



FY2007 Q1 Earnings Results Briefing

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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**

PART I

CURRENT STATUS IN REGARD TO THE REPOSE TO FY2007 CHALLENGES

FY2007 Most Important Issues



1. ASA (former PSI) Complete Integration

- Re-build the organization (~ April end)
- Reduction of 77 personnel from the current 237 (US)
- Into a R&D center...

**Establishment of an
Efficient R&D Organization
in Japan & US**

2. Engineering shift to China (Nanjing/Beijing)

- Transfer of R&D (X) projects (49% annually)
- Transfer of NRE (B/S) projects (50% annually)
- Achieve technical skill proficiency target levels
- Customer information management

**Improvement of
Engineering Efficiency
in Japan/US/China**

3. Sustenance and Improvement at HQ

- Work on 3 fronts: Sales, Engineering and Admin

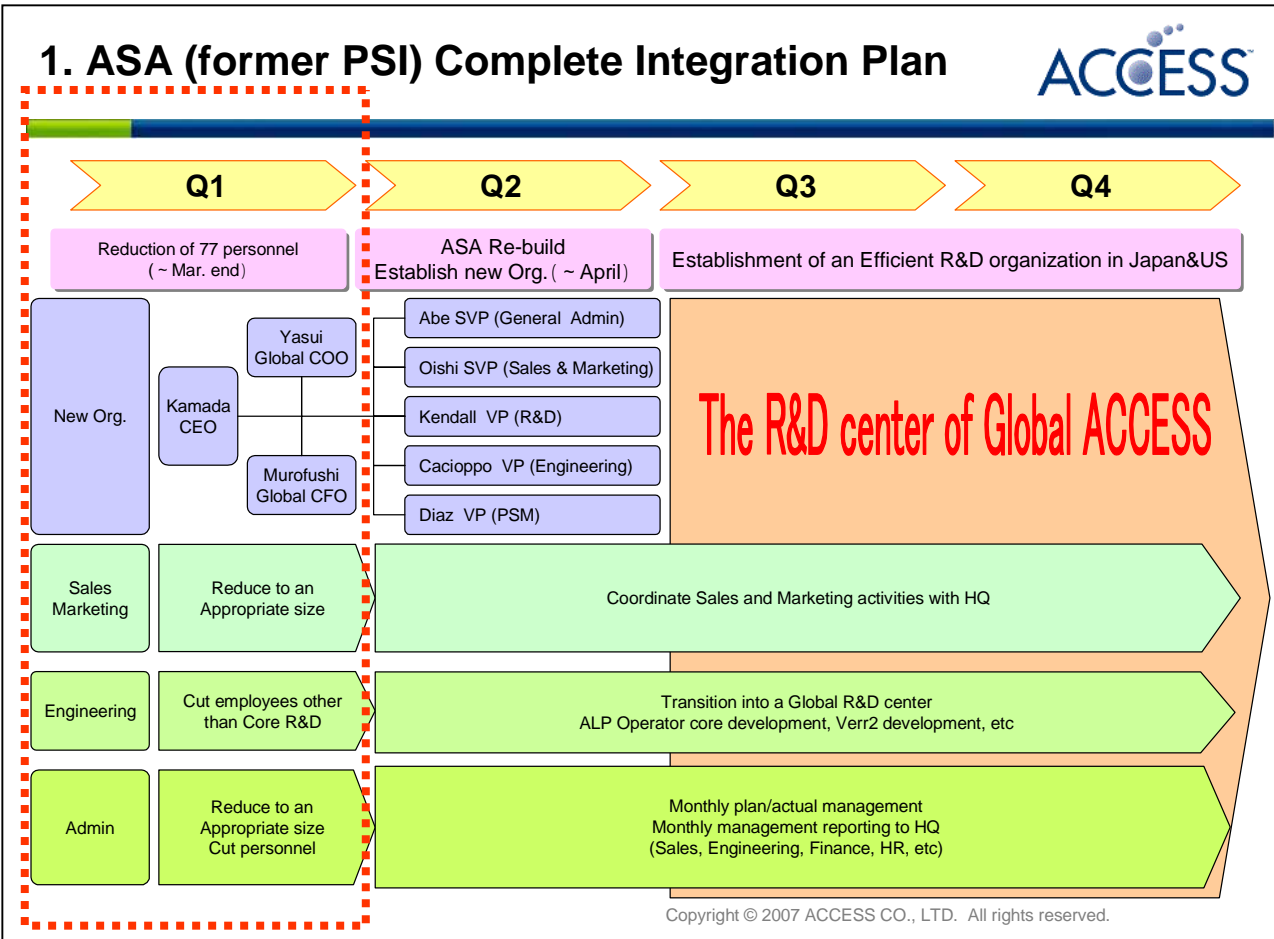
**Building a Global
Organization**

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1. Status for ASA Complete Integration Plan

- Optimized the Size of Sales, R&D, Back-office
- Made ASA as an R&D subsidiary

1. ASA (former PSI) Complete Integration Plan



- Implemented optimization plan for ASA organization
- Positioned ASA as R&D Center for global ACCESS
- Will Achieve the FY07 Planned Budget under CEO of Dr. Kamada

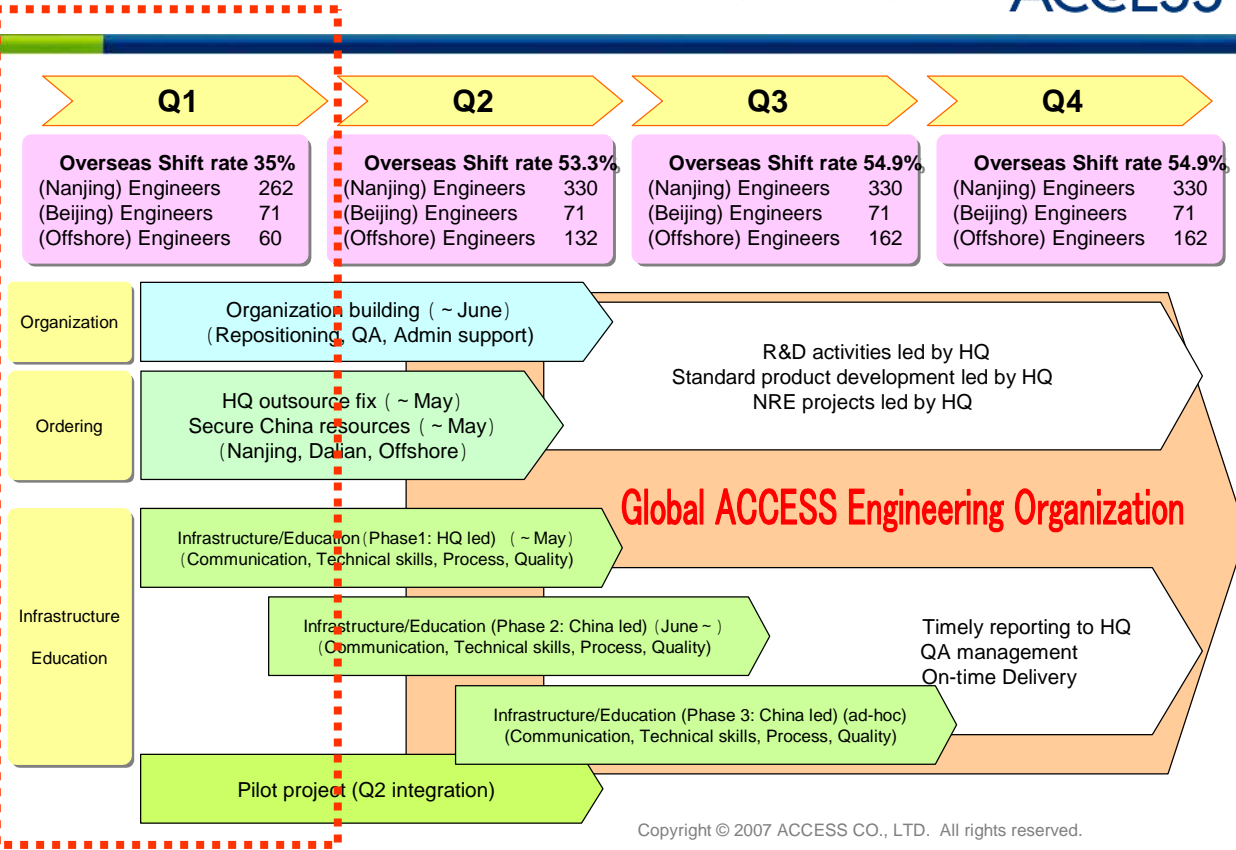


Our Post-Merger Integration Plan Is Carried Out on Track

2. Status for Engineering Shift Plan

- Acceptance capability in China is on track
- Urgent issue is how we should effectively match demand and supply of engineering resources

