



Fiscal year ending December 2014
Six months (January – June)
Business Results

August 1, 2014

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2014

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan *	Change to Last Year	Amount	Ratio to Plan *	Change to Last Year
Net sales	332,411	105.7%	+16.8%	308,840	105.6%	+16.9%
Operating income	24,286	111.9%	+24.6%	22,011	109.5%	+23.7%
Ordinary income	24,796	113.3%	+32.9%	22,632	110.4%	+23.9%
Net income	15,016	116.6%	+34.2%	13,849	112.9%	+20.9%

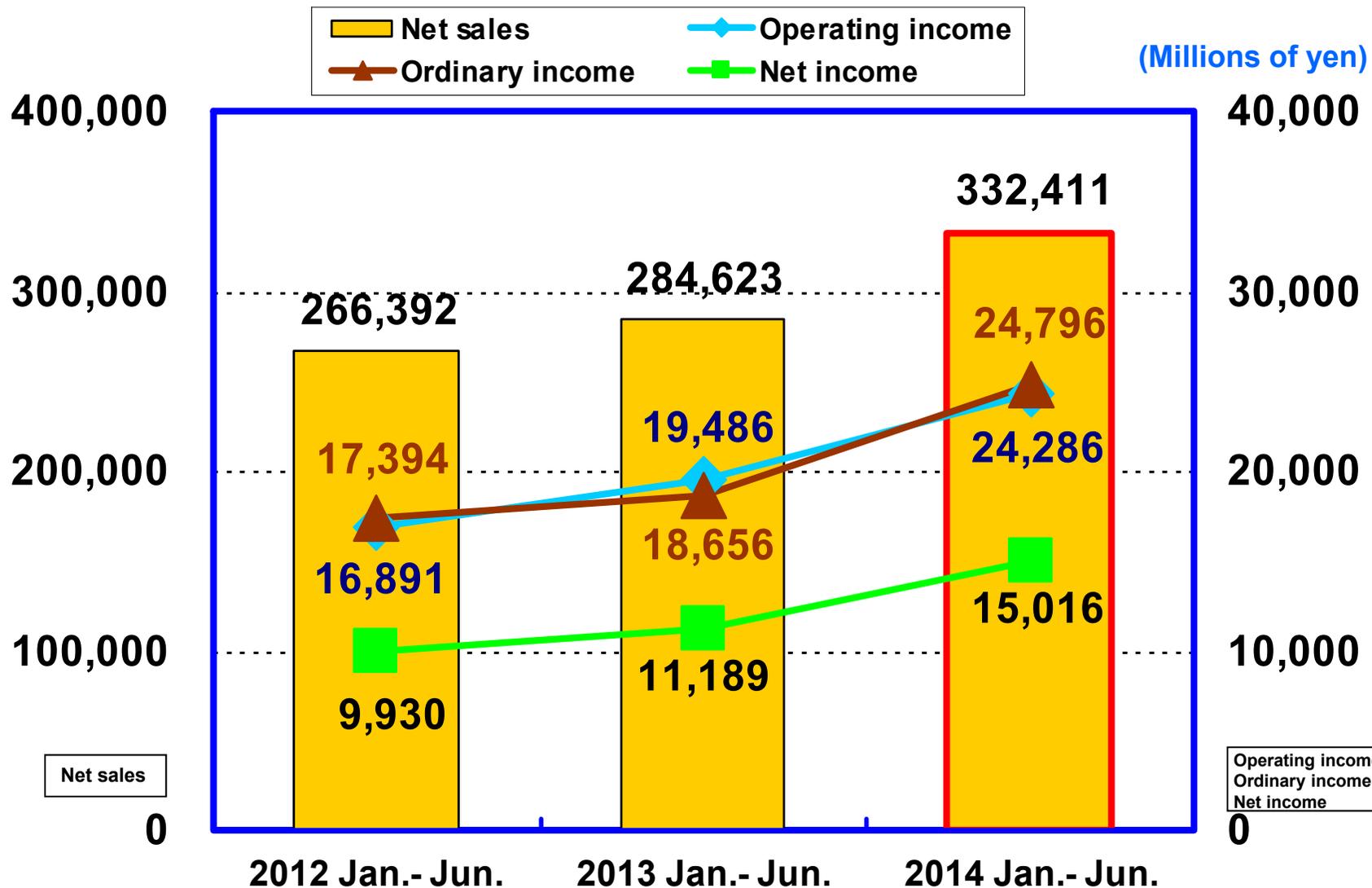
* According to revised plan as of April 28, 2014

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2014 Jan.- Jun. Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	245	3,734
	Alpha System Co., LTD.	Consigned software development and ERP consulting business	170	1,039
	Net World Corporation	Sales and technology support for network-related equipment	360	34,587
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	324	2,284
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	365	3,815
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	23	255

Consolidated

Net sales and Profits



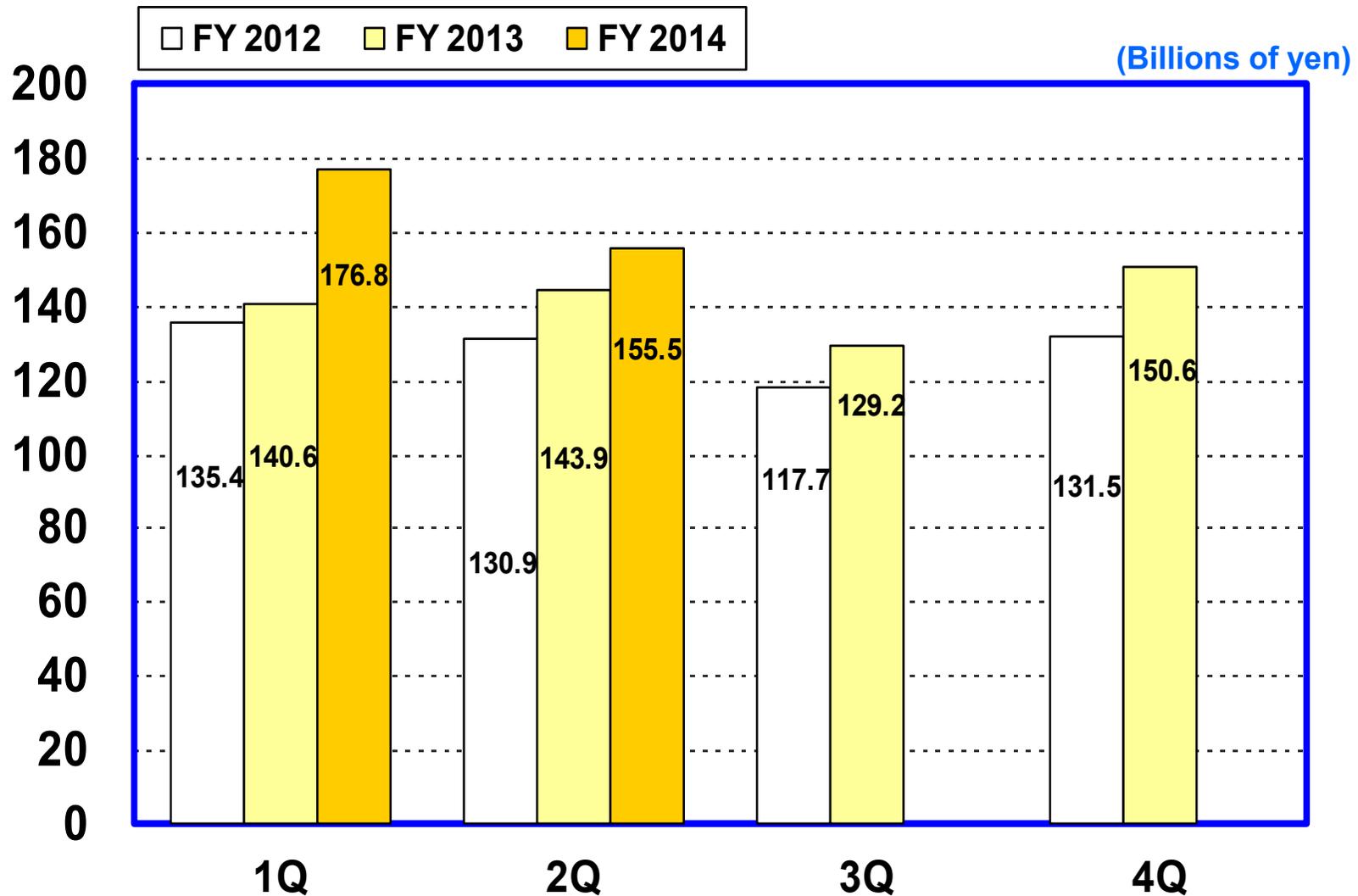
Summary of Business Results, April – June, 2014

(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	155,516	+8.0%	144,777	+7.5%
Operating income	12,145	+0.4%	11,268	-0.9%
Ordinary income	12,328	+0.8%	11,487	-0.6%
Net income	7,507	-2.8%	7,046	-3.1%

