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Business Results
for the Year Ended March 2006

May 2006

JAPAN CASHMACHINE CO., LTD.

Stock Code:6418 The First Section of the Tokyo and Osaka Stock Exchange

http://www.jcm-hq.co.jp

Year Ended March 2006

Business Results

Sales and Income

(In millions of yen)

	March 2006	March 2005	Increased/ Decreased	(%)
Net Sales	32,594	37,947	-5,352	-14.1
Operating Income	4,824	8,644	-3,820	-44.2
Ordinary Income	5,023	8,882	-3,858	-43.4
Net Income	2,969	4,983	-2,014	-40.4

Highlights for current business results

Domestic Market

- Termination of the replacement demand in the issuance of new bills
- Continued favorable sales of token lenders able to accept high-denomination bills (equipment for the amusement industry)

Overseas Market

- Short-term saturation of demand for gaming machine products in North America

Net sales and net income for the fiscal year ended March 31, 2006 decreased compared to the previous year, mainly due to the termination of the replacement demand in the issuance of new bills in Japan and short-term saturation of demand for gaming machine products in North America.

In the domestic market to the equipment for the amusement industry, sales of token lenders able to accept high-denomination bills grew favorably.

Year Ended March 2006

Sales by Business Segment

(In millions of yen)

	March 2006	March 2005	Increased/ Decreased	(%)
Money-handling machines	18,340	23,992	-5,651	-23.6
Cash Register	525	717	-192	-26.8
Equipment for the amusement industry	12,539	12,159	379	3.1
Other Products	1,188	1,076	111	10.4
Total	32,594	37,947	-5,352	-14.1

Factors for Increase/Decrease

Money-handling machines

- Domestic: Termination of the replacement demand in the issuance of new bills
- North American Gaming: Market penetration of coin-less gaming machines ➞ short-term saturation of demand

Equipment for the amusement industry

- Favorable sales of token lenders able to accept high-denomination bills
- Decrease of automatic token supply systems due to the amendment of pachisuro regulations

Sales to the money-handling machines segment decreased considerably due to the termination of the replacement demand in the issuance of new bills and further due to the short-term saturation of demand for gaming machine products.

Year Ended March 2006

Sales by Geographical Segment

(In millions of yen)

	March 2006	March 2005	Increased/ Decreased	(%)
Japan	28,078	31,784	-3,705	-11.7
North America	10,156	12,091	-1,935	-16.0
Asia	6,034	9,773	-3,739	-38.3
Europe	5,982	5,642	340	6.0
Elimination	-17,656 (Japan -11,673) (Asia -5,758)	-21,344 (Japan -11,730) (Asia -9,517)	-3,687	-
Total	32,594	37,947	-5,352	-14.1

Factors for Increase/Decrease

Japan

- Termination of the replacement demand in the issuance of new bills
- Demand decrease in OEM terminal
- Decrease in sales for overseas

Asia

- Production base of JCM group
→Decrease of production volume

North America

- Gaming: Short-term saturation of demand
- Commercial: Increase in sales of vending machines & security industry

Europe

- Intensified competition according with the market expansion in Russia

JAPAN CASH MACHINE CO., LTD.

Asia is our coordinating base for overseas production and most of the sales are inter-company transactions. Due to the sales decrease of the entire JCM group, net sales and net income declined.

Year Ended March 2006

Operating Income by Geographical Segment

(In millions of yen)

	March 2006	March 2005	Increased/ Decreased	(%)
Japan	2,711	5,133	-2,421	-47.2
North America	796	1,725	-928	-53.8
Asia	246	592	-345	-58.3
Europe	1,176	1,388	-211	-15.2
Elimination	-107	-194	-86	-
Total	4,824	8,644	-3,820	-44.2

Factors for Increase/Decrease

Japan

- Decrease in sales within and outside Japan
- Increase in expenses for shortening production leadtime, lawsuit, and field test

Asia

- Decrease of production volume

North America

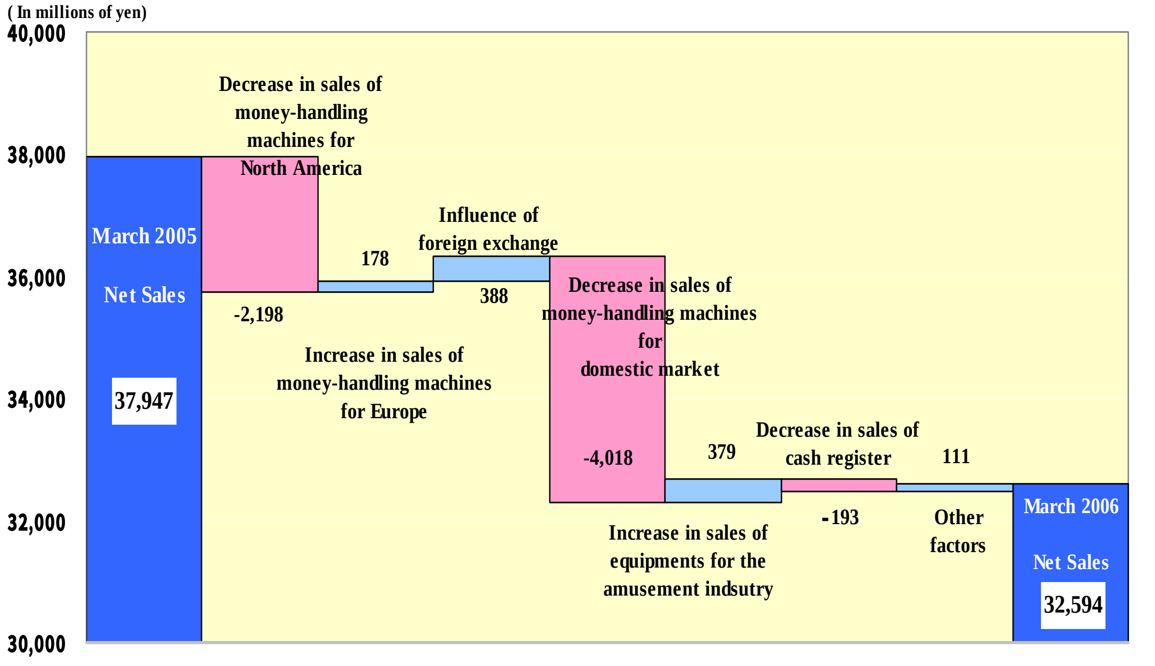
- Decrease in sales of gaming market
- Little contribution to net income in the commercial market
- Increase in expenses for new business & expansion of customer support system

Europe

- Intensified competition according with favorable sales growth

Year Ended March 2006

Factors of increase or decrease in net sales



JAPAN CASHMACHINE CO., LTD.

