



Fiscal year ending December 2012
Six months (January – June)
Business Results

August 1, 2012

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2012

(Millions of yen)

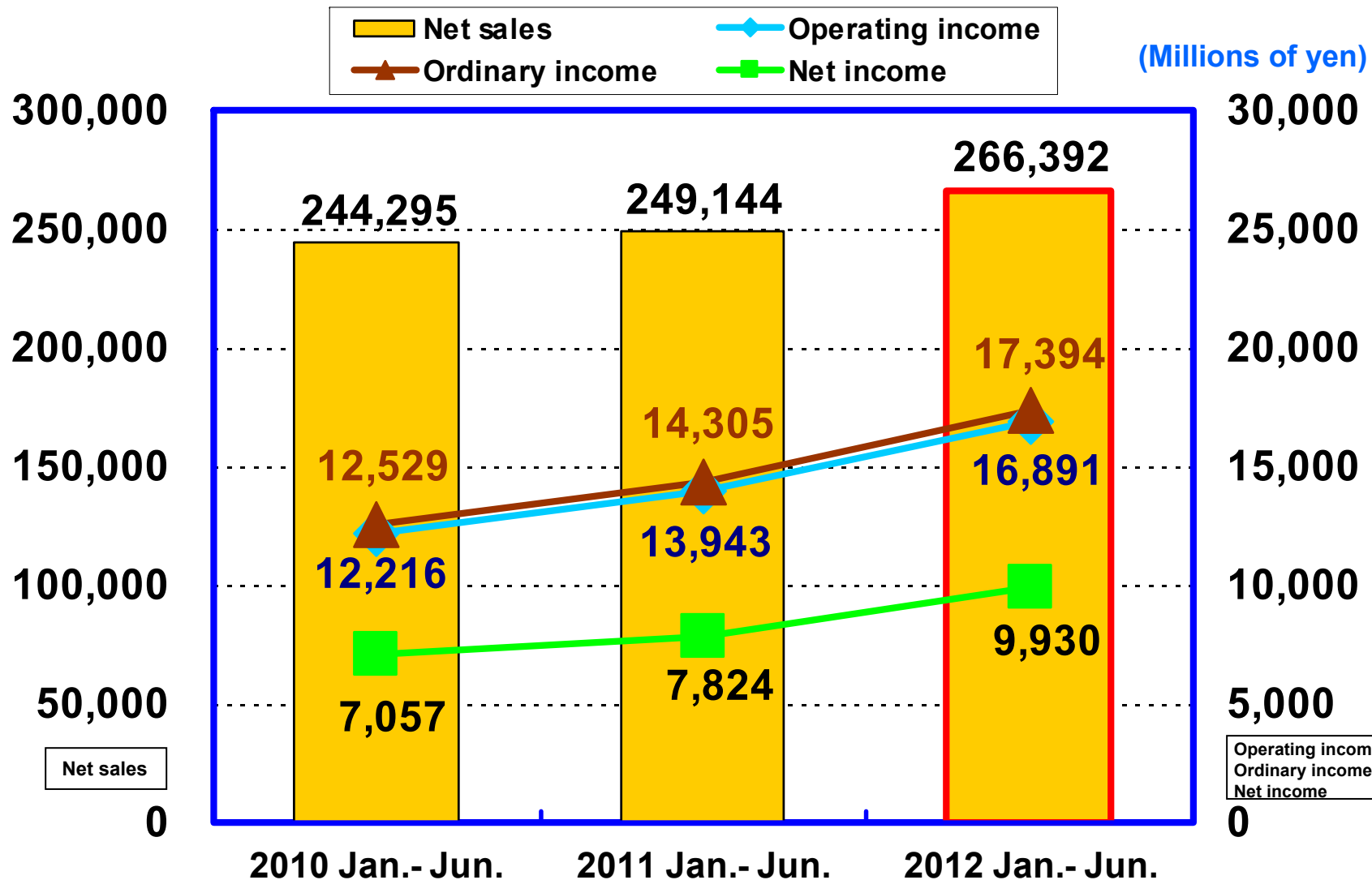
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	266,392	103.9%	+6.9%	245,668	102.8%	+6.0%
Operating income	16,891	118.1%	+21.1%	15,306	117.7%	+20.4%
Ordinary income	17,394	119.1%	+21.6%	15,713	117.4%	+20.2%
Net income	9,930	121.0%	+26.9%	8,865	116.7%	+21.5%

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2012 Jan.- Jun. Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	235	3,064
	Net plan Co., LTD	Electronic communications construction and interior construction	91	5,354
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	164	904
	Net World Corporation	Sales and technology support for network-related equipment	323	27,622
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	317	2,231
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	309	2,343
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	24	250
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	47	480

Consolidated

Net sales and Profits



External Environment

The domestic economy showed signs of a modest recovery.

The environment was characterized by a mild recovery in the global economy, and the European debt crisis continued.

Exports recovered and foreign exchange rates and share prices were unstable.

Production showed signs of a slow recovery and there were concerns over power supply.

There was a shortage in certain products due to the impact of the flood disaster in Thailand.

The number of corporate bankruptcies remained at the same level, and investment in facilities and equipment showed signs of recovery.

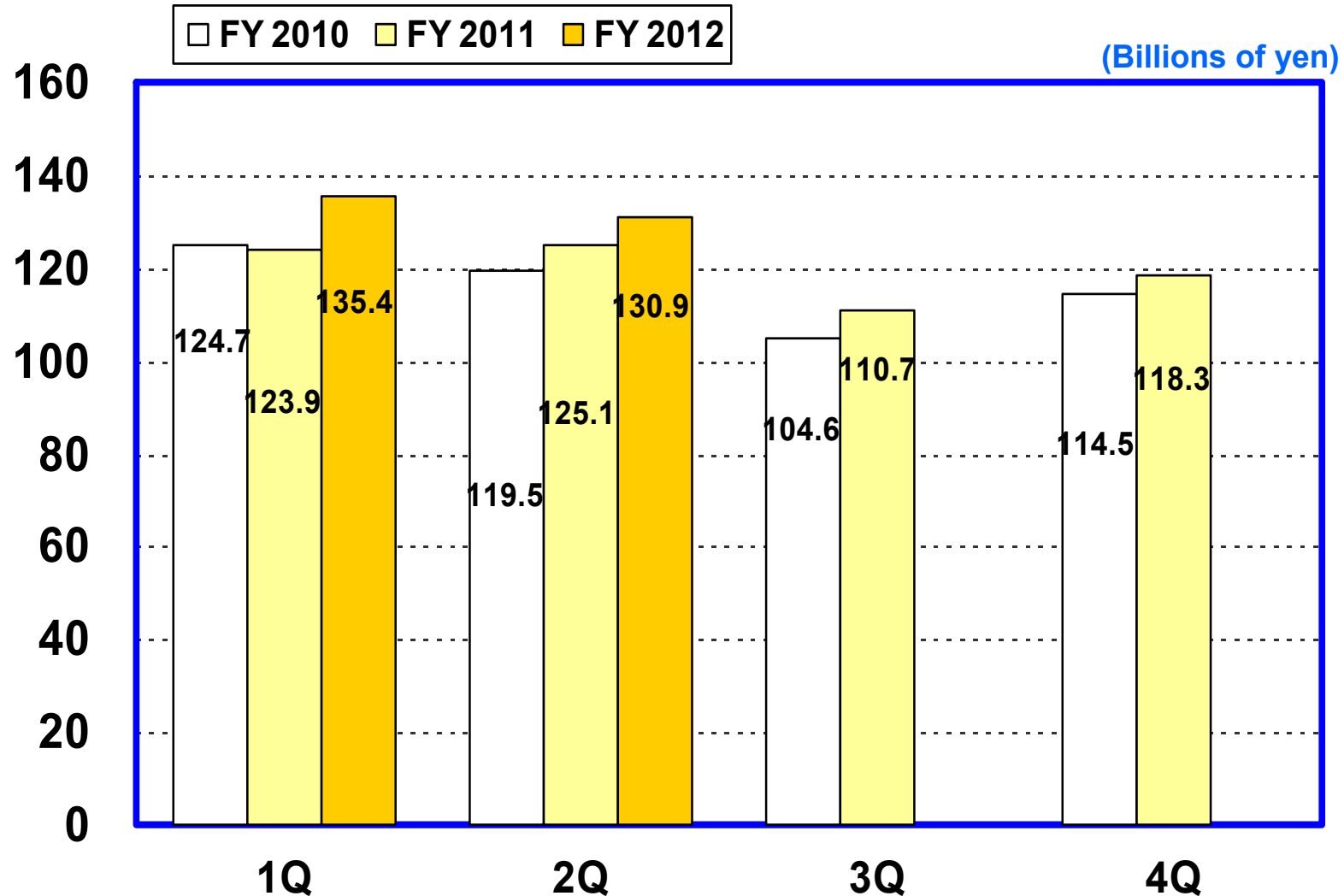
IT investments achieved steady growth.

