



JCM ANNUAL
REPORT

2003
Year ended March 31, 2003

COMPANY PROFILE

Japan Cash Machine Co., Ltd. (JCM) was established in January 1955 with the sale and repair of mechanical cash registers as its chief business activities. JCM began manufacture of cash registers two years later in February 1957. In the years since, in line with the expansion of the industry and the growth in consumer needs, JCM has assiduously engaged in development of a wide variety of products, ranging from money-handling machines and office equipment such as fire-resistant safes, to equipment for the amusement industry.

Since beginning manufacture and sale of U.S. dollar-bill checkers in 1986, JCM has gone on to develop products adapted to more than 50 national currencies. With consolidated subsidiaries now based in the U.S., Germany, and Hong Kong, these products are exported to more than 70 countries and regions around the world, allowing JCM to also achieve steady growth in overseas markets.

Under the corporate motto *Results arise from following the customer's lead*, JCM is committed to consolidating and improving on its business performance, and thereby enhancing shareholder value. As a technology development company operating in the field of cash and cash-equivalent securities, JCM anticipates future market trends to pick up on the voice of the customer and discover niche demand matched to its innovative technologies, which are then applied in the development of new products that become the central focus of planning and implementation for original marketing and sales strategies.

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Forward-looking statements

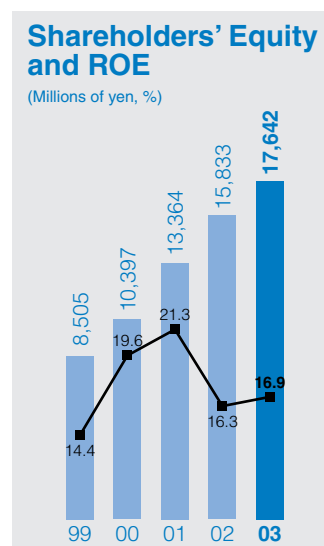
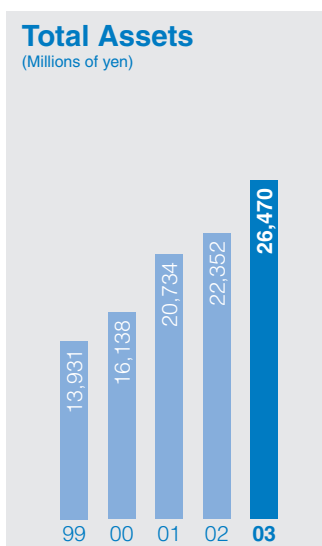
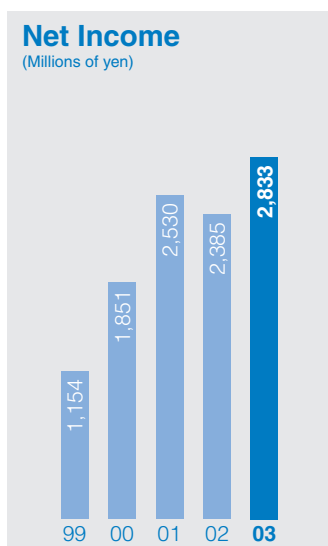
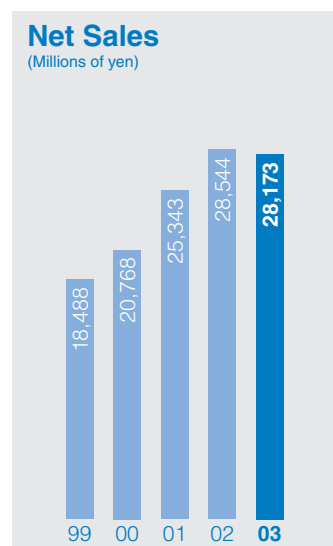
The present report contains forward-looking statements regarding JCM Group plans, forecasts, strategies, business results and other items. These forward-looking statements are based on judgments made using the information available at the time. Actual business results will be affected by various risk factors and uncertainties, and readers are advised that they may therefore differ substantially from the projections presented herein. Factors affecting future projections include, but are not limited to, the economic conditions under which the JCM Group operates, competitive pressures, relevant laws and regulations, the status of product development programs, and fluctuations in exchange rates.

FINANCIAL HIGHLIGHTS

Japan Cash Machine Co., Ltd. and Consolidated Subsidiaries
March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
For the year:			
Net sales:			
Domestic	¥ 12,925	¥ 12,486	\$ 107,529
Overseas	15,248	16,058	126,855
Total	28,173	28,544	234,384
Operating income	4,765	4,016	39,642
Net income	2,833	2,385	23,566
Depreciation of property, plant and equipment	412	483	3,434
Research and development costs	1,417	1,345	11,788
At year-end:			
Current assets	¥ 22,902	¥ 18,576	190,532
Total assets	26,470	22,352	220,214
Current liabilities	8,140	5,764	67,721
Shareholders' equity	17,642	15,833	146,772
Per share data:			
	Yen	U.S. dollars	
Net income	¥ 171.20	¥ 146.17	\$ 1.43
Cash dividends	33.00	29.00	0.27
Number of employees	504	458	

Notes: 1. The U.S. dollar amounts in this report have been translated from the corresponding yen amounts, for convenience only, at ¥120.20 = U.S.\$1.00, the rate of exchange prevailing on March 31, 2003.
2. Per share data for 2002 has been diluted to reflect the effect of a stock split made on May 20, 2002.



The policies of Japan Cash Machine Co., Ltd. (JCM) are aimed fundamentally at increasing earnings in the long term and strengthening the corporate financial and operational platform while at the same time enhancing shareholders' equity and improving return on equity. By doing so, we aim to provide shareholders with a consistent and stable dividend and effect an appropriate return of profits.

Regarding dividends to shareholders, we have set a preliminary target of 30% for dividend-payout ratio and are committed to a dividend policy emphasizing stability and consistency and at the same time reflecting trends in consolidated business results and other factors.

Regarding profit dividend payments for the fiscal year under review, as our non-consolidated business results established new records in each of sales, operating profit, and net income, it was decided, in appreciation of the support we receive from our shareholders throughout the year, to supplement the regular dividend of ¥12 with an additional commemorative dividend of ¥9 to bring the dividend per share to ¥21 (or a yearly dividend of ¥33 counting the already paid interim dividend of ¥12).

Meanwhile, as part of our policy of returning profits, with effect on May 20 we undertook a stock split at a ratio of 1 to 1.1, the eighth in a series of stock splits undertaken since the Company was listed on the stock exchange which have cumulatively increased the number of shares 2.14-fold.

