



**Fiscal year ending December 2010**  
**Six months** (January – June)  
**Business Results**

**July 30, 2010**

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

# Summary of Business Results, January - June, 2010

(Millions of yen)

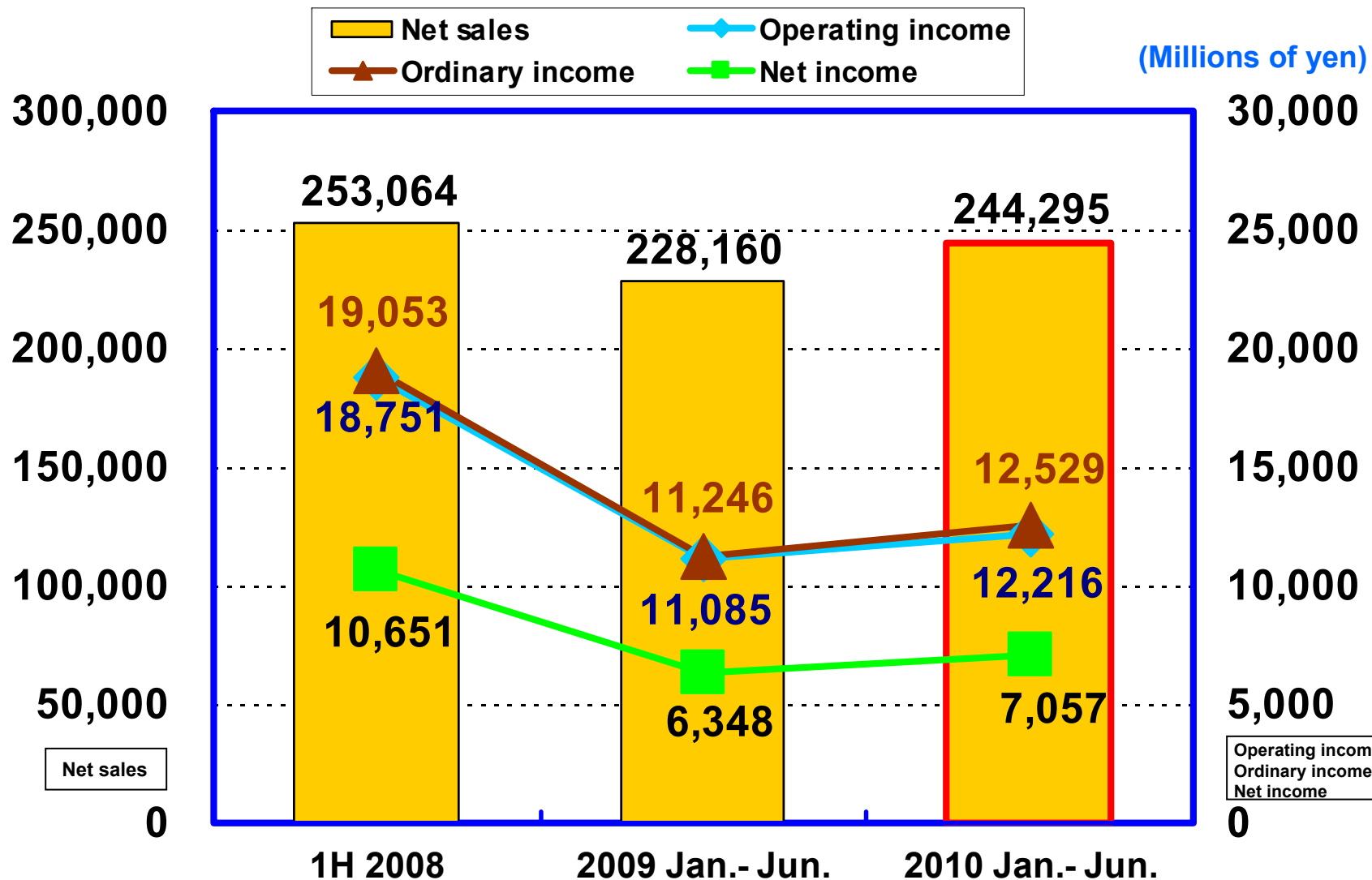
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
<b>Net sales</b>	<b>244,295</b>	<b>104.1%</b>	<b>+7.1%</b>	<b>228,589</b>	<b>103.7%</b>	<b>+6.6%</b>
<b>Operating income</b>	<b>12,216</b>	<b>110.1%</b>	<b>+10.2%</b>	<b>11,417</b>	<b>113.0%</b>	<b>+13.1%</b>
<b>Ordinary income</b>	<b>12,529</b>	<b>110.5%</b>	<b>+11.4%</b>	<b>11,830</b>	<b>112.6%</b>	<b>+13.0%</b>
<b>Net income</b>	<b>7,057</b>	<b>113.3%</b>	<b>+11.2%</b>	<b>6,687</b>	<b>114.1%</b>	<b>+10.9%</b>

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2010 Jan.- Jun. Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	223	2,455
	Net plan Co., LTD	Electronic communications construction and interior construction	95	4,383
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	172	807
	Net World Corporation	Sales and technology support for network-related equipment	301	22,547
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	319	2,462
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	317	1,792
Others	Otsuka Auto Service Co., Ltd	Maintenance, body work and sale for automobiles, and commissioned sales of insurance	26	248
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	37	432

Consolidated

# Net sales and Profits



# External Environment

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## **Economy is on a mild recovery track**

**The global economy centered on emerging countries is on a recovery trend**

**Increase in exports, pickup in production and improvement in corporate earnings**

**Decrease in number of corporate bankruptcies**

**Downward trend for investment in facilities and equipment bottoming out**

**IT investments are starting to pick up centering on demand for replacement and upgrades.**

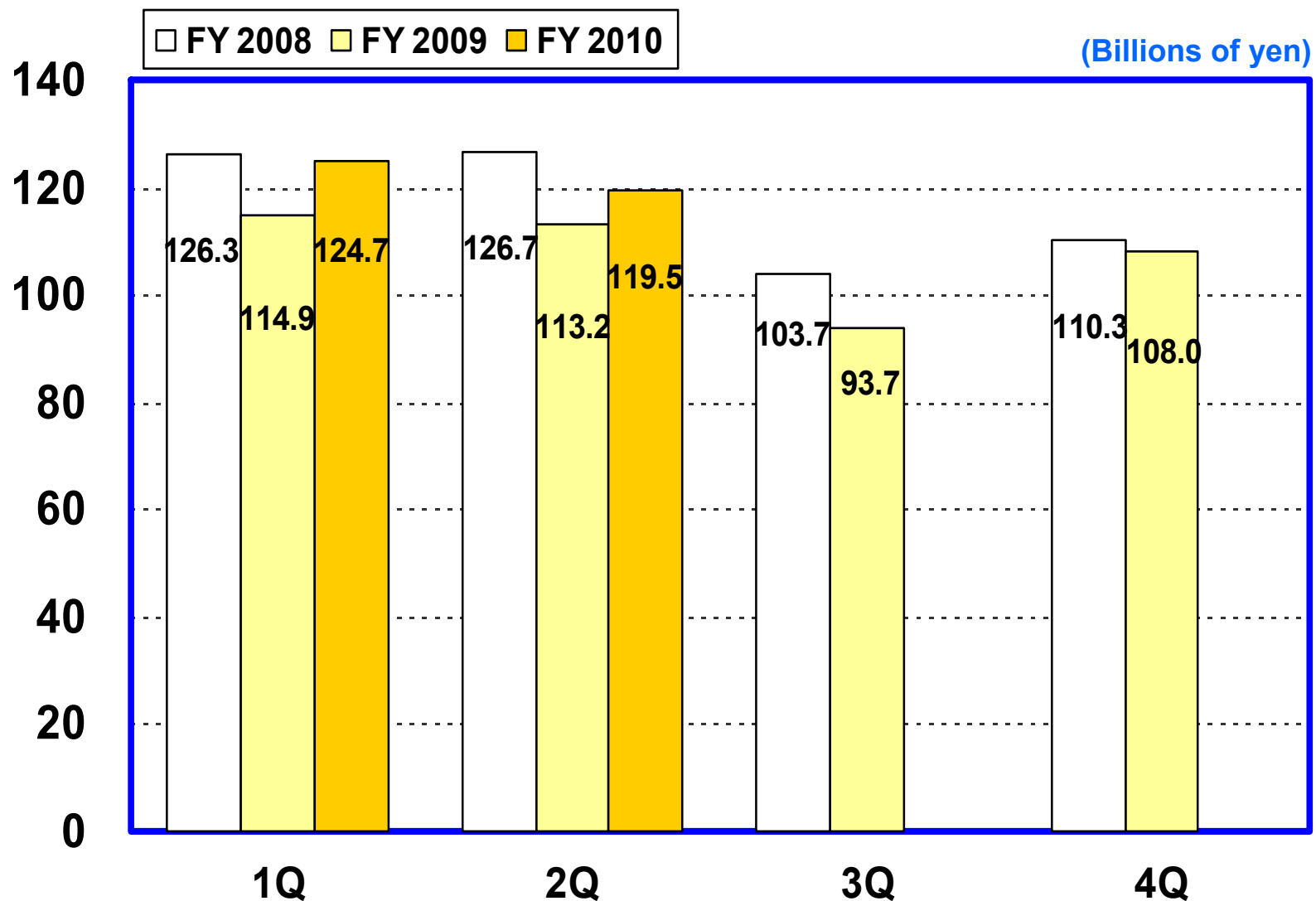
# OTSUKA Group's Activities

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- **System proposals that lead to cost reductions, improvement of productivity and strengthening of competitiveness**
- **Strengthening of customer contact**
- **Private fairs in Tokyo, Osaka and Nagoya**
- **Focus on “tanomail”**
- **New business activities**

