



FY2008 1st Quarter Financial Results

ACCESS CO., LTD.
June 12th, 2008

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**

Consolidated

vs Outlook

- Net Sales were JPY699 million greater than expected as a result of firm Royalty Revenue from mobile phones within Japan.
- Gross Profit surpassed the Outlook by JPY1,006 million because of an improvement in Product Gross Profit Ratio and an increase in Royalty Revenue.
- Operating Profit exceeded the Outlook by JPY1,884 million as a result of SG&A Expense falling JPY877 million more than expected in addition to the above.

vs FY2007

- Net Sales fell JPY1,300 million because of a decline in Royalty Revenue from the Palm OS Garnet.
- Gross Profit shrank only JPY485 million since the improvement in Product Gross Profit Ratio compensated for the decline in Royalty Revenue discussed above.
- Operating Profit (non-GAAP) rose JPY151 million since SG&A Expense fell JPY636 million.
- Operating Profit (GAAP) increased JPY3,358 million as Amortization of Goodwill fell JPY3,207 million.

Non-Consolidated

vs Outlook

- Net Sales were JPY627 million greater than expected as a result of firm Royalty Revenue.
- Gross Profit surpassed the Outlook by JPY491 million as a result of an increase in Royalty Revenue although the Product Gross Profit Ratio failed to reach 7.9 percentage points.
- Operating Profit exceeded the Outlook by JPY1,042 million because SG&A Expense declined JPY550 million.

vs FY2007

- Net Sales rose JPY55 million.
- Gross Profit rose JPY755 million following an improvement in the sales mix and an increase in Product Gross Profit Ratio of 48.1 percentage points.
- Operating Profit declined JPY463 million because SG&A Expense rose 1,219 million as a result of the headquarters' share of items such as ALP R&D expenses following the purchase of ALP-related intellectual property rights.

FY2008 Consolidated Financial Highlights

1st Quarter (Outlook vs. Result)



(Unit: JPY Million, %)

Consolidated	vs Outlook		
	Outlook	3 months Results	Change
Net Sales	3,642	4,342	699
Products	1,616	1,741	124
Royalty	2,026	2,601	575
Gross Profit	1,858	2,864	1,006
(Gross Profit Ratio)	51.0%	66.0%	14.9%
Products	37	479	442
(Gross Profit Ratio)	2.3%	27.6%	25.3%
Royalty	1,821	2,384	563
(Gross Profit Ratio)	89.9%	91.7%	1.8%
SG&A Expense (Ordinary)	4,531	3,653	(877)
R&D	1,561	1,501	(60)
Other	2,969	2,151	(817)
Operating Profit (non-GAAP)	(2,672)	(788)	1,884
SG&A Expense (Acquisition Related)	375	370	(5)
Operating Profit (GAAP)	(3,048)	(1,158)	1,889
Ordinary Profit	(2,994)	(1,238)	1,756
Extraordinary Expense	-	(59)	(59)
Net Profit	(2,229)	(907)	1,321

FY2008 Consolidated Financial Highlights

1st Quarter (FY2008 1Q vs FY2007 1Q & Total)



(Unit: JPY Million, %)

<u>Consolidated</u>	FY2008 1Q	FY2007 1Q	Change	FY2007 Total	Change %
Net Sales	4,342	5,643	(1,300)	30,279	14.3%
Products	1,741	2,032	(291)	13,411	13.0%
Royalty	2,601	3,610	(1,009)	16,868	15.4%
Gross Profit	2,864	3,349	(485)	17,678	16.2%
(Gross Profit Ratio)	66.0%	59.4%	6.6%	58.4%	
Products	479	(89)	569	1,799	26.7%
(Gross Profit Ratio)	27.6%	-4.4%	32.0%	13.4%	
Royalty	2,384	3,439	(1,054)	15,879	15.0%
(Gross Profit Ratio)	91.7%	95.3%	-3.6%	94.1%	
SG&A Expense (Ordinary)	3,653	4,289	(636)	15,110	24.2%
R&D	1,501	2,114	(612)	6,977	21.5%
Other	2,151	2,174	(23)	8,132	26.5%
Operating Profit (non-GAAP)	(788)	(939)	151	2,567	-
SG&A Expense (Acquisition Related)	370	3,578	(3,207)	13,824	2.7%
Operating Profit (GAAP)	(1,158)	(4,517)	3,358	(11,256)	-
Ordinary Profit	(1,238)	(4,284)	3,046	(11,117)	-
Extraordinary Expense	(59)	(1,387)	1,328	(4,450)	1.3%
Net Profit	(907)	(5,186)	4,278	(15,758)	-

FY2008 Non-Consolidated Financial Highlights

1st Quarter (Outlook vs. Result)



(Unit: JPY Million, %)

<u>Non-Consolidated</u>	vs Outlook		
	Outlook	3 months Results	Change
Net Sales	2,637	3,265	627
Products	904	977	73
Royalty	1,733	2,287	554
Gross Profit	1,834	2,325	491
(Gross Profit Ratio)	69.5%	71.2%	1.7%
Products	353	304	(48)
(Gross Profit Ratio)	39.0%	31.1%	-7.9%
Royalty	1,481	2,021	540
(Gross Profit Ratio)	85.5%	88.4%	2.9%
SG&A Expense (Ordinary)	3,580	3,030	(550)
R&D	1,555	1,561	6
Other	2,025	1,468	(556)
Operating Profit	(1,746)	(704)	1,042
Ordinary Profit	(1,746)	(783)	962
Extraordinary Expense	-	(130)	(130)
Net Profit	(1,135)	(579)	555

FY2008 Non-Consolidated Financial Highlights

1st Quarter (FY2008 1Q vs FY2007 1Q & Total)



(Unit: JPY Million, %)

<u>Non-Consolidated</u>	FY2008 1Q	FY2007 1Q	Change	FY2007 Total	Change %
Net Sales	3,265	3,209	55	20,211	16.2%
Products	977	1,232	(254)	10,124	9.7%
Royalty	2,287	1,976	310	10,087	22.7%
Gross Profit	2,325	1,570	755	9,998	23.3%
(Gross Profit Ratio)	71.2%	48.9%	22.3%	49.5%	
Products	304	(209)	513	1,163	26.2%
(Gross Profit Ratio)	31.1%	-17.0%	48.1%	11.4%	
Royalty	2,021	1,779	241	8,834	22.9%
(Gross Profit Ratio)	88.4%	90.0%	-1.6%	87.5%	
SG&A Expense (Ordinary)	3,030	1,810	1,219	7,342	41.3%
R&D	1,561	965	596	3,926	39.8%
Other	1,468	845	623	3,415	43.0%
Operating Profit	(704)	(240)	(463)	2,656	-
Ordinary Profit	(783)	(245)	(538)	2,113	-
Extraordinary Expense	(130)	(913)	783	(27,126)	0.5%
Net Profit	(579)	(730)	151	(25,533)	-

Cost Analysis of Products (Non-Consolidated)

Quarterly Product Sales and Gross Profit

(Unit: JPY Million, %)

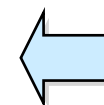
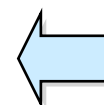
		FY2007 1Q	FY2007 2Q	FY2007 3Q	FY2007 4Q	FY2008 1Q
Non-Consolidated PL	Product Net Sales	1,232	2,114	1,344	5,433	977
	Product Cost	1,441	2,368	840	4,310	673
	Product Gross Profit	-209	-253	503	1,123	304
	Product Gross Profit Ratio	-17.0%	-12.0%	37.5%	20.7%	31.1%

Special Cost	1. S Project Cost	166	78	33	173	-
	2. S Project Loss	439	142	-	-	-
	3. Increase in Provision for Loss on Orders	-	297	-	817	57
	4. Reversal of Provision for Loss on Orders (net of cost of sales)	-	-	-123	-40	-79
	5. Reversal of Provision for Loss on Orders (net of work in progress)	-	-	-94	-39	-430
	6. Work in Process Loss	101	204	137	263	444
	Total of 1 to 6	707	723	-47	1,174	-7

