GLORY LTD.

ANNUAL REPORT 2012 | For the Year Ended March 31, 2012

CATCHING MORE OPPORTUNITIES

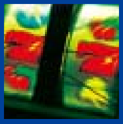
OUR WORLD IS GROWING,

PROFILE

In 1950, GLORY developed and delivered Japan's first coin counter to Japan Mint. As a pioneer, GLORY became the first to manufacture a number of groundbreaking money handling products in Japan including the country's first coin wrappers, 1,000-yen banknote changers and cigarette vending machines.

Today, GLORY products and solutions have won the trust of customers in more than 100 countries around the world, bringing operating rigor and efficiency to money handling in the financial, retail, transportation, amusement and other markets. We maintain a global sales and maintenance network and continue to expand it, seeking better ways to fine-tune our products to the needs of each customer.

By helping to make society more dependable and secure, GLORY pursues long-term, sustainable growth and moves ever closer to the vision of "GLORY as the world's top brand".



AND SO ARE WE.

Contents

Forward-Looking Statements

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.

CORE STRENGTHS FOR A GLOBAL MARKET

01

TECHNOLOGY KEEPS US AHEAD.

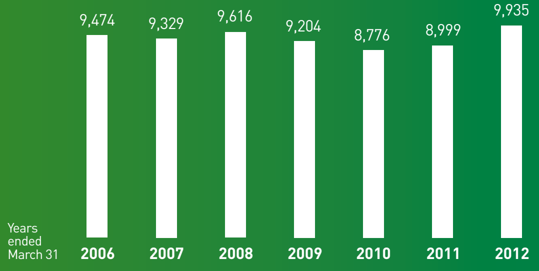
Without a doubt, technical innovation is one of our most valuable strengths. Constant technical development is attributed to the "Striving spirit" in GLORY's DNA and has been the core of competitive strategy ever since GLORY's founding in 1918. GLORY's continual investment in research and development has given us superior solutions to customer needs and paved the way to entry into promising new areas of business. It is a tradition we intend to maintain.

CORE TECHNOLOGIES

Recognition/ identification technology, which distinguishes counterfeit from genuine has uses far beyond money handling, including image and biometric authentication.

Mechatronics technology harnesses mechanical and electronic technologies to process subtle tasks at blinding speeds that are too fast for human hands.

R&D EXPENSES (¥ million)



R&D EXPENSE RATIO TO NET SALES

6.8%

Fiscal year ended March 31, 2012

RESEARCHERS

900 persons

As of August 2012

CORE STRENGTHS
FOR A GLOBAL MARKET

02

GLOBAL REACH UNCOVERS BUSINESS OPPORTUNITIES.

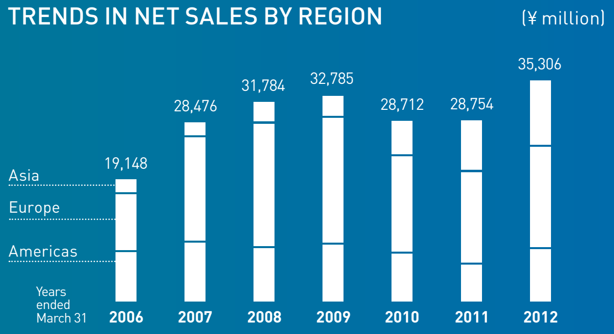
Because our industry is so unique, few companies have grown beyond their local borders. GLORY is one of the exceptions, earning a strong reputation for service, quality and flexibility in over 100 countries. Since the world's economies do not grow in tandem, our increasing global reach enables us to capture opportunities by shifting resources to markets with high demand. We are proud of this ability, and are confident our customers agree.

GLOBAL NETWORK

Superior customer solutions come from customizing products to precisely fit customer needs, worldwide regardless of industry. For example, we produce coin and banknote recyclers that increase efficiency and accuracy in payment at cash registers.

Uniform quality standards and service are the highest priority at production sites worldwide. Products manufactured worldwide under the GLORY brand satisfy strict quality standards and provide customers with reliability and efficiency.

TRENDS IN NET SALES BY REGION



Note: Direct sales in China is included in consolidated accounting since FY2009 ended March 31, 2010.

DIRECT PRESENCE

23

countries

As of August 2012

GROUP COMPANIES

61

As of August 2012

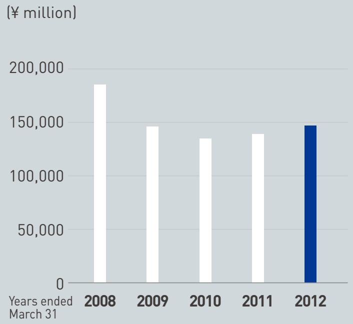
CONSOLIDATED FINANCIAL HIGHLIGHTS

GLORY LTD. and its consolidated subsidiaries
Years ended March 31

					Millions of yen	Thousands of U.S. dollars*1
For the year:	2008	2009	2010	2011	2012	2012
Net sales	¥ 185,181	¥ 145,979	¥ 135,105	¥ 138,965	¥ 146,938	$ 1,789,090
Operating income	20,947*2	9,427	7,685	10,509 *5	11,275	137,282
Net income	11,711	5,782	5,109	6,229	6,247	76,062
Capital expenditure*3	7,279	10,638	6,714	6,414	6,709	81,688
R&D expenses	9,616	9,204	8,776	8,999	9,935	120,967
Depreciation and amortization	6,570	7,621	8,145	6,717	6,842	83,307
At year-end:						
Total assets	209,237	196,798	194,983	198,020	205,245	2,499,026
Total equity*4	151,735	147,176	145,345	149,782	153,334	1,866,967
Interest-bearing debt	12,914	14,110	14,038	13,309	13,530	164,739
Per share data (Yen, U.S. dollars):					Yen	U.S. dollars
Net income	160.70	82.15	76.00	94.83	95.09	1.16
Dividend (annual)	40.00	30.00	33.00	37.00	42.00	0.51

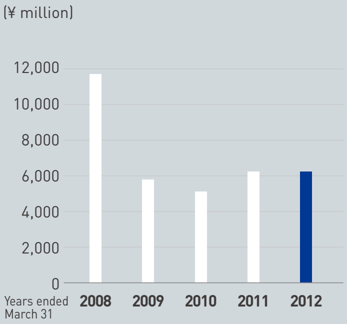
*1 The U.S. dollar amounts are converted, for convenience only, at the rate of ¥82.13=US$1, the approximate exchange rate at March 31, 2012.
*2 For easy comparison, the figure for 2008 has been adjusted to reflect a change in the accounting standard for measurement of inventories effective from April 1, 2008.
*3 The capital expenditure 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 ended March 31, 2009.
*5 For easy comparison, operating income for the year ended March 31, 2011 has been adjusted to reflect changes in accounting standards applicable to fiscal year 2012.

Net Sales

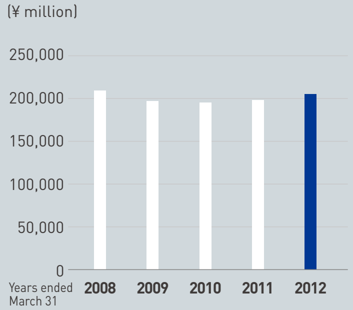


Operating Income/Operating Margin

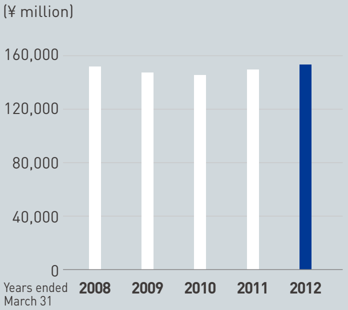
Net Income



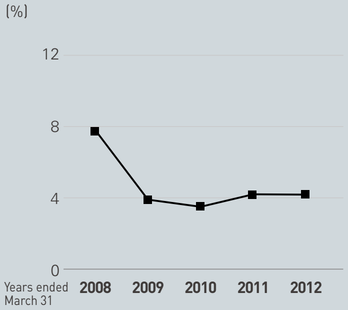
Total Assets



Total Equity



ROE



INTERVIEW WITH THE PRESIDENT

POISED TO ACCELERATE GROWTH WORLDWIDE

The GLORY Group has established the Long-Range Vision 2018 as the Group's shared goal to realize the Group business vision of "GLORY as the world's top brand" in 2018, GLORY Group's centennial anniversary. As the first step toward realization of the long-range vision, we have launched the 2014 Medium-Term Management Plan, covering the three-year period until the fiscal year ending March 31, 2015.

President

Hirokazu Onoe

CATCHING OPPORTUNITY AROUND THE WORLD

President

Hirokazu Onoe

Q.01

Please discuss GLORY's business results in the fiscal year ended March 31, 2012, your first year as president.

GLORY achieved higher sales and income thanks to proactive policies and measures in an adverse business environment.

Although the Japanese economy showed a trend of gradual recovery from the Great East Japan Earthquake in the fiscal year ended March 31, 2012, factors such as worsening business conditions underscored by the ongoing European debt problem and the impact of yen appreciation and high crude oil prices make the future outlook uncertain.

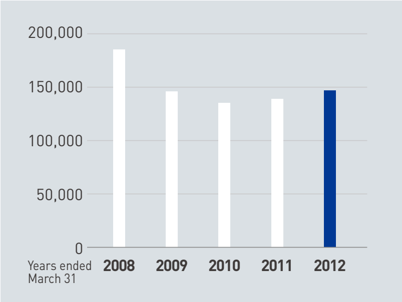
In this environment, overall business conditions in the financial market were weak. Although the impact on the financial industry in Japan of the spreading financial crisis overseas was slight, negative factors included a decline in high-volume orders for compact open teller systems. In the retail and transportation market, despite weak sales performance of sales proceeds deposit machines, an OEM product, vigorous sales activities led to favorable sales of mainstay coin and banknote recyclers for cashiers, thanks to large orders from specialty retailers, restaurant chains and other customers accompanying a recovery in capital spending propensity. The amusement market was strong overall as a recovery in the popularity of "pachislot" machines fueled sales of token-related equipment, despite an uphill battle to secure sales of mainstay card systems and other products amid intensification of competition.

In the overseas market, sales developed favorably in all regions despite a difficult business environment caused by the impact of the European debt problem and other negative factors. Sales of banknote sorters increased in Asia, where economic growth continues, primarily in China. In the Americas, sales of banknote and check deposit units for ATMs were robust. In Europe, Sitrade Italia S.p.A. of Italy, acquired in 2010, contributed to positive business results.

As a result of these developments, we increased sales and income in the year under review. Consolidated net sales were ¥146,938 million (up 5.7% year on year), operating income was ¥11,275 million (up 7.3%) and net income was ¥6,247 million (up 0.3%).

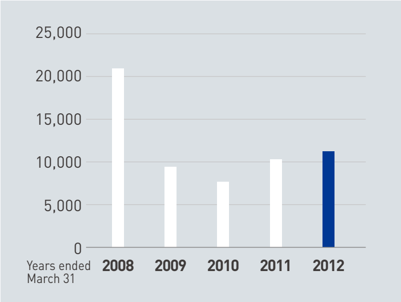
Net Sales

(¥ million)



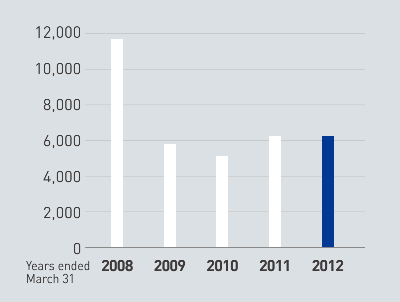
Operating Income

(¥ million)



Net Income

(¥ million)



Q.02

How well did GLORY meet the objectives in the 2011 Medium-Term Management Plan in its three-year period ended March 31, 2012?

GLORY steadily built a business foundation in preparation for global growth and strengthened the earnings structure.

In the 2011 Medium-Term Management Plan, we set forth the basic principle "Capitalize on new business opportunities with a global vision and accelerate to a period of new growth!" Under the plan, we implemented three key strategies: the Business Strategy, the Constitutional Strength Strategy and the Group Structure Strengthening Strategy.

As to the Business Strategy, in our domestic operations, which we have positioned as our core business, we strengthened the business foundation by implementing key measures including profitability improvement through cost reductions, active new product development and introduction and the opening up of new markets. In our overseas operations, positioned as a growth business, we fell short of the sales target under the plan largely due to the market impacts of the global financial crisis and the European debt problem. Nevertheless, we were able to substantially increase sales in Asia. Also, we have actively implemented measures to expand and upgrade our sales and maintenance network, including the acquisition of Italian distributor Sitrade Italia S.p.A. and the establishment of sales subsidiary GLORY Currency Automation India Pvt. Ltd. in India. We have also focused on expansion of our overseas operations. For instance, in February 2012, we decided to acquire Talaris Topco Limited (hereafter "Talaris") of the U.K., one of the world's leading providers of cash handling equipment and software solutions.

In accordance with the Constitutional Strategy, we achieved results by steadily implementing innovation activities in areas including development, production and procurement. I believe these activities will lead to concrete future results including further cost reductions and improvement in development efficiency.

Furthermore, under the Corporate Management Strategy, we fortified corporate governance on a group-level basis, including overseas subsidiaries, and worked to ensure penetration of rigorous compliance management. At the same time, we strived to increase management efficiency by means including reorganization of the Group from 34 to 28 companies during the term of the plan.

In light of these results, I believe that we were able to put in place a business foundation in preparation for global growth and strengthen the earnings structure through implementation of the 2011 Medium-Term Management Plan.

Q.03

GLORY has announced the Long-Range Vision 2018. Please provide an overview of the business vision and relate the background to establishment.

GLORY has articulated a corporate posture for achieving the Group's business vision in its centennial year.

GLORY will celebrate its centennial anniversary in 2018. We established the Long-Range Vision 2018 as a shared goal for the realization of "GLORY as the world's top brand," the Group business vision, in this milestone year.

In the long-range vision we have set forth two basic policies: "Create new value through superb manufacturing technique and pursue dreams for the future" and "Seek sustained corporate growth together with society through CSR activities." We will create new products and services by placing importance on the superb integration of our manufacturing processes, from planning to development and production, the centerpiece of GLORY Group's business activities, and pursuing recognition and identification technology and mechatronics technology, our core technologies. At the same time, we will focus on the CSR activities expected of a corporate member of society.

LONG-RANGE VISION 2018 OVERVIEW

Long-Term Basic Policy

Create new value through "superb manufacturing technique" and pursue dreams for the future

Seek sustained corporate growth together with society through CSR activities

Long-Term Performance Targets (FY2018)

Consolidated net sales	¥ 220 billion
Consolidated operating margin	12%

* Long-Range Vision 2018, announced February 2012.

Long-Term Basic Strategy

Business Strategy

Domestic operations:
Capture untapped markets and introduce new products

Overseas operations:
Capture new markets and establish a profit-earning model in emerging economies

New businesses:
Establish business in the non-cash-handling field

Constitutional Strategy

- Develop pioneer technologies to become part of GLORY's backbone strengths and apply inimitable excellence in "manufacturing technique"
- Realize QCD (quality, cost, delivery) that supports the business strategy

Corporate Management Strategy

- Establish a solid business infrastructure of the Group and develop global human capital
- Maximize synergies of Group management

UNDER THE NEW 2014 MEDIUM-TERM MANAGEMENT PLAN, GLORY WILL FOCUS ON IMPLEMENTATION OF A GROWTH STRATEGY AND STRENGTHENING OF PROFITABILITY.

Q.04

Please explain the 2014 Medium-Term Management Plan, launched in April 2012.

GLORY will implement a growth program and strengthen profitability by pursuing three basic strategies.

The GLORY Group has launched the 2014 Medium-Term Management Plan, a business plan covering the three-year period from April 2012, as the first step toward realization of the Long-Range Vision 2018 (see p.16). In this plan we have set forth three basic strategies: the Business Strategy, the Constitutional Strategy and the Corporate Management Strategy. Under the plan, we will focus on implementation of a growth strategy and strengthening of profitability.

Business Strategy

The Group will implement three strategies to boost the growth potential of its businesses: the Overseas Business Strategy, the Domestic Business Strategy and the New Business Strategy.

In the Overseas Business Strategy, we will develop a tripolar structure centered on Europe, the Americas and Asia, implement region-specific strategies and expand the geographical coverage of direct sales and direct maintenance, thereby establishing a stronger earnings base.

In the Domestic Business Strategy, we will strengthen the earnings structure in each business segment by actively developing untapped markets and introducing new products.

In the New Business Strategy, we will establish businesses in non-cash sectors by moving ahead with commercialization of biometric authentication technology and speech privacy protection technology and expanding electronic payment and other services.

Constitutional Strategy

The Group will implement the Product Development Strategy, the Production and Procurement Strategy and the Quality Assurance Strategy to strengthen the competitiveness of key business functions and the earnings structure. We will flexibly respond to the needs of customers around the world by putting in place a product development structure that can adroitly respond to changes in the market environment and by strengthening the development of core technologies.

Corporate Management Strategy

The Group will implement the Group Structure Strategy, the Personnel Strategy and the Capital and Financial Strategy to reinforce the business foundation that underpins the Business Strategy and the Constitutional Strategy. We will continue to strengthen the group-level corporate governance structure and ensure penetration of rigorous compliance management.

Note: The current medium-term management plan was completed prior to July 10, 2012, when GLORY completed its acquisition of Talaris. A revised medium-term management plan will be announced after GLORY and Talaris have completed integration planning.

Q.05

Overseas operations hold a prominent position in the 2014 Medium-Term Management Plan. What are the plans for each region?

GLORY will implement region-specific strategies to accelerate global business expansion.

We will actively inject enterprise resources into overseas operations, a business segment from which we expect continued growth. As I mentioned previously, in order to establish an earning base, we will develop a tripolar operating structure, implement region-specific strategies and expand the geographical coverage of direct sales and direct maintenance.

