Consolidated Financial Results for the Third Quarter of the Fiscal Year ending March 31, 2012

(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.

Consolidated Financial Results for the Third Quarter of the Fiscal Year ending March 31, 2012

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Scheduled Date of Quarterly Securities Report Filing: February 9, 2012

Date of Publication: January 25, 2012
Listed Exchanges: Tokyo Stock Exchange
Stock Code: 9430
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1. Consolidated Financial Results for the Third Quarter ended December 31, 2011

(1) Consolidated Business Results

(Units: Millions of yen)

	Nine months ended December 31, 2010		Nine months ended December 31, 2011	
		% change		% change
Net Sales	92,764	-- %	90,525	(2.4%)
Operating Income	7,424	-- %	7,563	1.9%
Ordinary Income	7,595	-- %	7,720	1.6%
Net Income	4,152	-- %	4,047	(2.5%)
Net Income per Share (Yen)	285.76		278.56	
Net Income per Share, fully diluted (Yen)	--		--	

Notes: 1.Comprehensive income: Nine months ended December 31, 2010: 4,027 --%
Nine months ended December 31, 2011: 3,793 (5.8%)

2. The Company began its quarterly reporting on a consolidated basis on the first quarter ended June 30, 2010. Therefore, the percentage changes in numbers from the corresponding period in the previous fiscal year are not presented.

(2) Consolidated Financial Position

(Units: Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Total Assets	70,984	70,988
Net Assets	38,732	40,928
Equity Ratio	54.6%	57.7%

2. Dividends

(Units: Yen)

	Full Year ended March 31, 2011	Full Year ending March 31, 2012	
			(Planned)
Annual Dividends per Share	100.00		120.00
First Quarter	--	--	
Second Quarter	50.00	60.00	
Third Quarter	--	--	
Year-end	50.00		60.00

Note: Revision of dividends forecasts during the quarter under review: None

3. Consolidated Financial Forecast for the Fiscal Year ending March 31, 2012

(Units: Millions of yen)

	Full Year ending March 31, 2012	
		% change
Net Sales	122,500	(2.5)
Operating Income	9,700	1.0
Ordinary Income	9,900	0.9
Net Income	5,500	0.1
Net Income per share (Yen)	378.54	

Notes: Revision of earnings forecasts during the quarter under review: None

4. Other Information

(1) Important changes in scope of consolidation during period: None

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

(3) Changes in accounting policies, changes in accounting estimates and restatements
1. Changes in accounting policies caused by revision of accounting standards: None
2. Changes other than above: Yes *
3. Changes in accounting estimates: Yes *
4. Restatements: None

* Starting from April 1, 2011, the Company and the subsidiaries changed the depreciation method for property, plant and equipment from the declining-balance method to the straight-line method.

(4) Number of shares outstanding

1. Shares outstanding at the end of term:	As of March 31, 2011:	14,529,400
	As of Dec. 31, 2011:	14,529,400
2. Treasury stocks at the end of term:	As of March 31, 2011:	70
	As of Dec. 31, 2011:	70
3. Average number of shares outstanding during the term:	Nine months ended Dec. 31, 2010:	14,529,330
	Nine months ended Dec. 31, 2011:	14,529,330

・At the time of this report's release, the quarterly review procedures under the Financial Instruments and Exchange Law have not been completed.

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.

(1) Analyses of Operating Results

1) Operating Results for the Third Quarter of the Fiscal Year Ending March 31, 2012

1. General Overview

Consolidated operating results for the fiscal year ending March 31, 2012 (in millions of yen)

	Year to date (April 1- December 31, 2010)	Year to date (April 1- December 31, 2011)	YoY (%)
Net Sales	92,764	90,525	(2.4%)
Operating Income	7,424	7,563	1.9%
Ordinary Income	7,595	7,720	1.6%
Net Income	4,152	4,047	(2.5%)

During the nine-month period ended December 31, 2011, Japan's economy continued to recover slowly from the consequences of the earthquake in eastern Japan, including a recovery of the slowdown in production and weakened consumer sentiment. However, an uncertain outlook continued to prevail given the clouded outlook for the U.S. economy, the European debt crisis, and the persistently strong yen.

In the mobile phone sales market, smartphone unit sales grew faster than the rest, consistently capturing a greater share of the mobile phone sales market, as the mobile network operators stepped up sales promotions for smartphones. In addition to smartphones, the submarkets of data communications devices and others grew in size.

