

## Summary Financial Statements (Consolidated) for Year Ended March 31, 2006

Company Name: Amano Corporation

May 9, 2006

Securities code: 6436

Listed on: TSE, OSE

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

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Representative: Kaoru Haruta, President and CEO

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Date of Board of Directors meeting to approve these accounts: May 9, 2006

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

### 1. Summary of business results for the year ended March 31, 2006 (April 1, 2005, to March 31, 2006)

#### (1) Operating results

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
Year ended March 31, 2006	79,743	9.0	9,537	5.1	9,581	7.0
Year ended March 31, 2005	73,140	10.7	9,074	71.3	8,956	77.0

	Net income		Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	Millions of yen	(% change)	Yen	Yen	%	%	%
Year ended March 31, 2006	5,915	15.8	72.89	72.76	7.8	9.3	12.0
Year ended March 31, 2005	5,108	80.1	62.95	62.95	7.2	9.3	12.2

- Notes: 1. Equity in earnings of affiliates Year ended March 31, 2006: – Year ended March 31, 2005: –  
 2. Average number of shares outstanding Year ended March 31, 2006: 79,928,640 Year ended March 31, 2005: 79,722,074  
 3. Changes in accounting methods (Yes/No): Yes  
 4. Percentages for net sales, operating income, ordinary income and net income denote changes compared with the previous fiscal year.

#### (2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At March 31, 2006	105,262	78,732	74.8	981.92
At March 31, 2005	100,745	73,044	72.5	915.37

- Notes: 1. Total number of shares issued and outstanding at end of fiscal year  
 Year ended March 31, 2006: 80,090,673 Year ended March 31, 2005: 79,699,082

#### (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 year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2006	6,048	(4,279)	(2,133)	34,402
Year ended March 31, 2005	10,040	(1,254)	(1,436)	34,900

#### (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: 2; 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
First half	41,500	5,000	3,000
Full year	84,000	10,000	6,000

Reference: Projected net income per share (Full year): ¥74.92

- Notes: Amounts in millions have been rounded down to the nearest million. The forecasts set out above have been prepared on the basis of information available as of the date on which these documents have been released. Owing to a variety of factors, actual results may vary from these forecasts. Please refer to pages 10 to 11 of the accompanying material for specific information relating to these forecasts.

