

eAccess Limited 【9427】

**1st Quarter Results for Fiscal Year Ending 3/2009
(4/2008 ~ 6/2008)**



August 12th , 2008

| | | |
|------|--|---------|
| I. | FY3/2009 1Q Results Highlight | Page 3 |
| II. | Business and Capital Alliance with ACCA Networks | Page 5 |
| III. | eAccess | Page 11 |
| | ➤ Financial Results | Page 12 |
| | ➤ Operational Overview | Page 18 |
| IV. | EMOBILE | Page 21 |
| | ➤ Financial Results | Page 23 |
| | ➤ Operational Overview | Page 26 |
| V. | Appendix | Page 31 |

I. FY3/2009 1Q Results Highlight

Page 3

II. Business and Capital Alliance with ACCA Networks

Page 5

III. eAccess

Page 11

➤ **Financial Results**

Page 12

➤ **Operational Overview**

Page 18

IV. EMOBILE

Page 21

➤ **Financial Results**

Page 23

➤ **Operational Overview**

Page 26

V. Appendix

Page 31

FY3/2009 1Q Highlights

Financials

- Consolidated revenue increased by 61% YoY.
- Shrinking consolidated recurring losses due to improving EMOBILE financial performance.
- Maintain high dividend yield at 3.93%. Completed cancellation of 3 billion yen treasury stocks on April 30, 2008.

eAccess/ ACCA alliance

- Formed business and capital alliance with ACCA Networks. ACCA to become a subsidiary of eAccess from September 2008.
- Upward revision of eAccess full year earnings outlook due to the cost-cutting effect & consolidation of 7-month ACCA earnings.
- Expect 7 billion yen cost-saving synergy for the two companies over 5 years through the alliance.

EMOBILE

- Accumulated subscribers at 603,100 as of 6/30/2008.
- Acquired 21% share of the total mobile net addition in 1Q FY3/2009.
- Shrinking losses at the operating and EBITDA levels in 1Q FY3/2009.

| | | |
|------|---|---------------|
| I. | FY3/2009 1Q Results Highlight | Page 3 |
| II. | Business and Capital Alliance with ACCA Networks | Page 5 |
| III. | eAccess | Page 11 |
| | ➤ Financial Results | Page 12 |
| | ➤ Operational Overview | Page 18 |
| IV. | EMOBILE | Page 21 |
| | ➤ Financial Results | Page 23 |
| | ➤ Operational Overview | Page 26 |
| V. | Appendix | Page 31 |

