

Press Release - Media Contacts: Seiichiro Toda/Joseph Jasper TEL: +81-3-3798-6511
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Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2016

Consolidated Financial Results

	Six months ended September 30, 2014	Six months ended September 30, 2015	Change
	In billions of yen	In billions of yen	%
Net Sales	1,324.8	1,308.1	-1.3
Operating income (loss)	21.5	13.3	-38.0
Ordinary income (loss)	16.7	11.4	-31.7
Net income (loss)	12.5	0.2	-98.2
	Yen	Yen	Yen
Net income (loss) per share:			
Basic	4.79	0.08	-4.71
Diluted	-	-	-

	As of March 31, 2015	As of September 30, 2015	Change
	In billions of yen	In billions of yen	%
Total assets	2,620.7	2,465.5	-5.9
Net assets	884.2	861.1	-2.6

(Notes)

Number of consolidated subsidiaries and affiliated companies accounted for by the equity method is as follows:

	As of September 30, 2014	As of September 30, 2015	As of March 31, 2015
Consolidated subsidiaries	244	231	232
Affiliated companies accounted for by the equity method	50	52	51

1. Consolidated Business Results

(1) Overview of the first half of the fiscal year ending March 31, 2016 (six months ended September 30, 2015)

The worldwide economy during the six months ended September 30, 2015 was characterized overall by a very slow pace of growth, mainly owing to sluggish growth in emerging markets, particularly in China, Russia and Brazil, despite steady performance in the United States, Europe and other industrialized nations.

As for the Japanese economy, despite the influences from the rise in the consumption tax rate having run their course, owing to production activities centering on consumer spending and the manufacturing industry, the economy remained flat overall.

Under this business environment, the NEC Group recorded consolidated net sales of 1,308.1 billion yen for the six months ended September 30, 2015, a decrease of 16.7 billion yen (-1.3%) year-on-year. This decrease was mainly due to decreased sales from logistics services from Others no longer being consolidated, despite increased sales from the Enterprise business.

Regarding profitability, operating income (loss) worsened by 8.2 billion yen year-on-year, to an operating income of 13.3 billion yen, mainly due to decreased sales in the Public business and the Telecom Carrier business, despite increased sales in the Enterprise business.

In terms of ordinary income (loss), the NEC Group recorded an income of 11.4 billion yen, worsening by 5.3 billion yen year-on-year, despite reduced retirement benefit expenses, mainly due to worsening operating income (loss).

Income (loss) before income taxes was an income of 12.2 billion yen, a year-on-year worsening of 3.2 billion yen. This was primarily due to worsening ordinary income (loss).

Net income (loss) attributable to owners of the parent for the first half was an income of 0.2 billion yen, a year-on-year worsening of 12.2 billion yen, primarily due to the acquisition of non-controlling interests from making NEC Fielding, Ltd. a wholly-owned subsidiary during the same period of the previous fiscal year.

(2) Results by main business segment

Sales by segment (sales to external customers):

Segments	Six months ended September 30, 2014	Six months ended September 30, 2015	Change
	In billions of yen	In billions of yen	%
Public	344.5	334.6	-2.9
Enterprise	126.7	146.6	15.7
Telecom Carrier	332.5	327.5	-1.5
System Platform	345.4	347.8	0.7
Others	175.8	151.6	-13.8
Total	1,324.8	1,308.1	-1.3

Operating income (loss) by segment:

Segments	Six months ended September 30, 2014	Six months ended September 30, 2015	Change
	In billions of yen	In billions of yen	In billions of yen
Public	21.9	12.6	-9.3
Enterprise	2.3	9.0	6.7
Telecom Carrier	16.6	10.3	-6.3
System Platform	8.7	10.7	2.0
Others	-2.7	-4.4	-1.7
Adjustment	-25.2	-24.8	0.4
Total	21.5	13.3	-8.2

Note:

Amounts in this section “(2) Results by main business segment” are rounded to 0.1 billion yen. Amounts in millions of yen are shown in section “Notes: Segment Information” of this news release.

