May 12, 2015

Consolidated Financial Statements

Ended March 31, 2015

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 2014 (April 1, 2014 to March 31, 2015)

(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	%
FY2014	26,483	12.3	722	△ 34.0	938	△ 24.4	553	4.8
FY2013	23,585	14.8	1,095	43.9	1,241	35.1	527	1.0

[Note] Comprehensive income FY2014: 685 million yen (12%) FY2013: 611 million yen (△1.5%)

	EPS	EPS, Diluted	ROE	ROA	Operating income to net sales
	yen sen	yen sen	%	%	%
FY2014	31.49	30.71	2.4	3.2	2.7
FY2013	30.07	29.47	2.3	4.5	4.6

[Reference] Equity in earnings (losses) of affiliated companies FY2014: △13 million yen FY2013: △25 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2014	29,996	23,752	77.5	1,324.29
FY2013	28,058	23,137	81.0	1,293.86

[Reference] Net worth FY2014: 23,261 million yen FY2013: 22,727 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
FY2014	1,114	△ 1,159	△ 1,123	3,047
FY2013	902	△ 717	△ 486	4,159

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	%	%
FY2013	-	7.00	-	7.00	14.00	245	46.6	1.1
FY2014	-	7.00	-	7.00	14.00	245	44.5	1.1
FY2015 (outlook)	-	7.00	-	7.00	14.00		44.7	

3. Consolidated Business Outlook for FY2015 (April 1, 2015 to March 31, 2016)

(% 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
FY2015	30,000	13.3	800	10.7	900	△ 4.1	550	△ 0.6	31.31

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2014 : Yes
Newly 1 (Name of Company) STAr Technologies, Inc. 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, 2015: 18,218,901 shares As of March 31, 2014: 18,218,901 shares
② Outstanding treasury shares as of:
As of March 31, 2015: 653,459 shares As of March 31, 2014: 653,459 shares
③ Average outstanding shares for the quarter ended:
Year ended March 31, 2015: 17,565,442 shares Year ended March 31, 2014: 17,549,501 shares

(Reference) Summary of Non-consolidated Financial Results

Non-Consolidated Financial Highlights for FY2014 (April 1, 2014 to March 31, 2015)

(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	%
FY2014	18,514	5.4	192	△ 71.1	431	△ 48.6	272	△ 9.1
FY2013	17,570	20.5	665	146.0	840	84.3	300	1.2

	EPS	EPS, Diluted
	yen sen	yen sen
FY2014	15.53	15.15
FY2013	17.10	16.75

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2014	25,650	21,891	84.4	1,233.07
FY2013	25,187	21,739	85.5	1,226.56

[Reference] Net worth FY2014: 21,659 million yen FY2013: 21,544 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, 2014	As of March 31, 2015
Consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	4,700,658	3,553,473
Notes and accounts receivable-trade	6,612,860	7,718,270
Merchandise and finished goods	1,775,318	2,311,566
Advance payments - trade	1,441,218	1,774,232
Deferred tax assets	204,761	182,273
Other	308,782	598,224
Allowance for doubtful accounts	△12,664	△13,548
Total current assets	15,030,935	16,124,493
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,834,516	7,931,014
Accumulated depreciation	△3,836,344	△4,016,344
Buildings and structures, net	3,998,172	3,914,669
Land	5,781,631	5,731,631
Other	907,285	1,658,082
Accumulated depreciation	△574,978	△1,148,156
Other, net	332,306	509,925
Total property, plant and equipment	10,112,110	10,156,225
Intangible assets		
Goodwill	553,989	1,387,135
Other	394,398	344,891
Total intangible assets	948,388	1,732,026
Investments and other assets		
Investment securities	1,072,861	745,276
Deferred tax assets	103,271	68,774
Net defined benefit asset	46,670	296,085
Other	749,771	879,208
Allowance for doubtful accounts	△5,754	△5,724
Total investments and other assets	1,966,820	1,983,620
Total non-current assets	13,027,319	13,871,873
Total assets	28,058,254	29,996,366
Liabilities		
Current liabilities		
Accounts payable-trade	1,307,340	2,080,302
Current portion of long-term loans payable	245,215	-
Income taxes payable	303,033	106,914
Advances received	1,481,726	2,227,495
Provision for bonuses	69,467	128,651
Other	817,326	1,122,426
Total current liabilities	4,224,109	5,665,789
Non-current liabilities		
Long-term loans payable	269,249	-
Provision for directors' retirement benefits	79,336	89,114
Net defined benefit liability	166,588	157,559
Other	181,369	331,122
Total non-current liabilities	696,542	577,797
Total liabilities	4,920,651	6,243,586
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	5,324,689
Treasury shares	△258,521	△258,521
Total shareholders' equity	22,516,675	22,906,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103,884	119,006
Deferred gains or losses on hedges	△4,879	△14,497
Foreign currency translation adjustment	41,002	164,385
Remeasurements of defined benefit plans	70,469	86,074
Total accumulated other comprehensive income	210,476	354,968
Subscription rights to shares	194,213	231,714
Minority interests	216,236	259,309
Total net assets	23,137,602	23,752,780
Total liabilities and net assets	28,058,254	29,996,366

