

**Financial Results for  
the First Quarter of the Fiscal Year  
ending March 31, 2007**

**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.*

## Financial Results for the First Quarter of the Fiscal Year ending March 31, 2007

### Company Name: NEC Mobiling, Ltd.

Head Office: Yokohama, Japan

President: Yoshitake Matsuo

Inquiries: IR Office

Telephone: +81 45 476 6622

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

Date of Publication: July 26, 2006

Listed Exchanges: Tokyo Stock Exchange

Stock Code: 9430

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

### 1. Financial Results for the First Quarter (April 1, 2006 to June 30, 2006)

#### (1) Business Results

(Units: Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2006		Full Year ended March 31, 2006
	% change		% change		
Net Sales	28,916	(18.3%)	28,853	(0.2%)	127,590
Operating Income	574	(51.9%)	1,193	108.0%	4,189
Ordinary Income	582	(51.4%)	1,205	107.2%	4,078
Net Income	338	(50.5%)	827	145.0%	2,117
Net Income per Share (Yen)	23.23		56.94		145.71
Net Income per Share, fully diluted (Yen)	--		--		--

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, 2005	As of June 30, 2006	As of March 31, 2006
Total Assets	47,320	51,239	56,465
Net Assets	22,568	24,479	23,994
Net Assets Ratio	47.7%	47.8%	42.5%
Net Assets per Share (Yen)	1,553.27	1,684.78	1,651.43

#### (3) Cash Flows

(Units: Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2006	Full Year ended March 31, 2006
Net Cash provided by Operating Activities	795	1,401	4,324
Net Cash used in Investing Activities	(90)	(112)	(1,941)
Net Cash used in Financing Activities	(271)	(268)	(659)
Cash and Cash Equivalents at end of Term	12,574	14,899	13,880

Non-consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2007

**2. Forecast for the Fiscal Year ending March 31, 2007 (April 1, 2006 to March 31, 2007)**

(Units: Millions of yen)

	<b>First Half</b> <b>April 1, 2006 to Sept. 30, 2006</b>	<b>Full Year</b> <b>April 1, 2006 to March 31, 2007</b>
Net Sales	56,000	120,000
Ordinary Income	1,900	4,200
Net Income	840	2,350

(Reference) Projected Net Income per Share for full year: 161.74 Yen

(Note) Compared with the previous forecast issued on April 26, 2006, Ordinary Income for First Half is upwardly revised by 400 millions of yen and others are unchanged.

*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 Balance Sheets

(Units: Millions of yen)

Items \ Term	As of June 30, 2005		As of June 30, 2006		Change	As of March 31, 2006		Change
	Amount	%	Amount	%	Amount	Amount	%	Amount
<b>Assets</b>								
Cash on hand and in banks	9,574		10,899		1,325	9,880		1,019
Notes and accounts receivable, trade	15,664		14,607		(1,057)	20,418		(5,811)
Inventories	5,937		7,154		1,217	4,806		2,348
Accounts receivable, other	5,373		5,664		291	8,199		(2,535)
Affiliated company deposits	3,000		4,000		1,000	4,000		--
Other	1,245		1,566		321	1,571		(5)
<b>Current assets</b>	<b>40,793</b>	<b>86.2</b>	<b>43,890</b>	<b>85.7</b>	<b>3,097</b>	<b>48,874</b>	<b>86.6</b>	<b>(4,984)</b>
Property and equipment	1,259	2.7	1,157	2.2	(102)	1,244	2.2	(87)
Intangible assets	1,506	3.2	1,069	2.1	(437)	1,323	2.3	(254)
Investments and other assets	3,762	7.9	5,123	10.0	1,361	5,024	8.9	99
<b>Fixed assets</b>	<b>6,527</b>	<b>13.8</b>	<b>7,349</b>	<b>14.3</b>	<b>822</b>	<b>7,591</b>	<b>13.4</b>	<b>(242)</b>
<b>Total assets</b>	<b>47,320</b>	<b>100.0</b>	<b>51,239</b>	<b>100.0</b>	<b>3,919</b>	<b>56,465</b>	<b>100.0</b>	<b>(5,226)</b>
<b>Liabilities</b>								
Notes and accounts payable, trade	12,570		14,119		1,549	15,761		(1,642)
Accrued corporate taxes	169		569		400	1,408		(839)
Accounts payable, other	6,890		7,228		338	9,882		(2,654)
Other	1,702		1,344		(358)	1,654		(310)
<b>Current liabilities</b>	<b>21,331</b>	<b>45.1</b>	<b>23,260</b>	<b>45.4</b>	<b>1,929</b>	<b>28,705</b>	<b>50.8</b>	<b>(5,445)</b>
Accrued pension and severance costs	3,170		3,276		106	3,541		(265)
Deposits received for guarantee	251		224		(27)	225		(1)
<b>Long-term liabilities</b>	<b>3,421</b>	<b>7.2</b>	<b>3,500</b>	<b>6.8</b>	<b>79</b>	<b>3,766</b>	<b>6.7</b>	<b>(266)</b>
<b>Total liabilities</b>	<b>24,752</b>	<b>52.3</b>	<b>26,760</b>	<b>52.2</b>	<b>2,008</b>	<b>32,471</b>	<b>57.5</b>	<b>(5,711)</b>