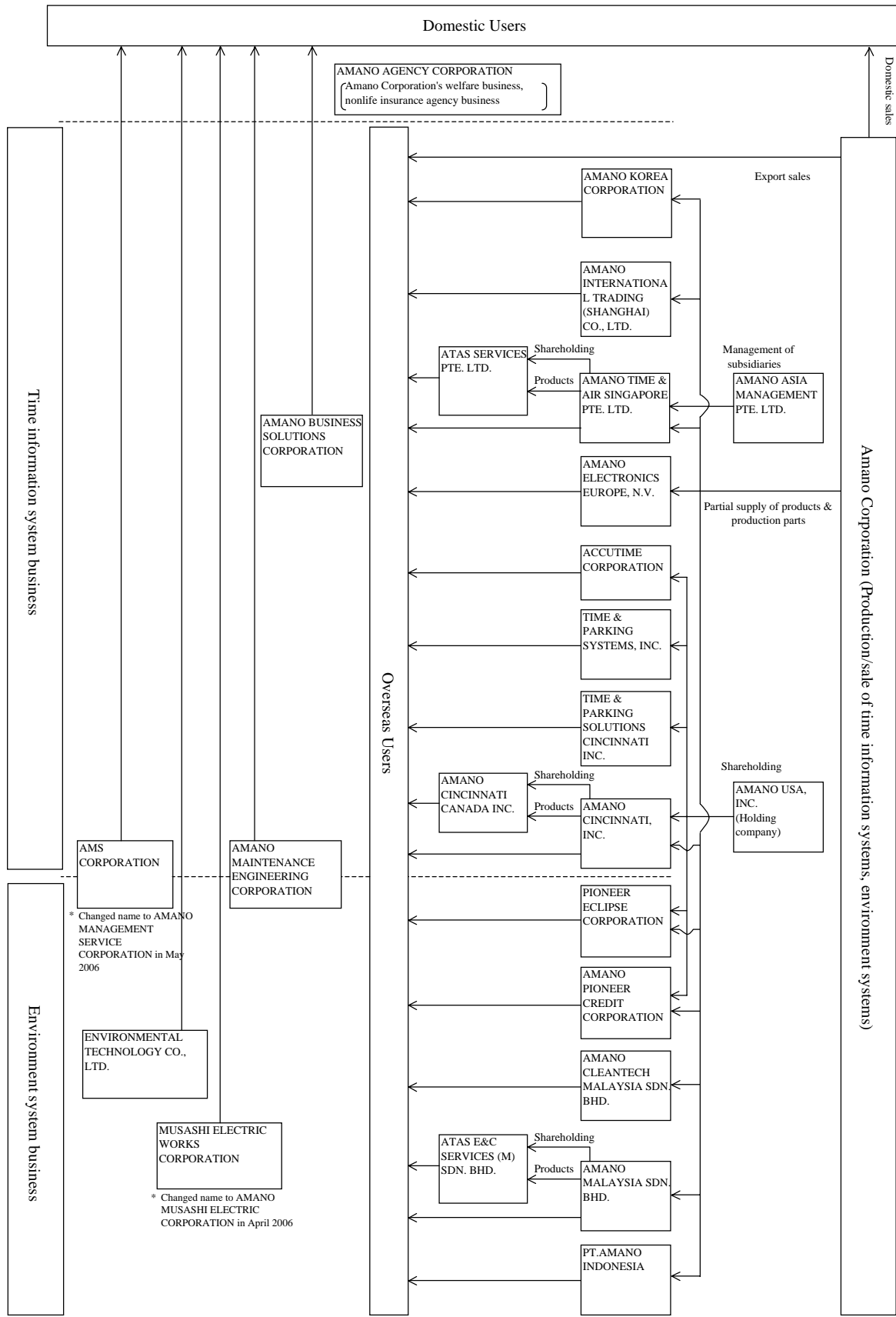
# 1. Status of the Corporate Group

The Amano Group comprises Amano Corporation and 32 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.

As of the year under review, for dividends it has been decided to change to a criterion of maintaining a payout ratio of at least 35% on a consolidated basis. In addition, the Company’s medium-term goal is to maintain a ratio of dividend to shareholders’ equity of at least 2.5%.

In line with this policy, we plan to pay a year-end dividend for the year of ¥13, which is the same amount as paid for the interim dividend. As a result, the annual dividend will be ¥4 higher than in the previous year, at ¥26 per share, corresponding with a payout ratio of 35.2% on a consolidated basis.

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. Rationale and policy for lowering the size of investment units

Amano believes that reducing the size of stock investment units is an effective means of increasing their liquidity in the stock market and of expanding its individual-investor base. Accordingly, to create an environment conducive to investment by greater numbers of investors, on October 3, 2005, the size of the Company’s unit share was reduced from 1,000 to 100 shares.

4. 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 year under review, the first year of the plan, were above the second-year plan targets, necessitating the revision of the plan for the second (year ending March 2007) and third (year ending March 2008) years.

The details 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

5. Matters relating to the parent company, etc.

There are no matters in this category to report.

### 3. Business Results and Financial Status

#### 1. Business results

During the year under review the impact of the sharp increases in crude-oil prices gave cause for concern, but nevertheless the Japanese economy continued to expand. Its favorable performance was powered by factors such as improvements in corporate earnings, vigorous capital investment, and robust consumer spending.

Amid this operating environment, throughout the Group we pursued the building of “A strong profit structure and sustainable growth,” the management concept that underlies our third medium-term management plan, which began in April 2005. Particular effort was devoted to strengthening our marketing capability and enhancing cost-competitiveness, including by cutting fixed costs, reducing prime costs, and raising productivity.

During the year the Company achieved growth in both revenues and profits. We generated net sales totaling ¥79,743 million, up by 9.0% year-on-year, operating profit of ¥9,537 million, up by 5.1%, and ordinary profit of ¥9,581 million, up by 7.0%. The Company also posted an extraordinary profit of ¥422 million, including a ¥332 million gain from the sale of property, plant and equipment, and an extraordinary loss of ¥302 million, including ¥212 million of expenses for the transfer of a factory. As a result, the Company posted net income of ¥5,915 million, representing an increase of 15.8% from the previous year.

The extraordinary profit from the sale of property, plant and equipment included a gain from the sale of the land and buildings of the California Factory, in Anaheim, of a U.S. subsidiary amalgamating its production plants. The factory-transfer expenses posted as an extraordinary loss related to the transfer of this factory to that company's Ohio Factory.

The following is an overview by business division.

#### Sales by business division

(Unit: Millions of yen)

	Year ended March 31, 2006 (April 1, 2005, to March 31, 2006)		Year ended March 31, 2005 (April 1, 2004, to March 31, 2005)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System Business						
Information Systems	13,909	17.4	11,910	16.3	1,998	16.8
Time Management Equipment	7,385	9.3	7,127	9.8	258	3.6
Parking Systems	31,032	38.9	29,213	39.9	1,819	6.2
Subtotal	52,327	65.6	48,251	66.0	4,076	8.4
Environment System Business						
Environmental Systems	17,020	21.4	15,094	20.6	1,926	12.8
Clean Systems	10,394	13.0	9,794	13.4	600	6.1
Subtotal	27,415	34.4	24,888	34.0	2,526	10.2
Total	79,743	100.0	73,140	100.0	6,603	9.0

## **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

The domestic market for this business division has been experiencing ongoing robust demand. The factors behind this are the tightening of official guidance with regard to working hours by the Labor Standards Inspection Office, the increasing compliance-consciousness throughout society spurred by regulations such as the Law Concerning the Protection of Personal Information, and the revision by companies of their systems for T&A information.

The public-sector market, mainly comprising municipal governments, has also been expanding from year to year. This expansion is being buoyed by the ongoing introduction of systems in the same manner as private-sector companies, primarily by core municipalities.

