FINANCIAL REPORT

April 2016 - March 2017

AMANO Corporation

Management Policy

1. Basic Management Policy

Amano's management philosophy is to create new values and contribute to the realization of a safe, comfortable and a wholesome society in the fields of "People & Time" and "People & Environment."
Under this management philosophy and based on an optimal governance structure that responds to changes in the business environment, we will strive to maximize corporate value by ensuring sustained growth through the creation of new businesses and markets with a medium-to-long term global perspective, in addition to expanding our existing businesses. Furthermore, we will aim to become a company that has the trust and high regard of all the stakeholders including customers, business partner companies, shareholders, employees and the local community by constantly returning a fair profit earned through business activities.

2. Medium- to Long-term Corporate Management Strategies and Issues to Address

We launched a new three-year "medium-term business plan," which will apply from April 2017 until March 2020. An outline of the plan is set out below.

[1] Basic Policies

Under the new medium-term business plan, with the Group's management concept of "The 2nd Stage Towards a 100-year Company-Innovative Creation of Value for Sustainable Growth," we will address four key issues towards achieving the goal of "enhancing our corporate value" while emphasizing compliance and further strengthening corporate governance as a foundation.

(1) Regional Growth Strategies: Promote growth strategy for each of the four regions (Japan, North America, Europe and Asia).
(2) Reinforcement Management Foundation: Reinforce management practices based on productivity improvement by continuing cost reduction activities and a work style reform.
(3) Create Innovation: Aim to be the clear niche leader and build the sixth and seventh core businesses.
(4) Improve Brand Value: Promote the enhancement of the value of Amano brands through efforts to address the key issues described above.

The target of the new medium-term business plan is the achievement of the "triple 11."

(1) Operating profit ratio: 11% or more
(2) ROE: 11% or more
(3) The ratio of consolidated net sales to non-consolidated net sales: 11% growth

Measures and issues for each region under these basic policies are as follows:

1. Japanese market

In the Japanese market, we will reinforce ties among domestic Group companies and also with other companies outside the Group 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 promote the strategic "3-in-1 activity" to increase our customer base by cultivating and further attracting existing customers and aim to be the clear niche leader on a medium- to long-term basis in each business field.
The Information Systems business is witnessing tangible demand for time & attendance management systems, which enables proper employee work management. Amid the implementation of the Japanese government guidance to eradicate long working hours (overworking) and to improve productivity, corporate measures to establish a framework to manage appropriate work hours have become the subject of attention. In addition, against the backdrop of the revision to the Labor Standards Act, which aims to facilitate diverse ways of working, it is expected that demand for system upgrades along with systems utilizing cloud services and smart devices will increase.

In response to this market environment, we will enhance our customer base by providing a one-stop service covering hardware, software and cloud services. For the small-to-medium sized enterprise market, we will further strengthen the marketing of TimePro-NX, a software package launched last year that provides holistic solutions for time & attendance, human resource management and payroll. For the medium-to-large enterprise market, we will collaborate with CREO CO., LTD., to provide software for time & attendance, human resource management, payroll and accounting, and in addition, we will strengthen consulting activities to become an "HR solutions vendor" in order to expand our business domains.
The Parking Systems business is witnessing continuing growth in the nation's parking lot market owing to the real estate market becoming buoyant in advance of the 2020 Tokyo Olympics. In addition to the need for parking lot management cost reduction, ensuring safety and security in parking lots, consideration for the environment and the improvement of user convenience, the need to propose solutions for new operational methods such as web-based or cashless use of parking lots has been increasing.
Given this market environment, we will further strengthen partnerships with major parking lot management companies and provide various services through our parking lot data center for small- and medium-sized parking lot management companies while improving the functions and operability of system equipment. In order to respond to transitions in the market including the increased demand for parking reservations and the migration towards a sharing economy, we will aim to become a "total parking solutions vendor." In addition, we will continue to strengthen and expand our efforts for facilities such as bicycle parking lots, security gates and toll roads in order to expand our business.
In Environmental Systems, capital investment by companies in Japan, especially automobile-related firms, remained solid, and capital investment by Japanese companies operating overseas including in the U.S. has also been strong despite the influence of a slowdown of the Chinese economy.
Given this market environment, in Japan we will aim to increase the quantity of sales of standard equipment by rolling out new products and expand business domains including the pharmaceutical, food, and cosmetics markets, which are less affected by business sentiments. We will also work to strengthen our engineering capabilities and comprehensive sales, including that of peripheral equipment, by partnering with industrial equipment manufacturers and aim to become an "M2M partial solutions vendor."
In the Clean Systems, while the trend of companies trying to reduce cleaning costs continues, amid the aging of sanitation workers and an increase in the number of inexperienced workers, the need to improve safety and operability of cleaning equipment has been increasing. At the same time, the need to maintain building aesthetics at a low cost has also been increasing.
In response to these market conditions, we will expand the robotic cleaning devices market (robotic scrubbers, robotic vacuum cleaners), the factory market with new model scrubbers as well as a business producing an income stream by increasing maintenance contracts and order intakes for supply goods, thus bolstering our customer base in Japan. With the aim of becoming a "robotic solutions vendor," which focuses on cleaning robotic devices, we will also promote comprehensive proposals, including those for commissioned cleaning services and aesthetic maintenance.

2. North American market

In the Parking Systems business, we will step up sales of Amano McGann, Inc.'s system equipment which was launched two years ago and have a new system that target the low-end market gain a foothold at an early stage. In the Information Systems business, we will strive to expand operations by increasing sales of Accu-Time Systems, Inc.'s time and attendance information terminals and by developing cloud services. In the Clean Systems business, we will further expand the business of the wooden floor sanding equipment division of Amano Pioneer Eclipse Corp. and develop new niche areas and channels. In the Environmental Systems business, at Mexican subsidiary established last year, we will boost sales of standard equipment to Japanese companies operating in the region, especially automobile-related businesses.

3.European market

In the Information Systems business, we will further enhance our customer base by promoting Horoquartz's workforce management and access control businesses. In the Parking Systems business, we will strive to expand operations by developing a commissioned parking lot management business.

4. Asian market

In the Asian region, we will aim to expand Parking Systems operations by strengthening services in the commissioned parking lot management business and by expanding services into new regions. 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.

Other issues that need to be addressed are listed below:

1. Practical implementation of a work style reform

With the aim of improving productivity of the whole Group, we will continue the efforts to increase productivity by having each employee regulate their biological clock and create a timetable which reflects the prioritization of their job duties. We will publish examples and the results of our company's efforts as an "HR solutions vendor" to the public and incorporate such examples to enhance the product appeal of time & attendance systems.

2. Create innovation

We will aim to become the "clear niche leader" by increasing each business division's No.1 areas. We will also promote open innovation by acquiring technology and know-how from companies outside our Group through cooperation with venture companies and M&As regardless of our existing technology and know-how in order to build the "sixth and seventh core businesses" as new businesses. In addition, with future market trends in mind, we will promote research and development that is not necessarily limited to our current product or service lineup (to defeat innovation dilemmas) in order to aim for leading-edge business development utilizing AI, IoT, robotic devices and the web.

3. Further improvement of brand value

In order to improve our corporate value, we will strive to gain wider recognition of our company in the overall market by taking advantage of mass media and social media, and aim to further enhance our brands by strongly promoting each business division's brand strategies and by creating synergy effects with our Group companies more than ever before.

[2] Numerical targets

We are aiming to achieve ¥140.0 billion or higher in net sales and ¥16.0 billion or higher in operating profit for the fiscal year ending March 31, 2020, which is the final year of the plan.

Numerical targets

(Millions of yen)

	FY 2017 (ended March 2018)		FY 2018 (ending March 2019)		FY 2019 (ending March 2020)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	126,000	4.9%	132,000	4.8%	142,000	7.6%
Operating profit	13,800	4.8%	14,500	5.1%	16,000	10.3%
Operating profit ratio (%)	11.0%	–	11.0%	–	11.3%	–
Ordinary profit	14,300	3.6%	14,900	4.2%	16,400	10.1%
Net income attributable to owners of the parent company	9,400	1.9%	9,800	4.3%	10,800	10.2%

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, 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 ¥29 per share. As a result, the annual per-share dividend for this fiscal year will be ¥52 (including ¥23 per share paid as the interim dividend), an increase of ¥4 compared with the previous fiscal year. This corresponds to a dividend payout ratio of 43.0% and a 4.1% 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, 2018, we aim to pay an annual per-share dividend of ¥52 (with an interim dividend of ¥23 and a year-end dividend of ¥29).
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.

H. Tsuda.

Hiroyuki TSUDA
President
Representative Director

Business Performance

General Business Results

Business Results in the Year Ended March 31, 2017

General Business Results for This Fiscal Year

During the fiscal year under review, while the US economy remained steady amid the lingering uncertainties arising from the slowdown of emerging economies such as China, UK's withdrawal from the EU, and concerns over policy administration of the new US government regime, the Japanese economy remained on a gradual recovery trend. In Japan, employment and capital expenditures remained firm and in the second half of the fiscal year, exports showed signs of recovery spurred by the weakening of the yen and rising stock prices.

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 6th 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 ¥120,124 million, up by 0.5% year-on-year. Operating profit increased by 1.7% to ¥13,165 million, ordinary profit went up by 1.0% to ¥13,806 million, and net income, which is attributable to parent company shareholders, increased by 9.7% to ¥9,223 million, resulting in increases in both sales and profit.

The following is a breakdown of sales by business division.

Sales by business division

(Unit: Millions of yen)

Category	FY2015 (April 1, 2015–March 31, 2016)		FY2016 (April 1, 2016–March 31, 2017)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	25,512	21.3	24,789	20.6	(723)	(2.8)
Time Management Products	4,165	3.5	3,818	3.2	(346)	(8.3)
Parking Systems	55,784	46.7	58,402	48.6	2,618	4.7
Subtotal	85,462	71.5	87,010	72.4	1,548	1.8
Environment System business:						
Environmental Systems	21,830	18.3	21,712	18.1	(117)	(0.5)
Clean Systems	12,213	10.2	11,401	9.5	(812)	(6.7)
Subtotal	34,044	28.5	33,113	27.6	(930)	(2.7)
Total	119,506	100.0	120,124	100.0	617	0.5

Time Information System business

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

Sales in this business division totaled ¥87,010 million, representing an increase of ¥1,548 million (1.8%) year-on-year. The following is a breakdown of sales by business division.

