

Summary Second Quarter Financial Statements (Consolidated) for Year Ending March 31, 2010

November 5, 2009

Company name: Listed on: TSE, OSE
 Securities code: 6436 URL: <http://www.amano.co.jp/>
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 Scheduled date of filing of quarterly securities report: November 13, 2009
 Scheduled date of dividend payments: December 2, 2009

(Amounts less than 1 million yen are rounded down)

1. Business results for the first half ended September 30, 2009 (April 1, 2009 to September 30, 2009)

(1) Operating results

(Percentages represent year-on-year changes)

	Net sales	Operating profit	Ordinary profit	Net income
	Millions of yen (% change)	Millions of yen (% change)	Millions of yen (% change)	Millions of yen (% change)
Half ended Sept. 30, 2009	37,822 (21.0)	182 (94.0)	400 (87.8)	54 (96.9)
Half ended Sept. 30, 2008	47,855 —	3,060 —	3,283 —	1,720 —

	Net income per share	Diluted net income per share
	Yen	Yen
Half ended Sept. 30, 2009	0.71	
Half ended Sept. 30, 2008	21.46	21.46

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
At September 30, 2009	101,474	75,580	73.5	973.75
At March 31, 2009	102,192	75,394	72.9	972.08

Reference: Equity capital At September 30, 2009: 74,589 million yen At March 31, 2009: 74,462 million yen

2. Dividends

(Date of record)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	—	17.00	—	13.00	30.00
Year ending March 31, 2010	—				26.00
Year ending March 31, 2010 (est.)		13.00	—	13.00	

Note: Estimated dividends revised in this half: No

3. Forecast earnings for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentages represent year-on-year changes)

	Net sales	Operating profit	Ordinary profit	Net income	Net income per share
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Yen
Full year	77,000 (16.1)	950 (82.3)	1,250 (76.4)	230 (89.6)	3.00

Note: Forecast earnings figures revised in this half: No

4. Other matters

(1) Changes among significant subsidiaries

(Changes among specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of simplified accounting procedures and accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

[Note: For details, please see page 9: Qualitative Information/Financial Statements, item 5 "Other Matters."]

(3) Changes in principles and practices in the preparation of the quarterly consolidated financial statements, or method of presentation

(Changes in the basis of presentation of the quarterly consolidated financial statements)

[1] Changes arising from revision of accounting standards: Yes

[2] Other changes: Yes

[Note: For details, please see page 9: Qualitative Information/Financial Statements, item 5 "Other Matters."]

(4) No. of shares issued and outstanding (common stock)

[1] No. of shares issued and outstanding at the end of the period (including treasury stock)

At September 30, 2009	81,257,829 shares	At March 31, 2009	81,257,829 shares
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[2] No. of shares of treasury stock at the end of the period

At September 30, 2009	4,657,863 shares	At March 31, 2009	4,656,810 shares
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[3] Average number of shares outstanding

First half ended September 30, 2009	76,600,175 shares
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First half ended September 30, 2008	80,137,511 shares
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Note: Explanation concerning appropriate use of the earnings forecast, and other matters to note

- Please note that the above forecasts were determined on the basis of information available at the date when the document was prepared, and may contain numerous uncertainties. Actual results may differ from the above forecasts due to changes in business performance and other factors.

Qualitative Information/Financial Statements

1. Qualitative Information on Consolidated Operating Results

The Japanese economy during the first half remained in extremely difficult circumstances, with sluggish consumer spending, reflecting continued pressure to reduce capital expenditure and the deteriorating employment and income environment despite an upward trend in exports and production on the back of the influence of economic measures both domestic and abroad and development in inventory adjustments.

Amid this operating environment, we emphasized Group growth strategies based on our new medium-term management plan. While working on the global development of products and markets as well as the enhancement of our capacity to provide holistic solutions, the entire company focused on the in-depth cultivation of client needs and continued efforts to reduce cost of sales and selling, general and administrative expenses.

