Consolidated Financial Statements for the Fiscal Year ended March 31, 2014

28 April 2014

These financial statements have been prepared in accordance with accounting principals generally accepted in Japan.

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1. Consolidated Results for the Fiscal Year 2013 ended March 31, 2014

(Rounded down to the nearest million yen.)

(1) Net Sales and Income

(Percentages represent change compared with the previous fiscal year.)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
FY ended March/14	**270,326**	**14.7**	**14,418**	**15.5**	**14,534**	**19.3**
FY ended March/13	235,716	15.2	12,483	28.1	12,182	29.9

（Note) Comprehensive income : 31/Mar/14 : ¥8,747million(15.9%) ; 31/Mar/13 : ¥7,546million(70.9%)

	Net income (¥ million)	Year-on-year change (%)	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Ordinary income/ Total assets (%)	Operating income/ Net sales (%)
FY ended March/14	**8,257**	**13.9**	**166.06**	—	**9.6**	**8.2**	**5.3**
FY ended March/13	7,246	61.9	145.73	—	8.8	7.7	5.3

（Reference) Equity in earnings (losses) of affiliates (\ million) : 31/Mar/14: (12); 31/Mar/13: (35)

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
31-Mar-14	**189,059**	**89,166**	**46.3**	**1,760.06**
31-Mar-13	167,472	85,974	50.9	1,714.74

c.f. Owner's equity : 31/Mar/14 : ¥87,514million ; 31/Mar/13 : ¥85,266million

(3) Cash Flows

	Net cash provided by (used in) operating activities (¥ million)	Net cash provided by (used in) investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of year (¥ million)
FY ended March/14	**23,313**	**(5,504)**	**(3,824)**	**44,434**
FY ended March/13	(1,723)	(3,429)	(2,066)	30,315

2. Dividends

	Dividends per share (¥)					Total dividends paid (full year) (￥million)	Payout ratio (consolidated) (%)	Dividends/ Net assets (consolidated) (%)
	1st quarter	Interim	3rd quarter	Year-end	Full year			
FY ended March/13	—	19.00	—	26.00	45.00	2,237	30.9	2.7
FY ended March/14	**—**	**30.00**	**—**	**30.00**	**60.00**	**2,983**	**36.1**	**3.5**
FY ended March/15 (Projected)	—	32.00	—	32.00	64.00		35.4	

The forecasted amount of dividend of the Fiscal Year ending March 31, 2014 is undecided at present. We will announce immediately after the decision.

3. Financial Forecasts for Fiscal Year 2014 ending March 31, 2015

(Percentages represent change compared to the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
6 Months ending Sep/14	125,000	8.5	4,500	7.7	4,500	6.3	2,700	0.6	54.30
FY ending Mar/15	280,000	3.6	15,000	4.0	15,000	3.2	9,000	9.0	181.01

Cautionary Statement

Forecasts of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

4. Business Results

(1) Business Results for the Fiscal Year Ended March 31, 2014

During the fiscal year ended March 31, 2014 (the period from April 1, 2013 to March 31, 2014), the outlook for the Japanese economy remained uncertain, given concern over a downturn in overseas economies and a volatile stock market. Nonetheless, the economy do benefit from the correction of the strong yen and the rebound in stock prices on expectations of the government's economic measures and financial policy. As a result, corporate earnings improved, especially at large companies, and the economy generally staged a moderate recovery.

Under these economic conditions, business remained steady in the fields of information and communication technology (ICT), in which NEC Networks & System Integration Corporation ("the Company") operates.

First, in the corporate market, given corporate managers' severe views regarding investment effects, the economic recovery did not yet lead to a full-scale recovery in ICT investments. However, the need for operational streamlining and management innovation that take advantage of ICT, such as reforming the work style in offices and concentrating resources in principal businesses that use ICT services, remained firm.
For telecommunications carriers, despite the absence of aggressive capital spending that occurred in the previous term, investments in the development of high-speed broadband networks remained at a relatively high level in response to the sharp increase in communication volume in tandem with the increasing number of smartphone users.
In the central and local governments market, investments in the digitization of fire-fighting and disaster-prevention network systems remained steady, thanks to the support of the government budget, and ICT-related public investments rose.

