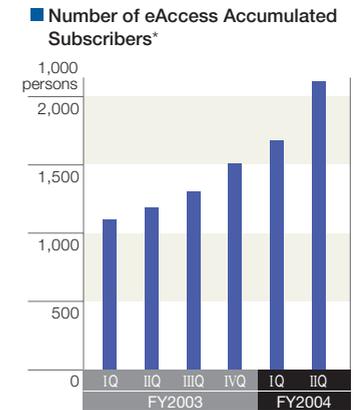
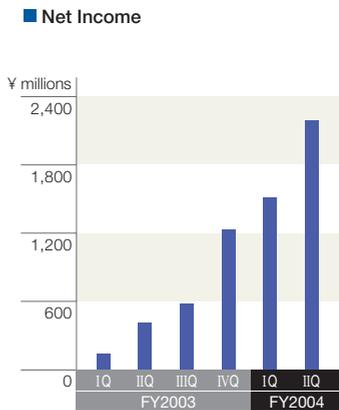
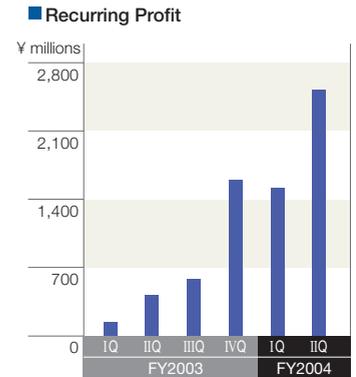
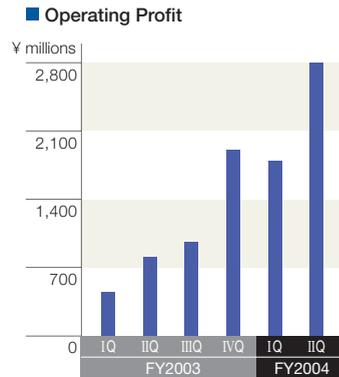
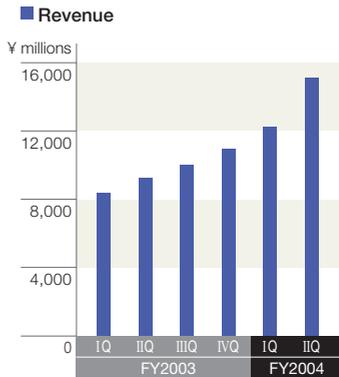




Quarterly Financial Highlights

eAccess continues to report improved business results while expanding its subscriber base.



* Includes AOL Internet service subscribers



Sachio Semmoto
Chief Executive Officer

Listed on the First Section of the TSE: eAccess is committed to fulfilling its social responsibilities and raising corporate value.

Dear Shareholders,

Since our establishment in 1999, we have focused on providing “a new and more efficient broadband life for all.” We have pursued our corporate mission by promoting competition and deregulation in the telecommunications market. We had acquired 1.78 million ADSL subscribers as of September 30, 2004, and posted a full-year net profit for the fiscal year ended March 31, 2004. We have steadily reinforced our operating foundation, and net income for the six months ended September 30, 2004, was 85% higher than our initial forecast.

In November 2004, eAccess was listed on the First Section of the Tokyo Stock Exchange (TSE1). The First Section of the TSE listing was achieved just one year after our listing on the TSE’s Mothers market and five years after the Company’s establishment. We appreciate the high level trust the market places in eAccess, and would like to

thank everyone associated with the Company for their generous support and guidance.

We plan to actively expand our operational base “from ADSL to mobile,” and commence various initiatives in the growing mobile broadband area.

In our role as a public company, we will continue fulfilling our social responsibilities. Our directors and employees will together strive to grow the Company’s business and thus earn your trust.

We thank our shareholders for their ongoing support and cooperation.

December 2004

A handwritten signature in black ink, consisting of four characters in a cursive style: 千本 健生 (Sachio Semmoto).

Sachio Semmoto
Chief Executive Officer

Profits Exceed Our Initial Forecasts

The broadband connection speeds and user-friendliness of our services continued to earn acclaim during the interim period. Our high-speed 47Mbps service (upgraded to 50Mbps from December 2004) performed well, as did our user-friendly 1Mbps service for broadband beginners. We also continued effective sales promotion activities in cooperation with ISPs, via our unique sales channel using electronic retail stores.

