FINANCIAL REPORT

April 2007 – March 2008

AMANO Corporation

Management Policy

1. Basic Management Policy

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

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

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

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

One of the issues to which Amano devotes most importance is its policy for dividends to shareholders. Fundamental to this is its policy for the return of profit to shareholders, based on maintaining a stable ordinary dividend of ¥ 26 annually (¥13 interim and ¥13 year-end), together with appropriate results-based distributions and flexible purchasing of treasury stock. The Company aims to maintain a payout ratio of at least 35% on a consolidated basis and a ratio of dividend to net assets of at least 2.5%.

In line with this policy, we plan to pay a year-end dividend of ¥17 per share, the same amount paid at the end of the previous year. As a result, the annual per-share dividend will rise by ¥4 from the previous year to ¥34, including the ¥17 per share paid as the interim dividend. This corresponds to a payout ratio of 44.8% on a consolidated basis, and a 3.2% ratio of dividends to net assets.

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

With regard to the dividend for the next fiscal year, we will continue our efforts to improve business performance, and will aim to pay a dividend for the year of ¥34 (interim dividend of ¥17, and year-end dividend of ¥17).

From the fiscal year ending March 31, 2009, the Company has introduced the concept of an overall distribution ratio (return to shareholder ratio) combining dividends and purchase of treasury stock. Having given due consideration to financing requirements, the new medium-term management plan for fiscal 2008 to 2010, which began in April 2008, aims to improve capital efficiency by setting a target figure of 60% for the return to shareholder ratio for each fiscal year.

3. New Medium-Term Management Plan

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

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

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

(1) Basic Policies

Building on the success of the previous management plan, which aimed at "a strong profit structure and sustainable growth," under the new medium-term management plan Group companies will forge ahead together to achieve sales of ¥114,000 million and operating profit of ¥12,700 million by the fiscal year ending March 31, 2011, the final year of the new plan. This goal will be achieved by positioning new Group companies Amano McGann, Inc. of the U.S. and Horoquartz, S.A. of France as key drivers for global development of parking system and information system businesses, particularly in the U.S. and Europe, as well as focusing on business expansion in Japan.
In order to bring this plan to fruition, we will address the following priority issues.

1. Business Strategy

• Expanding business in the North American and European markets

In North America we will merge Amano McGann's parking management systems with Amano Group systems and equipment, and expand the market for parking systems by strengthening direct sales structures to work closely with customers in proposing solutions. In Europe we will merge Horoquartz's French customer base, systems and equipment with Amano Group systems and equipment. We will also expand our information system business in the French market and use this as a springboard for expansion into the wider European market, including the U.K. and the Benelux region.

• Expanding business in the Japanese market

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

2. Enhancing Profitability

• Boosting profitability in the information system and parking system businesses

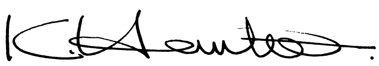
In overseas markets we will increase profitability by implementing our business strategies for Amano McGann and Horoquartz to maximize these profitable companies' contribution to consolidated results. This will be achieved through increased sales in the North American and European markets, particularly sales of high-added-value products. As for the Japanese market, in the information systems field we will continue to standardize large-scale solution systems and increase added value by expanding sales of software to small and medium-sized businesses. In the parking systems field we will boost profitability by developing cost-competitive products and strengthening cost control for each site.

(2) Numerical Targets

The Company aims to achieve the following consolidated results by the fiscal year ending March 31, 2011, the final year of the new medium-term management plan.

Management Plan Target Results (Unit: Millions of yen)

	Year ending March 31, 2009 - (Plan)		Year ended March 31, 2010 - (Plan)		Year ending March 31, 2011 - (Plan)	
	Amount	YOY change (%)	Amount	YOY change (%)	Amount	YOY change (%)
Net sales	101,000	8.2%	107,500	6.4%	114,000	6.0%
Operating profit	9,800	(2.1%)	11,300	15.3%	12,700	12.4%
Operating profit to sales	9.7%	–	10.5%	–	11.1%	–
Ordinary profit	9,900	(6.0%)	11,200	13.1%	12,700	13.4%
Net income	5,200	(14.8%)	6,100	17.3%	6,900	13.1%



Kaoru Haruta
President and CEO

Business Performance

Analysis of Business Results

Although the Japanese economy generally continued its slow recovery during the year under review against a backdrop of strong corporate performance buoyed by expansion in overseas economies and the relaxed monetary environment, uncertainty over the future grew in the face of price hikes for oil and other raw materials and confusion in international financial markets stemming from the subprime mortgage issue in the U.S.

Amid this operating environment, throughout the Group we pursued the building of "a strong profit structure and sustainable growth," the management concept that underlies the plan for the final year of our third medium-term management plan, which began in April 2005. Particular effort was devoted to strengthening our marketing capability by broadening the customer base and expanding our service business, and to enhancing cost-competitiveness by such means as cutting fixed costs, reducing prime costs, and raising productivity.

During the year the Company recorded sales of ¥93,351 million, up by 8.8% year-on-year. Although operating profit fell by 1.3% to ¥10,011 million, overall profitability increased, with ordinary profit up by 3.2% to ¥10,534 million and net income up by 2.4% to ¥6,104 million.

The following is an overview by business division:

Sales by business division

(Unit: Millions of yen)

	Year ended March 31, 2007 (April 1, 2006, to March 31, 2007)		Year ended March 31, 2008 (April 1, 2007, to March 31, 2008)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System Business						
Information Systems	14,674	17.1	16,266	17.4	1,592	10.8
Time Management Equipment	7,296	8.5	6,628	7.1	-668	-9.2
Parking Systems	33,738	39.4	40,062	42.9	6,324	18.7
Subtotal	55,708	65.0	62,956	67.4	7,248	13.0
Environment System Business						
Environmental Systems	20,171	23.5	20,808	22.3	637	3.2
Cleaning Systems	9,890	11.5	9,587	10.3	-303	-3.1
Subtotal	30,061	35.0	30,395	32.6	334	1.1
Total	85,769	100.0	93,351	100.0	7,582	8.8

Time Information Systems Business

Information Systems:

- Time & attendance (T&A), payroll, human-resource management, access control, cafeteria management systems

Time Management Equipment:

- Time recorders, time stamps

Parking Systems

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

Information Systems

Compliance with the Financial Products Transaction Law (Japanese equivalent of SOX in the U.S.) has expedited the building of internal control systems, many companies are reviewing core systems, and the Labor Standards Inspection Office is undertaking stricter monitoring of unpaid overtime and long working hours (overwork) from a health perspective. Consequently demand remains robust in the domestic market for this business division as companies review and rebuild employment systems with the aim of appropriately managing working hours.

To meet these trends in demand, Amano has been devoting considerable energy to expanding its operations, by means such as increasing systems engineers for solutions aimed at large companies, strengthening its marketing strategy for small and medium-scale business establishments, launching new T&A system terminals, making stronger proposals featuring comprehensive IC-card-based systems and proposing solutions that match customer needs.

Hardware sales rose by ¥847 million, or 13.5%, from the previous year, software sales were up by ¥284 million, or 7.1%, and sales generated by maintenance and supply operations increased by ¥156 million, or 5.3%. The increase in hardware sales was buoyed by growth in large orders from purchasers including railway companies, municipal governments, department stores and other retailers as a result of the strengthening of our structure for marketing solution systems to large corporations. The growth in software sales was driven by a fourth-quarter resurgence in orders, particularly from medium-scale business establishments. Sales in the field of T&A systems rose by ¥765 million, or 7.7%, while in the field of access control systems they increased by ¥134 million, or 9.7%.

Overseas, sales increased in North America due to robust results in access control business. In Europe sales declined slightly in local currency terms but rose once adjusted for exchange rate fluctuations. Revenues in Asia fell. Overall, overseas sales were up by ¥166 million, or 15.5%.

As a net result of the above, overall sales in this business division totaled ¥16,266 million, representing an increase of 10.8% from the previous year.

AGX100A

Time Management Equipment

Sales in this segment within Japan remained sluggish during the period under review. Market volume remained static, and demand for time recorders showed no signs of recovery, becoming increasingly polarized between low-priced equipment and incorporation into systems.

Domestic unit sales and sales revenue in this business division both declined. Export unit sales increased, but sales revenues remained flat due to low-priced equipment representing a larger proportion of sales. Aggregate domestic and export sales fell by ¥213 million, or 4.4%.

With regard to overseas business performance, revenues declined in North America owing to the continued suspension of the handling of time recorders by large mass retailers, but they rose in Europe, in part because of fluctuations in foreign exchange conversion rates. Revenues in Asia fell. Overall, overseas sales were down by ¥491 million, or 15.1%.

As a result of the above, the Time Management Equipment Division generated sales totaling ¥6,628 million, down by 9.2% from the previous year.

BX1500

Parking Systems

As the domestic parking lot market for cars matures, market expansion is tending to focus on public bicycle parking lots, with municipal governments, in particular, developing plans to introduce new systems for bicycle parking and revision of the

Road Law enforcement ordinance enabling the installation of bicycle parking facilities on sidewalks.

In addition to the steady parking lot equipment renewal market, new demand has been created in areas including crossing gates that permit toll collectors to cross safely on dedicated ETC lanes on expressways and gate systems controlling entry and exit of vehicles to and from sites such as factories.

Amid this market environment the Company has been devoting efforts to expanding its fields of operation, including by strengthening its strategies for renewal markets, expanding bicycle parking lot business, and cultivating the market for gate systems.

