

August 1, 2008

**Financial Report for the Interim Period of
the Fiscal Year Ending December 31, 2008 (Consolidated)**

OTSUKA CORPORATION (URL: <http://www.otsuka-shokai.co.jp>)

Listing: The First Section of Tokyo Stock Exchange, Code 4768

Representative: Yuji Otsuka, President & Chief Executive Officer

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(All amounts less than one million yen are rounded down)

1. Financial Results for the Interim Period of the Fiscal Year 2008 (From January 1, 2008 to June 30, 2008)

(1) Results of operations (Percentages indicate changes from the same period of the previous year)

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim Period FY2008	253,064	2.7	18,751	2.3	19,053	2.5
Interim Period FY2007	246,424	8.9	18,336	12.9	18,588	13.1
Fiscal Year 2007	469,481	-	30,051	-	30,520	-

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	yen	yen
Interim Period FY2008	10,651	5.8	337.06	336.70
Interim Period FY2007	10,068	4.9	318.60	318.59
Fiscal Year 2007	18,856	-	596.69	596.56

Reference) Equity in net income (loss) of unconsolidated subsidiaries and affiliates

Interim period FY2008: 39 million yen

Interim period FY2007: 19 million yen

Fiscal year 2007: 43 million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
June 30, 2008	225,020	94,468	41.6	2,963.33
June 30, 2007	215,660	80,317	36.7	2,503.53
December 31, 2007	200,383	88,000	43.5	2,761.20

Reference) Equity

Interim period FY2008: 93,646 million yen

Interim period FY2007: 79,116 million yen

Fiscal year 2007: 87,259 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim Period FY2008	23,069	(3,495)	(4,257)	40,690
Interim Period FY2007	20,501	(2,203)	(3,759)	32,872
Fiscal Year 2007	16,654	(4,555)	(4,271)	25,374

2. Dividends

(Record date)	Dividend per share		
	Interim	Year-end	Total dividend payments (Annual)
FY2007	Yen -	Yen 130	Yen 130
FY2008	-	-	130
FY2008(Forecast)	-	130	

3. Financial Forecasts for the Fiscal Year 2008 (From January 1, 2008 to December 31, 2008)

Regarding the financial forecast for the fiscal year ending December 31, 2008, there is no change from the forecast announced on February 5, 2008.

(Percentages indicate changes over the same period in the prior fiscal year)

Full-Year	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
	489,000	4.2	30,900	2.8	31,200	2.2	16,030	(15.0)	507.25

Note: The above forecasts are based on the information available as of the date on which these materials were released. Actual results are subject to change due to various future events and may differ from these figures.

4. Others

- (1) Changes in significant subsidiaries during the period (resulting in a change in scope of consolidation): No
- (2) Changes in accounting principles, procedures or presentation related to the preparation of consolidated interim financial statements (i.e., changes in the basis of significant accounting policies)
 - 1) Changes due to adoption of new accounting standards: No
 - 2) Changes other than those included in 1) above: No
- (3) Number of shares issued
 - 1) Number of shares issued at the end of the period (including treasury stock):

Interim period FY2008:	31,667,020 shares
Interim period FY2007:	31,667,020 shares
Fiscal year 2007:	31,667,020 shares
 - 2) Number of treasury stock at the end of the period:

Interim period FY2008:	65,119 shares
Interim period FY2007:	64,891 shares
Fiscal year 2007:	64,954 shares

***This financial report is an abridged translation from the Japanese "Kessan Tanshin," which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purpose only.**

Consolidated Balance Sheets

(Millions of yen)

