

Summary Financial Statements (Consolidated)
for Second Quarter of Fiscal Year 2017 (Year Ending March 31, 2018) (Japan GAAP)

October 27, 2017

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Scheduled date for filing of quarterly securities report: November 8, 2017
Scheduled date for start of dividend payments: December 4, 2017
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 2017 (April 1, 2017 to September 30, 2017)

(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 2017 (year ending March 2018)	57,962	2.4	5,628	10.4	5,982	14.2	4,071	24.9
2Q of FY 2016 (year ended March 2017)	56,599	3.2	5,099	10.3	5,238	5.0	3,259	6.3

Note: Comprehensive income Second quarter of FY 2017 (year ending March 2018): ¥3,708 million (—%)
Second quarter of FY 2016 (year ended March 2017): -¥805 million (-130.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY 2017 (year ending March 2018)	53.61	—
2Q of FY 2016 (year ended March 2017)	42.56	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q of FY 2017 (as of September 30, 2017)	137,562	100,053	72.4	1,315.13
FY 2016 (as of March 31, 2017)	137,888	99,421	71.8	1,301.29

Reference: Equity capital Second quarter of FY 2017 (as of September 30, 2017): ¥99,601 million
FY 2016 (as of March 31, 2017): ¥98,963 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2016 (year ended March 2017)	—	23.00	—	29.00	52.00
FY 2017 (year ending March 2018)	—	23.00			
FY 2017 (year ending March 2018) (est.)			—	29.00	52.00

Note: Revisions to most recently released dividend forecast: None

3. Forecast earnings for fiscal year 2017 (April 1, 2017 to March 31, 2018)

(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	126,000	4.9	13,800	4.8	14,300	3.6	9,400	1.9	124.12

Note: Revisions to most recently released earnings forecast: None

Notes

(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 15: “(4) Notes on Quarterly Consolidated Financial Statements (Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements),” which is in the section entitled “2. Consolidated Quarterly Financial Statements and Primary Explanatory Notes.”

(3) Changes to accounting policy, changes to accounting forecasts, and restatements

[1] Changes arising from revision of accounting standards : None

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

[3] Changes to accounting forecasts : None

[4] Restatements : None

(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, 2017	76,657,829 shares	As of March 31, 2017	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of 2Q ended September 30, 2017	922,731 shares	As of March 31, 2017	607,651 shares
[3] Average number of shares outstanding (over the fiscal year under review up to September 30, 2017)	As of 2Q ended September 30, 2017	75,945,020 shares	As of 2Q ended September 30, 2016	76,589,144 shares

Note: Regarding 2Q FY2017, 314,000 company shares held as trust assets, namely the Board Incentive Plan (BIP) for Officers and the Employee Stock Ownership Plan (J-ESOP) for eligible employees, are included in above [2], but excluded from the calculations for [3].

Note: Quarterly Summary Financial Statements are not subject to the quarterly review.

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 8: “(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, October 30, 2017. 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 Business Results

During the first half of the current fiscal year, despite the heightened overseas geopolitical risks and the political and economic uncertainties of Europe and the Americas, it seems that the Japanese economy continues to be on a recovery trend. Amid the continued robustness of U.S. economy and growing signs of a Chinese economic rebound, in Japan, labor markets and capital investments were firm against the backdrop of bullish stock prices, strong corporate earnings and increased exports.

Amid this business environment, the Amano Group set forth the management concept of “The 2nd Stage Towards a 100-year Company-Innovative Creation of Value for Sustainable Growth” in the new medium-term management plan launched in April this year, aiming at achieving growth in Japan, North America, Europe and Asia, respectively. The Amano Group has also been striving to strengthen management practices through cost reduction activities and Amano’s work style reform methodology.

As a result of the above, during the first half under review, the Company recorded sales of ¥57,962 million, up by 2.4% year-on-year. Operating profit increased by 10.4% to ¥5,628 million, ordinary profit went up by 14.2% to ¥5,982 million, and net income attributable to owners of the parent company increased by 24.9% to ¥4,071 million, resulting in increases in both sales and profit.

