TIME & ECOLOGY AMANO

Summary Financial Statements (Consolidated) for Fiscal Year 2014 (Year Ended March 31, 2015) (Japan GAAP)

April 24, 2015

Company name: Amano Corporation Listed on: TSE

Securities code: 6436 URL http://www.amano.co.jp/

Representative: Izumi Nakajima, President & Representative Director

Inquiries: Toru Ueno, Director & Managing Operating Officer
General Manager, Corporate Planning Phone: +81 (45) 439-1951

Scheduled date for Ordinary General Meeting of Shareholders: June 26, 2015

Scheduled date for filing of securities report: June 26, 2015

Scheduled date for start of dividend payments: June 29, 2015

Supplementary explanation materials prepared for financial results: Yes

Briefing held on financial results: Yes (for institutional investors and analysts)

(Amounts less than 1 million yen are rounded down)

1. Business results for fiscal year 2014 (April 1, 2014 to March 31, 2015)

(1) Operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
FY 2014 (year ended March 2015)	109,837	7.5	9,357	6.0	10,189	8.1	6,794	28.2
FY 2013 (year ended March 2014)	102,131	13.1	8,826	20.4	9,423	21.3	5,299	33.0

Note: Comprehensive income FY 2014 (year ended March 2015): 10,355 million yen (7.9%)
FY 2013 (year ended March 2014): 9,594 million yen (46.4%)

	Net income per share	Diluted net income per share	Ratio of net income to equity capital	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY 2014 (year ended March 2015)	88.71	—	7.7	8.0	8.5
FY 2013 (year ended March 2014)	69.19	—	6.6	8.1	8.6

Reference: Equity in earnings of affiliates FY 2014 (year ended March 2015): 59 million yen
FY 2013 (year ended March 2014): 49 million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2014 (year ended March 2015)	131,560	92,148	69.8	1,198.22
FY 2013 (year ended March 2014)	122,838	83,482	67.6	1,084.44

Reference: Equity capital As of March 31, 2015: 91,772 million yen As of March 31, 2014: 83,060 million yen

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2014 (year ended March 2015)	7,518	(6,519)	(2,969)	30,526
FY 2013 (year ended March 2014)	11,035	(6,081)	(780)	31,674

2. Dividends

	Annual dividends					Total dividend amount (Year)	Payout ratio (Consolidated)	Ratio of dividend to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2013 (year ended March 2014)	—	13.00	—	17.00	30.00	2,297	43.4	2.9
FY 2014 (year ended March 2015)	—	15.00	—	23.00	38.00	2,910	42.8	3.3
FY 2015 (year ending March 2016) (est.)	—	20.00	—	20.00	40.00		42.0	

3. Forecast earnings for fiscal year 2015 (April 1, 2015 to March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	55,100	11.6	3,800	61.1	4,000	47.5	2,400	68.8	31.34
Full year	120,000	9.3	11,300	20.8	11,700	14.8	7,300	7.4	95.31

4. Other matters

(1) Significant changes among subsidiaries during the fiscal year under review (i.e. changes among specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes to accounting policies, changes to accounting forecasts, and restatements

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

[2] Changes to accounting policies other than those in [1] above : None

[3] Changes to accounting forecasts : None

[4] Restatements : None

Note: For details, please see Attachment page 22: "(5) Notes to Consolidated Financial Statements," which is in the section entitled "5. Consolidated Financial Statements."

(3) Number of shares issued and outstanding (common stock)

[1] Number of shares issued and outstanding at the end of the period (including treasury stock)	As of March 31, 2015	76,657,829 shares	As of March 31, 2014	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of March 31, 2015	66,585 shares	As of March 31, 2014	64,808 shares
[3] Average number of shares outstanding	As of March 31, 2015	76,592,083 shares	As of March 31, 2014	76,594,071 shares

Reference: Non-consolidated results

1. Business results for fiscal year 2014 (April 1, 2014 to March 31, 2015)

(1) Operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2014 (year ended March 2015)	66,193	2.5	6,465	(3.2)	7,918	2.4	5,073	5.4
FY 2013 (year ended March 2014)	64,606	7.7	6,677	32.1	7,732	27.5	4,813	20.2

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2014 (year ended March 2015)	66.24	—
FY 2013 (year ended March 2014)	62.85	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2014 (year ended March 2015)	111,494	90,417	81.1	1,180.52
FY 2013 (year ended March 2014)	108,440	85,823	79.1	1,120.52

Reference: Equity capital As of March 31, 2015: 90,417 million yen As of March 31, 2014: 85,823 million yen

2. Forecast earnings for fiscal year 2015 (April 1, 2015 to March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	31,300	6.1	2,300	42.3	2,900	23.4	1,900	26.8	24.81
Full year	70,000	5.8	7,100	9.8	8,300	4.8	5,500	8.4	71.81

Note: Presentation of the implementation status of audit procedures

These Summary Financial Statements are not subject to the audit procedures stipulated in Japan's Financial Instruments and Exchange Act. As of the date of release of these Summary Financial Statements, the financial statement audit procedures stipulated in the Act have not yet been completed.

Note: Explanation concerning appropriate use of the earnings forecast, and other matters to note

Caution regarding forward-looking statements

Earnings forecasts and other forward-looking statements contained in this document are based on information available at the time of this document's preparation and on certain assumptions that are deemed to be reasonable. A variety of factors could cause actual results to differ significantly from the forecasts. For matters related to earnings forecasts, please see Attachment page 2: "1. Analysis of Business Results and Financial Condition."

Obtaining supplementary financial results materials and information on the scheduled financial results briefing

Supplementary financial results materials are disclosed via TDnet on the same day as the date of this document. Also, a financial results briefing for institutional investors and analysts is scheduled for Tuesday, April 28, 2015. The financial results materials to be distributed at this briefing are due to be published on the Amano Corporation website immediately following the meeting.

○ Table of Contents for Attachment

1. Analysis of Business Results and Financial Condition 2
(1) Analysis of Business Results 2
(2) Analysis of Financial Condition 6
(3) Basic Policy on Distribution of Profits and Payment of Dividends for This Fiscal Year and the Next 7
(4) Operating and Other Risk Factors 8
2. Status of the Corporate Group 10
3. Business Policies 11
(1) Basic Management Policy 11
(2) New Medium-Term Business Plan 11
(3) Issues to Be Addressed 12
4. Basic Approach to the Selection of Accounting Standards 13
5. Consolidated Financial Statements 14
(1) Consolidated Balance Sheets 14
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 16
(3) Consolidated Statement of Changes in Shareholders' Equity 19
(4) Consolidated Statements of Cash Flows 21
(5) Notes to Consolidated Financial Statements 23
Notes Regarding the Premise of a Going Concern 23
Basis for the Presentation of the Consolidated Financial Statements 23
Changes to Accounting Policies 25
Segment Information 26
Per-share Data 28
Significant Subsequent Events 28

1. Analysis of Business Results and Financial Condition

(1) Analysis of Business Results

During the fiscal year ended March 31, 2015, the Japanese economy seemed to be on track to a moderate recovery from the decline that set in following the consumption tax hike. This was because overseas economies enjoyed a rebound, led mainly by developed economies such as the United States, and as lower crude oil prices and the depreciation of the yen continued, capital investment was growing, thanks to an improvement in corporate profits, and also thanks to the support from government economic measures and steady personal consumption due to improvements in the employment and income situation.

Amid this business environment, the Amano Group worked on global marketing and product deployment as well as the enhancement of its capacity to provide holistic solutions, based on its new medium-term business plan launched in April last year. Under this plan, the Group set forth the management concept of "Challenge to a New Stage," a concept aimed at making the organization a "100-year company." The Amano Group also concentrated on thoroughly uncovering customer needs and strove to reduce the costs of goods sold (COGS) and selling, general, and administrative (SG&A) expenses.