However, the impact of decreased demand due to falling appetite of our clients for capital spending exceeded our expectations by a significant margin.

As a result of the above, all business segments recorded decreased revenue during the first half and overall sales were ¥37,822 million, down by 21.0% year-on-year.

Operating profit fell by 94.0% to ¥182 million, ordinary profit declined by 87.8% to ¥400 million, and net income for the first half dropped by 96.9% to ¥54 million.

The following is an overview of sales by business division.

Sales by business division

(Unit: Millions of yen)

	First half ended September 30, 2008 (April 1, 2008– Sept. 30, 2008)		First half ended September 30, 2009 (April 1, 2009– Sept. 30, 2009)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System Business		%		%		%
Information Systems	10,366	21.7	8,114	21.5	(2,252)	(21.7)
Time Management Equipment	2,968	6.2	2,085	5.5	(882)	(29.7)
Parking Systems	19,770	41.3	18,151	48.0	(1,618)	(8.2)
Subtotal	33,105	69.2	28,351	75.0	(4,754)	(14.4)
Environment System Business						
Environmental Systems	10,140	21.2	5,635	14.9	(4,505)	(44.4)
Clean Systems	4,609	9.6	3,835	10.1	(773)	(16.8)
Subtotal	14,749	30.8	9,471	25.0	(5,278)	(35.8)
Total	47,855	100.0	37,822	100.0	(10,032)	(21.0)

Time Information System Business

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

• Information Systems

This business division has continued to experience a tough business environment in the domestic market due to factors including shrinking capital expenditure mainly in the manufacturing industry, the postponement of budgeting in the public sector, and intensifying competition in the marketplace.

In response to this market environment, Amano has been expanding its product lineup by enhancing the functions of its T&A system software, launching new T&A terminals featuring a compact design and lower prices, and releasing new T&A recording systems which utilize cell phones. In addition, the Company has also been strengthening its marketing strategy to existing customers and devoting considerable energy to activities involving the proposal of solutions by holding private seminars throughout the country regarding compliance with the Revised Labor Standards Act by the time it comes into force on April 1, 2010.

Hardware sales declined by ¥1,046 million (32.5%) year-on-year, software sales decreased by ¥421 million (21.7%), and sales generated by maintenance contracts and supplies services slipped by ¥181 million (11.2%). The reduction in hardware sales was due to falling orders for large projects, while the decline in revenue from software sales was attributable to decreased demand from small and medium businesses. As a result, T&A system sales were down by ¥1,313 million (26.0%), while access control system sales slipped by ¥228 million (33.0%).

While European sales remained strong with increased revenue on a local currency basis, driven by the solid growth of Horosmart S.A., exchange rate fluctuations resulted in reduced revenue on a yen basis. Sales remained flat in North America and decreased in Asia. Total overseas sales dropped ¥609 million (down 18.4% year-on-year).

As a net result of the above, overall sales in this business division totaled ¥8,114 million, representing a decrease of 21.7% from the previous first half.

• Time Management Equipment

This segment continues to face a difficult operating environment in Japan as a result of a decrease in unit sales of time recorders and a prominent shift toward low-cost units, a drop in the number of new store openings and the sluggish demand for replacements due to the impact of the economic downturn.

In order to combat this market environment, Amano launched a new type time recorder with a low-cost design offering high-functionality, and has been focusing on the promotion of the product.

Unit sales and sales revenue declined year-on-year in both the domestic and export markets. Aggregate domestic and export sales fell by ¥450 million (23.0%).

Overseas demand remained sluggish during the period across North America, Europe and Asia, due to the influence of the deteriorating economy. Overall, overseas sales were down by ¥562 million (a year-on-year decrease of 42.4%).

As a result of the above, the Time Management Equipment business division provided sales totaling ¥2,085 million, down 29.7% from the previous first half.

• Parking Systems

This segment saw moderate recovery in demand both for new and renewal projects in Japan. This reflected increases in car sales and parking lot occupancy rates along with an improvement of usage of cars as a result of economic measures, including discounts on expressway tolls and tax credits for purchasing eco-friendly cars.

