

# Overview for 1<sup>st</sup> Qtr Financial Results (2004:Feb.2004-Jan.2005)

**ACCESS Co., Ltd.**

**June 2004**



# Disclaimer

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- All target numbers for future business (Sales, Income etc.) included in this presentation are judged by ACCESS based on the information we know right now.
- The numbers for future business include various unreliable factors, so actual result could be different. Please avoid to make any decision for investment based on the information in this document.



# Summary for 1<sup>st</sup> Qtr

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- **Consolidated Results : Sales 2,736M yen, Ordinary Income 569M yen**

Results for all subsidiaries were better than forecast.  
On a non-consolidated basis, Product & Royalty for Sales was considerably better than forecast, and achieve Net Income in order to improve Sales Mix & Control of Expenses.
- **Non-consolidated Results : Sales 2,077M yen, Ordinary Income 463M yen**

Sales were considerably better than forecast in order to increase mobile phone for FOMA & Overseas. Expenses were better 110M yen than forecast.
- **Royalty Share of Sales was 51% and considerably improved vs. Last Period. (2003 YTD : 36%)**

# Highlight of 1<sup>st</sup> Qtr

## Consolidation

(M yen)	Actual (2004)	Forecast (2004)	Actual (2003)	Assumption	Un-confirmed Elements	Comments
<b>Net Sales</b>	2,736	1,750 ~ 1,850	1,408	• ASE : Estimate International i-mode sales is same as Last Term	• Speed of expand for International i-mode Sales	• Increase NRE & Royalty for international i-mode
<b>Operating Income</b>	551	▲30 ~ 30	▲240	• ASC : Contribute sales of China Unicom from 2nd Qtr	• Speed of expand MMS Service in China	• Supply Software for server to NTT Docomo
<b>Ordinary Income</b>	569	▲50 ~ 10	▲232	• AP : Estimate the publication sales & Digital Contents sales are	• Contribute timing of sales for Digital Contents	
<b>Net Income</b>	313	▲50 ~ ▲10	▲199	slightly better than Last Term		• Results for all subsidiaries were better than forecast.

## Non-Consolidation

(M yen)	Actual (2004)	Forecast (2004)	Actual (2003)	Assumption	Un-confirmed Elements	Comments
<b>Net Sales</b>	2,077	1,350 ~ 1,450	1,057	• Sales mix (Estimate of this term) Product: Royalty=60:40	• Effort for royalty by sales of 3G & PDC new	• Sales was considerably better than forecast.
<b>Operating Income</b>	442	0 ~ 70	13	• Gross margin (Estimate of this term) 51.6%	mobile phone	Expenses was better 110M yen than forecast.
<b>Ordinary Income</b>	463	0 ~ 60	20	• Expense ratio of sales (Estimate of this term) 43%		• Sales mix (1Qtr Act) Product: Royalty=49:51
<b>Net Income</b>	237	0 ~ 35	52			• Gross margin (1Qtr Act) 40% • Expense ratio of sales (1Qtr Act) 40%