The following are business results by segment:

Sales by business division

(Millions of yen)

Category	First half ended September 30, 2016		First half ended September 30, 2017		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:		%		%		%
Information Systems	11,702	20.7	12,261	21.2	559	4.8
Time Management Products	1,844	3.2	1,773	3.1	(71)	(3.9)
Parking Systems	27,283	48.2	27,955	48.2	671	2.5
Subtotal	40,830	72.1	41,989	72.5	1,159	2.8
Environment System business:						
Environmental Systems	10,053	17.8	10,212	17.6	159	1.6
Clean Systems	5,716	10.1	5,759	9.9	43	0.8
Subtotal	15,769	27.9	15,972	27.5	202	1.3
Total	56,599	100.0	57,962	100.0	1,362	2.4

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 service

The sales in this business totaled ¥41,989 million, up by ¥1,159 million (2.8%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems

In this business division, against the backdrop of the “work style reform” promoted by the Japanese government, attention is turning to the future trends of companies’ efforts to address long working hours, improve productivity and make full use of diverse human resources.

In response to these market conditions, the Company, being “Amano—active in the area of HR (Human Resources),” 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 bolster its activities to provide total solutions from system ownership to system use.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, hardware sales decreased by ¥203 million (9.9%), software sales increased by ¥521 million (21.6%), and sales generated by maintenance contracts and supplies services increased by ¥87 million (4.7%) year-on-year. The decrease in hardware sales was due to a backlash effect from large orders in the previous term, while the robust software sales was attributable to increased orders for “TimePro-NX,” which is a software for small and medium businesses and “TimePro-VG” for medium and large businesses. Amano Business Solutions Corporation continued to perform strongly through expanded sales of its cloud services.

Overall overseas sales increased by ¥154 million (3.3%) year-on-year as the sales of both Accu-Time Systems, Inc. in North America and Horosmart S.A. in Europe increased.

As a result of the above, sales in this business division totaled ¥12,261 million, representing an increase of 4.8% year-on-year.

- Time Management Products

Although there is constant demand for standard devices and requirements for improvement in their functionality, this business division continues to cope with the current trend toward lower prices.

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 sales of time recorders equipped with aggregation software compatible with PCs, which offers improved usability and functionality.

Overall domestic sales for the current term decreased by ¥70 million (4.8%) year-on-year, due to a decrease in exports, despite an increase in sales of the new product “TimeP@CK-iC IV CL” and time recorders. Overall overseas sales decreased by ¥72 million (13.6%) year-on-year, as sales in North America and Asia fell while sales in Europe were flat.

As a result of the above, this business division generated sales totaling ¥1,773 million, representing a decrease of 3.9% 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 and reducing the cost of parking lot management, increasing the level of convenience for parking lot users, ensuring safety and security in parking lots, and integration with the Internet.

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 through its parking lot data centers. The Company has also worked to improve the functionality and usability of its system equipment and made efforts to expand into new markets, such as bicycle parking systems, security-gate systems and toll road systems, as well as strengthening proposals for improving parking lot management efficiency and making new proposals for enhancing parking lot services to users.

During the current term for Amano, on an unconsolidated basis, domestic parking equipment sales decreased by ¥92 million (1.1%) year-on-year, due to decreased orders for small-sized parking lots and

bicycle parking lots, and domestic sales generated by maintenance contracts and supplies services decreased by ¥59 million (1.2%). Amano Management Service Corporation's commissioned parking lot management business has been steadily expanding with increased sales, and the number of parking spaces under management increased by 32,800 (8.5%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥644 million (7.7%) year-on-year due to an increase in sales in the Asian region as the commissioned parking lot management business in Korea and Hong Kong grew with the steady expansion, while sales of Amano McGann Inc. decreased in North America.

As a net result of the above, the Parking Systems business division provided sales totaling ¥27,955 million, up by 2.5% 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, and deodorization systems
- Clean Systems: Cleaning equipment, dry-care cleaning systems, cleaning management services, and electrolytic water generators

The sales in this business totaled ¥15,972 million, up by ¥202 million (1.3%) year-on-year. The following is a breakdown of sales by business division.

• Environmental Systems

In Environmental Systems, corporate capital investment has remained solid in Japan, and the overseas business environment is on a recovery trend owing to a picking up of the China's economy, etc.