Broken down by product, overall sales of system devices rose by ¥673 million, or 4.2%, from the previous year, including an increase in bicycle parking lot system sales of ¥372 million, or 49.1%. Revenues from maintenance and supply operations rose by ¥416 million, or 5.5%. The number of units managed under commission by Group subsidiary Amano Management Service Corporation increased by 21,700, or 20.3%, from the end of the previous year, and the company's performance is making steady progress.

Significant sales growth was achieved in all overseas operations. Sales in North America increased by a wide margin, buoyed by the impact of the acquisition of Amano McGann, Inc. and Amano Integrated Systems, Inc. Sales in Europe benefited from vigorous activity in the Spanish market, while Asian sales were powered by the ongoing briskness of the Korean market. In consequence, total overseas sales increased by ¥5,312 million, up by 79.7% year-on-year.

The net result of the above developments was that sales in this division totaled ¥40,062 million, representing an increase of 18.7% from the previous year.

NT-7900

Environment System Business

Environmental Systems:

- Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, deodorization systems, electrolytic water generators

Cleaning Systems:

- Cleaning equipment, dry-care cleaning systems, cleanliness management services

Environmental Systems

In the domestic market this business division was affected by cautious attitudes toward capital investment from the third quarter, resulting from uncertainty about the future of the economy.

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

The Company has also strengthened links with group companies in Southeast Asia to reinforce cooperative sales structures targeting Japanese companies that are expanding into the Asian region.

In the standard equipment segment sales fell by ¥185 million, or 2.6%, due to the impact of a downward trend in capital investment. Although capital investment levels varied among industries, demand for large-scale systems was generally robust, and sales of such systems rose by ¥551 million, or 7.7%. Demand for maintenance services increased amid growing awareness of the need for compliance with environmental management laws and regulations, and revenues from maintenance and supply operations rose by ¥116 million, or 2.8%.

Overseas operations performed well, primarily because of orders for large-scale systems received from Japanese companies in the Asian region. Sales were up by ¥157 million, or 14.7%.

As a result of the above, the sales of this business division rose by 3.2% year-on-year, to ¥20,808 million.


Pneumatic powder conveyance system test plant

Cleaning Systems

This business division faced an increasingly difficult operating environment as general merchandise stores and convenience stores within Japan continued to switch to ceramic flooring materials in order to reduce floor maintenance costs, causing an ongoing decline in acquisitions of buffing machines for floor polishing.

However, demand for floor cleaning machines continues to grow each year as manufacturers improve factory work environments and strive to make cleaning operations more efficient and less burdensome. New demand has also emerged, particularly for small floor cleaners, as retailers open more stores and switch some of their cleaning from contractors to in-house.

Sales of floor cleaning equipment increased, especially to factories, due to the introduction of new compact models. However, lower sales of buffing machines caused overall cleaning equipment sales to decline by ¥132 million, or 4.3%, from the previous year. Revenues from maintenance and supply operations were up by ¥144 million, or 4.6%, as cleaning management business performed strongly.

Overseas, sales in this segment declined in North America, where there were no signs of a recovery in demand, and sales in Asia were also sluggish. In consequence, overall sales declined by ¥353 million, or 12.2%, year-on-year.

As a result of the above, the sales generated in this segment totaled ¥9,587 million, down by 3.1% from the previous year.

SE-640e

Outlook for the Fiscal Year Ending March 31, 2009

As the slowdown in the European and U.S. economies worsens, generally robust exports to emerging markets such as China and India will continue to bolster economic conditions in Japan. However, there are a number of causes for concern including the negative impact of raw material price hikes on corporate profitability, and overall the risk of an economic downturn is increasing.

Amid this economic environment, Amano Corporation and its group companies have launched a new medium-term management plan covering a period of three years from April 2008, as outlined below.

In line with the group growth strategies set out in the plan, we will work to improve profitability by ongoing growth driven by global development of markets and products in each of our business fields and expanding our comprehensive solutions business through new business and stronger links with group companies in Japan.

The following business results are projected for the fiscal year ending March 31, 2009: Sales ¥101,000 million, operating profit ¥9,800 million, ordinary profit ¥9,900 million, and net income ¥5,200 million.

Although interest rate trends in key economies and other factors remain uncertain, the above projections assume currency exchange rates of US$1 to ¥100 and €1 to ¥155.

Analysis of Financial Condition

Analysis of Assets, Liabilities and Net Assets

• Assets

Current assets amounted to ¥60,738 million, down by ¥9,032 million, or 12.9%, from the previous fiscal year-end. This was chiefly due to a decline in cash and bank deposits.

Fixed assets totaled ¥56,213 million, up by ¥14,496 million, or 34.7%, from the previous fiscal year-end. This was primarily the result of an increase in intangible fixed assets.

• Liabilities

Current liabilities amounted to ¥24,417 million, up by ¥2,374 million, or 10.8%, from the previous fiscal year-end. This was attributable primarily to a rise in accrued expenses and other liabilities.

Long-term liabilities totaled ¥6,227 million, up by ¥404 million, or 6.9%, from the previous fiscal year-end. Deferred tax liabilities were the main factor behind this increase.

• Net Assets

Net assets amounted to ¥86,307 million, up by ¥2,686 million, or 3.2%, from the previous fiscal year-end. The principal factor behind this was an increase in retained earnings.

• Analysis of Cash Flows

Due to vigorous investment activity, consolidated cash and cash equivalents declined by ¥13,498 million, or 44.0%, year-on-year, to a total of ¥17,192 million at the year-end. The following is a description of the status of each type of cash flow during the year, and the underlying factors.

• Cash flow from operating activities

Net cash provided by operating activities totaled ¥9,362 million, up by ¥2,260 million, or 31.8%, from the previous year. This was attributable primarily to an increase in depreciation and amortization and a decrease in inventories.

• Cash flow from investing activities

Net cash used in investing activities was ¥20,417 million, representing an increase of ¥11,583 million, or 131.1%, from the previous year. The principal factor behind this was the purchase of shares in subsidiaries for company acquisitions associated with expansion of global operations.

• Cash flow from financing activities

Net cash used in financing activities totaled ¥2,697 million, representing a year-on-year increase in expenditure of ¥680 million, or 33.7%. This was chiefly due to an increase in parent company dividend payments.

Reference: Trend of cash flow indicators

	At Mar. 31, 2004	At Mar. 31, 2005	At Mar. 31, 2006	At Mar. 31, 2007	At Mar. 31, 2008
Equity ratio (%)	75.5	72.5	74.8	74.4	73.0
Fair value equity ratio (%)	76.6	95.0	156.0	103.6	70.6
Ratio of cash flow to interest-bearing liabilities (%)	30.4	26.0	42.2	36.2	17.5
Interest coverage ratio	165.7	255.8	88.1	125.3	166.6

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
1. All indicators are calculated on the basis of consolidated financial values.
2. 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).
3. Cash flow from operating activities refers to cash flow from operating activities posted under the consolidated statements of cash flows. Interest-bearing debt refers to those of the liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with interest paid stated in the consolidated statements of cash flows.

Operating and Other Risk

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

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

Matters relating to the future are those that are adjudged to be so as of the date of the release of these financial results (May 8, 2008).

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

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

In the year ended March 31, 2008, the time information system business accounted for 67.4% of total sales, and the environment system business accounted for 32.6%. Before deduction of unallocated expenses the time information system business contributed 67.1% to operating profit, while the environment system business contributed 32.9%. In terms of weighted average sales over the most recent five years, time information system business accounted for 65.9% of total sales and for 73.9% of operating profit.

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

(ii) Fluctuations in exchange rates

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

(iii) Information security

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

Issues to be Addressed

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

1) Time information systems

• Information systems business

Amid continuing efforts by labor authorities to more strictly monitor unpaid overtime and long working hours (overwork) in order to eradicate these practices, the market is expanding as companies review or introduce T&A systems aimed at appropriately managing working hours.

Given the positive impact on business of this market environment, we aim to further expand T&A solutions business targeted at both large companies and the public sector, launching enhanced software and strengthening marketing structures by increasing system engineers. We also aim to expand business in the door security field, where the enforcement of the Law Concerning the Protection of Personal Information has raised the priority placed on control of access to offices in which personal information is handled.

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

Overseas, we aim to merge the customer base, systems and equipment of newly-acquired Group company Horoquartz (France) with Amano systems and equipment in the aim of increasing business in the French market and using this as a springboard to extend sales channels across Europe as a means of expanding our business in this region.

• Parking systems business

Amid growing use of electronic money, parking systems business is likely to benefit from shorter equipment renewal cycles as parking lot operators replace equipment that is not compatible with e-money. We will meet the demands of the renewal market by steadily offering replacement purchasers added-value products with in-built IT functions and comprehensive solutions that include parking lot management. We will also increase sales of systems equipment to meet the market for bicycle parks that has arisen as a result of the problem of illegal parking of bicycles, and take further steps to expand the market for expressway-crossing safety gates and gate systems controlling entry and exit to and from sites such as factories.

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

Overseas, we aim to expand business and establish ourselves as the top manufacturer of parking systems in the North American market by leveraging the strengths of newly-acquired Group company Amano McGann, Inc. to reorganize our sales organization with a view to building closer relationships with customers. We also aim to secure the largest market shares in Europe and Asia, proactively expanding our global operations.

2) Environment systems

• Environment systems business

In environment systems business, heavy demands are being made on companies to fulfill their responsibility to society by complying with environment-related laws and regulations in their plants, and by making efforts to reduce the burden they place on the environment.

Given these circumstances, we will strengthen our new-product development capabilities to help reduce environmental impact, launch new products to match the reduction in size and the diversification of machine tools, and enhance our lineup of dust-explosion-proof technologies to raise safety standards. We also aim to expand maintenance business and further strengthen profit control for each site in order to boost profitability. Finally, we will build robust business structures capable of withstanding economic fluctuations.

