

# Summary Interim Financial Statements (Consolidated) for Year Ending March 31, 2007

November 7, 2006

Company Name: Amano Corporation

Securities code: 6436

(URL <http://www.amano.co.jp/>)

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Date of Board of Directors meeting to approve these accounts: November 7, 2006

U.S. GAAP applied (Yes/No): No

## 1. Business results for the first half ended September 30, 2006 (April 1, 2006, to September 30, 2006)

(1) Operating results (Amounts in millions have been rounded down to the nearest million)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
Half ended September 30, 2006	41,393	4.0	4,699	(15.0)	4,702	(16.5)
Half ended September 30, 2005	39,818	15.2	5,528	55.4	5,628	56.6
Year ended March 31, 2006	79,743	-	9,537	-	9,581	-

	Net income		Net income per share	Diluted net income per share
	Millions of yen	(% change)	Yen	Yen
Half ended September 30, 2006	2,682	(24.1)	33.45	33.43
Half ended September 30, 2005	3,536	64.9	44.31	44.29
Year ended March 31, 2006	5,915	-	72.89	72.76

Notes: 1. Equity in earnings of affiliates Half ended September 30, 2006: - Half ended September 30, 2005: -

Year ended March 31, 2006: -

2. Average number of shares outstanding Half ended September 30, 2006: 80,209,185 Half ended September 30, 2005: 79,799,392

Year ended March 31, 2006: 79,928,640

3. Changes in accounting methods (Yes/No): No

4. Percentages for net sales, operating profit, ordinary profit and net income denote year-on-year changes.

## (2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At September 30, 2006	107,969	80,836	74.4	1,000.58
At September 30, 2005	103,331	76,217	73.8	952.98
At March 31, 2006	105,262	78,732	74.8	981.92

Notes: Total number of shares issued and outstanding at end of period

Half ended September 30, 2006: 80,244,038 Half ended September 30, 2005: 79,978,179 Year ended March 31, 2006: 80,090,673

## (3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Half ended September 30, 2006	2,464	(4,264)	(877)	31,783
Half ended September 30, 2005	2,711	(1,536)	(688)	35,345
Year ended March 31, 2006	6,048	(4,279)	(2,133)	34,402

## (4) Scope of consolidation or application of the equity method

Number of consolidated subsidiaries: 24

Number of unconsolidated subsidiaries accounted for by the equity method: -

Number of affiliates accounted for by the equity method: -

## (5) Changes in the scope of consolidation or application of the equity method

Newly consolidated companies: -; Excluded companies: -

Newly added equity method companies: -; Excluded equity method companies: -

## 2. Forecast earnings for the year ending March 31, 2007 (April 1, 2006, to March 31, 2007)

	Net sales	Ordinary profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Full year	84,000	10,000	6,000

Reference: Projected net income per share (Full year): ¥74.77

Note: The forecasts set out above have been prepared on the basis of information available as of the date on which these documents were prepared. Owing to changes in business conditions and other factors, the actual results may vary from these forecasts. Please refer to pages (9) to (10) of the accompanying material for specific information relating to these forecasts.

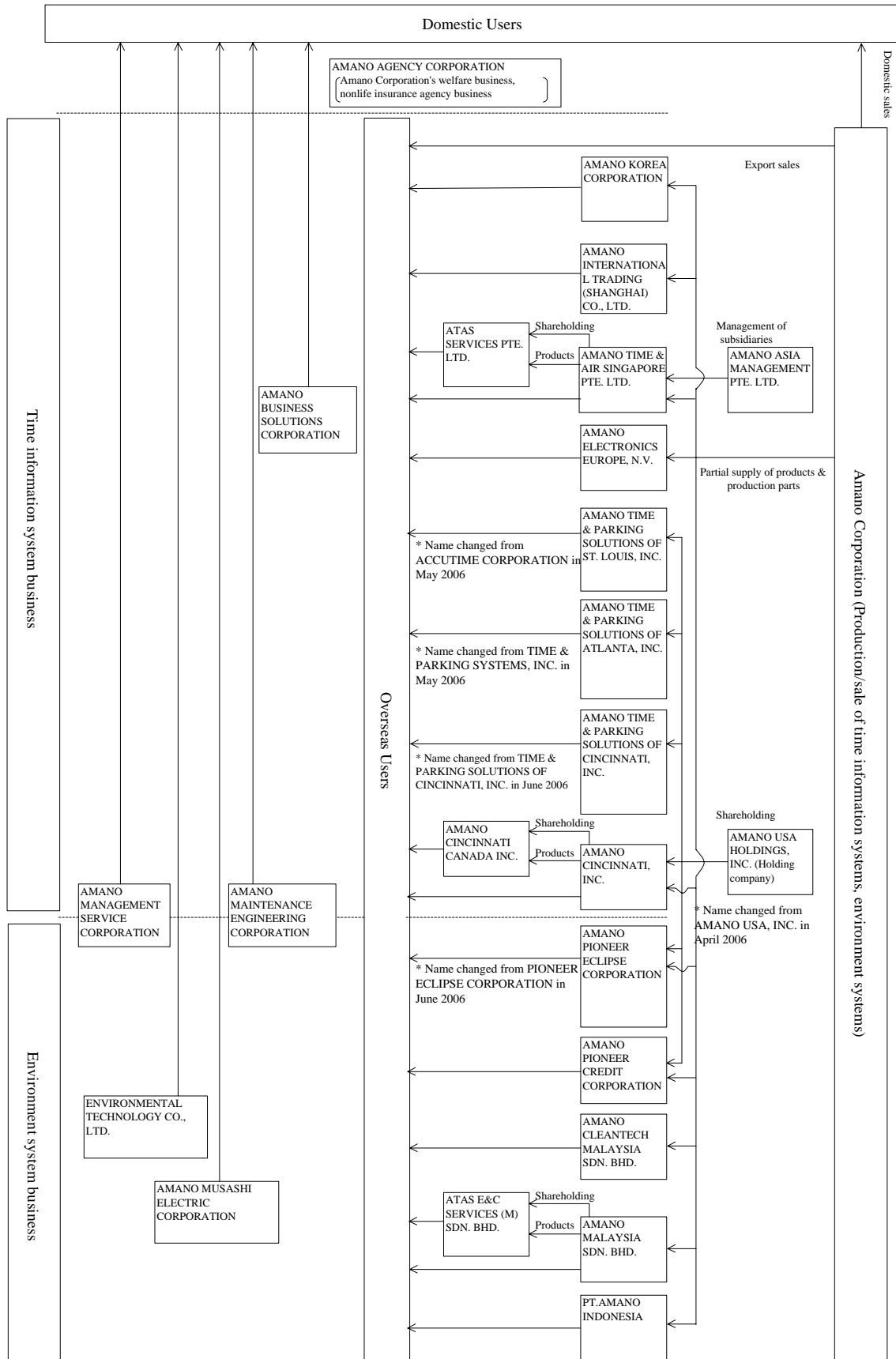
# 1. Status of the Corporate Group

The Amano Group comprises Amano Corporation and 31 subsidiaries, engaging primarily in the production and sale of time information systems and environment systems.

The following chart sets out the principal business activities.

The positioning of the companies in the business categories shown in the chart are in accordance with each company's principal business.

Note: All these companies are consolidated subsidiaries.



## 2. Business Policies

### 1. Basic management policy

Throughout its history, Amano has adhered to a basic policy of putting the customer first. This has meant paying heed to what its customers say, based on the corporate themes of “people and time” and “people and the environment,” and giving pivotal importance to customer satisfaction throughout its business activities, particularly in sales, production, and development activities.

In accordance with this fundamental policy, Amano continues to undertake business activities with the goal of earning the trust and high regard of all those who support it: customers, employees, shareholders, suppliers and other entities with which it does business, and the local community. It achieves this by providing a variety of products, systems, services, and solutions that match the needs of customers in relation to the themes of “people and time” and “people and the environment.”

