Management Policy

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 toward maximizing corporate value by fostering innovation in management and by ensuring a strong earnings structure and sustained growth in business performance.

2. New Medium-Term Business Plan

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) Ceaseless restructuring
4) Management based on cash flow

Based on these four fundamental strategies, Amano inaugurated a new medium-term business plan.

An outline of the plan is set out below.

[1] Basic Policies

Under the new medium-term business plan, the Group seeks to be a global niche leader by exploring new market frontiers (advancing aggressively into emerging and untapped markets), developing multi-disciplinary business operations on a location-by-location basis, and establishing new businesses domains. We are pursuing a new global growth strategy designed to achieve the maximization of corporate value.

Priority issues under the new plan are listed below.
1. North American and European markets

North America: In the parking system business, we will merge Amano McGann’s parking management software with Amano Group’s software and hardware, introduce new parking systems into the market, and strengthen direct sales structures to work closely with customers when proposing solutions. These efforts are designed to build upon our business foundations that are second to none in North America. In our time information system business, we will continue to scale up our operations by adding new products alongside a wide array of time information management terminals and a blue-chip customer base that Accu-Time Systems enjoys. By commencing the local production and distribution of mist collectors through Amano Pioneer Eclipse, we will take a new step toward fortifying and expanding our operations in the environment system business.

Europe: In the time information system business, we will continue to enhance Horosmart’s ability to offer holistic solutions, and to expand its blue-chip customer base. These efforts are aimed at cementing our number one position at the high end of the market in France and at increasing our visibility and expanding further into other markets across Europe. In the parking system business, we will step up sales of low-priced system products, focusing on the UK and the three Benelux countries, in order to build a stronger operations foundation.

2. Asian, Latin American and other emerging markets

Asia: In the environment system business, we will enhance our capabilities to offer products and render services to Japanese companies operating in Asia outside Japan by deepening ties between our group companies across Asia and our head office in Japan. We will also expand our local production capabilities in order to enhance our cost competitiveness. In the parking system business, we will seek to further scale up our South Korean and Malaysian operations as well as to aggressively promote the development of business operations in China, Singapore, and other Asian countries.

Latin America: In anticipation of the local market’s future growth potential, we will aggressively allocate a higher proportion of our managerial resources there, including those toward the commencement of local production, in order to explore market frontiers in each of the information system, parking system, and environment system businesses.

3. Japanese market

Japan: We will reinforce ties among group companies and develop high-quality comprehensive service offerings (combining products and services) across all business fields to expand our business domain, create new markets, and enhance our cost competitiveness. These efforts should align our entire group to work cohesively towards maximizing its corporate value.

[2] Numerical Targets

Under the new business plan, we aim to achieve ¥100 billion or more in net sales and ¥10 billion or more in operating profit in the final year of the plan, which ends March 31, 2014. Numerical targets.
3. Basic Policy on Distribution of Profits, and Dividend for This and Next Term

Amano places great importance on 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 ¥26 annually (¥13 interim and ¥13 year-end), together with appropriate results-based distributions and flexible purchasing of treasury stock. The Company aims to maintain a payout ratio of at least 35% on a consolidated basis and a ratio of dividend to net assets of at least 2.5%.

In line with this policy, taking into account our current-year operations results, we plan to pay a year-end dividend of ¥13 per share, unchanged from the amount paid at the end of the previous year. As a result, the annual per-share dividend will be ¥26 (including the ¥13 per share paid as the interim dividend). This corresponds to a dividend payout ratio of 65.0% and a 2.7% ratio of dividends to net assets on a consolidated basis.

With regard to the dividend for the next fiscal year, in line with our Basic Policy on Distribution of Profits and in view of our Outlook for the Fiscal Ending March 31, 2012, we will aim to pay a dividend for the year of ¥26 (interim dividend of ¥13, and year-end dividend of ¥13).

Retained earnings will be earmarked for 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.

Izumi NAKAJIMA
President
Representative Director
During the fiscal year ended March 31, 2011, the Japanese economy saw industrial production and corporate earnings rebound and the unemployment rate improve slightly, as exports increased supported by economic growth in Asian and other countries. These and other indicators showed that the economy overcame the business doldrums that prevailed in the latter half of last year and was beginning to recover gradually. Yet, in the aftermath of the Great East Japan Earthquake, current domestic economic activity as a whole now seems to be significantly depressed.

Amid this business environment, the Amano Group worked on global market and product development as well as enhancement of its capacity to provide holistic solutions, in accordance with the consolidated growth strategy in its new medium-term business plan, formulated in April 2008. The entire organization also concentrated on thoroughly uncovering customer needs and strove to reduce cost of sales and selling, general and administrative expenses. As a result of the above, during the year the Company recorded sales of ¥83,303 million, up by 6.0% year-on-year. Operating profit increased by 127.5% to ¥4,383 million, ordinary profit went up by 97.4% to ¥4,810 million, and net income increased by 203.2% to ¥3,065 million.

The following is an overview of sales by business division.

### Sales by business division

<table>
<thead>
<tr>
<th></th>
<th>FY2009 (Amount)</th>
<th>FY2009 (Ratio %)</th>
<th>FY2010 (Amount)</th>
<th>FY2010 (Ratio %)</th>
<th>Change (Amount)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Information System Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Systems</td>
<td>17,440</td>
<td>22.2</td>
<td>18,890</td>
<td>22.7</td>
<td>1,449</td>
<td>8.3</td>
</tr>
<tr>
<td>Time Management Equipment</td>
<td>4,316</td>
<td>5.5</td>
<td>4,407</td>
<td>5.3</td>
<td>91</td>
<td>2.1</td>
</tr>
<tr>
<td>Parking Systems</td>
<td>37,786</td>
<td>48.1</td>
<td>38,493</td>
<td>46.2</td>
<td>706</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>59,542</td>
<td>75.8</td>
<td>61,790</td>
<td>74.2</td>
<td>2,247</td>
<td>3.8</td>
</tr>
<tr>
<td>Environment System Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Systems</td>
<td>11,521</td>
<td>14.6</td>
<td>14,144</td>
<td>17.0</td>
<td>2,623</td>
<td>22.8</td>
</tr>
<tr>
<td>Clean Systems</td>
<td>7,523</td>
<td>9.6</td>
<td>7,369</td>
<td>8.8</td>
<td>(154)</td>
<td>(2.0)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>19,044</td>
<td>24.2</td>
<td>21,513</td>
<td>25.8</td>
<td>2,469</td>
<td>13.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78,586</td>
<td>100.0</td>
<td>83,303</td>
<td>100.0</td>
<td>4,716</td>
<td>6.0</td>
</tr>
</tbody>
</table>
Time Information System Business
- Information Systems:
  Time & attendance (T&A), payroll, human-resource management, access control, and cafeteria systems
- Time Management Equipment:
  Time recorders, and time stamps
- Parking Systems:
  Parking and bicycle-parking space management systems, and parking management services

Information Systems
This business division continued to struggle under difficult conditions in Japan including a prolonged reduction in information-related investments and intensifying competition in the market, though there were also signs of recovery in capital investments. On the other hand, fast growing markets for cloud computing services reflect the growing needs of companies wishing to utilize systems as a service without the burden of ownership.

In this market environment, the Company continued to provide corporate customers with effective solutions for compliance and cost reduction, including work schedule optimization and total personnel expense control, to accommodate initiatives to improve their work environments. The Company also concentrated on uncovering potential demand by intensifying efforts to make new proposals for cloud computing services.

During the year, in Japan hardware sales increased by ¥344 million (6.9%) year-on-year, software sales decreased by ¥259 million (7.2%), and sales generated by maintenance contracts and supplies services increased by ¥170 million (5.7%). Decreased software sales reflected a setback in demand stemming from compliance with the Revised Labor Standards Act, which came into effect in April last year. By product area, T&A system sales were up by ¥527 million (6.3%), while access control system sales increased by ¥71 million (7.0%).

Overall overseas sales increased by ¥1.077 million (20.1%) year-on-year. Sales for North America grew as Accu-Time Systems became a newly consolidated subsidiary of Amano Corporation this fiscal year. Sales for Europe continued to be strong, as the sales of Horosmart S.A. increased on a local currency basis. However, sales revenues in terms of Japanese yen showed a decrease due to fluctuations in exchange rates. Sales for Asia decreased slightly.

As a net result of the above, overall sales in this business division totaled ¥18,889 million, representing an increase of 8.3% from the previous year.

Time Management Equipment
In Japan, this business division continued to struggle under difficult conditions, as the tight employment situation and uncertain future economic prospects kept a lid on demand.

In this market environment, the Company concentrated on expanding new markets and attracting a growing base of new customers by enhancing the functionality of PC-interfaced time recorders and stepping up sales promotions.

Parking Systems
This business division is seeing its operating environment in Japan change significantly. The broader installation of charging stations for electric vehicles and the introduction of car sharing services, for example, have diversified parking lot operation styles. Initiatives have developed to enhance the quality of service offerings, to conserve electricity through the use of LED lighting fixtures, and to operate environment-friendly parking spaces through measures such as the installation of solar panels.

In this market environment, the Company stepped up its efforts to provide customers with solutions aimed at increasing the profitability and efficiency, and reducing the la-
bor intensiveness, of parking lot operations from a customer perspective, as well as with holistic solutions for the operation and management of parking lot services. These efforts were focused on uncovering new demand for replacement projects and on growing new markets including for bicycle parking systems and exclusive gate systems.

In Japan, sales of car and bicycle parking system devices during the year increased by ¥1,506 million yen (11.9%) from a year earlier, due to an increased number of small and medium-sized system renewal projects. Revenues from maintenance contracts and supplies services increased by ¥93 million (1.1%). The number of parking spaces managed by Group subsidiary Amano Management Service Corporation in its commissioned parking lot management business increased by 13,600 (7.4%) from the end of the previous fiscal year.

Overall overseas sales decreased by ¥1,182 million (10.6%) year-on-year. Sales for North America declined substantially, suffering from stagnating demand as the economic climate deteriorated. Those for Europe grew due to greater efforts in selling low-priced parking systems, while Asian operations saw sales grow due to the continued strength of the Korean market.

As a net result of the above, the Parking Systems business division provided sales totaling ¥38,493 million, an increase of 1.9% from the previous year.

**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 cleaning management services

This division benefited from continued recovery in the business environment in Japan. Although manufacturers accelerated their shift to overseas countries, driven by recovery in capital investment and by strong orders for machine tools for emerging markets, particularly China and other Asian countries, demand overseas, particularly for standard dust collectors, improved.

In this market environment, the Company shifted its managerial resources to markets where demand is growing, concentrating on the Asian market. The Company’s efforts included the bolstering of systems to sell products and services to businesses operating overseas, the establishment of closer cooperation with overseas group companies, and the expansion of production in China. These efforts were focused on stimulating further growth in demand.

During the year, in Japan sales of standard equipment and large-scale systems increased by ¥1,359 million (37.9%) and ¥140 million (3.5%) year-on-year, respectively, while revenue from maintenance contracts and supplies services increased by ¥449 million (15.9%).

Overall overseas sales increased by ¥733 million (106.8%) year-on-year, due to continuing strong orders reflecting recovery in capital investments by Japanese-affiliated companies in Asian markets.

As a result of the above, sales of this business division totaled ¥14,144 million, up by 22.8% year-on-year.

**Clean Systems**

This business division continued to struggle under difficult conditions in Japan. It suffered from a reduction in new shopping centers opened, reduced total cleaning costs, and other factors, although it benefited from increased demand in the factory market reflecting recovery in capital investment by manufacturers.

In this market environment, the Company focused on uncovering new demand by stepping up its efforts to promote solutions for total cost reductions using new floor treatment systems and maintenance
Analysis of Financial Condition

(i) Assets, Liabilities, and Net Assets

- **Assets**
  Total assets at March 31, 2011, amounted to ¥102,933 million, up by ¥2,246 million from the previous fiscal year-end. Current assets increased by ¥4,055 million year-on-year. This was chiefly due to a ¥3,589 million increase in cash and bank deposits. Fixed assets decreased by ¥1,809 million year-on-year. This was attributable primarily to a reduction of ¥2,113 million in intangible fixed assets.

- **Liabilities**
  Total liabilities at the fiscal year-end amounted to ¥30,372 million, up by ¥4,653 million year-on-year. Current liabilities increased ¥4,778 million year-on-year. This was chiefly due to an increase of ¥1,696 million in short-term bank loans, an increase of ¥1,370 million in accrued income taxes, and an increase of ¥1,022 million in trade notes and accounts payable. Fixed liabilities decreased by ¥125 million year-on-year. The principal factors behind this were a decrease of ¥430 million in accrued retirement benefits for employees and a decrease of ¥269 million in other long-term accounts payable, despite an increase of ¥518 million in lease obligations.

- **Net Assets**
  Total net assets at March 31, 2011 amounted to ¥72,561 million, down by ¥2,407 million from the previous year. This was primarily due to a decrease of ¥2,571 million in total accumulated other comprehensive income resulting from a decrease in foreign currency translation adjustments.

(ii) Cash Flows

Consolidated cash and cash equivalents increased by ¥3,681 million from the previous fiscal year-end, to a total of ¥24,614 million on March 31, 2011. More specifically, a description of the status of each type of cash flow at the year-end and the underlying factors are as follows.

