Annual Report 2008

Year ended March 2008

GLORY LTD.

Profile

With a history dating back to 1918, GLORY has been manufacturing money handling machines since the 1950s. The first major accomplishment in this field was the development of Japan's first coin counting machine for the Japan Mint. GLORY subsequently created many other revolutionary money handling products, including Japan's first bank teller cash dispensing system, banknote sorting machines and many types of vending machines. Through these achievements, GLORY has earned a global reputation as a pioneer in the money handling machine industry.

GLORY has used expertise gained from money handling machines to contribute to progress in two core technologies: recognition/identification and mechatronics. By leveraging these technologies, GLORY supplies machines that raise operating efficiency and automate tasks at financial institutions around the world.

GLORY has long been involved utilizing in core technologies and other R&D programs to meet the need for greater security for the activities of consumers and businesses alike. One example is a research program in the field of biometric authentication, such as fingerprint and face recognition. In addition, with universities and research institutes, GLORY is working on new technologies and products that meet the changing needs of markets and our customers.

GLORY is the nucleus of an international group of 34 companies with fully integrated operations drawing on the collective resources of the group. Activities include product planning, development, manufacturing, sales, and maintenance and repair. The 12 group companies in North America, Europe and Asia form a powerful manufacturing, sales and maintenance network for GLORY products in more than 100 countries.

Dedicated to remaining the global leader in money handling machines, GLORY will continue to supply sophisticated products that provide customers with outstanding value based on the corporate philosophy of "We Secure the Future".

Contents

Note on Forward-looking Statements

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

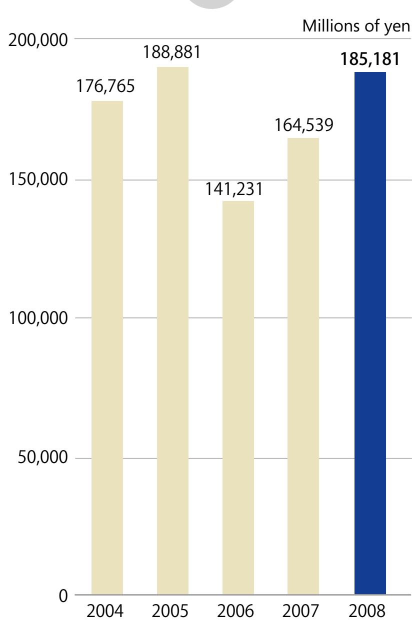
Consolidated Financial Highlights

GLORY LTD. and its consolidated subsidiaries
Fiscal years ended March 31

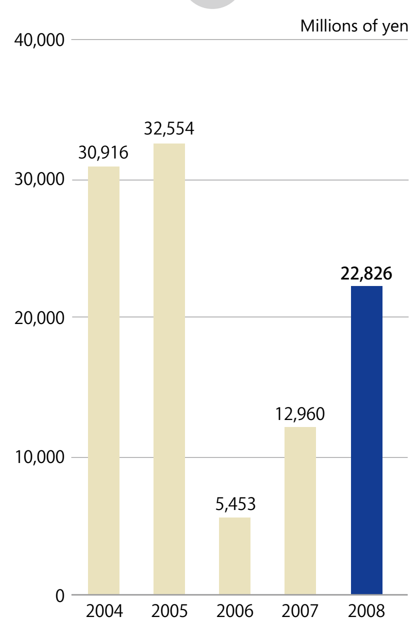
	Millions of yen					Thousand of U.S. dollars
For the year :	2004	2005	2006	2007	**2008**	**2008**
Net sales	176,765	188,881	141,231	164,539	**185,181**	**1,848,302**
Operating income	30,916	32,554	5,453	12,960	**22,826**	**227,834**
Income before income taxes and minority interests	29,169	31,280	2,323	9,599	**20,198**	**201,603**
Net income	17,527	19,306	740	6,461	**11,711**	**116,889**
Depreciation and amortization	5,129	5,438	6,889	6,337	**6,570**	**65,577**
At Year End:						
Total assets	213,844	217,460	206,361	216,988	**209,236**	**2,088,402**
Total equity	128,504	146,657	146,134	150,841	**151,734**	**1,514,470**
	Yen					
Per share (Yen and US dollars):						
Net income	233.19	257.00	9.14	87.15	**160.70**	**1.60**
Cash dividends	22.00	30.00	22.00	30.00	**40.00**	**0.40**

Notes) 1. The US dollar amounts are converted for convenience only, at the rate of ¥100.19=US $1 the approximate exchange rate at March 31, 2008.
2. GLORY LTD. conducted a two-for-one stock split on March 19, 2004.
Therefore the number of shares increased by 37,118,105 compared with the previous term.
3. The data previously presented as "Total shareholders' equity" are shown as "Total equity" based on the new accounting standard implemented from fiscal year 2006.
See Note 2 to the consolidated financial statements.

