Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2010

(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.

Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2010

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1. Financial Results for the Second Quarter ended September 30, 2009

(1) Business Results

(Units: Millions of yen)

	Six months ended September 30, 2008		Six months ended September 30, 2009	
		% change		% change
Net Sales	59,878	--%	57,719	(3.6) %
Operating Income	2,998	--%	4,278	42.7 %
Ordinary Income	3,161	--%	4,365	38.1 %
Net Income	1,836	--%	2,497	36.0 %
Net Income per Share (Yen)	126.33		171.84	
Net Income per Share, fully diluted (Yen)	--		--	

Note: 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 September 30, 2009	As of March 31, 2009
Total Assets	58,404	60,267
Net Assets	33,447	31,164
Net Assets Ratio	57.3%	51.7%
Net Assets per Share (Yen)	2,302.06	2,144.91

2. Dividends

(Units: Yen)

	Full Year ended March 31, 2009	Full Year ending March 31, 2010	
			(Forecast)
Annual Dividends per Share	60.00		75.00
First Quarter	--	--	
Second Quarter	30.00	35.00	
Third Quarter	--		--
Year-end	30.00		40.00

Note: The Company has revised its year-end dividend forecast for the fiscal year ending March 31, 2010.

3. Forecast for the Fiscal Year ending March 31, 2010

(Units: Millions of yen)

	Full Year ending March 31, 2010	
		% change
Net Sales	114,000	(8.4)%
Operating Income	7,800	19.5%
Ordinary Income	8,000	18.6%
Net Income	4,550	37.1%
Net Income per share (Yen)	313.16	

Notes: 1. Percentages for Net Sales, Operating Income, Ordinary Income and Net Income represent change from the same term of the previous fiscal year.
2. The Company has revised its forecast for the full year ending March 31, 2010.

4. Other Information

(1) Item in preparation method for quarterly financial results:
The simplified method is applied to tax effect accounting.

(2) Changes to accounting procedures: none

(3) Number of shares outstanding

1. Shares outstanding at end of term:	As of Sept. 30, 2009:	14,529,400
	As of March 31, 2009:	14,529,400
2. Treasury stocks at end of term:	As of Sept. 30, 2009:	70
	As of March 31, 2009:	70
3. Average number of shares outstanding during the term:	Six months ended Sept. 30, 2009:	14,529,330
	Six months ended Sept. 30, 2008:	14,529,352

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.

Qualitative Information and Financial Statements

1. Qualitative Information pertaining to Operating Results

(1) General Overview

During the six-month period ended September 30, 2009, Japan's economy saw some signs of recovery in exports and production; however, corporate capital investments continued to slide, and corporate profit and personal consumption stayed at a low level.

The mobile phone sales market remained lethargic throughout this period, as characterized by a year-on-year drop of about 10% in the number of mobile phones sold. The decrease was primarily due to, in addition to the declining number of new contracts due to the weak economy, a longer replacement cycle of handsets and lower churn rates experienced by the major mobile phone network operators, among other factors.

In light of this operating environment, the Company redoubled its efforts to improve service quality offered to customers at the point of sales in an attempt to spark replacement demand for mobile handsets with advanced functions, while embarking on measures targeting higher operational efficiency.

As a result, the Company posted net sales of ¥57,719 million (down 3.6% year-on-year) for the six-month period ended September 30, 2009. This reflected a decrease in the number of mobile handsets sold by the Mobile Service Business, which was compensated in part by an increase in demand for maintenance services for mobile handsets contracted by the Mobile Service Business. In terms of profits, the Company posted operating income of ¥4,278 million (up 42.7% year-on-year), ordinary income of ¥4,365 million (up 38.1%) and net income of ¥2,497 million (up 36.0%) fueled by greater operational efficiency together with higher demand for maintenance services.