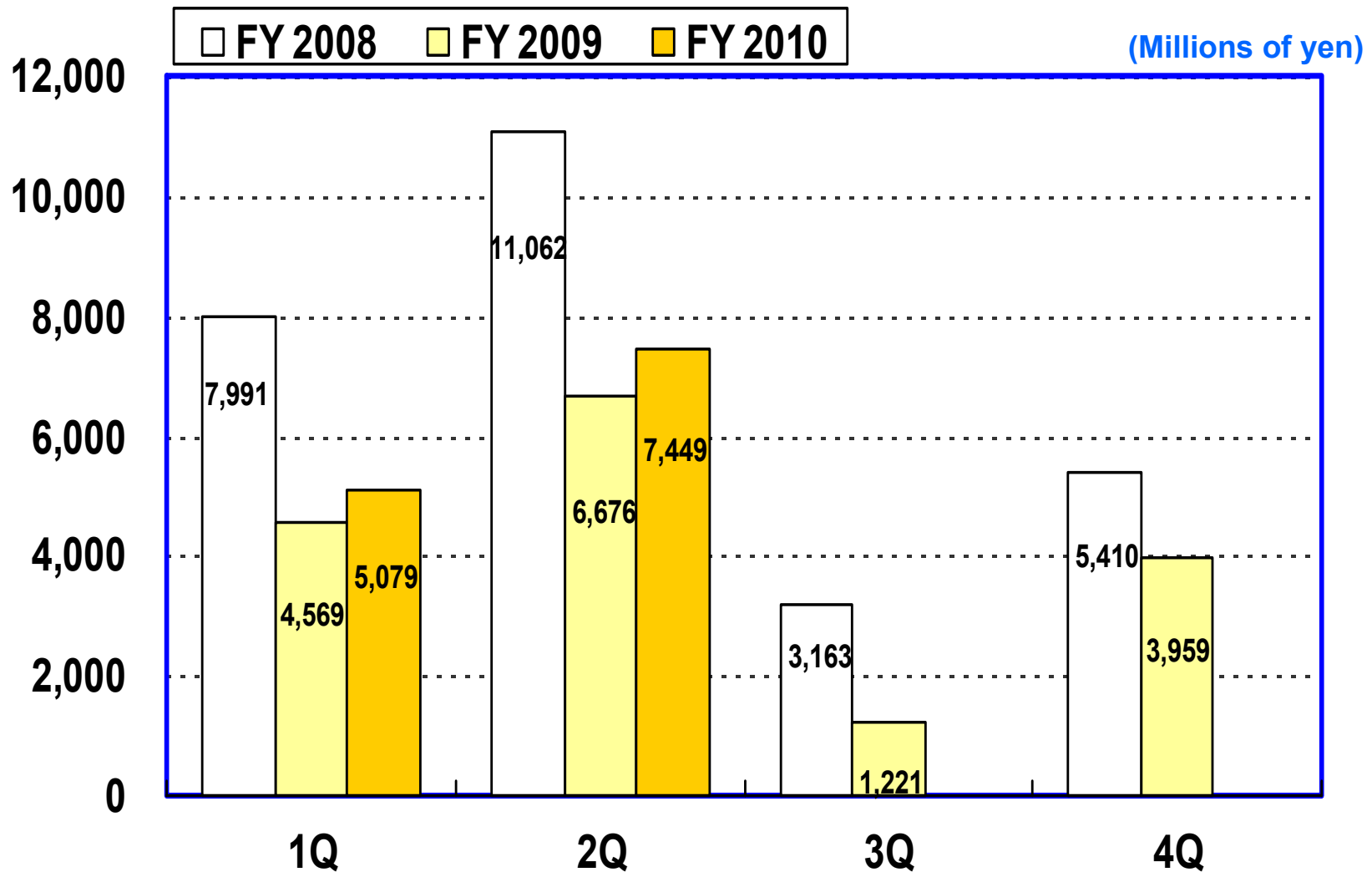
Consolidated

# Quarterly change of Net sales



Consolidated

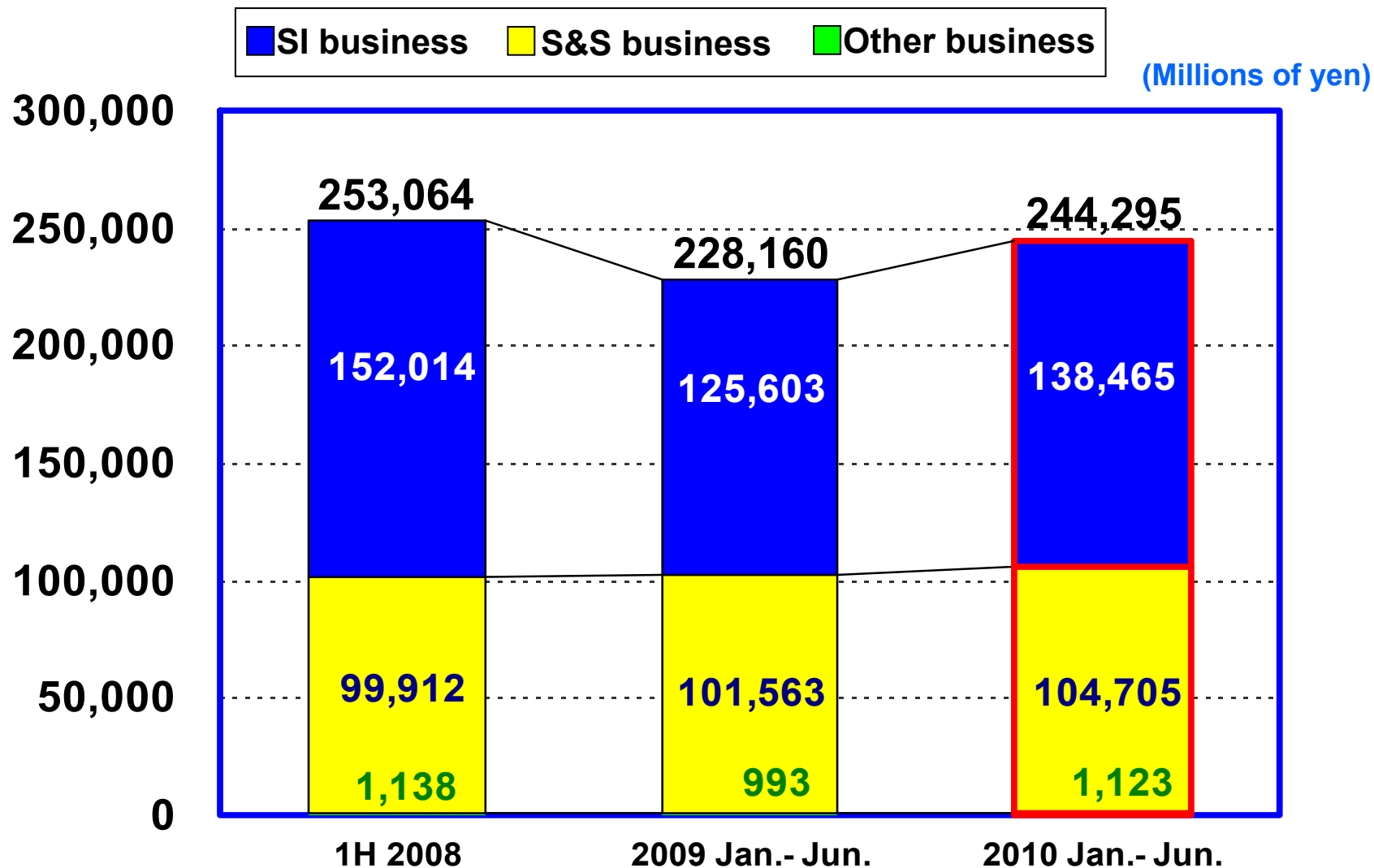
# Quarterly change of Ordinary income



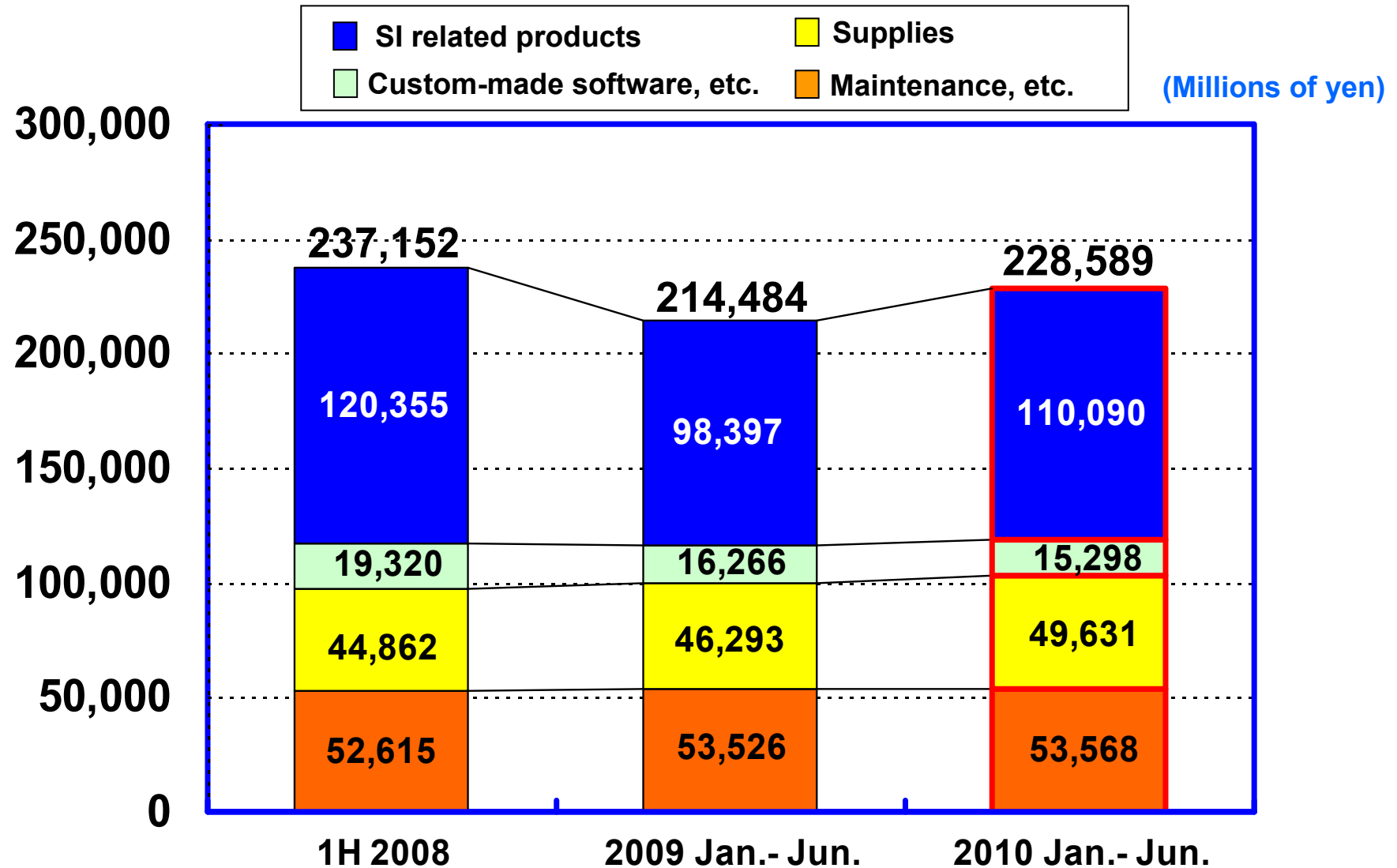


