

**Accounting Overview**  
**1<sup>st</sup> Quarter**  
**(Feb. 2006 – Jan. 2007)**

**ACCESS Co., Ltd.**  
June, 2006



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# Disclaimer

- Targets for operating results and other forward-looking statements contained in this presentation represent management's judgments based on information available at the time this presentation was prepared. Such statements embody a variety of uncertainties.
- Consequently, actual results may differ from these targets and forecasts. Investors are therefore cautioned not to make investment decisions based solely on these forward-looking statements.



# Performance highlights

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- \* Consolidated net sales ¥4,615 million, ordinary loss ¥3,792 million**
  - For the quarter under review, excluding goodwill and other special expenses of ¥3,495 million, the company posted an ordinary loss of ¥297 million.
  - Performance of consolidated subsidiaries in the quarter under review was moderate, but is largely set to post black figures for the full year.
  
- \* Non-consolidated net sales ¥3,176 million, ordinary profit ¥563 million**
  - Product sales and royalties remained firm. Although selling, general, and administrative expenses increased on the year, the rise was due to proactive investment (R&D expenses) for products to be launched in the future.
  
- \* The weighting of royalties as a percentage of non-consolidated net sales reached 40%, reflecting a mild decline from 44% a year earlier amid expanded sales.**

# Consolidated Financial Highlights

Companies subject to consolidation: 27 consolidated subsidiaries and 2 consolidated company by equity method

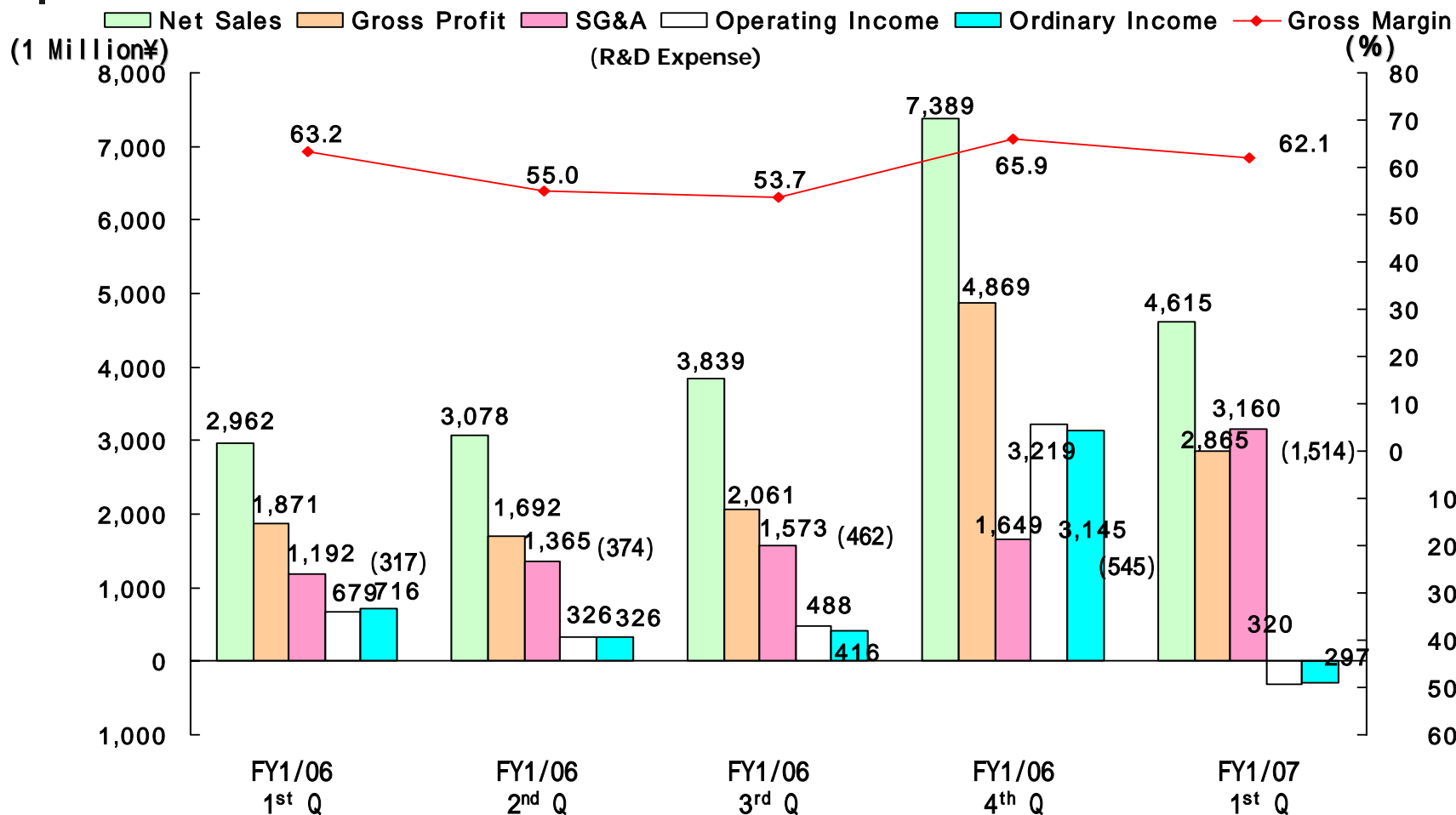
(¥1 million)	07/1 <sup>st</sup> Qtr	06/1 <sup>st</sup> Qtr	Change by %	05 06/Total	% of Last Term
Net sales	4,615	2,962	+55%	17,269	26%
Gross profit on sales	2,865	1,871	+53%	10,495	27%
SG&A expenses (Ordinary Expenses)	3,185	1,192	+167%	5,780	55%
Operating income (Before Extraordinary Expenses)	(320)	679	-	4,714	-
SG&A expenses (Extraordinary Expense, Goodwill etc.)	3,495	-	-	-	-
Operating income (After Extraordinary Expenses)	(3,815)	679	-	4,714	-
Other Income	22	37	-	(110)	-
Ordinary income	(3,792)	716	-	4,604	-
Extraordinary gain(loss)	(111)	0	-	(72)	-
Corporate income taxes,etc	(204)	291	-	1,864	-
Net income	(3,684)	448	-	2,784	-