In North America, sales to the commercial sector increased, while sales to the gaming sector decreased. Overall, sales declined ¥2,198 million.

In Europe, even though sales volumes increased, mainly to Russia, because the sales were made at declining prices, the overall result was a sales decline of ¥300 million.

In the domestic, sales for money-handling machines industry decreased by ¥4,018 million.

In the previous year, the replacement demand in the issuance of new bills contributed to increase in sales by approximately ¥3,000 million. However, this year, it turned to be the factor of sales decrease due to its termination.

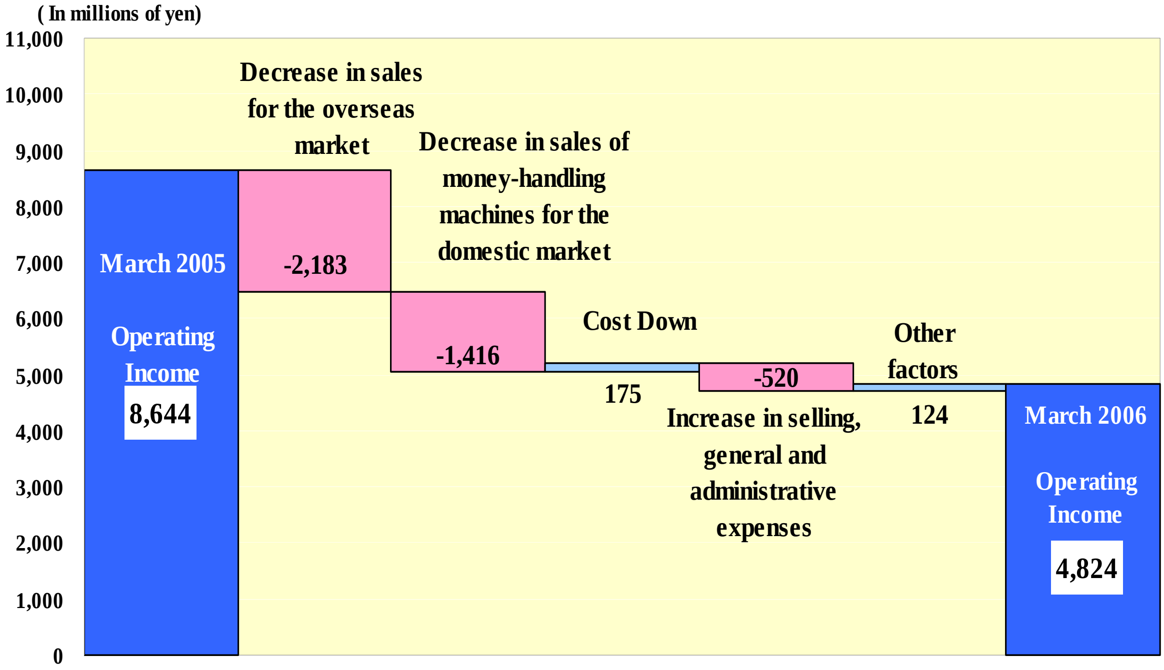
In addition, sales in OEM terminals decreased by ¥844 million.

Since the amendment of equipment regulations had a slowing effect on investment in facility equipment, sales of large-scale facility, such as automatic token supply systems declined.

Under such circumstances, thanks to the favorable rating of token lenders able to accept high-denomination bills, sales of equipments for the amusement industry increased by ¥379 million.

We had an increase effect of ¥388 generated by influence of foreign exchange, which were ¥263 million for US dollar and ¥125 million for euro.

Year Ended March 2006
Factors of increase or decrease in operating income



The main factor for the decrease in sales for the overseas markets was the sales decrease in North America, down by ¥1,920 million.

In the case of the domestic market, the decrease in operating income was due to the termination of the replacement demand in the issuance of new bills and the decreased demand in OEM terminals.

The decline in operating income of ¥520 million attributable to the increase in selling, general and administrative expenses comprises: ¥298 million for new business investment in North America and development of a customer support system; ¥125 million for patent and lawsuit related expense; ¥187 million in expediting to meet customer delivery requirements; and ¥165 million for field test expenses.

Total R & D expense was ¥1,630 million, almost the same as for the previous year.

With the depreciation of the yen, the increase effect in sales was offset by sourcing parts and products from overseas necessary for production.

Year Ended March 2006

Factors of variance from the Initial plan

	Initial Plan	Actual	Variance
Money-handling machines	24,600	18,340	-6,260
Cash Register	1,200	525	-675
Equipments for the amusement industry	12,000	12,539	539
Other Products	1,000	1,188	188
Total	38,800	32,594	-6,206

Initial Plans

Expansion and Launch of:

- **Automatic cash-in machines for retail stores**
- **Component devices in the domestic market**
- **Commercial products for the overseas market**

A number of matters arisen simultaneously:
*** Switch to a new product for the overseas market**
*** Response measures to environmental issues**
*** Development of new products**

Progress did not match initial plans due to:
***Delay in certain areas of product development**
***Insufficiency to secure the market reliability of new products**

+

Sluggish demand in the North American gaming market

Assuming the termination of replacement demand from the issuance of new bills in the previous year and sluggish business environment in North America, we focused on sales of the automatic cash-in machines, component devices, and various types of products in commercial market.

However, progress did not match initial plans. This was due in part to a number of matters arising simultaneously, including the switch to a new product for the overseas market, response measures to environmental issues, and the development of new products, and it caused a delay in certain areas of product development.

