

# **Accounting Overview**

(Feb. 2005 – Jan. 2006)

**ACCESS Co., Ltd.**

April, 2006



---

# 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.



# Key Points of the Financial Statement

---

\* On the consolidated basis, net sales came to ¥17,269 million, and ordinary income, to ¥4,604 million

- The performance of consolidated subsidiaries achieved forecast levels in terms of ordinary income.
- The company achieved surplus above the forecast due to improvement of the control of selling, general and administrative expenses.

\* On the non-consolidated basis, net sales came to ¥14,809 million, and ordinary income, to ¥4,740 million.

- Sales were higher than had been projected due to the royalty on mobile handset and overall NRE demands.
- Selling, general and administrative expenses were higher than in the same term of the previous fiscal year, but were within forecast levels due to cost control and other measures.
- Achieved surplus in ordinary income above forecast level, though there were some expenditures unexpected in the beginning of this year.

\* On the non-consolidated basis, the share of total sales occupied by royalties reached 52 percent , largely exceeded last previous fiscal year (11% from the previous year ratio).

# Consolidated/Non-Consolidated Profit and Loss(summary)

【Consolidated】

(unit= ¥ million)

	FY 1/06 achievements	Forecast of FY 1 / 06	Comparison	
Net sales	<b>17,269</b>	<b>14,940 ~ 15,940</b>	<b>2,329</b>	<b>15.6%</b>
Ordinary Income	<b>4,604</b>	<b>3,700 ~ 4,200</b>	<b>904</b>	<b>24.4%</b>
Net Profit	<b>2,784</b>	<b>2,240 ~ 2,540</b>	<b>544</b>	<b>24.3%</b>

【Non - Consolidated】

	FY 1/06 achievements	Forecast of FY 1 / 06	Comparison	
Net sales	<b>14,809</b>	<b>12,380 ~ 13,080</b>	<b>2,429</b>	<b>19.6%</b>
Ordinary Income	<b>4,740</b>	<b>3,830 ~ 4,200</b>	<b>910</b>	<b>23.8%</b>
Net Profit	<b>2,804</b>	<b>2,370 ~ 2,540</b>	<b>434</b>	<b>18.3%</b>



# Consolidated Financial Highlights

4<sup>th</sup> Qtr(Nov-Jan) · Total

**Companies subject to consolidation: 26 consolidated subsidiaries  
and 2 consolidated company by equity method**

(¥1 million)	06/3Qtr	05/3Qtr	Year-on-year change	06/Total	05/Total	Year-on-year change
Net sales	7,389	3,928	88%	17,269	11,347	52%
Gross Margin	4,869	2,318	110%	10,495	6,623	58%
SG&A expenses	1,649	1,127	46%	5,780	4,351	33%
Operating income	3,219	1,191	170%	4,714	2,272	107%
Other Income	(74)	(20)	-	(110)	(14)	-
Ordinary income	3,145	1,170	169%	4,604	2,258	104%
Extraordinary gain/(loss)	(45)	52	-	(72)	101	-
Corporate income taxes, etc	1,170	322	-	1,747	815	-
Net income	1,879	917	105%	2,784	1,567	78%



# Consolidated Financial Highlights ( each Qtr )

**Companies subject to consolidation: 26 consolidated subsidiaries  
and 2 consolidated company by equity method**

(¥1 million)	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	06/Total	05/Total	% of Last Term
Net sales	2,962	3,078	3,839	7,389	17,269	11,347	52%
Gross profit on sales	1,871	1,692	2,061	4,869	10,495	6,623	58%
SG&A expenses	1,192	1,365	1,573	1,649	5,780	4,351	33%
Operating income	679	326	488	3,219	4,714	2,272	107%
Other Income	37	0	(71)	(74)	(110)	(14)	-
Ordinary income	716	326	416	3,145	4,604	2,258	104%
Extraordinary gain(loss)	0	(27)	0	(45)	(72)	101	-
Corporate income taxes, etc	291	75	211	1,170	1,747	815	-
Net income	448	223	232	1,879	2,784	1,567	78%