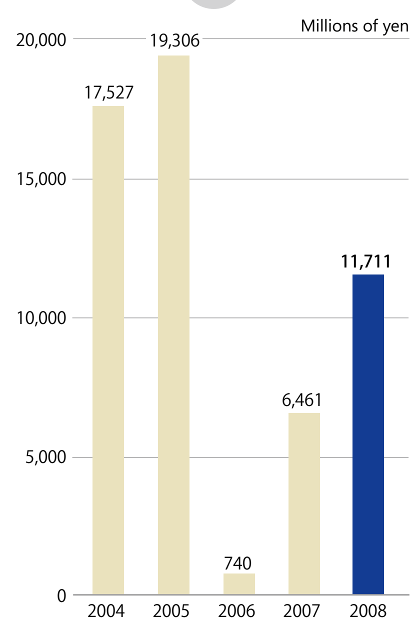
Net sales



Operating income



Net income



Top Interview

President

Hideto Nishino

The past fiscal year was highlighted by several notable accomplishments. In particular, our performance was strong in the key financial market and we continued to grow in overseas markets.

Top Interview

Q1 Please summarize operating results in the fiscal year that ended in March 2008.

We achieved strong growth in sales and earnings. Consolidated sales increased 12.5% to ¥185,181 million, our second-highest level of sales in the past decade. Due to the higher sales, our operating income was up 76.1% to ¥22,826 million and net income increased 81.3% to ¥11,711 million compared with the previous fiscal year.

In Japan, sales in the financial market, which is our largest market, increased due to needs for systems that can meet requirements associated with the consolidation of clerical tasks and adoption of stricter procedures. In overseas markets, there was strong demand for banknote depositing and dispensing machines for tellers and banknote depositing units for ATMs. This demand resulted in higher sales in both domestic and overseas markets compared with the previous fiscal year.

In the distribution market, sales were about the same as in the fiscal year that ended in March 2007. This was despite a downturn in demand for cash recyclers for cashiers at large retailers that supported sales in this category one year earlier.

In the vending machine market, sales increased because of strong demand for replacements and upgrades for cigarette vending machines in Japan. In July 2008, Japan started requiring all of these vending machines to accept an IC card to verify that the buyer is an adult.

In the amusement market, new restrictions on amusement machines caused customers to shift to investing in replacing their pachislo and pachinko machines. The result was a sharp drop in demand for GLORY's peripheral equipment for pachinko parlors.

In the fiscal year that ended in March 2008, earnings improved in all market sectors except the amusement market because of higher demand for our system products used by financial institutions and for cigarette vending machines. The benefits of higher production volumes and cost reduction activities more than offset an increase in selling and administrative expenses.

The fiscal year that ended in March 2008 was the second year of our "2006 Medium-Term Management Plan." I am pleased to report that the fiscal year was particularly significant with respect to progress in strengthening our overseas operations.

Q2 What are GLORY's greatest strengths?

We have more than 50 years of experience in the money handling machine business. GLORY is recognized as the pioneer in this field. To remain the leading company, we are constantly upgrading our R&D capabilities so that we can create more competitive products.

Relationships we have established with many customers over the years give us the opportunity to listen to their wishes and needs. We then use our fully integrated organization to plan, develop, manufacture, sell and maintain machines that precisely match customers' requirements. Our group operates effectively as a single company to perform all of these functions. I believe that this is our most valuable strength.

Temporary increases in demand occur from time to time in the money handling machine business because of revisions to relevant laws and regulations. For example, demand for cigarette vending machines equipped with adult identification function increased in the fiscal year that ended in March 2008. Another example is the 2004 spike in demand for our products when Japan changed the design of its banknotes.

Higher demand linked to a one-time event is good for GLORY because this type of demand is immune to the economy's ups and downs. But translating these brief upturns into sales and earnings is not easy. Success is not a question of simply delivering by a particular time a certain number of products with the required specifications. No product development activities can begin until we have collected sufficient information about the security and other features of banknotes and coins. Success requires incorporating all of this information into products at the development stage and starting sales of these products quickly.

We have always placed much value on listening to our customers. Our priority is to supply solutions in the form of products that precisely reflect customers' needs. Without the necessary capabilities and preparations, GLORY could not benefit from demand linked to one-time events.

Our knowledge about the products we make has been accumulated over many years. The value of this knowledge is recognized in numerous markets and industries where

GLORY products are used. This includes the financial market, overseas market, distribution and transportation market, vending machine market, amusement markets and other markets.

Our business portfolio spans a diverse range of markets. With this diversity, we can grow consistently by evening out fluctuations in sales and earnings caused by changes in the market environment that could have a big impact on our performance. This is why I ask investors to evaluate our growth in a three-year interval rather than one-year interval.

