FINANCIAL REPORT

April 2015 - March 2016

AMANO Corporation

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 its corporate themes of "people and time" and "people and the environment"—and giving pivotal importance to customer satisfaction throughout its business activities, particularly in sales, production, and development.

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

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

2. New Medium-Term Business Plan

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

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

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

[1] Basic Policies

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

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

(*) Starting from the fiscal year ending March 31, 2017, the ratio of consolidated net sales to non-consolidated net sales will be replaced with the ratio of consolidated operating profit to non-consolidated operating profit.

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

1. North American and European markets

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

Europe: In the Information Systems business, we will continue to enhance Horoquartz's French customer base and will strive to permeate and expand the markets in Belgium and Germany. In the Parking Systems business, we will strive to expand operations by accelerating the deployment of bar code system products and newly providing commissioned parking lot management service.

2. Asian, Latin American and other emerging markets

In the Asian region, we will aim to expand Parking Systems operations by acquiring new customers in the low-end market segment and bolstering commissioned parking lot management services. In the Environmental Systems business, we will strengthen our engineering capabilities as well as sales and service systems for Japanese companies operating in Asia by making use of the ties between our Group companies across Asia and our head office in Japan. We will also expand our local production capabilities in order to enhance cost competitiveness.

In Central and South America, we will continue to develop markets for the Information Systems, Parking Systems, and Environment System businesses by setting up a local subsidiary in Mexico with a view to expanding operations in these regions in the future.

3. Japanese market

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

[2] Numerical targets

We are aiming to achieve ¥122.0 billion in net sales and ¥13.0 billion in operating profit for the fiscal year ending March 31, 2017, which is the final year of the plan.

Numerical targets

(Millions of yen)

	FY 2014 (ending March 2015) Results		FY 2015 (ending March 2016) Amendment		FY 2016 (ending March 2017)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	109,837	7.5%	119,506	8.8%	122,000	2.1%
Operating profit	9,357	6.0%	12,942	38.3%	13,000	0.4%
Operating profit ratio (%)	8.5%	–	10.8%	–	10.7%	–
Ordinary profit	10,189	8.1%	13,665	34.1%	13,500	(1.2%)
Net income attributable to owners of the parent company	6,794	28.2%	8,405	23.7%	8,800	4.7%

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

Amano places great importance on its policy for the payment of dividends to shareholders. Fundamental to this is its policy for the return of profit to shareholders, based on maintaining a stable ordinary dividend of ¥26 annually (interim dividend of ¥13 and year-end dividend of ¥13), together with appropriate results-based distributions of profits and flexible purchasing of treasury stock. The Company aims to maintain a payout ratio of at least 40% on a consolidated basis and a ratio of dividend to net assets of at least 2.5%.

In line with this policy, taking into account our current-year operations results, we plan to pay a year-end dividend of ¥28 per share, an increase of ¥5 per share compared with the amount paid at the end of the previous year. As a result, the annual per-share dividend will be ¥48 (including the ¥20 per share paid as the interim dividend). This corresponds to a dividend payout ratio of 43.7% and a 3.9% ratio of dividends to net assets on a consolidated basis.

With regard to the dividend for the next fiscal year, in line with our Basic Policy on Distribution of Profits and in view of our Outlook for Fiscal Year Ending March 31, 2017, we aim to pay an annual per-share dividend of ¥46 (with an interim dividend of ¥23 and a year-end dividend of ¥23).

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

Izumi NAKAJIMA
President
Representative Director

Business Performance

Analysis of Business Results

Business Results in the Year Ended March 31, 2016

During the fiscal year under review, although overseas economies remained unstable due to the slowdowns in emerging market economies and fluctuations in the price of crude oil, the Japanese economy appeared to be on a firm footing as corporate profits and conditions in the jobs market improved steadily, thanks partly to the weak yen, while capital investment continued to be robust.

Amid this business environment, the Amano Group worked on global marketing and product deployment as well as the enhancement of its capacity to provide holistic solutions, based on its new medium-term business plan launched in April 2014. Under this plan, the Group set forth the management concept of "Challenge to a New Stage," a concept aimed at making the organization a "100-year company." The Amano Group also concentrated on thoroughly uncovering customer needs and strove to reduce the costs of goods sold (COGS) and selling, general, and administrative (SG&A) expenses.

As a result of the above, during the fiscal year under review, the Company recorded sales of ¥119,506 million, up by 8.8% year-on-year. Operating profit increased by 38.3% to ¥12,942 million, ordinary profit went up by 34.1% to ¥13,665 million, and net income, which is attributable to parent company shareholders, increased by 23.7% to ¥8,405 million, resulting in increases in both income and profit.

The following is a breakdown of sales by business division.

Sales by business division

(Unit: Millions of yen)

Category	FY2014 (April 1, 2014–March 31, 2015)		FY2015 (April 1, 2015–March 31, 2016)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	23,558	21.5	25,512	21.3	1,953	8.3
Time Management Products	4,100	3.7	4,165	3.5	64	1.6
Parking Systems	51,817	47.2	55,784	46.7	3,966	7.7
Subtotal	79,477	72.4	85,462	71.5	5,984	7.5
Environment System business:						
Environmental Systems	20,639	18.8	21,830	18.3	1,190	5.8
Clean Systems	9,720	8.8	12,213	10.2	2,493	25.6
Subtotal	30,360	27.6	34,044	28.5	3,683	12.1
Total	109,837	100.0	119,506	100.0	9,668	8.8

Time Information System business

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

Information Systems

This business division, against the backdrop of improved corporate performance domestically, saw a growing trend of investment in information systems in relation to the Social Security & Tax Number ("My Number") system and measures to prevent leaks of personal information.

In response to these market conditions, the Company added access control and security to the list of its "3-in-1" proposal comprising time & attendance (T&A), payroll, and human-resource management, thus striving to bolster its activities to provide total solutions from system ownership to system use.

Domestic sales for the current term were as follows. Terminal device sales increased by ¥633 million (10.0%) year-on-year and software sales increased by ¥159 million (4.5%). The increase in terminal device sales was a result of multiple orders for large replacement projects, while the higher software sales was attributable to the increased orders of T&A systems for the small- and medium-sized enterprise markets.

Overall overseas sales increased by ¥713 million year-on-year (7.9%) as the sales of Accu-Time Systems Inc. in North America increased while the sales of Horosmart S.A. in Europe decreased due to the disposal of a group company.

As a result of the above, sales in this business division totaled ¥25,512 million, representing an increase of 8.3% year-on-year.

Time Management Products

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

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

Domestic sales of standard machines for the current term decreased by ¥31 million year-on-year (2.5%), and domestic sales of supply goods increased by ¥85 million (10.5%). Overall overseas sales increased by ¥15 million (1.2%) as sales in North America rose, partly due to foreign-exchange effects.

As a result of the above, sales in this business division totaled ¥4,165 million, representing an increase of 1.6% year-on-year.

Parking Systems

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

In response to these market conditions, the Company further strengthened its cooperation with major parking lot management firms and, at the same time, concentrated on offering various services to small to medium-sized parking lot management firms through its parking lot data centers. The Company also worked to improve the functionality and usability of its system equipment and made efforts to expand into new markets, such as bicycle parking systems, security-gate systems and toll road systems, as well as making new proposals for parking lot management in cooperation with a domestic Group company.

Domestic parking equipment sales decreased by ¥679 million (3.7%). Domestic revenue from maintenance contracts and supplies services increased by ¥366 million (4.0%). The commissioned parking lot management business of Group subsidiary Amano Management Service Corporation has been steadily expanding, and the number of parking spaces under management increased by 31,500 (10.1%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥3,592 million year-on-year

(23.4%). Sales for Amano McGann, Inc. in North America rose due to the increased orders of new systems, sales in Europe increased due to the strong performance of bar code systems, and sales in the Asian region increased as sales in Korea and Hong Kong grew alongside the steady expansion in the commissioned parking lot management business.

As a net result of the above, the Parking Systems business division provided sales totaling ¥55,784 million, up by 7.7% year-on-year.

Environment System business

- Environmental Systems:
  Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, and deodorization systems
- Clean Systems:
  Cleaning equipment, dry-care cleaning systems, cleaning management services, and electrolytic water generators

Environmental Systems

For this business division, capital investment by Japanese companies remained firm domestically and strong aboard.

In this market environment, the Company focused on capturing demand for its standard equipment by strengthening proposals in Japan, while seeking to win increased orders from customers in the pharmaceutical, foods, and cosmetics markets. Meanwhile, with the aim of attracting demand from Japanese companies operating overseas, the Company enhanced cooperation with overseas Group companies; reinforced its platforms for engineering, sales and services; and furthermore, endeavored to achieve greater cost competitiveness by expanding its local procurement.

During the current term, domestic sales of standard equipment increased by ¥1,021 million (15.7%), sales of large-scale systems increased by ¥300 million (4.8%) and sales of maintenance contracts and supplies services increased by ¥192 million (5.3%) year-on-year.

Overall overseas sales decreased by ¥313 million year-on-year (7.5%) as sales in the Asian region declined, affected by the slowdown in the Chinese economy.

As a result of the above, sales of this business division totaled ¥21,830 million, up by 5.8% year-on-year.

Clean Systems

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

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

Domestic sales for cleaning equipment increased by ¥270 million (14.3%) year-on-year, revenue from maintenance contracts and supplies services decreased by ¥346 million (11.3%), and revenue from commissioned cleaning services decreased by ¥633 million (41.3%).

Overall overseas sales increased by ¥2,243 million year-on-year (53.8%), as sales for North America grew owing to the continued contribution from the wooden floor sanding equipment business.

As a net result of the above, sales of this business division totaled ¥12,213 million, up by 25.6% year-on-year.

Analysis of Financial Condition

(i) Assets, liabilities, and net assets

• Assets

Total assets as of March 31, 2016 amounted to ¥136,965 million, up by ¥5,405 million from the previous fiscal year-end. Current assets increased by ¥4,242 million year-on-year. This was attributable primarily to an increase of ¥1,715 million in trade notes and accounts receivable, an increase of ¥684 million in other current assets resulting from higher advance expenses, among other factors, and an increase of ¥330 million in raw materials and supplies. Fixed assets increased by ¥1,163 million year-on-year. The principal factors behind this was an increase of ¥997 million in intangible fixed assets resulting from higher software in progress, among other factors, which exceeded the decrease of ¥431 million in tangible fixed assets.

• Liabilities

Total liabilities as of March 31, 2016 amounted to ¥41,359 million, up by ¥1,947 million year-on-year. Current liabilities increased by ¥3,153 million year-on-year. This was attributable primarily to an increase of ¥1,036 million in accrued income taxes and an increase of ¥922 million in short-term bank loans. Fixed liabilities decreased by ¥1,205 million year-on-year. This was mainly due to a decrease of ¥1,482 million in long-term bank loans.

• Net Assets

Total net assets as of March 31, 2016 amounted to ¥95,606 million, up by ¥3,457 million from the previous fiscal year-end. This was attributable primarily to an increase of ¥5,109 million in shareholders' equity resulting from the recording of net income attributable to owners of the parent company, despite a decrease of ¥1,692 million in accumulated other comprehensive income owing to lower foreign currency translation adjustments, among other factors.

(ii) Cash Flows

Consolidated cash and cash equivalents decreased by ¥2,199 million from the previous fiscal year-end to a total of ¥32,725 million as of March 31, 2016. The status of each type of cash flow at year-end and the underlying factors are as follows.

(1) Cash flow from operating activities

Net cash provided by operating activities totaled ¥13,420 million. This was attributable primarily to income before income taxes amounting to ¥13,314 million, and depreciation and amortization amounting to ¥4,415 million, despite income taxes payments amounting to ¥4,214 million and an increase in trade notes and accounts receivable of ¥2,049 million.

(2) Cash flow from investing activities

Net cash used in investing activities totaled −¥6,608 million. This was mainly because, despite the recording of ¥10,364 million in proceeds from withdrawal of time deposits and ¥2,400 million in proceeds from redemption of securities, the Company recorded expenditures amounting to ¥10,133 million in time deposits, ¥3,270 million to purchase intangible fixed assets, ¥2,906 million to purchase tangible fixed assets, and ¥2,000 million to purchase securities.

