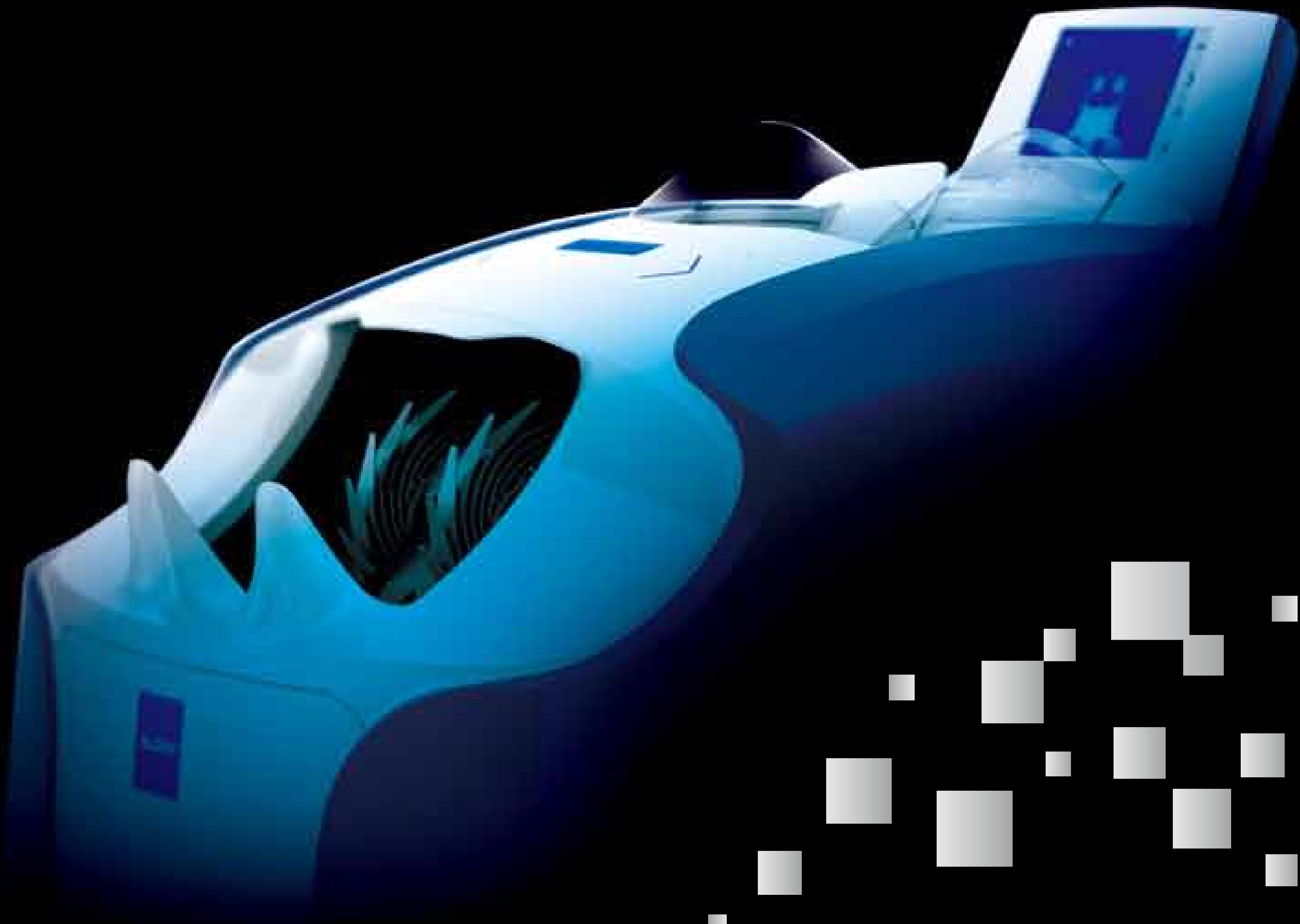
GLORY LTD.



COMING TOGETHER

ANNUAL REPORT 2014 | For the Year Ended March 31, 2014

NET SALES

14.5% UP

OPERATING INCOME

15.6% UP

NET INCOME

44.6% UP

ROE

1.3 POINTS UP

CONTENTS

Forward-Looking Statements

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

MULTIPLE TALENTS WORKING AS ONE GLORY

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. Building on the spirit of these origins, GLORY associates worldwide work together to fulfill its corporate philosophy to contribute to a more secure society. **Constant R&D builds on a foundation of recognition/identification and mechatronics technologies to assure operational efficiency and labor-saving performance** for customers in more than 100 countries around the world. These R&D efforts have brought breakthroughs in facial recognition and privacy protection technologies.

Having developed the talent and the capabilities to operate with a truly global perspective means **GLORY now has an expanding worldwide sales and service network, served by strong manufacturing and sales bases**—always seeking better ways to fine-tune its products to the needs of each customer. GLORY's comprehensive range of products and solutions is winning the trust of customers, in more regions than ever.

TOP MESSAGE

President
Hirokazu Onoe

TURNING PLANS INTO ACHIEVEMENT

We are ALL coming together to find worldwide synergies in product development and manufacturing, sales and service, and create a new generation of unique and innovative products. In the year just concluded, GLORY Group saw the encouraging first fruits of these efforts as we responded to prevailing business conditions by implementing dynamic strategies that resulted in dramatic increases in both sales and income, our fourth straight year of growth.

A CLEAR AND STRATEGIC VISION FOR THE FUTURE

In the broadest terms, we are aiming to achieve major growth and ensure continued future success by reinforcing sales in Japan and reaching out to capture key growth opportunities that we see emerging in the greater global economy. To that end, we developed the Long-Range Vision 2018 and, in April 2012, began implementing the 2014 Medium-Term Management Plan as an action plan to achieve the Vision.

GROWING SALES IN BOTH EXISTING AND NEWLY TARGETED MARKETS IN JAPAN

Under our business strategy for domestic business operations, we are aggressively introducing new products to not only deepen our penetration of existing markets, but also to target promising untapped markets. In the financial market, for example, we launched a new electronic data entry tablet for non-cash operations, which is a priority area for GLORY. In the retail and transportation market, we introduced new coin and banknote recycler for cashiers and energetically marketed our products to potential customers, such as restaurants and specialty stores. In the amusement market, we released the pachinko parlor total system, a new product utilizing cloud computing. Success here depends on how well we can marry technological leadership with our solutions-based approach to customer service.

WHILE STEADILY INTEGRATING BUSINESS OPERATIONS OVERSEAS

In the overseas market, the integration of sales networks and the development of organizational structures following the acquisition of Talaris have been largely completed. We are already seeing a payback in synergy benefits, including the potential for our expanded overseas sales network to drive a further contribution to net sales. We will continue our efforts to maximize such group-level synergies under the "One GLORY" slogan.

REINFORCING GLOBAL-CLASS COMPETITIVE STRENGTHS

The functional improvements envisioned by the Constitutional Strategy are also contributing to our competitiveness and earning potential in global markets. In the area of product development, for example, we aim to strengthen our core technologies and promote platform development. We have largely completed the integration of development sites and themes with the Talaris Group, and our focus going forward will be on the creation of new products through the convergence of GLORY and Talaris technologies. In the production area, we aim to strengthen our global production structure and enhance our cost competitiveness in world markets by enhancing our "mother factory" functions, expanding overseas production and procurement, and optimizing production locations.

STRENGTHENING OUR ORGANIZATION AND ABILITY TO GROW GLOBALLY

Our third basic strategy is the Corporate Management Strategy. Under this strategy we are implementing measures to build a robust management base to support our Business and Constitutional Strategies. In addition to our efforts to improve capital efficiency, we are also working to strengthen our corporate governance systems and ensure the assimilation and consistent application of our corporate philosophy and management creed throughout the GLORY Group, which has expanded significantly as a result of the acquisitions. Another important focus of management structure enhancement is nurturing the people needed to drive our global expansion. We are ensuring that our human resource systems are capable of providing opportunities for a diverse range of people, all working side by side, to achieve their full potential.

LOOKING FORWARD TO FURTHER GAINS IN NET SALES AND OPERATING MARGIN

We expect the recovery trend in the Japanese economy to continue in the year ending March 2015, based on the improvement in corporate earnings and employment. Despite negative factors, including the effects of QE3 tapering in the United States, an uncertain economic outlook in Europe, and slower economic growth in China and other emerging countries, we expect the world economy as a whole to follow a gradual recovery trend.

Our policies for the GLORY Group in this environment call for sustained efforts to realize our three basic strategies. We aim not only to expand our net sales, but also to improve our earning potential. Our estimates for consolidated financial results in the year ending March 31, 2015 are net sales of ¥225 billion, operating income of ¥22.5 billion, and net income of ¥12 billion.

SUBSTANTIAL DIVIDEND GROWTH BY ¥5 TO ¥49 PER SHARE

Under our basic dividend policy, we aim to maintain a minimum dividend of 1.8% of consolidated equity capital, and a consolidated payout ratio of 25% or higher. We paid a year-end dividend of ¥27 per share for the year ended March 31, 2014. The total dividend, including the interim dividend of ¥22, was ¥5 higher year on year at ¥49 per share. In the coming fiscal year, we plan to pay a dividend of ¥49 per share, consisting of an interim dividend of ¥24 and a year-end dividend of ¥25.

PICKING UP OUR PACE IN THE HOME STRETCH TO 2015 AND BEYOND

Only eight months remain until the close of the 2014 Medium-Term Management Plan on March 31, 2015. We will continue our efforts to fully realize our strategies under the current plan while also starting work on a new Medium-Term Management Plan as the final step toward the realization of Long-Range Vision 2018, our vision for 2018, when we will celebrate the 100th anniversary of GLORY's founding.

In the years leading up to that milestone, we will focus the total energies of the GLORY Group on initiatives to strengthen our competitiveness in global markets and build a leaner and more robust management structure.

August, 2014

President Hirokazu Onoe.

OUR CORE STRENGTHS

TECHNOLOGY LEADERSHIP

Recognition/identification technology + Mechatronics technology

→ P06

COMPREHENSIVE GROUP STRUCTURE

GLORY services are available everywhere

→ P08

SERVING CUSTOMERS

OVER

100

COUNTRIES

JAPAN INNOVATION

OVER

20

ORIGINAL PRODUCTS

→ P07

GROUP EMPLOYEES

APPROX.

9,000

PEOPLE

47%

OVERSEAS SALES RATIO

DIRECT PRESENCE

OVER

20

COUNTRIES

CORE TECHNOLOGIES

RECOGNITION/ IDENTIFICATION TECHNOLOGY

MECHATRONICS TECHNOLOGY

Recognition/Identification Technology is capable of identifying currency denominations and detecting counterfeit or damaged currency. By rapidly scanning images, material and size of currency, our systems are able to carry out these tasks far faster and with much greater accuracy than the human eye.

Mechatronics Technology enables our systems to count, sort and bundle money rapidly and with the same dexterity as the human hand. Currencies of different denominations can be sorted and stacked instantly, despite the difference in thickness and size.

EXPANDING OUR LEAD IN THE WORLD

As a pioneer in the money handling machine industry, GLORY has created a variety of groundbreaking products. One of the keys to our growth as a development-driven company is the "striving spirit" that imbues our corporate DNA. Another is our two core technologies of recognition/identification and mechatronics developed by our R&D specialists, who carry that DNA, through their relentless efforts. These technologies allow our systems to count, sort and bundle currency rapidly and accurately while identifying counterfeits more reliably than the human eye. GLORY has used these technologies to develop products that help customers to improve efficiency and ensure greater rigor in their business operations.

Today GLORY is globally active, and we are using our long-accumulated technologies to meet the needs of customers throughout the world. We will continue to expand our lead in the world by creating products based on some of the world's most advanced technology.

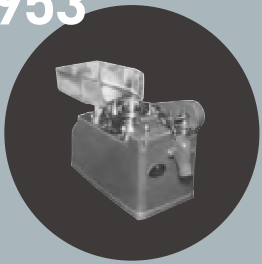
MILESTONES IN A HISTORY OF INNOVATION

1950

THE FIRST COIN COUNTER

GLORY's history as a manufacturer of money handling machines began with this simple coin counter, which was delivered to the Japan Mint.

1953



COIN COUNTER (for financial institutions)

Lighter and more compact than the first machine, this product was designed for easy installation on bank counters and soon became extremely popular, raising GLORY's profile among financial institutions throughout Japan.

1958

CIGARETTE VENDING MACHINE

This was a simple machine designed to eject a cigarette pack after coins were inserted and lever pulled. GLORY subsequently developed many types of vending machines for various other items.

1986

OPEN TELLER SYSTEM

This system provided a new style of teller operation that did not require specialist staff. Today this system has become one of GLORY's main products, and financial institutions regard it as essential to achievement of efficient and rigorous operations.

1986

"P-CARD" SYSTEM

This paper magnetic card system was developed by combining our accumulated expertise in the fields of banknote recognition and electronics. The system's ability to print usage histories and balances on the surface of the card made it ideal for a wide range of applications, including payment systems for company cafeterias and membership ID cards.

1992

COIN RECYCLER FOR CASHIERS

Used in linkage with cash registers, this machine counts the amount of cash received and instantly dispenses the correct change. Catching a need of retailers to improve the efficiency of cash register operations, this machine has been used in a wide variety of businesses, especially supermarkets, and become one of GLORY's main products.

