

eAccess Limited [9427]

**Full Year Results for Fiscal Year Ending 3/2006
(4/2005 ~ 3/2006)**



May 11th, 2006

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**ADSL/
ISP**

ADSL/ISP business posted record high in profits

A recovery in ADSL subscriber addition in 2H

Lower than expected churn rate

Mobile

**Raised 350 billion yen for eMobile through equity and debt
Completed a fully funded business plan**

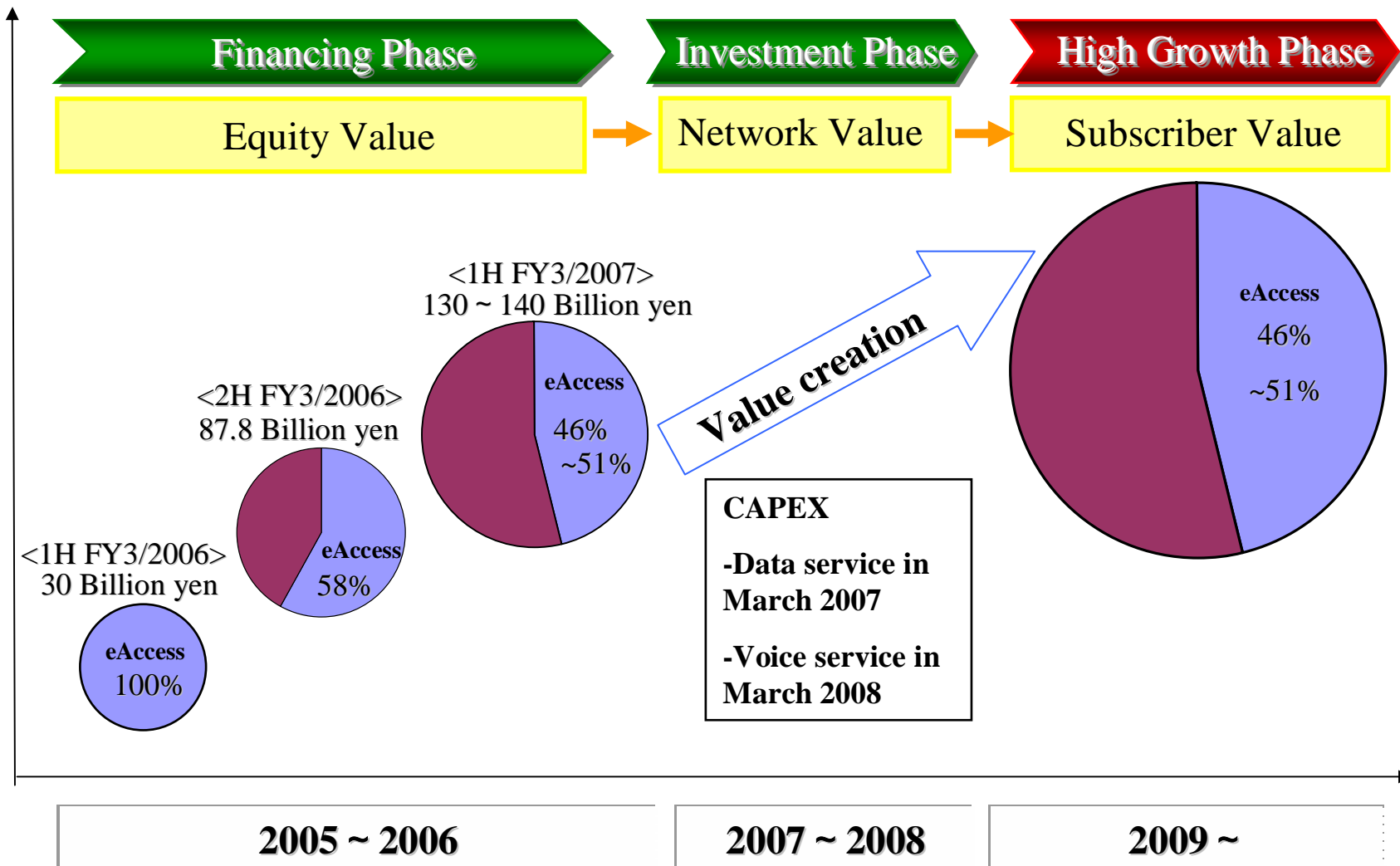
**Shareholders
Return**

**Recommended to increase dividend to 1,300 yen from
1,000 yen in FY3/2005**

ADSL/ ISP	Expect similar ADSL/ISP business profit margins
	Plan to expand the existing backbone network for eMobile
Mobile	Plan to launch mobile data service in Tokyo, Osaka, Nagoya areas
	Expect initial startup losses due to mobile network investment
Shareholders Return	Recommend to raise dividend to 1,800 yen from 1,300 yen in FY 3/2006. Plan to commence quarterly dividend

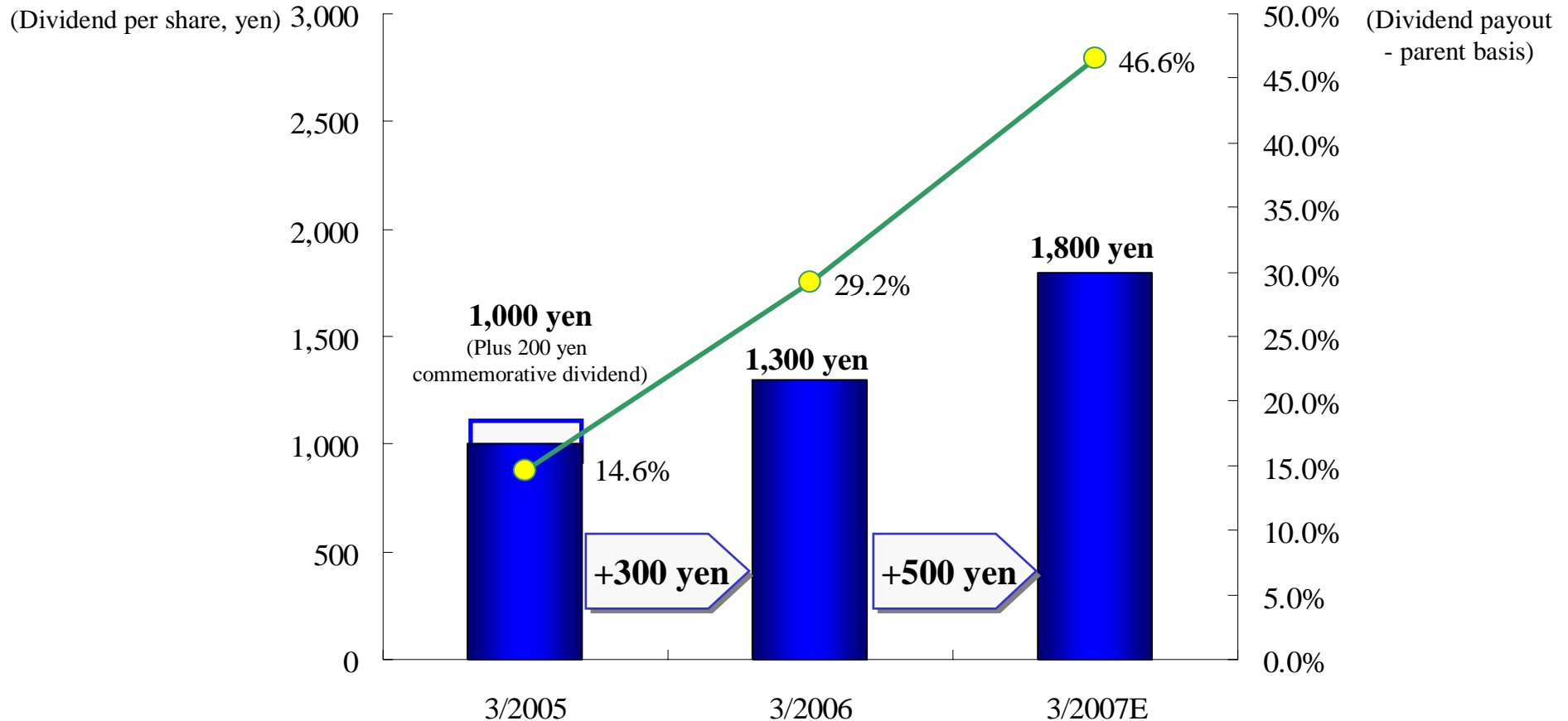
Creating Mobile Value & Growth

Enterprise value



Creating High Shareholders Return

**Plan to raise cash dividend to 1,800 yen per share, a 40% increase YoY
(Around 46.6% payout ratio)**



Dividend Yield	3/2005	3/2006	3/2007E
	1.32% ^{*1}	1.43% ^{*1}	2.29% ^{*2}

*1 Based on the March end stock price of each fiscal year.

