

**Financial Results for
the First Quarter of the Fiscal Year
ending March 31, 2006**

NEC Mobiling, Ltd.

Note: This document has been prepared as a guide to non-Japanese analysts for their convenience only and is a translation 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 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, 2006

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U.S. GAAP Accounting Principles: Not adopted

Item(s) in Preparation Method for Quarterly Financial Results: The simplified method is applied to tax effect accounting

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Listed Exchanges: Tokyo Stock Exchange

Stock Code: 9430

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

1. Financial Results for the First Quarter (April 1, 2005 to June 30, 2005)

(1) Business Results

(Units: Millions of yen)

| | Three months ended June 30, 2004 | | Three months ended June 30, 2005 | | Full Year ended March 31, 2005 |
|-------------------------------------|-------------------------------------|----------|-------------------------------------|----------|-----------------------------------|
| | | % change | | % change | |
| Net Sales | 35,401 | 14.0% | 28,916 | (18.3%) | 140,195 |
| Operating Income | 1,192 | 13.8% | 574 | (51.9%) | 3,887 |
| Ordinary Income | 1,196 | 13.7% | 582 | (51.4%) | 3,855 |
| Net Income | 681 | 21.0% | 338 | (50.5%) | 2,105 |
| Net Income per Share (Yen) | 46.89 | | 23.23 | | 144.88 |
| Net Income per Share, fully diluted | -- | | -- | | -- |

Notes: 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, 2004 | As of June 30, 2005 | As of March 31, 2005 |
|--------------------------------------|------------------------|------------------------|-------------------------|
| Total Assets | 48,223 | 47,320 | 50,715 |
| Shareholders' Equity | 21,461 | 22,568 | 22,558 |
| Shareholders' Equity Ratio | 44.5% | 47.7% | 44.5% |
| Shareholders' Equity per Share (Yen) | 1,477.10 | 1,553.27 | 1,552.57 |

(3) Cash Flows

(Units: Millions of yen)

| | Three months ended June 30, 2004 | Three months ended June 30, 2005 | Full Year ended March 31, 2005 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| Net Cash (used in) provided by Operating Activities | (1,703) | 795 | 2,550 |
| Net Cash used in Investing Activities | (540) | (90) | (1,029) |
| Net Cash used in Financing Activities | (271) | (271) | (613) |
| Cash and Cash Equivalents at end of Term | 8,709 | 12,574 | 12,131 |

2. Forecast for the Fiscal Year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

(Units: Millions of yen)

| | First Half April 1, 2005 to Sept. 30, 2005 | Full Year April 1, 2005 to March 31, 2006 |
|-----------------|---|--|
| Net Sales | 65,000 | 140,000 |
| Ordinary Income | 1,200 | 4,000 |
| Net Income | 700 | 2,320 |

(Reference) Projected Net Income per Share for full year: 159.68 Yen

Note: The above mentioned forecast were disclosed on April 26, 2005

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.

Non-consolidated Financial Statements

(1) Condensed Statements of Income

(Units: Millions of yen)

| Item \ Term | Three months ended June 30, 2004 | | Three months ended June 30, 2005 | | Change | | Full Year ended March 31, 2005 | |
|--|-------------------------------------|------------|-------------------------------------|-------------|--------------|---------------|-----------------------------------|------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Net sales | 35,401 | 100.0 | 28,916 | 100.0 | (6,485) | (18.3) | 140,195 | 100.0 |
| Cost of sales | 32,150 | 90.8 | 25,997 | 89.9 | (6,153) | | 127,676 | 91.1 |
| Gross profit | 3,251 | 9.2 | 2,919 | 10.1 | (332) | (10.2) | 12,519 | 8.9 |
| Selling, general and administrative expenses | 2,059 | 5.8 | 2,345 | 8.1 | 286 | | 8,632 | 6.1 |
| Operating income | 1,192 | 3.4 | 574 | 2.0 | (618) | (51.9) | 3,887 | 2.8 |
| Non-operating income | 12 | 0.0 | 22 | 0.1 | 10 | | 18 | 0.0 |
| Non-operating expenses | 8 | 0.0 | 14 | 0.1 | 6 | | 50 | 0.1 |
| Ordinary income | 1,196 | 3.4 | 582 | 2.0 | (614) | (51.4) | 3,855 | 2.7 |
| Extraordinary gains | 6 | 0.0 | -- | -- | (6) | | 6 | 0.0 |
| Extraordinary losses | 47 | 0.1 | -- | -- | (47) | | 236 | 0.1 |
| Income before income taxes | 1,155 | 3.3 | 582 | 2.0 | (573) | (49.7) | 3,625 | 2.6 |
| Corporate, inhabitants and enterprise taxes | 474 | 1.4 | 244 | 0.8 | (230) | | 1,669 | 1.2 |
| Deferred income taxes | -- | -- | -- | -- | -- | | (149) | (0.1) |
| Net income | 681 | 1.9 | 338 | 1.2 | (343) | (50.5) | 2,105 | 1.5 |
| Unappropriated retained earnings at beginning of term | 720 | | 671 | | (49) | | 720 | |
| Interim dividends | -- | | -- | | -- | | 327 | |
| Unappropriated retained earnings at end of term | 1,401 | | 1,009 | | (392) | | 2,498 | |