Non-consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2007

Items \ Term	As of June 30, 2005		As of June 30, 2006		Change	As of March 31, 2006		Change
	Amount	%	Amount	%	Amount	Amount	%	Amount
<b>Shareholders' equity</b>								
Common stock	2,371	5.0	--	--	(2,371)	2,371	4.2	(2,371)
Additional paid-in capital	2,707	5.7	--	--	(2,707)	2,707	4.8	(2,707)
Retained earnings	17,490	37.0	--	--	(17,490)	18,942	33.5	(18,942)
Unrealized gains (losses) on marketable securities	0	0.0	--	--	0	(26)	(0.0)	26
<b>Total shareholders' equity</b>	<b>22,568</b>	<b>47.7</b>	<b>--</b>	<b>--</b>	<b>(22,568)</b>	<b>23,994</b>	<b>42.5</b>	<b>(23,994)</b>
<b>Total liabilities and shareholders' equity</b>	<b>47,320</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>(47,320)</b>	<b>56,465</b>	<b>100.0</b>	<b>(56,465)</b>
<b>Net assets</b>								
Common stock	--	--	2,371	4.6	2,371	--	--	2,371
Additional paid-in capital	--	--	2,707	5.3	2,707	--	--	2,707
Retained earnings	--	--	19,443	38.0	19,443	--	--	19,443
<b>Total shareholders' equity</b>	<b>--</b>	<b>--</b>	<b>24,521</b>	<b>47.9</b>	<b>24,521</b>	<b>--</b>	<b>--</b>	<b>24,521</b>
Unrealized losses on marketable securities	--	--	(42)	(0.1)	(42)	--	--	(42)
<b>Valuation and translation adjustments</b>	<b>--</b>	<b>--</b>	<b>(42)</b>	<b>(0.1)</b>	<b>(42)</b>	<b>--</b>	<b>--</b>	<b>(42)</b>
<b>Total net assets</b>	<b>--</b>	<b>--</b>	<b>24,479</b>	<b>47.8</b>	<b>24,479</b>	<b>--</b>	<b>--</b>	<b>24,479</b>
<b>Total liabilities and net assets</b>	<b>--</b>	<b>--</b>	<b>51,239</b>	<b>100.0</b>	<b>51,239</b>	<b>--</b>	<b>--</b>	<b>51,239</b>

**(2) Condensed Statements of Income**

Items	Term	Three months ended June 30, 2005		Three months ended June 30, 2006		Change		Full Year ended March 31, 2006	
		Amount	%	Amount	%	Amount	%	Amount	%
Net sales		28,916	100.0	28,853	100.0	(63)	(0.2)	127,590	100.0
Cost of sales		25,997	89.9	25,455	88.2	(542)		114,169	89.5
<b>Gross profit</b>		2,919	10.1	3,398	11.8	479	16.4	<b>13,421</b>	<b>10.5</b>
Selling, general and administrative expenses		2,345	8.1	2,205	7.7	(140)		9,232	7.2
<b>Operating income</b>		574	2.0	1,193	4.1	619	108.0	<b>4,189</b>	<b>3.3</b>
Non-operating income		22	0.1	31	0.1	9		82	0.1
Non-operating expenses		14	0.1	19	0.0	5		193	0.2
<b>Ordinary income</b>		582	2.0	1,205	4.2	623	107.2	<b>4,078</b>	<b>3.2</b>
Extraordinary gains		--	--	312	1.1	312		--	--
Extraordinary losses		--	--	53	0.2	53		136	0.1
<b>Income before income taxes</b>		582	2.0	1,464	5.1	882	151.8	<b>3,942</b>	<b>3.1</b>
Corporate, inhabitants and enterprise taxes		244	0.8	637	2.2	393		2,115	1.6
Deferred income taxes		--	--	--	--	--		(290)	(0.2)
<b>Net income</b>		338	1.2	827	2.9	489	145.0	<b>2,117</b>	<b>1.7</b>

