

eAccess Ltd.

RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS

**AS OF AND FOR THE THREE MONTHS ENDED
JUNE 30, 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 = ¥79.81, the exchange rate in effect as of June 30, 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. Qualitative Information regarding Settlement of Accounts for the Three Months Ended June 30, 2012

(1) Qualitative Information regarding Operating Results

The market environment surrounding eAccess Ltd. (“the Company”) is changing significantly. Among the developments are greater diversity in market and customer needs arising from more sophisticated communication technologies and growth in the variety of tablet devices, smartphones and others, and full-fledged entry into the high-speed mobile broadband communication market by competitor companies. In light of these changes in the business environment, the Company has formulated the “Growth Strategy 2015,” a medium term business strategy starting in the 2012 fiscal year and ending in the 2014 fiscal year. Under the “Growth Strategy 2015,” the Company commenced an LTE service, “EMOBILE LTE,” in March 2012. 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 the satisfaction of existing customers by enhancing customer service as well as strengthening brand recognition. We also aim to maintain and expand EMOBILE shops nationwide and speed up our own smartphone strategy to become a promising main stream carrier in the telecommunication industry.

Furthermore, with respect to the “specified base station plan for dissemination of 3.9-generation mobile communication systems,” the Company filed an application to be certified for the 700MHz band and received certification on June 28, 2012. Known as the “platinum band,” the 700MHz band can cover a wide range of areas more efficiently than the 1.7GHz band currently used by the Company. Since this will be the first time for the Company to be assigned the platinum band, we will strive to use the 700MHz band effectively and increase the penetration of the LTE service.

In the current fiscal year, as the first year of the medium term business strategy, the Company’s efforts will be focused on strengthening its core mobile broadband business. In the three months ended June 30, 2012, there was growth in the accumulated total number of subscribers in the Mobile Business, which provides mobile broadband communication services under the EMOBILE brand by deploying marketing initiatives, particularly in “EMOBILE LTE.” As a result, the Company’s revenue increased by 14.3% year on year to ¥54,421 million. With respect to profits, on the other hand, operating profit decreased by 36.0% year on year to ¥4,153 million. This was the result of an increase in costs including commission for acquiring new customers to handle changes in the competitive environment of the Mobile Business, an increase in fixed costs such as sales personnel expenses for the reinforcement of the Company’s own distribution channel, and an increase in operating expenses associated with maintaining customers, as well as a sales decline in the Fixed Broadband Business due to a decrease in ADSL subscribers. In addition, recurring profit decreased by 56.9% year on year to ¥1,388 million due to the recording of ¥2,354 million in interest expense and bond interest expense as non-operating expenses. Subsidy income, etc. of ¥459 million for the replacement of existing equipment for operation of the LTE service was recorded as non-recurring profit, while on the other hand loss on disposition of fixed assets of ¥433 million for the equipment that was replaced was recognized as non-recurring loss. As a result, net income decreased by 53.5% year on year to ¥1,473 million.

Operating results by segment are as follows.

A. Mobile Business

(¥ in millions)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Increase/decrease	%
Revenue	35,548	44,797	9,249	26.0
Segment profit (operating profit)	2,495	1,276	(1,219)	(48.9)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Increase/decrease	%
Net increase in subscribers (thousands)	223	121	(102)	(45.7)
Accumulated total subscribers (thousands)	3,341	4,138	797	23.9
ARPU (yen/month)	2,860	2,680	(180)	(6.3)
Monthly churn rate (%)	1.50	1.45	(0.05)	—

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

In the Mobile Business in the three months ended June 30, 2012, the number of subscribers grew on the back of marketing initiatives implemented mainly for “EMOBILE LTE,” which started in March through the Company’s own distribution channel including mass retailers, despite a decline in customer acquisitions through wholesale channels for 3G mobile broadband lines. The Company thus had accumulated total number of subscribers of 4,138 thousand as of June 30, 2012, up 797 thousand, or 23.9%, from June 30, 2011.

Steady growth in the number of subscribers resulted in revenue of ¥44,797 million, up 26.0% year on year. On the other hand segment profit (operating profit) was ¥1,276 million, down 48.9%. This was primarily the result of an increase in costs including commission for acquiring new customers to handle changes in the competitive environment, an increase in fixed costs such as sales personnel expenses for the reinforcement of the Company’s own distribution channel, and an increase in operating expenses associated with maintaining customers.

