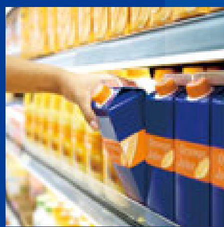
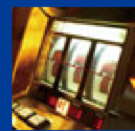
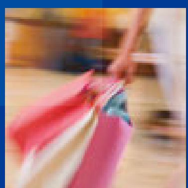
GLORY LTD.

BUILDING A BIGGER FUTURE

ANNUAL REPORT 2013 | For the Year Ended March 31, 2013







BY APPLYING WINNING STRENGTHS

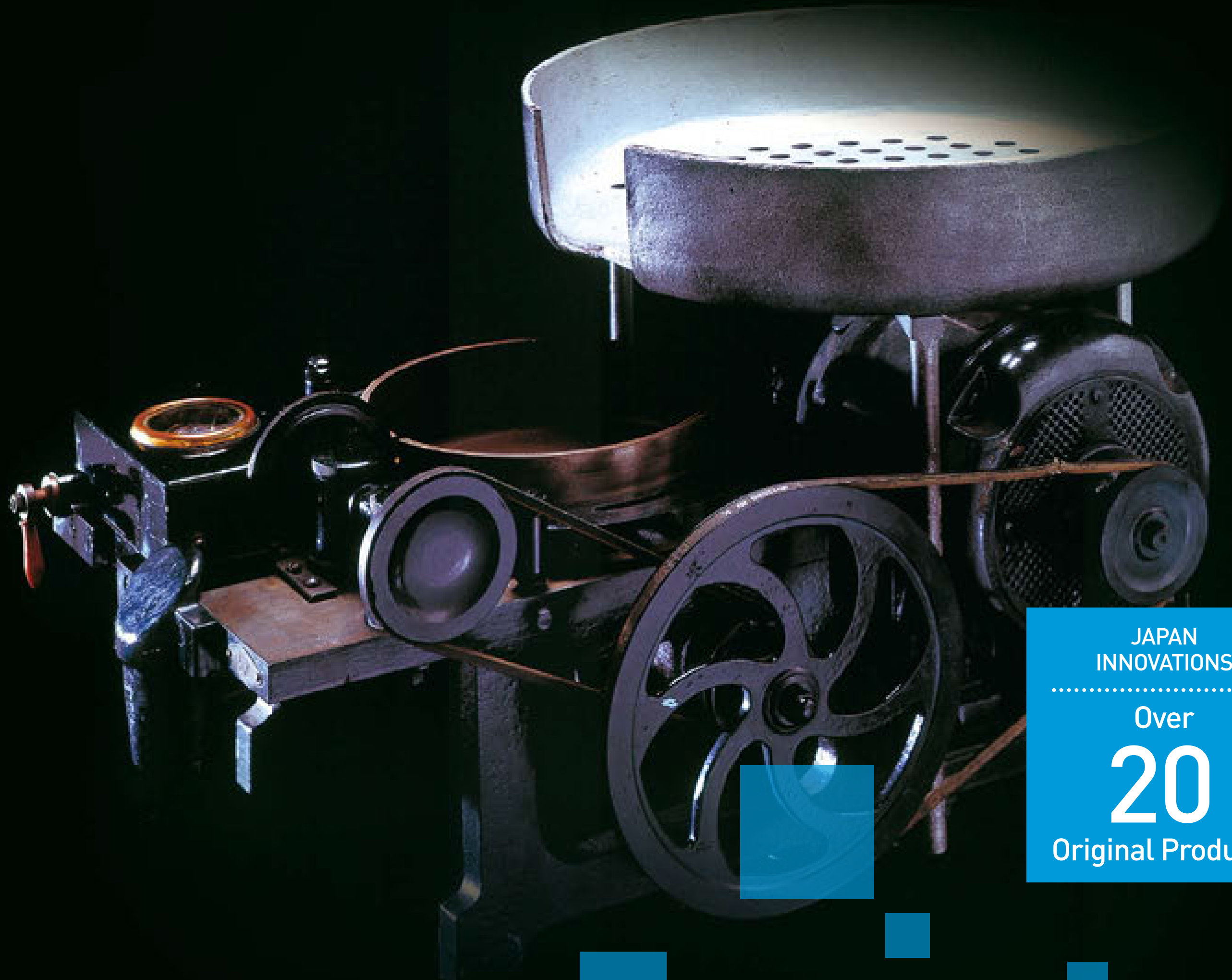
In 1950, GLORY developed and delivered Japan's first coin counter to the Japan Mint. As a **PIONEER**, GLORY became the first to manufacture a number of groundbreaking money handling products in Japan including the country's first coin wrappers, 1,000-yen banknote changers, and cigarette vending machines. Constant R&D builds on a foundation of recognition/identification and mechatronics **TECHNOLOGIES** to assure competitive efficiency and labor saving performance in more than 100 countries around the world. Other research has brought breakthroughs in facial recognition and privacy protection technologies.

A conscious decision to think and operate with a truly **GLOBAL** perspective means we now have an expanding worldwide sales and service **NETWORK**, served by strong manufacturing and sales bases, always seeking better ways to fine-tune our products to the needs of each customer. While many competitors are narrowly specialized, GLORY's comprehensive range of products and solutions are winning the trust of customers, in more regions than ever.

With a growing portfolio of new technologies and ever-widening sphere of local sales and support, GLORY has opened up new **POTENTIAL** not only in the financial industry but also in the retail, transportation, amusement and other markets, where GLORY's solutions are only beginning to reveal a new and bigger **FUTURE**.

TO PIONEER MEANS TO LEAD

GLORY was founded 95 years ago as a repair shop for light bulb manufacturing equipment in Himeji City, Japan. As the result of hard work to improve its technical capabilities and create its own products, in 1950, GLORY developed and delivered Japan's first coin counter to the Japan Mint. This success prompted the company to start the money handling machine business. GLORY has since established a position as a pioneer in the money handling machine industry in Japan, developing over twenty groundbreaking products, including the first coin wrappers, cigarette vending machines and 1,000-yen banknote changers to be manufactured in Japan.



JAPAN INNOVATIONS

Over **20** Original Products

Japan's first coin counter

R&D EXPENSE RATIO TO NET SALES*

6.3%

* Fiscal year ended March 31, 2013

RESEARCHERS

Approx.

900

People

STAYING AHEAD WITH WINNING TECHNOLOGY

The appearance of currency is changed by manner of usage and the passage of time. Machines incorporating GLORY's core recognition/identification technology and mechatronics technology detect counterfeits, sort, count, and wrap banknotes and coins with all the care and accuracy of human eyes and hands, but with far greater speed.

The key to GLORY's success as an industry leader that has created a variety of groundbreaking products is the "striving spirit" in GLORY's DNA and the Group's R&D team of more than 900 talented specialists who carry on that spirit. GLORY's continuous 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.

WHEN WE SAY NETWORK, WE THINK GLOBAL

Another key strength of GLORY is our global network. We do business in more than 100 countries around the world and engage in direct sales and service in more than 20 countries. Although the market environment and customer needs vary in each country and region, GLORY's high-quality products and solutions have earned the trust of customers worldwide.

SERVING CUSTOMERS

Over
100
Countries

GROUP EMPLOYEES

Over
9,000
People

KEEPING PACE WITH A GROWING POTENTIAL MARKET

A great many currencies are used around the world, and enormous amounts of cash change hands each day. Money handling machines are utilized at financial institutions, retail stores, and various other places where cash accumulates. At a time when more efficient and rigorous business activities are required to keep pace with economic development, needs for money handling machines are expected to increase, especially in developing countries now experiencing striking economic development. GLORY will utilize its broad product range and extensive network to accurately ascertain customer needs and expand its markets.

WORLD BANK BRANCH GROWTH 2004–2011*

45%

* Per 100,000 population (World Bank Data)

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CONSOLIDATED FINANCIAL HIGHLIGHTS

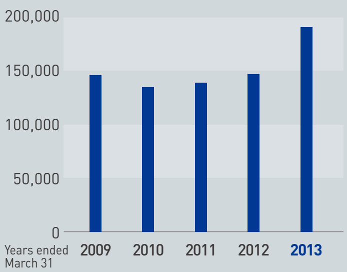
GLORY LTD. and consolidated subsidiaries
Years ended March 31

					Millions of yen	Thousands of U.S. dollars*1
For the year:	2009	2010	2011	2012	**2013**	**2013**
Net sales	¥ 145,979	¥ 135,105	¥ 138,965	¥ 146,938	¥ 190,939 *5	$ 2,031,050
Operating income	9,427	7,685	10,509 *4	11,275	14,458 *5	153,792
Net income	5,782	5,109	6,229	6,247	6,873	73,109
Capital expenditure*2	10,638	6,714	6,414	6,709	8,218	87,416
R&D expenses	9,204	8,776	8,999	9,935	12,092	128,625
Depreciation and amortization	7,621	8,145	6,717	6,842	8,897	94,639
At year-end:						
Total assets	196,798	194,983	198,020	205,245	319,078 *5	3,394,086
Total equity*3	147,176	145,345	149,782	153,334	168,465	1,791,990
Interest-bearing debt	14,110	14,038	13,309	13,530	86,298 *5	917,966
Per share data (Yen, U.S. dollars):					Yen	U.S. dollars
Net income	82.15	76.00	94.83	95.09	104.64	1.11
Dividend (annual)	30.00	33.00	37.00	42.00	44.0	0.47

*1 The U.S. dollar amounts are converted, for convenience only, at the rate of ¥94.01=US$1, the approximate exchange rate at March 31, 2013.
*2 The capital expenditure figures include investments and other assets.
*3 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.
*4 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.
*5 Major portion of increase due to acquisition of Talaris Topco Limited in 2012.

Net Sales

(¥ million)



Operating Income/Operating Margin

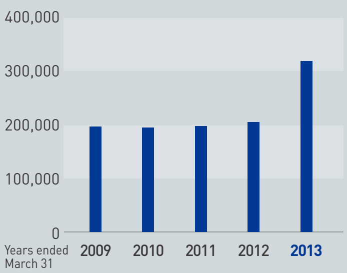
(¥ million) (%)

Net Income

(¥ million)

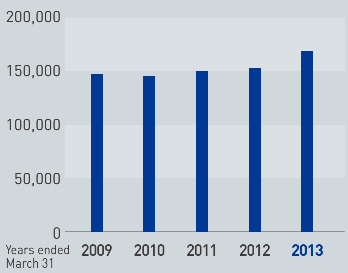
Total Assets

(¥ million)



Total Equity

(¥ million)



ROE

(%)

WE ARE BUILDING A STABLE PLATFORM FOR GROWTH

The GLORY Group will steadily implement the 2014 Medium-Term Management Plan and proceed with the integration of overseas operations. These operations are aimed at developing steady and profitable growth on a global basis for many years to come.

President
Hirokazu Onoe

Q1 Please provide an overview of business results in the fiscal year ended March 31, 2013.

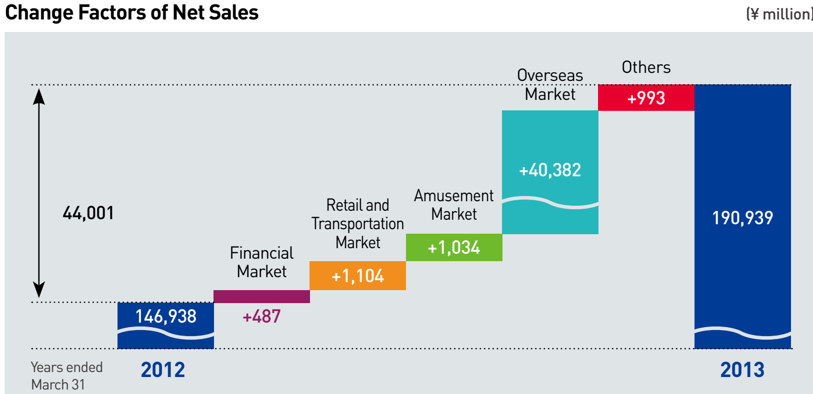
GLORY achieved higher sales and income thanks to the expansion of overseas operations through the Talaris acquisition and deeper penetration in the domestic market.

In the fiscal year ended March 31, 2013, sluggish personal consumption and worries about a global economic slowdown triggered by prolongation of the European debt crisis brought uncertainty to the Japanese economy. After the turn of the year, expectations for the monetary easing policies of the new administration of Japan drove a shift to a weakening yen, recovery in stock prices and other signs of a business recovery.

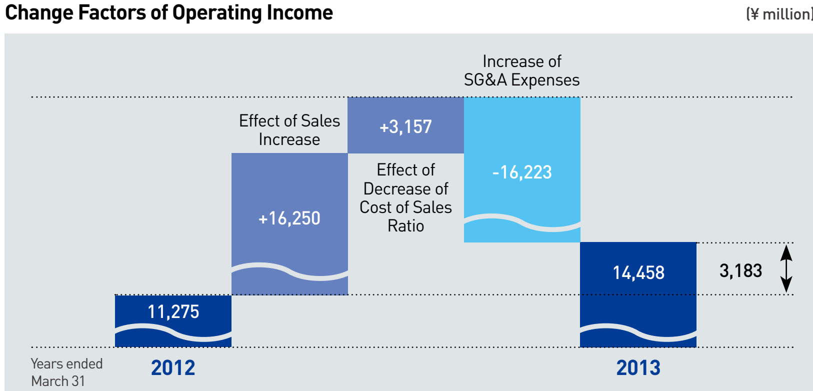
In this environment, both sales and income rose sharply in this first year of the 2014 Medium-Term Management Plan as a result of various measures carried out under our basic policy of "implementing a growth strategy and strengthen profitability to achieve the Long-Range Vision 2018." Consolidated net sales were ¥190,939 million (up 29.9% year on year), operating income was ¥14,458 million (up 28.2%), and net income was ¥6,873 million (up 10.0%) in the fiscal year ended March 31, 2013.

Sales in Japan rose year on year as a result of vigorous sales activities and deeper penetration in each of our markets. In the financial market, sales of mainstay open teller systems were mixed: although sales of conventional models were weak during a slack period of these products' update cycle, sales of compact models for small and mid-size branches of financial institutions were robust. Also, sales of coin and banknote recyclers for tellers, multi-functional banknote changers

Change Factors of Net Sales (¥ million)



Change Factors of Operating Income (¥ million)



were favorable thanks to update demand from financial institutions. In the retail and transportation market, while a decrease in high-volume orders led to weak sales of mainstay coin and banknote recyclers for cashiers, sales proceeds deposit machines for the cash-in-transit companies and other products sold well. Constant search for higher operating efficiency at pachinko parlors fueled strong sales of card systems and other products in the amusement market.

Sales rose sharply in the overseas market as a result of favorable sales in all regions coupled with the addition in the second quarter of sales of Talaris Topco Limited (now Glory Global Solutions (Topco) Ltd.)(hereafter "Talaris"), a UK-based provider of cash handling equipment and software solutions acquired in July 2012.

Q2 What progress was made against the objectives in the 2014 Medium-Term Management Plan?

