

1H Business Results for Fiscal Year Ending January 2007



ACCESS CO., LTD.
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October 5, 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 Presentation

- Financial results for the first half of FY2006 (Fiscal Year ending Jan. 2007) period shows that increasing sales and more in-process R&D expenses than planned. The detailed cost analysis are also briefed, but we keep our initial guidance for FY2006 revenue and profit unchanged. Action plans for cost control are summarized
- Existing browser business keeps healthy increase in revenue, for both domestic and overseas market as well as new software functions like 1 seg browser. At the same time, our shipment in non-mobile segment is increasing at digital broadcasting field
- On the other hand, R&D for the long term proceeds in the right manner, based upon our vision 'Providing Ubiquitous Connectivity Platform'. Examples are providing ACCESS Linux Platform, End to End Solution, and DLNA Module
- Cumulative shipments of ACCESS software throughout the world reached 279 million. The cumulative number of ACCESS-equipped models reached 923 models (as of August, 2006)

1. Key Points of Q2 Results

Summary

■ Gained Solid Footing for Revenue Growth and Mid-term Growth Plan is on Track

◆ Revenue Increase in this Quarter

- Made a good progress for Domestic/Overseas Sales (Samsung, SonyEricsson, SoftBank)
- Drove another growth through new software functions (1 seg Browser)
- Penetrated in non-mobile space (Shipment soared in Digital TV segment)

◆ Preparation for Mid-term Growth Plan

- ACCESS Linux Platform has become Orange's Approved Platform
- End to End Solutions will be offered (Sync Server Solutions for carriers)
- Ubiquitous Connectivity linking Audio/Video, PC, mobile terminals (DLNA Module)

■ Cost Breakdown for Increased Costs and Full Year Outlook

◆ Merger-related Expenses

Amortization of Intangible Assets, Payout for unvested stock options

◆ R&D-related Cost

Development for ACCESS Linux Platform and Investment for promising technology area (IMS, 1/3/12 segment for Digital Terrestrial Broadcasting, NMCS, NetFront, etc.)

◆ Business Expansion Cost

Hiring/Salary, SG&A for overseas subsidiaries

◆ Will absorb increased costs through Full Year basis

■ Toward Further Growth in future

◆ Need better cost control

Accounting Overview

Financial Result for 1H FY2006 (FY ending January 31)

Consolidated Statement

	Actual	Guideline	Variance	
Revenue	10,158	8,895	1,263	14.2%
Gross Profit	6,669			
Operating Expenses				
Ordinary Expenses	7,566			
Merger-related Expenses	7,746			
Ordinary Profit	-8,503	-6,974	-1,529	-21.9%
Net Income	-8,385	-7,264	-1,121	-15.4%

Variance Analysis

PalmSource SG&A	237
IP Infusion SG&A	461
Amortization of Intangible Assets (PalmSource)	1,094
Amortization of Intangible Assets (IP Infusion)	630
Payout for Previous PalmSource Stock Options	636

Headquarter Statement

	Actual	Guideline	Variance	
Revenue	6,307	5,530	777	14.1%
Gross Profit	3,628			
Operating Expenses	2,970			
Ordinary Profit	659	991	-332	-33.5%
Net Income	363	595	-232	-39.0%

Personnel Cost (Hiring/Salary)	105
Reasearch & Development Cost	164
Cost of Lawsuit	77

For more details, please refer to 1H06 Financial Results document

Cost Factors

We are confident that the required costs for growth can be absorbed during full year so that the guidance at the beginning of FY06 is unchanged

Accounting Cost - Uncontrollable Cost -

Amortization of Intangible Assets for PalmSource, IP Infusion

- Started from 1H based on US GAAP

Payout for unvested stock options for legacy PalmSource employees

Lawyer cost for lawsuit against UNISYS

- Cost for our correctness proof

Need to recognize accountable costs

Cost for Growth - Controllable Cost -

Merger/Integration related

- Overseas Travel Expenses
- Public Relation/Advertisement
- Hiring/Personnel costs

R&D related

- Development for ACCESS Linux Platform
- Upfront Cost for promising technologies
(IP based multimedia system,
1/3/12seg TV, NMCS, NetFront)

SG&A related (PalmSource, IP Infusion)

