eAccess Ltd.

RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
MARCH 31, 2012

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 = ¥82.41, the exchange rate in effect as of March 31, 2012, 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. Operating Results

(1) Analysis of Operating Results
[Operating Results for the Fiscal Year under Review]
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 financial statements were prepared for the year ended March 31, 2011, comparisons with the previous fiscal year are not presented for segment profits and losses. In addition, comparisons with the previous fiscal year for profits and losses in financial statements are not presented as figures in the current year are not consistent with those in the previous year because it is a period immediately after the merger with EMOBILE.
The Mobile Business, which provides mobile broadband communication services under the EMOBILE brand, deployed marketing initiatives that concentrated on the Pocket WiFi 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 the steady growth in number of subscribers in the Mobile Business, the Company's revenue was ¥204,743 million. With respect to profits, operating profit was ¥24,441 million despite increases in advertising expenses and promotion expenses in the mobile business. Recurring profit was ¥12,184 million due to the recording of expenses such as ¥10,349 million in interest expense and bond interest expense as non-operating expenses. Furthermore, the Company posted minus ¥3,206 million in income tax expense–deferred as an assessment of the realizability of deferred tax assets resulted in an increase in deferred tax assets, despite the reversal of a portion of deferred tax assets in accordance with the FY2011 tax reform. As a result, net income for the fiscal year ended March 31, 2012 came to ¥15,156 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)

	FY3/2011	FY3/2012	Increase/decrease	%
Revenue	–	160,069	–	–
Segment profit (operating profit)	–	9,637	–	–

	FY3/2011	FY3/2012	Increase/decrease	%
Net increase in subscribers (thousands)	766.1	899.2	133.1	17.4
Accumulated total subscribers (thousands)	3,117.9	4,017.2	899.2	28.8
ARPU (yen/month)	3,160	2,740	(420)	(13.3)
Monthly churn rate (%)	1.38	1.50	0.12	–

	4Q FY3/2011	4Q FY3/2012	Increase/decrease	%
Net increase in subscribers (thousands)	194.3	217.6	23.3	12.0
ARPU (yen/month)	2,950	2,680	(270)	(9.2)
Monthly churn rate (%)	1.45	1.50	0.05	–

* 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 Sony Ericsson mini. The GP02 Pocket WiFi was released on July 28, 2011. On March 15, 2012, the Company launched “EMOBILE LTE,” a next-generation mobile communications service using LTE with a maximum download speed of 75 Mbps. In addition, the Company worked on developing advertising actively including TV commercials so as to enhance recognition of the EMOBILE brand and enhancing the store network to reinforce its own distribution channel.
The Company thus had accumulated total number of subscribers of 4,017 thousand as of March 31, 2012, up 899 thousand, or 28.8%, from March 31, 2011.
As a result of steady growth in the number of subscribers, revenue was ¥160,069 million and segment profit (operating profit) was ¥9,637 million for the fiscal year.
As of March 31, 2012, nationwide service coverage in population terms was 92.6%.

Number of Subscribers

EMOBILE added a net 899 thousand subscribers during the fiscal year. The net figure shows the difference between the number of new subscribers and cancellations. This increase was due to the growth in the number of subscribers resulting from strengthening marketing initiatives mainly in 42 Mbps-capable Pocket WiFi services launched on July 2011 through wholesale channels for mobile broadband lines and mass retailers.
In the fourth quarter (January 1 to March 31, 2012), the net number of subscribers grew to 218 thousand.

ARPU (Average Revenue Per User)

Average revenue per user declined ¥420 from ¥3,160 in the previous fiscal year, to ¥2,740. The main factor in this decline was a higher rate of sales through wholesale channels for mobile broadband lines with limited monthly charges.
Fourth-quarter average revenue per user was down ¥270 from the ¥2,950 posted a year earlier, at ¥2,680.

Churn Rates

The annual churn rate rose 0.12 percentage points, to 1.50%. This was mainly the result of cancellations by major corporate customers and customers through wholesale channels for mobile broadband lines in addition to contract cancellations among some customers upon completing two year, long-term contract discounts. The fourth-quarter churn rate increased 0.05 percentage points, to 1.50%.

B. Fixed Broadband Business

(¥ in millions)

	FY3/2011	FY3/2012	Increase/decrease	%
Revenue	–	44,674	–	–
Segment profit (operating profit)	–	14,804	–	–

	FY3/2011	FY3/2012	Increase/decrease	%
ADSL accumulated total subscribers (thousands)	1,928	1,565	(363)	(18.8)
ADSL ARPU (yen/month)	1,961	2,001	40	2.0
ADSL monthly churn rate (%)	2.03	2.12	0.09	–

	4Q FY3/2011	4Q FY3/2012	Increase/decrease	%
ADSL ARPU (yen/month)	1,949	1,992	43	2.2
ADSL monthly churn rate (%)	2.08	2.32	0.24	–

* 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 March 31, 2012 was 1,565 thousand.
As a result, revenue for the year ended March 31, 2012 was ¥44,674 million and segment profit (operating profit) was ¥14,804 million.

Outlook for Next Fiscal Year
For the next fiscal year, the Company expects the fixed broadband business to shrink with a reduction in the number of ADSL subscriptions, affected by the expansion of the mobile broadband market mainly in ETTH and LTE. At the same time, however, we expect the EMOBILE-branded Mobile Business to continue expanding with the mobile communications market. The Company therefore projects ¥250,000 million in revenue. The Company projects ¥26,000 million in operating profit, ¥15,000 million in recurring profit, and ¥13,500 million in net income.

Note: As forecasts are for the full term, the Company has not presented projections for the first six-month period.

Note that 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) Analysis of Financial Condition

A. Status of Assets, Liabilities, and Net Assets
As of March 31, 2012, current assets, tangible fixed assets, and intangible fixed assets amounted to ¥122,173 million, ¥148,220 million, and ¥40,504 million, respectively; compared to the previous fiscal year-end, they showed a decrease of ¥2,265 million, an increase of ¥3,496 million, and a decrease of ¥7,296 million, respectively. The decrease in current assets was due mainly to a decrease of ¥7,014 million in cash and deposits, an increase of ¥6,331 million in accounts receivable–trade resulting from increases in the number of subscribers and mobile device sales and an increase of ¥2,325 million in merchandise in line with an increase in purchase of mobile devices. Additionally, investments and other assets stood at ¥40,296 million, up ¥4,673 million compared to the previous fiscal year-end. This was mainly due to an increase of ¥1,463 million in long-term accounts payable-other and an increase of ¥2,335 million in deferred income tax assets. As a result, total assets came to ¥352,312 million, a decrease of ¥639 million compared to the previous fiscal year-end.
As of March 31, 2012, current liabilities amounted to ¥85,109 million, an increase of ¥5,700 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥12,468 million in redemption of current maturities of bonds, an increase of ¥8,388 million owing to repayment of the current portion of long-term loans debt and transfer of long-term debt to the current portion and an increase of ¥9,865 million in other accounts

payable resulting from an increase in advertising, marketing and operation costs and the effect of the bank holiday at the year-end date. Long-term liabilities amounted to ¥180,832 million, a drop of ¥19,685 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥71,989 million caused by a repayment of long-term debt, less current portion and an increase of ¥54,862 million resulting from issuance of bonds. As a result, total liabilities came to ¥265,941 million, a decrease of ¥13,985 million compared to the previous fiscal year-end.
As of March 31, 2012, net assets came to ¥86,371 million, an increase of ¥13,345 million compared to the previous fiscal year-end. This was due to an increase of ¥1,088 million in deferred hedge gain/loss and recording net income of ¥15,156 million, despite cash dividends of ¥2,956 million.

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 and did not prepare a cash flow statement in the previous year. Therefore, comparisons with the previous fiscal year are not presented.
Cash and cash equivalents as of March 31, 2012 amounted to ¥38,412 million. This represents a ¥4,986 million decrease from ¥43,397 million as of April 1, 2011.

(Cash Flows from Operating Activities)
Net cash provided by operating activities was ¥57,042 million. The main factors in this were ¥11,970 million in income before income taxes, ¥37,856 million in depreciation, which is a non-fund item, a ¥6,331 million decrease caused by an increase in accounts receivable–trade, a decrease of ¥2,339 million due to an increase in inventories, ¥13,687 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 ¥34,814 million. The main factor in this was ¥36,823 million used in purchase of fixed assets.

(Cash Flows from Financing Activities)
Net cash used in financing activities was ¥27,219 million. This was due to a net payment of ¥63,601 million caused by borrowing and repayments of long-term debt, less current portion, ¥55,997 million in proceeds from issuance of bonds, ¥14,048 million in redemption of bonds and ¥2,956 million in dividend payment.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Equity ratio (%)	7.4	14.6	–	24.5
Market value equity ratio (%)	69.9	113.6	–	18.1
Interest bearing debt to cash flows ratio (years)	5.4	3.7	–	4.0
Interest bearing debt to cash flows ratio (times)	13.5	9.1	6.4	5.6

(Notes) 1. Indices were calculated according to the following formulae.
Equity ratio: Shareholders' equity/Total assets
Market value equity ratio: Total market capitalization/Total assets
Interest bearing debt to cash flows ratio: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest payment.
2. While the above indicators by fiscal year ended March 31, 2011 are calculated based on consolidated financial figures, indicators for fiscal year ended March 31, 2012 are calculated based on non-consolidated financial figures. As the consolidated balance sheets for the fiscal year ended March 31, 2011 have not been prepared, equity ratio, market value equity ratio and interest bearing debt to cash flows ratio have not been calculated.
3. Total market capitalization is calculated by multiplying the closing stock price at the end of the period by the total number of issued shares at the fiscal year-end. Total market capitalization is calculated on the basis of the number of issued shares excluding preferred stock.
4. Interest bearing debts refer to all debts on the consolidated balance sheets and the balance sheets for which interest is paid. Convertible bond-type bonds with acquisition rights to shares in the item "bonds" in the consolidated balance sheets and the balance sheets are included in the calculation, even though there are some items on which interest is not paid.

(3) Dividend Policy and Dividends for FY2012 and FY2013

The Company's dividend policy is to distribute stable and consistent funds to shareholders after comprehensive consideration of our business performance each year, while also retaining the internal reserves necessary for enhancements in future business development and our corporate structure.
Pursuant to the provisions of Article 459 of the Companies Act, the Company sets forth that dividend from surplus shall be decided by a resolution of the Board of Directors' Meeting, and the basic policy is to pay a quarterly dividend.
Under this policy, the Company paid quarterly dividends of ¥200 per common share, or yearly dividends of ¥800 in total in the current fiscal year. The company has also distributed quarterly dividends of ¥1,836,250 per share to the shareholders of preferred stock, or total dividends of ¥7,345,000 for the year, based on the predetermined calculation method.
The company shall maintain the dividend policy in the next fiscal year, and plans to pay quarterly dividends of ¥200 per share, or yearly dividends of ¥800 in total, for common stockholders as well as the preferred stock dividends based on the predetermined calculation method.