Another factor behind the recovery is advancement in “Scrap and Rebuild” plans of unprofitable parking lots by parking management companies. In the operational environment surrounding the parking business, park island parking spaces have been the center of attention in line with the measures against greenhouse gas emissions and ease traffic congestion, which are expected to create new demand in the future.

Amid this market environment, the Company has been devoting efforts to cultivating demand for replacement by strengthening its activities to propose solutions from a customer perspective such as improvements in the profitability and efficiency of parking space management. In addition, the Company has also been focused on cultivating new markets by developing rental cycle systems that offer automatic management services for bicycle rentals and returns and delivering such systems to private parking lots at tourist resorts in order to target the market for bicycle parking systems, which is expected to grow in the future. In the market for dedicated gate systems, the Company has been devoting efforts to cultivating this new market and expanded its introduction of security gates to control access to factories to encourage labor-savings and rationalization efforts.

Sales of car and bicycle parking system devices decreased by ¥1,568 million (21.2%) from a year earlier due to a decrease in orders for large projects, while revenues from maintenance contracts and supplies services dropped ¥20 million (0.5%).

The number of parking spaces managed by Group subsidiary, Amano Management Service Corporation in its commissioned parking lot management business increased by 21,000 (13.9%) from the end of the previous fiscal year.

Overseas, sales from Amano McGann, Inc. slipped slightly in North America, and this drop was translated into reduced revenue, affected by the foreign exchange rate. While European sales increased on a local currency basis as AMANO Time&Parking Spain S.A. joined the consolidated Amano Group, exchange rate fluctuations adversely affected revenue on a yen basis. In Asia, revenue was down due to the deteriorating economic climate. Overall, overseas sales decreased by ¥715 million, down 11.4% year-on-year.

As a net result of the above, the Parking Systems business division provided sales totaling ¥18,151 million, a drop of 8.2% from the previous first half.

Environment System Business

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

As capital expenditure by manufacturers remained sluggish with no signs of further development regarding the projects which had been frozen or postponed during the previous fiscal year, this business division continued to face a challenging operational environment in Japan with a recovery of the conditions still uncertain.

In an effort to ride out this economic environment, Amano has been devoting efforts to stimulate demand by strengthening marketing strategies aimed at compliance with environmental legislation and reduction of environmental stress, and by launching two products: an electronic mist collector which is equipped with an automatic cleaning function for electrode panels and a filter-less mist collector which reduces environmental stress by removing the need for mist collecting filters.

During the period, sales of large-scale systems fell by ¥1,508 million (40.2%) year-on-year while revenue from standard equipment declined by ¥1,831 million (53.6%), and revenue from maintenance contracts and supplies services decreased by ¥847 (39.9%).

Overseas operations remained sluggish with a decline in orders, reflecting reduced capital investment by Japanese companies operating in Asia. Overall sales fell by ¥345 million (down 51.6% year-on-year).

As a result of the above, sales of this business division totaled ¥5,635 million, down by 44.4% year-on-year.

- Clean Systems

This business division continued to face a difficult operating environment in Japan with fewer new commercial facilities opened, and customers trying to save cleaning costs. Reduced capital investment also had a negative effect on the factory market.

In an effort to fight against the prevailing conditions, the Company has devoted efforts to stimulate demand by strengthening its sales strategies. These efforts include launching floor cleaning machines, featuring new labor-saving, energy-saving, and cost-saving technologies, and offering cleaning contract services.

In addition to falling demand for buffing machines, sales of floor cleaning equipment were affected by reduced capital investment in floor cleaning machines for factories. Consequently, year-on-year sales declined by ¥263 million (19.7%). Revenues from maintenance contracts and supplies services were down by ¥165 million (10.2%).

Overseas sales in this segment slowed in North America, Europe, and Asia. Overall, sales decreased by ¥249 million (down 21.1% year-on-year).

As a result of the above, sales in this segment totaled ¥3,835 million, down by 16.8% from the previous first half.

