Financial Results for the Third Quarter of the Fiscal Year ending March 31, 2009

(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 Third Quarter of the Fiscal Year ending March 31, 2009

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1. Financial Results for the Third Quarter ended December 31, 2008

(1) Business Results

(Units: Millions of yen)

	Nine months ended December 31, 2007		Nine months ended December 31, 2008	
		% change		% change
Net Sales	94,306	0.0 %	90,733	-- %
Operating Income	4,527	3.6 %	4,798	-- %
Ordinary Income	4,686	7.0 %	5,005	-- %
Net Income	2,692	9.2 %	2,308	-- %
Net Income per Share (Yen)	185.27		158.83	
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 December 31, 2008	As of March 31, 2008
Total Assets	56,713	58,638
Net Assets	30,149	29,056
Equity Ratio	53.2%	49.6%
Net Assets per Share (Yen)	2,075.03	1,999.81

2. Dividends

(Units: Yen)

	Full Year ended March 31, 2008	Full Year ending March 31, 2009	
			(Forecast)
Annual Dividends per Share	55.00	--	60.00
Interim	27.50	30.00	--
Year-end	27.50	--	30.00

3. Forecast for the Fiscal Year ending March 31, 2009

(Units: Millions of yen)

	Full Year ending March 31, 2009	
		% change
Net Sales	125,000	(3.1%)
Operating Income	5,750	0.2%
Ordinary Income	5,850	0.1%
Net Income	2,800	(17.4%)
Net Income per share (Yen)	192.71	

Notes: Percentages for Net Sales, Operating Income, Ordinary Income and Net Income represent change from the same term of the previous fiscal year.

4. Other information

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

(2) Changes to accounting procedures:
From the fiscal year ending March 31, 2009, Accounting Standard for quarterly financial statements (ASBJ Statement No. 12) and its Implementation Guidance for accounting standards for quarterly financial statements (ASBJ Guidance No. 14) have been applied.
Therefore, % changes in "Nine months ended December 31, 2008" are not mentioned.

(3) Number of shares outstanding

1. Shares outstanding at end of term:	As of December 31, 2008:	14,529,400
	As of March 31, 2008:	14,529,400
2. Treasury stocks at end of term:	As of December 31, 2008:	70
	As of March 31, 2008:	16
3. Average number of shares outstanding during the term:	Nine months ended December 31, 2008:	14,529,348
	Nine months ended December 31, 2007:	14,529,384

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 first three quarters ended December 31, 2008, the mobile phone sales market remained lackluster, as characterized by a year-on-year drop of more than 20 percent in the number of mobile phones sold. The decline was attributable to a declining number of subscribers, who were switching to new handsets as a result of a rise in sales prices, a drop-off in transitional demand for third-generation mobile communications services and declining churn rates experienced by the major mobile network operators, in addition to the economic slowdown.

As a result, the Company posted net sales of ¥90,733 million for the nine-month period ended December 31, 2008. The result reflected a decline in phone sets sold by the Mobile Sales Business, and, for the Mobile Service Business, an increase in demand for maintenance services for mobile handsets together with lower mobile service-related demand which experienced a slowdown as demand for mobile base station systems from mobile network operators ran its course.

In terms of profitability, the Company, despite a drop in the number of mobile handsets sold, posted operating income of ¥4,798 million and ordinary income of ¥5,005 million as a result of improved operational efficiency and greater demand for maintenance services. Net income came in at ¥2,308 million, which partially reflected valuation losses of investment securities.

(2) Segment overview

[Mobile Sales Business]

Despite some replacement demand for handsets with advanced functions such as one-segment TV broadcasting, GPS, music streaming and electronic wallet, demand for mobile phones remained weak over the nine-month period ended December 31, 2008, primarily due to a rise in retail prices of handsets in the wake of the launch of the new service charge systems based on the separation of handset prices and mobile service charges, which in turn were translated into consumers' diminished perception of affordability, and to the falling rate of customers shifting to the third-generation mobile communications services, which began to show signs of saturation.

In this operating environment, the Company focused strongly on efforts designed to increase sales of handsets with advanced functions and to expand sales channels. However, handset sales fell more than 20 percent year on year, to 1,078 thousand handsets, which reflected the adverse effects of the declining demand.

As a result, net sales by the Business were ¥71,826 million. Operating income, buoyed by efforts for improved operational efficiency, stood at ¥1,770 million.

[Mobile Service Business]

In the nine-month period ended December 31, 2008, the Mobile Service Business posted net sales of ¥18,907 million. Factors affecting sales included an increase in maintenance demand for mobile handsets and a decrease in demand related to mobile base station systems, among others. Operating income was ¥3,028 million as a result of improved operational efficiency and increased net sales.

Please note that effective this fiscal year, NEC Mobiling's businesses are classified into the segments of "Mobile Sales Business" and "Mobile Service Business."

