



Business Results

for the fiscal year ended December 31, 2008

February 3, 2009

OTSUKA CORPORATION

Yuji Otsuka, President

Summary of Business Results, January – December, 2008

(Millions of yen)

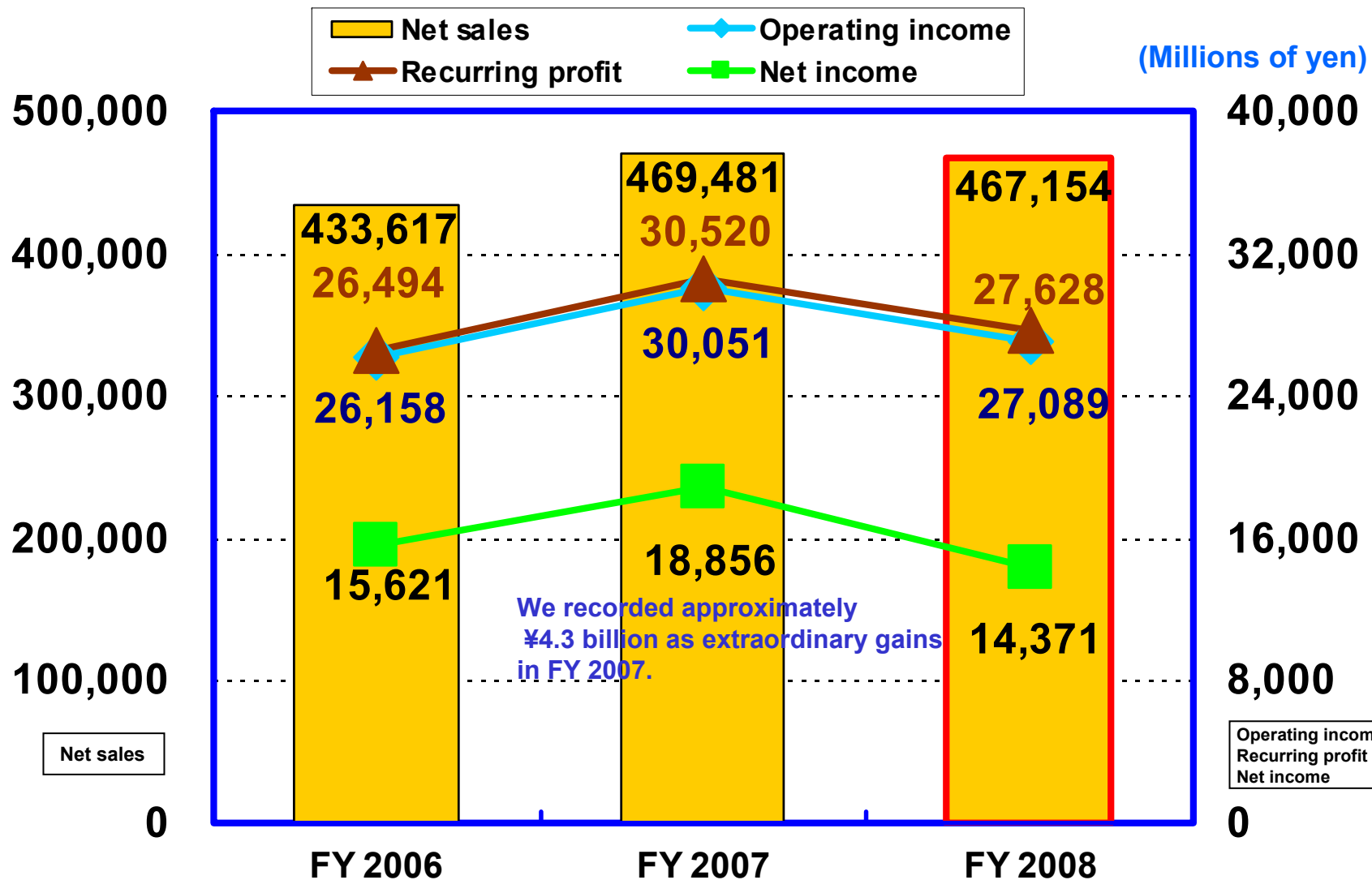
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	467,154	95.5%	-0.5%	437,103	95.6%	-0.1%
Operating income	27,089	87.7%	-9.9%	25,215	88.2%	-9.2%
Recurring profit	27,628	88.6%	-9.5%	25,974	89.3%	-8.3%
Net income	14,371	89.7%	-23.8%	13,900	92.1%	-24.2%

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2008 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	219	4,324
	Net plan Co., LTD	Electronic communications construction and interior construction	102	8,453
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	163	1,729
	Net World Corporation	Sales and technology support for network-related equipment	285	37,313
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment, disposal and data recovery service	295	6,019
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	344	4,294
Others	Otsuka Auto Service Co., Ltd	Maintenance, body work and sale for automobiles, and commissioned sales of insurance	26	663
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	32	799

Consolidated

Net sales and Profits



External Environment

Market conditions are drastically changing since this autumn

Entering a worldwide recession arising from financial crisis

Credit crunch and worsening of financing environment

Rapid decline of stock markets

Rapid appreciation of the yen

Greater sense of insecurity toward the future

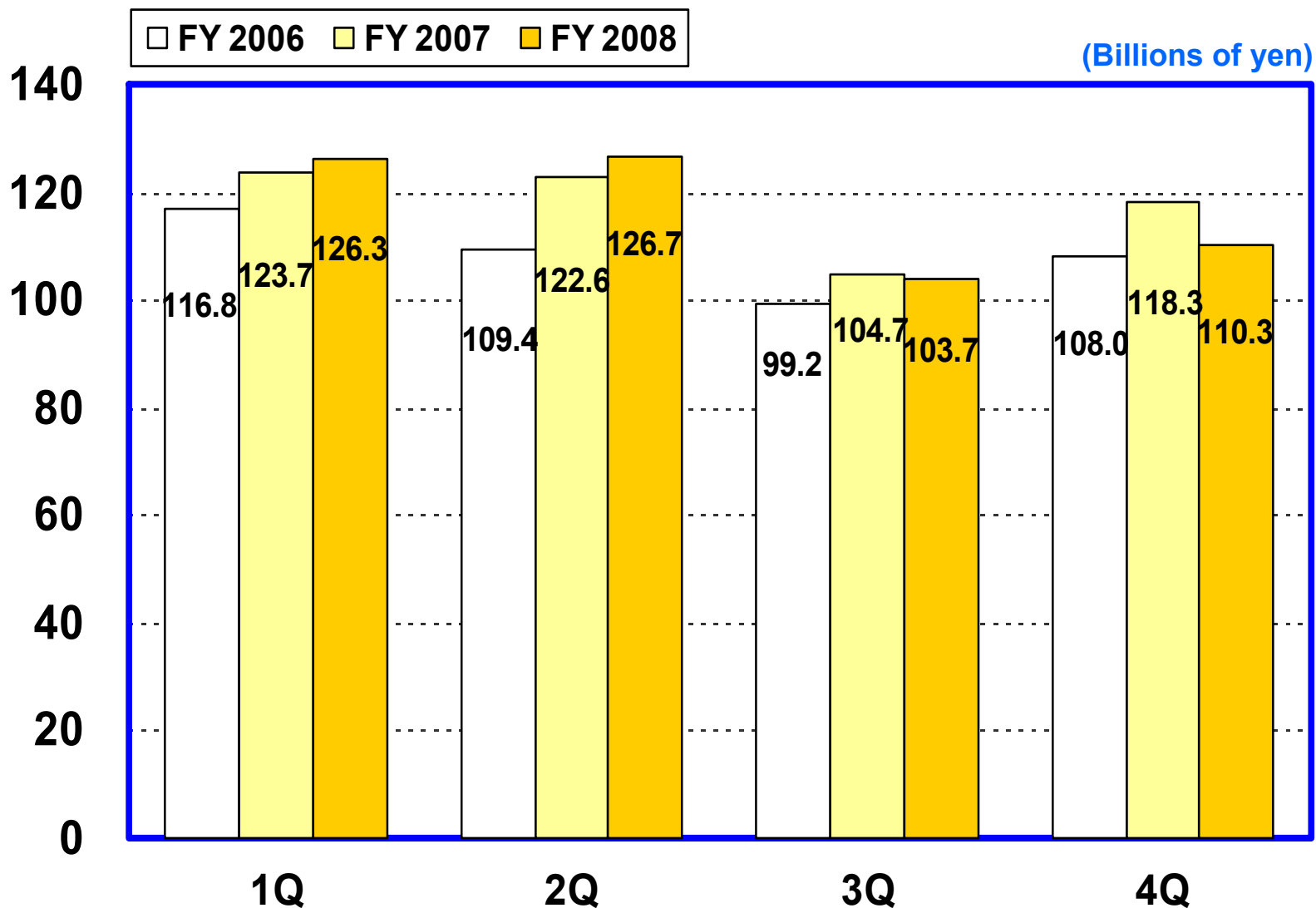
There are needs of IT utilization, however, IT investments are being inhibited and postponed.