In this market environment, the Company's domestic strategy focused on capitalizing the demand for its standard equipment by strengthening proposals, mainly targeting automobile-related companies, while seeking to win additional orders from customers in the pharmaceutical, foods and cosmetics markets. Meanwhile, the Company enhanced cooperation with its overseas Group companies, reinforced its platforms for engineering, sales and services. Furthermore, the Company endeavored to achieve greater cost competitiveness by expanding its local procurement, while observing the investment trend of Japanese companies operating overseas.

During the current term for Amano, on an unconsolidated basis, domestic sales of standard equipment increased by ¥190 million (5.6%), sales of large-scale systems decreased by ¥494 million (15.3%) and sales generated by maintenance contracts and supplies services increased by ¥115 million (5.1%) year-on-year.

Overall overseas sales increased by ¥236 million (19.3%), owing to robust sales in Mexico and the sales in Asia are showing signs of recovery in conjunction with the turnaround of China's economy.

As a result of the above, sales of this business division totaled ¥10,212 million, up by 1.6% year-on-year.

• Clean Systems

In Clean Systems, while the trend of companies trying to reduce cleaning costs continues domestically amid a shortage of sanitary workers in the building maintenance industry, needs for proposals that lead to higher cleaning efficiency and improved quality have been increasing.

In response to these market conditions, we strengthened our proposals to address the cleaning issues companies are facing through the implementation of new cleaning techniques using cleaning robots and the expansion of sales of the new "EG series" automatic floor scrubbers, which further increased safety levels and improved usability.

During the current term for Amano, on an unconsolidated basis, domestic sales for cleaning equipment grew by ¥45 million (4.7%) due to increased sales of new scrubbers but sales generated by maintenance contracts and supplies services decreased by ¥21 million (1.8%) year-on-year,

Overall overseas sales increased by ¥16 million (0.5%) as sales for North America grew owing to a steady increase in the wooden floor sanding equipment business.

As a net result of the above, sales of this business division totaled ¥5,759 million, up by 0.8% year-on-year.

Reference information
Information by area

(Millions of yen)

	Net sales				Operating profit (loss)			
	First half		Change	Percentage change (%)	First half		Change	Percentage change (%)
	Term ended September 30, 2016	Term ended September 30, 2017			Term ended September 30, 2016	Term ended September 30, 2017		
Japan	39,418	39,631	212	0.5	5,866	6,828	961	16.4
Other Asia	5,223	6,107	884	16.9	336	441	105	31.3
North America	9,332	9,183	(148)	(1.6)	324	(111)	(436)	—
Europe	3,889	3,961	72	1.9	228	247	18	8.3
Total	57,863	58,884	1,020	1.8	6,756	7,405	649	9.6
Eliminations/ Corporate	(1,263)	(921)	—	—	(1,657)	(1,777)	—	—
Consolidated	56,599	57,962	1,362	2.4	5,099	5,628	528	10.4

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, China, and Philippines

(2) North America: United States, Canada and Mexico

(3) Europe: France, Belgium and Spain

Overseas sales

(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, 2016	Term ended September 30, 2017			Term ended September 30, 2016	Term ended September 30, 2017	
Other Asia	5,365	6,070	704	13.1	9.5	10.5	1.0
North America	8,482	8,434	(47)	(0.6)	15.0	14.5	(0.5)
Europe	3,797	3,843	45	1.2	6.7	6.6	(0.1)
Other regions	645	782	137	21.3	1.1	1.4	0.3
Total	18,291	19,130	839	4.6	32.3	33.0	0.7
Consolidated net sales	56,599	57,962					

- 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, China, and Philippines
(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) Explanation of Financial Condition
(i) Assets, liabilities, and net assets

Assets

Total assets at the end of the first half of the fiscal year amounted to ¥137,562 million, a drop of ¥326 million from the previous fiscal year-end. This was attributable primarily to a decrease of ¥771 million in current assets due to a decrease in notes and accounts receivable—trade, despite an increase of ¥445 million in fixed assets due to increases in investment securities and software in progress.