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”**
- **Strengthening of accumulated business: “tanomail” and “tayoreru”**
- **BCP measures and proposals for reducing power consumption**
- **Minimizing the impact of Thailand floods through alternative proposals**

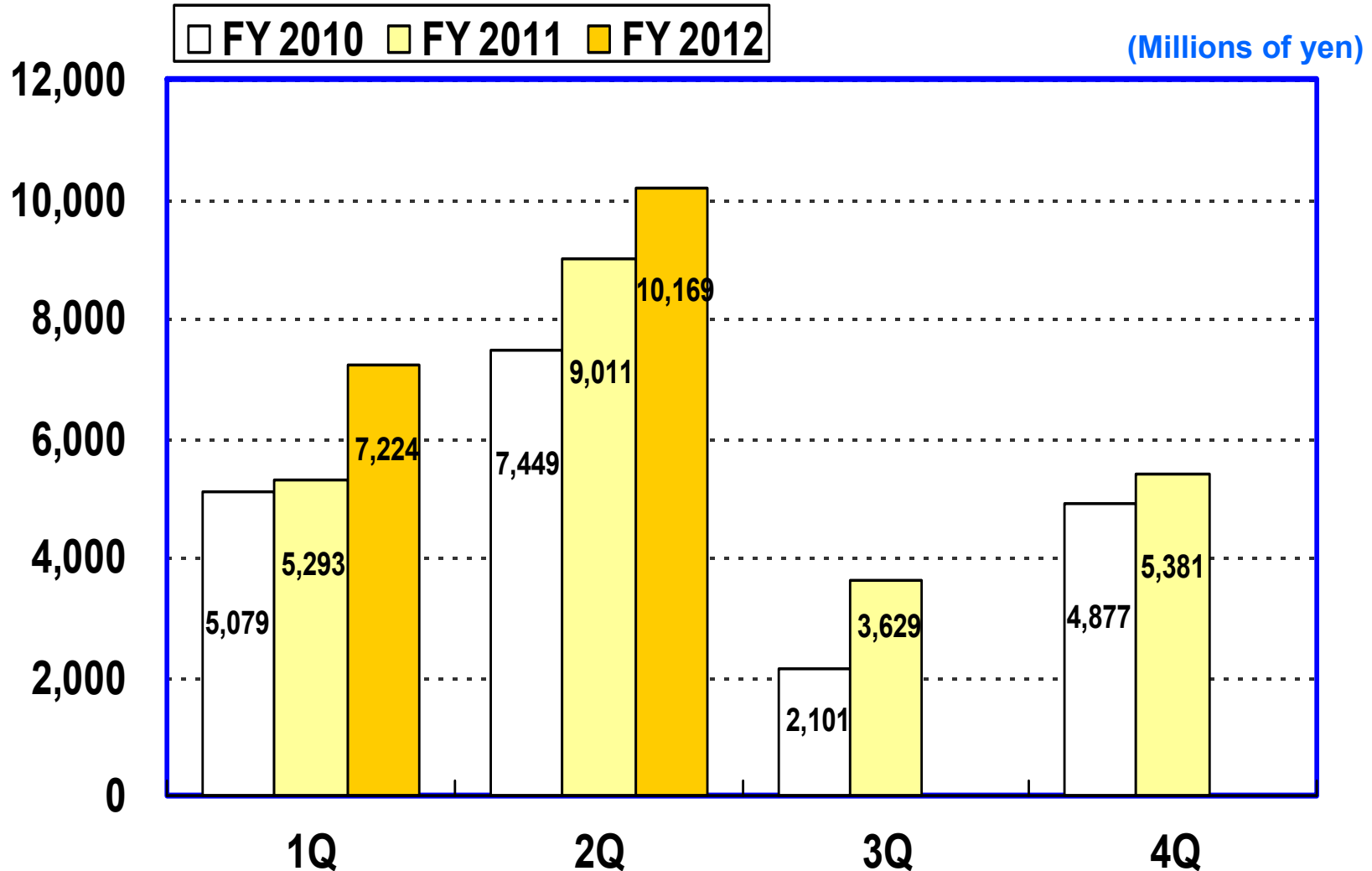
Consolidated

Quarterly change of Net sales



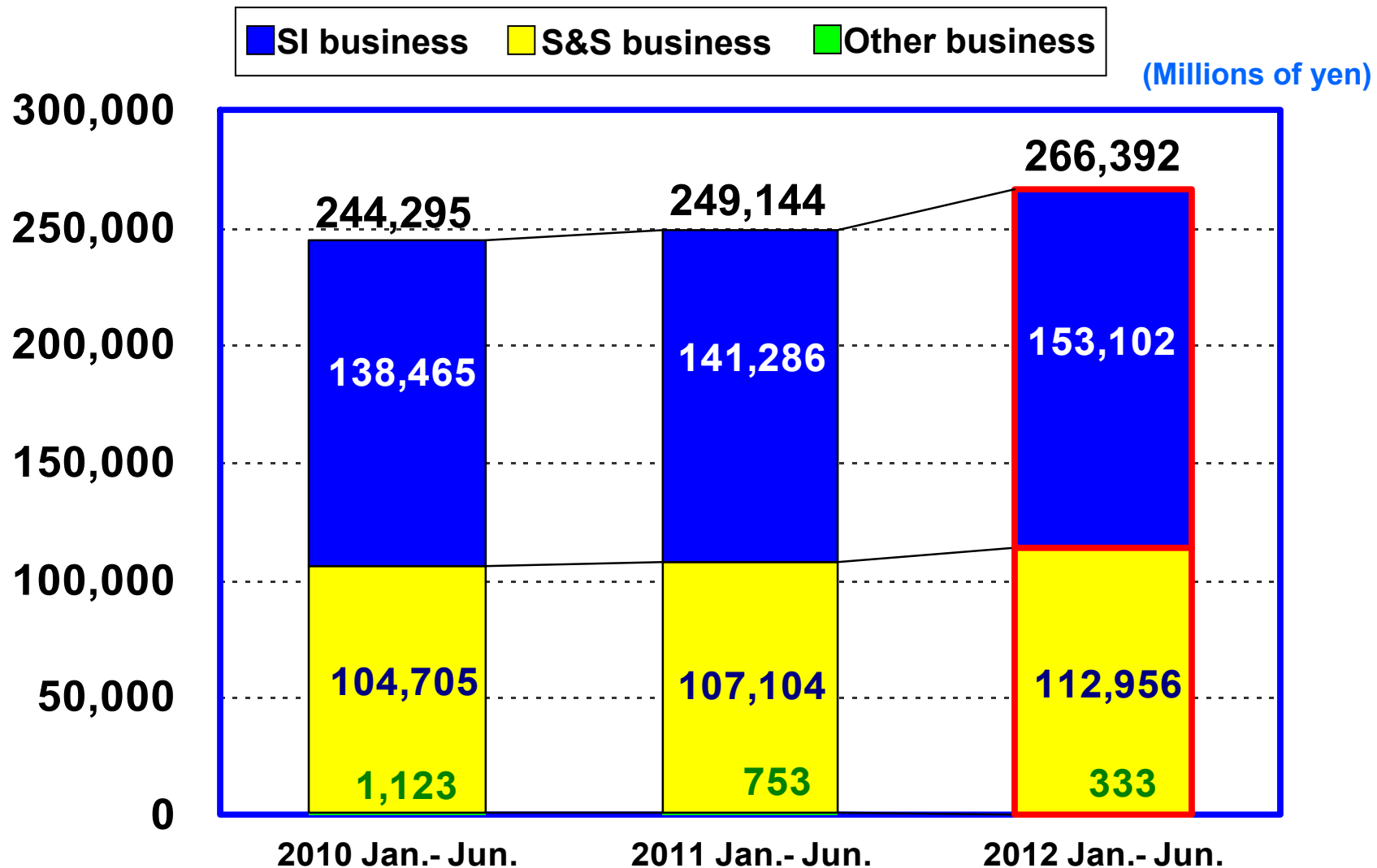