(2) Segment Overview

(Mobile Sales Business)

The number of mobile phones sold remained low throughout the six-month period under review, despite stepped-up efforts by the mobile phone network operators to win new subscribers and halt the churn through enhanced product lines, including smart phones run under Android or Windows Mobile and high-end models allowing GPS-based and e-wallet-based applications for life-assistance services and video downloading, price cuts of communication charges including flat-rate for data communications, and active marketing of discounted packages combining a data communications card and a PC.

In this environment, the Company focused strongly on measures to improve customer service quality, to boost sales of handsets with advanced functions and to expand sales channels. Despite these measures, the number of mobile handsets sold fell more than 10% year-on-year to 641,000 units, adversely affected by overall market sluggishness.

As a result, net sales of the business came in at ¥41,445 million (down 13.6% year-on-year). Operating income, in contrast, rose 56.4% to ¥1,765 million, buoyed by improved profitability attributable to the stable retail price of mobile handsets and higher profits generated by low-profit businesses, as well as the success of measures carried out by individual retail outlets for maximizing profits and minimizing losses.

(Mobile Service Business)

Compared to the corresponding period last year, the six-month period under review saw higher demand for maintenance services as a result of enhanced guarantees extended by mobile network operators, in contrast to the declining unit sales of handsets.

The business consequently achieved net sales of ¥16,274 million (up 37.0% year-on-year) despite a decrease in demand related to the maintenance of mobile communications base station systems for mobile network operators. Operating income, boosted by an increase in net sales and greater operational efficiency, also increased 34.4% to ¥2,513 million.

2. Qualitative Information pertaining to the Financial Standing of the Company

Total assets decreased ¥1,863 million from the end of the pervious fiscal year to ¥5,844 million, as of September 30, 2009.

Total liabilities decreased ¥4,146 million to ¥24,957 million, and total net assets increased ¥2,283 million to ¥33,447 million.

Consequently, the Company's equity ratio improved 5.6 points from the end of the previous fiscal year, to 57.3%.

Cash and cash equivalents, as of September 30, 2009, stood at ¥22,351 million, up ¥1,283 million from the end of the previous fiscal year.

Cash flows provided from operating activities in the six-month period under review were ¥1,999 million.
The inflow was primarily attributable to cash-increasing factors, such as the posting of net income before taxes and lower trade and non-trade receivables, which more than offset cash-decreasing factors, such as lower trade and non-trade payables and payment of income taxes.
The inflow was ¥2,153 million less than the inflow during the same period of the previous fiscal year, reflecting the effects of changes in assets and liabilities and higher income taxes paid, which exceeded the year-on-year increase in net income before taxes.

Cash used by investing activities amounted to ¥269 million.
The number primarily represented disbursements linked to the acquisition of fixed assets.
The outflow was ¥1,498 million less than that experienced during the same period in the previous fiscal year, in which the Company incurred disbursements linked to the acquisition of investment securities.

Cash decreased ¥446 million in conjunction with financing activities, which consisted principally of the payment of end-of-year dividends for the previous fiscal year.
The outflow during the period under review was ¥42 million more than the amount recorded for the same period in the previous fiscal year, reflecting the higher per-share dividend payment.

3. Qualitative Information pertaining to Earnings Forecasts

Net sales for the first two quarters of the fiscal year under review fell short of the projection announced at the beginning of the current fiscal year, affected by weak demand for mobile phones despite an increase in demand for maintenance services. During the third and subsequent quarters, a higher number of mobile phone subscribers will be released from their fixed-term service contracts they signed under the new sales scheme, and are expected to be active in the market, which will be translated into a modest degree of turnaround in terms of the number of units sold. However, also on the horizon is the anticipated intensification of competition, which will drive the price of handsets lower. Given these factors, the Company has lowered its original forecasts for full-year net sales by ¥6,000 million to ¥114,000 million.
The Company's original forecast for full-year operating income has been revised upward by ¥1,250 million to ¥7,800 million, reflecting higher profitability caused by the stability of handset retail prices, higher profitability for low-profit businesses, measures to minimize losses and maximize profits carried out at individual retail outlets, and higher demand for maintenance services.

