

eAccess Limited 【9427】

Results for Fiscal Year 3/2004



May 17th, 2004

I. FY2003 Results Overview and Outlook

- Introduction of New External Board of Director Candidates

II. FY2003 Financial Results

III. Summary

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FY 2003 Results Overview and Outlook

Strong Subscriber Growth

Accumulated subscribers reached approximately 1.5 million as of the end of March 2004. Achieved quarterly net addition record high at 202,000 in the fourth quarter of FY 2003.

Improving Profitability

Achieved first full fiscal year profit. Revenue was 38.1 billion yen, an increase of 88% YoY. Net profit was 2.36 billion yen, exceeded our previous forecast of 1.5 billion yen by 57%.

Strong Balance Sheet

With the IPO proceeds, net debt to equity ratio improved significantly on the balance sheet. Achieved ROE of 14.8% in FY 2003.

Elimination of Accumulated Deficit

Allocate 11.94 billion yen of the additional paid-in capital to fully eliminate the accumulated deficit on the balance sheet. This move is expected to improve the flexibility of the Company's future management strategy. (Note)

Acquisition of AOL Japan's ISP Business

Expand our business product line by offering more ISP network outsourcing and content businesses through the acquisition of AOL Japan's ISP business. (Note)

Next Generation Mobile Broadband Business

Field trial license to test TD-SCDMA(MC) was granted in April 2004. The aim of the field trial is to study the feasibility of the next generation mobile broadband services.

(Note) subject to shareholders approval on June 29, 2004.

FY2003 Financial Summary

	FY 2002	FY 2003	Increase (Decrease)	
Revenue	20.28 billion	38.14 billion	+17.87 billion	● <u>Revenue</u> increased to ¥38.1 billion, an 88% increase YoY.
Operating expense	24.62 billion	34.00 billion	+93.8 billion	● <u>Operating expenses</u> were lower than our forecast, due to lower depreciation and backbone costs. NTT related costs and access charges were also reduced.
Operating profit	-4.35 billion	4.14 billion	+8.49 billion	
Recurring profit	-5.30 billion	2.72 billion	+8.02 billion	
Net income	-5.58 billion	2.36 billion	+7.94 billion	● <u>Net income</u> achieved ¥2.36 billion yen, exceeded our forecast. Net income improved by 7.94 billion yen to 2.36 billion yen.

FY2004 Financial Forecast

Expect strong subscriber growth to continue in FY 2004. Sales are expected to rise 34% and net income to rise 112%.

	FY 2003	FY 2004	Increase (Decrease) / Changes(%)	
Revenue	38.14 billion	51.00 billion	+12.86 billion	+34%
Recurring profit	2.72 billion	5.00 billion	+2.28 billion	+84%
Net income	2.36 billion	5.00 billion	+2.64 billion	+112%

Extensive Experience in the Global and Domestic Telecom, IT and Financials

* Formal appointment of the board of directors is subject to shareholder approval at an Annual Shareholders Meeting on June 29, 2004.

William Kennard
【Ex-US FCC Chairman】

- Managing Director of the Carlyle Group (Telecom and Media group)
- Former chairman of the FCC (Federal Communications Commission) (1997-2001)
- Promoted competition policies, cellular phone and Internet market penetration

Paul Reynolds
【Director of British Telecom】

- Chief Executive of BT Wholesale

Toru Hashimoto
【Former Commercial Bank Chairman】

- Chairman of Deutsche Securities Ltd., Tokyo Branch
- Former CEO and Chairman of Fuji-bank (Currently Mizuho bank)

Moriyuki Tashiro
【Former Trading Company President】

- Former President of Tomen Corporation
- Extensive management experience in Electronics, Information and Communication

Dr. Toshio Yasui
【Former IT Company President】

- Former President of Solectron Japan
- Extensive knowledge and management experience in Japan and US IT markets

Professor Jiro Kokuryo
【Expert in Information Management】

- Professor of Keio University
- Authors of many books on Net Business management system & business model

Raymond Kwok
【Chairman of Asian Financial Group】

- Vice Chairman and Managing Director of Sun Hung Kai Properties Ltd.
- Chairman and CEO of Smartone Telecommunications Holdings Ltd.
- Chairman and CEO of SUNeVision