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

3) Human resource development

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

Information Systems

Strengthen Door Security Business From Single-Door to Multi-Door market New Access Control System

"Access Control System" linked to one of our most specialized businesses, "Time & Attendance Information Systems", is enjoying great success. Amano's holistic solutions, including a wide variety of security products that can be systematically expanded flexibly upon customer's requirements with use of one single IC employee ID card, facilitate building "Office Security." The "Access Control System" with new concept is connected via real-time communications to the "TimePro-XG Entry Management Software" now in progress of development. Furthermore, this new system can be upgraded to a full-scale "Door Security Management" with the system detecting the status of the door, and managing the history of access. Amano continues expanding the market of single-door access, which has proved a great success, to larger system market by strengthening the products lineups such as New Access Control Terminal (RX-200F) with Random Ten-Key Pad and Standard Model (RX-100F).

Time Management Equipment

Strengthen Sales of PC-connected Time Recorder "TimeP@CK" Free seminar hosted by sales offices is expanding across the country

PC-connected Time Recorder "TimeP@CK" designed for small-size/group has won a position to be branded as an industry standard. "TimeP@CK Professional" with higher level of management to professional requirements was also added to shore up the products lineups, receiving good market acceptance. With highly personalized support provided by our trained instructor to sales channel, including TimeP@CK demonstration seminar <<TimeP@CK USEum>> hosted by sales offices on a regular basis across the country, or well-developed sales promotion tools such as Internet website, Amano continues boosting sales activity in this area.

Demonstration Seminar

Parking Systems

Improve Manners to Provide Pleasant and Safe Town Planning!! On-street Bicycle Park Management System around Nagoya Station

From May 2008, the bicycle parking around Nagoya Station and Kokusai Center Station started to charge fees. Although bicycles and motorized bicycles are convenient and useful means of transportation, if they are left on sidewalks without any careful consideration, they not only become a pedestrian's passage obstacle, but they also become a cause of traffic accident or an obstacle to emergency rescue by a fire truck or an ambulance. Nagoya city has designated a radius of about 500-meter of Nagoya Station area (Nakamura-ku and Nishi-ku) as a prohibited bicycle parking and tow away area. Moreover, they have started to charge the area totally, and crack down unauthorized bicycle parking and remove unattended on-street bicycles. The size of the charged bicycle parking is about 5,800 spaces including contracted parkers. Amano's 24/7 Bicycle Park Management System exactly meets the requirements as intended. The new Road Traffic Law (Jan. 2007) is in place, to allow private sectors, if legally approved for occupancy of roads, to build an on-street bicycle parking system.

The new effort is being actively promoted with the cooperation between the public and private sectors to provide pleasant and safe town planning throughout the nation.

Double-digit Growth Continuing with Proven Know-how "Management/Commission Services for Parking" Amano Management Service Corporation

Riding on the strength of growing trend toward outsourcing, and by meeting the customers' needs for "Parking management expense reduction" along with "Efficient parking management," a group company "Amano Management Service Corporation (AMS)" is steadily expanding the number of parking lots with their management services. AMS started with about 5,000 parking spaces with their services at the time of the company was established, and with abundant know-how, they have increased the number 26 times during the past 10 years with double-digit growth. In addition to enhancing servicing capability for public/wide-area service organizations, "AMS Customer Support Center" where dedicated operators quickly and professionally respond to parking lot user's urgent calls, is growing its mobility and servicing capability. With the Authorized

Management System introduced, encouraging local governments to commission the management to private sectors, AMS is expected to accelerate its growth.

Environmental Systems

Strengthen sales capability in the regions of South East Asia Strengthen Sales Forces for Japanese Companies Advancing into Asia Large Dust Collection Systems

Environmental Systems Business is growing in sales, receiving more orders for large dust collection systems as a result of expansion of sales channel in Asian market and co-working with sales organization in Japan. The business has been buoyed by increased advances of Japanese companies (leading car manufacturers, rubber products manufacturers, etc.). into the regions. They are wining faith and trust from customers by providing one-stop services, ranging from sale, design, installation, repair to maintenance. In Shanghai, China, Amano's subsidiary company, "Amano International Trading (Shanghai) Co., Ltd. " is expanding their sales channel such as

Tianjin Office, Shenzhen Office and Beijing Office. They are especially boosting their sales in Huabei area.

Moreover, in addition to Amano's subsidiary companies in Malaysia, Singapore, and Indonesia, "Amano Thai International Co., Ltd. (ATI)" was added in Thailand in January this year to grow in the regions.

Cleaning Systems

Strengthen Products Lineups of Cleaning Machines for Commercial Market Automatic Floor Scrubbers with Powerful Cleaning and Suction Capability

With increasing demand for automatic floor cleaning machines, Amano's lineups are growing for commercial markets and helping increase cleaning efficiency and reduce cleaning work. The standard models with growing sales such as "SE-430" and "SE-500" maintain its good position as long seller models, meeting the current market needs. The models are equipped with the latest technologies and they are upgraded as required. The latest technologies include "automatic pad pressure against the floor," "new squeegee" that leaves no waste water behind, and "cleaning pad" that gives the most efficient cleaning against new ceramic floors often used by supermarkets and convenient stores to reduce maintenance costs.

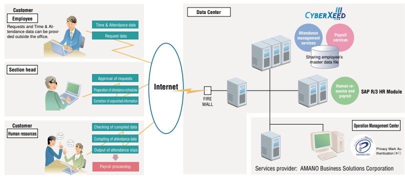
Domestic Group Companies

Amano Business Solutions Corporation Attendance / Payroll ASP Services

Amano Business Solutions Corporation ("ABS"), one of the Amano's group companies, provides ASP services (*1), dedicated to solutions of "Time & Attendance, Payroll and Human Resources" among Amano Time Information Systems.

In response to the directive issued

Outsourcing services dedicated to payroll, attendance & human resources management.



by Ministry of Health, Labor and Welfare for "rules of appropriate management by employers for capturing accurate hours worked," all companies in Japan are implementing reliable attendance management systems in compliance with the Labor Standard Law. Time Information Systems Business of Amano is steadily growing against the backdrop of this social requirement. As one of the systems that companies may choose to implement, the "CyberXeed Attendance/Payroll" ASP service provided by ABS attracts much attention because it allows to build a Web system in a short period of time as long as PCs and Internet environment reside within the organization. The ASP Time & Attendance/Payroll services provided by ABS is expected to grow solidly as the ASP market grows as a result of advanced Internet technology.

(*1) ASP= Application Service Provider. A business or service that provides computer-based specialized software to customers over a network.

Amano Group Companies

Amano Europe Holdings, N.V.

The strategy and vision for the next mid-term period;

Establish a customer-oriented organization in Europe.

Amano Europe NV/SA was established as a sales office in Belgium in 1972 to promote AMANO products to all European countries.

We have been promoting a) Time management equipment, b) Time & attendance management systems, c) Access control systems and d) Parking management systems along with the local research and development activities.

ASE R&D Europe NV, one of the European subsidiary companies, was established as a software development company in 2001 to meet local customers' requirements to their satisfaction. Highly skilled software engineers are developing our most-advanced products in the Bucharest development office in Romania.

Amano Europe always has been emphasizing the customer relationship. We believe that there is no shorter way to gain customer support. On one hand, we conduct direct sales and marketing activities, on the other hand, we also work with local dealers in several European countries at the same time.

In 2007 Amano Europe felt the need to gear up in the 'Time and attendance' management business field. 'Time and attendance' management software has various requirements in each country like different regulations regarding ' Working hours ', 'Overtime hours', 'Paid holiday' and so on. At the same time T&A software is becoming an integrated part of the HR or work force management solutions driving us to offer HR total solutions, to be able to integrate to existing ERP systems and to become a single point of contact [SPOC] for our customer base. The ability to give the right answers to this evolution is essential for our tomorrow's success.

Because of that, Amano Europe has been looking for a corporate partner in the field of 'Time and attendance' management software.

The best matching partner turned out to be the Horosmart group in France, for which both Horosmart and Amano found that synergy effects could be maximized. As a result, Amano Europe Holdings, NV/SA acquired Horosmart group in January 2008. Horosmart Holdings consists of two companies; Horoquartz and Omnibadges. Horoquartz was established 1971 in France and active in the 'Time and attendance' management business with more than 5,000 clients, with 2 million daily users. It includes 50% of CAC 40 (largest listed company in France) and is recognized as the French market leader. Horoquartz provides most-advanced 'Time and attendance' and workforce management solutions, integrated with Amano's hardware, through twelve direct sales offices across France. Amano Europe is offering the Horoquartz software solutions for their European clients.

Clients of Horoquartz manage and animate the 'User-club' four times a year. In this way, we can learn a lot from our clients, not only the best practice of the management solutions, but also the customers' new requirements. This information is a treasure to us.

Omnibadges is a service-oriented company, specialized in making and printing customized identification cards. With more than 1 million cards per month and a customer base of more than 8000, they can be considered as the major player in France in small and mid sized segment of the market.

Based on the synergy effect, Amano Europe group will continue to deploy its expansion plans in Europe.

HOROQUARTZ

Amano USA Holdings, Inc.

Amano USA Holdings, Inc. (AUH) continues with its goal to achieve sustainable and profitable growth and be the very best in our chosen markets. This goal can only be accomplished through constant innovation in the design and development of our products, and superior service to our customers.

AUH most recently broke ground for the expansion and renovation of its North American Corporate Headquarters. Present were local elected officials, representatives of the general contracting and architectural firms, as well as all the Amano Roseland employees. This project also demonstrates its commitment to sustainable growth in the marketplace. The transformed building is scheduled to debut in the first quarter of 2009.