In essence, NEC Mobiling's ASP services for mobile phones and other mobile solution services, which were classified under the "Mobile Sales Business" up to the end of the previous fiscal year, are now classified under "Mobile Service Business" in an effort to better reflect the business details of such services.

2. Qualitative information pertaining to the financial standing of the Company

Total assets decreased ¥1,925 million from the end of the previous fiscal year and stood at ¥56,713 million yen as of December 31, 2008.

Total liabilities decreased ¥3,018 million, to ¥26,564 million, and total net assets increased ¥1,093 million, to ¥30,149 million.

As a result, the Company's equity ratio improved 3.6 points from the end of the previous fiscal year, to 53.2%.

The state of cash flows during the nine-month period ended December 31, 2008 is discussed below.

Cash flows provided from operating activities were ¥3,960 million. The result was attributable to, in addition to quarterly net income before taxes, factors resulting in cash increases, such as lower non-trade receivables and higher trade payables, which more than offset factors causing cash decreases such as higher inventories, lower non-trade payables and income taxes paid.

Cash flows used in investing activities amounted to ¥1,797 million. This primarily represented the amounts disbursed in connection with the acquisition of investment securities and fixed assets.

Cash decreased ¥837 million from financing activities on the payment of end-of-year dividends declared for the 36th business year and of interim dividends declared for the 37th business year.

Cash and cash equivalents as of December 31, 2008, stood at ¥18,272 million, up ¥1,325 million from the end of the previous fiscal year.

3. Qualitative information pertaining to earnings forecasts

The forecast for full-year net income has been revised to ¥2.8 billion from the previously announced forecast of ¥3.4 billion to reflect extraordinary losses of ¥987 million posted in the third quarter for the revaluation loss of investment securities. The impairment losses were accounted by using the quarterly reversal method (Araigaeho).

No revision has been made on the forecasts for the Company’s net sales, operating income or ordinary income.

Non-consolidated Financial Statements
(1) Balance Sheets

(Units: Millions of yen)

Items \ Term	As of December 31, 2008 Amount	As of March 31, 2008 Amount
Assets		
Cash on hand and in banks	11,273	10,948
Notes and accounts receivable, trade	15,120	15,592
Marketable securities	998	999
Merchandise	4,230	3,796
Semifinished components	29	2
Raw materials	685	365
Work in process	830	461
Accounts receivable, other	6,140	9,111
Affiliated company deposits	6,001	5,000
Other	1,371	1,259
Allowance for doubtful accounts	(3)	(5)
Current assets	**46,674**	**47,528**
Property and equipment	1,453	1,356
Intangible assets	1,030	1,158
Investments and other assets	7,556	8,596
Fixed assets	**10,039**	**11,110**
Total assets	**56,713**	**58,638**
Liabilities		
Notes and accounts payable, trade	12,685	11,632
Accrued corporate taxes	770	1,174
Accounts payable, other	7,631	10,867
Other	1,688	2,272
Current liabilities	**22,774**	**25,945**
Accrued pension and severance costs	3,475	3,383
Other	315	254
Long-term liabilities	**3,790**	**3,637**
Total liabilities	**26,564**	**29,582**
Net assets		
Common stock	2,371	2,371
Additional paid-in capital	2,707	2,707
Retained earnings	25,609	24,137
Treasury stocks	(0)	(0)
Total shareholders' equity	**30,687**	**29,215**
Unrealized gains (losses) on marketable securities	(538)	(159)
Valuation and translation adjustments	**(538)**	**(159)**
Total net assets	**30,149**	**29,056**
Total liabilities and net assets	**56,713**	**58,638**

(2) Statements of Income

(Units: Millions of yen)

Items / Term	Nine months ended December 31, 2008
	Amount
Net sales	**90,733**
Cost of sales	80,091
Gross profit	**10,642**
Selling, general and administrative expenses	5,844
Operating income	**4,798**
Non-operating income	275
Interest income	59
Dividend income	211
Miscellaneous income	5
Non-operating expenses	68
Interest expense	1
Loss on disposal of fixed assets	45
Miscellaneous expenses	22
Ordinary income	**5,005**
Extraordinary gains	60
Compensation for transfer	60
Extraordinary losses	987
Loss on devaluation of investment securities	987
Income before income taxes	**4,078**
Income taxes	1,770
Net income	**2,308**

(3) Statements of Cash Flows

(Units: Millions of yen)