Information Systems

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

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

Domestic sales for this fiscal year were as follows. For Amano, on an unconsolidated basis, hardware sales decreased by ¥182 million (4.1%), software sales declined by ¥464 million (7.6%), and sales generated by maintenance contracts and supplies services increased by ¥183 million (4.8%) year-on-year. The decrease in hardware sales was a result of a slowdown in demand for renewing older model terminals in the first half of this fiscal year while the lower software sales were attributable to the delay in marketing activities for "TimePro-NX," which is a new piece of software for small and medium businesses launched last April. Sales at Amano Business Solutions Corporation, which provides cloud services, achieved double-digit growth owing to a steady increase in demand.

Overall overseas sales decreased by ¥395 million (4.0%) year-on-year as sales at Accu-Time Systems, Inc. in North America decreased and sales at Horosmart, S.A. in Europe remained at the same level on a yen basis due to the effect of exchange rates even though its sales increased on a local currency basis owing to the contribution from the access control business acquired in the previous fiscal year.

As a result of the above, sales in this business division totaled ¥24,789 million, representing a decrease of 2.8% year-on-year.

Time Management Products

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

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

Overall domestic sales for this fiscal year decreased by ¥94 million (3.0%) year-on-year as sales of supply goods such as time cards declined. Overall overseas sales fell by ¥294 million (22.7%) year-on-year as sales in North America and Europe decreased although sales in Asia remained at the same level.

As a result of the above, sales in this business division totaled ¥3,818 million, representing a decrease of 8.3% year-on-year.

Parking Systems

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

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

During the current term for Amano, on an unconsolidated basis, domestic parking equipment sales increased by ¥2,532 million (14.6%) year-on-year, due to increased orders for small to medium-sized parking lots and bicycle parking lots, and domestic sales generated by maintenance contracts and supplies services increased by ¥21 million (0.2%) year-on-year. Amano Management Service Corporation's commissioned parking lot management business has been steadily expanding with increased sales, and the number of parking spaces under management increased by 41,300 (12.0%) from the end of the previous fiscal year.

Overall overseas sales decreased by ¥647 million (3.4%) year-on-year as sales at Amano McGann, Inc. in North America declined on a yen basis due to the effect of exchange rates even though its sales increased on a local currency basis and the commissioned parking lot management business in Korea, Malaysia and Hong Kong grew steadily.

As a net result of the above, the Parking Systems business division provided sales totaling ¥58,402 million, up by 4.7% 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

The sales in this business totaled ¥33,113 million, down by ¥930 million (2.7%) year-on-year. The following is a breakdown of sales by business division.

Environmental Systems

In this business division, although the Company's capital investment has remained solid in Japan, the overseas business environment remained harsh as investment by Japanese companies was sluggish partly due to a slowdown of the Chinese economy.

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

During the current term for Amano, on an unconsolidated basis, domestic sales of standard equipment increased by ¥157 million (2.2%), sales of large-scale systems increased by ¥308 million (4.8%) and sales generated by maintenance contracts and supplies services increased by ¥448 million (10.5%) year-on-year.

Overall overseas sales decreased by ¥957 million (24.9%) year-on-year as sales in Asia declined partly due to the strengthening of the yen.

As a result of the above, sales of this business division totaled ¥21,712 million, down by 0.5% year-on-year.

Clean Systems

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

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

For this fiscal year, even though Amano's domestic sales of new products on an unconsolidated basis fared well, overall domestic sales of cleaning equipment decreased by ¥28 million (1.3%) and domestic sales generated by maintenance contracts and supplies services declined by ¥128 million (4.8%) year-on-year.

Overall overseas sales decreased by ¥584 million (9.1%) as sales in North America declined on a yen basis due to the effect of exchange rates even though sales in the region grew on a local currency basis owing to a steady increase in the wooden floor sanding equipment business.

As a net result of the above, sales of this business division totaled ¥11,401 million, down by 6.7% year-on-year.

General Financial Condition for This Fiscal Year

• Assets

Total assets as of March 31, 2017 amounted to ¥137,888 million, up by ¥922 million from the previous fiscal year-end. Current assets increased by ¥1,762 million year-on-year. This was attributable primarily to increases of ¥2,052 million in cash and bank deposits and ¥556 million in merchandise and finished goods despite a decrease of ¥865 million in notes and accounts receivable. Fixed assets decreased by ¥840 million year-on-year. This was attributable primarily to a decrease of ¥786 million in intangible fixed assets due to a decline in goodwill despite an increase of ¥99 million in tangible fixed assets.

• Liabilities

Total liabilities as of March 31, 2017 amounted to ¥38,467 million, down by ¥2,891 million year-on-year. Current liabilities decreased by ¥1,899 million year-on-year. This was attributable primarily to decreases of ¥1,213 million in short-term bank loans and ¥750 million in accrued income taxes. Fixed liabilities decreased by ¥991 million year-on-year. This was attributable primarily to decreases of ¥540 million in net defined benefit liabilities and ¥301 million in lease obligations.

• Net Assets

Total net assets as of March 31, 2017 amounted to ¥99,421 million, up by ¥3,814 million from the previous fiscal year-end. This was attributable primarily to an increase of ¥4,314 million in shareholders' equity resulting from the recording of net income attributable to owners of the parent company, despite a decrease of ¥541 million in accumulated other comprehensive income owing to lower foreign currency translation adjustments, among other factors.

General Cash Flows for This Fiscal Year

Consolidated cash and cash equivalents increased by ¥2,544 million from the previous fiscal year-end to a total of ¥35,270 million as of March 31, 2017. The status of each type of cash flow at year-end and the underlying factors are as follows.

• Cash flow from operating activities

Net cash provided by operating activities totaled ¥13,734 million. This was attributable primarily to income before income taxes amounting to ¥13,831 million, and depreciation and amortization amounting to ¥4,933 million, despite income taxes payments amounting to ¥5,488 million.

• Cash flow from investing activities

Net cash used in investing activities totaled −¥4,684 million. This was mainly because, despite the recording of ¥9,011 million in proceeds from withdrawal of time deposits and ¥2,300 million in proceeds from redemption of securities, the Company recorded expenditures amounting to ¥8,601 million in time deposits, ¥3,109 million to purchase tangible fixed assets, ¥2,464 million to purchase intangible fixed assets, and ¥2,000 million yen to purchase securities.

• Cash flow from financing activities

Net cash used in financing activities amounted to −¥6,256 million. This was chiefly due to the recording of expenditures amounting to ¥3,906 million in payment of dividends, ¥1,713 million in repayment of finance lease obligations, and ¥1,195 million in repayment of short-term bank loans, despite the recording of ¥1,602 million yen in proceeds from sale and leaseback.

Future Outlook

In the next fiscal year ending March 31, 2018, the Japanese economy will likely remain on a moderate recovery trend as capital investment as well as employment and wages will be on a firm footing owing to Olympic Games-related demand and economic policies by the Japanese government while overseas, uncertainties about the future of economic situations and exchange rates will remain due to policy management by the U.S. administration and political situations in European countries.

Amid this business environment, Amano Corporation and its Group companies will set "The 2nd Stage Towards a 100-year Company-Innovative Creation of Value for Sustainable Growth" as its management concept and work to address key issues in the new medium-term management plan described in "3. Business Policies" on page 1 with a view to maximizing the corporate value of Amano Corporation.

The following business results are projected for the next fiscal year ending March 31, 2018: net sales of ¥126,000 million, operating profit of ¥13,800 million, ordinary profit of ¥14,300 million, and net income attributable to parent company shareholders of ¥9,400 million. These projections assume currency exchange rates of ¥105 to the US dollar and ¥114 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 26, 2017).

(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, 2017, the Time Information System business accounted for 72.4% of total sales, and the Environment System business accounted for 27.6%. Before the deduction of unallocated expenses, the Time Information System business contributed 70.8% to operating profit, while the Environment System business contributed 29.2%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 72.6% of total sales and 74.3% 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 con-

Reference: Trend of cash flow indicators

	As of Mar. 31, 2013	As of Mar. 31, 2014	As of Mar. 31, 2015	As of Mar. 31, 2016	As of Mar. 31, 2017
Equity ratio (%)	69.8	67.6	69.8	69.5	71.8
Fair value equity ratio (%)	62.3	66.5	83.7	99.4	122.6
Ratio of cash flow to interest-bearing liabilities (%)	34.7	37.3	52.2	25.5	16.0
Interest coverage ratio	207.7	219.7	122.9	292.2	447.8

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

fidential 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.

Topics

Parking Systems

Introduced a new bicycle locking system Rising orders for bicycle parking systems!

Bicycles are becoming increasingly popular as a convenient method of commuting, attending schools and shopping. This trend is also driven by more people becoming health conscious and the spread of electric-motor assisted bicycles.

While new bicycle parking facilities are on the rise near train stations, in October 2016, Amano introduced a new user-friendly locking device. The new system was introduced to the municipal (partly privately owned) bicycle parking lots near most of the stations along the Aonami line of the Seaside rapid transit railway and the Meijo line of the municipal subway in Nagoya city.

In addition to the user-friendly parking space, the system offers electronic fee settlements via pre-paid transportation cards, which is a convenient feature for users on the go.

From cars to motorcycles and bicycles, adapting to the needs of the times, Amano will seek to become a comprehensive parking solution provider in hardware, software, data center services and management services.

Bicycle locking system

Gate type bicycle parking system

Cleaning systems

Strengthen proposals for robotic cleaners!

Participated in the "Haneda Airport Robot Experiment Project 2016"

In recent years, expectations for robotic cleaners are rising against the backdrop of declining labor force in cleaning. In light of this situation, Haneda Robotics Lab organized this event which commenced in 15 December 2016, and Amano exhibited its first robotic cleaner the "SE-500iX II". Heading towards the year 2020, this project aims to demonstrate that robots and users can coexist. 17 companies specialized in cleaning, mobility support and guidance were selected to exhibit their solutions. Haneda airport being the entrance to Japan, many Japanese and foreigners were able to see and experience the robots at work.

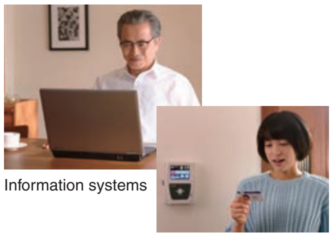
Amano will continue to strive to expand the robotic cleaning market.

Demonstrating the SE-500iX II

Amano's second TV commercial is now on air!