Amid a market environment in which the demand base also encompasses small and medium companies, the Company focused on the proactive marketing of comprehensive solutions for T&A management and door management (access management) measures, centering on IC cards.

Against this backdrop, the Company's business performance was very strong during the year. Overall performance was powered by orders from manufacturing industry, where vigorous capital investment activity was maintained, and from the retailing and sales industries, which were buoyed by the economic recovery. Sales in the field of T&A systems rose by ¥1,093 million, or 13.1%, while in the field of access management systems they jumped by ¥355 million, or 45.4%.

Broken down by product, sales of terminal devices rose by ¥756 million, or 15.6%, year-on-year; software sales were up by ¥702 million, or 19.7%, boosted by sales of large-scale solution projects; and sales generated by maintenance and supply operations were up by ¥225 million, or 9.4%, buoyed by a strong increase in maintenance contracts and growth in demand for IC cards.

Overseas, sales grew across the board in North America, Europe, and Asia, recording an overall rise of ¥1,152 million, or 27.4%, year-on-year.

The net result of the above was that total sales in this business division totaled ¥13,909 million, representing an increase of ¥1,998 million, or 16.8%, from the previous year.

#### - Time Management Equipment

In this segment the domestic market for time recorders has been showing signs of a revival in line with the economic recovery. However, there is an increasing bipolarization among customers towards those that use low-priced standard models, and those that are transferring to systems.

Domestic business performance in this business division was characterized by a slight overall reduction in sales, as brisk sales of the TimeP@CK time recorder with PC spreadsheet software were offset by the polarization of the customer base. Among exports, time recorders posted strong growth both in terms of unit sales and revenues, but declines in sales of products such as time stamps held overall sales growth to modest proportions.

With respect to overseas business performance, revenues rose in North America as a result of fluctuations in exchange rates (but declined in local currency terms), declined in Europe owing to increasingly fierce competition, and grew in Asia owing to brisk sales to Taiwan. Overall, backed by the impact of fluctuations in exchange conversion rates, sales in this category totaled ¥3,170 million, which represented a year-on-year increase of 9.8%.

As a result of the above, the sales achieved by the Time Management Products Equipment totaled ¥7,385 million, up by ¥258 million, or 3.6%, from the previous year.

#### - Parking Systems

The operating environment in the domestic market in this segment has been undergoing considerable change. Key factors in this have been the diversification of means of settling e-money and credit-card payments such as ETC (an automated road-toll collection system) and <sup>(\*)</sup> Suica/Edy systems, the introduction of designated manager systems by municipalities, the start of outsourcing to the private sector of parking enforcement, and the introduction of the obligation to provide supplementary bicycle and motorcycle parks.

Against this backdrop, the Company devoted efforts to enhancing its operating structure to address changes in the market, and to developing systems to anticipate market needs.

The sales of this business division declined by ¥302 million, or 1.3%, from the previous year. The principal factors behind this were twofold: a year-on-year fall in the number of major projects such as large-scale parking lots, and the ending, in September 2005, of the replacement demand for bill readers that had persisted since the previous year as a result of the issuance of new yen bills.

Broken down by product, sales of system devices increased by ¥142 million, or 1.0%, from the previous year, and revenues from maintenance and supply operations fell by ¥182 million, or 2.3%. The fall in maintenance and supply revenues is attributable to a substantial 44% year-on-year drop in the replacement demand for bill readers that had been spurred by the issuance of new bills.

Of particular note is the fact that the parking-lot operation and management business of Group subsidiary Amano Management Service Corporation (AMS) registered a robust 19% increase in sales from the previous year.

Overseas, demand for Automated Pay Station was strong in North America, resulting in year-on-year sales growth of 45.0%, but sales were down slightly in Europe, and in Asia they grew by 54.6%, buoyed by a strong performance in South Korea. Overall, overseas sales totaled ¥5,494 million, up by 39.2% year-on-year.

The net result of these developments was that sales achieved by the Parking Systems Division totaled ¥31,032 million, representing an increase of ¥1,819 million, or 6.2%, from the previous year.

(\*) Suica : 'Super Urban Intelligent Card' is a prepaid IC card of fare for East Japan Railway Company  
Edy : e-Money IC card

## 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 benefited from the sustained expansion of demand across a broad range of industries, underpinned by vigorous capital investment principally in domestic manufacturing industry.

In the standard equipment segment there was strong growth in sales of vacuum cleaners, small dust collectors, and compact oil mist collectors. In addition, as a result of the concentration of marketing strength on maintenance business, revenues from those activities also grew strongly and contributed to overall revenue growth.

Sales of standard equipment were up by ¥858 million, or 15.5%, year-on-year, while those of large systems grew by ¥133 million, or 2.4%. Revenues from maintenance and supply operations rose by ¥574 million, or 20.0%.

In overseas operations the expansion and enhancement of the marketing structure in China and Malaysia generated growth in demand, particularly among Japanese companies. This helped sales record strong growth in the Asian region as a whole, which saw an increase of ¥851 million, or 36.3%, year-on-year. (This business is not conducted in North America or Europe.)

As a result of the above, the sales of this business division totaled ¥17,020 million, representing an increase of ¥1,926 million, or 12.8%, from the previous year.