2. Qualitative Information on Consolidated Financial Position

Assets

Total assets at the end of the first half amounted to ¥101,474 million, a drop of ¥717 million from the previous fiscal year-end. This was chiefly due to a ¥76 million reduction in current assets, resulting from factors including a drop in notes and accounts receivable, etc., and a ¥641 million reduction in fixed assets largely attributable to decreases in investment in securities, investment in long-term deposits, and other assets.

Liabilities

Total liabilities at the end of the first half amounted to ¥25,894 million, down by ¥903 million from the previous fiscal year-end. This was attributable primarily to a ¥926 million decrease in current liabilities, resulting from decreased in notes and accounts payable.

Net Assets

Total net assets at the end of the first half amounted to ¥75,580 million, down by ¥185 million from the previous fiscal year end. The principal factor behind this was an increase of ¥1,238 million in total valuation and translation adjustments resulting from a rise in foreign currency translation adjustments, etc., despite a reduction of ¥1,110 million in retained earnings with factors including distribution of surpluses.

Cash Flows

Consolidated cash and cash equivalents increased by ¥3,306 million from the previous fiscal year-end, to a total of ¥20,015 million at the end of the first half. More specifically, the status of each type of cash flow during the first half and the underlying factors are as follows:

Cash flow from operating activities

Net cash provided by operating activities totaled ¥6,929 million. This was attributable primarily to a ¥4,790 million reduction in trade notes and accounts receivable, and depreciation and amortization which amounted to ¥2,325 million.

Cash flow from investing activities

Net cash used in investing activities declined to ¥2,302 million. Although proceeds from withdrawal of time deposits amounted to ¥1,711 million and proceeds from redemption of securities totaled ¥1,000 million, increase in time deposits amounted to ¥2,365 million, payment for acquisition of property, plant and equipment totaled ¥1,039 million, and payment for acquisition of securities amounted to ¥1,028.

Cash flow from financing activities

Net cash used in financing activities declined to ¥1,118 million. This was chiefly due to ¥932 million paid as dividends.

3. Qualitative Information on Outlook for Consolidated Operating Results

Based on the results for the first half, the Company has revised its full-year earnings forecasts for the fiscal year ending March 31, 2010 which had been announced on May 8, 2009.

Revised Full-Year Earnings Forecast for the Year Ending March 31, 2010 (April 1, 2009–March 31, 2010)

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income	Net income per share (yen)
Previous forecast (A)	88,000	4,800	5,200	2,700	35.25
New forecast (B)	77,000	950	1,250	230	3.00
Change (B – A)	(11,000)	(3,850)	(3,950)	(2,470)	(32.25)
Percentage change	(12.5)	(80.2)	(76.0)	(91.5)	(91.5)
Reference: Results in previous fiscal year (ended March 31, 2009)	91,812	5,371	5,293	2,214	28.14

Notes: The above forecasts have been determined on the basis of information available at the date when the document was prepared. Actual results may differ from these forecasts due to various unforeseeable factors.

4. Basic Policy on Distribution of Profits, and Dividend for This Second Quarter

Amano places great importance on its policy for dividends to shareholders. A fundamental policy is to pay a stable common stock dividend of ¥26 per share per year (¥13 per share at the end of the first half, ¥13 per share at the end of the period), make appropriate results-based distributions, and buy back treasury stock as deemed necessary, the goal being to maintain on a consolidated basis a payout ratio of at least 35% and a dividend-to-net-asset ratio of at least 2.5%.

In line with this policy and considering the first half results, we plan to pay a second quarter dividend of ¥13 per share, ¥4 lower than the second quarter dividend of ¥17 per share paid last year.

5. Other Matters

(1) Changes among significant subsidiaries

(Changes among specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of simplified accounting procedures and accounting procedures specific to preparation of quarterly consolidated financial statements

1. Valuation method for inventories

Write-downs: Net selling price is estimated only for those assets with clearly decreased profitability, and such assets are written down.