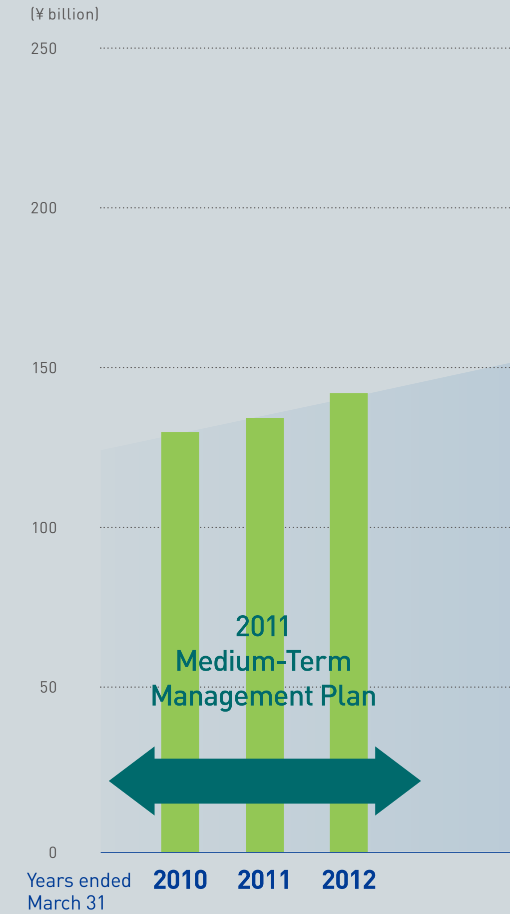
GLORY is steadily implementing the three basic strategies in the Plan.

GLORY has launched the 2014 Medium-Term Management Plan, covering the three-year period from April 2012, as an action plan for realizing the Long-Range Vision 2018. In the year under review, the first year of the plan, we vigorously implemented three basic strategies: the Business Strategy, the Constitutional Strategy and the Corporate Management Strategy.

With regard to the Business Strategy, to increase sales of open teller systems in the financial market in Japan, we are strengthening proposal-driven sales directed at market sectors where GLORY products have not yet been introduced, which has increased sales of compact models. In the retail and transportation market, we are attracting new orders by actively proposing coin and banknote recyclers for cashiers to specialty retailers and restaurant chains.

In overseas operations, we have been successful with regional strategies adapted to customer needs. For instance, sales of banknote recyclers for tellers have been increasing since we introduced three variations with different specifications for financial institutions in Europe and North America. We also offer desktop banknote sorters to financial institutions in China to meet demand for detecting counterfeit banknotes and are booking high-volume orders for the products.

In accordance with the Constitutional Strategy, we are promoting cost reduction through collaboration between the development and manufacturing divisions to give our products global cost competitiveness. We will continue to improve development efficiency by reviewing our product lines for overseas markets, including Talaris



LONG-RANGE VISION 2018

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 GROWTH STRATEGY

Performance Targets*

Net sales:	¥210 billion
Operating income:	¥21 billion
Overseas sales ratio:	40% or higher

Management Targets*

ROE:	6.0% or higher

Long-Term Performance Targets*

Net sales:	¥260 billion
Operating Margin:	12%

BASIC POLICY

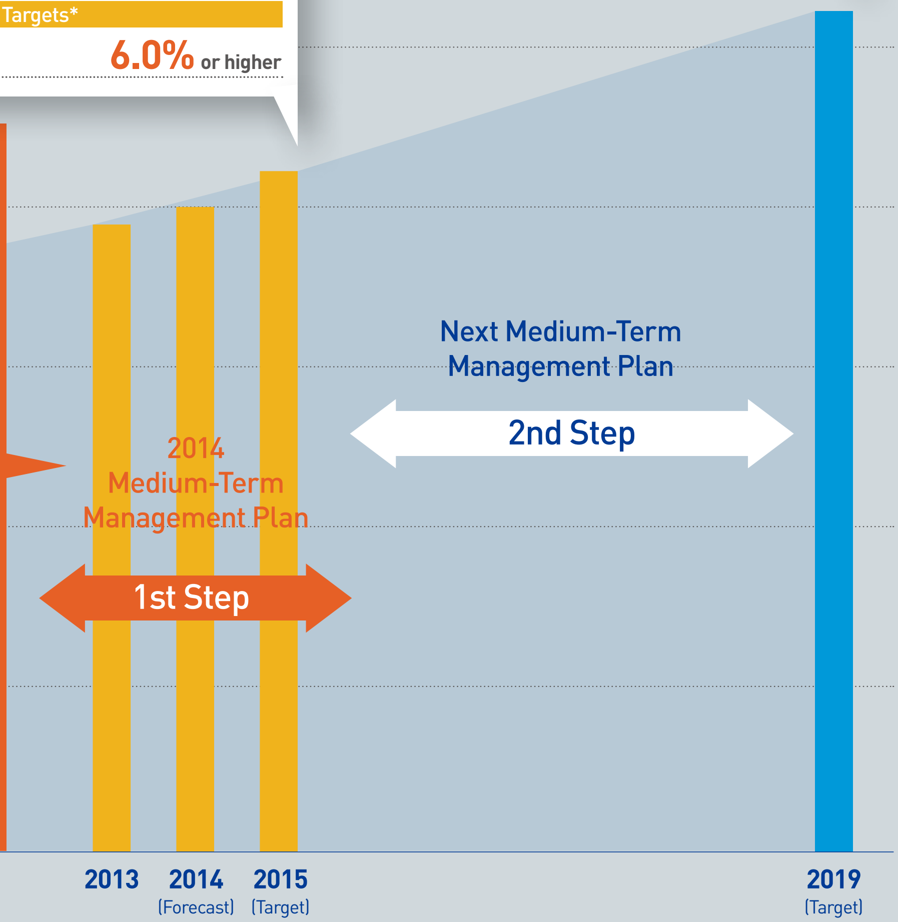
To achieve the Long-Range Vision 2018;
- Implement a growth strategy and strengthen profitability
- Achieve an operating margin of 10% or higher*

BASIC STRATEGY

Business Strategy
- Domestic Business Strategy
- Overseas 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



LONG-TERM BASIC STRATEGY

Business Strategy
- **Domestic Operations**: Capture untapped markets and introduce new products
- **Overseas Operations**: Enhance business expansion in new business fields in developed countries and in emerging economies
- **New Businesses**: Establish operations in the non-money-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

* Performance targets (consolidated bases) are for the final years of the plan based on the plan assumed exchange rate of ¥125 / GBP.

products, and unifying development themes. We will also seek cost synergies by promoting global procurement and rebuilding the production structure to leverage benefits of scale from the Talaris acquisition.

Under the Corporate Management Strategy, whose purpose is to strengthen the business foundation that supports the Business Strategy and the Constitutional Strategy, we have implemented measures including a review and revision of our corporate philosophy structure that guides our business activities to further promote CSR activities, and a restructuring of Group companies.

In November 2012, we revised our performance targets to take into account the Talaris acquisition, setting a target of consolidated net sales of ¥210.0 billion for the final year of the plan. We have also revised the consolidated net sales target for the final year of the Long-Range Vision 2018 to ¥260.0 billion. The Group will mount a united effort to achieve these targets.

Future plans call for enhancing business competitiveness by increasing the Group's sense of unity under the internal slogan "One GLORY" and by boosting brand power and brand penetration.

Q3 Please discuss the activities since the Talaris acquisition in July 2012.

We are steadily implementing an integration plan to lay the groundwork for synergy creation.

In response to the Talaris acquisition, GLORY is working to integrate the overseas operations of GLORY group and Talaris group by forming an integration committee and project teams. We will carry on with integration of the development, manufacturing and sales functions and focus on the realization of synergies at an early date.

We are currently in the process of restructuring the operations of overseas subsidiaries. Furthermore, we are changing the names of Talaris companies to include the name "GLORY" and unifying the Talaris brand into the GLORY brand. Future plans call for enhancing business competitiveness by increasing the Group's sense of unity under the internal slogan "One GLORY" and by boosting brand power and brand penetration.

Q4 Please discuss GLORY's new businesses.

GLORY is entering new business domains that leverage core technologies accumulated over the years.

As a pioneer in money handling machines, GLORY has contributed to the improvement of customers' operational efficiency and rigor in countries around the world by supplying sophisticated products to financial institutions, retailers and other businesses. We are now applying and developing our core technologies, namely, recognition/identification technology and mechatronics technology, to open new business domains in preparation for the next stage of growth. We are particularly active in research and development of security related technologies such as biometric authentication including face recognition, and speech privacy protection.

Face recognition, in particular, requires advanced technologies that can cope with facial changes resulting from changes in hairstyle and makeup, aging, and the impact of sunlight and other external environmental factors. In 2008, GLORY commercialized a face recognition system that can cope with these circumstances by applying recognition/identification technology, cultivated in money handling, to develop a proprietary technology. This face recognition system is used for room access control, surveillance cameras and other applications in the security sector. Also, since the system makes it possible to estimate sex and age from images, it can be included in digital signage for the purpose of collecting and analyzing marketing data. We will continue to pursue R&D in the field of face recognition and focus on business expansion.

Q5 Please discuss GLORY's CSR activities.

At GLORY, the focus of CSR activities is realization of the corporate philosophy.

GLORY has made the pursuit of sustained corporate growth together with society through CSR activities a long-term basic policy as outlined in the Long-Range Vision 2018. At GLORY, we consider CSR activities to be the realization of our corporate philosophy. GLORY develops, manufactures and sells money handling machines, a business of high social importance, and we believe that we can fulfill our responsibility to society by contributing to the development of a secure society through our business activities. In keeping with this way of thinking, as I mentioned earlier, we have reviewed and revised our corporate philosophy structure that underpins GLORY's activities from a CSR perspective. GLORY will ensure that each individual employee will strive to contribute to society by engaging in his/her work that reflects awareness of CSR, thereby pursuing sustained corporate growth.

Q6 What is the outlook for business results in the fiscal year ending March 31, 2014?

We will continue deeper penetration in Japan and sales expansion overseas, with an emphasis on developing countries.

Against a backdrop of the weaker yen and recovery in stock prices, gradual improvement of business conditions in Japan is expected in the fiscal year ending March 31, 2014. Globally, the economic outlook is expected to remain unpredictable. While signs of an economic turnaround have begun to appear in the U.S., the business outlook in Europe remains uncertain. In Asia as well, China has begun to show signs of a slowing trend.

In this economic environment, GLORY will seek profit growth in Japan by continuing deeper penetration in our markets and engaging in vigorous sales activities in untapped markets where GLORY products have not yet been introduced.

In the overseas market, we will implement regional strategies utilizing the sales and service networks expanded through the Talaris acquisition. In developing countries in Asia and Central and South America in particular, where demand for money handling machines is expected to increase in step with economic development, we will seek further business expansion by accurately identifying customer needs. Although the business outlook is likely to remain uncertain in Europe, we will strengthen our solutions-based selling capabilities to create and capture new demand.

As a result of these developments, we forecast consolidated net sales of ¥200.0 billion, operating income of ¥16.0 billion and net income of ¥8.5 billion in the fiscal year ending March 31, 2014.

Net Sales by Business Segment

(¥ million)

Years ended March 31	2013	2014 (Forecast)	Year on Year (%)
Overseas Market	75,688	85,000	+12.3
Financial Market	44,679	46,000	+3.0
Retail and Transportation Market	29,670	31,000	+4.5
Amusement Market	25,846	24,000	-7.1
Others	15,056	14,000	-7.0
Total	190,939	200,000	+4.7

In the overseas market, we will implement regional strategies utilizing the sales and service networks expanded through the Talaris acquisition.

Q7 Finally, please discuss GLORY's policy concerning shareholder returns.

For the fiscal year ended March 31, 2013, GLORY paid an annual dividend of ¥44 per share.

GLORY considers shareholder returns to be an important management priority and has a basic policy of continuously providing stable dividends while maintaining and enhancing the financial position in preparation for future business growth. We aim to maintain a minimum dividend of 1.8% of consolidated equity capital and a consolidated dividend payout ratio of 25% or higher.

In line with this policy, we paid an annual dividend of ¥44 per share for the year under review, an increase of ¥2 from the previous fiscal year, consisting of an interim dividend of ¥21 and a year-end dividend of ¥23, ¥2 higher than the original forecast. For the fiscal year ending March 31, 2014, we plan to maintain the current policy on profit distribution and pay an annual dividend of ¥44 (an interim dividend of ¥22 and a year-end dividend of ¥22).

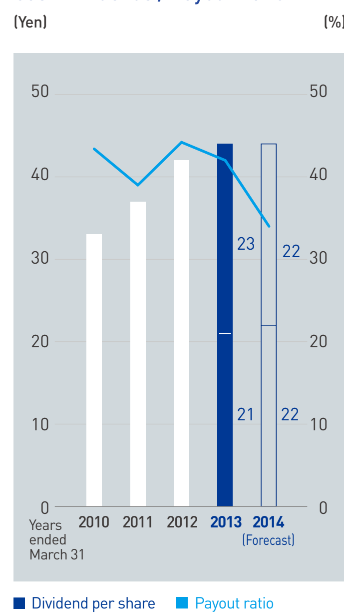
The fiscal year ending March 31, 2014 is the second year of the 2014 Medium-Term Management Plan. We will continue to steadily implement the three basic strategies with the aim of realizing the Long-Range Vision 2018.

August, 2013

President

Hirokazu Onoe.

Cash Dividends / Payout Ratio



SPECIAL FEATURE:

Overseas Business Strategy

REALIZING STRONG SYNERGIES BY UNITING OPERATIONS

Director & Managing Executive Officer
Executive General Manager
International Business Headquarters

Tetsu Yoshioka

Following the acquisition of Talaris Topco Limited in July 2012, GLORY revised 2014 Medium-Term Management Plan and Overseas Business Strategy as well in November. We consider the early generation of acquisition synergies to be essential for expanding overseas businesses. Accordingly, in revising the strategy we adopted a policy that focuses on integrating the overseas operations of GLORY and Talaris. Details of the strategy are described below.

BUSINESS STRATEGY

- **Synergy creation through the early realization of "One GLORY"**
- **Global product expansion utilizing the direct sales and service network**

The GLORY Group will unite its overseas operations under the "One GLORY" concept and demonstrate integration synergies to accelerate global development of its businesses. We place importance on the fusion of both companies' strengths. That is, GLORY's advanced product development capabilities, extensive product range and comprehensive development and production systems, and Talaris' solutions proposal capabilities and extensive direct sales and service networks. We will undertake further expansion of sales and income by taking advantage of these strengths to bolster sales capabilities.

STRENGTHENING OF MANAGEMENT FUNCTIONS

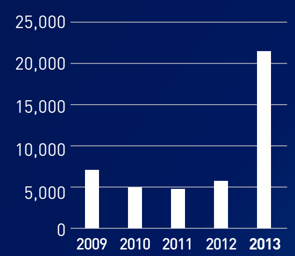
- **Strengthening of the direct sales and service network by building a region-specific operating structure**

We will seek to expand and upgrade the product offering and maintenance systems in each region and market by utilizing the direct sales and service network expanded by the Talaris acquisition and building a regional management structure. For instance, we will seek greater business efficiency by consolidating GLORY and Talaris business sites in the Americas, Europe and Asia, along with OEM functions, and develop and strengthen the sales and service structure. In particular, we will expand sales in high-growth countries, primarily the BRICs countries, and in the Asia region.

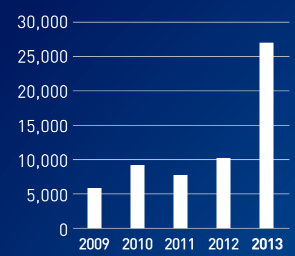
NET SALES (Years ended March 31)

* Excluding OEM sales

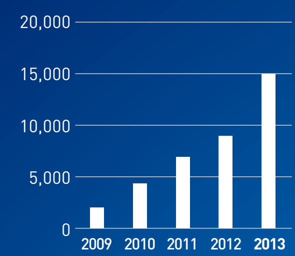
Americas*
(¥ million)



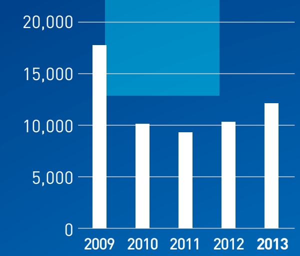
Europe*
(¥ million)



Asia*
(¥ million)



OEM
(¥ million)



Strengthening of sales capabilities through system solutions enhancement

We will focus on strengthening the sales structure for providing solutions and systems optimized to our customers' businesses.