# Results of major subsidiaries (1Q:Feb.-April)

PSI : PalmSource Inc.  
 ASEASE: ACCESS Systems Europe GmbH  
 ASC : ACCESS China Inc.  
 AP : ACCESS Publishing

(¥1 million)	ACCESS	PSI	ASE	ASC	AP	other	Adjustment Journal Entry	Consolidated total
Net Sales	3,176	1,050	129	31	276	95	(142)	4,615
Gross Margin	1,884	907	176	(14)	85	29	(202)	2,865
SG & A Expenses (Ordinary Expenses)	1,284	1,678	200	56	93	117	(243)	3,185
Operating income (Before Extraordinary Expenses)	600	(770)	(24)	(70)	(7)	(88)	39	(320)
SG&A expenses (Extraordinary Expence, Goodwill etc.)	-	3,281	-	-	-	-	214	3,495
Operating income (After Extraordinary Expenses)	600	(4,051)	(24)	(70)	(7)	(63)	(200)	(3,815)
Other Income	(37)	110	50	0	0	8	(109)	22
Ordinary income	563	(3,941)	25	(70)	(7)	(56)	(306)	(3,792)
Extraordinary gain(loss)	(119)	3	0	-	1	0	4	(111)
Corporate income taxes,etc	204	(416)	6	-	0	4	(2)	(204)
Net income	239	(3,521)	18	(70)	(6)	(57)	(287)	(3,684)

