

# Consolidated financial results

for the fiscal year ended March 31, 2007

- 1 Performance overview
- 2 Details of performance
- 3 Business forecast for FY2007
- 4 Approach to medium-term management plan
- 5 Other information

This document may contain forward-looking statements which reflect management's current views with respects to certain future events and financial performances. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

So please avoid making investment decision relying only on this document. And please note that we may change the contents of the forward-looking statements without advance notice except that we need legal procedures.



# 1 Performance overview

# Business results compared with previous fiscal year



Performance overview

**Sales** Enjoyed solid sales driven by financial institution market and overseas market.

**Profit** Improved profit ratio due to increasing net sales and reduction of sales cost ratio and SG&A ratio.

| (Millions of yen) | FY2005  | FY2006  | Comparison with previous fiscal year | Forecast for FY2006<br>(revised in August 7, 2006) |
|-------------------|---------|---------|--------------------------------------|--|
| Net sales         | 141,231 | 164,539 | +16.5%                               | 160,000  |
| Operating profit  | 5,453   | 12,960  | +137.7%                              | 11,000   |
| Ordinary profit   | 6,132   | 13,406  | +118.6%                              | 11,200   |
| Net income        | 740     | 6,461   | +773.1%                              | 7,000  |

(Note) Liabilities such as lease payments of *pachinko* parlors and legal settlement in the U.S. were recorded as extraordinary loss.



## **2** Details of performance

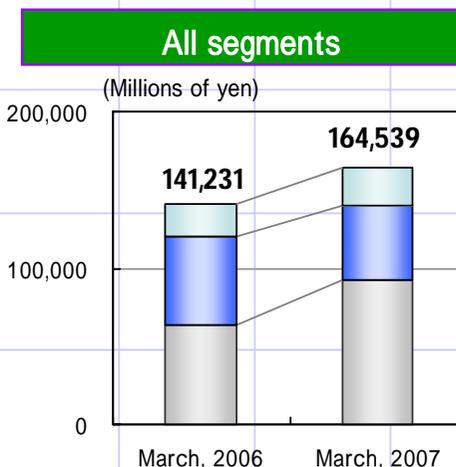
# Net sales by segment / by market



(Millions of yen)

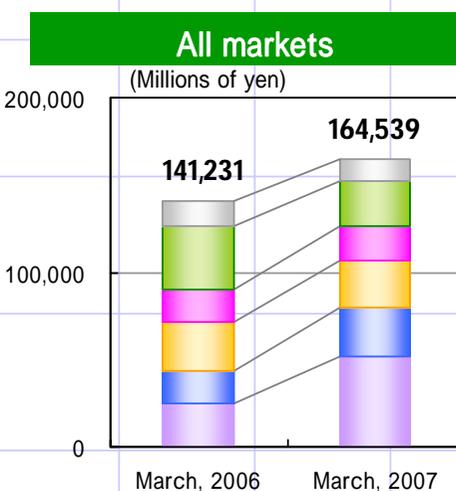
| By segment  | FY2005 | FY2006 | Comparison with previous fiscal year |
|---|--------|--------|--------------------------------------|
| Money handling machines & Cash management systems | 63,567 | 92,829 | +46.0%                               |
| Vending machines & Automatic service equipment    | 57,052 | 47,535 | - 16.7%                              |
| Other goods and products                          | 20,610 | 24,174 | +17.3%                               |

Details of performance



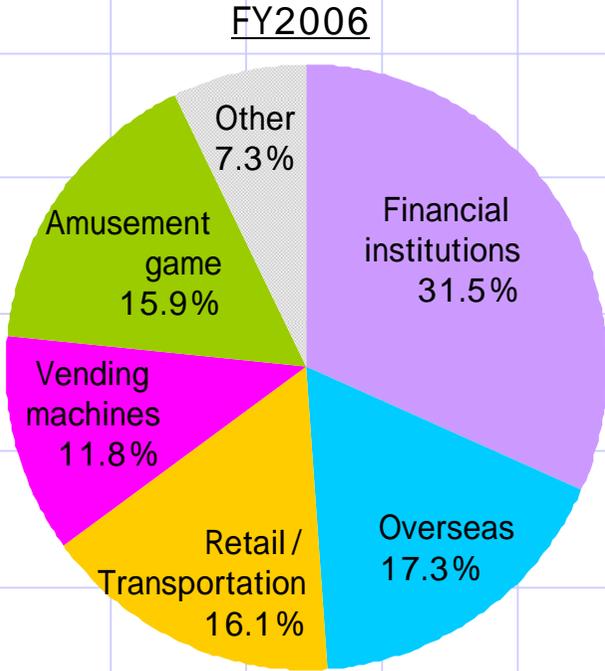
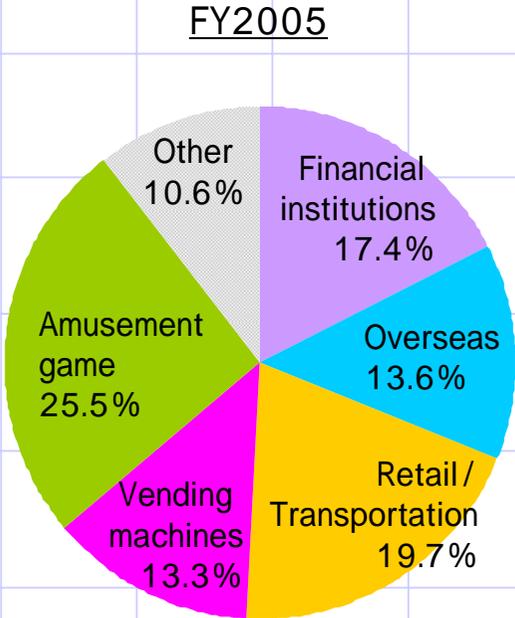
(Millions of yen)

| By market              | FY2005 | FY2006 | Comparison with previous fiscal year |
|------------------------|--------|--------|--------------------------------------|
| Financial institutions | 24,598 | 51,826 | +110.7%                              |
| Overseas               | 19,148 | 28,476 | +48.7%                               |
| Retail/ Transportation | 27,818 | 26,557 | - 4.5%                               |
| Vending machines       | 18,730 | 19,388 | +3.5%                                |
| Amusement game         | 35,986 | 26,202 | - 27.2%                              |
| Other                  | 14,951 | 12,090 | - 19.1%                              |



# Sales composition by market

Details of performance



| (Millions of yen) | FY2005  | FY2006  | Comparison with previous fiscal year |
|-------------------|---------|---------|--------------------------------------|
| Net sales         | 141,231 | 164,539 | +16.5%                               |

# Financial institution market

Details of performance

## Expansion of demand for our core products

- In financial institutions, willingness to invest is rising related to reduction in human error in cash handling services thanks to improving business results.
- There are promotion of mechanization and strengthening of internal control caused by privatization of postal business.

