

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2017." Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Consolidated Financial Results

for the Fiscal Year Ended March 31, 2017 <Japanese GAAP>

May 11, 2017

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code Number: 6 4 5 7 URL: <http://www.glory-global.com/>
 Representative: Hirokazu Onoe President & Representative Director
 Contact person: Motozumi Miwa Executive Vice President & Representative Director
 TEL +81-79-297-3131

Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2017
 Scheduled date of dividend payments: June 26, 2017
 Scheduled filing date of Annual Securities Report: June 26, 2017
 Preparation of earnings supplementary explanatory material: Yes
 Holding of earnings presentation: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded downward.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2017	222,581	(1.9)	20,365	(0.9)	17,205	(2.1)	10,382	17.6
Year ended March 31, 2016	226,952	2.1	20,552	9.9	17,583	(20.8)	8,829	(31.5)

(Note) Comprehensive income

Year ended March 31, 2017: ¥3,275 million [— %]
 Year ended March 31, 2016: ¥(3,512) million [— %]

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2017	160.35	—	5.4	5.4	9.1
Year ended March 31, 2016	134.38	—	4.5	5.3	9.1

(Reference) Income or loss from investments accounted for by the equity method

Year ended March 31, 2017: ¥— million Year ended March 31, 2016: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2017	312,821	191,443	60.1	2,939.78
As of March 31, 2016	321,672	198,287	60.6	2,966.22

(Reference) Ownership equity

As of March 31, 2017: ¥187,949 million As of March 31, 2016: ¥194,840 million

(TRANSLATION FOR REFERENCE ONLY)

(3) Consolidated Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2017	30,087	(6,632)	(10,964)	77,050
Year ended March 31, 2016	28,142	(7,714)	(16,844)	67,133

2. Dividends

(Record date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2016	—	27.00	—	29.00	56.00	3,689	41.7	1.9
Year ended March 31, 2017	—	30.00	—	30.00	60.00	3,877	37.4	2.0
Year ending March 31, 2018 (forecast)	—	31.00	—	31.00	62.00		30.9	

3. Consolidated Financial Forecast for the Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six months ending September 30, 2017	105,000	2.6	6,000	(28.2)	6,000	54.7	3,000	40.4	46.33
Full year	235,000	5.6	21,000	3.1	21,000	22.1	13,000	25.2	200.76

(TRANSLATION FOR REFERENCE ONLY)

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving a change in the scope of consolidation):
 None

(2) Changes in accounting policies and estimates, and restatements

- | | |
|---|------|
| (a) Changes in accounting policies associated with revisions of accounting standards, etc.: | Yes |
| (b) Changes in accounting policies other than (a): | None |
| (c) Changes in accounting estimates: | None |
| (d) Restatements: | None |

(Note) For more information, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to Consolidated Financial Statements, Changes in Accounting Policy” on page 16 of the Attachment.

(3) Total number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2017:	68,638,210 shares
As of March 31, 2016:	68,638,210 shares

(b) Number of treasury shares at the end of the period

As of March 31, 2017:	4,496,099 shares
As of March 31, 2016:	2,749,737 shares

(c) Average number of shares

Year ended March 31, 2017:	64,752,945 shares
Year ended March 31, 2016:	65,703,764 shares

(Note) In addition to the number of treasury shares as of March 31, 2017, there also existed Company shares owned by the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account”. (As of March 31, 2017: 208,950 shares, As of March 31, 2016: 202,000 shares)

(Note) Financial results reports are not required to be audited.

(Note) Explanation regarding the appropriate use of financial forecasts and other special items

The forward-looking statements such as operational forecasts contained in this report are based on the information currently available to the Company and certain assumptions which the Company regards as legitimate, and are not promises regarding the achievement of forecasts. Actual performance may differ greatly from these forecasts due to various present and future factors. For the assumptions and other related matters concerning the financial forecasts, please refer to “1. Overview of Operating Results and Others (4) Future Outlook” on page 7 of the Attachment.

