





Q2 FY2011 Results

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- **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.**

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- **FY2011 Q2 Summary**
 - **FY2011 2H Business Plan**
 - **FY2011 Q2 Business Activities**

FY2011 Q2 Financial Results (Consolidated)



(JPY in millions)

	1H FY2011 Budget (A)	1H FY2011 Result (B)	(B)-(A)	Variance	1H FY2010 Result ①	1H FY2011 Result ②	②-①	Variance
Net Sales	6,069	6,403	333	5.5%	12,978	6,403	(6,575)	-50.7%
Operating Profit	(1,387)	(482)	905	-	1,464	(482)	(1,947)	-132.9%
Ordinary Profit	(1,384)	(553)	831	-	1,502	(553)	(2,055)	-136.9%
Net Income	(1,814)	(1,116)	698	-	(542)	(1,116)	(573)	-

Net Sales

- Sales increase in patent licensing royalty and Software Business (Japan) contributed to net sales of JPY 6,403 mil (JPY 333 mil better than budget).

Operating Profit

- Cost reductions implemented by all company groups contributed to operating loss of JPY (482) mil (JPY 905 mil better than budget).

Ordinary Profit

- Non-operating loss, such as foreign exchange loss, resulted in ordinary loss of JPY (553) mil (JPY 831 mil better than budget).

Net Income

- Net loss result was JPY (1,116) mil (JPY 698 mil better than budget).

FY2011 Q2 Financial Results by Segment



(JPY in Mil.)

	Net Sales (*)	Operating Profit (Segment Profit (**))
Software Business (Japan)	3,946	1,390
Software Business (Overseas)	1,132	(810)
Network Software Business	1,108	(433)
Front-end Business	85	(394)
Media Service Business	130	(280)
Total	6,403	(528)
Elimination	—	46
Financial Result (Consolidated)	6,403	(482)


* : Net sales to customers outside the company groups.

** : Segment profit is calculated as net sales less sales-related costs and general and administrative expenses (including allocated costs accrued in HQ's administrative).

- **Upward revisions to 1H FY2011 financial results**
 - Sales increase of patent licensing royalty and Software Business (Japan)
 - Cost reductions implemented by all company groups

- **Implementation of voluntary retirement program in HQ (205 employees) resulted in cost reduction**

- **Continued implementation of business shift**
 - Focus on “Service Enabler Business”
 - Aim to develop long-term core business

- **FY2011 Q2 Summary**
-  ○ **FY2011 2H Business Plan**
- **FY2011 Q2 Business Activities**

○ Drive the Shift in Business Focus

- **“Service Enabler” Business**

- ➔ Provide a set of solutions to enable desired services on smart phones/tablet devices

New Business

- **“NRE/Software Licensing” Business**

- ➔ More focus on internet connected devices business rather than feature phones

Retain Revenue Source

- **Global Market Strategy**

- ➔ Expand the market with growth opportunity

Expand the Business

- **“Network Software” Business**

- ➔ IP Infusion Inc. (an ACCESS subsidiary) to expand global offices

Expand the Business

○ Provide solutions that converge internet connectivity, broadcasting and content into unified service/content

- For Japanese market:
 - Provide solutions to realize value-added services on internet connected TVs
 - Also provide solutions for new services based on linkage between TVs and smart phones
- For overseas market:
 - Leveraging our successful track record in this business, especially in European HbbTV market and DLNA technology solutions, target to obtain further opportunities in TV-related business

○ Accelerate digital publishing platform business

- For Japanese market:
 - Leading EPUB compliant technologies deployment and expand business rapidly
- For overseas market:
 - Target to develop business relations with major players in wide range of publishing/content markets


○ Realize further growth in IPI business

- For global markets:
 - Support development of 3G/LTE-based infrastructure to handle dramatically increasing data traffic
 - Provide industry's leading solutions for cloud computing

○ Provide value-added services to smart phones

- For emerging markets:
 - Low-priced Android™ solutions rapidly penetrating emerging markets create needs for new service solutions
 - Develop strong partnership with operators/carriers in emerging markets

Focus on key business activities and realize the future growth

- **FY2011 Q2 Summary**
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-  ○ **FY2011 Q2 Business Activities**

Business Activity Highlights (1/6)

“Service Enabler” Business



○ MEDIA FACTORY, INC.

- “ACCESS™ Digital Publishing Ecosystem” enables users to access and enjoy cross-media contents seamlessly, including eBooks, games, video, etc.



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「まよチキ！」

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○ Panasonic Corporation

- “i文庫 (iBunko)”, Japan's most popular eBook reader application, is one of the key features of “ACCESS™ Digital Publishing Ecosystem” and deployed on Android™ devices
- Portable One-seg TV (SV-ME970) selected “i文庫 (iBunko)”



