May 12, 2014

Consolidated Financial Statements

Ended March 31, 2014

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1

Code No.: 9880

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U.S. Accounting Principle: Not adopted

(Amounts below one million are rounded down)

1. Consolidated Financial Highlights for FY 2013 (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2013	23,585	14.8	1,095	43.9	1,241	35.1	527	1.0
FY2012	20,548	△ 18.4	761	△ 51.0	918	△ 45.5	522	△ 29.9

[Note] Comprehensive income FY2013: 611 million yen (△1.5%) FY2012: 621 million yen (△25.1%)

	EPS	EPS, Diluted	ROE	ROA	Operating income to net sales
	yen sen	yen sen	%	%	%
FY2013	30.07	29.47	2.3	4.5	4.6
FY2012	29.85	29.34	2.4	3.4	3.7

[Reference] Equity in earnings (losses) of affiliated companies FY2013: △25 million yen FY2012: △18 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2013	28,058	23,137	81.0	1,293.86
FY2012	26,527	22,683	84.0	1,273.38

[Reference] Net worth FY2013: 22,727 million yen FY2012: 22,288 million yen

(3) Consolidated Cash Flows

	CF from operating activities	CF from investing activities	CF from financial activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY2013	902	△ 717	△ 486	4,159
FY2012	2,686	△ 906	△ 389	4,402

2. Dividend Payment Results and Outlook

	Annual dividend per share Total					Total amount of dividends paid/payable (full-year)	Dividend payout ratio (consolidated)	Rate of dividend to net assets (consolidated)
	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	million yen	%	%
FY2012	-	7.00	-	7.00	14.00	245	46.9	1.1
FY2013	-	7.00	-	7.00	14.00	245	46.6	1.1
FY2014 (outlook)	-	7.00	-	7.00	14.00		35.1	

3. Consolidated Business Outlook for FY2014 (April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2014	26,000	10.2	1,150	5.0	1,250	0.7	700	32.6	39.85

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2013 : None
Newly — (Name of Company) — Exception — (Name of Company) —

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

(3) Number of shares outstanding (common stock)
① Total outstanding shares including treasury shares as of:
As of March 31, 2013: 18,218,901 shares As of March 31, 2012: 18,218,901 shares
② Outstanding treasury shares as of:
As of March 31, 2013: 653,459 shares As of March 31, 2012: 715,359 shares
③ Average outstanding shares for the quarter ended:
Year ended March 31, 2013: 17,549,501 shares Year ended March 31, 2012: 17,503,557 shares

(Reference) Summary of Non-consolidated Financial Results

Non-Consolidated Financial Highlights for FY2013 (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2013	17,570	20.5	665	146.0	840	84.3	300	1.2
FY2012	14,578	△ 26.2	270	△ 82.5	456	△ 73.5	296	△ 68.5

	EPS	EPS, Diluted
	yen sen	yen sen
FY2013	17.10	16.75
FY2012	16.93	16.64

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2013	25,187	21,739	85.5	1,226.56
FY2012	24,193	21,594	88.5	1,223.26