As of June 30, 2012, nationwide service coverage in population terms was 93%.

(Note) Effective from the three months ended June 30, 2012, a change has been made from nationwide service coverage in real population terms to nationwide service coverage in population terms as defined by the Ministry of Internal Affairs and Communications, calculated on the basis of whether communication is possible at the sites of city, town or village government offices.

Number of Subscribers

EMOBILE added a net 121 thousand subscribers during the three months ended June 30, 2012, down 45.7% from the net figure in the same period of the previous fiscal year. The net figure shows the difference between the number of new subscriptions and cancellations. This was primarily the result of a decline in customer acquisitions through wholesale channels for 3G mobile broadband lines, despite firm customer acquisitions in “EMOBILE LTE” through the Company’s own distribution channel including mass retailers.

ARPU (Average Revenue Per User)

Average revenue per user for the three months ended June 30, 2012 declined by 6.3% year on year to ¥2,680. The main factor in this decline was an increase in the rate of accumulated subscribers through wholesale channels for 3G mobile broadband lines, which have relatively low monthly charges.

Monthly Churn Rates

The monthly churn rate for the three months ended June 30, 2012 fell 0.05 percentage points year on year to 1.45%. In the same period of the previous fiscal year there were contract cancellations by customers due to their completion of two-year, long-term contract discounts, which were sold as sets with netbook and the like. In the three months ended June 30, 2012, however, the churn rate fell thanks to an increase in customers carrying out model changes for the start of the “EMOBILE LTE” service.

B. Fixed Broadband Business

(¥ in millions)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Increase/decrease	%
Revenue	12,057	9,624	(2,433)	(20.2)
Segment profit (operating profit)	3,994	2,877	(1,117)	(28.0)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Increase/decrease	%
ADSL accumulated total subscribers (thousands)	1,839	1,461	(378)	(20.1)
ADSL ARPU (yen/month)	2,009	1,987	(22)	(1.1)
ADSL monthly churn rate (%)	2.04	2.53	0.49	—

* 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, mainly due to expansion in the market for new, high-speed mobile broadband communications such as LTE. This was 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 June 30, 2012 declined by 20.1% year on year to 1,461 thousand.

As a result, revenue for the three months ended June 30, 2012 declined by 20.2% year on year to ¥9,624 million and segment profit (operating profit) declined by 28.0% year on year to ¥2,877 million.

(2) Qualitative Information regarding Financial Condition

A. Status of Assets, Liabilities, and Net Assets

As of June 30, 2012, current assets, tangible fixed assets, and intangible fixed assets amounted to ¥119,197 million, ¥147,931 million, and ¥37,555 million, respectively; compared to the previous fiscal year-end, they showed decreases of ¥2,976 million, ¥289 million, and ¥2,949 million, respectively. The decrease in current assets was due mainly to a decrease of ¥2,543 million in cash and deposits, a decrease of ¥2,284 million in accounts receivable–trade, a decrease of ¥1,115 million in advance payments–trade and an increase of ¥2,973 million in accounts receivable–other. Additionally, investments and other assets stood at ¥40,354 million, up ¥58 million compared to the previous fiscal year-end. This was mainly due to an increase of ¥1,131 million in long-term accounts receivable-other and a decrease of ¥888 million in derivatives. As a result, total assets came to ¥346,096 million, a decrease of ¥6,216 million compared to the previous fiscal year-end.

As of June 30, 2012, current liabilities amounted to ¥85,240 million, an increase of ¥131 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥525 million in current maturities of bonds, an increase of ¥1,343 million owing to repayment of the current portion of long-term debt and transfer of long-term debt to the current portion, a decrease of ¥1,920 million in other accounts payable, and an increase of ¥1,084 million in accrued expenses. Long-term liabilities amounted to ¥174,213 million, a drop of ¥6,619 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥6,091 million caused by a repayment of long-term debt, less current portion, a decrease of ¥3,431 in bonds, less current maturities, and an increase of ¥2,750 million in derivatives liabilities. As a result, total liabilities came to ¥259,453 million, a decrease of ¥6,488 million compared to the previous fiscal year-end.

