eAccess Ltd.

RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2011

This document contains our projections and other “forward-looking statements” that reflect eAccess’ current expectations and projections, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments, and anticipated regulatory changes in the markets in which we operate or intend to operate. These forward-looking statements involve risks and uncertainties and are not guarantees of future performance. They are based on numerous assumptions and our actual results of operations, including our financial condition and liquidity and the development of the industries in which we operate, may materially differ from these forward-looking statements. These forward-looking statements speak only as of the date hereof and we undertake no obligation to update or revise any forward looking statements.

Solely for your convenience, this document contains translations of certain Japanese yen amounts into U.S. dollar amounts. Unless indicated otherwise, the Japanese yen amounts in this document were converted into U.S. dollars at the exchange rate of $1.00 = ¥76.98, the exchange rate in effect as of December 31, 2011, as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States. The translations into U.S. dollars set forth herein are for convenience only and are not audited. No representation is made that the Japanese yen amounts have been, could have been or could be converted into U.S. dollars at such rates or any other rate.

1. Qualitative Information regarding Settlement of Accounts for the Nine Months Ended December 31, 2011

(1) Qualitative Information regarding Operating Results

On March 31, 2011, eAccess Ltd. ("the Company") absorbed its consolidated subsidiary, EMOBILE Ltd. (EMOBILE), through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year. As consolidated quarterly financial statements were prepared for the nine months ended December 31, 2010, and non-consolidated quarterly financial statements were not prepared, comparisons to the same period of the previous fiscal year are not presented for profits and losses or segment profits and losses.

The Mobile Business, which provides mobile broadband communication services under the EMOBILE brand, deployed marketing initiatives that concentrated on the Pocket WiFi integrated 3G mobile Wi-Fi router, demand for which is expanding with the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices, as well as smartphones with tethering capabilities. As a result of these initiatives, the number of subscribers grew and revenue expanded. In accordance with steady growth in the number of subscribers in the Mobile Business, the Company's revenue in the nine months ended December 31, 2011 was ¥149,124 million. With respect to profits, operating profit was ¥19,026 million mainly because of increases in advertising expenses and promotion expenses in the Mobile Business. Recurring profit was ¥9,731 million due to the recording of expenses such as ¥7,833 million in interest expense as non-operating expenses. Furthermore, ¥4,067 million in income tax expense–deferred was recorded, mainly because of the reversal of a portion of deferred tax assets in accordance with the tax reform at the end of last year. As a result, net income for the nine months ended December 31, 2011 came to ¥5,501 million.

Operating results by segment are as follows.

On March 31, 2011, the Company implemented an absorption-type merger with EMOBILE where the Company became the surviving company. To optimize the business management system, the Company realigned its previous Mobile Business, Network Business, and Device Business and newly segmented them into mobile business and fixed broadband business. Accordingly, the "Mobile Business" and "Fixed Broadband Business" are the reportable segments of the Company from the fiscal year which began on April 1, 2011.

A. Mobile Business

(¥ in millions)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Increase/decrease	%
Revenue	–	114,746	–	–
Segment profit (Operating profit)	–	7,591	–	–

	3Q FY3/2011	3Q FY3/2012	Increase/decrease	%
Net increase in subscribers (thousands)	183	221	38	20.9
Accumulated total subscribers (thousands)	2,924	3,800	876	30.0
ARPU (¥/month)	3,100	2,730	(370)	(11.9)
Monthly churn rate (%)	1.40	1.54	0.14	–

* ARPU: Average Revenue Per User (amounts less than ¥10 are rounded off)

The Mobile Business grew its number of subscribers, particularly for the Pocket WiFi mobile Wi-Fi router, thanks to the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices. While also marketing the GP02 Pocket WiFi, which delivers a maximum downlink speed of 42 megabits

per second (Mbps), with a focus on its high communication speed and its reasonable charges, the Company released advanced smartphones such as the compact Sony Ericsson mini, which weighs 99g. The GP02 Pocket WiFi was released on July 28, 2011. The Company thus had accumulated total number of subscribers of 3,800 thousand as of December 31, 2011, up 876 thousand, or 30.0%, from December 31, 2010.
As a result of steady growth in the number of subscribers, revenue was ¥114,746 million and segment profit (operating profit) was ¥7,591 million for the nine months ended December 31, 2011.
As of December 31, 2011, nationwide service coverage in population terms was 92.5%.

