

# eAccess Limited [9427]

---

**2<sup>nd</sup> Quarter (cumulative) Results for Fiscal Year Ending 3/2009  
(4/2008 ~ 9/2008)**



**November 13<sup>th</sup> , 2008**

**I. FY 3/2009 2Q (cumulative) Results Highlights** **Page 3**

**II. eAccess** **Page 5**

➤ Financial Results & Outlook **Page 6**

➤ Tender Offer for Share Certificates of ACCA Networks **Page 13**

➤ Operational Overview **Page 19**

**III. EMOBILE** **Page 23**

➤ Financial Results **Page 24**

➤ Operational Overview **Page 27**

**IV. Appendix** **Page 34**

**I. FY 3/2009 2Q (cumulative) Results Highlights** **Page 3**

**II. eAccess** **Page 5**

➤ Financial Results & Outlook **Page 6**

➤ Tender Offer for Share Certificates of ACCA Networks **Page 13**

➤ Operational Overview **Page 19**

**III. EMOBILE** **Page 23**

➤ Financial Results **Page 24**

➤ Operational Overview **Page 27**

**IV. Appendix** **Page 34**

## Financials

- A recovery in consolidated operating profit up 5X YoY
- Consolidated EBITDA rose 71.2% YoY and a decline in capex
- Shrinking consolidated recurring losses due to improving EMOBILE performance

## eAccess /ACCA

- Better-than-expected Network Business & financial performances
- Launched a Tender Offer Bid (TOB) of ACCA shares
- Expect to achieve more synergies with faster consolidation

## EMOBILE

- Achieved 914,200 mobile subscribers as of 10/31/2008
- Turned positive gross profits in FY3/2009 2Q(cumulative)
- Increasing demand of data cards & 'Touch Diamond' smart phone

I. FY 3/2009 2Q (cumulative) Results Highlights Page 3

II. eAccess Page 5

➤ Financial Results & Outlook Page 6

➤ Tender Offer for Share Certificates of ACCA Networks Page 13

➤ Operational Overview Page 19

III. EMOBILE Page 23

➤ Financial Results Page 24

➤ Operational Overview Page 27

IV. Appendix Page 34

# FY3/2009 2Q (cumulative) Consolidated Results

**Expect revenue & profit contribution in 2H from ACCA consolidation  
Shrinking losses at consolidated recurring level**

(billion yen)	FY3/2008	FY3/2009			
	2Q (cumulative) (4~9/2007)	2Q (cumulative) (4~9/2008)	Diff. (%)	Full Year Forecast	Progress
Revenue	30.14	45.54	+ 51.1%	95.00	47.9%
Operating Profit	1.41	7.18	+ 409.2%	13.80	52.0%
Recurring Profit (loss)	- 4.01	- 2.83	na	- 5.00	na
Net Income (loss) <sup>*1 *2</sup>	- 0.07	- 5.67	na	- 9.80	na
EBITDA (loss)	6.17	10.56	+ 71.2%	22.80	46.3%
Capex	10.95	2.16	- 80.3%	6.00	36.0%
Depreciation	4.76	3.38	- 29.0%	9.00	37.6%

\*1 Minority adjustments at the net income level of -2.57 billion yen were included in FY3/2008 results and 0.12 billion yen in FY 3/2009 results.

\*2 FY3/2008 1Q consolidated net income line included 4.64 billion yen of gain on EMOBILE share sales.

# FY3/2009 2Q (cumulative) Parent Results

**Parent revenue up 48% YoY and operating profit up 19% YoY.  
Better-than-expected progress compared with our full year earnings forecast**

	FY3/2008		FY3/2009		
	2Q (cumulative) (4~9/2007)	2Q (cumulative) (4~9/2008)	Diff.(%)	Full Year Forecast	Progress
(billion yen)					
Revenue	28.99	42.97	+ 48.2%	80.00	53.7%
Operating Profit	5.72	6.81	+ 19.1%	12.80	53.2%
Recurring Profit	4.82	6.03	+ 25.1%	11.00	54.8%
Net Income <sup>*1</sup>	5.00	3.34	- 33.2%	6.60	50.6%
EBITDA	9.51	9.78	+ 2.8%	19.20	50.9%
Capex	2.58	1.69	- 34.5%	4.80	35.2%
Depreciation	3.79	2.95	- 22.2%	6.40	46.1%

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

# Consolidated Financials Outlook (2 years)

**A Strong Recovery in consolidated operating profits in FY3/2009  
Expect to turn profits at consolidated recurring & net levels in FY3/2010**

(billion yen)	FY3/2008 (Actual)	FY3/2009 (Forecast)	FY3/2010 (Forecast)
Revenue	67.56	95.00	103.00
Operating Profit	7.09	13.80	15.00
Recurring profit (loss)	-8.37	- 5.00	<b><u>8.00</u></b>
Net Profit (loss)	- 6.35	- 9.80	<b><u>2.50</u></b>
EBITDA	15.38	22.80	24.00
Capex	14.25	6.00	4.00
Depreciation	8.28	9.00	9.00

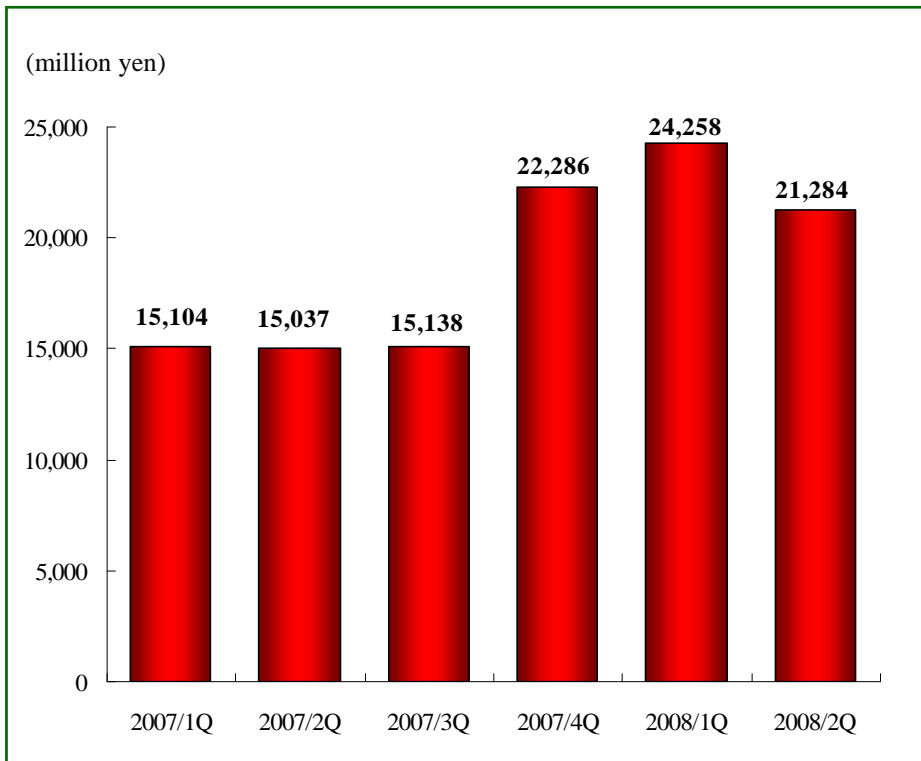
•ACCA results are consolidated from 9/1/2008.



