

Summary Financial Statements (Consolidated)  
for Second Quarter of Fiscal Year 2015 (Year Ending March 31, 2016) (Japan GAAP)

October 29, 2015

Company name: Amano Corporation Listed on: TSE  
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Scheduled date for filing of quarterly securities report: November 6, 2015  
Scheduled date for start of dividend payments: December 2, 2015  
Supplementary explanation materials prepared for quarterly financial results: Yes  
Briefing held on quarterly financial results: Yes (for institutional investors and analysts)

(Amounts less than 1 million yen are rounded down)

1. Business results for second quarter of fiscal year 2015 (April 1, 2015 to September 30, 2015)

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

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY 2015 (year ending March 2016)	54,851	11.1	4,621	95.9	4,990	84.0	3,067	115.6
2Q of FY 2014 (year ended March 2015)	49,385	6.4	2,359	(23.8)	2,712	(20.2)	1,422	(24.9)

Note: Comprehensive income Second quarter of FY 2015 (year ending March 2016): ¥2,684 million (212.4%)  
Second quarter of FY 2014 (year ended March 2015): ¥859 million (-79.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY 2015 (year ending March 2016)	40.04	—
2Q of FY 2014 (year ended March 2015)	18.57	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net income per share
	Millions of yen	Millions of yen	%	Yen
2Q of FY 2015 (as of September 30, 2015)	130,440	93,030	71.0	1,209.81
FY 2014 (as of March 31, 2015)	131,560	92,148	69.8	1,198.22

Reference: Equity capital Second quarter of FY 2015 (as of September 30, 2015): ¥92,660 million  
FY 2014 (as of March 31, 2015): ¥91,772 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2014 (year ended March 2015)	—	15.00	—	23.00	38.00
FY 2015 (year ending March 2016)	—	20.00			
FY 2015 (year ending March 2016) (est.)			—	20.00	40.00

Note: Revisions to most recently released dividend forecast: None

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
Full year	120,000	9.3	11,300	20.8	11,700	14.8	7,300	7.4	95.31

Note: Revisions to most recently released earnings forecast: None

Other matters

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

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

Note: For details, please see the following on Attachment page 8: “(2) Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements,” which is in the section entitled “2. Matters regarding Summary Information (Notes).”

(3) 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 the following on Attachment page 8 “(3) Changes to Accounting Policy, Changes to Accounting Forecasts, and Restatements,” which is in the section entitled “2. Matters regarding Summary Information (Notes).”

(4) 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 2Q ended September 30, 2015	76,657,829 shares	As of March 31, 2015	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of 2Q ended September 30, 2015	67,233 shares	As of March 31, 2015	66,585 shares
[3] Average number of shares outstanding (over the fiscal year under review up to September 30, 2015)	As of 2Q ended September 30, 2015	76,590,852 shares	As of 2Q ended September 30, 2014	76,592,438 shares

Note: Presentation of the implementation status of quarterly review procedures

These quarterly Summary Financial Statements are not subject to the quarterly review procedures stipulated in Japan’s Financial Instruments and Exchange Act. As of the date of release of these quarterly Summary Financial Statements, the review procedures of the quarterly financial statements 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 details, please see the following on Attachment page 7: “(3) Explanation of Forward-looking Information, Including Outlook for Consolidated Operating Results,” which is in the section entitled “1. Qualitative Information on Consolidated Financial Results for the Current Quarter.”

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 Monday, November 2, 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.

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## 1. Qualitative Information on Consolidated Financial Results for the Current Quarter

### (1) Explanation of Operating Results

During the first half of the current fiscal year, the Japanese economy seemed to remain at a standstill. This was because exports struggled to grow as the slowing of overseas economies mainly in emerging countries became more apparent, and capital investment remained stagnant even though corporate profits improved steadily due to lower crude oil prices and the depreciation of the yen. In addition, personal consumption has been slow to recover despite the improved 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 ascertaining 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 first half under review, the Company recorded sales of ¥54,851 million, up by 11.1% year-on-year. Operating profit increased by 95.9% to ¥4,621 million, ordinary profit went up by 84.0% to ¥4,990 million, and net income attributable to owners of the parent company increased by 115.6% to ¥3,067 million, resulting in increases in both income and profit.