As of June 30, 2012, net assets came to ¥86,643 million, an increase of ¥272 million compared to the previous fiscal year-end. This was due to recording net income of ¥1,473 million, despite cash dividends of ¥739 million and a decrease of ¥456 million in deferred gains on hedges.

B. Analysis of Cash Flows

Cash and cash equivalents as of June 30, 2012 amounted to ¥35,869 million. This represents a decrease of ¥607 million compared to the previous fiscal year-end.

(Cash Flows from Operating Activities)

Net cash provided by operating activities decreased ¥3,213 million year on year to ¥9,245 million. The main factors in this were ¥1,414 million in income before income taxes, ¥9,506 million in depreciation, which is a non-fund item, a ¥2,284 million increase caused by a decrease in accounts receivable–trade, and ¥3,421 million used in reducing accounts payable–trade and other accounts payable.

(Cash Flows from Investing Activities)

Net cash used in investing activities decreased ¥3,418 million year on year to ¥6,842 million. The main factor in this was ¥6,832 million used in purchase of fixed assets.

(Cash Flows from Financing Activities)

Net cash used in financing activities decreased ¥4,178 million year on year to ¥4,940 million. This was due to ¥5,548 million in proceeds from sales and redemption by installment payment, ¥4,103 million in repayments of installment obligations, a net payment of ¥4,748 million caused by borrowing and repayments of long-term debt, ¥525 million in redemption of bonds and ¥692 million in dividend payment.

(3) Qualitative Information regarding Earnings Forecast

Regarding the earnings forecast, although revenue is expected to decline in the Fixed Broadband Business due to a decline in the number of ADSL subscribers in line with expansion of the broadband market, particularly in FTTH and LTE, the Mobile Business, which provides mobile broadband communication services under the EMOBILE brand, is expected to continue growing, also in line with expansion of the mobile broadband market. As a result, the Company projects revenue of ¥250,000 million. The Company also projects ¥26,000 million in operating profit, ¥15,000 million in recurring profit, and ¥13,500 million in net income.

Although the Company received certification for its installation plan to use the 700MHz band on June 28, 2012, at present the Company does not envisage any factors that could cause significant impact to the earnings forecast. Therefore, there are no changes to the earnings forecast for the fiscal year ending March 31, 2013, announced in the Results of Operations and Financial Statements as of and for the Year Ended March 31, 2012, released on May 11, 2012.

(Note) As forecasts are for the full term, the Company has not presented a forecast for the six months ending September 30, 2012.

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. Summary Information (Notes)

(1) Change in accounting policies, change in accounting estimates, and restatement of prior period financial statements after error corrections

(Change in accounting policy that is difficult to distinguish from change in accounting estimate)

Effective from the first quarter ended June 30, 2012, following the revision of the Corporation Tax Act, for tangible fixed assets acquired on or after April 1, 2012, the Company applied the depreciation method in compliance with the revised Corporation Tax Act to "leasehold improvements" and "tools, furniture and fixtures," to which the declining-balance method was applied.

As a result of this change, compared with the corresponding amounts under the previous method, operating profit, recurring profit and income before income taxes in the three months ended June 30, 2012 each increased by ¥2 million.

3. Financial Statements

(1) Balance Sheets

(As of March 31, 2012 and June 30, 2012)

	(¥ in millions)	(¥ in millions)	(\$ in thousands)
	Prior Year End (As of March 31, 2012)	Current 1st-qr End (As of June 30, 2012)	
(ASSETS)			
Current assets			
Cash and deposits	40,066	37,524	470,167
Accounts receivable-trade	36,595	34,311	429,909
Merchandise	4,415	4,192	52,525
Accounts receivable-other	32,163	35,136	440,246
Income taxes receivable	3	3	38
Other current assets	12,389	11,669	146,210
Allowance for bad debt	(3,457)	(3,637)	(45,571)
Total current assets	122,173	119,197	1,493,510
Fixed assets			
Tangible fixed assets			
Wireless telecommunications equipments	115,533	116,580	1,460,719
Others, net	32,687	31,351	392,820
Total tangible fixed assets	148,220	147,931	1,853,540
Intangible fixed assets	40,504	37,555	470,555
Investments and other assets			
Investments and others	40,470	40,547	508,044
Allowance for bad debt	(174)	(193)	(2,418)
Total investments and other assets	40,296	40,354	505,626
Total fixed assets	229,020	225,839	2,829,708
Deferred assets			
Bond issuance cost	1,119	1,059	13,269
Total deferred assets	1,119	1,059	13,269
TOTAL ASSETS	352,312	346,096	4,336,499

