

Consolidated Financial Statements for the Fiscal Year ended March 31, 2012

27 April 2012

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 2011 ended March 31, 2012

(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 (%)
<b>FY ended March/12</b>	<b>204,658</b>	<b>-6.1</b>	<b>9,747</b>	<b>-10.0</b>	<b>9,570</b>	<b>-12.5</b>
FY ended March/11	217,948	0.1	10,835	9.8	10,931	8.0

	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 (%)
<b>FY ended March/12</b>	<b>4,593</b>	<b>-3.2</b>	<b>92.36</b>	—	<b>5.9</b>	<b>6.4</b>	<b>4.8</b>
FY ended March/11	4,747	-18.2	95.46	—	6.3	7.4	5.0

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
<b>31-Mar-12</b>	<b>149,707</b>	<b>80,651</b>	<b>53.5</b>	<b>1,610.38</b>
31-Mar-11	149,923	77,464	51.3	1,546.42

c.f. Owner's equity : 31/Mar/12: ¥80,080million ; 31/Mar/11: ¥76,904million

(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)
<b>FY ended March/12</b>	<b>18,701</b>	<b>-2,648</b>	<b>-3,979</b>	<b>37,586</b>
FY ended March/11	-1,595	-1,904	-337	25,611

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/11	—	13.00	—	13.00	26.00	1,293	27.2	1.7
<b>FY ended March/12</b>	—	<b>14.00</b>	—	<b>14.00</b>	<b>28.00</b>	<b>1,392</b>	<b>30.3</b>	
FY ended March/13(est.)	—	19.00	—	19.00	38.00		30.5	

3. Financial Forecasts for Fiscal Year 2012 ending March 31, 2013

(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/12	94,000	3.5	2,500	5.6	2,500	0.7	1,495	3.2	30.06
FY ending Mar/13	220,000	7.5	10,500	7.7	10,500	9.7	6,200	35.0	124.68

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

### 4-1. Analysis of Business Results

#### (1) Business Results for the Fiscal Year Ended March 31, 2012

During the FY2012/3(April 1, 2011-March 31, 2012), the Japanese economy gradually transitioned into a recovery from the sharp decline caused by the Great East Japan Earthquake, which occurred in March 2011, despite uncertainty about the future due to economic unrest in Europe, the strong yen and flooding in Thailand.

Given these economic conditions, each of the market segments of the ICT market, where NEC Networks & System Integration Corporation (hereinafter the "Company") operates, moved toward recovery from the temporary impact of the earthquake but there were differences in the speed of the recovery of each market segment.

In the enterprises market, some companies were cautious, holding off on investments that were not urgent because of uncertainty over the economy but the need for management innovation by top managers using ICT is rising to improve corporate competitiveness, to revolutionize the way work is done in the office and to focus resources on core business areas using ICT as a service. In particular, the earthquake heightened awareness of BCP (business continuity plans) and energy saving, which increased demand for the use of ICT services including data center service and cloud computing.

Telecommunications carriers stepped up investments in the development of high-speed networks with large capacity to increase communications volume and improve communications quality in step with increases in the number of smartphone users.

In the central and local governments market, investment in the digitalization of fire-fighting and disaster-prevention systems, expected to be pursued in earnest, increased gradually but the peaking of investments related to local information networks targeting the shift to the digitalization of terrestrial TV broadcasting declined sharply while reconstruction investment in the areas affected by the earthquake was slow.

In this market environment, the Company and its consolidated subsidiaries (hereinafter the "Group") sought to strengthen resources, including salespeople and system engineers, in priority areas, partly by shifting resources internally, and continued to make upfront investments to promote services by expanding data centers and developing cloud computing services.

As a result of the above, the Group posted the following consolidated results for the FY2012/3:

Net Sales	¥204,658 million	(6.1% decrease year on year)
Operating Income	¥9,747 million	(10.0% decrease year on year)
Ordinary Income	¥9,570 million	(12.5% decrease year on year)
Net Income	¥4,593 million	(3.2% decrease year on year)
(For Reference)		
Orders Received	¥215,373 million	(1.5% increase year on year)

Net sales declined 6.1% to ¥204,658 million, reflecting a sharp decline in the Social Infrastructures business as investments in local information networks came to an end, which more than offset increases in the Enterprises Networks business and the Carrier Networks business, growth segments the Company is focusing on. Orders increased 1.5% to ¥215,373 million, thanks to increases in the Enterprises Networks business and the Carrier Networks business that offset a fall in the Social Infrastructures business.