2. Engineering Shift to China (Nanjing/Beijing)



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- Will complete acceptance capability in China in Q2
 - Will hit the ground running from late Q2
 - Current shift overseas
- Q1 Target 35%**
Actual 14%



Still Need of Resource Reallocation

Delay in Shift to China

○ Prioritized Domestic Resources

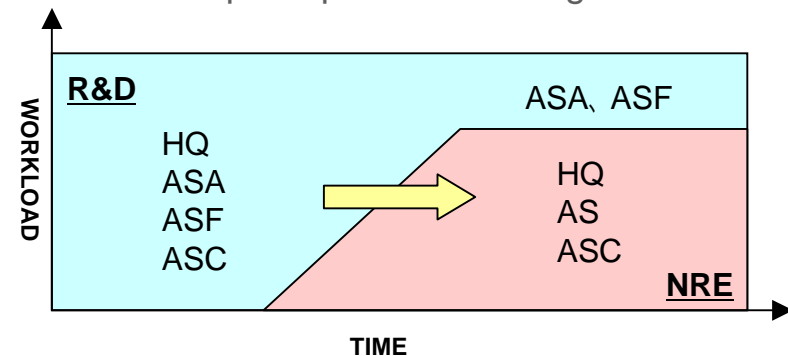
- Due to the expansion and urgency of 1seg/3seg related projects in Japan, we had already secured outsourced engineers from partners, which resulted in slower shifting to China

○ Reallocated Resources for ALP Development

- In competition against Apple's iPhone, we received lots of inquiries for ALP product from customers inside/outside Japan
 - Starting with French operator, ORANGE, inquiries that lead to the real deal are increasing rapidly
- Leveraged Chinese resources for the strong ALP inquiries
- Due to the resource constraints in China, we could not catch up our plan of founding Global Development Structure

○ Corresponded to the Global ALP Projects

- Drive ALP development globally based on the resource allocation to each location's characteristics

