

Consolidated Financial Statements

For the Third Quarter ended December 31, 2015

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1
 Code No.: 9880
 URL: <http://www.innotech.co.jp>
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 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, 2015

(April 1, 2015 to December 31, 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	%
Third Quarter, FY2015	24,039	23.3	952	61.8	1,060	50.4	705	74.1
Third Quarter, FY2014	19,501	13.0	588	△ 38.6	705	△ 36.1	405	△ 19.9

[Note] Comprehensive income Third Quarter, FY2015: 467 million yen (14.7%) Third Quarter, FY2014: 407 million yen (△17.5%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
Third Quarter, FY2015	40.14	38.96
Third Quarter, FY2014	23.06	22.50

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2015	32,350	24,016	72.5
FY2014	29,996	23,752	77.5

[Reference] Net worth Third Quarter, FY2015: 23,468 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: 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, 2015 18,218,901 shares March 31, 2015 18,218,901 shares
 - ② Outstanding treasury shares as of:
December 31, 2015 653,557 shares March 31, 2015 653,459 shares
 - ③ Average outstanding shares for the third quarter ended:
December 31, 2015 17,565,407 shares December 31, 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.

	As of March 31, 2015	As of December 31, 2015
Quarterly consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	3,553,473	3,423,939
Notes and accounts receivable-trade	7,718,270	9,881,780
Merchandise and finished goods	2,311,566	2,446,096
Other	2,554,730	2,547,608
Allowance for doubtful accounts	△13,548	△28,082
Total current assets	16,124,493	18,271,342
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,931,014	7,963,752
Accumulated depreciation	△4,016,344	△4,099,873
Buildings and structures, net	3,914,669	3,863,879
Land	5,731,631	5,705,631
Other	1,658,082	1,604,726
Accumulated depreciation	△1,148,156	△1,104,108
Other, net	509,925	500,618
Total property, plant and equipment	10,156,225	10,070,129
Intangible assets		
Goodwill	1,387,135	1,374,401
Other	344,891	318,173
Total intangible assets	1,732,026	1,692,574
Investments and other assets		
Investment securities	745,276	1,037,236
Other	1,244,068	1,285,068
Allowance for doubtful accounts	△5,724	△5,711
Total investments and other assets	1,983,620	2,316,594
Total non-current assets	13,871,873	14,079,298
Total assets	29,996,366	32,350,640
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,080,302	1,572,781
Short-term loans payable	-	2,050,000
Income taxes payable	106,914	368,949
Provision for bonuses	128,651	233,559
Provision for directors' bonuses	-	19,129
Other	3,349,921	3,495,614
Total current liabilities	5,665,789	7,740,034
Non-current liabilities		
Provision for directors' retirement benefits	89,114	76,776
Net defined benefit liability	157,559	164,541
Other	331,122	353,071
Total non-current liabilities	577,797	594,389
Total liabilities	6,243,586	8,334,424
Net assets		
Shareholders' equity		
Capital stock	10,517,159	10,517,159
Capital surplus	7,323,460	7,324,058
Retained earnings	5,324,689	5,783,869
Treasury shares	△258,521	△258,574
Total shareholders' equity	22,906,787	23,366,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119,006	108,147
Deferred gains or losses on hedges	△14,497	△6,127
Foreign currency translation adjustment	164,385	△64,659
Remeasurements of defined benefit plans	86,074	64,695
Total accumulated other comprehensive income	354,968	102,056
Subscription rights to shares	231,714	269,514
Non-controlling interests	259,309	278,131
Total net assets	23,752,780	24,016,215
Total liabilities and net assets	29,996,366	32,350,640

(Unit: thousand yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Quarterly consolidated statements of income		
Net sales	19,501,032	24,039,594
Cost of sales	14,965,352	17,955,436
Gross profit	4,535,680	6,084,157
Selling, general and administrative expenses	3,946,721	5,131,322
Operating income	588,958	952,835
Non-operating income		
Real estate rent	326,633	322,913
Other	66,899	111,820
Total non-operating income	393,532	434,733
Non-operating expenses		
Rent expenses on real estates	248,724	257,753
Other	28,377	68,995
Total non-operating expenses	277,102	326,748
Ordinary income	705,389	1,060,820
Extraordinary income		
Gain on step acquisitions	-	44,492
Other	7,928	7,116
Total extraordinary income	7,928	51,609
Extraordinary loss		
Loss on step acquisitions	87,463	-
Loss on sales of investment securities	466	421
Total extraordinary losses	87,929	421
Income before income taxes	625,387	1,112,008
Income taxes	232,725	384,904
Profit	392,661	727,103
Profit (loss) attributable to non-controlling interests	△12,344	22,007
Profit attributable to owners of parent	405,005	705,095

(Unit: thousand yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Quarterly consolidated statements of comprehensive income		
Profit	392,661	727,103
Other comprehensive income		
Valuation difference on available-for-sale securities	6,187	△10,858
Deferred gains or losses on hedges	△28,686	8,370
Foreign currency translation adjustment	53,422	△235,552
Remeasurements of defined benefit plans, net of tax	△15,737	△21,378
Total other comprehensive income	15,185	△259,419
Comprehensive income	407,847	467,683
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	420,191	452,184
Comprehensive income attributable to non-controlling interests	△12,344	15,499