In this market environment, the Company and its consolidated subsidiaries (hereinafter the "Group") increased their upfront investments to expand their businesses in the future, mainly by strengthening their sales capabilities and proactively carrying out M&As to strengthen their ability to provide comprehensive services. The Group also sought to increase its project management capability and took aggressive initiatives to deal with emerging projects.

As a result, the Group posted the following consolidated results for the fiscal year under review:

Net sales	¥270,326 million	14.7% increase year on year
Operating income	¥14,418 million	15.5% increase year on year
Ordinary income	¥14,534 million	19.3% increase year on year
Net income	¥8,257 million	13.9% increase year on year
＜Reference＞		
Orders received	¥280,071 million	16.1% increase year on year

Net sales rose 14.7% year on year, to ¥270,326 million, given double-digit increases in all the major segments, the Enterprises Networks business, the Carrier Networks business and the Social Infrastructure business. These results mainly reflected the Group's aggressive initiatives to capture business opportunities from increases in public investments in fire-fighting and disaster prevention systems and other systems for securing public security and safety, as well as taking over the business related to the base stations from NEC Mobiling, Ltd. (now MX Mobiling Co., Ltd.) and the implementation of aggressive M&As, including the inclusion of Q&A Corporation and NEC Magnus Communications, Ltd. in the Group's consolidated subsidiaries, to expand the service business. Orders received also rose 16.1% year on year, to ¥180,071 million, reflecting significant increases in orders in each segment.

Turning to profit, operating income, ordinary income and net income increased year on year to record levels of ¥14,418 million, ¥14,534 million and ¥8,257 million respectively, reflecting a rise in net sales and the acceleration of cost-reduction efforts, including a focus on in-house production.

Operating results by business segment were as follows:

Net sales by business segment （Million yen）

	Enterprises Networks	Carrier Networks	Social Infrastructure	Other	Total
Fiscal 2014.3 (FY ended Mar. 31, 2013)	98,199	65,142	92,203	14,781	270,326
Fiscal 2013.3 (FY ended Mar. 31, 2012)	85,338	54,732	80,935	14,709	235,716
Increase or decrease	12,861	10,409	11,267	71	34,610
Ratio of increase or decrease (%)	15.1	19.0	13.9	0.5	14.7

Reference: Orders received by business segment （Million yen）

	Enterprises Networks	Carrier Networks	Social Infrastructure	Other	Total
Fiscal 2014.3 (FY ended Mar. 31, 2013)	99,277	64,279	102,157	14,357	280,071
Fiscal 2013.3 (FY ended Mar. 31, 2012)	89,558	52,875	84,453	14,384	241,271
Increase or decrease	9,719	11,403	17,704	-27	38,799
Ratio of increase or decrease (%)	10.9	21.6	21.0	-0.2	16.1

1). Enterprises Networks business (¥98,199 million, up 15.1% year on year)

The Group's sales focus on its office innovation solution EmpoweredOffice* increased further in response to customer needs for management innovation. The Group also promoted the introduction of EmpoweredOffice to its regional offices and branches and expanded the target institutions to local companies, public offices, public facilities and other institutions, without limiting the targets to general corporate customers in the Tokyo metropolitan area. In addition, the Group continued to expand and strengthen its system for providing comprehensive services such as cloud computing and BPO, including using outside resources through partnerships to help customers improve their operations and management. As part of this effort, in June 2013 the Group made Q&A Corporation, which is strong in the technical support and consulting service field, a consolidated company to produce more synergistic effects, and to enforce contact center business.

