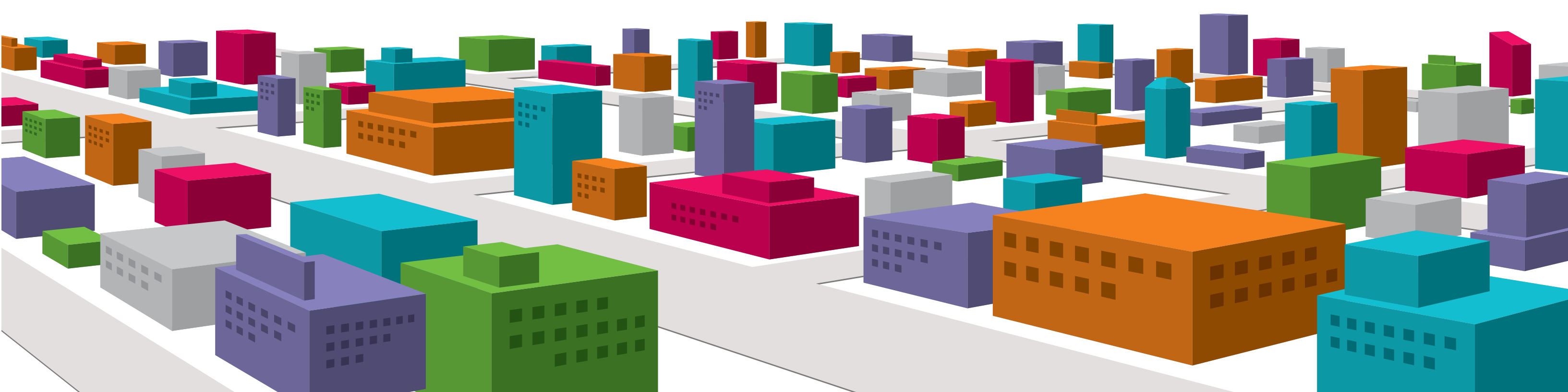
GLORY LTD.

LEADING IN OUR FIELD

Annual Report 2010

For the Year Ended March 31, 2010



As the leader in money handling technologies, we bring convenience, efficiency and security to every-day society in numerous forms.

Since developing Japan's first coin counter for the Japan Mint in 1950, GLORY has steadily expanded its business as a pioneer in money handling machines and perfected its two core technologies: recognition/identification, which is key to accurate sorting of coins and banknotes, and mechatronics, which is used for high-speed one-by-one handling of coins and banknotes.

Today, we are applying these technologies in money handling solutions that bring enhanced convenience, efficiency and security to customers in Japan's financial market (including banks), retail and transportation market, amusement market, vending machine market and other markets—thereby making a significant contribution to a more secure society.

With money changers in bank lobbies, fast-speed coin and banknote recyclers that instantly give exact change at supermarkets, coin-operated lockers at train stations, cigarette vending machines, ball and token dispensers at pachinko parlors and more, GLORY ensures that money flows smoothly in the important places of every-day life. Our products are also hard at work in places away from public view, such as on the other side of bank counters and in the back office operations of supermarkets.

We have successfully expanded our business platform overseas as well, and today sell products in over 80 countries through 12 subsidiaries in North America, Europe and Asia.

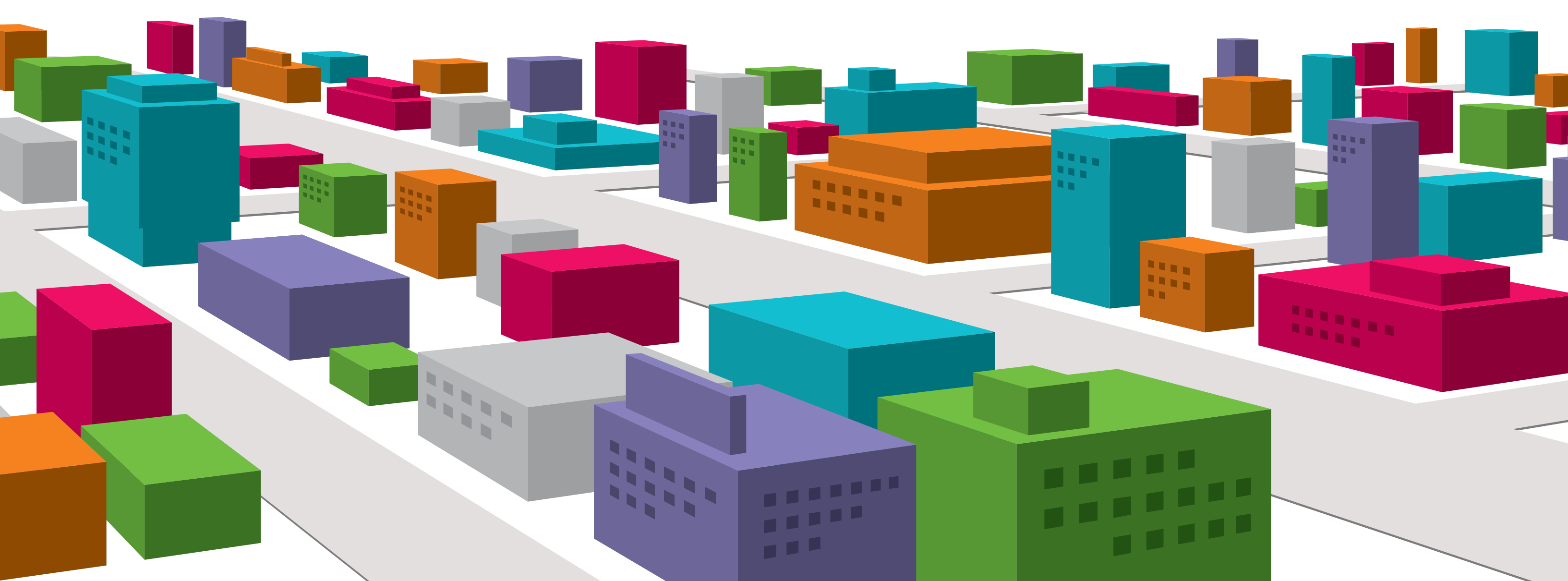
Under our vision of "GLORY as world's top brand," we are working to bring our high-performing technologies and products to all regions of the world.

LEADING IN

Overseas Market

Financial Market

Retail and Transportation Market



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Forward-Looking Statement

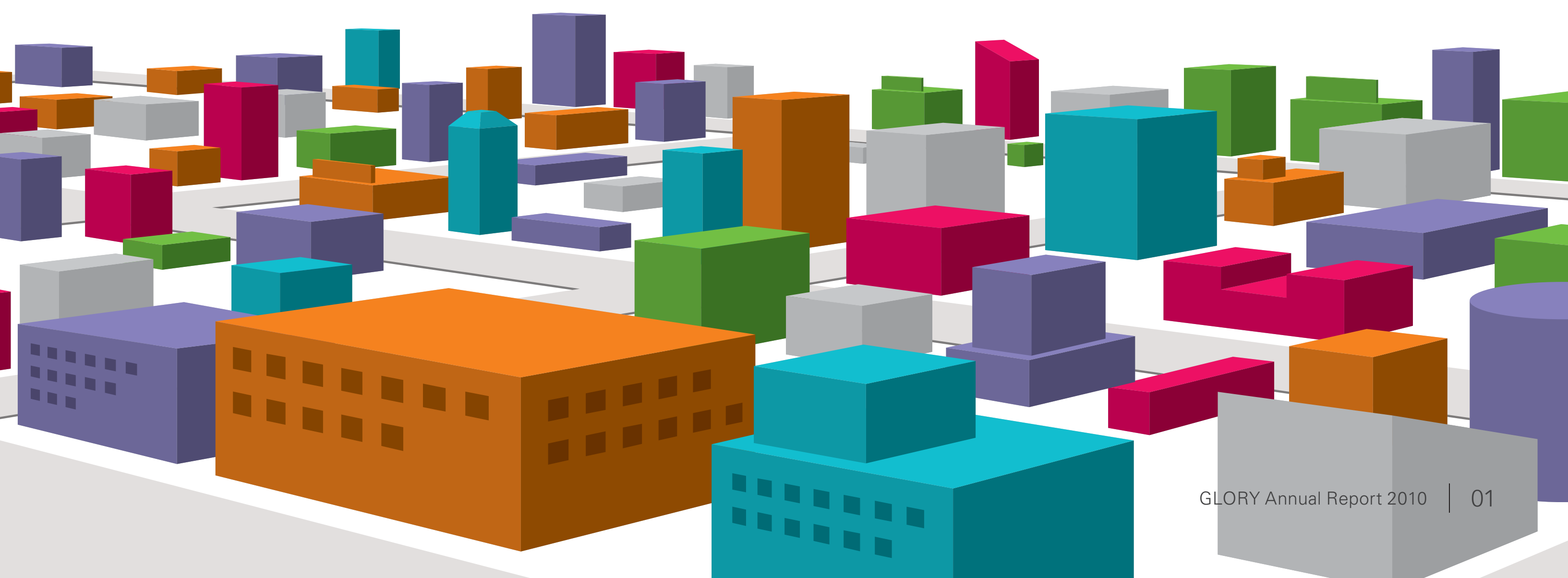
Statements in this annual report, other than historical facts, are forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and thus involve a certain element of risk and uncertainty. Actual events and results may differ materially from those anticipated in these statements.

OUR FIELD

Amusement Market

Vending Machine Market

Other Markets



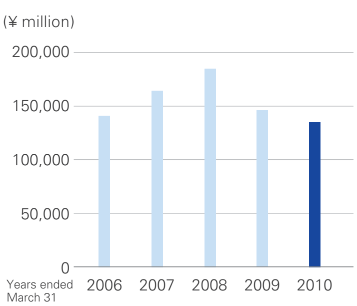
Consolidated Financial Highlights

GLORY LTD. and its consolidated subsidiaries
Years ended March 31

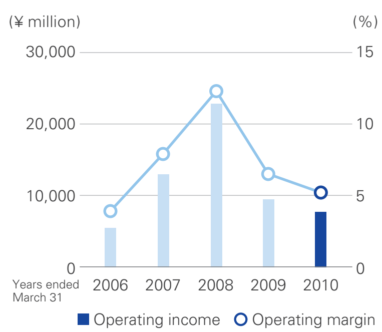
For the year:	2006	2007	2008	2009	Millions of yen 2010	Thousands of U.S. dollars*1 2010
Net sales	¥141,231	¥164,540	¥185,181	¥145,979	**¥135,105**	**1,451,965**
Operating income	5,453	12,961	20,947*2	9,427	**7,685**	**82,594**
Net income	740	6,461	11,711	5,782	**5,109**	**54,898**
Capital expenditures*3	4,793	6,035	7,279	10,638	**6,714**	**72,150**
Depreciation, amortization and other	6,889	6,337	6,570	7,621	**8,145**	**87,530**
Research and development expenses	9,474	9,328	9,615	9,204	**8,776**	**94,311**
At year-end:						
Total assets	206,361	216,988	209,237	196,798	**194,983**	**2,095,467**
Total equity*4	146,134	150,842	151,735	147,176	**145,345**	**1,562,012**
Interest-bearing debt	19,083	13,190	12,914	14,110	**14,038**	**150,862**
Per share data (Yen, U.S. dollars):					Yen	U.S. dollars
Net income	9.14	87.15	160.70	82.15	**76.00**	**0.82**
Cash dividends	22.00	30.00	40.00	30.00	**33.00**	**0.35**

*1 The U.S. dollar amounts are converted, for convenience only, at the rate of ¥93.05=US$1, the approximate exchange rate at March 31, 2010.
*2 For easy comparison, the figure for 2008 has been adjusted to reflect a change in the accounting standard for measurement of inventories effective from April 1, 2008.
*3 The capital investment figures include investments and other assets.
*4 The data previously presented as "Total shareholders' equity" are shown as "Total equity" based on the new accounting standard implemented from fiscal year 2008.

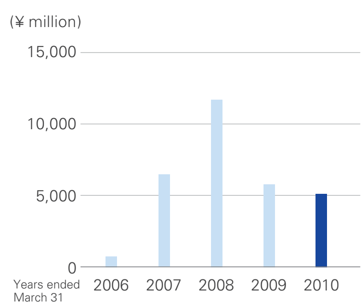
Net Sales



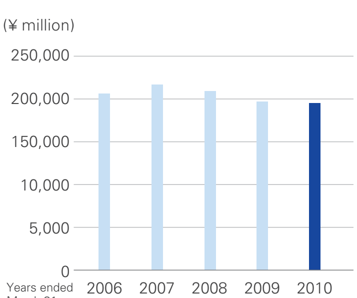
Operating Income/Operating Margin



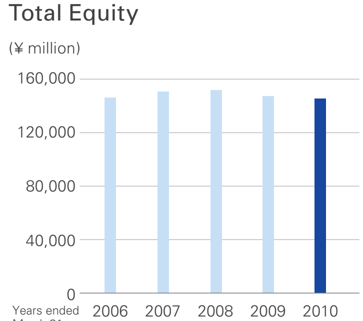
Net Income



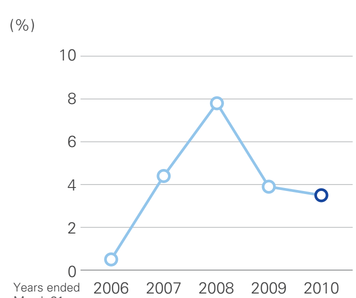
Total Assets



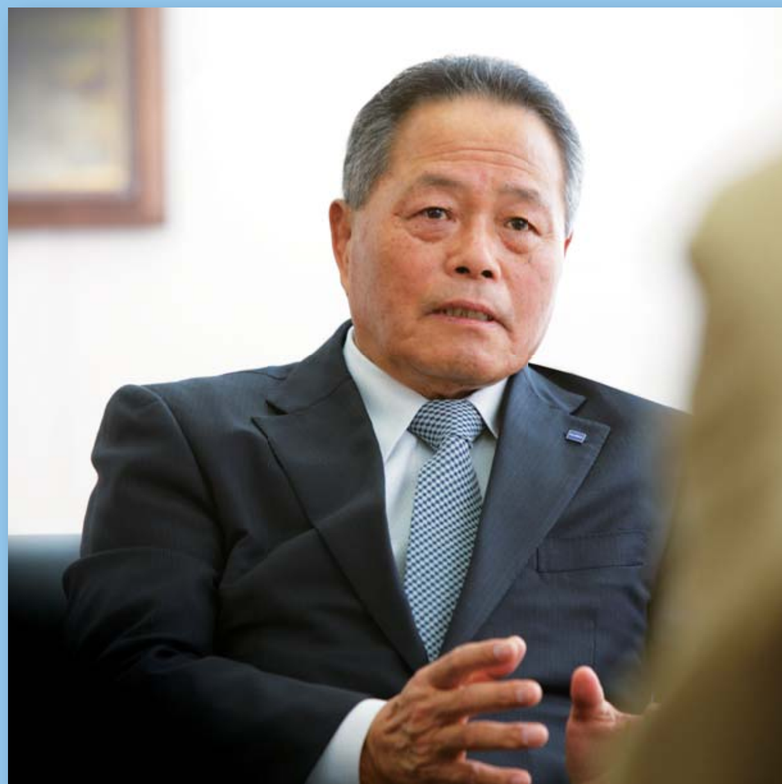
Total Equity



ROE



Top Interview



President Hideto Nishino

LEADING IN OUR FIELD— TODAY AND INTO TOMORROW

Despite a year characterized by a continued demand slump that exceeded all expectations, GLORY steadily built a foundation for future growth and continued leadership in our field.

The fiscal year ended March 31, 2010, the first year of our 2011 Medium-Term Management Plan for global business development, dealt us an extremely adverse business environment as companies continued to restrain capital spending due to the protracted global recession.

Even so, GLORY made great progress in laying the groundwork for achieving the objectives of the management plan. We expanded our overseas sales network and advanced in the development of new markets; reinforced our organizational structure, beginning with our production structures; and reformed our Group structure for greater efficiency.

GLORY now stands ready to accelerate growth under the slogan “GET INTO GLOBAL 2011,” and thoroughly strengthen the position of leadership that we hold in our field.

In the final year of the 2011 Medium-Term Management Plan, we are steadily progressing toward the Plan's objectives under its three strategies for sustained growth.

Q1 How do you view GLORY's business results, considering the adverse business environment?

A worldwide delay in demand recovery inhibited sales growth, and both sales and income fell despite efforts to increase operational efficiency.

It certainly was a year of adversity. From the start, we had prepared a cautious business plan as we anticipated that the difficult conditions would persist amid the protracted global recession. Even so, the year was far more difficult than we expected.

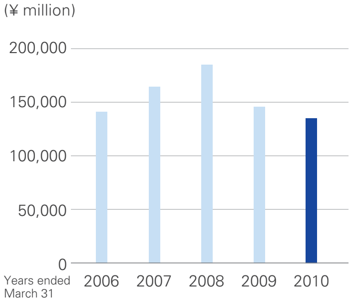
What affected us the most was capital investment restraint by financial institutions in Japan and overseas. In the Japanese market, we stimulated demand for new products, notably the WAVE C30 compact open teller system, the industry's smallest system, which we developed for small and mid-sized branches of financial institutions and launched in the year under review. However, sales results fell below expectations.

Overseas, sales of the OEM products that had previously driven business results were sluggish, and demand for other products was lackluster, especially in Europe and the U.S. However, sales results exceeded targeted levels in China and other Asian countries, where the impact of the global financial crisis was comparatively minor.

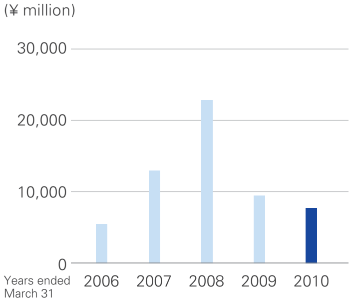
In the amusement market, results improved year on year on the back of favorable sales of card systems and other newly introduced products that meet new demand at pachinko parlors.

However, these successes failed to compensate for the overall demand slump, and sales declined year on year. Income was also down despite efforts to increase operational efficiency. As a result, consolidated net sales in the year under review were ¥135,105 million (down 7.4% year on year), operating income was ¥7,685 million (down 18.5%) and net income was ¥5,109 million (down 11.7%).

Net Sales



Operating Income



Q2 The year under review was the first year of the 2011 Medium-Term Management Plan. What achievements did you see under this plan?

GLORY saw steady results in implementing the plan's three components: a Business Strategy, a Constitutional Strength Strategy, and a Group Structure Strengthening Strategy.

The 2011 Medium-Term Management Plan is a blueprint for thorough preparations to achieve solid results when market demand recovers. To that end, we are implementing three basic strategies. Although we could not attain the expected financial results for the year under review, we steadily progressed with preparations for achieving the plan's objectives for the fiscal year ending March 31, 2012.

Progress under the Business Strategy

In our overseas operations, which we have positioned as our primary area of growth, we made substantial progress in expanding our sales network by utilizing distributors. In China, in particular, we reinforced the sales network by opening thirteen new distributors, bringing the total to thirty-five. We enhanced the product offering as well, adding banknote and check depositing modules for ATMs to the product line and introducing a new series of banknote depositing modules.

Another priority in overseas operations is to open up the retail market. We began in Europe by commencing sales of banknote recyclers for use in self-checkout terminals at large supermarkets and at stores attached to gas stations.

In domestic operations, which are positioned as a core business, we introduced and promoted sales of the WAVE C30 compact open teller system, a new product for financial institutions.