(1) Cash flow from operating activities

Net cash provided by operating activities totaled ¥10,285 million. This was attributable primarily to income before income taxes, which amounted to ¥5,464 million, and depreciation and amortization, which amounted to ¥4,351 million, despite income taxes payments, which amounted to ¥1,084 million.
(2) Cash flow from investing activities

Net cash used in investing activities totaled ¥5,658 million. This was largely due to expenditures of ¥5,569 million for the placement of time deposits, ¥2,000 million for the acquisition of securities, ¥1,560 million for the acquisition of subsidiaries' shares resulting in a change in the scope of consolidation, ¥1,445 million for the acquisition of intangible fixed assets, and ¥805 million for the purchase of tangible fixed assets. These outflows more than offset proceeds of ¥4,380 million from the withdrawal of time deposits and ¥2,000 million from the redemption of securities.

(3) Cash flow from financing activities

Net cash used in financing activities totaled −¥648 million. This was chiefly due to expenditures of ¥1,992 million for the payment of cash dividends by the parent company and ¥523 million for the repayment of finance lease obligations, despite proceeds of ¥1,906 million from the borrowing of short-term bank loans.

Reference: Trend of cash flow indicators

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio (%)</td>
<td>74.4</td>
<td>73.0</td>
<td>72.9</td>
<td>73.4</td>
<td>70.3</td>
</tr>
<tr>
<td>Fair value equity ratio (%)</td>
<td>103.6</td>
<td>70.6</td>
<td>58.8</td>
<td>64.7</td>
<td>59.3</td>
</tr>
<tr>
<td>Ratio of cash flow to interest-bearing liabilities (%)</td>
<td>36.2</td>
<td>17.5</td>
<td>24.1</td>
<td>17.1</td>
<td>31.4</td>
</tr>
<tr>
<td>Interest coverage ratio</td>
<td>125.3</td>
<td>166.6</td>
<td>200.7</td>
<td>250.6</td>
<td>275.2</td>
</tr>
</tbody>
</table>

Notes : Equity ratio: Equity capital/Total assets
Fair value equity ratio: Gross market capitalization/Total assets
Ratio of cash flow to interest-bearing liabilities: Interest-bearing liabilities/Cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities/Interest payments

Assumptions
* All indicators are calculated on the basis of consolidated financial values.
* 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).
* Cash flow from operating activities refers to cash flow from operating activities posted under the consolidated statements of cash flows. Interest-bearing liabilities 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.

Outlook for the Fiscal Year Ending March 31, 2012

The Japanese economy, which has been depressed significantly in the aftermath of the Great East Japan Earthquake, is likely to see a gradual rebound in economic activity during the next fiscal year. Still, the effects of reduced industrial production and other factors may put a temporary dent in corporate earnings and in employment and personal income conditions. Despite persistent high growth in China and other emerging countries, given the continuing commodity price rises in reaction to the unsettled situation in the Middle East and other circumstances, the Japanese economy's future prospects seem to becoming increasingly uncertain.

Amid this business environment, Amano Corporation and its group companies continue to emphasize the following strategies: 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) Ceaseless restructuring and 4) Management based on cash flow. In line with these four fundamental strategies, we will pursue our consolidated growth strategy on a global scale to ensure sustainable growth and continually improving profitability with a view to maximizing the corporate value of Amano Corporation.

The following business results are projected for the fiscal year ending March 31, 2012: Net sales ¥88,700 million, operating profit ¥5,800 million, ordinary profit ¥6,200 million, and net income ¥3,100 million. The above projections assume currency exchange rates of US$1 to ¥82 and €1 to ¥115.
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.

Matters that are considered to be potential risk factors in the undertaking of business by the Amano Group either now or in the future 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, 2011).

(i) Impact on earnings due to changes in the business 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, 2011, the time information system business accounted for 74.2% of total sales, and the environment system business accounted for 25.8%. Before deduction of unallocated expenses the time information system business contributed 79.5% to operating profit, while the environment system business contributed 20.5%. In terms of weighted average sales over the most recent five years, time information system business accounted for 70.3% of total sales and for 71.9% of operating profit.

With respect to future risk factors, in each business activity within the time information system business segment, which accounts for a large proportion of the Group’s business, 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 this 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) Fluctuations in exchange rates

The Group engages in business activities on a global scale and has production and sales bases overseas. In view of this, the Group’s business results may be impacted by fluctuations in exchange rates when transaction amounts overseas are converted into yen.

(iii) Information security

In order to offer system solutions and undertake the 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 physical removal of data and information. To that end it has also established an Information Security Management Committee 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.
Issues to Be Addressed

The Company will take the following steps to achieve the goals set out in its new midterm-term management plan.

1) Time information systems

• Information systems business

Amid continuing efforts by the labor authorities to more strictly monitor unpaid overtime and long working hours (overwork) in order to eradicate these practices as well as an increasing need to deal with risks surrounding employment, such as industrial court cases resulting from deteriorating employment conditions, there is strong potential demand among companies to establish or rebuild T&A systems. The aim is to create a company-wide labor time management system to optimize business operations by reducing working hours, improving work efficiency cutting costs, etc. In addition, we will aim to strengthen measures for compliance toward appropriately managing working hours. However, market conditions remain tough reflecting prolonged reductions in information related investments, intensifying competition in the market, and other factors.

Meanwhile, the environment surrounding the business in this segment has been facing a significant shift from a period of owning systems to a period of utilizing them, with an increasingly prominent movement in the industry toward cloud computing. In this market environment, we will focus on spurring latent demand in our solutions business targeted at large companies by strengthening our competitive advantage with enhanced software functions, and reinforcing our marketing structures with collaboration between sales staff and systems engineers. In addition, we will aim to expand our Application Service Provider (ASP) services business by reinforcing alliances with Group companies in Japan in order to respond to the changes of the times.

To enhance the profitability of this business, we will strictly manage revenue from our solutions business targeted at large companies, enhance our project management systems, cut costs by standardizing system software, and expand sales of standard software packages to small and medium-scale business establishments, so as to boost earnings capacity.

Overseas, we aim to strengthen our customer base and expand distribution channels in North America, leveraging the strengths of Accu-Time Systems, Inc., which we acquired in February 2011 in the U.S. In addition, we will work on establishing a global supply system and reducing development costs by expanding our hardware lineup. As a means of expanding our business, we will also extend sales channels for software products of Horosmart, S.A. (France) across Europe and reinforce our organizational structures toward globalization.

• Parking systems business

The parking system business is seeing its surrounding operating conditions change significantly. For example, the broader installation of charging stations for electric vehicles, programs to reduce greenhouse gas emissions, and the introduction of car sharing services designed to ease traffic congestion have led to a diversification of parking lot operation styles. Meanwhile, initiatives have developed to enhance the quality of customer service offerings, to conserve electricity through the use of LED lighting, and to operate environment-friendly parking spaces through measures such as the installation of solar panels.

In this environment we will focus on making proposals from the customer's perspective with an emphasis on areas such as higher profitability and efficiency of parking space management. We will steadily meet the needs of existing customers by offering high value-added products with network capabilities and inbuilt IT functions and forging ahead with the holistic solutions business, including maintenance and parking lot management services in close collaboration with Group companies.

In the market for bicycle parking that has arisen as a result of the problem of abandoned bicycles, we will seek to revitalize and expand the market by proactively making proposals on ecology-oriented initiatives including rent-a-cycles and community bicycle systems. In the market for exclusive gate systems controlling entry and exit to and from sites such as factories, we aim to expand the new market with the emphasis on safety and security in addition to making proposals on labor-savings and rationalization.

Overseas, we aim to expand business and establish ourselves as the top manufacturer of parking systems in the North American market, leveraging the strengths of Amano McGann, Inc. to further boost sales by building closer relationships with customers. With an establishment of Amano UK Ltd. in England, we aim to capture demand for replacement from existing customers and cultivate the new market in Europe by leveraging direct distribution networks. In addition, we will strive to further expand our business in Asia with the main focus on South Korea.

2) Environment systems

• Environment systems business

The environment system business sees continued recovery in its surrounding operating conditions in Japan. While Japanese manufacturers continue to accelerate their shift to overseas countries, driven by recovery in capital investment and by strong orders for machine tools for emerging markets, particularly China and other Asian countries, demand overseas, particularly for standard dust collectors, has picked up.

3) Human resource development

Recognizing that people are the most important management resource for the operation of our business, we have positioned human resource development as a priority issue and will focus on developing employees who have no fear of change and are willing to meet the challenges.
**Domestic Marketing**

**Business Activities**

**Information Systems: Time Management Equipment**

**Increased Installations in the Public Sector Market**

Shifting to electronic T&A control using IC / ID Cards from the conventional attendance sheets

In view of “preventing health problems (including mental health) associated with prolonged working hours” and “optimum control of working time”, regional Governmental bodies, public corporations (associations, foundations) are taking steps to review their conventional T&A control methods. The use of time recorders and IC cards, which accurately logs the in-times and out-times associated with attendance, is being adopted as the solution.

At Amano, backed by the extensive delivery track record of such systems, is actively working to expand this market demand by providing IC / ID cards and optimum electronic T&A solutions depending on the size and operational environment.

A New Style in T&A System Package “TimeP@CK-WL”

Industry’s first! The whole “TimeP@CK” range now comes with Bluetooth® wireless capabilities

Amano’s long run product, the “PC interface Time Recorder TimeP@CK” series, has now adopted Bluetooth®. The conventional method of transferring data from the time recorders to personal computers relied on the use of cables or USB thumb drives, which limited the physical positioning of the time recorder unit. By using Bluetooth® wireless communication, the time recorder can now be placed anywhere within the maximum communication range. Another user-friendly feature. The “TimeP@CK-WL” is the advanced version of the “TimeP@CK”. The features such as “ease-of use”, “high functionality” and “accuracy”, which has made “TimeP@CK” so popular, is inherited and since its launch in February, is gaining popularity among customers who are installing time recorders for the first time.

*Bluetooth®“is the registered Trademark of Bluetooth SIG, Inc., and Amano Corporation is a licensed user.*

**Parking Systems**

The Key Word is “Hospitality”

Japan’s first “Next Generation Parking Service” is now operational

January 2011, Amano installed Japan’s first “Next Generation Parking Service” in a large shopping complex in Narashino-shi, Chiba prefecture.

In general, administration costs for car parks in large shopping facilities are high in order to alleviate traffic congestions and to maintain safety. This first “Next Generation Parking Service” not only reduces such costs, but it also has the following features that enable smooth vehicle guidance from arrival to departure. This new “hospitality” service is drawing attention as an effective method to alleviate congestions:

(i) On arrival, the driver can check the electronic guidance displays near the ceiling for vacancies, (ii) the guidance displays will guide the vehicle smoothly to the vacant parking space, (iii) the KIOSK terminals*, located at various points within the shopping center, will provide the visitor with shop information, and is capable of “locate-your-vehicle”, by keying-in the registration number, (iv) the guidance displays will guide the vehicle to the exit on departure.

*KIOSK terminal: The “KIOSK terminal” refers to liquid crystal touch panel displays, often located on street corners and shopping centers to obtain information through visual search.

New Developments in “Rent-a-cycles”

Nationwide expansion of “Bicycle parking systems for community bicycle programs”

An increasing number of regional Government bodies are reusing abandoned bicycles as rent-a-cycles. In order to improve convenience for its users, “Community Bicycle Programs” are seen as a new development and it is expanding nationwide. March 2011, Amano installed a “Bicycle Parking System” for a community bicycle program in Takamatsu city, which is so far the largest of its kind, in Japan. Parking gate systems (UT-1500 series) were installed at each of the 7 rent-a-cycle docks around the city. By fitting identification IC tags on all of the rent-a-cycles (1,250 units), and by linking all the docks to a communication network, circulation and inventory can be controlled at a central point. In addition, by interfacing the bicycle parking system with the local transportation system, railway prepaid IC cards “IriCa”, can be used to pay the rent-a-cycle fees. This will provide a seamless environment for rent-a-cycle users and train users.

* Community Bicycle Programs: “Community Bicycle Programs” are a type of a rent-a-cycle where the renting and return can be done at any of the multiple bicycle docks. In Japan, it is...
anticipated that the system will complement public transportation mainly in urban areas and be developed as the “last mile” transportation means.

*InUCa is a registered Trademark of the Takamatsu-Kotohira Electric Railroad Co. Ltd.

Environmental Systems

Domestic Manufacturers are Accelerating Production Shift Towards Asia

Demand for standard Dust Collectors are expanding

Amid the production shift to Asia by the domestic manufacturers, in order to expand the market, Amano’s Asia sales promotion team has been concentrating in the prompt capturing of such information and to co-ordinate efforts with Amano’s overseas network to provide total support from equipment installations to engineering.

For instance in Indonesia, where Japanese motorcycle manufacturers represent 95% of the market share, increased its production capacity to meet the rising domestic demand. Several hundred dust collectors were installed as part of a package of new machine tools and parts machining equipment.

At Amano, sales and engineering abilities are being actively enhanced at overseas subsidiaries and efforts are being concentrated to develop and expand into new Asian markets such as Vietnam and India.

Clean Systems

A New Floor Care System that Pursue Cost Benefits

Amano Green Coating System

The main concerns regarding routine and daily cleanliness are shifting to “labor-saving”, “energy-saving”, and “environment-saving”. In addition, amid the ongoing reductions of cleaning costs by large shopping centers, department stores, supermarkets, convenience stores, these commercial facilities and retailers are adopting ceramic floors and self-cleaning.

At Amano, in order to respond appropriately to such changes, in addition to the existing “dry care system” for commercial facilities, has added and promoting a new self-cleaning package based on the new “Amano Green Coating System”. It is a comprehensive system designed to support the user from the initial floor treatment, to the daily and periodic maintenance.