(4) Business and Other Risks

Listed below are principal business risks surrounding the Company which have the possibility of affecting the Company's business performance in the future. In view of our proactive information disclosure policy for investors and shareholders, we have also included information considered to be material for investment decisions and understanding of our business activities, which may not be necessarily categorized as business risks. Acknowledging such risks in advance, our approach is to prevent them from occurring, or to handle them and take appropriate countermeasures should they occur.
Please take note that the descriptions below may not cover all of the risks that need to be addressed in making investment decisions regarding the company's stocks, and such descriptions also contain forward-looking statements which are determined as of the end of this business year.

A. Competitive Situation
Some competitor companies in the broadband and mobile communications market have greater management resources than the Company, such as greater capital, technology and sales capabilities, as well as such factors as a stronger brand value and a larger customer base than the Company. There is also a chance that companies entering the market will intensify competition. Some competitors provide value-added services that we do not, and some competitors cover wider service areas that we do not cover. In the future, companies entering the market may provide innovative services that we are not able to offer. Such intensification of competition could weaken our management base by having adverse effects on our profitability and sales capabilities.

B. Execution of Mobile Business Plan
Competition in the mobile communication business may change beyond our expectation reflecting such developments as the expansion of mobile broadband services, the introduction of flat rate charges, and the emergence of smartphones. Reflecting such changes in the market, there is a possibility of our results falling short of our business plan. Unexpected changes in the business environment also include technology innovation or substitution, which may reduce the service value of the company, and this may cause more losses than expected or may require more capital expenditures than planned. As a result, the Company may be obliged to alter our business plan, and if such an alteration occurs, it may adversely affect business performance and financial condition of the company.
If we are allocated a new frequency band in addition to the current frequency band, we may have to finance a large amount of funds for additional capital expenditures. In such case, new funding costs may have a negative effect on the Company's business results and financial position. On the other hand, if the frequency band allocated for the Company becomes insufficient to accommodate increases in subscribers, we may not able to maintain its quality of service nor continue to provide competitive services. In such a case, our operating results may be adversely affected.
When the company constructs its mobile business transmission base stations, it may be required to reduce wave interference against other carriers' stations in the neighborhood. There is a possibility that the Company, which has newly entered the market, may need to bear a part of such interference prevention expenses, and these expenses may adversely affect the business performance and financial condition of the company.

C. Fixed Broadband Business
If government policy for broadband communication advocates the use of FTTH and mobile services, there may be incentives to move to FTTH, such as price reductions of these services, service area expansions and others. Such

factors may accelerate subscriber shifts from ADSL to FTTH services or mobile services, which would result in a further decline of our ADSL subscriber base and affect our operating results and financial condition.

D. Securing Business Financing

For the loan agreements to secure necessary funds for its mobile businesses the Company's major assets in the mobile business were pledged as collateral and certain financial and operating covenants were provided. In the event of a breach of these covenants, the Company would lose the benefit of term with respect to all contractual liabilities, which would have a materially adverse impact on the overall management of the Company.
For allocation of the new frequency band from the Ministry of Internal Affairs and Communications, the Company may have to finance a large amount of funds for additional capital expenditures. If a new frequency band is not allocated to the Company due to there being no prospects for the necessary fund-raising, the Company's competitiveness and the future growth potential of the mobile business may be limited, which would have a negative effect on the Company's business operations.

E. Inventories of Mobile Devices

To ensure that we meet commitments and do not forego sales opportunities, it is necessary for us to maintain appropriate inventories of mobile devices in our distribution channel. However, if we carry excess inventories against our sales prospects and capabilities, such excess inventories may be recorded as valuation loss, which may have an adverse effect on our business performance.

F. Maintenance and Procurement of Network Facilities in the Fixed Broadband Business

The company provides and maintains ADSL service relying on facilities and equipment from machine vendors and suppliers. There is a possibility of the suppliers from which we procure ADSL chips discontinuing chip production due to market maturation or reduced capital expenditure, and in such a case it may become difficult for us to procure new ADSL modems. This could make it difficult for us to procure repair or replacement parts for existing ADSL equipments, which may adversely affect our delivery of ADSL services.
In terms of transmission equipment, although we take appropriate preemptive measures such as scheduled equipment renewal to maintain our transmission capabilities, the aging of equipment may adversely affect our network and disrupt our network services.

G. Relationships with Business Partners

1. Relationship with partners

   As the Company primarily sells ADSL and mobile broadband services on a wholesale basis to our business partners or ISPs, factors such as changes in such partners' sales policies, consolidations and mergers among them, or worsening of their business performances, may have an adverse effect on the Company's business performance.

2. Relationship with distributors

   Changes in sales policies and scaling down of sales activities by companies in our distribution channel, such as large consumer electric appliance retailers, may result in changes such as decreases in sales activities for our services, and this may adversely affect increases in the number of our subscribers.

3. Relationship with NTT and other telecommunication carriers

   The Company leases spaces for equipment in NTT's telephone central offices and utilizes NTT's dark fiber for the fixed broadband business. The Company also utilizes other carriers' telecommunications transmission services for the mobile business. Thus, our services partially depend on the NTT Group and other carriers. As a result, for whatever reason if there are any changes in deregulation rules pertaining to NTT's facilities and connection fees or changes in contracts with other carriers that are disadvantageous to the Company, that may have adverse effects on our business performance.

H. Institutional Regulatory Environment and Legal Restrictions

Principal regulations for the Company's telecommunication business are based on the Telecommunications Business Law and the Radio Act, and accordingly, the Company filed a registration to the Ministry of Internal Affairs and Communications and was certified as a telecommunications carrier. In addition, the Company obtained the necessary frequency band for its mobile phone business from the Ministry of Internal Affairs and Communications. However, there is a possibility that for some reason the Ministry or other regulatory authorities may revoke our registration or certification or impose administrative sanctions. In such case, our potential for future growth in the mobile services business or other businesses may be restricted and our business could be adversely affected.

I. Natural Disasters

Even though the company takes various preemptive measures such as network redundancy for the security of our network and system infrastructure, as well as for stability of service operations, there is a possibility that natural disasters such as earthquakes, typhoons, tsunami and floods may damage our network, and system infrastructure, leading to the outage of our services, depending on the scale of such disaster. Such a case may have adverse effects on our business performance

J. Handling of Personal Information
Since the Company handles and maintains personal information of our subscribers for business purposes, the Company employs various means for the appropriate handling and prudent management of such information. However, in the event of any material leakage of personal information caused by unauthorized access from outside or internal mismanagement of information, there may be lawsuits for compensation of damages or damage to the credibility of the Company, which may adversely affect our business performance.

K. Future Business Development
The company continually looks into the possibility of a business combination or merger and acquisition with a candidate that has the potential to contribute to our future growth by expanding sales growth in our current business, cost reduction, and the introduction of new services. However, in the case of such a business combination, merger or acquisition, there is a possibility that the business of the counterpart or acquired business may not progress as planned or as the Company expects, which may have adverse effects on our operating results and financial condition.

2. Status of the Company Group

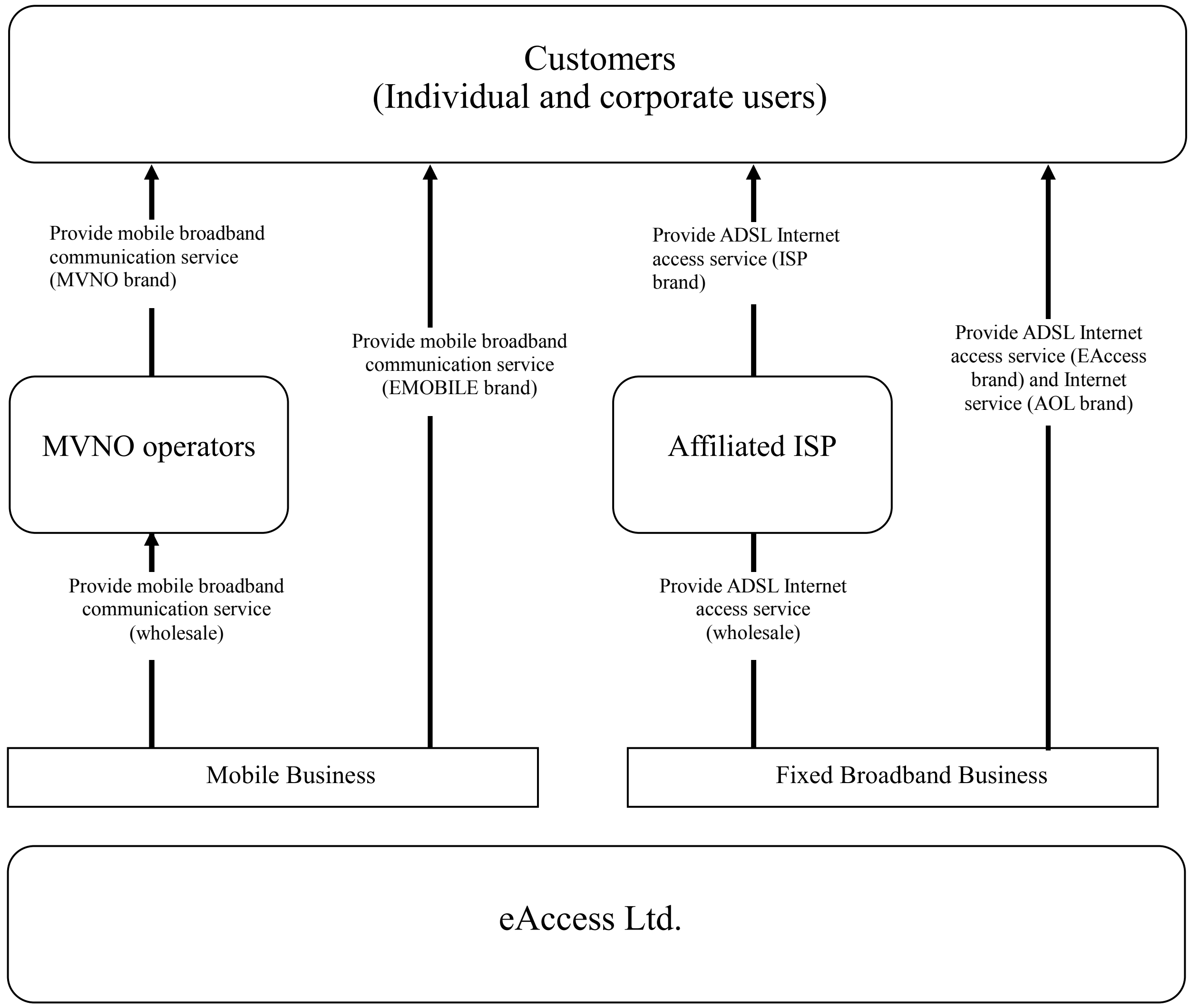
The Company Group (the Company and its affiliated companies) is made up of the Company and two subsidiaries, CULTIVE Ltd. and CV1 Investment Limited Partnership.
The Company excluded CULTIVE Ltd. and CV1 Investment Limited Partnership from the scope of consolidation in consideration of their size (total assets and retained earnings) and effects on the group results of operations (revenue and net income (loss)), and future profitability.