	Interim Period FY2007 (As of Jun. 30, 2007)		Interim Period FY2008 (As of Jun. 30, 2008)		Increase (Decrease)	Fiscal Year 2007 (As of Dec. 31, 2007)	
	Amount	% of Total	Amount	% of Total	Amount	Amount	% of Total
Assets		%		%			%
Current assets							
Cash and time deposits	32,165		35,100		2,935	24,785	
Notes and accounts receivable	80,907		83,112		2,205	75,343	
Securities	-		4,996		4,996	-	
Inventories	17,631		16,907		(723)	16,923	
Others	13,577		15,613		2,035	13,547	
Allowance for doubtful accounts	(276)		(304)		(28)	(247)	
Total current assets	144,005	66.8	155,426	69.1	11,420	130,353	65.1
Fixed assets							
Tangible fixed assets							
Buildings and structures	29,553		27,729		(1,824)	28,900	
Land	16,992		16,769		(222)	16,965	
Others	4,379		4,157		(222)	4,097	
Total tangible fixed assets	50,925	23.6	48,655	21.6	(2,269)	49,963	24.9
Intangible fixed assets							
Software	4,464		4,566		102	4,659	
Others	302		177		(125)	179	
Total intangible fixed assets	4,766	2.2	4,743	2.1	(22)	4,838	2.4
Investments and other assets							
Investments in securities	7,523		7,427		(95)	6,573	
Guarantee deposits	2,791		3,088		297	2,824	
Others	6,328		6,501		172	6,654	
Allowance for doubtful accounts	(681)		(823)		(141)	(824)	
Total investments and other assets	15,961	7.4	16,194	7.2	232	15,228	7.6
Total fixed assets	71,654	33.2	69,594	30.9	(2,059)	70,030	34.9
Total assets	215,660	100.0	225,020	100.0	9,360	200,383	100.0

(Millions of yen)

	Interim Period FY2007 (As of Jun. 30, 2007)		Interim Period FY2008 (As of Jun. 30, 2008)		Increase (Decrease)	Fiscal Year 2007 (As of Dec. 31, 2007)	
	Amount	% of Total	Amount	% of Total	Amount	Amount	% of Total
Liabilities		%		%			%
Current liabilities							
Notes and accounts payable	81,030		80,807		(222)	69,925	
Short-term bank loans	7,897		9,850		1,952	9,921	
Other accounts payable	12,186		12,513		326	5,201	
Income taxes payable	7,704		8,000		296	8,429	
Advance received	5,366		5,328		(38)	4,819	
Allowance for bonuses	2,882		2,836		(46)	2,727	
Others	7,465		7,609		143	7,527	
Total current liabilities	124,533	57.8	126,945	56.4	2,412	108,551	54.2
Fixed liabilities							
Long-term bank loans	2,660		110		(2,550)	130	
Reserve for employees' retirement benefits	7,227		1,351		(5,875)	1,316	
Reserve for directors' retirement benefits	464		490		25	504	
Others	455		1,653		1,197	1,881	
Total fixed liabilities	10,808	5.0	3,606	1.6	(7,202)	3,831	1.9
Total liabilities	135,342	62.8	130,552	58.0	(4,789)	112,382	56.1

(Millions of yen)

	Interim Period FY2007 (As of Jun. 30, 2007)		Interim Period FY2008 (As of Jun. 30, 2008)		Increase (Decrease)	Fiscal Year 2007 (As of Dec. 31, 2007)	
	Amount	% of Total	Amount	% of Total	Amount	Amount	% of Total
Net assets		%		%			%
Shareholders' equity							
Common stock	10,374	4.8	10,374	4.6	-	10,374	5.2
Capital surplus	16,254	7.5	16,254	7.2	-	16,254	8.1
Retained earnings	66,601	30.9	81,932	36.4	15,331	75,389	37.6
Treasury stock	(119)	(0.0)	(121)	(0.0)	(1)	(120)	(0.1)
Total shareholders' equity	93,111	43.2	108,441	48.2	15,329	101,899	50.8
Valuation and translation adjustments							
Unrealized gains on investment securities	1,599	0.7	826	0.4	(773)	982	0.5
Revaluation difference on land	(15,574)	(7.2)	(15,574)	(7.0)	-	(15,574)	(7.8)
Foreign currency translation adjustments	(19)	(0.0)	(46)	(0.0)	(26)	(47)	(0.0)
Total valuation and translation adjustments	(13,994)	(6.5)	(14,794)	(6.6)	(799)	(14,639)	(7.3)
Share subscription rights	1	0.0	-	-	(1)	-	-
Minority interests	1,199	0.5	821	0.4	(377)	741	0.4
Total net assets	80,317	37.2	94,468	42.0	14,150	88,000	43.9
Total liabilities and net assets	215,660	100.0	225,020	100.0	9,360	200,383	100.0

Consolidated Statements of Income

(Millions of yen)