I. FY2003 Results Overview and Outlook

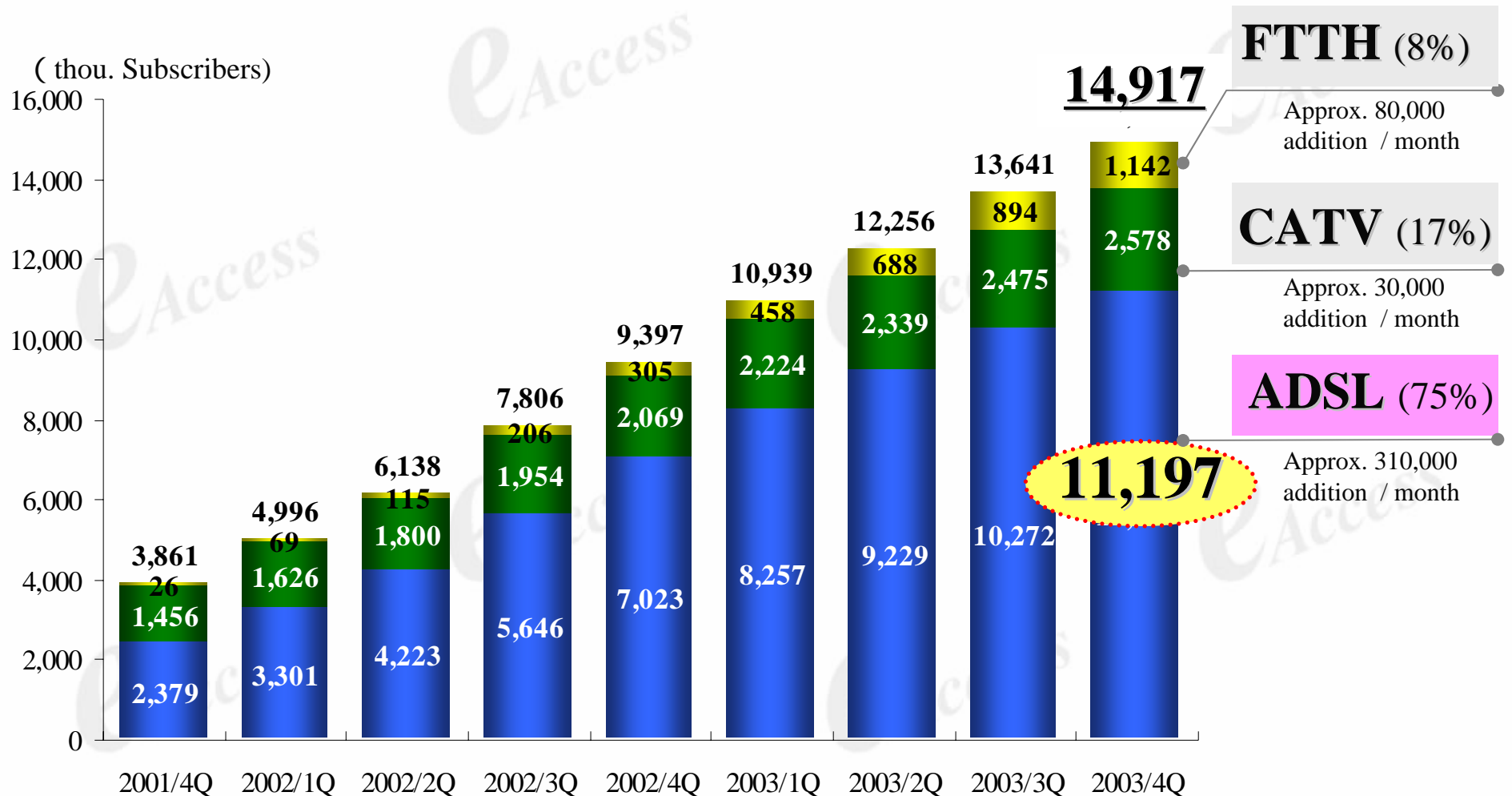
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Broadband Growth in Japan