# Trend of Quarterly Sales, etc. (consolidated)

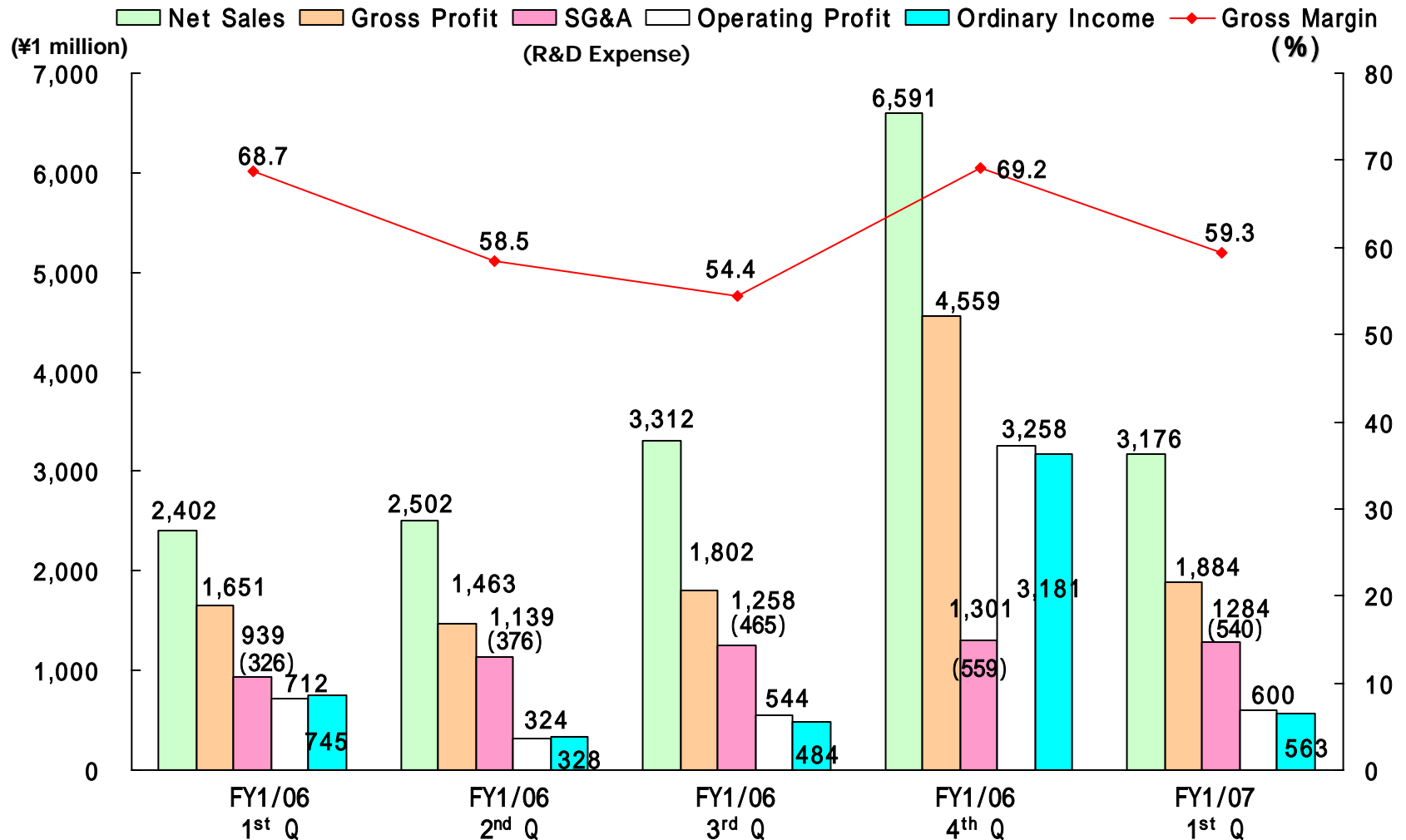


[Note: Expense like Goodwill is excluded here because this chart is for quarterly comparison]

