

Overview for 3rd Qtr Financial Results (2004:Feb.2003-Jan.2005)

ACCESS Co., Ltd.
December 2004



Disclaimer

- All the financial numbers for the future business (Revenue, Profit etc.) included in this presentation are estimated by ACCESS based on the available information which we can gather at this moment.
- These numbers of the future business includes various uncertain factors, so actual results could be different. Please avoid making any decisions for investment relying upon these information in this material.



Summary for Year-to-date

- Consolidated Results : Sales 7,419M yen, Ordinary Income 1,087M yen
Results for subsidiaries as a whole resulted in less than originally expected, since profit from subsidiaries was less than forecasted.
Royalty revenues were more than forecasted on a non-consolidation basis.
In addition, sales mix improvement and effective cost control of SG&A expenses resulted in greater number of ordinary income.
- Non-consolidated Results : Sales 5,909M yen, Ordinary Income 1,044M yen
As the result for 3rd quarter;
 - Well growing numbers in Royalty revenue of FOMA resulted in approximately 130M yen more than forecasted in Sales Revenue.
 - Effective cost control resulted in 60M yen decrease in SG & A expenses.
- Royalty ratio of sales in Non-consolidation was 45% (2004 YTD), which was successfully recovered and improved. (2003 YTD : 36%)

Highlight of 3rd Qtr

Consolidation

(M yen)	Actual (2004)	Forecast (2004)	Actual (2003)	Assumption	Un-confirmed Elements	Comments
Net Sales	2,378	2,000 ~ 2,300	1,887	<ul style="list-style-type: none"> ASE : Estimation of International i-mode sales is same as last period 	<ul style="list-style-type: none"> Degree of penetration for International i-mode Sales 	<ul style="list-style-type: none"> Increase NRE & Royalty for international i-mode
Operating Income	382	150 ~ 300	194	<ul style="list-style-type: none"> ASC : China Unicom deal contributes to our sales after 2nd Qtr 	<ul style="list-style-type: none"> Degree of penetration for MMS Service in China 	<ul style="list-style-type: none"> Supply Software for server to NTT DoCoMo
Ordinary Income	351	150 ~ 300	104	<ul style="list-style-type: none"> AP : Estimation of the publication sales & Digital Contents sales is slightly better than Last Period 	<ul style="list-style-type: none"> Timing of contribution to sales for Digital Contents 	<ul style="list-style-type: none"> A part of the subsidiaries' ordinary income are less than forecast, which resulted in smaller numbers than as forecasted as a whole group.
Net Income	206	70 ~ 180	123			

Non-Consolidation

(M yen)	Actual (2004)	Forecast (2004)	Actual (2003)	Assumption	Un-confirmed Elements	Comments
Net Sales	1,942	1,700 ~ 1,800	1,511	<ul style="list-style-type: none"> Sales mix (Estimate of this term) Product : Royalty=60:40 	<ul style="list-style-type: none"> Impact for royalty by sales of new mobile phone such as 3G, etc. 	<ul style="list-style-type: none"> 130M yen increased in sales. More effective cost control results in 60M yen decrease in SG&A.
Operating Income	380	100 ~ 300	274	<ul style="list-style-type: none"> GM (Forecast in this whole year) 51.6% 	<ul style="list-style-type: none"> Decreasing GM% of products for new business with new partner's) 	<ul style="list-style-type: none"> Sales mix (3Qtr Act) Product : Royalty=60:40
Ordinary Income	347	100 ~ 300	186	<ul style="list-style-type: none"> Expense ratio of sales (Forecast in this whole year) 43% 		<ul style="list-style-type: none"> GM (3Qtr Act) 40%
Net Income	200	50 ~ 180	204			<ul style="list-style-type: none"> Expense ratio of sales (3Qtr Act) 45%

Highlight of Year-to-date

Consolidation

(M yen)	Actual (2004)	Forecast (2004)	Actual (2003)	Assumption	Un-confirmed Elements	Comments
Net Sales	7,419	7,040 ~ 7,340	5,370	• ASE : Estimate International i-mode sales is same as Last Period	• Degree of penetration for International i-mode Sales	• Increase NRE & Royalty for international i-mode
Operating Income	1,080	848 ~ 998	160	• ASC : Contribute to sales of China Unicom after 2nd Qtr	• Degree of penetration for MMS Service in China	• Supply Software for server to NTT DoCoMo
Ordinary Income	1,087	886 ~ 1036	81	• AP : Estimate the publication sales & Digital Contents sales are slightly better than Last Period	• Timing of contribution to sales for Digital Contents	
Net Income	649	512 ~ 622	91			• Results for all subsidiaries were same as forecast.

