

FINANCIAL REPORT

April 2013 – March 2014



Management Policy

1. Basic Management Policy

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

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

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

2. New Medium-Term Business Plan

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

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

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

[1] Basic Policies

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

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

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

1. North American and European markets

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

Europe: In the Information Systems business, we will continue to enhance our French market customer base and will strive to permeate and expand the markets in Belgium and Germany by offering T&A, access control, and cloud solutions through Horosmart S.A. In the Parking Systems business, we will strive to expand business by accelerating the deployment of low-cost barcode systems and focusing efforts on the new commissioned management services business.

2. Asian, Latin American and other emerging markets

Asia: In the Parking Systems business, we will scale up operations by launching low-end barcode systems into the market and enhancing the commissioned management services business. In the Environment Systems business, we will strengthen our engineering capabilities as well as sales and service systems for Japanese companies operating in Asia by making use of the ties between our Group companies across Asia and our head office in Japan. We will also expand our local production capabilities in order to enhance cost competitiveness.

Latin America: In light of future local business expansion, we will explore market frontiers in the Information Systems, Parking Systems, and Environment Systems businesses.

3. Japanese market

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

[2] Numerical Targets

In FY 2016 (ending March 2017), the final fiscal year of the medium-term business plan, the Company aims to achieve net sales of at least ¥130,000 million and an operating profit of at least ¥13,000 million.

Numerical targets

(Millions of yen)

	FY 2014 (ending March 2015)		FY 2015 (ending March 2016)		FY 2016 (ending March 2017)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	110,000	7.7	119,000	8.2	130,000	9.2
Operating profit	9,100	3.1	10,900	19.8	13,000	19.3
Operating profit ratio (%)	8.3	–	9.2	–	10.0	–
Ordinary profit	9,700	2.9	11,600	19.6	13,600	17.2
Net profit	6,300	18.9	6,900	9.5	8,300	20.3

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

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

In line with this policy, taking into account our current-year operations results, we plan to pay a year-end dividend of ¥17 per share, an increase of ¥4 per share compared with the amount paid at the end of the previous year. As a result, the annual per-share dividend will be ¥30 (including the ¥13 per share paid as the interim dividend). This corresponds to a dividend payout ratio of 43.4% and a 2.9% ratio of dividends to net assets on a consolidated basis.

With regard to our Basic Policy on Distribution of Profits for the next fiscal year, in line with the new medium-term business plan we started to implement in April 2014, in order to return more profits to our shareholders we aim to maintain a payout ratio of at least 40% on a consolidated basis while maintaining a stable ordinary dividend of ¥26 annually (interim dividend of ¥13 and year-end dividend of ¥13) as well as a ratio of dividend to net assets of at least 2.5%.

Taking into consideration this new Basic Policy and the earnings forecasts, we aim to pay an annual per-share dividend of ¥32 for the next fiscal year (interim dividend of ¥15 and year-end dividend of ¥17).

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



A stylized, handwritten signature in black ink that reads "I. Nakajima".

Izumi NAKAJIMA
President
Representative Director

Business Performance

Analysis of Business Results

Business Results in the Year Ended March 31, 2014

During the fiscal year ended March 31, 2014, although overseas economies continued to struggle due to uncertainty resulting from factors such as the slowdown of the Chinese economy and decelerating growth in emerging economies, the Japanese economy seemed to be on track to recover moderately. This was thanks to a continued increase in public investment due to the effects of the government's economic policy, a recovery in capital investment following an improvement

in corporate profits, and steady personal consumption due to improvements in the employment and income situation.

Amid this business environment, the Amano Group worked in accordance with the consolidated global growth strategy outlined in its new medium-term business plan drawn up in April 2011 on global market and product development as well as the enhancement of its capacity to provide holistic solutions. The Amano Group also concentrated on thoroughly uncovering customer needs and strove to reduce the costs of goods sold (COGS) and

selling, general, and administrative (SG&A) expenses.

As a result of the above, during the fiscal year under review, the Company recorded sales of ¥102,131 million, up by 13.1% year-on-year. Operating profit increased by 20.4% to ¥8,826 million, ordinary profit went up by 21.3% to ¥9,423 million, and net income increased by 33.0% to ¥5,299 million, resulting in increases in both income and profit.

The following is a breakdown of sales by business division.

Sales by business division

(Unit: Millions of yen)

Category	FY2012		FY2013		Change	
	(April 1, 2012–March 31, 2013)		(April 1, 2013–March 31, 2014)			
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	19,331	21.4	22,979	22.5	3,648	18.9
Time Management Products	3,996	4.4	4,087	4.0	91	2.3
Parking Systems	42,207	46.7	48,808	47.8	6,601	15.6
Subtotal	65,535	72.5	75,876	74.3	10,340	15.8
Environment System business:						
Environmental Systems	17,385	19.3	18,157	17.8	772	4.4
Clean Systems	7,374	8.2	8,097	7.9	722	9.8
Subtotal	24,760	27.5	26,255	25.7	1,494	6.0
Total	90,295	100.0	102,131	100.0	11,835	13.1

Time Information System Business

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

Information Systems

The business environment for this business division has improved because companies' information-related investments have recovered in Japan following the economic recovery and the demand for system updates increased due to termination of Windows XP support.

In response to these market conditions, the Company focused on attracting demand by making more proposals for comprehensive solutions associated with the transition from owning systems to using systems that support the introduction of an optimum-working-hours system, control of total personnel expenses, and enhancement of labor compliance.

Domestic sales for the current term were as follows: hardware sales increased by ¥747 million (14.2%) year-on-year, software sales increased by ¥612 million (20.8%), and sales generated by maintenance contracts and supplies services increased by ¥232 million (6.9%). The increase in hardware sales was attributed to the effects of the launch of new products and orders for

large-scale projects, and the increase in software sales was attributed to the strengthening of 3-in-1 sales activities for time and attendance (T&A), payroll, and human resource management. As a result, T&A system sales increased by ¥1,439 million (18.2%) while access control system sales were down by ¥118 million (9.0%).

Overall overseas sales increased by ¥1,861 million (27.0%). The sales of Accu-Time Systems, Inc. in North America increased thanks to positive foreign exchange rate effects and other factors; the sales of Horosmart S.A. in Europe remained strong and also increased.

As a result of the above, sales in this business division totaled ¥22,979 million, representing an increase of 18.9% year-on-year.



Time Management Products

In Japan, this business division continued to struggle under difficult conditions because the demand structure has shifted from standard machines to systems.

In this market environment, the Company concentrated on expanding its customer base and uncovering new demand by strengthening Internet and mail order sales promotions on low-priced equipment and supply commodities.

Overall domestic sales for the current term increased by ¥20 million (0.7%), in spite of a decrease in exports due to the rush demand for consumable goods, etc. before the consumption tax hike and an increase in Internet and mail order sales. Overseas sales increased by ¥14 million (1.2%) thanks to positive foreign exchange rate effects and other factors.

As a result of the above, sales in this business division totaled ¥4,087 million, representing an increase of 2.3% year-on-year.

Parking Systems

The Parking Systems business sector in Japan has been working to reduce the costs of parking lot management, promote environmental initiatives, ensure safety and security in parking lots, and increase convenience for parking lot users in order to respond to the increasingly diverse needs of parking lot management.

In response to these market conditions, the Company has, in cooperation with its Group companies in Japan, and with safety, security, and environmental awareness as its watchwords, focused its efforts on expanding commissioned parking lot management services. The company has done this by vigorously developing proposals for better services for parking lot users, proposals for efficient parking lot management utilizing a parking lot information distribution service, and comprehensive proposals covering equipment and various ancillary services. The Company has also made efforts to expand into new markets for security-

gate systems, toll road systems, and bicycle parking systems, etc.

In Japan, sales of large parking lot systems during the fiscal year increased by ¥2,340 million (15.0%) and revenues from maintenance contracts and supplies services increased by ¥363 million (4.2%).

The commissioned management business by Group subsidiary Amano Management Service Corporation expanded steadily and the number of commissioned parking spaces increased by 31,400 (12.5%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥2,992 million (29.5%). Sales for North America increased because positive foreign exchange rate effects and other factors assisted Amano McGann, Inc., although sales decreased on a local currency basis. Sales for Europe increased due to increased orders for systems for Asian and Oceanian markets. Sales in the Asian region increased as sales in Korea remained firm.

As a net result of the above, sales in this business division totaled ¥48,808 million, up by 15.6% year-on-year.



Environment System business

- Environmental Systems:
Standard dust collectors, large dust collection systems, pneumatic

powder conveyance systems, high-temperature hazardous-gas removal systems, deodorization systems, and electrolytic water generators

- Clean Systems:
Cleaning equipment, dry-care cleaning systems, and cleaning management services

Environmental Systems

In this business division, capital investment started to increase moderately following the economic recovery in Japan, while capital investment by Japanese companies operating abroad remained steady. Against this backdrop, the business environment showed signs of recovery.

In this market environment, the Company has made efforts to boost sales of standard equipment by promoting new products in its solution proposals and has strengthened its efforts to expand new markets for pharmaceutical, foods, and cosmetics. The Company also proactively shifted its managerial resources to areas where there is demand and focused on the expansion of orders. The Company's efforts included the strengthening of local engineering capabilities, the establishment of closer cooperation with overseas group companies, and full-fledged business development in North America in order to attract demand from businesses operating overseas. During the current term, domestic sales of standard dust collectors increased by ¥410 million (7.7%), although sales of large-scale systems decreased by ¥315 million (5.6%) affected by the restraints on capital

investments that continued until the first half of the current fiscal year, and sales of maintenance contracts and supplies services decreased by ¥233 million (6.1%) year-on-year.

Overall overseas sales increased by ¥703 million (27.4%). Sales increased in the Asian market as a whole, especially Southeast Asia. Sales increased in the North American market due to increased orders for large-scale systems.

As a result of the above, sales in this business division totaled ¥18,157 million, up by 4.4% year-on-year.



Clean Systems

This business division is seeing increasing needs for commissioned cleaning services and maintenance of building aesthetics despite the prolonged corporate restraints on cleaning management costs in Japan. To cope with this market environment, the Company has actively developed proposals for improving efficiency without compromising quality. In addition, the division worked to unlock new demand by enhancing proposals for commissioned cleaning services and preparing new proposals based on the concept of comprehensive cleanliness solutions,

including cleaning of both floors and vertical surfaces.

Domestic sales of cleaning equipment during the fiscal year under review increased by ¥296 million (15.4%) year-on-year, and revenue from maintenance contracts and supplies services increased by ¥6 million (0.2%), while revenue from commissioned cleaning services increased by ¥31 million (2.1%).

Overall overseas sales increased by

¥384 million (21.8%) year-on-year. In particular, sales for North America increased.

As a result of the above, sales in this business division totaled ¥8,097 million, up by 9.8%.

Analysis of Financial Condition

(i) Assets, liabilities, and net assets

• Assets

Total assets as of March 31, 2014 amounted to ¥122,838 million, up by ¥13,361 million from the previous fiscal year-end. Current assets increased by ¥9,517 million year-on-year. This was chiefly due to a ¥5,839 million increase in cash and bank deposits and a ¥3,664 million increase in notes and accounts receivable-trade. Fixed assets increased by ¥3,844 million year-on-year. This was attributable primarily to, for tangible fixed assets, a ¥530 million increase in buildings and structures as well as a ¥272 million increase in lease assets, and for intangible fixed assets, a ¥1,178 million increase in software.

• Liabilities

Total liabilities as of March 31, 2014 amounted to ¥39,355 million, up by ¥6,597 million year-on-year. Current liabilities increased by ¥3,872 million year-on-year. This was chiefly due to an increase of ¥1,128 million in accrued income taxes, an increase of ¥916 million in electronically recorded obligations, and an increase of ¥745 million in other current liabilities due to an increase in accrued expenses. Fixed liabilities increased by ¥2,724 million year-on-year. The principal factors behind this were an increase of ¥4,158 million in net defined benefit liabilities and an increase of ¥889 million in long-term bank loans, despite a decrease of ¥2,670 million in accrued retirement benefits for employees associated with changes in accounting standards.

