

FINANCIAL RESULTS

【Third Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2011 -

eAccess consolidated EMOBILE as a 100% consolidated subsidiary through share exchange on 7/1/2010. This transaction is treated under the reverse acquisition accounting based on the accounting rules. Under this method EMOBILE results are recognized as the accounting parent company on the consolidated basis from 2Q FY3/2011. As a result, the results of 3Q FY3/2011 included 9-month (4-12/2010) EMOBILE results and 6-month (7-12/2010) eAccess.

1. Consolidated Balance Sheets

(Millions of Yen)

	Current 3rd-qr End (As of December 31, 2010)	Prior Year End (As of March 31, 2010)
	Amount	Amount
(ASSETS)		
Current assets		
1 Cash and cash deposit	64,978	26,110
2 Accounts receivable-trade	29,157	10,880
3 Merchandise	11,073	106
4 Other current assets	41,769	8,623
5 Allowance for bad debt	(3,767)	(10)
Total current assets	143,211	45,709
Fixed assets		
1 Tangible fixed assets		
(1) Machinery and equipments	9,720	10,234
(2) Wireless telecommunication equipments	98,808	-
(3) Other tangible fixed assets	30,477	5,702
Total tangible fixed assets	139,005	15,936
2 Intangible assets		
(1) Goodwill	10,186	-
(2) Other intangible fixed assets	50,846	2,614
Total intangible fixed assets	61,032	2,614
3 Investments and other assets		
(1) Investments and others	21,523	22,180
(2) Allowance for bad debt	(200)	-
Total investments and other assets	21,323	22,180
Total fixed assets	221,361	40,730
Deferred assets	11	425
TOTAL ASSETS	364,582	86,864

Consolidated Balance Sheets (Continued)

(Millions of Yen)

	Current 3rd-qr End (As of December 31, 2010)	Prior Year End (As of March 31, 2010)
	Amount	Amount
(LIABILITIES)		
Current liabilities		
1 Accounts payable-trade	3,322	2,098
2 Short-term debt	23,000	-
3 Current portion of long-term debt	58,858	2,854
4 Current maturities of bonds	5,048	1,848
5 Other accounts payable	14,583	3,089
6 Accrued expenses	5,536	5,988
7 Income tax payable	2,006	2,899
8 Provision	-	107
9 Other current liabilities	16,255	5,251
Total current liabilities	128,608	24,134
Long-term liabilities		
1 Bonds	22,179	26,126
2 Long-term debt	129,777	19,075
3 Other long-term liabilities	11,686	4,373
Total long-term liabilities	163,642	49,575
TOTAL LIABILITIES	292,249	73,709
(NET ASSETS)		
Shareholders' equity		
1 Common stock	18,472	18,392
2 Capital surplus	166,360	9,082
3 Retained earnings	(112,473)	(14,862)
Total shareholders' equity	72,359	12,612
Valuation and translation adjustments		
1 Valuation adjustment on securities investments	(1)	8
2 Deferred hedge gain / (loss)	(25)	28
Total valuation and translation adjustments	(26)	36
Minority interests	-	507
TOTAL NET ASSETS	72,332	13,155
TOTAL LIABILITIES AND NET ASSETS	364,582	86,864

2. Consolidated Statements of Operations

(Millions of Yen)

	Prior 3rd-qt (Nine months ended December 31, 2009)	Current 3rd-qt (Nine months ended December 31, 2010)
	Amount	Amount
Revenue	63,155	131,868
Cost of revenue	36,540	52,931
Gross profit	26,615	78,937
Selling, general and administrative expenses	10,975	63,230
Operating profit	15,640	15,707
Non-operating income		
1 Interest income	69	23
2 Dividend income	2	2
3 Other income	39	40
Total non-operating income	111	65
Non-operating expenses		
1 Interest expense	1,594	6,261
2 Equity in net losses of affiliates	5,464	-
3 Others	176	1,277
Total non-operating expenses	7,235	7,538
Recurring profit	8,516	8,234
Non-recurring profit		
1 Gain on sales of subsidiary's stock	-	13
2 Gain on negative goodwill	467	-
3 Gain on redemption of bonds	238	-
4 Others	124	1
Total non-recurring profit	829	14
Non-recurring loss		
1 Loss on disposition of fixed assets	341	152
2 Loss on write-down of securities investments	15	-
3 Loss on adjustment for changes of accounting standard for asset retirement obligations	-	83
4 Others	38	-
Total non-recurring loss	394	235
Income before income taxes and minority interests	8,952	8,014
Income tax expense-current	3,560	3,109
Income tax expense-deferred	2,100	131
Income before minority interests	3,292	4,774
Minority interests	83	-
Net income	3,208	4,774

