

FINANCIAL REPORT

April 2008 – March 2009



Management Policy

1. Basic Management Policy

Throughout its history, Amano has adhered to a basic policy of putting the customer first. This has meant paying heed to what its customers say, based on the corporate themes of “people and time” and “people and the environment,” and giving pivotal importance to customer satisfaction throughout its business activities, particularly in sales, production, and development activities.

In accordance with this fundamental policy, Amano continues to undertake business activities with the goal of earning the trust and high regard of all those who support it: customers, employees, shareholders, suppliers and other entities with which it does business, and the local community. It achieves this by providing a variety of products, systems, services, and solutions that match the needs of customers in relation to the themes of “people and time” and “people and the environment.”

Amano and its Group companies direct their efforts towards maximizing corporate value by fostering innovation in management and by ensuring a strong earnings structure and sustained growth in business performance.

2. Basic Policy on Distribution of Profits, and Dividend for This and Next Term

Amano places great importance on its policy for dividends to shareholders. Fundamental to this is its policy for the return of profit to shareholders, based on maintaining a stable ordinary dividend of ¥26 annually (¥13 interim and ¥13 year-end), together with appropriate results-based distributions and flexible purchasing of treasury stock. The Company aims to maintain a payout ratio of at least 35% on a consolidated basis and a ratio of dividend to net assets of at least 2.5%. It also aims to improve capital efficiency by setting a target ratio of 60% for total distributions (return to shareholders), combining dividends and purchase of treasury stock.

In line with this policy and considering this term’s results, we plan to pay a year-end dividend of ¥13 per share, ¥4 lower than the amount paid at the end of the previous year. As a result, the annual per-share dividend will be ¥30 (including the ¥17 per share paid as the interim dividend), ¥4 lower than the previous year. This corresponds to a dividend payout ratio of 105.9% and a 2.9% ratio of dividends to net assets on a consolidated basis. Due to purchases of treasury stock, this year’s total payout ratio (return to shareholders) will be 241.4%.

Retained earnings will be used 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 plant and equipment for the purpose of reducing costs and further improving product quality.

With regard to the dividend for the next fiscal year, faced with an extremely difficult environment we will redouble our efforts to improve business performance, and will aim to pay a dividend for the year of ¥30 (interim dividend of ¥13, and year-end dividend of ¥17).

3. New Medium-Term Management Plan

Amano and its Group companies each continue the tradition of evolving continuously in response to changes in the times, while maintaining the following four immutable strategies of the Amano Group.

- 1) Emphasis on Time & Ecology business fields, and enhancement of core business
- 2) Being a niche leader in the business fields in which we excel
- 3) Constant restructuring
- 4) Management based on cash flow

Based on these four fundamental strategies, in April 2008 Amano inaugurated a new three-year medium-term management plan. An outline of the plan is set out below.

(1) Basic Policies

Building on the success of the previous management plan, which aimed at “a strong profit structure and sustainable growth,” under the new medium-term management plan the Group is positioning Amano McGann, Inc. of the U.S. and Horosmart, S.A. of France as key drivers for global development of parking system and information system businesses, particularly in the U.S. and Europe, and focusing on business expansion in Japan.

Priority issues under the new plan are listed below.

1. Business Strategy

- Expanding business in the North American and European markets

In North America we will merge Amano McGann’s parking management systems with Amano Group systems and equipment, and expand the market for parking systems by strengthening direct sales structures to work closely with customers in proposing solutions.

In Europe we will merge Horosmart’s French systems, equipment, and customer base with Amano Group systems and equipment. We will also expand our information system business in the French market and use this as a springboard for expansion into the wider European market, including the UK and the Benelux region.

- Expanding business in the Japanese market

In the Japanese market we will reinforce ties with domestic group companies, particularly in the information system and parking system fields. We will also further expand our existing customer base and create new markets by strengthening our service and total solution capabilities and launching new products.

2. Enhancing Profitability

- Boosting profitability in the information system and parking system businesses

In overseas markets we will increase profitability by implementing our business strategies for Amano McGann and Horosmart to maximize these profitable companies' contribution to consolidated results. This will be achieved through increased sales in the North American and European markets, particularly sales of high-added-value products.

As for the Japanese market, in the information systems field we will continue to standardize large-scale solution systems and increase added value by expanding sales of software to small and medium-sized businesses. In the parking systems field we will boost profitability by developing cost-competitive products and strengthening cost control for each site.

3. Improving Capital Efficiency

- Return on equity (ROE)

As well as focusing on enhancing the profitability of all businesses, we will strive to improve capital efficiency through steps such as flexible purchasing of treasury stock and aim for ROE of 10.0% on a consolidated basis.

(2) Numerical Targets

From the latter part of 2008, the worldwide financial crisis stemming from the sub-prime mortgage issue in the U.S. seriously affected the real economy on a global scale. Since the business environment envisaged when we formulated the new medium-term management plan has changed dramatically, we intend to revise the numerical targets of ¥114,000 million in net sales and ¥12,700 million in operating profit that we originally set for the fiscal year ending March 31, 2011.

Management Plan Target Results

(Unit: Millions of yen)

	Year ending March 31, 2009 - (results)		Year ended March 31, 2010 - (Forecast)		Year ending March 31, 2011 - (Forecast)	
	Amount	YOY change (%)	Amount	YOY change (%)	Amount	YOY change (%)
Net sales	91,812	(1.6%)	88,000	(4.2%)	-	-
Operating profit	5,371	(46.3%)	4,800	(10.6%)	-	-
Operating profit to sales	5.9%	-	5.5%	-	-	-
Ordinary profit	5,294	(49.8%)	5,200	(1.8%)	-	-
Net income	2,214	(63.7%)	2,700	22.0%	-	-



A handwritten signature in black ink, appearing to read 'Kaoru Haruta'.

Kaoru Haruta
President and CEO

Business Performance

Analysis of Business Results

Business Results in the Year Ended March 31, 2009

The Japanese economy deteriorated rapidly as the effects of the worldwide financial crisis stemming from the subprime mortgage issue in the United States affected the real economy on a global scale. Rapid contraction of exports, which had been a driver of economic growth, led to generally disappointing corporate performance, and personal consumption dropped off as the employment situation tightened.

Amid this difficult operating environment, we pursued Group growth strategies based on our new medium-term management plan, which began in April 2008. The entire company is working in unison to achieve sustained growth driven by global development of products and markets in every business segment and to improve profitability through the cultivation of new business and enhancement of our capacity to propose comprehensive solutions underpinned by cooperation with Group companies in Japan. During the year the company re-

corded sales of ¥91,812 million, down by 1.6% year-on-year. Operating profit fell by 46.3% to ¥5,371 million, ordinary profit declined by 49.8% to ¥5,294 million, and net income dropped by 63.7% to ¥2,214 million.

The following is an overview by business division:

Sales by business division

(Unit: Millions of yen)

	Year ended March 31, 2008		Year ended March 31, 2009		Change	
	April 1, 2007, to March 31, 2008		April 1, 2008, to March 31, 2009		Amount	%
	Amount	Ratio (%)	Amount	Ratio (%)		
Time Information System Business						
Information Systems	16,266	17.4	19,848	21.6	3,582	22.0
Time Management Equipment	6,628	7.1	5,361	5.8	(1,267)	(19.1)
Parking Systems	40,062	42.9	38,968	42.5	(1,094)	(2.7)
Subtotal	62,956	67.4	64,177	69.9	1,221	1.9
Environment System Business						
Environmental Systems	20,808	22.3	19,066	20.8	(1,742)	(8.4)
Cleaning Systems	9,587	10.3	8,569	9.3	(1,018)	(10.6)
Subtotal	30,395	32.6	27,635	30.1	(2,760)	(9.1)
Total	93,351	100.0	91,812	100.0	(1,539)	(1.6)

Time Information Systems Business

• Information Systems:

Time & attendance (T&A), Payroll, Human-resource management, Access control, Cafeteria management systems

• Time Management Equipment:

Time recorders, Time stamps

• Parking Systems

Parking lot and bicycle-parking space management equipment, Management services

Information Systems

Demand remains robust in the domestic market for this business, since companies are reviewing and rebuilding T&A systems to enhance legal compliance as the Ministry of Health, Labour and Welfare continues to issue notifications and strengthen guidance on appropriate management of working hours. Since the latter part of last year, however, the market environment has changed dramatically as the sudden economic downturn has further restricted investment, especially in the manufacturing sector. While potential demand is strong, orders have slowed markedly as customers postpone negotiations over new equipment.

In response to this market environment, Amano has focused on proposing solutions that match customer needs, including reinforcing its marketing strategy of direct sales.

Hardware sales fell by ¥864 million (12.1%) year-on-year and software sales declined by ¥480 million (11.2%), while sales generated by maintenance and

supply operations rose by ¥108 million (3.5%). The reduction in hardware sales was due to falling orders for large-scale solutions, while the drop in software sales was attributable to falling demand from medium-sized businesses. Sales in the field of T&A systems declined by ¥851 million (8.0%) and those in the field of access control systems fell by ¥187 million (12.4%).

Overseas, European sales increased with the addition of and strong performance by newly-consolidated French subsidiary Horosmart, S.A., acquired in January 2008. Sales declined in North America, but rose slightly in Asia. Total overseas sales leapt by ¥4,758 million (up 382.6%).

As a net result of the above, overall sales in this business division totaled ¥19,848 million, representing an increase of 22.0% from the previous year.



RX-100

Time Management Equipment

Sales and demand in this segment remained sluggish during the period under review as time recorder store sales lost ground to Internet sales and the shift toward low-priced equipment accelerated in the Japanese market. The deteriorating economic climate further compounded the situation.

Unit sales and sales revenue declined year-on-year in both the domestic and export markets. Aggregate domestic and export sales

fell by ¥901 million (19.6%).

Overseas, revenues declined in North America, Europe, and Asia. Overall, overseas sales were down by ¥579 million (21.0%).

As a result of the above, the time management equipment business division generated sales totaling ¥5,361 million, down by 19.1% from the previous year.



EX-3500N

Parking Systems

Although the impact of gasoline price hikes has lessened, the domestic parking lot market is maturing and the business environment for this segment remains challenging amid falling automobile sales and reduced vehicle use.

Faced with such market conditions, the Company has stepped up efforts to make recommendations from the customers' perspective on enhancing profitability and efficiency of parking lot management, while also focusing on creating demand for renewal projects, developing the promising bicycle parking lot system market, and cultivating the market for specialized gate systems.

Sales of automobile and bicycle parking system devices decreased by ¥2,701 (16.0%) from a year earlier, while revenues from maintenance and supply operations rose by ¥303 million (3.8%).

The number of parking spaces managed by Group subsidiary Amano Management Service Corporation in its commissioned parking lot management business increased by 23,400 (18.2%) from March 31, 2008, and the company's performance is making steady progress.

