



# **Business Results**

**for the fiscal year ended December 31, 2009**

**February 2, 2010**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# Summary of Business Results, January – December, 2009

(Millions of yen)

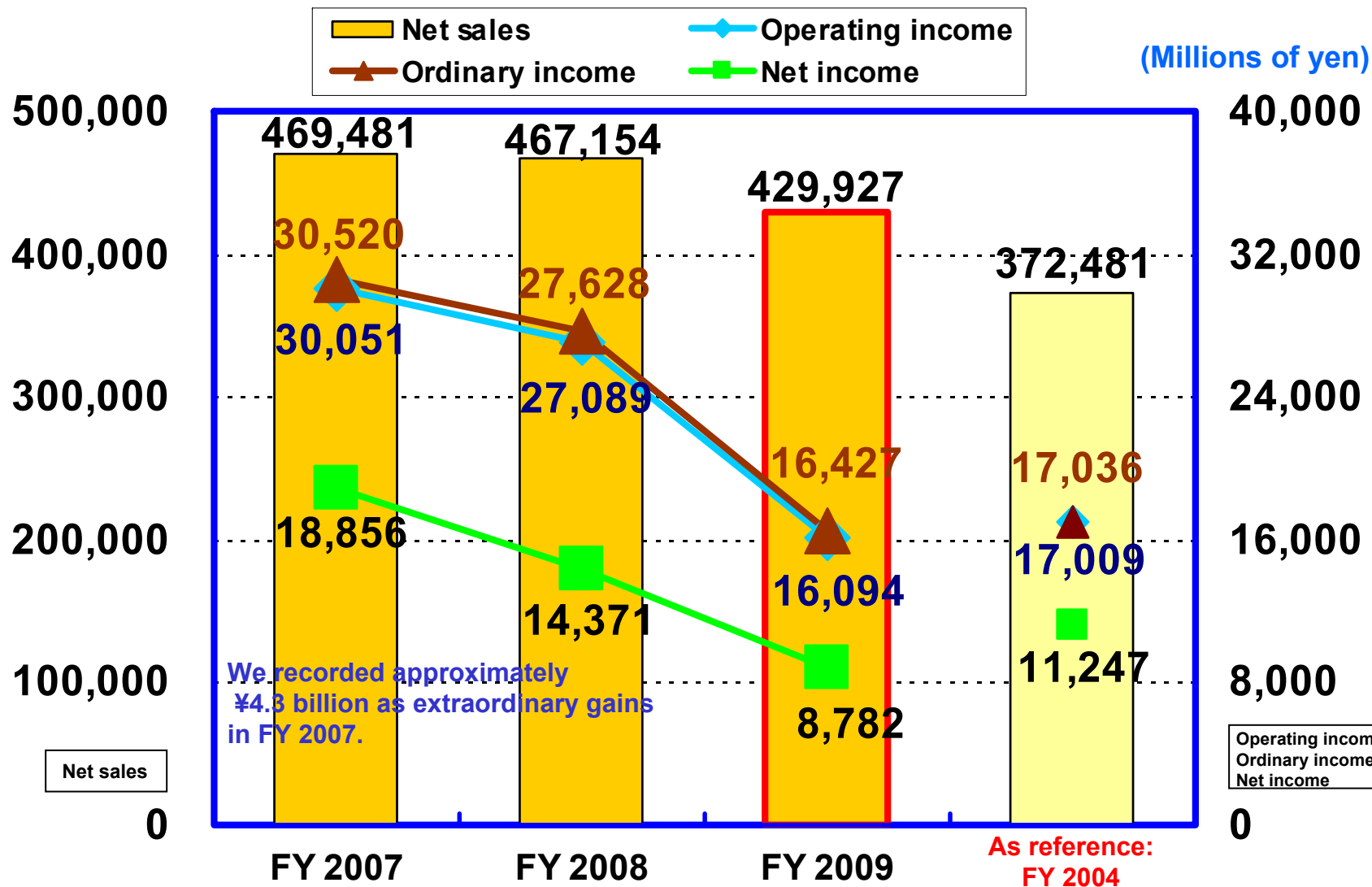
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
<b>Net sales</b>	<b>429,927</b>	<b>96.2%</b>	<b>-8.0%</b>	<b>401,937</b>	<b>96.2%</b>	<b>-8.0%</b>
<b>Operating income</b>	<b>16,094</b>	<b>87.0%</b>	<b>-40.6%</b>	<b>14,666</b>	<b>85.3%</b>	<b>-41.8%</b>
<b>Ordinary income</b>	<b>16,427</b>	<b>86.5%</b>	<b>-40.5%</b>	<b>15,271</b>	<b>85.3%</b>	<b>-41.2%</b>
<b>Net income</b>	<b>8,782</b>	<b>94.8%</b>	<b>-38.9%</b>	<b>8,220</b>	<b>92.4%</b>	<b>-40.9%</b>

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2009 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	223	4,253
	Net plan Co., LTD	Electronic communications construction and interior construction	97	7,576
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	169	1,525
	Net World Corporation	Sales and technology support for network-related equipment	303	37,567
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	312	5,339
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	337	3,717
Others	Otsuka Auto Service Co., Ltd	Maintenance, body work and sale for automobiles, and commissioned sales of insurance	25	616
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	34	775

Consolidated

# Net sales and Profits



# External Environment

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**Economy is starting to pick up but is still facing harsh conditions.**

**Exports and production are picking up, however, the resilience is weak due to a decline in domestic demand**

**Business confidence improved in certain areas and corporate bankruptcies are diminishing**

**Medium- and small-sized companies still facing harsh conditions**

**Companies are continuously cutting back on investment in facilities and equipments**

**Despite the need for IT utilization, IT investments are continuously being curtailed.**

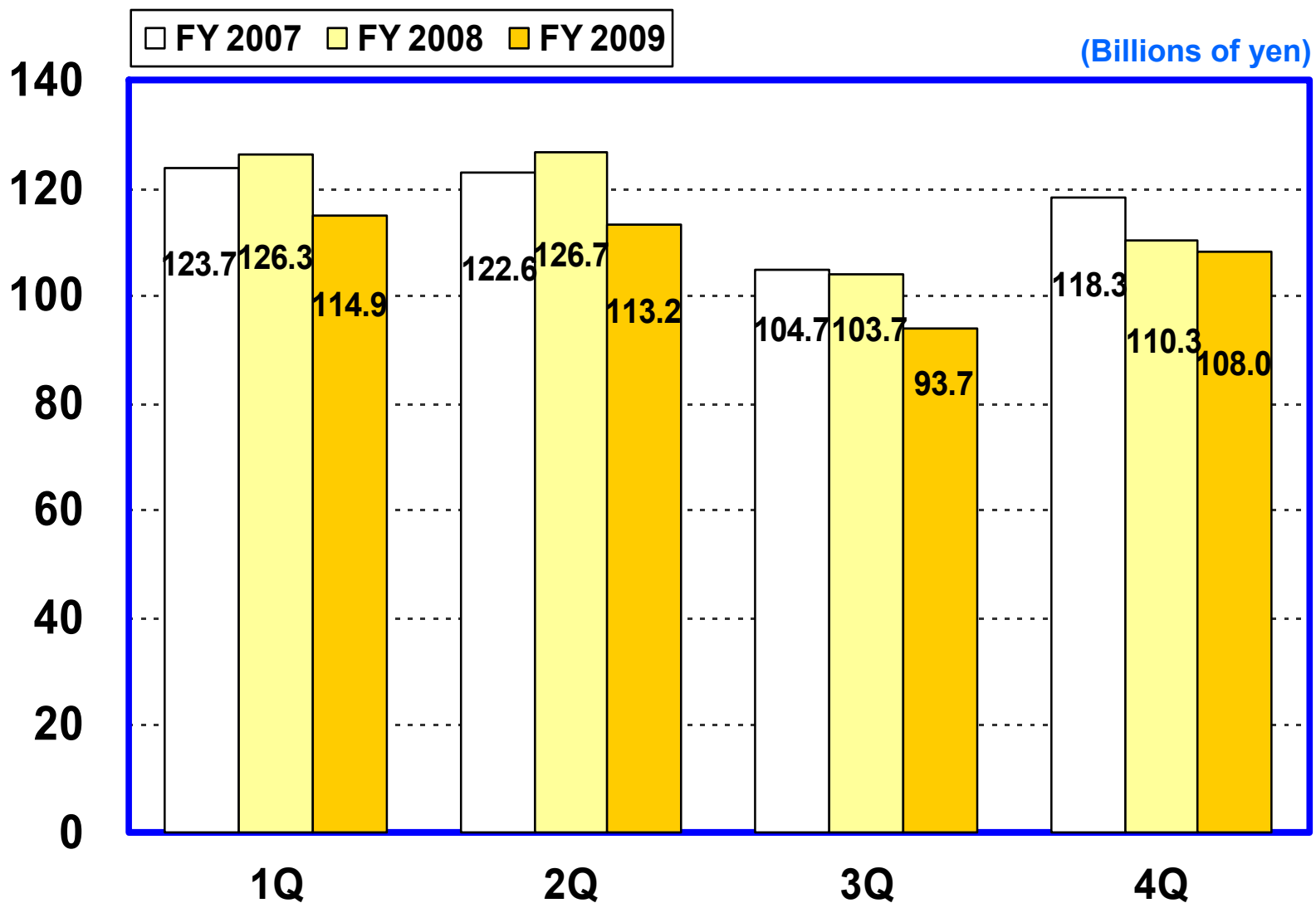
# OTSUKA Group's Activities

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- **System proposals that lead to cost reductions, improvement of productivity and strengthening of competitiveness**
- **Enhancement of community-based sales structure**
- **3 major campaigns**
- **Focus on “tanomail”**
- **New business activities**