(Business segment figures in brackets below denote increases or decreases as compared with the corresponding period of the previous fiscal year.)

Public Business

Sales: 334.6 billion yen (-2.9%)
Operating Income (Loss): 12.6 billion yen (-9.3 billion yen)

In the Public business, sales were 334.6 billion yen, a decrease of 9.9 billion yen (-2.9%) year-on-year, mainly due to decreased sales for government offices and public services from the large-scale projects from the same period of the previous fiscal year, despite steady sales in the public sector from demand related to the implementation of the My Number social security and tax identity system in Japan.

Operating income (loss) worsened by 9.3 billion yen year-on-year, to an operating income of 12.6 billion yen, mainly owing to decreased sales and increased costs for reinforcing sales promotion activities.

Enterprise Business

Sales:	146.6 billion yen	(15.7%)
Operating Income (Loss):	9.0 billion yen	(6.7 billion yen)

In the Enterprise business, sales were 146.6 billion yen, an increase of 19.9 billion yen (15.7%) year-on-year, mainly due to the increased sales from large-scale projects for the logistics/services sector and manufacturing industries.

Operating income (loss) improved by 6.7 billion yen year-on-year, to an operating income of 9.0 billion yen, mainly owing to increased sales and the improved profitability of system construction services.

Telecom Carrier Business

Sales:	327.5 billion yen	(-1.5%)
Operating Income (Loss):	10.3 billion yen	(-6.3 billion yen)

In the Telecom Carrier business, sales were 327.5 billion yen, a decrease of 4.9 billion yen (-1.5%) year-on-year, mainly due to decreased domestic sales, despite increased international sales of submarine cable systems and Telecom Operations and Management Solutions (TOMS).

Operating income (loss) worsened by 6.3 billion yen year-on-year, to an operating income of 10.3 billion yen, mainly due to decreased sales.

System Platform Business

Sales:	347.8 billion yen	(0.7%)
Operating Income (Loss):	10.7 billion yen	(2.0 billion yen)

In the System Platform business, sales were 347.8 billion yen, an increase of 2.4 billion yen (0.7%) year-on-year, mainly due to the steady performance for servers.

Operating income (loss) improved by 2.0 billion yen year-on-year, to an operating income of 10.7 billion yen, mainly due to increased sales and improved profitability focused on hardware.

Others

Sales:	151.6 billion yen	(-13.8%)
Operating Income (Loss):	-4.4 billion yen	(-1.7billion yen)

In Others, sales were 151.6 billion yen, a decrease of 24.2 billion yen (-13.8%) year-on-year, mainly due to a decline in mobile phone shipments as well as the logistics services business no longer being consolidated.

Operating income (loss) worsened by 1.7 billion yen year-on-year, to an operating loss of 4.4 billion yen, mainly owing to decreased sales.

2. Consolidated Financial Condition

Analysis of the condition of assets, liabilities, net assets, and cash flows

Total assets were 2,465.5 billion yen as of September 30, 2015, a decrease of 155.1 billion yen as compared with the end of the previous fiscal year. Current assets as of September 30, 2015 decreased by 135.7 billion yen compared with the end of the previous fiscal year to 1,441.1 billion yen, mainly due to the collection of accounts receivable-trade. Noncurrent assets as of September 30, 2015 decreased by 19.4 billion yen compared with the end of the previous fiscal year to 1,024.4 billion yen.

Total liabilities as of September 30, 2015 decreased by 132.0 billion yen compared with the end of the previous fiscal year, to 1,604.4 billion yen. This was mainly due to a decrease in notes and accounts payable-trade and accrued expenses. The balance of interest-bearing debt amounted to 530.8 billion yen, an increase of 10.0 billion yen as compared with the end of the previous fiscal year. The debt-equity ratio as of September 30, 2015 was 0.66 (a worsening of 0.03 points as compared with the end of the previous fiscal year). The balance of net interest-bearing debt as of September 30, 2015, calculated by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 342.3 billion yen, an increase of 2.6 billion yen as compared with the end of the previous fiscal year. The net debt-equity ratio as of September 30, 2015 was 0.43 (a worsening of 0.02 points as compared with the end of the previous fiscal year).