Overseas, North American operations achieved sales growth, steadily improving their performance with the help of large orders secured by Amano McGann, Inc. European sales slipped as vigorous demand in the Spanish market fell away. In Asia, although South Korea continued to show strong results with double-digit growth in local-currency terms, exchange rate fluctuations resulted in reduced revenue on a yen basis. Overall, overseas sales rose by ¥703 million, (up 5.9%).

As a net result of the above, the parking systems business division achieved sales totaling ¥38,968 million, representing a decrease of 2.7% from the previous year.



GT-6700

Environment System Business

• Environmental Systems:

Standard dust collectors, Large dust collection systems, Pneumatic powder conveyance systems, High-temperature hazardous-gas removal systems, Deodorization systems, Electrolytic water generators

• Cleaning Systems:

Cleaning equipment, Dry-care cleaning systems, Cleanliness management service

Environmental Systems

The business environment in Japan remained challenging for this division as capital investment contracted in the face of declining capacity utilization levels associated with rapidly deteriorating conditions in the manufacturing sector-especially in the automobile industry-and a freeze on investment in new plant.

In response to this economic environment, Amano has strengthened environmental management efforts aimed at compliance with environmental legislation and reduction of environmental impact, and reinforced marketing strategies relating to safety and security,

In the large-scale systems segment, sales fell by a relatively small ¥191 million (2.5%) year-on-year, partly due to a backlog of orders for major projects in the early part of the fiscal year. On the other hand, standard equipment sales dropped by ¥871 million (12.4%) and revenues from maintenance and supply operations were down by ¥414 million (9.9%).

In overseas operations, Japanese companies in China and the rest of Asia placed fewer orders for large-scale systems from the third quarter as the deteriorating economic environment impacted on their head offices in Japan. Consequently, overall sales declined by ¥72 million (5.9%). As a result of the above, the sales of this business division fell by 8.4% year-on-year, to ¥19,066 million.



Cleaning Systems

This business division continued to face a difficult operating environment in Japan as companies opened fewer new commercial facilities and strove to reduce cleaning costs. Increasing restrictions on capital investment also had a negative effect on the factory market.

In response to the prevailing conditions, the Company has devoted efforts to reigniting demand by strengthening its sales strategies. These efforts include launching products featuring new labor-saving,

energy-saving, and cost-saving technologies, and offering cleaning contract services.

In addition to falling demand for buffing machines, floor cleaning equipment sales were affected by restricted capital investment in floor cleaning machines for factories. In consequence, year-on-year sales declined by ¥497 million (16.7%) and revenues from maintenance and supply operations were down by ¥69 million (2.1%).

Overseas sales in this segment slowed in North America, Europe, and Asia. Overall, sales decreased by

¥577 million (down 22.6%).

As a result of the above, sales generated in this segment totaled ¥8,569 million, down by 10.6 % from the previous year.



SE-840e

Outlook for the Fiscal Year Ending March 31, 2009

With the global economic crisis showing no signs of improvement and contraction likely in the European and U.S. markets, downward pressure will also mount in Japan as declining exports hinder capital investment and rising unemployment continues to constrain personal consumption.

Amid this economic environment, Amano Corporation and its group companies launched a new medium-term management plan covering a period of three years from April 2008. In line with the Group growth strategies set out in the plan, we will work to drive ongoing growth through the global development of markets and products in each of our business fields and to improve profitability by creating new business, and committing greater efforts to address accumulation business.

The following business results are projected for the fiscal year ending March 31, 2010: Sales ¥88,000 million, operating profit ¥4,800 million, ordinary profit ¥5,200 million, and net income ¥2,700 million. The above projections assume currency exchange rates of US\$1 to ¥95 and €1 to ¥125.

Analysis of Financial Condition

Analysis of Assets, Liabilities, and Net Assets

• Assets

Total assets at March 31, 2009, amounted to ¥102,192 million, down by ¥14,759 million from the previous fiscal year-end. This was chiefly due to a ¥8,098 million reduction in current assets resulting from factors including a ¥5,098 million drop in notes and accounts receivable, and a ¥6,661 million reduction in fixed assets largely attributable to a ¥5,182 million decrease in intangible fixed assets and a ¥2,384 million fall in investment securities.

• Liabilities

Total liabilities at fiscal year-end amounted to ¥26,797 million, down by ¥3,847 million year-on-year. This was attributable primarily to a ¥4,233 million decrease in current liabilities resulting from factors including a ¥3,080 million decline in notes and accounts payable and a ¥1,185 million drop in accrued income taxes.

• Net Assets

Total net assets amounted to ¥75,395 million, down by ¥10,912 million from the previous fiscal year end. The principal factors behind this were a reduction of ¥2,180 million in retained earnings due to distribution of surpluses and changes in accounting standards at overseas consolidated subsidiaries, a drop of ¥3,004 million due to purchase of treasury stock, and a fall of ¥5,414 million resulting from foreign currency translation adjustments.

• Analysis of Cash Flows

Consolidated cash and cash equivalents declined by ¥483 million, or 2.8%, year-on-year, to a total of ¥16,709 million at the year-end. The following is a description of the status of each type of cash flow during the year, and the underlying factors.

• Cash flow from operating activities

Net cash provided by operating activities totaled ¥6,233 million, down by 33.4% from the previous year. Income before income taxes totaled ¥4,723 million, deprecia-

tion and amortization amounted to ¥4,769 million, and trade notes and accounts receivable decreased by ¥3,576 million, while income taxes paid totaled ¥3,597 million and accounts payable decreased by ¥2,584 million.

• Cash flow from investing activities

Net cash used in investing activities was ¥2,453 million, indicating an increase of 88% over the previous year. Although proceeds from withdrawal of time deposits amounted to ¥4,170 million, payment for acquisition of intangible assets totaled ¥2,674 million, increase in time deposits amounted to ¥2,644 million, and payment for purchase of property, plant, and equipment was ¥1,925 million.

• Cash flow from financing activities

Net cash used in financing activities totaled ¥5,693 million, indicating a decrease of 111.1%. This was chiefly due to payment for purchase of treasury stock amounting to ¥3,004 million and dividends paid by parent company of ¥2,540 million.

Reference: Trend of cash flow indicators

	At Mar. 31, 2005	At Mar. 31, 2006	At Mar. 31, 2007	At Mar. 31, 2008	At Mar. 31, 2009
Equity ratio (%)	72.5	74.8	74.4	73.0	72.9
Fair value equity ratio (%)	95.0	156.0	103.6	70.6	58.8
Ratio of cash flow to interest-bearing liabilities (%)	26.0	42.2	36.2	17.5	24.1
Interest coverage ratio	255.8	88.1	125.3	166.6	200.7

Notes: Equity ratio: Equity capital/Total assets

Fair value equity ratio: Gross market capitalization/Total assets

Ratio of cash flow to interest-bearing liabilities: Interest-bearing liabilities/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest payments

Assumptions

- All indicators are calculated on the basis of consolidated financial values.
- Gross market capitalization is calculated by multiplying the closing price of the Company's shares at the year-end by the number of shares of common stock issued and outstanding at the year-end (less treasury stock).
- Cash flow from operating activities refers to cash flow from operating activities posted under the consolidated statements of cash flows. Interest-bearing liabilities refers to those of the liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with interest paid stated in the consolidated statements of cash flows.

Operating and Other Risk

Among the matters relating to the qualitative information contained in these summary financial statements and relating to the consolidated financial statements, the following are those that could be envisaged as having a possible material impact on investors.

Matters that are considered to be potential risk factors in the undertaking of business by the Amano Group either now or in the future are estimated to the greatest extent possible, and the risk factors are then addressed and eliminated in the course of business activities.

Matters relating to the future are those that are adjudged to be so as of the date of the release of these financial results (May 8, 2009).

(i) Impact on earnings of changes in the operating environment

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

In the year ended March 31, 2009, the time information system business accounted for 69.9% of total sales, and the environment system business accounted for 30.1%. Be-

fore deduction of unallocated expenses the time information system business contributed 60.8% to operating profit, while the environment system business contributed 39.2%. In terms of weighted average sales over the most recent five years, time information system business accounted for 66.9% of total sales and for 71.3% of operating profit.

With respect to future risk factors, in each business activity within the time information system business segment, which accounts for a large proportion of the Group's business, if market expansion is expected for such reasons as a significant change in the demand structure or the creation of a new market, it can be expected that this will attract entry by entities in other industries or by other powerful competitors. In that event, if a competitor were to enter with innovative products or solutions that surpass Amano's, the Amano Group's market advantage would decline, and that may have a material impact on its business performance.

(ii) Fluctuations in exchange rates

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

(iii) Information security

In order to offer system solutions and undertake the application service provider business, the Amano Group handles confidential information such as personal information concerning customers or provided by customers. In view of this, the Group has developed a structure for the management of confidential information, implements thorough staff training, and uses software to prevent leaks of information for the purpose of preventing network access to confidential information and of preventing leaks of confidential information through the removal of data and information. To that end it has also established an Information Security Management Committee to ensure a foolproof structure. Nevertheless, in the event that an unforeseen situation were to arise, and information of the kind described above were to be disclosed externally, resultant factors such as loss of confidence may have a material impact on the Group's business performance.

Issues to be Addressed

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

1) Time information systems business

- Information systems business

Amid continuing efforts by labor authorities to more strictly monitor unpaid overtime and long working hours (overwork) in order to eradicate these practices, there is strong potential demand as companies establish T&A systems aimed at appropriately managing working hours. However, the rapidly deteriorating economic situation is restricting capital expenditure and market conditions are worsening week by week, with falling numbers of large-scale system projects and postponement of negotiations for new orders.

In this market environment, we will focus on spurring latent demand in our T&A solutions business targeted at both large companies and the public sector; launching enhanced software and strengthening marketing structures by increasing system engineers. We also aim to expand business in the door security field, where the need to protect personal information has raised the priority placed on control of access to offices in which such information is handled.

To enhance the profitability of this business we will cut costs by standardizing system software for our solutions business and expand sales of standard software packages to small and medium-scale business establishments, so as to boost earnings capacity.

Overseas, we aim to merge the systems, equipment, and customer base

of Horosmart, S.A. (France) with Amano systems and equipment to continue increasing business in the French market and using this as a springboard to extend sales channels across Europe as a means of expanding our business in this region.

- Parking systems business

Although the impact of gasoline price hikes has lessened, the parking systems business continues to face a difficult environment as the parking lot market matures, the trend towards restraint in vehicle use becomes more pronounced, and vehicle sales decline. In this environment we will focus on spurring demand for replacement of existing parking lot equipment driven by growing use of electronic money. We will steadily meet the needs of existing customers by offering added-value products with in-built IT functions and forging ahead with comprehensive solutions business, including maintenance and parking lot management services. We will also increase sales of systems equipment to meet the market for bicycle parks that has arisen as a result of the problem of illegal parking of bicycles, and take further steps to expand the market for expressway-crossing safety gates and gate systems controlling entry and exit to and from sites such as factories.