Non-Consolidation

(M yen)	Actual (2004)	Forecast (2004)	Actual (2003)	Assumption	Un-confirmed Elements	Comments
Net Sales	5,909	5,667 ~ 5,767	4,186	• Sales mix (Forecast in this whole year) Product: Royalty=60:40	• Impact for royalty by sales of 3G & PDC new mobile phone	• 130M increase in Sales than forecast
Operating Income	1035	755 ~ 955	526	• GM (Forecast in this whole year) 51.6%	• Decrease in GM% by new business with new partners/alliance	• Effective cost control resulted in decrease 103M yen in SG & A
Ordinary Income	1044	796 ~ 996	452	• Expense ratio of sales (Forecast in this whole year) 43%		• Sales mix (YTD Act) Product : Royalty=55:45
Net Income	693	543 ~ 673	462			• GM (YTD Act) 40% • Expense ratio of sales (YTD Act) 45%

3rd Qtr & Year-to-date Results (consolidation)

● **Subsidiary Companies: 6 Companies, Affiliated Company: 1 Company**

(M yen)	04/3Qtr	03/3Qtr	Y-to-Y	04/YTD	03/YTD	Y-to-Y	03/Total	% of Last Period
Net Sales	2,378	1,887	26.0%	7,419	5,370	38.1%	8,793	84.3%
Gross Margin	1,440	1,078	33.5%	4,305	3,178	35.4%	5,078	84.7%
