February 8, 2017

Consolidated Financial Statements

For the Third Quarter ended December 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 the Third Quarter ended December 31, 2016

(April 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2016	21,590	△ 10.2	1,003	5.3	1,182	11.5	756	7.3
Third Quarter, FY2015	24,039	23.3	952	61.8	1,060	50.4	705	74.1

[Note] Comprehensive income Third Quarter, FY2016: 467 million yen (0.1%) Third Quarter, FY2015: 467 million yen (14.7%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
Third Quarter, FY2016	43.07	41.57
Third Quarter, FY2015	40.14	38.96

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2016	29,993	24,255	78.9
FY2015	29,798	24,027	78.8

[Reference] Net worth Third Quarter, FY2016: 23,667 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	–	7.00	–		
FY2016 (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 FY2016 (April 1, 2016 to March 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		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 third 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:
December 31, 2016 18,218,901 shares March 31, 2016 18,218,901 shares
② Outstanding treasury shares as of:
December 31, 2016 653,577 shares March 31, 2016 653,557 shares
③ Average outstanding shares for the third quarter ended:
December 31, 2016 17,565,333 shares December 31, 2015 17,565,407 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 December 31, 2016
Quarterly consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	3,917,946	5,668,281
Notes and accounts receivable-trade	7,561,942	6,324,012
Merchandise and finished goods	1,912,075	1,596,481
Other	2,662,209	2,550,066
Allowance for doubtful accounts	△19,309	△632
Total current assets	16,034,865	16,138,208
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,905,117	7,899,554
Accumulated depreciation	△4,073,091	△4,171,725
Buildings and structures, net	3,832,025	3,727,829
Land	5,665,131	5,665,131
Other	1,595,996	1,510,375
Accumulated depreciation	△1,102,336	△1,058,661
Other, net	493,659	451,714
Total property, plant and equipment	9,990,817	9,844,675
Intangible assets		
Goodwill	1,321,352	1,254,175
Other	349,759	340,827
Total intangible assets	1,671,111	1,595,002
Investments and other assets		
Investment securities	929,305	1,112,131
Other	1,172,897	1,303,341
Allowance for doubtful accounts	△144	△2
Total investments and other assets	2,102,059	2,415,471
Total non-current assets	13,763,988	13,855,149
Total assets	29,798,853	29,993,357
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,303,040	1,279,036
Income taxes payable	385,198	297,398
Provision for bonuses	139,895	264,878
Provision for directors' bonuses	–	17,428
Other	3,414,138	3,328,933
Total current liabilities	5,242,272	5,187,675
Non-current liabilities		
Provision for directors' retirement benefits	78,705	86,945
Net defined benefit liability	160,586	181,498
Other	289,314	281,689
Total non-current liabilities	528,606	550,133
Total liabilities	5,770,879	5,737,808
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,324,064	7,301,061
Retained earnings	5,818,853	6,329,468
Treasury shares	△258,574	△258,583
Total shareholders' equity	23,401,503	23,889,105
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,028	80,971
Deferred gains or losses on hedges	3,119	△51,295
Foreign currency translation adjustment	10,734	△260,248
Remeasurements of defined benefit plans	15,205	8,675
Total accumulated other comprehensive income	72,087	△221,895
Subscription rights to shares	268,839	307,139
Non-controlling interests	285,542	281,198
Total net assets	24,027,974	24,255,549
Total liabilities and net assets	29,798,853	29,993,357

(Unit: thousand yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Quarterly consolidated statements of income		
Net sales	24,039,594	21,590,944
Cost of sales	17,955,436	15,399,433
Gross profit	6,084,157	6,191,510
Selling, general and administrative expenses	5,131,322	5,188,374
Operating profit	952,835	1,003,135
Non-operating income		
Real estate rent	322,913	341,935
Other	111,820	94,471
Total non-operating income	434,733	436,406
Non-operating expenses		
Rent expenses on real estates	257,753	250,992
Other	68,995	5,816
Total non-operating expenses	326,748	256,809
Ordinary profit	1,060,820	1,182,733
Extraordinary income		
Gain on step acquisitions	44,492	-
Gain on sales of non-current assets	7,103	3,912
Gain on sales of investment securities	13	1,757
Total extraordinary income	51,609	5,669
Extraordinary loss		
Loss on valuation of investment securities	-	25,991
Loss on sales of investment securities	421	4,102
Total extraordinary losses	421	30,093
Profit before income taxes	1,112,008	1,158,309
Income taxes	384,904	388,965
Profit	727,103	769,344
Profit attributable to non-controlling interests	22,007	12,814
Profit attributable to owners of parent	705,095	756,529

(Unit: thousand yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Quarterly consolidated statements of comprehensive income		
Profit	727,103	769,344
Other comprehensive income		
Valuation difference on available-for-sale securities	△10,858	37,943
Deferred gains or losses on hedges	8,370	△54,414
Foreign currency translation adjustment	△235,552	△278,394
Remeasurements of defined benefit plans, net of tax	△21,378	△6,529
Total other comprehensive income	△259,419	△301,394
Comprehensive income	467,683	467,949
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	452,184	462,546
Comprehensive income attributable to non-controlling interests	15,499	5,403