

# For Immediately Release

## Consolidated Interim Financial Statements

For the six months ended September 30, 2006

### INNOTECH CORPORATION

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

## Consolidated Interim Financial Highlights for the Six Months Ended September 30, 2006

(April 1, 2006 to September 30, 2006)

### (1) Consolidated Operating Results

(Millions of Yen)

	Half year			Full Year
	From April 1 to September 30			Full year ended March 31, 2006
	2006	% change	2005	
Net Sales. . . . .	25,506	26.2%	20,205	45,053
Operating Income. . . . .	1,758	95.0%	901	2,093
Recurring Profit. . . . .	1,666	78.6%	933	2,006
Net Income. . . . .	880	177.3%	317	766
Net Income per Share(¥). . . . .	¥38.37	-	¥16.40	¥37.15
Net Income per Share, Diluted(¥). . . . .	¥37.89	-	¥15.89	¥35.77

Note : 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)

	Half year		Full Year
	As of September 30		Full year ended March 31, 2006
	2006	2005	
Total Assets. . . . .	40,730	41,418	39,581
Shareholders' Equity. . . . .	21,921	17,150	19,096
Shareholders' Equity Ratio (%). . . . .	53.5%	41.4%	48.2%
Shareholders' Equity per Share (¥). . . . .	¥945.74	¥855.36	¥897.40

**Consolidated Balance Sheets**

(Thousands of Yen)

ASSETS:	Half year as of September 30		Change %	Full year as of March 31 ,2006	
	2006	2005			
<b>Current Assets:</b>					
Cash and bank deposits	3,090,433	4,550,380	△ 1,459,947	-32.1%	3,305,273
Notes and accounts receivable,trade	15,204,611	12,569,794	2,634,817	21.0%	13,562,630
Inventories	3,762,397	3,466,943	295,454	8.5%	2,393,277
Other	2,620,890	3,517,770	△ 896,880	-25.5%	3,423,369
Allowance for doubtful accounts	△7,838	△10,724	2,886	—	△ 8,844
Total current assets	24,670,493	24,094,165	576,328	2.4%	22,675,707
<b>Fixed Assets:</b>					
Property, Plant and Equipment:					
Buildings and structures	5,441,059	5,694,343	△ 253,284	-4.4%	5,569,088
Land	5,702,397	5,717,727	△ 15,330	-0.3%	5,717,727
Other	585,601	577,908	7,693	1.3%	578,157
Intangible Assets:					
Consolidation adjustments account	1,065,812	1,244,127	△ 178,315	-14.3%	1,154,928
Other	338,388	443,062	△ 104,674	-23.6%	393,216
Investments and Other Assets:					
Investments in securities	1,898,724	2,048,189	△ 149,465	-7.3%	2,252,153
Other	1,180,401	1,750,137	△ 569,736	-32.6%	1,393,759
Allowance for doubtful accounts	△152,195	△150,947	△ 1,248	—	△ 153,437
Total fixed assets	16,060,190	17,324,549	△ 1,264,359	-7.3%	16,905,594
<b>Total assets</b>	<b>40,730,683</b>	<b>41,418,714</b>	<b>△ 688,031</b>	<b>-1.7%</b>	<b>39,581,301</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Notes and accounts payable,trade	4,450,862	3,035,859	1,415,003	46.6%	3,180,153
Short-term borrowings	6,184,245	10,903,333	△ 4,719,088	-43.3%	6,257,216
Accounts payable,other	406,904	1,117,833	△ 710,929	-63.6%	459,820
Income tax payable	223,626	119,474	104,152	87.2%	275,816
Other	1,788,304	983,487	804,817	81.8%	1,221,596
Total current liabilities	13,053,944	16,159,987	△ 3,106,043	-19.2%	11,394,603
<b>Long-term Liabilities:</b>					
CB with warrant	—	164,000	—	—	1,900,000
Long-term debt	5,380,600	7,450,190	△ 2,069,590	-27.8%	6,698,420
Allowance for retirement and severance benefits	211,373	246,735	△ 35,362	-14.3%	222,870
Other	162,841	154,440	8,401	5.4%	166,499
Total long-term liabilities	5,754,815	8,015,366	△ 2,260,551	-28.2%	8,987,789
<b>Total liabilities</b>	<b>18,808,759</b>	<b>24,175,353</b>	<b>△ 5,366,594</b>	<b>-22.2%</b>	<b>20,382,392</b>
Minority interests in consolidated subsidiaries	—	92,952	—	—	102,406
<b>SHAREHOLDERS' EQUITY:</b>					
<b>Total shareholders' equity</b>	<b>21,921,924</b>	<b>17,150,407</b>	<b>4,771,517</b>	<b>27.8%</b>	<b>19,096,502</b>
<b>Total liabilities, minority interests and shareholders'equity</b>	<b>40,730,683</b>	<b>41,418,714</b>	<b>△ 688,031</b>	<b>-1.7%</b>	<b>39,581,301</b>

**Consolidated Statements of Income**

(Thousands of Yen)

	Half year		Change		Full year ended March 31, 2006
	From April 1 to September 30 2006	2005	Amount	%	
<b>Net Sales</b>	25,506,417	20,205,762	5,300,655	26.2%	45,053,407
Cost of Goods Sold	21,251,716	16,911,829	4,339,887	25.7%	38,080,840
Gross Profit on Sales	4,254,700	3,293,932	960,768	29.2%	6,972,567
Selling, General and Administrative Expenses	2,496,216	2,392,029	104,187	4.4%	4,878,959
<b>Opreating income</b>	1,758,484	901,902	856,582	95.0%	2,093,608
Total non-operating income	405,547	483,504	△ 77,957	-16.1%	908,256
Total non-operating expenses	497,117	452,131	44,986	9.9%	994,929
<b>Ordinary Profit</b>	1,666,914	933,276	733,638	78.6%	2,006,935
Total extraordinary gain	190,618	152,858	37,760	24.7%	205,258
Total extraordinary loss	245,329	460,034	△ 214,705	-46.7%	943,275
<b>Income before Income Taxes</b>	1,612,203	626,099	986,104	157.5%	1,268,919
Income taxes and Deferred income taxes	721,153	297,420	423,733	142.5%	467,842
Minority interests in income (losses) of consolidated subsidiaries	10,110	10,953	△ 843	-7.7%	34,316
<b>Net income</b>	880,940	317,725	563,215	177.3%	766,759