

eAccess Limited [9427]

**Mid-Year Results for Fiscal Year Ending 3/2006
(4/2005 ~ 9/2005)**



November 8th, 2005

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ADSL /ISP Business	Strong mid-year financial results Revised up full-year earnings forecasts
	Achieved lower than expected ADSL churn rate
	Delay in Metal Plus service area expansion Expect a gradual recovery in subscriber addition in the 2H
Mobile Business	Formal application for a mobile license submitted in 9/2005
	Completion of the capital alliance with TBS
Financial	Adoption of consolidated financial statements from 9/2005

FY2005 Mid-Year Financial Results

**ADSL·ISP revenue increased by 12% YoY and operating profit increased by 4% YoY.
Smaller-than-expected start-up costs of the Mobile business**

	FY2004	FY2005			Increase (decrease) / Changes (%)	
	Mid Year (2004/4 - 9)	Mid Year (2005/4 - 9)				
	ADSL/ISP (Non consolidated)	ADSL/ISP	+ Mobile	= Consolidated	ADSL/ISP	
Revenue	¥27.07 billion	¥30.35 billion	-	¥30.35 billion	¥3.28 billion	+12 %
Operating profit	¥4.58 billion	¥4.77 billion	- ¥0.82 billion	¥3.95 billion	¥0.19 billion	+4 %
Recurring profit	¥4.00 billion	¥4.00 billion	- ¥0.92 billion	¥3.08 billion	¥0 billion	0 %
Net Income	¥3.67 billion	¥3.42 billion	- ¥0.92 billion	¥2.50 billion	-¥0.25 billion	-7 %
EBITDA	¥10.26 billion	¥10.38 billion	- ¥0.82 billion	¥9.57 billion	¥0.12 billion	+1 %
Capex	¥5.78 billion	¥2.88 billion	-	¥2.88 billion	-¥2.90 billion	-50 %
Depreciation	¥5.68 billion	¥5.61 billion	-	¥5.61 billion	-¥0.07 billion	-1 %

Capex was pushed back to the 2H

Increase in ADSL·ISP operating profit and EBITDA

Start-up costs of the mobile business was smaller-than-expected

FY2005 Full Year Financial Forecasts

Upward revision from higher ADSL/ISP business revenue and profit contribution

	Previous FY 3/2006 Forecasts (non consolidated)			Revised FY3/2006 Forecasts (consolidated)		
	ADSL/ISP	Mobile	Non Consolidated	ADSL/ISP	Mobile	Consolidated
Revenue	¥58.50 billion	-	¥58.50 billion	¥59.50 billion	-	¥59.00 billion
Operating Profit	¥9.50 billion	-¥2.50 billion	¥7.00 billion	¥9.60 billion	-¥2.40 billion	¥7.20 billion
Recurring Profit	¥8.00 billion	-¥2.50 billion	¥5.50 billion	¥8.20 billion	-¥2.70 billion	¥5.50 billion
Net Income	¥5.20 billion	-¥2.50 billion	¥2.70 billion	¥5.90 billion	-¥2.70 billion	¥3.20 billion
EBITDA	¥20.00 billion	-¥2.50 billion	¥17.50 billion	¥20.40 billion	-¥2.40 billion	¥18.00 billion
CAPEX	¥7.50 billion	¥0.50 billion	¥8.00 billion	¥8.20 billion	¥1.30 billion	¥9.50 billion
Depreciation	¥10.50 billion	-	¥10.50 billion	¥10.80 billion	¥0 billion	¥10.80 billion

Due to area expansion of Metal Plus service

Upfront capex for mobile business

Upward revision of net income

Mobile Business Update

eMobile Ltd.

- Following an increase in eMobile's capital, eMobile was spun off as a full operating subsidiary from Oct 1, 2005.

Mobile License

- Submitted the application for a full commercial mobile license on Sept 29, 2005.

Financing

- Completed 10 billion yen financing from TBS together with an additional 15 billion yen financing from eAccess. eMobile's total equity reached 55 billion yen.
- Plan to expand further eMobile's capital.

Field Trials

- Collecting data from the 1.7GHz band FDD trials (including HSDPA trials) in preparation for the commercial service.

Full preparation to enter the mobile market.