Amano and its Group companies direct their efforts towards maximizing corporate value by fostering innovation in management and by ensuring a strong earnings structure and sustained growth in business performance.

### 2. Basic policy on distribution of profits

For Amano, one of the issues to which it devotes most importance is its policy for dividends to shareholders. Fundamental to this is its policy for the return of profit to shareholders, based on maintaining a stable ordinary dividend of ¥22 annually (¥11 interim and ¥11 year-end), together with appropriate results-based distributions and flexible purchasing of treasury stock.

For dividends, for the time being it has been decided to adopt a criterion of maintaining a payout ratio of at least 35% on a consolidated basis. The medium-term goal is to maintain a ratio of dividends to net assets of at least 2.5%.

For the current first half we plan to pay a dividend of ¥13, the same amount as in the preceding period.

Retained earnings will be used to fund effective investment aimed at the fundamental enhancement of the Company’s capacity to conduct its business operations. This will include the expansion and strengthening of existing business fields, strategic investment in growth fields, and spending on research and development, as well as the rationalization of production plant and equipment for the purpose of reducing costs and further improving product quality.

### 3. Medium- and long-term management strategy and targeted management indicators

Amano and its Group companies each continue the tradition of evolving continuously in response to changes in the times, while maintaining the following four immutable strategies of the Amano Group.

- (1) Emphasis on Time & Ecology business fields, and enhancement of core business
- (2) Being a niche leader in the business fields in which we excel
- (3) Constant restructuring
- (4) Management based on cash flow

Based on these four fundamental strategies, in April 2005 Amano inaugurated its third three-year medium-term management plan.

Business results in the first fiscal year (year ended March 2006) of the plan, and the projections for the second (year ending March 2007) and third (year ending March 2008) years, are set out below.

(Unit: Millions of yen)

	Year ended March 2006		Year ending March 2007		Year ending March 2008	
	Amount	YOY change (%)	Amount	YOY change (%)	Amount	YOY change (%)
Net sales	79,743	9.0	84,000	5.3	90,000	7.1
Operating profit	9,537	5.1	10,100	5.9	11,600	14.9
Operating profit	12.0%		12.0%		12.9%	
Ordinary profit	9,581	7.0	10,000	4.4	11,800	18.0
Net income	5,915	15.8	6,000	1.4	7,100	18.3

Amano is targeting the following management indicators for its consolidated results in the final year of the plan (year ending March 2008).

- (1) Consolidated operating profit to sales: 13% or more
- (2) ROE: 8.5%
- (3) Earnings per share: ¥88 or more

### 3. Business Results and Financial Status

#### 1. Business results

During the half, the Japanese economy was impacted by negative factors such as the sharp increases in crude-oil prices and concerns about a slowdown in the U.S. economy. Overall, however, the Japanese economy maintained its favorable progress, powered by improvements in corporate earnings and the employment situation and by an increase in capital investment.

Amid these circumstances, throughout the Group we pursued the building of “A strong profit structure and sustainable growth,” based on the program for the second year of our third three-year medium-term management plan. Particular efforts were devoted to strengthening our marketing capability, cutting fixed costs, reducing prime costs, and raising productivity.

During the half the Company generated net sales totaling ¥41,393 million, up by 4.0% year-on-year, operating profit of ¥4,699 million, down by 15.0%, and ordinary profit of ¥4,702 million, down by 16.5%. The Company also posted an extraordinary profit of ¥25 million and an extraordinary loss of ¥41 million, posting net income of ¥2,682 million in the half, representing a year-on-year decline of 24.1%.

The following is an overview by business division.

Sales by business division

(Unit: Millions of yen)

	First half ended September 30, 2006 (April 1, 2006– September 30, 2006)		First half ended September 30, 2005 (April 1, 2005– September 30, 2005)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System Business						
Information Systems	6,947	16.8	6,745	16.9	202	3.0
Time Management Equipment	3,640	8.8	3,539	8.9	101	2.9
Parking Systems	16,118	38.9	16,036	40.3	82	0.5
Subtotal	26,707	64.5	26,321	66.1	385	1.5
Environment System Business						
Environmental Systems	9,670	23.4	8,291	20.8	1,379	16.6
Clean Systems	5,015	12.1	5,206	13.1	(190)	(3.7)
Subtotal	14,686	35.5	13,497	33.9	1,188	8.8
Total	41,393	100.0	39,818	100.0	1,574	4.0

## Time Information System Business

- Information Systems: Time & attendance (T&A), payroll, human-resource management, access control, cafeteria systems
- Time Management Equipment: Time recorders, time stamps
- Parking Systems: Parking management equipment, management services
- Information Systems

This business division was impacted by growing public awareness with regard to the management of working hours and by the need for companies to implement measures to protect personal and confidential information. These factors helped to invigorate the domestic market in the fields of time and attendance (T&A) management and door security (access control). Amid this market environment the Company took the initiative in developing systems for large corporations, and for the public-sector market it strengthened and expanded its marketing structure, and devoted efforts to developing new markets.

Against this backdrop, during the half our sales in the field of T&A systems rose only by a modest ¥37 million, or 1.2%. The principal reason for this was that although sales to large corporations and the public-sector market were robust, there was a fall in replacement demand from small and medium-sized workplaces. Sales in the field of access control systems recorded steady growth of ¥82 million, or 14.0%.

Broken down by product, sales of hardware rose by ¥160 million, or 5.8%, but software sales fell by ¥88 million, or 4.3%, owing to the drop in orders from small and medium-sized workplaces referred above. Nevertheless, sales generated by maintenance and supply operations were up by ¥130 million, or 10.2%, buoyed by increases in demand for IC cards and in maintenance contracts.

Overseas, sales fell in North America, Europe, and Asia, registering an overall decline of 3.3% year-on-year, to ¥506 million.

The net result of the above was that total sales in this business division totaled ¥6,947 million, up by 3.0% year-on-year.

### - Time Management Equipment

In this segment it was expected that there would be a recovery in the market for time recorders, given the vigor of the domestic economy, but in fact there has been no significant change in the market environment. In consequence, market volume has remained flat, and demand has continued to be concentrated on low-priced models.

Domestic performance in this business division suffered an overall year-on-year decline in sales, in spite of brisk growth in sales of the TimeP@CK time recorder with PC spreadsheet software. Among exports, sales of time recorders remained at year-earlier levels, but overall sales rose as a result of growth in sales of time stamps to Europe.

In regard to overseas business performance there was revenue growth in North America and Asia, with the result that overall sales in this category totaled ¥1,665 million, which represented a year-on-year increase of 11.8%.

As a net result of the developments outlined above, the sales achieved by the Time Management Equipment division totaled ¥3,640 million, up by 2.9% year-on-year.

### - Parking Systems

In this segment it was expected that domestically the amendments to the Road Traffic Act in June would give rise to an increase in the number of parking lots. However, in practice the new law did not have a major impact, though there has been an increase in the number of small-scale parking lots.

For bicycle parking-lot systems, demand from local governments and large-scale commercial facilities is emerging and has been growing steadily.

This division's relative performance was affected by the fact that in the previous first half the issue of new yen banknotes gave rise to some ¥900 million of replacement demand for bill readers, which caused sales in the current first half to show a year-on-year fall of ¥436 million.

Broken down by product, sales of system devices rose by ¥134 million, or 1.7%, and revenues from maintenance and supply operations fell by ¥487 million, or 11.7%, owing to the ending of extraordinary demand generated by the replacement of bill readers. However, the parking-lot operation and management business of Group subsidiary Amano Management Service Corporation performed well, achieving a strong 20.2% year-on-year increase in revenues.

Overseas, although revenues in the North America region fell, strong increases in sales were recorded in Korea and Malaysia. Overall, overseas sales totaled ¥2,652 million, up by 5.3% from the previous first half.

