



**FY2007 Results  
and  
FY2008 Business Plan**

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President & CEO  
Toru Arakawa  
March 25th, 2008**

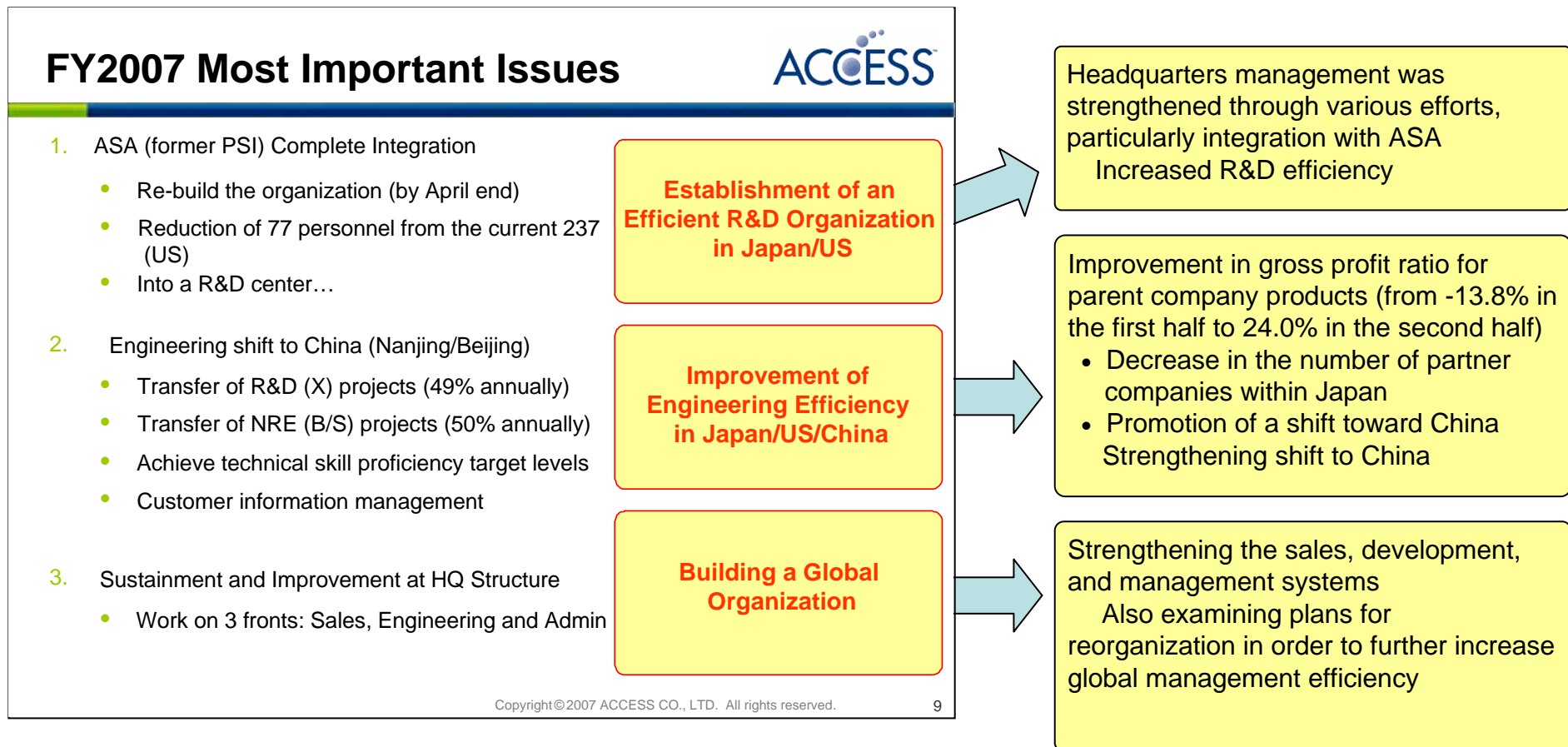
## Disclaimer

- **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**

# Overview of FY2007

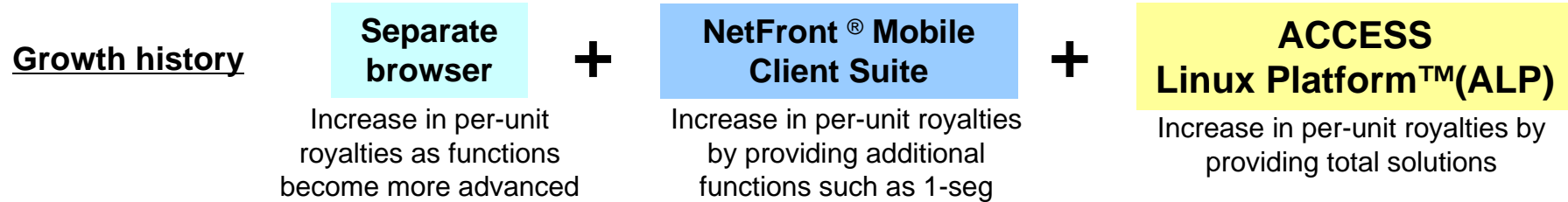


**Targets were generally met.  
The management system was improved, and there was an upward trend in development efficiency.**

