

**Non-Consolidated Financial Report
for the six months ended June 30, 2012
[Japanese GAAP]**

August 3, 2012

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 10, 2012

Date of commencement of dividend payment: -

Availability of supplementary briefing material on quarterly results: Available

Schedule of quarterly results briefing session: Planned (for institutional investors and analysts)

1. Non-Consolidated Financial Performance for the six months ended June 30, 2012 (From January 1, 2012, to June 30, 2012)

(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, 2012	27,788	4.4	678	146.8	783	104.0
Six months ended June 30, 2011	26,619	(6.8)	274	167.9	384	65.9

	Net income (loss)		Net income per share (basic)	Net income per share (diluted)
	Millions of yen	%	Yen	Yen
Six months ended June 30, 2012	459	—	24.30	—
Six months ended June 30, 2011	(368)	—	(19.00)	—

Note: The percentages represent changes from the six months ended June 30, 2011.

(2) Financial position

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2012	41,570	32,146	77.3	1,734.30
As of December 31, 2011	41,751	32,666	78.2	1,683.90

Reference: Equity = Net assets - Treasury stock - Deferred hedge profit (loss)

Six months ended June 30, 2012: 32,146 million yen

Year ended December 31, 2011: 32,666 million yen

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, 2011	—	0.00	—	40.00	40.00
Year ending December 31, 2012	—	0.00	—	40.00	40.00
Year ending December 31, 2012 (forecast)			—	40.00	40.00

Note: Revision to the dividend forecast: None

3. Forecast of Non-Consolidated Financial Performance for Fiscal 2012 (From January 1, 2012, to December 31, 2012)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending December 31, 2012	56,386	3.7	1,440	25.2	1,576	20.9

	Net income		Net income per share (basic)
	Millions of yen	%	Yen
Year ending December 31, 2012	876	330.0	46.82

Notes: Revision to the performance forecast: Yes

The percentages represent changes from the previous fiscal year.

※ Notes

(1) Adoption of special accounting treatment for preparation of non-consolidated financial statements for the six months ended June 30, 2012: None

(2) Changes in accounting policies, changes in accounting estimates and errors

a. Changes in accounting policies resulted from the amendment of accounting standards: None

b. Changes other than the above changes: None

c. Changes in accounting estimates: None

d. Errors: 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, 2012	19,400,000 shares	As of December 31, 2011	19,400,000 shares
b. Number of shares of treasury stock at the end of the period	As of June 30, 2012	864,414 shares	As of December 31, 2011	394 shares
c. Average number of shares during the period	As of June 30, 2012	18,899,922 shares	As of June 30, 2011	19,399,615 shares

* Presentation Regarding the Status of the Quarterly Securities Report Review

The quarterly review procedures of non-consolidated financial statements for the six months ended June 30, 2012 required under the Financial Instruments and Exchange Act had not been completed at the time of the disclosure of this non-consolidated financial report for the six months ended June 30, 2012.

* Explanation Regarding the Appropriate Use of Forecasts And Other Special Notes

Descriptions of future events such as forecasts of financial performance stated in this report are prepared based on the information available to the Company at the time of the preparation of this report. Accordingly, the actual results may differ from those descriptions, depending on various factors.

4. Quarterly Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2011	As of June 30, 2012
Assets		
Current assets		
Cash and deposits	7,123,522	7,446,119
Notes and accounts receivable-trade	3,511,416	3,101,972
Merchandise	13,045,279	13,286,988
Income taxes receivable	5,490	5,111
Other	1,707,950	1,789,993
Allowance for doubtful accounts	(280)	(250)
Total current assets	25,393,379	25,629,935
Noncurrent assets		
Property, plant and equipment	3,110,682	3,047,771
Intangible assets	77,043	70,367
Investments and other assets		
Investment securities	5,530,046	6,355,858
Guarantee deposits	6,709,094	6,167,563
Other	933,231	300,666
Allowance for doubtful accounts	(1,600)	(1,600)
Total investments and other assets	13,170,773	12,822,488
Total noncurrent assets	16,358,499	15,940,627
Total assets	41,751,878	41,570,562
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,744,075	3,391,006
Income taxes payable	86,632	68,149
Provision for bonuses	110,748	81,461
Provision for sales promotion expenses	42,322	43,037
Other	4,085,591	4,830,556
Total current liabilities	8,069,370	8,414,211
Noncurrent liabilities		
Provision for directors' retirement benefits	449,976	458,426
Asset retirement obligations	322,283	325,525
Other	243,319	226,097
Total noncurrent liabilities	1,015,579	1,010,049
Total liabilities	9,084,949	9,424,260
Net assets		
Shareholders' equity		
Capital stock	1,080,000	1,080,000
Capital surplus	3,690,470	3,690,470
Retained earnings	28,279,931	27,963,158
Treasury stock	(893)	(800,855)
Total shareholders' equity	33,049,508	31,932,773
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(382,579)	213,528
Total valuation and translation adjustments	(382,579)	213,528
Total net assets	32,666,928	32,146,301
Total liabilities and net assets	41,751,878	41,570,562