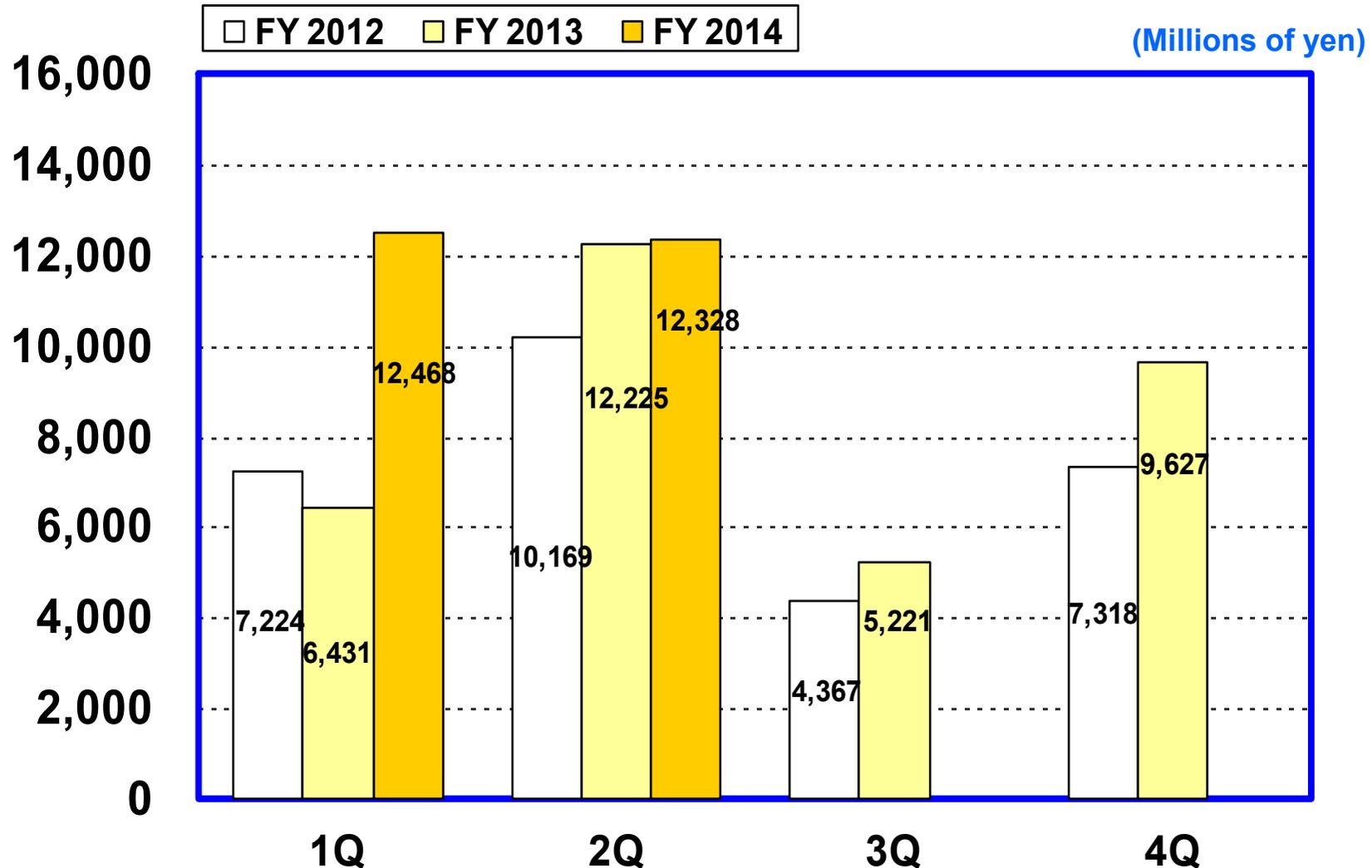
Consolidated

Quarterly change of Net sales



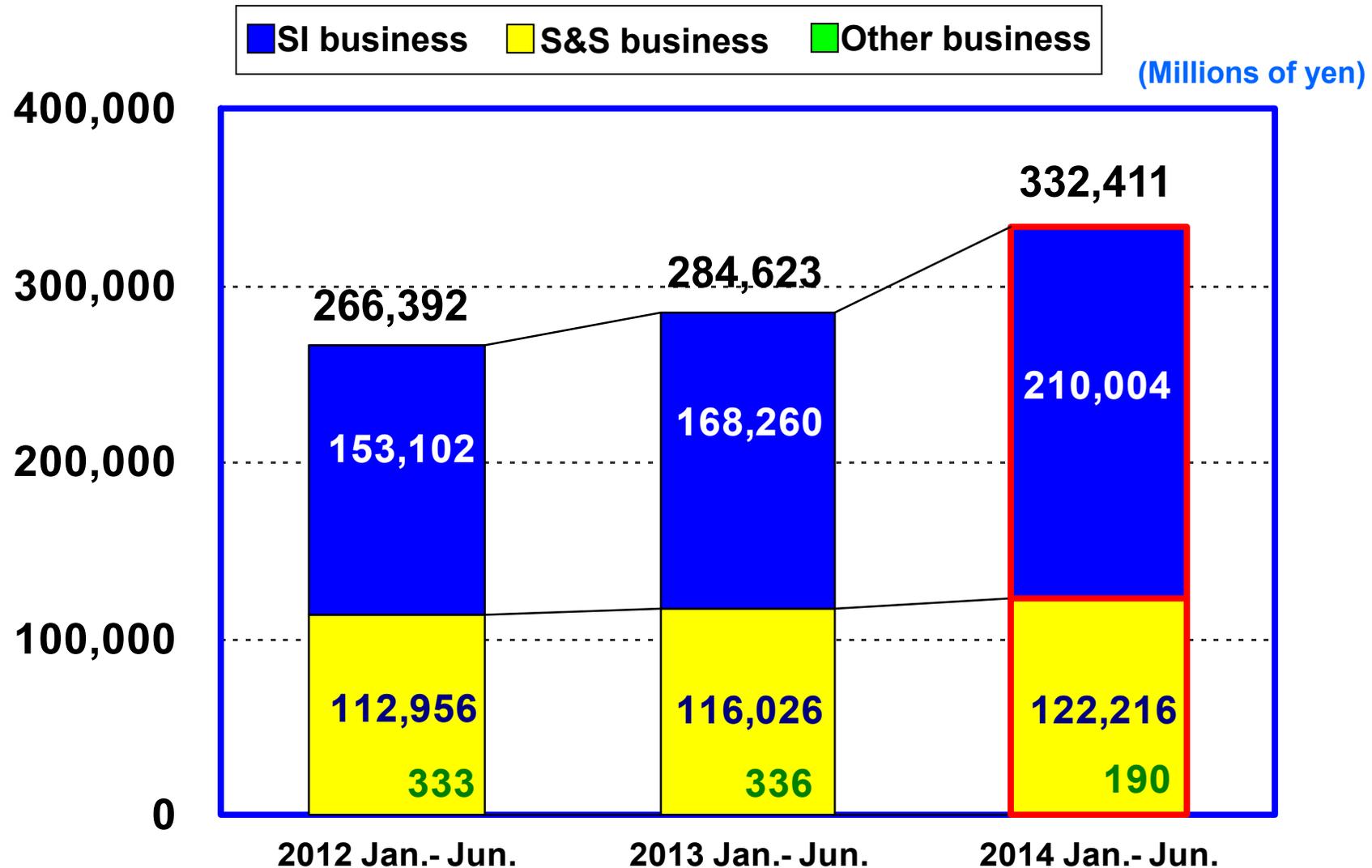
Consolidated

Quarterly change of Ordinary income

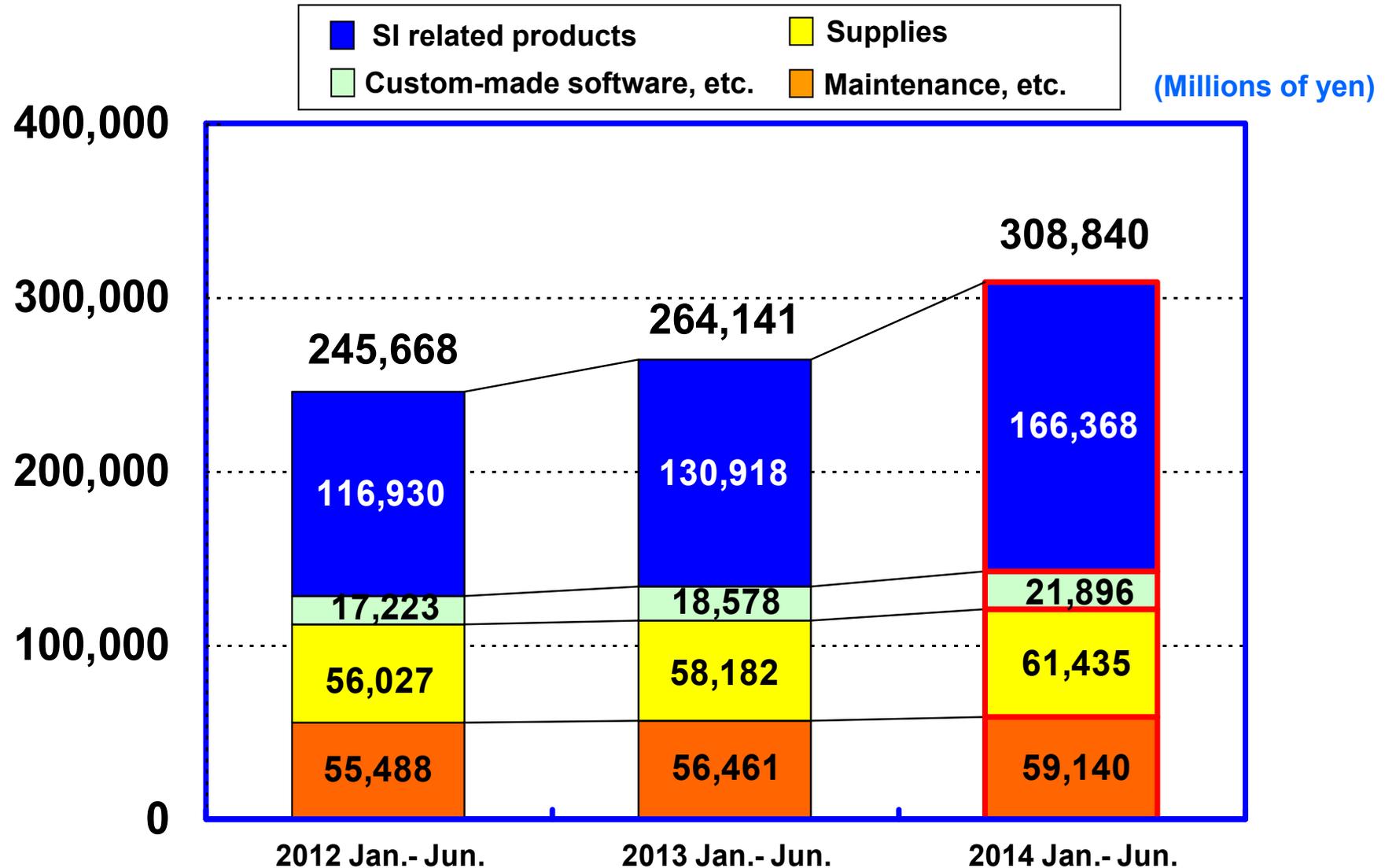


Consolidated

Net sales by segments

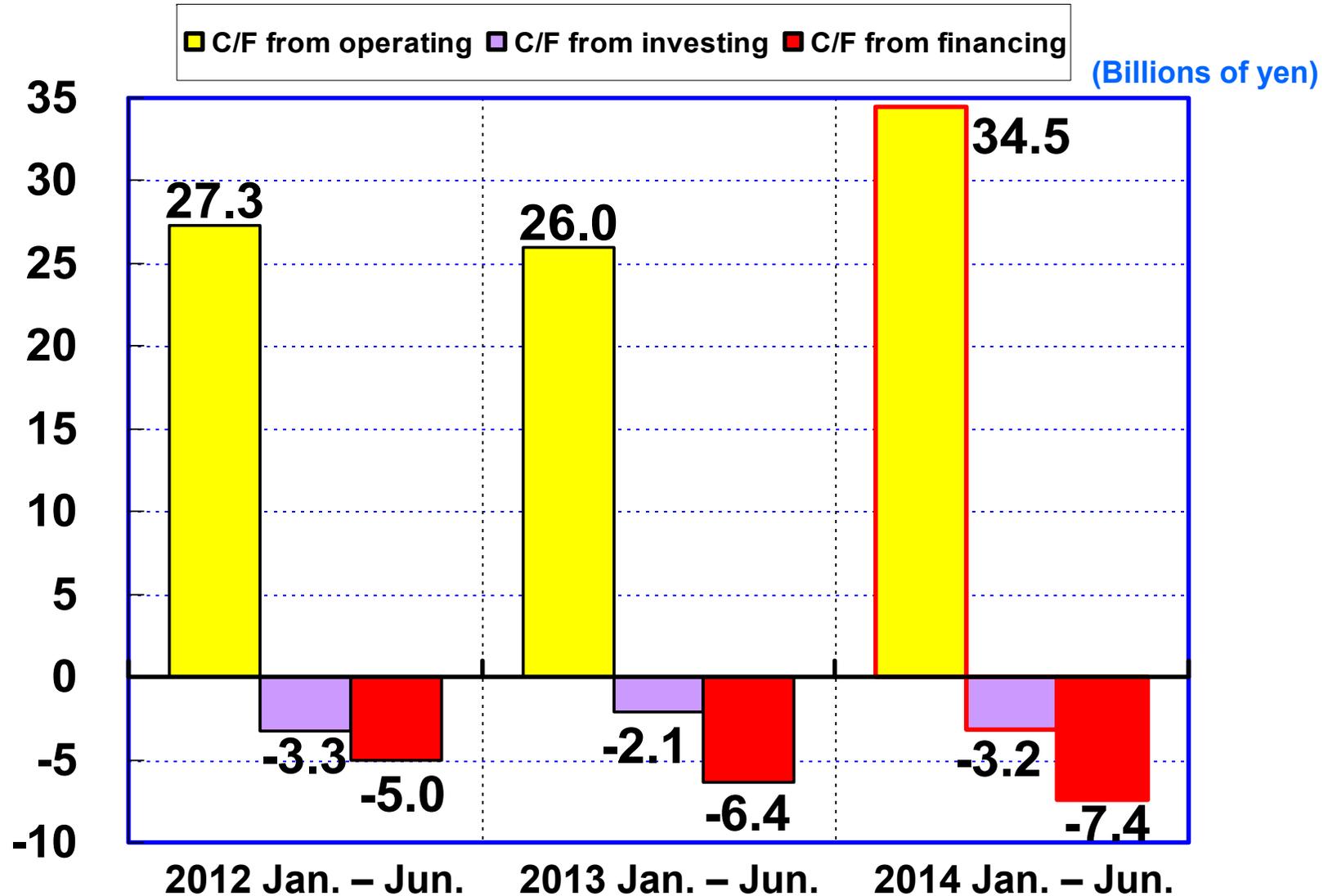


Net sales by 4 segments



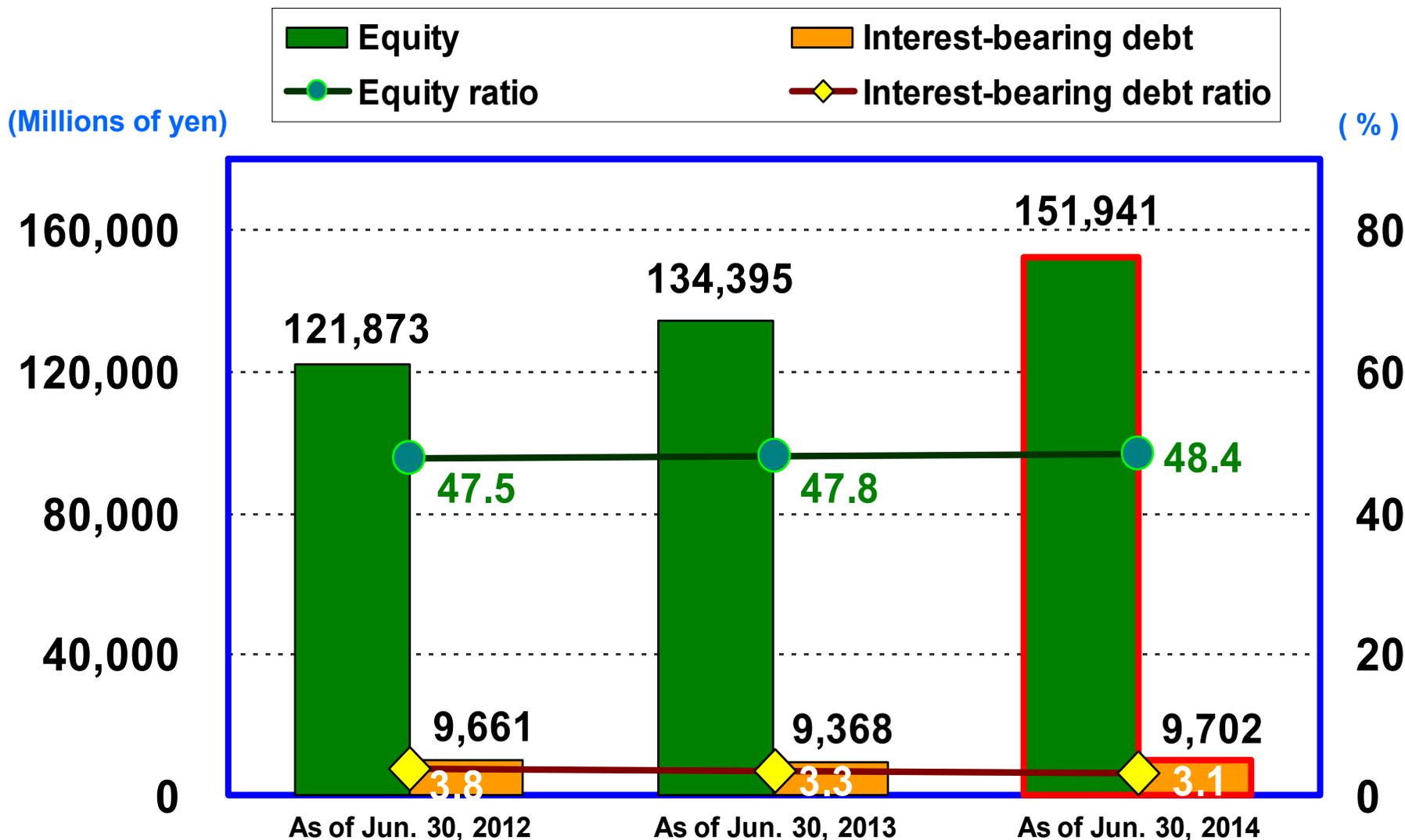
Consolidated

Cash flows



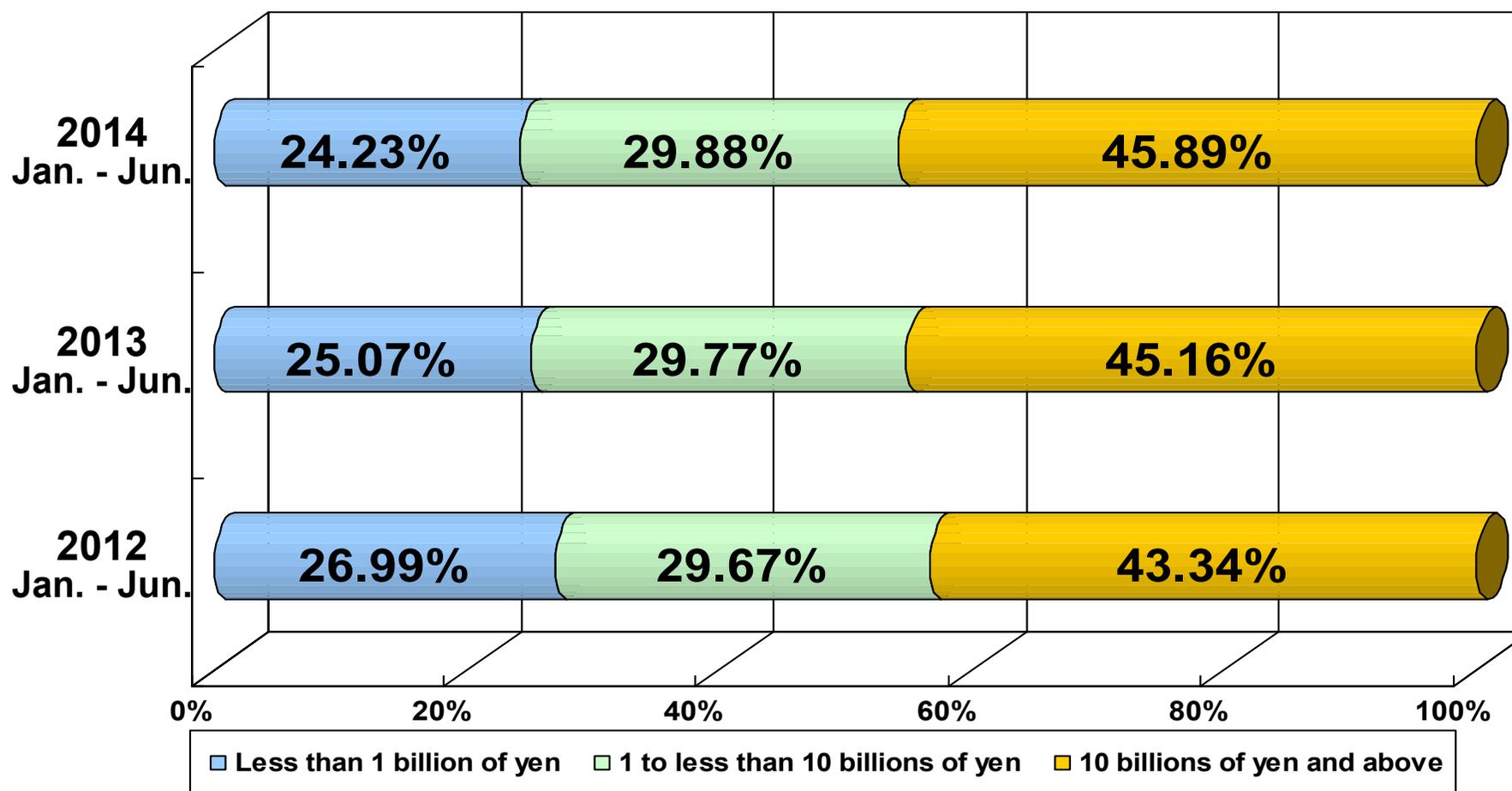
Consolidated

Equity and Interest-bearing debt