As part of our efforts to improve the Amano brand value, we have begun airing our second TV commercial. This time, the commercial is more humorous compared to the previous version where a father decides to install a variety of Amano products at his home. The features of the products are described in the comical exchanges between the father and the bewildered daughter. Although Amano products are well known to the working people, awareness among general consumers remains relatively low. By introducing our products in a humorous TV commercial we are aiming to draw more attention and raise recognition.

The video clip of the commercial can be viewed on our website. http://www.amano.co.jp/corp/movie.html



Information systems

Clean systems

Environmental systems

Parking systems

Amano Group Companies

Amano USA Holdings, Inc.

Amano Cincinnati, Inc.

The ACI time division had a successful launch of its latest data collection terminal line. The new MTX-30 series was officially released 1st quarter 2017 to both our dealer and retail channels. This new line of terminals complements our existing data collection portfolio. The MTX-30 series comes in a variety of reader configurations such as fingerprint, proximity, barcode and magstripe. All have direct and Ethernet connectivity and the ability to output employee punches to a memory stick. This is convenient for remote locations. In addition to the new terminal release we have made several enhancements to our Time Guardian software.

This new combination of robust terminal and enhanced software makes a perfect employee management solution for small to medium sized business.

The Amano time division continues to look for new and innovative sales channels. As the market landscape changes, our traditional sales channels also change. We see growth in ecommerce sales versus traditional brick and mortar store sales. This requires a constant focus on marketing material like product videos and high quality images. Customers now expect a virtual demonstration on most products they view. We have partnered with a local marketing firm to provide high quality digital images and product videos.

Accu-Time Systems, Inc.

Accu-Time Systems, Inc. (ATS) celebrated its 25th year in business with continued growth in both the Value Added Reseller (VAR) and the TimeCom® hosted middleware sales channels. The PeoplePoint family of terminals continued to gain in popularity in 2016 with a 14% increase in shipments compared to the prior year. International shipments rose to 16% of sales in 2016 representing a 4% increase over the prior year. Record sales were generated in four separate calendar months and profits continued to be strong.

In 2016, ATS began development of enhancements to our Maximus and Peoplepoint family of terminals. To address the needs of our customers and the markets we serve, these enhancements provide increased functionality with enhanced displays, faster processors, increased memory and the development of terminals to operate on an Android platform. The first of these enhanced terminals was the Peoplepoint Core which gained immediate acceptance with the shipment of 1,500 terminals during its initial production year. These enhancements will position our terminals to meet the constantly changing market requirements including increased speed, validation and employee self-service.

Also in 2016, improvements to the TimeCom solution were released. The TimeCom solution includes an ATS data collection terminal built to the highest quality standards, hosting Cloud-based time clock management middleware, and professional services. The entire solution gives customers the best-in-class method for automating and validating the efficient collection of time and attendance data from employees, as well as delivering employee self-service functionality. The complete TimeCom solution seamlessly integrates and exchanges time clock data collected at the terminal with many human capital management (HCM), workforce management (WFM) and enterprise resource planning (ERP) systems.

ATS launched TimeCom 5.0 in the beginning of 2016, followed later in the year with version 5.1. The latest versions of our middleware significantly boost performance, offer additional functionality with the TimeCom Monitor and establish the ground work towards a multi-tenant architecture. The enhanced TimeCom Monitor allows customers to remotely monitor data collection terminals on a global basis and proactively identify potential problems. The multi-tenant architecture will give Accu-Time Systems enhanced management capabilities and an increased competitive advantage. TimeCom has seen continued growth in both terminal sales as well as in professional services, with an increase of 34% in new customers from previous years.

As a service organization, ATS is proud to display the AICPA seal for successfully completing SOC 1 and SOC 2 audits conducted by an independent service auditor resulting in two unqualified reports – SOC 1 Report on Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting and SOC 2 Report on Controls at a Service Organization Relevant to Security. The attainment of these reports strengthened ATS's TimeCom position by enabling ATS to become a Certified Solutions Partner of Workday, an on-demand financial management and human capital management software vendor. The Workday certification provides our TimeCom solution a distinct competitive advantage yielding a stronger footing, positioning and visibility within Workday's management, sales organizations and customer base as it demonstrates our platform has met all the necessary requirements.

In an effort to support customers in our expanding footprint, ATS has partnered with a global service organization to provide local, on-site support with over 2,000 employees and an increasing number of affiliates. This partnership further demonstrates our commitment to meet our customers' needs and provide them best-in-class service, further solidifying ATS's reputation for providing superior products and premium support.

Amano McGann, Inc.

General Overview

Amano McGann, Inc. (AMI) continued growth in 2016 with sales over and above the record revenues set the prior year. The key driver for this growth came from a 14% increase in branch project sales.

Change of the Guard

After more than 35 years of representing the same product family, AMI President Lawrence Feuer announced his retirement. Mr. Feuer has helped shape the landscape of the parking industry and has guided AMI through several company acquisitions and major product line rollouts, including OPUSeries® and Overture®.

President and CEO of sister company Amano Pioneer Eclipse Corporation, Tom Benton, was selected as Mr. Feuer's successor by Amano Corporation Japan. Mr. Benton's focus is to grow business by concentrating on quality products, improved customer service and strong financial controls. The leadership transition took place on April 1, 2017.

Welcome to the Family

In August 2016, AMI acquired PG Park, Inc. in Ottawa, Canada. Utilizing PG Park's existing resources and connectivity in Canada, AMI has gained greater access to a large geographical area and customer base. The purchase of PG Park, now Amano McGann Canada, Inc., further strengthens our presence in the Canadian market and significantly increases market shares.

What's New?

ASymphony Analytics – Beta Testing

AMI's Symphony Analytics harnesses the power, flexibility and scalability of the Microsoft Cloud. Symphony Analytics allows operators, portfolios and developers to manage their parking assets to their full potential as real-time data can be accessed by any internet-connected device allowing end users to focus on their assets anywhere, anytime. Findings show that productivity and efficiency

could be increased by 15 to 20% while yield management is expected to significantly reduce traffic congestion while realizing an estimated 30% increase in parking revenue through true space optimization and dynamic pricing.

Microsoft CityNext Partner

AMI's breakthrough Symphony Analytics is an example of Microsoft CityNext's dedication to empower cities to digitally transform through innovative, high-impact services. Symphony Analytics enables greater collaboration between city, state, regional authorities and privately owned and operated parking facilities. With a collaborative ecosystem, cities can quickly and efficiently move patrons to available public and or private parking with real-time guidance. Dynamic pricing will help patrons select garages while maximizing revenues and pre-paid reservations will speed through-put. This collaboration between public and private facilities is key to effectively managing congestion within a metropolitan area while at the same time addressing the needs of citizens.

The Overture Movement

In a short 19 months, AMI has sold over 33 Overture projects ranging in size from 1 in/1 out to 14 lanes with four pay-on-foot terminals. Overture has been implemented in four countries, 17 states and 22 cities. Eight channel partners have sold two or more Overture projects and seven locations have already been sold in Minneapolis, Minnesota. Overture uses linear barcode technology, has a sleek, attractive aesthetic and can accept EMV credit card payment using Point to Point Encryption (in the United States and Canada) which enhances payment security on site.

AMI-1200 Direct Drive Gate

In February, 2017, AMI announced the release of our next-generation gate, the AMI-1200 Series Universal Barrier Gate. The design incorporates support for the entire AMI family of products, including OPUSeries, Universal Readers, AMG Series and Overture. The new gate includes a battery to support "gate arm up on power fail" and the new housing offers an architecturally attractive metal hood and smaller footprint. Prior to release, the AMI-1200 was deployed at strategic locations throughout the United States and Canada which returned positive feedback. Shipments of the new gate began in Spring, 2017.

Major Project Awards

Kyo-ya Hotels & Resorts

AMI obtained a multi-phase hotel PARCS project in Honolulu, Hawaii. OPUSeries equipment will replace existing devices within the two Kyo-ya Hotels & Resorts parking structures supporting the Sheraton Waikiki, Sheraton Princess Kaiulani, Moana Hotel and The Royal Hawaiian. The project includes the

implementation of AMI's iParcProfessional Software Suite hotel parking management system and Genetec's license plate recognition (LPR) system. Hotel guests will have parking access via their room keys and employees, associates and contractors will have access via LPR credentials. The installation of this new system is due to be complete in the Summer of 2017 and will offer parking patrons faster throughput and scalable parking management tools to effectively control all aspects of their operations.

University of Wisconsin-Milwaukee

AMI was awarded the contract for the University of Wisconsin-Milwaukee campus parking system solution. OPUSeries devices with IP intercoms and EMV credit card terminals will replace existing equipment. The project includes the implementation of AMI's iParcProfessional Software Suite with advanced modules including Accounts Receivable, Debit Recharge, Digital Sign Control, MiParc, Negotiated Fee, Roving Cashier, Shared Accounts and eParcSuite as well as integrations with third-party platforms including Parkmobile and T2. Amano McGann network video recorder security cameras are being integrated to provide a full command center approach. Reservation parking and LPR are in the process of being added to the system. The changes will be made to four of the parking facilities on campus with the intent to extend to additional lots in the future. Once implemented, students and faculty will use their University ID's for parking access and can add value quickly and easily at the pay-on-foot stations.

Amano Pioneer Eclipse Corporation

Amano Pioneer Eclipse Corporation (APEC), which manufactures and sells products under the Pioneer Eclipse, American Sanders and Amano Environmental brands, had a record year of revenue and pre-tax profit in 2016. The growth rate of 8% surpassed the planned and previous year financial performance and marked the seventh consecutive year of growth for APEC.

The Wood Floor side of the business experienced strong sales in both the Professional and Rental channels, growing 13% in 2016. American Sanders launched a new line of vacuums with the AVAC 26 and the AVAC 12 dust containment systems. Both products have been well received in the marketplace and have experienced higher than anticipated sales volumes.

At the annual sales meeting in January, American Sanders relaunched its belt machine, the FloorCrafter, in a matte black finish. In addition to the

new look of the machine, the FloorCrafter went through an intensive improvement process to make it the strongest belt machine on the market.

At the 2016 ISSA Interclean show in Chicago, Pioneer Eclipse launched two new products including the AquapHyll Quad Dilution Control System and the 225BU Corded Burnisher. The burnisher, manufactured in the Sparta, NC plant, reinforces APEC's position as the world leader in burnishing technology. The 225BU was released in both standard and dust control versions. The cleaning chemical category performed well in 2016, led by 30% growth in the private label segment.