• Net Assets

Total net assets as of March 31, 2014 amounted to ¥83,482 million, up by ¥6,764 million from the previous fiscal year-end. This was primarily due to an

increase of ¥3,306 million in shareholders' equity by posting net income and an increase of ¥3,305 million in total accumulated other comprehensive income resulting from an increase in foreign currency translation adjustments.

(ii) Cash Flows

Consolidated cash and cash equivalents increased by ¥5,087 million from the previous fiscal year-end to a total of ¥31,674 million as of March 31, 2014. The status of each type of cash flow at year-end and the underlying factors are as follows.

(I) Cash flow from operating activities

Net cash provided by operating activities totaled ¥11,035 million. This was attributable primarily to income before income taxes amounting to ¥9,299 million, and depreciation and amortization amounting to ¥3,711 million, despite income taxes payments amounting to ¥3,084 million.

(2) Cash flow from investing activities

Net cash used in investing activities totaled ¥6,081 million. This was largely due to expenditures of ¥5,267 million for the placement of time deposits, ¥3,225 million for the acquisition of tangible fixed assets, ¥2,250 million for the acquisition of intangible fixed assets, and ¥2,000 million for the ac-

quisition of securities. These outflows were more than offset by proceeds of ¥4,683 million from the withdrawal of time deposits and ¥2,200 million from the redemption of securities.

(3) Cash flow from financing activities

Net cash used in financing activities amounted to ¥780 million. This

was chiefly due to the payment of dividends amounting to ¥1,991 million and repayment of finance lease obligations of ¥1,507 million, despite proceeds from sale and leaseback of ¥1,891 million and proceeds from long-term debt of ¥972 million.

Reference: Trend of cash flow indicators

	As of Mar. 31, 2010	As of Mar. 31, 2011	As of Mar. 31, 2012	As of Mar. 31, 2013	As of Mar. 31, 2014
Equity ratio (%)	73.4	70.3	69.6	69.8	67.6
Fair value equity ratio (%)	64.7	59.3	56.9	62.3	66.5
Ratio of cash flow to interest-bearing liabilities (%)	17.1	31.4	50.2	34.7	37.3
Interest coverage ratio	250.6	275.2	158.1	207.7	219.7

Notes : Equity ratio: Equity capital/Total assets

Fair value equity ratio: Gross market capitalization/Total assets

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

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

Assumptions

* All indicators are calculated on the basis of consolidated financial values.

* Gross market capitalization is calculated by multiplying the closing price of the Company's shares at the year-end by the number of shares of common stock issued and outstanding at the year-end (less treasury stock).

* The term "cash flow from operating activities" refers to cash flow from operating activities posted under the consolidated statements of cash flows. The term "interest-bearing liabilities" refers to those liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with the interest paid recorded in the consolidated statements of cash flows.

Outlook for Fiscal Year Ending March 31, 2015

During the fiscal year ending March 31, 2015, we forecast that the Japanese economy will continue to recover as exports are expected to increase due to the recovery of the global economy and the yen's depreciation. Public investment is expected to remain firm while capital investment is expected to moderately increase, although there will be effects of rush demand and reaction to the same resulting from

the consumption tax rate hike.

Amid this business environment, Amano Corporation and its Group companies continue to emphasize the following strategies: 1) emphasis on Time & Ecology business fields, and enhancement of core business; 2) becoming a niche leader in the business fields in which we excel; 3) ceaseless restructuring; and 4) management based on cash flow. In line with these four fundamental strategies, we will work to address the important challenges in the new medium-term business plan described in "3. Business Policies" on

page 11 with a view to maximizing the corporate value of Amano Corporation while aiming at a 100-year Company having "Challenge Ourselves to Advance to a New Stage" as its management concept.

The following business results are projected for the fiscal year ending March 31, 2015: net sales of ¥110,000 million, operating profit of ¥9,100 million, ordinary profit of ¥9,700 million, and net income of ¥6,300 million. These projections assume currency exchange rates of ¥100 to the US dollar and ¥137 to the euro.

Operating and Other Risk Factors

Matters relating to the qualitative information contained in these summary financial statements and relating to the consolidated financial statements that could be envisaged as having a possible material impact on investors are described below. Every effort are made to identify factors that may now or in the future pose a risk to the undertaking of business by the Amano Group, and these risk factors are then eliminated or otherwise managed in the course of business.

Forward-looking statements are current as of the date of the release of these financial results (May 8, 2014).

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

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

In the year ended March 31, 2014, the Time Information System business accounted for 74.3% of total sales, and the Environment System business accounted for 25.7%. Before the deduction of unallocated expenses, the Time Information System business contributed 80.9% to operating profit, while the Environment System business contributed 19.1%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 74.0% of total sales and 80.1% of operating profit.

One future risk factor is that if

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

(ii) Fluctuations in exchange rates

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

(iii) Information security

In the course of providing system solutions and developing cloud business services (e.g., ASP, SaaS, and hosting services), the Amano Group handles confidential information, such as personal information concerning, or provided by, customers. In view of this, the Company has strengthened and thoroughly implemented security control measures based on the Information Security Management Rules. Specifically, the Company has implemented measures to protect confidential information (e.g., encrypting hard disk drives and external media) as well as provided periodic staff training through e-learning. Furthermore, the Company obtained the Privacy Mark certification in February 2014 and has implemented all possible mea-

sures to ensure information security, including supervision of service providers and thorough compliance with internal rules. Nevertheless, the occurrence of an unforeseen situation that results in loss or leakage of confidential or personal information as described above could have an adverse material impact on the Group's business performance due to factors such as loss of confidence.

(iv) Natural disasters

Natural disasters (e.g., large-scale earthquakes, windstorms, or floods) may damage human lives or property. The Amano Group has implemented necessary measures such as having employees always carry emergency contact information cards even during ordinary times, relocating file servers to external data centers, and developing a system for setting up an emergency response headquarters to respond to emergency situations. However, if offices or sites at sales and production bases are damaged or if a situation arises in which it is difficult for employees to engage in operations, business activities may be temporarily suspended.

(v) Overseas business development

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

Issues to Be Addressed

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

1) Time Information Systems

•Information Systems business

In the Information Systems business, the economic environment in Japan has become positive, and labor authorities have continued efforts to more strictly monitor unpaid overtime and long working hours (overworking); potential demand among companies for T&A systems, which are used to establish and build labor time management systems, has translated into effective demand in efforts to ensure compliance through appropriate working hours management. In addition, against the backdrop of the need to respond to the My Number System and the movement toward applying the extra wage rate to overtime work exceeding 60 hours per month (from which small- and medium-sized enterprises are exempt) as well as the review of the legislation on working hours from the viewpoint of improving labor productivity, demand for both company system updates and systems for using cloud computing and smart devices is expected to increase.

Given this market environment, for small- and medium-sized enterprise markets, we will strengthen proposals by adding the mental healthcare system to the 3-in-1 management system, covering T&A, payroll, and human resource management as well as expand the market by offering comprehensive solutions including hardware, software, and cloud services. In the medium-sized enterprise market, we will enter the financial accounting market by tying up with CREO CO., LTD. and work to expand operations with the aim of becoming a "mini-ERP vendor" by enhancing software for T&A, human resources, payroll, and accounting as well as strengthening our consulting sales activities.

In overseas markets, we will expand and improve our cloud services in Europe and the United States. Further, Horosmart, S.A. (France) aims to expand its market into

other areas of Europe, while Accu-Time Systems Inc. (North America) aims to strengthen its customer base by introducing a new series of terminals.

•Parking Systems business

As for the Parking Systems business, amidst the economic recovery, the parking lot-related market has been expanding against the backdrop of the vitalization of the real estate market and the recovery in automobile sales volume, etc. In addition to the need for parking lot management cost reduction, ensuring of safety and security in parking lots, and consideration of the environment, the need to propose solutions to improve user convenience has been increasing.

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

As for overseas markets, in the United States, Amano McGann, Inc. will introduce new systems and strengthen solution proposals by expanding and improving peripheral services to expand the market. In Europe, we will accelerate the development of low-cost barcode systems and expand our business by working on the new commissioned management service business. In Asia, we will aim to expand our business by strengthening low-end barcode systems and the commissioned management service business.

2) Environment Systems business

•Environment Systems

In the Environmental Systems business, capital investment has bottomed out in Japan as a result of the recovering economy, and Japanese-affiliated companies operating abroad exhibit a trend of increasing their capital investment, which has been expanding from

China and Southeast Asia to the Americas.

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

In overseas markets, we will strengthen our engineering capabilities and ability to offer products and render services to Japanese companies operating outside Japan by tie-ups between our Group companies across Asia and our head office in Japan. We will also expand our local production capabilities in order to enhance cost competitiveness.

•Clean Systems

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

Given this market environment, in Japan we will strengthen our customer base by introducing into the market polishers featuring a safety device and expanding sales of small scrubbers in response to the opening up of small urban supermarkets and the increase in the number of eat-in areas at convenience stores. With the aim of becoming a "total cleanliness service provider," we also promote comprehensive proposals, including those for commissioned cleaning services and aesthetic maintenance.

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

Time Information Systems

"Mental Healthcare System" Newly Released! Total support for T&A Management!

September 2013, Amano released a medical diagnostic software called "Mental Healthcare System Wakaba" and a stress measuring device called "Lifescore Quick" targeting the medium to small business market.

Mental health of employees is becoming a serious social issue as it is believed that work stress and long working hours could cause brain and/or heart disorders. Under the Occupational Safety and Health Act, employers are required to have its employees who are subject to long working hours to receive a medical diagnosis by a physician to prevent health disorders.

By interfacing the Mental Healthcare and the T&A system, it will enable the employer to quickly grasp employees with excessive work time and the medical diagnostic software will assist in the early detection of potential health disorders. In addition, the stress measuring device will provide objective information regarding employee stress levels.

With these new systems, Amano will continue to expand the business by providing holistic solutions.



Medical Diagnostic Software:
"Healthcare System Wakaba"

Parking Systems

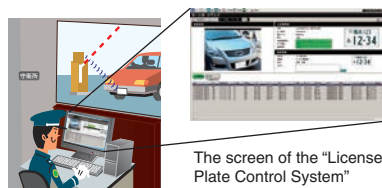
"License Plate Control System" Newly Released! Digitizing vehicle license plate numbers entering the facility!

January 2014, Amano released the "License Plate Control System" which together with the access control system, will enable centralized control of "vehicles" and "people" entering and exiting facilities such as factories and distribution centers.

The "License Plate Control System" photographs the vehicle entering the facility and automatically digitizes the license plate number images which are

logged and compiled. In the event of an accident or theft, the photo image and license plate information will assist in identifying the vehicle promptly. By analyzing the compiled information, such as length of stay per vehicle, and congestion peak hours, it will aid in improving distribution efficiency. In addition, by interfacing this system with the conventional ID card access control system for "people", it will enable the facility security section to quickly grasp "who" and "what vehicles" are "where" within the facility in the event of a disaster or an emergency.

Amano will continue to provide solutions which meet customer needs by applying the experience and technology accumulated from the many years in parking systems to areas such as Business Continuity Plans (BCP) and safety measures to protect "Assets & People".



Environmental Systems

Standard Dust Collector Lineup Expanded New product proposal activities, now in full gear!

October 2013, Amano released an electric oil mist collector the "EM-e II".

In the field of metal processing and machining, the prevention of work-related injuries and accidents has become the prime focus and hence the demand for mist collectors equipped with safety features such as fire prevention, are growing stronger. The new "EM-e II" was developed based on designs focused on safety without compromising its performance. It is equipped with newly structured electrodes (patent pending) which prevent air-flow loss from clogging and uses an electric charging method with low risk of fire. It also adopts a new control method for stable operation.

In addition to the existing energy & space saving dust collectors the "PiF series", and the "SP series", the sanitary models for the food and pharmaceutical industry, this new model will enhance Amano's product lineup to pursue new opportunities. Amano will continue to

develop high quality products to improve the factory environment and to meet customer needs.