Regarding retained earnings, these will be used for the purpose of forward-looking investment to effect improvement and expansion in sales, research and development, and production systems, with the aim of enhancing competitive ability.

Outline of Business Results

Taking a look at the economic conditions under which the JCM Group operated during the fiscal year, initial signs of recovery gave way to falling levels of capital investment caused by slackening economic activity overseas, while corporate restructuring increased instability in the employment market; add to this the effects of simultaneous and progressive share-price falls worldwide, precipitated by factors including the corporate accounting scandals in the U.S., the change in the Middle East situation, and the break-up of corporate cross-holding arrangements in Japan, and the situation allowed no room for complacency.

In response to these challenges, JCM rolled out an aggressive program of sales activities aimed at the Japanese and overseas markets, promoted earnings stability by moving ahead with the overseas transfer of manufacturing operations for major products, and targeted

cost-price reduction through overseas procurement of parts and materials and mold investment, and overseas placement of outsourced operations as part of a strategy to lower business costs all round.

Although sales in the period benefited from several positive factors, including expanded sales of money-handling machines and the consolidation of additional subsidiaries, decreased sales of electronic cash registers and equipment for the amusement industry contributed to a slight fall in sales of 1.3% from the previous period to ¥28,173 million. Profits, however, grew as a result of further cost-reduction efforts, including overseas transfer of major product manufacture in addition to overseas procurement of system components and subassemblies. Operating income thus rose by 18.7% to ¥4,765 million and net income also by 18.8% to ¥2,833 million.

Regarding exchange rates, the yen strengthened against the U.S. currency to a rate of 124.83 to the dollar compared to 131.95 in the previous period, but weakened against the European currency to 118.26 per euro against 116.51 in the previous period. Rates for translation to Japanese currency have traditionally been based on rates prevailing at the end of the accounting period. However, starting from the consolidated accounting period reviewed here, the rates applied will be the average rates for the relevant accounting period.

Outlook for the Future

Looking to global economic conditions for the immediate future, receding capital investment, stagnant consumer spending, and other factors have created an environment of imminent deflation; the strong mood of economic uncertainty in the U.S. and the countries of Europe give further reason to suppose that the economy will continue to operate under difficult conditions.

To achieve further improvement in business results in this environment, the JCM Group will be aggressively pursuing the policies listed below with the aim of reinforcing and developing business activities on both domestic and overseas fronts in each of manufacturing, sales and marketing, research and development, and quality assurance.

1) Business bases will be reorganized to reflect conditions in the various regions and markets and thereby promote sales development in Japan and overseas. Specifically in Europe, special attention will be given to the U.K. gaming market with its high levels of latent demand and retail markets, where demand is expected to grow, as part of an upgrading of business bases to improve the efficiency of sales, distribution, and servicing across the whole of the region. In Japan, meanwhile, the Tokyo Sales Office was renamed Tokyo Branch Office in April 2003; business activities in the Tokyo region will now be reinforced, with expansion of office floorspace and increased staff numbers.

2) In the U.S. gaming market, the legalization of the casino market is the subject of much attention. With the increase in the number of states allowing new casino construction expected to stimulate fresh demand, JCM will be looking to maintain market share and expand sales by introducing new products based on new bill-identification technology in an effort to raise valid bill acceptance rates from the present 95% to as close as possible to 100%.

At the same time, in addition to the traditional gaming market, we will energetically pursue expansion into retail markets. The main applications include automated vending machines, supermarket self-checkout systems, self-service gas stations, and cash-in-transit and in-store cash-handling systems. JCM American Corporation has already assembled a team to specialize in this market and will be devoting itself to promoting sales of bill-identification units and recirculation products of high added value.

3) Overseas production rate during the period was around 30%. As a way of further improving profitability, we will continue to vigorously promote overseas production from next fiscal year so as to raise the proportion of products produced overseas to around 50% in the medium term. As we do so, comprehensive thought will be given to strategies for reducing delivery time, avoiding exchange risk in sales to overseas countries, and spreading the risks associated with locating production in specific countries, with consideration given to creating multiple and dispersed overseas production bases in regions closely adjoining sales routes and end-consumer regions.

4) On the research and development front, we will continue to devote attention to sensor technology and to bill-recirculation technology that allows bills fed into bill-identification units to be dispensed as change.

In the field of sensor technology, we are engaged in adaptation not only to the new Japanese bills due to be introduced next year, but also to long-term developments based on projections as to the forms of currency handling and retail distribution which will be

current in five or ten years from now. Bill-recirculation technology, meanwhile, has recently been in the spotlight as a technology with the potential to contribute to the creation of more compact, lightweight, and low-priced bill-handling devices, as well as to the reduction of cash amounts and denominations that need to be kept in reserve as change. Practical application of this technology will be used to expand our range of recirculation products.

Elsewhere, the subsidiaries JCM American Corporation and Japan Cash Machine Germany GMBH will be stepping up research and development aimed at product adaptation to their respective markets.

- 5) We will work to improve product quality to enhance customer satisfaction and at the same time restructure our quality-assurance system in anticipation of the future move toward global management.
- 6) In order to establish an operational structure providing stable profit over the medium to long term, we will among other measures take energetic action to promote overseas production, slim down inventories in products, raw materials, etc., and reduce production lead-time. Meanwhile, as a means of achieving these goals, we will additionally devote energies to constructing a JCM Group network including overseas bases and based on supply-chain management, investing around ¥800 million in the project.
- 7) In order to secure the personnel, technology, facilities, and other resources required to implement the above measures, a wide range of possible avenues will be considered, including capital alliances and mergers and acquisitions. As for the capital required, funds on hand will be deployed effectively. Consideration is being given to various means of achieving this, with effective use of stock-option programs, acquisition of Company stock, and similar measures being given due attention.

These measures are designed to further improve business results, strengthen corporate competitive ability, and consolidate corporate operations. At the same time we will work to create a flexible corporate structure capable of responding immediately to any situation including changes in the market environment in Japan and overseas and exchange-rate fluctuations. In this way, we aim to further reinforce the well-balanced operational profile which characterizes JCM.

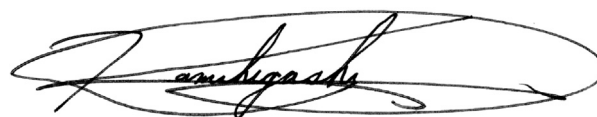
Regarding future sales outlook, we will be making efforts on the domestic front to expand sales of bill-identification units, cash-in machines, and similar equipment; in Europe, expanding sales are forecast across the whole region, with sales in the countries of eastern Europe continuing to increase; sales to the U.S., similarly, are expected to develop favorably. Overall, favorable sales development is therefore expected.