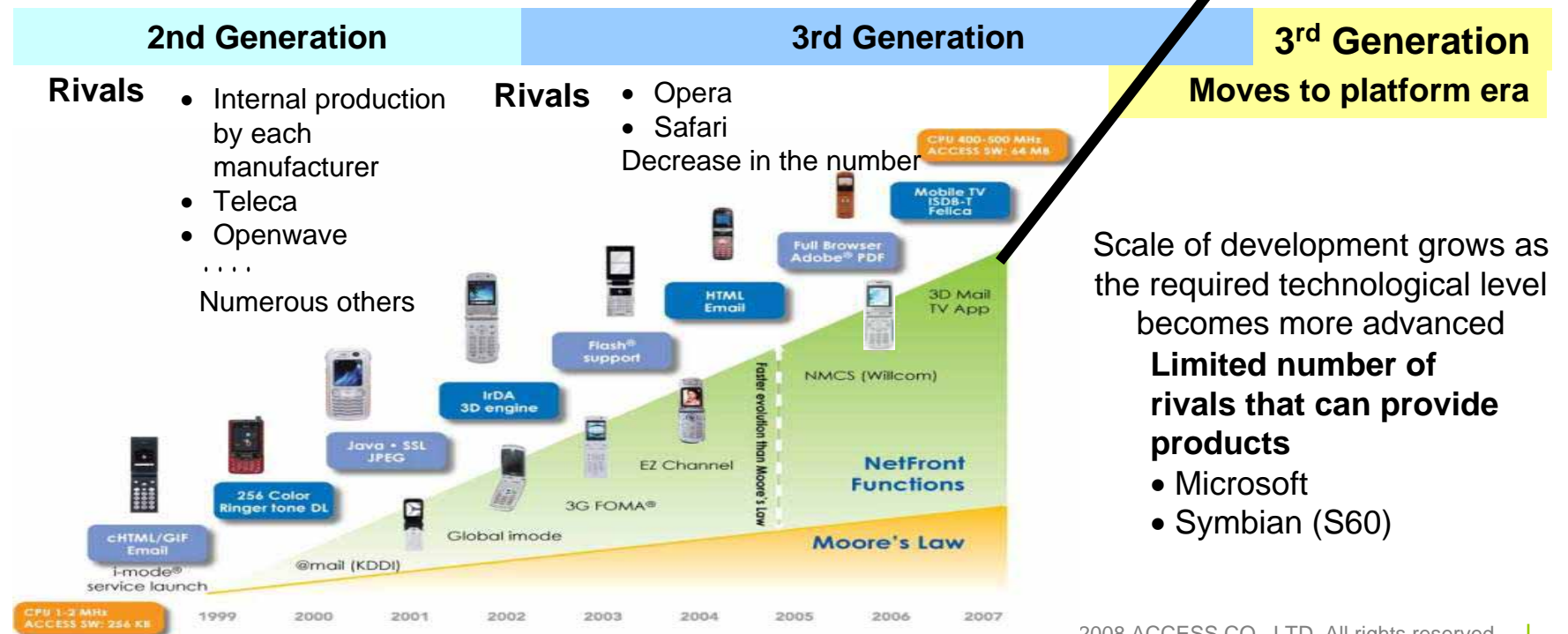


# **I. Growth Stage and Goals that Should Be Reached**

# Growth Stage



The number of rivals decreases as the level of required technological level becomes more advanced.



# Goals that Should Be Reached



- **Medium-Term**

  - Move from the browser business to the platform business**

- **FY2008 and FY2009**

  - Completion of the ALP project**

- **FY2008**

  - Become profitable: Consolidated ordinary profit 1.1 billion yen**

    - Consolidated net profit 700 million yen**

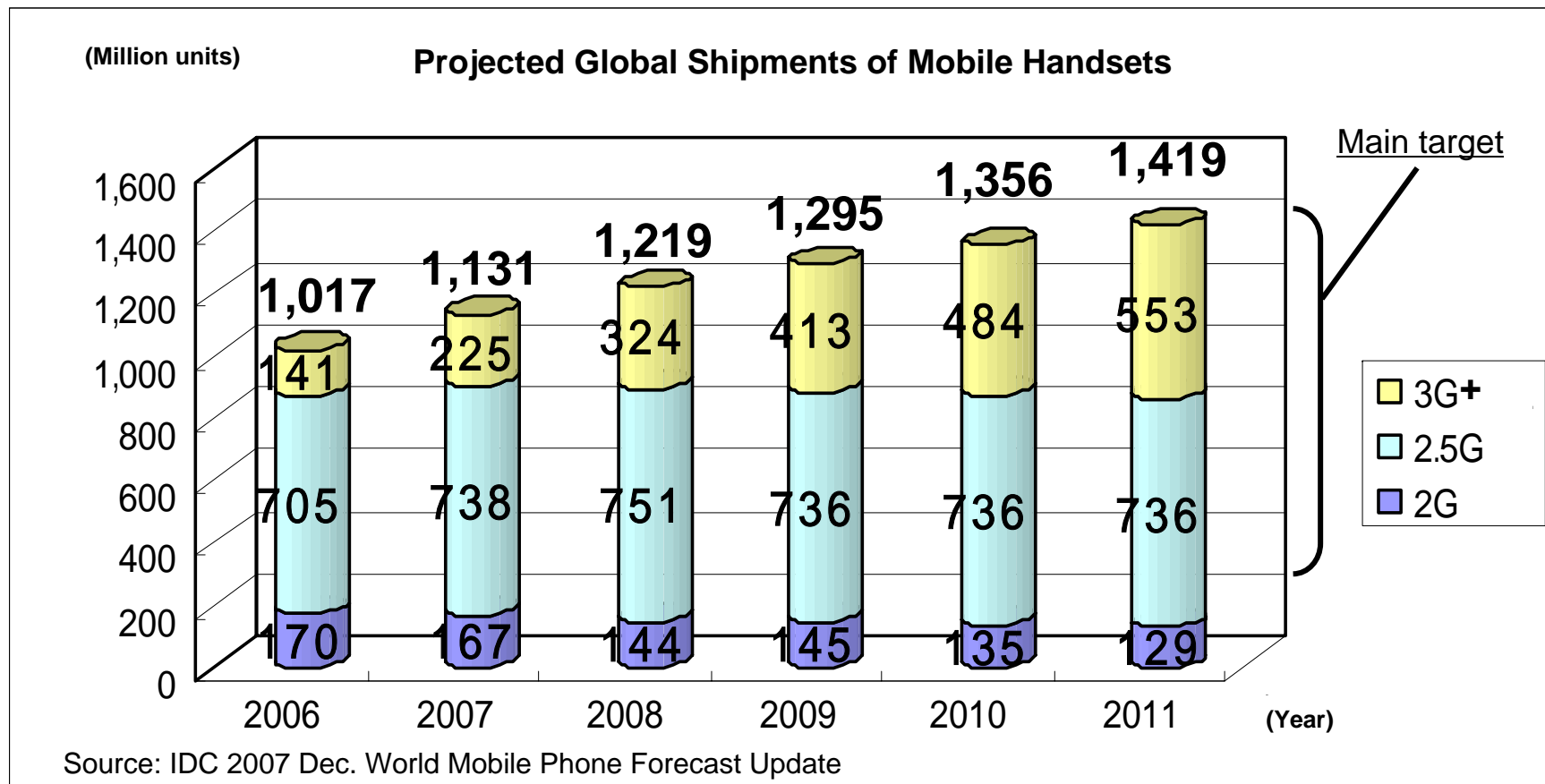
  - Further improve the management system and development efficiency  
(continued from FY2007)**

## **II. Market, Competition, Approach to the Market**

# Projected Growth in Global Mobile Handset Shipments



**The number of mobile handset shipments is sustainably growing**  
3G and later handsets, which are the main target, are growing, and 2.5G handsets are stable



# Growing Expectations for Linux as Mobile Handset Industry Undergoes Changes



**Growing scale of mobile handset software  
(Volume has grown 1,000 times over ten years)**

**Industry: Growing demand for software that can generate total solutions**

Movement towards greater development efficiency for advanced functions, advanced UI, multi-media compatibility



× Former OS (RTOS, etc.)  
○ Modern OS  
(Linux®, Symbian S60, Windows, etc.)

