents	**4,459**	**1,771**
Cash and cash equivalents at beginning of period	**23,240**	**27,699**
Cash and cash equivalents at end of period	**27,699**	**29,470**

(5) Notes regarding Going Concern Assumption

None

Supplementary Information

(1) Financial Highlights

(Units: Millions of yen)

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013	% Change	Forecast for Fiscal Year ending March 31, 2014	% Change
Net sales	126,084	141,010	11.8%	141,000	(0%)
Operating income <Operating income to Net sales>	10,438 <8.3%>	10,210 <7.2%>	(2.2%)	7,700 <5.5%>	(25%)
Ordinary income <Ordinary income to Net sales>	10,613 <8.4%>	10,235 <7.3%>	(3.6%)	7,700 <5.5%>	(25%)
Net income <Net income to Net sales>	4,888 <3.9%>	5,887 <4.2%>	20.4%	5,500 <3.9%>	(7%)
Net income per share	336.45Yen	405.17Yen	--	378.55Yen	--
Dividend per share <Interim>	120.00Yen <60.00Yen>	130.00Yen <65.00Yen>	--	-- <0.00Yen>	--
Dividend payout ratio	35.7%	32.1%	--	0.0%	--
Total assets Turnover	1.70Times	1.79Times	--	1.77Times	--
Return(Ordinary income) on assets	14.3%	13.0%	--	9.7%	--
Return on equity	12.0%	13.2%	--	11.1%	--
Net cash provided by (used in) operating activities	6,847	4,932	(28.0%)	7,000	42%
Net cash provided by (used in) investing activities	(718)	(1,278)	--	1,000	--
Free cash flows	6,129	3,654	(40.4%)	8,000	119%
Net cash provided by (used in) financing activities	(1,670)	(1,884)	--	(1,000)	--
Number of employees	1,227	1,367	--	1,240	--

(2) Business Segment Information

(Units: Millions of yen)

		Fiscal Year ended March 31, 2012 (Reclassified)		Fiscal Year ended March 31, 2013		% Change	Forecast for Fiscal Year ending March 31, 2014		% Change
		Amount	%	Amount	%		Amount	%	
Mobile Sales Business	Net sales	90,015	71.4%	113,235	80.3%	25.8%	123,000	87.2%	9%
	Operating income	3,827	36.7%	5,228	51.2%	36.6%	5,360	69.6%	3%
	%	4.3		4.6			4.4		
Mobile Solution Business	Net sales	36,069	28.6%	27,775	19.7%	(23.0%)	18,000	12.8%	(35%)
	Operating income	6,611	63.3%	4,982	48.8%	(24.6%)	2,340	30.4%	(53%)
	%	18.3		17.9			13.0		
Total	Net sales	126,084	100.0%	141,010	100.0%	11.8%	141,000	100.0%	(0%)
	Operating income	10,438	100.0%	10,210	100.0%	(2.2%)	7,700	100.0%	(25%)
	%	8.3		7.2			5.5		

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 Solution Business,” combined with the mobile handset sales for enterprise related business, which was formerly included in the “Mobile Sales Business.”