Turning to profits, on the domestic front, we will be placing strategic emphasis on sales of products with high added value, while intensified overseas outsourcing of production is also expected to lead to increased profitability.

The internal exchange rates forecast are 115 yen to one U.S. dollar and 120 yen to one euro.

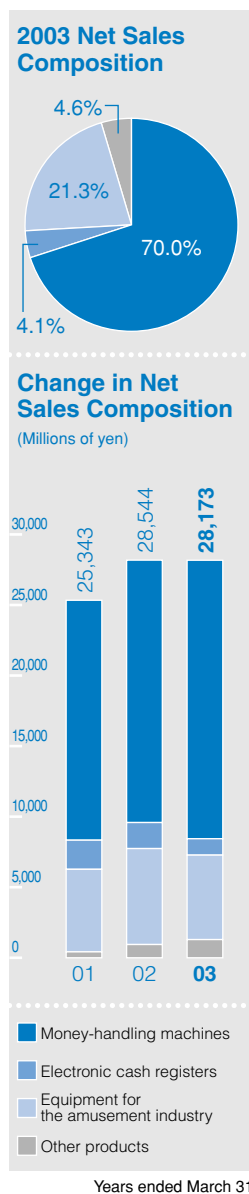
On the basis of the above considerations, we have made projections for business results in the coming fiscal year which call for total sales to grow by 10.0% to ¥31,000 million, operating profit by 15.4% to ¥5,500 million, and net income by 13.2% to ¥3,200 million.

June 26, 2003



Koichiro Kamihigashi
President

Business Segment



1) Money-handling machines

Sales to Europe developed favorably due to the expansion of the market to the countries of eastern Europe. Within Japan, there were increases in sales of bill-identification units for self-service gas stations, which are now opening new markets, and for automated parking lots, and of original equipment manufacturing (OEM) terminals.

In the U.S., as the effect of the terrorist attacks of 2001 receded, sales recovered in the second half of the fiscal year. However, as exchange rates produced a strong yen, sales value denominated in Japanese currency actually declined.

Under the combined influence of these factors, total sales in the segment reached ¥19,735 million, an increase of 4.1% over the previous period.

2) Electronic cash registers

The significant rebound of demand to the downside in the previous period following the introduction of the euro single currency shrunk the volume of sales to Europe. In Japan also, low levels of economic activity — particularly in the retail and distribution industry which is the segment's main customer — placed restraints on capital investment which kept demand stagnant. Total sales in the segment came to ¥1,160 million, a decline of 37.1% from the previous period.

In recent years, sales have been in decline in this segment. From now on however, we will be targeting increased sales through the high levels of added value offered by retail and distribution automation equipment consisting of unique combinations of cash recirculation products with independently developed point-of-sale systems that substantially reduce initial and running costs. These are expected to stimulate fresh demand and also demand arising from the replacement of existing products.

3) Equipment for the amusement industry

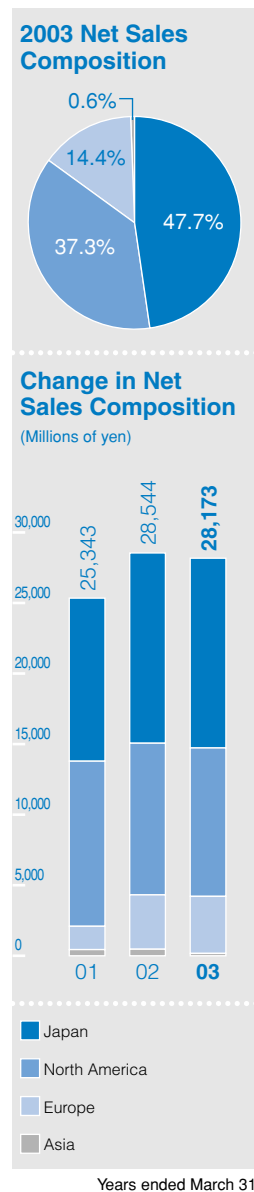
The fall in demand for capital investment in gaming halls that accompanied the holding of the 2002 FIFA World Cup™ in June of last year led to reduced sales of automatic token supply systems and other facility-support products as a result of the shortage of police manpower needed for overseeing and approval of new facility installations. Sales of *pachinko* parlor slot machines also declined as self-regulating measures in the industry and other factors meant that the number of new machine models introduced with appealing game features was small. As a result, total sales in the segment, at ¥5,986 million, decreased 12.0% from the previous year.

Looking ahead, by offering products outstanding in all aspects of cost, price and function, and by introducing new system machinery based on information technology, we aim to stimulate fresh demand and increase sales starting from the forthcoming fiscal year.

4) Other products

Sales of fire-resistant safes fell as a result of stagnant levels of consumer spending and capital investment. Video-game arcades on the other hand, of which we currently operate two in Tokyo and the surrounding area, managed to very nearly equal the sales level of the previous year thanks to the introduction of new game machines and other factors. With the additional boost of newly consolidated subsidiaries, total sales in the segment increased 36.7% to ¥1,290 million.

Geographical Segment



1) Japan

In the money-handling machine segment, sales of OEM terminals and of bill-identification units aimed at new markets increased, while internal sales to North America, Europe, and other regions also grew. Sales of equipment for the amusement industry however fell, as they were affected by the holding of the 2002 FIFA World Cup™. The combined effect of these influences on total sales was reflected in an increase of 7.8% from the previous year to ¥24,586 million.

Operating income, meanwhile, due to cost reductions from overseas production, changes in the composition of product sales, and the effect of a weaker yen on sales accounting denominated in euros, increased 45.9% to ¥2,834 million.

2) North America

With the receding influence of the terrorist attacks of 2001, sales to Canada showed encouraging development and sales moved into recovery mode. However, as exchange rates produced a strong yen, total sales denominated in Japanese currency showed a slight decline of 2.3% to ¥10,518 million.

Operating income benefited from changes in the composition of product sales and other factors which increased profitability, and rose 5.8% to ¥1,091 million.

3) Europe

While sales in the eurozone remained flat, sales in the countries of eastern Europe grew due to an expansion of the gaming market in the region, so that overall European sales rose 5.4% to ¥4,065 million.

Operating income, meanwhile, due to increasingly challenging conditions in terms of sale price, increases in selling, general and administrative expenses aimed at organizational reinforcement of subsidiaries, and other factors decreased by 2.7% to ¥771 million.

4) Asia

Following the introduction of the euro single currency in the previous period, sales of electronic cash registers to Europe fell back to low levels, which contributed to the 12.4% fall in total sales to ¥4,410 million. Operating income fell 3.9% to ¥562 million.

