



**Fiscal year ending December 2008**  
**Interim (January – June)**  
**Business Results**

**August 1, 2008**

**OTSUKA CORPORATION**  
**Yuji Otsuka, President**

# Summary of Business Results, January - June, 2008

(Millions of yen)

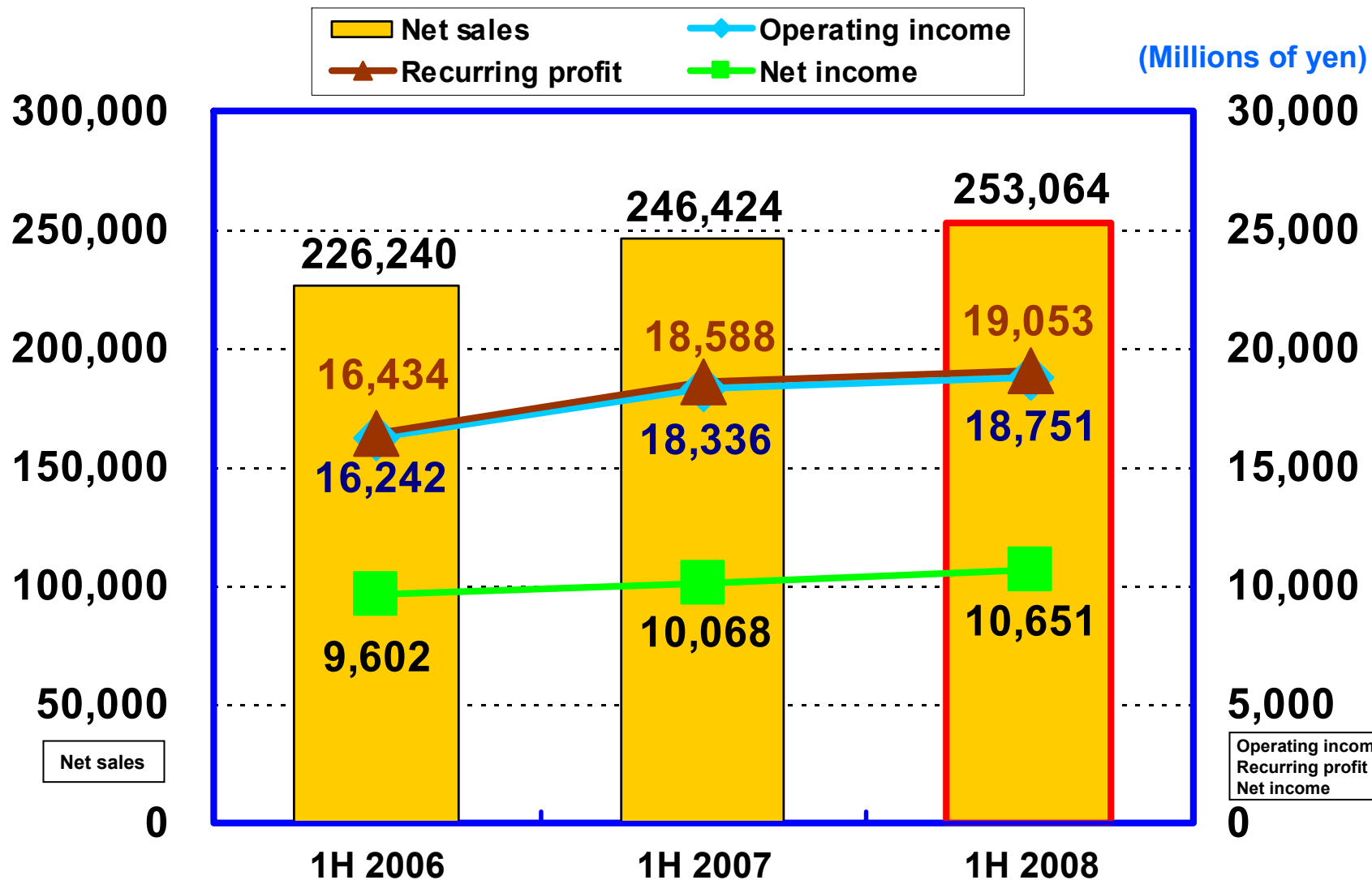
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
<b>Net sales</b>	<b>253,064</b>	<b>99.0%</b>	<b>+2.7%</b>	<b>237,152</b>	<b>99.2%</b>	<b>+3.0%</b>
<b>Operating income</b>	<b>18,751</b>	<b>101.7%</b>	<b>+2.3%</b>	<b>17,502</b>	<b>100.0%</b>	<b>+3.1%</b>
<b>Recurring profit</b>	<b>19,053</b>	<b>102.4%</b>	<b>+2.5%</b>	<b>17,932</b>	<b>100.6%</b>	<b>+3.5%</b>
<b>Net income</b>	<b>10,651</b>	<b>110.0%</b>	<b>+5.8%</b>	<b>10,141</b>	<b>107.6%</b>	<b>+3.1%</b>

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	1H 2008 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	223	2,293
	Net plan Co., LTD	Electronic communications construction and interior construction	97	4,763
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	161	825
	Net World Corporation	Sales and technology support for network-related equipment	278	19,908
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment, disposal and data recovery service	296	3,101
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	345	2,172
Others	Otsuka Auto Service Co., Ltd	Maintenance, body work and sale for automobiles, and commissioned sales of insurance	25	330
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	31	409

Consolidated

# Net sales and Profits



# External Environment

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**Business confidence is degraded a great deal**

**Skyrocketing crude oil price and raw material cost, declining dollar, decelerating U.S. economy, falling stock prices, etc.**

**Needs of IT powered management reform are steady undertone**

- **Handling computerized official procedures**
- **Internal control is in the execution phase**
- **System upgrades and infrastructure reassessment**
- **Enhancement of information security countermeasure**

# OTSUKA Group's activities

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## For customers

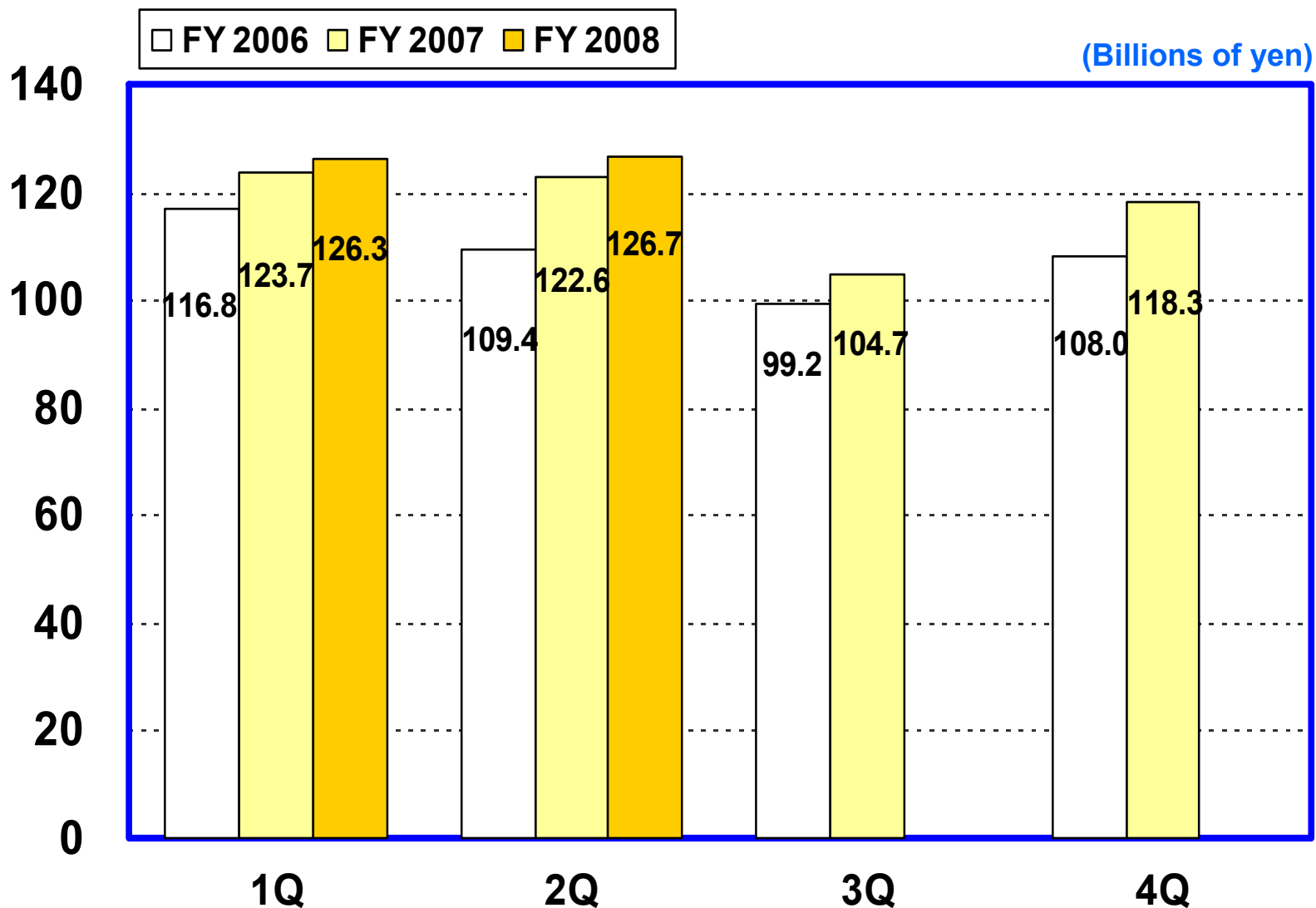
- Making proposition from customers' perspective, utilizing comprehensive strengths