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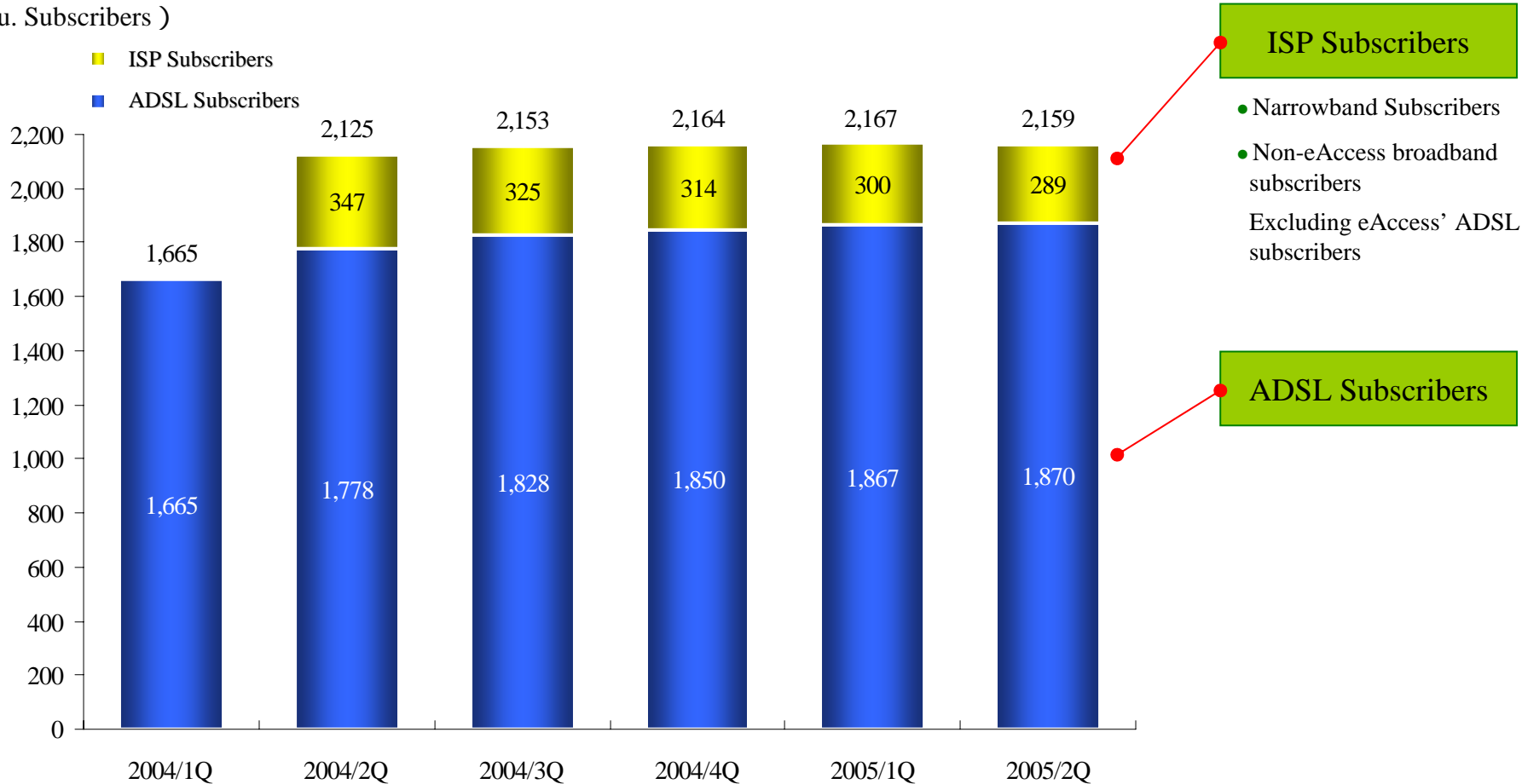
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Subscriber Growth

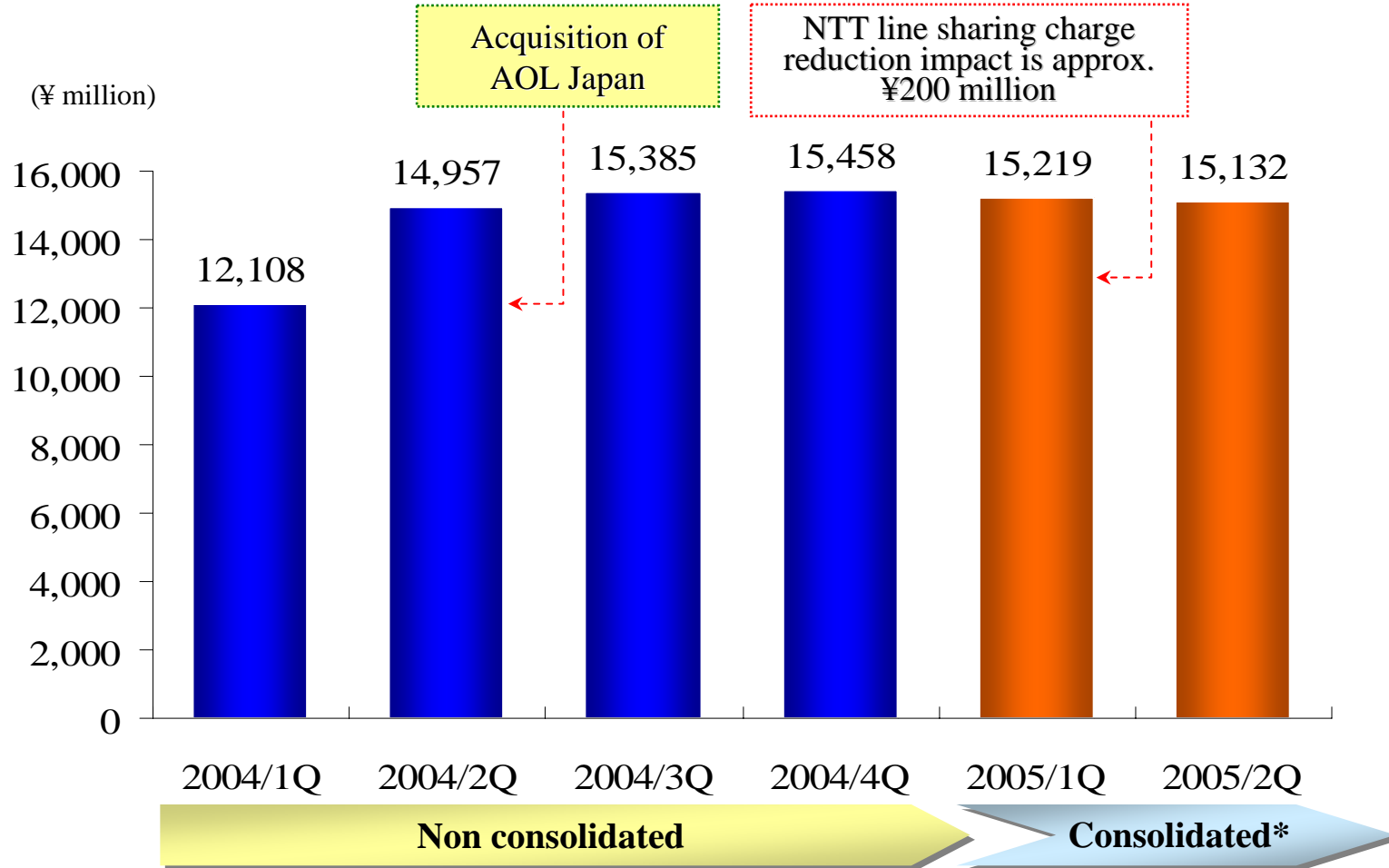
**Slower growth in net subscriber addition in 1H due to a delay in Metal Plus service.
Expect a gradual subscriber recovery in 2H due to service area expansion**