**Vendors: The number of rivals, which include Symbian and Microsoft, is decreasing**

Extremely high barriers to entry



Necessary number of engineers and global offices

- Large non-recurring engineering (NRE) system
- Large R&D system
- Support system and the third-party community promotion etc.

**Customers: Operators and manufacturers must develop a strategy for differentiation**

Competition factors:

- New services (video, music, commerce, etc.)
- Handset design (UI, UX, etc.)



**Growing expectations for Linux**



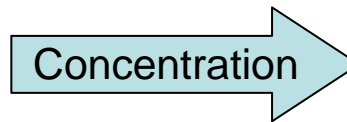
# More Concentrated Linux Industry and ACCESS's Role



## Concentration of the Linux industry

### Existing Mobile Linux related bodies

- CE Linux Forum (2003.6-)
- LiPS (2005.11-)
- LiMo (2007.1-)



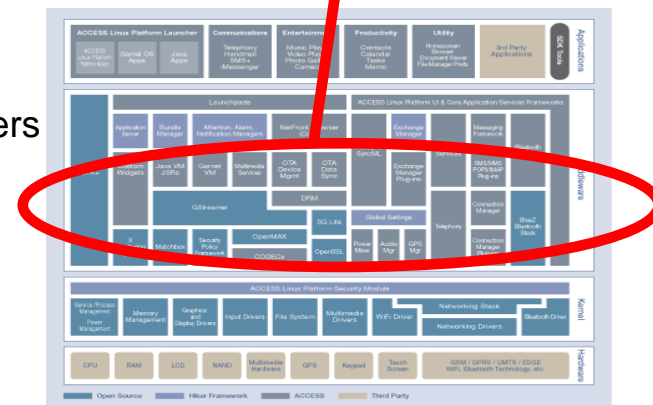
**ACCESS and Orange are taking part in LiMo (as of February 11, 2008)**

Main members: NTT DoCoMo, Vodafone, Orange, Motorola, Samsung, NEC, PMC, LG, ACCESS, ...

**Goal: Promoting a Linux platform necessary for realizing the main services by operators**

## ACCESS's role

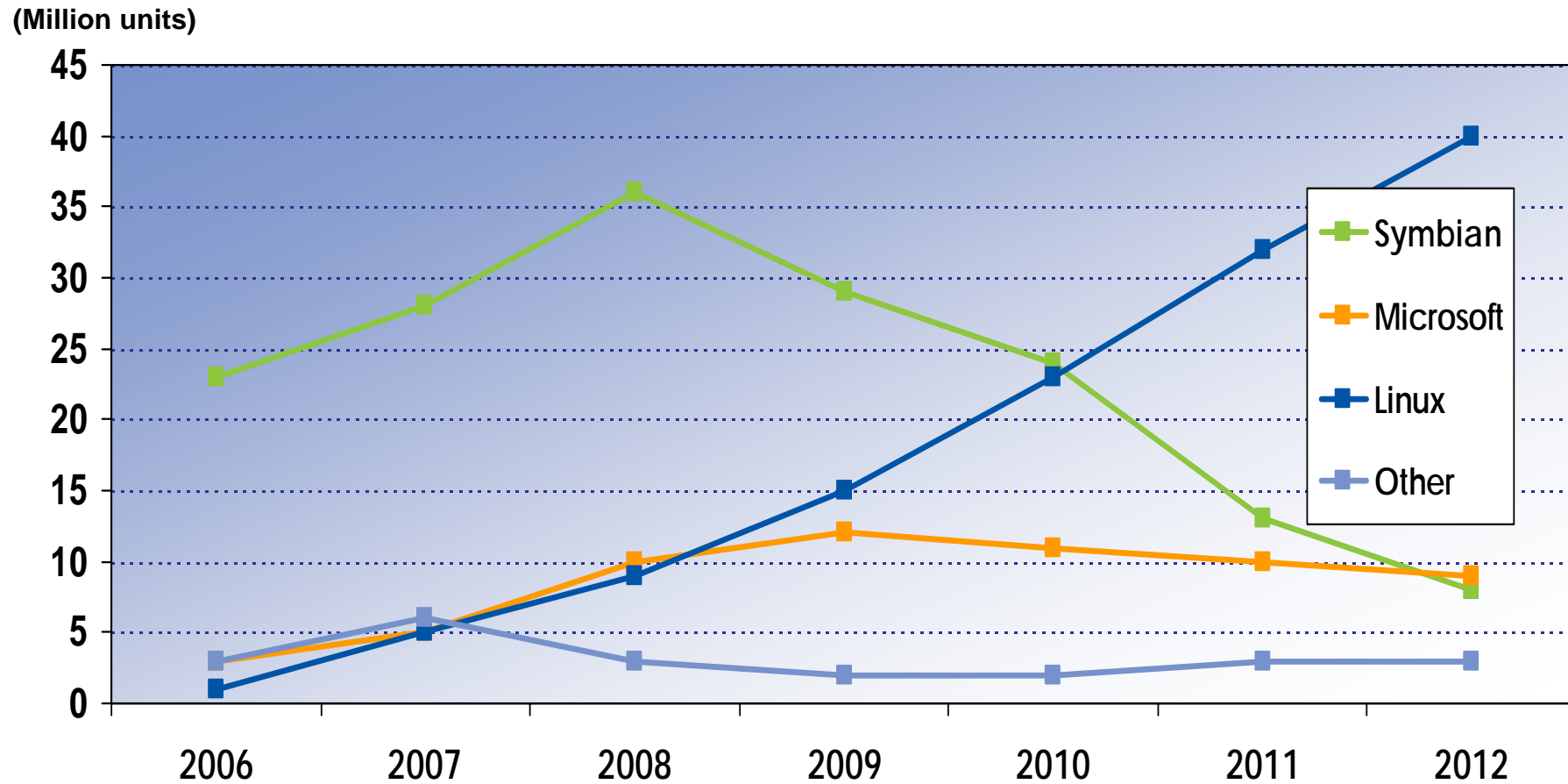
- Develop ALP (LiMO compliant) products
- Provide products, support, and customization to manufacturers
- Provide SDK
- Develop and provide Operator Packs