## Sales structure

- Established structures, enhancing further efficiency of sales activities

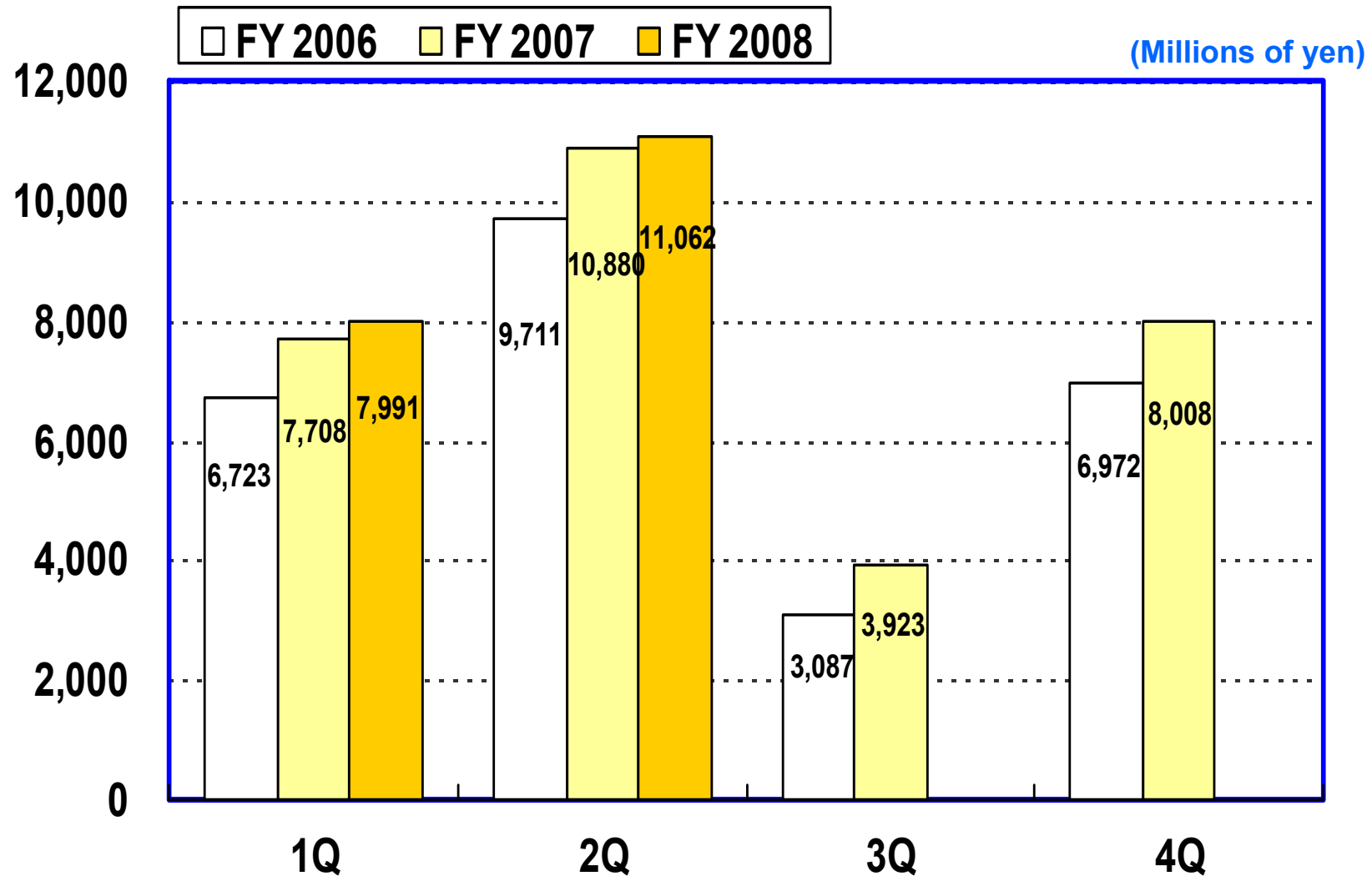
Consolidated

# Quarterly change of Net sales



Consolidated

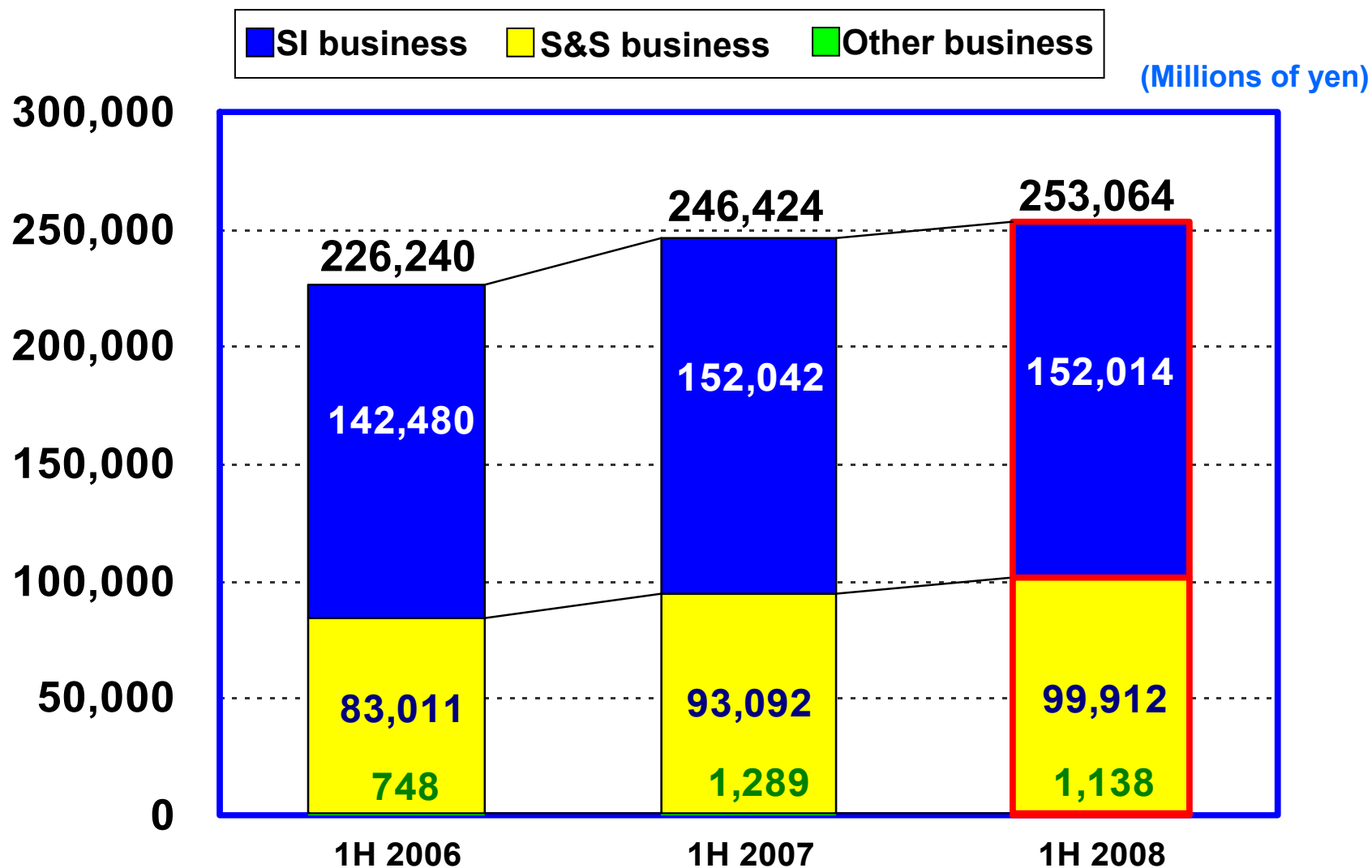
