

# **eAccess Ltd.**

**RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS  
AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2011**

This document contains our projections and other “forward-looking statements” that reflect eAccess’ current expectations and projections, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments, and anticipated regulatory changes in the markets in which we operate or intend to operate. These forward-looking statements involve risks and uncertainties and are not guarantees of future performance. They are based on numerous assumptions and our actual results of operations, including our financial condition and liquidity and the development of the industries in which we operate, may materially differ from these forward-looking statements. These forward-looking statements speak only as of the date hereof and we undertake no obligation to update or revise any forward looking statements.

Solely for your convenience, this document contains translations of certain Japanese yen amounts into U.S. dollar amounts. Unless indicated otherwise, the Japanese yen amounts in this document were converted into U.S. dollars at the exchange rate of \$1.00 = ¥80.64, the exchange rate in effect as of June 30, 2011, as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States. The translations into U.S. dollars set forth herein are for convenience only and are not audited. No representation is made that the Japanese yen amounts have been, could have been or could be converted into U.S. dollars at such rates or any other rate.

## 1. Qualitative information regarding settlement of accounts for the three months ended June 30, 2011

### (1) Qualitative Information regarding Operating Results

On March 31, 2011, eAccess Ltd. (“the Company”) absorbed its consolidated subsidiary, EMOBILE Ltd. (EMOBILE), through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year. As consolidated quarterly financial statements were prepared for the three months ended June 30, 2010, and non-consolidated quarterly financial statements were not prepared, comparisons to the same period of the previous fiscal year are not presented for profits and losses or segment profits and losses.

Following the absorption-type merger mentioned above, the operating results of EMOBILE, which was an equity-method affiliate during the same period of the previous fiscal year, have been added to the operating results of the Company, and for the three months ended June 30, 2011, revenue amounted to ¥47,605 million, operating profit was ¥6,489 million, and recurring profit came to ¥3,217 million due to the incurrence of interest expense of ¥2,623 million. The Mobile Business, which provides mobile broadband communication services under the EMOBILE brand, deployed marketing initiatives that concentrated on the Pocket WiFi integrated 3G mobile Wi-Fi router, the demand for which is expanding with the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices, and increased the number of contracts. Moreover, since the Company inherited EMOBILE’s tax loss carried forward as a result of the absorption-type merger with EMOBILE, income taxes are minimal under the expectation that taxable income will not be realized, and net income came to ¥3,166 million.

Operating results by segment are as follows.

On March 31, 2011, the Company implemented an absorption-type merger with EMOBILE where the Company would become the surviving company. To optimize the business management system, the Company realigned its previous Mobile Business, Network Business, and Device Business and newly segmented them into mobile business and fixed broadband business. Accordingly, the “Mobile Business” and “Fixed Broadband Business” are the reportable segments of the Company from the fiscal year which began on April 1, 2011.

#### A. Mobile Business

(¥ in millions)

	Three months ended June 30, 2010	Three months ended June 30, 2011	Increase/decrease	%
Revenue	–	35,548	–	–
Segment profit (Operating profit)	–	2,495	–	–

	1Q FY3/2011	1Q FY3/2012	Increase/decrease	%
Net increase in subscribers (thousands)	186	223	38	20.3
Accumulated total subscribers (thousands)	2,537	3,341	804	31.7
ARPU (yen/month)	3,400	2,860	(540)	(15.9)
Monthly churn rate (%)	1.37	1.50	–	–

\* ARPU: Average Revenue Per User (amounts less than ¥10 are rounded off)

Thanks to the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices, the Mobile Business continued to grow its number of subscribers in the three months ended June 30, 2011, largely on the strength of sales of Pocket WiFi through mass retailers and through wholesale channels for mobile broadband lines. The Company thus had accumulated total subscribers of 3,341 thousand as of June 30, 2011, up 804 thousand, or 31.7%, from the end of the same period of the previous fiscal year.

Steady growth in the number of subscribers resulted in revenue of ¥35,548 million and segment profit (operating profit) of ¥2,495 million for the three months ended June 30, 2011.

As of June 30, 2011, nationwide service coverage in population terms was 92.1%.

#### Number of Subscribers

EMOBILE added a net 223 thousand subscribers during the three months ended June 30, 2011. The net figure shows the difference between the number of new subscriptions and cancellations. This increase was due to continued strong sales through wholesales channels for mobile broadband lines and at mass retailers as a result of marketing initiatives that concentrated on Pocket WiFi.

