

# Consolidated Financial Results

## for the Three Months Ended June 30, 2013

### 1 Consolidated Financial Results

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MEDIUM-TERM MANAGEMENT PLAN

Amounts are rounded down to the nearest million yen for calculating percentages of year-on-year changes and composition ratios.

The forecasts for future business contained in this document are based on the information currently available to the company. These forecasts involve some risks or uncertainty of fluctuating in the future, depending on the economic conditions of Japan and elsewhere, industry's trends, demands for the company's products, development of new technologies and other factors.

Accordingly, investments made solely based on the forecasts in this document are not recommended. Please also take note that forecasts in this document may change without prior notice unless required by laws.

1 Consolidated Financial Results		Performance Overview Year-on-Year		GLORY
<b>Net sales</b>		Sales increased due to the inclusion of the Talaris Group in overseas market sales and steady growth in the financial market and retail and transportation market.		
<b>Income</b>		Income decreased mainly because of goodwill amortization associated with the Talaris Group acquisition.		
(Millions of yen)	Three months ended June 2012	Three months ended June 2013	Year-on-year comparison	
Net sales	<b>31,438</b>	<b>43,498</b>	<b>+38.4%</b>	
Maintenance service	<b>8,405</b> (26.7%)	<b>14,713</b> (33.8%)	<b>+75.1%</b>	
Operating income	<b>1,411</b> (4.5%)	<b>854</b> (2.0%)	<b>- 39.5%</b>	
Ordinary income	<b>1,657</b> (5.3%)	<b>1,684</b> (3.9%)	<b>+1.6%</b>	
Net income	<b>922</b> (2.9%)	<b>67</b> (0.2%)	<b>- 92.7%</b>	
Exchange rates used for three months ended June 2013 : US\$1 = ¥98    €1 = ¥120    £ 1 = ¥150				

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Sales were higher but earnings lower than one year earlier.

[Net sales]

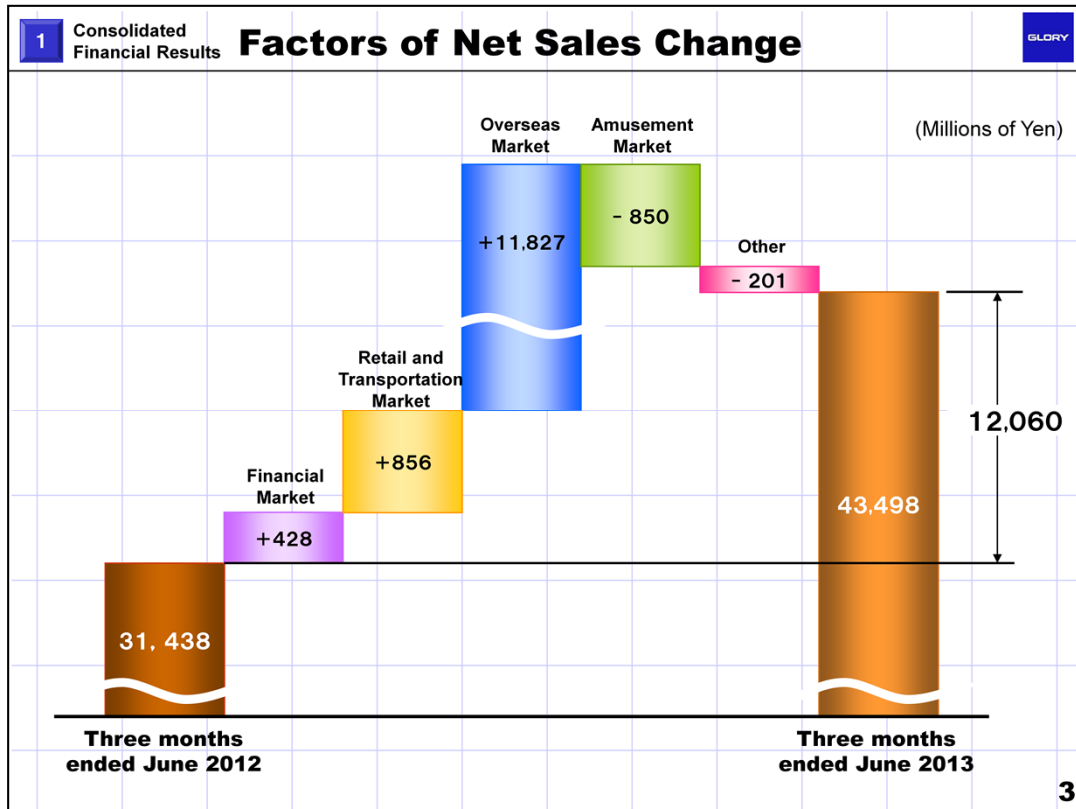
Net sales increased 38.4% to ¥43,498 million.