Amano McGann, Inc. -Parking Business Unit

Growth in the parking division through acquisition and consolidation

The acquisition of McGann Associates in June 2007 combined strong hardware (Amano) and software (McGann) systems expertise.

It also brought the expansion of a nationwide sales & service network through the consolidation of several branches including Time & Parking Solutions of Cincinnati; Time & Parking Systems of Atlanta; Time & Parking Solutions of St. Louis; and the Amano USA, Inc. branches in Massachusetts, New Jersey and Connecticut (formerly ITS).

Amano McGann, Inc. expanded its full service branch operations through the acquisition of Access Control Technologies (ACT) in Orlando, FL as well as the acquisition of ASSI Security Parking in Irvine, CA to reinforce its market reach in Southern California.

Major secured projects and wins in the areas of Pay Station, Airport System expansion, Frequent Parking Program (FPP), Turnkey Hotel Systems, Valet Systems and Event Parking include: Nashville International Airport, City of Lowell, University of Minnesota, Hyatt Regency, Washington Nationals Stadium and Indianapolis Airport.

The new generation of Parking Hardware & Software

The new look of the Parking Lane equipment is scheduled to premiere at the International Parking Institute Conference (IPI) June, 2008, in Dallas, TX. Amano McGann, Inc. will also introduce iParc Professional software, a full web-browser client management for the Parking Professionals.

Go Green Initiative

Amano McGann, Inc. is launching the 2008 Parking ReLeaf program and is committed to planting 10,000 trees globally to improve carbon off-set. This initiative as well as established programs from our APEC Business Unit further emphasizes our Corp-wide commitment and responsibility to the eco-systems.

Amano Cincinnati, Inc. - Time Business Unit

All New Web-Based Dealer System

Amano Cincinnati, Inc. proudly introduced the NEW Amano Dealer Portal, a web-based system designed to facilitate day-to-day account management activities with Amano at http://partner.amano.com. This system allows our dealers to manage orders; review purchasing history, review parts lists and print downloadable manuals and collaterals.

Dealers in smaller markets can benefit from our volume discount program and take full advantage of the monthly promotions on the homepage of the Dealer Portal.

Amano is rolling out Phase II of the Dealer Portal soon to include ordering of brochures and customized mailers directly online; view training schedules and events; product releases and a list of certified technicians.

Amano Introduces Quality Time Solutions at an Affordable Price

Amano Cincinnati, Inc. plans to release the CP-5000 Electronic Time Recorder this summer. The CP-5000 Series is designed as a fully automatic time recorder which eliminates over-printing through the use of mark-sensing technology.

Amano Cincinnati, Inc. - Access Control Business Unit

The purchase of Impro US (Ltd) assets gave Amano an instant customer base of an additional 250 security dealers.

A bright future

Since the acquisition of Impro USA assets, the new Access Control business unit has had major successes in the marketplace by installing proximity readers; access control systems integrated with audio/video; and system integration projects with Parking solutions systems. These accomplishments involve Walt Disney World in Orlando; The Georgia Building Authority in Atlanta; The Drexel Development Company; Hospital Corporation of America; The State of Maine; Time Warner Media Company.

Sales Territory Expansion

Amano security equipment has been presented to our dealers in Central and South America and was well received. We are working on a number of major projects for that region that include large commercial buildings and a sea port in Ecuador.

We are expanding our security dealer network on the west coast with the strategic intent of growing our dealer base in that part of the United States.

Amano Pioneer Eclipse - Floor Care Business Unit

Launch of PowerStar Concrete and Stone Care Division

A major trend identified in the commercial market is the reduction of floor care operating costs. "Big Box" retail stores in particular have elected to install polished concrete in their new facilities. PowerStar Concrete and Stone Care Division was launched in the 4th Quarter of 2007 to strategically position APEC as a major entity in this sector. In keeping with "The Systems Approach to Floor Care," we introduced 2 new grinding and polishing machines, a line of diamond disks, an array of chemical products, and a variety of supplies to allow end-users to achieve maximum results at minimum cost.

Continued Green Initiative

We further enhanced our leadership role in the "Green Movement" in environmentally preferable chemical products. Our EnviroStar Green products, of which there are now 21 including 5 floor coatings, are officially being recognized as "green" products by the Environmental Protection Agency (EPA).

Manufacturing upgrade and expansion

We completed an upgrade and expansion of the chemical manufacturing operation with the installation of two state-of-the-art filling lines and a robotic palletizer. This installation provides not only increased capacity, improved efficiency and enhanced quality for APEC branded chemical products but also the opportunity to further expand chemical sales in the private label arena. In addition, Kaizen methodologies were successfully implemented throughout all other manufacturing operations resulting in significant improvements in efficiency and substantial cost reductions.

Time Stamp Solution Corp.

Time Stamp Solution(TSS), a wholly-owned subsidiary of Amano Korea Corporation, was established in January 2008.

TSS's business activities focus on "Digital Timestamping" systems and its services. (not mechanical).

TSS develops software and systems based on products in Amano Corporation Japan, and supplies it combined with other products for "Digital Timestamping" solutions to the market in Korea.

AMANO Thai International Co., LTD. (ATI)

We ATI started its business for environmental products in areas covering Thailand and Vietnam markets from 21st of January this year.

On 10th of March, the Opening Ceremony was carried out, starting with tape-cutting by Mr. Komoto, chairman of Amano Corporation, Mr. Sakamoto, managing director of Yamagata Corporation and Mr. Sato, president of ATI.

The objective of this business is to strengthen sales structure for large dust collection systems for those Japanese companies advancing into Asian areas.

AMANO Thai International Co., LTD. (ATI)

AMANO Corporation and Subsidiaries

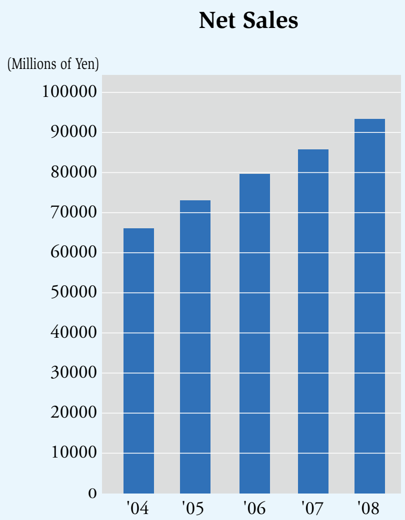
Financial Highlights

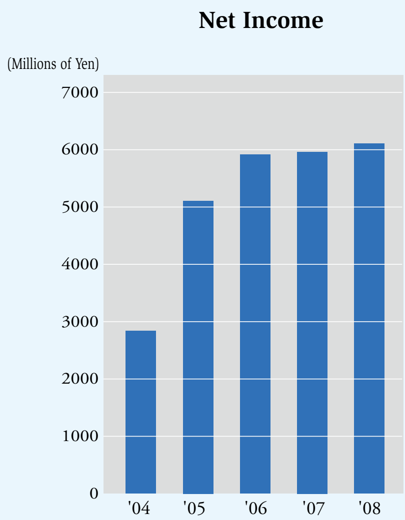
For the years ended March 31, 2008 and 2007.

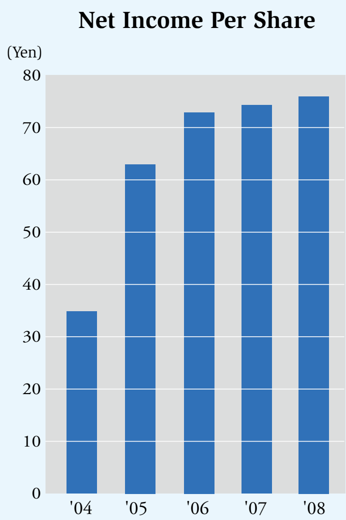
Yen in millions and U.S.dollars in thousands, except per share amounts
- See Note 4 to the Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. dollars (Note 4)
	2008	2007	**2008**
For the years ended March 31:			
Net sales	**¥93,351**	¥85,769	**$933,510**
Net income	**6,104**	5,961	**61,040**
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	**¥75.96**	¥74.29	**$0.760**
Cash dividends per common share	**34.00**	30.00	**0.340**
At March 31:			
Total assets	**¥116,951**	¥111,487	**$1,169,510**
Working capital	**36,321**	47,727	**363,210**
Total net assets	**86,307**	83,621	**863,070**
Sales by product:			
Time information systems	**¥16,266**	¥14,674	**$162,660**
Time management equipment	**6,628**	7,296	**66,280**
Parking systems	**40,062**	33,738	**400,620**
Environmental systems	**20,808**	20,171	**208,080**
Cleaning systems	**9,587**	9,890	**95,870**

Note: U.S.dollar amounts have been translated at the rate of ¥100 = US $1, the rate prevailing on March 31, 2008.
-See Note 4 to the Consolidated Financial Statements.







AMANO Corporation and Subsidiaries

Consolidated Balance Sheets

As at March 31, 2008 and 2007.