Purpose of ACCA Alliance

1

Scale merits from DSL market share expansion

2

Cost saving synergies

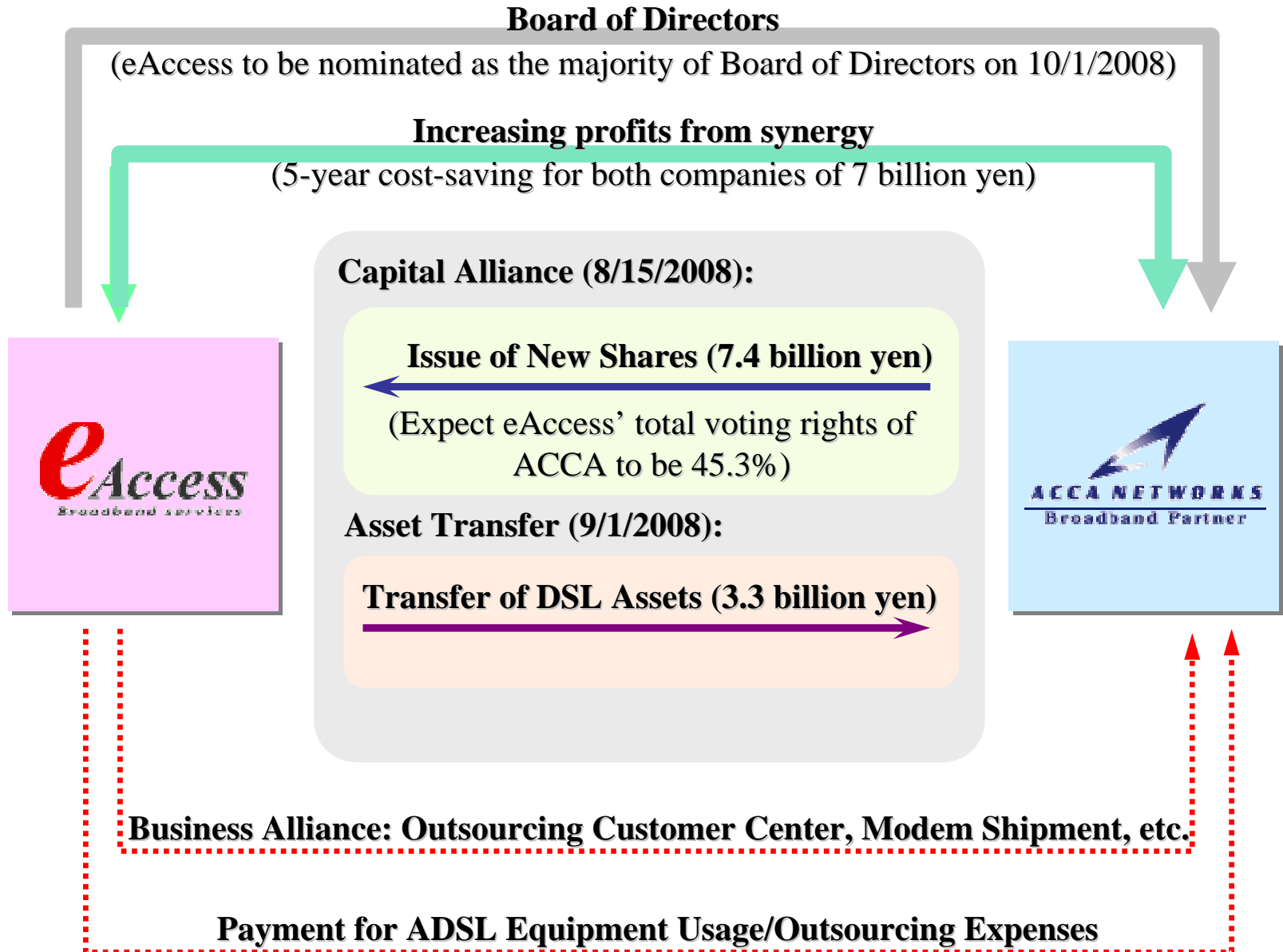
3

Strengthen financial fundamental



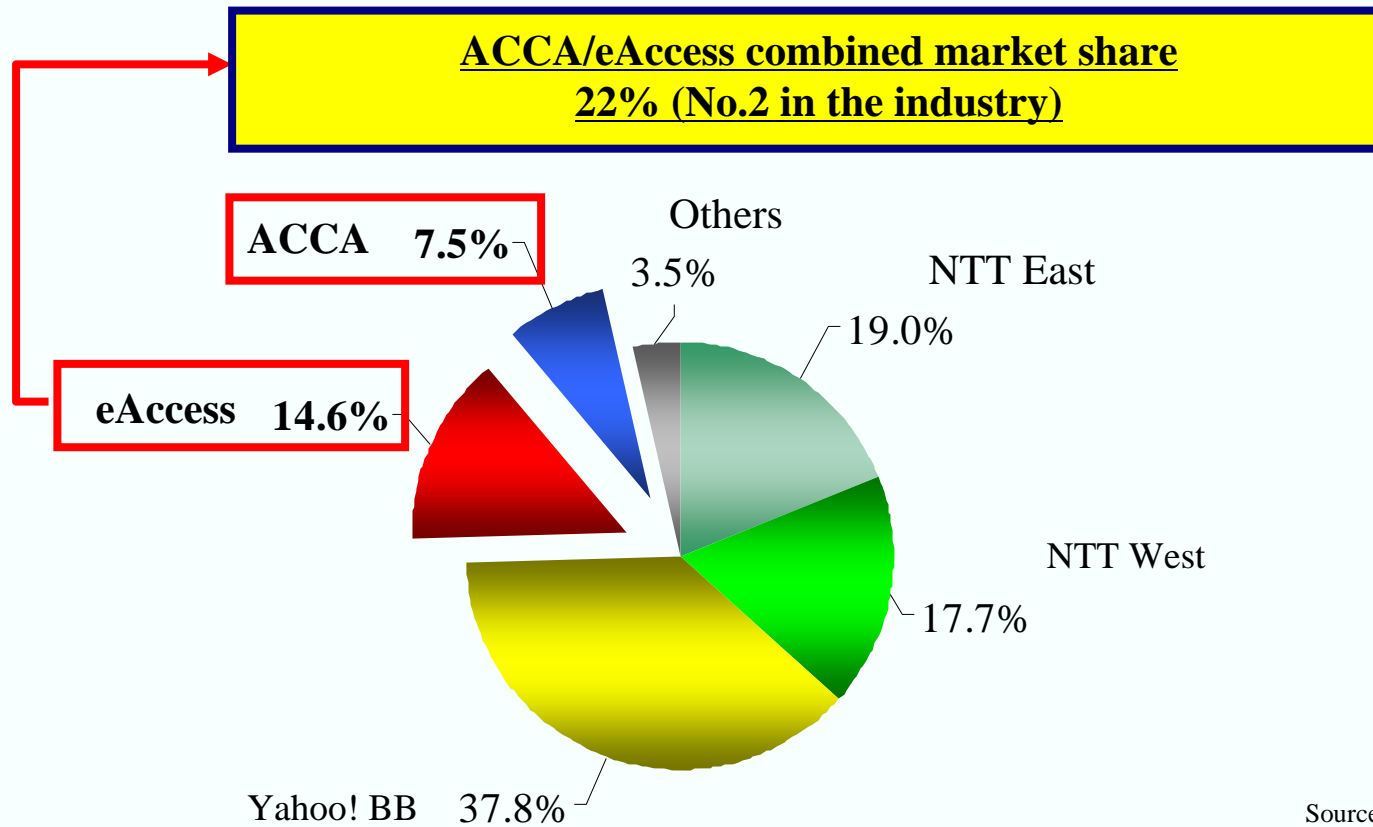
Corporate Value Maximization

Transaction Scheme Overview (Plan)



DSL Market Share Expansion

Enhance competitive position through market share expansion



Source : MIC
as of March 2008

FY3/2009 Full Year Upward Revision

**Upward revision for the full year earnings outlook
due to the cost-cutting effect and the consolidation of 7-month of ACCA earnings**

| (billion yen) | FY3/2009 (4/2008-3/2009) | | | | | |
|-------------------------|--------------------------|------------------------|--------------|-------------------------|------------------------|--------------|
| | Consolidated | | | Parent | | |
| | Previous (5/14/2008) | Revised (7/31/2008) | Diff. (%) | Previous (5/14/2008) | Revised (7/31/2008) | Diff. (%) |
| Revenue | 80.00 | 95.00 | + 18.8% | 80.00 | 80.00 | -- |
| Operating Profit | 12.70 | 13.80 | + 8.7% | 12.70 | 12.80 | + 0.8% |
| Recurring Profit (loss) | - 6.10 | - 5.00 | na | 10.70 | 11.00 | + 2.8% |
| Net Income (loss) | - 10.30 | - 9.80 | na | 6.50 | 6.60 | + 1.5% |
| EBITDA (loss) | 19.10 | 22.80 | + 19.4% | 19.10 | 19.20 | + 0.5% |
| Capex | 4.80 | 6.00 | + 25.0% | 4.80 | 4.80 | -- |
| Depreciation | 6.40 | 9.00 | + 40.6% | 6.40 | 6.40 | -- |
| Operating FCF | 14.30 | 16.80 | + 17.5% | 14.30 | 14.40 | + 0.7% |
| FCF (after tax) | na | na | na | 8.10 | 8.20 | + 1.2% |

· ACCA financial results is expected to be consolidated from September 1, 2008.

eAccess Consolidated Balance Sheet Simulation

Expect stronger pro-forma balance sheet after ACCA consolidation

eAccess (Consolidated)

(billion yen)

| | 3/31/2008 |
|----------------------------|-----------|
| Cash and Cash Deposit | 47.62 |
| Debt | 84.51 |
| Net Debt | 36.89 |
| Total Shareholders' Equity | 20.54 |
| Minority Interest | 0.60 |
| Net asset | 19.43 |

3/31/2008

| | 3/31/2008 |
|----------------------------|-----------|
| Cash and Cash Deposit | 7.91 |
| Debt | 6.52 |
| Net Debt | - 1.39 |
| Total Shareholders' Equity | 16.45 |
| Net Asset | 16.45 |

| |
|--------|
| 7.91 |
| 6.52 |
| - 1.39 |

| |
|-------|
| 13.00 |
| 13.00 |

**Pro-forma
3/31/2008**

| |
|-------|
| 55.53 |
| 91.03 |
| 35.50 |
| 20.54 |
| 13.60 |
| 32.43 |

ACCA (Consolidated)

Issuance of
New shares

Minority Interest %

$$\left(16.45 + 7.40 \right) \times (100\% - 45\%) =$$

* (Information purpose only) This page is intended to provide a general view of the pro-forma balance sheet based on historical 3/31/2008 eAccess and ACCA balance sheets. These figures will not be the guidance for FY3/2009 outlook.

I. FY3/2009 1Q Results Highlight

Page 3

II. Business and Capital Alliance with ACCA Networks

Page 5

III. eAccess

Page 11

➤ Financial Results

Page 12

➤ Operational Overview

Page 18

IV. EMOBILE

Page 21

➤ Financial Results

Page 23

➤ Operational Overview

Page 26

IV. Appendix

Page 31

FY3/2009 1Q Consolidated Financial Results

**Shrinking consolidated recurring losses in FY3/2009 1Q
due to improving EMOBILE financial performance**

| (billion yen) | FY3/2008 | FY3/2009 | | | |
|-------------------------|------------------|------------------|---------|-------------------------------------|----------|
| | 1Q (4~6/2007) | 1Q (4~6/2008) | Diff. | Previous Forecast (5/14/2008) | Progress |
| Revenue | 15.10 | 24.26 | + 9.16 | 80.00 | 30.3% |
| Operating Profit (loss) | - 1.51 | 3.50 | + 5.01 | 12.70 | 27.6% |
| Recurring Profit (loss) | - 3.28 | - 1.53 | + 1.75 | - 6.10 | na |
| Net Income (loss) | 1.52 | - 2.81 | - 4.33 | - 10.30 | na |
| EBITDA | 1.40 | 5.12 | 3.72 | 19.10 | 26.8% |
| Capex | 9.69 | 0.56 | - 9.13 | 4.80 | 11.7% |
| Depreciation | 2.90 | 1.62 | - 1.28 | 6.40 | 25.3% |
| Operating FCF | - 8.29 | 4.56 | + 12.85 | 14.30 | 31.9% |

* Minority adjustments at the net income level of 2.55 billion yen were included in 1Q FY3/2008 results and 0.01 billion yen in 1Q FY 3/2009 results.