# Future Linux Growth



## Projected growth of units shipped by OS (year-on-year change)



Sources: ABI Research, ACCESS internal analysis

## Comparison with rival software platforms

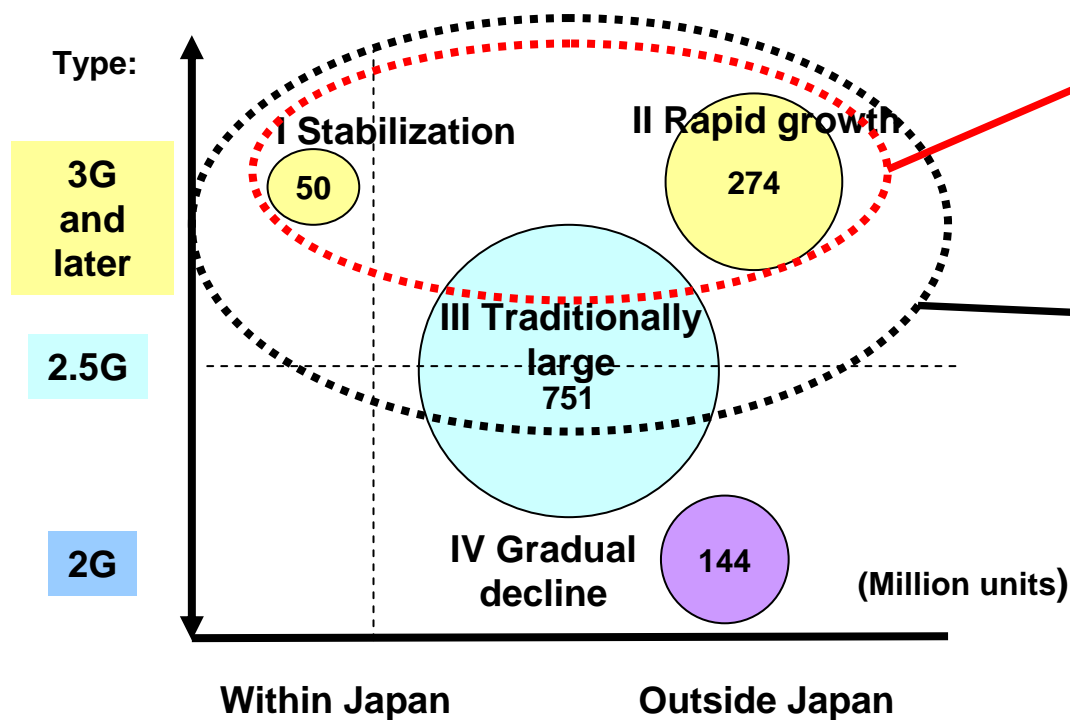
	Linux (ALP)	Microsoft (Windows Mobile)	Symbian (S60)
<b>Development system</b>	○	○	○
<b>Software openness, scalability, etc.</b>	○		
<b>Expansion to household appliance</b>	○	○	×

○ Competition: Windows CE went on sale in 1997, and Symbian was founded in 1998 (the Company acquired PalmSource in 2005)

**While only recently having started, the Company is in a position to compete.**

Aiming for greater growth, respond to growing mobile handset market with APL business and the existing business

**Figure A. Mobile handsets in 2008**  
Market segment and expected growth



### Approach by market segment

#### ALP business –

I + II Markets in and outside of Japan, 3G and later – Aim for dramatic increase in per-unit royalty through introduction of ALP

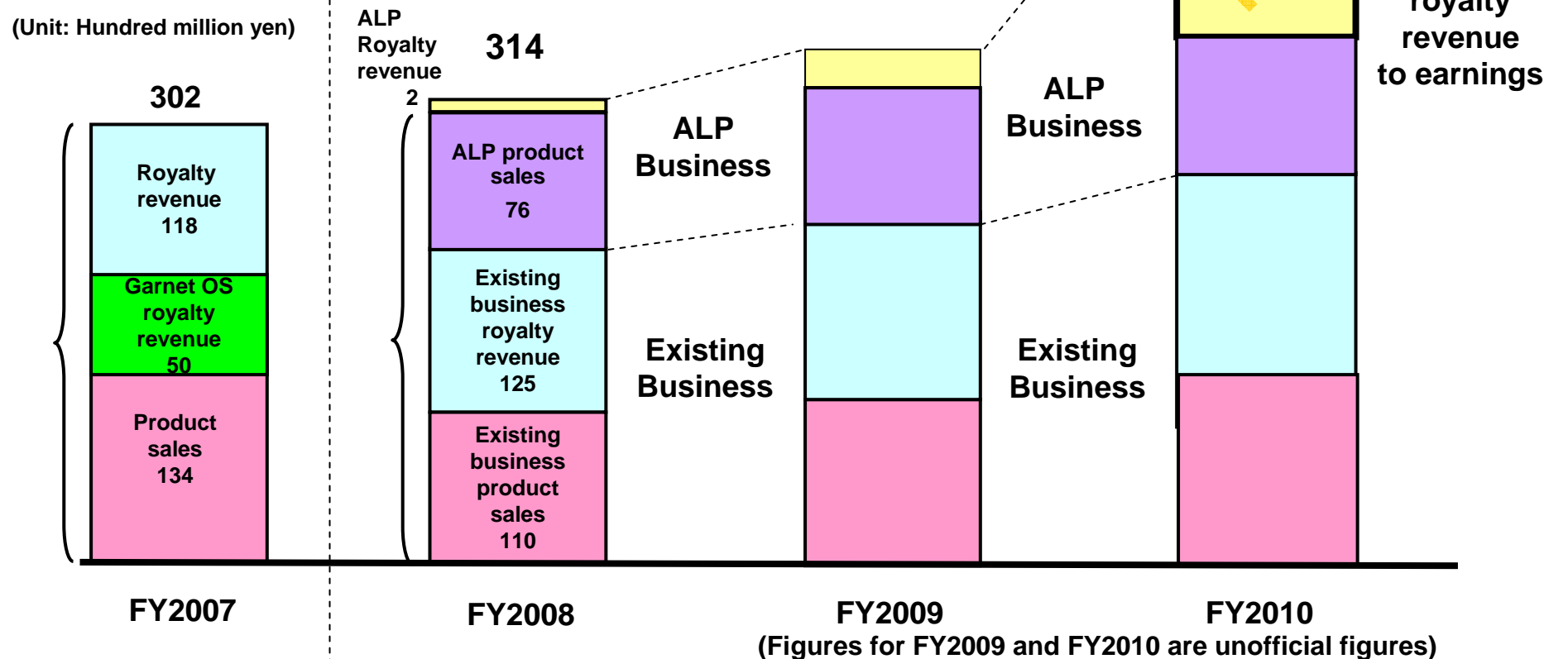
#### Existing businesses –

- I. Japanese market, 3G and later – Aim for greater per-unit royalty by providing additional products
- II. Markets outside Japan, 3G and later – Aim for greater shipments, including Samsung and SonyEricsson
- III. Markets outside Japan, 2.5G – Continued level of shipments

