

To Our Shareholders and Investors



Yuji Otsuka
President & Chief Executive Officer

I am pleased to announce the results for the fiscal year ended December 31, 2005.

In the fiscal year under review, the OTSUKA Group posted net sales of ¥409,413 million, which was an increase of 9.9% from the previous fiscal year and this is the first time in our history that the net sales of the Group exceeded the ¥400 billion. By segment, sales in System Integration Business sales rose 8.2%, to ¥258,275 million, buoyed up by a strong performance by personal computers, servers and information security-related products. In the Service and Support Business, sales grew by 13.9%, to ¥149,100 million, underpinned by another good performance by the “tanomail” office supply mail-order service, and by a robust showing by maintenance services.

Operating income came to ¥21,911 million, an increase of 28.8%, while recurring profit rose 30.4%, to ¥22,210 million, and net income increased 4.4%, to ¥11,747 million, all new highs. In part, this record-breaking performance was achieved by the OTSUKA Group’s successful endeavors to hold down SG&A expenses relative to the higher sales. Thus, the Company has successfully recorded the highest net sales, recurring profit and net income in three consecutive fiscal years despite net income in the previous fiscal year included extraordinary income of ¥5,481 million from the exemption from the obligation under the substitutional portion of the social welfare pension fund.

In view of these results, management has resolved to raise the cash dividend ¥20 from in the preceding term to ¥75 per share.

The OTSUKA Group will continue to pursue management reforms to respond to the trust of all stakeholders, in line with its Mission Statement.

In these endeavors, please continue to give us your support.

Yuji Otsuka, President & Chief Executive Officer

March, 2006