#### ARPU (Average Revenue Per User)

ARPU declined by ¥540 from ¥3,400 in the same period of the previous fiscal year, to ¥2,860. The main factors in this decline were a higher rate of sales through wholesale channels for mobile broadband lines and the expiration of two-year, long-term contract discounts, which increased the proportion of contract categories with limited monthly charges.

#### Churn Rates

The churn rate for the three months ended June 30, 2011 rose 0.13 percentage points to 1.50%. This mainly reflected contract cancellations among a portion of customers upon completing two year, long-term contract discounts.

### B. Fixed Broadband Business

(¥ in millions)

	Three months ended June 30, 2010	Three months ended June 30, 2011	Increase/decrease	%
Revenue	–	12,057	–	–
Segment profit (Operating profit)	–	3,994	–	–

	1Q FY3/2011	1Q FY3/2012	Increase/decrease	%
Accumulated total subscribers (thousands)	2,204	1,839	(365)	(16.6)
ARPU (yen/month)	1,973	2,009	36	1.8
Monthly churn rate (%)	2.11	2.04	–	–

\* ARPU: Average Revenue Per User (amounts less than ¥1 are rounded off)

In the Fixed Broadband Business, the accumulated total number of subscribers was down because the number of cancellations exceeded the number of new subscriptions despite joint efforts with Internet service providers and other partners, to which the Company sells ADSL lines as a wholesaler, to attract new customers and suppress churn rates. The accumulated total number of ADSL subscribers as of June 30, 2011 was 1,839 thousand.

As a result, revenue for the three months ended June 30, 2011 was ¥12,057 million and segment profit (operating profit) was ¥3,994 million.

## **(2) Qualitative Information regarding Financial Condition**

### **A. Status of Assets, Liabilities, and Net Assets**

As of June 30, 2011, current assets, tangible fixed assets, and intangible fixed assets amounted to ¥111,258 million, ¥144,962 million, and ¥46,079 million respectively; compared to the previous fiscal year-end, this respectively represents a decrease of ¥13,180 million, an increase of ¥238 million, and a decrease of ¥1,721 million. The decrease in current assets is mainly due to decreases in cash and deposits (¥8,949 million), accounts receivable-trade (¥3,196 million), and accounts receivable-other (¥2,505 million). Additionally, investments and other assets stood at ¥36,599 million, an increase of ¥976 million compared to the previous fiscal year-end. As a result, total assets came to ¥340,196 million, a decrease of ¥12,756 million compared to the previous fiscal year-end.

As of June 30, 2011, current liabilities amounted to ¥64,845 million, a decrease of ¥14,564 million compared to the previous fiscal year-end. This was due mainly to decreases in accounts payable-trade (¥545 million), current maturities of bonds (¥2,970 million), current portion of long-term debt (¥2,438 million), other accounts payable (¥5,604 million), accrued expenses (¥1,636 million), and income tax payable (¥404 million). Long-term liabilities amounted to ¥201,020 million, an increase of ¥503 million compared to the previous fiscal year-end. This was mainly due to a decrease of ¥56,045 million in long-term debt and an increase of ¥56,740 million in bonds. As a result, total liabilities came to ¥265,865 million, a decrease of ¥14,060 million compared to the previous fiscal year-end.

As of June 30, 2011, net assets came to ¥74,330 million, an increase of ¥1,304 million compared to the previous fiscal year-end. This was due to recording net income of ¥3,166 million, despite cash dividends of ¥739 million and a decrease of ¥1,176 million in deferred hedge gain / (loss).

### **B. Analysis of Cash Flows**

On March 31, 2011, the Company absorbed its consolidated subsidiary, EMOBILE through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year. Therefore, comparisons to the same period of the previous fiscal year are not presented.

Cash and cash equivalents as of June 30, 2011, amounted to ¥36,477 million. This represents a ¥6,921 million decrease over the three months ended June 30, 2011, from ¥43,397 million as of April 1, 2011.

#### **(Cash Flows from Operating Activities)**

Net cash provided by operating activities during the three months ended June 30, 2011 was ¥12,458 million. The main factors in this were ¥3,167 million in income before income taxes, ¥9,244 in depreciation, which is a non-fund item, ¥4,394 million in proceeds from the deductions in accounts receivable-trade and accounts receivable-other, ¥1,722 million used in reducing accounts payable-trade and other accounts payable, and ¥2,635 million used in reducing accrued expenses.