Non-Consolidated

Net sales structure on customers' total annual business scale

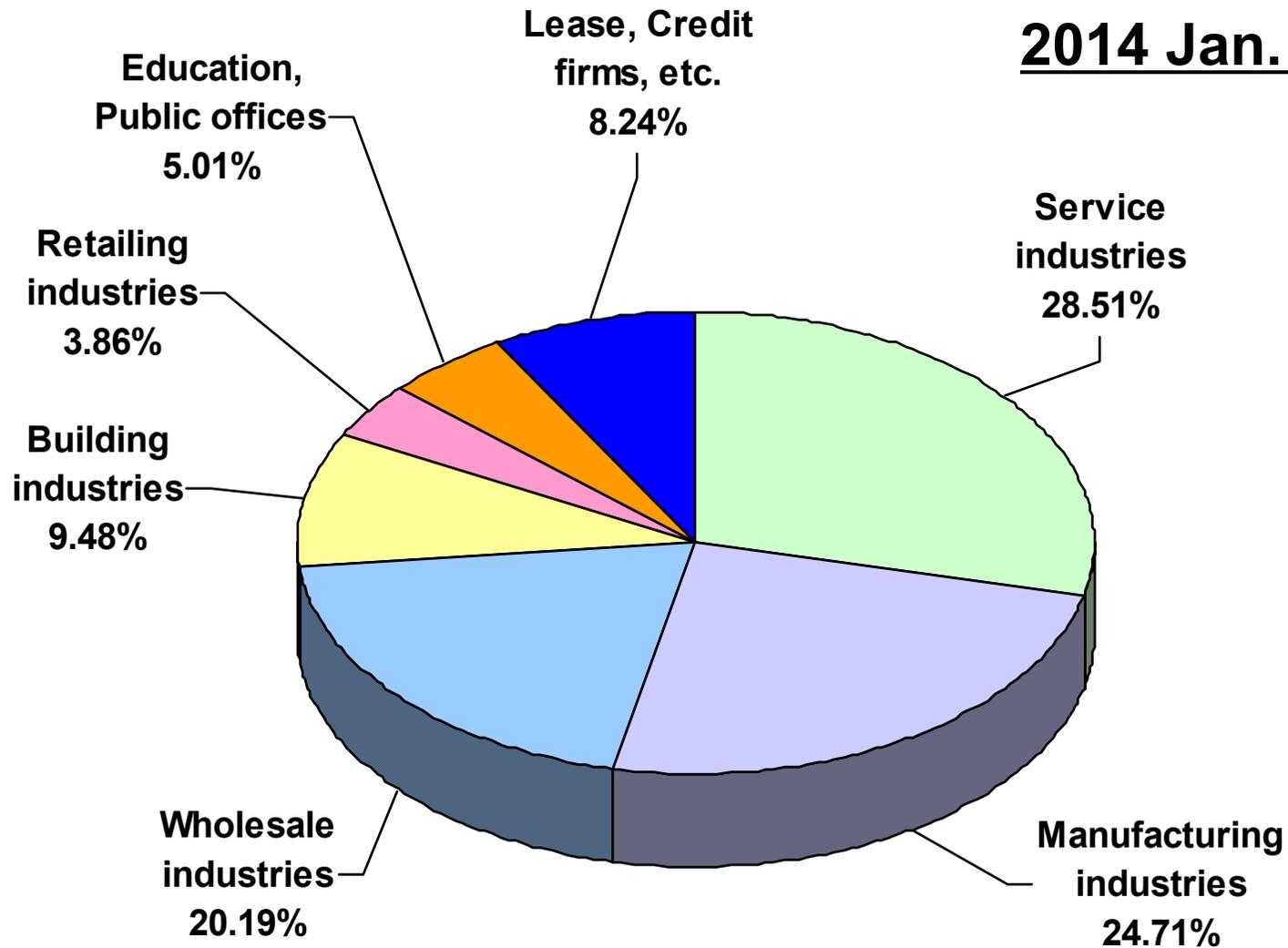


* "Less than 1 billion yen" includes public offices.

Non-Consolidated

Sales breakdown by customers' type of industry

2014 Jan. – Jun.

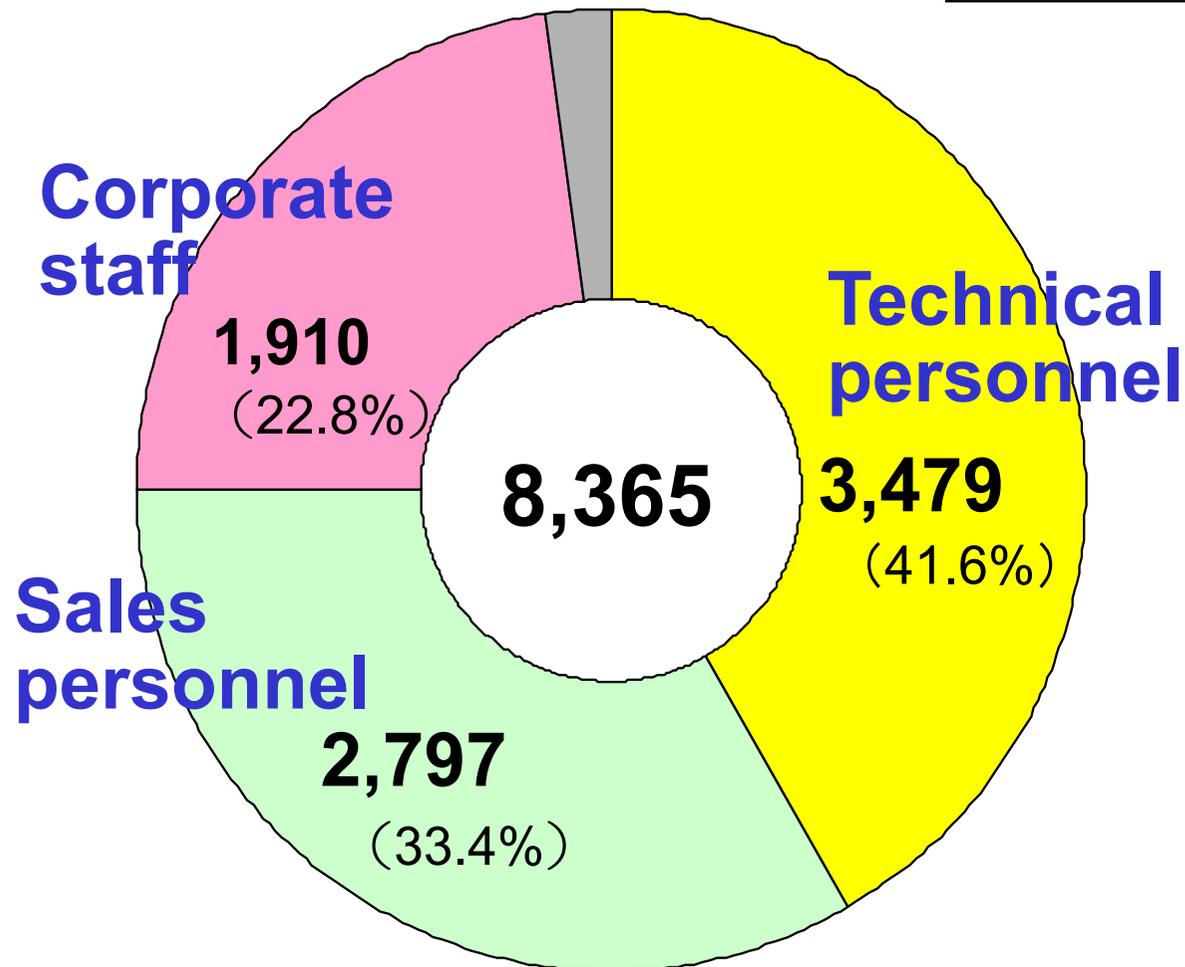


Consolidated

Personnel organization (regular employees)

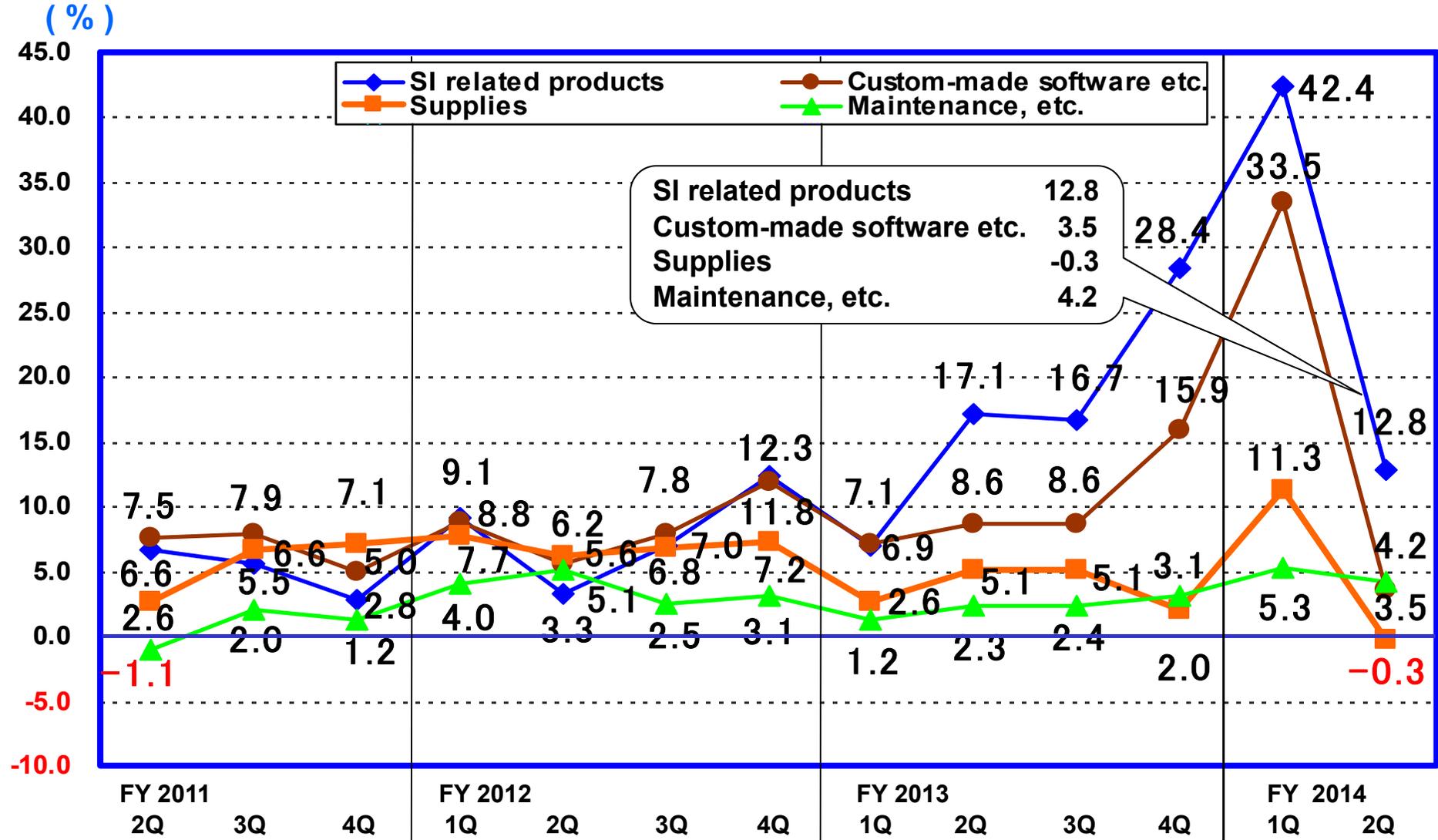
Others 179 (2.1%)

As of Jun. 30, 2014



Non-Consolidated

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





Key strategic business

<Amount of Sales>

(Millions of yen)

	2012 Jan. – Jun.	2013 Jan. – Jun.		2014 Jan. – Jun.			2014 Apr. – Jun.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	58,749	61,373	+4.5%	65,193	+3,819	+6.2%	30,246	-71	-0.2%
SMILE	4,847	5,941	+22.6%	6,898	+956	+16.1%	3,650	-41	-1.1%
ODS21	23,410	24,538	+4.8%	25,361	+823	+3.4%	12,812	-575	-4.3%
OSM	25,323	25,777	+1.8%	27,057	+1,280	+5.0%	12,628	-276	-2.1%