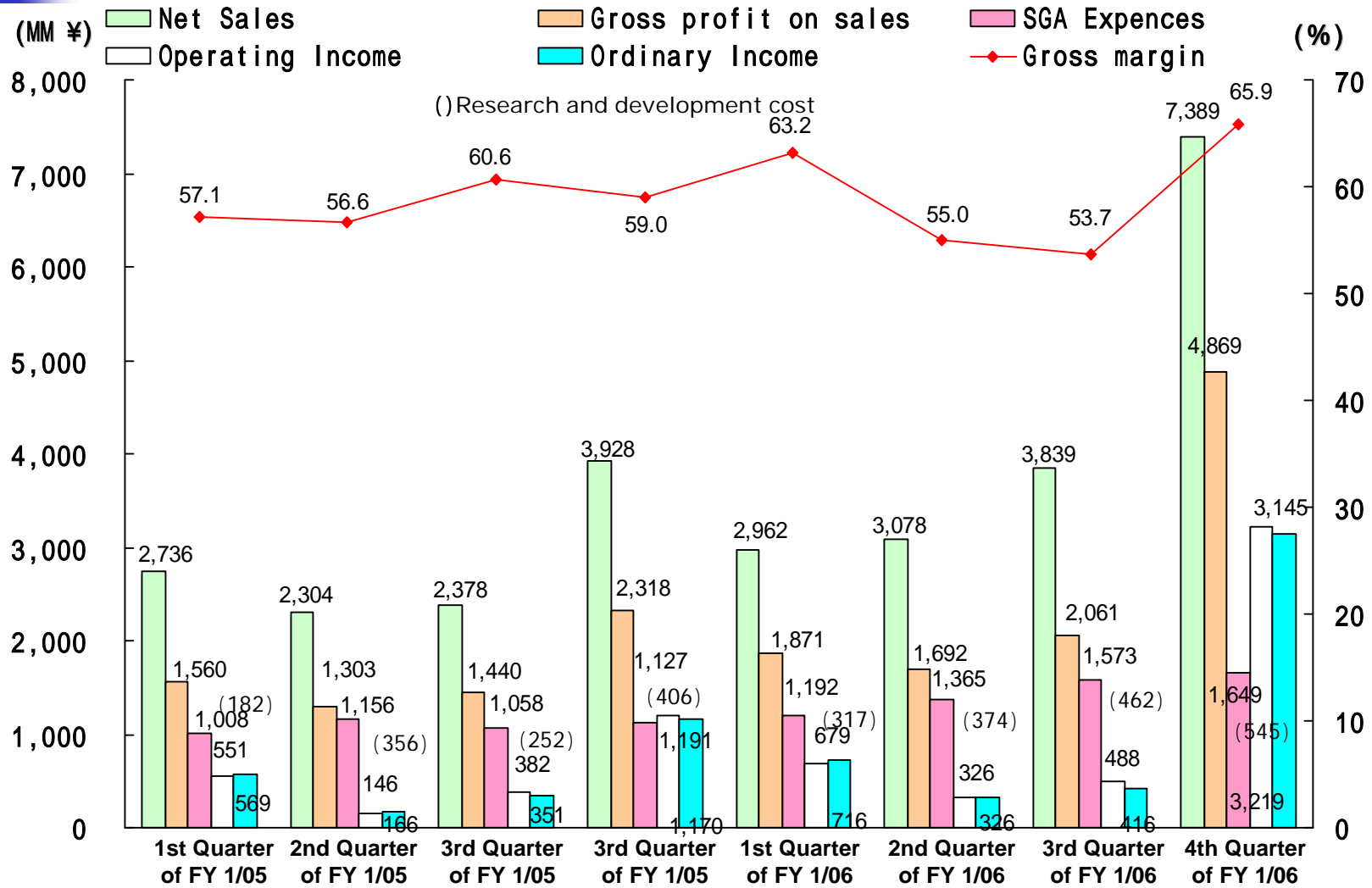
# Results by Each Subsidiary Company(Each 4 Qtr)

ASE : ACCESS Systems Europe GmbH  
 ASC : ACCESS China Inc.  
 AH : ACCESS Hokkaido Co., Ltd.  
 AP : ACCESS Publishing Co., Ltd.

CV : C-Valley Inc.  
 RZ : RZ: RedZero Inc.  
 PS : Palmsource Inc.  
 RS : Red Spider Inc.

(¥1 million)	ACCESS	ASE	ASC	AH	AP	CV	RZ	PS	RS	Adjustment Journal Entry	Consolidat ed total
Net sales	14,809	1,337	446	188	1,360	65	3	-	-	(942)	17,269
Gross profit on sales	9,477	1,073	248	67	405	(43)	3	-	-	(737)	10,495
SG&A expenses	4,637	1,061	169	12	341	97	120	-	30	(691)	5,780
Operating income	4,839	12	79	55	63	(141)	(117)	-	(30)	(46)	4,714
Other Income	(99)	35	9	0	(1)	0	(3)	-	0	(53)	(110)
Ordinary income	4,740	48	88	55	62	(140)	(120)	-	(30)	(99)	4,604
Extraordinary gain(loss)	(87)	0	-	0	-	-	-	-	-	15	(72)
Corporate income taxes, etc	1,848	15	-	0	0	-	0	-	-	(117)	1,747
Net income	2,804	32	88	54	62	(140)	(120)	-	(30)	33	2,784