2). Carrier Networks business (¥65,142 million, up 19.0% year on year)

To capture businesses related to investments in network development by telecommunications carriers in response to the increase in communications volume in step with the increasing number of smartphone users, the Group took aggressive initiatives, mainly by taking over the SI and service business related to the base stations from NEC Mobiling, Ltd. (now MX Mobiling Co., Ltd.). With the impact of these initiatives, as well as the impact of the inclusion of NEC Magnus Communications, Ltd., which had its unique network technologies and security technologies in its consolidated subsidiaries in October 2013, net sales rose 19.0% year on year, to ¥65,142, offsetting the impact of the decrease of sales of temporary large-scale projects with a high equipment ratio and sales of submarine seismometer systems that were recorded in the previous fiscal year.

3). Social Infrastructure business (¥92,203 million, up 13.9% year on year)

The Group improved its ability to implement projects as well as its price competitiveness. The Group also increased its investment in the digitization of fire-fighting and disaster-prevention systems, which gained momentum, and investments in the installation of mobile base stations in response to new frequency ranges. As a result, net sales increased rose 13.9% year on year, to ¥92,203.

*EmpoweredOffice:

EmpoweredOffice is our office innovation solution. It combines our strengths in ICT and facility installation to enable more intellectual and creative styles of work through process reforms. It also proposes new methods and places of work that enable customers to fulfill their social responsibilities, such as the strengthening of security and environmental responsiveness.

Outline of Business Segments

Business Segment	Descriptions of Main Businesses
Enterprises Networks	Service integration of ICT solutions, mainly for the enterprises market Total office solutions based on ICT with securities or environmental solutions and related operations, monitoring, and outsourcing services, as well as cloud-type solutions using our own data centers
Carrier Networks	Service integration of ICT platforms mainly for telecom carriers Systems integration of large-scale, wide-area, carrier-grade ICT platforms and data centers and related operations, monitoring services
Social Infrastructure	Service integration of ICT infrastructure for governments and public utilities (broadcasters, electric power companies, etc.), such as systems integration, operation, and monitoring, and the construction of telecom infrastructure
Others	Toyo Networks & System Integration Co., Ltd. and sales of purchased equipment

（2） Outlook for the Fiscal Year Ending March 31, 2015

The Company’s consolidated results forecast for FY2015/3 (April 1, 2014 – March 31, 2015) is as follows:

Net sales	¥280 billion	3.6% increase year on year
Operating income	¥15 billion	4.0% increase year on year
Ordinary income	¥15 billion	3.2% increase year on year
Net income	¥9 billion	9.0% increase year on year

In the fiscal year ending March 31, 2015, the Japanese economy is expected to continue to show an improvement in business sentiment, reflecting the effects of the government’s economic and financial policies, despite a number of uncertain factors, including the effects of the consumption tax hike and the impact of overseas political and economic developments.

The ICT industry, in which we operate, is also expected to generally maintain a firm business environment, given a recovery in companies’ appetites for investment and the government’s continued public investment.

We are planning to develop more customer-oriented businesses, with a focus on customer perspectives, in order to maintain the momentum of the strong performance for the fiscal year under review (the fiscal year ended March 31, 2014) and achieve further growth.

In the Enterprises Networks business, we will respond to customers’ needs to strengthen their management by further enhancing our office innovation solution, EmpoweredOffice. We will also strive to use our regional offices that have adopted EmpoweredOffice as a tool to expand sales to local governments and general companies in the relevant regions. In addition, we will continue to strengthen our ability to provide comprehensive services to help improve customers’ operational processes and corporate management through the combination of ICT and BPO.

In the Carrier Networks business, despite uncertainties in the capital spending outlook of telecommunications carriers, we are continuing to take aggressive initiatives to respond to advances in networks as a result of the rapid increase in network traffic associated with the growing number of smartphone users. In the future, we will strive to take even more proactive initiatives, including the provision of support related to overseas vendors.

In the Social Infrastructure business, we are committed to taking aggressive initiatives to capture public investment that has been rising mainly in infrastructure for safety and security, such as investment in the digitalization of fire-fighting and disaster prevention systems, which has recently become very active.