Normal Projects	Product Net Sales	832	1,553	791	4,106	868
	Product Cost a.	608	1,073	502	1,990	463
	Product Gross Profit	223	480	289	2,116	405
	Product Gross Profit Ratio	26.9%	30.9%	36.6%	51.5%	46.6%

Unprofitable Projects	Product Net Sales	399	560	552	1,326	109
	Product Cost	125	570	385	1,145	217
	Reversal of Provision for Loss on Orders (net of cost of sales) [4]	-	-	-48	-40	-79
	Cost of Sales for S Project [1+2]	605	221	33	173	-
	Product Gross Profit b.	-331	-231	181	48	-28
	Product Gross Profit Ratio	-83.1%	-41.3%	32.9%	3.6%	-26.4%

Early Recording of Future Losses	Increase in Provision for Loss on Orders [3] c.	-	297	-	817	57
	Work in Process Loss [6] d.	101	204	137	263	444
	Reversal of Provision for Loss on Orders (net of work in progress) [5] e.	-	-	-169	-39	-430
	Product Gross Profit (a+b-c-d-e).	-209	-253	503	1,123	304
	Product Gross Profit Ratio	-17.0%	-12.0%	37.5%	20.7%	31.1%



Predictive Cost Analysis of Products (Non-Consolidated)



	FY2007 1H	FY2007 2H	FY2007 Total	FY2008 1Q		
				Outlook	Result	Change
Product Net Sales	3,346	6,777	10,124	904	977	73
Product Cost						
Cost of Labor	1,264	1,395	2,660	738	669	(68)
Manufacturing Cost	814	1,055	1,869	445	(60)	(505)
Subcontract Cost	3,949	3,689	7,639	2,421	2,204	(216)
Sub Total	6,028	6,140	12,169	3,604	2,813	(790)
Beginning WIP Balance	516	1,189	516	248	248	-
Ending WIP Balance	(1,189)	(248)	(248)	(1,588)	(875)	712
Reclassification to R&D	(1,545)	(1,931)	(3,477)	(1,712)	(1,512)	200
Sub Total	3,810	5,150	8,960	551	673	121
Product Gross Profit	(463)	1,627	1,163	353	304	(48)
Product Gross Profit Ratio	-13.8%	24.0%	11.4%	39.0%	31.1%	-7.9%

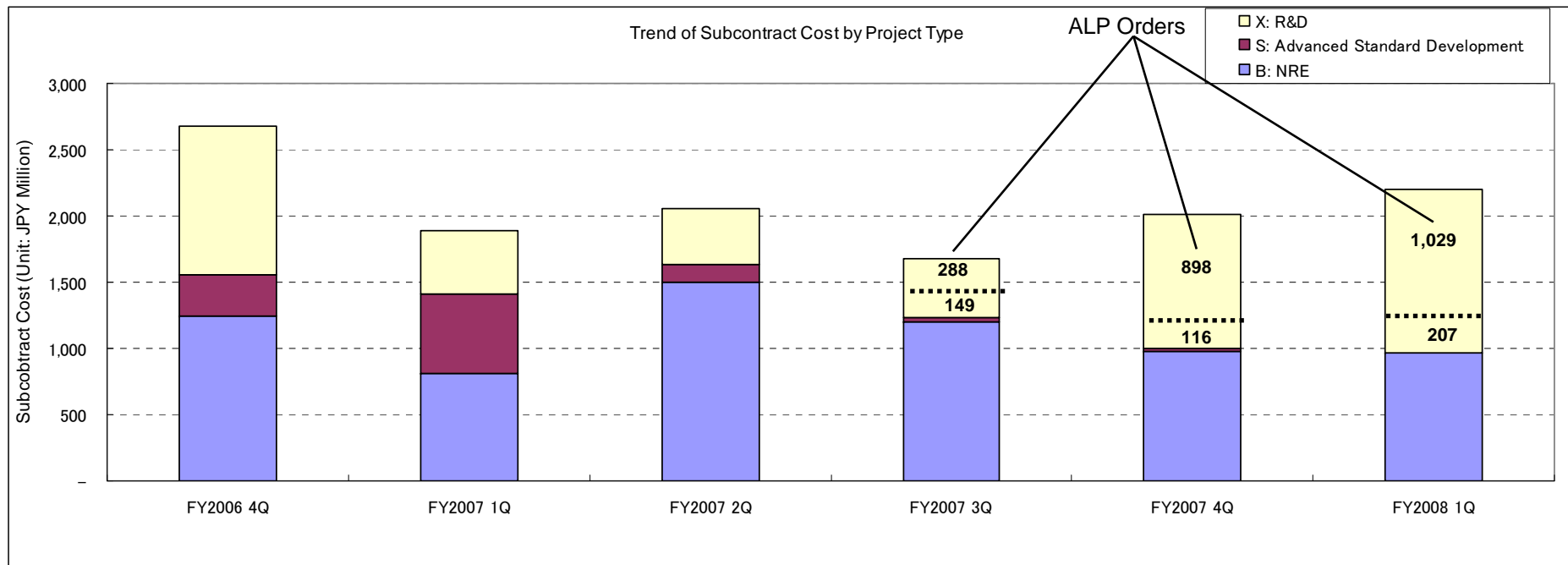
Quarterly Trend of Subcontract Cost (Non-Consolidated)

- Project Type -



(JPY Million)

PJ Type	FY2006 4Q		FY2007 1Q		FY2007 2Q		FY2007 3Q		FY2007 4Q		FY2008 1Q	
B	1,244	46.5%	815	43.1%	1,496	72.7%	1,199	71.6%	983	48.8%	968	43.9%
S	309	11.6%	599	31.7%	133	6.5%	38	2.3%	16	0.8%	-	-
X	1,124	42.0%	478	25.3%	427	20.8%	437	26.1%	1,014	50.4%	1,236	56.1%
Total	2,678	100.0%	1,893	100.0%	2,056	100.0%	1,674	100.0%	2,014	100.0%	2,204	100.0%



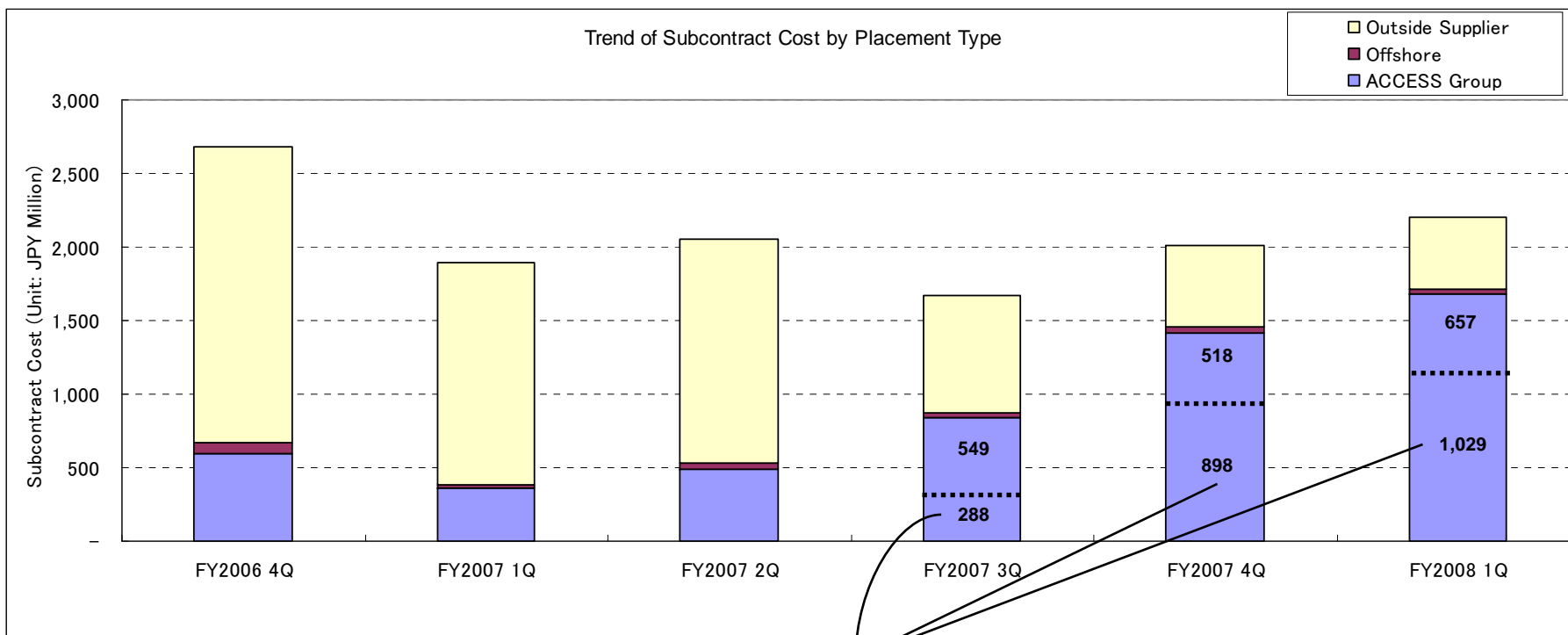
Quarterly Trend of Subcontract Cost (Non-Consolidated) - Placement Type -