Another large portion of APEC growth in 2016 was driven by APEC's Amano Environmental Americas business, which grew 173% due to a large contract with Hankook Tire. The Hankook Tire project was completed in February and the AEA business finished the year 8% above budget.

In the last quarter of the year, construction was completed on a 10,000 square foot expansion to the Sparta, North Carolina warehouse and manufacturing facility. A ribbon cutting was held in February during the annual GSC meeting, which was hosted by APEC in North Carolina.

Amano Europe Holdings, N.V.

Amano Europe, N.V.

In 2016 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 36 countries worldwide in a variety of business segments like airports, hotels, hospitals, retail, leisure and municipalities. With X-Parc Amano offers a robust, flexible and network centric parking solutions that can be easily integrated in 3rd party solutions. The traditional VALUE-Line has been extended with an ECO-Line to serve niche markets and recently also with a SMART-line focusing on cloud solution and mobile services like e-ticketing, scan and pay, reservation services and mobile POS. 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

Mobile App

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 with an installed base of more than 5.000 customers in Europe and Africa, is getting widely accepted. As a result, a record high growth was recorded in 2016. Focusing on Mobility, Flexibility and Appeal, Amano also launched the Astrow-APP in 2016.


Mobile APP for Cloud Users

Amano Time & Parking Spain, S.A.

IOur marketing campaign to the hotel sector that we started in 2015 to find out a new niche in our market finally brought us good results in 2016. A 4-star hotel located in Madrid decided to replace their parking machines from our competitor by our X-Parc, which were installed in June '16. The customer, owner of the hotel, appreciating very much the quality of X-Parc products and our sales and technical team, requested us to make quotations for 3 more hotels of them, one of which is categorized five stars. Our offers were accepted at the end of the year and in 2017, we will have 3 more hotels in Madrid with X-Parc machines installed.

Thus, we have expanded our market, while keeping our existing customers and business. We will seek for more continuity and more ingenuity in our business.

Horoquartz, S.A.

2016 : robust growth and well oriented prospects.

2016 was not only a year of strong growth for Horoquartz, reinforcing our number one position in France, but also a year devoted to prepare future. Workforce management solution sales are steadily progressing particularly in the field of HR advanced scheduling. R&D investments made over the last few years are now bearing fruit in the distribution and healthcare sectors as well as in the industrial field, especially in the food industry, and certain service sectors. A strong growth of demand is observed from public sector and local authorities that need to streamline HR processes and cut costs. Thus Horoquartz became the main supplier of the French Ministry of Defence for their WFM solutions.

With eTemptation, Horoquartz now has a single comprehensive solution that integrates all the scheduling, time management and activity tracking capabilities. This ability to cover the overall customer needs is attracting more and more medium sized and large accounts.

Growth was also driven by a range of new services offered by Horoquartz. More than one new customer out of three is now opting for SaaS mode. The associated services contracts are growing fast. Horoquartz's customers are increasingly subscribing to the TPM service offer (Third Party Maintenance) in order to delegate to Horoquartz the maintenance and evolution of their solution. Horoquartz has just announced two major innovations in the field of WFM; the new 5.4 version of eTemptation is now offered with a fully renewed user experience and Process4people a new solution that aims at automating the administrative HR processes. It will complement both the workforce management and security solutions offered by Horoquartz.

In 2016, Horoquartz also set up a new organization for its Access Control division closely aligned to the needs of the market both for sale and technical services. Some key innovations have been announced with new biometric solutions, an emergency evacuation management solution and also a solution for managing company car parks. This solution was recently rewarded with an innovation award from the "Security Meetings Group".

Amano Parking Service Ltd.

Amano Parking Service Limited has taken up a new car park contract for Kingston Terrace from 1st May 2017.

Kingston Terrace is a residential project developed by the Hong Kong Housing Society. Initially, it was a project under the Sandwich Class Housing Scheme for the HKSAR Government when it was completed in year 2002. As the Sandwich Class Housing Scheme was suspended in year 2000, the project was then changed to a private residential project with the Government's approval and was put into the market for open sale in year 2007.

Situated at Tuen Mun, the western part of the New Territories, Kingston Terrace comprises of 4 blocks with a total of 1,152 flats ranging in the size between 55 M2 and 83M2. The car park has 3 levels and comprises of 251 spaces for private cars, 13 for motorcycles and 4 for lorries. Amano's Xparc system with directly integrated Octopus payment feature is installed immediately after APS has taken up the contract.

Amano Malaysia Sdn. Bhd.

The world's largest furniture retailer has become Amano Malaysia's loyal customer.

We have delivered parking systems to approximately 250 sites, mainly in commercial facilities and our system has been adopted by many facilities which operate nationwide.

For this year's topic we would like to present IKEA, the world's largest furniture retailer. Currently IKEA operates 2 stores in Malaysia, both using Amano parking systems. The first store opened in 2003, which at the time was the largest IKEA store in Asia, and they continue to use our system.

The second store opened in November 2016 proximate to a large shopping mall and this time Amano successfully installed the same parking system in this shopping mall as well. The parking complex has 4 levels above ground and 2 levels underground and together with IKEA's parking (2 levels underground), it houses 6,200 parking bays. The parking system

consists of 16 entry ticket dispensers, 14 exit readers and 31 automatic pay stations.

Currently installation works are underway at IKEA's third store. For this system, we are collaborating with our sister company Amano Korea Corporation to deliver their LPR system and expect the operations to commence in November 2017. We have been happily informed by IKEA that the reason for their continued use of Amano products is because Amano is capable of conforming to the stringent installation specifications and diligent schedule control by IKEA. In addition, we are bidding for the parking system for the planned shopping mall near the third IKEA store along with the forth IKEA store. Our sales and technical teams are working hard as a united force to provide the highest quality of service to existing sites as well as the site under construction so as to win further deals.

Amano Korea Corporation

AKC won exclusive orders to install parking systems in innovative research centers built by leading Korean enterprises

Korea's largest enterprise, Samsung Electronics, established a new R&D center in Seocho-gu, Seoul and Korea's 4th largest enterprise, LG group also built the country's largest research complex the "LG Science Park" in Magok industrial park in Seoul. AKC exclusively won orders to install parking systems for both. In the case of Samsung, AKC was chosen because of our excellent track record as a cooperative company and in the case of LG, the reasons were AKC's leading position in the industry, technical capabiities and the reliability of their products. Samsung and LG are regarded as symbolic enterprises who will drive technological innovation indispensable for economic development, which is an important agenda of the Korean Government. Winning deals with such prominent enterprises will further raise the presence of AKC.

Outline:

	Items	SAMSUNG R&D CENTER	LG SCIENCE PARK
1	otal Area	330,000m²	1,114,809m²
2	Site Area	155,600m²	176.625m²
3	Opening	2016	Sometime in 2017
4	Parking Bays	2,214	4,870
5	Occupying Affiliated Companies	Samsung Seocho office, Samsung Design Management Center, Samsung Software, Samsung DMC Laboratory,	LG Electronics, LG Display, LG Innotech, LG Chemical, LG Household & Health Care, LG Life Sciences, LG Uplus,LG CNS, LG Hausys, Serveone
6	Building	6 Buildings: 10 levels above ground, 5 levels underground	6 Buildings: 10 levels above ground 12 Buildings: 9 levels above ground

Parking Systems:

		SAMSUNG R&D CENTER	LG SCIENCE PARK
1	LPR	9	20
2	Gate	9	20
3	Ticket Dispenser	5	-
4	Ultra Sonic Sensors	2,214	4,870
5	Guiding Lights	682	1,623

AKC's differentiation marketing strategy – Developed Mobile Applications for Parking!

As a result of AKC's ongoing differentiation marketing efforts they have developed Mobile Applications for parking reflecting the needs of customers for improved convenience. The launch of these applications is already contributing to the expansion of the business.

(1) Mobile pay device for on-street parking

The Mobile pay device for on-street parking was developed as a substitute of the existing PDA (Personal Digital Assistant) device and is equipped with a LPR module. By recognizing the parking bay and the license plate, parking fees can be automatically calculated upon specifying the parking space when exiting. It is also possible to choose cash or credit card for payment.

(2) Mobile pre-settlement to avoid congestion

In the event of exit congestion due to rush hour traffic and/or system malfunctions, by using the Mobile pre-settlement, the parking controller can scan the license plate of vehicles standing by for exit to expedite fee settlements. It is also possible to choose cash or credit card for payment.

(3) Simple settlement system using QR codes

The Mobile Applications described in (1) and (2) are for the parking controller. This QR code simple settlement system is for the parking user.

By scanning the QR code attached to the unmanned pay station, a pop-up will appear on the mobile device to enter the license plate number. Parking fees can be settled on the mobile device by entering the license plate number.

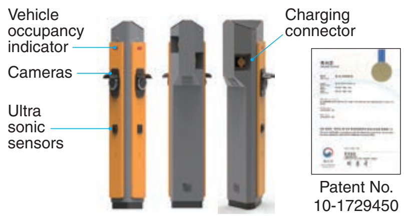
(4) AMANO IPS (Intelligent Parking System)

The AMANO IPS is a system that realizes further sophistication of parking lots utilizing mobile applications which are currently managed by AKC. Authorized controllers can access real time sales data, make historical comparisons, and grasp vehicle entry & exit status which is useful for optimum staff allocation. The system also enables trouble calls, visual monitoring and remote gate control.

Great interest for AKC's Smart Charge LPR which conforms to the Korean Government policy to promote electric vehicles

AKC was selected as the installer of Electric Vehicle (EV) charging devices for 2017 in accordance with the Government policy to popularize EVs.

AKC's Smart Charge LPR is an integrated system enabling charging and LPR parking. Parking fees and electricity fees can be settled simultaneously. AKC is the only manufacturer in Korea that offers this system and as such patent registration has been completed.



The Smart Charge LPR will be installed in the parking lot of Incheon International Airport. The installation is expected to be completed in 2017. As the state-of-the-art system conforming the Government's policy to promote EVs, it is drawing attention from various fields.