OTSUKA Group's activities

- **Enhancement of the “community-based sales structure”**
- **Assessing the IT investment trend for each business enterprise size, promote the complex system proposals, total proposals**
- **Propose specific cost reductions**
- **Streamline the sales activities by enhancement of the “SPR” and the thorough use of the “Sales Support Center”**
- **Fortify promotion of the accumulated business**

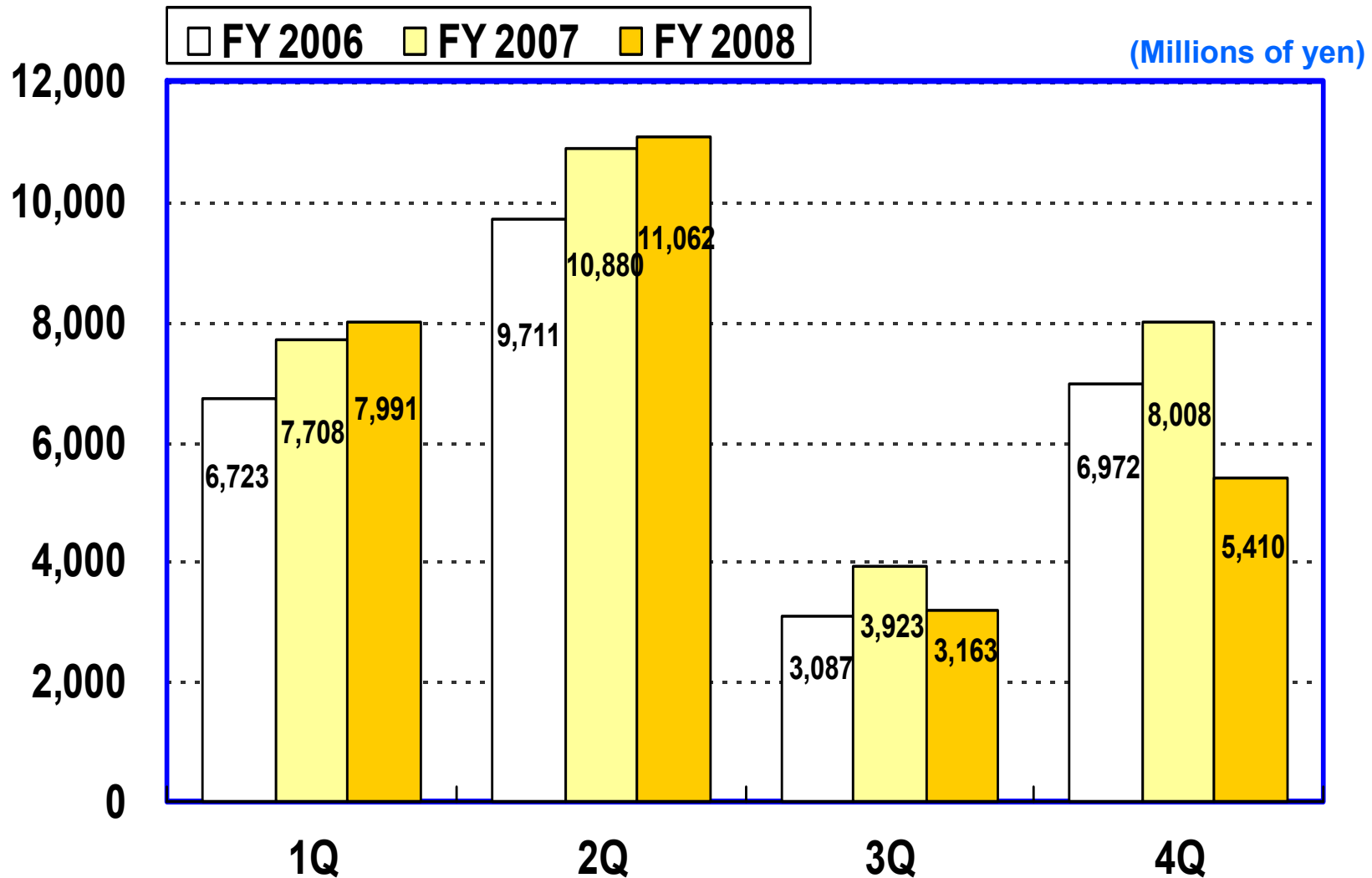
Consolidated

Quarterly change of Net sales



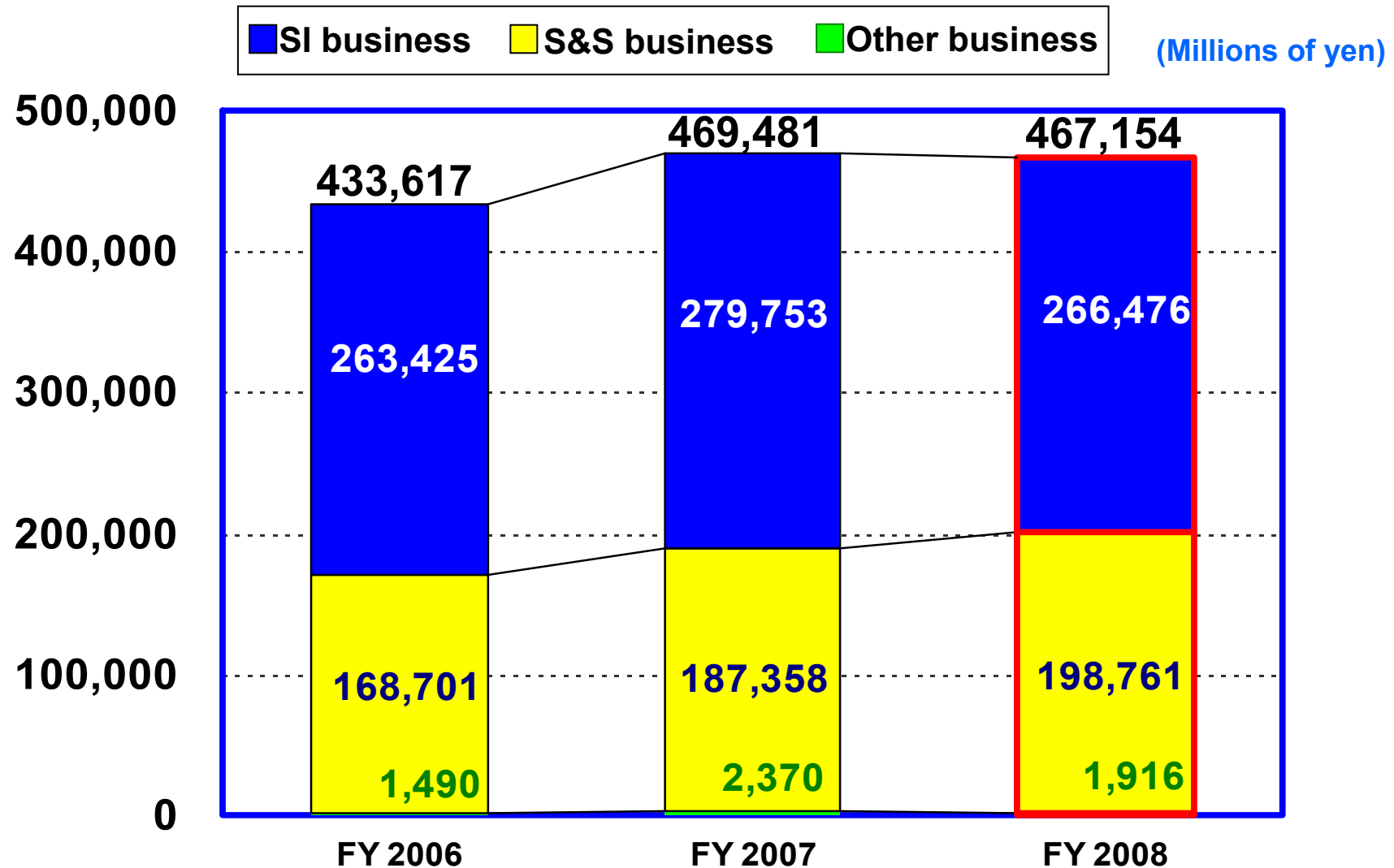
Consolidated

Quarterly change of Recurring profit

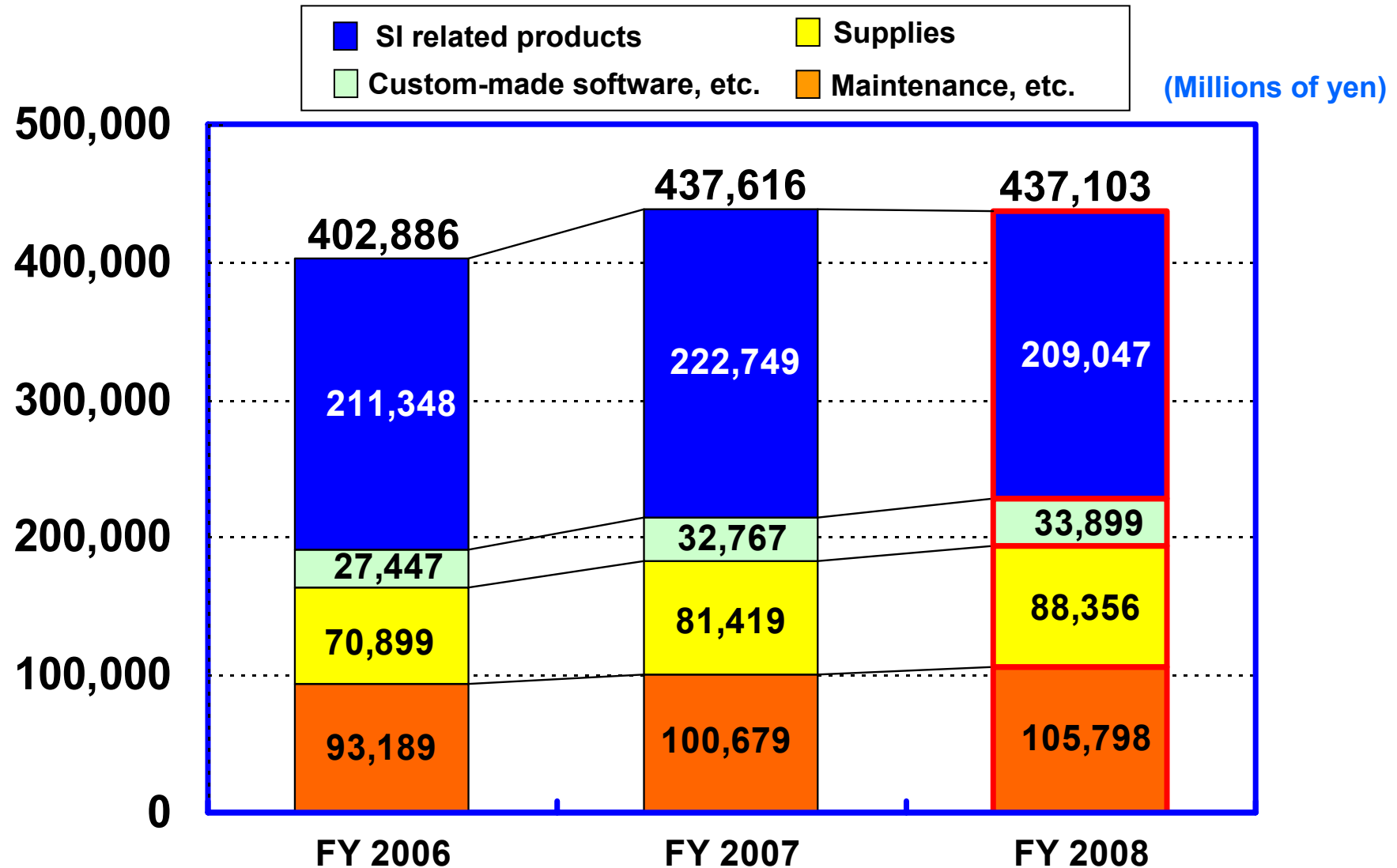


Consolidated

Net sales by segments