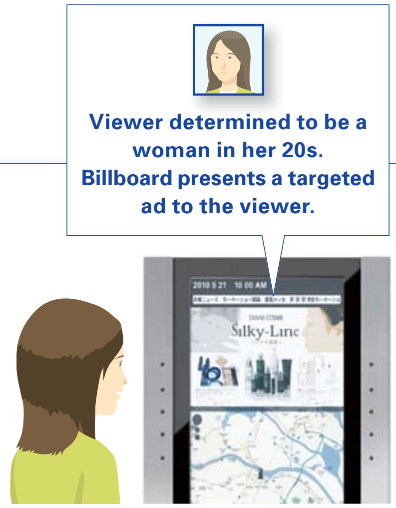
With regard to future new business, we began concrete activities to commercialize software for estimating age and gender using facial images. As this description suggests, this software automatically estimates the age and gender of a person from facial images captured by a camera. Combined with digital signage, a powerful advertising tool, this software will boost the effectiveness of digital advertising by adapting displayed ad content to the age and gender of the person in front of the billboard.

Software for estimating age and gender using facial images

Digital signage uses digital data to display contents to viewers. This enables higher advertising effectiveness since the content can be changed easily.

GLORY developed the ISG-501 software for use with digital signage and other applications that can instantly estimate the age and gender of billboard viewers.

ISG-501, independently developed by GLORY, is based on the pigment dispersing techniques of "local feature comparison based on multiple variation analysis." By using this method, the GLORY development team achieved high precision in the analysis of the test subjects' features, age changes and other facial elements, using average faces as a reference.



* The display system shown is produced by Link Up Corp. and uses the ISG-501 software. (shown at right).

Progress under the Constitutional Strength Strategy

In implementing the Constitutional Strength Strategy, we reinforced the production system to keep pace with globalization by expanding the Saitama Factory in Japan, and the factory of GLORY Denshi Kogyo (Suzhou) Ltd. in China.

With regard to production and procurement reform, an especially important part of this strategy, we are taking steps to achieve two targets: a productivity increase of 30% and an overseas production and procurement ratio of 30%. In the year under review, we achieved a 10% increase in productivity and an overseas production and procurement ratio of 13%. Future plans call for further expansion of production capacity in the Philippines and China.

Progress under the Group Structure Strengthening Strategy

Under this strategy, we integrated three manufacturing subsidiaries and launched GLORY Products Ltd. as part of a program to restructure the production system. Furthermore, to reinforce the strengths unique to a company that offers both peripheral equipment for pachinko machines and card systems, we are proceeding with preparations for the merger of GLORY NASCA Ltd. and CREATION CARD CO., LTD., subsidiaries handling sales and maintenance of peripheral equipment and card systems for pachinko parlors, in April 2011.

Q3 What is the outlook for major strategic initiatives and business results in the fiscal year ending March 31, 2011?

GLORY intends to boost sales and income by aggressively introducing new products and opening up new markets in Japan and overseas.

Although the business environment was extremely adverse in the year under review, we expect to see a recovery trend in the domestic and overseas markets in the next fiscal year.

Initiatives in overseas operations

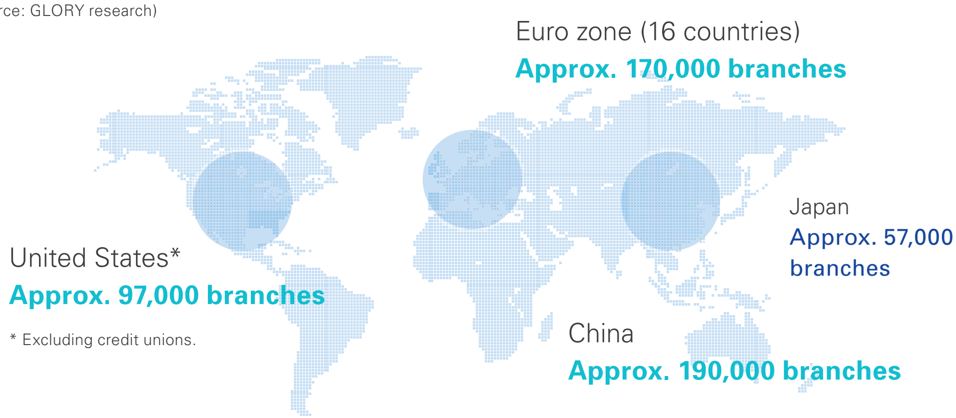
In our overseas operations, we will introduce high value-added products and increase our competitiveness in accordance with our basic policy of reinforcing the foundation for business expansion. First, demand for banknote sorters that prepare banknotes for loading into ATMs is expanding in China, where the four major banks and other financial institutions together operate more than three times the number of branches run by financial institutions in Japan. We will introduce new products and reinforce the sales network to secure additional orders and meet this demand.

Second, although demand for ATMs continues to expand overseas, there has been a shift in the required functions, from dispensing only to both depositing and dispensing. We expect demand for depositing modules for ATMs to grow, and will expand and upgrade our product line accordingly.

Overseas Market

Market potential (No. of branches of financial institutions)

(Source: GLORY research)



Initiatives in domestic operations

In Japan, we intend to more thoroughly explore market opportunities by product and business category, and increase sales by introducing new products.

In the financial market, we will work to secure orders for product updates and increase sales of the WAVE C30 compact open teller system by actively proposing it to small and mid-sized financial outlets that have not yet installed it.

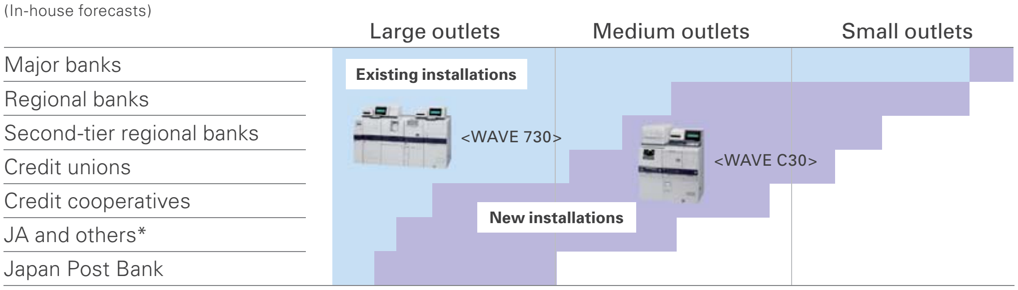
In the retail market, we are working to expand sales of coin and banknote recyclers, which are in widespread use at major supermarkets, to untapped markets such as convenience stores, restaurants and taverns and specialty shops.

Although the economic situation in Europe and exchange rate trends defy prediction, through these initiatives we forecast consolidated net sales of ¥145,000 million (up 7.3% year on year), operating income of ¥10,000 million (up 30.1%) and net income of ¥6,000 million (up 17.5%) for the fiscal year ending March 31, 2011.

Financial Market

Open teller system installations—current status and forecast

(In-house forecasts)



* Includes Japan Agricultural Cooperatives (JA), the Labour Bank, the Shoko Chukin Bank and the Norinchukin Bank.

Q4 Public interest in CSR is increasing. Please describe GLORY's environmental and social contribution activities.

GLORY is helping to limit CO_2 emissions by developing highly energy-efficient products, engages in product development that eliminates the use of harmful substances, and contributes to local communities as a responsible corporate citizen.

With regard to environmental protection, we consider it especially important for GLORY, as a manufacturer, to help reduce CO_2 emissions. Specifically, we believe that reducing the power consumption of our products, which are widely used in society, is an activity aligned with stakeholder expectations and we are actively pursuing this as a top CSR priority. Our target is to reduce CO_2 emissions during product use by 30% from the 2005 level by 2030, and we are currently developing products to achieve this.

We were quick to comply with the RoHS Directive*, a set of environmental regulations that the EU has enforced since 2006, and engage in product development that eliminates the use of harmful substances. We recognize that addressing environmental problems is particularly important for a company that has set its sights on overseas business expansion.

Regarding social contributions, we desire to benefit the communities in which we operate as a good corporate citizen. To that end, we promote employment of people with disabilities and support children's learning through the activities of The GLORY Elementary School Students Foundation.

* An EU directive that restricts the use of designated hazardous substances in electrical and electronic equipment.

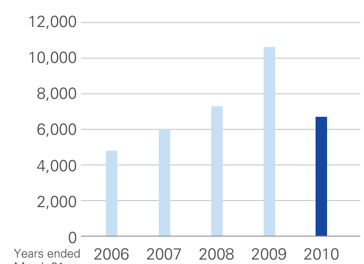
Q5 What are your thoughts on investment for the next stage of growth?

To ensure sustained growth, GLORY will continue to actively invest capital into R&D and into boosting cost competitiveness.

To continue to grow, GLORY must constantly hone its technological capabilities and introduce highly competitive products. Although the business environment changes from year to year, we have consistently maintained a high level of R&D investment in line with this belief. Before the merger of GLORY LTD. and GLORY Shoji Co., Ltd. in 2006, we invested the equivalent of 10% to 13% of non-consolidated sales into R&D. Even since the merger and resulting expansion of our company, we have kept investment at the level of 6% to 7% of consolidated net sales. We will continue to invest actively in R&D in the coming years.

Capital Expenditure

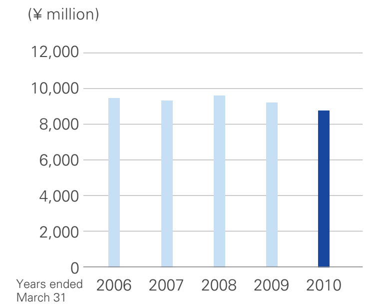
(¥ million)



Capital investment for purposes such as expanding and upgrading manufacturing plants is essential to growth, and we will continue to invest capital toward achieving our objective of reinforcing cost competitiveness by increasing the overseas production and procurement ratio to 30%.

We will also actively pursue M&A opportunities related to existing businesses that will contribute to business expansion or development. We must be especially proactive in the expansion of our overseas sales network, and also look at capital tie-ups. However, under no circumstances will we engage in hostile takeovers; our aim is seek out friendly M&A deals that will generate business synergies.

R&D Expenses



Q6 Finally, please discuss GLORY's policy concerning shareholder returns.

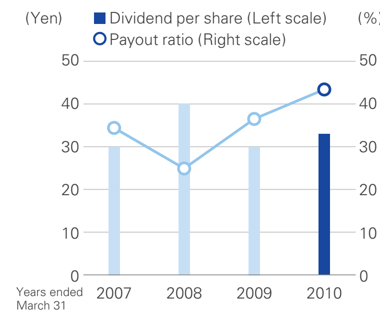
While giving priority to business investment, GLORY will provide satisfactory shareholder returns.

GLORY's basic policy is to continue distribution of a stable dividend, while striving to maintain and enhance our financial soundness in preparation for future business growth. Under this policy, beginning in the year under review we have resolved to maintain a minimum dividend of 1.5% of consolidated equity capital and a consolidated dividend payout ratio of 25% or higher. Accordingly, we declared an annual dividend of ¥33 per share for the year under review. We plan to pay a dividend of ¥34 per share for the fiscal year ending March 31, 2011.

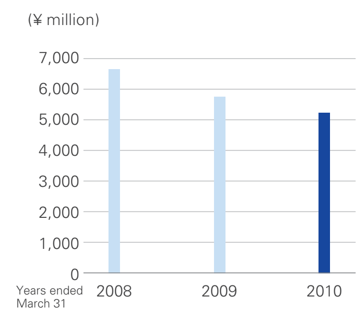
We will consider purchases of treasury stock as appropriate according to the business environment. For purchased treasury stock, we have established a policy of holding approximately 5% of the outstanding number of shares of common stock and retiring treasury stock in excess of that amount. On May 20, 2010 we retired 1.2 million shares of common stock.

Naturally, we will prioritize business investment for future growth, such as in R&D and facilities. However, we will also work to increase capital efficiency and meet the expectations of our shareholders by actively returning profits through treasury stock purchases and dividends.

Cash Dividends / Payout Ratio



Trends in Purchase of Treasury Stock



July 2010
President

Hideto Nishino

Special Feature 1

Business Expansion in China

In April 2010, Expo 2010 Shanghai, a much talked-about symbol of China's growth, opened and government policies were initiated to create sustained growth in overall consumption. Recently, urbanization has been advancing and the infrastructure has improved, especially in the country's interior. Also, with personal incomes rising, demand for housing and consumables has continued to grow. Together, these factors have produced an economy with strong growth momentum.

Invigorating capital investment in financial institutions

China's economic expansion is prompting significant investment by financial institutions. The money supply for FY2009 grew by 16% year on year to 22 trillion RMB, causing concern of an accompanying rise in counterfeit banknotes. The removal of counterfeit banknotes from circulation is becoming an increasingly critical issue for Chinese financial institutions.

The number of installed ATMs also grew significantly in FY2009, rising by 25% year over year to 200,000 machines. The number is expected to top 300,000 by 2012.

In response, financial institutions are taking machine-based money handling so far only used at a limited number of branches handling large volumes of money, and applying it to many of their small and mid-sized branches—a move that will lead to increased capital spending.

GLORY's banknote sorters can meet this demand by identifying and sorting banknotes accurately and at high speeds, an advanced technology highly regarded by customers. In the fiscal year ended March 31, 2010, we sold more than 4,000 banknote sorters, capturing a market share exceeding 50%.

Strengthening the development, production and sales structure

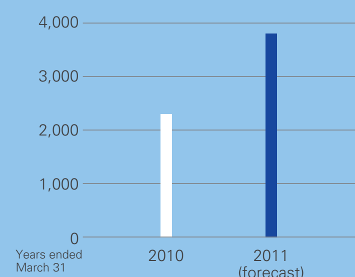
We estimate net sales in China to reach ¥3.8 billion in the fiscal year ending March 31, 2011. Our plan is to introduce new banknote sorters that match market needs even more perfectly and products that will open up new markets. GLORY's sales organization grew to 35 distributors in the year under review; yet, to handle the growth of the market into finance, retail, transportation and other segments, we will continue to expand our sales channels to fit each market.

To strengthen our production structure in China, we began operations at the No. 2 Plant of GLORY Denshi Kogyo (Suzhou) Ltd. in July 2009. We also plan to build additional plants to bring production in line with the expanded level of sales.

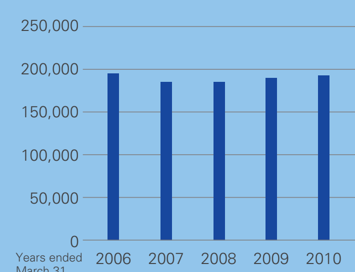
One of GLORY's advantages in China is that our development and sales groups can seek out market needs directly, allowing us to differentiate ourselves with a full product lineup that our rivals lack. This is augmented by our advantage in having local factories. Using these strengths, we will build a structure for steady earnings through new efforts to bring new products to market and fortify our sales organization.

Shanghai Old Town, the city's financial center.

Trends in Net Sales in China



Number of Financial Institutions in China



Banknote sorter
<UW series>

Banknote sorter
<USF series>

The factory of GLORY Denshi Kogyo (Suzhou) Ltd.

Special Feature 2

Business Expansion in the Overseas Retail Market

In recent years, retail sectors in Europe and the U.S. have seen rising need for automation, especially in large retail establishments, due to increasing demand for greater efficiency and stricter procedures in money handling.

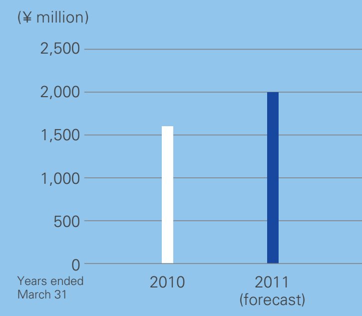
Meeting the increasing need for automation

In retail, the key aims of automated money handling are to strengthen the security and operational efficiency of payment settlements at checkout points and in sales proceeds depositing operations by back offices. The self-checkout terminals now appearing in retail stores in overseas markets are one example of how these needs are being expressed.

Automation has just begun to make inroads into overseas retail markets, but we estimate that the demand outlook is strong.

GLORY envisions the target markets in North America and Europe to encompass two million stores, with payment settlement products for checkout purposes surpassing ten million units and over 650 thousand units for back-office sales proceeds depositing operations. For example, teller stations in retail stores in Europe that share space with gas stations are heavy users of GLORY's money handling machines.

Trends in Net Sales for the Overseas Retail Market



Strengthening the sales structure

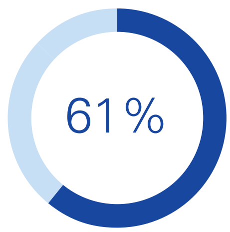
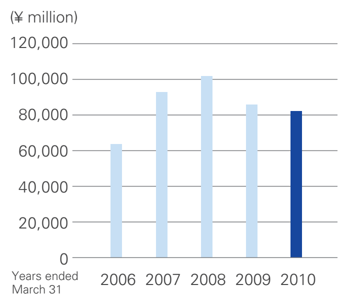
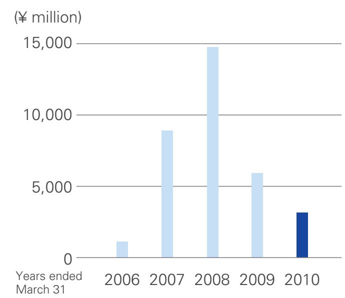
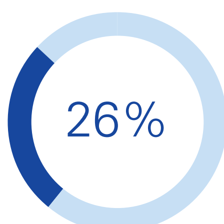
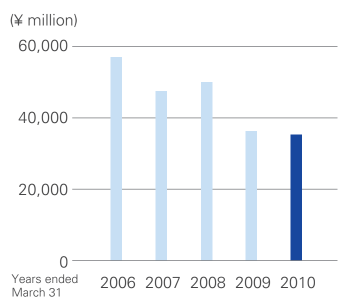
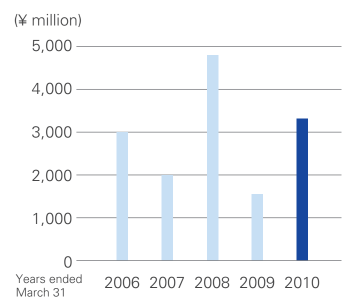
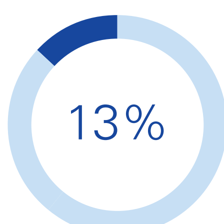
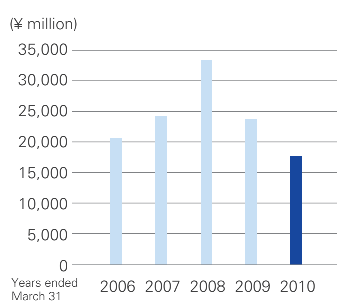
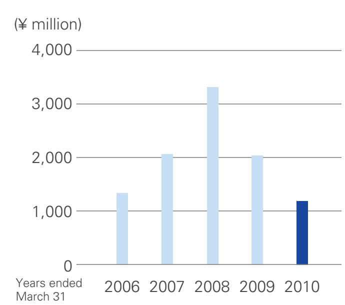
For the fiscal year ending March 31, 2011, we are positioning banknote and coin recyclers as our key products for payment settlements at checkout points, with a sales target of ¥2 billion. As a measure to boost sales, we are working with large POS manufacturers, system vendors, cash-in-transit companies, banks and other partners to build sales systems capable of delivering truly effective solutions to market needs. We will harness this initiative to raise GLORY's brand recognition.

