

## **Financial Results for the Fiscal Year ended 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 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 Fiscal Year ended March 31, 2006

### Company Name: NEC Mobiling, Ltd.

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President: Yoshitake Matsuo

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Parent Company: NEC Corporation

Parent's Ownership Stake: 51.00%

Date of Publication: April 26, 2006

Listed Exchanges: Tokyo Stock Exchange

Stock Code: 9430

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

Expected Date of General Shareholders Meeting: June 23, 2006

U.S. GAAP Accounting Principles: Not adopted

### 1. Financial Results for the Full Year (April 1, 2005 to March 31, 2006)

#### (1) Business Results

(Units: Millions of yen)

	Full Year ended March 31, 2005	Full Year ended March 31, 2006
	% change	% change
Net Sales	140,195 (6.5%)	127,590 (9.0%)
Operating Income	3,887 (34.9%)	4,189 7.8%
Ordinary Income	3,855 (35.1%)	4,078 5.8%
Net Income	2,105 (36.1%)	2,117 0.6%
Net Income per Share (Yen)	144.88	145.71
Net Income per Share, fully diluted (Yen)	--	--
Return on Equity	9.6%	9.1%
Return (Ordinary Income) on Assets	7.5%	7.6%
Ordinary Income to Net Sales	2.7%	3.2%

Notes: 1. Equity in earnings of affiliated companies: Full Year ended March 31, 2005: --

Full Year ended March 31, 2006: --

2. Average number of shares outstanding during the year: Full Year ended March 31, 2005: 14,529,400

Full Year ended March 31, 2006: 14,529,400

3. Changes to accounting procedures: None

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

#### (2) Dividends

(Units: Millions of yen)

	Full Year ended March 31, 2005	Full Year ended March 31, 2006
Annual Dividends per Share (Yen)	45.00	45.00
Interim (Yen)	22.50	22.50
Year - End (Yen)	22.50	22.50
Total Dividends paid (Annual)	654	654
Dividend Payout Ratio	31.1%	30.9%
Dividend Rate for Shareholders' Equity	2.9%	2.7%

Non-consolidated Financial Results for the Fiscal Year ended March 31, 2006

**(3) Financial Position**

(Units: Millions of yen)

	As of March 31, 2005	As of March 31, 2006
Total Assets	50,715	56,465
Shareholders' Equity	22,558	23,994
Shareholders' Equity Ratio	44.5%	42.5%
Shareholders' Equity per Share (Yen)	1,552.57	1,651.43

Notes: 1. Shares outstanding at end of year: As of March 31, 2005: 14,529,400

As of March 31, 2006: 14,529,400

2. Treasury stocks at end of year: As of March 31, 2005: --

As of March 31, 2006: --

**(4) Cash Flows**

(Units: Millions of yen)

	Full Year ended March 31, 2005	Full Year ended March 31, 2006
Net Cash provided by Operating Activities	2,550	4,324
Net Cash used in Investing Activities	(1,029)	(1,941)
Net Cash used in Financing Activities	(613)	(659)
Cash and Cash Equivalents at end of year	12,131	13,880

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

(Units: Millions of yen)

	Interim April 1, 2006 to Sept. 30 2006	Full Year April 1, 2006 to March 31, 2007
Net Sales	56,000	120,000
Ordinary Income	1,500	4,200
Net Income	840	2,350
Annual Dividend per Share (Yen)	--	45.00
Interim (Yen)	22.50	22.50
Year-end (Yen)	--	22.50

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

*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) Balance Sheets

(Units: Millions of yen)

