

eAccess Limited 【9427】

**1H Results for Fiscal Year Ending 3/2011
(4/2010 ~ 9/2010)**



November 11th, 2010

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FY3/2011 1H(4-9/2010) Results Highlights

- **Completion of Share Exchange Transaction with EMOBILE on 7/1/2010**

- **Consolidated Revenue in 1H rose 94% and Net Income rose 108%**

- **A Sharp Turnaround in Earnings on Pro-forma Combined basis**

- **Accumulated EMOBILE Subscribers increased 44% YoY in 1H**

- **Announced Japan's Fastest (42Mbps) Mobile Broadband Services**

- Consolidated 1H revenue and net income doubled YoY
- Consolidated financials 1H included EMOBILE 1H financials but only 2Q of eAccess financials
- Change in accounting from 2Q (i.e. not meaningful YoY comparison)

	FY3/2010	FY3/2011			
	1H (4~9/2009)	1H ^{*1} (4~9/2010)	Diff. (%)	Full Year ^{*1} Forecast	Progress
(billion yen)					
Revenue	42.78	83.05	+ 94.1 %	190.00	43.7 %
Operating Profit	10.40	8.40	-19.2 %	25.00	33.6 %
<i>EM Accounting Losses</i>	- 5.13				
Recurring Profit	4.16	3.37	- 18.8 %	12.60	26.7 %
Net Income	0.73	1.52	+ 108.0 %	9.00	16.9 %
EBITDA	14.15	23.97	+ 69.4%	61.00	39.3 %
Capex	2.07	14.27	+ 589.4 %	40.40	35.3 %
Depreciation	3.75	15.57	+ 315.2 %	36.00	43.3 %

Note 1: FY3/2011 1H results include 3-month eAccess (7-9/2010) and 6-month EMOBILE results (4-9/2010), FY3/2011 full year forecasts include 9-month eAccess (7/2010 – 3/2011) and 12-month EMOBILE forecasts (4/2010 – 3/2011) due to the business combination completed on 7/1/2010 which was treated as the reverse acquisition.

Consolidated Cash Flows^{*1}

- Significant improvement in 1H consolidated operating cash flow

(billion yen)	FY3/2010	FY3/2011 ^{*1}	
	1H (4~9/2009)	1H (4~9/2010)	Diff. (%)
Operating cash flow	10.50	24.05	+ 129.0%
Investing cash flow	- 2.35	- 26.24	+ 1,016.6%
Free cash flow	8.15	- 2.19	na
Financing cash flow	- 18.98	11.88	na
Net change in cash and cash equivalents	- 10.83	9.68	na
Cash and cash equivalents at the beginning of the period ^{*2}	68.54	49.31	
Increase in cash and cash equivalents ^{*3} related to business combination	--	11.58	
Cash and cash equivalents at the end of the period	57.72	70.58	

Note 1: FY3/2011 1H results include 3-month eAccess (7-9/2010) and 6-month EMOBILE results (4-9/2010) due to the business combination completed on 7/1/2010 which was treated as the reverse acquisition.

Note 2: Due to the reverse acquisition noted above, cash and cash equivalents at the beginning of the period FY3/2011 1H represents prior year ending balance of EMOBILE (acquiring company).

Note 3: Represents cash and cash equivalents as of 6/30/2010 (before the business combination via share exchange) of eAccess.

Consolidated Balance Sheets


- Significant increase in asset size due to the injection of EMOBILE balance sheet after the completion of the business combination on 7/1/2010

(billion yen)	3/2010 (EMOBILE under equity accounting)	9/2010 (EMOBILE 100% consolidated)
Cash and cash deposit	26.11	73.97
Debt	55.05	276.68
Net debt	28.94	202.71
Net assets *1	13.16	69.77
Total assets *1	86.86	371.89
Net debt/net assets ratio	2.2x	2.9x
<i>EBITDA (last 12 months)</i>	26.56	*2 56.15
Net debt/EBITDA ratio	1.1x	*2 3.6x

Note 1: Goodwill related to the EMOBILE business combination is 10.70 billion yen (planned to be amortized over 10 years).

Note 2: The EBITDA number we used for calculation of net debt/EBITDA ratio as of 9/2010 is pro-forma EMOBILE 100% consolidated number (combined eAccess and EMOBILE) of last 12 months.

Combined eAccess & EMOBILE Pro-forma Basis (For Financial Comparison Purpose)



Combined eAccess & EMOBILE Pro-forma FY3/2011 1H Financials (For Comparison Purpose)