**Not justifiable for cost without
any output**

Effective Monitoring with Improved Cost Control operations for further growth

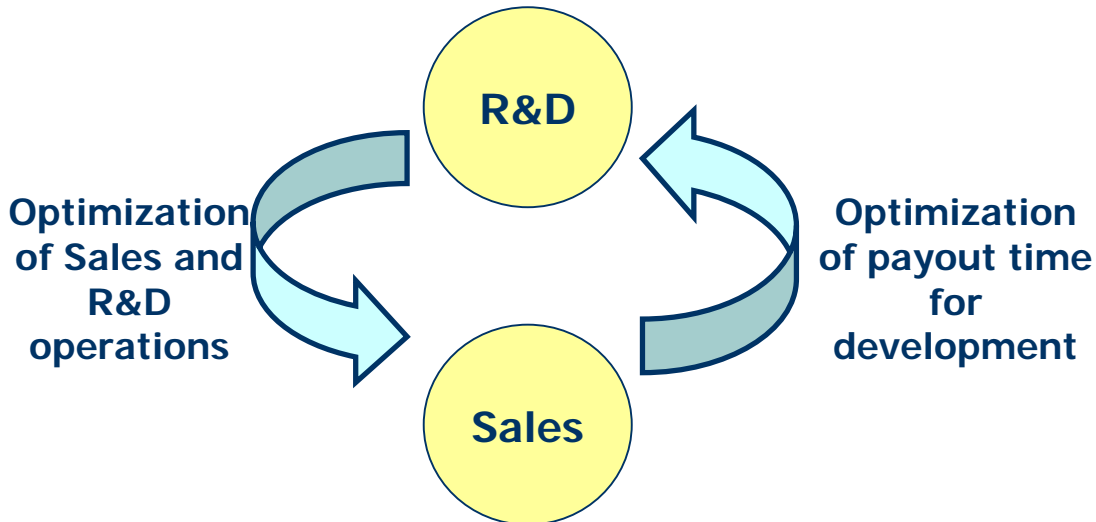
Organization that Makes Growth Happen

Actions for Cost Control

“**Optimization of Payout Time for Development**” is more important to deal with large scale projects and to go after a bigger market by keeping profitability at the same time. For this objective we need “**Improvement of Sales and Development operations**” based upon better control concept