#### **(Cash Flows from Investing Activities)**

Net cash used in investing activities was ¥10,260 million. The main factors in this were ¥2,500 million in proceeds from time deposits at maturity, ¥471 million used in increasing restricted deposit, and ¥12,291 million used in purchase of fixed assets.

#### **(Cash Flows from Financing Activities)**

Net cash used in financing activities was ¥9,119 million. The main factors in this were ¥3,495 million in redemption of bonds, ¥716 million in dividends paid, ¥4,199 million in repayments of installment obligations, ¥58,482 million in net cash outflow from proceeds from and repayments of long-term debt and ¥ 55,997 million in proceeds from issuance of bonds.

### **(3) Qualitative Information regarding Earnings Forecast**

Regarding the earnings forecast, the Company expects a lower revenue in the Fixed Broadband Business with a reduction in the number of ADSL subscriptions in line with a contraction in the ADSL market. At the same time, management expects the Mobile Business, which provides mobile communications service under the EMOBILE brand, to continue expanding with the mobile communications market. The Company therefore projects ¥200,000 million in revenue, ¥30,000 million in operating profit, ¥17,000 million in recurring profit, and ¥17,000 million in net income.

At present, the Company does not envisage any factors that could cause significant impact to the earnings forecast; therefore, there are no changes to the earnings forecast for the fiscal year ending March 31, 2012, announced in the Results of Operations and Financial Statements as of and for the Fiscal Year Ended March 31, 2011, released on May 12, 2011.

Note: As forecasts are for the full term, the Company has not presented a forecast for the first six-month period.

Note that the above forecasts are based on the Company's judgment, on the basis of currently available information which may include uncertainties. Actual results may differ from these forecasts due to changing business conditions and other factors.

## 2. Financial Statements

### (1) Balance Sheets

(As of June 30, 2011)

	(¥ in millions)	(¥ in millions)	(\$ in thousands)
	Prior Year End (As of March 31, 2011)	Current 1st-qr End (As of June 30, 2011)	
<b>(ASSETS)</b>			
<b>Current assets</b>			
Cash and deposits	47,080	38,131	472,855
Accounts receivable-trade	30,263	27,067	335,652
Merchandise	2,090	2,556	31,696
Accounts receivable-other	36,584	34,079	422,607
Income taxes receivable	2,513	2,279	28,261
Other current assets	9,426	10,139	125,732
Allowance for bad debt	(3,520)	(2,993)	(37,116)
Total current assets	124,438	111,258	1,379,688
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Wireless telecommunications equipments	110,769	112,801	1,398,822
Others, net	33,955	32,161	398,822
Total tangible fixed assets	144,724	144,962	1,797,644
Intangible fixed assets	47,800	46,079	571,416
<b>Investments and other assets</b>			
Investments and others	35,814	36,777	456,064
Allowance for bad debt	(190)	(178)	(2,207)
Total investments and other assets	35,623	36,599	453,857
Total fixed assets	228,147	227,640	2,822,917
<b>Deferred assets</b>			
Bond issuance cost	366	1,298	16,096
Total deferred assets	366	1,298	16,096
<b>TOTAL ASSETS</b>	<b>352,952</b>	<b>340,196</b>	<b>4,218,700</b>

**Balance Sheets (Continued)**

(As of June 30, 2011)

	(¥ in millions)	(¥ in millions)	(\$ in thousands)
	Prior Year End (As of March 31, 2011)	Current 1st-qr End (As of June 30, 2011)	Current 1st-qr End (As of June 30, 2011)
<b>(LIABILITIES)</b>			
<b>Current liabilities</b>			
Accounts payable-trade	1,791	1,246	15,451
Current maturities of bonds	14,048	11,078	137,376
Current portion of long-term debt	20,712	18,274	226,612
Other accounts payable	19,516	13,911	172,507
Accrued expenses	7,038	5,402	66,989
Income tax payable	509	105	1,302
Allowance for disaster loss	77	48	595
Other current liabilities	15,720	14,781	183,296
<b>Total current liabilities</b>	<b>79,409</b>	<b>64,845</b>	<b>804,129</b>
<b>Long-term liabilities</b>			
Bonds, less current maturities	12,640	69,381	860,379
Long-term debt, less current portion	177,665	121,620	1,508,185
Other long-term liabilities	10,212	10,019	124,244
<b>Total long-term liabilities</b>	<b>200,517</b>	<b>201,020</b>	<b>2,492,808</b>
<b>TOTAL LIABILITIES</b>	<b>279,926</b>	<b>265,865</b>	<b>3,296,937</b>
<b>(NET ASSETS)</b>			
<b>Shareholders' equity</b>			
Capital stock	18,482	18,503	229,452
Capital surplus	49,230	49,250	610,739
Retained earnings	5,325	7,751	96,119
<b>Total shareholders' equity</b>	<b>73,037</b>	<b>75,504</b>	<b>936,310</b>
<b>Valuation and translation adjustments</b>			
Valuation adjustment on securities investments	18	31	384
Deferred hedge gain / (loss)	(29)	(1,205)	(14,943)
<b>Total valuation and translation adjustments</b>	<b>(11)</b>	<b>(1,174)</b>	<b>(14,559)</b>
<b>TOTAL NET ASSETS</b>	<b>73,026</b>	<b>74,330</b>	<b>921,751</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>352,952</b>	<b>340,196</b>	<b>4,218,700</b>



