



Fiscal year ending December 2011
Six months (January – June)
Business Results

July 29, 2011

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2011

(Millions of yen)

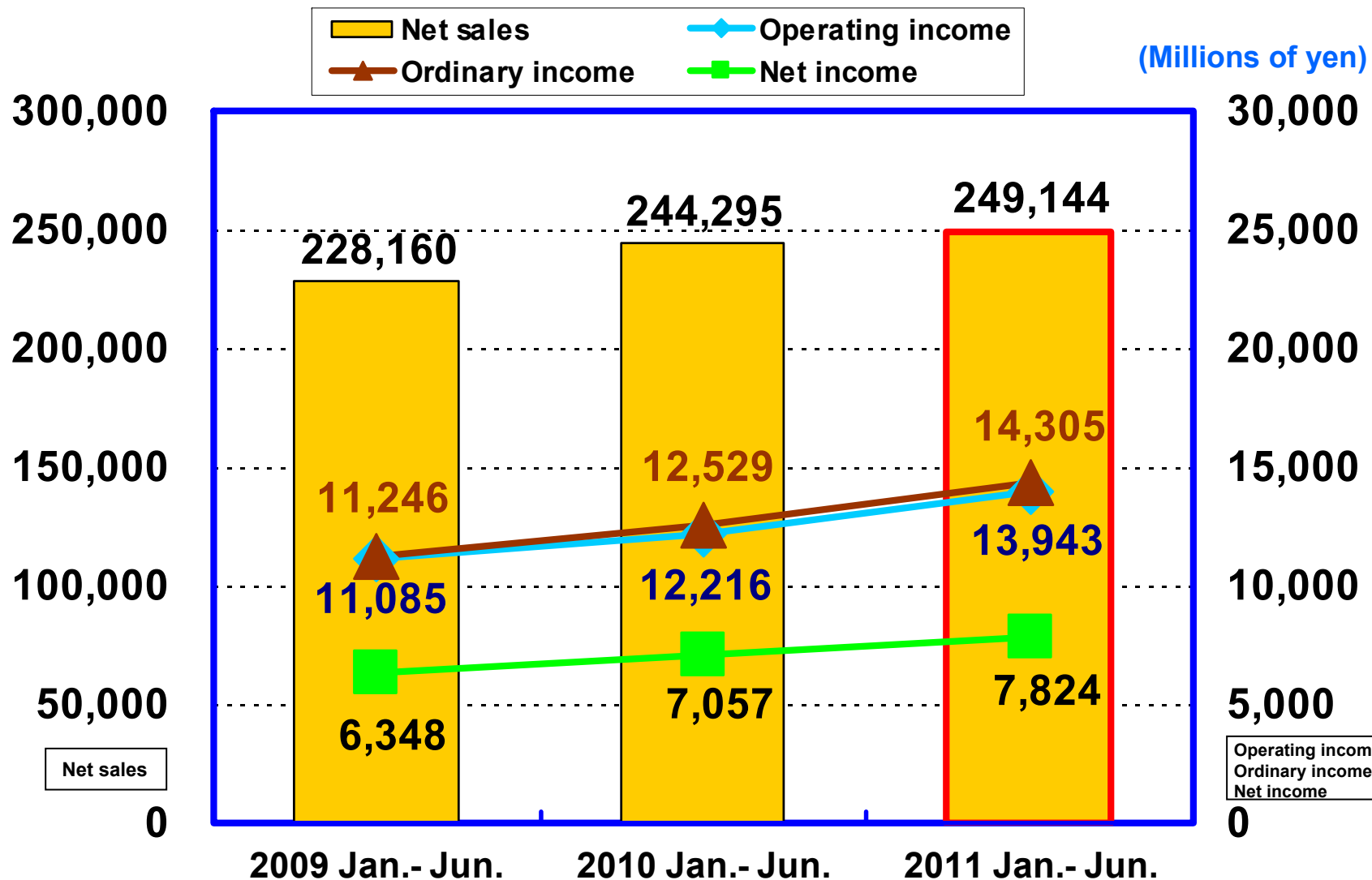
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	249,144	97.9%	+2.0%	231,671	96.6%	+1.3%
Operating income	13,943	107.3%	+14.1%	12,715	104.2%	+11.4%
Ordinary income	14,305	107.9%	+14.2%	13,076	104.3%	+10.5%
Net income	7,824	117.7%	+10.9%	7,296	111.9%	+9.1%

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2011 Jan.- Jun. Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	231	2,696
	Net plan Co., LTD	Electronic communications construction and interior construction	93	4,159
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	168	729
	Net World Corporation	Sales and technology support for network-related equipment	309	24,135
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	319	2,465
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	322	2,143
Others	Otsuka Auto Service Co., Ltd	Maintenance, body work for automobiles, and commissioned sales of insurance	26	225
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	45	435

Consolidated

Net sales and Profits



External Environment

There was also a sign of upturn in business environment amid a severe situation due the impact of earthquake disaster.

Although a mild recovery is expected to continue, there are also signs of a slowdown in the global economy.

The yen remained at a high level and exports recovered.

Reestablished supply chain and there was an upswing in production.

The number of corporate bankruptcies shifted to a lower level.

Investment in facilities and equipment has bottomed out.

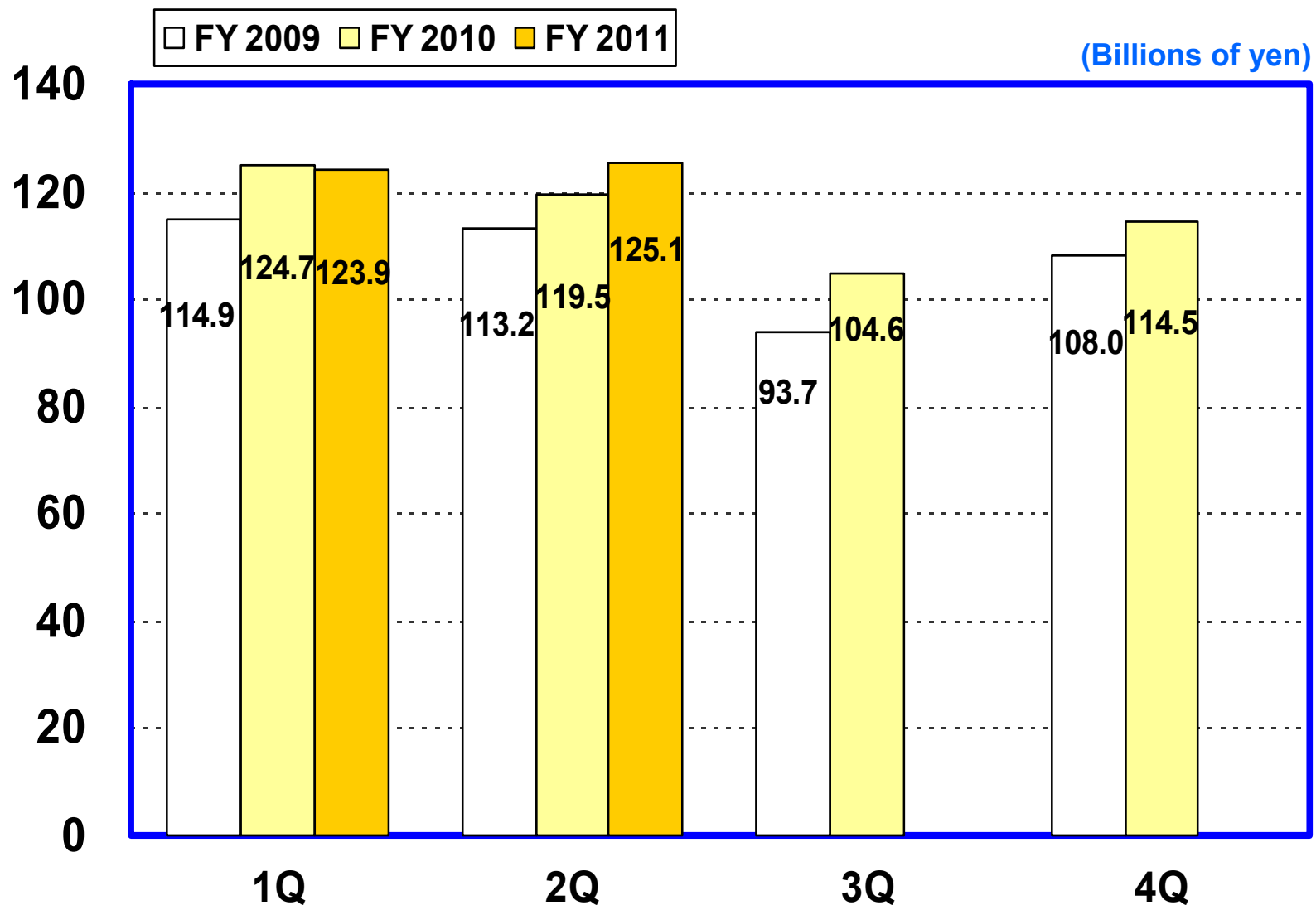
IT investments are starting to pick up.