*2 Based on the stock price on April 31, 2006 of 78,600 yen

Return and Growth Management

eAccess

Increase parent payout ratio to approximately 50%

Increase annual cash dividend to 1,800 yen

Commence quarterly dividend

eMobile (Consolidated subsidiary)

Completed funding requirement

Expect 5-Year target to reach 300 billion in revenue and 100 billion in EBITDA



Balance between parent company's shareholders return and consolidated growth in the mobile business

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FY3/2006 Financial Results

ADSL/ISP business achieved 37.0% EBITDA margin and 19.3% operating profit margin
Mobile start-up losses were in-line with expectations

	FY3/2005 (2004/4 – 2005/3)	FY3/2006 (2005/4 – 2006/3)			Increase (Decrease) / Changes (%)	
(billion yen)	ADSL·ISP (Non consolidated)	ADSL·ISP	+ Mobile	= Consolidated*	ADSL·ISP	
Revenue	57.91	60.35	-	60.35	2.44	+4.2 %
Operating profit	9.31	11.67	- 2.30	9.38	2.37	+25.5 %
Recurring profit	8.07	10.18	- 2.64	7.53	2.10	26.0 %
Net Income	9.35	7.12	- 2.64	5.02	-2.23	-23.9 %
EBITDA	20.93	22.38	- 2.24	20.14	1.45	+ 6.9 %
Capex	9.78	6.85	0.35	7.20	-2.93	-30.0 %
Depreciation	11.93	10.71	0.05	10.76	-1.22	-10.2 %

*Minority interest adjustment of 0.54 billion yen in the net income line.

Net Income decreased due to the income tax payment started from this year

FY3/2007 Full Year Financial Forecasts

**To maintain high profit margin of ADSL/ISP business
Expect eMobile to incur initial losses due to network rollout**

FY3/2007 Consolidated Forecast			
(billion yen)	ADSL·ISP	Mobile	Consolidated*
Revenue	56.00	0.80	56.00
Operating Profit	10.90	- 14.10	- 3.20
Recurring Profit	9.70	- 16.00	- 6.30
Net Income	5.40	- 16.00	- 1.30
EBITDA	20.50	- 13.60	6.90
CAPEX	13.00	80.70	93.70
Depreciation	9.60	0.50	10.10

Expect to see a moderate increase in ADSL subscribers in FY3/2007. Expect to see more ARPU dilution due to an increase in Metal Plus and low end subscribers

ARPU dilution should have minimal impact on profit margin. Operating profit margin is expected to remain stable at (approx.20%) as FY3/2006.

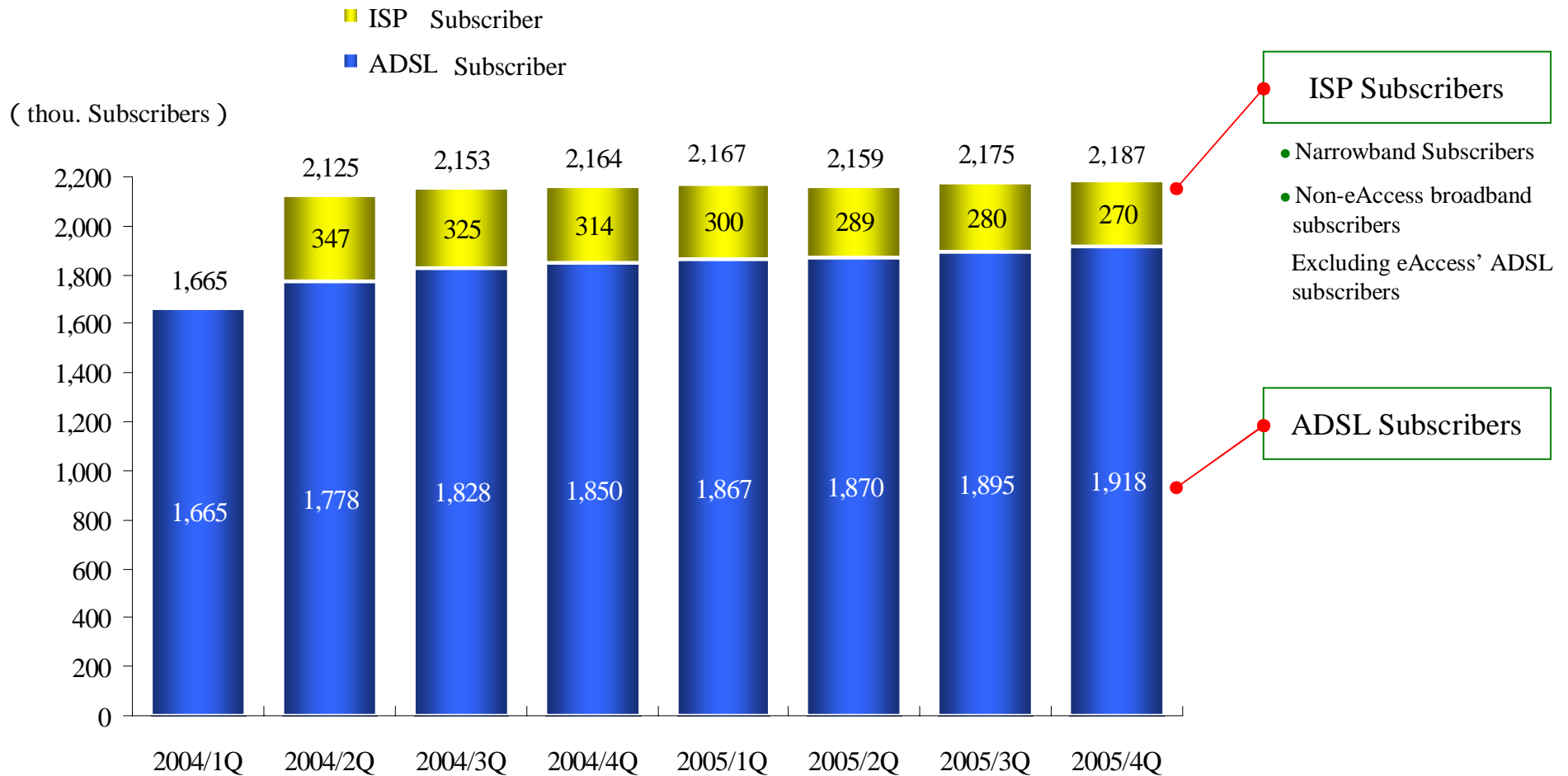
Similar capex level for ADSL business. Plan to invest 6.0 billion yen in backbone business

Plan to invest around 80 billion yen during the first year of mobile network rollout

*Internal sales elimination of 0.8 billion yen is included in the sales line and minority interest adjustment of 9.3 billion yen is included in the net income line.

