Consolidated Financial Statements for the Fiscal Year ended March 31, 2011

28 April 2011

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

NEC Networks & System Integration Corporation

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1. Consolidated Results for the Fiscal Year 2010 ended March 31, 2011

(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/11	**217,948**	**0.1**	**10,835**	**9.8**	**10,931**	**8.0**
FY ended March/10	217,727	-12.6	9,867	-10.0	10,125	-9.7

	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/11	**4,747**	**-18.2**	**95.46**	—	**6.3**	**7.4**	**5.0**
FY ended March/10	5,806	12.6	116.74	—	8.2	6.9	4.5

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
31-Mar-11	**149,923**	**77,464**	**51.3**	**1,546.42**
31-Mar-10	146,915	74,221	50.1	1,479.62

c.f. Owner's equity : 31/Mar/11: ¥76,904million ; 31/Mar/10: ¥73,585million

(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/11	**-1,595**	**-1,904**	**-337**	**25,611**
FY ended March/10	16,070	-1,885	-1,382	29,538

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/10	—	11.00	—	14.00*	25.00	1,243	21.4	1.7
FY ended March/11	**—**	**13.00**	**—**	**13.00**	**26.00**	**1,293**	**27.2**	**1.7**
FY ended March/12(est.)	—	14.00	—	14.00	28.00		22.5	

* Ordinary dividends: ￥11.00 per share, Special dividends: ￥3.00 per share

3. Financial Forecasts for Fiscal Year 2011 ending March 31, 2012

(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/11	**105,000**	**6.9**	**3,100**	**1.0**	**3,100**	**3.2**	**1,700**	**213.1**	**34.18**
FY ending Mar/12	**240,000**	**10.1**	**11,000**	**1.5**	**11,000**	**0.6**	**6,200**	**30.6**	**124.67**

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. Qualitative Information

4-1. Business Results

(1) Business Results for the Year Ended March 31, 2011

The Japanese economy generally achieved a moderate recovery in the first half of the fiscal year ended March 31, 2011, aided by factors including the rebound of overseas economies and an increase in durable goods consumption thanks to the government's introduction of stimulus packages. Corporate earnings enjoyed an upward momentum and companies stepped up capital spending. In the second half, however, the economy remained uncertain because of weak consumption associated with government termination of subsidies and the adverse impact of the stronger yen on export industries, as well as the effects of the Great East Japan Earthquake in March.

In the information and communications technology (ICT) market, where NEC Networks & System Integration Corporation (the "Company") operates, projects that had been frozen after the collapse of Lehman Brothers began to resume, and needs for the use of cloud computing and other services were expanding as underlying market trends.

In the enterprises market, investments were recovering in areas such as relocation and management integration in the financial sector, network updating, and compliance enhancement. The trend toward services was also advancing in ICT investments of companies in general, as observed in the expanded use of cloud computing and other services and resulting higher demand for data center establishment. Telecommunications carriers also stepped up their investments in the development of more efficient and higher-speed networks with a larger capacity to increase communications volume and improve communications quality in step with the increasing use to ICT services by companies and a sharp increase in the number of smartphone users. Central and local governments were beginning to gradually invest in redeveloping firefighting and disaster-prevention systems in wider areas and strengthen administrative functions and improve efficiency by utilizing ICT; though investments related to local information networks and terrestrial broadcasting digitalization, which had been active since the previous fiscal year, peaked out in the second half.

In this operating environment, the Company and its consolidated subsidiaries (hereinafter the "Group") took a more aggressive management posture centering on service businesses and implemented the following concrete measures to further accelerate management innovation activities, positioning this fiscal year ended March 31, 2011, as the first year for achieving medium- and long-term growth.

(i) Expanding the top line fully utilizing our new head office
- Practicing and verifying work style innovations and streamlined offices via the companywide EmpoweredOffice (EO)* and creating new services through these initiatives
- Strengthening our ability to pull in more customers for inspection tours of the EO and advancing promotions to increase orders

(ii) Bolstering service businesses
- Expanding the contact center business and operation business by making DAIICHI AD SYSTEM CO.,LTD. a subsidiary
- Constructing service and cloud business systems tailored to local characteristics in the western Japan region by setting up a new service center in Osaka

As a result of the above, the Group posted the following consolidated results for the fiscal year under review.