**(2) Statement of Operations**

(For the three months ended June 30, 2011)

	(¥ in millions)	(\$ in thousands)
	Current 1st-qr (Three months ended June 30, 2011)	
<b>Revenue</b>	47,605	590,340
<b>Cost of revenue</b>	19,187	237,934
<b>Gross profit</b>	28,418	352,406
<b>Selling, general and administrative expenses</b>	21,929	271,937
<b>Operating profit</b>	6,489	80,469
<b>Non-operating income</b>		
Interest income	1	12
Others	19	236
Total non-operating income	20	248
<b>Non-operating expenses</b>		
Interest expense	2,623	32,527
Others	670	8,309
Total non-operating expenses	3,293	40,836
<b>Recurring profit</b>	3,217	39,893
<b>Non-recurring profit</b>		
Gain on sales of fixed assets	4	50
Total non-recurring profit	4	50
<b>Non-recurring loss</b>		
Loss on disposition of fixed assets	53	657
Total non-recurring loss	53	657
<b>Income before income taxes</b>	3,167	39,273
<b>Income tax expense-current</b>	2	25
<b>Total Income taxes</b>	2	25
<b>Net income</b>	3,166	39,261

**(3) Statement of Cash Flows**

(For the three months ended June 30, 2011)

(¥ in millions) (\$ in thousands)

	Current 1st-qr (Three months ended June 30, 2011)	
<b>Cash flows from operating activities</b>		
Income before income taxes	3,167	39,273
Depreciation	9,244	114,633
Loss (gain) on sales of fixed assets	(4)	(50)
Loss on disposition of fixed assets	53	657
Bond issuance cost	60	744
Other loss (gain)	(5)	(62)
Increase (decrease) in allowance for bad debt	(539)	(6,684)
Increase (decrease) in allowance for disaster loss	(14)	(174)
Interest and dividend income	(1)	(12)
Interest expense	2,623	32,527
Commission expense	593	7,354
Decrease (increase) in accounts receivable-trade	3,196	39,633
Decrease (increase) in inventories	(484)	(6,002)
Decrease (increase) in accounts receivable-other	1,198	14,856
Decrease (increase) in other assets	22	273
Increase (decrease) in accounts payable-trade	(545)	(6,758)
Increase (decrease) in other accounts payable	(1,177)	(14,596)
Increase (decrease) in accrued expenses	(2,635)	(32,676)
Increase (decrease) in other liabilities	(556)	(6,895)
Subtotal	14,197	176,054
Interest and dividend received	0	1
Interest paid	(1,954)	(24,231)
Income taxes paid	(24)	(298)
Income taxes refund	239	2,964
Net cash provided by (used in) operating activities	12,458	154,489
<b>Cash flows from investing activities</b>		
Proceeds from time deposits at maturity	2,500	31,002
Decrease (increase) in restricted deposit	(471)	(5,841)
Purchase of tangible fixed assets	(10,572)	(131,101)
Proceeds from sales of tangible fixed assets	15	186
Purchase of intangible fixed assets	(1,719)	(21,317)
Others	(13)	(161)
Net cash provided by (used in) investing activities	(10,260)	(127,232)
<b>Cash flows from financing activities</b>		
Repayments of capital lease obligations	(226)	(2,803)
Proceeds from sales and redemption by installment payment	3,445	42,721
Repayments of installment obligations	(4,199)	(52,071)
Proceeds from long-term debt	3,404	42,212
Repayments of long-term debt	(61,886)	(767,436)
Payments for arrangement of interest bearing debt	(1,484)	(18,403)
Proceeds from issuance of bonds	55,997	694,407
Redemption of bonds	(3,495)	(43,341)
Proceeds from stock issuance, net	41	508
Dividends paid	(716)	(8,879)
Net cash provided by (used in) financing activities	(9,119)	(113,083)
<b>Net change in cash and cash equivalents</b>	<b>(6,921)</b>	<b>(85,826)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>43,397</b>	<b>538,157</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>36,477</b>	<b>452,344</b>