(3) Cash flow from financing activities

Net cash used in financing activities amounted to −¥4,308 million. This was chiefly due to the recording of expenditures amounting to ¥3,293 million in payment of dividends, ¥1,643 million in repayment of finance lease obligations, and ¥341 million in repayment of short-term bank loans, despite the recording of ¥1,227 million in proceeds from sale and leaseback.

Reference: Trend of cash flow indicators

	As of Mar. 31, 2012	As of Mar. 31, 2013	As of Mar. 31, 2014	As of Mar. 31, 2015	As of Mar. 31, 2016
Equity ratio (%)	69.6	69.8	67.6	69.8	69.5
Fair value equity ratio (%)	56.9	62.3	66.5	83.7	99.4
Ratio of cash flow to interest-bearing liabilities (%)	50.2	34.7	37.3	52.2	25.5
Interest coverage ratio	158.1	207.7	219.7	122.9	292.2

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

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

Outlook for the next fiscal year ending March 31, 2017

In the next fiscal year ending March 31, 2017, the Japanese economy will likely be characterized by a growing uncertainty about the future, with capital spending and personal consumption remaining lackluster, emerging market economies such as China experiencing a slowdown, and foreign exchange markets continuing to be unstable.

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

The following business results are projected for the next fiscal year ending March 31, 2017: net sales of ¥122,000 million, operating profit of ¥13,000 million, ordinary profit of ¥13,500 million, and net income attributable to parent company shareholders of ¥8,800 million. These projections assume currency exchange rates of ¥109 to the US dollar and ¥122 to the euro.

Operating and Other Risk Factors

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

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

Forward-looking statements are current as of the date of the release of these financial results (April 25, 2016).

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

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

In the year ended March 31, 2016, the Time Information System business accounted for 71.5% of total sales, and the Environment System business accounted for 28.5%. Before the deduction of unallocated expenses, the Time Information System business contributed 72.6% to operating profit, while the Environment System business contributed 27.4%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 72.7% of total sales and 75.3% of operating profit.

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

(ii) Fluctuations in exchange rates

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

(iii) Information security

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

(iv) Natural disasters

Natural disasters (e.g., large-scale earthquakes, windstorms, or floods) may damage human lives or property. The Amano Group continues to take necessary measures at ordinary times comprising: 1) imposition of requirement for employees to carry a disaster emergency contact card at all times; 2) development of emergency contact networks and personnel safety check system; 3) relocation of file servers to external data centers; 4) development of a preparedness for setting up the disaster management headquarters at the time an emergency occurs. However, in the event of a natural disaster, the Group may temporarily lose the ability to continue to perform its operating activities due to damage to its sales business sites and production bases, or to employees experiencing difficulties in carrying out their duties.

(v) Overseas business development

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

Issues to Be Addressed

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

1) Time Information System business

•Information Systems

The Information Systems business has seen potential demand for the time- and attendance-management system becoming actual demand. This system enables the employer to develop or establish a work time management framework as an initiative to comply with "Perform Optimal Work Time Management" at a time when the Japanese government is leading the efforts to monitor companies with the aim of eliminating "Unpaid Overtime Work" and "Extended Work Hours (Overwork)." Moreover, against the background of the revision to the Labor Standards Act, which aims to facilitate diverse ways of working to improve labor productivity, we are likely to experience a growth in demand for corporate system replacements, as well as cloud- and smart device-based systems.

In response to these market conditions, we will roll-out the new software product "Next-Generation Human Resource and Labor Management Package TimePro-NX," as a product targeting the small- to medium-sized enterprise market, to further step up our holistic solutions covering not only time and attendance management, but also human resource and payroll management. In such ways, we will expand our customer base through providing a "One Stop Service," from hardware services through to software and cloud services. In the medium-sized enterprise market, we will enter the financial accounting market by tying up with CREO CO., LTD. and work to expand operations with the aim of becoming a "mini-ERP vendor" by enhancing software for T&A, human resources, payroll, and accounting as well as strengthening our consulting sales activities.

In overseas markets, we will expand and improve our cloud services in Europe and the United States. Moreover, Horoquartz, S.A. of France is aiming to expand into other markets in Europe, while Accu-Time Systems Inc. of North America intends to bolster its customer base by expanding sales of its new series of devices.

•Parking Systems

The Parking Systems business is witnessing a growth in the nation's parking lot market owing to the real estate market becoming buoyant in advance of the 2020 Olympics. In addition to the need for parking lot management cost reduction, ensuring of safety and security in parking lots, and consideration of the environment, the need to propose solutions to improve user convenience has been increasing.

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

As for overseas markets, in the United States, Amano McGann, Inc. will step up sales of new systems and strengthen solution proposals by expanding and improving peripheral services to enlarge the market. In Europe, we will accelerate the deployment of bar code system products while seeking to expand operations through newly engaging in the commissioned parking lot management services business. In Asia, we will aim to expand operations by developing new markets and bolstering the commissioned parking lot management service business.

2) Environment System business

•Environmental Systems

In Environmental Systems, companies' capital investment has remained solid in Japan and strong abroad.

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

In the overseas markets, we will further utilize the Philippines branch of Amano Time & Air Singapore Pte. Ltd. (ATAS) to strengthen and enhance our overseas network, step-up capabilities to provide engineering services to Japanese-owned corporate customers by strengthening the marketing and service framework for them through collaborations with Japan side and group companies, and improve cost competitiveness by expanding local procurement and assembly activities. In North, Central and South America, we have established a local subsidiary in Mexico to continue expanding sales of standard equipment products to Japanese-owned corporate customers operating locally, which are mainly automobile-related companies.

•Clean Systems

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

In response to these market conditions, we will develop new markets for cleaning-robot products in Japan, develop the factory market more rigorously and expand sales of small-sized cleaning equipment targeting mini-sized supermarkets that have opened in urban areas and convenience store eat-in corners that are growing in number, thus bolstering our customer base in the country. With the aim of becoming a "total cleanliness service provider," we also promote comprehensive proposals, including those for commissioned cleaning services and aesthetic maintenance.

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

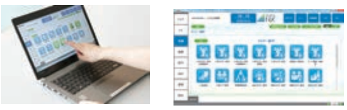
Topics

Information Systems

Accelerating information terminal sales in the SME market
Strengthening Proposals for Cloud solutions globally

In Japan, amid the stronger Government-led initiatives encouraging companies to tighten their monitoring of employee work time, Amano's information terminals and T&A software for the mid-sized companies market, the "TimePro-VG", is selling well.
With the aim to provide the latest human resource management solution, in April 2016, Amano released a new T&A software, "TimePro-NX" for the SME market, after a 10-year blank. The "TimePro-NX" complies with the latest rules and is compatible to the various enterprise sizes, the industries along with the varying system environments,
In addition, for Cloud services, regional efforts to meet the local market needs are underway globally. In Japan the T&A / HR ASP business by Amano Business Solutions Corp. is expanding steadily. In North America, Accu-Time Systems Inc. is providing a Cloud-based data collection service through their information terminals and ERP vendor systems. And in Europe, Horoquartz S.A. is making progress with the SaaS version of their Workforce Management software.

TimePro-NX



Parking Systems

The "OPUS" series for the North American market is strong!
Large projects increasing towards the 2020 Tokyo Olympics year

The new "OPUS" series of North America is steadily winning orders for airports, universities, and shopping centers etc. The new system is highly rated for its ability to support both online and offline applications, 2-dimensional bar code tickets and a variety of payment methods.
On the other hand, in Japan, large-scale development projects towards the 2020 Tokyo Olympics are increasing. In January 2016, the shopping center industry held a trade show "SC Business Fair 2016", at which Amano exhibited the latest parking solutions such as the gate-type parking systems, vehicle guidance systems, new parking fee discount systems, and LPR systems along with a case model of an installation at one of the latest large-scale shopping center. The exhibits were well received and attracted much attention from the visitors.
For parking management services, Amano will endeavor to strengthen its ability to provide comprehensive solutions including hardware, software and services placing particular emphasis on the "Parking Web", a data service provided by the parking data center.

SC Business Fair 2016

Environmental Systems

Standard equipment and large-scale systems continue to be firm
The Mexican subsidiary is up and running

Capital expenditures by Japanese domestic companies remains firm and sales for standard dust collectors along with large-scale systems are positive. Amano has renewed its flammable dust collectors specially designed for explosive dust such as aluminum and has introduced electric dust collectors dedicated for metal 3-D printers. By responding to new market needs, Amano shall continue its efforts to expand the market.
As for overseas, in January 2016, Amano established a new subsidiary in Mexico, AMANO TIME & ECOLOGY DE MEXICO S.A. DE C.V. (abbr. AMX) in response to the rapidly expanding auto industry. AMX is situated in Leon City Guanajuanto, which is the geographical center of many Japanese companies located in the region. AMX plans to enhance its engineering capabilities, strengthen its sales and service regime, and strive to improve cost competitiveness by increasing local procurement, assembly and to build a local supply chain.

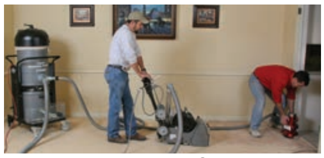
Guanajuanto

AMANO TIME & ECOLOGY DE MEXICO S.A. DE C.V.

Clean Systems

North American Market: Wooden Floor Sanding Business is the performance driver!
Strengthening Sales of Robotic Cleaners

In light of the strong housing and building market in North America, the wooden floor sanding business is steadily expanding. In addition, the strong wooden floor sanding business is creating a synergistic effect with other businesses such as cleaning machines and chemicals, boosting the cleaning business as a whole.
In Japan, the cleaning industry is struggling with aging workers and labor shortage and against this background, Amano is strengthening its efforts to expand the sales of safe and efficient robotic vacuum cleaners and scrubbers. Amano plans to enhance its lineup of robotic cleaners and develop the series as mainstream products that reflect the market needs.



Sanding Machine

Commercial Robotic Vacuum Cleaner "RcDC"

Robotic Floor Scrubber "SE-500iX II"

Social Contribution Activities

Signed up for a partner membership to the "Kodomo Eco-Club"!

The "Kodomo Eco-Club" is a program sponsored by a public interest incorporated foundation the Japan Environment Association which promotes environmental activities for children from 3 to 18 years of age. With the support from local municipalities, private companies and various organizations, the association implements environmental activities through their nationwide office network.
Since the business theme of Amano is "Time" and "Ecology", it is important for Amano that children have a broad understanding of how people relate to the environment, to foster the feeling that nature is precious, and to nurture the abilities to think and act autonomously in order to solve environmental problems. Amano believes that such programs will broaden regional environmental protection activities and intends to support it as part of Amano's CSR.

"Kodomo Eco-Club"

Amano Group Companies

Amano USA Holdings, Inc.

Amano Cincinnati, Inc.

The ACI time division had a successful launch of its latest side printer time clock line. This allowed for the discontinuation of some older models and the consolidation of new models which increase the economies in our production environment.

The release was well received by all sales channels. The new product is currently in stores at our largest retail customer and is selling well. This new clock was designed with the customers' needs in mind, with its simplistic programming functions it allows the customer to change the time, print configuration and other setting with the touch of a button. This new user friendly programming design is sure to provide a positive customer experience and reduce calls to our support center.

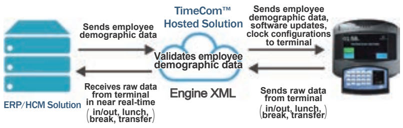
The next generation of PIX-3000x and TS-3000i are now in the early stages of development. The PIX-3000 has been a staple in our time clock product portfolio for many years. It is one of the bestselling and most robust side printers on the market. The PIX-3000 was sold in our domestic market as well as the international market and was available in many power configurations.

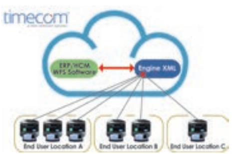
The TS-3000i was originally developed as a replacement for the PIX-3000xn and xnt and was designed to meet the needs of the financial trading market. However, we have seen the need for synchronized time reporting expand to other markets like health care, transportation, casino among others. The TS-3000i continues to be a strong product in our time clock line. The features and durability of this product continue to dominate the market. The development and manufacturing for this new series will be done in our Ohio factory and will incorporate the latest technology available.