The net result of these developments was that sales achieved by the Parking Systems division totaled ¥16,118 million, representing 0.5% year-on-year growth.

### **Environment System Business**

- Environmental Systems: Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, deodorization systems, electrolytic water generators
- Clean Systems: Cleaning equipment, dry-care cleaning systems, cleanliness management services

#### **- Environmental Systems**

This business division continues to benefit from strong demand, particularly from the automotive and related industries and machinery and processing industries, backed by vigorous capital investment in the domestic manufacturing sector.

In the first half, sales of standard equipment rose by ¥397 million, or 12.6%, year-on-year, boosted in particular by sales of small dust collectors and compact oil mist collectors. Sales of large systems and revenues from maintenance and supply operations both achieved double-digit growth, the former rising by ¥659 million, or 23.8%, and the latter rising by ¥362 million, or 22.2%.

In overseas operations there was substantial growth in orders from Japanese companies in China, Malaysia, and Thailand, causing sales in the half to jump by 22.1% year-on-year, to ¥462 million.

Overall, the sales of this business division totaled ¥9,670 million, representing year-on-year growth of 16.6%.

#### **- Clean Systems**

Within Japan this business division suffered a decline in demand for buffing machines as a result of changes in the flooring materials used in leading convenience stores, and a continuing fall in the number of openings of large-scale commercial facilities. In contrast, by stepping up marketing activity targeted at the buoyant Japanese manufacturing sector, we achieved growth in sales to industrial plants of scrubbing and cleaning machines. Overall, however, the decrease in sales of buffing machines caused sales in the half to slip by ¥64 million, or 2.1%, year-on-year.

Overseas, sales in this segment declined in North America and Asia, with the result that overall sales declined by 4.6% year-on-year, to ¥1,539 million.

The net result of the above was that sales generated in this Clean Systems segment totaled ¥5,015 million, representing a year-on-year decline of 3.7%.

## 2. Financial condition

Consolidated cash and cash equivalents declined by ¥2,618 million, or 7.6%, from the previous year-end, to a total of ¥31,783 million at the end of the half. The principal factor behind this was an increase in outflows for the acquisition of intangible fixed assets and for the placement of funds in time deposits.

The following is a description of the status of each type of cash flow during the half, and the underlying factors.

### Cash flow from operating activities

Net cash provided by operating activities totaled ¥2,464 million, down by ¥247 million, or 9.1%, from the previous first half. This was attributable primarily to the decline in income before income taxes and an increase in accounts receivable.

### Cash flow from investing activities

Net cash used in investing activities was ¥4,264 million, representing an increase of ¥2,727 million, or 177.5%, from the previous first half. The principal factors behind this included an increase in outflows for the purchase of intangible fixed assets, a decline in income from the sale of property, plant and equipment, and the placement of funds in time deposits.

### Cash flow from financing activities

Net cash used in financing activities totaled ¥877 million, representing a year-on-year increase of ¥189 million, or 27.4%. This was principally attributable to a decline in inflows of the proceeds of sales of treasury stock.

### Trend of cash flow indicators

The following are the consolidated cash flow indicators.

	At Sept.30, 2004	At Mar.31, 2005	At Sept.30, 2005	At Mar.31, 2006	At Sept.30, 2006
Equity ratio (%)	74.7	72.5	73.8	74.8	74.4
Fair value equity ratio (%)	74.6	95.0	136.2	156.0	112.5
Debt repayment period (Years)	0.3	0.3	0.6	0.4	0.5
Interest coverage ratio	184.1	255.8	85.1	88.1	93.8

### Notes

Equity ratio: (Net assets – minority interests)/Total assets

Fair value equity ratio: Gross market capitalization/Total assets

Debt repayment period: Interest-bearing liabilities/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest payments

### Assumptions

1. All indicators are calculated on the basis of consolidated financial values.
2. Gross market capitalization is calculated by multiplying the closing price of the Company's shares at the year-end by the number of shares of common stock issued and outstanding at the year-end (less treasury stock).
3. Cash flow from operating activities refers to cash flow from operating activities posted under the consolidated statements of cash flows. Interest-bearing debt refers to those of the liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with interest paid stated in the consolidated statements of cash flows.
4. The debt repayment period for interim accounts is computed by doubling the cash flows from operating activities to convert them to annual amounts.

### 3. Outlook for next fiscal year, and issues to be addressed

Continuing concern about a slowdown in the U.S. economy, together with sharp increases in crude-oil prices and consequent rises in the prices of raw materials, are among factors that continue to have a destabilizing influence on the Japanese economy. Nevertheless, we expect the performance of the economy to remain strong.

In light of this forecast, Amano and its Group companies are pledged to further strengthen collaboration, create new markets in each of their business fields, engage in vigorous sales activity in close liaison with customers, supply high-value-added products through the globalization of their development structure, and promote a wide range of solutions and services. In parallel with this, we will endeavor to achieve our goal of building a strong profit structure and sustainable growth.

In the second half of the year we will implement the business strategies set out below in accordance with the program for the second year of our third three-year medium-term management plan.

#### 1) Time information systems

Information systems business is experiencing growth in demand for the creation of systems and introduction of new ones as a result of the revision by companies of their systems for T&A information. This applies not only to private-sector companies but also local governments and public corporations. In addition, in the sphere of security the enforcement of the Law Concerning the Protection of Personal Information has generated growing demand for door security to control access to offices in which personal information is handled, and this is helping to invigorate the market.

Given the positive impact on business of this market environment, we aim to expand T&A solutions business targeted at both large companies and the public sector, doing so through the further enhancement and expansion of marketing and merchandising capabilities. We are also committed to expanding business in the field of door security in the same way.

In addition, as a means of enhancing the profitability of this business we will cut costs by standardizing system software for our solutions business, so as to both maintain and expand earnings capacity.

In parking systems business the market environment is changing dramatically. Developments have included the diversification of means of settling payments, the start of outsourcing to the private sector of the supervision of parking violations, the introduction of systems into bicycle parks, and the imposition of a mandatory requirement to provide supplementary motorcycle parks.

Amid this market environment we will be strengthening our approaches to the supply of systems to the market for bicycle parks that has arisen as a result of the problem of illegal parking of bicycles, and also for motorcycle parks. We will also expand business by strengthening our comprehensive proactive market capabilities, targeting the market for the outsourcing of management services, which is continuing to expand.

Overseas, we aim to secure the largest market shares in North America, Europe, and Asia, expanding operations by enhancing our marketing and merchandising capabilities.

## 2) Environmental systems

In environmental systems business, heavy demands are being made on companies to fulfill their responsibility to society by strengthening the observance of environment-related laws and regulations in their plants, and by reducing the burden they place on the environment.

Given these circumstances, we aim to expand the scale of operations in this segment by developing new products to help lower the burden on the environment, introducing new products into the market to match the reduction in size and diversification of machine tools, and expanding maintenance business. In collaboration with Group companies we will also provide total solutions ranging from consulting for research and analysis on asbestos dust and other such harmful substances, to design, execution, and maintenance.

In overseas markets we will respond to the launch by Japanese automotive and related companies into China and other Asian markets, and will enhance our marketing capacity and engineering structure in the local markets.

As a result of the activities outlined above, for the full fiscal year we are forecasting net sales of ¥84.0 billion, operating profit of ¥10.1 billion, ordinary profit of ¥10.0 billion, and net income of ¥6.0 billion.

With regard to dividend payments we maintain our existing forecast of a ¥13 year-end dividend. Therefore, together with a ¥13 interim dividend we forecast a total dividend for the year of ¥26.

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income
Year ending March 31, 2007	84,000	10,100	10,000	6,000
Year ended March 31, 2006	79,743	9,537	9,581	5,915
Change	5.3%	5.9%	4.4%	1.4%

#### 4. Operating and other risk

Among the matters relating to the qualitative information contained in these summary interim financial statements and relating to the interim consolidated financial statements, the following are those that could be envisaged as having a possible material impact on investors.