	Millions of Yen		Thousands of U.S. dollars (Note 4)
ASSETS	**2008**	2007	**2008**
Current assets:			
Cash and bank deposits	**¥20,545**	¥33,690	**$205,450**
Marketable securities	**1,000**	500	**10,000**
Notes and accounts receivable:			
Trade	**28,749**	24,636	**287,490**
Less allowance for doubtful accounts	**(150)**	(105)	**(1,500)**
	28,599	24,531	**285,990**
Inventories	**7,825**	8,459	**78,250**
Deferred tax assets	**1,377**	1,254	**13,770**
Other current assets	**1,392**	1,336	**13,920**
Total current assets	**60,738**	69,770	**607,380**
Property, plant and equipment at cost:			
Buildings	**26,528**	25,372	**265,280**
Machinery and equipment	**19,880**	19,547	**198,800**
	46,408	44,919	**464,080**
Less accumulated depreciation	**(31,121)**	(29,926)	**(311,210)**
	15,287	14,993	**152,870**
Land	**6,582**	5,825	**65,820**
Construction in progress	**183**	734	**1,830**
Net property, plant and equipment	**22,052**	21,552	**220,520**
Intangible assets	**18,718**	6,410	**187,180**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	**962**	495	**9,620**
Investments in securities	**5,947**	5,597	**59,470**
Fixed leasehold deposit	**1,064**	958	**10,640**
Deferred tax assets	**2,232**	1,901	**22,320**
Other assets	**5,705**	5,227	**57,050**
Less allowance for doubtful accounts	**(467)**	(423)	**(4,670)**
Total investments and other assets	**15,443**	13,755	**154,430**
Total	**¥116,951**	¥111,487	**$1,169,510**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of Yen 2008	2007	Thousands of U.S. dollars (Note 4) 2008
Current liabilities:			
Short-term bank loans	**¥191**	¥434	**$1,910**
Trade notes and accounts payable	**12,040**	11,486	**120,400**
Accrued expenses	**4,974**	4,391	**49,740**
Accrued income taxes	**1,873**	2,271	**18,730**
Other current liabilities	**5,339**	3,461	**53,390**
Total current liabilities	**24,417**	22,043	**244,170**
Long-term liabilities:			
Accrued retirement benefits to employees	**4,372**	4,270	**43,720**
Accrued retirement benefits to directors and corporate auditors	**715**	739	**7,150**
Deferred tax liabilities	**726**	61	**7,260**
Other	**414**	753	**4,140**
Total long-term liabilities	**6,227**	5,823	**62,270**
Net assets:			
Shareholders' equity:			
Common Stock			
Authorized- 185,476,000 shares			
Issued:			
March 31, 2008 - 81, 257, 829 shares	**18,240**	–	**182,400**
March 31, 2007 - 81, 257, 829 shares	**–**	18,240	
Capital surplus	**19,567**	19,521	**195,670**
Retained earnings	**49,225**	45,860	**492,250**
Treasury stock at cost, 866,647 shares in 2008 and 971,355 shares in 2007	**(711)**	(794)	**(7,110)**
	86,321	82,827	**863,210**
Valuation and translation adjustments			
Net unrealized gains (losses) on other securities	**66**	514	**660**
Foreign currency translation adjustments	**(956)**	(356)	**(9,560)**
	(890)	158	**(8,900)**
Minority interests in consolidated subsidiaries	**876**	636	**8,760**
Total net assets	**86,307**	83,621	**863,070**
Total	**¥116,951**	¥111,487	**$1,169,510**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statements of Income

For the years ended March 31, 2008 and 2007.

	Millions of Yen		Thousands of U.S. dollars (Note 4)
	2008	2007	**2008**
Net sales	**¥93,351**	¥85,769	**$933,510**
Cost of sales	**53,348**	47,920	**533,480**
Gross profit	**40,003**	37,849	**400,030**
Selling, general and administrative expenses	**29,992**	27,705	**299,920**
Operating income	**10,011**	10,144	**100,110**
Other income (expenses) :			
Interest and dividend income	**332**	218	**3,320**
Interest expense	**(58)**	(61)	**(580)**
Equity in earnings of affiliates	**47**	–	**470**
Amortization of goodwill	**–**	(320)	**–**
Gain on sale of plant and land	**15**	62	**150**
Loss on disposal of property and equipment	**(175)**	(46)	**(1,750)**
Gain on sale of investments in securities	**–**	21	**–**
Loss on sale of investments in consolidated subsidiaries	**(93)**	(24)	**(930)**
Loss on sale of investments in securities	**(30)**	–	**(300)**
Other, net	**79**	233	**790**
Income before income taxes	**10,128**	10,227	**101,280**
Income taxes :			
Current	**4,007**	4,049	**40,070**
Deferred	**(151)**	54	**(1,510)**
Income before minority interests	**6,272**	6,124	**62,720**
Minority interests in net income of consolidated subsidiaries	**(168)**	(163)	**(1,680)**
Net income	**¥6,104**	¥5,961	**$61,040**
	Yen		U.S. dollars (Note 4)
Net income per share, basic	**¥75.96**	¥74.29	**$0.760**
Cash dividends per common share	**34.00**	30.00	**0.340**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statements of Net Assets

For the year ended March 31, 2008.

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	¥18,240	¥19,521	¥45,860	(¥794)	¥82,827
Changes during the year					
Dividends from surplus			(2,731)		(2,731)
Decrease due to application of equity method to new affiliates			(8)		(8)
Net income			6,104		6,104
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		46		89	135
Net changes in items other than shareholders' equity					
Total changes during the year	–	46	3,365	83	3,494
Balance at March 31, 2008	¥18,240	¥19,567	¥49,225	(¥711)	¥86,321

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gains(losses) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	¥514	(¥356)	¥158	¥636	¥83,621
Changes during the year					
Dividends from surplus					(2,731)
Decrease due to application of equity method to new affiliates					(8)
Net income					6,104
Purchase of treasury stock					(6)
Disposal of treasury stock					135
Net changes in items other than shareholders' equity	(448)	(600)	(1,048)	240	(808)
Total changes during the year	(448)	(600)	(1,048)	240	2,686
Balance at March 31, 2008	¥66	(¥956)	(¥890)	¥876	¥86,307

Thousands of U.S. dollars (Note 4)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	$182,400	$195,210	$458,600	($7,940)	$828,270
Changes during the year					
Dividends from surplus			(27,310)		(27,310)
Decrease due to application of equity method to new affiliates			(80)		(80)
Net income			61,040		61,040
Purchase of treasury stock				(60)	(60)
Disposal of treasury stock		460		890	1,350
Net changes in items other than shareholders' equity					
Total changes during the year	–	460	33,650	830	34,940
Balance at March 31, 2008	$182,400	$195,670	$492,250	($7,110)	$863,210

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gains(losses) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	$5,140	($3,560)	$1,580	$6,360	$836,210
Changes during the year					
Dividends from surplus					(27,310)
Decrease due to application of equity method to new affiliates					(80)
Net income					61,040
Purchase of treasury stock					(60)
Disposal of treasury stock					1,350
Net changes in items other than shareholders' equity	(4,480)	(6,000)	(10,480)	2,400	(8,080)
Total changes during the year	(4,480)	(6,000)	(10,480)	2,400	26,860
Balance at March 31, 2008	$660	($9,560)	($8,900)	$8,760	$863,070

AMANO Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended March 31, 2008 and 2007.

	Millions of Yen		Thousands of U.S. dollars (Note 4)
	2008	2007	**2008**
Cash Flows from Operating Activities:			
Income before income taxes	**¥10,128**	¥10,227	**$101,280**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**3,914**	3,234	**39,140**
Increase in provision for accrued retirement benefits	**103**	17	**1,030**
Increase (decrease) in allowance for doubtful accounts	**83**	143	**830**
Interest and dividend revenue	**(332)**	(218)	**(3,320)**
Equity in earning of affiliates	**(47)**	–	**(470)**
Interest expenses	**58**	61	**580**
Foreign currency translation (gain) loss	**57**	(211)	**570**
Gain on sale of investments in securities	**–**	(21)	**–**
Loss on sale of investments in consolidated subsidiaries	**93**	24	**930**
Gain on sale of fixed assets	**(15)**	(62)	**(150)**
Loss on disposal of fixed assets	**175**	46	**1,750**
Loss on sale of fixed assets	**12**	–	**120**
(Increase) decrease in trade notes and accounts receivable	**(1,511)**	(3,201)	**(15,110)**
(Increase) decrease in inventories	**1,341**	(594)	**13,410**
Increase (decrease) in accounts payable	**46**	1,563	**460**
Others	**(498)**	48	**(4,980)**
Subtotal	**13,607**	11,056	**136,070**
Interest and dividends received	**390**	202	**3,900**
Interest paid	**(56)**	(56)	**(560)**
Income taxes paid	**(4,579)**	(4,100)	**(45,790)**
Net cash provided by operating activities	**9,362**	7,102	**93,620**
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	**(2,000)**	–	**(20,000)**
Proceeds from redemption of marketable securities	**1,000**	–	**10,000**
Payment for purchase of property and equipment	**(3,204)**	(2,192)	**(32,040)**
Proceeds from sale of property and equipment	**1,125**	73	**11,250**
Payment for acquisition of intangible assets	**(2,513)**	(2,755)	**(25,130)**
Payment for acquisition of investments in securities	**(2,084)**	(258)	**(20,840)**
Proceeds from sale of investments in securities	**–**	42	**–**
Proceeds from redemption of investments in securities	**1,000**	10	**10,000**
Payment for acquisition of investments in subsidiaries	**(12,169)**	–	**(121,690)**
Increase in time deposits	**(5,708)**	(6,000)	**(57,080)**
Decrease in time deposits	**5,356**	3,000	**53,560**
Acquisition of operation	**(561)**	(774)	**(5,610)**
Loans to third parties	**(104)**	–	**(1,040)**
Collection of loans	**4**	9	**40**
Others	**(559)**	11	**(5,590)**
Net cash used in investing activities	**(20,417)**	(8,834)	**(204,170)**
Cash Flows from Financing Activities:			
Proceeds from short-term bank loans	**–**	36	**–**
Repayment for short-term bank loans	**(18)**	(36)	**(180)**
Proceeds from long-term debt	**341**	37	**3,410**
Repayment for long-term debt	**(489)**	(250)	**(4,890)**
Payment for acquisition of treasury stock	**(6)**	(8)	**(60)**
Proceeds from sale of treasury stock	**136**	246	**1,360**
Dividends paid	**(2,643)**	(2,015)	**(26,430)**
Dividends payment to minority interests	**(18)**	(27)	**(180)**
Net cash used in financing activities	**(2,697)**	(2,017)	**(26,970)**
Effect of exchange rate changes on cash and cash equivalents	**254**	(25)	**2,540**
Net increase (decrease) in cash and cash equivalents	**(13,498)**	(3,774)	**(134,980)**
Cash and cash equivalents at beginning of year	**30,690**	34,403	**306,900**
Increase in cash and cash equivalents resulting from merger of consolidated subsidiary and unconsolidated subsidiary	**–**	61	**–**
Cash and cash equivalents at end of year	**¥17,192**	¥30,690	**$171,920**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008 and 2007.