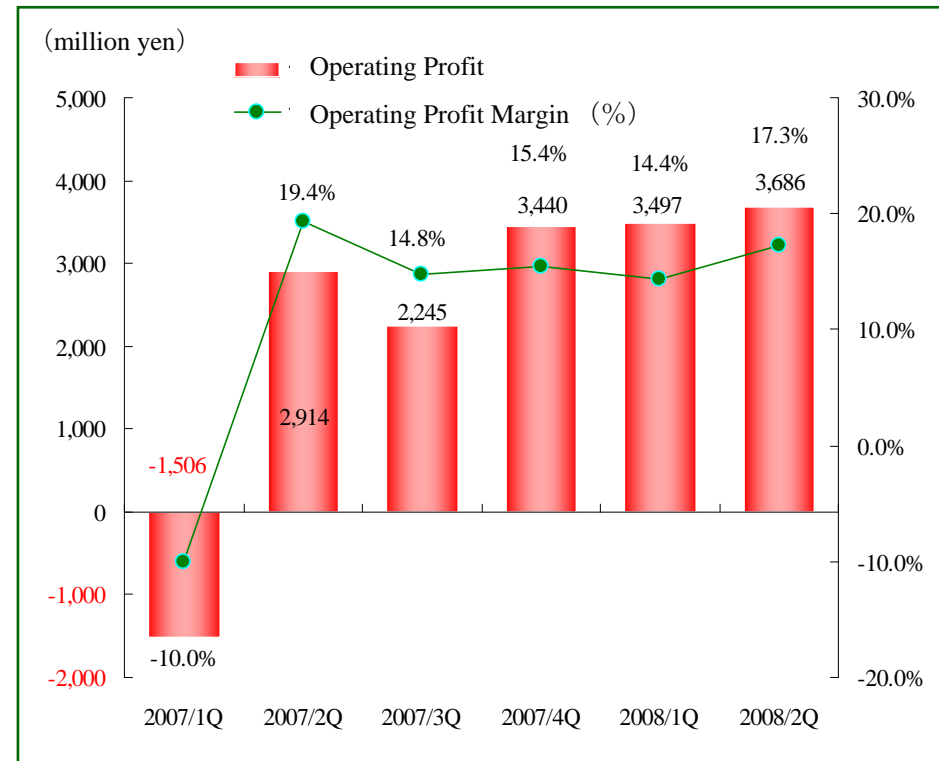
# Consolidated Revenue and Operating Profits

**Continued improvement in consolidated operating margins**

## Revenue Trend (Consolidated)



## Operating Profit/Operating Profit Margin (Consolidated)



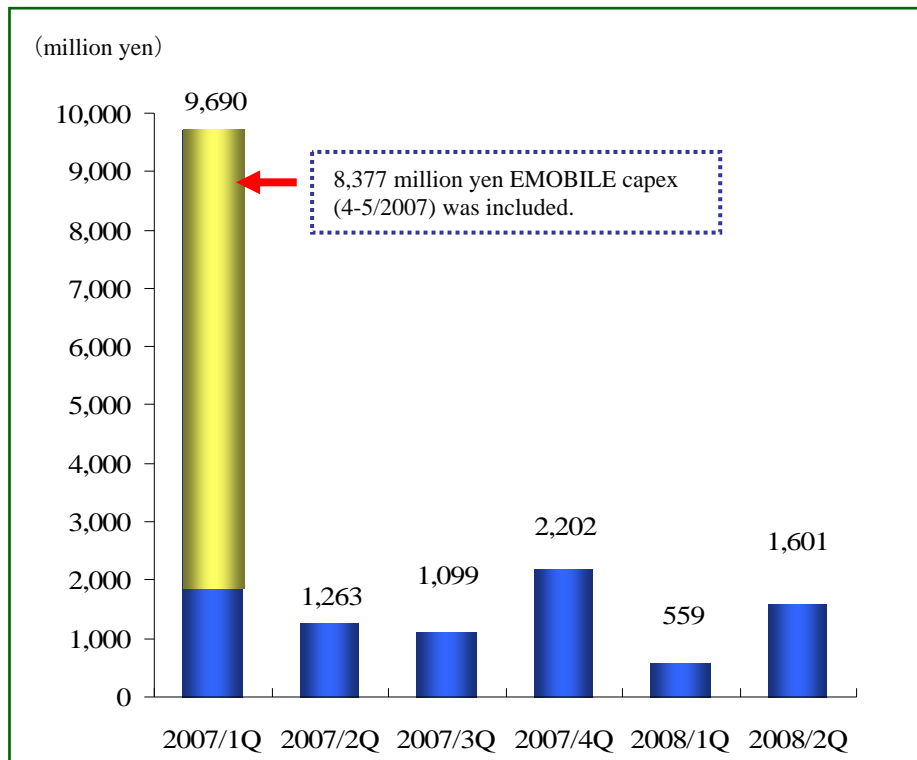
\* EMOBILE was accounted under equity accounting method from 5/31/2007. On a consolidated basis, 2007/1Q includes 2 months of EMOBILE revenue.

\* ACCA results are consolidated from 9/1/2008. FY3/2009 2Q included 1 month ACCA revenue on a consolidated basis.

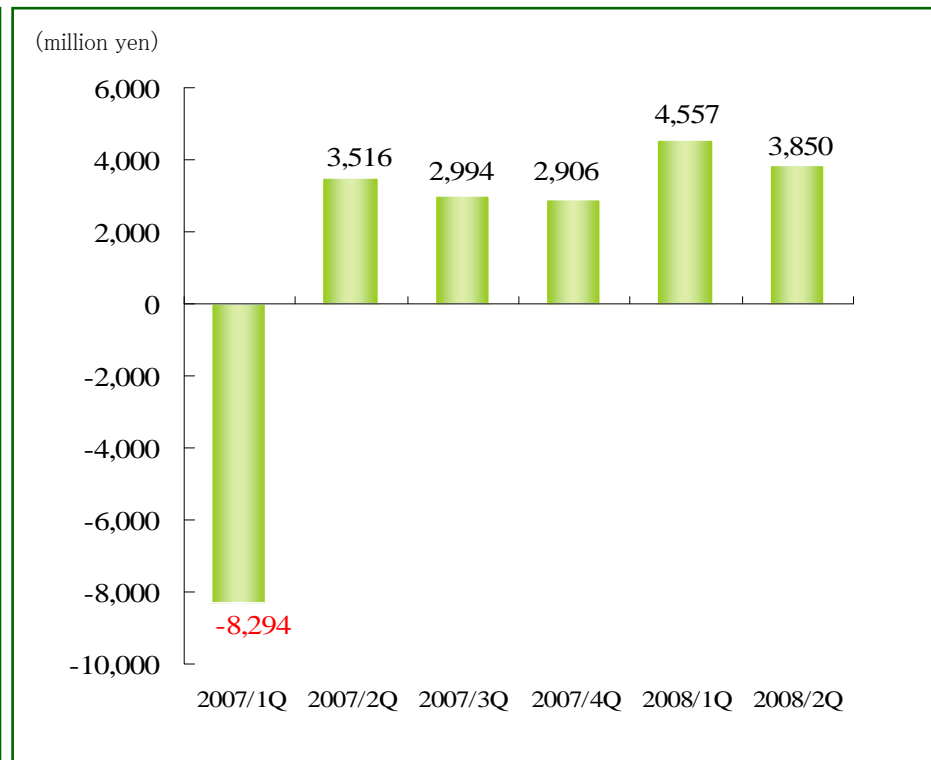
# Consolidated Capex and Operating FCF

**Steady recovery of consolidated operating free cash flow (FCF)**

## Capex (Consolidated)



## Operating FCF (Consolidated)



\* Operating FCF = EBITDA - Capex

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

\* ACCA results are consolidated from 9/1/2008. FY3/2009 2Q includes 1 month of ACCA results on a consolidated basis.

