

**Financial Report for the Six Months of  
the Fiscal Year Ending December 31, 2011 (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  
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Scheduled date to file Quarterly Securities Report: August 11, 2011  
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 2011 (From January 1, 2011 to June 30, 2011)**

**(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, 2011	249,144	2.0	13,943	14.1	14,305	14.2	7,824	10.9
June 30, 2010	244,295	7.1	12,216	10.2	12,529	11.4	7,057	11.2

	Net income per share	Diluted net income per share
Six months ended	yen	yen
June 30, 2011	247.59	247.41
June 30, 2010	223.34	223.20

**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
June 30, 2011	234,647	112,466	47.6	3,536.42
December 31, 2010	213,401	108,931	50.7	3,425.67

Reference) Equity:

As of June 30, 2011: 111,755 million yen;

As of December 31, 2010: 108,255 million yen

**2. Dividends**

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year 2010	–	0.00	–	135.00	135.00
Fiscal Year 2011	–	0.00	–	–	–
Fiscal Year 2011 (forecast)	–	–	–	140.00	140.00

Note) Revision of the forecasts in the second quarter of the fiscal year 2011: No

### 3. Financial Forecasts for the Fiscal Year 2011 (From January 1, 2011 to December 31, 2011)

(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	486,000	4.9	21,000	10.4	21,500	10.2	10,720	0.8	339.23

Notes) 1. Revision of the forecasts in the second quarter of the fiscal year 2011: No

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 June 30, 2011: 31,667,020 shares

As of December 31, 2010: 31,667,020 shares

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

As of June 30, 2011: 65,811 shares

As of December 31, 2010: 65,718 shares

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

Six months ended June 30, 2011: 31,601,231 shares

Six months ended June 30, 2010: 31,601,457 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 June 30, 2011	As of December 31, 2010 (Summary)
<hr/>		
Assets		
Current assets		
Cash and deposits	49,003	32,669
Notes and accounts receivable-trade	82,349	75,428
Short-term investment securities	5,000	5,000
Merchandise	14,621	17,858
Work in process	568	625
Raw materials and supplies	960	1,053
Other	17,589	16,224
Allowance for doubtful accounts	(516)	(608)
Total current assets	<hr/> 169,576	<hr/> 148,251
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	26,966	24,360
Other, net	20,694	22,868
Total property, plant and equipment	<hr/> 47,661	<hr/> 47,228
Intangible assets	5,523	5,730
Investments and other assets		
Investment securities	5,562	5,453
Other	7,313	7,735
Allowance for doubtful accounts	(990)	(997)
Total investments and other assets	<hr/> 11,885	<hr/> 12,191
Total noncurrent assets	<hr/> 65,070	<hr/> 65,150
Total assets	<hr/> 234,647	<hr/> 213,401

(Millions of yen)

	As of June 30, 2011	As of December 31, 2010 (Summary)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	74,873	67,498
Short-term loans payable	7,430	7,340
Income taxes payable	5,811	5,182
Provision for bonuses	2,943	2,652
Other	27,317	18,438
<b>Total current liabilities</b>	<b>118,376</b>	<b>101,111</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	–	10
Provision for retirement benefits	1,819	1,783
Provision for directors' retirement benefits	444	559
Asset retirement obligations	226	–
Other	1,314	1,005
<b>Total noncurrent liabilities</b>	<b>3,805</b>	<b>3,358</b>
<b>Total liabilities</b>	<b>122,181</b>	<b>104,469</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	99,388	95,830
Treasury stock	(125)	(124)
<b>Total shareholders' equity</b>	<b>125,892</b>	<b>122,335</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	320	383
Revaluation reserve for land	(14,331)	(14,331)
Foreign currency translation adjustment	(126)	(131)
<b>Total valuation and translation adjustments</b>	<b>(14,137)</b>	<b>(14,079)</b>
Minority interests	711	675
<b>Total net assets</b>	<b>112,466</b>	<b>108,931</b>
<b>Total liabilities and net assets</b>	<b>234,647</b>	<b>213,401</b>