We consider business expansion in China, India and developing countries in Asia and Central and South America, important for the GLORY Group to

WE EXPECT THE ADDITION OF TALARIS'S SALES AND MAINTENANCE NETWORK TO GREATLY STRENGTHEN THE GLORY GROUP'S BUSINESS BASE.

achieve still greater growth in our overseas operations. In China, for instance, in recent years the introduction of banknote sorters has progressed in parallel with the dissemination of ATMs, and business opportunities for GLORY have increased. Financial institutions operate more than 190,000 branches in China, more than three times the number in Japan, and since the financial industry in China continues to lag behind Japan in automation, we believe there is tremendous room for market development for the GLORY Group. India, a country achieving striking economic development, is another market where needs for automation at financial institutions are increasing, propelled by demand for fitness sorting and counterfeit banknote removal. However, since the above mentioned countries are promising markets, GLORY faces intensifying competition from manufacturers from China and South Korea. In response, we intend to prevail in competition by boosting cost competitiveness through means including offshore production and enhancement of technical capabilities.

In Europe and the Americas, as to the financial market, we will reinforce solutions for branches of financial institutions involving banknote recyclers for tellers, a new product. Also, we will seek to increase market share in the retail market by engaging in sales activities that reflect increasing needs for greater rigor in cash management.

Q.06

What concrete impact can we expect the Talaris acquisition to have on future global development?

We will take advantage of the strengths of GLORY Group and Talaris Group to accelerate growth from overseas operations.

By bringing Talaris Group, a well-established company with a proven track record, into the GLORY Group we will accelerate the Group's global business development. We anticipate synergies in three key areas.

First of all, we expect to maximize customer offerings by combining both groups' strengths to generate synergies in reinforcement of business competitiveness. That is to say, we believe that we can substantially increase business competitiveness by combining GLORY Group's high-level product development capabilities, extensive and high-quality product lineup with Talaris's high-level solution expertise and marketing skills.

EXPECTED SYNERGY

GLORY × talaris™

Strengths

- High-level product development capabilities
- Wide, high-quality product lineup
- Enhanced development and manufacturing systems

Strengths

- High-level solution expertise and marketing skills
- Extensive direct sales and maintenance network
- Strong organizations in U.S./EU

"GLORY as the world's top brand" in the field of money handling machines!

Envisaged to accelerate overseas business growth by utilizing both groups' strengths

1. Maximize customer offerings by combining both groups' strengths
2. Enhancement and utilization of customer base
3. Establishment of global management system

The second area of synergy is enhancement and utilization of the combined customer base. One important attraction of Talaris Group is that it has business sites in 22 countries around the world where they directly handle sales and maintenance without intermediaries. Although the GLORY Group sells its products in approximately 100 countries, we sell through local distributors everywhere except ten countries, including the U.S., Germany, Italy and Singapore. We expect the addition of Talaris Group's sales and maintenance network to greatly strengthen the GLORY Group's business base.

The third key area of synergy is the establishment of a global management system. By obtaining Talaris Group's personnel and effectively utilizing and combining its management skills established in Europe and the Americas, we expect to progress globalization of GLORY Group in the areas of human resources and organization.

I am convinced that the anticipated synergies in these three areas will accelerate the global development of the GLORY Group.

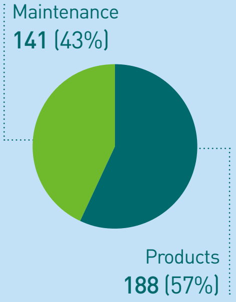
Company Overview

Company Name	Talaris Topco Limited
Location of Headquarters	Basingstoke, UK
Date of Incorporation	September 2008 (management-led buy-out from De La Rue, a UK company)
Representative	Tim Robinson, CEO
Number of Employees	About 1,900 (group total)
Features	- About 200 years history including De La Rue period - Global expansion, especially in U.S./EU - Broad direct sales and maintenance service networks - Firm relationship with customers in each country

Consolidated Financial Results

Sales Components

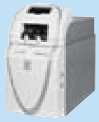
(FY 12/3; million £)



Main Products

Vertera®

Teller Cash Recycler



EV8650®

Banknote Counter

Q.07

What new businesses fields have been targeted for emphasis?

We will aim to establish new businesses in non-cash sectors by applying our recognition and identification technology and mechatronics technology.

We believe that the erection of new business pillars in non-cash sectors, not only in our current core money handling business, is important for the GLORY Group to continue to grow into the future. Accordingly, GLORY has continuously engaged in technical development that applies our core technologies: recognition and identification technology and mechatronics technology.

One area in which the fruits of this effort have begun to appear is face recognition technology, a biometric authentication technology. GLORY has commercialized a face recognition system by applying the banknote recognition technology and offers the system for wide-ranging applications, including room access authentication and digital signage.

In 2011, GLORY became the world's first company to develop a technology to utilize a method of protecting speech privacy linked to conversation and began selling a speech privacy protection system. This technology prevents the overhearing of conversations by bystanders by instantaneously generating and outputting special sounds that scramble the distinctive characteristics of individual human voices as conversations take place. We will market it as a system that meets latent needs

DEMAND FOR SECURITY SYSTEMS HAS RAPIDLY INCREASED IN RECENT YEARS, AND THE GLORY GROUP INTENDS TO DEVELOP THE SECURITY SECTOR INTO A NEW BUSINESS.

for preventing private conversations from being overhead by third parties at financial institutions, hospitals and other locations where sensitive discussions take place.

Demand for security systems has rapidly increased in recent years, and the GLORY Group intends to develop the security sector into a new business by capitalizing on our face recognition technology and speech privacy protection technology. Furthermore, we will focus on research, development and sales activities to establish businesses in non-cash sectors by seeking to expand our electronic payment services business and strengthening the data services business.

Q.08

Interest in corporate governance seems to be increasing. What corporate governance measures is GLORY implementing?

As a company that engages in the money handling business, GLORY is working to develop a more robust governance system.

The GLORY Group has achieved growth by providing a wide range of money handling machines to financial institutions, the retail industry and other customers worldwide. As a company that is expected to fulfill the important role of increasing money-processing efficiency for customers and supporting the currency systems of countries around the world, I consider the mission of the Group to be to continuously enhance corporate value by realizing the corporate philosophy "We will contribute to the development of a more secure society through a striving spirit and cooperative efforts."

In light of the characteristics of our businesses, the GLORY Group recognizes the importance of enhancing the corporate governance structure to maintain and increase the high level of public trust in not only the products we provide, but also in the company itself, and has long engaged in measures to strengthen the governance structure.

The Board of Directors comprises nine directors, including two highly independent outside directors, and meets at least once a month with the attendance of four corporate auditors, including two outside auditors and vigorous discussion takes place at each meetings. The outside directors and corporate auditors have backgrounds as executives of various companies that have characteristics similar to GLORY—a company that does business globally and is development-oriented—and as a legal specialist. At a time of intensifying competition on a global scale, when we make important management decisions it will be extremely important to sufficiently exchange opinions and take advantage of the experience, knowledge, insights, and information that the outside executives bring to the Company, and I intend to continue to focus effort on activation of the Board of Directors and other governance organizations.

In particular, we recognize that integration with the corporate culture of the Talaris Group as well as the rebuilding and rigorous implementation of the governance structure are pressing issues. We will promptly undertake the planning and strengthening of various measures to establish a corporate governance structure as a more global company that engages in the money handling business, a business of high social importance.

Q.09

What key measures are planned for the fiscal year ending March 31, 2013, and what is the outlook for business results?

We plan to achieve increases in sales and income and forecast net sales of ¥185.0 billion and operating income of ¥14.5 billion.

Although the Japanese economy is expected to follow a gradual recovery trend in the fiscal year ending March 31, 2013, there remain causes for concern, including the power supply problem and prolongation of the European debt problem.

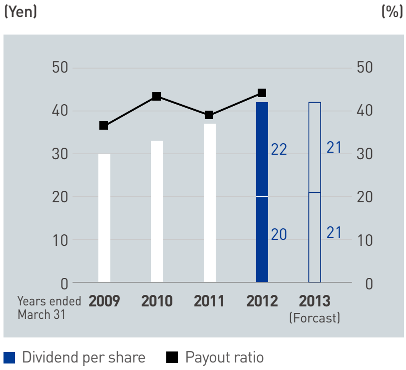
In this economic environment, in the domestic financial market GLORY plans to actively propose the compact open teller systems to financial institutions that have not yet introduced it.

Net Sales by Business Segment

Years ended March 31 (¥ million)

	2012	2013 Forecast	Year on Year (%)
Overseas Market	35,306	70,000	+98.3
Financial Market	44,192	45,000	+1.8
Retail and Transportation Market	28,566	29,500	+3.3
Amusement Market	24,812	25,500	+2.8
Others	14,062	15,000	+6.7
Total	146,938	185,000	+25.9

Cash Dividends / Payout Ratio



Demand for greater strictness in cash handling is expected to continue, and we foresee stable needs for this type of system. In the retail and transportation market, we will focus on increasing sales of coin and banknote recyclers. Although dissemination of coin and banknote recyclers has progressed, mainly at supermarkets, the introduction rate in the retail industry as a whole remains low, and we expect continued substantial growth from sales activities focused on target markets.

In the overseas market, we forecast a sales increase in China, India and other developing countries in Asia and Central and South America. In Europe, although there is concern over issues such as prolongation of the European debt problem, we believe that business opportunities exist since an adverse business environment increases needs for greater operational efficiency.

In light of these expected developments and the acquisition of Talaris in July 2012, we forecast consolidated net sales of ¥185.0 billion, operating income of ¥14.5 billion and net income of ¥7.5 billion in the fiscal year ending March 31, 2013.

Q.10

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

For the fiscal year ended March 31, 2012, GLORY paid an annual dividend of ¥42 per share.

Beginning in the fiscal year ended March 31, 2012, GLORY has revised its basic policy on profit distribution to enhance shareholder returns. The policy is to maintain a minimum dividend of 1.8% of consolidated equity capital (previously 1.5%) and a consolidated dividend payout ratio of 25% or higher. In line with this policy, we declared an annual dividend of ¥42 per share for the year under review, an increase of ¥5 from the previous fiscal year, consisting of an interim dividend of ¥20 and a year-end dividend of ¥22, ¥1 higher than the original forecast. For the fiscal year ending March 31, 2013, we plan to maintain the current policy on profit distribution and pay an annual dividend of ¥42 (an interim dividend of ¥21 and a year-end dividend of ¥21).

Talaris Group joined the GLORY Group in July, 2012. The Group will work to rapidly promote synergies of integration with Talaris Group and accelerate global growth to realize the Group vision "GLORY as the world's top brand."

August, 2012

President

Hirokazu Onoe.

2014 MEDIUM-TERM MANAGEMENT PLAN

ACTION PLAN FOR THE REALIZATION OF LONG-RANGE VISION 2018

Under the 2014 Medium-Term Management Plan, formulated as the first step toward achievement of Long-Range Vision 2018, GLORY is implementing three basic strategies: the Business Strategy, the Constitutional Strategy and the Corporate Management Strategy.

2014 MEDIUM-TERM MANAGEMENT PLAN OVERVIEW

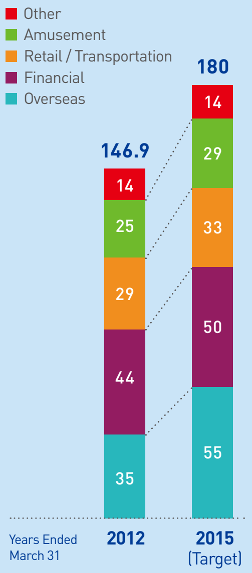
2014 MEDIUM-TERM MANAGEMENT PLAN

BASIC POLICY

to achieve the Long-Range Vision 2018

- Implement a growth strategy and strengthen profitability
- Achieve an operating margin of 10% or higher (Fiscal 2014)

Net Sales by Segment
(Billions of yen)



Management Target (FY2014)

ROE: 6.0% or higher

Performance Targets (FY2014)

Consolidated net sales:	¥ 180 billion
Consolidated operating income:	¥ 18 billion
Overseas sales ratio:	30% or higher

Basic Strategy

Business Strategy

- Overseas Business Strategy
- Domestic Business Strategy
- New Business Strategy

Constitutional Strategy

- Product Development Strategy
- Production and Procurement Strategy
- Quality Assurance Strategy

Corporate Management Strategy

- Group Structure Strategy
- Personnel Strategy
- Capital and Financial Strategy

* Performance targets are for March 31, 2015.

* 2014 Medium-Term Management Plan announced February 2012.

BUSINESS STRATEGY

Overseas business strategy:

Capture new markets and establish a profit-earning model in emerging economies.
In order to establish an earnings base, GLORY strives to develop a tripolar operating structure centered on Europe, the Americas and Asia, implement region-specific strategies, expand direct sales and direct-maintenance territories.

Americas:	Expand sales of banknote recyclers, which are new products aimed at financial institutions.
Europe:	Increase strength in the retail market by means of new products.
Asia:	Reinforce sales of products targeting branches of financial institutions in China and India.
OEM:	Expand cooperative businesses with OEM partners.

Domestic business strategy:

Capture untapped markets and introduce new products.
Pursue in-depth cultivation of existing markets and open up new market sectors in each business segment and work to increase profitability.

Financial market: Expand the market for open teller systems and open up non-cash sectors.
- Increase sales of open teller systems to the target markets.
- Grow the business in the non-cash sector, including security sector, by introducing valuable item management system, document processing-related products.

Retail and transportation market: Expand business domain with products that meet user needs and Increase profit.
- Increase sales in the back-office systems market by offering high value-added products such as coin and banknote recyclers, to increase the efficiency of store operations.
- Expand scope of business markets for checkout-related equipment, capturing demand for new and replacement systems, such as cash recycling systems.

Amusement market: Develop new systems products for pachinko parlors.
- Strengthen the product line by developing new products including products for large pachinko parlors.

Others: Create new vending machine businesses.
- Penetrate markets and expand business domain.
- Establish business in the non-cash sector.

CONSTITUTIONAL STRATEGY

Product development strategy:

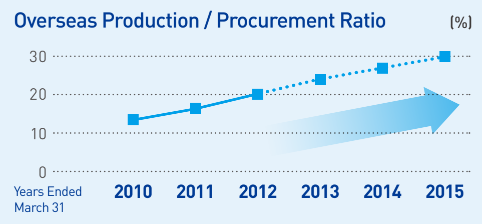
Strengthen core technology development capabilities and localize product development.

Production and procurement strategy:

Strengthen functions of the mother factories, expand overseas production and reform the cost structure of domestic production.

Quality assurance strategy:

Establish by-region and by-segment quality assurance systems in overseas markets.



CORPORATE MANAGEMENT STRATEGY

Group structure strategy:

Strengthen corporate governance of the Group and strengthen the Group structure through realignment.

Personnel strategy:

Implement dynamic personnel management systems and effective utilization of human resources.

Capital and financial strategy:

Improve capital efficiency and implement appropriate shareholder returns.

INVESTMENT PLAN

R&D investment amount:

Average of ¥10.0 billion per year (average ratio of R&D expenses to consolidated net sales of 6.0%).

Capital expenditures:

Total of ¥25.5 billion over three years.

Note: This investment plan does not include the impact on business results of the acquisition of Talaris and its consolidation as a subsidiary.

GLORY AT A GLANCE

OVERSEAS MARKET

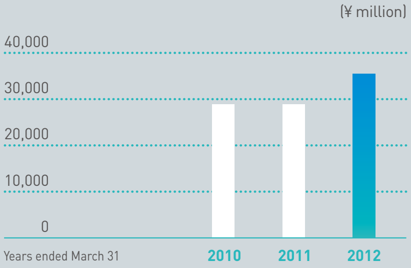
FINANCIAL MARKET

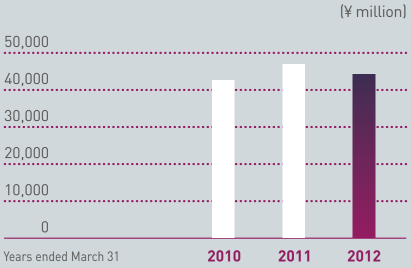
CONTRIBUTION TO TOTAL NET SALES
(Fiscal year ended March 31, 2012)

Overseas Market: 24.0%

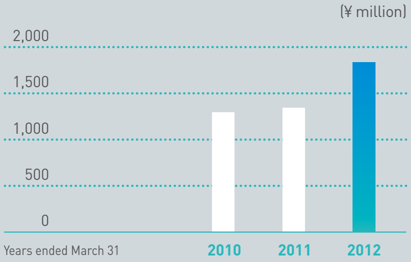
Financial Market: 30.1%

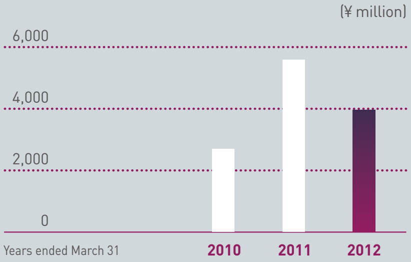
NET SALES





OPERATING INCOME





MAJOR CUSTOMERS

Overseas Market: Financial institutions, cash-in-transit companies, casinos and OEM clients.

Financial Market: Domestic financial institutions, Japan Post Bank and OEM clients.

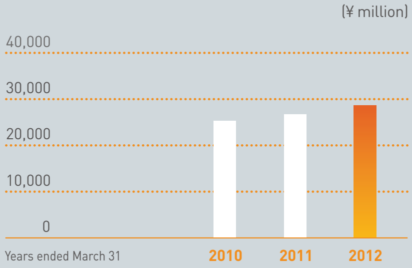
MAIN PRODUCTS AND GOODS

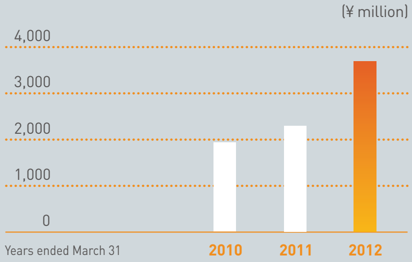
Overseas Market: Banknote and check deposit units for ATMs, banknote sorters, banknote counters, banknote recyclers for tellers, coin and banknote recyclers, coin wrappers.