# Balance Sheets

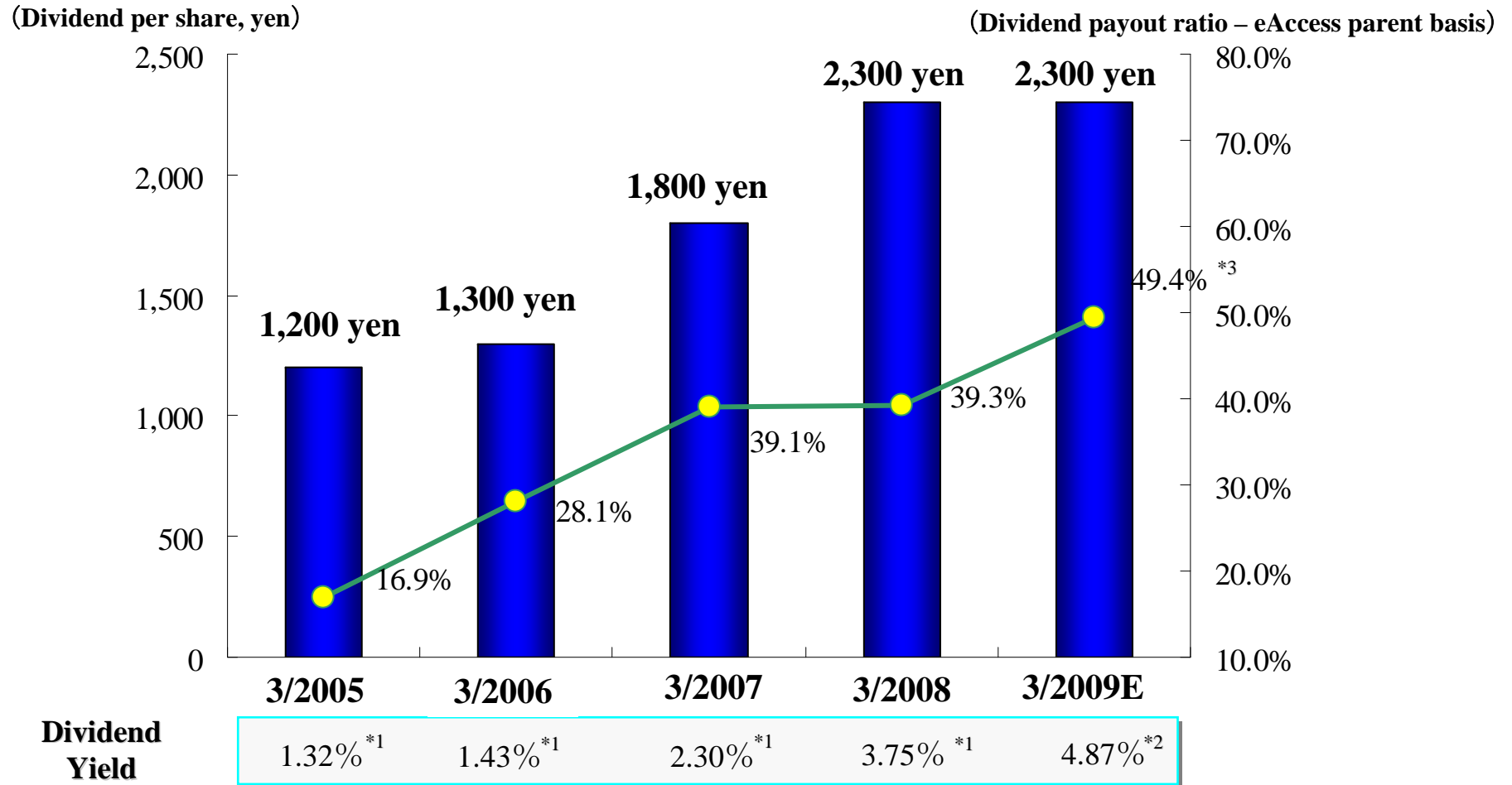
**Maintained high cash position with a decline in consolidated net debt**

	As of 9/30/2008		As of 3/31/2008	
	Consolidated	Parent	Consolidated	Parent
(billion yen)				
<b>Cash and Cash Deposit</b>	51.97	45.49	47.62	46.84
<b>Debt</b>	86.27	86.60	84.51	84.51
<b>Net Debt</b>	34.31	41.11	36.89	37.67
<b>Shareholders' Equity</b>	13.25	43.76	20.54	42.03
<b>Minority Interest</b>	11.01	-	0.60	--
<b>Net Asset</b>	23.60	43.09	19.43	40.32
<b>Total Asset</b>	123.20	139.32	121.59	142.45
<b>Net debt/Net Asset Ratio (%)</b>	145.4%	95.4%	189.9%	93.4

\* ACCA results are consolidated from 9/1/2008.

# Shareholders Returns

**Maintain annual dividend payout ratio (parent basis) at approx. 50.0%.  
Plan to pay 575 yen per share 2Q dividend as scheduled.**



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

\*2 Based on the stock price on November 12, 2008 of 47,250 yen.

\*3 Based on the financial forecasts announced on August 12, 2008.

# **Tender offer of ACCA shares**

# TOB Transaction Scheme Overview

**Plan to increase our holding in ACCA from the current 45% to majority control**

<b><u>TOB Price</u></b>	<b>120,000 yen per share</b>
<b><u>TOB Period</u></b>	<b>10/30/2008 – 11/28/2008 ( 20 operating days)</b>
<b><u>Shares to be purchased</u></b>	<b>No lower or upper limit</b>
<b><u>% of shares to be purchased (accumulated)</u></b>	<b>0.0% ( 45.4% ) ~ 54.6% ( 100% )</b> <small><u>based on # of outstanding shares</u></small>
<b><u>Total amount to be purchased</u></b>	<b>0 yen ~ 11.6 billion yen (using cash on hand)</b>

