

eAccess Limited [9427]

**1st Quarter Results for Fiscal Year Ending 3/2007
(4/2006 ~ 6/2006)**



August 9th, 2006

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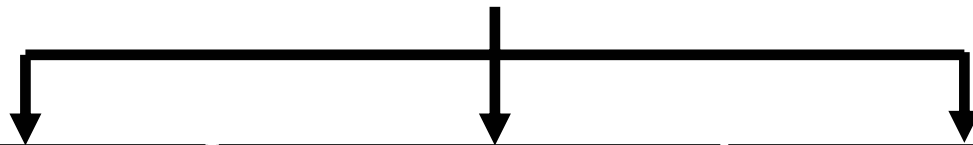
Corporate Overview

eAccess Ltd.

Date of Establishment: November 1, 1999

Capital Shares and capital reserve: 21.5 billion yen

Number of Employees: Approximately 600*



ADSL

Japan's Largest ADSL
Wholesale Operator



AOL

Internet Service Provider
Acquired in July 2004

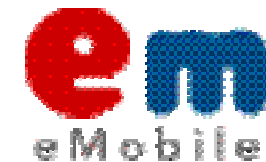


WiMAX

Feasibility Study

Subsidiary

46.2% ownership



eMobile

Establishment: January 5, 2005

Capital shares and capital reserve:

143.2 billion yen

*The number includes eMobile employees.

(As of August 2006)

FY2006/1Q Highlights

ADSL/ ISP

Achieved 12,000 ADSL net subscriber addition in 1Q
to a total accumulated subscribers of 1.93 million

Strong growth in ADSL/ISP revenue and profits in 1Q

Mobile

Completed 363.2 billion yen financing which will
satisfy the funding requirement of our mobile plan

Completed Phase 1 cell planning for data service launch
Start rolling out network in Tokyo Osaka Nagoya areas

Financial

Parent base operating profit increased by 63.8% YoY,
with operating margin of 22.8%

Achieved consolidated operating margin of 15.1%,
despite of initial start-up loss for eMobile

Shareholders Return

Commence quarterly dividend payout from 2Q (900 yen per share)
Expect annual dividend payout to be 1,800 yen per share

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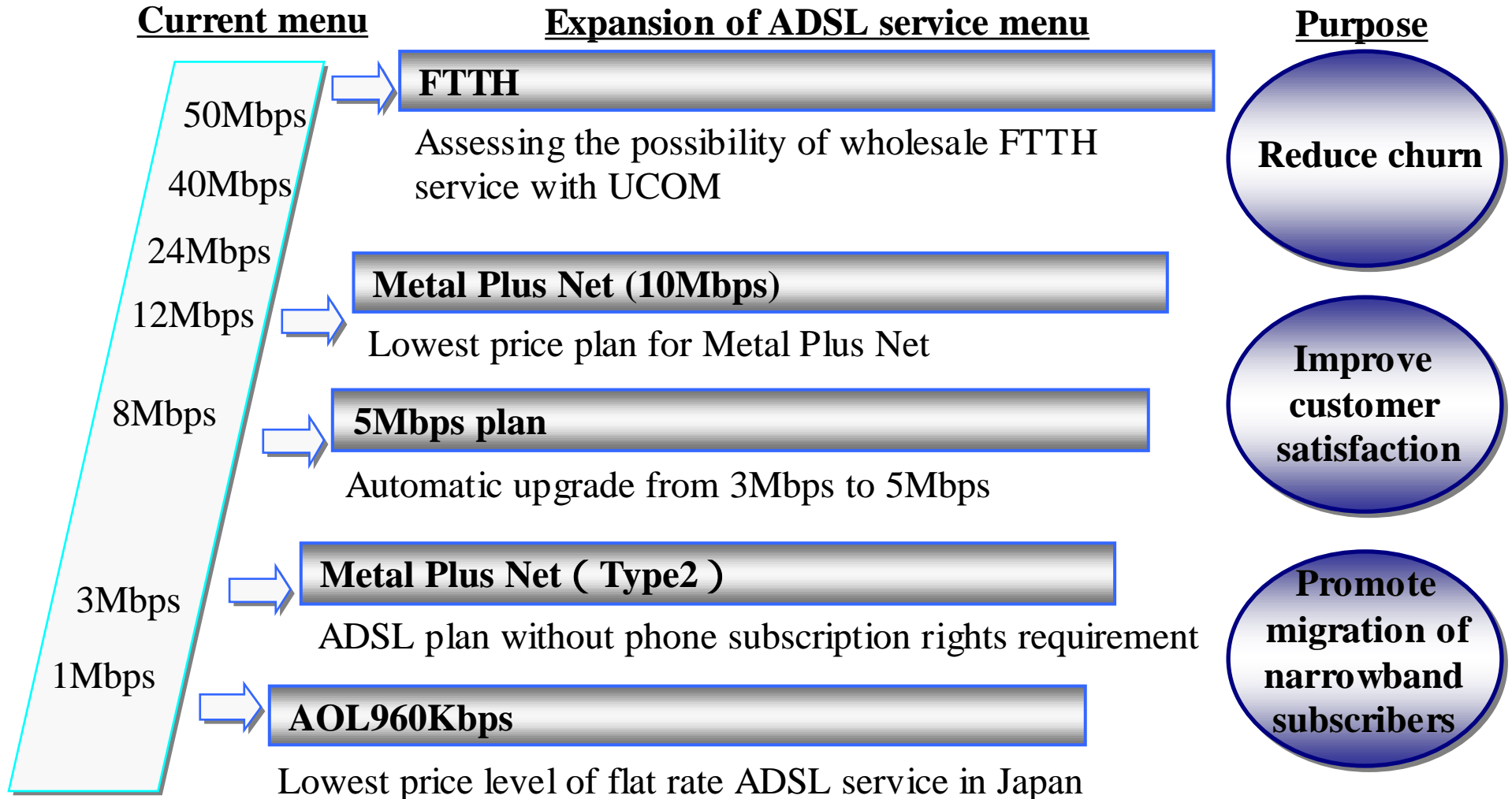
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ADSL • ISP Business

Expansion of ADSL Service Menu

Expanding our ADSL service menus through cooperation with partner ISPs to meet user demand from different segments



Churn Trend

**Churn rose in 1Q due to seasonal moving period in April.
Achieved net subscriber addition by expanding ADSL service menu
and implementing churn reduction measures.**

- Average monthly churn in 1Q increased to 2.08% from 4Q 2005 (Jan-March 2006) due to the moving season. Monthly churn rate decreased since the peak in April.

