

**Non-Consolidated Financial Report  
for the six months ended June 30, 2013  
[Japanese GAAP]**

August 2, 2013

Company name: Otsuka Kagu, Ltd.  
 Ticker symbol number: 8186  
 URL: <http://www.idc-otsuka.co.jp>  
 Representative: Kumiko Otsuka, Representative Director and President  
 Head office: 3-6-11, Ariake, Koto-ku, Tokyo, Japan  
 Contact: Mami Toyoshi, General Manager of Corporate Planning Division  
 Tel: (03) 5530-5566

Date of filing of Quarterly Securities Report: August 9, 2013

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, 2013 (From January 1, 2013 to June 30, 2013)**

**(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, 2013	28,475	2.5	543	(19.8)	665	(15.1)
Six months ended June 30, 2012	27,788	4.4	678	146.8	783	104.0

	Net income		Net income per share (basic)	Net income per share (diluted)
	Millions of yen	%	Yen	Yen
Six months ended June 30, 2013	559	21.8	30.18	—
Six months ended June 30, 2012	459	—	24.30	—

Note: The percentages represent changes from the six months ended June 30, 2012.

**(2) Financial position**

(Any amount 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, 2013	45,974	34,703	75.5	1,872.29
As of December 31, 2012	41,725	32,799	78.6	1,769.52

Reference: Equity = Net assets – Subscription rights to shares

Six months ended June 30, 2013: 34,703 million yen

Year ended December 31, 2012: 32,799 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, 2012	—	0.00	—	40.00	40.00
Year ending December 31, 2013	—	0.00			
Year ending December 31, 2013 (forecast)			—	40.00	40.00

Note: Revision to the dividend forecast: None

## 3. Forecast of Non-Consolidated Financial Performance for Fiscal 2013 (From January 1, 2013 to December 31, 2013)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending December 31, 2013	57,000	4.5	1,200	1.4	1,353	2.7

	Net income		Net income per share (basic)	
	Millions of yen	%	Yen	
Year ending December 31, 2013	1,000	56.2	53.95	

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, 2013: None

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

- Changes in accounting policies resulted from the amendment of accounting standards: Yes
- Changes other than the above changes: None
- Changes in accounting estimates: Yes
- 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, 2013	19,400,000 shares	As of December 31, 2012	19,400,000 shares
b. Number of shares of treasury stock at the end of the period	As of June 30, 2013	864,414 shares	As of December 31, 2012	864,414 shares
c. Average number of shares during the period	Six months ended June 30, 2013	18,535,586 shares	Six months ended June 30, 2012	18,899,922 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, 2013 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, 2013.

### \*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, 2012	As of June 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	7,320,872	7,723,100
Notes and accounts receivable-trade	2,956,378	3,246,581
Merchandise	13,570,778	14,159,609
Income taxes receivable	6,824	-
Other	1,481,882	1,297,721
Allowance for doubtful accounts	(1,840)	(2,020)
<b>Total current assets</b>	<b>25,334,895</b>	<b>26,424,992</b>
Noncurrent assets		
Property, plant and equipment	2,937,172	2,912,554
Intangible assets	100,666	107,790
Investments and other assets		
Investment securities	7,039,207	10,222,129
Guarantee deposits	6,130,571	6,118,858
Other	190,990	196,555
Allowance for doubtful accounts	(8,131)	(8,131)
<b>Total investments and other assets</b>	<b>13,352,638</b>	<b>16,529,412</b>
<b>Total noncurrent assets</b>	<b>16,390,477</b>	<b>19,549,757</b>
<b>Total assets</b>	<b>41,725,373</b>	<b>45,974,750</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,518,448	3,382,461
Income taxes payable	81,849	182,356
Provision for bonuses	99,614	81,519
Provision for sales promotion expenses	37,553	38,570
Other	4,111,887	5,284,938
<b>Total current liabilities</b>	<b>7,849,353</b>	<b>8,969,846</b>
Noncurrent liabilities		
Provision for directors' retirement benefits	466,801	474,646
Asset retirement obligations	328,766	344,723
Other	281,345	1,481,629
<b>Total noncurrent liabilities</b>	<b>1,076,913</b>	<b>2,300,999</b>
<b>Total liabilities</b>	<b>8,926,267</b>	<b>11,270,845</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	28,144,304	27,962,348
Treasury stock	(800,855)	(800,855)
<b>Total shareholders' equity</b>	<b>32,113,918</b>	<b>31,931,963</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	685,187	2,771,941
<b>Total valuation and translation adjustments</b>	<b>685,187</b>	<b>2,771,941</b>
<b>Total net assets</b>	<b>32,799,105</b>	<b>34,703,904</b>
<b>Total liabilities and net assets</b>	<b>41,725,373</b>	<b>45,974,750</b>