Forecast for the Year Ending March 2007

Business Results

Forecast

(In millions of yen)

	March 2007 (Forecast)	March 2006	Increased/ Decreased	(%)
Net Sales	38,800	32,594	6,206	19.0
Operating Income	6,700	4,824	1,876	38.9
Ordinary Income	6,700	5,023	1,677	33.4
Net Income	4,200	2,969	1,231	41.5

Highlights for the forecast

Domestic Market

- Synergy of business alliance with Abilit Corporation
- Corresponding to opening a new chain of pachinko halls
- Expansion of OEM supply for component devices

Overseas Market

- Business recovery in North America
- Russia & Eastern Europe

Forecast for the Year Ending March 2007

Business Expansion

North America

- Gaming: Expansion of component business
  Applied to table game (automation & labor savings by equipping with bill validator unit)
  Sales expansion and full support system of component devices, such as printers and monitors
- Commercial: Sales expansion of vending machine industry, security related sector, and kiosk terminal markets

Europe

- Gaming: Sales development in Russia and Eastern Europe, Launch of new products to lower priced range

Asia

- Corresponding to gaming markets in Macau and Southeast Asia

Japan

- Equipment for the amusement industry :
  Business alliance with Abilit Corporation ⇒Synergy of pachinko related facilities & various selection on product line
  Introduction of new automatic token supply systems ⇒Corresponding to opening a new chain of pachinko halls
- Retail and food service industry : Continuously focusing on sales of automatic cash-in machines
  ⇒ Expansion to pachinko halls
- OEM Supply: Expansion of component devices, etc.
  ⇒mini automated teller machines, manufactures of facility equipment, OEM Terminals

We strive to maintain our share in the overseas gaming market as a market leader by outperforming the competitors. We aim to promote rationalization by applying our bill validator unit not only to slot machines but also to table game in North America.

In addition, we engage in building our position as an overall component supplier that handles comprehensive component devices, such as printers and monitors by tie up with other manufacturers and providing full support system to casino.

In Europe, we continue to expand our market to Russia and Eastern Europe. On top of it, we seek for our market growth in the existing market, especially in UK, by launching new products into the lower priced range market, where other competitors were dominant.

In Asia, we aim to expand our market share by providing complete services to casino in Southeast Asia, especially in Macau.

In Japan, we make business alliance with Abilit Corporation go into full swing in the equipment for the amusement industry. Furthermore, we correspond to opening a new chain of pachinko halls by introducing new automatic token supply systems.

In the money-handling machines, we continue to focus on sales of automatic cash-in machines and expand our existing business from the retail and food service industry toward the rationalization of currency transaction system in equipment for the amusement industry. We also engage in development of component devices, such as bill validator unit to mini automated teller machines, manufactures of facility equipment, and OEM Terminals.

Forecast for the Year Ending March 2007

Sales by Business Segment

(In millions of yen)

	March 2007 (Forecast)	March 2006	Increased/ Decreased	(%)
Money-handling machines	22,700	18,340	4,360	23.8
Cash Register	800	525	275	52.4
Equipment for the amusement industry	14,000	12,539	1,461	11.7
Other Products	1,300	1,188	112	9.4
Total	38,800	32,594	6,206	19.0

Forecast for the Year Ending March 2007

Sales by Geographical Segment

(In millions of yen)

	March 2007 (Forecast)	March 2006	Increased/ Decreased	(%)
Japan	33,500	28,078	5,422	19.3
North America	11,900	10,156	1,744	17.2
Asia	7,400	6,034	1,366	22.6
Europe	6,550	5,982	568	9.5
Elimination	20,550 (Japan -13,600) (Asia -6,950)	-17,656 (Japan -11,673) (Asia -5,758)	-2,893	-
Total	38,800	32,594	6,206	19.0

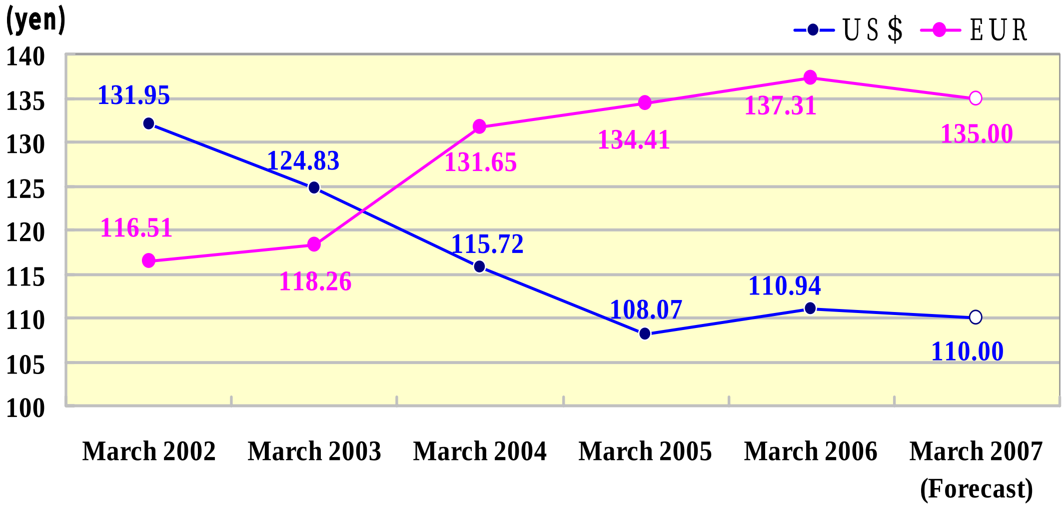
Forecast for the Year Ending March 2007

Operating Income by Geographical Segment

(In millions of yen)

	March 2007 (Forecast)	March 2006	Increased/ Decreased	(%)
Japan	4,050	2,711	1,339	49.4
North America	1,000	796	204	25.6
Asia	300	246	54	22.0
Europe	1,350	1,176	174	14.8
Elimination	-	-107	107	-
Total	6,700	4,824	1,876	38.9