Financial Market: Open teller systems, coin and banknote recyclers for tellers, coin recycling modules for ATMs, multi-functional banknote changers, key management systems, cash monitoring cabinets.

RETAIL AND TRANSPORTATION MARKET

19.4%



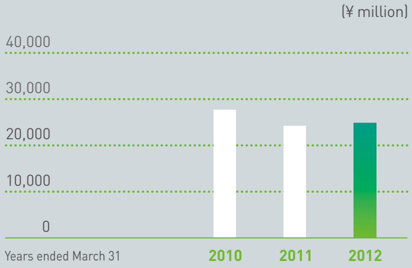


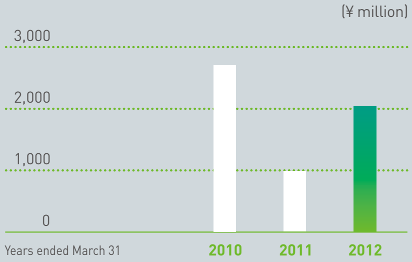
Domestic supermarkets, department stores, cash-in-transit companies and railroad companies.

Coin and banknote recyclers for cashiers, sales proceeds deposit machines, multi-functional banknote changers, cash recyclers for gas stations, coin-operated lockers.

AMUSEMENT MARKET

16.9%



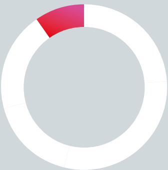


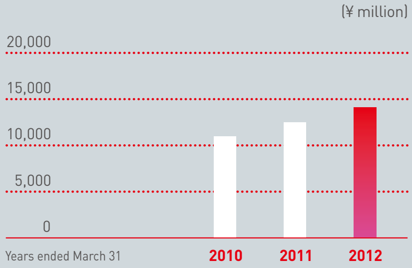
Domestic amusement halls (pachinko parlors).

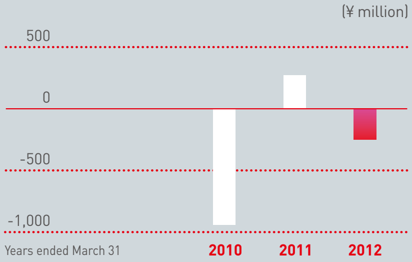
Card systems for pachinko parlors, banknote conveyor systems, pachinko prize dispensing machines, pachinko ball counters for individual pachinko machines, membership management systems for pachinko parlors, pachinko ball/token counters.

OTHERS

9.6%







Tobacco kiosks in Japan, and tobacco companies, hospitals, government offices and general companies.

Cigarette vending machines, ticket vending machines, banknote recycling units for horse race ticket vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, ballot sorters for handwritten ballots.

OVERSEAS MARKET

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

Market environment and trends

Although there has been a gradual improvement in business conditions in the U.S., investment in cash management equipment by financial institutions has declined. This is due primarily to capital investments being made to ensure compliance with ATM regulations in effect since March 2012. However, capital investment in the casino market is recovering due to an increase in consumer spending and the opening of casinos in various states for the purpose of securing tax revenues.

In Europe, investment propensity on the part of financial institutions has declined due to the impact of the debt problem. In the retail market, however interest in increasing cash handling efficiency has risen, and demand for products including coin and banknote recyclers for cashiers is on the rise.

In Asia, demand for banknote sorters continues to grow. They are increasingly used in China to prepare banknotes for loading into ATMs, accompanying an increase in the number of installed ATMs, and in India, Indonesia, and other markets to prepare banknotes for withdrawal at bank service counters.

Operating results

In the year under review, sales of bulk banknote and check deposit modules for ATMs, sold as OEM products were favorable in the Americas. Sales of banknote sorters were robust in Asia, especially in China. Sales were favorable in Europe as well as due to the contribution of Italian subsidiary Sitrade Italia S.p.A.

As a result, net sales increased 22.8% year on year to ¥35,306 million, while operating income rose 35.8 % to ¥1,838 million

Strategies and initiatives going forward

To achieve a 30% sales contribution from overseas operations at an early date, we will promote further growth in overseas businesses by increasing the pace of business development and include the market-in concept into our business operations. In addition, to further solidify the business foundation, we will work to expand sales to the bank branches and retail market, strengthen sales in developing countries, establish high-profit businesses, and reinforce competitiveness through the introduction of new products.

In the Americas, we will expand our business with major banks focused on banknote recyclers for tellers and develop a new business model for the retail and casino markets and other channels outside the financial industry.

In Europe, we will increase profitability by strengthen sales to bank branches, establishing the retail market and expanding the geographic coverage of direct sales and direct maintenance.

In Asia, we will position China and India as key markets and actively direct resources into these markets. In China, we will shorten development times of products adapted to local customer needs and actively promote sales of banknote sorters. In India, our local subsidiary established in June 2011 will serve as a base for implementation of a sales strategy base on market requirements.

Managing Executive Officer
Executive General Manager
International Business Headquarters

Tetsu Yoshioka

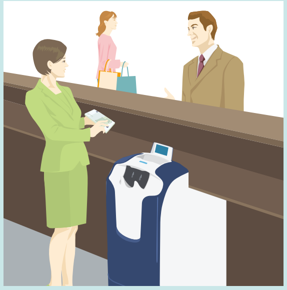
The International Business Headquarters will more vigorously implement region-specific strategies by building on the sales structure developed heretofore to develop the "tripolar operating structure." For instance, as we have seen in China and India, needs for automation of money handling are increasing in step with economic growth in developing countries in Asia and Central and South Americas. In Europe and North America, business needs for greater rigor in cash management are expected to increase in the retail market, as they have in the financial market. The GLORY Group will seek to increase its market share with the aim of achieving our business vision of "GLORY as the world's top brand" by implementing flexible sales strategies attuned to the regional characteristics of these markets.

A FULL LINE OF BANKNOTE RECYCLERS FOR THE OVERSEAS MARKET

Automation of teller counter and window operations at financial institutions worldwide is increasing at a rapid pace. In key countries in Europe and North America, there has been an especially sharp rise in demand for high-performance banknote recyclers, and many brands are attempting to capture this market by introducing new products. GLORY has introduced three new strategically important banknote recycler models aimed at this market, creating a product line that enables us to customize our response to various needs in countries around the world.

RBG-100

A three-in-one banknote recycler for financial institutions that handles small transactions, large transactions and vault teller functions. This machine offers industry-leading storage capacity of 17,000 banknotes in a compact unit that can be installed under service counters. In addition to handling small transactions of individual customers, it also has the capacity to handle large-volume deposits of sales proceeds from corporate customers and performs vault teller functions such as preparation of banknotes for ATMs.



RBG-200

A banknote recycler for use at the service counters and windows of financial institutions. The "drum and tape" storage method and the latest recognition technology dramatically expanded the scope of the size and condition (crisp, used, or damaged) of banknotes that can be processed. Since the RBG-200 is capable of recycling up to 128 denominations of banknotes, the most in the industry, it is suitable for use in currency exchange operations as well.

RBG-300

It's the industry's first banknote recycler that can be installed in the back offices of supermarkets and other retail stores. It's connected online to the host computers of financial institutions for the deposit of sales proceeds and withdrawal of change funds from bank accounts. The RBG-300 represents the most efficient use of cash by enabling sales results to be quickly reflected in bank accounts and providing the ability to withdraw the exact amount necessary to prepare change funds.

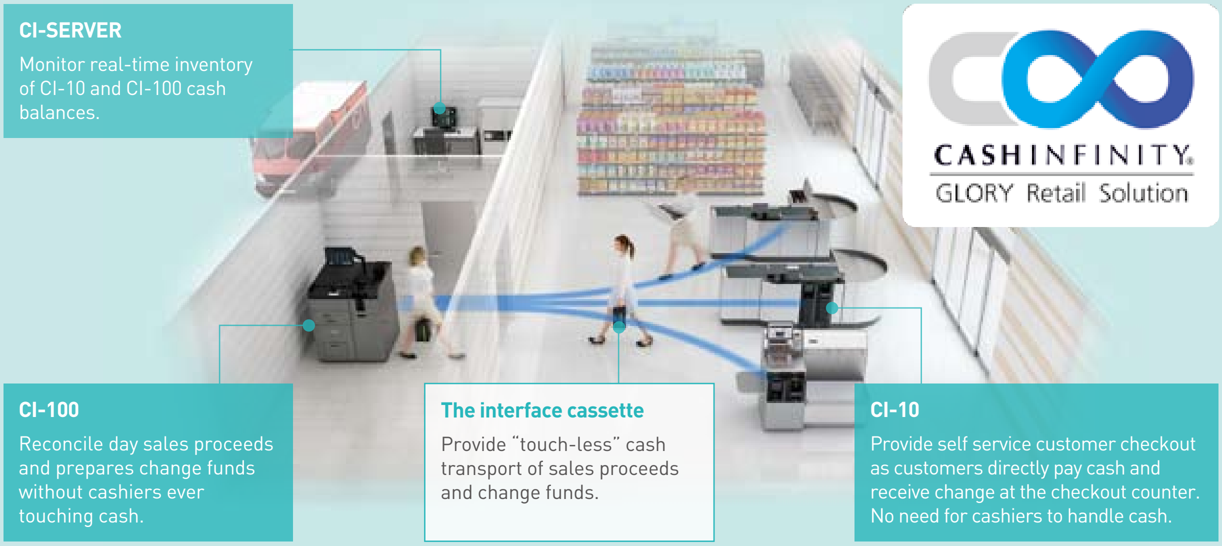
CASHINFINITY®, SMART CASH MANAGEMENT FOR RETAIL STORES

What is CASHINFINITY®?

CASHINFINITY® is a cash management system designed for the retail industry for use in overseas markets. It provides a wide range of solutions to optimize the flow of cash from the checkout to the back office.

At many retail stores, the processing of sales proceeds and preparation of change is a manual procedure. In recent years the need for automation of this manual process has increased in order to cut labor costs and enhance security.

To meet this challenge, GLORY has developed the CASHINFINITY® (CI) system. CI optimizes the flow of cash, from the handling of cash at checkout to the reconciliation of day sales and preparation of change funds in the back office. It achieves this by "touch-less cash" management whereby cashiers never touch the cash and the store's cash inventory is monitored in real time.



CI-SERVER
Monitor real-time inventory of CI-10 and CI-100 cash balances.

CI-100
Reconcile day sales proceeds and prepares change funds without cashiers ever touching cash.

The interface cassette
Provide "touch-less" cash transport of sales proceeds and change funds.

CI-10
Provide self service customer checkout as customers directly pay cash and receive change at the checkout counter. No need for cashiers to handle cash.

Scalability and Future Potential

The retail industry is diverse and extremely large market. It's comprised of small retail shops to supermarkets to big box stores. These retailers also offer a variety of retail formats to service their customers. CASHINFINITY® is a highly flexible cash management system that can be configured to meet the requirements of stores across the entire spectrum of sizes and formats.

Collaboration with POS system manufacturers, cash-in-transit companies (CIT), banks and other companies that operate in the retail market make it possible to propose solutions that cross industry boundaries and expand business opportunities.

Senior Executive Officer
Senior General Manager
International Business Headquarters

Takashi Mitsui

Design Characteristics

The CI-10 and CI-100 won the 2012 red dot award for product design, one of the world's most prestigious design awards conferred by Design Zentrum Nordrhein Westfalen of Germany.
Recipients of the award are judged based on nine criteria, including innovation, functionality, and ergonomics.

reddot design award
winner 2012

Takayuki Kuroda
Product Designer

When we designed CASHINFINITY®, we wanted to come up with a design that would make a strong first impression so customers would choose GLORY products from other products available in the market. Accordingly, we used high-impact black as the base color and created a sophisticated design. We plan to continue research into designs and materials to create products recognized for excellence around the world.

FINANCIAL MARKET

In the Japanese market financial institutions are our main customers. Key products include open teller systems (for managing receipts and disbursements at bank branches), coin and banknote recyclers for tellers (used in the deposit and withdrawal of money at bank counters) and money changers in bank lobbies.

Other GLORY products are used 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 principal market, where our core products have enjoyed a market share exceeding 70% in Japan.

Market environment and trends

Demand for greater efficiency and security in operation at financial institutions remains a key priority. Purchase of equipment that meets these needs is now expanding from large financial institutions and regional banks to credit unions and agricultural cooperatives.

Operating results

A decrease in high-volume orders for compact systems led to weak sales of open teller systems, a key GLORY product line. Sales of OEM products were weak due to factors including postponement of update orders for coin and banknote recyclers for tellers, despite favorable sales of coin recycling modules for ATMs. As a result, net sales decreased 5.8% year on year to ¥44,192 million, and operating income fell 29.3% to ¥3,955 million.

Strategies and initiatives going forward

We will continue to implement various measures in our critical strategy of increasing sales of open teller systems. Continuing an initiative from the previous term, we will increase activities to promote system updates among customers whose systems are over 10 years old. We will also vigorously promote sales of compact open teller systems directed at the target market, small and mid-sized branches of financial institutions. In addition, we will pursue further growth by actively proposing solutions grounded in the customer's perspective. For example, we will propose "highly streamlined branches" to be achieved using products such as compact open teller systems, cash monitoring cabinets and valuable item management systems.

Valuable item
management system
<BK series>

Compact open
teller system
<WAVE C30>

Director & Managing Executive Officer
Executive General Manager
Domestic Business Headquarters

Yoshiyuki Yamaguchi

Although GLORY products command a high market share in our markets in Japan, untapped markets remain. We will seek sales expansion by launching a project team that specializes in these markets. We will also actively implement human-resource development measures to bolster our sales capabilities. As a core business that underpins the GLORY Group's business performance, we will seek further business breakthroughs by developing a structure for not only supplying money handling machines, but also proposing wide-ranging solutions that encompass peripheral equipment and services, and implement a fine-tuned sales strategy to become a trusted business partner to our customers.

RETAIL AND TRANSPORTATION MARKET

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

GLORY also supplies public transportation companies with cash recyclers for railway stations that count and deposit money received while also dispensing change at ticket counters, and also with coin-operated lockers.

Market environment and trends

In the retail industry, industry realignment through business mergers and operating alliances has gained impetus. In addition, efforts to secure earnings by curbing administrative costs continue. They include closure of unprofitable stores, improvement of operating efficiency, power-saving measures and other ways of economizing.

In the transportation industry, a return to active capital spending is underway following the previous restraint due to the impact of the earthquake.

Operating results

Sales in this market developed favorably as a whole thanks to robust sales of coin and banknote recyclers, key products for this market. Sales were fueled by a recovery in capital investment and the booking of high-volume orders, despite a slump in orders for sales proceeds deposit machines, which are OEM products.

As a result, net sales in the segment rose 7.1% year on year to ¥28,566 million, while operating income surged 60.9% to ¥3,695 million.

Strategies and initiatives going forward

We will increase sales of coin and banknote recyclers for cashiers to restaurants and specialty shops and promote their introduction at convenience stores.

We will vigorously promote sales of products targeted at back offices, by seeking to increase sales to supermarkets and other retailers of multi-functional cash management station, products launched in March, 2011.

Coin and banknote recycler for tellers
<RT-200/RAD-200>

Wrapped coin monitoring drawer
<WD-200>

Multi-functional cash management station
<DSR-200>

THE INCREASINGLY STRONG TREND IN SALES FOR COIN AND BANKNOTE RECYCLERS FOR CASHIERS

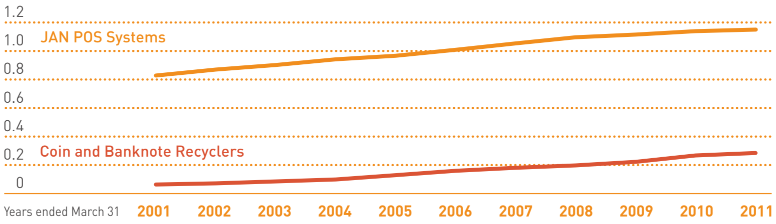
Coin and banknote recyclers are machines used at supermarkets and other retailers that are interfaced to POS system cash registers and automatically dispense exact change to customers who pay in cash.

There are approximately 1.1 million POS registers in operation in Japan, and approximately 310,000 coin and banknote recyclers have been installed in the market. Market share of GLORY's recycler is approximately 70%. Judging from the installed base of POS registers, further sales potential remains.

The market for these machines has expanded to appliance mass retailers, restaurants and other store chains. Test installation at convenience stores, an untapped market sector for those machines, has begun.

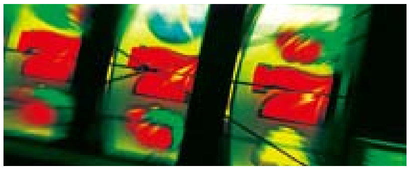
In the money handling machine market, coin and banknote recyclers for cashiers have the highest potential for further growth.

Cumulative Number of JAN POS Systems and Coin and Banknote Recyclers in Operation



*All figures are from information compiled by GLORY (current as of March 2011).

AMUSEMENT MARKET



GLORY's main customers in this market are pachinko parlors. Our core products are peripheral to game machines such as pachinko and pachislot, specifically, pachinko ball and token dispensers and counters, pachinko prize dispensing machines, money changers and prepaid card systems for in-store sales management.

Market environment and trends

In the amusement industry, there was initial concern about the potential impact on capital investment in the aftermath of the Great East Japan Earthquake, when, in response to power shortages, pachinko parlor operations were suspended on a rotating basis and their hours shortened. Fortunately, however, the impact was limited, thanks to a rebound in the popularity of pachislot.

Although the number of pachinko parlors decreased further to approximately 12,000 as of the end of December 2011, the rate of decrease has slowed and seems likely to bottom out. Also, the number of game machines per establishment is trending up each year, resulting in conspicuous increase in the size of pachinko parlors.