1. Basis of Consolidated Financial Statements

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

The accounts of consolidated overseas subsidiaries, as shown below, are based on audited financial statements prepared in conformity with accounting principles prevailing in their respective country of domicile. In general, no adjustments to the accounts of overseas consolidated subsidiaries have been reflected in the accompanying consolidated financial statements.

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

2. Principles of Consolidation

(1) Scope of Consolidation

The Company had 29 subsidiaries at March 31, 2008; 9 subsidiaries, either acquired or newly incorporated, were additionally consolidated in the fiscal year ended March 31, 2008, and Amano Pioneer Credit Corp was sold out by a management buyout in January 2008. The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by the Company. Under the control concept, major subsidiaries in which the Company is able to exercise control over operations are to be fully consolidated.

The accounts of the overseas consolidated subsidiaries are prepared on the basis of a December 31 fiscal year-end, and are consolidated accordingly with the Company at March 31, 2008 and 2007, and for the years then ended.

The consolidated subsidiaries that have been consolidated with the Company for the year ended March 31, 2008 are as follows:

Company Name	Equity ownership %	Paid In Capital (Thousands)
1) Amano USA Holdings, Inc.	100%	US$ 108,603
2) Amano Cincinnati, Inc	100%	US$ 23,172
3) Amano Cincinnati Canada, Inc.	100%	C$ 439
4) Amano Integrated Systems, Inc*	100%	US$ 7,119
*The company name was changed from Amano USA, Inc. to the above in January 2008.		
5) Amano McGann, Inc.*	100%	US$ 4,010
*The company was newly consolidated in June 2007. Note: Amano McGann, Inc. completed the business combination and consolidation in January 2008. As a result, the following subsidiaries and the Parking division of Amano USA, Inc are merged into Amano McGann, Inc. i) Amano Time & Parking Solutions of Atlanta, Inc. ii) Amano Time & Solutions of St.Louis, Inc. iii) Amano Time &Solutions of Cincinnati, Inc.		
6) Amano Pioneer Eclipse Corp.	100%	US$ 4,606
7) Amano Pioneer Credit Corp.*	93%	US $123
Note: Amano Pioneer Credit Corp. was sold out by a management buyout in January 2008.		
8) Amano Europe N.V.*	100%	EUR 17,850
*The company name was changed from Amano Electronics Europe N.V. to the above in July 2007.		
9) Amano Europe Holdings N.V.*	100%	EUR72,094
*The company was newly consolidated in July 2007. Note: Amano Europe Holdings N.V. completed the acquisition of Horosmart S.A. on January 31, 2008. As a result, the consolidated financial statements include the following six(6) subsidiaries as of March 31, 2008.		
10) Horosmart S.A.*	100%	EUR 16,000
*The company was newly consolidated in January 2008.		
11) Horoquartz S.A.*	100%	EUR 20,000
*The company was newly consolidated in January 2008, as a subsidiary of Horosmart S.A		
12) Horoquartz Marocco S.A.*	100%	DH 200
*The company was newly consolidated in January 2008, as a subsidiary of Horoquartz S.A.		
13) Pial S.A.*	100%	EUR 650
*The company was newly consolidated in January 2008, as a subsidiary of Horoquartz S.A.		
14) Omnibadges S.A.*	67%	EUR 820
*The company was newly consolidated in January 2008, as a subsidiary of Horosmart S.A.		
15) Scopus S.A.*	67%	EUR 39
*The company was newly consolidated in January 2008, as a subsidiary of Omnibadges S.A.		
16) Amano Malaysia Sdn.Bhd.	100%	MR 2,500
17) Amano Cleantech Malaysia Sdn.Bhd.	60%	MR 200
18)ATAS E & C Services(M) Sdn. Bhd.	100%	MR 150

19) Amano Time & Air Singapore Pte. Ltd.
100% S$700
20) PT. Amano Indonesia
100% IDR 1,928,000
21) Amano Thai International Co., Ltd.*
43% THB 8,000
*The company was newly consolidated in January 2008.
22) Amano International Trading (Shanghai) Co., Ltd.
100% US$200
23) Amano Korea Corp.
100% W 2,010,000
24) Amano Agency Corp.
44% ¥10,000
25) Environmental Technology Company
100% ¥20,000
26) Amano Management Service Corp.
73% ¥205,000
27) Amano Maintenance Engineering Corp.
65% ¥30,000
28) Amano Business Solutions Corp.
97% ¥300,000
29) Amano Musashi Electric Corp.
100% ¥10,000

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

(2) Accouting for investments unconsolidated subsidiaries and affiliates

None of the 9 unconsolidated subsidiaries and 1 affiliate are accounted for by the equity method, because the effect of their net income or losses and retained earnings on the accompanying Consolidated Financial Statements are immaterial.

(3) Consolidation and Elimination

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

3. Summary of Significant Accounting Policies

(1) Cash and Cash Equivalents

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

(2) Inventories

Inventories are stated at cost. Cost is determined principally using the periodic average method.

(3) Property, Plant and Equipment

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

Buildings	3-50 years
Machinery and equipment	2-16 years

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

(4) Accounting for Impairment of Fixed Assets

Fixed assets are tested for impairment based on undiscounted cash flows whenever events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable. If impaired, an asset is written down to the recoverable amount to be measured as the higher of net selling price or value in use. An impairment loss should be recognized in the income statement at the same time. The results of this test did not require the Company to recognize an important loss in this fiscal year.

(5) Intangible Assets

Intangible assets are amortized using the straight-line method. Software costs for internal use are amortized by the straight-line method over their expected useful lives (five years). Goodwill is amortized over the estimated useful life, or where the amount of goodwill is immaterial, is charged to income in the year of acquisition. In the Company's U.S. consolidated subsidiaries, goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, and are instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. The results of this assessment did not require the U.S. consolidated subsidiaries to recognize an impairment loss in this fiscal year.

(6) Accounting for Financial Instruments

(a) Derivatives

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

(b) Securities

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

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

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

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

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

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

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

(7) Appraisal of the assets and liabilities of consolidated subsidiaries

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

(8) Foreign Currency Translation

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

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

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

(10) Income Taxes

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

(11) Appropriation of Retained Earnings

Under the Corporation Law of Japan and the Articles of Incorporation of the Company, the plan for the appropriation of retained earnings (primarily cash dividend payments) proposed by the Board of Directors is subject to approval at the annual shareholders' meeting, which must be held within three months after the end of each fiscal year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements represents the results of appropriations applicable to the immediately preceding financial year, which was approved at the shareholders' meeting and disposed of during that year. Dividends are paid to shareholders listed on the shareholders' register at the end of each fiscal year.

(12) Allowance for Doubtful Accounts

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

(13) Accrued Retirement Benefits to Employees

The Company and some of its Japanese subsidiaries recognize accrued pension and severance costs to employees based on the actuarial valuation of projected benefit obligation and plan assets at fair value. 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.

(14) Accounting Standard for Directors' Bonuses

Effective from the year ended March 31, 2007, the Company applied "Accounting standard for directors' bonuses"(Accounting Standard Board of Japan Statement No. 4 issued on November 29, 2005 by the Accounting Standards Board of Japan). As a result of the application of this standard, operating income and income before income taxes for the year ended March 31, 2007 decreased by ¥48 million, respectively.

(15) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(16) Net Income and Dividends per Share

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

(17) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company has applied "Accounting standards for presentation of net assets in the balance sheet (Accounting Standards Board of Japan Statement No.5)", and Implementation guidance for Accounting standards for presentation of net assets in the balance sheet (Accounting Standards of Japan Guidance No.8) both issued by the Accounting Standard Board of Japan on December 9, 2005. The amounts corresponding to the conventional "Shareholders' equity" in the balance sheet is ¥82,985 million. "Net assets" in the balance sheets for this year is presented according to the revision of "Regulations Concerning the Terminology, Form and Presentation Methods of Consolidated Financial Statements" dated on April 25, 2006.

(18) Change in Accounting Policy Depreciation of Property, plant and equipment

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

***Supplementary explanation :**

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

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

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

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 ¥100＝US $1, the approximate effective rate of exchange prevailing on March 31, 2008. The inclusion of U.S. dollar amounts is solely for the convenience of readers outside Japan and is not intended to imply that yen amounts could be converted, realized, or settled in U.S. dollars at that, or any other rate.

5. Cash and Cash Equivalents

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

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
Cash and bank deposits	**¥20,545**	¥33,690	**$205,450**
Time deposits due over three months	**(3,353)**	(3,000)	**(33,530)**
Cash and cash equivalents	**17,192**	30,690	**171,920**

6. Selling, General, and Administrative Expenses

Selling, general, and administrative expenses during the years ended March 31, 2008 and 2007 include principally:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
	SGA	SGA	**SGA**
Labor and payroll	**¥12,667**	¥11,354	**$126,670**
Rental for properties	**1,470**	1,367	**14,700**
Travel and transportation	**985**	956	**9,850**

7. Provisions

Provisions charged to operation during the years ended March 31, 2008 and 2007 are mainly as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
Employees' bonuses	**¥1,277**	¥1,257	**$12,770**
Directors' bonuses	**45**	47	**450**
Retirement benefits	**1,086**	1,078	**10,860**

8. Leases Commitments

Finance lease contracts other than those which are deemed to transfer the ownership of the leased assets are accounted for by the method that is applicable to ordinary operating leases.