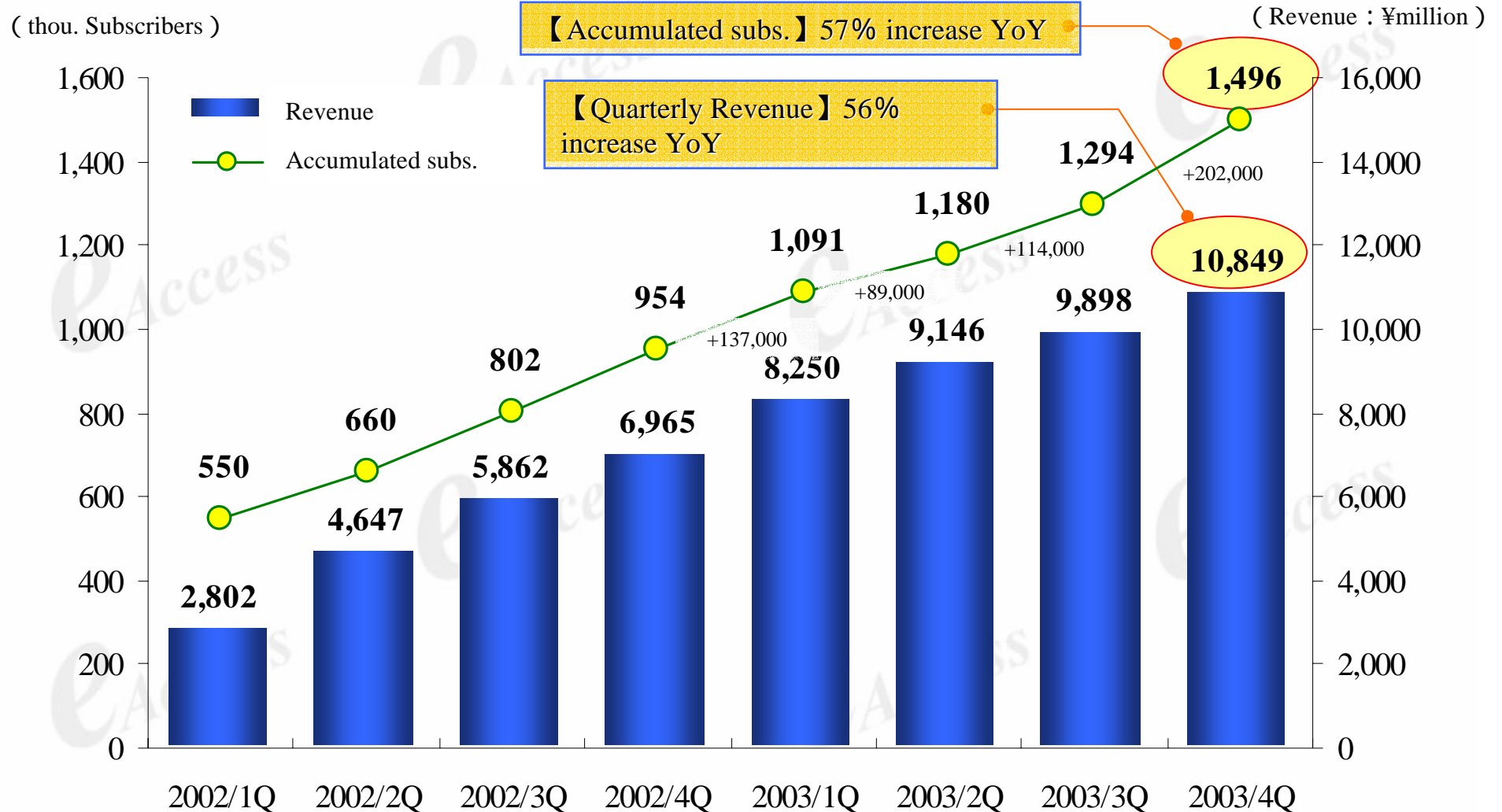
Japan's Broadband subscribers reached around 15 million in 3/2004.
ADSL subscribers continue to grow approximately 300,000 line per month.