Domestic Group Companies

Reducing Administrative Costs and Improving Efficiency for Medium / Small Businesses

“Cloud T&A service CYBER XEED – “Smart” T&A
Amano Business Solutions Corporation

April 2011, Amano launched its Cloud T&A service the “CYBER XEED - Smart T&A". This is the inexpensive version of “Cloud Computing CYBER XEED” and it is a new service to cater for the needs of medium to small size businesses. It comes with speedy operations with high security.

In wake of the East Japan Great Earthquake, which struck March 2011, many corporations have become more aware of the importance of Business Continuity Plans (BCP) and as a result increasing number of corporations are diverting or diversifying risk by relocating their information system servers outside of the company.

This cloud T&A service from Amano will operate with just an Internet connection via an Internet browser. The user does not need a server to upload the service nor a software license, thus being cost friendly. The service is answering to the needs of many companies.

Overseas Group Companies

The First Step to Start Further Growth - Commemorating their 40th Anniversary

Horoquartz S.A. France

Horoquartz S.A., a subsidiary of Horomart France, has been a member of the Amano Group since January 2008 and plays a vital role in expanding Information Systems business, commemorated its 40th anniversary in May 2011. Horoquartz is now firmly established as the No.1 T&A system integrator in France. The ceremony slogan was “40 years of Confidence”.

Over the years Horoquartz has built trust from customer satisfaction and maintaining that trust has led to confidence for further growth. This ceremony marks the first step in this endeavor. As a core company to globalize Amano’s Information Systems business, Horoquartz’s operations will no longer be exclusive to France, but will expand across Europe.

Mr. Hubert de Rugy, CEO Horoquartz S.A. France, giving his speech at their 40th Anniversary celebration
Amano USA Holdings, Inc.

Amano Cincinnati Inc. – Amano Time Business Unit

New Product Launch

The New Time Guardian Series is an expandable employee time management system that automates the collection, calculation, and preparation of time data for processing payroll. This scalable time & attendance software provides businesses add-on options such as employee upgrade, user upgrade, web interface, advanced scheduling, advanced overtime and the ability to integrate with Amano’s Nexus Lite, Nexus 220 and AmanoNet. PX Series marks a new generation in time recorders. This electronic time recorder has the ability to synchronize to the Atomic Clock and provides voice activated programming for easy setup. The PX-75 automatically adjusts year, month, date and Daylight Savings. This clock prints in regular or military time, with minutes, hundredths, twentieths or tenths, you choose! Three year battery backup for program “set it and forget it.”

Next Generation in Access Control

ACI has successfully launched the Nexus Lite to various markets including healthcare, professional offices, retail, locksmiths, education and security. Nexus Lite was designed with real-time web based access control. This system manages up to 8 doors (expandable), 16 readers with an access hash, supports 1,000 users (3 cards per user) with the capacity to buffer the last 5,000 event transactions.

Success Stories

ACI adopted a new business strategy to effectively improve our Dealer Network Channel. In doing so we have successfully aligned our Time Business Unit with Intuit, Inc to market QuickBooks Pro, Payroll and Merchant Services combined with Amano’s Time and Attendance Solutions. ACI partnered with SP Richards, the world’s leading wholesaler of office and computer supplies to the retail stationary dealer. SP Richards distributes over 30,000 business products to a network of over 7,000 resellers in the United States and Canada. ACI currently has 32 skus online. The TS-3000 made headway in the financial market and now has a take of its own in the Health care industry. Hospital Corporation of America (HCA), one of the nation’s first hospital companies has sought out Amano for 200 units of the TS-3000. HCA has approximately 16 hospitals and 106 freestanding surgery centers in 20 states, including Great Britain. The TS-3000 is being used for emergency entrance areas and chest pain trauma centers.

Black Box Corporation, a world leader in communications and infrastructure products and solutions has agreed to distribute Amano’s TS-3000 under private label. Black Box’ Auto-Sync Time Clock (ASTC3000) is being sold to numerous markets including banks, investment brokers, casinos, hospitals and 911 call centers. The PoE version is also available through Black Box.

Time Guardian Pro made a tremendous mark in 2010. Surgical Care Affiliates, LLC (SCA) purchased the easy-to-use workforce management suite to operate in their headquarters in Birmingham, AL. The MXT-15 terminals were installed in 150 ambulatory surgical centers and surgical hospitals. Pacific Health Corp in Tuscon, CA has sought Amano for a comprehensive time & attendance system that will accommodate their 4 locations.

ACCU-TIME SYSTEMS, INC

ATS joins Amano Group

Accu-Time Systems, Inc. (ATS), a trusted global leader of developer, manufacturer, and supplier of biometric and non-biometric terminals to the Time and Attendance and Workforce Management industry, based in Bellingham, CT joined Amano Group in March 2010. ATS provides a good synergy effect to Amano’s sales channels for time and workforce management.

New Product Launch

Accu-Time Systems anticipates growth opportunities in expanding markets with the introduction of three new products. The PAYmate™ time and attendance terminal is targeted at small companies requiring fast installation and ease-of-use. The AccuTouch™ offers a new biometric optical fingerprint reader designed to read fingers previously unreadable by conventional sensors. Cesium™, an Oracle Validated Product, is a total hardware and software solution that allows ATS terminals to seamlessly integrate directly with Oracle PeopleSoft Enterprise software in use around the world. IMS Research, a supplier of market research and consultancy services, recently ranked ATS as the second largest workforce management hardware vendor in the Americas market at nearly 10% market share.

Success Stories

A major fast food restaurant chain in the United Kingdom chose Accu-Time Systems’ Maximus workforce management terminal for its 1,200 locations. ATS supplied the Maximus with certain custom modifications that meet the restaurant chain’s strict specifications. Also in the UK, a hospital group chose Maximus for its 1100 public house chain. This application is one of the largest biometric implementations in ATS history. A major mass merchandise retailer with locations around the world has renewed its service and support agreement with Accu-Time Systems for its Optimus workforce management terminals. Also renewing its maintenance agreement with ATS is a multinational pharmacy and consumer products chain that also uses ATS’ Optimus terminal.

Amano McGann, Inc. – Parking

General

The economy stabilized a bit in 2010 but unfortunately new construction did not rebound which had a negative impact on the parking systems business. Even with these challenges the organization as a whole worked hard to win new customers and to maintain our existing base. This was accomplished through the strong management of our established channels of Branch, Dealer, National Accounts, and Vertical Markets resulting in another profitable year. The focus on vertical markets expanded in 2010 to include several advancements in not only new product development but also the successful launch of several strategic alliances. Both the development and alliances enhanced the core AMI product offering and are now fully integrated.

Strategic Alliances

Park Assist

Park Assist, the world leader of parking guidance, has joined forces with AMI as the exclusive representative in the US and Canadian markets. Unique features of the Park Assist solution include the use of imaging to recognize an occupied space as well as reading the license plate of the vehicle. Patrons have the ability to find their car by entering a license plate number at the kiosk or the AMI Pay Station. When integrated with LPR, the M3 can relate the location of the vehicle to the ticket allowing the operator to charge different rates based on location without the need for nesting lanes. The partnership between AMI and Park Assist was strengthened with the installation of the first M3 products in the United States in 2010.

AVPVM

The partnership with Automated Valet adds the advantage of combining the leader of valet automation with the strength of the AMI distribution network. The AVPVM advantage includes the unique feature of collecting images of vehicle damage automatically at the entrance or manually with an iPod touch, Pad, or iPhone with the Amano Valet application. The application can scan 2D barcode tickets with the Phone / iPod camera or linear barcode with the scanner / credit card attachment for the iPod touch. Other key features of the Valet system include the convenience of requesting your vehicle via text message, email, or cell phone; employee time and attendance tracking, and populating vehicle information when scanning the VIN barcode. Development has started on integration for the processing of bar code valet tickets and validations in the AMI Pay Station.

Product Development

iConnect®

Development of the iConnect® Software was completed and launched which allowed the integration with on-line partners to sell prepaid parking and discounts at the exit. For example, an integrated solution with a third party operator allows a patron to purchase parking online and gain access to the facility with a barcode printed at their convenience. The Connect application has also been integrated with third party web sites to allow bar code coupons to be distributed on-line and used at the exit.

PCI / PA-DSS

Now listed on the PCI website, AMI continues to provide secure products where electronic security is of the utmost importance. Through countless hours of working with our PCI certified assessor, AMI has achieved PA-DSS validation for all of our software and hardware products. The major card brands and the PCI council have created a very rigorous process to insure credit card security and AMI will continue to stay in front on PCI security issues to ensure client satisfaction.

Success Stories

Amano McGann continues to employ new technology and industry leading products to secure success with major projects across the country. Significant installations include: Westchester’s Ridge Hill in Yonkers with multiple Pay Stations and a custom re-entry feature, over fifty AMI credit card readers for DC’s transportation authority with another seventy slated in the coming year, and Chicago’s Pepsico Hospital
which features both valet and FlexScan integration with the AMG-7800 to allow valet payments and automatic vehicle call-down through the Central Pay Station.

The company continued to expand its reach in the Airport market with major installations at Van Nuys Airport in Los Angeles, Lindbergh Paving International Airport in Nassau, Bahamas, and Denver Green Park which included FlexScan integration with pre-pay application and the Frequent Parker Program.

AMI is also finding success through its strategic partnerships. Installation of the M² system at Santa Monica Place in California gained national press coverage for state-of-the-art parking guidance technology and the first Find Your Car solution in the US.

PARKING SUMMIT

The fiscal year of 2010 ended on a high note by hosting the Amano Parking Summit in Las Vegas, Nevada. Amano McGuigan personnel and distribution teams from all around the country joined forces to get up to speed on the AMI corporate vision, improved sales techniques, and the latest product introductions. The Summit was an action packed event that included two full days of information rich presentations, hands on breakout sessions to increase product familiarity, and the announcement of the iPad 2 as a sales tool.

Each Summit attendee received pre-loaded iPad 2’s containing various sales related content and videos. Use of the iPad 2 in the field puts knowledge and power into the hands of each sales professional resulting in a more enticing sales pitch with marketing materials available in several new and exciting formats.

The sales meeting provided an opportunity to connect with the sales team and distribution partners, reinforce goals and promote sales strategies. The Summit was received positively by all who were present, so much so that many agreed that the Summit was the best seminar they had ever attended. Attendees left Las Vegas feeling energized, highly motivated and full of knowledge.

“A was one of the most informative, educational, positive meetings that I’ve ever attended.” - Greg Brewer, Carolina Time. “The information provided including presentations, breakout sessions and networking with colleagues was invaluable.” - Curtis Bateson, Parking Systems Division - Western Canada, Amano Cincinnati Canada Inc.

BEST IN SHOW II

AMI raised the bar by earning the prestigious “Best in Show” award once again at both the Canadian Parking Show and the parking industry’s major trade show, The International Parking Institute. Amano McGuigan personnel brightened up the parking shows with a neon theme to compliment the IPI’s Las Vegas location. The neon elements were created by local artist Matt Thomson and added to a display that was fabricated by AMI personnel.

AMANO EUROPE HOLDINGS, N.V.

Also in this fiscal year Amano Europe continued to invest in both the parking solutions and new time and attendance products. The X-Parc parking solution has now been installed successfully in 18 different countries, including Malaysia and Australia. With X-Parc, Amano Europe is able to offer a robust, flexible and network centric solution based on Linux technology and barcode tickets. Ease of integration and remote serviceability are two of the several great and innovative benefits this system offers.

With Astrow 2013, the next version of the proven T&A software for small and medium sized businesses with an installed base of more than 5,000 customers in Europe, Amano Europe recently got it for the Saas and cloud computing business concept, incorporating WEB2.0 technologies. Astrow 2013 will continue to be the pan-European T&A solution for the SME market. The ability to integrate to 3rd party solutions, the ease of installation and the introduction of mobile solutions are key objectives in order to suite the modern and complex market needs.

HOROQUARTZ, S.A.

In France the major event of the past twelve months was the celebration of the 40th anniversary of Horoquartz. Customers and staff were separately invited on the banks of the Seine River in Paris, next to the Eiffel tower, under the slogan “40 years of confidence in Horoquartz.”

Keep customers and staff loyal is in the team’s interest and they were presented with the developments of the Workforce Management solutions of Horoquartz. Customers and staff were separately invited on the banks of the Seine River in Paris, next to the Eiffel tower, under the slogan “40 years of confidence in Horoquartz.”

Scopus-Omnibadges, S.A.

For Scopus Omnibadges this fiscal year was a year of expansive growth. In January 2010 Scopus Omnibadges acquired Prescard. This company was able to meet the requirements of customers in market segments such as fashion houses, perfumes, jewelers, and airline companies. Printing technologies like silk screen and hot stamping meet the demands that Scopus Omnibadges could not accommodate until now. Especially the ability to print metallic paint, like gold, and the ability to print holograms on the cards allow Scopus Omnibadges to approach and serve new markets.

In January 2011 Scopus Omnibadges acquired the ID solutions division of Sagedex. With this acquisition Scopus Omnibadges clearly expanded its service offering by having now the ability to offer, implement and support its own software packages for creating and manipulating card data. As such Scopus Omnibadges has reached its unique position in France and Europe of being a one-stop-shop that can both create cards and offer integrated card and data security solutions at the same time. Scopus Omnibadges is now ready to pursue its international strategy.

As a result of these two acquisitions and of a steady growth in the core business, Scopus Omnibadges will double its turnover in 2012, compared to the turnover in 2010.

AMANO UK LTD.

“The set-up of the direct business in the UK is well underway with new offices established for both Time and Parking Divisions. The Time Division has recruited a sales team of 8, now starting to take regular orders of the newly refreshed Astrow Suite as well as Access Control and ID Card management. The Time Division has developed a webshop and ever-increasing network of independent dealers for traditional time recorder sales. The Car Parking Division Amano is focusing on introducing a rental solution into the market place and is already winning sizable installations at local councils as well as private car parks. The team is focused on providing excellence in Customer Care and through the sales and engineering team is quickly migrating maintenance agreements for Customers so that they can now deal with Amano.”