The following are business results by segment:

#### Sales by business division

(Unit: Millions of yen)

Category	First half ended September 30, 2014		First half ended September 30, 2015		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System Business:		%		%		%
Information Systems	10,750	21.7	11,788	21.5	1,038	9.7
Time Management Products	1,957	4.0	2,015	3.7	57	3.0
Parking Systems	23,551	47.7	25,478	46.4	1,926	8.2
Subtotal	36,260	73.4	39,283	71.6	3,022	8.3
Environment System Business:						
Environmental Systems	8,732	17.7	9,849	18.0	1,116	12.8
Clean Systems	4,392	8.9	5,719	10.4	1,327	30.2
Subtotal	13,124	26.6	15,568	28.4	2,444	18.6
Total	49,385	100.0	54,851	100.0	5,466	11.1

#### Time Information System Business

Y Information Systems: Time & attendance (T&A), payroll, human-resource management, access control, and cafeteria management systems

Y Time Management Products: Time recorders and time stamps

Y 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 in relation to the "My Number" System and measures to prevent leaks of personal information have continued to grow in Japan against a background of improved corporate performance.

In response to these market conditions, the Company added access control and security to the list of its "3-in-1" proposal comprising 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 ¥112 million (4.1%) year-on-year, software sales increased by ¥163 million (11.5%), and sales generated by maintenance contracts and supplies services increased by ¥315 million (18.1%). The increase in hardware sales was a result of orders for large projects and increased sales of information terminal devices, and the increase in software sales and sales generated by maintenance contracts and supplies services were attributable to the increased orders of T&A systems for small- and medium-sized enterprise markets and to the growth in maintenance services, respectively.

Overall overseas sales increased by ¥358 million (8.2%). The sales of Accu-Time Systems Inc. in North America increased, and the sales of Horosmart S.A. in Europe decreased due to the disposal of a group company.

As a result of the above, sales in this business division totaled ¥11,788 million, representing an increase of 9.7% year-on-year.

#### • Time Management Products

This business division continues to cope with the current trend toward lower prices as well as the need for improvement of functions, although there is a constant demand for standard machines.

In this market environment, the Company has been working on expanding its customer base through the "User-club" (a fee-based service for members), as well as concentrating on expanding the sales of a time recorder equipped with aggregation software compatible with PCs, which offers improved usability and functionality.

Overall domestic sales for the current term increased by ¥21 million (1.5%) year-on-year, due to the increased sales of supply goods such as time cards. Overall overseas sales increased by ¥2 million (0.4%) as sales in North America increased partly due to foreign exchange effects.

As a result of the above, the Time Management Equipment business division generated sales totaling ¥2,015 million, representing an increase of 3.0% 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 improving the efficiency of and reducing the cost of parking lot management, increasing the level of convenience for parking lot users and ensuring safety and security in parking lots.

In response to these market conditions, the Company further strengthened its cooperation with major parking lot management firms and, at the same time, 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 striven to improve the functionality and usability of its system equipment offerings and made efforts to expand into new markets such as bicycle parking systems, security-gate systems and toll road systems, as well as to strengthen proposals for improvement of efficiency of parking lot management in cooperation with a domestic Group company and for enhancement of services to parking lot users.

Parking equipment sales decreased by ¥722 million (9.1%) year-on-year, due to decrease in orders for large projects and a decline in exports. Revenue from maintenance contracts and supplies services increased by ¥257 million (6.1%). 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 17,800 (5.7%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥1,906 million (28.7%). Sales for Amano McGann, Inc. in North America increased due to the increased orders of new systems, and sales in the Asian region increased as sales in Korea and Hong Kong grew with the steady expansion in the commissioned parking lot management business.

As a net result of the above, the Parking Systems business division provided sales totaling ¥25,478 million, up by 8.2% year-on-year.

#### Environment System Business

Ÿ Environmental Systems: Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, and deodorization systems

Ÿ Clean Systems: Cleaning equipment, dry-care cleaning systems, cleanliness management services, and electrolytic water generators

#### • Environmental Systems

For this business division, capital investment by Japanese companies remained strong abroad but sluggish domestically.

In this market environment, the Company focused on capitalizing on demand for its standard equipment by strengthening 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 enhanced cooperation with overseas Group companies, reinforced its platforms for engineering, sales and services, and furthermore, endeavored to achieve greater cost competitiveness by means of expanding its local procurement.