In the future, we aim to significantly boost sales by combining market know-how cultivated in Japan and the advantages of a strong lineup of reliable high-functionality products, with our ability to develop solutions that perfectly match market needs.

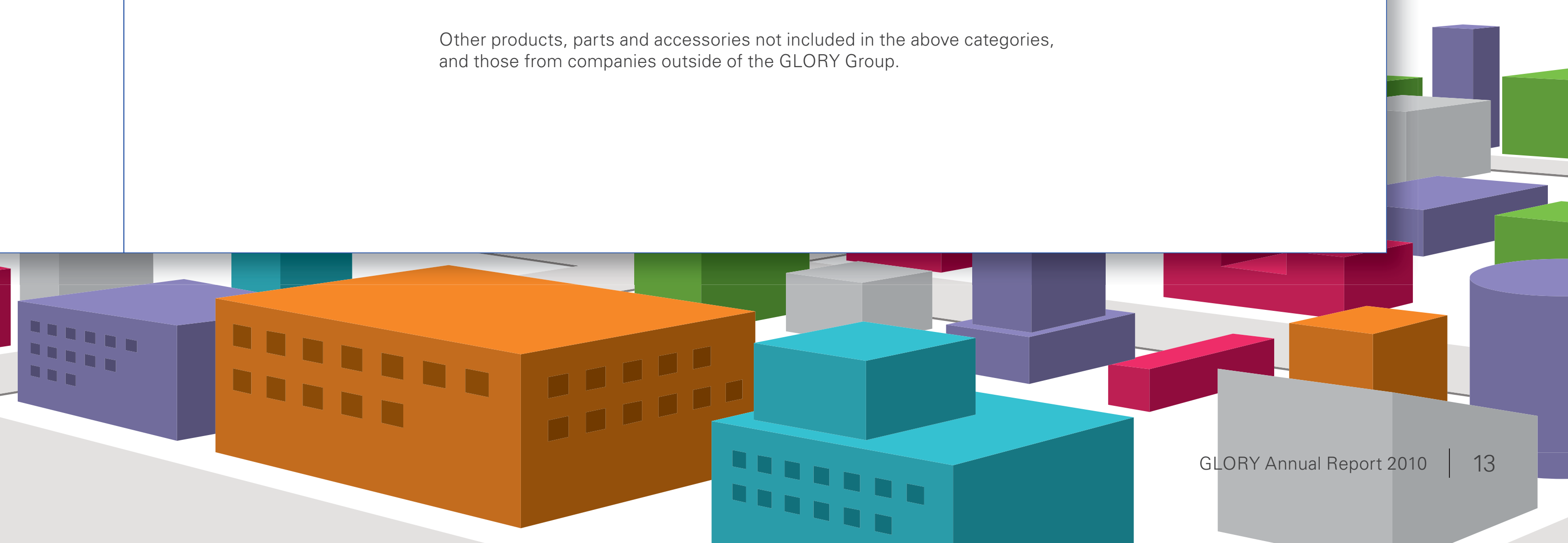
Examples of GLORY Product Installations

GLORY at a Glance

The core activities of the GLORY Group are the manufacturing, sales and maintenance of money handling machines and cash management systems, and vending machines and automatic service equipment. The table below shows our main products and industry segments.

	Contribution to Total Net Sales	Net Sales	Operating Income
Money handling machines and cash management systems			
Vending machines and automatic service equipment			
Other goods and products			

Product Markets	Customers	Main Products and Goods
Overseas Market	Overseas financial institutions, cash-in-transit companies, casinos, major computer manufacturers (OEM), and others.	Banknote deposit machines, coin wrappers, banknote deposit modules for ATMs, banknote sorters, banknote recyclers for tellers.
Financial Market	Financial institutions, life and non-life insurance companies, securities firms, major computer manufacturers (OEM), and others.	Open teller systems, coin wrappers, banknote and coin recyclers for tellers.
Retail and Transportation Market	Department stores, supermarkets, cash-in-transit companies, railroad companies, bus companies, taxi companies, home delivery companies, and others.	Sales proceeds deposit machines, coin and banknote recyclers for cashiers, cash recyclers for ticket counters.
Other Markets	General companies, hospitals, government offices, leisure facilities, and others.	RFID self-checkout systems for cafeterias, medical payment kiosks for hospitals, ballot sorters for handwritten ballots.
Vending Machine Market	Japanese and overseas tobacco companies, railroad companies, and others.	Cigarette vending machines, coin-operated lockers, ticket vending machines.
Amusement Market	Pachinko parlors, and others.	Prepaid card systems for pachinko parlors, equipment for pachinko parlors including premium dispensing machines, pachinko ball/token dispensers and counters, banknote changers and customer management systems.
Other products, parts and accessories not included in the above categories, and those from companies outside of the GLORY Group.		



Overseas Market

The overseas market consists primarily of foreign financial institutions, cash-in-transit companies and casinos. The major products for this market are banknote recyclers for tellers that are used by financial institutions to recycle banknotes at the counter, banknote sorters for use by financial institutions and cash-in-transit companies to remove counterfeits and sort banknotes, and banknote deposit modules for ATMs, sold as OEM products. Recently, we have also begun to supply products for the retail industry.

Market environment and trends

In Europe, the European Central Bank (ECB) has decided that financial institutions and cash-in-transit companies in the euro zone shall put in force strict controls on recirculated banknotes during 2010. We expect to see demand for products that meet these needs.

In the U.S., the financial crisis has led to a restructuring of financial institutions and an ongoing movement towards the outsourcing of operations to cash-in-transit companies. As a result, demand from cash-in-transit companies for money handling machines continues to grow.

In addition, the number of ATMs in operation is increasing in China, spurring an increased demand for banknote sorters used at individual bank branches to prepare banknotes for loading in ATMs.

Meanwhile, in the retail market, there is growing interest in re-evaluating the costs associated with money handling. This has led to an increase in retail outlets that are now installing money handling machines.

Operating results

In the year under review, we developed sales networks in Europe and China, but due to the trend of restrained capital spending in response to the worldwide recession, unit sales of banknote deposit modules for ATMs sold as OEM products, banknote sorters and related products slowed.

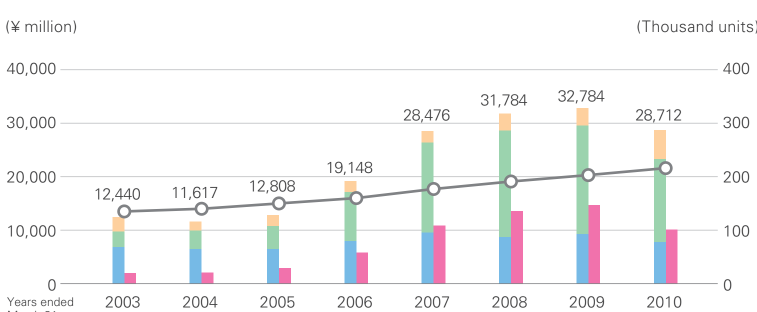
As a result, net sales were ¥28,712 million, a 12.4% decrease year on year.

Global Network

Subsidiaries
Offices of subsidiaries
Dealers

Trends in Net Sales by Region

Asia
Europe
Americas
OEM (Left scale)
Total number of ATMs in operation (Right scale) (Source: GLORY research)



• Demand for OEM products has grown in recent years

• Pronounced Asian growth in year under review

Strategies and initiatives going forward

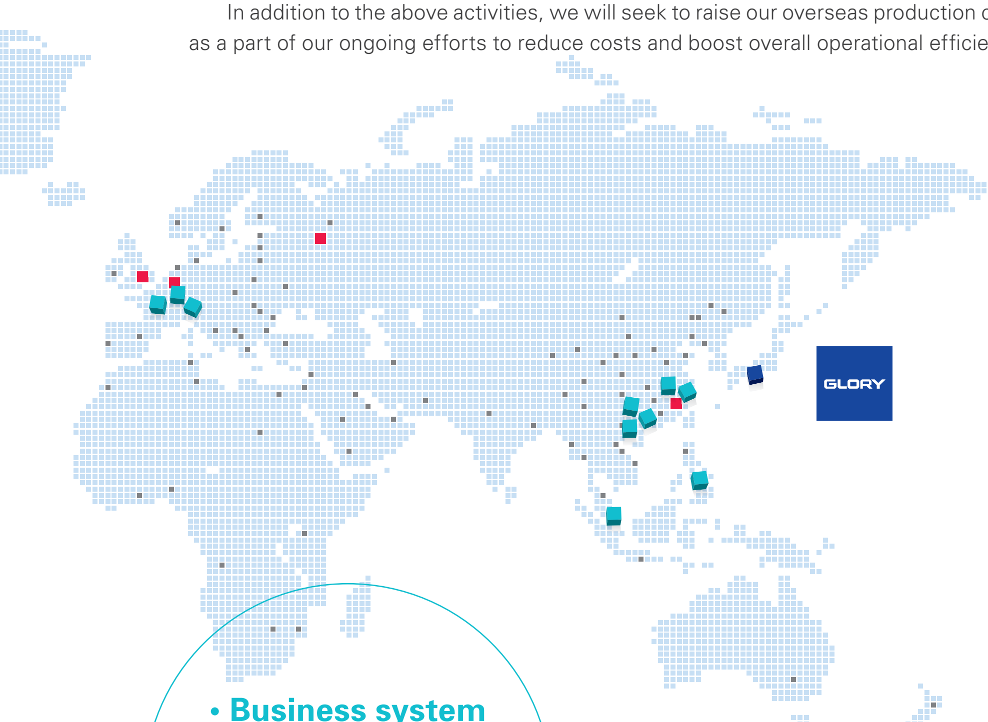
To solidify our business foundation for our overseas expansion, we are moving ahead with measures to strengthen our competitiveness through the introduction of new products and to develop new markets.

In new products, we are enhancing our product lineup in categories including banknote deposit machines, banknote sorters, banknote recyclers and banknote deposit modules for ATMs, and are looking to introduce these products into the market.

In the development of new markets, GLORY focuses on the retail market and the China market. In the retail market, we are moving forward on projects that aim to strengthen operations of retail stores in the U.S. and Europe. To increase sales in these regions, we will present comprehensive proposals to retailers and build up our sales channels by leveraging distributors.

In the China market, GLORY has strengthened its structure by setting up a special division dedicated to China operations. Our focus is on the four major banks, and we will be developing sales activities for municipal banks as well. An enhanced product lineup will be complemented by vigorous sales promotions, including the holding of private product shows in various provinces.

In addition to the above activities, we will seek to raise our overseas production capacity as a part of our ongoing efforts to reduce costs and boost overall operational efficiency.

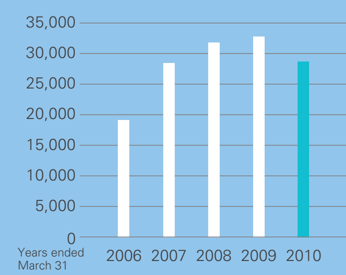


• Business system based on 12 local subsidiaries and over 120 dealers

(As of March 2010)

Net Sales

(¥ million)



Banknote deposit module for ATMs
<UD series>

Banknote recycler for tellers
<RZ series>

Banknote counter
<GFS series>

Banknote sorter
<UW series>

Financial Market

In the financial market, our main customers are financial institutions in Japan. The key products are: 1) open teller systems for managing receipts and disbursements at operating branches, 2) banknote and coin recyclers for tellers for use in the deposit and withdrawal of money at the bank counter, and 3) money changers set up in bank lobbies.

GLORY products other than these main products can also be found in the centralized money processing centers of financial institutions, as well as at life and non-life insurance companies and securities firms. Some are also provided as OEM products to large computer manufacturers.

The financial market is GLORY's main market, where our core products boast market shares over 70%.

Market environment and trends

Financial institutions are experiencing a rising need to make operations more rigorous and efficient. Installations of equipment that meets these needs have generally been completed at large offices of megabanks and regional banks, and are now spreading to credit unions and agricultural cooperatives.

In the year under review, however, the effects of the financial crisis continued to restrain capital spending, although signs of a recovery gradually appeared.

Operating results

Sales of open teller systems, a key GLORY product line, were firm. We have recently focused on stimulating new demand by introducing new products. These include the industry's most compact open teller system, targeted toward small and mid-sized financial outlets, and the industry's first cash monitoring cabinet. However, sales of banknote and coin recyclers for tellers, sold as OEM products, have been sluggish.

As a result, net sales were ¥42,759 million, a 6.7% decrease year on year.

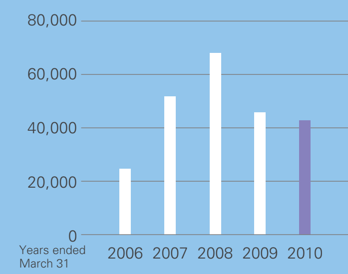
Strategies and initiatives going forward

We have positioned expanded sales of open teller systems as a critical strategy and are moving aggressively to accomplish this. Firstly, we are reinforcing promotions for product updates for customers who introduced these products over 10 years ago. Next, we will tackle the problem that our existing series do not lead to product introductions due to issues with installation space and cost. To counter this problem we are rolling out an aggressive sales program based on GLORY's new compact open teller systems, which we will promote to small and mid-sized financial outlets. Because the targets of this introduction of compact open teller systems, primarily branches of credit unions and agricultural cooperatives, are estimated to number over 10,000, we aim to expand our market share by steadily acquiring customers in this market space.

In addition, we are running sales promotions of the new cash monitoring cabinet, and actively proposing trial runs for these systems at financial outlets.

Net Sales

(¥ million)



Banknote and coin recycler for tellers <RB series>

Cash monitoring cabinet <BW series>

GLORY Key Product: WAVE series

The WAVE series of open teller systems is a fixture in financial institutions today. One of GLORY's mainstay products, the WAVE series is actively used throughout Japan. The open teller system is typically set up in the back offices of branches of financial institutions and provides uniform management, in place of a bank staff member, of the money deposited and dispensed at the teller counter and the money brought back from customer visits by sales staff. The WAVE series allows these processes to be strictly managed by setting the operating authority of each responsible employee and by keeping a record of the transaction time, type and person making the transaction.

There have been an increasing number of small and mid-sized financial institutions that endeavor to lower their operational risk and would require a system like this, but have not installed one due to the lack of available space. In response, GLORY has developed the WAVE C30 compact open teller system, which takes up 50% less floor space compared with conventional models. We are making proposals based on the WAVE C30 to a wide variety of financial outlets.

Open teller system <WAVE 730>

Compact open teller system <WAVE C30>

Retail and Transportation Market

GLORY's key products in this market include banknote and coin recyclers for cashiers at supermarkets, drugstores and specialty shops, and sales proceeds deposit machines used to manage sales proceeds in department stores and shopping malls. We are also rolling out sales proceeds deposit machines for use in the collection of sales proceeds by cash-in-transit companies.

GLORY also offers transportation companies cash recyclers that count deposit receipts and money received and also pay change at ticket counters.

Market environment and trends

Due to a long-term slump in consumer demand, the retail sector has been facing prolonged severity in the business environment, characterized by restructuring and consolidation of retail outlets and efforts to liquidate unprofitable stores. This has created a deep-rooted need for banknote and coin recyclers that can make cash management in cashier operations both more efficient and more rigorous. However, companies are holding back from updating their machines or introducing new equipment at their stores due to budget restrictions.

Operating results

Sales of cash recyclers to transportation companies were strong for the year under review, but large-lot demand for our mainstay coin and banknote recyclers was low.

As a result, net sales were ¥26,134 million, a 7.3% decrease year on year.

Strategies and initiatives going forward

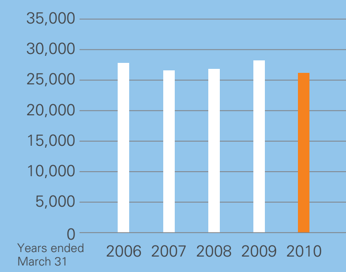
Going forward, we will focus on introducing coin and banknote recyclers in markets that have not been developed—convenience stores, restaurants and taverns and specialty shops. Although there are some companies that have begun test operations, we must move our sales activities to the next level of actual introductions. We will also conduct product update promotions for customers who have this type of equipment already installed.

For sales proceeds deposit machines, we are developing proposals that also cover better efficiency of operations at stores.

For transportation companies, we are making aggressive proposals for multi-functional cash management stations, a newly developed product for fare adjustments and other settlement operations at train stations, with the aim of increasing market share.

Net Sales

(¥ million)



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

Sales proceeds deposit machine
<DS series>

Cash recycler
<RH series>

Multi-functional cash management station
<DSR series>

Amusement Market

Our main customers in this market are pachinko parlors and our core products are peripheral machines other than the game machines. Specifically, GLORY's products include pachinko ball/token dispensers, pachinko ball/token counters, premium dispensing machines, money changers and prepaid card systems for in-store sales management.

Market environment and trends

The number of pachinko parlors in Japan is still decreasing, although the downward trend in the number appears to have stopped at around 12,600 at the end of 2009. Moreover, the market is being rejuvenated by an increasing number of large pachinko parlors and the spread of low-cost pachinko ball dispensing.*

* An operational scheme in which the price of dispensed balls is kept low compared to traditional pachinko.

Operating results

The market is seeing new life due to the spread of low-cost pachinko ball dispensing. In addition, sales of card systems were steady due to the effects of introducing new products, such as pachinko ball counters and a cell phone-based ball account system that enables players to easily keep track of the ball balance.

As a result, net sales were ¥26,734 million, a 1.6% increase year on year.

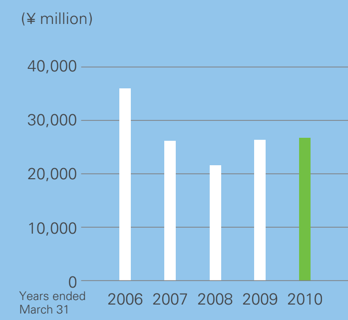
Strategies and initiatives going forward

In this market, our main focus is to enhance our competitiveness. To this end, we are proceeding with the development of new "total systems" for pachinko parlors and the consolidation of two related companies into the GLORY Group.

Specifically, we plan to unify the sales system and revise the product lineup to pave the way for a new organizational structure resulting from the planned merger of GLORY NASCA Ltd. and CREATION CARD CO., LTD. in April 2011.

We also aim to increase sales of cell phone-based ball account systems and customer management systems for pachinko parlors by rolling out Internet-based services that enhance added value for pachinko parlor customers.

Net Sales



Pachinko ball counter
<JCT series>

The G8 PAPIMO, a Smart Card System for Pachinko

The first pachinko system in the industry to make replay available by simply swiping a smart card-equipped cell phone

We have recently enhanced our product lineup for pachinko parlors with the G8 PAPIMO. Instead of requiring a card, G8 PAPIMO allows a variety of functions, including operation of ball savings accounts and replays, by simply placing a smart card-equipped cell phone on a card reader-equipped pachinko ball dispenser and other peripheral equipment.

The JCT-110 pachinko ball dispenser with counting function also supports this system. This device enables more efficient pachinko parlor operation by automating the segregated ball control functions at parlors that operate a tiered pricing system for balls. Because balls output from the pachinko machine can be counted while the player is seated, there is no longer a need to collect them in a ball box as in the past. Customers can now move about the parlor in ease, and employees are relieved from carrying heavy ball boxes.

Vending Machine Market

GLORY's core products in this market are cigarette vending machines, primarily sold to tobacco companies in Japan and abroad. We also provide ticket vending machines used at restaurants and leisure facilities, coin-operated lockers and other products.