Operating results

Although intensification of competition with other manufacturers led to weak sales of mainstay card systems and equipment, overall market conditions were firm as a recovery in the popularity of pachislot fueled robust sales of pachislot token-related equipment.

As a result, net sales rose 2.7% year on year to ¥24,812 million, and operating income surged 104.8% to ¥2,040 million.

Strategies and initiatives going forward

GLORY will strengthen competitiveness by means of cost reductions to be achieved through continued overseas production and parts procurement coupled with the introduction of new products. In addition, we expect the popularity of pachislot to continue in the fiscal year ending March 31, 2013, and forecast an increase in shipments of token dispensers, token counters, and other token-related equipment. Accordingly, we will focus on obtaining accurate information on new pachinko parlor openings and winning orders for these products.

Token dispenser
<JMM-100>

Token counter
<JM-170N>

PACHINKO AND PACHISLOT, JAPAN'S POPULAR PASTIME

Pachinko parlors are casino-like recreation facilities unique to Japan. People go to pachinko parlors to amuse themselves by playing two types of game machines: pachinko and pachislot machines.

Pachinko machines resemble vertical pinball machines. The player shoots steel balls called pachinko balls into the machine. When a ball drops into the pocket prepared on the machine's vertical board, the player obtains additional balls. Players can exchange accumulated pachinko balls for prizes.

Pachislot machines are like casino slot machines. However, whereas with slot machines the player pulls a lever and waits for reels to automatically stop spinning, with pachislot the player presses stop buttons to stop the reels. When certain combinations of symbols appear on the reels, the player obtains tokens that can be exchanged for prizes.

At the end of December 2011, there were approximately 12,000 pachinko parlors in Japan. Pachinko and pachislot are Japan's most famous popular pastimes, and the player population is approximately 17 million.

Pachinko

Pachislot

OTHERS

Products in this business segment serve sectors other than the previously discussed key markets. Some examples are cigarette vending machines, ticket vending machines, RFID self-checkout systems for company cafeterias, medical payment kiosks for hospitals and election-related products for government offices, such as ballot sorters for handwritten ballots.

Market environment and trends

Medical payment kiosks are starting to become widespread at mid-sized and large hospitals. Hospitals that haven't yet introduced these kiosks are increasingly installing them when they update their accounting systems. Companies continue to cut back on employee benefits and welfare expenses due to factors including the impact of the Great East Japan Earthquake and the economic situation in Europe. As a result, investment in employee cafeterias is decreasing. In addition to demand for e-money systems that support the e-money cards of public transportation companies, demand for systems that support retailers' e-money cards continues to grow.

Operating results

Sales of medical payment kiosks, ticket vending machines and winnings payment units for public horse racetracks, which are OEM products, grew favorably.

As a result, net sales rose 13.0% year on year to ¥14,062 million, while there was an operating loss of ¥253 million (compared to operating income of ¥271 million the previous fiscal year).

Medical payment kiosk

<FHP-10>

Touch-screen ticket vending machine

<VT-T10M>

Strategies and initiatives going forward

In the hospital market, it will become mandatory in April 2014 to issue a detailed statement of fees and expenses for medical care at hospitals with 400 or more beds. We will attempt to increase sales in the current fiscal year by promoting the updating of medical payment kiosks at hospitals subject to the mandate.

With regard to companies, we will consider selling RFID self-checkout systems for company cafeterias that are compatible with multiple e-money systems and expand our fee-based business by intermediating electronic money merchant contracts.

In the restaurant market, we will seek further market expansion through sales activities that make the most of our successful track record in ticket vending machine adoptions at major restaurant chains as well as overall expertise in ticket vending machine utilization.

DEVELOPMENT OF A NEW E-MONEY PAYMENT SOLUTION

To provide a new solutions service in the electronic payment business, GLORY Service Co., Ltd., a GLORY Group member, has become an intermediating agent for various e-money services widely used in Japan.

Previously, it was necessary for merchants to contract with individual e-money service operators to enable customers to pay with a variety of popular e-money payment systems. Now GLORY can serve as an intermediary between e-money service operators and merchants. By contracting with GLORY as a one-stop agent, retailers can construct an electronic payment system encompassing everything from payment services to payment terminals that makes it possible to offer nearly all e-money systems in widespread use in Japan.

The GLORY Group is pushing to expand business for this payment solution because customer needs in the e-money payment market, are expected to expand further in the coming years.

IC card reader/writer for e-money

<PFM-10>

GLORY has made a commitment to focus on the CSR activities expected of a corporate member of society in accordance with the basic policy "Seek sustained corporate growth together with society through CSR activities" as set forth in the Long-Range Vision 2018.

DEVELOPING NEW OPPORTUNITIES TO SERVE

ENVIRONMENTAL INITIATIVES

Vigorous environmental conservation activities are one way GLORY discharges its corporate social responsibility (CSR). The GLORY Group has established a policy of "Proactive stance in reduction of environmental impact and protection of resources" as an aspect of our vision of "GLORY as the world's top brand" and engages in environmental activities that span every aspect of business operations.

2014 Medium-Term Environmental Action Plan

GLORY has established 2014 Medium-Term Environmental Targets, a document that sets forth environmental targets for the three-year period covered by the 2014 Medium-Term Management Plan, launched in April 2012 (see table on following page). The aim is to realize the GLORY Environmental Vision, a blueprint for involvement in environmental conservation themes in two areas—products and business—to create employee awareness of environmental issues.

The GLORY Environmental Vision

To promote the reduction of environmental load and the preservation of natural resources on a global scale, we will contribute to "a solid future" for the global environment.

Environmental Activities Plan for Achieving the GLORY Environmental Vision

Activities Areas	Activities Themes	Medium-Term Environmental Targets for 2014
PRODUCTS Development of environment-friendly products	Prevention of global warming	Development of environment-friendly products (15% reduction in CO_2 emissions compared with conventional models)
	Management and reduction of chemical substances	Compliance with regulations governing chemical substance content in products (revised RoHS Directive, REACH Regulation)
	Effective use of resources	Conduct of a life cycle assessment (LCA)
BUSINESS Reduction of environmental impact from business activities	Prevention of global warming	Sales contribution of 30% or higher from environment-friendly products Compliance with the Law Concerning the Rational Use of Energy (Energy Conservation Law)
	Management and reduction of chemical substances	Rigorous management of chemical substances used in manufacturing processes
	Effective use of resources	100% achievement each year of targets concerning waste and recovery of used products
AWARENESS Innovating environmental awareness	Preservation of biodiversity	Forest conservation and maintenance activities at GLORY Yumesaki Forest Annually thinning one hectare and planting 20 trees, Continuing conduct of forest surveys
		Implementation of new social contribution activities
		Sustainment and promotion of green procurement

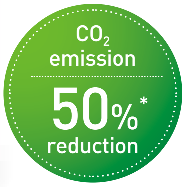
ENVIRONMENTAL INITIATIVES IN THE FISCAL YEAR ENDED MARCH 31, 2012

Development of environment-friendly products

GLORY is developing environment-friendly products. By 2030, it aims to achieve a 30% reduction in CO_2 emissions during product use, referenced from the 2005 level. In the year under review, we conducted a life cycle assessment (LCA) to evaluate environmental impact at every stage of product life cycles from raw-material extraction to disposal.

Banknote recycler for financial institutions

<RBG-100>



*Compared with conventional models

Innovation of environmental awareness

GLORY's head office located in Himeji City, Hyogo Prefecture engages in forest conservation at a site we have named the GLORY Yumesaki Forest. In the year under review, we held events for the families and children of employees so that children could learn the importance of nature. Participants engaged in recreational activities and made photo frames using trees culled from the forest.

In 2011 a survey of the animal and plant species in the forest and their population growth was conducted. It found species that did not inhabit the forest at the time of the previous survey six months earlier and confirmed that the forest is home to a rare species of frog. We will continue to periodically conduct forest surveys and work to preserve biodiversity while from time to time reviewing our activities and conservation measures.

At the GLORY Yumesaki Forest, employees and their families play and learn among nature's gifts

Solar panels installed on the roof of the headquarters building

Reduction of environmental impact from business activities

In the year under review, GLORY implemented power-saving measures at all business sites. Some examples are a lighting review that led to a reduction in the number of fluorescent bulbs, the inauguration of energy conservation patrols, the adoption of energy-saving summer and winter dress practices (Cool Biz and Warm Biz) and consolidation of work areas to reduce air conditioning and lighting use. As a result, we were able to reduce CO_2 emissions by 8% from the previous fiscal year. Also, in May 2012, we installed facilities that contribute to environmental load reduction at the new head office building, such as rooftop solar panels, LED lighting and blinds that let in sunlight.

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.
GLORY actively contributes to local communities as a good corporate citizen.

CONTRIBUTING TO CUSTOMERS

The provision of products easy to use for all

GLORY products are used by people of various ages and abilities. Accordingly, in product development we adopt the user's perspective and take care to design products that are accessible and easy to use for everyone. For instance, we use text and illustrations on monitor display that are highly legible for the elderly and consider the needs of people with color vision deficiencies when choosing colors. In fact, some of our products have been awarded CUD certification*. In addition, we conduct user tests of some products during the development process and incorporate the results into product development.

Money changer
<EN-700>
The on-screen design acquired
Color Universal Design certification

CUD COLOR UNIVERSAL DESIGN

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*The Color Universal Design (CUD) mark is issued by the Color Universal Design Organization to certify that a product's design takes into consideration individual differences people have in color perception to ensure ease of viewing for many people.

CONTRIBUTING TO SOCIETY

Contributing to the sound development of children

Hot-air balloon flights, part of the Hands-on Class for Parents and Children

In 1995, GLORY established the GLORY Foundation for Elementary School Students. Since its establishment, the Foundation has engaged in activities to contribute to the sound development of elementary school students in the communities neighboring our head office, focusing on projects related to sports, arts and culture.

In the year under review, the foundation held the Hands-on Science Class, enabling children to discover the wonders and fascination of science by making robots, the Children's Theater, which fosters purity and free thinking in children, and the Hands-on Class for Parents and Children, a moving experience shared by families. We also held a kendo championship, tennis classes and English conversation classes for elementary school students. In the Hands-on Class for Parents and Children, more than 300 parents and children enjoyed autumn rides in hot-air balloons while learning how hot air balloons float in the sky.

Support for developing countries from employee cafeteria

The TFT menu is well received by employees

In July 2011 GLORY began offering a cafeteria menu approved under the TABLE FOR TWO program (TFT). It is said that while a billion people around the world suffer from hunger, a billion others struggle with obesity. TFT is an activity for eliminating this imbalance through a mechanism by which people eat healthy meals at employee cafeterias and donate a portion of the meal price to provide school lunches to children in developing countries through TABLE FOR TWO International, an authorized NPO. This program is highly popular among employees as means of contributing to society in which they can easily participate. Funds sufficient for about 2,300 school lunches had been donated by the end of March 2012.

A typical TFT menu

CORPORATE GOVERNANCE

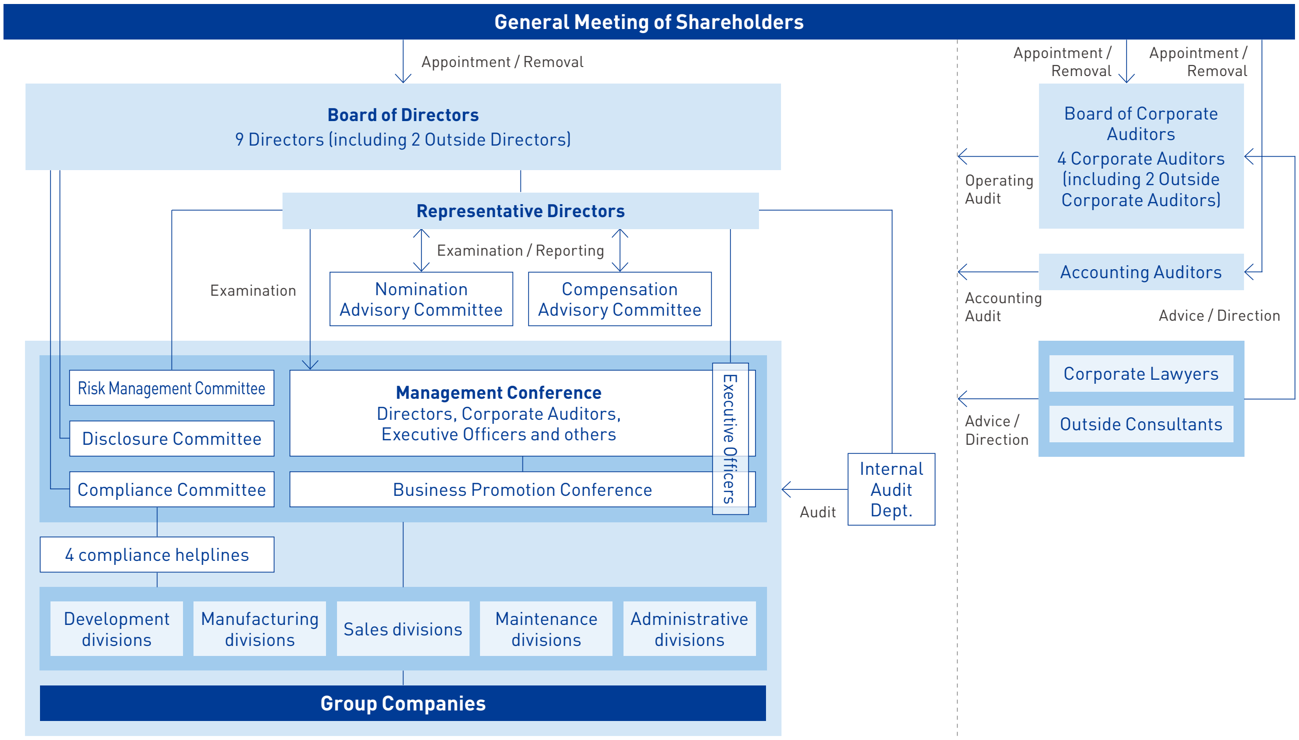
Basic Policy on Corporate Governance

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.

These goals cannot 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, and enhance compliance management, thereby improving corporate value.

Corporate Governance System



Initiatives to Enhance Corporate Governance

Enhancement of Management Transparency and Soundness	2006 Establishment of the Nomination Advisory Committee and Compensation Advisory Committee 2006 Establishment of the Compliance Committee
Enhancement of Decision-making Capabilities and Speed Clarification of the Responsibility Framework	2006 Introduction of the Executive Officer System 2007 Decrease in the number of directors (from a maximum of 17 to a maximum of 10) 2008 Change in the term of office of directors (from 2 years to 1 year)
Enhancement of Supervision Functions	2007 Appointment of outside directors 2008 Increase in the number of outside directors (from 1 to 2)

GLORY'S CORPORATE GOVERNANCE STRUCTURE

GLORY has adopted a "Company with Corporate Auditors" system under the Companies Act because the Company believes that a system in which the Board of Directors, comprising two outside directors, decides important management issues and supervises the execution of business, and in which the Board of Corporate Auditors oversees the Board of Directors, is effective for management of the Company. In addition, GLORY has introduced an Executive Officer System and segregated the management supervisory function and the business execution function to increase the speed and efficiency of business management. GLORY has also established the Nomination Advisory Committee and Compensation Advisory Committee, the voluntary committees, to increase transparency and objectivity in key management issues.

The following is an overview of the organizations that support GLORY's corporate governance structure.

Overview of the Corporate Governance Structure

- Organizational structure: Company with Corporate Auditors
- Percentage of shares held by foreign shareholders (as of March 31, 2012): 26.9%
- Chairperson of the Board of Directors: the President
- Number of directors provided in the Articles of Incorporation: 10
  Current number of Directors: 9 (including 2 Outside Directors)
  Term of office: 1 year
- Number of corporate auditors provided in the Articles of Incorporation: 4
  Current number of Corporate Auditors: 4 (including 2 Outside Corporate Auditors)
  Term of office: 4 years

Directors and Board of Directors

GLORY's Board of Directors comprises nine directors (including two outside directors). In principle, the Board of Directors meets at least once per month. The Board of Directors decides the important business polices of the company and its group companies, supervises business execution, and receives reports on the status of business execution. The Company has designated and registered the two outside directors as independent directors. This is mandated by the stock exchanges on which GLORY's shares are listed, for the protection of general shareholders. The directors, including the highly independent outside directors, engage in active discussion and exchange opinions among themselves, and the corporate auditors express opinions as needed.

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 per month. Each corporate auditor, including the outside corporate auditors, conducts audits based on an annual corporate audit plan. This 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.

Executive Officer System

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.

Management Conference

GLORY holds a Management Conference once a month to discuss matters related to the business policy, management plans, and major operations executed 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 officers and others, and deliberates on issues and matters for company operations.

Business Promotion Conference

To promote prompt, appropriate execution of business operations, GLORY has established a Business Promotion Conference for each of the domestic and overseas operations. Each Conference is chaired by the head of the division consisting of general managers of sales, development, quality assurance, production, maintenance and other divisions. The Conference formulates and promotes business strategies, monitors progress in the implementation of business plans and reinforces coordination among various functions.

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 a 13-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 compliance risks are high, 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 (Tohmatsu) as its accounting auditors since June 2007. There are no material conflicts of interest between GLORY LTD. and the Tohmatsu and its staff who engage in GLORY audits. A policy is in place at Tohmatsu to limit the audit staff members' involvement in GLORY audits to a fixed period of time.

COMPENSATION FOR DIRECTORS AND CORPORATE AUDITORS

Policy Concerning Compensation for Directors and Corporate Auditors

- Compensation for directors in charge of business execution consists of fixed compensation and performance-related bonus.
- Compensation for outside directors and other directors responsible primarily for the management supervision function and for corporate auditors consists of fixed compensation only.
- The amount of fixed compensation for directors is determined in accordance with the responsibilities of each director and paid within the predetermined maximum amount pursuant to a resolution of the Board of Directors (Note 3).
- The amount of fixed compensation for corporate auditors is determined through discussions by the corporate auditors and paid within the predetermined maximum amount (Note 4).
- Funds for bonuses to directors and corporate auditors are a fixed percentage of consolidated net income, an indicator linked to business performance.
- Retirement benefits for directors and corporate auditors are not provided.