Source : MPHPT

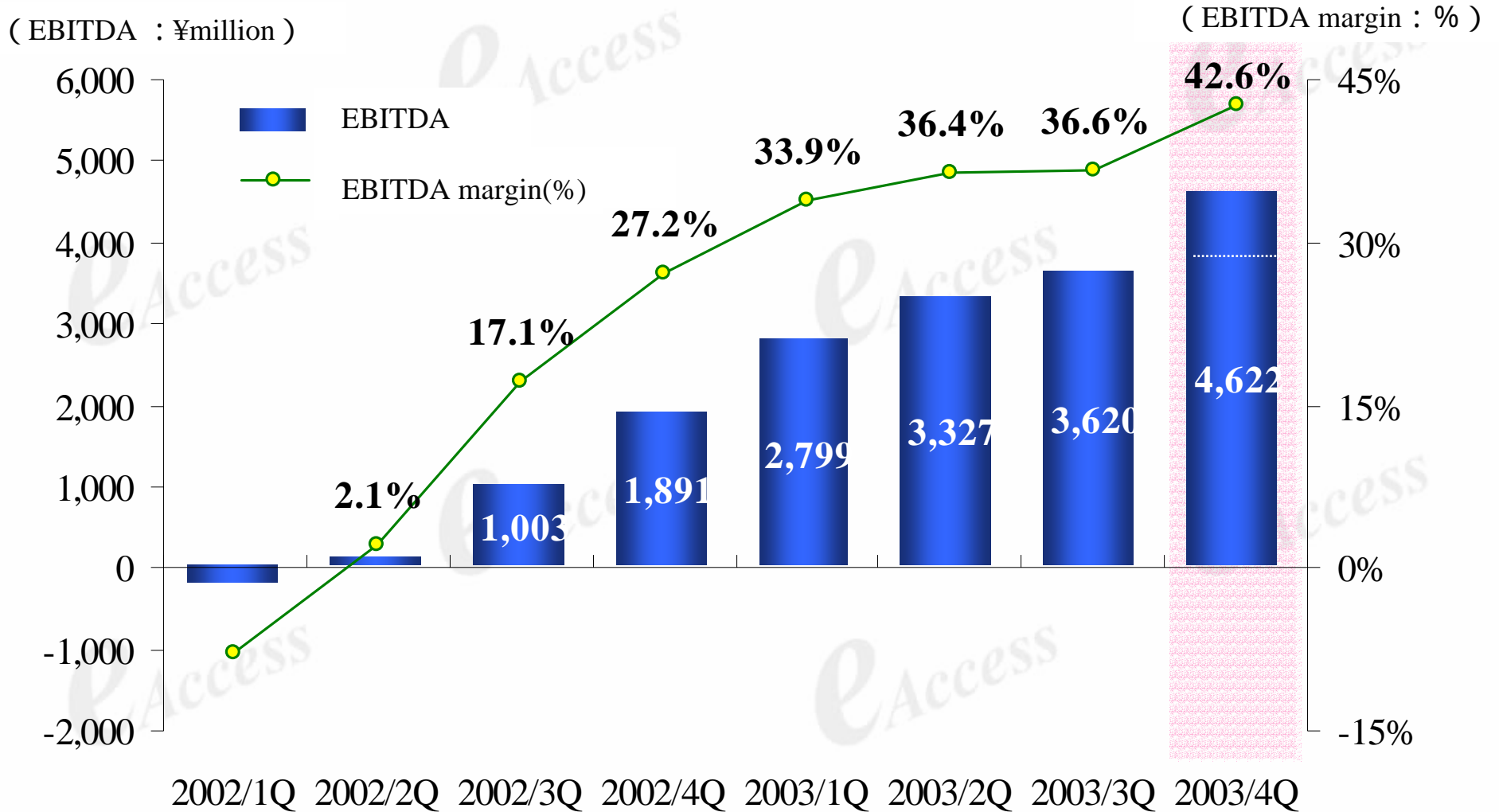
eAccess Subscriber & Revenue Growth

Quarterly net subscriber addition hit record high of 202,000 in the 4Q