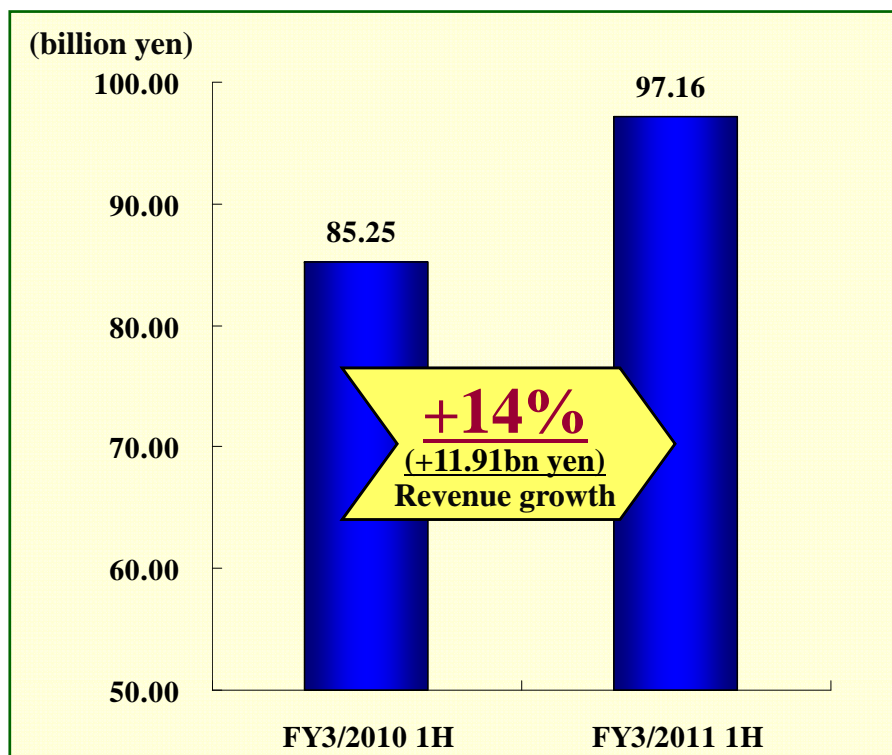
- A sharp recovery in combined operating profit in 1H up 12X YoY
- Turned profits at the combined pro-forma recurring and net levels in 1H
- Combined EBITDA in 1H rose 89% YoY
- Combined capex in 1H declined 19% YoY with positive operating FCF

(billion yen)	Pro-forma FY3/2010 1H			Pro-forma FY3/2011 1H			Combined YoY (%)
	eAccess Stand-alone	EMOBILE Stand-alone	Combined	eAccess Stand-alone	EMOBILE Stand-alone	Combined	
Revenue	42.60	52.67	85.25	36.87	69.40	97.16	+ 14.0%
Operating Profit (Losses)	10.30	-8.71	0.99	9.06	4.05	12.65	+ 1,177.8%
Recurring Profit (Losses)	9.14	- 12.92	- 4.38	8.32	- 0.52	7.17	na
Net Income (Losses)	5.45	- 12.95	- 8.08	4.86	- 0.67	3.60	na
EBITDA	14.06	1.95	15.95	12.55	17.67	30.11	+ 88.8%
Capex	2.10	16.87	18.30	1.41	13.77	14.82	- 19.0%
Depreciation *1	3.77	10.66	14.96	3.49	13.62	17.46	+ 16.7%
Operating FCF	11.96	- 14.92	- 2.35	11.14	3.89	15.29	na

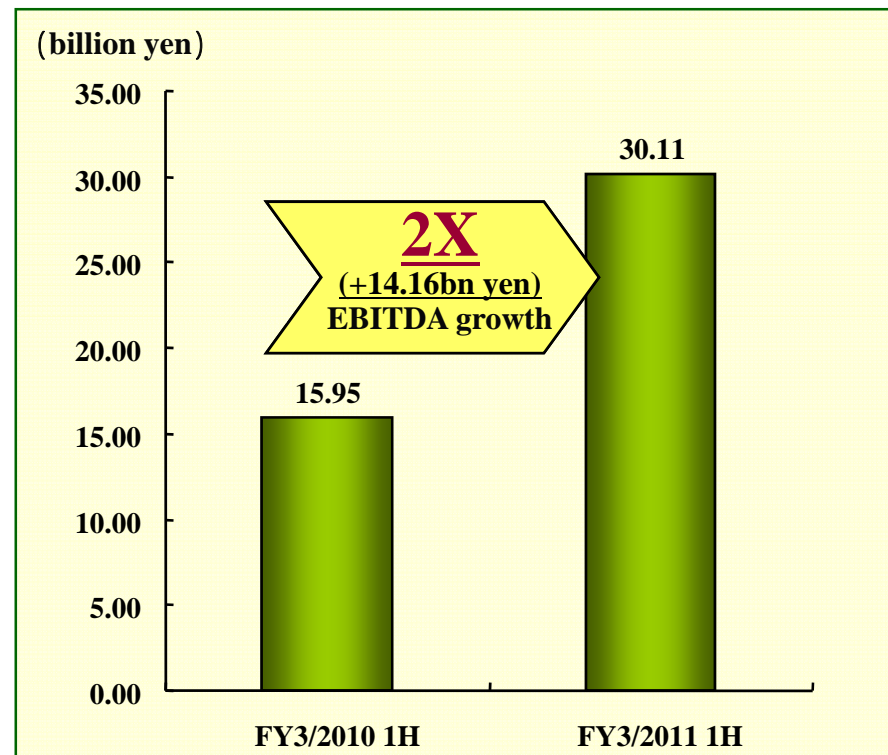
Note 1: Combined depreciation includes amortization of goodwill.

