

**Financial Report for the First Three Months of  
the Fiscal Year Ending December 31, 2015 (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 13, 2015

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 2015 (From January 1, 2015 to March 31, 2015)**

**(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	%
Three months ended								
March 31, 2015	159,411	(9.9)	9,225	(24.0)	9,502	(23.8)	5,716	(23.9)
March 31, 2014	176,894	25.8	12,140	64.4	12,468	93.9	7,508	116.7

Notes) Comprehensive Income: Three months ended March 31, 2015: 6,201 million yen [(15.2)%]

Three months ended March 31, 2014: 7,313 million yen [79.9%]

	Net income per share	Diluted net income per share
Three months ended	yen	yen
March 31, 2015	60.30	—
March 31, 2014	79.20	—

\* The Company conducted a 3-for-1 stock split for shares of common stock of the Company with July 1, 2014 as the effective date. Accordingly, the amount of net income per share for the three months ended March 31, 2014 is calculated based on the assumption that the share split was conducted at the beginning of the previous fiscal year (fiscal year 2014).

**(2) Financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2015	315,072	155,834	49.1
December 31, 2014	305,513	164,347	53.4

Reference) Equity: As of March 31, 2015: 154,756 million yen; As of December 31, 2014: 163,277 million yen

## 2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year 2014	—	0.00	—	90.00	90.00
Fiscal Year 2015	—				
Fiscal Year 2015 (forecast)		0.00	—	95.00	95.00

Note) Revision of the forecasts from recently announced figures: No

## 3. Financial Forecasts for the Fiscal Year 2015 (From January 1, 2015 to December 31, 2015)

(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, 2015	324,640	(2.3)	23,020	(5.2)	23,385	(5.7)	14,465	(3.7)	152.58
Full-Year	618,000	2.0	37,600	1.4	38,300	0.4	23,600	0.6	248.94

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 period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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: No

4) Restatements: No

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares):

As of March 31, 2015:	95,001,060 shares
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As of December 31, 2014:	95,001,060 shares
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2) Number of shares of treasury shares at the end of the period:

As of March 31, 2015:	199,910 shares
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As of December 31, 2014:	199,910 shares
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3) Average number of shares during the period:

Three months ended March 31, 2015:	94,801,150 shares
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Three months ended March 31, 2014:	94,802,781 shares
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\* The Company conducted a 3-for-1 stock split for shares of common stock of the Company with July 1, 2014 as the effective date. Accordingly, the average number of shares during the three months ended March 31, 2014 is calculated based on the assumption that the share split was conducted at the beginning of the previous fiscal year (fiscal year 2014).

**\* 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.**

## Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2014	As of March 31, 2015
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Assets		
Current assets		
Cash and deposits	90,234	84,131
Notes and accounts receivable - trade	98,066	114,257
Securities	5,900	6,200
Merchandise	17,822	18,530
Work in process	993	907
Raw materials and supplies	810	781
Other	21,251	22,250
Allowance for doubtful accounts	(146)	(138)
Total current assets	<hr/> 234,931	<hr/> 246,920
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,270	22,021
Other, net	20,092	20,089
Total property, plant and equipment	<hr/> 42,363	<hr/> 42,110
Intangible assets	8,192	9,138
Investments and other assets		
Investment securities	8,671	9,287
Other	11,550	7,801
Allowance for doubtful accounts	(196)	(185)
Total investments and other assets	<hr/> 20,025	<hr/> 16,903
Total non-current assets	<hr/> 70,581	<hr/> 68,152
Total assets	<hr/> 305,513	<hr/> 315,072

(Millions of yen)

	As of December 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	67,066	83,779
Electronically recorded obligations - operating	15,389	17,498
Short-term loans payable	6,850	6,850
Income taxes payable	8,007	3,775
Provision for bonuses	3,126	7,607
Other	32,841	28,830
Total current liabilities	133,282	148,342
Non-current liabilities		
Provision for directors' retirement benefits	582	597
Net defined benefit liability	2,533	7,396
Asset retirement obligations	215	216
Other	4,551	2,685
Total non-current liabilities	7,882	10,896
Total liabilities	141,165	159,238
Net assets		
Shareholders' equity		
Capital stock	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	145,326	136,399
Treasury shares	(135)	(135)
Total shareholders' equity	171,820	162,893
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,974	3,391
Revaluation reserve for land	(14,069)	(14,056)
Foreign currency translation adjustment	52	63
Remeasurements of defined benefit plans	2,499	2,463
Total accumulated other comprehensive income	(8,543)	(8,136)
Minority interests	1,070	1,077
Total net assets	164,347	155,834
Total liabilities and net assets	305,513	315,072