Consequently, we had a total of 1.78 million ADSL service subscribers as of

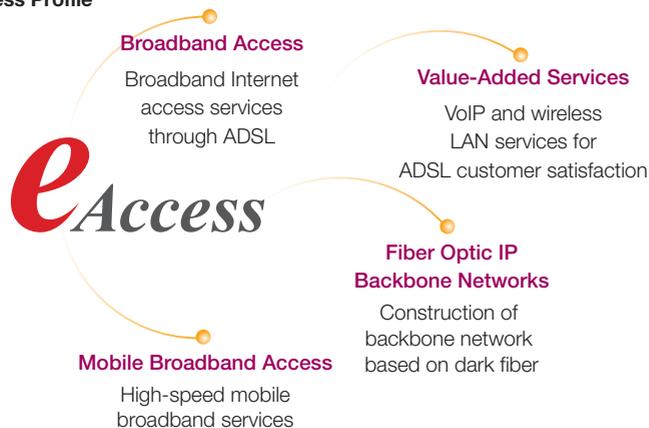
the end of September 2004.

We were able to improve our earnings in the interim period, mainly due to synergies derived from the transfer of AOL's business to eAccess on July 1, 2004, a reduction in capital investment, and higher network usage through equipment operational efficiency. As a result, recurring profit amounted to ¥4.0 billion, an increase of ¥2.0 billion from our initial forecast, while net income was ¥3.7 billion, up ¥1.7 million from our initial forecast.

eAccess' Business Model: Japan's Largest ADSL Wholesale Operator

The key to eAccess' profitability is its business model. We were the first company in Japan to advocate a business model for wholesaling ADSL lines to ISPs. In addition, we have been promoting the widespread popularity of broadband from our position as the country's number one wholesale operator. We provide connection services to our ISP partners, who liaise directly with subscribers and provide service support. Consequently, we are able to reduce our sales promotion costs and support costs.

Business Profile



Note: ADSL (asymmetric digital subscriber line) is a popular form of DSL service. "Asymmetric" means that the upstream (PC to Internet) speed is different from the downstream (Internet to PC) speed. With the Company's ADSL 50Mbps ADSL service, for example, the upstream speed is 5 Mbps and the downstream speed is 50Mbps, the latter being equivalent to 781 times faster than the 64kbps offered by ISDN lines.

Transfer of AOL Japan's ISP Business to eAccess Completed

The transfer of AOL Japan's ISP business to eAccess was completed in July 2004 with the formal launch of the AOL Business Unit. During the interim period, eAccess launched its AOL "All-in-One ADSL 1M Plan" and AOL "All-in-one ADSL 47M Plan." We also started "Rakuten on AOL," a renewed version of our online shopping channel, and upgraded the functions of "AOL Diary," an AOL blog service. These are just some examples of our rapidly expanding lineup of value-added services for AOL members, to facilitate the migration from dial-up to broadband services. eAccess will continue to take full advantage of the AOL brand's high recognition to expand its broadband services in addition to its core ADSL wholesale business.

Expanding into Mobile Broadband

Our aim is to provide seamless access broadband services from any location. In addition to our core ADSL business, we are working hard to make the new growth area of mobile broadband a reality. In October 2004, we began preparations to acquire a license for the Frequency Division Duplex (FDD) 1.7GHz band, which is being considered for allocation to new mobile operators. Previously, we were considering acquisition of a license for the 2GHz band using the Time Division Duplex (TDD) system. Now, we have turned our attention to FDD, and with this focus on high-speed data communication through mobile broadband, we are preparing to make this new broadband service a reality.



Listed on First Section of the Tokyo Stock Exchange

On November 24, 2004, eAccess listed its shares on the First Section of the TSE, just over one year after its initial public listing on the TSE's Mothers market on October 3, 2003. We owe our rapid advancement to the growth potential, profitability, and stability of our business, and we hope this move will enhance the Company's recognition and credibility among investors and customers. We will continue expanding our business as we fulfill the important role of promoting a broadband society. We will also work hard to ensure sound and transparent management by strengthening our compliance activities and corporate governance.

This move will help raise our value as a company that is trusted by society, and we plan to return that value to shareholders, investors, users, employees, and all other stakeholders.

Return to Shareholders Based on Stability and Continuity

Our basic profit appropriation policy recognizes the need to provide shareholders with stable and continuous returns while retaining sufficient earnings to drive future growth and strengthen our business structure. On November 10, 2004, the Board of Directors decided to revise its forecast for annual cash dividends, based on projections for the year ending March 31, 2005. Specifically, we forecast annual dividends of ¥1,000 per share (¥1,000 year-end dividend; no interim dividend). This represents a payout ratio of 19.3%—calculated based on our full-year net income per share forecast of ¥5,171.85—and will mark the Company's first dividend since its establishment.

eAccess aims to strengthen its financial foundation and maximize corporate value while achieving a balance between increasing medium- and long-term revenue and raising profitability.

