

## Non-Consolidated Financial Report for the six months ended June 30, 2009

August 7, 2009

Company name: Otsuka Kagu, Ltd.  
 Ticker symbol number: 8186  
 URL: <http://www.idc-otsuka.co.jp>  
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Date of filing of Quarterly Securities Report: August 13, 2009

Date of commencement of dividend payment: -

### 1. Non-Consolidated Financial Performance for the six months ended June 30, 2009

#### (1) Results of operations

(Any amount less than a million yen is discarded.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2009	29,895	(15.4)	(403)	—	(312)	—
Six months ended June 30, 2008	35,347	(5.6)	1,407	(56.4)	1,541	(53.5)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Millions of yen	%	Yen	Yen
Six months ended June 30, 2009	(708)	—	(36.52)	—
Six months ended June 30, 2008	845	(57.2)	43.56	—

Note: The percentages represent changes from the six months ended June 30, 2008.

#### (2) Financial position

(Any amount of less than a million yen is discarded.)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2009	45,240	35,768	79.1	1,843.73
As of December 31, 2008	46,625	36,595	78.5	1,886.37

Reference: An owned capital (Net assets - Treasury stock - Deferred hedge profit (loss)) (Millions of yen):

Six months ended June 30, 2009: 35,768

Year ended December 31, 2008: 36,595

## 2. Dividends

	Cash dividends per share (yen)				
	End of first quarter	End of second quarter	End of third quarter	Year-end	For the year
Year ended December 31, 2008	—	0.00	—	40.00	40.00
Year ending December 31, 2009	—	0.00			
Year ending December 31, 2009 (forecast)			—	40.00	40.00

Note: Revision to the dividend forecast: None

## 3. Forecast of Non-Consolidated Financial Performance for Fiscal 2009 (From January 1, 2009, to December 31, 2009)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending December 31, 2009	58,065	(13.1)	(2,000)	—	(1,877)	—

	Net income		Net income per share (basic)
	Millions of yen	%	Yen
Year ending December 31, 2009	(1,468)	—	(75.69)

Note: Revision to the forecast of non-consolidated financial results: Yes

## 4. Others

(1) Adoption of simplified accounting methods and special accounting treatment for preparation of non-consolidated financial statements for the six months ended June 30, 2009: Yes

(2) Changes in the principles and procedures of accounting, and the presentation for preparation of non-consolidated financial statements for the six months ended June 30, 2009 (Stated in the changes in the important matters for the preparation of non-consolidated financial statements for the six months ended June 30, 2009)

- Changes resulted from the amendment of accounting standards: Yes
- Changes other than the above change: None

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury stock):

As of June 30, 2009: 19,400,000

As of December 31, 2008: 19,400,000

b. Number of shares of treasury stock at the end of the period:

As of June 30, 2009: 193

As of December 31, 2008: 193

c. Average number of shares during the period:

As of June 30, 2009: 19,399,807

As of June 30, 2008: 19,399,897

### \* Instruction about the appropriate use of forecasts and other special notes

1. Descriptions of future events such as forecasts of financial performance stated in this report are prepared based on the information available for the company when this report was being prepared. Accordingly, the actual results may differ from those descriptions, depending on various factors. The forecast of non-consolidated financial performance for the year ending December 31, 2009 is amended.

2. Effective January 1, 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) have been adopted. The quarterly non-consolidated financial statements are prepared in accordance with “Regulations for Quarterly Non-consolidated Financial Statements.”