2. Depreciation method for fixed assets

For assets depreciated using the declining-balance method, applicable annual depreciation expenses are allocated to the term on a pro-rata basis.

3. Calculation of deferred and accrued accounts

An estimated amount is booked, calculated by a reasonable method.

4. Calculation of income taxes, deferred tax assets, and deferred tax liabilities

These amounts of tax expenses are calculated by multiplying the pre-tax net income and loss by an estimated effective for the year, determined using reasonable methods for pre-tax income for the fiscal year including this second quarter after applying tax-effect accounting. In cases where an estimated effective tax rate cannot be adopted, the amounts are calculated by multiplying the legal effective tax rate after adjusting significant differences that are not in the scope of temporary differences from pre-tax net income and loss. Income taxes-deferred are stated under income taxes-current.

In cases where no significant events such as changes in the business environment or temporary differences are deemed to have occurred since the end of the previous fiscal year, earnings forecasts and tax planning methods adopted during the previous fiscal year have been used to judge recoverability of deferred tax assets. In cases where significant events such as changes in the business environment or temporary differences are deemed to have occurred since the end of the previous fiscal year, earnings forecasts and tax planning methods adopted during the previous fiscal year have been used, taking into account the influence of the significant events in question.

(3) Changes to accounting principles, procedures and presentation methods used in preparing quarterly consolidated financial statements

1. Application of accounting standards for construction contracts

With effect from this first quarter, the Accounting Standards for Construction Contracts (ASBJ Statement No. 15, issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied to our construction contracts. The percentage-of-completion method is applied to construction contracts that meet the following criteria: construction has started within the reporting period; and the percentage of construction already completed by the end of the reporting period can be estimated fairly reliably. (The estimation is based on the proportion of direct costs incurred for each work phase as compared with the estimated total cost for the entire contract.) Other than the above-mentioned construction contracts, the completed-contract method has been applied.

There was no material impact of this change on profit and loss.

2. Calculation method for accounting titles for foreign subsidiaries, etc.

The income and expenses of overseas subsidiaries, etc. were previously translated into yen at the exchange rate on the balance sheets dates of overseas subsidiaries, etc. However, with effect from this first quarter, the calculation method for the income and expenses of overseas subsidiaries, etc. has changed to an average exchange rate basis during the period. This change has been adopted in order to align the calculation of income and expense items which arise during the consolidated accounting period more with reality in conjunction with the increased importance of overseas subsidiaries, etc.

As a result, compared to the method formerly adopted, net sales decreased by ¥231 million and gross profit fell by ¥140 million, while operating profit increased by ¥2 million, ordinary profit increased by ¥1 million, and income before income taxes rose by ¥1 million during the first half.

The impact of this change on segment information is noted under the relevant items.

1. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance

(Millions of yen)

	Second quarter ended September 30, 2009 (At September 30, 2009)	Summary consolidated balance sheet for the previous fiscal year (At March 31, 2009)
Assets		
Current assets		
Cash and bank deposits	22,728	18,719
Notes and accounts receivable—trade	19,189	23,651
Marketable securities	1,232	1,191
Merchandise and finished goods	3,172	2,987
Work in process	671	539
Raw materials and supplies	2,705	2,957
Deferred tax assets	1,232	1,313
Other current assets	1,822	1,477
Allowance for doubtful accounts	(190)	(199)
Total current assets	<u>52,563</u>	<u>52,639</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	11,465	10,975
Machinery and vehicles (net)	1,463	1,543
Tools, furniture and fixtures (net)	1,124	1,192
Land	7,170	7,156
Lease assets (net)	1,318	720
Construction in progress	681	1,257
Total property, plant and equipment	<u>23,223</u>	<u>22,847</u>
Intangible fixed assets		
Goodwill	7,343	7,401
Software	4,092	4,357
Software in progress	1,142	1,145
Other	769	631
Total intangible fixed assets	<u>13,347</u>	<u>13,536</u>
Investments and other assets		
Investment securities	4,169	4,524
Long-term loans receivable	19	21
Claims in bankruptcy and similar claims	537	464
Fixed leasehold deposits	1,090	1,098
Deferred tax assets	2,597	2,598
Long-term deposits	1,836	2,114
Other	2,541	2,802
Allowance for doubtful accounts	(452)	(455)
Total investments and other assets	<u>12,339</u>	<u>13,169</u>
Total fixed assets	<u>48,910</u>	<u>49,552</u>
Total assets	<u>101,474</u>	<u>102,192</u>

1. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance

(Millions of yen)

	Second quarter ended September 30, 2009 (At September 30, 2009)	Summary consolidated balance sheet for the previous fiscal year (At March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	7,668	8,959
Short-term bank loans	29	43
Lease obligations	314	173
Accrued income taxes	811	688
Accrued bonuses	1,661	1,667
Accrued officers' bonuses	4	5
Other current liabilities	8,767	8,645
Total current liabilities	<u>19,257</u>	<u>20,183</u>
Long-term liabilities		
Long-term bank loans	36	—
Long-term accounts payable—other	657	932
Lease obligations	1,248	719
Deferred tax liabilities	389	394
Accrued retirement benefits for employees	4,029	4,207
Other long-term liabilities	275	359
Total long-term liabilities	<u>6,637</u>	<u>6,613</u>
Total liabilities	<u>25,894</u>	<u>26,797</u>
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,567	19,567
Retained earnings	45,934	47,044
Treasury stock	(3,716)	(3,715)
Total shareholders' equity	<u>80,024</u>	<u>81,136</u>
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	(112)	(303)
Foreign currency translation adjustments	(5,322)	(6,370)
Total valuation and translation adjustments	<u>(5,435)</u>	<u>(6,673)</u>
Minority interests	991	932
Total net assets	<u>75,580</u>	<u>75,394</u>
Total liabilities and net assets	<u>101,474</u>	<u>102,192</u>

(2) Consolidated Quarterly Statements of Income

First half ended September 30, 2009

(Millions of yen)

	First half ended September 30, 2008 (April 1, 2008–September 30, 2008)	First half ended September 30, 2009 (April 1, 2009–September 30, 2009)
Net sales	47,855	37,822
Cost of sales	26,629	21,305
Gross profit	21,225	16,517
Selling, general and administrative expenses		
Selling expenses	16,055	14,769
General and administrative expenses	2,109	1,565
Total SG&A expenses	18,165	16,334
Operating profit	3,060	182
Non-operating profit		
Interest income	159	35
Dividend income	53	41
Other	290	220
Total non-operating profit	503	297
Non-operating expenses		
Interest expenses	16	15
Other	263	64
Total non-operating expenses	280	80
Ordinary profit	3,283	400
Extraordinary income		
Gain on sale of fixed assets	8	3
Gain on sale of investment securities	12	0
Reversal of allowance for doubtful accounts	–	27
Other	1	1
Total extraordinary income	22	32
Extraordinary losses		
Loss on disposal of fixed assets	10	6
Loss on sale of fixed assets	9	3
Valuation loss on investment securities	–	3
Loss on valuation of investments in capital of subsidiaries and affiliates	7	–
Other	–	0
Total extraordinary losses	26	13
Income before income taxes	3,279	419
Income taxes	1,464	289
Minority interests	95	75
Net income	1,720	54