[Income]

Operating income decreased 39.5% to ¥854 million, mainly because of goodwill amortization associated with the Talaris Group acquisition.

Ordinary income increased 1.6% to ¥1,684 million, due mainly to a foreign exchange gain.

Net income decreased 92.7% to ¥67 million, mainly because of extraordinary loss caused by the restructuring of overseas subsidiaries.



The three months sales increased ¥12,060 million year on year.

[Segments with lower sales]

Amusement market: Down by ¥850 million

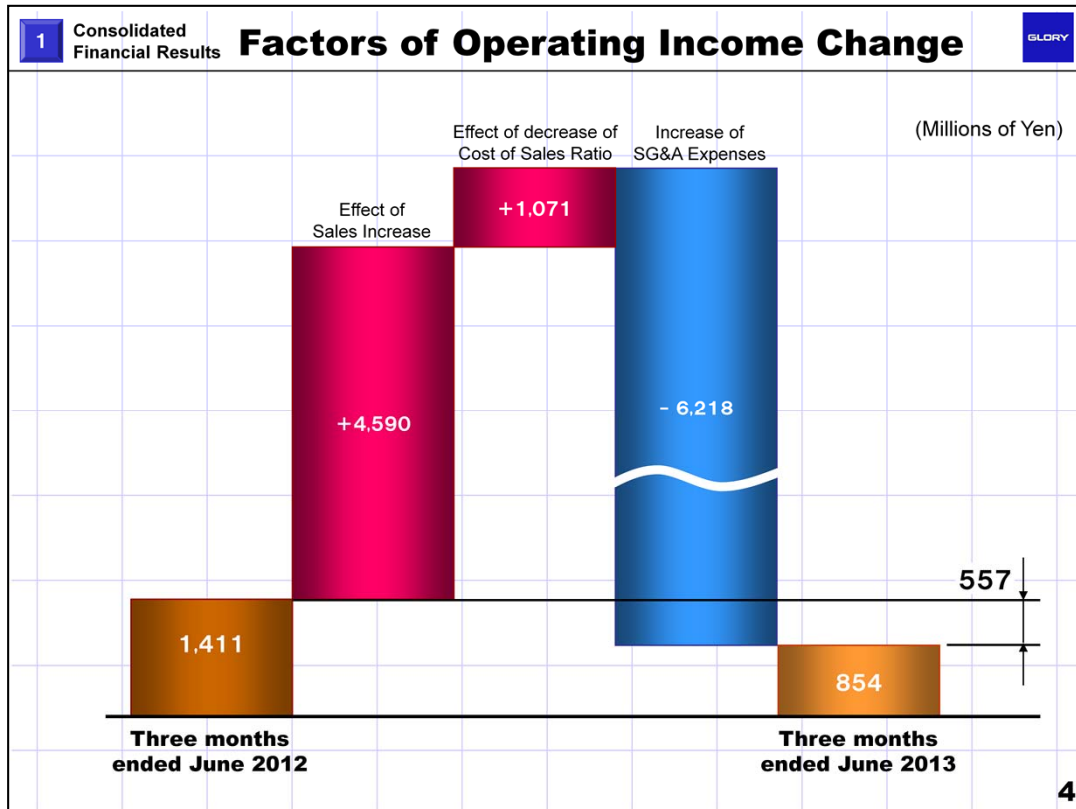
Other: Down by ¥201 million

[Segments with higher sales]