Q3 How is GLORY progressing toward the goals of the Medium-Term Management Plan that will end in March 2009?

During the course of this plan, we merged GLORY Shoji Co., Ltd., one of our sales subsidiaries, in October 2006. To increase our corporate value and benefit from this merger, we have been pursuing a corporate governance strategy, efficiency strategy and growth strategy.

Our corporate governance strategy recognizes that improving governance is vital to earning the trust of shareholders and other stakeholders and increasing corporate value. We are improving our corporate governance system by separating and reinforcing the management supervisory and business execution functions. We are also reviewing and improving our risk management systems. The various measures we have implemented include adoption of the Executive Officer System, reducing the number of board members and bringing outside directors onto the Board.

To strengthen corporate functions, GLORY is advancing as planned with regard to our brand strategy, personnel system reforms and the integration of internal systems, including our business accounting system. All have reached the final stage.

Our efficiency strategy has two major elements: business structure reforms and streamlining administrative operations. Reforms cover product development, manufacturing and sales operations. With product development structural reforms, which is one element of our initiatives to improve operations, we aim to switch to a structure that can raise the efficiency of development activities while improving product quality and cutting costs. We are making progress. By the end of the fiscal year ending in March 2009, we expect to achieve reductions in the time needed to develop products and the cost of materials needed for research.

For manufacturing reforms, we want to cut costs while improving the quality of our products. Many actions are under way, including increasing overseas manufacturing, using centralized procurement and boosting productivity.

In addition, to streamline administrative operations, we are consolidating redundant personnel, accounting and other systems resulting from the merger. This will raise the efficiency of our core business processes.

Our growth strategy uses the benefits of the business unit system that we established in October 2006 when we merged. Using business units better enables us to adapt to changes in our markets and to operate with greater speed. Our overseas operations, which have excellent growth potential, are benefiting from the increasing demand among financial institutions in many regions for equipment to automate various tasks. This is creating more demand for our banknote depositing and dispensing machines for tellers and other system products. We are also seeing growth in demand for banknote depositing units for ATMs.

We are currently reinforcing our sales network in Europe. Our priority is increasing sales of system products, which are expected to become even more widely used in Europe. We already have sales base in Germany, Austria and other European countries. There are also four business sites that sell our products directly and offer maintenance and repair services. In January 2008, we established a subsidiary in France in order to further increase overseas sales. To speed up our growth in overseas markets, we are making investments in building the infrastructure needed to support overseas operations.

Q4 Please discuss your outlook for market trends in the fiscal year ending in March 2009.

For the fiscal year ending in March 2009, we forecast sales of ¥165,000 million, operating income of ¥15,000 million and net income of ¥10,000 million on a consolidated basis.

In the financial market in Japan, I expect to see healthy

demand for our open teller system. There is a very strong need for equipment that allows these institutions to follow strict procedures and perform business processes more efficiently. Consequently, although demand associated with the privatization of Japan's postal system has declined, I understand that other private-sector financial institutions are still making significant capital expenditures.

In the overseas market, we expect sales to increase. Banks and other financial institutions in the euro zone have an increasing need for machines to detect counterfeit banknotes and make cash processing tasks more efficient. This indicates that orders for banknote depositing and dispensing units for tellers, banknote depositing units for ATMs and other products will rise.

In the distribution market, conditions will remain difficult because of increasing price competition and other challenges. Cash recyclers, however, are gaining increasing acceptance, resulting in rising interest in recyclers among major retailers and other stores and we anticipate steady growth in sales of our cash recyclers. We also foresee higher sales for products used by armored transport companies.

In the vending machine market, we forecast a big drop in sales and earnings starting with the fiscal year ending in March 2009. Replacement and upgrading demand for cigarette vending machines equipped with adult identification function has almost come to an end. But we are concentrating on developing products that can follow up on the success of our cigarette vending machines. Furthermore, the amusement market is still difficult, so we expect earnings to remain under pressure. But we are determined to grow through aggressive measures that target mainly pre-paid card systems for pachinko parlors and associated devices.

The fiscal year ending in March 2009 is the final year of our ongoing Medium-Term Management Plan. During this year, GLORY will take full advantage of the benefits produced by our efficiency and growth strategies. I am determined to use these benefits to raise our corporate value and build a powerful operating structure that can generate growth in sales and earnings.

Q5 What is GLORY's policy for distributing earnings to shareholders?