Liabilities

Total liabilities at the end of the first half of the fiscal year amounted to ¥37,508 million, a drop of ¥959 million from the previous fiscal year-end. This was attributable primarily to a decrease of ¥332 million in current liabilities due to a decrease in notes and accounts payable—trade and accrued bonuses, and also to a decrease of ¥626 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 of the fiscal year amounted to ¥100,053 million, up by ¥632 million from the previous fiscal year-end. This was primarily attributable to an increase of ¥1,036 million in shareholders' equity due to the posting of net income attributable to owners of the parent company, despite a decrease of ¥398 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 ¥1,187 million from the previous fiscal year-end, to a total of ¥36,457 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 ¥7,549 million. This was primarily attributable to the posting of income before income taxes amounting to ¥6,230 million and a decrease in accounts receivable amounting to ¥4,100 million, despite the posting of a decrease in accounts payable amounting to ¥2,253 million and income tax payments amounting to ¥2,062 million.

Cash flow from investing activities

Net cash used in investing activities totaled -¥3,018 million. This is mainly because, despite the incoming proceeds from the withdrawal of time deposits of ¥3,593 million, expenditures amounting to ¥3,679 million in time deposits and ¥1,391 million to purchase tangible fixed assets were made.

Cash flow from financing activities

Net cash used in financing activities amounted to -¥3,107 million. This was chiefly due to the recording of expenditures amounting to ¥2,205 million in payment of dividends and ¥829 million in payment for acquisition of treasury stock, despite the recording of ¥617 million in proceeds from sale and leaseback.

(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 2017 (April 1, 2017 to March 31, 2018) as announced on April 26, 2017. 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 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, 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, the Company plans to pay a second-quarter dividend of ¥23 per share as expected at the beginning of the period.

2. Consolidated Quarterly Financial Statements and Primary Explanatory Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	FY 2016 (as of March 31, 2017)	First half ended September 30, 2017 (as of September 30, 2017)
Assets		
Current assets		
Cash and bank deposits	38,940	40,466
Notes and accounts receivable—trade	33,710	29,475
Marketable securities	1,435	1,327
Merchandise and finished goods	3,753	4,265
Work in process	477	749
Raw materials and supplies	5,227	5,473
Deferred tax assets	1,889	1,845
Other current assets	2,560	3,688
Allowance for doubtful accounts	(357)	(426)
Total current assets	87,638	86,866
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	10,892	10,728
Machinery and vehicles (net)	796	767
Tools, furniture and fixtures (net)	1,566	1,822
Land	7,125	7,121
Lease assets (net)	2,979	2,844
Construction in progress	327	355
Total tangible fixed assets	23,689	23,639
Intangible fixed assets		
Goodwill	3,165	2,943
Software	3,322	3,235
Software in progress	2,989	3,328
Other	3,013	2,947
Total intangible fixed assets	12,490	12,454
Investments and other assets		
Investment securities	8,033	8,498
Long-term loans receivable	10	10
Claims in bankruptcy and similar claims	415	496
Fixed leasehold deposits	1,142	1,231
Long-term deposits	1,500	1,500
Net defined benefit assets	88	91
Deferred tax assets	1,273	1,274
Other	2,035	1,989
Allowance for doubtful accounts	(428)	(490)
Total investments and other assets	14,070	14,601
Total fixed assets	50,250	50,695
Total assets	137,888	137,562

(Millions of yen)

	FY 2016 (as of March 31, 2017)	First half ended September 30, 2017 (as of September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	7,629	6,051
Electronically recorded obligations	6,580	5,876
Short-term bank loans	37	646
Lease obligations	1,391	1,357
Accrued income taxes	2,581	2,542
Accrued bonuses	2,204	2,070
Accrued officers' bonuses	90	-
Other current liabilities	11,719	13,357
Total current liabilities	32,234	31,902
Long-term liabilities		
Long-term bank loans	469	-
Long-term accounts payable—other	21	64
Lease obligations	2,954	2,814
Deferred tax liabilities	8	9
Net defined benefit liabilities	2,445	2,358
Asset retirement obligations	31	31
Other long-term liabilities	302	327
Total long-term liabilities	6,233	5,606
Total liabilities	38,467	37,508
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	65,075	66,941
Treasury stock	(1,059)	(1,888)
Total shareholders' equity	101,548	102,585
Accumulated other comprehensive income		
Net unrealized gains (losses) on available for-sale securities	1,934	1,937
Foreign currency translation adjustments	(3,533)	(4,040)
Remeasurements of defined benefit plans	(986)	(880)
Total accumulated other comprehensive income	(2,585)	(2,983)
Non-controlling shareholders' interests	458	452
Total net assets	99,421	100,053
Total liabilities and net assets	137,888	137,562