OTSUKA Group's Activities

- **System proposals that lead to cost reductions, improvement of productivity and strengthening of competitiveness**
- **Strengthening of customer contact and frontline**
- **Activities “participated in by all employees”**
- **Proposals that will meet customer needs following the earthquake disaster**
- **Strengthening of accumulated business: “tanomail” and “tayoreru”**
- **Support disaster-affected areas**

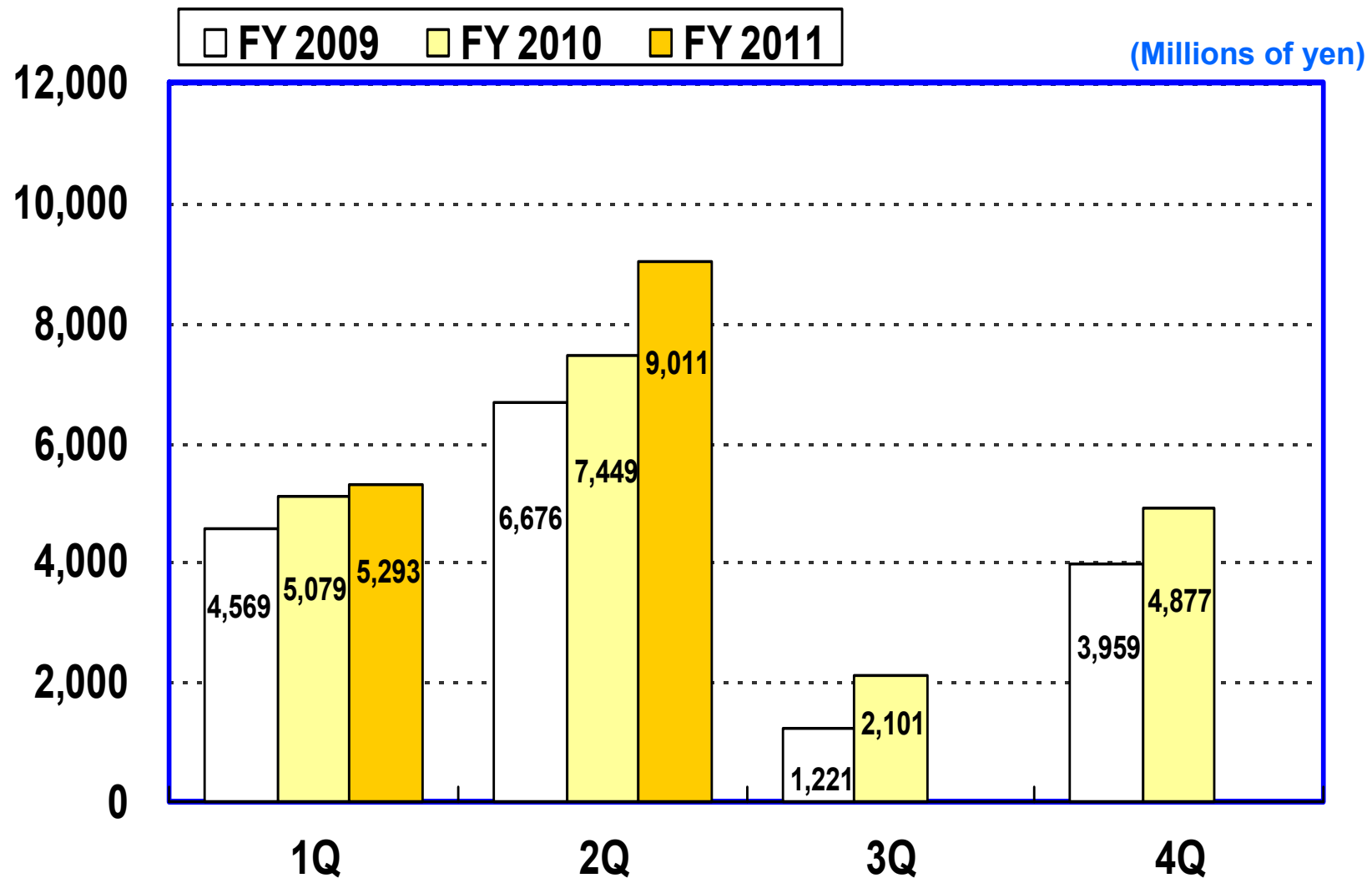
Consolidated

Quarterly change of Net sales



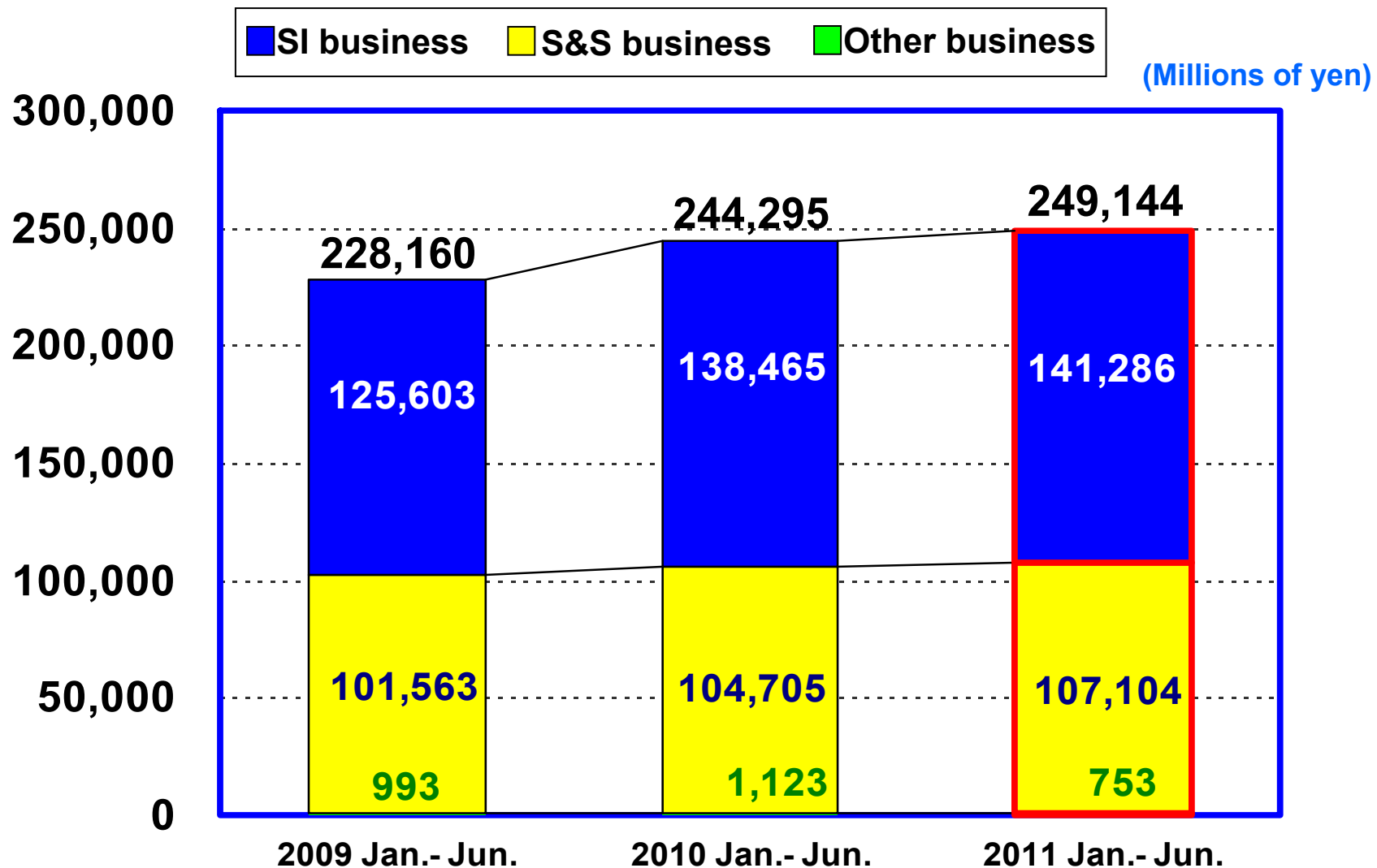
Consolidated

Quarterly change of Ordinary income

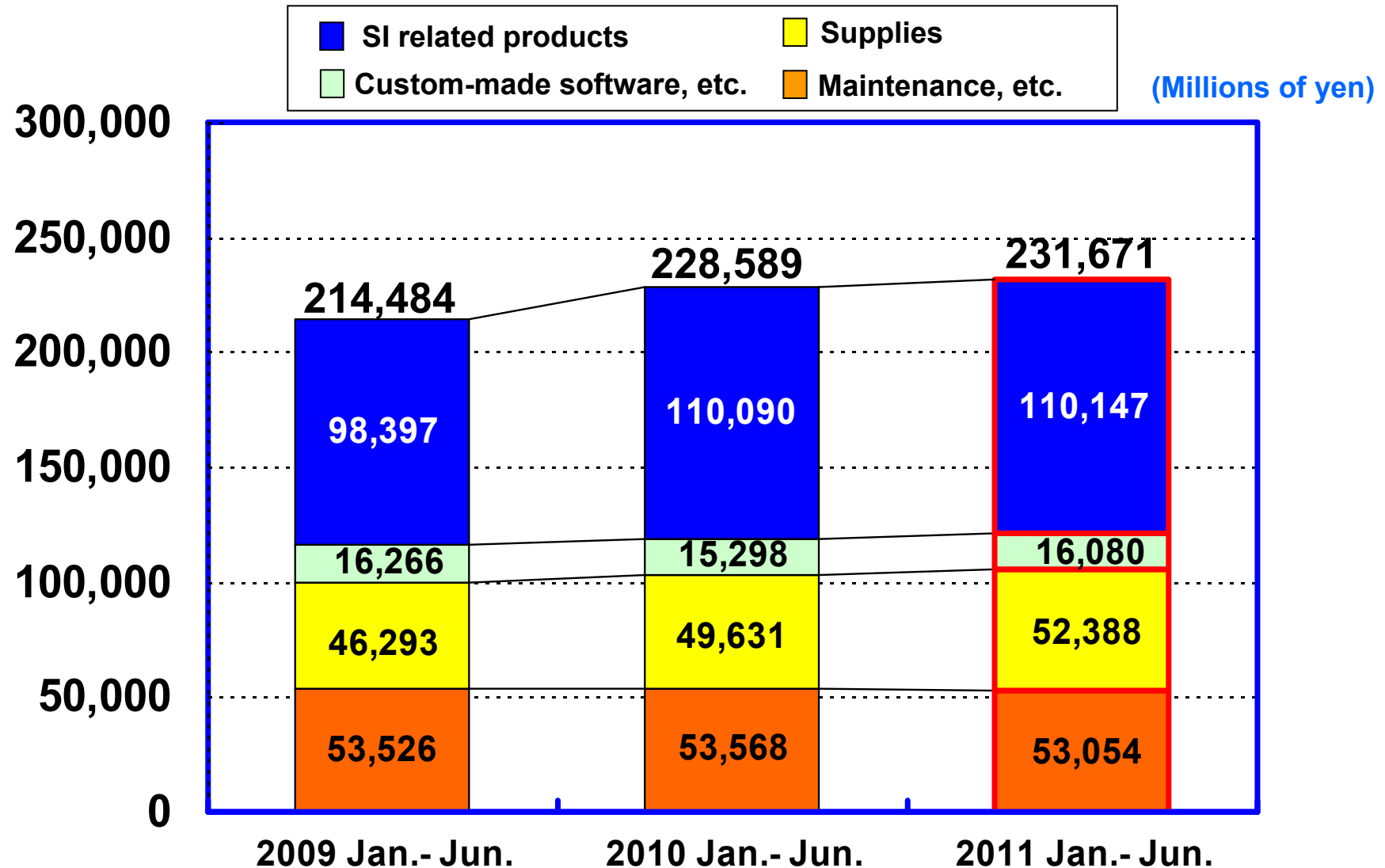