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First half ended September 30, 2008 (April 1, 2008–September 30, 2008)	First half ended September 30, 2009 (April 1, 2009–September 30, 2009)
Cash Flows from Operating Activities		
Income before income taxes	3,279	419
Depreciation and amortization	2,324	2,325
Amortization of goodwill	464	320
Increase (decrease) in accrued retirement benefits	110	(183)
Increase (decrease) in allowance for doubtful accounts	8	(24)
Interest and dividend revenue	(213)	(76)
Equity in (earnings) losses of affiliates	(36)	(1)
Interest expenses	16	15
Foreign currency translation loss (gain)	(6)	24
Loss (gain) on sale of fixed assets	0	0
Loss on disposal of fixed assets	10	6
Loss (gain) on sale of investment securities	(12)	(0)
Loss (gain) on valuation of investment securities	–	3
Loss (gain) on valuation of investments in capital of affiliates	7	–
(Increase) decrease in trade notes and accounts receivable	3,221	4,790
(Increase) decrease in inventories	(545)	81
Increase (decrease) in accounts payable	(1,116)	(1,368)
Other	612	514
Subtotal	<u>8,126</u>	<u>6,846</u>
Receipts from interest and dividends	224	150
Interest paid	(17)	(13)
Extra retirement payment	–	(30)
Income taxes paid	(1,577)	(241)
Income taxes refunded	–	217
Net cash provided by operating activities	<u>6,754</u>	<u>6,929</u>
Cash Flows from Investing Activities		
Payment for acquisition of securities	(252)	(1,028)
Proceeds from redemption of securities	–	1,000
Payment for purchase of property, plant and equipment	(1,425)	(1,039)
Proceeds from sale of property, plant and equipment	38	2
Payment for acquisition of intangible fixed assets	(1,939)	(1,010)
Payment for acquisition of investment securities	(1,383)	(403)
Proceeds from sale of investment securities	20	50
Proceeds from maturities of investment securities	500	500
Payment for business transfers	(329)	–
Repayment for long-term loans to third parties	(2)	–
Collection of loans	4	2
Increase in time deposits	(1,142)	(2,365)
Withdrawal of time deposits	3,201	1,711

(3) Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	First half ended September 30, 2008 (April 1, 2008– September 30, 2008)	First half ended September 30, 2009 (April 1, 2009– September 30, 2009)
Other	251	278
Net cash used in investing activities	(2,458)	(2,302)
Cash Flows from Financing Activities		
Repayment for short-term bank loans	–	(0)
Proceeds from long-term debt	94	33
Repayment for long-term debt	(125)	(28)
Payment for acquisition of treasury stock	(1,004)	(0)
Repayment for finance/lease obligations	–	(166)
Dividends paid	(1,275)	(932)
Dividends paid to minority interests	(22)	(23)
Net cash used in financing activities	(2,333)	(1,118)
Effect of exchange rate changes on cash and cash equivalents	213	(312)
Net increase (decrease) in cash and cash equivalents	2,176	3,195
Cash and cash equivalents at beginning of year	17,192	16,708
Net increase in cash and cash equivalents from newly consolidated subsidiaries	–	110
Net increase (decrease) in cash due to merger of consolidated and nonconsolidated subsidiaries	6	–
Cash and cash equivalents at end of first half	19,374	20,015

(4) Notes regarding premise of a going concern

Not applicable

(5) Segment information

<Segment information by business>

First half ended September 30, 2008 (April 1, 2008–September 30, 2008) (Millions of yen)

	Time information system	Environment system	Total	Consolidation	Consolidation total
Net sales					
(1) To customers	33,105	14,749	47,855	—	47,855
(2) Intersegment	—	—	—	—	—
Total	33,105	14,749	47,855	—	47,855
Operating profit	2,740	1,801	4,541	(1,481)	3,060

First half ended September 30, 2009 (April 1, 2009–September 30, 2009) (Millions of yen)

	Time information system	Environment system	Total	Consolidation	Consolidation total
Net sales					
(1) To customers	28,351	9,471	37,822	—	37,822
(2) Intersegment	—	—	—	—	—
Total	28,351	9,471	37,822	—	37,822
Operating profit (loss)	1,553	(117)	1,436	(1,253)	182

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	Automated fee systems, access control systems, parking lot management systems, bicycle parking systems, time registers, 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 buffing machines, dry-care cleaning systems, carpet cleanliness systems, chemical products, supplies and accessories

3. Change in accounting methods

As noted under "5. Other Matters" item (3) "Changes to accounting principles, procedures and presentation methods used in preparing quarterly consolidated financial statements," with effect from this first quarter, the calculation method for income and expenses of overseas subsidiaries, etc. has changed to an average exchange rate basis during the period.