(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

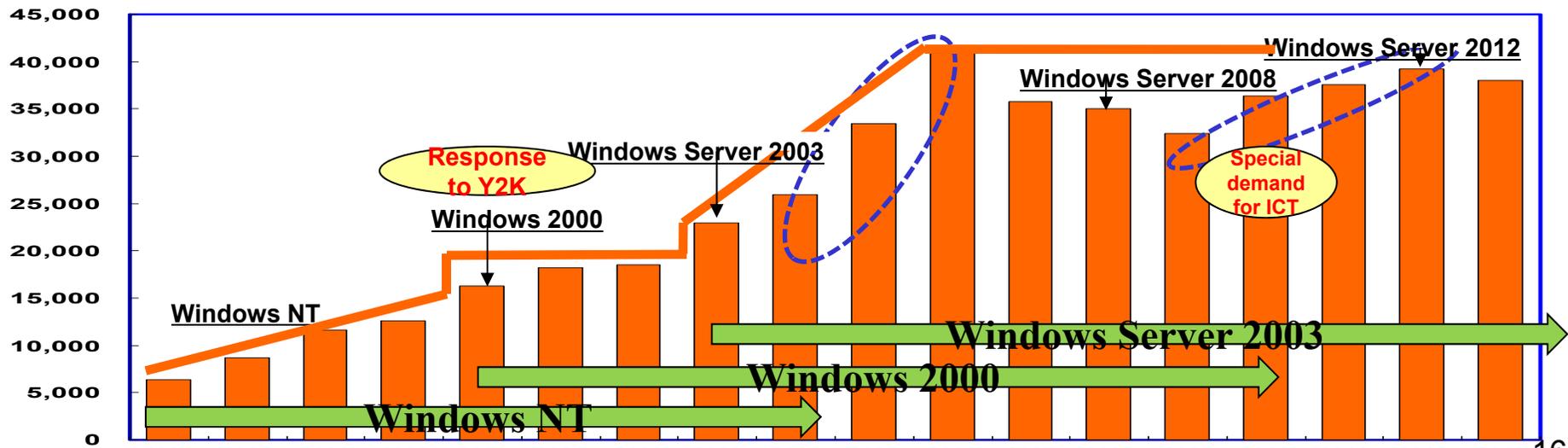
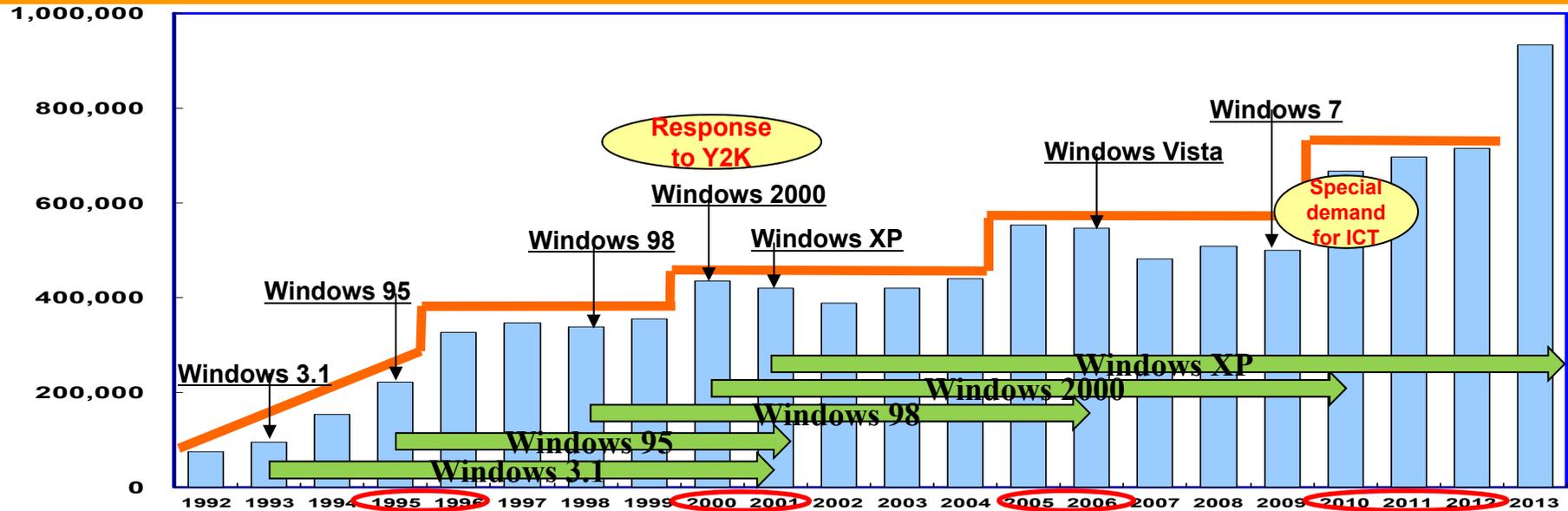
<As reference: Number of Sales>

(Units)

Copier	17,733	19,430	+9.6%	20,583	+1,153	+5.9%	10,904	+29	+0.3%
(of which Color copier)	15,008	17,044	+13.6%	18,372	+1,328	+7.8%	9,826	+161	+1.7%
Server	19,794	18,385	-7.1%	20,959	+2,574	+14.0%	10,278	+1,104	+12.0%
PC	361,177	435,312	+20.5%	612,596	+177,284	+40.7%	225,321	+38,039	+20.3%

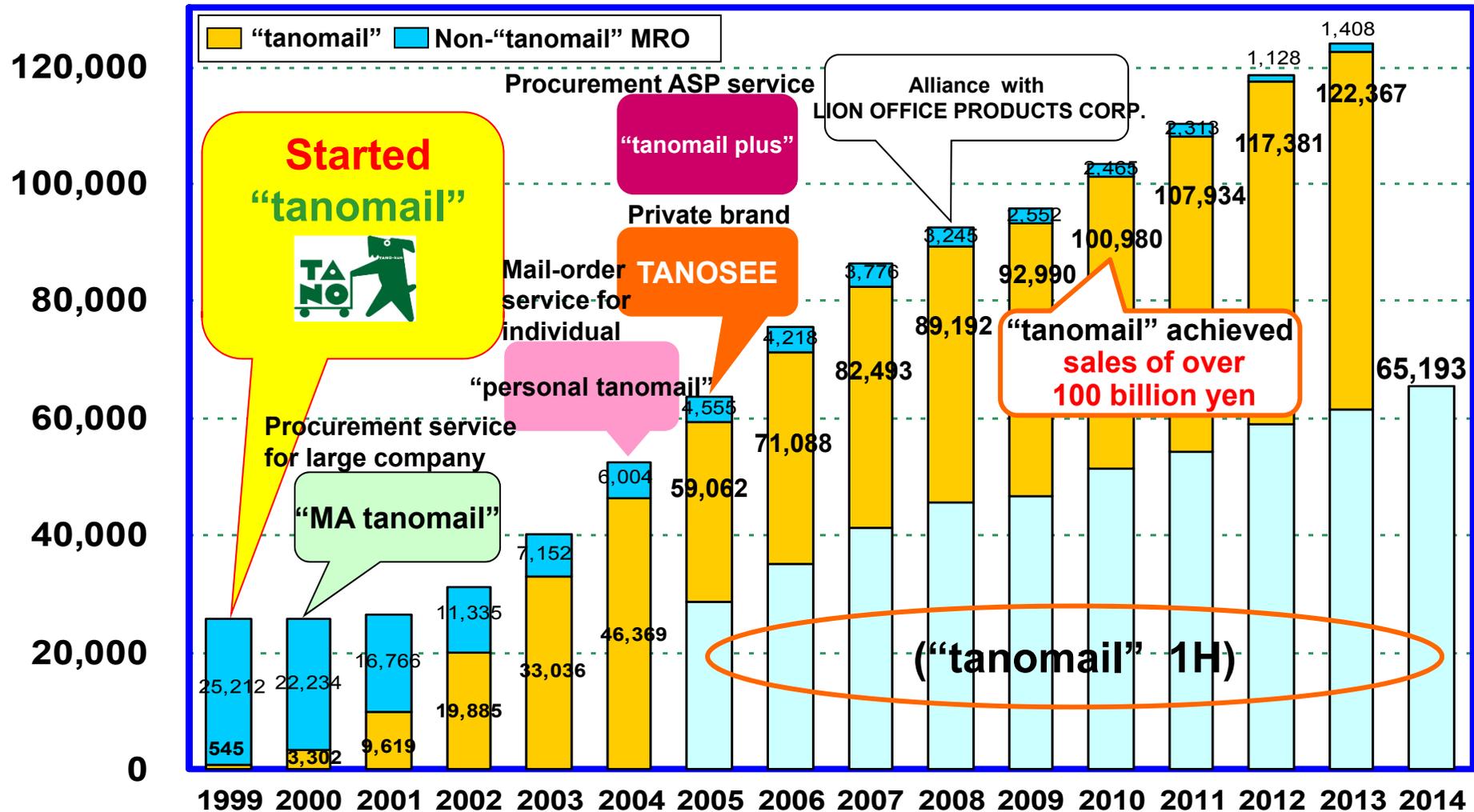
Number of PCs & Servers Sold

(Units)



Annual sales transition of "tanomail"

(Millions of yen)

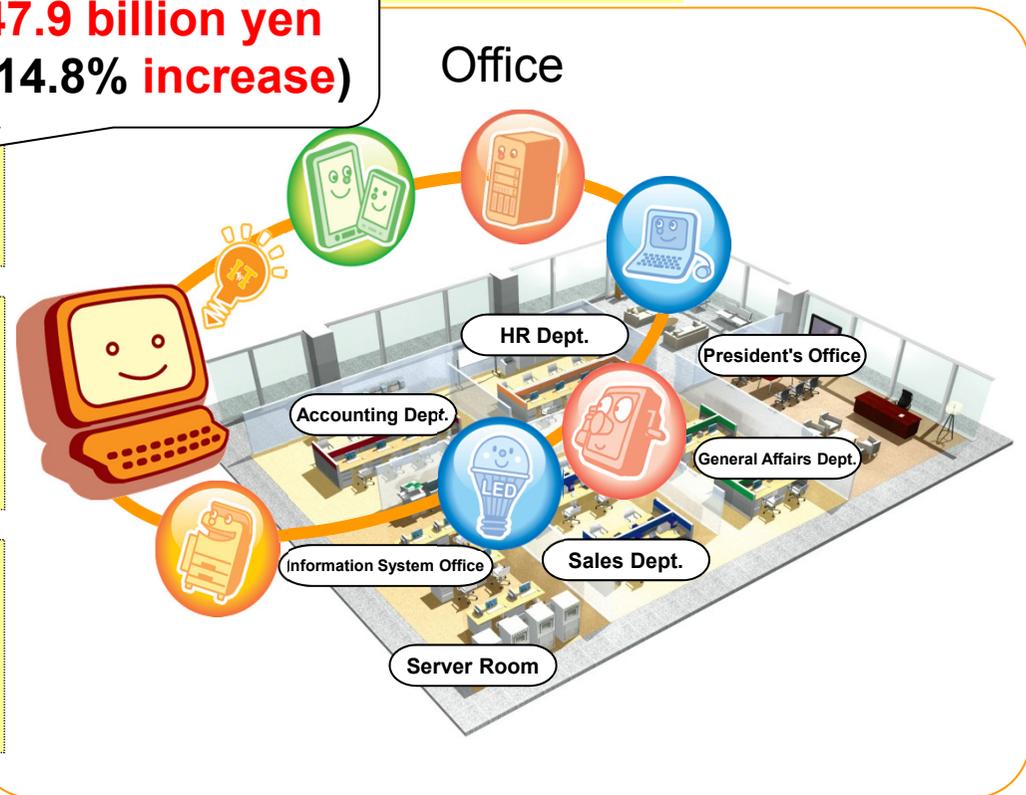
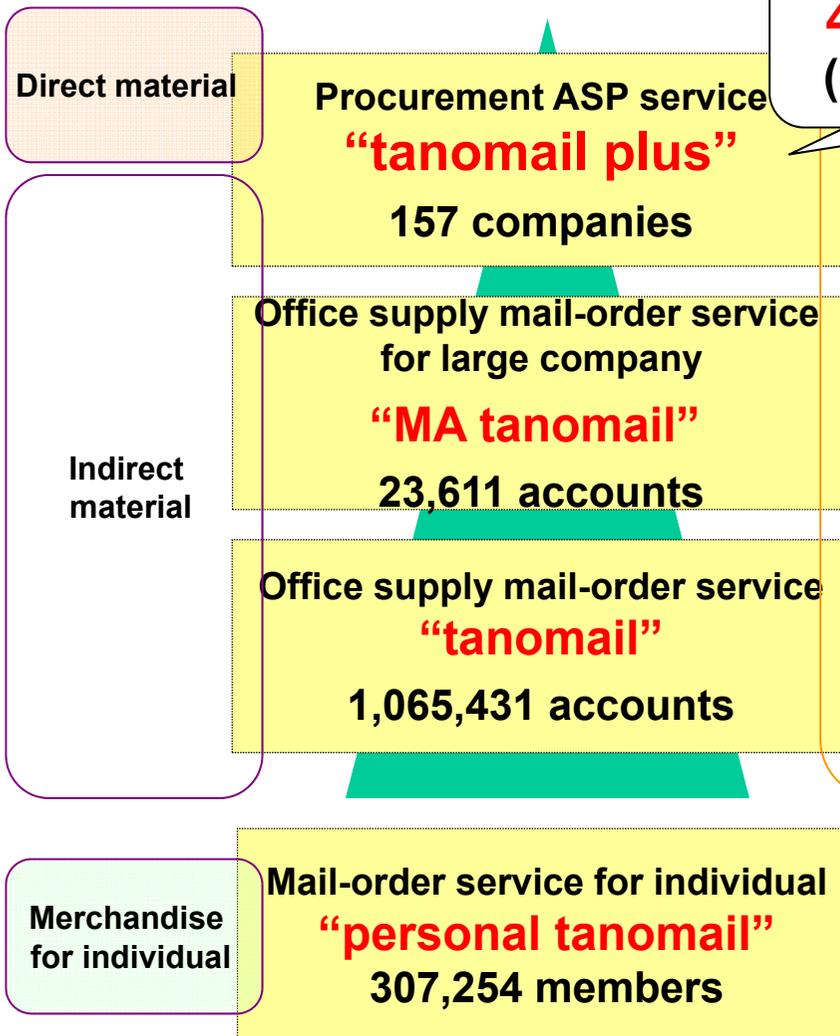


Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2014)

1H Pass-through amount <customer>
47.9 billion yen
 (14.8% **increase**)



Corporate employees, general individuals

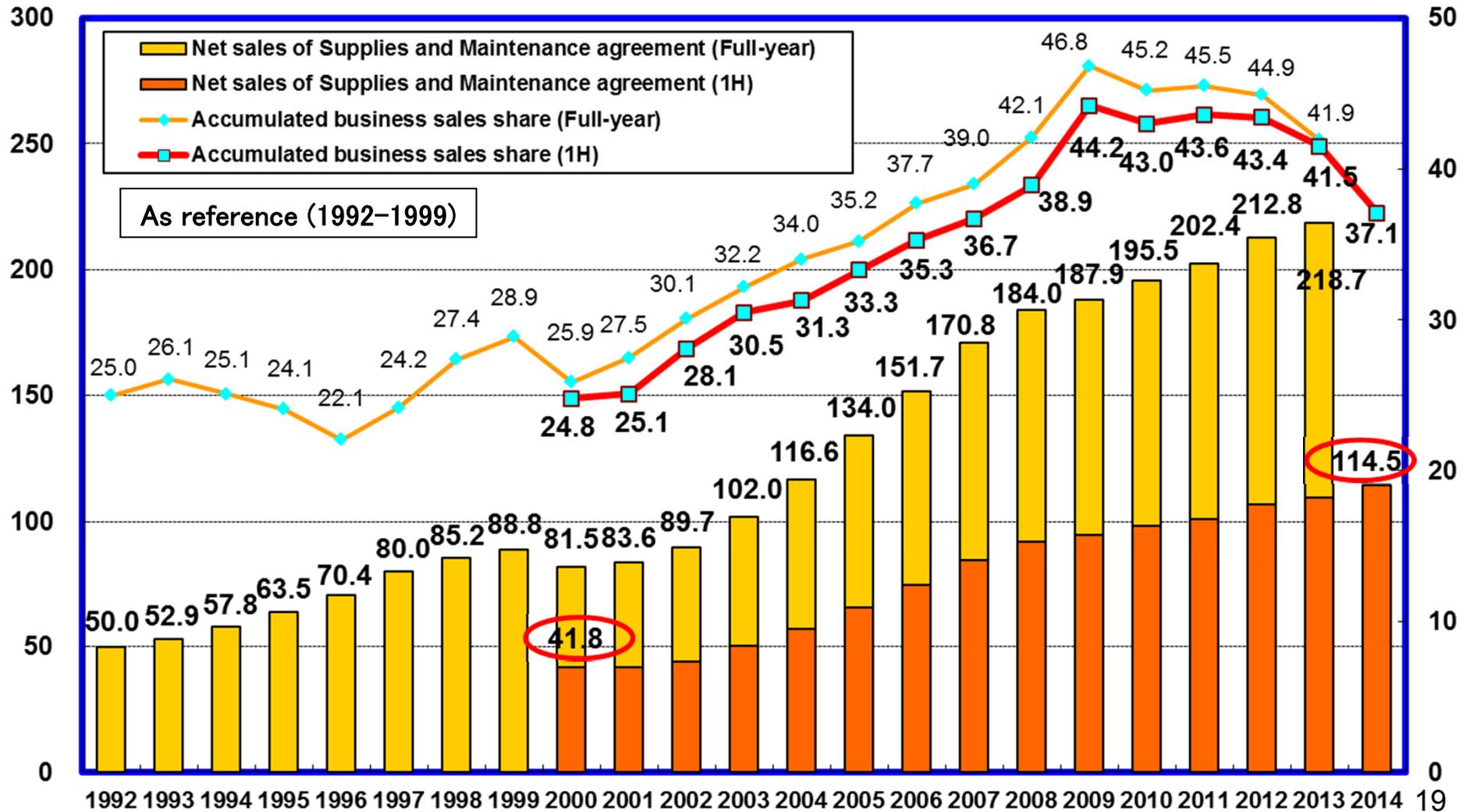
Growth of accumulated business

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 (%)



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

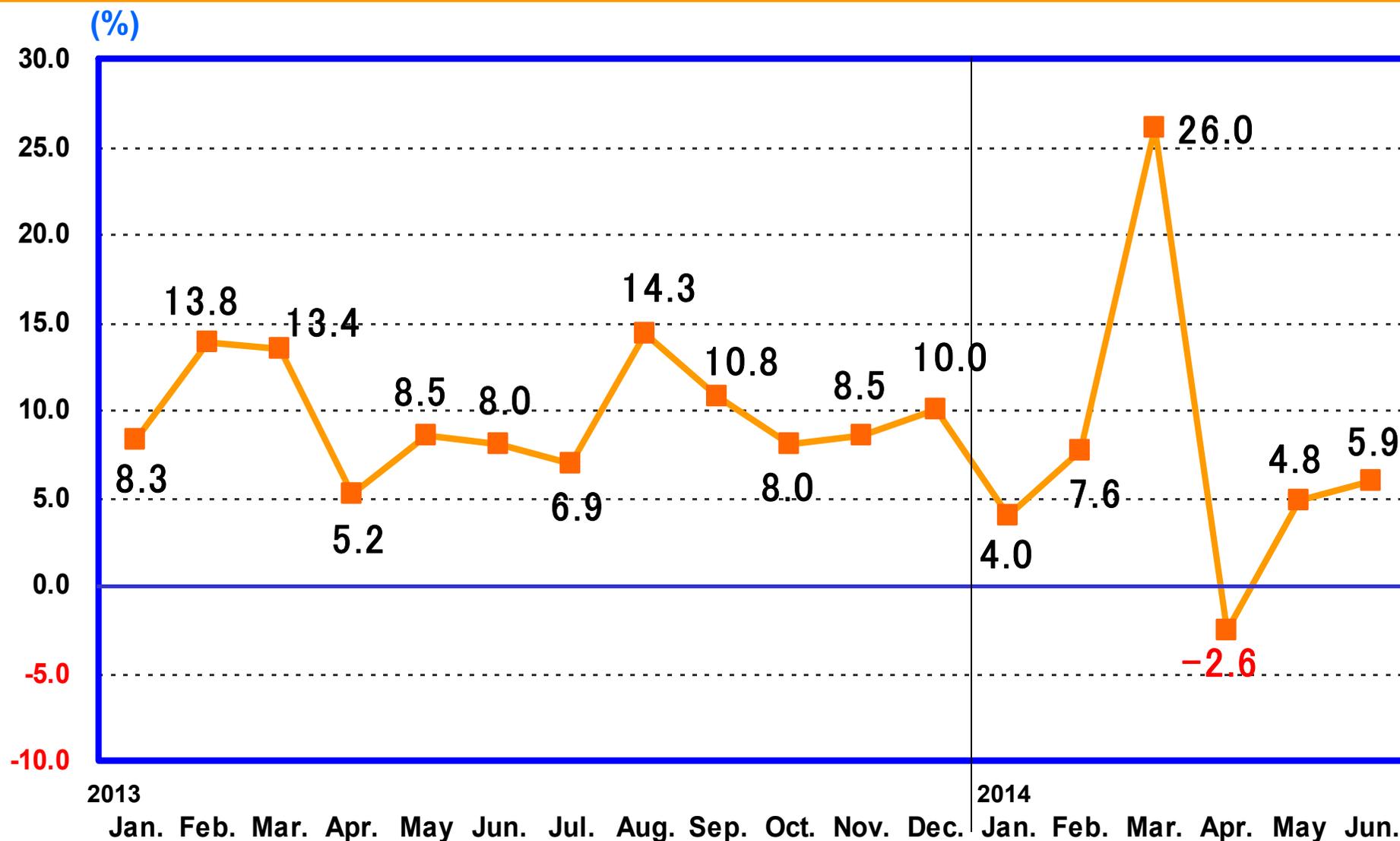
- **Cultivate new demand by utilizing customer information**
- **Effective use of people/materials/money to improve per head productivity**