- **Strengthen branch solution targeting banks**
- **Strengthen sales of banknote recyclers for tellers**
- **Pursue global business development of systems for the retail market**

Enhancement of cost competitiveness by streamlining development and production

We will improve development efficiency by reviewing our products lines, including Talaris products, and unifying development themes. We will also seek cost synergies by optimizing the production structure and engaging in global purchasing to leverage benefits of scale from the Talaris acquisition.

For the Financial Market


Banknote sorter
<USF-50>


Banknote sorter
<UW-500>


Banknote recycler for tellers
<RBG-100>


Teller cash recycler
<Vertera®>

For the Retail Market

<CASHINFINITY®>


Compact cash recycling system
<CI-10>


Cash recycling system
<CI-100>

SPECIAL FEATURE:

Domestic Business Strategy

APPLYING OUR STRENGTHS IN NEW AREAS

Director & Managing Executive Officer
Executive General Manager
Domestic Business Headquarters

Yoshiyuki Yamaguchi

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

GLORY has heretofore developed products and services that contribute to operational efficiency and rigor and met customer needs with an extensive product range for the markets including financial, retail and transportation markets. However, I believe that there are still untapped markets where solutions leveraging GLORY's technologies can be provided. Moreover, economic development and changes in the market environment have resulted in diversification of customer needs, and it is important for GLORY to develop products and solutions that respond to such needs.

Accordingly, we have made "Capturing of untapped markets and introduction of new products" a business strategy in the 2014 Medium-Term Management Plan. In the year ended March 31, 2013, we placed particular emphasis on proposal-driven selling to tap latent demand. For instance, in the financial market we formed a project team to step up sales activities targeting potential customers and engaged in intensive solution proposal activities. This increased sales by, for example, stimulating new installations of compact open teller systems.

In the retail market as well, to boost sales of coin and banknote recyclers for cashiers, we actively proposed solutions for restaurant chains and specialty retailers, market sectors where the introduction rate for this equipment is lower than at supermarkets. We are winning new adoptions for this product by identifying and meeting increasing market needs for laborsaving and greater rigor in operation.

In the ticket vending machines market, we will satisfy diversifying customer needs with a versatile product line. Touch-screen ticket vending machines, a new type of machine, have been particularly well received for features that contribute to operating efficiency and were introduced recently at large restaurant chains.

In the amusement market, we are engaging in targeted sales activities and product development to discover new demand. We will seek to differentiate ourselves from competitors and expand our market share by enhancing our product planning capability.

In the fiscal year ending March 31, 2014, the second year of the 2014 Medium-Term Management Plan, we will continue to engage in in-depth market cultivation and tap latent demand.

Left
Touch-screen ticket vending machine
<VT-T10M>

Right
Cash recycler for cashiers
<RT-200>
<RAD-200>

TURNING STRATEGY INTO RESULTS

P22 OVERSEAS MARKET

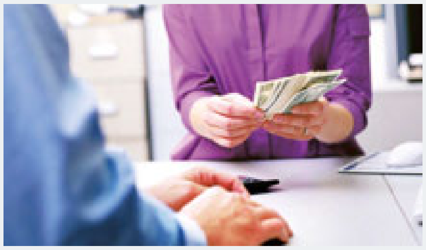
P23 FINANCIAL MARKET

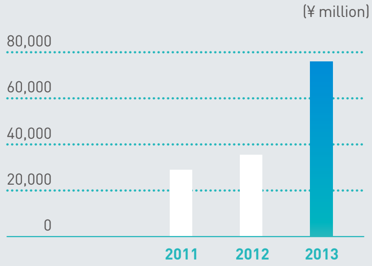
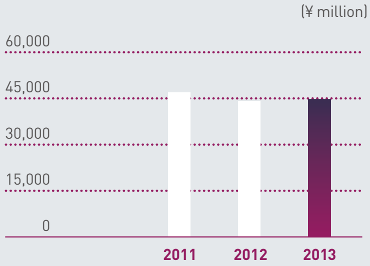
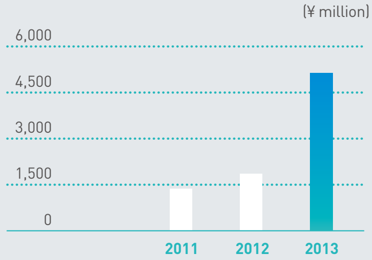
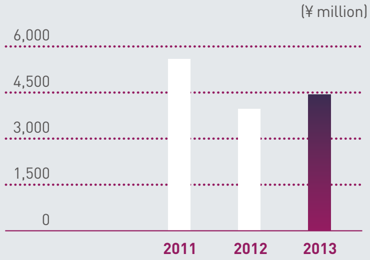
P24 RETAIL AND TRANSPORTATION MARKET

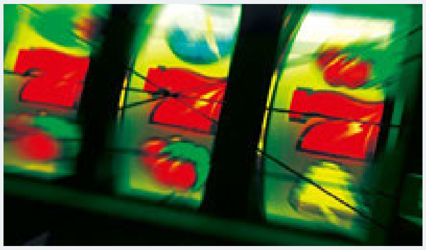
P25 AMUSEMENT MARKET

P26 OTHERS

AT A GLANCE

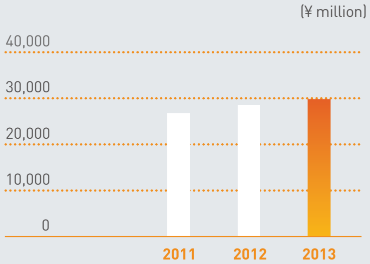


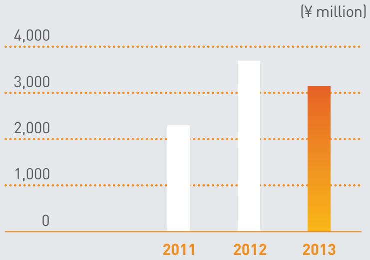
	OVERSEAS MARKET	FINANCIAL MARKET
CONTRIBUTION TO TOTAL NET SALES (Fiscal year ended March 31, 2013)	39.7% 	23.4% 
NET SALES (Fiscal years ended March 31)		
OPERATING INCOME (Fiscal years ended March 31)		
MAJOR CUSTOMERS	Financial institutions, cash-in-transit companies, casinos and OEM clients.	Domestic financial institutions, Japan Post Bank and OEM clients.
MAIN PRODUCTS AND GOODS	Banknote and check deposit units for ATMs, banknote sorters, banknote counters, banknote recyclers for tellers, coin and banknote recyclers, coin wrappers.	Open teller systems, coin and banknote recyclers for tellers, coin recycling units for ATMs, multi-functional banknote changers, cash monitoring cabinets, security storage systems.



RETAIL AND TRANSPORTATION MARKET

15.5%



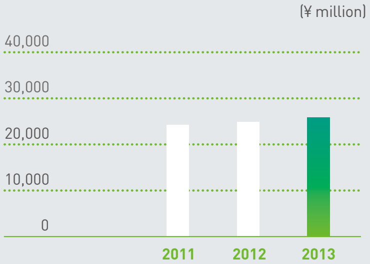


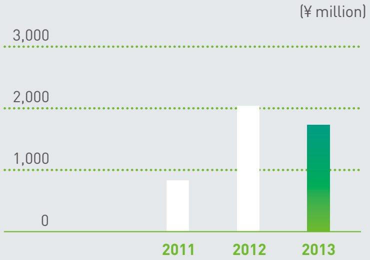
Domestic supermarkets, department stores, cash-in-transit companies and railroad companies.

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

AMUSEMENT MARKET

13.5%



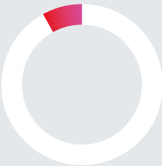


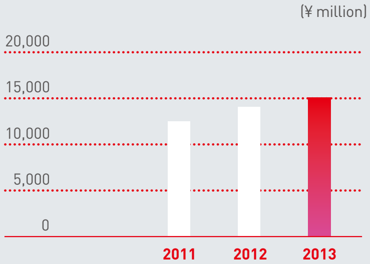
Domestic amusement halls (pachinko parlors).

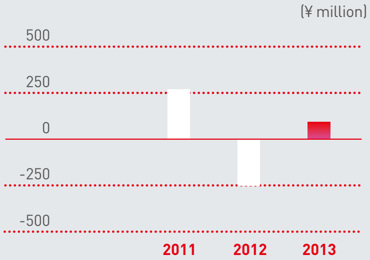
Card systems for pachinko parlors, banknote conveyor systems, pachinko prize dispensing machines, pachinko ball counters for individual machines, membership management systems for pachinko parlors, pachinko ball/token counters.

OTHERS

7.9%







Tobacco kiosks in Japan, 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, casinos and the retail industry. The major products 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 detect counterfeits and sort banknotes) and banknote deposit units for ATMs, which are sold as OEM products.

Banknote recycler for tellers
<RBG-200>

Banknote sorter
<USF-50>

Banknote sorter
<UWH-1000>

Market environment and operating results

In the Americas, sales of banknote recyclers for tellers increased against a backdrop of gradual improvement in business conditions in the U.S. In addition, sales of banknote sorters grew steadily at a time of expansion of capital investment by financial institutions fueled by economic growth in Central and South America.

In Europe, investment propensity on the part of financial institutions remained weak due to the impact of the prolonged debt crisis. However, GLORY generated a number of high-volume orders and acquired new customers through sales activities for new banknote recyclers for tellers and reinforcement of sales promotion for the retail market.

In Asia, demand for banknote sorters is increasing in step with economic development in China and the ASEAN countries. China in particular, saw robust sales of medium-size banknote sorters, and sales of desktop models increased steadily. In addition, sales of banknote sorters to banks in Indonesia and Thailand increased.

On the OEM market, growth in sales of mainstay banknote deposit units for ATMs was sluggish in the second half, and sales of these products fell from the high prior-year level.

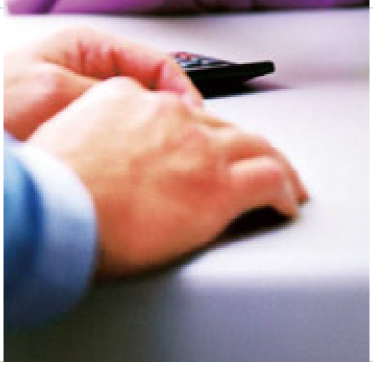
GLORY acquired Talaris Topco Limited, in July 2012. The inclusion of Talaris and its subsidiaries in the scope of consolidation beginning in the second quarter brought a significant increase in sales and income.

As a result of these developments, net sales in the overseas market surged by 114.4% year on year to ¥75,688 million, while operating income rose sharply by 176.7% to ¥5,085 million.

Strategies and initiatives going forward

We will continue to integrate the overseas operations of Talaris and GLORY and implement measures in line with three basic strategies: capture strategically important markets, generate high-volume orders and expand the retail market.

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 dispensing of money at bank counters) and money changers (for bank lobbies). Other GLORY products are used in the centralized money processing centers of financial institutions. Some of these products are also provided as OEM products to large system makers. The financial market is GLORY's primary market, where our core products have enjoyed a market share exceeding 70% in Japan.

Market environment and operating results

Demand for greater operational efficiency and rigor at the branch level of financial institutions remains strong. The purchase of money handling machines and other equipment to meet these needs is expanding beyond megabanks and regional banks to credit unions, agricultural cooperatives and other institutions. GLORY sought to increase sales of key models in each of three sectors: cash, non-cash and document processing.

In the cash sector, we focused on capturing update demand and attracting new customers to our open teller systems. As a result, although sales of standard models of open teller systems, which come mainly from update demand, were weak, new orders for compact models increased. Also, sales of coin and banknote recyclers for tellers and multi-functional banknote changers were higher due to update demand.

In the non-cash sector, sales of two new products, security storage systems and key management systems, increased as a result of stepping up market research and sales promotion activities.

Despite sales promotion measures in the document processing sector for scanners that digitize account ledgers, we were unable to improve on results in the previous term, when high-volume orders were booked.

As a result, net sales increased 1.1% year on year to ¥44,679 million, and operating income rose 11.7% to ¥4,417 million.

Strategies and initiatives going forward

In this market, we aim to increase sales by continuing proposal-based selling of products that promote operating efficiency and rigor in the cash, non-cash and document processing sectors. In the cash sector, we will boost sales by demonstrating to customers the benefits of increased operating efficiency made possible by open teller systems. In the non-cash sector, we will step up market research to further increase sales of security storage systems that replace safes as a means of carefully managing passbooks, account ledgers and other valuable items. Finally, in the document processing sector, to increase sales of scanners that boost efficiency in processing of business forms, we will propose solutions for comprehensively increasing efficiency across financial institution operations from branches to money processing centers.

Compact open teller system
<WAVE C30>

Multi-functional banknote changer
<EN-700>

Security storage system
<BK-200>

RETAIL AND TRANSPORTATION MARKET

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

GLORY also supplies public transportation companies with coin-operated lockers and cash recyclers, which count and deposit money received and dispense change at ticket counters.

Coin and banknote recycler for cashiers
<RT-300/ RAD-300>

Wrapped coin monitoring drawer
<WD-300>

Sales proceeds deposit machine
<DSS-300>

Market environment and operating results

In the retail industry, the trend continues toward profit improvement from measures such as business mergers, operating alliances and the closure of unprofitable stores. In the transportation industry, a recovery trend in capital investments has developed in conjunction with healthy business results. In these circumstances, GLORY reinforced sales activities in two sectors: front-office systems, in which coin and banknote recyclers for cashiers are the key products, and back-office systems—mainly sales proceeds deposit machines.

In the front-office systems sector, we implemented measures to sell coin and banknote recyclers for cashiers to retail categories with low introduction rates, such as restaurants, drugstores and convenience stores. As a result, the development of new customers progressed even though sales of these products declined from the previous year, when high-volume orders were booked.

In the back-office systems sector, we proposed solutions for supermarkets that take advantage of an extensive range of our products and store operation know-how, resulting in higher sales of sales proceeds deposit machines.

As a result, net sales in the segment rose 3.9% year on year to ¥29,670 million, while operating income fell 15.1% to ¥3,137 million.

Strategies and initiatives going forward

We will continue to implement measures to promote sales in the two sectors. For the front-office systems sector, we will strengthen proposal-based selling of new products and capture new customers of coin and banknote recyclers for cashiers. In the back-office system sector, we will work to increase sales of sales proceeds deposit machines and multi-functional banknote changers through strengthening of solutions proposals and collaboration with other companies.

AMUSEMENT MARKET

Our main customers in this market are pachinko parlors. 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 operating results

In the amusement industry, pachinko parlors continue to face an adverse business environment. There has been no major change in the downtrend in the player population, and the number of pachinko parlors nationwide decreased by about 2% from the previous year to approximately 12,000 as of the end of December 2012. On the other hand, the number of game machines per establishment and size of pachinko parlors are trending up.

Seeking to increase market share by boosting its competitiveness in the market, GLORY engaged in the development of new products that contribute to our business on medium- and long-term bases, and the products targeted specifically at large pachinko parlors. We steadily increased sales of pachinko ball counters launched in September 2012. Sales of pachislot token-related equipment were at roughly the prior-year level.