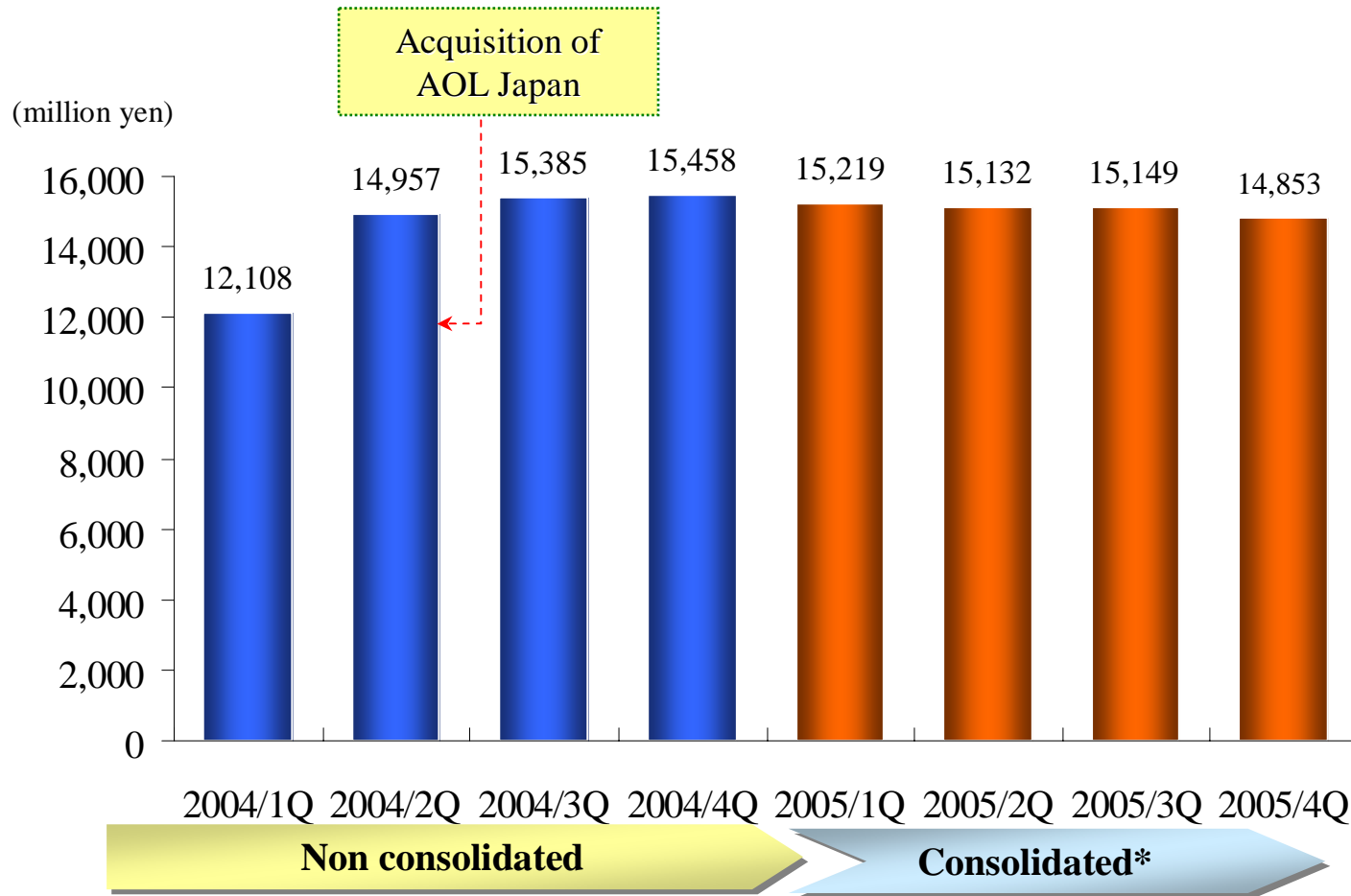
ADSL/ISP Subscriber Growth

A gradual recovery of net subscriber addition in 2H FY3/2006



Revenue Growth

Revenue decline was in-line with the expected ARPU dilution from Metal Plus and 1M ADSL subscribers

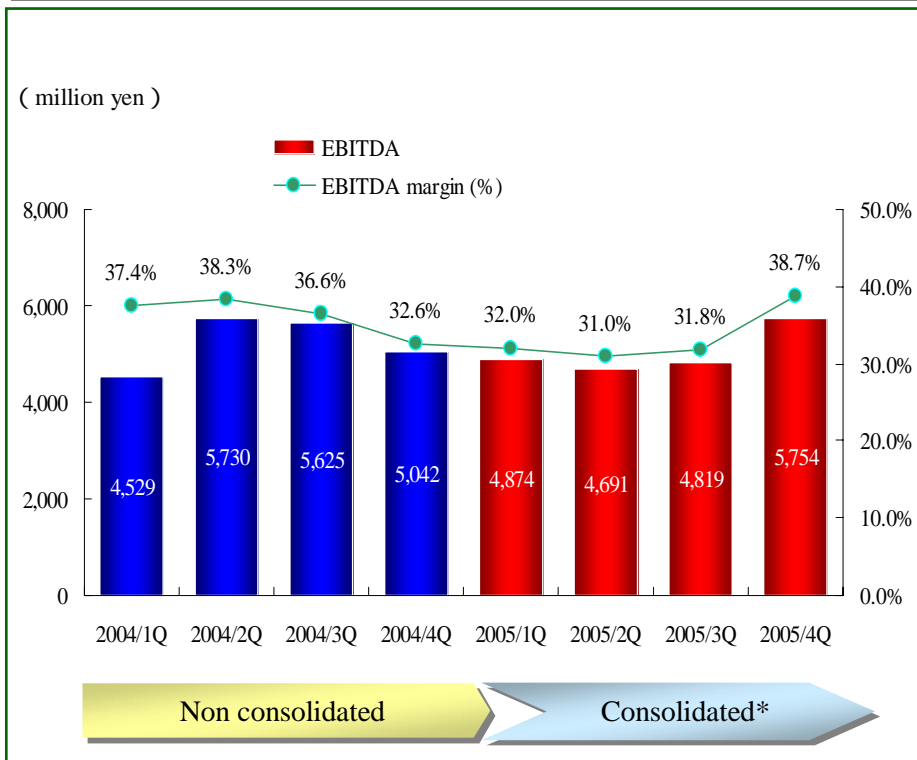


* Consolidated financial statements were adopted from the mid-year period for the fiscal year ending March 31, 2006. Although 1Q 2005 figures were previously reported as non-consolidated, 1Q 2005 figures were adjusted to consolidated figures for comparative purposes.

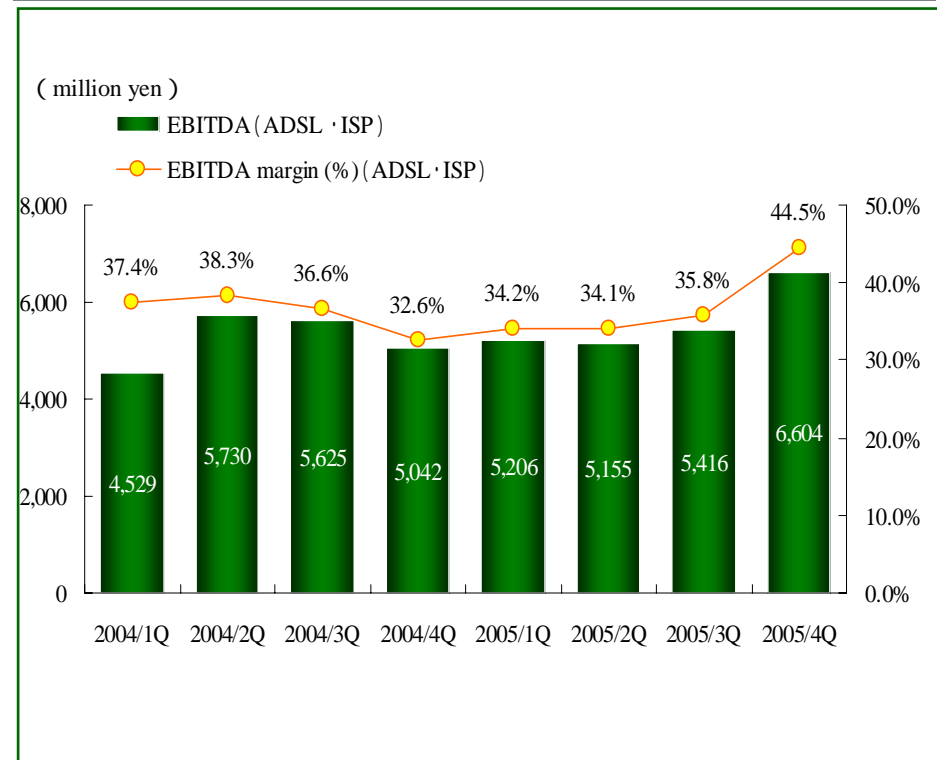
EBITDA Trend

ARPU dilution has minimal impact on profit margins
Continued improvement in EBITDA margin

