

To Our Shareholders and Investors



I am pleased to announce the results for the fiscal year ended December 31, 2006.

In the fiscal year under review, the OTSUKA Group posted net sales of ¥433,617 million, which was an increase of 5.9% from the previous fiscal year. By segment, sales in the System Integration Business rose 2.0% to ¥263,425 million as a result of robust sales of servers, color copiers and information security-related products. In the Service and Support Business, sales increased 13.1% to ¥168,701 million on the back of a continued favorable performance for the “tanomail” office supply mail-order service and a strong showing by maintenance services.

Earnings reached another record high owing to the OTSUKA Group’s successful endeavors to hold down selling, general and administrative (SG&A) expenses relative to higher sales. Operating income rose 19.4% to ¥26,158 million, recurring profit increased 19.3% to ¥26,494 million and net income jumped 33.0% to ¥15,621 million, resulting in four consecutive terms of increased sales and income.

In view of these results, management has resolved to add ¥10 to normal dividends of ¥105 in commemoration of the 45th anniversary of the Company’s founding.

In line with its Mission Statement, the OTSUKA Group will continue to pursue management reforms to ensure the trust of all stakeholders. In these endeavors, your continued support is greatly appreciated.

Yuji Otsuka, President & Chief Executive Officer

March, 2007