-April: 2.49% May: 1.98% June: 1.77%

-1QAverage: 2.08%

[Retention Measures]

Continued retention measures with Partner ISPs

- Automatic upgrade from 3M to 5M
- Free charge for moving houses
- Free charge for changing service menu
- Initiate long-term discount
- Free installation support etc.

Increasing page view by expanding access menu and improving contents

Contents

- Strengthen contents by improving functions of AOL diary and increasing movie and music related contents within the entertainment section.



AOL Entertainment
Find music, movies, and your own style

Expanding lower speed menu

- Introduction of new service in July 2006
 - 5Mbps plan** : 3,024 yen/month
(IP phone bundled menu)
 - Existing 1Mbps users can upgrade to 5Mbps plan for free of charge
 - 960Kbps plan** : 1,995 yen/month
 - Lowest price level of flat rate ADSL service.
- Maintain lower churn, increase subscriber acquisition and promote migration to broadband, by offering a wide range of service menus to meet user demand.



WiMAX Project

Commenced WiMAX field trial, to prepare for the WiMAX commercial license

- Dec 2005 : Established WiMAX division
- Apr 2006 : Applied for mobile WiMAX field trial license
- July 2006 : Obtained mobile WiMAX field trial license, and commenced field trials

【Summary of field trial】

Spectrum : 2.5GHz

Trial Period : 1 year

Trial Area : Three cell sites within Tokyo 23 wards

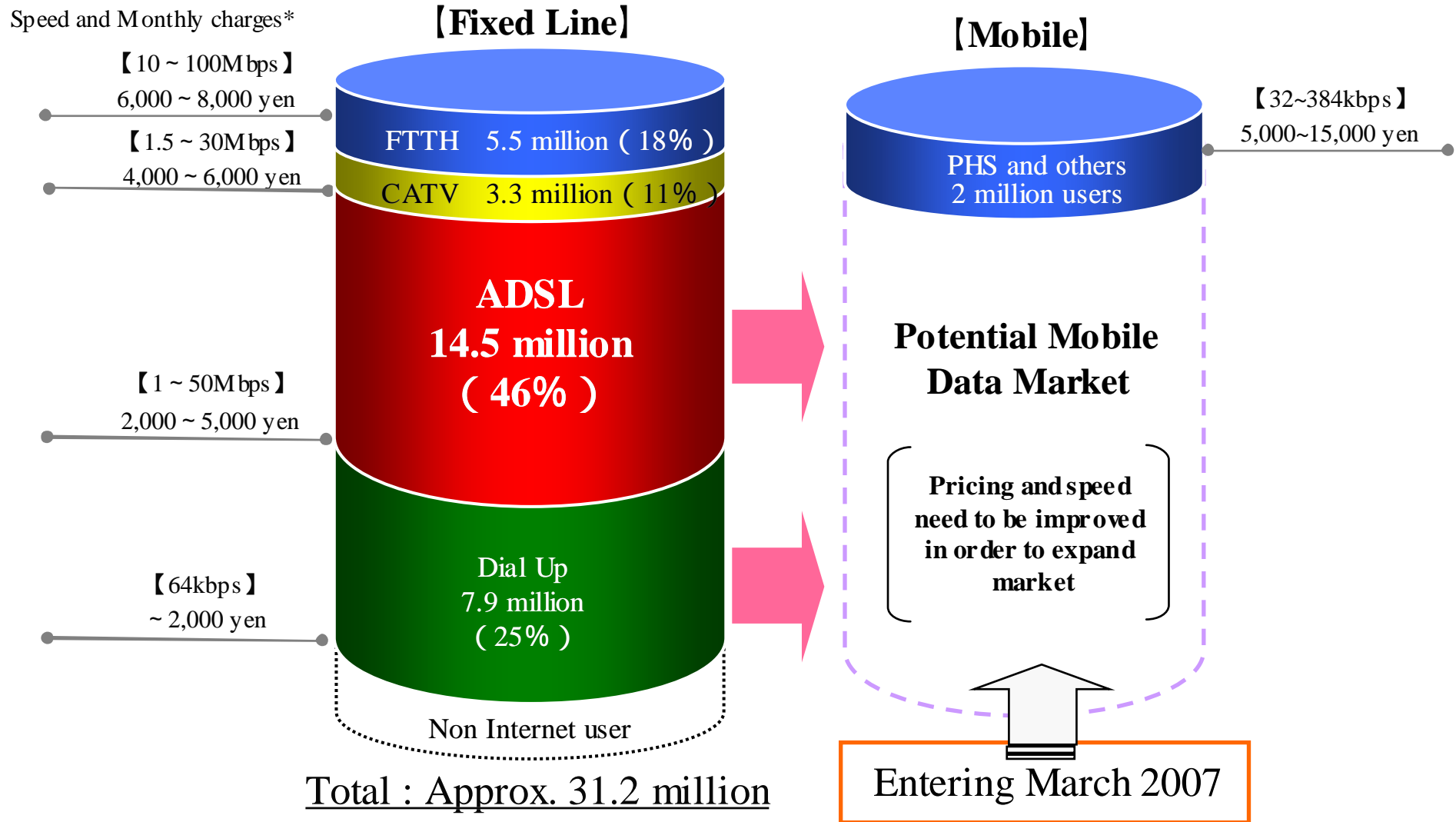
Purpose : Gather data and information relating to cell design and equipment.