Net sales	217,948 million	(0.1% increase year on year)
Operating income	10,835 million	(9.8% increase year on year)
Ordinary income	10,931 million	(8.0% increase year on year)
Net income	4,747 million	(18.2% decrease year on year)

Net sales increased slightly from the previous fiscal year as the expansion of the Enterprises Networks business and Social Infrastructures business for local governments more than offset the adverse effects of falls in construction for some telecommunications carriers and overseas projects and the weak performance of some subsidiaries. Notably in the Enterprises Networks business, sales rose 5% year on year in the second half, thanks to the positive effects of higher sales to the financial and service sectors and the consolidation of DAIICHI AD SYSTEM. In the Carrier Networks business, sales also increased 6% in the second half as demand expanded for network updating and speeding-up. As a result, sales increased year on year on a companywide basis.

Turning to profit, we continued to pursue Group-wide initiatives to improve overall cost efficiency, including prime costs and selling, general, and administrative expenses, by stepping up our efforts in management innovation, including innovations in work processes and styles, after relocating to our new head office in October. We also carefully managed large projects, including those for local information networks, the sales of which increased in the fiscal year under review. Through these initiatives, we improved the cost of sales ratio and the ratio of selling, general and administrative expenses to sales. As a result, both operating income and ordinary income increased about 10% and 8% year on year, respectively, and both the operating profit margin and ordinary profit margin reached a record high at 5%, exceeding our initial projection. Net income was ¥4,747 million, achieving our initial forecast, despite the posting of extraordinary losses such as restructuring charges of subsidiaries and those related to the Great East Japan Earthquake, in addition to expenses related to the relocation of the head office in October.

Operating results by business segment were as follows:

Net Sales (Million yen)

		Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Total
	Year ended March 2011	78,266	43,317	84,099	12,266	217,948
	Year ended March 2010	76,143	44,946	82,531	14,106	217,727
	Increase (decrease)	2,123	(1,629)	1,567	(1,839)	221
	Percentage increase (decrease) (%)	2.8	(3.6)	1.9	(13.0)	0.1

Enterprises Networks

Net sales increased year on year, attributable to higher sales to the manufacturing sector and the contribution of initiatives undertaken to expand business in the service business fields, including steps to make DAIICHI AD SYSTEM a subsidiary, in addition to an increase in sales for the relocation and integration-related projects in the financial sector and our efforts to stimulate demand for system updating in other sectors. Particularly in the second half, net sales rose about 5% year on year, helped by stronger proposal activities fully utilizing the new head office as an example of EO and the effect of other measures, including the consolidation of DAIICHI AD SYSTEM.

Carrier Networks

Net sales declined year on year on a full-year basis, affected by negative factors in the first half including falls in overseas sales and sales to some mobile network operators. However, net sales rose about 6% year on year in the second half as our business for fully IP-based networks and the construction of the next-generation data centers remained solid.

Social Infrastructures

Net sales increased year on year as a result of the expansion of our sales for local information network-related projects mainly for local governments.

Orders Received

Million yen

		Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Total
	Year ended March 2011	77,791	43,655	78,191	12,638	212,277
	Year ended March 2010	76,937	44,041	86,689	14,378	222,046
	Increase (decrease)	854	(385)	(8,497)	(1,740)	(9,768)
	Percentage increase (decrease) (%)	1.1	(0.9)	(9.8)	(12.1)	(4.4)

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 Infrastructures	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

Note: The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) are applied from the fiscal year under review.

To enable a comparison with the fiscal year under review, the previous fiscal year is presented as a reference by reclassifying the segments into those applied from the current fiscal year.

*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 allow customers to fulfill their social responsibilities, such as the strengthening of security and environmental responsiveness.

(2) Outlook for Year Ending March 31, 2012

The Company's forecast consolidated results for the year ending March 31, 2012, are as follows:

Net sales	¥ 2,40 billion	(10.1% increase year on year)
Operating income	¥ 11 billion	(1.5% increase year on year)
Ordinary income	¥ 11 billion	(0.6% increase year on year)
Net income	¥ 6.2 billion	(30.6% increase year on year)

The Japanese economy is expected to gradually recover in the fiscal year ending March 31, 2012, with a recovery in production activities and the effect of policies for rebuilding disaster-stricken areas; although the economic impact of the Great East Japan Earthquake, the resulting accident at the Fukushima No. 1 nuclear power plant, and power shortages is still uncertain.