Items	Term	As of March 31, 2005		As of March 31, 2006		Change
		Amount	%	Amount	%	Amount
<b>Assets</b>						
Cash on hand and in banks		9,131		9,880		749
Notes receivable, trade		4		14		10
Accounts receivable, trade		18,307		20,404		2,097
Inventories		5,503		4,806		(697)
Deferred tax assets		612		971		359
Accounts receivable, other		7,096		8,199		1,103
Affiliated company deposits		3,000		4,000		1,000
Other		704		691		(13)
Allowance for doubtful accounts		(93)		(91)		2
<b>Current assets</b>		<b>44,264</b>	<b>87.3</b>	<b>48,874</b>	<b>86.6</b>	<b>4,610</b>
Property and equipment		1,198	2.4	1,244	2.2	46
Intangible assets		1,582	3.1	1,323	2.3	(259)
Goodwill		644		369		(275)
Software		853		937		84
Other		85		17		(68)
Investments and other assets		3,671	7.2	5,024	8.9	1,353
Investment securities		9		969		960
Investment in affiliated company		164		164		--
Receivables from companies in bankruptcy and reorganization		45		43		(2)
Deferred tax assets		1,367		1,316		(51)
Lease deposits		2,118		2,311		193
Other		10		261		251
Allowance for doubtful accounts		(42)		(40)		2
<b>Fixed assets</b>		<b>6,451</b>	<b>12.7</b>	<b>7,591</b>	<b>13.4</b>	<b>1,140</b>
<b>Total assets</b>		<b>50,715</b>	<b>100.0</b>	<b>56,465</b>	<b>100.0</b>	<b>5,750</b>
<b>Liabilities</b>						
Notes payable, trade		619		402		(217)
Accounts payable, trade		12,731		15,359		2,628
Accounts payable, other		486		661		175
Accrued expenses		9,554		9,882		328
Accrued corporate taxes		590		1,408		818
Advances received		2		9		7
Deposits received		824		984		160
Reserve for point service program		1		--		(1)
<b>Current liabilities</b>		<b>24,807</b>	<b>48.9</b>	<b>28,705</b>	<b>50.8</b>	<b>3,898</b>
Accrued pension and severance costs		3,183		3,541		358
Deposits received for guarantee		167		225		58
<b>Long-term liabilities</b>		<b>3,350</b>	<b>6.6</b>	<b>3,766</b>	<b>6.7</b>	<b>416</b>
<b>Total liabilities</b>		<b>28,157</b>	<b>55.5</b>	<b>32,471</b>	<b>57.5</b>	<b>4,314</b>

Non-consolidated Financial Results for the Fiscal Year ended March 31, 2006

(Units: Millions of yen)

Term Items	As of March 31, 2005		As of March 31, 2006		Change
	Amount	%	Amount	%	Amount
<b>Shareholders' equity</b>					
Common stock	2,371	4.7	2,371	4.2	--
Additional paid-in capital	2,707	5.3	2,707	4.8	--
Additional paid-in capital	2,707		2,707		--
Retained earnings	17,479	34.5	18,942	33.5	1,463
Legal reserve	21		21		--
General reserve	14,960		16,460		1,500
Unappropriated retained earnings	2,498		2,461		(37)
Unrealized gain (loss) on marketable securities	1	0.0	(26)	(0.0)	(27)
<b>Total shareholders' equity</b>	<b>22,558</b>	<b>44.5</b>	<b>23,994</b>	<b>42.5</b>	<b>1,436</b>
<b>Total liabilities and shareholders' equity</b>	<b>50,715</b>	<b>100.0</b>	<b>56,465</b>	<b>100.0</b>	<b>5,750</b>

(2) Statements of Income

(Units: Millions of yen)