Turning to profit operating income and ordinary income declined to ¥9,747 million and ¥9,570 million respectively due to, in addition to the decline in net sales, proactive investment in growth. However, from the second half, the Company pressed forward with the business reform of the Social Infrastructure business and, in the consolidated fiscal fourth quarter (January-March), the operating income margin was 9.1%, a substantial improvement, and a realization that business has been strengthened for the future. Net income for the current fiscal year fell 3.2% to ¥4,593 million, even though there was no extraordinary loss associated with the move of the corporate head office as occurred during the previous fiscal year, due to a reversal of deferred tax assets of ¥1,075 million, which were no longer realizable because of a decrease in the effective tax rate associated with tax reform.

Operating results by business segment were as follows:

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Total
<b>Year ended March 2012</b>	<b>80,722</b>	<b>46,716</b>	<b>64,518</b>	<b>12,700</b>	<b>204,658</b>
Year ended March 2011	78,266	43,317	84,099	12,266	217,948
Increase (decrease)	2,456	3,399	-19,580	434	-13,290
Percentage increase (decrease) %	3.1	7.8	-23.3	3.5	-6.1

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Total
<b>Year ended March 2012</b>	<b>82,287</b>	<b>50,604</b>	<b>70,111</b>	<b>12,370</b>	<b>215,373</b>
Year ended March 2011	77,791	43,655	78,191	12,638	212,277
Increase (decrease)	4,496	6,948	-8,080	-267	3,096
Percentage increase (decrease) %	5.8	15.9	-10.3	-2.1	1.5

1. Enterprises Networks (¥80,722 million, 3.1% increase year on year):

Net sales recovered from a sharp decline immediately after the earthquake and rose from a year ago, reflecting an increase in sales to the manufacturing and service industries and the consolidation of DAIICHI AD SYSTEM. The Group enhanced its solution/service lineup, including the mainstay office innovation solution EmpoweredOffice<sup>(\*)</sup>, in response to customer needs for business continuity plans and energy saving. Meanwhile, the Group bolstered its cloud-type and outsourcing services, using the Company's data centers. Orders received rose 5.8% year on year, to ¥82,287 million, showing even further recovery.

2. Carrier Networks (¥46,716 million, 7.8% increase year on year):

As telecommunications carriers expanded investments in their networks in response to surging network traffic associated with increases in the number of smartphone users, the Group sought to bolster its entire supply chain, including network design, system building,

and services. As a result, net sales rose by 7.8% from a year ago. Orders received increased 15.9% year on year, to ¥50,604 million.

3. Social Infrastructures (¥64,518 million, 23.3% increase year on year):

Net sales declined from a year ago, attributable to a decrease in infrastructure construction work in reaction to expanded investments in the previous fiscal year in association with supplementary budgets for local information infrastructure in relation to the digitalization of terrestrial TV broadcasting. However, the Company set up a specialized organization for fire-fighting and disaster-prevention systems in April 2011 to promote Company-wide efforts, and as a result, sales and orders expanded despite the slow start of the market. Further, orders have started to appear tied to next fiscal year for projects to eliminate cell phone dead zones inside subway systems. As a result, orders received slipped, as sales did, to ¥70,111 million, down 10.3%, partly because of the concentration of large-scale local information network projects in the previous fiscal year but, in the consolidated fiscal fourth quarter (January-March), the rate of decline was smaller than the previous year, at 3.6% year on year. Domestic orders in particular increased compared to the previous year, showing a recovery from the bottom.

\*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.

(2) Outlook for the Fiscal Year Ending March 31, 2013

The Company's forecast consolidated results for the fiscal year ending March 2013 (April1, 2012-March 31, 2013) are as follows:

Net Sales	220 billion yen	(7.5% increase year on year)
Operating Income	10.5 billion yen	(7.7% increase year on year)
Ordinary Income	10.5 billion yen	(9.7% increase year on year)
Net Income	6.2 billion yen	(35.0% increase year on year)

The outlook for the Japanese economy for the fiscal year ending March 2013 is for the recovery from the Great East Japan Earthquake to pick up even though caution remains due to uncertainty over the future of the global economy and the strong yen.