### - Clean Systems

In this business division the domestic market was characterized by an increase in manufacturing industries' cleaning requirements within their plants, and the resultant emergence of demand. In the building maintenance industry, meanwhile, there was a marked shift towards medium- and large-scale machines with the goal of cutting cleaning costs. In large supermarkets and large-scale commercial facilities, floor surfacing began to be diversified to match the uses to which those areas were being put, for example by the laying of carpets and ceramic flooring, while flooring materials began to be changed in the convenience-store industry.

Amid this market environment, sales of cleaning equipment fell by ¥62 million, or 1.8%, from the previous year, but revenues from maintenance and supply operations rose by ¥170 million, or 6.1%. The decline in sales of cleaning equipment is attributable to a fall in exports to Europe and a decline in demand resulting from the change of flooring materials in the convenience-store industry.

Overseas, sales in this segment in North America was boosted by exchange-rate fluctuations, recording substantial 18.0% growth, but sales declined in the European and Asian regions. Overall, overseas sales totaled ¥3,196 million, up by 14.2% year-on-year.

As a result of the above, the sales generated in this cleaning systems segment totaled ¥10,394 million, representing an increase of ¥600 million, or 6.1%, from the previous year.

## 2. Financial condition

Consolidated cash and cash equivalents declined by ¥497 million, or 1.4%, from the previous year, to a year-end total of ¥34,402 million. The principal factor behind this was an increase in the amount of income taxes paid.

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

### Cash flow from operating activities

Net cash provided by operating activities totaled ¥6,048 million, down by ¥3,991 million, or 39.8%, from the previous year. This was attributable primarily to a decline in accounts payable and an increase in income taxes paid.

### Cash flow from investing activities

Net cash used in investing activities was ¥4,279 million, representing an increase of ¥3,025 million, or 241.0%, from the previous year. The principal factors behind this included an increase in purchases of investment securities and a decline in income from the sale and redemption of investment securities.

### Cash flow from financing activities

Net cash used in financing activities totaled ¥2,133 million, representing a year-on-year increase of ¥697 million, or 48.6%. This was principally attributable to cash outflows for the repayment of long-term borrowings, and an increase in dividend payments.

### Trend of cash flow indicators

The following are the consolidated cash flow indicators.

	At Mar.31,2002	At Mar.31,2003	At Mar.31,2004	At Mar.31,2005	At Mar.31,2006
Equity ratio (%)	76.4	74.8	75.5	72.5	74.8
Fair value equity ratio (%)	80.5	52.6	76.6	95.0	156.0
Debt repayment period (Years)	0.5	0.4	0.3	0.3	0.4
Interest coverage ratio	35.8	88.4	165.7	255.8	88.1

Notes: Equity ratio: Shareholders' equity/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.

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

The Japanese economy is forecast to remain robust, but sharp increases in crude-oil prices and rising interest rates are among factors that give cause for concern. These have created a mood of uncertainty about the sustained growth of the economy in the future.

Amid this operating environment, 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 provide 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 coming fiscal year we will implement the business strategies set out below in accordance with 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) Environment 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 next 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.

For dividend payments we will continue to do our utmost to improve business performance with the objective of paying a dividend for the full year of ¥26 per share (¥13 interim and ¥13 year-end).

(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 ending 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 financial statements and relating to the 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 (May 9, 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 year ended March 31, 2006, in terms of sales the time information system business accounted for 65.6% of the total, and the environment system business accounted for 34.4%. With respect to their contribution to operating profit, before deduction of unallocated expenses the time information system business contributed 76.1%, while the environment system business contributed 23.9%. 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 equipment, 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 Consolidated Balance Sheets

(Millions of yen)

Item	Fiscal year ended March 31, 2006 (As of March 31, 2006)		Fiscal year ended March 31, 2005 (As of March 31, 2005)		Change
	Amount	Ratio	Amount	Ratio	
<b>Assets</b>		%		%	
Current assets	65,105	61.9	64,319	63.8	785
Cash and bank deposits	34,402		34,900		( 497 )
Notes and accounts receivable —trade	20,914		20,269		644
Marketable securities	10		26		( 15 )
Inventories	7,626		7,318		308
Deferred tax assets	1,262		1,198		63
Other current assets	1,004		748		256
Allowance for doubtful accounts	( 116 )		( 142 )		25
Fixed assets	40,157	38.1	36,426	36.2	3,730
Property, plant and equipment	<b>20,995</b>	<b>19.9</b>	<b>20,462</b>	<b>20.3</b>	<b>533</b>
Buildings and structures	11,351		11,712		( 360 )
Machinery and vehicles	1,561		1,300		260
Tools, furniture and fixtures	1,666		1,305		360
Land	5,769		5,885		( 115 )
Construction in progress	646		259		387
Intangible fixed assets	<b>4,676</b>	<b>4.4</b>	<b>4,108</b>	<b>4.1</b>	<b>568</b>
Goodwill	1,656		1,806		( 150 )
Software	1,942		1,344		597
Software in progress	1,019		899		120
Others	58		57		0
Investments and other assets	<b>14,484</b>	<b>13.8</b>	<b>11,855</b>	<b>11.8</b>	<b>2,629</b>
Investment securities	6,850		4,240		2,609
Long-term borrowings	638		502		135
Claims in bankruptcy and similar claims	255		302		( 46 )
Fixed leasehold deposits	935		991		( 55 )
Deferred tax assets	1,769		2,139		( 369 )
Long-term deposits	1,500		1,500		-
Others	2,801		2,491		310
Allowance for doubtful accounts	( 267 )		( 312 )		44
<b>Total assets</b>	<b>105,262</b>	<b>100.0</b>	<b>100,745</b>	<b>100.0</b>	<b>4,516</b>