Toward Cost Control

R&D Operation, coping with
bigger markets, bigger projects



Sales Operation, coping with
larger number of customers

Toward Improvement of Operations

Already Introduced Integrated Sales
and R&D Organization

Reorganized Concept of Cost Control

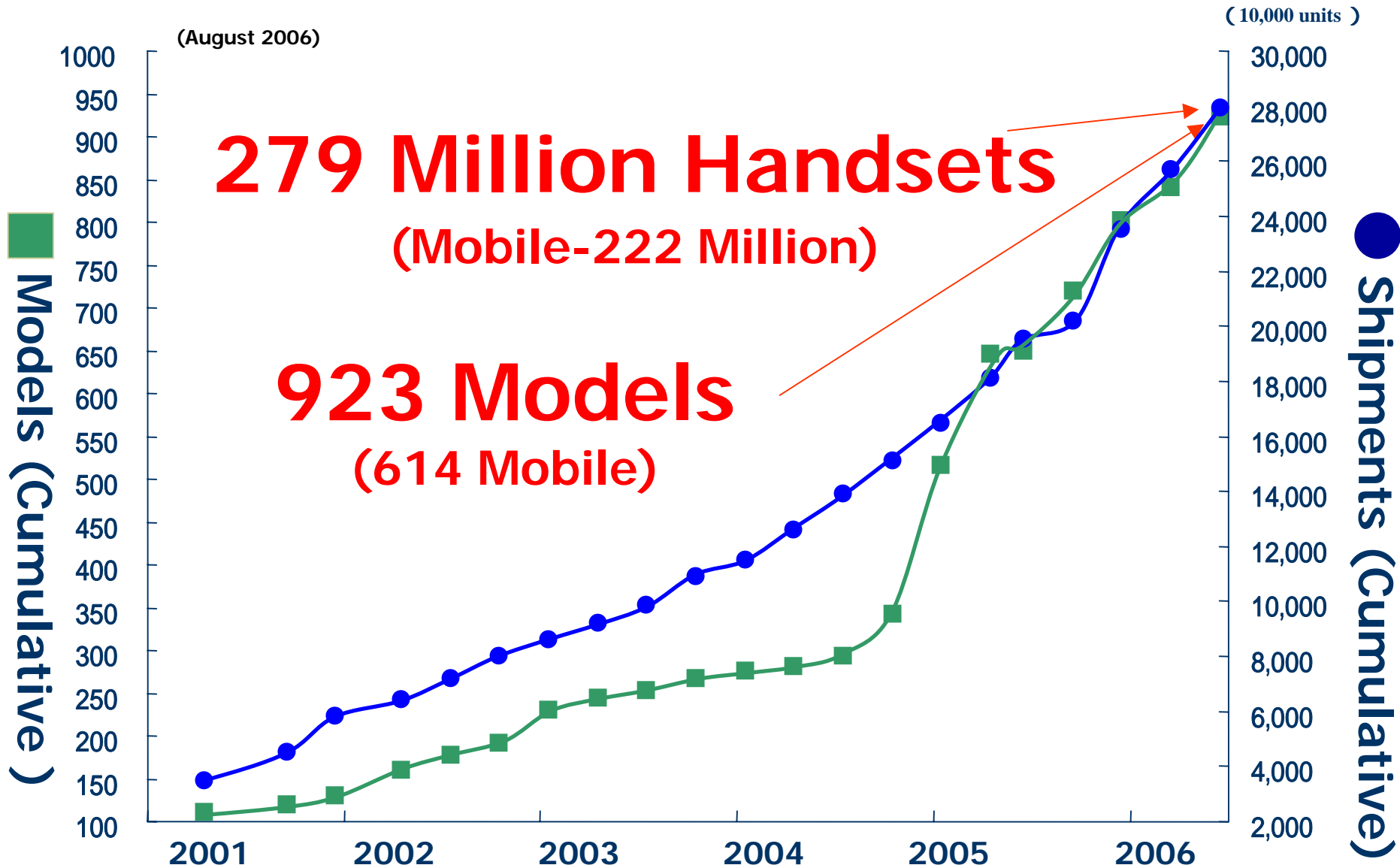


Issue: Operation Management

Aim to Optimize Payout Period for
development by optimized
operation management,
information sharing and execution

2. Achievements in Existing Business

Cumulative Shipments over 279 Million



Things we need for business foundation

Increase Sales in Japanese Mobile Software Market

Gain Share in mobile market through flagship Browser products vital for internet connection as well as Application Suite (Messaging, Java set). On top of NTT DoCoMo and KDDI, starts shipping for Vodafone KK and reach for dominant share in domestic market

Increase Sales in Overseas Mobile Software Market

Based on the success in Japan, increase more sales through comprehensive contracts with Samsung and SonyEricsson. Reach for more global share through evolution of 3G services round the world

Increase Sales for New Functional Software

Reach for higher level of terminal software functionality such as 1seg Browser to realize higher added value

Increase Sales for Non-mobile Segments

Provide software for Networked Home Appliances, Set-top Box, DTV, Car-mounted Equipment

Shipments for Domestic Carriers

Increasing Domestic Shipments

NTT DoCoMo



D702iF



D902iS



Dolce SL



F902iS



M702iG



M702iS



N702iS



N902iS



P702iD



P902iS



SA702i



SH702iS



SH902iS



SO702i



SO902iWP

KDDI

au by KDDI



W33SA II



W42CA



W42H



W42K



Walkman®
model W42S



W44T



A5518SA
Without camera



A5521K



E02SA

Vodafone
(Softbank Mobile)



SoftBank



705SH



905SH



ACCESS

Vodafone Phones with NetFront Browser

◆Vodafone KK (Domestic)

SAMSUNG



Samsung
804SS

NEC



NEC
804N

SHARP



Sharp
904SH / 905SH / 705SH

Nokia



Nokia 702NKII (Nokia6680)
NetFront Browser for Series60

◆Vodafone Global (Overseas)

SAMSUNG



Samsung
SGH-ZV10



Samsung SGH-
Z520



SGH-E860V



SGH-ZV30
etc...



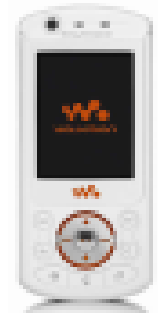
Sony Ericsson



W550i



W810i



W900i

Samsung Phones with NetFront Browser



SGH-ZX10 3G SGH-Z510 3G SGH-ZV30 3G SGH-E860V 3G SGH-Z130 3G SGH-ZV10 VF Live!Cast SGH-D800 GSM SGH-E778 GSM SCH-X889 GSM SGH-X800 GSM SGH-D808 GSM



SGH-S341i G-iMODE GSM SGH-Z320i G-iMODE 3G SGH-S342i G-iMODE GSM SGH-S410i G-iMODE GSM SGH-S400i G-iMODE GSM SGH-S500i G-iMODE GSM V804SS VFVK 3G SGH-ZX10 3G SGH-Z710 3G SGH-Z400 3G



SGH-D520 GSM SCH-X808 GSM SGH-E870 GSM Europe SGH-D848 SGH-E770 SGH-E878 SGH-E900 SGH-E908 SGH-P900 SGH-P910



SGH-P920 SGH-X818 SGH-X820 SGH-X828 SGH-X810 GSM SGH-Z510 SGH-Z560 SGH-ZV40 SGH-ZV50 SGH-ZX20

SonyEricsson Phones with NetFront Browser

■ Walkman™ music phone series

(Walkman® player, RDS FM radio, Multimedia software, 2 megapixel camera)

- **W300i / W300c** Triband
- **W550i / W550c** Triband
- **W600i / W600c** Quadband+Edge
- **W710i / W710c** Quadband+Edge (announced)
- **W810i / W810c** Quadband+Edge
- **W850i** Triband+UMTS (announced)
- **W900i** Triband+UMTS



W300i / W300c



W550i / W550c



W600 / W600c



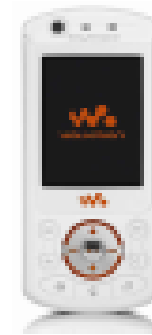
W710i / W710c



W850i



W810i / W810c / W810



W900i



K790a / K790c / K800i / K800c

■ Cyber-Shot™ imaging phone series

(3.2 megapixel camera, xenon flash, image stabilizer, FM radio, QVGA screen)

