

For Immediately Release

Consolidated Financial Statements

For the Third Quarter ended December 31, 2006

INNOTECH CORPORATION

Stock Listed: JASDAQ Securities Exchange
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 U.S. Accounting Principle: Not adopted

Consolidated Financial Highlights for the Third Quarter ended December 31, 2006

(April 1, 2006 to December 31, 2006)

(1) Consolidated Operating Results

(Millions of Yen)

	Third Half				Full Year
	between April 1 and December 31				Full year ended March 31, 2006
	2006	% change	2005	% change	
Net Sales.	42,226	28.9%	32,747	20.9%	45,053
Operating Income.	2,573	74.2%	1,477	24.8%	2,093
Recurring Profit.	2,452	63.9%	1,496	33.1%	2,006
Net Income.	1,355	137.8%	569	-48.3%	766
Net Income per Share(¥).	¥58.97	-	¥29.05	-	¥37.15
Net Income per Share, Diluted(¥).	¥58.29	-	¥28.27	-	¥35.77

Note (1) Adopting concise accounting method:

- ① A part of Laundering about allowance for doubtful general accounts receivable is adopted concise accounting method.
- ② Tax expenses on consolidate subsidiaries are 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)

	Third Half		Full Year
	between April 1 and December 31		Full year ended March 31, 2006
	2006	2005	
Total Assets.	43,360	43,290	39,581
Shareholders' Equity.	22,332	17,485	19,096
Shareholders' Equity Ratio (%).	51.1%	40.4%	48.2%
Shareholders' Equity per Share (¥).	¥958.02	¥869.13	¥897.40

	Third Half		Full Year
	between April 1 and December 31		Full year ended March 31, 2006
	2006	2005	
Net cash provided by (used in) operating activities. .	-2,406	-	212
Net cash provided by (used in) investing activities. .	1,310	-	1,043
Net cash provided by (used in) financing activities. .	894	-	-844

Consolidated Balance Sheets

(Thousands of Yen)

ASSETS:	Third Quarter as of December 31		Change	%	Full year as of March 31 ,2006
	2006	2005			
Current Assets:					
Cash and bank deposits	3,117,198	4,409,889	△ 1,292,690	△ 29.3	3,305,273
Notes and accounts receivable,trade	17,890,322	14,845,979	3,044,342	20.5	13,562,630
Inventories	3,546,675	3,092,429	454,246	14.7	2,393,277
Deferred tax assets	242,793	666,614	△ 423,820	△ 63.6	890,173
Other	2,656,779	3,225,152	△ 568,373	△ 17.6	2,533,195
Allowance for doubtful accounts	△ 7,826	△ 10,724	2,898	△ 27.0	△ 8,844
Total current assets	27,445,943	26,229,340	1,216,602	4.6	22,675,707
Fixed Assets:					
Property, Plant and Equipment:					
Buildings and structures	5,353,920	5,598,054	△ 244,133	△ 4.4	5,535,761
Land	5,702,397	5,717,727	△ 15,329	△ 0.3	5,717,727
Other	609,545	607,317	2,227	0.4	611,484
Intangible Assets:	1,333,998	1,619,441	△ 285,443	△ 17.6	1,548,145
Investments and Other Assets:					
Investments in securities	1,839,661	2,098,696	△ 259,034	△ 12.3	2,252,153
Deferred tax assets	447,650	559,777	△ 112,126	△ 20.0	347,010
Other	779,472	1,010,936	△ 231,464	△ 22.9	1,046,749
Allowance for doubtful accounts	△ 152,195	△ 150,947	△ 1,248	0.8	△ 153,437
Total fixed assets	15,914,451	17,061,004	△ 1,146,552	△ 6.7	16,905,594
Total assets	43,360,395	43,290,345	70,049	0.2	39,581,301
LIABILITIES:					
Current Liabilities:					
Notes and accounts payable,trade	3,953,750	3,040,218	913,531	30.0	3,180,153
Short-term borrowings	9,039,315	12,375,272	△ 3,335,956	△ 27.0	6,257,216
Other	2,662,423	1,979,397	683,025	34.5	1,957,234
Total current liabilities	15,655,489	17,394,889	△ 1,739,399	△ 10.0	11,394,603
Long-term Liabilities:					
CB with warrant	—	131,000	△ 131,000	—	1,900,000
Long-term debt	5,007,200	7,786,690	△ 2,779,490	△ 35.7	6,698,420
Allowance for retirement and severance benefits	202,972	230,198	△ 27,226	△ 11.8	222,870
Other	162,587	172,238	△ 9,651	△ 5.6	166,499
Total long-term liabilities	5,372,759	8,320,126	△ 2,947,367	△ 35.4	8,987,789
Total liabilities	21,028,249	25,715,015	△ 4,686,766	△ 18.2	20,382,392
Minority interests in consolidated subsidiaries	—	89,659	—	—	102,406
SHAREHOLDERS' EQUITY:					
Common stock	—	9,176,948	—	—	9,501,302
Capital reserves	—	7,822,103	—	—	8,279,570
Retained earnings	—	707,784	—	—	904,601
Unrealized gain(loss) on other securities	—	108,730	—	—	406,531
Foreign currency translation adjustments	—	10,677	—	—	5,682
Treasury stock	—	△ 340,575	—	—	△ 1,184
Total shareholders' equity	—	17,485,670	—	—	19,096,502
Total liabilities, minority interests and shareholders' equity	—	43,290,345	—	—	39,581,301
NET ASSETS:					
Owners' Equity:					
Common stock	10,498,838	—	—	—	—
Capital reserves	9,277,435	—	—	—	—
Retained earnings	2,032,449	—	—	—	—
Treasury stock	△ 626	—	—	—	—
Total owners' equity	21,808,097	—	—	—	—
Valuation and Translation Adjustments:					
Unrealized gain(loss) on other securities	345,720	—	—	—	—
Deferred losses on hedges	△ 4,067	—	—	—	—
Foreign currency translation adjustments	24,155	—	—	—	—
Total valuation and translation adjustr	365,809	—	—	—	—
Share Warrant	34,201	—	—	—	—
Minority interests in consolidated subsidiaries	124,038	—	—	—	—
Total net assets	22,332,146	—	—	—	—
Total liabilities and net assets	43,360,395	—	—	—	—

