

# Consolidated Financial Results for the Nine Months ended December 31, 2014

## 1 Consolidated Financial Results

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### Notes

- Amounts are rounded down to the nearest million yen for calculating percentages of year-on-year changes and composition ratios.
- The forward-looking statements such as operational forecasts contained in this document 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. The factors includes changes in the economic conditions in the company's principal markets, changes in demand for the company's products, fluctuations of exchange rates, and impacts of changes in various regulations, accounting principles and practices. Please also take note that forecasts in this document may change without prior notice unless required by laws.

## Net sales

Overall sales were higher than one year earlier: lower sales in the financial market and retail & transportation market but higher in the overseas market and amusement market .

## Income

Operating income decreased because of lower sales of major products in the financial market and retail & transportation market and decline of profit margin in overseas market .

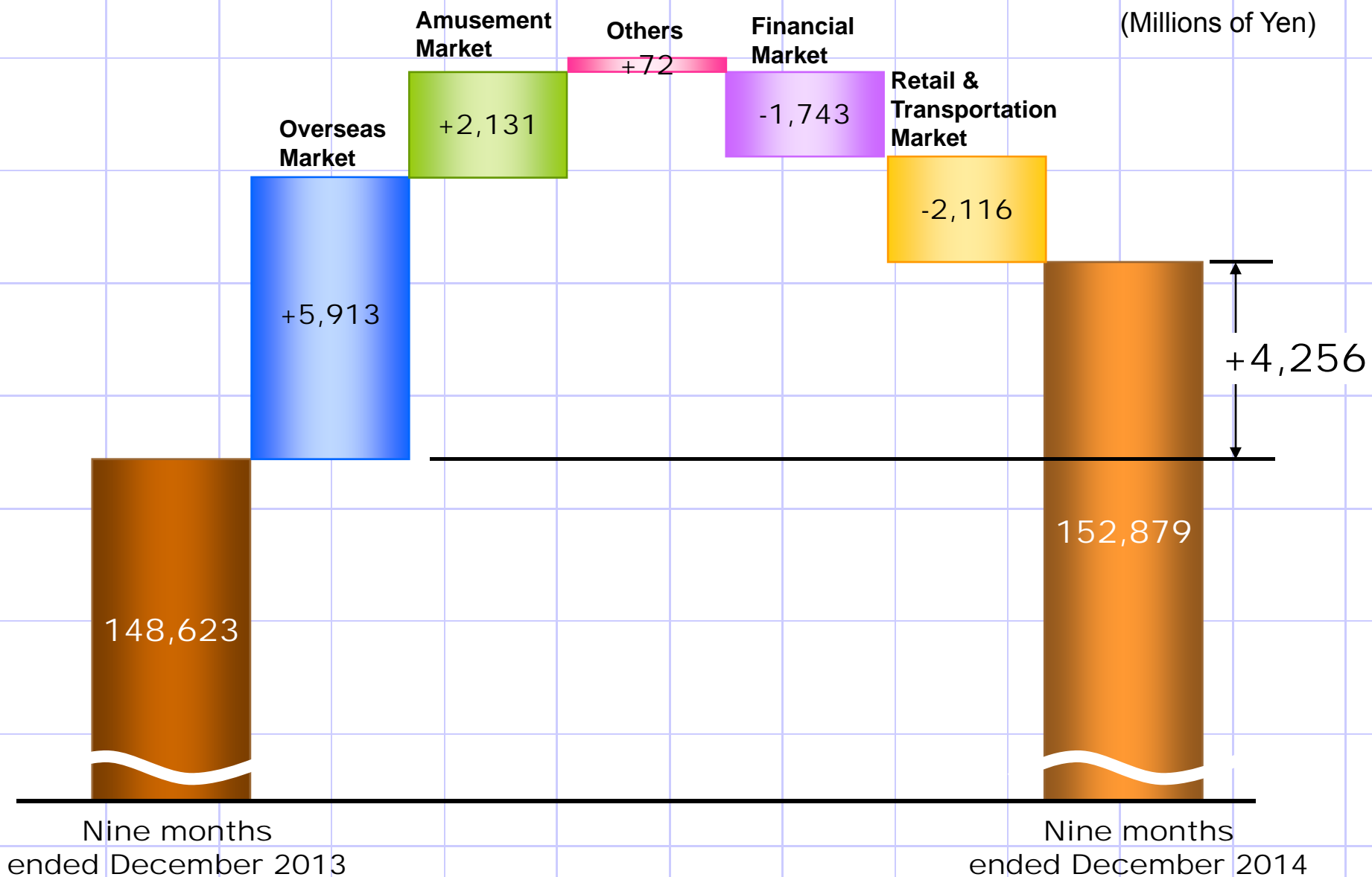
(Millions of yen)	FY2013		FY2014		Y-on-Y
	Nine months ended December 2013	Ratio	Nine months ended December 2014	Ratio	
Net Sales	148,623	100.0%	152,879	100.0%	+2.9%
Maintenance Services	47,745	32.1%	48,714	31.9%	+2.0%
Operating Income	8,894	6.0%	7,895	5.2%	-11.2%
Ordinary Income	12,187	8.2%	11,252	7.4%	-7.7%
Net Income	5,473	3.7%	6,718	4.4%	+22.7%
EBITDA	7,020	4.7%	7,958	5.2%	+13.4%

