

**Financial Report for the Nine 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: November 13, 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 Nine Months of the Fiscal Year 2012 (From January 1, 2012 to September 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	%
Nine months ended								
September 30, 2012	384,191	6.8	21,029	21.5	21,761	21.3	12,431	26.0
September 30, 2011	359,889	3.1	17,312	22.4	17,934	22.6	9,869	24.0

Notes) Comprehensive Income: Nine months ended September 30, 2012: 12,738 million yen [29.6%]

Nine months ended September 30, 2011: 9,827 million yen [— %]

	Net income per share	Diluted net income per share
Nine months ended	yen	yen
September 30, 2012	393.40	—
September 30, 2011	312.32	312.16

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2012	241,097	125,217	51.6
December 31, 2011	229,610	117,385	50.8

Reference) Equity: As of September 30, 2012: 124,393 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 third 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 third 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.

* Notes

- (1) Changes in significant subsidiaries during the nine 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 September 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 September 30, 2012: 65,994 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):

Nine months ended September 30, 2012: 31,601,114 shares

Nine months ended September 30, 2011: 31,601,223 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 September 30, 2012
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Assets		
Current assets		
Cash and deposits	45,600	58,752
Notes and accounts receivable-trade	79,558	76,579
Short-term investment securities	5,000	5,000
Merchandise	15,833	15,200
Work in process	818	1,228
Raw materials and supplies	961	841
Other	18,752	20,023
Allowance for doubtful accounts	(455)	(383)
Total current assets	166,068	177,241
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	26,224	25,417
Other, net	20,390	20,369
Total property, plant and equipment	46,614	45,787
Intangible assets	5,355	4,984
Investments and other assets		
Investment securities	4,918	5,666
Other	7,751	8,852
Allowance for doubtful accounts	(1,099)	(1,435)
Total investments and other assets	11,571	13,083
Total noncurrent assets	63,542	63,855
Total assets	229,610	241,097

(Millions of yen)

As of December 31, 2011 As of September 30, 2012

	As of December 31, 2011	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	71,514	70,811
Short-term loans payable	7,410	7,300
Income taxes payable	5,377	4,439
Provision for bonuses	2,788	7,640
Other	21,090	20,387
Total current liabilities	108,180	110,578
Noncurrent liabilities		
Provision for retirement benefits	1,902	2,091
Provision for directors' retirement benefits	482	503
Asset retirement obligations	228	233
Other	1,431	2,471
Total noncurrent liabilities	4,043	5,301
Total liabilities	112,224	115,879
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	104,308	111,865
Treasury stock	(125)	(126)
Total shareholders' equity	130,812	138,368
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291	480
Revaluation reserve for land	(14,304)	(14,304)
Foreign currency translation adjustment	(165)	(150)
Total accumulated other comprehensive income	(14,178)	(13,975)
Minority interests	752	824
Total net assets	117,385	125,217
Total liabilities and net assets	229,610	241,097

Consolidated Quarterly Statements of Income and Comprehensive Income (cumulative)

Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine months ended September 30, 2011	Nine months ended September 30, 2012
Net sales	359,889	384,191
Cost of sales	280,325	298,618
Gross profit	79,564	85,572
Selling, general and administrative expenses	62,251	64,543
Operating income	17,312	21,029
Non-operating income		
Interest income	44	40
Dividends income	40	44
House rent income	161	175
Equity in earnings of affiliates	193	306
Other	241	222
Total non-operating income	680	789
Non-operating expenses		
Interest expenses	57	55
Other	1	1
Total non-operating expenses	59	56
Ordinary income	17,934	21,761
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	—	37
Compensation income	—	112
Reversal of allowance for doubtful accounts	62	—
Other	3	1
Total extraordinary income	66	151
Extraordinary loss		
Loss on retirement of noncurrent assets	102	163
Provision of allowance for doubtful accounts	229	247
Loss on adjustment for changes of accounting standard for asset retirement obligations	510	—
Other	89	26
Total extraordinary losses	931	436
Income before income taxes and minority interests	17,069	21,475
Income taxes	7,103	8,940
Income before minority interests	9,965	12,535
Minority interests in income	95	103
Net income	9,869	12,431

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2011	Nine months ended September 30, 2012
Income before minority interests	9,965	12,535
Other comprehensive income		
Valuation difference on available-for-sale securities	(92)	187
Share of other comprehensive income of associates accounted for using equity method	(44)	15
Total other comprehensive income	(137)	203
Comprehensive income	9,827	12,738
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,732	12,634
Comprehensive income attributable to minority interests	94	104

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2011	Nine months ended September 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	17,069	21,475
Depreciation and amortization	4,421	4,298
Increase (decrease) in allowance for doubtful accounts	104	264
Interest and dividends income	(84)	(85)
Interest expenses	57	55
Equity in (earnings) losses of affiliates	(193)	(306)
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	(36)
Compensation income	—	(112)
Loss on retirement of noncurrent assets	102	163
Loss on adjustment for changes of accounting standard for asset retirement obligations	510	—
Decrease (increase) in notes and accounts receivable-trade	2,225	2,984
Decrease (increase) in inventories	3,445	355
Increase (decrease) in notes and accounts payable-trade	(3,300)	(703)
Increase (decrease) in provision for retirement benefits	(16)	119
Other, net	3,171	3,295
Subtotal	27,512	31,767
Interest and dividends income received	120	126
Interest expenses paid	(43)	(42)
Proceeds from compensation	—	112
Income taxes paid	(9,436)	(9,907)
Net cash provided by (used in) operating activities	18,151	22,056
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,159)	(1,311)
Purchase of software	(1,890)	(1,902)
Purchase of investment securities	(76)	(1,074)
Proceeds from sales of stocks of subsidiaries and affiliates	—	615
Payments of long-term loans receivable	(183)	(194)
Collection of long-term loans receivable	52	35
Other, net	531	276
Net cash provided by (used in) investing activities	(3,726)	(3,556)

(Millions of yen)

	Nine months ended September 30, 2011	Nine months ended September 30, 2012
Net cash provided by (used in) financing activities		
Cash dividends paid	(4,263)	(4,896)
Other, net	45	(142)
Net cash provided by (used in) financing activities	(4,218)	(5,039)
Net increase (decrease) in cash and cash equivalents	10,207	13,460
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	48,203	65,780

Segment Information

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

Information concerning net sales and income/loss by reportable segment

Nine months ended September 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	217,050	166,647	383,698	493	384,191	—	384,191
Inter-segment sales/transfers	100	381	482	1,766	2,249	(2,249)	—
Total	217,151	167,029	384,180	2,260	386,440	(2,249)	384,191
Segment profit	19,977	6,606	26,583	75	26,659	(5,630)	21,029