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (in yen)
Previous forecast (A) (Announced on May 11, 2009)	120,000	6,550	6,750	3,800	261.54
Revised forecast (B)	114,000	7,800	8,000	4,550	313.16
Change (B-A)	(6,000)	1,250	1,250	750	51.62
Rate of change (%)	(5.0)%	19.1%	18.5%	19.7%	19.7%
FY2009.3 result	124,501	6,524	6,745	3,319	228.41

For revised dividend forecasts, please consult the Notice Concerning Revision of the Dividend Forecast for the Fiscal Year ending March 2010, released on October 29, 2009.

Non-consolidated Financial Statements
(1) Balance Sheets

(Units: Millions of yen)

Items / Term	As of September 30, 2009 Amount	As of March 31, 2009 Amount
Assets		
Cash on hand and in banks	12,352	11,069
Notes and accounts receivable, trade	14,410	15,843
Marketable securities	999	998
Merchandise and Finished products	3,240	3,085
Work in process	802	654
Raw materials and Supplies	1,203	704
Accounts receivable, other	4,690	7,277
Affiliated company deposits	9,000	9,001
Other	1,561	1,521
Allowance for doubtful accounts	(6)	(6)
Current assets	**48,251**	**50,146**
Property and equipment	1,442	1,453
Intangible assets	914	1,040
Investments and other assets	7,797	7,628
Fixed assets	**10,153**	**10,121**
Total assets	**58,404**	**60,267**
Liabilities		
Notes and accounts payable, trade	10,782	12,658
Accrued corporate taxes	1,870	1,650
Accounts payable, other	7,090	9,413
Other	1,290	1,508
Current liabilities	**21,032**	**25,229**
Accrued pension and severance costs	3,436	3,400
Other	489	474
Long-term liabilities	**3,925**	**3,874**
Total liabilities	**24,957**	**29,103**
Net assets		
Common stock	2,371	2,371
Additional paid-in capital	2,707	2,707
Retained earnings	28,681	26,620
Treasury stocks	(0)	(0)
Total shareholders' equity	**33,759**	**31,698**
Unrealized gains (losses) on marketable securities	(312)	(534)
Valuation and translation adjustments	**(312)**	**(534)**
Total net assets	**33,447**	**31,164**
Total liabilities and net assets	**58,404**	**60,267**

(2) Statements of Income

(Units: Millions of yen)

Items / Term	Six months ended September 30, 2008	Six months ended September 30, 2009
	Amount	Amount
Net sales	**59,878**	**57,719**
Cost of sales	53,052	49,337
Gross profit	**6,826**	**8,382**
Selling, general and administrative expenses	3,828	4,104
Operating income	**2,998**	**4,278**
Non-operating income		
Interest income	39	36
Dividend income	143	117
Miscellaneous income	6	4
Total non-operating income	188	157
Non-operating expenses		
Interest expense	1	1
Loss on disposal of fixed assets	19	67
Miscellaneous expenses	5	2
Total non-operating expenses	25	70
Ordinary income	**3,161**	**4,365**
Extraordinary gains		
Compensation for transfer	60	--
Total extraordinary gains	60	--
Income before income taxes	**3,221**	**4,365**
Income taxes	1,385	1,868
Net income	**1,836**	**2,497**

(3) Statements of Cash Flows

(Units: Millions of yen)