**[Sales comparison with previous fiscal year] +110.7%**

### Our main products influenced business results

- ↑ Open teller systems "WAVE series"
- ↑ Banknote/coin depositing and dispensing machines "RB series"



Open teller systems  
WAVE series



Banknote/coin depositing and  
dispensing machines  
RB series

| Market                 | FY2005 | FY2006 | Comparison with previous fiscal year |
|------------------------|--------|--------|--------------------------------------|
| Financial institutions | 24,598 | 51,826 | +110.7%                              |



# Overseas market

Details of performance

## Expansion of demand for system devices in Europe

Demands for ATMs and system devices increased due to growing needs of automated processing machines to take a measure against counterfeit euro banknotes.

| Market   | FY2005 | FY2006 | Comparison with previous fiscal year |
|----------|--------|--------|--------------------------------------|
| Overseas | 19,148 | 28,476 | +48.7%                               |

**[Sales comparison with previous fiscal year] +48.7%**

Our main products influenced business results

↑ Banknote depositing and dispensing machines “RBU series/RZ series”

↑ Banknote depositing units for ATMs “UD series”



Banknote depositing and dispensing machines  
RBU series



Banknote depositing and dispensing machines  
RZ series



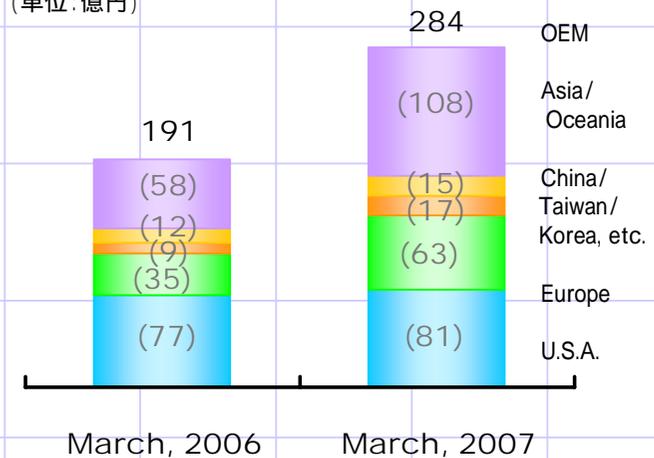
Banknote depositing units for ATMs  
UD series

Net sales ratio to total sales



Consolidated net sales

(単位: 億円)



# Retail / Transportation market

Details of performance

## Enjoyed solid sales in cash recyclers for cashiers

Demand for systems around cashiers increased due to increasing of part-timers and extending shop hour. Although deposit machines enjoyed solid sales, the other products were in low sales.

**[Sales comparison with previous fiscal year] -4.5%**

Our main products influenced business results

↑ Cash recyclers for cashiers "RT/RAD series"



Cash recyclers for cashiers with drawer  
RT-RAD series



Cash recyclers for major appliance store  
RT-RAD series

| Market                | FY2005 | FY2006 | Comparison with previous fiscal year |
|-----------------------|--------|--------|--------------------------------------|
| Retail/Transportation | 27,818 | 26,557 | - 4.5%                               |

Net sales ratio to total sales

19.7%

16.1%

Consolidated net sales

(Millions of yen)

27,818

26,557

March, 2006

March, 2007

# Vending machine market

Details of performance

## Slightly increased sales in cigarette vending machines

Sales of cigarette vending machines with a new function to recognize if the customer is 20 years old or older remained smoothly due to aggressive sales activity.

Remodeling operation started on October 2006 also contributed to the sales.

**[Sales comparison with previous fiscal year] +3.5%**

Our main products influenced business results

↑ Cigarette vending machines



Cigarette Vending machines  
TNR series

| Market           | FY2005 | FY2006 | Comparison with previous fiscal year |
|------------------|--------|--------|--------------------------------------|
| Vending machines | 18,730 | 19,388 | +3.5%                                |

Net sales ratio to total sales

13.3%

11.8%

Consolidated net sales

(Millions of yen)

18,730

19,388

March, 2006

March, 2007

# Amusement game market

Details of performance

## Decline in capital investment due to industry-wide downturn

Under regulation revision of *pachinko* and *pachislo* machines, *pachinko* parlors tend to invest to replace an old game machine with a new one. Moreover, due to shrinking of the market such as decrease in the number of *pachinko* players, demand for game-related units were low. Sales of card-related devices remained smoothly.

**[Sales comparison with previous fiscal year] -27.2%**

Our main products influenced business results

- ↓ Token dispensing machines for banknotes
- ↓ Banknote exchange machines



Token dispensing machines  
for banknotes  
JMM-20/20A



High denomination banknote  
exchange machines  
ER-120-E

| Market         | FY2005 | FY2006 | Comparison with previous fiscal year |
|----------------|--------|--------|--------------------------------------|
| Amusement game | 35,986 | 26,202 | - 27.2%                              |

Net sales ratio to total sales

25.5%

15.9%

Consolidated net sales

(Millions of yen)

35,986

26,202

March, 2006

March, 2007

# Other markets

Details of performance

## Enjoyed solid sales in election-related system

Products related to public offices market enjoyed solid sales because we certainly satisfied demand for unified local elections with new product.

| Market | FY2005 | FY2006 | Comparison with previous fiscal year |
|--------|--------|--------|--------------------------------------|
| Other  | 14,951 | 12,090 | - 19.1%                              |

**[Sales comparison with previous fiscal year] +34.5%**

Our main products influenced business results

↑ Ballot paper sorters "GTS series"



Ballot paper sorters  
GTS-series

[Installed base of GTS in unified local elections]

- Election date  
April 8 & 22, 2007
- Installed base of GTS  
Total 420 machines  
(GTS-500 x total 120 machines)
- Ballot-counting places  
Total 150 places