Consolidated

# Net sales by segments

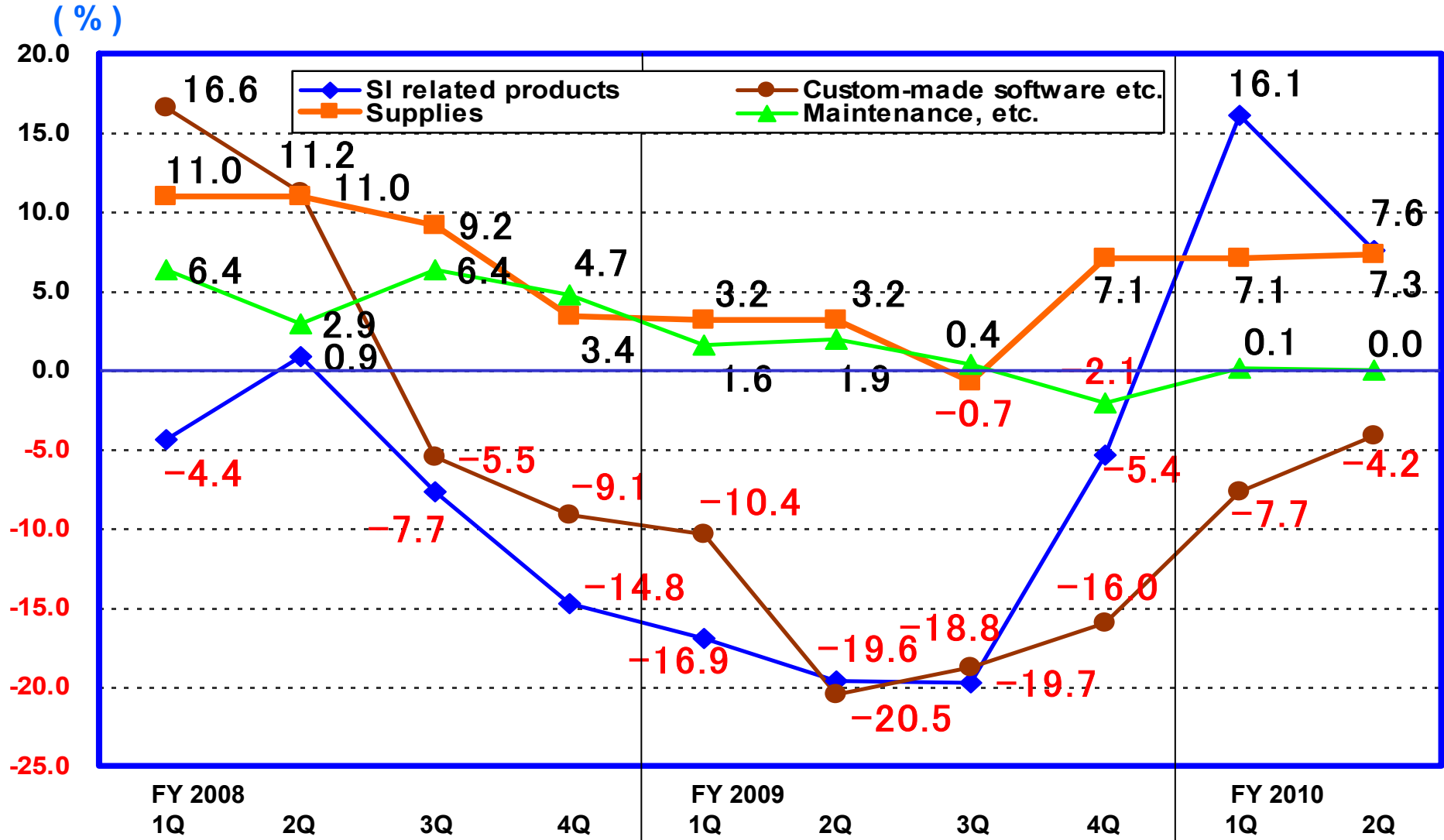


# Net sales by 4 segments



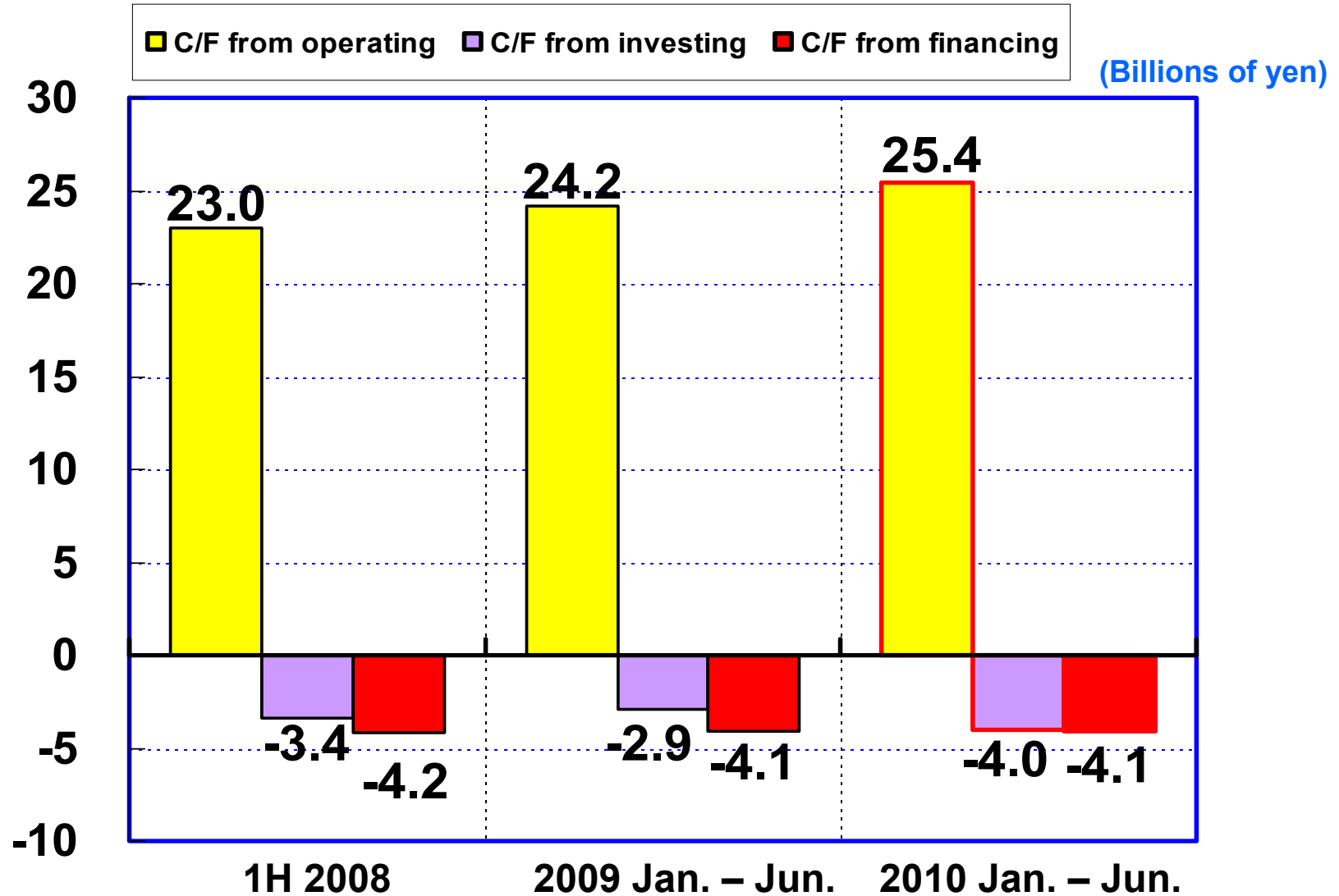
Non-Consolidated

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