(thou. Subscribers)



Revenue Growth

Revenue decreased due to the ARPU dilution from increasing low-end subscribers. Underlying operating profits and margins were unaffected by slower revenue.

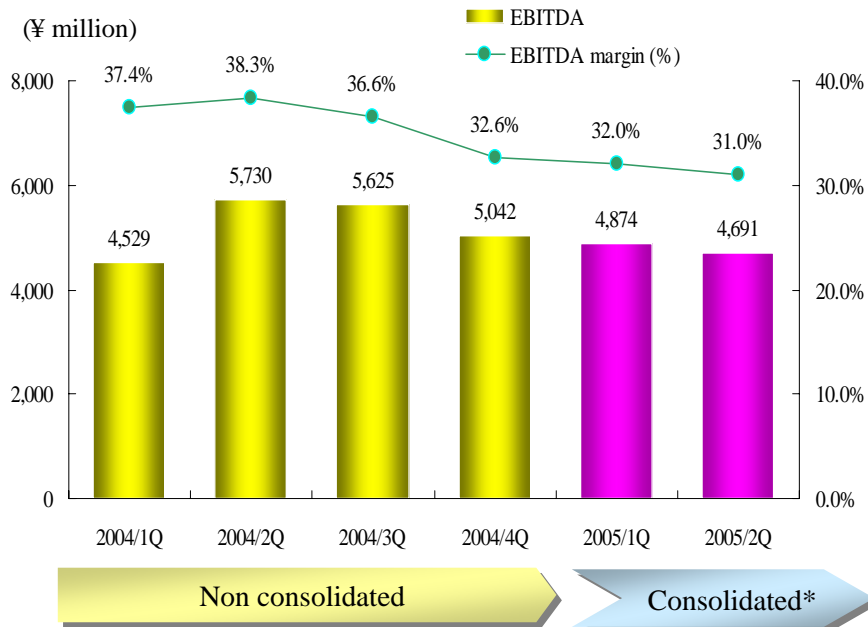


* Consolidated financial statements are adopted from the mid-year period for the fiscal year ending March 31, 2006. Although 1Q 2005 figures were previously reported as non-consolidated, 1Q 2005 figures were adjusted to consolidated figures for comparative purposes.