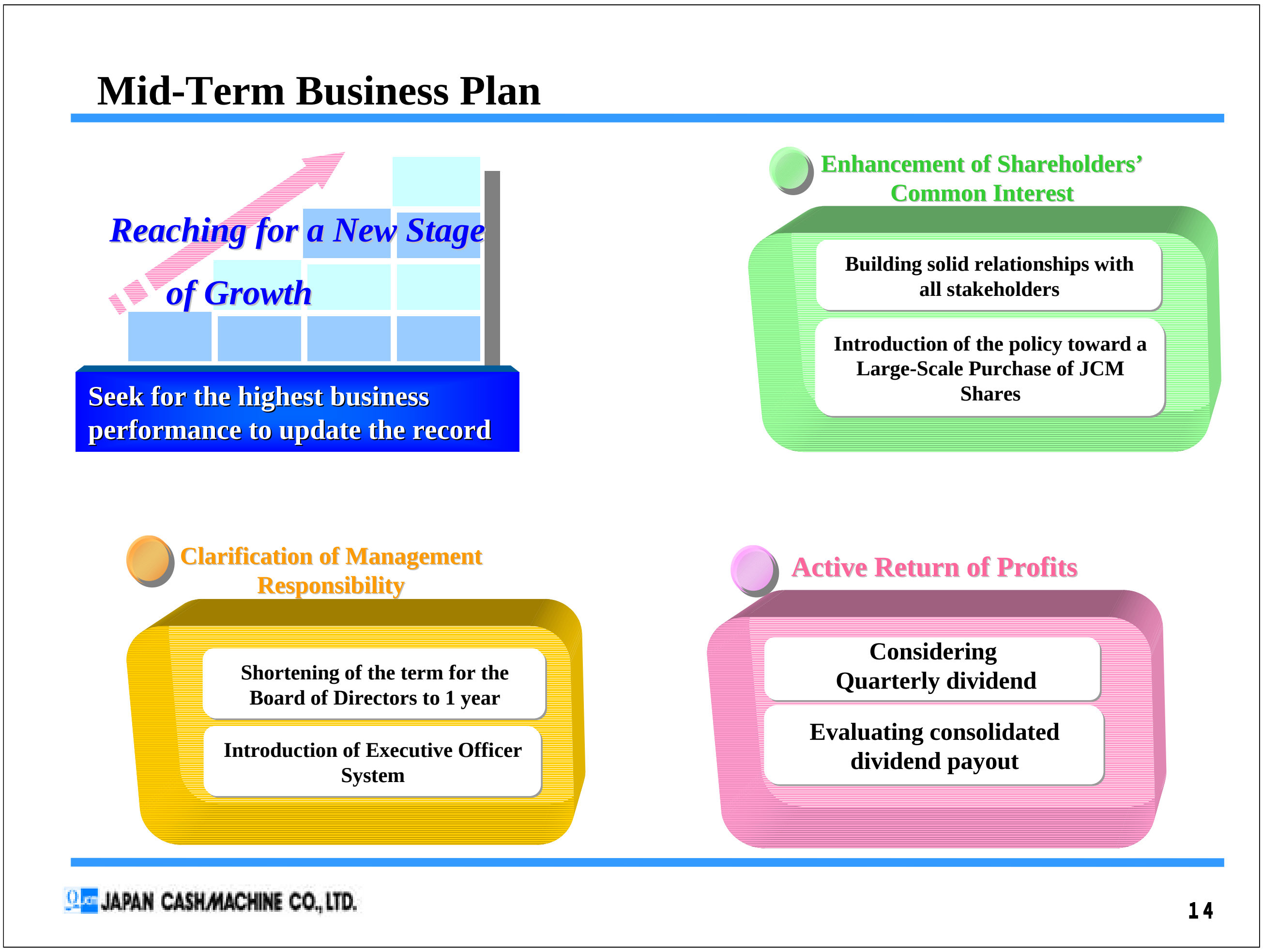
Transition of foreign exchange



Effect on Operating Income Per Yen

(In millions of yen)

	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007 (Forecast)
US $	33	47	46	26	40	26
EUR	30	23	27	24	15	6



We engage in further growth largely with three policies.

First of all, it is "Clarification of management responsibility". We strive to make clear lines of responsibility, improve management efficiency, expedite operational decision-making by shortening of the term for the Board of Directors to 1 year and introducing Executive Officer System.

Secondly, it is "Further building solid relationships with all stakeholders"

for the purpose of enhancement of corporate value and shareholder's common interest.

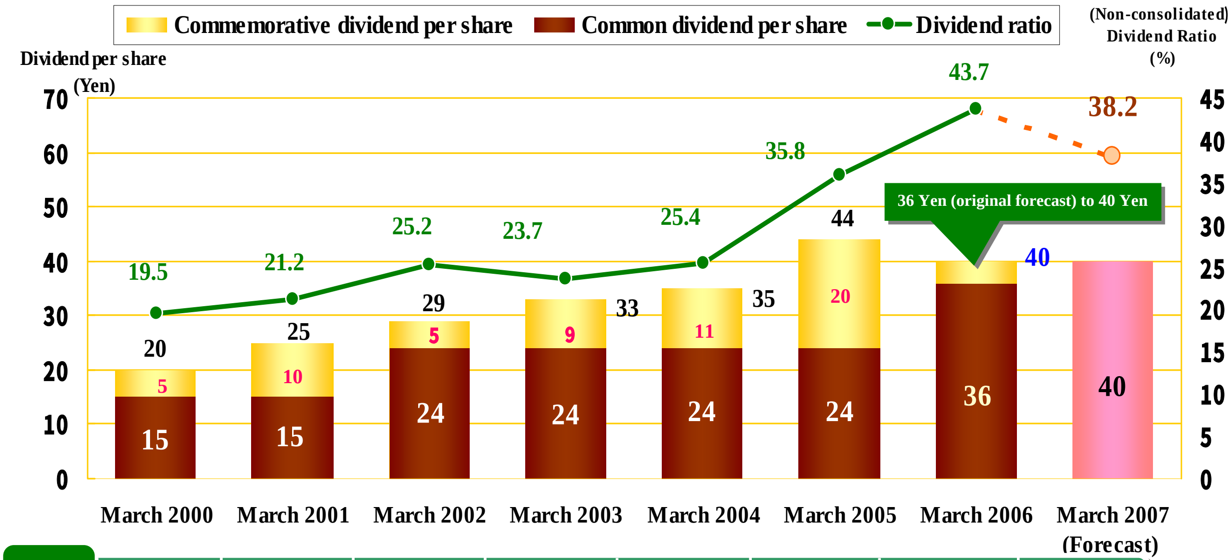
We respond to a large-scale purchase that have a possibility to diminish shareholders' common interests with the policy toward a large-scale purchase of our shares as notified in the press release made on May 23rd, 2006 and will submit the bill to ordinary general shareholders meeting held in June.

