

FINANCIAL RESULTS

【Second Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2011 -

eAccess consolidated EMOBILE as a 100% consolidated subsidiary through share exchange on 7/1/2010. This transaction is treated under the reverse acquisition accounting based on the accounting rules. Under this method EMOBILE results are recognized as the accounting parent company on the consolidated basis from 2Q FY3/2011. As a result, the results of 1H FY3/2011 included 6-month (4-9/2010) EMOBILE results and 3-month (7-9/2010) eAccess.

1. Consolidated Balance Sheets

(Millions of Yen)

	Current 2nd-qtr End (As of September 30, 2010)	Prior Year End (As of March 31, 2010)
	Amount	Amount
(ASSETS)		
Current assets		
1 Cash and cash deposit	73,968	26,110
2 Accounts receivable-trade	28,269	10,880
3 Merchandise	11,280	106
4 Other current assets	41,521	8,623
5 Allowance for bad debt	(3,825)	(10)
Total current assets	151,213	45,709
Fixed assets		
1 Tangible fixed assets		
(1) Machinery and equipments	10,315	10,234
(2) Wireless telecommunication equipments	98,576	-
(3) Other tangible fixed assets	28,892	5,702
Total tangible fixed assets	137,782	15,936
2 Intangible assets		
(1) Goodwill	10,454	-
(2) Other intangible fixed assets	50,815	2,614
Total intangible fixed assets	61,269	2,614
3 Investments and other assets		
(1) Others	21,804	22,180
(2) Allowance for bad debt	(193)	-
Total investments and other assets	21,611	22,180
Total fixed assets	220,662	40,730
Deferred assets	12	425
TOTAL ASSETS	371,887	86,864

Consolidated Balance Sheets (Continued)

(Millions of Yen)

	Current 2nd-qr End (As of September 30, 2010)	Prior Year End (As of March 31, 2010)
	Amount	Amount
(LIABILITIES)		
Current liabilities		
1 Accounts payable-trade	1,599	2,098
2 Short-term debt	23,000	-
3 Current portion of Long-term debt	58,352	2,854
4 Current maturities of bonds	5,048	1,848
5 Other accounts payable	12,997	3,089
6 Accrued expenses	6,394	5,988
7 Income tax payable	3,071	2,899
8 Provision	-	107
9 Other current liabilities	15,288	5,251
Total current liabilities	125,749	24,134
Long-term liabilities		
1 Bonds	22,683	26,126
2 Long-term debt	139,940	19,075
3 Other long-term liabilities	13,745	4,373
Total long-term liabilities	176,368	49,575
TOTAL LIABILITIES	302,118	73,709
(NET ASSETS)		
Shareholders' equity		
1 Common stock	18,451	18,392
2 Capital surplus	168,378	9,082
3 Retained earnings	(114,208)	(14,862)
4 Treasury stock	(2,821)	-
Total shareholders' equity	69,799	12,612
Valuation and translation adjustments		
1 Valuation adjustment on securities investments	(4)	8
2 Deferred hedge gain / (loss)	(25)	28
Total valuation and translation adjustments	(30)	36
Minority interests	-	507
TOTAL NET ASSETS	69,770	13,155
TOTAL LIABILITIES AND NET ASSETS	371,887	86,864

2. Consolidated Statements of Operations

(Millions of Yen)

	Prior 2nd-qt (Six months ended September 30, 2009)	Current 2nd-qt (Six months ended September 30, 2010)
	Amount	Amount
Revenue	42,784	83,050
Cost of revenue	24,558	33,783
Gross profit	18,226	49,267
Selling, general and administrative expenses	7,828	40,870
Operating profit	10,397	8,397
Non-operating income		
1 Interest income	36	20
2 Dividend income	2	2
3 Other income	27	23
Total non-operating income	65	45
Non-operating expenses		
1 Interest expense	1,075	4,151
2 Equity in net losses of affiliates	5,133	-
3 Others	98	918
Total non-operating expenses	6,306	5,068
Recurring profit	4,156	3,374
Non-recurring profit		
1 Reversal of allowance for bad debt	-	1
2 Gain on negative goodwill	467	-
3 Gain on redemption of bonds	238	-
4 Others	123	-
Total non-recurring profit	828	1
Non-recurring loss		
1 Loss on disposition of fixed assets	299	72
2 Loss on write-down of securities investments	15	-
3 Loss on adjustment for changes of accounting standard for asset retirement obligations	-	83
4 Others	38	-
Total non-recurring loss	352	155
Income before income taxes and minority interests	4,632	3,220
Income tax expense-current	1,973	1,604
Income tax expense-deferred	1,838	100
Income before minority interests	821	1,516
Minority interests	92	-
Net income	729	1,516