The consolidation of our administrative team to the Ohio factory has proven to be beneficial to both our customers and our internal technical team. Our administrative staff has been trained on time clock support and is able to assist our customers quickly. We are able to provide valuable customer feedback to our development and manufacturing team which allows for prompt root cause analysis and corrective actions.

Accu-Time Systems, Inc.

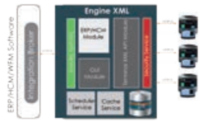
During 2015, Accu-Time Systems, Inc. (ATS) began preparations to celebrate its 25th year in business with the release of four new Workforce Management (WFM) data collection terminals. These terminals were developed in response to reseller demands for faster terminals with greater screen real estate, a full-color display and a greater variety of biometric and other reader options. The new and improved terminals, members of the PeoplePoint family of ATS products, have garnered immediate acceptance by our value added resellers as demonstrated by the 11,000 units that shipped during the first year of production.





ATS's TimeCom business, which integrates our time clocks to a variety of enterprise resource planning (ERP) and human capital management (HCM) systems through the utilization of our cloud based integration middleware, grew steadily in 2015. Revenue from TimeCom business increased 280% over 2014 primarily due to a 42% increase in the number of TimeCom customers. These new customers resulted in an 86% increase in terminal sales with corresponding warranty products, professional services, and monthly hosting fees for our SaaS solution. The growth in the TimeCom business is largely attributed to our close relationships with our partners, our ability to further penetrate the ERP/HCM market space, and making gains in specific industries, including retail, manufacturing, higher education, and healthcare.

Growth in the TimeCom segment of ATS's business can be seen in the expansion of our hosted solution and terminal sales outside of the United States. Worldwide, over 100,000,000 transactions per year are captured by ATS's PeoplePoint products. A big factor in our TimeCom success is our ability to give our customers greater visibility and transparency into their employee activity taking place at the terminal through the use of our TimeCom Monitor. The TimeCom Monitor is an easy to use web portal that is customer facing and allows Accu-Time's customers to gain visibility into the health and status of their employee time clock deployment, as well as the integration with their ERP system. With the TimeCom Monitor, users can gain insight into average up time for all devices across the entire clock deployment, as well as information about the employees such as their badge numbers or employee demographic data that's interfacing with the ERP system. The TimeCom Monitor allows our customers to get ahead of potential problems before they occur. TimeCom Monitor gives customers with global, regionalized or localized IT support the ability to monitor their clock deployment and see problems that may occur with user behavior, the integration, or the network infrastructure. Having access to this information allows them to solve these problems before they have a negative impact on the payroll process.



ATS is committed to listening to the demands of the market and providing quality and value to our customers. The evolution of the PeoplePoint family of terminals, TimeCom and the TimeCom Monitor have successfully demonstrated our commitment in 2015.

Amano McGann, Inc.

General Overview

Amano McGann, Inc. (AMI) reported record numbers for revenue and pre-tax profit for 2015, surpassing all planned and prior year financial performance by a significant margin.

The key drivers for 2015 financial performance include the dealer network, with new representative ITR (GA) and the Northeast and Southeast U.S. region branches. Dealers surpassed the prior year's revenue by 39%, while the Northeast and Southeast regions exceeded 2015 revenue by 20% and 40% respectively. In addition, the Metric On-Street direct product sales doubled from the prior year.

It's noteworthy that, in 2015, OPUS production was forecast at 40% and magstripe at 60%. The actual product mix indicates the strong market acceptance of OPUS with almost 60% of the production dedicated to OPUS.

Core Products

The OPUSeries® line of parking devices were designed using the latest system architecture and communication platforms, leveraging the advanced features of AMI's industry leading software solutions, iParcProfessional® and OPUSuite®.

iParcProfessional is AMI's on-premise powerhouse application that has evolved over 20 years to become the most feature rich and successful parking software in the industry. OPU-

Suite is AMI's next generation of cloud-based solutions designed to provide advanced features, functionality and expansion to iParcProfessional's current install base as well as future projects.

These advanced and stylish solutions are perfect for both medium and high-volume locations where a superior customer experience with flexible payment options is a must. AMI's unique, encrypted 2D barcode ticket technology is more secure than traditional magstripe tickets with the added value of lower consumable costs.

Expanded Products

Overture™ has established itself as an international player in over 30 countries as Xparc. It has now been enhanced to meet the unique require-

ments of the small and medium-volume locations in North America. Overture was released for sale in November of 2015 at the Dealer Conference in Japan.

The Overture product line was featured at the Parking Industry Exhibition in Las Vegas in February where it was well-received. It will also be highlighted at various parking industry shows in 2016, including the Expo Seguridad in Mexico City, International Parking Institute (IPI) Exposition in Nashville, National Parking Association show in Atlanta and the Canadian Parking Association in Ottawa, Canada.

Overture was installed in its first North American location in February with two additional installations scheduled for April and June. We look forward to a successful 2016 with the Overture product line.

The Amano Multi-Space-Meter (MSM) Powered by Metric continues to be deployed in expanded geographic areas across the U.S. with continued growth in Ontario, Canada. New installations include the states of California, Texas, Minnesota and Alabama. The New Jersey account base continues to grow organically. In addition, the On-Street maintenance service business via NowCare® grew by 35%. Metric will be launching a new MSM pay station, SPRITE, which was debuted at the IPI Expo in May 2016. SPRITE is a product that was developed specifically to capture the On-Street market which will create a larger addressable market segment for the future.

Major Project Awards

AMI continues to see a steady rise in the sale of OPUSeries equipment. The advanced barcode technology and extensive feature set have secured the award of major projects across the country. AMI was awarded the Lambert-St. Louis International Airport contract in July 2015 which includes 64 lanes of OPUSeries equipment in two parking garages and five surface lots. The City of Sacramento contract marked another significant award in November 2015 and includes 34 lanes of OPUSeries terminals to be installed in five parking facilities. The system will offer patrons visibility to available

parking, options to prepay for parking, and the ability enter and exit facilities with relatively no delay. This project also provides a platform to develop new features and functions that will expand AMI's product offerings and competitive advantage.

Amano Pioneer Eclipse Corporation

Amano Pioneer Eclipse Corporation (APEC) grew 26.5% in 2015, continuing a string of six consecutive years of growth. APEC, which manufactures and sells products under the Pioneer Eclipse, American Sanders, and Amano Environmental Americas brands, enjoyed revenue growth in every product category in 2015, led by an impressive 109% growth in cleaning machines.

APEC's Pioneer Eclipse cleaning business had an unprecedented year of success, finishing 2015 with growth of 41%. The cleaning

machine category led the way as Pioneer Eclipse was awarded private label manufacturing contracts with three major cleaning equipment OEMs. Additionally, the Strategic Accounts sales team landed the propane burnisher business at a major US grocery store chain and the propane burnisher business at one of the world's largest big-box retailers. This was aided by a small April 2015 acquisition, allowing Pioneer Eclipse to improve its product position at a major US retailer while also improving its product portfolio and gross margins in the high volume floor machine category. In the cleaning chemical category, Pioneer Eclipse posted its third consecutive year of growth in the private label segment of the market. Investments in new labeling equipment helped grow this category 86% in 2015. Private label now represents 13% of APEC's annual chemical sales.

The American Sanders wood floor business has continued to grow into an im-

portant part of APEC's overall portfolio. Originally acquired in March, 2014, American Sanders contributed 31% growth in 2015. While the continued strength of the US housing and construction markets contributed to the strong sales year, R&D investments in product improvements and new product introductions were well received in the marketplace. One example is the HydraSand Multi-Head Sanding disc which exceeded its 2015 sales forecast by 120%.

APEC's Amano Environmental Americas (AEA) business grew 13% in 2015. The business was led by 25% growth in the equipment category, its fourth consecutive year of double digit equipment growth. The performance of this business was further highlighted by a 27% improvement in gross margins, which was the result of improved manufacturing processes and pricing strategies.

In 2015, APEC continued to improve its sales and marketing presence. The company participated in a record number of trade shows in 2015, both in the US and internationally. These trade shows included four major US shows as well as international shows in Canada, Mexico and Brazil. Additionally, new sales personnel were hired in Northern Europe, Canada, and the United States.

Amano Europe Holdings, N.V.

Amano Europe, N.V.

In 2015 Amano Europe continued to grow both revenue and profit in the main business

segments; parking solutions and time and attendance.

The X-Parc parking solution has been installed successfully in 30 different countries worldwide. With X-Parc Amano offers a robust, flexible and network centric solution. The traditional VALUE-Line has been extended with an ECO-Line to serve niche markets and a SMART-line focusing on cloud- and mobile services. Ease of integration, low cost of ownership, fast time to market and quality assurance are the four cornerstones to drive success. With X-Parc range, Amano is positioning itself in the global mobility market as a solution and service provider.

Astrow Cloud, the next generation of the proven T&A software solution for small and medium sized businesses, is getting widely accepted in several European countries with around 10,000 actual users. The key drivers to success are mobility, flexibility and appeal.

iTR-100 is now sold all over Europe through different channels. iTR-100 stretches on the typical time recorder functionality by offering new and compelling cloud services, like online support, payroll and reporting. Ultimately, iTr-100 is also the entry point for a further and seamless upgrade towards Astrow Cloud.

Amano Time & Parking Spain, S.A.

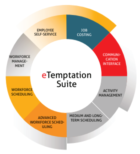
It is commonly known that Gibraltar is a British overseas territory, although it is geographically located on the southern end of the Iberian Peninsula. It has an area of 6,7km2 and 32.000 people live there. The official language of Gibraltar is English, but most locals are bilingual, speaking Spanish. Its currency is Gibraltar Pound.

This Gibraltar market is our sales territory, where 7 car parks use AMANO machines. One of them is a large and emblematic car park with approximately 1.000 parking lots. Last year 2015, we won this project and our X-Parc machines were installed.

By penetrating into the Gibraltar market, we keep a high reputation in Gibraltar and a good relation with a governmental company who manages car parks there. Thanks to such a presence, a potential new project is now under negotiation. We wish it become the 8th. car park in Gibraltar with AMANO machines.

Horoquartz, S.A.

During 2015 Horoquartz observed a steady growth of its activities in the major business lines as the market leader in France. In October 2015 Horoquartz acquired ARGOSSE, a French company specialized in access control and related services, in order to enforce the access control division of Horoquartz. The workforce management division was reorganized geographically in order to be able to serve the customers better and faster, more specifically the big accounts, which constitute a growing part of the business of Horoquartz not only in the French market but also worldwide. Horoquartz continued to invest in optimization software, like planning solutions, as this is a key driver of the workforce management business. Specific attention is given to the growing demand of cloud solutions. All Horoquartz solutions are part of an integrated solution, which allows Horoquartz to act like Single Point of Contact in a wide range of HR management needs.



Amano International Trading (Shanghai) Co., Ltd.

AITS has achieved the first installation of AMANO QR code Parking system in China.

The distinctive feature of the system is that it operates by recognizing license plates and printing QR code tickets.

Once a license plate is recognized, drivers can freely enter the parking lot without extracting the tickets.

On the other hand, ticket extracting entry is also available when license plates are not recognized.

Customers can make payment on the automatic pay station before they exit.

The charges can be referred by using QR code ticket or typing their car numbers on the machine.

Furthermore, customers can also make a payment via smartphones.

No matter where customer is, they can make electronic payment by scanning their QR code on the ticket.

If they terminate the payment, the drivers can exit without halting.

We will vigorously promote this QR code parking system hereafter.

Amano Malaysia Sdn. Bhd.

AMANO MALAYSIA has set up Parking management service department to diversify and expand the business.

We have employed an experienced staff member in management service field, and we manage four parking systems so far. These facts show that we are entirely involved in this new business.

In June 2016, we received the order of parking management service from TESCO PUCHONG, the first outlet of TESCO in Malaysia, who is the third world's largest retail company.