GLORY'S COMPREHENSIVE GROUP STRUCTURE

ONE GLORY, WHEREVER YOU LOOK

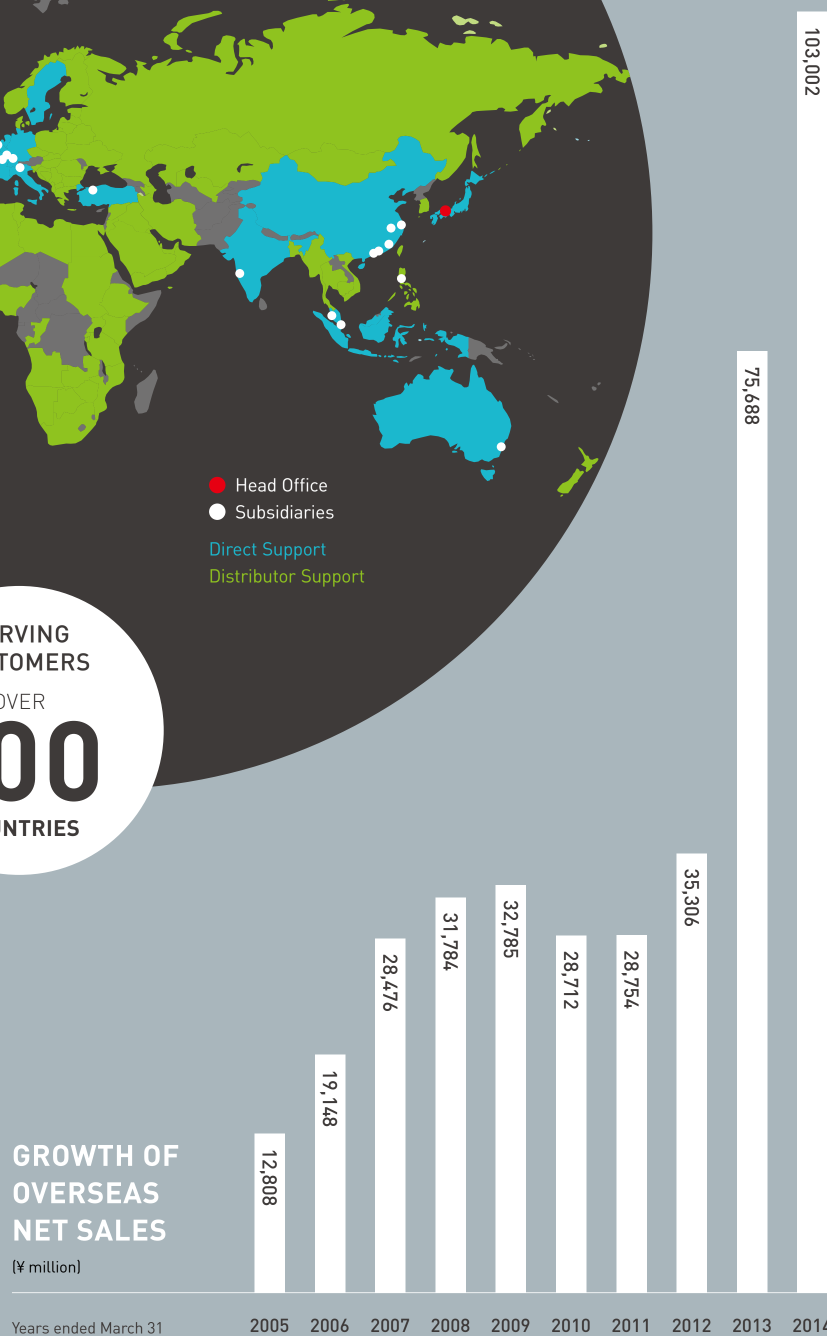
Another of our strengths is group-wide operation system, which allows us to handle all processes from product planning to maintenance service within the GLORY Group. Customer needs identified through our direct sales and service networks are quickly reflected in products and services that precisely match those needs. We have developed these strengths both in overseas markets and in Japan. Today we supply our high-performance and high-quality products via our direct sales and service networks in over 20 countries and through our distributors in over 100 countries, winning a high level of confidence by our customers worldwide. We are determined to achieve continuing growth as one of the world's top brands.

DIRECT PRESENCE
OVER
20
COUNTRIES

SERVING CUSTOMERS
OVER
100
COUNTRIES

GROWTH OF OVERSEAS NET SALES

(¥ million)



CONSOLIDATED FINANCIAL HIGHLIGHTS

GLORY LTD. and consolidated subsidiaries
Years ended March 31

					Millions of yen	Thousands of U.S. dollars*1
For the year:	2010	2011	2012	2013	**2014**	**2014**
Net sales	¥ 135,105	¥ 138,965	¥ 146,938	¥ 190,939*3	¥ 218,632	$ 2,125,117
Operating income	7,685	10,509*2	11,275	14,458*3	16,719	162,510
Net income	5,109	6,229	6,247	6,873	9,939	96,608
Capital expenditure	6,714	6,414	6,709	8,218	7,235	70,325
R&D expenses	8,776	8,999	9,935	12,092	13,175	128,062
Depreciation and amortization	8,145	6,717	6,842	8,897	9,281	90,212
At year-end:						
Total assets	¥ 194,983	¥ 198,020	¥ 205,245	¥ 319,078*3	¥ 340,943	$ 3,313,987
Total equity	145,345	149,782	153,334	168,465	190,805	1,854,636
Interest-bearing debt	14,038	13,309	13,530	86,298*3	75,688	735,689
Per share data:					Yen	U.S. dollars
Net income	¥ 76.00	¥ 94.83	¥ 95.09	¥ 104.64	¥ 151.31	$ 1.47
Dividend (annual)	33.00	37.00	42.00	44.00	49.00	0.48

*1 The U.S. dollar amounts are converted, for convenience only, at the rate of ¥102.88=US$1, the approximate exchange rate at March 31, 2014.
*2 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 ended March 31, 2012.
*3 Major portion of increase compared to fiscal year ended March 31, 2012 is due to acquisition of Talaris Topco Limited in 2012.

Net Sales

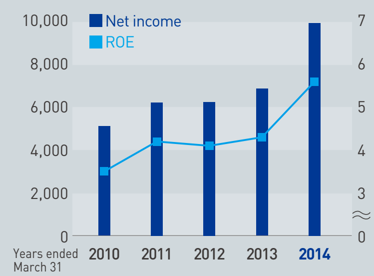
(¥ million)

Operating Income/Operating Margin

(¥ million) (%)

Net Income/ROE

(¥ million) (%)

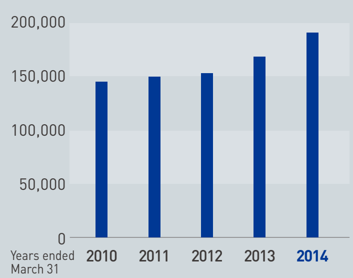


Total Assets

(¥ million)

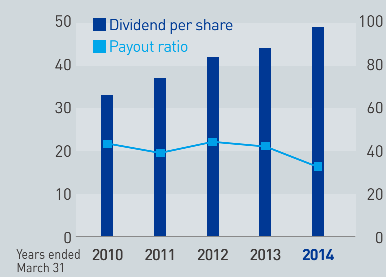
Total Equity

(¥ million)



Cash Dividends/Payout Ratio

(¥) (%)



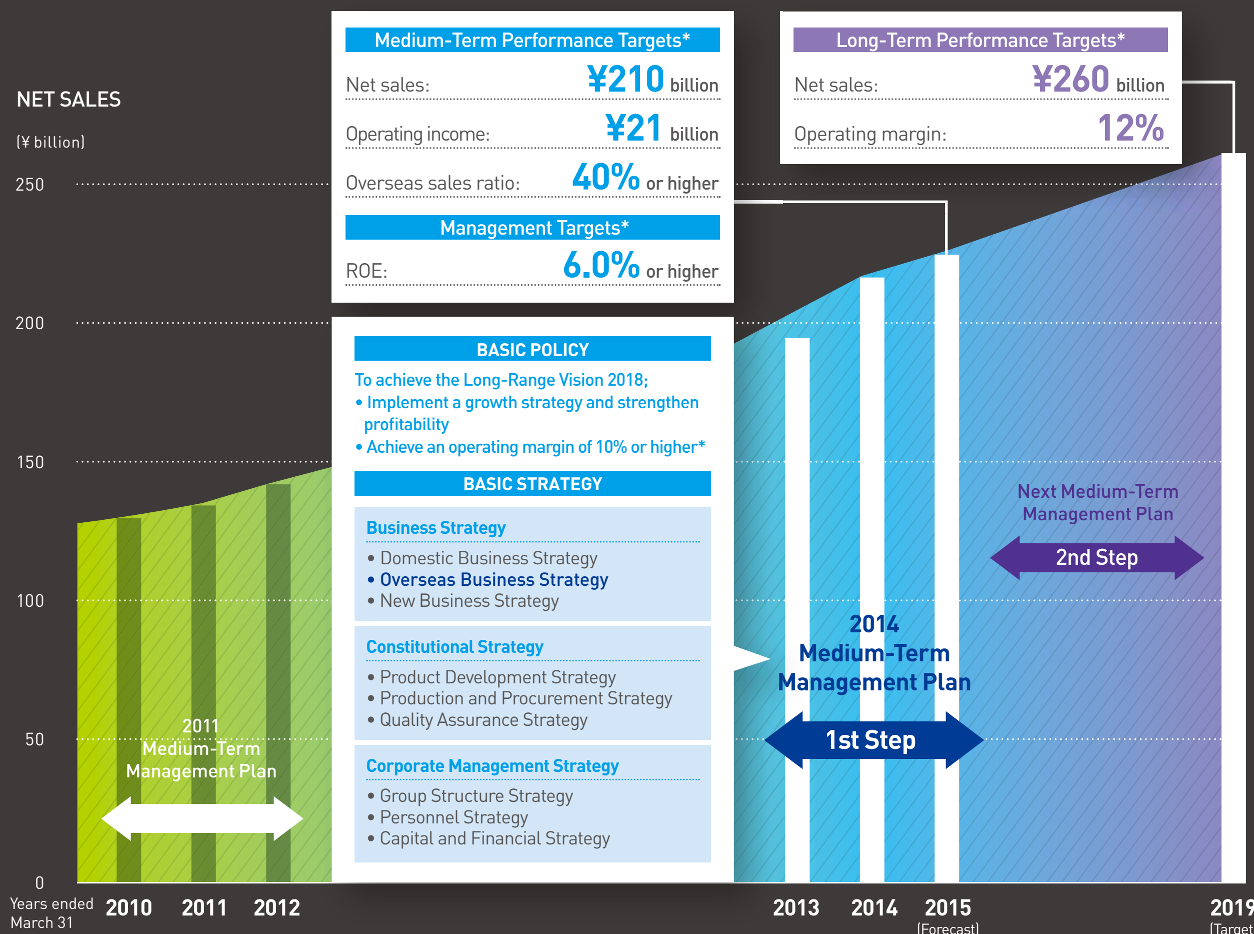
THE KEY COMPONENT OF LONG-TERM GROWTH

Fiscal year ending March 31, 2015 is the final year of the 2014 Medium-Term Management Plan, which is the action plan for realization of Long-Range Vision 2018. GLORY group continues to aggressively pursue specific strategies to achieve our vision. Particularly, we views the overseas business as the linchpin to our target achievement and continuous growth. In the pages to follow, we review our overseas strategies and market conditions by region.

LONG-RANGE VISION 2018

Basic Policy

- Create new value through "superb manufacturing technique" and pursue dreams for the future
- Seek sustained corporate growth together with society through CSR activities



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

AN INTERVIEW WITH

TETSU YOSHIOKA

Director & Senior Managing Executive Officer, Executive General Manager, International Business Headquarters

REAPING MAJOR

Q1 What progress have you made on your overseas business strategies under the 2014 Medium-Term Management Plan?

One of our priorities under the 2014 Medium-Term Management Plan has been to integrate our overseas operations with those of the Talaris Group in order to generate synergy benefits from the acquisition of Talaris, and to strengthen the capabilities of various functions of our business operations.

A year has passed since we integrated sales operations of both groups and the benefits of overseas business integration are gradually starting to emerge. Synergy benefits include the expansion of our sales in Africa, which was previously an untapped market, and the use of our expanded direct-sales network to boost market share of GLORY products in the North American market. In addition, by shifting to a by-region business administration structure, we have been able to execute strategies based on regional characteristics more flexibly. From a development perspective, we have largely completed the integration of development sites and themes, and we are also making progress toward the integration of other functions, including the optimization of production locations.

We have taken various steps to strengthen our capabilities. For example, we are focusing on the improvement of our ability to offer systems solutions as part of our efforts to strengthen our marketing capabilities. Thanks to the business integration with Talaris, we are now able to offer integrated solutions encompassing both hardware and software. Furthermore, our wide-area direct sales and service networks allow us to build closer customer communications, which is a key advantage as we work to provide solutions and systems that will help to optimize each customer's business operations. We will further strengthen our ability to supply teller systems and banking solutions by building on this strength.

Q2 What will be your priority initiatives in the year ending March 2015, which will be the final year of the current plan?

We will identify geographical areas and market sectors for priority focus, and actively invest management resources with the aim of accelerating our business processes and expanding our earnings. One of our priority areas will be emerging economies, where we will focus primarily on the introduction of banknote sorters and banknote recyclers for tellers.

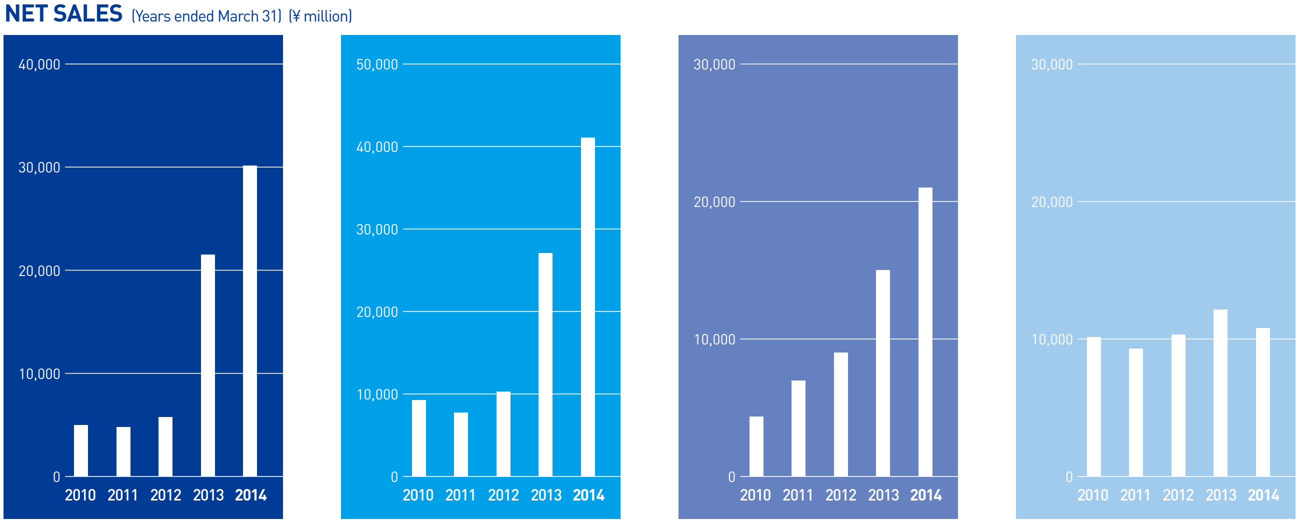
The retailing sector is a priority market. We will also focus on this sector and target expansion into other regions in addition to Europe, where we are already active in the sector.