As a result of the above, during the fiscal year under review, the Company recorded sales of ¥109,837 million, up by 7.5% year-on-year. Operating profit increased by 6.0% to ¥9,357 million, ordinary profit went up by 8.1% to ¥10,189 million, and net income increased by 28.2% to ¥6,794 million, resulting in increases in both income and profit.

The following is a breakdown of sales by business division.

Sales by business division (Millions of yen)

Category	FY 2013 (April 1, 2013– March 31, 2014)		FY 2014 (April 1, 2014– March 31, 2015)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	22,979	22.5	23,558	21.5	579	2.5
Time Management Products	4,087	4.0	4,100	3.7	12	0.3
Parking Systems	48,808	47.8	51,817	47.2	3,009	6.2
Subtotal	75,876	74.3	79,477	72.4	3,601	4.7
Environment System business:						
Environmental Systems	18,157	17.8	20,639	18.8	2,481	13.7
Clean Systems	8,097	7.9	9,720	8.8	1,623	20.1
Subtotal	26,255	25.7	30,360	27.6	4,105	15.6
Total	102,131	100.0	109,837	100.0	7,706	7.5

Time Information System business

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

• Information Systems

The business environment for this business division has remained solid because companies' information-related investments have continued to grow in Japan in light of the economic recovery. Furthermore, the cloud computing business sector has continued to expand in Japan.

In response to these market conditions, the Company added access control and mental health solutions to the "3-in-1" proposal comprising of time & attendance (T&A), payroll, and human-resource management, thus striving to make more proposals for comprehensive solutions associated with the transition from owning systems to using systems.

Domestic sales for the current term were as follows: hardware sales increased by ¥305 million (5.1%) year-on-year, software sales decreased by ¥236 million (6.7%), and sales generated by maintenance contracts and supplies services increased by ¥112 million (3.1%). The increase in hardware sales was a result of orders for large projects and increased sales of access control systems, and software sales decreased due to the effects of the reduced sales momentum following a period of strong PC demand for the replacement of Windows XP-based PCs and a spike in consumer demand ahead of the consumption tax hike.

By product category, T&A system sales decreased by ¥297 million (3.2%) while access control system sales were up by ¥481 million (40.4%).

Overall overseas sales increased by ¥305 million (3.5%). The sales of Accu-Time Systems Inc. in North America decreased, and the sales of Horosmart S.A. in Europe increased, partly due to foreign exchange effects.

As a result of the above, sales in this business division totaled ¥23,558 million, representing an increase of 2.5% year-on-year.

• Time Management Products
In Japan, this business division continued to struggle under difficult conditions because the demand structure has shifted from standard machines to systems.

In this market environment, the Company concentrated on uncovering new demand by strengthening its Internet and mail order service-based sales promotions and launching new products such as a time recorder equipped with aggregation software compatible with PCs.

Regarding domestic sales for the current term, when compared with a year earlier, standard equipment sales increased by ¥27 million (2.3%) and supply goods sales decreased by ¥53 million (6.2%). Although sales in Asia remained sluggish, sales in North America and Europe increased year-on-year. As a result, overall overseas sales increased by ¥48 million (3.9%).

As a result of the above, sales in this business division totaled ¥4,100 million, representing an increase of 0.3% year-on-year.

• Parking Systems
To respond to the increasingly diverse needs of parking lot management in Japan the Parking Systems business division has been working on increasing the level of convenience for parking lot users, improving parking lot management efficiency by utilizing the Internet and ensuring safety and security in parking lots. .

In response to these market conditions, the Company strove to enhance the functionality and usability of its system equipment offerings and to further strengthen its cooperation with major parking lot management firms. At the same time, the Company also concentrated on offering various services to small to medium-sized parking lot management firms provided by the Company's parking lot data centers. The Company has also made efforts to expand into new markets such as security-gate systems, toll road systems, bicycle parking systems, etc.

Parking equipment sales increased ¥302 million (1.7%) year-on-year. Revenue from maintenance contracts and supplies services decreased by ¥176 million (1.9%). The commissioned parking lot management business of Group subsidiary Amano Management Service Corporation has been steadily expanding, and the number of parking spaces under management increased by 29,400 (10.4%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥2,203 million (16.8%). Sales for Amano McGann, Inc. in North America increased due to the launch of new systems while sales for Europe increased due to increased orders in Asian and Oceanian markets. Meanwhile, sales in the Asian region increased as sales in Korea grew due partly to foreign exchange effects.

As a net result of the above, the Parking Systems business division provided sales totaling ¥51,817 million, up by 6.2% year-on-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

• Environmental Systems
The operating environment for this business division continues to improve as capital investment in Japan is on a rising trend supported by the recovering economy. In addition, capital investment by Japanese companies operating abroad has also remained strong.

In this market environment, the Company strengthened its standard equipment proposals in Japan while seeking to win increased orders from customers in the pharmaceutical, foods and cosmetics markets. Meanwhile, with the aim of attracting demand from Japanese companies operating overseas, the Company reinforced its engineering abilities along with its sales and service platforms by enhancing cooperation with overseas Group companies. Moreover, it endeavored to achieve greater cost competitiveness by means of expanding its local procurement and assembly.

During the current term, domestic sales of standard equipment increased by ¥735 million (12.8%), sales of large-scale systems increased by ¥1,024 million (19.4%) and sales of maintenance contracts and supplies services increased by ¥34 million (1.0%) year-on-year.

Overall overseas sales increased by ¥888 million (27.2%). Spearheaded by the Asian market, capital investment by Japanese companies remained strong resulting in higher revenues.

As a result of the above, sales of this business division totaled ¥20,639 million, up by 13.7% year-on-year.

• Clean Systems

This business division is seeing increasing needs for aesthetic maintenance services and high-value-added peripheral clean work in Japan; however, the prolonged corporate restraints on cleaning management costs still continues.

To cope with this market environment, the Company focused on strengthening holistic cleanliness solutions by incorporating peripheral cleaning work. In addition, amid times of aging cleaning workers and an increasing number of non-experienced workers, the division worked on uncovering new demand by launching robotic cleaners which realize higher equipment safety levels, improved usability, and higher work efficiency without compromising quality.

Domestic sales for cleaning equipment decreased by ¥325 million (14.7%) year-on-year, revenue from maintenance contracts and supplies services decreased by ¥7 million (0.2%), and revenue from commissioned cleaning services decreased by ¥7 million (0.5%).

Overall overseas sales increased by ¥2,019 million (94.0%) as sales for North America grew owing to the contribution from the wooden floor sanding equipment business newly added to the business domain during the current term.

As a net result of the above, sales of this business division totaled ¥9,720 million, up by 20.1% year-on-year.