## Purpose of TOB of ACCA Shares

---

**1**

**Further scale merits from integration of front-end**

---

**2**

**Further profit growth from business synergies**

---

**3**

**Strengthen financial fundamental**

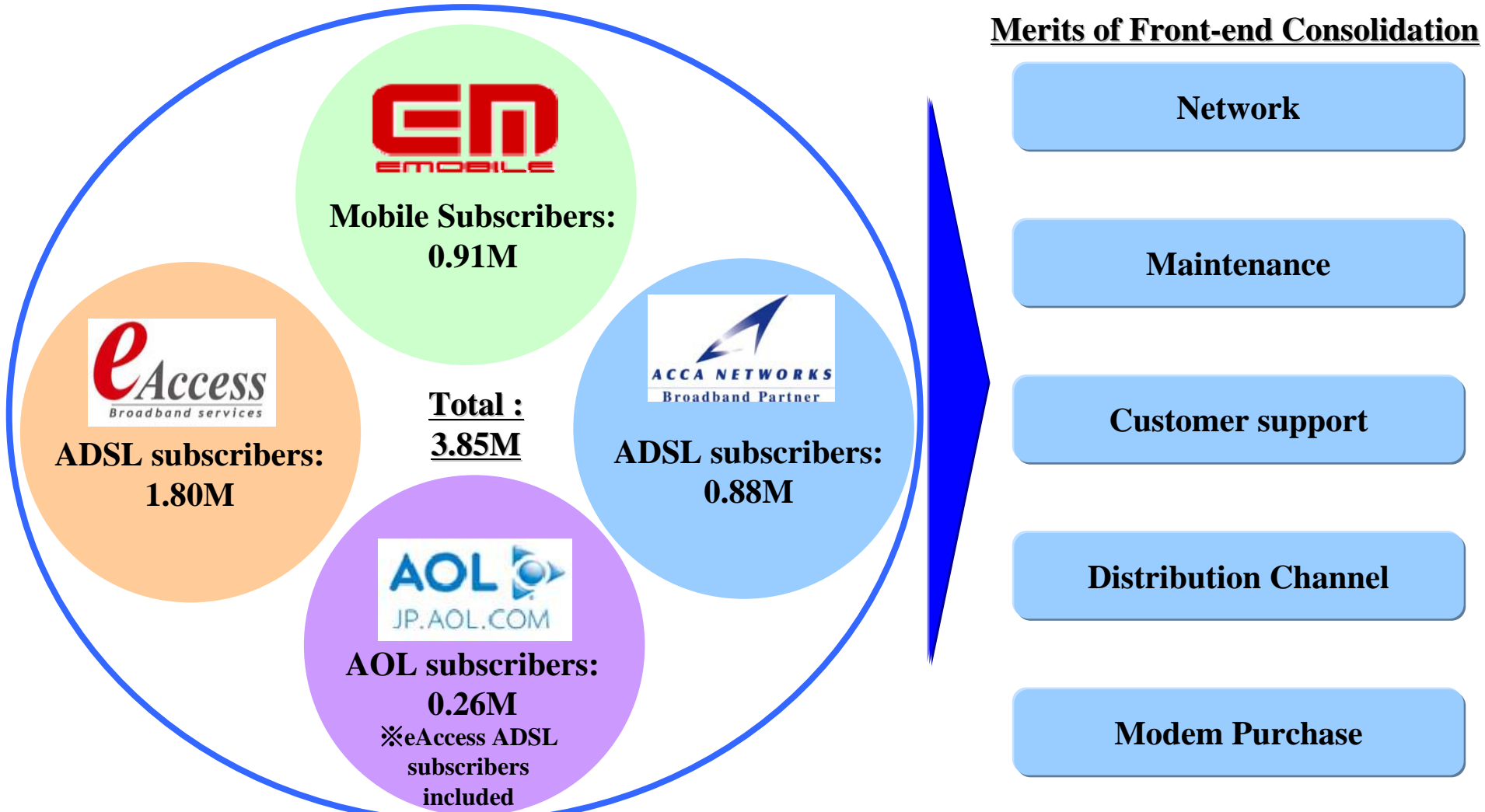
---



**Corporate Value Maximization of eAccess and ACCA**

# Scale Merits

Allow further expansion of scale merits through consolidation.



(as of 9/30/2008, except for mobile which is as of 10/31/2008 )