[Reference] Net worth FY2013: 21,544 million yen FY2012: 21,411 million yen

[Note] Information about audit 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 March 31, 2014
Consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	4,902,539	4,700,658
Notes and accounts receivable-trade	6,346,203	6,612,860
Merchandise and finished goods	1,163,110	1,775,318
Advance payments - trade	1,260,976	1,441,218
Deferred tax assets	162,756	204,761
Other	539,020	308,782
Allowance for doubtful accounts	△1,302	△12,664
Total current assets	14,373,305	15,030,935
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,698,072	7,834,516
Accumulated depreciation	△3,596,369	△3,836,344
Buildings and structures, net	4,101,703	3,998,172
Land	5,668,131	5,781,631
Other	799,480	907,285
Accumulated depreciation	△545,627	△574,978
Other, net	253,852	332,306
Total property, plant and equipment	10,023,687	10,112,110
Intangible assets		
Goodwill	134,620	553,989
Other	140,668	394,398
Total intangible assets	275,289	948,388
Investments and other assets		
Investment securities	1,106,845	1,072,861
Deferred tax assets	166,898	103,271
Net defined benefit asset	-	46,670
Other	589,076	749,771
Allowance for doubtful accounts	△7,697	△5,754
Total investments and other assets	1,855,122	1,966,820
Total non-current assets	12,154,098	13,027,319
Total assets	26,527,404	28,058,254
Liabilities		
Current liabilities		
Accounts payable-trade	1,265,754	1,307,340
Current portion of long-term loans payable	-	245,215
Income taxes payable	167,401	303,033
Advances received	1,149,045	1,481,726
Provision for bonuses	30,597	69,467
Other	762,130	817,326
Total current liabilities	3,374,930	4,224,109
Non-current liabilities		
Long-term loans payable	-	269,249
Provision for retirement benefits	234,936	-
Provision for directors' retirement benefits	58,770	79,336
Net defined benefit liability	-	166,588
Other	175,578	181,369
Total non-current liabilities	469,284	696,542
Total liabilities	3,844,215	4,920,651
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	4,934,577
Treasury shares	△283,010	△258,521
Total shareholders' equity	22,227,903	22,516,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,372	103,884
Deferred gains or losses on hedges	△5,497	△4,879
Foreign currency translation adjustment	12,947	41,002
Remeasurements of defined benefit plans	-	70,469
Total accumulated other comprehensive income	60,822	210,476
Subscription rights to shares	183,089	194,213
Minority interests	211,373	216,236
Total net assets	22,683,189	23,137,602
Total liabilities and net assets	26,527,404	28,058,254

（Unit: thousand yen）

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Consolidated statements of income		
Net sales	20,548,892	23,585,015
Cost of sales	15,100,963	17,463,840
Gross profit	5,447,928	6,121,174
Selling, general and administrative expenses	4,686,676	5,026,111
Operating income	761,252	1,095,062
Non-operating income		
Real estate rent	431,952	443,812
Other	97,167	80,129
Total non-operating income	529,119	523,942
Non-operating expenses		
Rent expenses on real estates	317,370	327,286
Other	54,462	50,545
Total non-operating expenses	371,832	377,832
Ordinary income	918,539	1,241,172
Extraordinary income		
Gain on sales of investment securities	25,288	86,036
Other	-	2,072
Total extraordinary income	25,288	88,108
Extraordinary loss		
Loss on valuation of investment securities	51,287	235,895
Loss on liquidation of subsidiaries and associates	-	77,746
Other	-	2
Total extraordinary losses	51,287	313,643
Income before income taxes and minority interests	892,540	1,015,638
Income taxes-current	245,782	378,330
Refund of income taxes	△59,741	-
Income taxes-deferred	160,518	104,672
Total income taxes	346,559	483,003
Income before minority interests	545,981	532,634
Minority interests in income	23,464	4,863
Net income	522,516	527,770

（Unit: thousand yen）

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Consolidated statements of comprehensive income		
Income before minority interests	545,981	532,634
Other comprehensive income		
Valuation difference on available-for-sale securities	△11,114	50,511
Deferred gains or losses on hedges	1,578	618
Foreign currency translation adjustment	84,902	28,054
Total other comprehensive income	75,366	79,184
Comprehensive income	621,347	611,818
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	597,882	606,955
Comprehensive income attributable to minority interests	23,464	4,863

Consolidated statement of changes in equity

FY2012 (From April 1, 2012 to March 31, 2013) (Unit: thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	10,517,159	7,320,858	4,395,430	△ 282,956	21,950,491
Changes of items during the period					
Dividends of surplus			△ 245,050		△ 245,050
Net income			522,516		522,516
Purchase of treasury shares				△ 53	△ 53
Disposal of treasury shares					
Change of scope of equity method					
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	277,466	△ 53	277,412
Balance at the end of current period	10,517,159	7,320,858	4,672,896	△ 283,010	22,227,903