Financial market: Up by ¥428 million

Retail and transportation market: Up by ¥856million

Overseas market: Up by ¥11,827 million



The three months operating income decreased ¥557 million year on year.

[Major positive factors]

Sales growth raised operating income by ¥4,590 million.

Effect of decrease of cost of sales ratio (down 2.4 point) was ¥1,071 million.

[Major negative factor]

Higher SG&A expenses lowered operating income by ¥6,218 million.

2 Detail of Performance		Sales & Operating Income by Business Segment					GLORY
(Millions of yen)							
Business Segments	Sales			Operating Income			
	Three months ended June 2012	Three months ended June 2013	Year-on-Year comparison	Three months ended June 2012	Three months ended June 2013	Year-on-Year comparison	
Financial Market	7,430	7,858	+428 (+5.8%)	-38	-76	-38 ( - %)	
Retail & Transportation Market	6,341	7,197	+856 (+13.5%)	728	951	+223 (+30.6%)	
Amusement Market	6,214	5,364	-850 (-13.7%)	406	444	+38 (+9.4%)	
Overseas Market	7,873	19,700	+11,827 (+150.2%)	446	-170	-616 ( - %)	
Others	3,577	3,376	-201 (-5.6%)	-131	-293	-162 ( - %)	
Total	31,438	43,498	+12,060 (+38.4%)	1,411	854	-557 (-39.5%)	

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[Sales by business segment]

Segments with higher sales:

Financial market, Retail and transportation market, Overseas market

[Operating Income by business segment]

Segments with higher operating income:

Retail and transportation market, Amusement market

**Strong sales of major products**

Sales of our main product "open teller systems" were favorable for both conventional models and compact models for small- and medium-sized financial outlets. Sales of "coin and banknote recyclers" for tellers were favorable due to capturing of the replacement demand.

(Millions of yen)

	Three months ended June 2012	Three months ended June 2013	Y-on-Y
Sales	7,430	7,858	+428 (+5.8%)
Ratio to total sales	23.6%	18.1%	-5.5%
Operating income	-38	-76	-38 (- %)
Operating margin	-	-	-

**Outline of the Segment**

Sales and maintenance to financial institutions, OEM clients and others at domestic market in Japan.

**Main Products**



Open teller systems WAVE series



Coin and banknote recyclers for tellers, RB series



Coin recycling modules for ATMs, RCN series

[Sales trends for products]

Sales of open teller systems were up.

Sales of coin and banknote recyclers for tellers were up.

[Sales]

Increased 5.8% to ¥7,858 million.

[Operating loss]

The operating loss was ¥76 million mainly because of increase in R&D expenditures.

**Higher sales of coin and banknote recyclers for cashiers**

Sales of "coin and banknote recyclers" for cashiers, our main products, as well as "banknote changers" to the retail market were steady, resulting in steady sales in this market as a whole.

(Millions of yen)

	Three months ended June 2012	Three months ended June 2013	Y-on-Y
Sales	6,341	7,197	+856 (+13.5%)
Ratio to total sales	20.2%	16.5%	-3.7%
Operating income	728	951	+223 (+30.6%)
Operating margin	11.5%	13.2%	+1.7%

**Outline of the Segment**

Sales and maintenance for supermarkets, department stores, cash-in-transit companies, railroad companies, and others at domestic market in Japan.

**Main Products**



[Sales trends for products]

Sales of coin and banknote recyclers for cashiers were up.  
Sales of banknote changers for retail market were brisk.