During the current term, domestic sales of standard equipment increased by ¥647 million (22.6%), sales of large-scale systems increased by ¥298 million (12.2%) and sales of maintenance contracts and supplies services increased by ¥109 million (6.3%) year-on-year.

Overall overseas sales increased by ¥62 million (3.6%). 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 ¥9,849 million, up by 12.8% year-on-year.

#### • Clean Systems

This business division is seeing a growing need for high-value-added cleaning equipment and peripheral clean work as well as aesthetic maintenance services in Japan, although the prolonged corporate restraints on cleaning management costs still continue.

To cope with this market environment, the Company focused on strengthening holistic cleanliness solutions by incorporating peripheral cleaning work and on strengthening proposals to the factory market. In addition, the division worked on expanding sales of scrubbers which realize higher safety levels and improved usability with higher work efficiency.

Domestic sales for cleaning equipment during the first half increased by ¥99 million (11.0%) year-on-year.

Overall overseas sales increased by ¥1,215 million (70.1%) as sales for North America grew owing to the contribution from the wooden floor sanding equipment business.

As a net result of the above, sales of this business division totaled ¥5,719 million, up by 30.2% year-on-year.

Reference information  
Information by area

(Unit: Millions of yen)

	Net sales				Operating profit (loss)			
	First half		Change	Percentage change (%)	First half		Change	Percentage change (%)
	Term ended September 30, 2014	Term ended September 30, 2015			Term ended September 30, 2014	Term ended September 30, 2015		
Japan	34,979	36,959	1,980	5.7	3,507	5,247	1,739	49.6
Other Asia	5,060	5,967	907	17.9	342	386	43	12.6
North America	6,476	9,314	2,837	43.8	(255)	356	611	
Europe	3,809	3,618	(191)	(5.0)	176	253	76	43.4
Total	50,325	55,859	5,534	11.0	3,771	6,243	2,471	65.5
Eliminations/ Corporate	(940)	(1,007)			(1,412)	(1,621)		
Consolidated	49,385	54,851	5,466	11.1	2,359	4,621	2,261	95.9

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

(Unit: Millions of yen)

	Overseas sales				Proportion of consolidated net sales accounted for by overseas sales (%)		
	First half		Change	Percentage change (%)	First half		Change
	Term ended September 30, 2014	Term ended September 30, 2015			Term ended September 30, 2014	Term ended September 30, 2015	
Other Asia	5,141	5,976	835	16.2	10.4	10.9	0.5
North America	6,393	8,633	2,240	35.0	13.0	15.7	2.7
Europe	3,724	3,565	(158)	(4.3)	7.5	6.5	(1.0)
Other regions	279	650	371	133.2	0.6	1.2	0.6
Total	15,538	18,827	3,289	21.2	31.5	34.3	2.8
Consolidated net sales	49,385	54,851					

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

## (2) Explanation of Financial Position

### (i) Assets, liabilities, and net assets

#### Assets

Total assets at the end of the first half amounted to ¥130,440 million, a drop of ¥1,119 million from the previous fiscal year-end. This was attributable primarily to a decrease of ¥1,451 million in fixed assets due to a decrease in long-term deposits, despite an increase of ¥332 million in current assets due to an increase in cash and bank deposits.

#### Liabilities

Total liabilities at the end of the first half amounted to ¥37,409 million, a drop of ¥2,001 million from the previous fiscal year-end. This was attributable primarily to a decrease of ¥469 million in current liabilities due to a decrease in trade notes and accounts payable and also to a decrease of ¥1,531 million in long-term liabilities due to a decrease in long-term bank loans.

#### Net assets

Total net assets at the end of the first half amounted to ¥93,030 million, up by ¥882 million from the previous fiscal year-end. This was primarily attributable to an increase of ¥1,304 million in shareholders' equity due to the posting of net income attributable to owners of the parent company, despite a decrease of ¥417 million in accumulated other comprehensive income due to a decrease in foreign currency translation adjustments.

### (ii) Cash flows

Consolidated cash and cash equivalents increased by ¥1,993 million from the previous fiscal year-end, to a total of ¥32,520 million at the end of the first half. More specifically, the status of each type of cash flow during the first half and the underlying factors are as follows:



#### Cash flow from operating activities

Net cash provided by operating activities totaled ¥6,280 million. This was primarily attributable to the posting of income before income taxes amounting to ¥4,902 million and a decrease in accounts receivable amounting to ¥3,888 million, despite the posting of income tax payments amounting to ¥2,062 million and a decrease in accounts payable amounting to ¥1,985 million.