Consolidated

Quarterly change of Ordinary income

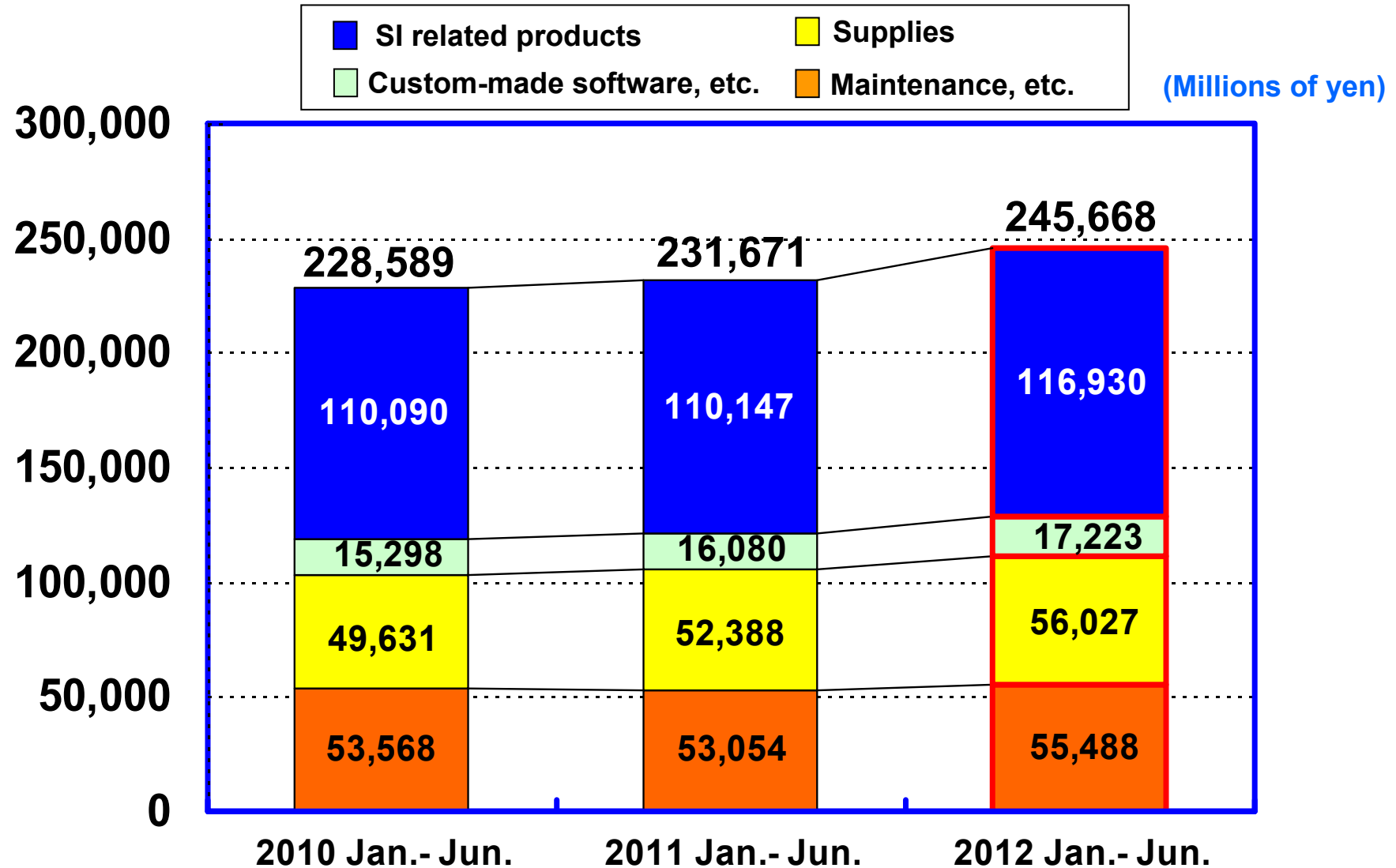


Consolidated

Net sales by segments

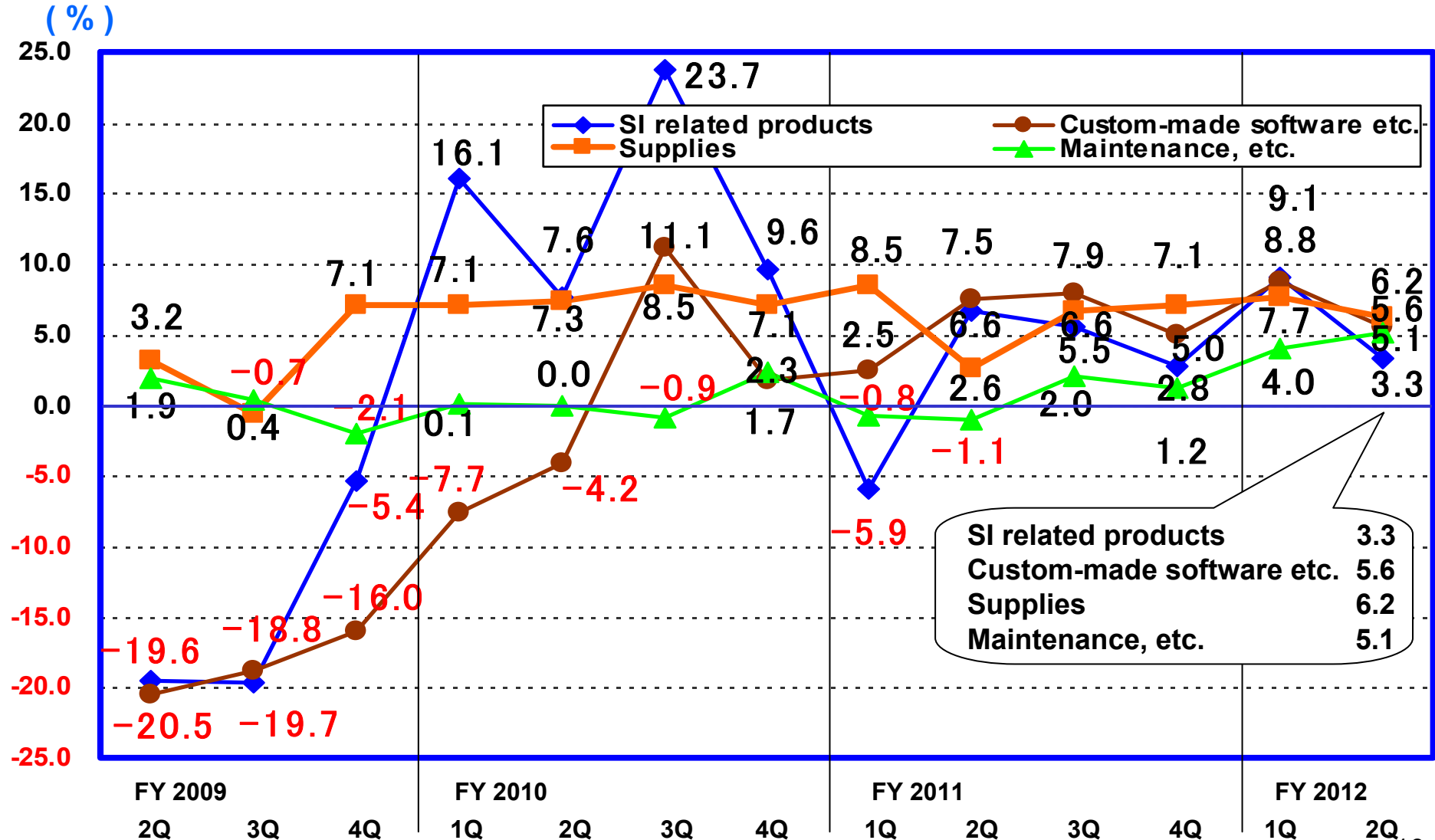


Net sales by 4 segments



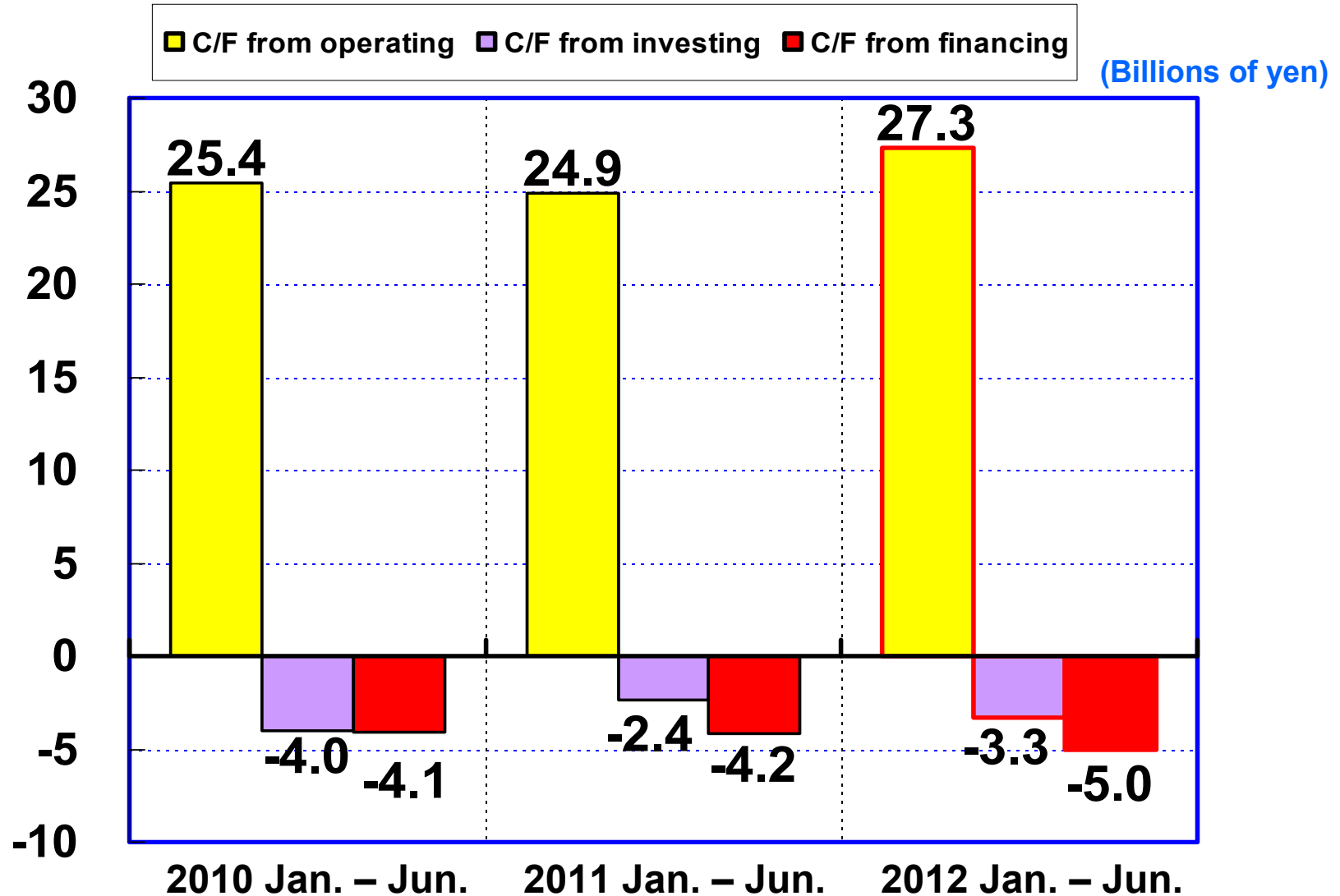
Non-Consolidated

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



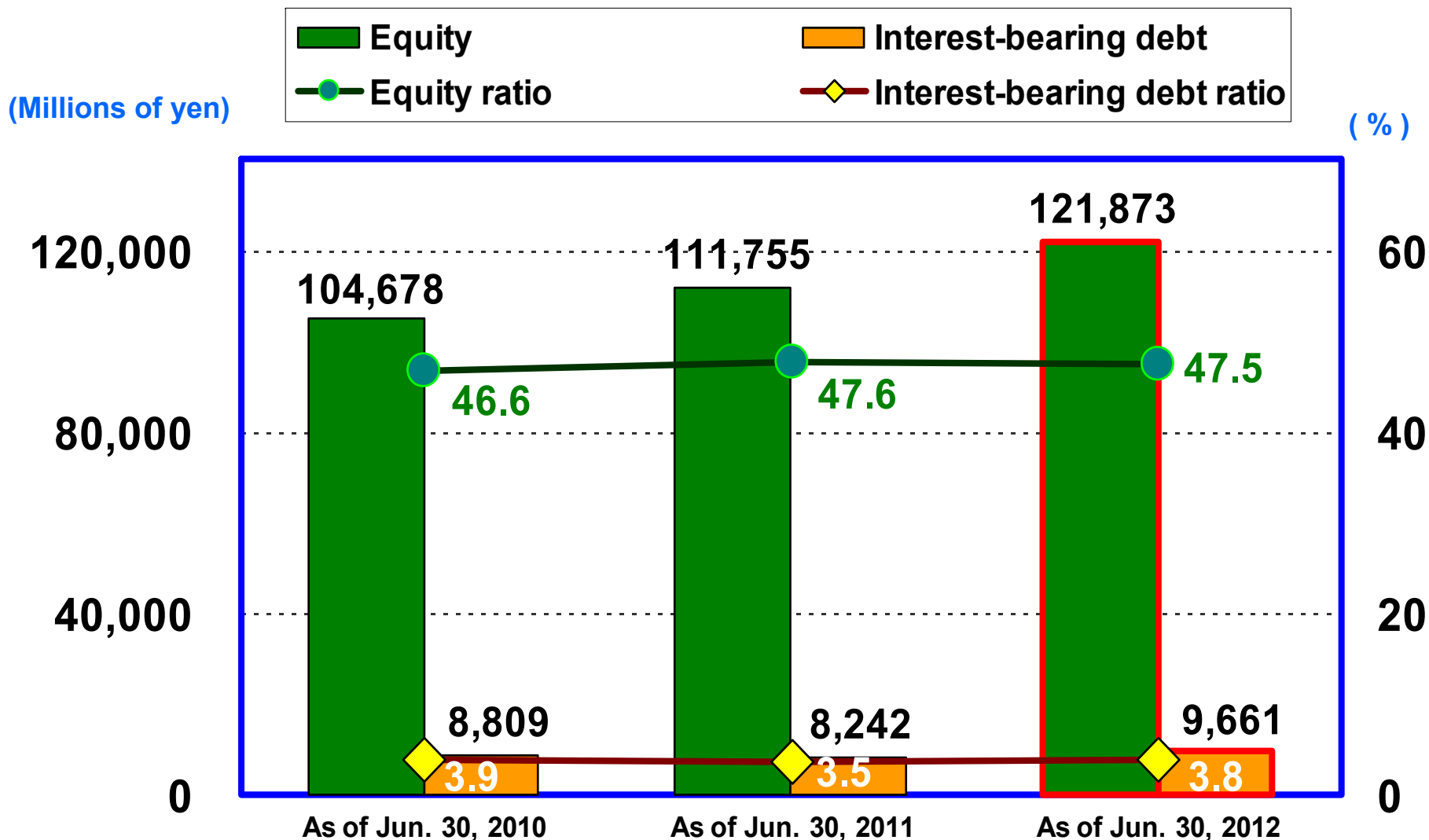
Consolidated

Cash flows



