August 8, 2017

Consolidated Financial Statements

For the First Quarter ended June 30, 2017

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 First Quarter ended June 30, 2017

(April 1, 2017 to June 30, 2017)

(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	%
First Quarter, FY2017	6,921	△ 6.5	90	△ 67.9	97	△ 66.3	73	△ 50.0
First Quarter, FY2016	7,403	△ 1.2	280	37.9	287	8.8	147	△ 11.2

[Note] Comprehensive income First Quarter, FY2017: 11 million yen (△69.7%) First Quarter, FY2016: 39 million yen (△51.5%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
First Quarter, FY2017	4.21	4.05
First Quarter, FY2016	8.42	8.16

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2017	32,218	24,492	74.1
FY2016	30,277	24,620	79.3

[Reference] Net worth First Quarter, FY2017: 23,876 million yen FY2016: 24,016 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
FY2016	–	7.00	–	8.00	15.00
FY2017	–				
FY2017 (outlook)		7.00	–	8.00	15.00

[Note] Revision made in the forecast dividend as of the end of the current quarter: None

3. Consolidated Business Outlook for FY2017 (April 1, 2017 to March 31, 2018)

(% 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
FY2017	27,500	△ 4.7	900	△ 10.0	1,000	△ 20.1	650	△ 19.4	36.99

[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. : None
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, 2017	18,218,901 shares	March 31, 2017	18,218,901 shares

② Outstanding treasury shares as of:

June 30, 2017	648,177 shares	March 31, 2017	648,177 shares

③ Average outstanding shares for the first quarter ended:

June 30, 2017	17,570,724 shares	June 30, 2016	17,565,344 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, 2017	As of June 30, 2017
Quarterly Consolidated Balance Sheets		
Assets		
Current assets		
Cash and deposits	5,154,047	5,760,335
Notes and accounts receivable-trade	6,628,431	6,295,522
Merchandise and finished goods	2,049,411	2,106,095
Raw materials	293,782	430,803
Other	2,035,229	2,765,137
Allowance for doubtful accounts	△636	△646
Total current assets	16,160,265	17,357,248
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,912,088	7,916,166
Accumulated depreciation	△4,217,002	△4,252,824
Buildings and structures, net	3,695,086	3,663,342
Land	5,721,345	5,721,345
Other	1,777,815	1,931,954
Accumulated depreciation	△1,113,450	△1,159,813
Other, net	664,364	772,141
Total property, plant and equipment	10,080,796	10,156,829
Intangible assets		
Goodwill	1,197,677	1,141,179
Other	353,193	373,856
Total intangible assets	1,550,871	1,515,036
Investments and other assets		
Investment securities	1,179,401	1,823,608
Other	1,305,846	1,365,608
Allowance for doubtful accounts	△2	△2
Total investments and other assets	2,485,246	3,189,214
Total non-current assets	14,116,914	14,861,080
Total assets	30,277,180	32,218,328
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,526,351	1,621,016
Short-term loans payable	–	518,000
Income taxes payable	281,461	202,250
Advances received	1,899,293	3,578,291
Provision for bonuses	166,469	199,183
Provision for directors' bonuses	–	1,161
Other	1,204,111	1,015,543
Total current liabilities	5,077,687	7,135,447
Non-current liabilities		
Provision for directors' retirement benefits	89,969	93,181
Net defined benefit liability	189,170	191,286
Other	299,926	306,008
Total non-current liabilities	579,066	590,476
Total liabilities	5,656,754	7,725,924
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,301,303	7,301,303
Retained earnings	6,379,702	6,313,061
Treasury shares	△256,447	△256,447
Total shareholders' equity	23,941,719	23,875,078
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,898	78,963
Deferred gains or losses on hedges	△59,070	△61,548
Foreign currency translation adjustment	49,750	△25,649
Remeasurements of defined benefit plans	12,986	9,759
Total accumulated other comprehensive income	74,566	1,524
Subscription rights to shares	305,838	305,549
Non-controlling interests	298,301	310,252
Total net assets	24,620,426	24,492,404
Total liabilities and net assets	30,277,180	32,218,328

(Unit: thousand yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Quarterly Consolidated Statements of Income		
Net sales	7,403,504	6,921,791
Cost of sales	5,382,267	5,122,250
Gross profit	2,021,236	1,799,540
Selling, general and administrative expenses	1,740,426	1,709,473
Operating profit	280,810	90,066
Non-operating income		
Real estate rent	115,091	105,292
Other	38,645	19,268
Total non-operating income	153,737	124,561
Non-operating expenses		
Rent expenses on real estates	83,724	78,164
Foreign exchange losses	51,729	34,934
Other	11,280	4,527
Total non-operating expenses	146,734	117,626
Ordinary profit	287,813	97,001
Extraordinary income		
Gain on sales of non-current assets	99	–
Gain on reversal of subscription rights to shares	–	289
Total extraordinary income	99	289
Extraordinary losses		
Loss on valuation of investment securities	25,991	–
Total extraordinary losses	25,991	–
Profit before income taxes	261,922	97,290
Income taxes	120,571	17,318
Profit	141,350	79,972
Profit (loss) attributable to non-controlling interests	△6,629	6,047
Profit attributable to owners of parent	147,980	73,924

(Unit: thousand yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Quarterly Consolidated Statements of Comprehensive Income		
Profit	141,350	79,972
Other comprehensive income		
Valuation difference on available-for-sale securities	△18,756	8,064
Deferred gains or losses on hedges	25,456	△2,478
Foreign currency translation adjustment	△106,860	△70,505
Remeasurements of defined benefit plans, net of tax	△2,176	△3,227
Total other comprehensive income	△102,337	△68,146
Comprehensive income	39,012	11,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	54,226	882
Comprehensive income attributable to non-controlling interests	△15,213	10,942