In the ICT field, where the Company operates, although the effect of the earthquake on industry supply chains is a concern, both demand and supply are in flux, with needs for business continuity plans (BCPs) and energy saving rapidly expanding. As a consequence, it is difficult to make forecasts at present. However, we believe that the trend in favor of ICT services will not change significantly, with the market expected to recover from the second half of the year ending March 2012.

With this fiscal year as a step for medium-term growth, we intend to operate customer-driven businesses from the customer's perspective. In the Enterprises Networks business area, we will actively respond to customer needs for business continuity and energy saving, demand for which is rapidly increasing at the moment, while keeping mindful of the verification and achievements of the companywide EmpoweredOffice that we implemented in our new head office after relocating. In the services field, since we expect that demand for introduction of cloud computing will increase, backed by expanding needs for BCP measures, we will enhance our service portfolio in step with the change. In the Carrier Networks business area, we are actively responding to telecommunications carriers' efforts to upgrade their networks as the fundamental business infrastructure for cloud computing. In the Social Infrastructures business area for central and local governments, we will focus our efforts on developing infrastructure for security and safety, including the upgrading of firefighting and disaster-prevention systems. In addition, to greatly accelerate the shift toward the services businesses we regard as strategically focused operations, we will make an active investment to materialize our growth strategies in areas such as human resources and business infrastructure, including M&As. As described, we will aggressively expand our business with focus on medium- and long-term growth by striving to evolve the business with the expansion of business areas.

On the profit front, though we anticipate an increase in expenses to accelerate growth, as described above, we will aim to achieve record high operating income of ¥11 billion and net income of ¥6.2 billion by continuing to focus on management innovation activities.

(3) Profit Distribution Policy and Dividends for the Fiscal Years ended March 2011 and ending March 2012

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 foundations, strengthen its financial standing, and increase its earning capacity. We also place a great deal of importance on internalizing capital in the interests of strategic investment in new business areas and growth areas in line with the emergence of new service markets, such as cloud computing. We operate a profit distribution policy aimed at meeting all our shareholders' expectations wherever possible, fully considering factors such as consolidated results and financial conditions.

On that basis, we have decided to pay a year-end dividend of ¥13 per share and annual dividend of ¥26 per share for the year ended March 31, 2011, as initially expected.

With respect to the distribution of profits for the year ending March 31, 2012, we plan to pay ¥14 for both interim and year-end dividends, making an annual dividend of ¥28, to distribute a larger share of our profits with shareholders, despite uncertain factors including the effect of the earthquake.

	Dividends per share (Yen)		
	Interim	Year-end	Annual
FY ended March 2011	13.00	13.00	26.00
FY ending March 2012 (plan)	14.00	14.00	28.00

4-2. Management Policies

(1) Basic Corporate Management Policy

NEC Networks & System Integration Corporation (the "Company") is a service integrator with unique strengths stemming from its ability to provide customers with a complete package of services for their network systems, from planning and installation to operation in areas ranging from office ICT systems to public and social infrastructure, provide reliable network technologies cultivated in the carrier networks business, and demonstrate comprehensive capabilities that leveraging its strong ICT and facility skills. Using these strengths, the Company aspires to provide services that bring greater customer satisfaction by bolstering and developing its service businesses. To capitalize on this strength and grow, the Company continues to promote management innovation and management quality initiatives in an effort to ensure that it is well regarded and trusted by customers, shareholders, and other stakeholders.

(2) Management Targets

Our key management strategy is to actively expand our business through measures including growth investment such as M&A using our capital strength, based on our achievements in the past few years in strengthening our business structure and improving profit margins. To strengthen our competitiveness to that end, we have launched a new management innovation activity named "Vi60th" in the fiscal year ended March 2011. This management innovation is designed to increase our corporate value by further developing our "AC-I" management innovation activities with overall cost efficiency as the major target.

As a sales target under "Vi60th" activities, we aim to increase net sales by a double-digit percentage in the fiscal year ending March 31, 2012, and in terms of profits, improve the operating profit margin, which is currently 5%, to more than 6% at an early stage.