5. Quarterly Financial Statements  
(1) Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Current assets		
Cash and deposits	8,356,129	9,356,529
Notes and accounts receivable-trade	2,697,906	2,332,161
Merchandise	14,384,061	15,447,122
Income taxes receivable	—	230,470
Other	1,595,220	1,435,780
Allowance for doubtful accounts	(5,290)	(36,566)
<b>Total current assets</b>	<b>27,028,028</b>	<b>28,765,498</b>
Noncurrent assets		
Property, plant and equipment	3,170,585	3,204,938
Intangible assets	105,362	55,722
Investments and other assets		
Investment securities	7,060,772	6,002,569
Guarantee deposits	7,290,160	7,594,385
Other	622,853	1,004,198
Allowance for doubtful accounts	(37,681)	(2,000)
<b>Total investments and other assets</b>	<b>14,936,105</b>	<b>14,599,153</b>
<b>Total noncurrent assets</b>	<b>18,212,053</b>	<b>17,859,814</b>
<b>Total assets</b>	<b>45,240,081</b>	<b>46,625,312</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	4,014,624	4,648,971
Income taxes payable	97,494	12,886
Provision for bonuses	93,674	104,215
Provision for sales promotion expenses	48,209	48,542
Other	4,435,660	4,403,449
<b>Total current liabilities</b>	<b>8,689,663</b>	<b>9,218,065</b>
Noncurrent liabilities		
Provision for directors' retirement benefits	452,905	465,320
Other	329,425	346,646
<b>Total noncurrent liabilities</b>	<b>782,330</b>	<b>811,966</b>
<b>Total liabilities</b>	<b>9,471,993</b>	<b>10,030,031</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,080,000	1,080,000
Capital surplus	3,690,470	3,690,470
Retained earnings	30,666,014	32,150,476
Treasury stock	(699)	(699)
<b>Total shareholders' equity</b>	<b>35,435,785</b>	<b>36,920,247</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	332,302	(313,498)
Deferred gains or losses on hedges	—	(11,467)
<b>Total valuation and translation adjustments</b>	<b>332,302</b>	<b>(324,966)</b>
<b>Total net assets</b>	<b>35,768,088</b>	<b>36,595,281</b>
<b>Total liabilities and net assets</b>	<b>45,240,081</b>	<b>46,625,312</b>

(2) Quarterly Non-consolidated Statements of Operations  
For the six-month period ended June 30, 2009

(Thousands of yen)

	For the six-month period ended June 30, 2009
Net sales	29,895,948
Cost of sales	14,167,610
Gross profit	15,728,337
Selling, general and administrative expenses	16,132,079
Operating loss	(403,741)
Non-operating income	
Interest income	18
Dividends income	72,928
Other	26,100
Total non-operating income	99,048
Non-operating expenses	
Interest expenses on guarantee deposits	2,632
Loss on retirement of noncurrent assets	2,940
Other	2,085
Total non-operating expenses	7,658
Ordinary loss	(312,351)
Extraordinary loss	
Loss on closing of stores	31,661
Impairment loss	54,295
Loss on valuation of goods	470,921
Total extraordinary losses	556,879
Loss before income taxes	(869,231)
Income taxes-current	51,374
Income taxes-deferred	(212,135)
Total income taxes	(160,761)
Net loss	(708,469)

For the second quarter ended June 30, 2009

(Thousands of yen)

	For the second quarter ended June 30, 2009
Net sales	15,726,475
Cost of sales	7,351,954
Gross profit	8,374,520
Selling, general and administrative expenses	8,033,328
Operating income	341,192
Non-operating income	
Interest income	0
Dividends income	71,262
Other	21,774
Total non-operating income	93,037
Non-operating expenses	
Interest expenses on guarantee deposits	1,302
Loss on retirement of noncurrent assets	56
Foreign exchange losses	1,167
Other	241
Total non-operating expenses	2,768
Ordinary income	431,461
Extraordinary income	
Reversal of allowance for doubtful accounts	260
Gain on reversal of loss on valuation of investment securities	67,831
Total extraordinary income	68,091
Extraordinary loss	
Loss on closing of stores	31,661
Impairment loss	54,295
Total extraordinary losses	85,957
Income before income taxes	413,595
Income taxes-current	42,952
Income taxes-deferred	110,302
Total income taxes	153,255
Net income	260,339