Term Items	Full Year ended March 31, 2005		Full Year ended March 31, 2006		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Net sales	140,195	100.0	127,590	100.0	(12,605)	(9.0)
Cost of sales	127,676	91.1	114,169	89.5	(13,507)	
<b>Gross profit</b>	<b>12,519</b>	<b>8.9</b>	<b>13,421</b>	<b>10.5</b>	<b>902</b>	<b>7.2</b>
Selling, general and administrative expenses	8,632	6.1	9,232	7.2	600	
<b>Operating income</b>	<b>3,887</b>	<b>2.8</b>	<b>4,189</b>	<b>3.3</b>	<b>302</b>	<b>7.8</b>
Non-operating income	18	0.0	82	0.1	64	
Non-operating expenses	50	0.1	193	0.2	143	
<b>Ordinary income</b>	<b>3,855</b>	<b>2.7</b>	<b>4,078</b>	<b>3.2</b>	<b>223</b>	<b>5.8</b>
Extraordinary gains	6	0.0	--	--	(6)	
Extraordinary losses	236	0.1	136	0.1	(100)	
<b>Income before income taxes</b>	<b>3,625</b>	<b>2.6</b>	<b>3,942</b>	<b>3.1</b>	<b>317</b>	<b>8.7</b>
Corporate, inhabitants and enterprise taxes	1,669	1.2	2,115	1.6	446	
Deferred income taxes	(149)	(0.1)	(290)	(0.2)	(141)	
<b>Net income</b>	<b>2,105</b>	<b>1.5</b>	<b>2,117</b>	<b>1.7</b>	<b>12</b>	<b>0.6</b>
Unappropriated retained earnings at beginning of year	720		671		(49)	
Interim dividends paid	327		327		--	
<b>Unappropriated retained earnings at end of year</b>	<b>2,498</b>		<b>2,461</b>		<b>(37)</b>	

**(3) Proposed appropriation of retained earnings**

(Units: Millions of yen)

<b>Items</b>	<b>Term</b>	<b>Full Year ended March 31, 2005</b>	<b>Full Year ended March 31, 2006</b>	<b>Y/Y Change</b>
<b>Unappropriated retained earnings at end of year</b>		<b>2,498</b>	<b>2,461</b>	<b>(37)</b>
<b>Appropriation of retained earnings</b>		<b>1,827</b>	<b>1,727</b>	<b>(100)</b>
Dividends		327	327	--
General reserve		1,500	1,400	(100)
<b>Retained earnings carried forward to next year</b>		<b>671</b>	<b>734</b>	<b>63</b>

#### (4) Statements of Cash Flows

(Units: Millions of yen)

Items	Term	Full Year ended March 31, 2005	Full Year ended March 31, 2006	Y/Y Change
<b>Cash flow from operating activities</b>				
Income before income taxes		3,625	3,942	317
Depreciation		922	979	57
Decrease in allowance for doubtful accounts		(6)	(4)	2
Increase in accrued pension and severance costs		321	44	(277)
Interest and dividend income		(6)	(24)	(18)
Interest expense		3	3	--
Foreign exchange gain		(5)	(25)	(20)
Loss on sales of property and equipment		5	3	(2)
Loss on disposal of property and equipment		41	78	37
Loss on disposal of intangible assets		--	11	11
Loss on devaluation of property and equipment		--	25	25
Loss on devaluation of intangible assets		--	140	140
Loss on devaluation of investment securities		50	--	(50)
Decrease (increase) in notes and accounts receivable, trade		2,963	(2,108)	(5,071)
Decrease in inventories		957	706	(251)
Increase in accounts receivable, other		(823)	(1,102)	(279)
(Decrease) increase in notes and accounts payable, trade		(3,036)	2,484	5,520
Increase in accrued expenses		216	327	111
Increase in consumption tax payable		75	6	(69)
(Decrease) increase in deposits received		(63)	160	223
Other		127	(33)	(160)
<b>Sub-total</b>		<b>5,366</b>	<b>5,612</b>	<b>246</b>
Proceeds from interest and dividend income		6	24	18
Payments for interest expense		(3)	(3)	--
Payments for income taxes and other		(2,819)	(1,309)	1,510
<b>Net cash provided by operating activities</b>		<b>2,550</b>	<b>4,324</b>	<b>1,774</b>
<b>Cash flow from investing activities</b>				
Purchases of property and equipment		(389)	(463)	(74)
Proceeds from sales of property and equipment		1	1	--
Purchases of intangible assets		(376)	(428)	(52)
Acquisition of sales operation for mobile phones		(108)	(36)	72
Investment to affiliated company		(164)	--	164
Purchases of investment securities		--	(1,005)	(1,005)
Other		7	(10)	(17)
<b>Net cash used in investing activities</b>		<b>(1,029)</b>	<b>(1,941)</b>	<b>(912)</b>
<b>Cash flows from financing activities</b>				
Dividends paid		(613)	(659)	(46)
<b>Net cash used in financing activities</b>		<b>(613)</b>	<b>(659)</b>	<b>(46)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>5</b>	<b>25</b>	<b>20</b>
<b>Increase in cash and cash equivalents</b>		<b>913</b>	<b>1,749</b>	<b>836</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>11,218</b>	<b>12,131</b>	<b>913</b>
<b>Cash and cash equivalents at end of year</b>		<b>12,131</b>	<b>13,880</b>	<b>1,749</b>