SYNERGY BENEFITS

RATIO OF OVERSEAS SALES BY GEOGRAPHICAL SEGMENT (Year ended March 31, 2014)

Americas*	Europe*	Asia*	OEM
29.3%	39.9%	20.4%	10.4%

NET SALES (Years ended March 31) (¥ million)

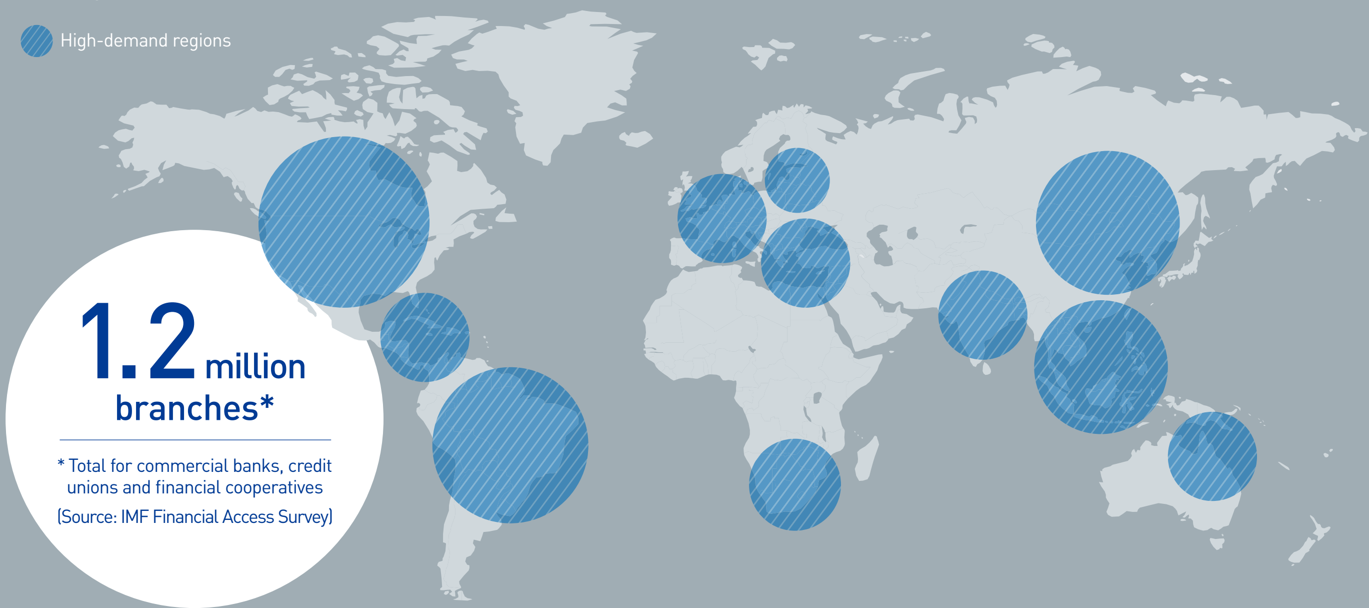


*Each geographical sales does not include sales to OEM customers.

SPECIAL FEATURE—OVERSEAS ACTIVITIES

REGIONAL MARKET TRENDS

POTENTIAL IN FINANCIAL MARKET



ABUNDANT AND EXPANDING

THE AMERICAS

The United States is gradually recovering from the economic slump triggered by the 2008 global financial crisis. In the banking sector, more and more financial institutions are replacing their banknote dispensers with banknote recyclers capable of handling both deposits and dispensing. This pattern is expected to continue as banks strive to ensure operating efficiency and rigor. In the retail sector, companies are expected to introduce coin and banknote recyclers or banknote deposit machines in their back offices. The U.S. financial sector is a massive market, with financial institutions having approximately 100,000 branches, which is around double the Japanese total. The retail market is also large, and we see significant potential in both.

In Brazil and other South American countries, economic growth is reflected in increases in the number of bank accounts opened and in the money supply. These trends are expected to result in expanding demand for money handling machines.

OPPORTUNITIES OVERSEAS

EUROPE

Amid continuing economic stagnation due to the impact of the European debt crisis, signs of recovery have started to emerge in Europe. In the retail market, there is a growing need for cash management as a way of reducing labor requirements and improving efficiency, and we anticipate further growth in the use of cash recycling systems. Furthermore, the introduction of new euro banknotes has begun, and eventually all euro denominations will be replaced with new designs. This is expected to result in demand for replacement and software modifications for money handling machines.

In Russia, there is a growing need for money handling machines, such as banknote deposit machines. The vast size of Russia's territory is reflected in the large number of bank branches, and continuing demand growth is anticipated.

In Middle Eastern and African nations, we are predicting growth in demand for banknote counters and banknote recyclers due to increasing amounts of paper currency that are handled.

ASIA

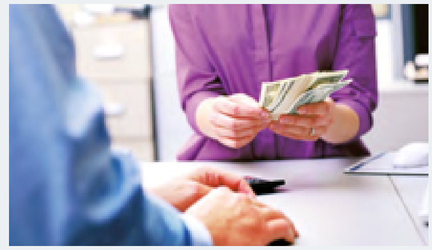
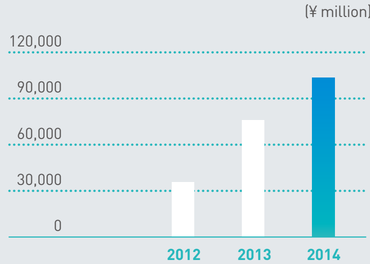
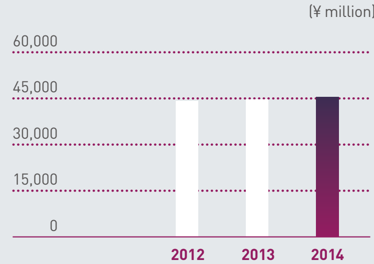
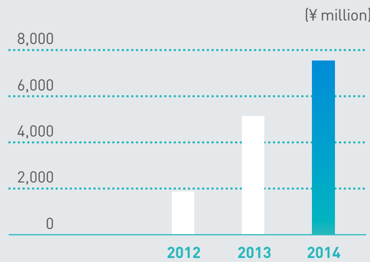
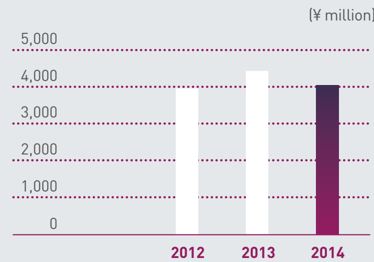
Despite moderately slower economic growth in China and India, Asia as a whole is expected to achieve continuing economic expansion. In China, the use of ATMs continues to expand, and by 2013 China led the world in terms of the number of ATMs in operation. This trend is expected to lead to increasing demand for banknote sorters and other equipment because of the mandate by the People's Bank of China, China's central bank, for serial number recording and sorting banknotes for fitness when stocking ATMs. In addition, demand for coin-related equipment is likely to expand because of the efforts of the People's Bank to encourage the circulation of coins.

There is strong demand for automation in other Asian countries because of the large amounts of banknotes in circulation. In India, the Central Bank has made the detection of damaged banknotes mandatory, and more and more outlets are installing banknote sorters because of the need to recover unfit notes.

The quantity of banknotes in circulation is high in Indonesia, where vacuum-type banknote counters are being used extensively. As in other Asian countries, however, there is now a growing need for other types of money handling machines because of an increasing focus on the detection of counterfeits and banknote fitness sorting.

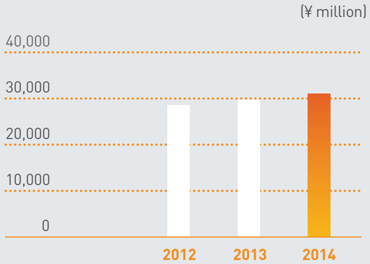
SEGMENT INFORMATION

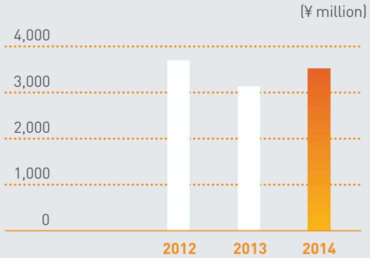
AT A GLANCE

	OVERSEAS MARKET	FINANCIAL MARKET
		
CONTRIBUTION TO TOTAL NET SALES (Year ended March 31, 2014)	47.1% 	20.9% 
NET SALES (Years ended March 31)		
OPERATING INCOME (Years ended March 31)		
MAJOR CUSTOMERS	Financial institutions, cash-in-transit companies, retail stores, casinos and OEM clients.	Financial institutions and OEM clients in Japan.
MAIN PRODUCTS AND GOODS	Banknote recyclers for tellers, banknote sorters, banknote and check deposit modules for ATMs, banknote counters, coin and banknote recyclers, coin wrappers.	Open teller systems, coin and banknote recyclers for tellers, coin recycling modules for ATMs, multi-functional banknote changers, cash monitoring cabinets, security storage systems.

RETAIL AND TRANSPORTATION MARKET

14.2%



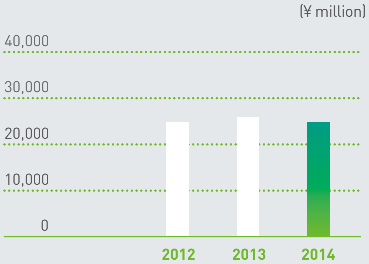


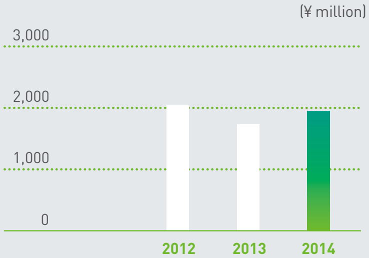
Supermarkets, department stores, cash-in-transit companies and railroad companies in Japan.

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

AMUSEMENT MARKET

11.3%



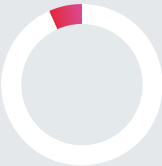


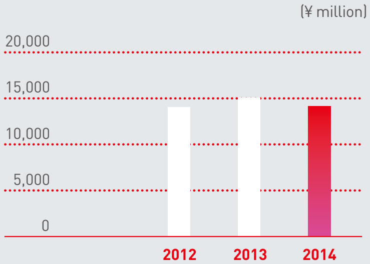
Amusement halls (pachinko parlors) in Japan.

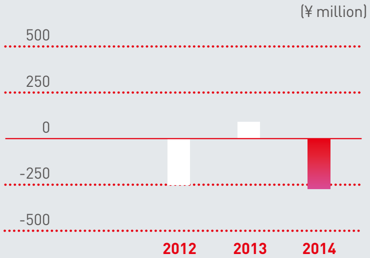
Card systems for pachinko parlors, banknote conveyor systems, pachinko prize dispensing machines, pachinko ball counters for individual machines, membership management systems for pachinko parlors, pachinko ball/token counters.

OTHERS

6.5%







Tobacco shops, tobacco companies, hospitals, local governments and general companies in Japan.

Cigarette vending machines, ticket vending machines, banknote recycling modules 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.

Main Products of Focus

Banknote Recycler for Tellers

In recent years, financial institutions in Europe and North America have increasingly installed banknote recyclers for tellers in their branches to improve counter services. These systems enhance the efficiency and rigor of operations that require staff to handle cash.

The key to GLORY's excellent reputation in the teller system market is its ability to offer solutions based on setups optimized for each customer. We plan to encourage customers that currently use banknote dispensers to update their equipment, and to strengthen our marketing operations in the countries where the amount of banknotes in circulation is high.

Banknote recycler for tellers
<RBG-200>

Cash recycling system
<CI-100>

CASHINFINITY® Retail Solution System

In Europe, many supermarkets and other retailers count their receipts and prepare change funds manually. However, in recent years, there is a growing need for cash management systems, such as cash recycling system.

We are responding to this situation by featuring in our sales efforts the CASHINFINITY® system, which allows all tasks from the receipt of payments at the cash register to the calculation of sales proceed to be carried out without the need to handle cash. This retail solution system contributes to the improvement of both efficiency and rigor in operation. We aim to expand sales of this system through market development efforts focusing primarily on Europe and North America.

FINANCIAL MARKET

In the Japanese market, financial institutions are our main customers. Key products include open teller systems (for managing receipts and disbursements of money 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 GLORY 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.

Main Products of Focus

Compact Open Teller System

In recent years, financial institutions, especially regional banks, are seeking ways to improve their earnings such as by operating branches with fewer staff, and there is a growing need for stricter management of operational risk at these branches. Against this backdrop, open teller systems are increasingly being installed not only in large branches but also in small and medium-sized outlets.

This trend is being driven by the WAVE C30 Series of compact open teller systems. While providing the same functions as standard type systems, these space-saving products are compact enough for installation in small and medium-sized branches. We will continue to develop untapped markets by offering solutions that precisely match customer needs.

Compact open teller system
<WAVE C30>

Electronic Data Entry Tablet

In addition to money handling machines, GLORY is also working to expand sales of non-cash sector products. In December 2013, we introduced electronic data entry tablet with LCD touch panel for use by bank customers to prepare various financial slips. Because bank customers can enter the required information by following the on-screen instructions, forms can be completed more quickly than handwriting and without omissions.

We aim to expand sales of this product to financial institutions in Japan, which are eager to improve customer service and administrative efficiency.

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.

Main Products of Focus

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

Wrapped coin monitoring drawer
<WD-300>

Coin and Banknote Recycler for Cashiers

In recent years, coin and banknote recyclers for cashiers are being installed not only by supermarkets, but also by restaurants, drug stores and specialty stores because of the increasing need to tighten cash management.

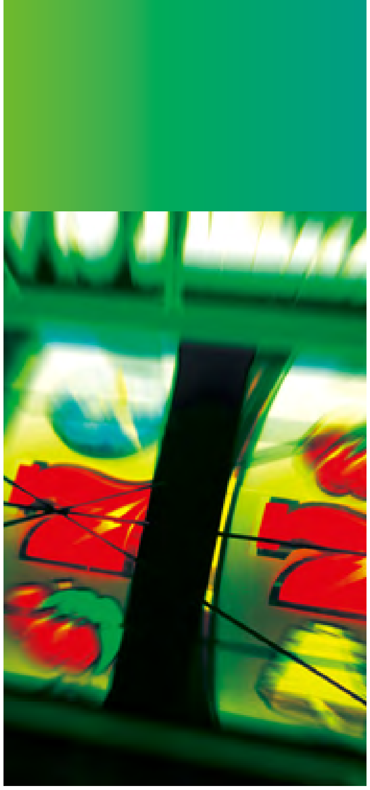
In June 2013, we launched the Models RT-300 and RAD-300, which are equipped with large-size color LCD screen and provides further functionality enhancements compared with earlier models. The use of coin and banknote recyclers for cashiers continues to expand, and we plan to step up our proposal-based marketing activities in untapped markets.

Multi-functional Cash Management Station

Amid the recent labor shortage trend in the retail industry, retail companies are targeting improvements in their back office efficiency and requiring each employee to handle multiple tasks.

The DSR-200 Multi-functional Cash Management Station supports deposit of sales proceeds and preparation of change funds in a single unit that can be operated directly by cashiers without the need for dedicated operators. As a product designed to enhance rigorous cash management, the DSR-200 will contribute to the solution of problems affecting the retail stores. We will actively offer this product to retailers that are looking for ways to operate with smaller staff.

Multi-functional cash management station
<DSR-200>



AMUSEMENT MARKET

Our main customers in this market are pachinko parlors. Core products in this market are peripherals of 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.