* FY3/2008 1Q consolidated net income line included 4.64 billion yen of gain on EMOBILE share sales.

FY3/2009 1Q Parent Financial Results

Parent revenue up 73% YoY. Operating rose 20% YOY and recurring profits rose 18% YOY due to the profit improvement of Device and Backbone businesses

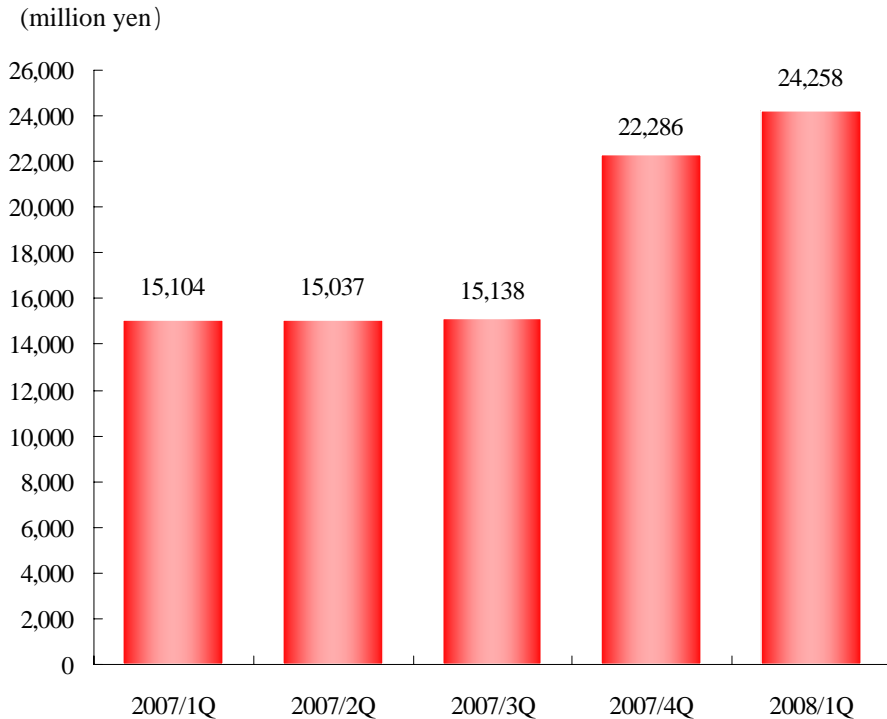
| | FY3/2008 | FY3/2009 | | | |
|------------------|------------------|------------------|--------|-------------------------------------|----------|
| | 1Q (4~6/2007) | 1Q (4~6/2008) | Diff. | Previous Forecast (5/14/2008) | Progress |
| (billion yen) | | | | | |
| Revenue | 13.92 | 24.05 | +10.13 | 80.00 | 30.1% |
| Operating Profit | 2.75 | 3.30 | +0.55 | 12.70 | 26.0% |
| Recurring Profit | 2.48 | 2.93 | +0.45 | 10.70 | 27.4% |
| Net Income | 3.55 | 1.73 | - 1.82 | 6.50 | 26.6% |
| EBITDA | 4.67 | 4.92 | +0.25 | 19.10 | 25.8% |
| Capex | 1.31 | 0.56 | - 0.75 | 4.80 | 11.7% |
| Depreciation | 1.92 | 1.61 | - 0.31 | 6.40 | 25.2% |
| Operating FCF | 3.36 | 4.36 | +1.00 | 14.30 | 30.5% |
| FCF (after tax) | 4.16 | 2.78 | - 1.38 | 8.10 | 34.3% |

· FY3/2008 parent net income line included 3.50 billion yen of gain on EMOBILE share sales.

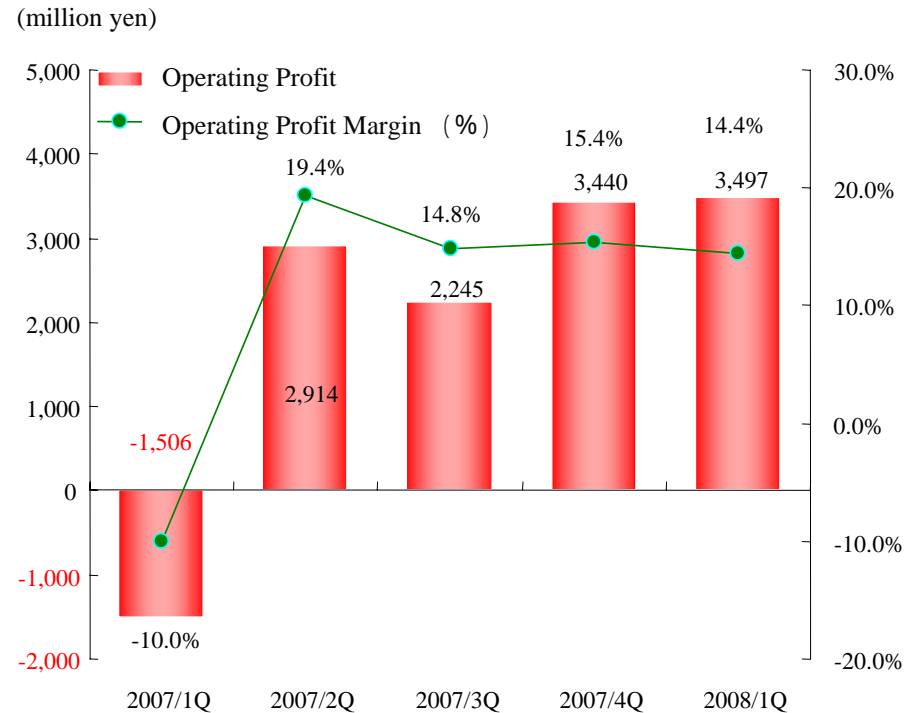
Consolidated Revenue and Operating Profits

Increase in consolidated revenue and operating profit due to the contribution from Device and Backbone businesses

Revenue Trend (Consolidated)



Operating Profit/Operating Profit Margin (Consolidated)

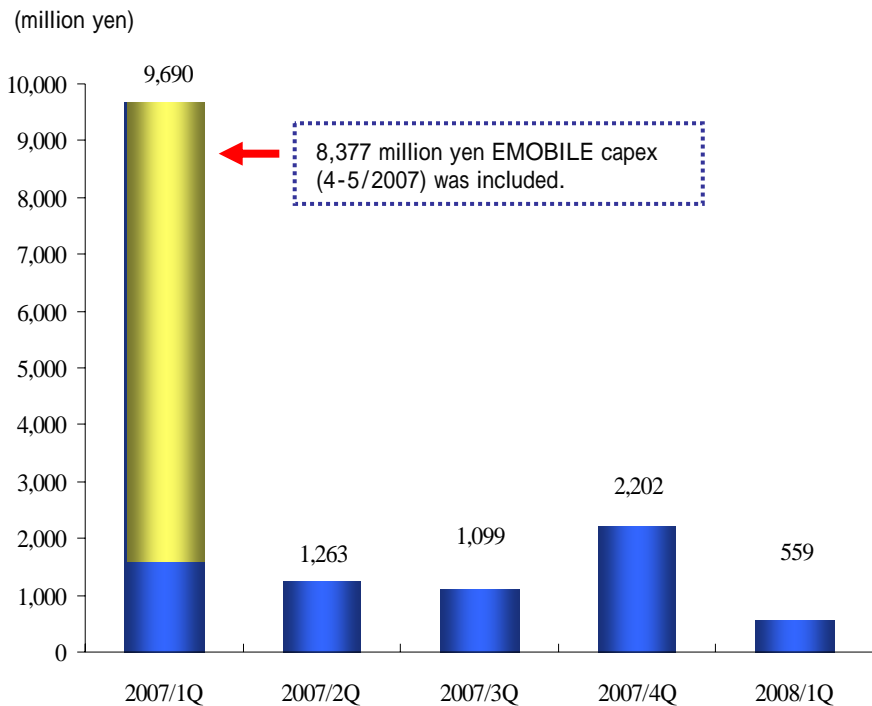


EMOBILE was accounted under equity accounting method from 5/31/2007. On a consolidated basis, 2007/1Q includes 2 months of EMOBILE revenue.