[Sales]

Increased 13.5% to ¥7,197 million.

[Operating income]

Increased 30.6% to ¥951 million.

## Prepaid card systems sales were weak

Sales of main products such as "card systems" were sluggish, mainly reflecting sign of declining popularity of pachislot in Japan.

(Millions of yen)

	Three months ended June 2012	Three months ended June 2013	Y-on-Y
Sales	6,214	5,364	-850 (-13.7%)
Ratio to total sales	19.8%	12.3%	-7.5%
Operating income	406	444	+38 (+9.4%)
Operating margin	6.5%	8.3%	+1.8%

### Outline of the Segment

Sales and maintenance for pachinko parlors, and others in the domestic market.

### Main Products

#### Card systems



[Sales trends for products]

Sales of card systems were down.

[Sales]

Decreased 13.7% to ¥5,364 million.

[Operating income]

Increased 9.4% to ¥444 million.



**Addition of Talaris Group contributed to sales growth**

(Millions of yen)

In this first quarter, due to inclusion of the Talaris Group's sales in the overseas market sales and the favorable sales of "banknote sorters", overall overseas market sales increased significantly year on year.

**Outline of the Segment**

Sales and maintenance for financial institutions, cash-in-transit companies, casinos, OEM customers and others at the overseas market.

**Main Products**



Banknote recyclers for tellers RBG series



Banknote sorters USF / UW series



Banknote deposit units for ATMs UD series

	Three months ended June 2012	Three months ended June 2013	Y-on-Y
Sales	7,873	19,700	+11,827 (+150.2%)
Ratio to total sales	25.0%	45.3%	+20.3%
Operating income	446	-170	-616 (-%)
Operating margin	5.7%	-	-

[Sales trends for products]

Sales of banknote sorters were up.

Sales were much higher because of the inclusion of Talaris Group sales in the consolidated sales.

[Sales]

Increased 150.2% to ¥19,700 million.

[Operating loss]

The operating loss was ¥170 million mainly because of goodwill amortization associated with the Talaris Group acquisition.

(Millions of yen)

Sales by overseas geographical segment	Three months ended June 2012	Three months ended June 2013	Year-on-Year Comparison
<b>Americas</b>	<b>1,283</b>	<b>5,037</b>	<b>+3,754</b>
<b>Europe</b>	<b>2,433</b>	<b>9,587</b>	<b>+7,154</b>
<b>Asia</b>	<b>1,406</b>	<b>2,131</b>	<b>+725</b>
<b>China</b>	<b>681</b>	<b>1,311</b>	<b>+630</b>
<b>OEM</b>	<b>2,750</b>	<b>2,945</b>	<b>+195</b>
<b>Total</b>	<b>7,873</b>	<b>19,700</b>	<b>+11,827</b>

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## [Americas]

Banknote recyclers for tellers posted higher sales in the US.

## [Europe]

Banknote recyclers for tellers and banknote sorters contributed to sales growth.

## [Asia]

Higher sales of banknote sorters in China contributed to sales growth.

**Decline in sales of cigarette vending machines**

Sales of ticket vending machines were favorable, but sales of cigarette vending machines and banknote recycling units for horse race ticket vending machines were sluggish.

(Millions of yen)

	Three months ended June 2012	Three months ended June 2013	Y-on-Y
Sales	3,577	3,376	-201 (-5.6%)
Ratio to total sales	11.4%	7.8%	-3.6%
Operating income	-131	-293	-162 (- %)
Operating margin	-	-	-

**Outline of the Segment**

Sales and maintenance for tobacco kiosks, tobacco companies, hospitals, government offices and others in Japan.

**Main Products**



Medical payment kiosks FHP series



Ticket vending Machines VT series



Banknote recycling units for horse race ticket vending machines RBK series

[Sales trends for products]

Sales of ticket vending machines were up.

[Sales]

Sales decreased 5.6% to ¥3,376 million.