***eAccess is the first operator** to conduct field trial within Tokyo 23 wards



eMobile Strategy

Fixed & Mobile Internet Access



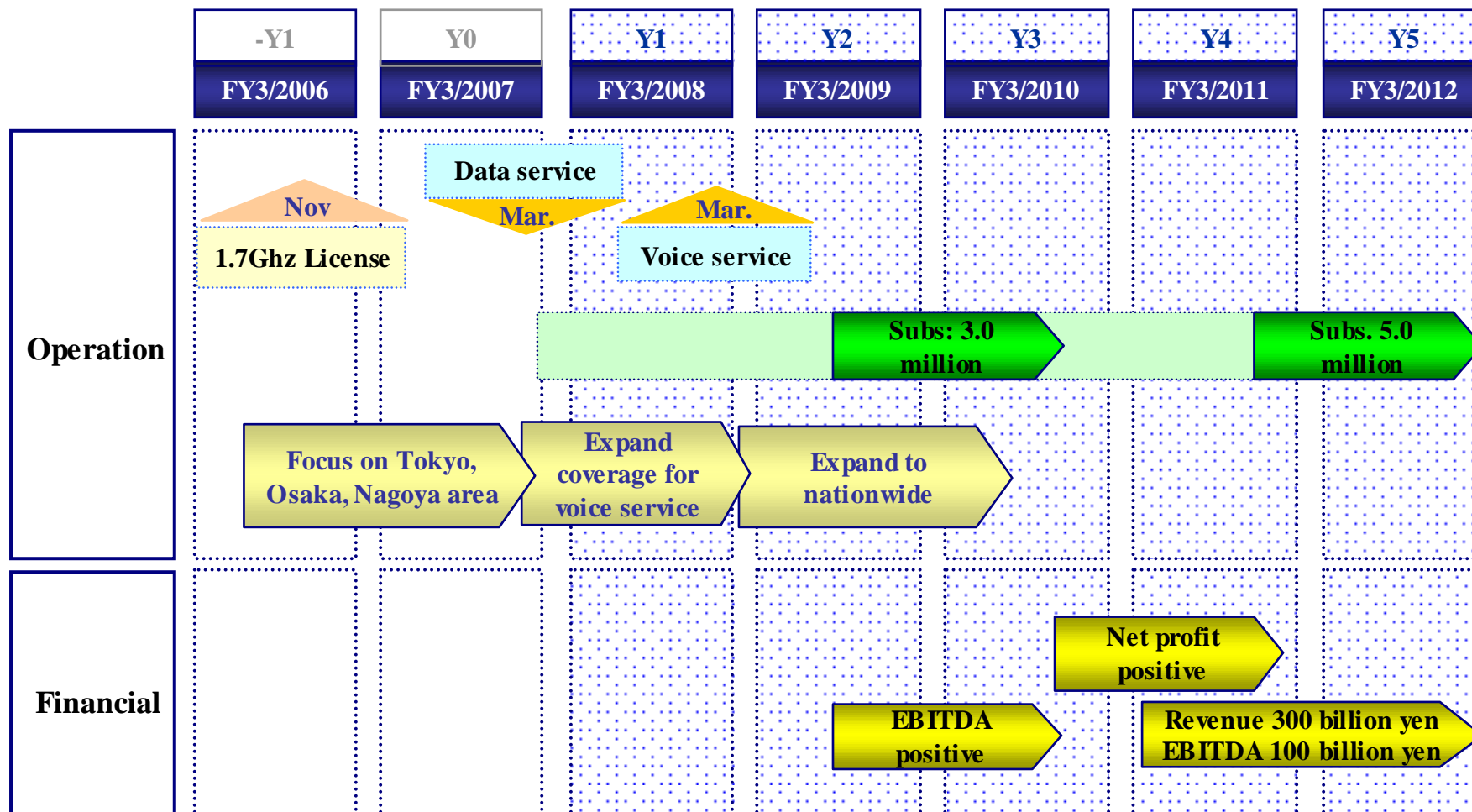
(As of March 2006) Source: MIC

*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.

eMobile Business Plan Schedule

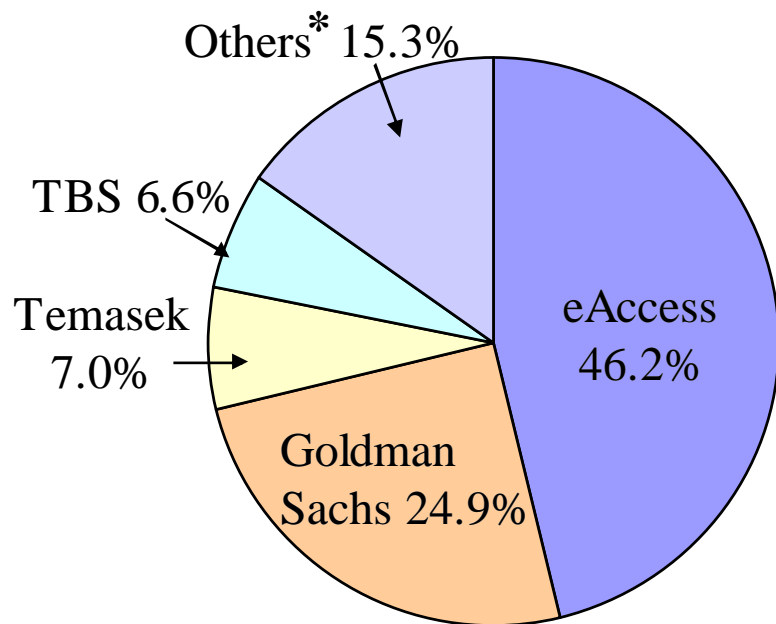
Completed financing as planned
Building the network to prepare for the data service launch in 3/2007



eMobile Financing Structure

Completed financing of 363.2 billion yen for eMobile's funding requirement

Equity 143.2 billion yen + **Debt 220 billion yen** = **363.2 billion yen**

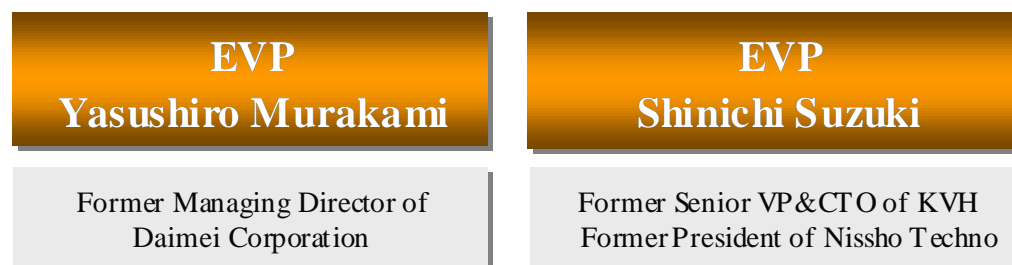


Bank Loan : total 13 banks



*Woodperker Group, New World TMT, Mitsui&Co., YodobashiCamera, BicCamera, Kojima, Yoshimoto Kogyo (Sedona Capital) etc...

