November 10, 2014

Consolidated Financial Statements

For the Second Quarter ended September 30, 2014

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1

Code No.: 9880

URL: http://www.innotech.co.jp

Headquarters: 3-17-6, Shinyokohama, Kouhoku-ku, Yokohama-shi 222-8580 JAPAN

TEL: 81-45-474-9000 / FAX: 81-45-474-9089

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, 2014

(April 1, 2014 to September 30, 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 for the second quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter, FY2014	13,138	16.1	555	△ 29.7	627	△ 25.1	442	27.6
Second Quarter, FY2013	11,314	5.4	790	31.5	837	23.3	346	△ 10.2

[Note] Comprehensive income Second Quarter, FY2014: 382 million yen (10.1%) Second Quarter, FY2013: 347 million yen (5.1%)

	Net income per share for the second quarter	Diluted net income per share for the second quarter
	yen sen	yen sen
Second Quarter, FY2014	25.17	24.59
Second Quarter, FY2013	19.77	19.38

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Second Quarter, FY2014	28,812	23,518	80.1
FY2013	28,058	23,137	81.0

[Reference] Net worth Second Quarter, FY2014: 23,075 million yen FY2013: 22,727 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
FY2013	-	7.00	-	7.00	14.00
FY2014	-	7.00			
FY2014 (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 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

[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. : Yes
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, 2014 18,218,901 shares March 31, 2014 18,218,901 shares
② Outstanding treasury shares as of:
September 30, 2014 653,459 shares March 31, 2014 653,459 shares
③ Average outstanding shares for the second quarter ended:
September 30, 2014 17,565,442 shares September 30, 2013 17,533,646 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, 2014	As of September 30, 2014
Quarterly Consolidated Balance Sheets		
Assets		
Current assets		
Cash and deposits	4,700,658	2,906,682
Notes and accounts receivable-trade	6,612,860	7,439,734
Merchandise and finished goods	1,775,318	2,069,953
Other	1,954,762	2,294,798
Allowance for doubtful accounts	△12,664	△14,934
Total current assets	15,030,935	14,696,233
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,834,516	7,822,844
Accumulated depreciation	△3,836,344	△3,877,624
Buildings and structures, net	3,998,172	3,945,220
Land	5,781,631	5,781,631
Other	907,285	914,124
Accumulated depreciation	△574,978	△593,721
Other, net	332,306	320,403
Total property, plant and equipment	10,112,110	10,047,254
Intangible assets		
Goodwill	553,989	496,380
Other	394,398	384,064
Total intangible assets	948,388	880,445
Investments and other assets		
Investment securities	1,072,861	1,094,908
Other	899,712	2,099,409
Allowance for doubtful accounts	△5,754	△5,759
Total investments and other assets	1,966,820	3,188,558
Total non-current assets	13,027,319	14,116,259
Total assets	28,058,254	28,812,492
Liabilities		
Current liabilities		
Accounts payable-trade	1,307,340	1,516,500
Current portion of long-term loans payable	245,215	-
Income taxes payable	303,033	151,592
Provision for bonuses	69,467	99,478
Provision for directors' bonuses	-	10,076
Other	2,299,053	3,032,433
Total current liabilities	4,224,109	4,810,082
Non-current liabilities		
Long-term loans payable	269,249	-
Provision for directors' retirement benefits	79,336	84,506
Net defined benefit liability	166,588	138,147
Other	181,369	261,672
Total non-current liabilities	696,542	484,326
Total liabilities	4,920,651	5,294,409
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,323,460	7,323,460
Retained earnings	4,934,577	5,336,702
Treasury shares	△258,521	△258,521
Total shareholders' equity	22,516,675	22,918,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103,884	132,417
Deferred gains or losses on hedges	△4,879	△10,304
Foreign currency translation adjustment	41,002	△25,097
Remeasurements of defined benefit plans	70,469	59,977
Total accumulated other comprehensive income	210,476	156,994
Subscription rights to shares	194,213	232,027
Minority interests	216,236	210,260
Total net assets	23,137,602	23,518,083
Total liabilities and net assets	28,058,254	28,812,492