Number of Subscribers
EMOBILE added a net 221 thousand subscribers during the third quarter ended December 31, 2011. The net figure shows the difference between the number of new subscriptions and cancellations. This increase was due to growth in the number of subscribers resulting from strengthening of marketing including for TV commercials, as well as through wholesale channels for mobile broadband lines and marketing initiatives concentrating on 42Mbps-capable Pocket WiFi at mass retailers.

ARPU (Average Revenue Per User)
ARPU for the third quarter ended December 31, 2011 declined by ¥370 from ¥3,100 in the same period of the previous fiscal year, to ¥2,730. The main factor in this decline was a higher rate of sales through wholesale channels for mobile broadband lines with limited monthly charges.

Churn Rates
The churn rate for the third quarter ended December 31, 2011 rose 0.14 percentage points from the same period of the previous fiscal year to 1.54%. This was mainly the result of cancellations by major corporate customers and customers through wholesale channels for mobile broadband lines.

B. Fixed Broadband Business

(¥ in millions)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Increase/decrease	%
Revenue	–	34,378	–	–
Segment profit (Operating profit)	–	11,435	–	–

	3Q FY3/2011	3Q FY3/2012	Increase/decrease	%
Accumulated total subscribers (thousands)	2,023	1,661	(362)	(17.9)
ARPU (¥/month)	1,953	1,998	45	2.3
Monthly churn rate (%)	2.03	1.97	(0.06)	–

* ARPU: Average Revenue Per User (amounts less than ¥1 are rounded off)

In the Fixed Broadband Business, the accumulated total number of subscribers was down because the number of cancellations exceeded the number of new subscriptions despite joint efforts with Internet service providers and other partners, to which the Company sells ADSL lines as a wholesaler, to attract new customers and suppress churn rates. The accumulated total number of ADSL subscribers as of December 31, 2011 was 1,661 thousand.
As a result, revenue for the nine months ended December 31, 2011 was ¥34,378 million and segment profit (operating profit) was ¥11,435 million.

(2) Qualitative Information regarding Financial Condition

A. Status of Assets, Liabilities, and Net Assets

As of December 31, 2011, current assets, tangible fixed assets, and intangible fixed assets amounted to ¥122,544 million, ¥147,321 million, and ¥41,738 million, respectively; compared to the previous fiscal year-end, they showed a decrease of ¥1,894 million, an increase of ¥2,597 million, and a decrease of ¥6,062 million, respectively. The decrease in current assets was due mainly to a decrease of ¥1,156 million in cash and deposits, increases of ¥2,030 million in accounts receivable–trade and ¥1,711 million in merchandise, a decrease of ¥2,501 million in income taxes receivable, an increase of ¥2,456 million in prepaid expenses in other current assets, and a decrease of ¥5,779 million in accounts receivable–other. Additionally, investments and other assets stood at ¥30,897 million, a decrease of ¥4,726 million compared to the previous fiscal year-end. This was mainly due to a decrease of ¥4,887 million in deferred tax assets in accordance with the tax reform. As a result, total assets came to ¥343,679 million, a decrease of ¥9,273 million compared to the previous fiscal year-end.

As of December 31, 2011, current liabilities amounted to ¥79,337 million, a decrease of ¥72 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥3,465 million in current maturities of bonds and increases of ¥2,225 million in accounts payable–trade and ¥2,716 million in other accounts payable. Long-term liabilities amounted to ¥188,834 million, a decrease of ¥11,683 million compared to the previous fiscal year-end. This was due mainly to the transfer of the current portion of bonds and long-term debt to current liabilities. As a result, total liabilities came to ¥268,170 million, a decrease of ¥11,755 million compared to the previous fiscal year-end.

As of December 31, 2011, net assets came to ¥75,509 million, an increase of ¥2,482 million compared to the previous fiscal year-end. This was due to recording net income of ¥5,501 million, despite cash dividends of ¥2,217 million and a decrease of ¥859 million in deferred hedge gain/loss.

B. Analysis of Cash Flows

On March 31, 2011, the Company absorbed its consolidated subsidiary, EMOBILE, through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year. Therefore, comparisons to the same period of the previous fiscal year are not presented.

Cash and cash equivalents as of December 31, 2011, amounted to ¥41,770 million. This represents a ¥1,628 million decrease over the nine months ended December 31, 2011, from ¥43,397 million as of April 1, 2011.