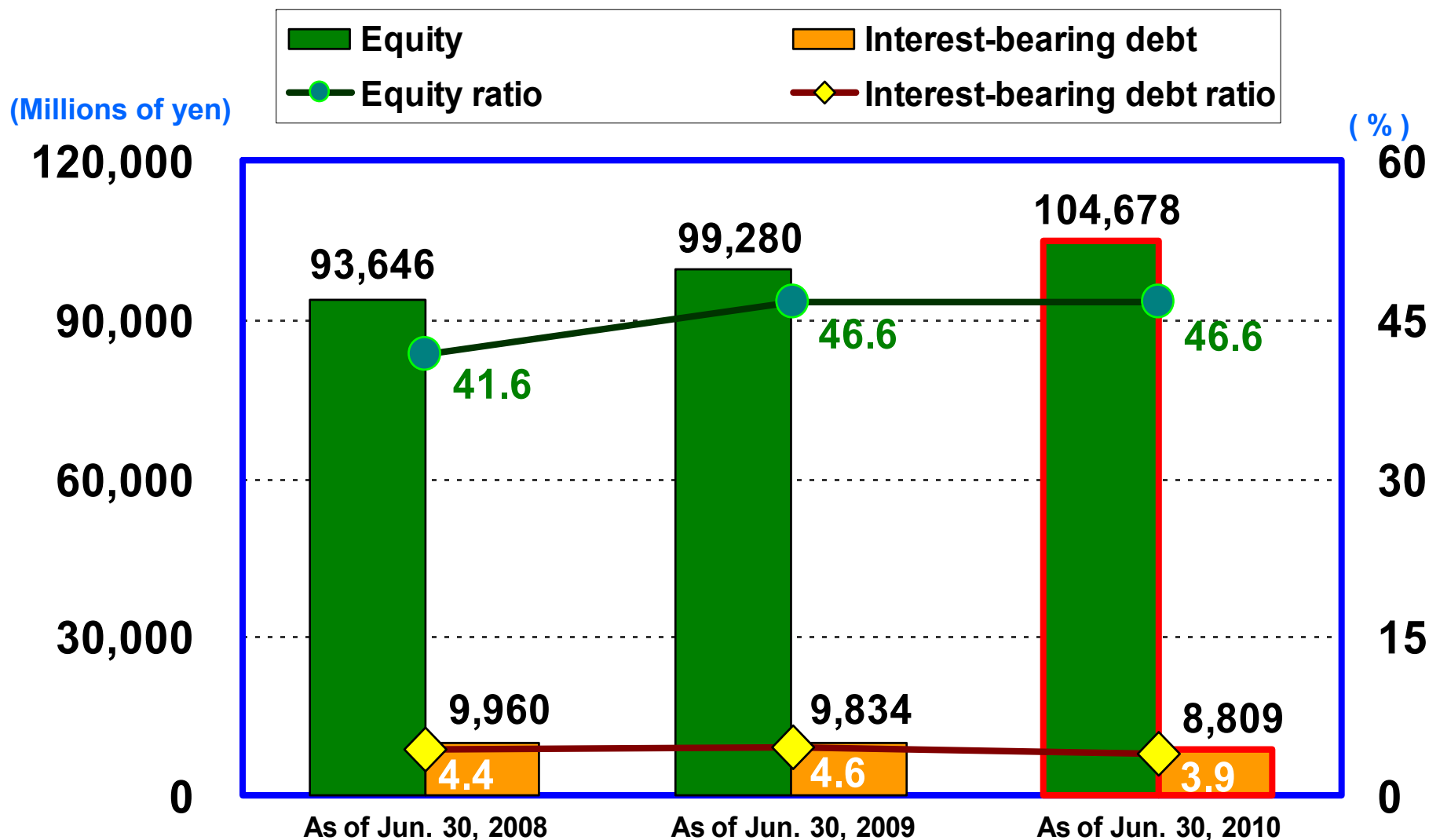
Consolidated

# Cash flows



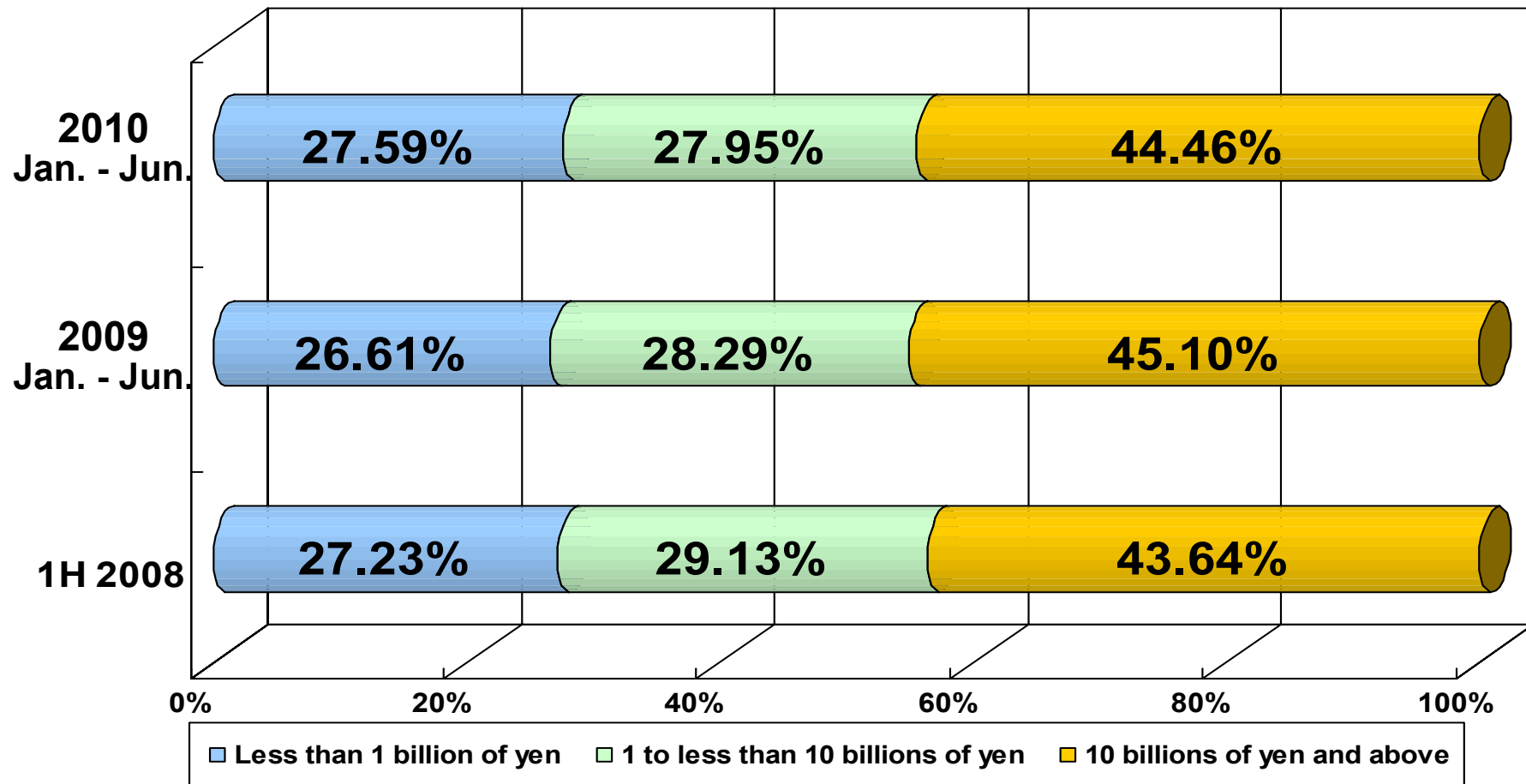
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# Equity and Interest-bearing debt