\*1 Exchange rate: US\$1 = ¥120, €1 = ¥139, £1 = ¥187

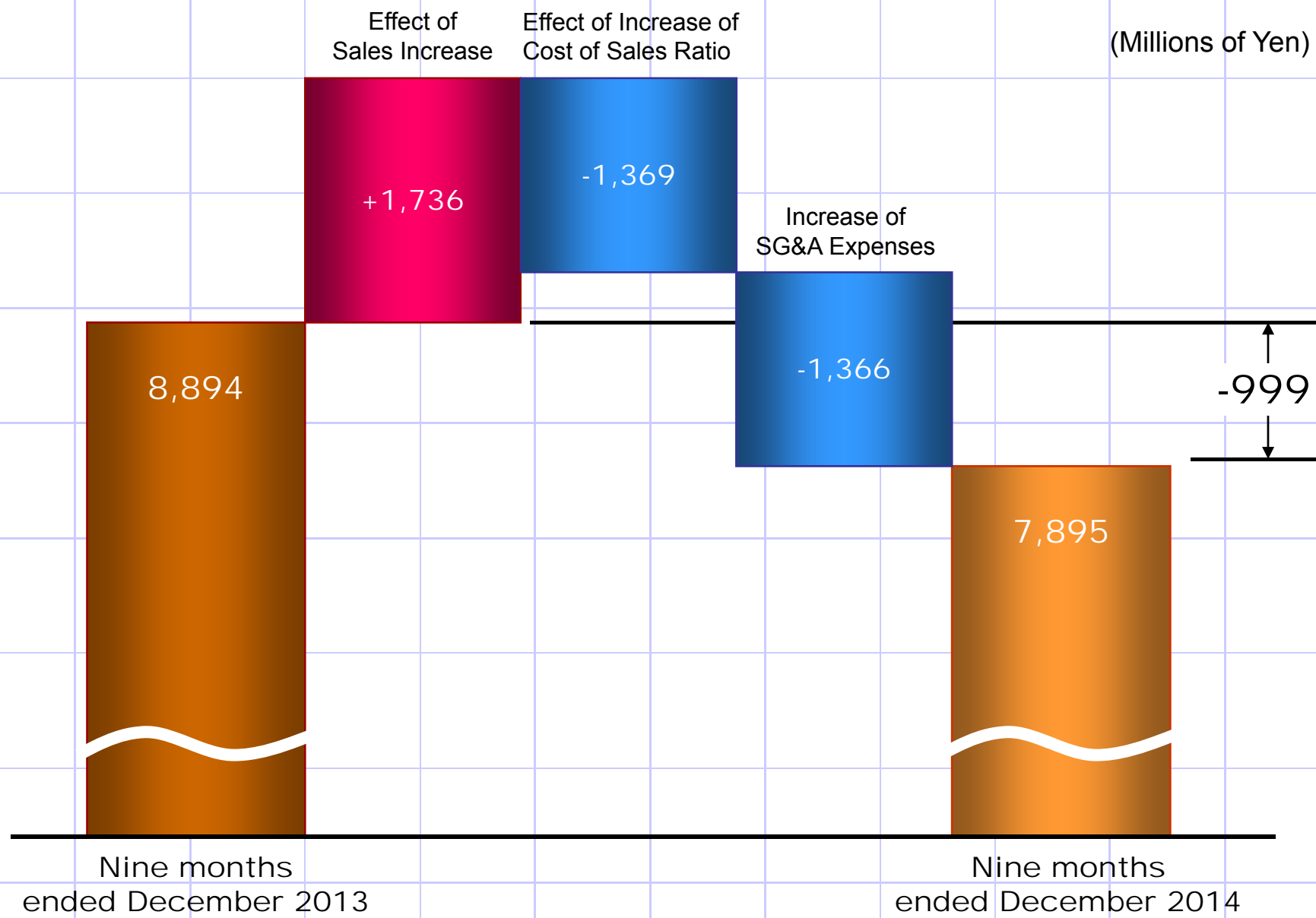
\*2 EBITDA=Operating income(loss) + Depreciation and amortization + Goodwill amortization