Reference information

Information by area

(Millions of yen)

	Net sales				Operating profit (loss)			
	FY 2013 (year ended March 2014)	FY 2014 (year ended March 2015)	Change	Percentage change (%)	FY 2013 (year ended March 2014)	FY 2014 (year ended March 2015)	Change	Percentage change (%)
Japan	74,883	77,336	2,453	3.3	10,514	10,542	28	0.3
Other Asia	9,234	11,596	2,361	25.6	629	974	344	54.8
North America	12,634	15,093	2,458	19.5	(78)	290	369	—
Europe	7,179	7,738	559	7.8	520	477	(42)	(8.1)
Total	103,932	111,765	7,832	7.5	11,585	12,285	700	6.1
Eliminations/ Corporate	(1,801)	(1,927)	—	—	(2,759)	(2,928)	—	—
Consolidated	102,131	109,837	7,706	7.5	8,826	9,357	531	6.0

Notes: 1. The national and regional demarcations are based on the degree of geographical proximity.
2. Major countries and territories included in areas other than Japan:
(1) Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, and China
(2) North America: United States and Canada
(3) Europe: France, Belgium, and Spain

Overseas sales

(Millions of yen)

	Overseas sales				Proportion of consolidated net sales accounted for by overseas sales (%)		
	FY 2013 (year ended March 2014)	FY 2014 (year ended March 2015)	Change	Percentage change (%)	FY 2013 (year ended March 2014)	FY 2014 (year ended March 2015)	Change
Other Asia	9,342	11,750	2,407	25.8	9.2	10.7	1.5
North America	12,484	13,948	1,463	11.7	12.2	12.7	0.5
Europe	7,039	7,374	334	4.7	6.9	6.7	(0.2)
Other regions	327	1,751	1,423	435.1	0.3	1.6	1.3
Total	29,194	34,824	5,630	19.3	28.6	31.7	3.1
Consolidated net sales	102,131	109,837					

Notes: 1. The national and regional demarcations are based on the degree of geographical proximity.
2. Major countries and territories included in areas other than Japan:
(1) Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, and China
(2) North America: United States and Canada
(3) Europe: France, Belgium, and Spain
(4) Other regions: Central and South America
3. Overseas sales comprise sales by the Company and its consolidated subsidiaries to countries and regions other than Japan.

(2) Analysis of Financial Condition

(i) Assets, liabilities, and net assets

Assets

Total assets as of March 31, 2015 amounted to ¥131,560 million, up by ¥8,722 million from the previous fiscal year-end. Current assets increased by ¥6,862 million year-on-year. This was chiefly due to a ¥4,277 million increase in notes and accounts receivable-trade and a ¥1,358 million increase in raw materials and supplies. Fixed assets increased by ¥1,860 million year-on-year. This was primarily due to an increase of ¥1,923 million in intangible fixed assets, despite a decrease of ¥223 million in tangible fixed assets.

Liabilities

Total liabilities as of March 31, 2015 amounted to ¥39,411 million, up by ¥56 million year-on-year. Current liabilities increased by ¥2,003 million year-on-year. This was attributable primarily to an increase of ¥1,503 million in other current liabilities due to an increase in accrued expenses and an increase of ¥1,059 million in trade notes and accounts payable. Fixed liabilities decreased by ¥1,947 million year-on-year. The principal factors behind this were a decrease of ¥1,643 million in net defined benefit liabilities associated with changes in accounting policies and other accounting changes.

Net Assets

Total net assets as of March 31, 2015 amounted to ¥92,148 million, up by ¥8,665 million from the previous fiscal year-end. This was primarily due to an increase of ¥5,344 million in shareholders' equity due to the posting of net income and changes in accounting policies and an increase of ¥3,367 million in total accumulated other comprehensive income resulting from an increase in foreign currency translation adjustments.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥1,148 million from the previous fiscal year-end to a total of ¥30,526 million as of March 31, 2015. The status of each type of cash flow at year-end and the underlying factors are as follows.

Cash flow from operating activities

Net cash provided by operating activities totaled ¥7,518 million. This was attributable primarily to income before income taxes amounting to ¥10,307 million, and depreciation and amortization amounting to ¥4,137 million, despite income taxes payments amounting to ¥4,585 million and an increase in trade notes and accounts receivable of ¥3,494 million.

Cash flow from investing activities

Net cash used in investing activities totaled −¥6,519 million. This was largely due to expenditures of ¥7,541 million for the placement of time deposits, ¥2,238 million for the acquisition of tangible fixed assets, ¥2,044 million for the acquisition of business, and ¥2,000 million for the acquisition of securities. These outflows were more than offset by proceeds of ¥6,299 million from the withdrawal of time deposits and ¥2,300 million from the redemption of securities.

Cash flow from financing activities

Net cash used in financing activities amounted to −¥2,969 million. This was chiefly due to the payment of dividends amounting to ¥2,450 million and repayment of finance lease obligations of ¥1,668 million, despite proceeds from sale and leaseback of ¥1,622 million.

Reference: Trend of cash flow indicators

	As of Mar. 31, 2011	As of Mar. 31, 2012	As of Mar. 31, 2013	As of Mar. 31, 2014	As of Mar. 31, 2015
Equity ratio (%)	70.3	69.6	69.8	67.6	69.8
Fair value equity ratio (%)	59.3	56.9	62.3	66.5	83.7
Ratio of cash flow to interest-bearing liabilities (%)	31.4	50.2	34.7	37.3	52.2
Interest coverage ratio	275.2	158.1	207.7	219.7	122.9

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).
* The term “cash flow from operating activities” refers to cash flow from operating activities posted under the consolidated statements of cash flows. The term “interest-bearing liabilities” refers to those liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with the interest paid recorded in the consolidated statements of cash flows.

(iii) Outlook for the next fiscal year ending March 31, 2016

During the next fiscal year ending March 31, 2016, although the outlook for overseas economies is uncertain, we forecast that the Japanese economy will continue to recover with the improving trend of corporate profits thanks to the decline in crude oil prices and yen depreciation. Capital investment is expected to remain firm while the improving trend of employment and income situations will contribute to the recovery of individual consumption.

Amid this business environment, Amano Corporation and its Group companies continue to emphasize the following strategies: 1) emphasis on Time & Ecology business domains, and enhancement of core business; 2) becoming a niche leader in the business domain in which we excel; 3) ceaseless restructuring; and 4) management based on cash flow. In line with these four fundamental strategies, we will work to address the important challenges in the new medium-term business plan described in “3. Business Policies” on page 10 with a view to maximizing the corporate value of Amano Corporation while aiming to become a 100-year Company having “Challenge to a New Stage” as its management concept.

The following business results are projected for the next fiscal year ending March 31, 2016: net sales of ¥120,000 million, operating profit of ¥11,300 million, ordinary profit of ¥11,700 million, and net income attributable to parent company shareholders of ¥7,300 million. These projections assume currency exchange rates of ¥117 to the US dollar and ¥125 to the euro.

(3) Basic Policy on Distribution of Profits and Payment of Dividends for This Fiscal Year and the Next

Amano places great importance on its policy for the payment of 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 (interim dividend of ¥13 and year-end dividend of ¥13), together with appropriate results-based distributions of profits and flexible purchasing of treasury stock. The Company aims to maintain a payout ratio of at least 40% 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 ¥23 per share, an increase of ¥6 per share compared with the amount paid at the end of the previous year. As a result, the annual per-share dividend will be ¥38 (including the ¥15 per share paid as the interim dividend). This corresponds to a dividend payout ratio of 42.8% and a 3.3% 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 Fiscal Year Ending March 31, 2016, we aim to pay an annual per-share dividend of ¥40 (with an interim dividend of ¥20 and a year-end dividend of ¥20).

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

(4) Operating and Other Risk Factors

Matters relating to the qualitative information contained in these summary financial statements and relating to the consolidated financial statements that could be envisaged as having a possible material impact on investors are described below.

Every effort are made to identify factors that may now or in the future pose a risk to the undertaking of business by the Amano Group, and these risk factors are then eliminated or otherwise managed in the course of business.

Forward-looking statements are current as of the date of the release of these financial results (April 24, 2015).

(i) Impact on earnings due to changes in the business environment

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

In the year ended March 31, 2015, the Time Information System business accounted for 72.4% of total sales, and the Environment System business accounted for 27.6%. Before the deduction of unallocated expenses, the Time Information System business contributed 72.7% to operating profit, while the Environment System business contributed 27.3%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 73.3% of total sales and 76.9% of operating profit.