Non-Consolidated

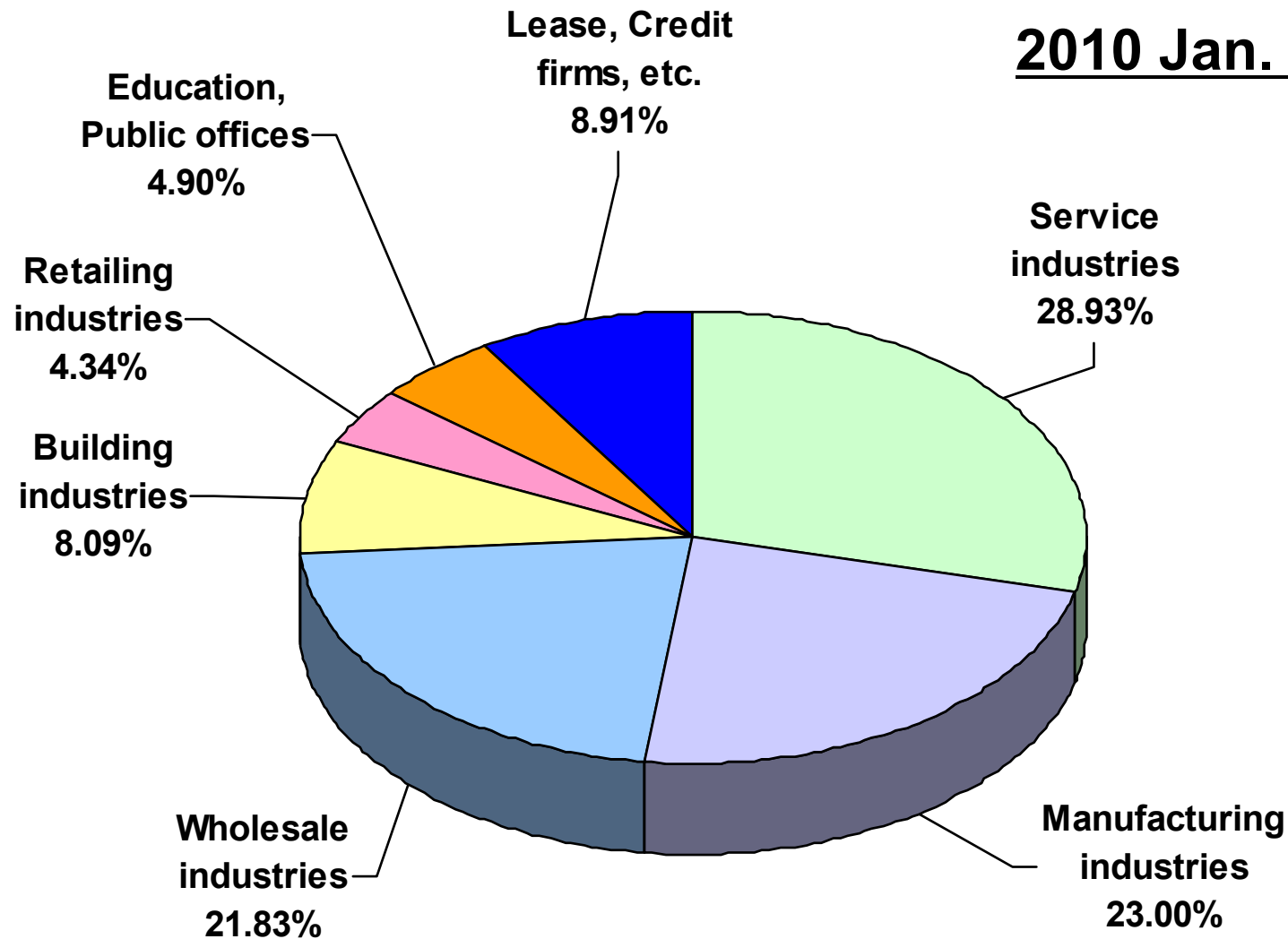
# Net sales structure on customers' total annual business scale



Non-Consolidated

# Sales breakdown by customers' type of industry

2010 Jan. – Jun.

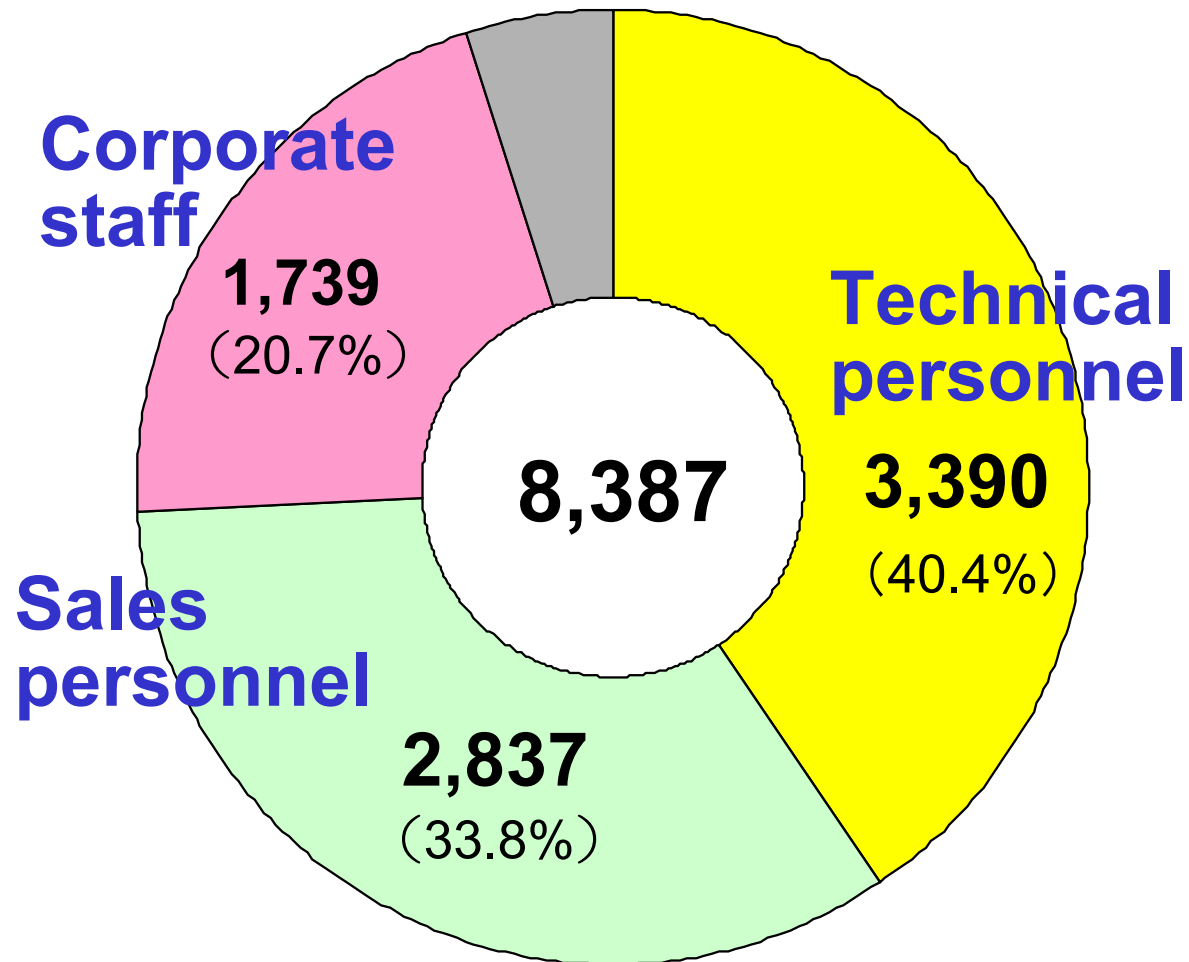


Consolidated

# Personnel organization (regular employees)

**Others 421 (5.0%)**

**As of Jun. 30, 2010**







# Key strategic business

<Amount of Sales>

(Millions of yen)