In this operating environment, the NEC Mobiling Group, which consists of NEC Mobiling and its consolidated subsidiaries (hereinafter referred to as "the Company"), redoubled efforts to improve the service quality offered to customers at shops and to actively capture replacement demand by encouraging a shift to handsets with advanced functions, such as smartphones, while elevating operational efficiency.

As a result, the Company posted net sales of ¥90,525 million (down 2.4% year-on-year) in the nine months period ended December 31, 2011. Although the number of handsets sold increased approximately 10% from the same period in the previous consolidated fiscal year, sales in monetary terms decreased mainly due to lower unit prices offered to customers on the back of a reduction in the procurement unit costs of handsets. Weaker demand for mobile phone repair services also contributed to the decrease.

Profits were boosted by the Company's actions aimed at greater operational efficiency, including the enhanced staff assessment system designed to better motivate employees, in addition to greater sales of accessories/peripheral merchandise and cost reduction efforts. As a result, the Company reported ¥7,563 million in operating income (up 1.9% year-on-year), ¥7,720 million in ordinary income (up 1.6%). Net income to date amounted to ¥4,047 million (down 2.5% year-on-year) on the back of the transient income tax hike subsequent to the amendment of the Income Tax Act.

2. Segment Overview

(a) Mobile Sales Business

Consolidated operating results for the fiscal year ending March 31, 2012 (in millions of yen)

	Year to date (April 1- December 31, 2010)	Year to date (April 1- December 31, 2011)	YoY (%)
Net Sales	65,763	66,535	1.2%
Operating Income	2,602	2,871	10.3%

The period under review saw mobile network operators step-up efforts to enhance their lineup of mobile handsets, including smartphones, tablets, digital photo frames, and devices with Wi-Fi (wireless fidelity) connectivity. The sales market for smartphones continued to grow, as manufacturers stepped up efforts to enhance smartphones with e-wallet capability, along with water resistance and other popular capabilities seen in conventional handsets. Additional momentum was created through the accelerated release of smartphones by overseas manufacturers and the debut of smartphones compatible with LTE (long-term evolution) service.

In this environment, the Company concentrated on sales of smartphones and other handsets with advanced functions by rolling out "AND market Kasumigaseki" (a shop dedicated to smartphones) and by providing new services such as the Smartphone Concierge Service [1] and the Visual Concierge Service[2]. In terms of the number of handsets sold by the Company increased approximately 10% from a year ago.

Net sales came in at ¥66,535 million (up 1.2%). This was mainly attributable to the declining average sales price caused by a change in the product mix sold with a greater percentage of sales generated from smartphones and data communication devices (e.g., devices with Wi-Fi connectivity). In contrast, operating income rose 10.3% to ¥2,871 million on stronger efforts toward greater operational efficiency, including the profit maximization initiatives by individual shops and greater sales of accessories and other peripheral merchandise.

[1] Smartphone Concierge Service: Customer support assisting initial set-ups by smartphone users
[2] Visual Concierge Service: Customer support that utilizes videophones

(b) Mobile Service Business

Consolidated operating results for the fiscal year ending March 31, 2012 (in millions of yen)

	Year to date (April 1- December 31, 2010)	Year to date (April 1- December 31, 2011)	YoY (%)
Net Sales	27,001	23,990	(11.2%)
Operating Income	4,822	4,692	(2.7%)

Demand related to mobile communications base station systems increased in the period under review, due to stepped-up efforts by mobile network operators to improve their network quality and to enhance their networks to accommodate an increasing number of smartphone users. While replacement demand was spurred by sales promotions for smartphones by mobile phone network operators and the lower average unit prices of smartphones (therefore remaining firm), demand for mobile phone repair services decreased.

Net sales decreased 11.2% year-on-year to ¥23,990 million. Operating income came in at ¥4,692 million or down 2.7% year-on-year. This was attributable mainly to initiatives aimed at higher operational efficiency through improvements in repair technology, which in turn brought cost reductions.

2) Analyses of the Consolidated Financial Position

Position as of December 31, 2011

Assets, Liabilities, and Net Assets

Total assets stood at ¥70,988 million, as of December 31, 2011, reflecting a increase of ¥4 million from the end of the previous fiscal year on March 31, 2011, due largely to an increase in short-term investment securities and an increase in merchandise and finished goods and a decrease in notes and accounts receivable – trade and a decrease in accounts receivables – other.