## **Quarterly Consolidated Statements of Income and Comprehensive Income**

### Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
Net sales	176,894	159,411
Cost of sales	140,599	126,107
Gross profit	36,294	33,303
Selling, general and administrative expenses	24,153	24,078
Operating income	12,140	9,225
Non-operating income		
Interest income	9	10
Dividend income	10	10
House rent income	55	63
Share of profit of entities accounted for using equity method	173	170
Other	94	56
Total non-operating income	343	311
Non-operating expenses		
Interest expenses	15	13
Foreign exchange losses	—	20
Other	0	0
Total non-operating expenses	16	34
Ordinary income	12,468	9,502
Extraordinary income		
Gain on sales of investment securities	28	—
Total extraordinary income	28	—
Extraordinary losses		
Loss on retirement of non-current assets	7	0
Total extraordinary losses	7	0
Income before income taxes and minority interests	12,489	9,502
Income taxes	4,913	3,707
Income before minority interests	7,576	5,795
Minority interests in income	67	78
Net income	7,508	5,716

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
Income before minority interests	7,576	5,795
Other comprehensive income		
Valuation difference on available-for-sale securities	(234)	415
Remeasurements of defined benefit plans, net of tax	—	(36)
Revaluation reserve for land	—	13
Share of other comprehensive income of entities accounted for using equity method	(27)	13
Total other comprehensive income	(262)	406
Comprehensive income	7,313	6,201
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,245	6,123
Comprehensive income attributable to minority interests	67	78

## Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	12,489	9,502
Depreciation	1,193	1,376
Increase (decrease) in allowance for doubtful accounts	(53)	(18)
Interest and dividend income	(19)	(20)
Interest expenses	15	13
Share of (profit) loss of entities accounted for using equity method	(173)	(170)
Loss (gain) on sales of investment securities	(28)	—
Loss on retirement of non-current assets	7	0
Decrease (increase) in notes and accounts receivable - trade	(19,610)	(16,180)
Decrease (increase) in inventories	(4,814)	(593)
Increase (decrease) in notes and accounts payable - trade	27,055	18,821
Other, net	2,269	164
Subtotal	18,330	12,894
Interest and dividend income received	19	20
Interest expenses paid	(4)	(2)
Income taxes paid	(6,762)	(7,793)
Net cash provided by (used in) operating activities	11,581	5,118
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(307)	(478)
Purchase of software	(1,016)	(1,590)
Proceeds from sales of investment securities	28	—
Collection of long-term loans receivable	6	4
Other, net	31	(1)
Net cash provided by (used in) investing activities	(1,257)	(2,066)
<b>Cash flows from financing activities</b>		
Cash dividends paid	(7,427)	(8,532)
Other, net	(47)	(62)
Net cash provided by (used in) financing activities	(7,474)	(8,595)
Net increase (decrease) in cash and cash equivalents	2,849	(5,542)
Cash and cash equivalents at beginning of period	76,863	97,943
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(60)	—
Cash and cash equivalents at end of period	79,653	92,400



## Segment Information

### Information concerning net sales and income/loss by reportable segment

Three months ended March 31, 2014

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Amount recorded in quarterly consolidated statements of income
	System Integration business	Service and Support business	Total				
Net sales							
Outside customers	113,644	63,151	176,796	97	176,894	—	176,894
Inter-segment sales/transfers	22	92	115	32	147	(147)	—
Total	113,667	63,244	176,911	130	177,042	(147)	176,894
Segment profit	10,668	3,606	14,275	17	14,293	(2,152)	12,140

Three months ended March 31, 2015

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Amount recorded in quarterly consolidated statements of income
	System Integration business	Service and Support business	Total				
Net sales							
Outside customers	95,668	63,651	159,319	91	159,411	—	159,411
Inter-segment sales/transfers	40	67	107	45	152	(152)	—
Total	95,708	63,719	159,427	136	159,563	(152)	159,411
Segment profit	8,502	2,799	11,301	18	11,320	(2,095)	9,225