Clean Systems

Newly Released! Japan's first Autonomous Robotic Scrubber!

March 2014, Amano newly released an autonomous robotic scrubber "SE-500iX". The "SE-500iX" is the next generation of the popular "SE-500 series" which are widely used in factories and commercial facilities such as supermarkets and shopping malls.

The automatic mode of the "SE-500iX" is programmed by the "Teaching" method. By actually going through the cleaning process, this scrubber will record and memorize the speed, water volume, pad pressure and the up & down movement of the suction funnel for each cleaning area and it can memorize up to 64 patterns. For operational safety, during the automatic mode, the "SE-500iX" is guided by various sensors including an infrared laser to avoid obstacles and steps. It also comes with voice guidance and a drive recorder as standard equipment. Robotic scrubbers will accurately reproduce the cleaning patterns of a skilled operator thereby reducing uneven finishes and in addition, since no human intervention is needed during the automatic mode, operational efficiency can be improved by assigning workers to other tasks. Amano intends to promote sales of this autonomous robotic scrubber to position it as one of its flagship products and continue to enhance its functions.



Autonomous Robotic Scrubber "SE-500iX"

Amano Group Companies

Amano USA Holdings, Inc.

AMANO CINCINNATI, INC.

The ACI time division has seen continued growth in the (TIS) time information systems product line. As we evaluate the workforce time management market as a whole, we see sales of traditional time clocks declining slightly. We feel this is a growing trend with small business owners. As more advanced technologies like fingerprint and facial recognition become more affordable, we will continue to see growth in this product segment. As proof of this, sales of our biometric fingerprint system combined with Time Guardian software continue to grow. In fact, one of our largest retailers has just confirmed that they will be testing our Biometric fingerprint units in 60 of their locations throughout the US.

One of the main benefits of using these advanced employee recognition products as compared to traditional time clocks is it allows small business owners to better manage their employees and eliminate "buddy punching" which increases productivity and eliminates unearned wages. Amano is currently evaluating several facial recognition terminals to combine with its Time Guardian software suite.

Amano's TS-3000i automatic synchronizing web time clock continues to solidify its place in the time validating compliance market. In fact, due to its overwhelming acceptance, some of our competitors are now reselling our product.

This product sets the bar in terms of features and functionality. It has been sought out by many financial and trading institutions to meet their time validation compliance needs. One of our recent success stories includes a deployment of over 850 units to a major trading firm with locations in Chicago and New York.

The successful launch of the new version of the PIX-75 was implemented in the first quarter of 2014. The new clock incorporates a number of design improvements to increase customer satisfaction and reduce cost.



ACCU-TIME SYSTEMS, INC.

Accu-Time Systems, Inc. began shipping the PeoplePoint Series of workforce management terminals in Q4 of calendar 2013. The value-added resellers, independent software vendors, and end-users to whom we sell are developing their software products around our new series. The PeoplePoint Series includes large LCD displays, powerful computer processors, and modern industrial designs.

ATS also broadened our product line with the introduction of the TimeCom product in 2013. TimeCom is ATS' new time clock integration solution for enterprise resource planning (ERP) systems and workforce man-

agement (WFM) applications. TimeCom includes an ATS time clock, a time & attendance terminal-side application, and cloud-based integration middleware. Timecom is offered as a software-as-a-service (SaaS) product, producing monthly recurring revenue for ATS. We expect to see greater adoption of our managed services throughout 2014 which will result in a growing source of recurring revenue.

An additional source of recurring revenue initiated in 2013 was the introduction of global cellular-enabled time clocks which can communicate via standard mobile networks. The cellular-enabled terminals allow our products to communicate to host software where standard computer communications are unavailable. As part of our drive to make time clocks available everywhere, ATS introduced its global service provider program (GSPP). The GSPP allows customers around the world to send their damaged clocks to a local repair depot, saving them time and shipping costs.

ATS continues to provide custom-designed and manufactured time clocks to certain partners. In 2013, we initiated three major custom time clock projects expected to generate revenue in 2014 and beyond. These custom time clock projects are with three major global WFM software providers and utilize the latest in ATS computer processing and display technology.

As always, ATS strives to maintain its high customer satisfaction levels. By continuing to offer customers time clocks built to strict quality standards, that can communicate anywhere, and will integrate with a variety of software platforms, we will continue to grow our business.

Amano McGann, Inc.

General Company Overview

For over 25 years our customers have relied heavily on Amano McGann's (AMI) industry leading lane devices and software to manage their business. With emerging technology like Big Data, Business Intelligence, Mobile Devices, and the Internet of Things, the demand for Cloud Computing will shape the future of our industry. AMI is well positioned for the future.

The 2014 release of OPUSuite® lane devices and OPUSuite® cloud application will allow AMI to maintain and expand its leadership position by leveraging these latest tools and technology. Both existing and new customers will improve performance and yield by leveraging the same cloud platform that power Skype, Office 365, Bing, and Xbox.

Forrester reports public cloud services continue to drive big changes in the markets for software, hardware, and IT outsourcing, while providing a foundation for age of the



customer innovations. Forrester projects that the public cloud market will reach \$191 billion by 2020, from 2013's total of \$58 billion. Cloud applications, at \$133 billion in 2020, are leading this growth; cloud platforms will generate \$44 billion in revenue by 2020; and cloud business services will come in at \$14 billion. For CIOs, the message is clear: "Shift into the driver seat, or others will."

OPUSuite and the Windows cloud platform transforms data into business decisions so that our customers can be more agile and responsive. It turns massive streams of data into insight and helps drive unparalleled productivity. OPUSuite is designed to improve the performance of a single car park or can easily scale-up to address even the largest of portfolios transforming a dispersed parking operation into a connected team.

Cloud computing is not enough for our business. The parking industry is just as reliant on a solid, reliable and flexible hardware platform on-premise. The lane devices must not only provide physical control of the operation and revenue, it must also accurately and seamlessly collect and transfer car park data as well as receive information and commands from the Cloud.

AMI's full-line of robust on-premise devices meets the needs of any application. All are integrated and engineered by AMI to take full advantage of the OPUSuite cloud platform and leverage these emerging technologies to improve business performance, yield, and customer satisfaction.

New Amano McGann Corporate Headquarters

AMI's MN headquarters and Minneapolis branch office began the New Year at a new location in Roseville, MN. Over the past several years AMI has seen continued success and growth resulting in MN employees being split into three different spaces.

The relocation allowed for increased space and a more cohesive work environment having everyone back under the same roof. Additional benefits include: triple the amount of conference room space, more open area for product engineering and testing, office space for traveling executives, and a dedicated training center.



Performing our Masterwork The Future of Parking Revealed-IPI 2013

Amano McGann's Engineering department The 2013 International Parking Institute Conference and Expo proved to be a great success and kept the sales team on their toes with countless question/answer sessions and demos making it the busiest



show to date! The booth was packed with capacity with customers eager to get connected and learn more about

all the products shown in the AMI booth. Hot buttons in the booth included the new OPU Series® barcode solution line, OPU-Suite cloud application, AMG Series mag-stripe solutions, Amano Multi-Space Meters powered by Metric, and a video wall displaying live video analytics demonstrated by the Amano Security team. All of this drew crowds into the booth from every vertical market and from locations all around the world including the U.S., Canada, Mexico, Columbia and Kuwait.

Product Development – eParcSuite Validation Solutions

Over the last year, AMI has added a plethora of value added solutions to its product portfolio to enhance its core products and attract customers with even more enticing options. One example is the eParcSuite, a family of validation solutions allowing customers to get exactly what they need out of their validation system and processes. The eParcSuite includes eFlexPrint – a system allowing facilities the freedom to create custom validations for specified groups or tenants and print them in bulk instantaneously, eParcVal – a system delivering a ticket based validation solution eliminating the hassle of having to use multiple coupons or tickets, and eFlexPass – a system focusing on customers in need of a validation solution for patrons that are only using the parking facility for a short time frame.

Market Success

Over the past year, AMI has seen great success across all of the vertical markets we serve. Each market has its own unique operational needs and AMI is able to accommodate these needs with our full range of products, value added solutions and strategic partnerships. A few examples of this success are discussed below.

University of Iowa (Education)

AMI was awarded the contract to update the Revenue Control System for the University of Iowa's 30 parking facilities made up of 120 lanes of revenue and access equipment. The University plans to improve customer convenience and facility operations with the addition of AMG Series hardware, FlexScan barcode readers, iParcProfessional Software, Event System, and Click and Park interface.



Fashion Outlets of Chicago (FOC) (Retail/Mixed Use)



AMI installed a state-of-the-art Parking Revenue and Access System at the Fashion Outlets of Chicago.

The system installation of the 2,800 space, 21 lane parking facility was completed for FOC's grand opening on August 1, 2013 and was designed to make life more convenient for the center's shoppers.

Wichita Mid-Continent Airport (Airport)

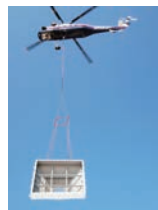
AMI was awarded the parking equipment replacement contract for the Mid-Continent Airport in Wichita, Kansas in the fall of 2013. Mid-Continent Airport is the busiest airport in Kansas and installation for 33 lanes and 4,566 parking spaces will begin summer 2014 with expected completion in the spring of 2015.

City of Lowell (Municipal / On-Street)

AMI and Metric Parking were awarded the new on-street parking pay station contract for the City of Lowell, MA. One hundred and seventy two new solar-powered multi-space meters plus upgrades to 25 pre-existing units were installed in Q4 of 2013.

AMANO PIONEER ECLIPSE CORPORATION

In 2013 Amano Pioneer Eclipse Corporation (APEC) grew 12%, continuing a multi-year growth trend which started in 2010. The resulting 3 year CAGR is over 11%. APEC's growth in 2013 was highlighted by 33% growth in the United States, a result driven by continued improvements in sales personnel, increased focus in direct sales, and new product introductions. International sales was also a focus in 2013 with the creation of new sales territories in the UK and Germany. The addition of new distribution partners in Argentina, Uruguay, and Paraguay, gave APEC sales in over 45 countries in 2013.



New product development continued to be a driving force in 2013, with the introduction of the industry's first 30" battery burnisher, the 300BU30X (30X). The 30X utilizes APEC's successful Steady-One™ technology and introduces the patent pending X2™ technology, which provides the 30X with increased battery run time and improved performance at a lower cost than industry competitors.



The Research and Development team was also busy improving APEC's chemical product offering with the launch of a new low cost floor cleaner (NeutraFresh™) and the introduction of OmniGuard™, a 25% solids UHS floor finish designed to provide high traffic retail facilities with a durable, high gloss finish. OmniGuard™ was instantly accepted by APEC's customers in the U.S., Canada, and Australian markets, making it one of APEC's fastest growing products.



Amano Environmental Americas (AEA), APEC's brand of industrial mist and dust collection systems, continued its rapid growth in 2013, with a sales increase of

510%. Founded in just 2011, AEA has quickly grown to represent 15% of APEC's total revenues. AEA has successfully established relationships with large automotive industry manufacturers who are actively expanding their production capabilities throughout the Americas, which should allow AEA to continue its growth path going forward.

In 2013, APEC also completed the acquisition of Clarke American Sanders, purchasing the wood floor equipment manufacturer from Denmark's Nilfisk-Advance A/S, on March 31, 2014. Clarke American Sanders manufactures the world's leading line of wood floor sanding equipment, with product offerings designed for both the professional contractor market and the small-tool rental industry which caters to do-it-yourself customers. The acquisition of the Clarke American Sanders product line gives APEC a market leading position in the wood floor care industry. The addition of floor sanding equipment to APEC's broader equipment line offers the business near-term growth opportunities in several global markets, while also providing APEC new sales outlets in North America for its chemical product offering.



APEC consolidated plant operations under a new VP of Operations in an effort to accelerate production and process improvements throughout the facility. Operational improvements made in 2013 included adding quart bottle capability in the chemical processing line, improved piping infrastructure to reduce batch processing time, and an improved bottle conveyor system to deliver bottles directly to the bottling production line. In the machine production facility, both manufacturing lines were redesigned with improved workflow layout to drive one-piece flow and create a reduced and more consistent TAKT time.