Balance Sheets (Continued)

(As of March 31, 2012 and June 30, 2012)

	(¥ in millions)	(¥ in millions)	(\$ in thousands)
	Prior Year End (As of March 31, 2012)	Current 1st-qr End (As of June 30, 2012)	
(LIABILITIES)			
Current liabilities			
Accounts payable-trade	5,593	4,519	56,622
Current maturities of bonds	1,580	1,055	13,219
Current portion of long-term debt	29,099	30,443	381,443
Other accounts payable	26,880	24,960	312,743
Accrued expenses	5,947	7,031	88,097
Income tax payable	121	104	1,303
Other current liabilities	15,889	17,129	214,622
Total current liabilities	85,109	85,240	1,068,037
Long-term liabilities			
Bonds, less current maturities	67,502	64,071	802,794
Long-term debt, less current portion	105,676	99,585	1,247,776
Other long-term liabilities	7,654	10,557	132,277
Total long-term liabilities	180,832	174,213	2,182,847
TOTAL LIABILITIES	265,941	259,453	3,250,883
(NET ASSETS)			
Shareholders' equity			
Capital stock	18,503	18,503	231,838
Capital surplus	49,251	49,251	617,103
Retained earnings	17,524	18,258	228,768
Total shareholders' equity	85,277	86,011	1,077,697
Valuation and translation adjustments			
Valuation adjustment on securities investments	35	29	363
Deferred gains on hedges	1,059	603	7,555
Total valuation and translation adjustments	1,094	632	7,919
TOTAL NET ASSETS	86,371	86,643	1,085,616
TOTAL LIABILITIES AND NET ASSETS	352,312	346,096	4,336,499

(2) Statement of Operations

(For the three months ended June 30, 2011 and 2012)

	(¥ in millions)	(¥ in millions)	(\$ in thousands)
	Prior 1st-qr (Three months ended June 30, 2011)	Current 1st-qr (Three months ended June 30, 2012)	
Revenue	47,605	54,421	681,882
Cost of revenue	19,187	21,449	268,751
Gross profit	28,418	32,971	413,119
Selling, general and administrative expenses	21,929	28,819	361,095
Operating profit	6,489	4,153	52,036
Non-operating income			
Interest income	1	62	777
Dividend income	-	1	13
Gain on bad debts recovered	0	26	326
Others	19	14	175
Total non-operating income	20	103	1,291
Non-operating expenses			
Interest expense	2,623	2,354	29,495
Others	670	514	6,440
Total non-operating expenses	3,293	2,868	35,935
Recurring profit	3,217	1,388	17,391
Non-recurring profit			
Gain on sales of fixed assets	4	-	-
Subsidy income	-	368	4,611
Others	-	91	1,140
Total non-recurring profit	4	459	5,751
Non-recurring loss			
Loss on disposition of fixed assets	53	433	5,425
Total non-recurring loss	53	433	5,425
Income before income taxes	3,167	1,414	17,717
Income tax expense-current	2	1	13
Income tax expense-deferred	-	(60)	(752)
Total income taxes	2	(59)	(739)
Net income	3,166	1,473	18,456

(3) Statement of Cash Flows

(For the three months ended June 30, 2011 and 2012)