With respect to matters that are considered to be potential risk factors in the undertaking of business by the Amano Group either now or in the future, they are estimated to the greatest extent possible, and the risk factors are then addressed and eliminated in the course of business activities.

Matters relating to the future are those that are adjudged to be so as of the date of the release of these financial results (November 7, 2006).

##### (i) Impact on earnings of changes in the operating environment

The Amano Group uses its accumulation of unique technologies and know-how to provide customers with high-quality products, services and solutions, gaining large market shares in each sphere of business in Japan, North America, Europe and Asia, and developing business globally.

In the half ended September 30, 2006, in terms of sales the time information system business accounted for 64.5% of the total, and the environment system business accounted for 35.5%. With respect to their contribution to operating profit, before deduction of unallocated expenses the time information system business contributed 71.8%, while the environment system business contributed 28.2%. In terms of average sales over the most recent five years, time information system business accounted for 64.6% of total sales and for 76.9% of operating profit.

From the above it can be seen that the time information system business accounts for a high proportion of Group business, and we recognize that its growth capacity will have a significant impact on future performance. Time information system business comprises the three fields of information systems, time management products, and parking systems.

These markets are relatively small in scale, and therefore in Japan, which is the principal market, the number of manufacturers is small and rigid, and new market entrants are very rare. In addition, there is no direct participation by foreign companies. The same situation applies overseas.

With respect to future risk factors, in each business activity within the time information system business segment, if market expansion is expected for such reasons as a significant change in the demand structure or the creation of a new market, it can be expected that that will attract entry by entities in other industries or by other powerful competitors. In that event, if a competitor were to enter with innovative products or solutions that surpass Amano's, the Amano Group's market advantage would decline, and that may have a material impact on its business performance.

##### (ii) Information security

In order to offer system solutions and undertake application service provider business, the Amano Group handles confidential information such as personal information concerning customers or provided by customers. In view of this, the Group has developed a structure for the management of confidential information, implements thorough staff training, and uses software to prevent leaks of information for the purpose of preventing network access to confidential information and of preventing leaks of confidential information through the removal of data and information. To that end it has also established a committee to manage the protection of personal information, so as to ensure a foolproof structure. Nevertheless, in the event that an unforeseen situation were to arise, and information of the kind described above were to be disclosed externally, resultant factors such as loss of confidence may have a material impact on the Group's business performance.

## 4-1 Interim Consolidated Balance Sheets

(Millions of yen)

Item	First half ended September 30, 2006 (As of September 30, 2006)		First half ended September 30, 2005 (As of September 30, 2005)		Fiscal year ended March 31, 2006 (As of March 31, 2006)		Change
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount
<b>Assets</b>		%		%		%	
Current assets	67,667	62.7	65,215	63.1	65,105	61.9	2,562
Cash and bank deposits	33,783		35,345		34,402		( 618 )
Notes and accounts receivable—trade	22,612		19,543		20,914		1,697
Marketable securities	0		18		10		( 10 )
Inventories	8,173		7,725		7,626		546
Deferred tax assets	1,247		1,208		1,262		( 14 )
Other current assets	1,990		1,519		1,004		986
Allowance for doubtful accounts	( 140 )		( 145 )		( 116 )		( 24 )
Fixed assets	40,301	37.3	38,115	36.9	40,157	38.1	144
Property, plant and equipment	<b>21,071</b>	<b>19.5</b>	<b>20,535</b>	<b>19.9</b>	<b>20,995</b>	<b>19.9</b>	<b>75</b>
Buildings and structures	11,508		11,400		11,351		156
Machinery and vehicles	1,545		1,361		1,561		( 15 )
Tools, furniture and fixtures	1,942		1,586		1,666		275
Land	5,827		5,781		5,769		57
Construction in progress	247		405		646		( 399 )
Intangible fixed assets	<b>5,218</b>	<b>4.8</b>	<b>4,331</b>	<b>4.2</b>	<b>4,676</b>	<b>4.4</b>	<b>541</b>
Goodwill	-		1,732		1,656		( 1,656 )
Goodwill	1,463		-		-		1,463
Software	2,317		1,440		1,942		375
Software in progress	1,378		1,100		1,019		358
Others	58		58		58		( 0 )
Investments and other assets	<b>14,011</b>	<b>13.0</b>	<b>13,249</b>	<b>12.8</b>	<b>14,484</b>	<b>13.8</b>	<b>( 473 )</b>
Investment securities	6,489		5,179		6,850		( 360 )
Long-term borrowings	551		636		638		( 86 )
Claims in bankruptcy and similar claims	261		272		255		5
Fixed leasehold deposits	949		1,061		935		14
Deferred tax assets	1,806		2,002		1,769		36
Long-term deposits	1,500		1,500		1,500		-
Others	2,746		2,882		2,801		( 54 )
Allowance for doubtful accounts	( 294 )		( 284 )		( 267 )		( 26 )
Total assets	107,969	100.0	103,331	100.0	105,262	100.0	2,707

(Millions of yen)

Item	First half ended September 30, 2006 (As of September 30, 2006)		First half ended September 30, 2005 (As of September 30, 2005)		Fiscal year ended March 31, 2006 (As of March 31, 2006)		Change
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount
<b>Liabilities</b>		%		%		%	
Current liabilities	21,483	19.9	21,158	20.5	20,323	19.3	1,160
Notes and accounts payable— trade	11,166		9,770		9,637		1,529
Short-term bank loans	466		1,051		467		( 1 )
Accrued income taxes	1,899		2,288		2,146		( 247 )
Accrued bonuses	1,841		1,833		1,974		( 132 )
Other current liabilities	6,110		6,214		6,097		12
Long-term liabilities	5,649	5.2	5,533	5.3	5,721	5.4	( 71 )
Long-term bank loans	604		613		692		( 87 )
Accrued retirement benefits for employees	4,219		4,209		4,251		( 32 )
Accrued officers' retirement benefits	691		613		649		42
Deferred tax liabilities	73		44		70		2
Other long-term liabilities	61		52		56		4
Total liabilities	27,133	25.1	26,692	25.8	26,044	24.7	1,088
<b>Minority interests</b>							
Minority interests in consolidated subsidiaries	-	-	421	0.4	485	0.5	( 485 )
Total minority interests	-	-	421	0.4	485	0.5	( 485 )
<b>Shareholders' equity</b>							
Common stock	-	-	18,239	17.7	18,239	17.3	( 18,239 )
Capital surplus	-	-	19,395	18.8	19,438	18.5	( 19,438 )
Retained earnings	-	-	40,697	39.4	42,036	39.9	( 42,036 )
Net unrealized gains (losses) on available-for-sale securities	-	-	328	0.3	798	0.8	( 798 )
Foreign currency translation adjustments	-	-	( 1,409 )	( 1.4 )	( 830 )	( 0.8 )	830
Treasury stock	-	-	( 1,035 )	( 1.0 )	( 950 )	( 0.9 )	950
Total shareholders' equity	-	-	76,217	73.8	78,732	74.8	( 78,732 )
Total liabilities, minority interests, and shareholders' equity	-	-	103,331	100.0	105,262	100.0	( 105,262 )
<b>Net assets</b>							
Owners' equity	80,539	74.6	-	-	-	-	80,539
Common stock	18,239	16.9	-	-	-	-	18,239
Capital surplus	19,501	18.1	-	-	-	-	19,501
Retained earnings	43,625	40.4	-	-	-	-	43,625
Treasury stock	( 827 )	( 0.8 )	-	-	-	-	( 827 )
Valuation and translation adjustments	( 249 )	( 0.2 )	-	-	-	-	( 249 )
Net unrealized gains (losses) on available-for-sale securities	587	0.6	-	-	-	-	587
Foreign currency translation adjustments	( 836 )	( 0.8 )	-	-	-	-	( 836 )
Minority interests	545	0.5	-	-	-	-	545
Total net assets	80,836	74.9	-	-	-	-	80,836
Total liabilities and net assets	107,969	100.0	-	-	-	-	107,969