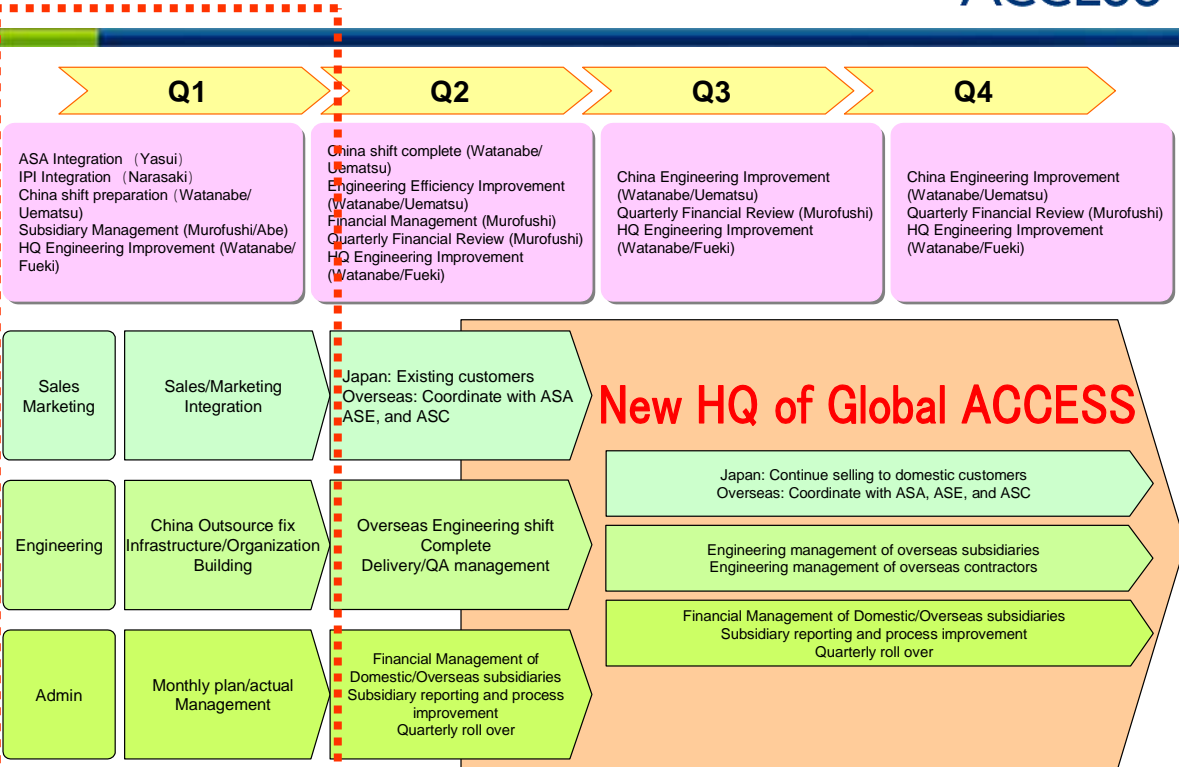


After Q2, more improvement in efficiency is expected, through the stabilization of resource reallocation and the strengthening of project control/coordination

3. Status for HQ Structure

- Sustenance and improvement of HQ Operation Structure is being streamlined based on the plan below
- Urgent issue is how we should improve our development efficiency

3. Sustenance and Improvement at HQ



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- SALES
Completed the consolidation of Sales and Marketing organization, and next challenge is to strengthen global sales
- DEVELOPMENT
Drive full scale shift of customer development projects to China since the organization and infrastructure have been streamlined
- ADMINISTRATION
Implement monthly budget control globally including every overseas subs, and introduce elaborate budget system

• Delay for the improvement of NRE Gross Margin at HQ
Q1 Plan 32% → Actual -17%
H1 Plan 37% → Outlook 7.7%

Lowered NRE Gross Margin (1) - For New Functional Modules

1. 1seg / 3seg Related Projects

1ST HALF

Increase of orders for
1seg/3seg related projects

POSITIVE

Increase of Royalty

NEGATIVE

Decrease of NRE
Gross Margin

Lowered Gross Margin due to the Conservative Accounting Process for “S Project (Advance Development of Standard Edition)”

FUTURE

Gross Margin in the 2nd Half will be recovered by the early cost transfer of “S Project”

1seg/3seg modules will be
embedded on more than 20
summer models over three carriers

1seg/3seg module is almost
dominated by ACCESS



S Project and B Project

PAST CASE

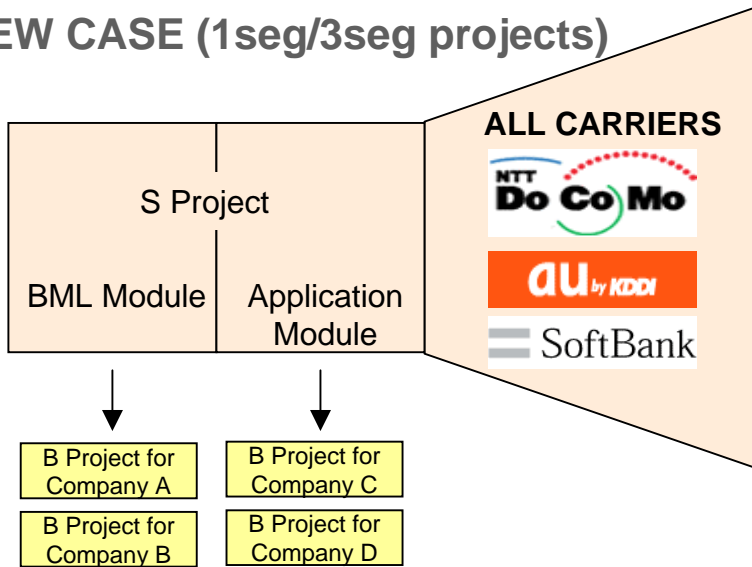
S Project
(ex. KDDI
Decoration
Mail)