Position in the business and relation with segment are summarized as follows:

A. Mobile Business
The Mobile Business, under the EMOBILE brand, provides hi-speed mobile data communication services using the 3.5 generation, HSDPA standard, and voice service, and also sells mobile devices associated with each service. In March 2012, the Company launched EMOBILE LTE a next-generation mobile communications service using LTE with a maximum download speed of 75 Mbps.
The Mobile Business provides a mobile Wi-Fi router Pocket WiFi and a smartphone running on the Android™ operating system with open tethering that can be used as a Wi-Fi router. This is in response to the spread of WiFi-compatible devices such as portable audio players and portable game consoles. These devices are in addition to the existing data card devices and tablets with a voice function such as smartphones.

B. Fixed Broadband Business
In the Fixed Broadband Business, as an ADSL service provider, the Company provides customers ADSL lines through wholesale to business partners such as ISP. It also emphasizes the advantages of ADSL services including their lower cost compared with FTTH and their ease of introduction.
In addition to the above wholesale of ADSL services, the Fixed Broadband Business develops ISP services in a tie-up with the U.S.-based AOL Inc. under the AOL brand.

The following is a business flowchart:



3. Business Policy

(1) Basic Policy of Management

Aiming at “providing a broadband service for all by creating the market with entrepreneurship”, “the Company” has provided high-speed Internet access service as a pioneer of ADSL service providers since its incorporation in 1999. The Company takes pride in significantly contributing to Japan’s growth to a world-leading broadband developed country. However, the ADSL market is shrinking, affected by the expansion of FTTH and the mobile broadband market. Accordingly, the Company established EMOBILE Ltd. in 2005 so as to ensure its sustainable growth and EMOBILE has contributed to the rapid growth of the mobile broadband market in Japan with a strong presence in the market. EMOBILE launched voice communication services in March 2008 following the data communication services that started in March 2007, which resulted in a steady increase in the number of subscribers. Followed by the growth of EMOBILE, the Company considered it necessary to increase efficiency and rapidness as a whole group and thus, on March 31, 2011, it absorbed EMOBILE through a merger. Taking advantage of this merger, the Company became a comprehensive communication service provider offering fixed broadband communication and mobile communication services integrally, and it actively works to achieve convenient broadband services that can be used anytime and anywhere. We at the Company are committed to leading the industry by focusing on creating innovative service and products that will enables us to accelerate our growth strategy.

Meanwhile, the business environment surrounding the Company has changed rapidly and in complicated ways, including changes in the government’s policy on communication services and integration of business fields in communication and broadcasting. Such changes increase the levels of uncertainty regarding the Company’s business environment. We acknowledge that we must respond to these changes in a rapid and flexible manner.

On the other hand, due to the Great East Japan Earthquake and accidents at the Fukushima Nuclear Power Plant in March 2011 as well as the European debt crisis, the business environment remains difficult. Although the negative impact on the communication industry is limited at present compared with the manufacturing and retail industries and our business performance remains firm, we consider proactive initiatives for business improvement to make a preemptive move to be pressing and significant issues. Accordingly, we are committed to promoting initiatives on improving operational efficiency throughout the Company and cost reductions while reallocating business resources to growing areas.

With an awareness of such problems, the Company is currently focusing on the following issues:

A. Realizing further growth based on mobile business

The Company engages in two businesses: the Fixed Broadband Business and Mobile Business. The key to our growth is expanding the mobile business in the mobile broadband market. In the mobile business, the Company endeavors to enhance services for data communication and voice communication under the EMOBILE brand and expand the service areas. A next-generation mobile communication service, EMOBILE LTE was launched in March 2012. It is a service using FDD-LTE, a global communication standard. Utilizing this, the Company intends to speed up growth in the mobile business.

B. Enhancing profitability, increasing market share and expanding the business

Although the number of subscribers for ADSL lines became a net reduction in the market as a whole, there is still strong demand for low-cost broadband infrastructures for home use, reflecting the recent economic situation. The Company continues working to attract new customers for ADSL lines and suppress churn rates to keep its market share, and makes efforts to achieve high profitability through further cost reduction. For the mobile broadband market, the Company intends to expand both the number of subscribers and sales by releasing new competitive products and services.

C. Fulfilling organizational structure, fostering human resources and maturing corporate culture

The Company will promote initiatives to establish the organization and business procedures so as to support rapidly developing business operations, and to foster human resources. Based on these initiatives, we will make a proactive effort to pursue effective company-wide management, rapid decision-making and sound corporate governance framework. By allocating human resources mainly in the mobile business, our driving force, in addition to enhancing business efficiency, the Company intends to activate the organization by maintaining its employment levels. Furthermore, coming back to the policy for achieving corporate identity, the Company is committed to making a concerted effort to become a company which provides services with high quality and place customers first. It will do so based on strong competitiveness supported by high cost awareness and business efficiency while keeping an innovative venture spirit.

Taking the above initiatives, the Company is committed to exercising entrepreneurship so as to achieve sustainable growth and enhance corporate value.

(2) Targeted Management Benchmark

As a management benchmark, the Company focuses on the “accumulated total number of subscribers” and “churn rates” and works on increasing the subscriber platform and revenue while enhancing corporate value.

(3) Mid- and Long-Term Business Strategy
In February 2012, the Company announced “Growth Strategy 2015”, the medium term business strategy. Under the “Growth Strategy 2015”, the Company commenced an LTE service in March 2012. And to reinforce our presence in the mobile broadband market, we will strive to increase the number of subscribers, in addition to reducing subscriber churn and increasing customer satisfaction by enhancing customer service as well as strengthening brand recognition.
We also aim to maintain and expand EMOBILE shops nationwide and augment our own smartphone strategy to become a promising main stream carrier in the telecommunication industry.
To ensure sustainable growth in step with rapid technological innovation and changes in the social environment, the Company actively develops new businesses aiming at enhancing its business platform and optimizing corporate value.

(4) Company’s Challenges to Address
Amidst a business and social environment still deeply impacted by the effects of the Great East Japan Earthquake of March 2011, the Company strives to ensure high-quality communications that can maintain continuous and stable communication services and provide broadband communication services that are always convenient and easy to use.

Towards these ends, the Company will put the highest priority on addressing the following issues.

A. Enhancement of Sales and Marketing System
eAccess has increased the number of subscribers mainly by obtaining customers in cooperation with affiliated partners and distributors. In future, the Company will reinforce its business relationships with partners further so as to maintain effective marketing activities. At the same time it will expand its original distribution channel including EMOBILE shops. Its aim is to enhance opportunities to attract new customers.
In addition, we at the Company strive to enhance marketing activities focusing on greater recognition of the “EMOBILE” brand and emphasizing the advantages of our services.

B. Expansion of businesses and Maximal Synergies among Businesses
Aiming at active expansion of the growing mobile business and ensuring a stable profit in the fixed broadband business, the Company intends to provide attractive services by integrating mobile communication and fixed broadband communication.
For its Mobile Business, the Company strives to realize a society with truly seamless broadband services by leveraging high-speed communication technologies to provide new services, new charge systems, and attractive terminals, and promoting mobile broadband services based on the superior convenience and functionality that such services provide.
In the Fixed Broadband Business, the Company endeavors to emphasize the advantages of ADSL services including their lower cost compared with FTTH and ease of introduction so as to attract new customers and keep the existing customers.

C. Enhancing Cost Competitiveness
To successfully expand customer bases by setting attractive charge systems and to promote proactive business activities, an enterprise in our industry must inevitably develop a management system to generate profits at low prices by constraining costs. The Company keeps subscriber acquisition costs down by strengthening its business relationships with affiliated ISPs or distributors. For the Mobile Business, the Company undertakes various efforts to expand business while strengthening cost competitiveness on various fronts. Key cost controls include restraints on costs in relation to the development and construction of base stations through the implementation of technologies in compliance with global standards and the latest small base stations, and restraints on capital investments and running costs through the sharing of networks with the Fixed Broadband Business.
Furthermore, the Company is committed to achieving a leaner, more robust management structure by enhancing business efficiency through business process reform, curtailment of personnel expenses through flexible and dynamic reshuffling of personnel assignments, and thorough cost consciousness in the mind of every employee down to the one-yen level.

D. Enhancing Customer Satisfaction
Customers of the Company include affiliated ISPs and distributors, in addition to subscribers to the ADSL services or ISP services of AOL, and mobile communications. To keep and increase the number of subscribers going forward, it will be critical to enhance customer satisfaction through continued efforts to improve the quality of

services. The Company is committed to reinforcing its relationships with affiliated ISPs and distributors, who are a direct link to customers, and expanding direct marketing communication activities for customers.

E. Strengthening Internal Management System and Employee Education and Training

In order to prevent various management insufficiencies arising as a result of rapid business expansion, the Company educates and trains its employees thoroughly while improving its organizational structures, developing and improving its various regulations and rules, and refining its business processes with sophisticated precision.

The Company believes that it is a social obligation to appropriately manage and protect the personal information it handles. “Information Security Committee,” a unit responsible for the constant promotion, management, and supervision of information security within the Company, develops and operates the Company’s security policies and related regulations and rules, in addition to tightening control over access to customer data and to high-security areas, and installing security software for internal networks. The Company ensures that every employee recognizes his or her obligation to manage personal information with vigilance and continues to promoting the appropriate and discrete handling and management of information.

Further, in terms of internal control, the Company has developed and improved necessary internal control to ensure the reliability of financial reporting under the Financial Instruments and Exchange Act. The “Internal Control Office,” an exclusive department for internal control, assesses the effectiveness of internal control and continues to implement and improve internal control in ways necessary to support the effective and appropriate filing of internal control reports prescribed in the Financial Instruments and Exchange Act.

The Company will also strengthen its internal control system by forming a Compliance Committee and Risk Management Committee, and thoroughly educate and train employees by establishing a department wholly devoted to employee education.