In order to boost profitability, we will make efforts to standardize special-order products and strengthen profit control for each site.

Overseas, we aim to expand business and establish ourselves as the top manufacturer of parking systems in the North American market, leveraging the strengths of Amano McGann, Inc. to further boost sales by building closer relationships with customers. We also aim to secure the largest

market shares in Europe and Asia, proactively expanding our global operations.

2) Environment systems business

- Environment systems business

Potential demand in environment systems business remains steady, underpinned by companies' efforts to comply with environment-related laws and regulations in their plants and to reduce the burden they place on the environment. However, the rapidly deteriorating business situation for manufacturers-especially Japanese automakers-is restricting capital expenditure, and uncertainty over future market conditions is growing.

Given these circumstances, we will strengthen our capability of developing new products with less environmental impact, launch new products to match the reduction in size and the diversification of machine tools, and enhance our lineup of dust-explosion-proof technologies to raise safety standards. We also aim to spur latent demand by expanding our maintenance business and further strengthen profit control for each site in order to boost profitability.

In overseas markets, we will expand business in Asia by building stronger ties with overseas Group companies in order to enhance our services to Japanese companies operating in China, Thailand, and other Asian countries.

3) Human resource development

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

Domestic Marketing

Business Activities

Information Systems

Strengthened products lineups with new Time & Attendance Information Systems released

Amano's Time & Attendance Information Systems are used in various scenes such as small and large businesses, including shops regardless of locations of the business. With diversified data entry, ranging from IC cards - growing use for Employee cards and ID cards, to biometrics (finger vein identification) - recent development to attract market attention, Amano delivers an optimal system to suite for customer's network environment and enhances the benefits of customers to their individual needs.

Amano's lineups have been reinforced with additional new products released to further support the Time & Attendance Information Systems already available with the best features for various scenes. In particular, "AGX-300AV/AGX-350AV" series, a "Finger Vein (Biometrics) Identification Model" released in January 2009, has high expectations as a successor model of "AGX-30N/AGX-30V" series, which is already receiving good market acceptance. Also, "SX-100" series, released at the end of April 2009, is another Time & Attendance Information System designed for a low-cost model to be used in large volume by national accounts of service/distribution businesses.



Small/low-cost Model SX-100 Series



Finger Vein Identification Model AGX-350AV Series

Time Management Equipments

Strengthened sales efforts for Attendance Package Software to comply with the new Labor Standards Act to be effective in April 2010. "TimePro-XG" series, "TimeAsset"

"Amendment to the Labor Standards Act" will become effective on April 1, 2010 with objectives to maintain workers' health and achieve work-life balance by seeking to limit long working hours. The new Act is intended to increase the overtime work compensation rate and allow to take annual paid leave by the hour. Amano is providing Attendance System "TimePro-XG" series supporting every size of businesses / industries, and proactively strengthening the feature of the package software for expected new and upgrading requirements to be driven by the law amendment. Also, "TimeAssets," an Attendance System Application for large businesses with larger number of employees now has additional "SQL-Server Version" to its basic package to manage data under central control. Amano continues to support our customers with full-lineups of hardware, newly released models and package software with strong features and unique solutions that best meet the needs of our customers.



Amano Time & Attendance Solution Integrated System

Parking Systems

Prevents unauthorized entry to building/factory, Simultaneously manage IN/OUT history of "Vehicle" and "People" <Dedicated Security Gate> IC Card Reader

Amano has been providing an array of Parking Management System, and currently is strengthening the product competitiveness with the latest technology for a wide variety of IC cards (including electronic money), IC tags, and ETC radio technology to our parking system products and solutions. Also, by integrat-

ing parking products with Time Information Systems and recommending holistic solutions by combining time & attendance with access control management, Amano aims at provoking new demands to market expansion. Our new product, "Proximity IC Card Reader GT-3200M/F", a dedicated card reader for security gate, combined with "TimePro-XG Access" software, is a security unit with new concept realizing car gate access control with real time communications. It allows using access control system within the same site by using one single IC card, which realizes to build a total security system of "vehicle" and "people". With abundant operational modes complying with security levels, additional access history control of "vehicle" to factories/offices, access control of "people" to management sites is possible at the same time to build a true security control with consolidated data.



Amano Management Service Corporation, starts to seek membership for Electronic Money at parking lots

Recently, installation of pay stations supporting transportation electronic money cards ("Suica*" or "PASMO*" in Tokyo metropolitan area and "ICOCA*" in Kansai area) is growing rapidly.

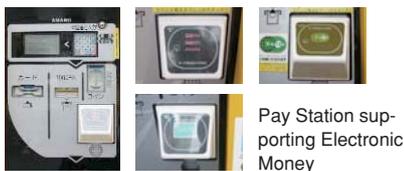
In an effort to penetrate the market with this pay station to support electronic money cards, Amano Management Service Corporation, which has full know-how of parking lot management and commissioned business services has started seeking membership for parking lots to accept electronic money cards

in January 2009. An environment where a wide variety of payment methods are available is expected to better serve the benefits of parkers.

*Suica is a registered trademark of JR East Japan Railway Company

*PASMO is a registered trademark of PASMO Co., Ltd.

*ICOCA is a registered trademark of JR West Japan Railway Company.



Pay Station supporting Electronic Money

Environmental Systems

New Mist Collectors' released one after another

As part of our growth strategy of environmental business, new small size environmental products were released in April 2009 one after another.

Mist collector "MJ" series is designed to remove mists with larger particles in size coming from various machine tools including machining center. As opposed to filtering method, a new "Cyclone & Rotating Disk" for a mist collecting method reduces plant/operational cost since it does not require any labor or cost to replace the filter. Existing electronic mist collectors are designed to electronically remove oily smoke (oil mist), hazardous substances to eyes or lungs of workers generated from various cutting machines, with charged electrodes, which require regular cleaning. On the contrary, the newly released "EM-SC" series is a carefree mist collector with "self-cleaning



Filterless Mist Collector MJ-5

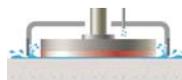
Equipped with Self-cleaning Function Electric Mist Collector EM-15SC

function" (patent pending), which cleans the electrodes without using water or detergent.

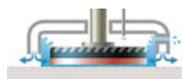
Cleaning Systems

<Water-Saving> Automatic floor scrubbers "SE-500ss" reduces environmental stress

Amano provides a variety of user friendly automatic floor scrubbers ranging from walk-behind models - compact/light and portable design, to ride-on models for scrubbing floors of large commercial facilities, public transportations such as airport/station and large warehouse/factory with large cleaning area. Recently, "reduction of environmental stress" is becoming more important when selecting a product. A new model "SE-500ss" is the latest design, addressing environmental aspects with an "Air Sealing Mechanism" (patent pending) using a new cleaning water saving technology, based on our best seller machine "SE-500e" designed for a hard floor scrubber. The new model reduces cleaning water to about half over our existing "SE-500e". Advantageous effect of reducing the cleaning water to half do not just save water but also reduce disposal of collected wastewater and detergent to reduce environmental stress.



Current cleaner



SE-500ss cleaner

Water-saving type Automatic Floor Scrubber SE-500ss



Domestic Group Companies

Electrolytic water effective in preventing infection of influenza virus and Norovirus "Q-CUTE," a Compact Electrolytic Water Generator for handwashing

now on market

<Amano Eco Technology Corporation>

Amano Eco Technology Corporation, focusing on research and development of applied technology to electrolytic water, released "Q-CUTE, a Compact Electrolytic Water Generator for Handwashing" which is the smallest/lightest in the industry and effective in preventing infection viruses such as flu and Norovirus by washing hands in a hygienic way (Wash hands by using alkaline electrolytic water first and then acidic electrolytic water for 15 seconds each), and started delivery from March 2009. Electrolytic water is generated by electrolysis of thin salt solution, which is made by adding a small amount of salt to tap water. Acidic electrolytic water is used for washing and sterilizing hands and endoscopes in the medical field. In the food area, it is used as food additives (as cleaning disinfectant of foods) with the name Hypochlorous acid water and authorized by Ministry of Health, Labour and Welfare. Also, the alkaline electrolytic water produced at the same time when acidic electrolytic water generate, has an effect to degrade and clean oil and fat content, and is used as a new aquatic cleaner for industrial purpose such as cleaning parts. The "Q-CUTE" designed with the concept of "Hygiene Controls begin and end with "Handwashing," is expected to be used in various "Handwashing" scenes such as restaurants, schools, day care centers, pet shops, senior care facilities, company canteens and backyard (warehouse and kitchen) of grocery stores.



"Q-CUTE" Compact Electrolytic Water Generator

Amano Group Companies

Amano Europe Holdings, N.V.

The entry of the French work force management solution provider HOROQUARTZ into the AMANO group as from February 1st 2008 can be called successful. In 2009 we entered into the second phase of the post acquisition integration plan focusing on both the preservation of our leadership position in the French market and on exporting the successful business model to other countries.

This geographical expansion is supported by continuous innovation and development of the work force management suite for which a seamless integration of the several sub-components like planning, time management, job-costing, access control, IT security, and identity management modules is one of the key factors of success.

Profound understanding of the customers needs, in his continuous search for optimization, but with respect of human values is essential in order to establish a long term fruitful relationship. Indeed it is the second pillar of our successful approach.

We have been setting up strategic partnerships and integrations with ERP vendors, system integrators and HR solution providers. Because of our global presence we also show the ability to handle international accounts.

In the entry level market of time recorders and smaller time and attendance systems for mainly SME (small and medium-sized enterprise), the traditional market segment of Amano in Europe, we launched new and innovative solutions with ITR-10, an out of the box time and attendance terminal with embedded software, and iTime, a SaaS (Software as a Service) time and attendance solution, focusing on reducing the total cost of ownership and on a service based business model. Both solutions have proven to be a valid alternative in the low and middle end segment of the time and attendance market. Additionally these solutions offer the basis for a seamless migration to bigger systems whenever these needs might emerge.

Case study: International account Alstom.



The group is present in 70 countries with about 60 000 employees.

In 2006 the Transport division decided to deploy the Horoquartz solutions on all its sites over several years to answer different needs:

- Personnel identification and badge issuing with 'Card manager' solution,
- Access control and visitor management with 'Protecsys' solution,
- Time and activity management with 'eTemptation' solution.

In the mean time we have successfully installed these WFM (Work Force Management) solutions in several Alstom subsidiaries in North and South America, Europe and China.

Amano launched a new Parking product in Europe

In Europe, the most innovative parking market in the world, Amano has been successfully searching to get a foothold in that market as Amano already has in the other continents.