**EBITDA and EBITDA margin trend
(Consolidated Basis)**



**EBITDA and EBITDA margin trend
(ADSL · ISP Only)**

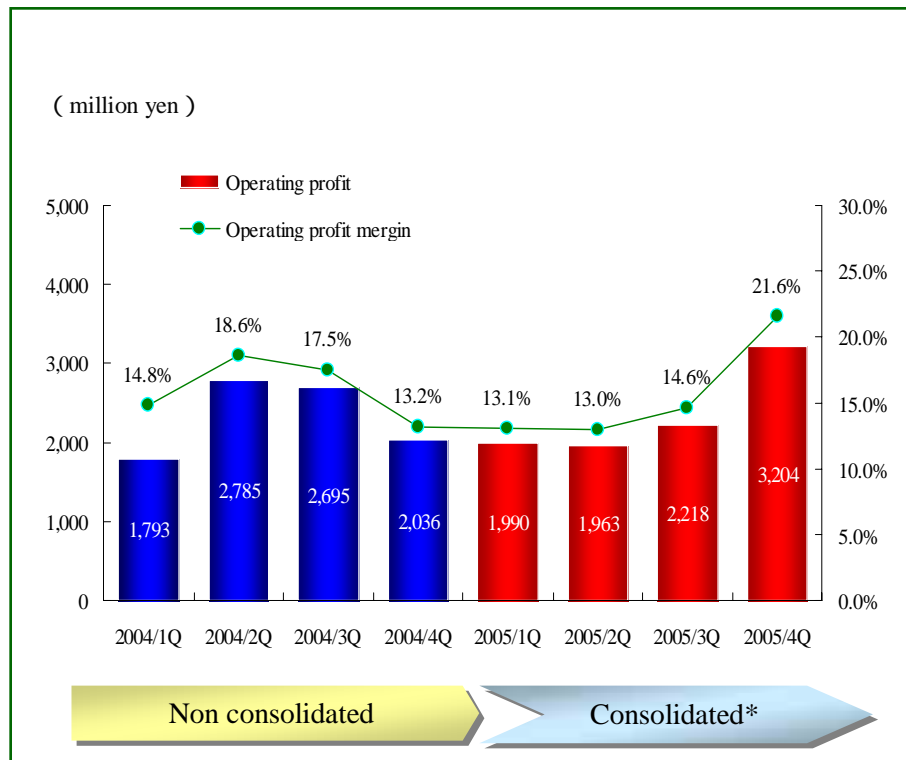


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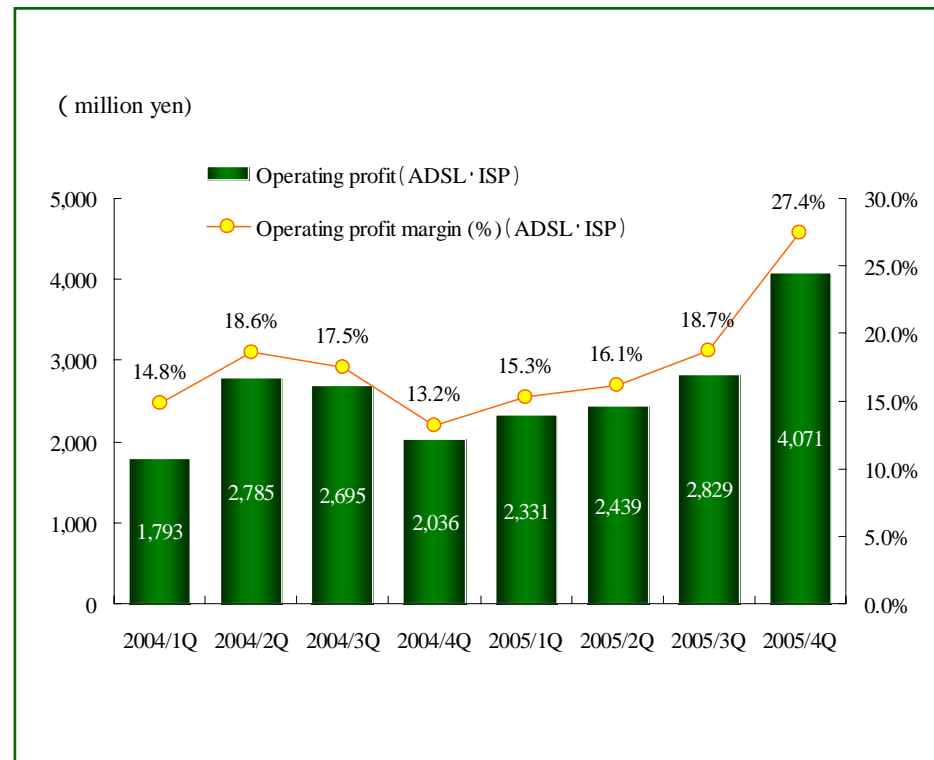
Operating Profit Trend