As a result, net sales rose 4.2% year on year to ¥25,846 million, while operating income fell 15.3% to ¥1,728 million.

Strategies and initiatives going forward

We will strive to increase sales through deeper penetration, including implementation of a sales strategy focused on large pachinko parlors. In addition, we will continue to develop new products to enhance our competitiveness in this market.

Pachinko ball counter
<JCP-210>

Token dispenser
<JMM-201>

OTHERS

This Others segment consists of the products not covered by other business segments. 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.

Touch-screen ticket vending machine
<VT-T10M>

Medical payment kiosk
<FHP-10>

Market environment and operating results

In the restaurant industry, more companies are installing ticket vending machines to increase operating efficiency and rigor. In these circumstances, GLORY's sales in this market increased on continued adoptions of touch-screen ticket vending machines at large restaurant chains, with easy-to-operate designs to accommodate multiple user needs under color universal design criteria.

In the hospital market, where it will become mandatory in April 2014 for hospitals with 400 or more beds to issue a detailed statement of fees and expenses for medical care, demand for medical payment kiosks is increasing. This has led us to actively engage in the sales promotion to capture demand for these products.

Companies have tended to cut back on employee benefits and welfare expenses due to the economic slowdown and other factors. This resulted in lower investment in employee cafeterias and weak sales of GLORY products in this area.

As a result, net sales rose 7.1% year on year to ¥15,056 million, and operating income was of ¥91 million (compared to operating loss of ¥253 million the previous fiscal year).

Strategies and initiatives going forward

In the restaurant industry, we will work to increase sales by leveraging our broad range of ticket vending machines to open new customers.

In the hospital market, we aim to increase sales by engaging in proposal-based selling of medical payment kiosks, focusing on hospitals that will be required by law to issue a detailed statement of fees and expenses to their patients from 2014.

We aim to increase sales to company cafeterias of card related products that use smart cards compatible with multiple e-money systems, such as those issued by public transportation companies and retailers.

STRIVING TO BETTER SOCIETY

CSR AT GLORY

"Seek sustained corporate growth together with society through CSR activities" is a basic policy in our Long-Range Vision 2018.

At GLORY, we define corporate social responsibility as the realization of our corporate philosophy to contribute to the development of a more secure society through a striving spirit and cooperative efforts. GLORY develops, manufactures, and sells money handling machines, a business of high social importance. We will fulfill our responsibility to society by providing products and services that meet customer needs for greater efficiency and rigor in business operations.

PROMOTION OF CSR ACTIVITIES

In April 2013, GLORY conducted a review of the corporate philosophy structure that guides our corporate activities for the purpose of realizing the corporate philosophy, with the following results.

- To clearly define GLORY's social responsibility in preparation of sustained global growth, we have formulated the Corporate Action Guidelines in line with the ISO 26000 international guideline for social responsibility.
- We have newly established the Employee Standards of Behavior (GLORY Spirit) which indicates specific actions for all GLORY Group employees to take in their day-to-day activities at work and in society.

In addition, in April 2013, GLORY established the CSR Committee, comprising top executives, and a dedicated CSR department to further promote CSR activities.

GLORY will engage in CSR activities with each individual employee conducting his / her activities that reflect the corporate philosophy.

CORPORATE PHILOSOPHY

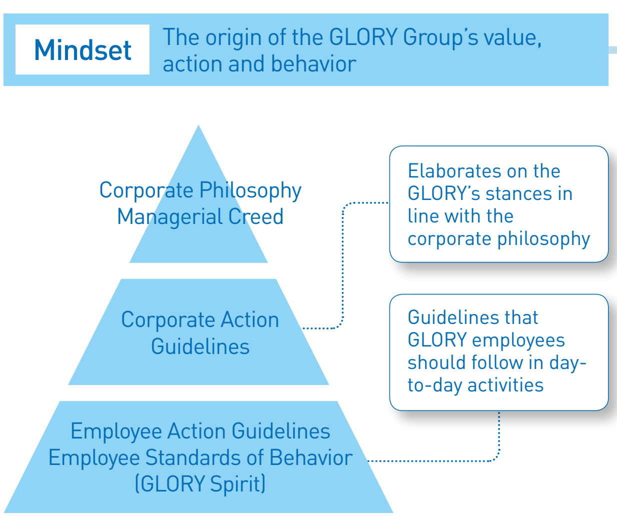
We will contribute to the development of a more secure society through a striving spirit and cooperative efforts.

Our corporate philosophy represents GLORY's corporate goal and raison d'être. "Striving spirit" includes our desire that "we will strive to meet the needs of customers and society with an unyielding spirit and make the impossible possible". It represents the eternal origin of GLORY all through the ages that we can do a great job only when we combine the "power of everyone" who shares the "striving spirit". Keeping the origin in mind, GLORY will contribute to the creation of a safe and secure society from now on.

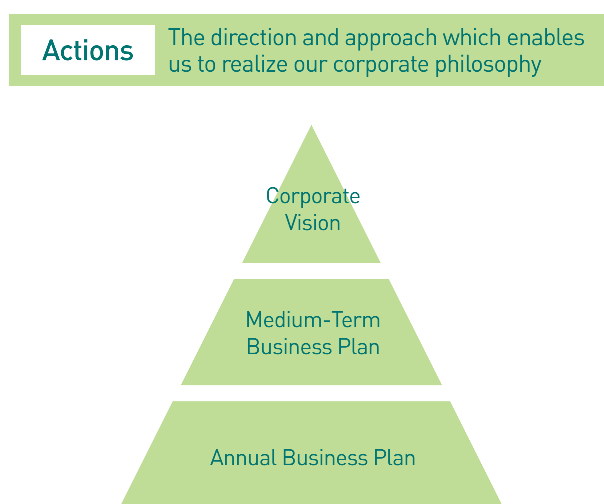
MANAGEMENT CREED

- **Through a spirit of continuous development, we will provide products and services our customers can rely on.**
- **We will build a vigorous corporate group through respect for the individual and teamwork.**
- **We will endeavor to act as a responsible corporate citizen and co-exist harmoniously with society at large.**

Our managerial creed expresses what GLORY should aspire to and our management stance. In short, it constitutes our basic philosophy of management. The three components of the managerial creed express our stance toward our customers and business operations, toward our employees, and toward society as a whole.



Corporate Philosophy Structure



Business Management Structure

FULFILLMENT OF CORPORATE SOCIAL RESPONSIBILITY

GLORY interacts with customers, employees, shareholders and investors, business partners, local communities and other stakeholders in the course of business activities and considers the fulfillment of corporate social responsibility key to developing harmonious relationships with stakeholders.

RESPONSIBILITY TO THE ENVIRONMENT

GLORY's environmental policy states that we will act in an environmentally responsible manner and make every effort to provide environment-friendly products, based on which we actively work to reduce CO_2 emissions in business activities and develop eco products.

For instance, as an initiative to reduce environmental impact in product development and during product use, we certify as G-eco products environment-friendly products that meet certain standards, such as a 15% reduction in the rate of electric power consumption compared to conventional products and compliance with the Restricting the use of Hazardous Substances (RoHS) directive. We certified 17 models as G-eco products in the fiscal year under review, including the BK-200 security storage system.

CO_2 emissions reduced by 28% compared with previous model.

G-eco products

Security storage system
<BK-200>

RESPONSIBILITY TO SOCIETY

In its Corporate Action Guidelines, GLORY has set forth principles by which to "harmonize and advance the interests of the company and society, and actively participate in social action programs as a good corporate citizen".

Participation in the TABLE FOR TWO Program

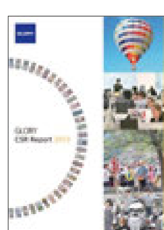
GLORY supports the TABLE FOR TWO program (TFT) operated by Table for Two International, an authorized NPO, at its employee cafeterias. TFT provides a program for company employees, by ordering at employee cafeterias healthy meals that meet program guidelines, to donate 20 yen per meal which is equivalent to cost of one school lunch in developing countries. This program is highly popular among employees as a means of contributing to society while enjoying a healthy meal. In the year under review, funds sufficient for about 7,000 school lunches had been donated. Also, in addition to offering cafeteria menus, GLORY has installed beverage vending machines that support TFT.

Contributions to Local Communities

GLORY enthusiastically engages in social contribution activities in various places in the world to earn the trust of local communities.

GLORY (PHILIPPINES), INC.
Tree-planting activities by employees in the vicinity of the factory

GLORY Denshi Kogyo (Suzhou) Ltd. 〈China〉
Cleanup activities by employees and their families on roads and parks near the factory



CSR Report

GLORY has issued CSR Report 2013 to report on the GLORY's activities. We invite you to read the report on the GLORY website.

http://www.glory-global.com

CORPORATE GOVERNANCE

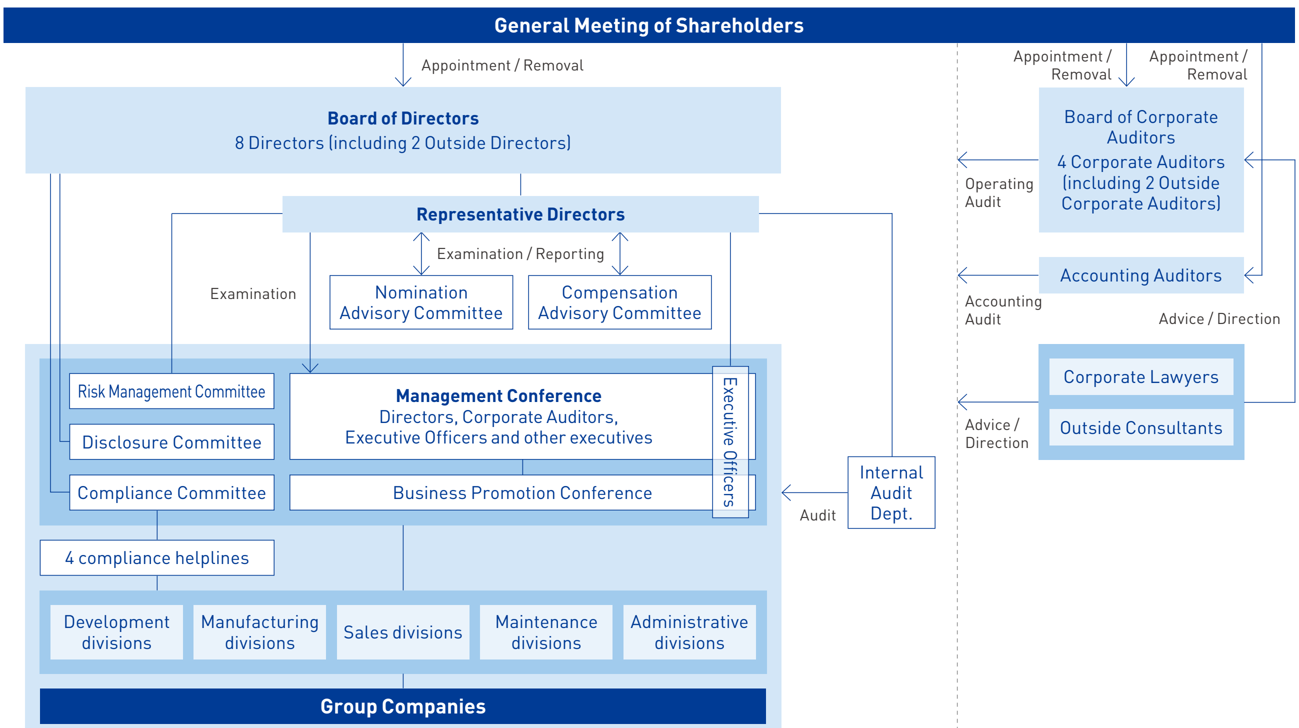
Basic Policy on Corporate Governance

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 Framework



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 SYSTEM

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 system.

Overview of the Corporate Governance System

- Organizational system: Company with Corporate Auditors
- Chairperson of the Board of Directors: the President
- Number of directors provided in the Articles of Incorporation: 10
  Current number of directors: 8 (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 eight directors (including two outside directors). In principle, the Board of Directors meets at least once per month, with attendance of four corporate auditors (including two outside corporate auditors). The Board of Directors decides the important business policies 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 Tokyo Stock Exchange 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 in accordance with audit policy and the assignment of duties determined by the Board of Corporate Auditors. Based on such audits, corporate auditors issue reports on the audit status and exchange 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 other executives, 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 related 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 their compensation. These committees consist of directors including 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 that 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, 2013

Recipient	Total amount of compensation	Basic compensation		Bonuses	
		No. of persons	Amount	No. of persons	Amount
Directors (Except for Outside Directors)	¥152 million	9	¥107 million	6	¥45 million
Corporate Auditors (Except for Outside Corporate Auditors)	¥26 million	2	¥26 million	—	—
Outside Executives	¥28 million	4	¥28 million	—	—
(Outside Directors)	(¥16 million)	(2)	(¥16 million)	(—)	(—)
(Outside Corporate Auditors)	(¥12 million)	(2)	(¥12 million)	(—)	(—)

(Notes)
1. Basic compensation for the fiscal year under review includes the amount paid to two directors who retired at the conclusion of the 66th General Meeting of Shareholders held on June 22, 2012.
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 67th Ordinary General Meeting of Shareholders held on June 21, 2013.

Compliance System

GLORY considers group-wide legal compliance an important management priority and the Board of Directors appoints one of its members to be the Chief Compliance Officer to implement a variety of measures to maintain and improve the compliance system. An example of such measures is the establishment of the Compliance Committee and compliance helplines. The Compliance Committee, which is chaired by the president and includes two outside experts who are both lawyers, discusses important issues relating to compliance and reports to the Board of Directors whenever appropriate. GLORY has established four compliance helplines, including an outside helpline, for employees of the group companies to report compliance problems and strives for the early detection and correction of the problems and the protection of reporters' interests.

In addition, to cope with accelerated expansion of our overseas business in recent years, GLORY have established the GLORY Legal Code of Conduct with a global point of view, that applies to domestic and overseas group companies alike. To ensure the group continues to conduct business with the honesty and fairness synonymous with our brand and that GLORY maintain high level of legal compliance and ethics, GLORY promotes awareness of compliance by distributing a handbook and conducting compliance training seminars for the group employees.

MESSAGE FROM AN OUTSIDE CORPORATE AUDITOR

Raising Issues on Behalf of Shareholders

Outside Corporate Auditor
Mikio Nakajo

At a time when misconduct comes to light even at blue-chip companies, the Companies Act of Japan mandates that corporate management ensures compliance to prevent misconduct and, by extension, seeks to enhance the business performance of companies themselves by increasing investor trust through the practice of compliance-based management. To that end, laws and regulations require the introduction of an outside perspective from outside corporate auditors in the development of corporate governance. That is to say, the law requires checking, from the perspective of general shareholders, to determine whether there is any disconnect between norms long taken for granted within a company and societal norms.

I believe that I was selected to serve as an outside corporate auditor in view of my work as an attorney, which requires a highly developed sense of ethics and independence. Therefore, I'm expected to demonstrate knowledge of the law, a legal mind, and a sense of balance cultivated through my day-to-day work as an attorney. Adopting the perspective of all stakeholders who have expectations for the further development of GLORY as a company and paying particular attention to the interest of general shareholders, I make a point of asking questions and expressing views from the outlook of an attorney at meetings of the Board of Directors and other meetings and functions.