(Millions of yen)

Item	Period	Fiscal year ended March 31, 2006 (As of March 31, 2006)		Fiscal year ended March 31, 2005 (As of March 31, 2005)		Change
		Amount	Ratio	Amount	Ratio	
<b>Liabilities</b>			%		%	
Current liabilities		20,323	19.3	22,078	21.9	( 1,754 )
Notes and accounts payable— trade		9,637		11,355		( 1,718 )
Short-term bank loans		467		846		( 379 )
Accrued income taxes		2,146		2,921		( 774 )
Accrued bonuses		1,974		1,802		171
Other current liabilities		6,097		5,152		944
Long-term liabilities		5,721	5.4	5,257	5.2	463
Long-term bank loans		692		402		289
Accrued retirement benefits for employees		4,251		4,095		155
Accrued officers' retirement benefits		649		674		( 24 )
Deferred tax liabilities		70		42		28
Other long-term liabilities		56		42		13
Total liabilities		26,044	24.7	27,336	27.1	( 1,291 )
<b>Minority interests</b>						
Minority interests in consolidated subsidiaries		485	0.5	365	0.4	119
Total minority interests		485	0.5	365	0.4	119
<b>Shareholders' equity</b>						
Common stock		18,239	17.3	18,239	18.1	-
Capital surplus		19,438	18.5	19,293	19.1	145
Retained earnings		42,036	39.9	38,296	38.0	3,740
Net unrealized gains (losses) on other securities		798	0.8	105	0.1	693
Foreign currency translation adjustment		( 830 )	( 0.8 )	( 1,649 )	( 1.6 )	818
Treasury stock		( 950 )	( 0.9 )	( 1,240 )	( 1.2 )	290
Total shareholders' equity		78,732	74.8	73,044	72.5	5,688
Total		105,262	100.0	100,745	100.0	4,516

## 4-2 Consolidated Statements of Income

(Millions of yen)

Item	Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)		Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)		Change	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Net sales	79,743	100.0	73,140	100.0	6,603	9.0
Cost of sales	42,943	53.9	39,291	53.7	3,651	9.3
Gross profit	36,800	46.1	33,848	46.3	2,951	8.7
Selling, general and administrative expenses	<b>27,262</b>	<b>34.1</b>	<b>24,774</b>	<b>33.9</b>	<b>2,488</b>	<b>10.0</b>
Selling expenses	22,974		20,985		1,988	
General and administrative expenses	4,288		3,788		500	
Operating income	9,537	12.0	9,074	12.4	463	5.1
Non-operating income	<b>611</b>	<b>0.7</b>	<b>435</b>	<b>0.6</b>	<b>175</b>	<b>40.4</b>
Interest income	85		59		25	
Dividends income	50		41		8	
Other	475		333		141	
Non-operating expenses	<b>567</b>	<b>0.7</b>	<b>553</b>	<b>0.8</b>	<b>14</b>	<b>2.6</b>
Interest expense	60		43		16	
Amortization of goodwill	320		320		-	
Other	187		189		( 2 )	
Ordinary income	9,581	12.0	8,956	12.2	624	7.0
Extraordinary income	<b>422</b>	<b>0.6</b>	<b>73</b>	<b>0.1</b>	<b>349</b>	<b>478.5</b>
Gain on sale of property and equipment	332		2		330	
Gain on sale of investment securities	55		57		( 1 )	
Other	35		13		21	
Extraordinary losses	<b>302</b>	<b>0.4</b>	<b>611</b>	<b>0.8</b>	<b>( 309 )</b>	<b>( 50.6 )</b>
Loss on disposal of property and equipment	67		63		3	
Loss on sale of property and equipment	20		213		( 192 )	
Loss on sale of investment securities	1		296		( 295 )	
Valuation loss on investment securities	-		35		( 35 )	
Factory transfer expenses	212		-		212	
Other	-		2		( 2 )	
Income before income taxes	9,702	12.2	8,418	11.5	1,283	15.3
Income taxes—current	3,845	4.8	3,545	4.8	300	8.5
Income taxes—deferred	( 196 )	( 0.2 )	( 355 )	( 0.5 )	158	( 44.7 )
Minority interests	137	0.2	119	0.2	18	15.3
Net income	5,915	7.4	5,108	7.0	806	15.8

### 4-3 Consolidated Statements of Shareholders' Equity

(Millions of yen)