#### Cash flow from investing activities

Net cash used in investing activities totaled -¥2,033 million. This is mainly because, despite the incoming proceeds from the withdrawal of time deposits of ¥5,659 million, expenditures amounting to ¥4,674 million in time deposits and ¥1,761 million to purchase intangible fixed assets were made.

#### Cash flow from financing activities

Net cash used in financing activities amounted to -¥2,183 million. This was chiefly due to the payment of dividends amounting to ¥1,761 million and repayment of finance lease obligations of ¥832 million, despite proceeds from sale and leaseback of ¥733 million.

#### (3) Explanation of Forward-looking Information, Including Outlook for Consolidated Operating Results

At present, there is no change in the forecast earnings for fiscal year 2015 (April 1, 2015 to March 31, 2016) as announced on April 24, 2015. Taking into consideration future changes in the business environment, however, the Company will disclose revised earnings forecasts as necessary.

#### (4) Basic Policy on Distribution of Profits and Payment of Dividends for this Second Quarter

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 40% on a consolidated basis and a ratio of dividend to net assets of at least 2.5%.

In line with this policy and considering the first half results, the Company plans to pay a second-quarter dividend of ¥20 per share.

## 2. Matters regarding Summary Information (Notes)

### (1) Changes among Significant Subsidiaries during the Current Term

None

### (2) Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements

#### Calculation of tax expenses

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

### (3) Changes to Accounting Policy, Changes to Accounting Forecasts, and Restatements

#### Changes in accounting policy

Effective from the first quarter of fiscal year 2015, the Company adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013; hereinafter, “Business Combinations Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter, “Consolidated Financial Statements Standard”), the “Accounting Standard for Business Divestures” (ASBJ Statement No. 7, September 13, 2013; hereinafter, “Business Divestures Standard”) and others. Accordingly, the Company’s accounting policies have changed with the result that the difference arising from a change in the Company’s ownership interest in a subsidiary over which the Company continues to have control is recorded as capital surplus and acquisition-related costs are expensed in the consolidated fiscal year when they are incurred. In addition, for business combinations to be performed at the beginning of the first quarter of fiscal year 2015 and after, the method was changed in order to recognize an adjustment to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost in the consolidated financial statements for the quarter where the date of business combination belongs. Furthermore, the Company has changed the presentation of net income and other related items, and the presentation of “minority interest” to “non-controlling interest.” To reflect this change in presentation, reclassification of accounts has been made to the consolidated financial statements for the first half ended September 30, 2014 and the year ended March 31, 2014.

The Business Combinations Standard and others were adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestures Standard, and they have been prospectively adopted from the beginning of the first quarter of the fiscal year 2015.

These changes have no impact on the consolidated financial statements for the first half of the current fiscal year.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(Unit: Millions of yen)

	FY 2014 (as of March 31, 2015)	First half ended September 30, 2015 (as of September 30, 2015)
<b>Assets</b>		
Current assets		
Cash and bank deposits	35,126	37,610
Notes and accounts receivable—trade	32,861	28,900
Marketable securities	1,871	1,801
Merchandise and finished goods	3,273	3,623
Work in process	680	1,056
Raw materials and supplies	4,661	4,937
Deferred tax assets	1,507	1,498
Other current assets	1,870	2,809
Allowance for doubtful accounts	(219)	(271)
Total current assets	81,633	81,965
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	10,952	10,780
Machinery and vehicles (net)	810	810
Tools, furniture and fixtures (net)	1,352	1,429
Land	7,274	7,257
Lease assets (net)	3,317	3,265
Construction in progress	314	168
Total tangible fixed assets	24,021	23,712
Intangible fixed assets		
Goodwill	4,866	4,263
Software	2,321	2,494
Software in progress	1,553	2,455
Other	3,538	3,621
Total intangible fixed assets	12,279	12,835
Investments and other assets		
Investment securities	7,541	7,233
Long-term loans receivable	18	15
Claims in bankruptcy and similar claims	403	400
Fixed leasehold deposits	1,025	1,098
Long-term deposits	1,502	—
Net defined benefit assets	81	87
Deferred tax assets	1,423	1,494
Other	2,049	2,015
Allowance for doubtful accounts	(421)	(418)
Total investments and other assets	13,625	11,927
Total fixed assets	49,926	48,475
Total assets	131,560	130,440