	Interim Period FY2007 (Six months ended Jun. 30, 2007)		Interim Period FY2008 (Six months ended Jun. 30, 2008)		Increase (Decrease) Amount	Fiscal Year 2007 (Year ended Dec. 31, 2007)	
	Amount	Ratio to Net sales %	Amount	Ratio to Net sales %		Amount	Ratio to Net sales %
Net sales	246,424	100.0	253,064	100.0	6,640	469,481	100.0
Cost of sales	188,253	76.4	194,125	76.7	5,871	360,435	76.8
Gross profit	58,170	23.6	58,939	23.3	769	109,046	23.2
Selling, general and administrative expenses	39,833	16.2	40,188	15.9	355	78,994	16.8
Operating income	18,336	7.4	18,751	7.4	414	30,051	6.4
Non-operating income							
Interest income	18		31		12	49	
Interest on securities	-		3		3	-	
Dividend income	58		60		2	88	
Rent income	124		107		(17)	241	
Equity in net income (loss) of unconsolidated subsidiaries and affiliates	19		39		20	43	
Others	109		137		28	231	
Total non-operating income	330	0.1	379	0.1	49	654	0.1
Non-operating expenses							
Interest expenses	68		75		7	138	
Others	10		1		(8)	46	
Total non-operating expenses	78	0.0	77	0.0	(1)	185	0.0
Recurring profit	18,588	7.5	19,053	7.5	465	30,520	6.5
Extraordinary gains							
Gain on sales of stock of subsidiaries and affiliates	42		-		(42)	72	
Gain on sales of investments in securities	-		12		12	-	
Reversal of allowance for doubtful accounts	3		52		49	-	
Gain on sales of fixed assets	28		7		(20)	28	
Gain on transition of retirement benefit plan	-		-		-	4,298	
Gain on changes in equity interest	23		-		(23)	23	
Total extraordinary gains	98	0.1	72	0.0	(25)	4,423	0.9

(Millions of yen)

	Interim Period FY2007 (Six months ended Jun. 30, 2007)		Interim Period FY2008 (Six months ended Jun. 30, 2008)		Increase (Decrease)	Fiscal Year 2007 (Year ended Dec. 31, 2007)	
	Amount	Ratio to Net sales	Amount	Ratio to Net sales	Amount	Amount	Ratio to Net sales
		%		%			%
Extraordinary losses							
Loss on sales of fixed assets	5		7		2	106	
Loss on disposal of fixed assets	139		915		776	319	
Loss on impairment of fixed assets	362		14		(347)	446	
Loss on valuation of investments in securities	-		-		-	93	
Loss on valuation of stock of subsidiaries and affiliates	10		-		(10)	238	
Provision of allowance for doubtful accounts	-		22		22	142	
Total extraordinary losses	517	0.2	960	0.3	443	1,346	0.3
Income before income taxes and minority interests	18,169	7.4	18,165	7.2	(3)	33,597	7.1
Income taxes							
Current	7,518		7,591		72	13,239	
Deferred	458		(218)		(677)	1,253	
Total income taxes	7,977	3.2	7,372	2.9	(605)	14,492	3.1
Minority interests	123	0.1	141	0.1	18	247	0.0
Net income	10,068	4.1	10,651	4.2	583	18,856	4.0

Consolidated Statement of Changes in Net Assets

Interim period of Fiscal Year 2007 (From January 1, 2007 to June 30, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	10,374	16,254	60,120	(117)	86,632
Changes during interim period FY2007					
Dividends from surplus			(3,634)		(3,634)
Net income			10,068		10,068
Reversal of revaluation difference on land			74		74
Purchase of treasury stock				(1)	(1)
Others			(27)		(27)
Net changes during interim period FY2007 other than shareholders' equity					
Total changes during interim period FY2007	-	-	6,481	(1)	6,479
Balance as of June 30, 2007	10,374	16,254	66,601	(119)	93,111

(Millions of yen)

	Valuation and translation adjustments					Share subscription rights	Minority interests	Total net assets
	Unrealized gains on investment securities	Deferred losses on hedges	Revaluation difference on land	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of December 31, 2006	1,779	(0)	(15,500)	(63)	(13,784)	-	566	73,414
Changes during interim period FY2007								
Dividends from surplus								(3,634)
Net income								10,068
Reversal of revaluation difference on land								74
Purchase of treasury stock								(1)
Others								(27)
Net changes during interim period FY2007 other than shareholders' equity	(180)	0	(74)	44	(210)	1	633	424
Total changes during interim period FY2007	(180)	0	(74)	44	(210)	1	633	6,903
Balance as of June 30, 2007	1,599	-	(15,574)	(19)	(13,994)	1	1,199	80,317