AMANO KOREA CORPORATION

COMMENCED PARKING ADMINISTRATION SERVICE FOR PUBLIC PARKING IN SEOUL, KOREA

From October 2010, Amano Korea Corporation (AKC) has commenced its parking administration service for Seoul city’s public parking facilities.

This public parking facility consists of on-street and off-street parking and the fees will be collected using the following 3 methods: for on-street parking, meter patrols will carry PDA terminals (parking fee calculators) and collect the fees during their rounds. For off-street parking, fees will be collected by manned or unmanned pay stations.

AKC will continue to strengthen and seek expansion in the public parking market.

COMMENCED LED LIGHTING BUSINESS

In addition, AKC, utilizing its position as the No.1 parking company in Korea, has started up a “LED Lighting Business”. Amid the increasing interests in environmentally friendly products and energy conservation, this business is anticipated to grow as a new solution in conjunction with parking administration and expansion efforts are being made.
AMANO Corporation and Subsidiaries

Financial Highlights

For the years ended March 31, 2011 and 2010.

Yen in millions and U.S. dollars in thousands, except per share amounts
- See Note 5 to the Consolidated Financial Statements.

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>For the years ended March 31:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥83,303</td>
<td>¥78,586</td>
</tr>
<tr>
<td>Net income</td>
<td>3,065</td>
<td>1,011</td>
</tr>
<tr>
<td>Per share data (Yen and U.S. Dollars):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per share (Basic)</td>
<td>¥40.01</td>
<td>¥13.20</td>
</tr>
<tr>
<td>Cash dividends per common share</td>
<td>26.00</td>
<td>26.00</td>
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<tr>
<td>At March 31:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>¥102,933</td>
<td>¥100,687</td>
</tr>
<tr>
<td>Working capital</td>
<td>34,589</td>
<td>35,312</td>
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<tr>
<td>Total net assets</td>
<td>72,561</td>
<td>74,968</td>
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<td>Sales by product:</td>
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<tr>
<td>Time information systems</td>
<td>¥18,890</td>
<td>¥17,440</td>
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<tr>
<td>Time management equipment</td>
<td>4,407</td>
<td>4,316</td>
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<td>Parking systems</td>
<td>38,493</td>
<td>37,786</td>
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<td>Environmental systems</td>
<td>14,144</td>
<td>11,521</td>
</tr>
<tr>
<td>Cleaning systems</td>
<td>7,369</td>
<td>7,523</td>
</tr>
</tbody>
</table>

Note: U.S. dollar amounts have been translated at the rate of ¥83 = US $1, the rate prevailing on March 31, 2011.
- See Note 5 to the Consolidated Financial Statements.
### AMANO Corporation and Subsidiaries

#### Consolidated Balance Sheets

As at March 31, 2011 and 2010.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2011 (Millions of Yen)</th>
<th>2010 (Millions of Yen)</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>¥27,265</td>
<td>¥23,676</td>
<td>$328,494</td>
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<tr>
<td>Marketable securities</td>
<td>1,190</td>
<td>1,227</td>
<td>14,337</td>
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<tr>
<td>Notes and accounts receivable:</td>
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<td></td>
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<tr>
<td>Trade</td>
<td>21,145</td>
<td>21,134</td>
<td>254,759</td>
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<tr>
<td>Less allowance for doubtful accounts</td>
<td>(130)</td>
<td>(214)</td>
<td>(1,566)</td>
</tr>
<tr>
<td>Inventories</td>
<td>6,327</td>
<td>6,016</td>
<td>76,229</td>
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<tr>
<td>Deferred tax assets</td>
<td>1,321</td>
<td>1,106</td>
<td>15,916</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1,672</td>
<td>1,790</td>
<td>20,144</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>58,790</td>
<td>54,735</td>
<td>708,313</td>
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<tr>
<td><strong>Property, plant and equipment, at cost:</strong></td>
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</tr>
<tr>
<td>Buildings and structures</td>
<td>27,511</td>
<td>27,803</td>
<td>331,458</td>
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<tr>
<td>Machinery and equipment</td>
<td>17,975</td>
<td>19,643</td>
<td>216,566</td>
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<tr>
<td>Lease assets</td>
<td>2,641</td>
<td>1,711</td>
<td>31,819</td>
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<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td>(33,123)</td>
<td>(33,445)</td>
<td>(399,072)</td>
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<tr>
<td>Land</td>
<td>15,004</td>
<td>15,712</td>
<td>180,771</td>
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<tr>
<td>Construction in progress</td>
<td>298</td>
<td>83</td>
<td>3,590</td>
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<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>22,457</td>
<td>22,956</td>
<td>270,566</td>
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<td><strong>Intangible fixed assets:</strong></td>
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<tr>
<td>Goodwill</td>
<td>5,455</td>
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<td>65,723</td>
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<tr>
<td>Software</td>
<td>2,849</td>
<td>4,174</td>
<td>34,325</td>
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<tr>
<td>Software in progress</td>
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<td>279</td>
<td>4,060</td>
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<tr>
<td>Other intangible fixed assets</td>
<td>1,148</td>
<td>672</td>
<td>13,832</td>
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<tr>
<td><strong>Total intangible fixed assets</strong></td>
<td>9,789</td>
<td>11,902</td>
<td>117,940</td>
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<tr>
<td><strong>Investments and other assets:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Investments in unconsolidated subsidiaries and affiliates</td>
<td>794</td>
<td>803</td>
<td>9,566</td>
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<td>Investments in securities</td>
<td>4,023</td>
<td>3,712</td>
<td>48,470</td>
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<td>Leasehold and guarantee deposits</td>
<td>1,081</td>
<td>1,093</td>
<td>13,024</td>
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<tr>
<td>Deferred tax assets</td>
<td>2,070</td>
<td>2,334</td>
<td>24,940</td>
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<tr>
<td>Other assets</td>
<td>4,357</td>
<td>3,626</td>
<td>52,495</td>
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<tr>
<td>Less allowance for doubtful accounts</td>
<td>(428)</td>
<td>(474)</td>
<td>(5,157)</td>
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<td><strong>Total investments and other assets</strong></td>
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<td>11,094</td>
<td>143,338</td>
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<tr>
<td><strong>Total</strong></td>
<td>¥102,933</td>
<td>¥100,687</td>
<td>$1,240,157</td>
</tr>
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</table>

The accompanying notes are an integral part of these statements.


<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Trade notes and accounts payable</td>
<td>¥10,031</td>
<td>¥9,009</td>
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<tr>
<td>Short-term bank loans</td>
<td>1,715</td>
<td>19</td>
<td>20,663</td>
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<tr>
<td>Lease obligations</td>
<td>540</td>
<td>476</td>
<td>6,506</td>
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<tr>
<td>Accrued expenses</td>
<td>4,741</td>
<td>4,608</td>
<td>57,120</td>
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<tr>
<td>Accrued income taxes</td>
<td>2,049</td>
<td>679</td>
<td>24,687</td>
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<tr>
<td>Provision for loss on casualty</td>
<td>15</td>
<td>–</td>
<td>181</td>
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<tr>
<td>Other current liabilities</td>
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<td>4,632</td>
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<tr>
<td>Total current liabilities</td>
<td>24,201</td>
<td>19,423</td>
<td>291,578</td>
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<tr>
<td><strong>Long-term liabilities:</strong></td>
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<td></td>
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<tr>
<td>Long-term loans payable</td>
<td>11</td>
<td>25</td>
<td>133</td>
</tr>
<tr>
<td>Accrued retirement benefits to employees</td>
<td>3,454</td>
<td>3,884</td>
<td>41,614</td>
</tr>
<tr>
<td>Long-term accounts payable</td>
<td>272</td>
<td>541</td>
<td>3,277</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>1,749</td>
<td>1,231</td>
<td>21,072</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>300</td>
<td>362</td>
<td>3,614</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>16</td>
<td>–</td>
<td>193</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>369</td>
<td>253</td>
<td>4,446</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>6,171</td>
<td>6,296</td>
<td>74,349</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized- 185,476,000 shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 31, 2011 - 81,257,829 shares</td>
<td>18,240</td>
<td>–</td>
<td>219,759</td>
</tr>
<tr>
<td>March 31, 2010 - 81,257,829 shares</td>
<td>–</td>
<td>18,240</td>
<td>–</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>19,567</td>
<td>19,567</td>
<td>235,747</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>46,968</td>
<td>45,895</td>
<td>565,880</td>
</tr>
<tr>
<td>Treasury stock at cost, 4,660,922 shares in 2011 and 4,658,707 shares in 2010</td>
<td>(3,719)</td>
<td>(3,717)</td>
<td>(44,807)</td>
</tr>
<tr>
<td></td>
<td>81,056</td>
<td>79,985</td>
<td>976,579</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gains (losses) on other securities...</td>
<td>(154)</td>
<td>(118)</td>
<td>(1,855)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments...</td>
<td>(8,501)</td>
<td>(5,966)</td>
<td>(102,422)</td>
</tr>
<tr>
<td></td>
<td>(8,655)</td>
<td>(6,084)</td>
<td>(104,277)</td>
</tr>
<tr>
<td>Minority interests in consolidated subsidiaries...</td>
<td>160</td>
<td>1,067</td>
<td>1,928</td>
</tr>
<tr>
<td>Total net assets</td>
<td>72,561</td>
<td>74,968</td>
<td>874,230</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥102,933</td>
<td>¥100,687</td>
<td>$1,240,157</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
# Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥83,303</td>
<td>¥78,586</td>
<td>¥1,003,651</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>46,692</td>
<td>44,654</td>
<td>562,554</td>
</tr>
<tr>
<td>Gross profit</td>
<td>36,611</td>
<td>33,932</td>
<td>441,097</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>32,228</td>
<td>32,005</td>
<td>388,289</td>
</tr>
<tr>
<td>Operating income</td>
<td>4,383</td>
<td>1,927</td>
<td>52,808</td>
</tr>
<tr>
<td>Other income (expenses)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>139</td>
<td>143</td>
<td>1,675</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(37)</td>
<td>(31)</td>
<td>(446)</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>36</td>
<td>57</td>
<td>434</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>(170)</td>
<td>-</td>
<td>(2,048)</td>
</tr>
<tr>
<td>Gain on sale of fixed assets</td>
<td>8</td>
<td>4</td>
<td>96</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>(59)</td>
<td>(25)</td>
<td>(711)</td>
</tr>
<tr>
<td>Loss on sale of fixed assets</td>
<td>(3)</td>
<td>(8)</td>
<td>(36)</td>
</tr>
<tr>
<td>Gain on sale of investments in securities</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of investments in securities</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Loss on write-down of investments in securities</td>
<td>(126)</td>
<td>(56)</td>
<td>(1,518)</td>
</tr>
<tr>
<td>Gain on negative goodwill</td>
<td>990</td>
<td>-</td>
<td>11,928</td>
</tr>
<tr>
<td>Loss on transfer of business</td>
<td>129</td>
<td>-</td>
<td>1,554</td>
</tr>
<tr>
<td>Other, net</td>
<td>174</td>
<td>354</td>
<td>2,096</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>5,464</td>
<td>2,366</td>
<td>65,832</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>2,274</td>
<td>938</td>
<td>27,398</td>
</tr>
<tr>
<td>Deferred</td>
<td>(31)</td>
<td>250</td>
<td>(373)</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td>3,221</td>
<td>1,178</td>
<td>38,807</td>
</tr>
<tr>
<td>Minority interests in net income of consolidated subsidiaries</td>
<td>(156)</td>
<td>(167)</td>
<td>(1,879)</td>
</tr>
<tr>
<td>Net income</td>
<td>¥3,065</td>
<td>¥1,011</td>
<td>¥36,928</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before minority interests</td>
<td>¥3,221</td>
<td>$38,807</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gains (losses) on other securities</td>
<td>(36)</td>
<td>(434)</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>(2,539)</td>
<td>(30,590)</td>
</tr>
<tr>
<td>Share of other comprehensive income of companies accounted for by the equity-method</td>
<td>(8)</td>
<td>(96)</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>(2,583)</td>
<td>(31,120)</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>¥638</td>
<td>$7,687</td>
</tr>
</tbody>
</table>

Total comprehensive income attributable to:

- Shareholders of the Company | ¥494 | $5,952 |
- Minority interests | ¥144 | $1,735 |

The accompanying notes are an integral part of these statements.
## Consolidated Statements of Net Assets

For the years ended March 31, 2011 and 2010.

