

To Our Shareholders and Investors



Yuji Otsuka, President

I am pleased to announce the results for the fiscal year ended December 31, 2004.

In the fiscal year under review, the OTSUKA Group posted record net sales of ¥372,481 million, which was an increase of 8.2% from the previous year. By segment, sales in the System Integration Business rose 5.7% to ¥238,729 million on the back of strong performance for color copiers, servers and security-related products. In the Service and Support Business, continued favorable performance in the “tanomail” office supply mail-order service contributed to a 12.3% increase in sales to ¥130,959 million.

As a result of the reduction of SG&A expenses and the recording of gain from the exemption from the obligation under the substitutional portion of social welfare pension fund, the OTSUKA Group achieved a record performance as operating income jumped 84.5% to ¥17,009 million, recurring profit rose 88.1% to ¥17,036 million and net income soared 357.7% to ¥11,247 million. Given such results, management has resolved to raise cash dividends from ¥20 in the previous term to ¥55 per share.

The OTSUKA group will further work toward achieving the tenets of our Mission Statement and pursue management reforms that respond to the trust of all stakeholders.

We would like to ask for the continued support of our shareholders and investors.

Yuji Otsuka, President

March, 2005