## 4-2 Interim Consolidated Statements of Income

(Millions of yen)

Item	Period		First half ended September 30, 2006		First half ended September 30, 2005		Change		Fiscal year ended March 31, 2006	
			(April 1–September 30, 2006)		(April 1–September 30, 2005)				(April 1, 2005– March 31, 2006)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net sales	41,393	100.0	39,818	100.0	1,574	4.0	79,743	100.0		
Cost of sales	23,117	55.8	20,955	52.6	2,162	10.3	42,943	53.9		
Gross profit	18,276	44.2	18,863	47.4	( 587 )	( 3.1 )	36,800	46.1		
Selling, general and administrative expenses	<b>13,576</b>	<b>32.8</b>	<b>13,335</b>	<b>33.5</b>	<b>241</b>	1.8	<b>27,262</b>	<b>34.1</b>		
Selling expenses	11,608		11,003		604		22,974			
General and administrative expenses	1,968		2,331		( 363 )		4,288			
Operating profit	4,699	11.4	5,528	13.9	( 829 )	( 15.0 )	9,537	12.0		
Non-operating income	<b>311</b>	<b>0.8</b>	<b>357</b>	<b>0.9</b>	( 45 )	( 12.8 )	<b>611</b>	<b>0.7</b>		
Interest income	57		39		18		85			
Dividends income	51		44		7		50			
Other	203		274		( 71 )		475			
Non-operating expenses	<b>309</b>	<b>0.8</b>	<b>257</b>	<b>0.7</b>	<b>51</b>	19.9	<b>567</b>	<b>0.7</b>		
Interest expense	22		30		( 8 )		60			
Amortization of goodwill	-		160		( 160 )		320			
Amortization of goodwill	160		-		160		-			
Other	126		67		59		187			
Ordinary profit	4,702	11.4	5,628	14.1	( 926 )	( 16.5 )	9,581	12.0		
Extraordinary income	<b>25</b>	<b>0.0</b>	<b>315</b>	<b>0.8</b>	( 289 )	( 91.9 )	<b>422</b>	<b>0.6</b>		
Gain on sale of property and equipment	1		304		( 303 )		332			
Gain on sale of investment securities	21		-		21		55			
Other	3		10		( 7 )		35			
Extraordinary losses	<b>41</b>	<b>0.1</b>	<b>208</b>	<b>0.5</b>	( 167 )	( 80.3 )	<b>302</b>	<b>0.4</b>		
Loss on disposal of property and equipment	10		31		( 21 )		67			
Loss on sale of property and equipment	-		-		-		20			
Loss on sale of investment securities	-		-		-		1			
Loss on sale of shares in consolidated subsidiaries	24		-		24		-			
Loss on write-down of golf club memberships	6		-		6		-			
Factory transfer expenses	-		176		( 176 )		212			
Income before income taxes	4,686	11.3	5,735	14.4	( 1,048 )	( 18.3 )	9,702	12.2		
Income taxes—current	1,932	4.6	2,128	5.3	( 196 )	( 9.2 )	3,845	4.8		
Income taxes—deferred	-	-	-	-	-	-	( 196 )	( 0.2 )		
Minority interests	71	0.2	70	0.2	1	2.1	137	0.2		
Net income	2,682	6.5	3,536	8.9	( 853 )	( 24.1 )	5,915	7.4		

### 4-3 Interim Consolidated Statement of Changes in Shareholders' Equity

First half ended September 30, 2006 (April 1–September 30, 2006)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	18,239	19,438	42,036	( 950 )	78,765
Changes during the half					
Dividends from Surplus			( 1,041 )		( 1,041 )
Officers' bonuses by appropriation of retained earnings			( 92 )		( 92 )
Increase in retained earnings from merger of consolidated and nonconsolidated subsidiaries			39		39
Net income			2,682		2,682
Purchase of treasury stock				( 4 )	( 4 )
Disposal of treasury stock		63		127	190
Net changes in items other than shareholders' equity					
Total changes during the half	-	63	1,588	122	1,774
Balance at September 30, 2006	18,239	19,501	43,625	( 827 )	80,539

(Millions of yen)

	Valuation and translation adjustments			Minority interests	Total net assets
	Unrealized gains (loses) on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	798	( 830 )	( 32 )	485	79,217
Changes during the half					
Dividends from Surplus					( 1,041 )
Officers' bonuses by appropriation of retained earnings					( 92 )
Increase in retained earnings from merger of consolidated and nonconsolidated subsidiaries					39
Net income					2,682
Purchase of treasury stock					( 4 )
Disposal of treasury stock					190
Net changes in items other than shareholders' equity	( 210 )	( 6 )	( 216 )	60	( 156 )
Total changes during the half	( 210 )	( 6 )	( 216 )	60	1,618
Balance at September 30, 2006	587	( 836 )	( 249 )	545	80,836

#### 4-4 Interim Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of yen)

Item	Period	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
		Amount	Amount
<b>Capital surplus</b>			
Capital surplus at beginning of period		19,293	19,293
Increase in capital surplus			
Gain from disposal of treasury stock		102	145
Balance of capital surplus at end of period		19,395	19,438
<b>Retained earnings</b>			
Retained earnings at beginning of period		38,296	38,296
Increase in retained earnings			
Net income		3,536	5,915
Decrease in retained earnings			
Cash dividends paid		1,036	2,075
Officers' bonuses		98	99
(Incl. corporate auditors' bonuses)		( 7 )	( 7 )
Total		1,134	2,175
Balance of capital surplus at end of period		40,697	42,036

## 4-5 Interim Consolidated Statements of Cash Flows

(Millions of yen)