# Trend of Quarterly Sales, etc. (consolidated)



# Non-Consolidated Financial Highlights

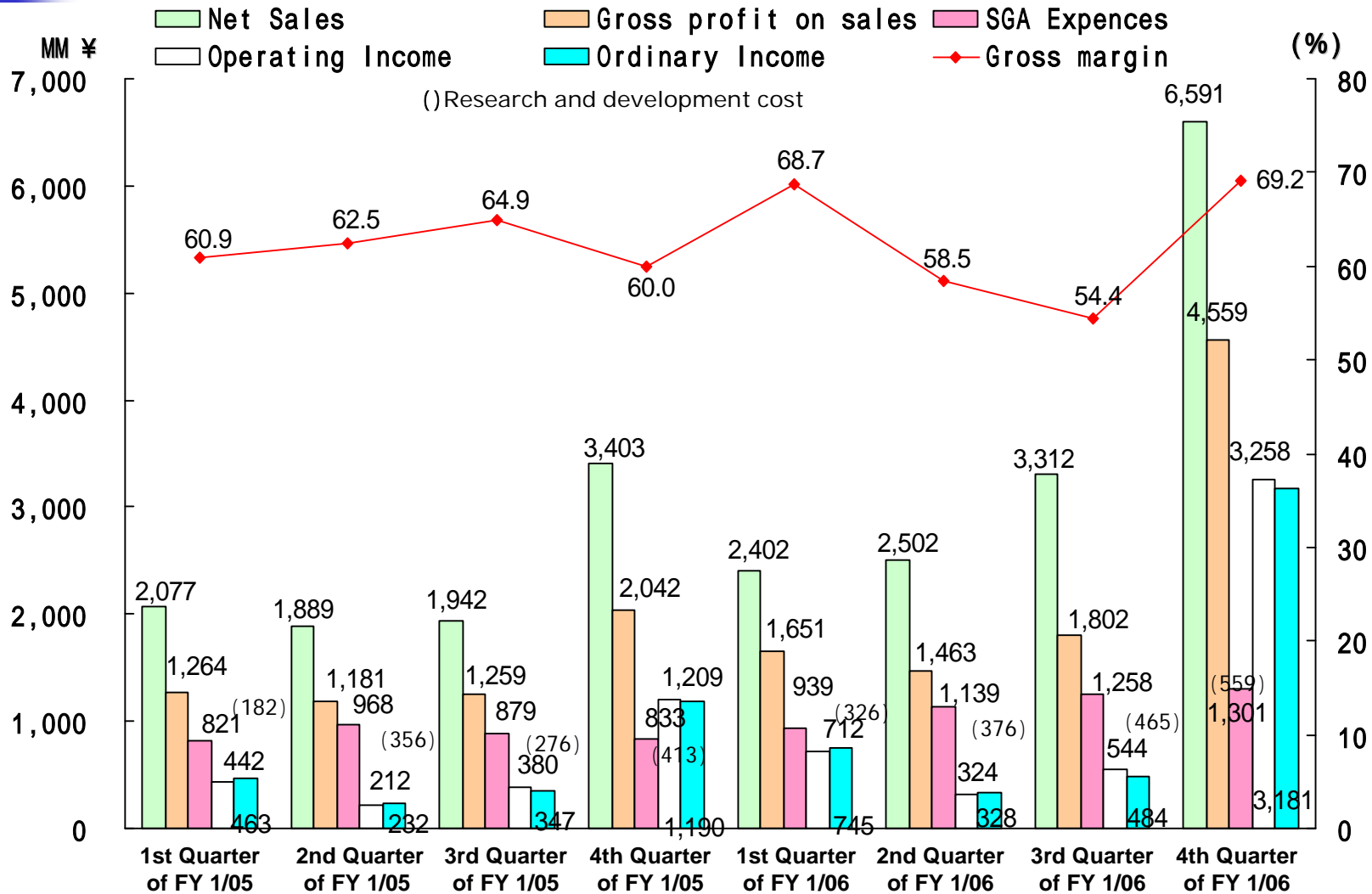
4<sup>th</sup> Qtr(Nov-Jan) • Total

(¥1 million)	06/4Qtr	05/4Qtr	Year-on-year change	06/Total	05/Total	Year-on-year change
Net sales	6,591	3,403	93%	14,809	9,313	59%
Gross profit on sales	4,559	2,042	123%	9,477	5,747	65%
Gross Margin Ratio	69.2%	60.0%	-	64.0%	61.7%	-
SG&A expenses	1,301	833	56%	4,637	3,502	32%
Operating income	3,258	1,209	169%	4,839	2,244	116%
Other Income	(77)	(18)	-	(99)	(10)	-
Ordinary income	3,181	1,190	167%	4,740	2,234	112%
Extraordinary gain(loss)	(60)	(293)	-	(87)	(124)	-
Corporate income taxes, etc	1,259	319	-	1,848	838	-
Net income	1,861	577	222%	2,804	1,271	121%

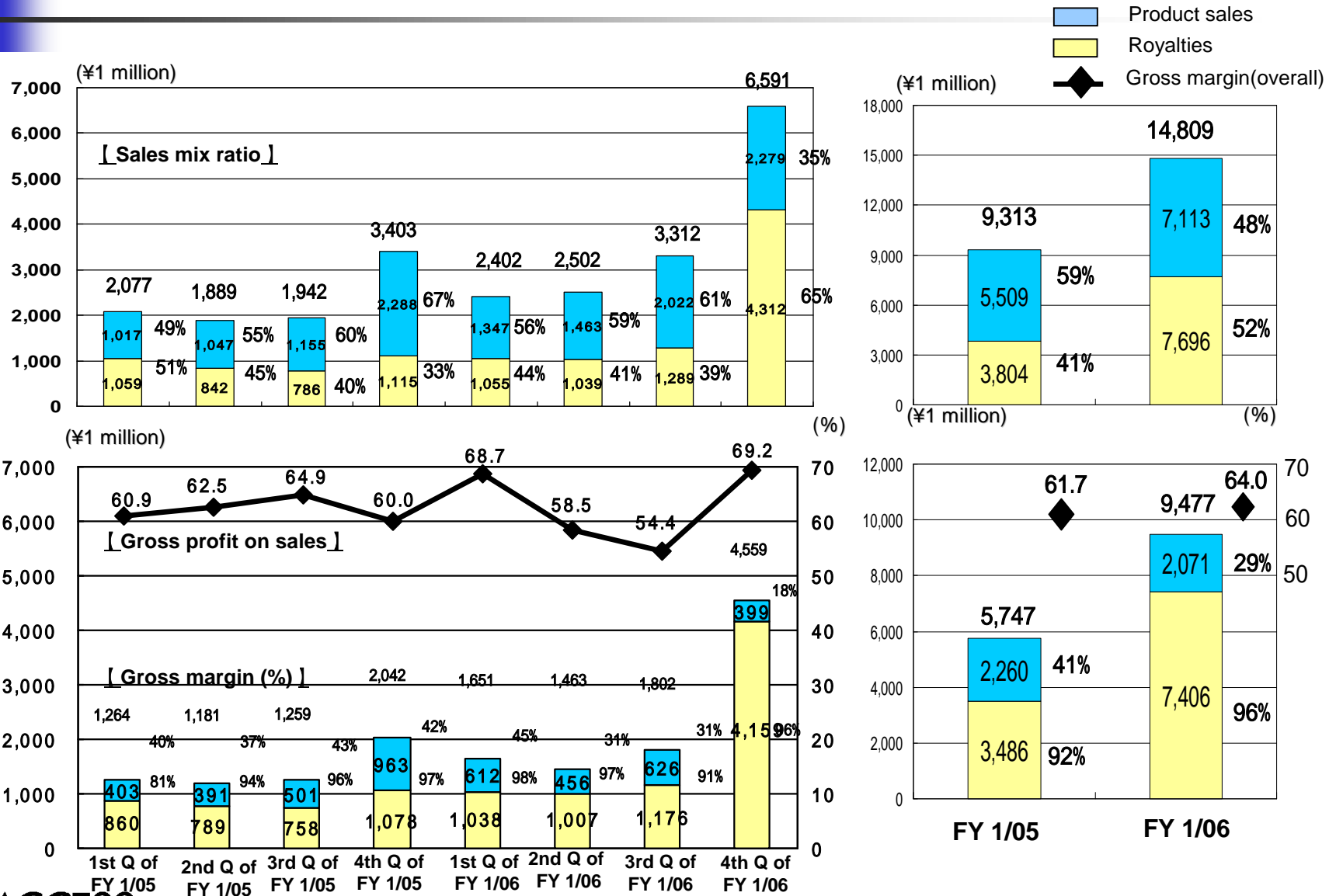
## Non-Consolidated Financial Highlights(each Qtr )