AMANO Corporation and Subsidiaries

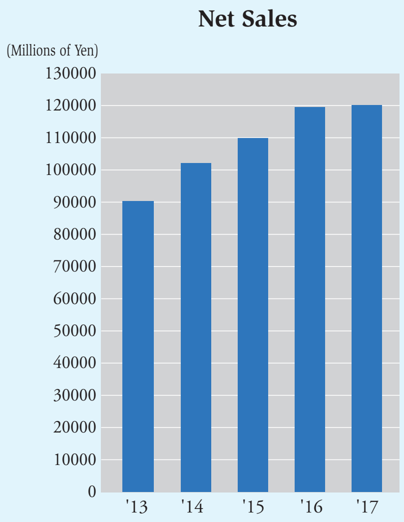
Financial Highlights

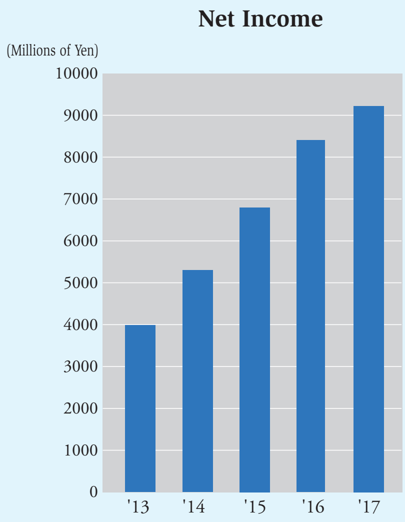
For the year ended March 31, 2017

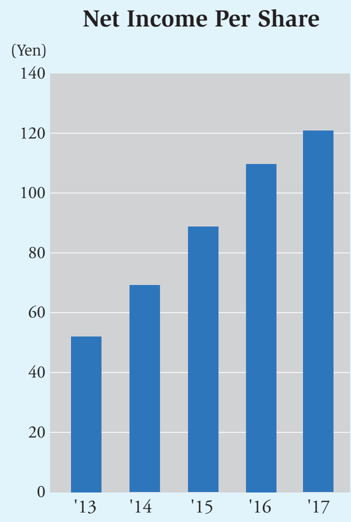
Yen in millions and U.S.dollars in thousands, except per share amounts
- See Note 4 to the Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
For the years ended March 31:			
Net sales	**¥120,124**	¥119,506	**$1,072,538**
Net income	**9,223**	8,405	**82,355**
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	**¥120.79**	¥109.75	**$1.078**
Cash dividends per common share	**52.00**	48.00	**0.464**
At March 31:			
Total assets	**¥137,888**	¥136,965	**$1,231,150**
Working capital	**55,404**	51,741	**494,683**
Total net assets	**99,421**	95,606	**887,692**
Sales by product:			
Time information systems	**¥24,789**	¥25,512	**$221,337**
Time management equipment	**3,818**	4,165	**34,091**
Parking systems	**58,402**	55,784	**521,452**
Environmental systems	**21,712**	21,830	**193,861**
Cleaning systems	**11,401**	12,213	**101,797**

Note: U.S. dollar amounts have been translated at the rate of ¥112 = US $1, the rate prevailing on March 31, 2017.
- See Note 4 to the Consolidated Financial Statements.







AMANO Corporation and Subsidiaries

Consolidated Balance Sheet

As at March 31, 2017

	Millions of Yen		Thousands of U.S.dollars (Note 4)
ASSETS	**2017**	2016	**2017**
Current assets:			
Cash and bank deposits (Notes 6, 11 and 15)	**¥38,940**	¥36,888	**$347,687**
Marketable securities (Note 15)	**1,435**	1,527	**12,814**
Notes and accounts receivable:			
Trade (Note 15)	**33,710**	34,576	**300,991**
Less allowance for doubtful accounts	**(357)**	(314)	**(3,195)**
	33,353	34,262	**297,796**
Inventories:			
Merchandise and finished goods	**3,753**	3,197	**33,514**
Work in process	**477**	669	**4,266**
Raw materials and supplies	**5,227**	4,992	**46,678**
Deferred tax assets (Note 17)	**1,889**	1,783	**16,870**
Other current assets	**2,560**	2,554	**22,864**
Total current assets	**87,638**	85,875	**782,488**
Property, plant and equipment, at cost:			
Buildings and structures (Note 6)	**30,166**	29,338	**269,343**
Machinery and equipment	**19,768**	19,182	**176,503**
Leased assets (Note 14)	**6,330**	6,899	**56,518**
	56,264	55,420	**502,364**
Less accumulated depreciation	**(40,029)**	(39,637)	**(357,402)**
	16,235	15,782	**144,962**
Land	**7,125**	7,170	**63,622**
Construction in progress	**327**	636	**2,928**
Total property, plant and equipment	**23,689**	23,589	**211,512**
Intangible fixed assets :			
Goodwill	**3,165**	4,088	**28,260**
Software	**3,322**	2,521	**29,663**
Software in progress	**2,989**	3,252	**26,688**
Other intangible fixed assets	**3,013**	3,414	**26,909**
Total intangible fixed assets	**12,490**	13,276	**111,520**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Notes 5 and 15)	**1,710**	1,771	**15,268**
Investments in securities (Note 15)	**6,376**	6,226	**56,937**
Leasehold and guarantee deposits	**1,142**	1,122	**10,198**
Deferred tax assets (Note 17)	**1,273**	1,646	**11,374**
Other assets (Note 6)	**3,995**	3,867	**35,677**
Less allowance for doubtful accounts	**(428)**	(410)	**(3,823)**
Total investments and other assets	**14,070**	14,223	**125,630**
Total assets	**¥137,888**	¥136,965	**$1,231,150**

LIABILITIES AND NET ASSETS	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S.dollars (Note 4) 2017
Current liabilities:			
Trade notes and accounts payable (Note 15)	**¥7,629**	¥7,642	**$68,117**
Electronically recorded monetary claims (Note 15)	**6,580**	6,438	**58,757**
Short-term bank loans (Note 6)	**37**	1,250	**336**
Lease obligations (Notes 14 and 15)	**1,391**	1,448	**12,423**
Accrued bonuses for employees	**2,204**	2,263	**19,684**
Accrued bonuses for directors	**90**	85	**804**
Accrued income taxes	**2,581**	3,332	**23,049**
Other current liabilities	**11,719**	11,673	**104,636**
Total current liabilities	**32,234**	34,134	**287,805**
Long-term liabilities:			
Long-term loans payable (Note 15)	**469**	506	**4,189**
Liability for retirement benefits (Note 16)	**2,445**	2,986	**21,838**
Long-term accounts payable	**21**	160	**196**
Lease obligations (Notes 14 and 15)	**2,954**	3,256	**26,382**
Deferred tax liabilities (Note 17)	**8**	9	**74**
Asset retirement obligations	**31**	30	**277**
Other long-term liabilities	**302**	275	**2,696**
Total long-term liabilities	**6,233**	7,225	**55,653**
Total liabilities	**38,467**	41,359	**343,459**
Net assets (Notes 9 and 10):			
Shareholders' equity:			
Common stock			
Authorized - 185,476,000 shares			
Issued:			
March 31, 2017 and 2016 - 76,657,829 shares			
in 2017 and 2016	**18,239**	18,239	**162,853**
Capital surplus	**19,293**	19,293	**172,260**
Retained earnings	**65,075**	59,757	**581,028**
Treasury stock at cost, 607,651 shares in 2017			
and 68,109 shares in 2016	**(1,059)**	(56)	**(9,461)**
	101,548	97,233	**906,681**
Accumulated other comprehensive income:			
Net unrealized gains (losses) on other securities	**1,934**	1,456	**17,276**
Foreign currency translation adjustments	**(3,533)**	(2,321)	**(31,549)**
Retirement benefits liability adjustments	**(986)**	(1,178)	**(8,809)**
	(2,585)	(2,043)	**(23,082)**
Non-controlling interests in consolidated subsidiaries	**458**	416	**4,093**
Total net assets	**99,421**	95,606	**887,692**
Total liabilities and net assets	**¥137,888**	¥136,965	**$1,231,150**

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 year ended March 31, 2017

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Net sales	**¥120,124**	¥119,506	**$1,072,538**
Cost of sales (Note 8)	**68,180**	68,120	**608,757**
Gross profit	**51,943**	51,385	**463,781**
Selling, general and administrative expenses (Notes 7 and 8)	**38,778**	38,442	**346,234**
Operating income	**13,165**	12,942	**117,547**
Other income (expenses):			
Interest and dividend income	**238**	249	**2,126**
Interest expense	**(30)**	(46)	**(276)**
Equity in earnings of affiliates	**71**	148	**638**
Foreign exchange gain (loss)	**(89)**	(80)	**(803)**
Gain on sale of fixed assets	**3**	5	**31**
Loss on disposal of fixed assets	**(24)**	(71)	**(218)**
Loss on sale of fixed assets	**(19)**	(28)	**(175)**
Gain on sale of investments in securities (Note 15)	**100**	–	**896**
Gain (loss) on sale of shares of consolidated subsidiaries and affiliates	**–**	(8)	**–**
Loss on liquidation of subsidiaries	**(35)**	–	**(314)**
Impairment loss on fixed assets (Note 12)	**–**	(236)	**–**
Other, net	**452**	439	**4,042**
Income before income taxes and non-controlling interests	**13,831**	13,314	**123,497**
Income before income taxes and non-controlling interests			
Current	**4,490**	5,208	**40,091**
Deferred	**26**	(411)	**240**
Income before non-controlling interests	**9,314**	8,517	**83,167**
Non-controlling interests in net income of consolidated subsidiaries	**(90)**	(111)	**(812)**
Net income	**¥9,223**	¥8,405	**$82,355**

Consolidated Statement of Comprehensive Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Income before non-controlling interests	**¥9,314**	¥8,517	**$83,167**
Other comprehensive income (loss) (Note 13):			
Net unrealized gains (losses) on other securities	**484**	(82)	**4,326**
Translation adjustments	**(1,219)**	(1,267)	**(10,891)**
Retirement benefits liability adjustments	**192**	(356)	**1,715**
Share of other comprehensive income (loss) of companies accounted for by the equity method	**(6)**	(17)	**(57)**
Total other comprehensive income (loss)	**(549)**	(1,723)	**(4,907)**
Comprehensive income	**¥8,765**	¥6,793	**$78,260**
Total comprehensive income attributable to:			
Shareholders of the Company	**¥8,681**	¥6,713	**$77,516**
Non-controlling interests	**¥83**	¥80	**$744**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2017

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	¥18,239	¥19,293	¥59,757	(¥56)	¥97,233
Changes during the year					
Dividends from surplus			(3,906)		(3,906)
Net income			9,223		9,223
Purchase of treasury stock				(1,002)	(1,002)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	5,317	(1,002)	4,314
Balance at March 31, 2017	¥18,239	¥19,293	¥65,075	(¥1,059)	¥101,548