	1H 2008	2009 Jan. – Jun.		2010 Jan. – Jun.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	45,414	46,672	+2.8%	<b>51,183</b>	<b>+4,510</b>	<b>+9.7%</b>
SMILE	3,681	3,564	-3.2%	<b>3,626</b>	<b>+62</b>	<b>+1.7%</b>
ODS21	21,382	18,686	-12.6%	<b>21,705</b>	<b>+3,019</b>	<b>+16.2%</b>
OSM	23,218	21,734	-6.4%	<b>23,346</b>	<b>+1,612</b>	<b>+7.4%</b>

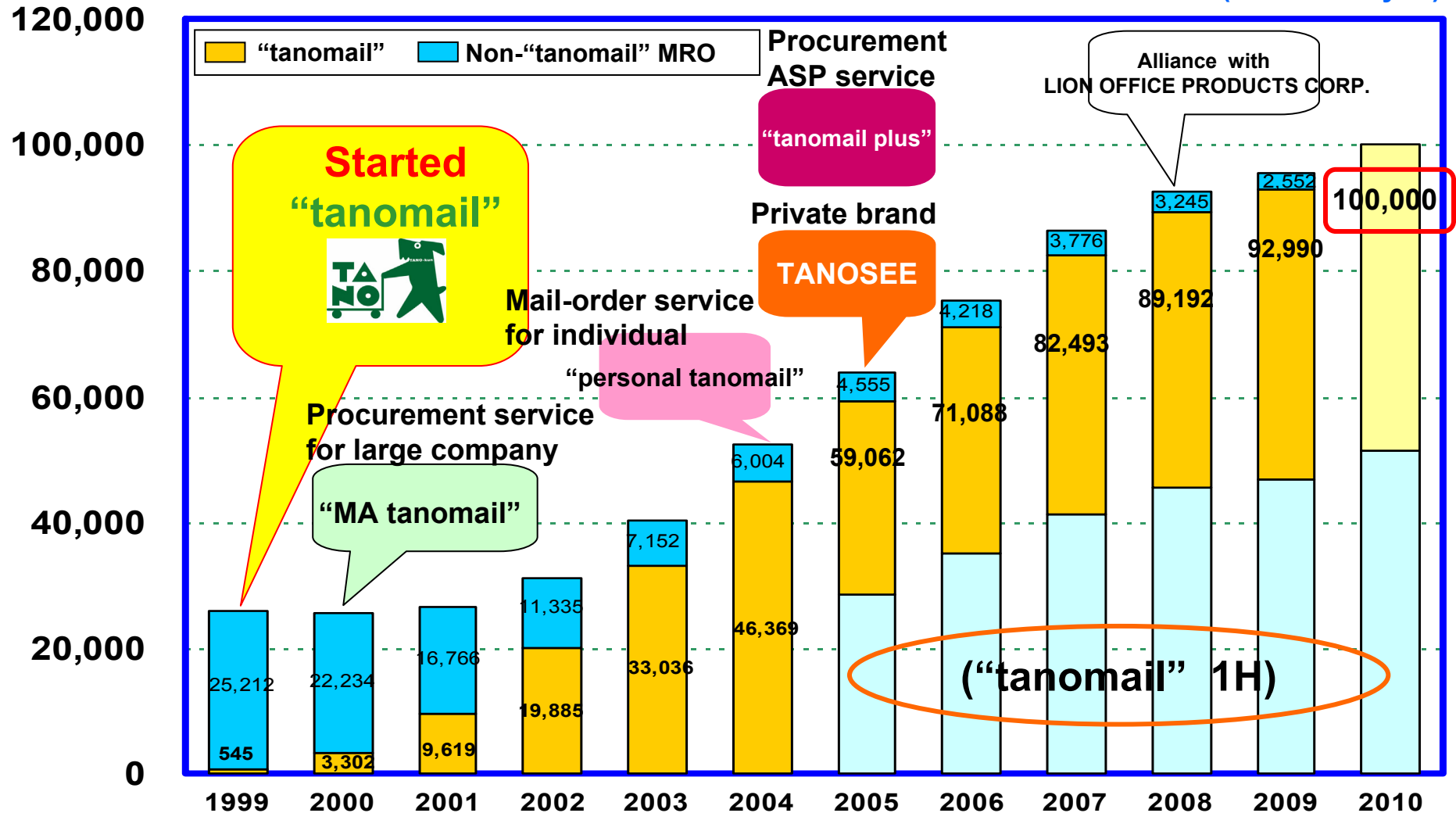
<As reference: Number of Sales>

(Units)

Copier	17,345	14,254	-17.8%	<b>15,982</b>	<b>+1,728</b>	<b>+12.1%</b>
(of which Color copier)	12,058	10,660	-11.6%	<b>12,599</b>	<b>+1,939</b>	<b>+18.2%</b>
Server	16,876	16,269	-3.6%	<b>18,423</b>	<b>+2,154</b>	<b>+13.2%</b>
PC	268,168	267,040	-0.4%	<b>355,401</b>	<b>+88,361</b>	<b>+33.1%</b>

# Annual sales transition of "tanomail"

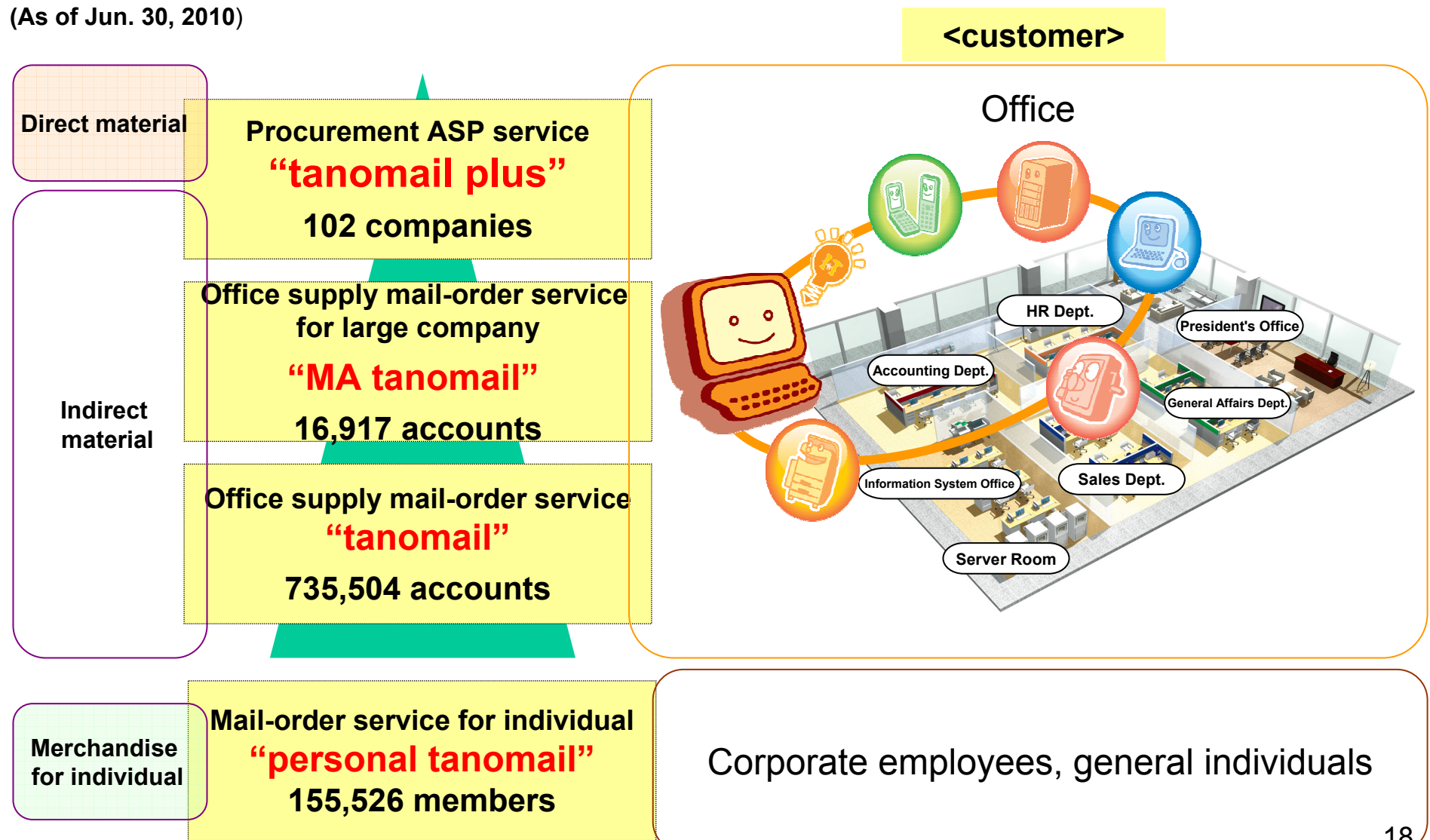
(Millions of yen)



