

Comment on the Merger

(Effective March 1, 2004, Innotech Corporation Merged With Inno Micro Co., Ltd.)

Inno Micro's business domain is integrated circuits, peripheral equipment, system products and other leading-edge electronic products. The merger with Innotech Corporation was considered the best alternative for Inno Micro Co., Ltd. to achieve a strengthened marketing platform and more efficient management, in order to facilitate more aggressive business development, a coalescence of related technologies, and a more effective utilization of personnel resources.



Innotech Corporation is endeavoring to reshape its business model- from that of an orders-driven business based on strategic partnerships with overseas firms with superior technology and our own proprietary technology such as VMS-toward business development based on a more proactive marketing stance.

In addition to the Innotech Group's strong engineering skills and proprietary technology, IT Access Co., Ltd., provides various middleware system equipment, while Sanei Hytechs Co., Ltd., provides contract manufacturing for LSI system software development, and IT personnel support services.

The merger will result in the combination of the accumulated marketing strengths of Innotech and Inno Micro, and based on the resulting marketing organization integration, we expect to achieve an even greater degree of collaboration among the above-mentioned engineering skills within the Group which will work to maximize the synergies of the Group.

In addition to achieving the previously mentioned goal of facilitating more proactive business development, the merger also represents a step forward in invigorating the growth potential of the group as a whole.

Henceforth, in addition to strengthening and solidifying our core businesses, Innotech will continue to allocate management resources to new growth areas as we continue to pursue an ever more efficient management structure and proactively work to grow our business.

It is our wish that you too will continue to believe in our potential.

Takashi Tsumori
President and Chief Operating
Officer

A handwritten signature in black ink, appearing to read 'Takashi Tsumori', written in a cursive style.