(Unit: Millions of yen)

	FY 2014 (as of March 31, 2015)	First half ended September 30, 2015 (as of September 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	7,125	5,930
Electronically recorded obligations	6,538	5,692
Short-term bank loans	328	1,309
Lease obligations	1,410	1,432
Accrued income taxes	2,295	1,993
Accrued bonuses	1,941	2,044
Accrued officers' bonuses	45	—
Other current liabilities	11,295	12,107
<b>Total current liabilities</b>	<b>30,980</b>	<b>30,510</b>
Long-term liabilities		
Long-term bank loans	1,988	742
Long-term accounts payable—other	186	184
Lease obligations	3,381	3,279
Deferred tax liabilities	13	13
Net defined benefit liabilities	2,515	2,340
Asset retirement obligations	29	30
Other long-term liabilities	316	308
<b>Total long-term liabilities</b>	<b>8,431</b>	<b>6,899</b>
<b>Total liabilities</b>	<b>39,411</b>	<b>37,409</b>
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	54,645	55,950
Treasury stock	(54)	(55)
<b>Total shareholders' equity</b>	<b>92,123</b>	<b>93,428</b>
Accumulated other comprehensive income		
Net unrealized gains (losses) on available for-sale securities	1,542	1,343
Foreign currency translation adjustments	(1,070)	(1,345)
Remeasurements of defined benefit plans	(822)	(765)
<b>Total accumulated other comprehensive income</b>	<b>(350)</b>	<b>(767)</b>
Non-controlling interest	375	370
<b>Total net assets</b>	<b>92,148</b>	<b>93,030</b>
<b>Total liabilities and net assets</b>	<b>131,560</b>	<b>130,440</b>

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

Consolidated Quarterly Statements of Income  
First half ended September 30, 2015

(Unit: Millions of yen)

	First half ended September 30, 2014 (April 1, 2014– September 30, 2014)	First half ended September 30, 2015 (April 1, 2015– September 30, 2015)
Net sales	49,385	54,851
Cost of sales	27,892	30,776
Gross profit	21,492	24,075
Selling, general and administrative expenses		
Selling expenses	17,100	17,711
General and administrative expenses	2,032	1,743
Total selling, general and administrative expenses	19,132	19,454
Operating profit	2,359	4,621
Non-operating profit		
Interest income	61	67
Dividend income	47	54
Insurance income	14	32
Foreign exchange gains	57	—
Equity in earnings of affiliates	8	72
Other	218	201
Total non-operating profit	408	427
Non-operating expenses		
Interest expenses	27	25
Foreign currency translation loss	—	9
Foreign withholding tax	4	1
Other	23	21
Total non-operating expenses	54	58
Ordinary profit	2,712	4,990
Extraordinary income		
Gain on sale of fixed assets	2	0
Total extraordinary income	2	0
Extraordinary losses		
Loss on disposal of fixed assets	40	63
Loss on sale of fixed assets	0	14
Other	—	11
Total extraordinary losses	40	88
Income before income taxes	2,674	4,902
Income taxes	1,189	1,799
Net income	1,484	3,102
Net income attributable to owners of non-controlling interest	62	35
Net income attributable to owners of the parent company	1,422	3,067

Consolidated Quarterly Statements of Comprehensive Income  
 First half ended September 30, 2015

(Unit: Millions of yen)

	First half ended September 30, 2014 (April 1, 2014– September 30, 2014)	First half ended September 30, 2015 (April 1, 2015– September 30, 2015)
Net income	1,484	3,102
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	137	(196)
Foreign currency translation adjustment	(805)	(285)
Retirement benefit adjustments	50	56
Share of other comprehensive income of associates accounted for using equity method	(7)	7
Total other comprehensive income	(625)	(418)
Comprehensive income	859	2,684
(Breakdown)		
Comprehensive income attributable to owners of the parent company	814	2,649
Comprehensive income attributable to owners of non-controlling interest	44	34

