

# **Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2014**

## **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 First Quarter of the Fiscal Year ending March 31, 2014 [Japanese GAAP]

### 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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Listed Exchanges: Tokyo Stock Exchange

Stock Code: 9430

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

### 1. Consolidated Financial Results for the First Quarter ended June 30, 2013

#### (1) Consolidated Business Results

(Units: Millions of yen)

	Three months ended June 30, 2012		Three months ended June 30, 2013	
		% change		% change
Net Sales	28,816	0.8	33,524	16.3
Operating Income	2,252	(9.9)	1,677	(25.5)
Ordinary Income	2,255	(12.0)	1,664	(26.2)
Net Income	1,247	(10.9)	1,743	39.8
Net Income per Share (Yen)	85.83		119.95	
Net Income per Share, fully diluted (Yen)	--		--	

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

Three months ended June 30, 2013: 1,719 < 58.1%>

#### (2) Consolidated Financial Position

(Units: Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Total Assets	79,459	76,249
Net Assets	46,763	47,537
Equity Ratio	58.9%	62.3%

### 2. Dividends

(Units: Yen)

	Fiscal Year ended March 31, 2013	Fiscal Year ending March 31, 2014	
			(Planned)
Annual Dividends per Share	130.00		--
First Quarter	--	--	
Second Quarter	65.00		0.00
Third Quarter	--		--
Year-end	65.00		Not decided

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

### 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	

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

#### ※ Notes

- (1) Important changes in scope of consolidation during period: None
- (2) Application of special accounting methods for quarterly consolidated financial statements:  
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 in accounting policies 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, 2013:             | 14,529,400 |
|  | As of June 30, 2013:              | 14,529,400 |
| 2. Treasury stocks at the end of term:                   | As of March 31, 2013:             | 143        |
|  | As of June 30, 2013:              | 207        |
| 3. Average number of shares outstanding during the term: | Three months ended June 30, 2012: | 14,529,330 |
|  | Three months ended June 30, 2013: | 14,529,232 |

- At the time of this report's release, the quarterly review 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 document, 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 customers' requests. Factors with an impact on business performance are not limited to those herein described.*

## **Other information**

### **1) Important changes in scope of subsidiaries during the three-month period ended June 30, 2013**

None

### **2) Summary of special accounting methods 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, 2013	June 30, 2013
		Amount	Amount
<b>Assets</b>			
Cash and deposits		9,911	8,834
Notes and accounts receivable—trade		16,322	12,371
Short-term investment securities		10,997	15,995
Merchandise and finished goods		5,544	6,093
Work in process		1,126	415
Raw materials and supplies		368	307
Accounts receivable—other		12,389	9,141
Deposit paid in subsidiaries and affiliates		9,000	9,000
Other		2,137	2,714
Allowance for doubtful accounts		(4)	(3)
<b>Current assets</b>		<b>67,790</b>	<b>64,867</b>
Property, plant and equipment		3,250	3,239
Intangible assets			
Goodwill		2,526	2,369
Other		337	311
Total intangible assets		2,863	2,680
Investments and other assets		5,556	5,463
<b>Non-current assets</b>		<b>11,669</b>	<b>11,382</b>
<b>Total assets</b>		<b>79,459</b>	<b>76,249</b>
<b>Liabilities</b>			
Notes and accounts payable—trade		12,011	11,460
Income taxes payable		1,760	1,383
Provision for bonuses		--	674
Accrued expenses		11,860	7,879
Other		2,110	2,301
<b>Current liabilities</b>		<b>27,741</b>	<b>23,697</b>
Provision for retirement benefits		4,192	4,252
Other		763	763
<b>Non-current liabilities</b>		<b>4,955</b>	<b>5,015</b>
<b>Total liabilities</b>		<b>32,696</b>	<b>28,712</b>
<b>Shareholders' equity</b>			
Capital stock		2,371	2,371
Capital surplus		2,707	2,707
Retained earnings		41,685	42,485
Treasury stocks		(0)	(1)
<b>Total shareholders' equity</b>		<b>46,763</b>	<b>47,562</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities		(0)	(25)
<b>Total accumulated other comprehensive income</b>		<b>(0)</b>	<b>(25)</b>
<b>Total net assets</b>		<b>46,763</b>	<b>47,537</b>
<b>Total liabilities and net assets</b>		<b>79,459</b>	<b>76,249</b>

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

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2012	Three months ended June 30, 2013
		Amount	Amount
<b>Net sales</b>		<b>28,816</b>	<b>33,524</b>
Cost of sales		23,771	29,310
<b>Gross profit</b>		<b>5,045</b>	<b>4,214</b>
Selling, general and administrative expenses		2,793	2,537
<b>Operating income</b>		<b>2,252</b>	<b>1,677</b>
Non-operating income			
Interest income		12	11
Dividend income		30	0
Rent income		11	11
Other		8	7
Total Non-operating income		61	29
Non-operating expenses			
Interest expense		1	1
Loss on retirement of non-current assets		46	25
Other		11	16
Total Non-operating expenses		58	42
<b>Ordinary income</b>		<b>2,255</b>	<b>1,664</b>
Extraordinary income			
Gain on transfer of business		--	1,648
Total Extraordinary income		--	1,648
Extraordinary loss			
Expenses for change in the major shareholder		--	145
Total Extraordinary loss		--	145
<b>Income before income taxes</b>		<b>2,255</b>	<b>3,167</b>
Income taxes		1,008	1,424
<b>Income before minority interests</b>		<b>1,247</b>	<b>1,743</b>
<b>Net income</b>		<b>1,247</b>	<b>1,743</b>

**(Consolidated Statements of Comprehensive Income)**

(Units: Millions of yen)

Items	Term	Three months ended June 30, 2012	Three months ended June 30, 2013
		Amount	Amount
<b>Net income</b>		<b>1,247</b>	<b>1,743</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities		(160)	(24)
Total other comprehensive income		(160)	(24)
<b>Comprehensive income</b>		<b>1,087</b>	<b>1,719</b>

(Comprehensive income attributable)

Comprehensive income attributable to owners of the parent	1,087	1,719
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**Notes to Consolidated financial Statements**

• **Notes regarding Going Concern Assumption**

None

• **Material Changes in Shareholders' Equity**

None

• **Major Subsequent Event**

None

## Supplementary Information

(Units: Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	% Change
Net sales	28,816	33,524	16.3
Operating income	2,252	1,677	(25.5)
%	7.8	5.0	
Ordinary income	2,255	1,664	(26.2)
%	7.8	5.0	
Net income	1,247	1,743	39.8
%	4.3	5.2	
Net Income per Share (Yen)	85.83	119.95	

< Business Segment Information >

(Units: Millions of yen)

		Three months ended June 30, 2012		Three months ended June 30, 2013		% Change
		Amount	%	Amount	%	
<b>Mobile Sales Business</b>	Net sales	22,169	76.9	29,704	88.6	34.0
	Operating income	987	43.8	1,059	63.1	7.3
	%	4.5		3.6		
<b>Mobile Solutions Business</b>	Net sales	6,647	23.1	3,820	11.4	(42.5)
	Operating income	1,265	56.2	618	36.9	(51.1)
	%	19.0		16.2		
<b>Total</b>	Net sales	28,816	100.0	33,524	100.0	16.3
	Operating income	2,252	100.0	1,677	100.0	(25.5)
	%	7.8		5.0		