To succeed in Europe, Amano developed a new parking product, called Xparc, in a joint venture with Axotex GmbH. The product is based on a full network solution using barcode as basic card technology. In addition, the system is able to handle all other card technologies as option.

The system supports a full IP integration of video and intercom, which obliges the customer to use the Xparc system as a total management system of car parks. The modular structure of the Software and data exchange



makes it possible to connect the parking management system with other systems like ERP systems, card facility systems etc.

The Software has been developed to offer a solution for each customer in several market segments without customization.

Xparc was launched in 2008 in the Netherlands, a market with high requirements in the field of integration and use of video as supporting tool for managing the car park facility.

The team in the Netherlands showed the success of Xparc by winning 50% of the public tenders in the market. Also the introduction in other markets like Belgium was showing a good interest in the product and changed Amano's image to a company with an innovative product with an exclusive design. The sales team in Belgium achieved with this product the objective of being back as preferred supplier of parking management systems in the Hospital and Hotel segment.

Also, the introduction in the East European market shows Amano to be on the right track and to have a product ready for success in the near future.



XP-7900



Amano USA Holdings, Inc.

Amano USA Holdings, Inc. continues to pursue its goal "to achieve sustainable and profitable growth and be the very best in our chosen markets". This goal requires constant innovation in the design and development of our products, and the provision of superior service to our customers.

Amano McGann, Inc. — Parking

Continued growth in the parking division through acquisition and consolidation

Amano McGann, Inc. (AMI) acquired ASSI Security (California) in February 2008 and merged it with its Yorba Linda, CA support center to create a direct sales and support business. In addition to this key acquisition, AMI integrated the parking operations of five other Amano businesses in Atlanta, St. Louis, Cincinnati, Connecticut and California.

Engineering milestone

AMI implemented its new hot staging operations in the Ohio factory. This initiative has significantly improved the testing process as well as created a very positive image of our parking operations with Customers and consultants alike.

Product development

The new iParc Professional Parking Management Software was released. It provides web based reporting and parking facility management and allows owners and operators to consolidate staffing and manage multiple facilities from a central or mobile location.

The new look AMG Lane equipment was introduced at the International Parking Institute Show in May 2008. The new look is highlighted with blue LED illuminated



issuing throat, stainless buttons, new display, stainless message plate that can be customized with facility name, integrated proximity reader option and other innovative enhancements to be announced.

Success stories

AMI was awarded the contract to install and maintain the parking revenue control systems for the Meadowlands Xanadu project, the largest retail and entertainment complex in the United States and the third largest in the world with 4,500,000 square feet of entertainment, sports, retail, office, and hotel space. The project calls for 120+ lanes of parking control equipment, 50+ central pay stations, 30 fee+ fee computers along with revenue, count, event, hotel and valet system software and hardware components.



Other major installations include Indianapolis Airport, Colorado Springs Airport, Mount Auburn Hospital, Calhoun Square Expansion, University of St Thomas, Idaho Falls Airport, Bangor International Airport, Water Garden Los Angeles, the Gates Foundation Project, Seattle Airport Marriott, and more.



Amano Cincinnati, Inc. — Time Management Solutions

Amano introduces its newest all-in-one fingerprint Time & Attendance system

Amano Cincinnati, Inc. (ACI) released its first fingerprint Time & Attendance system, Time Guardian FPT-40, for small to large enterprises. This time clock system minimizes payroll, eliminates the cost of issuing and reissuing cards and badges, while reducing manual calculation errors. This economical biometric system also interfaces with most common payroll applications, thereby providing a complete turn-key solution to accurately and efficiently manage your payroll.

Amano Time Guardian receives great market reviews

ACI was awarded the Gold Developer status for Time Guardian's integration with QuickBooks, possibly the most recognized small business accounting software. Time Guardian also received a "spectacular" rating (9.0/10.0) from QuickBooks ProAdvisor for its performance. The ProAdvisor Program rates



compatible software solution to help clients grow their practice.

All new web-based dealer system

ACI rolled out Phase II of its Dealer Portal to include the ordering of brochures and customized mailers directly online; the viewing of training schedules and events, product releases and the list of certified technicians.



New packaging for the retail market

New packaging for its retail partners in the United States, Mexico and Canada were re-released.

Amano Cincinnati, Inc. — Security Systems

On the move

To accommodate the rapid growth in the Security Systems business, the Florida office was relocated to a recently renovated 3,800 square feet location offering larger conference and training space, more office space, storage space for inventory.

New product development

ACI successfully introduced the Nexus 220 System to United States, Canadian and Latin American markets. Nexus 220 is the next generation in access control which bridges the gap between small and medium access applications. The system is produced in the United States.



Success stories

ConocoPhillips oil refinery in Texas, one of the largest in North America, chose ACI for its Access Control System. The installation began with the deployment of Amano's Digital Video Recorders for surveillance. The system will expand to support 200 cameras along with the existing AmanoNet access control system that already includes approximately 400 proximity card readers and 10 000 card holders.

ACI installed nearly 100 DVRs and some 1600 Amano branded cameras located in schools and administration facilities including approximately 37 buildings all across Albany, Georgia.

Other major installations include the Capitol One building in downtown Lake Charles, LA; Edmond Public Schools; Huntington College; HCA Hospitals in FL; the City of Greensboro; Youth Villages in Memphis; First Baptist Campus in Tennessee; The State of Maine Court System; Rockland County and Lawrence Airport; Dongara Recycling Plant in Canada.

Expansion in Latin America

ACI signed a distribution contract with International Security & Trading (ISTC) to be one of our major distributors in Latin America. ISTC specializes in offering complete security solutions to all of Latin and South American as well as the Caribbean markets, offering the latest in security technologies. Their product offerings feature over 120 of the industry's leading manufacturers providing CCTV



Security System Equipment, Access Control Systems, Fire Alarm Systems, Burglar Alarm, and Life Safety Equipment. These systems

are used by the private sector, government institutions and other industrial entities.

Amano Pioneer Eclipse — Cleaning Technologies

New product launch

After the launch of the PowerStar Concrete and Stone Care Division late last year, APEC presented several new products at the World of Concrete Show to include the Mongrel and PowerStar CGI Concrete Grinders along with their line of accessories, cleaners and degreasers.

Expansion of the EnviroStar green line

The EnviroStar Green line was expanded with the addition of BrightStar, a new floor coating with improved clarity, brightness and buff response. Also added is a low odor stripper recognized by DfE (Design for the Environment) program for Safer Chemistry and certified by Green Seal.



Business expansion and major installations

United Cleaning expanded the use of APEC machines with the purchase of 106 SpeedStar Burnishers for installation in Loblaw Supermarkets. In addition, Loblaw Company in Canada has agreed to gradually convert 900+ Supermarkets to an EnviroStar Green Floorcare Program. Columbia University selected APEC EnviroStar Green Systems for 10 additional buildings.

Distributor programs for PowerStar products were installed at 21 Sherwin Williams stores, the largest producer of paints and coatings in the United States. APEC also successfully started a floorcare program with Brookshire Foods (44 Stores). Brookshire Grocery Co. has more than 150 supermarkets operating in Texas, Louisiana, Arkansas and Mississippi.

Amano Integrated Systems

Business development & industry recognition

Amano Integrated Systems, Inc. (AIS) expanded its product portfolio by adding Fire Systems monitoring. A sales team member was added for the coverage of the New York area for access and multi-space meters. In addition, AIS was recognized by Notifier, a top manufacturer of Fire Alarm Systems, as Best Performing Distributor for reaching \$1M in sales.

Amano Time&Air Singapore Pte. Ltd.

EPS delivered to "Singapore American School"

Amano Time&Air Singapore Pte. Ltd. (ATAS) won an order of EPS* (Electric Parking System) from "Singapore American School" in November 2008, and delivered the parking management system in December the same year.

The delivered system is with one entrance and one exit (1IN-1OUT) with separate lanes for entrance and exit. There are two EPS antennas installed at the entrance to verify that an entering vehicle is a contracted vehicle. If it is a contracted vehicle, the entrance gate

will open to allow it to enter. On the other hand, the exit is free to exit.

Before the system was installed, the guard had to manually identify that an entering vehicle was a contracted vehicle, which generated a congestion during morning and evening rush hours with vehicles for picking-up/dropping-off.

By implementing this EPS system, smooth entrance and exit became possible without any congestion. Moreover, they were able to reduce workforce at the entrance and exit, while ensuring good security to their great satisfaction.

Currently, "Singapore American School" is considering adding a similar system to their rear gate. This school is the largest international school in Singapore, and we expect that this will trigger other international schools to consider installing similar systems to their school as well.

* EPS: EPS (Electric Parking System) is a ticketless parking system based on ERP (Electric Road Pricing) highway toll collection system in Singapore.



Amano Malaysia Sdn. Bhd.

Situation of Parking Lot Business

Amano Malaysia Sdn. Bhd. was established in 2005, separating from Amano Cleantech Malaysia Sdn. Bhd. (Specialized in sales/maintenance of environmental products), with objectives to strengthen the sales of Parking Systems and Time Information System in Malaysia. Amano Malaysia Sdn. Bhd. is in business of selling Parking Equipment, Time Information Systems in Malaysia, and expanding sales of parking equipment to areas including India and Australia.

In Southeast Asia including Malaysia, since public transportation infrastructure is still underdeveloped, they have no choice but to depend on private cars and motorcycles for transportation, which makes early-morning and evening commuter jam very common. It is not unusual that many large parking lots have over 1,000 spaces in Malaysia to accommodate a large number of commuter/shopper vehicles.

Albeit presence of many European manufacturers, local manufacturers as well as many other parking operation companies in this dynamic competitive market, Amano receives high recognition for our high performance, good quality and stability and we are steadily growing in market shares by delivering systems that accept membership cards and parking fees tied to large shopping malls in Malaysia and Australia. We were also successful in airport projects both in New Delhi and Mumbai in India, where it is recently developing rapidly. With the number of registered vehicles in the Asian markets sure to increase, it is expected that the market will further expand with growing demand for parking equipment.



AMANO Corporation and Subsidiaries
Financial Highlights

For the years ended March 31, 2009 and 2008.