eMobile Board of Directors Structure



Network Construction Process



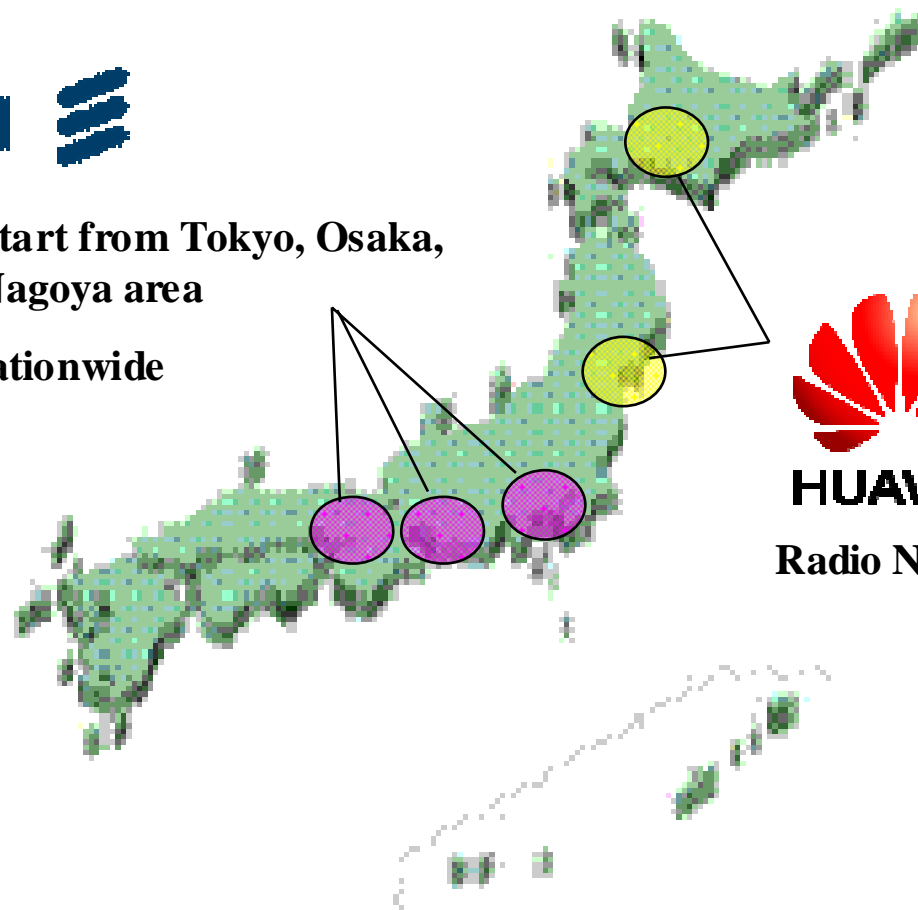
Network Construction

**Selected Ericsson and Huawei as our two major vendors,
eMobile is rolling a full nationwide 3.5G (HSDPA) network**



**Radio Network : Start from Tokyo, Osaka,
Nagoya area**

Core Network : Nationwide



**Radio Network : Start from Sendai,
Sapporo area**

eMobile has selected Huawei as our second RAN network vendor.



HUAWEI

Huawei Technologies

- Headquarters: Shenzhen, China
Sales in 2005: \$8.2 billion
Employee: 40,000
- Providing mainly WCDMA related equipments to the leading next generation telecom network vendor serving 28 of the world's top 50 operators, and Serving over one billion users worldwide
- Nearly a half of employee is dedicated to R&D. Major R&D centers are located in Bangalore, India and Silicon Valley.



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FY2006/1Q Financial Results

Parent achieved 39.8% EBITDA margin and 22.8% operating profit margin. Mobile business start-up losses were absorbed by ADSL/ISP business profit. Consolidated operating margin was 15.1%.

	FY2005	FY2006	YoY Comparison	FY2006		
	1Q (2005/4-6)	1Q (2006/4-6)		1Q (2006/4-6)		
	Non-Consolidated	Parent		YoY %	ADSL·ISP	+ Mobile
(billion yen)						
Revenue	15.22	14.29	- 6.1 %	14.29	-	14.29
Operating profit	1.99	3.26	+ 63.8 %	3.26	- 1.10	2.16
Recurring profit	1.58	2.93	+ 85.4 %	2.93	- 1.61	1.32
Net Income	0.93	1.75	+ 88.2 %	1.75	- 1.62	0.97
EBITDA	4.87	5.70	+ 17.0 %	5.70	- 1.09	4.60
Capex	1.75	1.46	- 16.6 %	1.46	0.47	1.93
Depreciation	2.89	2.43	- 15.9 %	2.43	0.01	2.44

*Minority interest adjustment of 0.83 billion yen in the net income line.