Combined eAccess & EMOBILE Pro-forma 1H Revenue & EBITDA Growth

Combined Pro-forma Revenue
(Reflecting 100% EMOBILE consolidation from the beginning of each period)

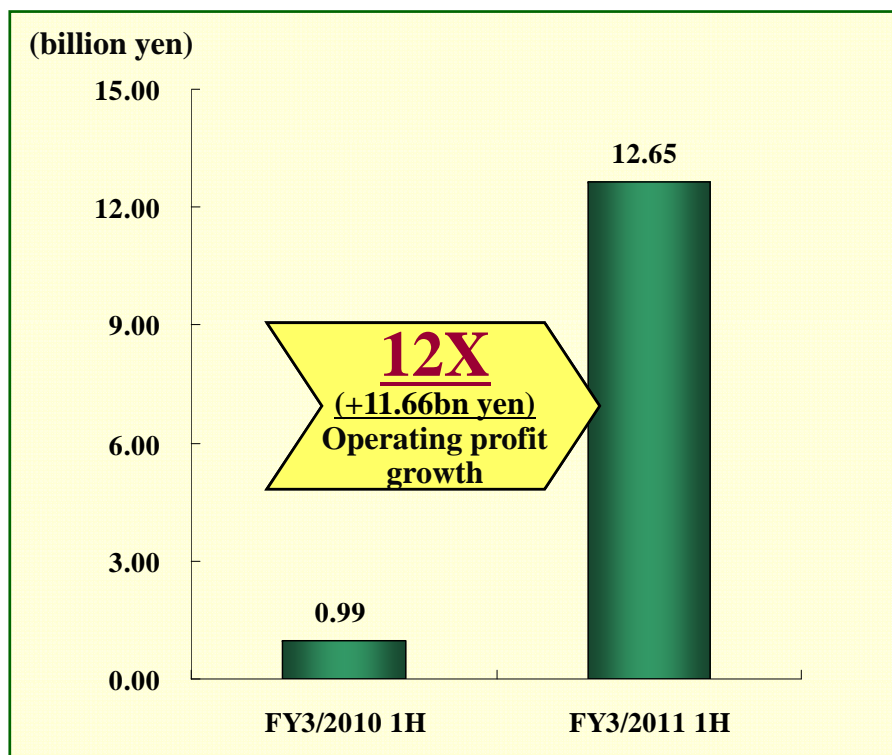


Combined Pro-forma EBITDA
(Reflecting 100% EMOBILE consolidation from the beginning of each period)

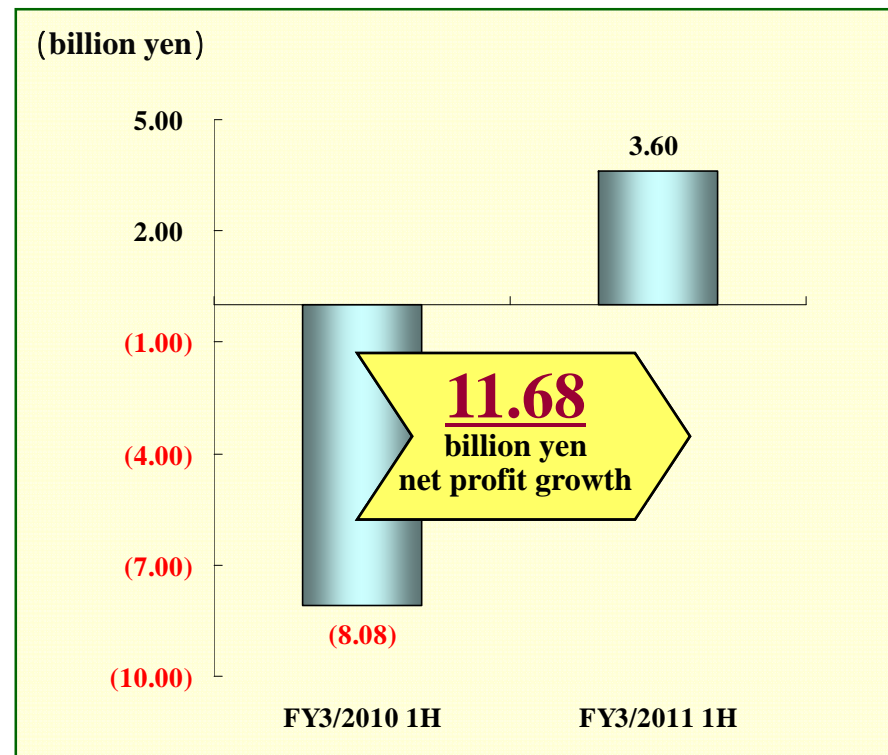


Combined eAccess & EMOBILE Pro-forma 1H Operating Profit & Net Income Growth

Combined Pro-forma Operating Profit (Reflecting 100% EMOBILE consolidation from the beginning of each period)



Combined Pro-forma Net Income (Reflecting 100% EMOBILE consolidation from the beginning of each period)