Market environment and trends

Since July 2008, when cigarette vending machines with an adult identification function were installed throughout Japan, the proportion of cigarettes sold at convenience stores has risen due to the low penetration rate of Taspo* cards, while the proportion sold through vending machines has fallen well below the level seen before the Taspo card introduction. As a result, the number of installed cigarette vending machines has fallen significantly, from 620,000 in March 2005 to roughly 400,000 in December 2009.

* Taspo ("Tobacco Passport") is an Adult ID smart card issued by the Tobacco Institute of Japan to prevent underage smoking.

Operating results

The shift of cigarette sales from vending machines to stores has caused sales of cigarette vending machines to plummet.

As a result, net sales were ¥6,381 million, a 14.8% decrease year on year.

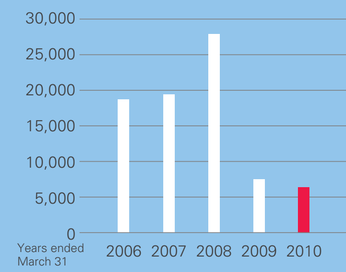
Strategies and initiatives going forward

In this difficult environment for the cigarette vending machine business, we will build a production and sales structure that better fits the level of demand.

In the ticket vending machine business, we are strengthening our sales potential through the introduction of new products in an effort to lift market share.

Net Sales

(¥ million)



Ticket vending machine <VT series>

Other Markets

This category consists of products used in sectors other than the above key markets, such as RFID self-checkout systems for company cafeterias, medical payment kiosks for hospitals and election-related products, especially ballot sorters for handwritten ballots.

Market environment and trends

In the wake of the economic downturn, many companies continue to cut back on benefits and welfare expenses, leading to shrinking demand for RFID self-checkout systems for company cafeterias. On the other hand, demand for machines to support e-money use on transit systems is on the rise as a way to enhance amenities for company employees.

Demand also rose for election-related products in connection with Japan's Lower House election in August 2009.

Operating results

Sales of election-related products were solid due to the Lower House election, but capital spending restrictions at general companies led to weak sales of RFID self-checkout systems for company cafeterias.

As a result, net sales were ¥4,385 million, an 18.3% decrease year on year.

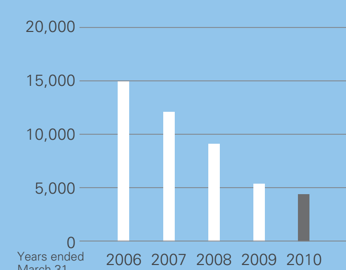
Strategies and initiatives going forward

From April 2010, hospitals in Japan, with a few exceptions, are obligated to issue a detailed statement of fees and expenses for medical care. We see this as a good business opportunity and will introduce medical payment kiosks that support the issuance of such statements to increase sales.

We will also take advantage of the Upper House election in July 2010 to secure demand for election-related products.

Net Sales

(¥ million)



Ballot sorter for handwritten ballots <GTS series>

Medical payment kiosk <FHP series>

Environmental Initiatives

GLORY is actively working to preserve the environment as part of its corporate social responsibility (CSR) efforts. The GLORY Group has established two core environmental policies, "Promotion of Green Factory and Green Office" and "Providing Environment-Friendly Products," and is rolling out programs in areas including development, manufacturing, sales, maintenance and logistics.

Toward a low-carbon society

Since 2001, GLORY has been striving to lower the environmental impact of its products. In 2008, we declared a target of reducing CO_2 emissions from product use by 30% by 2030, compared with 2005 actual emissions. The entire GLORY Group is currently working to develop and supply environment-friendly products. For example, the WAVE C30 compact open teller system for small and mid-sized financial outlets, which GLORY released to market in December 2009, has 15% lower power consumption compared with conventional systems.

GLORY has also implemented an initiative focused on enhancing energy conservation in products, in accordance with the revisions to the Energy Savings Act that went into effect in April 2010. In the fiscal year ended March 31, 2010, we conducted a fundamental review of internal company regulations for the assessment of the environmental impact of our products. In this process, we also established mechanisms to reinforce energy conservation in our products.

GLORY's environmental preservation programs include earning ISO 14001 certification for the head office/factory and the Himeji Distribution Center in March 2002. We then extended these initiatives to cover regional offices and business sites within Japan and group companies in our production network.

One of our environmental themes is to fight global warming, and we are actively promoting the Japanese government's "Cool Biz" program, which aims to save energy used for air conditioning by encouraging lighter office attire during the hot summer months. In 2009, GLORY prepared a promotional Cool Biz badge, for wearing on the chest, and distributed this to sales and technical staff at our regional offices and other business sites. Our employees wear the badge when meeting with clients, so as to raise their awareness and understanding of Cool Biz.

Also, two overseas group companies, GLORY (PHILIPPINES), INC. and GLORY Denshi Kogyo (Suzhou) Ltd. in China, obtained their own ISO 14001 certifications in January 2008.

GLORY continues to work toward providing environment-friendly products and implementing internal programs to help realize a future low-carbon society.

Recycling service for used products

GLORY LTD. and Hokkaido GLORY Co., Ltd. started a recovery and recycling service for used products in April 2009. This service was launched with the objective of recovering products and processing waste materials in an environmentally responsible manner.

In the year under review, we received roughly 22 tons of used products, and reprocessed them with a basic focus on material recycling.*

We will continue this program with the aim of contributing to the creation of a recycling society that uses scrap materials for "new" resources wherever there is an opportunity.

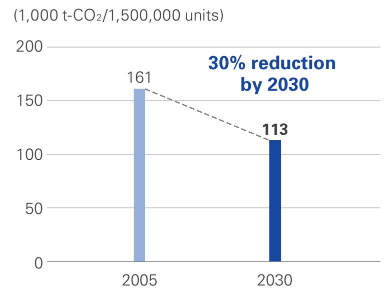
* A form of recycling in which scrap and waste materials are converted back into resources and applied in other uses.

Providing products that are free from harmful chemical substances

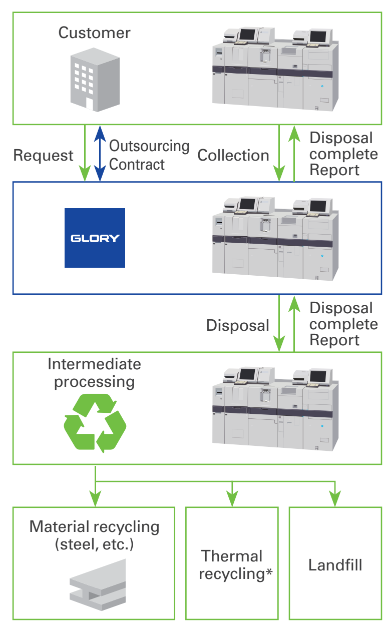
At both production bases in Japan and overseas Group companies, the GLORY Group is reducing the use of regulated chemical substances, such as lead and mercury, in its products. One such program is the one at GLORY Denshi Kogyo (Suzhou) Ltd. in China, where the inspection of parts received uses fluorescent/X-ray analysis to detect the presence of regulated substances.

To provide products that have been designed for customers' sense of safety, such quality control is practiced thoroughly and consistently throughout the GLORY Group.

CO_2 Emissions in Product Use (Per 1,500,000 units)



Recycling Flow for Used Products



* The above process uses thermal energy generated from waste incineration in power generation and water heating.

Parts inspection using a fluorescent/X-ray analyzer.

Contributing to Society as a Corporate Citizen

A corporation conducts business with the support of a universe of stakeholders, including customers, shareholders and investors, employees, local communities, suppliers and partners. By contributing to the communities in which we exist, GLORY is actively working to fulfill its corporate social responsibilities.

GLORY Friendly Co., Ltd. — Promoting hiring of people with disabilities

In 1999, GLORY established a subsidiary, GLORY Friendly Co., Ltd., specifically to support the self-reliance of people with disabilities and give them opportunities to get involved in society. The number of employees has more than doubled from its original size to the current 38 (including 23 with mental disabilities). Under the motto "fostering a creative working environment by valuing communication with one another and fully demonstrating our skills," GLORY Friendly employees beautify and plant greenery on companies' facilities, and collect and distribute internal documents and mail, among other activities.

The GLORY Group aims to create a workplace where all people can feel satisfied with life and work, and people with disabilities have ample employment opportunities.

GLORY Friendly employees planting a flower bed at a GLORY HQ site.

GLORY Elementary School Students Foundation — Enriching the lives of local children

The GLORY Elementary School Students Foundation was founded on the occasion of our 50th anniversary in November 1994. Events like the GLORY Children's Theater and the GLORY Hands-on Science Class are held to enrich the lives and growth of local children.

Children's Theater

The Children's Theater is held annually to foster sincere and independent mindsets in today's elementary school students, on whom the future depends, and to support the healthy growth of young students in the local community. At the 19th event in February 2010, we invited students from Sayo in Hyogo Prefecture, an area damaged by Typhoon Etau in August 2009, and held our regular two presentations a total of three times. In a creative and heart-warming story with a theme of human kindness, we were able to provide an experience for the hearts and minds of both children and parents.

The heart-warming show of the Children's Theater.

Hands-on Science Class

The Hands-on Science Class allows children, with their imagination and overflowing curiosity, to discover the joys of science. Conceived to nourish creativity and unique ideas, this event has been held annually for 20 years. In the anniversary year of 2009, the Science Class held showroom tours and also gave gifts in the form of an original mechanical kit. Supported by GLORY employees, the event offers workshops for making, for example, robots, and also a science show. We are proud that we can offer a place where children can experience the joy of "doing science" hands-on.

Children can enjoy learning about science at the Hands-on Science Class.

Corporate Governance and Compliance

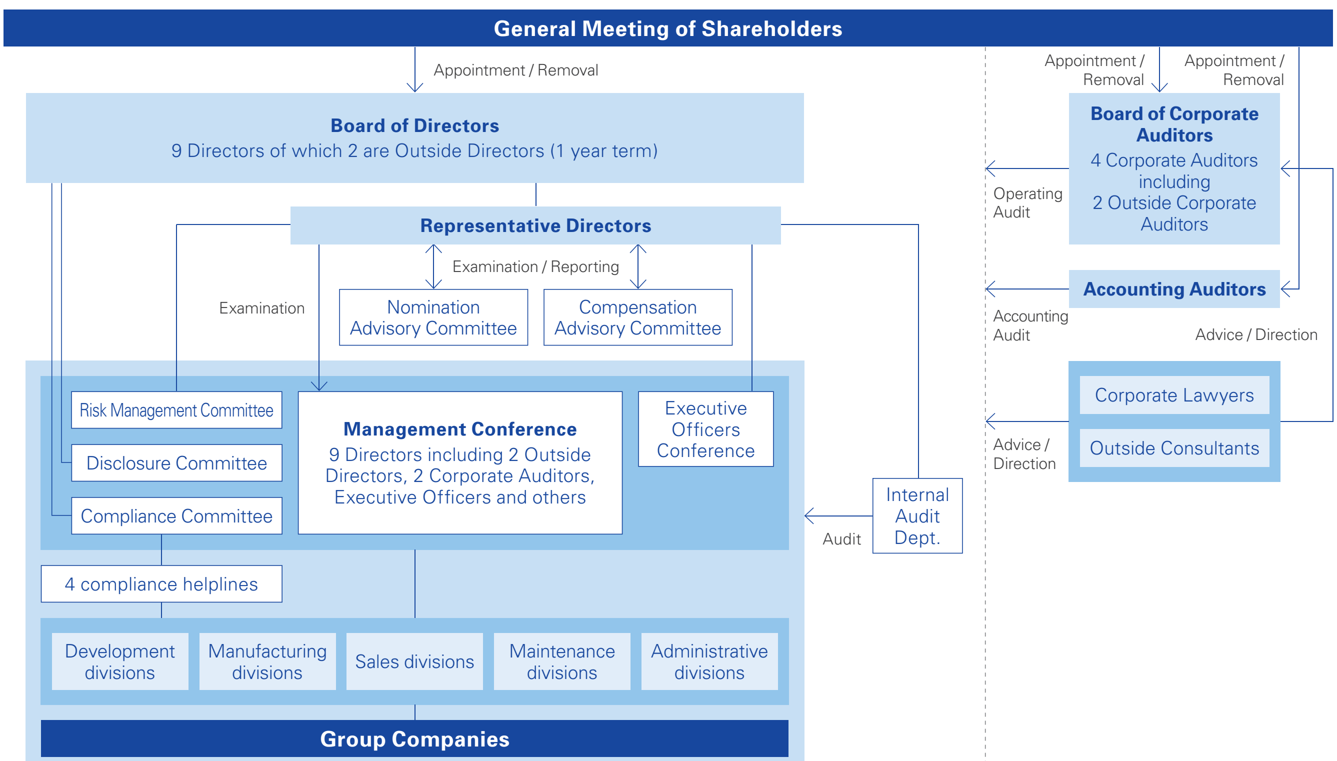
Basic Policy on Corporate Governance

GLORY's corporate philosophy, which represents our corporate goal and raison d'être, is: "We will contribute to the development of a more secure society through a striving spirit and cooperative efforts." These words express our determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising approach to product development.

This philosophy guides our efforts to continuously improve our corporate value through sound and efficient business management, so that we can exist in harmony with society and earn the trust and support of all stakeholders.

None of these goals can be achieved without a firm commitment to the continuing improvement of corporate governance. We will continue our efforts to strengthen the supervisory and executive functions of management, accelerate decision making, ensure transparency and objectivity, enhance compliance management, and improve corporate value.

Corporate Governance System



GLORY's Corporate Governance Structure

GLORY is a "company with corporate auditors." The Board of Directors, which includes two outside directors, performs decision-making and supervision of business execution pertaining to management's critical issues, and the Board of Corporate Auditors oversees this work of the Board of Directors. GLORY's management judges this system to be effective. The company has also introduced an executive officer system to improve the speed and effectiveness of management by separating the supervisory function from the execution function. In addition, the Nomination Advisory Committee and Compensation Advisory Committee have been set up to bring greater transparency and objectivity to major management decisions.

GLORY's corporate governance system is outlined in detail above.

Directors and Board of Directors

GLORY's Board of Directors is composed of nine directors (two of which are outside directors) and four corporate auditors for a total of 13 members. In principle, the Board of Directors meeting is held once per month. The Board of Directors decides the important business policies of GLORY LTD. and the GLORY Group, supervises business execution, and reports on the status of business execution. The directors, including the outside directors, exchange views in vigorous discussions to which the corporate auditors add their opinions when needed.

The two outside directors participate in not only the Board of Directors meetings, but meetings of the Management Conference, the Nomination Advisory Committee and the Compensation Advisory Committee. Also, they ascertain information pertaining to internal controls, both directly and indirectly, from the appropriate company officers and employees. They propose suggestions and offer their views from a perspective free from conflicts of interest, thereby contributing to increasing transparency and ensuring fairness of corporate management.

Comments of Outside Directors

Assumed his current position as director in June 2008.

Member of the Nomination Advisory Committee.

Member of the Compensation Advisory Committee.

Outside Director
Hiroki Sasaki

I see GLORY as a one-of-a-kind company with distinctive products and a distinctive culture. To continue along a path of sustained growth, GLORY must build an independent corporate strategy, with the help of a Board of Directors that is allowed to function effectively, and to enhance the corporate governance structure that supports this strategy.

Effective decision making is essential to any company. I believe it is the mission of outside directors like myself to make this decision process work properly and with due speed through active involvement, and by voicing views based on fundamental principles that allow us to see things differently from the company. This means that individual decisions must be desirable to stakeholders, with the shareholders at the center, and tied to raising corporate value.

To help GLORY to continue its growth into the future, I will discuss my views forthrightly, bringing to the table my experience thus far in corporate management.

Assumed his current position as director in June 2008.

Member of the Nomination Advisory Committee.

Member of the Compensation Advisory Committee.

Outside Director
Akira Niijima

While the Board of Directors make top-level management decisions and supervise the execution of operations, I believe it is the outside directors' role to ensure that these decisions are made with transparency and fairness.

GLORY, a highly R&D-oriented company, pursues a strategy of growing its business by developing new technologies and products and expanding into overseas markets, based on management resources that have been accumulated in the home market, thereby ensuring the growth potential and profitability of the company.

In executing this strategy, we, as outside directors, must analyze and evaluate plans proposed by operating departments from a broad and objective perspective. We must offer appropriate suggestions on reducing risk and making the business succeed.

Based on my long experience in R&D-driven companies, including work overseas, I would like to focus on building competitive superiority in GLORY's markets and establishing a stable profit foundation that will carry us into the future. I would also like to contribute toward strengthening corporate governance, which is the base for executing our strategy.

Corporate Auditors and Board of Corporate Auditors

GLORY's Board of Corporate Auditors is composed of two full-time corporate auditors and two outside corporate auditors for a total of four members. In principle, they meet once every two months. Each corporate auditor, including the outside corporate auditors, conducts audits based on an annual corporate audit plan that follows the audit policy and the assignment of duties determined by the Board of Corporate Auditors, and issues reports on the audit status and exchanges information and views at the Board of Corporate Auditors meeting.

The full-time corporate auditors attend major meetings such as meetings of the Board of Directors and the Management Conference and discuss their appropriate views. Together with this, they strive to grasp the situation with business execution and ensure the effectiveness of audits by sharing information obtained through examination of major decision documents and reports and explanations from the relevant directors and executive officers and sharing this information with other corporate auditors, including the outside corporate auditors. Also, the corporate auditors issue a report each quarter to the President and exchange their views concerning the implementation status of the audits and their results.

The two outside corporate auditors in particular make use of their high level of expertise and abundant experience to GLORY's audits and fulfill a critical role to ensure and improve the legality and propriety of GLORY's management.

Furthermore, GLORY is able to conduct its corporate audits more effectively by assigning a dedicated employee to assist the work of the corporate auditors.

Executive Officers and Executive Officers Conference

GLORY employs an Executive Officer System in order to make business execution speedier and more efficient. The executive officers, under direct command of the Representative Directors, are charged with the execution of their appointed operations after decisions are made by the Board of Directors. At a monthly Executive Officers Conference, they share management policies decided at the Board of Directors, and discuss the progress and achievements of the various management plans.

Management Conference

GLORY holds a Management Conference twice a month to discuss matters related to the execution of business policy, management plans, and major operations in accordance with policies created by the Board of Directors. The Management Conference comprises the company directors, including outside directors; the full-time corporate auditors; executive general managers, and the executive officers of administrative departments. Discussions cover not only proposals put forth to the Board of Directors by the divisions concerned, but also important management matters.

Nomination Advisory Committee and Compensation Advisory Committee

GLORY has established a Nomination Advisory Committee and a Compensation Advisory Committee to ensure transparency and objectivity concerning key management issues such as the appointment of directors and executive officers and decisions on compensation. These committees consist of two representative directors and two outside directors.

Other Management Committees

GLORY has also established a Compliance Committee to ensure that compliance is applied strictly and consistently group-wide, a Risk Management Committee to study measures for proper handling of risks and to take steps to prevent risks from occurring, and a Disclosure Committee to ensure timely and appropriate information disclosure. These committees report to the Board of Directors as appropriate.

Internal Audit Department

In order to ensure compliance with legal and corporate requirements, as well as continuous business efficiency improvement, GLORY has established an 11-member group that reports directly to the Representative Directors and acts as the Company's internal audit department.

This department conducts audits in accordance with an annual internal audit plan that identifies areas where risks are high from a compliance standpoint, and suggests improvements based on audit results. Also, to ensure a high level of trust in the company's financial statements, the Internal Audit Department evaluates the effectiveness of internal controls pertaining to financial reporting.