Amano Europe Holdings, N.V.

Amano Europe, N.V.

In 2013 Amano Europe continued to grow both revenue and profit in the main business segments; parking solutions and time and attendance.

The X-Parc parking solution has now been installed successfully in 25 different countries, including Malaysia, Australia, Hong Kong, India and some African countries. With X-Parc Amano Europe is able to offer a robust, flexible and network centric solution based on barcode tickets that suits global market needs. Ease of integration, low cost of ownership and fast time



to market are three of the several great and innovative benefits this system offers.

Amano Europe also successfully installed its first ticketless parking solution in the airport of Vilnius – Lithuania, based on the X-Parc solution.

With Astrow Cloud, the next version of the proven T&A software solution for small and medium sized businesses with an installed base of more than 5.000 customers in Europe, Amano Europe resolutely goes for a business model based on recurring revenue. With iTR-100, launched in 2013, Amano Europe will keep its strong position in the time recorder market. iTR-100 not only stretches on the typical time recorder functionality by offering



new and compelling cloud services but can also be seen as the entry point for a further upgrade towards Astrow Cloud.

Horoquartz:

During 2013 Horoquartz observed a growth of its activities in its three business lines. An increasing demand has been noticed for advanced scheduling software. Major successes have been achieved in the retail and services field. This trend confirms that customers are now focusing more on operational efficiency improvement than on HR administration performance. The Horoquartz solutions are now available on the Microsoft Azure cloud platform to improve flexibility and reduce cost for end-users. 4 new partnerships have been signed with companies specializing in the HR solutions field in order to enlarge the Horoquartz ecosystem. HQ Resources, a new scheduling solution has been launched to help customers to deal with service continuity constraints; it is particularly aimed at local authorities. The P2S security solution has experienced significant growth in 2013, particularly in industries subject to strict standards and safety requirements. Manuel Valls, who is now the French Prime Minister, inaugurated the first P2S installation in the Ministère de l'intérieur (French Police Ministry). The EasyID identity and card management solution is now expanding in the private sector after having been successfully implemented in the French education field, where today approximately 1500 000 French students using cards produced with this technology.

Scopus Omnibadges

Scopus Omnibadges is a manufacture, print and personalize plastic cards, specialized on small and medium quantities. Their main markets are multi-application cards for large firms, private payment cards, identification cards and school catering cards. They also provide personalization systems for some of the largest companies in France. Scopus Omnibadges have focused their 2013 operation on margin improvement and cost



reduction. Despite a slightly reduced sales level, EBIT soared by 34% and reached over 21% of turnover.

AMANO TIME & PARKING SPAIN, S.A.

In the Spanish market, our service ability, quality and attitude to take care of customers have been highly appreciated and it has built up a higher reputation of AMANO among our customers. At the same time, our X-Parc machines, thanks to their functionality and quality, have been well acknowledged in the market. These facts are bringing us new customers with new projects.

In the year of 2013, we installed the X-Parc machines in two truck parkings. The truck parking for us was a new sector, to which we had never penetrated. One customer, who is an engineering company and specialist for truck parkings, came to us, catching the reputation of AMANO. After having each other's technical understanding, we started to work with that customer and we obtained two projects in 2013. One truck parking is located in the southern part of Spain and another

one in Barcelona. They are very satisfied with the X-Parc machines installed by us. The pictures show the latter truck parking. We will continue to EXPAND our area of activities with excellent service and product.



Amano Korea Corporation

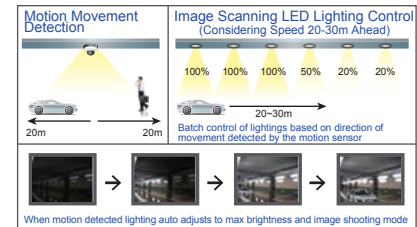
"Lighting Control System utilizing omni-directional cameras" NEW! Intelligent LED Lighting Control System

The social environment is becoming complex and diverse and at the same time, it is also becoming green. More and more environmentally friendly and energy efficient products are appearing on the market and amid this situation, AKC has discovered growth potential in LED products. Since 2010, AKC has been engaging in extensive market research including the tracking of Government policy trends and concluded that LED's, combined with parking management services could become a growth business. In order to be successful, AKC initiated the ESCO* Agenda but what began as an energy savings initiative using LED lighting, the system grew and expanded into security business when coupled with omni-directional cameras.

*(ESCO: Energy Service Company. A company that provides a broad range of energy solutions including design and implementation)

The "Intelligent LED Lighting Control System" automatically controls brightness and lighting range using the images captured by omni-directional cameras which are capable of 360 degree photography. The system will sense vehicles and/or people, the speed of

movement and the surrounding illumination levels and light up the area at appropriate levels. If the object is moving, an appropriate distance ahead will be lighted depending on the speed.



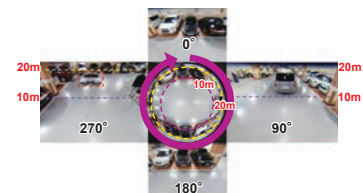
AKC is developing (i) a Parking Space Control System and (ii) a Parking Facility Security System.

- (i) The Parking Space Control System monitors 6 spaces and it includes a LPR function which can be used to provide position information and vehicle guidance.
- (ii) The Parking Facility Security System is a low cost security solution by utilizing a minimum number of omni-directional cameras.

By installing this system, it will deter acts of crime such as theft, kidnapping and violence within the facility. The omni-directional cameras can be used for continuous video recording and can be monitored when linked to a NVR (Network Video Recorder).

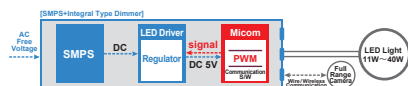
Major features of this system:

1. It maximizes energy efficiency by lighting at 100% only after detecting movement.
2. By pre-setting a detection range of 10m and 20m radius on the omni-directional cameras, it will record the objects entering that range. This will eliminate blind spots to maximize video security. In addition, the 2 mega pixel video will ensure high quality images which can be submitted as evidence in the event of accidents and/or other incidents requiring legal intervention.
3. The 360 degree image taken by the omni-directional camera can be divided into 4 even images, each image representing an image taken by a single camera. Therefore, by installing one omni-directional camera it is equivalent to installing 4 conventional cameras thereby saving installation costs.
4. By applying HOG (Histogram of Gradient) technology on the image captured by the camera, the direction of movement can be predicted.

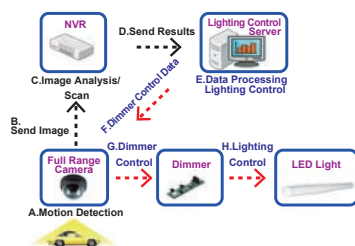


The core of the "Intelligent LED Lighting Control System" is the dimmer unit. AKC has designed this dimmer unit to function with a PWM (Pulse Wave Modulation) controlled stable DC 5V which is powered by a separate SMPS (Switched-mode Power

Supply) unit. By integrating the dimmer unit and the SMPS unit onto a single PCB, AKC has simplified the system design to a One-Board Type Dimmer unit, thereby reducing the cost.



The LED lighting control process is as follows:



Upon detecting movement, the omni-directional cameras become operative and real time images are transmitted to the NVR. The images are analyzed and the results are sent to the lighting control server. The server will then process the multiple results it receives and synthesize lighting control data and transmit it to a single or a number of omni-directional cameras in accordance with the predetermined parameters. The camera(s) will then activate and control the LED lights via the dimmer it is connected to.

AKC's main line of business has been parking control systems, but there are now many manufacturers crowding the market and downward pressure on prices is stronger than ever. In addition, users have better access to information and are becoming more knowledgeable and selective. In order to survive and remain ahead of the competition, it is essential that AKC develops and launch new products and systems which are not only limited to parking control and/or vehicle guidance (ultra-sonic sensors and cameras) systems. This "Intelligent LED Lighting Control System" which incorporates omni-directional cameras is such an example because the product has security applications as well. Other examples such as "Flapless Parking Systems" and "Facial Recognition Systems" can also be included in the wider definition of security related products. AKC is determined to remain as the leading company in parking by continuously launching new products with multiple applications to serve its customers and society.

FLAP SYSTEM without the FLAPS! Introducing the New "FLAPLESS LPR SYSTEM"

As cars continue to increase year by year, parking is becoming a major problem in the city centers. The Government is taking initiatives to not only build new off-street parking facilities, but also to build new on-street parking and utilizing portions of residential areas to build public parking. In this connection, AKC has developed a revolutionary on-street parking system called the "Flapless LPR System", which addresses the

issues that could be solved before. AKC is anticipating great potential for this system.



Amano Time & Air Singapore Pte. Ltd.

Dust Collector for Graphite Milling Machine

We, AMANO Time&Air Singapore Pte. Ltd. is handling many range of the product, and one of the main product is a dust collector. For the dust collector business, one of our important customer is "Makino Asia Pte. Ltd."



"Makino Asia Pte. Ltd." was set up in Singapore as an Asian head quarter of Japanese machine tools manufacture "Makio Milling Machine Co. Ltd.". They are selling the vertical machining centre, graphite machining centre, etc to the customer in China, India, Thailand, Indonesia, Vietnam, Philippine, Malaysia, and so on.

AMANO dust collector is used to suck the graphite powder, as standard peripheral equipment for the graphite machining centre. Graphite machining centre fabricates the molding die for small parts (e.g. mobile phone case) or graphite electrode with high-quality surface finish.

At that time graphite powder is generated as cutting scrap, and this dust is very fine. By this reason, the important factor for the dust collector is "Dust Collection Ability of the Filter" and "Dust-off Ability".

We examined for these factors together. As a result of the examination, we concluded below two points are important.

-Finefil Filter is required for powder collection ability.

-Pulse Jet is required for dust-off ability.

And, to satisfy these requirements, AMANO Pulse Jet Dust Collector "PiE-60M" is adopted by Makino Asia.



We tested the sample unit together, and we started supplying PiE-60M officially. After then Makino Asia is continuously purchasing the dust collector from us.

In year 2013, we shifted the dust collector model from "PiE-60M" to "PPC-60" for further improvement of the cost and quality.

Since the business market is expanding in Asian area, Makino Asia business and AMANO business is expected to grow up more and more.

Financial Highlights

For the years ended March 31, 2014 and 2013.

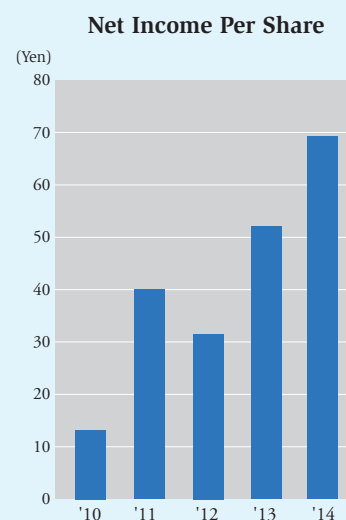
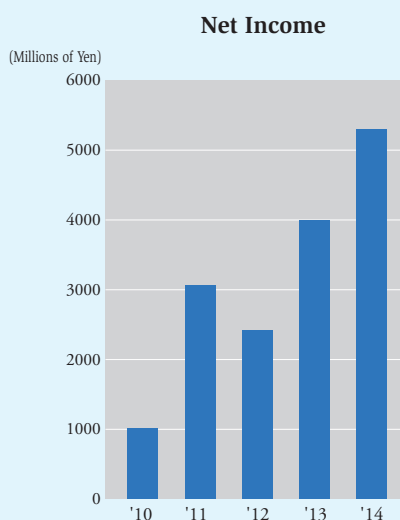
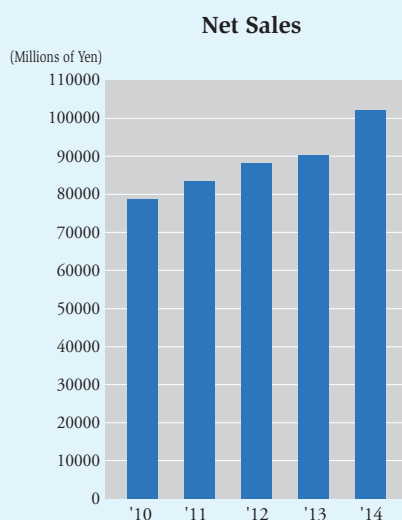
Yen in millions and U.S.dollars in thousands, except per share amounts

- See Note 5 to the Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2014	2013	2014
For the years ended March 31:			
Net sales	¥102,131	¥90,295	\$991,565
Net income.....	5,299	3,986	51,452
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	¥69.19	¥52.04	\$0.672
Cash dividends per common share.....	30.00	26.00	\$0.291
At March 31:			
Total assets.....	¥122,838	¥109,476	\$1,192,602
Working capital	45,794	40,149	444,607
Total net assets	83,482	76,718	810,514
Sales by product:			
Time information systems	¥22,979	¥19,331	\$223,101
Time management equipment.....	4,087	3,996	39,687
Parking systems	48,808	42,207	473,872
Environmental systems	18,157	17,385	176,291
Cleaning systems	8,097	7,374	78,613

Note: U.S.dollar amounts have been translated at the rate of ¥103 = US \$1, the rate prevailing on March 31, 2014.