Achieved record high in operating profit margin

**Operating profit and Operating margin trend
(Consolidated Basis)**



**Operating profit and Operating margin trend
(ADSL·ISP Only)**

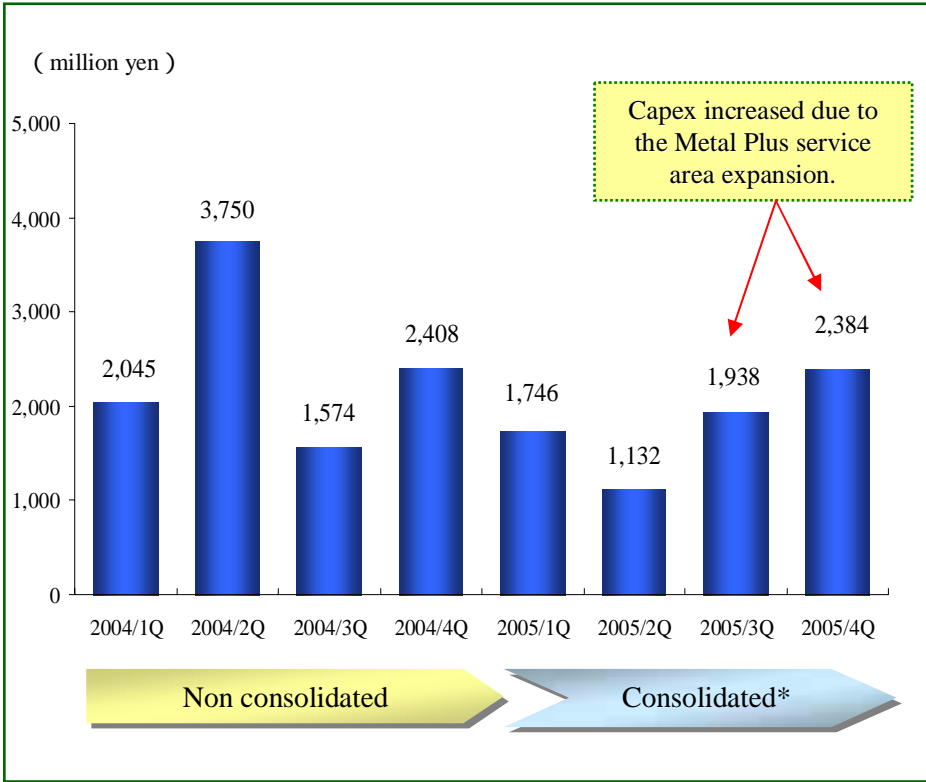


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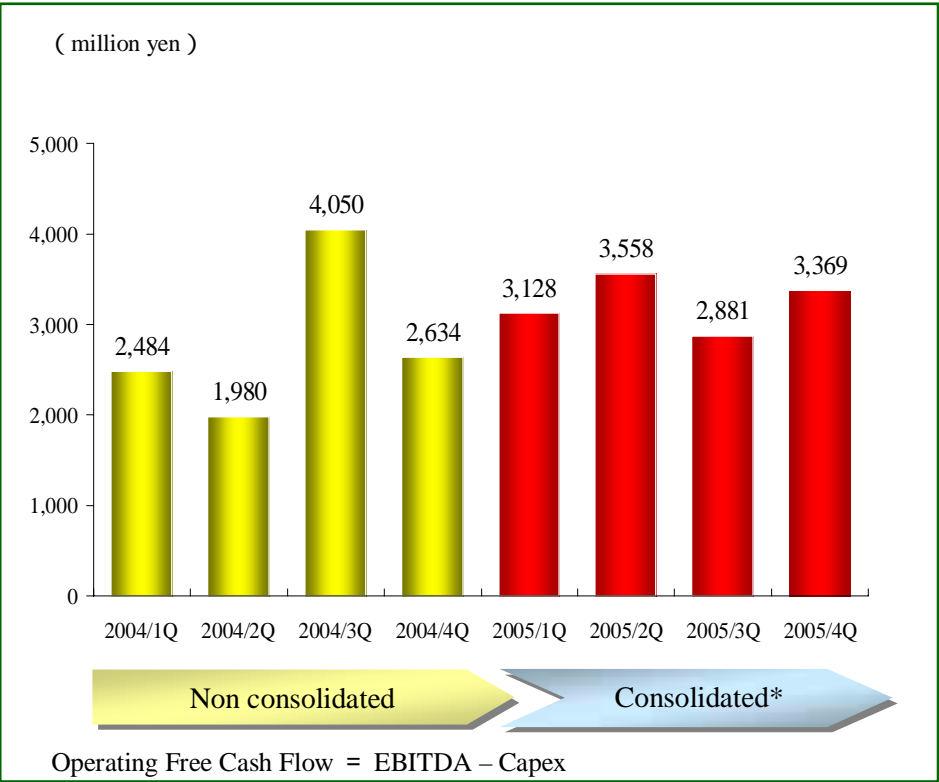
Capex and Operating FCF Trend

Steady Capex due to ADSL network area expansion
Steady consolidated operating free cash flow

Consolidated Capex Trend



Consolidated Operating Free Cash Flow Trend



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Balance Sheets

**Completed the funding requirement of eMobile business plan
 Maintained high consolidated net cash position of 63.7 billion yen
 Parent balance sheet remained healthy despite investment in eMobile**

(billion yen)	<Consolidated> As of March 31, 2006		<Parent> As of March 31, 2006	
	Balance	Share of Total	Balance	Share of Total
Cash and cash deposit	158.65	81.6 %	67.98	47.7 %
Debt	94.93	48.8 %	94.93	66.6 %
Net Debt	-63.72	--	26.95	18.9 %
Minority Interest	51.81	26.7 %	--	--
Total Shareholders' equity	34.54	17.8 %	35.52	24.9 %
Total Asset	194.35	100.0 %	142.51	100.0 %
Net Debt/Equity ratio(%)	-184.5 %	--	75.9 %	--

Minority Interest of eMobile

Increase in net cash due to eMobile financing

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ADSL • ISP Business

ADSL subscriber addition

Maintain lower churn

Increase ADSL migration from dial up users and new Internet users

ADSL service area expansion



Expect ADSL net subscriber addition in FY3/2007

Churn Improvement

Achieved lower-than-expected churn in FY 3/2006

- Average monthly churn in 4Q has increased due to the moving season and FTTH impact.

3Q : 1.70% 4Q : 1.95% (Plan 2.0%)

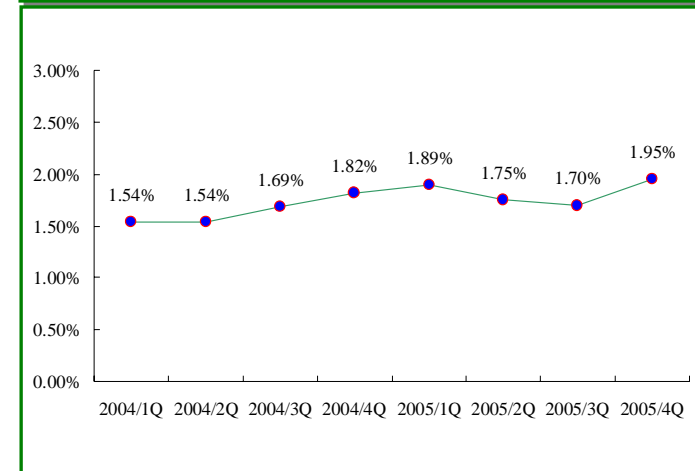
- Continued retention measures

- Free charges for moving houses
- Free charges for changing service menus
- Retention measures implemented at customer support center.

- Strategy for FY3/2007

- Introduction of new middle range 5M menu
- Further strengthen relationships with ISPs

Monthly Churn Trend *



Expect continued increase in subscriber net addition

Partner ISPs and Sales Channel Strategy

Strengthen partner ISPs relationship and direct retail sales channels

Partner ISPs

- KDDI metal plus bundled package
Launched 10 M service
- Launched So-net 50M service from 2H
FY3/2006
- Primary ADSL vendor for Nifty's
960kbps and 50M services
- Launched new ODN 50M service from
2/2006

Direct Retail Sales Channels

- Sales through BicCamera (Planned)
- New value added services over
eAccess' existing retail channel (PC
support service, Online Internet
Brokerage)

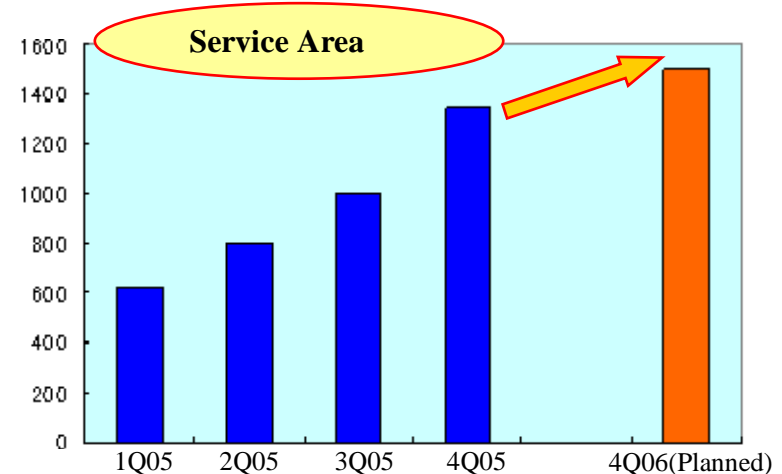
**Increase ADSL migration from existing dial-up users and new
Internet users**

Expansion of Service Areas

Market expansion through new service areas

Area expansion

- A recovery in subscriber addition in 2H FY3/2006 due to the area expansion.
- Plan to expand the service area to 1,600 COs by the end of 3/2007.



Acquisition of Hotnet

- Transfer of HOTnet's ADSL wholesale business to eAccess, and addition of 4 central offices in Kushiro area from 6/2006.
- Subscribers and revenue will be included in eAccess from 1Q FY3/2007.