	(¥ in millions)	(¥ in millions)	(\$ in thousands)
	Prior 1st-qr (Three months ended June 30, 2011)	Current 1st-qr (Three months ended June 30, 2012)	
Cash flows from operating activities			
Income before income taxes	3,167	1,414	17,717
Depreciation	9,244	9,506	119,108
Gain on sales of fixed assets	(4)	-	-
Loss on disposition of fixed assets	53	433	5,425
Amortization of bond issuance cost	60	60	752
Subsidy income	-	(368)	(4,611)
Other gain	(5)	(87)	(1,090)
Increase (decrease) in allowance for bad debt	(539)	200	2,506
Decrease in allowance for loss on disaster	(14)	-	-
Interest and dividend income	(1)	(63)	(789)
Interest expense	2,623	2,354	29,495
Commission expense	593	450	5,638
Decrease in accounts receivable-trade	3,196	2,284	28,618
Decrease (increase) in inventories	(484)	214	2,681
Decrease (increase) in accounts receivable-other	1,198	(2,002)	(25,085)
Decrease (increase) in other assets	22	(265)	(3,320)
Decrease in accounts payable-trade	(545)	(1,074)	(13,457)
Decrease in other accounts payable	(1,177)	(2,347)	(29,407)
Increase (decrease) in accrued expenses	(2,635)	167	2,092
Increase (decrease) in other liabilities	(556)	18	226
Subtotal	14,197	10,892	136,474
Interest and dividend received	0	63	789
Interest paid	(1,954)	(1,698)	(21,276)
Income taxes paid	(24)	(12)	(150)
Income taxes refund	239	-	-
Net cash provided by operating activities	12,458	9,245	115,838
Cash flows from investing activities			
Proceeds from time deposits at maturity	2,500	-	-
Increase in restricted deposit	(471)	-	-
Purchase of tangible fixed assets	(10,572)	(5,461)	(68,425)
Proceeds from sales of tangible fixed assets	15	-	-
Purchase of intangible fixed assets	(1,719)	(1,371)	(17,178)
Others	(13)	(10)	(125)
Net cash used in investing activities	(10,260)	(6,842)	(85,729)
Cash flows from financing activities			
Repayments of capital lease obligations	(226)	(65)	(814)
Proceeds from sales and redemption by installment payment	3,445	5,548	69,515
Repayments of installment obligations	(4,199)	(4,103)	(51,410)
Proceeds from long-term debt	3,404	1,874	23,481
Repayments of long-term debt	(61,886)	(6,622)	(82,972)
Payments for arrangement of interest bearing debt	(1,484)	(355)	(4,448)
Proceeds from issuance of bonds	55,997	-	-
Redemption of bonds	(3,495)	(525)	(6,578)
Proceeds from stock issuance, net	41	-	-
Dividends paid	(716)	(692)	(8,671)
Net cash used in financing activities	(9,119)	(4,940)	(61,897)
Effect of exchange rate change on cash and cash equivalents	-	(5)	(63)
Net change in cash and cash equivalents	(6,921)	(2,543)	(31,863)
Cash and cash equivalents at the beginning of the period	43,397	38,412	481,293
Cash and cash equivalents at the end of the period	36,477	35,869	449,430

(4) Notes on Premise of Going Concern

No items to report

(5) Notes on Significant Changes in Shareholders' Equity

No items to report

(6) Segment Information**I. Three months ended June 30, 2011****1. Information about net revenue and profit (loss) by reportable segment**

(¥ in millions)

	Reportable segment		Total	Adjustment	Amount on statement of operations (Note)
	Mobile Business	Fixed Broadband Business			
Net revenue					
Outside net revenue	35,548	12,057	47,605	—	47,605
Intersegment net revenue	—	—	—	—	—
Total	35,548	12,057	47,605	—	47,605
Segment profit	2,495	3,994	6,489	—	6,489

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

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

(Significant impairment losses on fixed assets)

No items to report during the three months ended June 30, 2011.

(Significant changes in amount of goodwill)

No items to report during the three months ended June 30, 2011.

(Significant gains on negative goodwill)

No items to report during the three months ended June 30, 2011.

II. Three months ended June 30, 2012**1. Information about net revenue and profit (loss) by reportable segment**

(¥ in millions)

	Reportable segment		Total	Adjustment	Amount on statement of operations (Note)
	Mobile Business	Fixed Broadband Business			
Net revenue					
Outside net revenue	44,797	9,624	54,421	—	54,421
Intersegment net revenue	—	—	—	—	—
Total	44,797	9,624	54,421	—	54,421
Segment profit	1,276	2,877	4,153	—	4,153

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

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

(Significant impairment losses on fixed assets)

No items to report during the three months ended June 30, 2012.

(Significant changes in amount of goodwill)

No items to report during the three months ended June 30, 2012.

(Significant gains on negative goodwill)

No items to report during the three months ended June 30, 2012.