# Trend of Quarterly Sales, etc. (non-consolidated)

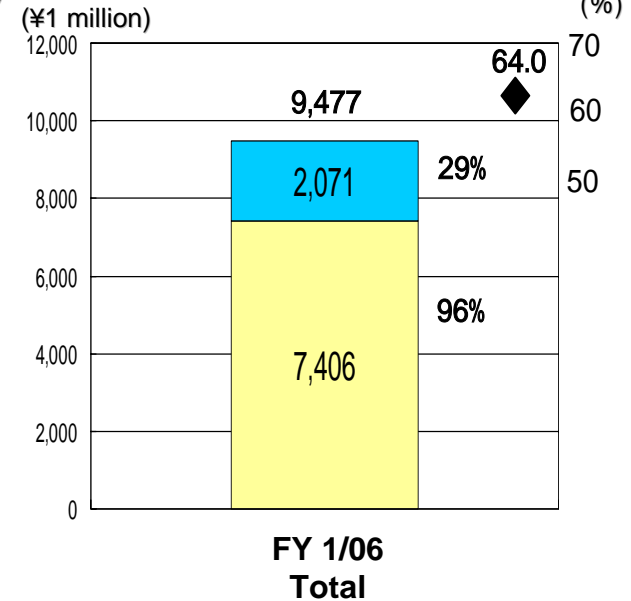
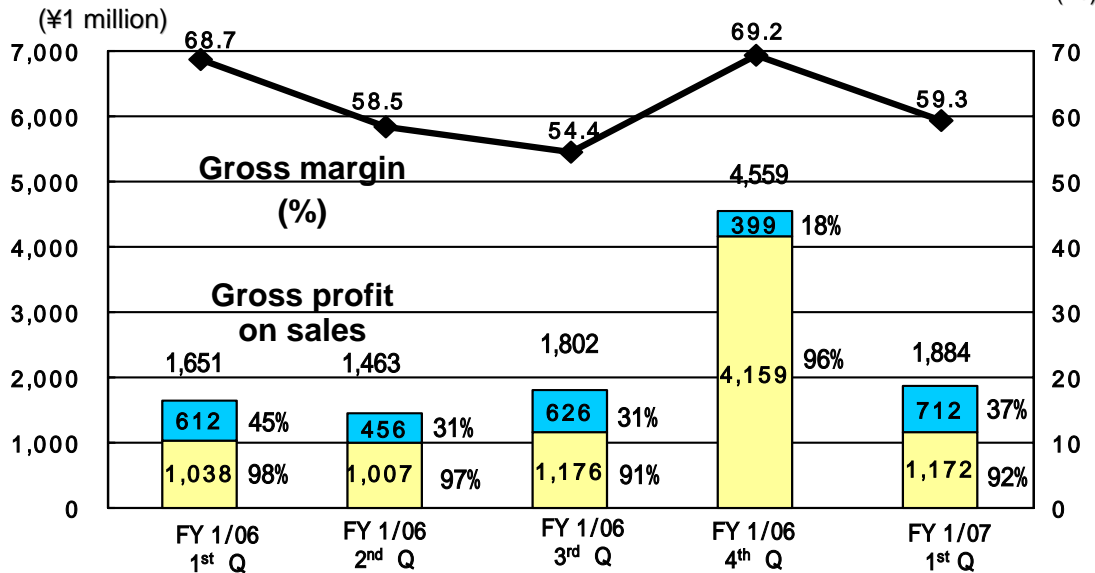
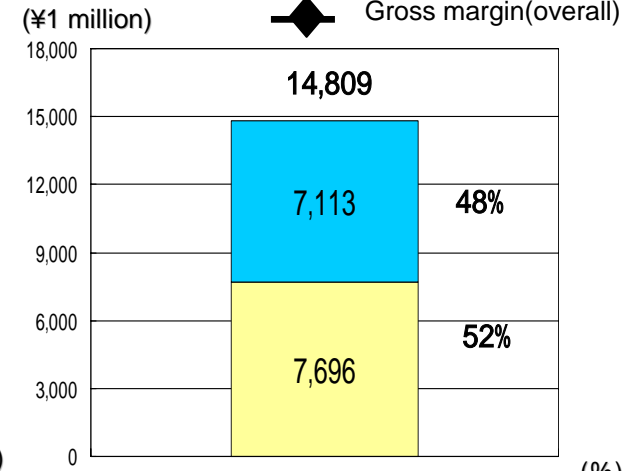
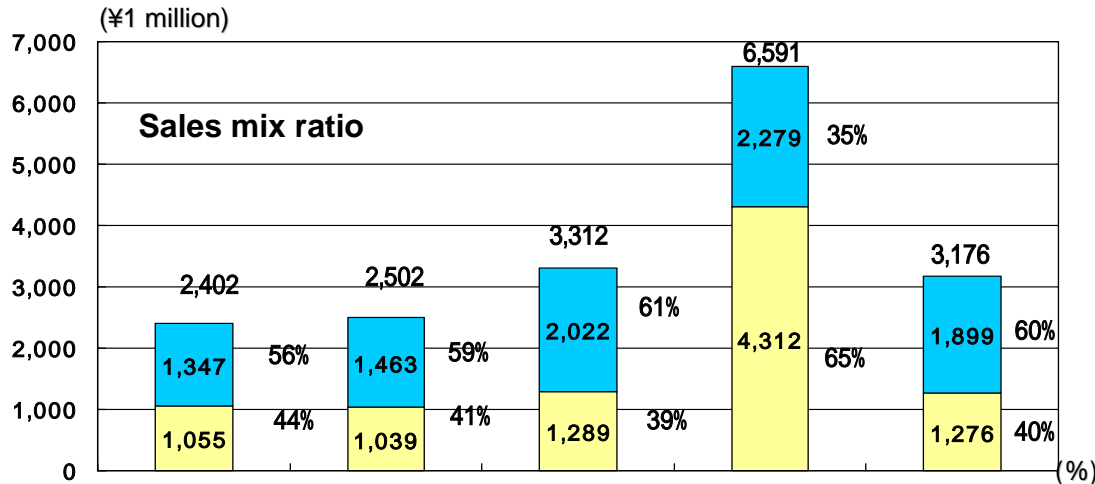
(¥1 million)	1 <sup>st</sup> Q 1/07	1 <sup>st</sup> Q 1/06	Change	1/06 Total	% of Last Term
Net sales	3,176	2,402	+32%	14,809	21%
Gross profit on sales	1,884	1,651	+14%	9,477	19%
Gross margin	59.3%	68.7%	-	64.0%	-
SG&A expenses	1,284	939	+36%	4,637	27%
Operating income	600	712	-15%	4,839	12%
Other Income	(37)	33	-	(99)	-
Ordinary income	563	745	-24%	4,740	11%
Extraordinary gain(loss)	(119)	(24)	-	(87)	-
Corporate income taxes, etc.	204	290	-29%	1,848	11%
Net income	239	430	-44%	2,804	8%