SG & A Expenses	1,058	883	19.7%	3,224	3,018	6.8%	3,783	85.2%
Operating Income	382	194	96.4%	1,080	160	575.0%	1,295	83.4%
Other Income	▲30	▲89	-	6	▲78	-	▲91	-
Ordinary Income	351	104	235.0%	1,087	81	1,235.9%	1,204	90.2%
Extraordinary gain/loss	0	20	-	48	13	-	▲19	-
Minority Interests in Loss	150	1	-	493	3	-	▲244	-
Net Income	206	123	67.0%	649	91	607.0%	1,429	45.4%

Results by Each Subsidiary Company (3rd Qtr)

- ASA : ACCESS SYSTEMS AMERICA Inc.
- ASE : ACCESS SYSTEMS EUROPE GmbH
- ASC : ACCESS CHINA Inc.
- CV : C-Valley Inc.
- AP : ACCESS Publishing Co., Ltd.
- AH : ACCESS Hokkaido Co., Ltd.

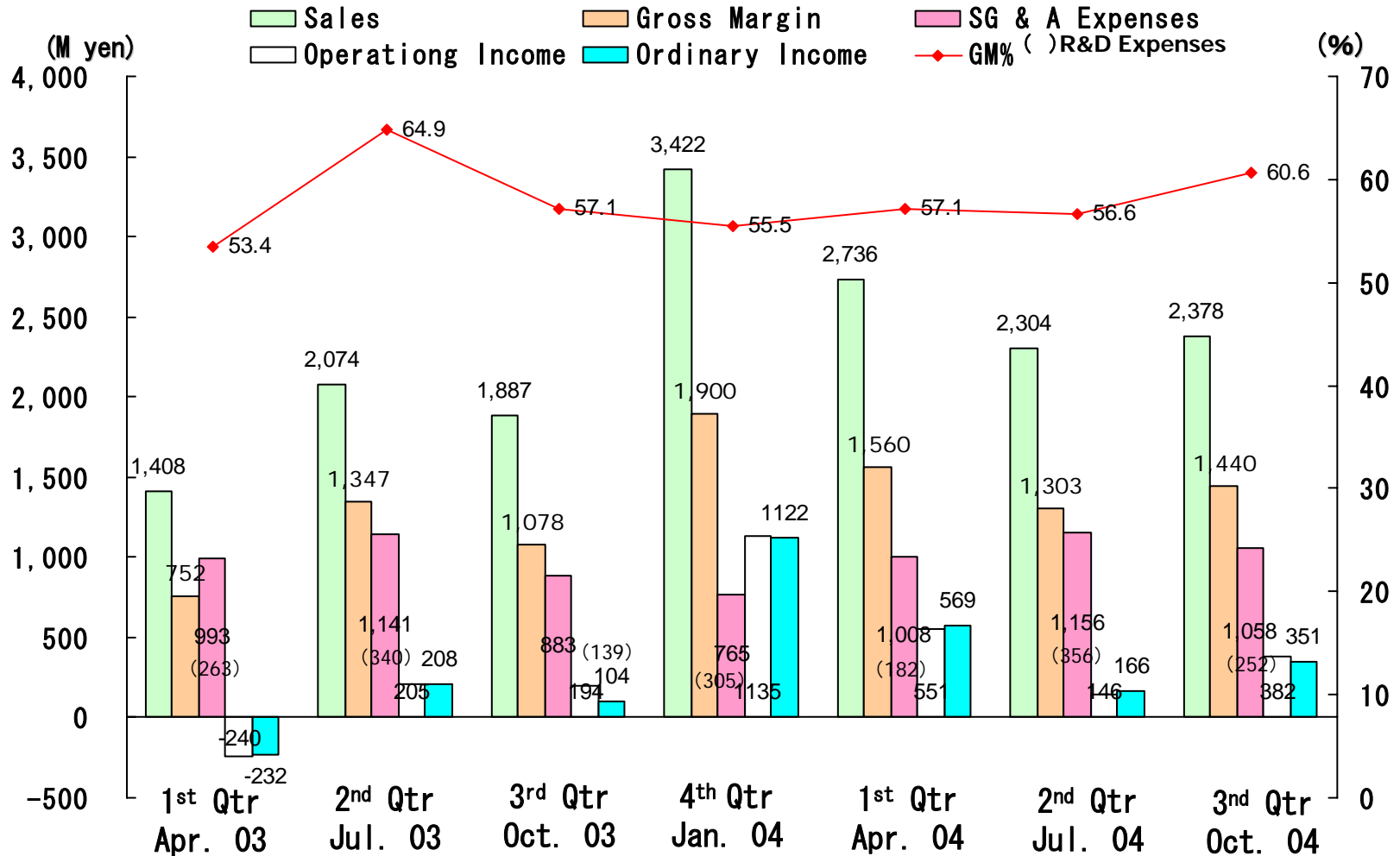
(M yen)	ACCESS	ASA	ASE	ASC	CV	AP	AH	Adjust.	Consolidation
Net Sales	1,942	-	234	68	-	221	65	▲154	2,378
Gross Margin	1,259	-	238	27	▲2	67	26	▲176	1,440
SG & A Expenses	879	-	212	49	10	88	2	▲183	1,058
Operating Income	380	-	26	▲21	▲12	▲20	23	7	382
Ordinary Income	347	-	46	▲22	▲12	▲21	23	▲10	351
Extraordinary gain/loss	0	-	0	-	-	-	-	0	0
Income tax, etc.	147	-	0	-	-	0	0	2	150
Net Income	200	-	46	▲22	▲12	▲21	23	▲13	206