4. Financial Statements

(1) Balance Sheets

(As of March 31, 2012)

(¥ in millions) ($ in thousands)

	Prior Year End (As of March 31, 2011)	Current Year End (As of March 31, 2012)	
(ASSETS)			
Current assets			
Cash and deposits	47,080	40,066	486,179
Accounts receivable-trade	30,263	36,595	444,060
Merchandise	2,090	4,415	53,574
Supplies	62	75	910
Advance payments-trade	845	2,156	26,162
Prepaid expenses	3,381	4,463	54,156
Accounts receivable-other	36,584	32,163	390,280
Income taxes receivable	2,513	3	36
Deferred tax assets	4,939	5,188	62,954
Other current assets	199	505	6,128
Allowance for bad debt	(3,520)	(3,457)	(41,949)
Total current assets	124,438	122,173	1,482,502
Fixed assets			
Tangible fixed assets			
Buildings	1,726	1,848	22,424
Accumulated depreciation	(688)	(853)	(10,351)
Buildings, net	1,037	996	12,086
Structures	17,270	18,157	220,325
Accumulated depreciation	(1,463)	(2,068)	(25,094)
Structures , net	15,807	16,089	195,231
Machinery and equipments	51,502	54,785	664,786
Accumulated depreciation	(42,668)	(46,409)	(563,148)
Machinery and equipments, net	8,834	8,377	101,650
Wireless telecommunications equipments	157,214	180,361	2,188,581
Accumulated depreciation	(46,445)	(64,828)	(786,652)
Wireless telecommunications equipments, net	110,769	115,533	1,401,929
Terminal equipments	8,960	8,743	106,091
Accumulated depreciation	(6,880)	(7,876)	(95,571)
Terminal equipments , net	2,080	867	10,521
Tools, furniture and fixtures	5,498	5,980	72,564
Accumulated depreciation	(4,459)	(4,937)	(59,908)
Tools, furniture and fixtures, net	1,038	1,043	12,656
Land	307	307	3,725
Construction in progress	4,851	5,009	60,781
Total tangible fixed assets	144,724	148,220	1,798,568
Intangible fixed assets			
Right of trademark	7	6	73
Right of using facilities	13,882	14,237	172,758
Software	30,834	25,151	305,194
Software in progress	3,077	1,111	13,481
Total intangible fixed assets	47,800	40,504	491,494
Investments and other assets			
Securities investments	1,481	1,505	18,262
Investments in other securities of subsidiaries and affiliates	41	35	425
Long-term prepaid expenses	5,687	5,613	68,111
Long-term accounts receivable-other	11,961	13,424	162,893
Guarantee deposits	1,515	1,549	18,796
Deferred tax assets	15,030	17,364	210,703
Derivatives	-	888	10,775
Investments and others	99	92	1,116
Allowance for bad debt	(190)	(174)	(2,111)
Total investments and other assets	35,623	40,296	488,970
Total fixed assets	228,147	229,020	2,779,032
Deferred assets			
Bond issuance cost	366	1,119	13,578
Total deferred assets	366	1,119	13,578
TOTAL ASSETS	352,952	352,312	4,275,112

Balance Sheets (Continued)
(As of March 31, 2012)

	(¥ in millions)		($ in thousands)
	Prior Year End (As of March 31, 2011)	Current Year End (As of March 31, 2012)	
(LIABILITIES)			
Current liabilities			
Accounts payable-trade	1,791	5,593	67,868
Current maturities of bonds	14,048	1,580	19,172
Current portion of long-term debt	20,712	29,099	353,100
Current portion of capital lease obligations	696	185	2,245
Other accounts payable	10,298	20,162	244,655
Accounts payable-facilities	9,218	6,718	81,519
Current portion of installment obligations	14,031	14,430	175,100
Accrued expenses	7,038	5,947	72,164
Income tax payable	509	121	1,468
Accrued consumption taxes	632	701	8,506
Advances received	50	92	1,116
Deposits received	271	439	5,327
Allowance for disaster loss	77	-	-
Asset retirement obligations	40	41	498
Total current liabilities	79,409	85,109	1,032,751
Long-term liabilities			
Bonds, less current maturities	12,640	67,502	819,100
Long-term debt, less current portion	177,665	105,676	1,282,320
Capital lease obligations, less current portion	194	9	109
Installment obligations, less current portion	9,707	7,359	89,297
Asset retirement obligations	307	283	3,434
Other long-term liabilities	4	3	36
Total long-term liabilities	200,517	180,832	2,194,297
TOTAL LIABILITIES	279,926	265,941	3,227,048
(NET ASSETS)			
Shareholders' equity			
Common stock	18,482	18,503	224,524
Capital surplus			
Legal capital surplus	49,230	49,251	597,634
Total Capital surplus	49,230	49,251	597,634
Retained earnings			
Other retained earnings			
Retained earnings brought forward	5,325	17,524	212,644
Total retained earnings	5,325	17,524	212,644
Total shareholders' equity	73,037	85,277	1,034,789
Valuation and translation adjustments			
Valuation adjustment on securities investments	18	35	425
Deferred hedge gain / (loss)	(29)	1,059	12,850
Total valuation and translation adjustments	(11)	1,094	13,275
TOTAL NET ASSETS	73,026	86,371	1,048,065
TOTAL LIABILITIES AND NET ASSETS	352,952	352,312	4,275,112

(2) Statement of Operations

(For the year ended March 31, 2011 and 2012)

	(¥ in millions)		($ in thousands)
	Prior Year (Twelve months ended March 31, 2011)	Current Year (Twelve months ended March 31, 2012)	
Revenue	70,906	204,743	2,484,444
Cost of revenue	42,832	81,186	985,147
Gross profit	28,075	123,558	1,499,308
Selling, general and administrative expenses			
Advertising expenses	5	1,474	17,886
Promotion expenses	2,854	70,521	855,734
Provision of allowance for doubtful accounts	1	670	8,130
Bad debts expenses	11	-	0
Salaries and allowances	1,748	6,885	83,546
Compensations	249	340	4,126
Traveling and transportation expenses	43	388	4,708
Rent expenses	397	1,365	16,564
Business consignment expenses	2,593	7,351	89,200
Recruiting expenses	11	52	631
Office supplies expenses	2	2	24
Supplies expenses	48	244	2,961
Communication expenses	374	890	10,800
Depreciation	890	5,315	64,495
Research and development expenses	465	767	9,307
Others	970	2,852	34,607
Total Selling, general and administrative expenses	10,662	99,117	1,202,730
Operating profit	17,413	24,441	296,578
Non-operating income			
Interest income	13	12	146
Dividend income	2	2	24
Gain on disposal of unpaid dividend	15	14	170
Gain on bad debts recovered	0	146	1,772
Interest on refund	-	63	764
Others	33	56	680
Total non-operating income	63	293	3,555
Non-operating expenses			
Interest expense	627	6,252	75,865
Interest on bonds	698	4,097	49,715
Commission expense	160	1,887	22,898
Amortization of bond issuance costs	96	238	2,888
Others	88	75	910
Total non-operating expenses	1,669	12,549	152,275
Recurring profit	15,807	12,184	147,846
Non-recurring profit			
Gain on sales of subsidiary's stock	13	-	-
Gain on sales of fixed assets	-	4	49
Total non-recurring profit	13	4	49
Non-recurring loss			
Loss on elimination of tie-in shares	47,931	-	-
Loss on disposition of fixed assets	181	218	2,645
Loss on write-down of securities investments	2,537	-	-
Loss on disaster	43	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	22	-	-
Others	5	-	-
Total non-recurring loss	50,718	218	2,645
Income / (Loss) before income taxes	(34,898)	11,970	145,249
Income / (Loss) tax expense-current	64	21	255
Income / (Loss) tax expense-deferred	(16,734)	(3,206)	(38,903)
Total income taxes	(16,670)	(3,186)	(38,660)
Net income / (Loss)	(18,228)	15,156	183,910

Cost of Revenue

(For the years ended March 31, 2010 and 2011)

	(¥ in millions) Prior Year (Twelve months ended March 31, 2011)		(¥ in millions) Current Year (Twelve months ended March 31, 2012)	($ in thousands)	
Devices and related tools sold	8,908	20.8%	12,395	150,407	15.3%
Salaries and benefits	526	1.2%	1,508	18,299	1.9%
Expenses					
Outsourcing	1,511	3.5%	3,070	37,253	3.8%
Depreciation and amortization	5,896	13.8%	32,375	392,853	39.9%
Network	18,529	43.3%	23,766	288,387	29.3%
Modem rental	6,710	15.7%	4,179	50,710	5.1%
Spectrum user fee	-	-	3,232	39,219	4.0%
Others	751	1.8%	660	8,009	0.8%
Cost of revenue	42,832	100%	81,186	985,147	100%

(3) Statements of Changes in Net Assets

(For the year ended March 31, 2012)

(￥ in millions)

	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2011	18,482	49,230	5,325	73,037
Change of items during the period				
Issuance of new stock, net	21	21		41
Cash dividends			(2,956)	(2,956)
Net income after tax			15,156	15,156
Net changes of items other than shareholders' equity				
Total changes of items during the period	21	21	12,199	12,241
Balance at March 31, 2012	18,503	49,251	17,524	85,277

	Valuation and translation adjustments			Total net assets
	Valuation difference on securities investments	Deferred hedge gain / (loss)	Total	
Balance at March 31, 2011	18	(29)	(11)	73,026
Change of items during the period				
Issuance of new stock, net				41
Cash dividends				(2,956)
Net income after tax				15,156
Net changes of items other than shareholders' equity	17	1,088	1,105	1,105
Total changes of items during the period	17	1,088	1,105	13,345
Balance at March 31, 2012	35	1,059	1,094	86,371

Statements of Changes in Net Assets

(For the year ended March 31, 2012)

($ in thousands)

	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2011	224,269	597,379	64,616	886,264
Change of items during the period				
Issuance of new stock, net	255	255		498
Cash dividends			(35,869)	(35,869)
Net income after tax			183,910	183,910
Net changes of items other than shareholders' equity				
Total changes of items during the period	255	255	148,028	148,538
Balance at March 31, 2012	224,524	597,634	212,644	1,034,789

	Valuation and translation adjustments			Total net assets
	Valuation difference on securities investments	Deferred hedge gain / (loss)	Total	
Balance at March 31, 2011	218	(352)	(133)	886,130
Change of items during the period				
Issuance of new stock, net				498
Cash dividends				(35,869)
Net income after tax				183,910
Net changes of items other than shareholders' equity	206	13,202	13,409	13,409
Total changes of items during the period	206	13,202	13,409	161,934
Balance at March 31, 2012	425	12,850	13,275	1,048,065

(4) Statement of Cash Flows

(For the year ended March 31, 2011 and 2012)