Market Forecast in 2014

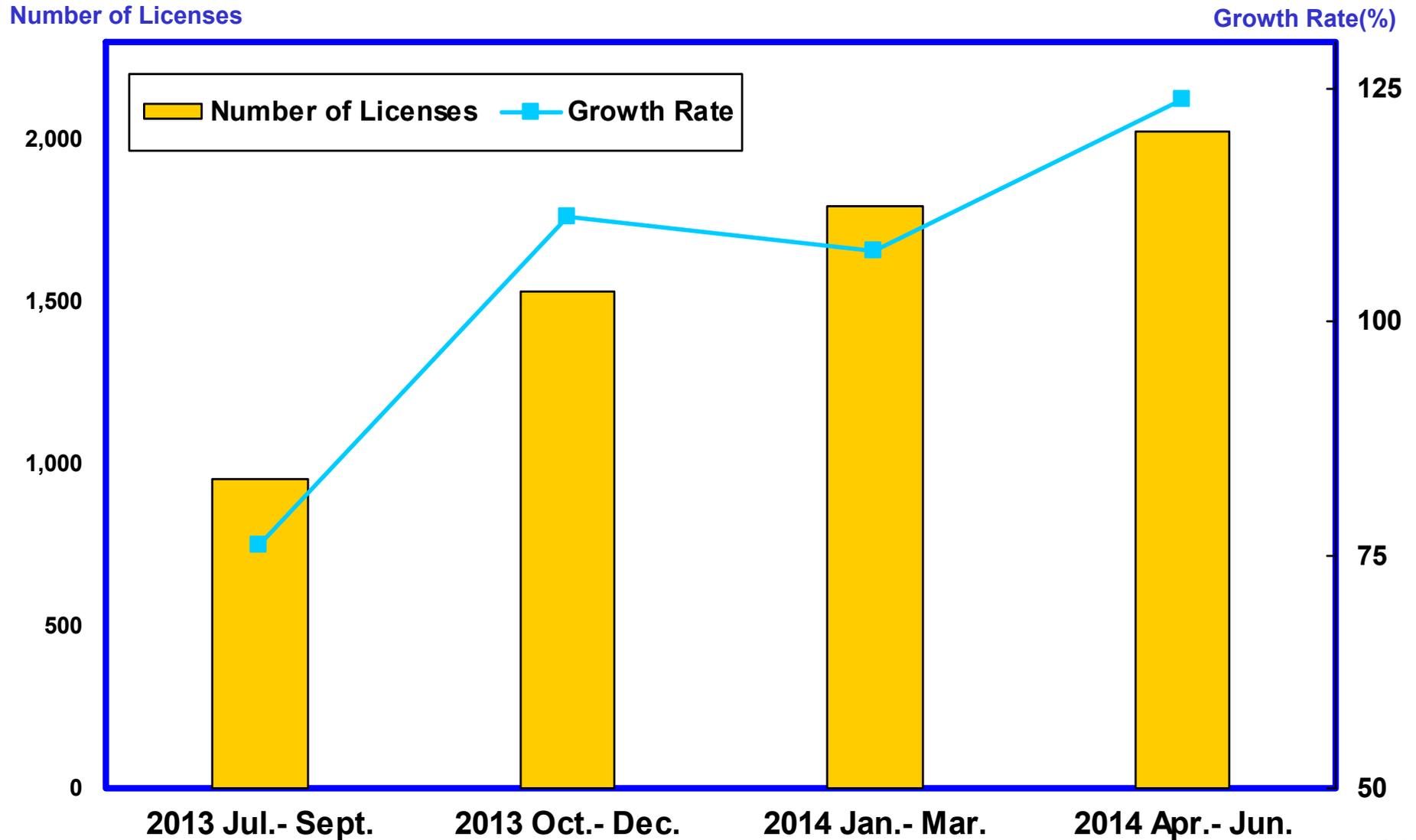
(Taken from Business Results dated February 3, 2014)

- Improvement in corporate sentiment toward investment due to economic recovery
- Strong demand by companies for IT utilization and energy-saving
- Demand for raising productivity as a result of customers' business expansion
- Continuous replacement by purchase and upgrade demand
 - Demand for replacing Windows XP during the first half of the term and end of support for Windows Server 2003 thereafter
- Expansion of mobile and tablet device market
- Last-minute demand toward the consumption tax hike
- **While high demand is anticipated for the first quarter, demand will remain strong regardless of a slight slowdown thereafter**

Monthly Percentage Change in Tonnage of Copy Papers Shipped per Day



Number of 3D CAD Software Licenses



Policies and Measures in 2014

(Taken from Business Results dated February 3, 2014)

“Live up to customer trust from a customer viewpoint and vitalize office with comprehensive strengths”

- **Steady response to special demand from January to March, including goods and services related to accumulated business**
- **Expansion of business items with customers**
- **Proposals to increase productivity by comprehending busy time of customers**
- **Proposal of upgrades toward the end of support for Windows Server 2003**

As a “company that understands offices the most,” make proposals from a customer viewpoint by utilizing our diversified range of products, thereby further augmenting our relationship with customers.

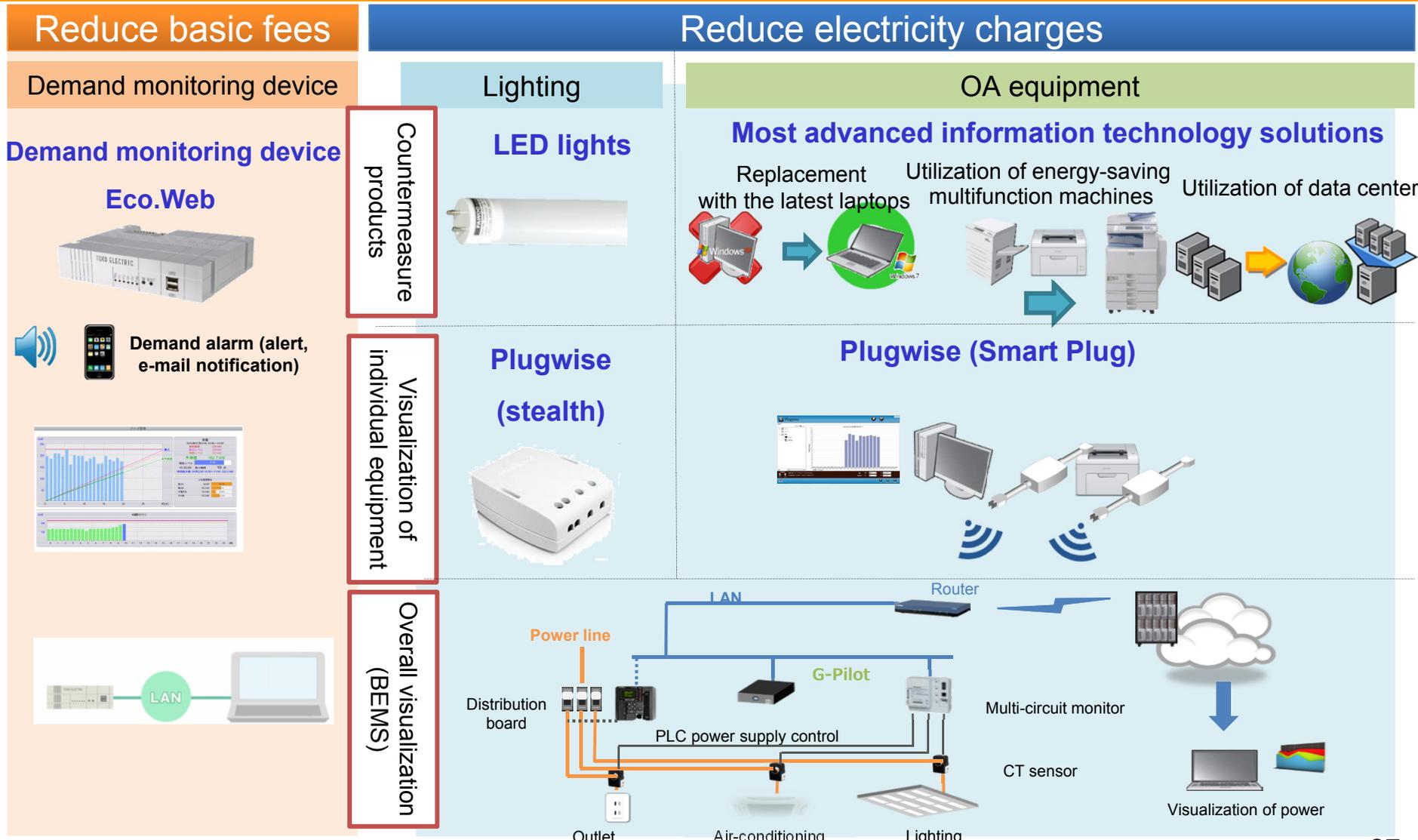
Latest Logistics Center

“East Japan Logistics Center” (scheduled to start operation in mid-August)

- Strengthening its function as a nationwide logistics hub for IT-related products and expanding “tanomail” logistics.
- Significantly improving shipment capacity by installing the latest logistics system in the building with a total floor space of approximately 50,000 m².
- Enabling a power savings of 490,000 kWh per year, which is equivalent to a reduction of 190 tons in CO₂ emissions, by using approximately 6,000 LEDs (compared with the former Keihinjima Logistics Center)

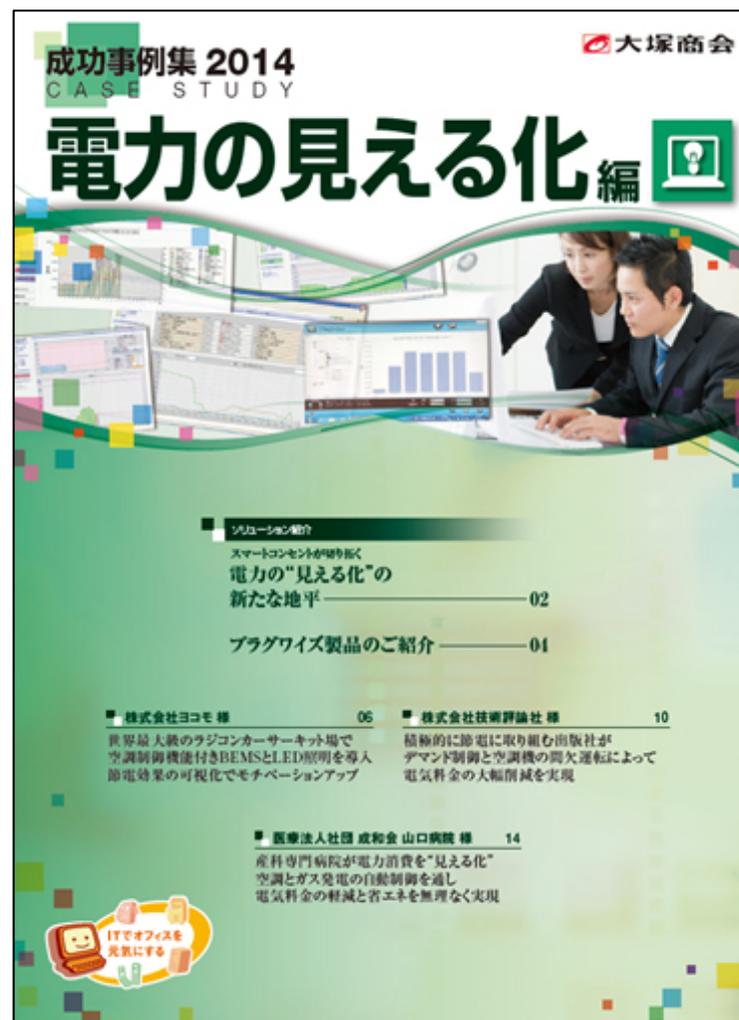
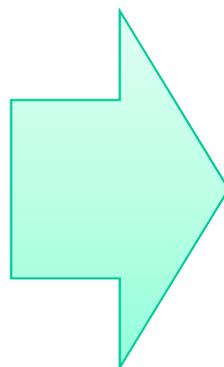


