

**Financial Report for the First Three 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: May 11, 2012

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 2012 (From January 1, 2012 to March 31, 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	%
Three months ended								
March 31, 2012	135,458	9.3	6,912	37.3	7,224	36.5	4,083	51.2
March 31, 2011	123,974	(0.6)	5,035	3.1	5,293	4.2	2,700	(4.3)

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

Three months ended March 31, 2011: 2,686 million yen [— %]

	Net income per share	Diluted net income per share
Three months ended	yen	yen
March 31, 2012	129.23	—
March 31, 2011	85.46	85.31

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2012	244,725	116,764	47.4
December 31, 2011	229,610	117,385	50.8

Reference) Equity: As of March 31, 2012: 115,996 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	—				
Fiscal Year 2012 (forecast)		0.00	—	145.00	145.00

Note) Revision of the forecasts in the first 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
Six months ending June 30, 2012	256,500	3.0	14,300	2.6	14,600	2.1	8,210	4.9	259.80
Full-Year	493,000	3.1	24,000	3.9	24,500	5.1	13,550	6.3	428.78

Notes) 1. Revision of the forecasts in the first quarter of the fiscal year 2012: 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 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: 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 March 31, 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 March 31, 2012: 65,855 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):

Three months ended March 31, 2012: 31,601,165 shares

Three months ended March 31, 2011: 31,601,253 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, 2011	As of March 31, 2012
<hr/>		
Assets		
Current assets		
Cash and deposits	45,600	42,636
Notes and accounts receivable-trade	79,558	95,349
Short-term investment securities	5,000	5,000
Merchandise	15,833	15,414
Work in process	818	856
Raw materials and supplies	961	1,002
Other	18,752	20,171
Allowance for doubtful accounts	(455)	(384)
Total current assets	<hr/> 166,068	<hr/> 180,046
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	26,224	25,913
Other, net	20,390	20,255
Total property, plant and equipment	<hr/> 46,614	<hr/> 46,169
Intangible assets	5,355	5,213
Investments and other assets		
Investment securities	4,918	6,414
Other	7,751	8,085
Allowance for doubtful accounts	(1,099)	(1,204)
Total investments and other assets	<hr/> 11,571	<hr/> 13,296
Total noncurrent assets	<hr/> 63,542	<hr/> 64,679
Total assets	<hr/> 229,610	<hr/> 244,725

(Millions of yen)

	As of December 31, 2011	As of March 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	71,514	86,323
Short-term loans payable	7,410	7,400
Income taxes payable	5,377	3,087
Provision for bonuses	2,788	7,127
Other	21,090	19,530
Total current liabilities	108,180	123,468
Noncurrent liabilities		
Provision for retirement benefits	1,902	2,024
Provision for directors' retirement benefits	482	475
Asset retirement obligations	228	232
Other	1,431	1,760
Total noncurrent liabilities	4,043	4,492
Total liabilities	112,224	127,961
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	104,308	103,493
Treasury stock	(125)	(125)
Total shareholders' equity	130,812	129,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291	431
Revaluation reserve for land	(14,304)	(14,304)
Foreign currency translation adjustment	(165)	(128)
Total accumulated other comprehensive income	(14,178)	(14,000)
Minority interests	752	767
Total net assets	117,385	116,764
Total liabilities and net assets	229,610	244,725

Consolidated Quarterly Statements of Income and Comprehensive Income (cumulative)

Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2012
Net sales	123,974	135,458
Cost of sales	97,895	106,929
Gross profit	26,078	28,528
Selling, general and administrative expenses	21,043	21,616
Operating income	5,035	6,912
Non-operating income		
Interest income	11	12
Dividends income	10	11
House rent income	54	53
Equity in earnings of affiliates	150	241
Other	50	39
Total non-operating income	277	358
Non-operating expenses		
Interest expenses	18	17
Foreign exchange losses	—	28
Other	0	0
Total non-operating expenses	18	46
Ordinary income	5,293	7,224
Extraordinary income		
Reversal of allowance for doubtful accounts	18	—
Other	0	—
Total extraordinary income	18	—
Extraordinary loss		
Loss on retirement of noncurrent assets	21	76
Impairment loss	0	0
Loss on valuation of investment securities	0	18
Provision of allowance for doubtful accounts	101	82
Loss on adjustment for changes of accounting standard for asset retirement obligations	510	—
Other	0	0
Total extraordinary losses	633	178
Income before income taxes and minority interests	4,678	7,046
Income taxes	1,948	2,916
Income before minority interests	2,729	4,130
Minority interests in income	29	46
Net income	2,700	4,083

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2012
Income before minority interests	2,729	4,130
Other comprehensive income		
Valuation difference on available-for-sale securities	(47)	138
Share of other comprehensive income of associates accounted for using equity method	4	39
Total other comprehensive income	(43)	177
Comprehensive income	2,686	4,308
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,657	4,260
Comprehensive income attributable to minority interests	29	47

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,678	7,046
Depreciation and amortization	1,375	1,336
Impairment loss	0	0
Increase (decrease) in allowance for doubtful accounts	118	33
Interest and dividends income	(22)	(23)
Interest expenses	18	17
Equity in (earnings) losses of affiliates	(150)	(241)
Loss on retirement of noncurrent assets	21	76
Loss on adjustment for changes of accounting standard for asset retirement obligations	510	—
Decrease (increase) in notes and accounts receivable-trade	(11,166)	(15,776)
Decrease (increase) in inventories	2,815	342
Increase (decrease) in notes and accounts payable-trade	8,840	14,808
Loss (gain) on valuation of investment securities	0	18
Increase (decrease) in provision for retirement benefits	(16)	102
Other, net	1,951	1,438
Subtotal	8,974	9,180
Interest and dividends income received	21	24
Interest expenses paid	(4)	(4)
Income taxes paid	(5,052)	(5,136)
Net cash provided by (used in) operating activities	3,938	4,063
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(507)	(298)
Purchase of software	(628)	(619)
Purchase of investment securities	(60)	(1,021)
Payments of long-term loans receivable	(32)	(76)
Collection of long-term loans receivable	23	13
Other, net	24	(25)
Net cash provided by (used in) investing activities	(1,181)	(2,027)

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,200	—
Repayment of long-term loans payable	(10)	(10)
Cash dividends paid	(4,267)	(4,899)
Other, net	(24)	(31)
Net cash provided by (used in) financing activities	(1,101)	(4,940)
Net increase (decrease) in cash and cash equivalents	1,655	(2,904)
Cash and cash equivalents at beginning of period	37,924	52,320
Cash and cash equivalents at end of period	39,580	49,415

Segment Information

Information concerning net sales and income/loss by reportable segment

Three months ended March 31, 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	69,542	54,074	123,616	357	123,974	—	123,974
Inter-segment sales/transfers	16	118	134	537	672	(672)	—
Total	69,558	54,192	123,751	895	124,647	(672)	123,974
Segment profit	5,272	1,598	6,871	51	6,922	(1,887)	5,035

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