One future risk factor is that if market expansion is forecast for a business activity within the Time Information System business segment (which accounts for a large proportion of the Group's business) for such reasons as a significant change in the demand structure or the creation of a new market, entities in other industries or other powerful competitors may be tempted to enter the market. In such an event, if a competitor were to enter with innovative products or solutions that surpass Amano's, the Amano Group's market advantage would decline, which 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 the proceeds for overseas transactions are converted into yen.

(iii) Information security

In the course of providing system solutions and developing cloud business services (e.g., ASP, SaaS, and hosting services), the Amano Group handles confidential information, such as personal information concerning, or provided by, customers. In view of this, the Company has strengthened and thoroughly implemented security control measures based on the Information Security Management Rules. Specifically, the Company has implemented measures to protect confidential information (e.g., encrypting hard disk drives and external media) as well as provided periodic staff training through e-learning. Furthermore, the Company obtained the Privacy Mark certification in February 2014 and has implemented all possible measures to ensure information security, including supervision of service providers and thorough compliance with internal rules. Nevertheless, the occurrence of an unforeseen situation that results in loss or leakage of confidential or personal information as described above could have an adverse material impact on the Group's business performance due to factors such as loss of confidence.

(iv) Natural disasters

Natural disasters (e.g., large-scale earthquakes, windstorms, or floods) may damage human lives or property. The Amano Group has implemented necessary measures such as having employees always carry emergency contact information cards even during ordinary times, relocating file servers to external data centers, and developing a system for setting up an emergency response headquarters to respond to emergency situations. However, if offices or sites at sales and production bases are damaged or if a situation arises in which it is difficult for employees to engage in operations, business activities may be temporarily suspended.

(v) Overseas business development

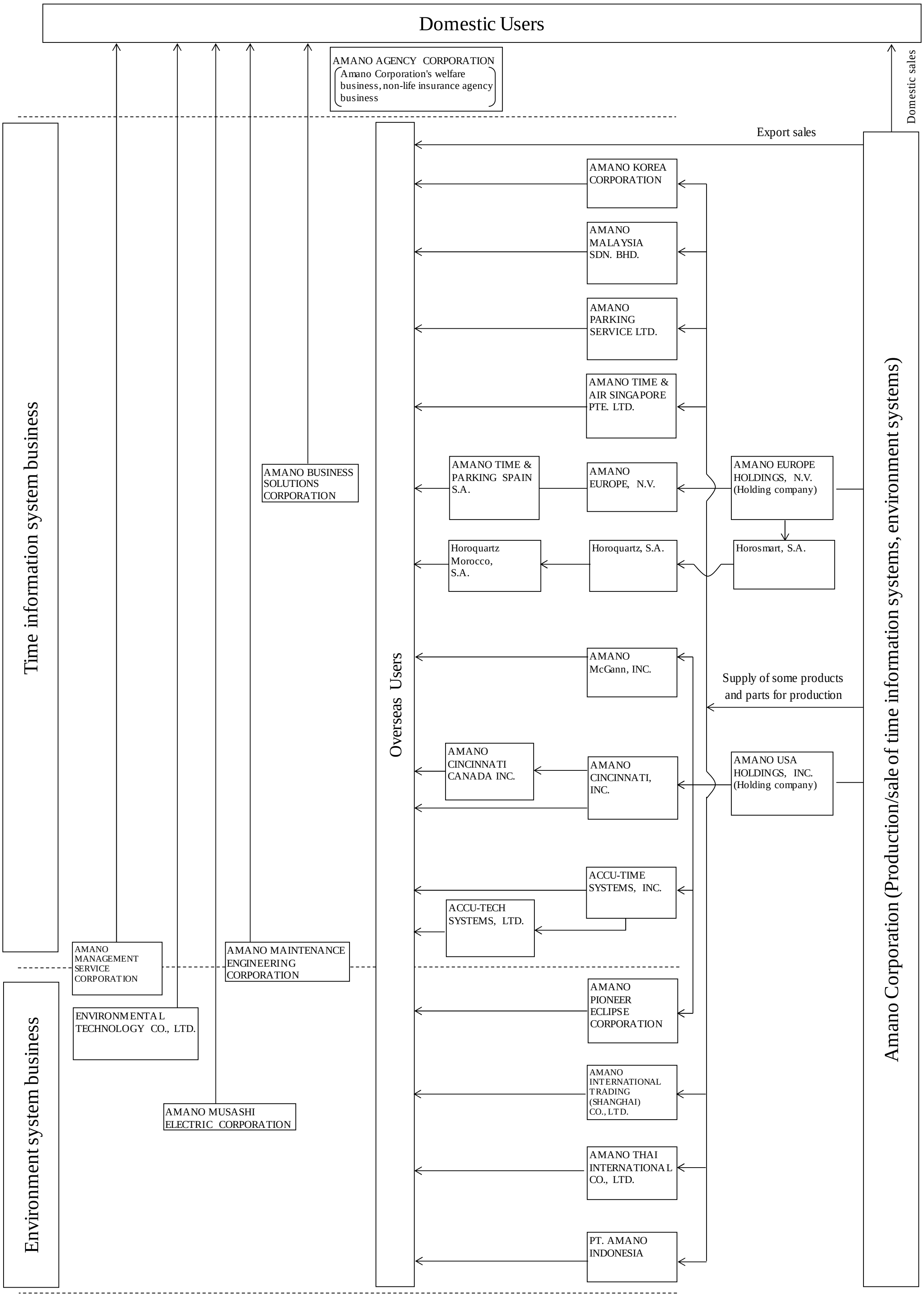
The Amano Group has been developing its business globally in Japan, North America, Europe, and Asia. Therefore, there is a possibility that a situation may arise in which business operations are disrupted due to the application of unique laws, ordinances, or regulations or social disorder due to political disturbances, war, or terrorism, etc. in countries or regions where the Group conducts business, which may adversely impact the Group’s business performance.

2. Status of the Corporate Group

The Amano Group, which comprises Amano Corporation and 26 subsidiaries, engages primarily in the production and sale of time information systems and environment systems.

The following chart sets out the Group's principal business activities.

The positioning of the companies in the chart's business categories is based on each company's principal line of business.



3. Business Policies

(1) Basic Management Policy

Throughout its history, Amano has adhered to a basic policy of putting the customer first. This has meant paying heed to what its customers say—based on its 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.

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: the 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 its 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 all of its Group companies continue to pursue the Group’s tradition of continuing to evolve in response to the changes of the times, while remaining committed to the following four immutable strategies of the Amano Group.

(i) Emphasis on the Time & Ecology business fields and enhancement of our core business
(ii) Being a niche leader in the business fields in which we excel
(iii) Ceaseless restructuring
(iv) Management based on cash flow

In accordance with these four fundamental strategies, Amano launched a new medium-term business plan. An outline of the plan is set out below.

[1] Basic policies

Under its new medium-term business plan, aiming to become a 100-year Company, the Group will work to address the following four priority challenges with “Challenge Ourselves to Advance to a New Stage” as its management concept:

(i) Expansion of business: Increase sales and achieve an operating profit ratio of 10%
(ii) Improvement in management efficiency: Increase earnings capacity aiming to achieve an ROE (return on equity) of 10%
(iii) Strengthening of consolidated management: Increase the consolidated-to-non consolidated net sales ratio by 10% by growing domestic and overseas Group companies
(iv) Evolution of corporate governance: Enhance the environment for internal controls for the entire Amano Group

Under these basic policies, the Company will carry out the following measures.