EBITDA and EBITDA Margin Trend

Achieved EBITDA margin of 37.7% in FY 2003

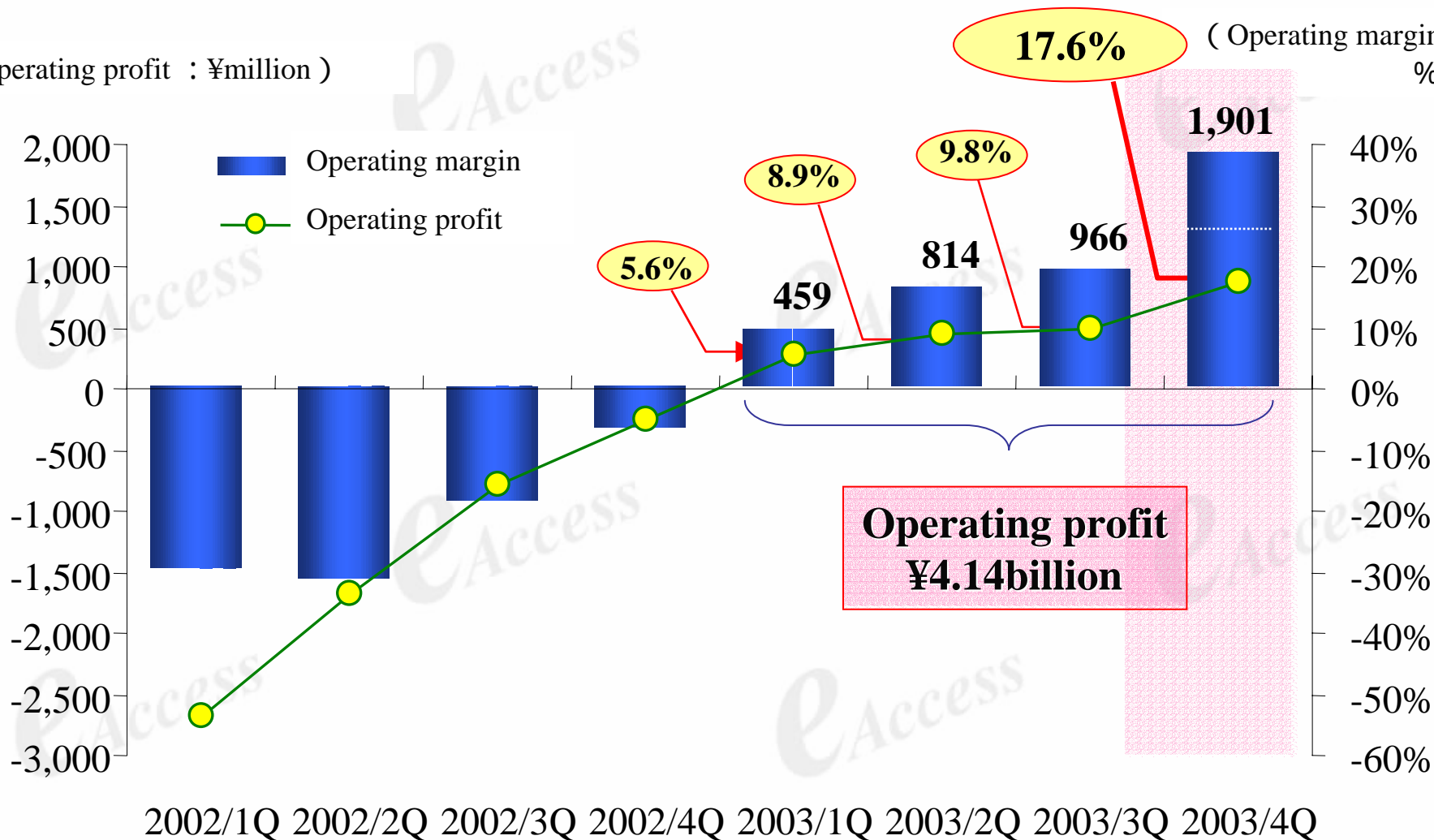


Operating Profit and Operating Profit Margin

