

**Financial Report for the Nine Months of
the Fiscal Year Ending December 31, 2010 (Consolidated)
<under Japanese GAAP>**

OTSUKA CORPORATION (URL: <http://www.otsuka-shokai.co.jp/>)

Listing: The First Section of Tokyo Stock Exchange, Code 4768

Representative: Yuji Otsuka, President & Chief Executive Officer

Contact: Youichi Harada, Managing Director & Senior Executive Operating Officer

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Scheduled date to file Quarterly Securities Report: November 11, 2010

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: No

(All amounts less than one million yen are rounded down)

1. Financial Results for the Nine Months of the Fiscal Year 2010 (From January 1, 2010 to September 30, 2010)

(1) Results of operations (cumulative) (Percentages indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2010	348,976	8.4	14,140	15.7	14,630	17.3	7,961	15.5
September 30, 2009	321,923	–	12,226	–	12,467	–	6,893	–

	Net income per share	Diluted net income per share
Nine months ended	yen	yen
September 30, 2010	251.93	251.80
September 30, 2009	218.14	218.00

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
September 30, 2010	207,563	106,201	50.8	3,339.79
December 31, 2009	198,076	102,779	51.4	3,219.46

Reference) Equity:

As of September 30, 2010: 105,541 million yen; As of December 31, 2009: 101,740 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year 2009	–	0.00	–	130.00	130.00
Fiscal Year 2010	–	0.00	–		
Fiscal Year 2010 (forecast)				130.00	130.00

Note) Revision of the forecasts in the third quarter of the fiscal year 2010: No

3. Financial Forecasts for the Fiscal Year 2010 (From January 1, 2010 to December 31, 2010)

(Percentages indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full-Year	463,800	7.9	18,000	11.8	18,500	12.6	9,750	11.0	308.53

- Notes) 1. Revision of the forecasts in the third quarter of the fiscal year 2010: Yes
 2. The above forecasts are based on the information available as of the date on which these materials were released. Actual results are subject to change due to various future events and may differ from these figures.

4. Others

(1) Changes in significant subsidiaries during the current quarter: No

Note) Changes in specified subsidiaries resulting in the change in scope of consolidation during the current quarter

(2) Application of simplified accounting and specific accounting: Yes

Note) Application of simplified accounting and specific accounting for preparing the quarterly consolidated financial statements

(3) Changes in accounting policies, procedures, and methods of presentation

1) Changes due to revisions to accounting standards and other regulations: Yes

2) Changes due to other reasons: No

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock):

As of September 30, 2010	31,667,020 shares
As of December 31, 2009	31,667,020 shares

2) Number of shares of treasury stock at the end of the period:

As of September 30, 2010	65,718 shares
As of December 31, 2009	65,425 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Nine months ended September 30, 2010	31,601,426 shares
Nine months ended September 30, 2009	31,601,653 shares

*** Indication regarding execution of quarterly review procedures**

This quarterly financial report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, the quarterly review procedures are in progress.

*** This financial report is an abridged translation from the Japanese "Kessan Tanshin," which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purpose only.**

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of September 30, 2010	As of December 31, 2009 (Summary)
Assets		
Current assets		
Cash and deposits	34,896	27,716
Notes and accounts receivable-trade	69,605	70,540
Short-term investment securities	5,000	4,998
Merchandise	16,158	14,191
Work in process	540	1,179
Raw materials and supplies	969	1,065
Other	15,526	14,497
Allowance for doubtful accounts	(773)	(459)
Total current assets	141,923	133,729
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	24,771	25,399
Other, net	22,999	20,864
Total property, plant and equipment	47,771	46,264
Intangible assets	5,748	5,604
Investments and other assets		
Investment securities	5,625	5,824
Other	7,267	7,726
Allowance for doubtful accounts	(726)	(1,037)
Allowance for investment loss	(46)	(34)
Total investments and other assets	12,119	12,478
Total noncurrent assets	65,639	64,347
Total assets	207,563	198,076
Liabilities		
Current liabilities		
Notes and accounts payable-trade	65,105	63,490
Short-term loans payable	8,340	8,340
Income taxes payable	2,376	2,516
Provision for bonuses	6,895	2,398
Other	15,346	15,548
Total current liabilities	98,064	92,293
Noncurrent liabilities		
Long-term loans payable	20	50
Provision for retirement benefits	1,747	1,641
Provision for directors' retirement benefits	541	483
Other	988	828
Total noncurrent liabilities	3,297	3,004
Total liabilities	101,361	95,297

(Millions of yen)