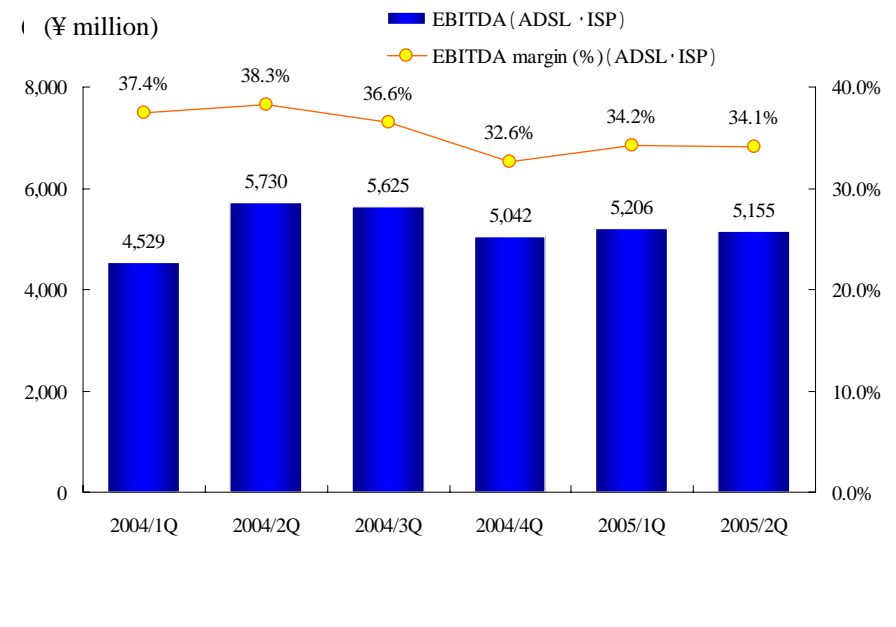
EBITDA Trend

**Consolidated EBITDA declined slightly due to higher mobile business start-up costs.
ADSL/ISP EBITDA margin remained strong at 34.1%.**

**EBITDA and EBITDA margin trend
(Consolidated Basis)**



**EBITDA and EBITDA margin trend
(ADSL/ISP Only)**

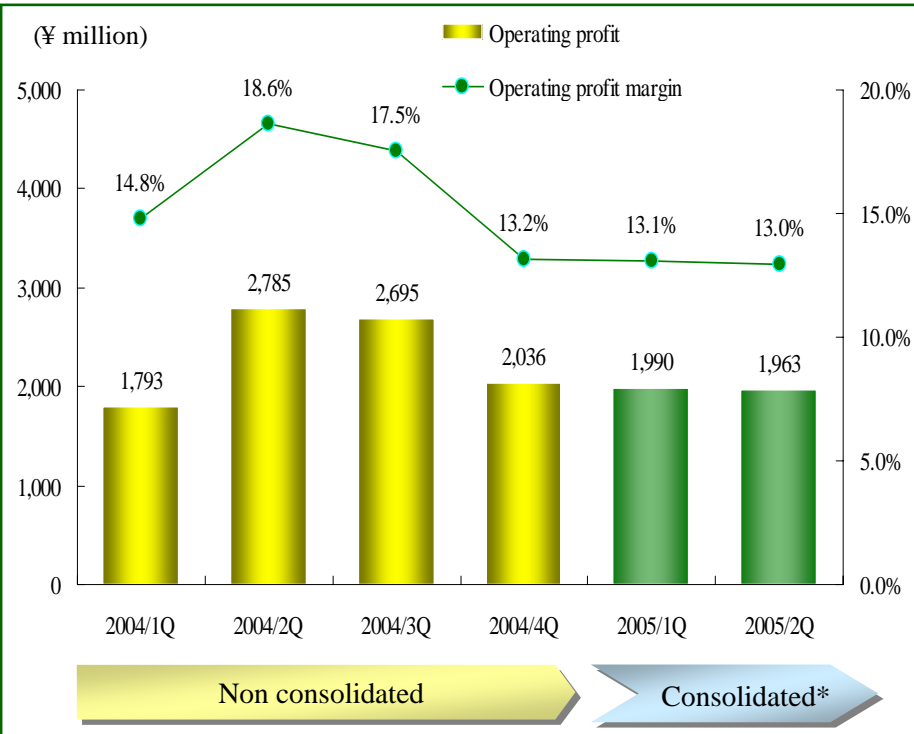


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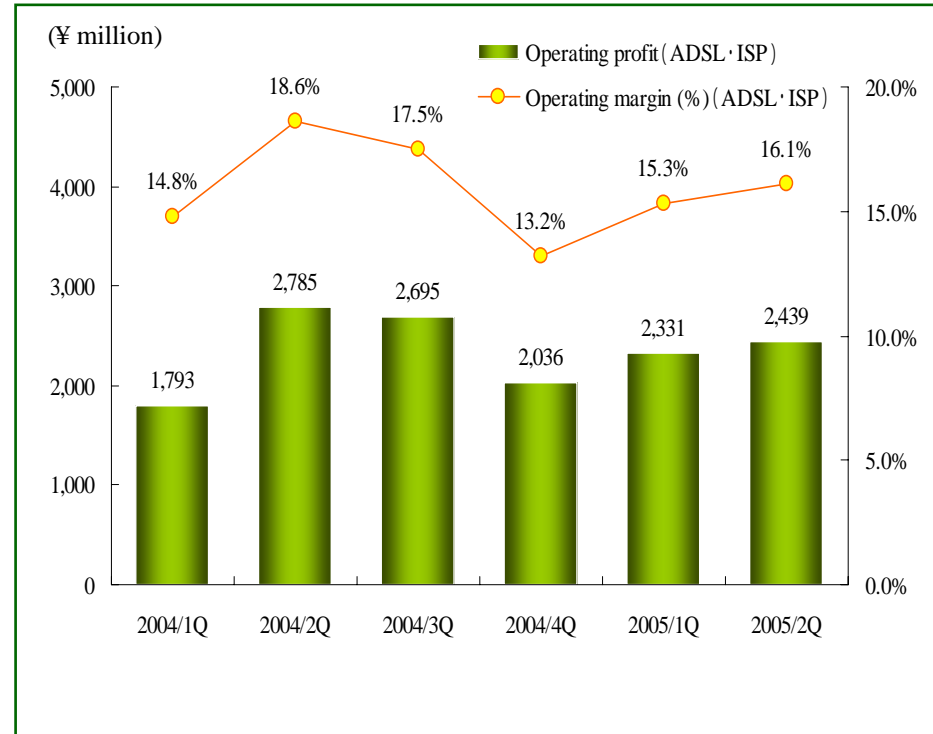
Operating Profit Trend