# Factors of Net Sales Change

(Millions of Yen)



# Factors of Operating Income Change



(Millions of yen)	Sales			Operating Income		
	Nine months ended December 2013	Nine months ended December 2014	Y-on-Y	Nine months ended December 2013	Nine months ended December 2013	Y-on-Y
 Overseas Market	67,447	73,360	+5,913 +8.8 %	2,929	2,705	-224 -7.6 %
 Financial Market	31,143	29,400	-1,743 -5.6 %	2,087	1,465	-622 -29.8 %
 Retail & Transportation Market	22,418	20,302	-2,116 -9.4 %	2,653	1,465	-1,188 -44.8 %
 Amusement Market	17,973	20,104	+2,131 +11.9 %	1,627	2,360	+733 +45.1 %
 Others	9,640	9,712	+72 +0.7 %	-403	-100	+303 - %
<b>Total</b>	<b>148,623</b>	<b>152,879</b>	<b>+4,256</b> <b>+2.9 %</b>	<b>8,894</b>	<b>7,895</b>	<b>-999</b> <b>-11.2 %</b>

## Strong sales of banknote recyclers

(Millions of Yen)

Although sales of “banknote deposit modules” for ATMs were sluggish, sales of this segment’s main product “banknote recyclers” were robust in the United States and Asia. Therefore, sales for the overall market were steady, with the effect of yen depreciation further contributing to the performance. Operating income decreased mainly reflecting deterioration in the operating margin due to intensifying market competition.

### Outline of the Segment

Sales and maintenance services to financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients and others in overseas.

### Main Products



Banknote recyclers for tellers <RBG series>



Banknote sorters <UW series>



Banknote deposit units for ATMs <UD series>

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014	Y-on-Y
Sales	67,447	73,360	+5,913 +8.8 %
Ratio to total net sales	45.4%	48.0%	+2.6
Operating income	2,929	2,705	-224 -7.6 %
Ratio to total operating income	32.9%	34.3%	+1.4
Operating margin	4.3%	3.7%	-0.6

(Millions of yen)	Nine months endnd December 2013	Nine months endnd December 2014	Y-on-Y
Americas	19,075	24,345	+5,270 +27.6 %
Europe	29,585	28,956	-629 -2.1 %
Asia	10,591	14,818	+4,227 +39.9 %
China	5,633	5,438	-195 -3.5 %
Total direct sales	59,252	68,120	+8,868 +15.0 %
OEM	8,194	5,240	-2,954 -36.1 %
Total overseas sales	67,447	73,360	+5,913 +8.8 %

## Weak sales of main products

(Millions of Yen)

Sales of the “multi-functional banknote changers” were strong due to capturing of demand for replacements. However, sales of this segment’s main products “open teller systems” and “coin and banknote recyclers” for tellers were slow.

### Outline of the Segment

Sales and maintenance services to financial institutions, OEM clients and others in Japan.