	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, 2016	¥1,456	(¥2,321)	(¥1,178)	(¥2,043)	¥416	¥95,606
Changes during the year						
Dividends from surplus						(3,906)
Net income						9,223
Purchase of treasury stock						(1,002)
Net changes in items other than shareholders' equity	478	(1,212)	192	(541)	42	(499)
Total changes during the year	478	(1,212)	192	(541)	42	3,814
Balance at March 31, 2017	¥1,934	(¥3,533)	(¥986)	(¥2,585)	¥458	¥99,421

Thousands of U.S. dollars (Note 4)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	$162,853	$172,260	$533,548	($506)	$868,156
Changes during the year					
Dividends from surplus			(34,875)		(34,875)
Net income			82,355		82,355
Purchase of treasury stock				(8,955)	(8,955)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	47,480	(8,955)	38,525
Balance at March 31, 2017	$162,853	$172,260	$581,028	($9,461)	$906,681

	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, 2016	$13,008	($20,726)	($10,524)	($18,242)	$3,717	$853,631
Changes during the year						
Dividends from surplus						(34,875)
Net income						82,355
Purchase of treasury stock						(8,955)
Net changes in items other than shareholders' equity	4,268	(10,822)	1,715	(4,839)	375	(4,464)
Total changes during the year	4,268	(10,822)	1,715	(4,839)	375	34,061
Balance at March 31, 2017	$17,276	($31,549)	($8,809)	($23,082)	$4,093	$887,692

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)
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)
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

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended March 31, 2017

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Cash Flows from Operating Activities:			
Income before income taxes and non-controlling interests	**¥13,831**	¥13,314	**$123,497**
Depreciation and amortization	**4,933**	4,415	**44,053**
Amortization of goodwill	**684**	789	**6,109**
Impairment loss on fixed assets	**–**	236	**–**
Increase (decrease) in liability for retirement benefits	**(225)**	19	**(2,012)**
Increase (decrease) in allowance for doubtful accounts	**81**	105	**727**
Interest and dividend income	**(238)**	(249)	**(2,126)**
Equity in earnings of affiliates	**(71)**	(148)	**(638)**
Interest expenses	**30**	46	**276**
Foreign currency translation (gain) loss	**(27)**	3	**(243)**
(Gain) loss on sale of fixed assets	**16**	22	**144**
Loss on disposal of fixed assets	**24**	71	**218**
(Gain) loss on sale of investments in securities	**(100)**	–	**(896)**
(Increase) decrease in trade notes and accounts receivable	**309**	(2,049)	**2,764**
(Increase) decrease in inventories	**(813)**	(297)	**(7,266)**
Increase (decrease) in trade notes and accounts payable	**266**	544	**2,378**
Others	**278**	513	**2,489**
Subtotal	**18,980**	17,337	**169,473**
Interest and dividends received	**266**	308	**2,383**
Interest paid	**(30)**	(45)	**(274)**
Income taxes paid	**(5,488)**	(4,214)	**(49,004)**
Income taxes refunded	**6**	34	**54**
Net cash provided by operating activities	**13,734**	13,420	**122,633**
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	**(2,000)**	(2,000)	**(17,857)**
Proceeds from redemption of marketable securities	**2,300**	2,400	**20,536**
Payment for purchase of property, plant and equipment	**(3,109)**	(2,906)	**(27,761)**
Proceeds from sale of property, plant and equipment	**23**	73	**206**
Payment for acquisition of intangible assets	**(2,464)**	(3,270)	**(22,001)**
Payment for acquisition of investments in securities	**(108)**	(603)	**(965)**
Proceeds from sale of investments in securities	**400**	–	**3,576**
Increase in time deposits	**(8,601)**	(10,133)	**(76,799)**
Decrease in time deposits	**9,011**	10,364	**80,463**
Payment for acquisition of investments in subsidiaries resulting in change in scope of consolidation	**(62)**	(410)	**(560)**
Proceeds from sale of investments in subsidiaries and affiliates	**–**	216	**–**
Payment for business acquisition	**–**	(235)	**–**
Collection of loans	**3**	5	**34**
Others	**(78)**	(109)	**(700)**
Net cash used in investing activities	**(4,684)**	(6,608)	**(41,829)**
Cash Flows from Financing Activities:			
Repayment of short-term bank loans	**(1,195)**	(341)	**(10,677)**
Repayment of long-term debt	**-**	(215)	**–**
Payment for acquisition of treasury stock	**(1,002)**	(2)	**(8,955)**
Repayments of finance lease obligations	**(1,713)**	(1,643)	**(15,295)**
Proceeds from sale and leaseback	**1,602**	1,227	**14,307**
Dividends paid	**(3,906)**	(3,293)	**(34,875)**
Dividends paid to minority interests	**(41)**	(39)	**(368)**
Net cash used in financing activities	**(6,256)**	(4,308)	**(55,864)**
Effect of exchange rate changes on cash and cash equivalents	**(248)**	(304)	**(2,223)**
Net increase (decrease) in cash and cash equivalents	**2,544**	2,199	**22,717**
Cash and cash equivalents at beginning of year	**32,725**	30,526	**292,194**
Cash and cash equivalents at end of year (Note 11)	**¥35,270**	¥32,725	**$314,912**

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. 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 27 consolidated subsidiaries at March 31, 2017. 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, 2016 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2017. All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

None of the 3 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 corporate name of @ Park Korea Co., Ltd. was changed to Mobile Parking Ltd. during the fiscal year ended March 31, 2017. Amano Manufacturing Shanghai Co., Ltd. was liquidated during the fiscal year ended March 31, 2017. The affiliates accounted for by the equity method are listed below: - Creo Co., Ltd.

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 (writedown 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 and for facilities attached to buildings and structures acquired on or after April 1, 2016, which are 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-tomaturity 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-ofcompletion 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

(a) Adoption of “Practical Solution on a change in depreciation method due to Tax Reform 2016”

The Company and its domestic consolidated subsidiaries adopted “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issue Task Force No.32, June 17, 2016) as a result of revisions to the Corporate Tax Act of Japan. Accordingly, the depreciation method for both facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method. 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, 2017.

(b) Accounting change in recognizing expenses for Parking Lot Management Business

Effective from the fiscal year ended March 31, 2017, certain consolidated subsidiaries engaged in the parking lot management business have changed their accounting method for a certain portion of their expenses for the parking lot management business. The current method is to recognize and measure related expenses as a direct cost managed by the parking business location and such costs are included in the cost of sales. Such expenses were previously recognized and measured as overhead management expenses and therefore included in selling, general and administrative expenses. In order to strengthen profitability management for each parking business location, certain consolidated subsidiaries engaged in the parking lot management business performed an overall review of its operations and re-examined the functions and roles of each site. As a result, it was determined that it would serve as more useful disclosure to accurately correspond the expenses for parking lot management business occurred with net sales. Consequently, the aforementioned change was implemented after completing the change to the system. Since this change in accounting policy was applied retroactively, the financial statements for the year ending March 31, 2016 have been reclassified after the retroactive application. As a result of the above, cost of sales for the year ending March 31, 2016 increased by ¥1,545 million, and both gross profit and selling, general and administrative expenses decreased by the same amount, compared to the figures before the retroactive application. However, there was no impact on operating profit, ordinary profit or income before income taxes for this fiscal year.

(19) Additional Information

(a) Adoption of Implementation Guidance on Recoverability of Deferred Tax Assets

“Revised Implementation Guidance on Recoverability of Deferred Tax Assets “ (ASBJ Guidance No.26 of March 28, 2016) has been adopted from the fiscal year ended March 31, 2017.

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 ¥ 112 = US$1, the approximate effective rate of exchange prevailing on March 31, 2017. 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. Investments in Unconsolidated Subsidiaries and Affiliates

Among investments in securities, the amount in aggregate corresponding to unconsolidated subsidiaries and affiliates at March 31, 2017 and 2016 is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Investments in equity securities	**¥1,656**	¥1,633	**$14,786**
Others	**53**	138	**473**

6. Assets Pledged as Collateral and Obligations Secured by Collateral

As at March 31, 2017 and 2016, the following assets were pledged as collateral:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Cash and bank deposits	**¥65**	¥61	**$580**
Buildings and structures	–	32	–
Long-term bank deposits	–	2	–

As at March 31, 2017 and 2016, such collateral secured the following obligations:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Short-term bank loans	–	¥5	–

7. Selling, General and Administrative Expenses

Selling, general and administrative expenses during the years ended March 31, 2017 and 2016 principally include:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Employees' bonuses	**¥1,514**	¥1,538	**$13,518**
Directors' bonuses	**68**	65	**607**
Retirement benefits	**1,133**	1,275	**10,116**
Salaries and allowances	**16,842**	16,984	**150,375**
Allowance for doubtful accounts	**129**	71	**1,152**

8. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing cost for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Research and development costs	**¥1,331**	¥1,374	**$11,884**

9. Changes in Shareholders' Equity

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2016 to March 31, 2017 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2015	Increase	Decrease	As of March 31, 2017
Common stock (shares)	76,657,829	–	–	76,657,829

(2) Shares of treasury stock

Share type	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common stock (shares)	68,109	539,542	–	607,651

(Reason of change)
The increase in the number of shares is due to the purchases of 1,642 shares less than one unit and purchases of 537,900 shares by a resolution of the Board of Directors meeting held on October 28, 2016.

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, 2014	Increase	Decrease	As of March 31, 2015
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.

10. Dividends

Information on dividends for the fiscal year ended March 31, 2017 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 29, 2016	Common stock	¥2,144	$19,148	¥28	$0.250	March 31, 2016	June 30, 2016
Board of directors meeting, October 28, 2016	Common stock	¥1,761	$15,727	¥23	$0.205	"September 30, 2016"	December 2, 2016

(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, 2017	Common stock	Retained earnings	¥2,205	$19,688	¥29	$0.259	March 31, 2017	June 30, 2017

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)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 26, 2015	Common stock	¥1,761	¥23	March 31, 2015	June 29, 2015
Board of directors meeting, October 29, 2015	Common stock	¥1,531	¥20	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)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 29, 2016	Common stock	Retained earnings	¥2,144	¥28	March 31, 2016	June 30, 2016

11. Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to the amounts shown in the consolidated balance sheet as at March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Cash and bank deposits	**¥38,940**	¥36,888	**$347,687**
Marketable securities	**1,435**	1,527	**12,814**
Sub total	**40,376**	38,416	**360,501**
Time deposits due over three months	**(4,056)**	(4,589)	**(36,215)**
Marketable securities due over three months	**(1,050)**	(1,100)	**(9,375)**
Cash and cash equivalents	**¥35,270**	¥32,725	**$314,912**

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Leased assets	**¥814**	¥1,377	**$7,268**
Lease obligations	**1,366**	1,278	**12,196**

12. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the years ended March 31, 2017 and 2016 is summarized as follows:

Location	Purpose of use	Category	Millions of Yen		Thousands of U.S.dollars (Note 4)
			2017	2016	**2017**
Amano USA Holdings, Inc. (U.S.A.)	Head office	Buildings and structures	–	¥236	–

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, 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, 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.