Thirdly, with the aim of "Encouraging long-term holding of our shares", we make results-based payment linked to business performance basis for return of profit to shareholders, assuring continued stable profit sharing.

More specifically, JCM intends to distribute profits by setting a minimum dividend payout ratio of 25% on non-consolidated net income. Under such a policy, JCM actively seeks to provide a return of profits to shareholders that is made in line with business performance trends and business environments, as well as in consideration of stock dividend yields.

Transition of Return of Profits

Basic Policy on Return of Profits — **Encouraging long-term holding of shares**

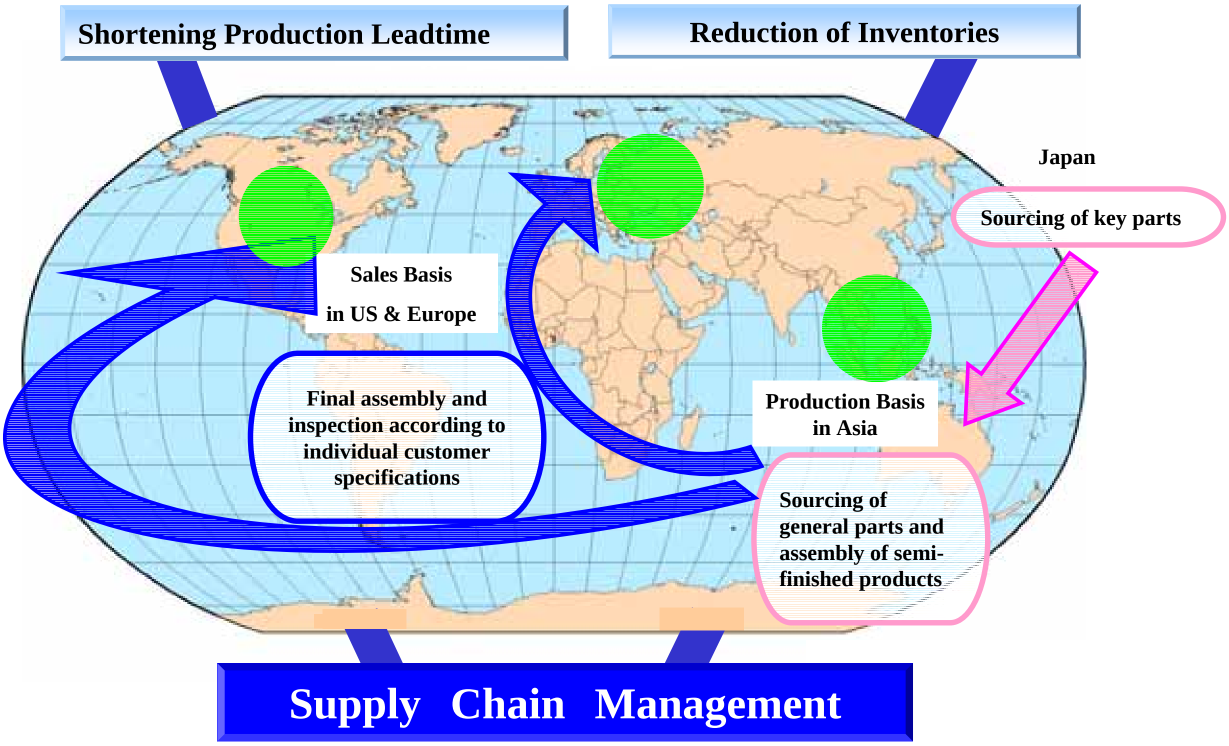


Stock Split							
1:1.1	1:1.1	1:1.1	1:1.1	1:1.1	1:1.5	—	—

Based on the policy on profit sharing “Encouraging long-term holding of shares”, we plan to increase dividends per share by ¥4 to ¥40 from ¥36, the originally forecasted dividend per share.

As to the dividend for the fiscal year ending March 31, 2007, we forecast ¥40 as same as this year. We continue to review it in consideration of business environments, dividend payout and stock dividend yields.

Reform of Product Supply System
Global Network System



According with globalization of overseas gaming manufactures, customers require a further short production leadtime, and reflected by popularity in gaming machines, it has come to difficult to forecast future demand.

With the policy of developing flexible production system at relevant country of sale, we source key parts in Japan that require a long leadtime and maintain appropriate inventories.

In China, we source general parts and assemble semi-finished products that require a short leadtime.

The final assembly and inspection according to individual customer specifications will be carried out in the relevant country of sale.

With the policy, we will solve the two problems of shortening production leadtime and reducing inventories as well as avoiding increases of expenses.

Currently, we focus on laying the infrastructure for a total network system designed to manage operational information on real time at a global level for the completion of 1 year out.

We have investigated and examined a second overseas production base in Southeast Asia. In addition, we continue to investigate production base in Europe, where it is close to the relevant country of sale and look for production base of software where we can reduce expenses and improve customer support system.