(JPY Million)

Placement Type	FY2006 4Q		FY2007 1Q		FY2007 2Q		FY2007 3Q		FY2007 4Q		FY2008 1Q	
ACCESS Group	594	22.2%	359	19.0%	485	23.6%	837	50.0%	1,416	70.3%	1,686	76.5%
Offshore	77	2.9%	28	1.5%	44	2.2%	31	1.9%	46	2.3%	32	1.5%
Outside Supplier	2,007	74.9%	1,504	79.5%	1,527	74.3%	806	48.1%	551	27.4%	485	22.0%
Total	2,678	100.0%	1,893	100.0%	2,056	100.0%	1,674	100.0%	2,014	100.0%	2,204	100.0%

Trend of Subcontract Cost by Placement Type



ALP Orders

Balance Sheet (Summary)



(JPY Million)

	End of FY2008 1Q		End of FY2007 1Q		End of FY2007	
	<u>Consolidated</u>	<u>Non-Consolidated</u>	<u>Consolidated</u>	<u>Non-Consolidated</u>	<u>Consolidated</u>	<u>Non-Consolidated</u>
I . Current Assets						
Cash and Deposits	16,140	10,076	11,409	8,669	12,888	8,028
Account Receivables	4,794	4,280	5,020	4,269	10,628	9,974
Securities	4,724	67	13,053	75	5,515	72
Inventory	952	875	1,175	1,020	361	248
Other	2,514	3,407	2,686	2,102	2,351	1,649
II . Fixed Assets						
Tangible Fixed Assets	1,259	566	1,424	539	1,329	530
Intangible Fixed Assets	3,765	3,009	17,097	331	4,131	3,113
[M&A Related Goodwill]	[2,366]	-	[10,983]	-	[2,651]	-
Investment & Other Assets	4,048	23,102	5,217	54,026	4,635	23,086
Total	38,198	45,387	57,085	71,036	41,842	46,703
I . Current Liabilities	4,928	2,953	10,222	3,293	6,121	3,811
II . Fixed Liabilities	411	281	491	233	432	168
III . Total Equity	32,858	42,152	46,370	67,509	35,289	42,723
Total	38,198	45,387	57,085	71,036	41,842	46,703

Consolidated Cash Flow (Summary)



(JPY Million)	FY2008 1Q	FY2007 1Q	FY2007 Total
I. Cash Flow from Operating Activities	3,348	3,683	(1,777)
II. Cash Flow from Investing Activities	1,300	(3,716)	(1,473)
III. Cash Flow from Financing Activities	(2)	12	484
IV. Increase in Cash and Cash Equivalents	3,990	(110)	(3,520)
V. Balance of Cash and Cash Equivalents at the Beginning of the Term	13,242	16,763	16,763
VI. Balance of Cash and Cash Equivalents at the end of the Term	17,222	16,652	13,242

Net Income Before Tax: -JPY1,297M
Decrease in Account Receivables: 5,701M

Purchase of Marketable/Investment Securities : -JPY1,111M
Revenue by Transferring IP: JPY752M

Purchase & Sales of Marketable Securities: -JPY2,559M
Investments in Term Deposit: -JPY1,000M

Net Income Before Tax: -JPY15,567M
Depreciation and Amortization of Goodwill: JPY14,197M
Impairment Loss: JPY2,809M

Purchase & Sales of Marketable/Investment Securities: JPY1,404M

Net Income Before Tax: -JPY5,671M
Depreciation and Amortization of Goodwill: JPY3,564M
Decrease in Account Receivables: JPY4,753M

Appendix

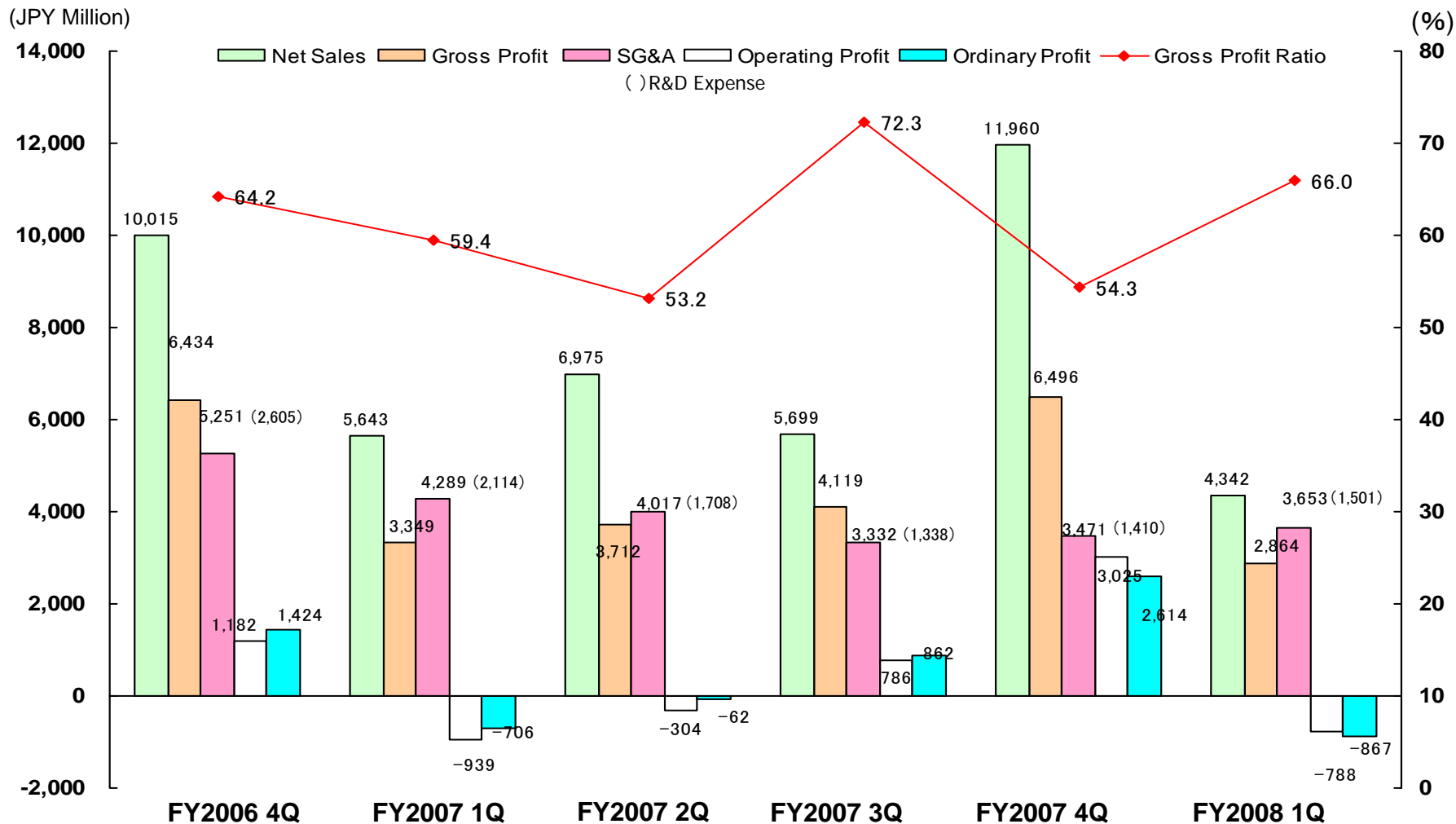
Results of Major Subsidiaries (FY2008 1Q: Feb. - Apr.)