Total net assets were 861.1 billion yen as of September 30, 2015, a decrease of 23.1 billion yen as compared with the end of the previous fiscal year, mainly due to a decrease associated with the payment of dividends and a decrease in the valuation difference on available-for-sale securities owing to decreasing stock prices .

As a result, the owner's equity (total net assets less non-controlling interests) as of September 30, 2015 was 800.1 billion yen, and the owner's equity ratio was 32.5% (an improvement of 1.1 points as compared with the end of the previous fiscal year).

Net cash inflows from operating activities for the six months ended September 30, 2015 were 32.8 billion yen, an improvement of 5.0 billion yen as compared with the same period of the previous fiscal year, mainly due to improved working capital.

Net cash outflows from investing activities for the six months ended September 30, 2015 were 23.5 billion yen, a decrease of 17.7 billion yen as compared with the same period of the previous fiscal year, mainly due to decreased outflows for business acquisitions.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) for the six months ended September 30, 2015 totaled a cash inflow of 9.4 billion yen, an improvement of 22.7 billion yen year-on-year.

Net cash flows from financing activities for the six months ended September 30, 2015 totaled a cash outflow of 0.2 billion yen, despite the procurement of capital from the issuance of bonds and commercial papers, mainly due to outflow from the redemption of bonds and the payment of dividends.

As a result, cash and cash equivalents as of September 30, 2015 amounted to 188.5 billion yen, an increase of 7.3 billion yen as compared with the end of the previous fiscal year.

3. Consolidated Financial Forecast

There is no change to the consolidated financial forecasts for the full fiscal year ending March 31, 2016, as previously disclosed on July 30, 2015.

4. Others

(1) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements

Calculation of tax expenses:

After adjustment on individual significant items, tax expenses are calculated by multiplying income before income taxes by effective tax rate, which is estimated using tax effect accounting, for the fiscal year including this second quarter.

(2) Changes to accounting policies, changes in financial estimates and restatements

Application of "Accounting Standard for Business Combinations" and other applicable standards.

From the beginning of the fiscal year ending March 31, 2016, the NEC Group has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and other applicable standards. Accordingly, the Company has applied these accounting standards. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to record as capital surplus, and the method of recording acquisition-related costs has been changed to recognize as period expenses for the fiscal year in which they are incurred. Furthermore, for business combinations that are carried out on or after the beginning of this first quarter, the accounting method has been changed to an adjusted acquisition cost allocation updated from the tentative accounting treatment and is reflected in the quarterly consolidated financial statements for the quarter period in which the business combination occurs. In addition, the change in the presentation method of net income (loss) and minority interests to non-controlling interests have been applied from the beginning of this first quarter. To reflect these changes, consolidated quarterly statements of operations and consolidated balance sheets for the previous fiscal year have been reclassified.

Also from this first quarter, disbursements for acquisitions or proceeds from sales of shares of subsidiaries without change of scope of consolidation have been presented in cash flows from financing activities, and cash out flows from acquisition related costs for acquisitions of shares of subsidiaries with change of scope of consolidation and cash out flows from acquisition or sale related costs for shares of subsidiaries without change of scope of consolidation have been presented in cash flows from operating activities on consolidated quarterly statements of cash flows.

Application of the Accounting Standard for Business Combinations and other applicable standards is in line with the transitional measures that are provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and is effective from the beginning of this first quarter.

As a result, there is no significant impact on operating income (loss), ordinary income (loss), and income (loss) before income taxes for the six months ended September 30, 2015 and there is no significant impact on capital surplus for the period ended September 30, 2015.