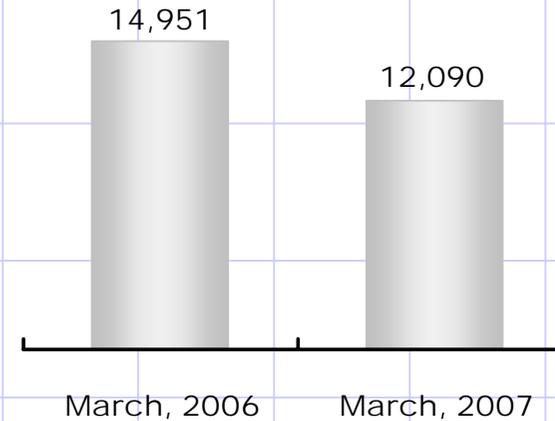
Net sales ratio to total sales

10.6%

7.3%

Consolidated net sales

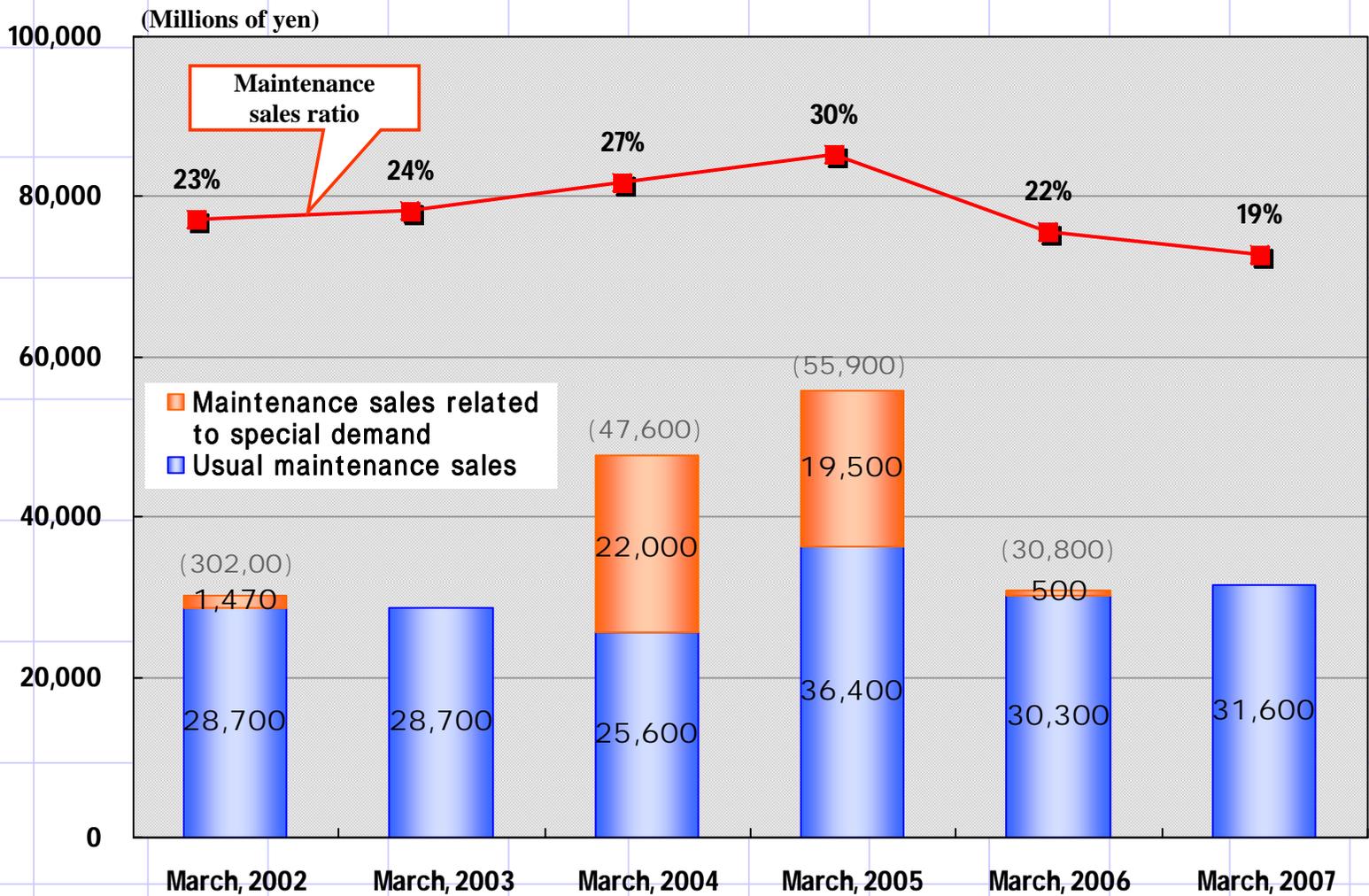
(Millions of yen)



# Maintenance sales



Details of performance



# Statements of income



Details of performance

(Millions of yen)

| (Millions of yen)                                 | FY2005  | FY2006  | Changes |
|---|---------|---------|---------|
| Net sales   | 141,231 | 164,539 | 23,308  |
| Sales cost  | 94,209  | 108,627 | 14,418  |
| SG&A  | 41,568  | 42,951  | 1,383   |
| Operating profit                                  | 5,453   | 12,960  | 7,506   |
| Other income                                      | 1,450   | 1,719   | 268     |
| Other expenses                                    | 771     | 1,272   | 500     |
| Ordinary profit                                   | 6,132   | 13,406  | 7,274   |
| Extraordinary profit                              | 91      | 173     | 82      |
| Extraordinary loss                                | 3,900   | 3,980   | 80      |
| Income before income taxes and minority interests | 2,323   | 9,599   | 7,276   |
| Income taxes - deferred                           | 1,732   | 3,127   | 1,394   |
| Net income  | 740     | 6,461   | 5,720   |

Extraordinary loss

- 1 . Settlement of a patent infringement in the U.S. (7,200 million yen)
- 2 . One - time depreciation of goodwill of subsidiaries added to consolidated subsidiaries
- 3 . Loss on retirement of fixed assets
- 4 . Provision for loss of cancellation of leases due to applying for bankruptcy rehabilitation by *pachinko* parlor

# 3 Business forecast for FY2007

# Business forecast

GLORY

Business forecast for FY2007

## Sales

Increased over the previous fiscal year due to expansion of demand in financial institution market and vending machine market.

## Profit

Decreased due to increasing R&D investment and negative effect of regulation revision of depreciation.

| (Millions of yen) | FY2006  | FY2007<br>(estimated) | Comparison with<br>previous fiscal year |
|-------------------|---------|-----------------------|---|
| Net sales         | 164,539 | 170,000               | + 3.3%                                  |
| Operating profit  | 12,960  | 12,000                | - 7.4%                                  |
| Ordinary profit   | 13,406  | 12,000                | - 10.5%                                 |
| Net income        | 6,461   | 8,000                 | +23.8%                                  |

(Note) Promoting improvement of management efficiency by promotion of improvement of business structure such as cost cutting, operational rationalization and human resource management.