1. North American and European markets

North America: In the Parking Systems business, we will further expand business by stepping up sales of Amano McGann’s new systems and by improving our ability to propose solutions through enhancement of peripheral services. In the Information System business, we will continue to scale up operations by launching a new series of Accu-Time Systems Inc. terminals into the market and developing cloud services. In the Clean Systems business, we will strengthen the business foundation and scale up operations of the wooden floor sanding equipment division of Amano Pioneer Eclipse Corp. In the Environmental Systems business, we will boost sales of standard equipment to Japanese companies operating outside Japan, centering on automobile-related businesses.

Europe: In the Information Systems business, we will continue to enhance Horoquartz’s French customer base and will strive to permeate and expand the markets in Belgium and Germany. In the Parking Systems business, we will strive to expand business by accelerating the deployment of low-cost barcode systems and focusing efforts on the new commissioned management services business.

2. Asian, Latin American and other emerging markets

Asia: In the Parking Systems business, we will scale up operations by expanding sales of barcode systems and enhancing the commissioned management services business. In the Environmental Systems business, we will strengthen our engineering capabilities as well as sales and service systems for Japanese companies operating in Asia by making use of the 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 cost competitiveness.

Latin America: In light of future local business expansion, we will explore market frontiers in the Information Systems, Parking Systems, and Environmental Systems businesses.

3. Japanese market

Japan: We will reinforce ties among Group companies and strengthen our capacity to provide holistic solutions (which cover hardware, software, and services) across all business fields both qualitatively and quantitatively. We will also increase our stable of customers by locking in existing customers as well as our flow of customers by acquiring new customers.

[2] Numerical targets

In FY 2016 (ending March 2017), the final fiscal year of the medium-term business plan, the Company aims to achieve net sales of at least ¥130,000 million and an operating profit of at least ¥13,000 million.

Numerical targets

(Millions of yen)

	FY 2014 (ended March 2015) (Results)		FY 2015 (ending March 2016) (Amendment)		FY 2016 (ending March 2017)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	109,837	7.5%	120,000	9.3%	130,000	8.3%
Operating profit	9,357	6.0%	11,300	20.8%	13,000	15.0%
Operating profit ratio (%)	8.5%	—	9.4%	—	10.0%	—
Ordinary profit	10,189	8.1%	11,700	14.8%	13,600	16.2%
Net income (*)	6,794	28.2%	7,300	7.4%	8,300	13.7%

* This item will be described as “Net income attributable to owners of the parent company” from the year ending March 2016.

(3) Issues to Be Addressed

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

1) Time Information System business

• Information Systems

In the Information Systems, the economic environment in Japan has become positive, and labor authorities have continued efforts to more strictly monitor unpaid overtime and long working hours (overworking); potential demand among companies for T&A systems, which are used to establish and build labor time management systems, has translated into effective demand in efforts to ensure compliance through appropriate working hours management. In addition, against the backdrop of the need to respond to the My Number System and the prevention of overworking as well as the review of labor standards to realize diverse working styles from the viewpoint of improving labor productivity, demand for both company system updates and systems for using cloud computing and smart devices is expected to increase.

Given this market environment, for small- and medium-sized enterprise markets, we will further strengthen proposals by adding the mental healthcare system to the 3-in-1 management system, covering T&A, payroll, and human resource management, and we will also expand the market by offering comprehensive solutions including hardware, software, and cloud services. In the medium-sized enterprise market, we will enter the financial accounting market by tying up with CREO CO., LTD. and work to expand operations with the aim of becoming a “mini-ERP vendor” by enhancing software for T&A, human resources, payroll, and accounting as well as strengthening our consulting sales activities.

In overseas markets, we will expand and improve our cloud services in Europe and the United States. Further, Horoquartz (France) aims to expand its market into other areas of Europe, while Accu-Time Systems Inc. (North America) aims to strengthen its customer base by introducing a new series of terminals.

• Parking Systems

As for the Parking Systems, amidst the economic recovery, the parking lot-related market has been expanding against the backdrop of the vitalization of the real estate market and the recovery in automobile sales volume, etc. In addition to the need for parking lot management cost reduction, ensuring of safety and security in parking lots, and consideration of the environment, the need to propose solutions to improve user convenience has been increasing.

Given this market environment, we aim to become a “parking facility service provider” by further strengthening tie-ups with major parking lot management companies while improving the functions and operability of system equipment as well as providing various services through our parking lot data center for small- and medium-sized parking lot management companies. In addition, we will strengthen and expand our efforts related to facilities such as security gates, toll roads, and bicycle parking lots in order to expand our business.

As for overseas markets, in the United States, Amano McGann, Inc. will step up sales of new systems and strengthen solution proposals by expanding and improving peripheral services to enlarge the market. In Europe, we will accelerate the development of low-cost barcode systems and expand our business by working on the new commissioned management service business. In Asia, we will aim to expand our business by strengthening low-end barcode systems and the commissioned management service business.

2) Environment System business

• Environmental Systems

In the Environmental Systems, capital investment has bottomed out in Japan as a result of the recovering economy, and Japanese-affiliated companies operating abroad exhibit a trend of increasing their capital investment, which has been expanding from China and Southeast Asia to the Americas.

Given this market environment, in Japan we will aggressively capture demand mainly for standard equipment and expand sales in the pharmaceutical, food, and cosmetics markets, which are expected to grow steadily. We will also work to strengthen our engineering capabilities and comprehensive sales, including that of peripheral equipment, by tie-ups with industrial equipment manufacturers with the aim of becoming a “global engineering multivendor.”

As for overseas markets, in Asia, we will strengthen our engineering capabilities and ability to offer products and render services to Japanese companies operating outside Japan by tie-ups between our Group companies across Asia and our head office in Japan. We will also expand our local procurement and assembly operations in order to enhance cost competitiveness. In North and Latin America, we will boost sales of standard equipment to Japanese companies operating outside Japan, centering on automobile-related businesses.

• Clean Systems

In the Clean Systems, while the trend of companies trying to reduce cleaning costs continues, amid the aging of sanitary workers and an increase in the number of inexperienced workers, needs to improve safety and operability of cleaning equipment have been increasing. At the same time, the need for maintaining building aesthetics at low cost has also been increasing.

Given this market environment, in Japan we will strengthen our customer base by introducing cleaning robots and new products into the market, advancing into the factory market, and expanding sales of small scrubbers in response to the opening up of small urban supermarkets and the increase in the number of eat-in areas at convenience stores. With the aim of becoming a “total cleanliness service provider,” we also promote comprehensive proposals, including those for commissioned cleaning services and aesthetic maintenance.

In overseas markets, we will capitalize on the demand of Japanese-affiliated distribution companies opening up stores in the Asian region and further scale up our business by strengthening the operational foundation for the wooden floor sanding equipment division of Amano Pioneer Eclipse Corp. in North America.