13. 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, 2017 and 2016:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Net unrealized gains (losses) on other securities:	**2017**	2016	**2017**
Amount arising during the year	**¥692**	(¥68)	**$6,179**
Reclassification adjustments	**(100)**	–	**(893)**
Amount before tax effect	**592**	(68)	**5,286**
Tax effect	**(107)**	(14)	**(955)**
Net unrealized gains (losses) on other securities	**484**	(82)	**4,326**
Translation adjustments:			
Amount arising during the year	**(1,219)**	(1,267)	**(10,891)**
Reclassification adjustments	**–**	–	**–**
Amount before tax effect	**(1,219)**	(1,267)	**(10,891)**
Tax effect	**–**	–	**–**
Translation adjustments	**(1,219)**	(1,267)	**(10,891)**
Retirement benefits liability adjustments:			
Amount arising during the year	**(8)**	(652)	**(71)**
Reclassification adjustments	**285**	167	**2,545**
Amount before tax effect	**276**	(485)	**2,464**
Tax effect	**(84)**	129	**(750)**
Retirement benefits liability adjustments	**192**	(356)	**1,715**
Share of other comprehensive income (loss) of companies accounted for by the equity method:			
Amount arising during the year	**1**	(10)	**9**
Reclassification adjustments	**(8)**	(7)	**(71)**
Share of other comprehensive income of companies accounted for by the equity method	**(6)**	(17)	**(57)**
Total other comprehensive income (loss)	**(¥549)**	(¥1,723)	**($4,907)**

14. Lease Commitments

(1) Lessees' accounting
Minimum future lease payments under operating leases subsequent to March 31, 2017 and 2016 for non-cancelable operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Due within one year	**¥810**	¥72	**$7,232**
Due over one year	**1,365**	513	**12,188**
Total	**¥2,176**	¥585	**$19,429**

(2) Lessors' accounting
Minimum future lease income under operating leases subsequent to March 31, 2017 and 2016 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	**¥100**	¥99	**$893**
Due over one year	**705**	805	**6,295**
Total	**¥805**	¥905	**$7,188**

15. 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, 2017 and 2016 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)		
	2017			2017		
	Carrying value	**Estimated fair value**	**Difference in amounts**	**Carrying value**	**Estimated fair value**	**Difference in amounts**
(1) Cash and bank deposits	**¥38,940**	**¥38,940**	**–**	**$347,687**	**$347,687**	**–**
(2) Notes and accounts receivable	**33,710**	**33,710**	**–**	**300,991**	**300,991**	**–**
(3) Marketable securities and investments in securities						
① Held-to-maturity	**1,150**	**1,147**	**(¥2)**	**10,268**	**10,241**	**($18)**
② Subsidiaries and affiliates	**1,607**	**1,134**	**(472)**	**14,348**	**10,125**	**(4,214)**
③ Other securities	**6,439**	**6,439**	**–**	**57,491**	**57,491**	**–**
Total (Assets)	**¥81,849**	**¥81,374**	**(¥474)**	**$730,795**	**$726,554**	**($4,232)**
(4) Trade notes and accounts payable	**¥7,629**	**¥7,629**	**–**	**$68,117**	**$68,117**	**–**
(5) Electronically recorded monetary claims	**6,580**	**6,580**	**–**	**58,757**	**58,757**	**–**
Total (Liabilities)	**¥14,209**	**¥14,209**	**–**	**$126,866**	**$126,866**	**–**

	Millions of Yen		
	2016		
	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥36,888	¥36,888	–
(2) Notes and accounts receivable	34,576	34,576	–
(3) Marketable securities and investments in securities			
① Held-to-maturity	1,350	1,348	(¥1)
② Subsidiaries and affiliates	1,582	1,005	(577)
③ Other securities	6,026	6,026	–
Total (Assets)	¥80,423	¥79,844	(¥578)
(4) Trade notes and accounts payable	¥7,642	¥7,642	–
(5) Electronically recorded monetary claims	6,438	6,438	–
Total (Liabilities)	¥14,080	¥14,080	–

(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, 2017 and 2016.

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)
	2017	2016	**2017**
Unlisted securities (Carrying value)	**¥271**	¥428	**$2,420**

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			
	2017			
	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	**¥38,940**	**–**	**–**	**–**
Notes and accounts receivable	**33,710**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Held-to-maturity securities	**1,050**	**–**	**¥100**	**–**
Total	**¥73,701**	**–**	**¥100**	**–**

	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	–

	Thousands of U.S.dollars (Note 4)			
	2017			
	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	**$347,687**	**–**	**–**	**–**
Notes and accounts receivable	**300,991**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Held-to-maturity securities	**9,375**	**–**	**$893**	**–**
Total	**$658,045**	**–**	**$893**	**–**

(*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					
	2017					
	Due within 1 year	**The second year**	**The third year**	**The fourth year**	**The fifth year**	**Thereafter**
Long-term loans payable	–	**¥469**	–	–	–	–
Lease obligations	**¥1,391**	**1,125**	**¥766**	**¥568**	**¥301**	**¥192**
Total	**¥1,391**	**¥1,594**	**¥766**	**¥568**	**¥301**	**¥192**

	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

	Thousands of U.S.dollars (Note 4)					
	2017					
	Due within 1 year	**The second year**	**The third year**	**The fourth year**	**The fifth year**	**Thereafter**
Long-term loans payable	–	**$4,189**	–	–	–	–
Lease obligations	**$12,423**	**10,051**	**$6,843**	**$5,080**	**$2,689**	**$1,718**
Total	**$12,423**	**$14,240**	**$6,843**	**$5,080**	**$2,689**	**$1,718**

(*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2017 and 2016 are as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2017			2017		
	Carrying value	**Fair value**	**Unrealized gains (losses)**	**Carrying value**	**Fair value**	**Unrealized gains (losses)**
Held-to-maturity	**¥1,150**	**¥1,147**	**(¥2)**	**$10,268**	**$10,241**	**($18)**
	Carrying value	**Acquisition cost**	**Unrealized gains (losses)**	**Carrying value**	**Acquisition cost**	**Unrealized gains (losses)**
Other securities with carrying value exceeding acquisition cost						
Stocks	**¥5,537**	**¥2,843**	**¥2,693**	**$49,438**	**$25,384**	**$24,045**
Other	**382**	**377**	**4**	**3,411**	**3,366**	**36**
Subtotal	**5,919**	**3,221**	**2,698**	**52,848**	**28,759**	**24,089**
Other securities with carrying value not exceeding acquisition cost						
Stocks	**517**	**597**	**(80)**	**4,616**	**5,330**	**(714)**
Other	**2**	**2**	**–**	**18**	**18**	**–**
Subtotal	**519**	**599**	**(80)**	**4,634**	**5,348**	**(714)**
Total	**¥6,439**	**¥3,820**	**¥2,618**	**$57,491**	**$34,107**	**$23,375**

	Millions of Yen		
	2016		
	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	¥4,617	¥2,550	¥2,067
Other	525	519	5
Subtotal	5,143	3,070	2,072
Other securities with carrying value not exceeding acquisition cost			
Stocks	881	927	(46)
Other	2	2	–
Subtotal	883	930	(46)
Total	¥6,026	¥4,000	¥2,026

(*6) Other securities sold for the year ended March 31, 2017 is as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2017			2017		
	Sales amount	**Total amount of gain on sale**	**Total amount of loss on sale**	**Sales amount**	**Total amount of gain on sale**	**Total amount of loss on sale**
Stocks	**¥400**	**¥100**	–	**$3,576**	**$896**	–
Total	**¥400**	**¥100**	–	**$3,576**	**$896**	–

16. 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.

The Kanagawa Prefecture Iron and Steel Welfare Pension Fund was dissolved on March 31, 2007 after approval of the Minister of Health, Labor and Welfare. No addional contribution due to the dissolution of this fund is expected.

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 ¥ 286 million and ¥ 490 million in the years ended March 31, 2017 and 2016, 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, 2016	As of March 31, 2015	**As of March 31, 2016**
Amount of pension assets	**¥57,799**	¥63,738	**$516,063**
Total of amount of pension obligations based on amount of pension financing calculations in the scheme and minimum reserve amount	**60,538**	75,343	**540,518**
Net amount	**(¥2,738)**	(¥11,605)	**($24,446)**

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

For the year ended March 31, 2015: 23.0%
For the year ended March 31, 2016: 22.9%

(3) Supplemental information

The net amount in (1) above was mainly due to a prior service obligation in pension financing (As of March 31, 2015: ¥ 8,925 million; As of March 31, 2016: ¥ 8,554 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 ¥ 187 million were expensed in the Company's consolidated financial statements in the years ended March 31, 2017 and 2016, 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, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Balance at the beginning of the year	**¥11,996**	¥10,999	**$107,107**
Service cost	**853**	814	**7,616**
Interest cost	**50**	80	**446**
Actuarial loss	**(99)**	725	**(884)**
Retirement benefits paid	**(754)**	(588)	**(6,732)**
Prior service cost	**–**	–	**–**
Other	**(38)**	(35)	**(339)**
Balance at the end of the year	**¥12,008**	¥11,996	**$107,214**

The changes in plan assets for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Balance at the beginning of the year	**¥9,181**	¥8,675	**$81,973**
Expected return on plan assets	**229**	216	**2,045**
Actuarial loss	**(84)**	19	**(750)**
Contributions by the Company	**1,016**	771	**9,071**
Retirement benefits paid	**(615)**	(500)	**(5,491)**
Other	**5**	(0)	**45**
Balance at the end of the year	**¥9,733**	¥9,181	**$86,902**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2017 and 2016 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Funded retirement benefit obligation	**¥11,892**	¥11,873	**$106,179**
Plan assets at fair value	**(9,733)**	(9,181)	**(86,902)**
	2,159	2,692	**19,277**
Unfunded retirement benefit obligation	**116**	123	**1,036**
Net liability for retirement benefits in the balance sheet	**2,275**	2,815	**20,313**
Liability for retirement benefits	**2,275**	2,815	**20,313**
Asset for retirement benefits	**–**	–	**–**
Net liability for retirement benefits in the balance sheet	**¥2,275**	¥2,815	**$20,313**

The components of retirement benefit expense for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Service cost	**¥853**	¥814	**$7,616**
Interest cost	**50**	80	**446**
Expected return on plan assets	**(229)**	(216)	**(2,045)**
Amortization of actuarial loss	**264**	224	**2,357**
Amortization of prior service cost	**(3)**	(3)	**(27)**
Retirement benefit expense	**¥935**	¥899	**$8,348**

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Prior service cost	**(¥3)**	(¥3)	**($27)**
Actuarial gain	**280**	(481)	**2,500**
Total	**¥276**	(¥485)	**$2,464**

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Unrecognized prior service cost	**¥6**	¥10	**$54**
Unrecognized actuarial loss	**(1,428)**	(1,708)	**(12,750)**
Total	**(¥1,421)**	(¥1,697)	**($12,688)**

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2017 and 2016 is as follows:

	Millions of Yen	
	2017	2016
General accounts	**9%**	10%
Bonds	**60%**	76%
Stocks	**12%**	12%
Other	**19%**	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.