- **ASA: ACCESS Systems Americas**
- **ASE: ACCESS Systems Europe**
- **ASC: ACCESS China**
- **AS: ACCESS Seoul**
- **IPI: IP Infusion**

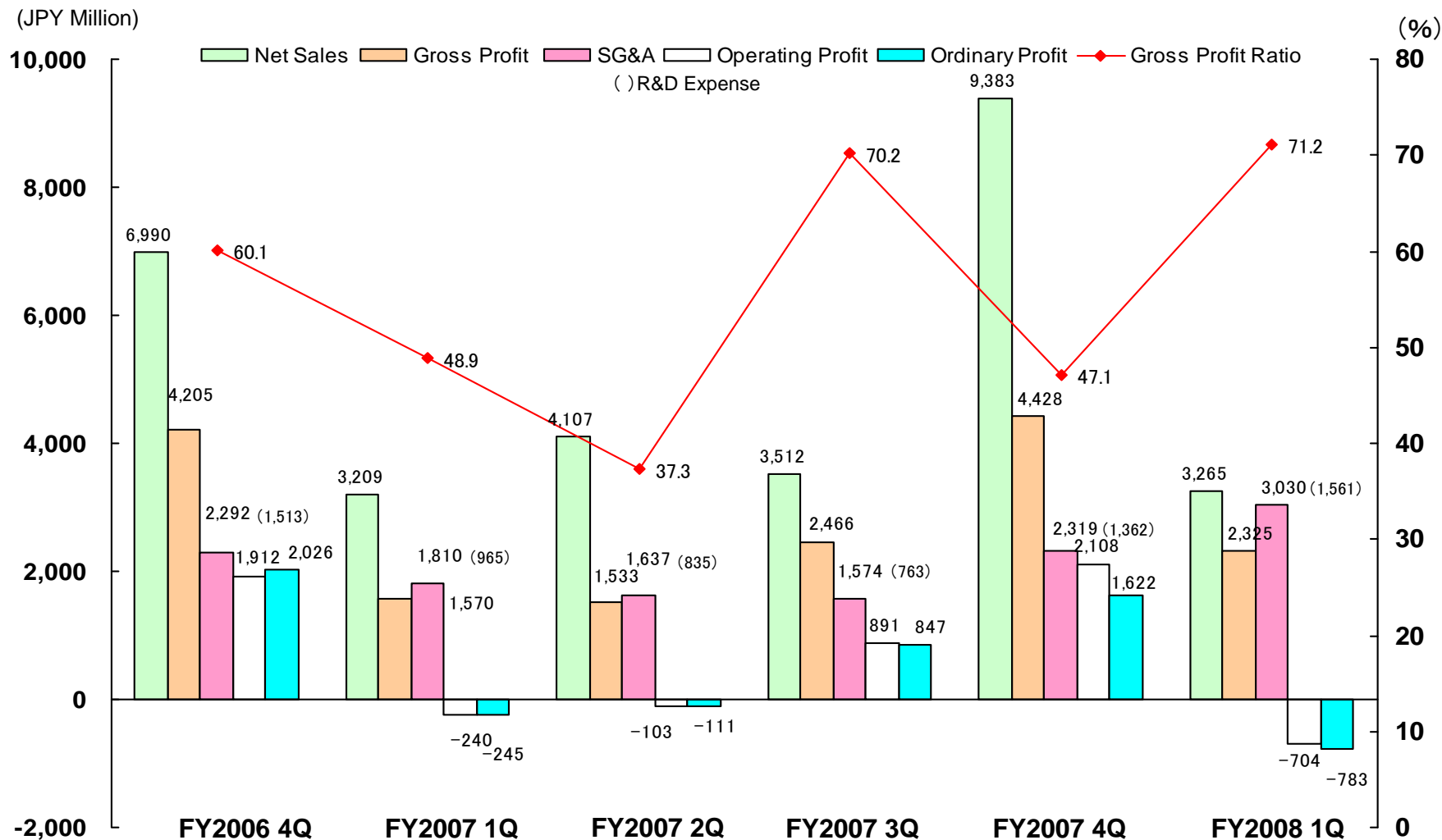
(JPY Million)	ACCESS	ASA	ASE	ASC	AS	IPI	Other Subs	Revision	Goodwill Amortization	Consolidated Total
Net Sales	3,265	1,289	289	371	242	319	384	(1,820)	-	4,342
Gross Profit	2,325	356	53	71	56	205	47	(252)	-	2,864
SG&A Expense (Ordinary)	3,030	419	242	93	22	176	243	(575)	-	3,653
Operating Profit (Non-GAAP)	(704)	(63)	(188)	(22)	33	29	(196)	323	-	(788)
SG&A Expense (Acquisition Related)	-	3	-	2	-	78	-	-	285	370
Operating Profit (GAAP)	(704)	(67)	(188)	(24)	33	(49)	(196)	323	(285)	(1,158)
Ordinary Profit	(783)	19	(185)	(26)	36	(52)	(199)	238	(285)	(1,238)
Net Profit	(579)	19	(247)	(26)	26	(52)	(178)	415	(285)	(907)

Trend of Quarterly Sales, etc. (Consolidated)



(For purpose of comparison, Goodwill Amortization expense is excluded.)

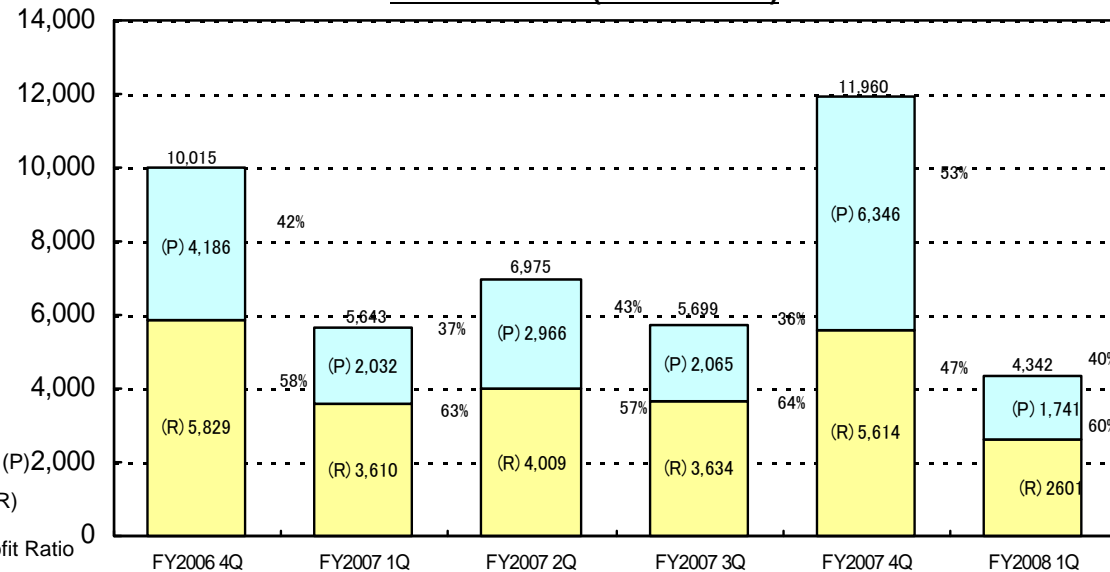
Trend of Quarterly Sales, etc. (Non-Consolidated)



