

**Financial Report for the Nine 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: November 11, 2011
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 2011 (From January 1, 2011 to
September 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 | % |
| Nine months ended | | | | | | | | |
| September 30, 2011 | 359,889 | 3.1 | 17,312 | 22.4 | 17,934 | 22.6 | 9,869 | 24.0 |
| September 30, 2010 | 348,976 | 8.4 | 14,140 | 15.7 | 14,630 | 17.3 | 7,961 | 15.5 |

| | Net income per share | Diluted net income per share |
|--------------------|----------------------|------------------------------|
| Nine months ended | yen | yen |
| September 30, 2011 | 312.32 | 312.16 |
| September 30, 2010 | 251.93 | 251.80 |

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | yen |
| September 30, 2011 | 218,110 | 114,468 | 52.1 | 3,598.64 |
| December 31, 2010 | 213,401 | 108,931 | 50.7 | 3,425.67 |

Reference) Equity:

As of September 30, 2011: 113,721 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 third 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 third 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 September 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 September 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):

Nine months ended September 30, 2011: 31,601,223 shares

Nine months ended September 30, 2010: 31,601,426 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, 2011 | As of December 31, 2010 (Summary) |
|-------------------------------------|--------------------------|--------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 41,446 | 32,669 |
| Notes and accounts receivable-trade | 73,413 | 75,428 |
| Short-term investment securities | 5,000 | 5,000 |
| Merchandise | 14,386 | 17,858 |
| Work in process | 788 | 625 |
| Raw materials and supplies | 923 | 1,053 |
| Other | 17,995 | 16,224 |
| Allowance for doubtful accounts | (457) | (608) |
| Total current assets | 153,496 | 148,251 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 26,599 | 24,360 |
| Other, net | 20,534 | 22,868 |
| Total property, plant and equipment | 47,133 | 47,228 |
| Intangible assets | 5,466 | 5,730 |
| Investments and other assets | | |
| Investment securities | 5,427 | 5,453 |
| Other | 7,673 | 7,735 |
| Allowance for doubtful accounts | (1,085) | (997) |
| Total investments and other assets | 12,014 | 12,191 |
| Total noncurrent assets | 64,614 | 65,150 |
| Total assets | 218,110 | 213,401 |

(Millions of yen)

| | As of September 30, 2011 | As of December 31, 2010 (Summary) |
|---|--------------------------|--------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 64,221 | 67,498 |
| Short-term loans payable | 7,420 | 7,340 |
| Income taxes payable | 2,770 | 5,182 |
| Provision for bonuses | 7,460 | 2,652 |
| Other | 17,866 | 18,438 |
| Total current liabilities | 99,738 | 101,111 |
| Noncurrent liabilities | | |
| Long-term loans payable | – | 10 |
| Provision for retirement benefits | 1,866 | 1,783 |
| Provision for directors' retirement benefits | 464 | 559 |
| Asset retirement obligations | 227 | – |
| Other | 1,345 | 1,005 |
| Total noncurrent liabilities | 3,903 | 3,358 |
| Total liabilities | 103,642 | 104,469 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 10,374 | 10,374 |
| Capital surplus | 16,254 | 16,254 |
| Retained earnings | 101,433 | 95,830 |
| Treasury stock | (125) | (124) |
| Total shareholders' equity | 127,938 | 122,335 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 287 | 383 |
| Revaluation reserve for land | (14,331) | (14,331) |
| Foreign currency translation adjustment | (173) | (131) |
| Total valuation and translation adjustments | (14,216) | (14,079) |
| Minority interests | 747 | 675 |
| Total net assets | 114,468 | 108,931 |
| Total liabilities and net assets | 218,110 | 213,401 |

Consolidated Quarterly Statements of Income (cumulative)