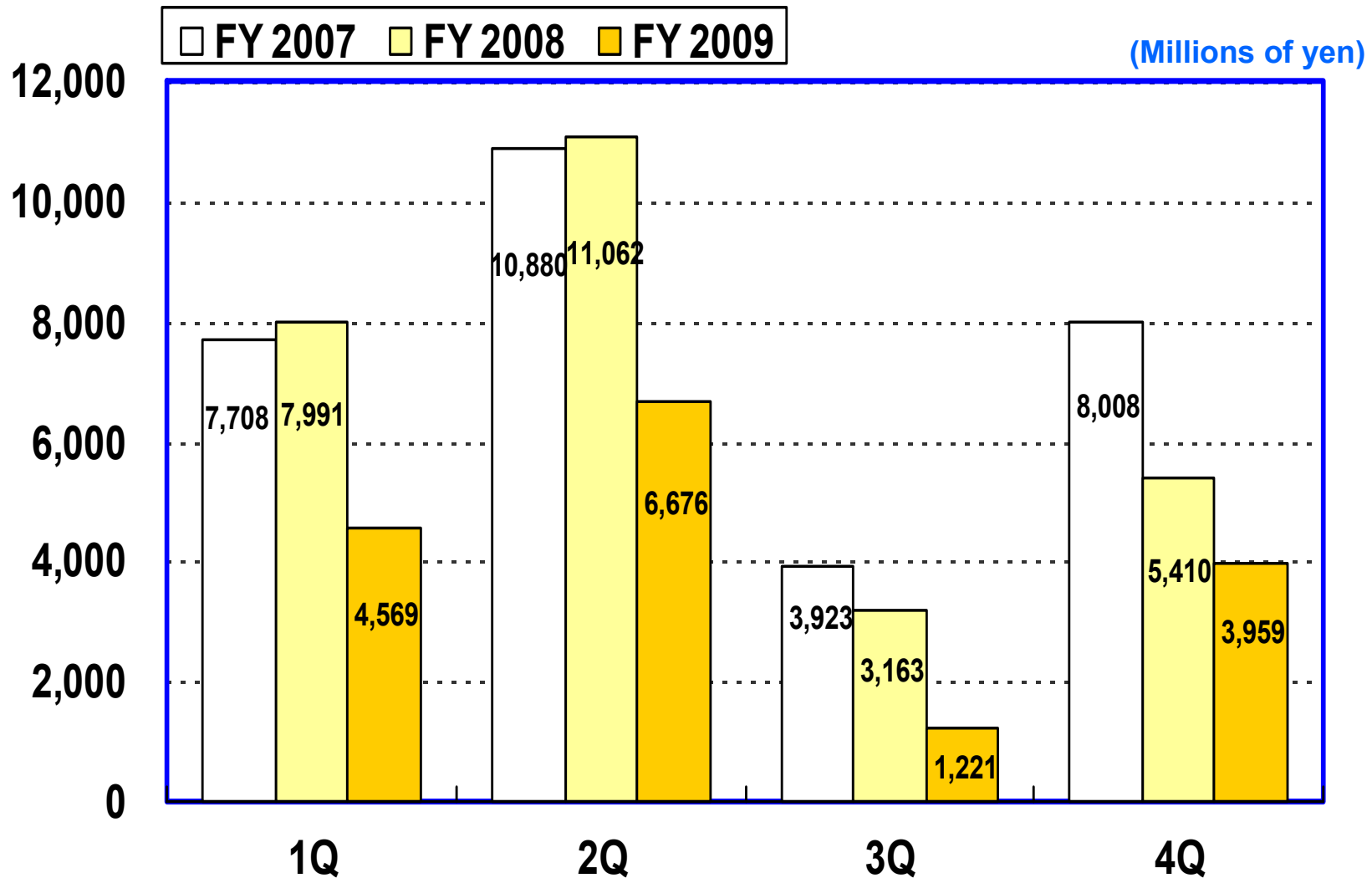
Consolidated

# Quarterly change of Net sales



Consolidated

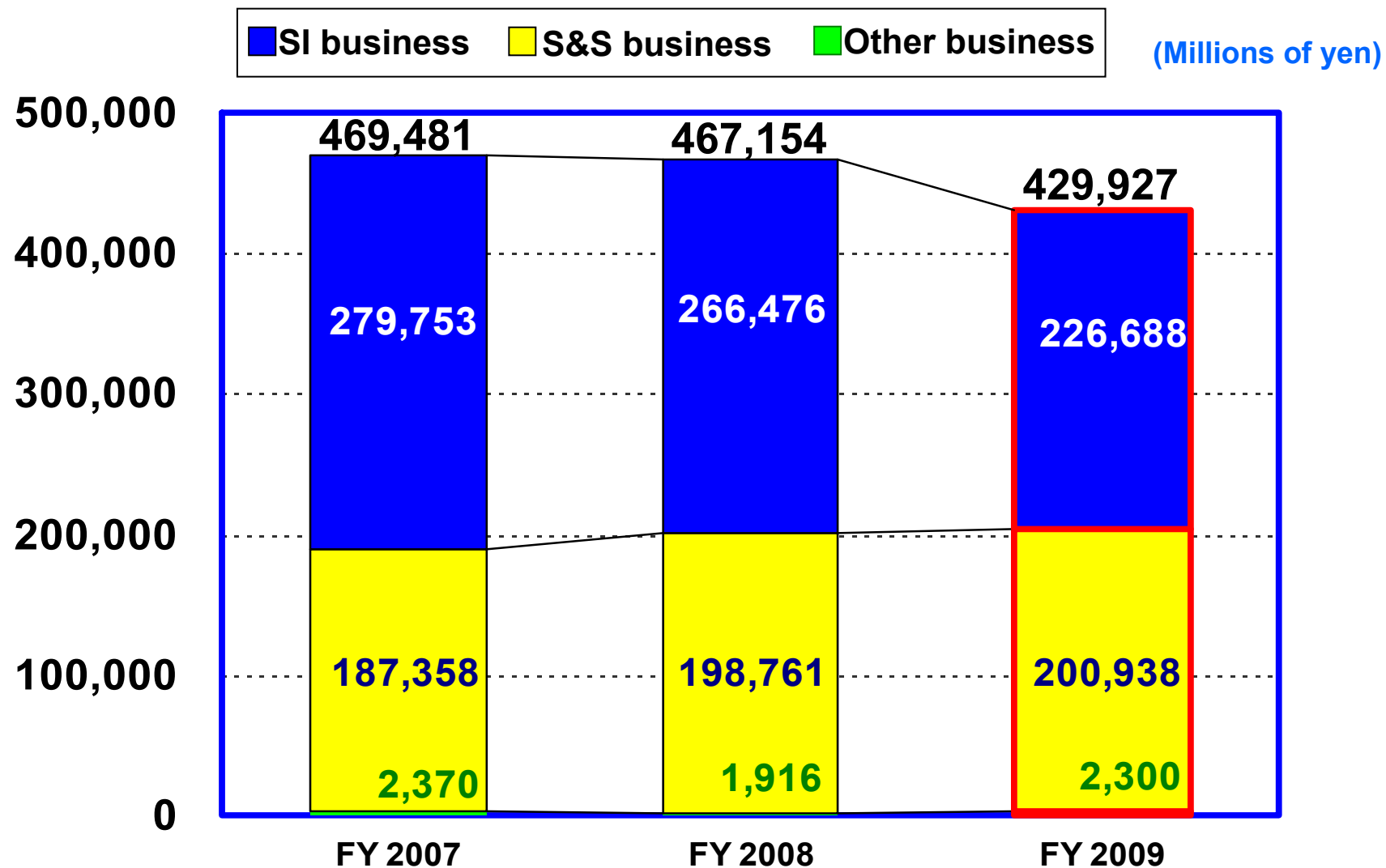
# Quarterly change of Ordinary income



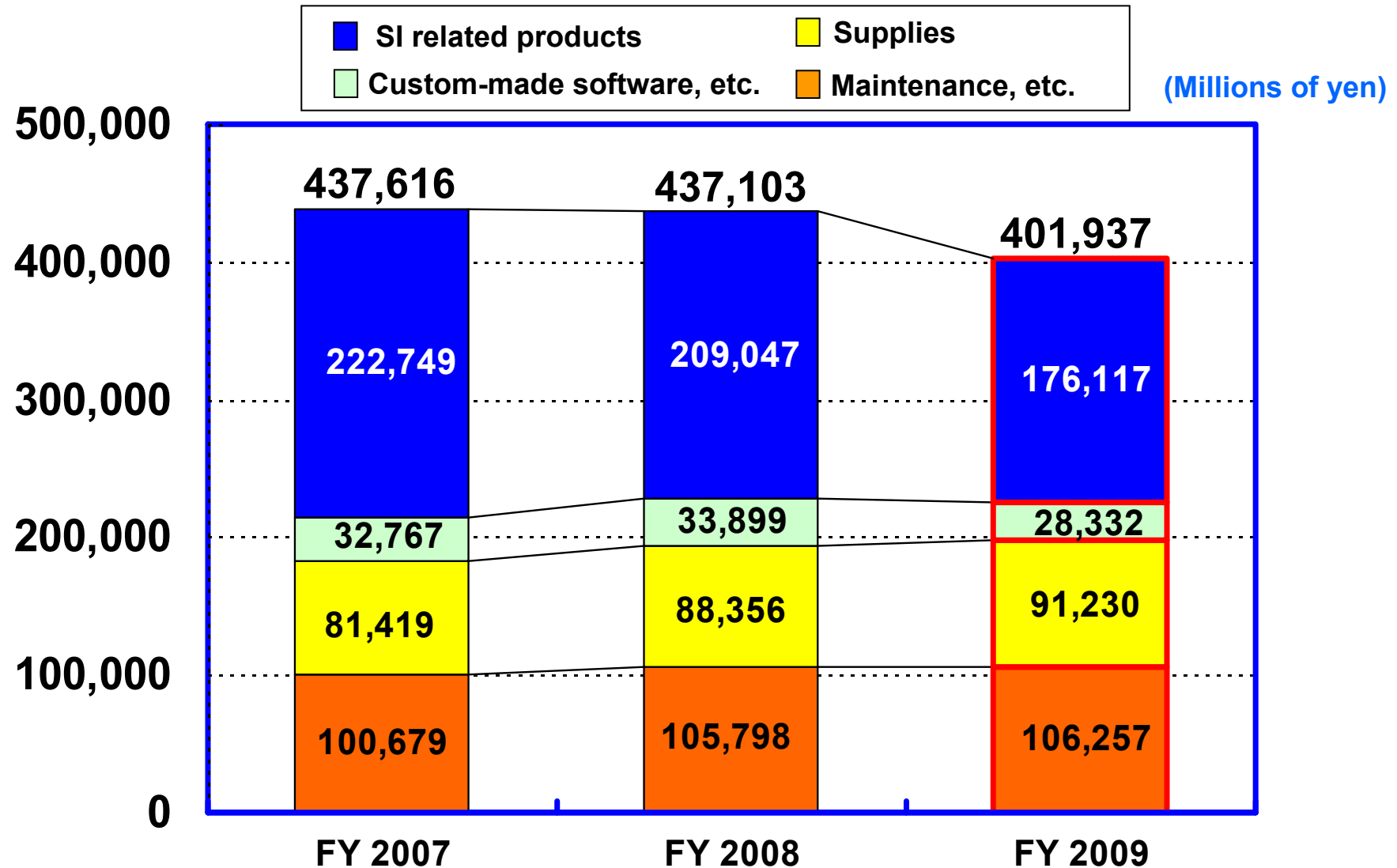


Consolidated