# Projected sales by market

GLORY

Business forecast for FY2007

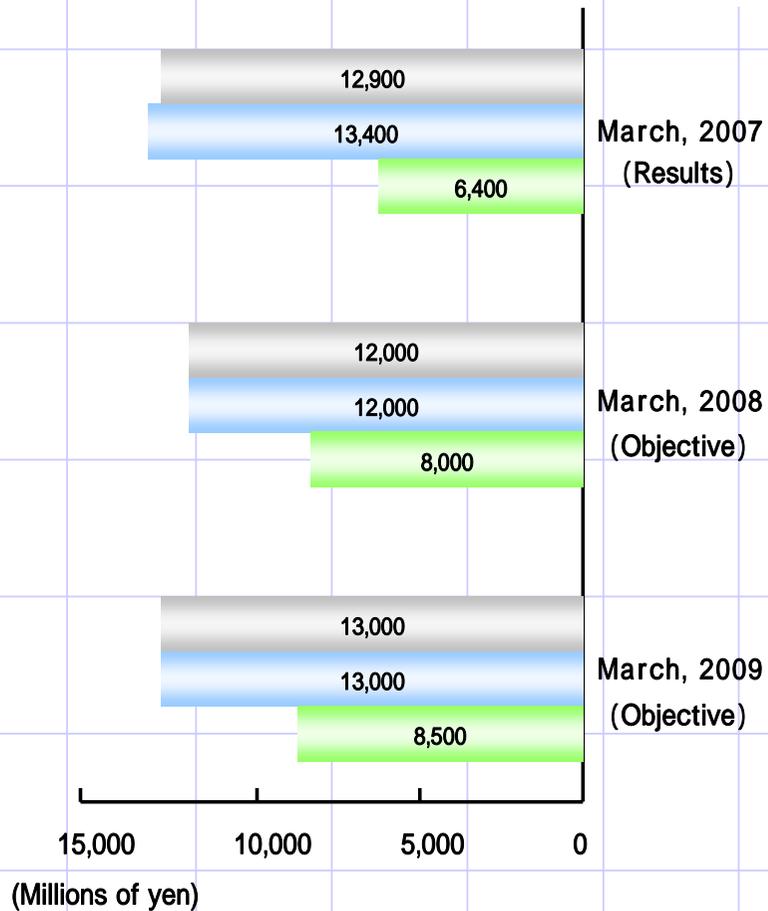
| (Millions of yen)         | FY2006         |                         | FY2007         |                         |                                      |
|---------------------------|----------------|-------------------------|----------------|-------------------------|--------------------------------------|
|                           | Net sales      | Sales composition ratio | Net sales      | Sales composition ratio | Comparison with previous fiscal year |
| Financial institutions    | 51,826         | 31.5%                   | 55,500         | 32.6%                   | + 7.1%                               |
| Overseas                  | 28,476         | 17.3%                   | 28,500         | 16.8%                   | 0%                                   |
| Retail/<br>Transportation | 26,577         | 16.1%                   | 26,000         | 15.3%                   | - 2.2%                               |
| Vending machines          | 19,388         | 11.8%                   | 24,000         | 14.1%                   | +23.8%                               |
| Amusement game            | 26,202         | 15.9%                   | 24,000         | 14.1%                   | - 8.4%                               |
| Other                     | 12,090         | 7.3%                    | 12,000         | 7.1%                    | - 0.7%                               |
| <b>Total</b>              | <b>164,539</b> | <b>100.0%</b>           | <b>170,000</b> | <b>100.0%</b>           | <b>+ 3.3%</b>                        |

# Medium-term profit objective

Business forecast for FY2007

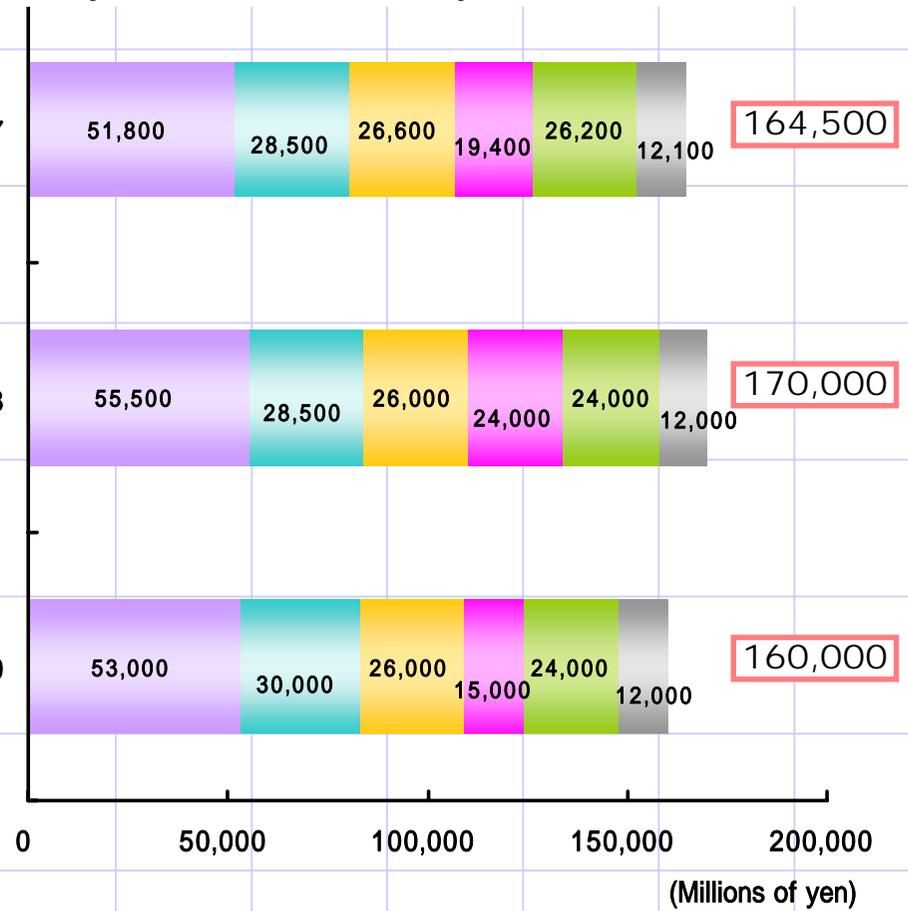
## Operating profit/Ordinary profit

Operating profit Ordinary profit Net income



## Net sales by market

Financial institutions Overseas Retail/Transportation  
Vending machines Amusement game Other