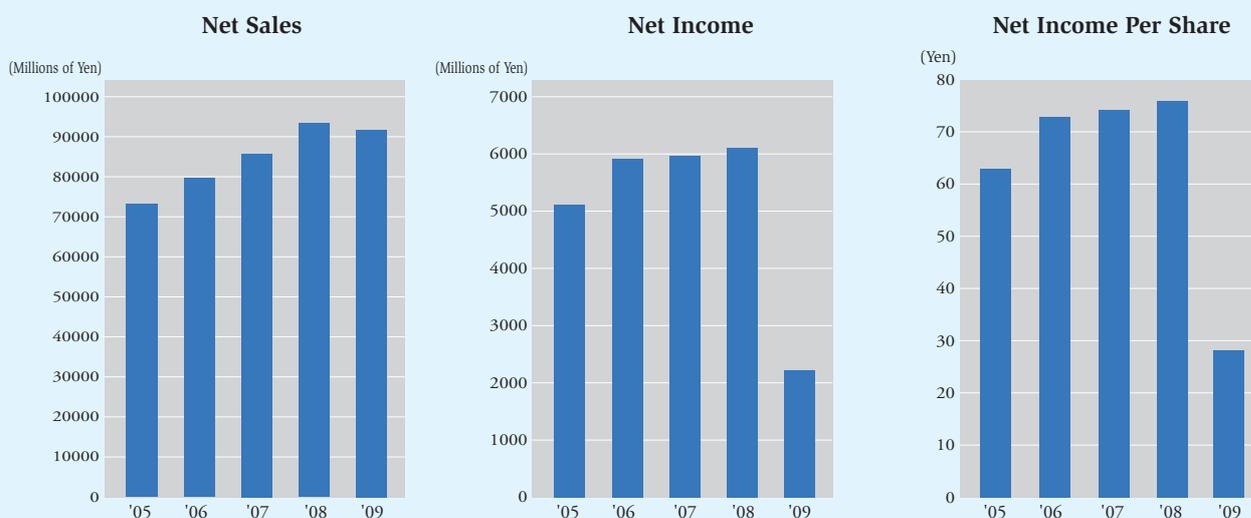
Yen in millions and U.S.dollars in thousands, except per share amounts

- See Note 5 to the Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2009	2008	2009
For the years ended March 31:			
Net Sales	¥91,812	¥93,351	\$936,857
Net Income	2,214	6,104	22,592
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	¥28.14	¥75.96	\$0.287
Cash dividends per common share	30.00	34.00	0.306
At March 31:			
Total assets	¥102,192	¥116,951	\$1,042,776
Working capital.....	32,456	36,321	331,184
Total net assets	75,395	86,307	769,337
Sales by product:			
Time information systems.....	¥19,848	¥16,266	\$202,530
Time management equipment.....	5,361	6,628	54,704
Parking systems	38,968	40,062	397,633
Environmental systems.....	19,066	20,808	194,551
Cleaning systems.....	8,569	9,587	87,439

Note: U.S.dollar amounts have been translated at the rate of ¥98 = US \$1, the rate prevailing on March 31, 2009.

-See Note 5 to the Consolidated Financial Statements.



Consolidated Balance Sheets

As at March 31, 2009 and 2008.

ASSETS	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2009	2008	2009
Current assets:			
Cash and bank deposits	¥18,720	¥20,545	\$191,020
Marketable securities	1,192	1,000	12,163
Notes and accounts receivable:			
Trade	23,651	28,749	241,337
Less allowance for doubtful accounts	(199)	(150)	(2,031)
	23,452	28,599	239,306
Inventories	6,485	7,825	66,173
Deferred tax assets	1,313	1,377	13,398
Other current assets	1,478	1,392	15,083
Total current assets	52,640	60,738	537,143
Property, plant and equipment at cost:			
Buildings	26,187	26,528	267,214
Machinery and equipment	19,156	19,880	195,470
Lease assets	810	–	8,265
	46,153	46,408	470,949
Less accumulated depreciation	(31,720)	(31,121)	(323,673)
	14,433	15,287	147,276
Land	7,156	6,582	73,020
Construction in progress	1,258	183	12,837
Total property, plant and equipment	22,847	22,052	233,133
Intangible fixed assets :			
Goodwill	7,402	12,637	75,531
Software	4,357	4,512	44,459
Software in progress	1,145	1,443	11,684
Other Intangible fixed assets	632	126	6,448
Total intangible fixed assets	13,536	18,718	138,122
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	1,177	962	12,010
Investments in securities	3,347	5,947	34,154
Leasehold deposits	1,099	1,064	11,214
Deferred tax assets	2,599	2,232	26,520
Other assets	5,402	5,705	55,123
Less allowance for doubtful accounts	(455)	(467)	(4,643)
Total investments and other assets	13,169	15,443	134,378
Total	¥102,192	¥116,951	\$1,042,776

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2009	2008	2009
Current liabilities:			
Short-term bank loans	¥44	¥191	\$449
Lease obligations.....	174	–	1,776
Trade notes and accounts payable.....	8,960	12,040	91,429
Accrued expenses.....	4,983	4,974	50,847
Accrued income taxes.....	688	1,873	7,020
Other current liabilities.....	5,335	5,339	54,438
Total current liabilities.....	20,184	24,417	205,959
Long-term liabilities:			
Accrued retirement benefits to employees.....	4,208	4,372	42,939
Long-term accounts payable	932	–	9,510
Lease obligations.....	719	–	7,337
Accrued retirement benefits to directors and corporate auditors ...	–	715	–
Deferred tax liabilities.....	394	726	4,020
Other long-term liabilities	360	414	3,674
Total long-term liabilities	6,613	6,227	67,480
Net assets:			
Shareholders' equity:			
Common Stock			
Authorized- 185,476,000 shares			
Issued:			
March 31, 2009 - 81, 257, 829 shares.....	18,240	–	186,122
March 31, 2008 - 81, 257, 829 shares.....	–	18,240	–
Capital surplus	19,567	19,567	199,663
Retained earnings	47,045	49,225	480,052
Treasury stock at cost, 4,656,810 shares in 2009 and 866,647 shares in 2008	(3,715)	(711)	(37,908)
	81,137	86,321	827,929
Valuation and translation adjustments			
Net unrealized gains (losses) on other securities	(304)	66	(3,102)
Foreign currency translation adjustments.....	(6,370)	(956)	(65,000)
	(6,674)	(890)	(68,102)
Minority interests in consolidated subsidiaries	932	876	9,510
Total net assets	75,395	86,307	769,337
Total.....	¥102,192	¥116,951	\$1,042,776

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

For the years ended March 31, 2009 and 2008.

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2009	2008	2009
Net sales	¥91,812	¥93,351	\$936,857
Cost of sales	51,617	53,348	526,704
Gross profit	40,195	40,003	410,153
Selling, general and administrative expenses	34,824	29,992	355,347
Operating income	5,371	10,011	54,806
Other income (expenses) :			
Interest and dividend income	310	332	3,163
Interest expense	(38)	(58)	(388)
Equity in earnings of affiliates	62	47	633
Foreign exchange losses	(655)	–	(6,684)
Gain on abolishment of retirement benefit plan...	281	–	2,867
Gain on sale of fixed assets	13	15	133
Loss on disposal of fixed assets	(132)	(175)	(1,347)
Loss on sale of fixed assets	(9)	(12)	(92)
Gain on sale of investments in securities	13	–	133
Loss on sale of investments in securities	(44)	–	(449)
Loss on sale of investments in consolidated subsidiaries	–	(93)	–
Loss on write-down of investments in securities	(576)	(30)	(5,877)
Other, net	127	91	1,296
Income before income taxes and minority interests....	4,723	10,128	48,194
Income taxes :			
Current	2,264	4,007	23,102
Deferred	78	(151)	796
Income before minority interests	2,381	6,272	24,296
Minority interests in net income of consolidated subsidiaries	(167)	(168)	(1,704)
Net income	¥2,214	¥6,104	\$22,592
		Yen	U.S. dollars (Note 5)
Net income per share, basic	¥28.14	¥75.96	\$0.287
Cash dividends per common share	30.00	34.00	0.306

The accompanying notes are an integral part of these statements.

Consolidated Statements of Net Assets

For the year ended March 31, 2009.

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	¥18,240	¥19,567	¥49,225	(¥711)	¥86,321
Changes during the year					
Dividends from surplus			(2,715)		(2,715)
Net income			2,214		2,214
Purchase of treasury stock				(3,004)	(3,004)
Reduction in retained earnings due to change in accounting policies applied to foreign subsidiaries			(1,642)		(1,642)
Reduction in retained earnings from merger of consolidated and nonconsolidated subsidiaries			(37)		(37)
Net changes in items other than shareholders' equity					
Total changes during the year	-	-	(2,180)	(3,004)	(5,184)
Balance at March 31, 2009	¥18,240	¥19,567	¥47,045	(¥3,715)	¥81,137

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gains(losses) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2008	¥66	(¥956)	(¥890)	¥876	¥86,307
Changes during the year					
Dividends from surplus					(2,715)
Net income					2,214
Purchase of treasury stock					(3,004)
Reduction in retained earnings due to change in accounting policies applied to foreign subsidiaries					(1,642)
Reduction in retained earnings from merger of consolidated and nonconsolidated subsidiaries					(37)
Net changes in items other than shareholders' equity	(370)	(5,414)	(5,784)	56	(5,728)
Total changes during the year	(370)	(5,414)	(5,784)	56	(10,912)
Balance at March 31, 2009	(¥304)	(¥6,370)	(¥6,674)	¥932	¥75,395

Thousands of U.S. dollars (Note 5)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	\$186,122	\$199,663	\$502,296	(\$7,255)	\$880,826
Changes during the year					
Dividends from surplus			(27,704)		(27,704)
Net income			22,592		22,592
Purchase of treasury stock				(30,653)	(30,653)
Reduction in retained earnings due to change in accounting policies applied to foreign subsidiaries			(16,755)		(16,755)
Reduction in retained earnings from merger of consolidated and nonconsolidated subsidiaries			(377)		(377)
Net changes in items other than shareholders' equity					
Total changes during the year	-	-	(22,244)	(30,653)	(52,897)
Balance at March 31, 2009	\$186,122	\$199,663	\$480,052	(\$37,908)	\$827,929

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gains(losses) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2008	\$673	(\$9,755)	(\$9,082)	\$8,939	\$880,683
Changes during the year					
Dividends from surplus					(27,704)
Net income					22,592
Purchase of treasury stock					(30,653)
Reduction in retained earnings due to change in accounting policies applied to foreign subsidiaries					(16,755)
Reduction in retained earnings from merger of consolidated and nonconsolidated subsidiaries					(377)
Net changes in items other than shareholders' equity	(3,775)	(55,245)	(59,020)	571	(58,449)
Total changes during the year	(3,775)	(55,245)	(59,020)	571	(111,346)
Balance at March 31, 2009	(\$3,102)	(\$65,000)	(\$68,102)	\$9,510	\$769,337

Consolidated Statements of Cash Flows

For the years ended March 31, 2009 and 2008.