Compensation for Directors and Corporate Auditors for the fiscal year ended March 31, 2012

Recipient	Total amount of compensation	Basic compensation		Bonuses	
		No. of persons	Amount	No. of persons	Amount
Directors (Except for Outside Directors)	¥180 million	8	¥126 million	6	¥54 million
Corporate Auditors (Except for Outside Corporate Auditors)	¥26 million	3	¥26 million	—	—
Outside Executives	¥28 million	5	¥28 million	—	—
(Outside Directors)	(¥16 million)	(2)	(¥16 million)	(—)	(—)
(Outside Corporate Auditors)	(¥12 million)	(3)	(¥12 million)	(—)	(—)

(Notes)

1. Basic compensation for the fiscal year under review includes the amount paid to one director and two corporate auditors (including one outside auditor) who retired at the conclusion of the 65th General Meeting of Shareholders held on June 24, 2011.
2. Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
3. A maximum amount of compensation for directors of ¥150 million per annum (including a maximum of ¥20 million for outside directors) was approved at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007. This amount does not include employee salary portions for directors who have concurrent responsibilities as employees.
4. A maximum amount of compensation for corporate auditors of ¥50 million per annum was approved at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.
5. Bonuses pertaining to this fiscal year under review were approved by resolution of the 66th Ordinary General Meeting of Shareholders held on June 22, 2012.

BOARD OF DIRECTORS, BOARD OF CORPORATE AUDITORS AND EXECUTIVE OFFICERS

(As of June 22, 2012)

Board of Directors


Chairman of the Board*
Hideto Nishino


President*
Hirokazu Onoe


Director & Executive Advisor
Hisao Onoe


Director
Masahiro Ichitani


Director
Tomoaki Ishido


Director
Yoshiyuki Yamaguchi


Director
Motozumi Miwa


Outside Director
Hiroki Sasaki


Outside Director
Akira Niijima

Board of Corporate Auditors


Corporate Auditor
Yoshiyuki Nakatsuka


Corporate Auditor
Toshihiko Otani


Outside Corporate Auditor
Yuichi Takeda


Outside Corporate Auditor
Mikio Nakajo

Executive Officers

Senior Managing Executive Officer
Masahiro Ichitani

Managing Executive Officer
Hideaki Matsushita

Managing Executive Officer
Tetsu Yoshioka

Senior Executive Officer
Norio Murakami

Senior Executive Officer
Motozumi Miwa

Executive Officer
Hiroaki Fukui

Executive Officer
Masatomo Toji

Executive Officer
Satoshi Baba

Senior Managing Executive Officer
Takenori Nishi

Managing Executive Officer
Tomoaki Ishido

Managing Executive Officer
Yoshiyuki Yamaguchi

Senior Executive Officer
Takashi Mitsui

Senior Executive Officer
Shigetoshi Mabuchi

Executive Officer
Manabu Shibutani

Executive Officer
Toshiaki Fujii

Executive Officer
Tokuya Shimizu

Senior Managing Executive Officer
Osamu Tanaka

Managing Executive Officer
Koichi Ohta

Senior Executive Officer
Izumi Hirota

Senior Executive Officer
Hideo Onoe

Executive Officer
Hirokazu Sekino

Executive Officer
Yoshitaka Iyori

Executive Officer
Kaname Kotani

Executive Officer
Akihiro Harada

* 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		
		2002	2003	2004
Summary of income (for the year):	Net sales	¥ 131,618	¥ 117,287	¥ 176,765
	Cost of sales	88,014	75,571	108,747
	Selling, general and administrative expenses	32,816	33,074	37,101
	Operating income	10,787	8,641	30,916
	Net income	3,669	5,902	17,527
	Capital expenditure *2	4,924	3,899	4,915
	R&D expenses	11,477	10,111	11,862
	Depreciation and amortization	5,341	4,864	5,129
Financial position (at year-end):	Total assets	166,505	164,077	213,844
	Shareholders' equity	105,115	110,686	128,504
	Net assets *3	—	—	—
	Interest-bearing debt *4	20,473	19,060	18,139
Per share data (yen):	Net income *5	¥ 100.44	¥ 157.42	¥ 233.19
	Equity	2,832.81	2,983.81	1,729.93
	Dividend (annual)	16.00	16.00	22.00
Financial indicators (%):	Return on equity (ROE)	3.6	5.5	14.7
	Equity ratio	63.1	67.5	60.1
Others:	Number of shares outstanding (thousands)	37,118	37,118	74,236
	Number of employees *6	4,730	4,874	5,038

*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.

Millions of Yen

2005	2006	2007	2008	2009	2010	2011	2012
¥ 188,881	¥ 141,231	¥ 164,540	¥ 185,181	¥ 145,979	¥ 135,105	¥ 138,965	**¥ 146,938**
114,390	94,209	108,628	118,946 *1	94,115	87,074	86,758	**92,673**
41,937	41,568	42,952	45,288	42,437	40,346	41,698 *7	**42,990**
32,554	5,453	12,961	20,947 *1	9,427	7,685	10,509 *7	**11,275**
19,306	740	6,461	11,711	5,782	5,109	6,229	**6,247**
7,991	4,793	6,035	7,279	10,638	6,714	6,414	**6,709**
13,048	9,474	9,329	9,616	9,204	8,776	8,999	**9,935**
5,438	6,889	6,337	6,570	7,621	8,145	6,717	**6,842**
217,460	206,361	216,988	209,237	196,798	194,983	198,020	**205,245**
146,657	146,134	—	—	—	—	—	**—**
—	—	150,842	151,735	147,176	145,345	149,782	**153,334**
18,714	19,083	13,190	12,914	14,110	14,038	13,309	**13,530**
¥ 257.00	¥ 9.14	¥ 87.15	¥ 160.70	¥ 82.15	¥ 76.00	¥ 94.83	**¥ 95.09**
1,974.60	1,970.11	2,025.39	2,110.69	2,155.17	2,212.63	2,260.47	**2,312.33**
30.00	22.00	30.00	40.00	30.00	33.00	37.00	**42.00**
14.0	0.5	4.4	7.8	3.9	3.5	4.2	**4.2**
67.4	70.8	69.2	72.3	74.8	74.5	75.0	**74.0**
74,236	74,236	74,236	72,838	69,838	69,838	68,638	**68,638**
5,211	5,200	5,290	5,346	5,510	5,848	6,046	**6,149**

*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.

*7 For easy comparison, operating income and selling, general and administrative expenses for the year ended March 31, 2011 has been adjusted to reflect changes in accounting standards applicable to fiscal year 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2012

ECONOMIC OVERVIEW

During the fiscal year ended March 31, 2012, although the Japanese economy recovered slowly from the stagnation caused by the Great East Japan Earthquake, the outlook remained uncertain. This was mainly due to the decelerating global economic growth along with the debt crisis in Europe, as well as the strong yen and the higher cost of crude oil.

BUSINESS OVERVIEW

Net Sales

Net sales for the fiscal year under review totaled ¥146,938 million, up by 5.7% year on year. Total net sales consisted of ¥112,993 million in net sales of finished products and merchandise, which increased by 5.7%, and ¥33,945 million in sales from maintenance services, which grew by 5.8%. Overseas sales rose sharply to ¥35,306 million, marking a 22.8% increase on the previous fiscal year.

Cost of Sales

Cost of sales increased to ¥92,673 million, up by 6.8% from the previous fiscal year, mainly due to an increase in new products development expenses. The cost of sales ratio edged up by 0.7 percentage points to 63.1%.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses rose by 2.6% to ¥42,990 million, along with the increase in net sales. The ratio of SG&A expenses to net sales improved by 3.1 percentage point to 29.2%.

Operating Income

Operating income for the fiscal year under review stood at ¥11,275 million, marking a 7.3% increase on the previous fiscal year. The operating margin also rose by 0.3 percentage point to 7.7%.

Other Income (Expenses)

Net other income (expenses) resulted in net income of ¥367 million, reversing the ¥382 million net expenses recorded in the previous fiscal year. Major income-increasing factors included a ¥248 million decrease in net foreign currency exchange loss, a ¥201 million decrease in loss on valuation of investment securities and a ¥223 million gain on sales of investment securities recorded in the fiscal year under review. Major income-decreasing factors were a ¥153 million decrease in interest and dividend income, the non-recurrence of a ¥102 million reversal of allowance for doubtful accounts recorded in the previous fiscal year and ¥195 million in commissions for bridging loans incurred in the fiscal year under review.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests grew by 15.0% year on year to ¥11,642 million.

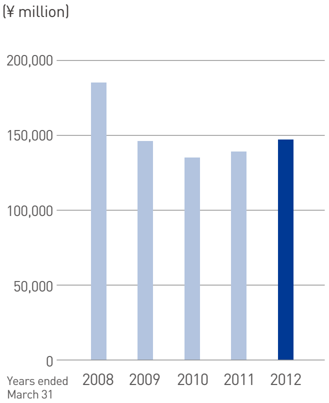
Income Taxes

Income taxes increased to ¥4,946 million from ¥3,852 million in the previous fiscal year, mainly due to reversal of deferred tax assets in accordance with the tax system revisions. Correspondingly, the actual effective tax rate after application of tax effect accounting rose to 42.5% from 38.0% in the previous fiscal year.

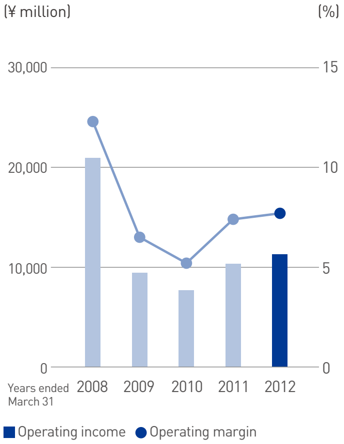
Net Income

As a result of the above, net income for the fiscal year ended March 31, 2012 was ¥6,247 million, a 0.3% increase on the previous fiscal year.

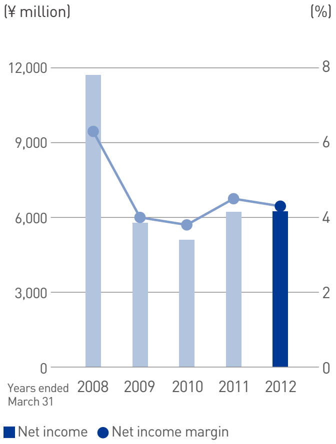
Net Sales



Operating Income / Operating Margin



Net Income / Net Income Margin



Comprehensive Income

Comprehensive income amounted to ¥6,378 million, as a result of netting negative ¥318 million total other comprehensive income with net income before minority interests.

OVERVIEW BY INDUSTRY SEGMENT

Financial Market

Sales of open teller systems, the mainstay products in the segment, were sluggish because of a decline in orders for compact open teller systems from large-scale users. In the area of OEM products, coin deposit units for ATMs sold well but sales of coin and banknote recycling units for tellers were weak due to delay in the expected replacement demand.

As a result, net sales of the segment decreased by 5.8% from the previous fiscal year to ¥44,192 million, and operating income as well dropped by 29.3% to ¥3,955 million.

Retail and Transportation Market

Although sales of OEM sales proceeds deposit machines were slow, the overall segment remained steady because of favorable sales of the mainstay products in the segment, coin and banknote recyclers for cashiers, owing to a recovery in capital expenditures and the receipt of large-scale orders.

As a result, net sales of the segment increased by 7.1% to ¥28,566 million, and operating income jumped to ¥3,695 million with a 60.9% year-on-year increase.

Amusement Market

Sales of card systems and equipment, the mainstay products in the segment, were weak partly due to the impact of intensified competition, but the overall performance of the segment was strong, lifted up by favorable sales of token dispensers and related equipment along with the recovery in the popularity of pachislot.

As a result, net sales of the segment increased by 2.7% year on year to ¥24,812 million, and operating income soared to ¥2,040 million including a contribution from the collection of claims provable in bankruptcy, marking a 104.8% increase on the previous fiscal year.

Overseas Market

In the Americas, OEM banknote and check deposit units for ATMs for the U.S. market sold well. In Asia, especially in China, banknote sorters maintained steady sales. In Europe, the performance was also strong contributed by the acquisition of Sitrade Italia S.p.A., a distributor in Italy.

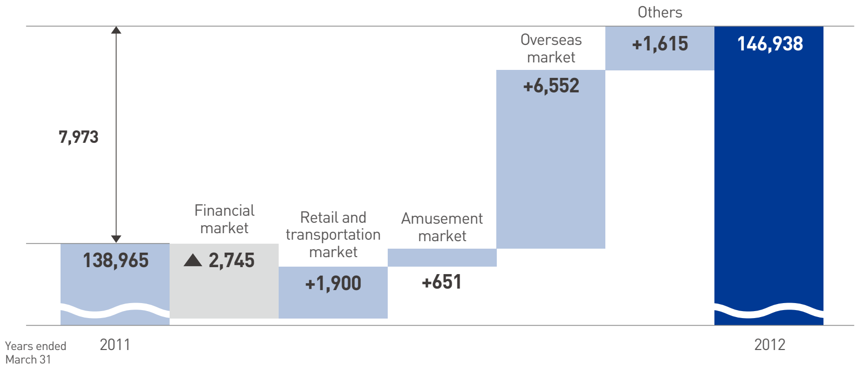
As a result, net sales of the segment rose by 22.8% to ¥35,306 million, and operating income as well by 35.8% to ¥1,838 million.

“Others” Business Segment

Aggregate net sales of “others” business segment were ¥14,062 million, a 13.0% increase on the previous fiscal year. However, the segment recorded an operating loss of ¥253 million, compared with ¥271 million in operating income in the previous fiscal year.

Change Factors of Net Sales

(¥ million)



FINANCIAL POSITION

Assets

Total assets as of March 31, 2012 stood at ¥205,245 million, up by ¥7,225 million from the previous fiscal year-end.

Liabilities

Total liabilities as of March 31, 2012 amounted to ¥51,911 million, an increase if ¥3,673 million on the previous fiscal year-end.

Equity

Total equity as of March 31, 2012 was ¥153,334 million, up by ¥3,552 million from the previous fiscal year-end.

Cash Flows

Cash and cash equivalents as of March 31, 2012 increased by ¥5,643 million from the previous fiscal year-end to ¥58,431 million, reflecting ¥11,642 million in income before income taxes and minority interests and cash-increasing factors such as ¥4,032 million increase in notes, accounts and other payables.

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the fiscal year under review rose by ¥1,672 million from the previous fiscal year to ¥11,019 million. Major cash-increasing factors were ¥11,642 million in income before income taxes and minority interests and ¥6,842 million in depreciation and amortization, offset by cash-decreasing factors such as a ¥5,171 million increase in trade notes and accounts receivable and ¥3,768 million in income taxes paid.

Net Cash Used in Investing Activities

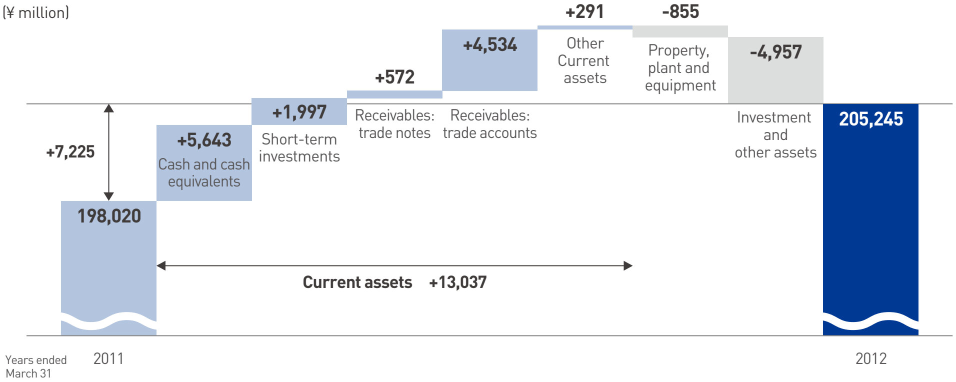
Net cash used in investing activities dropped by ¥5,105 million to ¥2,430 million. Cash in-flows such as ¥2,873 million in proceeds from sales and redemption of investment securities were exceeded by cash out-flows such as ¥1,520 million in purchases of investment securities and ¥3,228 million in purchases of property, plant and equipment, primarily consisting of molds and tools for product manufacturing.

Net Cash Used in Financing Activities

Net cash used in financing activities increased by ¥502 million to ¥2,761 million, mainly due to ¥2,628 million dividends paid.

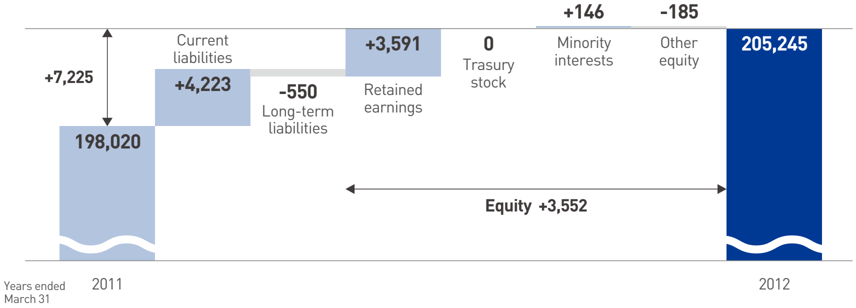
Change Factors of Assets

(¥ million)



Change Factors of Liabilities and Equity

(¥ million)



RISK INFORMATION

The GLORY Group ("the 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 August 3, 2012.

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

The 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 Group may be adversely affected.

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

The composition of the 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 Group may be adversely affected.

(3) R&D Investment

The 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.

(4) Intellectual Property Rights

The 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 GLORY to completely avoid the occurrence of such intellectual property infringement issues. If such circumstances were to occur, the performance of the Group may be adversely affected.