(¥1 million)	06/1Qtr	06/2Qtr	06/3Qtr	06/4Qtr	06/Total	05/Total	Year-on-year change
<b>Net sales</b>	2,402	2,502	3,312	6,591	14,809	9,313	59%
<b>Gross profit on sales</b>	1,651	1,463	1,802	4,559	9,477	5,747	65%
<b>Gross Margin Ratio</b>	68.7%	58.5%	54.4%	69.2%	64.0%	61.7%	-
SG&A expenses	939	1,139	1,258	1,301	4,637	3,502	32%
Operating income	712	324	544	3,258	4,839	2,244	116%
Other Income	33	4	(59)	(77)	(99)	(10)	-
Ordinary income	745	328	484	3,181	4,740	2,234	112%
Extraordinary gain(loss)	(24)	(11)	9	(60)	(87)	(124)	-
Corporate income taxes, etc	290	132	166	1,259	1,848	838	-
Net income	430	184	327	1,861	2,804	1,271	121%

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

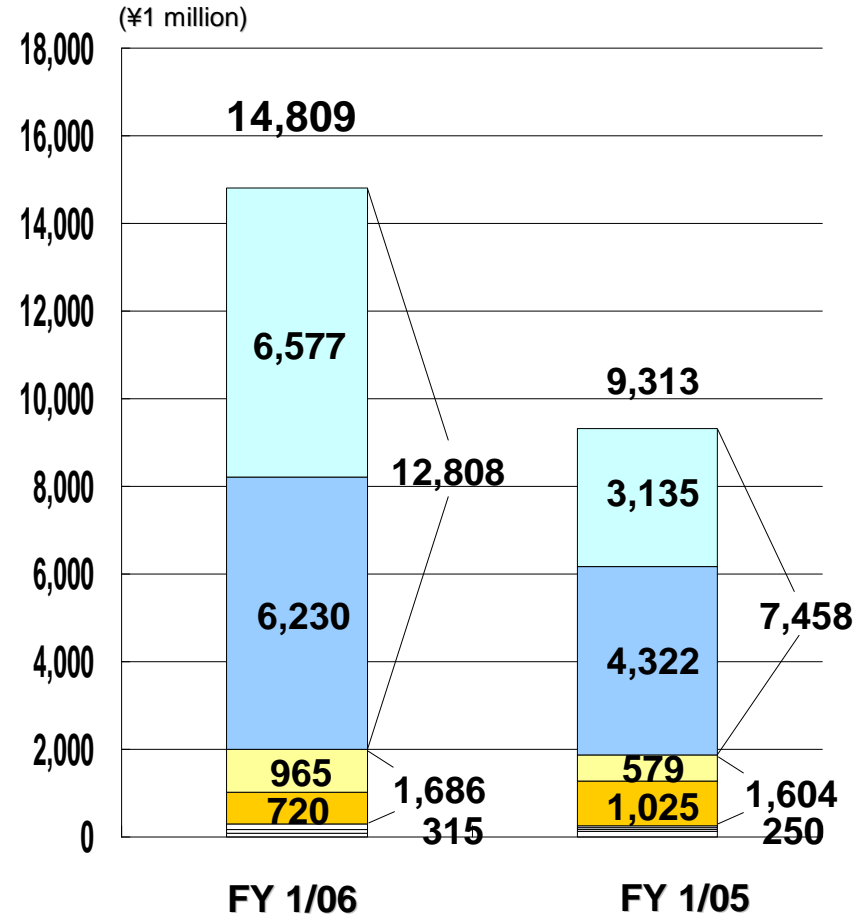
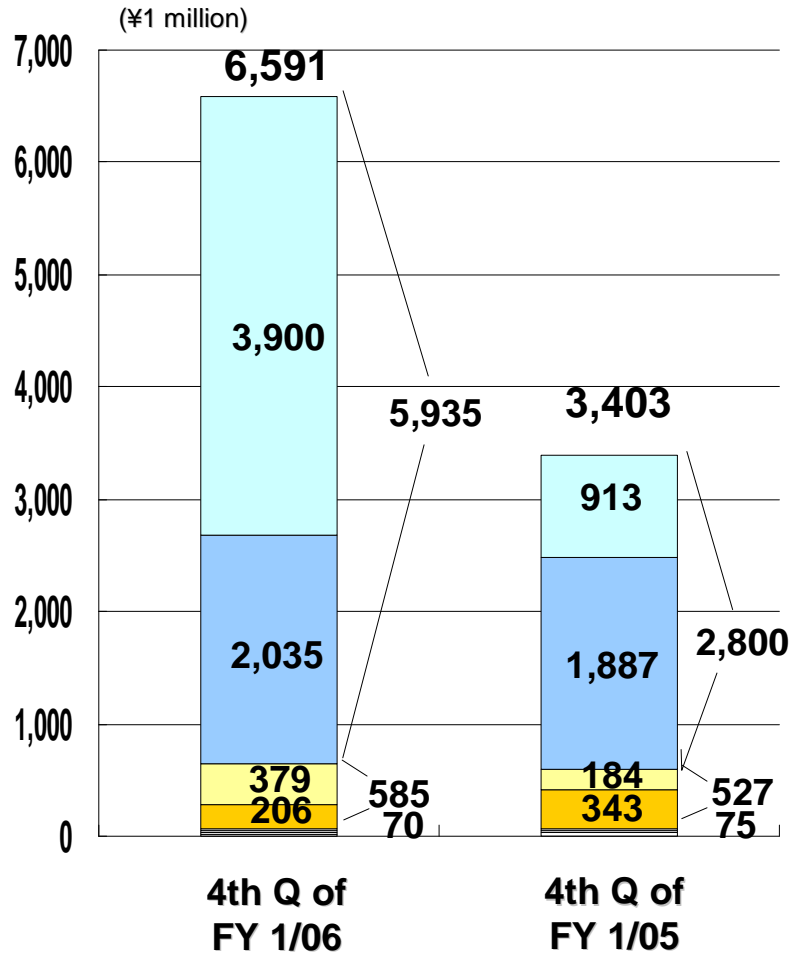