# Profit Growth from Business Synergies

**Faster business synergies through front and back end consolidation**

Before  
Transaction

Front-end



Synergies from consolidation of back-end



&



Post  
Transaction

Synergies from consolidation of Front-end

Offer new  
cost-competitive services



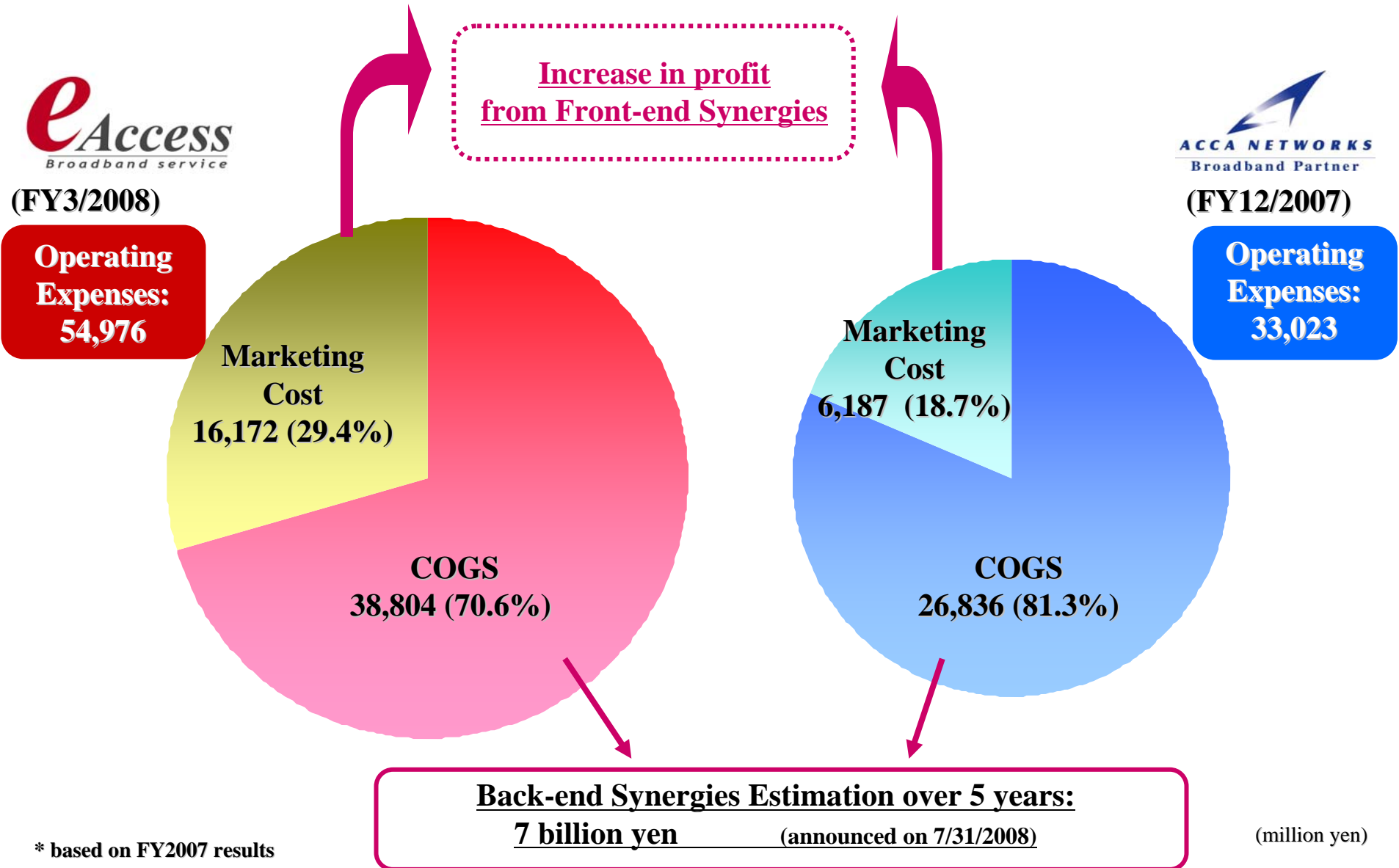
&



Further synergies due to  
consolidation of front-end

Synergies from consolidation of back-end

# eAccess Potential Synergies from Front-end Consolidation



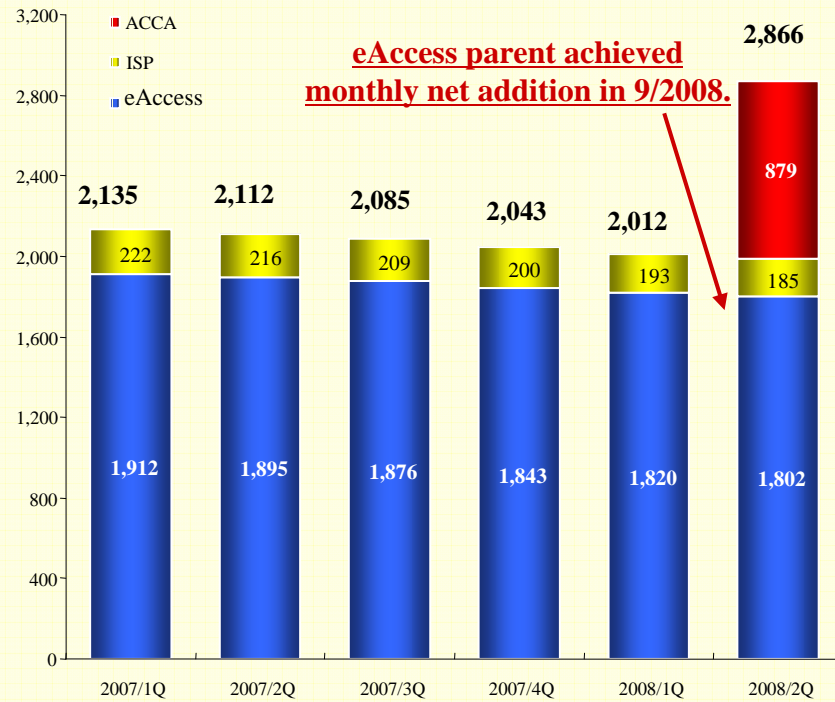
# **eAccess Operational Overview**

# ADSL Subscriber Trend and Market Share

**Combined ADSL subscribers number reached 2.87 million with 22.3% ADSL market share**

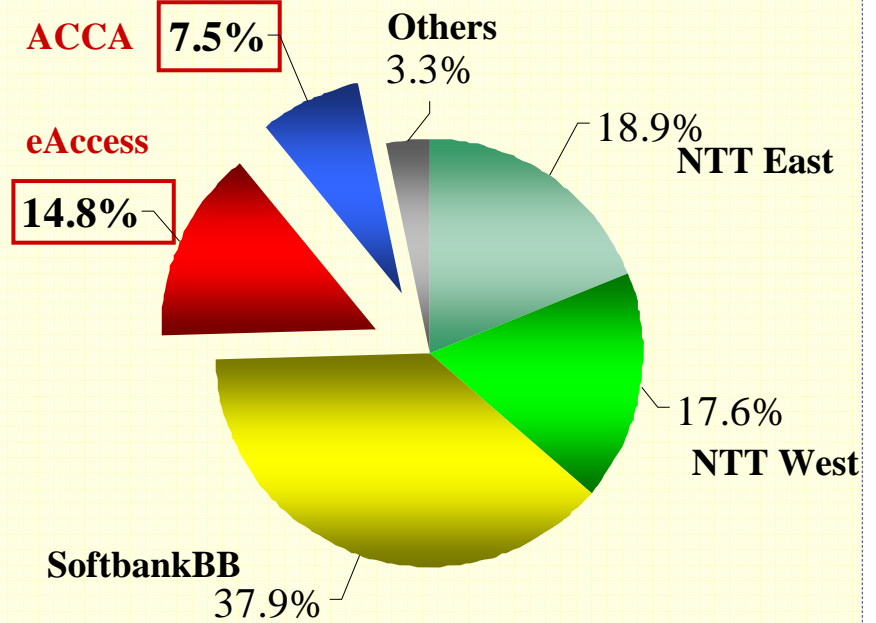
## ADSL Subscriber Trend

(thousand subscribers)



## ADSL Market Share Expansion

**eAccess Group combined : 22.3%**



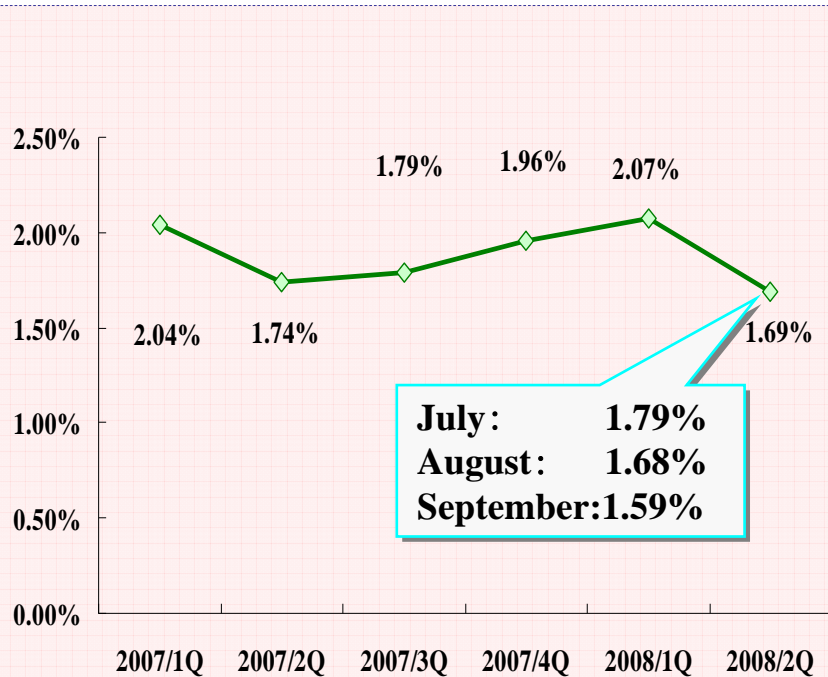
Source: MIC (6/2008)

# ADSL Churn Rate and New Services

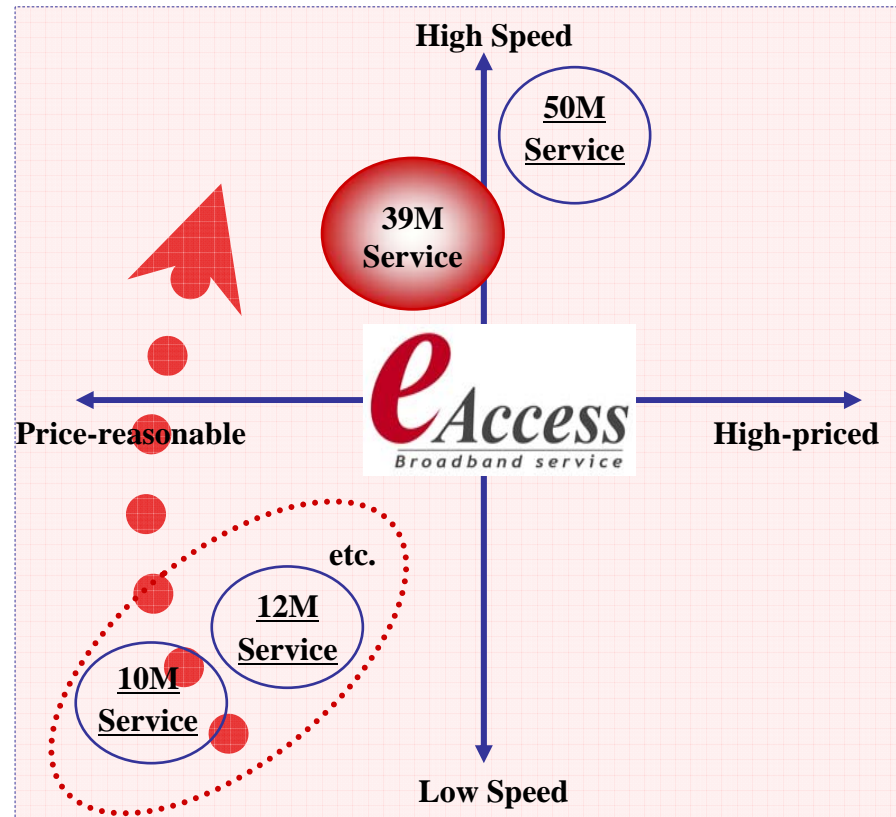
2Q churn rate was 1.69%, down by 0.05% points YoY.

Introduced high-speed, reasonable price 39M ADSL service to attract new potential users.