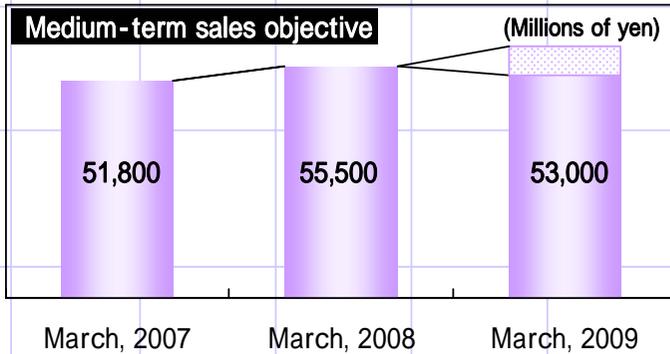


## 4 Approach to medium-term management plan

# Financial institution market

Approach to medium-term management plan

Increasing our market share due to expansion of business opportunity

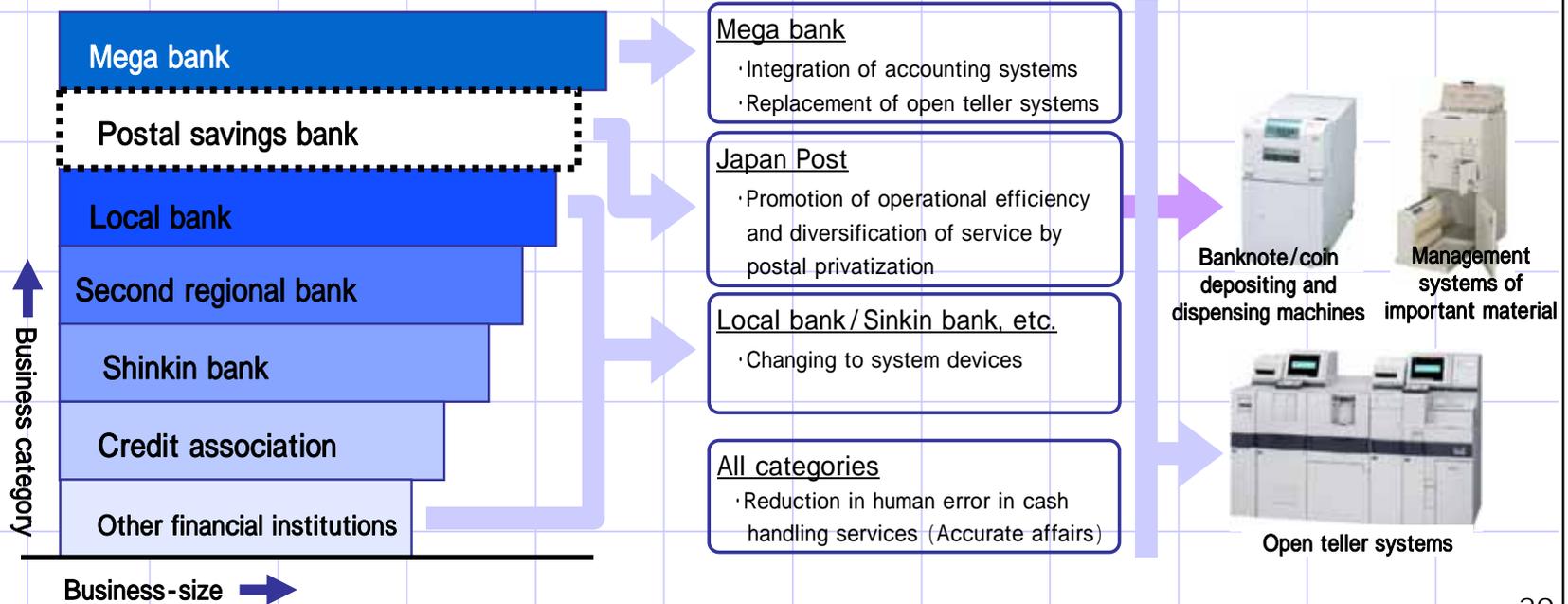


## Promoting sales for Japan Post

- Expanding sales of Banknote/coin depositing and dispensing machines
- Expanding installation of open teller systems

## Expanding sales of open teller systems

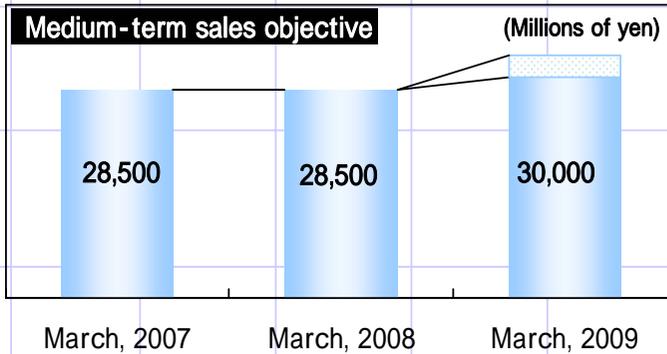
- Improvement of product lineup and function



# Overseas market

Approach to medium-term management plan

## Market development and sales promotion



**Strengthening our sales structure in Europe**

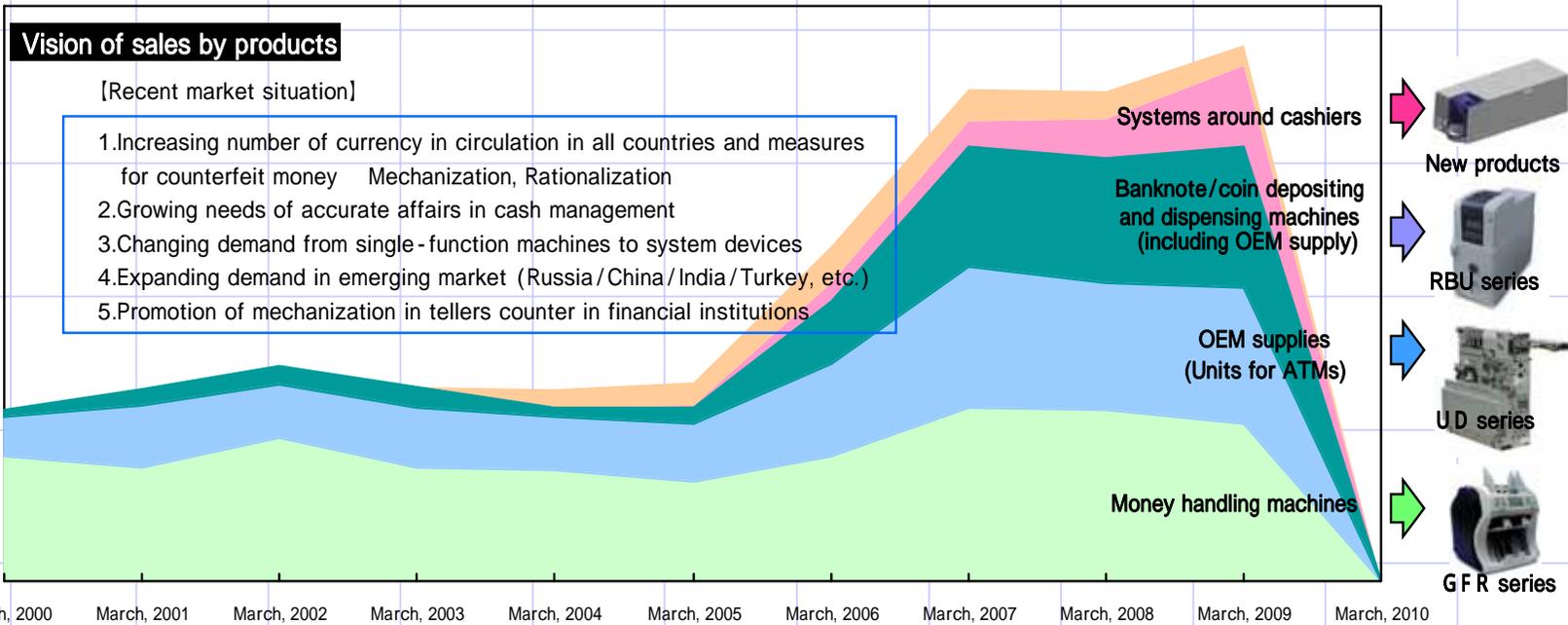
- Improvement of direct marketing structure in European market