	As of September 30, 2010	As of December 31, 2009 (Summary)
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	93,160	89,307
Treasury stock	(124)	(123)
Total shareholders' equity	119,665	115,813
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	353	380
Revaluation reserve for land	(14,331)	(14,331)
Foreign currency translation adjustment	(146)	(122)
Total valuation and translation adjustments	(14,123)	(14,073)
Minority interests	659	1,039
Total net assets	106,201	102,779
Total liabilities and net assets	207,563	198,076

Consolidated Quarterly Statements of Income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2009	Nine months ended September 30, 2010
Net sales	321,923	348,976
Cost of sales	250,623	274,018
Gross profit	71,299	74,958
Selling, general and administrative expenses	59,073	60,817
Operating income	12,226	14,140
Non-operating income		
Interest income	32	31
Interest on securities	22	12
Dividends income	69	40
House rent income	160	163
Equity in earnings of affiliates	–	60
Other	174	256
Total non-operating income	459	564
Non-operating expenses		
Interest expenses	91	70
Equity in losses of affiliates	41	–
Provision of allowance for doubtful accounts	82	–
Other	1	4
Total non-operating expenses	218	74
Ordinary income	12,467	14,630
Extraordinary income		
Gain on sales of investment securities	21	0
Reversal of allowance for doubtful accounts	–	13
Gain on change in equity	5	–
Total extraordinary income	27	13
Extraordinary loss		
Loss on retirement of noncurrent assets	39	143
Impairment loss	11	43
Loss on valuation of investment securities	81	4
Loss on liquidation of subsidiaries and affiliates	–	37
Provision of allowance for doubtful accounts	73	170
Other	2	30
Total extraordinary losses	207	429
Income before income taxes and minority interests	12,287	14,214
Income taxes	5,257	6,182
Minority interests in income	137	70
Net income	6,893	7,961

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2009	Nine months ended September 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	12,287	14,214
Depreciation and amortization	4,329	4,483
Impairment loss	11	43
Increase (decrease) in allowance for doubtful accounts	262	3
Interest and dividends income	(101)	(72)
Interest income on securities	(22)	(12)
Interest expenses	91	70
Equity in (earnings) losses of affiliates	41	(60)
Loss on retirement of noncurrent assets	39	143
Decrease (increase) in notes and accounts receivable-trade	8,571	1,105
Decrease (increase) in inventories	146	(1,223)
Increase (decrease) in notes and accounts payable-trade	(4,446)	1,685
Loss (gain) on sales of investment securities	(21)	(0)
Loss (gain) on valuation of investment securities	81	4
Loss on liquidation of subsidiaries and affiliates	–	37
Loss (gain) on change in equity	(5)	–
Increase (decrease) in provision for retirement benefits	1,112	154
Other, net	2,227	3,257
Subtotal	24,603	23,834
Interest and dividends income received	154	110
Interest expenses paid	(72)	(54)
Income taxes paid	(10,566)	(6,090)
Net cash provided by (used in) operating activities	14,119	17,799

(Millions of yen)

	Nine months ended September 30, 2009	Nine months ended September 30, 2010
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,736)	(3,992)
Proceeds from sales of property, plant and equipment	11	–
Purchase of software	(2,308)	(2,255)
Purchase of investment securities	(17)	(58)
Proceeds from sales of investment securities	51	157
Purchase of investments in subsidiaries	–	(490)
Payments of long-term loans receivable	(123)	(5)
Collection of long-term loans receivable	140	124
Other, net	(79)	176
Net cash provided by (used in) investing activities	(4,061)	(6,344)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(30)	(30)
Cash dividends paid	(4,106)	(4,104)
Other, net	(70)	(60)
Net cash provided by (used in) financing activities	(4,206)	(4,194)
Effect of exchange rate change on cash and cash equivalents	(0)	–
Net increase (decrease) in cash and cash equivalents	5,850	7,260
Cash and cash equivalents at beginning of period	27,169	32,806
Cash and cash equivalents at end of period	33,020	40,067

Segment Information

Information by Business Segment

Nine months ended September 30, 2009

(Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
(1) Outside customers	170,970	149,604	1,348	321,923	–	321,923
(2) Inter-segment sales/transfers	144	205	1,407	1,756	(1,756)	–
Total	171,114	149,809	2,755	323,679	(1,756)	321,923
Operating income (loss)	12,139	5,449	46	17,635	(5,409)	12,226

Nine months ended September 30, 2010

(Millions of yen)

	System Integration business	Service and Support business	Other business	Total	Elimination or corporate	Consolidated total
Net sales						
(1) Outside customers	193,176	154,273	1,526	348,976	–	348,976
(2) Inter-segment sales/transfers	186	223	1,592	2,003	(2,003)	–
Total	193,362	154,497	3,119	350,979	(2,003)	348,976
Operating income (loss)	13,900	5,573	117	19,591	(5,450)	14,140