(2) Condensed Balance Sheets

(Units: Millions of yen)

| Item \ Term | As of June 30, 2004 | | As of June 30, 2005 | | Change | As of March 31, 2005 | | Change |
|---|------------------------|--------------|------------------------|--------------|----------------|-------------------------|--------------|----------------|
| | Amount | % | Amount | % | Amount | Amount | % | Amount |
| Assets | | | | | | | | |
| Cash on hand and in banks | 5,709 | | 9,574 | | 3,865 | 9,131 | | 443 |
| Notes and accounts receivable, trade | 19,320 | | 15,664 | | (3,656) | 18,311 | | (2,647) |
| Inventories | 7,544 | | 5,937 | | (1,607) | 5,503 | | 434 |
| Accounts receivable, other | 5,128 | | 5,373 | | 245 | 7,096 | | (1,723) |
| Affiliated company deposits | 3,000 | | 3,000 | | -- | 3,000 | | -- |
| Other | 1,151 | | 1,245 | | 94 | 1,223 | | 22 |
| Current assets | 41,852 | 86.8 | 40,793 | 86.2 | (1,059) | 44,264 | 87.3 | (3,471) |
| Property and equipment | 1,105 | 2.3 | 1,259 | 2.7 | 154 | 1,198 | 2.4 | 61 |
| Intangible assets | 1,778 | 3.7 | 1,506 | 3.2 | (272) | 1,582 | 3.1 | (76) |
| Investments and other assets | 3,488 | 7.2 | 3,762 | 7.9 | 274 | 3,671 | 7.2 | 91 |
| Fixed assets | 6,371 | 13.2 | 6,527 | 13.8 | 156 | 6,451 | 12.7 | 76 |
| Total assets | 48,223 | 100.0 | 47,320 | 100.0 | (903) | 50,715 | 100.0 | (3,395) |
| Liabilities | | | | | | | | |
| Notes and accounts payable, trade | 14,482 | | 12,570 | | (1,912) | 13,350 | | (780) |
| Accrued corporate taxes | 436 | | 169 | | (267) | 590 | | (421) |
| Accounts payable, other | 7,598 | | 6,890 | | (708) | 9,554 | | (2,664) |
| Other | 1,305 | | 1,702 | | 397 | 1,313 | | 389 |
| Current liabilities | 23,821 | 49.4 | 21,331 | 45.1 | (2,490) | 24,807 | 48.9 | (3,476) |
| Accrued pension and severance costs | 2,794 | | 3,170 | | 376 | 3,183 | | (13) |
| Deposits received for guarantee | 147 | | 251 | | 104 | 167 | | 84 |
| Long-term liabilities | 2,941 | 6.1 | 3,421 | 7.2 | 480 | 3,350 | 6.6 | 71 |
| Total liabilities | 26,762 | 55.5 | 24,752 | 52.3 | (2,010) | 28,157 | 55.5 | (3,405) |
| Shareholders' equity | | | | | | | | |
| Common stock | 2,371 | 4.9 | 2,371 | 5.0 | -- | 2,371 | 4.7 | -- |
| Additional paid-in capital | 2,707 | 5.6 | 2,707 | 5.7 | -- | 2,707 | 5.3 | -- |
| Retained earnings | 16,382 | 34.0 | 17,490 | 37.0 | 1,108 | 17,479 | 34.5 | 11 |
| Unrealized gain on marketable securities | 1 | 0.0 | 0 | 0.0 | (1) | 1 | 0.0 | (1) |
| Total shareholders' equity | 21,461 | 44.5 | 22,568 | 47.7 | 1,107 | 22,558 | 44.5 | 10 |
| Total liabilities and shareholders' equity | 48,223 | 100.0 | 47,320 | 100.0 | (903) | 50,715 | 100.0 | (3,395) |