- **K790a / K790i / K790c / K800i** (announced)
K790a, K790i, K790c: Triband+EDGE
K800i: Triband+UMTS

■ Feature phone series

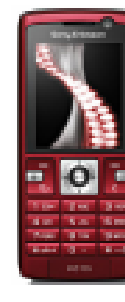
- **K310i / K310c / K310a** Triband (announced)
- **K510i / K510a / K510c** Triband
- **K610i / K610c** Triband+UMTS (announced)
- **Z530i** Triband
- **Z710i / Z710c** Quadband+Edge (announced)
- **Z550i / Z550c** Triband (announced)
- **V630i** Triband+UMTS



K310i /



K510i /



K610i / K310cK510a / K510c K610c



Z530i



Z710i



Z550i



V630i

a = Americas, i = International, c = China / Source: SE website as of 2006-05-18

NetFront Browser with 1 Seg Phones

Increasing shipments (Approx.0.9M handsets as of June 30th)



SANYO
W33SA2 (for KDDI)

SANYO
W33SA (for KDDI)

Panasonic
P901iTV (for DoCoMo)

CasioHitachi
W41H (for KDDI)



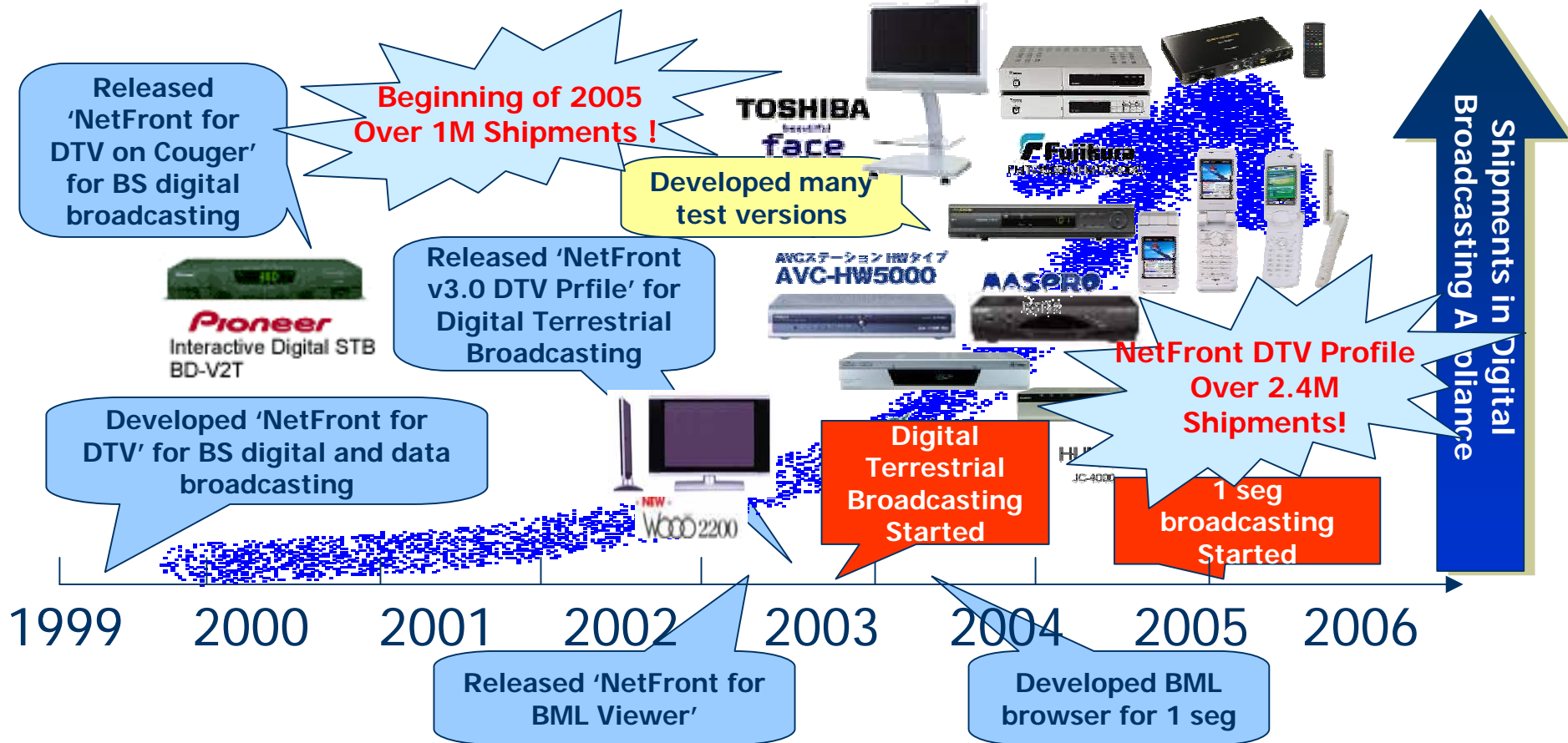
TV video part
(H.264)

Data content
part
(XML-based)
ACCESS Browser



Non-Mobile: Shipments in Digital Broadcasting Fields

Towards "NetFront Everywhere"



NetFront DTV Profile shipped over **2,4M handsets/13 brands**. Moreover, developed and shipped BML viewer which is based upon the same client software (BML browser engine) for Broadcasting companies to produce their contents. Besides, our 1 seg browser is eventually de facto standard.