### Main Products



Open teller systems  
<WAVE series>



Coin and banknote  
recyclers for tellers  
<RB series>



Multi-functional  
banknote changers  
<EN series>

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014	Y-on-Y
Sales	31,143	29,400	-1,743 -5.6 %
Ratio to total net sales	21.0%	19.2%	-1.8
Operating income	2,087	1,465	-622 -29.8 %
Ratio to total operating income	23.5%	18.6%	-4.9
Operating margin	6.7%	5.0%	-1.7



Weak sales of coin and banknote recyclers for cashiers (Millions of Yen)

Sales of “sales proceeds deposit machines” in the cash-in-transit market were strong but sales of “sales proceeds deposit machines” for the retail market and this segment’s main product “coin and banknote recyclers” for cashiers were sluggish.

### Outline of the Segment

Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies and others in Japan.

### Main Products



Coin and banknote recyclers for cashiers <RT / RAD series>



Sales proceeds deposit machines <DSS series>



Multi-functional cash management stations <DSR series>

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014	Y-on-Y
Sales	22,418	20,302	-2,116 -9.4 %
Ratio to total net sales	15.1%	13.3%	-1.8
Operating income	2,653	1,465	-1,188 -44.8 %
Ratio to total operating income	29.8%	18.6%	-11.2
Operating margin	11.8%	7.2%	-4.6

## Robust sales of card systems

(Millions of Yen)

Although sales of “membership management systems” and “pachinko prize dispensing machines” were slow primarily due to a decline in new pachinko parlor openings, sales of this segment’s main products such as “card systems” were robust.

### Outline of the Segment

Sales and maintenance services to amusement halls (pachinko parlors) and others in Japan.

### Main Products



	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014	Y-on-Y
Sales	17,973	20,104	+2,131 +11.9 %
Ratio to total net sales	12.1%	13.2%	+1.1
Operating income	1,627	2,360	+733 +45.1 %
Ratio to total operating income	18.3%	29.9%	+11.6
Operating margin	9.1%	11.7%	+2.6

# Higher sales of cigarette vending machines

(Millions of Yen)

Sales of the cigarette vending machines were strong due to capturing of demand for replacement.

However, sales of ticket vending machines, medical payment kiosks, ballot sorters for handwritten ballots were weak due to an adverse reaction from large demand in the same period of FY2013.