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(M yen)	ACCESS	ASA	ASE	ASC	CV	AP	AH	Adjust.	Consolidation
Net Sales	5,909	101	696	233	-	762	122	▲405	7,419
Gross Margin	3,705	75	582	85	▲2	227	45	▲414	4,305
SG & A Expenses	2,669	27	546	118	10	262	12	▲422	3,224
Operating Income	1,035	47	35	▲33	▲12	▲35	33	8	1,080
Ordinary Income	1,044	51	63	▲33	▲12	▲36	33	▲22	1,087
Extraordinary gain/loss	168	100	0	-	-	0	-	▲220	48
Income tax, etc.	518	-	0	-	-	0	0	▲26	493
Net Income	693	151	63	▲33	▲12	▲37	33	▲216	649

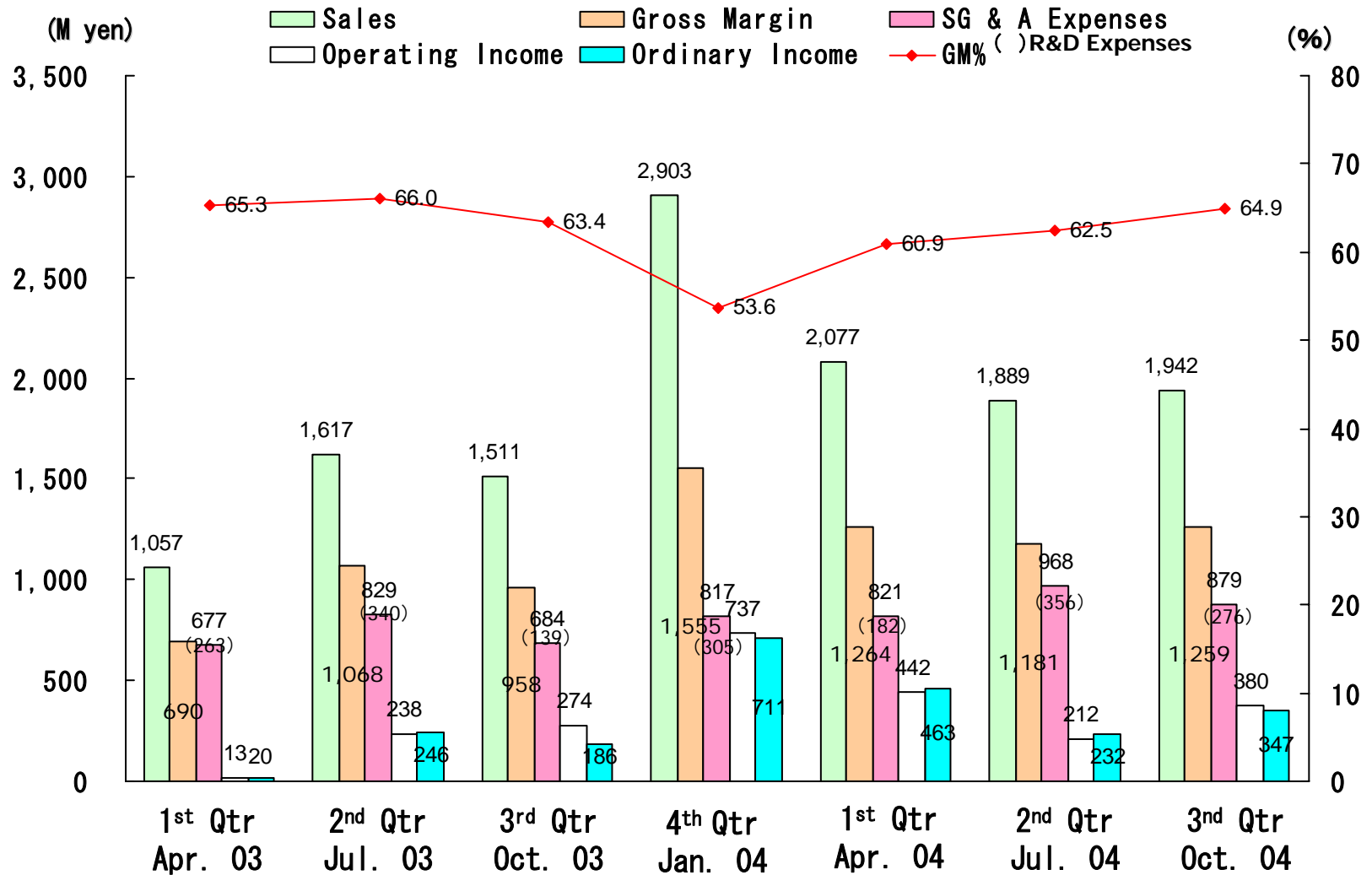
Profits by Qtr (Consolidation)