Consolidated

Net sales by segments

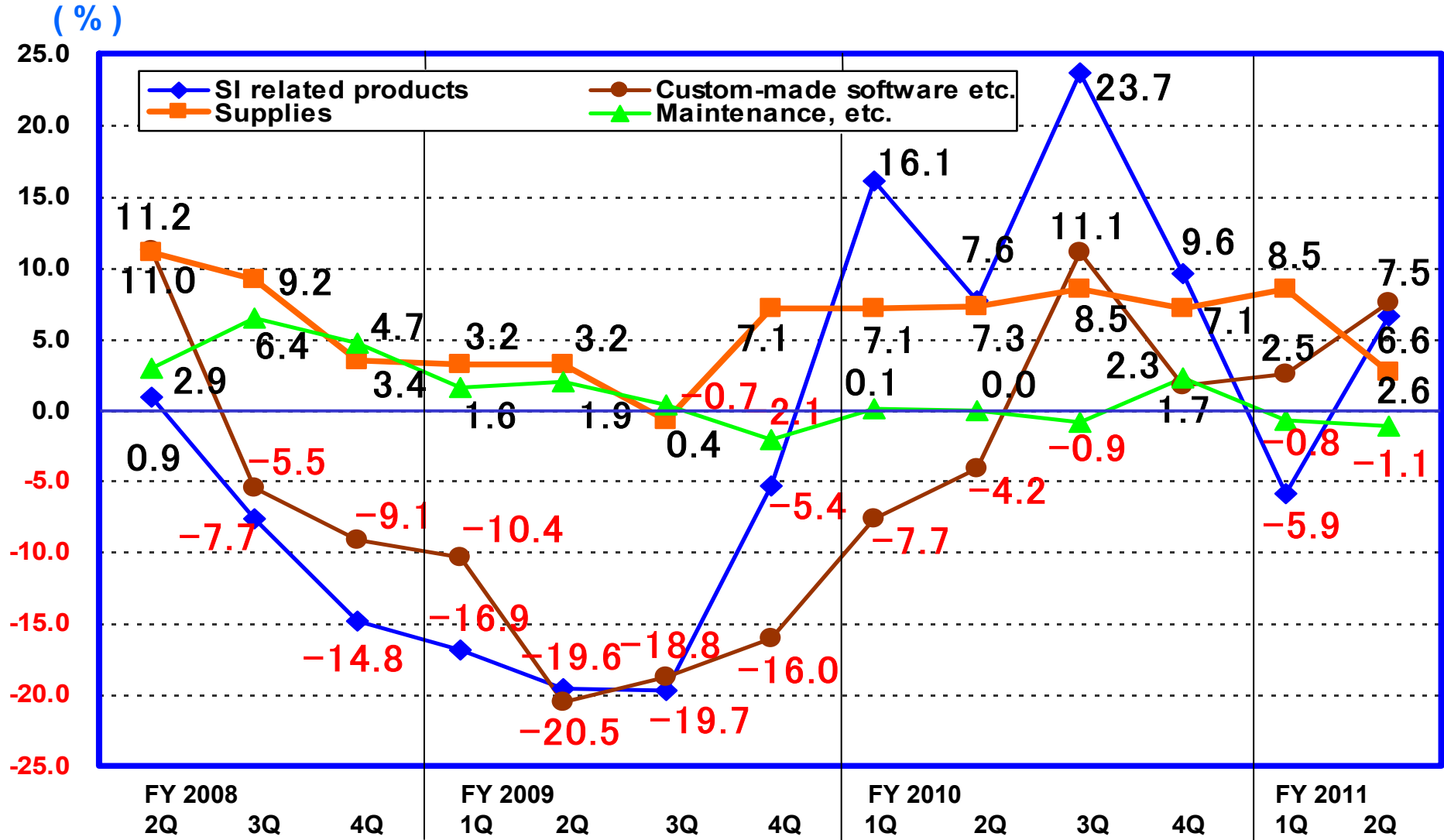


Net sales by 4 segments



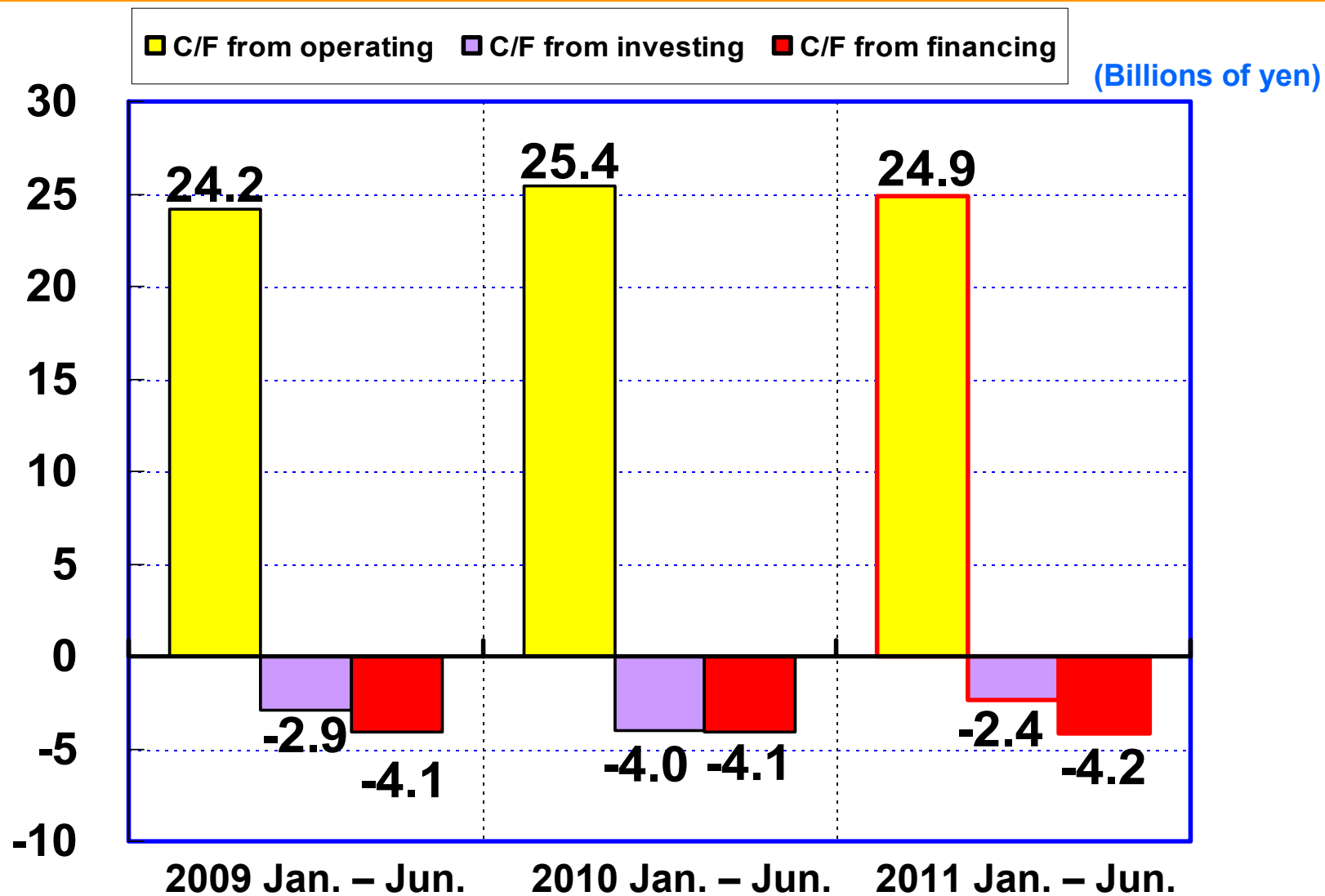
Non-Consolidated

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



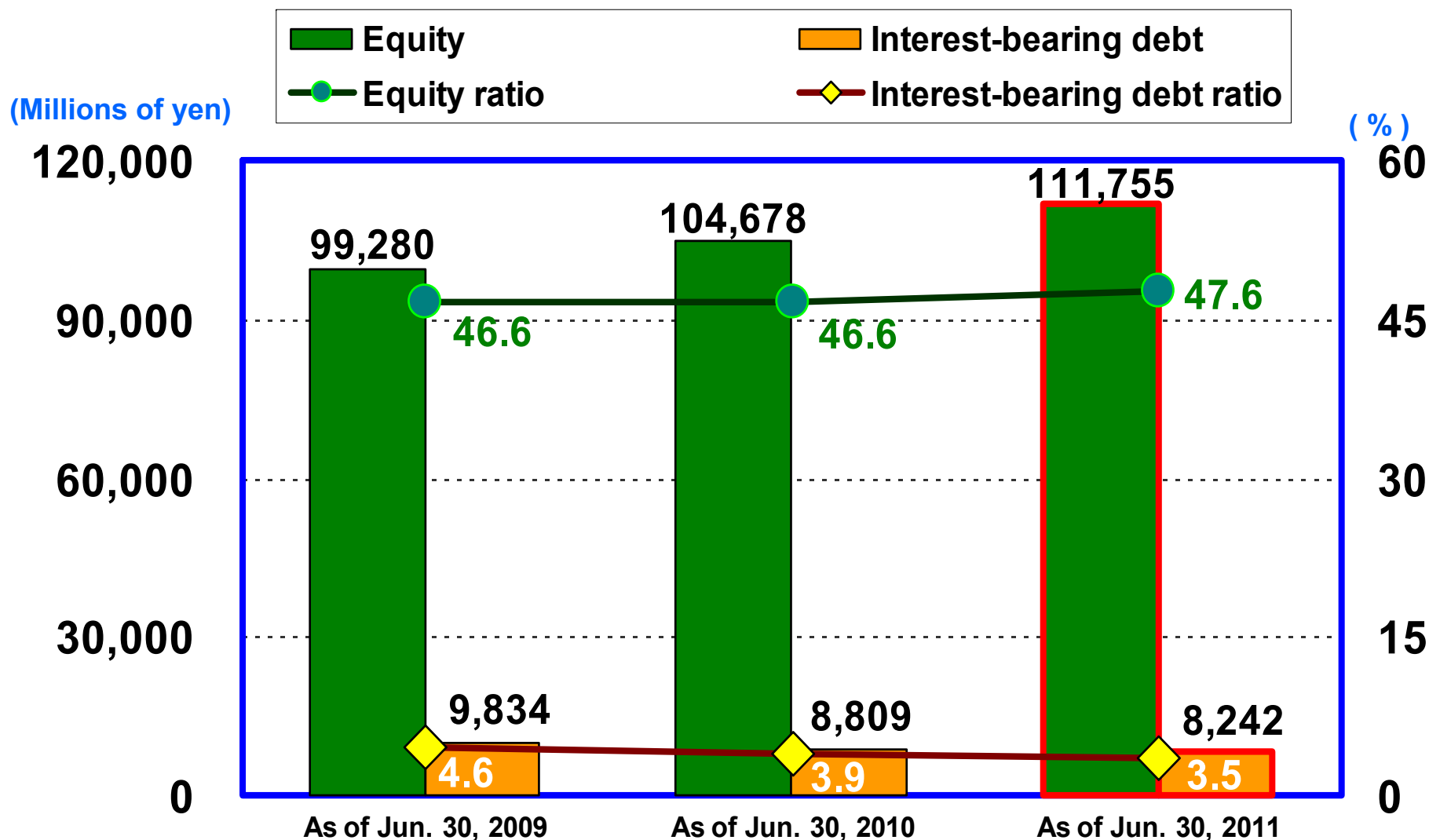
Consolidated

Cash flows



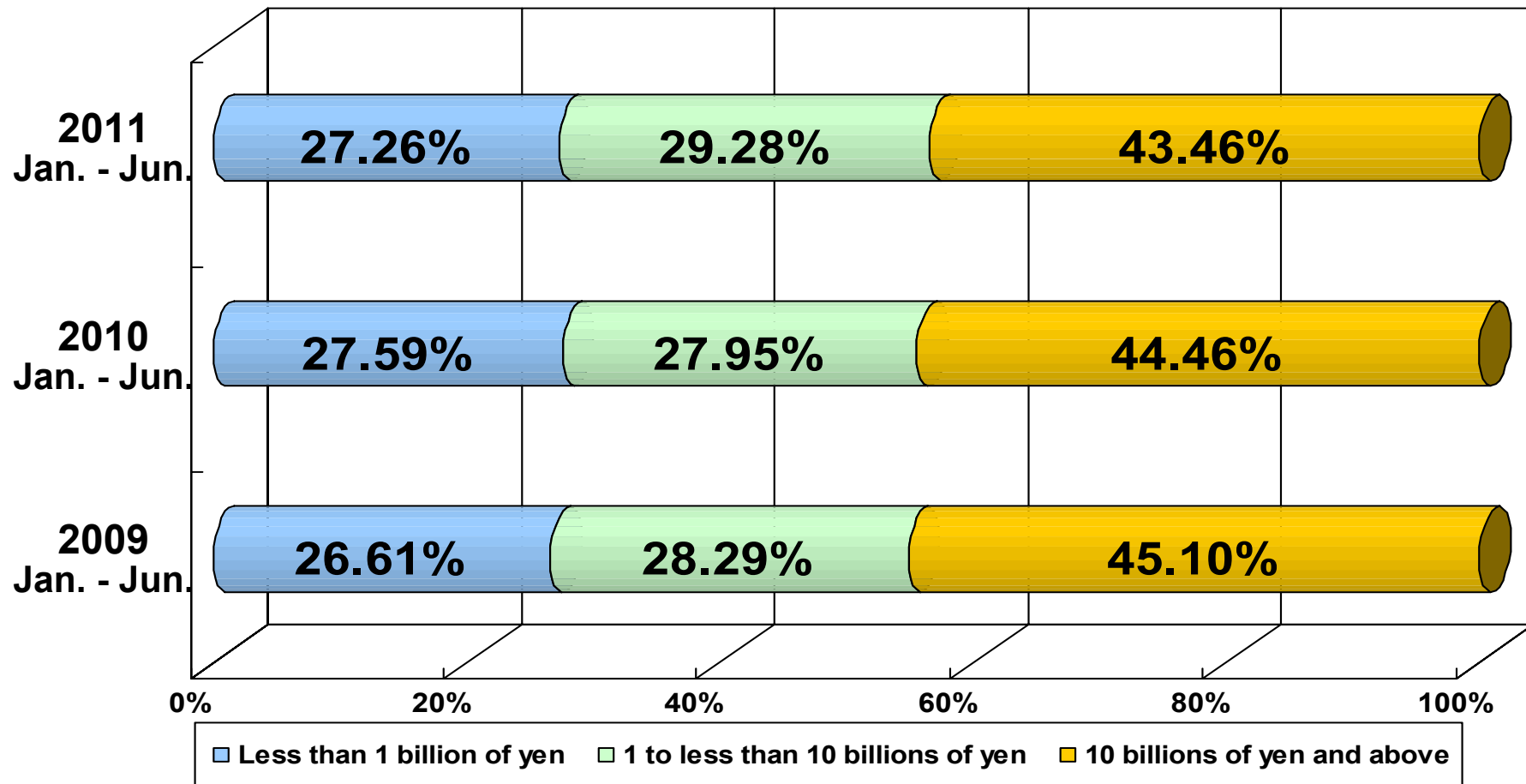