Main Products of Focus

EXSIM Cloud-Type Pachinko Parlor Total System

Pachinko parlors are uniquely Japanese gaming facilities where people can enjoy playing on pachinko and pachislot machines. GLORY supports the efficient operation of pachinko parlors with a range of equipment except for the pachinko and pachislot machines themselves.

In August 2013 we launched the EXSIM Pachinko Parlor Total System, which consists of the G8 EXSIM IC card system, the P•BANK EXSIM membership management system, and the G-tage EXSIM pachinko parlor computer. These systems support the comprehensive management of various information used by pachinko parlors, including sales, machine operating status, prize inventories and membership information. Further, use of cloud computing allows real-time monitoring of the situation in a pachinko parlor, even from outside the parlor.

We will continue to help facilitate the efficient management of pachinko parlors by further enhancing our ability to offer various solutions centering on the EXSIM system.

OTHERS

This "Others" segment consists of the products not covered by the four 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.

Main Products of Focus

Medical Payment Kiosk

Efficiency and patient's convenience have become important priorities for medical institutions over the past few years, and more and more institutions are adopting automated systems, including automatic patient calling and computerized billing.

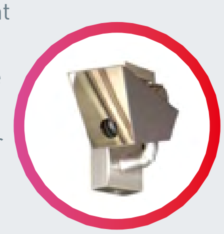
Our medical payment kiosks enable patients to pay fees by themselves using cash, credit cards, debit cards or electronic money, thereby reducing waiting times at cashier windows as well as the amount of cashier work required. Hitherto, these systems have been installed mainly in large medical institutions, but we also anticipate increasing demand in smaller medical facilities.

Medical payment kiosk
<FHP-20>

Face Recognition System

There has been a gradual increase in the use of face recognition technology in recent times reflecting growing demand for security equipment.

As an industry leader in the field of money handling technology, GLORY has used algorithms based on its advanced technology in that field to develop highly reliable face recognition products capable of achieving high recognition rates, unaffected by the effects of aging or sunlight. GLORY's systems are being used, for example, for access control in apartment buildings. We will continue to improve our technology and products for further expansion of this business area.



Access control using face recognition

PARTNERING WITH SOCIETY FOR GOOD

One of the key policies in our Long-Range Vision 2018 states that we should seek sustained corporate growth together with society through CSR activities. In keeping with this policy, GLORY actively pursues CSR initiatives through its business activities.

CSR AT GLORY

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, sells and maintains 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.

CSR FRAMEWORK AND SCOPE

CSR Promotion Framework

To drive our CSR management, we set up the CSR Committee, chaired by the president, and have established a dedicated CSR department in April 2013 as the unit to plan and promote CSR activities.

The CSR Committee meets twice a year to deliberate basic directions and plans for CSR management, as well as to set course on CSR efforts to be emphasized annually.

CSR Promotion Framework

The President
CSR Committee
Secretariat (Public Relations Department)
Department Managers
Employees

Participation in the United Nations Global Compact

The GLORY Group operates in more than 100 countries. We contribute to every region in which we operate by matching technologies and services to the issues faced by customers and society, and as a good corporate citizen we conduct our work in awareness of the issues of the international community.

To further clarify our stance for social contribution, GLORY signed the United Nations Global Compact ("UNGC"), an international framework for sustainable development, in March 2014. The UNGC covers 10 principles in four areas—human rights, labor, environment and anti-corruption—and shares the same values expressed in GLORY's Corporate Action Guidelines. GLORY will proceed with efforts to help resolve issues faced by the international community.

The four areas addressed by the United Nations Global Compact

Human Rights	Labor
Environment	Anti-Corruption

THE GLOBAL COMPACT Network Japan
WE SUPPORT

CSR ACTIVITIES AND INITIATIVES

DEVELOPING ENVIRONMENT-FRIENDLY PRODUCTS

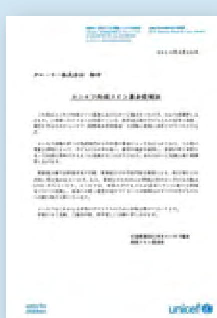
Under the 2014 Medium-Term Environmental Plan, which covers the same period as the 2014 Medium-Term Management Plan, the GLORY Group is working to develop environment-friendly products. Newly developed products that meet certain criteria, including a reduction of at least 15% in power consumption compared with conventional products, and compliance with international regulations concerning the use of chemicals, are certified as “G-eco products.” This system provides customers with clear information concerning the environmental performance of each product. In fiscal year under review, 16 products, including the RT-300 and the RAD-300 coin and banknote recyclers for cashiers, were certified.

G-eco products

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

DONATION OF COINS USED IN PRODUCT TESTING TO UNICEF

The GLORY Group supplies products to over 100 countries worldwide, and coins from these countries are used in our exhaustive product testing processes. When these coins become worn during our precise inspection processes, we replace them with new coins every few years. The old coins are donated to the Japan Committee for UNICEF, which uses the money in their activities to protect the lives, health and rights of children in developing countries.



Letter of appreciation

PROMOTING CSR PROCUREMENT

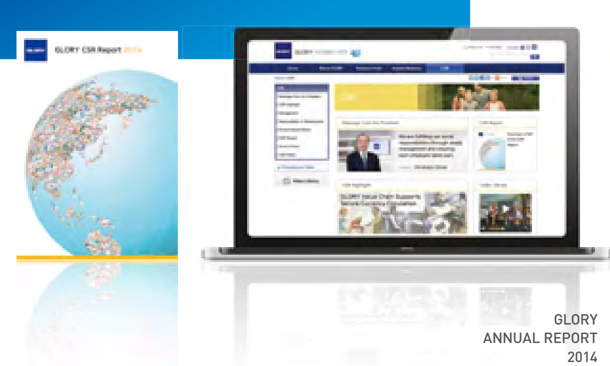
In recent years, it has been necessary to fulfill social responsibilities across the supply chain, as called for in the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and other measures. We published the GLORY Group CSR Procurement Guidebook in March 2014 to get in line with this trend. The guidebook clarifies our basic CSR position and requests made of suppliers concerning human rights, safety and health and the environment. There are also repeated requests to inspect for conflict minerals (minerals that are a source of funding for warring factions in and around the Democratic Republic of the Congo).

We have also created a CSR Self-Evaluation Checklist to confirm the CSR activities of the supplier itself. In 2014, we intend to see social responsibilities met throughout the supply chain through the correction of items needing improvement found through the use of the Checklist.

Expanding GLORY’s CSR Guidelines to suppliers

GLORY PROMOTES VARIOUS OTHER CSR ACTIVITIES. FOR FURTHER INFORMATION, PLEASE VISIT OUR WEBSITE.

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



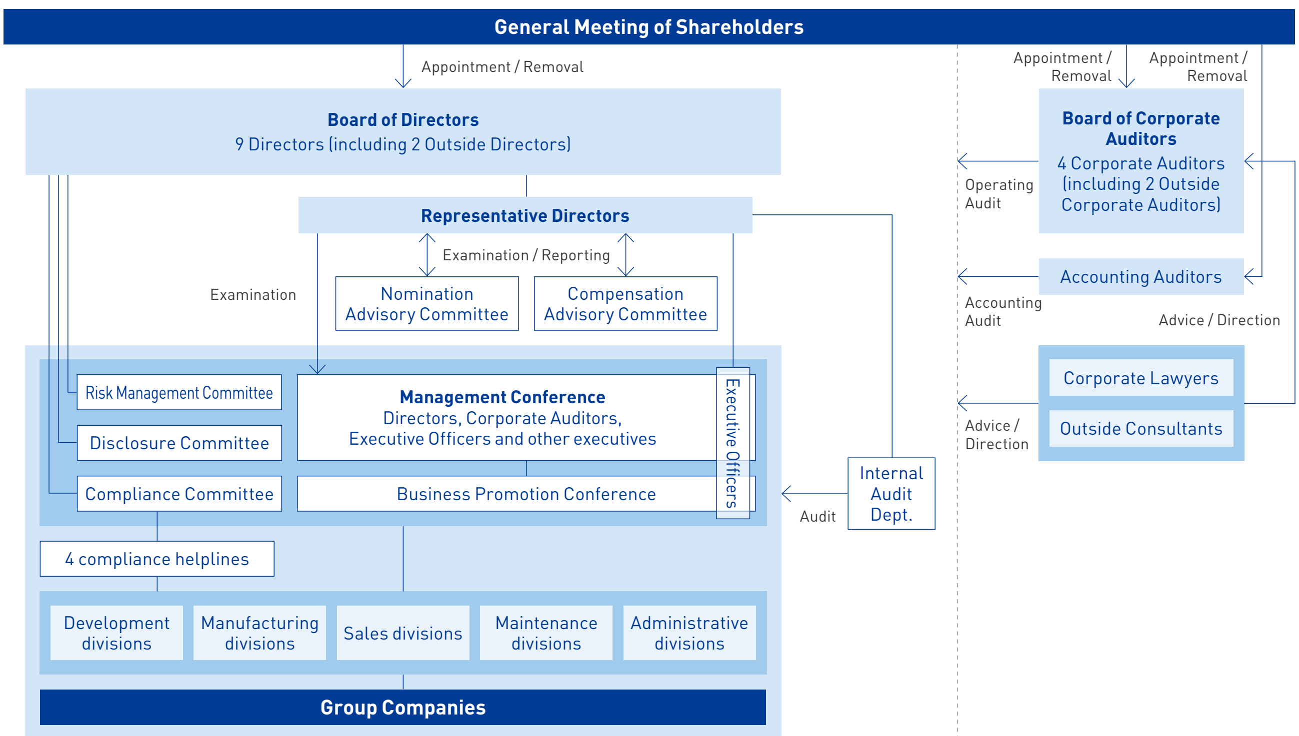
BASIC POLICY ON CORPORATE GOVERNANCE

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

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

These goals cannot be achieved without a firm commitment to the continuing improvement of corporate governance. We will continue our efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management, thereby improving corporate value.

Corporate Governance System



CORPORATE GOVERNANCE STRUCTURE

GLORY has adopted a "Company with Corporate Auditors" system under the Companies Act because the Company believes that a system in which the Board of Directors, which includes 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, the Company 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. The Company 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 the Company's corporate governance system.

Directors and Board of Directors

GLORY's Board of Directors comprises nine directors (including two outside directors). In principle, the Board of Directors meets at least once per month, 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 from the standpoint of 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. The corporate auditors, including the outside corporate auditors, conducts audits based on an annual corporate audit plan determined 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.

HELPING OUTSIDE OFFICERS TO FULFILL THEIR MANAGEMENT SUPERVISION AND MONITORING FUNCTIONS

GLORY appoints two outside directors and two outside corporate auditors. The Company provides these outside officers with opportunities to view the actual workplace of core functions that support the business activities of the GLORY Group, including production and development, so that they can participate in management with a deeper understanding of the business situation, strategies and technologies of the Group. The outside officers have so far viewed various facilities, including main factories in Himeji and Saitama, development operations, and the call centers that support service operations. These on-site inspections provide outside officers with opportunities to gain a better understanding of our operations. Through such opportunities, our employees also learn much by talking with our highly experienced outside officers.

Saitama Factory visit by outside directors

THE INDEPENDENCE OF OUTSIDE DIRECTORS AND OUTSIDE CORPORATE AUDITORS

Concerning personal, capital and business relationships and other interests between GLORY and its outside directors and outside corporate auditors, we believe that these outside officers must not merely fulfill the criteria stipulated in the Companies Act, but must also be independent from the Company. Judgment of independence of the outside officers is made by the Board of Directors, taking into account business, personal and other relationships with the Group, as well as inquiries to the Nomination Advisory Committee and responses from that committee.

As for the current outside officers, there are no special interests between the Company and outside directors, Mr. Hiroki Sasaki and Mr. Akira Niijima, or between the Company and outside corporate auditors, Mr. Yuichi Takeda and Mr. Mikio Nakajo. Furthermore, there are no special interests based on personal, capital or business relationships between the Company and other companies, etc., in which the current outside officers are or were officers or employees.

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 based on decisions made by the Board of Directors.

Management Conference

GLORY holds a Management Conference once a month to discuss the business policy and management plans in accordance with basic policy determined by the Board of Directors, and execution of major operations. 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.

COMPENSATION FOR DIRECTORS AND CORPORATE AUDITORS

GLORY has established a Compensation Advisory Committee to ensure the transparency and objectivity of decisions relating to compensation for directors, corporate auditors and other executives. Before making decisions about compensation for such executives and related matters, the Board of Directors always seeks the advice of the Compensation Advisory Committee and submits proposals to the General Meeting of Shareholders, the Board of Directors, or Corporate Auditors. Our stance on compensation for directors and corporate auditors is as stated below.

- Compensation for directors in charge of business execution consists of fixed compensation and performance-related bonus.
- Compensation for outside directors and 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 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, 2014

Recipient	Total amount of compensation	Basic compensation		Bonuses	
		No. of persons	Amount	No. of persons	Amount
Directors (Except for Outside Directors)	¥153 million	8	¥90 million	5	¥62 million
Corporate Auditors (Except for Outside Corporate Auditors)	¥26 million	2	¥26 million	—	—
Outside Officers	¥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 67th General Meeting of Shareholders held on June 21, 2013.
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 68th Ordinary General Meeting of Shareholders held on June 27, 2014.

Business Promotion Conference

To promote prompt and 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 each-operation, consisting of general managers of sales, development, quality assurance, manufacture, service 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 a representative director and two outside directors.

Other Management Committees

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

Internal Audit Department

In order to ensure compliance with legal and corporate requirements, as well as continuous business efficiency improvement, GLORY has established a 13-member group that reports directly to the representative directors and acts as the Company's internal audit department. This department conducts audits in accordance with an annual internal audit plan that identifies areas where compliance risks are high, and suggests improvements based on audit results. Also, to ensure a high level of trust in the Company's financial statements, the Internal Audit Department evaluates the effectiveness of internal controls pertaining to financial reporting.

Accounting Auditors

GLORY has employed Deloitte Touche Tohmatsu ("Tohmatsu") as its accounting auditors since June 2007. There are no material conflicts of interest between the Company 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.

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. The Company 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, the Company has 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 the Company maintains high level of legal compliance and ethics, the Company promotes awareness of compliance by distributing a handbook and conducting compliance training seminars for the group employees.