3. Challenges for New Business

ACCESS Linux Platform : Roadmap

- ◆ ALP (ACCESS Linux Platform) : In progress
 - Finished as software platform
 - Now developing many applications
- ◆ Orange announced to adopt ALP
 - Big response on our news release on Aug 14th
 - ACCESS-Orange co-develop Orange Application Package for ALP
- ◆ A lot more business inquiries from operators and handset manufacturers
- ◆ ALP : Release Schedule
 - Sep 06 Provide Early Access Version for potential customers
 - TBD Provide SDK for Application Partners
 - Feb 07 Release PDK (Product Developing Kit)
 - Q1 2007 Product Shipment with ALP



Palm App Emulator

ALP : LinuxWorld San Francisco (8/15-17)

Lecture meeting by Mike Kelley (SVP, PalmSource)



PalmSource Developer Day

- Technical Lecture of ALP
- ALP Application Development Training with SDK
- Many engineers brought PalmOS applications to check on ALP
- Won Popularity



Linux is now mobile.
Go mobile with ACCESS Linux Platform

PalmSource Developer Day

Hands-on sessions exploring components of the ACCESS Linux Platform (ALP)

10:15 am - 11:15 am:

Introduction to ACCESS Linux Platform

11:30 am - 12:30 pm:

Deep Dive into ALP

12:30 pm - 2:45 pm:

Lunch Break and Compatibility Station

3:00 pm - 4:00 pm:

Extending an ALP Application

Join the **ACCESS Developer Network**
www.palmsource.com/ADN

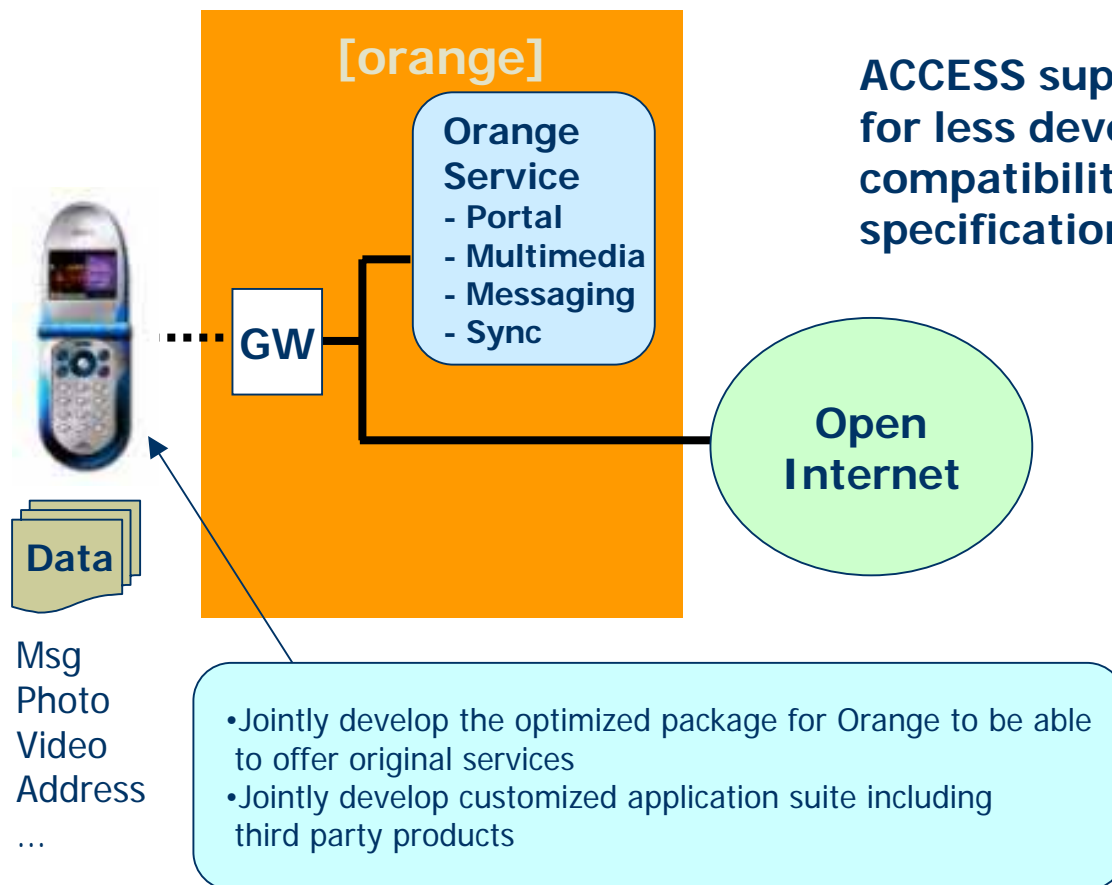
Linux is now mobile.
Go mobile with ACCESS Linux Platform