ISP business (AOL) Strategy

Acquisition costs of AOL Japan were fully recovered within 1 year and 9 months
Continue to see improvement in profit margins

Margin and profit expansion

- Acquisition costs of AOL Japan were fully recovered in less than 2 years
- Profit margin improvement by network and sales channels consolidation with the ADSL division.
- Introduced new portal services
“Gencheez” – extremely popular blog services

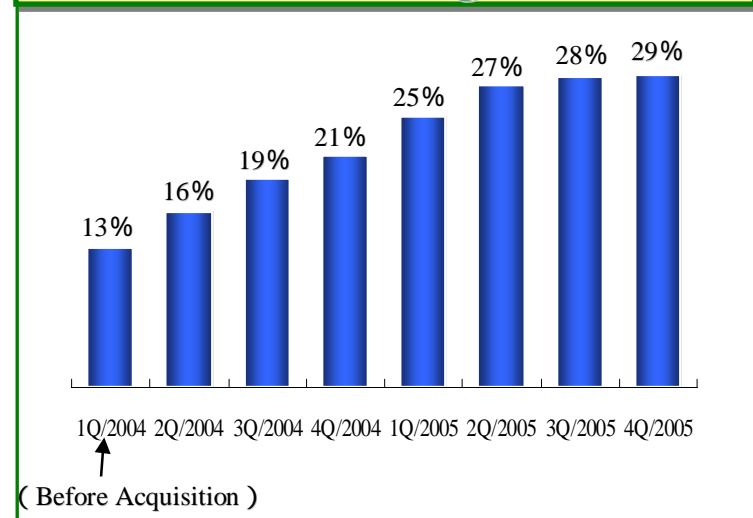


Blog portal site to get to know the trends in world

Increase in AOL Broadband Ratio

- AOL broadband migration rate rose to 29%, achieving the initial migration goal.
- Introduced students’ discounts to promote broadband migration among students

AOL Broadband Migration Trend



eMobile Strategy

Summary of eMobile Business Plan

Service Commencement

- Data service: by March 2007
- Voice service by March 2008

Subscribers

- 5.0 million subscribers by the end of March 2012

Revenue

- Revenue of over 300.0 billion yen in the year ending March 2012

Breakeven Point

- Turn annual EBITDA positive by March 2010
- Turn annual Net profit positive by March 2011

EBITDA Margin

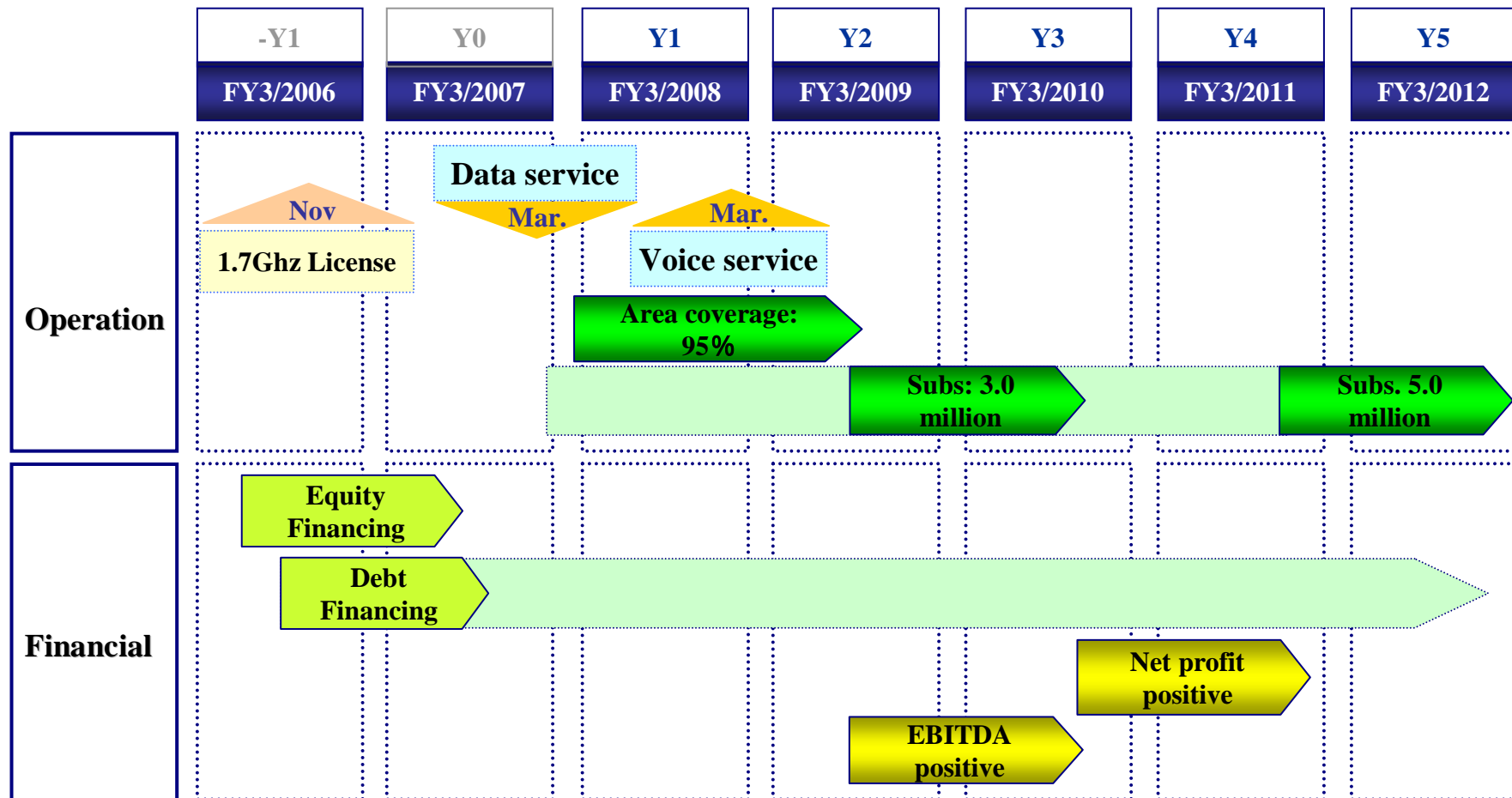
- EBITDA margin of over 30% by March 2012

CAPEX

- Accumulated 5-year CAPEX plan of 250.0 billion yen
- CAPEX per subscriber of 50,000 yen - 60,000 yen