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	64,487	△ 7,076	△ 71,955	–	△ 14,543	137,543	187,908	22,261,400
Changes of items during the period								
Dividends of surplus								△ 245,050
Net income								522,516
Purchase of treasury shares								△ 53
Disposal of treasury shares								
Change of scope of equity method								
Net changes of items other than shareholders' equity	△ 11,114	1,578	84,902	–	75,366	45,546	23,464	144,376
Total changes of items during the period	△ 11,114	1,578	84,902	–	75,366	45,546	23,464	421,788
Balance at the end of current period	53,372	△ 5,497	12,947	–	60,822	183,089	211,373	22,683,189

FY2013 (From April 1, 2013 to March 31, 2014) (Unit: thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	10,517,159	7,320,858	4,672,896	△ 283,010	22,227,903
Changes of items during the period					
Dividends of surplus			△ 245,482		△ 245,482
Net income			527,770		527,770
Purchase of treasury shares					
Disposal of treasury shares		2,601		24,488	27,090
Change of scope of equity method			△ 20,606		△ 20,606
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	2,601	261,681	24,488	288,772
Balance at the end of current period	10,517,159	7,323,460	4,934,577	△ 258,521	22,516,675

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	53,372	△ 5,497	12,947	–	60,822	183,089	211,373	22,683,189
Changes of items during the period								
Dividends of surplus								△ 245,482
Net income								527,770
Purchase of treasury shares								
Disposal of treasury shares								27,090
Change of scope of equity method								△ 20,606
Net changes of items other than shareholders' equity	50,511	618	28,054	70,469	149,653	11,124	4,863	165,641
Total changes of items during the period	50,511	618	28,054	70,469	149,653	11,124	4,863	454,413
Balance at the end of current period	103,884	△ 4,879	41,002	70,469	210,476	194,213	216,236	23,137,602

（Unit: thousand yen）

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Consolidated statements of cash flows		
Cash flows from operating activities		
Income before income taxes and minority interests	892,540	1,015,638
Depreciation	334,826	367,703
Amortization of goodwill	40,219	63,484
Increase (decrease) in allowance for doubtful accounts	60	9,739
Increase (decrease) in provision for bonuses	25,584	21,530
Increase (decrease) in provision for retirement benefits	△49,085	△289,831
Increase (decrease) in net defined benefit liability	-	229,342
Interest and dividends income	△10,059	△11,440
Loss (gain) on valuation of investment securities	51,287	235,895
Decrease (increase) in notes and accounts receivable-trade	2,454,404	96,905
Decrease (increase) in inventories and advance payments	340,010	△838,310
Increase (decrease) in notes and accounts payable-trade	△741,159	△251,407
Increase (decrease) in advances received	201,554	169,149
Other, net	△48,666	89,230
Subtotal	3,491,515	907,629
Interest and dividends income received	9,737	11,278
Interest expenses paid	△711	△3,331
Income taxes paid	△1,001,191	△306,673
Income taxes refund	187,486	293,604
Net cash provided by (used in) operating activities	2,686,835	902,507
Cash flows from investing activities		
Payments into time deposits	△500,000	△500,402
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of property, plant and equipment	△51,838	△97,302
Purchase of intangible assets	△43,495	△78,214
Purchase of long-term prepaid expenses	△78,399	△72,428
Purchase of investment securities	△535,849	△349,060
Proceeds from sales of investment securities	53,428	87,075
Purchase of insurance funds	△222,302	△167,322
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△116,760	△172,876
Other, net	88,287	133,056
Net cash provided by (used in) investing activities	△906,930	△717,475
Cash flows from financing activities		
Repayments of long-term loans payable	△117,390	△228,574
Cash dividends paid	△243,749	△244,982
Other, net	△28,211	△13,184
Net cash provided by (used in) financing activities	△389,351	△486,740
Effect of exchange rate change on cash and cash equivalents	41,542	59,075
Net increase (decrease) in cash and cash equivalents	1,432,095	△242,633
Cash and cash equivalents at beginning of period	2,970,444	4,402,539
Cash and cash equivalents at end of period	4,402,539	4,159,906