# Trend of Quarterly Sales, etc. (non-consolidated)



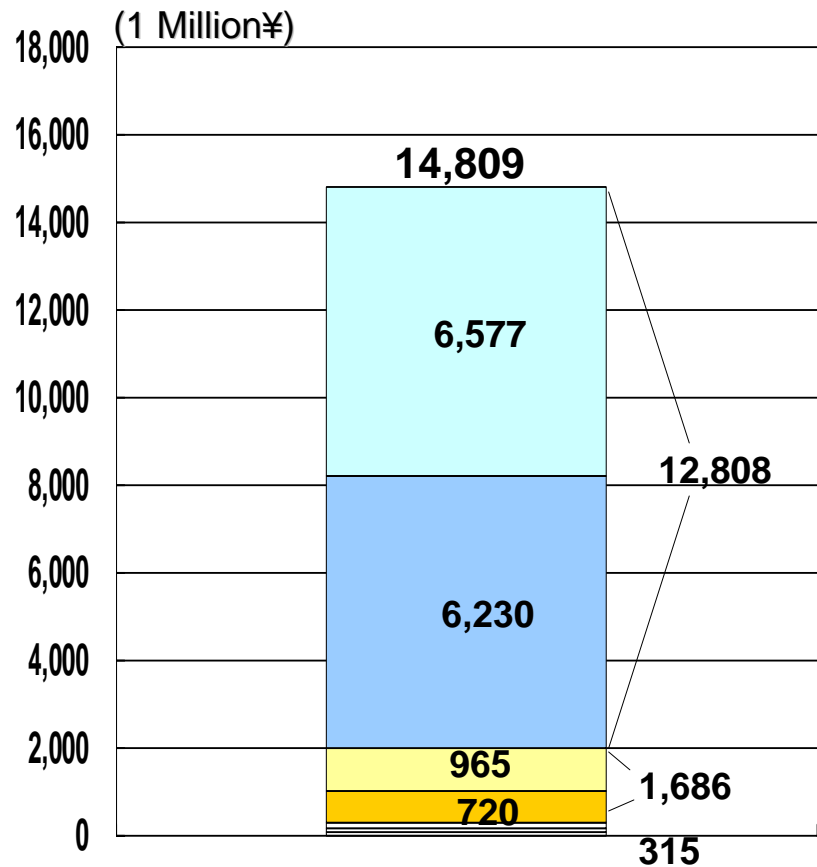
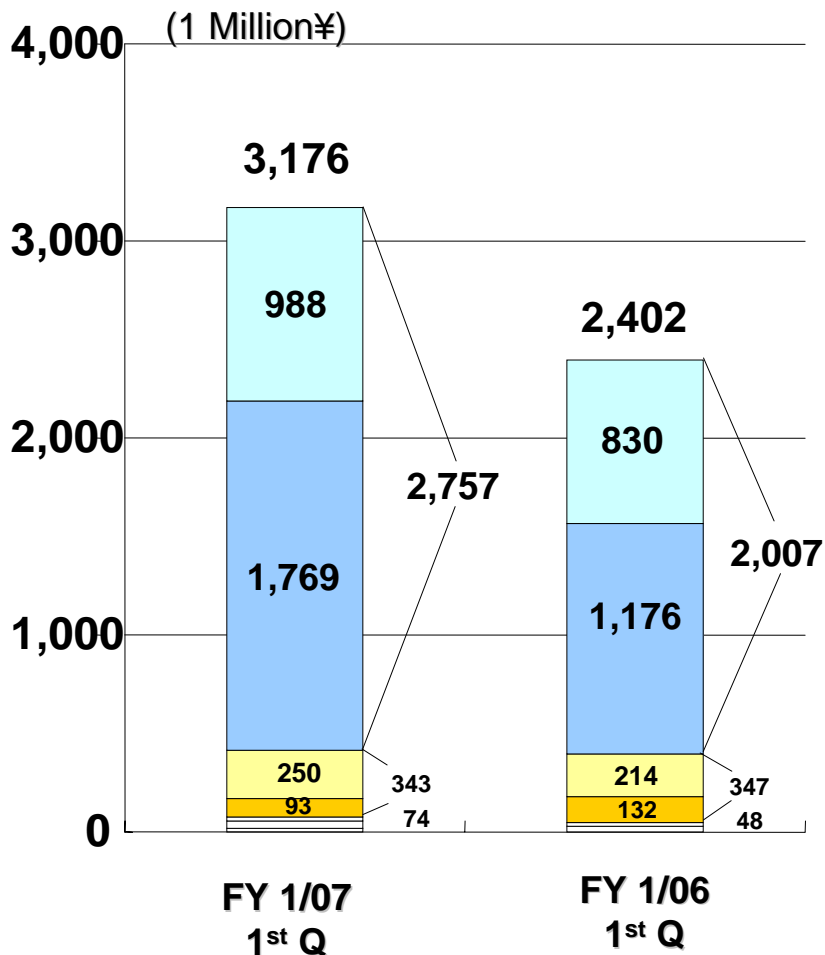
# Trend of Sales & Gross Profit on Sales (non-consolidated)