Thousands of U.S.
dollars (Note 5)

	Millions of Yen		2009
	2009	2008	
Cash Flows from Operating Activities:			
Income before income taxes.....	¥4,723	¥10,128	\$48,194
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization.....	4,769	3,914	48,663
Amortization of goodwill.....	860	-	8,775
Increase (decrease) in provision for accrued retirement benefits	(142)	103	(1,449)
Increase (decrease) in allowance for doubtful accounts.....	(19)	83	(194)
Interest and dividend revenue.....	(310)	(332)	(3,163)
Equity in earning of affiliates.....	(62)	(47)	(633)
Interest expenses.....	38	58	388
Foreign currency translation (gain) loss.....	62	57	633
Loss on sale of investments in securities.....	31	-	316
Loss on write-down of investments in securities.....	576	-	5,878
Loss on sale of investments in consolidated subsidiaries.....	-	93	-
Gain on sale of fixed assets.....	(4)	(3)	(41)
Loss on disposal of fixed assets.....	132	175	1,347
(Increase) decrease in trade notes and accounts receivable.....	3,576	(1,511)	36,490
(Increase) decrease in inventories.....	627	1,341	6,398
Increase (decrease) in trade notes and accounts payable.....	(2,584)	46	(26,367)
Others.....	(2,771)	(498)	(28,276)
Subtotal.....	9,502	13,607	96,959
Interest and dividends received.....	359	390	3,663
Interest paid.....	(31)	(56)	(316)
Income taxes paid.....	(3,597)	(4,579)	(36,704)
Net cash provided by operating activities.....	6,233	9,362	63,602
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities.....	(2,192)	(2,000)	(22,367)
Proceeds from redemption of marketable securities.....	2,000	1,000	20,408
Payment for purchase of property and equipment.....	(1,925)	(3,204)	(19,643)
Proceeds from sale of property and equipment.....	39	1,125	398
Payment for acquisition of intangible assets.....	(2,674)	(2,513)	(27,286)
Payment for acquisition of investments in securities.....	(1,823)	(2,084)	(18,602)
Proceeds from sale of investments in securities.....	79	-	806
Proceeds from redemption of investments in securities.....	2,500	1,000	25,510
Payment for acquisition of investments in subsidiaries.....	-	(12,169)	-
Increase in time deposits.....	(2,644)	(5,708)	(26,980)
Decrease in time deposits.....	4,170	5,356	42,551
Loans to third parties.....	(2)	(104)	(20)
Acquisition of operation.....	(282)	(561)	(2,877)
Collection of loans.....	7	4	71
Others.....	294	(559)	3,000
Net cash used in investing activities.....	(2,453)	(20,417)	(25,031)
Cash Flows from Financing Activities:			
Proceeds from short-term bank loans.....	3	-	31
Repayment for short-term bank loans.....	(3)	(18)	(31)
Proceeds from long-term debt.....	95	341	969
Repayment for long-term debt.....	(142)	(489)	(1,449)
Payment for acquisition of treasury stock.....	(3,004)	(6)	(30,653)
Proceeds from sale of treasury stock.....	-	136	-
Repayments of finance lease obligations.....	(79)	-	(806)
Dividends paid.....	(2,540)	(2,643)	(25,918)
Dividends payment to minority interests.....	(23)	(18)	(235)
Net cash used in financing activities.....	(5,693)	(2,697)	(58,092)
Effect of exchange rate changes on cash and cash equivalents.....	1,423	254	14,521
Net increase (decrease) in cash and cash equivalents.....	(490)	(13,498)	(5,000)
Cash and cash equivalents at beginning of year.....	17,192	30,690	175,429
Increase in cash and cash equivalents resulting from merger of consolidated subsidiary and unconsolidated subsidiary.....	7	-	71
Cash and cash equivalents at end of year.....	¥16,709	¥17,192	\$170,500

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2009 and 2008.

1. Basis of Consolidated Financial Statements

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

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

2. Principles of Consolidation

(1) Scope of Consolidation

The Company had 27 subsidiaries at March 31, 2009; The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by the Company. Under the control concept, major subsidiaries in which the Company is able to exercise control over operations are to be fully consolidated.

The accounts of the overseas consolidated subsidiaries are prepared on the basis of a December 31 fiscal year-end, and are consolidated accordingly with the Company at March 31, 2009 and 2008, and for the years then ended.

The consolidated subsidiaries that have been consolidated with the Company for the year ended March 31, 2009 are as follows:

Company Name	Equity ownership %	Paid In Capital (Thousands)
1) Amano USA Holdings, Inc.	100%	US\$ 111,702
2) Amano Cincinnati, Inc.	100%	US\$ 23,172
3) Amano Cincinnati Canada, Inc.	100%	C\$ 439
4) Amano Integrated Systems, Inc.	100%	US\$ 4,349
5) Amano McGann, Inc.	100%	US\$ 46,418
6) Amano Pioneer Eclipse Corp.	100%	US\$ 4,606
7) Amano Europe Holdings N.V.	100%	EUR 72,094
8) Amano Europe N.V.	100%	EUR 17,850
9) Horosmart S.A.	100%	EUR 16,000
10) Horoquartz S.A.	100%	EUR 20,000

11) Horoquartz Marocco S.A.	100%	DH 200
12) Pial Technologies S.A.	100%	EUR 650
13) Scopus-Omnibadges S.A.S. *	67%	EUR 820
*Scopus S.A. and Omnibadges S.A. merged into a single entity, Scopus-Omnibadges S.A.S. on January 1, 2009.		
14) Amano Malaysia Sdn.Bhd.	100%	MR 2,500
15) Amano Cleantech Malaysia Sdn.Bhd.	60%	MR 200
16) ATAS E & C Services(M) Sdn. Bhd.	100%	MR 150
17) Amano Time & Air Singapore Pte. Ltd.	100%	S\$700
18) PT. Amano Indonesia	100%	IDR 1,928,000
19) Amano Thai International Co., Ltd.	43%	THB 8,000
20) Amano International Trading (Shanghai) Co., Ltd.	100%	US\$200
21) Amano Korea Corp.	100%	W 2,800,000
22) Amano Agency Corp.	44%	¥10,000
23) Environmental Technology Company	100%	¥20,000
24) Amano Management Service Corp.	73%	¥205,000
25) Amano Maintenance Engineering Corp.	65%	¥30,000
26) Amano Business Solutions Corp.	97%	¥300,000
27) Amano Musashi Electric Corp.	100%	¥10,000

Note: Investment in Parkinsys Technology Co., Ltd., a Taiwanese company, over which the Company has the ability to exercise significant influence (the Company owns 36.7 percent) is accounted for using the equity method.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates

None of the 9 unconsolidated subsidiaries and 1 affiliate are accounted for by the equity method, because the effect of their net income or losses and

retained earnings on the accompanying Consolidated Financial Statements are immaterial.

(3) Consolidation and Elimination

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

3. Summary of Significant Accounting Policies

(1) Cash and Cash Equivalents

Cash and cash equivalents include time deposits whose expiration dates are within three months.

(2) Inventories

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

(3) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the declining balance method, except for buildings acquired from April 1, 1998, computed on the straight-line method based on the estimated useful lives. The ranges of the useful lives of

assets are :

Buildings	7-50 years
Machinery and equipment	7-17 years

Cost of property, plant and equipment, retired or otherwise disposed of, and related accumulated depreciation, is eliminated from the respective accounts, and the resulting gain or loss is reflected in income during the applicable period. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

* Supplementary explanation:

Accompanying revisions in Japan's income tax law, the Company and its domestic consolidated subsidiaries have reviewed and changed the useful lives of their machinery this fiscal year. As a result, operating income and income before income taxes for the year ended March 31, 2009 decreased by ¥111 million.

(4) Intangible Assets

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

(5) Lease Assets

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

(6) Accounting for Financial Instruments

(a) Derivatives

All derivatives are stated at their fair values, with changes in fair value included in net profit or loss for the period in which they arise.

(b) Securities

Securities held by the Company and its subsidiaries are classified into four categories;

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at their fair values, with changes in fair values included in net profit or loss for the period in which they arise. Additionally, securities held in trusts for trading purposes are accounted for in the same manner as trading securities.

Held-to-maturity debt securities, that the Company and its subsidiaries have intent to hold to maturity, are stated at their costs after accounting for premium or discount on acquisition, which are amortized over the period to maturity.

Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the net assets at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity

securities issued by unconsolidated subsidiaries and affiliates, or other securities had declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(7) Appraisal of the Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of subsidiaries are accounted for the partial market-to-market accounting method.

(8) Foreign Currency Translation

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates and the resulting transaction gains or losses are taken into income currently.

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

Foreign currency denominated statements of overseas consolidated subsidiaries have been translated into Japanese yen using the method prescribed by the Business Accounting Deliberation Council of Japan. All items are translated at the rate of exchange prevailing at the respective balance sheet date, except common stock and capital surplus, which are translated at historical exchange rates. Differences arising from translation are presented as “Foreign currency translation adjustments” and “Minority interests” in the accompanying consolidated financial statements.

(10) Income Taxes

The Company recognizes tax effect of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(11) Allowance for Doubtful Accounts

In general, the Company and its subsidiaries provide the allowance based on the past receivables loss experience for a certain reference period. Furthermore, for receivables with financial difficulty which could affect the debtors' ability to perform their obligations, the allowance is provided for estimated unrecoverable amounts individually.

(12) Accrued Retirement Benefits to Employees

The Company and some of its Japanese subsidiaries recognize accrued pension and severance costs to employees based on the actuarial valuation of projected benefit obligation and plan assets at fair value. Prior service costs are amortized based on the straight-line method over a period of ten years. Actuarial gains and losses are amortized based on the straight-line method over a period of ten years starting from the beginning of the subsequent year.

***Supplementary explanation:**

On March 1, 2009, the Company abolished its tax-qualified pension plan and retirement lump-sum grant system, and shifted to a defined benefit corporate pension scheme and a

defined contribution pension scheme, applying Accounting for Transfer between Retirement Benefit Plans (ASBJ Guidance No.1). A gain of ¥281 million relating to this shift was booked as other income.

(13) Accrued Directors' Retirement Benefits

In order to provide for payment of retirement benefits to directors, the Company had reserved funds for the amount payable at the fiscal year-end in accordance with in-house rules for directors' retirement benefits, but the ordinary general meeting of shareholders held on June 27, 2008, resolved to abolish the directors' retirement benefits scheme effective from that date. In conjunction with the abolition of this system, it was decided to pay out the portion of directors' retirement benefits accrued up to the day of the ordinary general meeting of shareholders. These payments shall be made at the time each director retires and shall fully dispose of the reserve funds. These costs are booked as long-term accounts payable of ¥318 million under long-term liabilities and other current liabilities of ¥343 million under current liabilities.

(14) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(15) Net Income and Dividends per Share

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted net income per share is computed based on the net income available for

distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock subscription rights and stock options. Cash dividends per share shown for each fiscal period in the accompanying consolidated statements of income represent actual dividends declared as applicable to the respective fiscal period.

4. Changes in Accounting Policy

(1) Depreciation of Property, Plant and Equipment

The Company applied a revised depreciation method of fixed assets, one of Japanese tax system revisions, which was effective from April 1, 2007. As a result, operating income, and income before income taxes for the year ended March 31, 2008 decreased by ¥204 million*.