Commenting at meetings of the Board of Directors requires advance information and background knowledge about agenda items. GLORY is an R&D-driven company, and much of the technical terminology and internal jargon is difficult for an outside corporate auditor to understand. It is good that at GLORY I can substantially share information by receiving input on information concerning agenda items and basic knowledge about internal jargon and the like from the full-time corporate auditors at the Board of Corporate Auditors meetings held before meetings of the Board of Directors or from the relevant departments of the company. Advance discussion at the Board of Corporate Auditors meetings enables me to deepen my awareness of problems and make informed comments at the Board of Directors meetings. In addition, opportunities to periodically visit and inspect subsidiaries and production sites provided at the initiative of the full-time corporate auditors give me a sense of the atmosphere in the workplace, the basis for many topics of discussion.

Because GLORY has put in place this audit environment, as mentioned above, that extends beyond the framework of the Board of Corporate Auditors to improve and enhance audit performance, I find it easy to comment at the Board of Directors meetings. In addition, there is an atmosphere at GLORY that facilitates the unrestrained, free expression of opinions even by outside corporate officers, perhaps because the company has an extremely positive corporate culture.

I intend to continue to bear in mind the reason for my selection as an outside corporate auditor, raise issues that should be raised from an independent standpoint, and discharge my auditing responsibility to ensure that GLORY remains a company deserving of the trust of stakeholders, while also taking into consideration the need for speed and efficiency in corporate decision making.

BOARD OF DIRECTORS, BOARD OF CORPORATE AUDITORS AND EXECUTIVE OFFICERS

(As of June 21, 2013)

Board of Directors


Chairman of the Board*
Hideto Nishino


President*
Hirokazu Onoe


Director & Executive Advisor
Hisao Onoe


Director
Yoshiyuki Yamaguchi


Director
Motozumi Miwa


Director
Tetsu Yoshioka


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
Takenori Nishi

Managing Executive Officer
Tetsu Yoshioka

Senior Executive Officer
Takashi Mitsui

Senior Executive Officer
Shigetoshi Mabuchi

Executive Officer
Hiroaki Fukui

Executive Officer
Masatomo Toji

Executive Officer
Akihiro Harada

Executive Officer
Hideto Tanaka

Senior Managing Executive Officer
Osamu Tanaka

Managing Executive Officer
Yoshiyuki Yamaguchi

Senior Executive Officer
Hideo Onoe

Senior Executive Officer
Kaname Kotani

Executive Officer
Manabu Shibutani

Executive Officer
Satoshi Baba

Executive Officer
Hirofumi Kameyama

Executive Officer
Makoto Ueda

Managing Executive Officer
Hideaki Matsushita

Senior Executive Officer
Norio Murakami

Senior Executive Officer
Motozumi Miwa

Executive Officer
Hirokazu Sekino

Executive Officer
Yoshitaka Iyori

Executive Officer
Tokuya Shimizu

Executive Officer
Tsutomu Iwata

* Indicates that the individual is a Representative Director.

FINANCIAL SECTION

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ELEVEN-YEAR CONSOLIDATED FINANCIAL SUMMARY

GLORY LTD. and consolidated subsidiaries
Years ended March 31

		Millions of Yen		
		2003	2004	2005
Summary of income (for the year):	Net sales	¥ 117,287	¥ 176,765	¥ 188,881
	Cost of sales	75,571	108,747	114,390
	Selling, general and administrative expenses	33,074	37,101	41,937
	Operating income	8,641	30,916	32,554
	Net income	5,902	17,527	19,306
	Capital expenditure *2	3,899	4,915	7,991
	R&D expenses	10,111	11,862	13,048
	Depreciation and amortization	4,864	5,129	5,438
Financial position (at year-end):	Total assets	164,077	213,844	217,460
	Shareholders' equity	110,686	128,504	146,657
	Net assets *3	—	—	—
	Interest-bearing debt *4	19,060	18,139	18,714
Per share data (yen):	Net income *5	¥ 157.42	¥ 233.19	¥ 257.00
	Equity	2,983.81	1,729.93	1,974.60
	Dividend (annual)	16.00	22.00	30.00
Financial indicators (%):	Return on equity (ROE)	5.5	14.7	14.0
	Equity ratio	67.5	60.1	67.4
Others:	Number of shares outstanding (thousands)	37,118	74,236	74,236
	Number of employees *6	4,874	5,038	5,211

*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				
2006	2007	2008	2009	2010	2011	2012	2013
¥ 141,231	¥ 164,540	¥ 185,181	¥ 145,979	¥ 135,105	¥ 138,965	¥ 146,938	**¥ 190,939** *8
94,209	108,628	118,946 *1	94,115	87,074	86,758	92,673	**117,267**
41,568	42,952	45,288	42,437	40,346	41,698 *7	42,990	**59,214**
5,453	12,961	20,947 *1	9,427	7,685	10,509 *7	11,275	**14,458** *8
740	6,461	11,711	5,782	5,109	6,229	6,247	**6,873**
4,793	6,035	7,279	10,638	6,714	6,414	6,709	**8,218**
9,474	9,329	9,616	9,204	8,776	8,999	9,935	**12,092**
6,889	6,337	6,570	7,621	8,145	6,717	6,842	**8,897**
206,361	216,988	209,237	196,798	194,983	198,020	205,245	**319,078** *8
146,134	—	—	—	—	—	—	**—**
—	150,842	151,735	147,176	145,345	149,782	153,334	**168,465**
19,083	13,190	12,914	14,110	14,038	13,309	13,530	**86,298** *8
¥ 9.14	¥ 87.15	¥ 160.70	¥ 82.15	¥ 76.00	¥ 94.83	¥ 95.09	**¥ 104.64**
1,970.11	2,025.39	2,110.69	2,155.17	2,212.63	2,260.47	2,312.33	**2,537.23**
22.00	30.00	40.00	30.00	33.00	37.00	42.00	**44.00**
0.5	4.4	7.8	3.9	3.5	4.2	4.2	**4.3**
70.8	69.2	72.3	74.8	74.5	75.0	74.0	**52.2**
74,236	74,236	72,838	69,838	69,838	68,638	68,638	**68,638**
5,200	5,290	5,346	5,510	5,848	6,046	6,149	**7,903**

*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.

*8 Major portion of increase due to acquisition of Talaris Topco Limited in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLORY LTD. and consolidated subsidiaries
Years ended March 31, 2013

ECONOMIC OVERVIEW

During the fiscal year ended March 31, 2013, the outlook for the Japanese economy remained uncertain principally due to stagnation in consumer spending and the ongoing fears of a slowing in global economic growth arising from the prolonged debt crisis in Europe. Early in 2013, however, signs of economic recovery began to emerge, including a shift to a weaker yen and recovering stock prices, which were brought about by expectations of an accommodative monetary policy that followed the change of government.

BUSINESS OVERVIEW

Net Sales

Net sales for the fiscal year under review totaled ¥190,939 million, up by 29.9% from the previous fiscal year. Total net sales consisted of ¥140,172 million in net sales of finished products and merchandise, which increased by 24.1%, and ¥50,767 million in sales from maintenance services, which grew by 49.6%. Overseas sales made a remarkable increase of 114.4% year on year to ¥75,688 million.

Cost of Sales

Cost of sales amounted to ¥117,267 million, a 26.5% increase from the previous fiscal year. The cost of sales ratio improved by 1.7 percentage points to 61.4%.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses rose by 37.7% year on year to ¥59,214 million. This sizable increase was mainly due to the addition of SG&A expenses incurred at the newly-acquired subsidiary Talaris Topco Limited (currently, Glory Global Solutions (Topco) Ltd., "Talaris"), and the increase in amortization of goodwill. The ratio of SG&A expenses to net sales also rose by 1.8 percentage points from the previous fiscal year to 31.0%.

Operating Income

Operating income for the fiscal year ended March 31, 2013 stood at ¥14,458 million, up by 28.2% from the previous fiscal year. The operating margin, on the other hand, registered a slight decrease of 0.1 percentage point to 7.6%.

Other Income (Expenses)

Net other income (expenses) resulted in net expenses of ¥1,720 million, reversing the ¥367 million net income recorded in the previous fiscal year. Major expense-increasing factors were a ¥499 million increase in net foreign currency exchange loss, a ¥420 million increase in interest expense, a ¥260 million increase in commission for bridging loan, and a ¥223 million decrease in gain on sales of investment securities. On the other hand, expense-decreasing factors included a ¥163 million decrease in loss on impairment of long-lived assets.

Income before Income Taxes and Minority Interests

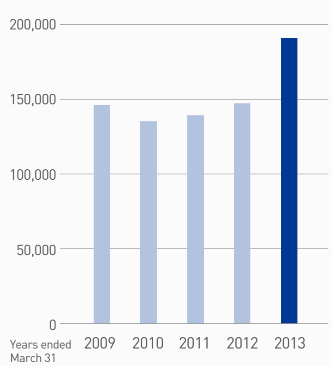
Income before income taxes and minority interests rose by 9.4% year on year to ¥12,738 million.

Income Taxes

Income taxes grew to ¥5,374 million from ¥4,946 million in the previous fiscal year, mainly due to reversal of deferred-tax assets in accordance with the tax reform. The actual effective tax rate after application of tax effect accounting slightly dropped to 42.2% from 42.5% in the previous fiscal year.

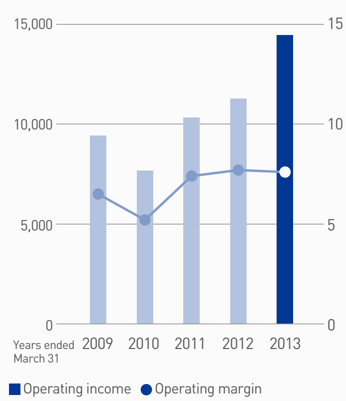
Net Sales

(¥ million)



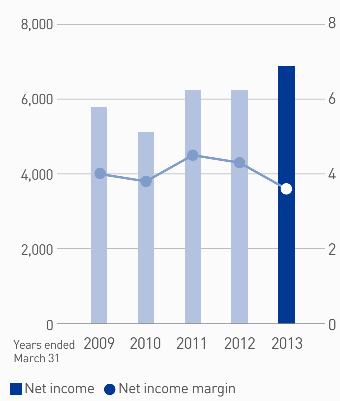
Operating Income / Operating Margin

(¥ million) (%)



Net Income / Net Income Margin

(¥ million) (%)



Net Income

As a result of the above, net income for the fiscal year ended March 31, 2013 amounted to ¥6,873 million, marking a 10.0% year-on-year increase.

Comprehensive Income

Comprehensive income stood at ¥18,103 million, as a result of adding ¥10,739 million total other comprehensive income to net income before minority interests.

OVERVIEW BY INDUSTRY SEGMENT

Financial Market

Among sales of open teller systems, the mainstay products in the segment, sales of the conventional models were sluggish but those of compact models for small- and medium-size financial outlets were strong. Sales of coin and banknote recyclers for tellers and of multi-functional banknote changers were also favorable due to update demand. Overall financial market sales were thus on par with the previous fiscal year.

As a result, net sales of the segment increased by 1.1% from the previous fiscal year to ¥44,679 million, and operating income as well increased by 11.7% to ¥4,417 million.

Retail and Transportation Market

Although sales of sales proceeds deposit machines to the cash-in-transit companies were favorable, sales of coin and banknote recyclers for cashiers, the mainstay products in the segment, were dull due to a decrease in large-scale demand. Overall retail and transportation market sales stayed at the same level with the previous fiscal year.

As a result, net sales of the segment grew by 3.9% year on year to ¥29,670 million, but operating income dropped by 15.1% to ¥3,137 million.

Amusement Market

Sales of the segment's mainstay products such as card systems were robust, while sales of membership management systems were sluggish. Overall amusement market sales were also on par with the previous fiscal year.

As a result, net sale of the segment rose by 4.2% from the previous fiscal year to ¥25,846 million, but operating income declined by 15.3% to ¥1,728 million.

Overseas Market

Sales to the overseas market were boosted not only by strong sales of banknote sorters and the recently introduced banknote recyclers for tellers, but also by the acquisition of Talaris.

As a result, net sales of the segment marked a significant year-on-year rise of 114.4% to ¥75,688 million, and operating income as well of 176.7% to ¥5,085 million.

"Others" Business Segment

Aggregate net sales of "others" business segment were ¥15,056 million, a 7.1% increase year on year. The segment recorded operating income of ¥91 million as well, reversing operating loss of ¥253 million recorded in the previous fiscal year.

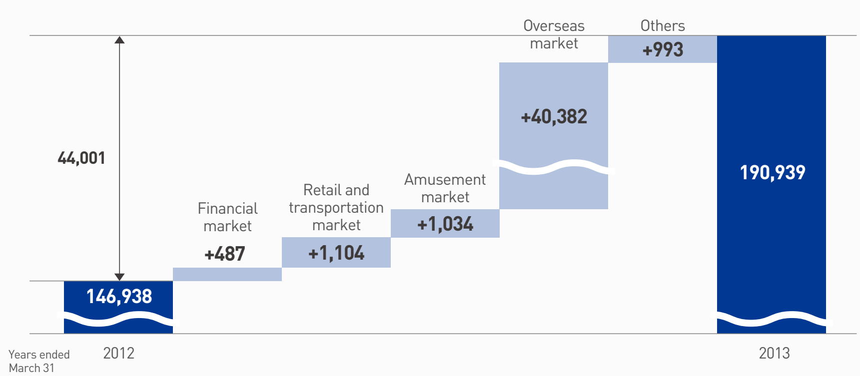
FINANCIAL POSITION

Assets

Total assets as of March 31, 2013 stood at ¥319,078 million, up by ¥113,833 million from the previous fiscal year-end.

Change Factors of Net Sales

(¥ million)



Liabilities

Total liabilities as of March 31, 2013 amounted to ¥150,612 million, an increase of ¥98,702 million on the previous fiscal year-end.

Equity

Total equity as of March 31, 2013 was ¥168,465 million, up by ¥15,131 million from the previous fiscal year-end.

Cash Flows

Cash and cash equivalents as of March 31, 2013 increased by ¥4,884 million from the previous fiscal year-end to ¥63,314 million, mainly due to income before income taxes and minority interests of ¥12,738 million posted.

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the fiscal year under review increased by ¥3,685 million from the previous fiscal year to ¥14,705 million. Although there were major cash-decreasing factors such as ¥4,264 million in increase in trade notes and accounts receivable and ¥4,639 million in income taxes paid, such cash-increasing factors outweighed the decreases as ¥12,738 million in income before income taxes and minority interests, ¥8,897 million in depreciation and amortization, and ¥4,019 million in amortization of goodwill.

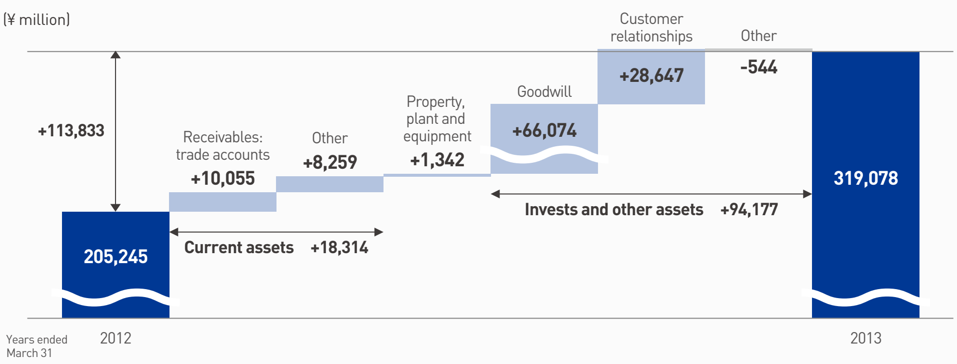
Net Cash Used in Investing Activities

Net cash used in investing activities surged by ¥49,907 million from the previous fiscal year to ¥52,337 million. Cash inflows such as ¥4,709 million in proceeds from sales and redemption of investment securities were exceeded by cash outflows including ¥55,688 million in acquisition of investments in subsidiaries resulting in change in scope of consolidation arising from the acquisition of Talaris, and ¥4,390 million in purchases of property, plant and equipment, primarily consisting of molds and tools for product manufacturing.