- Product sales
- Royalties
- Gross margin(overall)



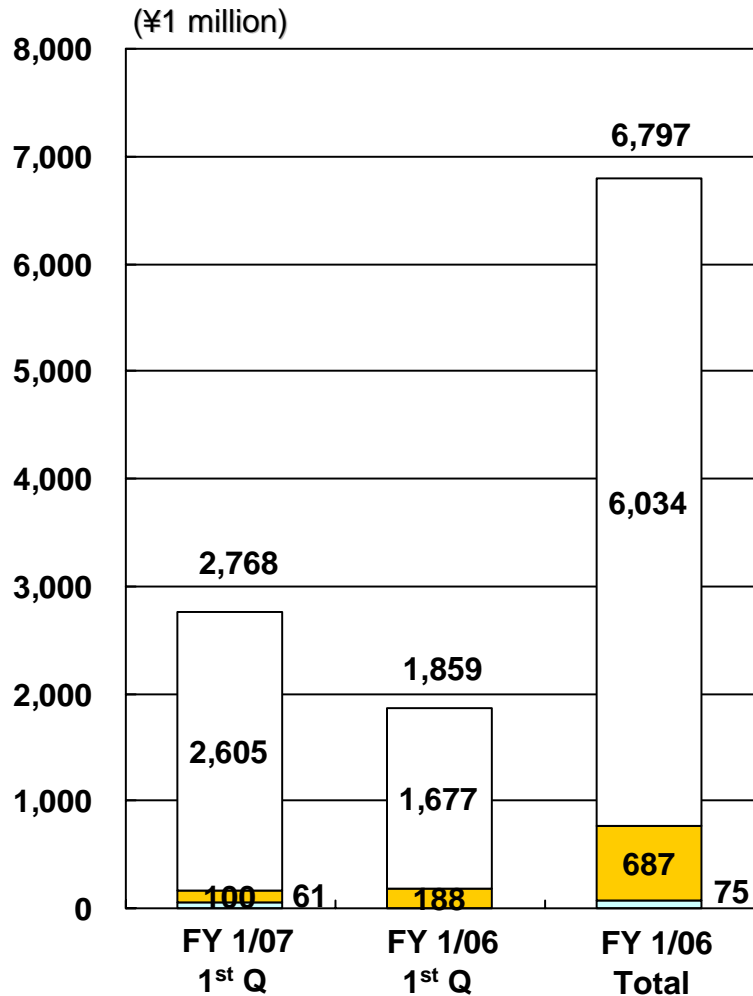
# Breakdown of Sales (non-consolidated)

- Wireless (royalties)
- Wired (royalties)
- SDK, NRE and others (royalties + products)
- Wireless (products)
- Wired (products)