**(4) Notes on Premise of Going Concern**

No items to report

**(5) Segment Information**

Three months ended June 30, 2011

## 1. Information about net sales and profit (loss) by reportable segment

(¥ in millions)

	Reportable segment		Total	Adjustment	Amount on statement of operations
	Mobile Business	Fixed Broadband Business			
Net revenue					
Outside net revenue	35,548	12,057	47,605	–	47,605
Intersegment net revenue	–	–	–	–	–
Total	35,548	12,057	47,605	–	47,605
Segment profit	2,495	3,994	6,489	–	6,489

## 2. Impairment losses on fixed assets and goodwill for each reportable segment

(Significant impairment losses on fixed assets)

No items to report during the three months ended June 30, 2011.

(Significant changes in amount of goodwill)

No items to report during the three months ended June 30, 2011.

(Significant gains on negative goodwill)

No items to report during the three months ended June 30, 2011.

## 3. Matters regarding changes in reportable segments

On March 31, 2011, the Company implemented an absorption-type merger with EMOBILE where the Company would become the surviving company. To optimize the business management system, the Company realigned its previous Mobile Business, Network Business, and Device Business and newly segmented them into mobile business and fixed broadband business. Accordingly, the “Mobile Business” and “Fixed Broadband Business” are the reportable segments of the Company from the fiscal year which began on April 1, 2011.

The Mobile Business provides mobile broadband communication services, and conducts development and sales of communication terminals. The Fixed Broadband Business provides high speed Internet access services and ISP services.

**(6) Notes on significant changes in shareholders' equity**

No items to report

## **(7) Notes on Reverse Acquisition**

Three months ended June 30, 2011

The Company implemented a share exchange with an effective date of July 1, 2010, which turned the Company into the wholly-owning parent company and EMOBILE into the wholly-owned subsidiary. This share exchange falls under the category of business combination through reverse acquisition in which EMOBILE became the acquiring company and the Company became the acquired company. The Company also implemented an absorption-type merger with an effective date of March 31, 2011 in which the Company became the surviving company and EMOBILE became the dissolving company.

Since no consolidated subsidiary exists as a result of the merger, the Company did not prepare consolidated financial statements. Moreover, for the purpose of the non-consolidated financial statements, the Company recorded the assets and liabilities of EMOBILE, the acquiring company, based on the fair book values determined on the day preceding the merger (the purchase method was not applied).

Therefore, an outline of the business combination through reverse acquisition that occurred in the fiscal year of the business combination and the impact that it would have had on the non-consolidated financial statements should the purchase method have been applied to the acquired company (the Company) is presented below.

### 1. Outline of the business combination through reverse acquisition that occurred in the fiscal year of the business combination

Name of the acquiring company and the description of its business, purpose of the Business Combination, date of Business Combination, method of Business Combination, company name after the Business Combination, percentage of voting rights acquired and basis of determining acquiring company

#### (1) Name of the acquiring company and the description of its business

EMOBILE Ltd.: Mobile communication business

The Company implemented a share exchange which turned the Company into the wholly-owning parent company and EMOBILE into the wholly-owned subsidiary. This share exchange falls under the category of business combination through “reverse acquisition” in a business combination in which EMOBILE became the acquiring company and the Company became the acquired company.

The Company also implemented an absorption-type merger with an effective date of March 31, 2011 in which the Company (the acquired company) became the surviving company and EMOBILE (the acquiring company) became the dissolving company. This merger was accounted for as a transaction under common control.

#### (2) Purpose of the Business Combination

The Company and EMOBILE have determined that in order to accelerate promotion of the two companies’ corporate value, it is necessary to streamline and expedite the eAccess group’s management decisions by centralizing decision making of the Company and EMOBILE in order to proactively and promptly deal with the change of environment, and to make efficient investment as a group possible by using the profits generated by two companies as financial resources. For this purpose, the Company and EMOBILE has come to a belief that the best course of action is to implement the share exchange.

#### (3) Date of Business Combination

July 1, 2010

#### (4) Method of Business Combination

Business Combination was completed by way of share exchange through which the Company became the wholly-owning parent company, and EMOBILE became the wholly-owned subsidiary.