Items / Term	Nine months ended December 31, 2008
Cash flow from operating activities	
Income before income taxes	4,078
Depreciation	516
Increase in allowance for doubtful accounts	12
Increase in accrued pension and severance costs	61
Interest and dividend income	(270)
Interest expense	1
Foreign exchange loss	1
Loss on disposal of fixed assets	45
Loss on devaluation of investment securities	987
Decrease in notes and accounts receivable, trade	471
Increase in inventories	(1,148)
Decrease in accounts receivable, other	2,971
Increase in notes and accounts payable, trade	1,031
Decrease in accrued expenses	(3,236)
Increase in consumption tax payable	56
Increase in deposits received	205
Other	68
Sub-total	**5,849**
Proceeds from interest and dividend income	270
Payments for interest expense	(1)
Payments for income taxes and other	(2,158)
Net cash provided by operating activities	**3,960**
Cash flow from investing activities	
Purchases of property and equipment	(212)
Purchases of intangible assets	(144)
Purchases of investment securities	(1,227)
Other	(214)
Net cash used in investing activities	**(1,797)**
Cash flows from financing activities	
Dividends paid	(829)
Repayments of lease obligations	(8)
Purchase of treasury stock	(0)
Net cash used in financing activities	**(837)**
Effect of exchange rate changes on cash and cash equivalents	**(1)**
Increase in cash and cash equivalents	**1,325**
Cash and cash equivalents at beginning of term	**16,947**
Cash and cash equivalents at end of term	**18,272**

〔**Reference**〕

(1) Condensed Statements of Income

(Units: Millions of yen)

Items / Term	Nine months ended December 31, 2007
	Amount
Net sales	94,306
Cost of sales	83,671
Gross profit	**10,635**
Selling, general and administrative expenses	6,108
Operating income	**4,527**
Non-operating income	182
Non-operating expenses	23
Ordinary income	**4,686**
Income before income taxes	**4,686**
Income taxes	1,994
Net income	**2,692**

(2) Condensed Statements of Cash Flows

(Units: Millions of yen)

Items / Term	Nine months ended December 31, 2007
Cash flow from operating activities	
Income before income taxes	4,686
Depreciation	606
Decrease in notes and accounts receivable, trade	2,416
Increase in inventories	(1,215)
Decrease in accounts receivable, other	1,168
Decrease in notes and accounts payable, trade	(1,473)
Decrease in accrued expenses	(2,522)
Other	87
Sub-total	**3,753**
Payments for income taxes and other	(2,506)
Other	169
Net cash provided by operating activities	**1,416**
Cash flow from investing activities	
Purchases of property and equipment	(358)
Purchases of intangible assets	(393)
Proceeds from transfer of business	(171)
Purchases of investment securities	(2,010)
Other	(2)
Net cash used in investing activities	**(2,934)**
Cash flows from financing activities	
Dividends paid	(755)
Net cash used in financing activities	**(755)**
Effect of exchange rate changes on cash and cash equivalents	**1**
Decrease in cash and cash equivalents	**(2,272)**
Cash and cash equivalents at beginning of term	**17,501**
Cash and cash equivalents at end of term	**15,229**

〔Supplementary Information〕

(1) Financial highlights

(Units: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	% Change
Net sales	94,306	90,733	(3.8%)
Operating income	4,527	4,798	6.0%
<Operating income to Net sales>	<4.8%>	<5.3%>	
Ordinary income	4,686	5,005	6.8%
<Ordinary income to Net sales>	<5.0%>	<5.5%>	
Net income	2,692	2,308	(14.3%)
<Net income to Net sales>	<2.9%>	<2.5%>	
Net income per share	185.27Yen	158.83Yen	--
Net cash provided by operating activities	1,416	3,960	179.7%
Net cash used in investing activities	(2,934)	(1,797)	--
Free cash flows	(1,518)	2,163	--
Net cash used in financing activities	(755)	(837)	--
Number of employees	1,062	1,030	--

(2) Business Segment Information

(Units: Millions of yen)

		Nine months ended December 31, 2007 (Rearranged)		Nine months ended December 31, 2008		Change
		Amount	**%**	**Amount**	**%**	**%**
Mobile Sales Business	Net sales	78,189	82.9	71,826	79.2	(8.1)
	Operating income	1,761	38.9	1,770	36.9	0.5
	%	2.3%		2.5%		
Mobile Service Business	Net sales	16,117	17.1	18,907	20.8	17.3
	Operating income	2,766	61.1	3,028	63.1	9.5
	%	17.2%		16.0%		
Total	Net sales	94,306	100.0	90,733	100.0	(3.8)
	Operating income	4,527	100.0	4,798	100.0	6.0
	%	4.8%		5.3%		

Note: Effective from the start of the fiscal year ending March 31, 2009, NEC Mobiling's businesses are classified into the segments of "Mobile Sales Business" and "Mobile Service Business." In essence, NEC Mobiling's ASP services for mobile phones and other mobile solution services, which were classified under the "Mobile Sales Business" up to the end of the previous fiscal year, are now classified under "Mobile Service Business" in an effort to better reflect the business details of such services.