November 9, 2015

Consolidated Financial Statements

For the Second Quarter ended September 30, 2015

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1

Code No.: 9880

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

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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, 2015

(April 1, 2015 to September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter, FY2015	16,768	27.6	891	60.3	954	52.2	664	50.4
Second Quarter, FY2014	13,138	16.1	555	△ 29.7	627	△ 25.1	442	27.6

[Note] Comprehensive income Second Quarter, FY2015: 594 million yen (55.5%) Second Quarter, FY2014: 382 million yen (10.1%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
Second Quarter, FY2015	37.85	36.77
Second Quarter, FY2014	25.17	24.59

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Second Quarter, FY2015	32,651	24,264	72.6
FY2014	29,996	23,752	77.5

[Reference] Net worth Second Quarter, FY2015: 23,701 million yen FY2014: 23,261 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
FY2014	-	7.00	-	7.00	14.00
FY2015	-	7.00			
FY2015 (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 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		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2015	30,000	13.3	950	31.4	1,050	11.9	700	26.6	39.85

[Note] Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: Yes

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, 2015 18,218,901 shares March 31, 2015 18,218,901 shares
② Outstanding treasury shares as of:
September 30, 2015 653,519 shares March 31, 2015 653,459 shares
③ Average outstanding shares for the second quarter ended:
September 30, 2015 17,565,421 shares September 30, 2014 17,565,442 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, 2015	As of September 30, 2015
Quarterly consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	3,553,473	2,947,337
Notes and accounts receivable-trade	7,718,270	10,127,493
Merchandise and finished goods	2,311,566	2,571,232
Other	2,554,730	2,987,222
Allowance for doubtful accounts	△13,548	△27,858
Total current assets	16,124,493	18,605,427
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,931,014	7,980,554
Accumulated depreciation	△4,016,344	△4,091,387
Buildings and structures, net	3,914,669	3,889,166
Land	5,731,631	5,731,631
Other	1,658,082	1,639,194
Accumulated depreciation	△1,148,156	△1,118,091
Other, net	509,925	521,102
Total property, plant and equipment	10,156,225	10,141,901
Intangible assets		
Goodwill	1,387,135	1,427,450
Other	344,891	317,597
Total intangible assets	1,732,026	1,745,047
Investments and other assets		
Investment securities	745,276	884,504
Other	1,244,068	1,280,055
Allowance for doubtful accounts	△5,724	△5,751
Total investments and other assets	1,983,620	2,158,809
Total non-current assets	13,871,873	14,045,758
Total assets	29,996,366	32,651,185
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,080,302	1,788,642
Short-term loans payable	-	1,600,000
Income taxes payable	106,914	403,251
Provision for bonuses	128,651	233,643
Provision for directors' bonuses	-	17,676
Other	3,349,921	3,793,300
Total current liabilities	5,665,789	7,836,513
Non-current liabilities		
Provision for directors' retirement benefits	89,114	74,847
Net defined benefit liability	157,559	163,349
Other	331,122	311,839
Total non-current liabilities	577,797	550,036
Total liabilities	6,243,586	8,386,550
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,323,460	7,324,112
Retained earnings	5,324,689	5,866,574
Treasury shares	△258,521	△258,550
Total shareholders' equity	22,906,787	23,449,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119,006	104,971
Deferred gains or losses on hedges	△14,497	2,408
Foreign currency translation adjustment	164,385	72,810
Remeasurements of defined benefit plans	86,074	71,821
Total accumulated other comprehensive income	354,968	252,012
Subscription rights to shares	231,714	269,514
Non-controlling interests	259,309	293,812
Total net assets	23,752,780	24,264,635
Total liabilities and net assets	29,996,366	32,651,185