BOARD OF DIRECTORS, BOARD OF CORPORATE AUDITORS AND EXECUTIVE OFFICERS

(As of June 27, 2014)

Board of Directors

President*
Hirokazu Onoe

Director
Yoshiyuki Yamaguchi

Director
Motozumi Miwa

Director
Tetsu Yoshioka

Director
Hideo Onoe

Director
Shigetoshi Mabuchi

Director
Kaname Kotani

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
Hideaki Matsushita

Managing Executive Officer
Hideo Onoe

Senior Executive Officer
Norio Murakami

Senior Executive Officer
Tokuya Shimizu

Executive Officer
Hiroaki Fukui

Executive Officer
Satoshi Baba

Executive Officer
Hideto Tanaka

Executive Officer
Toshihiko Kayama

Senior Managing Executive Officer
Tetsu Yoshioka

Managing Executive Officer
Motozumi Miwa

Senior Executive Officer
Takashi Mitsui

Senior Executive Officer
Akihiro Harada

Executive Officer
Manabu Shibutani

Executive Officer
Hirofumi Kameyama

Executive Officer
Makoto Ueda

Senior Managing Executive Officer
Yoshiyuki Yamaguchi

Managing Executive Officer
Shigetoshi Mabuchi

Senior Executive Officer
Kaname Kotani

Executive Officer
Hirokazu Sekino

Executive Officer
Masatomo Touji

Executive Officer
Tsutomu Iwata

Executive Officer
Katsunori Yamamoto

* Indicates that the individual is a Representative Director.

FINANCIAL SECTION

CONTENTS

ELEVEN-YEAR CONSOLIDATED FINANCIAL SUMMARY

GLORY LTD. and consolidated subsidiaries
Years ended March 31

		Millions of Yen		
		2004	2005	2006
Summary of income (for the year):	Net sales	¥ 176,765	¥ 188,881	¥ 141,231
	Cost of sales	108,747	114,390	94,209
	Selling, general and administrative expenses	37,101	41,937	41,568
	Operating income	30,916	32,554	5,453
	Net income	17,527	19,306	740
	Capital expenditure *1	4,915	7,991	4,793
	R&D expenses	11,862	13,048	9,474
	Depreciation and amortization	5,129	5,438	6,889
Financial position (at year-end):	Total assets	213,844	217,460	206,361
	Total shareholders' equity	128,504	146,657	146,134
	Total equity *2	—	—	—
	Interest-bearing debt *3	18,139	18,714	19,083
Per share data (yen):	Net income *4	¥ 233.19	¥ 257.00	¥ 9.14
	Equity	1,729.93	1,974.60	1,970.11
	Dividend (annual)	22.00	30.00	22.00
Financial indicators (%):	Return on equity (ROE)	14.7	14.0	0.5
	Equity ratio	60.1	67.4	70.8
Others:	Number of shares outstanding (thousands)	74,236	74,236	74,236
	Number of employees *5	5,038	5,211	5,200

*1 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.

*2 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, 2007.

*3 Under new accounting standard for lease transactions effective from the fiscal year ended March 31, 2009, interest-bearing debt includes finance lease obligations.

Millions of Yen

2007	2008	2009	2010	2011	2012	2013	2014
¥164,540	¥185,181	¥145,979	¥135,105	¥138,965	¥146,938	¥190,939 *8	¥218,632
108,628	118,946 *6	94,115	87,074	86,758	92,673	117,267	131,512
42,952	45,288	42,437	40,346	41,698 *7	42,990	59,214	70,401
12,961	20,947 *6	9,427	7,685	10,509 *7	11,275	14,458 *8	16,719
6,461	11,711	5,782	5,109	6,229	6,247	6,873	9,939
6,035	7,279	10,638	6,714	6,414	6,709	8,218	7,235
9,329	9,616	9,204	8,776	8,999	9,935	12,092	13,175
6,337	6,570	7,621	8,145	6,717	6,842	8,897	9,281
216,988	209,237	196,798	194,983	198,020	205,245	319,078 *8	340,943
—	—	—	—	—	—	—	—
150,842	151,735	147,176	145,345	149,782	153,334	168,465	190,805
13,190	12,914	14,110	14,038	13,309	13,530	86,298 *8	75,688
¥ 87.15	¥ 160.70	¥ 82.15	¥ 76.00	¥ 94.83	¥ 95.09	¥ 104.64	¥ 151.31
2,025.39	2,110.69	2,155.17	2,212.63	2,260.47	2,312.33	2,537.23	2,865.09
30.00	40.00	30.00	33.00	37.00	42.00	44.00	49.00
4.4	7.8	3.9	3.5	4.2	4.2	4.3	5.6
69.2	72.3	74.8	74.5	75.0	74.0	52.2	55.2
74,236	72,838	69,838	69,838	68,638	68,638	68,638	68,638
5,290	5,346	5,510	5,848	6,046	6,149	7,903	7,833

*4 Net income per share of common stock is based on the weighted average number of shares outstanding in each year.
*5 The number of employees is shown on a consolidated basis.
*6 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.
*7 For easy comparison, operating income and selling, general and administrative expenses for the fiscal year ended March 31, 2011 has been adjusted to reflect changes in accounting standards applicable to fiscal year ended March 31, 2012.
*8 Major portion of increase compared to fiscal year ended March 31, 2012 is due to acquisition of Talaris Topco Limited in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLORY LTD. and consolidated subsidiaries
Year ended March 31, 2014

ECONOMIC OVERVIEW

During the fiscal year ended March 31, 2014, the Japanese economy was widely perceived to be on track for a moderate recovery, based on signs of improvement in corporate earnings and personal consumption on the back of further yen depreciation and stock price rises resulting from the government's economic policies. Looking at the global economy, the United States maintained an upturn trend and Europe also started to move toward recovery with a slow but steady pace. On the other hand, the growth in China and other emerging economies was on a downward trend, contributing to an uncertain outlook overall.

BUSINESS OVERVIEW

Net Sales

Net sales for the fiscal year under review totaled ¥218,632 million, up by 14.5% from the previous fiscal year. Total net sales consisted of ¥155,244 million in net sales of finished products and merchandise, which increased by 10.8% year on year, and ¥63,388 million in sales from maintenance services, which rose by 24.9%. Overseas sales also grew by 36.1% to ¥103,002 million.

Cost of Sales

Cost of sales increased by 12.1% from the previous fiscal year to ¥131,512 million, reflecting the increase in net sales. The cost of sales ratio declined by 1.2 percentage points to 60.2%, contributed by the improvement in the product development efficiency, as well as by the advancement in overseas production and procurement.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses rose by 18.9% to ¥70,401 million. This increase was mainly attributable to the full-year consolidation of Talaris Topco Limited ("Talaris") (now Glory Global Solutions (Topco) Ltd.), acquired in the previous fiscal year, and the increase in amortization of goodwill due to the weaker yen. The ratio of SG&A expenses to net sales also increased by 1.2 percentage points to 32.2%.

Operating Income

Operating income for the fiscal year under review stood at ¥16,719 million, up by 15.6% from the previous fiscal year. The operating margin remained steady at 7.6%, the same level as the previous fiscal year.

Other Income (Expenses)

Net other income (expenses) resulted in net income of ¥1,285 million, reversing the ¥1,720 million net expenses recorded in the previous fiscal year. Major income-increasing factors were ¥2,866 million net foreign currency exchange gain recorded, which reversed a ¥578 million net loss in the previous fiscal year; and a ¥455 million decrease in commissions for bridge loans. Major income-decreasing factors, on the other hand, included a ¥1,285 million increase in loss on liquidation of business.

Income before Income Taxes and Minority Interests

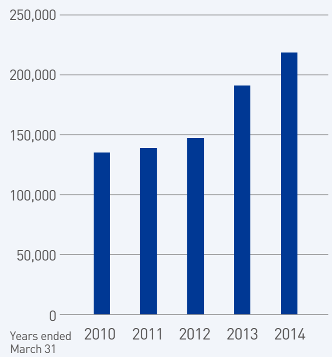
Income before income taxes and minority interests amounted to ¥18,004 million, up by 41.3% year on year.

Income Taxes

Income taxes grew from ¥5,374 million in the previous fiscal year to ¥7,308 million. The actual effective tax rate after application of tax effect accounting declined from 42.2% to 40.6%.

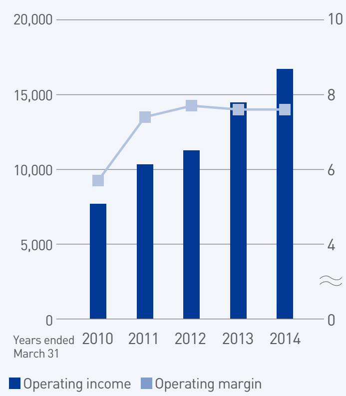
Net Sales

(¥ million)



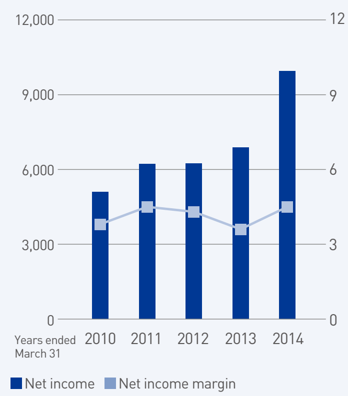
Operating Income / Operating Margin

(¥ million) (%)



Net Income / Net Income Margin

(¥ million) (%)



Net Income
As a result of the above, net income for the fiscal year ended March 31, 2014 amounted to ¥9,939 million, marking a significant increase by 44.6% from the previous fiscal year.

Comprehensive Income
Comprehensive income stood at ¥25,782 million, as a result of adding ¥15,086 million total other comprehensive income to net income before minority interests.

OVERVIEW BY REPORTABLE SEGMENT
Financial Market
Net sales of the segment increased by 2.2% from the previous fiscal year to ¥45,655 million, while operating income dropped by 8.7% to ¥4,031 million.

Sales of open teller systems, the mainstay products in this segment, were favorable for compact models for small- and medium-sized financial outlets, but sluggish for conventional models. Sales of coin and banknote recyclers for tellers were also strong, as we captured replacement demand. Overall, sales of the segment maintained the same level with the previous fiscal year.

Retail and Transportation Market
Net sales of the segment rose by 4.5% to ¥31,007 million, and operating income, as well, increased by 12.1% to ¥3,517 million.

Sales of coin and banknote recyclers for cashiers, the mainstay products in this segment, were weak. Meanwhile, sales of banknote changers for the retail market and sales proceeds deposit machines for the cash-in-transit market were robust. As a result, the segment recorded steady sales over the market.

Amusement Market
Net sales of the segment decreased by 4.0% year on year to ¥24,811 million, while operating income increased by 12.7% to ¥1,948 million.

Sales of the mainstay products such as card systems were sluggish, largely due to intensified competition in the market. However, the segment's operating income increased, contributed mainly by the decrease in amortization of goodwill.

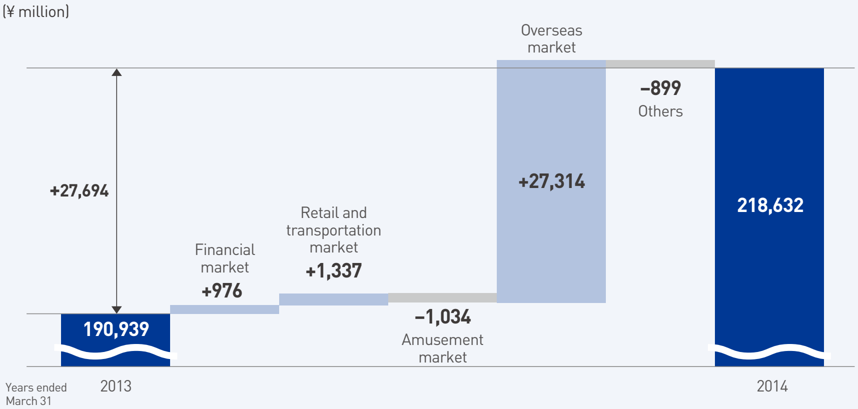
Overseas Market
Net sales of this segment rose by 36.1% to ¥103,002 million, and operating income soared by 46.8% to ¥7,464 million.

Sales of banknote recyclers were sluggish in Europe but strong in the Americas. Meanwhile, sales of banknote sorters were solid in emerging economies, particularly in China, but banknote deposit modules for ATMs were weak. Further, due to the consolidation of Talaris Group sales over a full-year basis and the effect of the weaker yen, overall sales of the segment increased significantly year on year.

"Others" Segment
Aggregate net sales of the "Others" segment were ¥14,157 million, down by 6.0% year on year. This segment recorded an operating loss of ¥241 million, reversing operating income of ¥91 million in the previous year.

FINANCIAL POSITION
Assets
Total assets as of March 31, 2014 amounted to ¥340,943 million, a ¥21,866 million increase from the previous fiscal year-end. A total ¥8,336 million

Change Factors of Net Sales
(¥ million)



increase in investments and other assets, which includes an increase in goodwill recorded upon the acquisition of Talaris due to the depreciation of the yen, contributed to the total increase in assets.

Liabilities

Total liabilities as of March 31, 2014 decreased by ¥474 million from the previous fiscal year-end to ¥150,139 million. As a result of repayment of debt incurred for the acquisition of Talaris, short-term borrowings (including the current portion of long-term debt) decreased by ¥5,160 million, and long-term debt fell by ¥5,761 million.

Equity

Total equity as of March 31, 2014 stood at ¥190,805 million, up by ¥22,340 from the previous fiscal year-end. This increase was mainly due to a ¥14,440 million increase in foreign currency translation adjustments caused by the depreciation of the yen.

CASH FLOWS

Cash and cash equivalents as of March 31, 2014 declined by ¥2,285 million from the previous fiscal year-end to ¥61,029 million.

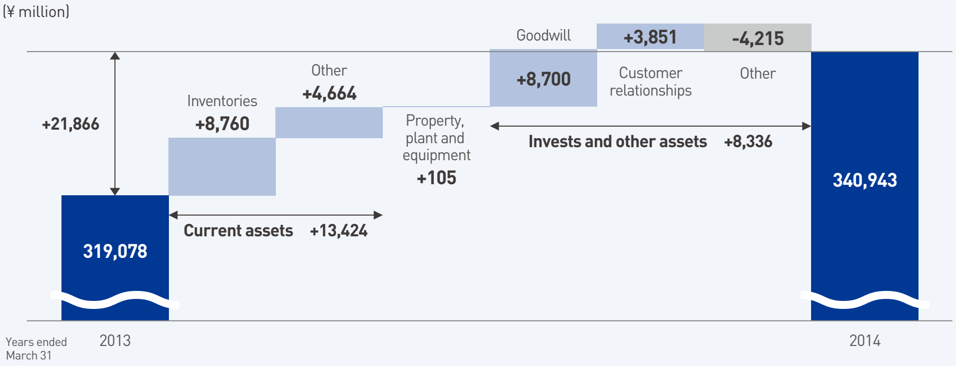
Net cash provided by operating activities for the fiscal year under review increased by ¥2,918 million to ¥17,623 million. Major cash-increasing factors were income before income taxes and minority interests of ¥18,004 million, ¥9,281 million in depreciation and amortization, and ¥5,137 million in amortization of goodwill. On the other hand, major cash-decreasing factors included ¥6,598 million in increase in inventories, and ¥5,290 million income taxes paid.