Accounting Auditors

GLORY has employed Deloitte Touche Tohmatsu as its accounting auditors since June 2007. There are no material conflicts of interest between GLORY LTD. and the Deloitte Touche Tohmatsu staff who engage in GLORY audits. A policy is in place to limit the audit staff members' involvement in GLORY audits to a fixed period of time.

Remuneration for Executives

Total Remuneration for Directors and Corporate Auditors in the Fiscal Year Ended March 31, 2010

Recipient	Total amount of remuneration	Base salary		Bonuses	
		No. of persons	Amount	No. of persons	Amount
Directors (Except for outside directors)	¥139 million	7	¥100 million	6	¥38 million
Corporate auditors (Except for outside corporate auditors)	¥26 million	2	¥26 million	—	—
Outside executives	¥23 million	4	¥23 million	—	—
(Outside directors)	(¥13 million)	(2)	(¥13 million)	(—)	(—)
(Outside corporate auditors)	(¥9 million)	(2)	(¥9 million)	(—)	(—)

(Notes) 1. Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
2. The maximum amount of remuneration for directors was approved as ¥150 million p.a. at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007 (a maximum of ¥20 million for outside directors). This amount does not include employee salary portions for directors who have concurrent responsibilities as employees.
3. The maximum amount of remuneration for corporate auditors was approved as ¥50 million p.a. at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.
4. Bonuses pertaining to the year under review were approved by resolution of the 64th Ordinary General Meeting of Shareholders held on June 25, 2010.

Board of Directors, Board of Corporate Auditors and Executive Officers

(As of June 25, 2010)

Board of Directors


Chairman of the Board*
Hisao Onoe


President*
Hideto Nishino


Director
Norishige Matsuoka


Director
Hirokazu Onoe


Director
Yuichi Funabiki


Director
Masahiro Ichitani


Director
Kiyoshi Kigasawa


Outside Director
Hiroki Sasaki


Outside Director
Akira Niijima

Board of Corporate Auditors


Corporate Auditor
Yoshiyuki Nakatsuka


Corporate Auditor
Saizo Onami


Outside Corporate Auditor
Kazuhiko Yasuhira


Outside Corporate Auditor
Yuichi Takeda

Executive Officers

Executive Vice President
Norishige Matsuoka

Executive Vice President
Hirokazu Onoe

Senior Managing Executive Officer
Yuichi Funabiki

Senior Managing Executive Officer
Masahiro Ichitani

Senior Managing Executive Officer
Takenori Nishi

Managing Executive Officer
Hideaki Matsushita

Managing Executive Officer
Osamu Tanaka

Managing Executive Officer
Tomoaki Ishido

Managing Executive Officer
Koichi Ohta

Senior Executive Officer
Tetsu Yoshioka

Senior Executive Officer
Kiyoshi Kigasawa

Senior Executive Officer
Yoshiyuki Yamaguchi

Senior Executive Officer
Izumi Hirota

Senior Executive Officer
Kaoru Ohara

Senior Executive Officer
Norio Murakami

Senior Executive Officer
Takashi Mitsui

Executive Officer
Seiji Nitta

Executive Officer
Ichiro Kishida

Executive Officer
Hirokazu Sekino

Executive Officer
Hiroaki Fukui

Executive Officer
Manabu Shibutani

Executive Officer
Motozumi Miwa

Executive Officer
Yoshitaka Iyori

Executive Officer
Shigetoshi Mabuchi

* Indicates that the individual is a Representative Director.

Eleven-Year Consolidated Financial Summary

GLORY LTD. and its consolidated subsidiaries
Years ended March 31

Millions of Yen

		2000	2001	2002
Summary of income (for the year):	Net sales	¥ 108,544	¥ 151,704	¥ 131,618
	Cost of sales	70,707	91,611	88,014
	Selling, general and administrative expenses	29,060	33,895	32,816
	Operating income	8,776	26,197	10,787
	Net income	1,756	11,191	3,669
	Capital expenditure *2	3,246	3,715	4,924
	R&D expenses	9,458	10,961	11,477
	Depreciation and amortization	5,031	5,105	5,341
Financial position (at year-end):	Total assets	159,419	186,937	166,505
	Shareholders' equity	93,566	101,315	105,115
	Net assets *3	—	—	—
	Interest-bearing debt *4	32,013	26,882	20,473
Per share data (yen):	Net income *5	¥ 50.19	¥ 297.62	¥ 100.44
	Equity	2,474.04	2,771.01	2,832.81
	Dividend (annual)	16.00	24.00	16.00
Financial indicators (%):	Return on equity (ROE)	2.0	11.5	3.6
	Equity ratio	58.7	54.2	63.1
Others:	Number of shares outstanding (thousands)	37,820	36,484	37,118
	Number of employees *6	4,623	4,631	4,730

*1 For easy comparison, the figure for 2008 has been adjusted to reflect a change in the accounting standard for measurement of inventories, effective from April 1, 2008.
*2 Since the fiscal year ended March 31, 2005, capital expenditures have been calculated as the total of property, plant, and equipment and investment and other assets.
*3 Net assets are presented following the entry into force of the new Japanese Corporate Law in 2006. Net assets comprise shareholders' equity as previously defined, plus minority interests and share subscription rights.
*4 Under new accounting standard for lease transactions effective from the fiscal year ended March 31, 2009, interest-bearing debt includes finance lease obligations.
*5 Net income per share of common stock is based on the weighted average number of shares outstanding in each year.
*6 The number of employees is shown on a consolidated basis.

Millions of Yen

2003	2004	2005	2006	2007	2008	2009	2010
¥ 117,287	¥ 176,765	¥ 188,881	¥ 141,231	¥ 164,540	¥ 185,181	¥ 145,979	**¥ 135,105**
75,571	108,747	114,390	94,209	108,628	118,946 *1	94,115	**87,074**
33,074	37,101	41,937	41,568	42,952	45,288	42,437	**40,346**
8,641	30,916	32,554	5,453	12,961	20,947 *1	9,427	**7,685**
5,902	17,527	19,306	740	6,461	11,711	5,782	**5,109**
3,899	4,915	7,991	4,793	6,035	7,279	10,638	**6,714**
10,111	11,862	13,048	9,474	9,328	9,615	9,204	**8,776**
4,864	5,129	5,438	6,889	6,337	6,570	7,621	**8,145**
164,077	213,844	217,460	206,361	216,988	209,237	196,798	**194,983**
110,686	128,504	146,657	146,134	—	—	—	**—**
—	—	—	—	150,842	151,735	147,176	**145,345**
19,060	18,139	18,714	19,083	13,190	12,914	14,110	**14,038**
¥ 157.42	¥ 233.19	¥ 257.00	¥ 9.14	¥ 87.15	¥ 160.70	¥ 82.15	**¥ 76.00**
2,983.81	1,729.93	1,974.60	1,970.11	2,025.39	2,110.69	2,155.17	**2,212.63**
16.00	22.00	30.00	22.00	30.00	40.00	30.00	**33.00**
5.5	14.7	14.0	0.5	4.4	7.8	3.9	**3.5**
67.5	60.1	67.4	70.8	69.2	72.3	74.8	**74.5**
37,118	74,236	74,236	74,236	74,236	72,838	69,838	**69,838**
4,874	5,038	5,211	5,200	5,290	5,346	5,510	**5,848**

Management's Discussion and Analysis

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

The GLORY Group and Scope of Consolidation

The GLORY Group, the leading manufacturer of currency processing machines, consists of GLORY LTD. (the "Company"), 29 subsidiaries and one affiliated company, and operates mainly in the fields of manufacturing, sales, and maintenance services of money handling machines, cash management systems, vending machines, and automatic service equipment.

Of its 29 subsidiaries, 17 were consolidated in the fiscal year ended March 31, 2010.

Business Overview

Net Sales

During the fiscal year ended March 31, 2010, the financial market, the overseas market and the retail market, which are the major markets for the Group's money handling machines and cash management systems segment, all showed weaker demand than in the previous fiscal year. As for the vending machines and automatic service equipment segment, although the vending machine market was also slower than in the previous fiscal year, the amusement market remained strong.

As a result, net sales for the year under review resulted in a 7.4% drop from the previous fiscal year to ¥135,105 million. This total net sales figure consists of ¥103,423 million in goods and products sales, which declined by 9.4% year on year, and ¥31,682 million in sales from maintenance services, which decreased by 0.6%. Overseas sales also dropped, falling by 12.4% from the previous fiscal year to ¥28,712 million.

Cost of Sales

Cost of sales for the year ended March 31, 2010 reflected the decline in net sales, and decreased by 7.5% from the previous fiscal year to ¥87,074 million. The cost of sales ratio, on the other hand, edged up by 0.1 percentage points to 64.4%, due to successful cost reduction initiatives.

Selling, General and Administrative Expenses

Selling general and administrative ("SG&A") expenses stood at ¥40,346 million, down by 4.9% from the previous fiscal year, as a result of aggressive cost reduction activities. However, the ratio of SG&A expenses to net sales rose slightly by 0.8 percentage points to 29.9% due to the decline in net sales.

Operating Income

Operating income for the fiscal year under review was ¥7,685 million, an 18.5% decline from the previous fiscal year. The operating margin as well dropped by 0.8 percentage points to 5.7%.

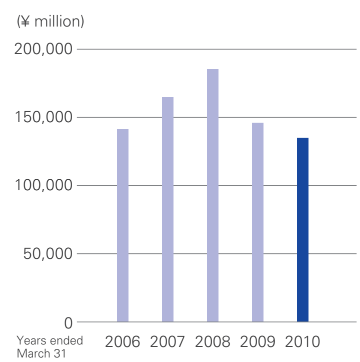
Other Income (Expenses)

Net other income (expenses) for the fiscal year ended March 31, 2010 amounted to net income of ¥821 million, reversing ¥768 million in net expenses recorded in the previous fiscal year. Major income-increasing factors were a ¥832 million decrease in net foreign currency exchange loss, a ¥531 million decrease in loss on write-down of investment securities, and a ¥483 million increase in income from life insurance and endowment contracts. Major income-decreasing factors, on the other hand, included the absence of the ¥366 million surrender value of insurance recorded in the previous fiscal year.

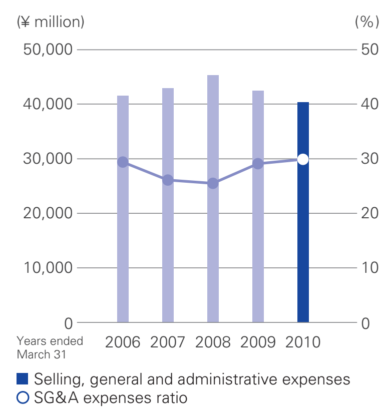
Income before Income Taxes and Minority Interests

Income before income taxes and minority interests dropped by 1.8% from the previous fiscal year to ¥8,506 million.

Net Sales



Selling, General and Administrative Expenses/ SG&A Expenses Ratio



Income Taxes

Income taxes for the fiscal year under review increased to ¥3,397 million from ¥2,836 million in the previous fiscal year. The actual effective tax rate after application of tax effect accounting rose to 39.9% from 32.8% in the previous fiscal year.

Net Income

As a result of the above, net income for the fiscal year ended March 31, 2010 saw an 11.7% year-on-year decrease to ¥5,109 million.

Overview by Industry Segment

Money Handling Machines and Cash Management Systems

The major markets of this segment are the financial market, the overseas market and the retail market.

In the financial market, sales of open teller systems, the mainstay products of the segment, showed steady results. New products were also introduced in an effort to stimulate the markets, such as a compact open teller system that is the industry's smallest system and that targets medium- and small-sized branches of financial institutions, and the industry's first cash monitoring cabinets. However, mainly due to sluggish sales in the OEM product units of banknote and coin recyclers for tellers, aggregate sales for the financial market decreased compared with the previous fiscal year.

In the overseas market, the Group took measures to reinforce its marketing base, including maintenance and expansion of the sales networks in Europe and China. Even so, affected by the worldwide economic recession and the accompanying drop in corporate capital expenditures, sales of banknote deposit modules for ATMs (sold as OEM products) and banknote sorters were slow, and aggregate sales for overseas markets declined significantly compared with the previous fiscal year.

In the retail market, sales of cash recyclers for ticket counters used in public transportation marked a good result. However, large-account demand for coin and banknote recyclers for cashiers, the major product in this market, was stagnant, and thus aggregate sales for the retail market decreased compared with the previous fiscal year.

As a result of the above, aggregate net sales of the segment, including sales in other markets, amounted to ¥82,133 million, down by 4.4% from the previous fiscal year. Operating income of the segment decreased by 46.9% year on year to ¥3,144 million.

Vending Machines and Automatic Service Equipment

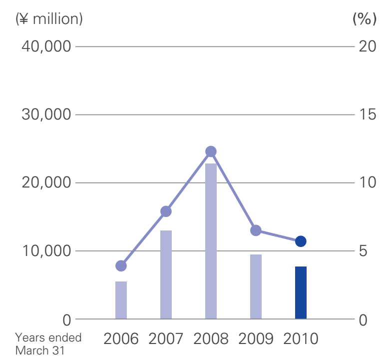
The major markets of this segment are the vending machine market and the amusement market, as well as the financial market and the retail market.

In the vending machine market, due to the shift in cigarette purchasing from vending machines to personal selling at stores, the demand for cigarette vending machines dropped, and aggregate sales for the vending machine market decreased compared with the previous fiscal year.

In the amusement market, there was an energizing trend fuelled by the penetration of low-cost pachinko ball dispensing, which enables lower playing charges. In addition, newly introduced products, such as pachinko ball counters and cell phone-based ball account systems, contributed to continued strong sales in card systems. Accordingly, aggregate sales for the amusement market increased compared with the previous fiscal year.

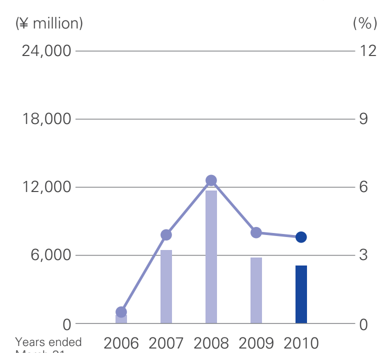
Together, the above factors resulted in a 2.8% year-on-year drop in aggregate net sales of the segment, including sales in other markets, to ¥35,296 million. Operating income, on the other hand, marked a 113.6% year-on-year increase to ¥3,312 million.

Operating Income/ Operating Margin



■ Operating income ● Operating margin

Net Income/Net Income Margin



■ Net income ● Net income margin

Other Goods and Products

In this segment, GLORY sells machines and equipment other than those handled in the two major segments, as well as products, parts and accessories purchased from outside the Group. Sales of these goods and products dropped compared with the previous fiscal year, mainly due to a decline in sales of security-related products, such as key management systems.

As a result, aggregate net sales of the segment decreased by 25.5% from the previous fiscal year to ¥17,676 million. Operating income declined by ¥41.7% to ¥1,189 million.

Operating income of each segment shown above includes the amount of unrealized profit or loss related to internal transfers of fixed assets to be eliminated upon consolidation.

Financial Position

Assets

Total assets as of March 31, 2010 stood at ¥194,983 million, down by ¥1,815 million, or 0.9%, from the previous fiscal year-end.

Liabilities

Total liabilities remained at ¥49,638 million, with a slight increase of ¥16 million, or 0.0%, from the previous fiscal year-end.

Equity

Total equity as of March 31, 2010 decreased by ¥1,831 million, or 1.2%, from the previous fiscal year-end to ¥145,345 million, mainly due to ¥5,228 million in repurchases of treasury stock.

Cash Flows

Cash and cash equivalents as of March 31, 2010 amounted to ¥53,651 million, a ¥10,653 million year-on-year increase. Although there were major cash out-flow items, such as ¥4,015 million in purchases of property, plant and equipment and ¥5,228 million in repurchases of treasury stock, these were outweighed by cash in-flow items, such as ¥8,506 million in income before income taxes and minority interests and ¥8,145 million in depreciation and amortization.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥18,874 million, a ¥16,473 million increase over the previous fiscal year. This significant increase was attributable to major cash in-flow factors, including ¥8,506 million in income before income taxes and minority interests and ¥8,145 million in depreciation and amortization.

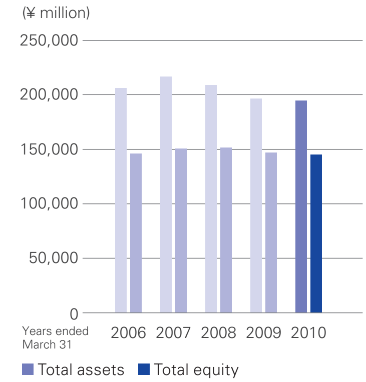
Cash Flows from Investing Activities

Net cash used in investing activities decreased by ¥14,734 million year on year to ¥731 million. Major cash in-flow factors, such as ¥9,614 million in proceeds from sales and redemption of investment securities, were offset by cash out-flow factors, such as ¥8,253 million in purchases of investment securities and ¥4,015 million in purchases of property, plant and equipment. Property, plant and equipment acquired were mainly metal dies, jigs and tools for production of products.

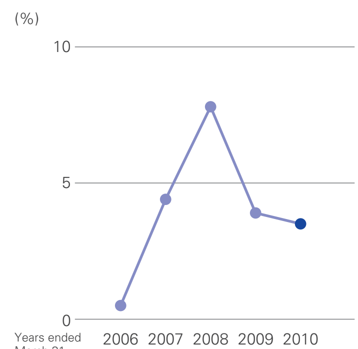
Cash Flows from Financing Activities

Net cash used in financing activities dropped by ¥1,346 million from the previous fiscal year to ¥8,198 million, reflecting ¥2,116 million in dividends paid and ¥5,228 million in repurchases of treasury stock.

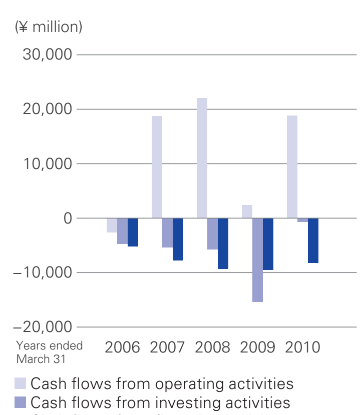
Total Assets/Total Equity



ROE



Cash Flows



Risk Information

The GLORY Group is exposed to various risks that have the potential to affect its operating results and financial condition, including variable factors and other matters considered to be material. These risks and additional factors are presented below.

The forward-looking statements made below are based on judgements made by the GLORY Group as of March 31, 2010.

(i) Extraordinary Fluctuations in Operating Results and the Group's Financial Condition due to Special Factors Influencing the Market Environment

The GLORY Group is subject to business authorizations, import and export regulations as well as various laws and regulations in the countries and regions where the Group operates. Should these laws and regulations be revised or repealed, or if new public regulations were to be established, or if any other special factors influencing the market environment were to arise, the performance of the GLORY Group may be adversely affected.

(ii) High Level of Reliance on a Specific Industry Sector

The composition of the GLORY Group's sales is highly dependent on the financial markets. Should it become necessary for financial institutions to cut capital investments due to major operational or financial problems, the performance of the GLORY Group may be adversely affected.

(iii) R&D Investment

The GLORY Group is an R&D-based enterprise and continues to invest in R&D aggressively. However, the development of new products always involves certain risks. Depending on the concept, the development period could be longer, and the costs higher, than initially planned. If such circumstances were to occur, the performance of the GLORY Group may be adversely affected.