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

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
Due within one year	**¥627**	¥530	**$6,270**
Due over one year	**1,045**	777	**10,450**
Total	**¥1,672**	¥1,307	**$16,720**

Lease rental payments on finance lease contracts without transfer of ownership for the years ended March 31, 2008 and 2007 were ¥612 ($6,120) and ¥625, respectively.

Acquisition cost, accumulated depreciation, net book value and depreciation expenses for the year ended March 31, 2008 and 2007, if capitalized, are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
Acquisition cost	**¥4,178**	¥3,430	**$41,780**
Accumulated depreciation	**2,506**	2,124	**25,060**
Net book value	**¥1,672**	¥1,306	**$16,720**
Depreciation	**¥612**	¥625	**$6,120**

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

9. Securities

Held-to-maturity and Other securities with readily determinable fair value as of March 31, 2008 and 2007, are as follows:

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

	Millions of Yen		
	2007		
	Acquisition cost	Market value (Carrying value)	Unrealized gains (losses)
Other securities with book carrying amount exceeding acquisition cost			
Stocks	¥1,517	¥2,400	¥883
Bonds	500	500	0
Other	21	42	21
Subtotal	2,038	2,942	904
Other securities with book carrying amount not exceeding acquisition cost			
Stocks	520	503	(17)
Other	1,500	1,478	(22)
Subtotal	2,020	1,981	(39)
Total	¥4,058	¥4,923	¥865

	Thousands of U.S.dollars (Note 4)		
	2008		
	Acquisition cost	**Market value (Carrying value)**	**Unrealized gains (losses)**
Held-to-maturity	**$5,000**	**$5,000**	**–**
Other securities with book carrying amount exceeding acquisition cost			
Stocks	**$12,750**	**$16,180**	**$3,430**
Other	**210**	**300**	**90**
Subtotal	**12,960**	**16,480**	**3,520**
Other securities with book carrying amount not exceeding acquisition cost			
Stocks	**14,750**	**12,700**	**(2,050)**
Other	**15,000**	**14,880**	**(120)**
Subtotal	**29,750**	**27,580**	**(2,170)**
Total	**$42,710**	**$44,060**	**$1,350**

10. Retirement Benefits

Outline of the retirement benefit plans adopted

(1) Tax-qualified pension plan: Since May 1, 1968, the Company has used a tax-qualified pension plan as part of its retirement benefit scheme.

(2) Employees' pension fund: Since April 1, 1980, the Company has used an employees' pension fund plan (comprehensive establishment type) as a supplement to its existing retirement benefit scheme. As of March 31, 2008, the total pension assets of the pension fund included ¥13,658 million of pension assets computed on the basis of the total proportion of benefits that the fund accounts for.

(3) Lump-sum grant system: The Company has also established a retirement lump-sum grant system based on its in-house retirement benefit rules.

The components of accrued retirement benefits to employees as of March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. dollars (Note 4)
	2008	2007	**2008**
Projected benefit obligation	**¥13,761**	¥13,883	**$137,610**
Plan assets	**(8,310)**	(9,380)	**(83,100)**
Unfunded benefit obligation	**5,451**	4,503	**54,510**
Unrecognized actuarial difference	**(1,079)**	(234)	**(10,790)**
Accrued retirement benefits to employees	**¥4,372**	¥4,269	**$43,720**

The components of retirement benefit expenses for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. dollars (Note 4)
	2008	2007	**2008**
Service cost	**¥809**	¥755	**$8,090**
Interest cost	**341**	329	**3,410**
Expected return on plan assets	**(328)**	(296)	**(3,280)**
Amortization of unrecognized actuarial loss	**140**	166	**1,400**
Contribution to the multi-employer pension plan	**509**	488	**5,090**
Net retirement benefit expenses	**¥1,471**	¥1,442	**$14,710**

The assumptions used for calculation of retirement benefits for the years ended March 31, 2008 and 2007 are as follows:

	2008	2007
Method of attribution of estimated retirement benefits to periods of employee service	**Straight-line method**	Straight-line method
Discount rate	**2.5%**	2.5%
Expected return on plan assets	**3.5%**	3.5%
Amortization period of unrecognized actuarial difference	**10 years**	10 years

11. Deferred Tax

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

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
Deferred tax assets:			
Accrued enterprise tax	**¥172**	¥186	**$1,720**
Accrued employees' bonuses not deductible until paid	**785**	774	**7,850**
Accrued retirement benefits to directors and corporate auditors not deductible until paid	**295**	298	**2,950**
Accrued retirement benefits to employees not deductible until paid	**1,747**	1,729	**17,470**
Loss carried forward	**184**	478	**1,840**
Loss on write-down of investments in securities	**89**	77	**890**
Allowance for doubtful accounts	**113**	84	**1,130**
Others	**645**	521	**6,450**
Less: valuation allowance	**(325)**	(604)	**(3,250)**
Total deferred tax assets	**¥3,705**	¥3,543	**$37,050**
Deferred tax liabilities:			
Reserve for advanced depreciation of building	**(21)**	(22)	**(210)**
Unrealized gain on other securities	**(45)**	(351)	**(450)**
Acquired intangible assets	**(620)**	–	**(6,200)**
Others	**(136)**	(77)	**(1,360)**
Total deferred tax liabilities	**(822)**	(450)	**(8,220)**
Net deferred tax assets	**¥2,883**	¥3,093	**$28,830**

Reconciliation of actual tax rate is shown below:		
Effective statutory tax rate	**40.6%**	40.6%
Adjustments:		
Entertainment expenses and other not deductible	**0.7**	0.6
Dividends income and other not taxable	**(0.3)**	(0.3)
Inhabitant tax on per capita levy	**0.7**	0.7
Realization of tax benefits on operating losses	**(1.8)**	(1.5)
Tax credit for research and development expenses	**(1.7)**	(1.0)
Valuation allowance	**0.4**	0.5
Others	**(0.5)**	0.5
Actual tax rate	**38.1%**	40.1%

12. Segment Information

(1) Industry Segments

The Companies operate primarily in the following two businesses:

1. Time information
2. Environmental equipment

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

	Millions of Yen				
	2007				
	Time Information	Environment	Total	Eliminations/Corporate	Consolidated Total
Net Sales:					
Customers	¥55,708	¥30,061	¥85,769	–	¥85,769
Intersegment	–	–	–	–	–
Total	55,708	30,061	85,769	–	85,769
Operating Expenses	46,626	26,332	72,958	¥2,667	75,625
Operating Income	¥9,082	¥3,729	¥12,811	¥(2,667)	¥10,144
Assets	¥43,971	¥16,461	¥60,432	¥51,055	¥111,487
Depreciation	2,420	430	2,850	384	3,234
Capital expenditures	3,931	988	4,919	117	5,036

	Thousands of U.S. dollars (Note 4)				
	2008				
	Time Information	Environment	Total	Eliminations/Corporate	Consolidated Total
Net Sales:					
Customers	$629,560	$303,950	$933,510	–	$933,510
Intersegment	–	–	–	–	–
Total	629,560	303,950	933,510	–	933,510
Operating Expenses	543,180	261,540	804,720	$28,680	833,400
Operating Income	$86,380	$42,410	$128,790	$(28,680)	$100,110
Assets	$505,990	$187,440	$693,430	$476,080	$1,169,510
Depreciation	28,970	5,950	34,920	4,220	39,140
Capital expenditures	38,340	17,820	56,160	2,020	58,180

(2) Geographic Segments

Information by geographic areas based on location for the years ended and as of March 31, 2008 and 2007, is summarized as follows:

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

	Millions of Yen						
	2007						
	Domestic (in Japan)	Overseas Asia	Overseas North America	Overseas Europe	Total	Eliminations/ Corporate	Consolidated Total
Net Sales:							
Customers	¥70,804	¥4,117	¥9,347	¥1,501	¥85,769	–	¥85,769
Intersegment	2,083	101	379	102	2,665	¥(2,665)	–
Total	72,887	4,218	9,726	1,603	88,434	(2,665)	85,769
Operating Expenses	60,781	3,790	9,530	1,469	75,570	55	75,625
Operating Income	¥12,106	¥428	¥196	¥134	¥12,864	¥(2,720)	¥10,144
Assets	¥45,998	¥3,656	¥9,183	¥2,973	¥61,810	¥49,677	¥111,487

	Thousands of U.S. dollars (Note 4)						
	2008						
	Domestic (in Japan)	Overseas Asia	Overseas North America	Overseas Europe	Total	Eliminations/ Corporate	Consolidated Total
Net Sales:							
Customers	**$735,940**	**$49,730**	**$128,520**	**$19,320**	**$933,510**	**–**	**$933,510**
Intersegment	**23,720**	**720**	**5,150**	**1,040**	**30,630**	**$(30,630)**	**–**
Total	**759,660**	**50,450**	**133,670**	**20,360**	**964,140**	**(30,630)**	**933,510**
Operating Expenses	**642,470**	**45,140**	**127,340**	**19,790**	**834,740**	**(1,340)**	**833,400**
Operating Income	**$117,190**	**$5,310**	**$6,330**	**$570**	**$129,400**	**$(29,290)**	**$100,110**
Assets	**$558,050**	**$47,820**	**$150,110**	**$74,240**	**$830,220**	**$339,290**	**$1,169,510**

