November 8, 2013

Consolidated Financial Statements

For the Second Quarter ended September 30, 2013

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1

Code No.: 9880

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President and COO: Toshihiko Ono

U.S. Accounting Principle: Not adopted

(Amounts below one million are rounded down)

1. Consolidated Financial Highlights for the Second Quarter ended September 30, 2013

(April 1, 2013 to September 30, 2013)

(1) Consolidated Operating Results (% represents the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income for the second quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter, FY2013	11,314	5.4	790	31.5	837	23.3	346	△ 10.2
Second Quarter, FY2012	10,733	△ 18.1	601	△ 32.6	679	△ 29.9	385	△ 26.7

[Note] Comprehensive income Second Quarter, FY2013: 347 million yen (5.1%) Second Quarter, FY2012: 330 million yen (△37.9%)

	Net income per share for the second quarter	Diluted net income per share for the second quarter
	yen sen	yen sen
Second Quarter, FY2013	19.77	19.38
Second Quarter, FY2012	22.05	21.70

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Second Quarter, FY2013	26,895	22,926	83.7
FY2012	26,527	22,683	84.0

[Reference] Net worth Second Quarter, FY2013: 22,517 million yen Second Quarter, FY2012: 22,288 million yen

2. Dividend Payment Results and Outlook

	Annual dividend per share Total				
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2012	-	7.00	-	7.00	14.00
FY2013	-	7.00			
FY2013 (outlook)			-	7.00	14.00

[Note] Revision made in the forecast dividend as of the end of the current quarter: None

3. Consolidated Business Outlook for FY2013 (April 1, 2013 to March 31, 2014)

(% represents the change from the same period in the previous fiscal year)

	Net sales		Operating income		Operating income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2013	23,000	11.9	1,100	44.5	1,200	30.6	450	△ 13.9	25.66

[Note] Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: None

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the second quarter : None
Newly — (Name of Company) — Exception — (Name of Company) —

(2) Application of peculiar methods for accounting procedures : None

(3) Changes in accounting procedures:
① Related to accounting standard revisions etc. : None
② Other changes : None
③ Changes in accounting estimates : None
④ Modified restatements : None

(4) Number of shares outstanding (common stock)
① Total outstanding shares including treasury shares as of:
September 30, 2013 18,218,901 shares March 31, 2013 18,218,901 shares
② Outstanding treasury shares as of:
September 30, 2013 653,459 shares March 31, 2013 715,359 shares
③ Average outstanding shares for the second quarter ended:
September 30, 2013 17,533,646 shares September 30, 2012 17,503,572 shares

[Note] Information about quarterly review procedure execution:
This earnings release report is not subject to audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the audit procedures for the financial statements are in progress.

[Note] Request for appropriate use of the business outlook and other special remarks:
The information provided in this documentation includes forward looking statements based on current expectations, forecasts or beliefs. Such forward looking statements include a number of preliminary assumptions about future events that are subject to factors and uncertainties that could cause actual results to differ materially from those described in the forward looking statements.

（Unit: thousand yen）

	As of March 31, 2013	As of September 30, 2013
Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	4,902,539	2,946,478
Notes and accounts receivable-trade	6,346,203	7,559,434
Securities	-	499,791
Merchandise and finished goods	1,163,110	1,586,602
Other	1,962,753	2,099,572
Allowance for doubtful accounts	△1,302	△22,618
Total current assets	14,373,305	14,669,261
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,698,072	7,714,415
Accumulated depreciation	△3,596,369	△3,661,851
Buildings and structures, net	4,101,703	4,052,563
Land	5,668,131	5,668,131
Other	799,480	822,889
Accumulated depreciation	△545,627	△561,963
Other, net	253,852	260,925
Total property, plant and equipment	10,023,687	9,981,620
Intangible assets		
Goodwill	134,620	111,501
Other	140,668	144,080
Total intangible assets	275,289	255,581
Investments and other assets		
Investment securities	1,106,845	984,813
Other	755,974	1,063,379
Allowance for doubtful accounts	△7,697	△59,174
Total investments and other assets	1,855,122	1,989,018
Total noncurrent assets	12,154,098	12,226,221
Total assets	26,527,404	26,895,482
Liabilities		
Current liabilities		
Accounts payable-trade	1,265,754	747,213
Income taxes payable	167,401	454,768
Provision for bonuses	30,597	114,239
Provision for directors' bonuses	-	6,370
Other	1,911,176	2,194,369
Total current liabilities	3,374,930	3,516,960
Noncurrent liabilities		
Provision for retirement benefits	234,936	222,186
Provision for directors' retirement benefits	58,770	64,502
Other	175,578	164,982
Total noncurrent liabilities	469,284	451,671
Total liabilities	3,844,215	3,968,632
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,320,858	7,323,460
Retained earnings	4,672,896	4,876,334
Treasury stock	△283,010	△258,521
Total shareholders' equity	22,227,903	22,458,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,372	76,832
Deferred gains or losses on hedges	△5,497	6,047
Foreign currency translation adjustment	12,947	△23,871
Total accumulated other comprehensive income	60,822	59,009
Subscription rights to shares	183,089	195,322
Minority interests	211,373	214,085
Total net assets	22,683,189	22,926,849
Total liabilities and net assets	26,527,404	26,895,482