# Quarterly change of Recurring profit



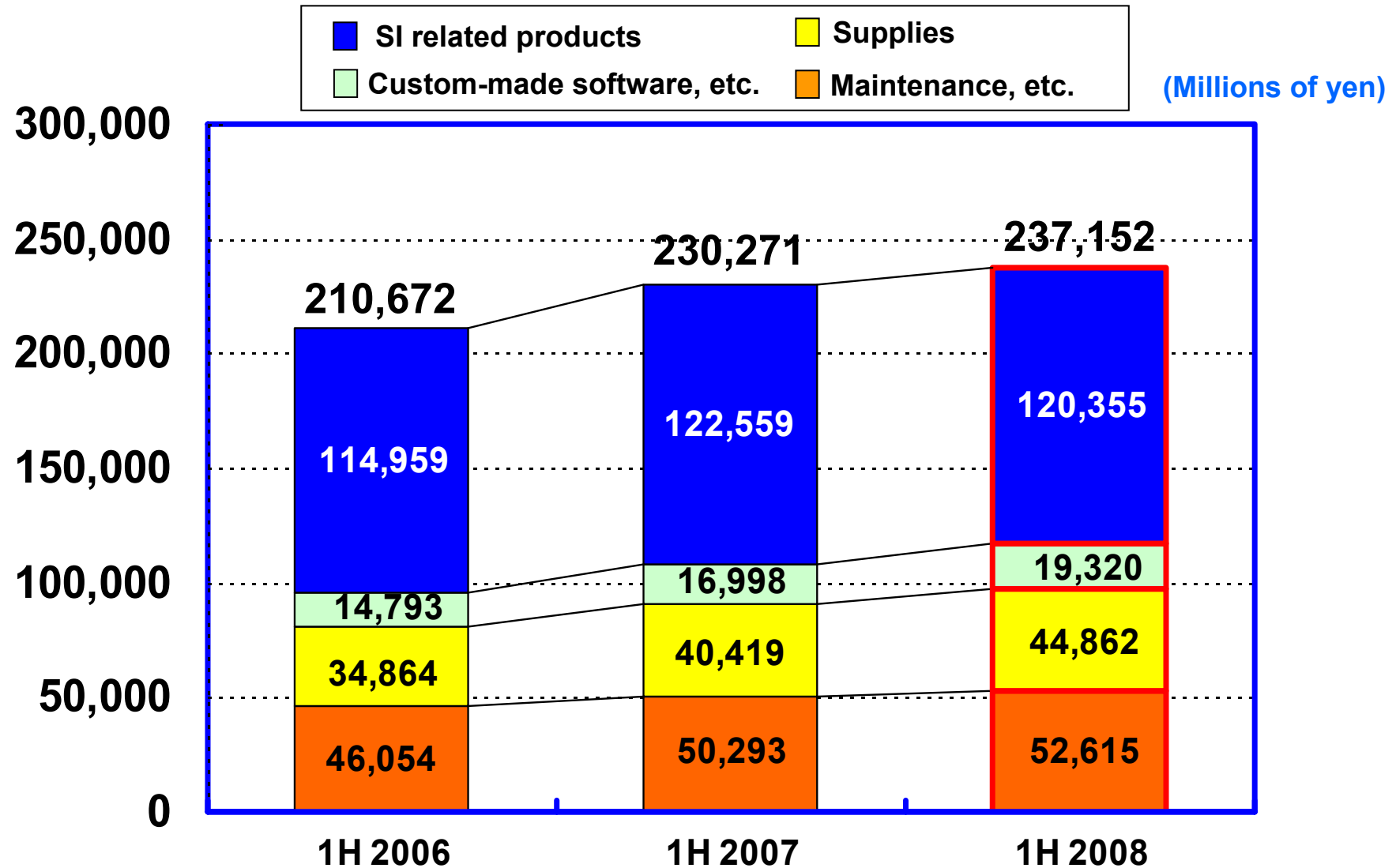


Consolidated

# Net sales by segments

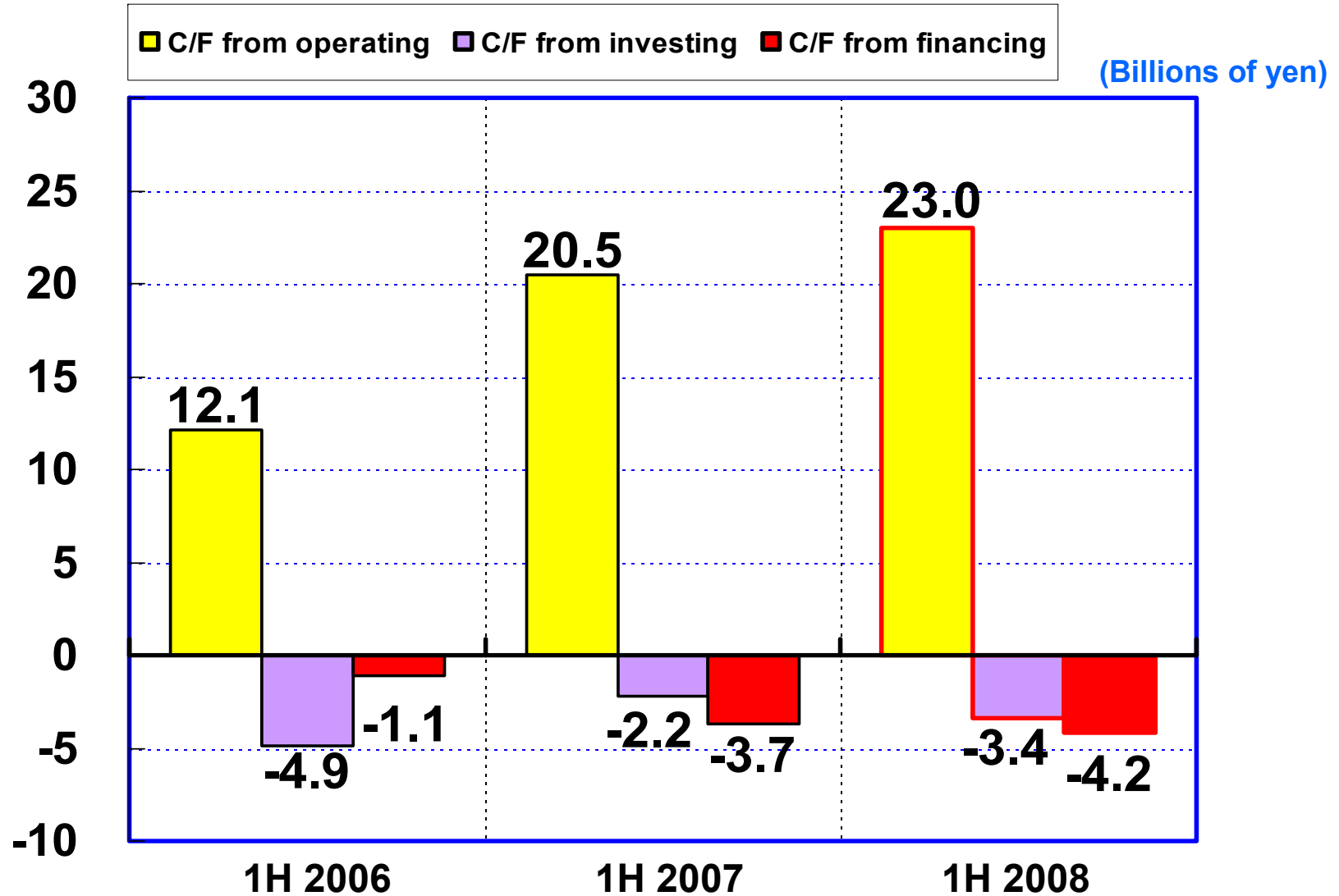


# Net sales by 4 segments



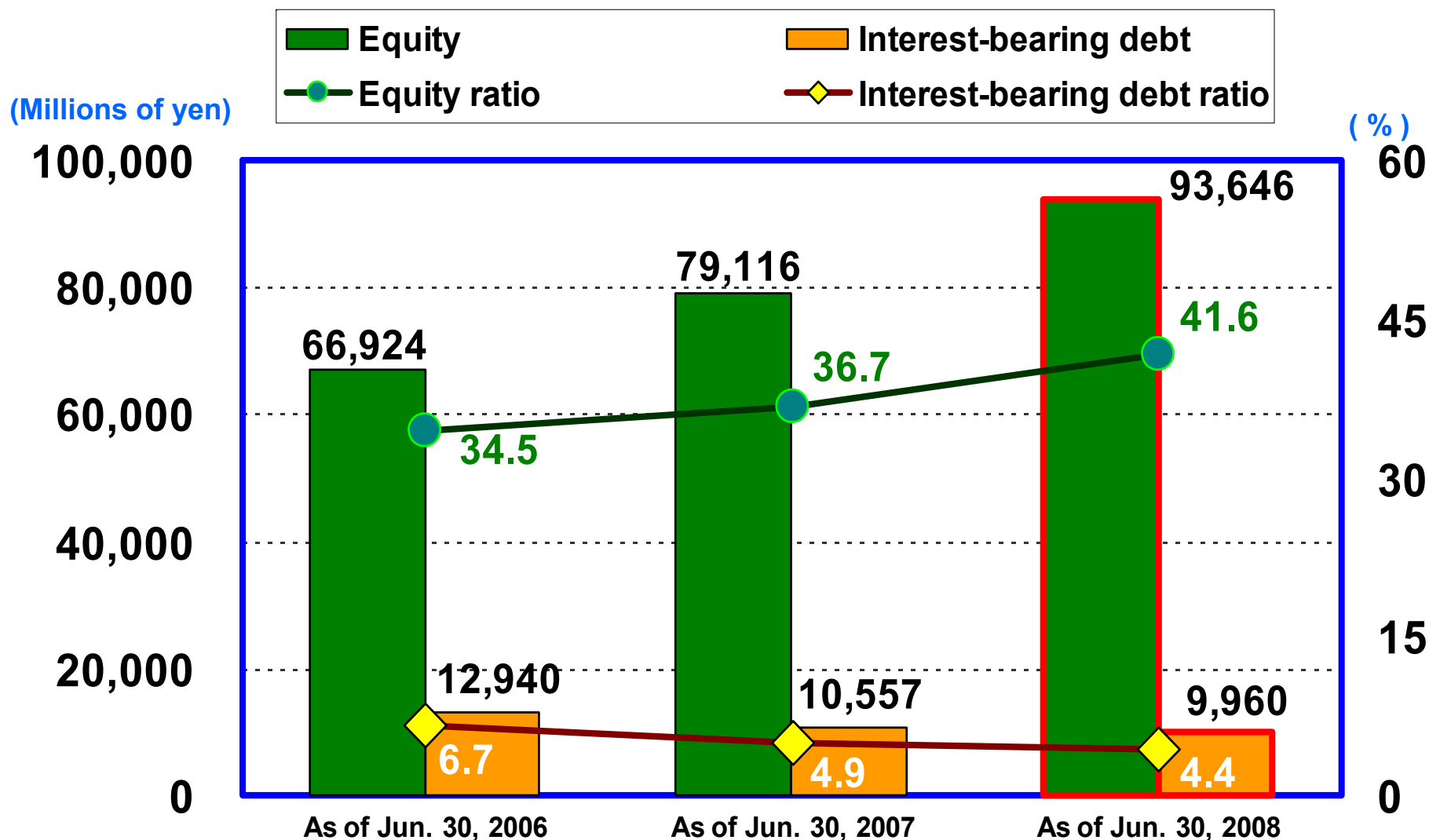