# 1<sup>st</sup> Qtr (3months) Results (Consolidated)

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

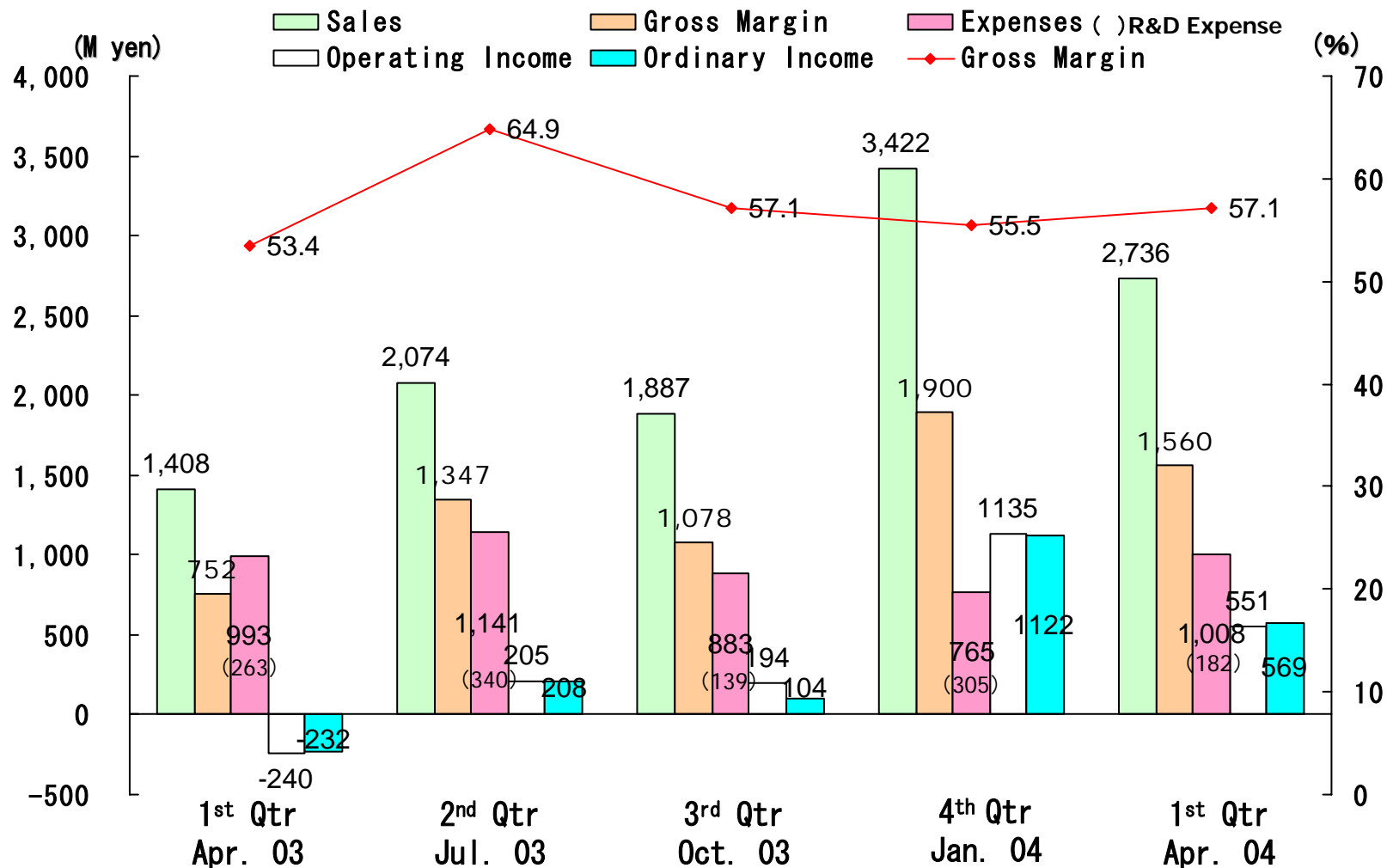
(M yen)	Feb. 04-Apr. 04	Feb. 03-Apr. 03	Y-to-Y	Feb. 03-Jan. 04	% of Last Period
Net Sales	2,736	1,408	94.3%	8,793	31.1%
Gross Margin	1,560	752	107.3%	5,078	30.7%
Expenses	1,008	993	1.6%	3,783	26.7%
Operating Income	551	▲240	-	1,295	42.6%
Non-Operating Income/Expense	17	8	-	▲91	-
Ordinary Income	569	▲232	-	1,204	47.2%
Extraordinary Profit/Loss	▲14	32	-	▲19	-
Income Tax etc.	241	1	-	▲244	-
Net Income	313	▲199	-	1,429	21.9%

# Results by Each Subsidiary Company

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

(M yen)	ACCESS	ASA	ASE	ASC	AP	AH	Adjust.	Consolidated
Net Sales	2,077	99	326	55	288	15	▲125	2,736
Gross Margin	1,264	73	230	7	87	2	▲104	1,560
Expenses	821	23	154	27	85	5	▲110	1,008
Operating Income	442	50	75	▲20	1	▲3	5	551
Ordinary Income	463	50	73	▲19	1	▲3	2	569
Income Tax etc.	227	-	-	-	0	0	14	241
Net Income	237	36	74	▲19	1	▲3	▲12	313