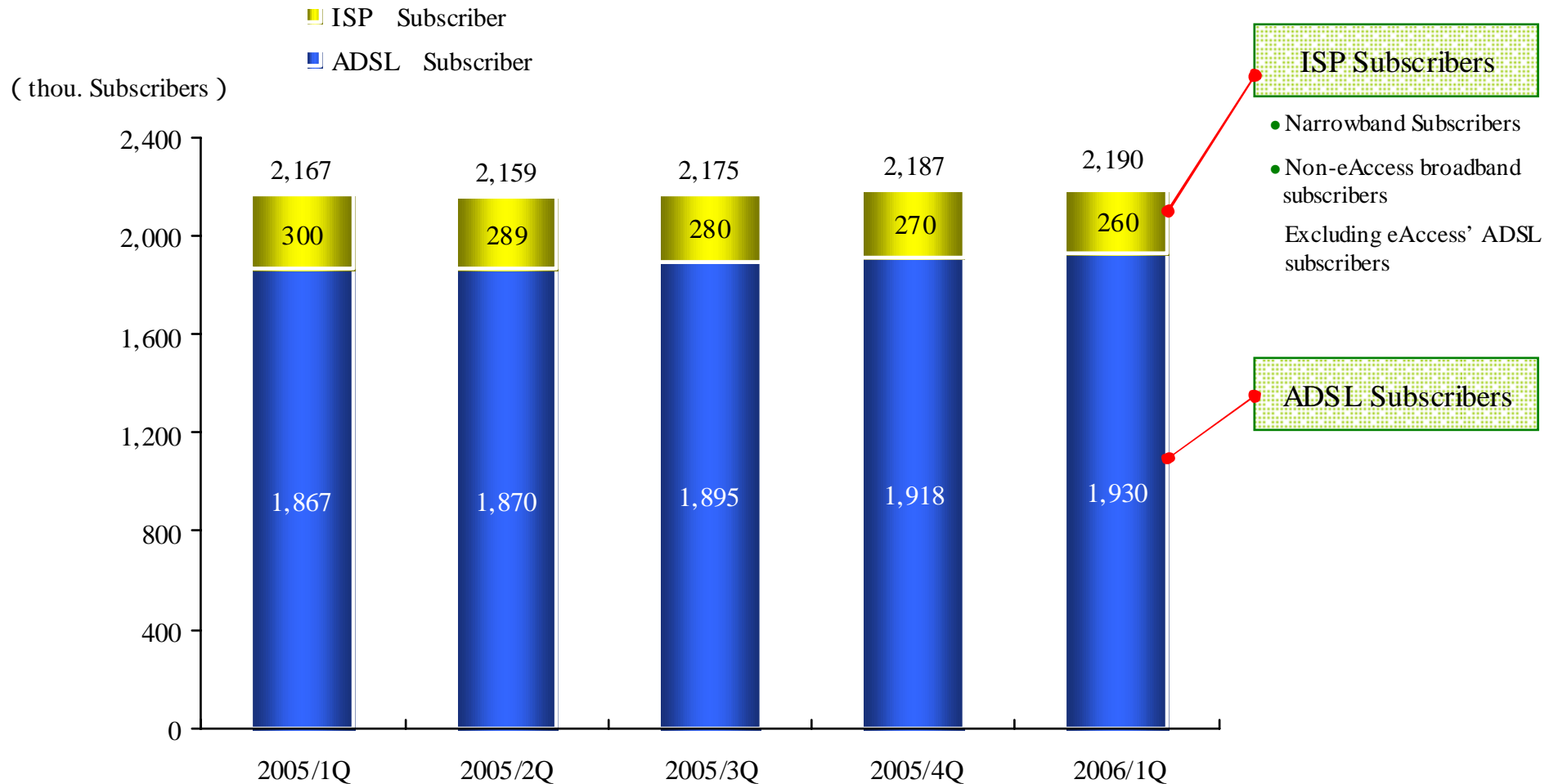
Financial Progress

ADSL/ISP business progressed in-line with forecast
Mobile business start-up costs and Capex are mostly incurred FY2006/2H

	Non-Consolidated			Consolidated		
	1Q	Forecast	Progress	1Q	Forecast	Progress
(billion yen)						
Revenue	14.29	56.00	25.5 %	14.29	56.00	25.5%
Operating profit	3.26	10.90	29.9 %	2.16	- 3.20	NA
Recurring profit	2.93	9.70	30.2 %	1.32	- 6.30	NA
Net Income	1.75	5.40	32.4 %	0.97	- 1.30	NA
EBITDA	5.70	20.50	27.8 %	4.60	6.90	66.7 %
Capex	1.46	13.00	11.2 %	1.93	93.70	2.1 %
Depreciation	2.43	9.60	25.3 %	2.44	10.10	24.2 %

ADSL/ISP Subscriber Growth

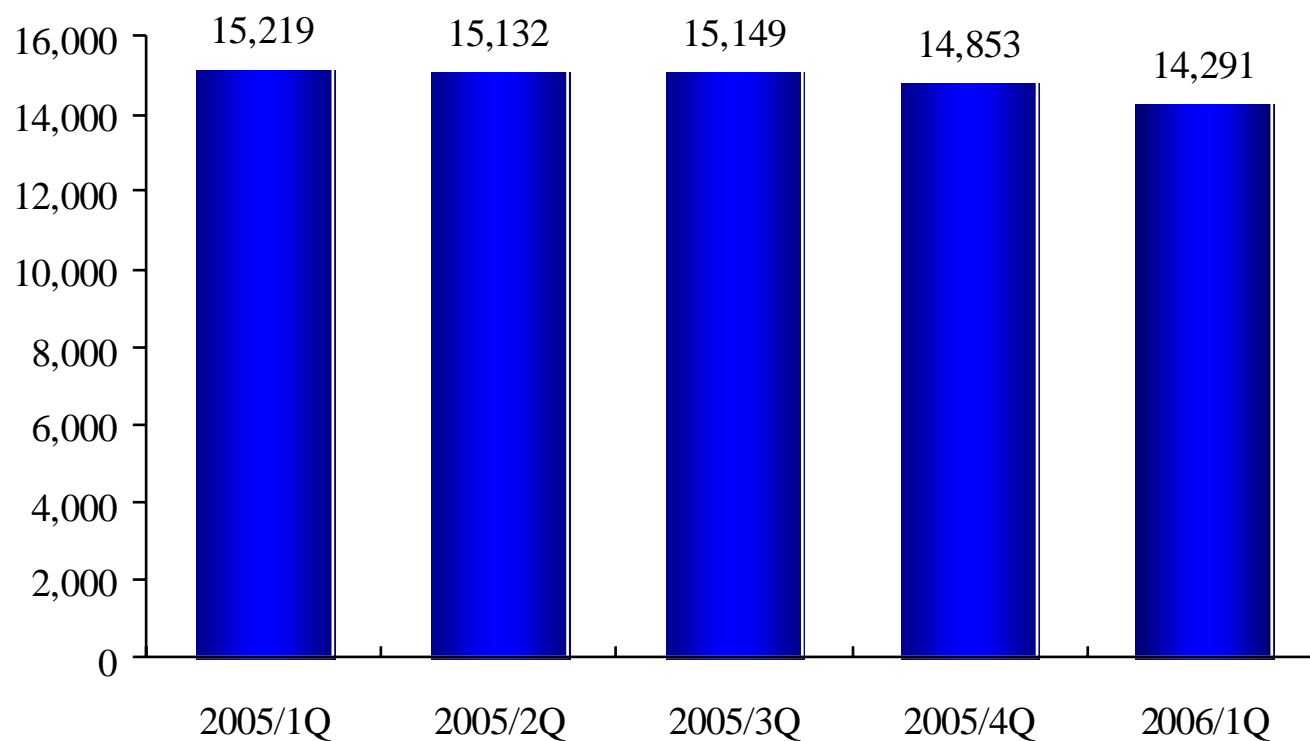
Achieved net subscriber addition through increasing demand for low-speed ADSL service and the bundling with Metal Plus service



Revenue Growth

Revenue decline was in-line with the expected ARPU dilution from rising Metal Plus and 1Mbps ADSL subscribers