This parking lot has 745 car spaces and has three lanes for each exit and entry way. The parking lot was for free before, however, they have started being troubled with illegal parking from two months ago, derived from the new-establishment of LRT station next to the store. Therefore, they decided to charge some amount of money in parking in order to exclude those illegal parking by introducing the parking system. They sought the parking management company which provides the system installation and parking management. As a result of competition, AMANO Malaysia was able to receive the order. The management service will start on 7th of July and we are preparing in a rush for opening under Ramadan month. The parking system will open for 24 hours and we will place the staff(s) at each management office from 8 A.M. to 11 P.M. TESCO has already opened over 20 stores in Malaysia, and we expect to make the next management contract in rest stores.

The parking management business in Malaysia is very competitive as there exist about 30 rival companies including both small and large. Nevertheless, we set our goal of No.1 Parking management service company in Malaysia equivalent to Parking equipments sales in near future. We will be implementing the strong marketing continuously.

Our sales in Parking equipment also increases well as time goes. This year, AMANO X-Parc system will be installed in Empire city, the new commercial large facility in Kuala Lumpur. The parking lot has 10,000 car spaces and hold 20 entry, 18 exit lanes and 37 units of entry pay station. This parking system will be the largest scale in AMANO Malaysia history. The facility is under construction and it is presumed that it will open within this year.

Amano Korea Corporation

AKC's first time ever exclusive orders for large-scale projects!

Starfield FIRST HANAM & Dongdaegu Complex transfer center

The competition in the parking control systems market is becoming increasingly fierce and amid such a market, the only way to stay ahead is to possess parking systems utilizing cameras which are still rare among the rivals. AKC possessing such systems, succeeded in winning two large projects this year.


Starfield FIRST HANAM


Dongdaegu Complex transfer center

Outline:

		Starfield FIRST HANAM	Dongdaegu Complex T.C
1	Total area	459,498m^2	338,194m^2
2	Ground area	117,990m^2	162,881m^2
3	Scheduled opening	Sept 2016	Dec 2016
4	Parking capacity	5,000 cars	2,678 cars
5	Tenants	Department store, multiplex, hotel, shopping malll	Department store, multiplex, shopping mall, metro station, express train station(KTX)
6	Building	4 stories above and 4 stories below	9 stories above and 7 stories below
7	AKC sales value	5.6 billion KRW(510 million JPY)	2.6 billion KRW (240 million JPY)

The components of notable parking system

Per/unit

		Starfield FIRST HANAM	Dongdaegu Complex T.C
1	License plate recognition unit (recognizes the front and rear)	18	6
2	License plate recognition unit (recognizes the front)	22	5
3	Automatic pay station(KIOSK type)	41	14
4	Exit automatic pay station	16	5
5	Fixed camera guidance system (for 4 car spaces)	1723	1020
6	Indicator light	415	288
7	Car gate	53	11
8	CCTV camera	546	269

Promoted by the Shinsegae Group, the Starfield FIRST HAMAM project is the largest of its kind in Korea. The complex was named with the hope that it will be adored by all, like a "star field", and that it will attract many people. In addition, there are several new constructions of community-based shopping malls such as Dangdaegu Complex T.C and Samsung Shinsegae mall (marketing already underway with an estimated value of approximately 250 million yen). AKC is placing all efforts not to miss such opportunities and win orders by demonstrating its unique expertise in this field.

"LPR begins to evolve! Cargate, Electronic display and LPR has become an all-in-one unit."

Combi LPR (Combination LPR)

As part of AKC's efforts to reduce costs and strengthen competitiveness, AKC has continued its research and development of LPR (License Plate Recognition) products. Recently AKC has developed and launched an all-in-one LPR product called the "Combi LPR", which is particularly suited for places with limited space for installation such as on slopes and plinths. This unique feature is well received by the market and proving effective in winning competitive tenders.

Image


Installation example
Front

Main specifications

	LPR Part	Electronic display	Gate part
Power supply	AC220V, 60Hz	AC220V, 60Hz	AC220V, 60Hz
Power consumption	200W (Max.)	75W (Max.)	110W (Max.)
	Camera 1.3 Megapixel CMOS sensor GigE	Communication: Eternet	Driving mechanism: BLDC motor
		LED 64×64 2 lines, 6 letters per line	Opening and closing time 1.5~3 seconds

"On-street parking system meets the EV charger"

Flapless LPR & Charger system

AKC is a joint participation company in an IOT venture project promoted by the Information Planning Team of Seoul city and has introduced the flapless LPR system. This system was installed as an on-street parking system at the resident-priority street parking in Bukchon Hanok Village with the collaboration of Modu Company. In addition, AKC plans to install flapless LPR systems equipped with EV chargers allowing EV owners to charge their vehicles while parking.


Installation site 1.


Installation site 2.

The EV charging unit will be housed inside the casing of the flapless LPR unit itself so that it remains compact and does not interfere with pedestrians.

AKC believes that its ability to accurately grasp market changes and customer needs forms the foundation of its product appeal and marketing strengths. As such, AKC will continue and refine its customer-oriented management by expanding its branch network to fuel development of products that will enable AKC to achieve sustained growth.

AMANO Corporation and Subsidiaries

Financial Highlights

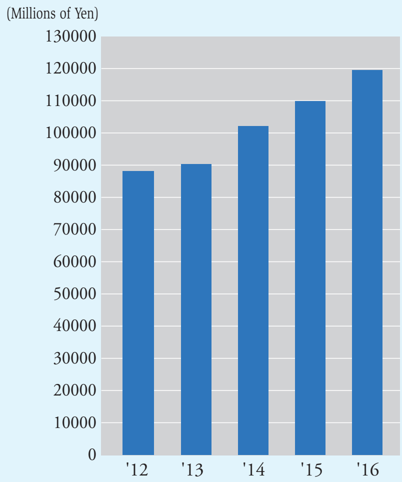
For the years ended March 31, 2016

Yen in millions and U.S.dollars in thousands, except per share amounts
- See Note 4 to the Consolidated Financial Statements.

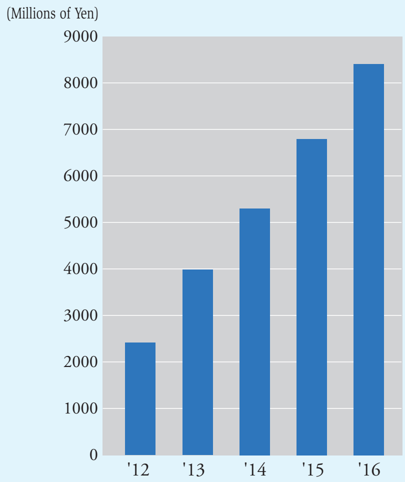
	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
For the years ended March 31:			
Net sales	**¥119,506**	¥109,837	**$1,057,578**
Net income	**8,405**	6,794	**74,386**
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	**¥109.75**	¥88.71	**$0.971**
Cash dividends per common share	**48.00**	38.00	**0.425**
At March 31:			
Total assets	**¥136,965**	¥131,560	**$1,212,087**
Working capital	**51,741**	50,653	**457,890**
Total net assets	**95,606**	92,148	**846,077**
Sales by product:			
Time information systems	**¥25,512**	¥23,558	**$225,778**
Time management equipment	**4,165**	4,100	**36,859**
Parking systems	**55,784**	51,817	**493,665**
Environmental systems	**21,830**	20,639	**193,189**
Cleaning systems	**12,213**	9,720	**108,087**

Note: U.S. dollar amounts have been translated at the rate of ¥113 = US $1, the rate prevailing on March 31, 2016.
- See Note 4 to the Consolidated Financial Statements.

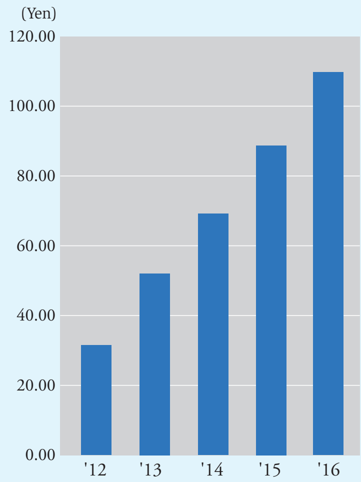
Net Sales



Net Income



Net Income Per Share



AMANO Corporation and Subsidiaries

Consolidated Balance Sheet

As at March 31, 2016

	Millions of Yen		Thousands of U.S.dollars (Note 4)
ASSETS	**2016**	2015	**2016**
Current assets:			
Cash and bank deposits (Notes 7, 12 and 16)	**¥36,888**	¥35,126	**$326,446**
Marketable securities (Note 16)	**1,527**	1,871	**13,521**
Notes and accounts receivable:			
Trade (Note 16)	**34,576**	32,861	**305,987**
Less allowance for doubtful accounts	**(314)**	(219)	**(2,780)**
	34,262	32,641	**303,207**
Inventories:			
Merchandise and finished goods	**3,197**	3,273	**28,292**
Work in process	**669**	680	**5,925**
Raw materials and supplies	**4,992**	4,661	**44,178**
Deferred tax assets (Note 18)	**1,783**	1,507	**15,784**
Other current assets	**2,554**	1,870	**22,608**
Total current assets	**85,875**	81,633	**759,962**
Property, plant and equipment, at cost:			
Buildings and structures (Note 7)	**29,338**	29,510	**259,636**
Machinery and equipment	**19,182**	18,706	**169,759**
Leased assets (Note 15)	**6,899**	7,549	**61,054**
	55,420	55,766	**490,449**
Less accumulated depreciation	**(39,637)**	(39,334)	**(350,777)**
	15,782	16,432	**139,673**
Land	**7,170**	7,274	**63,456**
Construction in progress	**636**	314	**5,629**
Total property, plant and equipment	**23,589**	24,021	**208,758**
Intangible fixed assets :			
Goodwill	**4,088**	4,866	**36,183**
Software	**2,521**	2,321	**22,312**
Software in progress	**3,252**	1,553	**28,782**
Other intangible fixed assets	**3,414**	3,538	**30,217**
Total intangible fixed assets	**13,276**	12,279	**117,494**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Notes 6 and 16)	**1,771**	1,889	**15,680**
Investments in securities (Note 16)	**6,226**	5,790	**55,099**
Leasehold and guarantee deposits	**1,122**	1,025	**9,933**
Deferred tax assets (Note 18)	**1,646**	1,423	**14,572**
Other assets (Note 7)	**3,867**	3,917	**34,224**
Less allowance for doubtful accounts	**(410)**	(421)	**(3,635)**
Total investments and other assets	**14,223**	13,625	**125,873**
Total assets	**¥136,965**	¥131,560	**$1,212,087**

LIABILITIES AND NET ASSETS	Millions of Yen 2016	2015	Thousands of U.S.dollars (Note 4) 2016
Current liabilities:			
Trade notes and accounts payable (Note 16)	**¥7,642**	¥7,125	**$67,630**
Electronically recorded monetary claims (Note 16)	**6,438**	6,538	**56,974**
Short-term bank loans (Note 7)	**1,250**	328	**11,070**
Lease obligations (Notes 15 and 16)	**1,448**	1,410	**12,823**
Accrued bonuses for employees	**2,263**	1,941	**20,028**
Accrued bonuses for directors	**85**	45	**755**
Accrued income taxes	**3,332**	2,295	**29,487**
Other current liabilities	**11,673**	11,295	**103,305**
Total current liabilities	**34,134**	30,980	**302,072**
Long-term liabilities:			
Long-term loans payable (Notes 7 and 16)	**506**	1,988	**4,485**
Liability for retirement benefits (Note 17)	**2,986**	2,515	**26,425**
Long-term accounts payable	**160**	186	**1,419**
Lease obligations (Notes 15 and 16)	**3,256**	3,381	**28,819**
Deferred tax liabilities (Note 18)	**9**	13	**84**
Asset retirement obligations	**30**	29	**270**
Other long-term liabilities	**275**	316	**2,436**
Total long-term liabilities	**7,225**	8,431	**63,939**
Total liabilities	**41,359**	39,411	**366,011**
Net assets (Notes 10 and 11):			
Shareholders' equity:			
Common stock			
Authorized - 185,476,000 shares			
Issued:			
March 31, 2016 and 2015 - 76,657,829 shares			
in 2016 and 2015	**18,239**	18,239	**161,412**
Capital surplus	**19,293**	19,293	**170,735**
Retained earnings	**59,757**	54,645	**528,827**
Treasury stock at cost, 68,109 shares in 2016			
and 66,585 shares in 2015	**(56)**	(54)	**(501)**
	97,233	92,123	**860,473**
Accumulated other comprehensive income:			
Net unrealized gains (losses) on other securities	**1,456**	1,542	**12,893**
Foreign currency translation adjustments	**(2,321)**	(1,070)	**(20,543)**
Retirement benefits liability adjustments	**(1,178)**	(822)	**(10,431)**
	(2,043)	(350)	**(18,081)**
Non-controlling interests in consolidated subsidiaries	**416**	375	**3,685**
Total net assets	**95,606**	92,148	**846,077**
Total liabilities and net assets	**¥136,965**	¥131,560	**$1,212,087**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Income, and Consolidated Statement of Comprehensive Income