**ADSL Churn Rate Trend**













**New ADSL Service**



# Device Business

**FY3/2009 1H revenue increased to 17.5 billion yen due to EMOBILE new terminal releases.  
Revenue is expected to decrease in 2H due to the shift in sales mix to data cards.  
Expect to achieve an annual operating profit.**

	FY3/2009 1Q	FY3/2009 2Q	FY3/2009 3Q	FY3/2009 4Q
Smart Phone	<p>▼ <b>【EMONSTER lite】</b> Slider type 3.6M Smart phone</p> 	<p>▼ <b>【Touch Diamond】</b> 7.2Mbps Smart phone</p> 		
Voice Handset		<p>▼ <b>【H11HW】</b> Simple voice</p> 	<p>▼ <b>【E.T (H12HW)】</b> Simple voice</p> 	
Data Card	<p>▼ <b>【D03HW】</b> Express card 7.2M</p> 	<p>▼ <b>【D11LC】</b> USB stick 3.6M</p> 	<p>▼ <b>【D21LC】</b> USB stick data card 1.4M/7.2M</p> 	<p>▼ <b>【H21HW】</b> USB 1.4M/7.2M</p> 
			<p>▼ <b>【D21NE】</b> HSUPA data card 1.4M/7.2M</p> 	<p>▼ <b>【H11LC】</b> voice function data card 3.6M</p> 

**Expect 2H revenue  
to shift to  
data cards**

I. FY 3/2009 2Q (cumulative) Results Highlights Page 3

II. eAccess Page 5

➤ Financial Results & Outlook Page 6

➤ Tender Offer for Share Certificates of ACCA Networks Page 13

➤ Operational Overview Page 19

**III. EMOBILE Page 23**

➤ Financial Results Page 24

➤ Operational Overview Page 27

IV. Appendix Page 34

# EMOBILE Highlights

## Subscribers

- Accumulated subscriber number was **914,200** as of 10/31/2008
- **Ranked No.2** among 5 operators in the industry on a subscriber net addition basis in October 2008
- 2Q average churn rate was at **approx. 1%**

## Service Area

- **Approx. 86%** nationwide population coverage as of 9/30/2008

## Marketing / Terminals

- Strong demand for **UMPC and data card bundling campaign** conducted by distribution retail stores
- Released Japan's fastest speed smart phone "**Touch Diamond**" on 10/10/2008
- Introduced 3 types of **Japan's first HSUPA compatible data cards**



# EMOBILE Financial and Operational Results

**Increase in revenue with increase in mobile subscribers**  
**Monthly operating & EBITDA losses kept shrinking from FY3/2008 4Q.**

(billion yen)	FY3/2008 1Q	FY3/2008 2Q	FY3/2008 3Q	FY3/2008 4Q	FY3/2009 1Q	FY3/2009 2Q
Revenue	2.24	2.93	3.69	5.64	10.68	12.93
Operating Loss	- 6.61	- 7.22	- 8.83	- 15.55	- 10.38	- 10.12
Recurring Loss	- 7.82	- 7.87	- 9.59	- 16.68	- 11.65	- 11.85
Net Loss	- 7.82	- 7.87	- 9.61	- 16.72	- 11.67	- 11.89
EBITDA Loss	- 5.05	- 5.00	- 6.05	- 11.49	- 6.18	- 5.71
Capex	16.19	20.23	16.59	45.20	6.67	10.03
Depreciation	1.55	2.23	2.78	4.06	4.19	4.41
Accumulated Subscribers	60,200	122,300	205,900	411,500	603,100	811,700
Subscriber Net addition	+ 50,700	+ 62,100	+ 83,600	+ 205,600	+ 191,600	+ 208,600

# EMOBILE Balance Sheet

**Maintained high cash position of 82 billion yen with 70 billion yen unused commitment line**

(billion yen)	As of 3/31/2008	As of 9/30/2008
<b>Cash and Cash Deposit</b>	93.74	81.62
<b>Debt</b>	106.79	174.53
<b>Net Debt</b>	13.05	92.91
<b>Equity</b>	86.39	62.82
<b>Total Asset</b>	250.30	260.15
<b>Net Debt/Equity Ratio</b>	15.1%	147.9%