	(¥ in millions)	($ in thousands)
	Current Year (Twelve months ended March 31, 2012)	
Cash flows from operating activities		
Income before income taxes	11,970	145,249
Depreciation	37,856	459,362
Loss (gain) on sales of fixed assets	(4)	(49)
Loss on disposition of fixed assets	218	2,645
Bond issuance cost	238	2,888
Other loss (gain)	(72)	(874)
Increase (decrease) in allowance for bad debt	(80)	(971)
Increase (decrease) in allowance for disaster loss	(29)	(352)
Interest and dividend income	(15)	(182)
Interest expense	10,349	125,579
Commission expense	1,887	22,898
Decrease (increase) in accounts receivable-trade	(6,331)	(76,823)
Decrease (increase) in inventories	(2,339)	(28,382)
Decrease (increase) in other assets	(1,373)	(16,661)
Increase (decrease) in accounts payable-trade	3,803	46,147
Increase (decrease) in other accounts payable	9,884	119,937
Increase (decrease) in accrued expenses	(1,147)	(13,918)
Increase (decrease) in other liabilities	(89)	(1,080)
Subtotal	64,727	785,427
Interest and dividend received	16	194
Interest paid	(10,249)	(124,366)
Income taxes paid	(32)	(388)
Income taxes refund	2,581	31,319
Net cash provided by (used in) operating activities	57,042	692,173
Cash flows from investing activities		
Proceeds from time deposits at maturity	5,000	60,672
Placement into time deposits	(2,500)	(30,336)
Decrease (increase) in restricted deposit	(471)	(5,715)
Purchase of tangible fixed assets	(32,029)	(388,654)
Proceeds from sales of tangible fixed assets	15	182
Purchase of intangible fixed assets	(4,794)	(58,173)
Others	(35)	(425)
Net cash provided by (used in) investing activities	(34,814)	(422,449)
Cash flows from financing activities		0
Repayments of capital lease obligations	(696)	(8,446)
Proceeds from sales and redemption by installment payment	16,635	201,857
Repayments of installment obligations	(16,436)	(199,442)
Proceeds from long-term debt	10,099	122,546
Repayments of long-term debt	(73,700)	(894,309)
Payments for arrangement of interest bearing debt	(2,155)	(26,150)
Proceeds from issuance of bonds	55,997	679,493
Redemption of bonds	(14,048)	(170,465)
Proceeds from stock issuance, net	41	498
Dividends paid	(2,956)	(35,869)
Net cash provided by (used in) financing activities	(27,219)	(330,288)
Effect of exchange rate change on cash and cash equivalents	5	61
Net change in cash and cash equivalents	(4,990)	(60,551)
Cash and cash equivalents at the beginning of the period	43,397	526,599
Cash and cash equivalents at the end of the period	38,412	466,108

(5) Notes on premise of going concern
No items to report

(6) Summary of Significant Accounting Policies
1. Valuation policy and methods of securities
Available-for-sale securities
Securities with fair market value
Stated at fair value (valuation difference is treated using the direct net asset adjustment method, and cost of securities sold is determined by the moving-average method) based on fair value at the balance sheet date.
Securities without fair market value
Stated at cost using moving-average method.
Additionally, with regard to contributions to investment business limited liability partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law, such contributions are regarded as negotiable securities), the Company mainly uses, as the book value, the net value of its holdings of partnership assets.

2. Valuation policy and methods of Derivatives
Derivatives
Stated at fair market value.

3. Valuation policy and methods of Inventories
Merchandise, supplies
Stated at cost using moving-average method (devaluating book value method based on decreases in profitability).

4. Depreciation method and standards for fixed assets
A. Tangible fixed assets (excluding lease assets)
Buildings (excluding leasehold improvements), structures, machinery and equipments, wireless telecommunications equipments and terminal equipments are depreciated with the straight-line method. Leasehold improvements and tools, furniture and fixtures are depreciated with the declining-balance method. The main estimated useful lives are as follows:

Buildings	8 - 33 years
Structures	30 years
Machinery and equipments	6 years
Wireless telecommunications equipments	9 years
Terminal equipments	3 years
Tools, furniture and fixtures	2 - 20 years

B. Intangible assets
(Software)
For software for internal use, the declining-balance method is applied based on the software's estimated useful life within the Company (5 years).
(Right of using facilities)
Depreciated over 20 years using declining-balance method.

C. Lease assets
For leased items recognized as assets and related construction costs for "machinery and equipments", "terminal equipments" and "others (tools, furniture and fixtures)," (items related to finance lease transactions other than those in which the lessee is given rights approximating to ownership), the declining-balance method is applied with the lease term as the useful life and the residual value set at zero.

5. Accounting for deferred assets
A. Issuance costs for stocks
Stock issuance costs are charged to income as incurred.
B. Issuance costs for bonds
Bond issuance costs are amortized by the straight-line method over the years until the maturing dates.

6. Accounting for allowances and reserves
Allowance for doubtful accounts
To prepare for uncollectible credits in accounts receivable, etc., the Company provides an allowance for general credits using actual bad debt ratio, and provides an allowance for an estimated unrecoverable amount

of specific credits deemed to be uncollectible after considering possible losses on collection.

7. Method for hedge accounting

A. Method for hedge accounting

(Forward exchange contracts)

Hedges are treated with deferred losses on hedges. Forward exchange contracts are translated at the foreign exchange rates stipulated in the contract if the forward exchange contract satisfies the requirements for this treatment.

(Currency Swap Transaction)

Hedges are treated with deferred losses on hedges.

B. Hedging instruments and hedged items

(Hedging instruments)

Forward exchange contracts and currency swap transaction

(Hedged items)

Forward exchange contracts: Planned transactions denominated in foreign currencies

Currency swap transaction: Corporate bond transaction denominated in foreign currencies

C. Hedging policy

Forward exchange contracts and currency swap transaction are conducted as a measure against risks due to foreign exchange fluctuations.

D. Assessment of effectiveness of hedge

The Company compares the accumulated changes in prices between hedged items and hedging instruments during the period from the commencement of hedge to the assessment of effectiveness of hedge and tests the effectiveness of hedge on the basis of their accumulated changes. When significant terms and conditions of the proposed transaction of hedging instruments and hedged items are identical and changes in prices and cash flows are expected to be offset in full at the commencement of a hedge and continuously thereafter, the Company does not assess the effectiveness of the hedge. For any items which have not been qualified for hedge accounting as a result of the assessment of effectiveness of hedge, the Company discontinues the application of hedge accounting to them.

8. Range of capital in statements of cash flow

Capital in statements of cash flow consists of cash on hand, cash in banks which can be withdrawn as needed, and short-term investments with maturities of no more than three months that can be easily converted to cash with minimal risk of change in value.

9. Other significant matters forming the basis of preparation of financial statements

Accounting treatment of consumption taxes, etc.

Items subject to consumption tax, etc. are recorded at amounts exclusive of consumption taxes, etc.

(7) Changes in presentation

(Statements of operations)

As Gain on bad debts recovered, included in Others in Non-operating income for the previous fiscal year, exceeded one-tenth of the total amount of non-operating income, this item is presented individually from the current fiscal year. Accordingly, financial statements in the previous fiscal year were reclassified to reflect these changes in the presentation.

As a result, ¥33 million included in Others of Non-operating income in the statements of operations in the previous fiscal year was reclassified as ¥0 million of Gain on bad debts recovered and ¥33 million of Others.

(8) Additional information

Effective on April 1, 2011, the Company adopted the “Accounting Standard for Accounting Changes and Error Corrections,” (ASBJ Statement No. 24 issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections,” (ASBJ Guidance No. 24 issued on December 4, 2009), to make changes in accounting principles and corrections of errors from previous years.

(9) Notes to financial statements

(Notes to balance sheets)

*1. Assets pledged as collateral

Collateral provided for syndicated loan

Major assets held by the Company were pledged as collateral for the syndicated loans (*2 (2)) for the Company. The period and book values of assets pledged as collateral as of the end of the business year are as follows:

(Period for pledging assets as collateral)

Until the borrowings under the syndicated loan are repaid in full.

(Assets pledged as collateral)

(¥ in millions)

	As of March 31, 2011	As of March 31, 2012
Cash and deposits	28,461	10,885
Accounts receivable-trade	24,032	31,393
Merchandise	2,090	4,415
Tangible fixed assets	115,562	124,242
Intangible fixed assets	45,643	38,594
Total	215,788	209,529

*2. State of borrowings under the commitment line

(1) The Company established the following credit facilities as follows in order to secure funds necessary for working capital and capital expenditures.

(¥ in millions)

	As of March 31, 2011		As of March 31, 2012	
	Borrowing facility	Outstanding borrowing	Borrowing facility	Outstanding borrowing
Commitment lines (Note 1)	7,667	7,667	6,333	6,333
Commitment lines (Note 2)	22,695	22,695	19,817	19,817
Commitment lines (Note 3)	–	–	17,000	1,786
Installment disbursement term loan (Note 4)	7,422	3,015	7,422	7,268
Installment disbursement term loan (Note 5)	–	–	5,578	4,059
Total	37,783	33,376	56,150	39,264

(Notes) 1. Two banks for a borrowing period of up to 4 years and 10 months
2. One bank for a borrowing period of up to 8 years and 6 months
3. Two banks for a borrowing period of up to 8 years and 11 months
4. One bank for a borrowing period of up to 5 years and 10 months
5. One bank for a borrowing period of up to 5 years and 5 months

Financial covenants have been provided for these commitment lines and installment disbursement term loans. In the event of a breach of these covenants, the Company might be demand for repayment of all the interest bearing debt under these borrowings.

The Company has not breached any covenants as of March 31, 2012.

(2) The Company established a syndicate loan of ¥95,512 million (FY3/2011: ¥165,000 million) in total for a borrowing period of up to 5 years with 32 banks (FY3/2011: 21 banks) in order to secure the funds necessary for the mobile business.

Certain financial covenants and operating covenants are provided for the syndicate loans. The major provisions of financial covenants and operating covenants are as follows. In the event of breach of these covenants, the Company might be demanded for repayment of all the interest-bearing debts under this commitment line.

The Company has not breached any of the financial covenants or operating covenants below as of March 31, 2012.

Financial covenants

1) The Company shall meet the required debt service coverage ratio (*1)
2) The Company shall meet the required interest coverage ratio (*2)
3) The Company shall meet the required leverage ratio (*3)
4) The Company shall maintain positive net worth during the loan period

(*1) Debt service coverage ratio: amount available for repayment / total payment of principal and interest

(*2) Interest coverage ratio: EBITDA (Earning Before Interest, Taxes, Depreciation, and Amortization) / total interest expenses

(*3) Leverage ratio: (interest-bearing debt outstanding－cash and deposits) / EBITDA

Operating covenants
1) The Company shall meet the required population coverage ratio or the required aggregate number of base stations
2) The Company shall meet the required target for the number of subscribers
The state of assets pledged as collateral is described in *1.

(3) To secure funds necessary for the mobile business, the Company entered into the following installment purchase contracts. The outstanding balances of unexecutory agreements are as follows:

(¥ in millions)

	As of March 31, 2011	As of March 31, 2012
Total amount of installment	(Note 1) 6,000	(Note 2) 8,500
Used amount	2,148	2,850
Unused amount of installment	3,852	5,650

(Notes) 1. 4 lease companies
2. 5 lease companies

*3. Of these corporate bonds, financial covenants have been provided for corporate bonds denominated in foreign currencies of ¥56,480 million issued on April 1, 2011. The Company has not breached any covenants as of March 31, 2012.

(Notes to non-consolidated statements of operations)

*1. Transactions with affiliated companies are included as follows:

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Revenue	15,000	–

*2. Total of research and development expenses

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Research and development expenses included in general and administrative expenses	465	767

*3. Breakdown of gains on sale of fixed assets is as follows:

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Machinery and equipments	–	4
Total gains on sale of tangible fixed assets	–	4

*4. The details of loss on disposition of fixed assets are as follows.