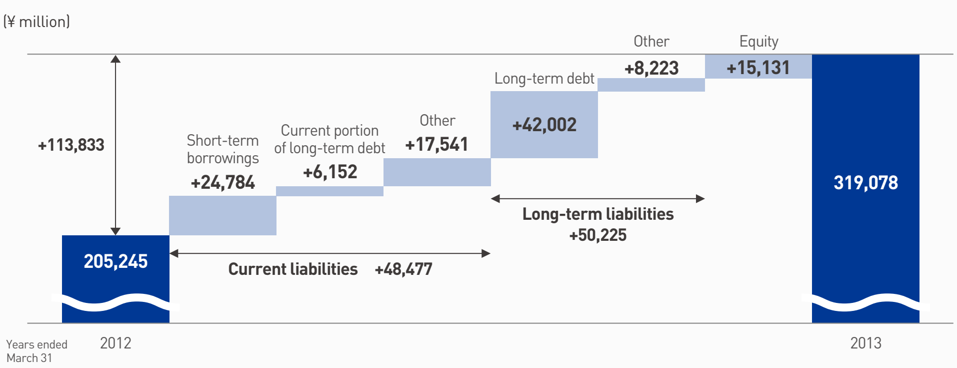
Net Cash Provided by (Used in) Financing Activities

Financing activities for the fiscal year under review provided net cash of ¥40,604 million, while those for the previous fiscal year used ¥2,761 million net cash. This result was brought mainly by ¥50,807 million in proceeds from long-term debt for the acquisition of Talaris.

Change Factors of Assets



Change Factors of Liabilities and Equity



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 Group as of March 31, 2013.

(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 theme, the development period could be longer, and the costs higher, than initially planned. If such circumstances were to occur, the performance of the Group may be adversely affected.

(4) Intellectual Property Rights

The Group is not aware of any infringements by its products on material intellectual property rights of third parties. However, it is difficult for an R&D-based corporate group like the Group 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

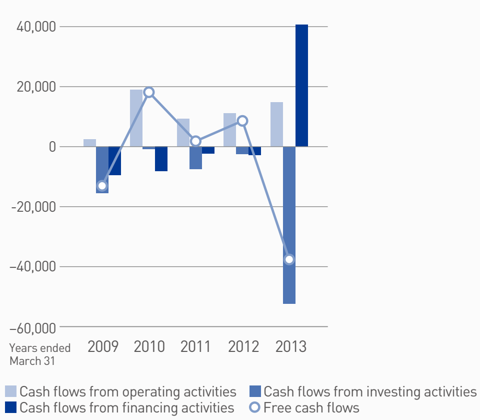
The Group's overseas business activities are wide-ranging, including exports of products, overseas procurement, and local production. Should a rapid change occur in the political and/or economic situation in a country or region where the Group operates, or if foreign exchange markets were to fluctuate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

(6) Acquisition of Talaris

As of July 10, 2012, GLORY completed the acquisition of Talaris through a U.K.-based subsidiary Glory Global Solutions Ltd., and made Talaris a consolidated subsidiary. Yet there remain the possibilities that the expected benefits and effects from the acquisition, including acceleration of the expansion of overseas business, would not be realizable, or that such benefits and effects would take longer than anticipated to realize. These possibilities may adversely affect the business operations and performance of the Group.

Cash Flows

(¥ million)



FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

GLORY LTD. and consolidated subsidiaries
March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2013	2012	2013
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 63,314	¥ 58,431	$ 673,482
Short-term investments (Notes 4 and 13)	1,867	5,257	19,860
Receivables (Note 13):			
Trade notes	4,619	4,554	49,133
Trade accounts	39,986	29,931	425,338
Unconsolidated subsidiaries and associated company	758	918	8,063
Other	1,207	648	12,839
Investments in leases (Notes 12 and 13)	2,540	2,904	27,018
Inventories (Note 5)	32,073	26,365	341,166
Deferred tax assets (Note 9)	4,366	4,095	46,442
Other current assets	1,583	753	16,838
Allowance for doubtful accounts	(442)	(299)	(4,702)
Total current assets	151,871	133,557	1,615,477
PROPERTY, PLANT AND EQUIPMENT:			
Land	11,945	12,091	127,061
Buildings and structures	30,844	31,287	328,093
Machinery and equipment	10,929	9,224	116,254
Furniture and fixtures	56,768	50,966	603,851
Construction in progress	461	891	4,903
Total	110,947	104,459	1,180,162
Accumulated depreciation	(76,006)	(70,860)	(808,488)
Net property, plant and equipment	34,941	33,599	371,674
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	14,671	15,343	156,058
Investments in and advances to unconsolidated subsidiaries and associated company	1,090	1,214	11,595
Software	3,875	3,843	41,219
Goodwill	69,081	3,006	734,826
Customer relationships	28,647		304,723
Deferred tax assets (Note 9)	4,969	4,071	52,856
Other investments and other assets	9,947	10,639	105,807
Allowance for doubtful accounts	(14)	(27)	(149)
Total investments and other assets	132,266	38,089	1,406,935
TOTAL	¥319,078	¥205,245	$3,394,086

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2013	2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Short-term borrowings (Notes 6 and 13)	¥ 35,831	¥ 11,047	$ 381,140
Current portion of long-term debt (Notes 6 and 13)	6,152		65,440
Current portion of long-term lease obligations (Notes 6, 12 and 13)	981	937	10,435
Payables (Note 13):			
Trade notes	8,557	8,296	91,022
Trade accounts	11,076	7,213	117,817
Unconsolidated subsidiaries and associated company	865	927	9,201
Other	4,493	4,093	47,793
Income taxes payable (Note 13)	3,023	1,471	32,156
Accrued expenses	12,198	7,406	129,752
Accruals for debt guarantees	14	17	149
Accruals for loss on cancellation of lease obligations		45	
Other current liabilities	9,956	3,217	105,905
Total current liabilities	93,146	44,669	990,810
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 13)	42,002		446,782
Liability for retirement benefits (Note 7)	3,422	2,903	36,400
Long-term lease obligations (Notes 6 and 13)	1,332	1,546	14,169
Deferred tax liabilities (Note 9)	7,621		81,066
Other long-term liabilities (Note 6)	3,090	2,793	32,869
Total long-term liabilities	57,467	7,242	611,286
CONTINGENT LIABILITIES (Note 15)			
EQUITY (Notes 8 and 18):			
Common stock, Authorized: 150,000,000 shares; Issued: 68,638,210 shares in 2013 and 2012	12,893	12,893	137,145
Capital surplus	20,630	20,630	219,445
Retained earnings	130,056	125,859	1,383,427
Treasury stock—at cost 2,950,749 shares in 2013 and 2,950,450 shares in 2012	(5,817)	(5,816)	(61,877)
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities	186	(206)	1,979
Foreign currency translation adjustments	8,716	(1,468)	92,714
Total	166,664	151,892	1,772,833
Minority interests	1,801	1,442	19,157
Total equity	168,465	153,334	1,791,990
TOTAL	¥319,078	¥205,245	$3,394,086

CONSOLIDATED STATEMENT OF INCOME

GLORY LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET SALES	¥190,939	¥146,938	$2,031,050
COST OF SALES	117,267	92,673	1,247,389
Gross profit	73,672	54,265	783,661
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	59,214	42,990	629,869
Operating income	14,458	11,275	153,792
OTHER INCOME (EXPENSES):			
Interest and dividend income	582	642	6,191
Interest expense	(584)	(164)	(6,212)
Foreign currency exchange loss—net	(578)	(79)	(6,148)
Gain on sale of investment securities (Note 4)		223	
Loss on valuation of investment securities (Note 4)	(64)	(41)	(681)
Gain on sale of property, plant and equipment	12	11	128
Loss on sale and disposal of property, plant and equipment	(463)	(184)	(4,925)
Loss on impairment of long-lived assets	(62)	(225)	(660)
Commission for bridging loan	(455)	(195)	(4,840)
Amortization of goodwill	(141)		(1,500)
Loss on liquidation of business	(236)		(2,510)
Other—net	269	379	2,861
Other income (expenses)—net	(1,720)	367	(18,296)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	12,738	11,642	135,496
INCOME TAXES (NOTE 9):			
Current	(5,878)	(3,332)	(62,525)
Deferred	504	(1,614)	5,361
Total income taxes	(5,374)	(4,946)	(57,164)
NET INCOME BEFORE MINORITY INTERESTS	7,364	6,696	78,332
MINORITY INTERESTS IN NET INCOME	(491)	(449)	(5,223)
NET INCOME	¥ 6,873	¥ 6,247	$ 73,109

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.v):			
Basic net income	¥104.64	¥95.09	$1.11
Cash dividends applicable to the year	44.00	42.00	0.47

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GLORY LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥ 7,364	¥6,696	$ 78,332
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17):			
Net unrealized gain (loss) on available-for-sale securities	392	106	4,170
Foreign currency translation adjustments	10,347	(424)	110,063
Total other comprehensive income (loss)	10,739	(318)	114,233
COMPREHENSIVE INCOME	¥18,103	¥6,378	$192,565
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥17,450	¥6,061	$185,619
Minority interests	653	317	6,946

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GLORY LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Thousands of Shares		Millions of Yen								
							Accumulated Other Comprehensive Income				
	Common Stock	Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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 in 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
Net income					6,873				6,873	(294)	6,579
Cash dividends, ¥43 per share					(2,825)				(2,825)	491	(2,334)
Purchase of treasury stock		(1)				(1)			(1)		(1)
Increase by merger					149				149		149
Net change in the year							392	10,184	10,576	162	10,738
BALANCE, MARCH 31, 2013	68,638	(2,951)	¥12,893	¥20,630	¥130,056	¥(5,817)	¥ 186	¥ 8,716	¥166,664	¥1,801	¥168,465

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$137,145	$219,445	$1,338,783	$(61,866)	$(2,191)	$(15,615)	$1,615,701	$15,339	$1,631,040
Net income			73,109				73,109	(3,127)	69,982
Cash dividends, $0.46 per share			(30,050)				(30,050)	5,223	(24,827)
Purchase of treasury stock				(11)			(11)		(11)
Increase by merger			1,585				1,585		1,585
Net change in the year					4,170	108,329	112,499	1,722	114,221
BALANCE, MARCH 31, 2013	$137,145	$219,445	$1,383,427	$(61,877)	$ 1,979	$ 92,714	$1,772,833	$19,157	$1,791,990

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GLORY LTD. and consolidated subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 12,738	¥11,642	$ 135,496
Adjustments for:			
Income taxes—paid	(4,639)	(3,768)	(49,346)
Depreciation and amortization	8,897	6,842	94,639
Amortization of goodwill	4,019	1,077	42,751
Loss on impairment of long-lived assets	62	225	660
Provision for doubtful receivables	(40)	(1,595)	(425)
Net loss on sale and disposal of property, plant and equipment	451	173	4,797
Loss on valuation of investment securities	64	41	681
Net gain on sales of investment securities		(192)	
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Increase in trade notes and accounts receivable	(4,264)	(5,171)	(45,357)
Increase in inventories	(2,765)	(1,810)	(29,412)
Decrease in interest and dividend receivable	17	15	181
Decrease (increase) in notes, accounts and other payable	(102)	4,032	(1,085)
Decrease (increase) in interest payable	(17)	0	(181)
Decrease in liability for retirement benefits	(323)	(390)	(3,436)
Decrease in accruals for debt guarantees	(3)	(171)	(32)
Decrease in allowance for loss on cancellation of lease obligations	(45)	(59)	(479)
Decrease (increase) in lease obligations	(306)	238	(3,255)
Decrease (increase) in lease investment assets	364	(147)	3,872
Increase (decrease) in accrued consumption taxes	132	(5)	1,404
Increase in accrued expenses	795	719	8,457
Other—net	(330)	(677)	(3,510)
Total adjustments	1,967	(623)	20,924
Net cash provided by operating activities	14,705	11,019	156,420
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	546	70	5,808
Purchases of property, plant and equipment	(4,390)	(3,228)	(46,697)
Purchases of intangible assets	(1,441)	(1,054)	(15,328)
Proceeds from sales and redemption of investment securities	4,709	2,873	50,090
Purchases of investment securities	(108)	(1,520)	(1,149)
Increase in time deposits—net	2,087	817	22,200
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	(55,688)		(592,363)
Acquisition of investments in subsidiaries		(188)	
Proceeds from cancellation of insurance funds	1,763		18,753
Decrease (increase) in other assets	185	(200)	1,969
Net cash used in investing activities	(52,337)	(2,430)	(556,717)
FINANCING ACTIVITIES:			
Decrease (increase) in short-term borrowings—net	(4,431)	109	(47,135)
Proceeds from long-term debt	50,807		540,443
Repayments of long-term debt	(2,653)		(28,220)
Repurchase of treasury stock	(1)	(0)	(11)
Dividends paid	(2,824)	(2,628)	(30,039)
Dividends paid for minority shareholders	(294)	(242)	(3,127)
Net cash provided by (used in) in financing activities	40,604	(2,761)	431,911
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	¥ 1,911	¥(213)	$20,328
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,883	5,615	51,942
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR		28	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	58,431	52,788	621,540
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 63,314	¥58,431	$ 673,482
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Assets acquired	¥(44,894)	¥ —	$(477,545)
Liabilities assumed	50,897		541,400
Goodwill	(60,071)		(638,985)
Minority interests			
Acquisition costs	(54,068)		(575,130)
Cash dividends paid from newly consolidated subsidiary	(7,864)		(83,651)
Acquired cash and cash equivalents	6,244		66,418
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	¥(55,688)	¥ —	$(592,363)

See notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GLORY LTD. and consolidated subsidiaries
Year Ended March 31, 2013

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 accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to 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 which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

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 ¥94.01 to $1, the approximate rate of exchange at March 31, 2013. 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, 2013 include the accounts of the Company and its 46 (15 in 2012) significant subsidiaries (together, the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

2013

Name	Year-end
Hokkaido GLORY Co., Ltd.	March 31
GLORY NASCA 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 *1	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 Global Solutions Ltd. *2	March 31
Talaris Limited *1	March 31
Talaris Investment (France) S.A.S.	March 31
Talaris Inc.	March 31

33 other companies

2012

Name	Year-end
Hokkaido GLORY Co., Ltd.	March 31
GLORY NASCA 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 *1	December 31
Sitrade Italia S.p.A.	December 31
GLORY Denshi Kogyo (Suzhou) Ltd.	December 31
GLORY International Trading (Shanghai) Co., Ltd.	December 31

6 other companies

Notes: *1 On March 31, 2013, GLORY Europe GmbH transferred its business and assets to Talaris Cash Systems (Germany) GmbH and Talaris Limited and ceased business operations.
*2 Glory Global Solutions Ltd. completed the acquisition of Talaris Topco Limited on July 10, 2012, and Talaris Topco Limited and its 33 subsidiaries were included in the scope of consolidation of the Company from the second quarter consolidated results onward.

GLORY Europe GmbH; GLORY Denshi Kogyo (Suzhou) Ltd.; GLORY International Trading (Shanghai) Co., Ltd.; Sitrade Italia S.p.A.; Talaris Brazil Comércio de Máquinas Ltda.; and six other companies 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 reasonable estimated period.