# Trend of Sales & Gross Profit on Sales (non-consolidated)

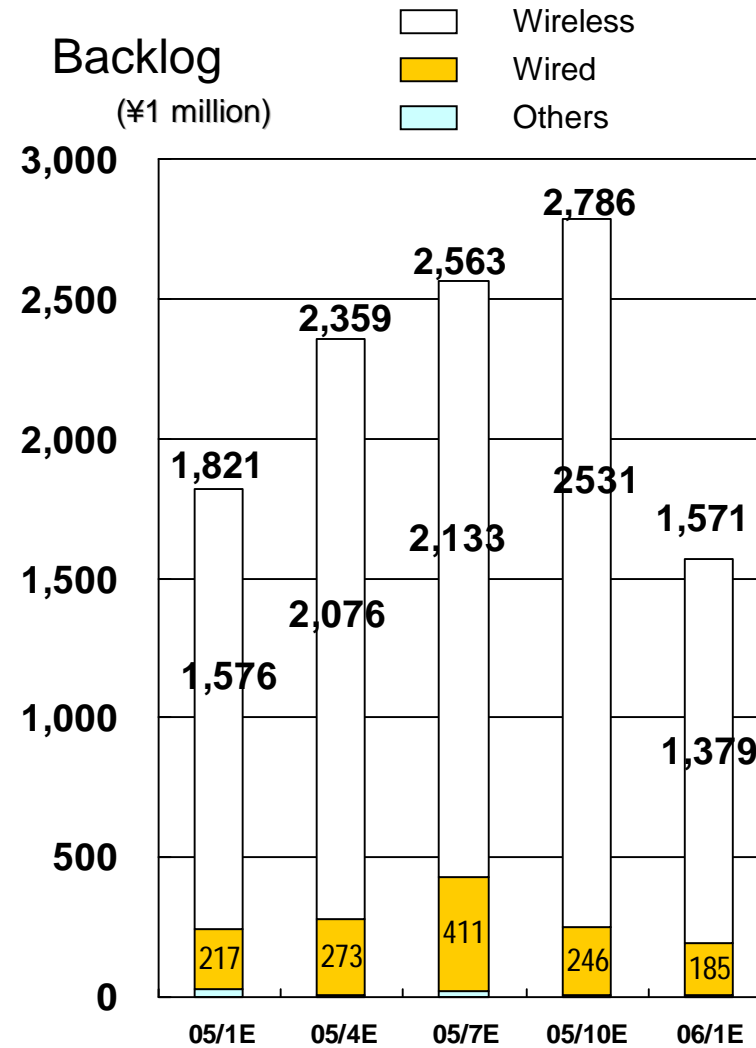
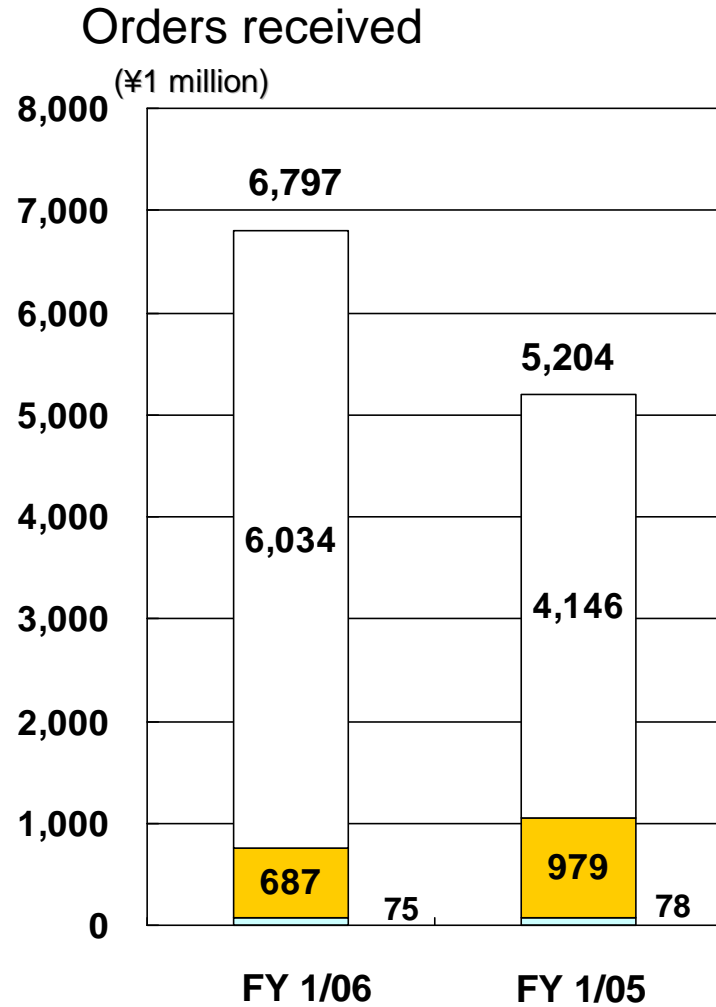