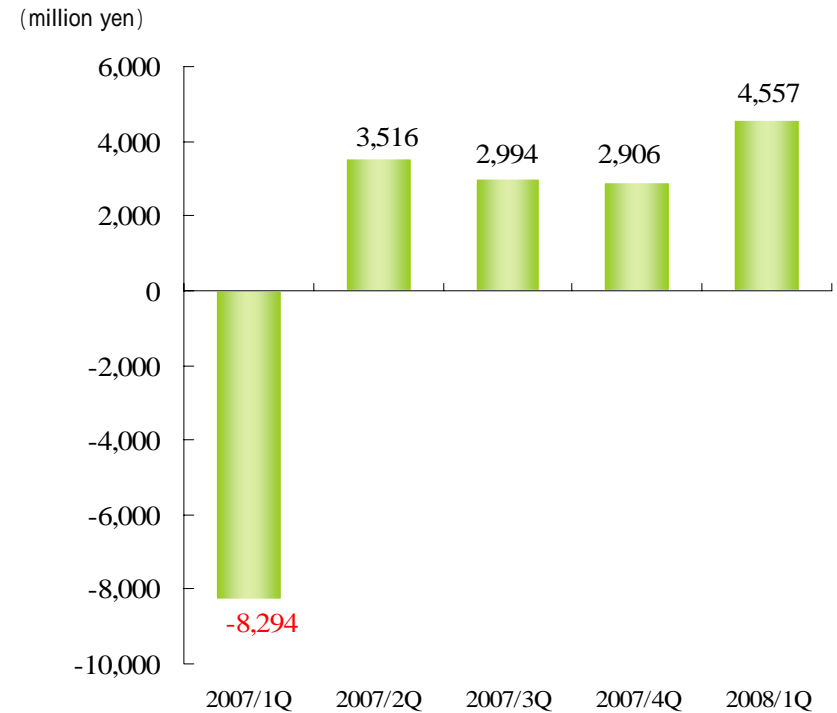
Consolidated Capex and Operating FCF

Improving operating free cash flow due to declining capital spending

Capex Trend (Consolidated)



Operating FCF (Consolidated)



* Operating FCF = EBITDA - Capex

EMOBILE is accounted under equity accounting method from 5/31/2007. On a consolidated basis, 2007/1Q includes 2 months of EMOBILE revenue.

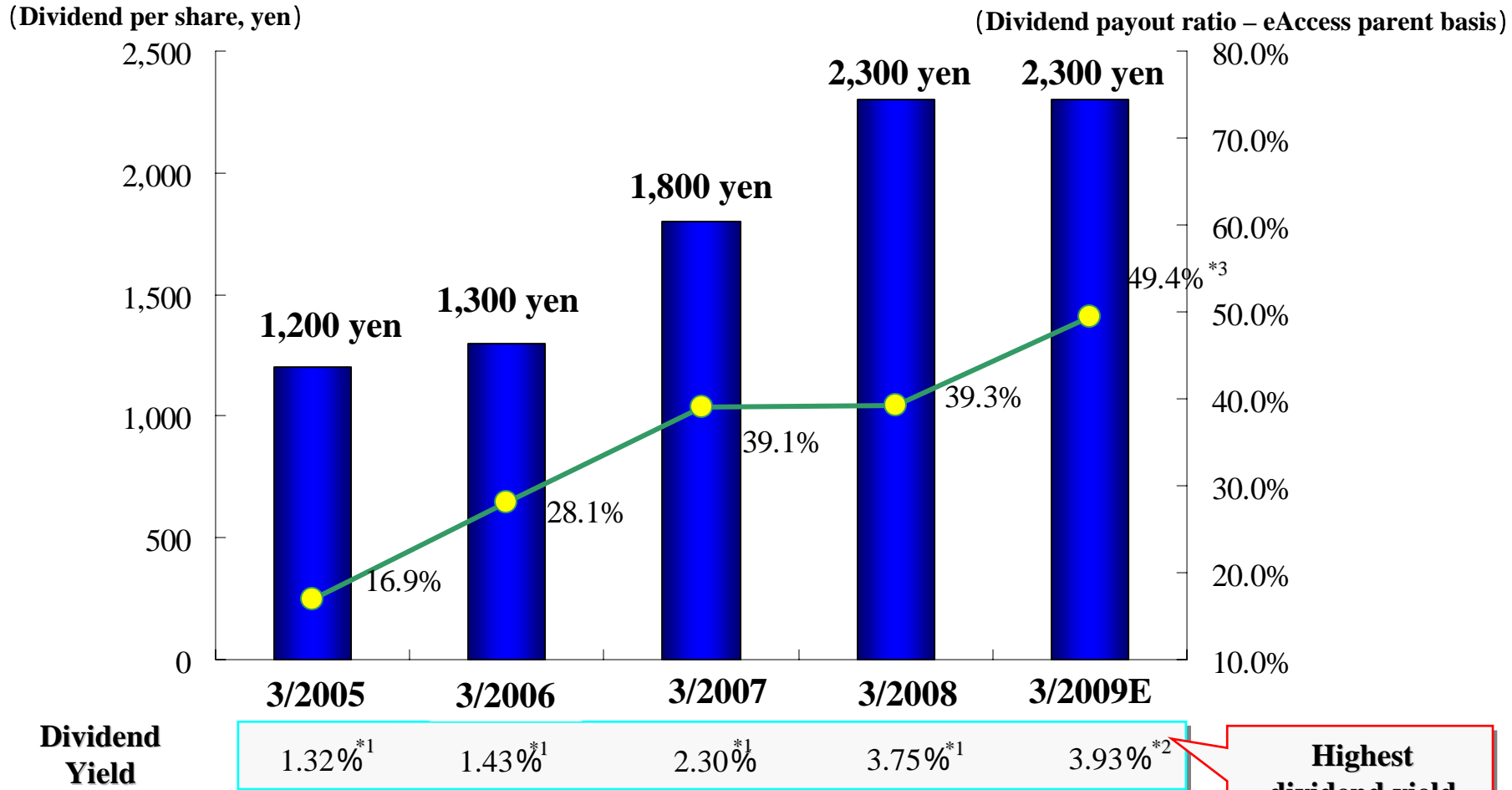
Balance Sheets

Maintained a high cash position of 47 billion as of 6/30/2008
Net debt position remained low at approximately 36 billion yen

| | As of 6/30/2008 | | As of 3/31/2008 | |
|----------------------------------|-----------------|--------|-----------------|--------|
| | Consolidated | Parent | Consolidated | Parent |
| (billion yen) | | | | |
| Cash and Cash Deposit | 47.39 | 46.65 | 47.62 | 46.84 |
| Debt | 83.92 | 83.92 | 84.51 | 84.51 |
| Net Debt | 36.54 | 37.28 | 36.89 | 37.67 |
| Shareholders' Equity | 16.92 | 42.96 | 20.54 | 42.03 |
| Minority Interest | 0.60 | -- | 0.60 | -- |
| Net Asset | 15.82 | 41.26 | 19.43 | 40.32 |
| Total Asset | 110.09 | 135.49 | 121.59 | 142.45 |
| Net debt/Equity Ratio (%) | 215.9% | 86.8% | 179.6% | 89.6% |

Shareholders Returns

Maintain annual dividend payout ratio (parent basis) at around 50.0%
Completed cancellation of 3 billion yen treasury stocks on April 30, 2008



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

*2 Based on the stock price on August 11, 2008 of 58,500 yen.