Consolidated Quarterly Balance Sheets

(In millions of yen, millions of U.S.dollars)

	March 31, 2015	September 30, 2015	September 30, 2015
Current assets	JPY 1,576,785	JPY 1,441,125	\$ 12,009
Cash and deposits	159,764	172,773	1,440
Notes and accounts receivable-trade	928,367	752,109	6,268
Short-term investment securities	23,340	17,297	144
Merchandise and finished goods	88,301	96,352	803
Work in process	101,989	124,413	1,037
Raw materials and supplies	50,856	54,822	457
Deferred tax assets	65,351	64,920	541
Other	163,968	165,119	1,375
Allowance for doubtful accounts	(5,151)	(6,680)	(56)
Noncurrent assets	1,043,867	1,024,419	8,537
Property, plant and equipment	338,115	333,421	2,778
Buildings and structures, net	172,177	170,578	1,421
Machinery and equipment, net	20,189	21,647	180
Tools, furniture and fixtures, net	67,643	65,210	543
Land	57,787	57,439	479
Construction in progress	20,319	18,547	155
Intangible assets	188,409	177,561	1,480
Goodwill	66,985	60,126	501
Software	94,194	92,039	767
Other	27,230	25,396	212
Investments and other assets	517,343	513,437	4,279
Investment securities	157,078	146,879	1,224
Stocks of subsidiaries and affiliates	90,153	97,079	809
Long-term loans receivable	39,424	38,567	321
Deferred tax assets	85,114	83,417	695
Net defined benefit asset	74,622	79,003	658
Other	75,452	72,935	609
Allowance for doubtful accounts	(4,500)	(4,443)	(37)
Total assets	JPY 2,620,652	JPY 2,465,544	\$ 20,546

Note:

U.S. dollar amounts are translated from yen, for convenience of the reader, at the rate of ¥120 = U.S.\$1 .

Consolidated Quarterly Balance Sheets (Continued)

(In millions of yen, millions of U.S.dollars)

	March 31, 2015	September 30, 2015	September 30, 2015
Current liabilities	JPY 1,069,548	JPY 903,489	\$ 7,529
Notes and accounts payable-trade	466,677	382,442	3,187
Short-term loans payable	28,988	34,101	284
Commercial papers	-	19,999	167
Current portion of long-term loans payable	14,407	14,058	117
Current portion of bonds payable	90,000	40,000	333
Accrued expenses	169,070	158,586	1,322
Advances received	122,714	123,927	1,033
Provision for product warranties	17,031	15,738	131
Provision for directors' bonuses	331	234	2
Provision for loss on construction contracts and others	5,596	5,993	50
Provision for business structure improvement	8,627	4,348	36
Provision for contingent loss	13,526	12,650	105
Other	132,581	91,413	762
Noncurrent liabilities	666,912	700,933	5,841
Bonds payable	50,000	90,000	750
Long-term loans payable	332,404	327,556	2,730
Deferred tax liabilities	2,410	2,304	19
Provision for product warranties	2,943	2,870	24
Provision for loss on repurchase of computers	6,445	5,721	48
Provision for business structure improvement	5,867	4,866	41
Provision for contingent loss	5,480	5,032	42
Net defined benefit liability	228,686	229,808	1,915
Other	32,677	32,776	272
Total liabilities	1,736,460	1,604,422	13,370
Shareholders' equity	749,889	740,053	6,168
Capital stock	397,199	397,199	3,310
Capital surplus	148,694	149,035	1,242
Retained earnings	207,021	196,873	1,641
Treasury stock	(3,025)	(3,054)	(25)
Accumulated other comprehensive income	73,761	60,044	499
Valuation difference on available-for-sale securities	47,385	39,746	331
Deferred gains or losses on hedges	(271)	(889)	(8)
Foreign currency translation adjustments	12,795	6,483	53
Remeasurements of defined benefit plans	13,852	14,704	123
Non-controlling interests	60,542	61,025	509
Total net assets	884,192	861,122	7,176
Total liabilities and net assets	JPY 2,620,652	JPY 2,465,544	\$ 20,546