For the years ended March 31, 2016

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Net sales	**¥119,506**	¥109,837	**$1,057,578**
Cost of sales (Note 9)	**66,575**	62,221	**589,162**
Gross profit	**52,930**	47,616	**468,416**
Selling, general and administrative expenses (Notes 8 and 9)	**39,988**	38,259	**353,877**
Operating income	**12,942**	9,357	**114,539**
Other income (expenses):			
Interest and dividend income	**249**	291	**2,211**
Interest expense	**(46)**	(61)	**(409)**
Equity in earnings of affiliates	**148**	59	**1,315**
Foreign exchange gain (loss)	**(80)**	151	**(714)**
Gain on sale of fixed assets	**5**	7	**49**
Loss on disposal of fixed assets	**(71)**	(61)	**(637)**
Loss on sale of fixed assets	**(28)**	(0)	**(249)**
Extra retirement payments	–	(38)	–
Gain (loss) on sale of shares of consolidated subsidiaries and affiliates (Note 19)	**(8)**	385	**(77)**
Impairment loss on fixed assets (Note 13)	**(236)**	(175)	**(2,093)**
Other, net	**439**	391	**3,890**
Income before income taxes and non-controlling interests	**13,314**	10,307	**117,825**
Income taxes (Note 18):			
Current	**5,208**	3,921	**46,094**
Deferred	**(411)**	(555)	**(3,642)**
Income before non-controlling interests	**8,517**	6,941	**75,374**
Non-controlling interests in net income of consolidated subsidiaries	**(111)**	(146)	**(988)**
Net income	**¥8,405**	¥6,794	**$74,386**

Consolidated Statement of Comprehensive Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Income before non-controlling interests	**¥8,517**	¥6,941	**$75,374**
Other comprehensive income (loss) (Note 14):			
Net unrealized gains (losses) on other securities	**(82)**	958	**(731)**
Translation adjustments	**(1,267)**	2,442	**(11,215)**
Retirement benefits liability adjustments	**(356)**	(10)	**(3,152)**
Share of other comprehensive income (loss) of companies accounted for by the equity method	**(17)**	22	**(154)**
Total other comprehensive income (loss)	**(1,723)**	3,414	**(15,253)**
Comprehensive income	**¥6,793**	¥10,355	**$60,121**
Total comprehensive income attributable to:			
Shareholders of the Company	**¥6,713**	¥10,162	**$59,409**
Non-controlling interests	**¥80**	¥192	**$713**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Changes in Net Assets

For the years ended March 31, 2016

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	¥18,239	¥19,293	¥54,645	(¥54)	¥92,123
Changes during the year					
Dividends from surplus			(3,293)		(3,293)
Net income			8,405		8,405
Purchase of treasury stock				(2)	(2)
Retirement of treasury stock					–
Change in the scope of consolidation					–
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	5,112	(2)	5,109
Balance at March 31, 2016	¥18,239	¥19,293	¥59,757	(¥56)	¥97,233

	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2015	¥1,542	(¥1,070)	(¥822)	(¥350)	¥375	¥92,148
Changes during the year						
Dividends from surplus						(3,293)
Net income						8,405
Purchase of treasury stock						(2)
Retirement of treasury stock						–
Change in the scope of consolidation						–
Net changes in items other than shareholders' equity	(85)	(1,250)	(356)	(1,692)	40	(1,651)
Total changes during the year	(85)	(1,250)	(356)	(1,692)	40	3,457
Balance at March 31, 2016	¥1,456	(¥2,321)	(¥1,178)	(¥2,043)	¥416	¥95,606

Thousands of U.S. dollars (Note 4)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	$161,412	$170,735	$483,586	($480)	$815,254
Changes during the year					
Dividends from surplus			(29,145)		(29,145)
Net income			74,386		74,386
Purchase of treasury stock				(22)	(22)
Retirement of treasury stock					–
Change in the scope of consolidation					–
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	45,241	(22)	45,219
Balance at March 31, 2016	$161,412	$170,735	$528,827	($501)	$860,473

	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2015	$13,652	($9,477)	($7,278)	($3,104)	$3,325	$815,475
Changes during the year						
Dividends from surplus						(29,145)
Net income						74,386
Purchase of treasury stock						(22)
Retirement of treasury stock						–
Change in the scope of consolidation						–
Net changes in items other than shareholders' equity	(759)	(11,065)	(3,152)	(14,977)	360	(14,618)
Total changes during the year	(759)	(11,065)	(3,152)	(14,977)	360	30,601
Balance at March 31, 2016	$12,893	($20,543)	($10,431)	($18,081)	$3,685	$846,077

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	¥18,239	¥19,293	¥49,298	(¥52)	¥86,778
Cumulative effect of change in accounting principle			1,012		1,012
Restated balance at April 1, 2014	18,239	19,293	50,310	(52)	87,791
Changes during the year					
Dividends from surplus			(2,450)		(2,450)
Net income			6,794		6,794
Purchase of treasury stock				(2)	(2)
Retirement of treasury stock					–
Change in the scope of consolidation			(9)		(9)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	4,334	(2)	4,332
Balance at March 31, 2015	¥18,239	¥19,293	¥54,645	(¥54)	¥92,123

	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2014	¥574	(¥3,481)	(¥812)	(¥3,718)	¥422	¥83,482
Cumulative effect of change in accounting principle						1,012
Restated balance at April 1, 2014	574	(3,481)	(812)	(3,718)	422	84,495
Changes during the year						
Dividends from surplus						(2,450)
Net income						6,794
Purchase of treasury stock						(2)
Retirement of treasury stock						–
Change in the scope of consolidation						(9)
Net changes in items other than shareholders' equity	967	2,410	(10)	3,367	(46)	3,320
Total changes during the year	967	2,410	(10)	3,367	(46)	7,653
Balance at March 31, 2015	¥1,542	(¥1,070)	(¥822)	(¥350)	¥375	¥92,148

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Cash Flows

For the years ended March 31, 2016

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Cash Flows from Operating Activities:			
Income before income taxes and non-controlling interests	**¥13,314**	¥10,307	**$117,825**
Depreciation and amortization	**4,415**	4,137	**39,075**
Amortization of goodwill	**789**	765	**6,986**
Impairment loss on fixed assets	**236**	175	**2,093**
Increase (decrease) in liability for retirement benefits	**19**	(15)	**170**
Increase (decrease) in allowance for doubtful accounts	**105**	(54)	**938**
Interest and dividend income	**(249)**	(291)	**(2,211)**
Equity in earnings of affiliates	**(148)**	(59)	**(1,315)**
Interest expenses	**46**	61	**409**
Foreign currency translation (gain) loss	**3**	(101)	**30**
Extra retirement payments	**–**	38	**–**
(Gain) loss on sale of shares of consolidated subsidiaries	**–**	(385)	**–**
(Gain) loss on sale of fixed assets	**22**	(7)	**199**
Loss on disposal of fixed assets	**71**	61	**637**
(Increase) decrease in trade notes and accounts receivable	**(2,049)**	(3,494)	**(18,140)**
(Increase) decrease in inventories	**(297)**	(1,007)	**(2,629)**
Increase (decrease) in trade notes and accounts payable	**544**	973	**4,817**
Others	**513**	787	**4,546**
Subtotal	**17,337**	11,889	**153,430**
Interest and dividends received	**308**	280	**2,734**
Interest paid	**(45)**	(61)	**(406)**
Payment for extra retirement payments	**–**	(38)	**–**
Income taxes paid	**(4,214)**	(4,585)	**(37,295)**
Income taxes refunded	**34**	32	**301**
Net cash provided by operating activities	**13,420**	7,518	**118,763**
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	**(2,000)**	(2,000)	**(17,699)**
Proceeds from redemption of marketable securities	**2,400**	2,300	**21,239**
Payment for purchase of property, plant and equipment	**(2,906)**	(2,238)	**(25,721)**
Proceeds from sale of property, plant and equipment	**73**	20	**654**
Payment for acquisition of intangible assets	**(3,270)**	(1,738)	**(28,945)**
Payment for acquisition of investments in securities	**(603)**	(56)	**(5,339)**
Proceeds from sale of investments in securities	**216**	–	**1,916**
Increase in time deposits	**(10,133)**	(7,541)	**(89,675)**
Decrease in time deposits	**10,364**	6,299	**91,725**
Payment for acquisition of investments in subsidiaries resulting in change in scope of consolidation	**(410)**	–	**(3,636)**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**–**	394	**–**
Payment for business acquisition	**(235)**	(2,044)	**(2,085)**
Loans to third parties	**–**	(10)	**–**
Collection of loans	**5**	4	**51**
Others	**(109)**	92	**(968)**
Net cash used in investing activities	**(6,608)**	(6,519)	**(58,482)**
Cash Flows from Financing Activities:			
Repayment of short-term bank loans	**(341)**	(445)	**(3,021)**
Repayment of long-term debt	**(215)**	–	**(1,905)**
Payment for acquisition of treasury stock	**(2)**	(2)	**(22)**
Repayments of finance lease obligations	**(1,643)**	(1,668)	**(14,547)**
Proceeds from sale and leaseback	**1,227**	1,622	**10,866**
Dividends paid	**(3,293)**	(2,450)	**(29,145)**
Dividends paid to non-controlling interests	**(39)**	(25)	**(353)**
Net cash used in financing activities	**(4,308)**	(2,969)	**(38,126)**
Effect of exchange rate changes on cash and cash equivalents	**(304)**	719	**(2,692)**
Net increase (decrease) in cash and cash equivalents	**2,199**	(1,250)	**19,463**
Cash and cash equivalents at beginning of year	**30,526**	31,674	**270,146**
Increase due to inclusion in consolidation	**–**	102	**–**
Cash and cash equivalents at end of year (Note 12)	**¥32,725**	¥30,526	**$289,609**

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of AMANO Corporation [hereafter, "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. As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Principles of Consolidation

(1) Scope of Consolidation

The Company had 26 consolidated subsidiaries at March 31, 2016. 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 consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2015 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2016. All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

None of the 5 unconsolidated subsidiaries are accounted for by the equity method, because the effect of their net income or losses and retained earnings on the accompanying consolidated financial statements is immaterial. The affiliates accounted for by the equity method are listed below:
- Creo Co., Ltd.
In addition, Parkinsys Technology Co., Ltd. was excluded from the scope of the appli- cation of the equity method due to the sale of Amano's shareholding in the Company during the year ended March 31, 2016.

3. Summary of Significant Accounting Policies

(1) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(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, based on the estimated useful lives, except for buildings acquired on or after April 1, 1998 computed on the straightline method. The ranges of the useful lives of assets are:
Buildings and structures 5-50 years
Machinery and vehicles 7-17 years
Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(4) Intangible Assets

Intangible assets are amortized using the straight-line method. Software costs for internal use are amortized by the straight-line method over their expected useful lives (five years). Software developed for external sale is amortized over the estimated sales period, 3 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) Leased Assets

Leased 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.

(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 any 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 section at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below. In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities had declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(7) Foreign Currency Translation

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates and the resulting transaction gains or losses are included in net profit or loss for the period.

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

Foreign currency denominated statements of overseas consolidated subsidiaries have been translated into Japanese yen using the method prescribed by the Business Accounting Deliberation Council of Japan. All the balance sheet accounts of foreign subsidiaries and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet dates except for common stock and capital surplus. On the other hand, all the profit and loss accounts are translated at the average foreign exchange rates for the respective periods. Differences arising from translation are presented as "Foreign currency translation adjustments" and "Non-controlling interests in consolidated subsidiaries" in the accompanying consolidated financial statements.