### **III. Image of Growth over the Next Three Years to Reach the Goals**

# Image of Growth over the Next Three Years

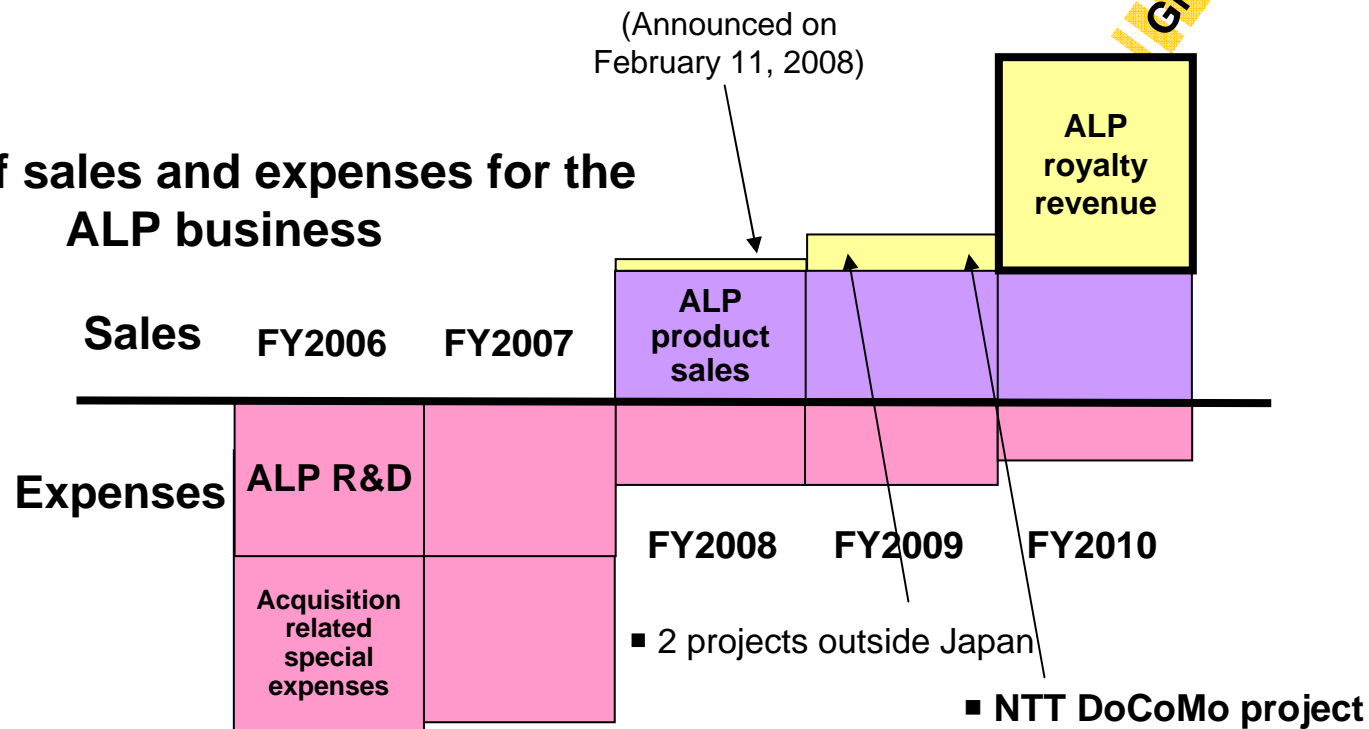
- In FY2010 and after: ALP royalties make full contributions to earnings  
ALP becomes engine of growth
- During FY2008 and FY2009: Undertake ALP project  
Growth in existing business



# Changes in and Outlook for the ALP, the Key Business

- Changes after acquiring PalmSource
  - Response to external changes: speed of growth in 3G market and customer demands
  - Response to internal changes: restructuring after acquisition and organization integration
- Initial benefits in FY2008
  - Orange is expected to introduce Samsung SGH-i800 with ALP in 2H of 2008
- Expected gradual announcement of products

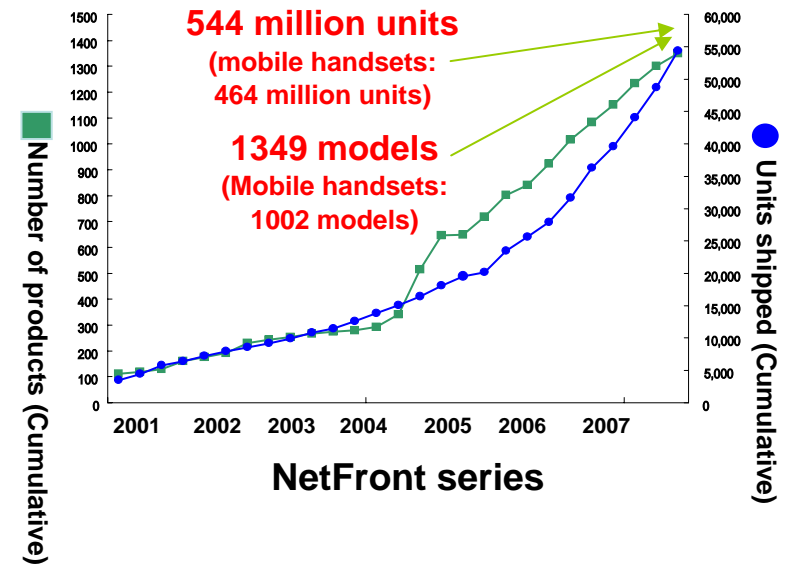
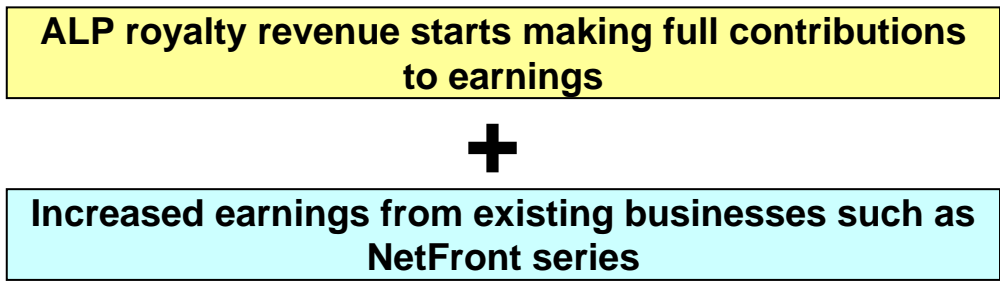
## Image of sales and expenses for the ALP business



# Toward a High-Profit Structure in FY2010 and after **ACCESS**

## Structure in FY2010 and after

- ALP royalty revenue makes full contributions to earnings
  - Increase in ALP product sales
  - Complete a series of ALP R&D investment
- Revenue from existing NetFront® series continues to grow



- Strategic move for items such as NGN and DLNA will also contribute to earnings

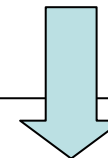
**Moving to realize a high-profit structure**