Net cash used in investing activities was ¥4,770 million, a sizable decrease of ¥47,567 million from the previous fiscal year in which a ¥55,688 million payment for the acquisition of shares of Talaris was recorded. Major cash-decreasing factors included ¥5,393 million in purchases of property, plant and equipment consisting mainly of molds, tools and other equipment used to manufacture products.

Net cash used in financing activities declined also, by ¥59,314 million to ¥18,709 million from the previous fiscal year which recorded ¥46,377 million in proceeds from debts for the acquisition of Talaris. Major

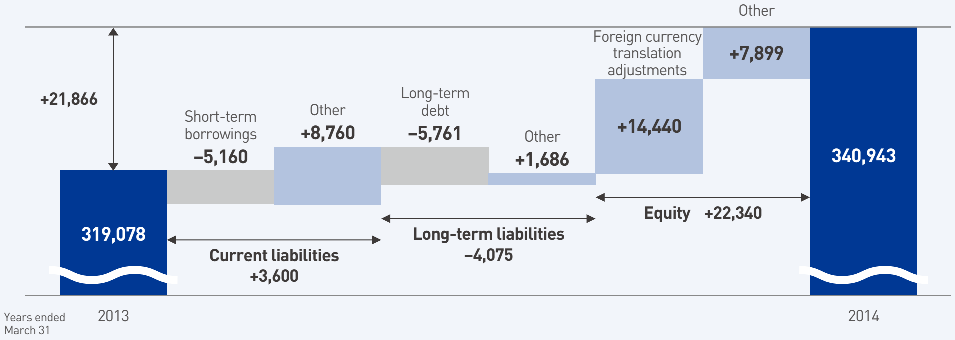
Change Factors of Assets

(¥ million)



Change Factors of Liabilities and Equity

(¥ million)



cash-outflow factors were a ¥9,110 million net decrease in short-term borrowings, ¥6,277 million in repayments of long-term debt, ¥2,955 million in dividends paid, and ¥366 million in cash dividends paid for minority shareholders.

As a result of the above, free cash flows (the sum of cash flows from operating and investing activities) amounted to ¥12,853 million.

RISK INFORMATION

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

The forward-looking statements made below are based on judgments made by the Group as of March 31, 2014.

(1) Extraordinary Fluctuations in the Group's Operating Results and 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 market. Should it become necessary for financial institutions to cut their 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 R&D themes, 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

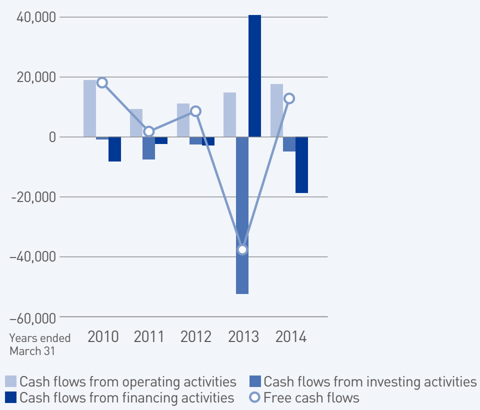
The Group is not aware of any infringements by its products on material intellectual property rights of third parties. However, it is difficult for an R&D-based corporate group like the Group to completely avoid the occurrence of intellectual property infringement issues. If such circumstances were to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

(5) Overseas Business Conditions

The Group's overseas business activities are wide-ranging, including sales and maintenance of products, and overseas production and procurement. Should a rapid change occur in the political and/or economic situation in countries or regions 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. In addition, the acquisition of Talaris in July 2012 still retains the possibility that the Company would not achieve the results and effects expected from this acquisition, and that it would take more time than expected to achieve them. Such factors may adversely affect the Group's business and performance.

Cash Flows

(¥ million)



FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

GLORY LTD. and consolidated subsidiaries
March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2014	2013	2014
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ 61,029	¥ 63,314	$ 593,206
Short-term investments (Notes 3 and 12)	3,586	1,867	34,856
Receivables (Note 12):			
Trade notes	3,859	4,619	37,510
Trade accounts	44,209	39,986	429,714
Unconsolidated subsidiaries and associated company	1,360	758	13,219
Other	408	1,207	3,966
Investments in leases (Notes 11 and 12)	2,998	2,540	29,141
Inventories (Note 4)	40,833	32,073	396,899
Deferred tax assets (Note 8)	5,375	4,366	52,245
Other current assets	2,230	1,583	21,676
Allowance for doubtful accounts	(592)	(442)	(5,754)
Total current assets	165,295	151,871	1,606,678
PROPERTY, PLANT AND EQUIPMENT:			
Land	12,150	11,945	118,099
Buildings and structures	32,220	30,844	313,180
Machinery and equipment	11,548	10,929	112,247
Furniture and fixtures	57,389	56,768	557,825
Construction in progress	76	461	739
Total	113,383	110,947	1,102,090
Accumulated depreciation	(78,337)	(76,006)	(761,441)
Net property, plant and equipment	35,046	34,941	340,649
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	12,389	14,671	120,422
Investments in and advances to unconsolidated subsidiaries and associated company	1,070	1,090	10,400
Software	3,686	3,875	35,828
Goodwill	77,781	69,081	756,036
Customer relationships	32,498	28,647	315,883
Deferred tax assets (Note 8)	3,394	4,969	32,990
Asset for retirement benefits (Note 6)	2,876		27,955
Other investments and other assets	6,928	9,947	67,340
Allowance for doubtful accounts	(20)	(14)	(194)
Total investments and other assets	140,602	132,266	1,366,660
TOTAL	¥340,943	¥319,078	$3,313,987

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2014	2013	Thousands of U.S. Dollars (Note 1) 2014
CURRENT LIABILITIES:			
Short-term borrowings (Notes 5 and 12)	¥ 28,271	¥ 35,831	$ 274,796
Current portion of long-term debt (Notes 5 and 12)	8,552	6,152	83,126
Current portion of long-term lease obligations (Notes 5, 11 and 12)	871	981	8,466
Payables (Note 12):			
Trade notes	3,084	8,557	29,977
Trade accounts	17,880	11,076	173,795
Unconsolidated subsidiaries and associated company	1,750	865	17,010
Other	5,311	4,493	51,623
Income taxes payable (Note 12)	4,293	3,023	41,728
Accrued expenses	15,119	12,198	146,958
Other current liabilities	11,614	9,970	112,888
Total current liabilities	96,745	93,146	940,367
LONG-TERM LIABILITIES:			
Long-term debt (Notes 5 and 12)	36,242	42,002	352,274
Liability for retirement benefits (Note 6)	4,020	3,422	39,075
Long-term lease obligations (Notes 5 and 12)	1,752	1,332	17,030
Deferred tax liabilities (Note 8)	8,550	7,621	83,107
Other long-term liabilities	2,829	3,090	27,498
Total long-term liabilities	53,393	57,467	518,984
CONTINGENT LIABILITIES (Note 14)			
EQUITY (Notes 7 and 16):			
Common stock, Authorized: 150,000,000 shares; Issued: 68,638,210 shares in 2014 and 2013	12,893	12,893	125,321
Capital surplus	20,630	20,630	200,525
Retained earnings	137,039	130,056	1,332,028
Treasury stock—at cost 2,951,091 shares in 2014 and 2,950,749 shares in 2013	(5,817)	(5,817)	(56,542)
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	398	186	3,869
Foreign currency translation adjustments	23,157	8,716	225,087
Defined retirement benefit plans	(100)		(972)
Total	188,200	166,664	1,829,316
Minority interests	2,605	1,801	25,320
Total equity	190,805	168,465	1,854,636
TOTAL	¥340,943	¥319,078	$3,313,987

CONSOLIDATED STATEMENT OF INCOME

GLORY LTD. and consolidated subsidiaries
Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET SALES	¥218,632	¥190,939	$2,125,117
COST OF SALES	131,512	117,267	1,278,305
Gross profit	87,120	73,672	846,812
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	70,401	59,214	684,302
Operating income	16,719	14,458	162,510
OTHER INCOME (EXPENSES):			
Interest and dividend income	705	582	6,853
Interest expense	(881)	(584)	(8,563)
Foreign currency exchange gain (loss)—net	2,866	(578)	27,858
Commission for bridging loan		(455)	
Amortization of goodwill		(141)	
Loss on liquidation of business	(1,521)	(236)	(14,784)
Other—net	116	(308)	1,126
Other income (expenses)—net	1,285	(1,720)	12,490
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	18,004	12,738	175,000
INCOME TAXES (Note 8):			
Current	(7,369)	(5,878)	(71,627)
Deferred	61	504	593
Total income taxes	(7,308)	(5,374)	(71,034)
NET INCOME BEFORE MINORITY INTERESTS	10,696	7,364	103,966
MINORITY INTERESTS IN NET INCOME	(757)	(491)	(7,358)
NET INCOME	¥ 9,939	¥ 6,873	$ 96,608

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.u):			
Basic net income	¥151.31	¥104.64	$1.47
Cash dividends applicable to the year	49.00	44.00	0.48

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GLORY LTD. and consolidated subsidiaries
Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET INCOME BEFORE MINORITY INTERESTS	¥10,696	¥7,364	$103,966
OTHER COMPREHENSIVE INCOME (Note 15):			
Net unrealized gain on available-for-sale securities	212	392	2,061
Foreign currency translation adjustments	14,873	10,347	144,566
Total other comprehensive income	15,085	10,739	146,627
COMPREHENSIVE INCOME	¥25,781	¥18,103	$250,593
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥24,591	¥17,450	$239,026
Minority interests	1,190	653	11,567

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GLORY LTD. and consolidated subsidiaries
Year ended March 31, 2014

	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	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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		6,873
Cash dividends, ¥43 per share					(2,825)					(2,825)	(294)	(3,119)
Purchase of treasury stock		(1)				(1)				(1)		(1)
Increase by merger					149					149		149
Net change in the year							392	10,184		10,576	653	11,229
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
Net income					9,939					9,939		9,939
Cash dividends, ¥45 per share					(2,956)					(2,956)	(366)	(3,322)
Purchase of treasury stock		0				0				0		0
Net change in the year							212	14,441	(100)	14,553	1,170	15,723
BALANCE, MARCH 31, 2014	**68,638**	**(2,951)**	**¥12,893**	**¥20,630**	**¥137,039**	**¥(5,817)**	**¥ 398**	**¥23,157**	**¥(100)**	**¥188,200**	**¥2,605**	**¥190,805**

	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	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2013	$125,321	$200,525	$1,264,152	$(56,542)	$1,808	$ 84,720	$ —	$1,619,984	$17,506	$1,637,490
Net income			96,608					96,608		96,608
Cash dividends, $0.44 per share			(28,732)					(28,732)	(3,558)	(32,290)
Purchase of treasury stock				0				0		0
Net change in the year					2,061	140,367	(972)	141,456	11,372	152,828
BALANCE, MARCH 31, 2014	**$125,321**	**$200,525**	**$1,332,028**	**$(56,542)**	**$3,869**	**$225,087**	**$(972)**	**$1,829,316**	**$25,320**	**$1,854,636**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GLORY LTD. and consolidated subsidiaries

Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 18,004	¥ 12,738	$ 175,000
Adjustments for:			
Income taxes—paid	(5,290)	(4,639)	(51,419)
Depreciation and amortization	9,281	8,897	90,212
Amortization of goodwill	5,137	4,019	49,932
Provision for doubtful receivables	92	(40)	894
Net loss on sales of investment securities	147		1,429
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Decrease (increase) in trade notes and accounts receivable	355	(4,264)	3,451
Increase in inventories	(6,598)	(2,765)	(64,133)
(Increase) decrease in interest and dividend receivable	(5)	17	(49)
Decrease in notes, accounts and other payable	(2,049)	(102)	(19,916)
Increase (decrease) in interest payable	172	(17)	1,672
Increase (decrease) in liability for retirement benefits	356	(323)	3,460
Decrease in allowance for loss on cancellation of lease obligations		(45)	
Decrease in lease obligations	(126)	(306)	(1,225)
(Increase) decrease in lease investment assets	(458)	364	(4,452)
Increase in accrued consumption taxes	263	132	2,556
Increase in accrued expenses	1,421	795	13,812
Other—net	(3,079)	244	(29,927)
Total adjustments	(381)	1,967	(3,703)
Net cash provided by operating activities	17,623	14,705	171,297
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	172	546	1,672
Purchases of property, plant and equipment	(5,393)	(4,390)	(52,421)
Purchases of intangible assets	(1,049)	(1,441)	(10,196)
Proceeds from sales and redemption of investment securities	1,452	4,709	14,114
Purchases of investment securities	(363)	(108)	(3,528)
Increase in time deposits—net	527	2,087	5,122
Acquisition of investments in subsidiaries resulting in change in scope of consolidation		(55,688)	
Acquisition of investments in subsidiaries	(195)		(1,895)
Proceeds from cancellation of insurance funds		1,763	
Decrease in other assets	79	185	767
Net cash used in investing activities	(4,770)	(52,337)	(46,365)
FINANCING ACTIVITIES:			
Decrease in short-term borrowings—net	(9,110)	(4,431)	(88,550)
Proceeds from long-term debt		50,807	
Repayments of long-term debt	(6,277)	(2,653)	(61,013)
Repurchase of treasury stock		(1)	
Dividends paid	(2,955)	(2,824)	(28,723)
Dividends paid for minority shareholders	(366)	(294)	(3,558)
Other, net	(1)		(9)
Net cash (used in) provided by financing activities	(18,709)	40,604	(181,853)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	3,571	1,911	34,711
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,285)	4,883	(22,210)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	63,314	58,431	615,416
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 61,029	¥ 63,314	$ 593,206
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Assets acquired		¥ (44,894)	
Liabilities assumed		50,897	
Goodwill		(60,071)	
Minority interests			
Acquisition costs		(54,068)	
Cash dividends paid from newly consolidated subsidiary		(7,864)	
Acquired cash and cash equivalents		6,244	
Acquisition of investments in subsidiaries resulting in change in scope of consolidation		¥ (55,688)	

See notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GLORY LTD. and consolidated subsidiaries
Year ended March 31, 2014

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 2013 consolidated financial statements to conform to the classifications used in 2014.