ALP as approved platform by Orange for Mobile Network

Joint Application Package Development with Orange

(Press Release 8/14)



ACCESS supports Handset vendors for less development cost and compatibility to conform to Orange's specifications

About Orange

Orange is an important brand of France Telecom, which is the leading telecommunication service operator in the world, and has 149 Million customers in 5 continents.

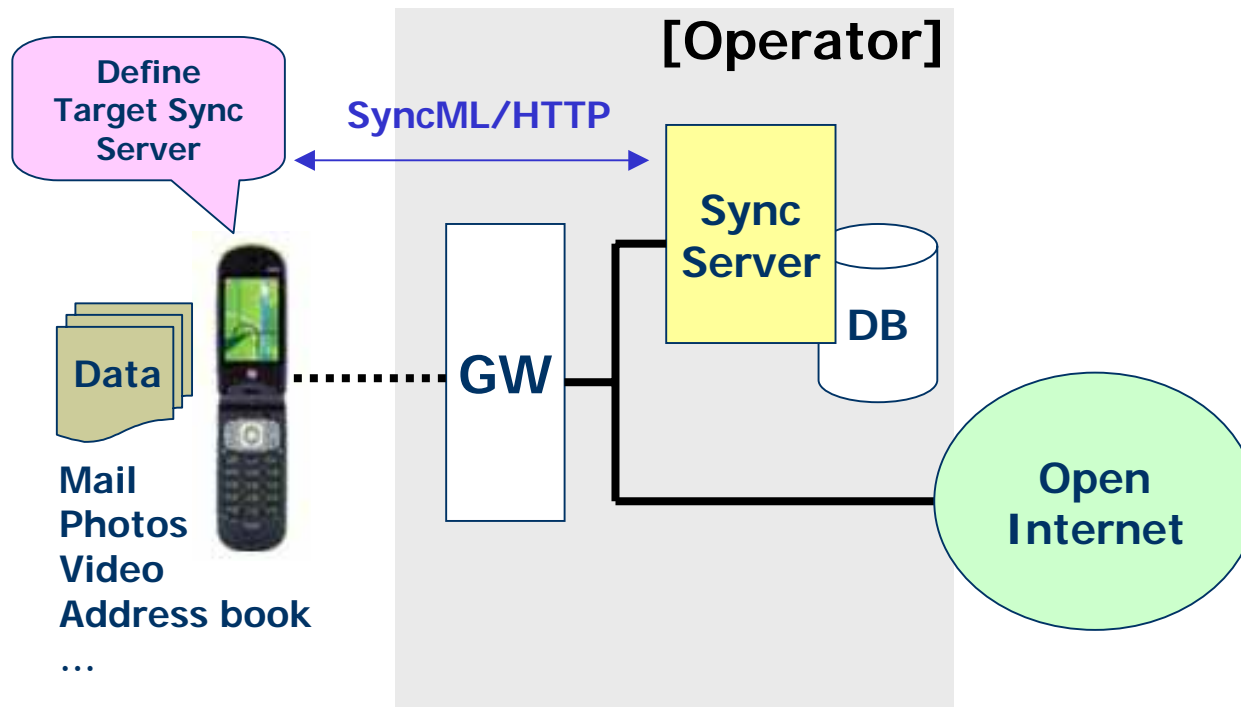
France Telecom Group operates 23 mobile and 9 internet connection services all around the world. As of July 27th 2006, they has 88.6 Million customers and 11.9 Million customers in internet service.

ACCESS' End to End Solutions

First Deployment of Sync Server Solutions for Operator

(Press Release on 9/14)

One of the most biggest mobile operator's SyncML-enabled handsets (save address book of handsets in server DB and synchronize only differences in between) are connected with own Sync Server (evolved router) through broadband. Inside home, it also can be connected with other equipment through DLNA



DLNA Module 'NetFront Living Connect'

◆Overview

- Integration of AV equipment, PC and mobile device at home
- It is possible to enjoy images, music and video only via connection with the network (wired or wireless LAN, Bluetooth)

No configuration required

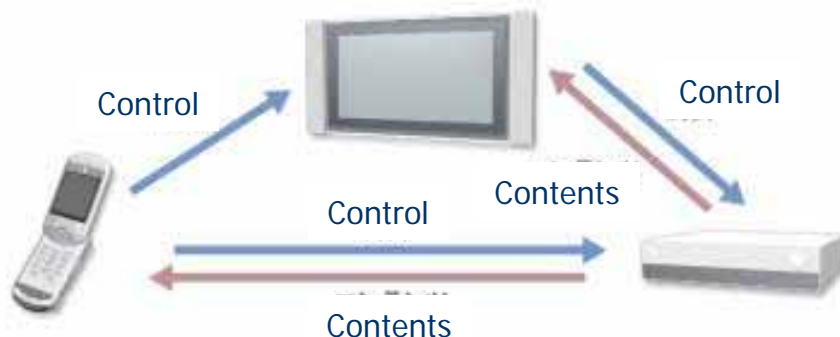
◆Movement

- Member companies: Approx. 250 companies (as of July, 2005)
- DLNA guidelines v1.5: Mobile devices, printers, etc. were added.