Moreover, with contributions to the full-year consolidated results from Q&A Corporation and NEC Magnus Communications, Ltd. that were included in subsidiaries during the fiscal year under review and with other factors, net sales are expected to rise 3.6%, to ¥280 billion.

On the profit front, we will seek to exceed the record level we achieved during the fiscal year under review, targeting ¥15 billion in operating income and ¥9 billion in net income, by continuing to focus on management innovation, despite the further increase in prior investments expected in FY2015/3.

(3) Profit Distribution Policy and Dividends for FY2013/3 and FY2014/3

We view the distribution of a reasonable share of profits to shareholders as one of our top management priorities, and make every effort to reinforce the Company's management foundation, strengthen its financial standing, and increase its earning capacity. While we also place a great deal of importance on increasing our corporate value through growth by accelerating strategic investment in M&A and creating new businesses that will allow us to expand our future services, we strive to continually meet the expectations of our shareholders in our profit distribution.

On that basis, in light of an increase in income, in line with forecasts made previously, we have decided to increase our year-end dividend to ¥30 per share and our annual dividend to ¥60 per share for FY2014/3, rising ¥15 from the previous fiscal year.

The dividend per share for FY2015/3 is expected to be ¥32 for both the interim and full-year periods, increasing our annual dividend to ¥64.

	Dividend per share (yen)		
	Interim	Year-end	Annual
Fiscal year ended March 31, 2014	30.00	30.00	60.00
Fiscal year ending March 31, 2015 (projected)	32.00	32.00	64.00

5. Management Policies

(1) Basic Corporate Management Policy

NEC Networks & System Integration Corporation (the "Company") is an ICT service integrator with unique strengths stemming from (1) its foundation of reliable ICT technology capable of providing a complete package of services from system planning, introduction, and operation to outsourcing across a broad range of areas, including office ICT systems for enterprises, telecommunications carriers, and public and social infrastructure; (2) a nationwide support system and base to serve essential social infrastructure; and (3) construction bases capable of providing comprehensive services for facility management and design in addition to ICT. We are further strengthening our infrastructure for comprehensive services to help improve our customers' operational processes and business management by, for instance, using external resources through M&A and partnerships. We strive to provide even more satisfactory services to our customers by enhancing our service businesses and developing them by taking advantage of our strengths, and seek to bolster our corporate value.

(2) Management Targets

Our key management strategy is to profitably expand our business while making active investments, taking advantage of our solid financial foundation through improved profitability and enhanced business structure. As a business expansion target, we are aiming to achieve ¥280 billion in net sales and ¥15 billion in operating income in the next fiscal year (FY2015/3) to exceed the record income we achieved in FY2014/3 through our efforts to achieve our "challenge for new growth" in association with the Company's 60th anniversary since its foundation, which was marked in December 2013.

(3) Medium- to Long-Term Management Strategies and Issues the Company Faces

The ICT market in which we operate our businesses has become an essential platform for corporate and social activities. In view of improving convenience and pursuing efficiency, demand for ICT services is expected to grow across broader sectors, and investments in infrastructure development and network sophistication are also likely to increase.

Given these changes in customer needs and the likely significant shift of ICT-related investments into service fields, we plan to actively meet the demand for infrastructure development that is expected to grow in the medium term, and also position our service businesses as a priority area for long-term growth as well as consider and implement investments to achieve growth, including enhancing our resources and by creating new businesses. In particular, our unique advantage is our broad range of business platforms, including construction, ICT technologies, and support service businesses. We plan to improve our new ICT plus BPO services by investing in these business platforms, reinforcing each platform, and promoting cooperation among them.

(i)Growth Initiatives

Enterprises Networks Business

Given that the domestic market is maturing and global competition is intensifying, top managers are requesting proposals for using ICT as a tool to strengthen management. In response to this need for management innovation, we will enhance our proposal and consulting capacity by implementing EmpoweredOffice in our entire head office and the other offices in each of our locations to demonstrate our own solutions, promote their improvement, and adapt their results to specific proposals from the perspective of customers. Meanwhile, in our service businesses, by expanding and upgrading our business platforms and resources through the investments in growth mentioned above, we will strengthen our comprehensive services to support customers' operational processes and business management using cloud computing and BPO and, at the same time, increase our cost competitiveness.