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 ¥102.88 to $1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Company and its 39 significant (46 in 2013) subsidiaries (together, the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Consolidated Subsidiaries

March 31, 2014

Name	Year-End
Hokkaido GLORY Co., Ltd.	March 31
GLORY NASCA Ltd.	March 31
GLORY Products Ltd.	March 31
Glory Global Solutions Inc. *1	March 31
Glory Global Solutions (Singapore) Pte. Ltd. *2	March 31
Sitrade Italia S.p.A.	December 31
GLORY Denshi Kogyo (Suzhou) Ltd.	December 31
Glory Global Solutions (Shanghai) Co., Ltd.	December 31
Glory Global Solutions Ltd.	March 31
Glory Global Solutions (International) Ltd. *3	March 31
Glory Global Solutions (France) S.A.S. *4	March 31

28 other companies

March 31, 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. *1	March 31
GLORY MONEY HANDLING MACHINES PTE LTD *2	March 31
GLORY Europe GmbH *5	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.	March 31
Talaris Limited *3	March 31
Talaris Investment (France) S.A.S. *4	March 31
Talaris Inc. *1	March 31

33 other companies

Notes: *1 Talaris Inc., which was a consolidated subsidiary, transferred its business and assets to GLORY (U.S.A.) INC. on April 1, 2013 and dissolved on January 21, 2014. GLORY (U.S.A.) INC. changed its trade name to Glory Global Solutions Inc. on April 1, 2013.
*2 Glory Global Solutions (Singapore) Pte. Ltd. changed its trade name from GLORY MONEY HANDLING MACHINES PTE LTD on April 1, 2013.
*3 Glory Global Solutions (International) Ltd. changed its trade name from Talaris Limited on April 1, 2013.
*4 Glory Global Solutions (France) S.A.S. changed its trade name from Talaris Investment (France) S.A.S. on April 1, 2013.
*5 GLORY Europe GmbH and Lutzwolf Systems GmbH, which were consolidated subsidiaries, merged into Glory Global Solutions (Germany) GmbH and dissolved on April 1, 2013.

GLORY Denshi Kogyo (Suzhou) Ltd.; Glory Global Solutions (Shanghai) Co., Ltd.; Sitrade Italia S.p.A.; Glory Global Solutions (Brasil) Maquinas e Equipamentos Ltda., and four 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 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.

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

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

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.

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

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

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

In May 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, and were followed by partial amendments from time to time through 2009.

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

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are 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) 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 applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥4,020 million ($39,075 thousand) was recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014, decreased by ¥100 million ($972 thousand).

m. Asset Retirement Obligations - In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

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

o. 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 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 note 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 that all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as investments in lease.

p. Bonuses to Directors - Bonuses to directors are accrued at the year-end to which such bonuses are attributable.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. 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.

w. 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, and were 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, is 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

The revised accounting standard does 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 service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been 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 applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard for (c) above in future applicable periods.

Accounting Standards for Business Combinations and Consolidated Financial Statements - On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are as follows:

Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisioned amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for "transactions with noncontrolling interest," "acquisition-related costs" and "presentation changes in the consolidated financial statements" are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for the presentation changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" is permitted. In retrospective application of the revised standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs," accumulated effects of retrospective adjustments for all "transactions with noncontrolling interest" and "acquisition-related costs" which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application.

In prospective application, the new standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for "provisional accounting treatments for a business combination" are effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance 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 standards and guidance in future applicable periods.

03. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Short-term investments:			
Time deposits other than cash equivalents	¥ 1,089	¥ 766	$ 10,585
Government, corporate, and other bonds	2,497	1,101	24,271
Total	¥ 3,586	¥ 1,867	$ 34,856
Investment securities:			
Marketable equity securities	¥ 4,017	¥ 3,852	$ 39,045
Nonmarketable equity securities	691	689	6,717
Government, corporate, and other bonds	7,320	9,755	71,151
Other	361	375	3,509
Total	¥12,389	¥14,671	$120,422

Book value and fair value information on held-to-maturity debt securities as of March 31, 2014 and 2013, are summarized as follows:

	Millions of Yen					
	2014			2013		
	Book Value per Consolidated Balance Sheet	Fair Value	Difference	Book Value per Consolidated Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:						
Government bonds	¥1,000	¥1,058	¥ 58	¥ 1,000	¥ 1,063	¥ 63
Corporate bonds	4,318	4,402	84	5,128	5,221	93
Securities whose fair values do not exceed their book value:						
Government bonds	329	329		254	254	
Corporate bonds	3,670	3,628	(42)	3,974	3,897	(77)
Other	500	498	(2)	500	496	(4)
Total	¥9,817	¥9,915	¥ 98	¥10,856	¥10,931	¥ 75

	Thousands of U.S. Dollars		
	2014		
	Book Value per Consolidated Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:			
Government bonds	$ 9,720	$10,284	$ 564
Corporate bonds	41,971	42,787	816
Securities whose fair values do not exceed their book value:			
Government bonds	3,198	3,198	
Corporate bonds	35,673	35,265	(408)
Other	4,860	4,841	(19)
Total	$95,422	$96,375	$ 953

Book value and acquisition cost information on available-for-sale securities as of March 31, 2014 and 2013, are summarized as follows:

	Millions of Yen					
	2014			2013		
	Acquisition Costs	Book Value per Consolidated Balance Sheet	Difference	Acquisition Costs	Book Value per Consolidated Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:						
Equity securities	¥2,083	¥2,821	¥ 738	¥1,361	¥2,012	¥ 651
Other	335	361	26	351	375	24
Securities whose book values do not exceed their acquisition costs:						
Equity securities	1,341	1,196	(145)	2,228	1,840	(388)
Total	¥3,759	¥4,378	¥ 619	¥3,940	¥4,227	¥ 287

	Thousands of U.S. Dollars		
	2014		
	Acquisition Costs	Book Value per Consolidated Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	$20,247	$27,420	$ 7,173
Other	3,256	3,509	253
Securities whose book values do not exceed their acquisition costs:			
Equity securities	13,035	11,625	(1,410)
Total	$36,538	$42,554	$ 6,016

Available-for-sale securities sold during the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Proceeds from sales	¥352	¥1	$3,421
Loss on sales	148	0	1,439

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 if their fair market value has declined 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 declines significantly due to deterioration of the financial condition of the issuing companies, such securities are impaired accordingly.

04. INVENTORIES

Inventories as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Finished products and merchandise	¥24,069	¥17,459	$233,952
Work in process	6,772	6,313	65,824
Raw materials and supplies	9,992	8,301	97,123
Total	¥40,833	¥32,073	$396,899

05. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans from banks and an insurance company	¥28,271	¥35,831	$274,796

The annual average interest rates applicable to short-term borrowings at March 31, 2014 and 2013, were 0.7%.

(b) Long-term debt and lease obligations as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans from banks and other	¥44,794	¥48,154	$435,400
Obligations under finance leases	2,623	2,313	25,496
Total	47,417	50,467	460,896
Less current portion	(9,423)	(7,133)	(91,592)
Long-term debt and lease obligations, less current portion	¥37,994	¥43,334	$369,304

The annual average interest rate applicable to long-term debt at March 31, 2014 and 2013, was 1.2%.

(c) Annual maturities of long-term debt as of March 31, 2014, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 9,423	$ 91,592
2016	9,176	89,191
2017	8,785	85,391
2018	8,122	78,946
2019 and thereafter	11,911	115,776
Total	¥47,417	$460,896

06. RETIREMENT AND PENSION PLANS

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.

Year Ended March 31, 2014

(1) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥44,943	$436,849
Current service cost	2,094	20,354
Interest cost	629	6,114
Actuarial gains	(262)	(2,547)
Benefits paid	(1,536)	(14,930)
Past service cost	453	4,403
Others	1,082	10,517
Balance at end of year	¥47,403	$460,760

(2) The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥41,308	$401,516
Expected return on plan assets	571	5,550
Actuarial gains	1,901	18,478
Contributions from the employer	3,063	29,773
Benefits paid	(1,505)	(14,629)
Others	920	8,943
Balance at end of year	¥46,258	$449,631

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	¥ 46,791	$ 454,812
Plan assets	(46,258)	(449,631)
	533	5,181
Unfunded defined benefit obligation	611	5,939
Net liability for defined benefit obligation	¥ 1,144	$ 11,120

	Millions of Yen	Thousands of U.S. Dollars
Liability for retirement benefits	¥ 4,020	$ 39,075
Asset for retirement benefits	(2,876)	(27,955)
Net liability for defined benefit obligation	¥ 1,144	$ 11,120

(4) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥2,094	$20,354
Interest cost	629	6,114
Expected return on plan assets	(571)	(5,550)
Recognized actuarial (gains) losses	483	4,695
Amortization of prior service cost	(165)	(1,604)
Net periodic benefit costs	¥2,470	$24,009

(5) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost	¥ 322	$ 3,130
Unrecognized actuarial (gains) losses	(489)	(4,753)
Total	¥(167)	$(1,623)

(6) Plan assets as of March 31, 2014

a. Components of plan assets

Plan assets consisted of the following:

Debt investments	44%
Equity investments	25
Cash and cash equivalents	10
General account assets of life insurance	12
Others	9
Total	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(7) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	Mainly 1.3%
Expected rate of return on plan assets	Mainly 1.3%

(8) Defined contribution pension plan

Contributions to the defined contribution pension plan of the Company and its consolidated subsidiaries were ¥95 million ($923 thousand).

Year Ended March 31, 2013

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

	Millions of Yen
Projected benefit obligation	¥ 44,944
Fair value of plan assets (including a pension trust)	(41,308)
Unrecognized actuarial loss	(3,138)
Unrecognized prior service cost	1,395
Net liability	1,893
Prepaid pension cost	(1,529)
Net liability for retirement benefits	¥ 3,422

The components of net periodic benefit costs for the year ended March 31, 2013, are as follows:

	Millions of Yen
Service cost	¥1,793
Interest cost	715
Recognized actuarial loss	554
Amortization of prior service cost	(231)
Net periodic benefit costs	2,831
Contribution to defined contribution pension plan	279
Total	¥3,110

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

Assumptions used for the year ended March 31, 2013, are set forth as follows:

Discount rate	Mainly 1.3%
Expected rate of return on plan assets	Mainly 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
Recognition period of actuarial gain/loss	Mainly 15 years
Amortization period of prior service cost	15 years

07. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (1) having a board of directors, (2) having independent auditors, (3) having an 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.

08. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 38% for the years ended March 31, 2014 and 2013, 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, 2014 and 2013, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets due to:			
Liability for retirement benefits	¥ 1,997	¥ 2,266	$ 19,411
Unrealized profit eliminated	1,894	1,003	18,410
Accrued bonuses	1,980	1,702	19,246
Research and development expenditures	1,133	880	11,013
Depreciation and amortization	468	527	4,549
Inventories	444	507	4,316
Loss on valuation of investment securities	186	185	1,808
Allowance for doubtful accounts	59	90	573
Loss on valuation of investments in capital of subsidiaries and affiliates		357	
Asset adjustment account		119	
Other	2,199	3,190	21,374
Gross deferred tax assets	10,360	10,826	100,700
Less valuation allowance	(979)	(1,491)	(9,516)
Total gross deferred tax assets	¥ 9,381	¥ 9,335	$ 91,184
Deferred tax liabilities due to:			
Intangibles assets	(8,434)	(7,028)	(81,979)
Net unrealized gain on securities	(273)	(240)	(2,654)
Other	(455)	(353)	(4,423)
Total gross deferred tax liabilities	(9,162)	(7,621)	(89,056)
Net deferred tax assets	¥ 219	¥ 1,714	$ 2,128

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, 2014 and 2013, is as follows:

	2014	2013
Normal effective statutory tax rate	38.0%	38.0%
Expenses not deductible for income tax purposes, such as entertainment expenses	4.4	3.2
Income not taxable for income tax purposes	(3.2)	(2.4)
Tax credit related to research expenses	(7.7)	(6.2)
Amortization of goodwill	10.8	12.0
Tax rate differences with consolidated subsidiaries	(2.7)	(1.2)
Valuation allowance	(2.8)	0.9
Effect of tax rate reduction	1.4	
Equalization tax	0.8	1.1
Loss on valuation of investments in capital of subsidiaries and affiliates		(2.8)
Other—net	1.6	(0.4)
Actual effective tax rate	40.6%	42.2%

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38% to 35.6%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥249 million ($2,420 thousand) and to increase income taxes - deferred in the consolidated statement of income for the year then ended by ¥249 million ($2,420 thousand).

09. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2014 and 2013, mainly consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Employees' salaries and bonuses	¥24,072	¥20,701	$233,981
Amortization of goodwill	5,137	3,878	49,932
Depreciation expense	5,148	4,319	50,039
Rent expense	4,660	4,230	45,295

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expense and manufacturing cost for the years ended March 31, 2014 and 2013, were ¥13,175 million ($128,062 thousand) and ¥12,092 million, respectively.

11. LEASES

(a) Lessee

As discussed in Note 2.o, 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, 2014 and 2013, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Acquisition cost	¥ 29	¥ 72	$ 282
Accumulated depreciation	(24)	(56)	(233)
Net leased property	¥ 5	¥ 16	$ 49

Obligations under finance leases as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥ 4	¥12	$39
Due after one year	2	6	19
Total	¥ 6	¥18	$58
Allowance for impairment loss on leased property	¥—	¥—	$—

Depreciation expense, interest expense and other information under finance leases as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Depreciation expense	¥ 5	¥105	$49
Interest expense	0	2	0
Total	¥ 5	¥107	$49
Lease payments	¥ 6	¥114	$58
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, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥ 57	¥49	$ 554
Due after one year	701	46	6,814
Total	¥758	¥95	$7,368

(b) Lessor

The net investments in lease as of March 31, 2014 and 2013, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gross lease receivables	¥3,817	¥3,037	$37,101
Unearned interest income	819	497	7,960
Investments in leases, current	¥2,998	¥2,540	$29,141

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, 2014, are as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥1,072	$10,420
2016	863	8,388
2017	729	7,086
2018	498	4,841
2019	262	2,546
2020 and thereafter	393	3,820
Total	¥3,817	$37,101

As discussed in Note 2.o, 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, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥3	¥ 6	$29
Due after one year	1	4	10
Total	¥4	¥10	$39

Sublease payables by lessee are almost the same amount as sublease receivables, which are included in the future lease payments as a lessee (see (a) above).