Total liabilities decreased ¥2,192 million over the same period to ¥30,060 million. The decrease was primarily attributable to lower income taxes payable and accrued expenses. Meanwhile, total net assets increased ¥2,196 million to ¥40,928 million. Factors that contributed to the change included the posting the quarterly net income and a distribution of retained earnings as dividends.

These changes brought equity ratio to 57.7%.

3) Outlook for the Fiscal Year Ending March 2012

Qualitative information pertaining to consolidated earnings forecasts

No revision has been made on the earnings forecasts announced on October 25, 2011.

Progress toward the full-year earnings forecasts was on schedule, as the Company achieved 73.9% and 78.0% of the full-year targets for net sales and operating income, respectively, in the nine-month period under review.

Other information

1) Important changes in subsidiaries during the nine-month period ended December 31, 2011

None

2) Summary of special accounting procedures applied to the consolidated financial statements

・ Calculation of tax expenses

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate, which are estimated reasonably upon the application of tax effect accounting to income before income taxes of the current consolidated fiscal year.

Deferred income taxes is included in income taxes.

3) Changes in accounting policy, changes in accounting estimates, and the restatements

・ Changes in accounting policy

(Depreciation method for property, plants, and equipment)

Effective from the first quarter of the current consolidated fiscal year, NEC Mobiling and its consolidated subsidiaries changed the depreciation method for the calculation of property, plants, and equipment from the declining-balance method to the straight-line method.

The change was made based on the Company's conclusion that the use of the straight-line method, where the depreciable cost of an asset is expensed in equal increments over the useful life of the asset, is more reasonable in light of the changing business environments that surround the mobile sales and mobile service operations.

The Mobile Sales Business previously relied on the declining-balance method for the calculation of depreciation for the tangible assets in the shops they operate, in order to ensure the accelerated recovery of invested capital associated with them in preparation for obsolescence. However, the emergence of smartphones is halting the decline in the number of handsets sold at individual shops, and the Company, based on this new development, has concluded that the use of the straight-line method applied over the economic life, appropriate for the state of the use of individual tangible assets in the shops, would result in a fairer calculation of income in the reported period generated by individual shops. Despite the saturated state of Japan's mobile phone market, replacement demand is expected to keep unit sales at a stable level.

Given the stable level of the number of mobile handsets sold, the Mobile Service Business foresees that demand for its mobile phone repair services will remain virtually unchanged. For this reason, the use of the straight-line method, where the depreciable cost is spread evenly over the useful life of a tangible asset, is more reasonable for the Mobile Service Business.

The change had the effect of decreasing depreciation charges for the 9 months period by ¥205 million and increasing operating income, ordinary income, and income before income taxes by ¥195 million, respectively, compared with the respective amounts derived by using the previous method.

・ <Additional information>

(Application of the “Accounting Standard for Accounting Changes and Error Corrections” and others)

For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, the Company have applied the “Accounting Standard for Accounting Changes and

Error Corrections" (ASBJ Statement No.24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 of December 4, 2009).

(Discontinuance of director retirement benefits)

In the past, the consolidated subsidiaries of NEC Mobiling posted, to the "provision for director retirement benefits" account, an amount needed for the fiscal year-end distribution of retirement benefits to their directors in accordance with its internal rules. However, the board of directors decided at their meetings of the consolidated subsidiaries on June 30, 2011 to abolish said retirement benefit program. The extraordinary sessions of the shareholders' meeting of the consolidated subsidiaries held on June 30, 2011 additionally adopted a resolution paying retirement allowance to directors based on the length of service up to the date of said extraordinary session (only payable at the time of the retirement of each director).

Accordingly, the entire amount pooled in the "provision for director retirement benefits" account was drawn down, and ¥52 million, which will be paid to the directors later, is now reported under "Other Liabilities" in the "Noncurrent Liabilities" section.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Units: Millions of yen)