-See Note 5 to the Consolidated Financial Statement.



Consolidated Balance Sheets

As at March 31, 2014 and 2013.

	Millions of Yen		Thousands of U.S. dollars (Note 5)
ASSETS	2014	2013	2014
Current assets:			
Cash and bank deposits (Notes 15 and 19)	¥35,014	¥29,175	\$339,947
Marketable securities (Note 19)	1,658	1,241	16,097
Notes and accounts receivable:			
Trade (Notes 8 and 19)	28,584	24,920	277,516
Less allowance for doubtful accounts	(265)	(177)	(2,578)
	28,318	24,742	274,939
Inventories:			
Merchandise and finished goods	3,054	2,984	29,657
Work in process	761	931	7,396
Raw materials and supplies	3,303	2,781	32,068
Deferred tax assets (Note 22)	1,245	1,235	12,091
Other current assets	1,415	2,160	13,742
Total current assets	74,771	65,253	725,936
Property, plant and equipment, at cost :			
Buildings and structures (Note 9)	29,073	27,995	282,268
Machinery and equipment	18,563	18,821	180,226
Leased assets (Note 18)	6,590	5,331	63,990
	54,227	52,147	526,484
Less accumulated depreciation	(37,636)	(36,535)	(365,407)
	16,590	15,612	161,077
Land	7,247	7,167	70,367
Construction in progress	406	206	3,945
Total property, plant and equipment	24,244	22,985	235,388
Intangible fixed assets :			
Goodwill	5,128	4,679	49,795
Software	2,541	1,363	24,677
Software in progress	794	1,396	7,718
Other intangible fixed assets	1,890	1,042	18,352
Total intangible fixed assets	10,355	8,481	100,542
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Notes 7, 19 and 20)	1,941	1,862	18,851
Investments in securities (Notes 19 and 20)	4,831	4,726	46,912
Leasehold and guarantee deposits	1,054	1,153	10,236
Deferred tax assets (Note 22)	2,152	1,740	20,897
Other assets	3,892	3,755	37,788
Less allowance for doubtful accounts	(406)	(483)	(3,948)
Total investments and other assets	13,465	12,755	130,736
Total assets	¥122,838	¥109,476	\$1,192,602

The accompanying notes are an integral part of these statements.

	Millions of Yen		Thousands of U.S. dollars (Note 5)
LIABILITIES AND NET ASSETS	2014	2013	2014
Current liabilities:			
Trade notes and accounts payable (Note 19)	¥6,065	¥5,633	\$58,892
Electronically recorded monetary claims (Note 19)	6,320	5,404	61,361
Short-term bank loans (Note 9)	451	197	4,386
Lease obligations (Notes 18 and 19)	1,364	1,162	13,246
Accrued bonuses	1,975	1,780	19,176
Accrued income taxes	3,007	1,878	29,201
Other current liabilities	9,791	9,046	95,066
Total current liabilities	28,976	25,104	281,329
Long-term liabilities:			
Long-term loans payable (Notes 9 and 19)	2,133	1,244	20,718
Accrued retirement benefits to employees (Note 21)	–	2,670	–
Liability for retirement benefits (Note 21)	4,158	–	40,372
Long-term accounts payable	189	201	1,841
Lease obligations (Notes 18 and 19)	3,412	3,133	33,134
Deferred tax liabilities (Note 22)	122	247	1,190
Asset retirement obligations	29	17	286
Other long-term liabilities	331	138	3,217
Total long-term liabilities	10,378	7,653	100,759
Total liabilities	39,355	32,758	382,088
Net assets (Notes 10, 13 and 14):			
Shareholders' equity:			
Common Stock			
Authorized- 185,476,000 shares			
Issued:			
March 31, 2014 and 2013 - 76,657,829 shares in 2014 and 81,257,829 shares in 2013	18,239	18,239	177,083
Capital surplus	19,293	19,567	187,312
Retained earnings	49,298	49,385	478,624
Treasury stock at cost, 64,808 shares in 2014 and 4,662,695 shares in 2013	(52)	(3,719)	(506)
	86,778	83,472	842,513
Accumulated other comprehensive income			
Net unrealized gains (losses) on other securities	574	316	5,582
Foreign currency translation adjustments	(3,481)	(7,340)	(33,796)
Retirement benefits liability adjustments	(812)	–	(7,887)
	(3,718)	(7,023)	(36,101)
Minority interests in consolidated subsidiaries	422	268	4,101
Total net assets	83,482	76,718	810,514
Total liabilities and net assets	¥122,838	¥109,476	\$1,192,602

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income, and Consolidated Statements of Comprehensive Income

For the years ended March 31, 2014

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2014	2013	2014
Net sales	¥102,131	¥90,295	\$991,565
Cost of sales (Note 12)	57,840	50,527	561,559
Gross profit	44,290	39,767	430,006
Selling, general and administrative expenses (Notes 11 and 12)	35,464	32,438	344,315
Operating income	8,826	7,329	85,690
Other income (expenses) :			
Interest and dividend income	176	175	1,709
Interest expense	(50)	(41)	(487)
Equity in earnings (losses) of affiliates	49	(47)	483
Foreign exchange gain (loss)	147	189	1,434
Gain on sale of fixed assets	24	7	240
Loss on disposal of fixed assets	(51)	(41)	(503)
Loss on sale of fixed assets	(3)	(1)	(33)
Gain on sale of investments in securities	-	2	-
Gain on liquidation of subsidiaries	25	-	248
Loss on write-down of investments in securities (Note 20) ...	-	(244)	-
Impairment loss on fixed assets (Note 16)	(80)	-	(785)
Other, net	235	6	2,289
Income before income taxes and minority interests	9,299	7,332	90,284
Income taxes (Note 22):			
Current.....	4,039	3,187	39,214
Deferred	(160)	78	(1,558)
Income before minority interests	5,420	4,066	52,629
Minority interests in net income of consolidated subsidiaries	(121)	(80)	(1,177)
Net income.....	¥5,299	¥3,986	\$51,452

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2014	2013	2014
Income before minority interests	¥5,420	¥4,066	\$52,629
Other comprehensive income (Note 17)			
Net unrealized gain (losses) on other securities	258	497	2,507
Translation adjustments	3,880	1,961	37,674
Share of other comprehensive income of companies accounted for by the equity-method	35	28	343
Total other comprehensive income	4,174	2,487	40,525
Comprehensive income	¥9,594	¥6,554	\$93,154
Total comprehensive income attributable to:			
Shareholders of the Company	¥9,417	¥6,435	\$91,429
Minority interests	¥177	¥118	\$1,725

The accompanying notes are an integral part of these statements.

Consolidated Statements of Net Assets

For the years ended March 31, 2014 and 2013.

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	¥18,239	¥19,567	¥49,385	(¥3,719)	¥83,472
Changes during the year					
Dividends from surplus			(1,991)		(1,991)
Net income			5,299		5,299
Purchase of treasury stock				(2)	(2)
Retirement of treasury stock		(274)	(3,395)	3,669	-
Net changes in items other than shareholders' equity					
Total changes during the year	-	(274)	(87)	3,667	3,306
Balance at March 31, 2014	¥18,239	¥19,293	¥49,298	(¥52)	¥86,778

	Accumulated other comprehensive income				Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Retirement benefits liability adjustments	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2013	¥316	¥-	(¥7,340)	(¥7,023)	¥268	¥76,718
Changes during the year						
Dividends from surplus						(1,991)
Net income						5,299
Purchase of treasury stock						(2)
Retirement of treasury stock						-
Net changes in items other than shareholders' equity	258	(812)	3,859	3,305	153	3,458
Total changes during the year	258	(812)	3,859	3,305	153	6,764
Balance at March 31, 2014	¥574	(¥812)	(¥3,481)	(¥3,718)	¥422	¥83,482

Thousands of U.S. dollars (Note 5)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	\$177,083	\$189,976	\$479,473	(\$36,117)	\$810,416
Changes during the year					
Dividends from surplus			(19,335)		(19,335)
Net income			51,452		51,452
Purchase of treasury stock				(20)	(20)
Retirement of treasury stock		(2,664)	(32,967)	35,631	
Net changes in items other than shareholders' equity					
Total changes during the year	-	(2,664)	(849)	35,611	32,098
Balance at March 31, 2014	\$177,083	\$187,312	\$478,624	(\$506)	\$842,513

	Accumulated other comprehensive income				Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Retirement benefits liability adjustments	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2013	\$3,076	\$-	(\$71,266)	(\$68,191)	\$2,610	\$744,836
Changes during the year						
Dividends from surplus						(19,335)
Net income						51,452
Purchase of treasury stock						(20)
Retirement of treasury stock						-
Net changes in items other than shareholders' equity	2,506	(7,887)	37,470	32,090	1,491	33,581
Total changes during the year	2,506	(7,887)	37,470	32,090	1,491	65,678
Balance at March 31, 2014	\$5,582	(\$7,887)	(\$33,796)	(\$36,101)	\$4,101	\$810,514

The accompanying notes are an integral part of these statements.

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	¥18,239	¥19,567	¥47,391	(¥3,719)	¥81,478
Changes during the year					
Dividends from surplus			(1,991)		(1,991)
Net income			3,986		3,986
Purchase of treasury stock				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	1,994	(0)	1,994
Balance at March 31, 2013	¥18,239	¥19,567	¥49,385	(¥3,719)	¥83,472

	Accumulated other comprehensive income			Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2012	(¥179)	(¥9,294)	(¥9,473)	¥186	¥72,191
Changes during the year					
Dividends from surplus					(1,991)
Net income					3,986
Purchase of treasury stock					(0)
Net changes in items other than shareholders' equity	495	1,953	2,449	82	2,532
Total changes during the year	495	1,953	2,449	82	4,526
Balance at March 31, 2013	¥316	(¥7,340)	(¥7,023)	¥268	¥76,718

Consolidated Statements of Cash Flows

For the years ended March 31, 2014 and 2013.