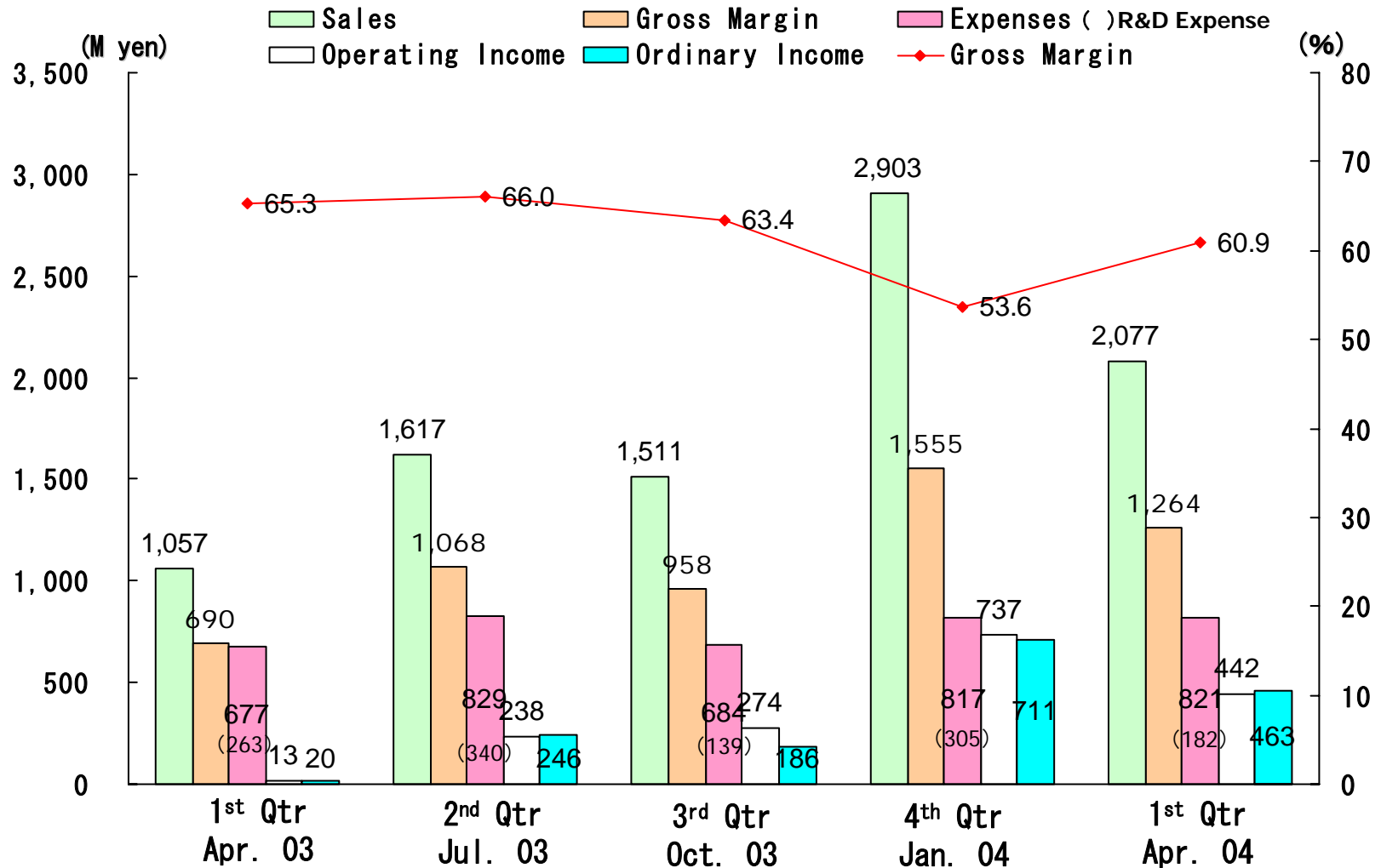
# Profits by Qtr (Consolidated)