A large part of the decrease in sales value is due to the effect of exchange rates; in particular, the decrease in intersegmental internal sales, representing around 7% when denominated in Japanese currency, represents a decrease of only 2% when denominated in local currency; in addition, although actual sales volume remained roughly stable, the benefits of cost reductions were reflected in reduced sale prices.

FINANCIAL SECTION

Japan Cash Machine Co., Ltd. and Consolidated Subsidiaries

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CONSOLIDATED BALANCE SHEETS

Japan Cash Machine Co., Ltd. and Consolidated Subsidiaries
March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Assets			
Current assets:			
Cash and cash equivalents	¥ 8,393	¥ 5,103	\$ 69,824
Trade receivables:			
Notes	2,716	2,362	22,597
Accounts	3,970	3,464	33,022
	<u>6,686</u>	<u>5,826</u>	<u>55,619</u>
Inventories (Note 4)	5,890	6,095	49,003
Deferred income taxes (Note 8)	1,356	784	11,282
Prepaid expenses and other current assets	770	957	6,408
Less allowance for doubtful accounts	(193)	(189)	(1,604)
Total current assets	<u>22,902</u>	<u>18,576</u>	<u>190,532</u>
Property, plant and equipment, at cost (Note 6):			
Land	392	403	3,258
Buildings and structures	1,946	2,009	16,194
Machinery and equipment	3,920	4,003	32,613
Construction in progress	0	5	0
	<u>6,258</u>	<u>6,420</u>	<u>52,065</u>
Less accumulated depreciation	(4,152)	(4,010)	(34,545)
Property, plant and equipment, net	<u>2,106</u>	<u>2,410</u>	<u>17,520</u>
Investments and other assets:			
Investments in securities (Note 5)	589	290	4,897
Investments in unconsolidated subsidiaries	16	49	135
Deferred income taxes (Note 8)	197	144	1,635
Long-term loans	2	3	13
Other	671	902	5,585
Less allowance for doubtful accounts	(13)	(22)	(106)
Total investments and other assets	<u>1,462</u>	<u>1,366</u>	<u>12,159</u>
Total assets	<u>¥ 26,470</u>	<u>¥ 22,352</u>	<u>\$ 220,214</u>

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Liabilities and Shareholders' Equity			
Current liabilities:			
Current portion of long-term debt (Note 6)	¥ 200	¥ 200	\$ 1,664
Trade payables:			
Notes	3,153	2,028	26,230
Accounts	1,863	1,339	15,498
	<u>5,016</u>	<u>3,367</u>	<u>41,728</u>
Short-term bank loans (Note 6).....	121	—	1,009
Accrued income taxes (Note 8).....	1,542	1,054	12,824
Accrued bonuses	374	346	3,113
Other current liabilities	887	797	7,382
Total current liabilities	<u>8,140</u>	<u>5,764</u>	<u>67,720</u>
Long-term liabilities:			
Long-term debt (Note 6)	200	450	1,664
Accrued retirement benefits for employees (Note 7)	205	45	1,704
Retirement allowances for directors and corporate auditors	238	213	1,976
Deferred income taxes (Note 8)	26	28	221
Other	19	19	156
Total long-term liabilities	<u>688</u>	<u>755</u>	<u>5,721</u>
Shareholders' equity:			
Common stock:			
Authorized – 29,664,000 shares			
Issued – 16,323,351 shares in 2003			
14,839,410 shares in 2002	2,182	2,182	18,151
Capital surplus (Note 9)	2,029	2,029	16,877
Retained earnings (Notes 9 and 15)	13,373	11,069	111,261
Net unrealized holding gain on securities	48	60	402
Translation adjustments	72	504	599
Less treasury stock, at cost:			
32,699 shares in 2003 and 5,687 shares in 2002	(62)	(11)	(518)
Total shareholders' equity	<u>17,642</u>	<u>15,833</u>	<u>146,772</u>
Total liabilities and shareholders' equity	<u>¥ 26,470</u>	<u>¥ 22,352</u>	<u>\$ 220,214</u>

CONSOLIDATED STATEMENTS OF INCOME

Japan Cash Machine Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Net sales (Note 14)	¥ 28,173	¥ 28,544	\$ 234,384
Cost of sales (Note 11).....	15,864	17,543	131,982
Gross profit	12,309	11,001	102,402
Selling, general and administrative expenses (Note 11)	7,544	6,985	62,760
Operating income (Note 14).....	4,765	4,016	39,642
Other income:			
Interest and dividend income	48	79	396
Reversal of allowance for doubtful accounts	10	3	87
Gain on sales of investments in securities	—	45	—
Exchange gain	—	82	—
Other	99	86	823
	157	295	1,306
Other expenses:			
Interest expense	18	27	152
Loss on cancellation of insurance	—	36	—
Loss on disposal of property, plant and equipment	60	11	497
Provision for retirement benefits for directors and corporate auditors	—	37	—
Loss on devaluation of golf club memberships	2	8	13
Loss on devaluation of investments in securities	74	98	615
Foreign exchange loss	22	—	187
Other	43	41	362
	219	258	1,826
Income before income taxes	4,703	4,053	39,122
Income taxes (Note 8):			
Current	2,458	1,887	20,445
Deferred	(588)	(219)	(4,889)
Net income	¥ 2,833	¥ 2,385	\$ 23,566

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Japan Cash Machine Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Number of shares of common stock	Millions of yen					
		Common stock	Capital surplus	Retained earnings	Unrealized holding gain (loss) on securities	Translation adjustments	Treasury stock
Balance at March 31, 2001	13,490,373	¥ 2,182	¥ 2,029	¥ 9,074	¥ 102	¥ (23)	¥ (0)
Net income for the year ended March 31, 2002	—	—	—	2,385	—	—	—
Stock split	1,349,037	—	—	—	—	—	—
Cash dividends	—	—	—	(347)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(43)	—	—	—
Unrealized holding loss on securities	—	—	—	—	(42)	—	—
Translation adjustments	—	—	—	—	—	527	—
Increase in treasury stock	—	—	—	—	—	—	(11)
Balance at March 31, 2002	14,839,410	¥ 2,182	¥ 2,029	¥ 11,069	¥ 60	¥ 504	¥ (11)
Net income for the year ended March 31, 2003	—	—	—	2,833	—	—	—
Increase in retained earnings resulting							
from initial consolidation of subsidiaries	—	—	—	29	—	—	—
Stock split	1,483,941	—	—	—	—	—	—
Cash dividends	—	—	—	(514)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(43)	—	—	—
Unrealized holding loss on securities	—	—	—	—	(12)	—	—
Translation adjustments	—	—	—	—	—	(432)	—
Increase in treasury stock	—	—	—	—	—	—	(51)
Balance at March 31, 2003	16,323,351	¥ 2,182	¥ 2,029	¥ 13,373	¥ 48	¥ 72	¥ (62)