Investment Recovery based on simple cycle

B Project for Company A	B Project for Company D
B Project for Company B	B Project for Company E
B Project for Company C	B Project for Company F

NEW CASE (1seg/3seg projects)



Summer Model	Autumn Model	Winter Model	Spring Model
B Project for Company A	B Project for Company A		
B Project for Company B	B Project for Company B		
B Project for Company C	B Project for Company C		
B Project for Company D	B Project for Company D		
B Project for Company E	B Project for Company E		
	B Project for Company F		
	B Project for Company G		

ACCOUNTING PROCESS

Development	Every Quarter End	B Project Revenue Recognition
WIP account	Ending WIP account only for order-confirmed "B" Projects. For other projects, transferred to COGS	Transfer WIP Balance to COGS

Lowered NRE Gross Margin (2) - For New Mobile Carriers

2. Softbank Mobile Projects

1ST HALF

Increase of Development Workload by offering Application Suite

POSITIVE

Increase of Royalty

- Volume increase
- Unit price increase

NEGATIVE

Decrease of Cost of Sales due to the increase of development scale

It is getting harder to keep NRE capability for customized development work, due to the adoption of new technologies and the expansion of project scope/scale

FUTURE

Since our NRE operations will be transited to the steady state from newly ordered project, COS will be normalized from now on

Will bundle our software on twelve 2007 summer models

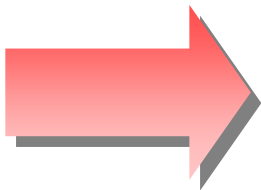
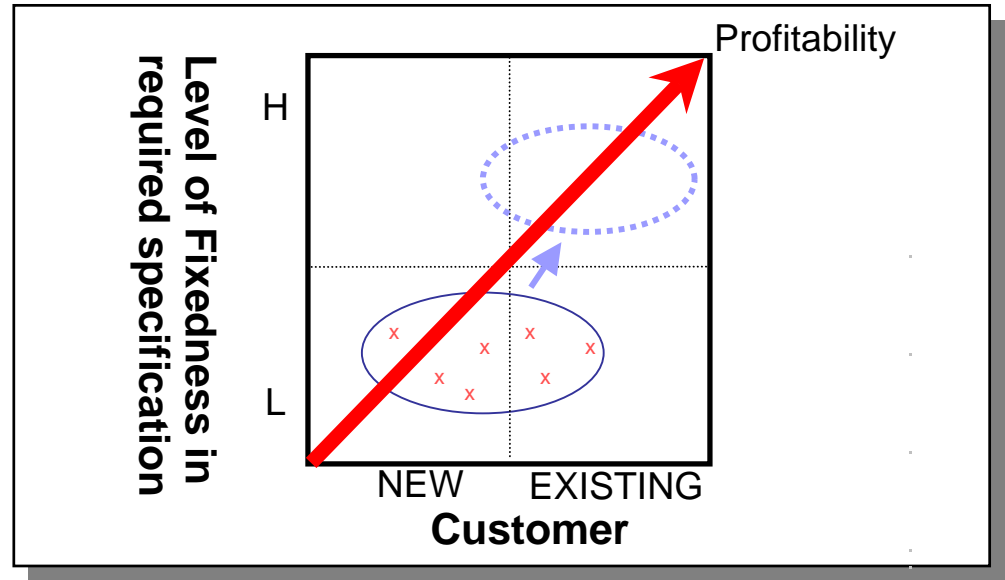


Relation between NRE Gross Margin and Fix Level of Requested Functional Spec

- More than half of orders received could secure 40%+ gross profit (54/88 orders)
- Cost of Sales increased due to the handling of newly added customers



The fact that these projects centered in this quarter as WIP carried over from FY06, brings about lower cost of sales.