In the ICT field, where the company operates, both the public and private sectors are expanding the recovery and reconstruction of the disaster areas and this will have a spillover effect into production and equipment investment, which is expected to allow the recovery to proceed gently.

With an eye towards top line growth, the Company intends to operate customer-driven businesses from the customer's perspective and, for the fiscal year ending March 2013, net sales, which had declined during the previous fiscal year due to stagnant Social Infrastructures, is expected to recover to ¥220 billion, exceeding the level achieved in the fiscal year ended March 2011.

In the Enterprises Networks business, we are responding to customers' need to strengthen management not only by further expanding sales of the office innovation solution "EmpoweredOffice," but also by offering a comprehensive customer business process innovation and management backup service using cloud computing and BPO<sup>(\*1)</sup> in collaboration with MOSHI MOSHI HOTLINE, INC. Further, in the Carrier Networks business, in response to the sharp increase in network traffic as the result of the diffusion of smartphones, we are preparing to respond proactively to telecommunications carriers upgrading their networks.

On the other hand, in the Social Infrastructures business, which is centered on public sector infrastructure and the construction of base stations for telecommunications carriers, we will plan a steady response and strengthen the management of actualized projects. In the fiscal year ending March 2013, in addition to strengthening our efforts toward the reconstruction of disaster areas, investment in the digitalization of fire-fighting and disaster-prevention systems is expected to be pursued in earnest and we will focus on the expanded installation of cell phone base stations.

On the profit front, though we anticipate an increase in expenses including those related to investment to accelerate growth, as described above, we will aim to achieve operating income of ¥10.5 billion and record net income of ¥6.2 billion by continuing to focus on management innovation activities.

\*1 BPO:

Abbreviation for Business Process Outsourcing. It is the outsourcing of a portion of an enterprise's business processes.

**4-2. Profit Distribution Policy and Dividends for the Fiscal Years ended March 2012 and ending March 2013**

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 M&A and other investments that will allow us to advance into new service markets. We operate a profit distribution policy aimed at meeting all of our shareholders' expectations wherever possible.

On that basis, we have decided to maintain the forecast dividend and pay a year-end dividend of ¥14 per share and annual dividend of ¥28 per share (payout ratio of 30.3%) for the year ended March 31, 2012, despite the fact that net income fell more than expected due to the net sales decline and a reversal of deferred tax assets because of tax reform.

With respect to the distribution of profits for the year ending March 31, 2013, in line with an expansion of profit, we plan to increase the dividend at the end of the interim period and at the end of the fiscal year to ¥19 for an annual dividend of ¥38 (payout ratio 30.5%).

	Dividends per share (Yen)		
	Interim	Year-end	Annual
Fiscal year ended March 2012	14.00	14.00	28.00
Fiscal year ending March 2013 (plan)	19.00	19.00	38.00

## 5. 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 from system integration to operation and outsourcing across a broad range of areas from office ICT systems mainly for enterprises to public network for telecommunications carriers as well as social infrastructure for government. The Company’s uniqueness also means that it can provide reliable network integration and operations technology cultivated through its telecommunications carrier business with a nationwide support system and infrastructure. In addition, it has a total solution capability not only for ICT but also for facility management and construction. Using these strengths, the Company aspires to provide services that bring greater customer satisfaction by bolstering and developing its service businesses. 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 investments 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. And we are proceeding with the management innovation activity to further strengthen our competitiveness toward the start of the second sexagenary cycle of the fiscal year ending March 2014, “Vi60th.”

As a business expansion target, for the fiscal year ending March 2013, we will put net sales which declined due to the sluggish Social Infrastructure business during the last fiscal year, back on a growth path with the aim of pushing the recovery in sales ¥220,000 million beyond the figure achieved in the fiscal year ended March 2011.

### (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-related 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 resources and business infrastructure using M&A.

#### (i) Growth Initiatives

##### Enterprises Networks Business

Given that the domestic market is maturing and competition with global players is intensifying, top managers are requesting proposals for using ICT as a tool to strengthen management. In response to this need for management innovation, the Company, having the actual proof and results of its own practice of office innovation “EmpoweredOffice”, is leveraging its originality to make proposals and to strengthen consulting from a customers’ perspective. Further, in the service area, as a result of the expansion and upgrading of the business platform and resources through the investments in growth mentioned above, we are developing comprehensive services to improve customers’ business processes, aiming to support their management with such services as cloud computing and BPO. At the same time, we are also strengthening cost competitiveness. As a measure to expand our comprehensive services, and to provide innovative management solutions in which ICT is combined with human services, such as the shared services operation of non-core work, we agreed to collaborate with MOSHI MOSHI HOTLINE, Inc. in April 2012.