(Cash Flows from Operating Activities)

Net cash provided by operating activities during the nine months ended December 31, 2011 was ¥45,895 million. The main factors in this were ¥9,582 million in income before income taxes, ¥28,283 million in depreciation, which is a non-fund item, a ¥2,030 million decrease caused by an increase in accounts receivable–trade, ¥7,058 million in proceeds from increases in accounts payable–trade and other accounts payable, and ¥2,581 million in proceeds from income taxes refund.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥27,605 million. The main factor in this was ¥27,123 million used in purchase of fixed assets.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥19,917 million. This was due to progress made in the repayment of interest-bearing debt as a result of such factors as ¥10,285 million in proceeds from sales and redemption by installment payment, ¥12,538 million in repayments of installment obligations, ¥70,241 million in repayments of long-term debt, ¥55,997 million in proceeds from issuance of bonds, and ¥4,519 million in redemption of bonds.

(3) Qualitative Information regarding Earnings Forecast

Regarding the earnings forecast, the Company has revised the previous forecast (announced May 12, 2011) as follows. The revision is primarily intended to reflect the earlier-than-scheduled transition to LTE (Long Term Evolution), a next-generation communication system, in order to achieve faster mobile broadband at an early stage, as well as investment for marketing and improvement of brand awareness to strengthen the customer base in direct-sales channels.

With respect to revenue, the previous forecast of ¥200,000 million was revised up by ¥3,000 million to ¥203,000 million owing to steady increase in the number of subscribers in the Mobile Business. For operating profit, the previous forecast of ¥30,000 million was revised down by ¥5,000 million to ¥25,000 million. This was mainly due to increases in marketing expenses such as advertising expenses and promotion expenses resulting from efforts in the Mobile Business to expand direct-sales channels in order to improve brand awareness and strengthen customer acquisitions. With the revision of operating profit, the previous forecast of ¥17,000 million for recurring profit was revised down by ¥4,500 million to ¥12,500 million. As for net income, although there were factors that had a dampening effect on profits in addition to those mentioned above, such as the reversal of a portion of deferred tax assets in accordance with the tax reform, the Company is planning to review the recoverability of deferred tax assets. Therefore, the projection of net income is yet to be determined, and as a result the amount is unchanged at ¥17,000 million.

(Note) The above forecasts are based on the Company's judgment, on the basis of currently available information which may include uncertainties. Actual results may differ from these forecasts due to changing business conditions and other factors.

2. Financial Statements

(1) Balance Sheets

(As of December 31, 2011)

	(¥ in millions) Prior Year End (As of March 31, 2011)	(¥ in millions) Current 3rd-qtr End (As of December 31, 2011)	($ in thousands)
(ASSETS)			
Current assets			
Cash and deposits	47,080	45,924	596,571
Accounts receivable-trade	30,263	32,293	419,499
Merchandise	2,090	3,801	49,376
Income taxes receivable	2,513	12	156
Other current assets	46,011	43,933	570,707
Allowance for bad debt	(3,520)	(3,420)	(44,427)
Total current assets	124,438	122,544	1,591,894
Fixed assets			
Tangible fixed assets			
Wireless telecommunications equipments	110,769	114,129	1,482,580
Others, net	33,955	33,192	431,177
Total tangible fixed assets	144,724	147,321	1,913,757
Intangible fixed assets	47,800	41,738	542,193
Investments and other assets			
Investments and others	35,814	31,062	403,507
Allowance for bad debt	(190)	(165)	(2,143)
Total investments and other assets	35,623	30,897	401,364
Total fixed assets	228,147	219,957	2,857,327
Deferred assets			
Bond issuance cost	366	1,179	15,316
Total deferred assets	366	1,179	15,316
TOTAL ASSETS	352,952	343,679	4,464,523

Balance Sheets (Continued)

(As of December 31, 2011)

	(¥ in millions)	(¥ in millions)	($ in thousands)
	Prior Year End (As of March 31, 2011)	Current 3rd-qtr End (As of December 31, 2011)	
(LIABILITIES)			
Current liabilities			
Accounts payable-trade	1,791	4,015	52,156
Current maturities of bonds	14,048	10,583	137,477
Current portion of long-term debt	20,712	21,399	277,981
Other accounts payable	19,516	22,232	288,802
Accrued expenses	7,038	6,846	88,932
Income tax payable	509	12	156
Allowance for disaster loss	77	8	104
Other current liabilities	15,720	14,242	185,009
Total current liabilities	79,409	79,337	1,030,618
Long-term liabilities			
Bonds, less current maturities	12,640	64,351	835,944
Long-term debt, less current portion	177,665	112,533	1,461,847
Other long-term liabilities	10,212	11,950	155,235
Total long-term liabilities	200,517	188,834	2,453,027
TOTAL LIABILITIES	279,926	268,170	3,483,632
(NET ASSETS)			
Shareholders' equity			
Capital stock	18,482	18,503	240,361
Capital surplus	49,230	49,251	639,790
Retained earnings	5,325	8,609	111,834
Total shareholders' equity	73,037	76,362	991,972
Valuation and translation adjustments			
Valuation adjustment on securities investments	18	34	442
Deferred hedge gain / (loss)	(29)	(888)	(11,535)
Total valuation and translation adjustments	(11)	(854)	(11,094)
TOTAL NET ASSETS	73,026	75,509	980,891
TOTAL LIABILITIES AND NET ASSETS	352,952	343,679	4,464,523