(iv) Intellectual Property Rights

The GLORY Group is not aware of any infringements by its products on the material intellectual property rights of third parties. However, it is difficult for an R&D-based corporate group like ours to completely avoid the occurrence of such intellectual property infringement problems. If such circumstances were to occur, the performance of the GLORY Group may be adversely affected.

(v) Overseas Business Conditions

The GLORY Group's overseas business activities are wide-ranging—including exports of products, overseas procurement, local production overseas and more.

Should a rapid change occur in the political and/or economic situation in a country or region where the Group operates, or if foreign exchange markets were to fluctuate beyond the anticipated scope, the performance of the GLORY Group may be adversely affected.

Consolidated Balance Sheets

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2010**	**2009**	**2010**
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	**¥ 53,651**	¥ 42,998	**$ 576,588**
Short-term investments (Notes 4 and 13)	**2,555**	10,800	**27,459**
Receivables (Note 13):			
Trade notes	**4,519**	3,916	**48,561**
Trade accounts	**25,709**	26,754	**276,293**
Unconsolidated subsidiaries and associated companies	**1,501**	1,215	**16,136**
Other	**592**	3,798	**6,366**
Investments in leases (Notes 12 and 13)	**2,996**	2,428	**32,194**
Inventories (Note 5)	**23,495**	24,290	**252,498**
Deferred tax assets (Note 9)	**4,595**	4,902	**49,379**
Other current assets	**533**	889	**5,727**
Allowance for doubtful accounts	**(524)**	(592)	**(5,634)**
Total current assets	**119,622**	121,398	**1,285,567**
PROPERTY, PLANT AND EQUIPMENT			
Land	**11,631**	11,740	**124,997**
Buildings and structures	**34,831**	33,127	**374,329**
Machinery and equipment	**9,674**	9,942	**103,962**
Furniture and fixtures	**46,636**	44,518	**501,193**
Construction in progress	**356**	1,114	**3,829**
Total	**103,128**	100,441	**1,108,310**
Accumulated depreciation	**(67,518)**	(62,963)	**(725,617)**
Net property, plant and equipment	**35,610**	37,478	**382,693**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	**17,573**	14,628	**188,854**
Investments in and advances to unconsolidated subsidiaries and associated companies	**967**	2,129	**10,397**
Software costs—net	**3,309**	3,573	**35,566**
Goodwill	**2,681**	3,535	**28,814**
Deferred tax assets (Note 9)	**5,468**	5,895	**58,767**
Other investments and other assets	**11,634**	10,607	**125,026**
Allowance for doubtful accounts	**(1,881)**	(2,445)	**(20,217)**
Total investments and other assets	**39,751**	37,922	**427,207**
TOTAL	**¥ 194,983**	¥ 196,798	**$ 2,095,467**

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2010	2009	Thousands of U.S. Dollars (Note 1) 2010
CURRENT LIABILITIES:			
Short-term borrowings (Notes 6 and 13)	**¥ 10,961**	¥ 11,374	**$ 117,796**
Current portion of long-term debt (Notes 6, 12 and 13)	**843**	988	**9,057**
Payables (Note 13):			
Trade notes	**6,397**	6,403	**68,746**
Trade accounts	**6,450**	8,403	**69,314**
Unconsolidated subsidiaries and associated companies	**668**	642	**7,178**
Other	**4,160**	4,239	**44,708**
Income taxes payable (Note 13)	**1,790**	247	**19,234**
Accrued expenses	**5,854**	5,786	**62,913**
Accruals for debt guarantees	**218**	259	**2,339**
Accruals for loss on cancellation of lease obligations	**209**	290	**2,246**
Other current liabilities	**3,746**	3,165	**40,273**
Total current liabilities	**41,296**	41,796	**443,804**
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 7)	**3,196**	2,961	**34,348**
Long-term lease obligations (Notes 6 and 13)	**2,019**	1,720	**21,702**
Other long-term liabilities (Note 6)	**3,127**	3,145	**33,601**
Total long-term liabilities	**8,342**	7,826	**89,651**
Contingent liabilities (Note 15)			
EQUITY (Notes 8 and 18):			
Common stock, Authorized: 150,000,000 shares Issued: 69,838,210 shares in 2010 and 2009	**12,893**	12,893	**138,559**
Capital surplus	**20,630**	20,630	**221,708**
Retained earnings	**120,637**	117,068	**1,296,473**
Unrealized loss on available-for-sale securities	**(165)**	(12)	**(1,776)**
Foreign currency translation adjustments	**(471)**	(452)	**(5,057)**
Treasury stock—at cost 4,149,280 shares in 2010 and 1,548,504 shares in 2009	**(8,179)**	(2,951)	**(87,895)**
Total	**145,345**	147,176	**1,562,012**
Minority interests	**—**	—	**—**
Total equity	**145,345**	147,176	**1,562,012**
TOTAL	**¥ 194,983**	¥ 196,798	**$ 2,095,467**

Consolidated Statements of Income

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
NET SALES	¥ 135,105	¥ 145,979	$ 1,451,965
COST OF SALES	87,074	94,115	935,778
Gross profit	48,031	51,864	516,187
Selling, general and administrative expenses (Note 10)	40,346	42,437	433,593
Operating income	7,685	9,427	82,594
OTHER INCOME (EXPENSES):			
Interest and dividend income	586	761	6,297
Interest expense	(195)	(295)	(2,095)
Foreign currency exchange loss—net	(18)	(850)	(189)
Gain on sale of investment securities (Note 4)	223	129	2,395
Loss on valuation of investment securities (Note 4)	(153)	(684)	(1,643)
Loss on sale and disposal of property, plant and equipment	(428)	(421)	(4,601)
Income from life insurance and endowment contract	636	153	6,831
Reversal of provision for loss on cancellation of lease obligations	81	—	869
Charge for allowance for credit losses	—	(234)	—
Impairment losses	(119)	(30)	(1,281)
Surrender value of insurance	—	366	—
Other—net	208	337	2,231
Other income (expenses)—net	821	(768)	8,814
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	8,506	8,659	91,408
Income taxes (Note 9):			
Current	(2,570)	(1,836)	(27,617)
Deferred	(827)	(1,001)	(8,893)
Total income taxes	(3,397)	(2,837)	(36,510)
MINORITY INTERESTS IN NET INCOME	—	(40)	—
NET INCOME	¥5,109	¥5,782	$54,898

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.t):			
Basic net income	¥ 76.00	¥ 82.15	$ 0.82
Cash dividends applicable to the year	33.00	30.00	0.35

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

	Thousands of Shares		Millions of Yen								
	Common Stock	Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available -for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008	72,838	(1,148)	¥ 12,893	¥ 20,630	¥ 119,938	¥ 735	¥ 32	¥ (2,912)	¥ 151,316	¥ 419	¥ 151,735
Adjustment of retained earnings due to the adoption of PITF No. 18 (Note 2.b)					1				1		1
Net income					5,782				5,782		5,782
Cash dividends, ¥41 per share					(2,936)				(2,936)		(2,936)
Purchase of treasury stock		(3,401)						(5,757)	(5,757)		(5,757)
Retirement of treasury stock	(3,000)	3,000			(5,717)			5,718	1		1
Net change in the year						(747)	(484)		(1,231)	(419)	(1,650)
BALANCE, MARCH 31, 2009	69,838	(1,549)	12,893	20,630	117,068	(12)	(452)	(2,951)	147,176	—	147,176
Net income					5,109				5,109		5,109
Cash dividends, ¥31 per share					(2,117)				(2,117)		(2,117)
Purchase of treasury stock		(2,600)						(5,228)	(5,228)		(5,228)
Disposal of treasury stock		0			(0)			0	0		0
Change of scope of consolidation					577				577		577
Net change in the year						(153)	(19)		(172)	—	(172)
BALANCE, MARCH 31, 2010	**69,838**	**(4,149)**	**¥ 12,893**	**¥ 20,630**	**¥ 120,637**	**¥ (165)**	**¥ (471)**	**¥ (8,179)**	**¥ 145,345**	**¥ —**	**¥ 145,345**

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	$138,559	$221,708	$1,258,124	$(132)	$(4,854)	$(31,715)	$1,581,690	$ —	$1,581,690
Net income			54,898				54,898		54,898
Cash dividends, $0.33 per share			(22,751)				(22,751)		(22,751)
Purchase of treasury stock						(56,180)	(56,180)		(56,180)
Disposal of treasury stock			(0)			0	0		0
Change of scope of consolidation			6,202				6,202		6,202
Net change in the year				(1,644)	(203)		(1,847)	—	(1,847)
BALANCE, MARCH 31, 2010	**$138,559**	**$221,708**	**$1,296,473**	**$(1,776)**	**$(5,057)**	**$(87,895)**	**$1,562,012**	**$ —**	**$1,562,012**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:	**2010**	2009	**2010**
Income before income taxes and minority interests	**¥ 8,506**	¥ 8,659	**$ 91,408**
Adjustments for:			
Income taxes—paid	**—**	(9,329)	**—**
Income taxes—refund	**1,344**	—	**14,446**
Depreciation and amortization	**8,145**	7,621	**87,530**
Provision for doubtful receivables	**(633)**	247	**(6,798)**
Loss on sale and disposal of property, plant and equipment	**428**	421	**4,601**
Loss on valuation of investment securities	**153**	684	**1,643**
Gain on sale of investment securities	**(223)**	(129)	**(2,395)**
Changes in assets and liabilities:			
Decrease in notes, accounts and other receivables—trade	**898**	454	**9,654**
Decrease (increase) in inventories	**1,281**	(380)	**13,762**
Decrease (increase) in interest and dividend receivable	**22**	(1)	**234**
Decrease in notes, accounts and other payables	**(2,719)**	(740)	**(29,222)**
Increase in interest payable	**10**	1	**110**
Increase in liability for retirement benefits	**236**	29	**2,531**
Decrease in accruals for debt guarantees	**(41)**	(97)	**(443)**
Increase (decrease) in allowance for loss on cancellation of lease obligations	**(81)**	112	**(869)**
Increase in lease obligations	**554**	2,209	**5,950**
Increase in investment in lease	**(568)**	(2,428)	**(6,104)**
Increase (decrease) in accrued consumption taxes	**1,263**	(1,559)	**13,571**
Increase (decrease) in accrued expenses	**72**	(1,798)	**779**
Other—net	**227**	(1,575)	**2,447**
Total adjustments	**10,368**	(6,258)	**111,427**
Net cash provided by operating activities	**18,874**	2,401	**202,835**
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	**19**	362	**200**
Purchases of property, plant and equipment	**(4,015)**	(6,469)	**(43,149)**
Purchases of software	**(775)**	(1,704)	**(8,325)**
Proceeds from sale of investment securities	**9,614**	1,266	**103,316**
Purchases of investment securities	**(8,253)**	(1,017)	**(88,694)**
Decrease (increase) in time deposits—net	**2,715**	(712)	**29,175**
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	**—**	(4,216)	**—**
Acquisition of investments in subsidiaries	**—**	(614)	**—**
Purchases of assigned receivables	**—**	(1,820)	**—**
Increase in other assets	**(36)**	(541)	**(389)**
Net cash used in investing activities	**(731)**	(15,465)	**(7,866)**
FINANCING ACTIVITIES:			
Decrease in short-term bank loans—net	**(355)**	(144)	**(3,820)**
Repayments of long-term debt	**(499)**	(709)	**(5,357)**
Repurchase of treasury stock	**(5,228)**	(5,757)	**(56,180)**
Dividends paid	**(2,116)**	(2,934)	**(22,743)**
Net cash used in financing activities	**(8,198)**	(9,544)	**(88,100)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**59**	(505)	**645**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**10,004**	(23,113)	**107,514**
CASH AND CASH EQUIVALENTS OF NEWLY-CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**649**	—	**6,973**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**42,998**	66,111	**462,101**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 53,651**	¥ 42,998	**$ 576,588**
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Assets increased by consolidation of previously unconsolidated subsidiary	**¥ 333**	¥ —	**$ 3,583**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Notes 2.c and 16 (a)):			
Assets acquired	**¥ —**	¥ (5,512)	**$ —**
Liabilities assumed	**—**	(2,932)	**—**
Goodwill	**—**	3,374	**—**
Acquisition costs	**—**	(5,070)	**—**
Cash acquired	**—**	354	**—**
Accounts payable	**—**	500	**—**
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	**¥ —**	¥ (4,216)	**$ —**

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which GLORY LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.05 to $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Consolidation** - The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 17 significant (17 in 2009) subsidiaries (collectively, the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

2010

Name	Year-end
Hokkaido GLORY Co., Ltd.	March 31
GLORY Service Co., Ltd.	March 31
GLORY IST Co., Ltd.	March 31
GLORY Techno 24 Co., Ltd.	March 31
GLORY NASCA Ltd.	March 31
GLORY AZ System Co., Ltd.	March 31
CREATION CARD CO., LTD.	March 31
GLORY Kiki Co., Ltd.	March 31
Harima GLORY Ltd.	March 31
GLORY TEC Ltd.	March 31
GLORY (U.S.A.) Inc.	March 31
GLORY Money Handling Machines Pte. Ltd.	March 31
GLORY Europe GmbH *2	December 31
Standardwerk Eugen Reis GmbH	December 31
Reis Service GmbH	December 31
GLORY Denshi Kogyo (Suzhou) Ltd.*3	December 31
GLORY International Trading (Shanghai) Co., Ltd.*3	December 31

2009

Name	Year-end
Hokkaido GLORY Co., Ltd.	March 31
GLORY Service Co., Ltd.	March 31
GLORY IST Co., Ltd.	March 31
GLORY Techno 24 Co., Ltd.	March 31
GLORY NASCA Ltd.	March 31
GLORY AZ System Co., Ltd.	March 31
CREATION CARD CO., LTD.	March 31
MARUESU GT CO., LTD.*1	March 31
GLORY Kiki Co., Ltd.	March 31
Harima GLORY Ltd.	March 31
GLORY TEC Ltd.	March 31
GLORY (U.S.A.) Inc.	March 31
GLORY Money Handling Machines Pte. Ltd.	March 31
GLORY GmbH *2	December 31
GLORY Europe GmbH *2	December 31
Standardwerk Eugen Reis GmbH	December 31
Reis Service GmbH	December 31

Notes: *1 MARUESU GT CO., LTD. is a former consolidated subsidiary excluded from the scope of consolidation, as GLORY LTD. sold all of its stock in this subsidiary on September 1, 2009.

*2 GLORY GmbH and GLORY Europe GmbH, which were former consolidated subsidiaries, merged as of March 31, 2010, and GLORY GmbH was excluded from the scope of consolidation as it was dissolved. The name of the company after the merger is GLORY Europe GmbH.

*3 GLORY Denshi Kogyo (Suzhou) Ltd. and GLORY International Trading (Shanghai) Co., Ltd. were included in the scope of consolidation due to the increase in their significance to the Group.

GLORY Europe GmbH, Standardwerk Eugen Reis GmbH, Reis Service GmbH, GLORY Denshi Kogyo (Suzhou) Ltd. and GLORY International Trading (Shanghai) Co., Ltd. were consolidated using the financial statements as of December 31 because the difference between the closing date of the subsidiaries and that of the Company did not exceed three months. Significant transactions between December 31 and March 31 have been adjusted on consolidation.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in all unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition, which is presented as goodwill on the consolidated balance sheets is being amortized over a period of 5–10 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements - In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if included. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change on income before income taxes and minority interests was not material for the year ended March 31, 2009. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. Business Combination - In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures", and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

The Company acquired 100% of the net assets of CREATION CARD CO., LTD. on August 1, 2008 and accounted for it by the purchase method of accounting. The related goodwill is systematically amortized over 5 years.

Transactions under common control: NASCA CORPORATION and GLORY LINCS CO., LTD., which were consolidated subsidiaries, merged as of October 1, 2008.

d. Cash Equivalents - Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit, all of which mature or become due within three months of the date of acquisition.

e. Inventories - Inventories are stated at the lower of cost, determined by the periodic average method for finished products and work in process, and by the moving average method for merchandise and raw materials and supplies, or net selling value.

Prior to April 1, 2008, inventories were stated at cost, mainly determined by the average method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company have applied this accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥693 million for the year ended March 31, 2009.

f. Short-term Investments and Investment Securities - Short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost, and ii) available-for-sale securities, which are not classified as held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries other than buildings acquired on and after April 1, 1998 is computed by the declining-balance method, while depreciation of its consolidated foreign subsidiaries is mainly computed by the straight-line method at rates based on estimated useful lives of the assets. Buildings of the Company and its consolidated domestic subsidiaries acquired on and after April 1, 1998 are depreciated by the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 7 to 10 years for machinery, equipment and others. The useful lives for lease assets are the terms of the respective leases (see Note 12).

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries changed useful lives of machinery and equipment, which previously was determined to be 4-12 years; however, from the current fiscal year, this was changed to 7-10 years as a result of reviews of asset use status, and revisions of the Corporation Tax Law and its regulation. The effect of this change was to decrease operating income and income before income taxes by ¥184 million for the year ended March 31, 2009.

h. Software Costs - Software development costs, incurred through the completion of a Beta version of specific software for sale to the market, are charged to income when incurred. Such costs incurred subsequent to the completion of the Beta version are deferred and amortized at the higher of either the amount to be amortized in proportion to the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software or the amount to be amortized by the straight-line method over 3 years. The costs of software for internal-use are amortized based on the straight-line method over the estimated useful lives of 5 years.

i. Allowance for Doubtful Accounts - The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the accounts outstanding.

j. Liability for Retirement Benefits - The liability for retirement benefits of employees are accounted for based on projected benefit obligations and plan assets at the balance sheet date. The actuarial differences are amortized from the next year using the declining balance method over 15 years, which is within the average remaining service period. The prior service costs are amortized on the declining balance method over 15 years, which is within the average remaining service period.

"Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) became effective from the fiscal year beginning on and after April 1, 2009. Accordingly, the Company applied this standard from this fiscal year. The adoption of this accounting standard has no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.

k. Accruals for Loss on Cancellation of Lease Obligations - Accruals for loss on cancellation of lease obligations before maturity for which the Group has provided guarantees is accrued at the average percentage of the loss on actual defaults suffered during certain past periods, together with an amount necessary to cover possible loss based on management's judgment.

l. Accruals for Debt Guarantees - The Group accrues for debt guarantees at the average percentage of performance of guarantees on actual defaults suffered during certain past periods, together with an amount necessary to cover possible loss based on management's judgment.

m. Research and Development Costs - Research and development costs are charged to income as incurred.

n. Leases (Lessee) - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions, with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee as operating lease transactions. There was no effect from this change on operating income and income before income taxes and minority interests for the year ended March 31, 2009.

Leases (Lessor) - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee be recognized as lease receivables, and all finance leases that are not deemed to transfer ownership of the leased property to the lessee are to be recognized as investments in lease.

The Company applied the revised accounting standard effective April 1, 2008. The impact of this change on operating income and income before income taxes for the year ended March 31, 2009 was immaterial.

o. Bonuses to Directors and Corporate Auditors - Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

p. Income Taxes - The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently-enacted tax laws to the temporary differences.