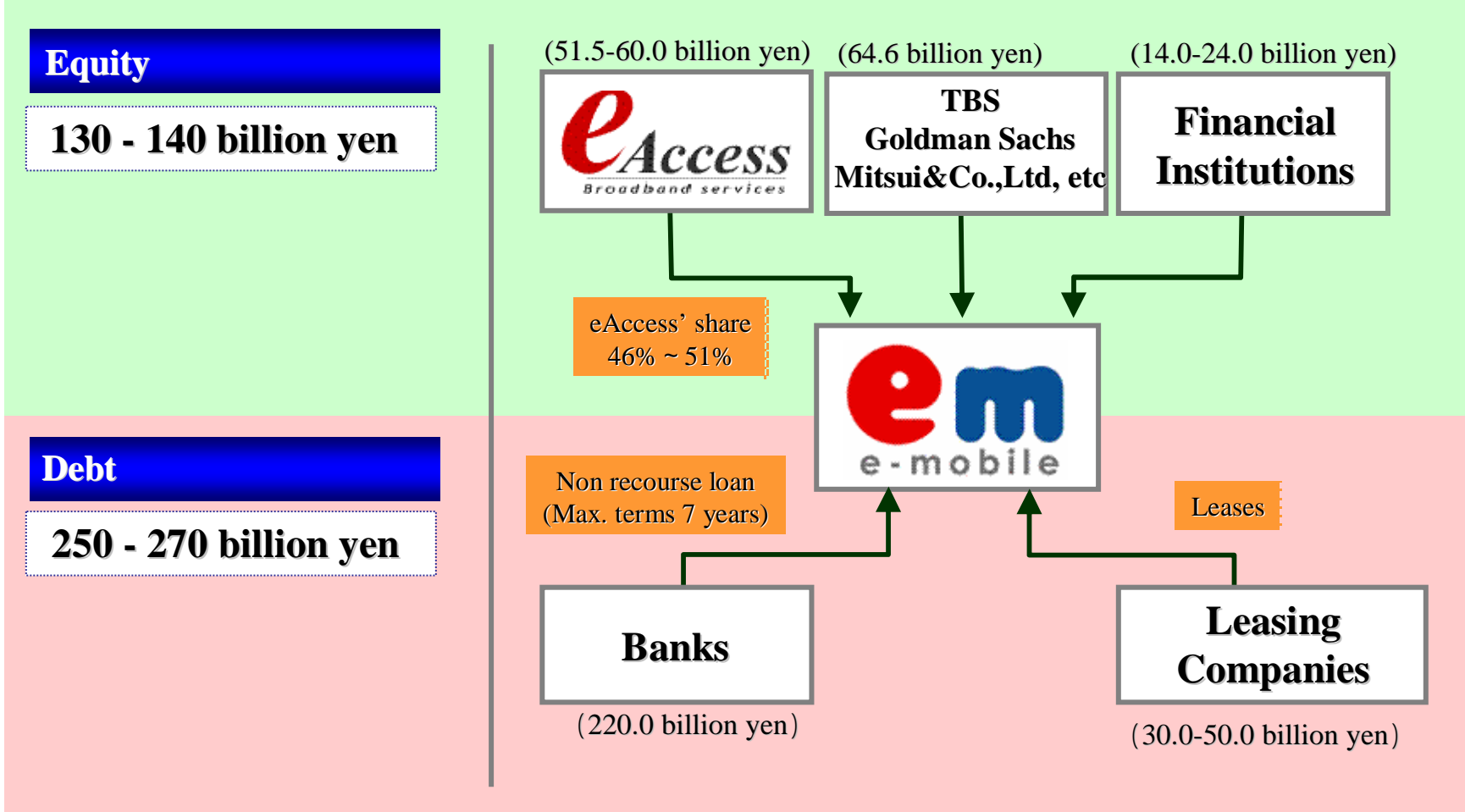
Business Plan Schedule

Expect to turn EBITDA positive in FY3/2010 and net profit positive in FY3/2011



eMobile Financing

Secured over 350 billion yen to cover the financing requirement of the mobile business operation



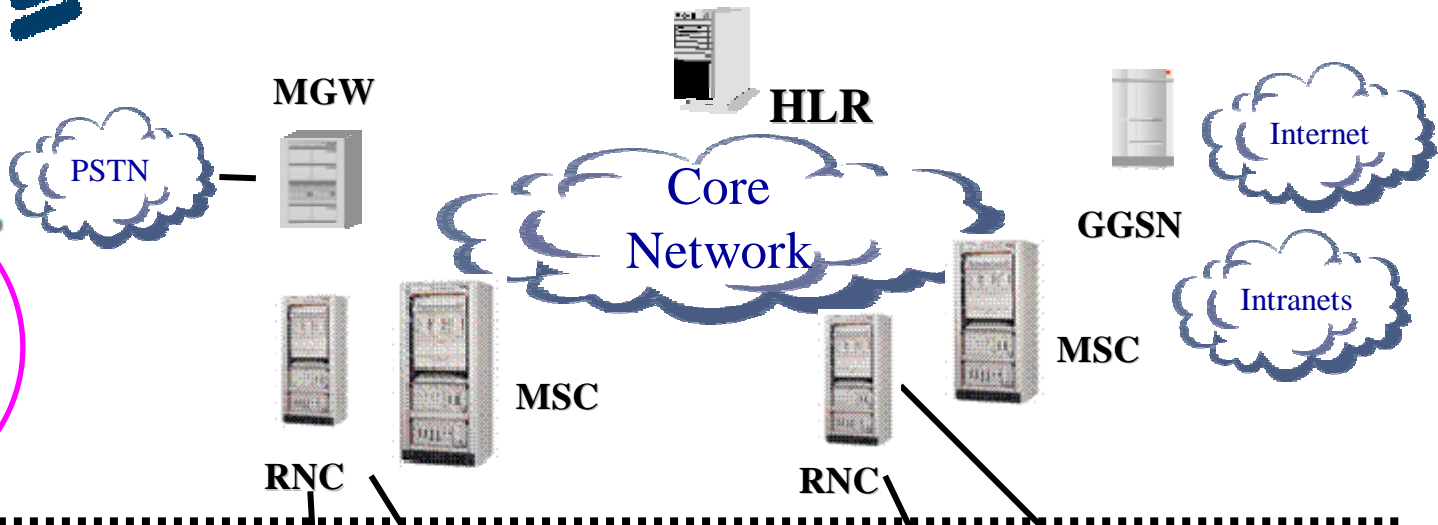
eMobile Network Plan

Selected Ericsson as first prime network vendor
Plan to build the next generation HSDPA nationwide network