# 1<sup>st</sup> Qtr (3months) Results (Non-Consolidated)

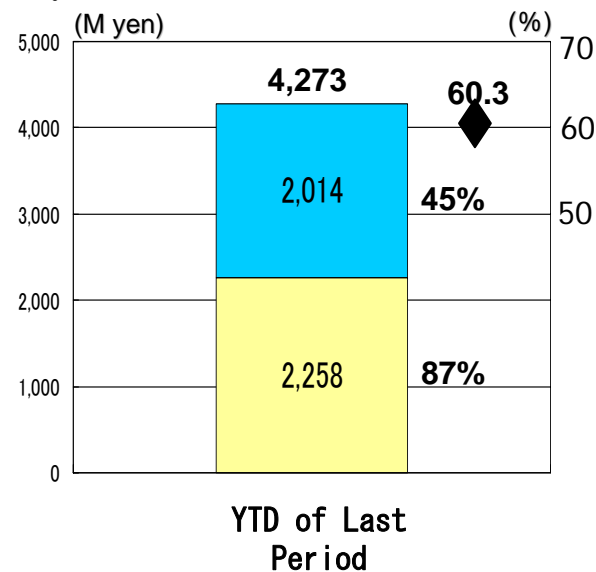
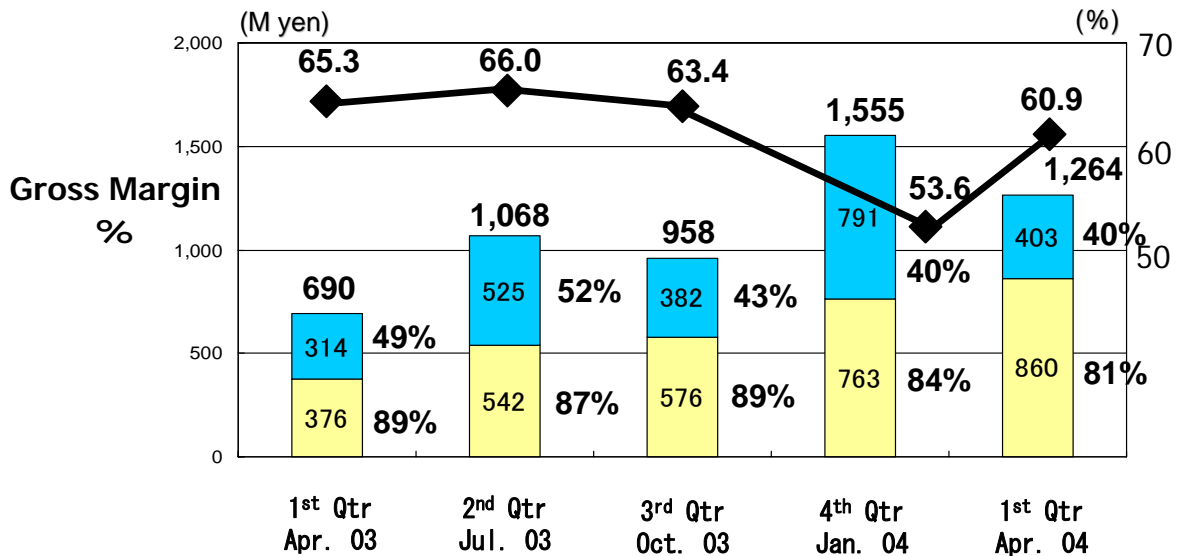
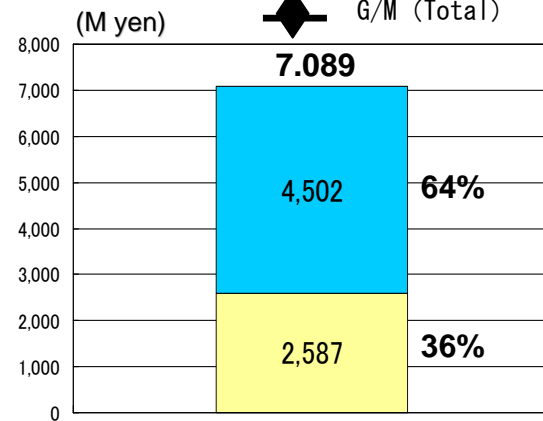
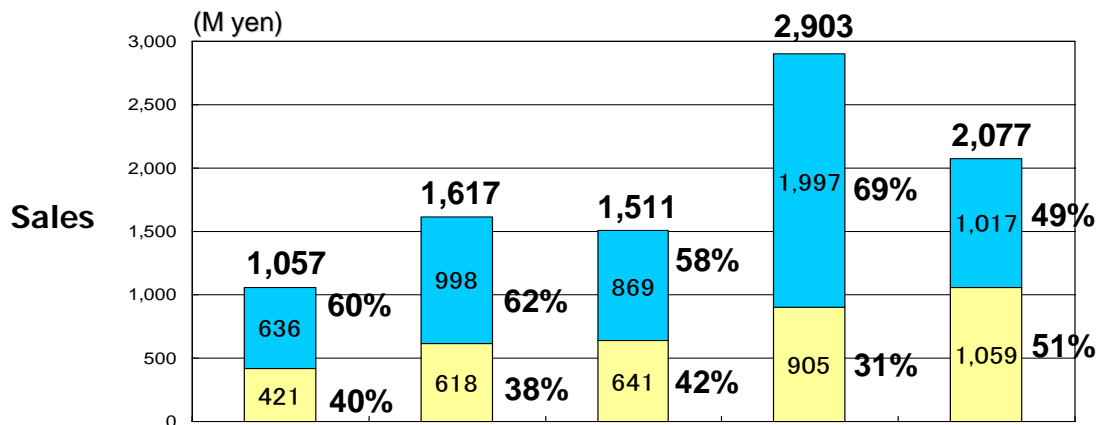
(M yen)	Feb. 04–Apr. 04	Feb. 03–Apr. 03	%	Feb. 03–Jan. 04	% of Last Period
Net Sales	2,077	1,057	96.4%	7,089	29.2%
Gross Margin	1,264	690	83.1%	4,273	29.6%
%	60.9%	65.3%	–	60.3%	–
Expenses	821	677	21.3%	3,008	27.3%
Operating Income	442	13	3,202.0%	1,264	35.0%
Non-Operating Income/Expense	21	6	–	▲99	–
Ordinary Income	463	20	2,196.7%	1,164	39.8%
Extraordinary Profit/Loss	0	32	–	▲1,055	–
Income Tax etc.	227	0	–	▲276	–
Net Income	237	52	355.2%	385	61.5%