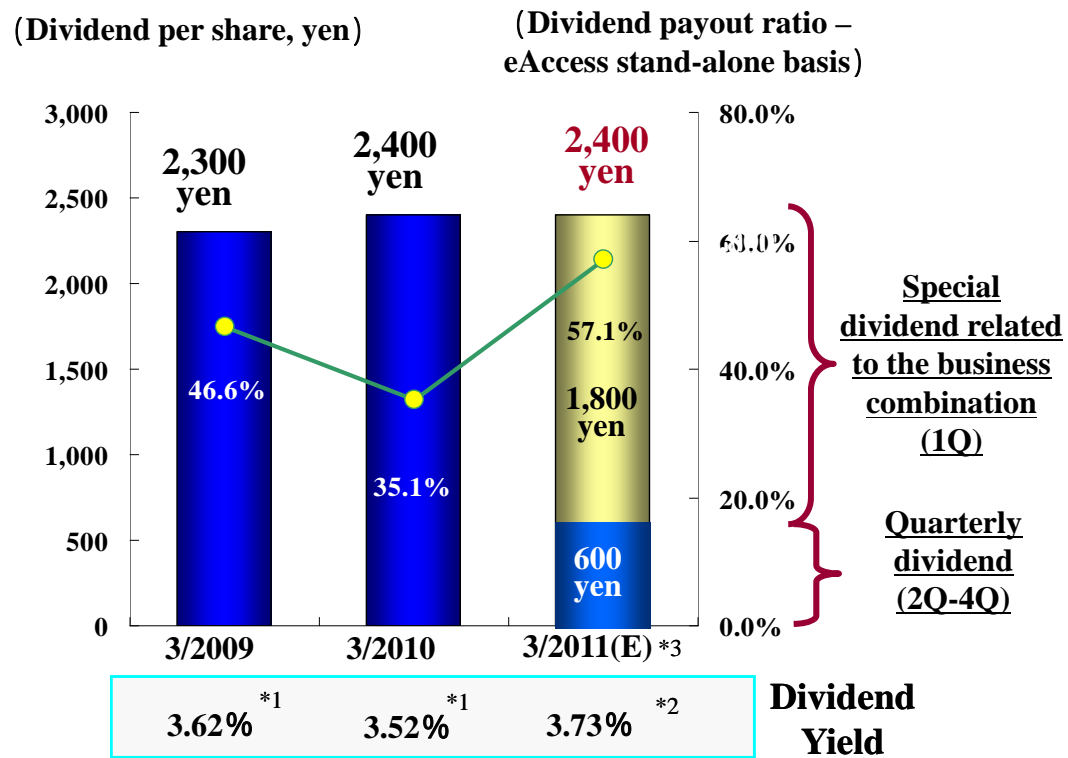
Shareholder Returns

- Plan to pay 2Q quarterly dividend of 200 yen per share
- Preserve capital for future growth investment

Cancellation of own shares (scheduled on 11/30/2010)

- ✓ Total number of own shares to be cancelled: **45,591 shares** (1.30% of outstanding shares as of 10/2010) including:
 - **8,777 shares (0.5 billion yen)** share buy-back
 - **36,814 shares (2.3 billion yen)** buy-back due to the exercise of appraisal remedy relating to the business combination
Total cost: **2.8 billion yen**
- ✓ Estimated total number of outstanding shares (post cancellation): **approx. 3.46 million** (as of 11/2010)

Dividend



Note 1 Based on the March end stock price of each fiscal year.
 Note 2: Based on the share price of November 10, 2010 of 64,400 yen.
 Note 3 Based on the financial forecasts announced on May 12, 2010.

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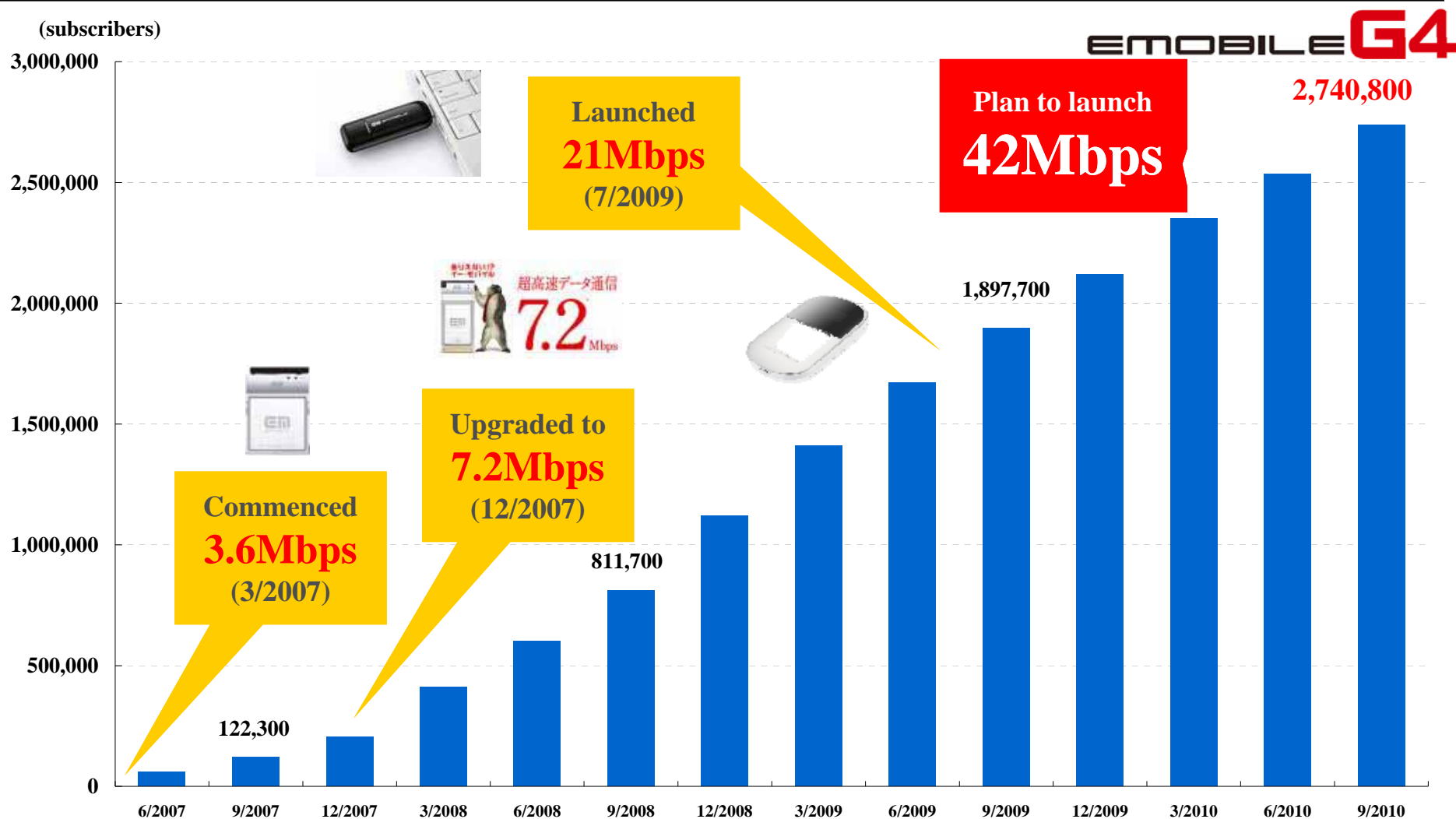
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EMOBILE Accumulated Subscriber Trend