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

In the medium and long term, the ICT market in which the Company operates is expected to continue to evolve as an essential platform for corporate and social activities. We also anticipate that corporate and government demand for ICT services using cloud computing will increase, given the pursuit of greater convenience and higher efficiency. As a consequence, investments in infrastructure development and network upgrading to provide these services will increase.

Given these changes in customer needs and an expected significant shift of ICT investment into service fields, we have positioned our service businesses as strategically focused operations for medium- to long-term growth. We intend to actively consider and make investments to achieve the growth through initiatives such as expanding human resources and business infrastructure using M&A, such as we did in making DAIICHI AD SYSTEM a subsidiary in December 2010.

Though uncertainty about the market is spreading given the power shortages and disruption of supply chains in the wake of the Great East Japan Earthquake in March 2011, we believe the trend in favor of ICT services will basically not encounter significant change as the market is expected to recover from the second half of the fiscal year ending March 2012.

(i) Growth Initiatives

Enterprise Market

As demand to use ICT as management tools for innovation is increasing, we will bolster our ability to put forth specific proposals and provide consulting services from a customer perspective, using our unique strengths that include the verification and achievements of our companywide EmpoweredOffice at the head office. In the area of services, we will also be more responsive to customer needs in providing comprehensive services that include cloud computing and BPO to help customers improve their business processes and management by enhancing our business structure and resources through the previously mentioned growth investments, as well as further strengthen our cost competitiveness.

Telecommunications Carriers

We will expand our business in response to the current developments of telecommunications carriers working to promote fully IP-based networks, speed up mobile networks, and establish LTE mobile systems in association with the expanding use of ICT services. Since the market is becoming increasingly open and globalized, the ability to provide comprehensive services ranging from system integration to maintenance and operation is becoming more important for the networks of telecommunication carriers in a multi-vendor environment. We will provide services for building, operating, and maintaining the service business infrastructure of telecommunications carriers, etc. and aim to create new services jointly with them, taking advantage of our system integration abilities in the carrier grade and nationwide maintenance responsiveness cultivated through extensive experience. We will also apply these reliable technical and support abilities to the large-scale systems of other service providers and businesses, such as in data centers and cloud computing infrastructure.

Governments and Other Social Infrastructure Market

In the social infrastructure for central and local governments and broadcasters, infrastructure investments designed to offer greater security and safety, including those for redeveloping firefighting and disaster-prevention systems in larger areas and harnessing digital technology are expected to continue. We will capture demand and fortify maintenance and other areas of our services businesses by consolidating our construction resources and rebuilding our nationwide project management system.

(ii) Reinforcing Corporate Foundations

In management innovation, we have achieved positive results that have bolstered our earnings capability through innovation activities that have management and employees onsite working together in a cohesive manner. We will increase our corporate value by launching our “Vi60th” management innovation activities to strengthen our management quality and cost competitiveness, aiming to improve profitability in the short term and enhance growth and profits in the medium to long term.

(iii) Reinforcing Compliance and Internal Controls

We place top priority on compliance and always ensure that our conduct adheres to corporate ethics and the spirit of legal compliance. In particular, we strive to build systems that enable the early detection of problems and make compliance issues unlikely to occur, by revising work processes and standardizing simpler and more transparent procedures. We will continue to reinforce our compliance-oriented approach to management going forward.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2010	**As of March 31, 2011**
ASSETS		
Current assets		
Cash and deposits	29,538	**25,611**
Notes and accounts receivable-trade	79,988	**86,331**
Purchased goods,materials and supplies	1,696	**1,493**
Work in process	5,572	**5,612**
Deferred tax assets	4,590	**4,929**
Other	2,726	**2,689**
Allowance for doubtful accounts	(204)	**(308)**
Total current assets	123,908	**126,360**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,350	**8,105**
Accumulated depreciation	(5,058)	**(4,454)**
Buildings and structures, net	3,292	**3,650**
Machinery, equipment and vehicles	344	**311**
Accumulated depreciation	(312)	**(288)**
Machinery, equipment and vehicles, net	31	**23**
Tools, furniture and fixtures	10,126	**9,605**
Accumulated depreciation	(8,511)	**(7,772)**
Tools, furniture and fixtures, net	1,614	**1,833**
Land	2,508	**2,508**
Construction in progress	161	**120**
Other	399	**718**
Accumulated depreciation	(143)	**(230)**
Other, net	255	**488**
Total property, plant and equipment	7,864	**8,624**
Intangible assets	3,656	**3,673**
Investments and other assets		
Investment securities	381	**360**
Deferred tax assets	7,142	**7,071**
Other	4,094	**3,906**
Allowance for doubtful accounts	(131)	**(73)**
Total investments and other assets	11,486	**11,264**
Total noncurrent assets	23,007	**23,563**
Total assets	146,915	**149,923**

