May 12, 2016

Consolidated Financial Statements

Ended March 31, 2016

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 FY 2015 (April 1, 2015 to March 31, 2016)

(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	%
FY2015	31,243	18.0	1,012	40.0	1,162	23.9	740	33.8
FY2014	26,483	12.3	722	△ 34.0	938	△ 24.4	553	4.8

[Note] Comprehensive income FY2015: 479 million yen (△30%) FY2014: 685 million yen (12%)

	EPS	EPS, Diluted	ROE	ROA	Operating income to net sales
	yen sen	yen sen	%	%	%
FY2015	42.13	40.86	3.2	3.9	3.2
FY2014	31.49	30.71	2.4	3.2	2.7

[Reference] Equity in earnings (losses) of affiliated companies FY2015: 5 million yen FY2014: △13 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2015	29,798	24,027	78.8	1,336.36
FY2014	29,996	23,752	77.5	1,324.29

[Reference] Net worth FY2015: 23,473 million yen FY2014: 23,261 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
FY2015	1,506	△ 772	△ 253	3,512
FY2014	1,114	△ 1,159	△ 1,123	3,047

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	%	%
FY2014	-	7.00	-	7.00	14.00	245	44.5	1.1
FY2015	-	7.00	-	7.00	14.00	245	33.2	1.1
FY2016 (outlook)	-	7.00	-	7.00	14.00		41.0	

3. Consolidated Business Outlook for FY2016 (April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2016	29,500	△ 5.6	850	△ 16.0	980	△ 15.7	600	△ 18.9	34.16

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2015 : 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, 2016: 18,218,901 shares As of March 31, 2015: 18,218,901 shares
② Outstanding treasury shares as of:
As of March 31, 2016: 653,557 shares As of March 31, 2015: 653,459 shares
③ Average outstanding shares for the quarter ended:
Year ended March 31, 2016: 17,565,391 shares Year ended March 31, 2015: 17,565,442 shares

(Reference) Summary of Non-consolidated Financial Results

Non-Consolidated Financial Highlights for FY2015 (April 1, 2015 to March 31, 2016)

(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	%
FY2015	20,448	10.4	402	109.3	533	23.4	316	15.9
FY2014	18,514	5.4	192	△ 71.1	431	△ 48.6	272	△ 9.1

	EPS	EPS, Diluted
	yen sen	yen sen
FY2015	18.00	17.46
FY2014	15.53	15.15

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2015	25,631	21,940	84.6	1,233.75
FY2014	25,650	21,891	84.4	1,233.07

[Reference] Net worth FY2015: 21,671 million yen FY2014: 21,659 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, 2015	As of March 31, 2016
Consolidated balance sheet		
Assets		
Current assets		
Cash and deposits	3,553,473	3,917,946
Notes and accounts receivable-trade	7,718,270	7,561,942
Merchandise and finished goods	2,311,566	1,912,075
Advance payments - trade	1,774,232	1,854,909
Deferred tax assets	182,273	178,611
Other	598,224	628,688
Allowance for doubtful accounts	△13,548	△19,309
Total current assets	16,124,493	16,034,865
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,931,014	7,905,117
Accumulated depreciation	△4,016,344	△4,073,091
Buildings and structures, net	3,914,669	3,832,025
Land	5,731,631	5,665,131
Other	1,658,082	1,595,996
Accumulated depreciation	△1,148,156	△1,102,336
Other, net	509,925	493,659
Total property, plant and equipment	10,156,225	9,990,817
Intangible assets		
Goodwill	1,387,135	1,321,352
Other	344,891	349,759
Total intangible assets	1,732,026	1,671,111
Investments and other assets		
Investment securities	745,276	929,305
Deferred tax assets	68,774	59,357
Net defined benefit asset	296,085	229,226
Other	879,208	884,313
Allowance for doubtful accounts	△5,724	△144
Total investments and other assets	1,983,620	2,102,059
Total non-current assets	13,871,873	13,763,988
Total assets	29,996,366	29,798,853
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,080,302	1,303,040
Income taxes payable	106,914	385,198
Advances received	2,227,495	2,320,689
Provision for bonuses	128,651	139,895
Other	1,122,426	1,093,449
Total current liabilities	5,665,789	5,242,272
Non-current liabilities		
Provision for directors' retirement benefits	89,114	78,705
Net defined benefit liability	157,559	160,586
Other	331,122	289,314
Total non-current liabilities	577,797	528,606
Total liabilities	6,243,586	5,770,879
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,323,460	7,324,064
Retained earnings	5,324,689	5,818,853
Treasury shares	△258,521	△258,574
Total shareholders' equity	22,906,787	23,401,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119,006	43,028
Deferred gains or losses on hedges	△14,497	3,119
Foreign currency translation adjustment	164,385	10,734
Remeasurements of defined benefit plans	86,074	15,205
Total accumulated other comprehensive income	354,968	72,087
Subscription rights to shares	231,714	268,839
Non-controlling interests	259,309	285,542
Total net assets	23,752,780	24,027,974
Total liabilities and net assets	29,996,366	29,798,853