- Sharp growth in mobile broadband subscribers up 44% compared to 9/2009
- Accumulated subscriber reached 2,801,600 as of the end of 10/2010

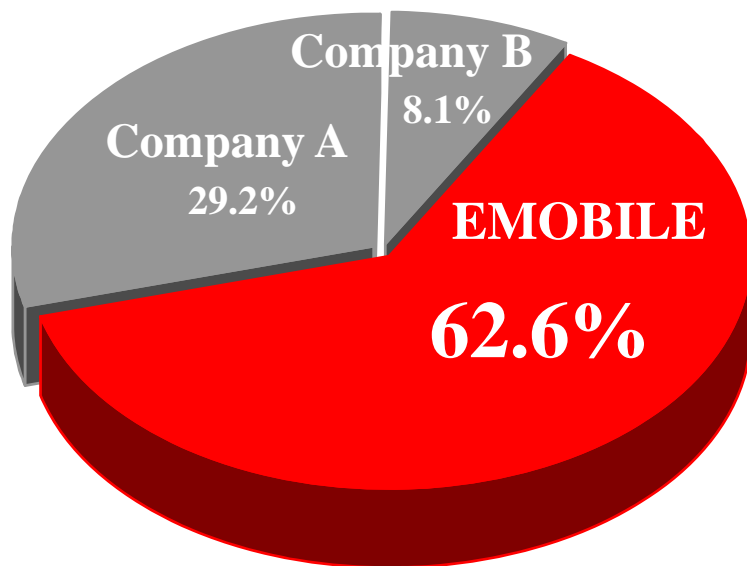


Mobile Broadband Market

- **Maintain leader position in mobile broadband data market**

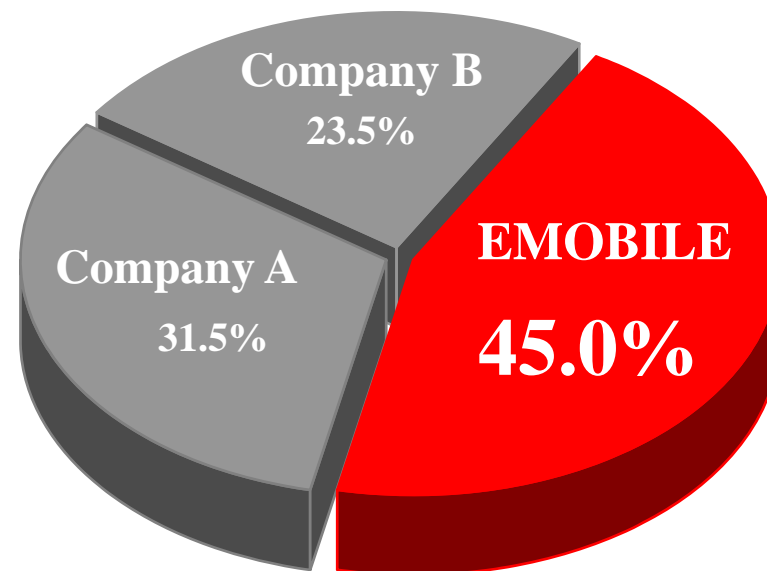
Accumulated subscriber as of 9/2010

**Total estimated market size:
over 4 million subscribers**



Net Addition in FY3/2011 1H

**The number of total market net addition
approx. 800,000 subscribers**



Note: Based on company's figures available at TCA and IR materials

eAccess & EMOBILE Key Performance Indicators

		Results					Forecast
		FY3/2010 2Q	FY3/2010 3Q	FY3/2010 4Q	FY3/2011 1Q	FY3/2011 2Q	FY3/2011 full-year
Fixed-line (ADSL)	Subscriber #	2,439,000	2,364,000	2,285,000	2,204,000	2,118,000	approx. 1,900,000
	ARPU (yen)	2,022	2,008	1,995	1,973	1,966	approx. 1,950
	Monthly churn rate	1.67%	1.82%	2.07%	2.12%	1.91%	approx. 1.89%