(9) Income Taxes

The Company recognizes the 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 statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(10) Allowance for Doubtful Accounts

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

(11) Retirement Benefits

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

(12) Accrued Employees' Bonuses

Accrued employees' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by employees by that date.

(13) Accrued Directors' Bonuses

Accrued directors' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for servises rendered by directors by that date.

(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 net income and 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 numbers 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 statement of income represent actual dividends declared as applicable to a common stock during the respective fiscal period.

(16) Revenue from Construction Contracts

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

(17) Accounting for Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(18) Accounting Changes

Effective the fiscal year ended March 31, 2016, the Company began to apply the Revised Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21 of September 13, 2013, hereinafter referred to as the Business Combinations Accounting Standard), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013, hereinafter referred to as the Consolidation Accounting Standard), and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013, hereinafter referred to as the Business Divestitures Accounting Standard). The Company changed to an accounting method in which it records as capital surplus any differences arising from changes to its equity in subsidiaries that remain under the Company's control, and it records the corresponding acquisition-related costs as expenses for the fiscal year in which the costs were incurred. For business combinations implemented from April, 2015, the company has changed to an accounting method in which revised acquisition cost allocation amounts are reflected in the consolidated financial statements for the fiscal year in which the business combination occurs, based on the finalization of provisional accounting treatment. In addition, the Company changed its presentation method for net income, replacing the term "minority interests" with the term "non-controlling interests." To reflect this change in presentation, the Company reclassified its consolidated financial statements for the fiscal year ended March 31, 2015.

Cash flows for the cost of the acquisition of shares of a subsidiary involving a change in the scope of consolidation were categorized in the consolidated statement of cash flows for the fiscal year ended March 31, 2016 within "Cash Flows from Operating Activities."

The Company applied the accounting standards for business combinations effective from the April, 2015 pursuant to the transitional treatment stipulated in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard.

The above-mentioned changes to accounting policies had only a negligible effect on the consolidated financial statements of the Company for the fiscal year ended March 31, 2016.

4. 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 ¥113 = US$1, the approximate effective rate of exchange prevailing on March 31, 2016. The inclusion of U.S. dollar amounts is solely for 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.

5. Standards Issued but Not Yet Effective

On March 28, 2016, the ASBJ issued "Revised Implementation Guidance on Recoverability of Deferred Tax Assets " (ASBJ Guidance No. 26).

(1) Overview

Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of the Japanese Institute of Certified Public Accountants Audit Committee Report No. 66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets, "whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

* Treatment of companies that do not satisfiy any of the category requirements for (Category 1) through (Category 5)
* Category requirements for (Category 2) and (Category 3)
* Treatment related to future deductible temporary differences which cannot be scheduled in companies that qualify as (Category 2)
* Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)
* Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

(2) Scheduled date of adoption

The Company expects to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

(3) Impact of adopting revised implementation and guidance

The Company is currently evaluating the effect of adopting this revised implementation guidance on its consolidated financial statements.

6. Investments in Unconsolidated Subsidiaries and Affiliates

Among investments in securities, the amount in aggregate corresponding to unconsolidated subsidiaries and affiliates at March 31, 2016 and 2015 is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Investments in equity securities	**¥1,633**	¥1,750	**$14,451**
Others	**138**	138	**1,221**

7. Assets Pledged as Collateral and Obligations Secured by Collateral

As at March 31, 2016 and 2015, the following assets were pledged as collateral:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Cash and bank deposits	**¥61**	¥65	**$540**
Buildings and structures	**32**	35	**283**
Long-term bank deposits	**2**	2	**18**

As at March 31, 2016 and 2015, such collateral secured the following obligations:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Short-term bank loans	**¥5**	¥16	**$44**
Long-term loans payable	**–**	5	**–**
	¥5	¥21	**$44**

8. Selling, General and Administrative Expenses

Selling, general and administrative expenses during the years ended March 31, 2016 and 2015 principally include:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Employees' bonuses	**¥1,615**	¥1,371	**$14,292**
Directors' bonuses	**65**	45	**575**
Retirement benefits	**1,283**	1,232	**11,354**
Salaries and allowances	**17,799**	16,795	**157,513**
Allowance for doubtful accounts	**71**	(30)	**628**

9. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing cost for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Research and development costs	**¥1,374**	¥1,465	**$12,159**

10. Changes in Shareholders' Equity

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2015 to March 31, 2016 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common stock (shares)	76,657,829	–	–	76,657,829

(2) Shares of treasury stock

Share type	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common stock (shares)	66,585	1,524	–	68,109

(Reason of change)
The increase in the number of shares is due to the purchases of shares less than one unit.

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2014 to March 31, 2015 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock (shares)	76,657,829	–	–	76,657,829

(Reason of change)
The decrease in the number of shares is due to the retirement of treasury stock.

(2) Shares of treasury stock

Share type	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock (shares)	64,808	1,777	–	66,585

(Reason of change)
The increase in the number of shares is due to the purchases of shares less than one unit.

11. Dividends

Information on dividends for the fiscal year ended March 31, 2016 is as follows:

(1) Dividends paid

Resolution	Share type	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S.dollars)	Dividend per share (Yen)	Dividend per share (U.S.dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 26, 2015	Common stock	¥1,761	$15,589	¥23	$0.204	March 31, 2015	June 29, 2015
Board of directors meeting, October 29, 2015	Common stock	¥1,531	$13,556	¥20	$0.177	September 30, 2015"	December 2, 2015

(2) Dividends for which the date of record falls in the fiscal year, but the effective date is after the end of the fiscal year.

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S.dollars)	Dividend per share (Yen)	Dividend per share (U.S.dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 29, 2016	Common stock	Retained earnings	¥2,144	$18,973	¥28	$0.248	March 31, 2016	June 30, 2016

Information on dividends for the fiscal year ended March 31, 2015 is as follows:

(1) Dividends paid

Resolution	Share type	Total dividend (Millions of Yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 27, 2014	Common stock	¥1,302	¥17	March 31, 2014	June 30, 2014
Board of directors meeting, November 5, 2014	Common stock	¥1,148	¥15	September 30, 2014	December 2, 2014

(2) Dividends for which the date of record falls in the fiscal year, but the effective date is after the end of the fiscal year.

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 26, 2015	Common stock	Retained earnings	¥1,761	¥23	March 31, 2015	June 29, 2015

12. Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to the amounts shown in the consolidated balance sheet as at March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Cash and bank deposits	**¥36,888**	¥35,126	**$326,446**
Marketable securities	**1,527**	1,871	**13,521**
Sub total	**38,416**	36,998	**339,967**
Time deposits due over three months	**(4,589)**	(5,070)	**(40,616)**
Marketable securities due over three months	**(1,100)**	(1,401)	**(9,742)**
Cash and cash equivalents	**¥32,725**	¥30,526	**$289,609**

For the year ended March 31, 2016, the carrying value at the time of sale of the assets and liabilities of the former subsidiary, Scopus-Omnibadges, S.A.S., which was deconsolidated as a result of its sale, was as follows:

Current assets	¥ 420 million
Non-current assets	¥ 188 million
Total assets	¥ 608 million
Current liabilities	¥ 124 million
Non-current liabilities	¥ 34 million
Total liabilities	¥ 158 million

(Supplemental disclosure of non-cash transactions)
The significant non-cash transactions for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Leased assets	**¥1,377**	¥1,117	**$12,186**
Lease obligations	**1,278**	1,707	**11,310**

13. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the years ended March 31, 2016 and 2015 is summarized as follows:

Location	Purpose of use	Category	Millions of Yen		Thousands of U.S.dollars (Note 4)
			2016	2015	**2016**
Amano Corporation (Japan)	Idle assets	Buildings and structures	–	¥155	–
	Idle assets	Machinery and equipment	–	0	–
Amano USA Holdings, Inc. (U.S.A.)	Head office	Buildings and structures	**¥236**	–	**$2,093**
Accu-Time Systems, Inc. (U.S.A.)	Business use	Other intangible fixed assets	–	18	–
		Total	**¥236**	¥175	**$2,093**

Method to Group Assets:

The Company and its subsidiaries group assets according to minimum units that generate cash flows essentially independent from the cash flows of other assets or groups of assets.

Recognition of Impairment Losses:
In the year ended March 31, 2015, certain idle assets related to the manufacturing integration of parking management equipment in Amano Corporation were identified. In addition, the total amount of projected future cash flows from the business-use assets of Accu-Time Systems, Inc. fell below the book value. As a result, the book values of these assets were reduced to the recoverable amounts, and the reductions were recognized as impairment losses based on US-GAAP.

In the year ended March 31, 2016, the remarkable change of using method occured in Amano USA Holdings, Inc. As a result, the book values of these assets were reduced to the recoverable amounts, and the reductions were recognized as impairment losses based on US-GAAP.

Calculation of Recoverable Amount:
In the year ended March 31, 2015, the recoverable amount for the idle assets of Amano Corporation is reasonably estimated based on the value in use.
Future cash flows were determined to be zero.

In the year ended March 31, 2016, the recoverable amount for the buildings and structures of Amano USA Holdings, Inc. is a net sale value based on a real estate judgment valuation.

14. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Net unrealized gains (losses) on other securities:	**2016**	2015	**2016**
Amount arising during the year	(¥68)	¥1,293	**($602)**
Reclassification adjustments	–	–	–
Amount before tax effect	(68)	1,293	**(602)**
Tax effect	(14)	(335)	**(124)**
Net unrealized gains (losses) on other securities	(82)	958	**(731)**
Translation adjustments:			
Amount arising during the year	(1,267)	2,494	**(11,215)**
Reclassification adjustments	–	**(51)**	–
Amount before tax effect	(1,267)	2,442	**(11,215)**
Tax effect	–	–	–
Translation adjustments	(1,267)	2,442	**(11,215)**
Retirement benefits liability adjustments:			
Amount arising during the year	(652)	**(108)**	**(5,770)**
Reclassification adjustments	167	**157**	**1,478**
Amount before tax effect	(485)	**48**	**(4,292)**
Tax effect	129	**(58)**	**1,142**
Retirement benefits liability adjustments	(356)	**(10)**	**(3,152)**
Share of other comprehensive income (loss) of companies accounted for by the equity method:			
Amount arising during the year	(10)	22	**(92)**
Reclassification adjustments	(7)	–	**(62)**
Share of other comprehensive income of companies accounted for by the equity method	(17)	22	**(154)**
Total other comprehensive income (loss)	(¥1,723)	¥3,414	**($15,253)**

15. Lease Commitments

(1) Lessees' accounting
Minimum future lease payments under operating leases subsequent to March 31, 2016 and 2015 for non-cancelable operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Due within one year	**¥72**	¥79	**$637**
Due over one year	**513**	585	**4,540**
Total	**¥585**	¥664	**$5,177**

(2) Lessors' accounting
Minimum future lease income under operating leases subsequent to March 31, 2016 and 2015 for non-cancelable operating leases is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Due within one year	**¥99**	¥99	**$876**
Due over one year	**805**	905	**7,124**
Total	**¥905**	¥1,004	**$8,009**

16. Financial Instruments

Overview

(1) Management policy

The management policy of the Company is to invest surplus funds into low-risk financial instruments. The Company has not held any high-risk financial instruments.

(2) Financial instruments and their risks

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

(3) Risk management policies

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

The Company has an established credit management policy, whereby credit risk exposure arising from both notes and accounts receivable is monitored on an ongoing basis in order to detect credit deterioration as well as to trigger appropriate minimizing measures at its early stages.
Held-to-maturity investments are subject to the examination and decision of the Funds Management Review Committee and accordingly, investments largely consist of negotiable deposits and high graded securities, which are considered to have minimal credit risk.

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

Marketable securities and investment securities are marked to market and the financial condition of the issuer (client company) is monitored periodically.
In addition, the holdings of bonds and securities, other than held-to-maturity investments, are reviewed on an ongoing basis, taking into consideration the relationship, and other factors, with the issuer.

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

The Company has managed liquidity risk by holding appropriate funds based on the forecasts, and actual cash flow is continuously monitored by the management.

