

**Financial Report for the First Three Months of
the Fiscal Year Ending December 31, 2013 (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: May 13, 2013

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 First Three Months of the Fiscal Year 2013 (From January 1, 2013 to March 31, 2013)

(1) Results of operations (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	%
Three months ended								
March 31, 2013	140,647	3.8	7,384	6.8	6,431	(11.0)	3,464	(15.2)
March 31, 2012	135,458	9.3	6,912	37.3	7,224	36.5	4,083	51.2

Notes) Comprehensive Income: Three months ended March 31, 2013: 4,066 million yen [(5.6)%]

Three months ended March 31, 2012: 4,308 million yen [60.4 %]

	Net income per share	Diluted net income per share
Three months ended	yen	yen
March 31, 2013	109.63	—
March 31, 2012	129.23	—

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2013	263,139	126,975	47.9
December 31, 2012	253,158	129,268	50.7

Reference) Equity: As of March 31, 2013: 126,166 million yen; As of December 31, 2012: 128,471 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year 2012	—	0.00	—	200.00	200.00
Fiscal Year 2013	—				
Fiscal Year 2013 (forecast)		0.00	—	205.00	205.00

Note) Revision of the forecasts from recently announced figures: No

3. Financial Forecasts for the Fiscal Year 2013 (From January 1, 2013 to December 31, 2013)

(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
Six months ending June 30, 2013	276,800	3.9	18,100	7.2	18,370	5.6	10,760	8.4	340.50
Full-Year	536,000	3.9	30,500	8.0	31,000	6.6	18,090	11.1	572.45

Notes) 1. Revision of the forecasts from recently announced figures: No
 2. The above forecasts are based on the information available as of the date of publication of this document.
 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 first three 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.: Yes
 2) Changes due to accounting principles other than 1): No
 3) Changes in accounting estimates: Yes
 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 March 31, 2013: 31,667,020 shares
 As of December 31, 2012: 31,667,020 shares

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

As of March 31, 2013: 65,994 shares
 As of December 31, 2012: 65,994 shares

3) Average number of shares during the period:

Three months ended March 31, 2013: 31,601,026 shares
 Three months ended March 31, 2012: 31,601,165 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 December 31, 2012	As of March 31, 2013
<hr/>		
Assets		
Current assets		
Cash and deposits	61,519	58,014
Notes and accounts receivable-trade	86,983	98,779
Short-term investment securities	5,000	5,000
Merchandise	14,298	15,344
Work in process	1,271	725
Raw materials and supplies	924	789
Other	19,236	20,282
Allowance for doubtful accounts	(300)	(272)
Total current assets	<hr/> 188,934	<hr/> 198,663
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,065	24,870
Other, net	20,398	20,345
Total property, plant and equipment	<hr/> 45,464	<hr/> 45,216
Intangible assets	4,980	5,042
Investments and other assets		
Investment securities	6,021	6,862
Other	9,481	10,154
Allowance for doubtful accounts	(1,723)	(2,800)
Total investments and other assets	<hr/> 13,779	<hr/> 14,217
Total noncurrent assets	<hr/> 64,223	<hr/> 64,476
Total assets	<hr/> 253,158	<hr/> 263,139

(Millions of yen)

	As of December 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	76,978	91,486
Short-term loans payable	7,150	7,150
Income taxes payable	7,846	3,006
Provision for bonuses	2,858	7,452
Other	23,849	21,801
Total current liabilities	118,682	130,897
Noncurrent liabilities		
Provision for retirement benefits	2,146	2,166
Provision for directors' retirement benefits	522	477
Asset retirement obligations	230	231
Other	2,308	2,390
Total noncurrent liabilities	5,207	5,265
Total liabilities	123,890	136,163
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	115,688	112,832
Treasury stock	(126)	(126)
Total shareholders' equity	142,191	139,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	1,201
Revaluation reserve for land	(14,304)	(14,304)
Foreign currency translation adjustment	(93)	(66)
Total accumulated other comprehensive income	(13,719)	(13,169)
Minority interests	796	808
Total net assets	129,268	126,975
Total liabilities and net assets	253,158	263,139

Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013
Net sales	135,458	140,647
Cost of sales	106,929	111,092
Gross profit	28,528	29,555
Selling, general and administrative expenses	21,616	22,171
Operating income	6,912	7,384
Non-operating income		
Interest income	12	13
Dividends income	11	9
House rent income	53	58
Equity in earnings of affiliates	241	—
Other	39	63
Total non-operating income	358	144
Non-operating expenses		
Interest expenses	17	16
Foreign exchange losses	28	10
Provision of allowance for doubtful accounts	—	1,066
Equity in losses of affiliates	—	2
Other	0	1
Total non-operating expenses	46	1,097
Ordinary income	7,224	6,431
Extraordinary loss		
Loss on retirement of noncurrent assets	76	8
Loss on valuation of investment securities	18	—
Provision of allowance for doubtful accounts	82	30
Other	0	1
Total extraordinary losses	178	40
Income before income taxes and minority interests	7,046	6,391
Income taxes	2,916	2,875
Income before minority interests	4,130	3,515
Minority interests in income	46	50
Net income	4,083	3,464

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013
Income before minority interests	4,130	3,515
Other comprehensive income		
Valuation difference on available-for-sale securities	138	520
Share of other comprehensive income of associates accounted for using equity method	39	30
Total other comprehensive income	177	550
Comprehensive income	4,308	4,066
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,260	4,015
Comprehensive income attributable to minority interests	47	51

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,046	6,391
Depreciation and amortization	1,336	1,281
Increase (decrease) in allowance for doubtful accounts	33	1,049
Interest and dividends income	(23)	(22)
Interest expenses	17	16
Equity in (earnings) losses of affiliates	(241)	2
Loss on retirement of noncurrent assets	76	8
Decrease (increase) in notes and accounts receivable-trade	(15,776)	(11,771)
Decrease (increase) in inventories	342	(365)
Increase (decrease) in notes and accounts payable-trade	14,808	14,508
Loss (gain) on valuation of investment securities	18	—
Increase (decrease) in provision for retirement benefits	102	(28)
Other, net	1,438	552
Subtotal	9,180	11,623
Interest and dividends income received	24	18
Interest expenses paid	(4)	(4)
Income taxes paid	(5,136)	(7,601)
Net cash provided by (used in) operating activities	4,063	4,035
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(298)	(453)
Purchase of software	(619)	(702)
Purchase of investment securities	(1,021)	(6)
Payments of long-term loans receivable	(76)	(77)
Collection of long-term loans receivable	13	7
Other, net	(25)	278
Net cash provided by (used in) investing activities	(2,027)	(953)

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(10)	—
Cash dividends paid	(4,899)	(6,321)
Other, net	(31)	(39)
Net cash provided by (used in) financing activities	(4,940)	(6,360)
Net increase (decrease) in cash and cash equivalents	(2,904)	(3,278)
Cash and cash equivalents at beginning of period	52,320	68,113
Cash and cash equivalents at end of period	49,415	64,835

Segment Information

Information concerning net sales and income/loss by reportable segment

Three months ended March 31, 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	78,120	57,162	135,282	175	135,458	—	135,458
Inter-segment sales/transfers	43	126	169	474	644	(644)	—
Total	78,163	57,289	135,452	650	136,102	(644)	135,458
Segment profit	6,477	2,441	8,919	27	8,946	(2,034)	6,912

Three months ended March 31, 2013

(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	82,300	58,200	140,500	147	140,647	—	140,647
Inter-segment sales/transfers	20	117	137	390	527	(527)	—
Total	82,320	58,317	140,637	538	141,175	(527)	140,647
Segment profit	7,354	2,119	9,474	19	9,493	(2,109)	7,384