(7) Notes on Reverse Acquisition

Three months ended June 30, 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 June 30, 2012

	(¥ in millions)
Current assets	—
Fixed assets	7,663
Deferred assets	(242)
Total assets	7,422
Current liabilities	—
Long-term liabilities	—
Total liabilities	—
Net assets	7,422

(Note) Goodwill of ¥7,663 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 three months ended June 30, 2012

	(¥ in millions)
Revenue	—
Operating profit	(239)
Recurring profit	(216)
Income before income taxes	(216)
Net income	(216)
Net income per share (¥)	(62.47)

(Note) Amortization of goodwill of ¥239 million is included in the above operating profit.

(8) Significant Subsequent Events

Purchase and retirement of treasury stock (preferred stock)

The Company decided by resolution of a meeting of the Board of Directors held on June 22, 2012 to retire all shares of class 1 preferred stock of the Company that were scheduled to be purchased by the Company on July 2, 2012 in accordance with a purchase request from holders of class 1 preferred stock, on the same date as the purchase, pursuant to the provisions of Article 178 of the Companies Act. The said purchase and retirement of shares were carried out accordingly on the relevant date.

(1) Purchase price ¥110,958,070 per share

The amount was obtained by adding ¥10,958,070 to the equivalent issue price of ¥100,000,000. The amount of ¥10,958,070 was obtained by applying an annual interest rate of 3.0% (compound interest calculation for each fiscal year) to said equivalent issue price for the period from and including the payment date to and including the date preceding the date of purchase.

(2) Total purchase price ¥2,773,951,754

(3) Class of shares purchased and retired Class 1 preferred stock

(4) Number of shares purchased and retired 25 shares

(5) Method of retirement Reduction in other retained earnings

(6) Date of purchase July 2, 2012

(7) Date of retirement of class 1 preferred stock July 2, 2012

Quarterly Results for Fiscal Year 3/2013
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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Revenue	47,605	48,986	52,532	55,619	204,743	54,421	250,000
Operating expense	41,116	42,054	46,927	50,204	180,303	50,268	224,000
Advertising and sales promotion	15,451	15,119	19,685	21,740	71,994	22,224	-
Device and related tools	2,152	2,725	3,085	4,434	12,395	3,931	-
Network	6,694	6,692	6,796	6,816	27,285	6,836	-
Modem rental	1,145	1,072	1,014	950	4,179	843	-
Depreciation and amortization	9,244	9,396	9,507	9,542	37,708	9,469	-
Outsourcing	2,473	2,740	2,578	2,631	10,421	2,616	-
Salaries and benefits	2,183	2,061	2,079	2,071	8,393	2,177	-
Others	1,775	2,250	2,184	2,022	7,925	2,172	-
Operating profit	6,489	6,932	5,605	5,415	24,441	4,153	26,000
Operating margin (%)	13.6%	14.2%	10.7%	9.7%	11.9%	7.6%	10.4%
Non-operating income	20	178	44	50	293	103	-
Non-operating expense	3,293	3,165	3,080	3,012	12,549	2,868	-
Interest expense	2,623	2,636	2,574	2,516	10,349	2,354	-
Commission expense	593	421	437	436	1,887	450	-
Amortization of bond issuance costs	60	60	60	60	238	60	-
Others	17	48	9	1	75	4	-
Recurring profit	3,217	3,945	2,569	2,453	12,184	1,388	15,000
Non-recurring profit	4	0	0	0	4	459	-
Non-recurring loss	53	34	66	65	218	433	0
Income before income taxes	3,167	3,911	2,503	2,388	11,970	1,414	0
Income taxes	2	7	4,073	-7,267	-3,186	-59	-
Income tax expense-current	2	7	6	6	0	1	0
Income tax expense-deferred	0	0	4,067	-7,273	-3,206	-60	0
Net Income	3,166	3,905	-1,569	9,654	15,156	1,473	13,500
EBITDA	15,733	16,413	15,161	15,195	62,504	14,546	66,000
EBITDA margin (%)	33.0%	33.5%	28.9%	27.3%	30.5%	26.7%	26.4%
Capital Expenditures	8,030	6,221	10,682	8,299	33,233	7,269	45,000

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses + Material items of cash income in the non-operating profit & non-recurring profit
(FY3/2013 1Q: 887 million yen, Full Year)

Note: Material items of cash income in the non-recurring profit is different from the extraordinary income due to its partial offset with devaluation loss in the fixed assets.