(TRANSLATION FOR REFERENCE ONLY)

Attachment

Contents

1. Overview of Operating Results and Others	5
(1) Overview of Operating Results for the Fiscal Year	5
(2) Overview of Financial Position for the Fiscal Year	6
(3) Overview of Cash Flows for the Fiscal Year	6
(4) Future Outlook	7
2. Basic Approach to Selection of Accounting Standard	7
3. Consolidated Financial Statements and Significant Notes Therto	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Statements of Income and Comprehensive Income	10
Consolidated Statement of Income	10
Consolidated Statement of Comprehensive Income	11
(3) Consolidated Statement of Changes in Equity	12
(4) Consolidated Statement of Cash Flows	14
(5) Notes to Consolidated Financial Statements	16
Notes Regarding Assumption of a Going Concern	16
Changes in Accounting Policy	16
Segment Information	17
Per Share Information	19
Significant Subsequent Events	19

(TRANSLATION FOR REFERENCE ONLY)

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

In the fiscal year ended March 31, 2017, the Japanese economy showed a trend of gradual recovery driven by improvements in personal consumption and the employment situation, while corporate capital investments have levelled off. Looking at the global economy, on the other hand, the United States and Europe continued to move toward recovery and in Asia, China's economy showed signs of recovery. However, the overall outlook remained uncertain through this period, with substantial fluctuations in the foreign exchange and stock markets due to factors such as the impact of the U.K.'s decision to leave the EU and the result of the U.S. presidential election.

Under these conditions, in this second year of its three-year 2017 Medium-Term Management Plan, which started in April 2015, the GLORY Group (the "Group") proactively implemented the three strategies—Business, Constitutional, and Corporate Management—under its basic policy to "Realize business growth through 'customer-oriented superb manufacturing' and enhance profitability to achieve the Long-Range Vision 2018."

In its overseas business, the Company executed regional strategies matched to the characteristics of local markets. Specifically, in Europe and the United States, the Company worked to win replacement demand in financial markets, and reinforced its marketing structure, broadened its product lineup and actively rolled out marketing campaigns targeting a wide range of customer segments in the retail market, including major customers, aiming to grow sales of "sales proceeds deposit machines" and other products for the retail market.

In its domestic business, the Company targeted profit growth by working to win replacement demand for the main products of "open teller systems" and "coin and banknote recyclers" for tellers, and by launching "coin and banknote recyclers" for cashiers, for self-checkout terminals.

Also, in order to reinforce the Group's corporate constitution, the Company made progress on developing platforms for its technologies, boosted development efficiency and upgraded production and logistics structures both in Japan and overseas.

As a result, net sales in the current fiscal year totaled ¥222,581 million (down 1.9% year on year). Of this, sales of merchandise and finished goods came to ¥158,659 million, falling 1.7% year on year, while sales from maintenance services decreased by 2.6% year on year to ¥63,921 million. Operating income was ¥20,365 million (down 0.9% year on year), but due to foreign exchange losses etc. ordinary income fell 2.1% over the previous year to ¥17,205 million, resulting in net income attributable to owners of the parent of ¥10,382 million (up 17.6% year on year). Comprehensive income was ¥3,275 million, while posting a loss of ¥3,512 million of comprehensive income in the previous fiscal year.

Results of operations in business segments were as follows.

Financial market

For this segment's main product, "open teller systems," sales were strong for compact models for small- and medium-sized financial outlets, while sales of "coin and banknote recyclers" for tellers were also robust, driven by replacement demand.

As a result, net sales in this segment were ¥53,301 million (up 2.9% year on year) and operating income was ¥6,510 million (down 3.9% year on year).

Retail and transportation market

Sales of this segment's main product, "coin and banknote recyclers" for cashiers, were sluggish due to the large-scale demand of the previous year having run its course, while sales of "sales proceeds deposit machines" for the retail market were also slow.

As a result, net sales in this segment were ¥42,657 million (down 6.3% year on year) and operating income was ¥3,468 million (down 7.9% year on year).

Amusement market

Sales of this segment's main products such as "card systems" were sluggish, mainly reflecting constraint toward capital expenditure in pachinko parlors.

As a result, net sales in this segment were ¥20,434 million (down 5.0% year on year), while operating income was ¥737 million (down 33.7% year on year).