12. 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 at financing 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 include foreign currency forward contracts, interest rate swap agreements and currency swap agreements. Please see Note 13 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 13 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, 2014 and 2013, were as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

	Millions of Yen		
March 31, 2014	Carrying Amount	Fair Value	Difference
Cash and cash equivalents	¥ 61,029	¥ 61,029	¥ —
Receivables:			
Trade notes	3,859		
Trade accounts	44,209		
Unconsolidated subsidiaries and associated company	173		
Subtotal	48,241		
Allowance for doubtful accounts *1	(585)		
Receivables—net	47,656	47,647	(9)
Investments in leases	2,998		
Allowance for doubtful accounts *1	(7)		
Investments in leases—net	2,991	2,939	(52)
Short-term investments and investment securities	15,284	15,382	98
Total	¥126,960	¥126,997	¥ 37
Payables:			
Trade notes	¥ 3,084	¥ 3,084	¥ —
Trade accounts	17,880	17,880	
Unconsolidated subsidiaries and associated company	1,280	1,280	
Short-term borrowings	28,271	28,271	
Long-term debt	44,794	44,600	(194)
Income taxes payable	4,293	4,293	
Long-term lease obligations	1,752	1,695	(57)
Total	¥101,354	¥101,103	¥(251)
Derivative financial instruments:			
Hedge accounting—Not applied	¥ —	¥ —	¥ —
Hedge accounting—Applied			
Total	¥ —	¥ —	¥ —

	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	
Long-term debt	48,154	48,289	135
Income taxes payable	3,023	3,023	
Long-term lease obligations	1,332	1,290	(42)
Total	¥108,436	¥108,529	¥ 93
Derivative financial instruments: *2			
Hedge accounting—Not applied	¥ 4	¥ 4	¥ —
Hedge accounting—Applied			
Total	¥ 4	¥ 4	¥ —

March 31, 2014	Thousands of U.S. Dollars Carrying Amount	Fair Value	Difference
Cash and cash equivalents	$ 593,206	$ 593,206	$ —
Receivables:			
Trade notes	37,510		
Trade accounts	429,714		
Unconsolidated subsidiaries and associated company	1,682		
Subtotal	468,906		
Allowance for doubtful accounts *1	(5,687)		
Receivables—net	463,219	463,132	(87)
Investments in leases	29,141		
Allowance for doubtful accounts *1	(68)		
Investments in leases—net	29,073	28,567	(506)
Short-term investments and investment securities	148,561	149,514	953
Total	$1,234,059	$1,234,419	$ 360
Payables:			
Trade notes	$ 29,977	$ 29,977	$ —
Trade accounts	173,795	173,795	
Unconsolidated subsidiaries and associated company	12,442	12,442	
Short-term borrowings	274,796	274,796	
Long-term debt	435,400	433,514	(1,886)
Income taxes payable	41,728	41,728	
Long-term lease obligations	17,030	16,476	(554)
Total	$ 985,168	$ 982,728	$(2,440)
Derivative financial instruments:			
Hedge accounting—Not applied	$ —	$ —	$ —
Hedge accounting—Applied			
Total	$ —	$ —	$ —

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 3.

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

Fair value information for derivatives is included in Note 13.

(b) Financial instruments whose fair value cannot be reliably determined as of March 31, 2014 and 2013, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Investments in equity instruments that do not have a quoted market price in an active market	¥1,739	¥1,725	$16,903

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

The carrying amount of investments in unconsolidated subsidiaries and associated company included in the above table for the years ended March 31, 2014 and 2013, were ¥1,048 million ($10,186 thousand) and ¥1,036 million, respectively.

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

	Millions of Yen			
March 31, 2014	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	¥ 61,029	¥ —	¥ —	¥—
Receivables	46,736	1,505		
Investments in leases	862	1,932	204	
Short-term investments and investment securities	3,588	3,239	4,028	4
Total	¥112,215	¥6,676	¥4,232	¥ 4

	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

	Thousands of U.S. Dollars			
March 31, 2014	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	$ 593,206	$ —	$ —	$—
Receivables	454,277	14,629		
Investments in leases	8,379	18,779	1,983	
Short-term investments and investment securities	34,875	31,483	39,152	39
Total	$1,090,737	$64,891	$41,135	$39

Please see Note 5 for annual maturities of long-term debt and long-term lease obligations.

13. 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, 2014	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Brazil Real	¥—	¥—	¥—	¥—

	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

	Thousands of U.S. Dollars			
At March 31, 2014	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Brazil Real	$—	$—	$—	$—

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
At March 31, 2014	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	¥ —	¥ —	
Interest rate swaps (fixed-rate payment, floating-rate receipt)	Long-term debt	23,830	19,497	*2
Interest rate and currency swaps (fixed-rate and Japanese yen payment, floating-rate and U.S.$ receipt)	Long-term debt	8,406	6,878	*2
Interest rate and currency swaps (fixed-rate and Euro payment, floating-rate and U.S.$ receipt)	Long-term debt	6,073	4,969	*2

At March 31, 2013	Hedged Item	Millions of Yen 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	9,935	8,406	*2
Interest rate and currency swaps (fixed-rate and Euro payment, floating-rate and U.S.$ receipt)	Long-term debt	5,647	5,176	*2

At March 31, 2014	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	$ —	$ —	
Interest rate swaps (fixed-rate payment, floating-rate receipt)	Long-term debt	231,629	189,512	*2
Interest rate and currency swaps (fixed-rate and Japanese yen payment, floating-rate and U.S.$ receipt)	Long-term debt	81,707	66,855	*2
Interest rate and currency swaps (fixed-rate and Euro payment, floating-rate and U.S.$ receipt)	Long-term debt	59,030	48,299	*2

Notes: *1 Fair value of the foreign currency forward contract assigned for receivables is included in the fair value of receivables disclosed in Note 12.
*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 12.

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.

14. CONTINGENT LIABILITIES

At March 31, 2014 and 2013, the Group had the following contingent liabilities:

	Millions of Yen 2014	2013	Thousands of U.S. Dollars 2014
Guarantees for bank loans drawn by its employees	¥ 45	¥ 52	$ 437
Guarantees for lease obligations owed by its customers	1,088	1,362	10,575

15. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized loss on available-for-sale securities:			
Gains arising during the year	¥ 248	¥ 607	$ 2,411
Reclassification adjustments to profit or loss	85	0	826
Amount before income tax effect	333	607	3,237
Income tax effect	(121)	(215)	(1,176)
Total	¥ 212	¥ 392	$ 2,061
Foreign currency translation adjustments:			
Adjustments arising during the year	¥14,528	¥10,347	$141,213
Reclassification adjustments to profit or loss	345		3,353
Amount before income tax effect	14,873	10,347	144,566
Income tax effect			
Total	¥14,873	¥10,347	$144,566
Total other comprehensive income	¥15,085	¥10,739	$146,627

16. SUBSEQUENT EVENTS

(a) Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2014, was approved at the Company's shareholders' meeting held on June 27, 2014:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥27 ($0.26) per share	¥1,774	$17,243

17. 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 separate 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, retail stores, 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								
	2014								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥45,655	¥31,007	¥24,811	¥103,002	¥204,475	¥14,157	¥218,632	¥ —	¥218,632
Intersegment sales or transfers									
Total	45,655	31,007	24,811	103,002	204,475	14,157	218,632		218,632
Segment profit	4,031	3,517	1,948	7,464	16,960	(241)	16,719		16,719
Segment assets *1	35,051	25,700	24,075	182,019	266,845	14,330	281,175	59,768	340,943
Other:									
Depreciation	1,666	1,068	1,810	4,043	8,587	694	9,281		9,281
Amortization of goodwill			214	4,923	5,137		5,137		5,137
Increase in property, plant and equipment and intangible assets	¥ 1,750	¥ 1,115	¥ 1,309	¥ 2,314	¥ 6,488	¥ 747	¥ 7,235	¥ —	¥ 7,235

	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

	Thousands of U.S. Dollars								
	2014								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	$443,769	$301,391	$241,164	$1,001,186	$1,987,510	$137,607	$2,125,117	$ —	$2,125,117
Intersegment sales or transfers									
Total	443,769	301,391	241,164	1,001,186	1,987,510	137,607	2,125,117		2,125,117
Segment profit	39,182	34,185	18,934	72,551	164,852	(2,342)	162,510		162,510
Segment assets *1	340,698	249,806	234,010	1,769,236	2,593,750	139,288	2,733,038	580,949	3,313,987
Other:									
Depreciation	16,194	10,381	17,593	39,298	83,466	6,746	90,212		90,212
Amortization of goodwill			2,080	47,852	49,932		49,932		49,932
Increase in property, plant and equipment and intangible assets	$ 17,010	$ 10,838	$ 12,724	$ 22,492	$ 63,064	$ 7,261	$ 70,325	$ —	$ 70,325

Notes: *1 Reconciliations of segment assets are corporate assets of ¥59,768 million ($580,949 thousand) and ¥60,579 million for the years ended March 31, 2014 and 2013, 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			
	2014			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	¥163,995	¥36,972	¥17,665	¥218,632

	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

	Thousands of U.S. Dollars			
	2014			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	$1,594,042	$359,370	$171,705	$2,125,117

5. Information about geographical areas

(a) Sales

Millions of Yen					
2014					
Japan	Asia/Oceania	United States of America	Americas Excluding United States of America	Europe	Total
¥115,630	¥25,009	¥27,224	¥5,217	¥45,552	¥218,632

Millions of Yen					
2013					
Japan	Asia/Oceania	United States of America	Americas Excluding United States of America	Europe	Total
¥115,251	¥17,899	¥17,606	¥6,894	¥33,289	¥190,939

Thousands of U.S. Dollars					
2014					
Japan	Asia/Oceania	United States of America	Americas Excluding United States of America	Europe	Total
$1,123,931	$243,089	$264,619	$50,710	$442,768	$2,125,117

Note: Sales are classified by country or region based on the location of customers.

(b) Property, plant and equipment

Millions of Yen				
2014				
Japan	Asia/Oceania	Americas	Europe	Total
¥30,997	¥1,511	¥882	¥1,656	¥35,046

Millions of Yen				
2013				
Japan	Asia/Oceania	Americas	Europe	Total
¥31,724	¥1,304	¥650	¥1,263	¥34,941

Thousands of U.S. Dollars				
2014				
Japan	Asia/Oceania	Americas	Europe	Total
$301,293	$14,687	$8,573	$16,096	$340,649

6. Information about major customers

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

7. Information about impairment losses of assets by reportable segment

	Millions of Yen								
	2014								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets								¥3	¥3

	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

	Thousands of U.S. Dollars								
	2014								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets								$29	$29

Note: The impairment losses relating to idle assets and not allocated to any reportable segment for the years ended March 31, 2014 and 2013 were ¥3 million ($29 thousand) and ¥62 million, respectively.

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

	Millions of Yen								
	2014								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			¥215	¥ 4,922	¥ 5,137		¥ 5,137		¥ 5,137
Goodwill at March 31, 2014				77,781	77,781		77,781		77,781

	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

	Thousands of U.S. Dollars								
	2014								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			$2,090	$ 47,842	$ 49,932		$ 49,932		$ 49,932
Goodwill at March 31, 2014				756,036	756,036		756,036		756,036

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, 2014, 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, 2014, 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 27, 2014

Member of
Deloitte Touche Tohmatsu Limited

CORPORATE INFORMATION

(As of March 31, 2014)

Corporate Information

Name: GLORY LTD.

Established: November 27, 1944

Capital: ¥12,892,947,600

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

Number of employees: 3,349 (Consolidated basis: 7,833)

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 29 local service offices 4 service centers 2 other business sites

Group Companies

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.
● 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 (34 in total)

● Sitrade Italia S.p.A.
● Glory Global Solutions 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 13 other companies

● Consolidated subsidiaries

SHARE INFORMATION

(As of March 31, 2014)

Share Information

Number of shares authorized	150,000,000
Number of shares issued	68,638,210 (Including 2,951,091 shares of treasury stock)
Trading unit	100 shares
Number of shareholders	7,638 shareholders (up 275 year on year)
Listing exchange	First Section of the Tokyo Stock Exchange
Securities code	6457
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation

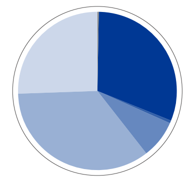
Major shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
STATE STREET BANK AND TRUST COMPANY 505223	3,584	5.2
Nippon Life Insurance Company	3,427	5.0
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT	2,430	3.5
Japan Trustee Services Bank, Ltd. (Trust account)	2,143	3.1
Sumitomo Mitsui Banking Corporation	2,100	3.1
The Master Trust Bank of Japan, Ltd. (Trust account)	2,050	3.0
GLORY Group Employees' Stock Ownership Association	1,927	2.8
JP MORGAN CHASE BANK 385174	1,662	2.4
Tatsubo Fashion Co. Ltd.	1,500	2.2
GLORY Business Partners' Stock Ownership Association	1,048	1.5

In addition to the above, the Company holds 2,951,091 shares of treasury stock.

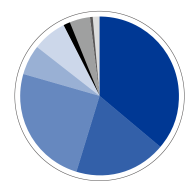
Shareholder distribution

Distribution by ownership of shares



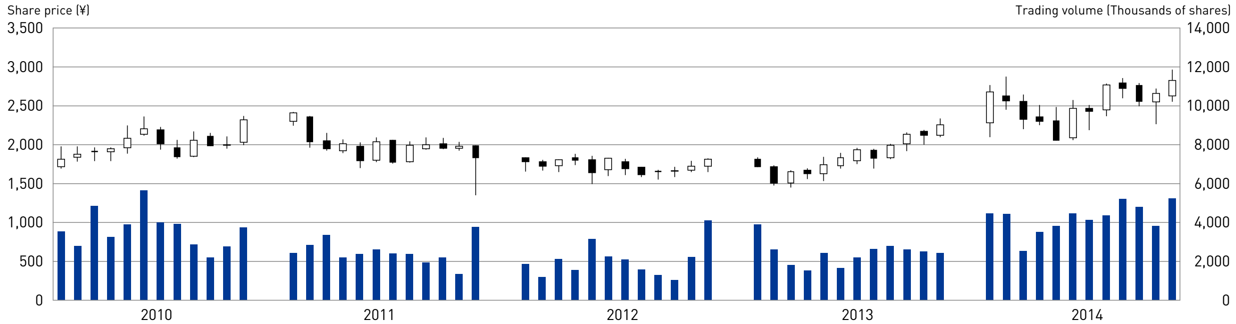
National and regional government bodies	0.2%
Financial institutions	30.9%
Securities companies	0.5%
Other Japanese companies	7.8%
Overseas individuals and companies	35.3%
Japanese individuals, etc.	25.3%

Distribution by number of shares



1 million shares or over	36.2%
500,000–999,999 shares	18.6%
100,000–499,999 shares	24.9%
50,000–99,999 shares	6.0%
10,000–49,999 shares	6.8%
5,000–9,999 shares	1.6%
1,000–4,999 shares	4.2%
500–999 shares	0.5%
Less than 500 shares	1.2%

Trends in Share Price and Trading Volume (Years ended March 31)



	2010	2011	2012	2013	2014
FY-end share price (Yen)	2,322	1,831	1,811	2,259	2,829
High (Yen)	2,365	2,418	1,880	2,334	2,960
Low (Yen)	1,699	1,355	1,500	1,454	2,058
Total trading volume (Shares)	43,545,600	29,904,100	24,490,000	29,198,900	50,860,700

* The graph, share price and total trading volume from the table above are from Osaka Securities Exchange before July 15, 2013, and from Tokyo Stock Exchange after July 16, 2013. (The cash equity market of the Osaka Securities Exchange was integrated into the Tokyo Stock Exchange 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 certain assumptions and the information currently available to the Company. Please be aware that actual performance may differ greatly from these forecasts due to various present and future factors.

5. Quiet period

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

OUR IR ORGANIZATION

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

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GLORY

We Secure the Future

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