3. Consolidated Statements of Cash Flows

(Millions of Yen)

	Prior 2nd-qtr (Six months ended September 30, 2009)	Current 2nd-qtr (Six months ended September 30, 2010)
	Amount	Amount
Cash flows from operating activities		
1 Income before income taxes and minority interests	4,632	3,220
2 Depreciation	3,818	15,315
3 Amortization of goodwill	-	268
4 Gain on negative goodwill	(467)	-
5 Gain on redemption of bonds	(238)	-
6 Loss on disposition of fixed assets	299	72
7 Loss on adjustment for changes of accounting standard for asset retirement obligations	-	83
8 Other loss	13	226
9 Increase (decrease) in allowance for bad debt	(22)	395
10 Interest and dividend income	(38)	(23)
11 Interest expense	1,075	4,151
12 Commission expense	-	670
13 Equity in net losses of affiliates	5,133	-
14 Adjustments for unrealized profit with affiliate	(185)	-
15 Decrease (increase) in trade accounts receivable	854	(627)
16 Decrease (increase) in inventories	140	1,413
17 Decrease (increase) in other assets	(3,716)	5,189
18 Increase (decrease) in trade accounts payable	(1,342)	49
19 Increase (decrease) in other accounts payable	(372)	(3,085)
20 Increase (decrease) in accrued expenses	4	135
21 Increase (decrease) in provision for retirement benefits	(214)	-
22 Increase (decrease) in other liabilities	3,287	522
Subtotal	12,660	27,973
23 Interest and dividend received	48	27
24 Interest paid	(824)	(3,931)
25 Payments of income taxes	(1,382)	(25)
Net cash provided by (used in) operating activities	10,502	24,045
Cash flows from investing activities		
1 Placement into time deposits	-	(2,500)
2 Purchase of tangible fixed assets	(2,093)	(13,380)
3 Purchase of intangible assets	(251)	(10,361)
4 Purchase of investments in subsidiaries	(2)	-
Net cash provided by (used in) investing activities	(2,347)	(26,241)
Cash flows from financing activities		
1 Repayments of capital lease obligations	(483)	(223)
2 Proceeds from sales and redemption by installment payment	-	5,468
3 Repayments of installment obligations	(753)	(5,726)
4 Proceeds from short-term debt	17,000	20,000
5 Repayments of short-term debt	(21,800)	(20,000)
6 Proceeds from long-term debt	4,220	1,491
7 Repayments of long-term debt	(333)	(27,833)
8 Payments for arrangement of interest bearing debt	-	(954)
9 Proceeds from issuance of bonds	5,866	688
10 Redemption of bonds	(20,762)	(429)
11 Purchase of treasury stock	(154)	(2,822)
12 Proceeds from stock issuance, net	42	-
13 Proceeds from stock issuance before share exchange	-	44,833
14 Proceeds from stock issuance after share exchange	-	65
15 Dividends paid	(1,763)	(2,679)
16 Dividends paid to minority shareholders	(56)	-
Net cash provided by (used in) financing activities	(18,976)	11,878
Net change in cash and cash equivalents	(10,821)	9,681
Cash and cash equivalents at the beginning of the period	68,541	49,311
Net increase in cash and cash equivalents as a result of business combination via share exchange	-	11,583
Cash and cash equivalents at the end of the period	57,720	70,576