# FY2008 and FY2009: Transition Period to High Growth Stage



**Completing ALP projects is the highest priority issue**  
**Aim for sustainable growth through expansion of existing businesses**

Chance	Challenge
<ul style="list-style-type: none"><li>○ <b>ALP business</b> ALP orders are firmer than projected There are still numerous inquiries</li><li>○ <b>Existing business</b> Growth can be expected to be firm as in the past Increase in shipment of NetFront series, both in and outside of Japan (browser, 1-seg, widget, etc.)</li></ul>	<ul style="list-style-type: none"><li>○ <b>Management of R&amp;D investments</b> Continual ALP R&amp;D investments are necessary Respond to evolution of UI, UX, and application However, will start decline in FY2010</li><li>○ <b>Project management</b> ALP project management</li></ul>



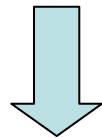
**Respond by further strengthened structure based on results from FY2007**

# Significance of the ALP Products for Orange and NTT DoCoMo



## First step towards expanding ALP horizontally

- **Necessary conditions for a horizontal expansion (same as for browser business)**
  - **Rapid introduction of products into the market (customers)**
  - **Obtain transplant and testing know-how (experience)**



- **Important projects in FY2008 and FY2009**
  - **Aiming to introduce products for Orange and NTT DoCoMo in the market**
  - **Concentrated investments in development resources**



**During the ALP horizontal expansion stage, introduce a structure that can respond to price pressure by rivals by expanding market share**

# Expand Existing Business (NetFront Series) even in FY2008 and after



## Evolved NetFront® Browser

Firm shipments of NetFront series and introduction of Widget function

NetFront Browser  
Mobile handsets for an era of full internet



**Evolution**

NetFront Browser v3.5  
High-Speed scrolling  
PageMap function

**Evolution**



NetFront® Browser Widgets  
W3C compliant

**Important product  
following 1-seg**



# Other Efforts towards Growth



## Strategic move towards introduction of digital broadcasting

- Set Top Box for CATV
- Set Top Box for France Telecom IPTV. There are many other inquiries.

## Strategic move toward integrating broadcasting and communication

Firm inquiries in the following fields:

- 1-seg
- 3-seg (digital radio)
- 12-seg (full hi-vision, high resolution and sound terrestrial digital broadcasting)
- DVB-H (European and North American standard for digital broadcasting for mobile devices)

## Strategic move towards NGN

- Initial introduction of ZebOS in devices for broadcasters
- Firm orders for NGN router switches

## Strategic move towards household appliance tie-up

- DLNA: Participation as promoter member
- Firm inquiries for NetFront® Living Connect

# . FY2008 Performance Plan

# FY2008 Performance Plan (Summary)



## Consolidated

	(Unit: JPY Million)				
	FY2008 Budget	FY2008 1H	FY2008 2H	FY2007 Result	Change
Sales	31,426	8,648	22,778	30,279	1,147
Operating Profit	908	(4,194)	5,102	(11,256)	12,165
Ordinary Profit	1,100	(4,087)	5,187	(11,117)	12,217
Net Profit	705	(2,634)	3,340	(15,758)	16,463

## Non-Consolidated

	(Unit: JPY Million)				
	FY2008 Budget	FY2008 1H	FY2008 2H	FY2007 Result	Change
Sales	25,500	6,268	19,231	20,211	5,288
Operating Profit	2,000	(2,801)	4,801	2,656	(656)
Ordinary Profit	2,000	(2,801)	4,801	2,113	(112)
Net Profit	1,186	(1,661)	2,847	(25,533)	26,720

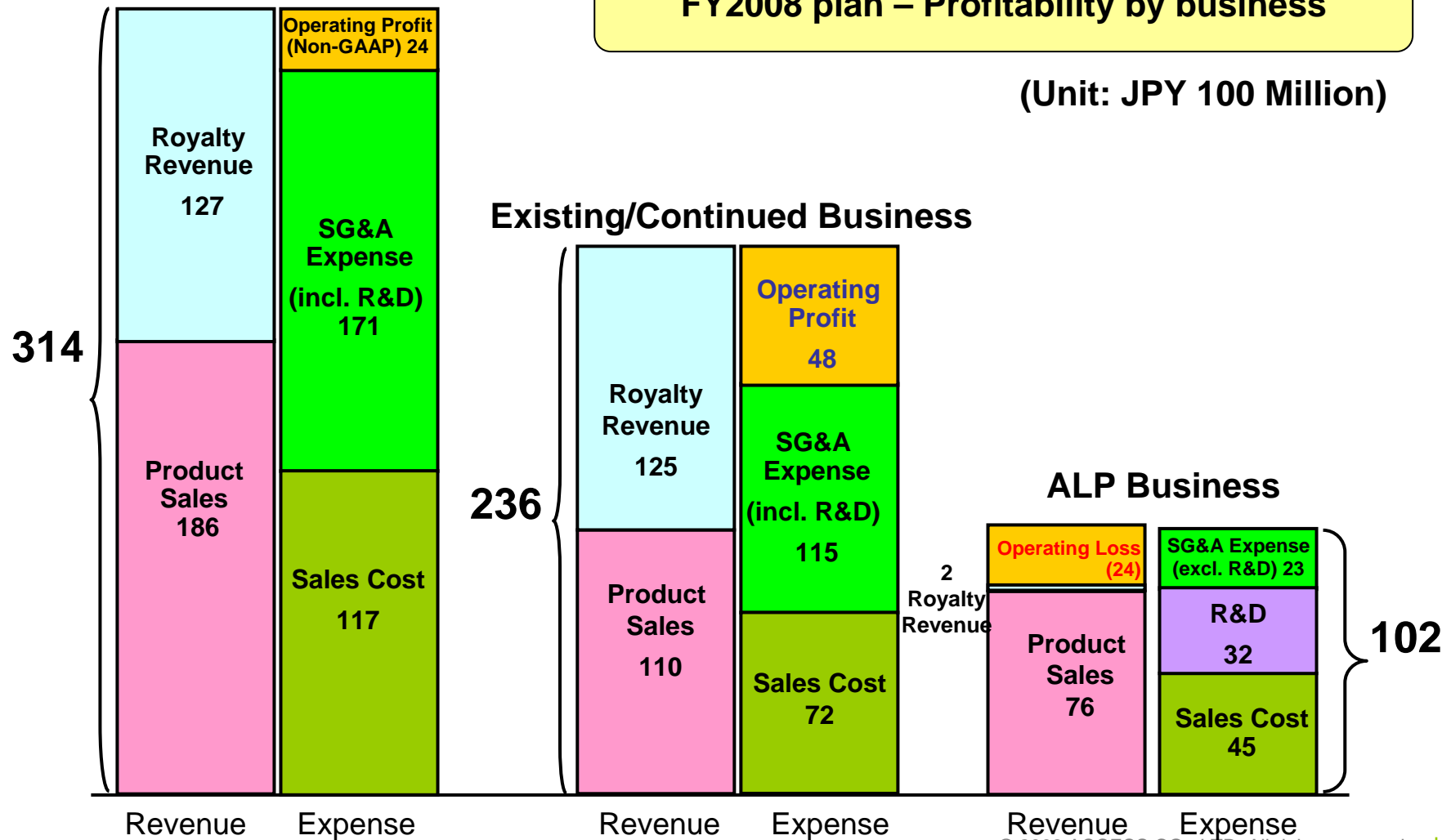
# Earnings Plan: Existing Business and ALP Business