**Expanding sales of ATM units**

- Improvement of response to the price

**Promoting sales for BRICs market**

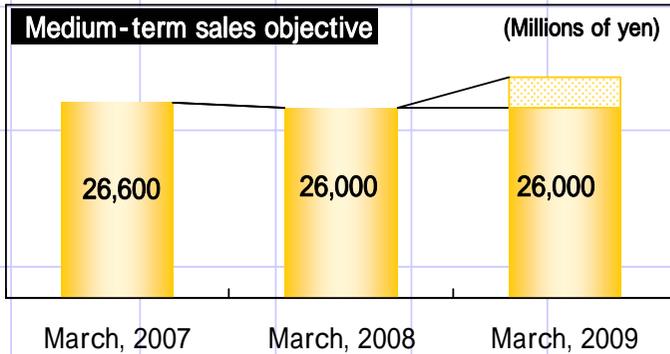
- Improvement of product lineup



# Retail / Transportation market

Approach to medium-term management plan

Promoting sales for cash-around market and security service market



## Promoting sales for cash-around market

- Expanding sales of cash recyclers for cashiers
- Provision of units for self-cash registers

## Promoting sales for security service market

- Response to growing needs of collection of cash by security service company

### Main products in cash-around market (Cash recyclers for cashiers)

|                   |   |  |
|-------------------|---|--|
| Normal            |   | <ul style="list-style-type: none"> <li>· Malls</li> <li>· Specialty shops</li> <li>· Restaurant, etc.</li> </ul> |
| Highly-functional |  | <ul style="list-style-type: none"> <li>· Major supermarkets</li> <li>· Major appliance stores, etc.</li> </ul>   |
| OEM supply        |  | Supplied to POS register manufactures as unit for self-cash register   |

### Main products in security service market (Deposit machines)

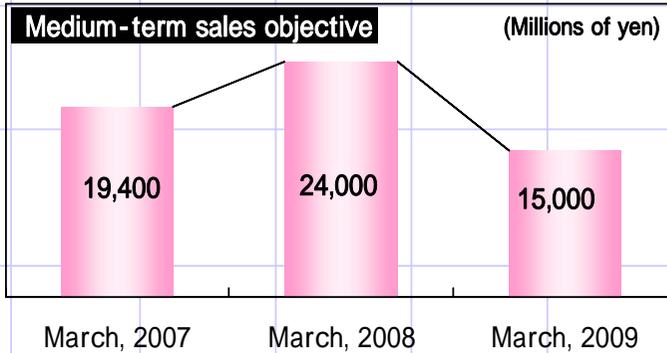
|  |   |   |
|--|---|---|
| For mass merchandisers   | For medium-sized retail stores  | For small-sized retail stores   |
|  |  |  |
| Large  | Amount of deposit money   | Small   |

# Vending machine market



Approach to medium-term management plan

## New-functional cigarette vending machines (The function to recognize if the customer is 20 years old or older)



**Supporting new-functional cigarette vending machines**

[Reference] Installation schedule

- March 2008 ~ Start-up in Miyazaki & Kagoshima
- ~ July 2008 Begin to expand throughout Japan

(From THE NIKKAN KOGYO SHIMBUN on October 20, 2006)

### Number of target machines in whole market (estimated)

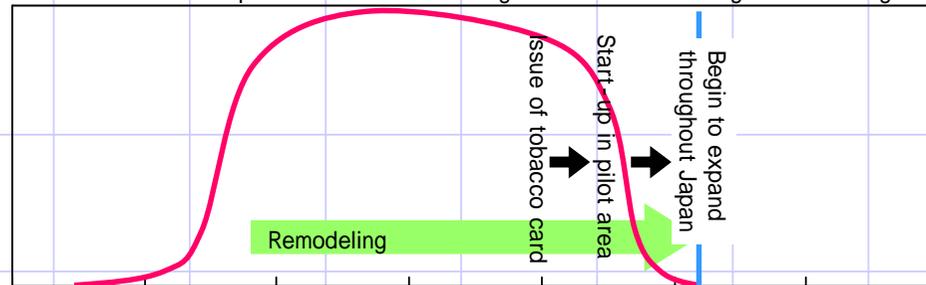
Downward trend in cigarette vending machines due to various factor such as decreasing smokers, placement control of vending machines, and increasing tobacco sales in convenience stores. **[Number of machines in operation : about 560,000 machines]**

Forecast of demand for replacement and remodeling of new-functional cigarette vending machines

Number of our target machines (estimated)

[About 150,000 machines]

- Started remodeling operation on October 2006
- As of April 2007, about 30,000 vending machines have finished