Items / Term	Six months ended Sept. 30, 2008	Six months ended Sept. 30, 2009
Cash flow from operating activities		
Income before income taxes	3,221	4,365
Depreciation	334	356
Increase (decrease) in allowance for doubtful accounts	13	(2)
Increase (decrease) in accrued pension and severance costs	35	56
Interest and dividend income	(182)	(153)
Interest expense	1	1
Foreign exchange loss (gain)	(2)	1
Loss on disposal of fixed assets	19	67
(Increase) decrease in notes and accounts receivable, traded	3,054	1,433
(Increase) decrease in inventories	487	(803)
(Increase) decrease in accounts receivable, other	4,028	2,587
Increase (decrease) in notes and accounts payable, trade	(2,492)	(1,902)
Increase (decrease) in accrued expenses	(3,483)	(2,323)
Increase (decrease) in consumption tax payable	43	(53)
Increase (decrease) in deposits received	(59)	(21)
Other	119	(111)
Sub-total	**5,136**	**3,498**
Proceeds from interest and dividend income	182	153
Payments for interest expense	(1)	(1)
Payments for income taxes and other	(1,165)	(1,651)
Net cash provided by operating activities	**4,152**	**1,999**
Cash flow from investing activities		
Purchases of property and equipment	(202)	(196)
Purchases of intangible assets	(126)	(119)
Purchases of investment securities	(1,227)	--
Proceeds from sales of investment securities	--	46
Other	(212)	(0)
Net cash used in investing activities	**(1,767)**	**(269)**
Cash flows from financing activities		
Dividends paid	(399)	(436)
Repayments of lease obligations	(5)	(10)
Purchase of treasury stock	(0)	--
Net cash used in financing activities	**(404)**	**(446)**
Effect of exchange rate changes on cash and cash equivalents	**2**	**(1)**
Increase (decrease) in cash and cash equivalents	**1,983**	**1,283**
Cash and cash equivalents at beginning of term	**16,947**	**21,068**
Cash and cash equivalents at end of term	**18,930**	**22,351**

〔Supplementary Information〕

(1) Financial highlights

(Units: Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009	% Change	Forecast for Full Year ending March 31, 2010	% Change from FY 2008
Net sales	59,878	57,719	(3.6%)	114,000	(8%)
Operating income	2,998	4,278	42.7%	7,800	20%
<Operating income to Net sales>	<5.0%>	<7.4%>		<6.8%>	
Ordinary income	3,161	4,365	38.1%	8,000	19%
<Ordinary income to Net sales>	<5.3%>	<7.6%>		<7.0%>	
Net income	1,836	2,497	36.0%	4,550	37%
<Net income to Net sales>	<3.1%>	<4.3%>		<4.0%>	
Net income per share	126.33Yen	171.84Yen		313.16Yen	
Dividend per share	30.00Yen	35.00Yen		75.00Yen	
Dividend payout Ratio	23.7%	20.4%		23.9%	
Total assets Turnover	2.15Times	1.95Times		1.85Times	
Return on assets	11.3%	14.7%		13.0%	
Return on equity	12.4%	15.5%		13.8%	
Net cash provided by Operating activities	4,152	1,999	(51.9%)	4,800	(32%)
Net cash used in Investing activities	(1,767)	(269)		(800)	
Free cash flows	2,385	1,730	(27.5%)	4,000	(20%)
Net cash used in Financing activities	(404)	(446)		(1,000)	
Number of employees	1,017	1,021		1,035	

(2) Business Segment Information

(Units: Millions of yen)

		Six months ended September 30, 2008		Six months ended September 30, 2009		% Change	Forecast for Full Year ending March 31, 2009		% Change from FY 2008
		Amount	%	Amount	%	%	Amount	%	%
Mobile Sales Business	Net sales	47,995	80.2	41,445	71.8	(13.6)	83,000	72.8	(16)
	Operating income	1,128	37.6	1,765	41.3	56.4	3,200	41.0	16
	%	2.4		4.3			3.9		
Mobile Service Business	Net sales	11,883	19.8	16,274	28.2	37.0	31,000	27.2	19
	Operating income	1,870	62.4	2,513	58.7	34.4	4,600	59.0	22
	%	15.7		15.4			14.8		
Total	Net sales	59,878	100.0	57,719	100.0	(3.6)	114,000	100.0	(8)
	Operating income	2,998	100.0	4,278	100.0	42.7	7,800	100.0	20
	%	5.0		7.4			6.8		