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Buildings	0	–
Structures	–	6
Machinery and equipments	1	0
Terminal equipment	164	52
Wireless telecommunications equipments	–	134
Tools furniture and fixtures	1	22
Total loss on disposition of tangible fixed assets	166	215
Software	14	3
Total loss on disposition of intangible fixed assets	14	3

(Notes to non-consolidated statements of changes in net assets)
Fiscal year ended March 31, 2011
1. Matters related to class and total number of shares issued as well as class and number of treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase in number of shares during the current fiscal year (shares)	Decrease in number of shares during the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Shares issued				
Common stock (shares) (Note 1)	1,447,496	2,061,847	45,591	3,463,752
Class 1 preferred stock (shares)	25	–	–	25
Total	1,447,521	2,061,847	45,591	3,463,777
Treasury stock				
Common stock (shares) (Note 2,3)	–	45,591	45,591	–
Total	–	45,591	45,591	–

(Notes) 1. The increase in the number of shares of 2,061,847 common stock was due to an increase of 5,884 shares from the exercise of stock options and an increase of 2,055,963 shares as a result of stock exchange between EMOBILE and the Company.
The decrease of 45,591 shares in the number of common stocks was due to the retirement of shares of treasury stock.
2. The increase in treasury shares of 45,591 shares was due to an increase of 36,800 shares followed by a share purchase demand of a dissenting shareholder pursuant to Paragraph 1, Article 797 of the Companies Act, increase of 14 shares in a purchase of shares of less than one trading unit and an increase of 8,777 shares through market buying.
3. The decrease of treasury stocks of 45,591 shares was due to the retirement of shares of treasury stock.

2. Stock acquisition rights
Stock acquisition rights as stock options
No outstanding of stock acquisition rights as of March 31, 2012.

3. Dividends
(1) Dividends paid

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Dividend per share (¥ in millions)	Record date	Effective date
May 12, 2010 Board meeting	Common stock	868	600	March 31, 2010	June 25, 2010
May 12, 2010 Board meeting	Class 1 preferred stock	42	1,693,438	March 31, 2010	June 25, 2010
May 12, 2010 Board meeting	Common stock	2,609	1,800	June 30, 2010	September 10, 2010
August 4, 2010 Board meeting	Class 1 preferred stock	47	1,862,188	June 30, 2010	September 10, 2010
November 11, 2010 Board meeting	Common stock	692	200	September 30, 2010	December 10, 2010
November 11, 2010 Board meeting	Class 1 preferred stock	47	1,862,188	September 30, 2010	December 10, 2010
February 9, 2011 Board meeting	Common stock	693	200	December 31, 2010	March 11, 2011
February 9, 2011 Board meeting	Class 1 preferred stock	47	1,862,188	December 31, 2010	March 11, 2011

(Note) Dividend amounts per share less than ¥1 are rounded off.

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next business year

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Source of dividends	Dividend per share (¥)	Record date	Effective date
May 12, 2011 Board meeting	Common stock	693	Retained earnings	200	March 31, 2011	June 27, 2011
May 12, 2011 Board meeting	Class 1 preferred stock	47	Retained earnings	1,862,188	March 31, 2011	June 27, 2011

(Note) Dividend amounts per share less than ¥1 are rounded off.

Fiscal year ended March 31, 2011 and 2012

1. Matters related to class and total number of shares issued as well as class and number of treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase in number of shares during the current fiscal year (shares)	Decrease in number of shares during the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Shares issued				
Common stock (shares) (Note)	3,463,752	1,428	–	3,465,180
Class 1 preferred stock (shares)	25	–	–	25
Total	3,463,777	1,428	–	3,465,205
Treasury stock				
Common stock (shares)	–	–	–	–
Total	–	–	–	–

(Note) The increase in the number of shares of 1,428 common stock was due to an increase of 1,428 shares from the exercise of stock options.

2. Stock acquisition rights

Stock acquisition rights as stock options

No outstanding of stock acquisition rights as of March 31, 2012.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Dividend per share (¥ in millions)	Record date	Effective date
May 12, 2011 Board meeting	Common stock	693	200	March 31, 2011	June 27, 2011
May 12, 2011 Board meeting	Class 1 preferred stock	47	1,862,188	March 31, 2011	June 27, 2011
August 4, 2011 Board meeting	Common stock	693	200	June 30, 2011	September 12, 2011
August 4, 2011 Board meeting	Class 1 preferred stock	46	1,836,250	June 30, 2011	September 12, 2011
November 4, 2011 Board meeting	Common stock	693	200	September 30, 2011	December 12, 2011
November 4, 2011 Board meeting	Class 1 preferred stock	46	1,836,250	September 30, 2011	December 12, 2011
February 9, 2012 Board meeting	Common stock	693	200	December 31, 2011	March 12, 2012
February 9, 2012 Board meeting	Class 1 preferred stock	46	1,836,250	December 31, 2011	March 12, 2012

(Note) Dividend amounts per share less than ¥1 are rounded off.

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next business year

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Source of dividends	Dividend per share (¥)	Record date	Effective date
May 11, 2012 Board meeting	Common stock	693	Retained earnings	200	March 31, 2012	June 25, 2012
May 11, 2012 Board meeting	Class 1 preferred stock	46	Retained earnings	1,836,250	March 31, 2012	June 25, 2012

(Note) Dividend amounts per share less than ¥1 are rounded off.

(Notes to non-consolidated statements of cash flows)

* Reconciliation of cash and cash equivalents at the end of the period and the amount recorded in non-consolidated balance sheets

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Cash and deposits	− (Note)	40,066
Time deposits	− (Note)	1,654
Cash and cash equivalents	− (Note)	38,412

(Note) Comparative information related to non-consolidated cash flow statements are not presented as the Company prepared consolidated cash flow statements, instead of non-consolidated cash flow statements, in the previous fiscal year.

(Tax effect accounting)

1. Major breakdown of deferred tax assets and liabilities

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Deferred tax assets		
Accrued business taxes	19	39
Accrued expenses	443	928
Accounts receivable-other	366	–
Allowance for doubtful accounts	1,511	1,314
Terminal related valuation loss	2,035	1,731
Depreciation and amortization	2,058	1,918
Investment securities	1,035	925
Loss carried forward	41,452	32,869
Others	369	207
Total gross deferred tax assets	49,289	39,930
Deferred tax liabilities		
Deferred hedge gain /(loss)	–	(596)
Valuation difference on available-for-sale securities	–	(20)
Others	–	(189)
Total deferred tax liabilities	–	(805)
Valuation allowance	(29,320)	(16,573)
Deferred tax assets, net	19,969	22,552

2. Major breakdown of the cause of differences between the statutory tax rate and the Company's effective tax rate after applying tax effect accounting

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Statutory tax rate	40.7%	40.7%
(Adjustments)		
Loss on extinguishment of tie-in shares	(55.9)%	–
Increase/decrease in valuation allowance	63.0%	(86.8)%
Downward revision of deferred tax assets at the end of the current year due to changes in tax rate	–	19.8%
Others, net	0.0%	(0.3)%
Effective tax rate after applying tax effect accounting	47.8%	(26.6)%

3. Adjustment of Deferred Tax Assets and Liabilities due to Changes in Tax Rate of Income Taxes, etc.

In line with the promulgation of the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (2011 Act No. 114) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake" (2011 Act No. 117) on December 2, 2011, the income tax rate was reduced and special income tax for reconstruction was imposed from the fiscal year beginning on or after April 1, 2012. Accordingly, the statutory effective tax rate applied to calculation of deferred tax assets and liabilities was changed to 38.0% for a temporary difference which is expected to be reversed from the fiscal year beginning on or after April 1, 2012 to the fiscal year beginning on or after April 1, 2014, and 35.6% for a temporary difference which is expected to be reversed after the fiscal year beginning on or after April 1, 2015, respectively, from the current effective tax rate of 40.7%.

As a result, deferred tax assets decreased ¥2,388 million (deferred tax liabilities decreased ¥98 million) and income tax expenses-deferred, valuation difference on available-for-sale securities and deferred profit or loss on hedge increased ¥2,371 million, ¥3 million and ¥78 million, respectively.

In addition, for loss carried forward, the amount equivalent to 80% of taxable income before loss carried forward shall be a ceiling for carry-forward from the fiscal year beginning on or after April 1, 2012. Thus, deferred tax assets decreased ¥4,781 million and income tax expenses-deferred increased ¥4,781 million.

(Notes on Reverse Acquisition)

Fiscal year ended March 31, 2012

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.

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

(1) Items in non-consolidated balance sheet as of March 31, 2012

	(¥ in millions)
Current assets	–
Fixed assets	7,903
Deferred assets	(265)
Total assets	7,638
Current liabilities	–
Long-term liabilities	–
Total liabilities	–
Net assets	7,638

(Note) Goodwill of ¥7,903 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 year ended March 31, 2012

	(¥ in millions)
Revenue	–
Operating profit	(958)
Recurring profit	(866)
Income before income taxes	(866)
Net income	(866)
Net income per share (¥)	(249.88)

(Note) Amortization of goodwill of ¥958 million is included in the above operating profit.

(Segment information)
Fiscal year ended March 31, 2012

1. Outline of reporting segment
The reporting segment of the eAccess Group refers to units of the Group for which separate financial information is available and for which the board of directors periodically considers decisions on the allocation of management resources and the measurement of operating results.
The eAccess Group deems two businesses as its reporting segments: "Mobile Business" and "Fixed Broadband Business".
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.

2. Calculation of sales, profit or loss, assets, liabilities and amounts of other items for each reporting segment
Accounting treatment for the reported business segments are almost identical to that described in "Summary of Significant Accounting Policies".
The income for a reporting segment is based on the operating profit.
Intersegment internal revenue and transfer amounts are based on the prevailing market prices.

Fiscal year ended March 31, 2012

(¥ in millions)

	Reportable segment		Total	Adjustment	Amount on non-consolidated financial statements
	Mobile Business	Fixed Broadband Business			
Net sales					
Outside net revenue	160,069	44,674	204,743	–	204,743
Intersegment net revenue	–	–	–	–	–
Total	160,069	44,674	204,743	–	204,743
Segment profit (loss)	9,637	14,804	24,441	–	24,441
Segment assets	259,745	15,882	275,626	76,686	352,312
Other items					
Depreciation and amortization	33,323	4,367	37,690	–	37,690
Increase in tangible fixed assets and intangible fixed assets	29,662	3,402	33,064	170	33,233

(Note) 1. The followings are amounts included in and main details of "Adjustment".

Segment assets (¥ in millions)

	Current fiscal year
Corporate assets (Note)	76,686
Total	76,686

(Note) Corporate assets mainly consist of current assets (cash and cash equivalents), deferred tax assets, long-term investment funds (investment securities) and assets related to administration department, which are not attributable to any reporting segment. Depreciation expenses of tangible fixed assets and intangible fixed assets, which were included in corporate assets, were allocated to each reporting segment.