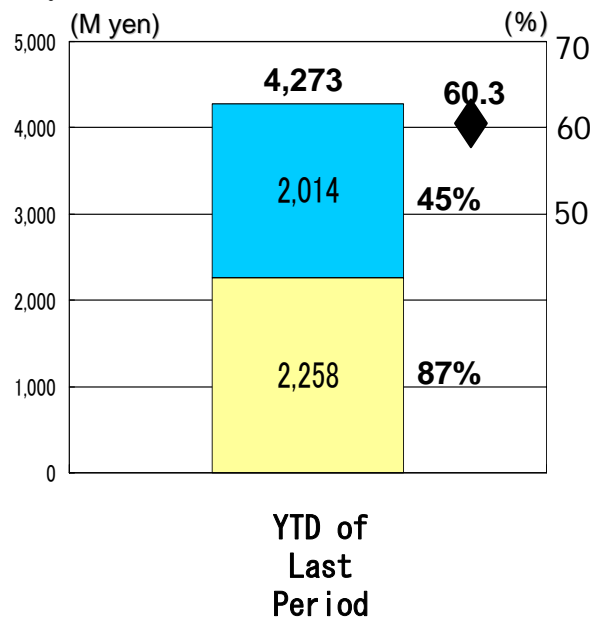
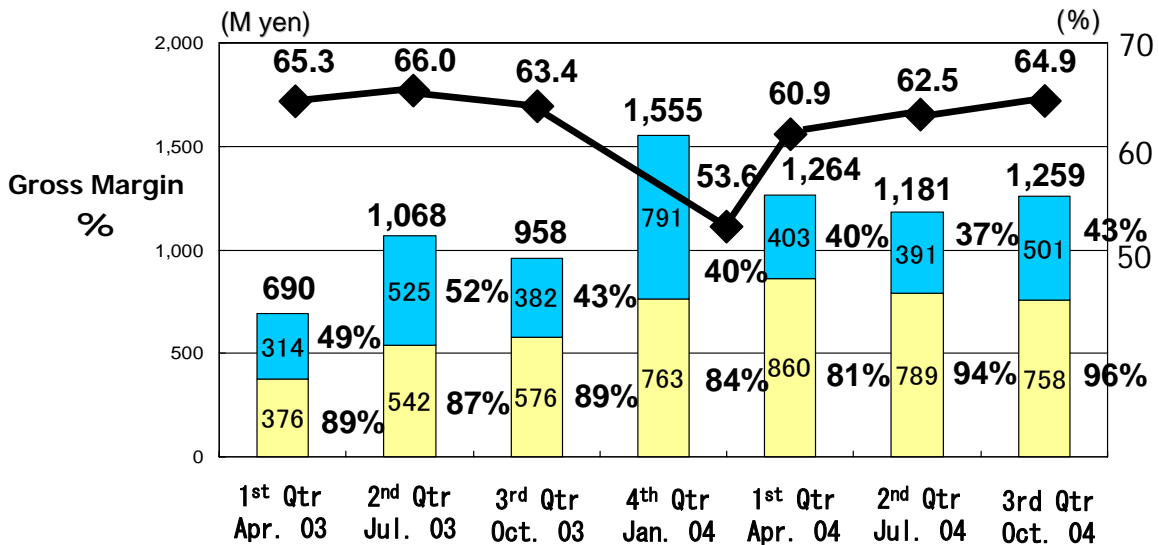
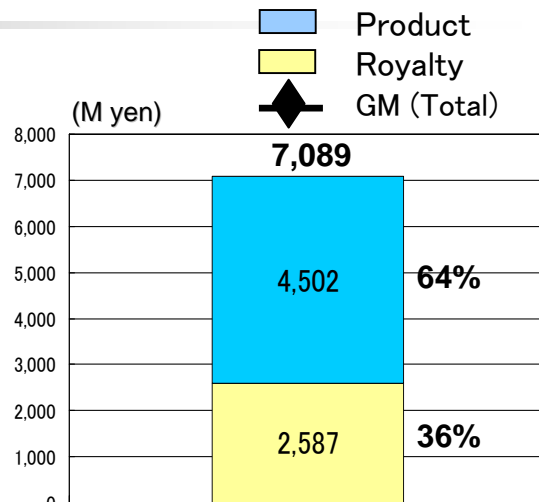
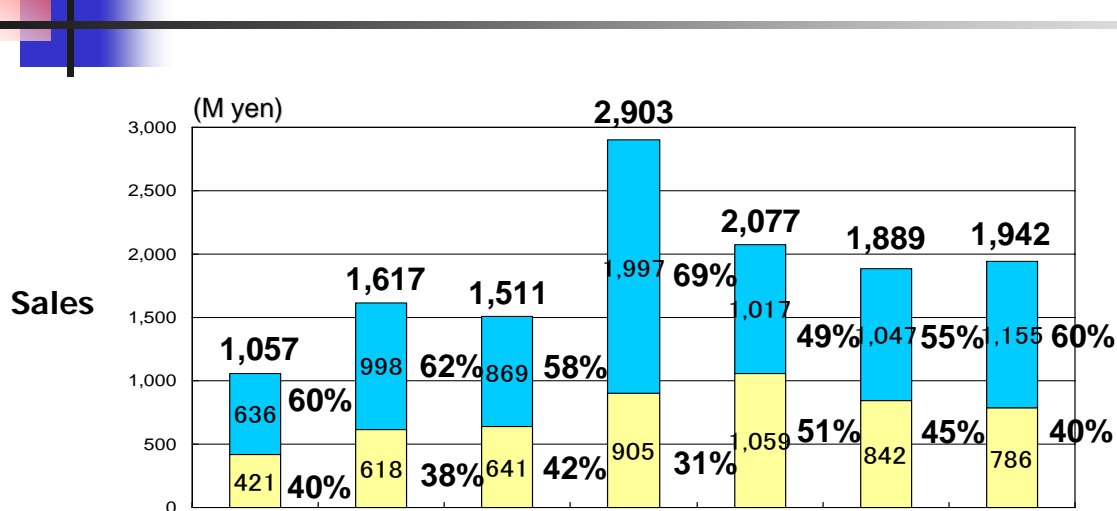
3rd Qtr & Year-to-date Results (Non-consolidation)