Achieved operating margin of 10.9% in FY 2003

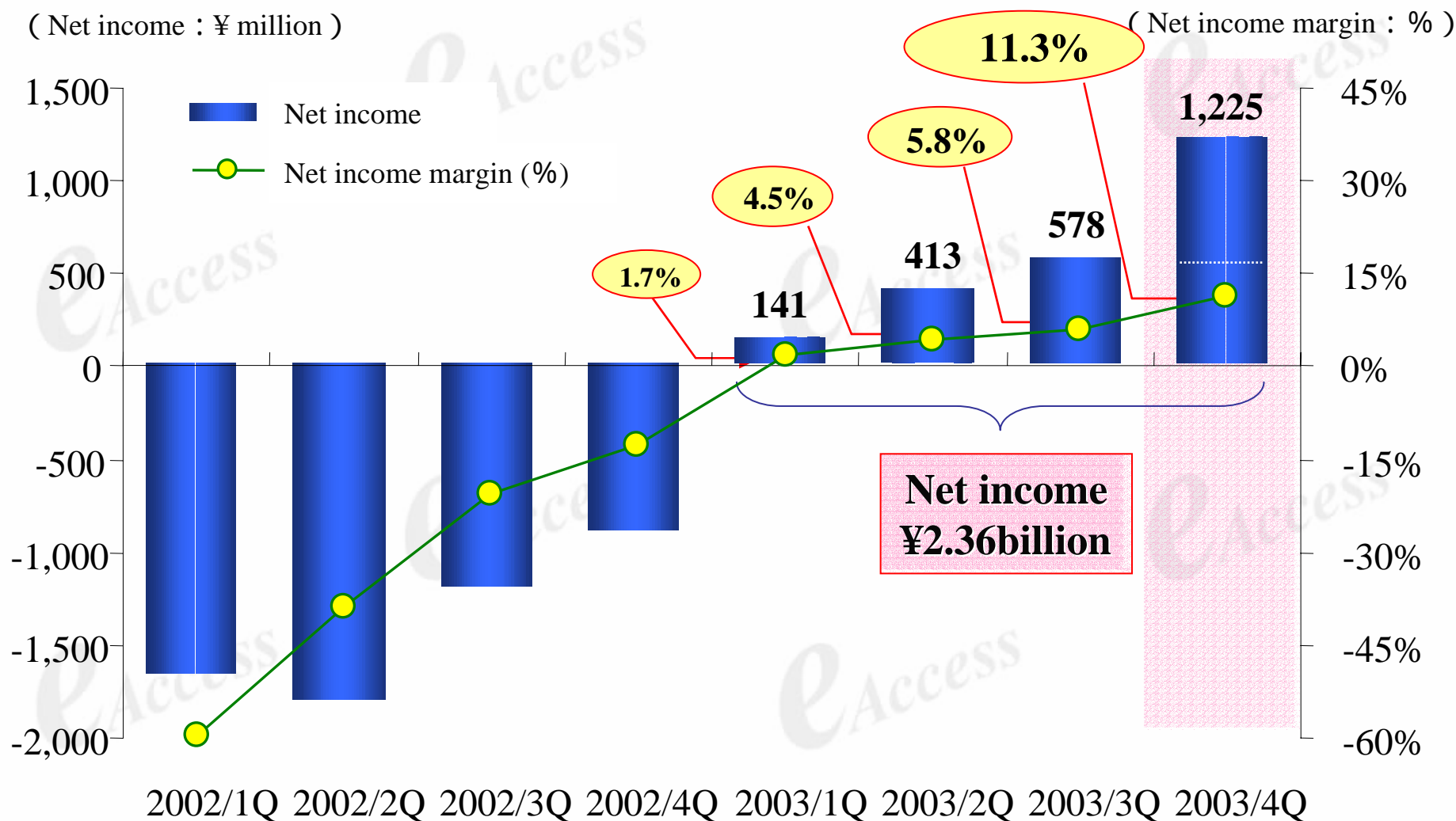
(Operating profit : ¥million)

(Operating margin : %)