	Number of shares of common stock	Thousands U.S. dollars (Note 3)					
		Common stock	Capital surplus	Retained earnings	Unrealized holding gain (loss) on securities	Translation adjustments	Treasury stock
Balance at March 31, 2002	14,839,410	\$ 18,151	\$ 16,877	\$ 92,090	\$ 503	\$ 4,191	\$ (89)
Net income for the year ended March 31, 2003	—	—	—	23,566	—	—	—
Increase in retained earnings resulting							
from initial consolidation of subsidiaries	—	—	—	242	—	—	—
Stock split	1,483,941	—	—	—	—	—	—
Cash dividends	—	—	—	(4,280)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(358)	—	—	—
Unrealized holding loss on securities	—	—	—	—	(101)	—	—
Translation adjustments	—	—	—	—	—	(3,592)	—
Increase in treasury stock	—	—	—	—	—	—	(430)
Balance at March 31, 2003	16,323,351	\$ 18,151	\$ 16,877	\$ 111,261	\$ 402	\$ 599	\$ (518)

The accompanying notes are an integral part of these statements.

1. Basis of Preparation of Consolidated Financial Statements

Japan Cash Machine Co., Ltd. (the "Company") maintains its accounts and records in accordance with accounting principles and practices generally accepted and applied in Japan. Its foreign subsidiaries maintain their accounts in conformity with the requirements of their countries of domicile. The accompanying financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. During the year ended March 31, 2003, three domestic subsidiaries have been initially included in the consolidated financial statements. All significant intercompany items have been eliminated in consolidation.

The foreign consolidated subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differs from the balance sheet date of the Company. As a result, adjustments have been made for any significant intercompany transactions which took place during the period between the year-ends of these foreign consolidated subsidiaries and the year-end of the Company.

Any difference between the cost of an investment in a subsidiary and the amount of the underlying equity in the net assets of the subsidiary is treated as an asset or a liability as the case may be, and is amortized over a period of five years on a straight-line basis.

Investments in unconsolidated subsidiaries are carried at cost.

(b) Foreign Currency Translation

Foreign currency transactions

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates. All other assets and liabilities denominated in foreign currencies are translated at their historical rates. Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the exchange rates in effect at the respective transaction dates. Gain or loss on the transactions is credited or charged to income in the period in which such gain or loss is recognized for financial reporting purposes.

Financial statements of foreign consolidated subsidiaries

The financial statements of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the revenue and expense accounts are translated at the average exchange rate in effect during the fiscal year and the components of shareholders' equity are translated at their

historical rates. Differences resulting from translating the financial statements of the foreign consolidated subsidiaries are not included in the determination of net income, but are presented as translation adjustments in a component of shareholders' equity in the consolidated balance sheets.

Effective April 1, 2002, the Company changed its method of translation of the statements of income of its foreign consolidated subsidiaries to using the average rate of exchange in effect during the fiscal year, from the rate in effect at the balance sheet date. The effect of this change was to increase operating income and income before income taxes by ¥19 million (\$166 thousand) and ¥26 million (\$218 thousand), respectively, for the year ended March 31, 2003 over the amounts which would have been recorded under the method applied in the previous year.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and other highly liquid investments with maturities of three months or less when purchased.

During the year ended March 31, 2002, the Company purchased all outstanding shares of Meiho Shoji Co., Ltd. for ¥300 million. In this acquisition, the cash and cash equivalents of Meiho Shoji Co., Ltd. exceeded their acquisition costs. As a result, the net cash was recorded as "Proceeds from acquisition of a subsidiary, net of cash acquired" in investment activities in the consolidated statements of cash flows.

(d) Inventories

Inventories of the Company are stated at cost determined by the first-in, first-out method. Inventories of the consolidated subsidiaries are stated at the lower of cost or market, the cost of JCM American Corporation and JCM Gold USA, Inc. being determined by the first-in, first-out method, and the cost of Japan Cash Machine Germany GMBH and JCM Gold (H.K.) Ltd. being determined by the moving-average method.

(e) Investments in Securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities, and other securities in accordance with "Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council of Japan. Under this standard, trading securities are stated at fair value. Gain and loss, both realized and unrealized, are charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving-average method.

(f) Derivatives and Hedging Activities

Derivative financial instruments are utilized by the Company principally in order to manage certain risks arising from adverse fluctuation in foreign currency exchange rates. The Company has established a control environment which includes policies and procedures for risk assessment, and for the approval, reporting and monitoring of transactions involving derivatives. The Company does not hold or issue derivatives for speculative trading purposes.

The Company is exposed to certain market risks arising from its forward foreign exchange contracts. The Company is also exposed to the risk of credit loss in the event of non-performance by the counterparties to these contracts; however, the Company does not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

Derivatives are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability.

(g) Property, Plant and Equipment

Property, plant and equipment is stated on the basis of cost. The Company calculates depreciation principally by the declining-balance method based on the estimated useful lives and the residual value determined by the Company, except for buildings (exclusive of any structures attached to the buildings) acquired on or after April 1, 1998, which are depreciated by the straight-line method. The consolidated subsidiaries calculate depreciation principally by the straight-line method over the estimated useful lives of the respective assets.

Costs for maintenance, repairs and minor renewals are charged to income as incurred. Major renewals and betterments are capitalized.

(h) Research and Development Costs and Computer Software

Research and development costs are charged to income when incurred. Expenditures relating to computer software developed for internal use are charged to income as incurred, except if these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their useful lives, generally a period of five years.

(i) Allowance for Doubtful Accounts

The Company and its domestic subsidiaries have provided allowances for doubtful receivables based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts from customers experiencing financial difficulties.

The allowance for doubtful accounts of the foreign subsidiaries has been provided at an estimated amount of their probable bad debts.

(j) Leases

Non-cancelable leases of the Company are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. However, leases of the foreign subsidiaries are generally classified and accounted for either as finance or operating leases in conformity with the accounting principles and practices generally accepted in the countries in which they are incorporated.

(k) Retirement Benefits

Employees of the Company and its domestic subsidiaries are generally covered by the Company's funded non-contributory pension plan.

Accrued retirement benefits are provided based on the amount of the projected benefit obligation reduced by the pension plan assets at fair value as of the balance sheet date.

