

Financial Report for the Three Months of the Fiscal Year Ending December 31, 2009 (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

Contact: Youichi Harada, Managing Director & Senior Executive Operating Officer

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Scheduled date to file Quarterly Report:

May 14, 2009

Scheduled date to commence dividend payments:

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

1. Financial Results for the Three Months of the Fiscal Year 2009 (From January 1, 2009 to March 31, 2009)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2009	114,910	-	4,599	-	4,569	-	2,494	-
March 31, 2008	126,354	2.1	7,821	3.2	7,991	3.7	4,506	11.0

	Net income per share	Diluted net income per share
	yen	yen
Three months ended		
March 31, 2009	78.93	-
March 31, 2008	142.60	142.29

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of				
March 31, 2009	205,494	95,959	46.2	3,007.32
December 31, 2008	196,946	97,790	49.2	3,065.54

Reference) Equity:

As of March 31, 2009: 95,036 million yen; As of December 31, 2008: 96,876 million yen

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2008	-	0.00	-	130.00	130.00
Fiscal Year 2009	-				
Fiscal Year 2009 (forecast)		0.00	-	130.00	130.00

Note) Revision of the forecasts in the first quarter of the fiscal year 2009: No

3. Financial Forecasts for the Fiscal Year 2009 (From January 1, 2009 to December 31, 2009)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Six months ending June 30, 2009	234,600	-	12,300	-	12,500	-	6,300	-	199.36
Full-Year	447,000	(4.3)	18,500	(31.7)	19,000	(31.2)	9,260	(35.6)	293.02

Note) Revision of the forecasts in the first quarter of the fiscal year 2009: No

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of simplified accounting and specific accounting for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements")
 - 1) Changes due to revisions to accounting standards and other regulations: Yes
 - 2) Changes due to other reasons: Yes
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury stock):

As of March 31, 2009:	31,667,020 shares
As of December 31, 2008:	31,667,020 shares
 - 2) Number of treasury shares at the end of the period:

As of March 31, 2009:	65,342 shares
As of December 31, 2008:	65,342 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended March 31, 2009:	31,601,678 shares
Three months ended March 31, 2008:	31,602,017 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)

	As of March 31, 2009	As of December 31, 2008 (Summary)
Assets		
Current assets		
Cash and deposits	20,869	21,544
Notes and accounts receivable-trade	81,519	71,843
Short-term investment securities	4,997	4,996
Merchandise	14,556	14,442
Work in process	1,282	892
Raw materials and supplies	1,123	1,191
Other	15,105	14,539
Allowance for doubtful accounts	(444)	(271)
Total current assets	139,011	129,178
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	26,611	26,905
Other, net	20,763	20,796
Total property, plant and equipment	47,374	47,702
Intangible assets	5,359	5,085
Investments and other assets		
Investment securities	5,890	6,355
Other	8,829	9,556
Allowance for doubtful accounts	(971)	(932)
Total investments and other assets	13,748	14,979
Total noncurrent assets	66,482	67,767
Total assets	205,494	196,946
Liabilities		
Current liabilities		
Notes and accounts payable-trade	73,710	62,626
Short-term loans payable	9,540	9,540
Income taxes payable	2,118	5,297
Provision for bonuses	6,025	2,498
Other	14,965	15,917
Total current liabilities	106,360	95,880
Noncurrent liabilities		
Long-term loans payable	80	90
Provision for retirement benefits	1,516	1,514
Provision for directors' retirement benefits	445	530
Other	1,132	1,141
Total noncurrent liabilities	3,174	3,275
Total liabilities	109,534	99,155

(Millions of yen)

	As of March 31, 2009	As of December 31, 2008 (Summary)
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	84,038	85,652
Treasury stock	(122)	(122)
Total shareholders' equity	110,545	112,159
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	186	429
Revaluation reserve for land	(15,574)	(15,574)
Foreign currency translation adjustment	(120)	(137)
Total valuation and translation adjustments	(15,509)	(15,282)
Minority interests	923	913
Total net assets	95,959	97,790
Total liabilities and net assets	205,494	196,946

Consolidated Statement of Income

(Millions of yen)

	Three months ended March 31, 2009
Net sales	114,910
Cost of sales	90,360
Gross profit	24,549
Selling, general and administrative expenses	19,949
Operating income	4,599
Non-operating income	
Interest income	12
Interest on securities	9
Dividends income	11
House rent income	53
Other	31
Total non-operating income	117
Non-operating expenses	
Interest expenses	31
Equity in losses of affiliates	105
Other	10
Total non-operating expenses	147
Ordinary income	4,569
Extraordinary income	
Gain on change in equity	6
Total extraordinary income	6
Extraordinary loss	
Loss on retirement of noncurrent assets	6
Impairment loss	1
Loss on valuation of investment securities	5
Provision of allowance for doubtful accounts	33
Total extraordinary losses	47
Income before income taxes and minority interests	4,528
Income taxes	1,954
Minority interests in income	79
Net income	2,494