In conjunction with this change, net sales in the Time Information System Business decreased by ¥223 million and net sales in the Environment System Business fell by ¥8 million, while operating profit in the Time Information System Business declined by ¥1 million and operating loss in the Environment System Business dropped by ¥4 million.

<Segment information by geographical area>

First half ended September 30, 2008 (April 1, 2008–September 30, 2008)

(Millions of yen)

	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales							
(1) To customers	35,099	2,499	6,646	3,610	47,855	—	47,855
(2) Intersegment	1,040	18	142	40	1,241	(1,241)	—
Total	36,139	2,518	6,788	3,650	49,097	(1,241)	47,855
Operating profit (loss)	4,150	231	128	(93)	4,417	(1,357)	3,060

First half ended September 30, 2009 (April 1, 2009–September 30, 2009)

(Millions of yen)

	Japan	Other Asia	North America	Europe	Total	Consolidation	Consolidation total
Net sales							
(1) To customers	27,549	1,889	5,501	2,882	37,822	—	37,822
(2) Intersegment	677	4	86	16	784	(784)	—
Total	28,226	1,893	5,588	2,898	38,607	(784)	37,822
Operating profit (loss)	1,262	141	60	(88)	1,376	(1,193)	182

Notes:

1. National and regional demarcation method and principal countries and regions in each geographic division

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

(2) Principal countries and regions in each geographic divisions

i. Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, China

ii. North America: United States, Canada

iii. Europe: France, Belgium, Spain

2. Change in accounting methods

As noted under "5. Other Matters" item (3) "Changes to accounting principles, procedures and presentation methods used in preparing quarterly consolidated financial statements," with effect from this first quarter, the calculation method for income and expenses of overseas subsidiaries, etc. has changed to an average exchange rate basis during the period.

In conjunction with this change, net sales in the "Other Asia" division increased by ¥75 million and net sales in the "Europe" division declined by ¥157 million, while net sales in the "North America" division increased by ¥0 million.

Operating profit in the "Other Asia" division decreased by ¥7 million, while operating profit in the "North America" division increased by ¥1 million. Operating loss in the "Europe" division decreased by ¥8 million.

<Overseas sales>

First half ended September 30, 2008 (April 1, 2008–September 30, 2008) (Millions of yen)

	Other Asia	North America	Europe	Other regions	Total
I Overseas sales	2,718	6,654	3,676	108	13,159
II Consolidated net sales	—	—	—	—	47,855
III Proportion of consolidated net sales accounted for by	5.7	13.9	7.7	0.2	27.5

First half ended September 30, 2009 (April 1, 2009–September 30, 2009) (Millions of yen)

	Other Asia	North America	Europe	Other regions	Total
I Overseas sales	1,965	5,507	2,882	95	10,449
II Consolidated net sales	—	—	—	—	37,822
III Proportion of consolidated net sales accounted for by	5.2	14.6	7.6	0.2	27.6

Notes:

1. Overseas sales comprise sales by the Company and its consolidated subsidiaries in countries and regions other than Japan.
2. National and regional demarcation method and principal countries and regions in each geographic division
 - (1) The national and regional demarcations are in accordance with the degree of geographical proximity.
 - (2) Principal countries and regions in each geographic division
 - i. Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, China
 - ii. North America: United States, Canada
 - iii. Europe: France, Belgium, Spain
 - iv. Other regions: Central and South America

3. Change in accounting methods

As noted under "5. Other Matters" item (3) "Changes to accounting principles, procedures and presentation methods used in preparing quarterly consolidated financial statements," with effect from this first quarter, the calculation method for income and expenses of overseas subsidiaries, etc. has changed to an average exchange rate basis during the period.

In conjunction with this change, net sales in the "Other Asia" division increased by ¥75 million and net sales in the "Europe" division declined by ¥156 million, while net sales in the "North America" division increased by ¥0 million.

(6) Notes on significant changes in shareholders' equity

None