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

The fair values of financial instruments are based on quoted market prices. If quoted market prices are unavailable, the fair values are estimated based on the prices which are assessed as reasonable by the Company. Since the Company takes contingent variable factors into account when estimating the fair value, it would vary depending on the different preconditions.

Estimated fair value of financial instruments

Differences between carrying value and estimated fair value as of March 31, 2016 and 2015 are as follows:
Financial instruments whose fair values are difficult to estimate are not stated in the following table; refer to (* 2).

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2016			2016		
	Carrying value	**Estimated fair value**	**Difference in amounts**	**Carrying value**	**Estimated fair value**	**Difference in amounts**
(1) Cash and bank deposits	**¥36,888**	**¥36,888**	**–**	**$326,446**	**$326,446**	**–**
(2) Notes and accounts receivable	**34,576**	**34,576**	**–**	**305,987**	**305,987**	**–**
(3) Marketable securities and investments in securities						
① Held-to-maturity	**1,350**	**1,348**	**(¥1)**	**11,947**	**11,929**	**($9)**
② Subsidiaries and affiliates	**1,582**	**1,005**	**(577)**	**14,000**	**8,894**	**(5,106)**
③ Other securities	**6,026**	**6,026**	**–**	**53,327**	**53,327**	**–**
Total (Assets)	**¥80,423**	**¥79,844**	**(¥578)**	**$711,708**	**$706,584**	**($5,115)**
(4) Trade notes and accounts payable	**¥7,642**	**¥7,642**	**–**	**$67,630**	**$67,630**	**–**
(5) Electronically recorded monetary claims	**6,438**	**6,438**	**–**	**56,974**	**56,974**	**–**
Total (Liabilities)	**¥14,080**	**¥14,080**	**–**	**$124,602**	**$124,602**	**–**

	Millions of Yen		
	2015		
	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥35,126	¥35,126	–
(2) Notes and accounts receivable	32,861	32,861	–
(3) Marketable securities and investments in securities			
① Held-to-maturity	1,350	1,348	(¥1)
② Subsidiaries and affiliates	1,472	991	(480)
③ Other securities	5,934	5,934	–
Total (Assets)	¥76,744	¥76,262	(¥482)
(4) Trade notes and accounts payable	¥7,125	¥7,125	–
(5) Electronically recorded monetary claims	6,538	6,538	–
Total (Liabilities)	¥13,664	¥13,664	–

(NOTES)

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

Assets:

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

(3) Marketable securities and investments in securities:
Since negotiable certificate of deposits are settled in a short period of time, their carrying values approximate fair value.
The fair value of the other stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to (*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2016 and 2015.

Liabilities:

(4) Trade notes and accounts payable, and (5) Electronically recorded monetary claims:
Since these items are settled in a short period of time, their carrying value approximates fair value.

(*2): Financial instruments whose fair values are difficult to estimate are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Unlisted securities (Carrying value)	**¥428**	¥655	**$3,788**

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

(*3) Redemption schedule for monetary claims and securities with maturities subsequent to the balance sheet date is as follows:

	Millions of Yen			
	2016			
	Due within 1 year	**Due after 1 year but within 5 years**	**Due after 5 years but within 10 years**	**Due after 10 years**
Cash and bank deposits	**¥36,888**	**–**	**–**	**–**
Notes and accounts receivable	**34,576**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Held-to-maturity securities	**1,000**	**¥250**	**¥100**	**–**
Other securities with maturities	**100**	**–**	**–**	**–**
Total	**¥72,564**	**¥250**	**¥100**	**–**

	Millions of Yen			
	2015			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and bank deposits	¥35,126	–	–	–
Notes and accounts receivable	32,861	–	–	–
Marketable securities and investments in securities:				
Held-to-maturity securities	1,100	¥250	–	–
Other securities with maturities	300	100	–	–
Total	¥69,387	¥350	–	–

	Thousands of U.S.dollars (Note 4)			
	2016			
	Due within 1 year	**Due after 1 year but within 5 years**	**Due after 5 years but within 10 years**	**Due after 10 years**
Cash and bank deposits	**$326,446**	**–**	**–**	**–**
Notes and accounts receivable	**305,987**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Held-to-maturity securities	**8,850**	**$2,212**	**$885**	**–**
Other securities with maturities	**885**	**–**	**–**	**–**
Total	**$642,159**	**$2,212**	**$885**	**–**

(*4) Repayment schedule for bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities subsequent to the balance sheet date:

	Millions of Yen					
	2016					
	Due within 1 year	**The second year**	**The third year**	**The fourth year**	**The fifth year**	**Thereafter**
Long-term loans payable	–	**¥37**	**¥469**	–	–	–
Lease obligations	**¥1,448**	**1,185**	**917**	**¥554**	**¥359**	**¥239**
Total	**¥1,448**	**¥1,222**	**¥1,387**	**¥554**	**¥359**	**¥239**

	Millions of Yen					
	2015					
	Due within 1 year	The second year	The third year	The fourth year	The fifth year	Thereafter
Long-term loans payable	–	¥1,282	¥66	¥500	¥31	¥107
Lease obligations	¥1,410	1,195	930	668	307	279
Total	¥1,410	¥2,478	¥997	¥1,168	¥339	¥386

	Thousands of U.S.dollars (Note 4)					
	2016					
	Due within 1 year	**The second year**	**The third year**	**The fourth year**	**The fifth year**	**Thereafter**
Long-term loans payable	–	**$333**	**$4,152**	–	–	–
Lease obligations	**$12,823**	**10,488**	**8,123**	**$4,909**	**$3,179**	**$2,121**
Total	**$12,823**	**$10,821**	**$12,275**	**$4,909**	**$3,179**	**$2,121**

(*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2016 and 2015 are as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2016			2016		
	Carrying value	**Fair value**	**Unrealized gains (losses)**	**Carrying value**	**Fair value**	**Unrealized gains (losses)**
Held-to-maturity	**¥1,350**	**¥1,348**	**(¥1)**	**$11,947**	**$11,929**	**($9)**
	Carrying value	**Acquisition cost**	**Unrealized gains (losses)**	**Carrying value**	**Acquisition cost**	**Unrealized gains (losses)**
Other securities with carrying value exceeding acquisition cost						
Stocks	**¥4,617**	**¥2,550**	**¥2,067**	**$40,858**	**$22,566**	**$18,292**
Other	**525**	**519**	**5**	**4,646**	**4,593**	**44**
Subtotal	**5,143**	**3,070**	**2,072**	**45,513**	**27,168**	**18,336**
Other securities with carrying value not exceeding acquisition cost						
Stocks	**881**	**927**	**(46)**	**7,796**	**8,204**	**(407)**
Other	**2**	**2**	–	**18**	**18**	–
Subtotal	**883**	**930**	**(46)**	**7,814**	**8,230**	**(407)**
Total	**¥6,026**	**¥4,000**	**¥2,026**	**$53,327**	**$35,398**	**$17,929**

	Millions of Yen		
	2015		
	Carrying value	Fair value	Unrealized gains (losses)
Held-to-maturity	¥1,350	¥1,348	(¥1)
	Carrying value	Acquisition cost	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost			
Stocks	¥5,064	¥2,975	¥2,089
Other	685	679	6
Subtotal	5,749	3,654	2,095
Other securities with carrying value not exceeding acquisition cost			
Stocks	–	–	–
Other	184	185	(1)
Subtotal	184	185	(1)
Total	¥5,934	¥3,840	¥2,094

17. Retirement Benefits

Outline of the retirement benefit plans adopted

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

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

(3) Employees' pension fund: Since April 1, 1980, the Company has used an multi-employer contributory funded pension plan as a supplement to its existing retirement benefit scheme.

In addition, certain subsidiaries have lump-sum payment plans and a defined benefit corporate pension plan. They calculate the retirement benefit expenses, and assets and liabilities for retirement benefits by means of a simplified method.

Multi-employer scheme

The required contributions for the employees' pension fund system, which is a multi-employer pension scheme that is accounted for in the same manner as a defined contribution plan, were ¥ 490 million and ¥ 550 million in the years ended March 31, 2016 and 2015, respectively.

(1) Most recent funded status of the multi-employer plan

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	As of March 31, 2015	As of March 31, 2014	**As of March 31, 2015**
Amount of pension assets	**¥63,738**	¥60,068	**$564,053**
Total of amount of pension obligations based on amount of pension financing calculations in the scheme and minimum reserve amount	**75,343**	75,422	**666,752**
Net amount	**(¥11,605)**	(¥15,354)	**($102,699)**

(2) Amount paid by the Company as a percentage of contributions to the multi-employer plan

For the year ended March 31, 2014: 22.6%
For the year ended March 31, 2015: 23.0%

(3) Supplemental information

The net amount in (1) above was mainly due to a prior service obligation in pension financing (As of March 31, 2014: ¥ 9,040 million; As of March 31, 2015: ¥ 8,925 million). The method of amortizing the prior service obligation in this plan is to evenly amortize the principal and interest over a period of 20 years, and special contributions of ¥ 187 million and ¥ 185 million were expensed in the Company's consolidated financial statements in the years ended March 31, 2016 and 2015, respectively. The percentage of the Company's contribution in (2) above does not match the percentage of its actual pension obligation.

The changes in the retirement benefit obligation for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Balance at the beginning of the year	**¥10,999**	¥11,834	**$97,336**
Cumulative effect of change in accounting principle	**–**	(1,571)	**–**
Restated balance at the beginning of the year	**10,999**	10,263	**97,336**
Service cost	**814**	749	**7,204**
Interest cost	**80**	93	**708**
Actuarial loss	**725**	397	**6,416**
Retirement benefits paid	**(588)**	(495)	**(5,204)**
Prior service cost	**–**	–	**–**
Other	**(35)**	(9)	**(310)**
Balance at the end of the year	**¥11,996**	¥10,999	**$106,159**

The changes in plan assets for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Balance at the beginning of the year	**¥8,675**	¥7,876	**$76,770**
Expected return on plan assets	**216**	196	**1,912**
Actuarial loss	**19**	283	**168**
Contributions by the Company	**771**	758	**6,823**
Retirement benefits paid	**(500)**	(440)	**(4,425)**
Other	**(0)**	0	**(0)**
Balance at the end of the year	**¥9,181**	¥8,675	**$81,248**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Funded retirement benefit obligation	**¥11,873**	¥10,880	**$105,071**
Plan assets at fair value	**(9,181)**	(8,675)	**(81,248)**
	2,692	2,204	**23,823**
Unfunded retirement benefit obligation	**123**	119	**1,088**
Net liability for retirement benefits in the balance sheet	**2,815**	2,324	**24,912**
Liability for retirement benefits	**2,815**	2,324	**24,912**
Asset for retirement benefits	**–**	–	**–**
Net liability for retirement benefits in the balance sheet	**¥2,815**	¥2,324	**$24,912**

The components of retirement benefit expense for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Service cost	**¥814**	¥749	**$7,204**
Interest cost	**80**	93	**708**
Expected return on plan assets	**(216)**	(196)	**(1,912)**
Amortization of actuarial loss	**224**	166	**1,982**
Amortization of prior service cost	**(3)**	(3)	**(27)**
Retirement benefit expense	**¥899**	¥808	**$7,956**

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Prior service cost	**(¥3)**	(¥3)	**($27)**
Actuarial gain	**(481)**	52	**(4,257)**
Total	**(¥485)**	¥48	**($4,292)**

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Unrecognized prior service cost	**¥10**	¥14	**$88**
Unrecognized actuarial loss	**(1,708)**	(1,226)	**(15,115)**
Total	**(¥1,697)**	(¥1,212)	**($15,018)**

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 is as follows:

	Millions of Yen	
	2016	2015
General accounts	**10%**	9%
Bonds	**76%**	77%
Stocks	**12%**	12%
Other	**2%**	2%
Total	**100%**	100%

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:*

*They are calculated by the weighted average method.