Item	Period	Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)	Change
		Amount	Amount	
<b>Capital surplus</b>				
Capital surplus at beginning of year		19,293	19,293	-
Increase in capital surplus				
Gain from disposal of treasury stock		145	-	145
Balance of capital surplus at end of year		19,438	19,293	145
<b>Retained earnings</b>				
Retained earnings at beginning of year		38,296	34,671	3,625
Increase in retained earnings				
Net income		5,915	5,108	806
Decrease in retained earnings				
Cash dividends paid		2,075	1,435	640
Officers' bonuses		99	48	51
(Incl. corporate auditors' bonuses)		( 7 )	( 4 )	( 3 )
Total		2,175	1,483	691
Retained earnings at end of year		42,036	38,296	3,740

## 4-4 Consolidated Statements of Cash Flows

(Millions of yen)

Item	Period	Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)	Change
		Amount	Amount	Amount
<b>Cash Flows from Operating Activities</b>				
1. Income before income taxes		9,702	8,418	1,283
2. Depreciation and amortization		2,815	2,707	108
3. Increase in provision for accrued retirement benefits		154	114	39
4. Increase (decrease) in allowance for doubtful accounts	( 79 )	( 79 )	( 4 )	( 74 )
5. Interest and dividend revenue	( 136 )	( 136 )	( 101 )	( 34 )
6. Interest expenses	60	60	43	16
7. Foreign currency translation (gain) loss	( 46 )	( 46 )	( 28 )	( 17 )
8. Gain on sale of investment securities	( 55 )	( 55 )	( 57 )	1
9. Loss on sale of investment securities	1	1	296	( 295 )
10. Loss on write-down of investment securities	-	-	35	( 35 )
11. Gain on sale of fixed assets	( 332 )	( 332 )	-	( 332 )
12. Loss on disposal of fixed assets	67	67	63	3
13. Loss on sale of fixed assets	20	20	213	( 192 )
14. (Increase) decrease in trade notes and accounts receivable	( 366 )	( 366 )	( 679 )	313
15. (Increase) decrease in inventories	( 129 )	( 129 )	( 1,627 )	1,498
16. Increase (decrease) in accounts payable	( 1,852 )	( 1,852 )	2,231	( 4,083 )
17. Others	954	954	4	950
Subtotal		10,780	11,630	( 850 )
18. Receipts from interest and dividends		130	100	29
19. Interest paid	( 68 )	( 68 )	( 39 )	( 29 )
20. Income taxes paid	( 4,793 )	( 4,793 )	( 1,651 )	( 3,141 )
Net cash provided by operating activities		6,048	10,040	( 3,991 )
<b>Cash Flows from Investing Activities</b>				
1. Payment for purchase of property and equipment	( 1,719 )	( 1,719 )	( 1,499 )	( 219 )
2. Proceeds from sale of property and equipment	617	617	139	478
3. Payment for acquisition of intangible assets	( 1,725 )	( 1,725 )	( 1,590 )	( 134 )
4. Payment for acquisition of investment securities	( 1,634 )	( 1,634 )	( 676 )	( 957 )
5. Proceeds from sale of investment securities	153	153	1,275	( 1,121 )
6. Proceeds from maturities of investment securities	31	31	300	( 268 )
7. Loans to third parties	( 26 )	( 26 )	-	( 26 )
8. Collection of loans	22	22	22	( 0 )
9. Increase in time deposits	-	-	( 500 )	500
10. Decrease in time deposits	-	-	1,275	( 1,275 )
Net cash used in investing activities	( 4,279 )	( 4,279 )	( 1,254 )	( 3,025 )
<b>Cash Flows from Financing Activities</b>				
1. Proceeds from short-term bank loans	194	194	250	( 55 )
2. Repayment for short-term bank loans	( 188 )	( 188 )	( 208 )	19
3. Proceeds from long-term debt	364	364	208	156
4. Repayment for long-term debt	( 855 )	( 855 )	( 201 )	( 653 )
5. Payment for acquisition of treasury stock	( 53 )	( 53 )	( 42 )	( 10 )
6. Proceeds from sale of treasury stock	489	489	-	489
7. Dividends paid by parent company	( 2,071 )	( 2,071 )	( 1,432 )	( 639 )
8. Dividends paid to minority interests	( 13 )	( 13 )	( 9 )	( 3 )
Net cash used in financing activities	( 2,133 )	( 2,133 )	( 1,436 )	( 697 )
Effect of exchange rate changes on cash and cash equivalents	( 184 )	( 184 )	( 14 )	( 170 )
Net increase (decrease) in cash and cash equivalents	( 550 )	( 550 )	7,334	( 7,884 )
Cash and cash equivalents at beginning of year	34,900	34,900	27,565	7,334
Net increase (decrease) in cash and cash equivalents due to change in scope of consolidation	52	52	-	52
Cash and cash equivalents at end of year	34,402	34,402	34,900	( 497 )

## Basis of Presentation of the 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."  
As of the year under review, two companies have been included within the scope of consolidation: TIME & PARKING SOLUTIONS CINCINNATI INC., by means of acquisition, and AMANO MALAYSIA SDN. BHD., owing to the increase in its importance.
- (2) Names of non-consolidated subsidiaries: 8 companies: AMANO SOFTWARE ENGINEERING (SHANGHAI) CO., LTD., AMANO ECO TECHNOLOGY CORPORATION, AMANO SOFTWARE ENGINEERING USA, Inc., AMANO SOFTWARE ENGINEERING R&D EUROPE, N.V., AMANO SYSTEMS KYUSHU CORPORATION, AMANO TIME BUSINESS CORPORATION, AMANO TIME & PARKING SPAIN, S.A., @PARK KOREA CO., LTD.

