

Questions and Answers at the Investor Conference Call on Earnings Results for the First Half of the Fiscal Year 2011

Q1) Sales did not reach the original target for the first half of FY 2011 in China, what caused this performance?

A1) Sales in China for the First Half was ¥1,200 million, however, sales target for FY2011, ¥5,000 million will be cleared, because sales in China usually increase in the Second Half of fiscal year.

In China, financial institutions have continued with aggressive capital spending, and we forecast that they will increase outlets from the area along the coastal line to the inland area.

Q2) Why the profitability for overseas segment deteriorated?

A2) This is because development cost for new products and investment expenditure in developing new market such as India, Indonesia and Brazil have increased.

Q3) This is the final year of the 2011 Medium-Term Management Plan. Why did you revise the original forecast downward?

A3) The major factor was that financial institutions in the US and Europe restrained investment expenditure due to Lehman's fall and financial crisis in Europe. Sales growth in China and developing countries in Asia could not make up for the sales decline in the U.S and Europe.

Sales of each segment except for overseas market will be achieved as planned.

Q4) Please tell us major markets in Asia except for China.

A4) Sales in India, the second largest market following China, has rapidly increased, and sales in Indonesia and other ASEAN countries have also been increasing. In India, demand for fitness sorting is strong and the number of tenders has been growing. In Indonesia cash in circulation is increasing along with rapid economic growth and demand for money-handling machines is growing.

Q5) What do you expect concerning the order of banknote and coin recyclers for cashers at convenience stores and restaurants?

A5) At some convenience stores they are using the recyclers on a trial base and introduction of the recyclers is expected in and after the fiscal year. Also, delivery of recyclers are undergoing successfully at restaurants and chain coffee shops.

Q6) Why the R&D costs increased during the first half?

A6) R&D costs were about ¥9,000 million/year in recent years, but development costs of new products for both domestic and overseas market increased, consequently projected figures for FY2011 were revised upward to ¥10 billion.

Q7) Please explain how sales for casinos are going.

A7) There are demand for kiosk terminals and banknote sorters at casinos in the US, Singapore, and Macau. In case casinos should be open in Japan, demand for money handling machines and other security-related systems would be expected.