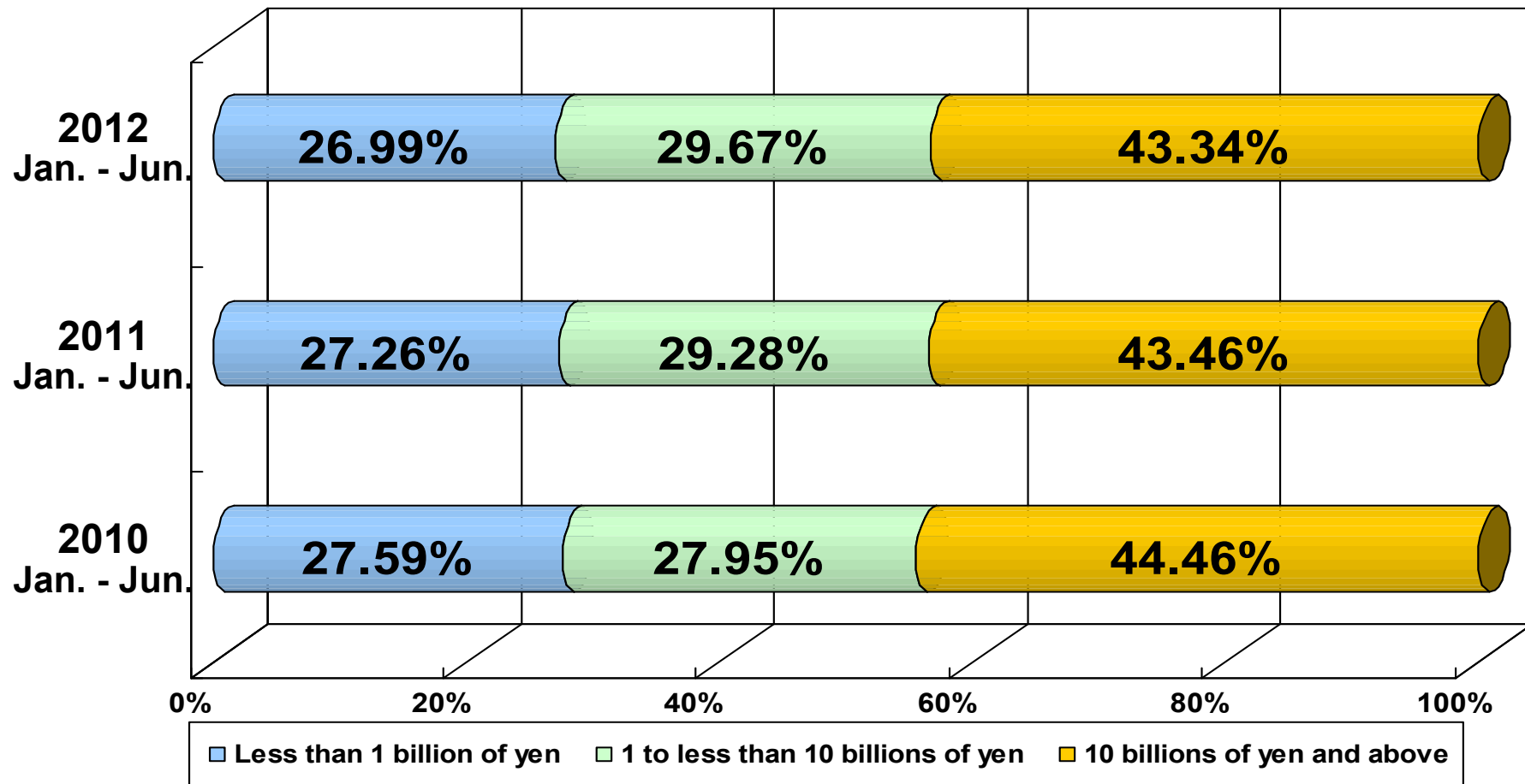
Consolidated

Equity and Interest-bearing debt



Non-Consolidated

Net sales structure on customers' total annual business scale

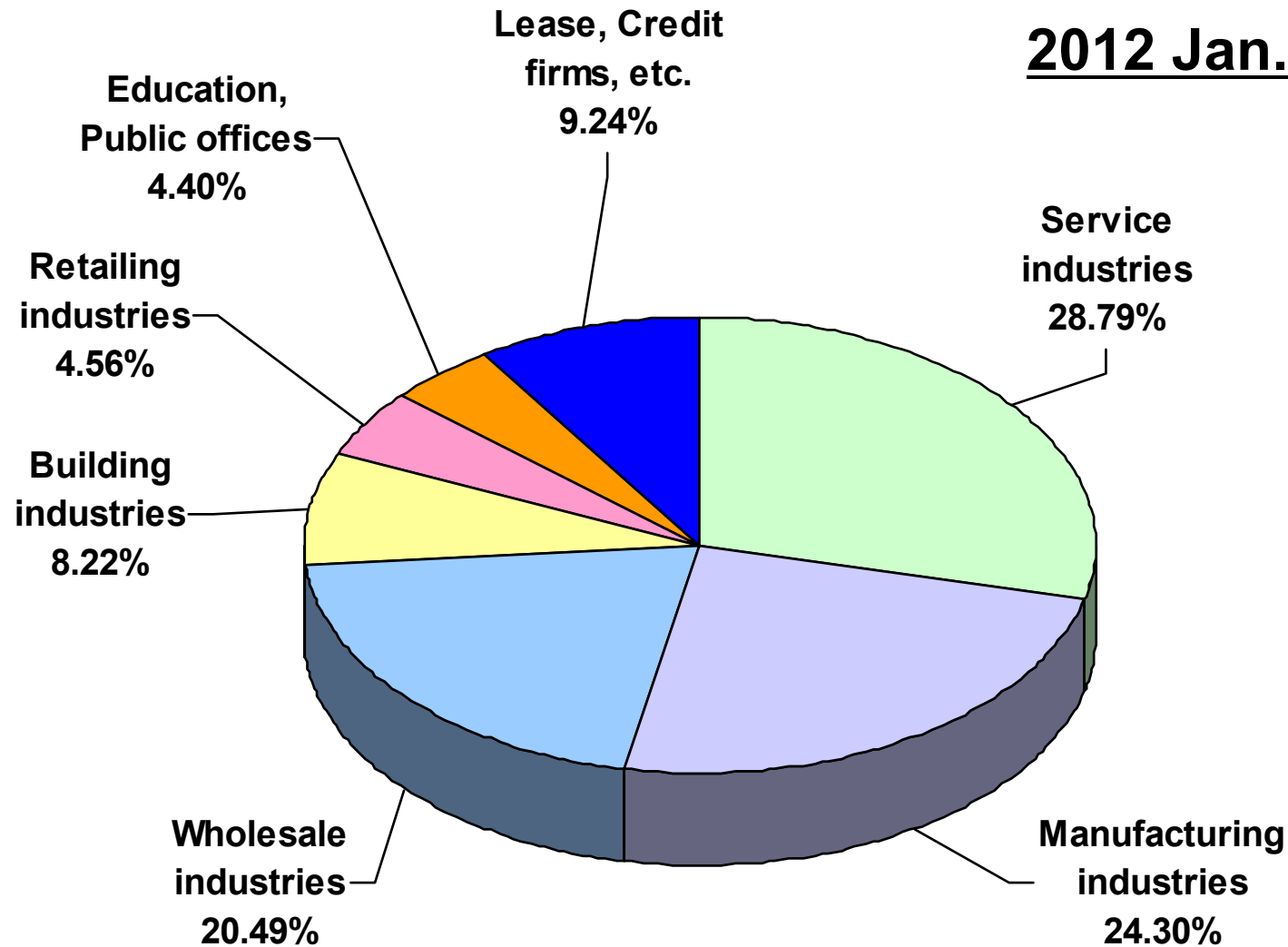


* "Less than 1 billion yen" includes public offices.

Non-Consolidated

Sales breakdown by customers' type of industry

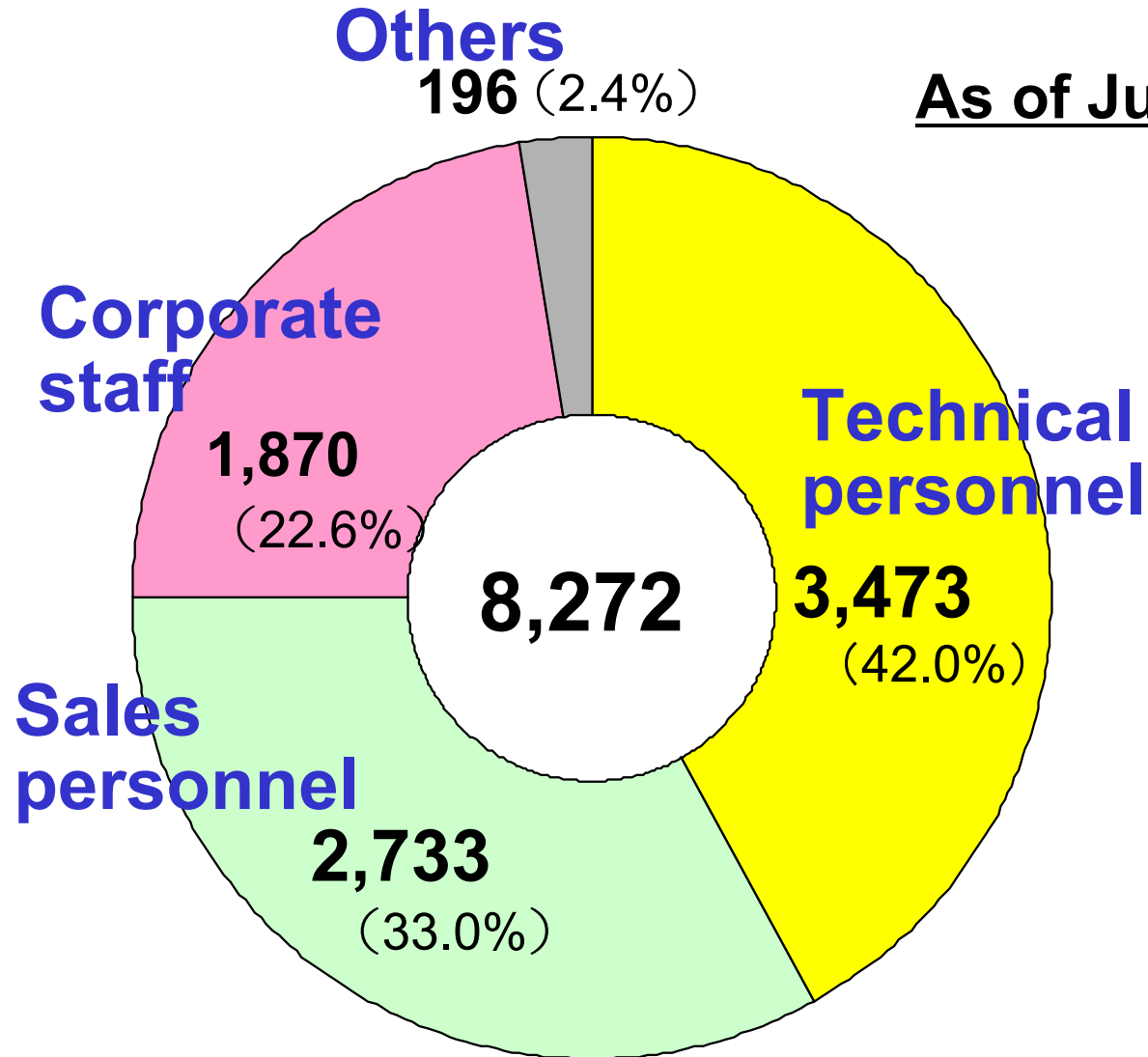
2012 Jan. – Jun.



Consolidated

Personnel organization (regular employees)

As of Jun. 30, 2012





Key strategic business

<Amount of Sales>

(Millions of yen)

	2010 Jan. – Jun.	2011 Jan. – Jun.		2012 Jan. – Jun.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	51,183	54,240	+6.0%	58,749	+4,508	+8.3%
SMILE	3,626	4,252	+17.3%	4,847	+595	+14.0%
ODS21	21,705	22,340	+2.9%	23,410	+1,069	+4.8%
OSM	23,346	24,509	+5.0%	25,323	+813	+3.3%