### Shareholders' equity

<table>
<thead>
<tr>
<th></th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 31, 2010</td>
<td>¥18,240</td>
<td>¥19,567</td>
<td>¥45,895</td>
<td>(¥3,717)</td>
<td>¥79,985</td>
</tr>
<tr>
<td>Changes during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td>(1,992)</td>
<td></td>
<td>(1,992)</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td>3,055</td>
<td></td>
<td>3,055</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Net changes in items other than shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total changes during the year</td>
<td>–</td>
<td>–</td>
<td>1,071</td>
<td>(2)</td>
<td>1,071</td>
</tr>
<tr>
<td>Balance at March 31, 2011</td>
<td>¥18,240</td>
<td>¥19,567</td>
<td>¥46,968</td>
<td>(¥3,719)</td>
<td>¥81,056</td>
</tr>
</tbody>
</table>

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Net unrealized gains (losses) on other securities</th>
<th>Foreign currency translation adjustments</th>
<th>Total accumulated other comprehensive income</th>
<th>Minority interests in consolidated subsidiaries</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 31, 2010</td>
<td>(¥118)</td>
<td>(¥5,966)</td>
<td>(¥6,084)</td>
<td>¥1,067</td>
<td>¥74,968</td>
</tr>
<tr>
<td>Changes during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes in items other than shareholders' equity</td>
<td>(36)</td>
<td>(2,535)</td>
<td>(2,571)</td>
<td>(907)</td>
<td>(3,478)</td>
</tr>
<tr>
<td>Total changes during the year</td>
<td>(36)</td>
<td>(2,535)</td>
<td>(2,571)</td>
<td>(907)</td>
<td>(2,407)</td>
</tr>
<tr>
<td>Balance at March 31, 2011</td>
<td>(¥154)</td>
<td>(8,501)</td>
<td>(8,655)</td>
<td>¥160</td>
<td>¥72,561</td>
</tr>
</tbody>
</table>

### Shareholders' equity

<table>
<thead>
<tr>
<th></th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 31, 2010</td>
<td>$219,759</td>
<td>$235,747</td>
<td>$552,952</td>
<td>($44,783)</td>
<td>$963,675</td>
</tr>
<tr>
<td>Changes during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td>(24,000)</td>
<td></td>
<td>(24,000)</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td>36,928</td>
<td></td>
<td>36,928</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>(24)</td>
<td>(24)</td>
</tr>
<tr>
<td>Net changes in items other than shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td>(24)</td>
<td>12,904</td>
</tr>
<tr>
<td>Total changes during the year</td>
<td>–</td>
<td>–</td>
<td>12,928</td>
<td>(24)</td>
<td>12,904</td>
</tr>
<tr>
<td>Balance at March 31, 2011</td>
<td>$219,759</td>
<td>$235,747</td>
<td>$565,880</td>
<td>($44,807)</td>
<td>$976,579</td>
</tr>
</tbody>
</table>

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Net unrealized gains (losses) on other securities</th>
<th>Foreign currency translation adjustments</th>
<th>Total accumulated other comprehensive income</th>
<th>Minority interests in consolidated subsidiaries</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 31, 2010</td>
<td>($1,421)</td>
<td>($71,880)</td>
<td>($73,301)</td>
<td>$12,855</td>
<td>$903,229</td>
</tr>
<tr>
<td>Changes during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes in items other than shareholders' equity</td>
<td>(434)</td>
<td>(30,542)</td>
<td>(30,976)</td>
<td>(10,927)</td>
<td>(41,903)</td>
</tr>
<tr>
<td>Total changes during the year</td>
<td>(434)</td>
<td>(30,542)</td>
<td>(30,976)</td>
<td>(10,927)</td>
<td>(28,999)</td>
</tr>
<tr>
<td>Balance at March 31, 2011</td>
<td>($1,855)</td>
<td>($102,422)</td>
<td>($104,277)</td>
<td>$1,928</td>
<td>$874,230</td>
</tr>
</tbody>
</table>
The accompanying notes are an integral part of these statements.
## Consolidated Statements of Cash Flows
For the years ended March 31, 2011 and 2010.

### Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
<th>2011 (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes and minority interests</td>
<td>¥5,464</td>
<td>¥2,366</td>
<td>¥65,832</td>
</tr>
<tr>
<td>Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,351</td>
<td>4,676</td>
<td>52,422</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>718</td>
<td>667</td>
<td>8,651</td>
</tr>
<tr>
<td>Increase (decrease) in provision for accrued retirement benefits</td>
<td>(410)</td>
<td>(329)</td>
<td>(4,940)</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for doubtful accounts</td>
<td>(46)</td>
<td>28</td>
<td>(554)</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(139)</td>
<td>(143)</td>
<td>(1,675)</td>
</tr>
<tr>
<td>Equity in earning of affiliates</td>
<td>(36)</td>
<td>(57)</td>
<td>(434)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>37</td>
<td>31</td>
<td>446</td>
</tr>
<tr>
<td>Foreign currency translation (gain) loss</td>
<td>(43)</td>
<td>(2)</td>
<td>(518)</td>
</tr>
<tr>
<td>(Gain) Loss on sale of investments in securities</td>
<td>0</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>Loss on write-down of investments in securities</td>
<td>126</td>
<td>56</td>
<td>1,518</td>
</tr>
<tr>
<td>(Gain) Loss on sale of fixed assets</td>
<td>5</td>
<td>4</td>
<td>60</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>59</td>
<td>25</td>
<td>711</td>
</tr>
<tr>
<td>(Gain) Loss on transfer of business</td>
<td>129</td>
<td>–</td>
<td>1,554</td>
</tr>
<tr>
<td>Gain on negative goodwill</td>
<td>(990)</td>
<td>–</td>
<td>(11,928)</td>
</tr>
<tr>
<td>(Increase) decrease in trade notes and accounts receivable</td>
<td>(585)</td>
<td>2,661</td>
<td>(7,048)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(453)</td>
<td>534</td>
<td>(5,458)</td>
</tr>
<tr>
<td>Increase (decrease) in trade notes and accounts payable</td>
<td>1,150</td>
<td>(0)</td>
<td>13,855</td>
</tr>
<tr>
<td>Others</td>
<td>1,428</td>
<td>(507)</td>
<td>17,204</td>
</tr>
<tr>
<td>Subtotal</td>
<td>10,755</td>
<td>10,009</td>
<td>129,578</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>206</td>
<td>207</td>
<td>2,482</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(37)</td>
<td>(36)</td>
<td>(446)</td>
</tr>
<tr>
<td>Payment for extra retirement payments</td>
<td>–</td>
<td>(30)</td>
<td>–</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(1,084)</td>
<td>(1,303)</td>
<td>(13,060)</td>
</tr>
<tr>
<td>Income taxes refund</td>
<td>445</td>
<td>217</td>
<td>5,361</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>10,285</td>
<td>9,064</td>
<td>123,915</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities:

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
<th>2011 (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment for purchase of marketable securities</td>
<td>(2,000)</td>
<td>(2,029)</td>
<td>(24,096)</td>
</tr>
<tr>
<td>Proceeds from redemption of marketable securities</td>
<td>2,000</td>
<td>2,000</td>
<td>24,096</td>
</tr>
<tr>
<td>Payment for purchase of property and equipment</td>
<td>18</td>
<td>5</td>
<td>217</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>(805)</td>
<td>(1,657)</td>
<td>(9,699)</td>
</tr>
<tr>
<td>Payment for acquisition of intangible assets</td>
<td>18</td>
<td>5</td>
<td>217</td>
</tr>
<tr>
<td>Payment for acquisition of investments in securities</td>
<td>(636)</td>
<td>(806)</td>
<td>(7,663)</td>
</tr>
<tr>
<td>Proceeds from sale of investments in securities</td>
<td>–</td>
<td>51</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from redemption of investments in securities</td>
<td>–</td>
<td>500</td>
<td>–</td>
</tr>
<tr>
<td>Payment for acquisition of investments in subsidiaries</td>
<td>1,619</td>
<td>–</td>
<td>19,506</td>
</tr>
<tr>
<td>Increase in time deposits</td>
<td>(5,569)</td>
<td>(4,625)</td>
<td>(67,096)</td>
</tr>
<tr>
<td>Decrease in time deposits</td>
<td>4,380</td>
<td>5,207</td>
<td>52,771</td>
</tr>
<tr>
<td>Loans to third parties</td>
<td>(18)</td>
<td>(2)</td>
<td>(217)</td>
</tr>
<tr>
<td>Collection of loans</td>
<td>22</td>
<td>5</td>
<td>265</td>
</tr>
<tr>
<td>Others</td>
<td>14</td>
<td>378</td>
<td>169</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(5,658)</td>
<td>(2,412)</td>
<td>(68,169)</td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities:

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
<th>2011 (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from short-term bank loans</td>
<td>1,906</td>
<td>–</td>
<td>22,964</td>
</tr>
<tr>
<td>Repayment of short-term bank loans</td>
<td>(6)</td>
<td>(1)</td>
<td>(72)</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>33</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(10)</td>
<td>(52)</td>
<td>(120)</td>
</tr>
<tr>
<td>Payment for acquisition of treasury stock</td>
<td>(2)</td>
<td>(1)</td>
<td>(24)</td>
</tr>
<tr>
<td>Repayments of finance lease obligations</td>
<td>(523)</td>
<td>(333)</td>
<td>(6,301)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(1,992)</td>
<td>(1,992)</td>
<td>(24,000)</td>
</tr>
<tr>
<td>Dividends payment to minority interests</td>
<td>(21)</td>
<td>(37)</td>
<td>(254)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(648)</td>
<td>(2,383)</td>
<td>(7,807)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>(419)</td>
<td>(156)</td>
<td>(5,047)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>3,360</td>
<td>4,113</td>
<td>42,892</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>20,933</td>
<td>16,709</td>
<td>252,204</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents from newly consolidated subsidiary</td>
<td>–</td>
<td>111</td>
<td>–</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents resulting from merger of consolidated subsidiary and unconsolidated subsidiary</td>
<td>121</td>
<td>1,457</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>¥24,614</td>
<td>¥20,933</td>
<td>¥296,553</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
## 1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of AMANO Corporation [hereinafter called “the Company”] and its subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations in Japan. The accounts of the Company and domestic subsidiaries included in the consolidation are based on the accounting records maintained in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and the disclosure requirements of International Financial Reporting Standards.

The information in the consolidated financial statements is derived from the original text, scope, and the nature of that information, and is therefore limited to that contained in the original text. However, certain reclassifications or summarizations of accounts have been made to present the consolidated financial statements in a form which is more familiar to the readers outside Japan.

* Supplementary explanation:
Effective the year ended March 31, 2011, the Company has applied ASBJ Statement No.25, “Accounting Standard for Presentation of Comprehensive Income”. In accordance with this new standard, consolidated statement of comprehensive income for the year ended March 31, 2010 is not presented. The comparative information for the year ended March 31, 2010 is disclosed in Note 11, page 27.

## 2. Principles of Consolidation

### (1) Scope of Consolidation

The Company had 29 consolidated subsidiaries at March 31, 2011; The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by the Company. Under the control concept, major subsidiaries in which the Company is able to exercise control over operations are to be fully consolidated.

The accounts of the overseas consolidated subsidiaries are prepared on the basis of a December 31 fiscal year-end, and are consolidated accordingly with the Company at March 31, 2011 and 2010, and for the years then ended.

The consolidated subsidiaries that have been consolidated with the Company for the year ended March 31, 2011 are as follows:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Equity ownership %</th>
<th>Paid In Capital (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Amano USA Holdings, Inc.</td>
<td>100%</td>
<td>US$ 111,702</td>
</tr>
<tr>
<td>2) Amano Cincinnati, Inc.</td>
<td>100%</td>
<td>US$ 23,172</td>
</tr>
<tr>
<td>3) Amano Cincinnati Canada, Inc.</td>
<td>100%</td>
<td>C$ 439</td>
</tr>
<tr>
<td>4) Accu-Time Systems, Inc.</td>
<td>100%</td>
<td>US$ 0.83</td>
</tr>
<tr>
<td>5) Accu-Tech Systems, Ltd.</td>
<td>100%</td>
<td>£ 0.002</td>
</tr>
<tr>
<td>6) Amano McGann, Inc.</td>
<td>100%</td>
<td>US$ 46,418</td>
</tr>
<tr>
<td>7) Amano Pioneer Eclipse Corp.</td>
<td>100%</td>
<td>US$ 4,606</td>
</tr>
<tr>
<td>8) Amano Europe Holdings N.V.</td>
<td>100%</td>
<td>EUR 73,824</td>
</tr>
<tr>
<td>9) Amano Europe N.V.</td>
<td>100%</td>
<td>EUR 17,850</td>
</tr>
<tr>
<td>10) Horosmart S.A.</td>
<td>100%</td>
<td>EUR 16,000</td>
</tr>
<tr>
<td>11) Horoquartz S.A.</td>
<td>100%</td>
<td>EUR 20,000</td>
</tr>
<tr>
<td>12) Horoquartz Marocco S.A.</td>
<td>100%</td>
<td>DH 200</td>
</tr>
<tr>
<td>13) Pial Technologies S.A.</td>
<td>100%</td>
<td>EUR 650</td>
</tr>
<tr>
<td>14) Scopus-Omnibadges S.A.S.</td>
<td>67%</td>
<td>EUR 820</td>
</tr>
<tr>
<td>15) Amano Time &amp; Parking Spain, S.A.</td>
<td>100%</td>
<td>EUR 2,518</td>
</tr>
<tr>
<td>16) Amano Malaysia Sdn. Bhd.</td>
<td>100%</td>
<td>MR 2,500</td>
</tr>
<tr>
<td>17) Amano Cleantech Malaysia Sdn. Bhd.</td>
<td>90%</td>
<td>MR 200</td>
</tr>
<tr>
<td>18) ATAS E &amp; C Services(M) Sdn. Bhd.</td>
<td>100%</td>
<td>MR 150</td>
</tr>
<tr>
<td>19) Amano Time &amp; Air Singapore Pte. Ltd.</td>
<td>100%</td>
<td>S$700</td>
</tr>
<tr>
<td>20) PT. Amano Indonesia</td>
<td>100%</td>
<td>US$ 250</td>
</tr>
<tr>
<td>21) Amano Thai International Co., Ltd.</td>
<td>43%</td>
<td>THB 8,000</td>
</tr>
<tr>
<td>22) Amano International Trading (Shanghai)Co., Ltd.</td>
<td>100%</td>
<td>US$ 200</td>
</tr>
<tr>
<td>23) Amano Korea Corp.</td>
<td>100%</td>
<td>W 4,500,000</td>
</tr>
<tr>
<td>24) Amano Agency Corp.</td>
<td>100%</td>
<td>¥10,000</td>
</tr>
<tr>
<td>25) Environmental Technology Company</td>
<td>100%</td>
<td>¥20,000</td>
</tr>
<tr>
<td>26) Amano Management Service Corp.</td>
<td>100%</td>
<td>¥205,000</td>
</tr>
<tr>
<td>27) Amano Maintenance Engineering Corp.</td>
<td>100%</td>
<td>¥30,000</td>
</tr>
<tr>
<td>28) Amano Business Solutions Corp.</td>
<td>100%</td>
<td>¥300,000</td>
</tr>
<tr>
<td>29) Amano Musashi Electric Corp.</td>
<td>100%</td>
<td>¥10,000</td>
</tr>
</tbody>
</table>
Note: Investment in Parkinsys Technology Co., Ltd., a Taiwanese company, over which the Company has the ability to exercise significant influence (the Company owns 36.6 percent) is accounted for using the equity method.