	SAC (yen) *2	9,000	7,000	11,000	8,000	8,000	approx. 8,000
	SAC/ARPU (Month)	4.5	3.5	5.5	4.1	4.1	approx. 4.1
EMOBILE	Subscriber #	1,897,700	2,121,100	2,351,800	2,537,300	2,740,800	approx. 3,200,000
	ARPU (yen) *1	3,310	3,260	3,450	3,400	3,250	approx. 3,300
	Monthly churn rate	1.10%	0.92%	1.18%	1.37%	1.29%	approx. 1.40%
	SAC (yen) *2	30,000	25,000	25,000	25,000	25,000	25,000 - 30,000
	SAC/ARPU (month)	9.1	7.7	7.2	7.4	7.7	7.6 - 9.1

Note 1: ARPU definition was changed from FY3/2010 4Q due to accounting rule changes.

Note 2: SAC stands for per subscriber acquisition cost.

1

EMOBILE G4 (42Mbps)

2

Fixed Mobile Convergence (FMC)

3

Smartphone (Android)

- Launch Japan's fastest mobile network service EMOBILE G4

EMOBILE G4



Speed

Fastest mobile speed in Japan (42Mbps)

Area

Target to cover approx. 40-50% population by the end of 3/2011

Price

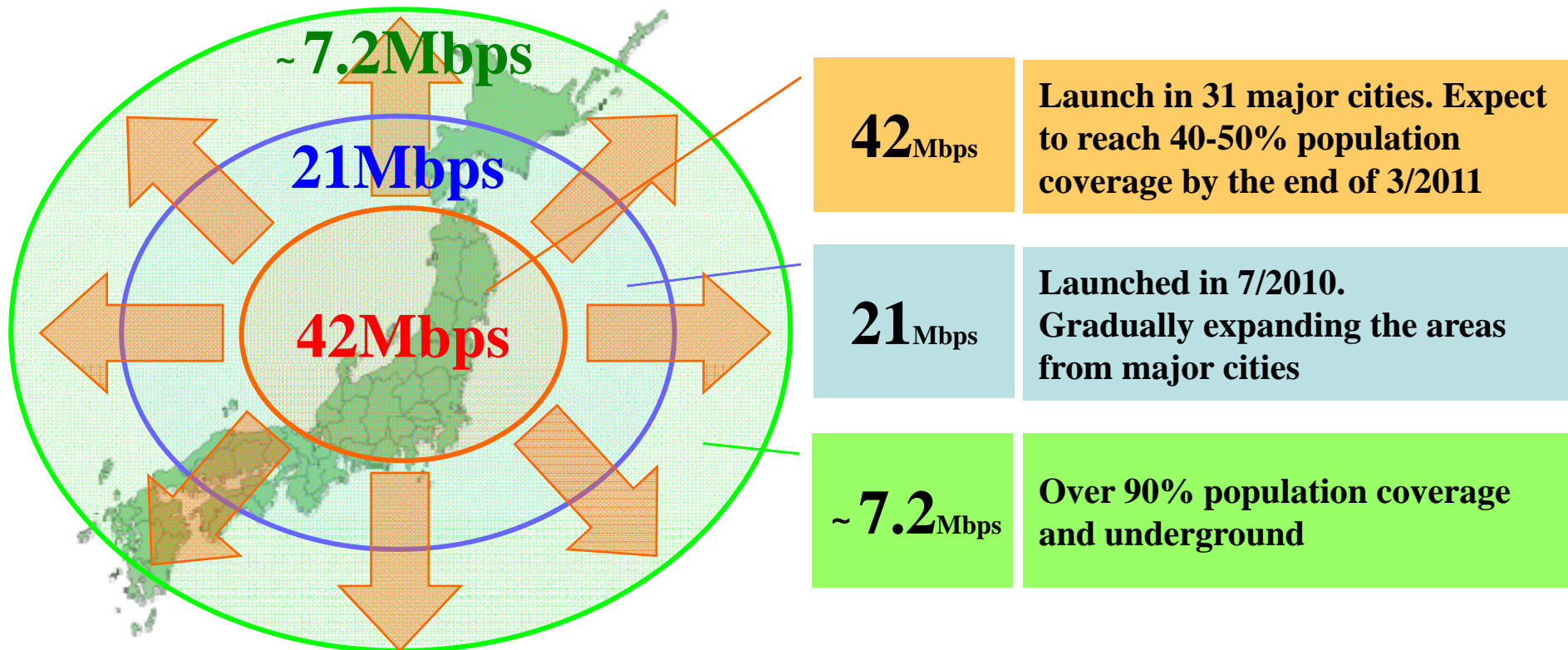
**Competitive pricing (¥4,480/month flat-rate)
(same level as the existing 21 Mbps)**