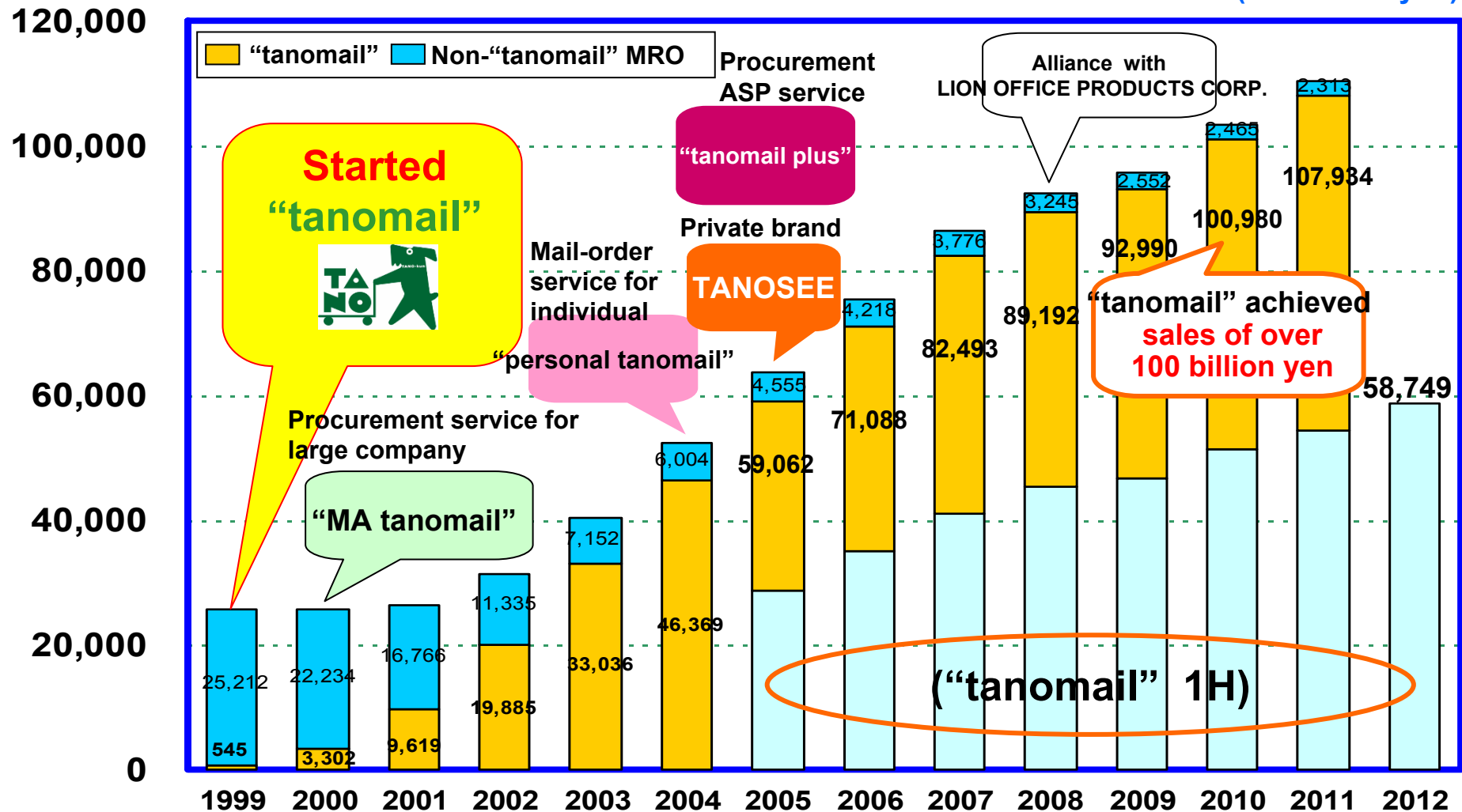
<As reference: Number of Sales>

(Units)

Copier	15,061	16,196	+7.5%	17,733	+1,537	+9.5%
(of which Color copier)	11,712	13,324	+13.8%	15,008	+1,684	+12.6%
Server	18,423	19,537	+6.0%	19,794	+257	+1.3%
PC	355,401	352,385	-0.8%	361,177	+8,792	+2.5%

Annual sales transition of "tanomail"

(Millions of yen)

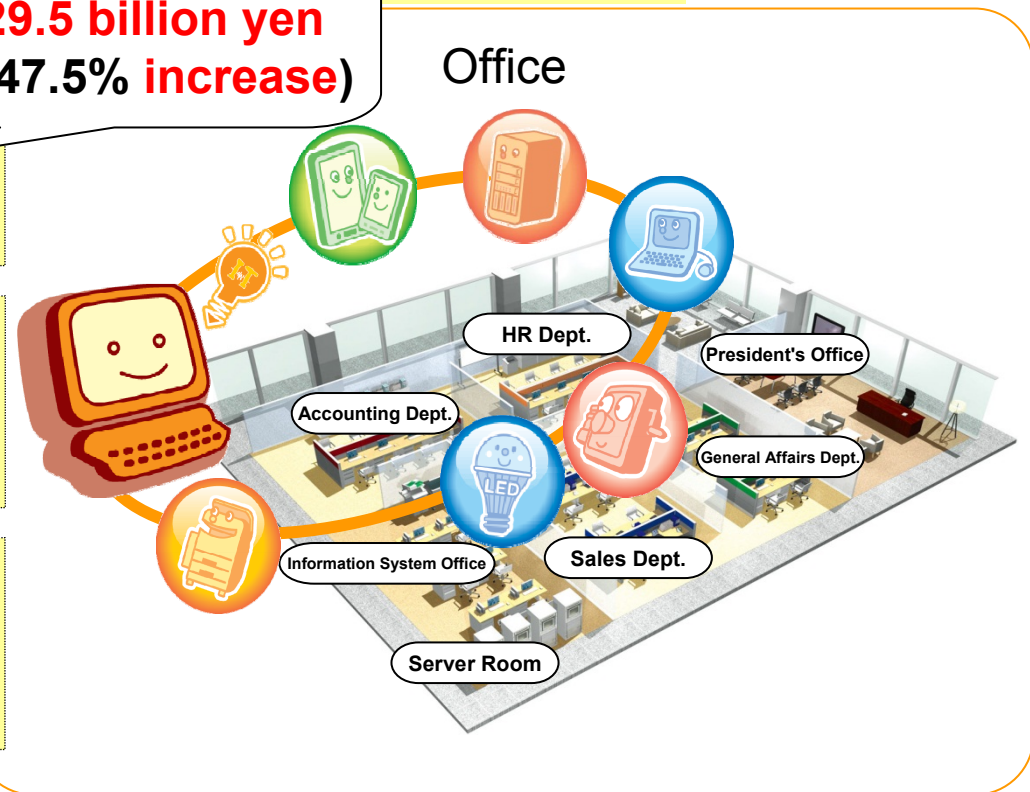
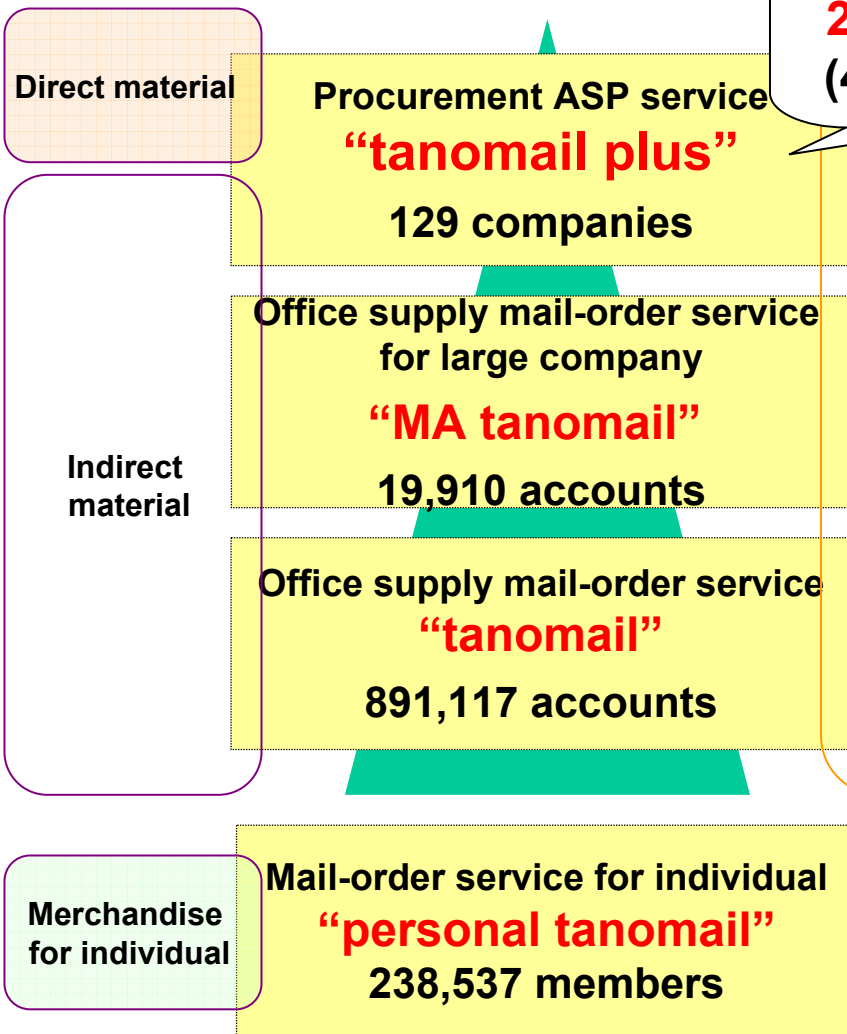


Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2012)

1H Pass-through amount <customer>
29.5 billion yen
 (47.5% increase)