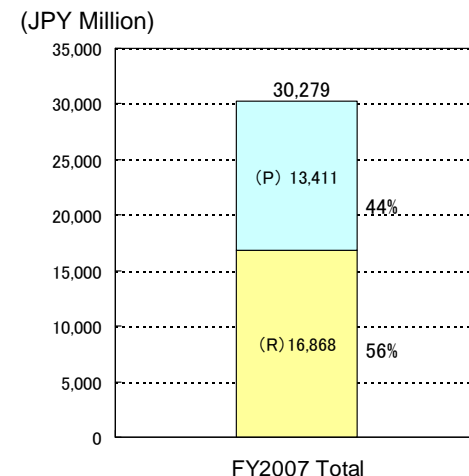
Trend of Sales & Gross Profit (Consolidated)



(JPY Million) **Sales Mix Ratio (Consolidated)**

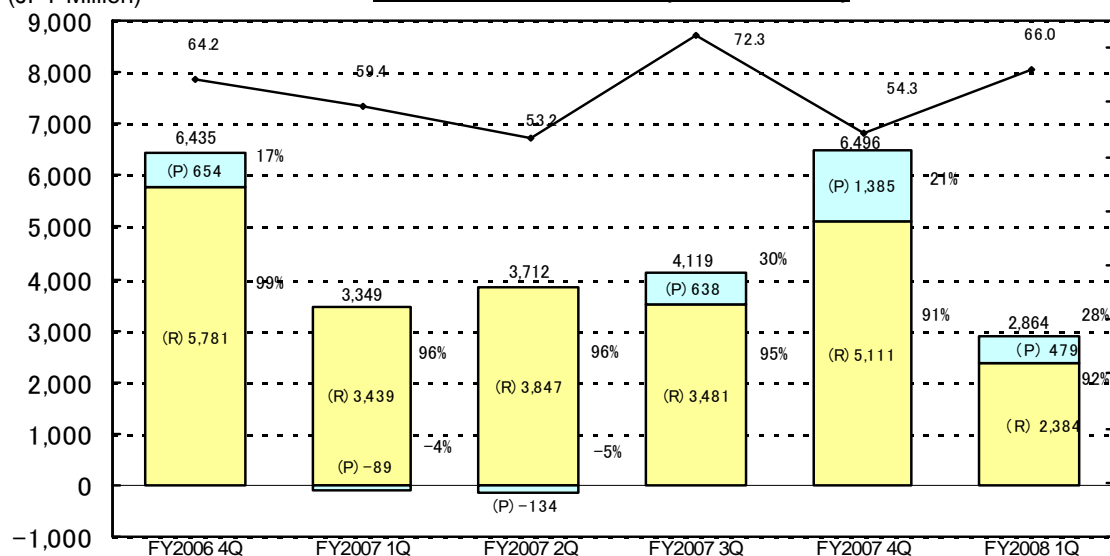


Sales Mix Ratio (Consolidated)

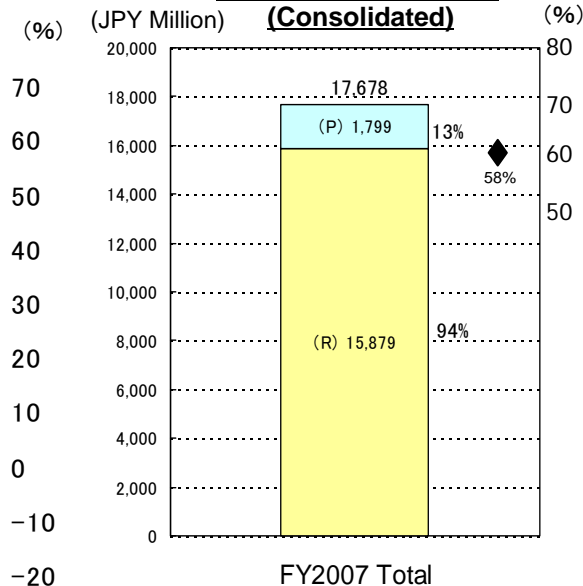


■ Products (P)
■ Royalty (R)
◆ Gross Profit Ratio (Overall)

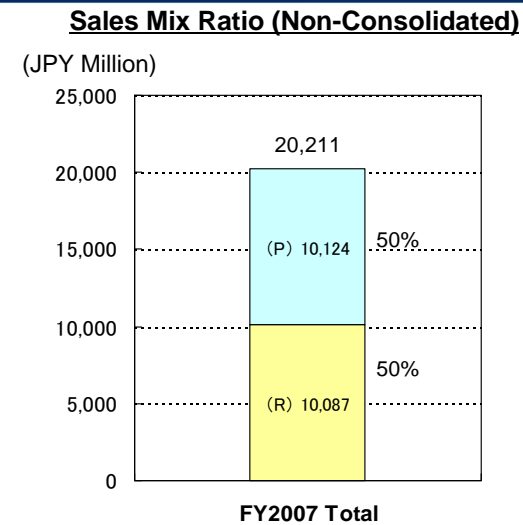
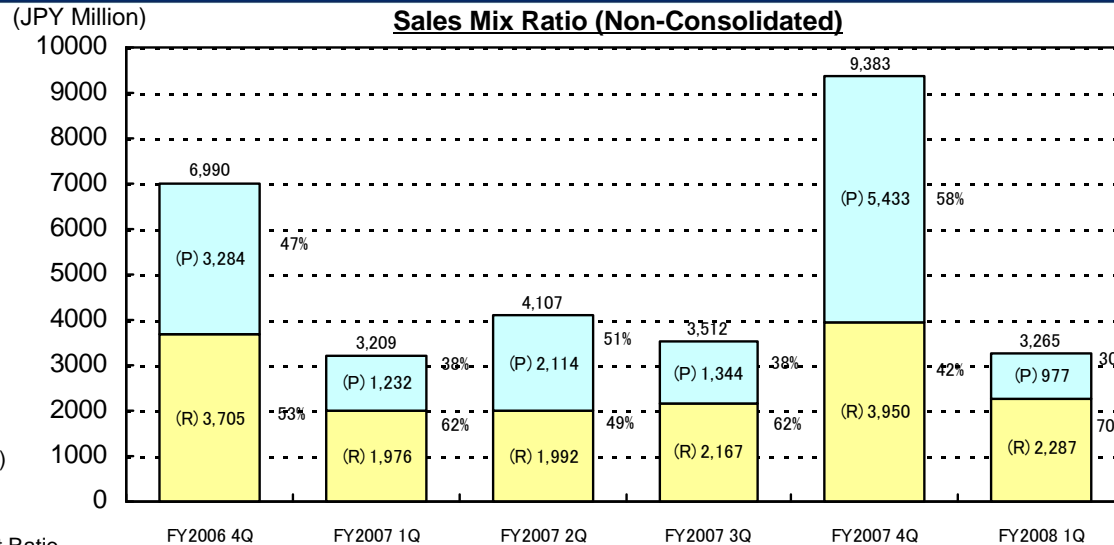
(JPY Million) **Gross Profit and Ratio (Consolidated)**