# Net sales by segments

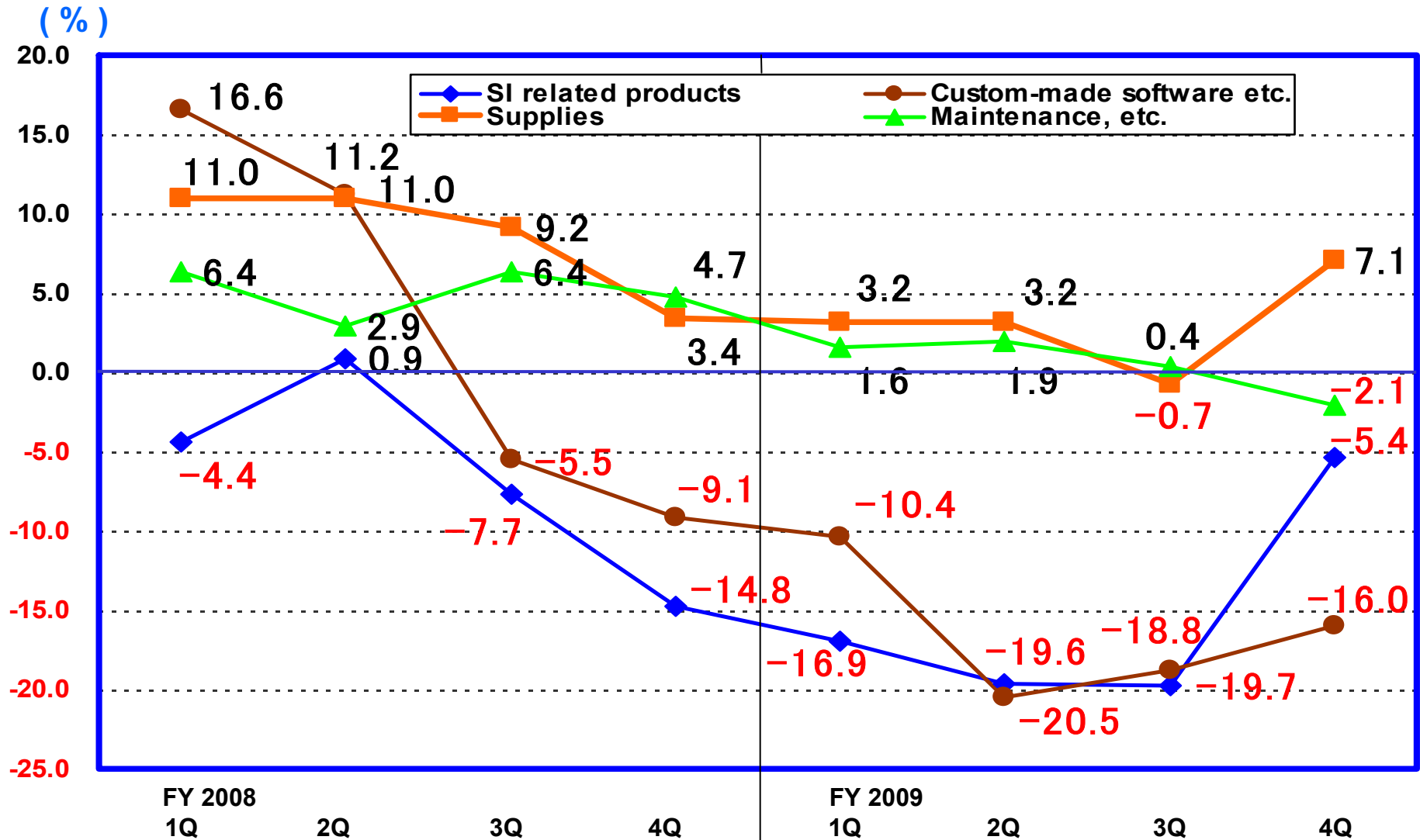


# Net sales by 4 segments



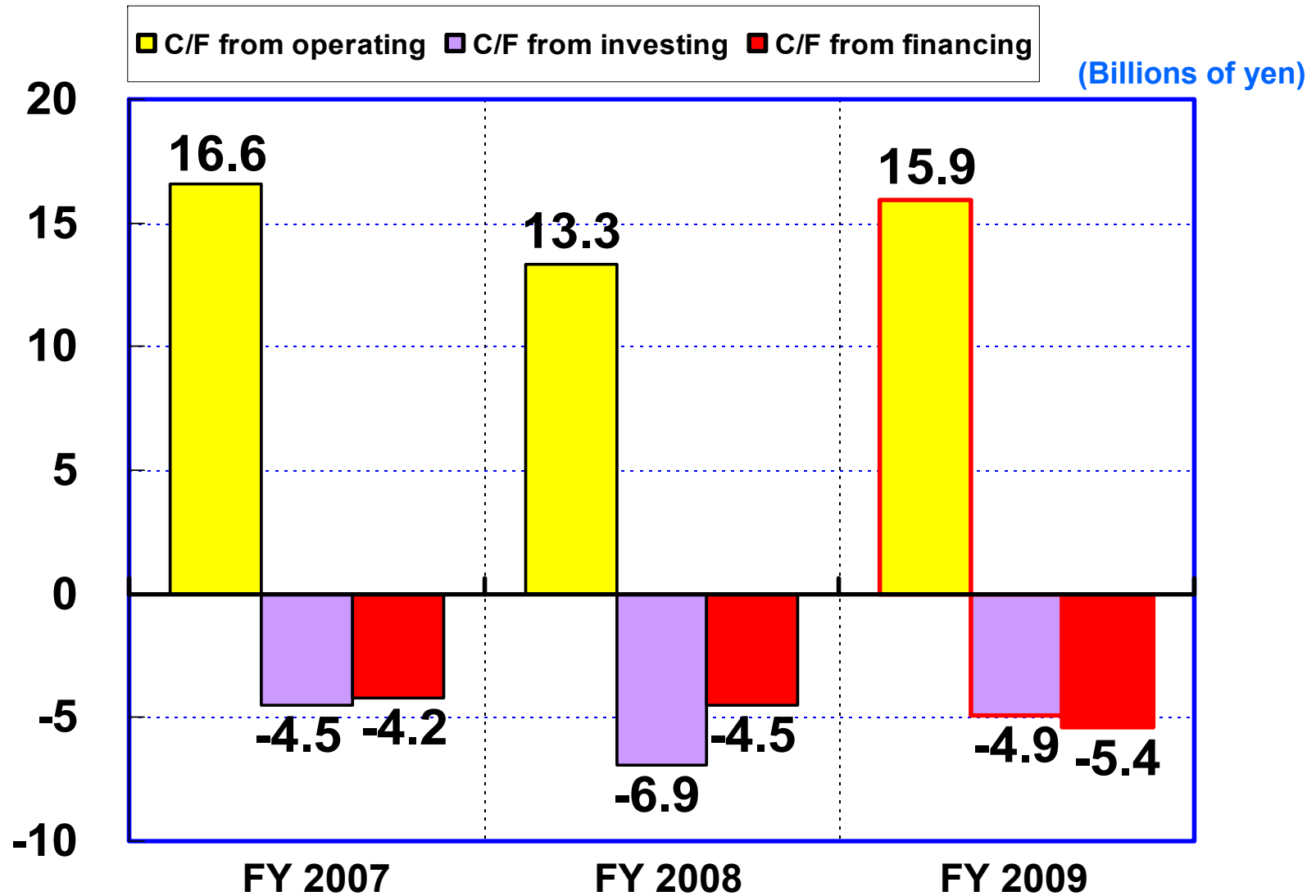
Non-Consolidated

# Quarterly Net Sales by 4 segments ( % change year-on-year )



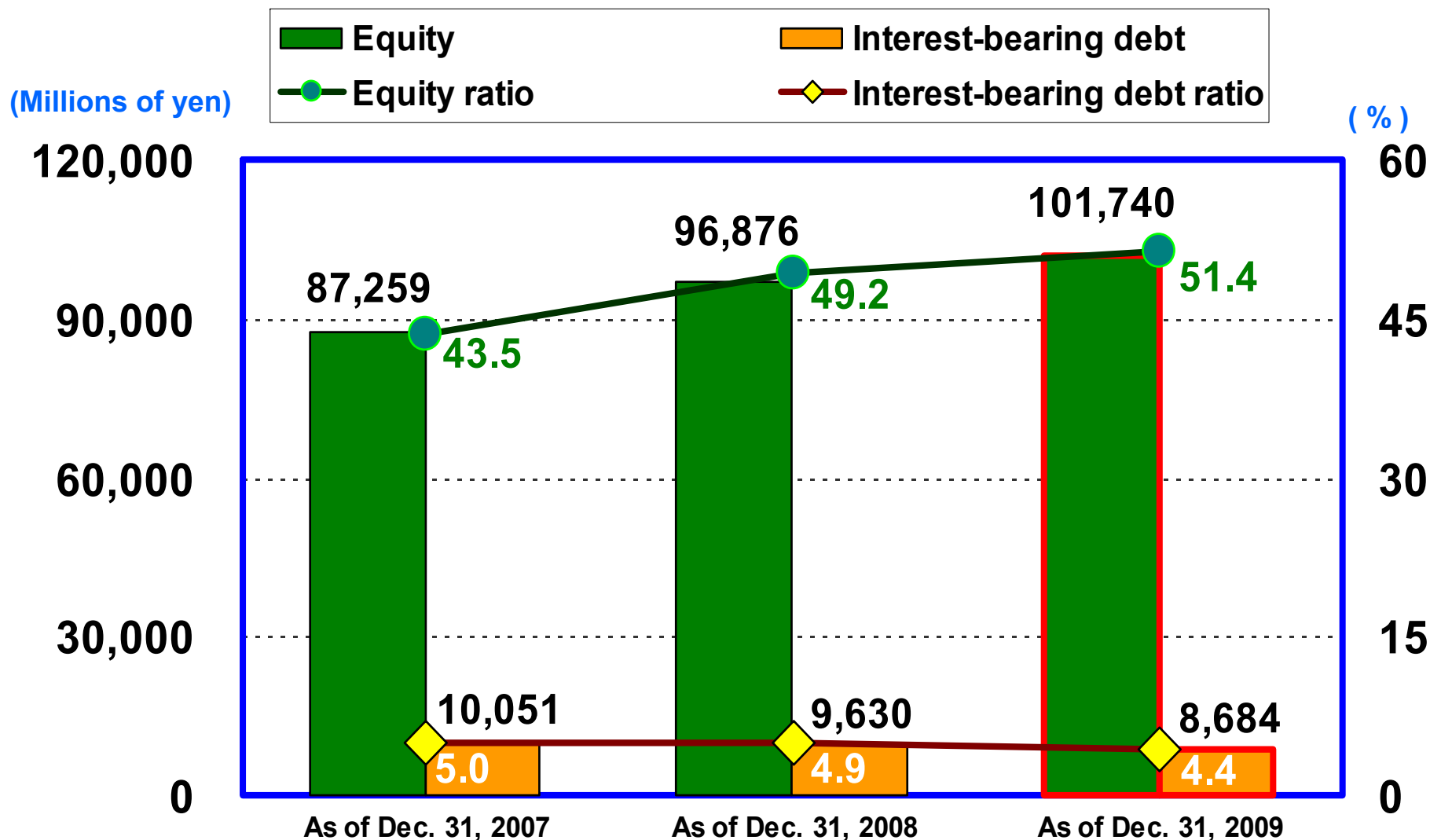