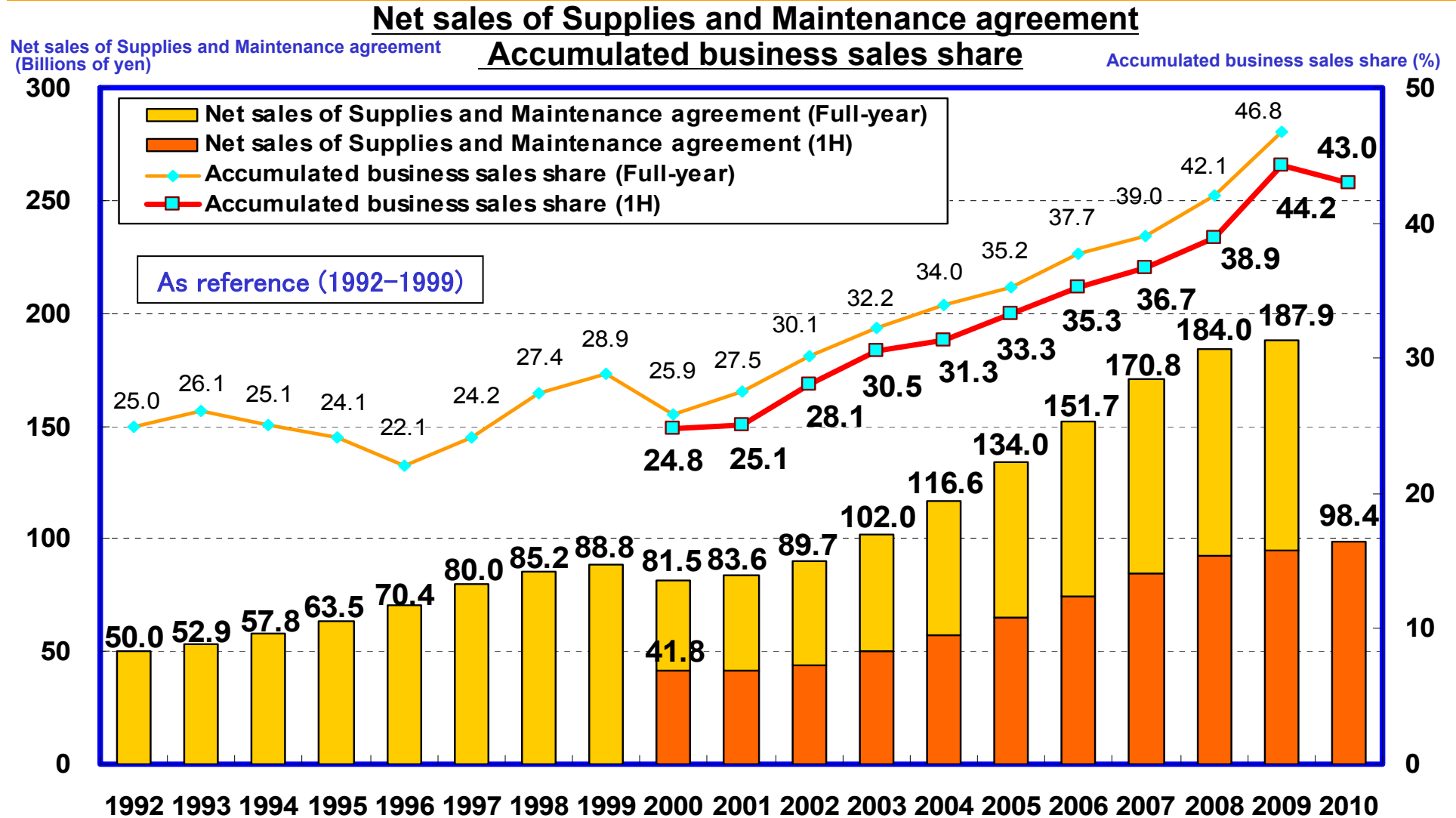
# Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2010)



# Growth of accumulated business



# 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 in 2010

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- **Economy is starting to pick up but there are uncertainties about the future**
- **Corporations maintained a cautious stance on investment in equipment**
- **Nonetheless, company needs for IT utilization, replacement and upgrades are brisk**

# 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**



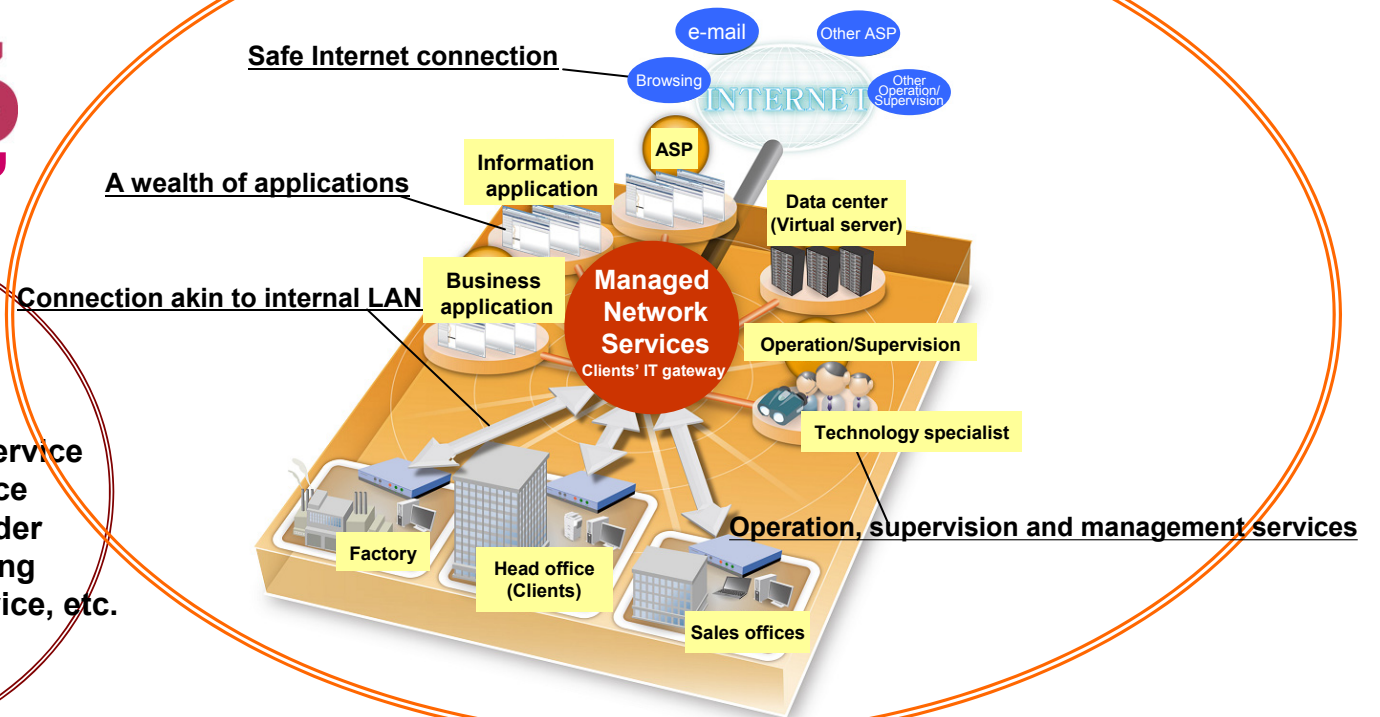
# Comprehensive Services of OTSUKA CORPORATION