### Carrier Networks Business

Telecommunications carriers are currently proceeding with the strengthening of their networks due to the expansion of data network traffic as a result of the diffusion of smartphones and we are expanding our business in response. Since the market is becoming increasingly open and globalized, the ability to provide comprehensive services ranging from systems 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.

### Social Infrastructures Business

The Social Infrastructures business, which provides infrastructure construction, maintenance and operations services for central and local governments and broadcasters and installs base stations for telecommunications carriers, rather than being a future growth business, must become a business that can steadily respond to changes in demand as a stable business foundation. Currently in this area, in addition to the expansion of mobile base stations, we expect to see an expansion of the investment in infrastructure for the safety and security of citizens including the expansion and digitalization of fire-fighting and disaster prevention systems. In particular, the reconstruction of new towns and cities in areas damaged by the Great East Japan Earthquake is a matter of urgency. The Company, leveraging the strength of the NEC Group, will respond appropriately to this type of demand.

### (ii) Reinforcing Corporate Foundations

In management innovation, we have achieved positive results aimed at bolstered earnings capability through innovation activities that have management and employees onsite working together in a cohesive manner. Currently, we are increasing our corporate value by proceeding with our “Vi60th” management innovation activities to strengthen our management quality and cost competitiveness, aiming to enhance growth and profits over the medium to long terms, rather than focusing on short-term profitability improvement.

### (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.



6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2011	As of March 31, 2012
<b>ASSETS</b>		
Current assets		
Cash and deposits	25,611	37,586
Notes and accounts receivable-trade	86,331	73,193
Purchased goods, materials and supplies	1,493	1,454
Work in process	5,612	6,588
Deferred tax assets	4,929	4,158
Other	2,689	2,657
Allowance for doubtful accounts	(308)	(398)
Total current assets	126,360	125,240
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,105	8,123
Accumulated depreciation	(4,454)	(4,612)
Buildings and structures, net	3,650	3,511
Machinery, equipment and vehicles	311	286
Accumulated depreciation	(288)	(270)
Machinery, equipment and vehicles, net	23	16
Tools, furniture and fixtures	9,605	9,526
Accumulated depreciation	(7,772)	(7,497)
Tools, furniture and fixtures, net	1,833	2,029
Land	2,508	2,508
Construction in progress	120	248
Other	718	1,112
Accumulated depreciation	(230)	(359)
Other, net	488	752
Total property, plant and equipment	8,624	9,066
Intangible assets	3,673	3,936
Investments and other assets		
Investment securities	360	309
Deferred tax assets	7,071	6,239
Other	3,906	4,992
Allowance for doubtful accounts	(73)	(78)
Total investments and other assets	11,264	11,463
Total noncurrent assets	23,563	24,466
Total assets	149,923	149,707

	(Millions of yen)	
	As of March 31, 2011	As of March 31, 2012
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	31,354	30,321
Short-term loans payable	1,800	—
Current portion of long-term loans payable	500	3,500
Income taxes payable	3,302	3,130
Accrued consumption taxes	1,700	1,675
Advances received	1,625	1,987
Provision for directors' bonuses	89	59
Provision for loss on order received	75	36
Other	10,324	9,566
Total current liabilities	50,773	50,277
Noncurrent liabilities		
Long-term loans payable	4,000	500
Provision for retirement benefits	16,301	16,828
Provision for subsidiaries directors' retirement benefits	170	—
Other	1,212	1,449
Total noncurrent liabilities	21,685	18,778
Total liabilities	72,458	69,055
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	13,122	13,122
Capital surplus	16,650	16,650
Retained earnings	47,722	50,973
Treasury stock	(50)	(53)
Total shareholders' equity	77,445	80,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	0
Foreign currency translation adjustment	(543)	(612)
Total accumulated other comprehensive income	(540)	(611)
Minority interests	559	571
Total net assets	77,464	80,651
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>149,923</b>	<b>149,707</b>