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

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements - In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes that 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. However, 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, except for 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: (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 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 allowed 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 are 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.

Glory Global Solutions Ltd. (a company founded for the purpose of the acquisition) acquired 100% of the net assets of Talaris Topco Limited on July 10, 2012 and accounted for it by the purchase method of accounting. The related goodwill is amortized over 19 years by straight-line method.

Transactions under common control - GLORY Service Co., Ltd. (consolidated subsidiary) and GLORY F&C Co., Ltd. (unconsolidated subsidiary) were merged as of April 1, 2012.

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 or 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 or after April 1, 1998 are depreciated by the straight-line method. The useful lives for lease assets are the terms of the respective leases.

Effective from the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries changed the depreciation method for the property, plant and equipment acquired on or after April 1, 2012, due to the revision of the Japanese Corporation Tax Law and its regulation. The effect of this adoption was to increase income before income taxes and minority interests by ¥102 million ($1,094 thousand) for the year ended March 31, 2013.

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 within 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. Other Assets - Customer relationships is carried at cost less accumulated amortization, which is calculated by the straight-line method over 20 years.

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

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

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 this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and 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 adjustment to 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.

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.

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 leases.

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 and currency swaps.

However, receivables denominated in a foreign currency that are covered by forward exchange contracts are translated at the contract rate. Long-term debt denominated in a foreign currency that is covered by a currency swap is translated at the contract rate. The difference resulting from receivables and long-term debt 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 and interest rates. Foreign currency forward contracts, currency swaps and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (1) 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 (2) for derivatives used for hedging purposes, if such 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.

Foreign currency forward contracts are 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.

Long-term debt denominated in foreign currencies for which currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the currency swaps qualify for hedge accounting.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

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 following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

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 an effective date of April 1, 2000, and the other related practical guidance, 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 any resulting 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 have not yet 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.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both 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 for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

03. CHANGES IN PRESENTATION

"Income from life insurance and endowment contract", which was presented separately in the consolidated statement of income in the year ended March 31, 2012, is included in "Other—net" in "Other income (expenses)" for the year ended March 31, 2013, as this amount was less than 10% of total non-operating income. The corresponding amount for the year ended March 31, 2012 has been restated in order to reflect this change in presentation. As a result, ¥257 million of "Income from life insurance and endowment contract" is included in "Other - net" in the accompanying consolidated statement of income for the year ended March 31, 2012.

04. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Short-term investments:			
Time deposits other than cash equivalents	¥ 766	¥ 852	$ 8,148
Government, corporate, and other bonds	1,101	4,405	11,712
Total	¥ 1,867	¥ 5,257	$ 19,860
Investment securities:			
Marketable equity securities	¥ 3,852	¥ 3,241	$ 40,974
Nonmarketable equity securities	689	645	7,329
Government, corporate, and other bonds	9,755	11,118	103,766
Other	375	339	3,989
Total	¥14,671	¥15,343	$156,058

Book value and fair value information on held-to-maturity debt securities as of March 31, 2013 and 2012, are summarized as follows:

	Millions of Yen					
	2013			2012		
	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	¥ 1,063	¥ 63	¥ 1,000	¥ 1,031	¥ 31
Corporate bonds	5,128	5,221	93	4,796	4,817	21
Securities whose fair values do not exceed their book value:						
Government bonds	254	254		195	195	
Corporate bonds	3,974	3,897	(77)	9,031	8,822	(209)
Other	500	496	(4)	500	487	(13)
Total	¥10,856	¥10,931	¥ 75	¥15,522	¥15,352	¥(170)

	Thousands of U.S. Dollars		
	2013		
	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:			
Government bonds	$ 10,637	$ 11,307	$ 670
Corporate bonds	54,547	55,537	989
Securities whose fair values do not exceed their book value:			
Government bonds	2,702	2,702	
Corporate bonds	42,272	41,453	(819)
Other	5,319	5,276	(42)
Total	$115,477	$116,275	$ 798

Book value and acquisition cost information on available-for-sale securities as of March 31, 2013 and 2012, are summarized as follows:

	Millions of Yen					
	2013			2012		
	Acquisition Costs	Book Value per Balance Sheet	Difference	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:						
Equity securities	¥1,361	¥2,012	¥ 651	¥ 956	¥1,349	¥ 393
Other	351	375	24			
Securities whose book values do not exceed their acquisition costs:						
Equity securities	2,228	1,840	(388)	2,597	1,892	(705)
Other				348	339	(9)
Total	¥3,940	¥4,227	¥ 287	¥3,901	¥3,580	¥(321)

	Thousands of U.S. Dollars		
	2013		
	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	$14,477	$21,402	$ 6,925
Other	3,734	3,989	255
Securities whose book values do not exceed their acquisition costs:			
Equity securities	23,700	19,572	(4,128)
Total	$41,911	$44,963	$ 3,052

Available-for-sale securities sold during the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Proceeds from sales	¥1	¥431	$11
Gain on sales		223	
Loss on sales	0	31	0

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 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 in loss on valuation of investment securities for the year ended March 31, 2012.

05. INVENTORIES

Inventories as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Finished products and merchandise	¥17,459	¥12,933	$185,714
Work in process	6,313	7,043	67,153
Raw materials and supplies	8,301	6,389	88,299
Total	¥32,073	¥26,365	$341,166

06. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loans from banks and an insurance company	¥35,831	¥11,047	$381,140

The annual average interest rates applicable to short-term borrowings at March 31, 2013 and 2012, were 0.7% and 1.4%, respectively.

(b) Long-term debt and lease obligations as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loans from banks and other	¥48,154	¥ —	$512,222
Obligations under finance leases	2,313	2,483	24,604
Total	50,467	2,483	536,826
Less current portion	(7,133)	(937)	(75,875)
Long-term debt and lease obligations, less current portion	¥43,334	¥1,546	$460,951

The annual average interest rate applicable to long-term debt at March 31, 2013 is 1.2%.

(c) Annual maturities of long-term debt as of March 31, 2013, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 7,133	$ 75,875
2015	8,632	91,820
2016	8,424	89,607
2017	7,935	84,406
2018 and thereafter	18,343	195,118
Total	¥50,467	$536,826

07. RETIREMENT AND PENSION PLANS

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

(b) The liability (asset) for employees' retirement benefits as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥ 44,944	¥ 34,997	$ 478,077
Fair value of plan assets (including a pension trust)	(41,308)	(30,909)	(439,400)
Unrecognized actuarial loss	(3,138)	(3,910)	(33,379)
Unrecognized prior service cost	1,395	1,640	14,838
Net liability	1,893	1,818	20,136
Prepaid pension cost	(1,529)	(1,085)	(16,264)
Liability for retirement benefits	¥ 3,422	¥ 2,903	$ 36,400

(c) The components of net periodic benefit cost for the years ended March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥1,793	¥1,728	$19,072
Interest cost	715	686	7,606
Recognized actuarial loss	554	780	5,893
Amortization of prior service cost	(231)	(286)	(2,457)
Net periodic benefit costs	2,831	2,908	30,114
Contribution to defined contribution pension plan	279		2,968
Total	¥3,110	¥2,908	$33,082

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, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	Mainly 1.3%	2.0%
Expected rate of return on plan assets	Mainly 0.0%	0.0%
Allocation method of the retirement benefits expected to be paid at the retirement date	Mainly straight-line method based on years of service	Straight-line method based on years of service
Recognition period of actuarial gain/loss	Mainly 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 a 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 normal effective statutory tax rates of approximately 38.0% and 40.6% for the years ended March 31, 2013 and 2012, 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, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets due to:			
Liability for retirement benefits	¥ 2,266	¥ 2,293	$ 24,104
Accrued bonuses	1,702	1,445	18,104
Unrealized profit eliminated	1,003	480	10,669
Research and development expenditures	880	981	9,361
Depreciation and amortization	527	541	5,606
Inventories	507	229	5,393
Loss on valuation of investments in capital of subsidiaries and affiliates	357		3,797
Loss on valuation of investment securities	185	167	1,968
Asset adjustment account	119	478	1,266
Allowance for doubtful accounts	90	76	957
Other	3,190	3,005	33,933
Gross deferred tax assets	10,826	9,695	115,158
Less valuation allowance	(1,491)	(1,345)	(15,860)
Total gross deferred tax assets	¥ 9,335	¥ 8,350	$ 99,298
Deferred tax liabilities due to:			
Intangibles assets	¥ (7,028)		$ (74,758)
Net unrealized gain on securities	(240)	¥ (140)	(2,553)
Other	(353)	(44)	(3,755)
Total gross deferred tax liabilities	(7,621)	(184)	(81,066)
Net deferred tax assets	¥ 1,714	¥ 8,166	$ 18,232

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2013 and 2012, is as follows:

	2013	2012
Normal effective statutory tax rate	38.0%	40.6%
Expenses not deductible for income tax purposes, such as entertainment expenses	3.2	2.5
Income not taxable for income tax purposes	(2.4)	(2.3)
Tax credit related to research expenses	(6.2)	(5.4)
Amortization of goodwill	12.0	3.8
Tax rate differences with consolidated subsidiaries	(1.2)	(3.7)
Effect of tax rate reduction		6.4
Loss on valuation of investments in capital of subsidiaries and affiliates	(2.8)	
Other—net	1.6	0.6
Actual effective tax rate	42.2%	42.5%

10. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012, mainly consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Employees' salaries and bonuses	¥20,701	¥14,269	$220,200
Amortization of goodwill	3,878	1,077	41,251
Depreciation expense	4,319	2,342	45,942
Rent expense	4,230	3,764	44,995

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expense and manufacturing cost for the years ended March 31, 2013 and 2012, were ¥12,092 million ($128,625 thousand) and ¥9,935 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, 2013 and 2012, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Acquisition cost	¥ 72	¥ 1,272	$ 766
Accumulated depreciation	(56)	(1,152)	(596)
Net leased property	¥ 16	¥ 120	$ 170

Obligations under finance leases as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥12	¥110	$127
Due after one year	6	18	64
Total	¥18	¥128	$191
Allowance for impairment loss on leased property	¥—	¥ —	$ —

Depreciation expense, interest expense and other information under finance leases as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Depreciation expense	¥105	¥339	$1,117
Interest expense	2	8	21
Total	¥107	¥347	$1,138
Lease payments	¥114	¥367	$1,213
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 noncancelable operating leases as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥49	¥50	$ 521
Due after one year	46	19	489
Total	¥95	¥69	$1,010

(b) Lessor

The net investments in lease as of March 31, 2013 and 2012, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gross lease receivables	¥3,037	¥3,519	$32,305
Unearned interest income	497	615	5,287
Investments in leases, current	¥2,540	¥2,904	$27,018

Maturities of investment in lease for finance leases that deem not to transfer ownership of the leased property to the lessee as of March 31, 2013, are as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥1,234	$13,126
2015	706	7,510
2016	497	5,287
2017	365	3,882
2018	141	1,500
2019 and thereafter	94	1,000
Total	¥3,037	$32,305

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, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 6	¥105	$ 64
Due after one year	4	10	42
Total	¥10	¥115	$106

Sublease payables by lessee are almost the same amount as sublease receivables, which are included in the future lease payments as a 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 foreign currency forward 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 aimed to finance acquisitions. Although a part of such bank loans are exposed to foreign exchange rate fluctuations and interest rate fluctuations, those risks are mitigated by using derivatives. As this method of hedging meets the requirements of the special treatment of interest rate swaps, we have not assessed the effectiveness of the method.

Derivatives are foreign currency forward contracts, interest rate swap agreements and currency swap agreements. Please see Note 14 for more detail about derivatives.

(3) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices 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, 2013 and 2012, were as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Difference
Cash and cash equivalents	¥ 63,314	¥ 63,314	¥ —
Receivables:			
Trade notes	4,619		
Trade accounts	39,986		
Unconsolidated subsidiaries and associated company	25		
Subtotal	44,630		
Allowance for doubtful accounts *1	(415)		
Receivables—net	44,215	44,205	(10)
Investments in leases	2,540		
Allowance for doubtful accounts *1	(28)		
Investments in leases—net	2,512	2,464	(48)
Short-term investments and investment securities	15,850	15,925	75
Total	¥125,891	¥125,908	¥ 17
Payables:			
Trade notes	¥ 8,557	¥ 8,557	¥ —
Trade accounts	11,076	11,076	
Unconsolidated subsidiaries and associated company	463	463	
Short-term borrowings	35,831	35,831	
Income taxes payable	3,023	3,023	
Long-term debt	48,154	48,289	135
Long-term lease obligations	1,332	1,291	(41)
Total	¥108,436	¥108,530	¥ 94
Derivative financial instruments: *2			
Hedge accounting—Not applied	¥ 4	¥ 4	¥ —
Hedge accounting—Applied			
Total	¥ 4	¥ 4	¥ —

March 31, 2012	Millions of Yen 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	¥ —	¥ —	¥ —

March 31, 2013	Thousands of U.S. Dollars Carrying Amount	Fair Value	Difference
Cash and cash equivalents	$ 673,482	$ 673,482	$ —
Receivables:			
Trade notes	49,133		
Trade accounts	425,338		
Unconsolidated subsidiaries and associated company	266		
Subtotal	474,737		
Allowance for doubtful accounts *1	(4,415)		
Receivables—net	470,322	470,216	(106)
Investments in leases	27,018		
Allowance for doubtful accounts *1	(297)		
Investments in leases—net	26,721	26,210	(511)
Short-term investments and investment securities	168,598	169,396	798
Total	$1,339,123	$1,339,304	$ 181
Payables:			
Trade notes	$ 91,022	$ 91,022	$ —
Trade accounts	117,817	117,817	
Unconsolidated subsidiaries and associated company	4,925	4,925	
Short-term borrowings	381,140	381,140	
Income taxes payable	32,156	32,156	
Long-term debt	512,222	513,658	1,436
Long-term lease obligations	14,169	13,733	(436)
Total	$1,153,451	$1,154,451	$1,000
Derivative financial instruments: *2			
Hedge accounting—Not applied	$ 43	$ 43	$ —
Hedge accounting—Applied			
Total	$ 43	$ 43	$ —

Notes: *1 Allowances for doubtful accounts taken for receivables and investments in leases are subtracted.
*2 Figures are net of debits and credits arising from derivative financial instruments.

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 and current portion of long-term borrowings, and income taxes payable approximate fair value because of their short maturities.

Long-term Debt and Long-Term Lease Obligations

The fair values of long-term debt and long-term lease obligations are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate. The specific matching criteria of interest rate and currency swaps are applicable to some long-term debts. The fair values of these items are determined by discounting the combined total of interest and principal, with which the interest rate and currency swaps have been accounted for, at the Group's assumed corporate borrowing rate. The carrying values of floating-rate long-term debt approximate fair values because the floating rates reflect the short-term market rate.

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, 2013 and 2012, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments in equity instruments that do not have a quoted market price in an active market	¥1,725	¥1,751	$18,349

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, 2013 and 2012, were ¥1,036 million ($11,020 thousand) and ¥1,106 million, respectively.