Consolidated

# Cash flows



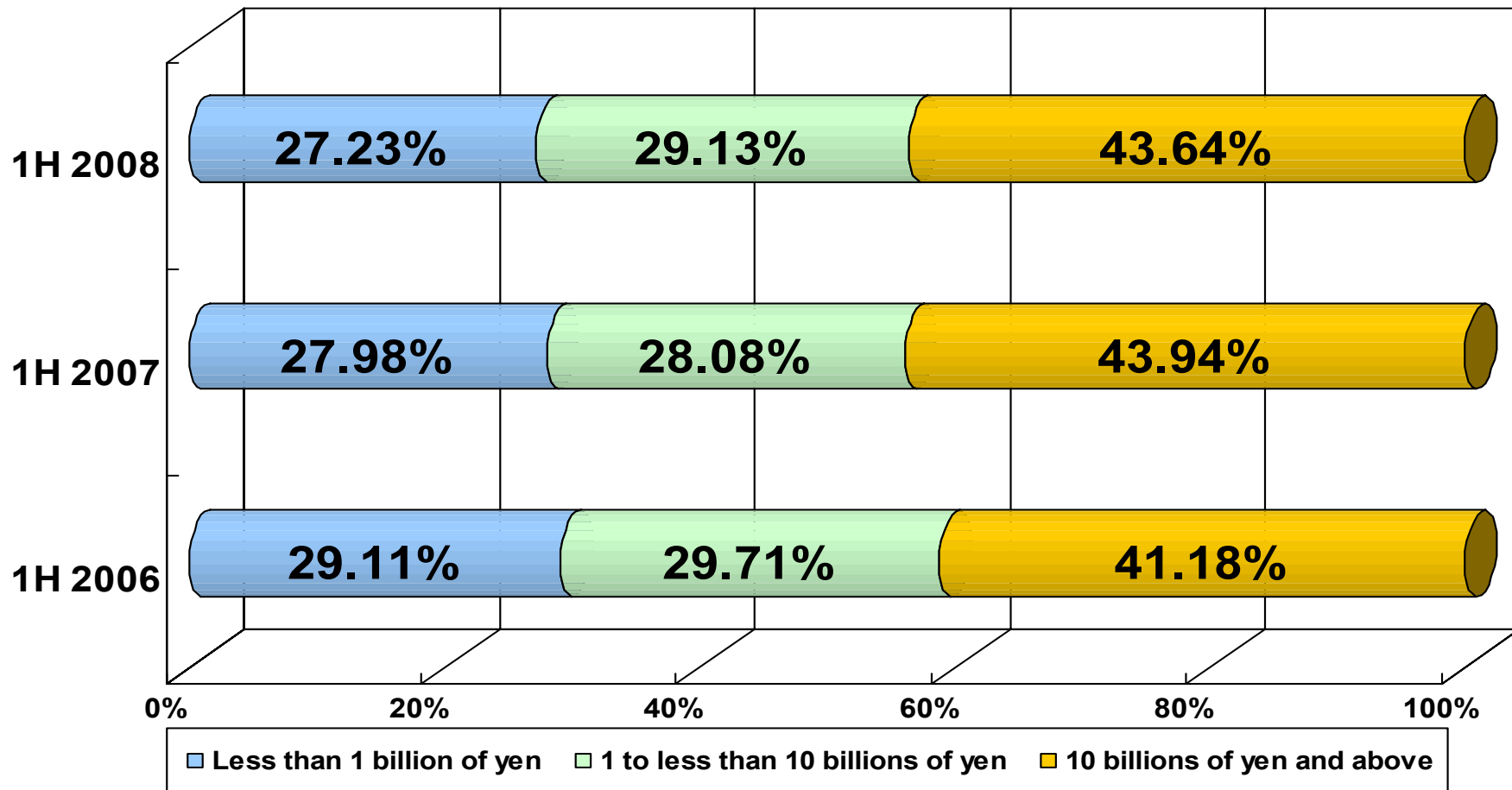
Consolidated

# Equity and Interest-bearing debt

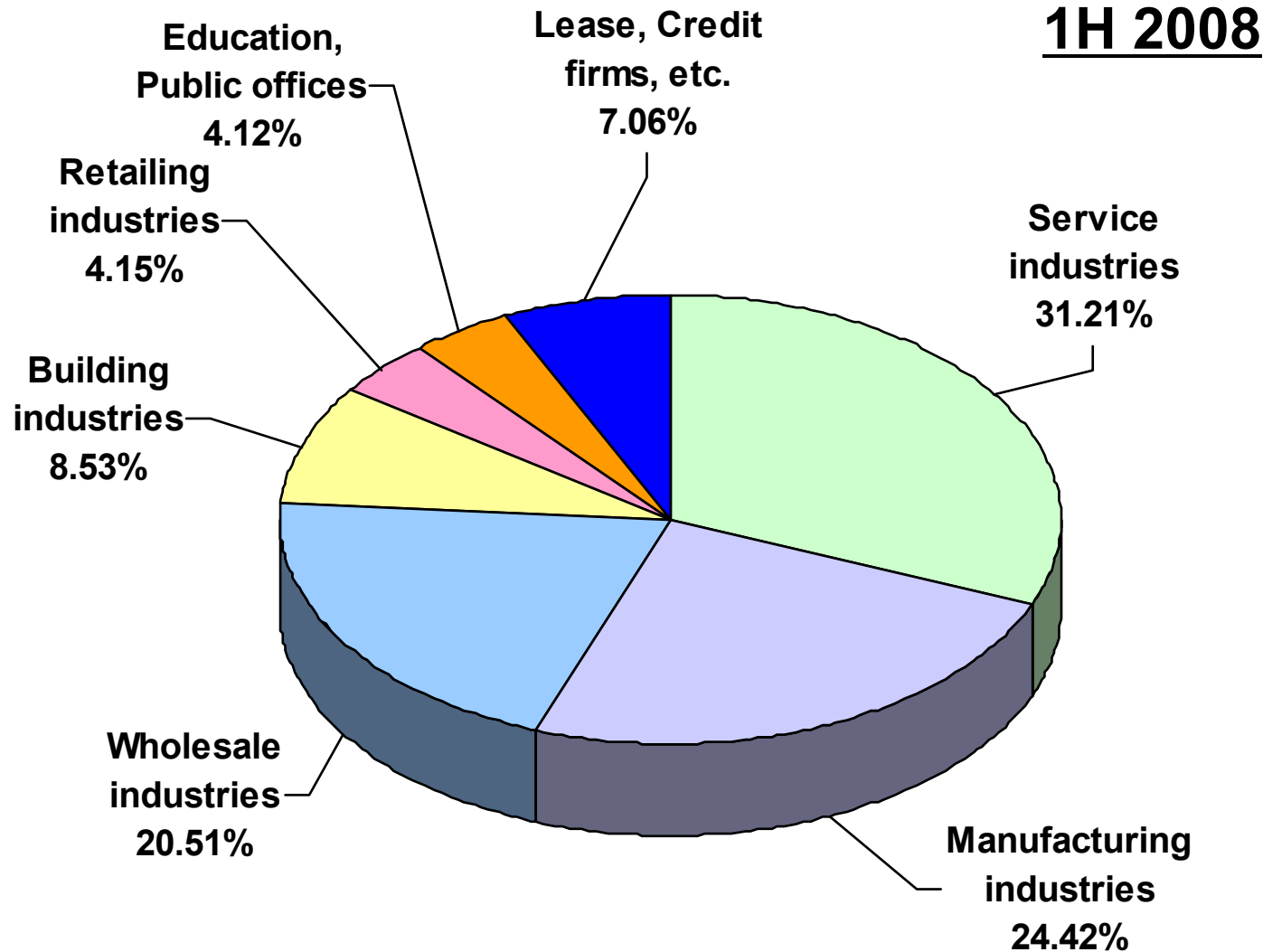


Non-Consolidated

# Net sales structure on customers' total annual