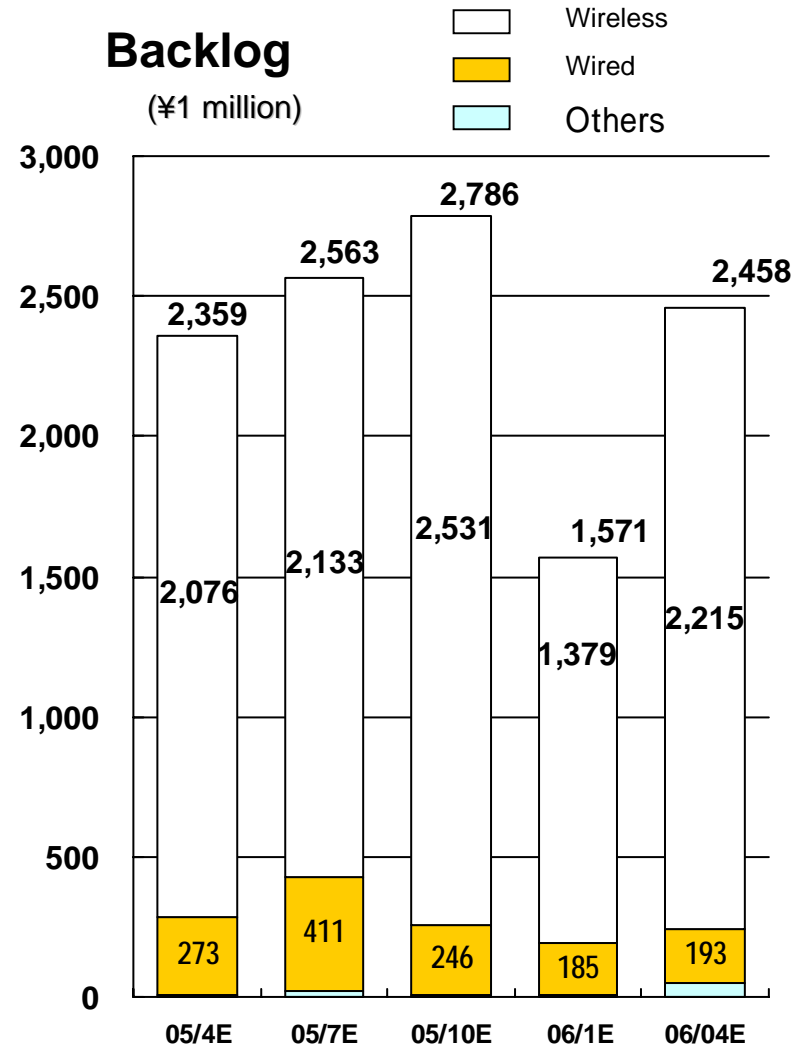


# Orders for NRE Products (non-consolidated)

## Orders received



## Backlog



# HR Transition (non-consolidated and consolidated)

(Personnel)

	2004/01	2005/01	2006/01	2006/04
Headquarter	317	387	444	463
PSI: PalmSource Inc.	-	-	574	603
ASE: ACCESS Systems Europe GMBH	33	40	48	56
ASC: ACCESS China Inc	36	38	58	62
AP: ACCESS Publishing	12	33	31	33
Other Subsidiaries	46	75	110	96
Total	444	573	1,265	1,313

# Comparative Consolidated Balance Sheet (summary)

(¥1 million)	End of 1 <sup>st</sup> Q of FY 1/07	End of 1 <sup>st</sup> Q of FY 1/06	End of FY 1/06
<b>. Current assets</b>			
Cash and deposits	17,680	7,890	24,916
Cash and deposits	4,100	3,040	6,419
Inventory	604	759	508
Other	11,744	594	8,837
<b>. Non-current assets</b>			
Tangible fixed assets	1,268	747	1,444
Intangible fixed assets	25,424	570	28,174
Investments and other assets	10,155	473	5,263
<b>Total</b>	70,978	14,077	75,565
<b>. Current liabilities</b>	5,573	1,916	6,117
<b>. Non-current liabilities</b>	1,031	111	1,514
Minority interest	556	145	577
<b>. Total equity</b>	63,816	11,903	67,356
<b>Total</b>	70,978	14,077	75,565