It is confident that the more level of fixedness in required specification from customers, the better efficiency

PART II

SETTLEMENT OF PENDING LAWSUIT

Settlement of Legal Proceeding with UNISYS Corporation



We have been appealing and fighting for a while with regard to the license fees on “LZW Patent with Unisys Corporation, and led to the settlement agreement as of June 15th. For this reason, we have decided to book total ¥886M of extraordinary loss for legal settlement package and lawyer expenses (under HQ book).

(Please refer to IR/PR letter dated June 15, 2007 about “Settlement of Legal Proceeding with Unisys Corporation on the License contract of LZW Patent”)

Reasons for Settlement

- ACCESS believed in our allegations, while it is usually rare for one concerned party to win a case 100% under arbitrary proceeding. It was highly likely that we would be force to pay partially for any settlement (“Split the baby”)
- Considered the occurrence of operational losses by binding our executives and related responsible staff for further arbitrary inquisition
- Took into account for dearly costs for lawyers and others concerning arbitrary proceeding

PART III

GROWTH DRIVERS

○ Full Browser

- Aggressively continue R&D Effort – to expand Browser business by well-founded performance and functionality improvement
- Further take in users' specific requests such as Web2.0 compatible browser

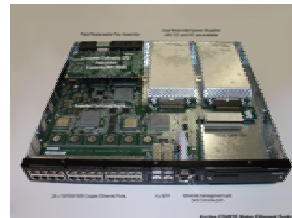
○ ACCESS Linux Platform (ALP)

- Customization work for French carrier Orange is going smoothly
- Many business inquiries are received in competition with Apple's iPhone launched in the end of June - Plan to bundle 10 million copies in 2008



○ Next Generation Network (NGN)

- Announced new version of ZebOS by IP Infusion
- Special procurement boom for NGN in Japan
 1. Residential Equipment and System for Triple Play services (Voice+Internet+Video)
 2. Enterprise/SMB Equipment and System for Security/VPN
 3. All IP Network for mobile infrastructure (Wireless Backbone)