**Consolidated Quarterly Statements of Operations and
Consolidated Quarterly Statements of Comprehensive Income**

Consolidated Quarterly Statements of Operations

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2014	2015	2015
Net sales	JPY 1,324,824	JPY 1,308,132	\$ 10,901
Cost of sales	929,122	923,388	7,695
Gross profit	395,702	384,744	3,206
Selling, general and administrative expenses	374,182	371,405	3,095
Operating income	21,520	13,339	111
Non-operating income	11,489	12,087	101
Interest income	951	921	8
Dividends income	1,570	1,776	15
Equity in earnings of affiliates	3,173	5,611	47
Foreign exchange gains	455	-	-
Other	5,340	3,779	31
Non-operating expenses	16,310	14,021	117
Interest expenses	4,984	4,886	41
Foreign exchange losses	-	1,761	15
Retirement benefit expenses	5,643	-	-
Other	5,683	7,374	61
Ordinary income	16,699	11,405	95
Extraordinary income	1,510	932	8
Gain on sales of noncurrent assets	-	445	4
Gain on sales of investment securities	1,486	339	3
Gain on sales of subsidiaries and affiliates' stocks	-	148	1
Gain on transfer of business	24	-	-
Extraordinary loss	2,791	156	1
Impairment loss	397	124	1
Loss on valuation of investment securities	22	32	0
Business structure improvement expenses	1,703	-	-
Loss on exchange from business combination	669	-	-
Income before income taxes	15,418	12,181	102
Income taxes	9,296	10,506	88
Profit (loss)	6,122	1,675	14
Profit (loss) attributable to non-controlling interests	(6,333)	1,457	12
Profit (loss) attributable to owners of the parent	JPY 12,455	JPY 218	\$ 2

**Consolidated Quarterly Statements of Operations and
Consolidated Quarterly Statements of Comprehensive Income (Continued)**

Consolidated Quarterly Statements of Comprehensive Income

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2014	2015	2015
Profit (loss)	JPY 6,122	JPY 1,675	\$ 14
Other comprehensive income	22,032	(13,705)	(114)
Valuation difference on available-for-sale securities	5,381	(7,441)	(62)
Deferred gains or losses on hedges	624	58	0
Foreign currency translation adjustments	5,825	(5,184)	(43)
Remeasurements of defined benefit plans	8,809	957	8
Share of other comprehensive income of associates accounted for using equity method	1,393	(2,095)	(17)
Comprehensive income	JPY 28,154	(JPY 12,030)	(\$ 100)

Breakdown:

Comprehensive income attributable to owners of the parent	JPY 32,393	(JPY 13,499)	(\$ 112)
Comprehensive income attributable to non-controlling interests	(4,239)	1,469	12

Condensed Consolidated Quarterly Statements of Cash Flows

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2014	2015	2015
I. Cash flows from operating activities:			
Income before income taxes	JPY 15,418	JPY 12,181	\$ 102
Depreciation and amortization	38,675	37,648	314
Equity in earnings of affiliates	(3,173)	(5,611)	(47)
Decrease in notes and accounts receivable-trade	114,042	175,110	1,459
Increase in inventories	(55,950)	(36,472)	(304)
Decrease in notes and accounts payable-trade	(48,098)	(81,606)	(680)
Income taxes paid	(17,200)	(13,457)	(112)
Others, net	(15,945)	(54,976)	(459)
Net cash provided by operating activities	27,769	32,817	273
II. Cash flows from investing activities:			
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(23,312)	(16,635)	(139)
Purchase of intangible assets	(3,418)	(4,994)	(42)
Net proceeds from (payments of) purchases and sales of securities	(10,832)	(2,880)	(24)
Others, net	(3,557)	1,057	10
Net cash used in investing activities	(41,119)	(23,452)	(195)
III. Cash flows from financing activities:			
Net proceeds from (payments of) bonds and borrowings	(8,341)	11,310	94
Cash dividends paid	(10,343)	(10,352)	(86)
Others, net	(1,335)	(1,185)	(10)
Net cash used in financing activities	(20,019)	(227)	(2)
IV. Effect of exchange rate changes on cash and cash equivalents	2,766	(1,790)	(14)
V. Net increase (decrease) in cash and cash equivalents	(30,603)	7,348	62
VI. Cash and cash equivalents at beginning of period	206,637	181,132	1,509
VII. Cash and cash equivalents at end of period	JPY 176,034	JPY 188,480	\$ 1,571