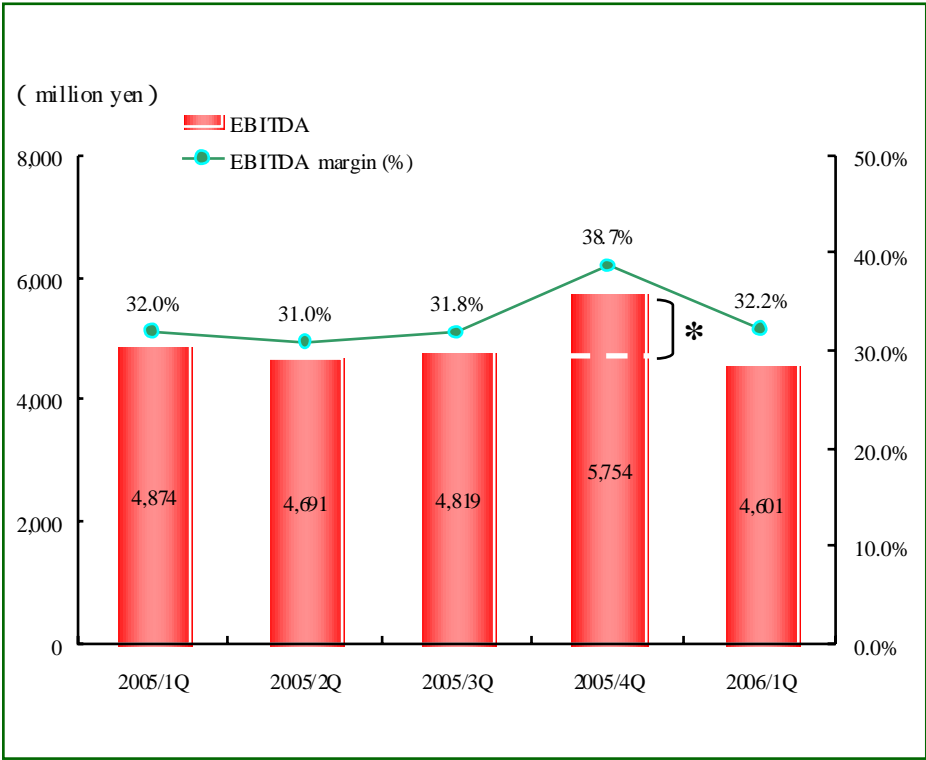
(million yen)



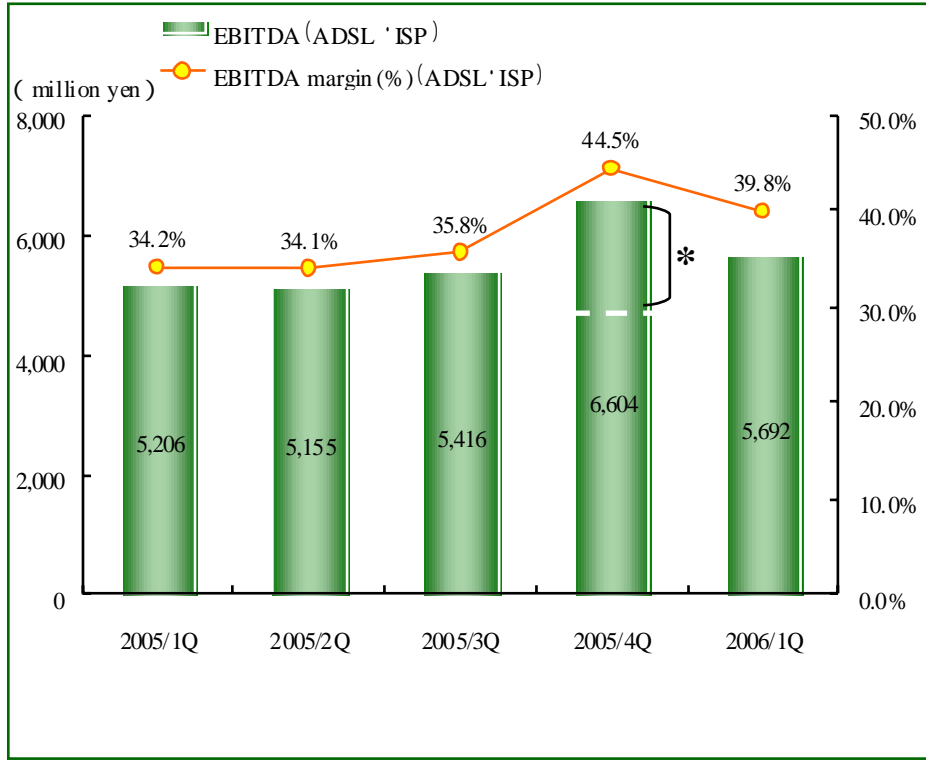
EBITDA Trend

Achieved high level of EBITDA margin of 39.8% up by 5.6% point YoY for ADSL/ISP business through continuous cost cutting effort

EBITDA and EBITDA margin trend (Consolidated Basis)



EBITDA and EBITDA margin trend (ADSL·ISP Only)

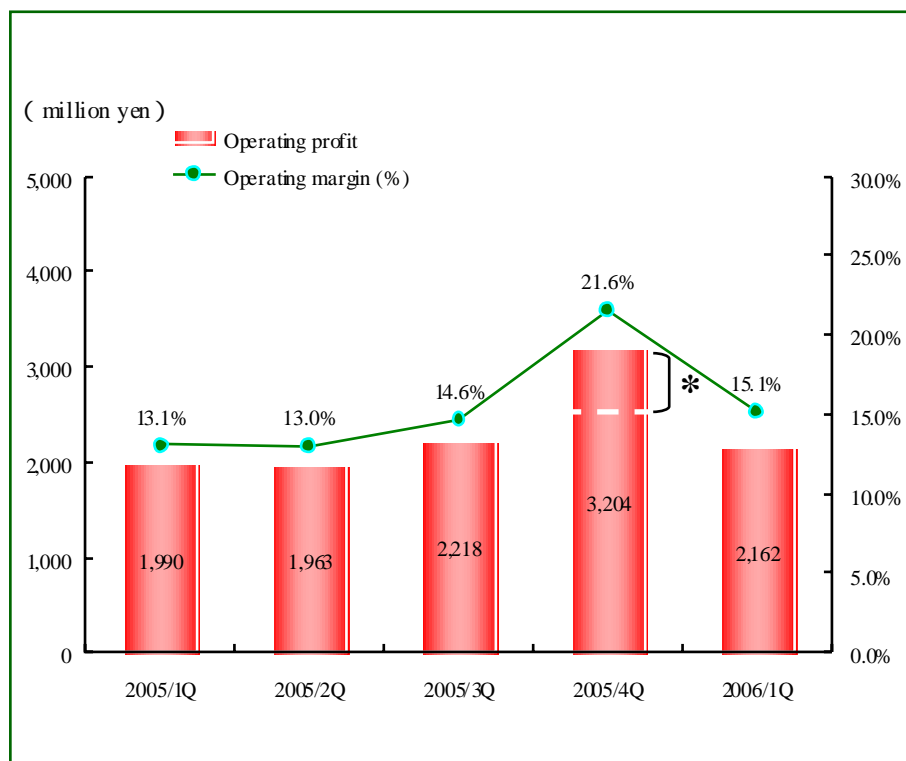


*2005/4Q figure includes NTT charges retroactive adjustment of approx. 1,000 million yen.