(M yen)	04/3Qtr	03/3Qtr	Y-to-Y	04/YTD	03/YTD	Y-to-Y	03/Total	% of Last Term
Net Sales	1,942	1,511	28.5%	5,909	4,186	41.1%	7,089	83.3%
Gross Margin	1,259	958	31.4%	3,705	2,717	36.3%	4,273	86.6%
%	64.9%	63.4%	-	62.7%	64.9%	-	60.3%	-
SG & A Expenses	879	684	28.5%	2,669	2,190	21.8%	3,008	88.7%
Operating Income	380	274	38.3%	1,035	526	96.6%	1,264	81.8%
Other Income	▲32	▲88	-	8	▲73	-	▲99	-
Ordinary Income	347	186	86.3%	1,044	452	130.5%	1,164	89.6%
Extraordinary gain/loss	0	19	-	168	12	-	▲1,055	-
Income tax, etc.	147	0	-	518	2	-	▲276	-
Net Income	200	204	-2.1%	693	462	50.0%	385	179.9%

Profits by Qtr (Non-consolidation)

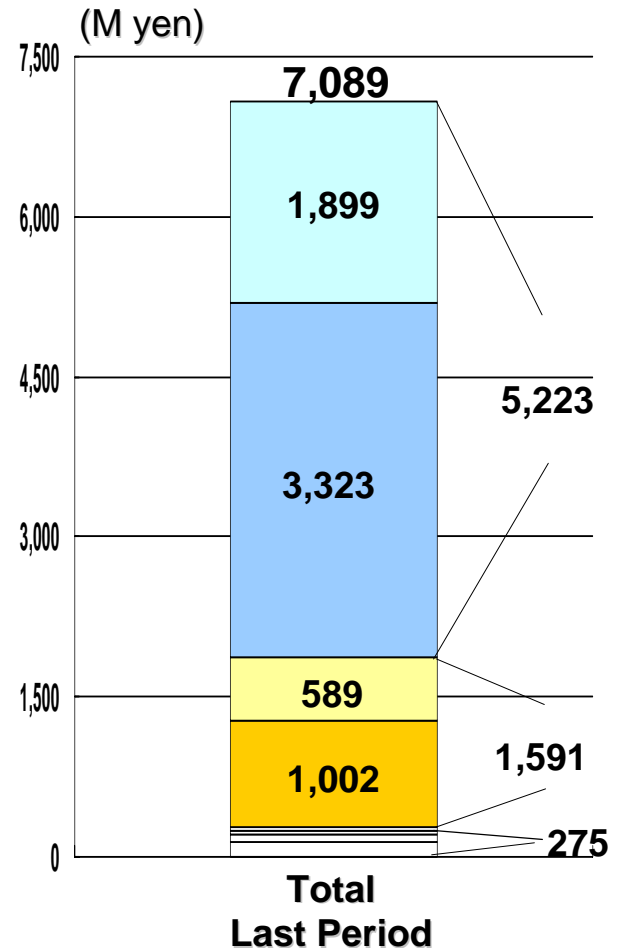
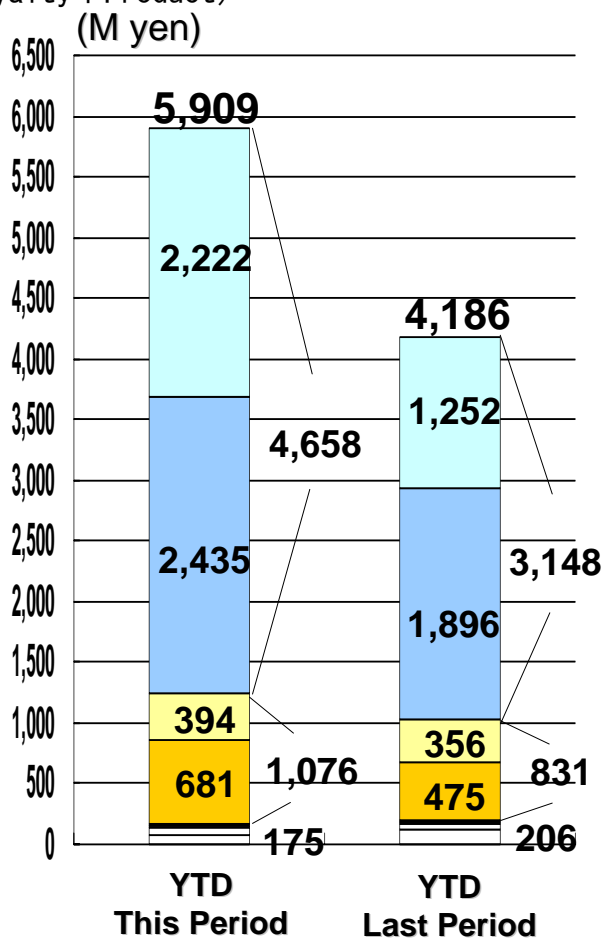
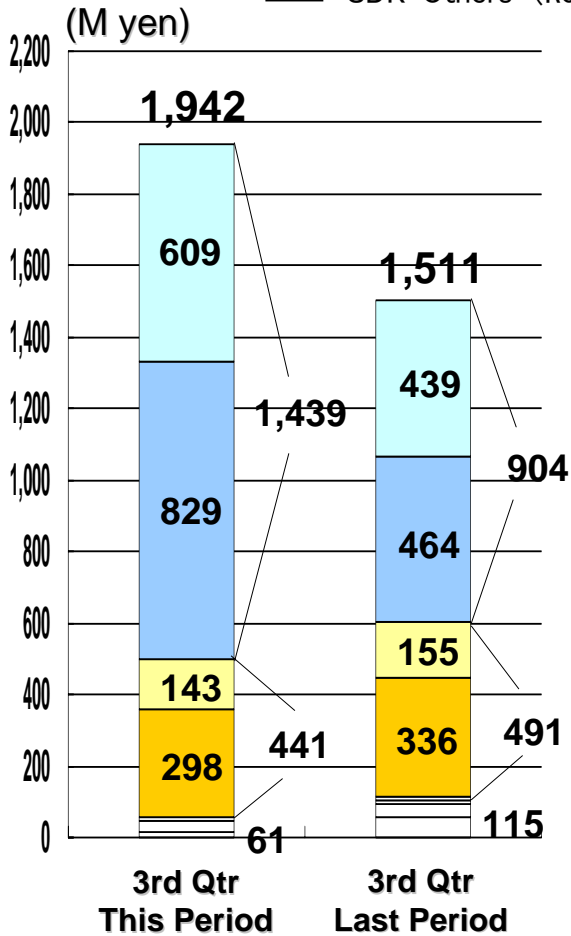


Sales & Gross Margin Results (Non-consolidation)