### Outline of the Segment

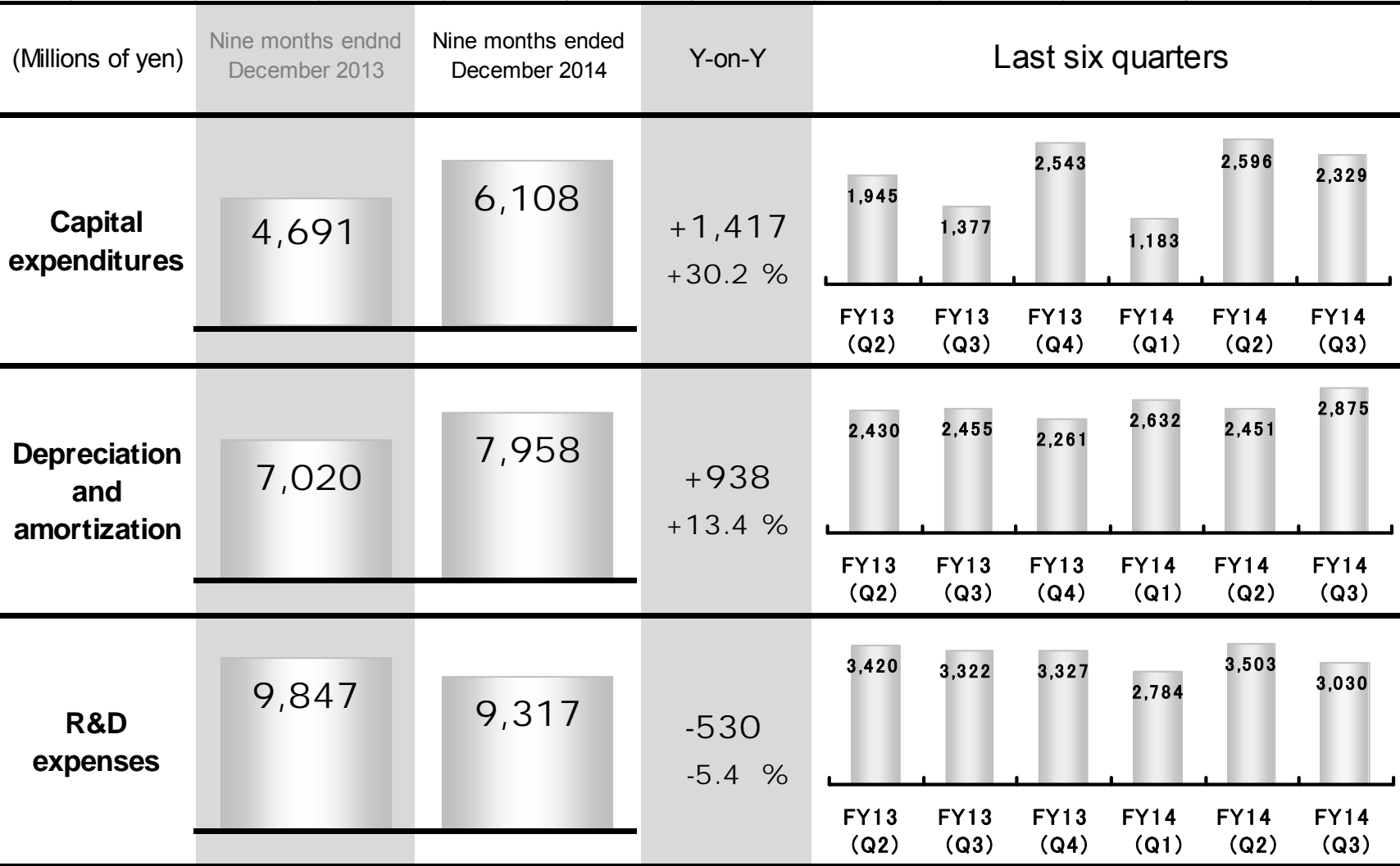
Sales and maintenance services to tobacco shops, tobacco companies, hospitals, local governments, general companies and others in Japan.

### Main Products



	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014	Y-on-Y
Sales	9,640	9,712	+72 +0.7 %
Ratio to total net sales	6.5%	6.4%	-0.1
Operating income	-403	-100	+303 - %
Ratio to total operating income	-	-	-
Operating margin	-	-	-

# Capital Expenditures etc.



(Millions of yen)	Nine months ended December 2013		Nine months ended December 2014		Y-o-Y
		ratio		ratio	
Net sales	148,623	100.0%	152,879	100.0%	+4,256
Cost of sales	88,005	59.2%	91,894	60.1%	+3,889
Selling, general and administrative expenses	51,723	34.8%	53,089	34.7%	+1,366
Operating income	8,894	6.0%	7,895	5.2%	-999
Non-operating income	4,149	2.8%	4,284	2.8%	+135
Non-operating expenses	856	0.6%	927	0.6%	+71
Ordinary income	12,187	8.2%	11,252	7.4%	-935
Extraordinary income	11	0.0%	264	0.2%	+253
Extraordinary loss	1,315	0.9%	258	0.2%	-1,057
Income before income taxes and minority interests	10,883	7.3%	11,258	7.4%	+375
Income taxes	4,896	3.3%	3,907	2.6%	-989
Income before minority interests	5,987	4.0%	7,351	4.8%	+1,364
Net income	5,473	3.7%	6,718	4.4%	+1,245

Foreign  
exchange gains  
2,863  
(FY2013 Q3: 3,177)

Loss on  
liquidation of  
business  
0  
(FY2013 Q3: 1,198)

Income before minority interests	5,987	4.0%	7,351	4.8%	+1,364
Valuation difference on available-for-sale securities	266		387		+121
Foreign currency translation adjustment	15,243		5,305		-9,938
Remeasurements of defined benefit plans	-		265		+265
Total other comprehensive income	15,509	10.4%	5,957	3.9%	-9,552
Comprehensive income	21,496	14.5%	13,308	8.7%	-8,188

Foreign currency  
translation  
adjustment  
5,305  
(FY2013 Q3: 15,243)