3. Consolidated Statements of Cash Flows

(Millions of Yen)

	Prior 3rd-qt (Nine months ended December 31, 2009)	Current 3rd-qt (Nine months ended December 31, 2010)
	Amount	Amount
Cash flows from operating activities		
1 Income before income taxes and minority interests	8,952	8,014
2 Depreciation	5,671	24,088
3 Amortization of goodwill	-	536
4 Gain on negative goodwill	(467)	-
5 Gain on redemption of bonds	(238)	-
6 Loss on disposition of fixed assets	341	152
7 Loss on adjustment for changes of accounting standard for asset retirement obligations	-	83
8 Other loss	23	167
9 Increase (decrease) in allowance for bad debt	(23)	344
10 Interest and dividend income	(71)	(25)
11 Interest expense	1,594	6,261
12 Commission expense	-	1,066
13 Equity in net losses of affiliates	5,464	-
14 Adjustments for unrealized profit with affiliate	(222)	-
15 Gain on sales of subsidiary's stock	-	(13)
16 Decrease (increase) in trade accounts receivable	522	(1,515)
17 Decrease (increase) in inventories	186	1,616
18 Decrease (increase) in accounts receivable-other from affiliates	(11,165)	-
19 Decrease (increase) in other assets	(48)	5,853
20 Increase (decrease) in trade accounts payable	807	1,771
21 Increase (decrease) in other accounts payable	5,484	(1,367)
22 Increase (decrease) in accrued expenses	(874)	(342)
23 Increase (decrease) in provision for retirement benefits	(214)	-
24 Increase (decrease) in other liabilities	4,287	805
Subtotal	20,007	47,492
25 Interest and dividend received	55	33
26 Interest paid	(961)	(6,341)
27 Payments of income taxes	(3,569)	(2,539)
Net cash provided by (used in) operating activities	15,532	38,644
Cash flows from investing activities		
1 Proceeds from time deposits at maturity	-	2,500
2 Placement into time deposits	-	(2,500)
3 Decrease (increase) in restricted deposit	-	(291)
4 Purchase of tangible fixed assets	(2,689)	(19,507)
5 Purchase of intangible assets	(429)	(14,424)
6 Proceeds from sales of investments in subsidiaries	-	75
7 Purchase of investments in subsidiaries	(2)	-
8 Others	-	(17)
Net cash provided by (used in) investing activities	(3,120)	(34,163)
Cash flows from financing activities		
1 Repayments of capital lease obligations	(698)	(447)
2 Proceeds from sales and redemption by installment payment	-	6,991
3 Repayments of installment obligations	(1,138)	(9,207)
4 Proceeds from short-term debt	17,000	40,000
5 Repayments of short-term debt	(25,800)	(40,000)
6 Proceeds from long-term debt	6,159	6,926
7 Repayments of long-term debt	(667)	(42,926)
8 Payments for arrangement of interest bearing debt	-	(1,329)
9 Proceeds from issuance of bonds	16,486	688
10 Redemption of bonds	(21,257)	(924)
11 Purchase of treasury stock	(154)	(2,822)
12 Proceeds from stock issuance, net	47	-
13 Proceeds from stock issuance before share exchange	-	44,828
14 Proceeds from stock issuance after share exchange	-	105
15 Dividends paid	(2,679)	(3,464)
16 Dividends paid to minority shareholders	(56)	-
Net cash provided by (used in) financing activities	(12,756)	(1,581)
Net change in cash and cash equivalents	(344)	2,900
Cash and cash equivalents at the beginning of the period	68,541	49,311
Net increase in cash and cash equivalents as a result of business combination via share exchange	-	11,583
Cash and cash equivalents at the end of the period	68,196	63,795