（Unit: thousand yen）

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Consolidated statement of income		
Net sales	26,483,531	31,243,213
Cost of sales	20,134,755	23,286,022
Gross profit	6,348,776	7,957,191
Selling, general and administrative expenses	5,625,983	6,945,146
Operating income	722,792	1,012,044
Non-operating income		
Real estate rent	430,275	436,669
Other	142,689	180,677
Total non-operating income	572,964	617,346
Non-operating expenses		
Rent expenses on real estates	318,233	325,959
Foreign exchange losses	-	72,406
Other	39,225	68,852
Total non-operating expenses	357,458	467,218
Ordinary income	938,298	1,162,173
Extraordinary income		
Gain on step acquisitions	-	44,492
Gain on sales of non-current assets	612	7,566
Other	7,928	688
Total extraordinary income	8,540	52,747
Extraordinary losses		
Loss on step acquisitions	87,463	-
Loss on sales of non-current assets	42	7,009
Other	466	421
Total extraordinary losses	87,972	7,430
Profit before income taxes	858,865	1,207,490
Income taxes - current	177,646	422,928
Income taxes - deferred	137,078	21,834
Total income taxes	314,724	444,763
Profit	544,141	762,727
Profit (loss) attributable to non-controlling interests	△8,930	22,647
Profit attributable to owners of parent	553,072	740,079

（Unit: thousand yen）

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Consolidated statement of comprehensive income		
Profit	544,141	762,727
Other comprehensive income		
Valuation difference on available-for-sale securities	15,121	△75,977
Deferred gains or losses on hedges	△9,618	17,616
Foreign currency translation adjustment	120,114	△153,504
Remeasurements of defined benefit plans, net of tax	15,605	△70,869
Total other comprehensive income	141,223	△282,734
Comprehensive income	685,364	479,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	697,563	457,199
Comprehensive income attributable to non-controlling interests	△12,199	22,792

Consolidated statement of changes in equity

FY2014 (From April 1, 2014 to March 31, 2015) （Unit: thousand yen）

	Shareholders' equity				
	Capital 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 period					
Dividends of surplus			△ 245,916		△ 245,916
Profit attributable to owners of parent			553,072		553,072
Net changes of items other than shareholders' equity					
Total changes of items during 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	Non-controlling 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 period								
Dividends of surplus								△ 245,916
Profit attributable to owners of parent								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 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

FY2015 (From April 1, 2015 to March 31, 2016) （Unit: thousand yen）

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	10,517,159	7,323,460	5,324,689	△ 258,521	22,906,787
Changes of items during period					
Dividends of surplus			△ 245,915		△ 245,915
Profit attributable to owners of parent			740,079		740,079
Purchase of treasury shares				△ 52	△ 52
Change in treasury shares of parent arising from transactions with non-controlling shareholders		604			604
Net changes of items other than shareholders' equity					
Total changes of items during period	-	604	494,164	△ 52	494,716
Balance at the end of current period	10,517,159	7,324,064	5,818,853	△ 258,574	23,401,503

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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	119,006	△ 14,497	164,385	86,074	354,968	231,714	259,309	23,752,780
Changes of items during period								
Dividends of surplus								△ 245,915
Profit attributable to owners of parent								740,079
Purchase of treasury shares								△ 52
Change in treasury shares of parent arising from transactions with non-controlling shareholders							△ 604	-
Net changes of items other than shareholders' equity	△ 75,977	17,616	△ 153,650	△ 70,869	△ 282,880	37,125	26,837	△ 218,917
Total changes of items during period	△ 75,977	17,616	△ 153,650	△ 70,869	△ 282,880	37,125	26,232	275,194
Balance at the end of current period	43,028	3,119	10,734	15,205	72,087	268,839	285,542	24,027,974

(Unit: thousand yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Consolidated statement of cash flows		
Cash flows from operating activities		
Profit before income taxes	858,865	1,207,490
Depreciation	578,243	565,810
Amortization of goodwill	139,535	205,224
Increase (decrease) in allowance for doubtful accounts	853	5,751
Increase (decrease) in provision for bonuses	2,442	12,423
Increase (decrease) in net defined benefit liability	△149,503	△33,456
Interest and dividend income	△9,246	△11,752
Loss (gain) on step acquisitions	87,463	△44,492
Decrease (increase) in notes and accounts receivable-trade	△578,027	154,982
Decrease (increase) in inventories and advance payments	△653,128	179,188
Increase (decrease) in notes and accounts payable-trade	231,649	△736,146
Increase (decrease) in advances received	674,753	96,783
Other, net	323,392	34,842
Subtotal	1,507,293	1,636,650
Interest and dividend income received	10,055	11,517
Interest expenses paid	△7,076	△6,248
Income taxes paid	△434,106	△192,325
Income taxes refund	37,974	57,358
Net cash provided by (used in) operating activities	1,114,139	1,506,953
Cash flows from investing activities		
Payments into time deposits	△500,000	△400,069
Proceeds from withdrawal of time deposits	540,751	500,000
Purchase of property, plant and equipment	△158,126	△211,197
Purchase of intangible assets	△148,907	△180,654
Purchase of long-term prepaid expenses	△73,145	△154,851
Purchase of investment securities	△19,500	△451,778
Proceeds from sales of investment securities	30,863	30,146
Proceeds from distribution of investment in partnerships	12,866	154,884
Purchase of insurance funds	△150,617	△78,873
Proceeds from cancellation of insurance funds	13,938	74,576
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△827,135	△74,308
Other, net	120,009	19,250
Net cash provided by (used in) investing activities	△1,159,003	△772,875
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△297,900	-
Repayments of long-term loans payable	△567,806	-
Cash dividends paid	△245,341	△245,533
Other, net	△12,239	△8,383
Net cash provided by (used in) financing activities	△1,123,287	△253,916
Effect of exchange rate change on cash and cash equivalents	55,651	△15,565
Net increase (decrease) in cash and cash equivalents	△1,112,499	464,596
Cash and cash equivalents at beginning of period	4,159,906	3,047,407
Cash and cash equivalents at end of period	3,047,407	3,512,003