Consolidated

# Cash flows



Consolidated

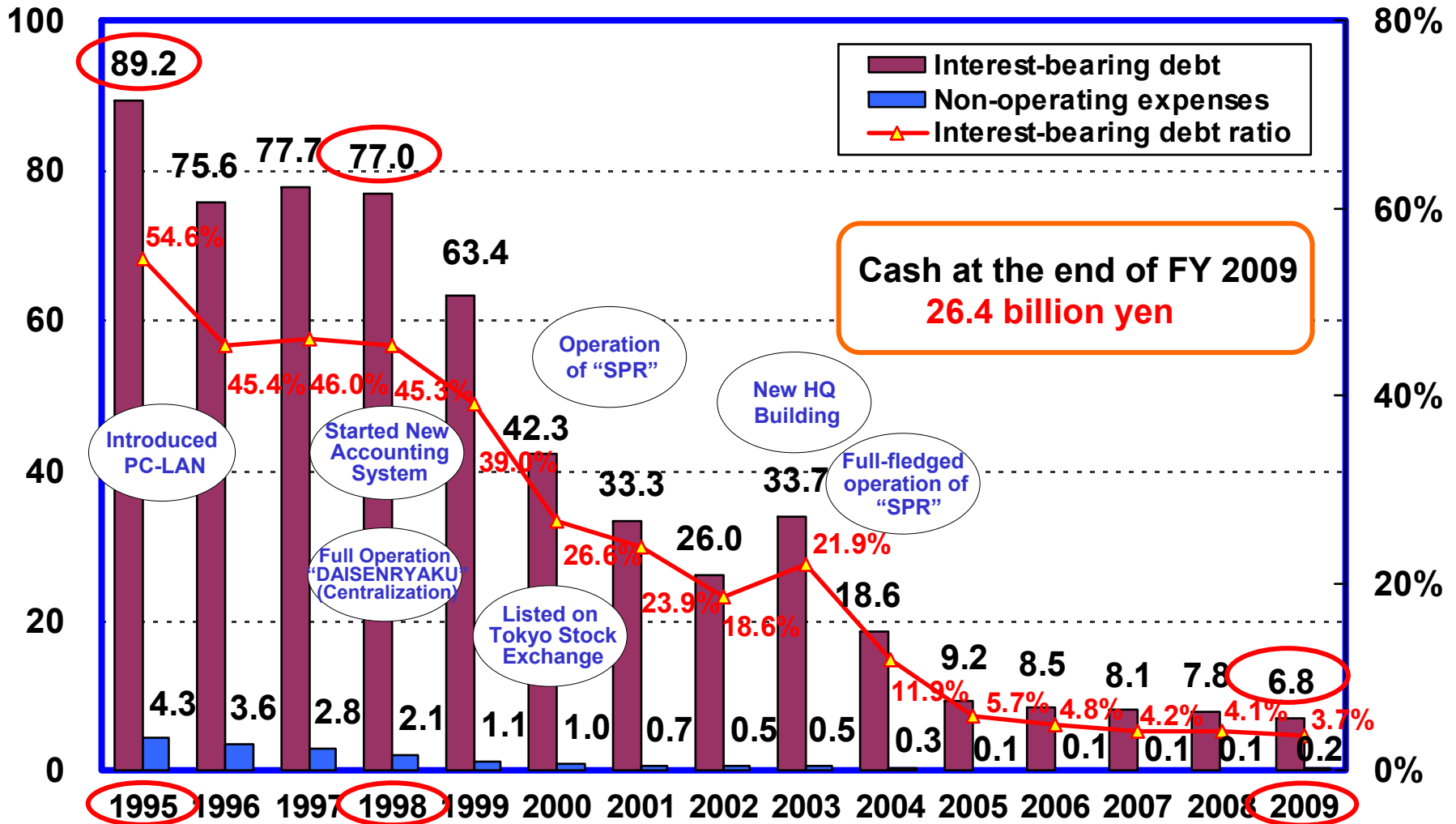
# Equity and Interest-bearing debt



Non-Consolidated

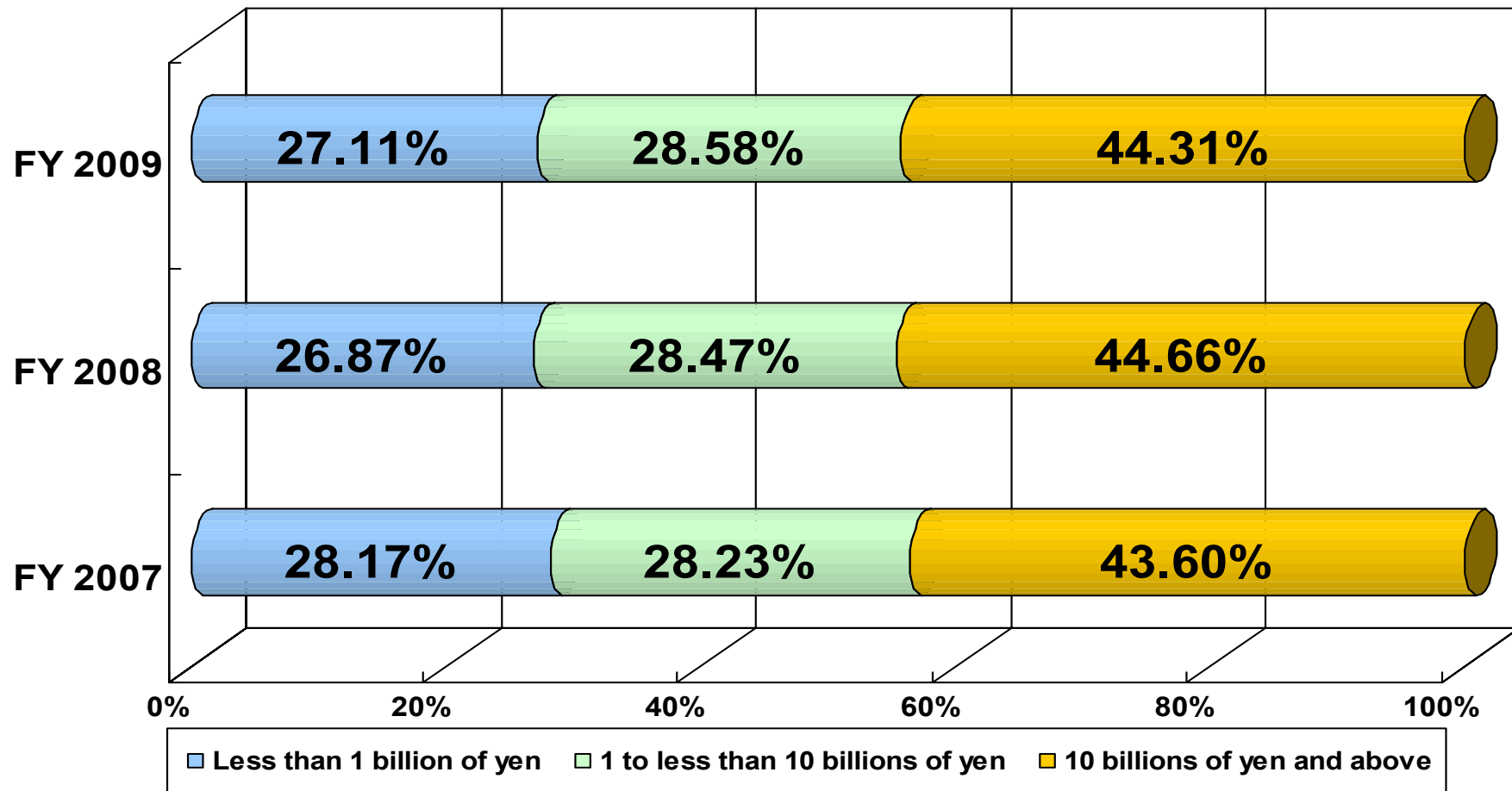
# Change of Interest-bearing debt and Non-operating expenses

(Billions of yen)