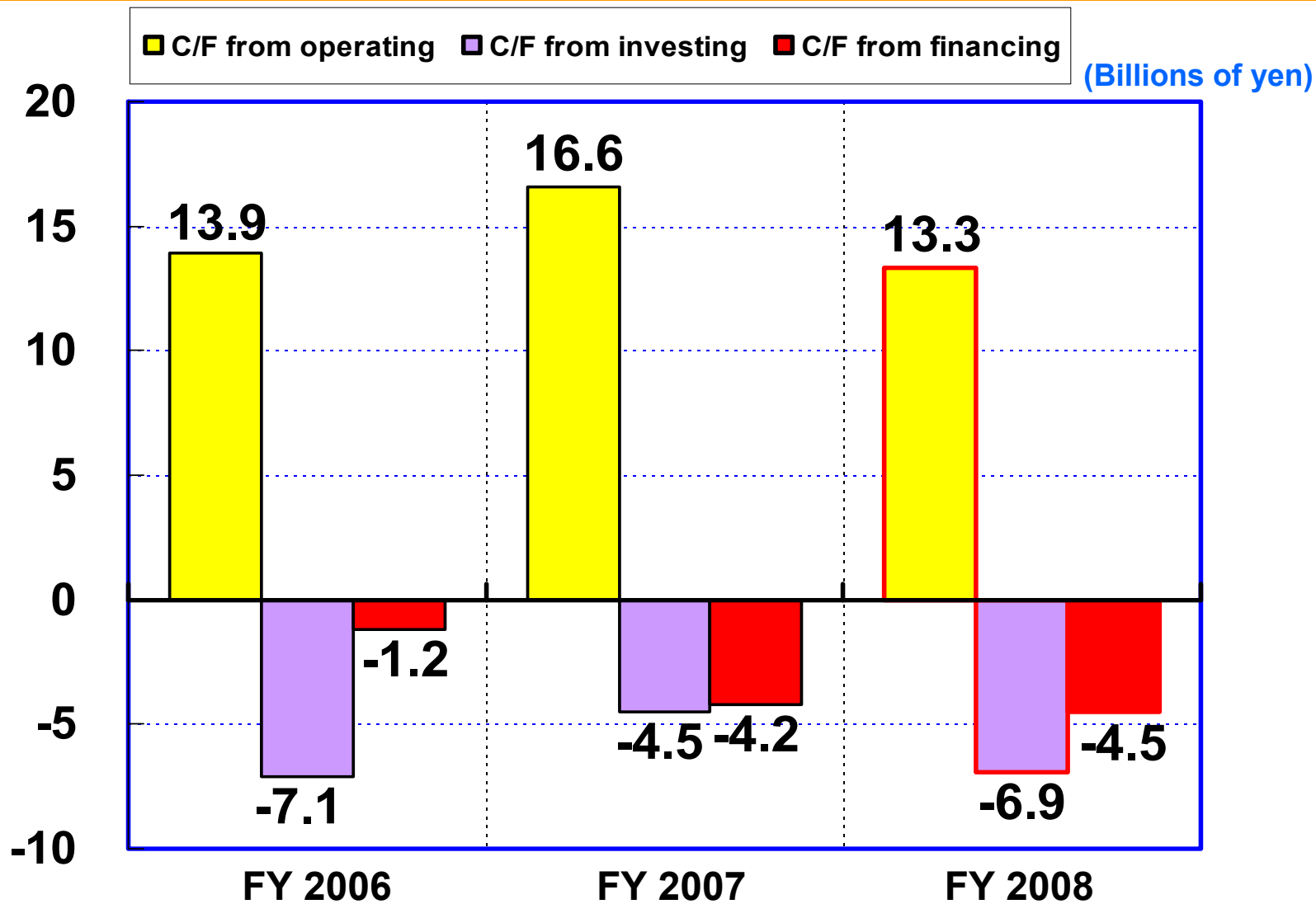


Net sales by 4 segments



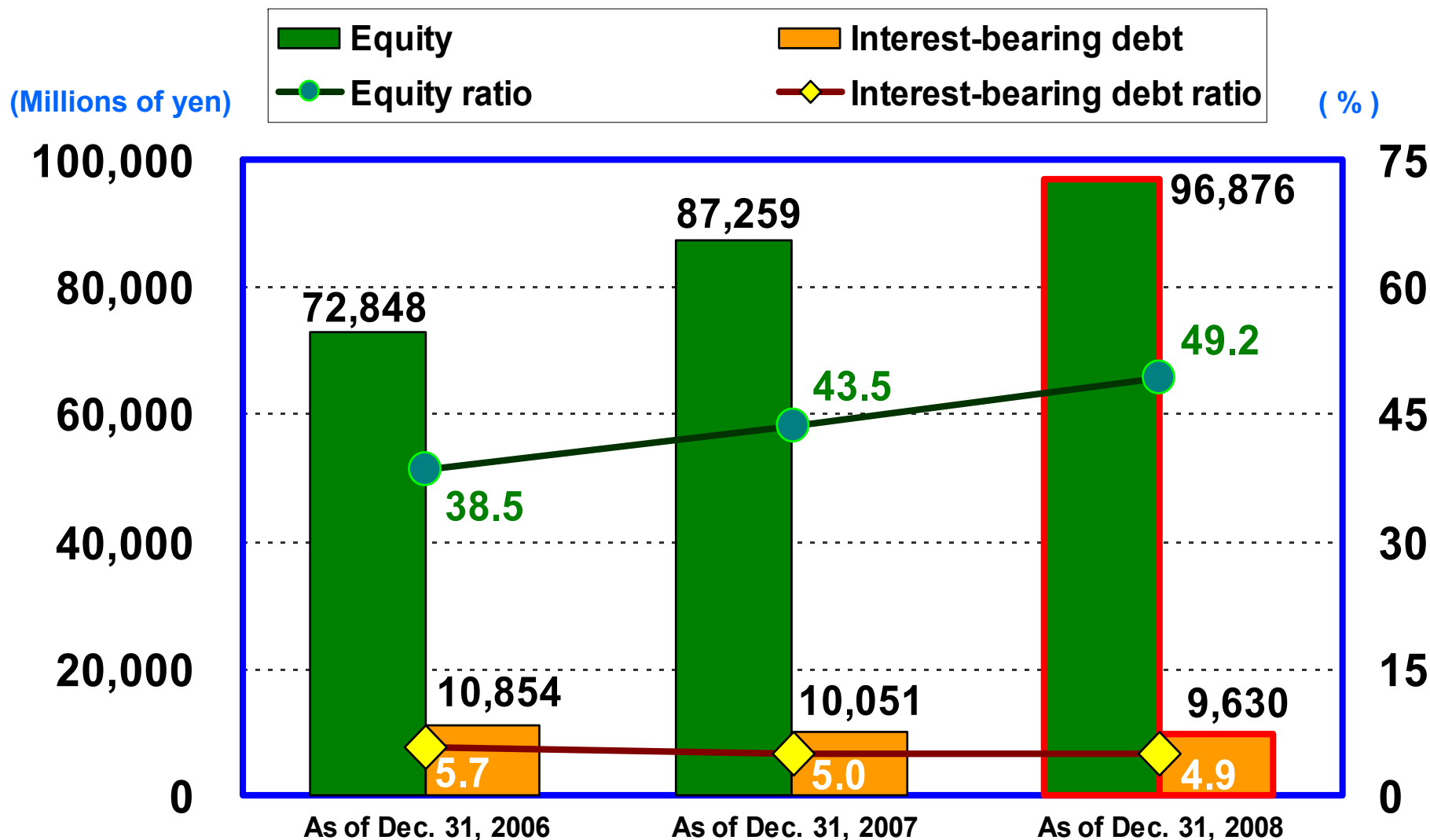
Consolidated

Cash flows



Consolidated

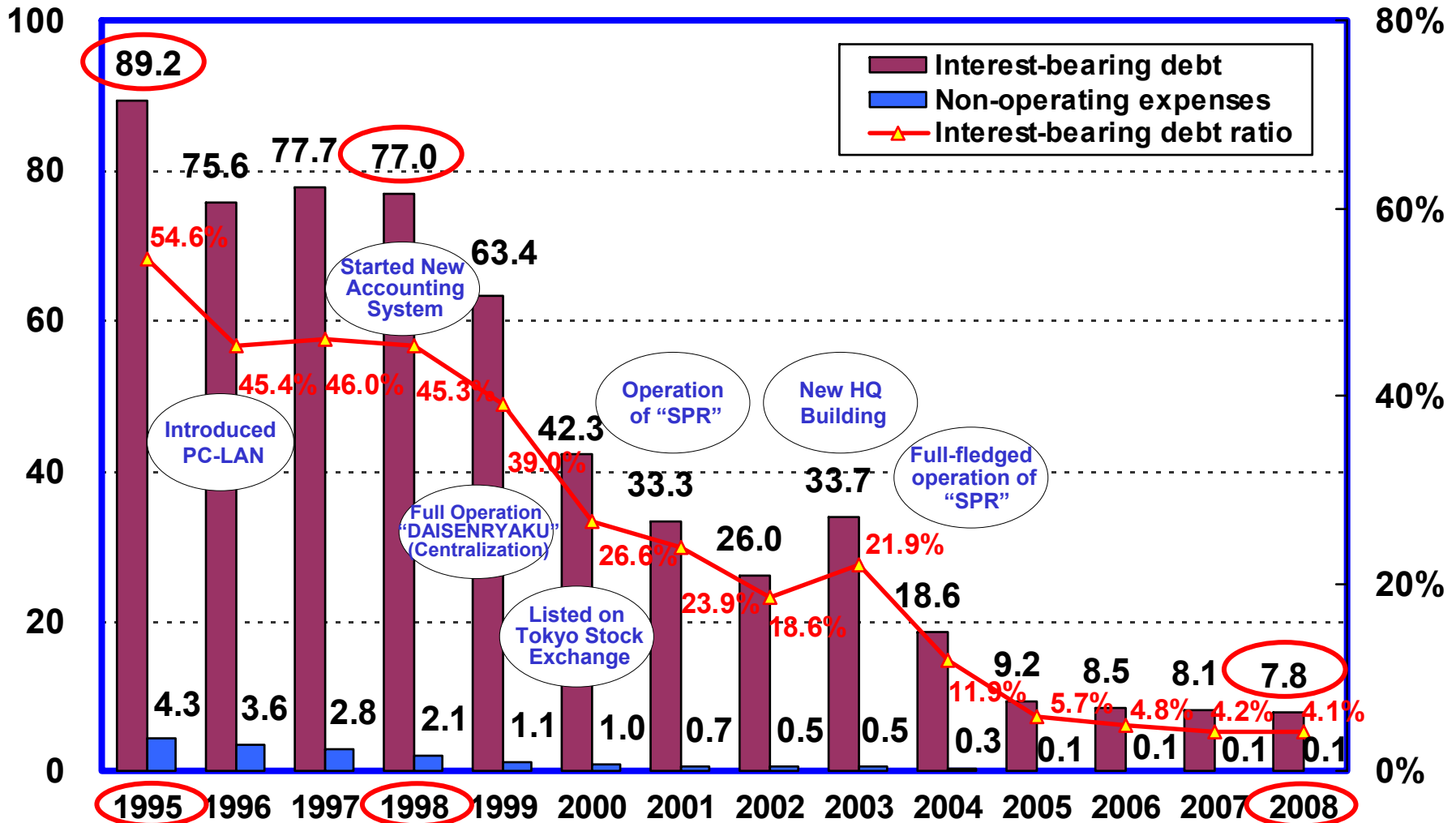
Equity and Interest-bearing debt



Non-Consolidated

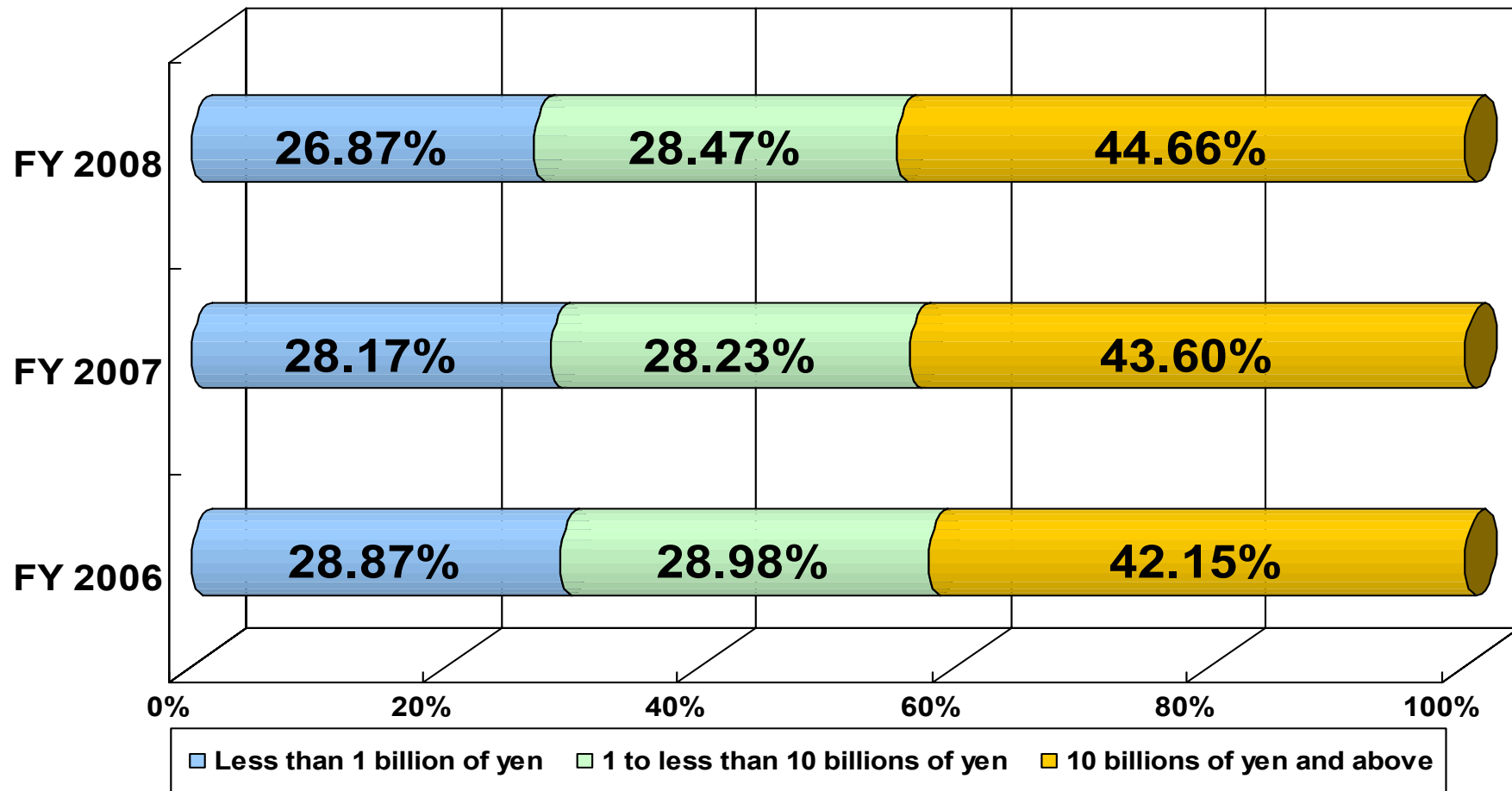
Change of Interest-bearing debt and Non-operating expenses

(Billions of yen)