- Microsoft Windows Vista supports it

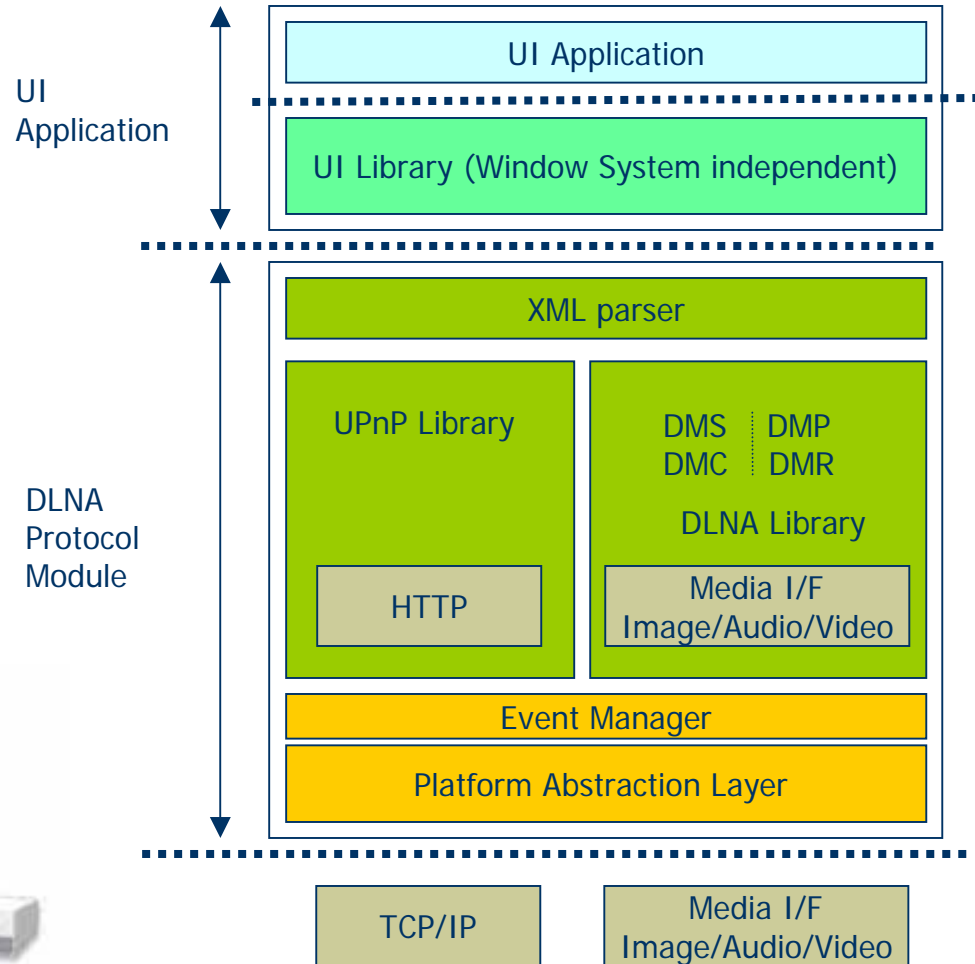
◆Example of usage

- Display and replay video, music and images stored in the home server using a mobile phone.
- Output video, music and images stored in the home server to a TV, stereo set or printer using a mobile phone as a remote control.



(Released on June 28th)