Consolidated operating margin was flat while ADSL/ISP business operating margin continued to improve to 16.1%

Operating profit and Operating margin trend
(Consolidated Basis)



Operating profit and Operating margin trend
(ADSL/ISP Only)

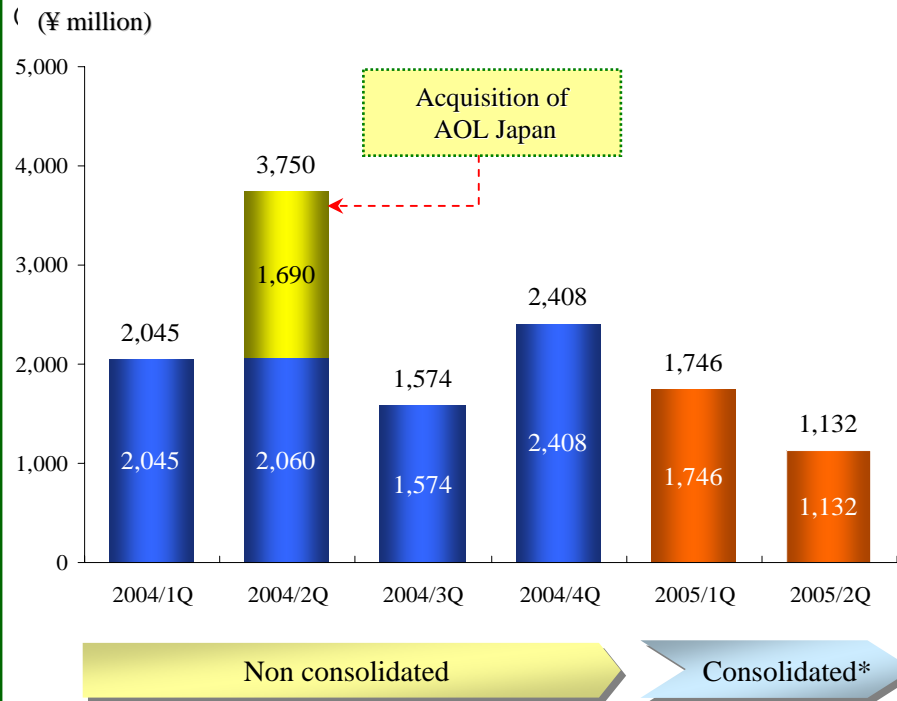


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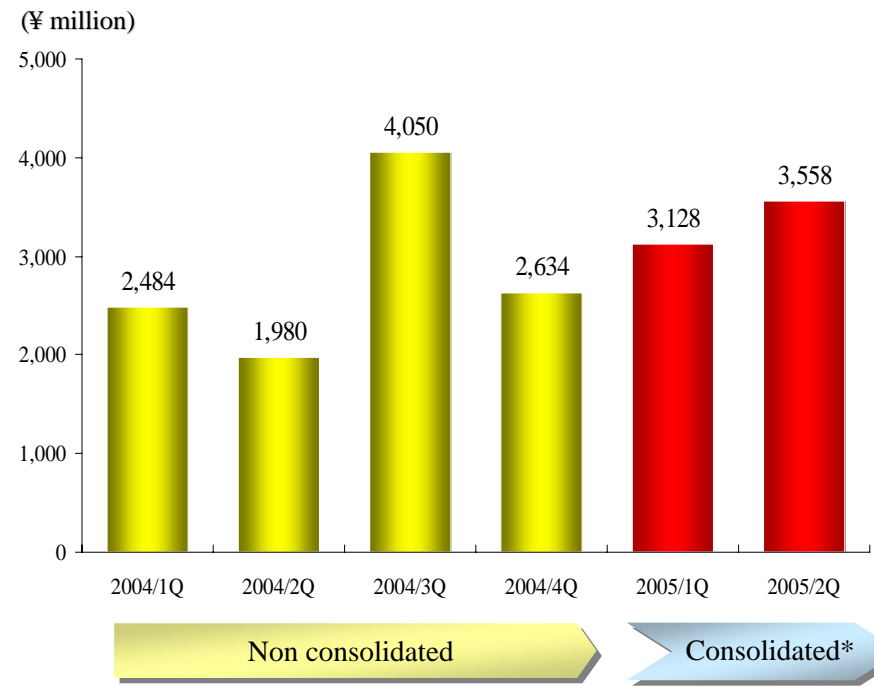
Quarterly Capex and Operating FCF Trend