**(3) Condensed Statements of Cash Flows**

(Units: Millions of yen)

Term	Three months ended June 30, 2005	Three months ended June 30, 2006	Change	Full Year ended March 31, 2006
<b>Cash flow from operating activities</b>				
Income before income taxes	582	1,464	882	3,942
Depreciation	232	163	(69)	979
Gain on transfer of business	--	(312)	(312)	--
Decrease (increase) in notes and accounts receivable, trade	2,647	5,811	3,164	(2,108)
(Increase) decrease in inventories	(434)	(2,348)	(1,914)	706
Decrease (increase) in accounts receivable, other	1,723	2,535	812	(1,102)
(Decrease) increase in notes and accounts payable, trade	(843)	(1,699)	(856)	2,484
(Decrease) increase in accrued expenses	(2,664)	(2,653)	11	327
Other	193	(138)	(331)	384
<b>Sub-total</b>	<b>1,436</b>	<b>2,823</b>	<b>1,387</b>	<b>5,612</b>
Payments for income taxes and other	(643)	(1,447)	(804)	(1,309)
Other	2	25	23	21
<b>Net cash provided by operating activities</b>	<b>795</b>	<b>1,401</b>	<b>606</b>	<b>4,324</b>
<b>Cash flow from investing activities</b>				
Purchases of property and equipment	(22)	(143)	(121)	(463)
Purchases of intangible assets	(65)	(194)	(129)	(428)
Proceeds from transfer of business	--	226	226	--
Purchases of investment securities	--	--	--	(1,005)
Other	(3)	(1)	2	(45)
<b>Net cash used in investing activities</b>	<b>(90)</b>	<b>(112)</b>	<b>(22)</b>	<b>(1,941)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(271)	(268)	3	(659)
<b>Net cash used in financing activities</b>	<b>(271)</b>	<b>(268)</b>	<b>3</b>	<b>(659)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>9</b>	<b>(2)</b>	<b>(11)</b>	<b>25</b>
<b>Increase in cash and cash equivalents</b>	<b>443</b>	<b>1,019</b>	<b>576</b>	<b>1,749</b>
<b>Cash and cash equivalents at beginning of term</b>	<b>12,131</b>	<b>13,880</b>	<b>1,749</b>	<b>12,131</b>
<b>Cash and cash equivalents at end of term</b>	<b>12,574</b>	<b>14,899</b>	<b>2,325</b>	<b>13,880</b>

Non-consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2007

**(4) Business Segment Information**

(Units: Millions of yen)

		Three months ended June 30, 2005		Three months ended June 30, 2006		Change	Full Year ended March 31, 2006	
		Amount	%	Amount	%	%	Amount	%
<b>Mobile Sales Business</b>	Net sales	21,479	74.3	23,139	80.2	7.7	93,090	73.0
	Operating income	249	43.3	724	60.7	191.5	2,160	51.6
	%	1.2%		3.1%			2.3%	
<b>Mobile Integration &amp; Support Business</b>	Net sales	4,754	16.4	5,714	19.8	20.2	24,811	19.4
	Operating income	244	42.5	469	39.3	92.4	1,912	45.6
	%	5.1%		8.2%			7.7%	
<b>Mobile Software Business</b>	Net sales	2,683	9.3	--	--	--	9,689	7.6
	Operating income	81	14.2	--	--	--	117	2.8
	%	3.0%		--			1.2	
<b>Total</b>	Net sales	28,916	100.0	28,853	100.0	(0.2)	127,590	100.0
	Operating income	574	100.0	1,193	100.0	108.0	4,189	100.0
	%	2.0%		4.1%			3.3	

(Note) Mobile Software Business was transferred to NEC Communications Systems, Ltd. on April 1, 2006.