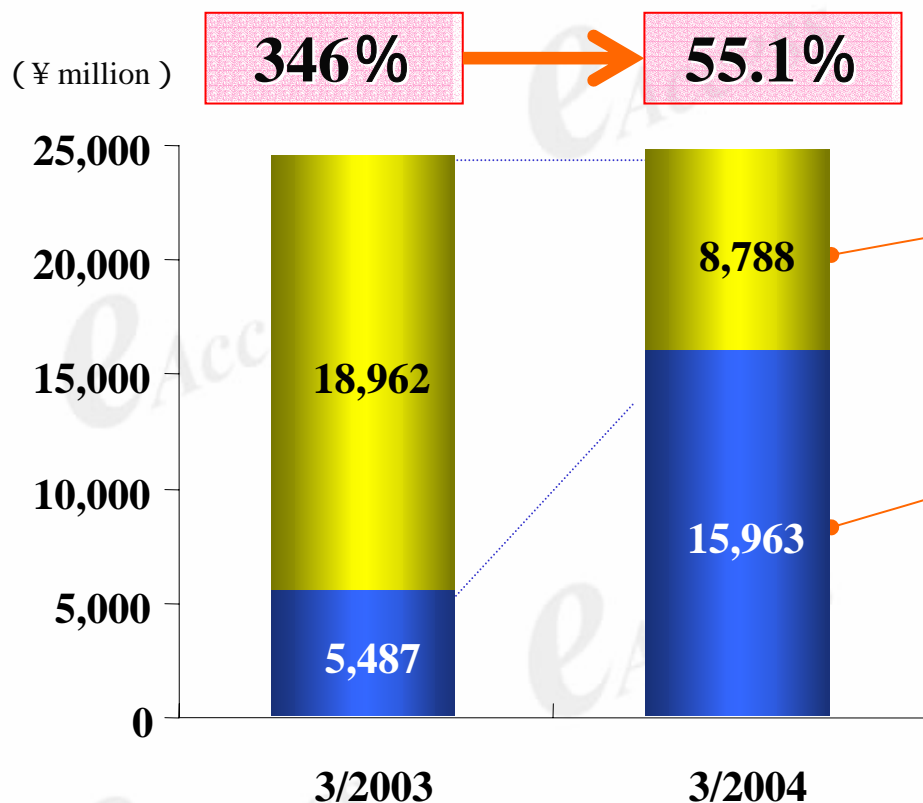
Net Income and Net Income Margin

Achieved net margin of 6.2% in FY 2003



Balance Sheet Strengthened After IPO

Net Debt / Shareholders' Equity



【Net Debt】

Reduction of net debt balance by ¥10.2 billion, through IPO proceeds, higher operational cash flows, and debt repayment.

【Shareholders' Equity】

Shareholders' Equity increased by ¥10.5 billion, due to ¥7.7 billion IPO proceeds and improved profit.

Cash balance	11,411 million yen	18,396 million yen
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ROE	-102%	15%
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Elimination of Accumulated Deficit

Balance sheet as of March 2004

(In billion yen)

Cash	18.40
Other current assets	5.33
Current assets	23.73
Fixed assets	25.47

Total Assets 49.20

Current Liabilities	18.30
Long-term Liabilities	14.94

Capital Shares 13.67

Capital Surplus 14.23

Accumulated Deficit -11.94

Total Shareholders' Equity 15.96

Total liabilities and shareholders' equity 49.20

equity

Reduction of Additional Capital

Reallocation of ¥11.94 billion from additional paid-in capital to accumulated deficit, to eliminate the accumulated deficit amount on the balance sheet.

The reallocation will improve the flexibility of the Company's future management strategy.

Subject to approval in the annual shareholders' meeting



Post-reclassification

13.67

2.29

0

15.96

● Reduction of capital surplus

● Elimination of accumulated deficit

● No change in shareholders equity

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Summary

- Achieved first full year profitability since the establishment of the company in November 1999.
- Continues to see high subscriber growth. Achieved a record high in the fourth quarter in FY 2003 with a total accumulated subscriber base of 1.5 million.
- Significant improvement in our balance sheet. Achieved an ROE of 14.8% in FY 2003.
- Elimination of the accumulated deficit on our balance sheet. Improve flexibility on future management's strategy.
- Expansion in the business product line by acquiring AOL Japan's ISP business.
- Focus on the next generation mobile broadband business.
- Strengthen our corporate governance with the new Board of Directors

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