4. Basic Approach to the Selection of Accounting Standards

We have not determined a specific date for the adoption of IFRS; however, to prepare for the future adoption, we will undertake the preparations and examinations that are presently possible, and at the same time we will continue to collect and study international accounting information.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2013 (as of March 31, 2014)	FY 2014 (as of March 31, 2015)
Assets		
Current assets		
Cash and bank deposits	35,014	35,126
Notes and accounts receivable—trade	28,584	32,861
Marketable securities	1,658	1,871
Merchandise and finished goods	3,054	3,273
Work in process	761	680
Raw materials and supplies	3,303	4,661
Deferred tax assets	1,245	1,507
Other current assets	1,415	1,870
Allowance for doubtful accounts	(265)	(219)
Total current assets	74,771	81,633
Fixed assets		
Tangible fixed assets		
Buildings and structures	29,073	29,510
Accumulated depreciation	(17,983)	(18,558)
Buildings and structures (net)	11,089	10,952
Machinery and vehicles	6,980	6,776
Accumulated depreciation	(6,178)	(5,966)
Machinery and vehicles (net)	802	810
Tools, furniture and fixtures	11,582	11,930
Accumulated depreciation	(10,243)	(10,577)
Tools, furniture and fixtures (net)	1,338	1,352
Land	7,247	7,274
Lease assets	6,590	7,549
Accumulated depreciation	(3,231)	(4,231)
Lease assets (net)	3,359	3,317
Construction in progress	406	314
Total tangible fixed assets	24,244	24,021
Intangible fixed assets		
Goodwill	5,128	4,866
Software	2,541	2,321
Software in progress	794	1,553
Other	1,890	3,538
Total intangible fixed assets	10,355	12,279
Investments and other assets		
Investment securities	6,634	7,541
Long-term loans receivable	12	18
Claims in bankruptcy and similar claims	388	403
Fixed leasehold deposits	1,054	1,025
Long-term deposits	1,500	1,502
Net defined benefit assets	73	81
Deferred tax assets	2,152	1,423
Other	2,055	2,049
Allowance for doubtful accounts	(406)	(421)
Total investments and other assets	13,465	13,625
Total fixed assets	48,066	49,926
Total assets	122,838	131,560

(Millions of yen)

	FY 2013 (as of March 31, 2014)	FY 2014 (as of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	6,065	7,125
Electronically recorded obligations	6,320	6,538
Short-term bank loans	451	328
Lease obligations	1,364	1,410
Accrued income taxes	3,007	2,295
Accrued bonuses	1,975	1,941
Accrued officers' bonuses	—	45
Other current liabilities	9,791	11,295
Total current liabilities	28,976	30,980
Long-term liabilities		
Long-term bank loans	2,133	1,988
Long-term accounts payable—other	189	186
Lease obligations	3,412	3,381
Deferred tax liabilities	122	13
Net defined benefit liabilities	4,158	2,515
Asset retirement obligations	29	29
Other long-term liabilities	331	316
Total long-term liabilities	10,378	8,431
Total liabilities	39,355	39,411
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	49,298	54,645
Treasury stock	(52)	(54)
Total shareholders' equity	86,778	92,123
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	574	1,542
Foreign currency translation adjustments	(3,481)	(1,070)
Remeasurements of defined benefit plans	(812)	(822)
Total accumulated other comprehensive income	(3,718)	(350)
Minority interests	422	375
Total net assets	83,482	92,148
Total liabilities and net assets	122,838	131,560

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Net sales	102,131	109,837
Cost of sales	57,840	62,221
Gross profit	44,290	47,616
Selling, general and administrative expenses		
Selling expenses	32,207	34,774
General and administrative expenses	3,256	3,484
Total selling, general and administrative expenses	35,464	38,259
Operating profit	8,826	9,357
Non-operating profit		
Interest income	91	138
Dividend income	84	152
Insurance dividend income	100	151
Insurance income	51	24
Foreign exchange gains	147	151
Equity in earnings of affiliates	49	59
Other	203	302
Total non-operating profit	729	980
Non-operating expenses		
Interest expenses	50	61
Foreign withholding tax	15	23
Other	66	63
Total non-operating expenses	132	148
Ordinary profit	9,423	10,189
Extraordinary income		
Gain on sale of fixed assets	24	7
Gain on sales of subsidiaries	—	385
Gain on liquidation of subsidiaries	25	—
Total extraordinary income	50	393
Extraordinary losses		
Loss on disposal of fixed assets	51	61
Loss on sale of fixed assets	3	0
Loss on extinguishment of tie-in shares	37	—
Impairment loss	80	175
Special retirement expenses	0	38
Total extraordinary losses	174	274
Income before income taxes	9,299	10,307

(Millions of yen)

	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Income taxes	4,039	3,921
Deferred income taxes	(160)	(555)
Total income taxes	3,878	3,366
Income before minority interests	5,420	6,941
Minority interests	121	146
Net income	5,299	6,794

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Income before minority interests	5,420	6,941
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	258	958
Foreign currency translation adjustments	3,880	2,442
Remeasurements of defined benefit plans	—	(10)
Share of other comprehensive income of associates accounted for using equity method	35	22
Total other comprehensive income	4,174	3,414
Comprehensive income	9,594	10,355
(Breakdown)		
Comprehensive income attributable to owners of the parent Company	9,417	10,162
Comprehensive income attributable to minority interests	177	192

(3) Consolidated Statement of Changes in Shareholders' Equity

FY 2013 (April 1, 2013–March 31, 2014)

(Millions of yen)

	Net assets				
	Shareholders' equity	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	18,239	19,567	49,385	(3,719)	83,472
Cumulative effects of changes in accounting policies					—
Balance at the beginning of the year after reflecting changes in accounting policies	18,239	19,567	49,385	(3,719)	83,472
Changes during the year					
Dividends from surplus			(1,991)		(1,991)
Net income			5,299		5,299
Purchase of treasury stock				(2)	(2)
Cancellation of treasury stock		(274)	(3,395)	3,669	—
Change in the scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during the year	—	(274)	(87)	3,667	3,306
Balance at year end	18,239	19,293	49,298	(52)	86,778

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	316	(7,340)	—	(7,023)	268	76,718
Cumulative effects of changes in accounting policies						—
Balance at the beginning of the year after reflecting changes in accounting policies	316	(7,340)	—	(7,023)	268	76,718
Changes during the year						
Dividends from surplus						(1,991)
Net income						5,299
Purchase of treasury stock						(2)
Cancellation of treasury stock						—
Change in the scope of consolidation						—
Net changes in items other than shareholders' equity	258	3,859	(812)	3,305	153	3,458
Total changes during the year	258	3,859	(812)	3,305	153	6,764
Balance at year end	574	(3,481)	(812)	(3,718)	422	83,482

FY 2014 (April 1, 2014–March 31, 2015)

(Millions of yen)

	Net assets				
	Shareholders' equity	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	18,239	19,293	49,298	(52)	86,778
Cumulative effects of changes in accounting policies			1,012		1,012
Balance at the beginning of the year after reflecting changes in accounting policies	18,239	19,293	50,310	(52)	87,791
Changes during the year					
Dividends from surplus			(2,450)		(2,450)
Net income			6,794		6,794
Purchase of treasury stock				(2)	(2)
Cancellation of treasury stock					—
Change in the scope of consolidation			(9)		(9)
Net changes in items other than shareholders' equity					
Total changes during the year	—	—	4,334	(2)	4,332
Balance at year end	18,239	19,293	54,645	(54)	92,123

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	574	(3,481)	(812)	(3,718)	422	83,482
Cumulative effects of changes in accounting policies						1,012
Balance at the beginning of the year after reflecting changes in accounting policies	574	(3,481)	(812)	(3,718)	422	84,495
Changes during the year						
Dividends from surplus						(2,450)
Net income						6,794
Purchase of treasury stock						(2)
Cancellation of treasury stock						—
Change in the scope of consolidation						(9)
Net changes in items other than shareholders' equity	967	2,410	(10)	3,367	(46)	3,320
Total changes during the year	967	2,410	(10)	3,367	(46)	7,653
Balance at year end	1,542	(1,070)	(822)	(350)	375	92,148