（Unit: thousand yen）

	2Q FY2012 (From April 1, 2012 to September 30, 2012)	2Q FY2013 (From April 1, 2013 to September 30, 2013)
Consolidated quarterly statements of (comprehensive) income		
Net sales	10,733,413	11,314,861
Cost of sales	7,727,752	8,034,912
Gross profit	3,005,660	3,279,949
Selling, general and administrative expenses	2,404,325	2,489,151
Operating income	601,335	790,797
Non-operating income		
Real estate rent	213,918	224,351
Other	39,797	55,252
Total non-operating income	253,716	279,603
Non-operating expenses		
Rent expenses on real estates	162,863	165,383
Equity in losses of affiliates	8,952	55,578
Other	3,955	11,903
Total non-operating expenses	175,772	232,865
Ordinary income	679,279	837,536
Extraordinary income		
Gain on reversal of subscription rights to shares	-	964
Gain on sales of investment securities	-	259
Total extraordinary income	-	1,223
Extraordinary loss		
Loss on valuation of investment securities	-	216,264
Total extraordinary losses	-	216,264
Income before income taxes and minority interests	679,279	622,494
Income taxes	286,706	273,213
Income before minority interests	392,572	349,281
Minority interests in income	6,656	2,712
Net income	385,915	346,569

（Unit: thousand yen）

	2Q FY2012 (From April 1, 2012 to September 30, 2012)	2Q FY2013 (From April 1, 2013 to September 30, 2013)
Consolidated quarterly statements of comprehensive income		
Income before minority interests	392,572	349,281
Other comprehensive income		
Valuation difference on available-for-sale securities	△67,557	23,459
Deferred gains or losses on hedges	27,054	11,545
Foreign currency translation adjustment	△21,396	△36,818
Total other comprehensive income	△61,899	△1,813
Comprehensive income	330,672	347,468
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	324,016	344,756
Comprehensive income attributable to minority interests	6,656	2,712

（Unit: thousand yen）

	2Q FY2012 (From April 1, 2012 to September 30, 2012)	2Q FY2013 (From April 1, 2013 to September 30, 2013)
Consolidated quarterly statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	679,279	622,494
Depreciation and amortization	166,910	158,523
Amortization of goodwill	17,099	23,119
Increase (decrease) in allowance for doubtful accounts	△256	71,850
Increase (decrease) in provision for bonuses	63,118	83,641
Increase (decrease) in provision for retirement benefits	19,898	△12,750
Interest and dividends income	△4,933	△6,497
Equity in (earnings) losses of affiliates	8,952	55,578
Loss (gain) on valuation of investment securities	-	216,264
Decrease (increase) in notes and accounts receivable-trade	1,451,560	△1,076,909
Decrease (increase) in inventories and advance payments	△2,950,466	△827,980
Increase (decrease) in notes and accounts payable-trade	535,231	△669,851
Increase (decrease) in advances received	515,244	373,079
Other, net	△275,252	△95,664
Subtotal	226,385	△1,085,100
Interest and dividends income received	4,252	5,532
Interest expenses paid	△278	△184
Income taxes (paid) refund	△483,137	116,002
Net cash provided by (used in) operating activities	△252,776	△963,749
Net cash provided by (used in) investing activities		
Payments into time deposits	△500,000	△500,000
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of property, plant and equipment	△36,688	△34,503
Purchase of intangible assets	△27,425	△24,557
Purchase of long-term prepaid expenses	△58,880	△63,745
Purchase of investment securities	△120,300	△187,079
Proceeds from sales of investment securities	26,801	259
Purchase of insurance funds	△141,789	△96,083
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△116,760	-
Other, net	7,354	2,722
Net cash provided by (used in) investing activities	△467,687	△402,987
Net cash provided by (used in) financing activities		
Cash dividends paid	△121,580	△121,590
Other, net	△26,065	△6,561
Net cash provided by (used in) financing activities	△147,645	△128,151
Effect of exchange rate change on cash and cash equivalents	8,698	38,618
Net increase (decrease) in cash and cash equivalents	△859,410	△1,456,270
Cash and cash equivalents at beginning of period	2,970,444	4,402,539
Cash and cash equivalents at end of period	2,111,033	2,946,269