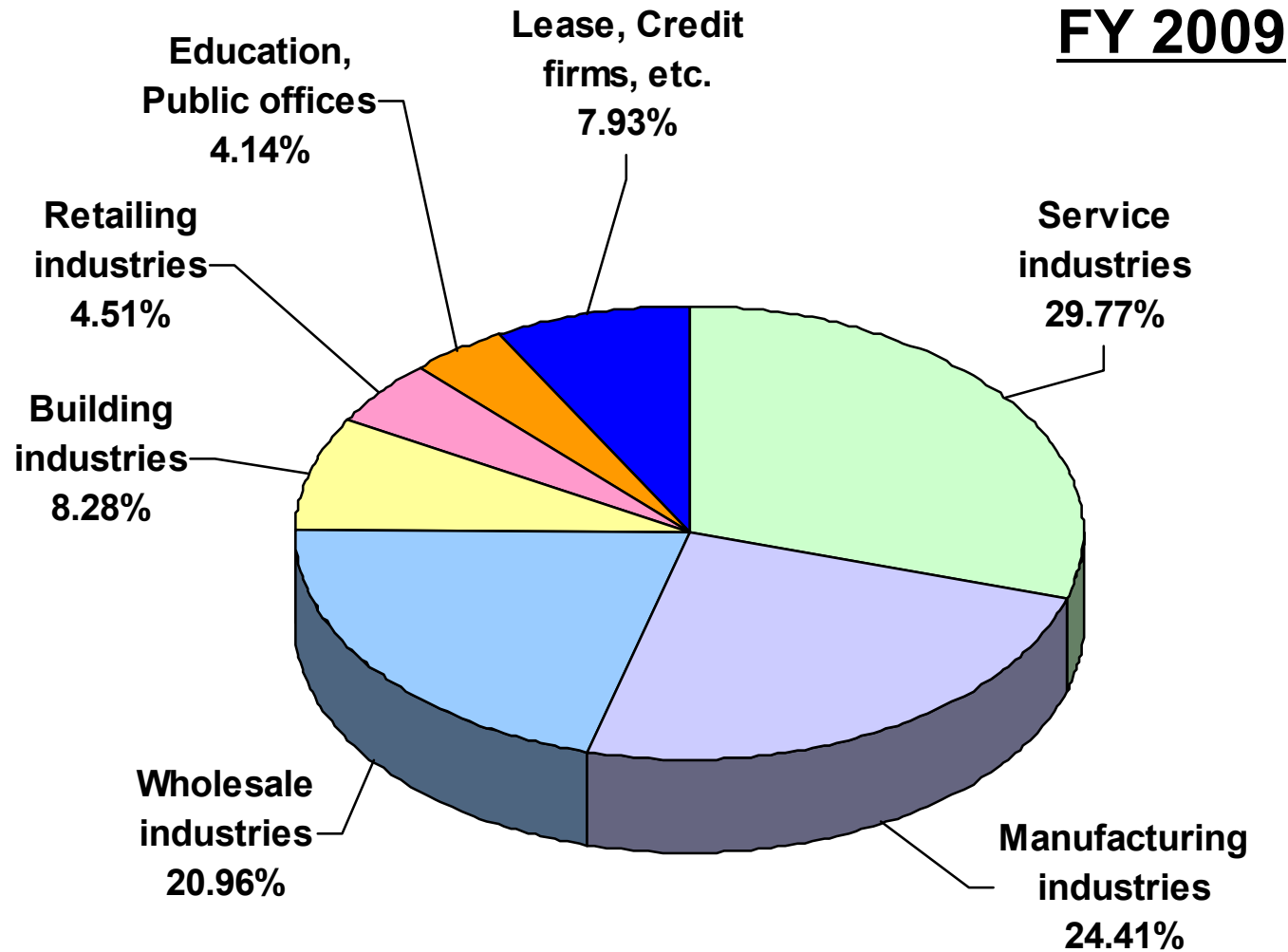


Non-Consolidated

# Net sales structure on customers' total annual business scale



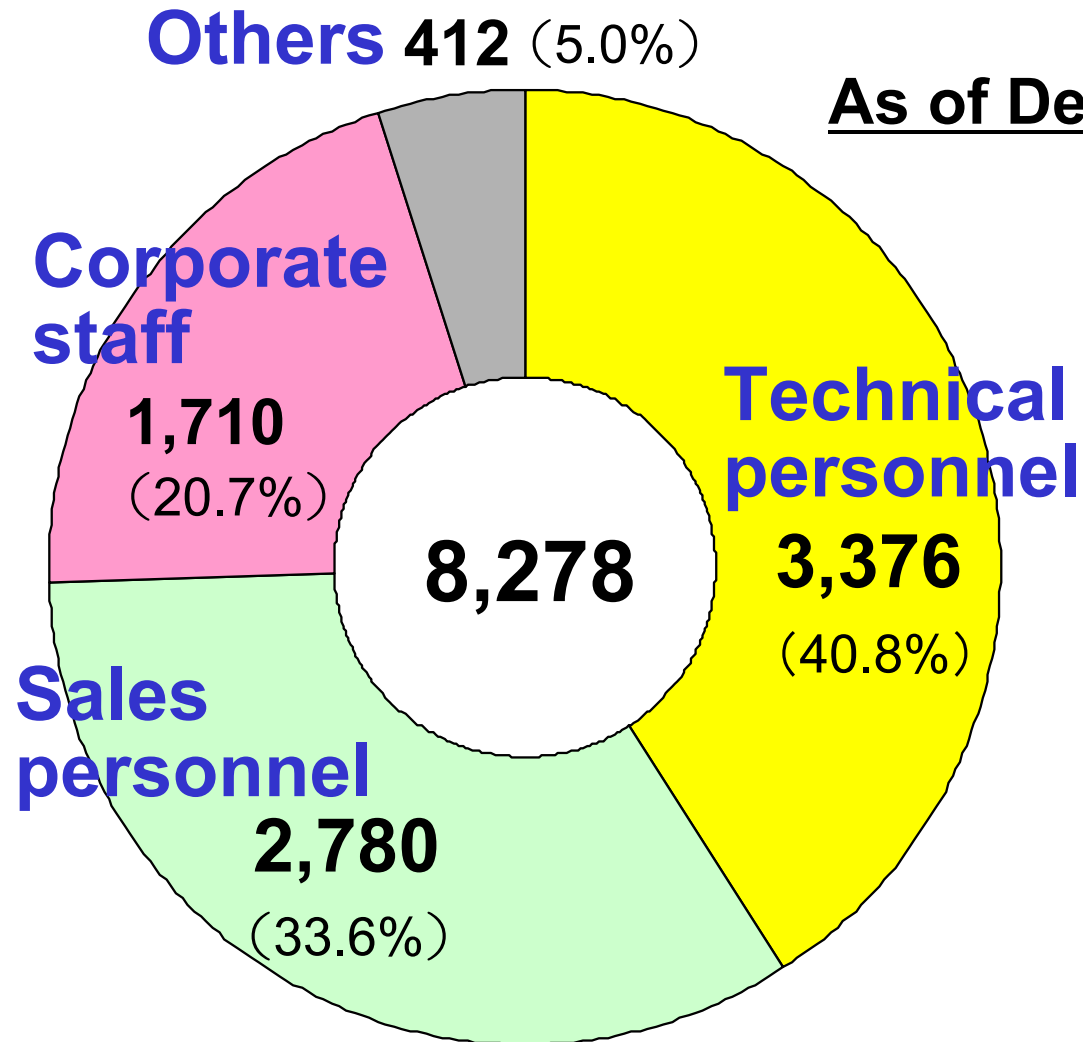
# Sales breakdown by customers' type of industry