(3) Overseas and Export Sales

Overseas sales for the Companies for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2008	2007	**2008**
Export sales and sales by overseas subsidiaries			
Asia	**¥5,430**	¥4,737	**$54,300**
North America	**12,868**	9,365	**128,680**
Europe	**2,029**	1,545	**20,290**
Others	**275**	225	**2,750**
Total	**¥20,602**	¥15,872	**$206,020**
Percentage of overseas and export sales to consolidated net sales	**22.1%**	18.5%	

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

13. Per Share Data

Net assets and income, listed per share as of and for the years ended March 31, 2008 and 2007:

	Yen		U.S.dollars (Note 4)
	2008	2007	**2008**
Amounts per share			
Net assets	**¥1,062.70**	¥1,033.61	**$10.627**
Net income:			
Basic	**75.96**	74.29	**0.760**
Diluted	**75.94**	74.24	**0.759**

Corporate Data

Board of Directors

Chairman
Yasuyoshi Komoto

President/CEO
Kaoru Haruta

Senior Executive Director
Yoshinori Mizushima

Executive Directors
Yutaka Suzuki
Toshio Kusanagi
Haruhiko Yamaguchi
Minoru Koyama

Auditors
Keizo Ueno
Kazuo Unno
Satoru Ueno
Yasutaka Hishiyama

Executive Operating Officers
Toshiaki Imura
Nobuyuki Tabata
Izumi Nakajima
Seiken Uyama

Operating Officers
Masamiki Konno
Kazuo Kobayashi
Naoki Nakada
Hiroshi Shiraishi
Bungo Nogawa
Kenji Kohori
Kengo Iida
Yoshio Kishi
Tsuyoshi Fujiwara
Toru Ueno
Koichi Hashimoto
Takeshi Akagi

Domestic Operations

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

FACILITIES
YOKOHAMA Facility
TSUKUI Facility
HOSOE Facility
MIYAKODA Facility

SALES OFFICES
83 Sales Offices Located in major cities, including

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

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

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

Overseas Operations

1. **AMANO USA HOLDINGS,INC.**
   CORPORATE HEADQUARTERS
   140 Harrison Avenue Roseland, New Jersey 07068 U.S.A.

2. **AMANO CINCINNATI,INC.**
   HEAD OFFICE
   140 Harrison Avenue Roseland, New Jersey 07068-1239 U.S.A.

3. **AMANO CINCINNATI,INC.**
   OHIO FACTORY
   130 Commerce Blvd. Loveland, Ohio 45140-7726 U.S.A.

4. **AMANO CINCINNATI CANADA INC.**
   2740 Matheson Blvd. East, Unit 4 Mississauga, Ontario, Canada L4W 4X3

5. **AMANO PIONEER ECLIPSE CORPORATION**
   1 Eclipse Road, Sparta, North Carolina 28675-0909 U.S.A.

6. **AMANO INTEGRATED SYSTEMS, INC.**
   140 Harrison Avenue Roseland, New Jersey 07068 U.S.A.

7. **AMANO McGANN, INC.**
   HEAD OFFICE
   651 Taft Street NE, Minneapolis, Minnesota 55413 U.S.A.

8. **AMANO EUROPE HOLDINGS, N.V.**
   CORPORATE HEADQUARTERS
   Westerring 2, 3600 Genk, Belgium

9. **AMANO EUROPE, N.V.**
   CORPORATE OFFICE
   Westerring 2, 3600 Genk, Belgium

10. **AMANO SOFTWARE ENGINEERING R&D EUROPE N.V.**
    Westerring 2, 3600 Genk, Belgium

11. **AMANO TIME&PARKING SPAIN S.A.**
    C/. Plom, N°5-7, 2°-2a - 08038 Barcelona - Espana

12. **HOROSMART, S.A.**
    CORPORATE HEADQUARTERS
    Tour CIT, 3 rue de l'Arrivée 75015 Paris, France

13. **HOROQUARTZ, S.A.**
    HEAD OFFICE
    Tour CIT, 3 rue de l'Arrivée 75015 Paris, France

14. **HOROQUARTZ MAROC, S.A.**
    67, Bd Al Massira Al Khadra Mâarif 20100 Casablanca, Kingdom of Morocco

15. **OMNIBADGES, S.A.**
    65 rue Racine 92120 Montrouge, France

16. **PIAL, S.A.**
ZI route de Niort BP 251 85205
Fontenay-le-Comte, France

17. **SCOPUS, S.A.**
Parc Cadéra Sud Bâtiment W 33700
Merignac, France

18. **AMANO KOREA CORPORATION**
HEAD OFFICE
150-103 Woolim E-Biz Center2,4F-407,
Yangpyeong-Dong 3Ga-16,
Yeongdeungpo-Gu,Seoul,Korea

19. **@PARK KOREA CO.,LTD.**
150-103 Woolim E-Biz Center2,4F-408,
Yangpyeong-Dong 3Ga-16,
Yeongdeungpo-Gu,Seoul,Korea

20. **TIME STAMP SOLUTION CORPORATION**
#411, Woolim E-BIZ Center,
Yangpyeong-dong 3Ga-16,
Yeongdeungpo-gu, Seoul, Korea

21. **AMANO INTERNATIONAL TRADING(SHANGHAI)CO.,LTD.**
HEAD OFFICE
Room No.901,Zhongdian Mansion 1029
Nanquan Road (N), Pudong, Shanghai,
China 200122

22. **AMANO SOFTWARE ENGINEERING (SHANGHAI)CO.,LTD.**
14F Nextage Business Center, No.1111
Pudong Road(South), Pudong New Area,
Shanghai, China 200120

23. **AMANO CLEANTECH MALAYSIA SDN.BHD.**
HEAD OFFICE
No.12, Jalan Pengacara U1/48, Temasya
Industrial Park 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

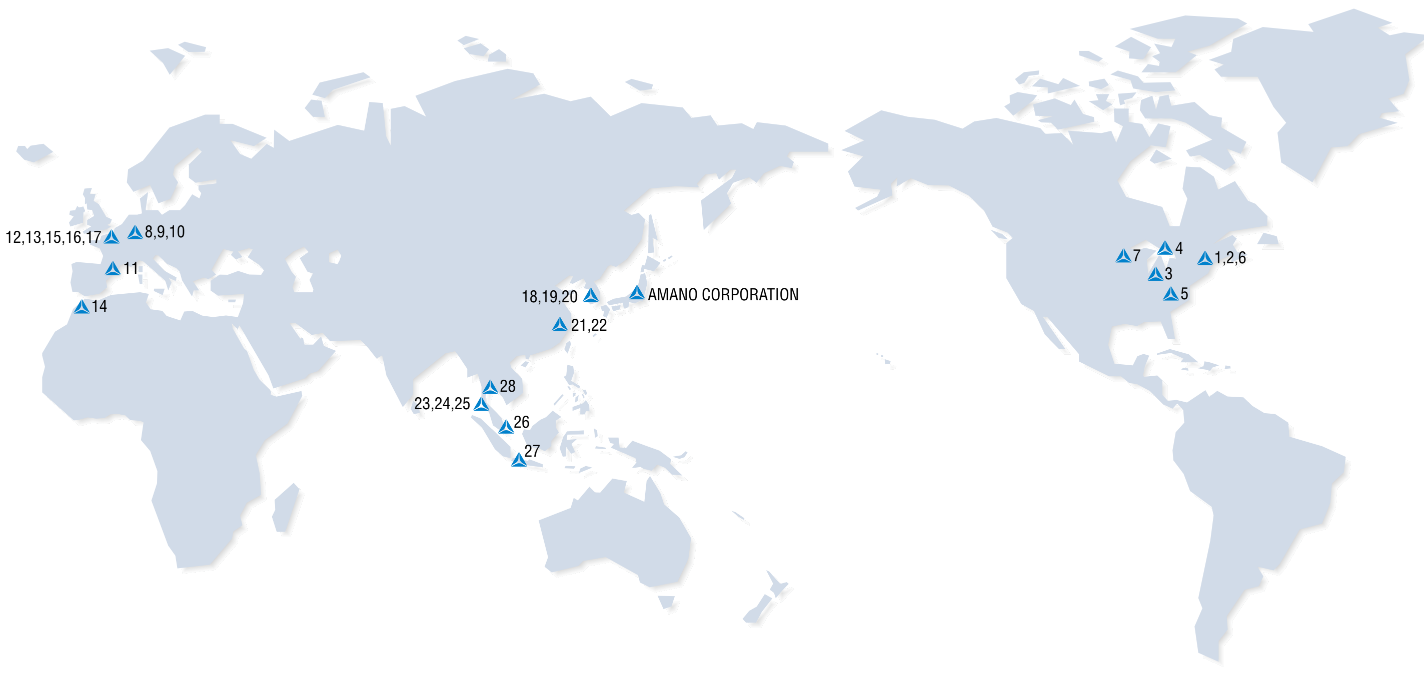
24. **AMANO MALAYSIA SDN.BHD.**
No.12, Jalan Pengacara U1/48, Temasya
Industrial Park 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

25. **ATAS E&C SERVICES (M) SDN.BHD.**
No.12, Jalan Pengacara U1/48, Temasya
Industrial Park 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

26. **AMANO TIME&AIR SINGAPORE PTE.LTD.**
NO.1 Jalan Kilang Timor #02-01 Pacific
Tech Centre Singapore 159303

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

28. **AMANO THAI INTERNATIONAL CO.,LTD.**
Room No. 3A, 3rd Fl., Chai-Ho Wong
Wai Wit Building, 889 Moo 5, Srinakarin
Road, T. Samrong-nua, A. Muang
Samutprakarn 10270, Thailand



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