(2) Statement of Operations

(For the nine months ended December 31, 2011)

(￥ in millions) ($ in thousands)

	Current 3rd-qtr (Nine months ended December 31, 2011)	
Revenue	149,124	1,937,178
Cost of revenue	59,446	772,227
Gross profit	89,678	1,164,952
Selling, general and administrative expenses	70,652	917,797
Operating profit	19,026	247,155
Non-operating income		
Interest income	8	104
Dividend income	2	26
Gain on bad debts recovered	116	1,507
Interest on refund	63	818
Others	54	701
Total non-operating income	243	3,157
Non-operating expenses		
Interest expense	7,833	101,754
Others	1,705	22,149
Total non-operating expenses	9,537	123,889
Recurring profit	9,731	126,409
Non-recurring profit		
Gain on sales of fixed assets	4	52
Total non-recurring profit	4	52
Non-recurring loss		
Loss on disposition of fixed assets	152	1,975
Total non-recurring loss	152	1,975
Income before income taxes	9,582	124,474
Income tax expense-current	15	195
Income tax expense-deferred	4,067	52,832
Total Income taxes	4,081	53,014
Net income	5,501	71,460

(3) Statement of Cash Flows

(For the nine months ended December 31, 2011)

	(¥ in millions) Current 3rd-qtr (Nine months ended December 31, 2011)	($ in thousands) Current 3rd-qtr (Nine months ended December 31, 2011)
Cash flows from operating activities		
Income before income taxes	9,582	124,474
Depreciation	28,283	367,407
Loss (gain) on sales of fixed assets	(4)	(52)
Loss on disposition of fixed assets	152	1,975
Bond issuance cost	179	2,325
Other loss (gain)	(65)	(844)
Increase (decrease) in allowance for bad debt	(125)	(1,624)
Increase (decrease) in allowance for disaster loss	(29)	(377)
Interest and dividend income	(10)	(130)
Interest expense	7,833	101,754
Commission expense	1,451	18,849
Decrease (increase) in accounts receivable-trade	(2,030)	(26,370)
Decrease (increase) in inventories	(1,716)	(22,292)
Decrease (increase) in other assets	1,490	19,356
Increase (decrease) in accounts payable-trade	2,225	28,904
Increase (decrease) in other accounts payable	4,833	62,783
Increase (decrease) in accrued expenses	(1,150)	(14,939)
Increase (decrease) in other liabilities	(486)	(6,313)
Subtotal	50,414	654,897
Interest and dividend received	9	117
Interest paid	(7,079)	(91,959)
Income taxes paid	(30)	(390)
Income taxes refund	2,581	33,528
Net cash provided by (used in) operating activities	45,895	596,194
Cash flows from investing activities		
Proceeds from time deposits at maturity	2,500	32,476
Placement into time deposits	(2,500)	(32,476)
Decrease (increase) in restricted deposit	(471)	(6,118)
Purchase of tangible fixed assets	(23,670)	(307,482)
Proceeds from sales of tangible fixed assets	15	195
Purchase of intangible fixed assets	(3,453)	(44,856)
Others	(26)	(338)
Net cash provided by (used in) investing activities	(27,605)	(358,600)
Cash flows from financing activities		
Repayments of capital lease obligations	(626)	(8,132)
Proceeds from sales and redemption by installment payment	10,285	133,606
Repayments of installment obligations	(12,538)	(162,873)
Proceeds from long-term debt	5,797	75,305
Repayments of long-term debt	(70,241)	(912,458)
Payments for arrangement of interest bearing debt	(1,889)	(24,539)
Proceeds from issuance of bonds	55,997	727,423
Redemption of bonds	(4,519)	(58,704)
Proceeds from stock issuance, net	41	533
Dividends paid	(2,223)	(28,878)
Net cash provided by (used in) financing activities	(19,917)	(258,730)
Effect of exchange rate change on cash and cash equivalents	(1)	(13)
Net change in cash and cash equivalents	(1,627)	(21,135)
Cash and cash equivalents at the beginning of the period	43,397	563,744
Cash and cash equivalents at the end of the period	41,770	542,608

(4) Notes on Premise of Going Concern

No items to report

(5) Segment Information

Nine months ended December 31, 2011

1. Information about net revenue and profit (loss) by reportable segment

(¥ in millions)

	Reportable segment		Total	Adjustment	Amount on statement of operations (Note)
	Mobile Business	Fixed Broadband Business			
Net revenue					
Outside net revenue	114,746	34,378	149,124	–	149,124
Intersegment net revenue	–	–	–	–	–
Total	114,746	34,378	149,124	–	149,124
Segment profit	7,591	11,435	19,026	–	19,026

(Note) Segment profit matches operating profit in the statement of operations.