Carrier Networks Business

Telecommunications carriers are currently proceeding to strengthen their networks, including introducing LTE services, due to the increase in data network traffic as a result of the spread of smartphones, and we are expanding our business in response to this development. In particular, as the market is becoming increasingly open and globalized, the need is increasing for telecommunications carriers that can provide comprehensive technical services ranging from acceptance and inspection to system integration, maintenance, and operation of systems (technical outsourcing) in a multi-vendor environment. Taking advantage of our system integration abilities in the carrier grade, nationwide maintenance responsiveness, and technical skills that can respond to an entire network from mobile communication base stations to the core network, which we have cultivated through our extensive experience, we will provide services to strengthen the networks of telecommunications carriers and create new services in partnership with them. We will also apply our reliable technical and support skills to the large-scale systems of other service providers and other companies, such as data centers and cloud computing infrastructures.

Social Infrastructure Business

We position our Social Infrastructure business, which mainly provides infrastructure development and maintenance and operational services for central and local governments and broadcasters, as a business that must steadily respond to changes in demand as part of the social infrastructure. Currently in this business, active investments in infrastructure, including the digitization of fire-fighting and disaster prevention systems, are rapidly rising to ensure the safety and security of residents. Moreover, we expect investments associated with the national resilience policy and demand from infrastructure development related to the 2020 Tokyo Olympic Games in the future. We will respond appropriately to this demand by leveraging the strength of the NEC Group.

(ii)Reinforcing Corporate Foundation

In our management innovation, we have achieved positive results, aiming to bolster our earnings power through innovation activities that allow management and employees to work together onsite in a cohesive manner. We are currently aiming to increase our corporate value by advancing management innovation activities into new ones targeted at improving our management quality and cost competitiveness to increase our growth and profits over the medium to long term, in addition to improving our short-term profitability.

(iii) Reinforcing Compliance and Internal Control

During the consolidated fiscal year under review, as announced in January 2014 and February 2014, we discovered that an illegal embezzlement act had been committed by a former employee of a consolidated subsidiary. In response, we carried out thorough investigations of the incident through the investigation committee. In accordance with the recommendations provided by the committee, we established and carried out recurrence prevention measures by focusing on the items listed below.

a. Reviewing functions and operational processes related to accounting and financing within the Group companies
b. Implementing the rotation of human resources across the Group companies
c. Strengthening compliance training
d. Strengthening auditing
e. Strengthening Group management by establishing an exclusive section

The Group, comprised of the Company and its consolidated subsidiaries, will strive as a whole to participate thoroughly in corporate activities based on corporate ethics and a law-abiding spirit, with priority placed on compliance.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	**As of March 31, 2014**
Assets		
Current assets		
Cash and deposits	30,315	**44,434**
Notes and accounts receivable - trade	92,332	**95,975**
Purchased goods, materials and supplies	1,408	**2,308**
Work in process	8,965	**5,841**
Deferred tax assets	4,941	**5,255**
Other	3,324	**3,596**
Allowance for doubtful accounts	(116)	**(59)**
Total current assets	141,172	**157,351**
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,549	**9,748**
Accumulated depreciation and impairment loss	(4,743)	**(5,321)**
Buildings and structures, net	3,805	**4,427**
Machinery, equipment and vehicles	215	**275**
Accumulated depreciation and impairment loss	(203)	**(256)**
Machinery, equipment and vehicles, net	12	**18**
Tools, furniture and fixtures	9,515	**12,577**
Accumulated depreciation and impairment loss	(7,404)	**(9,809)**
Tools, furniture and fixtures, net	2,111	**2,768**
Land	2,508	**2,508**
Construction in progress	163	**687**
Other	1,315	**1,414**
Accumulated depreciation and impairment loss	(622)	**(865)**
Other, net	692	**549**
Total property, plant and equipment	9,292	**10,959**
Intangible assets		
Goodwill	1,080	**3,502**
Other	3,161	**3,014**
Intangible assets	4,241	**6,516**
Investments and other assets		
Investment securities	747	**530**
Deferred tax assets	6,683	**9,518**
Other	6,730	**5,784**
Allowance for doubtful accounts	(1,395)	**(1,602)**
Total investments and other assets	12,765	**14,231**
Total non-current assets	26,299	**31,708**
Total assets	167,472	**189,059**