**Continued expansion in consolidated operating free cash flow.
Expect higher capex in 2H due to Metal Plus service area expansion.**

Consolidated Capex Trend



Consolidated Operating Free Cash Flow Trend



Operating Free Cash Flow = EBITDA – Capex

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Balance Sheet

**Maintained high cash position (pro-forma basis after TBS transaction at 118 billion yen)
Increase in consolidated net cash position**

	As of March 31, 2005		As of September 30, 2005	
	Balance (Non-consolidated)	Share of Total	Balance (Consolidated)	Share of Total
Cash and cash deposit	¥104.77 billion	77.6 %	¥108.06 billion	78.5 %
Debt	¥96.56 billion	71.5 %	¥99.01 billion	71.9 %
Net Debt	-¥8.21 billion	--	-¥9.05 billion	--
Total Shareholder's Equity	¥28.48 billion	21.1 %	¥29.24 billion	21.2 %
Total Asset	¥134.99 billion	100.0 %	¥137.62 billion	100.0 %
Net Debt/Equity ratio(%)	-28.8 %	--	-31.0%	--

78.5% of total asset is cash and cash deposit

Net cash increased by ¥0.8 billion from March 2005

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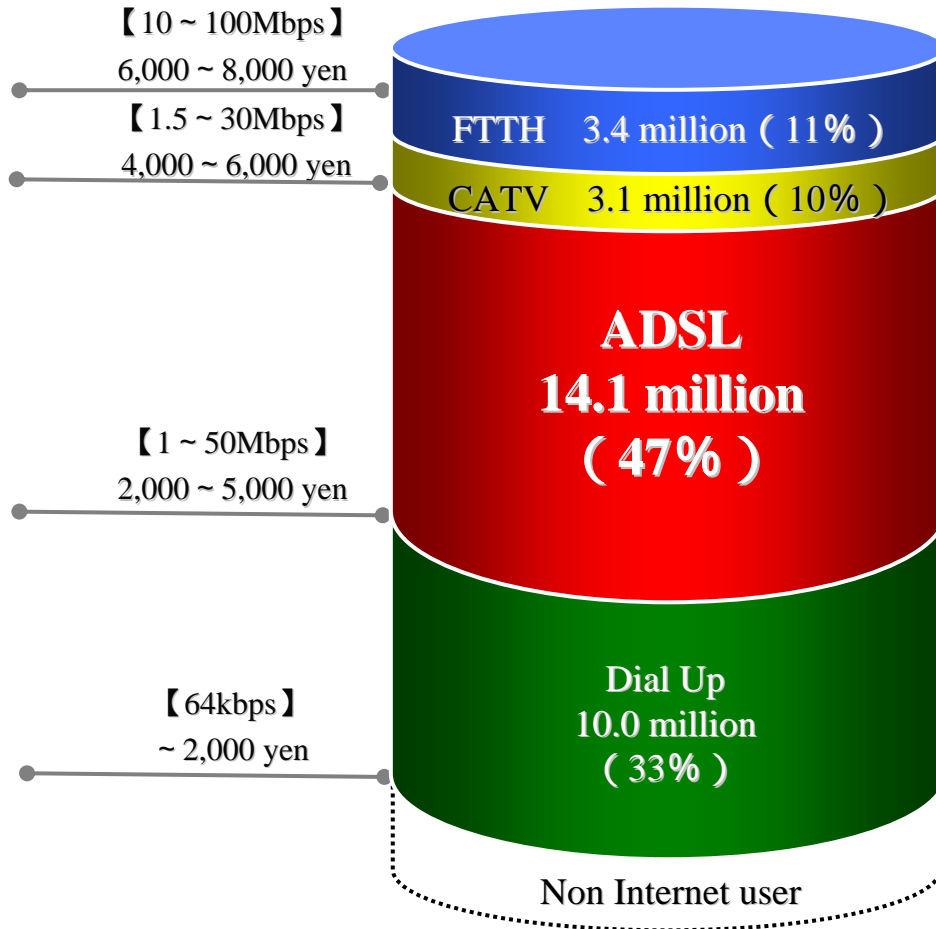
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ADSL • ISP Business



ADSL Business Strategy

Speed and Monthly charges*



Total : Approx. 30 million

Strategy to increase ADSL subscribers

- 1) To maintain low churn rate
- 2) To accelerate dial-up users migration
- 3) To promote ADSL services to 'first-time Internet users'

*1 Speed and monthly charges are based on the average price of top 5 ISPs.

*2 Monthly price is for individual houses, and includes monthly modem rental charges.

ADSL Business Promotional Plan

Maintain low monthly churn

- Monthly churn rate improved to 1.75% in 2Q from 1.89% in 1Q
- Introduce more retention measures

Migration of dial-up users to ADSL

Metal Plus Service:

- Expect a gradual recovery in subscriber addition in 2H due to area expansion from approx.800 GCs to approx.1,400 GCs by the end of March 2006.
- Launch New “Metal Plus Net DION ADSL10” Services on 11/10/2005.