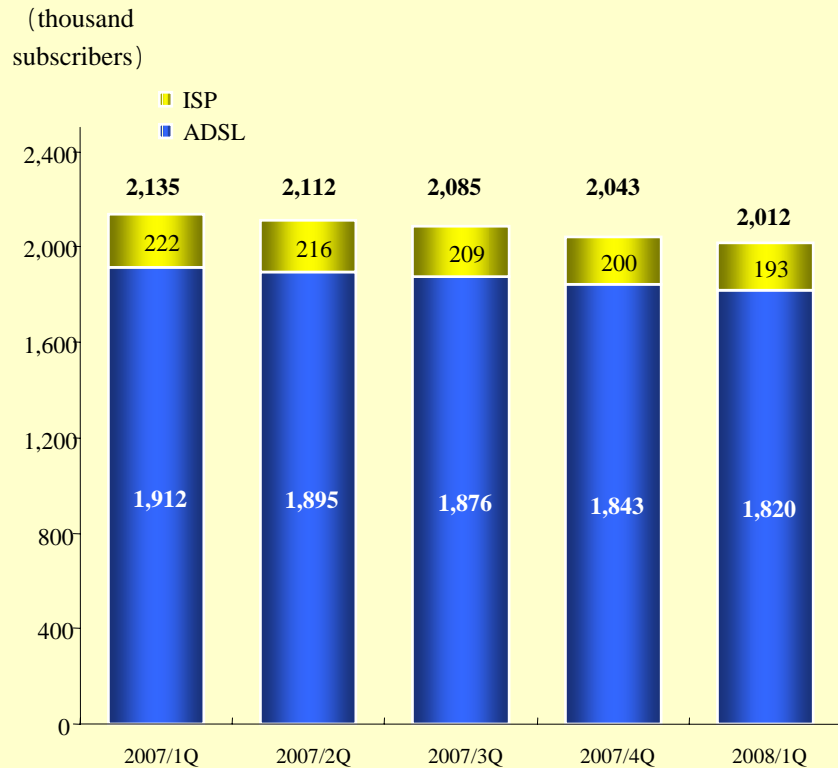
*3 Based on the financial forecasts announced on July 31, 2008.

Highest dividend yield among the industry

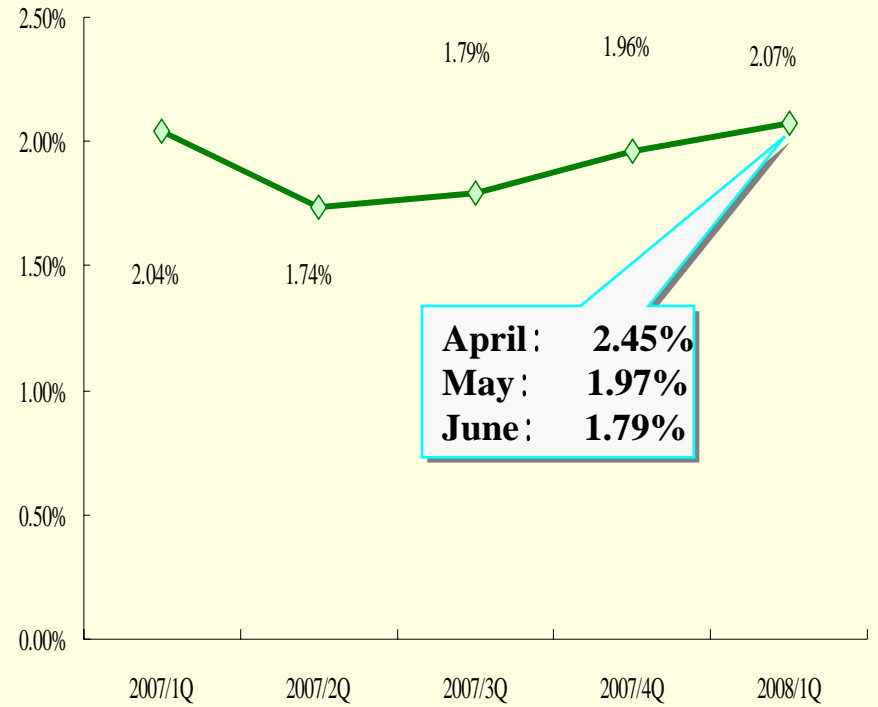
ADSL Subscriber and Monthly Churn

Smaller-than-expected in the decline of ADSL subscriber net addition.