Reinforcement of Production System
Overview of Nagahama Plant

Efficiency of product distribution system in the domestic

- Increase of productivity
- Concentration of logistic base

Location : Nagahama City, Shiga prefecture
Total floor area : 14,760 ㎡
Floor space after expansion : 8,200 ㎡
Total amount of investment : 800 million yen

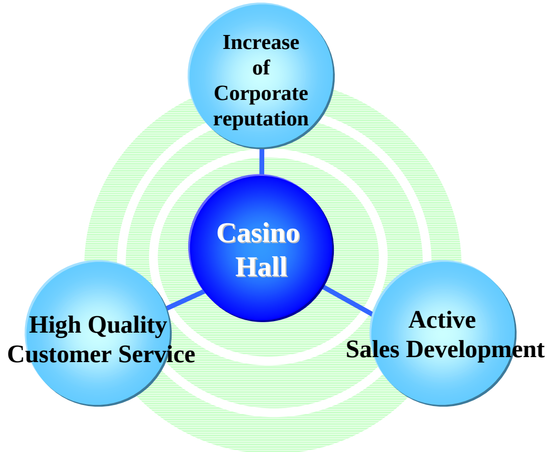
Increase of productivity up to twice as large
☆Production Item
- Automatic cash in machines
- Bill recycling unit
- Equipment for the amusement industry

Nagahama plant functions as our core production plant in the domestic.

With the completion of extension works on November 2005, we make efforts in more efficient production and logistics (product supply) by increasing productivity and concentrating logistic base with adding distribution function.

Enforcement of Sales Structure
Overview of Macau Branch

Name of Branch : JCM GOLD(H.K.)LTD,MACAU BRANCH
Description of Business : Sales and maintenance service of money-handling machines, such as bill validator unit
Number of employees 2 (will hire more)



Current market situation and outlook for the future in Macau

	Current	Three years later
Casino Halls	25	40
Slot Machines	4,000	30,000

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We opened Macau office in March 2006 for expanding sales activity and providing customer support.

We have started with 2 employees and will hire more in accordance with market expansion in Macau.

Business Alliance with Abilit Corporation

Jointly Developed Product with Abilit Corporation

Pachisuro Machines

Pachinko Machines

Compatibility of IC-Sticks and member cards resulting from business alliance with Abilit Corporation

Token Lender : CROX-REX Series

For Equipment for the amusement industry

Pachinko-Card Unit : CROZ Series

For Equipment for the amusement industry

We released the business alliance with Abilit Corporation in May 2005, and we aim to bring out its effectiveness in full swing in the fiscal year ending March 31, 2007.

The product in the left picture is one of the jointly developed product with Abilit Corporation, which allows token lenders able to accept high denomination bills to be compatible of member cards with pachisuro machines of Abilit Corporation.

We make it possible to expand business performance in pachinko halls by handling products covering both fields of machines.

New Product Lineup
SR-7000

Corresponding to opening a new chain of major pachinko halls

Reasonable Price for medium to small-scale pachinko halls

Features

- **Supply tokens at twice the speed of existing products**
- **Equipped with new dry-type token polishing device**
  →Realization of quick supply system
- **Simultaneously supply to neighbor and its own island**
- **Comply with various layouts flexibly**

SR7000 is a new product in automatic token supply systems that allows automation and labor savings in pachisuro machines.

We engage in corresponding to opening a new chain of major pachinko halls in cost effectiveness, function, and hall layout flexibly.

New Product Lineup
PUB-7

PUB-7

Bill Vaidator Unit

Money-Handlig Machines

Market

Asia

Gaming

Vending Machines

Exchange Machines

Europe

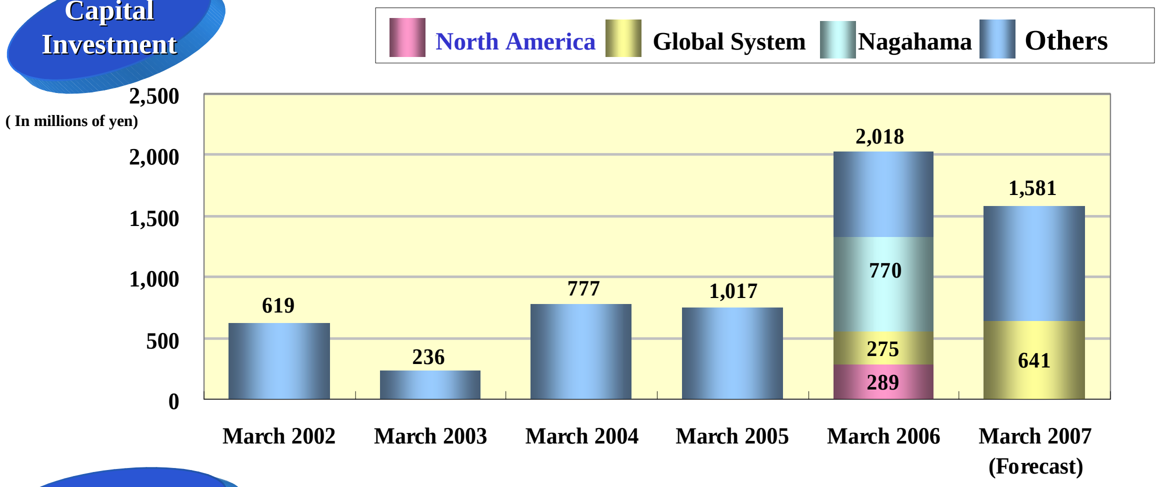
Features

- Low cost
- Easy to mount
- Improved security & bill acceptance rate by applying new system
- Visual effect with full color LED

This is the product that will be the ace up our sleeve in the low-priced validator market, mainly in areas of Europe where competitors have had the upper hand. We plan to install in game-arcade machines, AWP machines, and vending machines.