## (3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of yen)

	First half ended September 30, 2014 (April 1, 2014– September 30, 2014)	First half ended September 30, 2015 (April 1, 2015– September 30, 2015)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,674	4,902
Depreciation and amortization	1,991	2,109
Amortization of goodwill	367	390
Increase (decrease) in retirement benefit liabilities	(60)	(82)
Increase (decrease) in allowance for doubtful accounts	(21)	58
Interest and dividend revenue	(108)	(121)
Equity in (earnings) losses of affiliates	(8)	(72)
Interest expenses	27	25
Foreign exchange loss (gain)	(68)	(2)
Loss (gain) on sale of fixed assets	(2)	13
Loss on disposal of fixed assets	40	63
(Increase) decrease in accounts receivable	3,799	3,888
(Increase) decrease in inventories	(1,556)	(940)
Increase (decrease) in accounts payable	(520)	(1,985)
Increase (decrease) in other current liabilities	820	947
Other	(203)	(1,037)
Subtotal	7,169	8,157
Receipts from interest and dividends	141	184
Interest paid	(27)	(25)
Income taxes paid	(2,666)	(2,062)
Income taxes refunded	18	27
Net cash provided by operating activities	4,636	6,280
<b>Cash flows from investing activities</b>		
Payment for acquisition of securities	(1,000)	(1,000)
Proceeds from redemption of securities	1,000	1,100
Payment for purchase of tangible fixed assets	(1,012)	(1,079)
Proceeds from sale of tangible fixed assets	3	11
Payment for acquisition of intangible fixed assets	(635)	(1,761)
Payment for acquisition of investment securities	(53)	(3)
Expenditure for business acquisition	(2,044)	(235)
Collection of loans receivable	1	3
Increase in time deposits	(3,869)	(4,674)
Proceeds from withdrawal of time deposits	2,675	5,659
Other	67	(53)
Net cash used in investing activities	(4,866)	(2,033)

(Unit: Millions of yen)

	First half ended September 30, 2014 (April 1, 2014– September 30, 2014)	First half ended September 30, 2015 (April 1, 2015– September 30, 2015)
Cash flows from financing activities		
Repayment for short-term bank loans	(402)	(282)
Payment for acquisition of treasury stock	(1)	(1)
Repayment of finance lease obligations	(851)	(832)
Proceeds from sale and leaseback	897	733
Dividends paid	(1,302)	(1,761)
Dividends paid to owners of non-controlling interest	(25)	(39)
Net cash used in financing activities	(1,685)	(2,183)
Effect of exchange rate changes on cash and cash equivalents	(142)	(70)
Net increase (decrease) in cash and cash equivalents	(2,058)	1,993
Cash and cash equivalents at beginning of year	31,674	30,526
Increase in cash and cash equivalents due to new consolidation	102	—
Cash and cash equivalents at end of first half	29,718	32,520



(4) Notes on Quarterly Consolidated Financial Statements

Notes Regarding the Premise of a Going Concern

None

Notes on Significant Changes in Shareholders' Equity

None

Segment Information, etc.

[Segment Information]

I. First half ended September 30, 2014 (April 1, 2014–September 30, 2014)

1. Information on Net Sales and Profit/Loss for Each Reporting Segment

(Unit: Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amounts reported in consolidated quarterly statements of income (Note 2)
	Time Information Systems	Environment Systems	Total		
Net sales					
To customers	36,260	13,124	49,385		49,385
Intersegment					
Total	36,260	13,124	49,385		49,385
Segment income (loss)	2,891	937	3,828	(1,469)	2,359

Notes: 1. The –¥1,469 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. Segment profit is adjusted together with operating profit in the consolidated quarterly statements of income.

2. Information on Impairment Loss in Fixed Assets or Goodwill for Each Reporting Segment

None

II. First half ended September 30, 2015 (April 1, 2015–September 30, 2015)

1. Information on Net Sales and Profit/Loss for Each Reporting Segment

(Unit: Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amounts reported in consolidated quarterly statements of income (Note 2)
	Time Information Systems	Environment Systems	Total		
Net sales					
To customers	39,283	15,568	54,851		54,851
Intersegment					
Total	39,283	15,568	54,851		54,851
Segment income (loss)	4,380	1,892	6,272	(1,651)	4,621

Notes: 1. The –¥1,651 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. Segment profit is adjusted together with operating profit in the consolidated quarterly statements of income.

2. Information on Impairment Loss in Fixed Assets or Goodwill for Each Reporting Segment

None

Significant Subsequent Events

None