(2) Quarterly Non-Consolidated Statements of Operations
For the six-month period ended June 30, 2011 and 2012

(Thousands of yen)

	For the six-month period ended June 30, 2011	For the six-month period ended June 30, 2012
Net sales	26,619,650	27,788,759
Cost of sales	11,784,429	12,100,620
Gross profit	14,835,220	15,688,138
Selling, general and administrative expenses	14,560,397	15,009,928
Operating income	274,823	678,209
Non-operating income		
Interest income	1	1
Dividends income	50,308	64,783
Dividends income of insurance	50,996	50,900
Other	12,135	22,078
Total non-operating income	113,441	137,763
Non-operating expenses		
Interest expenses on guarantee deposits	1,949	1,617
Loss on retirement of noncurrent assets	557	24,335
Foreign exchange losses	1,183	-
Other	280	6,221
Total non-operating expenses	3,970	32,174
Ordinary income	384,295	783,799
Extraordinary income		
Gain on sales of investment securities	8,599	-
Total extraordinary income	8,599	-
Extraordinary loss		
Impairment loss	7,126	4,089
Loss on valuation of investment securities	54,579	-
Loss on disaster	347,281	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	491,623	-
Total extraordinary losses	900,610	4,089
Income (loss) before income taxes	(507,716)	779,710
Income taxes-current	15,042	15,039
Income taxes-deferred	(154,158)	305,459
Total income taxes	(139,116)	320,498
Net income (loss)	(368,599)	459,211

(3) Quarterly Non-Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six-month period ended June 30, 2011	For the six-month period ended June 30, 2012
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(507,716)	779,710
Depreciation and amortization	122,970	119,639
Amortization of guarantee deposits	7,250	7,245
Increase (decrease) in allowance for doubtful accounts	1,580	(30)
Increase (decrease) in provision for bonuses	(20,189)	(29,287)
Increase (decrease) in provision for directors' retirement benefits	8,300	8,450
Increase (decrease) in provision for sales promotion expenses	(26)	715
Loss on adjustment for changes of accounting standard for asset retirement obligations	491,623	-
Loss (gain) on valuation of investment securities	54,579	-
Impairment loss	7,126	4,089
Loss on retirement of noncurrent assets	557	24,335
Interest and dividends income	(50,309)	(64,784)
Decrease (increase) in notes and accounts receivable-trade	(182,132)	409,444
Decrease (increase) in inventories	57,312	(254,254)
Decrease (increase) in other current assets	10,080	8,629
Increase (decrease) in notes and accounts payable-trade	(415,681)	(353,068)
Increase (decrease) in advances received	528,202	455,282
Increase (decrease) in other current liabilities	(134,945)	311,432
Other, net	19,070	9,121
Subtotal	(2,349)	1,436,669
Interest and dividends income received	50,309	64,784
Income taxes paid	(19,339)	(35,280)
Income taxes refund	6,305	5,490
Net cash provided by (used in) operating activities	34,926	1,471,665
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(86,820)	(71,070)
Purchase of intangible assets	(883)	(11,765)
Payments for guarantee deposits	(104,498)	(100)
Proceeds from collection of guarantee deposits	908,468	539,923
Other, net	37,903	(31,292)
Net cash provided by (used in) investing activities	754,169	425,693
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(26)	(799,962)
Cash dividends paid	(774,542)	(774,799)
Net cash provided by (used in) financing activities	(774,568)	(1,574,761)
Net increase (decrease) in cash and cash equivalents	14,526	322,596
Cash and cash equivalents at beginning of period	6,270,896	7,123,522
Cash and cash equivalents at end of period	6,285,423	7,446,119

5. Net Sales by Segment and Merchandise

(Thousands of yen)

	For the six months ended June 30, 2011	For the six months ended June 30, 2012	Change from the previous period
	Amount	Amount	%
Furniture			
Storage Furniture	794,129	745,031	93.8
Japanese-Style Furniture	134,589	115,398	85.7
Furniture for Living Rooms	5,755,388	5,975,333	103.8
Living Room Boards	1,712,463	1,557,589	91.0
School and Office Furniture	1,471,387	1,571,652	106.8
Dining Furniture	5,020,234	5,406,624	107.7
Carpets and Curtains	2,350,671	2,329,373	99.1
Bedding	6,561,820	7,594,177	115.7
Lighting and Household Fixtures	963,993	947,550	98.3
Unit Furniture	947,777	886,638	93.5
Lithography and Paintings	22,481	11,300	50.3
Others	850,129	616,149	72.5
Total sales	26,585,068	27,756,820	104.4
Real estate rental	34,582	31,938	92.4
Total revenue	26,619,650	27,788,759	104.4

6. Net Sales of Stores, Corporation and Others

(Thousands of yen)

	For the six months ended June 30, 2011	For the six months ended June 30, 2012	Change from the previous period
	Amount	Amount	%
Stores	26,097,077	27,475,516	105.3
Corporation	485,590	277,918	57.2
Others	36,982	35,323	95.5
Total revenue	26,619,650	27,788,759	104.4