	Millions of Yen		Thousands of U.S. dollars (Note 5)
	2014	2013	2014
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥9,299	¥7,332	\$90,284
Depreciation and amortization	3,711	3,558	36,038
Amortization of goodwill	668	561	6,486
Impairment loss on fixed assets	80	-	785
Increase (decrease) in provision for accrued retirement benefits	(2,724)	(337)	(26,451)
Increase (decrease) in liability for retirement benefits	2,897	-	28,129
Increase (decrease) in allowance for doubtful accounts	(3)	38	(39)
Interest and dividend income	(176)	(175)	(1,709)
Equity in (earning) losses of affiliates	(49)	47	(483)
Interest expenses	50	41	487
Foreign currency translation (gain) loss	30	(23)	292
(Gain) loss on sale of investments in securities	-	(2)	-
Loss on write-down of investments in securities	-	244	-
(Gain) loss on sale of fixed assets	(21)	(5)	(206)
Loss on disposal of fixed assets	51	41	503
(Increase) decrease in trade notes and accounts receivable	(2,089)	(413)	(20,288)
(Increase) decrease in inventories	217	(173)	2,110
Increase (decrease) in trade notes and accounts payable	958	414	9,308
Others	1,002	256	9,733
Subtotal	13,902	11,408	134,979
Interest and dividends received	244	222	2,372
Interest paid	(50)	(41)	(488)
Payment for extra retirement payments	(0)	(209)	(3)
Income taxes paid	(3,084)	(3,443)	(29,946)
Income taxes refunded	23	42	227
Net cash provided by operating activities	11,035	7,979	107,141
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	(2,000)	(2,000)	(19,417)
Proceeds from redemption of marketable securities	2,200	2,000	21,359
Payment for purchase of property, plant and equipment	(3,225)	(2,152)	(31,316)
Proceeds from sale of property, plant and equipment	33	23	324
Payment for acquisition of intangible assets	(2,250)	(1,883)	(21,845)
Payment for acquisition of investments in securities	(306)	(1,803)	(2,972)
Increase in time deposits	(5,267)	(5,762)	(51,145)
Decrease in time deposits	4,683	5,265	45,473
Loans to third parties	(7)	(63)	(68)
Collection of loans	11	65	110
Others	46	92	454
Net cash used in investing activities	(6,081)	(6,220)	(59,045)
Cash Flows from Financing Activities:			
Proceeds from short-term bank loans	145	-	1,413
Repayment of short-term bank loans	(264)	(173)	(2,571)
Proceeds from long-term debt	972	-	9,440
Payment for acquisition of treasury stock	(2)	(0)	(20)
Repayments of finance lease obligations	(1,507)	(1,173)	(14,635)
Proceeds from sale and leaseback	1,891	1,807	18,363
Dividends paid	(1,991)	(1,991)	(19,335)
Dividends payment to minority interests	(24)	(43)	(234)
Net cash used in financing activities	(780)	(1,575)	(7,578)
Effect of exchange rate changes on cash and cash equivalents	881	481	8,554
Net increase (decrease) in cash and cash equivalents	5,054	665	49,073
Cash and cash equivalents at beginning of year	26,587	25,921	258,129
Increase in cash and cash equivalents resulting from merger of consolidated subsidiary and unconsolidated subsidiary	32	-	319
Cash and cash equivalents at end of year (Note 15)	¥31,674	¥26,587	\$307,521

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of AMANO Corporation [hereafter called “the Company”] and its subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations in Japan. The accounts of the Company and domestic subsidiaries included in the consolidation are based on the accounting records maintained in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and the disclosure requirements of International Financial Reporting Standards. The information in the consolidated financial statements is derived from the original text, scope, and the nature of that information, and is therefore limited to that contained in the original text. As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. Certain amounts in the prior years’ financial statements have been reclassified to conform to the current year’s presentation.

2. Principles of Consolidation

(1) Scope of Consolidation

The Company had 26 consolidated

subsidiaries at March 31, 2014. The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by the Company. Under the control concept, major subsidiaries in which the Company is able to exercise control over operations are to be fully consolidated. The accounts of the overseas consolidated subsidiaries are consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2013 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2014. All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

None of the 7 unconsolidated subsidiaries are accounted for by the equity method, because the effect on their net income or losses and retained earnings on the accompanying Consolidated Financial Statements are immaterial. The affiliates accounted for by the equity method are listed below:

- Parkinsys Technology Co., Ltd.
- Creo Co., Ltd.

3. Summary of Significant Accounting Policies

(1) Cash and Cash Equivalents

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

(2) Inventories

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

(3) Property, Plant and Equipment

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

Buildings and structures 7-50 years
Machinery and vehicles 7-17 years
Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(4) Intangible Assets

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

(5) Lease Assets

Leased assets in finance lease transactions not involving transfer of ownership are depreciated by the straight-line method over the term of the lease, with a residual value of zero.

(6) Accounting for Financial Instruments

(a) Derivatives

All derivatives are stated at their fair

values, with changes in fair value included in net profit or loss for the period in which they arise.

(b) Securities

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

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at their fair values, with changes in fair values included in net profit or loss for the period in which they arise. Additionally, Securities held in trusts for trading purposes are accounted for in the same manner as trading securities. Held-to-maturity debt securities, that the Company and its subsidiaries have intent to hold to maturity, are stated at their costs after accounting for 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) Foreign Currency Translation

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payable 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.

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

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

consolidated subsidiaries” in the accompanying consolidated financial statements.

(9) 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.

(10) Allowance for Doubtful Accounts

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

(11) Retirement Benefits

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

(12) Accrued employees' bonuses

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

(13) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(14) Net income and Dividends per Share

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

(15) Revenue from Construction Contracts

Revenues and costs of construction contracts are recognized by the percentage-of-completion method in case the percentage of completion for each contract can be reliably estimated. The percentage of completion is measured by the percentage of total costs incurred to date to estimated total costs for each contract. The completed-contract method

is applied to the contracts in case the percentage of completion cannot be reliably estimated.

(16) Accounting for consumption taxes

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

(17) Accounting Changes

The Company adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the standard and in the main clause of Section 67 of the guidance) as of the end of the fiscal year ended March 31, 2014. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income. As a result of this change, an asset for retirement benefits was recognized in the amount of ¥73 million (\$709 thousand), a liability for retirement benefits was recognized in the amount of ¥4,158 million (\$40,372 thousand) and accumulated other comprehensive income decreased by ¥812 million (\$7,887 thousand) as of March 31, 2014. In addition, net assets per share decreased by ¥10.61 (\$0.103).

4. Significant Subsequent Events

At the Board of Directors Meeting held on March 28, 2014, the Company announced that the American subsidiary Amano Pioneer Eclipse Corporation ("APEC" hereunder) of the company, entered into an agreement with Nilfisk-Advance, Inc. a company located in Minnesota U.S.A., to acquire their wooden floor sanding equipment business.

(1) Purpose for the acquisition
APEC will continue to provide the same products to Nilfisk's customer base and enhance its product line by adding wood floor sanding equipment to its existing vinyl and concrete product lines. The acquisition will also allow APEC to promote chemical/equipment packaged sales which will contribute to the expansion of its Clean Systems business.

(2) Name of the selling party
Nilfisk-Advance, Inc.

(3) Contents of Business Acquisition
The business assets of a division engaged in wooden floor sanding equipment.

(4) Asset and liability amount of business acquisition
The amount has not been determined at this time.

(5) Purchase price
US\$22,350 thousands

(6) Business acquisition date
March 31, 2014

5. United States Dollar Amounts

The Company maintains its account-

ing 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 ¥103 = US\$1, the approximate effective rate of exchange prevailing on March 31, 2014. The inclusion of U.S. dollar amounts is solely for convenience of readers outside Japan and is not intended to imply that yen amounts could be converted, realized, or settled in U.S. dollars at that, or any other rate.

6. Standards Issued but Not Yet Effective

On May 17, 2012, the ASBJ issued “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009. The major changes are follows:

(1) Overview

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

(2) Scheduled date of adoption

The revised accounting standard and guidance were adopted as of the end

of the fiscal year ended March 31, 2014. However, revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015.

(3) Impact of adopting revised accounting standard and guidance

The impact is currently evaluated.

7. Investments in Unconsolidated Subsidiaries and Affiliates

Among investments in securities, amount in aggregate corresponding to unconsolidated subsidiaries and affiliates at March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Investments in equity securities	¥1,802	¥1,724	\$17,495
Others	138	138	1,340

8. Notes and Accounts Receivable

The Company recognizes settlements of trade notes receivable when the banks actually clear the notes.

As March 31, 2013 was a holiday for financial institutions, the following account includes the unsettled balance of trade notes receivable due on that date in the accompanying consolidated balance sheet as of March 31, 2014.

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Trade notes receivable	–	¥502	–

9. Assets Pledged as Collateral and Obligations Secured by Collateral

As at March 31, 2014 and 2013, the following assets were pledged as collateral for bank loans:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Buildings and structures	¥33	¥27	\$320

As at March 31, 2014, such collateral secured the following obligations:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Short-term bank loans	¥19	¥24	\$184
Long-term loans payable	19	32	184
	¥39	¥56	\$379

10. Treasury Stock

The detail of the treasury stock at March 31 for which retirement had not been completed after resolution of the Board of Directors is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
(1)Book value of treasury stock	–	¥3,669	–
(2)Type		Common Stock	
(3)Number of treasury stock		4,600,000 shares	

11. Selling, General, and Administrative Expense

Selling, general, and administrative expenses during the years ended March 31, 2014 and 2013 principally include:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Employees' bonuses	¥1,360	¥1,198	\$13,204
Retirement benefits	1,145	1,179	11,117
Salaries and allowances	15,659	14,017	152,029
Allowance for doubtful accounts	(66)	(19)	(641)

12. Research and Development Costs

Research and development costs included in general and administrative expenses and manufacturing cost for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Research and development cost	¥1,269	¥1,148	\$12,320

13. Changes in Shareholders' Equity

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2013 to March 31, 2014 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Common stock (shares)	81,257,829	—	4,600,000	76,657,829

(Reason of change)

The decrease in the number of shares is due to the retirement of treasury stock.

(2) Shares of treasury stock

Share type	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Common stock (shares)	4,662,695	2,113	4,600,000	64,808

(Reason of change)

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

The decrease in the number of shares is due to the retirement of treasury stock.

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2012 to March 31, 2013 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock (shares)	81,257,829	—	—	81,257,829

(Reason of change)

The decrease in the number of shares is due to the retirement of treasury stock.

(2) Shares of treasury stock

Share type	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock (shares)	4,661,851	844	—	4,662,695

(Reason of change)

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

14. Dividends

Information for dividends for the fiscal year ended March 31, 2014 is as follows:

(1) Dividends paid

Resolution	Share type	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S.dollars)	Dividend per share (Yen)	Dividend per share (U.S.dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 27, 2013	Common stock	995	9,660	13	0.126	March 31, 2013	June 28, 2013
"Board of directors meeting, November 6, 2013"	Common stock	995	9,660	13	0.126	September 30, 2013	December 3, 2013

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

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S.dollars)	Dividend per share (Yen)	Dividend per share (U.S.dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 27, 2014	Common stock	Retained earnings	1,302	12,641	17	0.165	March 31, 2014	June 30, 2014

Information for dividends for the fiscal year ended March 31, 2013 is as follows:

(1) Dividends paid

Resolution	Share type	Total dividend (Millions of Yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 28, 2012	Common stock	995	13	March 31, 2012	June 29, 2012
"Board of directors meeting, November 5, 2012"	Common stock	995	13	September 30, 2012	December 4, 2012

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

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 27, 2013	Common stock	Retained earnings	995	13	March 31, 2013	June 28, 2013

15. Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to the amounts shown in the consolidated balance sheet as at March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Cash and bank deposits	¥35,014	¥29,175	\$339,942
Marketable securities	1,658	1,241	16,097
Sub total	36,672	30,416	356,039
Time deposits due over three months	(3,690)	(2,829)	(35,825)
Marketable securities due over three months	(1,307)	(1,000)	(12,689)
Cash and cash equivalents	¥31,674	¥26,587	\$307,515

(Supplemental disclosure of non-cash transactions)

The Company recorded assets of ¥1,569 million (\$15,233 thousand) and corresponding obligations of ¥2,002 million (\$19,436 thousand) for finance lease transactions for the year ended March 31, 2014.

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Leased assets	¥1,569	¥1,589	\$15,233
Leased obligations	2,002	1,981	19,437

16. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the years ended March 31, 2014 and 2013 are summarized as follows:

Location	Purpose of use	Category	Millions of Yen		Thousands of U.S.dollars (Note 5)
			2014	2013	2014
Amano Cincinnati, Inc.(U.S.A.)	Business use	Machinery and equipment	¥80	–	\$777

Method to Group Assets:

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

Recognition of Impairment Losses:

In the year ended March 31, 2014, the total amount of projected future cash flows generated from the asset group of Amano Cincinnati, Inc. fell below the book values. As a result, the book values of these assets were reduced to the recoverable amount, and the reduction was recognized as impairment losses.

