

eAccess Ltd.

RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS

AS OF AND FOR THE SIX MONTHS ENDED

September 30, 2013

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 = ¥98.29, the exchange rate in effect as of September 30, 2013, 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 Six Months Ended September 30, 2013

eAccess Ltd. became a member of the SoftBank group (“the Group”) on January 1, 2013 and the Company has endeavored to contribute to the total growth of the business as well as the enhancement in corporate value for the Group by focusing on the expansion of mobile broadband business leveraging the business resources and expertise available across the Group.

For the six months ended September 30, 2013 the Company’s total revenue decreased by 11.7% year on year to ¥95,771 million. This is primarily because Mobile service revenue and associated direct service expenses in terms of MVNO business are recognized as net sales basis since the beginning of this fiscal year. This presentation change has no earnings impact at all. On the other hand, operating profit increased by 99.4% year on year to ¥17,165 million, and recurring profit increased by 265.6% year on year to ¥11,241 million after recording non-operating loss of ¥5,924 million, net of non-operating income and expenses. As a result, net income increased by 232.3% year on year to ¥12,335 million.

Operating results by segment for are as follows.

(¥ in millions)

	Six months ended September 30, 2013	
	Revenue	Segment profit (operating profit)
Mobile Business	81,650	12,996
Fixed Broadband Business	14,121	4,169
Total	95,771	17,165

In the Mobile Business, the Company has accumulated total number of subscribers of 4,415 thousand as of September 30, 2013, up 156 thousand, or 3.7%, from September 30, 2012. Revenue of Mobile Business for the period was ¥81,650 million, down 9.1% year on year due to the presentation change stated earlier, at the same time its segment profit (operating profit) was ¥12,996 million, up 329.4% year on year after reflection of

business optimization initiative among the Group.

In the Fixed Broadband Business, the accumulated total number of ADSL subscribers has been shrinking to 1,053 thousand, down by 23.5% year on year as of September 30, 2013, mainly due to the penetration of high-speed mobile broadband services such as LTE. As a result, revenue for the period continued to decline by 24.3% year on year to ¥14,121 million and its segment profit (operating profit) declined by 25.3% year on year to ¥4,169 million.

2. Financial Statements

(1) Balance sheets

(As of March 31, 2013 and September 30, 2013)

	(¥ in millions)		(\$ in thousands)	
	Prior Year End (As of March 31, 2013)	Current 2nd-qr End (As of September 30, 2013)		
(ASSETS)				
Current assets				
Cash and deposits	72,623	96,480	981,589	
Accounts receivable-trade	38,313	36,505	371,406	
Accounts receivable-other	4,263	1,011	10,290	
Merchandise	2,291	5,119	52,078	
Other current assets	5,920	5,121	52,105	
Deferred tax asset (short-term)	11,267	6,982	71,032	
Allowance for bad debt	(2,569)	(2,716)	(27,631)	
Total current assets	132,107	148,503	1,510,868	
Fixed assets				
Tangible fixed assets	151,740	151,009	1,536,364	
Intangible fixed assets	28,935	32,893	334,656	
Long-term other accounts receivable	0	0	0	
Fixed assets-other	26,988	29,550	300,642	
Deferred tax asset (long-term)	11,360	15,429	156,975	
Allowance for bad debt	(102)	(98)	(996)	
Total fixed assets	218,921	228,784	2,327,640	
Deferred assets	708	637	6,483	
TOTAL ASSETS	351,737	377,924	3,844,992	

Balance Sheets (Continued)

(As of March 31, 2013 and September 30, 2013)

	(¥ in millions)	(\$ in thousands)	
	Prior Year End (As of March 31, 2013)	Current 2st-qr End (As of September 30, 2013)	
(LIABILITIES)			
Current liabilities			
Accounts payable-trade	4,320	3,998	40,672
Short-term bank Loan	6,300	130,000	1,322,617
Current portion of long-term debt	33,128	30,036	305,583
Current portion of lease obligations	8	2	22
Current portion of installment obligations	15,023	12,169	123,810
Other accounts payable	41,704	30,737	312,713
Other current liabilities	17,551	10,596	107,803
Total current liabilities	118,035	217,537	2,213,220
Long-term liabilities			
Long-term debt, less current portion	88,255	0	0
Bonds, less current maturities	63,611	67,392	685,643
Installment obligation, less current portion	4,251	3,144	31,985
Other long-term liabilities	869	942	9,583
Total long-term liabilities	156,986	71,478	727,212
TOTAL LIABILITIES	275,022	289,015	2,940,432
(NET ASSEIS)			
Shareholders' equity			
Capital stock	43,286	43,286	440,393
Capital surplus	74,034	74,034	753,220
Retained earnings	(40,779)	(28,444)	(289,388)
Total shareholders' equity	76,541	88,876	904,225
Valuation and translation adjustments	174	33	335
TOTAL NET ASSEIS	76,715	88,909	904,560
TOTAL LIABILITIES AND NET ASSEIS	351,737	377,924	3,844,992

(2) Statement of Operations

(For the six months ended September 30, 2012 and 2013)