Segment Information

[Segment information]

Information about sales and segment income (loss) by reportable segment

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	344,490	126,672	332,458	345,425	1,149,045	175,779	-	1,324,824
2. Intersegment Sales and transfers	18,885	2,276	10,599	34,850	66,610	16,715	(83,325)	-
Total sales	363,375	128,948	343,057	380,275	1,215,655	192,494	(83,325)	1,324,824
Segment income (loss) (Operating income (loss))	21,868	2,258	16,607	8,722	49,455	(2,720)	(25,215)	21,520

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	334,619	146,621	327,512	347,817	1,156,569	151,563	-	1,308,132
2. Intersegment Sales and transfers	17,909	3,286	11,520	35,539	68,254	8,197	(76,451)	-
Total sales	352,528	149,907	339,032	383,356	1,224,823	159,760	(76,451)	1,308,132
Segment income (loss) (Operating income (loss))	12,566	9,000	10,260	10,689	42,515	(4,372)	(24,804)	13,339

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(In millions of U.S. dollars)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	2,789	1,222	2,729	2,898	9,638	1,263	-	10,901
2. Intersegment Sales and transfers	149	27	96	297	569	68	(637)	-
Total sales	2,938	1,249	2,825	3,195	10,207	1,331	(637)	10,901
Segment income (loss) (Operating income (loss))	104	75	86	89	354	(36)	(207)	111

Segment Information(Continued)

Notes:

1. "Others" for the six months ended September 30, 2014 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.), Mobile Phones, which are not included in reportable segments. "Others" for the six months ended September 30, 2015 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.) and Mobile Phones, which are not included in reportable segments.
2. "Adjustment" of segment income (loss) for the six months ended September 30, 2014 includes corporate expenses of (22,439) million yen and noncurrent assets related adjustment of (456) million yen, unallocated to each reportable segment. "Adjustment" of segment income (loss) for the six months ended September 30, 2015 includes corporate expenses of (23,964) million yen ((200) million U.S. dollars) and noncurrent assets related adjustment of 275 million yen (2 million U.S. dollars), unallocated to each reportable segment. The corporate expenses, unallocated to each reportable segment, are mainly general and administrative expenses incurred at headquarters of NEC, and research and development expenses.

[Related information]

Information about geographic areas

Sales

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
1,048,387	96,931	115,577	63,929	1,324,824

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
1,010,159	103,529	129,209	65,235	1,308,132

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(In millions of U.S. dollars)

Japan	The Americas	Greater China, APAC	EMEA	Total
8,417	863	1,077	544	10,901

Notes:

1. Sales are classified into country or region based on the locations of customers.
2. Major regions in segments other than Japan:
 - (1)The Americas: North America and Latin America
 - (2)Greater China, APAC: Greater China and Asia Pacific (Asia, Oceania)
 - (3)EMEA: Europe, Middle East and Africa

[THREE MONTHS PERIOD INFORMATION]
Consolidated Quarterly Statements of Operations and
Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Operations

(In millions of yen, millions of U.S. dollars)