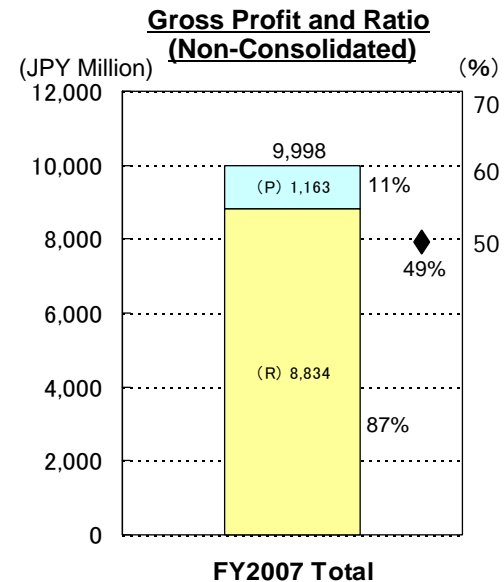
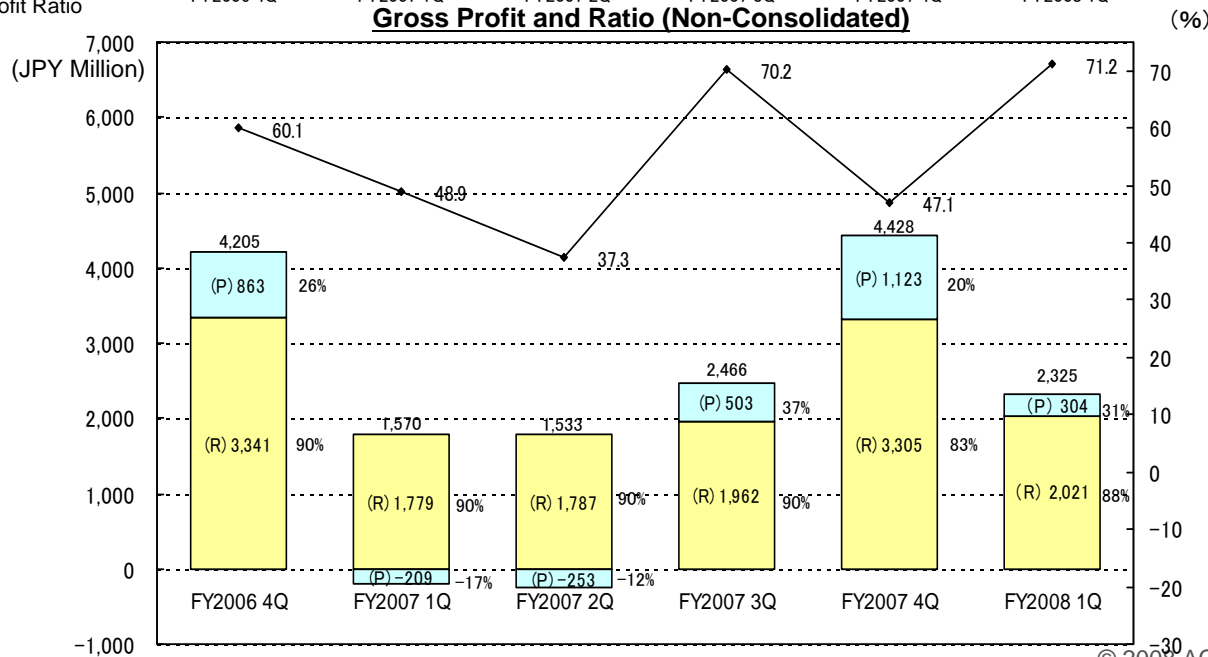
Gross Profit and Ratio (Consolidated)



Trend of Sales & Gross Profit (Non-Consolidated)



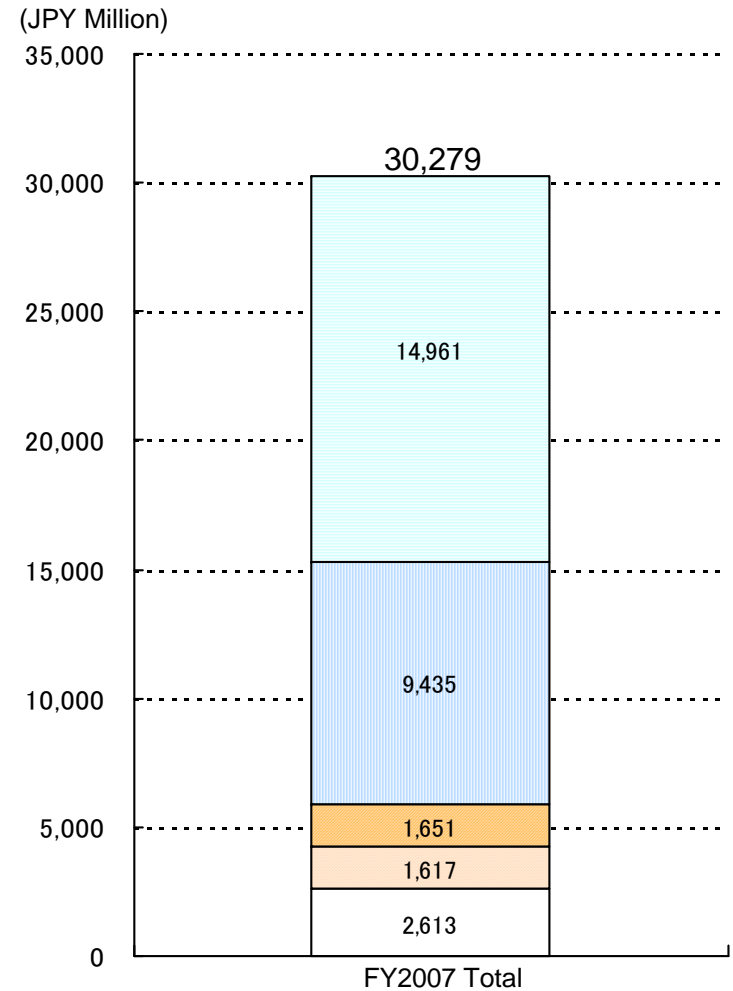
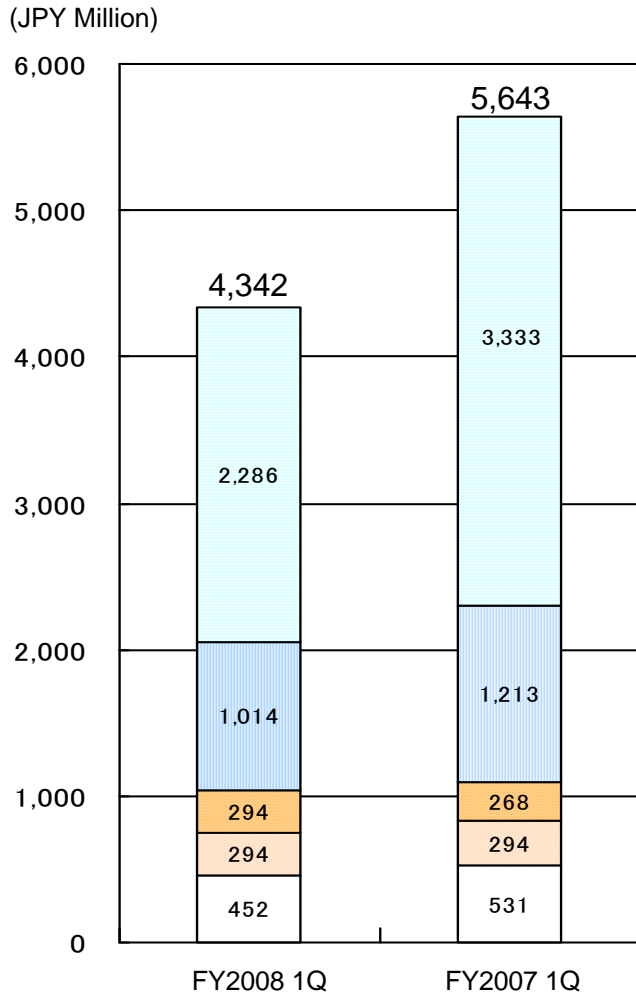
◆ Gross Profit Ratio (Overall)



Breakdown of Sales (Consolidated)