Calculation of Recoverable Amount:

The recoverable amount for the said assets is reasonably estimated based on the net selling price, such as real estate appraised value.

17. Other Comprehensive Income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Net unrealized gains (losses) on other securities:			
Amount arising during the year	¥360	¥693	\$3,495
Reclassification adjustments	–	3	–
The amount of net unrealized gains (losses) on other securities before tax effect	360	697	3,495
Tax effect	(102)	(200)	(990)
Net unrealized gains (losses) on other securities	258	497	2,505
Translation adjustments:			
Amount arising during the year	3,880	1,969	37,670
Reclassification adjustments	–	11	–
The amount of translation adjustments before tax effect	3,880	1,980	37,670
Tax effect	–	(18)	–
Translation adjustments	3,880	1,961	37,670
Share of other comprehensive income of companies accounted for by the equity method:			
Amount arising during the year	35	28	340
Total other comprehensive income	¥4,174	¥2,487	\$40,524

18. Leases Commitments

(1) Lessees' accounting

Minimum future lease payments under operating leases subsequent to March 31, 2014 and 2013 for non-cancelable operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Due within one year	¥107	¥79	\$1,039
Due over one year	661	65	6,417
Total	¥769	¥145	\$7,466

(2) Lessors' accounting

Minimum future lease income under operating leases subsequent to March 31, 2014 and 2013 for non-cancelable operating leases is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Due within one year	¥99	–	\$961
Due over one year	1,004	–	9,748
Total	¥1,104	–	\$10,718

19. Financial Instruments

Overview

(1) Management policy

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

(2) Financial instruments and their risks

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

(3) Risk management policies

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

The Company has an established credit management policy, whereby credit risk exposure arising from both notes and accounts receivable is monitored on an ongoing basis in order to detect credit deterioration as well as to trigger appropriate minimizing measures at its early stages.

Held-to-maturity investments are subject to the examination and decision of the Funds Management Review Committee and accordingly, investments largely consists of negotiable deposits and high graded securities, which are considered to have minimal credit risk.

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

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

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

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

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

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

Estimated fair value of financial instruments

Differences between carrying value and estimated fair value as of March 31, 2014 and 2013 are as follows:

Financial instruments whose fair values are hardly estimated are not stated on the following chart; refer to (* 2).

	Millions of Yen			Thousands of U.S.dollars (Note 5)		
	2014			2014		
	Carrying value	Estimated fair value	Difference in amounts	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥35,014	¥35,014	–	\$339,942	\$339,942	–
(2) Notes and accounts receivable	28,584	28,584	–	277,515	277,515	–
(3) Marketable securities and investments in securities						
① Held-to-maturity	1,300	1,296	(¥3)	12,621	12,583	(\$38)
② Subsidiaries and affiliates	1,424	880	(543)	13,825	8,544	(5,281)
③ Other securities	4,812	4,812	–	46,718	46,718	–
Total (Asset)	¥71,135	¥70,588	(¥547)	\$690,631	\$685,320	(\$5,311)
(4) Trade notes and accounts payable	¥6,065	¥6,065	–	\$58,883	\$58,883	–
(5) Electronically recorded monetary claims	6,320	6,320	–	61,359	61,359	–
Total (Liability)	¥12,386	¥12,386	–	\$120,252	\$120,252	–

	Millions of Yen		
	2013		
	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥29,175	¥29,175	–
(2) Notes and accounts receivable	24,920	24,920	–
(3) Marketable securities and investments in securities			
① Held-to-maturity	1,350	1,347	(¥2)
② Other securities	1,406	965	(441)
Total (Asset)	3,999	3,999	–
	¥60,851	¥60,407	(¥444)
(4) Trade notes and accounts payable	¥5,633	¥5,633	–
(5) Electronically recorded monetary claims	5,404	5,404	–
Total (Liability)	¥11,038	¥11,038	–

(NOTES)

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

Asset:

(1) Cash and bank deposits, and (2) Trade notes and accounts receivable:

Since these items are settled in a short period of time, their carrying values approximate fair value.

(3) Marketable securities and investments in securities:

The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to (*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2014 and 2013.

Liability:

(4) Trade notes and accounts payable:

Since these items are settled in a short period of time, their carrying value approximates fair value.

(*2): Financial instruments, whose fair values are hardly estimated, are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Unlisted stocks (Carrying value)	¥756	¥935	\$7,340

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

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

	Millions of Yen			
	2014			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and bank deposits	¥35,014	—	—	—
Notes and accounts receivable	28,584	—	—	—
Marketable securities and investments in securities:				
Held-to-maturity securities	1,000	¥300	—	—
Other securities with maturity date	300	400	—	—
Total	¥64,898	¥700	—	—

	Millions of Yen			
	2013			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and bank deposits	¥29,175	—	—	—
Notes and accounts receivable	24,920	—	—	—
Marketable securities and investments in securities:				
Held-to-maturity securities	1,200	¥100	¥50	—
Other securities with maturity date	—	700	—	—
Total	¥55,295	¥800	¥50	—

	Thousands of U.S.dollars (Note 5)			
	2014			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and bank deposits	\$339,942	—	—	—
Notes and accounts receivable	277,515	—	—	—
Marketable securities and investments in securities:				
Held-to-maturity securities	9,709	\$2,913	—	—
Other securities with maturity date	2,913	3,883	—	—
Total	\$630,078	\$6,796	—	—

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

		Millions of Yen					
		2014					
		Due within 1 year	The second year	The third year	The fourth year	The fifth year	Thereafter
Long-term loan payable		–	¥296	¥1,130	¥69	¥500	¥136
Lease obligations		¥1,364	1,147	924	657	395	287
Total		¥1,364	¥1,444	¥2,055	¥726	¥895	¥423

		Millions of Yen					
		2013					
		Due within 1 year	The second year	The third year	The fourth year	The fifth year	Thereafter
Long-term loan payable		–	¥189	¥185	¥869	–	–
Lease obligations		¥1,162	1,102	786	563	¥299	¥382
Total		¥1,162	¥1,291	¥971	¥1,433	¥299	¥382

		Thousands of U.S.dollars (Note 5)					
		2014					
		Due within 1 year	The second year	The third year	The fourth year	The fifth year	Thereafter
Long-term loan payable		–	\$2,874	\$10,971	\$670	\$4,854	\$1,320
Lease obligations		\$13,243	11,136	8,971	6,379	3,835	2,786
Total		\$13,243	\$14,019	\$19,951	\$7,049	\$8,689	\$4,107

(*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2014 and 2013 are as follows:

		Millions of Yen			Thousands of U.S.dollars (Note 5)		
		2014			2014		
		Carrying value	Fair value	Unrealized gains (losses)	Carrying value	Fair value	Unrealized gains (losses)
Held-to-maturity		¥1,300	¥1,296	(¥3)	\$12,621	\$12,583	(\$29)
		Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost							
Stocks		¥2,260	¥1,396	¥864	\$21,942	\$13,553	\$8,388
Other		574	559	15	5,573	5,427	146
Subtotal		2,834	1,955	879	27,515	18,981	8,534
Other securities with carrying value not exceeding acquisition cost							
Stocks		1,495	1,572	(76)	14,515	15,262	(738)
Other		481	483	(1)	4,670	4,689	(10)
Subtotal		1,977	2,056	(78)	19,194	19,961	(757)
Total		¥4,812	¥4,011	¥800	\$46,718	\$38,942	\$7,767

		Millions of Yen		
		2013		
		Carrying value	Acquisition cost	Unrealized gains (losses)
Held-to-maturity		¥1,350	¥1,347	(¥2)
		Carrying value	Fair value	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost				
Stocks		¥1,679	¥961	¥718
Other		310	300	10
Subtotal		1,989	1,261	728
Other securities with carrying value not exceeding acquisition cost				
Stocks		1,614	1,901	(287)
Other		395	400	(4)
Subtotal		2,009	2,301	(292)
Total		¥3,999	¥3,562	¥436

20. Impairment Loss on Securities

The impairment losses on securities for the years ended March 31, 2014 and 2013 are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Other securities, marketable	–	¥4	–
Non-marketable equity securities	–	1	–
Investments in subsidiaries and affiliates	–	238	–

In case securities whose fair values at the year-end are less than 50% of the acquisition costs, or are more than 50% but less than 70% and deemed to be unrecoverable, the impairment losses are recognized.

21. Retirement Benefits

Outline of the retirement benefit plans adopted

- (1) Defined benefit corporate pension scheme: From March 1, 2009, the Company adopted a defined benefit corporate pension scheme as part of its retirement benefit plan.
- (2) Defined contribution pension scheme: From March 1, 2009, the Company adopted a defined contribution pension scheme as part of its retirement benefit plan.
- (3) Employees' pension fund: Since April 1, 1980, the Company has used an multiemployer contributory funded pension plan as a supplement to its existing retirement benefit scheme.

The funded status of the multiemployer contributory funded pension plans as at March 31, 2013, to which contributions are recorded as net periodic retirement benefit costs by the Company is summarized as follows:

	Millions of Yen
	2013
Fair value of plan assets	¥53,360
Benefit obligation in the calculation of pension financing	70,990
Difference	(17,630)
Companies' contribution percentage for multiemployer contributory funded pension plans*	21.8 %

*This shows the Companies' portion of the total estimated annual contribution to the plans, which is not necessary equal to the actual percentage of the Companies' portion against the funded status in the table above.

The components of accrued retirement benefits to employees as at March 31, 2013 are as follows:

	Millions of Yen
	2013
Projected benefit obligation	¥11,360
Plan assets	(7,713)
Unfunded benefit obligation	3,647
Unrecognized actuarial difference	(1,054)
Unrecognized prior service cost	21
Prepaid pension cost	57
Accrued retirement benefits to employees	¥2,670

The components of retirement benefit expenses for the year ended March 31, 2013 are as follows:

	Millions of Yen
	2013
Service cost	¥663
Interest cost	161
Expected return on plan assets	(164)
Amortization of unrecognized prior service cost	(3)
Amortization of unrecognized actuarial loss	211
Contribution to the multi-employer pension plan	523
Other*	319
Net retirement benefit expenses	¥1,711

* Contribution paid to defined contribution pension scheme.

The assumptions used for calculation of retirement benefits for the year ended March 31, 2013 are as follows:

	Millions of Yen
	2013
Method of attribution of estimated retirement benefits to periods of employee service	Straight-line method
Discount rate	1.5 %
Expected return on plan assets	2.5 %
Amortization period for unrecognized prior service cost	10 years
Amortization period for unrecognized actuarial difference	10 years

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

The changes in the retirement benefit obligation during the year ended March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Retirement benefit obligation at April 1, 2013	¥11,091	\$107,680
Service cost	626	6,078
Interest cost	174	1,689
Actuarial loss	489	4,748
Retirement benefit paid	(567)	(5,505)
Prior service cost	(12)	(117)
Other	32	311
Retirement benefit obligation at March 31, 2014	¥11,834	\$114,893

The changes in plan assets during the year ended March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Plan assets at April 1, 2013	¥7,586	\$73,650
Expected return on plan assets	189	1,835
Actuarial loss	80	777
Contributions by the Company	541	5,252
Retirement benefits paid	(524)	(5,087)
Other	2	19
Plan assets at March 31, 2014	¥7,876	\$76,466

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Funded retirement benefit obligation	¥11,716	\$113,748
Plan assets at fair value	(7,876)	(76,466)
	3,839	37,272
Unfunded retirement benefit obligation	118	1,146
Net liability for retirement benefits in the balance sheet	3,958	38,427
Liability for retirement benefits	3,958	38,427
Asset for retirement benefits	—	—
Net liability for retirement benefits in the balance sheet	¥3,958	\$38,427

The components of retirement benefit expense for the year ended March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Service cost	¥626	\$6,078
Interest cost	174	1,689
Expected return on plan assets	(189)	(1,835)
Amortization of actuarial loss	184	1,786
Amortization of prior service cost	(16)	(155)
Retirement benefit expense	¥780	\$7,573

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income(before tax effect) as of March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Unrecognized prior service cost	¥17	\$165
Unrecognized actuarial loss	(1,278)	(12,408)
Total	(¥1,261)	(\$12,243)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 are as follows:

	2014
General accounts	9%
Bonds	77%
Stocks	12%
Other	2%
Total	100%

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

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

*They are calculated by the weighted average method.