business scale

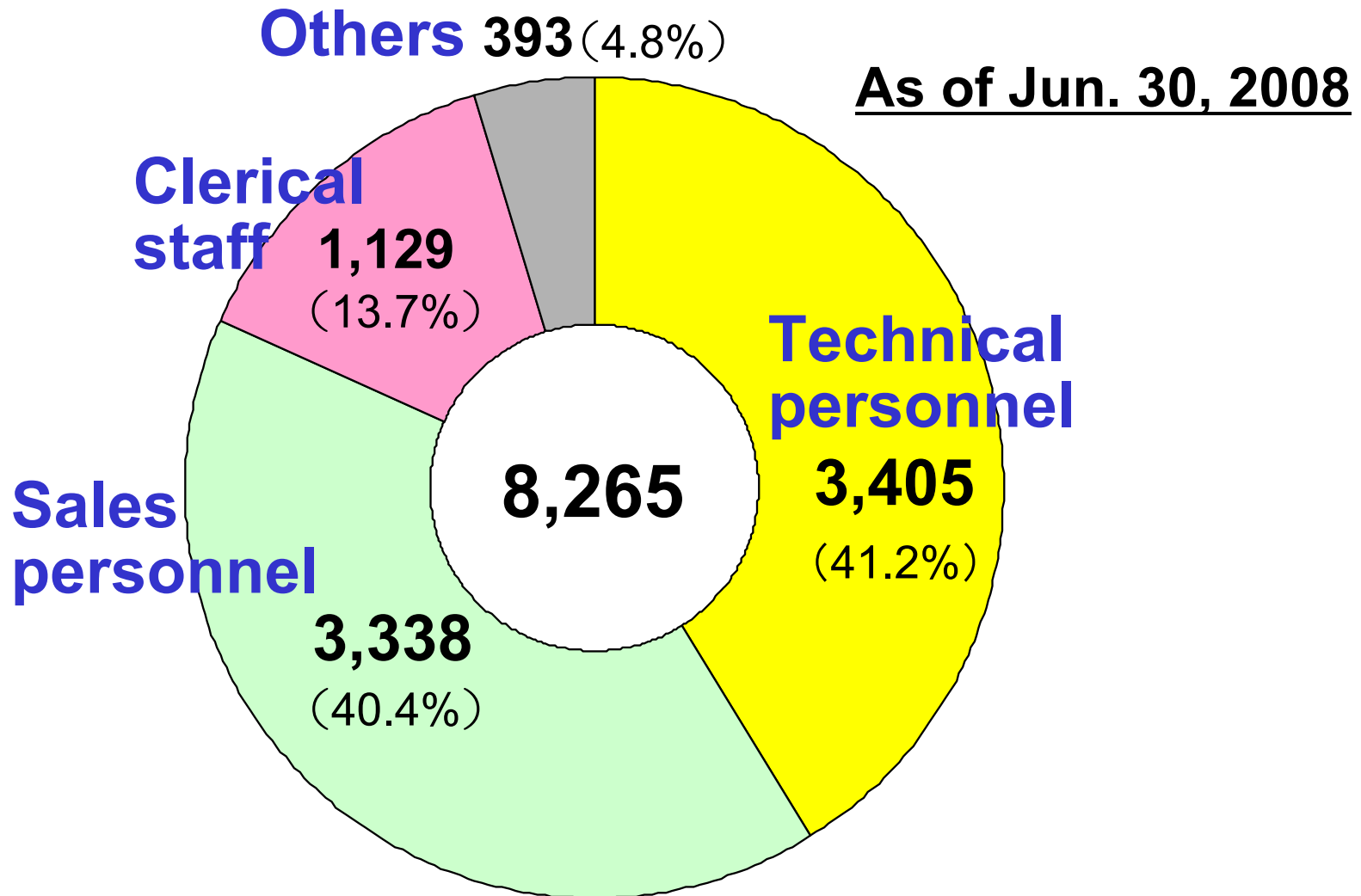


# Sales breakdown by customers' type of industry



Consolidated

# Personnel organization (regular employees)





# Key strategic business

<Amount of Sales>

(Millions of yen)