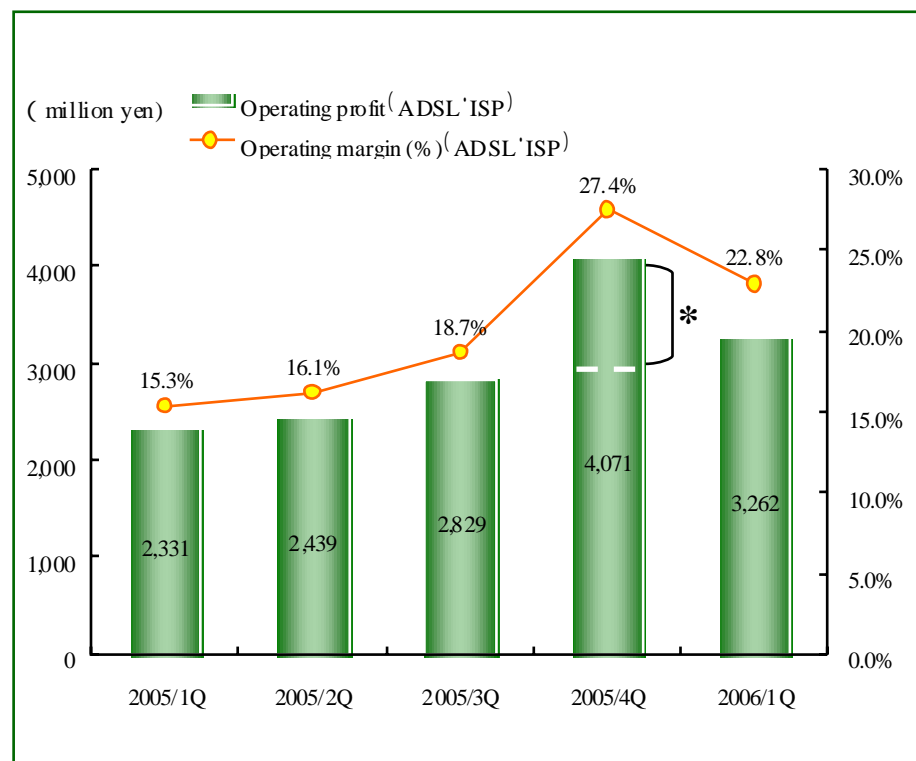
Operating Profit Trend

Operating margin for ADSL/ISP business increased 7.5% point YoY due to a decline in depreciation and operating expenses

Operating profit and Operating margin trend
(Consolidated Basis)