#### 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 consolidated financial statements.

### 2. Application of the equity method None

### 3. Fiscal years of consolidated subsidiaries

The fiscal year-end of overseas subsidiaries is December 31. Their financial statements as of that date are used in the preparation of the consolidated financial statements, and necessary adjustments are made to the consolidated accounts in cases in which significant transactions take place between that date and the consolidated balance sheet date.

### 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 shareholders' equity, 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.

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 fiscal year-end 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 final day of the consolidated accounting period, 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 final day of their accounting periods, and any differences are included in either minority interests in consolidated subsidiaries or the foreign currency translation adjustment in shareholders’ equity.

(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 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 impairment of fixed assets

As of the year under review, the “Accounting Standard for the Impairment of Fixed Assets” (Opinion concerning Establishment of the Accounting Standard for the Impairment of Fixed Assets, Business Accounting Council, August 9, 2002) and the “Implementation Guidance for the Accounting Standard for the Impairment of Fixed Assets” (Financial Accounting Standards Implementation Guidance No. 6, Accounting Standards Board, October 31, 2003) are being applied.

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

## Notes

### Consolidated balance sheets

Fiscal year ended March 31, 2006 (As of March 31, 2006)		Fiscal year ended March 31, 2005 (As of March 31, 2005)	
Accumulated depreciation of property, plant and equipment	¥28,619 million	Accumulated depreciation of property, plant and equipment	¥27,812 million

### Consolidated statements of income

Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)		Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)	
Principal selling, general and administrative expenses		Principal selling, general and administrative expenses	
Transfer to accrued bonuses	¥1,348 million	Transfer to accrued bonuses	¥1,186 million
Retirement benefit expense	¥1,039 million	Retirement benefit expense	¥888 million
Transfer to accrued officers' retirement benefits	¥80 million	Transfer to accrued officers' retirement benefits	¥91 million
Salaries, wages and other payroll costs	¥10,758 million	Salaries, wages and other payroll costs	¥9,785 million
		Transfer to allowance for doubtful accounts	¥27 million

### Consolidated statements of cash flows

Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)		Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)	
Reconciliation of year-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets		Reconciliation of year-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets	
Cash and bank deposits	¥34,402 million	Cash and bank deposits	¥34,900 million
Cash and cash equivalents	<u>¥34,402 million</u>	Cash and cash equivalents	<u>¥34,900 million</u>

Lease transactions

Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)																																																																				
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Due in more than 1 year	¥1,605 million																																																																				
Total	¥2,280 million																																																																				
Lease rental expenses	¥764 million																																																																				
Depreciation charges	¥764 million																																																																				
Future lease rental payments																																																																					
Due within 1 year	¥36 million																																																																				
Due in more than 1 year	¥136 million																																																																				
Total	¥173 million																																																																				

## Securities

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

1. Trading securities None

2. Held-to-maturity bonds (Market price applicable) None

3. Other 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

4. Other securities sold during the year (April 1, 2005, to March 31, 2006)

(Millions of yen)

Sale price	Gain on sale	Loss on sale
153	55	1

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

(1) Held-to-maturity bonds None

(2) Shares of subsidiaries and affiliates ¥408 million

(3) Other securities

Unlisted stocks	¥519 million
Preferred securities	¥500 million

Fiscal year ended March 31, 2005 (As of March 31, 2005)

1. Trading securities None

2. Held-to-maturity bonds (Market price applicable) None

3. Other 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	231	443	211
	(2) Bonds	500	504	4
	(3) Other	95	136	41
	Subtotal	827	1,084	257
Securities for which balance-sheet amount does not exceed acquisition cost	(1) Stocks	1,305	1,237	( 67 )
	(2) Bonds	-	-	-
	(3) Other	590	578	( 12 )
	Subtotal	1,896	1,815	( 80 )
Total		2,723	2,900	176

4. Other securities sold during the year (April 1, 2004, to March 31, 2005)

(Millions of yen)

Sale price	Gain on sale	Loss on sale
1,275	57	296

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

(1) Held-to-maturity bonds	None
(2) Shares of subsidiaries and affiliates	¥356 million
(3) Other securities	
Unlisted stocks	¥510 million
Preferred securities	¥500 million

#### Derivatives

(1) Currency-related

No details are stated here, as there was a zero balance at the year-end for both the fiscal years ended March 31, 2006 and 2005.

(2) Interest-rate-related

No details are stated here, as there was a zero balance at the year-end for both the fiscal years ended March 31, 2006 and 2005.

(3) Other

No details are stated here, as there was a zero balance at the year-end for both the fiscal years ended March 31, 2006 and 2005.