	2017	2016
Discount rate	**0.7%**	0.6%
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, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Balance at the beginning of the year	**¥89**	¥109	**$795**
Retirement benefit expense	**35**	43	**313**
Retirement benefits paid	**(18)**	(38)	**(161)**
Contributions to plans	**(23)**	(25)	**(205)**
Other	**(0)**	(0)	**(0)**
Balance at the end of the year	**¥82**	¥89	**$732**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2017 and 2016 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Funded retirement benefit obligation	**¥202**	¥176	**$1,804**
Plan assets at fair value	**(241)**	(210)	**(2,152)**
	(38)	(34)	**(339)**
Unfunded retirement benefit obligation	**121**	123	**1,080**
Net liability for retirement benefits in the balance sheet	**82**	89	**732**
Liability for retirement benefits	**170**	170	**1,518**
Asset for retirement benefits	**(88)**	(81)	**(786)**
Net liability for retirement benefits in the balance sheet	**¥82**	¥89	**$732**

Retirement benefit expenses calculated using the simplified method for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Retirement benefit expenses	**¥35**	¥43	**$313**

Contributions to defined contribution plans of the Company and its consolidated subsidiaries for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Contributions to defined contribution plans	**¥397**	¥379	**$3,545**

17. Income Taxes

Deferred tax assets and liabilities (both current and non-current) as at March 31, 2017 and 2016 consisted of the following elements:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Deferred tax assets:			
Accrued enterprise tax	**¥155**	¥184	**$1,384**
Accrued employees' bonuses	**747**	828	**6,670**
Accounts payable and long-term accounts payable	**45**	52	**402**
Net liability for retirement benefits	**736**	879	**6,571**
Loss carried forward	**1,168**	1,073	**10,429**
Loss on write-down of investments in securities	**304**	296	**2,714**
Surplus on allowance for doubtful accounts	**154**	125	**1,375**
Unrealized gains	**629**	650	**5,616**
Others	**1,423**	1,479	**12,705**
Less: valuation allowance	**(1,455)**	(1,466)	**(12,991)**
Total deferred tax assets	**¥3,911**	¥4,103	**$34,920**
Deferred tax liabilities:			
Reserve for advanced depreciation of building	**(11)**	(11)	**(98)**
Acquired intangible assets	**(3)**	(11)	**(27)**
Unrealized loss on other securities	**(681)**	(573)	**(6,080)**
Others	**(59)**	(85)	**(527)**
Total deferred tax liabilities	**(756)**	(682)	**(6,750)**
Net deferred tax assets	**¥3,154**	¥3,420	**$28,161**

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

	2017	2016
Effective statutory tax rate	**30.8%**	33.0%
Adjustments:		
Entertainment and other nondeductible expenses	**0.6**	0.6
Dividends and other nontaxable income	**(2.0)**	(1.4)
Inhabitant tax on per capita levy	**0.6**	0.6
Nondeductible amortization of goodwill	**1.2**	2.2
Eliminated dividend received from subsidiaries	**2.3**	2.1
Realization of tax benefits on operating losses	**(0.4)**	(1.7)
Tax credit for research and development expenses	**(0.4)**	(0.4)
Valuation allowance	**(0.2)**	(0.1)
Deferred tax assets reduced by change of taxation rates	**–**	0.5
Difference of foreign subsidiaries' taxation rates	**(0.0)**	(0.2)
Equity in earnings of affiliates	**(0.1)**	(0.4)
Others	**0.3**	1.2
Actual tax rate	**32.7%**	36.0%

18. 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				
	2017				
	Reportable segments			**Adjustments/ Eliminations**	**Consolidated**
	Time information system business	**Environment system business**	**Total**		
Net sales:					
Sales to third parties	**¥87,010**	**¥33,113**	**¥120,124**	**–**	**¥120,124**
Intersegment sales and transfers	**–**	**–**	**–**	**–**	**–**
Total	**87,010**	**33,113**	**120,124**	**–**	**120,124**
Segment profit or loss	**11,890**	**4,893**	**16,784**	**(¥3,618)**	**13,165**
Segment assets	**62,616**	**27,275**	**89,892**	**47,996**	**137,888**
Depreciation and amortization	**3,865**	**513**	**4,379**	**554**	**4,933**
Investment in equity-method affiliates	**1,607**	**–**	**1,607**	**–**	**1,607**
Increase in tangible and intangible fixed assets	**4,438**	**481**	**4,919**	**668**	**5,587**

	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

	Thousands of U.S. dollars (Note 4)				
	2017				
	Reportable segments			**Adjustments/ Eliminations**	**Consolidated**
	Time information system business	**Environment system business**	**Total**		
Net sales:					
Sales to third parties	**$776,880**	**$295,658**	**$1,072,538**	**–**	**$1,072,538**
Intersegment sales and transfers	**–**	**–**	**–**	**–**	**–**
Total	**776,880**	**295,658**	**1,072,538**	**–**	**1,072,538**
Segment profit or loss	**106,163**	**43,695**	**149,858**	**($32,311)**	**117,547**
Segment assets	**559,080**	**243,528**	**802,608**	**428,542**	**1,231,150**
Depreciation and amortization	**34,517**	**4,589**	**39,105**	**4,948**	**44,053**
Investment in equity-method affiliates	**14,354**	**–**	**14,354**	**–**	**14,354**
Increase in tangible and intangible fixed assets	**39,626**	**4,295**	**43,920**	**5,971**	**49,891**

(2) Related Information

Geographic Segments

Information by geographic region for the years ended March 31, 2017 and 2016 is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Net sales:	**2017**	2016	**2017**
Japan	**¥82,035**	¥78,832	**$732,457**
North America	**17,141**	18,996	**153,049**
Others	**20,947**	21,677	**187,030**
Total	**¥120,124**	¥119,506	**$1,072,538**

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Tangible fixed assets:	**2017**	2016	**2017**
Japan	**¥21,036**	¥20,988	**$187,822**
Others	**2,653**	2,601	**23,689**
Total	**¥23,689**	¥23,589	**$211,512**

(3) Information on both "amortization of goodwill" and "unamortized balance" by reportable segments as at and for the years ended March 31, 2017 and 2016 is summarized as follows:

	Millions of Yen				
	2017				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Amortization of goodwill	**¥624**	**59**	**¥684**	**–**	**¥684**
Unamortized balance	**¥2,895**	**269**	**¥3,165**	**–**	**¥3,165**

	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

	Thousands of U.S.dollars (Note 4)				
	2017				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Amortization of goodwill	**$5,577**	**531**	**$6,108**	**–**	**$6,108**
Unamortized balance	**$25,853**	**2,405**	**$28,259**	**–**	**$28,259**

19. Per Share Data

Net assets and net income per share as at and for the years ended March 31, 2017 and 2016 are as follows:

(1) Net assets per share

	Yen		U.S.dollars (Note 4)
	2017	2016	**2017**
Net assets per share	**¥1,301.29**	¥1,242.86	**$11.619**

The basis for these calculations is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2017	2016	**2017**
Total net assets in consolidated balance sheet	**¥99,421**	¥95,606	**$887,692**
Amount to be deducted from total net assets	**458**	416	**4,093**
(Out of the above non-controlling interest portion)	**(458)**	(416)	**(4,093)**
Net assets relating to common stock	**98,963**	95,190	**883,599**

	Shares	
Number of shares of common stock used to compute net assets per share	**76,050,178**	76,589,720

(2) Net income per share

	Yen		U.S.dollars (Note 4)
	2017	2016	**2017**
Net income per share	**¥120.79**	¥109.75	**$1.078**

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)
	2017	2016	**2017**
Net income in the consolidated statement of income	**¥9,223**	¥8,405	**$82,348**
Net income relating to common stock	**9,223**	8,405	**82,348**

	Shares	
	2017	2016
Average number of shares of common stock outstanding during the year	**76,364,626**	76,590,480

Corporate Data

Domestic Operations

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

FACILITIES
SAGAMIHARA Factory
HOSOE Factory

SALES OFFICES
72 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
Izumi NAKAJIMA

President & Representative Director
Hiroyuki TSUDA

Director & Managing Operating Officer
Hiroshi SHIRAISHI
Isao TERASAKI

Director & Operating Officer
Takeshi AKAGI
Yasuhiro SASAYA
Kunihiro IHARA
Manabu YAMAZAKI

(Outside) Directors
Isao KISHI
Kiyoshi KAWASHIMA

(Full-time) Audit & Supervisory Board Member
Haruhiko YAMAGUCHI
Toru UENO

(Outside) Audit & Supervisory Board Member
Yoshiyuki SATO
Takehide ITONAGA

Managing Operating Officer
Kenji KOHORI

Operating Officers
Tatsuo NIIHO
Masahiko MORITA
Myeong-Jin JEON
Tetsuhiro KONDO
Jun NAKAKURO
Yoshikazu TOAKE
Masahiro SAWADA
Sachio OTAKA
Takashi KASAI
Yoshihiko HATA

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 PARKING SERVICE LTD.
20. AMANO MALAYSIA SDN.BHD.
21. AMANO TIME&AIR SINGAPORE PTE.LTD.
22. PT.AMANO INDONESIA
23. AMANO THAI INTERNATIONAL CO.,LTD.

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