【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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Current assets	111,258	113,986	122,544	122,173	-	119,197	-
Cash and deposits	38,131	44,791	45,924	40,066	-	37,524	39,000
Other current assets	73,127	69,195	76,619	82,107	-	81,674	-
Fixed assets	227,640	223,535	219,957	229,020	-	225,839	-
Total Assets	340,196	338,759	343,679	352,312	-	346,096	-
Current liabilities	64,845	66,151	79,337	85,109	-	85,240	-
Current portion of long-term debt	43,283	43,905	45,230	45,294	-	47,339	-
Other current liabilities	21,562	22,246	34,107	39,815	-	37,901	-
Long-Term Liabilities	201,020	194,458	188,834	180,832	-	174,213	-
Long-term debt	199,409	189,387	183,235	180,546	-	171,177	-
Other long-term liabilities	1,611	5,071	5,599	286	-	3,036	-
Total Liabilities	265,865	260,609	268,170	265,941	-	259,453	-
Shareholders' equity	75,504	78,670	76,362	85,277	-	86,011	-
Capital stock and capital surplus	67,753	67,754	67,754	67,754	-	67,754	-
Retained earnings	7,751	10,917	8,609	17,524	-	18,258	-
Total Net Assets	74,330	78,151	75,509	86,371	-	86,643	96,900
Gross Debt	242,406	237,265	232,661	226,349	-	222,446	212,000
Bank loans	139,894	137,788	133,932	134,775	-	130,028	-
Bonds	69,321	68,792	68,297	58,768	-	58,243	-
Convertible bonds	10,851	10,841	10,832	10,822	-	10,813	-
Installment obligations	21,676	19,405	19,336	21,789	-	23,233	-
Lease obligations	664	438	263	194	-	128	-
Net Debt	204,275	192,474	186,737	186,282	-	184,922	173,000
Net debt/EBITDA ratio	3.17x	2.90x	2.86x	2.99x	-	2.98x	2.48x
Net debt/net assets ratio	2.75x	2.46x	2.47x	2.16x	-	2.13x	1.79x

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

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

Note: EBITDA for the purpose of Net Debt/EBITDA calculation included cash items in the non-operating profit & non-recurring profit

【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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Net cash provided by (used in) operating activities	12,458	19,899	13,538	11,147	57,042	9,245	-
Net cash provided by (used in) investing activities	-10,260	-10,308	-7,037	-7,209	-34,814	-6,842	-
Net cash provided by (used in) financing activities	-9,119	-5,431	-5,367	-7,301	-27,219	-4,940	-
Net change in cash and cash equivalents	-6,921	4,160	1,134	-3,363	-4,990	-2,543	-
Cash and cash equivalents at end of the period	36,477	40,637	41,770	38,412	38,412	35,869	-

【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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Dividend per share (yen)	200	200	200	200	800	200	800
Average share price during the period (yen)	37,948	30,277	18,864	18,737	-	14,995	-
Dividend yield (annual)	2.1%	2.6%	4.2%	4.3%	-	5.3%	-
Number of shares of common stock at the end of the period	3,465,165	3,465,180	3,465,180	3,465,180	-	3,465,180	-
Average number of shares of common stock during the period	3,464,227	3,464,700	3,464,861	3,464,940	-	3,465,180	-
Earnings per share (EPS)	900.63	2,014.22	1,547.99	2,772.84	4,320.98	411.87	3,803.50
Earnings per share-diluted	865.19	1,940.75	1,513.67	2,657.50	4,167.80	406.69	-
Price earnings ratio (PER)	8.23x	4.53x	4.18x	4.22x	-	3.99x	-
Market capitalization	124,746	68,645	63,309	63,933	-	53,814	-
Net debt	204,275	192,474	186,737	186,282	-	184,922	-
Enterprise value (EV)	329,021	261,119	250,045	250,215	-	238,736	-
EV / EBITDA ratio	5.07x	3.93x	3.83x	4.00x	-	3.89x	-
Number of employees	1,306	1,212	1,198	1,196	-	1,264	-

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

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

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

Quarterly Results for Fiscal Year 3/2013

Supplemental Financial Information

(Mobile Business)

【Profit & Loss】

(¥ in millions)