Consolidated

Equity and Interest-bearing debt



Non-Consolidated

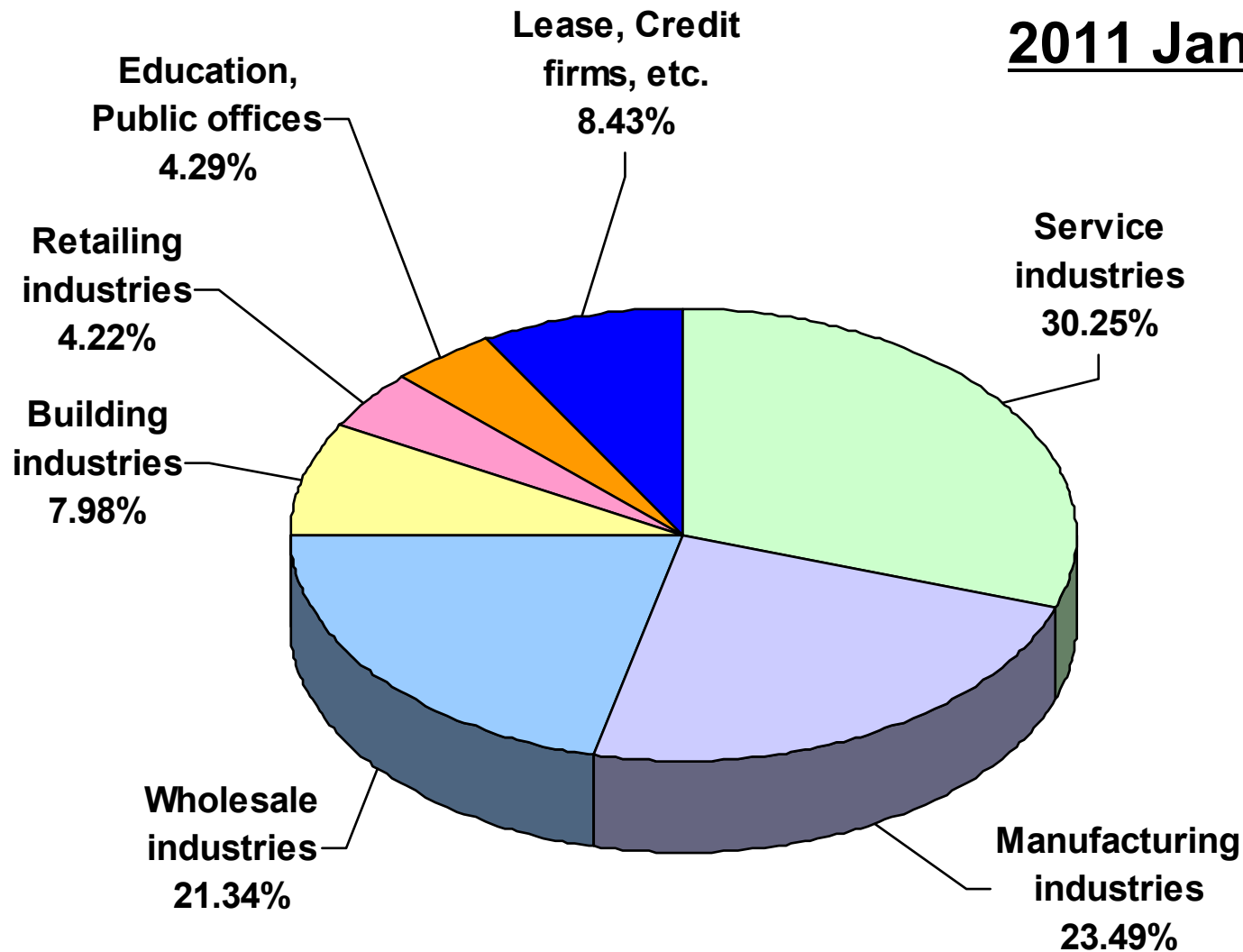
Net sales structure on customers' total annual business scale



* "Less than 1 billion yen" includes public offices.

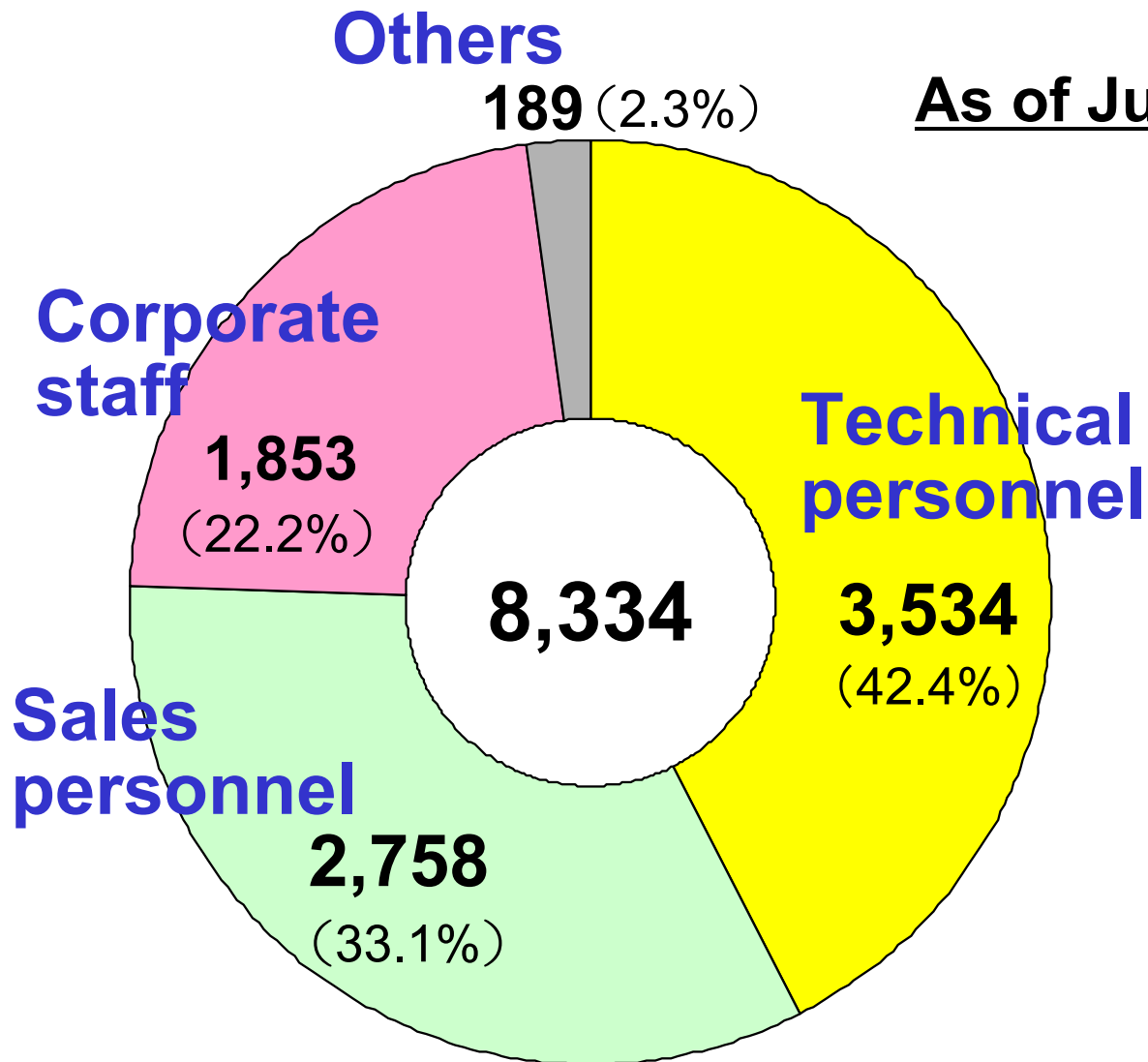
Sales breakdown by customers' type of industry