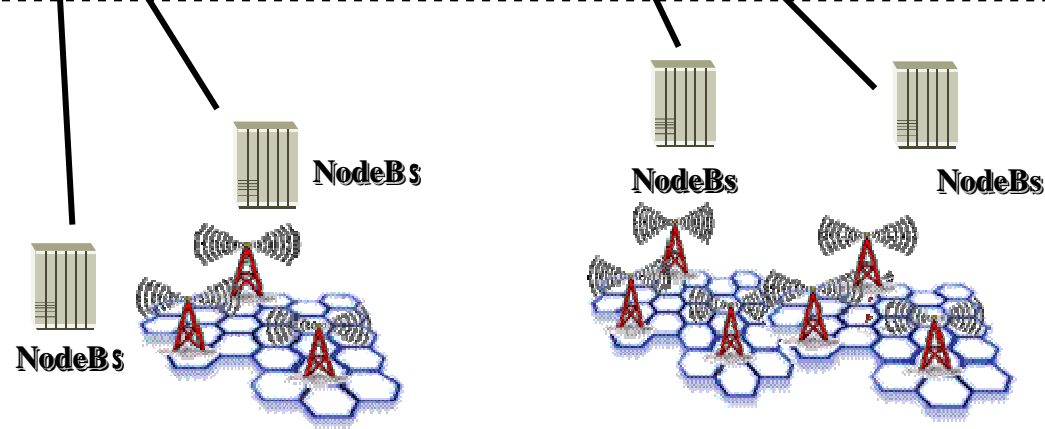
Core Network

Nationwide



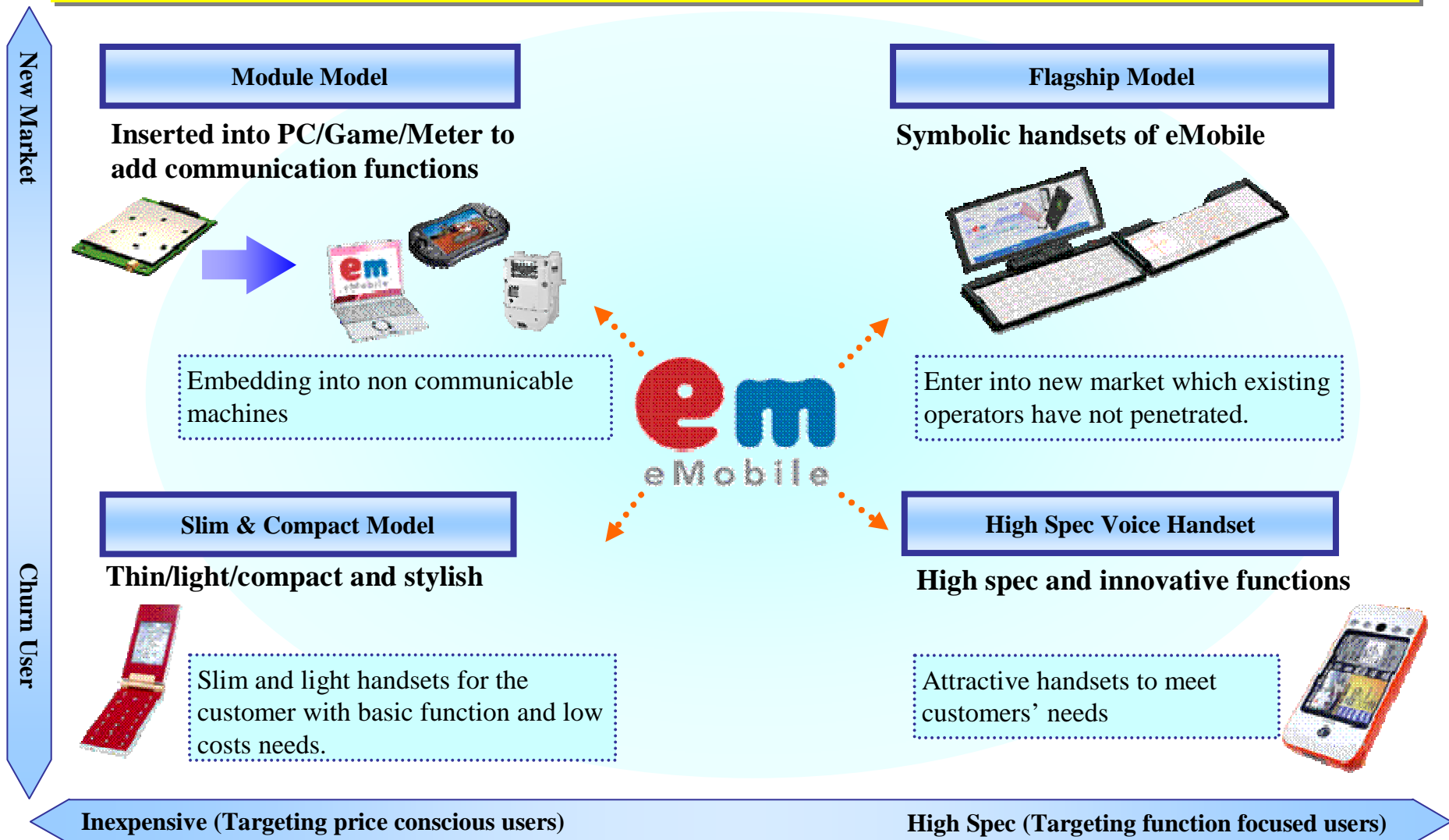
RAN Network

Tokyo, Osaka,
Nagoya areas

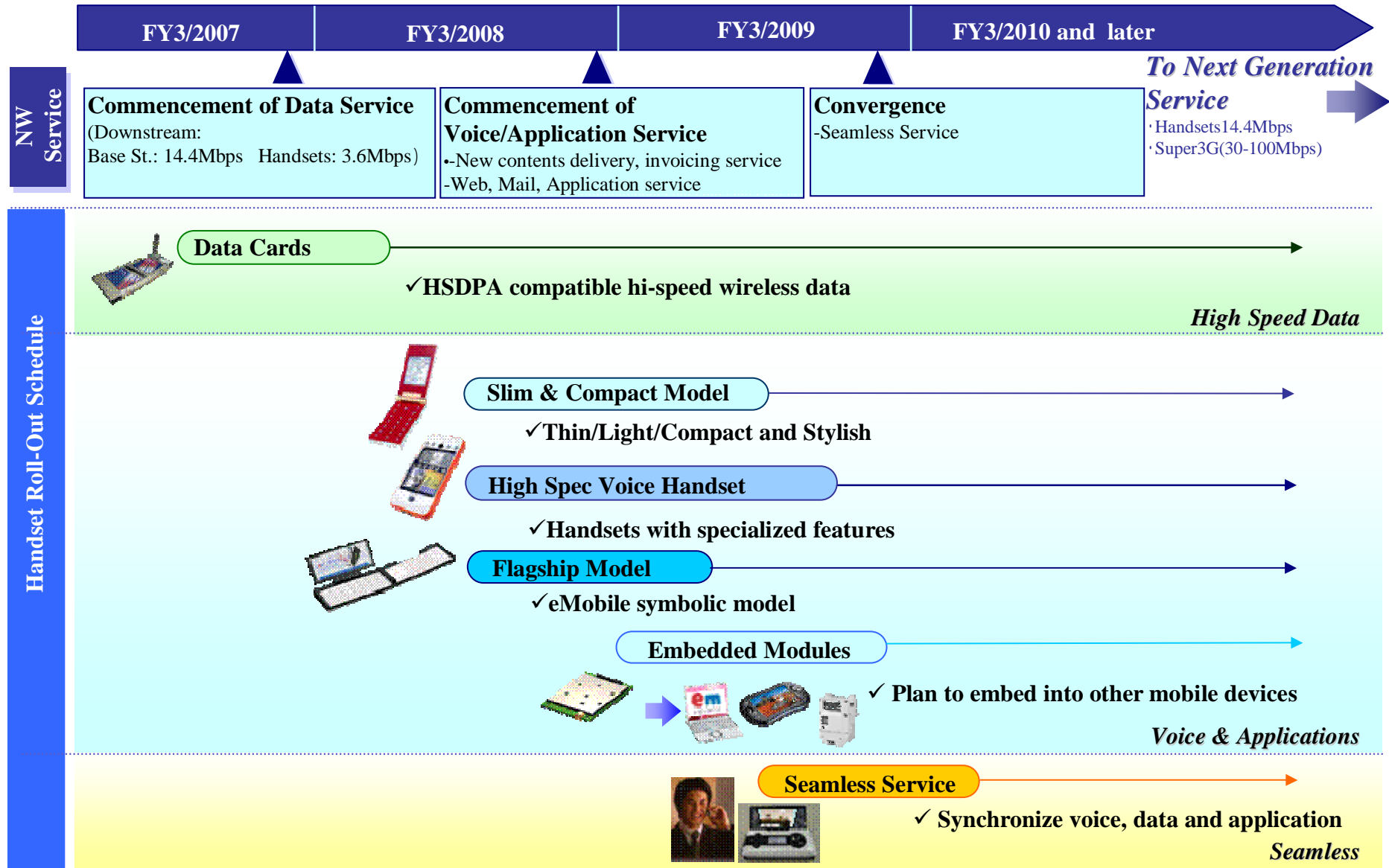


Concept of next generation mobile handsets

Developing a wide range of handsets from module to middle range and high-end



Handset Roll-out Schedule



Distribution Strategy

Expand distribution channels using the existing ADSL distribution channels
Develop an sales channels with existing ISPs partners

Discount Electronics Retail Stores

- Nationwide Retail Stores
(15 companies, more than 1,300 shops nationwide)
- Capital alliance with Mass Retail Stores
(YodobashiCamera, Kojima. BicCamera)



ヨドバシカメラ
www.yodobashi.com

ビックカメラ



ISP Partners

- Partner ISPs (3ISPs Subscriber base: 8.4 mil)
- Others (Corporations with strong brand, sales channel, customer base)

Web

@nifty



@TCOM

Telemarketing
Direct Marketing



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<ADSL Division>

- **Subscriber net addition**
- **Maintain high level of revenue and profits**
- **Develop new revenue stream from backbone businesses**

<ISP Division (AOL)>

- **Shift from access business to contents driven business**

<Mobile Division>

- **Focus on network rollout**
- **Plan to launch the data service from 3/2007**

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Introduction of new COO

New eAccess COO

Representative Director, President & COO Toshio Yasui

Born on May 14th, 1943

Formal appointment of the COO will be subject to shareholders' approval at the Annual Shareholders Meeting on June 22th, 2006.

March 1966	B.S. degree in Electronics from Kyoto University
February 1972	Ph.D. in Computer Science from University of Illinois at Champaign-Urbana
October 1972	Joined IBM-Japan, immediately transferred to IBM Development Laboratory at Research Triangle Park, North Carolina.
January 1985	Product Manager of value added network services at IBM Japan
January 1987	Director of IBM Japan Yamato Development Laboratory
March 1993	Senior Executive Vice President, DTI (Display Tech. Inc., joint venture of IBM and Toshiba for LCD Display manufacturing)
October 1995	Joined Western Digital as Corp Vice President for Asia Pacific Sales and President of Western Digital Japan
June 1999	Joined Solectron as Corp Vice President and president of Solectron Japan.
April 2004	Visiting Professor of Hosei University Business School
June 2004	Board Director of eAccess

New eAccess Board Structure (from 6/22/2006)

Representative Director and CEO Sachio Semmoto	Representative Director and COO Toshio Yasui	Representative Director and CFO Eric Gan	Director Haruo Taneno
Co-Founder of DDI (KDDI)	Visiting professor of Hosei Univ. Business school Former President of Solectron Japan	Ex-Goldman Sachs Managing Director	Representative Director and COO of eMobile Former KDDI Senior Vice President

【 5 External Board of Directors 】

Paul Reynolds	Bill Smith	Raymond Kwok
Chief Executive of BT Wholesale	CTO of Bell South Corporation	Vice Chairman of Sun Hung Kai Properties Ltd.
Morihiko Tashiro	Professor Jiro	
Former President of Tomen Corporation	Professor of Keio University	

Formal appointment of the Board of Directors will be subject to shareholders' approval at the Annual Shareholders Meeting on June 22th, 2006.

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