SV-ME970

“ACCESS™ Digital Publishing Ecosystem” deployment is expanding

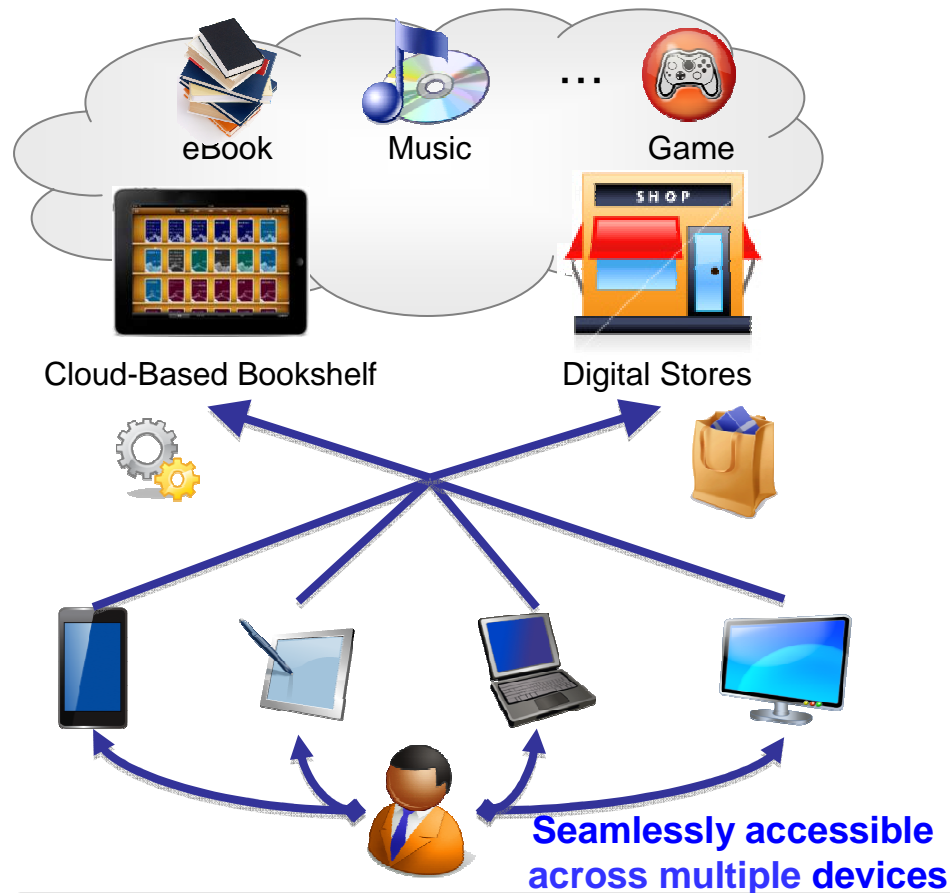
Business Activity Highlights (2/6)

What is “ACCESS™ Digital Publishing Ecosystem”?



“ACCESS™ Digital Publishing Ecosystem”

Various contents in cloud-based bookshelf library



Competitive Solution Features

Cross-media

- Provide users with seamless contents viewing experience for wide range of content, including eBooks, games, videos, music, etc.

Multiple devices

- Works with smart phones and tablet PCs, including iOS and Android™
- Expands to work with PCs, TVs, etc.

Cloud-based bookshelf

- Store content in a single, common bookshelf in the cloud

Latest standards support planned

- HTML5 and EPUB3.0

Based on competitive features, will accelerate business development

Business Activity Highlights (3/6)

“Service Enabler” Business

○ Sony Corporation

- Deliver “Tokyo Calendar” content for Sony’s application casting platform for digital TVs



- Can browse Tokyo Calendar’s rich restaurant information through Sony’s “BRAVIA”
- Can export information (contact lists, location, maps etc.) to mobile devices
- Plan to expand related business such as EC services

Leverage “Service Enabler” business by using our own content

Business Activity Highlights (4/6)

“NRE/Software Licensing” Business



Smart Phone Market



Japanese Major Manufacturers

- Our products deployed on various devices from major Japanese manufacturers
 - “NetFront® Browser DTV Profile One-seg Edition”
 - “NetFront® Document Viewer”



Samsung Electronics Co., Ltd.

- “NetFront® Browser DTV Profile One-seg Edition” deployed in NTT DOCOMO Inc.'s new GALAXY S II SC-02C shipped in Japan



GALAXY S II
SC-02C

Internet Appliance Market*

*Including game consoles



Nintendo Co., Ltd.

- “NetFront® Browser NX” selected by Nintendo as the new browser engine for the Nintendo 3DS
- ➡ Provide high performance and exceptional browsing experience on game consoles



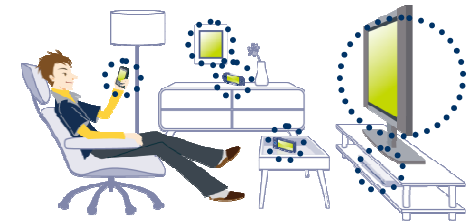
Daimler AG

- “NetFront® Browser” selected in on-board Mercedes-Benz COMAND (Cockpit Management and Data) APS multimedia system.
- ➡ Drivers can access Mercedes-Benz Online service, e.g. weather information

Our products deployed in fast-growing smart phones and internet appliances markets

Business Activity Highlights (5/6)

“NRE/Software Licensing” Business



○ Continue to develop customers

- **“NetFront® Living Connect”**, which enables connected TV and connected home services, selected by world’s largest* HDD manufacturer and by major Asian ODM manufacturers

○ Proactively promote market penetration of DLNA (Digital Living Network Alliance) technology standards and expand business opportunities

- Deployed **“NetFront® Living Connect SDK”** globally, which enables development of DLNA solutions for multiple devices, such as Android and iOS devices

○ **“NetFront® Life Connect”** certified by DLNA

- To facilitate product interoperability between DLNA Certified products and non-certified products in the digital home

* by market share

**Strengthen DLNA related business and
enable advanced connected TV and connected home services**

Business Activity Highlights (6/6)

“Network Software” Business



- **Support development of 3G/LTE-based infrastructure to handle rapidly increasing data traffic**
 - Maintain good business pipelines with major communication system vendors
 - Obtain new major customers
 - Continue to develop customer portfolio on global basis

- **Participate in technology leading organization to promote innovation in cloud computing solution**
 - Promote innovation in new approach to networking called Software Defined Networking (SDN) as a member of Open Network Foundation (ONF)

- **Strengthen research and development activities on global basis**
 - Strengthen development team specifically in U.S. and India
 - Accelerate research and development activities to pursue new business opportunities and competitive solutions

Proactively continue to implement business development and R&D activities

Leading Internet Innovation and Enriching Life on the Planet

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