Mar., 2005 Mar., 2006 Mar., 2007 Mar., 2008 Mar., 2009 Mar., 2010 Mar., 2011

# Amusement game market

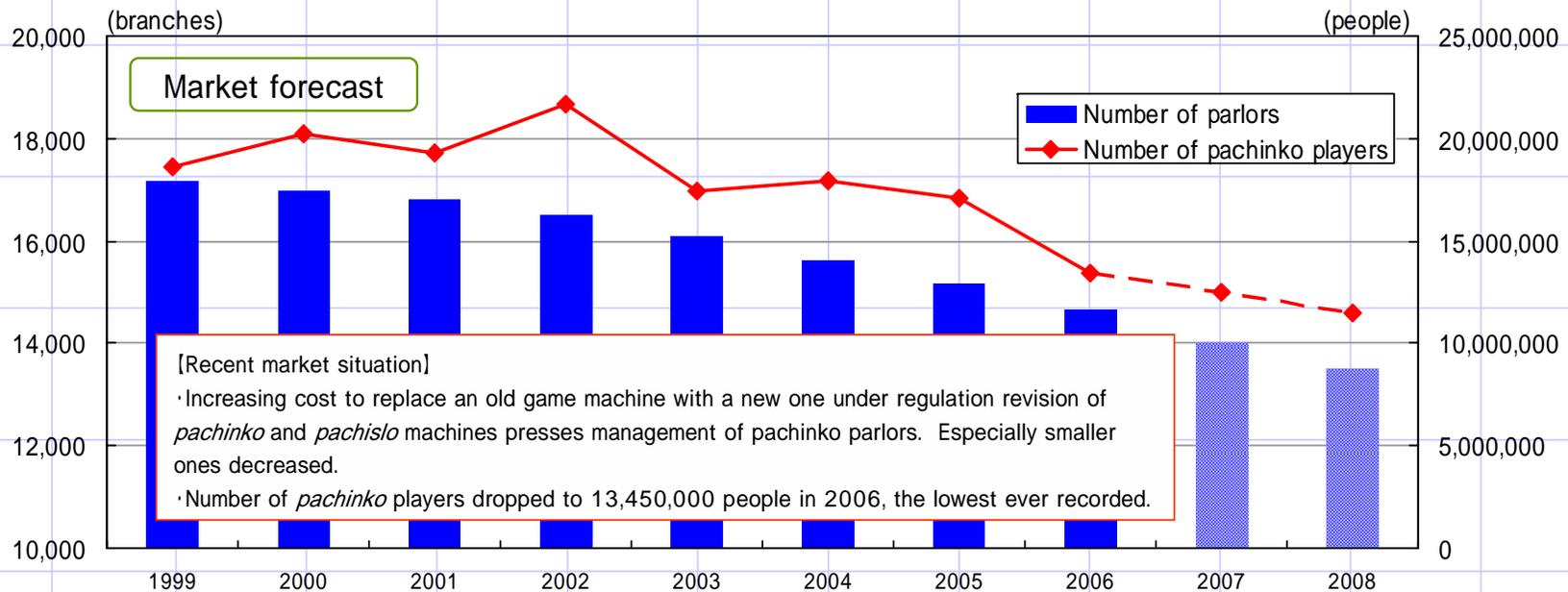
Approach to medium-term management plan

## Expanding sales of card system devices



Activity sales promotion of card systems of NASCA

Improvement of lineup of peripheral equipments



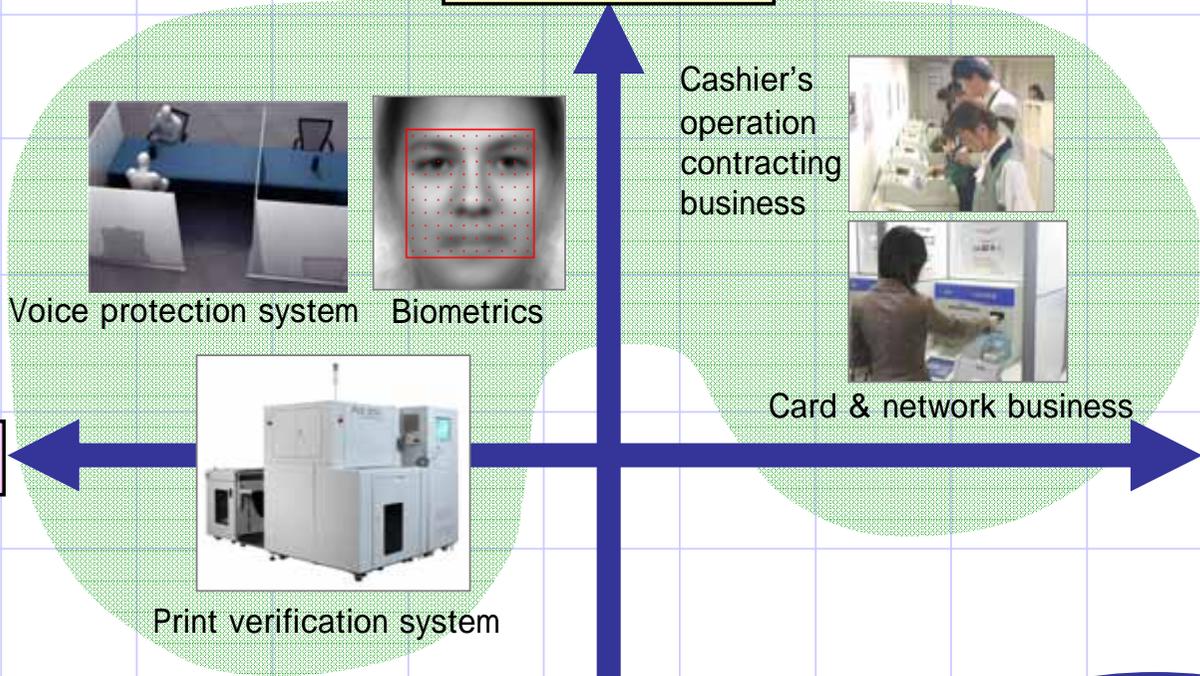
# New business



Approach to medium-term management plan

New business portfolio

Our technology



Sales

Fee-based business



Print verification system

Other companies' technology

Sales objective in FY2008  
**5 billion yen**

# Post - merger movement 1

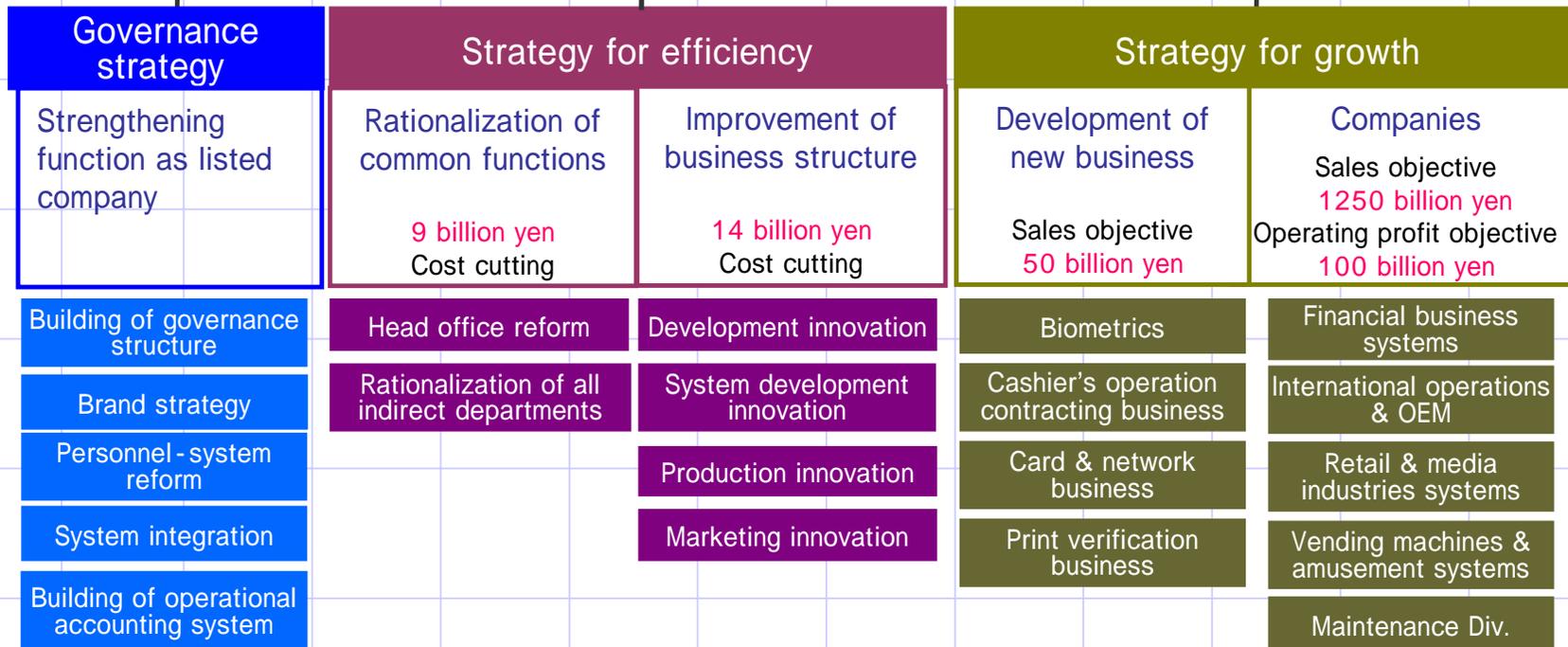
Approach to medium-term management plan

Corporate - value improvement committee

Chairperson

President

Head Office



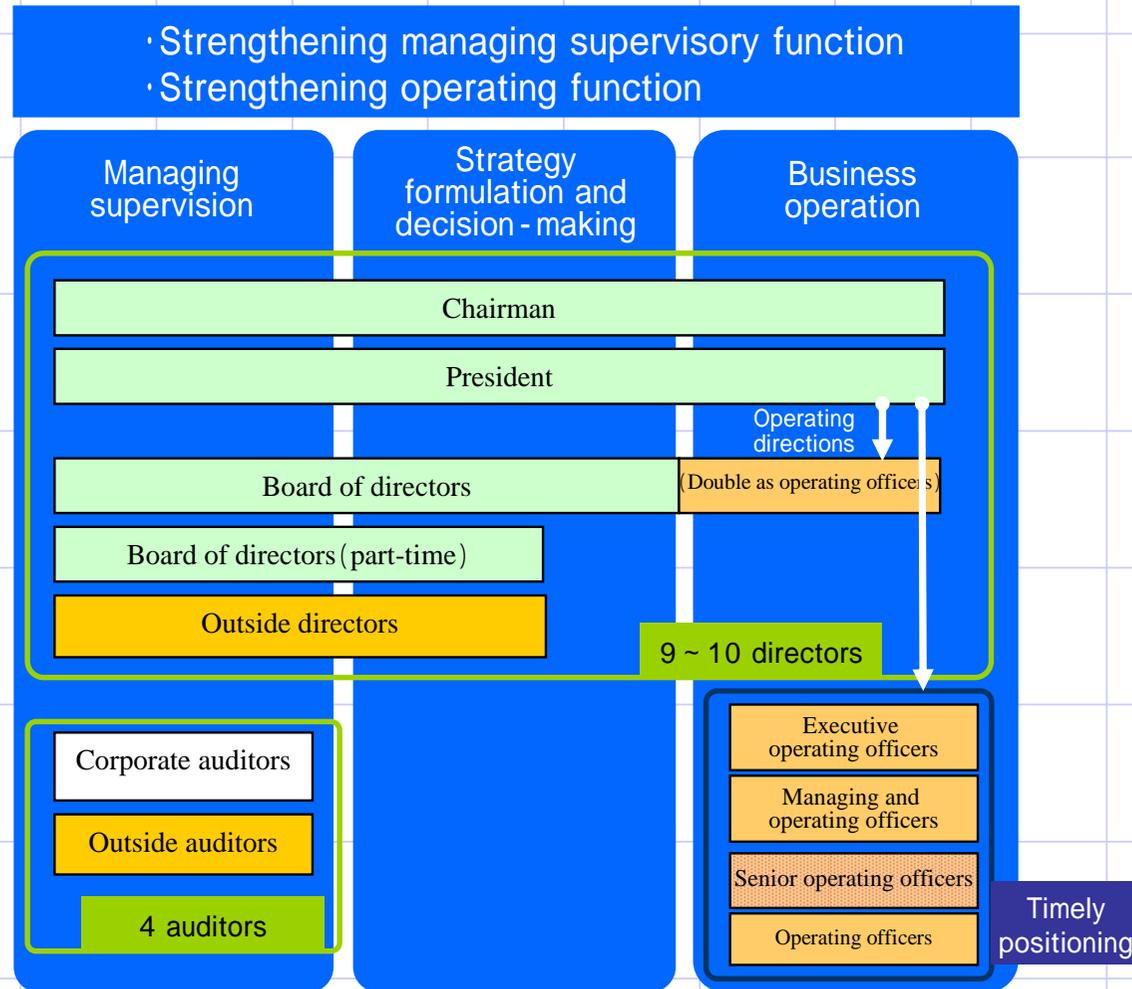
Improvement of corporate - value by integration  
"Realization of effect of merger"

# Post-merger movement 2



Approach to medium-term management plan

## Structure of newly board members and part of governance functions



## 5 Other information

# Return to shareholders 1



Other information

## Revision of projected dividends for FY2006

### Our dividend policy

We return profits by taking into account the change in the consolidated operational results and other factors, in addition to stable dividend on the basis of equity capital.



We would appreciate shareholders' understanding and support taking into account the consolidated operational results for FY2006.



### Dividends per share

|   | Interim | Year - end                                    | Annual  |
|---|---------|---|---|