Mobile Business	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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Revenue	35,548	37,529	41,669	45,323	160,069	44,797	215,000
Service revenue	28,286	29,215	31,244	32,555	121,299	33,810	-
Device revenue	7,262	8,314	10,424	12,769	38,770	10,987	-
Operating expense	33,054	34,375	39,727	43,277	150,432	43,521	198,000
Advertising and sales promotion	14,981	14,824	19,414	21,497	70,715	21,964	-
Device and related tools	2,083	2,669	3,036	4,383	12,170	3,912	-
Network	3,055	3,161	3,365	3,448	13,030	3,473	-
Depreciation and amortization	8,014	8,205	8,481	8,623	33,341	8,634	-
Outsourcing	1,703	1,954	1,883	1,940	7,480	1,976	-
Salaries and benefits	1,770	1,664	1,688	1,668	6,791	1,753	-
Others	1,447	1,898	1,860	1,718	6,906	1,808	-
Operating profit	2,495	3,154	1,942	2,046	9,637	1,276	17,000
Operating margin (%)	7.0%	8.4%	4.7%	4.5%	6.0%	2.8%	7.9%
EBITDA	10,509	11,445	10,473	10,907	43,333	10,834	54,000
EBITDA margin (%)	29.6%	30.5%	25.1%	24.1%	27.1%	24.2%	25.1%
Capital expenditures	7,842	5,727	9,818	6,275	29,662	6,782	41,000

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses + Material items of cash income in the non-operating profit & non-recurring profit (FY3/2013 1Q: 887 million yen, Full Year)

【Operational Information】

Mobile Business	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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Gross increase subscribers (thousands)	369	389	393	397	1,548	299	-
Device upgrades (thousands)	42	59	101	90	292	68	-
Total (thousands)	411	448	494	487	1,840	367	-
Net increase subscribers (thousands)	223	238	221	218	899	121	483
Accumulated total subscribers (thousands)	3,341	3,579	3,800	4,017	4,017	4,138	4,500
ARPU (yen/month)	2,860	2,730	2,730	2,680	2,740	2,680	2,800
Churn rate (%/month)	1.50%	1.44%	1.54%	1.50%	1.50%	1.45%	1.60%
SAC (yen)	9,000	16,000	12,000	14,000	13,000	15,000	16,000

Note: SAC includes variable costs only (retroactively adjusted for FY3/2012)

Quarterly Results for Fiscal Year 3/2013
Supplemental Financial Information
(Fixed-line Business)

【Profit & Loss】

(¥ in millions)

Fixed-line Business	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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Revenue	12,057	11,457	10,863	10,296	44,674	9,624	35,000
Operating expense	8,063	7,680	7,201	6,927	29,870	6,747	26,000
Advertising and sales promotion	470	296	271	243	1,279	260	-
Network	3,639	3,531	3,431	3,368	14,255	3,363	-
Modem rental	1,145	1,072	1,014	950	4,179	843	-
Depreciation and amortization	1,231	1,191	1,026	919	4,367	835	-
Outsourcing	770	786	695	691	2,941	640	-
Salaries and benefits	413	397	391	403	1,603	424	-
Others	397	408	373	355	1,245	382	-
Operating profit	3,994	3,778	3,663	3,369	14,804	2,877	9,000
Operating margin (%)	33.1%	33.0%	33.7%	32.7%	33.1%	29.9%	25.7%
EBITDA	5,225	4,969	4,689	4,288	19,171	3,712	12,000
EBITDA margin (%)	43.3%	43.4%	43.2%	41.6%	42.9%	38.6%	34.3%
Capital expenditures	189	494	864	2,024	3,571	487	4,000

Note: EBITDA=Operating profit + Depreciation and amortization

【Operational Information】

Fixed-line Business	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	1Q (4-6/2012)	Full-year/ Year-end (Forecast)
Net increase subscribers (thousands)	-89	-95	-83	-96	-363	-104	-360
Accumulated total subscribers (thousands)	1,839	1,744	1,661	1,565	1,565	1,461	1,200
ARPU (yen/month)	2,009	2,006	1,998	1,992	2,001	1,987	2,000
Churn rate (%/month)	2.04%	2.14%	1.97%	2.32%	2.12%	2.53%	2.40%
SAC (yen)	7,500	7,000	6,000	7,000	7,000	7,500	6,500