***Supplementary explanation:**

The negative impact by applying this revised depreciation method to the following fixed assets are as follows:

(i) The negative impact on the fixed assets acquired during the fiscal year beginning on April 1, 2007 is ¥87 million compared with the former depreciation method.

(ii) Property, plant and equipment acquired before March 31, 2007 are depreciated using the former method. As the net residual value after depreciation reaches 5% of the acquisition cost, the difference between the amount equivalent to 5% of the acquisition cost and the memorandum value is amortized on a straight-line basis over five years from the following fiscal year and included in depreciation expense. The negative impact on the fixed assets acquired before March 31, 2007 is ¥117

million compared with the former depreciation method.

(2) Application of Accounting Standards for Measurement of Inventories

As a result of applying the Accounting Standards for Measurement of Inventories (ASBJ Statement No. 9 issued July 5, 2006), from this fiscal year the valuation method has changed from cost basis to cost basis (write-down due to reduced profitability). This change has no impact on profits.

(3) Accounting Standard for Lease Transactions

The Company accounted for finance lease transactions not involving transfer of ownership using a method applied to rental transactions, however from this fiscal year the Company books them as regular sales transactions, due to application of the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, issued June 17, 1993, by the First Committee of the Business Accounting Council, and revised March 30, 2007) and the Implementation Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, issued January 18, 1994 by the Accounting Systems Committee of the Japanese Institute of Certified Public Accountants and revised March 30, 2007).

Note that finance lease transactions not involving transfer of ownership made prior to the beginning of the first year of application of the revised Accounting Standard for Lease Transactions have been accounted for using the method applied to rental transactions.

This change has no impact on profits.

(4) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From this fiscal year the Company has adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18, issued on May 17, 2006) and made the necessary revisions to its consolidated financial statements.

As a result, compared to the method previously used, gross profit decreased by ¥83 million, operating income declined by ¥821 million, and income before income taxes dropped by ¥1,146 million. Retained earnings at the beginning of the fiscal year decreased by ¥1,642 million.

5. United States Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars at a rate of ¥98 = US \$1, the approximate effective rate of exchange prevailing on March 31, 2009. The inclusion of U.S. dollar amounts is solely for the convenience of readers outside Japan and is not intended to imply that yen amounts could be converted, realized, or settled in U.S. dollars at that, or any other rate.

6. Cash and Cash Equivalents

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

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Cash and bank deposits	¥18,720	¥20,545	\$191,020
Time deposits due over three months	(2,011)	(3,353)	(20,520)
Cash and cash equivalents	¥16,709	¥17,192	\$170,500

7. Inventories

Inventories as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Merchandise and finished goods	¥2,988	¥3,945	\$30,490
Work in progress	540	824	5,510
Raw materials and supplies	2,957	3,056	30,173
Total	¥6,485	¥7,825	\$66,173

8. Selling, General, and Administrative Expenses

Selling, general, and administrative expenses during the years ended March 31, 2009 and 2008 include principally:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
	SGA	SGA	SGA
Labor and payroll	¥14,252	¥12,667	\$145,429
Rental for properties	1,789	1,470	18,255
Travel and transportation	1,307	985	13,337

9. Provisions

Provisions charged to operation during the years ended March 31, 2009 and 2008 are mainly as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Employees' bonuses	¥1,108	¥1,277	\$11,306
Directors' bonuses	5	45	51
Retirement benefits	1,251	1,086	12,765
Allowance for doubtful accounts	164	139	1,673

10. Leases Commitments

Finance lease transactions not involving transfer of ownership using a method applied to rental transactions are summarized as follows:

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

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Due within one year	¥483	¥627	\$4,929
Due over one year	595	1,045	6,071
Total	¥1,078	¥1,672	\$11,000

Lease payments on finance lease contracts without transfer of ownership for the years ended March 31, 2009 and 2008 were ¥628 (\$6,408) and ¥612, respectively.

Acquisition cost, accumulated depreciation, net book value and depreciation expenses for the year ended March 31, 2009 and 2008, if capitalized, are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Acquisition cost	¥3,346	¥4,178	\$34,143
Accumulated depreciation	2,267	2,506	23,133
Net book value	¥1,079	¥1,672	\$11,010
Depreciation	¥628	¥612	\$6,408

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

11. Securities

Held-to-maturity and Other securities with readily determinable fair value as of March 31, 2009 and 2008, are as follows:

	Millions of Yen		
	2009		
	Acquisition cost	Market value (Carrying value)	Unrealized gains (losses)
Other securities with book carrying amount exceeding acquisition cost			
Stocks	¥223	¥294	¥71
Subtotal	223	294	71
Other securities with book carrying amount not exceeding acquisition cost			
Stocks	2,523	1,952	(571)
Bonds	50	40	(10)
Other	500	499	(1)
Subtotal	3,073	2,491	(582)
Total	¥3,296	¥2,785	¥(511)

	Millions of Yen		
	2008		
	Acquisition cost	Market value (Carrying value)	Unrealized gains (losses)
Held-to-maturity	¥500	¥500	-
Other securities with book carrying amount exceeding acquisition cost			
Stocks	¥1,275	¥1,618	¥343
Other	21	30	9
Subtotal	1,296	1,648	352
Other securities with book carrying amount not exceeding acquisition cost			
Stocks	1,475	1,270	(205)
Other	1,500	1,488	(12)
Subtotal	2,975	2,758	(217)
Total	¥4,271	¥4,406	¥135

	Thousands of U.S.dollars (Note 5)		
	2009		
	Acquisition cost	Market value (Carrying value)	Unrealized gains (losses)
Other securities with book carrying amount exceeding acquisition cost			
Stocks	\$2,276	\$3,000	\$724
Subtotal	2,276	3,000	724
Other securities with book carrying amount not exceeding acquisition cost			
Stocks	25,745	19,918	(5,827)
Bonds	510	408	(102)
Other	5,102	5,092	(10)
Subtotal	31,357	25,418	(5,939)
Total	\$33,633	\$28,418	\$(5,215)

12. Retirement Benefits

Outline of the retirement benefit plans adopted

- (1) Defined benefit corporate pension scheme : From March 1, 2009, the Company adopted a defined benefit corporate pension scheme as part of its retirement benefit plan.
- (2) Defined contribution pension scheme: From March 1, 2009, the Company adopted a defined contribution pension scheme as part of its retirement benefit plan.
- (3) Employees' pension fund: Since April 1, 1980, the Company has used employees' pension fund plan (comprehensive establishment type) as supplement to its existing retirement benefit scheme. As of March 31, 2009, the total pension assets of the pension fund included ¥10,270 million of pension assets computed on the basis of the total proportion of the contribution.
On March 1, 2009, the Company abolished its tax-qualified pension plan and retirement lump-sum grant system, and shifted to a defined benefit corporate pension scheme and a defined contribution pension scheme.

The components of accrued retirement benefits to employees as of March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2009	2008	2009
Projected benefit obligation	¥10,333	¥13,761	\$105,439
Plan assets	(4,751)	(8,310)	(48,480)
Unfunded benefit obligation	5,582	5,451	56,959
Unrecognized actuarial difference	(1,411)	(1,079)	(14,398)
Unrecognized prior service cost	36	-	368
Accrued retirement benefits to employees	¥4,207	¥4,372	\$42,929

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2009	2008	2009
Service cost	¥822	¥809	\$8,387
Interest cost	327	341	3,337
Expected return on plan assets	(279)	(328)	(2,847)
Amortization of unrecognized prior service cost	0	-	0
Amortization of unrecognized actuarial loss	233	140	2,378
Contribution to the multi-employer pension plan	522	509	5,327
Other*	93	-	949
Net retirement benefit expenses	¥1,718	¥1,471	\$17,531
Gain associated with transfer to defined contribution pension scheme	(281)	-	(2,868)
Total	¥1,437	¥1,471	\$14,663

* Contribution paid to defined contribution pension scheme.

The assumptions used for calculation of retirement benefits for the years ended March 31, 2009 and 2008 are as follows:

	2009	2008
Method of attribution of estimated retirement benefits to periods of employee service	Straight-line method	Straight-line method
Discount rate	2.5%	2.5%
Expected return on plan assets	3.5%	3.5%
Amortization period for unrecognized prior service cost	10 years	-
Amortization period for unrecognized actuarial difference	10 years	10 years

13. Deferred Tax

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

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Deferred tax assets:			
Accrued enterprise tax	¥16	¥172	\$163
Accrued employees' bonuses	676	785	6,898
Accounts payable and long-term accounts payable	269	-	2,745
Accrued retirement benefits to directors and corporate auditors	-	295	-
Accrued retirement benefits to employees	1,698	1,747	17,327
Loss carried forward	445	184	4,541
Loss on write-down of investments in securities	233	89	2,378
Allowance for doubtful accounts	116	113	1,184
Unrealized loss on other securities	208	-	2,122
Others	815	645	8,316
Less: valuation allowance	(504)	(325)	(5,143)
Total deferred tax assets	¥3,972	¥3,705	\$40,531
Deferred tax liabilities:			
Reserve for advanced depreciation of building	(20)	(21)	(204)
Unrealized gain on other securities	-	(45)	-
Acquired intangible assets	(335)	(620)	(3,419)
Others	(99)	(136)	(1,010)
Total deferred tax liabilities	(454)	(822)	(4,633)
Net deferred tax assets	¥3,518	¥2,883	\$35,898
Reconciliation of actual tax rate is shown below:			
Effective statutory tax rate	40.6%	40.6%	
Adjustments:			
Entertainment and other nondeductible expenses	0.7	0.7	
Dividend and other nontaxable income	(0.9)	(0.3)	
Inhabitant tax on per capita levy	1.6	0.7	
Nondeductible amortization of goodwill	6.1	-	
Realization of tax benefits on operating losses	(0.3)	(1.8)	
Tax credit for research and development expenses	(1.9)	(1.7)	
Valuation allowance	4.8	0.4	
Others	(1.1)	(0.5)	
Actual tax rate	49.6%	38.1%	

14. Segment Information

(1) Industry Segments

The Companies operate primarily in the following two businesses:

1. Time information
2. Environmental equipment

	Millions of Yen				Consolidated Total
	Time Information	Environment	Total	Eliminations/Corporate	
2009					
Net Sales:					
Customers	¥64,177	¥27,635	¥91,812	–	¥91,812
Intersegment	–	–	–	–	–
Total	64,177	27,635	91,812	–	91,812
Operating Expenses	59,200	24,422	83,622	¥2,819	86,441
Operating Income	¥4,977	¥3,213	¥8,190	¥(2,819)	¥5,371
Assets	¥43,738	¥22,829	¥66,567	¥35,625	¥102,192
Depreciation	3,727	620	4,347	422	4,769
Capital expenditures	5,680	827	6,507	177	6,684