| Forecast announced on November 16, 2006 | ¥ 1 1   | ¥ 1 7   | ¥ 2 8   |
| Forecast revised in April 26, 2007      | ¥ 1 1   | ¥ 1 9   | ¥ 3 0   |
|   |         | Common dividend ¥ 1 7<br>Special dividend ¥ 2 | Common dividend ¥ 2 8<br>Special dividend ¥ 2 |

# Return to shareholders 2



Other information

## Repurchase of shares

|  |   |
|--|---|
| · Objective                                | We will repurchase of shares based on cancellation in order to implement flexible capital policies and to return to shareholders. |
| · Period to repurchase                     | May 18, 2007 through September 30, 2007   |
| · Type of shares                           | Common stocks   |
| · Total number of shares to be repurchased | Up to 1,600,000 shares<br>(2.16% of number of shares outstanding)   |
| · Total purchase price of shares           | Up to 40 billion yen  |
| · Method                                   | Market buying by trust  |

### [Number of treasury stock as of May 17, 2007]

|   |                   |
|---|-------------------|
| · Number of shares outstanding (including treasury stock) | 74,236,210 shares |
| · Number of treasury stock                                | 92,973 shares     |

# Capital policies



\_ Other information

## Use of holding money

### Limits of holding money

· Financial institutions' deposits  
· Holdings of investments in securities  
(including holding money for capital policies)

About 40 billion yen

Operating funds

About 25 billion yen

Funds for business expansion

About 10 billion yen

Loan to affiliated companies

About 5 billion yen

Total

About 80 billion yen

### Borrowing limit

Borrowings from financial institutions

25 billion yen