#### (5) Company name after the Business Combination

No change in the company name after the share exchange

#### (6) Percentage of voting rights acquired

100%

(7) Basis of determining the acquiring company

EMOBILE has been determined as the acquiring company taking into account the voting rights ratio of the shareholders of the Company and EMOBILE after the Share Exchange, comparable size of the business of each entity, such as total assets and revenue, and importance of and the potential growth of the business.

2. Differences when purchase method is applied to the acquired company

(1) Items in quarterly non-consolidated balance sheet

	(¥ in millions)
Current assets	—
Fixed assets	8,621
Deferred assets	(334)
<u>Total assets</u>	<u>8,287</u>
Current liabilities	—
Long-term liabilities	—
<u>Total liabilities</u>	<u>—</u>
<u>Net assets</u>	<u>8,287</u>

(Note) Goodwill of ¥8,621 million is included in the above fixed assets and total assets, amortized by the straight-line method over the period of time the effect is estimated to take place (10 years).

(2) Items in quarterly non-consolidated statements of operations

	(¥ in millions)
Revenue	—
<u>Operating profit</u>	<u>(239)</u>
<u>Recurring profit</u>	<u>(216)</u>
<u>Income before income taxes</u>	<u>(216)</u>
<u>Net income</u>	<u>(216)</u>
<u>Net income per share (¥)</u>	<u>(62.48)</u>

(Note) Amortization of goodwill of ¥239 million is included in the above operating profit.

### 3. Supplemental Information

#### Consolidated Financial Statement for the First Quarter of the Fiscal Year Ended March 31, 2011

##### (1) Consolidated Statement of Operations

(For the three months ended June 30, 2010)

	(¥ in millions)
	Prior 1st-qr (Three months ended June 30, 2010)
<b>Revenue</b>	19,117
<b>Cost of revenue</b>	11,453
<b>Gross profit</b>	7,664
<b>Selling, general and administrative expenses</b>	3,179
<b>Operating profit</b>	4,485
<b>Non-operating income</b>	
Interest income	4
Foreign exchange gains	8
Others	8
Total non-operating income	20
<b>Non-operating expenses</b>	
Interest expense	323
Equity in net losses of affiliates	40
Others	65
Total non-operating expenses	429
<b>Recurring profit</b>	4,076
<b>Non-recurring profit</b>	
Gain on change in equity	154
Others	1
Total non-recurring profit	154
<b>Non-recurring loss</b>	
Loss on disposition of fixed assets	41
Loss on adjustment for changes of accounting standard for asset retirement obligations	22
Others	3
Total non-recurring loss	66
<b>Income before income taxes</b>	4,164
<b>Income tax expense-current</b>	1,204
<b>Income tax expense-deferred</b>	469
<b>Total Income taxes</b>	1,673
<b>Income before minority interests</b>	2,491
<b>Minority interests</b>	(3)
<b>Net income</b>	2,493

**(2) Consolidated Statement of Cash Flows**

(For the three months ended June 30, 2010)

(¥ in millions)

	Prior 1st-qr (Three months ended June 30, 2010)
<b>Cash flows from operating activities</b>	
Income before income taxes	4,164
Depreciation	1,779
Loss on disposition of fixed assets	41
Loss on adjustment for changes of accounting standard for asset retirement obligations	22
Other loss(gain)	23
Increase (decrease) in allowance for bad debt	(1)
Interest and dividend income	(4)
Interest expense	323
Equity in net losses of affiliates	40
Adjustments for unrealized profit with affiliate	(37)
Loss (gain) on change in equity	(154)
Decrease (increase) in accounts receivable-trade	2,260
Decrease (increase) in inventories	61
Decrease (increase) in accounts receivable-other from affiliates	358
Decrease (increase) in other assets	36
Increase (decrease) in accounts payable-trade	(595)
Increase (decrease) in other accounts payable	(2,059)
Increase (decrease) in accrued expenses	(1,189)
Increase (decrease) in provision for retirement benefits	(88)
Increase (decrease) in other liabilities	(152)
Subtotal	4,830
Interest and dividend received	3
Interest paid	(480)
Payments of income taxes	(3,004)
Net cash provided by (used in) operating activities	1,349
<b>Cash flows from investing activities</b>	
Decrease (increase) in restricted deposit	(892)
Purchase of tangible fixed assets	(928)
Purchase of intangible fixed assets	(239)
Purchase of investments in affiliates	(17,000)
Net cash provided by (used in) investing activities	(19,059)
<b>Cash flows from financing activities</b>	
Repayments of capital lease obligations	(222)
Repayments of installment obligations	(423)
Proceeds from short-term debt	3,000
Proceeds from long-term debt	3,849
Repayments of long-term debt	(1,094)
Redemption of bonds	(495)
Proceeds from stock issuance, net	52
Dividends paid	(853)
Net cash provided by (used in) financing activities	3,815
<b>Net change in cash and cash equivalents</b>	<b>(13,896)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>26,110</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>12,215</b>