2. Impairment losses on fixed assets, goodwill and negative goodwill by reportable segment

(Significant impairment losses on fixed assets)

No items to report during the nine months ended December 31, 2011.

(Significant changes in amount of goodwill)

No items to report during the nine months ended December 31, 2011.

(Significant gains on negative goodwill)

No items to report during the nine months ended December 31, 2011.

3. Matters regarding changes in reportable segments

On March 31, 2011, the Company implemented an absorption-type merger with EMOBILE where the Company became the surviving company. To optimize the business management system, the Company realigned its previous Mobile Business, Network Business, and Device Business and newly segmented them into mobile business and fixed broadband business. Accordingly, the “Mobile Business” and “Fixed Broadband Business” are the reportable segments of the Company from the fiscal year which began on April 1, 2011.

The Mobile Business provides mobile broadband communication services, and conducts development and sales of communication terminals. The Fixed Broadband Business provides high speed Internet access services and ISP services.

(6) Notes on Significant Changes in Shareholders’ Equity

No items to report

(7) Notes on Reverse Acquisition

Nine months ended December 31, 2011

The Company implemented a share exchange with an effective date of July 1, 2010, which turned the Company into the wholly-owning parent company and EMOBILE into the wholly-owned subsidiary. This share exchange falls under the category of business combination through reverse acquisition in which EMOBILE became the acquiring company and the Company became the acquired company. The Company also implemented an absorption-type merger with an effective date of March 31, 2011 in which the Company became the surviving company and EMOBILE became the dissolving company.

Since no consolidated subsidiary exists as a result of the merger, the Company does not prepare consolidated financial statements. Moreover, for the purpose of the non-consolidated financial statements, the Company recorded the assets and liabilities of EMOBILE, the acquiring company, based on the fair book values determined on the day preceding the merger (the purchase method was not applied).

Therefore, an outline of the business combination through reverse acquisition that was implemented in the fiscal year in which the business combination occurred and the impact that it would have had on the non-consolidated financial statements should the purchase method have been applied to the acquired company (the Company) is presented below.

1. Outline of the business combination through reverse acquisition that was implemented in the fiscal year in which the business combination occurred

(1) Name of the acquiring company and the description of its business

EMOBILE Ltd.: Mobile communication business

The Company implemented a share exchange which turned the Company into the wholly-owning parent company and EMOBILE into the wholly-owned subsidiary. This share exchange falls under the category of "reverse acquisition" in a business combination in which EMOBILE became the acquiring company and the Company became the acquired company.

The Company also implemented an absorption-type merger with an effective date of March 31, 2011 in which the Company (the acquired company) became the surviving company and EMOBILE (the acquiring company) became the dissolving company. This merger was accounted for as a transaction under common control.

(2) Purpose of business combination

The Company and EMOBILE have determined that in order to accelerate promotion of the two companies' corporate value, it is necessary to streamline and expedite the eAccess Group's management decisions by centralizing decision making of the Company and EMOBILE in order to proactively and promptly deal with the change of environment, and to make efficient investment as a Group possible by using the profits generated by two companies as financial resources. For this purpose, the Company and EMOBILE has come to a belief that the best course of action is to implement the share exchange.

(3) Date of business combination

July 1, 2010

(4) Legal form of business combination

Business combination was completed by way of share exchange through which the Company became the wholly-owning parent company, and EMOBILE became the wholly-owned subsidiary.

(5) Company name after business combination

No change in the company name after the share exchange

(6) Percentage of voting rights acquired

100%

(7) Basis of determining the acquiring company

EMOBILE has been determined as the acquiring company taking into account the voting rights ratio of the shareholders of the Company and EMOBILE after the share exchange, comparable size of the business of each entity, such as total assets and revenue, and importance of and the potential growth of the business.