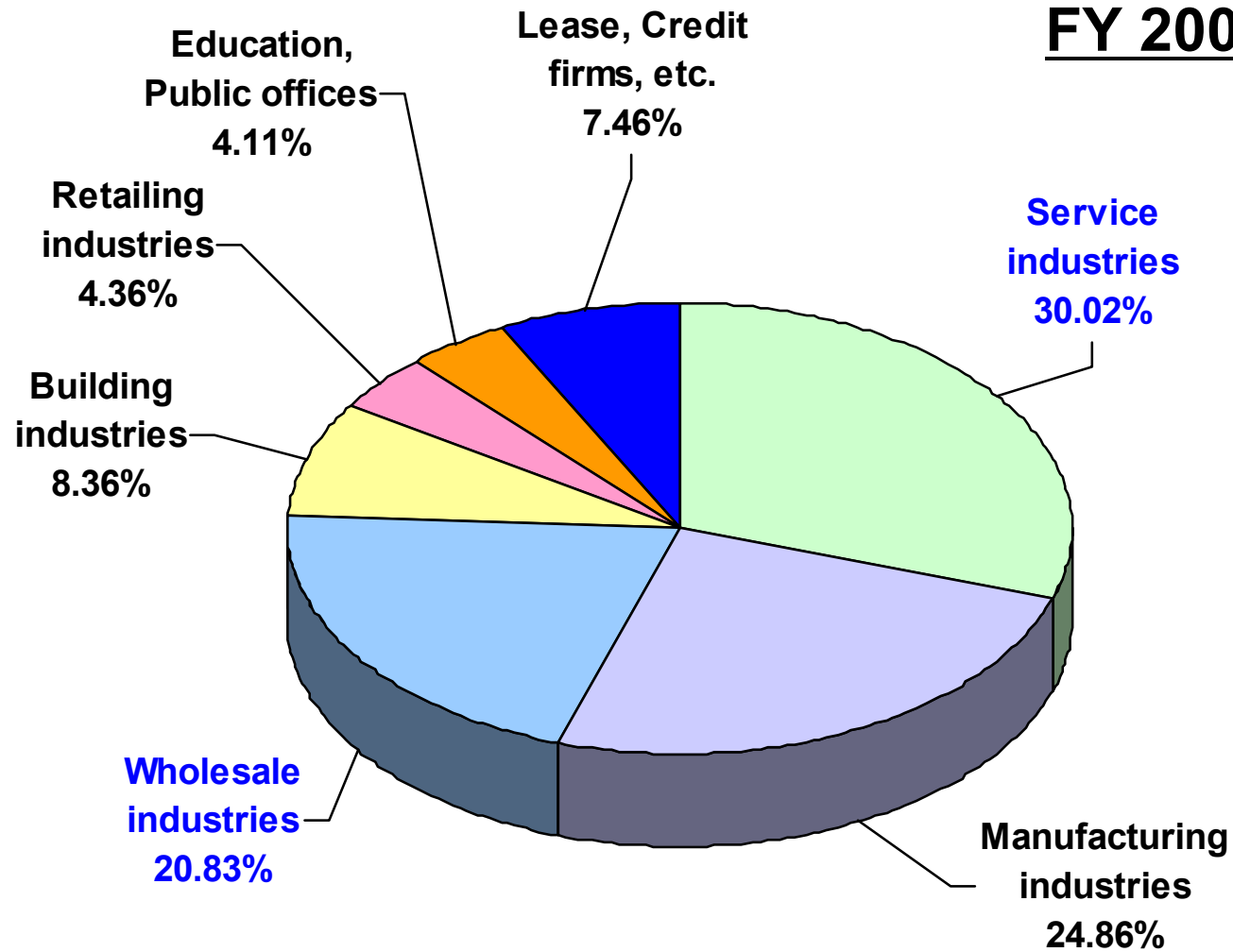
Non-Consolidated

Net sales structure on customers' total annual business scale



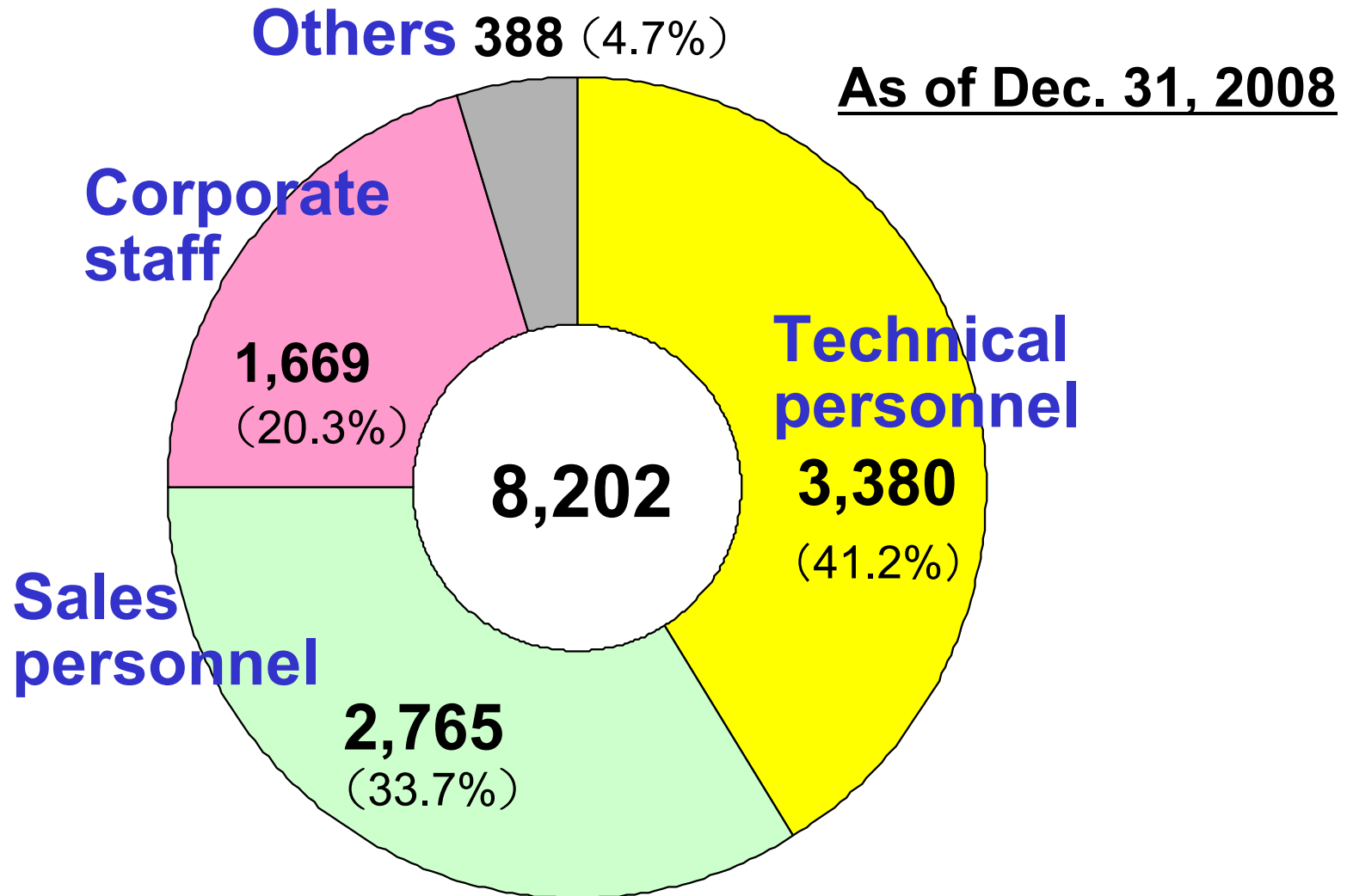
Sales breakdown by customers' type of industry

FY 2008



Consolidated

Personnel organization (regular employees)





Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2006	FY 2007		FY 2008		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
MRO	75,306	86,270	+14.6%	92,438	+6,167	+7.1%
SMILE (software)	7,150	6,938	-3.0%	6,858	-79	-1.1%
ODS21	35,132	38,320	+9.1%	37,650	-669	-1.7%
OSM	27,066	39,985	+47.7%	43,448	+3,463	+8.7%