Corporate employees, general individuals

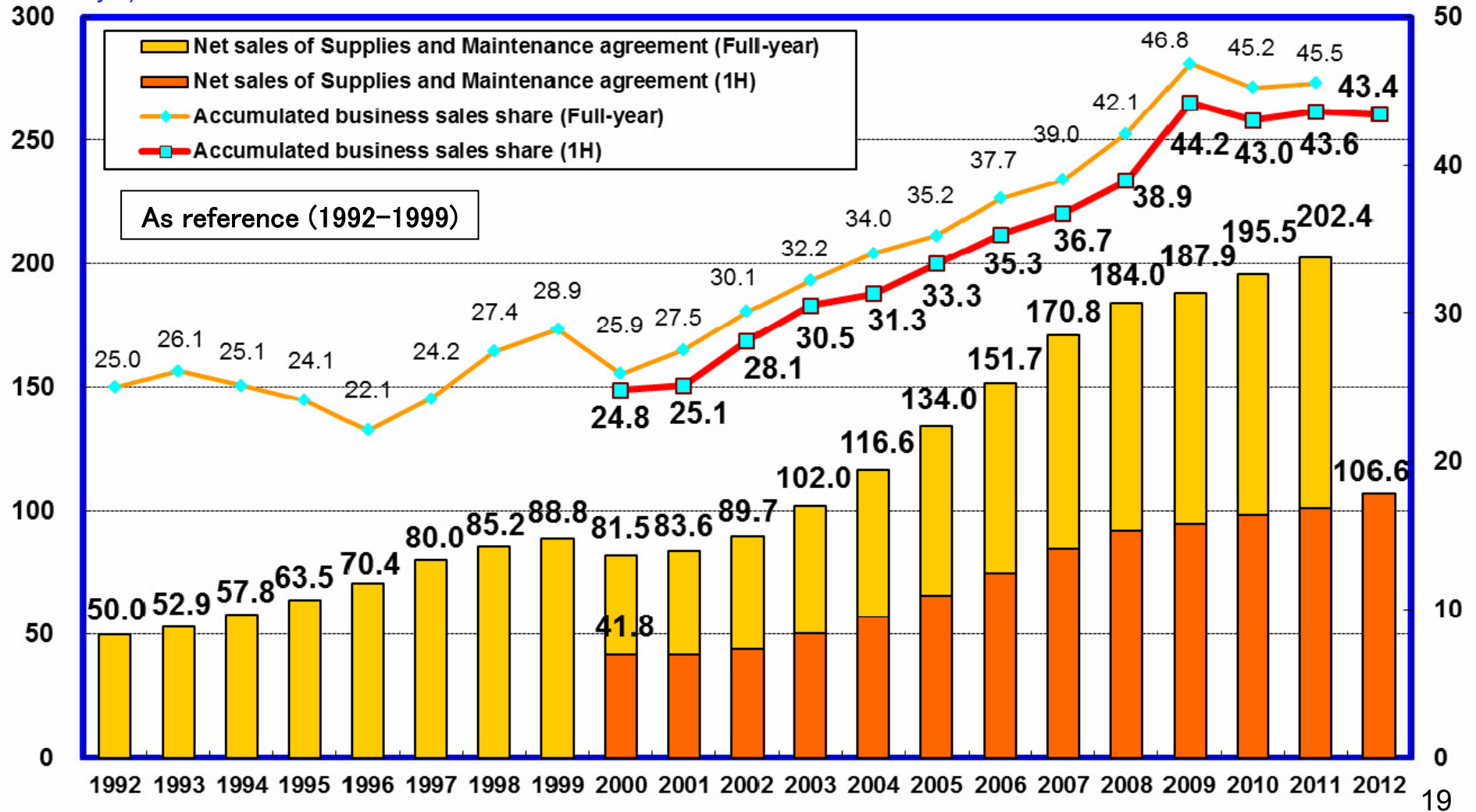
Growth of accumulated business

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 (%)



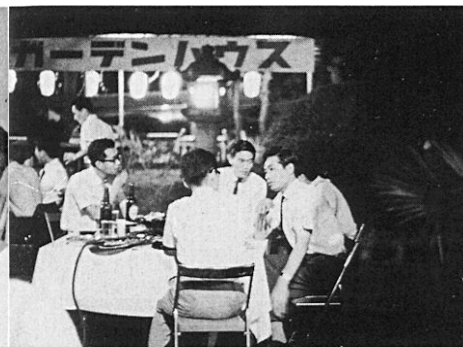
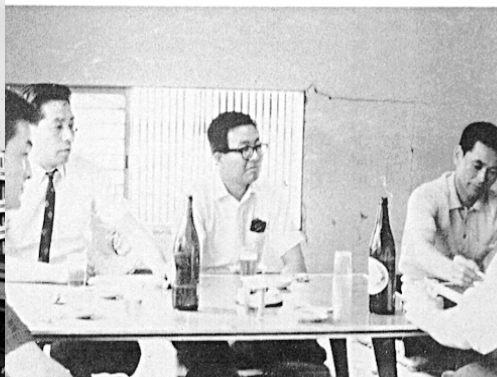


50th Anniversary of Foundation Together with Customers

<“tanomail”>

- “No delivery charge with orders of 500 yen or more” campaign
- Discount in delivery charge with orders of less than 500 yen from 315 yen to 210 yen
- Discounted over 2,700 items in the spring/summer catalogue

Ongoing efforts will also be made to discount items in the autumn/winter catalogue.



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



50th Anniversary of Foundation Together with Customers

<Environmental and Social Contribution Activities>

Tree-planting activities in respective regions nationwide and donation of LED lights

- Sapporo, Sendai, Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka

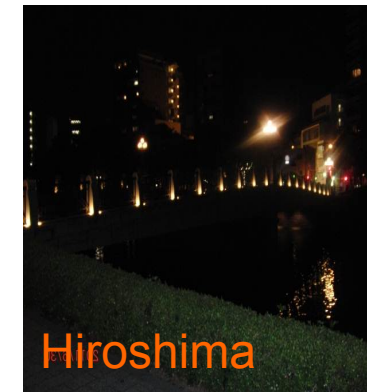
Reforestation activities overseas

- Planted **170,000** Tasmanian blue gum trees in **150-hectare savanna district** in Brazil (area equivalent to 32 Tokyo Domes)

Promotion of a shift to LED

- Installation of LED lights in entire Yokohama building
- Promotion of introducing LEDs in-house (38,380 units)

Tree-planting activities and Donation of LED lights





“TANO-kun” Forest



- The Macapá **savanna district**, OTSUKA’s reforestation area, is situated right on the equator and is located 2,650 kilometers to the north of São Paulo in Brazil.
- Planted **170,000** Tasmanian blue gum trees encompassing a **150-hectare** land area (equivalent to area of 32 Tokyo Domes)
- Tasmanian blue gum trees will grow in six **years**



Image of “TANO-kun” Forest



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 LEDs



Introduction of LED Lights at OTSUKA CORPORATION

• Head office building	1,919 units
• Yokohama building (LED lights throughout the building)	6,201 units
• Other buildings	4,307 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
<hr/>	
Total	38,380 units

* **CO₂ reductions through the introduction of LEDs: Approx. 1,200 tons/year**

LED Lights Proposed by OTSUKA CORPORATION

【 Straight-tube LED lamps for office-use 】

New products

LumiDas-FL series



LED 22W (General fluorescent responding to type-40)
Length: 1,198mm



LED 12.3W (General fluorescent responding to type-20)
Length: 580mm
LED 53W (General fluorescent responding to type-110)
Length: 2,367mm

Type-40, type-20 and type-110 LED lights are available according to customer needs.

【 Mercury lamp-type and flood light-type LEDs for warehouses and plants 】

LumiDas-C series



LED 55W (equivalent to 200~300W mercury lamp)
LED 80W (equivalent to 300~400W mercury lamp)

LumiDas-SL series

(Fixed type)



(Pendant type)



(Shared type)



LED 80W (equivalent to 300~400W mercury lamp)
LED 110W (equivalent to 400~500W mercury lamp)
LED 160W (equivalent to 700~800W mercury lamp)


Actively proposing to customers (Introduced at 12,000 business sites)

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)]

63 members (42 companies, 21 NPOs)
(As of July 27, 2012)

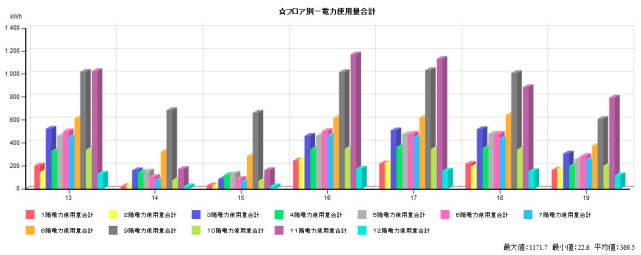
- Concept WG
- Control verification WG
- Visualization WG
- Specification design WG
- Protocol standardization WG
- Commercialization WG

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 -



Visualization by floor

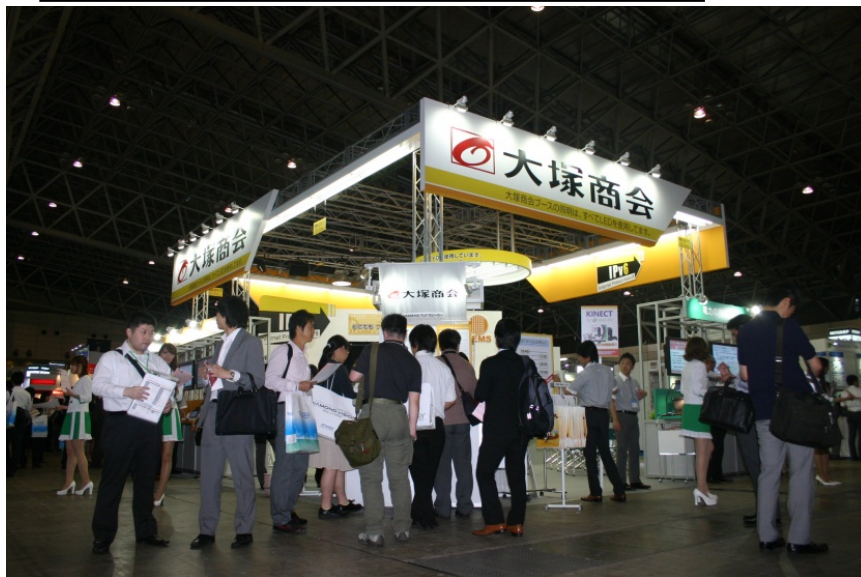


Visualization by light, air conditioning and socket

ロケーション管理担当者	本日合計	前日比
10階 照明	96.0 kWh	2.5%
10階 空調	12.0 kWh	-7.7%
10階 コンセント	83.8 kWh	5.5%
10階 PC-サーバ	9.6 kWh	0.0%

OTSUKA CORPORATION Exhibited at Interop Tokyo 2012

All lights in the booth were LED
Introduced various aspects centering on
the visualization of electric power



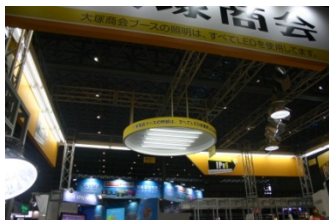
Special lecture by Professor Esaki,
The University of Tokyo
(Open BEMS, LED, Smart Plug, etc.)