Overseas market

Sales of this segment's main product, "banknote recyclers" and "sales proceeds deposit machines" for the retail market were strong in Europe and the United States. In addition, sales of "coin sorters" were robust in the United States. Also, "banknote deposit modules" for ATMs, a new product aimed at OEM customers, registered strong sales. In the overseas market as a whole, net sales were robust on a local currency basis, however, on a yen basis, net sales were on par with the previous fiscal year due to the impact of yen appreciation.

As a result, net sales in this segment came to ¥103,787 million (down 1.7% year on year) and operating income was ¥9,900 million, up 7.3% year on year due to improvements in product mix and cost reductions etc.

(TRANSLATION FOR REFERENCE ONLY)

In the “Other” business segment, net sales were ¥2,400 million (down 3.9% year on year) and there was an operating loss of ¥251 million, compared to operating loss of ¥322 million in the corresponding period of the previous fiscal year.

The Company reclassified its business segments and changed the classification of products that were previously included in the “Other” segment as follows: banknote recycling modules for horse race ticket vending machines to “Financial market” segment; cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, and ballot sorters for handwritten ballots to “Retail and transportation market” segment. This change was effective from the current fiscal year. Due to this change, the above-mentioned comparisons to the previous year have been calculated using figures from the previous year based on the revised segment classification.

All amounts in this section do not include consumption taxes.

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the current fiscal year were ¥312,821 million, a decrease of ¥8,851 million compared with the end of the previous fiscal year. This is mainly the result of increase of ¥6,239 million in cash and deposits, ¥2,755 million in inventories, and decrease of ¥12,223 in goodwill and ¥5,122 million in customer relationships.

Liabilities were ¥121,377 million, a decrease of ¥2,008 million compared with the end of the previous fiscal year. This is mainly the result of increase of ¥8,717 million in short-term loans payable, and decrease of ¥9,357 million in long-term loans payable and ¥2,188 million in net defined benefit liability.

Total net assets at the end of the current fiscal year were ¥191,443 million, a decrease of ¥6,843 million compared with the end of the previous fiscal year. That mainly reflected an increase of ¥6,850 million for retained earnings and an increase of ¥5,948 million for treasury shares, which reduced net assets, and a decrease of ¥9,638 million for foreign currency translation adjustment. As a result, the ownership equity ratio became 60.1% compared with 60.6% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (“cash”) at the end of the current fiscal year increased ¥9,917 million from one year earlier to ¥77,050 million.

The following is a summary of cash flows:

Cash flows from operating activities

Net cash provided by operating activities was ¥30,087 million, compared to ¥28,142 million in the previous fiscal year. The main component of cash used was an increase in inventories of ¥4,288 million, which was offset by cash provided from income before income taxes of ¥17,161 million, depreciation of ¥9,469 million, amortization of goodwill of ¥4,072 million, and increase in notes and accounts payable – trade of ¥2,798 million.

Cash flows from investing activities

Net cash used in investing activities was ¥6,632 million, compared to ¥7,714 million in the previous fiscal year. The main component of cash used was payments for purchases of property, plant and equipment of ¥5,220 million. The purchases of property, plant and equipment consisted mainly of molds, jigs and tools etc. used to manufacture products.

Cash flows from financing activities

Net cash used in financing activities was ¥10,964 million, compared to ¥16,844 million in the previous fiscal year. The main component of cash provided was net increase in short-term loans payable of ¥8,819 million, which was offset by cash used for repayments of long-term loans payable of ¥9,128 million, purchase of treasury shares of ¥6,082 million, cash dividends paid of ¥3,864 million, and dividends paid to non-controlling interests of ¥790 million.

Cash flow indices

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Ownership equity ratio	52.2%	55.2%	58.1%	60.6%	60.1%
Ownership equity ratio based on market value	46.5%	54.5%	63.5%	78.1%	74.6%
Debt repayment ratio (years)	5.7	4.1	3.0	1.7	1.6
Interest coverage ratio	24.5	24.8	24.6	41.6	48.8

Notes: Ownership equity ratio: (Shareholders’ equity + Valuation and translation adjustments) / Total assets

(TRANSLATION FOR REFERENCE ONLY)

Ownership equity ratio based on market value: Market capitalization / Total assets

Debt repayment ratio: Interest-bearing liabilities / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indices are calculated using financial data on a consolidated basis.

* Market capitalization is calculated by multiplying the closing price on the balance sheet date by the number of shares issued, net of treasury shares, on the balance sheet date.