(Millions of yen)

	As of March 31,2014	As of December 31,2014	Increase/ Decrease		As of March 31,2014	As of December 31,2014	Increase/ Decrease
Cash, deposits and Securities	64,614	50,786	-13,828	Notes and accounts payable-trade	22,244	16,133	-6,111
Notes and accounts receivable-trade	48,240	46,320	-1,920	Short-term loans payable	36,822	38,388	(1) +1,566
Inventories	40,832	50,960	+10,128	Other	37,679	35,444	-2,235
Other	11,609	13,035	+1,426	Total current liabilities	96,745	89,965	-6,780
<b>Current assets</b>	<b>165,295</b>	<b>161,101</b>	<b>-4,194</b>	Long-term loans payable	36,241	30,959	(1) -5,282
Property, plant and equipment	35,046	35,170	+124	Other	17,151	18,714	+1,563
Customer relationships	32,497	34,043	+1,546	Noncurrent liabilities	53,392	49,673	-3,719
Goodwill	77,780	79,750	+1,970	Total liabilities	150,138	139,639	-10,499
Other	7,122	6,420	-702	Capital stock	12,892	12,892	0
Intangible assets	117,400	120,214	+2,814	Retained earnings	137,038	139,226	+2,188
Other	23,201	22,251	-950	Other	40,874	46,982	+6,108
<b>Total noncurrent assets</b>	<b>175,648</b>	<b>177,637</b>	<b>+1,989</b>	Total net assets	190,804	199,100	+8,296
<b>Total assets</b>	<b>340,943</b>	<b>338,739</b>	<b>-2,204</b>	Total liabilities and net assets	340,943	338,739	-2,204

(1) Loans continued to decrease.

Previously announced forecast of maintenance service sales and operating income were revised as below in light of challenging business environment and the operating results in the first nine-month period.

## Net sales

Higher sales thanks to sales growth of main products in overseas market, financial market and amusement market.

## Income

Higher earnings thanks to benefit of declining cost of sales ratio being generated by sales growth in the financial market and amusement market.

(Millions of yen)	FY2013		FY2014 <sup>*1,2</sup>		Y-on-Y
	Full year	Ratio	Full year (forecast)	Ratio	
Net Sales	218,632	100.0%	225,000	100.0%	+2.9%
Maintenance service	63,388	29.0%	62,000	28.4%	+1.0%
			64,000		
Operating Income	16,718	7.6%	20,500	8.0%	+7.7%
			18,000		
Ordinary Income	19,764	9.0%	21,000	9.3%	+6.3%
Net Income	9,939	4.5%	12,000	5.3%	+20.7%






\*1 FY2014 forecast;

Upper row : announced on November 5, 2014

Under row : announced on February 5, 2015

\*2 Exchange rate: US\$1 = ¥100, €1 = ¥135, £1 = ¥170

Previously announced forecast were revised as below.

(Millions of yen)	Sales			Operating Income		
	FY2013 Full year	FY2014 * Full year (forecast)	Y-on-Y	FY2013 Full year	FY2014 * Full year (forecast)	Y-on-Y
 Overseas Market	103,002	105,000 108,500	+5,498 +5.3 %	7,464	8,900 7,600	+136 +1.8 %
 Financial Market	45,654	48,000	+2,346 +5.1 %	4,031	5,000	+969 +24.0 %
 Retail & Transportation Market	31,007	31,000 29,500	-1,507 -4.9 %	3,516	3,300 2,600	-916 -26.1 %
 Amusement Market	24,811	26,000 25,500	+689 +2.8 %	1,948	3,100 2,700	+752 +38.6 %
 Others	14,156	15,000 13,500	-656 -4.6 %	-241	200 100	+341 - %
<b>Total</b>	<b>218,632</b>	<b>225,000</b>	<b>+6,368</b> <b>+2.9 %</b>	<b>16,718</b>	<b>20,500</b> <b>18,000</b>	<b>+1,282</b> <b>+7.7 %</b>

\*FY2014 forecast;