- **Three to five times faster than existing 7.2Mbps mobile broadband services**

EMOBILE **G4**

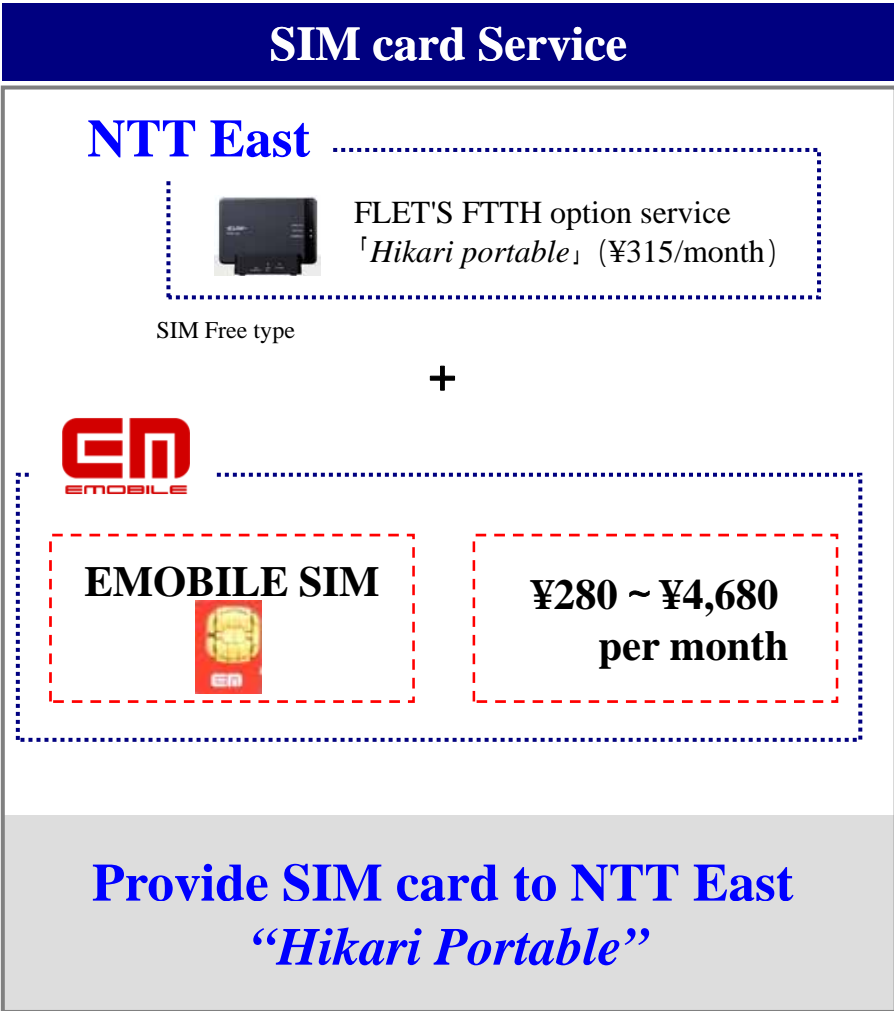
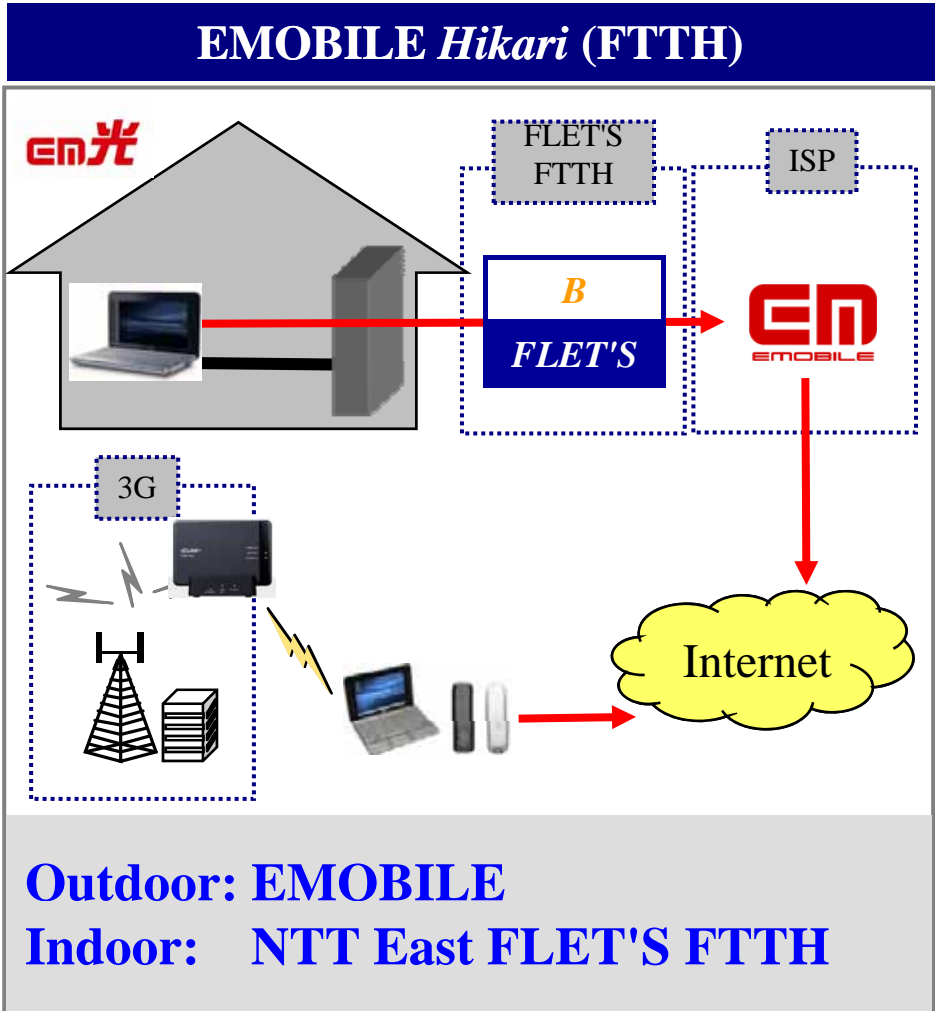
Measurement spot	<u>42M service</u>	21M service	7.2M service
Tsukiji 4 chome	19.8Mbps	8.7Mbps	3.5Mbps
Shinjuku 3 chome	19.3Mbps	12.0Mbps	6.3Mbps
Nihonbashi-Muromachi 1 chome	14.9Mbps	7.8Mbps	4.2Mbps
Akihabara station	12.0Mbps	8.3Mbps	3.7Mbps

