

**Financial Report for the Six 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: August 9, 2013

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 2013 (From January 1, 2013 to June 30, 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	%
Six months ended								
June 30, 2013	284,623	6.8	19,486	15.4	18,656	7.3	11,189	12.7
June 30, 2012	266,392	6.9	16,891	21.1	17,394	21.6	9,930	26.9

Notes) Comprehensive Income: Six months ended June 30, 2013: 12,323 million yen [20.7%]

Six months ended June 30, 2012: 10,213 million yen [30.5 %]

	Net income per share	Diluted net income per share
Six months ended	yen	yen
June 30, 2013	354.08	—
June 30, 2012	314.25	—

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2013	281,402	135,231	47.8
December 31, 2012	253,158	129,268	50.7

Reference) Equity: As of June 30, 2013: 134,395 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	—	0.00			
Fiscal Year 2013 (forecast)			—	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
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 six months: No

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to revisions to accounting standards, etc.: Yes

2) Changes due to accounting policies 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 June 30, 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 June 30, 2013: 66,061 shares

As of December 31, 2012: 65,994 shares

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

Six months ended June 30, 2013: 31,600,996 shares

Six months ended June 30, 2012: 31,601,148 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 June 30, 2013
<hr/>		
Assets		
Current assets		
Cash and deposits	61,519	78,086
Notes and accounts receivable-trade	86,983	95,893
Short-term investment securities	5,000	5,000
Merchandise	14,298	15,206
Work in process	1,271	559
Raw materials and supplies	924	771
Other	19,236	21,473
Allowance for doubtful accounts	(300)	(258)
Total current assets	<hr/> 188,934	<hr/> 216,731
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,065	24,533
Other, net	20,398	20,434
Total property, plant and equipment	<hr/> 45,464	<hr/> 44,967
Intangible assets	4,980	5,088
Investments and other assets		
Investment securities	6,021	7,548
Other	9,481	9,797
Allowance for doubtful accounts	(1,723)	(2,732)
Total investments and other assets	<hr/> 13,779	<hr/> 14,614
Total noncurrent assets	<hr/> 64,223	<hr/> 64,670
Total assets	<hr/> 253,158	<hr/> 281,402

(Millions of yen)

	As of December 31, 2012	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	76,978	78,144
Electronically recorded obligations-operating	—	10,940
Short-term loans payable	7,150	7,100
Income taxes payable	7,846	7,714
Provision for bonuses	2,858	3,225
Other	23,849	33,802
Total current liabilities	118,682	140,926
Noncurrent liabilities		
Provision for retirement benefits	2,146	2,212
Provision for directors' retirement benefits	522	497
Asset retirement obligations	230	231
Other	2,308	2,302
Total noncurrent liabilities	5,207	5,243
Total liabilities	123,890	146,170
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	115,688	120,557
Treasury stock	(126)	(127)
Total shareholders' equity	142,191	147,059
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	1,682
Revaluation reserve for land	(14,304)	(14,304)
Foreign currency translation adjustment	(93)	(41)
Total accumulated other comprehensive income	(13,719)	(12,663)
Minority interests	796	836
Total net assets	129,268	135,231
Total liabilities and net assets	253,158	281,402

Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

(Millions of yen)

	Six months ended June 30, 2012	Six months ended June 30, 2013
Net sales	266,392	284,623
Cost of sales	206,240	220,706
Gross profit	60,151	63,917
Selling, general and administrative expenses	43,259	44,431
Operating income	16,891	19,486
Non-operating income		
Interest income	26	28
Dividends income	34	37
House rent income	114	116
Equity in earnings of affiliates	252	—
Other	113	168
Total non-operating income	539	351
Non-operating expenses		
Interest expenses	36	33
Provision of allowance for doubtful accounts	—	1,066
Equity in losses of affiliates	—	79
Other	0	1
Total non-operating expenses	37	1,181
Ordinary income	17,394	18,656
Extraordinary income		
Gain on sales of investment securities	—	105
Compensation income	—	32
Gain on sales of subsidiaries and affiliates' stocks	1	0
Total extraordinary income	1	138
Extraordinary loss		
Loss on retirement of noncurrent assets	162	23
Provision of allowance for doubtful accounts	144	96
Other	26	2
Total extraordinary losses	332	122
Income before income taxes and minority interests	17,063	18,672
Income taxes	7,057	7,405
Income before minority interests	10,005	11,266
Minority interests in income	74	77
Net income	9,930	11,189

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2012	Six months ended June 30, 2013
Income before minority interests	10,005	11,266
Other comprehensive income		
Valuation difference on available-for-sale securities	191	999
Share of other comprehensive income of associates accounted for using equity method	16	56
Total other comprehensive income	207	1,056
Comprehensive income	10,213	12,323
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,138	12,245
Comprehensive income attributable to minority interests	75	78

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2012	Six months ended June 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	17,063	18,672
Depreciation and amortization	2,874	2,730
Interest and dividends income	(60)	(66)
Interest expenses	36	33
Equity in (earnings) losses of affiliates	(252)	79
Loss (gain) on sales of investment securities	0	(105)
Loss on retirement of noncurrent assets	162	23
Decrease (increase) in notes and accounts receivable-trade	(6,170)	(8,750)
Decrease (increase) in inventories	1,153	(42)
Increase (decrease) in notes and accounts payable-trade	7,971	12,106
Increase (decrease) in allowance for doubtful accounts	77	966
Increase (decrease) in accrued expenses	8,221	8,451
Increase (decrease) in provision for retirement benefits	113	(31)
Other, net	1,289	(439)
Subtotal	32,481	33,627
Interest and dividends income received	59	65
Interest expenses paid	(37)	(33)
Income taxes paid	(5,139)	(7,605)
Net cash provided by (used in) operating activities	27,363	26,054
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,057)	(872)
Purchase of software	(1,160)	(1,548)
Purchase of investment securities	(1,069)	(29)
Proceeds from sales of investment securities	0	120
Payments of long-term loans receivable	(140)	(218)
Collection of long-term loans receivable	25	15
Other, net	58	361
Net cash provided by (used in) investing activities	(3,343)	(2,171)

(Millions of yen)

	Six months ended June 30, 2012	Six months ended June 30, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(100)	(50)
Repayment of long-term loans payable	(10)	—
Cash dividends paid	(4,895)	(6,316)
Other, net	(32)	(39)
Net cash provided by (used in) financing activities	(5,037)	(6,406)
Net increase (decrease) in cash and cash equivalents	18,982	17,475
Cash and cash equivalents at beginning of period	52,320	68,113
Cash and cash equivalents at end of period	71,302	85,589

Segment Information

Information concerning net sales and income/loss by reportable segment

Six months ended June 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	153,102	112,956	266,058	333	266,392	—	266,392
Inter-segment sales/transfers	69	255	324	1,332	1,657	(1,657)	—
Total	153,171	113,211	266,382	1,666	268,049	(1,657)	266,392
Segment profit	15,503	5,120	20,623	81	20,704	(3,812)	16,891

Six months ended June 30, 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	168,260	116,026	284,287	336	284,623	—	284,623
Inter-segment sales/transfers	35	241	276	763	1,040	(1,040)	—
Total	168,296	116,267	284,564	1,099	285,663	(1,040)	284,623
Segment profit	17,747	5,734	23,482	37	23,519	(4,033)	19,486