(Millions of yen)

	As of March 31, 2013	**As of March 31, 2014**
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,404	**43,191**
Short-term loans payable	599	**1,742**
Current portion of long-term loans payable	500	**171**
Income taxes payable	4,367	**4,711**
Accrued consumption taxes	2,091	**2,266**
Advances received	2,550	**3,122**
Provision for directors' bonuses	96	**104**
Provision for product warranties	90	**374**
Provision for loss on order received	1,028	**357**
Other	11,884	**13,952**
Total current liabilities	59,612	**69,994**
Non-current liabilities		
Long-term loans payable	3,000	**4,518**
Provision for retirement benefits	17,641	**—**
Net defined benefit liability	—	**24,152**
Other	1,243	**1,227**
Total non-current liabilities	21,884	**29,898**
Total liabilities	81,497	**99,893**
Net assets		
Shareholders' equity		
Capital stock	13,122	**13,122**
Capital surplus	16,650	**16,650**
Retained earnings	56,001	**61,474**
Treasury shares	(56)	**(64)**
Total shareholders' equity	85,717	**91,182**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	**25**
Foreign currency translation adjustment	(464)	**(233)**
Remeasurements of defined benefit plans	—	**(3,459)**
Total accumulated other comprehensive income	(451)	**(3,668)**
Minority interests	708	**1,652**
Total net assets	85,974	**89,166**
Total liabilities and net assets	167,472	**189,059**

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Year ended March 31, 2013	**Year ended March 31, 2014**
Net sales	235,716	**270,326**
Cost of sales	198,533	**225,635**
Gross profit	37,182	**44,690**
Selling, general and administrative expenses	24,699	**30,271**
Operating income	12,483	**14,418**
Non-operating income		
Interest income	45	**38**
Gain on sales of investment securities	6	**99**
Dividend income of insurance	106	**151**
Insurance income	39	**71**
Other	263	**293**
Total non-operating income	461	**655**
Non-operating expenses		
Interest expenses	44	**84**
Loss on retirement of non-current assets	149	**83**
Provision of allowance for doubtful accounts	387	**170**
Other	180	**199**
Total non-operating expenses	762	**538**
Ordinary income	12,182	**14,534**
Extraordinary income		
Gain on step acquisitions	—	**477**
Gain on bargain purchase	—	**170**
Total extraordinary income	—	**648**
Extraordinary losses		
Loss on sales of shares of subsidiaries	—	**369**
Area business restructuring cost	—	**214**
Loss on retirement of non-current assets	—	**285**
Impairment loss	165	**—**
Total extraordinary losses	165	**869**
Income before income taxes and minority interests	12,016	**14,313**
Income taxes - current	5,554	**5,866**
Income taxes - deferred	(863)	**12**
Total income taxes	4,691	**5,878**
Income before minority interests	7,325	**8,435**
Minority interests in income	78	**178**
Net income	7,246	**8,257**

(Millions of yen)

	Year ended March 31, 2013	**Year ended March 31, 2014**
Income before minority interests	7,325	**8,435**
Other comprehensive income		
Valuation difference on available-for-sale securities	12	**12**
Foreign currency translation adjustment	208	**299**
Total other comprehensive income	221	**312**
Comprehensive income	7,546	**8,747**
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,407	**8,500**
Comprehensive income attributable to minority interests	139	**247**