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
First half ended September 30, 2017

(Millions of yen)

	First half ended September 30, 2016 (April 1, 2016– September 30, 2016)	First half ended September 30, 2017 (April 1, 2017– September 30, 2017)
Net sales	56,599	57,962
Cost of sales	32,226	32,235
Gross profit	24,373	25,726
Selling, general and administrative expenses		
Selling expenses	17,346	18,153
General and administrative expenses	1,928	1,945
Total selling, general and administrative expenses	19,274	20,098
Operating profit	5,099	5,628
Non-operating profit		
Interest income	45	50
Dividend income	55	61
Insurance income	11	43
Foreign exchange gains	-	5
Equity in earnings of affiliates	-	7
Other	236	240
Total non-operating profit	349	408
Non-operating expenses		
Interest expenses	15	15
Loss on foreign exchange	160	-
Foreign withholding tax	1	1
Equity in losses of affiliates	8	-
Other	23	37
Total non-operating expenses	210	54
Ordinary profit	5,238	5,982
Extraordinary income		
Gain on sale of fixed assets	0	3
Gain on sales of investment securities	-	250
Total extraordinary income	0	253
Extraordinary losses		
Loss on disposal of fixed assets	7	4
Loss on sale of fixed assets	0	0
Loss on liquidation of subsidiaries	24	-
Total extraordinary losses	31	5
Income before income taxes	5,207	6,230
Income taxes	1,900	2,128
Net income	3,306	4,102
Net income attributable to non-controlling shareholders	47	30
Net income attributable to owners of the parent company	3,259	4,071

Consolidated Quarterly Statements of Comprehensive Income
 First half ended September 30, 2017

(Millions of yen)

	First half ended September 30, 2016 (April 1, 2016– September 30, 2016)	First half ended September 30, 2017 (April 1, 2017– September 30, 2017)
Net income	3,306	4,102
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(109)	1
Foreign currency translation adjustment	(4,102)	(500)
Remeasurements of defined benefit plans	99	105
Share of other comprehensive income of associates accounted for using equity method	0	(0)
Total other comprehensive income	(4,112)	(393)
Comprehensive income	(805)	3,708
(Breakdown)		
Comprehensive income attributable to owners of the parent company	(800)	3,672
Comprehensive income attributable to non-controlling shareholders	(4)	35

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First half ended September 30, 2016 (April 1, 2016– September 30, 2016)	First half ended September 30, 2017 (April 1, 2017– September 30, 2017)
Cash flows from operating activities		
Income before income taxes	5,207	6,230
Depreciation and amortization	2,454	2,355
Amortization of goodwill	381	316
Increase (decrease) in retirement benefit liabilities	39	58
Increase (decrease) in allowance for doubtful accounts	15	133
Interest and dividend revenue	(101)	(111)
Equity in (earnings) losses of affiliates	8	(7)
Interest expenses	15	15
Foreign currency translation loss (gain)	(49)	(16)
Loss (gain) on sale of fixed assets	(0)	(2)
Loss on disposal of fixed assets	7	4
Loss (gain) on sales of investment securities	-	(250)
Loss (gain) on liquidation of subsidiaries	24	-
(Increase) decrease in trade notes and accounts receivable	3,975	4,100
(Increase) decrease in inventories	(1,240)	(1,142)
Increase (decrease) in accounts payable	(1,796)	(2,253)
Increase (decrease) in other current liabilities	954	1,077
Other	(686)	(1,079)
Subtotal	9,208	9,430
Receipts from interest and dividends	144	160
Interest paid	(15)	(15)
Income taxes paid	(3,093)	(2,062)
Income taxes refunded	0	35
Net cash provided by operating activities	6,244	7,549
Cash flows from investing activities		
Payment for acquisition of securities	(1,000)	(1,000)
Proceeds from redemption of securities	1,100	1,050
Payment for purchase of tangible fixed assets	(1,325)	(1,391)
Proceeds from sale of tangible fixed assets	17	19
Payment for acquisition of intangible fixed assets	(1,284)	(1,169)
Payment for acquisition of investment securities	(3)	(664)
Proceeds from sales of investment securities	-	300
Payment for acquisition of subsidiary shares involving change to the scope of consolidation	(62)	-
Proceeds from liquidation of subsidiaries	-	46
Expenditure for business acquisition	-	(168)
Collection of loans receivable	1	0
Increase in time deposits	(3,617)	(3,679)
Proceeds from withdrawal of time deposits	4,069	3,593
Other	(10)	42
Net cash used in investing activities	(2,115)	(3,018)