What is “Anywhere Broadband”?

From ADSL to Mobile

Broadband services, typified by ADSL, are those that one can use anytime and anywhere. There is much demand for “always-on” high-speed data services that enable stress-free reception of large quantities of information, such as video images, Web browsing, and e-mail—whether at the office or in a moving car or train. Mobile broadband is a next-generation mobile communication service that combines the advantages of “anywhere” communication and high-speed data.

Making Mobile Broadband a Reality

eAccess is currently pursuing two initiatives aimed at making mobile broadband a reality.

- 1) Acquisition of a license for the 1.7GHz band using the FDD system
- 2) Acquisition of a license for the 2GHz band using the TDD system

FDD/1.7GHz, an extension of systems already commercialized, features advanced technologies and presents few hurdles with regard to developing equipment. Having decided to choose FDD/1.7GHz, eAccess is currently reviewing and testing the technology to acquire a mobile broadband service license.

Mobile+Broadband

- **FDD/1.7GHz band**

The “Guidelines for Radio Spectrum Reallocation” report, released by the Ministry of Internal Affairs and Communications (MIC) on September 30, 2004, indicates the Ministry’s intention to allocate an additional FDD spectrum to new mobile operators. eAccess has subsequently formally indicated its intention to take part in this initiative and has begun preparations accordingly.

- **TDD/2GHz band**

The technology is being developed as a next-generation (third-generation) mobile service that realizes a 1Mbps transmission speed. It is based on TD-SCDMA (MC) technology, a more recent TDD system with improved performance developed by Navini, a U.S. company. eAccess has been conducting field trials using three cells in central Tokyo since May 2004. The trial simulates real-life environments, in which eAccess can perform basic transmission performance tests, mobility-related tests, and cell interference tests.

Financial Statements

		As of Sept. 30, 2004	As of March 31, 2004			As of Sept. 30, 2004	As of March 31, 2004
Balance Sheets				Liabilities			
¥ millions				Current Liabilities		15,411	18,296
Assets				Trade accounts payable		813	755
Current Assets		42,583	23,732	Current portion of			
	Cash	36,039	18,396	long-term debt		1,320	5,453
	Accounts receivable	5,624	4,452	Other accounts payable		1,690	981
	Inventory	176	271	Accrued expenses		4,895	3,599
	Allowance for bad debt	(1)	—	Income taxes payable		54	9
	Other current assets	745	613	Current portion of capital			
Fixed Assets		25,746	25,470	lease obligations		5,850	5,858
Tangible fixed assets		20,778	22,077	Current portion of			
	Buildings and structure	79	71	installment obligations		598	1,160
	Machinery and equipment	19,446	20,598	Stock purchase warrants		28	29
	Capitalized modems	651	1,098	Other current liabilities		164	451
	Tools and furniture	466	311	Long-Term Liabilities		33,049	14,943
	Construction in progress	135	—	Bonds		23,000	—
Intangible assets		3,863	2,523	Long-term debt		2,690	5,350
Investments and other				Capital lease obligations,			
assets		1,105	870	less current portion		7,159	9,207
				Installment obligations,			
				less current portion		15	155
				Long-term other payables		185	231
				Total Liabilities		48,460	33,239
				Shareholders' Equity			
				Capital Shares		13,787	13,670
				Capital Surplus		2,409	14,231
				Additional paid-in capital		2,409	14,231
				Retained Earnings			
				(Accumulated Deficit)		3,672	(11,938)
				Unappropriated retained			
				earnings or deficit at			
				end of period		3,672	(11,938)
				Total Shareholders' Equity		19,869	15,963
				Total Liabilities and			
				Shareholders' Equity		68,329	49,202
Total Assets		68,329	49,202				

Figures are rounded to the nearest million yen.