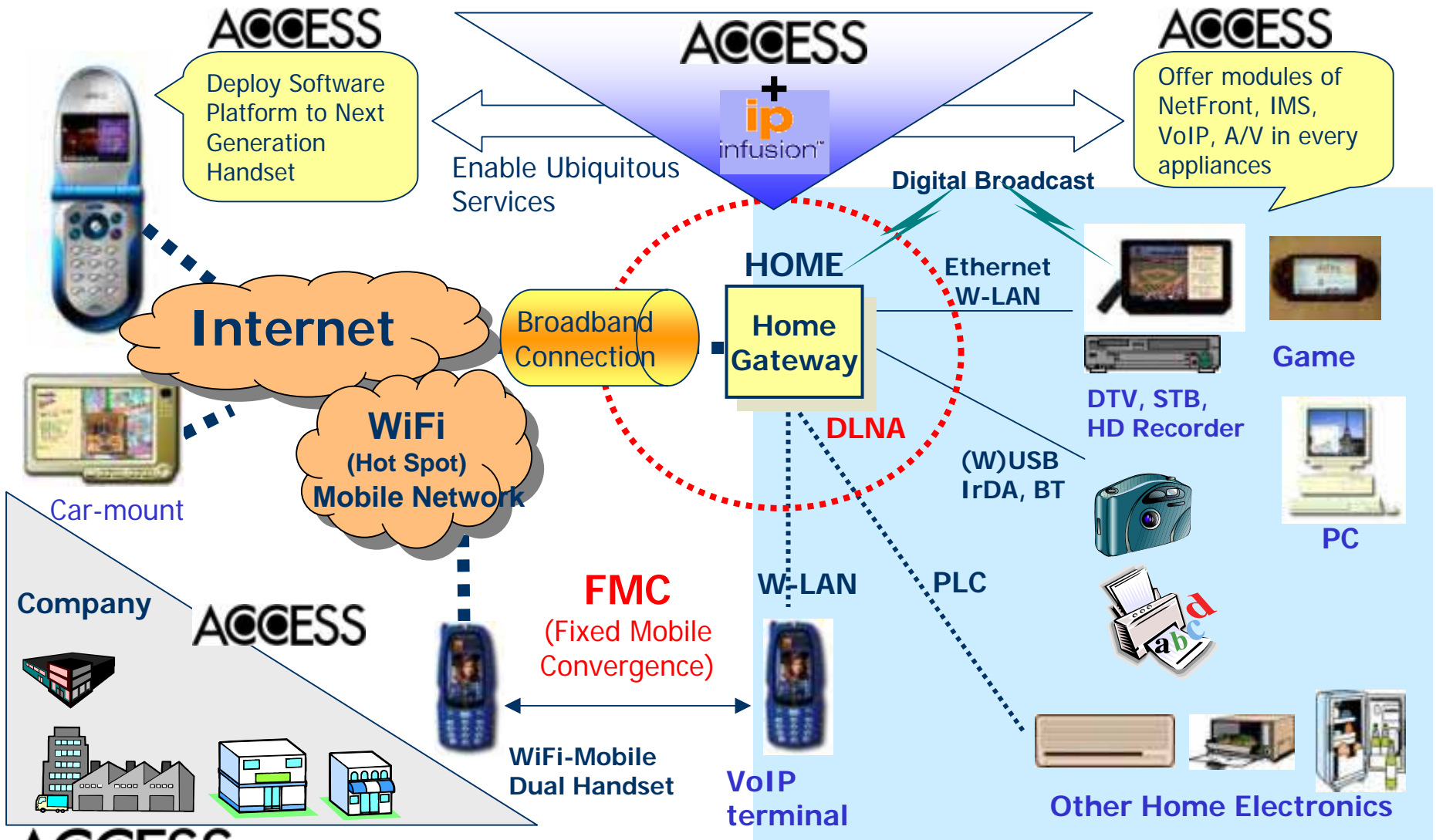
Co-develop with **ipinfusion**TM



Decoder H/W or S/W

Ubiquitous Connectivity Platform Architecture

With technologies from IP infusion, ACCESS will offer key solutions to connect every Home-Appliances through Home Gateway and DLNA



4. Appendix

Major shipments in Q2 FY06



D702iF D902iS Dolce SL F902iS M702iG M702iS N702iS N902iS



P702iD P902iS SA702i SH702iS SH902iS SO702i SO902iWP

KDDI au by KDDI



W33SA II W42CA W42H W42K Walkman® model W42S W44T A5518SA Without camera A5521K E02SA

Vodafone
(Softbank Mobile) Vodafone SoftBank



705SH 705SH 905SH 905SH



List of main press releases

- [06.08.14](#) ACCESS Linux Platform named as an Orange approved platform
- [06.08.14](#) ACCESS organized Linux Software Developer Network
- [06.06.29](#) ACCESS NetFront^(R) Sync Client installed in all models of NTTDoCoMo FOMA^(R) 902iS
- [06.06.28](#) ACCESS announced to cooperate with OKI electronics and OKI ACCESS Technologies in DLNA field for next generation digital home network
- [06.06.22](#) ACCESS 'NetFront^(R) Living Connect' middleware for DLNA appliance starts to support Sigma Design's chipset 'SMP8634 Secure Media Processor'
- [06.06.21](#) ACCESS released 'NetFront^(R) Living Connect' middleware that support DLNA technical standards for next generation digital home-network
- [06.06.20](#) ACCESS NetFront^(R) installed for Denso-Wave 'Bar Code Handy Terminal BHT-504BW'
- [06.05.18](#) ACCESS developed browser software for Pocket PC which supports SONY 'LocationFree[®]'
- [06.05.17](#) ACCESS released the latest NetFront^(R) v.3.3 browser for Pocket PC



Thank You