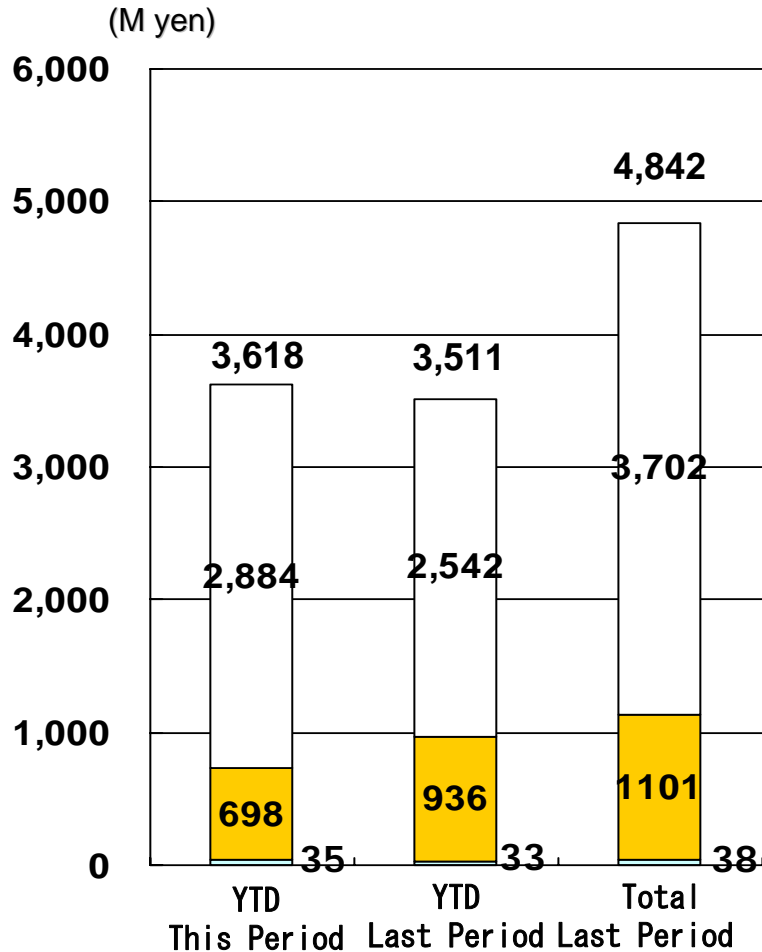
Sales by Category (Non-consolidation)

- Wireless (Royalty)
- Wireless (Product)
- Wired (Royalty)
- Wired (Product)
- SDK+Others (Royalty+Product)

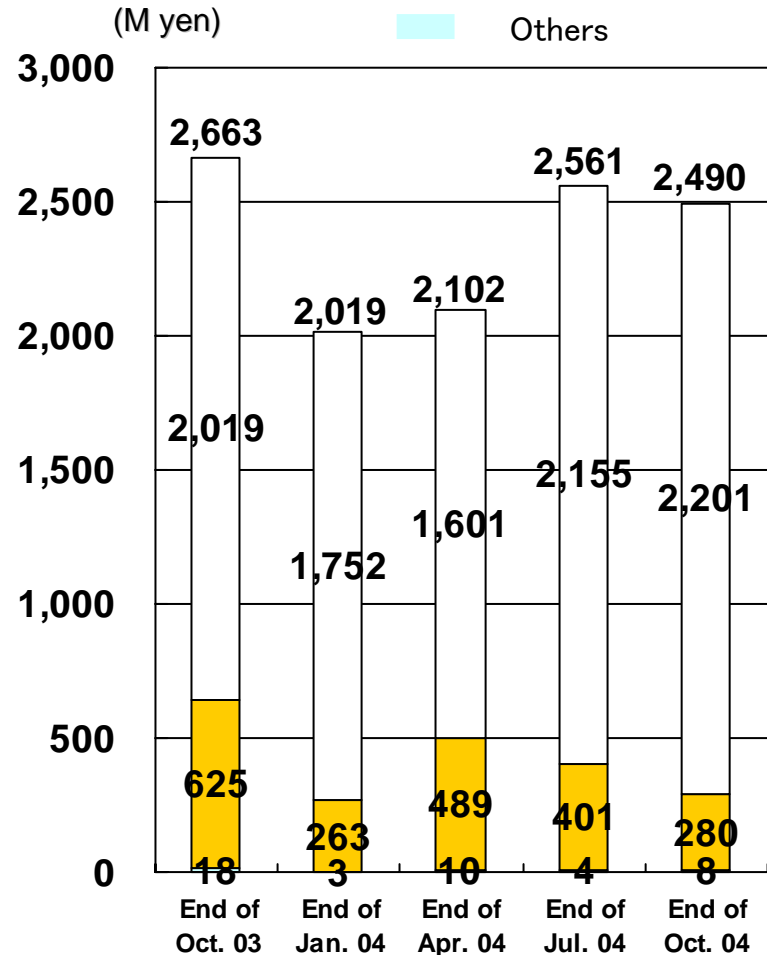


Contracted orders/Backlogs for NRE Fee (Non-consolidation)