# Profits by Qtr (Non-Consolidated)



# Sales & Gross Margin Results (Non-Consolidated)

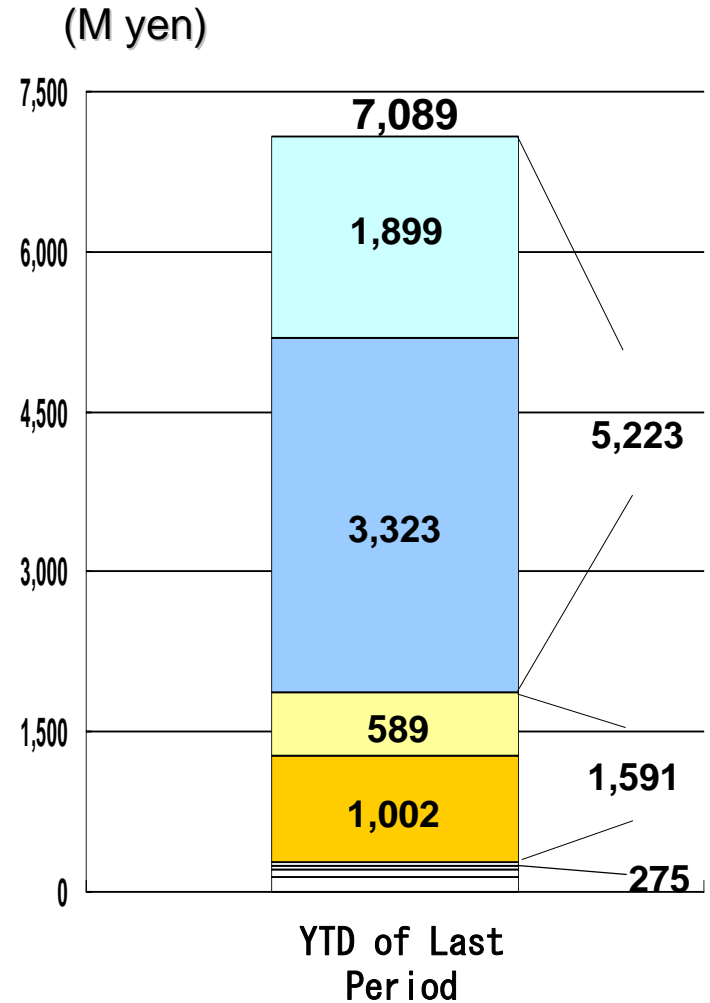
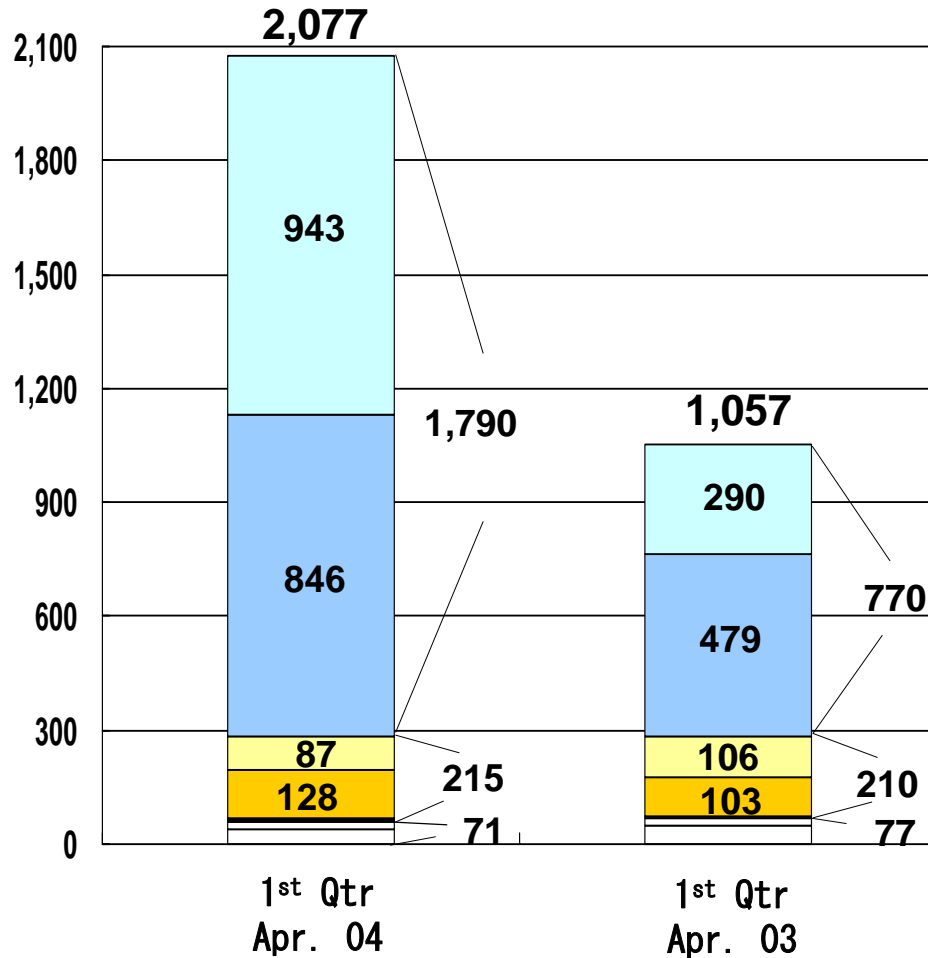
■ Product  
■ Royalty  
◆ G/M (Total)