Quarterly Results for Fiscal Year 3/2012  
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\* EMOBILE was an equity accounting affiliate as of 1Q 2010.  
\* eAccess consolidated EMOBILE as a 100% owned subsidiary through share exchange on 7/1/2010.  
\* The full-year financial results for FY3/2011 reflects 12-month EMOBILE and 9-month (7/2010-3/2011)

(in million yen)										
	Fiscal Year 3/2011					Fiscal Year 3/2012				
	1Q 2010 (4 - 6/2010)	2Q 2010 (7 - 9/2010)	3Q 2010 (10 - 12/2010)	4Q 2010 (1 - 3/2011)	Full-year Result	1Q 2011 (4 - 6/2011)	2Q 2011 (7 - 9/2011)	3Q 2011 (10 - 12/2011)	4Q 2011 (1 - 3/2012)	Full-year Forecast
Revenue	19,117	48,150	48,818	49,674	181,541	47,605				200,000
Mobile						35,548				158,000
Service revenue						28,286				
Device revenue						7,262				
Fixed BB						12,057				42,000
Cost of revenue	11,453	19,910	19,148	28,731	81,662	19,187				
Device and related tools						2,152				
Salaries and benefits						344				
Outsourcing						765				
Depreciation and amortization						7,915				
Network						6,694				
Modem rental						1,145				
Others						172				
Gross profit	7,664	28,240	29,670	20,942	99,879	28,418				
Gross margin (%)	40.1%	58.6%	60.8%	42.2%	55.0%	59.7%				
Selling, general and administrative	3,179	22,164	22,360	21,682	84,912	21,929				
Advertising and sales promotion						57,714				
Salaries and benefits						5,674				
Outsourcing						6,340				
Depreciation and amortization						5,216				
Others						9,969				
Operating profit	4,485	6,076	7,310	-740	14,967	6,489				30,000
Operating margin (%)	23.5%	12.6%	15.0%	-1.5%	8.2%	13.6%				15.0%
Mobile						2,495				18,000
Fixed BB						3,994				12,000
Other income	20	37	20	17	82	20				
Other expenses	429	2,641	2,469	2,423	9,961	3,293				
Recurring profit	4,076	3,473	4,860	-3,146	5,088	3,217				17,000
Non-recurring profit	154	1	13	17	32	4				
Non-recurring loss	66	46	80	7,308	7,543	53				
Income before income taxes	4,164	3,428	4,794	-10,438	-2,423	3,167				
Income taxes	1,673	1,693	1,536	-20,227	-16,988	2				
Net income	2,493	1,735	3,258	9,790	14,565	3,166				17,000
EBITDA	6,258	14,895	16,350	17,934	58,249	15,733				67,000
EBITDA margin (%)	32.7%	30.9%	33.5%	36.1%	32.1%	33.0%				33.5%
Mobile						10,509				51,300
Fixed BB						5,225				15,700
Capital expenditures	775	6,064	6,077	20,493	40,845	8,030				39,000
Mobile						7,842				37,100
Fixed BB						189				1,900
Depreciation and amortization	1,773	8,819	9,040	9,221	33,829	9,244				37,000
Mobile						8,014				33,300
Fixed BB						1,231				3,700
R&D expenses	95	108	144	119	371	127				

Note : EBITDA = Operating profit + Depreciation and amortization + Loss on inventory valuation.