Three months ended September 30	2014	2015	2015
Net sales	JPY 726,123	JPY 721,541	\$ 6,013
Cost of sales	506,664	511,130	4,260
Gross profit	219,459	210,411	1,753
Selling, general and administrative expenses	190,880	186,998	1,558
Operating income	28,579	23,413	195
Non-operating income	6,643	5,730	48
Interest income	526	480	4
Dividends income	32	36	0
Equity in earnings of affiliates	1,632	2,904	24
Foreign exchange gains	2,990	-	-
Other	1,463	2,310	20
Non-operating expenses	8,532	10,018	84
Interest expenses	2,509	2,508	21
Foreign exchange losses	-	3,072	26
Retirement benefit expenses	2,828	-	-
Other	3,195	4,438	37
Ordinary income	26,690	19,125	159
Extraordinary income	1,331	664	6
Gain on sales of noncurrent assets	-	418	4
Gain on sales of subsidiaries and affiliates' stocks	-	148	1
Gain on sales of investment securities	1,307	98	1
Gain on transfer of business	24	-	-
Extraordinary loss	1,988	29	0
Impairment loss	45	23	0
Loss on valuation of investment securities	7	6	0
Business structure improvement expenses	1,267	-	-
Loss on exchange from business combination	669	-	-
Income before income taxes	26,033	19,760	165
Income taxes	9,700	7,999	67
Profit (loss)	16,333	11,761	98
Profit (loss) attributable to non-controlling interests	(6,222)	1,527	13
Profit (loss) attributable to owners of the parent	JPY 22,555	JPY 10,234	\$ 85

Note:

U.S. dollar amounts are translated from yen, for convenience of the reader, at the rate of ¥120 = U.S.\$1 .

[THREE MONTHS PERIOD INFORMATION]
Consolidated Quarterly Statements of Operations and
Consolidated Quarterly Statements of Comprehensive Income (Continued)

Consolidated Quarterly Statements of Comprehensive Income

(In millions of yen, millions of U.S. dollars)

Three months ended September 30	2014	2015	2015
Profit (loss)	JPY 16,333	JPY 11,761	\$ 98
Other comprehensive income (loss)	16,785	(24,678)	(206)
Valuation difference on available-for-sale securities	3,537	(16,411)	(137)
Deferred gains or losses on hedges	2	3	0
Foreign currency translation adjustments	7,124	(6,729)	(56)
Remeasurements of defined benefit plans	4,521	627	5
Share of other comprehensive income of associates accounted for using equity method	1,601	(2,168)	(18)
Comprehensive income (loss)	JPY 33,118	(JPY 12,917)	(\$ 108)

Breakdown:

Comprehensive income (loss) attributable to owners of the parent	JPY 38,132	(JPY 14,438)	(\$ 120)
Comprehensive income (loss) attributable to non- controlling interests	(5,014)	1,521	12

[THREE MONTHS PERIOD INFORMATION]

Segment Information

[Segment information]

Information about sales and segment income (loss) by reportable segment

Three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	198,090	72,275	181,454	178,499	630,318	95,805	-	726,123
2. Intersegment Sales and transfers	10,634	1,161	5,705	19,142	36,642	9,319	(45,961)	-
Total sales	208,724	73,436	187,159	197,641	666,960	105,124	(45,961)	726,123
Segment income (loss) (Operating income (loss))	20,267	4,035	12,274	6,174	42,750	2,159	(16,330)	28,579

Three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	189,152	78,368	184,930	187,601	640,051	81,490	-	721,541
2. Intersegment Sales and transfers	10,035	1,804	6,035	18,636	36,510	4,615	(41,125)	-
Total sales	199,187	80,172	190,965	206,237	676,561	86,105	(41,125)	721,541
Segment income (loss) (Operating income (loss))	13,102	6,210	13,568	5,813	38,693	2,579	(17,859)	23,413

Three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)