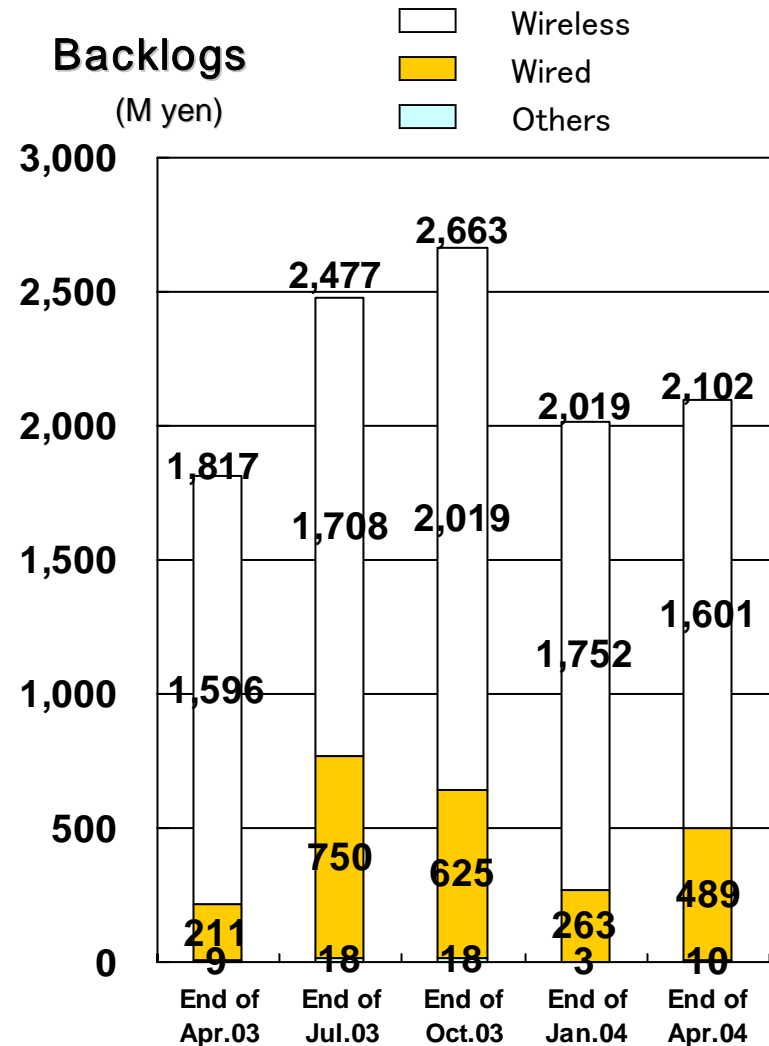
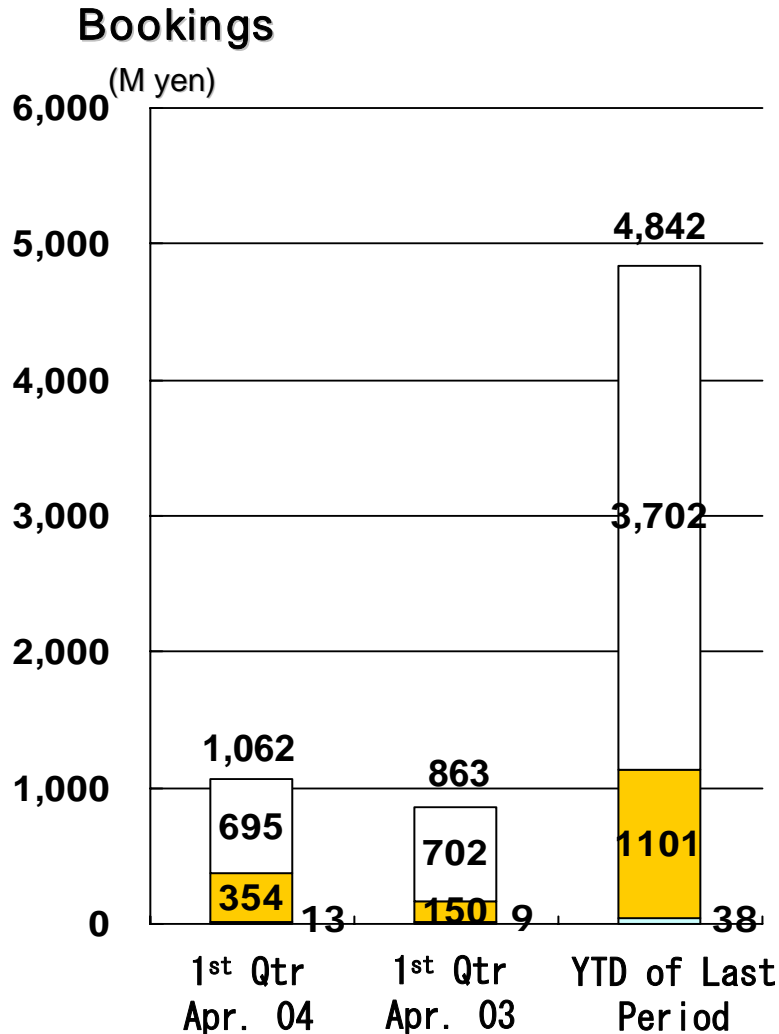
# Sales by Category (Non-Consolidated)