(2) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates
None of the 6 unconsolidated subsidiaries are accounted for by the equity method, because the effect of their net income or losses and retained earnings on the accompanying Consolidated Financial Statements are immaterial.

(3) Consolidation and Elimination
For the purpose of preparing the consolidated financial statements, all significant intercompany transactions, account balances, and unrealized profits among the group companies have been eliminated from the consolidated financial statements. Intercompany profit included in the assets sold from the Company to the consolidated subsidiaries has been entirely eliminated and charged against the consolidated earnings of the group companies. Intercompany profit included in the assets sold from the consolidated subsidiaries to the Company has been entirely eliminated and the portion applicable to minority interests has been charged against them.

3. Summary of Significant Accounting Policies

(1) Cash and Cash Equivalents
Cash and cash equivalents include time deposits whose expiration dates are within three months.

(2) Inventories
Inventories are stated at cost (write-down due to reduced profitability). Cost is determined principally using the periodic average method.

(3) Property, Plant and Equipment
Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the declining balance method, except for buildings acquired from April 1, 1998, computed on the straight-line method based on the estimated useful lives. The ranges of the useful lives of assets are:
- Buildings 7-50 years
- Machinery and equipment 7-17 years
Cost of property, plant and equipment, retired or otherwise disposed of, and related accumulated depreciation, is eliminated from the respective accounts, and the resulting gain or loss is reflected in income during the applicable period. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(4) Intangible Assets
Intangible assets are amortized using the straight-line method. Software costs for internal use are amortized by the straight-line method over their expected useful lives (five years). Goodwill is amortized over the estimated useful life, or where the amount of goodwill is immaterial, is charged to income in the year of acquisition.

(5) Lease Assets
Lease assets in finance lease transactions not involving transfer of ownership are depreciated by the straight-line method over the term of the lease, with a residual value of zero. Finance lease transactions not involving transfer of ownership made prior to the beginning of the first year of application of the revised Accounting Standard for Lease Transaction have been accounted for using the method applied to rental transactions.

(6) Accounting for Financial Instruments
(a) Derivatives
All derivatives are stated at their fair values, with changes in fair value included in net profit or loss for the period in which they arise.

(b) Securities
Securities held by the Company and its subsidiaries are classified into four categories:
- Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at their fair values, with changes in fair values included in net profit or loss for the period in which they arise. Additionally, securities held in trusts for trading purposes are accounted for in the same manner as trading securities.
- Held-to-maturity debt securities, that the Company and its subsidiaries have intent to hold to maturity, are stated at their cost after accounting for premium or discount on acquisition, which are amortized over the period to maturity.
- Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of
the equity method would be immaterial.
Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the net assets at a net-of-tax amount.
Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.
In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities had declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.
(7) Foreign Currency Translation
Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates and the resulting transaction gains or losses are taken into income currently.
(8) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries)
Foreign currency denominated statements of overseas consolidated subsidiaries have been translated into Japanese yen using the method prescribed by the Business Accounting Deliberation Council of Japan. All the balance sheet accounts of foreign and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet date expect common stock and capital surplus. On the other hand, all the profit and loss accounts are translated at the average foreign exchange rates for the respective periods. Differences arising from translation are presented as “Foreign currency translation adjustments” and “Minority interests in consolidated subsidiaries” in the accompanying consolidated financial statements.
(9) Income Taxes
The Company recognizes tax effect of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.
(10) Allowance for Doubtful Accounts
In general, the Company and its subsidiaries provide the allowance based on the past receivables loss experience for a certain reference period. Furthermore, for receivables with financial difficulty which could affect the debtors’ ability to perform their obligations, the allowance is provided for estimated unrecoverable amounts individually.
(11) Accrued Retirement Benefits to Employees
The Company and some of its Japanese subsidiaries recognize accrued pension and severance costs to employees based on the actuarial valuation of projected benefit obligation and plan assets at fair value. Prior service costs are amortized based on the straight-line method over a period of ten years. Actuarial gains and losses are amortized based on the straight-line method over a period of ten years starting from the beginning of the subsequent year.
(12) Provision for Loss on Casualty
The Company and its Japanese subsidiaries provided for the expenses to reconstruct assets suffered from the Tohoku-Pacific Ocean Earthquake on March 11, 2011. The expenses were estimated based on the extent of the damages.
(13) Research and Development Expenses
Research and development expenses are charged to income as incurred.
(14) Net Income and Dividends per Share
Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock subscription rights and stock options. Cash dividends per share shown for each fiscal period in the accompanying consolidated statements of income represent actual dividends declared as applicable to the respective fiscal period.
(15) Revenue from Construction Contracts

Revenues and costs of construction contracts are recognized by the percentage-of-completion method in case the percentage of completion for each contract can be reliably estimated. The percentage of completion is measured by the percentage of total costs incurred to date to estimated total costs for each contract. The completed-contract method is applied to the contracts in case the percentage of completion cannot be reliably estimated.

4. Changes in Accounting Policy

(1) Recognizing Revenues and Costs of Construction Contracts

Until the year ended March 31, 2009, revenues and costs of construction contracts were recognized by the completed-contract method. Effective April 1, 2009, the Company and its consolidated subsidiaries have applied ASBJ No.15, “Accounting Standard for Construction Contracts”, and its Guidance No.18, “Guidance on Accounting Standard for Construction Contracts”, which was issued on December 27, 2007, to the construction contracts. In accordance with ASBJ No.15 and its Guidance No.18, revenues and costs of construction contracts that commenced on and after April 1, 2009 are recognized by the percentage-of-completion method in case the percentage of completion for each contract can be reliably estimated. The percentage of completion is measured by the percentage of total costs incurred to date to estimated total costs for each contract. The completed-contract method continues to be applied to the contracts in case the percentage of completion cannot be reliably estimated. The effect of this change was immaterial to the consolidated financial statements for the year ended March 31, 2010.

(2) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries)

The Company applied the average foreign exchange rates to the translation of all the profit and loss account. More specifically; all the profit and loss accounts are translated at the average foreign exchange rates for the respective periods. On the other hand, all the balance sheet accounts of foreign and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet date except common stock and capital surplus.

(3) Asset Retirement Obligations

Effective April 1, 2010, the Company and its consolidated subsidiaries have applied ASBJ Statement No.18, “Accounting Standard for Asset Retirement Obligations”, and its Guidance No.21, “Implementation Guidance on Accounting Standard for Asset Retirement Obligations”. The effect was immaterial to its consolidated financial statements for the year ended March 31, 2011.

5. United States Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars at a rate of ¥83 = US $1, the approximate effective rate of exchange prevailing on March 31, 2011. The inclusion of U.S. dollar amounts is solely for the convenience of readers outside Japan and is not intended to imply that yen amounts could be converted, realized, or settled in U.S. dollars at that, or any other rate.
6. Cash and Cash Equivalents

A reconciliation of cash and cash equivalents to the amounts shown in the consolidated balance sheets is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>¥27,265</td>
<td>¥23,676</td>
</tr>
<tr>
<td>Time deposits due over three months</td>
<td>(2,651)</td>
<td>(2,743)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥24,614</td>
<td>¥20,933</td>
</tr>
</tbody>
</table>

7. Inventories

Inventories as of March 31, 2011 and 2010 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Merchandise and finished goods</td>
<td>¥2,943</td>
<td>¥2,883</td>
</tr>
<tr>
<td>Work in progress</td>
<td>722</td>
<td>685</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>2,662</td>
<td>2,448</td>
</tr>
<tr>
<td>Total</td>
<td>¥6,327</td>
<td>¥6,016</td>
</tr>
</tbody>
</table>

8. Selling, General, and Administrative Expenses

Selling, general, and administrative expenses during the years ended March 31, 2011 and 2010 include principally:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Labor and payroll</td>
<td>¥13,874</td>
<td>¥13,690</td>
</tr>
<tr>
<td>Rental for properties</td>
<td>1,700</td>
<td>1,736</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>1,169</td>
<td>968</td>
</tr>
</tbody>
</table>


Provisions charged to operation during the years ended March 31, 2011 and 2010 are mainly as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>SGA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees’ bonuses</td>
<td>¥1,174</td>
<td>¥1,079</td>
</tr>
<tr>
<td>Directors’ bonuses</td>
<td>–</td>
<td>8</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>1,155</td>
<td>1,192</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>–</td>
<td>135</td>
</tr>
</tbody>
</table>
10. Leases Commitments

Finance lease contracts, which commenced on or before March 31, 2008, other than those which are deemed to transfer the ownership of the leased assets are accounted for by the method that is applicable to operating leases.

Minimum future lease payments under finance leases, which includes the imputed interest expense portion are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>¥185</td>
<td>$2,229</td>
</tr>
<tr>
<td>Due over one year</td>
<td>91</td>
<td>1,096</td>
</tr>
<tr>
<td>Total</td>
<td>¥276</td>
<td>$3,325</td>
</tr>
</tbody>
</table>

Lease payments on finance lease contracts without transfer of ownership for the years ended March 31, 2011 and 2010 were ¥309 ($3,723) and ¥476, respectively.

Acquisition cost, accumulated depreciation, net book value and depreciation expenses for the year ended March 31, 2011 and 2010, if capitalized, are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition cost</td>
<td>¥1,552</td>
<td>$18,699</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>1,275</td>
<td>15,361</td>
</tr>
<tr>
<td>Net book value</td>
<td>¥277</td>
<td>$3,338</td>
</tr>
<tr>
<td>Depreciation</td>
<td>¥309</td>
<td>$3,723</td>
</tr>
</tbody>
</table>

Depreciation is calculated based on the straight-line method over the lease term of the leased assets.

11. Supplementary Information of Consolidated Statement of Comprehensive Income


<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders of the Company</td>
<td>¥1,601</td>
</tr>
<tr>
<td>Minority interests</td>
<td>171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥1,772</td>
</tr>
</tbody>
</table>

2. Other Comprehensive Income for the year ended March 31, 2010.

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net unrealized gains (losses) on other securities</td>
<td>¥186</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>398</td>
</tr>
<tr>
<td>Share of other comprehensive income of companies accounted for by the equity method</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥594</td>
</tr>
</tbody>
</table>
12. Financial Instruments

Overview

(1) Management policy

The management policy of the Company is that temporary surplus fund should be invested in low-risk financial instruments. The Company has not held any high-risk financial instruments.

(2) Financial instrument and its risk

Both notes receivable and accounts receivable as operating receivable are exposed to credit-related losses in the event of nonperformance by counterparties. Both notes payable and accounts payable as trade liability are due and payable within one year. Marketable securities and investments in securities are exposed to changes in its market price. The Company holds marketable securities and investments in securities mainly as held-to-maturity or due to relationship-building with counterparties.

(3) Risk management policies

a) Management policy for credit risk (losses in the event of nonperformance by counterparties)

The Company has a credit management policy. In accordance with the credit management policy, the exposure to credit risk of both notes receivable and accounts receivable is monitored on an ongoing basis in order to detect unrecoverable credits in early stages as well as minimizing them. The Company has operated Fund Operation Council in place. In accordance with the examination and decision of the fund operation council, the Company has made an investment in held-to-maturity securities, which consist largely of negotiable deposits and securities graded at high credit rating. The Company has expected that no held-to-maturity securities can fail to meet their obligations.

b) Management policy for market risk (foreign currency exchange and interest rates)

The Company has monitored not only fair market value of held-to-maturity securities and investment in securities but also financial conditions of their counterparties on an ongoing basis. The Company has reviewed the securities other than held-to-maturity securities based on the relationship with its counterparties on an ongoing basis.

c) Management policy for liquidity risk (in default on its financial obligations)

The Company has managed liquidity risk by holding appropriate reserves based on the forecasts and actual cash flows, which are continuously monitored by management department.

(4) Supplementary explanation on the fair value of financial instruments

The fair values of financial instruments are based on quoted market prices. Unless quoted market prices are available, the fair values are estimated based on the prices reasonably assessed by the Company. Since the Company takes contingent variable factors into accounts in order to estimate the fair value, it would vary depending on the different preconditions.

Estimated fair value of financial instruments

Differences between carrying value and estimated fair value as of March 31, 2011 and 2010 are as follows:

Financial instruments whose fair values are hardly estimated are not stated on the following chart; refer to (*2).