Display of Smart Plug
produced by PlugWise

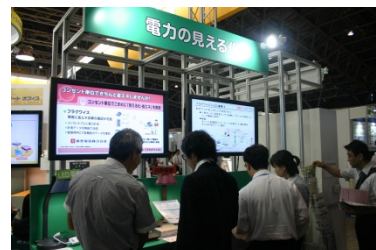


Comparison of power consumption between
Windows XP and Windows 7

Introduced IPv6 and
power-saving solutions on stage



LED lighting control



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 2012

- **Although the future outlook remains uncertain, the IT market is expected to get back on a recovery track.**
- **Companies' capital investment is gradually starting to pick up.**
- **There is a strong demand by companies for IT utilization, replacement and upgrades.**
- **Expansion of tablet and slate device market**
- **Concerns over power supply and energy saving measures are even more crucial.**

Policies and Measures in 2012

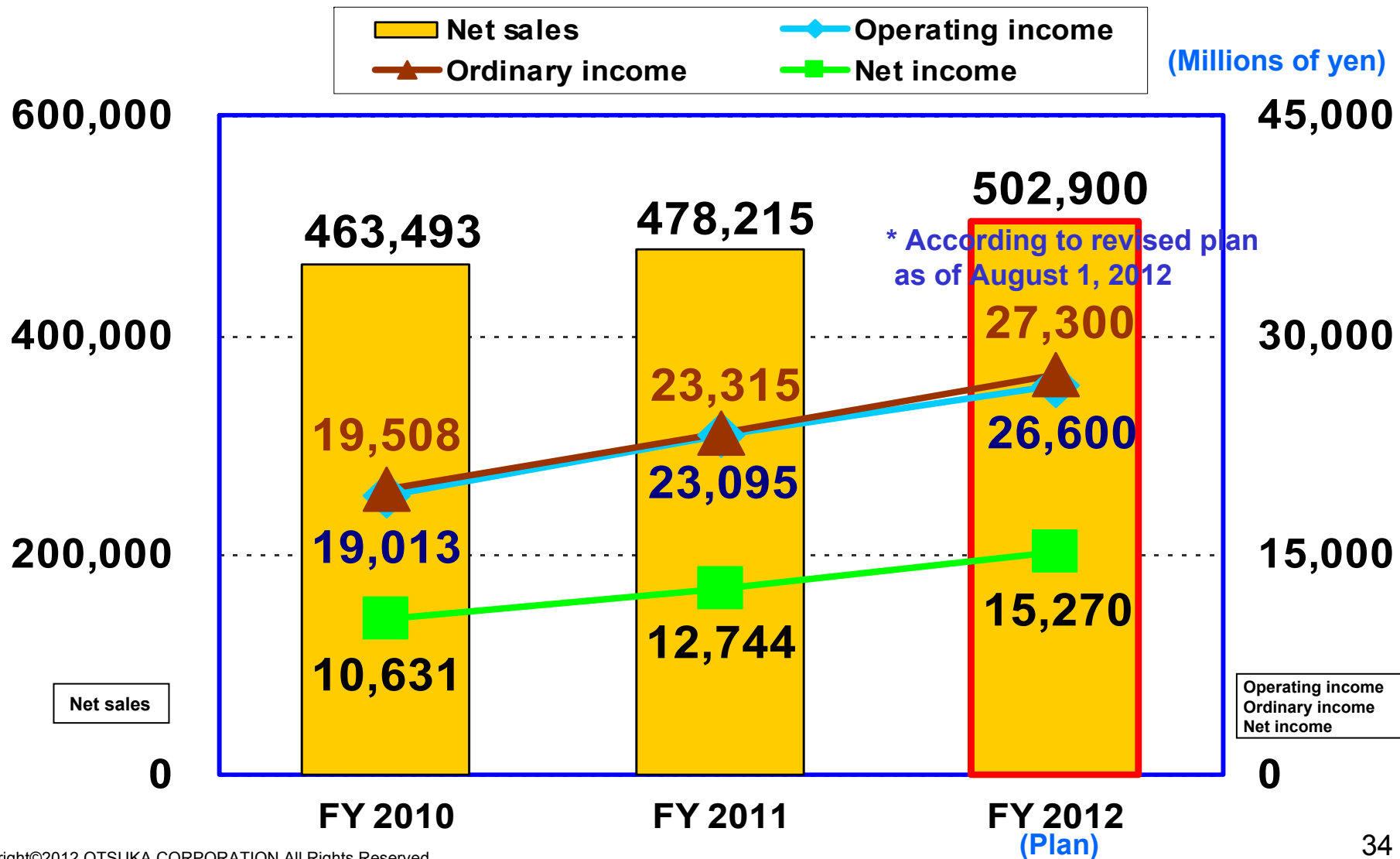
< Slogan >

“Live up to customers’ trust from a customer viewpoint and vitalize office”

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

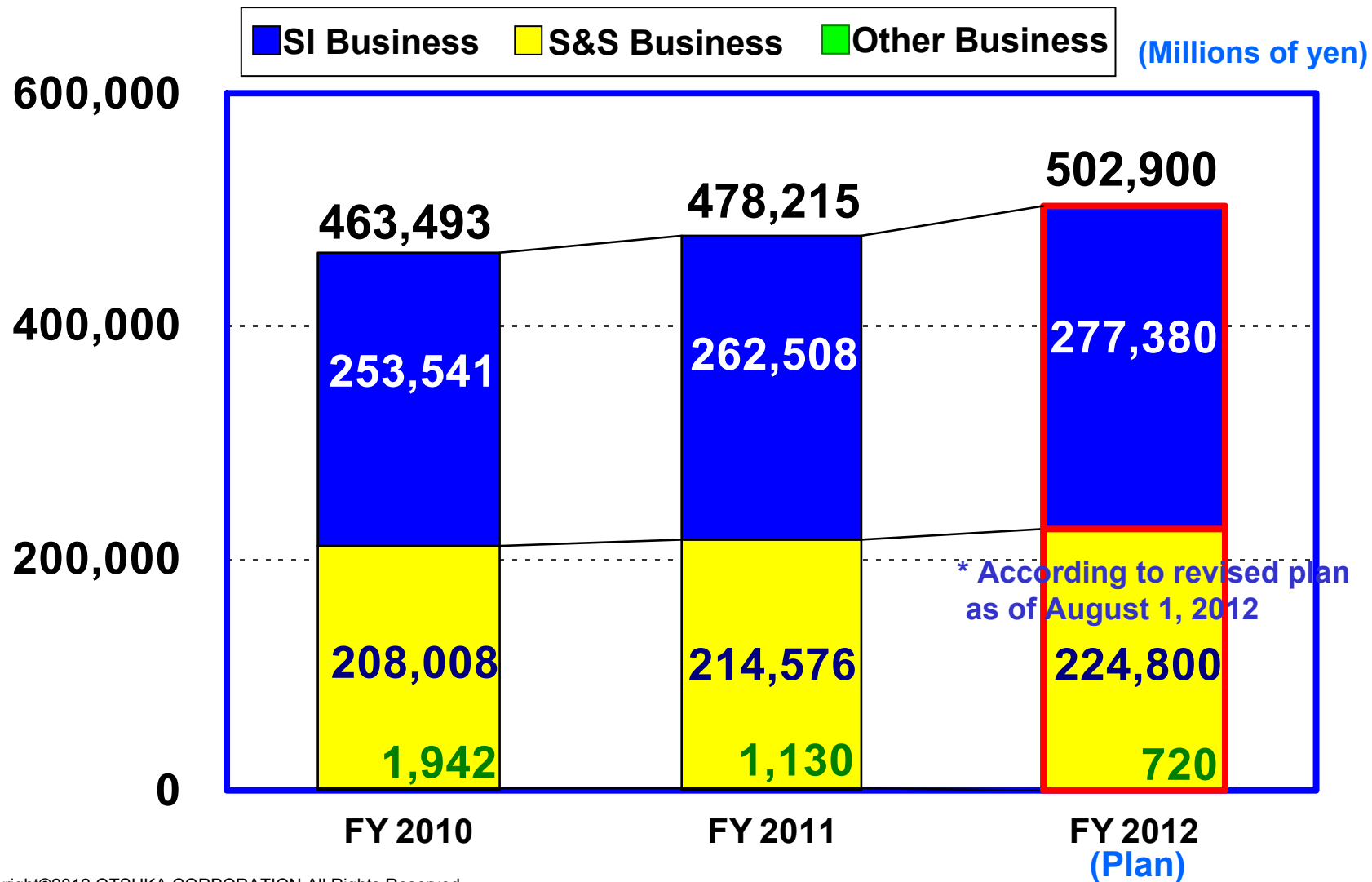
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments





Cautionary statement

1. This material is intended to provide information about the business performance of the 2nd quarter of fiscal year 2012 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.
3. Statements in this document are based on the current beliefs, estimates and expectations of management. OTSUKA CORPORATION undertakes no obligation to update any forward-looking statements.
4. OTSUKA CORPORATION shall in no event be liable for any damages arising out of the use or interpretation of this material.