Consolidated

# Personnel organization (regular employees)



As of Dec. 31, 2009

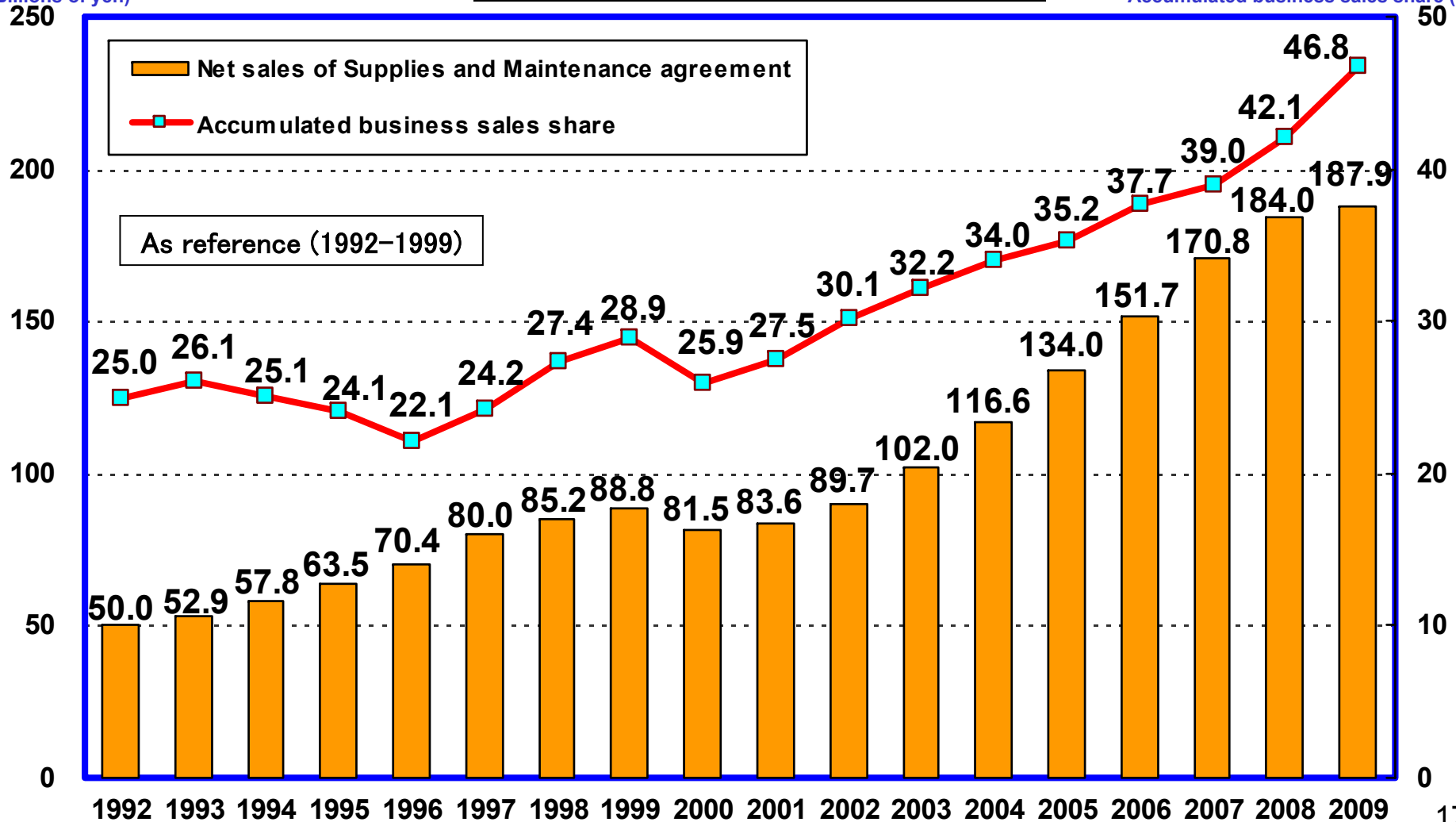
# Growth of accumulated business

## Net sales of Supplies and Maintenance agreement

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

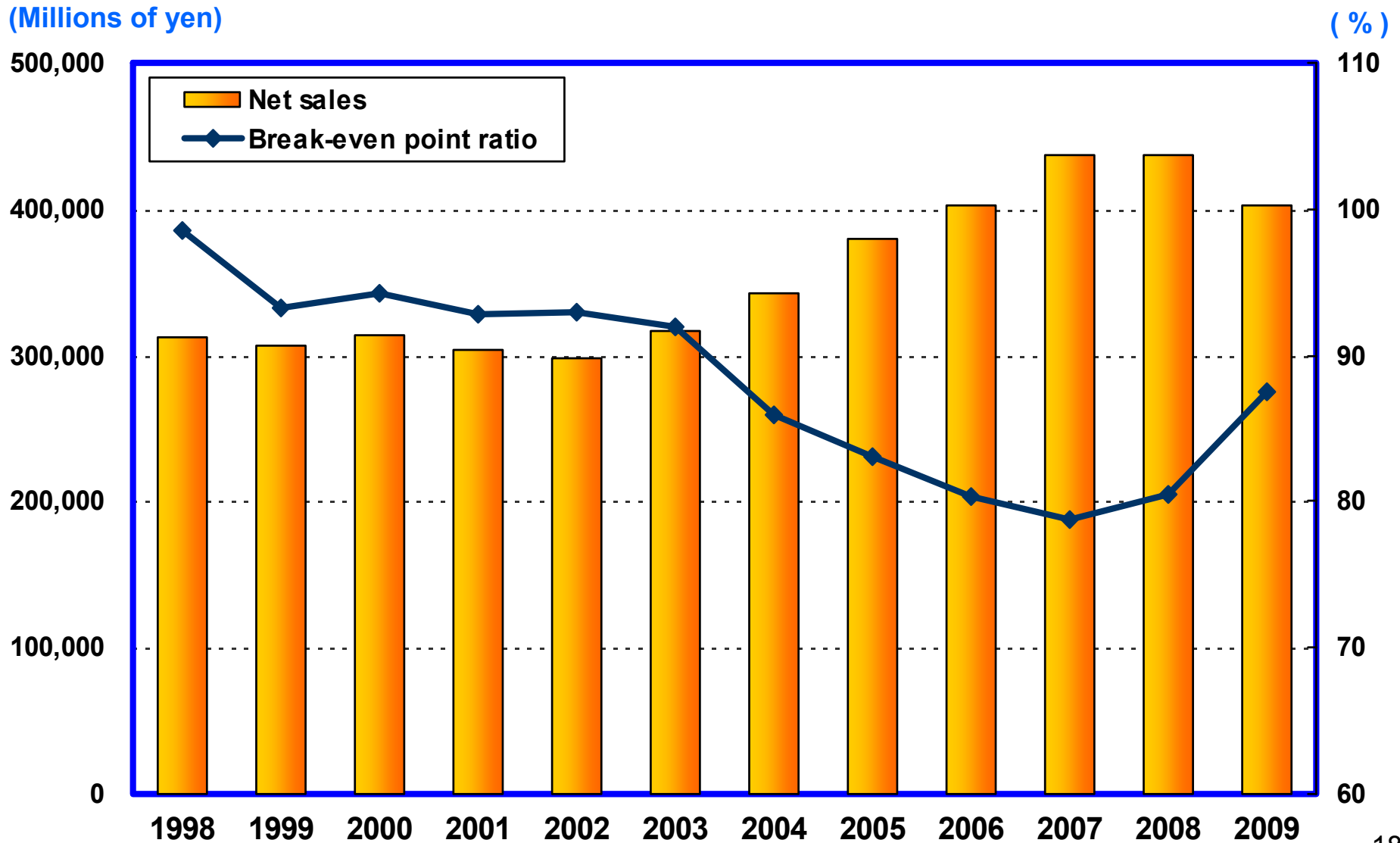
## Accumulated business sales share

Accumulated business sales share (%)



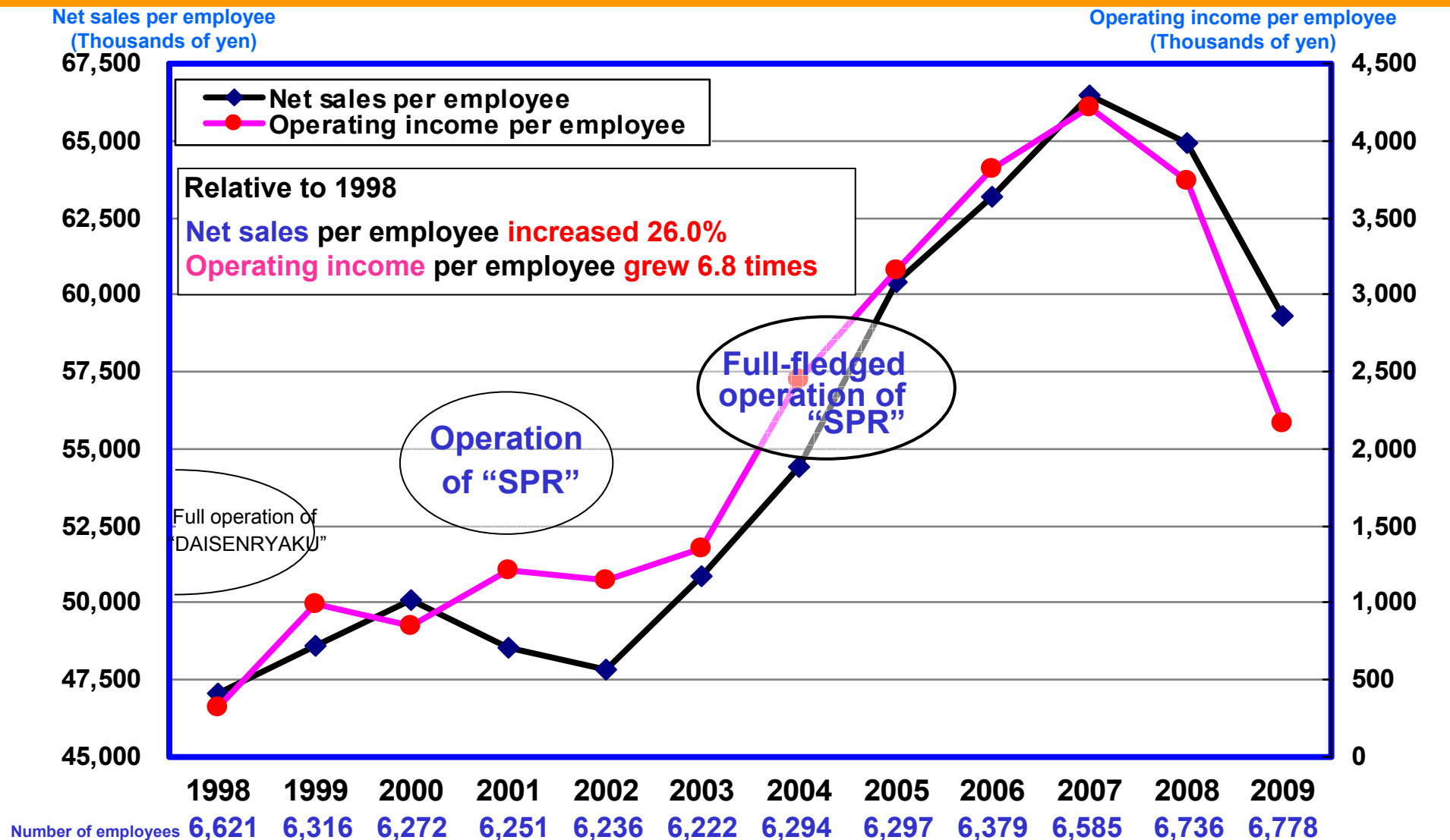
Non-Consolidated

# Change of Net sales and Break-even point ratio



Non-Consolidated

# Change of Net sales per employee and Operating income per employee





# Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2007	FY 2008		FY 2009		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
<b>MRO</b>	86,270	92,438	+7.1%	<b>95,542</b>	<b>+3,104</b>	<b>+3.4%</b>
(of which "tanomail")	82,493	89,192	+8.1%	<b>92,990</b>	<b>+3,797</b>	<b>+4.3%</b>
<b>SMILE (software)</b>	6,938	6,858	-1.1%	<b>6,327</b>	<b>-531</b>	<b>-7.7%</b>
<b>ODS21</b>	38,320	37,650	-1.7%	<b>33,073</b>	<b>-4,576</b>	<b>-12.2%</b>
<b>OSM</b>	39,985	43,448	+8.7%	<b>40,826</b>	<b>-2,622</b>	<b>-6.0%</b>