Consolidated Statement of Cash Flows

(Millions of yen)

Three months ended
March 31, 2009

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Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	4,528
Depreciation and amortization	1,334
Impairment loss	1
Increase (decrease) in allowance for doubtful accounts	211
Interest and dividends income	(23)
Interest income on securities	(9)
Interest expenses	31
Equity in (earnings) losses of affiliates	105
Loss on retirement of noncurrent assets	6
Decrease (increase) in notes and accounts receivable-trade	(9,735)
Decrease (increase) in inventories	(436)
Increase (decrease) in notes and accounts payable-trade	11,084
Loss (gain) on valuation of investment securities	5
Loss (gain) on change in equity	(6)
Increase (decrease) in provision for retirement benefits	641
Other, net	1,898
Subtotal	<hr/> 9,639
Interest and dividends income received	32
Interest expenses paid	(9)
Income taxes paid	(5,042)
Net cash provided by (used in) operating activities	<hr/> 4,619
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(443)
Purchase of software	(844)
Purchase of investment securities	(6)
Payments of long-term loans receivable	(3)
Collection of long-term loans receivable	51
Other, net	(171)
Net cash provided by (used in) investment activities	<hr/> (1,417)

(Millions of yen)

Three months ended
March 31, 2009

Net cash provided by (used in) financing activities	
Repayment of long-term loans payable	(10)
Cash dividends paid	(4,109)
Other, net	(70)
Net cash provided by (used in) financing activities	(4,189)
Effect of exchange rate change on cash and cash equivalents	(0)
Net increase (decrease) in cash and cash equivalents	(987)
Cash and cash equivalents at beginning of period	27,169
Cash and cash equivalents at end of period	26,182

Segment Information

Information by Business Segment

Three months ended March 31, 2009

(Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
(1) Outside customers	63,956	50,641	311	114,910	-	114,910
(2) Inter-segment sales/transfers	56	82	510	650	(650)	-
Total	64,013	50,724	822	115,560	(650)	114,910
Operating income (loss)	4,545	2,013	(4)	6,554	(1,954)	4,599

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.

Segment	Major products and services
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

(Reference)

**Consolidated financial statements for the three months ended March 31, 2008
(From January 1, 2008 to March 31, 2008)**

(1) (Summary) Consolidated statement of income

(Millions of yen)

	First Quarter FY2008 (From Jan. 1 to Mar. 31, 2008)
	Amount
Net sales	126,354
Cost of sales	98,227
Gross profit	28,126
Selling, general and administrative expenses	20,305
Operating income	7,821
Non-operating income	208
Non-operating expenses	38
Recurring profit	7,991
Extraordinary gains	24
Extraordinary losses	7
Income before income taxes and minority interests	8,008
Income taxes	3,402
Minority interests	99
Net income	4,506

(2) (Summary) Consolidated statement of cash flows

(Millions of yen)

	First Quarter FY2008 (From Jan. 1 to Mar. 31, 2008)
	Amount
Cash flows from operating activities	
Income before income taxes and minority Interests	8,008
Depreciation and amortization	1,340
Increase (decrease) in reserve for employees' retirement benefits	40
(Increase) decrease in notes and accounts receivable	(12,084)
(Increase) decrease in inventories	(2,311)
Increase (decrease) in notes and accounts payable	14,300
Others	1,402
Subtotal	10,697
Income taxes paid	(7,684)
Others	15
Net cash provided by operating activities	3,029
Cash flows from investing activities	
Payments for purchase of tangible fixed assets	(675)
Payments for software development	(551)
Others	243
Net cash used in investing activities	(982)
Cash flows from financing activities	
Increase (decrease) in short-term bank loans, net	400
Repayments of long-term bank loans	(52)
Cash dividends paid	(4,108)
Others	(60)
Net cash used in financing activities	(3,821)
Effect of exchange rate changes on cash and cash equivalents	-
Net increase (decrease) in cash and cash equivalents	(1,775)
Cash and cash equivalents at beginning of period	25,374
Cash and cash equivalents at end of period	23,599

(3) Segment information**Information by Business Segment**

First Quarter of Fiscal Year 2008 (From January 1, 2008 to March 31, 2008)

(Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	75,817	49,911	625	126,354	-	126,354
Inter-segment sales/transfers	39	59	647	746	(746)	-
Total	75,857	49,971	1,272	127,101	(746)	126,354
Costs and expenses	69,375	46,614	1,171	117,161	1,370	118,532
Operating income (loss)	6,481	3,356	100	9,939	(2,117)	7,821