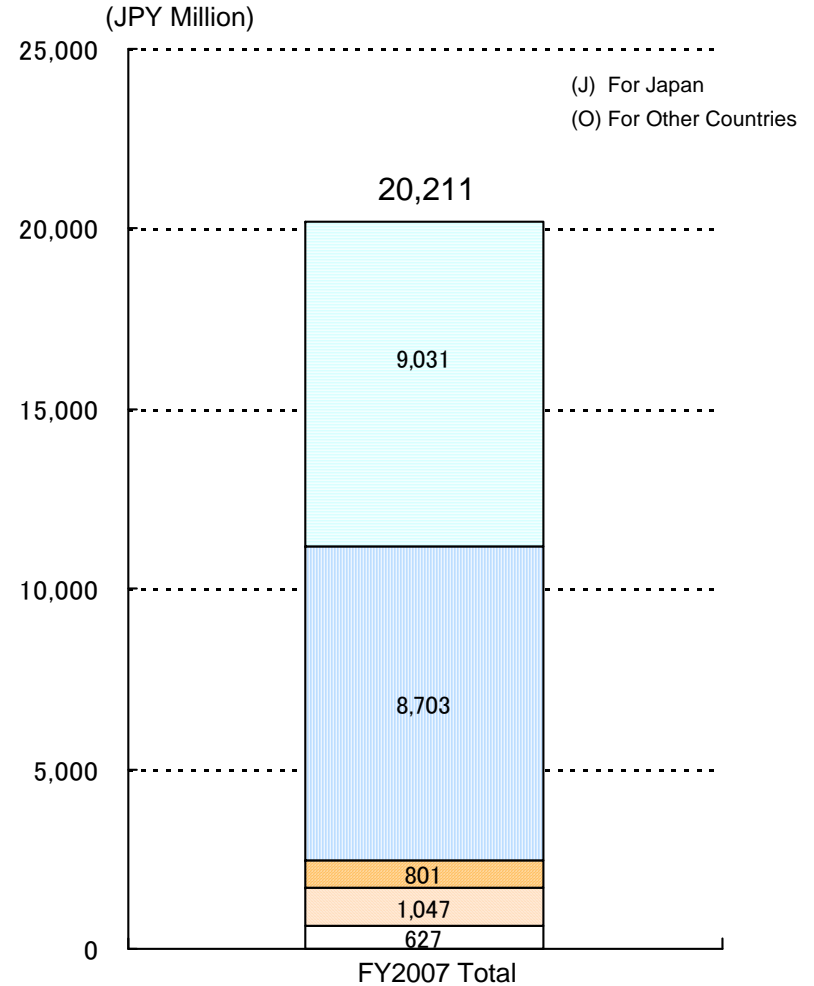
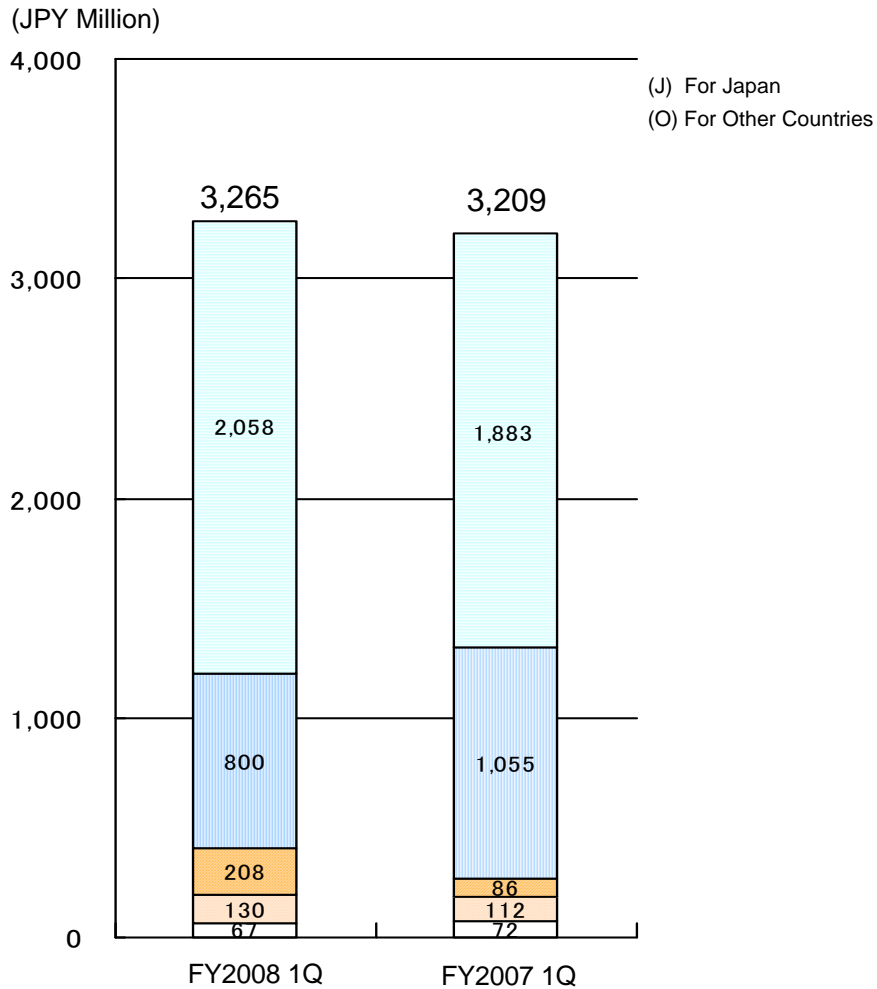
- Wireless/Royalty
- Wired/Royalty
- SDK, NRE and others/Royalty & Products (O)
- Wireless/Products
- Wired/Products



Breakdown of Sales (Non-Consolidated)



- Wireless/Royalty
- Wired/Royalty
- SDK, NRE and others/Royalty & Products (O)
- Wireless/Products
- Wired/Products



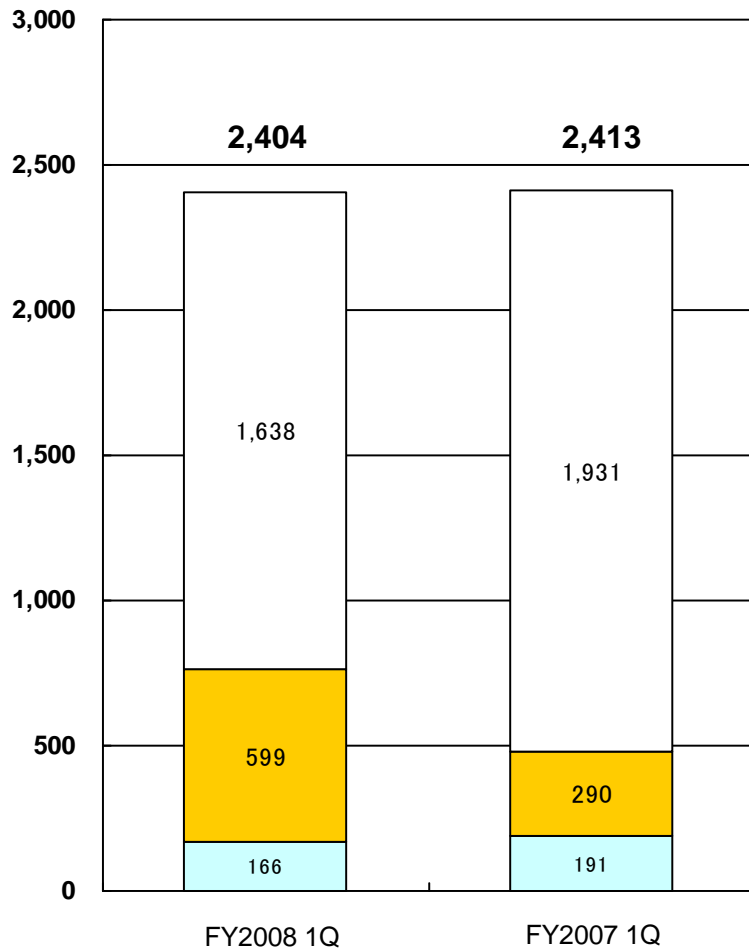
Orders for NRE Products (Consolidated)