## (3) Quarterly Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the six-month period ended June 30, 2009
<b>Net cash provided by (used in) operating activities</b>	
Loss before income taxes	(869,231)
Depreciation and amortization	134,726
Amortization of guarantee deposits	37,175
Increase (decrease) in allowance for doubtful accounts	4,405
Increase (decrease) in provision for bonuses	(10,540)
Increase (decrease) in provision for directors' retirement benefits	(12,415)
Increase (decrease) in provision for sales promotion expenses	(332)
Impairment loss	54,295
Loss on retirement of noncurrent assets	2,940
Interest and dividends income	(72,947)
Decrease (increase) in notes and accounts receivable-trade	(401,426)
Decrease (increase) in inventories	978,033
Decrease (increase) in other current assets	41,879
Increase (decrease) in notes and accounts payable-trade	(634,347)
Increase (decrease) in advances received	90,419
Increase (decrease) in other current liabilities	(1,129)
Other, net	33,361
Subtotal	<u>(625,133)</u>
Interest and dividends income received	72,960
Income taxes paid	(12,028)
Income taxes refund	230,933
Net cash provided by (used in) operating activities	<u>(333,267)</u>
<b>Net cash provided by (used in) investment activities</b>	
Purchase of property, plant and equipment	(67,918)
Purchase of intangible assets	(49,931)
Payments for guarantee deposits	(51,048)
Proceeds from collection of guarantee deposits	317,979
Other, net	(43,202)
Net cash provided by (used in) investment activities	<u>105,878</u>
<b>Net cash provided by (used in) financing activities</b>	
Cash dividends paid	(773,011)
Net cash provided by (used in) financing activities	<u>(773,011)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,000,400)</u>
Cash and cash equivalents at beginning of period	<u>9,356,529</u>
Cash and cash equivalents at end of period	<u>8,356,129</u>

[Reference]

Financial Statements for the six-month period ended June 30, 2008

(1) Non-consolidated Interim Statements of Operations (Summary)

(Thousands of yen)

	For the six-month period ended June 30, 2008
I Net sales	35,347,199
II Cost of sales	16,824,741
Gross profit	18,522,457
III Selling, general and administrative expenses	17,115,217
Operating income	1,407,239
IV Non-operating income	139,465
V Non-operating expenses	4,732
Ordinary income	1,541,972
VI Extraordinary gain	2,048
VII Extraordinary loss	141,935
Income before income taxes	1,402,085
Income taxes, current	849,925
Income taxes, deferred	(292,925)
Net income	845,085

## (2) Non-consolidated Interim Statements of Cash Flows (Summary)

(Thousands of yen)

	For the six-month period ended June 30, 2008
Net cash provided by (used in) operating activities	
Income before income taxes	1,402,085
Depreciation and amortization	146,012
Amortization of guarantee deposits	37,175
Increase (decrease) in allowance for doubtful accounts	250
Increase (decrease) in provision for bonuses	(34,894)
Increase (decrease) in provision for directors' bonuses	10,000
Increase (decrease) in provision for directors' retirement benefits	(71,291)
Increase (decrease) in provision for sales promotion expenses	(981)
Decrease (increase) in notes and accounts receivable-trade	(96,836)
Decrease (increase) in inventories	510,618
Decrease (increase) in other current assets	118,369
Increase (decrease) in notes and accounts payable-trade	(1,062,608)
Increase (decrease) in advances received	409,642
Increase (decrease) in other current liabilities	87,304
Other, net	40,500
Subtotal	1,495,348
Interest and dividends income received	80,207
Income taxes paid	(700,725)
Net cash provided by (used in) operating activities	874,830
Net cash provided by (used in) investing activities	
Purchase of property, plant and equipment	(66,580)
Purchase of intangible assets	(1,621)
Proceeds from sales of investment securities	16,791
Payments for guarantee deposits	(14,971)
Proceeds from collection of guarantee deposits	1,167
Proceeds from maturity of insurance funds	90,190
Other, net	(22,370)
Net cash provided by (used in) investing activities	2,604
Net cash provided by (used in) financing activities	
Purchase of treasury stock	(176)
Cash dividends paid	(677,073)
Net cash provided by (used in) financing activities	(677,249)
Net increase (decrease) in cash and cash equivalents	200,186
Cash and cash equivalents at beginning of period	8,643,599
Cash and cash equivalents at end of period	8,843,786



## 6. Net Sales by Segment and Merchandise

(Thousands of yen)

	For the six months ended June 30, 2009
	Amount
Furniture	
Storage Furniture	976,609
Japanese-Style Furniture	141,298
Furniture for Living Rooms	7,045,278
Living Room Boards	2,160,754
School and Office Furniture	1,697,381
Dining Furniture	5,728,184
Carpets and Curtains	2,272,782
Bedding	7,041,028
Lighting and Household Fixtures	1,035,036
Unit Furniture	705,987
Lithography and Paintings	28,498
Others	1,028,565
Total sales	29,861,404
Real estate rental	34,543
Total revenue	29,895,948

## 7. Net Sales of Stores, Corporation and Others

(Thousands of yen)

	For the six months ended June 30, 2009
	Amount
Stores	29,195,842
Corporation	660,372
Others	39,733
Total revenue	29,895,948