Provide new services that do not depend on hardware



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

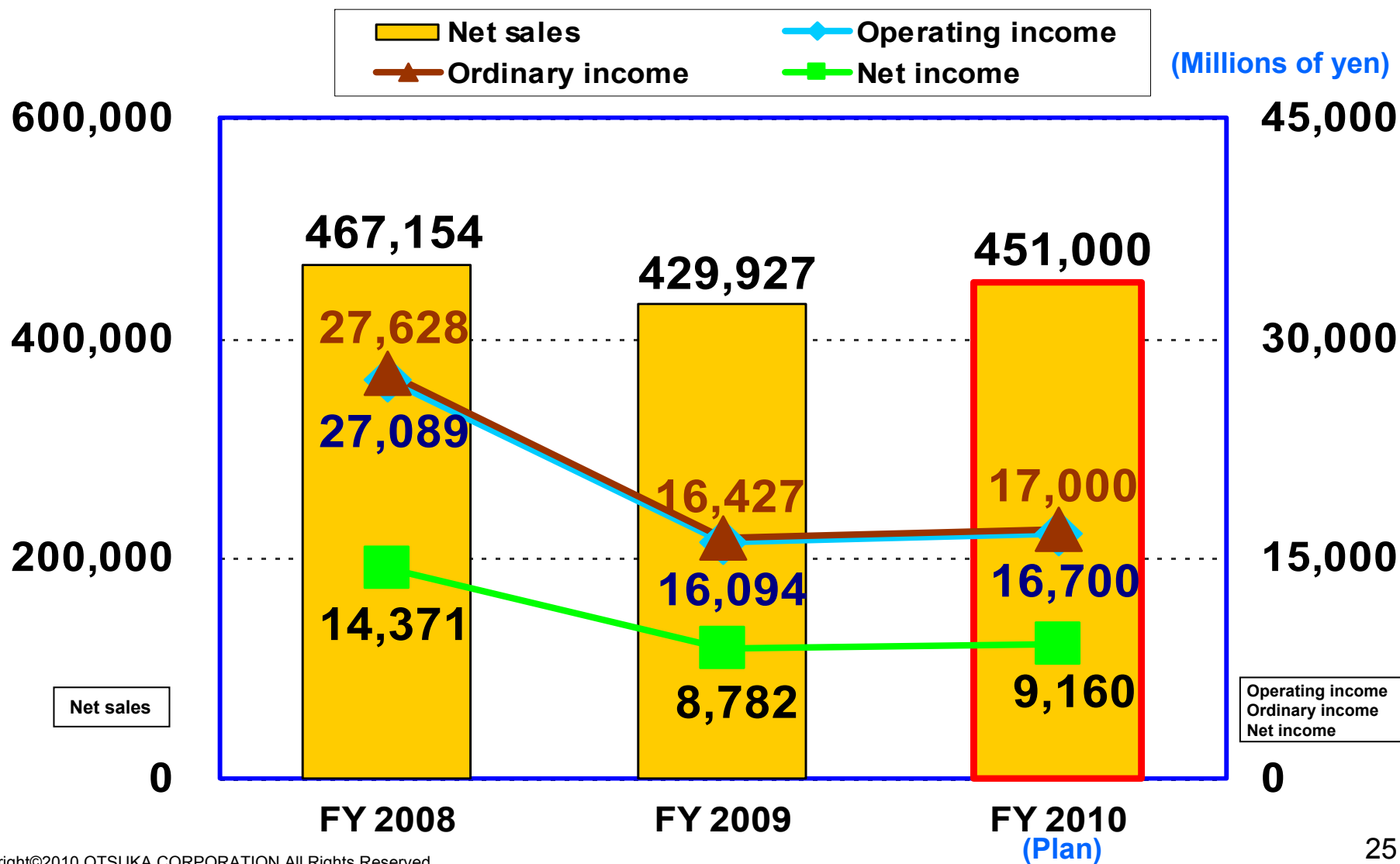
## Managed Network Services



Providing comprehensive support to customers with various services

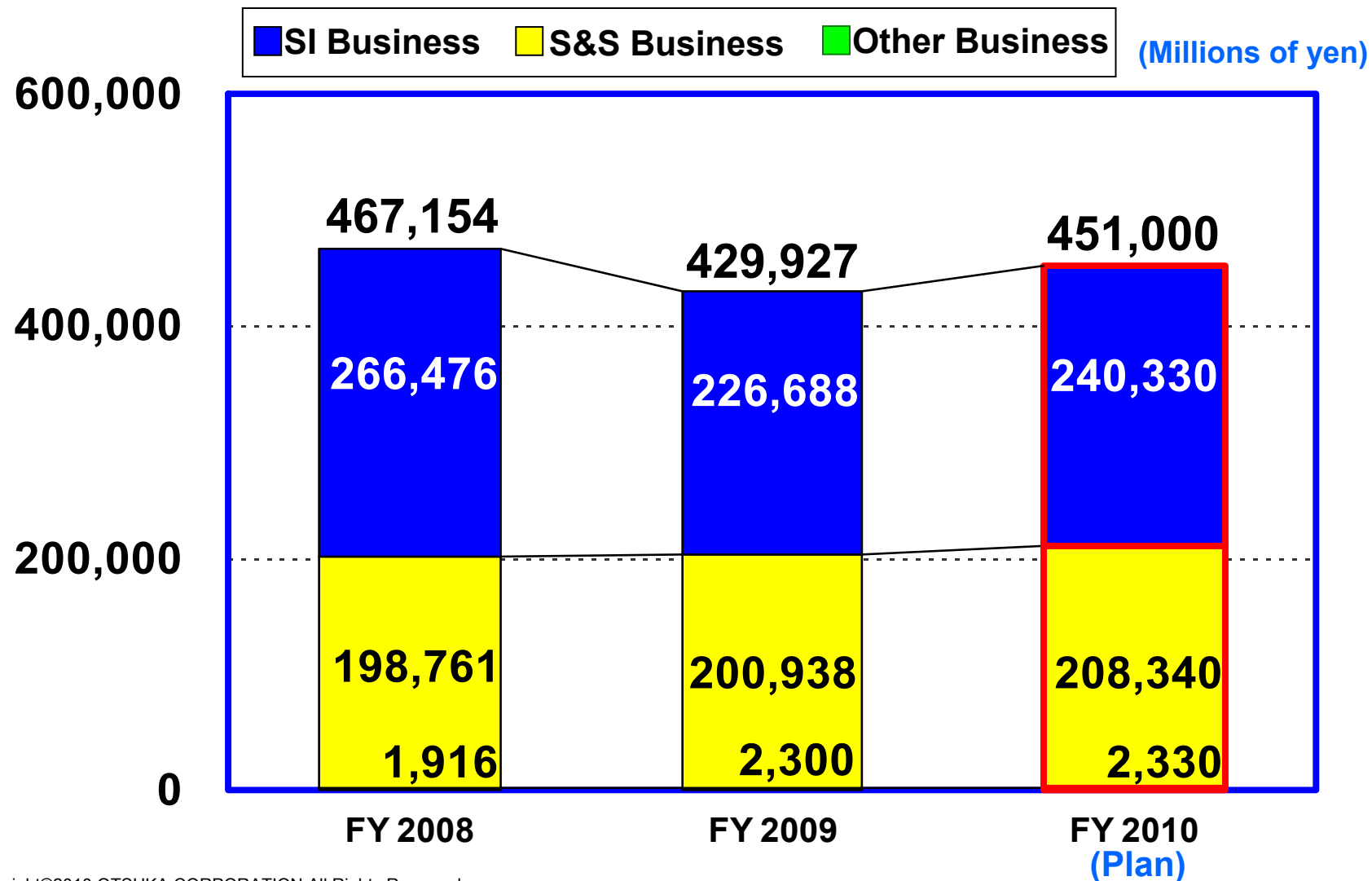
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# Plans of Net sales and profit



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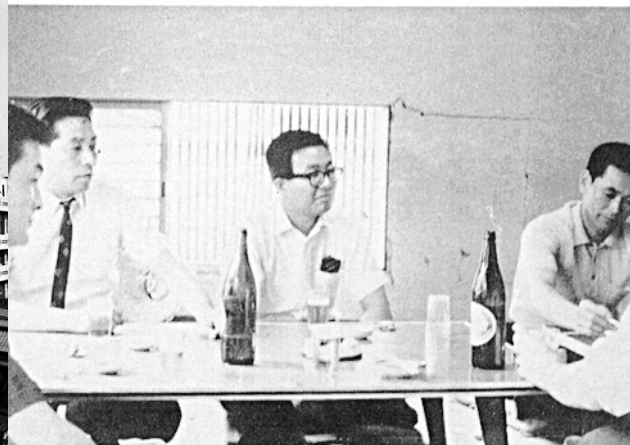
# Plans of Net sales by segments





# Toward the 50th Anniversary of Foundation

- **Tree-planting activities where OTSUKA's operation bases are located**  
(Sapporo, Sendai, Tokyo metropolitan area, Chubu district, Kansai district, Hiroshima, Fukuoka)
- **Global warming countermeasures**  
Provide carbon offset products, support tree-planting activities overseas
- **OTSUKA environmental measures**  
Strengthen 3R (Reduce, Reuse, Recycle) activities, promote reduction of CO<sub>2</sub> at the head office building
- **Introduce OTSUKA's 50-year history on company website**



A total of 12 employees celebrated the first anniversary of OTSUKA's founding at a beer garden.



# Cautionary statement

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1. This material is intended to provide information about the business performance of the 2nd quarter of fiscal year 2010 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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