**(2) Consolidated Statements of Income and Comprehensive Income**

**(Consolidated Statements of Income)**

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	217,948	<b>204,658</b>
Cost of sales	184,816	<b>172,578</b>
Gross profit	33,132	<b>32,079</b>
Selling, general and administrative expenses	22,297	<b>22,332</b>
Operating income	10,835	<b>9,747</b>
Non-operating income		
Interest income	79	<b>69</b>
Dividends income of insurance	103	<b>105</b>
Insurance income	38	<b>53</b>
Adjustments of secondees' personnel expenses	279	—
Other	253	<b>269</b>
Total non-operating income	755	<b>498</b>
Non-operating expenses		
Interest expenses	57	<b>63</b>
Provision of allowance for doubtful accounts	140	<b>132</b>
Bad debts expenses	119	<b>92</b>
Other	342	<b>387</b>
Total non-operating expenses	659	<b>675</b>
Ordinary income	10,931	<b>9,570</b>
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 loss	2,595	—
Income before income taxes and minority interests	8,335	<b>9,570</b>
Income taxes-current	4,008	<b>3,261</b>
Income taxes-deferred	(219)	<b>1,659</b>
Total income taxes	3,788	<b>4,920</b>
Income before minority interests	4,546	<b>4,649</b>
Minority interests in income (loss)	(200)	<b>56</b>
Net income	4,747	<b>4,593</b>

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	4,546	<b>4,649</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	<b>(1)</b>
Deferred gains or losses on hedges	(3)	—
Foreign currency translation adjustment	(87)	<b>(114)</b>
Total other comprehensive income	(95)	<b>(116)</b>
Comprehensive income	4,451	<b>4,533</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,663	<b>4,522</b>
Comprehensive income attributable to minority interests	(211)	<b>11</b>

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,335	9,570
Depreciation and amortization	2,151	1,941
Amortization of goodwill	74	81
Amortization of negative goodwill	(6)	(11)
Increase (decrease) in allowance for doubtful accounts	47	100
Increase (decrease) in provision for retirement benefits	467	528
Increase (decrease) in provision for subsidiaries directors' retirement benefits	2	(170)
Increase (decrease) in provision for directors' bonuses	(2)	(30)
Increase (decrease) in provision for loss on order received	(52)	(37)
Interest and dividends income	(86)	(79)
Interest expenses	57	63
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	(6,281)	12,861
Decrease (increase) in inventories	(31)	(948)
Increase (decrease) in notes and accounts payable-trade	(3,413)	(935)
Other, net	(549)	(788)
Subtotal	3,305	22,144
Interest and dividends income received	85	98
Interest expenses paid	(58)	(63)
Payments for head office transfer cost	(1,114)	—
Income taxes paid	(3,814)	(3,477)
Net cash provided by (used in) operating activities	(1,595)	18,701
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,206)	(1,395)
Proceeds from sales of property, plant and equipment	10	25
Purchase of intangible assets	(555)	1,137
Proceeds from sales of intangible assets	378	—
Purchase of investment securities	(5)	(6)
Payments of loans receivable	(31)	(17)
Collection of loans receivable	44	23
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 for asset retirement obligations	(367)	—
Other, net	171	(139)
Net cash provided by (used in) investing activities	(1,904)	(2,648)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,778	(1,800)
Proceeds from long-term loans payable	1,500	—
Repayment of long-term loans payable	(2,014)	(500)
Proceeds from sale and purchase of treasury stock, net	(1)	(3)
Cash dividends paid	(1,341)	(1,340)
Other, net	(257)	(335)
Net cash provided by (used in) financing activities	(337)	(3,979)
Effect of exchange rate change on cash and cash equivalents	(89)	(98)
Net increase (decrease) in cash and cash equivalents	(3,926)	11,975
Cash and cash equivalents at beginning of period	29,538	25,611

**(4) Segment Information**

Business Segment Information

**Year ended March 31, 2012**

	Enterprises Networks	Carrier Networks	Social Infrastructures	Others	Adjustments	Total
Orders received	82,287	50,604	70,111	12,370	---	215,373
Sales						
(1) Sales to third parties	80,722	46,716	64,518	12,700	---	204,658
(2) Intersegment sales	---	---	---	---	---	---
Total	80,722	46,716	64,518	12,700	---	204,658
Operating income and loss	7,594	4,941	3,576	313	(6,678)	9,747

**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