

**Financial Report for the Six Months of
the Fiscal Year Ending December 31, 2012 (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: Yasuhiro Wakamatsu, Managing Director & Operating Officer (Tel: +81-3-3264-7111)

Scheduled date to file Quarterly Securities Report: August 9, 2012

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: Yes (for analysts)

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

1. Financial Results for the Six Months of the Fiscal Year 2012 (From January 1, 2012 to June 30, 2012)

(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	%
Six months ended								
June 30, 2012	266,392	6.9	16,891	21.1	17,394	21.6	9,930	26.9
June 30, 2011	249,144	2.0	13,943	14.1	14,305	14.2	7,824	10.9

Notes) Comprehensive Income: Six months ended June 30, 2012: 10,213 million yen [30.5%]

Six months ended June 30, 2011: 7,824 million yen [— %]

	Net income per share	Diluted net income per share
Six months ended	yen	yen
June 30, 2012	314.25	—
June 30, 2011	247.59	247.41

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2012	256,447	122,669	47.5
December 31, 2011	229,610	117,385	50.8

Reference) Equity: As of June 30, 2012: 121,873 million yen; As of December 31, 2011: 116,633 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year 2011	—	0.00	—	155.00	155.00
Fiscal Year 2012	—	0.00			
Fiscal Year 2012 (forecast)			—	145.00	145.00

Note) Revision of the forecasts in the second quarter of the fiscal year 2012: No

3. Financial Forecasts for the Fiscal Year 2012 (From January 1, 2012 to December 31, 2012)

(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	502,900	5.2	26,600	15.2	27,300	17.1	15,270	19.8	483.21

Notes) 1. Revision of the forecasts in the second quarter of the fiscal year 2012: 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.

* Notes

(1) Changes in significant subsidiaries during the six months: No

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, changes in accounting estimates, and restatements

1) Changes in accounting principles due to revisions to accounting standards, etc.: No

2) Changes due to accounting principles other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Number of shares issued (common stock)

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

As of June 30, 2012: 31,667,020 shares

As of December 31, 2011: 31,667,020 shares

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

As of June 30, 2012: 65,914 shares

As of December 31, 2011: 65,855 shares

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

Six months ended June 30, 2012: 31,601,148 shares

Six months ended June 30, 2011: 31,601,231 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 as prescribed under the Financial Instruments and Exchange Act were yet to be completed.

* 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 December 31, 2011	As of June 30, 2012
<hr/>		
Assets		
Current assets		
Cash and deposits	45,600	63,613
Notes and accounts receivable-trade	79,558	85,737
Short-term investment securities	5,000	5,000
Merchandise	15,833	14,548
Work in process	818	977
Raw materials and supplies	961	937
Other	18,752	20,858
Allowance for doubtful accounts	(455)	(417)
Total current assets	<hr/> 166,068	<hr/> 191,256
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	26,224	25,740
Other, net	20,390	20,446
Total property, plant and equipment	<hr/> 46,614	<hr/> 46,186
Intangible assets	5,355	4,937
Investments and other assets		
Investment securities	4,918	6,515
Other	7,751	8,767
Allowance for doubtful accounts	(1,099)	(1,215)
Total investments and other assets	<hr/> 11,571	<hr/> 14,067
Total noncurrent assets	<hr/> 63,542	<hr/> 65,191
Total assets	<hr/> 229,610	<hr/> 256,447

(Millions of yen)

	As of December 31, 2011	As of June 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	71,514	79,485
Short-term loans payable	7,410	7,300
Income taxes payable	5,377	7,411
Provision for bonuses	2,788	3,101
Other	21,090	31,198
Total current liabilities	108,180	128,497
Noncurrent liabilities		
Provision for retirement benefits	1,902	2,055
Provision for directors' retirement benefits	482	488
Asset retirement obligations	228	232
Other	1,431	2,505
Total noncurrent liabilities	4,043	5,281
Total liabilities	112,224	133,778
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	104,308	109,340
Treasury stock	(125)	(126)
Total shareholders' equity	130,812	135,844
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291	484
Revaluation reserve for land	(14,304)	(14,304)
Foreign currency translation adjustment	(165)	(150)
Total accumulated other comprehensive income	(14,178)	(13,970)
Minority interests	752	795
Total net assets	117,385	122,669
Total liabilities and net assets	229,610	256,447

Consolidated Quarterly Statements of Income and Comprehensive Income (cumulative)

Consolidated Quarterly Statements of Income

(Millions of yen)