(Millions of yen)

	As of March 31, 2010	**As of March 31, 2011**
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	34,979	**31,354**
Short-term loans payable	---	**1,800**
Current portion of long-term loans payable	2,000	**500**
Income taxes payable	3,004	**3,302**
Accrued consumption taxes	1,546	**1,700**
Advances received	1,579	**1,625**
Provision for directors' bonuses	92	**89**
Provision for loss on order received	128	**75**
Other	9,462	**10,324**
Total current liabilities	52,792	**50,773**
Noncurrent liabilities		
Long-term loans payable	3,000	**4,000**
Provision for retirement benefits	15,792	**16,301**
Provision for subsidiaries directors' retirement benefits	---	**170**
Other	1,109	**1,212**
Total noncurrent liabilities	19,901	**21,685**
Total liabilities	72,693	**72,458**
NET ASSETS		
Shareholders' equity		
Capital stock	13,122	**13,122**
Capital surplus	16,650	**16,650**
Retained earnings	44,318	**47,722**
Treasury stock	(48)	**(50)**
Total shareholders' equity	74,043	**77,445**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	**2**
Deferred gains or losses on hedges	3	**---**
Foreign currency translation adjustment	(467)	**(543)**
Total accumulated other comprehensive income	(457)	**(540)**
Minority interests	635	**559**
Total net assets	74,221	**77,464**
Total liabilities and net assets	146,915	**149,923**

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income) (Millions of yen)

	Year ended March 31, 2010	**Year ended March 31, 2011**
Net sales	217,727	**217,948**
Cost of sales	184,788	**184,816**
Gross profit	32,938	**33,132**
Selling, general and administrative expenses	23,070	**22,297**
Operating income	9,867	**10,835**
Non-operating income		
Interest income	49	**79**
Dividends income of insurance	101	**103**
Insurance income	62	**---**
Reversal of allowance for doubtful accounts	166	**---**
Adjustments of secondee's personnel expenses	---	**279**
Other	210	**292**
Total non-operating income	590	**755**
Non-operating expenses		
Interest expenses	66	**57**
Foreign exchange losses	66	**133**
Loss on retirement of noncurrent assets	---	**89**
Loss on valuation of investment securities	45	**---**
Provision of allowance for doubtful accounts	---	**140**
Bad debts expenses	---	**119**
Other	153	**119**
Total non-operating expenses	332	**659**
Ordinary income	10,125	**10,931**
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	---	**437**
Head office transfer cost	---	**1,509**
Loss on disaster	---	**282**
Restructuring charges of subsidiaries	---	**366**
Total extraordinary losses	---	**2,595**
Income before income taxes and minority interests	10,125	**8,335**
Income taxes-current	3,886	**4,008**
Income taxes-deferred	454	**(219)**
Total income taxes	4,341	**3,788**
Income before minority interests	---	**4,546**
Minority interests in loss	(21)	**(200)**
Net income	5,806	**4,747**

(Consolidated Statements of Comprehensive Income) (Millions of yen)

	Year ended March 31, 2010	**Year ended March 31, 2011**
Income before minority interests	---	**4,546**
Other comprehensive income		
Valuation difference on available-for-sale securities	---	**(4)**
Deferred gains or losses on hedges	---	**(3)**
Foreign currency translation adjustment	---	**(87)**
Total other comprehensive income	---	**(95)**
Comprehensive income	---	**4,451**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	---	**4,663**
Comprehensive income attributable to minority interests	---	**(211)**