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Cash flows from operating activities		
Income before income taxes	9,299	10,307
Depreciation and amortization	3,711	4,137
Amortization of goodwill	668	765
Impairment loss	80	175
Increase (decrease) in accrued retirement benefits for employees	(2,724)	—
Increase (decrease) in net defined benefit liabilities	2,897	(15)
Increase (decrease) in allowance for doubtful accounts	(3)	(54)
Interest and dividend revenue	(176)	(291)
Equity in (earnings) losses of affiliates	(49)	(59)
Interest expenses	50	61
Foreign currency translation loss (gain)	30	(101)
Loss (gain) on sale of fixed assets	(21)	(7)
Loss on disposal of fixed assets	51	61
Extra retirement payment	0	38
Loss (gain) on liquidation of subsidiaries	(25)	—
Loss (gain) on sales of shares of subsidiaries	—	(385)
Loss (gain) on extinguishment of tie-in shares	37	—
(Increase) decrease in trade notes and accounts receivable	(2,089)	(3,494)
(Increase) decrease in inventories	217	(1,007)
Increase (decrease) in accounts payable	958	973
Increase (decrease) in other current liabilities	7	394
Other	982	392
Subtotal	13,902	11,889
Receipts from interest and dividends	244	280
Interest paid	(50)	(61)
Extra retirement payment	(0)	(38)
Income taxes paid	(3,084)	(4,585)
Income taxes refunded	23	32
Net cash provided by operating activities	11,035	7,518

(Millions of yen)

	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Cash flows from investing activities		
Payment for acquisition of securities	(2,000)	(2,000)
Proceeds from redemption of securities	2,200	2,300
Payment for purchase of tangible fixed assets	(3,225)	(2,238)
Proceeds from sale of tangible fixed assets	33	20
Payment for acquisition of intangible fixed assets	(2,250)	(1,738)
Payment for acquisition of investment securities	(306)	(56)
Proceeds from redemption of investment securities	50	—
Proceeds from sale of shares of affiliated companies	36	—
Purchase of shares of subsidiaries	(101)	—
Proceeds from liquidation of subsidiaries	25	—
Proceeds from sales of investments in subsidiaries resulting in a change in the scope of consolidation	—	394
Expenditures for business acquisition	—	(2,044)
Repayment for loans to third parties	(7)	(10)
Collection of loans receivable	11	4
Increase in time deposits	(5,267)	(7,541)
Proceeds from withdrawal of time deposits	4,683	6,299
Other	36	92
Net cash used in investing activities	(6,081)	(6,519)
Cash flows from financing activities		
Proceeds from short-term debt	145	—
Repayment for short-term bank loans	(264)	(445)
Proceeds from long-term debt	972	—
Payment for acquisition of treasury stock	(2)	(2)
Repayment of finance/lease obligations	(1,507)	(1,668)
Proceeds from sale and leaseback	1,891	1,622
Dividends paid	(1,991)	(2,450)
Dividends paid to minority interests	(24)	(25)
Cash flows from financing activities	(780)	(2,969)
Effect of exchange rate changes on cash and cash equivalents	881	719
Net increase (decrease) in cash and cash equivalents	5,054	(1,250)
Cash and cash equivalents at the beginning of the year	26,587	31,674
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	102
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	32	—
Cash and cash equivalents at end of period	31,674	30,526

(5) Notes to Consolidated Financial Statements

Notes Regarding the Premise of a Going Concern

None

Important Matters that Constitute the Basis for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 26

Names of major consolidated subsidiaries:

Please refer to "2. Status of the Corporate Group" on page 9.

AMANO PARKING SERVICE LTD., which was not included in the scope of consolidation in the previous fiscal year, has been included in such scope from this fiscal year due to its increased significance.

SCOPUS OMNIBADGES S.A.S., previously a consolidated subsidiary, has been excluded from the scope of consolidation from this fiscal year following the sale of its shares. The company's income (loss) and cash flows for the period up to the date of exclusion have been included in the consolidated financial statements.

(2) Names of non-consolidated subsidiaries:

AMANO SOFTWARE ENGINEERING (SHANGHAI) CO., LTD.; @PARK KOREA CO., LTD.; AMANO PARKING EUROPE, N.V.; AMANO MANUFACTURING SHANGHAI CO., LTD. (4 companies)

AMANO UK LTD. and AMANO CLEANTECH (M) SDN. BHD. have been liquidated.

Reasons for exclusion from the scope of consolidation

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

2. Application of the equity method

Number of affiliated companies to which the equity method is applied: 2
Names of affiliated companies to which the equity method is applied:
PARKINSYS TECHNOLOGY CO., LTD.; CREO CO., LTD.

3. Fiscal years of consolidated subsidiaries

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

4. Accounting standards

(1) Valuation standards and methods for significant assets

(i) Securities:

Held-to-maturity bonds:

Amortized cost method applied

Other securities:

Available-for-sale securities with market prices are marked to market as of the balance sheet date. Net unrealized gains or losses on these securities are recorded directly in shareholders' equity, and costs of securities sold are computed using the moving average method.

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

(ii) Derivatives:

Marked to market

(iii) Inventories:

In principal, stated at cost based on the periodic average method
(Balance sheet value calculated by write-down method based on reduced profitability)

(2) Depreciation methods for important depreciable assets

(i) Tangible fixed assets (excluding lease assets)

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

Useful life of key items is deemed to be:

Buildings and other structures:	7–50 years
Machinery, equipment, and vehicles:	7–17 years

(ii) Intangible fixed assets (excluding lease assets)

Straight-line method

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

(iii) Lease assets

Lease assets in finance lease transactions not involving transfer of ownership:

Depreciation is calculated by the straight-line method over the lease term for leased assets with no residual value.

(3) Accounting for significant reserves

(i) Allowance for doubtful accounts

To provide against possible losses from doubtful accounts such as receivables and loan allowances, a rate determined by past loss experience is used for general receivables, and allowances for certain doubtful accounts are provided for estimated amounts if they are judged to be uncollectible when the collectability of each of the accounts is individually studied.

(ii) Accrued bonuses

To provide for the payment of employee bonuses, accrued bonuses are provided for as the amount incurred during the current fiscal year based on the estimated amount of bonus payments.

(iii) Accrued officers' bonuses

To provide for the payment of officers' bonuses, accrued officers' bonuses are provided for as the amount incurred during the current fiscal year based on the estimated amount of bonus payments.

(4) Accounting policy for retirement benefits

(i) Attribution method for expected retirement benefits

To calculate retirement benefit obligations, the amount of expected retirement benefits is attributed to the consolidated fiscal year under review on a benefit formula basis.

(ii) Accounting method for actuarial differences and prior service costs

Prior service costs are charged using the straight-line method over a fixed number of years (10 years) that falls within the average remaining service period of the Company employees at the time such costs are incurred.

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

(5) Accounting for significant income and expenses

To account for revenue from completed construction work, the percentage-of-completion method is applied to construction contracts where the percentage of construction already completed by the end of the reporting period can be estimated fairly reliably. (The estimation is based on the proportion of direct costs incurred for each work phase as compared with the estimated total cost for the entire contract.) For construction contracts other than those mentioned above, the completed-contract method is applied.

(6) Home currency conversion of significant foreign-currency assets and liabilities

Monetary debts and credits denominated in foreign currencies are converted into yen at the spot exchange rate on the final day of the consolidated accounting period; any resulting conversion differences are treated as either gains or losses. The assets and liabilities of overseas consolidated subsidiaries, etc. are converted into yen at the spot exchange rate on the final day of their accounting periods, while income and expenses are calculated on an average exchange rate basis during the period. Any differences are included in net assets as foreign currency translation adjustments and minority interests.

(7) Amortization method of goodwill and the amortization period

Goodwill is amortized using the straight-line method over the period for which the investment is deemed to be in effect. However, if the amount of goodwill to be amortized is minor, it is amortized in its entirety during its duration.