Deferred tax accounting

Fiscal year ended March 31, 2006 (As of March 31, 2006)		Fiscal year ended March 31, 2005 (As of March 31, 2005)	
1 Breakdown of principal origins of deferred tax assets and liabilities		1 Breakdown of principal origins of deferred tax assets and liabilities	
Deferred tax assets	(¥ million)	Deferred tax assets	(¥ million)
Accrued enterprise tax	183	Accrued enterprise tax	245
Accrued bonuses not deductible until paid	801	Accrued bonuses not deductible until paid	724
Accrued officers' retirement benefits not deductible until paid	277	Accrued officers' retirement benefits not deductible until paid	272
Surplus on accrued retirement benefits for employees	1,708	Surplus on accrued retirement benefits for employees	1,577
Loss carried forward	371	Loss carried forward	379
Valuation loss on investment securities	89	Valuation loss on investment securities	153
Surplus on allowance for doubtful accounts	72	Surplus on allowance for doubtful accounts	81
Other	500	Other	415
Deferred tax assets (subtotal)	4,006	Deferred tax assets (subtotal)	3,850
Valuation allowance	( 384 )	Valuation allowance	( 342 )
Total deferred tax assets	3,622	Total deferred tax assets	3,507
Deferred tax liabilities		Deferred tax liabilities	
Reserve for advanced depreciation of building	( 22 )	Reserve for advanced depreciation of building	( 23 )
Unrealized gain on other securities	( 545 )	Unrealized gain on other securities	( 73 )
Other	( 91 )	Other	( 115 )
Total deferred tax liabilities	( 660 )	Total deferred tax liabilities	( 212 )
Net deferred tax assets	2,961	Net deferred tax assets	3,295
2 Principal components of significant differences arising between the statutory tax rate and the effective tax rate		2 Principal components of significant differences arising between the statutory tax rate and the effective tax rate	
Statutory tax rate	40.6 %	Statutory tax rate	40.6 %
(Adjustments)		(Adjustments)	
Entertainment and other nondeductible expenses	0.4	Entertainment and other nondeductible expenses	0.4
Dividend and other nontaxable income	( 0.2 )	Dividend and other nontaxable income	( 0.2 )
Inhabitant tax per capita	0.8	Inhabitant tax per capita	0.9
Realization of tax benefits on operating losses	( 1.7 )	Realization of tax benefits on operating losses	( 1.1 )
Tax credit for research and development expenses	( 2.1 )	Tax credit for research and development expenses	( 1.9 )
Other	( 0.2 )	Other	( 0.8 )
Actual tax rate	37.6	Actual tax rate	37.9

## 5. Segment Information

### 1. Segment information by business

(Millions of yen)

	Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)				
	Time information systems	Environment systems	Total	Consolidation	Consolidation total
Net sales and operating income					
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 income	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

(Millions of yen)

	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)				
	Time information systems	Environment systems	Total	Consolidation	Consolidation total
Net sales and operating income					
Net sales					
(1) To customers	48,251	24,888	73,140	-	73,140
(2) Intersegment	-	-	-	-	-
Total	48,251	24,888	73,140	-	73,140
Operating expenses	39,365	22,562	61,928	2,137	64,065
Operating income	8,885	2,326	11,212	( 2,137 )	9,074
Assets, depreciation, capital expenditures					
Assets	37,231	11,505	48,736	52,009	100,745
Depreciation	1,904	417	2,322	385	2,707
Capital expenditures	2,433	958	3,391	51	3,442

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, proximity 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.

Fiscal year ended March 31, 2006	¥2,350 million
Fiscal year ended March 31, 2005	¥2,137 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.

Fiscal year ended March 31, 2006	¥54,337 million
Fiscal year ended March 31, 2005	¥52,009 million

## 2. Segment information by geographical area

(Millions of yen)

	Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)						
	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales and operating income							
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 income	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

(Millions of yen)

	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)						
	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales and operating income							
Net sales							
(1) To customers	61,978	2,601	7,170	1,389	73,140	-	73,140
(2) Intersegment	1,685	51	363	202	2,303	( 2,303 )	-
Total	63,664	2,653	7,533	1,591	75,443	( 2,303 )	73,140
Operating expenses	52,901	2,342	7,448	1,511	64,203	( 137 )	64,065
Operating income	10,763	310	85	80	11,239	( 2,165 )	9,074
Assets	38,958	1,942	6,515	2,427	49,843	50,902	100,745

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.

Fiscal year ended March 31, 2006 ¥2,350 million

Fiscal year ended March 31, 2005 ¥2,137 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.

Fiscal year ended March 31, 2006 ¥54,337 million

Fiscal year ended March 31, 2005 ¥52,009 million

## 3. Overseas sales

(Millions of yen)

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

(Millions of yen)

	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)				
	Other Asia	North America	Europe	Other regions	Total
Overseas sales	3,037	7,175	1,415	125	11,753
Consolidated net sales					73,140
Proportion of consolidated net sales accounted for by overseas sales	4.2 %	9.8 %	1.9 %	0.2 %	16.1 %

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

**Transactions with related parties**

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

None

Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)

None