(5) Overseas Business Conditions

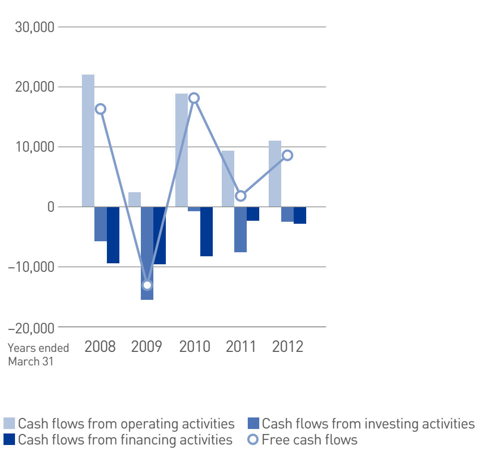
The Group's overseas business activities are wide-ranging, including exports of products, overseas procurement, local production overseas and more. Should a rapid change occur in the political and/or economic situation in a country or region where the Group operates, or if foreign exchange markets were to fluctuate beyond the anticipated scope, the performance of the GLORY Group may be adversely affected.

(6) Integration of Talaris Topco Limited

GLORY completed the acquisition of a U.K.-based company Talaris Topco Limited as of July 10, 2012. The Group believes this acquisition will accelerate the expansion of overseas business and enhance the Group's competitiveness in the businesses it operates.

However, if the expected benefits from the acquisition were not obtained, or if such benefits took longer than anticipated to realize, there may be an adverse effect on the business operations and performance of the Group.

Cash Flows



FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

GLORY LTD. and its consolidated subsidiaries
March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2012	2011	2012
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 58,431	¥ 52,788	$ 711,445
Short-term investments (Notes 4 and 13)	5,257	3,260	64,008
Receivables (Note 13):			
Trade notes	4,554	3,982	55,449
Trade accounts	29,931	25,397	364,434
Unconsolidated subsidiaries and associated company	918	675	11,177
Other	648	587	7,890
Investments in leases (Notes 12 and 13)	2,904	2,757	35,359
Inventories (Note 5)	26,365	26,541	321,015
Deferred tax assets (Note 9)	4,095	4,331	49,860
Other current assets	753	537	9,170
Allowance for doubtful accounts	(299)	(335)	(3,641)
Total current assets	133,557	120,520	1,626,166
PROPERTY, PLANT AND EQUIPMENT:			
Land	12,091	12,349	147,218
Buildings and structures	31,287	31,154	380,945
Machinery and equipment	9,224	9,403	112,310
Furniture and fixtures	50,966	49,034	620,553
Construction in progress	891	113	10,848
Total	104,459	102,053	1,271,874
Accumulated depreciation	(70,860)	(67,599)	(862,779)
Net property, plant and equipment	33,599	34,454	409,095
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	15,343	18,541	186,814
Investments in and advances to unconsolidated subsidiaries and associated company	1,214	1,071	14,780
Software	3,843	3,697	46,792
Goodwill	3,006	4,238	36,601
Deferred tax assets (Note 9)	4,071	5,556	49,568
Other investments and other assets	10,639	11,537	129,539
Allowance for doubtful accounts	(27)	(1,594)	(329)
Total investments and other assets	38,089	43,046	463,765
TOTAL	¥205,245	¥198,020	$2,499,026

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2012	2011	2012
CURRENT LIABILITIES:			
Short-term borrowings (Notes 6 and 13)	¥ 11,047	¥ 11,064	$ 134,506
Current portion of long-term lease obligations (Notes 6, 12 and 13)	937	772	11,409
Payables (Note 13):			
Trade notes	8,296	5,630	101,011
Trade accounts	7,213	7,526	87,824
Unconsolidated subsidiaries and associated company	927	504	11,287
Other	4,093	3,188	49,836
Income taxes payable (Note 13)	1,471	2,221	17,911
Accrued expenses	7,406	6,667	90,174
Accruals for debt guarantees	17	187	207
Accruals for loss on cancellation of lease obligations	45	104	548
Other current liabilities	3,217	2,583	39,169
Total current liabilities	44,669	40,446	543,882
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 7)	2,903	3,293	35,346
Long-term lease obligations (Notes 6 and 13)	1,546	1,473	18,824
Other long-term liabilities (Note 6)	2,793	3,026	34,007
Total long-term liabilities	7,242	7,792	88,177
CONTINGENT LIABILITIES (Note 15)			
EQUITY (Notes 8 and 19):			
Common stock,			
Authorized: 150,000,000 shares;	12,893	12,893	156,983
Issued: 68,638,210 shares in 2012 and 2011			
Capital surplus	20,630	20,630	251,187
Retained earnings	125,859	122,268	1,532,436
Treasury stock—at cost 2,950,450 shares in 2012 and 2,950,306 shares in 2011	(5,816)	(5,816)	(70,815)
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities	(206)	(312)	(2,508)
Foreign currency translation adjustments	(1,468)	(1,177)	(17,874)
Total	151,892	148,486	1,849,409
Minority interests	1,442	1,296	17,558
Total equity	153,334	149,782	1,866,967
TOTAL	¥205,245	¥198,020	$2,499,026

CONSOLIDATED STATEMENT OF INCOME

GLORY LTD. and its consolidated subsidiaries
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET SALES	¥ 146,938	¥ 138,965	$ 1,789,090
COST OF SALES	92,673	86,758	1,128,369
Gross profit	54,265	52,207	660,721
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	42,990	41,698	523,439
Operating income	11,275	10,509	137,282
OTHER INCOME (EXPENSES):			
Interest and dividend income	642	793	7,817
Interest expense	(164)	(181)	(1,997)
Foreign currency exchange loss—net	(79)	(326)	(962)
Gain on sale of investment securities (Note 4)	223		2,715
Loss on valuation of investment securities (Note 4)	(41)	(241)	(499)
Gain on sale of property, plant and equipment	11	147	134
Loss on sale and disposal of property, plant and equipment	(184)	(197)	(2,240)
Income from life insurance and endowment contract	257	201	3,129
Loss on impairment of long-lived assets	(225)	(359)	(2,740)
Commission for bridging loan	(195)		(2,374)
Other—net	122	(219)	1,486
Other income (expenses)—net	367	(382)	4,469
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	11,642	10,127	141,751
INCOME TAXES (Note 9):			
Current	(3,332)	(3,522)	(40,570)
Deferred	(1,614)	(330)	(19,652)
Total income taxes	(4,946)	(3,852)	(60,222)
NET INCOME BEFORE MINORITY INTERESTS	6,696	6,275	81,529
MINORITY INTERESTS IN NET INCOME	(449)	(46)	(5,467)
NET INCOME	¥ 6,247	¥ 6,229	$ 76,062
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.v):			
Basic net income	¥95.09	¥94.83	$1.16
Cash dividends applicable to the year	42.00	37.00	0.51

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GLORY LTD. and its consolidated subsidiaries
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET INCOME BEFORE MINORITY INTERESTS	¥ 6,696	¥ 6,275	$ 81,529
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Net unrealized gain (loss) on available-for-sale securities	106	(147)	1,291
Foreign currency translation adjustments	(424)	(777)	(5,163)
Total other comprehensive loss	(318)	(924)	(3,872)
COMPREHENSIVE INCOME (Note 18)	¥ 6,378	¥ 5,351	$ 77,657
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 18):			
Owners of the parent	¥ 6,061	¥ 5,376	$ 73,797
Minority interests	317	(25)	3,860

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GLORY LTD. and its consolidated subsidiaries
Year Ended March 31, 2012

	Thousands of Shares		Millions of Yen								
							Accumulated Other Comprehensive Income				
	Common Stock	Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Loss on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2010	69,838	(4,149)	¥12,893	¥20,630	¥120,637	¥(8,179)	¥(165)	¥ (471)	¥145,345	¥ —	¥145,345
Net income					6,229				6,229		6,229
Cash dividends, ¥34 per share					(2,233)				(2,233)		(2,233)
Purchase of treasury stock		(1)				(2)			(2)		(2)
Retirement of treasury stock	(1,200)	1,200			(2,365)	2,365					
Net change in the year							(147)	(706)	(853)	1,296	443
BALANCE, MARCH 31, 2011	68,638	(2,950)	12,893	20,630	122,268	(5,816)	(312)	(1,177)	148,486	1,296	149,782
Net income					6,247				6,247		6,247
Cash dividends, ¥40 per share					(2,628)				(2,628)	(242)	(2,870)
Purchase of treasury stock		0				0			0		0
Change of scope of consolidation					(28)				(28)		(28)
Net change in the year							106	(291)	(185)	388	203
BALANCE, MARCH 31, 2012	**68,638**	**(2,950)**	**¥12,893**	**¥20,630**	**¥125,859**	**¥(5,816)**	**¥(206)**	**¥(1,468)**	**¥151,892**	**¥1,442**	**¥153,334**

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Loss on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$156,983	$251,187	$1,488,713	$(70,815)	$(3,799)	$(14,331)	$1,807,938	$15,780	$1,823,718
Net income			76,062				76,062		76,062
Cash dividends, $0.49 per share			(31,998)				(31,998)	(2,947)	(34,945)
Purchase of treasury stock				0			0		0
Change of scope of consolidation			(341)				(341)		(341)
Net change in the year					1,291	(3,543)	(2,252)	4,725	2,473
BALANCE, MARCH 31, 2012	**$156,983**	**$251,187**	**$1,532,436**	**$(70,815)**	**$(2,508)**	**$(17,874)**	**$1,849,409**	**$17,558**	**$1,866,967**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GLORY LTD. and its consolidated subsidiaries
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:	2012	2011	2012
Income before income taxes and minority interests	¥11,642	¥10,127	$141,751
Adjustments for:			
Income taxes—paid	(3,768)	(3,113)	(45,878)
Depreciation and amortization	6,842	6,717	83,307
Amortization of goodwill	1,077	843	13,113
Loss on impairment of long-lived assets	225	359	2,740
Provision for doubtful receivables	(1,595)	(605)	(19,420)
Net loss on sale and disposal of property, plant and equipment	173	50	2,106
Loss on valuation of investment securities	41	241	499
Net loss (gain) on sales of investment securities	(192)	29	(2,338)
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Decrease (increase) in trade notes and accounts receivable	(5,171)	1,356	(62,961)
Increase in inventories	(1,810)	(3,172)	(22,038)
Decrease (increase) in interest and dividend receivable	15	(15)	183
Increase (decrease) in notes, accounts and other payable	4,032	(402)	49,093
Increase (decrease) in interest payable	0	(3)	0
Increase (decrease) in liability for retirement benefits	(390)	97	(4,749)
Decrease in accruals for debt guarantees	(171)	(30)	(2,082)
Decrease in allowance for loss on cancellation of lease obligations	(59)	(105)	(718)
Increase (decrease) in lease obligations	238	(518)	2,898
Decrease (increase) in lease investment assets	(147)	310	(1,790)
Decrease in accrued consumption taxes	(5)	(318)	(61)
Increase in accrued expenses	719	695	8,754
Other—net	(677)	(3,196)	(8,244)
Total adjustments	(623)	(780)	(7,586)
Net cash provided by operating activities	11,019	9,347	134,165
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	70	954	852
Purchases of property, plant and equipment	(3,228)	(3,116)	(39,304)
Purchases of intangible assets	(1,054)	(1,340)	(12,833)
Proceeds from sales and redemption of investment securities	2,873	4,625	34,981
Purchases of investment securities	(1,520)	(6,634)	(18,507)
Increase (decrease) in time deposits—net	817	(14)	9,948
Acquisition of investments in subsidiaries resulting in change in scope of consolidation		(2,168)	
Acquisition of investments in subsidiaries	(188)	(3)	(2,289)
Decrease (increase) in other assets	(200)	161	(2,435)
Net cash used in investing activities	(2,430)	(7,535)	(29,587)
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net	109	218	1,327
Repayments of long-term debt		(243)	
Repurchase of treasury stock	(0)	(2)	(0)
Dividends paid	(2,628)	(2,233)	(31,998)
Dividends paid for minority shareholders	(242)		(2,947)
Net cash used in financing activities	(2,761)	(2,260)	(33,618)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(213)	(415)	(2,593)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,615	(863)	68,367
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	28		341
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	52,788	53,651	642,737
CASH AND CASH EQUIVALENTS, END OF YEAR	¥58,431	¥52,788	$711,445
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Assets acquired	¥ —	¥ (3,937)	$ —
Liabilities assumed		1,241	
Goodwill		(2,526)	
Minority interests		1,321	
Acquisition costs		(3,901)	
Acquired cash and cash equivalents		1,733	
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	¥ —	¥ (2,168)	$ —

See notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GLORY LTD. and its consolidated subsidiaries
Year Ended March 31, 2012

01.

BASIS OF PRESENTATION OF 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 the application and disclosure requirements of 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 that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82.13 to $1, the approximate rate of exchange at March 31, 2012. 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.

02.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Consolidation** - The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its 15 significant (16 in 2011) subsidiaries (together, the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

2012	
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. *1	March 31
GLORY AZ System Co., Ltd.	March 31
GLORY Products 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
Sitrade Italia S.p.A.	December 31
GLORY Denshi Kogyo (Suzhou) Ltd.	December 31
GLORY International Trading (Shanghai) Co., Ltd.	December 31
GLORY France *3	December 31

2011	
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. *1	March 31
GLORY Products Ltd.	March 31
GLORY (U.S.A.) INC.	March 31
GLORY MONEY HANDLING MACHINES PTE LTD	March 31
GLORY Europe GmbH	December 31
Reis Service GmbH *2	December 31
Standardwerk Eugen Reis GmbH	December 31
Sitrade Italia S.p.A.	December 31
GLORY Denshi Kogyo (Suzhou) Ltd.	December 31
GLORY International Trading (Shanghai) Co., Ltd.	December 31

Notes: *1 GLORY NASCA Ltd. and CREATION CARD CO., LTD., which was the consolidated subsidiary, merged as of April 1, 2011; and CREATION CARD CO., LTD., was excluded from the scope of consolidation as it was dissolved. The name of the company after the merger is GLORY NASCA Ltd.

*2 Reis Service GmbH was merged into GLORY Europe GmbH and dissolved as of January 1, 2011.

*3 GLORY France was included in the scope of consolidation starting with the first quarter of the fiscal year ended in March 2012 because of the increasing importance of overseas markets.

GLORY Europe GmbH: Standardwerk Eugen Reis GmbH; GLORY Denshi Kogyo (Suzhou) Ltd.; GLORY International Trading (Shanghai) Co., Ltd.; Sitrade Italia S.p.A.; and GLORY France 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 company 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 acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition, which is presented as goodwill on the consolidated balance sheet is being amortized over a period of five to 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 also 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 the 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 to (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of research and development (R&D); (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties, and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. **Business Combinations** - In October 2003, the Business Accounting Council 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.

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 revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required 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 the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided 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 the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

Transactions under common control - GLORY NASCA Ltd. and CREATION CARD CO., LTD., which was the consolidated subsidiary, merged as of April 1, 2011.

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 and 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.

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, for which there is 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.

Nonmarketable 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 three to 50 years for buildings and structures and from seven to 10 years for machinery, equipment and others. The useful lives for lease assets are the terms of the respective leases.

h. **Long-Lived Assets** - The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. **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 three years. The costs of software for internal use are amortized based on the straight-line method over the estimated useful lives of five years.

j. **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.

k. **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 declining-balance method over 15 years, which is within the average remaining service period.

l. **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, are 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.

m. **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.

n. **Asset Retirement Obligations** - In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under these accounting standards, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and 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 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.

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

p. **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 was effective for fiscal years beginning on or after April 1, 2008.

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 was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases, which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue 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 and certain domestic subsidiaries applied the revised accounting standard effective April 1, 2008. In addition, the Company and certain domestic subsidiaries accounted for leases, which existed at the transition date and does not transfer ownership of the leased property to the lessee as operating lease transactions.

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 was effective for fiscal years beginning on or after April 1, 2008.

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 was 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 and certain domestic subsidiaries applied the revised accounting standard effective April 1, 2008.

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

r. **Income Taxes** - The provision for income taxes is computed based on the pretax income included in the consolidated statement 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.

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

However, receivables denominated in a foreign currency that is covered by a forward exchange contract is translated at the contract rate. The difference resulting from receivables translated at the historical rate and the contract rate is credited (charged) to income as an interest adjustment.

t. **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 are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate.

u. **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 risks. 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 consolidated statement of income; 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 for export sales. Trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

v. **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.

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 statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

w. 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, the 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 Presentations–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.

x. New Accounting Pronouncements

Accounting Standard for Retirement Benefits - On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits," and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000, and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income (or the statement of income and comprehensive income)

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period, no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses, and past service costs that were recognized in other comprehensive income in prior periods, and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013, and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

03.

CHANGES IN PRESENTATION

Prior to April 1, 2011, the amortization of goodwill was included in the other—net among the operating activities section of the consolidated statement of cash flows. During the fiscal year ended March 31, 2012, the amount became significant, and accordingly, such amount is separately presented in the operating activities section of the consolidated statement of cash flows as of March 31, 2012. In accordance with this change in presentation, the consolidated statement of cash flows as of March 31, 2011 has been reclassified.

Prior to April 1, 2011, acquisition of investments in subsidiaries was included in the decrease (increase) in other assets among the investing activities section of the consolidated statement of cash flows. During the fiscal year ended March 31, 2012, the amount became significant, and accordingly, such amount is separately presented in the investing activities section of the consolidated statement of cash flows as of March 31, 2012. In accordance with this change in presentation, the consolidated statement of cash flows as of March 31, 2011 has been reclassified.

04.

SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Short-term investments:			
Time deposits other than cash equivalents	¥ 852	¥ 1,019	$ 10,374
Government, corporate, and other bonds	4,405	2,241	53,634
Total	¥ 5,257	¥ 3,260	$ 64,008
Investment securities:			
Marketable equity securities	¥ 3,241	¥ 3,075	$ 39,462
Nonmarketable equity securities	645	812	7,853
Government, corporate, and other bonds	11,118	14,395	135,371
Other	339	259	4,128
Total	¥15,343	¥18,541	$186,814

Book value and fair value information on held-to-maturity debt securities as of March 31, 2012 and 2011, are summarized as follows:

	Millions of Yen					
	2012			2011		
	Book Value per Balance Sheet	Fair Value	Difference	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:						
Government bonds	¥ 1,000	¥ 1,031	¥ 31	¥ —	¥ —	¥ —
Corporate bonds	4,796	4,817	21	3,599	3,633	34
Securities whose fair values do not exceed their book value:						
Government bonds	195	195		1,113	1,111	(2)
Corporate bonds	9,031	8,822	(209)	9,420	9,292	(128)
Other	500	487	(13)	2,504	2,495	(9)
Total	¥15,522	¥15,352	¥(170)	¥16,636	¥16,531	¥(105)

	Thousands of U.S. Dollars		
	2012		
	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:			
Government bonds	$ 12,176	$ 12,553	$ 377
Corporate bonds	58,395	58,651	256
Securities whose fair values do not exceed their book value:			
Government bonds	2,374	2,374	
Corporate bonds	109,960	107,415	(2,545)
Other	6,088	5,930	(158)
Total	$188,993	$186,923	$(2,070)

Book value and acquisition cost information on available-for-sale securities as of March 31, 2012 and 2011, are summarized as follows:

	Millions of Yen					
	2012			2011		
	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	¥ 956	¥1,349	¥ 393	¥ 924	¥1,161	¥ 237
Securities whose book values do not exceed their acquisition costs:						
Equity securities	2,597	1,892	(705)	2,667	1,914	(753)
Other	348	339	(9)	269	259	(10)
Total	¥3,901	¥3,580	¥(321)	¥3,860	¥3,334	¥(526)

	Thousands of U.S. Dollars		
	2012		
	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	$11,640	$16,425	$ 4,785
Securities whose book values do not exceed their acquisition costs:			
Equity securities	31,621	23,037	(8,584)
Other	4,237	4,128	(109)
Total	$47,498	$43,590	$(3,908)

Available-for-sale securities sold during the years ended March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Proceeds from sales	¥431	¥99	$5,248
Gain on sales	223		2,715
Loss on sales	31	29	377

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 between 30% and 50% of their fair book value, such securities are measured at an amount deemed necessary in consideration of recoverability and other factors, 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 fair value of the securities declined significantly due to deterioration of the financial condition of the issuing companies, such securities are impaired accordingly.

The Group recognized ¥3 million ($37 thousand) and ¥241 million in loss on valuation of investment securities for the years ended March 31, 2012 and 2011, respectively.

05.
INVENTORIES

Inventories as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Finished products and merchandise	¥12,933	¥14,359	$157,470
Work in process	7,043	6,163	85,754
Raw materials and supplies	6,389	6,019	77,791
Total	¥26,365	¥26,541	$321,015

06.
SHORT-TERM BORROWINGS AND LONG-TERM LEASE OBLIGATIONS

(a) Short-term borrowings as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Loans from banks and an insurance company	¥11,047	¥11,064	$134,506

The annual average interest rates applicable to short-term borrowings at March 31, 2012 and 2011, were 1.4%.

(b) Long-term lease obligations as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Obligations under finance leases	¥2,483	¥2,245	$30,233
Less current portion	(937)	(772)	(11,409)
Long-term lease obligations, less current portion	¥1,546	¥1,473	$18,824

(c) Annual maturities of long-term lease obligations as of March 31, 2012, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 937	$11,409
2014	770	9,375
2015	408	4,968
2016	233	2,837
2017 and thereafter	135	1,644
Total	¥2,483	$30,233

07.

RETIREMENT AND PENSION PLANS

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

(b) The liability (asset) for employees' retirement benefits as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥ 34,997	¥ 34,414	$ 426,117
Fair value of plan assets (including a pension trust)	(30,909)	(28,677)	(376,342)
Unrecognized actuarial loss	(3,910)	(5,131)	(47,607)
Unrecognized prior service cost	1,640	1,959	19,968
Net liability	1,818	2,565	22,136
Prepaid pension cost	(1,085)	(728)	(13,210)
Liability for retirement benefits	¥ 2,903	¥ 3,293	$ 35,346

(c) The components of net periodic benefit cost for the years ended March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥1,728	¥1,694	$21,040
Interest cost	686	653	8,353
Recognized actuarial loss	780	765	9,497
Amortization of prior service cost	(286)	(324)	(3,483)
Net periodic benefit costs	2,908	2,788	35,407
Loss on revision of projected benefit obligation		258	
Total	¥2,908	¥3,046	$35,407

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, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	0.0%	0.0%
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
Recognition period of actuarial gain/loss	15 years	15 years
Amortization period of prior service cost	15 years	15 years

08.
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 the Board of Directors, (2) having independent auditors, (3) having the 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 must 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 that was 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.

(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.

09.
INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 40.6% for the years ended March 31, 2012 and 2011, respectively. Foreign consolidated subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets due to:			
Liability for retirement benefits	¥ 2,293	¥ 2,912	$ 27,920
Accrued bonuses	1,445	1,572	17,595
Research and development expenditures	981	1,023	11,945
Depreciation and amortization	541	615	6,587
Unrealized profit eliminated	480	466	5,844
Asset adjustment account	478	894	5,820
Inventories	229	271	2,788
Loss on valuation of investment securities	167	197	2,033
Allowance for doubtful accounts	76	628	925
Other	3,005	2,702	36,588
Gross deferred tax assets	9,695	11,280	118,045
Less valuation allowance	(1,345)	(1,230)	(16,377)
Total gross deferred tax assets	¥ 8,350	¥10,050	$101,668
Deferred tax liabilities due to:			
Net unrealized gain on securities	¥ (140)	¥ (96)	$ (1,705)
Other	(44)	(67)	(535)
Total gross deferred tax liabilities	(184)	(163)	(2,240)
Net deferred tax assets	¥ 8,166	¥ 9,887	$ 99,428

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, 2012 and 2011, are as follows:

	2012	2011
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes, such as entertainment expenses	2.5	2.1
Income not taxable for income tax purposes	(2.3)	(0.7)
Tax credit related to research expenses	(5.4)	(7.1)
Amortization of goodwill	3.8	3.4
Tax rate differences with consolidated subsidiaries	(3.7)	(2.2)
Effect of tax rate reduction	6.4	
Other—net	0.6	1.9
Actual effective tax rate	42.5%	38.0%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.6% to 38.0%, effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012, by ¥767 million ($9,339 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥751 million ($9,144 thousand).

The use of tax loss carryforwards is limited to 80% of taxable income from the beginning of the annual period beginning on April 1, 2012. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012, by ¥4 million ($49 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥4 million ($49 thousand).

10.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011, mainly consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Employees' salaries and bonuses	**¥14,269**	¥13,737	**$173,737**
Amortization of goodwill	**1,077**	843	**13,113**
Depreciation expense	**2,342**	2,272	**28,516**
Rent expense	**3,764**	3,731	**45,830**

11.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expense and manufacturing cost for the years ended March 31, 2012 and 2011, were ¥9,935 million ($120,967 thousand) and ¥8,999 million, respectively.

12.

LEASES

(a) Lessee

As discussed in Note 2.p, the Company and certain domestic subsidiaries account 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, 2012 and 2011, were as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Acquisition cost	**¥ 1,272**	¥ 2,326	**$ 15,488**
Accumulated depreciation	**(1,152)**	(1,868)	**(14,027)**
Net leased property	**¥ 120**	¥ 458	**$ 1,461**

Obligations under finance leases as of March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Due within one year	**¥110**	¥358	**$1,340**
Due after one year	**18**	125	**219**
Total	**¥128**	¥483	**$1,559**
Allowance for impairment loss on leased property	**¥ —**	¥ —	**$ —**

Depreciation expense, interest expense and other information under finance leases as of March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Depreciation expense	**¥339**	¥503	**$4,128**
Interest expense	**8**	21	**97**
Total	**¥347**	¥524	**$4,225**
Lease payments	**¥367**	¥546	**$4,469**
Reversal of allowance for impairment loss on leased property	**¥ —**	¥ —	**$ —**

Depreciation expense and interest expense are not reflected in the consolidated statement 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 as of March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥50	¥38	$609
Due after one year	19	31	231
Total	¥69	¥69	$840

(b) Lessor

The net investment in lease as of March 31, 2012 and 2011, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Gross lease receivables	¥3,519	¥3,428	$42,847
Unearned interest income	615	671	7,488
Investments in lease, current	¥2,904	¥2,757	$35,359

Maturities of investment in lease for finance leases that are deemed to transfer ownership of the leased property to the lessee as of March 31, 2012, are as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥1,316	$16,023
2014	1,064	12,955
2015	536	6,526
2016	327	3,982
2017	196	2,387
2018 and thereafter	80	974
Total	¥3,519	$42,847

As discussed in Note 2.p, the Company and certain domestic subsidiaries account 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, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥105	¥346	$1,278
Due after one year	10	115	122
Total	¥115	¥461	$1,400

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

(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 payables and bank loans are exposed to liquidity risk, the Group manages its liquidity risk by developing a financial plan.

Derivatives consist of 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 detail about derivatives.

(3) Fair values of financial instruments

Fair values of financial instruments are based on 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 the details of fair value for derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values, and unrealized gain/loss as of March 31, 2012 and 2011, were as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Difference
Cash and cash equivalents	¥ 58,431	¥ 58,431	¥ —
Receivables:			
Trade notes	4,554	—	—
Trade accounts	29,931	—	—
Unconsolidated subsidiaries and associated company	358	—	—
Subtotal	34,843	—	—
Allowance for doubtful accounts *1	(269)	—	—
Receivables—net	34,574	34,562	(12)
Investments in leases	2,904	—	—
Allowance for doubtful accounts *1	(29)	—	—
Investments in leases—net	2,875	2,858	(17)
Short-term investments and investment securities	19,955	19,785	(170)
Total	**¥115,835**	**¥115,636**	**¥(199)**
Payables:			
Trade notes	¥ 8,296	¥ 8,296	¥ —
Trade accounts	7,213	7,213	
Unconsolidated subsidiaries and associated company	475	475	
Short-term borrowings	11,047	11,047	
Income taxes payable	1,471	1,471	
Long-term lease obligations	1,546	1,495	(51)
Total	**¥ 30,048**	**¥ 29,997**	**¥ (51)**
Derivative financial instruments: *2			
Hedge accounting—Not applied	¥ —	¥ —	¥ —
Hedge accounting—Applied			
Total	**¥ —**	**¥ —**	**¥ —**

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Difference
Cash and cash equivalents	¥ 52,788	¥ 52,788	¥ —
Receivables:			
Trade notes	3,982	—	—
Trade accounts	25,397	—	—
Unconsolidated subsidiaries and associated company	416	—	—
Subtotal	29,795	—	—
Allowance for doubtful accounts *1	(289)	—	—
Receivables—net	29,506	29,488	(18)
Investments in leases	2,757	—	—
Allowance for doubtful accounts *1	(29)	—	—
Investments in leases—net	2,728	2,694	(34)
Short-term investments and investment securities	20,988	20,883	(105)
Total	¥106,010	¥105,853	¥(157)
Payables:			
Trade notes	¥ 5,630	¥ 5,630	¥ —
Trade accounts	7,526	7,526	
Unconsolidated subsidiaries and associated company	207	207	
Short-term and current portion of long-term borrowings	11,064	11,064	
Income taxes payable	2,221	2,221	
Long-term lease obligations	1,473	1,429	(44)
Total	¥ 28,121	¥ 28,077	¥ (44)
Derivative financial instruments: *2			
Hedge accounting—Not applied	¥ (2)	¥ (2)	¥ —
Hedge accounting—Applied			
Total	¥ (2)	¥ (2)	¥ —

	Thousands of U.S. Dollars		
March 31, 2012	Carrying Amount	Fair Value	Difference
Cash and cash equivalents	$ 711,445	$ 711,445	$ —
Receivables:			
Trade notes	55,449	—	—
Trade accounts	364,434	—	—
Unconsolidated subsidiaries and associated company	4,359	—	—
Subtotal	424,242	—	—
Allowance for doubtful accounts *1	(3,275)	—	—
Receivables—net	420,967	420,821	(146)
Investments in leases	35,359	—	—
Allowance for doubtful accounts *1	(354)	—	—
Investments in leases—net	35,005	34,798	(207)
Short-term investments and investment securities	242,969	240,899	(2,070)
Total	$1,410,386	$1,407,963	$(2,423)
Payables:			
Trade notes	$ 101,011	$ 101,011	$ —
Trade accounts	87,824	87,824	
Unconsolidated subsidiaries and associated company	5,783	5,783	
Short-term borrowings	134,506	134,506	
Income taxes payable	17,911	17,911	
Long-term lease obligations	18,824	18,203	(621)
Total	$ 365,859	$ 365,238	$ (621)
Derivative financial instruments: *2			
Hedge accounting—Not applied	$ —	$ —	$ —
Hedge accounting—Applied			
Total	$ —	$ —	$ —

Notes: *1 Allowance for doubtful accounts taken for receivables and investments in leases are subtracted.
*2 Figures are net of debts and credits arisen from derivative financial instruments. Net debt amounts are indicated in parentheses.

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 Borrowings, and Income Taxes Payable

The carrying values of payables, short-term, borrowings and income taxes payable 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 (one-year TIBOR), plus spread.

Derivatives

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

(b) Financial instruments whose fair value cannot be reliably determined as of March 31, 2012 and 2011, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments in equity instruments that do not have a quoted market price in an active market	¥1,751	¥1,748	$21,320

The above financial instruments are not included in short-term investments and investment securities described in the 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, 2012 and 2011, were ¥1,106 million ($13,467 thousand) and ¥936 million, respectively.

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

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥58,431	¥ —	¥ —	¥—
Receivables	33,633	1,210		
Investments in leases	1,079	1,770	55	
Short-term investments and investment securities	5,055	6,739	4,320	7
Total	¥98,198	¥9,719	¥4,375	¥ 7

	Millions of Yen			
March 31, 2011	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥52,788	¥ —	¥ —	¥—
Receivables	28,575	1,220		
Investments in leases	903	1,799	55	
Short-term investments and investment securities	3,260	9,816	4,475	7
Total	¥85,526	¥12,835	¥4,530	¥ 7

	Thousands of U.S. Dollars			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 711,445	$ —	$ —	$—
Receivables	409,509	14,733		
Investments in leases	13,138	21,551	670	
Short-term investments and investment securities	61,549	82,053	52,599	85
Total	$1,195,641	$118,337	$53,269	$85

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

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 not applied

	Millions of Yen			
March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling euro	¥—	¥—	¥—	¥—

	Millions of Yen			
March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling euro	¥119	¥—	¥(2)	¥(2)

	Thousands of U.S. Dollars			
March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling euro	$—	$—	$—	$—

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling euro	Receivables	¥628	¥—	*1

	Millions of Yen			
March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling euro	Receivables	¥78	¥—	*1

	Thousands of U.S. Dollars			
March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling euro	Receivables	$7,646	$—	*1

Note: *1 Fair value of the Foreign currency forward contract assigned for receivables is included in the fair value of receivables disclosed at Note 13.

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

The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15.
CONTINGENT LIABILITIES

At March 31, 2012 and 2011, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Guarantees for bank loans drawn by its employees	¥ 58	¥ 65	$ 706
Guarantees for lease obligations owed by its customers	1,693	2,124	20,614

16.
BUSINESS COMBINATION

Transactions between Entities under Common Control

GLORY NASCA Ltd. and CREATION CARD CO., LTD., which were consolidated subsidiaries, merged as of April 1, 2011. The business of GLORY NASCA Ltd. and CREATION CARD CO., LTD. primarily involves sales and maintenance of recreation card systems and recreation-related instruments. GLORY NASCA Ltd. is the surviving company. The name of the company after the merger is GLORY NASCA Ltd.

The merger aims to achieve a sales expansion for the entire group and corporate value improvement by strengthening the active conduct of business and improving operating efficiency by consolidating the resources of the two businesses. There was no agreement of ownership after the merger necessary as both companies were 100% consolidated subsidiaries.

This merger was treated as a transaction between entities under common control in accordance with "Accounting for Business Combinations" (ASBJ Statement No. 21 update on December 26, 2008), and "Guidance for Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10 updated on December 26, 2008).

17.
RELATED PARTY DISCLOSURES

Transactions with the Company and related parties for the years ended March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Transactions with the companies in which directors and their relatives hold a majority of voting rights:			
Purchase of parts	¥—	¥511	$—

18.
COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrealized loss on available-for-sale securities:		
Gains arising during the year	¥ 190	$ 2,313
Reclassification adjustments to profit or loss	15	183
Amount before income tax effect	205	2,496
Income tax effect	(99)	(1,205)
Total	¥ 106	$ 1,291
Foreign currency translation adjustments:		
Adjustments arising during the year	¥(424)	$(5,163)
Total	¥(424)	$(5,163)
Total other comprehensive income	¥(318)	$(3,872)

The corresponding information for the year ended March 31, 2011, was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

19. SUBSEQUENT EVENTS

(a) Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2012, was approved at the Company's shareholders meeting held on June 22, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥22 ($0.27) per share	**¥1,445**	**$17,594**

(b) Transactions between Entities under Common Control

GLORY Service Co., Ltd., a consolidated subsidiary, and GLORY F&C Co., Ltd., a nonconsolidated subsidiary, merged as of April 1, 2012. The business of GLORY Service Co., Ltd. primarily involves sales, maintenance, and operation of coin-operated lockers manufactured by the Company. The business of GLORY F&C Co., Ltd. primarily involves sales and maintenance of card system equipment, ticket vending machines, etc. GLORY Service Co., Ltd. is the surviving company. The name of the company after the merger is GLORY Service Co., Ltd.