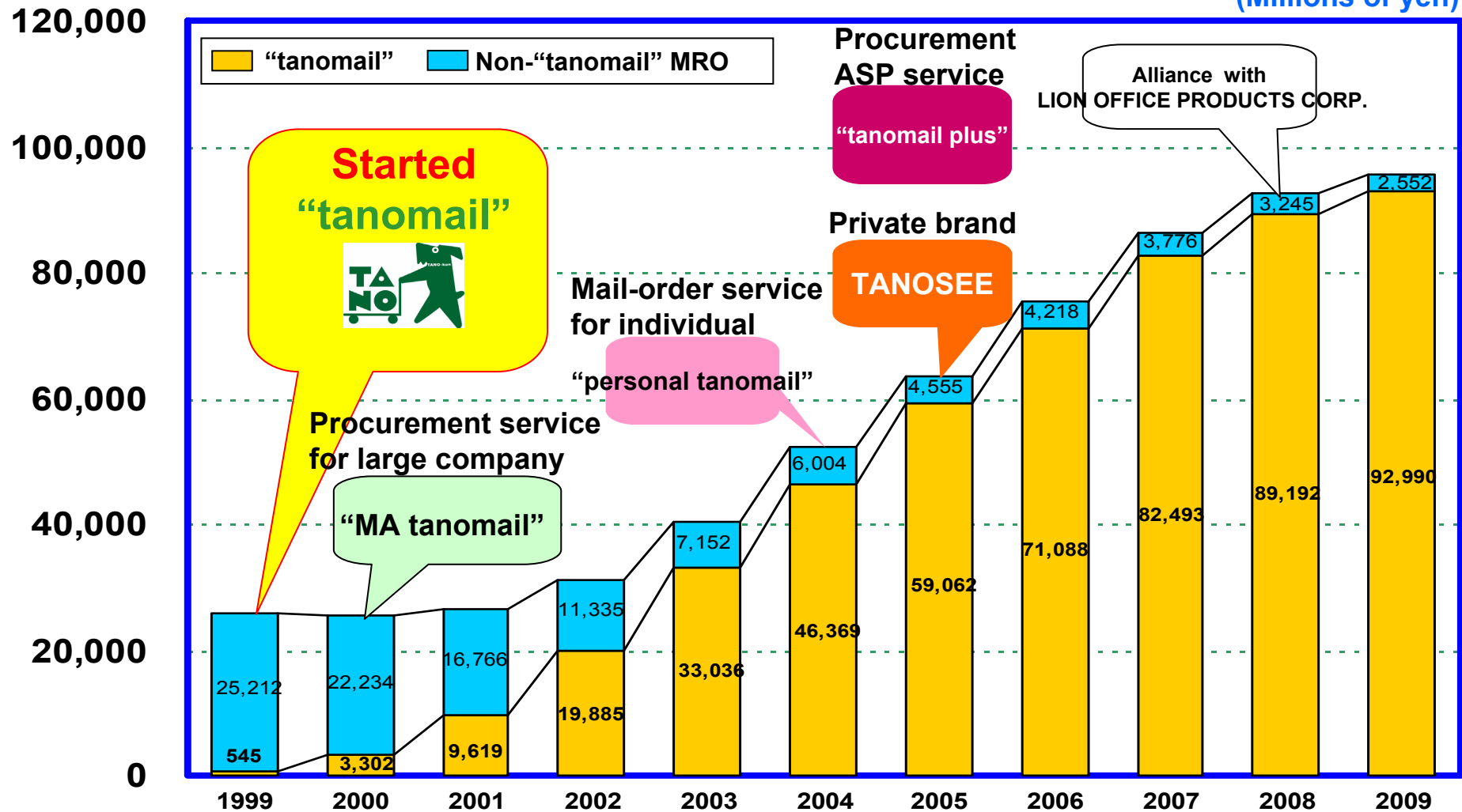
<As reference: Number of Sales>

(Units)

<b>Copier</b>	30,615	29,288	-4.3%	<b>25,367</b>	<b>-3,921</b>	<b>-13.4%</b>
(of which Color copier)	20,413	20,595	+0.9%	<b>19,195</b>	<b>-1,400</b>	<b>-6.8%</b>
<b>Server</b>	35,741	35,014	-2.0%	<b>32,389</b>	<b>-2,625</b>	<b>-7.5%</b>
<b>PC</b>	481,502	508,967	+5.7%	<b>500,276</b>	<b>-8,691</b>	<b>-1.7%</b>

# Annual sales transition of "tanomail"

(Millions of yen)



Accounts of "tanomail" 506 133,105 153,609 169,148 322,720 385,895 448,812 506,263 564,489 626,932 698,999

# “tanomail”

## Execution of Campaign to Commemorate 10th Anniversary of “tanomail”

“Personal tanomail” 5th anniversary campaign currently being implemented



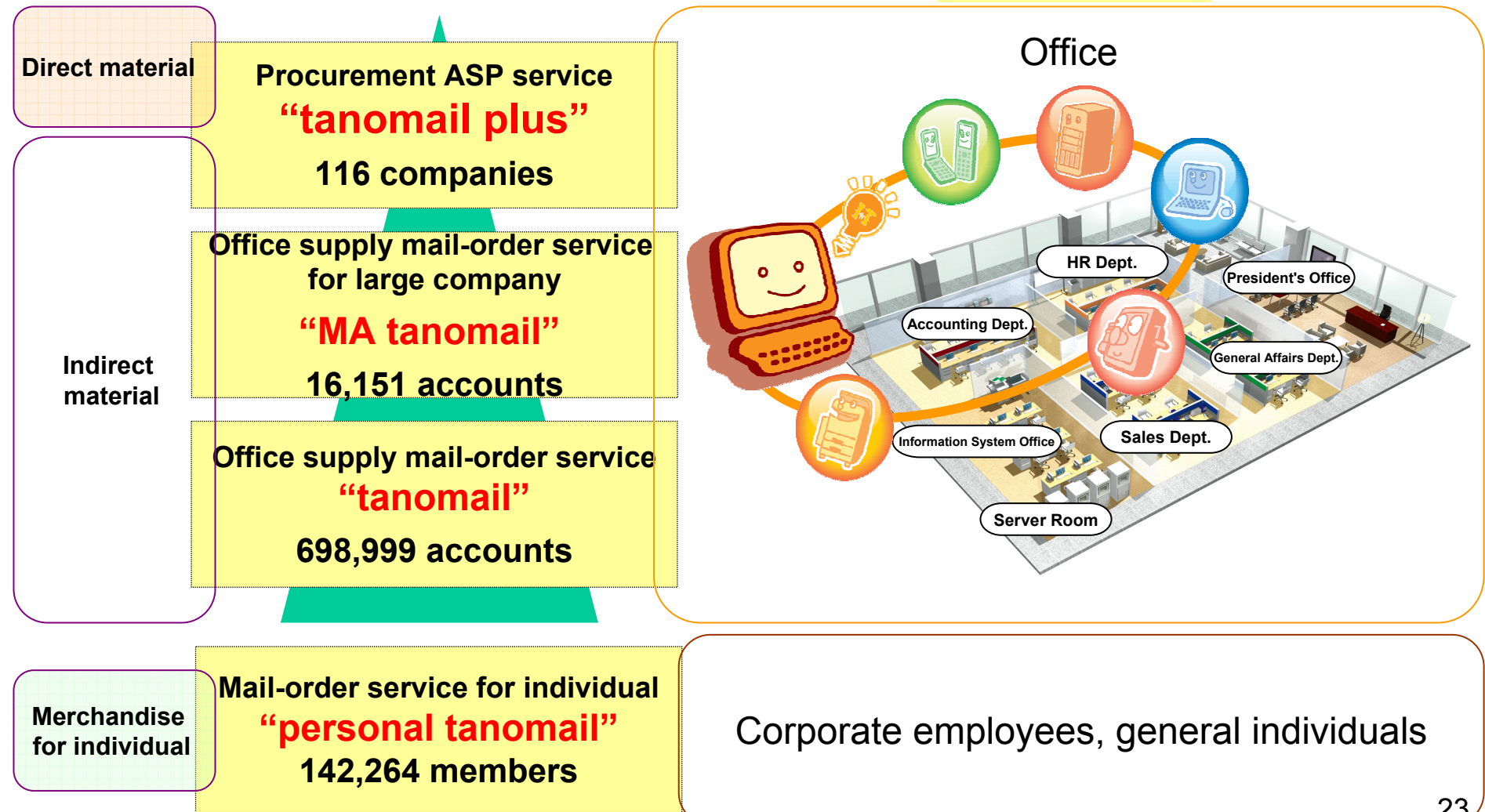
**Aim to achieve ¥100 billion for the period beginning April 2009 and ending March 2010!**

**Support for seeing-eye dogs via “tanomail”**  
**Contribute a portion of profits gained from Campaign to Commemorate 10th Anniversary of “tanomail” to The Eye mate Inc., etc.**

# Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Dec. 31, 2009)





# Future Plans

# The Basic Principle and Mid-Term Plans

## < Basic principle >

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

## < Mid-term plans >

- **Workforce basically remains flat**
- **Strive to expand business by increasing revenues and profits**

**Aim to achieve 7% in operating income to net sales ratio and ordinary income to net sales ratio**

- **Cultivate new demand by utilizing customer information**
- **Effective use of people/materials/money to improve per head productivity**

# IT Market Forecast in 2010

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- **Economy is starting to pick up but there are uncertainties about the future**
- **Corporations are prudently investing in equipment**
- **Nonetheless, company needs for IT utilization, replacement and upgrades are brisk**
- **Weak growth is expected in the first half of the term and the market is anticipated to recover after the second half of the term**

# Policies and Measures in 2010

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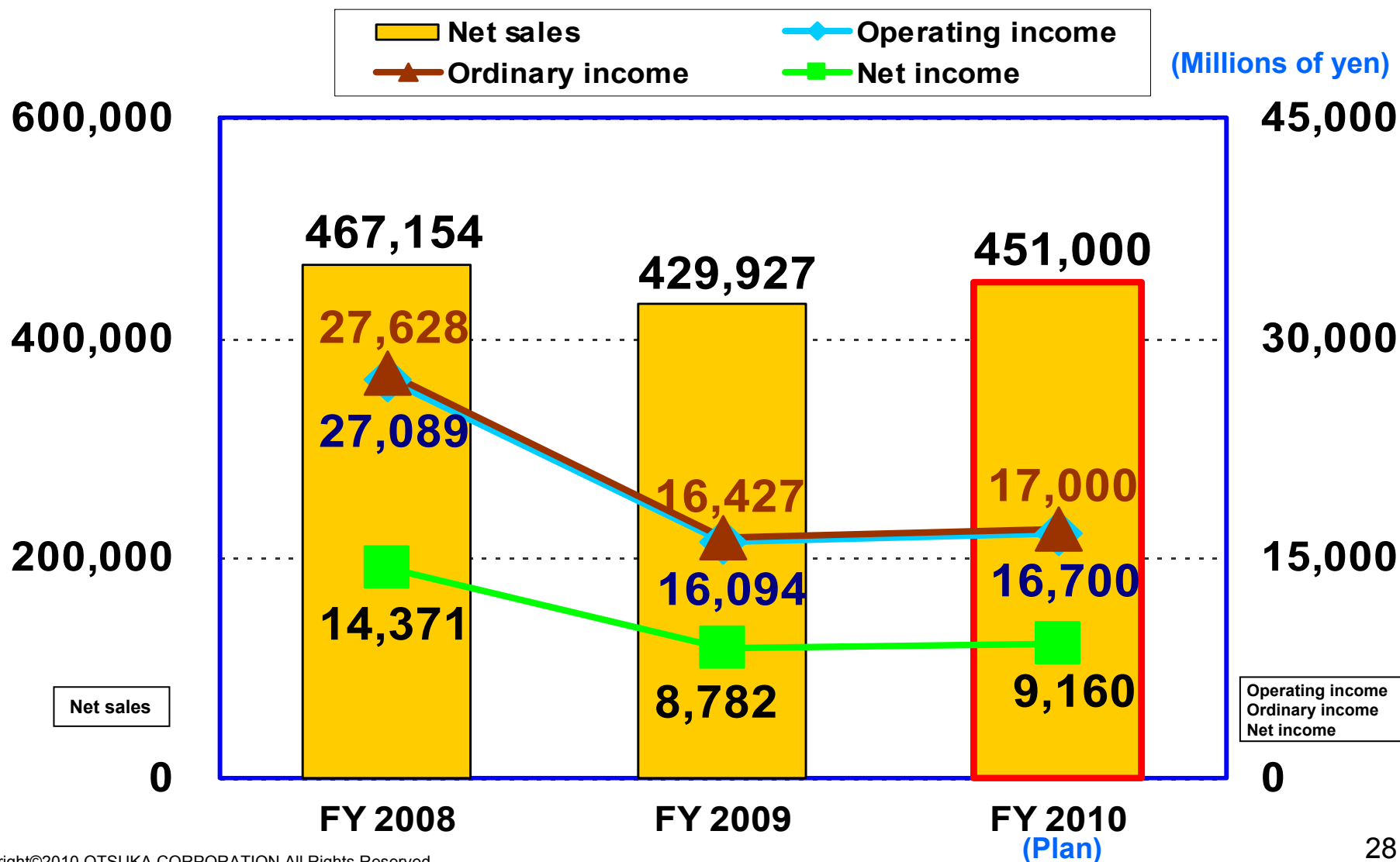
## < Slogan >