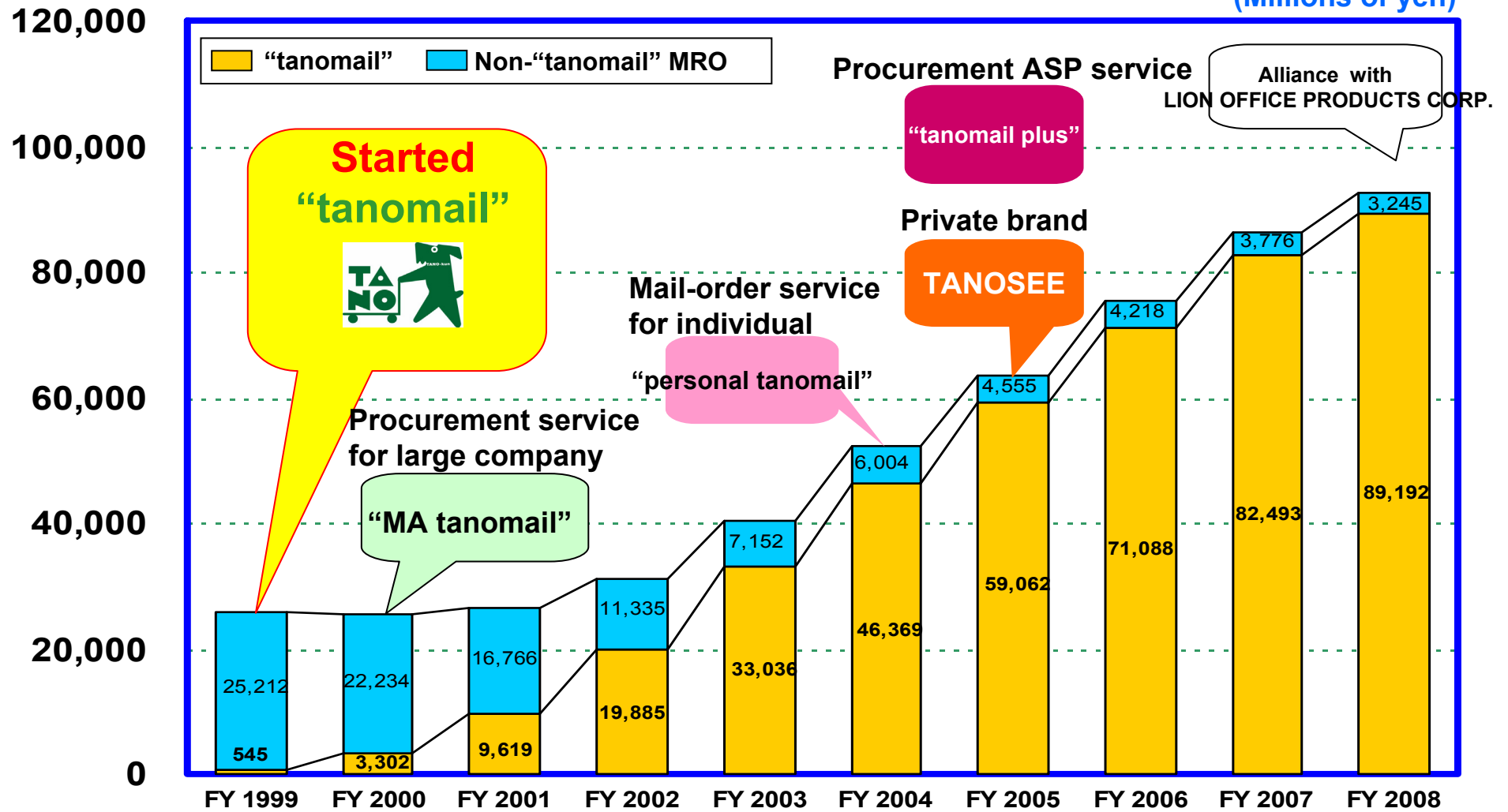
<Number of Sales>

(Units)

Copier	30,235	30,615	+1.3%	29,288	-1,327	-4.3%
(of which Color copier)	18,584	20,413	+9.8%	20,595	+182	+0.9%
Server	40,862	35,741	-12.5%	35,014	-727	-2.0%
PC	547,061	481,502	-12.0%	508,967	+27,465	+5.7%

Annual sales transition of MRO business

(Millions of yen)

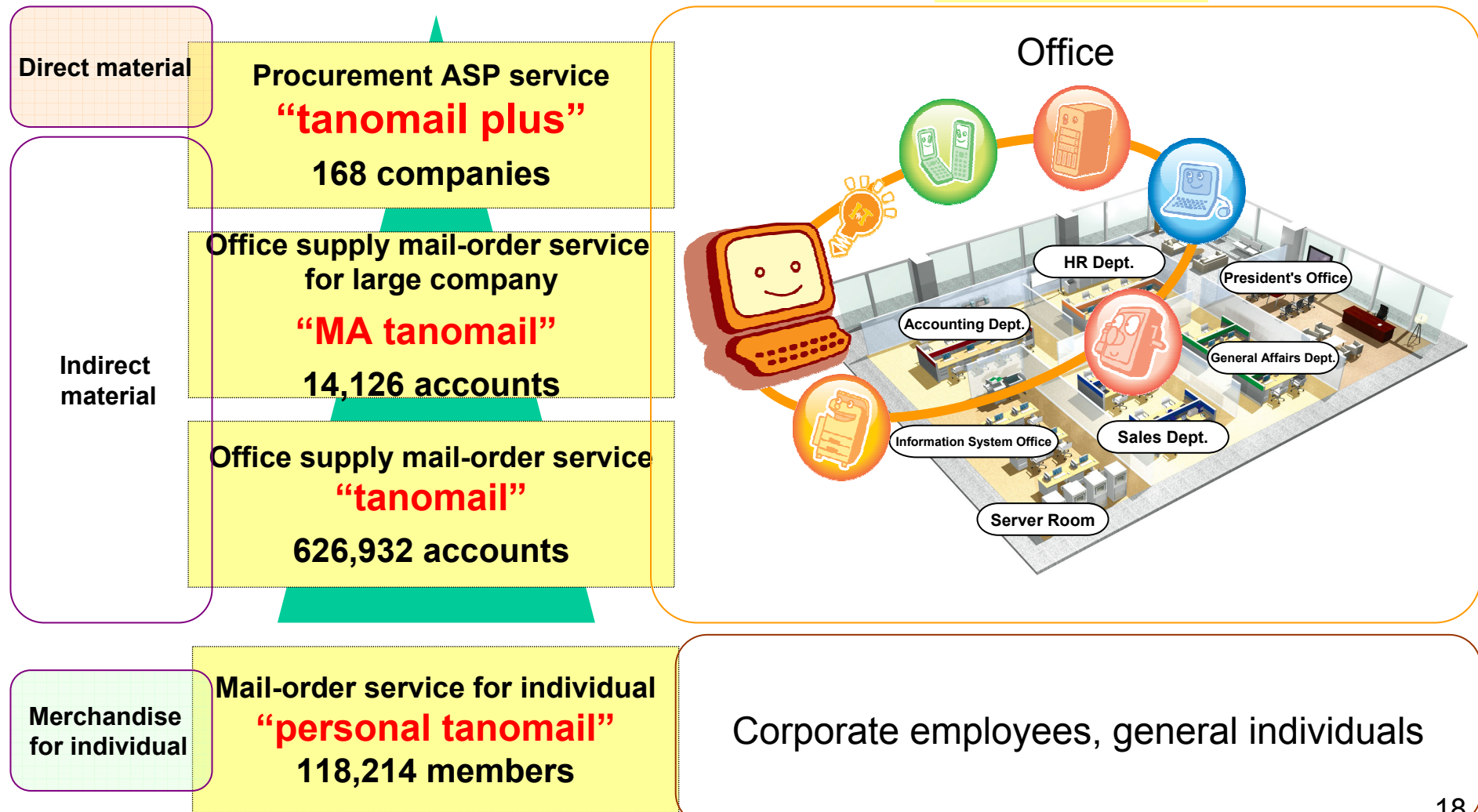


Accounts of "tanomail" 506 133,105 153,609 169,148 322,720 385,895 448,812 506,263 564,489 626,932

Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Dec. 31, 2008)



Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports IT and business of customers through “tayoreru”

“tayoreru”

Customer's needs

Productivity
Improvement

Cost Reduction

Concentrate on
Regular Business

IT Support

“otasukkun”
“otasukkun Jr. ”, etc.



Business Support

“tanomail plus”
Bank remittance
representative service, etc.