The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the Company and its wholly owned domestic subsidiaries.

q. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

r. Foreign Currency Financial Statements - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as foreign currency translation adjustments in a separate component of equity.

s. Derivatives and Hedging Activities - The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign currency forward contracts are utilized by the Group to reduce foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts utilized to hedge foreign currency exposures of trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

t. Per Share Information - Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because there are no potentially dilutive securities outstanding.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

u. New Accounting Pronouncements

Business Combinations - In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows;

(1). The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires accounting for such business combinations by the purchase method, and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in a business combination are capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method - The current accounting standard requires the unification of accounting policies within the consolidation group. However, the current guidance allows for application of the equity method for the financial statements of its foreign associated companies which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

In December 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if included.

This standard is applicable to the equity method of accounting for investments effective on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations - In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections - In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentation
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.
This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures - In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures", and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. ACCOUNTING CHANGE

Construction Contracts - In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts", and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts ". The Group applied the new accounting standard effective April 1, 2009. The adoption of this new standard had no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.

4. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Short-term investments:			
Time deposits other than cash equivalents	**¥ 1,055**	¥ 4,800	**$ 11,339**
Government, corporate and other bonds	**1,500**	6,000	**16,120**
Total	**¥ 2,555**	¥ 10,800	**$ 27,459**
Investment securities:			
Marketable equity securities	**¥ 3,658**	¥ 3,777	**$39,307**
Non-marketable equity securities	**816**	884	**8,771**
Government, corporate and other bonds	**12,938**	9,829	**139,049**
Other	**161**	138	**1,727**
Total	**¥ 17,573**	¥ 14,628	**$ 188,854**

Book value and fair value information on held-to-maturity debt securities as of March 31, 2010 and 2009 is summarized as follows:

	Millions of Yen					
	2010			2009		
	Book Value per Balance Sheet	Fair Value	Difference	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:						
Corporate bonds	**¥ 819**	**¥ 833**	**¥ 14**	¥ —	¥ —	¥ —
Other	**2,500**	**2,506**	**6**	—	—	—
Securities whose fair values do not exceed their book value:						
Corporate bonds	**6,620**	**6,525**	**(95)**	300	296	(4)
Other	**4,500**	**4,401**	**(99)**	15,000	13,760	(1,240)
Total	**¥ 14,439**	**¥ 14,265**	**¥ (174)**	¥ 15,300	¥ 14,056	¥ (1,244)

	Thousands of U.S. Dollars		
	2010		
	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:			
Corporate bonds	**$8,799**	**$8,952**	**$153**
Other	**26,867**	**26,929**	**62**
Securities whose fair values do not exceed their book value:			
Corporate bonds	**71,142**	**70,124**	**(1,018)**
Other	**48,361**	**47,298**	**(1,063)**
Total	**$155,169**	**$153,303**	**$(1,866)**

Book value and acquisition cost information on available-for-sale securities as of March 31, 2010 and 2009 is summarized as follows:

	Millions of Yen					
	2010			2009		
	Acquisition Costs	Book Value per Balance Sheet	Difference	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:						
Equity securities	**¥ 1,159**	**¥ 1,553**	**¥ 394**	¥ 1,392	¥ 1,917	¥ 525
Securities whose book values do not exceed their acquisition costs:						
Equity securities	**2,772**	**2,105**	**(667)**	2,399	1,860	(539)
Corporate bonds	**—**	**—**	**—**	500	499	(1)
Other	**163**	**158**	**(5)**	142	136	(6)
Total	**¥ 4,094**	**¥ 3,816**	**¥ (278)**	¥ 4,433	¥ 4,412	¥ (21)

	Thousands of U.S. Dollars		
	2010		
	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	**$ 12,455**	**$ 16,691**	**$ 4,236**
Securities whose book values do not exceed their acquisition costs:			
Equity securities	**29,794**	**22,616**	**(7,178)**
Corporate bonds	**—**	**—**	**—**
Other	**1,754**	**1,706**	**(48)**
Total	**$ 44,003**	**$ 41,013**	**$ (2,990)**

Available-for-sale securities and held-to-maturity securities whose fair values were not readily determinable as of March 31, 2009 were as follows. Similar information for 2010 is disclosed in Note 13.

	Carrying Amount
	Millions of Yen
	2009
Available-for-sale:	
Equity securities	¥ 884
Other	2
Held-to-maturity:	
Debt securities	30
Total	¥ 916

Available-for-sale securities sold during the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Proceeds from sales	¥ 610	¥ 255	$ 6,555
Gain on sales	223	127	2,395

As for available-for-sale securities, if their fair market value has declined more than 50% of their book value, such securities are measured at their fair market value, and any decreases in the carrying amounts are charged to income as loss on valuation of short-term investments or investment securities.

As for available-for-sale securities which are not marketable, if the real price of the securities declined significantly due to deterioration of the financial condition of the issuing companies, such securities are impaired accordingly.

The Group recognized ¥153 million ($1,643 thousand) and ¥684 million in loss on valuation of investment securities for the years ended March 31, 2010 and 2009, respectively.

5. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Finished products and merchandise	¥ 12,625	¥ 14,380	$ 135,684
Work in process	5,613	4,911	60,321
Raw materials and supplies	5,257	4,999	56,493
Total	¥ 23,495	¥ 24,290	$ 252,498

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Loans from banks and an insurance company	¥ 10,961	¥ 11,374	$ 117,796

The annual average interest rates applicable to short-term borrowings at March 31, 2010 and 2009 were 1.4% and 1.7%, respectively.

(b) Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Loans from banks and other	¥ 314	¥ 527	$ 3,373
Obligations under finance leases	2,762	2,209	29,692
Total	3,076	2,736	33,065
Less current portion	(843)	(988)	(9,057)
Long-term debt, less current portion	¥ 2,233	¥ 1,748	$ 24,008

The annual average interest rates applicable to long-term borrowings at March 31, 2010 and 2009 were 3.1% and 2.0%, respectively.

(c) Annual maturities of long-term debt at March 31, 2010, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	**¥ 843**	**$ 9,057**
2012	**803**	**8,632**
2013	**752**	**8,082**
2014	**564**	**6,071**
2015 and thereafter	**114**	**1,223**
Total	**¥ 3,076**	**$ 33,065**

7. RETIREMENT AND PENSION PLANS

(a) Employees of the Company and its consolidated domestic subsidiaries are covered by non-contributory and contributory funded defined benefit pension plans, and severance lump-sum payment plans.

(b) The liability (asset) for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Projected benefit obligation	**¥ 32,621**	¥ 31,214	**$ 350,578**
Fair value of plan assets (including a pension trust)	**(26,612)**	(20,741)	**(285,998)**
Unrecognized actuarial loss	**(5,386)**	(10,662)	**(57,890)**
Unrecognized prior service cost	**2,194**	2,557	**23,580**
Net liability	**2,817**	2,368	**30,270**
Prepaid pension cost	**379**	593	**4,078**
Liability for retirement benefits	**¥ 3,196**	¥ 2,961	**$ 34,348**

(c) The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Service cost	**¥ 1,741**	¥ 1,708	**$ 18,712**
Interest cost	**616**	594	**6,615**
Expected return on plan assets	**—**	(486)	**—**
Recognized actuarial loss	**1,515**	834	**16,281**
Amortization of prior service costs	**(363)**	(391)	**(3,902)**
Net periodic benefit cost	**¥ 3,509**	¥ 2,259	**$ 37,706**

Service cost is attributed based on years of service and does not include employees' contributions to the contributory funded benefit pension plan.

(d) Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.0%**	2.0%
Allocation method of the retirement benefits expected to be paid at the retirement date	**Straight-line method based on years of service**	Straight-line method based on years of service
Amortization period of prior service cost	**15 years**	15 years
Recognition period of actuarial gain/loss	**15 years**	15 years

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders' meeting.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% for the years ended March 31, 2010 and 2009, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred tax assets due to:			
Liability for retirement benefits	**¥ 3,017**	¥ 3,010	**$ 32,419**
Allowance for doubtful accounts	**602**	730	**6,473**
Loss on valuation of investment securities	**192**	550	**2,061**
Accrued bonuses	**1,476**	1,464	**15,865**
Asset adjustment account	**1,277**	1,660	**13,719**
Inventories	**282**	514	**3,035**
Unrealized profit eliminated	**753**	469	**8,097**
Depreciation and amortization	**471**	502	**5,062**
Research and development expenditures	**1,019**	1,009	**10,952**
Other	**2,268**	2,084	**24,371**
Gross deferred tax assets	**11,357**	11,992	**122,054**
Less: valuation allowance	**(1,020)**	(733)	**(10,961)**
Total gross deferred tax assets	**¥ 10,337**	¥ 11,259	**$ 111,093**
Deferred tax liabilities due to:			
Net unrealized gain on securities	**¥(160)**	¥ (213)	**$ (1,720)**
Other	**(114)**	(249)	**(1,227)**
Total gross deferred tax liabilities	**(274)**	(462)	**(2,947)**
Net deferred tax assets	**¥ 10,063**	¥ 10,797	**$ 108,146**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	**40.6%**	40.6%
Expenses not deductible for income tax purposes, such as entertainment expenses	**2.7**	2.7
Tax credit related to research expenses	**(7.0)**	(2.8)
Amortization of goodwill	**4.1**	3.0
Other—net	**(0.5)**	(10.7)
Actual effective tax rate	**39.9%**	32.8%

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 mainly consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Employees' salaries and bonuses	**¥ 13,620**	¥ 13,645	**$ 146,377**
Amortization of goodwill	**854**	639	**9,179**
Depreciation expense	**2,543**	2,287	**27,334**
Rent expense	**3,706**	3,914	**39,830**

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expenses and manufacturing costs for the years ended March 31, 2010 and 2009 were ¥8,776 million ($94,311 thousand) and ¥9,204 million, respectively.

12. LEASES

(a) Lessee

As discussed in Note 2.n, the Company accounts for leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information, on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Acquisition cost	**¥ 5,048**	¥ 6,357	**$ 54,247**
Accumulated depreciation	**(3,058)**	(3,032)	**(32,865)**
Accumulated impairment loss	**—**	(140)	**—**
Net leased property	**¥ 1,990**	¥ 3,185	**$ 21,382**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Due within one year	**¥ 893**	¥ 1,421	**$ 9,600**
Due after one year	**1,166**	1,826	**12,531**
Total	**¥ 2,059**	¥ 3,247	**$ 22,131**
Allowance for impairment loss on leased property	**¥ —**	¥ 10	**$ —**

Allowance for impairment loss on leased property is not included in obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Depreciation expense	**¥ 1,439**	¥ 1,849	**$ 15,464**
Interest expense	**87**	122	**935**
Total	**¥ 1,526**	¥ 1,971	**$ 16,399**
Lease payments	**¥ 1,572**	¥ 2,049	**$ 16,894**
Reversal of allowance for impairment loss on leased property	**¥ 10**	¥ 31	**$ 103**
Impairment loss	**¥ —**	¥ —	**$ —**

Depreciation expense and interest expense are not reflected in the consolidated statements of income. Depreciation expense is computed by the straight-line method over the terms of the related leases. Interest expense is computed by the interest method.

The minimum rental commitments under noncancellable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2010**
Due within one year	**¥ 67**	¥ 53	**$ 722**
Due after one year	**66**	91	**710**
Total	**¥ 133**	¥ 144	**$ 1,432**

(b) Lessor

The net investment in lease are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2009**	**2009**
Gross lease receivables	**¥ 3,714**	¥ 2,872	**$ 39,905**
Unguaranteed residual values	**—**	—	**—**
Unearned interest income	**718**	444	**7,711**
Investments in lease, current	**¥ 2,996**	¥ 2,428	**$ 32,194**

Maturities of investment in lease for finance leases that are deemed to transfer ownership of the leased property to the lessee as of March, 2010 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	**¥ 1,000**	**$ 10,743**
2012	**962**	**10,340**
2013	**877**	**9,421**
2014	**636**	**6,834**
2015	**159**	**1,709**
2016 and thereafter	**80**	**858**
Total	**¥ 3,714**	**$ 39,905**

. As discussed in Note 2.n, the Company accounts for leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee as operating lease transactions. Aggregate future lease receivables for sublease as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥ 906**	¥ 1,388	**$ 9,736**
Due after one year	**1,182**	1,838	**12,704**
Total	**¥ 2,088**	¥ 3,226	**$ 22,440**

Sublease payable by lessee is almost the same amount as sublease receivable which is included in the future lease payment as lessee (see above (a)).

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010, with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group invests cash surpluses in low-risk financial assets and uses financial instruments, such as short-term bank loans. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments and risk management for financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. The Group manages its credit risk from receivables on the basis of internal policies, which include monitoring of payment terms and balances of each counterparty. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, they are hedged partially by using forward foreign currency contracts on the basis of internal policies.

Short-term investments and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations. Such instruments are managed by monitoring market values and the financial position of issuers on a regular basis.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Bank loans are utilized as short-term operating funds. Although bank loans and payables are exposed to liquidity risk, the Group manages its liquidity risk by developing a financial plan.

Derivatives are forward foreign currency contracts, which are used to manage exposure to the market risk of fluctuation in foreign currency exchange rates of receivables and payables. Please see Note 14 for more details about derivatives.

(3) Fair values of financial instruments

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 14 for details on the fair value for derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values and unrealized gain/loss as of March 31, 2010, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/ Loss
Cash and cash equivalents	¥ 53,651	¥ 53,651	¥ —
Receivables:			
Trade notes	4,519		
Trade accounts	25,709		
Unconsolidated subsidiaries and associated companies	459		
Subtotal	30,687		
Allowance for doubtful accounts	(189)		
Receivables—net	30,498	30,480	(18)
Investments in leases	2,996		
Allowance for doubtful accounts	(36)		
Investments in leases—net	2,960	2,887	(73)
Short-term investments and investment securities	19,310	19,137	(173)
Total	¥ 106,419	¥ 106,155	¥ (264)
Payables:			
Trade notes	¥ 6,397	¥ 6,397	¥ —
Trade accounts	6,450	6,450	—
Unconsolidated subsidiaries and associated companies	425	425	—
Short-term and current portion of long-term borrowings	11,060	11,060	—
Income taxes payable	1,790	1,790	—
Long-term lease obligations	2,019	1,936	(83)
Total	¥ 28,141	¥ 28,058	¥ (83)

	Thousands of U.S. Dollars		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/ Loss
Cash and cash equivalents	$ 576,588	$ 576,588	$ —
Receivables:			
Trade notes	48,561		
Trade accounts	276,293		
Unconsolidated subsidiaries and associated companies	4,940		
Subtotal	329,794		
Allowance for doubtful accounts	(2,030)		
Receivables—net	327,764	327,567	(197)
Investments in leases	32,194		
Allowance for doubtful accounts	(385)		
Investments in leases—net	31,809	31,029	(780)
Short-term investments and investment securities	207,521	205,655	(1,866)
Total	$ 1,143,682	$ 1,140,839	$ (2,843)
Payables:			
Trade notes	$68,746	$68,746	$ —
Trade accounts	69,314	69,314	—
Unconsolidated subsidiaries and associated companies	4,574	4,574	—
Short-term and current portion of long-term borrowings	118,863	118,863	—
Income taxes payable	19,234	19,234	—
Long-term lease obligations	21,702	20,808	(894)
Total	$ 302,433	$ 301,539	$ (894)

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Receivables

The carrying values are used for short-term receivables as they approximate fair value. The fair values of long-term receivables such as installment receivables are measured at present values discounted by the swap interest rate.

Investments in Leases

The fair values of investments in leases are measured at present values discounted by the swap interest rate.

Short-term Investments and Investment Securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Debt securities for which the quoted price cannot be obtained are measured at present values discounted by the swap interest rate. Information on the fair value of marketable and investment securities by classification is included in Note 4.

Payables, Short-term and Current Portion of Long-term Borrowings and Income Taxes Payable

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Long-term Lease Obligations

The fair values of long-term lease obligations are estimated at present values discounted by the standard rate (1 year TIBOR) plus spread.

Derivatives

Information on the fair value of derivatives is included in Note 14.

(b) Financial instruments whose fair value cannot be reliably determined:

	Carrying Amount	
At March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 1,750**	**$ 18,811**

The above financial instruments are not included in short-term investments and investment securities described in table (a) because they do not have market values and it is difficult to estimate future cash flows.

The carrying amount of investments in unconsolidated subsidiaries and associated company included in the above table for the years ended March 31, 2010 is ¥932 million ($10,019 thousand).

(c) Maturity analysis for financial assets and securities with contractual maturities:

	Millions of Yen			
At March 31, 2010	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**¥ 52,962**	**¥ —**	**¥ —**	**¥ —**
Receivables	**29,470**	**1,217**	**—**	**—**
Investments in leases	**781**	**2,155**	**60**	**—**
Short-term investments and investment securities	**2,555**	**11,630**	**1,300**	**—**
Total	**¥ 85,768**	**¥ 15,002**	**¥ 1,360**	**¥ —**

At March 31, 2010	Thousands of U.S. Dollars Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	$ 569,180	$ —	$ —	$ —
Receivables	316,706	13,088	—	—
Investments in leases	8,390	23,163	641	—
Short-term investments and investment securities	27,459	124,987	13,971	—
Total	$ 921,735	$ 161,238	$ 14,612	$ —

Please see Note 6 for annual maturities of long-term debt.

14. DERIVATIVES

The Group enters into forward foreign exchange contracts. These contracts are designed to hedge certain exposures to foreign exchange rate fluctuations on monetary assets and liabilities denominated in foreign currencies and to manage stabilization of income. The Group does not hold or issue any financial instruments for trading or speculative purposes. Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk. Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization.

Derivative transactions to which hedge accounting is applied at March 31, 2010:

At March 31, 2010	Millions of Yen Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	¥ 311	¥ —	¥ 311

At March 31, 2010	Thousands of U.S. Dollars Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	$ 3,344	$ —	$ 3,344

The following is the fair value information for foreign currency forward contracts to which hedge accounting is not applied at March 31, 2009. Foreign currency forward contracts which qualify for hedge accounting are excluded from the information below.

	Millions of Yen 2009 Contract Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts:			
Selling Euro	¥ 1,203	¥ 1,130	¥ 73

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract amount of derivatives which are shown in the above table does not represent the amounts exchanged by the parties and does not measure the Group exposure to credit or market risk.

15. CONTINGENT LIABILITIES

At March 31, 2010 and 2009, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Guarantees for bank loans drawn by its employees	**¥ 71**	¥ 84	**$ 761**
Guarantees for lease obligations owed by its customers	**2,819**	2,852	**30,294**

16. BUSINESS COMBINATION

(a) Application of purchase method—CREATION CARD CO., LTD.

On August 1, 2008, the Company acquired 100% of the net assets of CREATION CARD CO., LTD. from ABLIT CORPORATION. CREATION CARD CO., LTD. is in the business of sales and maintenance of card systems and peripheral equipment for pachinko parlors. This acquisition was made to advance the Company's prepaid card system business for pachinko parlors. The results of operations for CREATION CARD CO., LTD. are included in the Company's consolidated financial statements of income as of the date of acquisition. The Company accounted for this business combination by the purchase method of accounting.