(In millions of U.S. dollars)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	1,576	653	1,541	1,564	5,334	679	-	6,013
2. Intersegment Sales and transfers	84	15	50	155	304	39	(343)	-
Total sales	1,660	668	1,591	1,719	5,638	718	(343)	6,013
Segment income (loss) (Operating income (loss))	109	52	113	48	322	21	(148)	195

[THREE MONTHS PERIOD INFORMATION]

Notes:

1. "Others" for the three months ended September 30, 2014 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.), Mobile Phones, which are not included in reportable segments. "Others" for the three months ended September 30, 2015 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.) and Mobile Phones, which are not included in reportable segments.
2. "Adjustment" of segment income (loss) for the three months ended September 30, 2014 includes corporate expenses of (13,579) million yen and noncurrent assets related adjustment of (760) million yen, unallocated to each reportable segment. "Adjustment" of segment income (loss) for the three months ended September 30, 2015 includes corporate expenses of (17,047) million yen ((142) million U.S. dollars) and noncurrent assets related adjustment of (635) million yen (5 million U.S. dollars), unallocated to each reportable segment. The corporate expenses, unallocated to each reportable segment, are mainly general and administrative expenses incurred at headquarters of NEC, and research and development expenses.

Segment Information(Continued)

[Related information]

Information about geographic areas

Sales

Three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
575,010	52,900	62,980	35,233	726,123

Three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
559,196	51,253	72,172	38,920	721,541

Three months ended September 30, 2015 (From July 1, 2015 to September 30, 2015)

(In millions of U.S. dollars)

Japan	The Americas	Greater China, APAC	EMEA	Total
4,661	427	601	324	6,013

Notes:

1. Sales are classified into country or region based on the locations of customers.
2. Major regions in segments other than Japan:
 - (1)The Americas: North America and Latin America
 - (2)Greater China, APAC: Greater China and Asia Pacific (Asia, Oceania)
 - (3)EMEA: Europe, Middle East and Africa

CAUTIONARY STATEMENTS:

This material contains forward-looking statements pertaining to strategies, financial targets, technology, products and services, and business performance of NEC Corporation and its consolidated subsidiaries (collectively “NEC”). Written forward-looking statements may appear in other documents that NEC files with stock exchanges or regulatory authorities, such as the Director of the Kanto Finance Bureau, and in reports to shareholders and other communications. NEC is relying on certain safe-harbors for forward-looking statements in making these disclosures. Some of the forward-looking statements can be identified by the use of forward-looking words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates,” “targets,” “aims,” or “anticipates,” or the negative of those words, or other comparable words or phrases. You can also identify forward-looking statements by discussions of strategy, beliefs, plans, targets, or intentions. Forward-looking statements necessarily depend on currently available assumptions, data, or methods that may be incorrect or imprecise and NEC may not be able to realize the results expected by them.

You should not place undue reliance on forward-looking statements, which reflect NEC’s analysis and expectations only. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Among the factors that could cause actual results to differ materially from such statements include (i) global economic conditions and general economic conditions in NEC’s markets, (ii) fluctuating demand for, and competitive pricing pressure on, NEC’s products and services, (iii) NEC’s ability to continue to win acceptance of NEC’s products and services in highly competitive markets, (iv) NEC’s ability to expand into foreign markets, such as China, (v) regulatory change and uncertainty and potential legal liability relating to NEC’s business and operations, (vi) NEC’s ability to restructure, or otherwise adjust, its operations to reflect changing market conditions, (vii) movement of currency exchange rates, particularly the rate between the yen and the U.S. dollar, (viii) the impact of unfavorable conditions or developments, including share price declines, in the equity markets which may result in losses from devaluation of listed securities held by NEC, and (ix) impact of any regulatory action or legal proceeding against NEC. Any forward-looking statements speak only as of the date on which they are made. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect NEC. NEC does not undertake any obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events, or otherwise.

The management targets included in this material are not projections, and do not represent management’s current estimates of future performance. Rather, they represent targets that management will strive to achieve through the successful implementation of NEC’s business strategies.

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