2011 Jan. – Jun.



Consolidated

Personnel organization (regular employees)



As of Jun. 30, 2011



Key strategic business

<Amount of Sales>

(Millions of yen)

	2009 Jan. – Jun.	2010 Jan. – Jun.		2011 Jan. – Jun.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	46,672	51,183	+9.7%	54,240	+3,057	+6.0%
SMILE	3,564	3,626	+1.7%	4,252	+625	+17.3%
ODS21	18,686	21,705	+16.2%	22,340	+635	+2.9%
OSM	21,734	23,346	+7.4%	24,509	+1,163	+5.0%

<As reference: Number of Sales>

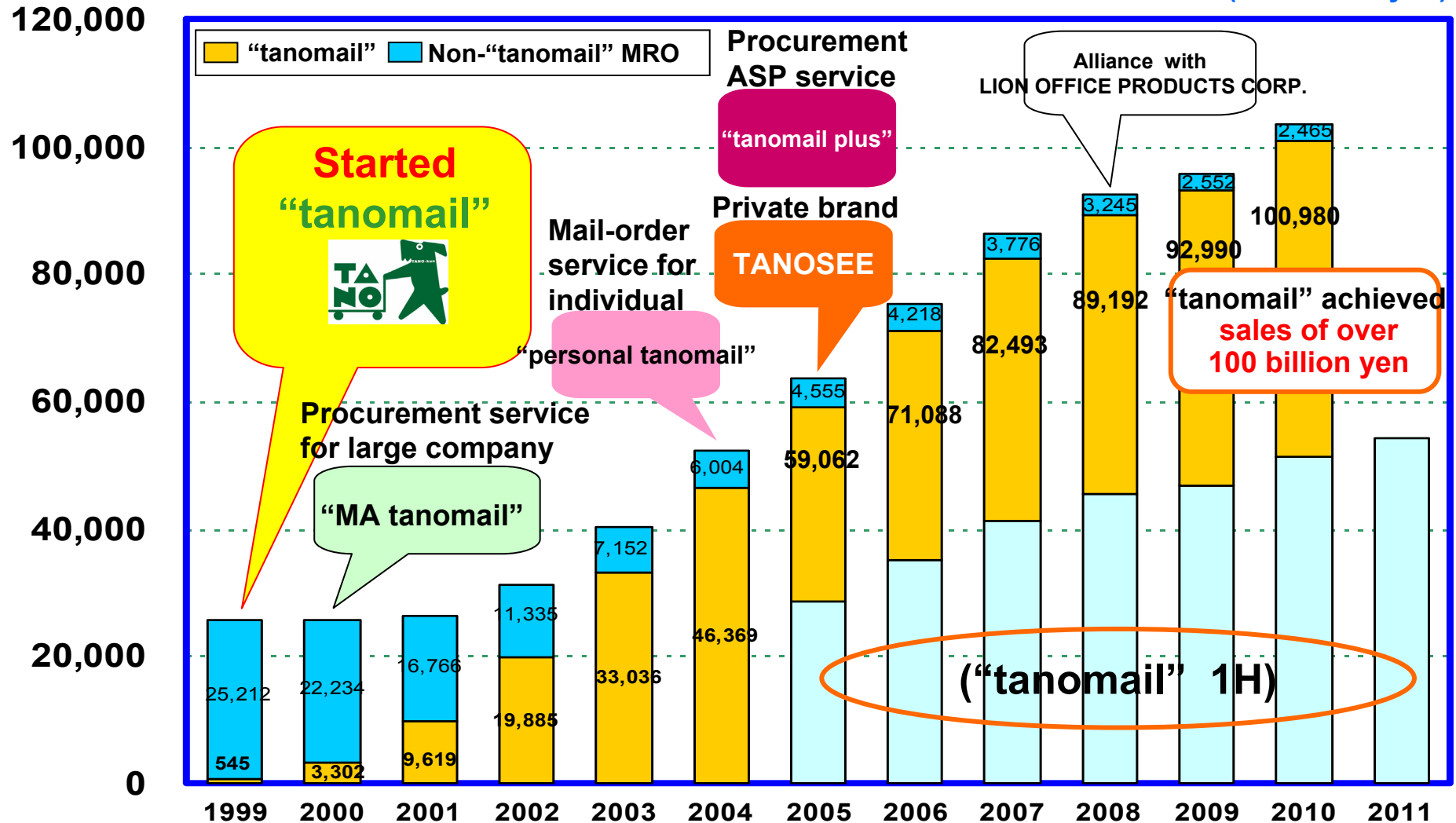
(Units)

Copier	13,731	15,061	+9.7%	16,196	+1,135	+7.5%
(of which Color copier)	10,184	11,712	+15.0%	13,324	+1,612	+13.8%
Server	16,269	18,423	+13.2%	19,537	+1,114	+6.0%
PC	267,040	355,401	+33.1%	352,385	-3,016	-0.8%

* The scope of calculation for copiers and color copiers has partially changed as of January-September, 2010.
 Figures for January-June of 2009 and January-June of 2010 are also indicated accordingly.

Annual sales transition of "tanomail"

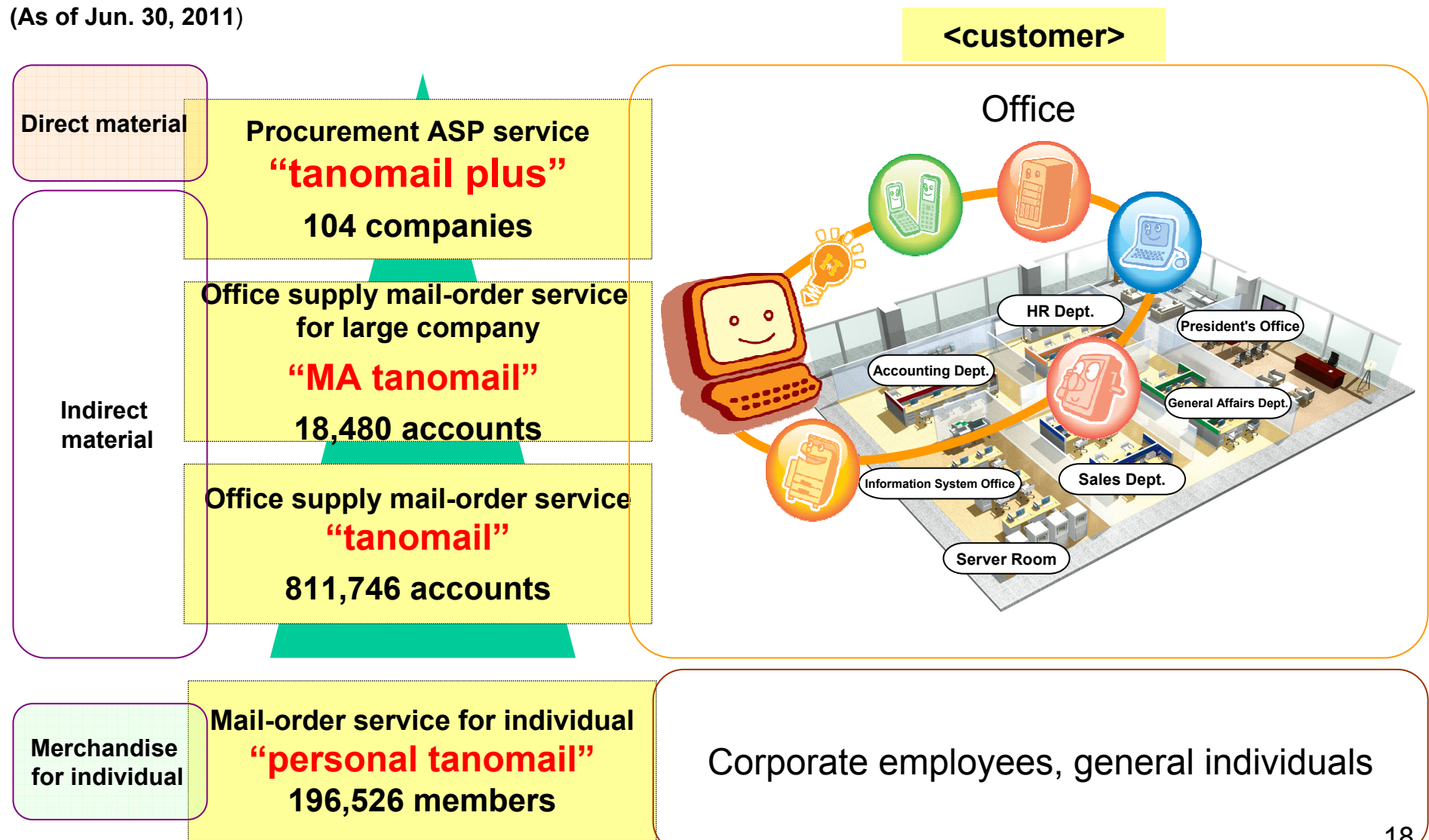
(Millions of yen)