The merger aims to strengthen and improve the efficiency of business activities in the leisure market and employee cafeteria market. There was no agreement of ownership after the merger necessary as both two 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" (ASBJ Statement No. 21 update on December 26, 2008), and "Guidance for Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10 updated on December 26, 2008).

20. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information," 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.

1. Description of reportable segments

   The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the segments Financial market, Retail and transportation market, Amusement market and Overseas market. Financial market consists of sales and maintenance services to domestic financial institutions, Japan Post Bank, OEM clients, and others. Industry Retail and transportation market consists of sales and maintenance services to domestic supermarkets, department stores, cash-in-transit companies, railroad companies, and others. Amusement market consists of sales and maintenance services to domestic amusement halls. Overseas market consists of sales and maintenance services to overseas financial institutions, cash-in-transit companies, casinos, OEM clients, and others.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

   The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies." Income by reportable segment is operating income.

3. Information about sales, profit (loss), assets, liabilities and other items is as follows:

	Millions of Yen								
	2012								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥44,192	¥28,566	¥24,812	¥35,306	¥132,876	¥14,062	¥146,938	¥ —	¥146,938
Intersegment sales or transfers									
Total	44,192	28,566	24,812	35,306	132,876	14,062	146,938		146,938
Segment profit	3,955	3,695	2,040	1,838	11,528	(253)	11,275		11,275
Segment assets *1	49,207	35,530	26,064	34,283	145,084	17,828	162,912	42,333	205,245
Other:									
Depreciation	1,867	1,201	1,814	1,291	6,173	669	6,842		6,842
Amortization of goodwill			658	419	1,077		1,077		1,077
Increase in property, plant and equipment and intangible assets	¥ 1,816	¥ 1,177	¥ 1,724	¥ 1,338	¥ 6,055	¥ 654	¥ 6,709	¥ —	¥ 6,709

	Millions of Yen								
	2011								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥46,937	¥26,666	¥24,161	¥28,754	¥126,518	¥12,447	¥138,965	¥ —	¥138,965
Intersegment sales or transfers									
Total	46,937	26,666	24,161	28,754	126,518	12,447	138,965		138,965
Segment profit	5,593	2,295	996	1,354	10,238	271	10,509		10,509
Segment assets *1	47,763	32,743	33,547	36,459	150,512	13,801	164,313	¥33,707	198,020
Other:									
Depreciation	1,691	1,248	1,861	1,351	6,151	566	6,717		6,717
Amortization of goodwill			658	185	843		843		843
Increase in property, plant and equipment and intangible assets	¥ 1,416	¥ 1,115	¥ 2,125	¥ 4,310	¥ 8,966	¥ 483	¥ 9,449	¥ —	¥ 9,449

	Thousands of U.S. Dollars								
	2012								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	$538,074	$347,814	$302,107	$429,879	$1,617,874	$171,216	$1,789,090	$ —	$1,789,090
Intersegment sales or transfers									
Total	538,074	347,814	302,107	429,879	1,617,874	171,216	1,789,090		1,789,090
Segment profit	48,155	44,990	24,839	22,379	140,363	(3,081)	137,282		137,282
Segment assets *1	599,135	432,607	317,350	417,424	1,766,516	217,071	1,983,587	$515,439	2,499,026
Other:									
Depreciation	22,732	14,623	22,087	15,719	75,161	8,146	83,307		83,307
Amortization of goodwill			8,012	5,101	13,113		13,113		13,113
Increase in property, plant and equipment and intangible assets	$ 22,111	$ 14,331	$ 20,991	$ 16,292	$ 73,725	$ 7,963	$ 81,688	$ —	$ 81,688

Note: *1 Reconciliations of segment assets are corporate assets of ¥42,333 million ($515,439 thousand) and ¥33,707 million for the years ended March 31, 2012 and 2011, respectively, consisting principally of surplus funds of the Group.

4. Information about products and services

	Millions of Yen			
	2012			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	**¥92,651**	**¥33,911**	**¥20,376**	**¥146,938**

	Millions of Yen			
	2011			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	¥89,096	¥31,237	¥18,632	¥138,965

	Thousands of U.S. Dollars			
	2012			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	**$1,128,102**	**$412,894**	**$248,094**	**$1,789,090**

5. Information about geographical areas

(a) Sales

Millions of Yen				
2012				
Japan	Asia/Oceania	Americas	Europe	Total
¥111,632	**¥10,477**	**¥8,494**	**¥16,335**	**¥146,938**

Millions of Yen				
2011				
Japan	Asia/Oceania	Americas	Europe	Total
¥110,211	¥8,055	¥5,988	¥14,711	¥138,965

Thousands of U.S. Dollars				
2012				
Japan	Asia/Oceania	Americas	Europe	Total
$1,359,211	**$127,566**	**$103,421**	**$198,892**	**$1,789,090**

Note: Sales are classified in countries or regions based on location of customers.

(b) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

6. Information about major customers

Information by major customers is not shown since outside sales for major customers accounted for less than 10% of operating revenue on the consolidated statements of income.

7. Information impairment losses of assets by reportable segment

	Millions of Yen								
	2012								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets								¥225	¥225

	Millions of Yen								
	2011								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets						¥359	¥359		¥359

	Thousands of U.S. Dollars								
	2012								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets								$2,740	$2,740

Note: The impairment loss of ¥225 million ($2,740 thousand) relates to idle assets and was not allocated to any reportable segment.

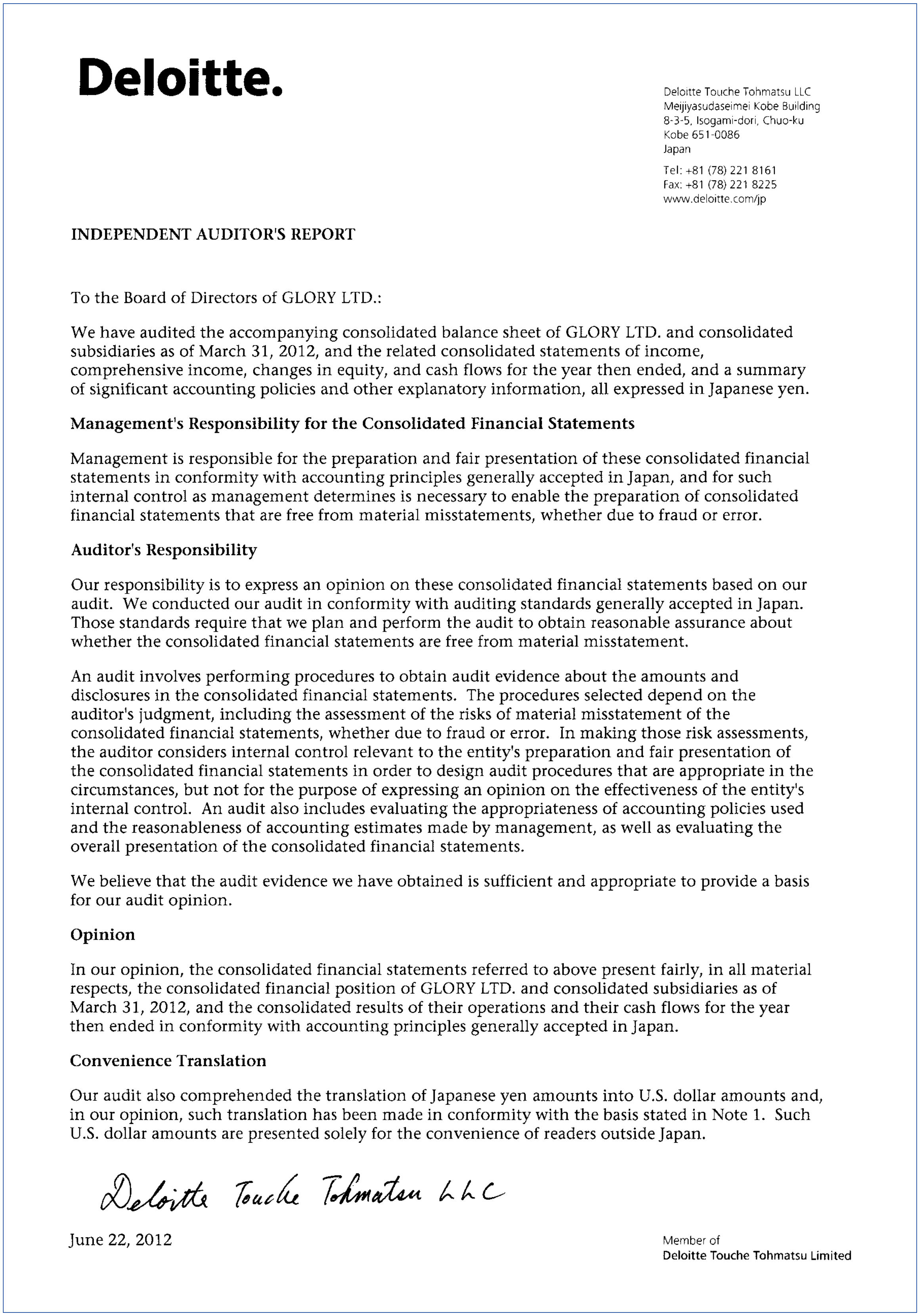
8. Information on amortization of goodwill and unamortized balance by reportable segment

	Millions of Yen								
	2012								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			¥658	¥ 419	¥1,077		¥1,077		¥1,077
Goodwill at March 31, 2012			872	¥2,134	3,006		3,006		3,006

	Millions of Yen								
	2011								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			¥ 658	¥ 185	¥ 843		¥ 843		¥ 843
Goodwill at March 31, 2011			1,530	2,708	4,238		4,238		4,238

	Thousands of U.S. Dollars								
	2012								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			$ 8,012	$ 5,101	$13,113		$13,113		$13,113
Goodwill at March 31, 2012			10,618	25,983	36,601		36,601		36,601

INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of GLORY LTD.:

We have audited the accompanying consolidated balance sheet of GLORY LTD. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit 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 22, 2012

Member of
Deloitte Touche Tohmatsu Limited

CORPORATE INFORMATION

(As of March 31, 2012)

Corporate Information

Name: GLORY LTD.
Established: November 27, 1944
Capital: ¥12,892,947,600
URL: http://www.glory-global.com
Number of employees: 3,561 (Consolidated basis: 6,149)

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 27 local service offices 3 service centers 2 other business sites

Group Companies

(As of July 10, 2012)

Domestic manufacturing subsidiaries (5 in total)

- ● GLORY Products Ltd.
- ● GLORY AZ System Co., Ltd.
- GLORY System Create Ltd.
- GLORY Friendly Co., Ltd.
- GLORY Mechatronics Ltd.

Domestic sales and maintenance subsidiaries (8 in total)

- ● GLORY Service Co., Ltd.*1
- ● Hokkaido GLORY Co., Ltd.
- ● GLORY IST Co., Ltd.
- ● GLORY NASCA Ltd.
- ● GLORY Techno 24 Co., Ltd.
- GLORY Engineering Ltd.
- Japan Settlement Information Center Ltd.
- (and one other company)

Subsidiaries overseas (47 in total)

- ● GLORY (U.S.A.) INC.
- ● GLORY Europe GmbH
- ● Standardwerk Eugen Reis GmbH
- ● GLORY France*2
- ● GLORY MONEY HANDLING MACHINES PTE LTD
- ● GLORY Denshi Kogyo (Suzhou) Ltd.
- ● GLORY International Trading (Shanghai) Co., Ltd.
- ● Sitrade Italia S.p.A.
- ● GLORY Global Solutions Ltd.*4
- ● Talaris Topco Limited*4
- ● Talaris Midco Limited*4
- ● Talaris Holdings Limited*4
- ● Talaris Limited*4
- ● Talaris Inc.*4
- GLORY (PHILIPPINES), INC.
- GLORY Cash Handling Systems (China) Ltd.
- GLORY IPO Asia Ltd.
- GLORY IPO China Ltd.
- GLORY Currency Automation India Pvt. Ltd.*3
- (and 28 other companies)

● Consolidated subsidiaries

Notes:

*1. On April 1, 2012 GLORY Service Co., Ltd. absorbed former GLORY subsidiary GLORY F&C Co., Ltd. in a merger.

*2. GLORY France became a consolidated subsidiary in the fiscal year ended March 31, 2012

*3. GLORY Currency Automation India Pvt. Ltd. was established on June 6, 2011.

*4. On July 10, 2012, all of the outstanding shares of Talaris Topco Limited were acquired through GLORY Global Solutions, a U.K. subsidiary, and Talaris Topco and its 32 subsidiaries became GLORY's subsidiaries.

SHARE INFORMATION

(As of March 31, 2012)

Share Information

Number of shares authorized	150,000,000
Number of shares issued	68,638,210 (Including 2,950,450 shares of treasury stock)
Trading unit	100 shares
Number of shareholders	7,878 shareholders (up 75 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	Mitsubishi UFJ Trust and Banking Corporation

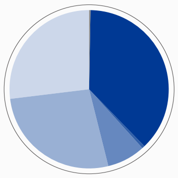
Major shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
STATE STREET BANK AND TRUST COMPANY 505223	4,444	6.5
Nippon Life Insurance Company	3,427	5.0
Japan Trustee Services Bank, Ltd. (Trust account)	3,213	4.7
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	2,570	3.7
The Master Trust Bank of Japan, Ltd. (Trust account)	2,375	3.5
Sumitomo Mitsui Banking Corporation	2,100	3.1
JP MORGAN CHASE BANK 385174	1,895	2.8
GLORY Group Employees' Stock Ownership Association	1,702	2.5
Tatsubo Fashion Co. Ltd.	1,500	2.2
GLORY Business Partners' Stock Ownership Association	1,136	1.7

*In addition to the above, the Company holds 2,950,450 shares of treasury stock

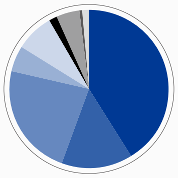
Shareholder distribution

Distribution by ownership of shares



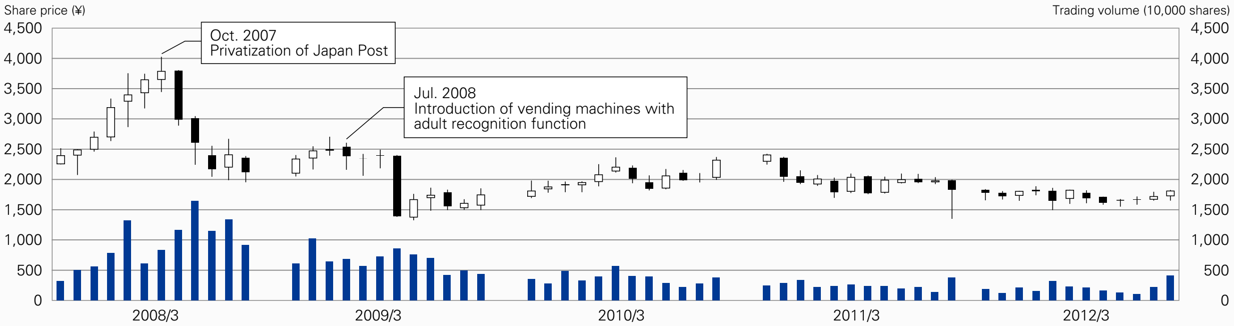
National and regional government bodies	0.2%
Financial institutions	37.6%
Securities companies	0.6%
Other Japanese companies	7.8%
Overseas individuals and companies	26.9%
Japanese individuals, etc.	26.9%

Distribution by number of shares



1 million shares or over	41.4%
500,000–999,999 shares	14.3%
100,000–499,999 shares	23.1%
50,000–99,999 shares	5.3%
10,000–49,999 shares	7.6%
5,000–9,999 shares	1.8%
1,000–4,999 shares	4.7%
500–999 shares	0.6%
Less than 500 shares	1.2%

Trends in Share Price and Trading Volume*



	2008/3	2009/3	2010/3	2011/3	2012/3
FY-end share price (Yen)	2,120	1,747	2,322	1,831	1,811
High (Yen)	4,020	2,700	2,365	2,418	1,880
Low (Yen)	1,960	1,330	1,699	1,355	1,500
Total trading volume (Shares)	111,178,900	78,934,700	43,545,600	29,904,100	24,490,000

*Data from Osaka Securities Exchange

CONCERNING DISCLOSURE OF INFORMATION TO SHAREHOLDERS AND INVESTORS

1. Basic policy on information disclosure

GLORY LTD. ("the Company") considers the proactive disclosure of information to increase management transparency an important responsibility to our shareholders and investors. We will at all times conscientiously implement measures to fairly and impartially provide timely, accurate information.

We will strive to enhance corporate value by feeding back into business management evaluations and opinions received from shareholders and investors through information disclosure.

2. Information disclosure standards

The Company conducts timely disclosure in accordance with the Timely Disclosure Regulations of the stock exchanges where the Company's stock are listed. The Company also endeavors to voluntarily disclose information considered useful for investment decisions even if such information is not subject to the Timely-Disclosure Regulations, taking into consideration timeliness and fairness.

3. Methods of disclosure

The Company provides the information required under the Timely-Disclosure Regulations by using the TDnet network, a timely-disclosure system provided by the Tokyo Stock Exchange. 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 endeavors to disclose the information according to the spirit of timely disclosure and as fairly and accurately as possible.

4. Forecasts of business results

All forecasts included in the information that the Company discloses are based on the assumptions about the future that underpin them, and on the judgment of the Company according to the information then available. Please be aware that forecasts can differ widely from actual results, due to a wide range of factors.

5. 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 on or responding to inquiries regarding its accounts. However, the Company may disclose information through press releases as appropriate during this period in the case of events that may seriously affect previously disclosed forecast of financial results.

OUR IR ORGANIZATION

Besides the President, four staff members are engaged in IR activities for shareholders and investors, both within Japan and overseas. For financial information and other IR materials, please see contact details below.

PUBLIC/INVESTOR RELATIONS DEPT.

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GLORY

We Secure the Future

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