(8) Scope of funds included in the consolidated statements of cash flows

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

(9) Other significant matters in the preparation of the consolidated financial statements

Accounting for consumption taxes

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

Changes to Accounting Policies

Effective from the year ended March 31, 2015, the Company adopted the provisions of Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012; hereinafter, “Retirement Benefits Accounting Standard”) and the provisions of Paragraph 67 of the “Revised Implementation Guidance on Accounting Standard for Retirement Benefits” (ASBJ Statement No. 25 of March 26, 2015; hereinafter, “Retirement Benefits Implementation Guidance”). Accordingly, the Company reviewed the method for calculating retirement benefit liabilities and service costs, and changed the method for attributing expected benefits to periods from the straight-line attribution basis to the benefit formula basis. In addition, the discount rate determination method was changed from a method in which, concerning the bond period serving as the basis for determining the discount rate, the rate is determined based on the average number of years approximating the residual service terms of all employees to a method in which multiple discount rates set for different expected retirement benefit payment periods are used.

As for the application of the Retirement Benefit Accounting Standard, the effect of the above-mentioned change to the calculation method for retirement benefit liabilities and service cost was recognized in retained earnings at the beginning of the year ended March 31, 2015, pursuant to the transitional accounting procedure stipulated in Article 37 of this Standard.

This caused retirement benefit liabilities to decrease by 1,571 million yen and retained earnings to increase by 1,012 million yen at the beginning of the year under review. Moreover, it resulted in operating profit, ordinary profit and income before income taxes increasing by 95 million yen, respectively, for the year under review.

The effects on per share figures are presented in the relevant section.

Segment Information

1. Outline of Reporting Segments

The reporting segments are defined as those business units which constitute the Company and from which separate financial information can be obtained. The reporting segments are periodically reviewed by the Company's highest decision-making body to determine the allocation of management resources and evaluate financial results.

The Company maintains several business units at its head office, separated into product and service types. The role of these business units is to formulate and implement domestic business strategies for similar types of products and services. In overseas business, meanwhile, local subsidiaries in each region develop strategies in their respective business fields in cooperation with the relevant business unit at the head office and carry out business activities in accordance with such strategy.

Based on the above, the Company divides its business into two segments, from which separate financial information can be obtained on a consolidated basis: the Time Information System business and the Environment System business. The operating results of these two segments are periodically reviewed by the Company's highest decision-making body to determine the allocation of management resources and evaluate financial results.

As described above, the Company's reporting segments consist of the Time Information System business and the Environment System business.

The Time Information System business and the Environment System business manufacture and sell the following products:

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

2. Methodology for Determining Net Sales, Profit/Loss, Assets, Liabilities, and Other Line Item Amounts by Reporting Segment

The accounting methods used by the reporting business segments are the same as those described in the Basis for the Presentation of the Consolidated Financial Statements section.

Profits for the reporting segments are reported at the operating profit level.

Intersegment internal earnings and transfers are based on prevailing market prices.

3. Information by Reporting Segment Regarding Net Sales, Profit/Loss, Assets, Liabilities, and Other Line Item Amounts

FY 2013 (April 1, 2013–March 31, 2014)

(Millions of yen)

	Reporting segments			Adjustments (Note 1)	Amounts reported in consolidated financial statements (Note 2)
	Time Information System business	Environment System business	Total		
Net sales					
To customers	75,876	26,255	102,131	—	102,131
Intersegment	—	—	—	—	—
Total	75,876	26,255	102,131	—	102,131
Segment profit (loss)	9,457	2,233	11,690	(2,864)	8,826
Segment assets	57,336	21,007	78,344	44,493	122,838
Other items					
Depreciation and amortization	2,854	436	3,290	421	3,711
Extraordinary losses	80	—	80	—	80
(Impairment loss)	80	—	80	—	80
Investments in affiliates accounted for using the equity method	1,646	—	1,646	—	1,646
Increases in tangible and intangible fixed assets	5,508	272	5,781	133	5,915

Notes: 1. Details of the adjustments are as follows.

(1) The −¥2,864 million adjustment in segment profit indicates company-wide expenses not allocated to the reporting segments. Company-wide expenses consist mainly of general and administrative expenses that do not belong to any of the reporting segments.

(2) The ¥44,493 million adjustment in segment assets indicates company-wide assets not allocated to the reporting segments. Company-wide assets consist mainly of assets and others associated with the administration function that do not belong to any of the reporting segments.

2. Segment profit is reconciled with operating profit in the consolidated statement of income.

FY 2014 (April 1, 2014–March 31, 2015)

(Millions of yen)

	Reporting segments			Adjustments (Note 1)	Amounts reported in consolidated financial statements (Note 2)
	Time Information System business	Environment System business	Total		
Net sales					
To customers	79,477	30,360	109,837	—	109,837
Intersegment	—	—	—	—	—
Total	79,477	30,360	109,837	—	109,837
Segment profit (loss)	8,961	3,363	12,325	(2,967)	9,357
Segment assets	60,217	26,007	86,224	45,335	131,560
Other items					
Depreciation and amortization	3,203	538	3,742	394	4,137
Extraordinary losses	175	—	175	—	175
(Impairment loss)	175	—	175	—	175
Investments in affiliates accounted for using the equity method	1,695	—	1,695	—	1,695
Increases in tangible and intangible fixed assets	5,711	1,022	6,733	42	6,775

Notes: 1. Details of the adjustments are as follows.

(1) The −¥2,967 million adjustment in segment profit indicates company-wide expenses not allocated to the reporting segments. Company-wide expenses consist mainly of general and administrative expenses that do not belong to any of the reporting segments.

(2) The ¥45,335 million adjustment in segment assets indicates company-wide assets not allocated to the reporting segments. Company-wide assets consist mainly of assets and others associated with the administration function that do not belong to any of the reporting segments.

2. Segment profit is reconciled with operating profit in the consolidated statement of income.

3. As described in “Changes to accounting policies,” effective from the year ended March 31, 2015, the Company reviewed the method for calculating retirement benefit liabilities and service costs, and it changed the method for attributing expected benefit to periods from the straight-line attribution basis to the benefit formula basis. In addition, the discount rate determination method was changed from a method in which, concerning the bond period serving as the basis for determining the discount rate, the rate is determined based on the average number of years approximating the residual service terms of all employees to a method in which multiple discount rates set for different expected retirement benefit payment periods are used. Accordingly, compared to the conventional method, segment profits for the Time Information System business, Environment System business, and Adjustments for the year ended March 31, 2015 increased by ¥63 million, ¥28 million, and ¥3 million, respectively.

Per-share Data

	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Net assets per share (Yen)	1,084.44	1,198.22
Net income per share (Yen)	69.19	88.71

Note: 1. Details for the diluted net income per share are not stated, because there are no potential shares.
2. As described in “Changes to accounting policies,” the Company adopted the Accounting Standard for Retirement Benefits, etc. in line with the transitional measures provided in paragraph 37 of the Accounting Standard for Retirement Benefits.
As a result, net assets per share increased by ¥14.02 and net income per share increased by ¥0.80 for the fiscal year ended March 31, 2015.
3. The net income per share is calculated on the following basis.

Item	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Net income per share		
Net income (Millions of yen)	5,299	6,794
Amount not attributed to common stockholders (Millions of yen)	—	—
Net income attributable to common stock (Millions of yen)	5,299	6,794
Average number of shares of common stock outstanding (Shares)	76,594,071	76,592,083

4. The net assets per share are calculated on the following basis.

Item	FY 2013 (April 1, 2013– March 31, 2014)	FY 2014 (April 1, 2014– March 31, 2015)
Total net assets (Millions of yen)	83,482	92,148
Amount to be deducted from total net assets (Millions of yen)	422	375
(Minority interests (Millions of yen))	(422)	(375)
Net assets at the end of year attributable to common stock (Millions of yen)	83,060	91,772
Number of shares of common stock outstanding at year end used to calculate net assets per share (Shares)	76,593,021	76,591,244

Significant Subsequent Events

None