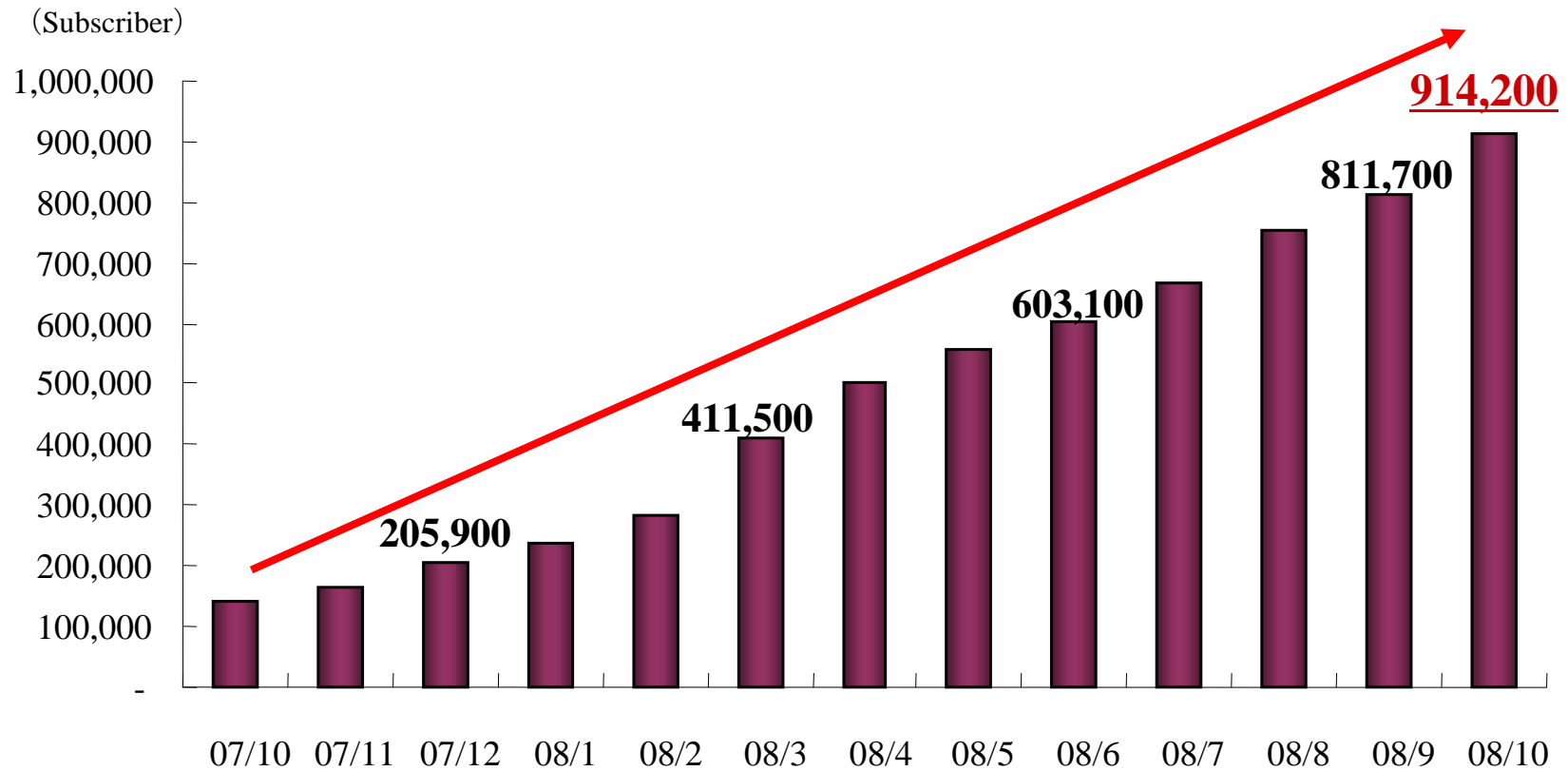
Unused Commitment Line

Approx.  
70 billion yen

# **EMOBILE Operational Overview**

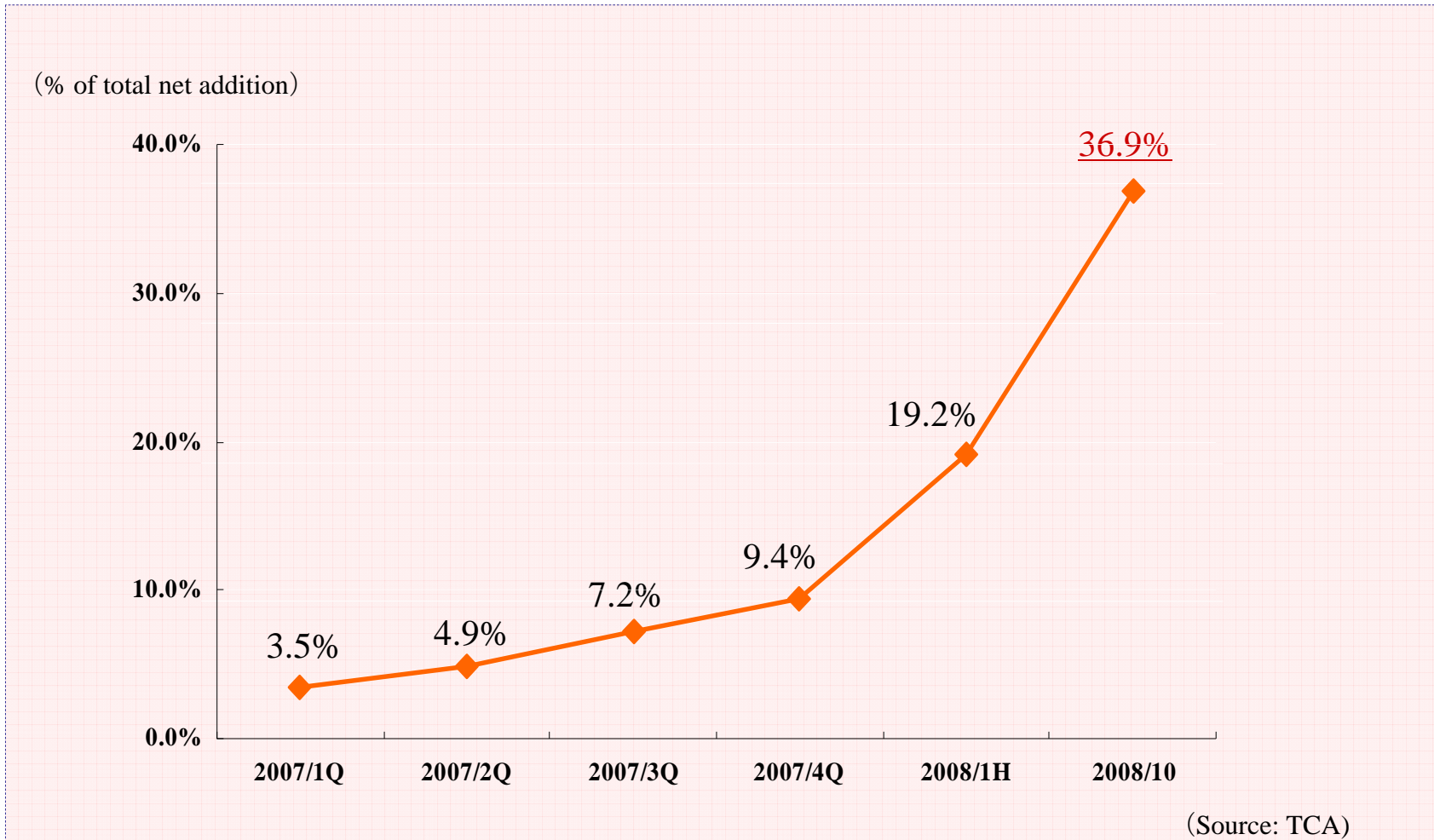
# EMOBILE Subscribers

**Achieved 914,200 subscribers as of 10/31/2008 through increasing acquisition of data card users.  
Monthly net addition of 10/2008 record No.2 in the industry**



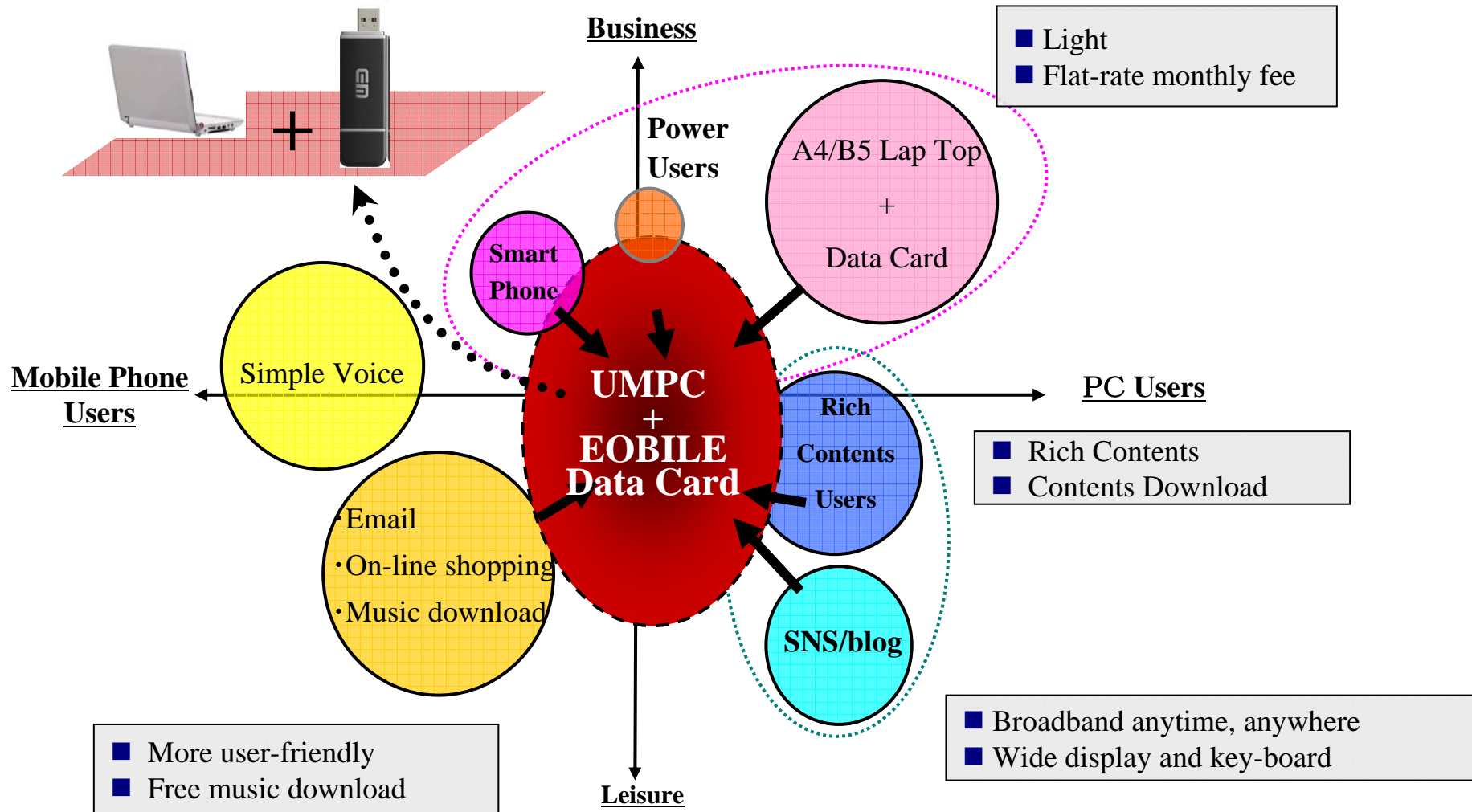
# Market Share of Subscriber Net Addition

**Increasing demand for EMOBILE.**  
**Market share rose to 19.2% in FY3/2009 2Q (cumulative) and 36.9% in October 2008.**