（Unit: thousand yen）

	Six months ended September 30, 2014	Six months ended September 30, 2015
Quarterly consolidated statements of income		
Net sales	13,138,294	16,768,767
Cost of sales	9,948,933	12,415,771
Gross profit	3,189,360	4,352,995
Selling, general and administrative expenses	2,633,364	3,461,865
Operating income	555,996	891,129
Non-operating income		
Real estate rent	222,058	216,675
Other	42,440	69,638
Total non-operating income	264,498	286,314
Non-operating expenses		
Rent expenses on real estates	166,462	171,825
Other	26,690	50,641
Total non-operating expenses	193,153	222,466
Ordinary income	627,341	954,977
Extraordinary income		
Gain on reversal of subscription rights to shares	385	-
Gain on sales of investment securities	491	-
Gain on step acquisitions	-	44,492
Gain on sales of non-current assets	-	7,478
Total extraordinary income	877	51,970
Extraordinary losses		
Loss on sales of investment securities	466	-
Total extraordinary losses	466	-
Income before income taxes	627,752	1,006,948
Income taxes	191,601	316,110
Profit	436,151	690,837
Profit (loss) attributable to non-controlling interests	△5,976	25,994
Profit attributable to owners of parent	442,127	664,843

（Unit: thousand yen）

	Six months ended September 30, 2014	Six months ended September 30, 2015
Quarterly consolidated statements of comprehensive income		
Profit	436,151	690,837
Other comprehensive income		
Valuation difference on available-for-sale securities	28,533	△14,035
Deferred gains or losses on hedges	△5,424	16,906
Foreign currency translation adjustment	△66,099	△84,553
Remeasurements of defined benefit plans, net of tax	△10,491	△14,252
Total other comprehensive income	△53,482	△95,935
Comprehensive income	382,668	594,902
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	388,645	561,887
Comprehensive income attributable to non-controlling interests	△5,976	33,014

(Unit: thousand yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Quarterly consolidated statements of cash flows		
Operating Activities		
Income before income taxes	627,752	1,006,948
Depreciation and amortization	250,705	282,829
Amortization of goodwill	57,609	99,126
Increase (decrease) in allowance for doubtful accounts	2,275	14,337
Increase (decrease) in provision for bonuses	30,010	101,249
Increase (decrease) in net defined benefit liability	△30,367	△6,243
Interest and dividend income	△5,004	△6,643
Share of (profit) loss of entities accounted for using equity method	8,141	1,905
Loss (gain) on step acquisitions	-	△44,492
Decrease (increase) in notes and accounts receivable-trade	△856,851	△2,343,722
Decrease (increase) in inventories and advance payments	△675,162	△716,006
Increase (decrease) in notes and accounts payable-trade	246,034	△347,542
Increase (decrease) in advances received	710,555	571,162
Other, net	△34,191	△128,493
Subtotal	331,503	△1,515,584
Interest and dividend income received	5,856	6,227
Interest expenses paid	△2,167	△1,569
Income taxes (paid) refund	△220,519	△31,289
Net cash provided by (used in) operating activities	114,673	△1,542,216
Investing Activities		
Payments into time deposits	△500,000	△642,560
Proceeds from withdrawal of time deposits	540,751	500,000
Purchase of property, plant and equipment	△55,240	△86,811
Purchase of intangible assets	△82,278	△72,160
Purchase of long-term prepaid expenses	△71,008	△142,922
Purchase of investment securities	△14,180	△273,535
Proceeds from sales of investment securities	24,126	-
Purchase of insurance funds	△58,124	△27,506
Proceeds from cancellation of insurance funds	4,559	58,293
Payments of deposits paid for purchase of shares of subsidiaries	△1,043,275	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	△74,308
Other, net	45,471	59,247
Net cash provided by (used in) investing activities	△1,209,198	△702,264
Financing Activities		
Net increase (decrease) in short-term loans payable	-	1,600,000
Repayments of long-term loans payable	△514,464	-
Cash dividends paid	△122,574	△123,121
Other, net	△6,623	△3,893
Net cash provided by (used in) financing activities	△643,661	1,472,985
Effect of exchange rate change on cash and cash equivalents	△15,038	22,527
Net increase (decrease) in cash and cash equivalents	△1,753,224	△748,967
Cash and cash equivalents at beginning of period	4,159,906	3,047,407
Cash and cash equivalents at end of period	2,406,682	2,298,439