

For Immediately Release

Consolidated Financial Statements

For the First Quarter ended June 30, 2008

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 2
 Code No.: 9880
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 President and CEO: Makoto Sumita
 U.S. Accounting Principle: Not adopted

1. Consolidated Financial Highlights for the First Quarter ended June 30, 2008

(April 1, 2008 to June 30, 2008)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Profit		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
first quarter ended								
June 30, 2008	8,959	-	466	-	443	-	168	-
June 30, 2007	13,762	10.1	875	11.8	869	24.1	475	28.9

	Net Income per Share	Net Income per Share, Diluted
	yen	yen
first quarter ended		
June 30, 2008	7.32	7.28
June 30, 2007	20.54	20.45

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
As of				
June 30, 2008	36,838	23,125	62.1	1,006.89
March 31, 2008	40,439	23,525	57.6	1,006.84

(Reference) Shareholders' equity as of June 30, 2008: 22,865 million yen; March 31, 2008: 23,299 million yen

2.Dividends on Stock

	Dividends per Share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal year	yen	yen	yen	yen	yen
ended Mar. 31, 2008	-	8.00	-	10.00	18.00
ending Mar. 31, 2009	-	—	—	—	—
ending Mar. 31, 2009(Forecast)	—	8.00	-	12.00	20.00

Note: Revision of dividend forecast for this period: None

3.Earnings Forecasts for the Fiscal Year ending March, 31(Consolidated)

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

	Net Sales		Operating Income		Ordinary Profit	
	millions of yen	%	millions of yen	%	millions of yen	%
Six months ending Sep. 30, 2008	16,500	-	600	-	550	-
Fiscal year ending Mar. 31, 2009	33,000	(37.5)	1,650	(50.5)	1,600	(50.6)

	Net Income		Net Income per Share	
	millions of yen	%	yen	
Six months ending Sep. 30, 2008	200	-	8.69	
Fiscal year ending Mar. 31, 2009	700	(55.3)	30.40	

Note: Revision of consolidated earnings forecast for this period: None

4.Others

- (1) Important changes in subsidiaries (Changes on specific subsidiaries with changes in scope of consolidation):None
- (2) Use of simplified accounting method and special accounting policy for quarterly financial reporting: yes
- (3) Changes in principles, procedures and display of accounting method concerning quarterly consolidated statement policies.

(Listed as changes in basis of presentation of consolidated financial statement)

① Changes in accounting policies: yes

② Other changes: None

- (4) Number of shares outstanding (common stock)

① Total outstanding shares including treasury shares as of:

June 30, 2008 23,164,901 shares March 31, 2008 23,164,901 shares

② Outstanding treasury shares as of:

June 30, 2008 456,228 shares March 31, 2008 24,228 shares

③ Average outstanding shares for the first quarter ended:

June 30, 2008 23,026,040 shares June 30, 2007 23,164,179 shares

Consolidated Balance Sheets

(Thousands of Yen)

	First Quarter as of June 30 ,2008	Full year as of March 31 ,2008
ASSETS:		
Current Assets:		
Cash and bank deposits	1,574,540	3,134,442
Notes and accounts receivable, trade	10,688,740	12,950,536
Merchandise and finished goods	2,945,035	3,206,561
Advance payments-trade	6,410,080	6,018,111
Other	754,019	745,798
Allowance for doubtful accounts	(10,192)	(11,864)
Total current assets	22,362,224	26,043,585
Noncurrent Assets:		
Property, Plant and Equipment:		
Buildings and structures	8,074,003	8,073,796
Accumulated depreciation	(2,985,822)	(2,936,181)
Buildings and structures, net	5,088,181	5,137,615
Land	5,702,397	5,702,397
Other	776,761	759,563
Accumulated depreciation	(494,254)	(480,785)
Other, net	282,506	278,777
Total Noncurrent Assets	11,073,086	11,118,790
Intangible Assets:		
Goodwill	753,531	798,130
Other	238,720	258,843
Total Intangible Assets	992,251	1,056,974
Investments and Other Assets:		
Investment securities	1,216,436	1,006,221
Other	1,398,861	1,407,692
Allowance for doubtful accounts	(204,304)	(194,036)
Total Investments and Other Assets	2,410,992	2,219,877
Total Noncurrent assets	14,476,330	14,395,642
Total assets	36,838,554	40,439,228
LIABILITIES:		
Current Liabilities:		
Notes and accounts payable-trade	2,863,066	3,504,150
Short-term loans payable	2,613,771	4,379,000
Income taxes payable	190,675	1,043,266
Advances received	5,025,469	4,527,495
Provision for bonuses	57,609	—
Provision for directors' bonuses	10,673	—
Other	764,295	898,719
Total current liabilities	11,525,560	14,352,631
Noncurrent Liabilities:		
Long-term loans payable	1,852,000	2,160,400
Provision for retirement benefits	226,586	227,855
Provision for directors' retirement benefits	10,255	7,100
Other	98,284	165,555
Total Noncurrent liabilities	2,187,126	2,560,911
Total liabilities	13,712,686	16,913,542
NET ASSETS:		
Shareholders' equity:		
Capital stock	10,504,094	10,504,094
Capital surplus	9,282,678	9,282,678
Retained earnings	3,245,145	3,307,949
Treasury stock	(370,477)	(23,997)
Total Shareholders' equity	22,661,442	23,070,725
Valuation and Translation Adjustments:		
Valuation difference on available-for-sale securities	227,933	176,443
Deferred gains or losses on hedges	87,074	43,576
Foreign currency translation adjustment	(111,341)	8,257
Total valuation and translation adjustments	203,666	228,277
Subscription rights to shares	95,458	71,708
Minority interests	165,301	154,973
Total net assets	23,125,867	23,525,685
Total liabilities and net assets	36,838,554	40,439,228