# Consolidated balance sheet ( Increase attribution analysis )

(1 million)  
Comparison

	FY 1/2007 (30/4/06present)	FY 1/2006 (31/1/06present)	
<b>Current Assets Increase attribution</b>			
- 3,835 : Acquisition of IP Infusion Inc			
- 2,261 : Accounts Recievable			
+ 2,421 : Stocks			
- 1,956 : Corporate tax			
<b>( Assets part )</b>			
<b>Current Assets</b>			
<b>Total of Current Assets</b>	<b>34,129</b>	<b>40,682</b>	<b>-6,553</b>
<b>Fixed Assets</b>			
<b>Tangible Fixed Assets</b>	<b>1,268</b>	<b>1,444</b>	<b>-176</b>
<b>Intangible fixed assets</b>	<b>25,424</b>	<b>28,174</b>	<b>-2,750</b>
<b>Investments and other assets</b>	<b>10,155</b>	<b>5,263</b>	<b>4,892</b>
<b>Total of Fixed asset</b>	<b>36,848</b>	<b>34,883</b>	<b>1,965</b>
<b>Total Asset</b>	<b>70,978</b>	<b>75,565</b>	<b>-4,587</b>
<b>(Liabilities)</b>			
<b>Current liabilities</b>	<b>5,573</b>	<b>6,117</b>	<b>-544</b>
<b>Non Current liabilities</b>	<b>1,031</b>	<b>1,514</b>	<b>-483</b>
<b>Liabilities</b>	<b>6,604</b>	<b>7,631</b>	<b>-1,027</b>
<b>Minority Interest</b>	<b>556</b>	<b>577</b>	<b>-21</b>
<b>(Capitals)</b>			
<b>Common Stock</b>	<b>31,340</b>	<b>31,289</b>	<b>51</b>
<b>Additional Paid in Capital</b>	<b>32,023</b>	<b>31,973</b>	<b>50</b>
<b>Retain Earnings</b>	<b>-436</b>	<b>3,247</b>	<b>-3,683</b>
<b>Others</b>	<b>889</b>	<b>845</b>	<b>44</b>
<b>Total Capital</b>	<b>63,816</b>	<b>67,356</b>	<b>-3,540</b>
<b>Total Capital &amp; Liabilities</b>	<b>70,978</b>	<b>75,565</b>	<b>-4,587</b>

## Fixed Assets Increase attribution

- 3,052 : Goodwill of PermSorce Inc  
Depreciation of software assets
- + 347 : Goodwill of ACCESS Seoul
- 883 : Change of annual evaluation
- + 5,710 : Stock of IP Infusion Inc

## Debt part increase attribution

- 1,956 : Corporate tax
- + 1,875 : Liability to Investors of  
IP Infusion Inc

## Capital part increase attribution

- 3,684 : Net Loss  
( - 3,495 come from extraordinary expenses  
like goodwill )

# Comparative Non-Consolidated Balance Sheet (summary)

(¥1 million)	End of 1 <sup>st</sup> Q of FY 1/07	End of 1 <sup>st</sup> Q of FY 1/06	End of FY 1/06
<b>. Current assets</b>			
<b>Cash and deposits</b>	15,472	6,995	23,348
<b>Cash and deposits</b>	3,193	2,800	4,126
<b>Inventory</b>	524	711	520
<b>Other</b>	5,311	510	3,189
<b>. Non-current assets</b>			
<b>Tangible fixed assets</b>	563	640	691
<b>Intangible fixed assets</b>	345	413	363
<b>Investments and other assets</b>	46,717	1,511	40,458
<b>Total</b>	<b>72,127</b>	<b>13,584</b>	<b>72,698</b>
<b>. Current liabilities</b>	3,516	1,291	4,539
<b>. Non-current liabilities</b>	744	275	698
<b>. Total equity</b>	67,866	12,017	67,461
<b>Total</b>	<b>72,127</b>	<b>13,584</b>	<b>72,698</b>

# Comparative consolidated Balance Sheet(summary)

(¥1 million)	FY1/07 1 <sup>st</sup> Q	FY1/06 1 <sup>st</sup> Q	FY1/06 Total
. Cash flows from operating activities	(1,390)	460	4,526
II. Cash flows from investing activities	(4,745)	(57)	(36,966)
III. Cash flows from financing activities	100	117	52,150
IV. Increase in cash and cash equivalents	(6,034)	530	19,772
V. Balance of cash and cash equivalents at beginning of the term	26,393	6,621	6,621
VI. Balance of cash and cash equivalents at the end of the term	20,359	7,152	26,393

Net Loss before Tax : (3,903)  
Amortization of Goodwill : 2,544

Acquisition of IP Infusion Inc (5,710)

Net Profit before Tax : 4,531

Cash flow from MPO(Multiple Public Offering)  
issuance : 37,000  
Cash flow from capital increase  
by NTTDoCoMo : 15,000

Acquisition of PalmSource Inc : (35,534)

# FY2007 Performance Forecast (1<sup>st</sup> Half and Total)

## Non-Consolidated

(1 million¥)	FY1/07 1 <sup>st</sup> Half	FY1/07 Total	FY1/06
Net Sales	5,530	18,000	14,809
Ordinary Income	990	6,408	4,740
Net Profit	594	3,844	2,804

## Consolidated

(1 million¥)	FY1/07 1 <sup>st</sup> Half	FY1/07 Total	FY1/06
Net Sales	8,895	27,764	17,269
Ordinary Income	(6,974)	(7,177)	4,604
Net Profit	(7,264)	(9,648)	2,784

**[Note: Above number is the same as press release on April 20th ]**