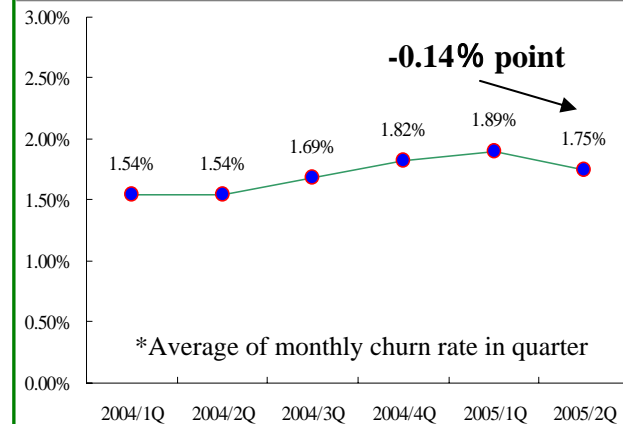
Promotion with ISPs:

- Introduce a new 50M plan with So-net.
- Promote Nifty “light plan” for low-end users.
Promote high end services at retail stores.

Promotion to first-time Internet users

- Provide new bundled service with on-line trading accounts.

Trend of monthly churn *



ISP Business (AOL) Strategy

Increase in AOL Broadband Ratio

- AOL broadband migration rate was around 28% in September, up from 21% in March 2005.

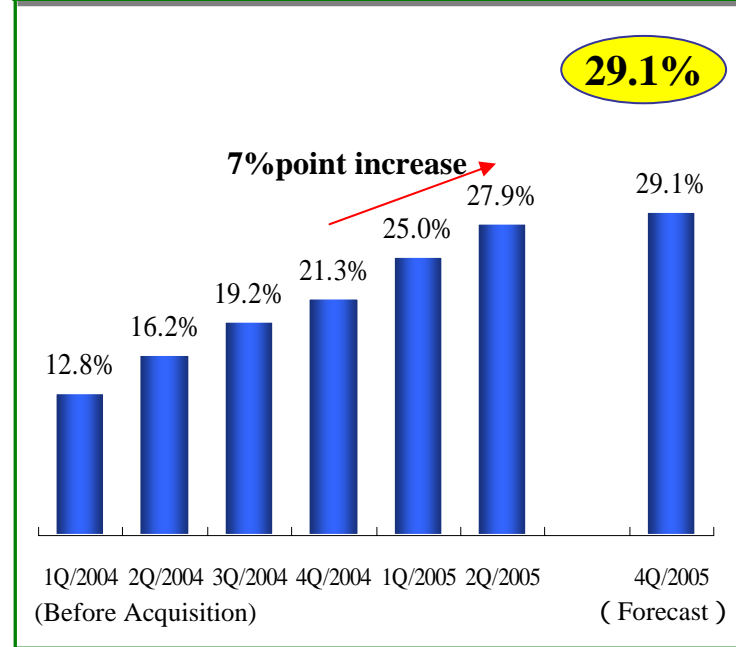
Improvement of AOL DIARY (Blog service)

- Introduced designers' template, capacity increase, new blog articles and organized special events to promote AOL DIARY usage.
- Page view per week doubled in 9/2005 compared to 6/2005.

Margin and profit expansion

- Focus on margin and profit expansion by renewing network structure, sales channels and ADSL/AOL synergy effect.


AOL Broadband Migration Trend



eMobile Strategy

eMobile Ltd.

eMobile was spun off as a full operating subsidiary from October 1, 2005

Name	eMobile Ltd.					
Business Focus	Mobile Broadband Business					
Date of establishment	January 5, 2005					
Representative	Representative Director Sachio Semmoto					
Capital shares and Capital reserve	55.35 Billion yen (Capital Reserve: 27.82 billion yen)					
Shareholding Structure	<table border="0"> <tr> <td>eAccess Ltd.</td> <td style="text-align: right;">84.4%</td> </tr> <tr> <td>Tokyo Broadcasting System, Inc. (TBS)</td> <td style="text-align: right;">14.0%</td> </tr> </table>		eAccess Ltd.	84.4%	Tokyo Broadcasting System, Inc. (TBS)	14.0%
eAccess Ltd.	84.4%					
Tokyo Broadcasting System, Inc. (TBS)	14.0%					

(As of October 31, 2005)

eMobile Business Plan Summary

Service Schedule Plan

- Launch limited area data service by March 2007.
- Launch nationwide voice services by March 2008.
- Expect 5 million subscribers within 5-year from the service launch.