(8) Period of the operating results of the acquired company (the Company) included in the consolidated statement of operations for the nine months of the fiscal year in which the business combination occurred

From July 1, 2010 to December 31, 2010

(9) Estimated impact on the consolidated statement of operations for the nine months ended December 31, 2010 assuming that the business combination was completed at the beginning of the fiscal year in which the business combination occurred

	(¥ in millions)
Revenue	14,107
Recurring profit	3,791
Net income	2,079

It should be noted that the Company has not obtained an audit certificate for the estimated impact.

2. Differences should the purchase method have been applied to the acquired company

(1) Items in non-consolidated balance sheet as of December 31, 2011

	(¥ in millions)
Current assets	–
Fixed assets	8,142
Deferred assets	(288)
Total assets	7,854
Current liabilities	–
Long-term liabilities	–
Total liabilities	–
Net assets	7,854

(Note) Goodwill of ¥8,142 million is included in the above fixed assets and total assets, amortized by the straight-line method over the period of time the effect is estimated to take place (10 years).

(2) Items in non-consolidated statement of operations for the nine months ended December 31, 2011

	(¥ in millions)
Revenue	–
Operating profit	(718)
Recurring profit	(649)
Income before income taxes	(649)
Net income	(649)
Net income per share (¥)	(187.41)

(Note) Amortization of goodwill of ¥718 million is included in the above operating profit.

3. Supplemental Information

Consolidated Financial Statements for the Nine Months of the Fiscal Year Ended March 31, 2011

The Company carried out a share exchange with an effective date of July 1, 2010, to make EMOBILE, which was previously an equity method affiliate of the Company, a wholly-owned subsidiary of the Company. Although the share exchange makes the Company a wholly-owning parent company and EMOBILE a wholly-owned subsidiary of the Company, the share exchange is recognized as a reverse acquisition in which EMOBILE acquired the Company under the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 26, 2008). Additionally, the Company absorbed and merged EMOBILE as of March 31, 2011, making the Company the surviving company. As a result, the business performance shown in the consolidated statement of operations and consolidated statement of cash flows for the nine months ended December 31, 2010, represents a figure that consolidates the Company's results for six months (July 1, 2010 to December 31, 2010) into EMOBILE's results for the period between April 1, 2010 and December 31, 2010.

(1) Consolidated Statement of Operations

(For the nine months ended December 31, 2010)

(¥ in millions)

	Prior 3rd-qtr (Nine months ended December 31, 2010)
Revenue	131,868
Cost of revenue	52,931
Gross profit	78,937
Selling, general and administrative expenses	63,230
Operating profit	15,707
Non-operating income	
Interest income	23
Dividend income	2
Other income	40
Total non-operating income	65
Non-operating expenses	
Interest expense	6,261
Others	1,277
Total non-operating expenses	7,538
Recurring profit	8,234
Non-recurring profit	
Gain on sales of subsidiary's stock	13
Others	1
Total non-recurring profit	14
Non-recurring loss	
Loss on disposition of fixed assets	152
Loss on adjustment for changes of accounting standard for asset retirement obligations	83
Total non-recurring loss	235
Income before income taxes and minority interests	8,014
Income tax expense-current	3,109
Income tax expense-deferred	131
Total income taxes	3,240
Income before minority interests	4,774
Net income	4,774

(2) Consolidated Statement of Cash Flows

(For the nine months ended December 31, 2010)

(￥ in millions)

	Prior 3rd-qtr (Nine months ended December 31, 2010)
Cash flows from operating activities	
Income before income taxes and minority interests	8,014
Depreciation	24,088
Amortization of goodwill	536
Loss on disposition of fixed assets	152
Loss on adjustment for changes of accounting standard for asset retirement obligations	83
Other loss	167
Increase (decrease) in allowance for bad debt	344
Interest and dividend income	(25)
Interest expense	6,261
Commission expense	1,066
Gain on sales of subsidiary's stock	(13)
Decrease (increase) in accounts receivable-trade	(1,515)
Decrease (increase) in inventories	1,616
Decrease (increase) in other assets	5,853
Increase (decrease) in accounts payable-trade	1,771
Increase (decrease) in other accounts payable	(1,367)
Increase (decrease) in accrued expenses	(342)
Increase (decrease) in other liabilities	805
Subtotal	47,492
Interest and dividend received	33
Interest paid	(6,341)
Payments of income taxes	(2,539)
Net cash provided by (used in) operating activities	38,644
Cash flows from investing activities	
Proceeds from time deposits at maturity	2,500
Placement into time deposits	(2,500)
Decrease (increase) in restricted deposit	(291)
Purchase of tangible fixed assets	(19,507)
Purchase of intangible fixed assets	(14,424)
Proceeds from sales of investments in subsidiaries	75
Others	(17)
Net cash provided by (used in) investing activities	(34,163)
Cash flows from financing activities	
Repayments of capital lease obligations	(447)
Proceeds from sales and redemption by installment payment	6,991
Repayments of installment obligations	(9,207)
Proceeds from short-term debt	40,000
Repayments of short-term debt	(40,000)
Proceeds from long-term debt	6,926
Repayments of long-term debt	(42,926)
Payments for arrangement of interest bearing debt	(1,329)
Proceeds from issuance of bonds	688
Redemption of bonds	(924)
Purchase of treasury stock	(2,822)
Proceeds from stock issuance before share exchange	44,828
Proceeds from stock issuance after share exchange	105
Dividends paid	(3,464)
Net cash provided by (used in) financing activities	(1,581)
Net change in cash and cash equivalents	2,900
Cash and cash equivalents at the beginning of the period	49,311
Net increase in cash and cash equivalents as a result of business combination via share exchange	11,583
Cash and cash equivalents at the end of the period	63,795