	2014
Discount rate	1.6%
Expected long-term rates of return on plan assets	2.5%

In defined benefit plans of applying the simplified method, the changes in the retirement benefit obligation during the year ended March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Liability for retirement benefit at April 1, 2013	¥142	\$1,379
Retirement benefit expense	21	204
Retirement benefit paid	(14)	(136)
Contributions to plan	(22)	(214)
Other	0	0
Liability for retirement benefit at March 31, 2014	¥126	\$1,223

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2014 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Funded retirement benefit obligation	¥137	\$1,330
Plan assets at fair value	(166)	(1,612)
	(28)	(272)
Unfunded retirement benefit obligation	155	1,505
Net liability for retirement benefits in the balance sheet	126	1,223
Liability for retirement benefits	200	1,942
Asset for retirement benefits	(73)	(709)
net liability for retirement benefits in the balance sheet	126	1,223

Retirement benefit expenses, which are calculated in simplified method during the year ended March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Retirement benefit expense	¥21	\$204

Contributions to defined contribution plans of the Company and its consolidated subsidiaries during the year ended March 31, 2014 are as follows:

	Millions of Yen	Thousands of U.S.dollars (Note 5)
	2014	2014
Contributions to defined contribution plans	¥335	\$3252

22. Income Taxes

Deferred tax assets and liabilities (both current and non-current) as at March 31, 2014 and 2013 consisted of the following elements:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Deferred tax assets:			
Accrued enterprise tax	¥181	¥114	\$1,757
Accrued employees' bonuses	731	679	7,097
Accounts payable and long-term accounts payable	95	78	922
Accrued retirement benefits to employees	–	949	–
Net liability for retirement benefits	1,445	–	14,029
Loss carried forward	1,173	941	11,388
Loss on write-down of investments in securities	599	546	5,816
Surplus on allowance for doubtful accounts	128	120	1,243
Unrealized gains	641	597	6,223
Others	935	833	9,078
Less: valuation allowance	(2,175)	(1,721)	(21,117)
Total deferred tax assets	¥3,756	¥3,139	\$36,466
Deferred tax liabilities:			
Reserve for advanced depreciation of building	(14)	(15)	(136)
Acquired intangible assets	(66)	(96)	(641)
Unrealized loss on other securities	(223)	(121)	(2,165)
Others	(176)	(177)	(1,709)
Total deferred tax liabilities	(481)	(410)	(4,670)
Net deferred tax assets	¥3,275	¥2,728	\$31,796
Reconciliation of actual tax rate is shown below:			
	2014	2013	
Effective statutory tax rate	38.0%	38.0%	
Adjustments:			
Entertainment and other nondeductible expenses	0.4	0.5	
Dividends and other nontaxable income	(3.7)	(5.7)	
Inhabitant tax on per capita levy	0.9	1.1	
Nondeductible amortization of goodwill	2.2	2.3	
Eliminated dividend received from subsidiaries	3.4	5.6	
Realization of tax benefits on operating losses	0.0	(0.1)	
Tax credit for research and development expenses	(0.5)	(0.3)	
Valuation allowance	0.8	3.0	
Deferred tax assets reduced by change of taxation rates	0.8	–	
Difference of foreign subsidiaries' taxation rates	(1.5)	(1.8)	
Equity in earnings of affiliates	(0.2)	0.3	
Others	1.1	1.6	
Actual tax rate	41.7%	44.5%	

23. Segment Information

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

The reportable segments are as follows:

1. Time information system business
2. Environmental system business

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

Millions of Yen					
2014					
	Reportable segments		Adjustments/ Eliminations	Consolidated	
	Time information system business	Environment system business			
Net sales:					
Sales to third parties	¥75,876	¥26,255	¥102,131	–	¥102,131
Intersegment sales and transfers	–	–	–	–	–
Total	75,876	26,255	102,131	–	102,131
Segment profit or loss	9,457	2,233	11,690	(2,864)	8,826
Segment assets	57,336	21,007	78,344	44,493	122,838
Depreciation and amortization	2,854	436	3,290	421	3,711
Impairment loss for fixed assets	80	–	80	–	80
Investment in equity-method affiliates	1,646	–	1,646	–	1,646
Increase in tangible and intangible fixed assets	5,508	272	5,781	133	5,915

Millions of Yen					
2013					
	Reportable segments		Adjustments/ Eliminations	Consolidated	
	Time information system business	Environment system business			
Net sales:					
Sales to third parties	¥65,535	¥24,760	¥90,295	–	¥90,295
Intersegment sales and transfers	–	–	–	–	–
Total	65,535	24,760	90,295	–	90,295
Segment profit or loss	7,845	2,292	10,138	(2,809)	7,329
Segment assets	49,760	19,498	69,259	40,216	109,476
Depreciation and amortization	2,742	418	3,161	396	3,558
Investment in equity-method affiliates	1,614	–	1,614	–	1,614
Increase in tangible and intangible fixed assets	4,202	379	4,582	131	4,713

Thousands of U.S. dollars (Note 5)					
2014					
	Reportable segments		Adjustments/ Eliminations	Consolidated	
	Time information system business	Environment system business			
Net sales:					
Sales to third parties	\$736,660	\$254,904	\$991,565	–	\$991,565
Intersegment sales and transfers	–	–	–	–	–
Total	736,660	254,904	991,565	–	991,565
Segment profit or loss	91,815	21,688	113,504	(27,813)	85,690
Segment assets	556,668	203,959	760,627	431,974	1,192,602
Depreciation and amortization	27,712	4,238	31,950	4,087	36,038
Impairment loss for fixed assets	785	–	785	–	785
Investment in equity-method affiliates	15,982	–	15,982	–	15,982
Increase in tangible and intangible fixed assets	53,484	2,647	56,131	1,299	57,430

(2) Related Information

Geographic Segments

Information by geographic region for the years ended March 31, 2014 and 2013 are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Net sales:			
Japan	¥72,937	¥66,902	\$708,126
North America	12,484	10,086	121,212
Others	16,709	13,306	162,225
Total	¥102,131	¥90,295	\$991,565
	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Tangible fixed assets:			
Japan	¥21,324	¥20,567	\$207,038
Others	2,920	2,418	28,349
Total	¥24,244	¥22,985	\$235,388

(3) Information on both “amortization of goodwill” and “unamortized balance” by reportable segments for the years ended March 31, 2014 and 2013 are summarized as follows:

	Millions of Yen				
	2014				
	Reportable segments			Eliminations/ Corporate	Total
	Time information system business	Environment system business	Total		
Amortization of goodwill	¥668	–	¥668	–	¥668
Unamortized balance	¥5,128	–	¥5,128	–	¥5,128
	Millions of Yen				
	2013				
	Reportable segments			Eliminations/ Corporate	Total
	Time information system business	Environment system business	Total		
Amortization of goodwill	¥561	–	¥561	–	¥561
Unamortized balance	¥4,679	–	¥4,679	–	¥4,679
	Thousands of U.S.dollars (Note 5)				
	2014				
	Reportable segments			Eliminations/ Corporate	Total
	Time information system business	Environment system business	Total		
Amortization of goodwill	\$6,486	–	\$6,486	–	\$6,486
Unamortized balance	\$49,795	–	\$49,795	–	\$49,795

24. Per Share Data

Net assets and net income per share as at and for the year ended March 31, 2014 and 2013 are as follows:

(1) Net assets per share

	Yen		U.S.dollars (Note 5)
	2014	2013	2014
Net assets per share	¥1,084.44	¥998.09	\$10.529
The basis for these calculations is as follows:			
	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Total net assets in consolidated balance sheet	¥83,482	¥76,718	\$810,505
Amount to be deducted from total net assets	422	268	4,097
(Out of the above minority interest portion)	(422)	(268)	(4,097)
Net assets relating to common stock	83,060	76,449	806,408
	Shares		
	2014	2013	
Number of shares of common stock used to compute net assets per share	76,593,021	76,595,134	

(2) Net income per share

	Yen		U.S.dollars (Note 5)
	2014	2013	2014
Net income per share	¥69.19	¥52.04	0.672
The basis for these calculations is as follows:			
	Millions of Yen		Thousands of U.S.dollars (Note 5)
	2014	2013	2014
Net income in the consolidated statement of income	¥5,299	¥3,986	\$51,447
Net income relating to common stock	¥5,299	¥3,986	\$51,447
	Shares		
	2014	2013	
Average number of shares of common stock outstanding during the term	76,594,071	76,595,533	

Corporate Data

Board of Directors

Chairman & Representative Director

Kaoru HARUTA

President & Representative Director

Izumi NAKAJIMA

Executive Officer & Representative Director

Haruhiko YAMAGUCHI

Director & Managing Operating Officer

Minoru KOYAMA

Hiroshi SHIRAIISHI

Toru UENO

Director & Operating Officer

Isao TERASAKI

Takeshi AKAGI

(Outside) Director

Isao KISHI

(Full-time) Audit & Supervisory Board Member

Tsuyoshi FUJIIWARA

Naoki NAKADA

(Outside) Audit & Supervisory Board Member

Yoshiyuki SATO

Takehide ITONAGA

Managing Operating Officer

Masamiki KONNO

Kenji KOHORI

Bungo NOGAWA

Operating Officer

Kunihiro IHARA

Morio KANEKO

Minoru YONEZAWA

Yasuhiro SASAYA

Tatsuo NIIHO

Masahiko MORITA

Myeong-Jin JEON

Domestic Operations

HEAD OFFICE

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

FACILITIES

SAGAMIHARA Facility

HOSOE Facility

SALES OFFICES

71 Sales Officers Located in major cities,
including

SAPPORO Office

SENDAI Office

OMIYA Office

TOKYO Office

NAGANO Office

NIIGATA Office

YOKOHAMA Office

HAMAMATSU Office

NAGOYA Office

KANAZAWA Office

KYOTO Office

OSAKA Office

OKAYAMA Office

HIROSHIMA Office

TAKAMATSU Office

FUKUOKA Office

SYSTEM CENTERS

SAPPORO System Center

SENDAI System Center

OMIYA System Center

TOKYO System Center

SHINAGAWA System Center

SHINJUKU System Center

WEST TOKYO System Center

CHIBA System Center

NAGANO System Center

NIIGATA System Center

KANAGAWA System Center

SHIZUOKA System Center

NAGOYA System Center

TOYOTA System Center

KANAZAWA System Center

OSAKA System Center

HIGASHI OSAKA System Center

KOBE System Center

HIROSHIMA System Center

TAKAMATSU System Center

FUKUOKA System Center

DOMESTIC SUBSIDIARIES

AMANO MANAGEMENT SERVICE CORPORATION

AMANO MAINTENANCE ENGINEERING CORPORATION

AMANO BUSINESS SOLUTIONS CORPORATION

ENVIRONMENTAL TECHNOLOGY CO., LTD.

AMANO MUSASHI ELECTRIC CORPORATION

AMANO AGENCY CORPORATION

Overseas Operations

1. **AMANO USA HOLDINGS, INC.**
CORPORATE HEADQUARTERS
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2. **AMANO CINCINNATI, INC.**
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45140-7726 U.S.A.
4. **AMANO CINCINNATI CANADA INC.**
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5. **AMANO PIONEER ECLIPSE CORPORATION**
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28675-0909 U.S.A.
6. **AMANO McGANN, INC.**
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7. **ACCU-TIME SYSTEMS, INC.**
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06029 U.S.A.
8. **ACCU-TECH SYSTEMS, Ltd.**
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