- 42 Mbps service to cover 40-50% of population by the end of 3/2011
- 21/7.2 Mbps services available outside the 42 Mbps area (incl. underground)



Note: On the area map, both 42Mbps area and 21Mbps area are combined and labeled as " G4 area ".

- Provide new service "EMOBILE Hikari" (combining EMOBILE mobile broadband service and NTT East fixed-line services "FLET'S Hikari")
- Provide mobile broadband service to "Hikari Portable" users of NTT East



- Plan to launch new Android smartphone “HTC Aria™” by HTC

2010 Winter Launch



Android™2.2

hTC Aria™

Going Forward

- Plan to increase product portfolio in devices and services over G4 network

<p>Devices</p>	<p><u>Pocket WiFi</u></p> 	<p><u>Smartphone (Android)</u></p> 	<p><u>Data Card</u></p> 
<p>Services</p>	<p><u>FMC Service</u></p>  <p>EM光 for FLYS</p> <p>Alliance with NTT East</p>		
<p>Network</p>	<p><u>EMOBILE G4</u></p> 		

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FY3/2011 1H Results (Segment Info.)^{*1}

(EMOBILE treated as a 100% consolidated subsidiary from FY3/2011 2Q)

	FY3/2011 1H (4-9/2010)				
	Mobile business	Network business ^{*2}	Device business	Elimination	Consolidated
(billion yen)					
Revenue	69.40	15.69	2.19	-4.22	83.05
Operating Profit	4.05	4.58	0.03	-0.26	8.40
Recurring Profit	3.37			-	3.37
Net Income	1.52			-	1.52
EBITDA	17.67	6.31	0.04	-0.05	23.97
Capex	13.64	0.64	0.00	-	14.27
Depreciation	13.62	1.73	0.01	0.21	15.57

Note 1: Segment information of FY3/2011 1H includes 3-month eAccess (7-9/2010) and 6-month EMOBILE results (4-9/2010) due to the business combination completed on 7/1/2010 which was treated as the reverse acquisition.

Note 2: Network business : ADSL Business, Retail Business, Backbone Business and MVNO Business.

FY3/2011 1H EMOBILE Financial Results

- Operating profit turned positive in 1H FY3/2011
- EBITDA up 9x in 1H FY3/2011
- EBITDA margin improved to 25.5% in 1H from 3.7% last year

	FY3/2010	FY3/2011			
	1H (4~9/2009)	1H (4~9/2010)	Diff. (%)	Full Year* ¹ Forecast	Progress
(billion yen)					
Revenue	52.67	69.40	+ 31.8%	150.00	46.3%
Operating Profit (Losses)	- 8.71	4.05	na	13.00	31.1%
Recurring Profit (Losses)	- 12.92	- 0.52	na	4.00	na
Net Income (Losses)	- 12.95	- 0.67	na	4.00	na
EBITDA	1.95	17.67	+ 807.4%	43.00	41.1%
<i>EBITDA margin</i>	3.7%	25.5 %	+ 21.8point	28.7%	na
Capex	16.87	13.77	na	39.00	35.3%
Depreciation	10.66	13.62	+ 54.6%	30.00	45.4%

Note 1: FY3/2011 full-year forecasts are based on the forecasts announced on 5/12/2010.

EMOBILE Cash Flows

- Operating cash flow turned positive in 1H FY 3/2011

(billion yen)	FY3/2010	FY3/2011	
	1H (4~9/2009)	1H (4~9/2010)	Diff. (%)
Operating cash flow	- 12.20	17.03	na
Investing cash flow	- 23.00	- 25.46	na
Free cash flow	-35.20	- 8.43	na
Financing cash flow	28.60	16.68	- 41.7%

EMOBILE Balance Sheets

- Decline in gross debt position due to repayment
- Improvement in leverage (net debt/EBITDA) ratio to 4.6x from 10.7x

(billion yen)	3/2010	9/2010
Cash and cash deposit	49.31	60.06
Debt	244.13	216.30
Net debt	194.82	156.24
Net assets	27.48	71.82
Total assets	308.64	317.10
Net debt/net assets ratio	7.1x	2.2x
<i>EBITDA (last 12 months)</i>	18.21	33.93
Net debt/EBITDA ratio	10.7x	4.6x

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