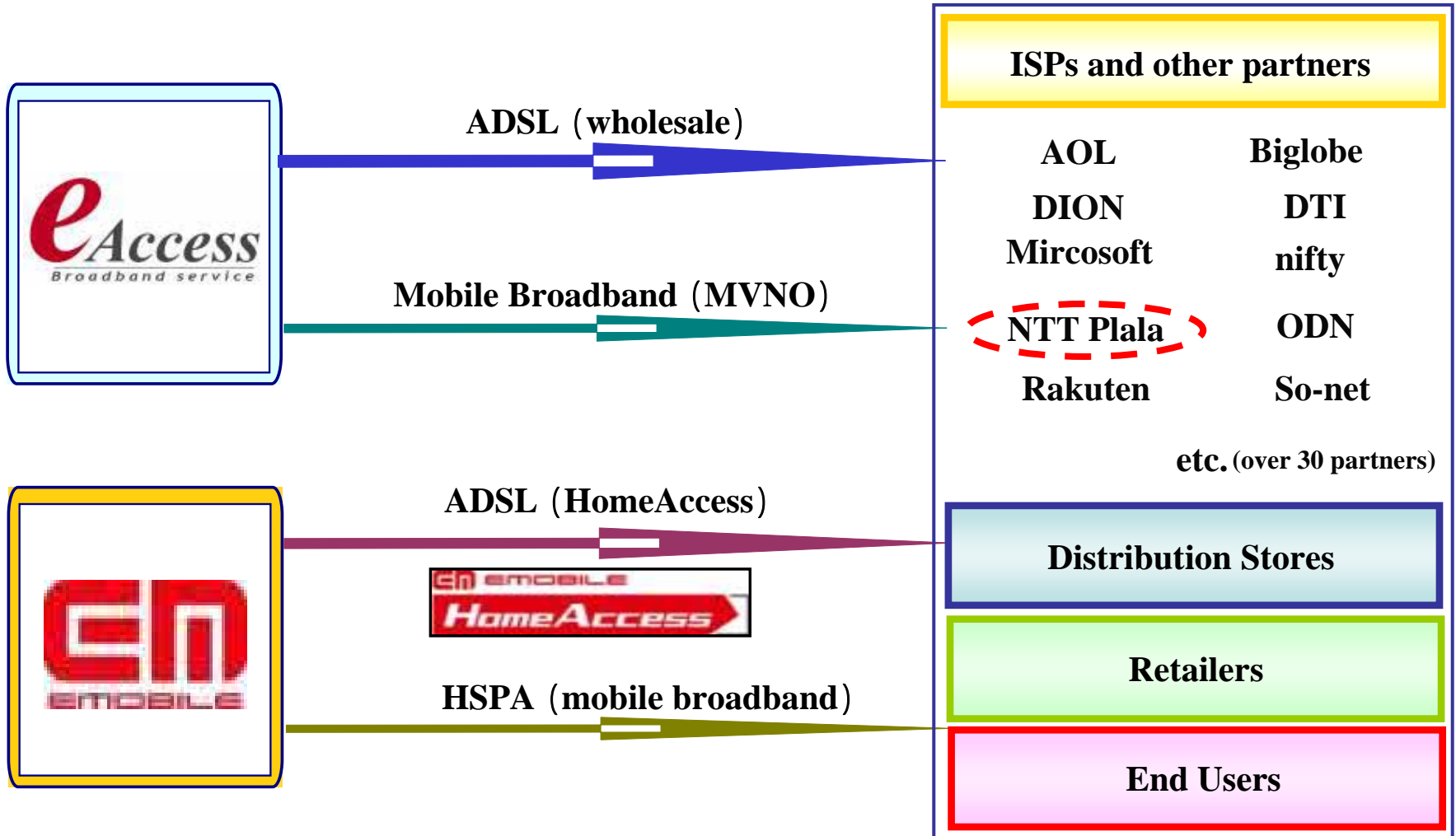
ADSL Subscriber Trend



ADSL Churn Rate Trend



Business domain expansion through unique alliances with various business partners



Device Business

Provided 11 types of terminals to EMOBILE
High growth in revenue due to increasing EMOBILE subscribers



**Smart Phone
EMONSTER
(S11HT)**



**Voice Handset
H11T**



**Simple
Voice Handset
H11HW**



**Smart Phone
EMONSTER Lite
(S12HT)**



**Colorful USB type
Data Card
D01LC**

FY3/2008

1Q_FY3/2009

FY3/2009 ~

★ **March**

**Commenced
Voice Service**

April ★

**Introduced simple voice
handset. 24 H free on-net
calls between EMOBILE
users at 1,980 yen / month**

July ★

**Smart phone
Introduced EMONSTER series 2#:
EMONSTER lite**

July ★

**First colorful
Data Card
by Longcheer**

| | | |
|------------|--|----------------|
| I. | FY3/2009 1Q Results Highlight | Page 3 |
| II. | Business and Capital Alliance with ACCA Networks | Page 5 |
| III. | eAccess | Page 11 |
| | ➤ Financial Results | Page 12 |
| | ➤ Operational Overview | Page 18 |
| IV. | EMOBILE | Page 21 |
| | ➤ Financial Results | Page 23 |
| | ➤ Operational Overview | Page 26 |
| V. | Appendix | Page 31 |

EMOBILE FY3/2009 1Q Highlights

Subscribers

- Accumulated subscribers were 603,100 as of 6/30/2008
- FY3/2009 1Q churn rate was maintained below 1%

- Acquired 21% market share in total mobile net addition in 1Q

Service Area

- Achieved approximately 84% population coverage as of 6/30/2008 (96% with NTT docomo roaming)

- Focus on subway and underground network construction

Marketing

- Rising demand in data-card and mini-PC bundling

- Commenced international call & international roaming services

EMOBILE Financial and Operational Results

Rapid growth in revenue driven by strong subscriber acquisition
Shrinking quarterly losses from 4Q FY3/2008

| (billion yen) | FY3/2008 1Q | FY3/2008 2Q | FY3/2008 3Q | FY3/2008 4Q | FY3/2009 1Q |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 2.24 | 2.93 | 3.69 | 5.64 | 10.68 |
| Operating Loss | - 6.61 | - 7.22 | - 8.83 | - 15.55 | - 10.38 |
| Recurring Loss | - 7.82 | - 7.87 | - 9.59 | - 16.68 | - 11.65 |
| Net Loss | - 7.82 | - 7.87 | - 9.61 | - 16.72 | - 11.67 |
| EBITDA Loss | - 5.05 | - 5.00 | - 6.05 | - 11.49 | - 6.18 |
| Capex | 16.19 | 20.23 | 16.59 | 45.20 | 6.67 |
| Depreciation | 1.55 | 2.23 | 2.78 | 4.06 | 4.19 |
| <hr style="border-top: 1px dashed black;"/> | | | | | |
| Accumulated Subscribers | 60,200 | 122,000 | 205,900 | 411,500 | 603,100 |

EMOBILE Balance Sheet

**Maintained high cash position of over 110 billion yen.
Unused commitment line of another 70 billion yen as of 6/30/2008**

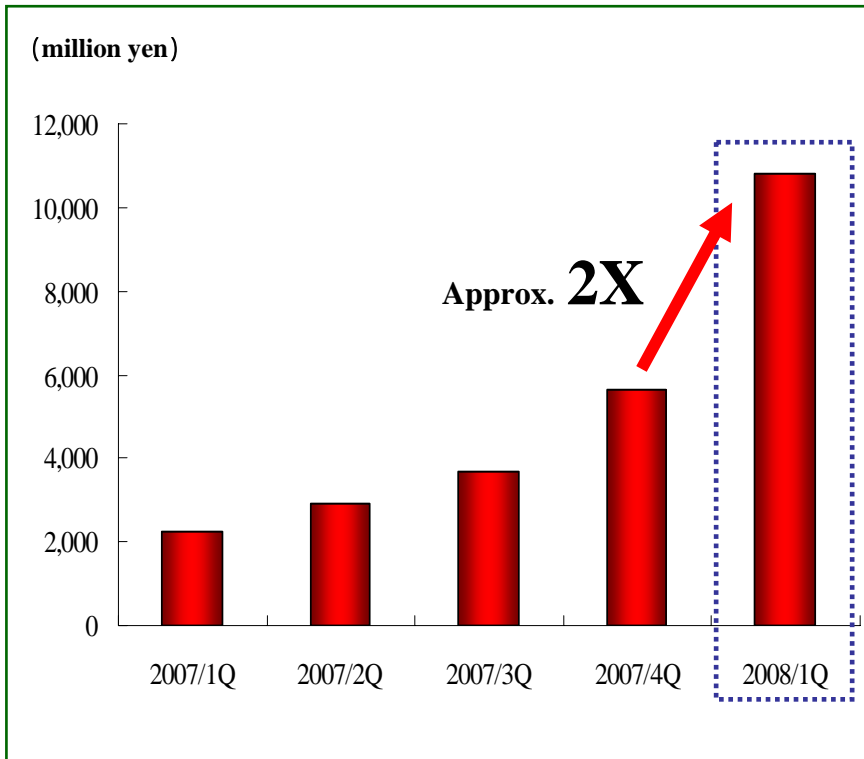
| (billion yen) | As of 3/31/2008 | As of 6/30/2008 |
|------------------------------|-----------------|-----------------|
| Cash and Cash Deposit | 93.74 | 112.13 |
| Debt | 106.79 | 175.66 |
| Net Debt | 13.05 | 63.53 |
| Equity | 86.39 | 74.71 |
| Total Asset | 250.30 | 276.00 |
| Net Debt/Equity Ratio | 15.1% | 85.0% |