PART IV

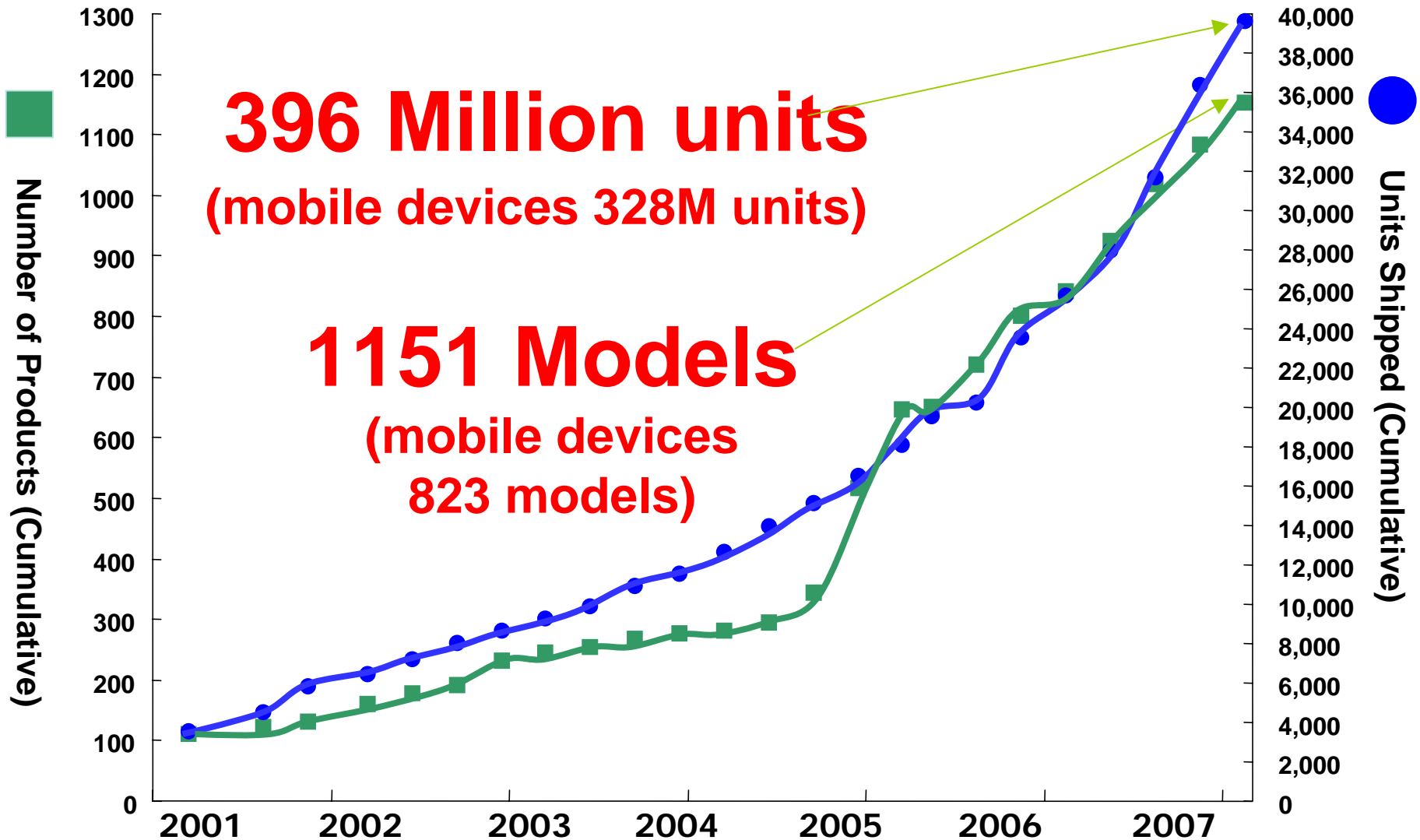
APPENDIX

ACHIEVEMENTS FROM EXISTING BUSINESS

Cumulative Units Shipped: Over 396 Million

(As of 5/31/2007)

(10,000 units)



High-end Products from All Domestic Carriers 2007 Summer Models

New products in the 2007 summer models



Globally Expanding Business Samsung NetFront Browser Products



Globally Expanding Business

Sony Ericsson NetFront Browser Products



• Walkman™ music phones

(Walkman® player, Multimedia software, 2 MP camera)

- **W200i/c** Triband Q2/07
- **W300i/c** Triband Q2/06
- **W550i/c** Triband Q4/05
- **W580i/c** Quadband+Edge (announced)
- **W600i/c** Quadband+Edge Q4/05
- **W610i/c** Triband+Edge Q2/07
- **W660i** Triband+UMTS (announced)
- **W710i/c** Quadband+Edge Q3/06
- **W810i/c** Quadband+Edge Q1/06
- **W830i/c** Triband+UMTS Q3/06
- **W850i** Triband+UMTS Q3/06
- **W880i/W888c** Triband+UMTS Q1/07
- **W900i/c** Triband+UMTS Q4/05



• Cyber-Shot™ imaging phones

(3.2 MP camera, xenon flash, image stabilizer, QVGA screen)

- **K790a/i/c/K800i**
K790a, K790i, K790c: Triband+EDGE Q2/06
K800i: Triband+UMTS Q2/06



• Feature phones

- **K310i/a/c** Triband Q2/06
- **K320i** Triband Q4/06
- **K510i/a/c** Triband Q2/06
- **K550i/c** Quadband+EDGE Q1/07
- **W660i** Triband+UMTS (announced)
- **K550im** Triband+EDGE i-mode™ Q1/07
- **K610i** Triband+UMTS Q2/06
- **K610im** Triband+UMTS i-mode™ Q3/06
- **K618i** Triband+UMTS Q3/06
- **K810i/K818c** Triband+UMTS (Q1/07 / announced)
- **V630i** Triband+UMTS Q2/06
- **S500i/c** Quadband+EDGE (announced)
- **T650i/c** Triband+UMTS (announced)
- **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
- **Z750** Quadband+Edge+UMTS HSDPA (announced)



a = Americas, i = International, c = China
Source: SE website as of 2007-05-30

Challenging new areas toward the goal “NetFront on all devices”

PC Segment



Prius One type W AW37W5U

HITACHI

Scanner Segment



scamo

scamo beam

RISO SCIENCE INDUSTRY

Digital Tuner for VHF/UHF



TUE-T310

ALPINE