* Operating cash flow represents cash flow from operating activities per the consolidated statement of cash flows. Interest-bearing liabilities consist of all liabilities on the consolidated balance sheet for which interest is being paid.

Interest payments consist of interest expenses paid as presented on the consolidated statement of cash flows.

(4) Future Outlook

For the next fiscal year ending March 31, 2018, although there are uncertainties such as sudden appreciation of the yen and volatility in stock prices, the forecast is for the Japanese economy to continue on a recovery trend against a backdrop of improvements in the environments for employment and personal incomes. Meanwhile, despite a moderate recovery driven by economic expansion in the United States and Europe, the forecast for the global economy is one of continued poor visibility, caused in part by concerns about an impact on the economy from geopolitical risk.

Against that backdrop, the Group will focus on boosting profitability by expanding business size and area, and on stepping up the development of new technologies and reinforcing product development structures, while also establishing a global manufacturing framework and pursuing global procurement to improve cost competitiveness. These efforts are in line with its basic policy to “Realize business growth through ‘customer-oriented superb manufacturing’ and enhance profitability to achieve the Long-Range Vision 2018.”

Based on the above, for the fiscal year ending March 31, 2018, the Group forecasts consolidated business results as follows; net sales of ¥235,000 million, operating income of ¥21,000 million, ordinary income of ¥21,000 million and net income attributable to owners of parent of ¥13,000 million. The forecast uses exchange rate assumptions of US\$1=¥110, 1 euro=¥120.

2. Basic Approach to Selection of Accounting Standard

Given the ongoing convergence between accounting standards, the Group has adopted a policy for the time being of continuing to use the Japanese accounting standard.

Moreover, the Group intends to continue examining the application of International Financial Reporting Standards (IFRS) in light of trends in IFRS adoption among other Japanese companies going forward and the Group’s own international development, and so forth.

(TRANSLATION FOR REFERENCE ONLY)

3. Consolidated Financial Statements and Significant Notes Therto

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	68,053	74,292
Notes and accounts receivable - trade	50,671	47,137
Lease investment assets	2,916	2,823
Securities	500	3,000
Merchandise and finished goods	25,380	26,098
Work in process	6,526	8,491
Raw materials and supplies	11,462	11,536
Deferred tax assets	4,528	4,905
Other	2,446	2,814
Allowance for doubtful accounts	(675)	(502)
Total current assets	171,811	180,597
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,198	34,905
Accumulated depreciation	(19,593)	(20,520)
Buildings and structures, net	14,604	14,385
Machinery, equipment and vehicles	12,396	13,504
Accumulated depreciation	(9,623)	(10,603)
Machinery, equipment and vehicles, net	2,772	2,901
Tools, furniture and fixtures	58,052	57,406
Accumulated depreciation	(51,611)	(51,112)
Tools, furniture and fixtures, net	6,441	6,294
Land	11,954	11,919
Construction in progress	59	156
Total property, plant and equipment	35,832	35,657
Intangible assets		
Customer relationships	27,344	22,221
Software	3,938	3,931
Goodwill	63,796	51,573
Other	2,240	1,717
Total intangible assets	97,320	79,443
Investments and other assets		
Investment securities	8,765	10,010
Deferred tax assets	4,335	3,322
Other	3,665	3,982
Allowance for doubtful accounts	(59)	(194)
Total investments and other assets	16,707	17,121
Total non-current assets	149,860	132,223
Total assets	321,672	312,821

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,971	18,484
Short-term loans payable	16,885	25,602
Current portion of long-term loans payable	9,424	8,843
Income taxes payable	2,230	2,903
Provision for bonuses	7,786	8,191
Provision for directors' bonuses	71	94
Provision for stock grant	67	61
Other	26,181	28,261
Total current liabilities	81,619	92,443
Non-current liabilities		
Long-term loans payable	22,629	13,271
Lease obligations	1,667	1,745
Deferred tax liabilities	8,443	6,457
Net defined benefit liability	6,607	4,419
Provision for stock grant	67	116
Other	2,350	2,923
Total non-current liabilities	41,766	28,933
Total liabilities	123,385	121,377
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,952	20,974
Retained earnings	151,653	158,504
Treasury shares	(6,141)	(12,090)
Total shareholders' equity	179,357	180,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	235	822
Foreign currency translation adjustment	17,819	8,181
Remeasurements of defined benefit plans	(2,572)	(1,336)
Total accumulated other comprehensive income	15,483	7,667
Non-controlling interests	3,446	3,494
Total net assets	198,287	191,443
Total liabilities and net assets	321,672	312,821