OTSUKA's Electricity-Saving Countermeasure Domains



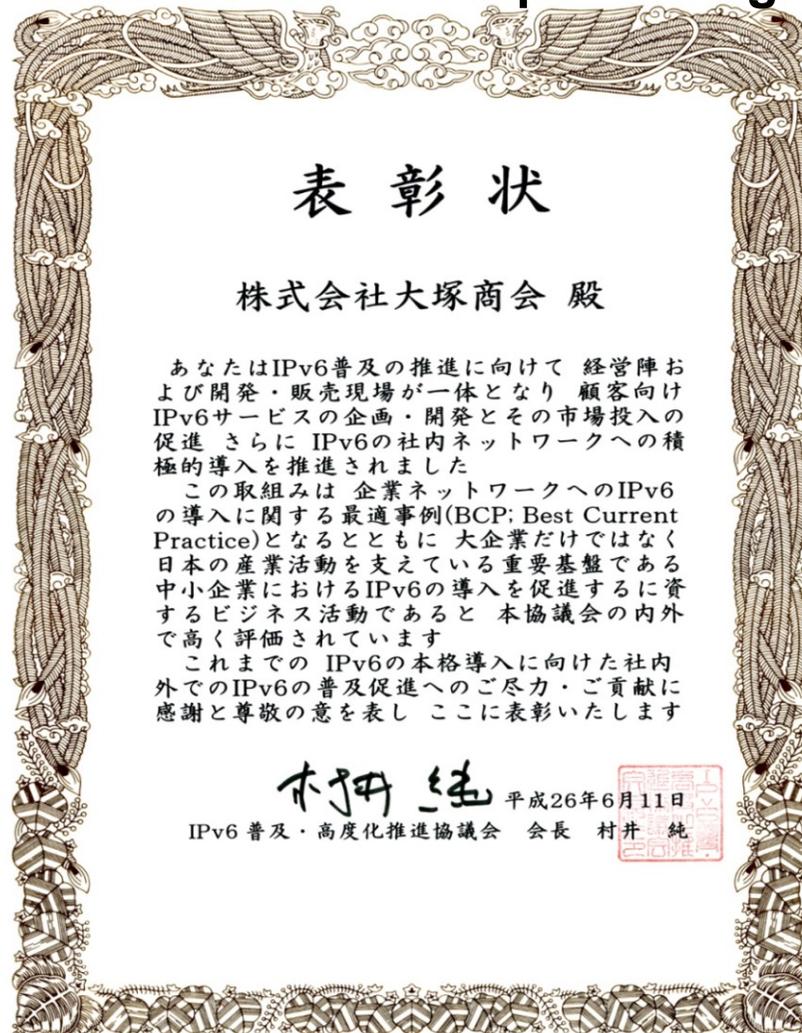
Successful Examples of Visualization of Electric Power

Further enhancement of successful examples (2014 issue)



IPv6 Promotion Council Pioneer Award

OTSUKA received an award from the IPv6 Promotion Council for its contribution to promoting diffusion and sophistication of IPv6



OTSUKA's Social Role

Planted trees in Macapá, which 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
- **Scheduled to expand area to 500 hectares by 2017** (roughly equivalent to half the area of Chuo Ward in Tokyo)



Immediately after planting: Dec. 28, 2011



One year later: Dec. 27, 2012



Two years later: Dec. 29, 2013

“Gift from TANO-kun”
Donated to NPOs nationwide

e-Parts
Reused PCs donation support program



Stock Split Implemented

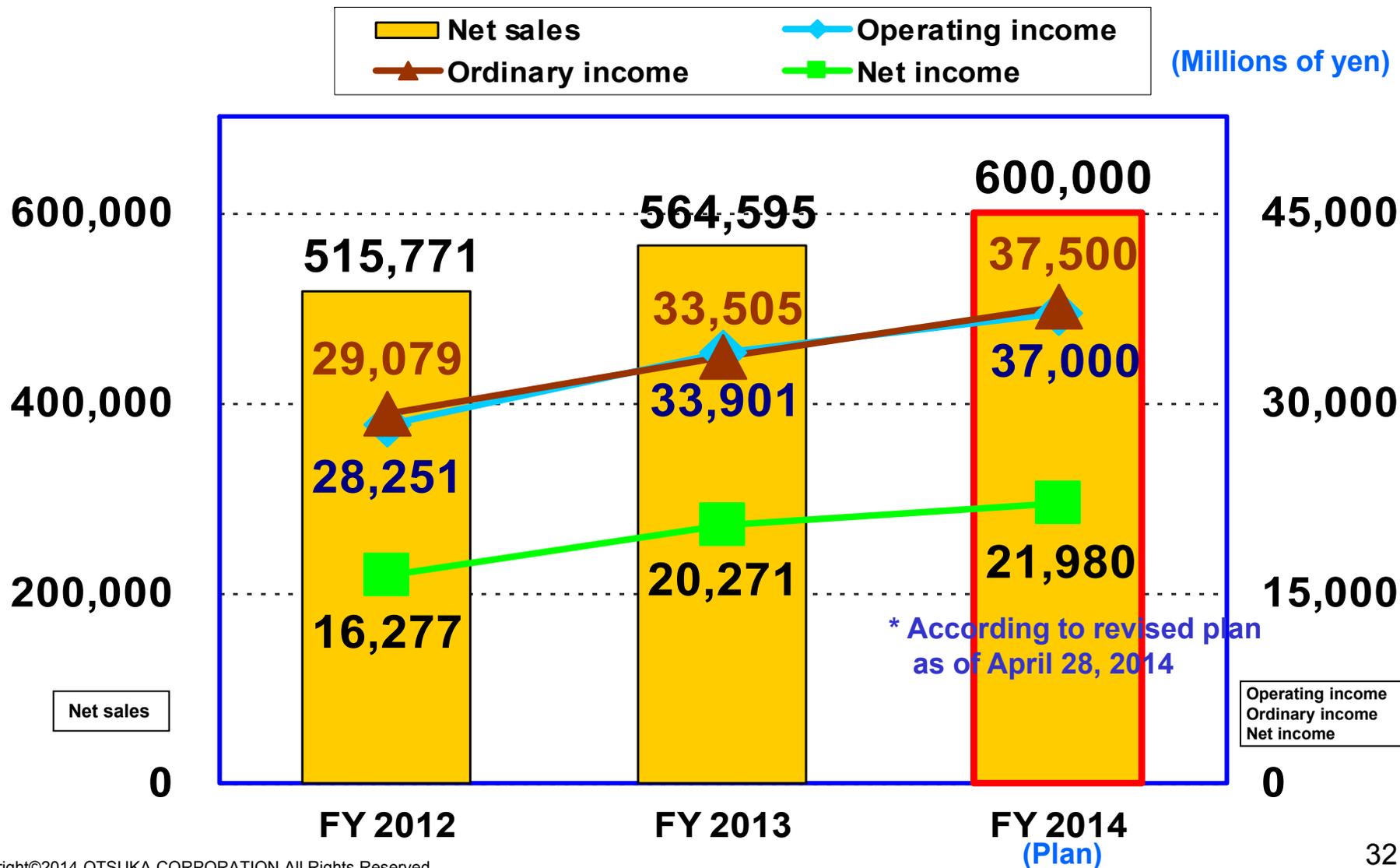
A stock split implemented with an effective date of July 1

Split Ratio 1 : 3

- **Listening to the voices of individual investors:**
 - “Too costly to buy”
 - “Not applicable for NISA account”
- **Enhancing the liquidity of stocks and expanding shareholder base**

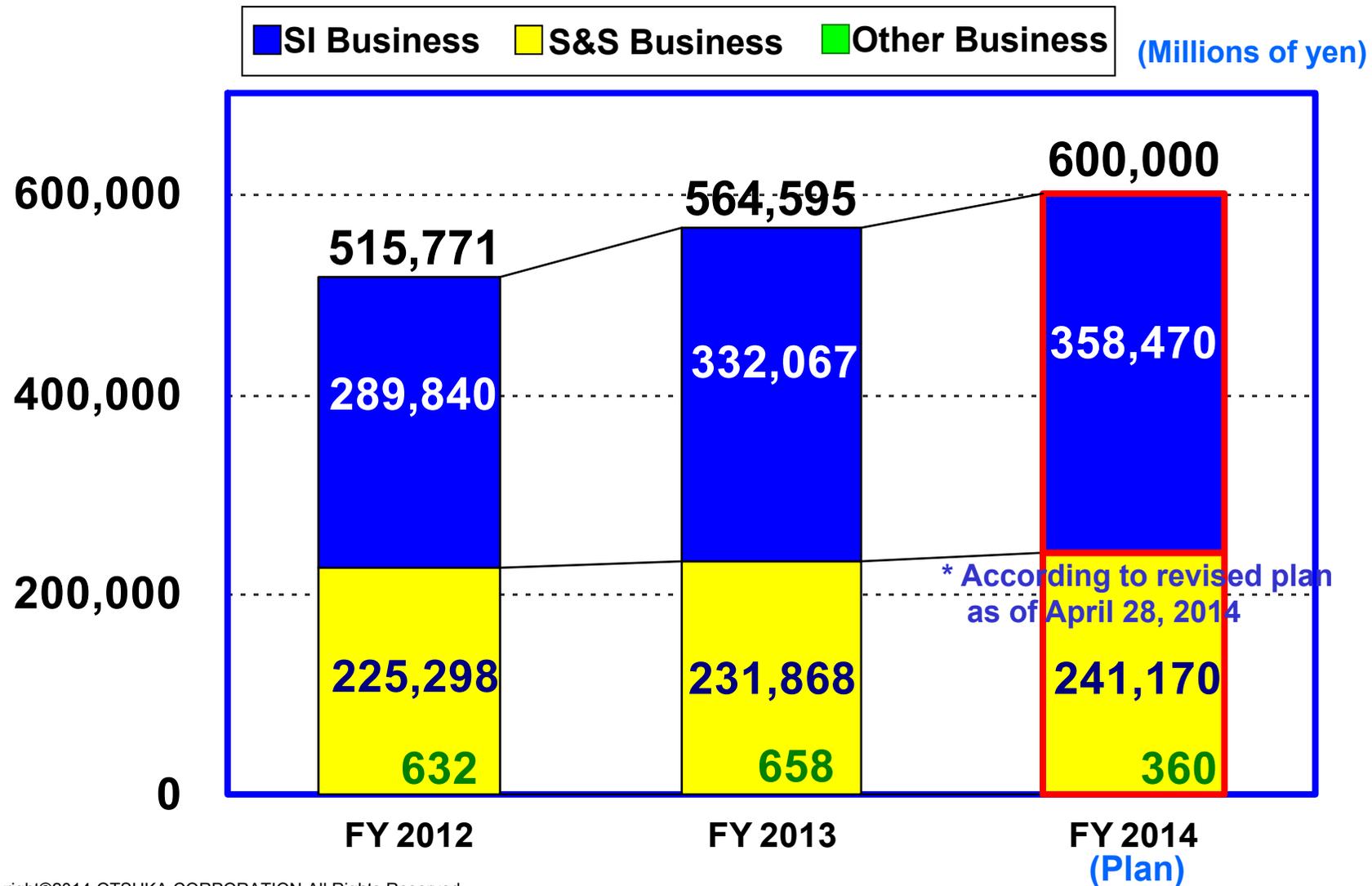
Consolidated

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 2014 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.