Consolidated Statement of Changes in Net Assets

Interim period of Fiscal Year 2008 (From January 1, 2008 to June 30, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2007	10,374	16,254	75,389	(120)	101,899
Changes during interim period FY2008					
Dividends from surplus			(4,108)		(4,108)
Net income			10,651		10,651
Purchase of treasury stock				(1)	(1)
Net changes during interim period FY2008 other than shareholders' equity					
Total changes during interim period FY2008	-	-	6,543	(1)	6,542
Balance as of June 30, 2008	10,374	16,254	81,932	(121)	108,441

(Millions of yen)

	Valuation and translation adjustments				Minority interests	Total net assets
	Unrealized gains on investment securities	Revaluation difference on land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2007	982	(15,574)	(47)	(14,639)	741	88,000
Changes during interim period FY2008						
Dividends from surplus						(4,108)
Net income						10,651
Purchase of treasury stock						(1)
Net changes during interim period FY2008 other than shareholders' equity	(156)	-	1	(155)	80	(74)
Total changes during interim period FY2008	(156)	-	1	(155)	80	6,467
Balance as of June 30, 2008	826	(15,574)	(46)	(14,794)	821	94,468

Consolidated Statement of Changes in Net Assets

Fiscal Year 2007 (From January 1, 2007 to December 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	10,374	16,254	60,120	(117)	86,632
Changes during FY2007					
Dividends from surplus			(3,634)		(3,634)
Net income			18,856		18,856
Reversal of revaluation difference on land			74		74
Purchase of treasury stock				(2)	(2)
Others			(27)		(27)
Net changes during FY2007 other than shareholders' equity					
Total changes during FY2007	-	-	15,269	(2)	15,266
Balance as of December 31, 2007	10,374	16,254	75,389	(120)	101,899

(Millions of yen)

	Valuation and translation adjustments					Share subscription rights	Minority interests	Total net assets
	Unrealized gains on investment securities	Deferred losses on hedges	Revaluation difference on land	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of December 31, 2006	1,779	(0)	(15,500)	(63)	(13,784)	-	566	73,414
Changes during FY2007								
Dividends from surplus								(3,634)
Net income								18,856
Reversal of revaluation difference on land								74
Purchase of treasury stock								(2)
Others								(27)
Net changes during FY2007 other than shareholders' equity	(797)	0	(74)	16	(854)	-	175	(679)
Total changes during FY2007	(797)	0	(74)	16	(854)	-	175	14,586
Balance as of December 31, 2007	982	-	(15,574)	(47)	(14,639)	-	741	88,000

Consolidated Statements of Cash Flows

(Millions of yen)

	Interim Period FY2007 (Six months ended Jun. 30, 2007)	Interim Period FY2008 (Six months ended Jun. 30, 2008)	Fiscal Year 2007 (Year ended Dec. 31, 2007)
	Amount	Amount	Amount
Cash flows from operating activities			
Income before income taxes and minority interests	18,169	18,165	33,597
Depreciation and amortization	2,623	2,830	5,388
Amortization of (negative) goodwill	(3)	-	(4)
Equity in net income (loss) of unconsolidated subsidiaries and affiliates	(19)	(39)	(43)
Increase (decrease) in reserve for employees' retirement benefits	(884)	159	(6,331)
Increase (decrease) in allowance for doubtful accounts	(57)	55	60
Interest and dividend income	(77)	(95)	(137)
Interest expenses	68	75	138
Gain on sales of fixed assets	(28)	(7)	(28)
Loss on sales/disposal of fixed assets	144	923	425
Loss on impairment of fixed assets	362	14	446
Gain on sales of investments in securities	-	(12)	-
Loss on valuation of investments in securities	-	-	93
Gain on sales of stock of subsidiaries and affiliates	(42)	-	(72)
Loss on valuation of stock of subsidiaries and affiliates	10	-	238
Gain on changes in equity interest	(23)	-	(23)
(Increase) decrease in notes and accounts receivable	(11,502)	(7,726)	(6,324)
(Increase) decrease in inventories	(1,086)	16	(465)
Increase (decrease) in notes and accounts payable	10,990	10,882	21
Increase (decrease) in other accounts payable	7,044	7,160	65
Others	80	(1,337)	(97)
Subtotal	25,769	31,064	26,946
Interest and dividend income received	97	95	157
Interest expenses paid	(69)	(76)	(137)
Income taxes paid	(5,296)	(8,014)	(10,311)
Net cash provided by operating activities	20,501	23,069	16,654
Cash flows from investing activities			
Payments for purchase of tangible fixed assets	(1,474)	(1,458)	(2,528)
Proceeds from sales of tangible fixed assets	540	292	546
Payments for software development	(1,333)	(1,047)	(2,567)
Payments for purchase of investments in securities	(153)	(1,181)	(279)
Proceeds from sales of investments in securities	-	112	-
Proceeds from sales of consolidated subsidiaries' stock	402	-	470
Payments for long-term loans receivable	-	(9)	(428)
Proceeds from collection of long-term loans receivable	1	31	16
Others	(186)	(234)	214
Net cash used in investing activities	(2,203)	(3,495)	(4,555)