(in million yen)										
	Fiscal Year 3/2011					Fiscal Year 3/2012				
	1Q 2010 (4 - 6/2010)	2Q 2010 (7 - 9/2010)	3Q 2010 (10 - 12/2010)	4Q 2010 (1 - 3/2011)	Full-year Result	1Q 2011 (4 - 6/2011)	2Q 2011 (7 - 9/2011)	3Q 2011 (10 - 12/2011)	4Q 2011 (1 - 3/2012)	Full-year Forecast
Net cash provided by (used in) operating activities	1,349	16,425	14,599	13,358	52,002	12,458				
Net cash provided by (used in) investing activities	-19,059	-14,502	-7,922	-11,685	-45,848	-10,260				
Net cash provided by (used in) financing activities	3,815	-20,456	-13,459	-22,070	-23,651	-9,119				
Net change in cash and cash equivalents	-13,896	-18,534	-6,782	-20,397	-17,497	-6,921				
Cash and cash equivalents at end of period	12,215	70,576	63,795	43,397	43,397	36,477				

(in million yen)										
	Fiscal Year 3/2011					Fiscal Year 3/2012				
	1Q 2010 (4 - 6/2010)	2Q 2010 (7 - 9/2010)	3Q 2010 (10 - 12/2010)	4Q 2010 (1 - 3/2011)	Full-year Result	1Q 2011 (4 - 6/2011)	2Q 2011 (7 - 9/2011)	3Q 2011 (10 - 12/2011)	4Q 2011 (1 - 3/2012)	Full-year Forecast
EMOBILE										
Net add subscribers (thousands)	186	204	183	194	766	223				
Accumulated subscribers (thousands)	2,537	2,741	2,924	3,118	3,118	3,341				3,850
ARPU (yen/month)	3,400	3,250	3,100	2,950	3,160	2,860				2,900
Monthly churn rate (%)	1.37%	1.29%	1.40%	1.45%	1.38%	1.50%				1.45%
SAC (yen)	25,000	25,000	25,000	25,000	25,000	20,000				22,000
ADSL										
Accumulated subscribers (thousands)	2,204	2,118	2,023	1,928	1,928	1,839				1,600
ARPU (yen/month)	1,973	1,966	1,953	1,949	1,961	2,009				1,900
Monthly churn rate (%)	2.11%	1.91%	2.03%	2.08%	2.03%	2.04%				2.10%
SAC (yen)	8,000	8,000	7,000	7,000	8,000	7,500				8,000



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**Balance Sheets**

(in million yen)

	Fiscal Year 3/2011				Fiscal Year 3/2012			
	1Q 2010 (6/2010)	2Q 2010 (9/2010)	3Q 2010 (12/2010)	4Q 2010 (3/2011)	1Q 2011 (6/2011)	2Q 2011 (9/2011)	3Q 2011 (12/2011)	4Q 2011 (3/2012)
Cash and cash deposit	13,106	73,968	64,978	47,080	38,131			
Other current assets	15,991	77,245	78,233	77,357	73,127			
<b>Total current assets</b>	<b>29,097</b>	<b>151,213</b>	<b>143,211</b>	<b>124,438</b>	<b>111,258</b>			
Fixed Assets	57,328	220,662	221,361	228,147	227,640			
<b>TOTAL ASSETS</b>	<b>86,827</b>	<b>371,887</b>	<b>364,582</b>	<b>352,952</b>	<b>340,196</b>			
Current portion of long-term debt	13,802	100,617	101,751	49,486	43,283			
Other current liabilities	10,531	25,132	26,857	29,923	21,562			
<b>Total current liabilities</b>	<b>24,333</b>	<b>125,749</b>	<b>128,608</b>	<b>79,409</b>	<b>64,845</b>			
Long-term debt	45,857	176,059	163,333	200,206	199,409			
Other long-term liabilities	1,981	309	309	311	1,611			
<b>Total long-term liabilities</b>	<b>47,838</b>	<b>176,368</b>	<b>163,642</b>	<b>200,517</b>	<b>201,020</b>			
<b>TOTAL LIABILITIES</b>	<b>72,171</b>	<b>302,118</b>	<b>292,249</b>	<b>279,926</b>	<b>265,865</b>			
Common stock and capital surplus	27,526	186,829	184,831	67,712	67,753			
Retained earnings	-13,280	-114,208	-112,473	5,325	7,751			
Total shareholders' equity	14,247	69,799	72,359	73,037	75,504			
<b>TOTAL NET ASSETS</b>	<b>14,656</b>	<b>69,770</b>	<b>72,332</b>	<b>73,026</b>	<b>74,330</b>			
Gross debt	59,659	276,677	265,083	249,692	242,693			
Net debt	46,553	202,709	200,106	202,612	204,562			
Net debt/net asset ratio	3.2x	2.9x	2.8x	2.8x	2.8x			
Net debt/EBITDA ratio	1.79x	3.45x	3.30x	3.14x	3.15x			

Note 1: eAccess consolidated EMOBILE on 7/1/2010.

Note 2: eAccess completed the merger of EMOBILE on 3/31/2011.