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

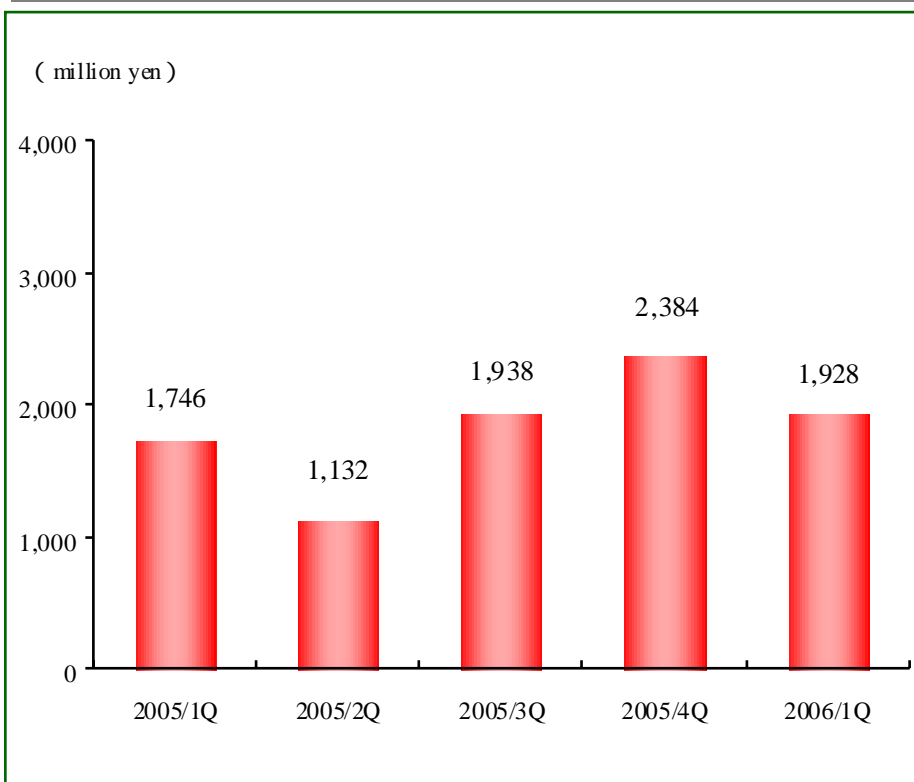


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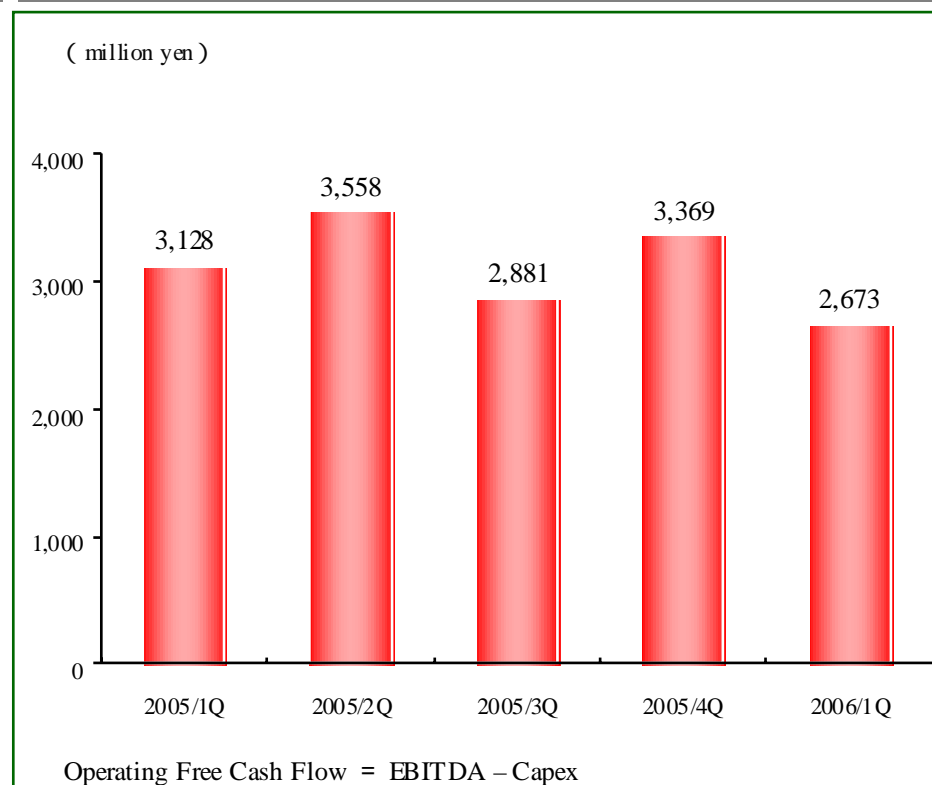
Capex and Operating FCF Trend

Capex in 1Q is mainly for ADSL/ISP business
Mobile business Capex are incurred mainly in 2H

Consolidated Capex Trend



Consolidated Operating Free Cash Flow Trend



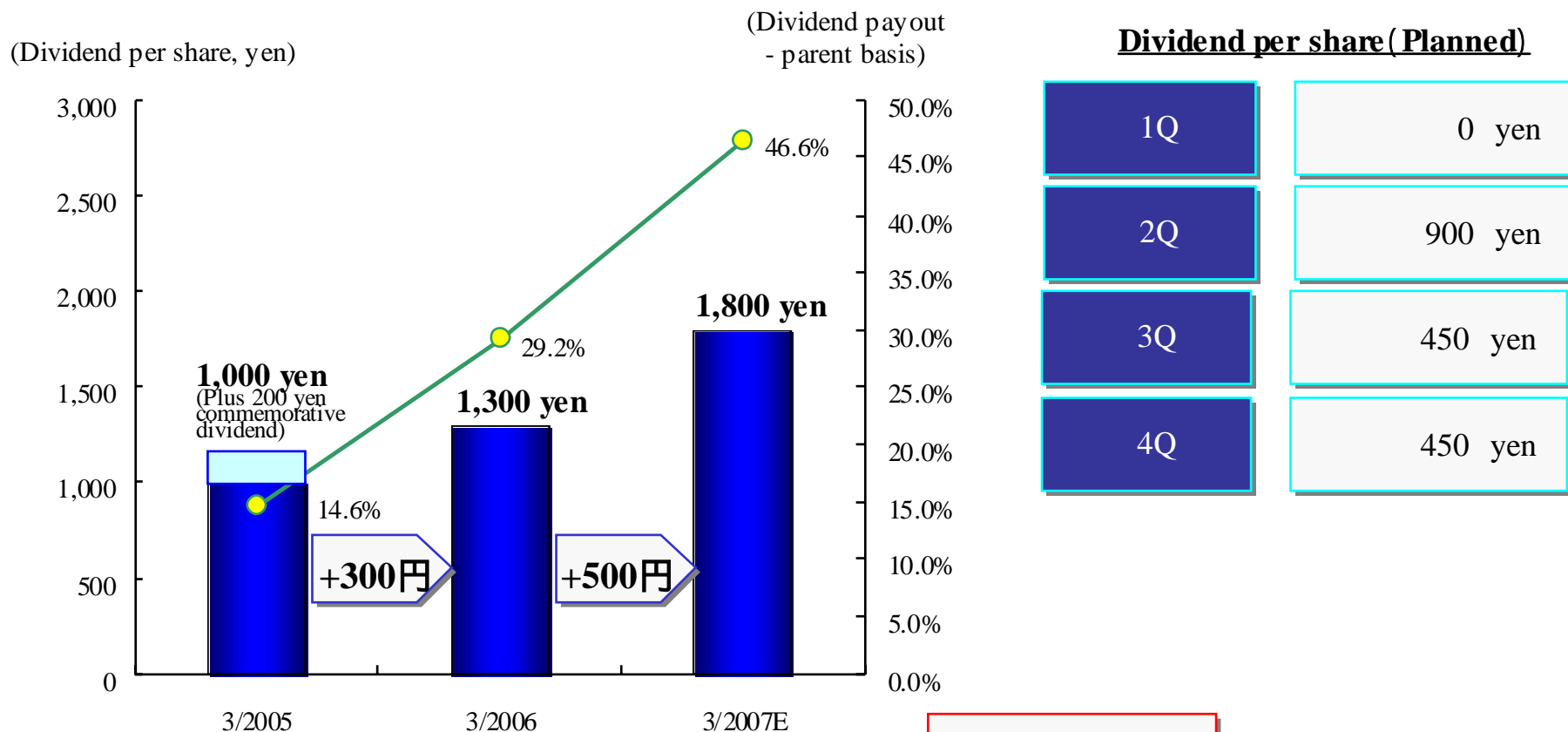
Balance Sheets

**Maintain a very strong balance sheet for ADSL service expansion and mobile business
Consolidated gross cash position reached 187.1 billion yen
with a net cash position reached 93.9 billion yen**

(billion yen)	<Consolidated> As of June 30, 2006		<Parent> As of June 30, 2006	
	Balance	Share of Total	Balance	Share of Total
Cash and Cash Deposit	187.07	84.9 %	53.33	39.1 %
Debt	93.13	42.3 %	93.13	68.3 %
Net Debt	- 93.94	--	39.81	29.2 %
Minority Interest (eMobile)	84.94	38.6 %	--	--
Total Shareholders' Equity	33.69	15.3 %	35.20	25.8 %
Total Asset	220.24	100.0 %	136.39	100.0 %
Net Debt/Equity ratio(%)	- 278.8%	--	113.1 %	--

Creating High Shareholders Return

Plan to payout quarterly dividend from 2Q. Mid-term dividend is planned to be 900 yen.



Dividend Yield	1.32% ^{*1}	1.43% ^{*1}	2.52% ^{*2}
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Highest level of dividend yield in industry

*1 Based on the March end stock price of each fiscal year.
*2 Based on the stock price on August 8, 2006 of 71,400 yen

Disclaimer

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