Actuarial gain or loss is credited or charged to income in the year in which such gain or loss is recognized for financial reporting purposes.

The foreign consolidated subsidiaries have no retirement benefit plans.

The directors and corporate auditors of the Company and its domestic subsidiaries are not covered by this pension plan. The liability for their retirement allowances represents the estimated amounts which would be payable if they were to retire at the balance sheet date. Amounts payable to the directors and corporate auditors upon retirement are subject to the approval of the shareholders under the Commercial Code of Japan.

(l) Income Taxes

Income taxes are calculated on taxable income and charged to income on an accrual basis. Certain temporary differences exist between taxable income and income reported for financial statement purposes which enter into the determination of taxable income in a different period. The Company and consolidated subsidiaries recognize the tax effect of such temporary differences in their consolidated financial statements.

(m) Appropriation of Retained Earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations (see Note 15).

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥120.20 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2003. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Inventories

Inventories at March 31, 2003 and 2002 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Finished goods	¥ 3,443	¥ 3,967	\$ 28,645
Work in process	814	515	6,772
Raw materials and supplies	1,633	1,613	13,586
	¥ 5,890	¥ 6,095	\$ 49,003

5. Investments in Securities

Investments in securities classified as other securities at March 31, 2003 and 2002 were as follows:

	Millions of yen		
	2003		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their acquisition cost:			
Equity securities	¥ 55	¥ 134	¥ 79
Securities whose acquisition cost exceeds their fair value:			
Equity securities	72	71	(1)
Other	2	2	—
	74	73	(1)
Total	¥ 129	¥ 207	¥ 78

	Millions of yen		
	2002		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their acquisition cost:			
Equity securities	¥ 58	¥ 191	¥ 133
Securities whose acquisition cost exceeds their fair value:			
Equity securities	62	61	(1)
Other	3	3	—
	65	64	(1)
Total	¥ 123	¥ 255	¥ 132

	Thousands of U.S. dollars		
	2003		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their acquisition cost:			
Equity securities	\$ 465	\$ 1,114	\$ 659
Securities whose acquisition cost exceeds their fair value:			
Equity securities	602	594	(9)
Other	16	16	—
	619	610	(9)
Total	\$ 1,074	\$ 1,724	\$ 650

6. Short-term Bank Loans and Long-term Debt

The average interest rate on short-term bank loans for the year ended March 31, 2003 was 1.625%.

Long-term debt including the current portion at March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
1.67% yen bank loans due in 2004	¥ —	¥ 50	\$ —
2.4% yen bonds due in 2005	200	200	1,664
2.13% yen bonds due in 2003	—	200	—
2.4% yen bonds due in 2004	100	100	832
2.2% yen bonds due in 2004	100	100	832
	400	650	3,328
Current portion of long-term debt	(200)	(200)	(1,664)
	¥ 200	¥ 450	\$ 1,664

The aggregate annual maturities of long-term debt subsequent to March 31, 2003 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 200	\$ 1,664
2005	200	1,664
	¥ 400	\$ 3,328

At March 31, 2003 and 2002, the following assets were pledged as collateral to secure long-term debt, including the current portion:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Land	¥ 61	¥ 61	\$ 503
Buildings and structures	100	106	833
Machinery and equipment	0	1	4
	¥ 161	¥ 168	\$ 1,340

7. Retirement Benefits

The following table sets forth the funded and accrued status of the pension plans, and the amounts recognized in the consolidated balance sheets at March 31, 2003 and 2002 for the Company's and the consolidated subsidiaries' defined benefit plan:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Retirement benefit obligation	¥ (978)	¥ (792)	\$ (8,139)
Plan assets at fair value	773	747	6,435
Accrued retirement benefits	¥ (205)	¥ (45)	\$ (1,704)

The components of retirement benefit expenses for the years ended March 31, 2003 and 2002 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Service cost	¥ 82	¥ 87	\$ 682
Interest cost	22	22	181
Expected return on plan assets	(14)	(20)	(118)
Amortization of actuarial loss	216	11	1,801
Retirement benefit expenses	¥ 306	¥ 100	\$ 2,547

The assumptions used in accounting for the defined benefit plan for the years ended March 31, 2003 and 2002 were as follows:

	2003	2002
Discount rates	2.0%	3.0%
Expected rates of return on pension plan assets	2.0%	3.0%

In addition to the above pension plan, the Company participates in a multi-employer pension plan. Pension expense under this plan for the years ended March 31, 2003 and 2002 amounted to ¥97 million (\$810 thousand) and ¥87 million, respectively.

8. Income Taxes

The aggregate statutory tax rate on income before income taxes was approximately 42% for the years ended March 31, 2003 and 2002. A reconciliation of the statutory rate and the effective tax rate for the year ended March 31, 2003 as a percentage of income before income taxes was as follows:

	2003
Statutory tax rate	42.0%
Unrealized profit	(1.2)
Nontaxable entertainment expenses	0.9
Nondeductible dividend income	(0.7)
Inhabitants' per capita taxes	0.3
Other	(1.5)
Effective tax rate	39.8%

A reconciliation of the statutory rate and the effective tax rate for the year ended March 31, 2002 as a percentage of income before income taxes has not been presented as the difference was immaterial.

Deferred income taxes reflect the net effect of the temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts reported for income tax purposes. The components of deferred tax assets and liabilities at March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets:			
Unrealized profit	¥ 635	¥ 454	\$ 5,280
Retirement allowances for directors and statutory auditors ...	96	89	799
Write-downs of inventories	144	105	1,194
Provision for bonuses to employees	132	111	1,098
Other	669	311	5,576
Total deferred tax assets	1,676	1,070	13,948
Deferred tax liabilities:			
Unrealized holding gain on securities	33	56	277
Undistributed profits of subsidiaries	92	102	766
Other	25	12	210
Total deferred tax liabilities	150	170	1,253
Net deferred tax assets	¥ 1,525	¥ 900	\$ 12,695

On March 31, 2003, Cabinet Order No. 9 entitled "Reform of a Portion of Local Tax Law" was issued and this reform will apply to fiscal years beginning after April 1, 2004. As a result of this reform, the statutory income tax rate to be used for the calculation of deferred income taxes concerning temporary differences which are expected to be realized or settled after April 1, 2004 will be changed. The effect of this change in rate was to decrease net income by ¥9 million (\$72 thousand) for the year ended March 31, 2003.

9. Shareholders' Equity

The Commercial Code of Japan (the "Code") provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The Code also stipulates that, to the extent that the sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, any such excess is available for appropriation by resolution of the shareholders.