	1H 2006	1H 2007		1H 2008		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
<b>MRO</b>	37,153	42,954	+15.6%	<b>47,167</b>	<b>+4,213</b>	<b>+9.8%</b>
<b>SMILE (software)</b>	3,985	4,095	+2.8%	<b>3,681</b>	<b>-413</b>	<b>-10.1%</b>
<b>ODS21</b>	18,455	20,946	+13.5%	<b>21,382</b>	<b>+436</b>	<b>+2.1%</b>
<b>OSM</b>	13,454	19,953	+48.3%	<b>23,218</b>	<b>+3,264</b>	<b>+16.4%</b>

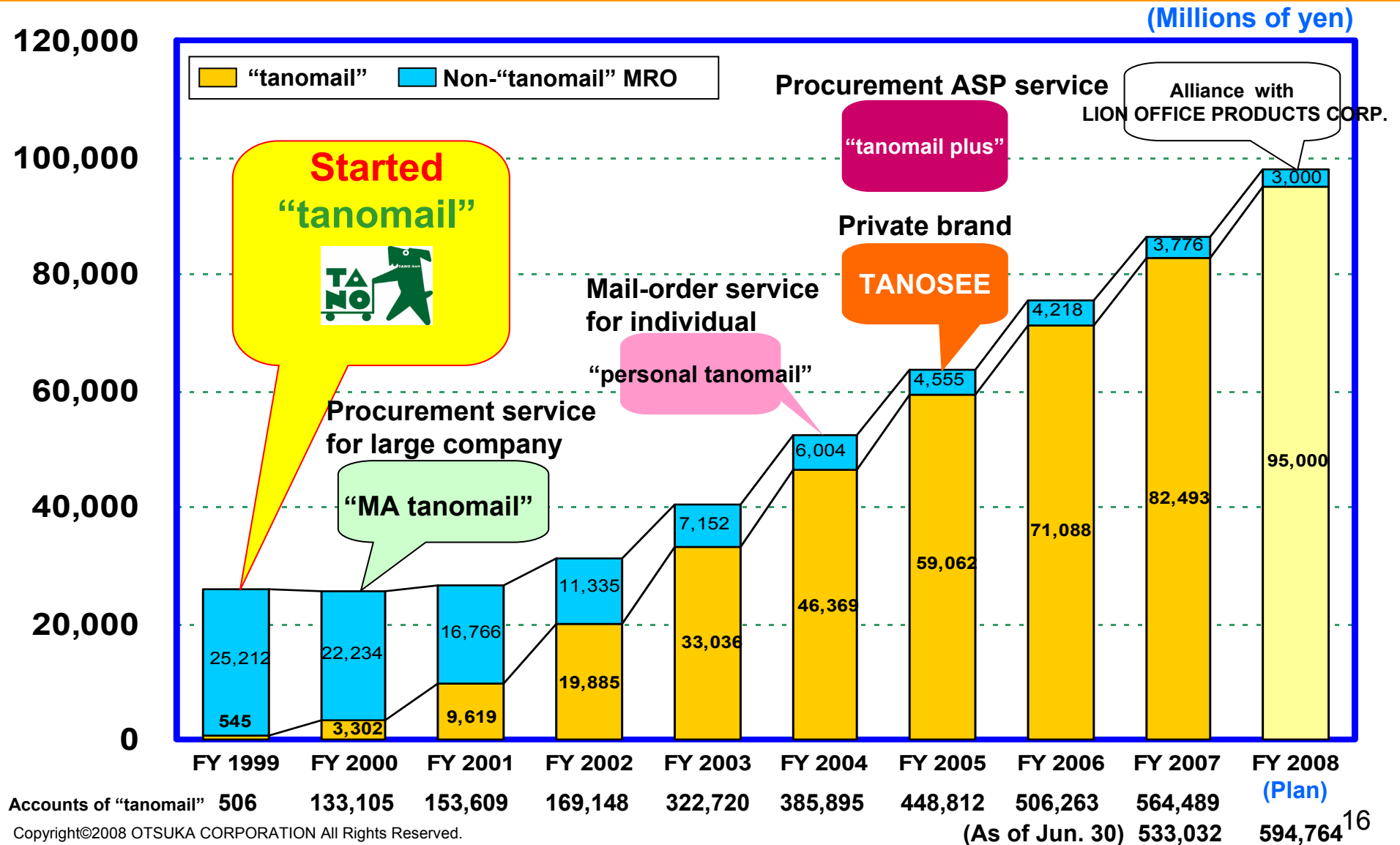
<Number of Sales>

(Units)

<b>Copier</b>	17,303	17,430	+0.7%	<b>17,345</b>	<b>-85</b>	<b>-0.5%</b>
(of which Color copier)	10,287	11,393	+10.8%	<b>12,058</b>	<b>+665</b>	<b>+5.8%</b>
<b>Server</b>	18,739	18,593	-0.8%	<b>16,876</b>	<b>-1,717</b>	<b>-9.2%</b>
<b>PC</b>	283,794	256,598	-9.6%	<b>268,168</b>	<b>+11,570</b>	<b>+4.5%</b>



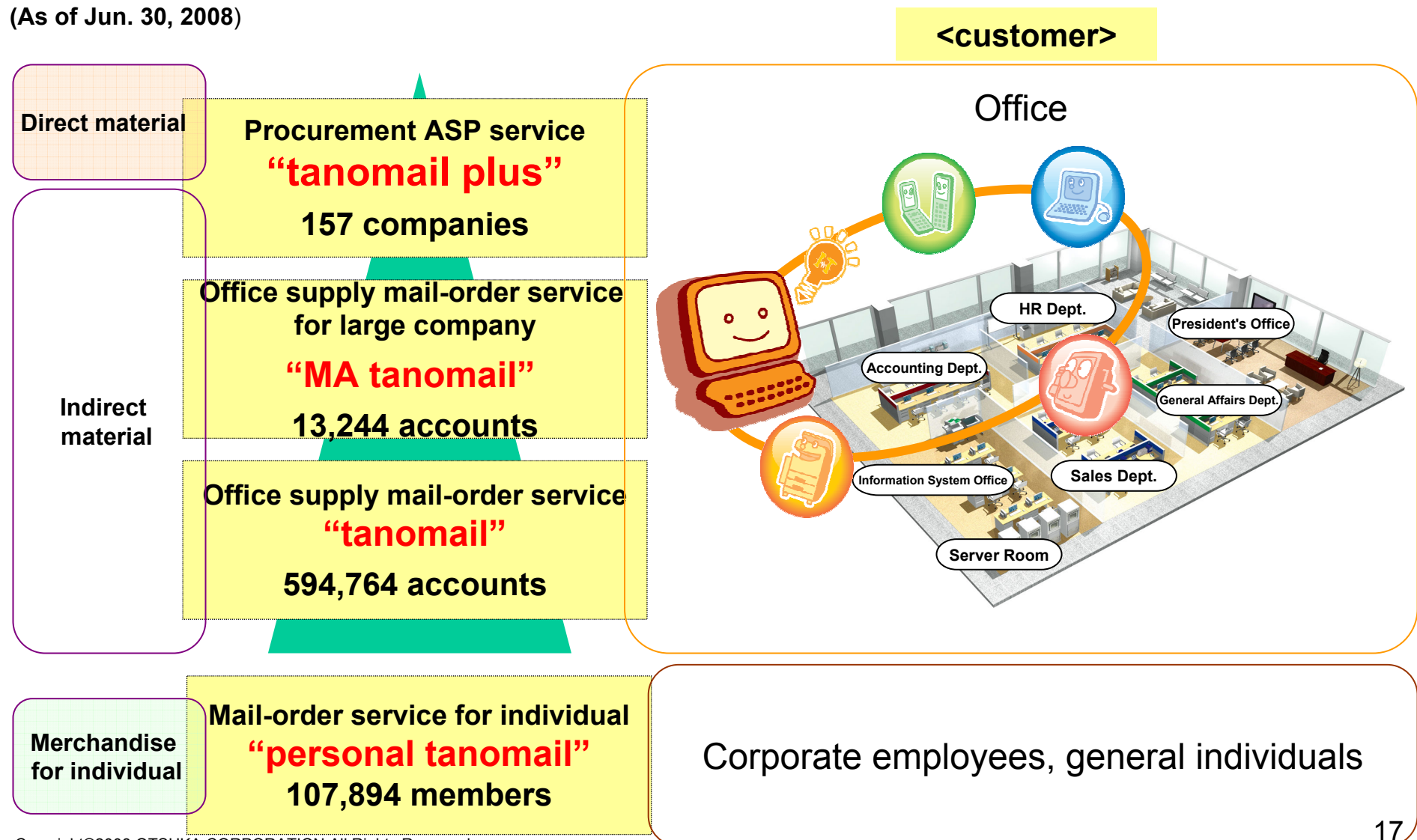
# Annual sales transition of MRO business



# Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2008)



# “tayoreru”

**Supports the entire business of customers**

**Customer's needs**

**Productivity Improvement**

**Cost Reduction**

**Concentrate on Regular Business**

**IT Support**

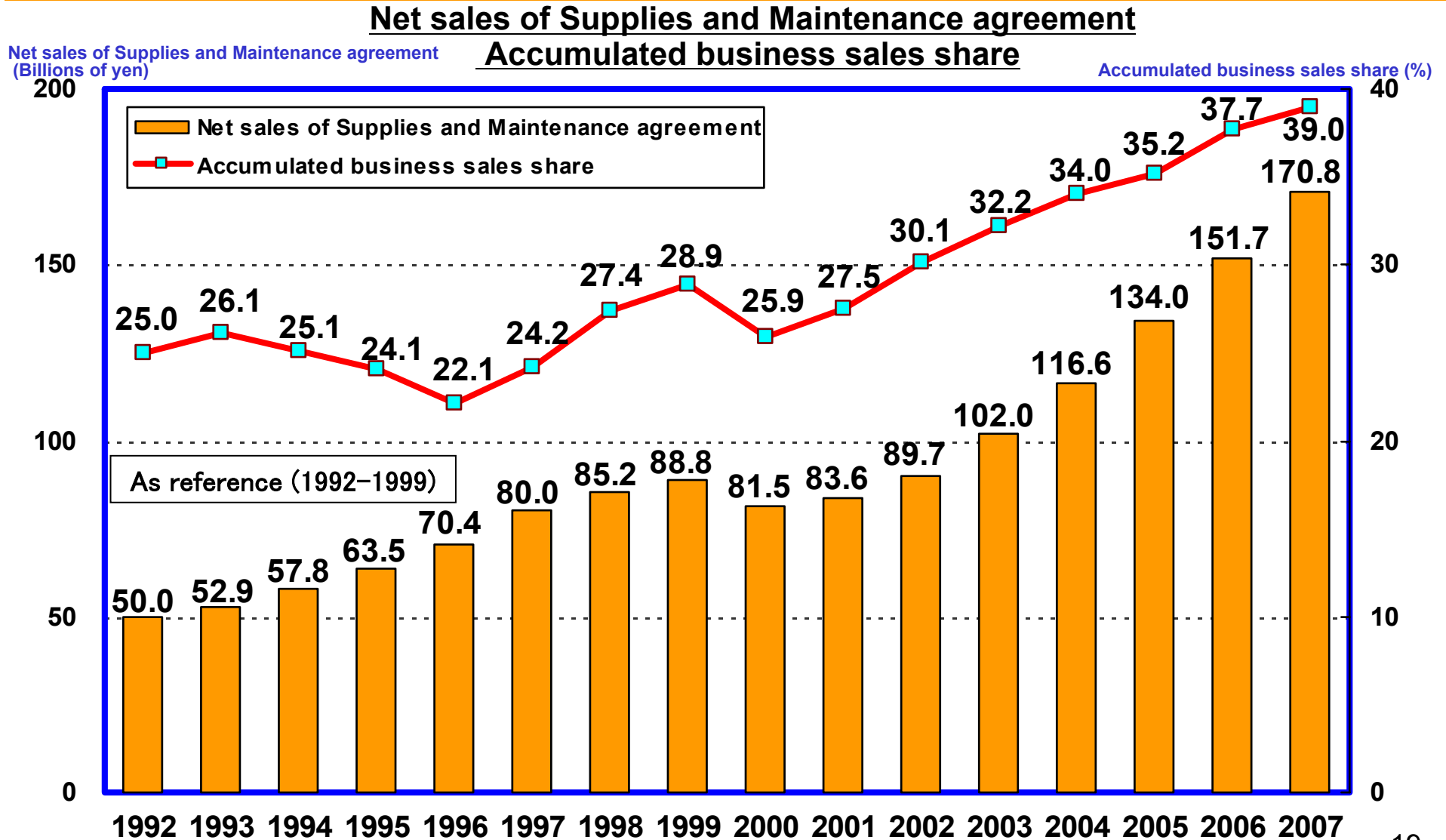
“otasukun”  
“otasukun Jr. ”, etc.



**Business Support**

“tanomail plus”  
Bank remittance  
representative service, etc.

# Growth of accumulated business



# Future Plans

# The Mid term goals and Activity principles

## < Basic principle >

- **Grow with customers by realizing the Mission Statement**

## < Mid term plans >

- **Work-force basically remains flat**
- **Strive for expanding business by revenue increase and profit increase**

**Challenge 7% of the Operating income and Recurring profit rate**

- **Open up new demand with the help of the customer information**
- **Effective use of individuals/materials/money and per head productivity increase**