Consolidated Statements of Income

(Thousands of Yen)

	Third Quarter		Change		Full year as of March 31 ,2006
	From April 1 to December 31		Amount	%	
	2006	2005			
Net Sales	42,226,067	32,747,616	9,478,451	28.9	45,053,407
Cost of Goods Sold	35,934,921	27,729,935	8,204,985	29.6	38,080,840
Gross Profit on Sales	6,291,145	5,017,680	1,273,465	25.4	6,972,567
Selling, General and Administrative Expenses	3,717,904	3,540,473	177,430	5.0	4,878,959
Operating income	2,573,241	1,477,207	1,096,034	74.2	2,093,608
Total non-operating income	591,318	741,377	△ 150,058	△ 20.2	908,256
Total non-operating expenses	711,903	721,695	△ 9,792	△ 1.4	994,929
Ordinary Profit	2,452,657	1,496,889	955,768	63.9	2,006,935
Total extraordinary gain	191,437	153,331	38,105	24.9	205,258
Total extraordinary loss	245,329	524,105	△ 278,776	△ 53.2	943,275
Income before Income Taxes	2,398,765	1,126,115	1,272,650	113.0	1,268,919
Income taxes and Deferred income taxes	1,019,115	534,633	484,481	90.6	467,842
Minority interests in income (losses) of consolidated subsidiaries	24,073	21,538	2,535	11.8	34,316
Net income	1,355,576	569,943	785,633	137.8	766,759

Consolidated Statements of Cash Flows

(Thousands of Yen)

	Third Quarter		Change		Full year as of March 31 ,2006
	From April 1 to December 31 2006	2005	Amount	%	
I Net cash provided by (used in) operating activities:					
Income before income taxes	2,398,765	-	-	-	1,268,919
Depreciation expenses	360,604	-	-	-	512,920
Increase (decrease) in allowance for retirement and severance bene	△19,898	-	-	-	△ 38,669
Interest and dividend income	△8,758	-	-	-	△ 13,638
Interest expenses	234,050	-	-	-	346,389
Equity in losses of affiliated companies	4,040	-	-	-	60,030
Decrease (increase) in trade receivables	△4,353,492	-	-	-	△ 1,542,751
Decrease (increase) in inventories and advances to suppliers	△2,173,293	-	-	-	△ 981,286
Increase (decrease) in trade payables	789,376	-	-	-	634,957
Other	903,493	-	-	-	363,175
Subtotal	△1,865,112	-	-	-	610,045
Interest and dividends received	7,549	-	-	-	19,781
Interest paid	△222,037	-	-	-	△ 351,505
Payment (refund) of corporate income taxes	△326,956	-	-	-	△ 65,447
Total	△2,406,557	-	-	-	212,874
II Net cash provided by (used in) investing activities:					
Payments for purchase of property, plant and equipment	△46,325	-	-	-	△ 45,734
Proceeds from sales of property, plant and equipment	32,405	-	-	-	—
Payments for purchase of investment securities	△40,861	-	-	-	△ 80,110
Proceeds from sales of investment securities	248,495	-	-	-	277,614
Proceeds from collection of long-term loans	16,304	-	-	-	94,388
Proceeds from transfer of distribution rights	900,518	-	-	-	860,032
Other	199,627	-	-	-	△ 62,400
Total	1,310,165	-	-	-	1,043,790
III Net cash provided by (used in) financing activities:					
Net increase (decrease) in short-term borrowings	4,182,190	-	-	-	△ 4,672,940
Payments of long-term debt	△3,186,166	-	-	-	△ 5,859,132
Payments for purchase of treasury stock	△536	-	-	-	△ 2,554
Dividends paid by parent company	△192,689	-	-	-	△ 171,369
Dividends paid to minority shareholders	△1,810	-	-	-	△ 2,320
Other	93,149	-	-	-	9,863,872
Total	894,137	-	-	-	△ 844,443
Effect of exchange rate changes on cash and cash equivalents	14,179	-	-	-	15,630
Increase (decrease) in cash and cash equivalents	△188,075	-	-	-	427,853
Cash and cash equivalents at beginning of year	3,305,273	-	-	-	2,877,420
Cash and cash equivalents at end of year	3,117,198	-	-	-	3,305,273