(3) Condensed Statements of Cash Flows

(Units: Millions of yen)

| Term | Three months ended June 30, 2004 | Three months ended June 30, 2005 | Change | Full Year ended March 31, 2005 |
|---|--|--|--------------|--------------------------------------|
| Cash flow from operating activities | | | | |
| Income before income taxes | 1,155 | 582 | (573) | 3,625 |
| Depreciation | 224 | 232 | 8 | 922 |
| Decrease in notes and accounts receivable, trade | 1,953 | 2,647 | 694 | 2,963 |
| (Increase) decrease in inventories | (1,106) | (434) | 672 | 957 |
| Decrease (increase) in accounts receivable, other | 1,146 | 1,723 | 577 | (823) |
| Decrease in notes and accounts payable, trade | (1,871) | (843) | 1,028 | (3,036) |
| (Decrease) increase in accrued expenses | (1,740) | (2,664) | (924) | 216 |
| Other | 243 | 193 | (50) | 542 |
| Sub-total | 4 | 1,436 | 1,432 | 5,366 |
| Payments for income taxes and other | (1,709) | (687) | 1,066 | (2,819) |
| Other | 2 | 2 | -- | 3 |
| Net cash (used in) provided by operating activities | (1,703) | 795 | 2,498 | 2,550 |
| Cash flow from investing activities | | | | |
| Purchases of property and equipment | (167) | (22) | 145 | (389) |
| Purchases of intangible assets | (166) | (65) | 101 | (376) |
| Acquisition of sales operation for mobile phones | (76) | -- | 76 | (108) |
| Other | (131) | (3) | 128 | (156) |
| Net cash used in investing activities | (540) | (90) | 450 | (1,029) |
| Cash flows from financing activities | | | | |
| Dividends paid | (271) | (271) | -- | (613) |
| Net cash used in financing activities | (271) | (271) | -- | (613) |
| Effect of exchange rate changes on cash and cash equivalents | 5 | 9 | 4 | 5 |
| (Decrease) increase in cash and cash equivalents | (2,509) | 443 | 2,952 | 913 |
| Cash and cash equivalents at beginning of term | 11,218 | 12,131 | 913 | 11,218 |
| Cash and cash equivalents at end of term | 8,709 | 12,574 | 3,865 | 12,131 |

Non-consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2006

(4) Business Segment Information

(Units: Millions of yen)

| | | Three months ended June 30, 2004 | | Three months ended June 30, 2005 | | Change | Full Year ended March 31, 2005 | |
|--|---------------------|-------------------------------------|-------|-------------------------------------|-------|--------|-----------------------------------|--------|
| | | Amount | % | Amount | % | % | Amount | % |
| Mobile Software Business | Net sales | 3,850 | 10.9 | 2,683 | 9.3 | (30.3) | 13,318 | 9.5 |
| | Operating income | 60 | 5.0 | 81 | 14.2 | 35.7 | (413) | (10.6) |
| | % | 1.6% | | 3.0% | | | (3.1%) | |
| Mobile Integration & Support Business | Net sales | 6,812 | 19.2 | 4,754 | 16.4 | (30.2) | 26,605 | 19.0 |
| | Operating income | 764 | 64.1 | 244 | 42.5 | (68.1) | 2,340 | 60.2 |
| | % | 11.2% | | 5.1% | | | 8.8% | |
| Mobile Sales Business | Net sales | 24,739 | 69.9 | 21,479 | 74.3 | (13.2) | 100,272 | 71.5 |
| | Operating income | 368 | 30.9 | 249 | 43.3 | (32.4) | 1,960 | 50.4 |
| | % | 1.5% | | 1.2% | | | 2.0% | |
| Total | Net sales | 35,401 | 100.0 | 28,916 | 100.0 | (18.3) | 140,195 | 100.0 |
| | Operating income | 1,192 | 100.0 | 574 | 100.0 | (51.9) | 3,887 | 100.0 |
| | % | 3.4% | | (2.0%) | | | 2.8% | |