Unused
Commitment Line 70 billion
yen

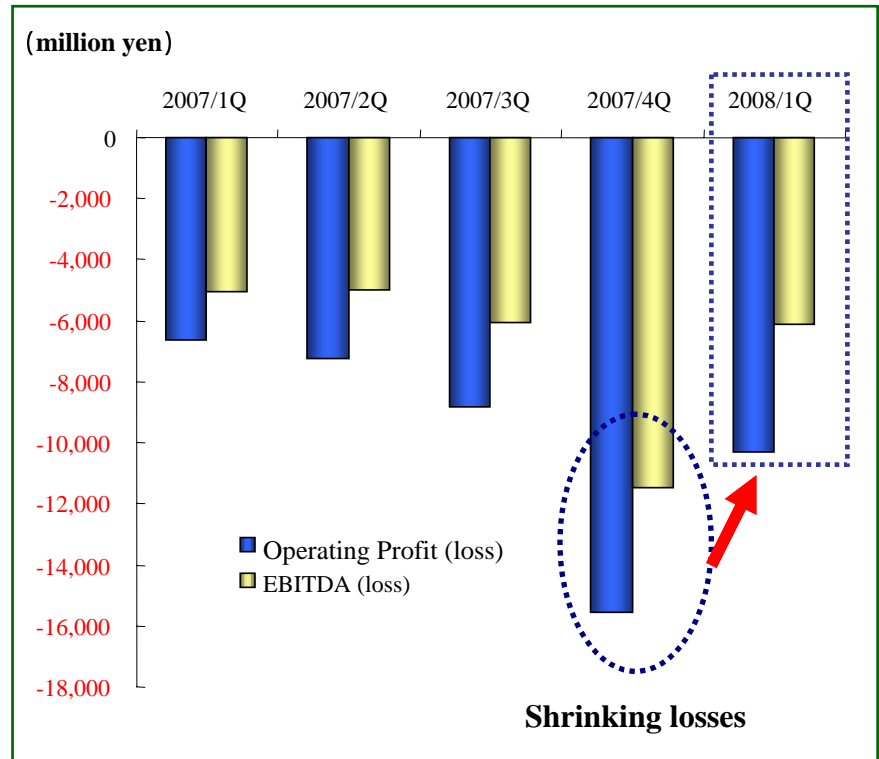
EMOBILE Financials

FY3/2009 1Q revenue rose approximately 2X compared to FY3/2008 4Q
Shrinking operating & EBITDA losses from FY3/2008 4Q

Revenue Trend

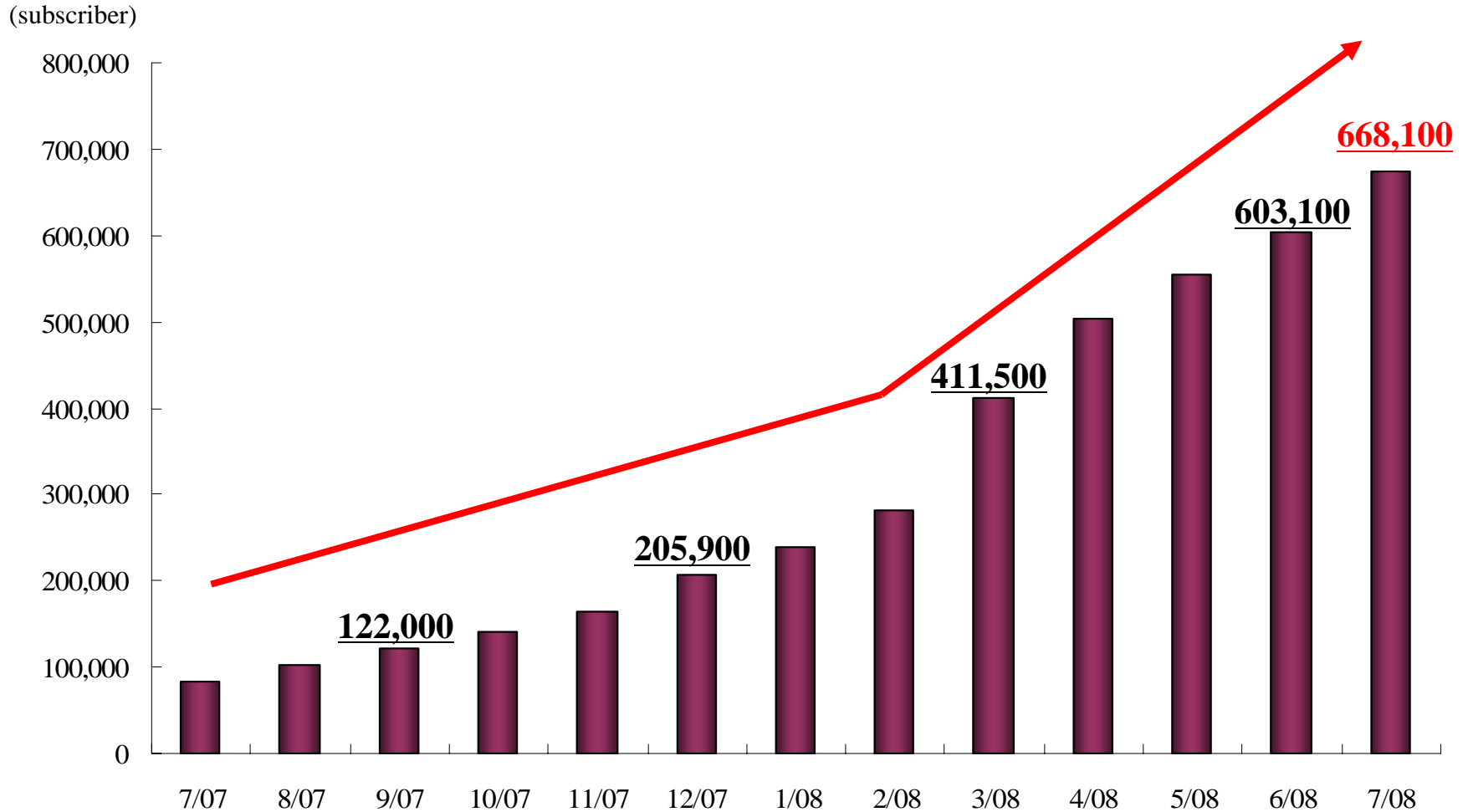


Operating and EBITDA loss Trend



EMOBILE Subscribers

Strong data-card subscriber growth. Achieved 668,100 subscribers as of 7/31/2008.