The total cost of acquisition was ¥5,070 million, which consists of ¥4,940 million for the common stock of CREATION CARD CO., LTD. and ¥130 million of related expenses such as due diligence costs. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. The difference between the acquisition cost and fair value of net assets of CREATION CARD CO., LTD. as of the acquisition date was recognized as goodwill. Goodwill recorded in connection with the acquisition totaled ¥2,932 million and is amortized by the straight-line method over 5 years.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date were as follows:

	Millions of Yen
	2009
Current assets	¥ 1,671
Non-current assets	3,841
Total assets acquired	¥ 5,512
Current liabilities	¥ 2,195
Non-current liabilities	1,179
Total liabilities assumed	¥ 3,374

If this business combination had been completed as of April 1, 2008, the unaudited condensed pro forma consolidated statement of income for the year ended March 31, 2009 would have been as follows:

	Millions of Yen
Sales	¥ 2,213
Operating income	182
Income before income taxes and minority interests	182
Net income	109

	Yen
Net income per share	¥ 27.25

(b) Transactions under common control

NASCA CORPORATION and GLORY LINCS CO., LTD. which were consolidated subsidiaries, merged as of October 1, 2008. GLORY LINCS CO., LTD. which handles sales of cards and peripheral equipment for pachinko parlors merged into NASCA CORPORATION which handles sales and maintenance of peripheral equipment for pachinko parlors, with NASCA CORPORATION being the surviving corporation. The name of the company after the merger is GLORY NASCA Ltd.

This merger was made to use management resources more efficiently and enhance customer leverage by combining business locations. There was no agreement of merger ratio, because both companies were 100% consolidated subsidiaries.

This merger is treated as a transaction under common control in accordance with "Accounting for Business Combinations" issued by the BAC on October 31, 2003, and "Guidance for Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10 updated on November 15, 2007). There was no impact to consolidated financial statements.

17. RELATED PARTY DISCLOSURES

Transactions with the Company and related parties for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Transactions with a close relative of a board director:			
Legal retainer	**¥ 22**	¥ 14	**$ 236**

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Transactions with Companies in which directors and their relatives hold a majority of voting rights:			
Purchase of parts	**¥ 575**	¥ 705	**$ 6,177**

18. SUBSEQUENT EVENTS

(a) Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 25, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥17 ($0.18) per share	**¥ 1,117**	**$ 12,001**

(b) Transactions between entities under common control

GLORY Kiki Co., Ltd., Harima GLORY Ltd. and GLORY TEC Ltd., which were consolidated subsidiaries, merged as of April 1, 2010. Both GLORY Kiki Co., Ltd. and Harima GLORY Ltd. engaged in the manufacturing, selling and repairing of currency handling machines. GLORY TEC Ltd. engaged in the manufacturing and selling of sheet metal parts. GLORY Kiki Co., Ltd. is the surviving company. The name of the company after the merger is GLORY Products Co., Ltd.

This merger was completed in order to strengthen cost competitiveness by increased production efficiency, for example, by consolidating manufacturing functions from parts processing to assembly, making effective use of equipment and improving of distribution. No agreement of ownership was necessary after the merger as all of three companies were 100% consolidated subsidiaries.

This merger will be treated as a transaction between entities under common control in accordance with "Accounting for Business Combinations" issued by the BAC on October 31, 2003, and "Guidance for Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10 updated on December 26, 2008).

(c) Retirement of treasury stock

The Company resolved to retire certain treasury stock shares in accordance with Article 178 of the Companies Act in the meeting of the Board of Directors held on May 11, 2010. The content of resolution was that the number of stock to be retired was to be 1,200,000 shares, and the date of retirement was resolved as May 20, 2010.

19. SEGMENT INFORMATION

The Group has divided its operations into three reportable industry segments: "Money handling machines and cash management systems", "Vending machines and automatic service equipment", and "Other goods and products", based on similarities in function of finished goods and merchandise.

The reporting segments follow the same accounting policies used for the Company's consolidated financial statements and described in the summary of significant accounting policies.

All operating expenses are allocated to each business segment. Major components of the assets shown as "Corporate" are the Company and its consolidated subsidiaries' surplus funds included in cash and cash equivalents, long-term investment funds included in investment securities, and assets in administrative departments.

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2010 and 2009, is as follows:

(a) Industry segments

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Net sales:			
Money handling machines and cash management systems:			
Customers	**¥ 82,133**	¥ 85,928	**$ 882,678**
Intersegment	**—**	—	**—**
Total	**82,133**	85,928	**882,678**
Vending machines and automatic service equipment:			
Customers	**35,296**	36,313	**379,330**
Intersegment	**—**	—	**—**
Total	**35,296**	36,313	**379,330**
Other goods and products:			
Customers	**17,676**	23,738	**189,957**
Intersegment	**5,565**	5,977	**59,807**
Total	**23,241**	29,715	**249,764**
Elimination	**(5,565)**	(5,977)	**(59,807)**
Consolidated total	**¥ 135,105**	¥ 145,979	**$ 1,451,965**

	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars 2010
Operating expenses:			
Money handling machines and cash management systems	**¥ 78,989**	¥ 80,003	**$ 848,887**
Vending machines and automatic service equipment	**31,984**	34,762	**343,727**
Other goods and products	**22,052**	27,675	**236,991**
Elimination or corporate	**(5,605)**	(5,888)	**(60,234)**
Consolidated total	**¥ 127,420**	¥ 136,552	**$ 1,369,371**
Operating income:			
Money handling machines and cash management systems	**¥ 3,144**	¥ 5,925	**$ 33,791**
Vending machines and automatic service equipment	**3,312**	1,551	**35,603**
Other goods and products	**1,189**	2,040	**12,773**
Elimination or corporate	**40**	(89)	**427**
Consolidated total	**¥ 7,685**	¥ 9,427	**$ 82,594**
Assets:			
Money handling machines and cash management systems	**¥ 61,253**	¥ 64,215	**$ 658,282**
Vending machines and automatic service equipment	**49,295**	49,294	**529,767**
Other goods and products	**9,772**	11,426	**105,020**
Elimination or corporate	**74,663**	71,863	**802,398**
Consolidated total	**¥ 194,983**	¥ 196,798	**$ 2,095,467**
Depreciation and amortization:			
Money handling machines and cash management systems	**¥ 4,509**	¥ 4,647	**$ 48,454**
Vending machines and automatic service equipment	**2,805**	2,281	**30,147**
Other goods and products	**831**	693	**8,929**
Consolidated total	**¥ 8,145**	¥ 7,621	**$ 87,530**
Impairment loss and amortization:			
Money handling machines and cash management systems	**¥ 96**	¥ 30	**$ 1,036**
Vending machines and automatic service equipment	**18**	—	**194**
Other goods and products	**5**	—	**51**
Consolidated total	**¥ 119**	¥ 30	**$ 1,281**

	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars 2010
Capital expenditure for segment assets:			
Money handling machines and cash management systems	¥ 3,543	¥ 5,530	$ 38,076
Vending machines and automatic service equipment	2,247	3,260	24,146
Other goods and products	924	1,848	9,928
Consolidated total	¥ 6,714	¥ 10,638	$ 72,150

Notes: 1) As discussed in Note 2.e, effective April 1, 2008, the Company and its consolidated domestic subsidiaries applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". The effect of this change was to decrease operating income of Money handling machines and cash management systems by ¥342 million, Vending machines and automatic service equipment by ¥299 million, and the operating income of Other goods and products by ¥52 million for the year ended March 31, 2009.

2) As discussed in Note 2.g, effective April 1, 2008, the Company and its consolidated domestic subsidiaries changed the useful lives of machinery and equipment due to revisions to the Corporation Tax Law and its regulation. The effect of this change was to decrease operating income of Money handling machines and cash management systems by ¥75 million, Vending machines and automatic service equipment by ¥108 million, and the operating income of Other goods and products by ¥1 million for the year ended March 31, 2009.

(b) Geographical segments

	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars 2010
Net sales:			
Japan:			
Customers	¥ 118,770	¥ 121,451	$ 1,276,410
Intersegment	6,449	18,524	69,306
Total	125,219	139,975	1,345,716
Americas:			
Customers	4,462	5,892	47,951
Intersegment	48	14	518
Total	4,510	5,906	48,469
Europe:			
Customers	8,060	17,248	86,618
Intersegment	120	4	1,297
Total	8,180	17,252	87,915
Asia/Oceania:			
Customers	3,814	1,387	40,986
Intersegment	2,631	642	28,273
Total	6,445	2,029	69,259
Eliminations	(9,249)	(19,183)	(99,394)
Consolidated total	¥ 135,105	¥ 145,979	$ 1,451,965

	Millions of Yen 2010	2009	Thousands of U.S. Dollars 2010
Operating expenses:			
Japan	**¥ 118,302**	¥ 130,914	**$ 1,271,380**
Americas	**4,418**	5,808	**47,475**
Europe	**8,285**	17,078	**89,038**
Asia/Oceania	**5,664**	1,935	**60,872**
Eliminations or corporate	**(9,249)**	(19,183)	**(99,394)**
Consolidated total	**¥ 127,420**	¥ 136,552	**$ 1,369,371**
Operating income:			
Japan	**¥ 6,917**	¥ 9,061	**$ 74,336**
Americas	**92**	98	**994**
Europe	**(105)**	174	**(1,123)**
Asia/Oceania	**781**	94	**8,387**
Eliminations or corporate	**—**	—	**—**
Consolidated total	**¥ 7,685**	¥ 9,427	**$ 82,594**
Assets:			
Japan	**¥ 113,549**	¥ 117,379	**$ 1,220,297**
Americas	**2,480**	2,828	**26,652**
Europe	**4,531**	7,885	**48,690**
Asia/Oceania	**4,455**	842	**47,882**
Eliminations or corporate	**69,968**	67,864	**751,946**
Consolidated total	**¥ 194,983**	¥ 196,798	**$ 2,095,467**

(c) Sales to Foreign Customers

	Millions of Yen 2010	2009	Thousands of U.S. Dollars 2010
Americas	**¥ 7,807**	¥ 9,251	**$ 83,897**
Europe	**15,484**	20,348	**166,411**
Asia/Oceania	**5,421**	3,186	**58,259**
Sales to foreign customers	**¥ 28,712**	¥ 32,785	**$ 308,567**

Independent Auditors' Report

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of GLORY LTD.:

We have audited the accompanying consolidated balance sheets of GLORY LTD. (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GLORY LTD. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2010

Member of
Deloitte Touche Tohmatsu

Corporate and Share Information

(As of March 31, 2010)

Corporate Information

Name: GLORY LTD.

Established: November 27, 1944

Capital: ¥12,892,947,600

URL: http://www.glory-global.com

Number of employees: 3,516 (Consolidated basis: 5,848)

Offices

GLORY LTD. Head Office/Factory	1-3-1, Shimoteno, Himeji City, Hyogo 670-8567, Japan +81-79-297-3131
Tokyo Office	Akihabara UDX 4-14-1, Sotokanda, Chiyoda-ku, Tokyo 101-8977, Japan +81-3-5207-3100
Shinagawa Business Place	5-4-6, Osaki, Shinagawa-ku, Tokyo 141-8581, Japan +81-3-3495-6301
Saitama Factory	2-4-1, Furukawa, Kazo City, Saitama 347-0004, Japan +81-480-68-4661
Regional offices and other business sites	7 regional offices 41 local offices 25 local service offices 3 service centers 2 other business sites

Note: The Gochaku Business Place was closed and its functions relocated to the Head Office at the end of March 2010.

Group Companies

(As of June 25, 2010)

Domestic manufacturing subsidiaries (5 in total)

● GLORY Products Ltd.[*1]
● GLORY AZ System Co., Ltd.
GLORY System Create Ltd.
GLORY Friendly Co., Ltd.
GLORY Mechatronics Ltd.

Domestic sales subsidiaries (10 in total)

● Hokkaido GLORY Co., Ltd.
● GLORY Service Co., Ltd.
● GLORY IST Co., Ltd.
● GLORY NASCA Ltd.
● GLORY Techno 24 Co., Ltd.
● CREATION CARD CO., LTD.
GLORY F&C Co., Ltd.
GLORY Engineering Ltd.
Japan Settlement Information Center Ltd.
(+ one other company)

Subsidiaries overseas (12 in total)

● GLORY (U.S.A.) Inc.
● GLORY Money Handling Machines Pte. Ltd.
● GLORY Europe GmbH
● Standardwerk Eugen Reis GmbH
● Reis Service GmbH
● GLORY Denshi Kogyo (Suzhou) Ltd.[*2]
● GLORY International Trading (Shanghai) Co., Ltd.[*2]
GLORY (PHILIPPINES), INC.
GLORY Cash Handling Systems (China) Ltd.
GLORY IPO Asia Ltd.
GLORY IPO China Ltd.
GLORY France

● Consolidated subsidiaries

*1 GLORY Kiki Co., Ltd. conducted an absorption-type merger of Harima GLORY Ltd and GLORY TEC Ltd. on April 1, 2010. The name of the company after merger is GLORY Products Ltd.
*2 GLORY Denshi Kogyo (Suzhou) Ltd. and GLORY International Trading (Shanghai) Co. Ltd. were included in the scope of consolidation starting in fiscal year 2009.
GLORY FSM Ltd. was liquidated on May 31, 2010.

Share Information

Number of shares authorized: 150,000,000

Number of shares issued: 69,838,210

Trading unit: 100 shares

* However, the Company retired 1.2 million shares of treasury stock on May 20, 2010. Therefore, the total number of issued shares is 68,638,210.

Number of shareholders: 7,485 shareholders
(down 627 year on year)

Listing exchanges: First Section of the Tokyo Stock Exchange
First Section of the Osaka Securities Exchange

Securities code: 6457

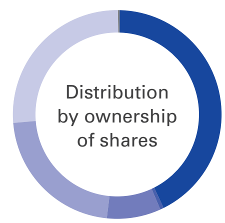
Administrator of shareholder registry:
Daiko Clearing Services Corporation

Major shareholders

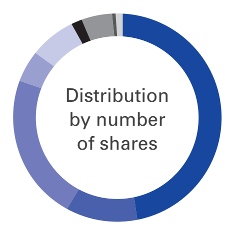
Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Nippon Life Insurance Company	4,058	5.8
Japan Trustee Services Bank, Ltd. (Trustee Account)	3,365	4.8
State Street Bank and Trust Company 505223	3,250	4.7
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	3,082	4.4
The Master Trust Bank of Japan, Ltd.	3,026	4.3
Tatsuta Boseki Kaisya, Limited	2,226	3.2
Sumitomo Mitsui Banking Corporation	2,100	3.0
State Street Bank and Trust Company	1,952	2.8
Dai-ichi Mutual Life Insurance Company	1,715	2.5
GLORY Group Employees' Stock Ownership Association	1,375	2.0

*1. In addition to the above, the Company holds 4,149,280 shares of treasury stock.
*2. Dai-ichi Mutual Life Insurance Company was reorganized into Dai-ichi Life Insurance Company, Limited on April 1, 2010.

Shareholder distribution

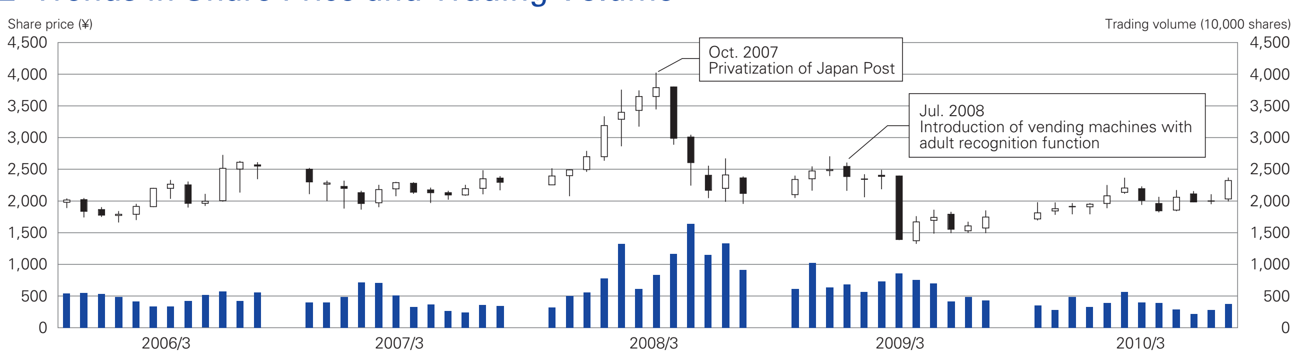


National and regional government bodies	0.2%
Financial institutions	42.9%
Securities companies	0.5%
Other Japanese companies	7.6%
Overseas individuals and companies	21.7%
Japanese individuals, etc.	27.1%



1 million shares or over	47.9%
500,000–999,999 shares	10.8%
100,000–499,999 shares	21.6%
50,000–99,999 shares	4.8%
10,000–49,999 shares	7.0%
5,000–9,999 shares	1.7%
1,000–4,999 shares	4.6%
500–999 shares	0.5%
Less than 500 shares	1.1%

Trends in Share Price and Trading Volume



	2006/3	2007/3	2008/3	2009/3	2010/3
FY-end share price (Yen)	2,550	2,295	2,120	1,747	2,322
High (Yen)	2,720	2,515	4,020	2,700	2,365
Low (Yen)	1,666	1,870	1,960	1,330	1,699
Total trading volume (Shares)	56,800,500	51,206,700	111,178,900	78,934,700	43,545,600

Disclosure policy

1. Disclosure standards

GLORY LTD. (the "Company") conducts timely disclosure in accordance with the timely-disclosure regulations of the Tokyo Stock Exchange and the Osaka Securities Exchange (the "Timely-Disclosure Regulations"). The Timely-Disclosure Regulations require listed companies to provide timely disclosure of all decisions, events and accounting information that may affect investment decisions. These include changes and cancellations to any important company information previously disclosed. Also, the Company endeavors to voluntarily disclose useful information not required under the Timely-Disclosure Regulations, such as information provided at presentations on business results and operations for investors.

2. Methods of disclosure

The Company provides the information required under the Timely-Disclosure Regulations to the Tokyo Stock Exchange and Osaka Securities Exchange by using the TDnet network, a timely-disclosure system provided by the Tokyo Stock Exchange. Immediately after this information is disclosed on TDnet, the Company also publishes it on its website. When publishing information not required under the Timely-Disclosure Regulations, the Company discloses the information by appropriate means, according to the spirit of timely disclosure. The Company is committed to conveying information to the general investing public as fairly and accurately as possible.

3. Forecasts of business results

In addition to providing the Tokyo Stock Exchange and Osaka Securities Exchange with earnings forecasts, the Company may offer guidance on forecasts to investors and securities analysts, so they can cast their own predictions for the Company's business results. The Company also incorporates updates on its plans, forecasts and strategies in announcements, seminars, Q&A sessions, publications and online resources. In each case, all predictions include a clear explanation of the assumptions about the future that underpin them, and are based on the judgment of the Company management according to the information then available. Accordingly, we ask persons examining the Company's business results and enterprise value not to depend solely on the Company's predictions but to gather information from a wide range of sources.

Please be aware that forecasts can differ widely from actual results, due to a wide range of factors. Some of the most important factors* that can affect business results are:

(1) Changes in business conditions, demand trends and the like

(2) Changes necessary to continue conducting design, development, manufacturing and sales operations for the development of new products and operations, including personnel adjustments and restructuring

(3) Fluctuations in exchange rates

* Many other factors can affect the Company's operations in addition to the three listed here.

4. Period of silence

The Company imposes a period of silence in order to prevent leaks of financial information, and to ensure fairness. In principle, this period of silence is from the day after the end of the financial period until the release of financial statements. During this time, the Company refrains from commenting or responding to inquiries regarding its accounts. However, the Company may issue press releases as appropriate during this period in the case of events that may seriously affect previous forecasts.

Our IR Organization

Besides the President and executives in charge, GLORY has four staff members engaged in IR activities for shareholders and investors, carried out both within Japan and overseas. For recent financial information and other IR materials, please see contact details below.

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GLORY

We Secure the Future

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