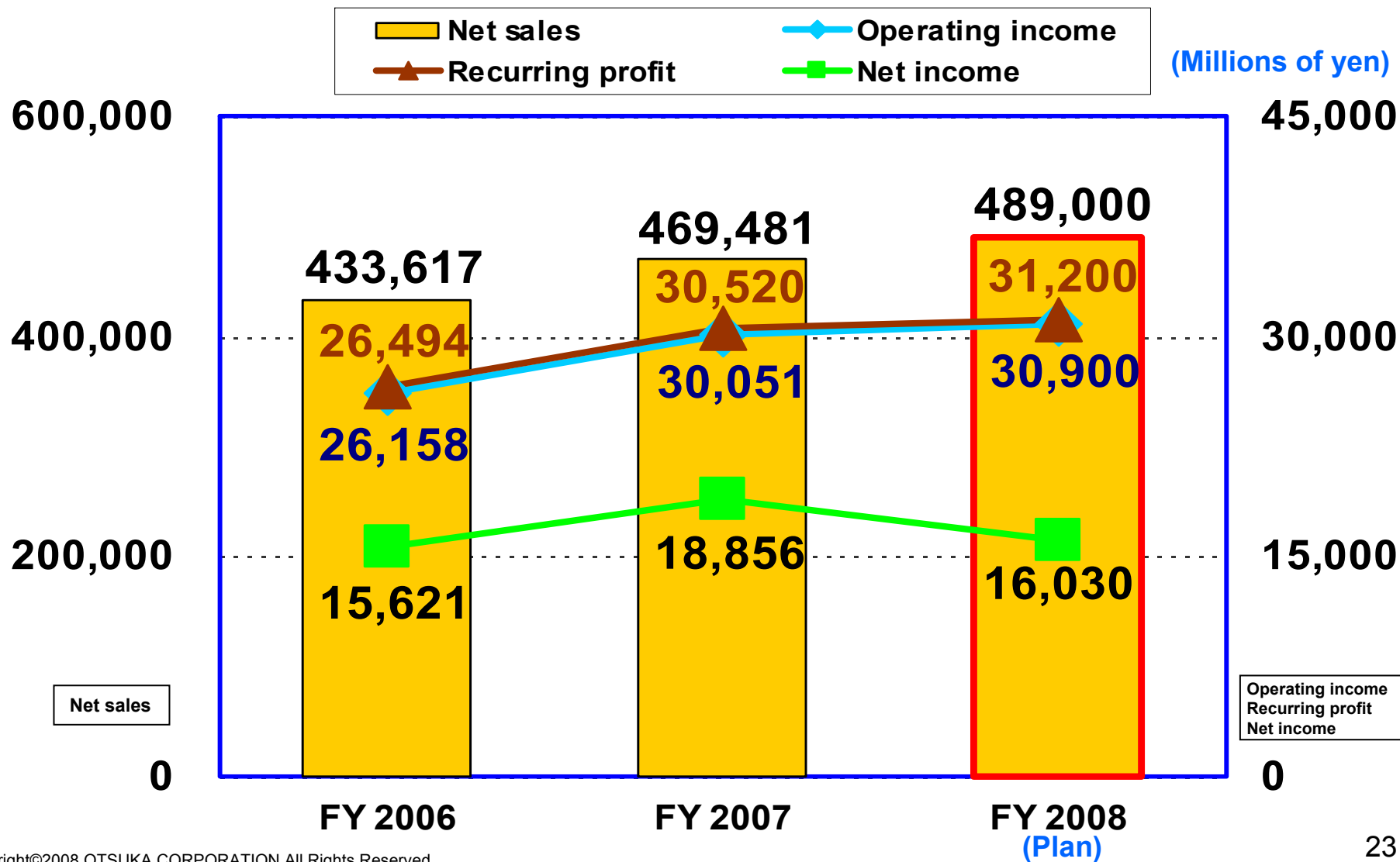
# Future Measures

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- **Renew and expand business with the existing 750,000 companies**
- **Enhancement of “community-based sales structure”**
- **Fortify promotion of the accumulated business**
- **Promote utilizing further evolved “SPR”**
- **Improve productivity efficiency by stepping-up the support quality**

Consolidated

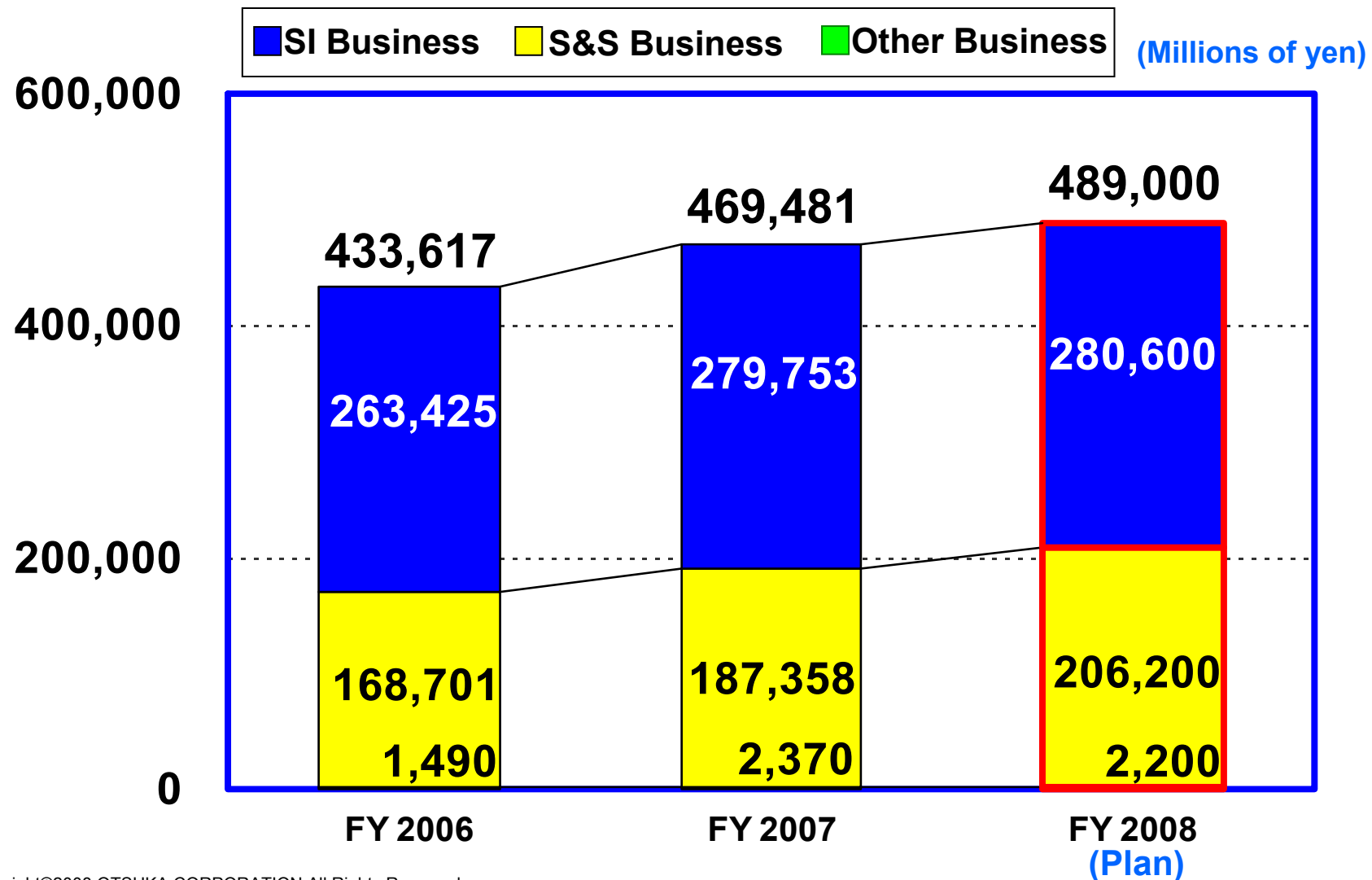
# Plans of Net sales and profit





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# Plans of Net sales by segments





# Plans of Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2006	FY 2007		FY 2008 (Plan)	
	Amount	Amount	Change to Last Year	Amount	Change to Last Year
<b>MRO</b>	75,306	86,270	+14.6%	<b>98,000</b>	<b>+13.6%</b>
(of which "tanomail")	71,088	82,493	+16.0%	<b>95,000</b>	<b>+15.2%</b>
<b>SMILE (software)</b>	7,150	6,938	-3.0%	<b>7,000</b>	<b>+0.9%</b>
<b>ODS21</b>	35,132	38,320	+9.1%	<b>43,000</b>	<b>+12.2%</b>
<b>OSM</b>	27,066	39,985	+47.7%	<b>50,000</b>	<b>+25.0%</b>

<Number of Sales>

(Units)

<b>Copier</b>	30,235	30,615	+1.3%	<b>31,000</b>	<b>+1.3%</b>
(of which Color copier)	18,584	20,413	+9.8%	<b>22,400</b>	<b>+9.7%</b>
<b>Server</b>	40,862	35,741	-12.5%	<b>36,300</b>	<b>+1.6%</b>
<b>PC</b>	547,061	481,502	-12.0%	<b>489,000</b>	<b>+1.6%</b>



# Cautionary statement

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1. This material is intended to provide information about the business performance of the 1st half of fiscal year 2008 and strategy of the OTSUKA CORPORATION and Group companies. It is not intended and should not be construed as an inducement to purchase or sell stocks of OTSUKA CORPORATION.
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