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2010	**Year ended March 31, 2011**
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,125	**8,335**
Depreciation and amortization	2,244	**2,151**
Amortization of goodwill	66	**74**
Amortization of negative goodwill	(6)	**(6)**
Increase (decrease) in allowance for doubtful accounts	(223)	**47**
Increase (decrease) in provision for retirement benefits	(29)	**467**
Increase (decrease) in provision for subsidiaries directors' retirement benefits	---	**2**
Increase (decrease) in provision for directors' bonuses	21	**(2)**
Increase (decrease) in provision for loss on order received	87	**(52)**
Interest and dividends income	(61)	**(86)**
Interest expenses	66	**57**
Loss (gain) on valuation of investment securities	45	**---**
Loss (gain) on sales of investment securities	10	**(35)**
Loss (gain) on sales of property, plant and equipment	0	**1**
Loss on retirement of noncurrent assets	21	**91**
Loss on adjustment for changes of accounting standard for asset retirement obligations	---	**437**
Head office transfer cost	---	**1,509**
Loss on disaster	---	**282**
Restructuring charges of a subsidiaries	---	**366**
Decrease (increase) in notes and accounts receivable-trade	11,610	**(6,281)**
Decrease (increase) in inventories	2,152	**(31)**
Increase (decrease) in notes and accounts payable-trade	(5,013)	**(3,413)**
Increase (decrease) in accrued consumption taxes	(619)	**207**
Other, net	(312)	**(814)**
Subtotal	20,186	**3,305**
Interest and dividends income received	61	**85**
Interest expenses paid	(66)	**(58)**
Payments for head office transfer cost	---	**(1,114)**
Income taxes paid	(4,111)	**(3,814)**
Net cash provided by (used in) operating activities	16,070	**(1,595)**
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,097)	**(2,206)**
Proceeds from sales of property, plant and equipment	3	**10**
Purchase of intangible assets	(830)	**(555)**
Proceeds from sales of intangible assets	---	**378**
Purchase of investment securities	(3)	**(5)**
Proceeds from sales of investment securities	33	**35**
Payments of loans receivable	(52)	**(31)**
Collection of loans receivable	47	**44**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	---	**(473)**
Payments for lease deposits for head office transfer	---	**(747)**
Collection of lease deposits for head office transfer	---	**1,879**
Payments made to settle asset retirement obligations	---	**(367)**
Other, net	14	**135**
Net cash provided by (used in) investing activities	(1,885)	**(1,904)**
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(124)	**1,778**
Proceeds from long-term loans payable	---	**1,500**
Repayment of long-term loans payable	---	**(2,014)**
Proceeds from sale and purchase of treasury stock, net	(2)	**(1)**
Cash dividends paid	(1,090)	**(1,341)**
Cash dividends paid to minority shareholders	(2)	**---**
Other, net	(162)	**(257)**
Net cash provided by (used in) financing activities	(1,382)	**(337)**
Effect of exchange rate change on cash and cash equivalents	121	**(89)**
Net increase (decrease) in cash and cash equivalents	12,923	**(3,926)**
Cash and cash equivalents at beginning of period	16,614	**29,538**
Cash and cash equivalents at end of period	29,538	**25,611**

(4) Segment Information

Business Segment Information

Year ended March 31, 2011

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Adjustments	Total
Orders received	**77,791**	**43,655**	**78,191**	**12,638**	**---**	**212,277**
Sales						
(1) Sales to third parties	**78,266**	**43,317**	**84,099**	**12,266**	**---**	**217,948**
(2) Intersegment sales	**---**	**---**	**---**	**---**	**---**	**---**
Total	**78,266**	**43,317**	**84,099**	**12,266**	**---**	**217,948**
Operating income and loss	**7,709**	**4,439**	**4,817**	**235**	**(6,366)**	**10,835**

Year ended March 31, 2010

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Adjustments	Total
Orders received	76,937	44,041	86,689	14,378	---	222,046
Sales						
(1) Sales to third parties	76,143	44,946	82,531	14,106	---	217,727
(2) Intersegment sales	---	---	---	---	---	---
Total	76,143	44,946	82,531	14,106	---	217,727
Operating income and loss	7,428	3,938	3,989	571	(6,060)	9,867

※ From the first quarter for the year ended 2011/3, the business segment has been changed based on a new organization geared towards strengthening customer-oriented service businesses in compliance with its management approach.

※ The actual figures for the year ended 2010/3 are reclassified for comparison in connection with the change of reporting segments and have not been audited.