Item	Period	First half ended	First half ended	Change	Fiscal year ended
		September 30, 2006	September 30, 2005		March 31, 2006
		(April 1–September 30, 2006)	(April 1–September 30, 2005)		(April 1, 2005–March 31, 2006)
		Amount	Amount	Amount	Amount
<b>Cash Flows from Operating Activities</b>					
1. Income before income taxes		4,686	5,735	( 1,048 )	9,702
2. Depreciation and amortization		1,530	1,316	213	2,815
3. Increase (decrease) in provision for accrued retirement benefits		( 33 )	112	( 145 )	154
4. Increase (decrease) in allowance for doubtful accounts		52	( 28 )	80	( 79 )
5. Interest and dividend revenue		( 108 )	( 83 )	( 25 )	( 136 )
6. Interest expenses		22	30	( 8 )	60
7. Foreign currency translation gain (loss)		( 34 )	( 5 )	( 29 )	( 46 )
8. Gain on sale of fixed assets		( 1 )	( 304 )	303	( 332 )
9. Loss on disposal of fixed assets		10	31	( 21 )	67
10. Loss on sale of fixed assets		-	-	-	20
11. Gain on sale of investment securities		( 21 )	-	( 21 )	( 55 )
12. Loss on sale of investment securities		-	-	-	1
13. Loss on sale of shares of consolidated subsidiaries		24	-	24	-
14. Loss on write-down of golf-club memberships		6	-	6	-
15. (Increase) decrease in trade notes and accounts receivable		( 1,647 )	817	( 2,464 )	( 366 )
16. (Increase) decrease in inventories		( 557 )	( 346 )	( 210 )	( 129 )
17. Increase (decrease) in accounts payable		1,529	( 1,633 )	3,162	( 1,852 )
18. Others		( 896 )	( 196 )	( 699 )	954
Subtotal		4,562	5,446	( 883 )	10,780
19. Receipts from interest and dividends		101	85	15	130
20. Interest paid		( 26 )	( 31 )	5	( 68 )
21. Income taxes paid		( 2,172 )	( 2,787 )	615	( 4,793 )
Net cash provided by operating activities		2,464	2,711	( 247 )	6,048
<b>Cash Flows from Investing Activities</b>					
1. Payment for purchase of property and equipment		( 967 )	( 736 )	( 230 )	( 1,719 )
2. Proceeds from sale of property and equipment		1	533	( 531 )	617
3. Payment for acquisition of intangible assets		( 1,304 )	( 772 )	( 532 )	( 1,725 )
4. Payment for acquisition of investment securities		( 104 )	( 590 )	485	( 1,634 )
5. Proceeds from sale of investment securities		41	-	41	153
6. Proceeds from maturities of investment securities		10	22	( 12 )	31
7. Loans to third parties		-	( 0 )	0	( 26 )
8. Collection of loans		4	6	( 1 )	22
9. Increase in time deposits		( 2,000 )	-	( 2,000 )	-
10. Others		54	-	54	-
Net cash used in investing activities		( 4,264 )	( 1,536 )	( 2,727 )	( 4,279 )
<b>Cash Flows from Financing Activities</b>					
1. Proceeds from short-term bank loans		34	165	( 131 )	194
2. Repayment for short-term bank loans		-	( 110 )	110	( 188 )
3. Proceeds from long-term debt		35	110	( 74 )	364
4. Repayment for long-term debt		( 129 )	( 117 )	( 11 )	( 855 )
5. Payment for acquisition of treasury stock		( 4 )	( 43 )	38	( 53 )
6. Proceeds from sale of treasury stock		190	350	( 160 )	489
7. Dividends paid by parent company		( 979 )	( 1,033 )	54	( 2,071 )
8. Dividends paid to minority interests		( 25 )	( 11 )	( 14 )	( 13 )
Net cash used in financing activities		( 877 )	( 688 )	( 189 )	( 2,133 )
Effect of exchange rate changes on cash and cash equivalents		( 2 )	( 40 )	38	( 184 )
Net increase (decrease) in cash and cash equivalents		( 2,680 )	445	( 3,126 )	( 550 )
Cash and cash equivalents at beginning of year		34,402	34,900	( 497 )	34,900
Net increase (decrease) in cash and cash equivalents due to merger of consolidated and nonconsolidated subsidiaries		61	-	61	-
Net increase (decrease) in cash and cash equivalents due to change in scope of consolidation		-	-	-	52
Cash and cash equivalents at end of period		31,783	35,345	( 3,562 )	34,402

## Basis of Presentation of the Interim Consolidated Financial Statements

### 1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 24  
Names of major consolidated subsidiaries: These are set out in section (1): "Status of the Corporate Group."
- (2) Names of non-consolidated subsidiaries: 7 companies: AMANO SOFTWARE ENGINEERING (SHANGHAI) CO., LTD., AMANO ECO TECHNOLOGY CORPORATION, AMANO SOFTWARE ENGINEERING R&D EUROPE, N.V., AMANO SYSTEMS KYUSHU CORPORATION, AMANO TIME BUSINESS CORPORATION, AMANO TIME & PARKING SPAIN, S.A., and @PARK KOREA CO., LTD.
- AMANO SOFTWARE ENGINEERING USA, Inc. merged with consolidated subsidiary AMANO CINCINNATI, Inc., and thus is no longer included among non-consolidated subsidiaries as of the first half.

#### Reasons for exclusion from the scope of consolidation

Non-consolidated subsidiaries are all small in scale, and their combined total assets, sales, net income, and retained earnings (according to the Group's holding in them) in every case would have no material impact on the interim consolidated financial statements.

2. Application of the equity method None
3. Fiscal years and interim accounting periods of consolidated subsidiaries

The date of the closing of accounts of overseas subsidiaries for the first half of each fiscal year is June 30 (fiscal year-end December 31). Their financial statements as those dates are used in the preparation of the consolidated financial statements, and necessary adjustments are made to the consolidated accounts with respect to significant transactions that take place between those dates and the consolidation dates.

### 4. Accounting standards

#### (1) Valuation standards and methods for significant assets

##### (a) Securities:

Available-for-sale securities with market prices are stated at fair value as of the balance sheet date. Net unrealized gains or losses on these securities are recorded directly in net assets, and costs of securities sold are computed using the moving average method.

Available-for-sale securities without market prices are stated at cost based on the moving average method.

(b) Derivatives: Stated at fair value

(c) Inventories: Principally stated at cost based on the periodic average method

#### (2) Depreciation methods for important depreciable assets

##### (a) Property, plant and equipment

Declining-balance method, except for buildings (excluding equipment ancillary to the buildings) acquired since April 1, 1998, for which the straight-line method is used.

Useful lives and residual values are computed by the Company and its domestic consolidated subsidiaries in accordance with the same criteria as the method stipulated in the Corporation Tax Law. Overseas consolidated subsidiaries employ the methods prescribed by the accounting standards of the countries in which they are located.

(b) Intangible fixed assets

Straight-line method

Useful lives are computed by the Company and its domestic consolidated subsidiaries in accordance with the same criteria as the method stipulated in the Corporation Tax Law. Overseas consolidated subsidiaries employ the methods prescribed by the accounting standards of the countries in which they are located.

Software for sale by the Company is depreciated by the straight-line method based on the estimated period during which it can be sold (3 years), while software for internal use by the Company and its domestic consolidated subsidiaries is depreciated by the straight-line method over its useful life (5 years).

SFAS No. 142 ("Goodwill and Other Intangible Assets") is applied to the goodwill of U.S. consolidated subsidiaries.

(3) Accounting for significant reserves

(a) Allowance for doubtful accounts

To provide against possible losses from doubtful accounts such as receivables and loans, allowances for general receivables are provided using a rate determined by past loss experience, and allowances for certain doubtful accounts are provided for the estimated amounts considered to be uncollectible after individually studying the collectibility of the accounts.

(b) Accrued bonuses

To provide for payment of employee bonuses, the amount of bonuses estimated to be paid in the year is stated as accrued bonuses.

(c) Accrued retirement benefits for employees

To provide for payment of employee retirement benefits, the Company has set aside a reserve based on estimated retirement benefit liabilities and pension assets at the end of the fiscal year, the amount of the reserve being the amount deemed to arise at the end of the first half.

Actuarial differences are charged to income from the fiscal year following the one in which they arise, using the straight-line method over a fixed number of years (10) within the average remaining period of service of Company employees at the time they arise in each fiscal year.

(d) Accrued officers' retirement benefits

To provide for payment of retirement benefits to officers, in accordance with in-house rules the amount that would be required to be paid assuming all officers were to retire at the end of the first half is accrued in an amount equal to 100% of the liability.

(4) Translation of significant foreign-currency assets and liabilities

Claims and obligations denominated in foreign currencies are translated into yen at the spot exchange rate on the date of the interim consolidated accounts (fiscal year-end), and any differences are treated as either gains or losses.

The assets, liabilities, income, and expenses of overseas subsidiaries are translated into yen at the spot exchange rate on the date of the interim consolidated accounts (fiscal year-end), and any differences are included in either the foreign currency translation adjustment and minority interests in net assets.

(5) Accounting for significant leases

All finance leases, other than those that are deemed to transfer ownership of the leased assets to lessees, are treated for accounting purposes by the same method as that applied to ordinary operating leases.

(6) Other significant matters affecting the preparation of the interim consolidated financial statements

National and local consumption taxes are accounted for based on the tax-exclusion method.

5. Scope of funds included in the consolidated statements of cash flows

Funds include cash on hand, demand deposits, and short-term investments maturing or redeemable within three months after acquisition that are highly liquid, readily convertible into cash, and exposed to low price fluctuation risk.

**Changes in Accounting Policy**

Accounting standard relating to the statement of net assets in the balance sheets

As of the first half, the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, Accounting Standards Board, December 9, 2005) and the related Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005) are being applied.

These changes have had no impact on profit (loss).

The amount of net assets, which equates with what was previously categorized as "Shareholders' equity," totaled ¥80,290 million.