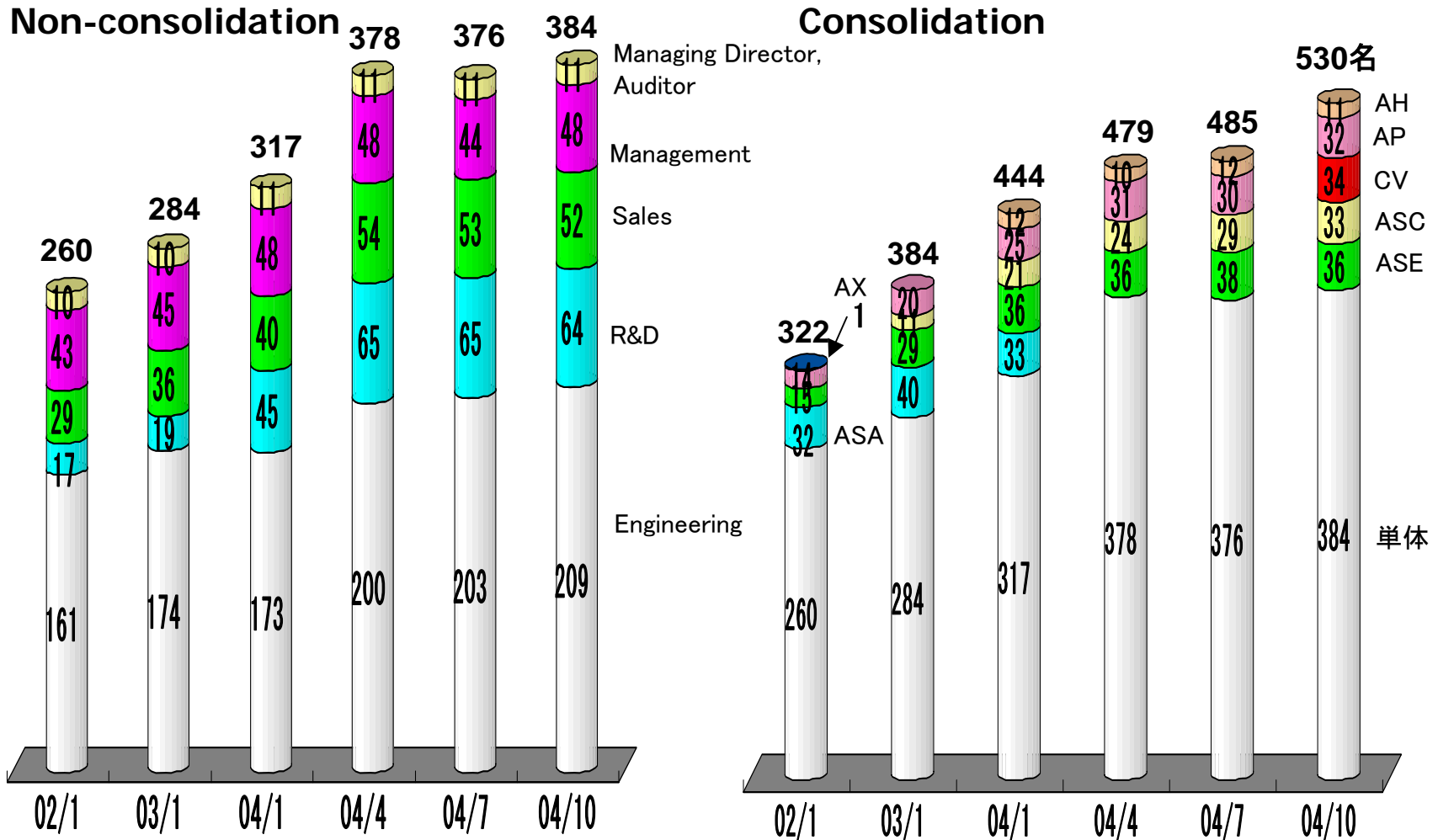
Contracted orders



Backlogs



Employees Transition



Consolidated Balance Sheet

(M yen)	End of Oct. 04	End of Oct. 03	End of Last Period
I . Current Assets			
Cash and Time Deposits	6,627	4,385	5,445
P-Note & A/R	1,835	1,307	2,365
Inventory	1,001	955	833
Others	431	315	306
II . Non-Current Assets			
Fixed Assets	711	641	722
Intangible Assets	657	462	545
Investment & Others	677	277	678
Total	11,942	8,345	10,897
I . Current Liabilities	1,539	1,710	1,871
II . Non-Current Liabilities	109	65	72
Minority Interests	69	2	2
III . Total Equity	10,224	6,566	8,950
Total	11,942	8,345	10,897

Balance Sheet (Non-consolidation)

(M yen)	End of Oct. 04	End of Oct. 03	End of Last Period
I . Current Assets			
Cash and Time Deposit	5,958	3,902	4,865
P-Note & A/R	1,670	958	2,098
Inventory	943	909	724
Others	422	374	343
II . Non-Current Assets			
Fixed Assets	629	565	651
Intangible Assets	450	313	402
Investment & Others	1,620	2,297	1,706
Total	11,695	9,321	10,793
I . Current Liabilities	901	911	1,393
II . Non-Current Liabilities	109	62	67
III . Total Equity	10,684	8,347	9,332
Total	11,695	9,321	10,793

Consolidated Cash Flow

(M yen)	End of Oct. 04	End of Oct. 03	End of Jan. 04
I. Operating Activities	1,234	995	1,250
II. Investing Activities	▲261	162	▲876
III. Financing Activities	704	95	1,135
IV. Increase(Decrease) in Cash	1,682	1,229	1,489
V. Cash and cash equivalents at beginning of the year	4,105	2,616	2,616
VI. Cash and cash equivalents at end of the year	5,787	3,845	4,105

Pretax net income in current period: 1,136M yen	Proceeds from stock issuance: 572M yen	Income before income taxes: 1,184M yen	Proceeds from stock issuance: 1,178M yen
Expenditure in long-term receivable: 461M yen	Pretax net income in this current period: 94M yen Decrease in A/R: 904M yen	Payments for depositing/canceling of time deposit: 546M yen Purchase of tangible/intangible fixed assets: 481 M yen	