## Capital Expenditures and Other Expenses

(Millions of yen)

	Three months ended June 2012	Three months ended June 2013	Year-on-Year	Change during the last five years										
Capital Expenditures	1,861	1,369	-492 (-26.4%)	<table border="1"> <tr> <td>FY12 (Q1)</td> <td>FY12 (Q2)</td> <td>FY12 (Q3)</td> <td>FY12 (Q4)</td> <td>FY13 (Q1)</td> </tr> <tr> <td>1,861</td> <td>2,496</td> <td>1,472</td> <td>2,389</td> <td>1,369</td> </tr> </table>	FY12 (Q1)	FY12 (Q2)	FY12 (Q3)	FY12 (Q4)	FY13 (Q1)	1,861	2,496	1,472	2,389	1,369
FY12 (Q1)	FY12 (Q2)	FY12 (Q3)	FY12 (Q4)	FY13 (Q1)										
1,861	2,496	1,472	2,389	1,369										
Depreciation & Amortization	1,532	2,315	+783 (+51.1%)	<table border="1"> <tr> <td>FY12 (Q1)</td> <td>FY12 (Q2)</td> <td>FY12 (Q3)</td> <td>FY12 (Q4)</td> <td>FY13 (Q1)</td> </tr> <tr> <td>1,532</td> <td>2,292</td> <td>2,515</td> <td>2,558</td> <td>2,315</td> </tr> </table>	FY12 (Q1)	FY12 (Q2)	FY12 (Q3)	FY12 (Q4)	FY13 (Q1)	1,532	2,292	2,515	2,558	2,315
FY12 (Q1)	FY12 (Q2)	FY12 (Q3)	FY12 (Q4)	FY13 (Q1)										
1,532	2,292	2,515	2,558	2,315										
R&D Expenses	2,521	3,105	+584 (+23.2%)	<table border="1"> <tr> <td>FY12 (Q1)</td> <td>FY12 (Q2)</td> <td>FY12 (Q3)</td> <td>FY12 (Q4)</td> <td>FY13 (Q1)</td> </tr> <tr> <td>2,521</td> <td>3,002</td> <td>2,810</td> <td>3,758</td> <td>3,105</td> </tr> </table>	FY12 (Q1)	FY12 (Q2)	FY12 (Q3)	FY12 (Q4)	FY13 (Q1)	2,521	3,002	2,810	3,758	3,105
FY12 (Q1)	FY12 (Q2)	FY12 (Q3)	FY12 (Q4)	FY13 (Q1)										
2,521	3,002	2,810	3,758	3,105										

2 Detail of Performance		Consolidated Statements of Income and Comprehensive Income				GLORY
(Millions of Yen)						
	Three months ended June 2012	Ratio	Three months ended June 2013	Ratio	Increase/Decrease	
Net sales	31,438	100.0	43,498	100.0	+12,060	
Cost of sales	19,473	61.9	25,872	59.5	+6,399	
SG&A expenses	10,552	33.6	16,770	38.6	+6,218	*1
Operating income	1,411	4.5	854	2.0	-557	
Non operating income	382	1.2	1,161	2.7	+779	
Non operating expenses	136	0.4	331	0.8	+195	*2
Ordinary income	1,657	5.3	1,684	3.9	+27	
Extraordinary income	2	0.0	5	0.0	+3	
Extraordinary loss	52	0.2	714	1.6	+662	*3
Income before income taxes	1,607	5.1	975	2.2	-632	
Total income taxes	582	1.9	774	1.8	+192	
Net income	922	2.9	67	0.2	-855	
Income before minority interests	1,025	3.3	201	0.5	-824	
Total other comprehensive income	-369	-	3,669	8.4	4,038	
Comprehensive income	655	2.1	3,870	8.9	3,215	

\*1 SG&A expenses : Includes goodwill amortization associated with the Talaris acquisition  
\*2 Non operating expenses : Includes foreign exchange income (¥604 million)  
\*3 Extraordinary loss : Includes loss of ¥697 million for restructuring of overseas subsidiaries

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### [Operating income]

Down 39.5% year-on-year to ¥854 million

Cost of sales ratio down 2.4 point.