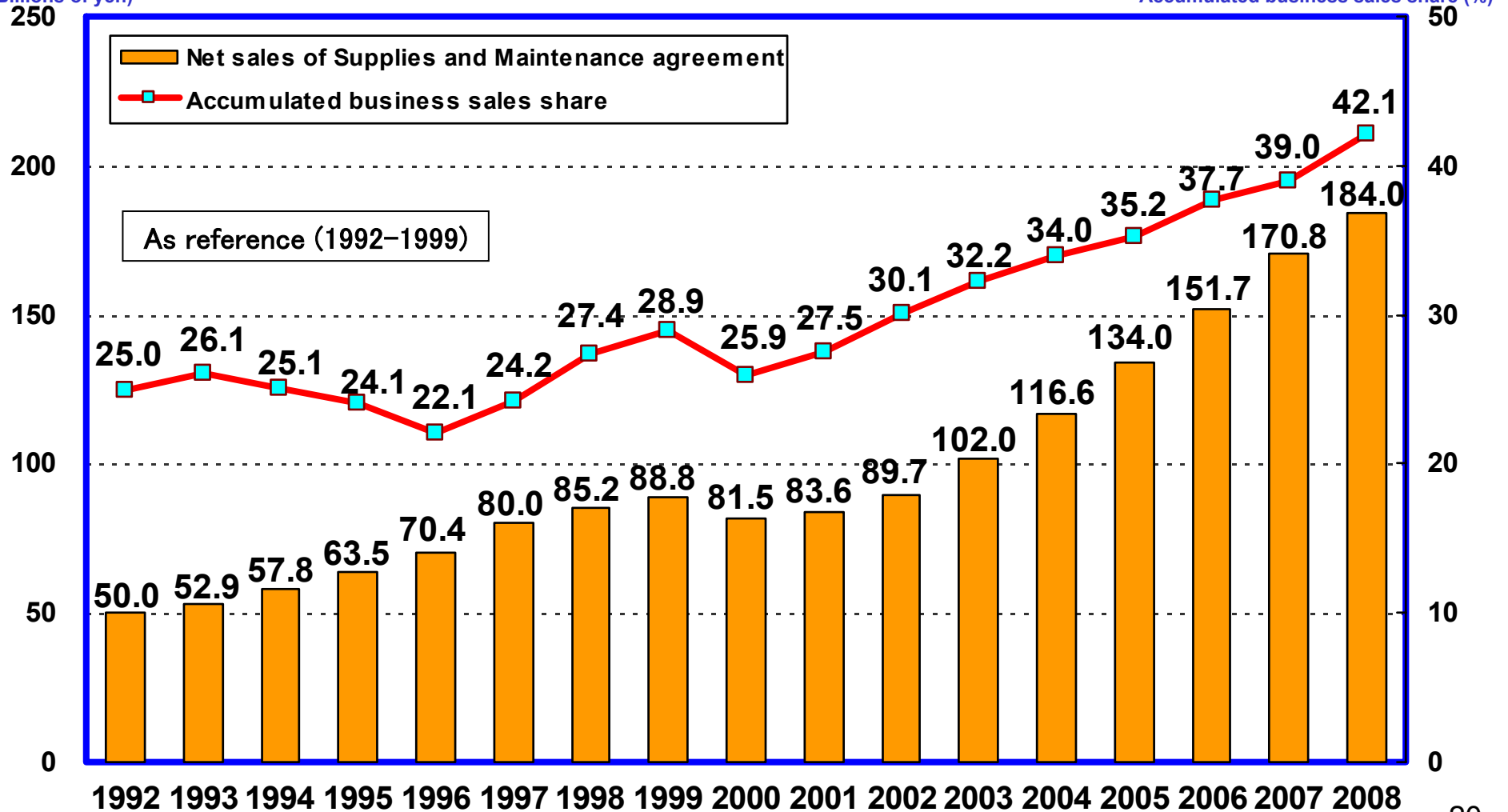
Growth of accumulated business

Net sales of Supplies and Maintenance agreement

Net sales of Supplies and Maintenance agreement (Billions of yen)

Accumulated business sales share

Accumulated business sales share (%)

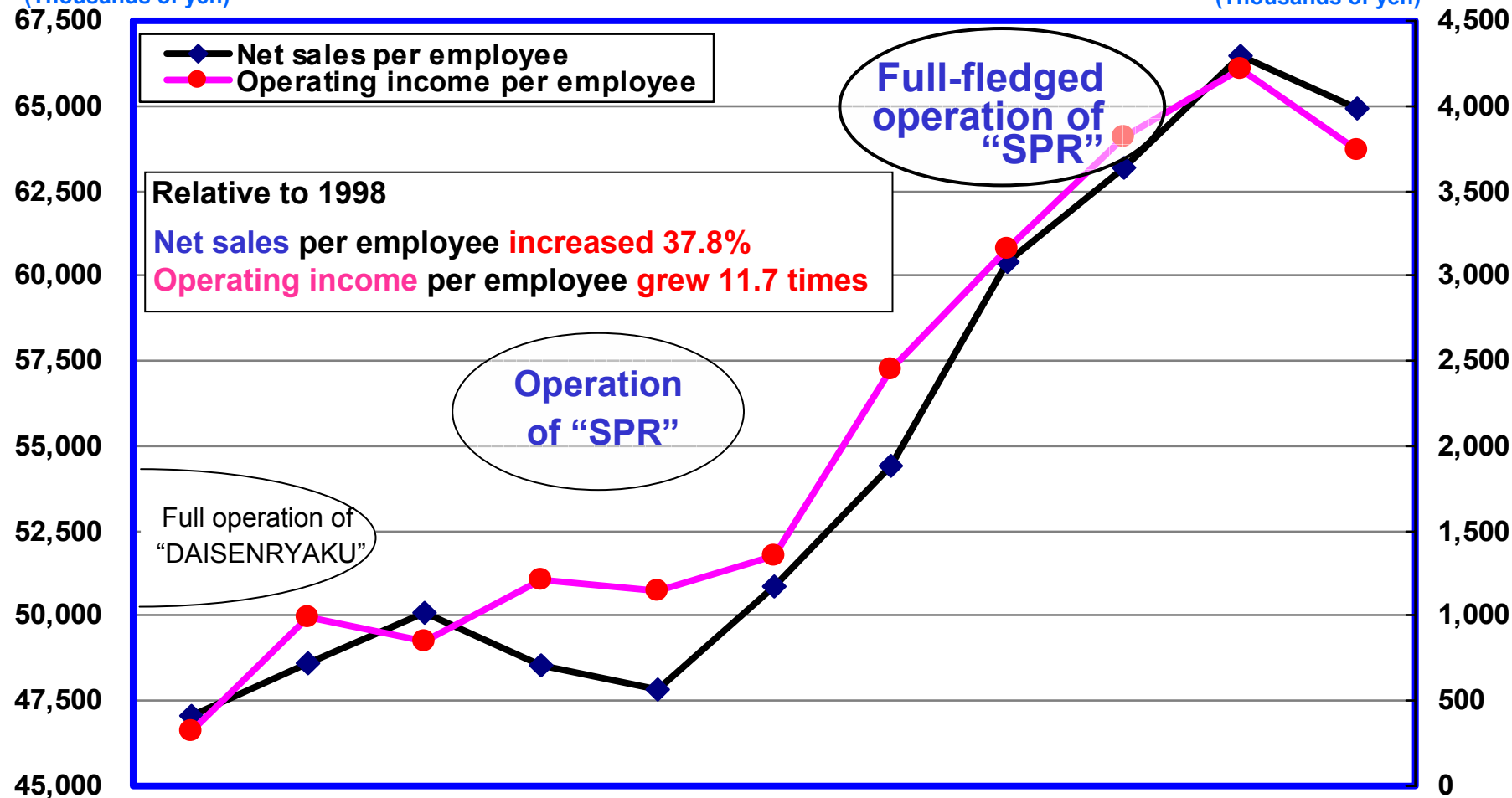


Non-Consolidated

Change of Net sales per employee and Operating income per employee

Net sales per employee
(Thousands of yen)

Operating income per employee
(Thousands of yen)



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of employees	6,621	6,316	6,272	6,251	6,236	6,222	6,294	6,297	6,379	6,585	6,736

Future Plans

The Basic principle and Mid term plans

< 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

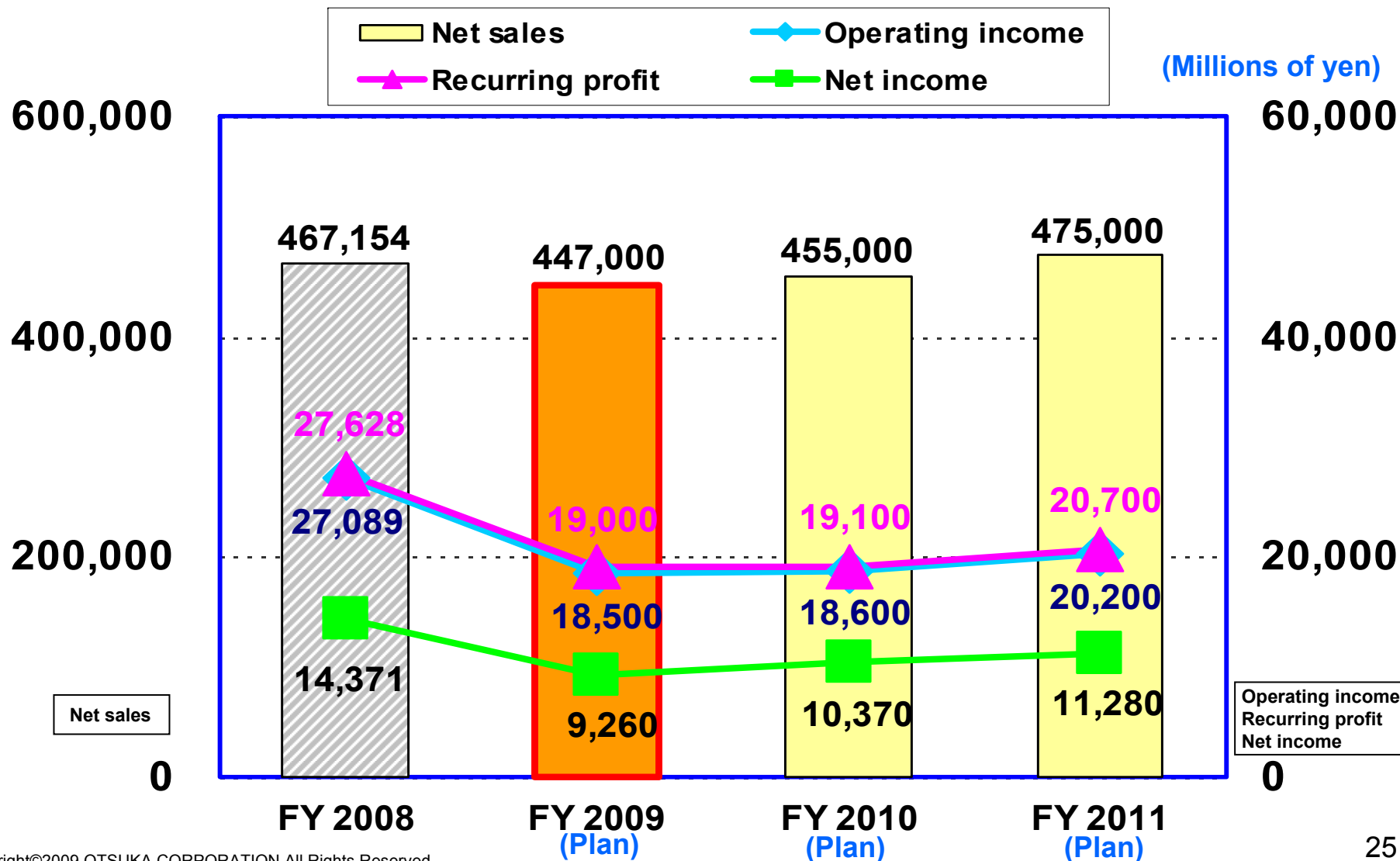
- **Open up new demand with the help of the customer information**
- **Effective use of individuals/materials/money and per head productivity increase**