Quarterly Results for Fiscal Year 3/2012
Supplemental Financial Information
（eAccess Ltd.）

【Profit & Loss】 （¥ in millions）

	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year (Forecast)
Revenue	47,605	48,986	52,532		203,000
Cost of revenue	41,116	42,054	46,927		-
Advertising and sales promotion	15,451	15,119	19,685		
Device and related tools	2,152	2,725	3,085		
Network	6,694	6,692	6,796		
Modem rental	1,145	1,072	1,014		
Depreciation and amortization	9,244	9,396	9,507		38,000
Outsourcing	2,473	2,740	2,578		
Salaries and benefits	2,183	2,061	2,079		
Others	1,775	2,250	2,184		
Operating profit	6,489	6,932	5,605		25,000
Operating margin (%)	13.6%	14.2%	10.7%		12.3%
Non-operating income	20	178	44		-
Non-operating expense	3,293	3,165	3,080		-
Interest expense	2,623	2,636	2,574		-
Commission expense	593	421	437		-
Amortization of bond issuance costs	60	60	60		-
Others	17	48	9		-
Recurring profit	3,217	3,945	2,569		12,500
Non-recurring profit	4	0	0		-
Non-recurring loss	53	34	66		-
Income before income taxes	3,167	3,911	2,503		-
Income taxes	2	7	4,073		-
Income tax expense-current	2	7	6		-
Income tax expense-deferred	0	0	4,067		-
Net Income	3,166	3,905	(1,569)		17,000
EBITDA	15,733	16,413	15,161		63,000
EBITDA margin (%)	33.0%	33.5%	28.9%		31.0%
Capital Expenditures	8,030	6,221	10,682		37,000

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses

【Balance Sheets】 （¥ in millions）

	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end
Current assets	111,258	113,986	122,544		-
Cash and cash deposits	38,131	44,791	45,924		-
Other current assets	73,127	69,195	76,619		-
Fixed assets	227,640	223,535	219,957		-
Total Assets	340,196	338,759	343,679		-
Current liabilities	64,845	66,151	79,337		
Current portion of long-term debt	43,283	43,905	45,230		-
Other current liabilities	21,562	22,246	34,107		-
Long-Term Liabilities	201,020	194,458	188,834		-
Long-term debt	199,409	189,387	183,235		-
Other long-term liabilities	1,611	5,071	5,599		-
Total Liabilities	265,865	260,609	268,170		-
Shareholders' equity	75,504	78,670	76,362		
Capital stock and capital surplus	67,753	67,754	67,754		-
Retained earnings	7,751	10,917	8,609		-
Total Net Assets	74,330	78,151	75,509		-
Gross Debt	242,406	237,265	232,661		-
Bank loans	139,894	137,788	133,932		-
Bonds	69,321	68,792	68,297		-
Convertible bonds	10,851	10,841	10,832		-
Installment obligations	21,676	19,405	19,336		-
Lease obligations	664	438	263		-
Net Debt	204,275	192,474	186,737		-
Net debt/EBITDA ratio	3.15x	2.90x	2.86x		-
Net debt/net assets ratio	2.75x	2.46x	2.47x		-

Note: Gross debt and Net debt exclude valuation of bonds attributed to valuation of delivertives

Note: Net debt/EBITDA ratio is calculated by dividing the Net debt by the EBITDA for the last twelve months

