



October 24, 2003

INNOTECH CORPORATION

President and COO: Takashi Tsumori

JASDAQ code no.: 9880

Inquiries to Makoto Sumita, Director at +81-45-474-9000

## Notification related to small-scale merger

INNOTECH CORPORATION announces that it has resolved at a meeting of the board of directors on October 24, 2003 to merge with INNO MICRO CORPORATION.

### 1. Purpose of merger

Founded in 1987, INNOTECH is Japan's premier importer of high-end semiconductor devices and equipment and a skilled support partner with many of Japan's excellent electronics companies at the top technology market in the world.

INNO MICRO CORPORATION has provided cutting-edge electronic products over a period of 14 years, including integrated circuits, peripheral devices and system products.

INNOTECH has made the decision to merge with INNO MICRO in order to strengthen the sales and administrative bases of INNOTECH Group activities, and in order to increase management efficiency through fusion of related technologies and to effectively utilize human resources.

### 2. Outline of merger

#### 1) Merger timetable

October 24, 2003: Meeting of the board of directors for approval of merger memorandum

October 24, 2003: Signing of merger memorandum

December 22, 2003 (tent.): Meeting of the board of directors for approval of merger contract

December 22, 2003 (tent.): Signing of merger contract

March 1, 2004 (tent.): Merger implementation

March 1, 2004 (tent.): Merger registration

Note: This merger is small-scale merger based on the regulation 413-3 of Japanese commercial law, therefore there will be no shareholders' meeting.

#### 2) Merger format

INNOTECH CORPORATION will be the surviving company and INNO MICRO CORPORATION will be dissolved.

### 3) Merger ratio

The merger ratio is scheduled to be determined in discussions by both companies with consideration given to the opinions of third-party institutions and others.

### 4) Merger compensation

No merger compensation will be paid.

### 5) Dividend calculation start date

The dividend calculation start date for new shares issued with the merger will be October 1, 2003.

## 2. Summary of companies to the merger (as of March 31, 2003)

Trade name	INNOTECH CORPORATION (surviving company)	INNO MICRO CORPORATION (absorbed company)
Principal business activities	<p>1. Development, manufacture, purchase, sale and import-export of industrial and consumer electric devices (semiconductor manufacturing equipment, computer equipment, measuring devices, etc.) and their parts, raw materials, accessories, software, etc.</p> <p>2. R&amp;D and consulting related to the above electric equipment and their parts, raw materials, accessories, software, etc.</p> <p>3. Acquisition, transfer and mediation for patent and other industrial property rights</p> <p>4. All business activities incidental to the above items</p>	<p>1. Development, manufacture, purchase, sale and import-export of industrial and consumer electric devices (semiconductor manufacturing equipment, computer equipment, measuring devices, etc.) and their parts, raw materials, accessories, software, etc.</p> <p>2. R&amp;D and consulting related to the above electric equipment and their parts, raw materials, accessories, software, etc.</p> <p>3. Acquisition, transfer and mediation for patent and other industrial property rights</p> <p>4. All business activities incidental to the above items</p>
Date of establishment	May 1, 1987	September 27, 1989
Location of head office	3-17-6 Shin-Yokohama, Kouhoku-ku, Yokohama-shi, Kanagawa 222-8580	3-17-6 Shin-Yokohama, Kouhoku-ku, Yokohama-shi, Kanagawa 222-8580
Representative	Ryoichi Kawashima, President and COO	Takashi Tsumori, President and CEO
Capital	8,483 million Yen	500 million Yen
Shares outstanding	18,440,000	10,000,000
Shareholders' equity	22,087 million Yen	679 million Yen
Total assets	41,222 million Yen	7,874 million Yen
Fiscal year-end	March 31	March 31

No. of employees	255	87
Principal customers	Fujitsu Ltd., Hitachi, Ltd.	Toshiba Corp., Fujitsu Ltd., Toshiba Trading Inc.
Banking affiliations	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corp. The Bank of Tokyo-Mitsubishi, Ltd. The Sumitomo Trust & Banking Co., Ltd.	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corp. The Bank of Tokyo-Mitsubishi, Ltd. The Sumitomo Trust & Banking Co., Ltd.

## 2. Summary of companies to the merger (as of September 30, 2003)

Trade name	INNOTECH CORPORATION (surviving company)		INNO MICRO CORPORATION (absorbed company)	
Major shareholders and holding ratios	Cadence Technology Ltd. (14.6%)		INNOTECH CORP. (98.5%)	
Number of shareholders	12,065		2	
Relationship between the two companies	Capital	INNOTECH owns 98.5% of shares of INNO MICRO.		
	Personnel	Takashi Tsumori, president and COO of INNOTECH, is also president and CEO of INNO MICRO. Two other directors serve on both boards.		
	Business	Sales agent for electronic parts Sales and purchase of electronic parts		

## Financial Statements (millions of yen)

	INNOTECH CORPORATION (surviving company)			INNO MICRO CORPORATION (absorbed company)		
	2001	2002	2003	2001	2002	2003
Years ended March 31	2001	2002	2003	2001	2002	2003
Net sales	36,221	32,073	33,416	18,104	20,609	17,904
Ordinary profit	3,653	472	407	245	407	(161)
Net income	765	(162)	(965)	(20)	497	(251)
Net income per share (yen)	41.54	(8.82)	(52.37)	(2.84)	49.10	(25.11)
Dividend per share (yen)	20	7.5	7.5	-	5	-
Shareholders' equity per share (yen)	1,304	1,270	1,197	25.35	101.1	67.95

## 4. Post merger information

### 1) Trade name: INNOTECH CORPORATION

### 2) Business activities

A. Development, manufacture, purchase, sale and import-export of industrial and consumer electric devices (semiconductor manufacturing equipment, computer equipment, measuring devices, etc.) and their parts, raw materials, accessories, software, etc.

B. R&D and consulting related to the above electric equipment and their parts, raw materials, accessories, software, etc.

C. Acquisition, transfer and mediation for patent and other industrial property rights

D. All business activities incidental to the above items

3) Location of head office: 3-17-6 Shin-Yokohama, Kouhoku-ku, Yokohama-shi, Kanagawa 222-8580

4) Representative: Takashi Tsumori, President and COO

5) Capital: 8,483,500 thousand Yen (No capital increase due to merger)

6) Total assets: 48.0 billion Yen (Approximately 7.0 billion Yen increase from merger estimated)

7)Fiscal year-end : March 31

8)Total outstanding shares : -

9) Effect on business results

The company to be absorbed is a consolidated subsidiary, so the impact of the merger on the consolidated results of INNOTECH is expected to be negligible.