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Millions of Yen</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Estimated fair value</td>
<td>Difference in amounts</td>
</tr>
<tr>
<td>(1) Cash and bank deposits</td>
<td>¥27,265</td>
<td>¥27,265</td>
<td>–</td>
</tr>
<tr>
<td>(2) Notes and accounts receivable</td>
<td>21,145</td>
<td>21,145</td>
<td>–</td>
</tr>
<tr>
<td>(3) Marketable securities and investments in securities</td>
<td>1,489</td>
<td>1,487</td>
<td>(2)</td>
</tr>
<tr>
<td>Held-to-maturity</td>
<td>3,195</td>
<td>3,195</td>
<td>–</td>
</tr>
<tr>
<td>Total (Asset)</td>
<td>¥53,094</td>
<td>¥53,092</td>
<td>(2)</td>
</tr>
<tr>
<td>(4) Trade notes and accounts payable</td>
<td>¥10,031</td>
<td>¥10,031</td>
<td>–</td>
</tr>
<tr>
<td>Total (Liability)</td>
<td>¥10,031</td>
<td>¥10,031</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Millions of Yen</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Estimated fair value</td>
</tr>
<tr>
<td>(1) Cash and bank deposits</td>
<td>¥23,676</td>
<td>¥23,676</td>
</tr>
<tr>
<td>(2) Notes and accounts receivable</td>
<td>21,134</td>
<td>21,134</td>
</tr>
<tr>
<td>(3) Marketable securities and investments in securities</td>
<td>1,426</td>
<td>1,422</td>
</tr>
<tr>
<td>Held-to-maturity</td>
<td>2,953</td>
<td>2,953</td>
</tr>
<tr>
<td>Total (Asset)</td>
<td>¥49,189</td>
<td>¥49,185</td>
</tr>
<tr>
<td>(4) Trade notes and accounts payable</td>
<td>¥9,009</td>
<td>¥9,009</td>
</tr>
<tr>
<td>Total (Liability)</td>
<td>¥9,009</td>
<td>¥9,009</td>
</tr>
</tbody>
</table>
(NOTES)

(*1): Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions.

Asset:
(1) Cash and bank deposits, and (2) Trade notes and accounts receivable:
Since these items are settled in a short period of time, their carrying value approximates fair value.

(3) Marketable securities and investments in securities:
The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to (*5) Held-to-maturity and other securities with readily determinable fair value as of March 31, 2011 and 2010.

Liability:
(4) Trade notes and accounts payable:
Since these items are settled in a short period of time, their carrying value approximates fair value.

(*2): Financial instruments, whose fair values are hardly estimated, are as follows:

<table>
<thead>
<tr>
<th>Unlisted stocks (Carrying value)</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of Yen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>¥1,321</td>
<td>¥1,361</td>
<td></td>
</tr>
</tbody>
</table>

The unlisted stocks as stated above are not included in (3) Marketable securities and investments in securities because it is difficult to estimate the fair value based on the quoted market prices in active markets.

(*3) Redemption schedule for monetary claim, and securities with maturities as of March 31, 2011 and 2010 is as follows:

<table>
<thead>
<tr>
<th>Cash and bank deposits</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within 1 year</td>
<td>¥27,265</td>
<td>¥23,676</td>
</tr>
<tr>
<td>Due after 1 year but within 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 5 years but within 10 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marketable securities and investments in securities:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held-to-maturity securities</td>
<td>1,190</td>
<td>1,226</td>
</tr>
<tr>
<td>Due within 1 year</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>Due after 1 year but within 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 5 years but within 10 years</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>¥49,600</th>
<th>¥46,036</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within 1 year</td>
<td>¥900</td>
<td>¥500</td>
</tr>
<tr>
<td>Due after 1 year but within 5 years</td>
<td>–</td>
<td>100</td>
</tr>
<tr>
<td>Due after 5 years but within 10 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes and accounts receivable</td>
<td>¥254,759</td>
<td>14,337</td>
</tr>
<tr>
<td>Due within 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 1 year but within 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 5 years but within 10 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marketable securities and investments in securities:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held-to-maturity securities</td>
<td>3,614</td>
<td>7,229</td>
</tr>
<tr>
<td>Due within 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 1 year but within 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 5 years but within 10 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>¥597,590</th>
<th>¥10,843</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 1 year but within 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 5 years but within 10 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
### (*4) Repayment schedule for long-term loan payable and lease obligations at the balance sheet dates:

<table>
<thead>
<tr>
<th>Year</th>
<th>Due within 1 year</th>
<th>The second year</th>
<th>The third year</th>
<th>The fourth year</th>
<th>The fifth year</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan payable</td>
<td>–</td>
<td>¥3</td>
<td>¥3</td>
<td>¥3</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>¥539</td>
<td>¥570</td>
<td>¥521</td>
<td>¥380</td>
<td>¥169</td>
<td>¥109</td>
</tr>
<tr>
<td>Total</td>
<td>¥539</td>
<td>¥573</td>
<td>¥524</td>
<td>¥383</td>
<td>¥169</td>
<td>¥109</td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan payable</td>
<td>–</td>
<td>¥10</td>
<td>¥6</td>
<td>¥4</td>
<td>¥4</td>
<td>–</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>¥476</td>
<td>¥327</td>
<td>¥325</td>
<td>¥319</td>
<td>¥197</td>
<td>¥60</td>
</tr>
<tr>
<td>Total</td>
<td>¥476</td>
<td>¥337</td>
<td>¥331</td>
<td>¥323</td>
<td>¥201</td>
<td>¥60</td>
</tr>
</tbody>
</table>

### (*5) Held-to-maturity and other securities with readily determinable fair value as of March 31, 2011 and 2010, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Carrying value</th>
<th>Fair value</th>
<th>Unrealized gains (losses)</th>
<th>Carrying value</th>
<th>Fair value</th>
<th>Unrealized gains (losses)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held-to-maturity</td>
<td>¥1,489</td>
<td>¥1,487</td>
<td>(¥2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other securities with carrying value exceeding acquisition cost</td>
<td>¥817</td>
<td>¥563</td>
<td>¥254</td>
<td>$9,844</td>
<td>$6,783</td>
<td>$3,061</td>
</tr>
<tr>
<td>Stocks</td>
<td>305</td>
<td>300</td>
<td>5</td>
<td>3,675</td>
<td>3,614</td>
<td>61</td>
</tr>
<tr>
<td>Other</td>
<td>1,122</td>
<td>863</td>
<td>259</td>
<td>13,519</td>
<td>10,397</td>
<td>3,122</td>
</tr>
<tr>
<td>Other securities with carrying value not exceeding acquisition cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>1,684</td>
<td>2,192</td>
<td>(508)</td>
<td>20,289</td>
<td>26,410</td>
<td>(6,121)</td>
</tr>
<tr>
<td>Other</td>
<td>387</td>
<td>400</td>
<td>(13)</td>
<td>4,663</td>
<td>4,819</td>
<td>(156)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,071</td>
<td>2,592</td>
<td>(521)</td>
<td>24,952</td>
<td>31,229</td>
<td>(6,277)</td>
</tr>
<tr>
<td>Total</td>
<td>¥3,193</td>
<td>¥3,455</td>
<td>(¥262)</td>
<td>$38,471</td>
<td>$41,626</td>
<td>($3,155)</td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held-to-maturity</td>
<td>¥1,427</td>
<td>¥1,423</td>
<td>(¥4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other securities with carrying value exceeding acquisition cost</td>
<td>¥952</td>
<td>¥731</td>
<td>¥221</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>302</td>
<td>300</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,254</td>
<td>1,031</td>
<td>223</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other securities with carrying value not exceeding acquisition cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>1,603</td>
<td>2,021</td>
<td>(418)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>97</td>
<td>100</td>
<td>(3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,700</td>
<td>2,121</td>
<td>(421)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>¥2,954</td>
<td>¥3,152</td>
<td>(¥198)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
13. Retirement Benefits

Outline of the retirement benefit plans adopted

(1) Defined benefit corporate pension scheme: From March 1, 2009, the Company adopted a defined benefit corporate pension scheme as part of its retirement benefit plan.

(2) Defined contribution pension scheme: From March 1, 2009, the Company adopted a defined contribution pension scheme as part of its retirement benefit plan.

(3) Employees’ pension fund: Since April 1, 1980, the Company has used an employees’ pension fund plan (comprehensive establishment type) as a supplement to its existing retirement benefit scheme. As of March 31, 2011, the total pension assets of the pension fund included ¥12,247 million of pension assets computed on the basis of the total proportion of the contribution.

The components of accrued retirement benefits to employees as of March 31, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td>¥10,224</td>
<td>¥10,150</td>
</tr>
<tr>
<td>Plan assets</td>
<td>(6,193)</td>
<td>(5,590)</td>
</tr>
<tr>
<td>Unfunded benefit obligation</td>
<td>4,031</td>
<td>4,560</td>
</tr>
<tr>
<td>Unrecognized actuarial difference</td>
<td>(626)</td>
<td>(723)</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>28</td>
<td>32</td>
</tr>
<tr>
<td>Prepaid pension cost</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>Accrued retirement benefits to employees</td>
<td>¥3,454</td>
<td>¥3,883</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$123,181</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(74,615)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48,566</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(7,542)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>337</td>
</tr>
<tr>
<td></td>
<td></td>
<td>253</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$41,614</td>
</tr>
</tbody>
</table>

The components of retirement benefit expenses for the years ended March 31, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Service cost</td>
<td>¥579</td>
<td>¥573</td>
</tr>
<tr>
<td>Interest cost</td>
<td>243</td>
<td>248</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(193)</td>
<td>(164)</td>
</tr>
<tr>
<td>Amortization of unrecognized prior service cost</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>Amortization of unrecognized actuarial loss</td>
<td>205</td>
<td>249</td>
</tr>
<tr>
<td>Contribution to the multi-employer pension plan</td>
<td>494</td>
<td>507</td>
</tr>
<tr>
<td>Other*</td>
<td>342</td>
<td>345</td>
</tr>
<tr>
<td>Net retirement benefit expenses</td>
<td>¥1,667</td>
<td>¥1,755</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$20,084</td>
</tr>
</tbody>
</table>

* Contribution paid to defined contribution pension scheme.

The assumptions used for calculation of retirement benefits for the years ended March 31, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method of attribution of estimated retirement benefits to periods of employee service</td>
<td>Straight-line method</td>
<td>Straight-line method</td>
</tr>
<tr>
<td>Discount rate</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Amortization period for unrecognized prior service cost</td>
<td>10 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Amortization period for unrecognized actuarial difference</td>
<td>10 years</td>
<td>10 years</td>
</tr>
</tbody>
</table>
14. Deferred Tax

Deferred tax assets and liabilities (both current and non-current) consisted of the following elements:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued enterprise tax</td>
<td>¥144</td>
<td>$1,735</td>
</tr>
<tr>
<td>Accrued employees’ bonuses</td>
<td>717</td>
<td>8,639</td>
</tr>
<tr>
<td>Accounts payable and long-term accounts payable</td>
<td>101</td>
<td>1,217</td>
</tr>
<tr>
<td>Accrued retirement benefits to employees</td>
<td>1,388</td>
<td>16,723</td>
</tr>
<tr>
<td>Loss carried forward</td>
<td>714</td>
<td>8,602</td>
</tr>
<tr>
<td>Loss on write-down of investments in securities</td>
<td>292</td>
<td>3,518</td>
</tr>
<tr>
<td>Surplus on allowance for doubtful accounts</td>
<td>69</td>
<td>831</td>
</tr>
<tr>
<td>Unrealized loss on other securities</td>
<td>106</td>
<td>1,277</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>317</td>
<td>3,819</td>
</tr>
<tr>
<td>Others</td>
<td>584</td>
<td>7,036</td>
</tr>
<tr>
<td>Less: valuation allowance</td>
<td>(933)</td>
<td>(11,241)</td>
</tr>
<tr>
<td><strong>Total deferred tax assets</strong></td>
<td>¥3,499</td>
<td>$42,156</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for advanced depreciation of building</td>
<td>(19)</td>
<td>(229)</td>
</tr>
<tr>
<td>Acquired intangible assets</td>
<td>(287)</td>
<td>(3,458)</td>
</tr>
<tr>
<td>Others</td>
<td>(103)</td>
<td>(1,240)</td>
</tr>
<tr>
<td><strong>Total deferred tax liabilities</strong></td>
<td>(409)</td>
<td>(4,927)</td>
</tr>
<tr>
<td><strong>Net deferred tax assets</strong></td>
<td>¥3,090</td>
<td>$37,229</td>
</tr>
</tbody>
</table>

Reconciliation of actual tax rate is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective statutory tax rate</td>
<td>40.6%</td>
<td>40.6%</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment and other nondeductible expenses</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Dividends and other nontaxable income</td>
<td>(3.1)</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Inhabitant tax on per capita levy</td>
<td>1.5</td>
<td>3.2</td>
</tr>
<tr>
<td>Nondeductible amortization of goodwill</td>
<td>4.2</td>
<td>8.7</td>
</tr>
<tr>
<td>Realization of tax benefits on operating losses</td>
<td>(0.4)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Tax credit for research and development expenses</td>
<td>(1.5)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>1.3</td>
<td>8.6</td>
</tr>
<tr>
<td>Difference of subsidiaries’ tax rates</td>
<td>(2.1)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>(0.3)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Others</td>
<td>(0.1)</td>
<td>(1.6)</td>
</tr>
<tr>
<td><strong>Actual tax rate</strong></td>
<td>41.1%</td>
<td>50.2%</td>
</tr>
</tbody>
</table>
15. Segment Information

Effective the fiscal year ended March 31, 2011, the Company has adopted new accounting standards for disclosures about segments of an enterprise and related information. Segment information for the year ended March 31, 2010 has been restated in accordance with such accounting standards for comparative purposes.