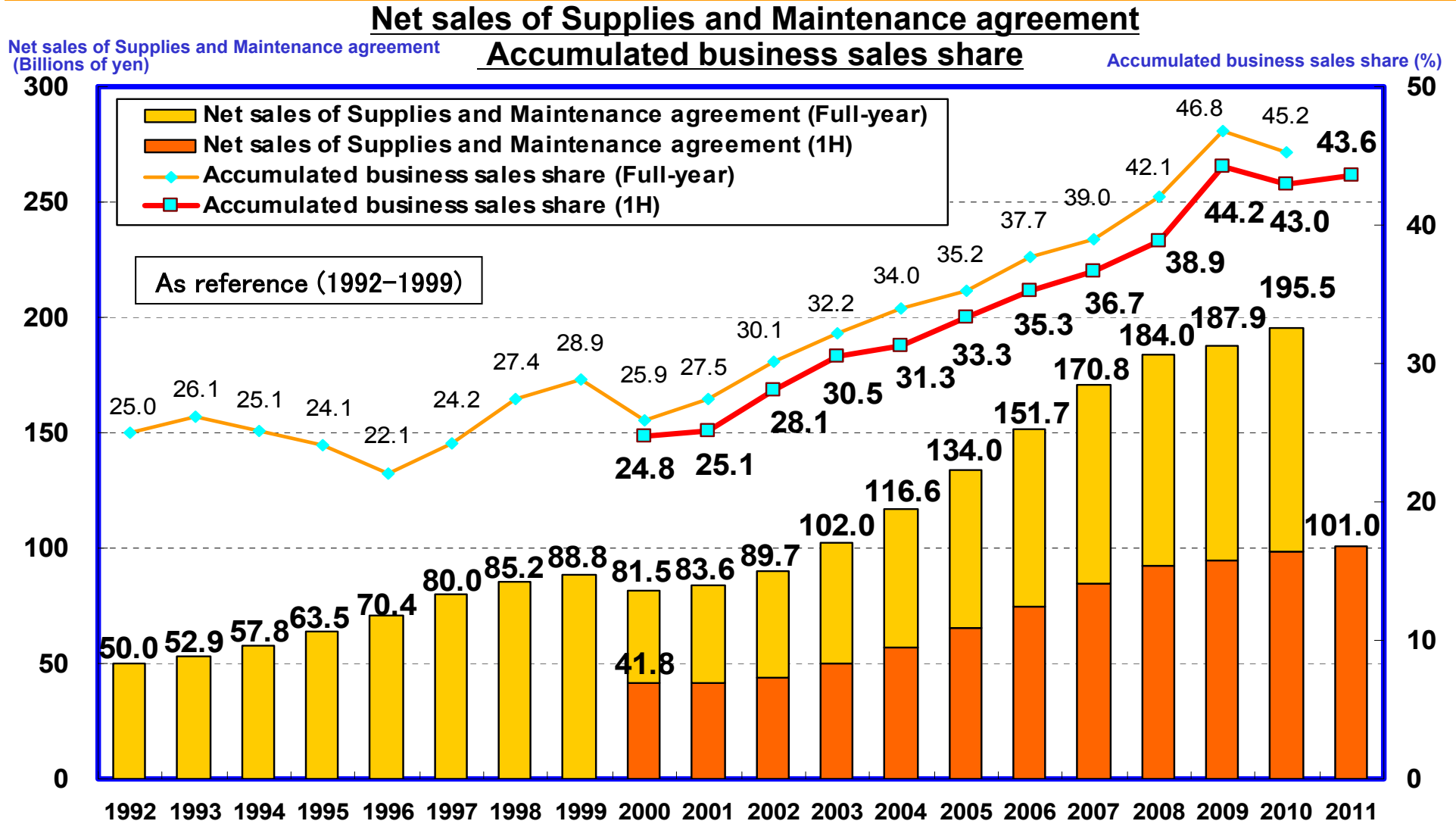
Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2011)



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 Forecast in 2011

- **Economy is expected to pick up momentum from autumn onwards.**
- **Companies' capital investment is starting to pick up gradually.**
- **There is a steady demand in terms of company needs for IT utilization, replacement and upgrades.**
- **Long-term needs of power saving.**