Upper row : announced on November 5, 2014

Under row : announced on February 5, 2015



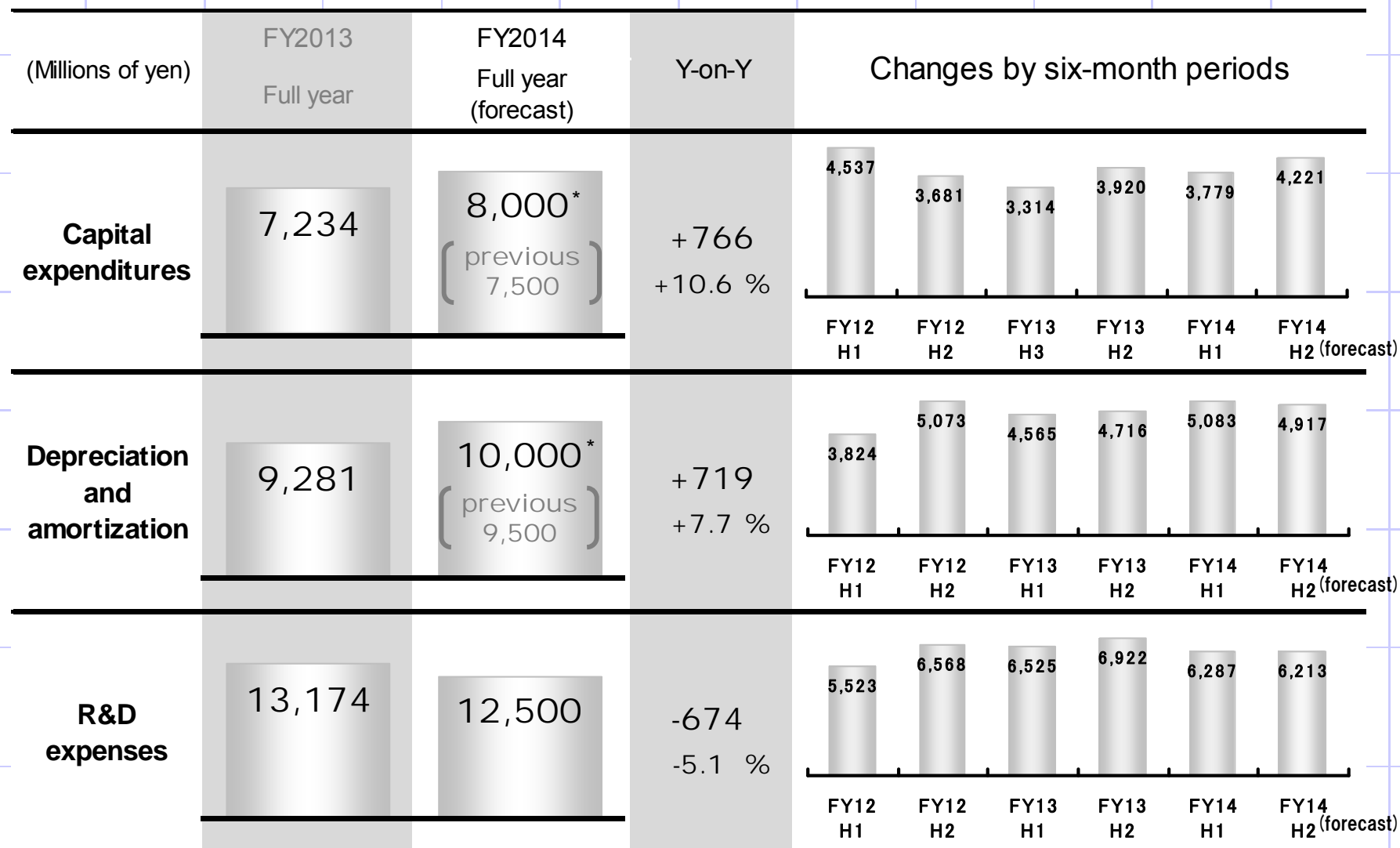
Previously announced forecast were revised as below.