# Breakdown of Sales (non-consolidated 4<sup>th</sup> Qtr(Nov-Jan) · Total)

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



# Orders for NRE Products (non-consolidated)



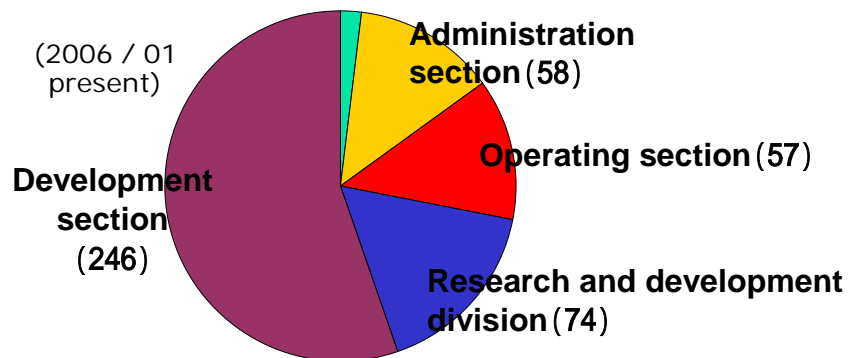
# Employee Transition

(Consolidated/Non-consolidated)

(number of people)

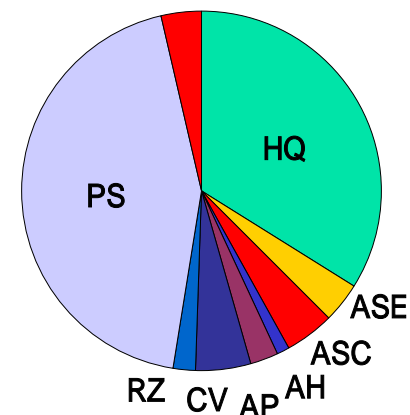
YEAR	2004/01	2005/01	2005/04	2005/07	2005/10	2006/01
HQ:Head Office	317	387	409	430	436	444
ASE:ACCESS Systems Europe GmbH	33	40	40	47	46	48
ASC:ACCESS China Inc.	36	38	43	44	49	58
AH:ACCESS Hokkaido Co., Ltd.	21	13	14	15	14	16
AP:ACCESS Publishing Co., Ltd.	12	33	34	34	33	31
CV : C-Valley Inc.	25	45	57	62	64	68
RZ : RedZero Inc.	-	17	25	26	30	26
PS:PermSource Inc.	-	-	-	-	-	574
RS:Red Spider Inc.	-	-	-	-	-	-
Total	444	573	622	658	672	1,265

Director / Auditor (9)



**ACCESS** Copyright©2006 ACCESS.CO.,LTD.

RS





## Comparative Consolidated Balance Sheet (summary)

(¥1 million)	End of FY 1/06	End of FY 1/05	Gain and loss
<b>. Current assets</b>			
Cash and deposits	24,916	7,460	17,455
Cash and deposits	6,419	3,100	3,319
Inventory	508	691	(183)
Other	8,837	549	8,288
<b>. Non-current assets</b>			
Tangible fixed assets	1,444	729	715
Intangible fixed assets	28,174	602	27,571
Investments and other assets	5,263	467	4,796
<b>Total</b>	<b>75,565</b>	<b>13,601</b>	<b>61,964</b>
<b>. Current liabilities</b>	<b>6,117</b>	<b>1,984</b>	<b>4,132</b>
<b>. Non-current liabilities</b>	<b>1,514</b>	<b>110</b>	<b>1,403</b>
Minority interest	577	168	408
<b>. Total equity</b>	<b>67,356</b>	<b>11,337</b>	<b>56,019</b>
<b>Total</b>	<b>75,565</b>	<b>13,601</b>	<b>61,964</b>

# Consolidated balance sheet ( Increase attribution analysis )

(unit:¥ million)

## Current Assets Increase attribution

- + 4,526 :cash increase by operating activity
- + 15,000 :Capital increase fromNTT DoCoMo
- + 693 : Deferred Tax Asset,  
          Annuals, Prepaid Expenses
- + 7,608 : Consolidation of PalmSouce INC.
- + 1,296 : Accounts receivable

## Fixed Assets Increase attribution

- + 1,328 : Change of annual evaluation  
(Stock evaluation in 1/31/06)
- + 19,917 : Goodwill of PalmSource
- + 10,978 : Consolidation of PalmSouce INC.

## Debt part increase attribution

- + 1,647 : The corporation tax to a  
          current income
- + 456 : Deferred tax liability to the  
          appraisal profit of negotiable securities
- + 265 : Account Payable
- + 1,818 : Consolidation of PalmSouce INC.

## Capital part increase attribution

- + 37,000 : MSCB
- + 15,000 : Capital Finance from NTTDoCoMo
- + 407 : Employee stock option exercised
- + 787 : The difference of the appraisal  
          profit of negotiable securities,  
          and deferred tax liability

	End of FY 1/06 ( 31/1/06present)	End of FY 1/05 ( 31/1/05present)	Comparison
<b>( Assets part)</b>			
<b>Current Assets</b>			
<b>Total of Current Assets</b>	40,682	11,802	28,880
<b>Fixed Assets</b>			
<b>Tangible Fixed Assets</b>	1,444	729	715
<b>Intangible fixed assets</b>	28,174	602	27,572
<b>Investments and other assets</b>	5,263	467	4,796
<b>Total of Fixed asset</b>	34,883	1,799	33,084
<b>Total Asset</b>	75,565	13,601	61,964
<b>(Liabilities)</b>			
<b>Current liabilities</b>	6,117	1,984	4,133
<b>Non Current liabilities</b>	1,514	110	1,404
<b>Liabilities</b>	7,631	2,095	5,536
<b>Minority Interest</b>	577	168	409
<b>(Capitals)</b>			
<b>Common Stock</b>	31,289	5,085	26,204
<b>Additional Paid in Capital</b>	31,973	5,769	26,204
<b>Retain Earnings</b>	3,247	462	2,785
<b>Others</b>	845	19	826
<b>Total Capital</b>	67,356	11,337	56,019
<b>Total Capital &amp; Liabilities</b>	75,565	13,601	61,964