**(5) Supplementary Information**

(Units: Millions of yen)

	Full Year ended March 31, 2005	Full Year ended March 31, 2006	% Change	Forecast for Full Year ending March 31, 2007	% Change from FY 2005
Net sales	140,195	127,590	(9.0%)	120,000	(6%)
Operating income <Operating income to Net sales>	3,887 <2.8%>	4,189 <3.3%>	7.8%	4,200 <3.5%>	0%
Ordinary income <Ordinary income to Net sales>	3,855 <2.7%>	4,078 <3.2%>	5.8%	4,200 <3.5%>	3%
Net income <Net income to Net sales>	2,105 <1.5%>	2,117 <1.7%>	0.6%	2,350 <2.0%>	11%
Net income per share	144.88Yen	145.71Yen	--	161.74Yen	--
Dividend per share <Interim>	45.00Yen <22.50Yen>	45.00Yen <22.50Yen>	--	45.00Yen <22.50Yen>	--
Dividend payout ratio	31.1%	30.9%	--	27.8%	--
Total assets Turnover	2.71Times	2.38Times	--	2.13Times	--
Return on assets	7.5%	7.6%	--	7.5%	--
Return (Ordinary income) on equity	9.6%	9.1%	--	9.5%	--
Net cash provided by operating activities	2,550	4,324	69.6%	4,340	0%
Net cash used in investing activities	(1,029)	(1,941)	--	(3,690)	--
Free cash flows	1,521	2,383	56.6%	650	(73%)
Net cash used in financing activities	(613)	(659)	--	(650)	--
R&D expenses	475	487	2.5%	430	(12%)
Number of employees	1,494	1,169	--	1,130	--



**(6) Business Segment Information**

(Units: Millions of yen)

		Full Year ended March 31, 2005		Full Year ended March 31, 2006		% Change	Forecast for Full Year ending March 31, 2007		% Change from FY 2005
		Amount	%	Amount	%	%	Amount	%	%
<b>Mobile Software Business</b>	Net sales	13,318	9.5	9,689	7.6	(27.2)	--	--	--
	Operating income	(413)	(10.6)	117	2.8	--	--	--	--
	Operating income to Net sales	(3.1%)		1.2%			--%		
<b>Mobile Integration &amp; Support Business</b>	Net sales	26,605	19.0	24,811	19.4	(6.7)	22,200	18.5	(11)
	Operating income	2,340	60.2	1,912	45.6	(18.3)	2,030	48.3	6
	Operating income to Net sales	8.8%		7.7%			9.1%		
<b>Mobile Sales Business</b>	Net sales	100,272	71.5	93,090	73.0	(7.2)	97,800	81.5	5
	Operating income	1,960	50.4	2,160	51.6	10.2	2,170	51.7	0
	Operating income to Net sales	2.0%		2.3%			2.2%		
<b>Total</b>	Net sales	140,195	100.0	127,590	100.0	(9.0)	120,000	100.0	(6)
	Operating income	3,887	100.0	4,189	100.0	7.8	4,200	100.0	0
	Operating income to Net sales	2.8%		3.3%			3.5%		