	Millions of Yen				Consolidated Total
	Time Information	Environment	Total	Eliminations/Corporate	
2008					
Net Sales:					
Customers	¥62,956	¥30,395	¥93,351	–	¥93,351
Intersegment	–	–	–	–	–
Total	62,956	30,395	93,351	–	93,351
Operating Expenses	54,318	26,154	80,472	¥2,868	83,340
Operating Income	¥8,638	¥4,241	¥12,879	¥(2,868)	¥10,011
Assets	¥50,599	¥18,744	¥69,343	¥47,608	¥116,951
Depreciation	2,897	595	3,492	422	3,914
Capital expenditures	3,834	1,782	5,616	202	5,818

	Thousands of U.S. dollars (Note 5)				Consolidated Total
	Time Information	Environment	Total	Eliminations/Corporate	
2009					
Net Sales:					
Customers	\$654,867	\$281,990	\$936,857	–	\$936,857
Intersegment	–	–	–	–	–
Total	654,867	281,990	936,857	–	936,857
Operating Expenses	604,082	249,204	853,286	\$28,765	882,051
Operating Income	\$50,785	\$32,786	\$83,571	\$(28,765)	\$54,806
Assets	\$446,306	\$232,949	\$679,255	\$363,521	\$1,042,776
Depreciation	38,031	6,326	44,357	4,306	48,663
Capital expenditures	57,959	8,439	66,398	1,806	68,204

(2) Geographic Segments

Information by geographic areas based on location for the years ended and as of March 31, 2009 and 2008 is summarized as follows:

Millions of Yen							
2009							
	Domestic (in Japan)	Overseas			Total	Eliminations/ Corporate	Consolidated Total
		Asia	North America	Europe			
Net Sales:							
Customers	¥67,823	¥4,490	¥13,034	¥6,465	¥91,812	–	¥91,812
Intersegment	1,956	42	244	59	2,301	¥(2,301)	–
Total	69,779	4,532	13,278	6,524	94,113	(2,301)	91,812
Operating Expenses	62,441	4,116	12,817	6,720	86,094	347	86,441
Operating Income	¥7,338	¥416	¥461	¥(196)	¥8,019	¥(2,648)	¥5,371
Assets	¥52,745	¥3,664	¥10,834	¥9,824	¥77,067	¥25,125	¥102,192

Millions of Yen							
2008							
	Domestic (in Japan)	Overseas			Total	Eliminations/ Corporate	Consolidated Total
		Asia	North America	Europe			
Net Sales:							
Customers	¥73,594	¥4,973	¥12,852	¥1,932	¥93,351	–	¥93,351
Intersegment	2,372	72	515	104	3,063	¥(3,063)	–
Total	75,966	5,045	13,367	2,036	96,414	(3,063)	93,351
Operating Expenses	64,247	4,514	12,734	1,979	83,474	(134)	83,340
Operating Income	¥11,719	¥531	¥633	¥57	¥12,940	¥(2,929)	¥10,011
Assets	¥55,805	¥4,782	¥15,011	¥7,424	¥83,022	¥33,929	¥116,951

Thousands of U.S. dollars (Note 5)							
2009							
	Domestic (in Japan)	Overseas			Total	Eliminations/ Corporate	Consolidated Total
		Asia	North America	Europe			
Net Sales:							
Customers	\$692,072	\$45,816	\$133,000	\$65,969	\$936,857	–	\$936,857
Intersegment	19,959	429	2,490	602	23,480	\$(23,480)	–
Total	712,031	46,245	135,490	66,571	960,337	(23,480)	936,857
Operating Expenses	637,153	42,000	130,786	68,571	878,510	3,541	882,051
Operating Income	¥74,878	\$4,245	\$4,704	\$(2,000)	\$81,827	\$(27,021)	\$54,806
Assets	\$538,214	\$37,388	\$110,551	\$100,245	\$786,398	\$256,378	\$1,042,776

(3) Overseas Sales

Overseas sales for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2009	2008	2009
Overseas sales			
Asia	¥4,795	¥5,430	\$48,929
North America	13,047	12,868	133,133
Europe	6,544	2,029	66,775
Others	231	275	2,357
Total	¥24,617	¥20,602	\$251,194
Percentage of overseas sales to consolidated net sales	26.8%	22.1%	

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

15. Per Share Data

Net assets and net income per share as of and for the years ended March 31, 2009 and 2008:

	Yen		U.S.dollars (Note 5)
	2009	2008	2009
Amounts per share			
Net assets	¥972.08	¥1,062.70	\$9.919
Net income:			
Basic	28.14	75.96	0.287
Diluted	-	75.94	-

Corporate Data

Board of Directors

President/CEO

Kaoru Haruta

Senior Executive Directors

Yoshinori Mizushima
Haruhiko Yamaguchi

Executive Directors

Toshio Kusanagi
Minoru Koyama
Toshiaki Imura
Nobuyuki Tabata
Izumi Nakajima
Seiken Uyama

Director

Hiroshi Shiraishi

Auditors

Keizo Ueno
Kazuo Unno
Satoru Ueno
Yasutaka Hishiyama

Operating Officers

Masamiki Konno
Naoki Nakata
Bungo Nogawa
Kenji Kohori
Kengo Iida
Yoshio Kishi
Toru Ueno
Koichi Hashimoto
Takeshi Akagi
Yutaka Kaneko

Domestic Operations

HEAD OFFICE

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

FACILITIES

YOKOHAMA Facility
TSUKUI Facility
HOSOE Facility
MIYAKODA Facility

SALES OFFICES

81 Sales Offices Located in major cities,
including

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

SYSTEM CENTERS

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

DOMESTIC SUBSIDIARIES

AMANO BUSINESS SOLUTIONS CORPORATION
ENVIRONMENTAL TECHNOLOGY CO., LTD.
AMANO MANAGEMENT SERVICE CORPORATION
AMANO MAINTENANCE ENGINEERING CORPORATION
AMANO ECO TECHNOLOGY CORPORATION
AMANO MUSASHI ELECTRIC CORPORATION
AMANO TIME BUSINESS CORPORATION
AMANO AGENCY CORPORATION

Overseas Operations

1. AMANO USA HOLDINGS, INC.

CORPORATE HEADQUARTERS

140 Harrison Avenue Roseland, New
Jersey 07068 U.S.A.

2. AMANO CINCINNATI, INC.

HEAD OFFICE

140 Harrison Avenue Roseland, New
Jersey 07068-1239 U.S.A.

3. AMANO CINCINNATI, INC.

OHIO FACTORY

130 Commerce Blvd. Loveland, Ohio
45140-7726 U.S.A.

4. AMANO CINCINNATI CANADA INC.

2740 Matheson Blvd. East, Unit 4
Mississauga, Ontario, Canada L4W 4X3

5. AMANO PIONEER ECLIPSE CORPORATION

1 Eclipse Road, Sparta, North Carolina
28675-0909 U.S.A.

6. AMANO INTEGRATED SYSTEMS, INC.

8 Capital Drive, Wallingford, Connecti-
cut, 06492, U.S.A.

7. AMANO McGANN, INC.

HEAD OFFICE

651 Taft Street NE, Minneapolis,
Minnesota 55413 U.S.A.

8. AMANO EUROPE HOLDINGS, N.V.

CORPORATE HEADQUARTERS

Westerring 2, 3600 Genk, Belgium

9. AMANO EUROPE, N.V.

CORPORATE OFFICE

Westerring 2, 3600 Genk, Belgium

10. AMANO TIME&PARKING SPAIN S.A.

C/. Plom, N°5-7, 2°-2a - 08038
Barcelona - Espana

11. HOROSMART, S.A.

CORPORATE HEADQUARTERS

Tour CIT, 3 rue de l'Arrivée 75015 Paris,
France

12. HOROQUARTZ, S.A.

HEAD OFFICE

Tour CIT, 3 rue de l'Arrivée 75015 Paris,
France

13. HOROQUARTZ MAROC, S.A.

67, Bd Al Massira Al
Khadra Maarif 20100 Casablanca,
Kingdom of Morocco

14. SCOPUS-OMNIBADGES, S.A.S

65 rue Racine 92120 Montrouge, France

15. PIAL TECHNOLOGIES, S.A.

ZI route de Niort BP 251 85205
Fontenay-le-Comte, France

16. AMANO KOREA CORPORATION

HEAD OFFICE

150-103 Woolim E-Biz Center2,4F-407,
Yangpyeong-Dong 3Ga-16,
Yeongdeungpo-Gu,Seoul,Korea

17. @PARK KOREA CO.,LTD.

150-103 Woolim E-Biz Center2,4F-408,
Yangpyeong-Dong 3Ga-16,
Yeongdeungpo-Gu,Seoul,Korea

18. TIME STAMP SOLUTION CORPORATION

#411, Woolim E-BIZ Center,
Yangpyeong-dong 3Ga-16,
Yeongdeungpo-gu, Seoul, Korea

19.AMANO INTERNATIONAL

TRADING(SHANGHAI)CO.,LTD.

HEAD OFFICE

Room No.901,Zhongdian Mansion 1029
Nanquan Road (N), Pudong, Shanghai,
China 200122

**20. AMANO SOFTWARE ENGINEERING
(SHANGHAI)CO.,LTD.**

14F Nextage Business Center, No.1111
Pudong Road(South), Pudong New Area,
Shanghai, China 200120

21. AMANO CLEANTECH MALAYSIA SDN.BHD.

HEAD OFFICE

No.12, Jalan Pengacara U1/48, Temasya
Industrial Park 40150 Shah Alam, Selan-
gor Darul Ehsan, Malaysia

22. AMANO MALAYSIA SDN.BHD.

No.12, Jalan Pengacara U1/48, Temasya
Industrial Park 40150 Shah Alam, Selan-
gor Darul Ehsan, Malaysia

23. ATAS E&C SERVICES (M) SDN.BHD.

No.12, Jalan Pengacara U1/48, Temasya
Industrial Park 40150 Shah Alam, Selan-
gor Darul Ehsan, Malaysia

24. AMANO TIME&AIR SINGAPORE PTE.LTD.

NO.1 Jalan Kilang Timor #02-01 Pacific
Tech Centre Singapore 159303

25. PT.AMANO INDONESIA

Gedung Pusat Perfilman H.Usmar
Ismail,Lantai3 JL.H.R.Rasuna Said Kav.
C-22 Jakarta 12940 Indonesia

26. AMANO THAI INTERNATIONAL CO.,LTD.

Room No. 3A, 3rd Fl., Chai-Ho Wong
Wai Wit Building, 889 Moo 5, Srinakarin
Road, T. Samrong-nua, A. Muang
Samutprakarn 10270, Thailand



 **AMANO Corporation**

275 MAMEDOCHO, KOHOKU-KU , YOKOHAMA, KANAGAWA,
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