(TRANSLATION FOR REFERENCE ONLY)

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statement of Income)

(Millions of yen)

	Previous Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net sales	226,952	222,581
Cost of sales	137,357	135,907
Gross profit	89,595	86,673
Selling, general and administrative expenses	69,042	66,307
Operating income	20,552	20,365
Non-operating income		
Interest income	160	201
Dividend income	295	340
Subsidy income	319	146
Other	621	508
Total non-operating income	1,397	1,196
Non-operating expenses		
Interest expenses	661	585
Foreign exchange losses	3,395	3,458
Other	309	311
Total non-operating expenses	4,366	4,355
Ordinary income	17,583	17,205
Extraordinary income		
Gain on sales of non-current assets	15	18
Gain on sales of investment securities	283	19
Total extraordinary income	299	37
Extraordinary losses		
Loss on sales of non-current assets	7	0
Loss on retirement of non-current assets	107	72
Loss on valuation of investment securities	—	9
Total extraordinary losses	115	81
Income before income taxes	17,766	17,161
Income taxes - current	6,438	6,869
Income taxes - deferred	1,231	(1,133)
Total income taxes	7,670	5,736
Net income	10,096	11,424
Net income attributable to non-controlling interests	1,267	1,041
Net income attributable to owners of parent	8,829	10,382

(TRANSLATION FOR REFERENCE ONLY)

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net income	10,096	11,424
Other comprehensive income		
Valuation difference on available-for-sale securities	(828)	586
Foreign currency translation adjustment	(7,678)	(9,970)
Remeasurements of defined benefit plans, net of tax	(5,102)	1,235
Total other comprehensive income	(13,608)	(8,148)
Comprehensive income	(3,512)	3,275
Comprehensive income attributable to		
Owners of parent	(4,450)	2,437
Non-controlling interests	938	838

(TRANSLATION FOR REFERENCE ONLY)

(3) Consolidated Statement of Changes in Equity

Previous Fiscal Year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,892	20,629	145,165	(5,817)	172,871
Changes of items during period					
Dividends of surplus			(3,749)		(3,749)
Net income attributable to owners of parent			8,829		8,829
Purchase of treasury shares				(722)	(722)
Disposal of treasury shares		322		398	720
Change of scope of consolidation			1,407		1,407
Effect of changes in accounting period of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	322	6,487	(324)	6,485
Balance at end of current period	12,892	20,952	151,653	(6,141)	179,357

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,064	24,962	2,532	28,559	3,113	204,544
Changes of items during period						
Dividends of surplus				—	(605)	(4,355)
Net income attributable to owners of parent				—		8,829
Purchase of treasury shares				—		(722)
Disposal of treasury shares				—		720
Change of scope of consolidation		206	(2)	203		1,611
Effect of changes in accounting period of consolidated subsidiaries				—		—
Net changes of items other than shareholders' equity	(828)	(7,349)	(5,102)	(13,280)	938	(12,341)
Total changes of items during period	(828)	(7,143)	(5,105)	(13,076)	332	(6,257)
Balance at end of current period	235	17,819	(2,572)	15,483	3,446	198,287

(TRANSLATION FOR REFERENCE ONLY)

Current Fiscal Year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,892	20,952	151,653	(6,141)	179,357
Changes of items during period					
Dividends of surplus			(3,863)		(3,863)
Net income attributable to owners of parent			10,382		10,382
Purchase of treasury shares				(6,082)	(6,082)
Disposal of treasury shares		22		133	155
Change of scope of consolidation			371		371
Effect of changes in accounting period of consolidated subsidiaries			(39)		(39)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	22	6,850	(5,948)	924
Balance at end of current period	12,892	20,974	158,504	(12,090)	180,281