Retained earnings include the legal reserve provided in accordance with the provisions of the Code. The legal reserve of the Company included in retained earnings at March 31, 2003 and 2002 amounted to ¥274 million (\$2,282 thousand) and ¥274 million, respectively.

On May 20, 2002, the Company made a 1.1 for 1 stock split by way of a free share distribution to shareholders of record as of March 31, 2002.

Effective April 1, 2002, the Company and its domestic consolidated subsidiaries adopted Financial Accounting Standards No. 1, "Accounting Standards for Treasury Stock and Reversal of Legal Reserves." The adoption of this standard had no effect on the consolidated statement of income for the year ended March 31, 2003.

In accordance with a Cabinet Order entitled "Revision of a Portion of the Regulations Concerning the Terminology, Forms and Method of Preparation of Consolidated Financial Statements," additional paid-in capital reported in shareholders' equity in the previous year has been presented as capital surplus at March 31, 2003.

10. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2003 and 2002, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		
	2003		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥ 240	¥ 137	¥ 103

	Millions of yen		
	2002		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥ 174	¥ 67	¥ 107

	Thousands of U.S. dollars		
	2003		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	\$ 2,000	\$ 1,138	\$ 862

Lease payments relating to finance leases accounted for as operating leases for the years ended March 31, 2003 and 2002 amounted to ¥70 million (\$580 thousand) and ¥49 million, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms for the years ended March 31, 2003 and 2002 amounted to ¥70 million (\$580 thousand) and ¥49 million, respectively.

Future minimum lease payments subsequent to March 31, 2003 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 58	\$ 485
2005 and thereafter	45	377
Total	¥ 103	\$ 862

11. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2003 and 2002 amounted to ¥1,417 million (\$11,786 thousand) and ¥1,345 million, respectively.

12. Contingent Liabilities

At March 31, 2003, a consolidated subsidiary was contingently liable for guarantees of ¥505 million (\$4,200 thousand) in the aggregate for accounts payable of other companies.

13. Amounts per Share

Net income per share is based on the weighted-average number of shares of common stock outstanding during each respective year. Net assets per share are based on the number of shares of common stock outstanding at the year-end.

	Yen		U.S. dollars
	2003	2002	2003
Net income	¥ 171.20	¥ 160.78	\$ 1.43
Net assets	1,082.95	1,067.37	9.01

Effective April 1, 2002, the Company adopted Financial Accounting Standard No. 2, "Accounting Standards for Earnings per Share" and Financial Accounting Standard Implementation Guidance No. 4: "Implementation Guidance for Accounting Standard for Earnings per Share," which were issued by the Accounting Standards Board of Japan.

The basic financial data for the computation of basic net income per share based on the above standard for the year ended March 31, 2003 is as follows:

	Millions of yen	Thousands of U.S. dollars
Information on basic net income per share:		
Net income	¥ 2,833	\$ 23,566
Deduction from net income:		
Bonuses to directors and statutory auditors	42	349
Adjusted net income attributable to common stock	¥ 2,791	\$ 23,217
Weighted-average number of shares of common stock outstanding during 2002		16,295,300

If the Company had adopted the new standard for the year ended March 31, 2002 and assuming the stock split had been made at the beginning of the year ended March 31, 2002, the per share amount of net assets at March 31, 2002 and the basic net income for the year ended March 31, 2002, would have been ¥970.34 and ¥146.17, respectively.

14. Segment Information

The Company and its subsidiaries are primarily engaged in the manufacture and sales of cash machines. The operations of the Company and the consolidated subsidiaries are classified into two segments: cash machines (bill validators, cash registers) and related equipment, and leisure and related businesses. As net sales and total assets of the leisure and related businesses constituted less than 10% of the consolidated sales for the years ended March 31, 2003 and 2002, the disclosure of business segment information has been omitted.

The geographical segment information of the Company and consolidated subsidiaries for the years ended March 31, 2003 and 2002 is summarized as follows:

Geographic segments

	Millions of yen					Consolidated
	2003					
	Japan	North America	Asia	Europe	Eliminations/ corporate	
Net sales:						
Outside customers	¥ 13,446	¥ 10,516	¥ 169	¥ 4,042	¥ —	¥ 28,173
Intersegment	11,140	2	4,241	23	(15,405)	—
Total sales	24,586	10,518	4,410	4,065	(15,405)	28,173
Operating expenses	21,751	9,427	3,848	3,294	(14,912)	23,408
Operating income	2,834	1,091	562	771	(493)	4,765
Total assets	¥ 21,466	¥ 6,168	¥ 2,520	¥ 2,376	¥ (6,060)	¥ 26,470

	Millions of yen					Consolidated
	2002					
	Japan	North America	Asia	Europe	Eliminations/ corporate	
Net sales:						
Outside customers	¥ 13,481	¥ 10,747	¥ 466	¥ 3,850	¥ —	¥ 28,544
Intersegment	9,327	16	4,570	7	(13,920)	—
Total sales	22,808	10,763	5,036	3,857	(13,920)	28,544
Operating expenses	20,865	9,732	4,451	3,065	(13,585)	24,528
Operating income	1,943	1,031	585	792	(335)	4,016
Total assets	¥ 18,026	¥ 5,420	¥ 1,941	¥ 1,919	¥ (4,954)	¥ 22,352

	Thousands of U.S. dollars					Consolidated
	2003					
	Japan	North America	Asia	Europe	Eliminations/ corporate	
Net sales:						
Outside customers	\$ 111,865	\$ 87,485	\$ 1,409	\$ 33,625	\$ —	\$ 234,384
Intersegment	92,675	18	35,279	191	(128,164)	—
Total sales	204,540	87,503	36,688	33,817	(128,164)	234,384
Operating expenses	180,960	78,424	32,015	27,403	(124,059)	194,742
Operating income	23,580	9,079	4,674	6,414	(4,105)	39,642
Total assets	\$ 178,585	\$ 51,316	\$ 20,962	\$ 19,769	\$ (50,418)	\$ 220,214

Unallocable operating expenses, which consisted primarily of the Company's expenses relating to general affairs, totaled ¥778 million (\$6,472 thousand) and ¥319 million for the years ended March 31, 2003 and 2002, respectively, and have been included in "Eliminations/corporate."

Corporate assets primarily include the Company's cash and time deposits, investments in securities and foreign currency translation adjustments.