(Related information)
Fiscal year ended March 31, 2012

1. Information by product and service
Information by product and service is not shown since similar information is disclosed in the segment information.

2. Information by region
(1) Net sales
Information on net sales by region is not shown since the net sales to external customers in Japan as a percentage of the sales in the non-consolidated statements of operations exceed 90%.

(2) Tangible fixed assets
Information on tangible fixed assets is not shown since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the non-consolidated balance sheets.

3. Information by major customer

(¥ in millions)

Name of customer or individual	Revenue	Related business segment
SOFTBANK MOBILE Corp.	32,675	Mobile Business, Fixed Broadband Business

(Impairment losses on fixed assets for each reportable segment)
Fiscal year ended March 31, 2012
No items to report

(Amortization of goodwill for each reporting segment and information related to unamortized balances)
Fiscal year ended March 31, 2012
No items to report

(Gains on negative goodwill for each reportable segment)
Fiscal year ended March 31, 2012
No items to report

(Per share information)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net assets per share	¥20,347.74	¥24,190.80
Net (loss)/ income per share	(¥6,207.28)	¥4,320.98
Diluted net income per share	Information is not shown since diluted net income per share is net loss per share.	¥4,167.80

(Note) 1. Basis of calculation of net assets per share is as follows:

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Total amounts of net assets (¥ in millions)	73,026	86,371
Amount deducted from total net assets (¥ in millions)		
Amount paid for preferred stock (¥ in millions)	2,500	2,500
Cash dividends paid for preferred stock (¥ in millions)	47	46
Net assets attributable to common shares at the end of the fiscal year (¥ in millions)	70,480	83,825
Number of common stock used to calculate net assets per share (shares)	3,463,752	3,465,180

(Note) 2. Basis of calculation of net profit/ (loss) per share and diluted net profit per share are as follows:

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net (loss)/ income per share		
Net (loss)/income (¥ in million)	(18,228)	15,156
Amounts not attributable to common shareholders (¥ in million)	186	184
[Cash dividends paid for preferred stock] (¥ in million)	[186]	[184]
Net (loss)/income related to common stock (¥ in million)	(18,414)	14,972
Average number of shares during the period (shares)	2,966,548	3,464,940
Diluted net income per share (¥ in million)		
Adjusted net income (¥ in million)	–	199
[Interest expense (after deducting the amount equivalent to taxes)] (¥ in million)	–	[199]
Increase in the number of common shares] (shares)	–	175,004
[Stock acquisition rights (shares)	–	532
[Corporate bonds with new stock acquisition rights] (shares)	–	174,472
Outline of potential shares which were not used for calculating diluted net income per share as they did not have any dilutive effect	New stock acquisition rights (stock option) 200,508 New stock acquisition rights 195,647	New stock acquisition rights (stock option) 190,688

(Significant subsequent events)

No items to report

5. Other

(1) Changes in Directors and Corporate Auditors

a. Change in Representative Director

1. Representative Director to be scheduled to resign

Koji Fukata, Representative Director, Vice Chairman (Scheduled to assume post of Corporate Auditor of the Company)

b. Changes in Other Officers

1. Candidates for new director

Alan Miyazaki, Director

(Currently, Senior Managing Director of Blackstone Group Japan Co., Ltd.)

Mr. Alan Miyazaki is a candidate for Outside Director as stipulated in Item 7, Paragraph 3, Article 2 of Enforcement Regulations of the Companies Act.

2. Director to be scheduled to resign

Shiong Tan, Director

3. Candidates for new corporate auditor

Koji Fukata, Full-time Corporate Auditor (Currently, Representative Director, Vice Chairman of the Company)

Toshiki Sada, Corporate Auditor (Currently, Full-time Corporate Auditor of KAYAC Inc.)

Mr. Toshiki Sada is a candidate for Outside Corporate Auditor as stipulated in Item 8, Paragraph 3, Article 2 of Enforcement Regulations of the Companies Act.

4. Corporate Auditors to be scheduled to resign

Yoshinobu Tanaka, Full-time Corporate Auditor

Noritsugu Yamaoka, Full-time Corporate Auditor

c. Schedule date of accession

June 22, 2012

6. Supplemental Information

Consolidated Financial Statements for the Previous 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 previous fiscal year ended March 31, 2011, represents a figure that consolidates the Company's results for nine months (July 1, 2010 to March 31, 2011) into EMOBILE's results for the period between April 1, 2010 and March 31, 2011.

(1) Consolidated Statement of Operations

(For the year ended March 31, 2011)

	(¥ in millions)	($ in thousands)
	Prior Year (Twelve months ended March 31, 2011)	
Revenue	181,541	2,202,900
Cost of revenue	81,662	990,923
Gross profit	99,879	1,211,977
Selling, general and administrative expenses		
Advertising expenses	306	3,713
Promotion expenses	57,409	696,627
Provision of allowance for doubtful accounts	2,207	26,781
Salaries and allowances	5,674	68,851
Rent expenses	1,380	16,746
Business consignment expenses	6,340	76,932
Depreciation	5,216	63,293
Depreciation of goodwill	718	8,713
Research and development expenses	372	4,514
Others	5,291	64,203
Total Selling, general and administrative expenses	84,912	1,030,360
Operating profit	14,967	181,616
Non-operating income		
Interest income	31	376
Dividend income	2	24
Gain on disqualified dividend payable	13	158
Others	35	425
Total non-operating income	82	995
Non-operating expenses		
Interest expense	8,212	99,648
Commission expense	1,476	17,910
Amortization of bond issuance costs	7	85
Others	265	3,216
Total non-operating expenses	9,961	120,871
Recurring profit	5,088	61,740
Non-recurring profit		0
Gain on sales of subsidiary's stock	13	158
Gain on bad debts recovered	19	231
Total non-recurring profit	32	388
Non-recurring loss		
Loss on disposition of fixed assets	2,217	26,902
Loss on write-down of securities investments	2,537	30,785
Write off of depreciation of long-term prepaid expense	2,552	30,967
Loss on disaster	120	1,456
Loss on adjustment for changes of accounting standard	83	1,007
for asset retirement obligations		0
Others	34	413
Total non-recurring loss	7,543	91,530
Income / (Loss) before income taxes	(2,423)	(29,402)
Income tax expense-current	35	425
Income / (Loss) tax expense-deferred	(17,023)	(206,565)
Total income taxes	(16,988)	(206,140)
Income before minority interests	14,565	176,738
Net income	14,565	176,738

(2) Consolidated Statement of Cash Flows

(For the year ended March 31, 2011)

	(¥ in millions)	($ in thousands)
	Prior Year (Twelve months ended March 31, 2011)	
Cash flows from operating activities		
Income / (Loss) before income taxes and minority interests	(2,423)	(29,402)
Depreciation	33,126	401,966
Amortization of goodwill	718	8,713
Amortization of long-term prepaid expenses	2,552	30,967
Loss on valuation of securities investments	2,537	30,785
Loss on sales of subsidiaries' stocks	(13)	(158)
Loss on disposition of fixed assets	2,217	26,902
Loss on adjustment for changes of accounting standard for asset retirement obligations	83	1,007
Other loss	199	2,415
Increase (decrease) in allowance for bad debt	87	1,056
Increase (decrease) in allowance for loss on disaster	77	934
Interest and dividend income	(33)	(400)
Interest expense	8,212	99,648
Commission expense	1,476	17,910
Decrease (increase) in accounts receivable-trade	(2,621)	(31,804)
Decrease (increase) in inventories	10,662	129,378
Decrease (increase) in accounts receivable-other	2,146	26,041
Decrease (increase) in accounts receivable-other from affiliates	6	73
Decrease (increase) in advance payments	361	4,381
Decrease (increase) in long-term prepaid expenses	492	5,970
Decrease (increase) in other assets	1,535	18,626
Increase (decrease) in accounts payable-trade	402	4,878
Increase (decrease) in other accounts payable	(669)	(8,118)
Increase (decrease) in accrued expenses	799	9,695
Increase (decrease) in other liabilities	693	8,409
Subtotal	62,619	759,847
Interest and dividend received	40	485
Interest paid	(8,118)	(98,507)
Payments of income taxes	(2,540)	(30,822)
Net cash provided by (used in) operating activities	52,002	631,016
Cash flows from investing activities		
Proceeds from time deposits at maturity	2,500	30,336
Placement into time deposits	(5,000)	(60,672)
Decrease (increase) in restricted deposit	(291)	(3,531)
Proceeds from sales of investments in subsidiaries	75	910
Proceeds from share of profits on investments in capital	142	1,723
Purchase of tangible fixed assets	(27,006)	(327,703)
Purchase of intangible fixed assets	(16,245)	(197,124)
Others	(23)	(279)
Net cash provided by (used in) investing activities	(45,848)	(556,340)
Cash flows from financing activities		
Repayments of capital lease obligations	(672)	(8,154)
Proceeds from sales and redemption by installment payment	9,465	114,853
Repayments of installment obligations	(12,924)	(156,826)
Proceeds from short-term debt	40,000	485,378
Repayments of short-term debt	(63,000)	(764,470)
Proceeds from long-term debt	169,669	2,058,840
Repayments of long-term debt	(202,009)	(2,451,268)
Payments for arrangement of interest bearing debt	(1,347)	(16,345)
Proceeds from issuance of bonds	688	8,349
Redemption of bonds	(1,453)	(17,631)
Purchase of treasury stock	(2,822)	(34,243)
Proceeds from stock issuance before share exchange	44,828	543,963
Proceeds from stock issuance after share exchange	126	1,529
Dividends paid	(4,199)	(50,953)
Net cash provided by (used in) financing activities	(23,651)	(286,992)
Net change in cash and cash equivalents	(17,497)	(212,316)
Cash and cash equivalents at the beginning of the period	26,110	316,830
Cash and cash equivalents of the acquired company at the beginning of the period	(26,110)	(316,830)
Cash and cash equivalents of the acquiring company at the beginning of the period	49,311	598,362
Net increase in cash and cash equivalents as a result of business combination via share exchange	11,583	140,553
Cash and cash equivalents at the end of the period	43,397	526,599

(3) Information about net sales, profit (loss), assets and other items by reportable segment

On March 31, 2011, eAccess absorbed its consolidated subsidiary, EMOBILE, through a merger 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" from the fiscal year that began on April 1, 2011.

Accordingly, segment information in the previous fiscal year was reclassified and presented according to the reporting segment after this change.