SG&A expense ratio up 5.0 point.

### [Ordinary income]

Up 1.6% year-on-year to ¥1,684 million

Non-operating income includes a foreign exchange gain of ¥640 million.

### [Net income]

Down 92.7% year-on-year to ¥67 million

Extraordinary loss includes ¥697 million for restructuring of overseas subsidiaries.

### [Comprehensive income]

Up 490.8% year-on-year to ¥3,870 million

Income before minority interests was ¥201 million.

Total other comprehensive income was ¥3,669 million.

**Net sales**

Forecast higher sales because of overseas market expansion and deeper penetration in the Japanese market.

**Income**

Forecast higher earnings because of benefits from the integration of overseas operations and other measures to cut costs.

(Millions of yen)	<b>FY2012 results</b>	<b>FY2013 forecast</b>	<b>Year-on-year comparison</b>
Net sales	<b>190,938</b>	<b>200,000</b>	<b>+4.7%</b>
Maintenance service	<b>50,766</b> (26.6%)	<b>54,500</b> (27.3%)	<b>+7.4%</b>
Operating income	<b>14,458</b> (7.6%)	<b>16,000</b> (8.0%)	<b>+10.7%</b>
Ordinary income	<b>13,695</b> (7.2%)	<b>15,000</b> (7.5%)	<b>+9.5%</b>
Net income	<b>6,873</b> (3.6%)	<b>8,500</b> (4.3%)	<b>+23.7%</b>

Exchange rate assumptions for FY2013 forecast: US\$1 = ¥90 €1 = ¥120 £1 = ¥140

There are no revisions to our forecasts for the current fiscal year that we announced on May 10.

3 Financial Forecast for FY2013		Sales & Operating Income Forecast by Business Segment				GLORY	
(Millions of Yen)							
Business Segments	FY2013						
	Three months ended June 2013		Six months ending September 2013		FY2013 forecast		
	Sales	Operating income	Sales	Operating income	Sales	Operating income	
Financial Market	<b>7,858</b>	<b>-76</b>	<b>22,000</b>	<b>2,000</b> <b>1,800</b>	<b>46,000</b>	<b>4,800</b> <b>4,600</b>	
Retail & Transportation Market	<b>7,197</b>	<b>951</b>	<b>14,500</b>	<b>1,400</b> <b>1,600</b>	<b>31,000</b>	<b>3,300</b> <b>3,500</b>	
Amusement Market	<b>5,364</b>	<b>444</b>	<b>10,000</b>	<b>300</b> <b>500</b>	<b>24,000</b>	<b>1,800</b> <b>2,000</b>	
Overseas Market	<b>19,700</b>	<b>-170</b>	<b>37,000</b>	<b>1,300</b>	<b>85,000</b>	<b>6,000</b>	
Others	<b>3,376</b>	<b>-293</b>	<b>6,500</b>	<b>0</b> <b>-200</b>	<b>14,000</b>	<b>100</b> <b>-100</b>	
Total	<b>43,498</b>	<b>854</b>	<b>90,000</b>	<b>5,000</b>	<b>200,000</b>	<b>16,000</b>	

Upper row: the forecasts announced on May 10.  
Lower row: the revised forecasts announced on August 5.

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Revised outlook for the six months operating income other than overseas market.

First half

[Financial market]

Operating income                    ¥2,000 million to ¥1,800 million

[Retail and transportation market]

Operating income                    ¥1,400 million to ¥1,600 million

[Amusement market]

Operating income                    ¥300 million to ¥500 million

[Others]

Operating loss                        ¥200 million

The FY2013 full year forecast has also been revised due to the revisions to the first half forecast.