## Comparative non-consolidated Balance Sheet(summary)

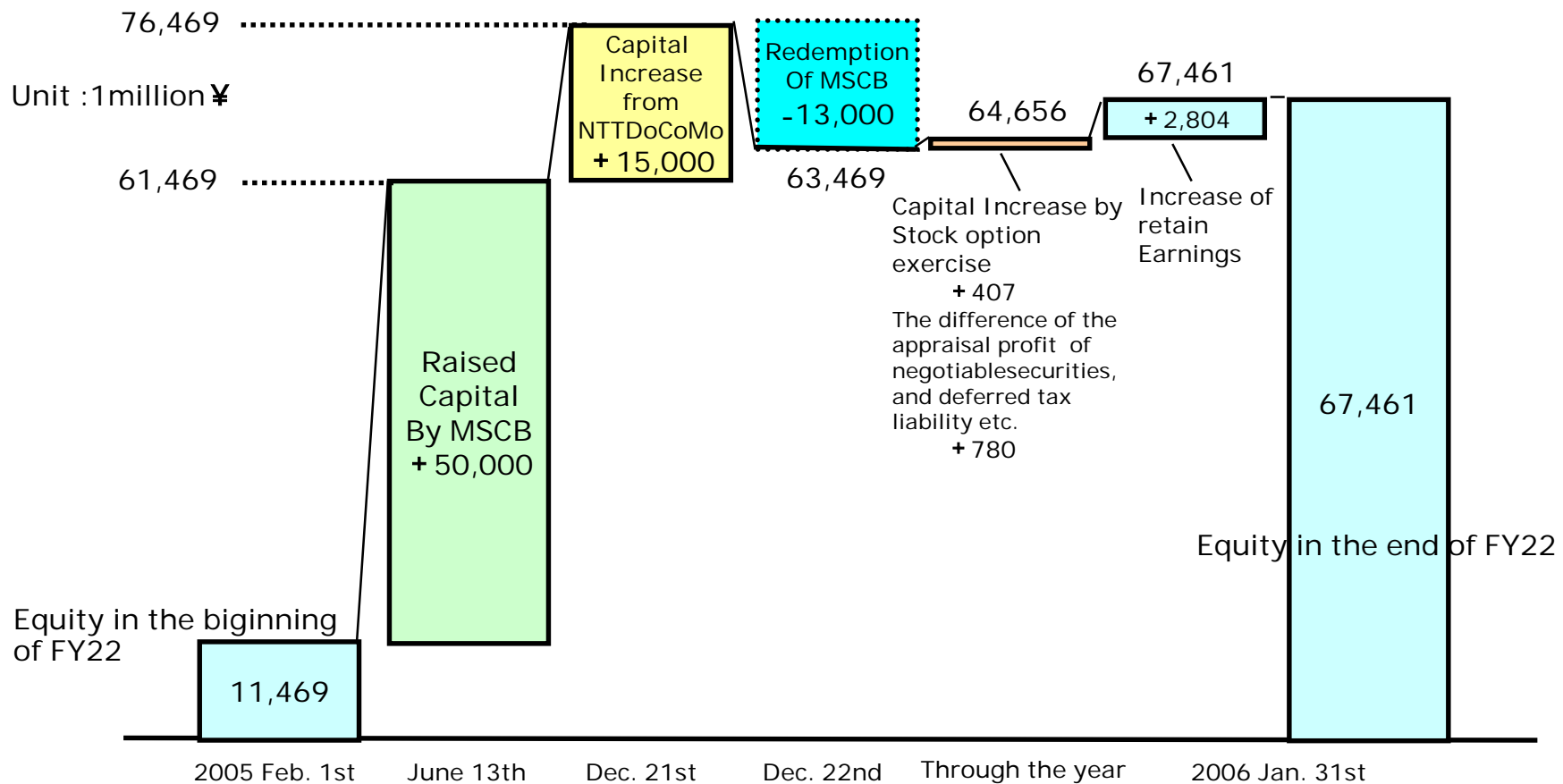
(¥1 million)	End of FY 1/06	End of FY 1/05	Gain and loss
<b>. Current assets</b>			
Cash and deposits	23,348	6,494	16,854
Cash and deposits	4,126	2,855	1,270
Inventory	520	577	(56)
Other	3,189	468	2,720
<b>. Non-current assets</b>			
Tangible fixed assets	691	625	66
Intangible fixed assets	363	433	(70)
Investments and other assets	40,458	1,505	38,953
<b>Total</b>	72,698	12,960	59,738
<b>. Current liabilities</b>	4,539	1,240	3,298
<b>. Non-current liabilities</b>	698	250	447
<b>. Equity</b>	67,461	11,469	55,991
<b>Total</b>	72,698	12,960	59,738

# Non-Consolidated B/S (Increase in Equity)

In FY22, amount of equity increased by some reasons.