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

	Millions of Yen			
March 31, 2013	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 63,314	¥ —	¥ —	¥—
Receivables	43,141	1,489		
Investments in leases	1,029	1,479	32	
Short-term investments and investment securities	1,765	5,672	4,023	7
Total	¥109,249	¥8,640	¥4,055	¥ 7

	Millions of Yen			
March 31, 2012	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 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

	Thousands of U.S. Dollars			
March 31, 2013	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	$ 673,482	$ —	$ —	$—
Receivables	458,898	15,839		
Investments in leases	10,946	15,732	340	
Short-term investments and investment securities	18,775	60,334	42,793	74
Total	$1,162,101	$91,905	$43,133	$74

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

14. DERIVATIVES

The Group enters into foreign currency forward contracts, interest rate swap agreements and currency swap agreements. The foreign currency forward contracts and currency swap agreements 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 interest rate swap agreements are designed to hedge certain exposures to interest rate fluctuations on long-term debt. 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			
At March 31, 2013	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Brazil Real	¥222	¥—	¥4	¥4

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

	Thousands of U.S. Dollars			
At March 31, 2013	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Brazil Real	$2,361	$—	$43	$43

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
At March 31, 2013	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	¥ 754	¥ —	*1
Interest rate swaps (fixed-rate payment, floating-rate receipt)	Long-term debt	24,500	21,934	*2
Interest rate and currency swaps (fixed-rate and Japanese yen payment, floating-rate and U.S.$ receipt)	Long-term debt	5,647	5,176	*2
Interest rate and currency swaps (fixed-rate and Euro payment, floating-rate and U.S.$ receipt)	Long-term debt	9,935	8,406	*2

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

At March 31, 2013	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	$ 8,020	$ —	*1
Interest rate swaps (fixed-rate payment, floating-rate receipt)	Long-term debt	260,611	233,316	*2
Interest rate and currency swaps (fixed-rate and Japanese yen payment, floating-rate and U.S.$ receipt)	Long-term debt	60,068	55,058	*2
Interest rate and currency swaps (fixed-rate and Euro payment, floating-rate and U.S.$ receipt)	Long-term debt	105,680	89,416	*2

Note: *1 Fair value of the foreign currency forward contract assigned for receivables is included in the fair value of receivables disclosed in Note 13.
*2 Fair value of interest rate swaps and interest rate and currency swaps, for which special treatment is applied, is included in fair value of the corresponding long-term debt for which hedge accounting is applied disclosed in 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, 2013 and 2012, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Guarantees for bank loans drawn by its employees	¥ 52	¥ 58	$ 553
Guarantees for lease obligations owed by its customers	1,362	1,693	14,488

16. BUSINESS COMBINATION

(a) Application of Purchase Method to Talaris Topco Limited and its 33 subsidiaries

On July 10, 2012, the Company acquired 100% of the outstanding shares of Talaris Topco Limited, which is in the business of sales, manufacturing and maintenance of money handling machines.

Talaris Topco Limited and its 33 subsidiaries have wider distribution and maintenance service networks, advanced solution capabilities, a broad customer base and skillful human resources. This acquisition was made to expand the Group business development in overseas by obtaining the above capabilities.

The results of operations for Talaris Topco Limited and its 33 subsidiaries are included in the Company's consolidated financial statements of income as of the date of acquisition. The Company accounted for this business combination by the purchase method of accounting.

The total cost of acquisition was ¥54,068 million ($575,130 thousand), which consists of ¥53,295 million ($566,908 thousand) for the common stock of Talaris Topco Limited and ¥773 million ($8,222 thousand) of related expenses, such as due diligence costs. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. The difference between the acquisition cost and fair value of net assets of Talaris Topco Limited as of the acquisition date was recognized as goodwill. Goodwill recorded in connection with the acquisition totaled ¥60,071 million ($638,985 thousand) and is amortized by the straight-line method over 19 years.

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

	Millions of Yen	Thousands of U.S. Dollars
		2013
Current assets	¥14,728	$156,664
Non-current assets	30,166	320,881
Total assets acquired	¥44,894	$477,545
Current liabilities	¥44,460	$472,928
Non-current liabilities	6,437	68,472
Total liabilities assumed	¥50,897	$541,400

The amount of intangible assets other than goodwill acquired in the business combination included in the acquisition price totaled ¥28,308 million ($301,117 thousand), and included "customer relationships" (amortized over 20 years) of ¥25,600 million ($272,311 thousand).

If this business combination had been completed as of April 1, 2012, the beginning of the current fiscal year, the unaudited condensed pro forma consolidated financial statement of income for the year ended March 31, 2013 would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
		2013
Sales	¥ 9,047	$ 96,234
Operating income	(555)	(5,904)
Income before income taxes and minority interests	(785)	(8,350)
Net income	(1,012)	(10,765)
	Yen	U.S. Dollars
Net income per share	¥(15.41)	$ (0.16)

Method of calculating condensed pro forma and important assumptions

The condensed pro forma of the corporate integration of Talaris Topco Limited is calculated assuming the integration was completed on April 1, 2012, the first day of the fiscal year ended March 31, 2013. It is the difference between the net sales and income reported for Talaris Topco Limited between April 1, 2012 and June 30, 2012, and the net sales and income for the Company on its consolidated statement of income. Moreover, amortization of customer relationships and goodwill corresponding to the period from April 1, 2012, to the actual date of the corporate integration has been recognized in this amount. These notes have not been audited.

(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 Group. 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. No agreement of ownership was necessary after the merger as both two 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 updated 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. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized loss on available-for-sale securities:			
Gains arising during the year	¥ 607	¥ 190	$ 6,457
Reclassification adjustments to profit or loss	0	15	0
Amount before income tax effect	607	205	6,457
Income tax effect	(215)	(99)	(2,287)
Total	¥ 392	¥ 106	$ 4,170
Foreign currency translation adjustments:			
Adjustments arising during the year	¥10,347	¥(424)	$110,063
Total	¥10,347	¥(424)	$110,063
Total other comprehensive income	¥10,739	¥(318)	$114,233

18. SUBSEQUENT EVENTS

(a) Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2013, was approved at the Company's shareholders' meeting held on June 21, 2013:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥23 ($0.24) per share	¥1,511	$16,073

19. 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 Disclosures," 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 following 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. 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 with 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								
	2013								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥44,679	¥29,670	¥25,846	¥ 75,688	¥175,883	¥15,056	¥190,939	¥ —	¥190,939
Intersegment sales or transfers									
Total	44,679	29,670	25,846	75,688	175,883	15,056	190,939		190,939
Segment profit	4,417	3,137	1,728	5,085	14,367	91	14,458		14,458
Segment assets *1	38,776	26,564	25,383	151,734	242,457	16,042	258,499	60,579	319,078
Other:									
Depreciation	1,648	1,052	1,929	3,518	8,147	750	8,897		8,897
Amortization of goodwill *2			658	3,361	4,019		4,019		4,019
Increase in property, plant and equipment and intangible assets	¥ 1,691	¥ 1,105	¥ 2,211	¥106,396	¥111,403	¥ 802	¥112,205	¥ —	¥112,205

	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

	Thousands of U.S. Dollars								
	2013								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	$475,258	$315,605	$274,928	$ 805,106	$1,870,897	$160,153	$2,031,050	$ —	$2,031,050
Intersegment sales or transfers									
Total	475,258	315,605	274,928	805,106	1,870,897	160,153	2,031,050		2,031,050
Segment profit	46,984	33,369	18,381	54,090	152,824	968	153,792		153,792
Segment assets *1	412,467	282,566	270,003	1,614,020	2,579,056	170,641	2,749,697	644,389	3,394,086
Other:									
Depreciation	17,530	11,190	20,519	37,422	86,661	7,978	94,639		94,639
Amortization of goodwill *2			6,999	35,752	42,751		42,751		42,751
Increase in property, plant and equipment and intangible assets	$ 17,987	$ 11,754	$ 23,519	$1,131,752	$1,185,012	$ 8,531	$1,193,543	$ —	$1,193,543

Note: *1 Reconciliations of segment assets are corporate assets of ¥60,580 million ($644,400 thousand) and ¥42,333 million for the years ended March 31, 2013 and 2012, respectively, consisting principally of surplus funds of the Group.

*2 Amortization of goodwill in the tables above includes the loss on write-down of the unamortized balance of goodwill recorded as other expenses in the consolidated statement of income.

4. Information about products and services

	Millions of Yen			
	2013			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	¥136,047	¥36,282	¥18,610	¥190,939

	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

	Thousands of U.S. Dollars			
	2013			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	$1,447,155	$385,938	$197,957	$2,031,050

5. Information about geographical areas

(a) Sales

Millions of Yen				
2013				
Japan	Asia/Oceania	Americas	Europe	Total
¥115,251	¥17,899	¥24,500	¥33,289	¥190,939

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

Thousands of U.S. Dollars				
2013				
Japan	Asia/Oceania	Americas	Europe	Total
$1,225,944	$190,395	$260,611	$354,100	$2,031,050

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 more than 90% of property, plant and equipment on the consolidated balance sheet.

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 statement of income.

7. Information about impairment losses of assets by reportable segment

	Millions of Yen								
	2013								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets								¥62	¥62

	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

	Thousands of U.S. Dollars								
	2013								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets								$660	$660

Note: The impairment loss relating to idle assets and not allocated to any reportable segment for the years ended March 31, 2013 and 2012 was ¥62 million ($660 thousand) and ¥225 million, respectively.

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

	Millions of Yen								
	2013								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			¥658	¥ 3,361	¥ 4,019		¥ 4,019		¥ 4,019
Goodwill at March 31, 2013			215	68,866	69,081		69,081		69,081

	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

	Thousands of U.S. Dollars								
	2013								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			$6,999	$ 35,752	$ 42,751		$ 42,751		$ 42,751
Goodwill at March 31, 2013			2,287	732,539	734,826		734,826		734,826

Note: Amortization of goodwill in the tables above includes the loss on write-down of the unamortized balance of goodwill recorded as other expenses in the consolidated statement of income.

Deloitte.

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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 its consolidated subsidiaries as of March 31, 2013, 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 accordance 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 misstatement, 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 accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance 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 accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2013

Member of
Deloitte Touche Tohmatsu Limited

CORPORATE INFORMATION

(As of March 31, 2013)

Corporate Information

Name: GLORY LTD.

Established: November 27, 1944

Capital: ¥12,892,947,600

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

Number of employees: 3,412 (Consolidated basis: 7,903)

Offices

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 4 service centers 2 other business sites

Group Companies

(As of June 30, 2013)

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

Overseas manufacturing subsidiaries (5 in total)

● GLORY Denshi Kogyo (Suzhou) Ltd.
● Standardwerk Eugen Reis GmbH
GLORY (PHILIPPINES), INC.
GLORY IPO Asia Ltd.
GLORY IPO China Ltd.

Overseas sales and maintenance subsidiaries*2 (37 in total)

● Sitrade Italia S.p.A.
● Glory Global Solutions Ltd.
● Glory Global Solutions (International) Ltd.
● Glory Global Solutions (France) S.A.S.
● Glory Global Solutions (Belgium) N.V./S.A.
● Glory Global Solutions (Germany) GmbH
● Glory Global Solutions (Netherlands) BV
● Glory Global Solutions (Spain) S.A.
● Glory Global Solutions (Switzerland) A.G.
● Glory Global Solutions (Portugal) S.A.
● Glory Global Solutions Nakit Otomasyon Teknolojileri Ltd. Şti.
● Glory Global Solutions Inc.
● Glory Global Solutions (Canada) Inc.
● Glory Global Solutions (Brasil) Máquinas e Equipamentos Ltda.
● Glory Global Solutions (Colombia) S.A.
● Glory Global Solutions (Mexico) S.A.P.I DE C.E.
● Glory Global Solutions (Singapore) Pte. Ltd.
● Glory Global Solutions (Australia) Pty. Ltd.
● Glory Global Solutions (Malaysia) Sdn. Bhd.
● Glory Global Solutions (Shanghai) Co., Ltd.
Glory Global Solutions (India) Pvt. Ltd.
Glory Global Solutions (Hong Kong) Ltd.
and 15 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. 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. We are currently in the process of restricting the operations of overseas subsidiaries and renaming the Talaris companies with the "GLORY" name.

SHARE INFORMATION

(As of March 31, 2013)

Share Information

Number of shares authorized	150,000,000
Number of shares issued	68,638,210 (Including 2,950,749 shares of treasury stock)
Trading unit	100 shares
Number of shareholders	7,363 shareholders (down 515 year on year)
Listing exchange* (As of July 16)	First Section of the Tokyo Stock Exchange
Securities code	6457
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation

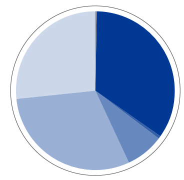
Major shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
STATE STREET BANK AND TRUST COMPANY 505223	5,114	7.5
Japan Trustee Services Bank, Ltd. (Trust account)	3,996	5.8
Nippon Life Insurance Company	3,427	5.0
Sumitomo Mitsui Banking Corporation	2,100	3.1
The Master Trust Bank of Japan, Ltd. (Trust account)	1,998	2.9
JP MORGAN CHASE BANK 385174	1,995	2.9
GLORY Group Employees' Stock Ownership Association	1,863	2.7
Tatsubo Fashion Co. Ltd.	1,500	2.2
GLORY Business Partners' Stock Ownership Association	1,209	1.8
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	893	1.3

In addition to the above, the Company holds 2,950,749 shares of treasury stock

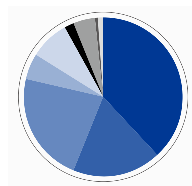
Shareholder distribution

Distribution by ownership of shares



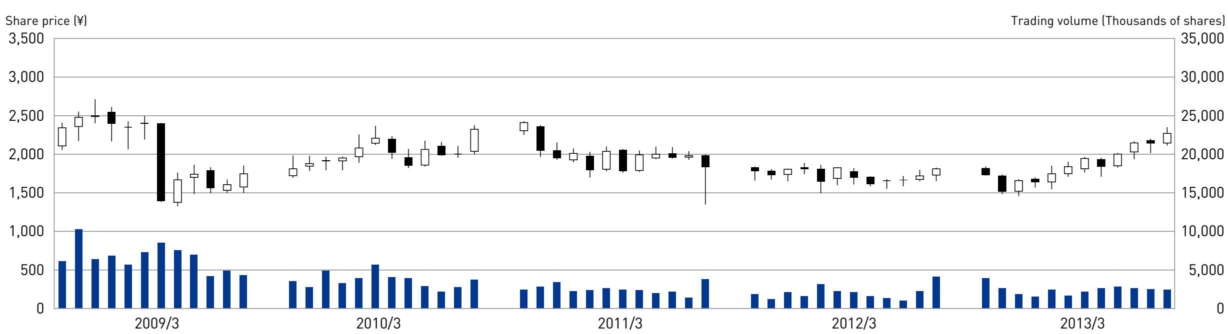
National and regional government bodies	0.2%
Financial institutions	34.6%
Securities companies	0.6%
Other Japanese companies	7.7%
Overseas individuals and companies	30.5%
Japanese individuals, etc.	26.4%

Distribution by number of shares



1 million shares or over	38.1%
500,000–999,999 shares	18.2%
100,000–499,999 shares	22.4%
50,000–99,999 shares	5.4%
10,000–49,999 shares	8.0%
5,000–9,999 shares	1.8%
1,000–4,999 shares	4.5%
500–999 shares	0.5%
Less than 500 shares	1.1%

Trends in Share Price and Trading Volume



	2009/3	2010/3	2011/3	2012/3	2013/3
FY-end share price (Yen)	1,747	2,322	1,831	1,811	2,259
High (Yen)	2,700	2,365	2,418	1,880	2,334
Low (Yen)	1,330	1,699	1,355	1,500	1,454
Total trading volume (Shares)	78,934,700	43,545,600	29,904,100	24,490,000	29,198,900

Data from Osaka Securities Exchange*

* GLORY is listed on the Tokyo Stock Exchange (TSE) and formerly also on the Osaka Securities Exchange (OSE), whose cash equity market was integrated into TSE on July 16, 2013.

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, five 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.

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GLORY

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