Capex Plan

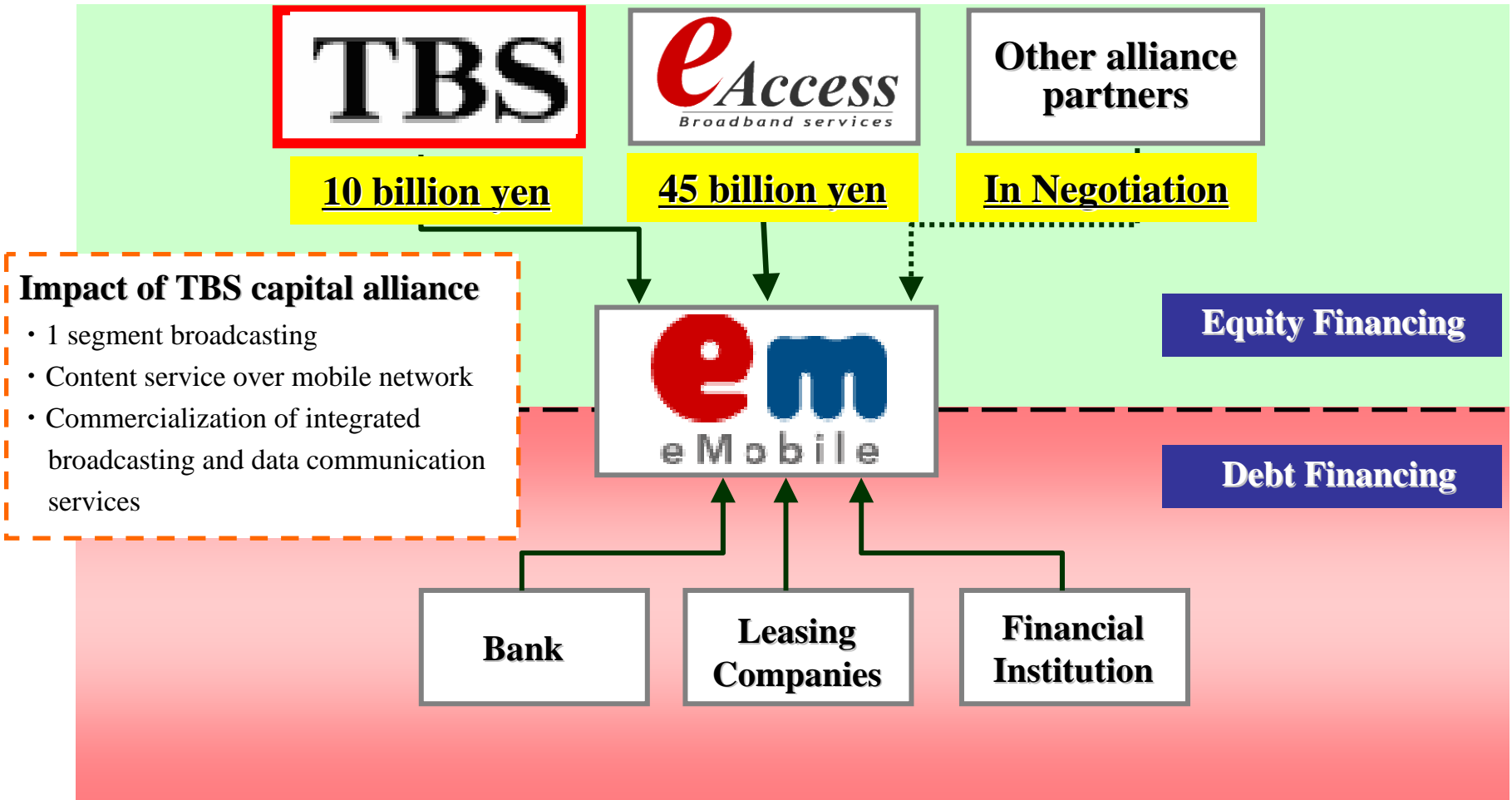
- Expect to spend up to 300 billion yen to build a nationwide network which could accommodate 5 million subscribers.

Financing Plan

- Raise capital through third party placement equity financing. Completed 55 billion yen equity financing at the end of October 2005. Plan to expand further eMobile's equity.
- Capex is expected to be funded by a combination of debt financing.

Capital alliance of eMobile

Completed 10 billion yen capital alliance with TBS.



1.7GHz FDD Field Trial

Preparation for the full nationwide commercial roll out

Purpose

Gain knowledge and gather data to prepare for the full nationwide commercial roll out.

Time

From May 2005

Area

Tokyo (Setagaya, Shinjyuku)

Results

Achieved good transmission of Voice, Packet, and HSDPA

Antenna



Base Station



Route for through put measurements



Next generation concept handset display booth at major retail electronics store



Gathered questionnaires from consumers on services and pricings.

Concept handset display at prime retail outlet.



*The handsets are concept mock up of eMobile service.

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FY2005 2H Strategy

ADSL/ISP Business

<ADSL business>

- Expect a subscriber increase by (1) providing bundled service with KDDI's Metal Plus services, (2) expanding service areas and (3) promoting dial up user to migrate to ADSL.

<ISP business>

- Margin and profit expansion by improving synergies between ADSL and ISP divisions.

Mobile Business

- Expect to be granted a full mobile commercial license. Commence preparation for the commercial service.
- Plan to achieve a fully funded business plan for eMobile before the service launch.

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