Equity in the beginning of FY22: 11,469 MM ¥

Equity in the end of FY22 : 67,461 MM ¥



# Comparative non-consolidated Balance Sheet(summary)

(¥1 million)	1 <sup>st</sup> Q of FY 1/06	2 <sup>nd</sup> Q of FY 1/06	3 <sup>rd</sup> Q of FY 1/06	4 <sup>th</sup> Q of FY 1/06	Fiscal Year 2006	Fiscal Year 2005(Last Period)
I. Cash flows from operating activities	460	518	323	3,225	4,526	1,489
II. Cash flows from investing activities	(57)	(875)	(420)	(35,613)	(36,966)	(38)
III. Cash flows from financing activities	117	50,074	120	1,837	52,150	1,067
IV. Increase in cash and cash equivalents	530	49,721	42	(30,521)	19,772	2,516
V. Balance of cash and cash equivalents at beginning of the term	6,621	7,152	56,873	56,915	6,621	4,105
VI. Balance of cash and cash equivalents at the end of the term	7,152	56,873	56,915	26,393	26,393	6,621

Obtained income from the  
warrant Bond: ¥50,000 million

Payment generated by stock acquisition  
of PalmSource: ¥ 35,534 million

Receipt generated by the  
Allocation of New Shares to a Third Party : ¥15,000million  
Payment generated by Straight Bond Call back: ¥13,000million

Net Profit before tax : ¥ 4,531million

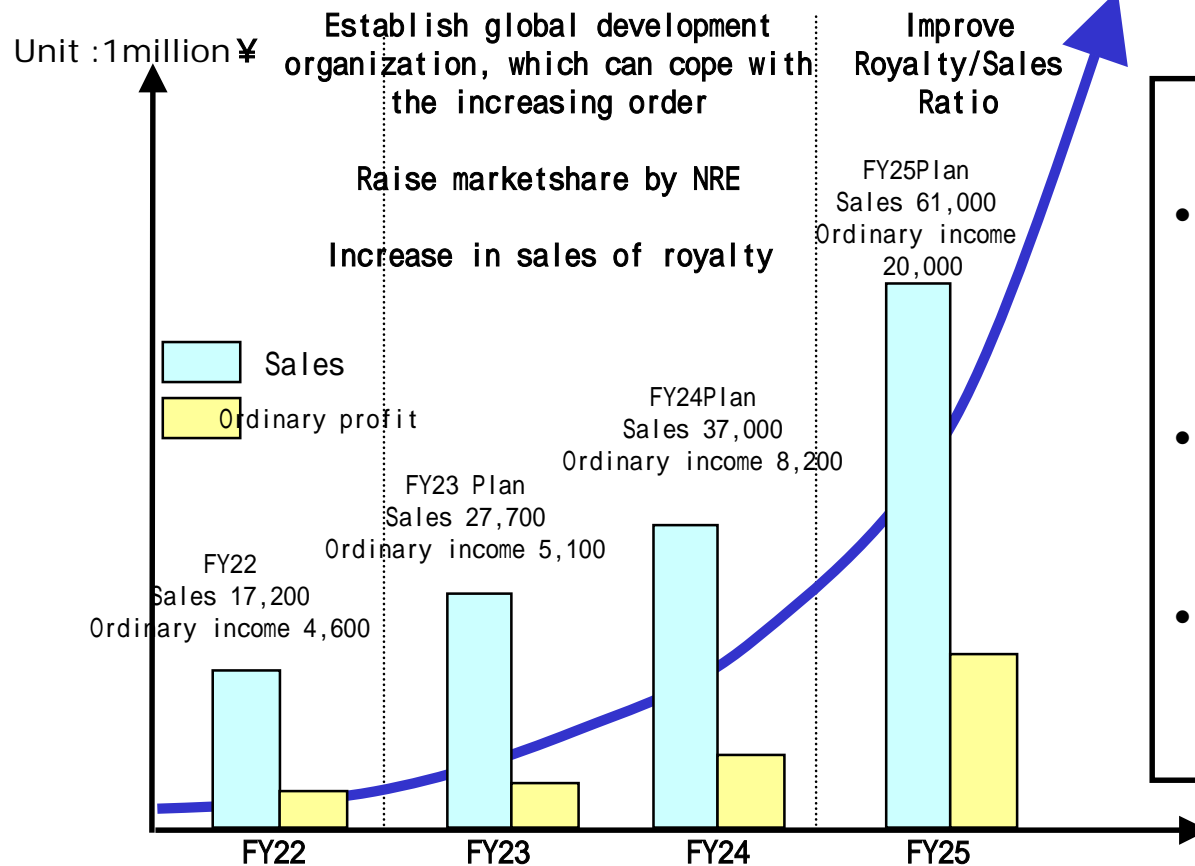
**January, 2007(FY 23)  
Forecast**

# Mid-term Plan of ACCESS Group

**【FY23 : Establish Basis】**  
 Sales Plan: 27,700mm¥  
 Ordinary Income: 5,100mm¥



**【FY26 : Goal】**  
 Sales Plan: 111,500mm¥  
 Ordinary Income: 50,000mm¥



- FY26 (Jan. 2010)**
- Business Portfolio
    - Mobile phone 70%
    - Non mobile phone and server solutions 30%
  - Planned mobile market share 30%  
 Targeting to sell 300 million sets in 1,000million market
  - Try to raise royalty per 1set by providing not only browser but total turn-key solution to our clients



## Forecast 2007 (FY23)

(non-consolidated) /first half term,and through one term

(¥1 million)	1st half	Fiscal Year	FY 22 Achievement	Changes in ( % )
Sales	5,530	18,000	14,809	22%
Ordinary income	990	6,408	4,740	35%
Net income	594	3,844	2,804	37%



## Forecast 2007(FY23)

(consolidated) /first half term,and through one term

(¥1 million)	1st half	Fiscal Year	FY 22 Achievement	Changes in ( % )
Sales	8,895	27,764	17,269	61%
Ordinary income	1,184	5,127	4,604	11%
Extra-Ordinary Losses	5,790	12,304	72	-
Net income	7,264	9,648	2,784	-

# Goodwill and Redemption

Total amount of Goodwill 26,053 million¥

**Goodwill of PalmSource** (Consolidated in the end of Dec.2005)

Subtotal: 19,917 million¥

**Goodwill of Naraworks** (Consolidated in the end of Feb.2006)

Subtotal: 354 million¥

**Goodwill of IPInfusion** (Will be consolidated in the end of Mar.2006: \$1 = 118.00¥)

Subtotal: 5,782 million¥

**Redemption of Goodwill** Under final consulting with Accounting Firm with the direction of redeeming them in 2 years as Extra-ordinary Losses