**“Live up to customers’ trust via IT and Vitalize office”**

- **Strengthen customer contact by placing greater emphasis on one-stop solutions and one-stop support**
- **Identify IT needs by recognizing changes in market**
- **Deepen ties with existing customers while cultivating new customers**
- **Promote comprehensive proposals and combined system proposals**
- **Strengthen accumulated business**

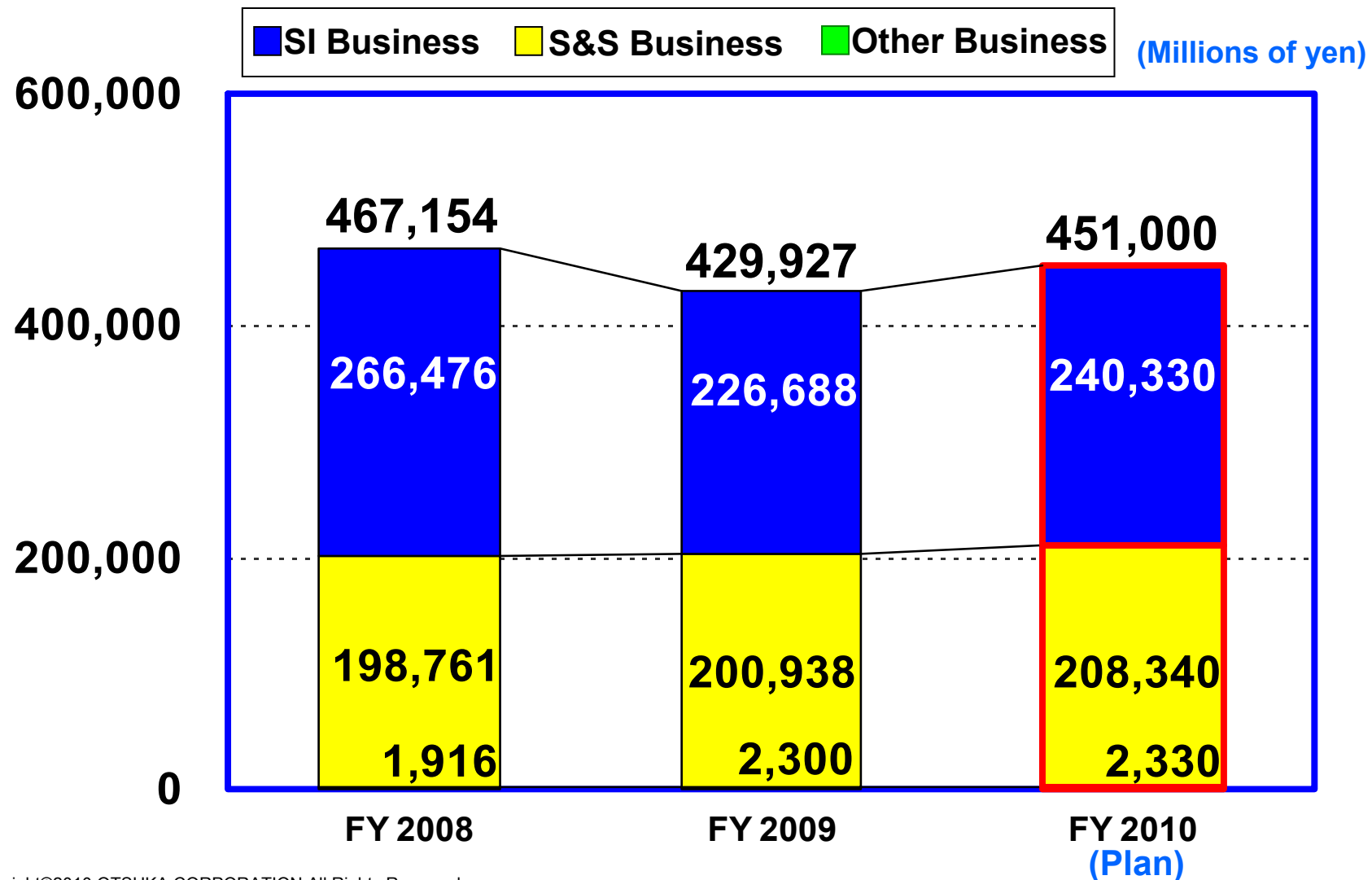
Consolidated

# Plans of Net sales and profit



Consolidated

# Plans of Net sales by segments





# Plans of Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2008	FY 2009		FY 2010 (Plan)	
	Amount	Amount	Change to Last Year	Amount	Change to Last Year
<b>“tanomail”</b>	89,192	92,990	+4.3%	<b>100,000</b>	<b>+7.5%</b>
<b>SMILE</b>	6,858	6,327	-7.7%	<b>6,500</b>	<b>+2.7%</b>
<b>ODS21</b>	37,650	33,073	-12.2%	<b>34,000</b>	<b>+2.8%</b>
<b>OSM</b>	43,448	40,826	-6.0%	<b>43,000</b>	<b>+5.3%</b>

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<b>PC</b>	508,967	500,276	-1.7%	<b>500,000</b>	<b>-0.1%</b>

# Comprehensive Services of OTSUKA CORPORATION

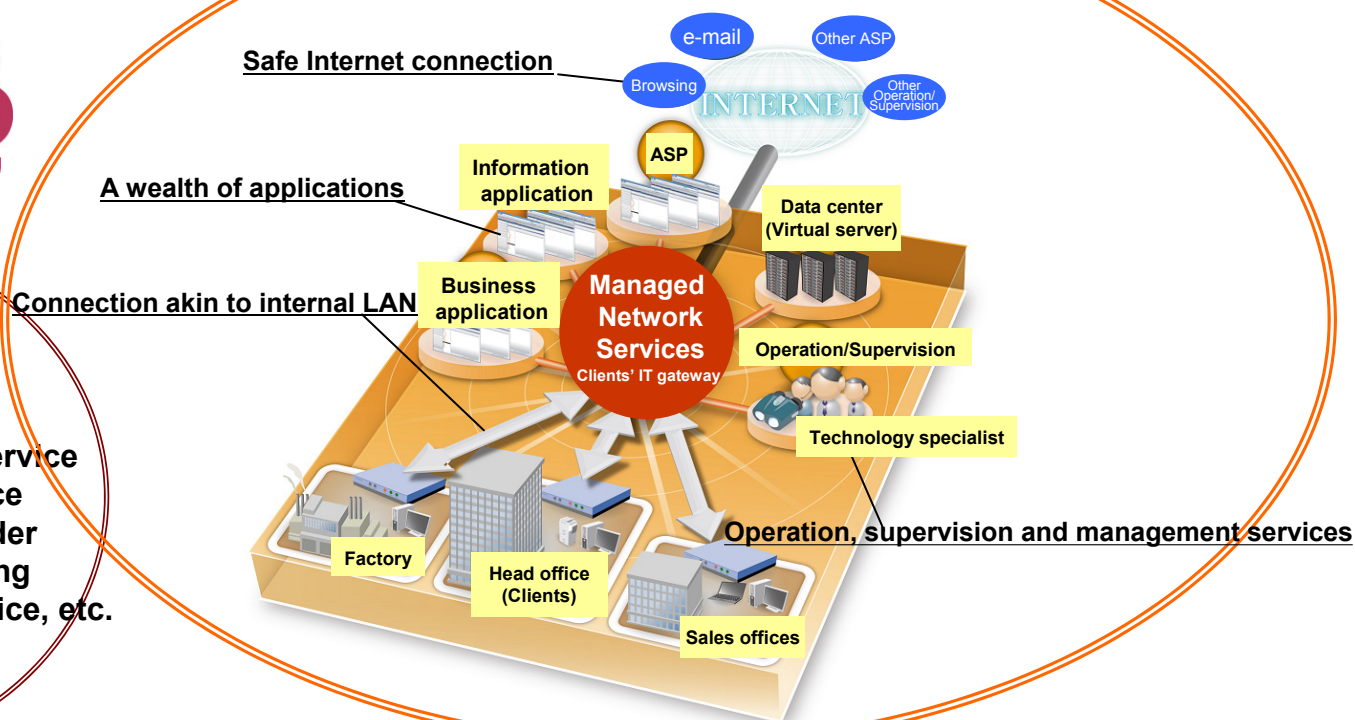
Provide new services that do not depend on hardware



たよれ-る  
“tayoreru”

Hardware maintenance  
Software maintenance  
Telephone support  
Consignment business service  
Internet connection service  
Application service provider  
Server housing and hosting  
Network supervising service, etc.

## Managed Network Services



Providing comprehensive support to customers with various services



# Wide Range of LED Lighting

## General-purpose

Commenced sales  
in December 2009



Suggested retail price  
¥2,380 (incl. tax)



## Street light



Acquired PSE certification (for the stabilizer)

PSE: Product Safety of Electrical appliance and material

## Tunnel light



55W  
75W

Acquired PSE certification (for the stabilizer)

## Explosion-proof Lamp



IEC: International Electrotechnical Commission  
TIIS: Technology Institution of Industrial Safety

# Billboards Using LED



# Jissen (Practical) Solution Fair 2010



**Dates: February 3rd (Wed) – February 5th (Fri)**  
**Place: Hotel Pacific Tokyo in Shinagawa**



# Cautionary statement

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1. This material is intended to provide information about the business performance of fiscal year 2009 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.
2. Forward-looking statements in this material with respect to OTSUKA CORPORATION's strategies, plans, beliefs, and other statements related to future trends and performance are not historical facts, and as such involve risks and uncertainties. Such statements are not guarantees of future performance. Actual results may differ considerably from projections due to unpredictable changes to the economic situation, and a number of factors. Key factors that could affect actual results are general economic conditions, social trends, change of relative competitiveness in demand action for products and services provided by OTSUKA CORPORATION. Key factors that may affect business performance are not limited to these items described here.
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