- Wireless (Royalty)
- Wireless (Product)
- Wired (Royalty)
- Wired (Product)

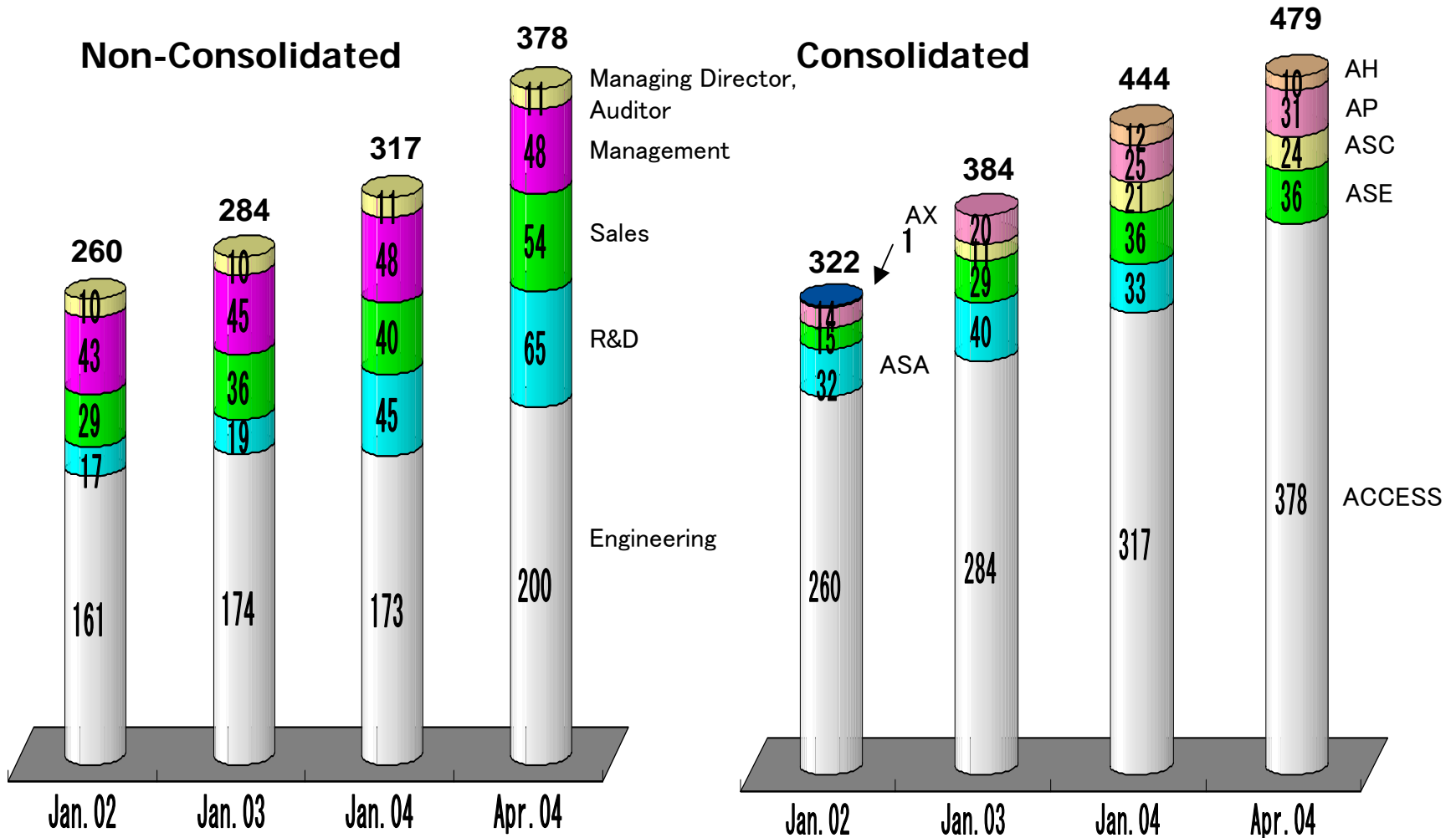
(M yen) SDK+Others (Royalty+Product)