(Millions of yen)

	Interim Period FY2007 (Six months ended Jun. 30, 2007)	Interim Period FY2008 (Six months ended Jun. 30, 2008)	Fiscal Year 2007 (Year ended Dec. 31, 2007)
	Amount	Amount	Amount
Cash flows from financing activities			
Increase (decrease) in short-term bank loans, net	(100)	-	(350)
Proceeds from long-term bank loans	200	-	200
Repayments of long-term bank loans	(396)	(91)	(652)
Proceeds from issuance of common stock	192	-	192
Cash dividends paid	(3,626)	(4,104)	(3,632)
Others	(27)	(61)	(28)
Net cash used in financing activities	(3,759)	(4,257)	(4,271)
Effect of exchange rate changes on cash and cash equivalents	28	-	(25)
Net increase in cash and cash equivalents	14,567	15,315	7,802
Cash and cash equivalents at beginning of period	18,305	25,374	18,305
Decrease in cash and cash equivalents due to exclusion of subsidiaries from scope of consolidation	-	-	(732)
Cash and cash equivalents at end of period	32,872	40,690	25,374

Segment Information

a. Information by Business Segment

Interim period of Fiscal Year 2007 (From January 1, 2007 to June 30, 2007) (Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	152,042	93,092	1,289	246,424	-	246,424
Inter-segment sales/transfers	43	128	1,193	1,365	(1,365)	-
Total	152,085	93,221	2,482	247,789	(1,365)	246,424
Costs and expenses	137,766	85,565	2,430	225,763	2,324	228,087
Operating income (loss)	14,319	7,655	52	22,026	(3,689)	18,336

Interim period of Fiscal Year 2008 (From January 1, 2008 to June 30, 2008) (Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	152,014	99,912	1,138	253,064	-	253,064
Inter-segment sales/transfers	95	123	1,163	1,382	(1,382)	-
Total	152,109	100,035	2,302	254,447	(1,382)	253,064
Costs and expenses	136,739	92,801	2,182	231,723	2,589	234,313
Operating income (loss)	15,369	7,234	120	22,723	(3,972)	18,751

Fiscal Year 2007 (From January 1, 2007 to December 31, 2007) (Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	279,753	187,358	2,370	469,481	-	469,481
Inter-segment sales/transfers	96	284	2,358	2,738	(2,738)	-
Total	279,850	187,642	4,728	472,220	(2,738)	469,481
Costs and expenses	255,445	174,873	4,587	434,906	4,523	439,430
Operating income (loss)	24,404	12,769	140	37,314	(7,262)	30,051

Notes) 1. Business segments are defined in consideration of the operations of the Group.

2. The Group operates principally in three segments: system integration business, service and support business, and other business.

System integration business: Research, analysis, design, and introduction for comprehensive information system
 Transport and installation
 Network construction
 Introduction for packaged software
 Development of consigned software
 Other related services

Service and support business: Supplies for comprehensive information system
 Telephone support
 Maintenance
 Consigned system operation
 Data recovery
 IT education
 Guidance for operation of packaged software
 Hotel business

Other business: Construction
 Repair, sale of automobiles
 Insurance
 Printing

3. Significant amounts and contents of "elimination or corporate" column are as described below.

(Millions of yen)

	Interim Period FY2007	Interim Period FY2008	Fiscal Year 2007	Major contents
Amount of unallocated operating costs and expenses included in "elimination or corporate" column	3,724	3,997	7,326	Expenses relating to administrative departments of parent company

b. Segment information for geographic locations

Segment information by geographic area is not disclosed pursuant to regulations on consolidated financial statements in Japan, since net sales of the Company and its domestic consolidated subsidiaries, taken as a whole, were more than 90% of consolidated net sales.

c. Overseas sales

Information on overseas sales is not disclosed pursuant to regulations on consolidated financial statements in Japan, since the aggregate of the overseas sales of the Company and its domestic consolidated subsidiaries and overseas consolidated subsidiaries, was less than 10% of consolidated net sales.