Transition of Capital Investment and Depreciation

Capital Investment

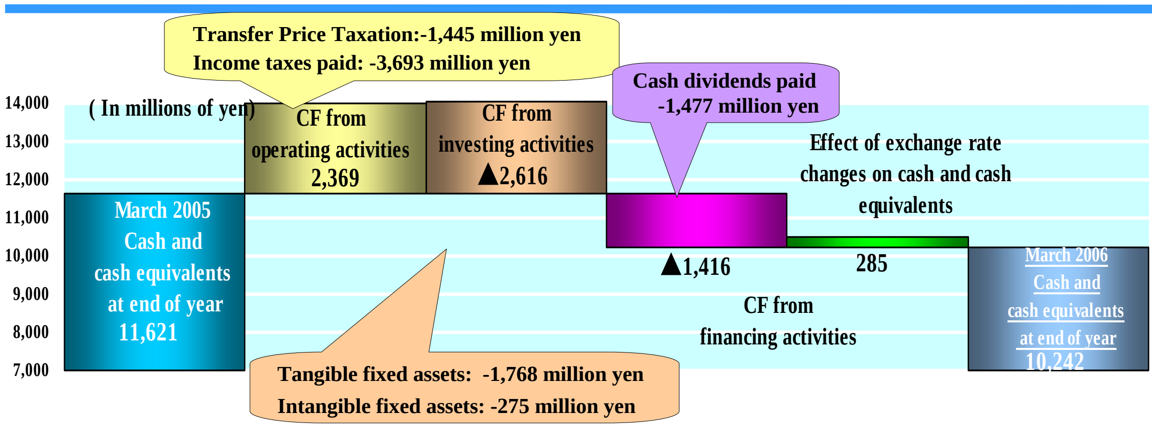


Depreciation

(In millions of yen)

March 2002	March 2003	March 2004	March 2005	March 2006	March 2007 (Forecast)
483	401	522	648	725	845

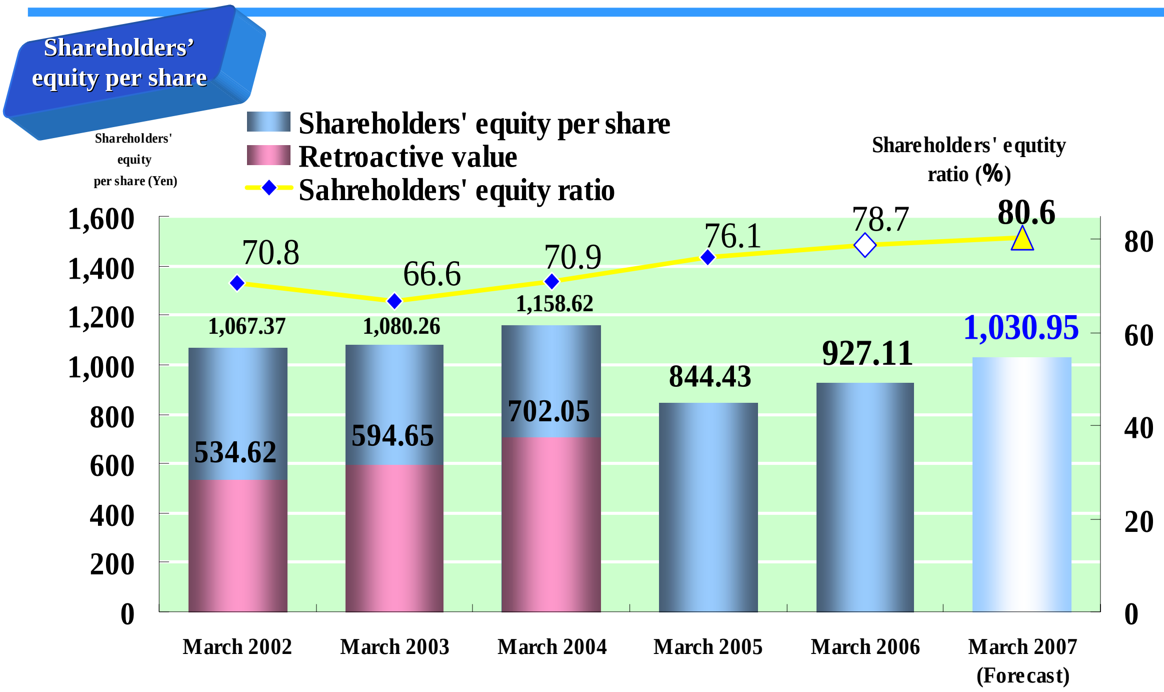
Cash Flow



(In millions of yen)

	March 2003	March 2004	March 2005	March 2006	March 2007 (Forecast)
CF from operating activities	4,849	4,850	3,169	2,369	5,000
CF from investing activities	-634	-728	-1,975	-2,616	-1,500
CF from financing activities	-746	-784	-899	-1,416	-1,000
Effect of exchange rate changes on cash and cash equivalents	-193	-455	52	285	-
Increase in cash and cash equivalents	3,275	2,882	346	-1,376	2,500
Initial consolidation of a subsidiary	14	0	0	0	0
Cash and cash equivalents at end of year	8,392	11,274	11,621	10,242	12,500

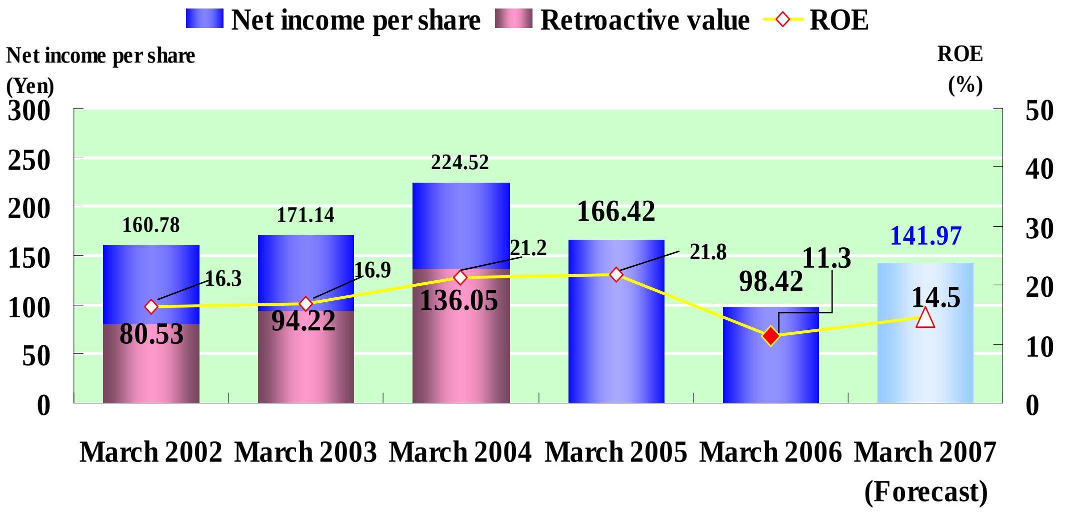
Management Index



Retroactive value: 1.5 for 1 stock split as of March 2005

Management Index

Net Income per Share



Retroactive value: 1.5 for 1 stock split as of March 2005

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May 25, 2006　Tokyo
May 30, 2006　Osaka