As mentioned in Note 2 (b), the Company changed its method of translation of the statements of income of its foreign consolidated subsidiaries to using the average rate of exchange in effect during the fiscal year, from the rate at the balance sheet date. The effect of this change was to increase operating income in the North America and Asia geographic segments by ¥43 million (\$356 thousand) and ¥22 million (\$183 thousand) and to decrease operating income in the Europe segment by ¥45 million (\$374 thousand) as compared with the amounts which would have been recorded under the method applied in the previous year.

Overseas net sales

Overseas net sales, which include export sales of the Company and the domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended March 31, 2003 and 2002 are summarized as follows:

	Millions of yen			
	2003			
	North America	Europe	Other	Total
Overseas sales, net	¥ 10,311	¥ 4,271	¥ 666	¥ 15,248
Overseas net sales as a percentage of consolidated net sales	36.6%	15.1%	2.4%	54.1%

	Millions of yen			
	2002			
	North America	Europe	Other	Total
Overseas sales, net	¥ 10,682	¥ 4,649	¥ 727	¥ 16,058
Overseas net sales as a percentage of consolidated net sales	37.4%	16.3%	2.5%	56.2%
	Thousands of U.S. dollars			
	2003			
	North America	Europe	Other	Total
Overseas sales, net	\$ 85,781	\$ 35,530	\$ 5,543	\$ 126,855
Overseas net sales as a percentage of consolidated net sales	36.6%	15.1%	2.4%	54.1%

15. Subsequent Events

(1) Appropriations of retained earnings

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2003, were approved at a shareholders' meeting held on June 26, 2003:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥21.0 = U.S.\$0.174 per share)	¥ 342	\$ 2,846
Bonuses to directors and corporate auditors	¥ 42	\$ 349

(2) Stock split

On May 20, 2003, the Company made a 1.1 for 1 stock split by way of a free share distribution to shareholders of record as of March 31, 2003.

REPORT OF INDEPENDENT AUDITORS

Japan Cash Machine Co., Ltd. and Consolidated Subsidiaries

The Board of Directors

Japan Cash Machine Co., Ltd.

We have audited the accompanying consolidated balance sheets of Japan Cash Machine Co., Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Japan Cash Machine Co., Ltd. and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

As discussed in Note 2 (b) to the consolidated financial statements, effective April 1, 2002, the Company changed its method of translation of the statements of income of its foreign subsidiaries.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Shin Nihon & Co.

Osaka, Japan

June 26, 2003

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Japan Cash Machine Co., Ltd and consolidated subsidiaries under Japanese accounting principles and practices.

Board of Directors

President

Koichiro Kamihigashi*

Senior Managing Director

Norikiyo Suzuki

Directors

Kazuo Toda

Kaoru Doi

Yojiro Kamihigashi

Toshizumi Kitamori

Hisashi Maki

Standing Statutory Auditor

Yoshio Kawahara

Statutory Auditors

Kinzo Onoe

Hideyuki Koizumi

Hiroshi Morimoto

*Representative Director

Company Outline

Name

Japan Cash Machine Co., Ltd.

Date of Establishment

January 11, 1955

Head Office/Factory

2-3-15, Nishiwaki, Hirano-ku

Osaka 547-0035, Japan

Tel: +81-6-6703-8400

Fax: +81-6-6707-0348

Primary Business Activities

Manufacture, sales and marketing of money-handling machines (bill checkers, coin and bill counting and processing machines, OEM terminals for sports and track facilities, and other equipment for the financial industry), electronic cash registers (stand-alone units and systems), equipment for the amusement industry, and fire-resistant safes

Capital

¥2,181 million

Number of Shareholders

2,765[†]

Principle Banks

Resona Bank, Ltd.

Sumitomo Mitsui Banking Corporation

Mizuho Bank, Ltd.

The Sumitomo Trust and Banking Co., Ltd.

Fiscal Year-End

March 31

[†]As of March 31, 2003

DIRECTORY

As of June 26, 2003

Head Office: 2-3-15, Nishiwaki, Hirano-ku, Osaka 547-0035, Japan
Tel: +81-6-6703-8400 Fax: +81-6-6707-0348

Tokyo Branch Office: Nihon Seimei Kasuga-cho Bldg., 1-33-13, Hongo Bunkyo-ku, Tokyo 113-0033, Japan
Tel: +81-3-5800-2344 Fax: +81-3-5800-6418

Domestic Sales Offices: Tohoku, Shizuoka, Nagoya, Fujiidera, Hiroshima, Shikoku, Fukuoka

Factory: Nagahama

Laboratories: Sagamihara, Kofu

Consolidated Subsidiaries

Company	Business Field	Address
Domestic		
JCM Techno Support Co., Ltd.	Establishment of construction work, repair contracts of money-handling machines	2-4-2, Hirano-Baba, Hirano-ku Osaka 547-0048, Japan Tel: +81-6-6702-1491 Fax: +81-6-6703-9166
Meiho Shoji Co., Ltd.	Sales of equipment for the amusement industry	3-12-11, Higashi-Ueno, Taito-ku Tokyo 110-0015, Japan Tel: +81-3-3833-4891 Fax: +81-3-3833-4895
Gold System Co., Ltd.	Manufacture and sales of ozone generators for sterilizing and deodorizing, and machines to maintain the freshness of foods	1-6-1, Uriwari, Hirano-ku Osaka 547-0024, Japan Tel: +81-6-6705-1651 Fax: +81-6-6703-6819
Overseas		
<i>North America</i>		
JCM American Corporation	Sales of money-handling machines	925 Pilot Rd., Las Vegas, NV 89119, USA Tel: +1-702-651-0000 1-800-683-7248 (Toll free) Fax: +1-702-651-3418
JCM Gold USA, Inc.	Sales of electronic cash registers	410 Princeton-Hightstown Rd. West Windsor, NJ 08550-2963, USA Tel: +1-609-448-1700 Fax: +1-609-448-2666
<i>Europe</i>		
Japan Cash Machine Germany GMBH	Sales of money-handling machines	Mündelheimer Weg 60 D-40472 Düsseldorf, Germany Tel: +49-211-530645 Fax: +49-211-592004
<i>Asia</i>		
JCM Gold (HK) Ltd.	Manufacture and sales of money-handling machines and electronic cash registers	Kin Hong St., Kwai Chung, N.T., Hong Kong Tel: +852-2429-7187 Fax: +852-2420-8864
Shafty Co., Ltd.	Leasing of real estate properties	Unit 1-7, 3rd Floor, Favor Industrial Centre 2-6 Kin Hong St., Kwai Chung N.T., Hong Kong Tel: +852-2429-7187



JAPAN CASH/MACHINE CO., LTD.

2-3-15, Nishiwaki, Hirano-ku, Osaka 547-0035, Japan

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