【Cash Flows】 （¥ in millions）

	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end
Net cash provided by (used in) operating activities	12,458	19,899	13,538		-
Net cash provided by (used in) investing activities	(10,260)	(10,308)	(7,037)		-
Net cash provided by (used in) financing activities	(9,119)	(5,431)	(5,367)		-
Net change in cash and cash equivalents	(6,921)	4,160	1,134		-
Cash and cash equivalents at end of the period	36,477	40,637	41,770		-

【Other Indicators】

	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end (Forecast)
Dividend per share (yen)	200	200	200		800
Average share price during the period (yen)	37,948	30,277	18,864		-
Dividend yield（annual）	2.1%	2.6%	4.2%		-
Number of shares of common stock at the end of the period	3,465,165	3,465,180	3,465,180		-
Average number of shares of common stock during the period	3,464,227	3,464,700	3,464,861		-
Earnings per share（EPS）	900.63	2,014.22	1,547.99		4,853.29
Earnings per share-diluted	865.19	1,940.75	1,513.67		-
Price earnings ratio（PER）	7.34x	4.04x	3.72x		-
Market capitalization	124,746	68,645	63,309		-
Net debt	204,275	192,474	186,737		-
Enterprise value (EV)	329,021	261,119	250,045		-
EV / EBITDA ratio	5.07x	3.93x	3.83x		-
Number of employees	1,306	1,212	1,198		-

Note: PER is calculated by dividing the market capitalization by the full-year net income (forecast)

Note: Market capitalization is calculated by multiplying closing price at the end of the period by the number of shares of common stock at the end of the period

Note: EV/EBITDA ratio is calculated by dividing the EV by the EBITDA for the last twelve months

Quarterly Results for Fiscal Year 3/2012
Supplemental Financial Information
(Mobile Business)

【Profit & Loss】 （¥ in millions）

Mobile Business	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year (Forecast)
Revenue	35,548	37,529	41,669		161,000
Service revenue	28,286	29,215	31,244		-
Device revenue	7,262	8,314	10,424		-
Operating expense	33,054	34,375	39,727		-
Advertising and sales promotion	14,981	14,824	19,414		-
Device and related tools	2,083	2,669	3,036		-
Network	3,055	3,161	3,365		-
Depreciation and amortization	8,014	8,205	8,481		33,500
Outsourcing	1,703	1,954	1,883		-
Salaries and benefits	1,770	1,664	1,688		-
Others	1,447	1,898	1,860		-
Operating profit	2,495	3,154	1,942		10,500
Operating margin (%)	7.0%	8.4%	4.7%		6.5%
EBITDA	10,509	11,445	10,473		44,000
EBITDA margin (%)	29.6%	30.5%	25.1%		27.3%
Capital expenditures	7,842	5,727	9,818		35,000

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses

【Operational Information】

Mobile Business	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end (Forecast)
Gross add subscribers (thousands)	369	389	393		-
Device upgrades (thousands)	42	59	101		-
Total (thousands)	411	448	494		-
Net add subscribers (thousands)	223	238	221		882
Accumulated subscribers (thousands)	3,341	3,579	3,800		4,000
ARPU（yen/month）	2,860	2,730	2,730		2,700
Churn rate (%/month)	1.50%	1.44%	1.54%		1.50%
SAC (yen)	20,000	23,000	28,000		25,000

Quarterly Results for Fiscal Year 3/2012
Supplemental Financial Information
(Fixed-line Business)

【Profit & Loss】 （¥ in millions）

Fixed-line Business	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year (Forecast)
Revenue	12,057	11,457	10,863		42,000
Operating expense	8,063	7,680	7,201		-
Advertising and sales promotion	470	296	271		-
Network	3,639	3,531	3,431		-
Modem rental	1,145	1,072	1,014		-
Depreciation and amortization	1,231	1,191	1,026		4,500
Outsourcing	770	786	695		-
Salaries and benefits	413	397	391		-
Others	397	408	373		-
Operating profit	3,994	3,778	3,663		14,500
Operating margin (%)	33.1%	33.0%	33.7%		34.5%
EBITDA	5,225	4,969	4,689		19,000
EBITDA margin (%)	43.3%	43.4%	43.2%		45.2%
Capital expenditures	189	494	864		2,000

Note: EBITDA=Operating profit + Depreciation and amortization

【Operational Information】

Fixed-line Business	Fiscal Year 3/2012				
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end (Forecast)
Net add subscribers (thousands)	(89)	(95)	(83)		(328)
Accumulated subscribers (thousands)	1,839	1,744	1,661		1,600
ARPU (yen/month)	2,009	2,006	1,998		1,900
Churn rate (%/month)	2.04%	2.14%	1.97%		2.10%
SAC (yen)	7,500	7,000	6,000		8,000