Policies and Measures in 2011

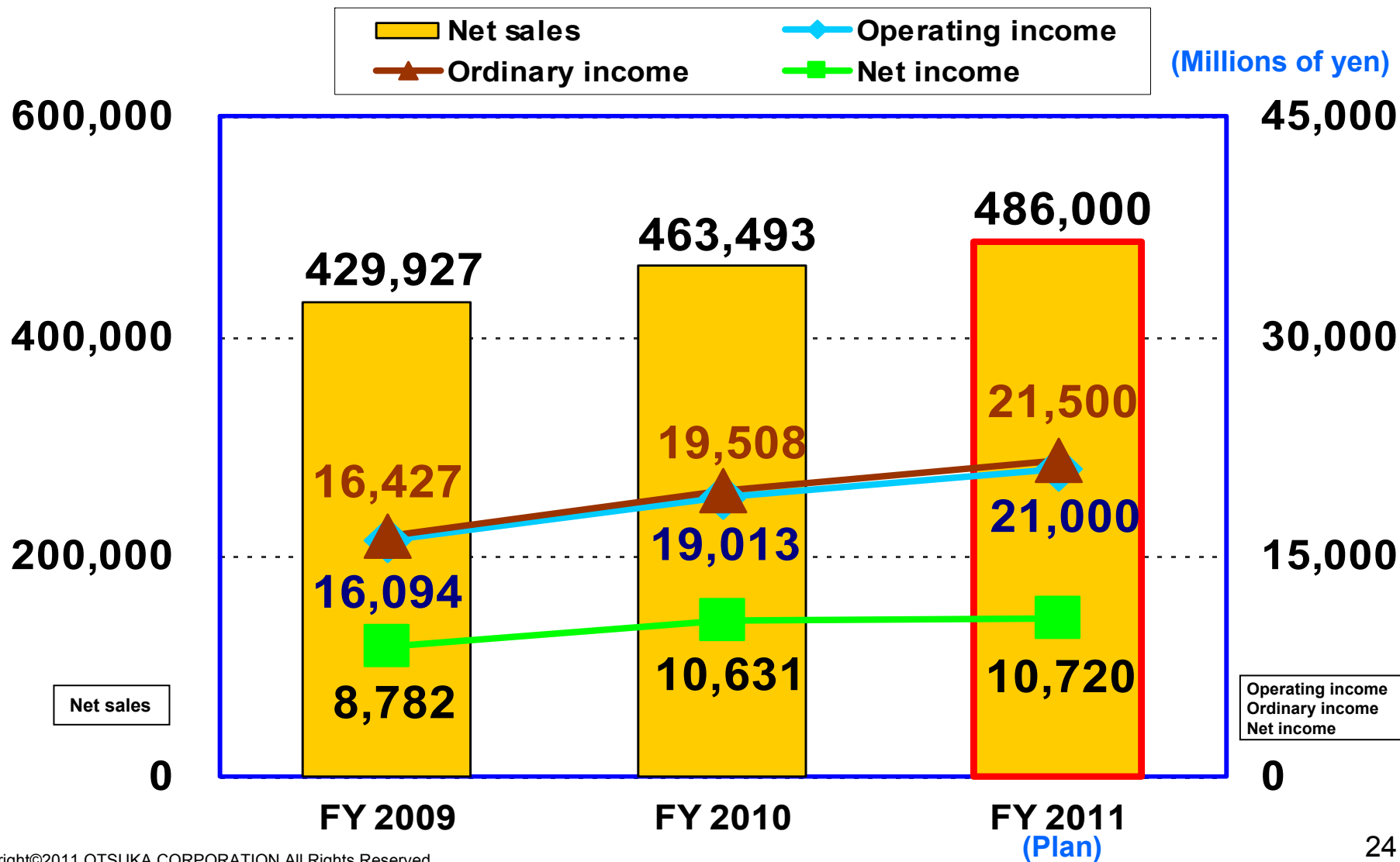
< Slogan >

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

- **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**

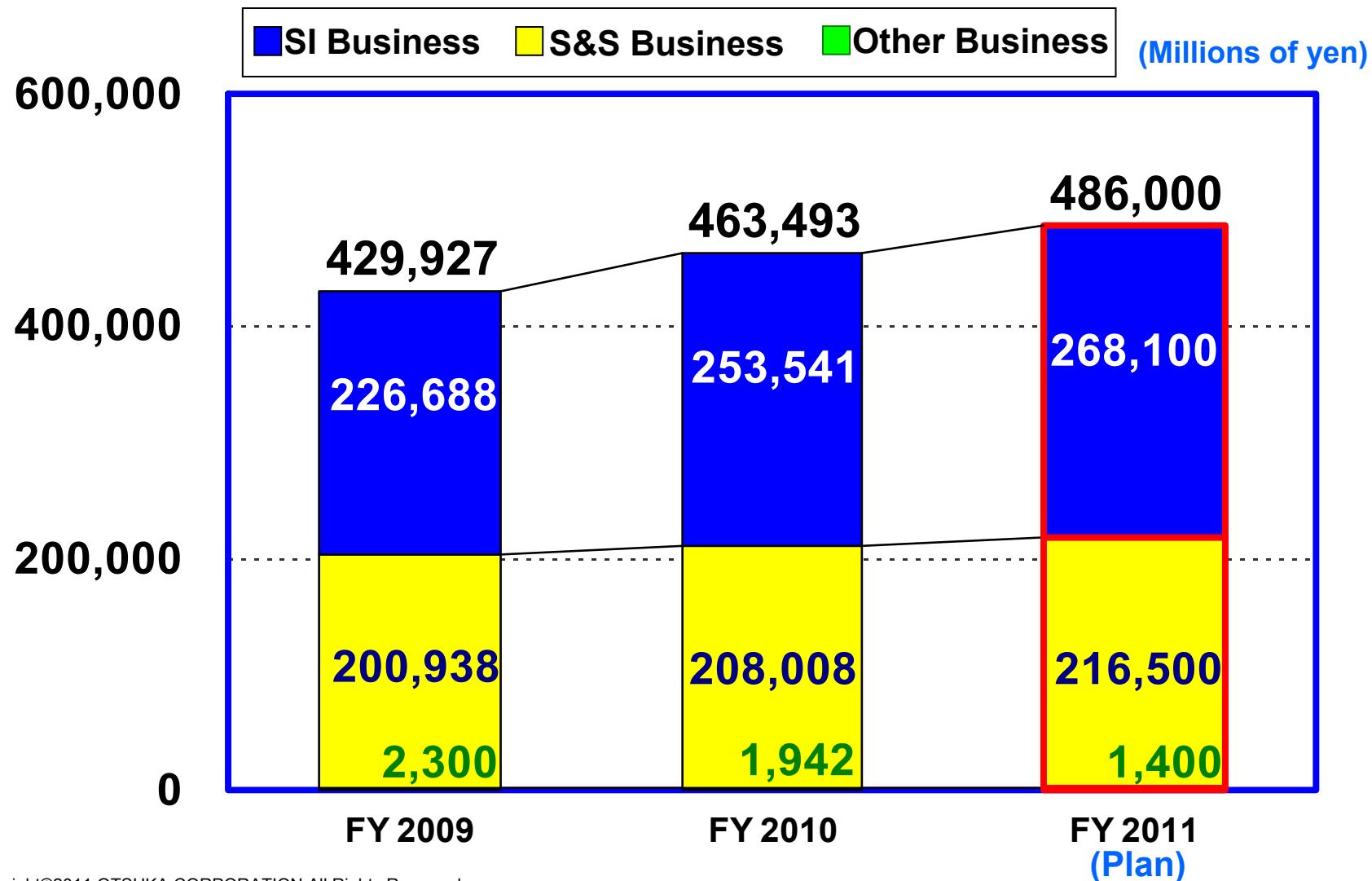
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Plans of Net sales and profit



Consolidated

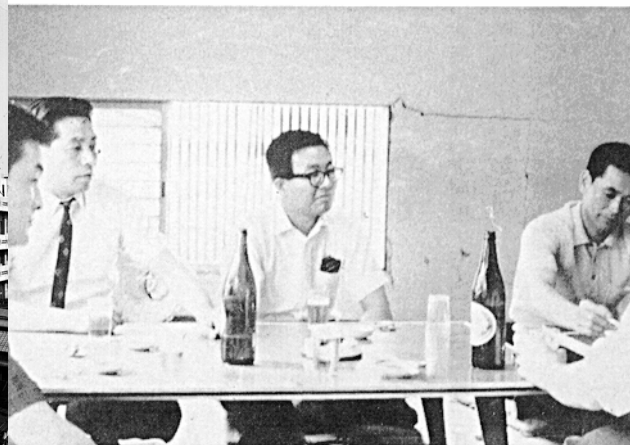
Plans of Net sales by segments





50th Anniversary of Foundation

- **Tree-planting activities and donation of LED lighting 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 CO₂ 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.

Completion of Construction of Yokohama Building

< Basic Policy >

Office building that contributes to creating a city and is admired by the local community

Environmentally friendly office building

Comfortable office building that is easy to use



Billboards Using LED




Overview of Green University of Tokyo Project

Special Interview

Interview about the Green University of Tokyo's verification experiments that realize university's smart grid

Hiroshi Esaki (Ph.D. Professor, Graduate School, University of Tokyo)



Industry-academia cooperative consortium [Sectional meetings and working groups (WG)]

62 members (44 companies, 18 NPOs)
(As of July 27, 2011)

- Concept WG
- Control verification WG
- Visualization WG
- Specification design WG
- Protocol standardization WG
- Commercialization WG

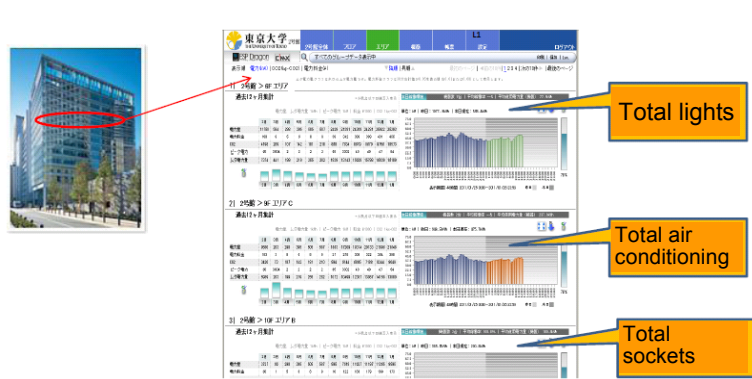
A shift toward practical business application phase based on the verification experiments conducted at the Building No. 2 of Faculty of Engineering since 2008.

“Mini-Green University of Tokyo” Verification Experiment - Introduction Test at the OTSUKA’s Head Office Building and Yokohama Building -

Visualization by floor



Visualization by light, air conditioning and socket



Introduction of LED Lights at OTSUKA CORPORATION

- Head office building 1,919 units
- Other buildings 1,162 units
- Hotels (4 locations) 2,486 units
- Shinjuku LED billboards
 - Total fluorescent-type LEDs: 1,524 units (@22W)
 - Total LED modules: 19,380 units (@1.4W)
- Takashimadaira Logistics Center 2,563 units
- Yokohama building 6,201 units
(LED lights throughout the building)

* **CO₂ reductions through the introduction of LEDs: Approx. 1,100 tons/year**

OTSUKA CORPORATION Head Office Building
Certified as “**Top Level Business Site**” for 2010

The Tokyo Metropolitan Government certified 14 business sites with office buildings that are outstanding in terms of significant reductions in green house gases and high standard energy saving as “**Top Level Business Sites.**”



Cautionary statement

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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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