

To Our Shareholders and Investors



I am pleased to announce the results for the fiscal year ended December 31, 2010 and to thank our shareholders and investors for their loyal support.

During the fiscal year under review, the Japanese economy moved onto a mild recovery track. The OTSUKA Group focused on strengthening customer contact, offered system proposals for achieving cost reductions and improving productivity, and worked to spur corporate IT investment. As a result of these measures, net sales rose 7.8% from the previous fiscal year to ¥463,493 million.

At the earnings level, the rise in gross profit due to higher net sales exceeded the increase in selling, general and administrative (SG&A) expenses, and operating income increased 18.1% to ¥19,013 million, ordinary income rose 18.8% to ¥19,508 million and net income jumped 21.1% to ¥10,631 million. This marks the first time in three years that we have achieved increases in revenues and profits.

Management has resolved to pay year-end dividends per share of ¥135 in line with our efforts to return profits to shareholders, who have given us their support.

In the coming fiscal year, despite the uncertain direction of the economy, we will further strengthen our contact with customers and strive to identify customers' IT utilization needs. In working to realize our Mission Statement, the OTSUKA Group will continue to pursue management reforms to ensure the trust of all stakeholders. Your ongoing support is greatly appreciated as we move forward with these endeavors.

Yuji Otsuka, President & Chief Executive Officer

March 2011