	Prior 2nd-qr (Six months ended September 30, 2012)	Current 2nd-qr (Six months ended September 30, 2013)	
		(¥ in millions)	(\$ in thousands)
Revenue	108,465	95,771	974,368
Cost of revenue	42,566	39,939	406,333
Gross profit	65,900	55,832	568,034
Selling, general and administrative expenses	57,290	38,667	393,396
Operating profit	8,610	17,165	174,638
Non-operating income	174	4,951	50,370
Non-operating expenses	5,710	10,875	110,641
Recurring profit	3,075	11,241	114,367
Non-recurring profit	764	1,404	14,283
Non-recurring loss	607	2	19
Income before income taxes	3,231	12,643	128,631
Corporate tax, ect	(481)	308	3,132
Net income	3,712	12,335	125,499

(3) Statement of Cash Flows

(For the three months ended September 30, 2012 and 2013)

Statement of Cash Flows

(For the six months ended September 30, 2013)

	(¥ in millions)		(\$ in thousands)	
	Prior 2st-qt (Six months ended September 30, 2012)	Current 2st-qt (Six months ended September 30, 2013)		
Cash flows from operating activities				
Income before income taxes	3,231	12,643	128,631	
Depreciation	19,048	14,089	143,337	
Decrease (increase) in working capital	1,694	(674)	(6,857)	
Interest paid	(4,632)	(5,408)	(55,020)	
Income taxes paid	(13)	(4,424)	(45,010)	
Net cash provided by operating activities	19,328	16,226	165,081	
Cash flows from investing activities				
Purchase of tangible fixed assets	(13,012)	(18,831)	(191,582)	
Purchase of intangible fixed assets	(3,248)	(7,861)	-	
Outlay of long-term prepaid expense	-	(564)	(5,735)	
Others	206	5,840	59,414	
Net cash provided by (used in) investing activities	(16,054)	(21,416)	(217,883)	
Cash flows from financing activities				
Repayments of capital lease obligations	(123)	(7)	(76)	
Proceeds from sales and redemption by installment payment	8,951	6,574	66,887	
Repayments of installment obligations	(8,771)	(10,536)	(107,189)	
Proceeds from short-term debt	6,300	130,000	1,322,617	
Repayments of short-term debt	-	(6,300)	-	
Proceeds from long-term debt	6,002	6,737	68,544	
Repayments of long-term debt	(11,643)	(98,084)	(997,909)	
Payments for arrangement of interest bearing debt	(681)	(243)	(2,472)	
Redemption of bonds	(1,054)	-	-	
Proceeds from settlement of derivatives	-	1,092	-	
Proceeds from stock issuance, net	-	(172)	-	
Purchase of preferred stock	(2,774)	-	-	
Dividends paid	(1,475)	(14)	(145)	
Net cash provided by (used in) financing activities	(5,268)	29,047	295,528	
Valuation adjustments in cash and cash equivalents	(7)	0	-	
Net change in cash and cash equivalents	(2,001)	23,858	242,726	
Cash and cash equivalents at the beginning of the period	38,412	70,841	720,739	
Cash and cash equivalents at the end of the period	36,411	94,699	963,465	

[Notes]

Items subject to consumption tax, etc. are recorded at amounts exclusive of consumption taxes, etc.

Quarterly Results for Fiscal Year 3/2014 Supplemental Financial Information

(in million yen)

Fixed-line Business	Fiscal Year 3/2013					Fiscal Year 3/2014	
	1Q (4-6/2012)	2Q (7-9/2012)	3Q (10-12/2012)	4Q (1-3/2013)	Full-year/ Year-end	1Q (4-6/2013)	2Q (7-9/2013)
EBITDA	3,712	3,481	3,060	2,610	12,862	2,486	2,429
Capital expenditures	488	1,488	670	1,275	3,922	91	138
Net add subscribers (thousands)	-104	-86	-85	-93	-368	-84	-60
Accumulated subscribers (thousands)	1,461	1,375	1,290	1,197	1,197	1,113	1,053
ARPU (yen/month)	1,987	1,983	1,977	1,979	1,982	1,981	1,971
Churn rate (%/month)	2.53%	2.22%	2.29%	2.63%	2.42%	2.59%	1.97%
SAC (yen)	7,500	8,500	6,000	8,500	7,500	7,500	7,500

Note: EBITDA=Operating profit + Depreciation and amortization

Mobile Business	Fiscal Year 3/2013					Fiscal Year 3/2014	
	1Q (4-6/2012)	2Q (7-9/2012)	3Q (10-12/2012)	4Q (1-3/2013)	Full-year/ Year-end	1Q (4-6/2013)	2Q (7-9/2013)
EBITDA	10,834	11,912	13,834	8,792	45,373	14,281	13,093
Capital expenditures	6,781	9,284	9,721	16,844	42,631	9,604	8,131
Net add subscribers (thousands)	121	121	33	26	301	25	72
Accumulated subscribers (thousands)	4,138	4,259	4,292	4,319	4,319	4,343	4,415
ARPU (yen/month)	2,680	2,710	2,700	2,690	2,690	2,360	2,330
Churn rate (%/month)	1.45%	1.53%	1.48%	1.54%	1.50%	1.59%	2.10%
SAC (yen)	15,000	13,000	20,000	23,000	17,000	24,500	24,500

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses + Material items of cash income in the non-operating profit & non-recurring profit

Note: SAC includes variable costs only (retroactively adjusted for FY3/2012)

Note: Churn rate includes churn due to device upgrades in resale channel from FY3/2014

Note: Service revenue and associated direct service expenses in terms of MVNO business are recognized as net sales basis beginning FY3/2014.