(Millions of yen)	FY2013	FY2014	Y-on-Y
	Full year	Full year (forecast) *	
Americas	30,157	33,000	+5,343
		35,500	+17.7 %
Europe	41,053	42,000	+1,447
		42,500	+3.5 %
Asia	21,012	21,000	+988
		22,000	+4.7 %
China	12,736	11,500	-1,736
		11,000	-13.6 %
Total direct sales	92,222	96,000	+7,778
		100,000	+8.4 %
OEM	10,778	9,000	-2,278
		8,500	-21.1 %
Total overseas sales	103,002	105,000	+5,498
		108,500	+5.3 %

\*FY2014 forecast; Upper row : announced on November 5, 2014

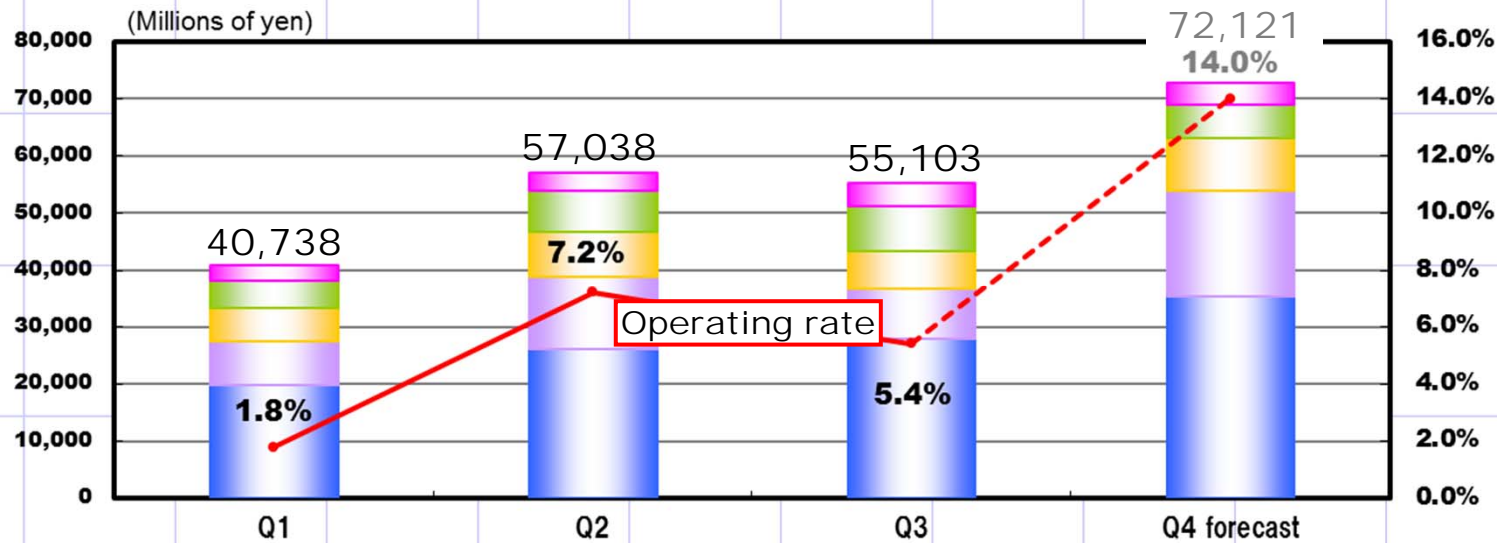
Under row : announced on February 5, 2015

# Capital Expenditures etc.



\*The forecasts has been revised from the previous forecast announced on November 5, 2014.

# Quarterly Sales by Business Segment



(Millions of yen)	Q1	Q2	Q3	Q4 (forecast)	Full year (forecast)
Overseas Market	19,651 147	25,885 1,156	27,824 1,402	35,140 4,895	108,500 7,600
Financial Market	7,719 38	12,951 1,482	8,730 -55	18,600 3,535	48,000 5,000
Retail & Transportation Market	5,730 343	7,831 695	6,741 427	9,198 1,135	29,500 2,600
Amusement Market	5,042 470	7,156 741	7,906 1,149	5,396 340	25,500 2,700
Others	2,594 -215	3,216 52	3,902 63	3,788 200	13,500 100
<b>Total</b>	<b>40,738</b> 784	<b>57,038</b> 4,127	<b>55,103</b> 2,984	<b>72,121</b> 10,105	<b>225,000</b> 18,000

※Lower row shows operating income