# Bookings/Backlogs for NRE Fee (Non-Consolidated)



# Employees Transition



# Consolidated Balance Sheet

(M yen)	End of Apr. 04	End of Apr. 03	End of Last Period
<b>I . Current Assets</b>			
Cash & Time Deposits	5,864	3,979	5,445
P-Note & A/R	2,095	1,342	2,365
Inventory	912	495	833
Others	297	355	306
<b>II . Non-Current Assets</b>			
Fixed Assets	701	572	722
Intangible Assets	577	163	545
Investment & Others	810	523	678
<b>Total</b>	<b>11,259</b>	<b>7,433</b>	<b>10,897</b>
<b>I . Current Liabilities</b>	<b>1,794</b>	<b>1,188</b>	<b>1,871</b>
<b>II . Non-Current Liabilities</b>	<b>77</b>	<b>77</b>	<b>72</b>
Minority Interests	2	2	2
<b>III . Total Equity</b>	<b>9,384</b>	<b>6,164</b>	<b>8,950</b>
<b>Total</b>	<b>11,259</b>	<b>7,433</b>	<b>10,897</b>

# Balance Sheet (Non-Consolidated)

(M yen)	End of Apr. 04	End of Apr. 03	End of Last Period
<b>I . Current Assets</b>			
Cash & Time Deposits	5,227	3,448	4,865
P-Note & A/R	1,726	1,208	2,098
Inventory	846	493	724
Others	342	308	343
<b>II . Non-Current Assets</b>			
Fixed Assets	651	488	651
Intangible Assets	441	152	402
Investment & Others	1,746	2,326	1,706
<b>Total</b>	<b>10,983</b>	<b>8,426</b>	<b>10,793</b>
<b>I . Current Liabilities</b>	<b>1,176</b>	<b>525</b>	<b>1,393</b>
<b>II . Non-Current Liabilities</b>	<b>77</b>	<b>67</b>	<b>67</b>
<b>III . Total Equity</b>	<b>9,730</b>	<b>7,834</b>	<b>9,332</b>
<b>Total</b>	<b>10,983</b>	<b>8,426</b>	<b>10,793</b>

# Consolidated Cash Flow

(M yen)	End of Apr. 04	End of Apr. 03	End of Jan. 03
I. Operating Activities	550	496	1,250
II. Investment Activities	▲331	116	▲876
III. Financing Activities	207	4	1,135
IV. Increase in Cash	419	620	1,489
V. Beginning Cash Balance	4,105	2,616	2,616
VI. Ending Cash Balance	4,525	3,236	4,105

Net Income in this period: 555M yen

Fixed Assets & Intangible Assets Purchase: 166M yen

Net Income in this Period: 1,184M yen

Increase of Inscription: 1,178M yen

Net Loss in this period: 199M yen  
Decrease of A/R: 884M yen

Decrease of Time Deposit: 546M yen  
Fixed Assets & Intangible Assets Purchase: 481M yen

# Guideline for 2<sup>nd</sup> Qtr

## Consolidation

(M yen)	Range		Assumption	Un-confirmed Elements
	2nd Qtr	(Y-to-Y)		
Net Sales	2,000 ~ 2,300	(2,074)	• ASE : Estimate International i-mode sales is same as Last Term	• Speed of expand for International i-mode Sales
Operating Income	150 ~ 250	(205)	• ASC : Contribute sales of China Unicom from 2nd Qtr	• Speed of expand MMS Service in China
Ordinary Income	150 ~ 250	(208)	• AP : Estimate the publication sales & Digital Contents sales are	• Contribute timing of sales for Digital Contents
Net Income	70 ~ 120	(167)	slightly better than Last Term	

## Non-Consolidation

(M yen)	Range		Assumption	Un-confirmed Elements
	2nd Qtr	(Y-to-Y)		
Net Sales	1,600 ~ 1,900	(1,617)	• Sales mix (Estimate of this term) : Product : Royalty=60 : 40	• Effort for royalty by sales of 3G & PDC new model mobile phone
Operating Income	100 ~ 300	(238)	• Gross margin (Estimate of this term) : 51.6%	
Ordinary Income	100 ~ 300	(246)	• Expense ratio of sales (Estimate of this term) : 43%	
Net Income	50 ~ 180	(205)		