(2) Quarterly Non-Consolidated Statements of Operations  
For the six-month period ended June 30, 2012 and 2013

(Thousands of yen)

	For the six-month period ended June 30, 2012	For the six-month period ended June 30, 2013
Net sales	27,788,759	28,475,676
Cost of sales	12,100,620	12,723,558
Gross profit	15,688,138	15,752,117
Selling, general and administrative expenses	15,009,928	15,208,372
Operating income	678,209	543,745
Non-operating income		
Interest income	1	1
Dividends income	64,783	72,084
Dividends income of insurance	50,900	45,545
Other	22,078	11,780
Total non-operating income	137,763	129,411
Non-operating expenses		
Interest expenses on guarantee deposits	1,617	1,266
Loss on retirement of noncurrent assets	24,335	1,483
Foreign exchange losses	-	4,771
Other	6,221	308
Total non-operating expenses	32,174	7,829
Ordinary income	783,799	665,327
Extraordinary income		
Settlement received	-	310,500
Total extraordinary income	-	310,500
Extraordinary loss		
Impairment loss	4,089	36,222
Total extraordinary losses	4,089	36,222
Income before income taxes	779,710	939,605
Income taxes-current	15,039	134,913
Income taxes-deferred	305,459	245,224
Total income taxes	320,498	380,137
Net income	459,211	559,467

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

(Thousands of yen)

	For the six-month period ended June 30, 2012	For the six-month period ended June 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes	779,710	939,605
Depreciation and amortization	119,639	108,502
Amortization of guarantee deposits	7,245	7,308
Increase (decrease) in allowance for doubtful accounts	(30)	180
Increase (decrease) in provision for bonuses	(29,287)	(18,095)
Increase (decrease) in provision for directors' retirement benefits	8,450	7,845
Increase (decrease) in provision for sales promotion expenses	715	1,016
Impairment loss	4,089	36,222
Loss on retirement of noncurrent assets	24,335	1,483
Interest and dividends income	(64,784)	(72,085)
Decrease (increase) in notes and accounts receivable-trade	409,444	(290,202)
Decrease (increase) in inventories	(254,254)	(603,390)
Decrease (increase) in other current assets	8,629	60,273
Increase (decrease) in notes and accounts payable-trade	(353,068)	(135,987)
Increase (decrease) in advances received	455,282	799,847
Increase (decrease) in other current liabilities	311,432	408,355
Other, net	9,121	8,438
Subtotal	1,436,669	1,259,318
Interest and dividends income received	64,784	72,085
Income taxes paid	(35,280)	(35,994)
Income taxes refund	5,490	6,824
Net cash provided by (used in) operating activities	1,471,665	1,302,234
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(71,070)	(78,007)
Purchase of intangible assets	(11,765)	(51,883)
Payments for guarantee deposits	(100)	(11,568)
Proceeds from collection of guarantee deposits	539,923	1,892
Other, net	(31,292)	(19,903)
Net cash provided by (used in) investing activities	425,693	(159,471)
Net cash provided by (used in) financing activities		
Cash dividends paid	(774,799)	(740,535)
Purchase of treasury stock	(799,962)	-
Net cash provided by (used in) financing activities	(1,574,761)	(740,535)
Net increase (decrease) in cash and cash equivalents	322,596	402,227
Cash and cash equivalents at beginning of period	7,123,522	7,320,872
Cash and cash equivalents at end of period	7,446,119	7,723,100

## 5. Net Sales by Segment and Merchandise

(Thousands of yen)

	For the six months ended June 30, 2012	For the six months ended June 30, 2013	Change from the previous period
	Amount	Amount	%
Furniture			
Storage Furniture	745,031	643,250	86.3
Japanese-Style Furniture	115,398	108,830	94.3
Furniture for Living Rooms	5,975,333	6,339,642	106.1
Living Room Boards	1,557,589	1,556,191	99.9
School and Office Furniture	1,571,652	1,523,665	96.9
Dining Furniture	5,406,624	5,581,777	103.2
Carpets and Curtains	2,329,373	2,493,475	107.0
Bedding	7,594,177	7,617,234	100.3
Lighting and Household Fixtures	947,550	1,019,934	107.6
Unit Furniture	886,638	822,762	92.8
Lithography and Paintings	11,300	12,104	107.1
Others	616,149	727,292	118.0
Total sales	27,756,820	28,446,163	102.5
Real estate rental	31,938	29,512	92.4
Total revenue	27,788,759	28,475,676	102.5

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

(Thousands of yen)

	For the six months ended June 30, 2012	For the six months ended June 30, 2013	Change from the previous period
	Amount	Amount	%
Stores	27,475,516	28,054,931	102.1
Corporation	277,918	387,163	139.3
Others	35,323	33,580	95.1
Total revenue	27,788,759	28,475,676	102.5