

# For Immediately Release

## Consolidated Financial Statements

For the Third Quarter ended December 31, 2005

### INNOTECH CORPORATION

Stock Listed: JASDAQ Securities Exchange  
 Code No.: 9880  
 URL: <http://www.innotech.co.jp>  
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 President and CEO: Takashi Tsumori  
 U.S. Accounting Principle: Not adopted

## Consolidated Financial Highlights for the Third Quarter ended December 31, 2005

(April 1, 2005 to December 31, 2005)

### (1) Consolidated Operating Results

(Millions of Yen)

	between April 1 and December 31				Full year ended March 31, 2005
	2005	% change	2004	% change	
Net Sales . . . . .	32,747	20.9%	27,085	-7.8%	36,308
Operating Income . . . . .	1,477	24.8%	1,183	-	1,498
Recurring Profit . . . . .	1,496	33.1%	1,124	-	1,411
Net Income . . . . .	569	-48.3%	1,102	-	911
Net Income per Share( ¥) . . . . .	¥29.05	-	¥62.48	-	¥49.61
Net Income per Share, Diluted( ¥) . . . . .	¥28.27	-	¥59.75	-	¥47.19

Note (1) Changes in accounting method:

Laundaring about allowance for doubtful general accounts receivable was not put into effect.

Tax expenses on consolidate subsidiaries were accounted by the estimated effect tax rate.

Note (2) Percentages shown for net sales, operating income, recurring profit and net income are the increase and decrease compared with the previous same term.

### (2) Consolidated Financial Position

(Millions of Yen)

	between April 1 and December 31		Full year ended March 31, 2005
	2005	2004	
Total Assets . . . . .	43,290	40,547	39,653
Shareholders' Equity . . . . .	17,485	16,003	15,234
Shareholders' Equity Ratio (%) . . . . .	40.4%	39.5%	38.4%
Shareholders' Equity per Share ( ¥) . . . . .	¥869.13	¥885.68	¥873.20

**Consolidated Balance Sheets (Unaudited)**

(Thousands of Yen)

<b>ASSETS:</b>	Third Quarter as of December 31		Change	%	Full year as of March 31 ,2005
	2005	2004			
<b>Current Assets:</b>					
Cash and bank deposits	4,409,889	1,730,120	2,679,768	154.9	2,877,420
Notes and accounts receivable,trade	14,845,979	12,803,946	2,042,033	15.9	12,003,608
Inventories	3,092,429	2,981,279	111,149	3.7	2,372,152
Deferred tax assets	666,614	529,089	137,524	26.0	784,620
Other	3,225,152	2,678,283	546,868	20.4	2,558,581
Allowance for doubtful accounts	10,724	10,140	584	5.8	26,744
<b>Total current assets</b>	<b>26,229,340</b>	<b>20,712,581</b>	<b>5,516,759</b>	<b>26.6</b>	<b>20,569,639</b>
<b>Fixed Assets:</b>					
<b>Property, Plant and Equipment:</b>					
Buildings and structures	5,598,054	5,967,804	369,750	6.2	5,846,697
Land	5,717,727	5,951,312	233,585	3.9	5,844,284
Other	607,317	609,663	2,345	0.4	621,357
<b>Intangible Assets:</b>					
Consolidation adjustments account	1,199,528	1,089,098	110,430	10.1	1,333,327
Other	419,913	501,831	81,917	16.3	470,001
<b>Investments and Other Assets:</b>					
Investments in securities	2,098,696	2,004,521	94,175	4.7	2,198,586
Other	1,570,714	3,845,519	2,274,804	59.2	2,800,223
Allowance for doubtful accounts	150,947	135,103	15,844	11.7	30,945
<b>Total fixed assets</b>	<b>17,061,004</b>	<b>19,834,647</b>	<b>2,773,642</b>	<b>14.0</b>	<b>19,083,533</b>
<b>Total assets</b>	<b>43,290,345</b>	<b>40,547,228</b>	<b>2,743,116</b>	<b>6.8</b>	<b>39,653,172</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Notes and accounts payable,trade	3,040,218	2,324,684	715,534	30.8	2,509,993
Short-term borrowings	12,375,272	11,419,132	956,139	8.4	12,101,132
Other	1,979,397	2,650,413	671,015	25.3	3,042,650
<b>Total current liabilities</b>	<b>17,394,889</b>	<b>16,394,230</b>	<b>1,000,658</b>	<b>6.1</b>	<b>17,653,776</b>
<b>Long-term Liabilities:</b>					
CB with warrant	131,000	830,000	699,000	84.2	539,000
Long-term debt	7,786,690	6,603,322	1,183,368	17.9	5,727,656
Allowance for retirement and severance benefits	230,198	285,215	55,017	19.3	261,539
Other	172,238	151,450	20,788	13.7	151,857
<b>Total long-term liabilities</b>	<b>8,320,126</b>	<b>7,869,987</b>	<b>450,138</b>	<b>5.7</b>	<b>6,680,052</b>
<b>Total liabilities</b>	<b>25,715,015</b>	<b>24,264,218</b>	<b>1,450,796</b>	<b>6.0</b>	<b>24,333,828</b>
Minority interests in consolidated subsidiaries	89,659	279,218	189,558	67.9	84,956
<b>SHAREHOLDERS' EQUITY:</b>					
<b>Total shareholders' equity</b>	<b>17,485,670</b>	<b>16,003,790</b>	<b>1,481,879</b>	<b>9.3</b>	<b>15,234,386</b>
<b>Total liabilities, minority interests and shareholders'equity</b>	<b>43,290,345</b>	<b>40,547,228</b>	<b>2,743,116</b>	<b>6.8</b>	<b>39,653,172</b>

**Consolidated Statements of Income (Unaudited)**

(Thousands of Yen)

	Third Quarter		Change		Full year as of March 31 ,2005
	From April 1 to December 31		Amount	%	
	2005	2004			
<b>Net Sales</b>	32,747,616	27,085,989	5,661,627	20.9	36,308,620
Cost of Goods Sold	27,729,935	22,166,482	5,563,453	25.1	29,624,479
Gross Profit on Sales	5,017,680	4,919,507	98,173	2.0	6,684,140
Selling, General and Administrative Expenses	3,540,473	3,735,993	195,519	5.2	5,185,939
<b>Operating income</b>	1,477,207	1,183,513	293,693	24.8	1,498,201
Total non-operating income	741,377	661,670	79,707	12.0	830,395
Total non-operating expenses	721,695	720,279	1,416	0.2	917,184
<b>Ordinary Profit</b>	1,496,889	1,124,904	371,984	33.1	1,411,412
Total extraordinary gain	153,331	299,423	146,091	48.8	365,094
Total extraordinary loss	524,105	269,436	254,669	94.5	711,462
<b>Income before Income Taxes</b>	1,126,115	1,154,891	28,776	2.5	1,065,044
Income taxes and Deferred income taxes	534,633	3,794	538,427	-	57,391
Minority interests in income (losses) of consolidated subsidiaries	21,538	56,281	34,742	61.7	96,341
<b>Net income</b>	569,943	1,102,404	532,461	48.3	911,311