The regulations for the preparation of interim consolidated financial statements have been revised, and therefore these interim consolidated financial statements were prepared in accordance with the revised regulations.

## Notes

### Consolidated balance sheets

First half ended September 30, 2006 (As of September 30, 2006)	First half ended September 30, 2005 (As of September 30, 2005)	Fiscal year ended March 31, 2006 (As of March 31, 2006)
Accumulated depreciation of property, plant and equipment ¥29,163 million	Accumulated depreciation of property, plant and equipment ¥28,179 million	Accumulated depreciation of property, plant and equipment ¥28,619 million
Matured trade notes at the end of the half were settled on the date of clearance of the bills. Since financial institutions were not open for business on the final day of the first half, the following matured trade notes at the end of the half are also included in the balance at the end of the half	_____	_____
Notes receivable      ¥718 million Notes payable         ¥47 million		

### Consolidated statements of income

First half ended September 30, 2006 (April 1–September 30, 2006)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Principal selling, general and administrative expenses	Principal selling, general and administrative expenses	Principal selling, general and administrative expenses
Transfer to accrued bonuses ¥1,212 million	Transfer to accrued bonuses ¥1,211 million	Transfer to accrued bonuses ¥1,348 million
Retirement benefit expense ¥489 million	Retirement benefit expense ¥562 million	Retirement benefit expense ¥1,039 million
Transfer to accrued officers' retirement benefits ¥42 million	Transfer to accrued officers' retirement benefits ¥44 million	Transfer to accrued officers' retirement benefits ¥80 million
Transfer to allowance for doubtful accounts ¥55 million	Transfer to allowance for doubtful accounts ¥11 million	Salaries, wages and other payroll costs ¥10,758 million
Salaries, wages and other payroll costs ¥4,914 million	Salaries, wages and other payroll costs ¥4,573 million	
Income taxes—current (Income, resident, and enterprise taxes) The simplified method is used for the application of tax-effect accounting, and therefore this amount has been posted as an aggregate sum that includes deferred income taxes.	Income taxes—current (Income, resident, and enterprise taxes) As at left	_____

## Consolidated statement of changes in shareholders' equity

First half ended September 30, 2006 (April 1–September 30, 2006)

### 1. Type and number of shares issued and outstanding

Share type	As of March 31, 2006	Increase	Decrease	As of September 30, 2006
Common stock (shares)	81,257,829	-	-	81,257,829

### 2. Type and number of shares of treasury stock

Share type	As of March 31, 2006	Increase	Decrease	As of September 30, 2006
Common stock (shares)	1,167,156	2,635	156,000	1,013,791

- Notes
1. There was an increase in common stock held as treasury stock as a result of purchases of odd lot shares.
  2. There was a decrease in common stock held as treasury stock as a result of exercises of stock options.

### 3. Share subscription rights

Not applicable

### 4. Dividends

#### (1) Dividends paid

Resolution	Share type	Total dividend	Dividend per share	Date of record	Effective date
Ordinary general meeting of shareholders, June 29, 2006	Common stock	¥1,041 million	¥13	March 31, 2006	June 30, 2006

#### (2) Dividends for which the date of record falls in the current first half, but the effective date is after the end of the half.

Resolution	Share type	Dividend funding	Total dividend	Dividend per share	Date of record	Effective date
Board of directors meeting, November 7, 2006	Common stock	Retained earnings	¥1,043 million	¥13	Sept. 30, 2006	Dec. 4, 2006

## Consolidated statements of cash flow

First half ended September 30, 2006 (April 1–September 30, 2006)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Reconciliation of balance of cash and cash equivalents at the end of the first half and amounts stated in the interim consolidated balance sheets (As of September 30, 2006)	Reconciliation of balance of cash and cash equivalents at the end of the first half and amounts stated in the interim consolidated balance sheets (As of September 30, 2005)	Reconciliation of year-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets (As of March 31, 2006)
Cash and bank deposits ¥33,783 million	Cash and bank deposits ¥35,345 million	Cash and bank deposits ¥34,402 million
Time deposits deposited for more than 3 months (¥2,000 million)	Cash and cash equivalents ¥35,345 million	Cash and cash equivalents ¥34,402 million
Cash and cash equivalents ¥31,783 million		

## Lease transactions

First half ended September 30, 2006 (April 1–September 30, 2006)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)																																																												
Finance leases other than those that are deemed to transfer ownership of the leased assets to lessees	Finance leases other than those that are deemed to transfer ownership of the leased assets to lessees	Finance leases other than those that are deemed to transfer ownership of the leased assets to lessees																																																												
(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at end of half	(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at end of half	(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at fiscal year-end																																																												
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## 5. Securities

First half ended September 30, 2006 (As of September 30, 2006)

### 1. Available-for-sale securities (Market price applicable)

(Millions of yen)

Type	Acquisition cost	Balance-sheet amount	Unrealized gains (losses)
(1) Stocks	2,037	3,034	997
(2) Bonds	500	500	0
(3) Other	1,520	1,512	( 8)
Total	4,058	5,048	989

### 2. Principal securities with no fair market value, and their value stated in the interim consolidated balance sheets

(1) Shares of subsidiaries and affiliates	¥422 million
(2) Available-for-sale securities	
Unlisted stocks	¥519 million
Preferred securities	¥500 million

First half ended September 30, 2005 (As of September 30, 2005)

### 1. Available-for-sale securities (Market price applicable)

(Millions of yen)

Type	Acquisition cost	Balance-sheet amount	Unrealized gains (losses)
(1) Stocks	2,037	2,525	488
(2) Bonds	500	503	3
(3) Other	656	718	62
Total	3,193	3,747	553

### 2. Principal securities with no fair market value, and their value stated in the interim consolidated balance sheets

(1) Shares of subsidiaries and affiliates	¥440 million
(2) Available-for-sale securities	
Unlisted stocks	¥510 million
Preferred securities	¥500 million

Fiscal year ended March 31, 2006 (As of March 31, 2006)

1. Available-for-sale securities (Market price applicable)

(Millions of yen)

	Type	Acquisition cost	Balance-sheet amount	Unrealized gains (losses)
Securities for which balance-sheet amount exceeds acquisition cost	(1) Stocks	2,017	3,369	1,352
	(2) Bonds	500	501	1
	(3) Other	51	96	45
	Subtotal	2,568	3,967	1,399
Securities for which balance-sheet amount does not exceed acquisition cost	(1) Stocks	20	17	( 3 )
	(2) Bonds	-	-	-
	(3) Other	1,500	1,448	( 51 )
	Subtotal	1,520	1,465	( 54 )
Total		4,088	5,433	1,344

2. Principal securities with no fair market value, and their value stated in the consolidated balance sheet

(1) Shares of subsidiaries and affiliates	¥408 million
(2) Available-for-sale securities	
Unlisted stocks	¥519 million
Preferred securities	¥500 million

## 6. Derivatives Transactions; Fair Value and Valuation Gains (Losses)

### Derivatives

(1) Currency-related

No details are stated here, as there was a zero balance at the end of the current first half, of the previous first half, and of the previous fiscal year.

(2) Interest-rate-related

No details are stated here, as there was a zero balance at the end of the current first half, of the previous first half, and of the previous fiscal year.

(3) Other

No details are stated here, as there was a zero balance at the end of the current first half, of the previous first half, and of the previous fiscal year.

