

# Forecast for Fiscal 2008

## ■ Utilization of IT Essential

Looking ahead, it appears that improvements in corporate earnings and the employment situation will come to a standstill, which together with reports of worsened business confidence give rise to an increasingly prevalent cautious view of the future. Further, there is concern that the impact of the U.S. subprime loan issue and the high cost of crude oil will have a negative effect on the economy, both in Japan and worldwide.

Within this context, companies of every size and industry must increasingly employ IT in order to resolve management issues. In particular, upon the enactment of the Financial Instrument and Exchange Law, IT investment related to the implementation of internal control systems is projected to increase and demand for the upgrading of information system infrastructures is expected as well.

In accordance with such conditions, the OTSUKA Group has set as its fiscal 2008 slogan, “Respond to customers’ trust from their viewpoint and make a leap forward together with customers,” and will offer high value-added information system proposals that utilize its comprehensive strengths. The OTSUKA Group will provide optimal customer support and work to further expand its business with existing customers while cultivating new customers.

In the System Integration business, the OTSUKA Group will continue to focus resources on the key strategic businesses of the information security-related business, the “ODS21” knowledge management system, the “SMILE” integrated mission-critical operational system and CAD systems.

In the Service and Support business, the OTSUKA Group will further strengthen the office supply mail-order service “tanomail” and the support service “tayoreru,” which are collectively known as the accumulated business.

On an operational level, together with aggressive investment in internal information systems, the OTSUKA Group will further strengthen its sales support structure, reinforce product management in system development projects and raise support quality and productivity.

## Medium-term Goals and Action Principles

### Basic principle

- Grow with customers through realization of the Mission Statement

### Mid-term plan

- Workforce basically remains flat
- Strive to expand business by increasing revenues and profits  
Target operating income and recurring profit to net sales ratio of 7%
- Spur new demand with the help of customer information
- Effective use of individuals/materials/capital and increasing productivity

## ■ Specific Policies

The slogan for fiscal 2008 is:

**“Respond to customers’ trust from their viewpoint and make a leap forward together with customers”**

### Specific Policies

#### 1. Expand business with existing customers

The Company has some 730,000 customers ranging in size from very large enterprises to small firms, and accordingly, will work to strengthen its relationship with each company while expanding the range and volume of items.

#### 2. Strengthen further promotion of the accumulated business

The Company is promoting the acquisition of new customers with “tanomail,” and by reinforcing the “tayoreru” menu will provide one-stop solutions for supporting customers’ business across the board.

#### 3. Promote further development and utilization of “SPR”

Further development and utilization of the “SPR” customer relationship management and marketing support system will be pursued to promote optimal proposals and increased efficiency.

## ■ Forecast for Fiscal 2008

For fiscal 2008, the Company forecasts a 4.2% increase in net sales to ¥489,000 million; a 2.8% rise in operating income to ¥30,900 million; a 2.2% increase in recurring profit to ¥31,200 million; and a 15.0% decline in net income to ¥16,030 million owing to the effect of an extraordinary gain on the transition of retirement benefit plan recorded in fiscal 2007.

By segment, projections call for a 0.3% increase in net sales to ¥280,600 million in the System Integration business; a 10.1% rise in net sales to ¥206,200 million in the Service and Support business; and a 7.2% decline in net sales to ¥2,200 million in the Other business.

### Forecast for Consolidated Net Sales and Income (Millions of yen)

	Fiscal 2007	Fiscal 2008 (Forecast)	
	Amount	Amount	Change to Last Year
Net sales	469,481	489,000	+4.2%
Operating income	30,051	30,900	+2.8%
Recurring profit	30,520	31,200	+2.2%
Net income	18,856	16,030	-15.0%

### Forecast for Consolidated Net Sales by Segment (Millions of yen)

	Fiscal 2007	Fiscal 2008 (Forecast)	
	Amount	Amount	Change to Last Year
System Integration business	279,753	280,600	+0.3%
Service and Support business	187,358	206,200	+10.1%
Other business	2,370	2,200	-7.2%