	Six months ended June 30, 2011	Six months ended June 30, 2012
Net sales	249,144	266,392
Cost of sales	193,834	206,240
Gross profit	55,309	60,151
Selling, general and administrative expenses	41,366	43,259
Operating income	13,943	16,891
Non-operating income		
Interest income	32	26
Dividends income	25	34
House rent income	107	114
Equity in earnings of affiliates	129	252
Other	105	113
Total non-operating income	401	539
Non-operating expenses		
Interest expenses	38	36
Other	0	0
Total non-operating expenses	39	37
Ordinary income	14,305	17,394
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	—	1
Reversal of allowance for doubtful accounts	18	—
Other	3	—
Total extraordinary income	21	1
Extraordinary loss		
Loss on retirement of noncurrent assets	96	162
Impairment loss	4	2
Loss on valuation of investment securities	0	22
Provision of allowance for doubtful accounts	150	144
Loss on adjustment for changes of accounting standard for asset retirement obligations	510	—
Other	21	1
Total extraordinary losses	783	332
Income before income taxes and minority interests	13,544	17,063
Income taxes	5,660	7,057
Income before minority interests	7,883	10,005
Minority interests in income	59	74
Net income	7,824	9,930

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2011	Six months ended June 30, 2012
Income before minority interests	7,883	10,005
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	191
Share of other comprehensive income of associates accounted for using equity method	2	16
Total other comprehensive income	(58)	207
Comprehensive income	7,824	10,213
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,766	10,138
Comprehensive income attributable to minority interests	58	75

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2011	Six months ended June 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,544	17,063
Depreciation and amortization	2,987	2,874
Impairment loss	4	2
Increase (decrease) in allowance for doubtful accounts	68	77
Interest and dividends income	(57)	(60)
Interest expenses	38	36
Equity in (earnings) losses of affiliates	(129)	(252)
Loss on retirement of noncurrent assets	96	162
Loss on adjustment for changes of accounting standard for asset retirement obligations	510	—
Decrease (increase) in notes and accounts receivable-trade	(6,707)	(6,170)
Decrease (increase) in inventories	3,385	1,153
Increase (decrease) in notes and accounts payable-trade	7,351	7,971
Increase (decrease) in accrued expenses	7,787	8,221
Loss (gain) on valuation of investment securities	0	22
Increase (decrease) in provision for retirement benefits	(21)	113
Other, net	1,057	1,265
Subtotal	29,914	32,481
Interest and dividends income received	59	59
Interest expenses paid	(38)	(37)
Income taxes paid	(5,022)	(5,139)
Net cash provided by (used in) operating activities	24,913	27,363
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,857)	(1,057)
Purchase of software	(1,276)	(1,160)
Purchase of investment securities	(69)	(1,069)
Payments of long-term loans receivable	(116)	(140)
Collection of long-term loans receivable	40	25
Other, net	802	59
Net cash provided by (used in) investing activities	(2,477)	(3,343)

(Millions of yen)

	Six months ended June 30, 2011	Six months ended June 30, 2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	100	(100)
Repayment of long-term loans payable	(20)	(10)
Cash dividends paid	(4,262)	(4,895)
Other, net	(24)	(32)
Net cash provided by (used in) financing activities	(4,206)	(5,037)
Net increase (decrease) in cash and cash equivalents	18,229	18,982
Cash and cash equivalents at beginning of period	37,924	52,320
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	71	—
Cash and cash equivalents at end of period	56,225	71,302

Segment Information

Information concerning net sales and income/loss by reportable segment

Six months ended June 30, 2011

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Amount recorded in consolidated quarterly statements of income
	System Integration business	Service and Support business	Total				
Net sales							
Outside customers	141,286	107,104	248,390	753	249,144	—	249,144
Inter-segment sales/transfers	47	243	291	1,076	1,367	(1,367)	—
Total	141,333	107,347	248,681	1,829	250,511	(1,367)	249,144
Segment profit	13,287	4,183	17,471	76	17,547	(3,604)	13,943

Information concerning net sales and income/loss by reportable segment

Six months ended June 30, 2012

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Amount recorded in consolidated quarterly statements of income
	System Integration business	Service and Support business	Total				
Net sales							
Outside customers	153,102	112,956	266,058	333	266,392	—	266,392
Inter-segment sales/transfers	69	255	324	1,332	1,657	(1,657)	—
Total	153,171	113,211	266,382	1,666	268,049	(1,657)	266,392
Segment profit	15,503	5,120	20,623	81	20,704	(3,812)	16,891