## 7. Segment Information

### 1. Segment information by business

First half ended September 30, 2006 (April 1–September 30, 2006)

(Millions of yen)

	Time information systems	Environment systems	Total	Consolidation	Consolidation total
Net sales and operating profit					
Net sales					
(1) To customers	26,707	14,686	41,393	-	41,393
(2) Intersegment	-	-	-	-	-
Total	26,707	14,686	41,393	-	41,393
Operating expenses	22,355	12,976	35,331	1,362	36,694
Operating profit	4,351	1,710	6,062	( 1,362 )	4,699
Assets, depreciation, capital expenditures					
Assets	39,490	15,791	55,282	52,687	107,969
Depreciation	1,133	205	1,339	190	1,530
Capital expenditures	1,807	216	2,024	197	2,221

First half ended September 30, 2005 (April 1–September 30, 2005)

(Millions of yen)

	Time information systems	Environment systems	Total	Consolidation	Consolidation total
Net sales and operating profit					
Net sales					
(1) To customers	26,321	13,497	39,818	-	39,818
(2) Intersegment	-	-	-	-	-
Total	26,321	13,497	39,818	-	39,818
Operating expenses	21,158	11,977	33,135	1,154	34,290
Operating profit	5,163	1,520	6,683	( 1,154 )	5,528
Assets, depreciation, capital expenditures					
Assets	34,507	14,488	48,996	54,335	103,331
Depreciation	935	188	1,123	192	1,316
Capital expenditures	1,497	288	1,786	62	1,848

Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)

(Millions of yen)

	Time information systems	Environment systems	Total	Consolidation	Consolidation total
Net sales and operating profit					
Net sales					
(1) To customers	52,327	27,415	79,743	-	79,743
(2) Intersegment	-	-	-	-	-
Total	52,327	27,415	79,743	-	79,743
Operating expenses	43,284	24,571	67,855	2,350	70,206
Operating profit	9,043	2,844	11,887	( 2,350 )	9,537
Assets, depreciation, capital expenditures					
Assets	36,376	14,547	50,924	54,337	105,262
Depreciation	2,026	400	2,426	389	2,815
Capital expenditures	3,253	638	3,892	129	4,021

Notes 1. As described below, the business segments are formed by the demarcation of business into time information system business and environment system business.

From among the units and activities relating to sales and maintenance within the Company it is not possible to apportion selling expenses to particular sales categories, and thus for internal administrative purposes segmentation has been carried out by business segment.

## 2. Principal products in each business segment

Business segment	Sales category	Principal products
Time information system business	Information systems	Time & attendance (T&A) systems, payroll systems, human-resource management systems, cafeteria systems, access control systems, IC card solutions, system time recorders, attendance/human-resource and payroll ASP services, time distribution and authentication services
	Time management equipment	PC-connectable time recorders, computerized time recorders, standard electronic time recorders, electronic time stamps, numbering machines, patrol recorders
	Parking systems	Time registers, automated fee systems, access control systems, parking lot management systems, parking tower management systems, Internet parking guidance systems, parking lot total management services
Environment system business	Environmental systems	Industrial vacuum cleaners, standard dust collectors, oil mist collectors, fume collectors, large dust collection systems, deodorization systems, high-temperature hazardous-gas removal systems, pneumatic powder conveyance systems, environmental equipment monitoring/maintenance support systems, electrolytic water cleaning systems, alkaline electrolytic water industrial cleaning systems
	Clean systems	Commercial vacuum cleaners, road and industrial sweepers, automatic floor scrubbers, high-speed burnishers, dry-care cleaning systems, carpet cleanliness system, chemical products, supplies and accessories

3. Among operating expenses, the principal unallocated operating expenses included in the "Consolidation" item relate to divisions conducting Company-wide administrative activities, such as the parent company General Affairs Department.

First half ended September 30, 2006	¥1,362 million
First half ended September 30, 2005	¥1,154 million
Fiscal year ended March 31, 2006	¥2,350 million

4. Among assets, the principal Company-wide assets included in the "Consolidation" item include working capital (cash and securities) at the parent company, long-term investment funds (investment securities and long-term deposits), and assets relating to administrative divisions.

First half ended September 30, 2006	¥52,687 million
First half ended September 30, 2005	¥54,335 million
Fiscal year ended March 31, 2006	¥54,337 million

## 2. Segment information by geographical area

First half ended September 30, 2006 (April 1–September 30, 2006)

(Millions of yen)

	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales and operating profit							
Net sales							
(1) To customers	34,568	1,803	4,343	677	41,393	-	41,393
(2) Intersegment	985	53	187	54	1,280	( 1,280 )	-
Total	35,554	1,857	4,530	731	42,674	( 1,280 )	41,393
Operating expenses	29,820	1,648	4,458	685	36,613	81	36,694
Operating profit	5,733	208	72	46	6,061	( 1,361 )	4,699
Assets	42,461	3,016	7,321	2,696	55,495	52,474	107,969

First half ended September 30, 2005 (April 1–September 30, 2005)

(Millions of yen)

	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales and operating profit							
Net sales							
(1) To customers	33,295	1,612	4,268	643	39,818	-	39,818
(2) Intersegment	770	41	185	89	1,087	( 1,087 )	-
Total	34,065	1,653	4,453	732	40,906	( 1,087 )	39,818
Operating expenses	27,730	1,423	4,367	681	34,202	88	34,290
Operating profit	6,335	230	86	50	6,703	( 1,175 )	5,528
Assets	37,747	2,274	7,511	2,334	49,867	53,464	103,331

Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)

(Millions of yen)

	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales and operating profit							
Net sales							
(1) To customers	65,878	3,499	9,018	1,347	79,743	-	79,743
(2) Intersegment	1,690	38	367	170	2,267	( 2,267 )	-
Total	67,569	3,538	9,385	1,517	82,011	( 2,267 )	79,743
Operating expenses	56,251	3,153	9,244	1,418	70,069	136	70,206
Operating profit	11,317	384	140	98	11,942	( 2,404 )	9,537
Assets	39,428	2,818	7,745	2,493	52,484	52,777	105,262

Notes 1. The national and regional demarcations are in accordance with the degree of geographical proximity.

### 2. Principal countries and regions in each division

- (1) Other Asia: Singapore, Malaysia, South Korea, China
- (2) North America: United States, Canada
- (3) Europe: Belgium

### 3. Among operating expenses, the principal unallocated operating expenses included in the “Consolidation” item relate to divisions conducting Company-wide administrative activities, such as the parent company General Affairs Department.

First half ended September 30, 2006	¥1,362 million
First half ended September 30, 2005	¥1,154 million
Fiscal year ended March 31, 2006	¥2,350 million

### 4. Among assets, the principal Company-wide assets included in the “Consolidation” item include working capital (cash and securities) at the parent company, long-term investment funds (investment securities and long-term deposits), and assets relating to administrative divisions.

First half ended September 30, 2006	¥52,687 million
First half ended September 30, 2005	¥54,335 million
Fiscal year ended March 31, 2006	¥54,337 million

### 3. Overseas sales

First half ended September 30, 2006 (April 1–September 30, 2006)

(Millions of yen)

	Other Asia	North America	Europe	Other regions	Total
Overseas sales	1,947	4,348	721	114	7,132
Consolidated net sales					41,393
Proportion of consolidated net sales accounted for by overseas sales	4.7 %	10.5 %	1.7 %	0.3 %	17.2 %

First half ended September 30, 2005 (April 1–September 30, 2005)

(Millions of yen)

	Other Asia	North America	Europe	Other regions	Total
Overseas sales	1,769	4,269	668	109	6,817
Consolidated net sales					39,818
Proportion of consolidated net sales accounted for by overseas sales	4.4 %	10.7 %	1.7 %	0.3 %	17.1 %

Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)

(Millions of yen)

	Other Asia	North America	Europe	Other regions	Total
Overseas sales	3,798	9,035	1,403	187	14,424
Consolidated net sales					79,743
Proportion of consolidated net sales accounted for by overseas sales	4.8 %	11.3 %	1.8 %	0.2 %	18.1 %

Notes 1. Overseas sales comprise sales by the Company and its consolidated subsidiaries to countries and regions other than Japan.

2. The national and regional demarcations are in accordance with the degree of geographical proximity.

3. Principal countries and regions in each division

- (1) Other Asia: Singapore, Malaysia, South Korea, China
- (2) North America: United States, Canada
- (3) Europe: Belgium
- (4) Other regions: Central and South America