- Wireless
- Wired
- Others

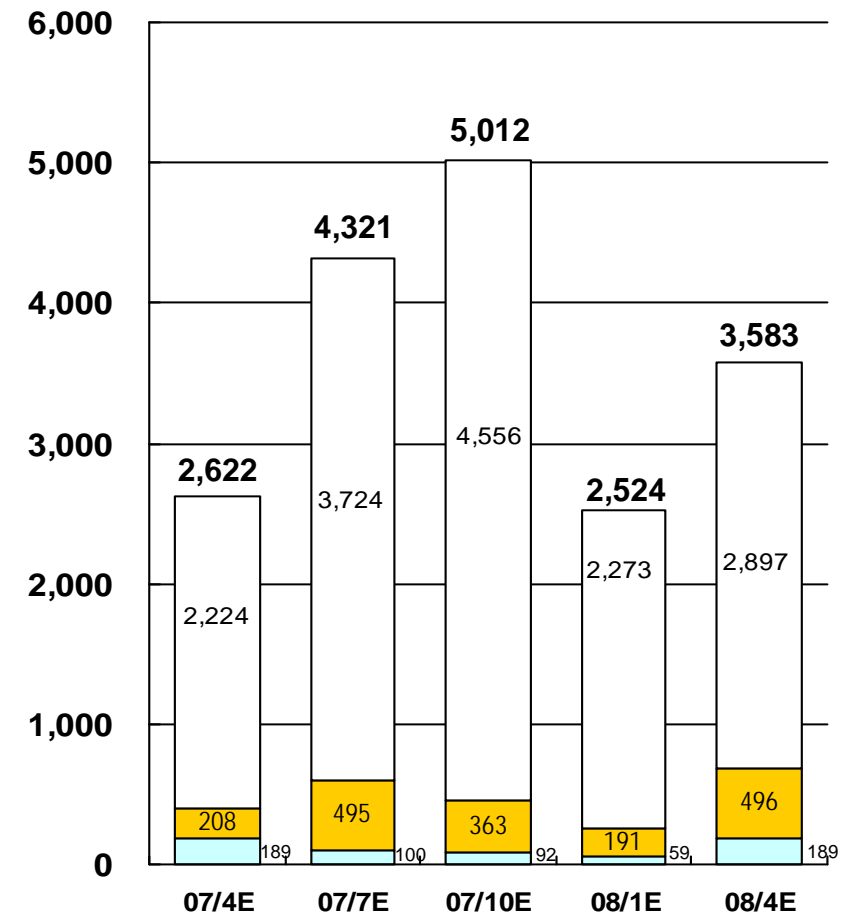
Orders Received

(JPY Million)



Backlogs

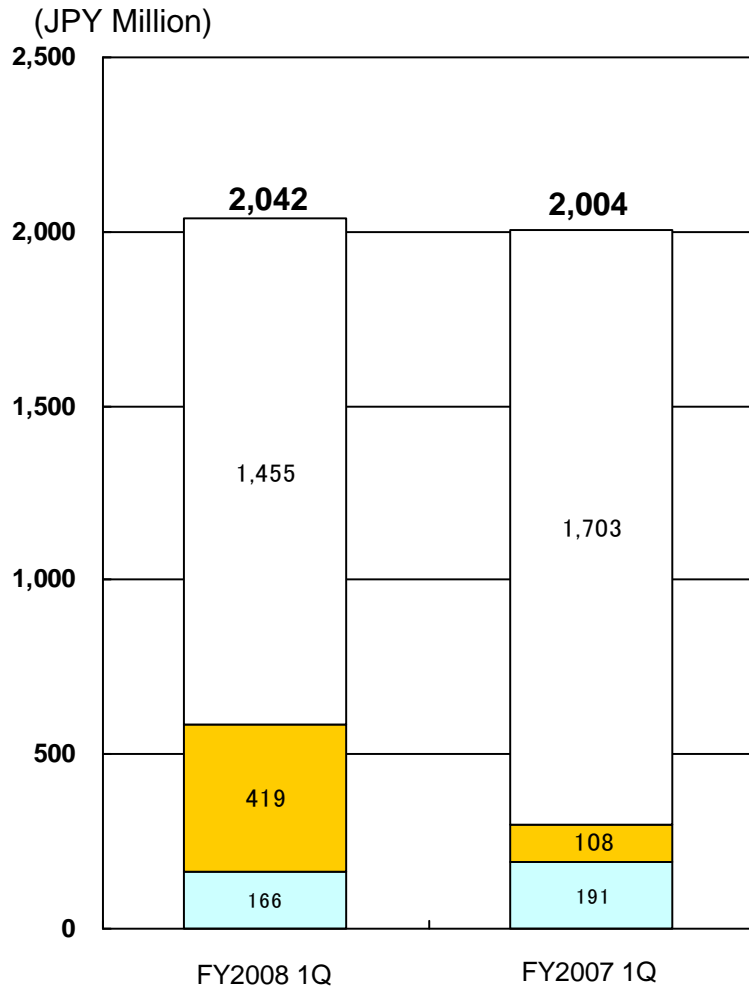
(JPY Million)



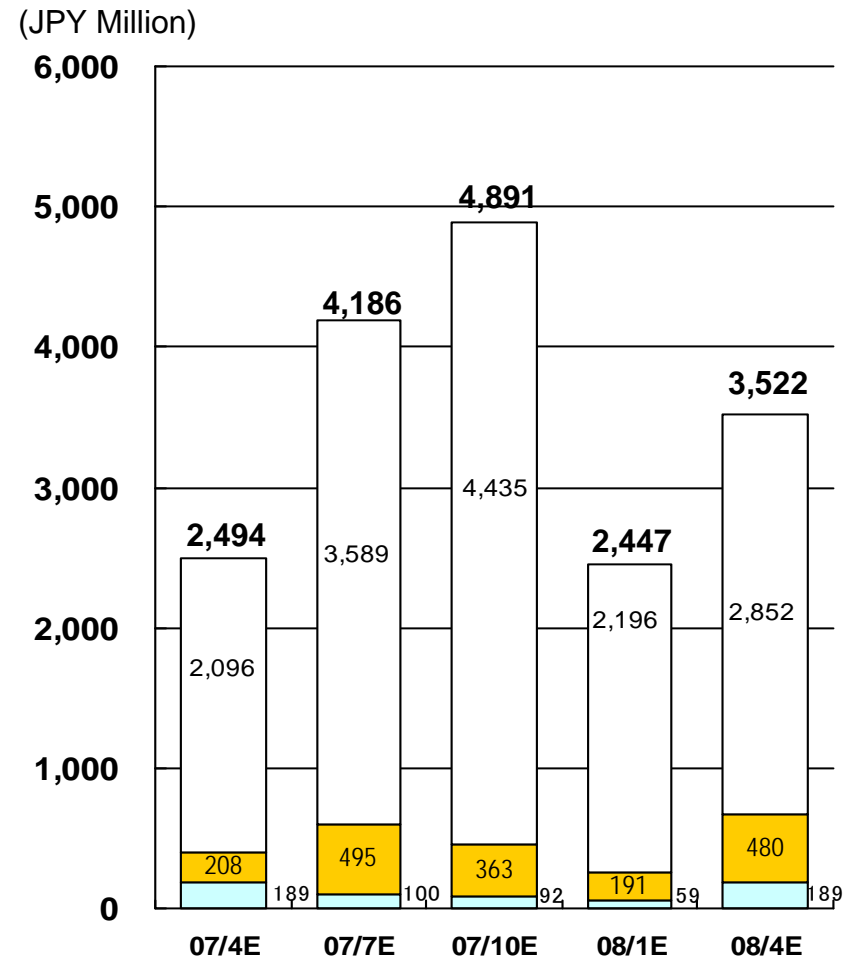
Orders for NRE Products (Non-Consolidated)



Orders Received



Backlogs



Head Count Trend (Consolidated)



(Unit: person)

Region \ Year	2007/01	2007/4	2007/07	2007/10	2008/01	2008/4
Japan	536	591	598	591	586	594
Asia (excluding Japan)	606	622	696	725	714	715
North America	275	198	190	182	188	185
Europe	123	134	137	135	137	132
Total	1,540	1,545	1,621	1,633	1,625	1,626