（Unit: thousand yen）

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Consolidated statements of income		
Net sales	23,585,015	26,483,531
Cost of sales	17,463,840	20,134,755
Gross profit	6,121,174	6,348,776
Selling, general and administrative expenses	5,026,111	5,625,983
Operating income	1,095,062	722,792
Non-operating income		
Real estate rent	443,812	430,275
Other	80,129	142,689
Total non-operating income	523,942	572,964
Non-operating expenses		
Rent expenses on real estates	327,286	318,233
Other	50,545	39,225
Total non-operating expenses	377,832	357,458
Ordinary income	1,241,172	938,298
Extraordinary income		
Gain on sales of investment securities	86,036	7,229
Other	2,072	1,310
Total extraordinary income	88,108	8,540
Extraordinary loss		
Loss on valuation of investment securities	235,895	-
Loss on liquidation of subsidiaries and associates	77,746	-
Loss on step acquisitions	-	87,463
Other	2	509
Total extraordinary losses	313,643	87,972
Income before income taxes and minority interests	1,015,638	858,865
Income taxes-current	378,330	177,646
Income taxes-deferred	104,672	137,078
Total income taxes	483,003	314,724
Income before minority interests	532,634	544,141
Minority interests in income	4,863	△8,930
Net income	527,770	553,072

（Unit: thousand yen）

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Consolidated statements of comprehensive income		
Income before minority interests	532,634	544,141
Other comprehensive income		
Valuation difference on available-for-sale securities	50,511	15,121
Deferred gains or losses on hedges	618	△9,618
Foreign currency translation adjustment	28,054	120,114
Remeasurements of defined benefit plans, net of tax	-	15,605
Total other comprehensive income	79,184	141,223
Comprehensive income	611,818	685,364
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	606,955	697,563
Comprehensive income attributable to minority interests	4,863	△12,199

Consolidated statement of changes in equity

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
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
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

FY2014 (From April 1, 2014 to March 31, 2015) (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	7,323,460	4,934,577	△ 258,521	22,516,675
Cumulative effects of changes in accounting policies			82,955		82,955
Restated balance	10,517,159	7,323,460	5,017,533	△ 258,521	22,599,631
Changes of items during the period					
Dividends of surplus			△ 245,916		△ 245,916
Net income			553,072		553,072
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	307,156	–	307,156
Balance at the end of current period	10,517,159	7,323,460	5,324,689	△ 258,521	22,906,787

	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	103,884	△ 4,879	41,002	70,469	210,476	194,213	216,236	23,137,602
Cumulative effects of changes in accounting policies								82,955
Restated balance	103,884	△ 4,879	41,002	70,469	210,476	194,213	216,236	23,220,558
Changes of items during the period								
Dividends of surplus								△ 245,916
Net income								553,072
Net changes of items other than shareholders' equity	15,121	△ 9,618	123,382	15,605	144,491	37,501	43,072	225,065
Total changes of items during the period	15,121	△ 9,618	123,382	15,605	144,491	37,501	43,072	532,221
Balance at the end of current period	119,006	△ 14,497	164,385	86,074	354,968	231,714	259,309	23,752,780

(Unit: thousand yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Consolidated statements of cash flows		
Cash flows from operating activities		
Income before income taxes and minority interests	1,015,638	858,865
Depreciation	367,703	578,243
Amortization of goodwill	63,484	139,535
Increase (decrease) in allowance for doubtful accounts	9,739	853
Increase (decrease) in provision for bonuses	21,530	2,442
Increase (decrease) in provision for retirement benefits	△289,831	-
Increase (decrease) in net defined benefit liability	229,342	△149,503
Interest and dividends income	△11,440	△9,246
Loss (gain) on valuation of investment securities	235,895	-
Loss (gain) on step acquisitions	-	87,463
Decrease (increase) in notes and accounts receivable-trade	96,905	△578,027
Decrease (increase) in inventories and advance payments	△838,310	△653,128
Increase (decrease) in notes and accounts payable-trade	△251,407	231,649
Increase (decrease) in advances received	169,149	674,753
Other, net	89,230	323,392
Subtotal	907,629	1,507,293
Interest and dividends income received	11,278	10,055
Interest expenses paid	△3,331	△7,076
Income taxes paid	△306,673	△434,106
Income taxes refund	293,604	37,974
Net cash provided by (used in) operating activities	902,507	1,114,139
Cash flows from investing activities		
Payments into time deposits	△500,402	△500,000
Proceeds from withdrawal of time deposits	500,000	540,751
Purchase of property, plant and equipment	△97,302	△158,126
Purchase of intangible assets	△78,214	△148,907
Purchase of long-term prepaid expenses	△72,428	△73,145
Purchase of investment securities	△349,060	△19,500
Proceeds from sales of investment securities	87,075	30,863
Purchase of insurance funds	△167,322	△150,617
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△172,876	△827,135
Other, net	133,056	146,814
Net cash provided by (used in) investing activities	△717,475	△1,159,003
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	△297,900
Repayments of long-term loans payable	△228,574	△567,806
Cash dividends paid	△244,982	△245,341
Other, net	△13,184	△12,239
Net cash provided by (used in) financing activities	△486,740	△1,123,287
Effect of exchange rate change on cash and cash equivalents	59,075	55,651
Net increase (decrease) in cash and cash equivalents	△242,633	△1,112,499
Cash and cash equivalents at beginning of period	4,402,539	4,159,906
Cash and cash equivalents at end of period	4,159,906	3,047,407