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2013	**Year ended March 31, 2014**
Cash flows from operating activities		
Income before income taxes and minority interests	12,016	**14,313**
Depreciation	2,164	**2,565**
Impairment loss	165	**—**
Loss (gain) on sales of shares of subsidiaries	—	**369**
Area business restructuring cost	—	**214**
Loss (gain) on step acquisitions	—	**(477)**
Amortization of goodwill	81	**331**
Gain on bargain purchase	—	**(170)**
Increase (decrease) in allowance for doubtful accounts	103	**141**
Increase (decrease) in provision for retirement benefits	808	**(17,641)**
Increase(decrease)in net defined benefit liability	—	**17,534**
Increase (decrease) in provision for directors' bonuses	37	**8**
Increase (decrease) in provision for product warranties	89	**(186)**
Increase (decrease) in provision for loss on order received	991	**(673)**
Interest and dividend income	(52)	**(46)**
Interest expenses	44	**84**
Loss on retirement of non-current assets	149	**369**
Share of (profit) loss of entities accounted for using equity method	35	**12**
Decrease (increase) in notes and accounts receivable - trade	(19,650)	**3,361**
Decrease (increase) in inventories	(2,317)	**4,261**
Increase (decrease) in notes and accounts payable - trade	5,953	**2,827**
Other, net	2,013	**1,839**
Subtotal	2,634	**29,039**
Interest and dividend income received	52	**46**
Interest expenses paid	(45)	**(86)**
Income taxes paid	(4,365)	**(5,685)**
Net cash provided by (used in) operating activities	(1,723)	**23,313**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,529)	**(1,903)**
Proceeds from sales of property, plant and equipment	1	**1**
Purchase of intangible assets	(1,418)	**(849)**
Proceeds from sales of intangible assets	—	**36**
Purchase of investment securities	(49)	**(52)**
Proceeds from sales of investment securities	8	**158**
Payments of loans receivable	(10)	**(34)**
Collection of loans receivable	14	**32**
Purchase of shares of subsidiaries	—	**(1,479)**
Payments for transfer of business	—	**(1,857)**
Purchase of stocks of equity method affiliate	(396)	**—**
Other, net	(50)	**443**
Net cash provided by (used in) investing activities	(3,429)	**(5,504)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	552	**(1,143)**
Proceeds from long-term loans payable	3,000	**1,500**
Repayments of long-term loans payable	(3,500)	**(898)**
Proceeds from sale and purchase of treasury stock, net	(2)	**(7)**
Cash dividends paid	(1,642)	**(2,776)**
Cash dividends paid to minority shareholders	(2)	**(3)**
Other, net	(470)	**(495)**
Net cash provided by (used in) financing activities	(2,066)	**(3,824)**
Effect of exchange rate change on cash and cash equivalents	77	**134**
Net increase (decrease) in cash and cash equivalents	(7,141)	**14,119**
Cash and cash equivalents at beginning of period	37,456	**30,315**
Cash and cash equivalents at end of period	30,315	**44,434**

(4) Segment Information

Business Segment Information

Year ended March 31, 2014

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Adjustments	Total
Orders received	**99,277**	**64,279**	**102,157**	**14,357**	**-**	**280,071**
Sales						
(1) Sales to third parties	**98,199**	**65,142**	**92,203**	**14,781**	**-**	**270,326**
(2) Intersegment sales	**-**	**-**	**-**	**-**	**-**	**-**
Total	**98,199**	**65,142**	**92,203**	**14,781**	**-**	**270,326**
Operating income and loss	**8,034**	**6,669**	**7,738**	**474**	**(8,498)**	**14,418**

Year ended March 31, 2013

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Adjustments	Total
Orders received	89,558	52,875	84,453	14,384	---	241,271
Sales						
(1) Sales to third parties	85,338	54,732	80,935	14,709	---	235,716
(2) Intersegment sales	---	---	---	---	---	---
Total	85,338	54,732	80,935	14,709	---	235,716
Operating income and loss	7,368	6,306	6,162	396	(7,751)	12,483