## Consolidated Performance

FY2008 plan – Profitability by business

(Unit: JPY 100 Million)



# FY2008 Performance Plan (Consolidated)



Consolidated		(Unit: JPY Million, %)				
		FY2008 Budget	FY2008 1H Budget	FY2008 2H Budget	FY2007 Result	Change
<b>Sales</b>		31,426	8,648	22,778	30,279	1,147
	Products	18,693	4,586	14,106	13,411	5,282
	Royalty	12,733	4,062	8,671	16,868	(4,134)
<b>Gross Profit</b>		19,633	5,537	14,096	17,678	1,955
	(Gross Profit Ratio)	62.4%	64.0%	61.8%	58.3%	4.1%
	Products	8,078	1,925	6,153	1,799	6,279
	(Gross Profit Ratio)	43.2%	41.9%	43.6%	13.4%	29.8%
	Royalty	11,554	3,612	7,942	15,879	(4,324)
	(Gross Profit Ratio)	90.7%	88.9%	91.5%	94.1%	-3.4%
<b>SG&amp;A Expense (Ordinary)</b>		17,147	8,942	8,204	15,110	2,037
	R&D	6,369	3,160	3,208	6,977	(608)
	Other	10,778	5,782	4,996	8,132	2,645
<b>Operating Profit (non-GAAP)</b>		2,486	(3,405)	5,891	2,567	(81)
<b>SG&amp;A Expense (Acquisition Related)</b>		1,577	788	788	13,824	(12,246)
<b>Operating Profit (GAAP)</b>		908	(4,194)	5,102	(11,256)	12,165
<b>Ordinary Profit</b>		1,100	(4,087)	5,187	(11,117)	12,217
<b>Extraordinary Expense</b>		-	-	-	4,686	(4,686)
<b>Net Profit</b>		705	(2,634)	3,340	(15,758)	16,463

# FY2008 Performance Plan (Non-Consolidated)



Non-Consolidated				(Unit: JPY Million, %)	
	FY2008 Budget	FY2008 1H Budget	FY2008 2H Budget	FY2007 Result	Change
<b>Sales</b>	25,500	6,268	19,231	20,211	5,288
Products	14,704	2,816	11,888	10,124	4,580
Royalty	10,795	3,452	7,343	10,087	707
<b>Gross Profit</b>	15,000	3,973	11,027	9,998	5,001
<b>(Gross Profit Ratio)</b>	58.8%	63.3%	57.3%	49.4%	9.4%
Products	5,774	1,097	4,677	1,163	4,610
<b>(Gross Profit Ratio)</b>	39.2%	38.9%	39.3%	11.4%	27.8%
Royalty	9,225	2,875	6,350	8,834	390
<b>(Gross Profit Ratio)</b>	85.4%	83.2%	86.4%	87.5%	-2.1%
<b>SG&amp;A Expense (Ordinary)</b>	13,000	6,774	6,225	7,342	5,657
R&D	6,185	3,099	3,086	3,926	2,258
Other	6,814	3,674	3,139	3,415	3,398
<b>Operating Profit (non-GAAP)</b>	2,000	(2,801)	4,801	2,656	(656)
<b>SG&amp;A Expense (Acquisition Related)</b>	-	-	-	-	-
<b>Operating Profit (GAAP)</b>	2,000	(2,801)	4,801	2,656	(656)
<b>Ordinary Profit</b>	2,000	(2,801)	4,801	2,113	(112)
<b>Extraordinary Expense</b>	-	-	-	27,954	(27,954)
<b>Net Profit</b>	1,186	(1,661)	2,847	(25,533)	26,720