Future Measures

- **Renew and expand business with the existing 770,000 companies**
- **Ongoing conventional measures**
 - Enhancement of “community-based sales structure”
 - Fortify promotion of the accumulated business
- **Enhancement of one-stop support structure**

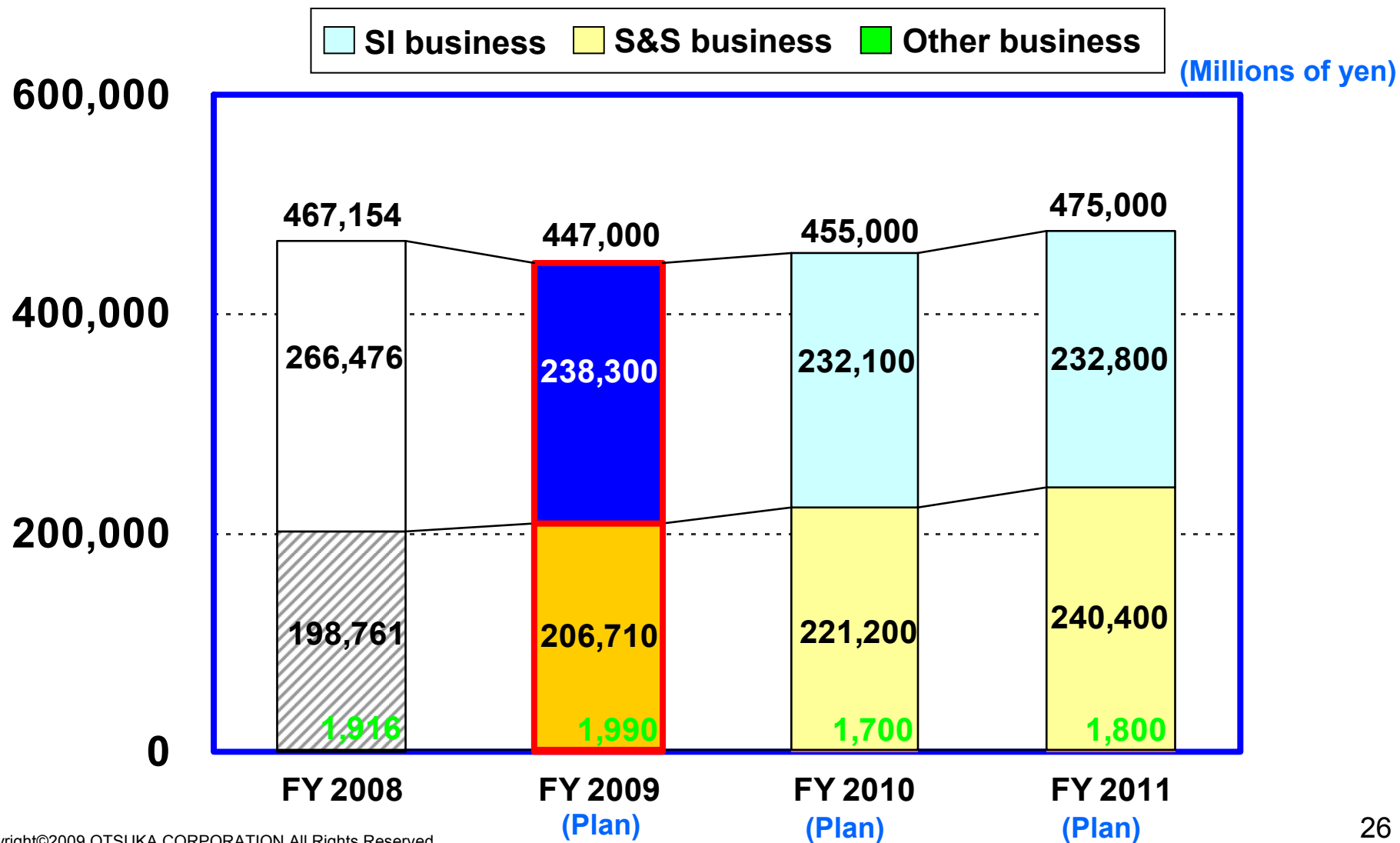
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segment





Plans of Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2007	FY 2008		FY 2009 (Plan)	
	Amount	Amount	Change to Last Year	Amount	Change to Last Year
MRO	86,270	92,438	+7.1%	98,000	+6.0%
(of which "tanomail")	82,493	89,192	+8.1%	95,000	+6.5%
SMILE (software)	6,938	6,858	-1.1%	6,900	+0.6%
ODS21	38,320	37,650	-1.7%	38,000	+0.9%
OSM	39,985	43,448	+8.7%	48,000	+10.5%

<Number of Sales>

(Units)

Copier	30,615	29,288	-4.3%	28,600	-2.3%
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Server	35,741	35,014	-2.0%	35,000	-0.0%
PC	481,502	508,967	+5.7%	509,000	+0.0%

Jissen (Practical) Solution Fair 2009



Dates: February 4th (Wed) – February 6th (Fri)
Place: Hotel Pacific Tokyo in Shinagawa

New Business

Effects of alliance with LION OFFICE PRODUCTS CORP.

- Office design service



• NAVILION = Navi + Lion




New Business

LED: Light Emitting Diode

Started Full-blown LED Lighting Business

LED is Eco-friendly and Cost Saving

Incandescent Lamp/Fluorescent Light/LED Comparison (example)

	Incandescent	Fluorescent	LED
Light Type			
Power Consumption	36W	8W	4W
Durable Hours	1,000 hours	6,000 hours	40,000 hours
Price*	110 yen	839 yen	9,480 yen

Long life:
Reduced maintenance frequency

Reduced power consumption & improved brightness

* Price is "tanomail" price

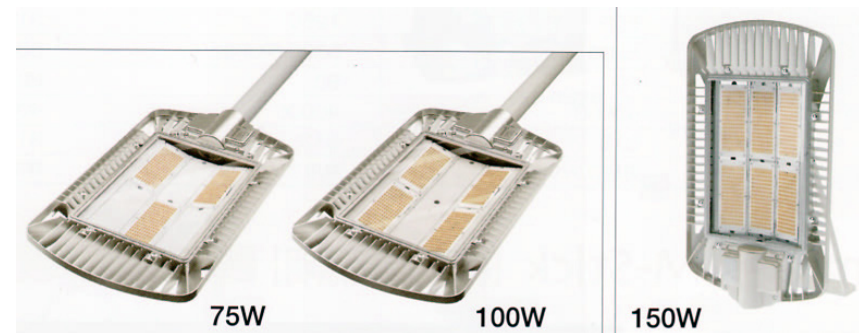
"Amendment Act on the Rational Use of Energy"
effective April, 2009

Wide Range of LED Lighting

General-purpose



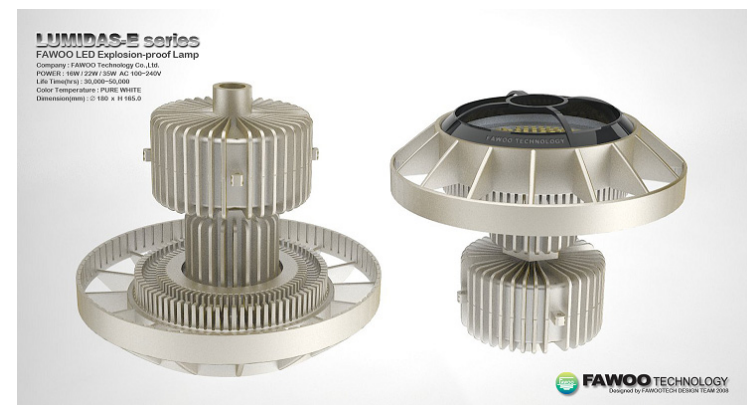
Street light



Tunnel light



Explosion-proof Lamp





Cautionary statement

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