Consolidated Statements of Income

(Thousands of Yen)

	First Quarter From April 1 to June 30 2008
Net Sales	8,959,701
Cost of sales	7,218,212
Gross profit	1,741,489
Selling, general and administrative expenses	1,275,142
Operating income	466,346
Non-operating income	
Real estate rent	150,167
Other	43,122
Total Non-operating income	193,289
Non-operating expenses	
Interest expenses	28,623
Rent expenses on real estates	113,687
Foreign exchange losses	69,789
Other	4,366
Total Non-operating expenses	216,467
Ordinary Profit	443,168
Extraordinary loss	
Loss on valuation of inventories	38,258
Total Extraordinary loss	38,258
Income before Income Taxes	404,910
Income taxes	224,138
Minority interests in income	12,169
Net income	168,602

Consolidated Statements of Cash Flows

(Thousands of Yen)

	First Quarter From April 1 to June 30 2008
I Net cash provided by (used in) operating activities:	
Income before income taxes	404,910
Depreciation and amortization	100,333
Amortization of goodwill	44,599
Increase (decrease) in allowance for doubtful accounts	(1,673)
Increase (decrease) in provision for retirement benefits	(1,268)
Interest and dividends income	(6,376)
Interest expenses	28,623
Decrease (increase) in notes and accounts receivable-trade	2,024,498
Decrease (increase) in inventories and advance payments	(212,095)
Increase (decrease) in notes and accounts payable-trade	(471,535)
Increase (decrease) in advances received	497,973
Other	(260,008)
Subtotal	2,147,980
Interest and dividends income received	5,180
Interest expenses paid	(30,935)
Income taxes paid	(1,013,182)
Total	1,109,043
II Net cash provided by (used in) investment activities:	
Purchase of property, plant and equipment	(9,558)
Purchase of investment securities	(116,596)
Other	(20,052)
Total	(146,206)
III Net cash provided by (used in) financing activities:	
Net increase (decrease) in short-term loans payable	(1,482,869)
Repayment of long-term loans payable	(367,400)
Purchase of treasury stock	(348,388)
Cash dividends paid	(187,634)
Cash dividends paid to minority shareholders	(1,810)
Other	(227)
Total	(2,388,329)
Effect of exchange rate change on cash and cash equivalents	(134,408)
Net increase (decrease) in cash and cash equivalents	(1,559,901)
Cash and cash equivalents at beginning of year	3,134,442
Cash and cash equivalents at end of year	1,574,540

(Reference)
Consolidated Statements of Income

(Thousands of Yen)

	First Quarter From April 1 to June 30 2007
Net Sales	13,762,502
Cost of Goods Sold	11,592,707
Gross Profit on Sales	2,169,794
Selling, General and Administrative Expenses	1,294,684
Operating income	875,110
Total non-operating income	207,664
Total non-operating expenses	212,853
Ordinary Profit	869,921
Income before Income Taxes	869,921
Income taxes and Deferred income taxes	384,881
Minority interests in income (losses) of consolidated subsidiaries	9,308
Net income	475,731

Consolidated Statements of Cash Flows

(Thousands of Yen)

	First Quarter From April 1 to June 30 2007
I Net cash provided by (used in) operating activities:	
Income before income taxes	869,921
Depreciation expenses	153,617
Increase (decrease) in allowance for retirement and severance bene	(485)
Interest and dividend income	(5,572)
Interest expenses	70,530
Decrease (increase) in trade receivables	1,679,517
Decrease (increase) in inventories and advances to suppliers	(2,925,703)
Increase (decrease) in trade payables	1,598,680
Other	134,754
Subtotal	1,575,259
Interest and dividends received	4,376
Interest paid	(70,638)
Payment (refund) of corporate income taxes	(501,456)
Total	1,007,540
II Net cash provided by (used in) investing activities:	
Payments for purchase of property, plant and equipment	(25,463)
Proceeds from sales of property, plant and equipment	1,370
Payments for purchase of investment securities	(12,361)
Proceeds from sales of investment securities	12,947
Proceeds from collection of long-term loans	1,338
Other	(138,613)
Total	(160,781)
III Net cash provided by (used in) financing activities:	
Net increase (decrease) in short-term borrowings	(1,945,033)
Payments of long-term debt	(662,170)
Payments for purchase of treasury stock	(89)
Dividends paid by parent company	(110,635)
Dividends paid to minority shareholders	(1,810)
Total	(2,719,738)
Effect of exchange rate changes on cash and cash equivalents	(12,105)
Increase (decrease) in cash and cash equivalents	(1,885,084)
Cash and cash equivalents at beginning of year	2,660,288
Cash and cash equivalents at end of year	775,204