**Consolidated Quarterly Statements of Income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2010	Six months ended June 30, 2011
Net sales	244,295	249,144
Cost of sales	191,571	193,834
Gross profit	52,723	55,309
Selling, general and administrative expenses	40,507	41,366
Operating income	12,216	13,943
Non-operating income		
Interest income	20	29
Interest on securities	8	2
Dividends income	29	25
House rent income	107	107
Equity in earnings of affiliates	47	129
Other	151	105
Total non-operating income	364	401
Non-operating expenses		
Interest expenses	47	38
Other	4	0
Total non-operating expenses	51	39
Ordinary income	12,529	14,305
Extraordinary income		
Gain on sales of investment securities	0	3
Reversal of allowance for doubtful accounts	2	18
Total extraordinary income	2	21
Extraordinary loss		
Loss on retirement of noncurrent assets	87	96
Impairment loss	9	4
Loss on valuation of investment securities	–	0
Loss on valuation of stocks of subsidiaries and affiliates	9	0
Loss on liquidation of subsidiaries and affiliates	37	–
Provision of allowance for doubtful accounts	5	150
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	510
Other	20	21
Total extraordinary losses	169	783
Income before income taxes and minority interests	12,362	13,544
Income taxes	5,253	5,660
Income before minority interests	–	7,883
Minority interests in income	51	59
Net income	7,057	7,824

## Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2010	Six months ended June 30, 2011
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	12,362	13,544
Depreciation and amortization	2,946	2,987
Impairment loss	9	4
Increase (decrease) in allowance for doubtful accounts	13	68
Interest and dividends income	(49)	(55)
Interest income on securities	(8)	(2)
Interest expenses	47	38
Equity in (earnings) losses of affiliates	(47)	(129)
Loss on retirement of noncurrent assets	87	96
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	510
Decrease (increase) in notes and accounts receivable-trade	(8,361)	(6,707)
Decrease (increase) in inventories	1,337	3,385
Increase (decrease) in notes and accounts payable-trade	10,495	7,351
Increase (decrease) in accrued expenses	7,883	7,787
Loss (gain) on sales of investment securities	(0)	(3)
Loss on valuation of stocks of subsidiaries and affiliates	9	0
Loss on liquidation of subsidiaries and affiliates	37	–
Increase (decrease) in provision for retirement benefits	100	(21)
Other, net	882	1,061
<b>Subtotal</b>	<b>27,746</b>	<b>29,914</b>
Interest and dividends income received	61	59
Interest expenses paid	(48)	(38)
Income taxes paid	(2,290)	(5,022)
<b>Net cash provided by (used in) operating activities</b>	<b>25,469</b>	<b>24,913</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(2,515)	(1,857)
Purchase of software	(1,536)	(1,276)
Purchase of investment securities	(30)	(69)
Proceeds from sales of investment securities	157	8
Purchase of investments in subsidiaries	(490)	–
Payments of long-term loans receivable	(5)	(116)
Collection of long-term loans receivable	68	40
Other, net	327	794
<b>Net cash provided by (used in) investing activities</b>	<b>(4,025)</b>	<b>(2,477)</b>

(Millions of yen)

	Six months ended June 30, 2010	Six months ended June 30, 2011
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(20)	(20)
Cash dividends paid	(4,103)	(4,262)
Other, net	(59)	75
Net cash provided by (used in) financing activities	(4,182)	(4,206)
Effect of exchange rate change on cash and cash equivalents	(0)	–
Net increase (decrease) in cash and cash equivalents	17,260	18,229
Cash and cash equivalents at beginning of period	32,806	37,924
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	–	71
Cash and cash equivalents at end of period	50,066	56,225

## Segment Information

### Information by Business Segment

Six months ended June 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	138,465	104,705	1,123	244,295	–	244,295
(2) Inter-segment sales/transfers	99	147	1,080	1,328	(1,328)	–
Total	138,565	104,853	2,204	245,623	(1,328)	244,295
Operating income (loss)	11,256	4,587	61	15,905	(3,689)	12,216

### 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