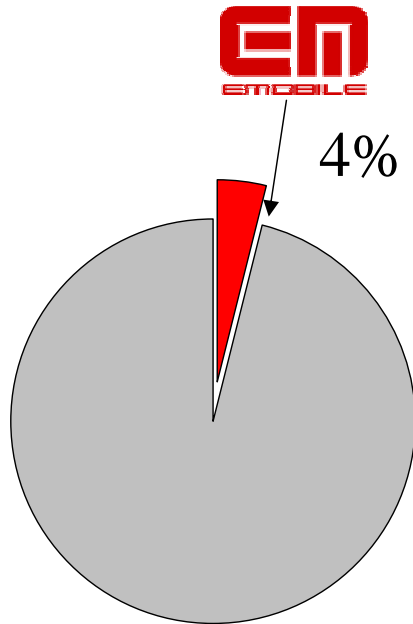


Share of Subscriber Net Addition

**Rising market share in subscriber net addition.
Share in FY3/2009 1Q rose to approximately 21%**

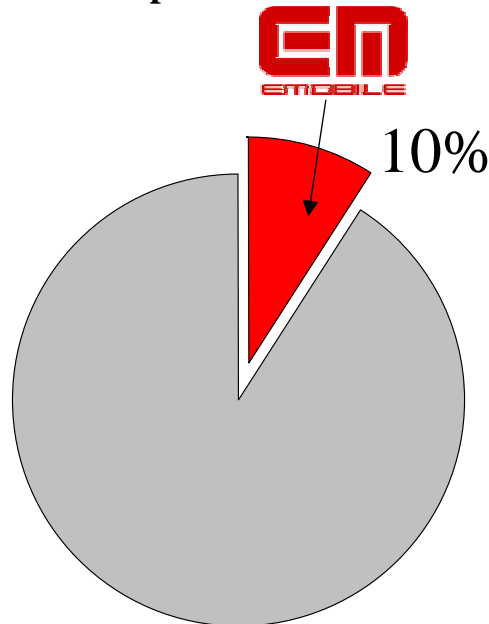
3~11/2007

✓ 3.6Mbps service



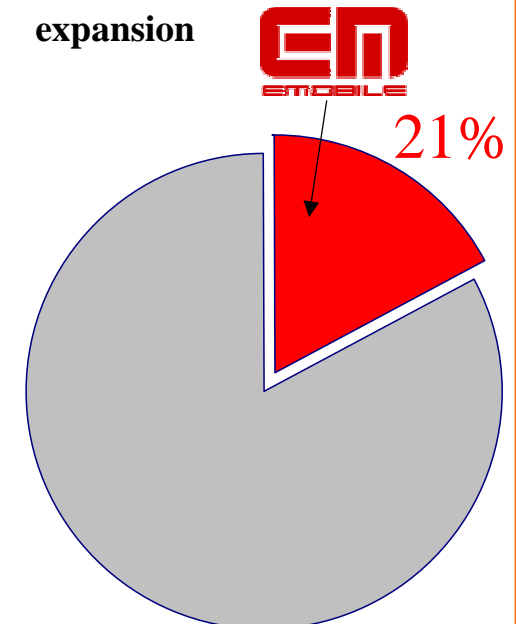
12/2007 ~ 3/2008

✓ 7.2Mbps service
✓ Area expansion



4~6/2008

✓ Voice service launch
✓ Further area expansion

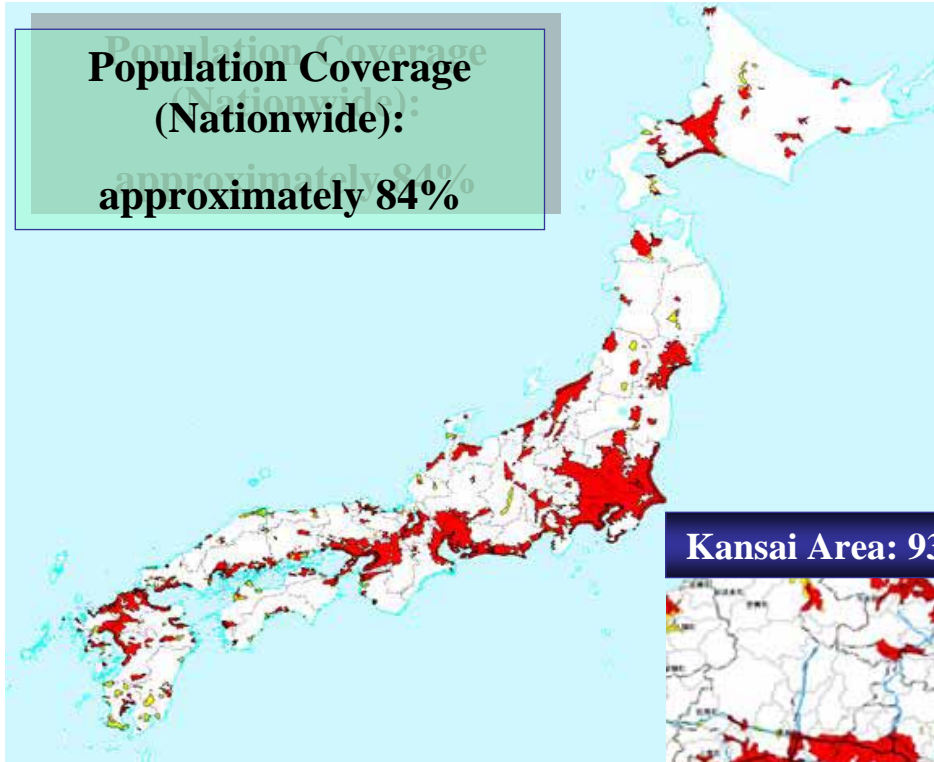


(Source: TCA)

EMOBILE Service Areas

Achieved 84% population coverage as of 6/30/2008 (approximately 96% with NTT roaming)

**Population Coverage
(Nationwide):
approximately 84%**



Kanto Area: 98%



Kansai Area: 93%



Tokai Area: 91%



(as of 6/30/2008)

Data Card & Mini PC Bundling

Rising demand for data card and low-priced mini PC bundling from mid-July 2008



Low-priced mini PC

+



D02HW by Huawei



Increasing mobile broadband services through mini PC

EMOBILE Product Lineup

EMONSTER (S11HT)



EMONSTER lite (S12HT)



H11T



H11HW



Data card



PDA



| | | | | | | |
|---|--|--|-------------------------------|-----------------------|--|------------------------|
| Maximum Downlink speed | 3.6Mbps | 3.6Mbps | 3.6Mbps | 3.6Mbps | 7.2Mbps | 3.6Mbps |
| PC interface | USB (Bluetooth2.0) | USB (Bluetooth2.0) | USB (Bluetooth1.2) | USB (Bluetooth2.0) | CF, USB PC/Express Card | USB (Bluetooth 1.2) |
| Terminal price (monthly assist payment plan) | 19,980 yen 1,000 yen/ month | 5,980 yen 1,000 yen/ month | 9,980 yen 1,000 yen/ month | 5,980 yen | 5,980 yen ~ 9,980 yen | 39,800 yen** |
| Monthly Data Charge* | 1,000 yen ~ 4,980 yen (KeiTai Plan, New 2-year) | | | | 1,000 yen ~ 4,980 yen (Super Light Data Plan, New 2-year) | |
| Voice tariff | Monthly fee | Call Rate | | | | |
| | Free | 18.9 yen/30 sec | | | | |
| | 980 yen | Between EM users : Free Landlines : 5.25 yen/30sec Other carriers&PHS : 9.45 yen/30sec | | | | |

* New 2-year contract
** 2-year contract

I. FY3/2009 1Q Results Highlight Page 3

II. Business and Capital Alliance with ACCA Networks Page 5

III. eAccess Page 11

➤ Financial Results Page 12

➤ Operational Overview Page 18

IV. EMOBILE Page 21

➤ Financial Results Page 23

➤ Operational Overview Page 26

V. Appendix Page 31

FY3/2009 1Q Results (Segment Info.)

| | | | | | FY3/2009 1Q (4/2008-6/2008) | | | | |
|------------------|--|--|--|--|--------------------------------|--------------------|-----------------|--------------|--------|
| | | | | | Network Business | Device Business | EMOBILE etc. | Consolidated | |
| (billion yen) | | | | | | | | | |
| Revenue | | | | | 13.14 | 11.12 | | | 24.26 |
| Operating Profit | | | | | 3.03 | 0.48 | | | 3.50 |
| Recurring Profit | | | | | 2.93 | | - 4.67 | - 1.53 | |
| Net Income | | | | | 1.73 | | | | - 2.81 |
| EBITDA | | | | | 4.64 | 0.49 | | | 5.12 |
| Capex | | | | | 0.56 | 0 | | | 0.56 |
| Depreciation | | | | | 1.61 | 0.01 | | | 1.62 |
| Operating FCF | | | | | 4.08 | 0.49 | | | 4.56 |

* Network Business: ADSL Business, ISP Business, Backbone Business, MVNO Business

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