	2016	2015
Discount rate	**0.6%**	1.0%
Expected long-term rate of return on plan assets	**2.5%**	2.5%
Expected rates of salary increases	**5.1%**	5.1%

For defined benefit plans to which the simplified method is applied, the changes in the retirement benefit obligation for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Balance at the beginning of the year	**¥109**	¥126	**$965**
Retirement benefit expense	**43**	33	**381**
Retirement benefits paid	**(38)**	(28)	**(336)**
Contributions to plans	**(25)**	(23)	**(221)**
Other	**(0)**	0	**(3)**
Balance at the end of the year	**¥89**	¥109	**$788**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Funded retirement benefit obligation	**¥176**	¥158	**$1,558**
Plan assets at fair value	**(210)**	(193)	**(1,858)**
	(34)	(35)	**(301)**
Unfunded retirement benefit obligation	**123**	144	**1,088**
Net liability for retirement benefits in the balance sheet	**89**	109	**788**
Liability for retirement benefits	**170**	191	**1,504**
Asset for retirement benefits	**(81)**	(81)	**(717)**
Net liability for retirement benefits in the balance sheet	**¥89**	¥109	**$788**

Retirement benefit expenses calculated using the simplified method for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Retirement benefit expenses	**¥43**	¥33	**$381**

Contributions to defined contribution plans of the Company and its consolidated subsidiaries for the years ended March 31, 2016 and 2015 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Contributions to defined contribution plans	**¥379**	¥357	**$3,354**

18. Income Taxes

Deferred tax assets and liabilities (both current and non-current) as at March 31, 2016 and 2015 consisted of the following elements:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Deferred tax assets:			
Accrued enterprise tax	**¥184**	¥122	**$1,628**
Accrued employees' bonuses	**828**	691	**7,327**
Accounts payable and long-term accounts payable	**52**	57	**460**
Net liability for retirement benefits	**879**	778	**7,779**
Loss carried forward	**1,073**	1,227	**9,496**
Loss on write-down of investments in securities	**296**	311	**2,619**
Surplus on allowance for doubtful accounts	**125**	106	**1,106**
Unrealized gains	**650**	645	**5,752**
Others	**1,207**	1,207	**10,681**
Less: valuation allowance	**(1,466)**	(1,524)	**(12,973)**
Total deferred tax assets	**¥4,103**	¥3,624	**$36,310**
Deferred tax liabilities:			
Reserve for advanced depreciation of building	**(11)**	(12)	**(97)**
Acquired intangible assets	**(11)**	(19)	**(97)**
Unrealized loss on other securities	**(573)**	(559)	**(5,071)**
Others	**(85)**	(115)	**(752)**
Total deferred tax liabilities	**(682)**	(706)	**(6,035)**
Net deferred tax assets	**¥3,420**	¥2,918	**$30,265**

Reconciliation of the effective statutory tax rate and the actual tax rate is shown below:

	2016	2015
Effective statutory tax rate	**33.0%**	35.6%
Adjustments:		
Entertainment and other nondeductible expenses	**0.6**	0.5
Dividends and other nontaxable income	**(1.4)**	(3.9)
Inhabitant tax on per capita levy	**0.6**	0.8
Nondeductible amortization of goodwill	**2.2**	2.0
Eliminated dividend received from subsidiaries	**2.1**	3.1
Realization of tax benefits on operating losses	**(1.7)**	(0.6)
Tax credit for research and development expenses	**(0.4)**	(0.5)
Valuation allowance	**(0.1)**	(4.6)
Deferred tax assets reduced by change of taxation rates	**0.5**	1.2
Difference of foreign subsidiaries' taxation rates	**(0.2)**	(1.3)
Equity in earnings of affiliates	**(0.4)**	(0.2)
Others	**1.2**	0.6
Actual tax rate	**36.0%**	32.7%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 15 of 2016) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No.13 of 2016) were promulgated on March 29, 2016. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.2% to 30.8% and 30.6% for the temporary differences expected to be realized or settled in the years beginning April 1, 2016 and 2017 and for the temporary differences expected to be realized or settled from April 1, 2018, respectively. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥ 11 million ($ 97 thousand), increase deferred income taxes by ¥ 68 million ($ 601 thousand) and unrealized gain on other securities by ¥ 29 million ($ 256 thousand) and decrease retirement benefits liability adjustments by ¥ 27 million ($ 238 thousand) as of and for the year ended March 31, 2016.

19. Segment Information

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

The reportable segments are as follows:

1. Time information system business
2. Environment system business

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

	Millions of Yen				
	2016				
	Reportable segments			Adjustments/ Eliminations	Consolidated
	Time information system business	Environment system business	Total		
Net sales:					
Sales to third parties	**¥85,462**	**¥34,044**	**¥119,506**	–	**¥119,506**
Intersegment sales and transfers	-	-	-	–	-
Total	**85,462**	**34,044**	**119,506**	–	**119,506**
Segment profit or loss	**12,099**	**4,576**	**16,675**	**(¥3,732)**	**12,942**
Segment assets	**63,963**	**27,843**	**91,806**	**45,159**	**136,965**
Depreciation and amortization	**3,345**	**517**	**3,862**	**552**	**4,415**
Impairment loss for fixed assets	–	–	–	236	**236**
Investment in equity-method affiliates	**1,582**	–	**1,582**	–	**1,582**
Increase in tangible and intangible fixed assets	**5,396**	**422**	**5,819**	**827**	**6,646**

	Millions of Yen				
	2015				
	Reportable segments			Adjustments/ Eliminations	Consolidated
	Time information system business	Environment system business	Total		
Net sales:				–	
Sales to third parties	¥79,477	¥30,360	¥109,837	–	¥109,837
Intersegment sales and transfers	–	–	–	–	–
Total	79,477	30,360	109,837	–	109,837
Segment profit or loss	8,961	3,363	12,325	(¥2,967)	9,357
Segment assets	60,217	26,007	86,224	45,335	131,560
Depreciation and amortization	3,203	538	3,742	394	4,137
Impairment loss for fixed assets	175	–	175	–	175
Investment in equity-method affiliates	1,695	–	1,695	–	1,695
Increase in tangible and intangible fixed assets	5,711	1,022	6,733	42	6,775

	Thousands of U.S. dollars (Note 4)				
	2016				
	Reportable segments			Adjustments/ Eliminations	Consolidated
	Time information system business	Environment system business	Total		
Net sales:					
Sales to third parties	**$756,302**	**$301,276**	**$1,057,578**	–	**$1,057,578**
Intersegment sales and transfers	–	–	–	–	–
Total	**756,302**	**301,276**	**1,057,578**	–	**1,057,578**
Segment profit or loss	**107,072**	**40,497**	**147,569**	**($33,030)**	**114,539**
Segment assets	**566,045**	**246,402**	**812,447**	**399,641**	**1,212,087**
Depreciation and amortization	**29,606**	**4,578**	**34,184**	**4,891**	**39,075**
Impairment loss for fixed assets	–	–	–	2,093	**2,093**
Investment in equity-method affiliates	**14,001**	–	**14,001**	–	**14,001**
Increase in tangible and intangible fixed assets	**47,756**	**3,743**	**51,499**	**7,322**	**58,821**

(2) Related Information

Geographic Segments

Information by geographic region for the years ended March 31, 2016 and 2015 is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Net sales:	**2016**	2015	**2016**
Japan	**¥78,832**	¥75,013	**$697,632**
North America	**18,996**	13,948	**168,107**
Others	**21,677**	20,875	**191,837**
Total	**¥119,506**	¥109,837	**$1,057,578**

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Tangible fixed assets:	**2016**	2015	**2016**
Japan	**¥20,988**	¥20,906	**$185,736**
Others	**2,601**	3,114	**23,021**
Total	**¥23,589**	¥24,021	**$208,758**

(3) Information on both "amortization of goodwill" and "unamortized balance" by reportable segments as at and for the years ended March 31, 2016 and 2015 is summarized as follows:

	Millions of Yen				
	2016				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Amortization of goodwill	**¥721**	**68**	**¥789**	**–**	**¥789**
Unamortized balance	**¥3,744**	**344**	**¥4,088**	**–**	**¥4,088**

	Millions of Yen				
	2015				
	Reportable segments			Eliminations/ Corporate	Total
	Time information system business	Environment system business	Total		
Amortization of goodwill	¥721	**43**	¥765	–	¥765
Unamortized balance	¥4,456	**409**	¥4,866	–	¥4,866

	Thousands of U.S.dollars (Note 4)				
	2016				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Amortization of goodwill	**$6,383**	**602**	**$6,986**	**–**	**$6,986**
Unamortized balance	**$33,136**	**3,047**	**$36,183**	**–**	**$36,183**

20. Per Share Data

Net assets and net income per share as at and for the years ended March 31, 2016 and 2015 are as follows:

(1) Net assets per share

	Yen		U.S.dollars (Note 4)
	2016	2015	**2016**
Net assets per share	**¥1,242.86**	¥1,198.22	**$10.999**

The basis for these calculations is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Total net assets in consolidated balance sheet	**¥95,606**	¥92,148	**$846,077**
Amount to be deducted from total net assets	**416**	375	**3,685**
(Out of the above non-controlling interest portion)	**(416)**	(375)	**(3,685)**
Net assets relating to common stock	**95,190**	91,772	**842,392**

	Shares	
Number of shares of common stock used to compute net assets per share	**76,589,720**	76,591,244

(2) Net income per share

	Yen		U.S.dollars (Note 4)
	2016	2015	**2016**
Net income per share	**¥109.75**	¥88.71	**$0.971**

Notes: Diluted net income per share is omitted as there were no potential shares with dilutive effect.

The basis for these calculations is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2016	2015	**2016**
Net income in the consolidated statement of income	**¥8,405**	¥6,794	**$74,386**
Net income relating to common stock	**8,405**	6,794	**74,386**

	Shares	
	2016	2015
Average number of shares of common stock outstanding during the year	**76,590,480**	76,592,083

Corporate Data

Domestic Operations

HEAD OFFICE

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

FACILITIES

SAGAMIHARA Factory
HOSOE Factory

SALES OFFICES

73 Sales Offices Located in major cities, including

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

DOMESTIC SUBSIDIARIES

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

Board of Directors

Chairman & Representative Director

Kaoru HARUTA

President & Representative Director

Izumi NAKAJIMA

Director & Managing Operating Officers

Hiroshi SHIRAISHI
Isao TERASAKI
Kenji KOHORI

Director & Operating Officers

Takeshi AKAGI
Yasuhiro SASAYA
Kunihiro IHARA

(Outside) Directors

Isao KISHI
Kiyoshi KAWASHIMA

(Full-time) Audit & Supervisory Board Members

Haruhiko YAMAGUCHI
Toru UENO

(Outside) Audit & Supervisory Board Members

Yoshiyuki SATO
Takehide ITONAGA

Operating Officers

Minoru YONEZAWA
Tatsuo NIIHO
Masahiko MORITA
Myeong-Jin JEON
Tetsuhiro KONDO
Jun NAKAKURO
Hiroyuki TSUDA
Yoshikazu TOAKE
Masahiro SAWADA
Sachio OTAKA
Takashi KASAI
Manabu YAMAZAKI

Overseas Operations

1. AMANO USA HOLDINGS,INC.
2. AMANO CINCINNATI,INC.
3. AMANO CINCINNATI,INC. OHIO FACTORY
4. AMANO McGANN CANADA INC.
5. AMANO PIONEER ECLIPSE CORPORATION
6. AMANO McGANN, INC.
7. ACCU-TIME SYSTEMS, INC.
8. AMANO TIME&ECOLOGY DE MEXICO S.A. DE C.V.
9. ACCU-TECH SYSTEMS, Ltd.
10. AMANO EUROPE HOLDINGS, N.V.
11. AMANO EUROPE, N.V.
12. AMANO TIME&PARKING SPAIN S.A.
13. HOROSMART, S.A.
14. HOROQUARTZ, S.A.
15. HOROQUARTZ MAROC, S.A.
16. AMANO KOREA CORPORATION
17. AMANO INTERNATIONAL TRADING(SHANGHAI)CO.,LTD.
18. AMANO SOFTWARE ENGINEERING (SHANGHAI)CO.,LTD.
19. AMANO MANUFACTURING(SHANGHAI)CO.,LTD.
20. AMANO PARKING SERVICE LTD.
21. AMANO MALAYSIA SDN.BHD.
22. AMANO TIME&AIR SINGAPORE PTE.LTD.
23. PT.AMANO INDONESIA
24. AMANO THAI INTERNATIONAL CO.,LTD.

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