

**Financial Report for the Nine 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: November 12, 2013

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 2013 (From January 1, 2013 to September 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	%
Nine months ended								
September 30, 2013	413,906	7.7	24,519	16.6	23,877	9.7	14,392	15.8
September 30, 2012	384,191	6.8	21,029	21.5	21,761	21.3	12,431	26.0

Notes) Comprehensive Income: Nine months ended September 30, 2013: 16,279 million yen [27.8%]

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

	Net income per share	Diluted net income per share
Nine months ended	yen	yen
September 30, 2013	455.44	—
September 30, 2012	393.40	—

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2013	262,352	139,187	52.7
December 31, 2012	253,158	129,268	50.7

Reference) Equity: As of September 30, 2013: 138,313 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 nine 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 September 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 September 30, 2013: 66,093 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):

Nine months ended September 30, 2013: 31,600,978 shares

Nine months ended September 30, 2012: 31,601,114 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 September 30, 2013
<hr/>		
Assets		
Current assets		
Cash and deposits	61,519	68,346
Notes and accounts receivable-trade	86,983	83,730
Short-term investment securities	5,000	5,000
Merchandise	14,298	18,040
Work in process	1,271	969
Raw materials and supplies	924	777
Other	19,236	20,188
Allowance for doubtful accounts	(300)	(225)
Total current assets	<hr/> 188,934	<hr/> 196,826
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,065	24,205
Other, net	20,398	20,367
Total property, plant and equipment	<hr/> 45,464	<hr/> 44,572
Intangible assets	4,980	5,246
Investments and other assets		
Investment securities	6,021	8,674
Other	9,481	9,735
Allowance for doubtful accounts	(1,723)	(2,703)
Total investments and other assets	<hr/> 13,779	<hr/> 15,706
Total noncurrent assets	<hr/> 64,223	<hr/> 65,525
Total assets	<hr/> 253,158	<hr/> 262,352

(Millions of yen)

As of December 31, 2012 As of September 30, 2013

Liabilities		
Current liabilities		
Notes and accounts payable-trade	76,978	60,883
Electronically recorded obligations-operating	—	15,710
Short-term loans payable	7,150	7,100
Income taxes payable	7,846	3,458
Provision for bonuses	2,858	8,045
Other	23,849	22,397
Total current liabilities	118,682	117,595
Noncurrent liabilities		
Provision for retirement benefits	2,146	2,255
Provision for directors' retirement benefits	522	516
Asset retirement obligations	230	232
Other	2,308	2,564
Total noncurrent liabilities	5,207	5,568
Total liabilities	123,890	123,164
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	115,688	123,760
Treasury stock	(126)	(127)
Total shareholders' equity	142,191	150,262
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	2,392
Revaluation reserve for land	(14,304)	(14,304)
Foreign currency translation adjustment	(93)	(37)
Total accumulated other comprehensive income	(13,719)	(11,949)
Minority interests	796	874
Total net assets	129,268	139,187
Total liabilities and net assets	253,158	262,352

Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013
Net sales	384,191	413,906
Cost of sales	298,618	322,731
Gross profit	85,572	91,174
Selling, general and administrative expenses	64,543	66,654
Operating income	21,029	24,519
Non-operating income		
Interest income	40	39
Dividends income	44	42
House rent income	175	175
Equity in earnings of affiliates	306	—
Other	222	244
Total non-operating income	789	501
Non-operating expenses		
Interest expenses	55	49
Provision of allowance for doubtful accounts	—	1,066
Equity in losses of affiliates	—	23
Other	1	4
Total non-operating expenses	56	1,143
Ordinary income	21,761	23,877
Extraordinary income		
Gain on sales of investment securities	1	105
Gain on sales of subsidiaries and affiliates' stocks	37	0
Compensation income	112	32
Total extraordinary income	151	138
Extraordinary loss		
Loss on retirement of noncurrent assets	163	30
Provision of allowance for doubtful accounts	247	96
Other	26	21
Total extraordinary losses	436	148
Income before income taxes and minority interests	21,475	23,867
Income taxes	8,940	9,359
Income before minority interests	12,535	14,508
Minority interests in income	103	115
Net income	12,431	14,392

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013
Income before minority interests	12,535	14,508
Other comprehensive income		
Valuation difference on available-for-sale securities	187	1,710
Share of other comprehensive income of associates accounted for using equity method	15	61
Total other comprehensive income	203	1,771
Comprehensive income	12,738	16,279
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,634	16,162
Comprehensive income attributable to minority interests	104	116

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013
<hr/>		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	21,475	23,867
Depreciation and amortization	4,298	3,994
Increase (decrease) in allowance for doubtful accounts	264	904
Interest and dividends income	(85)	(81)
Interest expenses	55	49
Equity in (earnings) losses of affiliates	(306)	23
Loss (gain) on sales of investment securities	(1)	(105)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(36)	(0)
Compensation income	(112)	(32)
Loss on retirement of noncurrent assets	163	30
Decrease (increase) in notes and accounts receivable-trade	2,984	3,441
Decrease (increase) in inventories	355	(3,292)
Increase (decrease) in notes and accounts payable-trade	(703)	(384)
Other, net	3,416	1,838
Subtotal	<hr/> 31,767	<hr/> 30,252
Interest and dividends income received	126	129
Interest expenses paid	(42)	(38)
Proceeds from compensation	112	32
Income taxes paid	(9,907)	(13,625)
Net cash provided by (used in) operating activities	<hr/> 22,056	<hr/> 16,750
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,311)	(1,149)
Purchase of software	(1,902)	(2,264)
Purchase of investment securities	(1,074)	(62)
Proceeds from sales of investment securities	3	120
Proceeds from sales of stocks of subsidiaries and affiliates	615	9
Payments of long-term loans receivable	(194)	(218)
Collection of long-term loans receivable	35	24
Other, net	273	293
Net cash provided by (used in) investing activities	<hr/> (3,556)	<hr/> (3,246)

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013
Net cash provided by (used in) financing activities		
Cash dividends paid	(4,896)	(6,319)
Other, net	(142)	(90)
Net cash provided by (used in) financing activities	(5,039)	(6,409)
Net increase (decrease) in cash and cash equivalents	13,460	7,094
Cash and cash equivalents at beginning of period	52,320	68,113
Cash and cash equivalents at end of period	65,780	75,208

Segment Information

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

Nine months ended September 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	241,666	171,755	413,421	484	413,906	—	413,906
Inter-segment sales/transfers	46	369	415	1,148	1,564	(1,564)	—
Total	241,712	172,125	413,837	1,632	415,470	(1,564)	413,906
Segment profit	22,961	7,455	30,417	46	30,463	(5,944)	24,519