Fiscal year ended March 31, 2011

(¥ in millions)

	Reportable segment		Total	Adjustment	Amount on consolidated financial statements
	Mobile Business	Fixed Broadband Business			
Net sales					
Outside net revenue	141,239	40,302	181,541	–	181,541
Intersegment net revenue	–	–	–	–	–
Total	141,239	40,302	181,541	–	181,541
Segment profit (loss)	3,061	12,625	15,686	(718)	14,967
Segment assets (*)	253,322	18,808	272,130	80,822	352,952
Other items					
Depreciation and amortization	28,880	4,101	32,981	130	33,111
Amortization of goodwill	–	–	–	718	718
Increase in tangible fixed assets and intangible fixed assets	39,299	1,470	40,769	76	40,845

(*) The Company has not prepared the consolidated balance sheets for the consolidated fiscal year. For segment assets, therefore, the described amounts are based on the amounts on the non-consolidated balance sheets for reference.

May 11, 2012

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

【Profit & Loss】 (¥in millions)

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Revenue	47,605	48,986	52,532	55,619	204,743	250,000
Operating expense	41,116	42,054	46,927	50,204	180,303	224,000
Advertising and sales promotion	15,451	15,119	19,685	21,740	71,994	-
Device and related tools	2,152	2,725	3,085	4,434	12,395	-
Network	6,694	6,692	6,796	6,816	27,285	-
Modem rental	1,145	1,072	1,014	950	4,179	-
Depreciation and amortization	9,244	9,396	9,507	9,542	37,708	-
Outsourcing	2,473	2,740	2,578	2,631	10,421	-
Salaries and benefits	2,183	2,061	2,079	2,071	8,393	-
Others	1,775	2,250	2,184	2,022	7,925	-
Operating profit	6,489	6,932	5,605	5,415	24,441	26,000
Operating margin (%)	13.6%	14.2%	10.7%	9.7%	11.9%	10.4%
Non-operating income	20	178	44	50	293	-
Non-operating expense	3,293	3,165	3,080	3,012	12,549	-
Interest expense	2,623	2,636	2,574	2,516	10,349	-
Commission expense	593	421	437	436	1,887	-
Amortization of bond issuance costs	60	60	60	60	238	-
Others	17	48	9	1	75	-
Recurring profit	3,217	3,945	2,569	2,453	12,184	15,000
Non-recurring profit	4	0	0	0	4	-
Non-recurring loss	53	34	66	65	218	-
Income before income taxes	3,167	3,911	2,503	2,388	11,970	-
Income taxes	2	7	4,073	-7,267	-3,186	-
Income tax expense-current	2	7	6	6	0	0
Income tax expense-deferred	0	0	4,067	-7,273	-3,206	0
Net Income	3,166	3,905	-1,569	9,654	15,156	13,500
EBITDA	15,733	16,413	15,161	15,195	62,504	66,000
EBITDA margin (%)	33.0%	33.5%	28.9%	27.3%	30.5%	26.4%
Capital Expenditures	8,030	6,221	10,682	8,299	33,233	45,000

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					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Current assets	111,258	113,986	122,544	122,173	-	-
Cash and cash deposits	38,131	44,791	45,924	40,066	-	39,000
Other current assets	73,127	69,195	76,619	82,107	-	-
Fixed assets	227,640	223,535	219,957	229,020	-	-
Total Assets	340,196	338,759	343,679	352,312	-	-
Current liabilities	64,845	66,151	79,337	85,109	-	-
Current portion of long-term debt	43,283	43,905	45,230	45,294	-	-
Other current liabilities	21,562	22,246	34,107	39,815	-	-
Long-Term Liabilities	201,020	194,458	188,834	180,832	-	-
Long-term debt	199,409	189,387	183,235	180,546	-	-
Other long-term liabilities	1,611	5,071	5,599	286	-	-
Total Liabilities	265,865	260,609	268,170	265,941	-	-
Shareholders' equity	75,504	78,670	76,362	85,277	-	-
Capital stock and capital surplus	67,753	67,754	67,754	67,754	-	-
Retained earnings	7,751	10,917	8,609	17,524	-	-
Total Net Assets	74,330	78,151	75,509	86,371	-	87,100
Gross Debt	242,406	237,265	232,661	226,349	-	212,000
Bank loans	139,894	137,788	133,932	134,775	-	-
Bonds	69,321	68,792	68,297	58,768	-	-
Convertible bonds	10,851	10,841	10,832	10,822	-	-
Installment obligations	21,676	19,405	19,336	21,789	-	-
Lease obligations	664	438	263	194	-	-
Net Debt	204,275	192,474	186,737	186,282	-	173,000
Net debt/EBITDA ratio	3.15x	2.90x	2.86x	2.98x	-	2.48x
Net debt/net assets ratio	2.75x	2.46x	2.47x	2.16x	-	1.99x

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

Note: Extra-ordinary profit of 3.8 billion yen from CAPEX refund is added back to EBITDA for the purpose of Net Debt/EBITDA calculation

【Cash Flows】 （￥in millions）

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Net cash provided by (used in) operating activi	12,458	19,899	13,538	11,147	57,042	-
Net cash provided by (used in) investing activit	-10,260	-10,308	-7,037	-7,209	-34,814	-
Net cash provided by (used in) financing activi	-9,119	-5,431	-5,367	-7,301	-27,219	-
Net change in cash and cash equivalents	-6,921	4,160	1,134	-3,363	-4,990	-
Cash and cash equivalents at end of the period	36,477	40,637	41,770	38,412	38,412	-

【Other Indicators】

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Dividend per share (yen)	200	200	200	200	800	800
Average share price during the period (yen)	37,948	30,277	18,864	18,737	-	-
Dividend yield （annual）	2.1%	2.6%	4.2%	4.3%	-	-
Number of shares of common stock at the end o	3,465,165	3,465,180	3,465,180	3,465,180	-	-
Average number of shares of common stock du	3,464,227	3,464,700	3,464,861	3,464,940	-	-
Earnings per share （EPS）	900.63	2,014.22	1,547.99	2,772.84	4,320.98	3,842.98
Earnings per share-diluted	865.19	1,940.75	1,513.67	2,657.50	4,167.80	-
Price earnings ratio （PER）	8.23x	4.53x	4.18x	4.22x	-	-
Market capitalization	124,746	68,645	63,309	63,933	-	-
Net debt	204,275	192,474	186,737	186,282	-	-
Enterprise value (EV)	329,021	261,119	250,045	250,215	-	173,000
EV / EBITDA ratio	5.07x	3.93x	3.83x	4.00x	-	-
Number of employees	1,306	1,212	1,198	1,196	-	-

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

May 11, 2012

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)	Fiscal Year 3/2012 2Q (7-9/2011)	Fiscal Year 3/2012 3Q (10-12/2011)	Fiscal Year 3/2012 4Q (1-3/2012)	Fiscal Year 3/2012 Full-year/ Year-end	Fiscal Year 3/2013 Full-year/ Year-end
Revenue	35,548	37,529	41,669	45,323	160,069	215,000
Service revenue	28,286	29,215	31,244	32,555	121,299	-
Device revenue	7,262	8,314	10,424	12,769	38,770	-
Operating expense	33,054	34,375	39,727	43,277	150,432	198,000
Advertising and sales promotion	14,981	14,824	19,414	21,497	70,715	-
Device and related tools	2,083	2,669	3,036	4,383	12,170	-
Network	3,055	3,161	3,365	3,448	13,030	-
Depreciation and amortization	8,014	8,205	8,481	8,623	33,341	-
Outsourcing	1,703	1,954	1,883	1,940	7,480	-
Salaries and benefits	1,770	1,664	1,688	1,668	6,791	-
Others	1,447	1,898	1,860	1,718	6,906	-
Operating profit	2,495	3,154	1,942	2,046	9,637	17,000
Operating margin (%)	7.0%	8.4%	4.7%	4.5%	6.0%	7.9%
EBITDA	10,509	11,445	10,473	10,907	43,333	54,000
EBITDA margin (%)	29.6%	30.5%	25.1%	24.1%	27.1%	25.1%
Capital expenditures	7,842	5,727	9,818	6,275	29,662	41,000

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)	Fiscal Year 3/2012 2Q (7-9/2011)	Fiscal Year 3/2012 3Q (10-12/2011)	Fiscal Year 3/2012 4Q (1-3/2012)	Fiscal Year 3/2012 Full-year/ Year-end	Fiscal Year 3/2013 Full-year/ Year-end
Gross add subscribers (thousands)	369	389	393	397	1,548	-
Device upgrades (thousands)	42	59	101	90	292	-
Total (thousands)	411	448	494	487	1,840	-
Net add subscribers (thousands)	223	238	221	218	899	483
Accumulated subscribers (thousands)	3,341	3,579	3,800	4,017	4,017	4,500
ARPU（yen/month）	2,860	2,730	2,730	2,680	2,740	2,800
Churn rate (%/month)	1.50%	1.44%	1.54%	1.50%	1.50%	1.60%
SAC (yen)	20,000	23,000	28,000	28,000	25,000	30,000

May 11, 2012

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)	Fiscal Year 3/2012 2Q (7-9/2011)	Fiscal Year 3/2012 3Q (10-12/2011)	Fiscal Year 3/2012 4Q (1-3/2012)	Fiscal Year 3/2012 Full-year/ Year-end	Fiscal Year 3/2013 Full-year/ Year-end
Revenue	12,057	11,457	10,863	10,296	44,674	35,000
Operating expense	8,063	7,680	7,201	6,927	29,870	26,000
Advertising and sales promotion	470	296	271	243	1,279	-
Network	3,639	3,531	3,431	3,368	14,255	-
Modem rental	1,145	1,072	1,014	950	4,179	-
Depreciation and amortization	1,231	1,191	1,026	919	4,367	-
Outsourcing	770	786	695	691	2,941	-
Salaries and benefits	413	397	391	416	1,616	-
Others	397	408	373	342	1,232	-
Operating profit	3,994	3,778	3,663	3,369	14,804	9,000
Operating margin (%)	33.1%	33.0%	33.7%	32.7%	33.1%	25.7%
EBITDA	5,225	4,969	4,689	4,288	19,171	12,000
EBITDA margin (%)	43.3%	43.4%	43.2%	41.6%	42.9%	34.3%
Capital expenditures	189	494	864	2,024	3,571	4,000

Note: EBITDA=Operating profit + Depreciation and amortization

【Operational Information】

Fixed-line Business	Fiscal Year 3/2012 1Q (4-6/2011)	Fiscal Year 3/2012 2Q (7-9/2011)	Fiscal Year 3/2012 3Q (10-12/2011)	Fiscal Year 3/2012 4Q (1-3/2012)	Fiscal Year 3/2012 Full-year/ Year-end	Fiscal Year 3/2013 Full-year/ Year-end
Net add subscribers (thousands)	-89	-95	-83	-96	-363	-360
Accumulated subscribers (thousands)	1,839	1,744	1,661	1,565	1,565	1,200
ARPU (yen/month)	2,009	2,006	1,998	1,992	8,005	2,000
Churn rate (%/month)	2.04%	2.14%	1.97%	2.32%	0	2.40%
SAC (yen)	7,500	7,000	6,000	7,000	7,000	6,500