August 8, 2016

Consolidated Financial Statements

For the First Quarter ended June 30, 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

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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 First Quarter ended June 30, 2016

(April 1, 2016 to June 30, 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	%
First Quarter, FY2016	7,403	△ 1.2	280	37.9	287	8.8	147	△ 11.2
First Quarter, FY2015	7,496	19.9	203	△ 36.8	264	△ 24.8	166	△ 35.9

[Note] Comprehensive income First Quarter, FY2016: 39 million yen (△51.5%) First Quarter, FY2015: 80 million yen (△63.5%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
First Quarter, FY2016	8.42	8.16
First Quarter, FY2015	9.49	9.24

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2016	29,552	23,943	79.2
FY2015	29,798	24,027	78.8

[Reference] Net worth First Quarter, FY2016: 23,404 million yen FY2015: 23,473 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
FY2015	-	7.00	-	7.00	14.00
FY2016	-				
FY2016 (outlook)		7.00	-	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 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		Profit attributable to owners of parent per share
	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

[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 first 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:

June 30, 2016	18,218,901 shares	March 31, 2016	18,218,901 shares

② Outstanding treasury shares as of:

June 30, 2016	653,557 shares	March 31, 2016	653,557 shares

③ Average outstanding shares for the first quarter ended:

June 30, 2016	17,565,344 shares	June 30, 2015	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, 2016	As of June 30, 2016
Quarterly Consolidated Balance Sheets		
Assets		
Current assets		
Cash and deposits	3,917,946	4,628,444
Notes and accounts receivable-trade	7,561,942	7,210,643
Merchandise and finished goods	1,912,075	1,413,978
Other	2,662,209	2,683,620
Allowance for doubtful accounts	△19,309	△1,296
Total current assets	16,034,865	15,935,389
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,905,117	7,907,209
Accumulated depreciation	△4,073,091	△4,105,908
Buildings and structures, net	3,832,025	3,801,301
Land	5,665,131	5,665,131
Other	1,595,996	1,572,834
Accumulated depreciation	△1,102,336	△1,092,578
Other, net	493,659	480,256
Total property, plant and equipment	9,990,817	9,946,689
Intangible assets		
Goodwill	1,321,352	1,268,303
Other	349,759	334,679
Total intangible assets	1,671,111	1,602,983
Investments and other assets		
Investment securities	929,305	851,188
Other	1,172,897	1,216,725
Allowance for doubtful accounts	△144	△2
Total investments and other assets	2,102,059	2,067,912
Total non-current assets	13,763,988	13,617,584
Total assets	29,798,853	29,552,974
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,303,040	1,126,897
Income taxes payable	385,198	139,856
Provision for bonuses	139,895	182,839
Provision for directors' bonuses	-	5,743
Other	3,414,138	3,654,722
Total current liabilities	5,242,272	5,110,060
Non-current liabilities		
Provision for directors' retirement benefits	78,705	80,897
Net defined benefit liability	160,586	159,591
Other	289,314	258,639
Total non-current liabilities	528,606	499,128
Total liabilities	5,770,879	5,609,188
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,324,064	7,324,064
Retained earnings	5,818,853	5,843,876
Treasury shares	△258,574	△258,574
Total shareholders' equity	23,401,503	23,426,526
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,028	24,271
Deferred gains or losses on hedges	3,119	28,575
Foreign currency translation adjustment	10,734	△87,542
Remeasurements of defined benefit plans	15,205	13,028
Total accumulated other comprehensive income	72,087	△21,665
Subscription rights to shares	268,839	268,839
Non-controlling interests	285,542	270,084
Total net assets	24,027,974	23,943,785
Total liabilities and net assets	29,798,853	29,552,974

（Unit: thousand yen）

	Three months ended June 30, 2015	Three months ended June 30, 2016
Quarterly Consolidated Statements of Income		
Net sales	7,496,565	7,403,504
Cost of sales	5,625,340	5,382,267
Gross profit	1,871,225	2,021,236
Selling, general and administrative expenses	1,667,630	1,740,426
Operating income	203,594	280,810
Non-operating income		
Real estate rent	109,574	115,091
Other	62,439	38,645
Total non-operating income	172,014	153,737
Non-operating expenses		
Rent expenses on real estates	86,637	83,724
Foreign exchange losses	6,445	51,729
Other	17,961	11,280
Total non-operating expenses	111,044	146,734
Ordinary income	264,564	287,813
Extraordinary income		
Gain on sales of non-current assets	-	99
Total extraordinary income	-	99
Extraordinary loss		
Loss on valuation of investment securities	-	25,991
Total extraordinary losses	-	25,991
Income before income taxes	264,564	261,922
Income taxes	106,991	120,571
Profit	157,573	141,350
Loss attributable to non-controlling interests	△9,051	△6,629
Profit attributable to owners of parent	166,624	147,980

（Unit: thousand yen）

	Three months ended June 30, 2015	Three months ended June 30, 2016
Quarterly Consolidated Statements of Comprehensive Income		
Profit	157,573	141,350
Other comprehensive income		
Valuation difference on available-for-sale securities	24,284	△18,756
Deferred gains or losses on hedges	4,214	25,456
Foreign currency translation adjustment	△98,573	△106,860
Remeasurements of defined benefit plans, net of tax	△7,126	△2,176
Total other comprehensive income	△77,201	△102,337
Comprehensive income	80,371	39,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	84,122	54,226
Comprehensive income attributable to non-controlling interests	△3,751	△15,213