（Unit: thousand yen）

	Six months ended September 30, 2013	Six months ended September 30, 2014
Quarterly Consolidated Statements of (Comprehensive) Income		
Net sales	11,314,861	13,138,294
Cost of sales	8,034,912	9,948,933
Gross profit	3,279,949	3,189,360
Selling, general and administrative expenses	2,489,151	2,633,364
Operating income	790,797	555,996
Non-operating income		
Real estate rent	224,351	222,058
Other	55,252	42,440
Total non-operating income	279,603	264,498
Non-operating expenses		
Rent expenses on real estates	165,383	166,462
Other	67,481	26,690
Total non-operating expenses	232,865	193,153
Ordinary income	837,536	627,341
Extraordinary income		
Gain on reversal of subscription rights to shares	964	385
Gain on sales of investment securities	259	491
Total extraordinary income	1,223	877
Extraordinary losses		
Loss on valuation of investment securities	216,264	-
Loss on sales of investment securities	-	466
Total extraordinary losses	216,264	466
Income before income taxes and minority interests	622,494	627,752
Income taxes	273,213	191,601
Income before minority interests	349,281	436,151
Minority interests in income (loss)	2,712	△5,976
Net income	346,569	442,127

（Unit: thousand yen）

	Six months ended September 30, 2013	Six months ended September 30, 2014
Quarterly Consolidated Statements of Comprehensive Income		
Income before minority interests	349,281	436,151
Other comprehensive income		
Valuation difference on available-for-sale securities	23,459	28,533
Deferred gains or losses on hedges	11,545	△5,424
Foreign currency translation adjustment	△36,818	△66,099
Remeasurements of defined benefit plans, net of tax	-	△10,491
Total other comprehensive income	△1,813	△53,482
Comprehensive income	347,468	382,668
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	344,756	388,645
Comprehensive income attributable to minority interests	2,712	△5,976

(Unit: thousand yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Quarterly Consolidated Statements of Cash Flows		
Operating Activities		
Income before income taxes and minority interests	622,494	627,752
Depreciation and amortization	158,523	250,705
Amortization of goodwill	23,119	57,609
Increase (decrease) in allowance for doubtful accounts	71,850	2,275
Increase (decrease) in provision for bonuses	83,641	30,010
Increase (decrease) in provision for retirement benefits	△12,750	-
Increase (decrease) in net defined benefit liability	-	△30,367
Interest and dividend income	△6,497	△5,004
Share of (profit) loss of entities accounted for using equity method	55,578	8,141
Loss (gain) on valuation of investment securities	216,264	-
Decrease (increase) in notes and accounts receivable-trade	△1,076,909	△856,851
Decrease (increase) in inventories and advance payments	△827,980	△675,162
Increase (decrease) in notes and accounts payable-trade	△669,851	246,034
Increase (decrease) in advances received	373,079	710,555
Other, net	△95,664	△34,191
Subtotal	△1,085,100	331,503
Interest and dividend income received	5,532	5,856
Interest expenses paid	△184	△2,167
Income taxes (paid) refund	116,002	△220,519
Net cash provided by (used in) operating activities	△963,749	114,673
Investing Activities		
Payments into time deposits	△500,000	△500,000
Proceeds from withdrawal of time deposits	500,000	540,751
Purchase of property, plant and equipment	△34,503	△55,240
Purchase of intangible assets	△24,557	△82,278
Purchase of long-term prepaid expenses	△63,745	△71,008
Purchase of investment securities	△187,079	△14,180
Proceeds from sales of investment securities	259	24,126
Purchase of insurance funds	△96,083	△53,564
Payments of deposits paid for purchase of shares of subsidiaries	-	△1,043,275
Other, net	2,722	45,471
Net cash provided by (used in) investing activities	△402,987	△1,209,198
Financing Activities		
Repayments of long-term loans payable	-	△514,464
Cash dividends paid	△121,590	△122,574
Other, net	△6,561	△6,623
Net cash provided by (used in) financing activities	△128,151	△643,661
Effect of exchange rate change on cash and cash equivalents	38,618	△15,038
Net increase (decrease) in cash and cash equivalents	△1,456,270	△1,753,224
Cash and cash equivalents at beginning of period	4,402,539	4,159,906
Cash and cash equivalents at end of period	2,946,269	2,406,682