# New Potential Market from UMPC

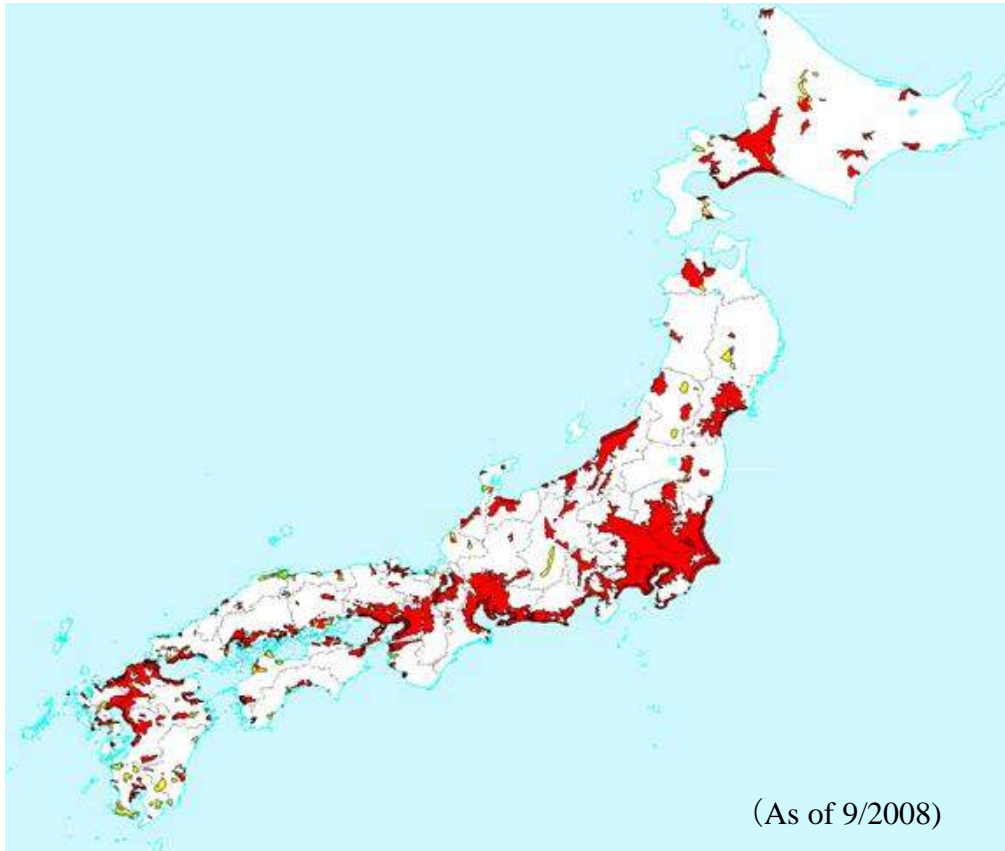
**Unique and competitive positioning of high-functional and compact-sized UMPC is creating a new potential market for EMOBILE mobile broadband service**



# EMOBILE Service Areas

**Achieved approximately 86% nationwide population coverage as of 9/30/2008**

■ EMOBILE Network population coverage map



■ Population coverage  
(EMOBILE Network)

<b>Kanto Area</b>	98.5%
<b>Tokai Area</b>	93.1%
<b>Kansai Area</b>	94.3%
<b>Nationwide</b>	86.6%

■ Red: EMOBILE Network

# HSUPA Compatible Data Cards

**Plan to release Japan's first HSUPA compatible data cards on 11/20/2008.  
Competitive data card lineup with HSDPA (maximum downlink speed of 7.2Mbps)**

- **Japan's first HSUPA data cards** (Maximum downlink speed of **7.2Mbps**/uplink speed of **1.4Mbps**)



D21HW (USB)



D21LC (USB)



D21NE (PC card)

- **Variety of card types accommodating EMOBILE to various user needs** (Maximum downlink speed of **7.2Mbps**/uplink speed of **384K**)



D02HW (USB)



D01NX II (Compact Flash)



D03HW (Express Card)



# New Handset Releases

Released 7.2Mbps smart phone “Touch Diamond” on 10/10/2008



**Major  
Characteristics  
of  
Touch  
Diamond**

Adoption of touch-screen type “Touch FLO 3D”

Japan’s thinnest and lightest smart phone

Compatible with HSDPA of maximum downlink speed of 7.2Mbps

■ Coming releases of H12HW & H11LC in 12/2008



New: H11LC



New: E.T (H12HW)



H11HW



H11T



EMONSTER  
(S11HT)



EMONSTER lite  
(S11HT)

I. FY 3/2009 2Q (cumulative) Results Highlights Page 3

II. eAccess Page 5

➤ Financial Results & Outlook Page 6

➤ Tender Offer for Share Certificates of ACCA Networks Page 13

➤ Operational Overview Page 19

III. EMOBILE Page 23

➤ Financial Results Page 24

➤ Operational Overview Page 27

IV. Appendix Page 34

# FY3/2009 2Q (cumulative) Results (Segment Info.)

	FY3/2009 2Q (cumulative) (4-9/2008)			
	Network Business *	Device Business	EMOBILE etc.	Consolidated
(billion yen)				
Revenue	28.40	17.15		45.54
Operating Profit	6.59	0.61		7.18
Recurring Profit	6.41		- 9.24	- 2.83
Net Income	3.57			- 5.67
EBITDA	9.94	0.64		10.56
Capex	2.16	0		2.16
Depreciation	3.35	0.03		3.38

\* Network Business: ADSL Business, ISP Business, Backbone Business, MVNO Business, and ACCA.

\* ACCA results are consolidated in Network Business portion from 9/1/2008.

**eAccess** Broadband service **ACCA Consolidated FY12/2008 3Q (cumulative) Results**

**Better-than-expected progress compared to the annual forecast**

(billion yen)	FY12/2007	FY12/2008			
	3Q (cumulative) (1~9/2007)	3Q (cumulative) (1~9/2008)	Diff. (%)	Forecast	Progress
Revenue	26.75	22.78	- 14.9%	31.0	73.5%
Operating Profit	1.71	1.79	+ 4.6%	2.00	89.3%
Recurring Profit	1.67	1.73	+ 3.6%	2.00	86.4%
Net Income	1.73	1.56	- 9.6%	1.70	92.1%
Adjusted EBITDA*1	6.98	5.44	- 22.1%		
Capex	1.35	1.29	- 4.5%		
Depreciation	1.42	1.56	+ 9.8%		

\*1. Adjusted EBITDA: operating profit + depreciation + Lease payment

# ACCA Balance Sheets

**Maintained net cash position and a cash balance of 6.04 billion yen cash as of 9/30/2008.**

	as of 9/30/2008	as of 12/31/2007
(billion yen)		
<b>Cash and Cash Deposit</b>	6.04	9.34
<b>Debt</b>	2.91	8.93
<b>Net Debt</b>	- 3.63	- 0.41
<b>Shareholders' equity</b>	24.35	18.06
<b>Net Asset</b>	24.35	18.06
<b>Total asset</b>	28.49	29.14
<b>Net Debt/equity ratio (%)</b>	- 14.9%	- 2.2%

# Disclaimer

---

This presentation has been prepared by eAccess Ltd. (“the Company”). This presentation contains forward-looking statements, which are subject to risks, uncertainties, and assumptions. This presentation is being presented solely for your information and is subject to change without notice. No representation or warranty, expressed or implied, is made and no reliance should be placed on the accuracy, actuality, fairness, or completeness of the information presented. The Company accept no liability whatsoever for any losses arising from any information contained in the presentation.

This presentation does not constitute an offer or invitation to purchase or subscribe for any shares of the Company, and no part of this presentation shall form the basis of or be relied upon in connection with any contract or commitment.