(Millions of yen)

| | Nine months ended September 30, 2010 | Nine months ended September 30, 2011 |
|--|---|---|
| Net sales | 348,976 | 359,889 |
| Cost of sales | 274,018 | 280,325 |
| Gross profit | 74,958 | 79,564 |
| Selling, general and administrative expenses | 60,817 | 62,251 |
| Operating income | 14,140 | 17,312 |
| Non-operating income | | |
| Interest income | 31 | 40 |
| Interest on securities | 12 | 3 |
| Dividends income | 40 | 40 |
| House rent income | 163 | 161 |
| Equity in earnings of affiliates | 60 | 193 |
| Other | 256 | 241 |
| Total non-operating income | 564 | 680 |
| Non-operating expenses | | |
| Interest expenses | 70 | 57 |
| Other | 4 | 1 |
| Total non-operating expenses | 74 | 59 |
| Ordinary income | 14,630 | 17,934 |
| Extraordinary income | | |
| Gain on sales of investment securities | 0 | 3 |
| Reversal of allowance for doubtful accounts | 13 | 62 |
| Total extraordinary income | 13 | 66 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 143 | 102 |
| Impairment loss | 43 | 5 |
| Loss on valuation of investment securities | 4 | 62 |
| Loss on liquidation of subsidiaries and affiliates | 37 | – |
| Provision of allowance for doubtful accounts | 170 | 229 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | – | 510 |
| Other | 30 | 21 |
| Total extraordinary losses | 429 | 931 |
| Income before income taxes and minority interests | 14,214 | 17,069 |
| Income taxes | 6,182 | 7,103 |
| Income before minority interests | – | 9,965 |
| Minority interests in income | 70 | 95 |
| Net income | 7,961 | 9,869 |

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

| | Nine months ended September 30, 2010 | Nine months ended September 30, 2011 |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 14,214 | 17,069 |
| Depreciation and amortization | 4,483 | 4,421 |
| Impairment loss | 43 | 5 |
| Increase (decrease) in allowance for doubtful accounts | 3 | 104 |
| Interest and dividends income | (72) | (80) |
| Interest income on securities | (12) | (3) |
| Interest expenses | 70 | 57 |
| Equity in (earnings) losses of affiliates | (60) | (193) |
| Loss on retirement of noncurrent assets | 143 | 102 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | 510 |
| Decrease (increase) in notes and accounts receivable-trade | 1,105 | 2,225 |
| Decrease (increase) in inventories | (1,223) | 3,445 |
| Increase (decrease) in notes and accounts payable-trade | 1,685 | (3,300) |
| Loss (gain) on sales of investment securities | (0) | (3) |
| Loss (gain) on valuation of investment securities | 4 | 62 |
| Loss on liquidation of subsidiaries and affiliates | 37 | - |
| Increase (decrease) in provision for retirement benefits | 154 | (16) |
| Other, net | 3,257 | 3,107 |
| Subtotal | 23,834 | 27,512 |
| Interest and dividends income received | 110 | 120 |
| Interest expenses paid | (54) | (43) |
| Income taxes paid | (6,090) | (9,436) |
| Net cash provided by (used in) operating activities | 17,799 | 18,151 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (3,992) | (2,159) |
| Proceeds from sales of property, plant and equipment | - | 17 |
| Purchase of software | (2,255) | (1,890) |
| Purchase of investment securities | (58) | (76) |
| Proceeds from sales of investment securities | 157 | 8 |
| Purchase of investments in subsidiaries | (490) | - |
| Payments of long-term loans receivable | (5) | (183) |
| Collection of long-term loans receivable | 124 | 52 |
| Other, net | 176 | 505 |
| Net cash provided by (used in) investing activities | (6,344) | (3,726) |

(Millions of yen)

| | Nine months ended September 30, 2010 | Nine months ended September 30, 2011 |
|--|---|---|
| Net cash provided by (used in) financing activities | | |
| Repayment of long-term loans payable | (30) | (30) |
| Cash dividends paid | (4,104) | (4,263) |
| Other, net | (60) | 75 |
| Net cash provided by (used in) financing activities | (4,194) | (4,218) |
| Net increase (decrease) in cash and cash equivalents | 7,260 | 10,207 |
| 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 | 40,067 | 48,203 |

Segment Information

Information by Business Segment

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 |

Information concerning net sales and income/loss by reportable segment

Nine months ended September 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 | 200,262 | 158,653 | 358,915 | 973 | 359,889 | – | 359,889 |
| Inter-segment sales/transfers | 69 | 361 | 431 | 1,571 | 2,002 | (2,002) | – |
| Total | 200,332 | 159,014 | 359,347 | 2,545 | 361,892 | (2,002) | 359,889 |
| Segment profit | 17,126 | 5,520 | 22,647 | 91 | 22,738 | (5,425) | 17,312 |