(Millions of yen)

	First half ended September 30, 2016 (April 1, 2016– September 30, 2016)	First half ended September 30, 2017 (April 1, 2017– September 30, 2017)
Cash flows from financing activities		
Increase in short-term loans payable	-	158
Repayment for short-term bank loans	(1,175)	(17)
Payment for acquisition of treasury stock	(1)	(829)
Repayment of finance/lease obligations	(888)	(790)
Proceeds from sale and leaseback	1,116	617
Dividends paid	(2,144)	(2,205)
Payment of dividends to non-controlling shareholders	(41)	(41)
Cash flows from financing activities	(3,134)	(3,107)
Effect of exchange rate changes on cash and cash equivalents	(1,130)	(236)
Net increase (decrease) in cash and cash equivalents	(136)	1,187
Cash and cash equivalents at beginning of year	32,725	35,270
Cash and cash equivalents at end of first half	32,589	36,457

(4) Notes on Quarterly Consolidated Financial Statements

Notes Regarding the Premise of a Going Concern

None

Notes on Significant Changes in Shareholders' Equity

None

Significant Changes among Subsidiaries during the Fiscal Year under Review

None

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.

Additional information

Officers' Remuneration BIP Trust and Employee Stock Ownership Plan (J-ESOP) Trust

In order to raise the motivation to contribute to the improvement of medium / long-term business performance and to increase corporate value, Amano Corporation and some of its subsidiaries adopted the Officers' Remuneration BIP Trust system for officers (excluding external directors and expatriates) and operating officers (excluding expatriates), as well as the Employee Stock Ownership Plan (J-ESOP) system for employees who meet the prescribed requirements.

[1] Outline of the system

Under this Plan, a trust is established funded by money contributed from Amano Corporation and through this trust Amano stocks are acquired, which are then distributed to eligible persons,

Under the Officers' Remuneration BIP Trust, Amano stocks are allocated by the trust to directors and operating officers in accordance with the stock distribution rules and based on points granted according to the attainment level of numerical targets related to their positions and management indicators.

Under the Employee Stock Ownership Plan (J-ESOP) Trust, Amano stocks are allocated by the trust to employees who meet the prescribed requirements in accordance with the stock distribution rules and based on points granted according to their positions and operating performance.

[2] Residual Amano Stocks that remain in the trust

Amano Stocks that remain in the trust are posted at book value of the trust (excluding incidental expenses) as treasury stock in the net assets section.

Book value of the treasury stock and the number of shares

First half of the current fiscal year ¥827 million, 314,300 shares

Segment Information

[Segment Information]

I. First half ended September 30, 2016 (April 1, 2016–September 30, 2016)

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

(Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amounts reported in consolidated quarterly statements of income (Note 2)
	Time Information System business	Environment System business	Total		
Net sales					
To customers	40,830	15,769	56,599	—	56,599
Intersegment	—	—	—	—	—
Total	40,830	15,769	56,599	—	56,599
Segment profit (loss)	4,688	2,118	6,807	(1,708)	5,099

Notes: 1. The –¥1,708 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 reconciled 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, 2017 (April 1, 2017–September 30, 2017)

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

(Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amounts reported in consolidated quarterly statements of income (Note 2)
	Time Information System business	Environment System business	Total		
Net sales					
To customers	41,989	15,972	57,962	—	57,962
Intersegment	—	—	—	—	—
Total	41,989	15,972	57,962	—	57,962
Segment profit (loss)	5,115	2,334	7,450	(1,822)	5,628

Notes: 1. The –¥1,822 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 reconciled 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