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The reportable segments are as follows:
1. Time information
2. Environmental equipment

(1) Sales, profits or losses, assets and other items by reportable segments

<table>
<thead>
<tr>
<th>Time Information</th>
<th>Environment</th>
<th>Total</th>
<th>Adjustments/ Eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to third parties</td>
<td>¥61,790</td>
<td>¥21,513</td>
<td>¥83,303</td>
<td>-</td>
</tr>
<tr>
<td>Intersegment sales and transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>¥61,790</td>
<td>21,513</td>
<td>83,303</td>
<td>-</td>
</tr>
<tr>
<td>Segment profit or loss</td>
<td>¥5,717</td>
<td>¥1,474</td>
<td>¥7,191</td>
<td>(¥2,808)</td>
</tr>
<tr>
<td>Segment assets</td>
<td>¥34,549</td>
<td>¥27,519</td>
<td>¥62,068</td>
<td>¥40,865</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>¥3,455</td>
<td>488</td>
<td>¥3,943</td>
<td>408</td>
</tr>
<tr>
<td>Investments accounted for by the equity method</td>
<td>259</td>
<td>-</td>
<td>259</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>2,864</td>
<td>119</td>
<td>2,983</td>
<td>46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time Information</th>
<th>Environment</th>
<th>Total</th>
<th>Adjustments/ Eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to third parties</td>
<td>¥59,542</td>
<td>¥19,044</td>
<td>¥78,586</td>
<td>-</td>
</tr>
<tr>
<td>Intersegment sales and transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>¥59,542</td>
<td>19,044</td>
<td>78,586</td>
<td>-</td>
</tr>
<tr>
<td>Segment profit or loss</td>
<td>¥4,292</td>
<td>¥156</td>
<td>¥4,448</td>
<td>(¥2,521)</td>
</tr>
<tr>
<td>Segment assets</td>
<td>¥46,754</td>
<td>¥16,265</td>
<td>¥63,019</td>
<td>¥37,668</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,627</td>
<td>623</td>
<td>4,250</td>
<td>426</td>
</tr>
<tr>
<td>Investments accounted for by the equity method</td>
<td>308</td>
<td>-</td>
<td>308</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>3,115</td>
<td>215</td>
<td>3,330</td>
<td>10</td>
</tr>
</tbody>
</table>

Thousands of U.S. dollars (Note 5)

<table>
<thead>
<tr>
<th>Time Information</th>
<th>Environment</th>
<th>Total</th>
<th>Adjustments/ Eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to third parties</td>
<td>$744,458</td>
<td>$259,193</td>
<td>$1,003,651</td>
<td>-</td>
</tr>
<tr>
<td>Intersegment sales and transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$744,458</td>
<td>259,193</td>
<td>1,003,651</td>
<td>-</td>
</tr>
<tr>
<td>Segment profit or loss</td>
<td>$68,880</td>
<td>$17,759</td>
<td>$86,639</td>
<td>($33,831)</td>
</tr>
<tr>
<td>Segment assets</td>
<td>$416,253</td>
<td>$331,555</td>
<td>$747,808</td>
<td>$492,349</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>41,626</td>
<td>5,880</td>
<td>47,506</td>
<td>4,916</td>
</tr>
<tr>
<td>Investments accounted for by the equity method</td>
<td>3,120</td>
<td>-</td>
<td>3,120</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>34,506</td>
<td>1,434</td>
<td>35,940</td>
<td>554</td>
</tr>
</tbody>
</table>
(2) Supplementary Information

(a) Geographic segments

Information by geographic areas based on location for the years ended March 31, 2011 and 2010, is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Domestic (in Japan)</th>
<th>Overseas</th>
<th>Total</th>
<th>Eliminations/</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>¥62,407</td>
<td>¥5,495</td>
<td>¥10,036</td>
<td>¥5,365</td>
<td>¥83,303</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td>1,629</td>
<td>148</td>
<td>32</td>
<td>1,885</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td>64,036</td>
<td>5,571</td>
<td>10,184</td>
<td>5,397</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>¥6,868</td>
<td>¥592</td>
<td>(¥108)</td>
<td>(¥195)</td>
</tr>
<tr>
<td>Total</td>
<td>¥83,280</td>
<td>¥10,684</td>
<td>¥10,924</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Domestic (in Japan)</th>
<th>Overseas</th>
<th>Total</th>
<th>Eliminations/</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>¥58,182</td>
<td>¥4,207</td>
<td>¥10,518</td>
<td>¥5,679</td>
<td>¥78,586</td>
</tr>
<tr>
<td>Intersegment</td>
<td>1,265</td>
<td>12</td>
<td>162</td>
<td>31</td>
<td>1,470</td>
</tr>
<tr>
<td>Total</td>
<td>59,447</td>
<td>4,319</td>
<td>10,680</td>
<td>5,710</td>
<td>80,056</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥4,465</td>
<td>¥309</td>
<td>(¥58)</td>
<td>(¥328)</td>
<td>¥4,388</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Domestic (in Japan)</th>
<th>Overseas</th>
<th>Total</th>
<th>Eliminations/</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>$751,891</td>
<td>$66,205</td>
<td>$120,916</td>
<td>$64,639</td>
<td>$1,003,651</td>
</tr>
<tr>
<td>Intersegment</td>
<td>19,627</td>
<td>916</td>
<td>1,783</td>
<td>386</td>
<td>22,712</td>
</tr>
<tr>
<td>Total</td>
<td>771,518</td>
<td>67,121</td>
<td>122,699</td>
<td>65,025</td>
<td>1,026,363</td>
</tr>
<tr>
<td>Operating income</td>
<td>$82,747</td>
<td>$7,133</td>
<td>($1,301)</td>
<td>($2,348)</td>
<td>$86,231</td>
</tr>
</tbody>
</table>

(b) Overseas sales

Overseas sales for the years ended March 31, 2011 and 2010 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Overseas sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>¥5,728</td>
<td>¥4,354</td>
</tr>
<tr>
<td>North America</td>
<td>10,041</td>
<td>10,527</td>
</tr>
<tr>
<td>Europe</td>
<td>5,365</td>
<td>5,679</td>
</tr>
<tr>
<td>Others</td>
<td>146</td>
<td>171</td>
</tr>
<tr>
<td>Total</td>
<td>¥21,280</td>
<td>¥20,731</td>
</tr>
<tr>
<td>Percentage of overseas sales to consolidated net sales</td>
<td>25.5%</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

Overseas sales represents the total amount of export sales of the Company and domestic subsidiaries and sales of the overseas subsidiaries.

16. Per Share Data

Net assets and net income per share as of and for the years ended March 31, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>U.S. dollars (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Amounts per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td>¥945.23</td>
<td>¥964.78</td>
</tr>
<tr>
<td>Net income: Basic</td>
<td>40.01</td>
<td>13.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.482</td>
</tr>
</tbody>
</table>
Corporate Data

Board of Directors

Chairman & Representative Director
Kaoru Haruta

President & Representative Director
Izumi Nakajima

Executive Officer & Representative Director
Haruhiko Yamaguchi

Director & Managing Operating Officers
Minoru Koyama
Nobuyuki Tabata
Hiroshi Shiraiishi
Naoki Nakata

Director & Operating Officers
Kenji Kohori
Toru Ueno

Corporate Auditors
Kazuo Unno
Toshio Kusanagi
Satoru Ueno
Yoshiyuki Sato

Managing Operating Officer
Masamiki Konno

Operating Officers
Bungo Nogawa
Takeshi Akagi
Yutaka Kaneko
Isao Terasaki
Kunihiro Ihara
Morio Kaneko
Osamu Otani
Yuhiko Hashidume
Minoru Yonezawa
Susumu Ikoma

Domestic Operations

HEAD OFFICE
275 Mamedocho, Kohoku-ku, Yokohama, Kanagawa, JAPAN 222-8558

FACILITIES
YOKOHAMA Facility
TSUKUI Facility
HOSOE Facility
MIYAKODA Facility

SALES OFFICES
74 Sales Officers Located in major cities, including

TOKYO Office
YOKOHAMA Office
NAGOYA Office
OSAKA Office
SAPPORO Office
SENDAI Office
OMIYA Office
NAGANO Office
NIIGATA Office
HAMAMATSU Office
KANAZAWA Office
KYOTO Office
OKAYAMA Office
HIROSHIMA Office
TAKAMATSU Office
FUKUOKA Office

SYSTEM CENTERS
TOKYO System Center
KANAGAWA System Center
NAGOYA System Center
OSAKA System Center
SENDAI System Center
SAPPORO System Center
OMIYA System Center
SHINJUKU System Center
SHINAGAWA System Center
TACHIKAWA System Center
SHIZUOKA System Center
NAGANO System Center
NIIGATA System Center
KANAZAWA System Center
HIROSHIMA System Center
TAKAMATSU System Center
FUKUOKA System Center

DOMESTIC SUBSIDIARIES
AMANO BUSINESS SOLUTIONS CORPORATION
ENVIRONMENTAL TECHNOLOGY CO., LTD.
AMANO MANAGEMENT SERVICE CORPORATION
AMANO MAINTENANCE ENGINEERING CORPORATION
AMANO MUSASHI ELECTRIC CORPORATION
AMANO AGENCY CORPORATION
Overseas Operations

1. AMANO USA HOLDINGS, INC.
   CORPORATE HEADQUARTERS
   140 Harrison Avenue Roseland, New Jersey 07068 U.S.A.

2. AMANO CINCINNATI, INC.
   HEAD OFFICE
   140 Harrison Avenue Roseland, New Jersey 07068 U.S.A.

3. AMANO CINCINNATI, INC.
   OHIO FACTORY
   130 Commerce Blvd. Loveland, Ohio 45140-7726 U.S.A.

4. AMANO CINCINNATI CANADA INC.
   2740 Matheson Blvd. East, Unit 4 Mississauga, ONT L4W 4X3 Canada

5. AMANO PIONEER ECLIPSE CORPORATION
   1 Eclipse Road, Sparta, North Carolina 28675-0909 U.S.A.

6. AMANO McGANN, INC.
   HEAD OFFICE
   651 Taft Street NE, Minneapolis, Minnesota 55413 U.S.A.

7. ACCU-TIME SYSTEMS, INC.
   420 Somers Road, Ellington, Connecticut 06029 U.S.A.

8. ACCU-TECH SYSTEMS, Ltd.
   C1 Caerphilly Business Park Caerphilly Mid Glamorgan CF83 3ED, U.K.

9. AMANO EUROPE HOLDINGS, N.V.
   CORPORATE HEADQUARTERS
   Westerring 2, 3600 Genk, Belgium

10. AMANO EUROPE, N.V.
    CORPORATE OFFICE
    Westerring 2, 3600 Genk, Belgium

11. AMANO UK, LTD.
    PARKING DIVISION
    8 Newhouse Business Centre, Old Crawley Road, Horsham, West Sussex, RH12 4RU
    TIME DIVISION
    1415 Charlton Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AE

12. AMANO TIME&PARKING SPAIN S.A.
    C/. Plomo, Nº 5-7, Planta 2 - Oficina 2 - 08038 Barcelona, Espana

13. HOROSMART, S.A.
    CORPORATE HEADQUARTERS
    Tour CIT, 3 rue de l’Arrivée 75015 Paris, France

14. HOROQUARTZ, S.A.
    HEAD OFFICE
    Tour CIT, 3 rue de l’Arrivée 75015 Paris, France

15. HOROQUARTZ MAROC, S.A.
    67, Bd Al Massira Al Khadra Mâarif 20110 Casablanca, Kingdom of Morocco

16. SCOPUS-OMNIBADGES, S.A.
    19 rue Nicolas Leblanc, 33700 Mérignac

17. PIAL TECHNOLOGIES, S.A.
    ZI route de Niort BP 251 85205 Fontenay-le-Comte, France

18. AMANO KOREA CORPORATION
    HEAD OFFICE
    #407 Woolim e-Biz Center2, Yanggyeong-Dong 3Ga, Yeongdeungpo-Gu, Seoul, Korea

19. @PARK KOREA CO., LTD.
    #408 Woolim e-Biz Center2, Yanggyeong-Dong 3Ga, Yeongdeungpo-Gu, Seoul, Korea

20. TIME STAMP SOLUTION CORPORATION
    #411, Woolim e-Biz Center2, Yanggyeong-Dong 3Ga, Yeongdeungpo-Gu, Seoul, Korea

21. AMANO INTERNATIONAL TRADING(SHANGHAI)CO., LTD.
    HEAD OFFICE
    Room No.901, Zhongdian Mansion 1029 Nanquan Road (N), Pudong, Shanghai, China 200122

22. AMANO SOFTWARE ENGINEERING (SHANGHAI)CO., LTD.
    14F Nextage Business Center, No.1111 Pudong Road(South), Pudong New Area, Shanghai, China 200120

23. AMANO CLEANTECH MALAYSIA SDN. BHD.
    HEAD OFFICE
    No.12, Jalan Pengacara U1/48, Temasya Industrial Park 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

24. AMANO MALAYSIA SDN. BHD.
    No.12, Jalan Pengacara U1/48, Temasya Industrial Park 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

25. AMANO TIME&AIR SINGAPORE PTE.LTD.
    Bld 213 Henderson Road, #04-06/07 Henderson Industrial Park Singapore 159553

26. PT.AMANO INDONESIA
    Gedung Pusat Perfijinan H.Usmar Ismail,Lantai3 JL.H.R.Rasuna Said Kav. C-22 Jakarta 12940 Indonesia

27. AMANO THAI INTERNATIONAL CO., LTD.
    Room No. 3A, 3rd Fl., Chai-Ho Wong Wit Building, 899 Moo 5, Sirinakarin Road, T. Samrong-nua, A. Muang Samutprakarn 10270, Thailand