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Supplementary material for the presenetation

Cnosolidated business results for the year ended March 31, 2006 and forecasted results for the year endigng March 31, 2007

		March 2007 Forecast	March 2006	March 2005	March 2004	March 2003	March 2002
Business Results							
Net Sales	(M yen)	38,800	32,594	37,947	32,637	28,173	28,544
By (Japan) * outside customer	(M yen)	19,900	16,405	20,054	15,110	13,446	13,480
georaphical (North America)		11,900	9,995	12,021	12,453	10,515	10,746
segment (Europe)		6,550	5,919	5,615	5,047	4,041	3,850
(Asia)		450	275	255	25	169	465
Overseas sales ratio	(%)	48.7%	50.6%	48.0%	55.0%	54.1%	56.2%
By (Money-handling machines)	(M yen)	22,700	18,340	23,992	22,317	19,735	18,954
business (Cash register)		800	525	717	872	1,160	1,844
segment (Equipment for the amusement industry)		14,000	12,539	12,159	8,274	5,986	6,801
(Other)		1,300	1,188	1,076	1,173	1,290	944
Gross Profit	(M yen)	17,000	15,183	18,412	16,169	12,308	11,000
Selling, general, and administrative expenses	(M yen)	10,300	10,359	9,767	8,888	7,543	6,984
Operating income	(M yen)	6,700	4,824	8,644	7,281	4,764	4,015
Operating income to sales	(%)	17.3%	14.8%	22.8%	22.3%	16.9%	14.1%
By (Japan)	(M yen)	4,050	2,711	5,133	3,674	2,834	1,943
geographical (North America)		1,000	796	1,725	1,941	1,091	1,031
segment (Europe)		1,350	1,176	1,388	1,044	770	792
(Asia)		300	246	592	445	561	584
(Elimination/corporate)		0	-107	-194	176	-493	-335
Non-operating income	(M yen)	－	249	263	88	146	246
(Non-operating expenses)	(M yen)	－	49	25	333	82	67
Ordinary income	(M yen)	6,700	5,023	8,882	7,036	4,828	4,194
Ordinary income to sales	(%)	17.3%	15.4%	23.4%	21.6%	17.1%	14.7%
Extraordinary income	(M yen)	－	84	76	54	10	48
Extraordinary expenses	(M yen)	－	54	147	80	136	189
Net income	(M yen)	4,200	2,969	4,983	4,073	2,832	2,385
Net income to sales	(%)	10.8%	9.1%	13.1%	12.5%	10.1%	8.4%
Exchange rate US$		110.00	110.94	108.07	115.72	124.83	131.95
EUR		135.00	137.31	134.41	131.65	118.26	116.51
Capital investment	(M yen)	1,581	2,018	1,017	777	236	619
Depreciation expenses	(M yen)	845	725	648	522	401	483
R&D expenses	(M yen)	1,718	1,615	1,654	1,619	1,416	1,345
R&D expenses to sales	(%)	4.4%	5.0%	4.4%	5.0%	5.0%	4.7%
Cash flow	(M yen)						
Cash flow from operating activities		5,000	2,369	3,169	4,850	4,849	1,162
Cash flow form investing activities		-1,500	-2,616	-1,975	-728	-634	-509
Cash flow form financiang activities		-1,000	-1,416	-899	-784	-746	-705
Effect of exchange rate changes on cash and cash equivalents		0	285	52	-455	-193	179
Increase in cash and cash equivalents		2,500	-1,379	346	2,882	3,275	126
Cash and cash equivalents at end of the period		12,500	10,242	11,621	11,274	8,392	5,103
Financial condition							
Total assets	(M yen)	37,930	34,947	32,875	29,350	26,469	22,351
Shareholders' equity	(M yen)	30,581	27,486	25,019	20,808	17,641	15,833
Shareholders' equity ratio	(%)	80.6%	78.7%	76.1%	70.9%	66.6%	70.8%
Sharehodlers' equity per share	(yen)	1,030.95	927.11	844.43	1,158.62	1,080.26	1,067.37
Net income per share	(yen)	141.97	98.42	166.42	224.52	171.14	160.78
Return on equity (ROE)	(%)	14.5%	11.3%	21.8%	21.2%	16.9%	16.3%
Price to earnings ratio (PER)		－	23.22	16.46	15.72	8.64	11.82
Stock price at end of the period	(yen)	－	2,285	2,740	3,530	1,480	1,900
Number of stocks issued at end of the period	(Thousand)	29,662	29,662	29,626	17,916	16,290	14,833
Dividend							
Total dividend (annual total)	(M yen)	1,183	1,183	1,182	627	537	430
Dividend per share	(yen)	40.00	40.00	44.00	35.00	33.00	29.00
Dividend ratio (non-consoildated)	(%)	38.2%	43.7%	35.8%	25.4%	23.7%	25.2%
Stock split		－	－	1.5	1.1	1.1	1.1
Other							
Number of employees (Consolidated)		628	606	582	549	504	458
Number of consolidated subsidiaries		9	9	9	9	8	7
Number of affiliated companies subject to equity method		0	0	0	0	0	0

(Note) The above forecast fot the fiscal yaer ending March 31, 2007 have been prepared on the current available information and actual results may differ from the projections due to the impacts of future events