Statements of Operations

¥ millions

	Six months ended Sept. 30, 2004	Six months ended Sept. 30, 2003
Revenue	27,065	17,396
Cost of revenue	15,881	12,031
Gross profit	11,183	5,365
Selling, general and administrative expenses	6,606	4,092
Operating profit	4,578	1,273
Other income	45	4
Other expenses	628	720
Recurring profit	3,995	557
Non-recurring loss	318	—
Income before income taxes	3,678	557
Income taxes	5	4
Net income	3,672	553
Accumulated deficit from prior period	—	14,295
Retained Earnings (Accumulated Deficit) at end of period	3,672	(13,742)

Statements of Cash Flows (Summary)

¥ millions

	Six months ended Sept. 30, 2004	Six months ended Sept. 30, 2003
Net cash provided by operating activities	9,789	7,126
Net cash used in investing activities	(4,840)	(1,833)
Net cash provided by (used in) financing activities	12,695	(1,935)
Net change in cash and cash equivalents	17,643	3,358
Cash and cash equivalents at beginning of period	18,396	11,411
Cash and cash equivalents at end of period	36,039	14,768

Corporate Data

(As of September 30, 2004)

eAccess Ltd.

Established	November 1, 1999
Capital	¥13.8 billion
Headquarters	Shin-Nikko Bldg., 10-1, Toranomom 2-chome, Minato-ku, Tokyo 105-0001, Japan
Number of Employees	405
Business Focus	Broadband IP communication services

Directors and Corporate Auditors

Representative Director and CEO	Sachio Semmoto
Representative Director and COO	Haruo Taneno
Representative Director and CFO	Eric Gan
External Director	William Kennard
External Director	Paul Reynolds
External Director	Raymond Kwok
External Director	Toru Hashimoto
External Director	Morihiko Tashiro
External Director	Toshio Yasui
External Director	Jiro Kokuryo
Full-Time Corporate Auditor	Yukio Goto
Corporate Auditor	Koichiro Nakamoto
Corporate Auditor	Motohide Nishimura

Share Information

(As of September 30, 2004)

Number of shares authorized	5,149,280
Number of shares issued	1,295,475
Number of shareholders	32,613

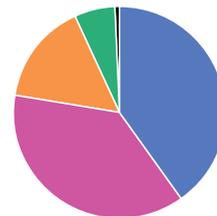
Principal Shareholders (Top 10)

Name	Number of shares	Voting right ratio (%)
1. Japan Telecom Co., Ltd.	166,670	12.87
2. Sachio Semmoto	94,665	7.31
3. Eric Gan	94,150	7.27
4. Nomura International (Hong Kong) Limited, Account F5108	52,750	4.07
5. Goldman Sachs International	48,014	3.71
6. The Master Trust Bank of Japan (Trust Account)	28,650	2.21
7. J.P. Morgan Chase & Co., CREF Jasdec lending account	26,335	2.03
8. The Nomura Trust and Banking Co., Ltd. (Investment Trust Accounts)	22,878	1.77
9. Nomura Singapore Limited, Account Nominee FJ205, Account FJ205	21,265	1.64
10. The Chase Manhattan Bank N.A. London Secs Lending Omnibus Account	19,616	1.51

Share Distribution

Number of Shareholders

- Foreign institutions and investors
519,481 shares (40.1%)
- Individuals and others
486,489 shares (37.5%)
- Corporations
200,212 shares (15.5%)
- Financial institutions
80,297 shares (6.2%)
- Securities companies
9,059 shares (0.7%)



Note: Japan Telecom Co., Ltd., is no longer a major shareholder in eAccess. The company sold its entire holding of eAccess shares on October 4, 2004.

Memorandum for Shareholders

Fiscal year-end	March 31
General shareholders' meeting	June
Date of record	March 31

Transfer of Shares

Transfer administration office	The Mitsubishi Trust and Banking Corporation Stock Transfer Agency Division 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	The Mitsubishi Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agency offices	The Mitsubishi Trust and Banking Corporation Head office and branches throughout Japan
Notices appear in	Nihon Keizai Shimbun

Mission Statement

*“A new and more efficient
broadband life for all.”*

Our mission is to maximize the value of customers' lives and businesses by providing innovative broadband services that meet emerging needs.

Guiding Principles to Realize the Mission Statement

- To place top priority on customers
- To provide high-quality services that will become the de facto standard and choice of customers
- To create and promote “win-win” business partnerships
- To aggressively and efficiently carry out business plans to maximize the value of the Company
- To create an environment where employees take pride in working for an innovative telecommunications carrier that relentlessly strives for a higher standard



<http://www.eaccess.net/ir/index.html>

eAccess Ltd.

Shin-Nikko Bldg., 10-1, Toranomom 2-chome,
Minato-ku, Tokyo 105-0001, Japan

<http://www.eaccess.net/>