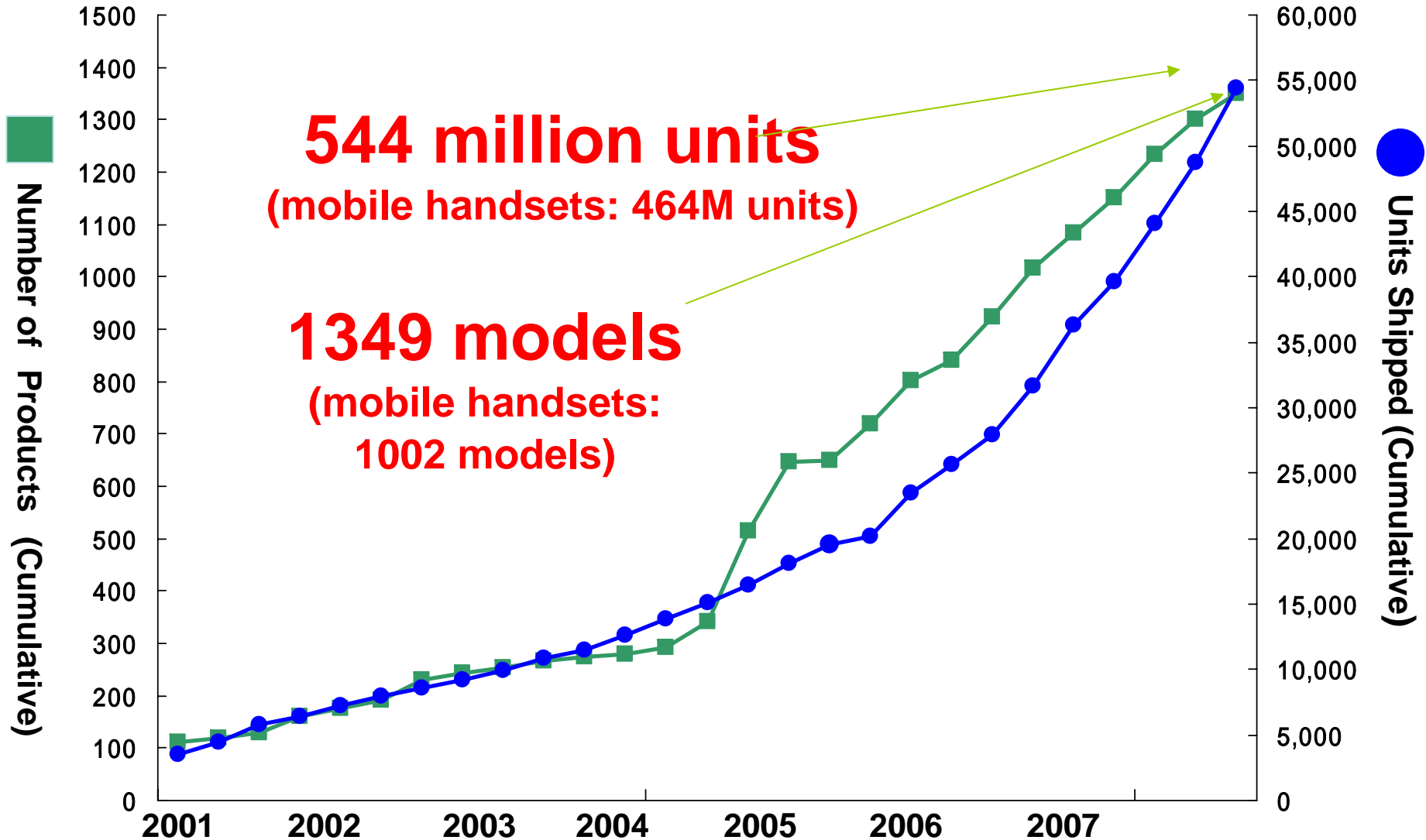
**Appendix :**

**Achievements  
from Existing Businesses**

# Over 500 Million NetFront Series Units Shipped (Cumulative) **ACCESS**

(As of January 31, 2008)

(10,000 units)



# High-End Products from All Domestic Carriers 2008 Spring Models



## New products in the 2008 Spring models

Examples



# Globally Expanding Business

## Samsung Models with NetFront Browser Products



# Globally Expanding Business

## Samsung Models with NetFront Browser Products



# Globally Expanding Business

## Sony Ericsson Models with NetFront Browser Products



### • Walkman™ music phones

- W200i/c Triband Q2/07
- W300i/c Triband Q2/06
- W350i Quadband+Edge *announced*
- W380i/a/c Quadband+EDGE (*announced*)
- W550i/c Triband Q4/05
- W580i/c/im Quadband+EDGE Q3/07
- W600i/c Quadband+EDGE Q4/05
- W610i/c Triband+EDGE Q2/07
- W660i Triband+UMTS Q2/07
- W710i/c Quadband+EDGE Q3/06
- W760i Quadband+Edge+UMTS *announced*
- W810i/c Quadband+EDGE Q1/06
- W830i/c Triband+UMTS Q3/06
- W850i Triband+UMTS Q3/06
- W880i/W888c Triband+UMTS Q1/07
- W890i Quadband+Edge+UMTS *announced*
- W900i/c Triband+UMTS Q4/05
- W910i/W908c Quadb.+UMTS+EDGE Q1/08
- W980i Quadband+Edge *announced*



### • Cyber-Shot™ imaging phones

- K790a/i/c/K800i Triband+EDGE/UMTS Q2/06
- K810i/K818c Triband+UMTS (Q1/07 / Q2/07)
- K850i/K858c Triband+EDGE (+UMTS) Q3/07
- K550i/c Quadband+EDGE Q1/07
- K550im Triband+EDGE i-mode™ Q1/07
- K610i Triband+UMTS Q2/06
- K610im Triband+UMTS i-mode™ Q3/06
- K630i Triband+EDGE+UMTS Q1/08
- K770i Triband+UMTS Q3/07



### • Feature phones

- C702 Quadband+Edge *announced*
- C902 Quadband+Edge+UMTS *announced*
- K310i/a/c Triband Q2/06
- K320i Triband Q4/06
- K510i/a/c Triband Q2/06
- K530i Triband+UMTS Q3/07
- K618i Triband+UMTS Q3/06
- K660i Quadband+UMTS (*announced*)
- V630i Triband+UMTS Q2/06
- V640i Triband+EDGE+UMTS Q3/07
- S500i/c Quadband+EDGE Q2/07
- T650i/c Triband+UMTS Q3/07
- Z310i/a Triband Q1/07
- Z530i/c Triband Q2/06
- Z550i/a/c Triband Q3/06
- Z558i/c Triband Q4/06
- Z610i Triband
- Z710i/c Quadband+EDGE Q3/06
- Z750i/a Quadband+EDGE+UMTS HSDPA Q3/07
- Z770i Triband+UMTS *announced*



Source: SE website as of 2008-02-12

a = Americas, i = International, c = China

# Globally Expanding Business

## Sony Ericsson Models with NetFront Browser Products



### ○ 2008 Spring Models



**W980i**

**C702**

**W760i**

**C902**

**W350i**

**Z770i**

**W890i**

**W980i** Quadband+Edge *announced*

**C702** Quadband+Edge *announced*

**W760i** Quadband+Edge+UMTS *announced*

**C902** Quadband+Edge+UMTS *announced*

**W350i** Quadband+Edge *announced*

**Z770i** Triband+UMTS *announced*

**W890i** Quadband+Edge+UMTS *announced*

# NetFront Series in Non-Mobile Devices



## Strategic move aiming “NetFront on all devices”

### Digital TV



UT32-HV700



UT32-HV700

**Hitachi**

### Personal Communicator



Mylo  
**SONY**

### Multifunction Peripheral



KM3060



KM5050

**KYOCERA MITA**

- [March 11, 2008](#)      **Joint research on new uses of 1-seg by Nippon Television and the Access**
- [March 3, 2008](#)      **First products with ZebOS for the broadcasters**
- [February 25, 2008](#)      **Provided NetFront Mobile Client Suite to the first Emobile mobile handsets**
- [February 12, 2008](#)      **Provided ACCESS Linux Platform development kit (SDK)**
- [February 12, 2008](#)      **ACCESS and France's Orange join LiMo Foundation**
- [February 12, 2008](#)      **Within one year of the launch of the global partnership program ACCESS™ Connect Ecosystem, the number of members grew to more than 80**
- [February 7, 2008](#)      **The total number of shipped units equipped with NetFront surpassed 500 million**
- [February 7, 2008](#)      **Functionality and speed of NetFront Browser v3.5 are improved**
- [January 31, 2008](#)      **Presentation at the CSMA Mobile World Congress 2008**
- [January 28, 2008](#)      **Provided various types of products for Softbank's new lineup of 12 mobile handsets**
- [January 28, 2008](#)      **Provided software for au's spring lineup of 11 mobile handsets**
- [January 28, 2008](#)      **Provided the 1-seg viewing application NetFront® MobiTunes to Nano Media and installed on au mobile phones**
- [January 21, 2008](#)      **Provided NetFront Mobile Client Suite to WILLCOM and introduced decorative email**



*ACCESS is mobilizing  
high quality communication  
and entertainment for  
connected users around  
the world.*

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