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	235	17,819	(2,572)	15,483	3,446	198,287
Changes of items during period						
Dividends of surplus				—	(790)	(4,654)
Net income attributable to owners of parent				—		10,382
Purchase of treasury shares				—		(6,082)
Disposal of treasury shares				—		155
Change of scope of consolidation		129		129		501
Effect of changes in accounting period of consolidated subsidiaries				—		(39)
Net changes of items other than shareholders' equity	586	(9,768)	1,235	(7,945)	838	(7,107)
Total changes of items during period	586	(9,638)	1,235	(7,815)	48	(6,843)
Balance at end of current period	822	8,181	(1,336)	7,667	3,494	191,443

(TRANSLATION FOR REFERENCE ONLY)

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Income before income taxes	17,766	17,161
Depreciation	10,327	9,469
Amortization of goodwill	5,053	4,072
Increase (decrease) in allowance for doubtful accounts	158	19
Increase (decrease) in net defined benefit liability	3,522	(747)
Increase (decrease) in provision for bonuses	1,348	594
Increase (decrease) in provision for stock grant	135	42
Loss (gain) on sales of investment securities	(283)	(19)
Interest and dividend income	(456)	(541)
Interest expenses	661	585
Loss on retirement of non-current assets	107	72
Decrease (increase) in notes and accounts receivable - trade	3,511	840
Decrease (increase) in inventories	(2,429)	(4,288)
Increase (decrease) in notes and accounts payable - trade	(1,707)	2,798
Increase (decrease) in lease obligations	(59)	80
Decrease (increase) in lease investment assets	(198)	93
Increase (decrease) in accounts payable - other	(1,120)	(6)
Decrease/increase in consumption taxes receivable/payable	(1,624)	689
Other, net	1,458	5,117
Subtotal	36,173	36,033
Interest and dividend income received	463	542
Interest expenses paid	(676)	(616)
Income taxes (paid) refund	(7,818)	(5,871)
Net cash provided by (used in) operating activities	28,142	30,087
Cash flows from investing activities		
Payments into time deposits	(340)	(83)
Proceeds from withdrawal of time deposits	120	870
Purchase of property, plant and equipment	(8,410)	(5,220)
Proceeds from sales of property, plant and equipment	65	53
Purchase of intangible assets	(1,607)	(1,556)
Purchase of investment securities	(476)	(871)
Proceeds from sales and redemption of investment securities	3,407	755
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(449)	(315)
Other, net	(24)	(264)
Net cash provided by (used in) investing activities	(7,714)	(6,632)

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Previous Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,500)	8,819
Repayments of long-term loans payable	(9,987)	(9,128)
Cash dividends paid	(3,749)	(3,864)
Dividends paid to non-controlling interests	(605)	(790)
Purchase of treasury shares	(722)	(6,082)
Proceeds from disposal of treasury shares	720	81
Net cash provided by (used in) financing activities	(16,844)	(10,964)
Effect of exchange rate change on cash and cash equivalents	(1,644)	(2,055)
Net increase (decrease) in cash and cash equivalents	1,938	10,435
Cash and cash equivalents at beginning of period	64,222	67,133
Increase in cash and cash equivalents from newly consolidated subsidiary	972	711
Increase (decrease) in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	—	(1,229)
Cash and cash equivalents at end of period	67,133	77,050

(TRANSLATION FOR REFERENCE ONLY)

(5) Notes to Consolidated Financial Statements
Notes Regarding Assumption of a Going Concern

Not applicable.

Changes in Accounting Policy

(Application of practical solution on a change in depreciation method due to tax reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the first quarter ended June 30, 2016, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact from this change on operating income, ordinary income and income before income taxes for the fiscal year ended March 31, 2017 is immaterial.

(TRANSLATION FOR REFERENCE ONLY)

Segment Information

1. Summary of reportable segments

The Company's reportable segments are based on those units within the Company where separate financial information is available and where the Board of Directors periodically reviews matters such as the distribution of management resources and financial performance.

The Group operates business activities after formulating comprehensive strategies for the products and services in each market. Accordingly, the Group is comprised of market-specific segments and has established the "Financial market," "Retail and transportation market," "Amusement market," and "Overseas market," as its four reportable segments.