Items / Term	As of March 31, 2011 Amount	As of December 31, 2011 Amount
Assets		
Cash and deposits	7,392	7,381
Notes and accounts receivable－trade	17,017	15,458
Short-term investment securities	6,998	8,998
Merchandise and finished goods	4,252	5,300
Work in process	1,559	1,480
Raw materials and supplies	667	779
Accounts receivable－other	7,977	7,503
Deposit paid in subsidiaries and affiliates	9,000	9,000
Other	2,314	2,319
Allowance for doubtful accounts	(7)	(10)
Current assets	**57,169**	**58,208**
Property, plant and equipment	2,619	2,644
Intangible assets		
Goodwill	1,911	1,554
Other	676	464
Total intangible assets	2,587	2,018
Investments and other assets	8,609	8,118
Non-current assets	**13,815**	**12,780**
Total assets	**70,984**	**70,988**
Liabilities		
Notes and accounts payable－trade	13,939	13,927
Income taxes payable	2,265	1,347
Provision for bonuses	--	761
Provision for loss on subleases	25	1
Accrued expenses	9,531	6,884
Other	1,925	2,462
Current liabilities	**27,685**	**25,382**
Provision for retirement benefits	3,820	3,908
Other	747	770
Non-current liabilities	**4,567**	**4,678**
Total liabilities	**32,252**	**30,060**
Shareholders' equity		
Capital stock	2,371	2,371
Capital surplus	2,707	2,707
Retained earnings	34,323	36,773
Treasury stocks	(0)	(0)
Total shareholders' equity	**39,401**	**41,851**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(669)	(923)
Total accumulated other comprehensive income	**(669)**	**(923)**
Total net assets	**38,732**	**40,928**
Total liabilities and net assets	**70,984**	**70,988**

(2) Consolidated Statements of Income

(Units: Millions of yen)

Items / Term	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	Amount	Amount
Net sales	**92,764**	**90,525**
Cost of sales	77,110	74,083
Gross profit	**15,654**	**16,442**
Selling, general and administrative expenses	8,230	8,879
Operating income	**7,424**	**7,563**
Non-operating income		
Interest income	31	33
Dividend income	154	129
Rent income	43	48
Other	15	34
Total Non-operating income	243	244
Non-operating expenses		
Interest expense	2	3
Rent expenses	38	34
Loss on retirement of non-current assets	25	29
Other	7	21
Total Non-operating expenses	72	87
Ordinary income	**7,595**	**7,720**
Extraordinary gains		
Reversal of provision for loss on subleases	47	--
Reversal of allowance for doubtful accounts	13	--
Gain on sales of investment securities	2	--
Total extraordinary gains	62	--
Extraordinary losses		
Loss on adjustment for changes of accounting standard for asset retirement obligations	108	--
Head office transfer cost	137	--
Loss on sales of non-current assets	--	24
Office transfer cost	--	122
Loss on liquidation of business	--	41
Total extraordinary losses	245	187
Income before income taxes	**7,412**	**7,533**
Income taxes	3,260	3,486
Income before minority interests	**4,152**	**4,047**
Net income	**4,152**	**4,047**

(3) Consolidated Statements of Comprehensive Income

(Units: Millions of yen)

Items / Term	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	Amount	Amount
Net income	**4,152**	**4,047**
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	(254)
Total other comprehensive income	(125)	(254)
Comprehensive income	**4,027**	**3,793**
(Comprehensive income attributable)		
Comprehensive income attributable to owners of the parent	4,027	3,793

(4)Going Concern Assumption

None

(5)Material Changes in Shareholders’ Equity

None

(6)Subsequent Event

None

Supplementary Information

(Units: Millions of yen)

	Nine months ended December 31, 2010 <Consolidated>	Nine months ended December 31, 2011 <Consolidated>	% Change
Net sales	92,764	90,525	(2.4)
Operating income	7,424	7,563	1.9
%	8.0	8.4	
Ordinary income	7,595	7,720	1.6
%	8.2	8.5	
Net income	4,152	4,047	(2.5)
%	4.5	4.5	
Net Income per Share (Yen)	285.76	278.56	--

＜Business Segment Information＞

(Units: Millions of yen)

		Nine months ended December 31, 2010 <Consolidated>		Nine months ended December 31, 2011 <Consolidated>		% Change
		Amount	%	Amount	%	
Mobile Sales Business	Net sales	65,763	70.9	66,535	73.5	1.2
	Operating income	2,602	35.0	2,871	38.0	10.3
	%	4.0		4.3		
Mobile Service Business	Net sales	27,001	29.1	23,990	26.5	(11.2)
	Operating income	4,822	65.0	4,692	62.0	(2.7)
	%	17.9		19.6		
Total	Net sales	92,764	100.0	90,525	100.0	(2.4)
	Operating income	7,424	100.0	7,563	100.0	1.9
	%	8.0		8.4		