A summary of each reportable segment is as follows:

Financial market:	Sales and maintenance services to financial institutions, OEM clients and others in Japan.
Retail and transportation market:	Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments, general companies, and others in Japan.
Amusement market:	Sales and maintenance services to amusement halls (pachinko parlors) and others in Japan.
Overseas market:	Sales and maintenance services to financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients and others in overseas.

(Changes in reportable segments)

The Company reclassified its business segments and changed the classification of products that were previously included in "Others" segment as follows: banknote recycling modules for horse race ticket vending machines to "Financial market" segment; cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, and ballot sorters for handwritten ballots to "Retail and transportation market" segment. This change was effective from the current fiscal year. Due to this change, segment information for the previous fiscal year is prepared and disclosed based on the reportable segment classifications after the change.

2. Calculation method of sales, income (loss), assets, and other items by reportable segment

Income by reportable segment is operating income.

3. Information on sales, income (loss), assets and other items by reportable segment

Previous Fiscal Year (from April 1, 2015 to March 31, 2016)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	51,819	45,531	21,506	105,595	224,453	2,498	226,952	–	226,952
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	51,819	45,531	21,506	105,595	224,453	2,498	226,952	–	226,952
Segment profit (Note: 2)	6,773	3,764	1,112	9,224	20,874	(322)	20,552	–	20,552
Segment assets (Note: 3)	36,924	35,126	20,975	158,425	251,452	2,166	253,619	68,053	321,672
Others									
(1) Depreciation and amortization (Note: 4)	1,842	1,693	1,566	5,097	10,199	128	10,327	–	10,327
(2) Amortization of goodwill	–	–	–	5,053	5,053	–	5,053	–	5,053
(3) Increase in property, plant and equipment and intangible assets (Note: 5)	2,031	1,902	1,433	4,033	9,400	175	9,576	–	9,576

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

2. All operating expenses are either directly charged or allocated to the segments.

3. The reconciliation of ¥68,053 million is surplus funds (cash and deposits).

(TRANSLATION FOR REFERENCE ONLY)

4. Depreciation and amortization includes amortization of long-term prepaid expenses.
5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

Current Fiscal Year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	53,301	42,657	20,434	103,787	220,180	2,400	222,581	–	222,581
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	53,301	42,657	20,434	103,787	220,180	2,400	222,581	–	222,581
Segment profit (Note: 2)	6,510	3,468	737	9,900	20,617	(251)	20,365	–	20,365
Segment assets (Note: 3)	40,245	33,583	20,973	141,965	236,768	1,759	238,528	74,292	312,821
Others									
(1) Depreciation and amortization (Note: 4)	1,862	1,472	1,402	4,620	9,359	110	9,469	–	9,469
(2) Amortization of goodwill	–	–	–	4,072	4,072	–	4,072	–	4,072
(3) Increase in property, plant and equipment and intangible assets (Note: 5)	1,918	1,465	1,010	3,561	7,955	111	8,067	–	8,067

- Notes:
1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥74,292 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

(TRANSLATION FOR REFERENCE ONLY)

Per Share Information

	Previous Fiscal Year (from April 1, 2015 to March 31, 2016)	Current Fiscal Year (from April 1, 2016 to March 31, 2017)
Net assets per share	¥2,966.22	¥2,939.78
Net income per share	¥134.38	¥160.35

- Notes: 1. Diluted net income per share is not disclosed because dilutive shares are not issued.
2. In the Net assets section, due to the way that net assets per share are calculated, Company shares remaining in the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account” and recorded as treasury shares, are included in treasury shares subtracted from shares issued as of the end of the period (202,000 shares for the previous fiscal year, 208,950 shares for the current fiscal year).
 Also, due to the way that net income per share is calculated, they are included in the treasury shares subtracted from average number of shares during the period (117,557 shares in the previous fiscal year, 203,195 shares in the current fiscal year).
3. The basis for calculation of the net income per share amount is shown below.

	Previous Fiscal Year (from April 1, 2015 to March 31, 2016)	Current Fiscal Year (from April 1, 2016 to March 31, 2017)
Net income attributable to owners of parent (Millions of yen)	8,829	10,382
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent pertaining to common stock (Millions of yen)	8,829	10,382
Average number of shares during the fiscal year (Shares)	65,703,764	64,752,945

Significant Subsequent Events

Not applicable.