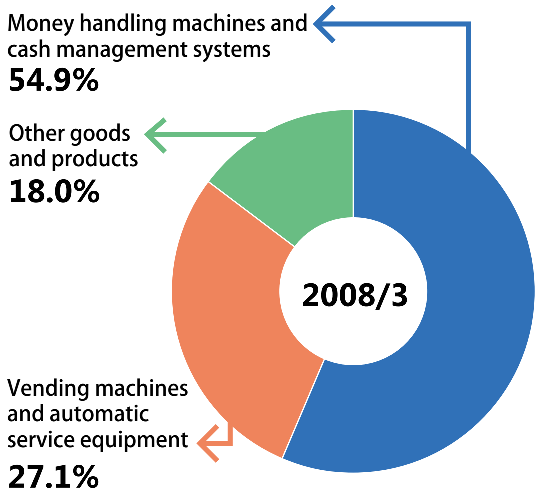
GLORY completed two share repurchases during the fiscal year that ended in March 2008. I view repurchases as both a way to return earnings to shareholders and an effective means of adjusting equity in response to changes in our operating environment. The first repurchase was from May 18 to August 16 when we repurchased about 1.4 million shares. All shares were retired on November 9. The next repurchase was for up to 2 million shares at a cost of no more than ¥5,000 million between February 7 and March 18 of this year. We ended up buying about 1.05 million shares at a cost of ¥2,650 million. We still hold these shares as treasury stock. GLORY will continue to make an effort to enhance its corporate value and take actions to increase capital efficiency in many ways while adjusting our equity in a timely manner based on our business environment.

Starting with this fiscal year, we are using a new basic policy for dividends. We will pay an annual dividend that is approximately 25% of consolidated earnings per share and maintain a dividend of at least ¥30 per share based on our equity. In accordance with this policy, for the fiscal year ending in March 2009, we plan to pay an interim dividend of ¥15 per share. We will submit a proposal for the year-end dividend based on our performance in the fiscal year ending in March 2009.

I ask for your continuing support and understanding in all our endeavors.

July 2008
President

Segment Information



Millions of yen

	2008	2007	Y on Y %
Money handling machines and cash management systems	101,710	92,829	+9.6%
Vending machines and automatic service equipment	50,078	47,536	+5.3%
Other goods and products	33,393	24,175	+38.1%

(Years ended March 31)

Money handling machines and cash management systems

The financial market, overseas markets, and distribution market account for most sales in this segment. Segment sales increased 9.6% to ¥101,710 million.

In the financial market, capital expenditures are increasing along with growth in demand for equipment needed to use stricter procedures for various tasks. The result was an increase in sales of open teller systems, a major GLORY product in the financial market. Due to higher demand caused by the privatization of Japan's postal service in October 2007, performance in this category also benefited from strong sales of banknote depositing and dispensing units for tellers, which are sold as OEM products.

Overseas sales increased. One reason was solid demand in Europe for banknote depositing units for ATMs and banknote depositing and dispensing machines for tellers. Growth in sales of desktop banknote counters in Europe and banknote sorting machines in the United States also contributed to overseas sales.

In the distribution market, sales were generally favorable overall market despite an end to the period of large orders from major retailers for cash recyclers for cashiers.

Vending machines and automatic service equipment

The vending machine market and amusement market account for most sales in this segment. In addition, some products are sold in the financial market and distribution market. Segment sales increased 5.3% to ¥50,078 million.

In the vending machine market, sales increased because of a large volume of orders for cigarette vending machines with an adult identification function, which are being used in Japan starting in 2008.

In the amusement market, demand was sluggish as companies in the amusement industry cut back capital expenditures. This resulted in lower sales of peripherals, such as token dispensing machines for banknotes, and banknote exchange machines.

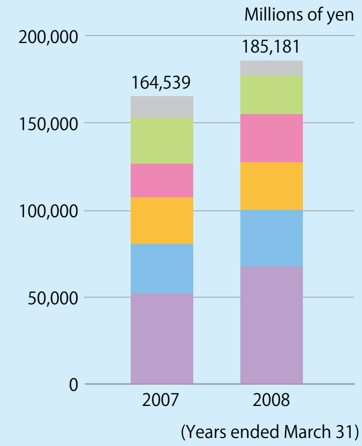
Other goods and products

Segment sales increased 38.1% to ¥33,393 million.

Sales in this segment are from products other than products in the above two segments and from products, parts, accessories and other items purchased from companies outside the GLORY Group. Sales increased mainly because of higher sales of security products and accessories.

Operating Results and Strategies by Market

	Millions of yen		
	2008	2007	Y on Y %
Financial market	**68,030**	51,826	+31.3%
Overseas markets	**31,784**	28,476	+11.6%
Distribution market	**26,838**	26,557	+1.1%
Vending machine market	**27,882**	19,388	+43.8%
Amusement market	**21,558**	26,202	−17.7%
Other markets	**9,089**	12,090	−24.8%



Financial market

Demand for open teller systems, which maximize the benefits of centralizing cash and data management at branches of large banks, regional banks, credit unions and other financial institutions, increased. In addition, the privatization of Japan's postal system created more demand for open teller systems as well as banknote/coin depositing and dispensing machines and other products. These favorable trends produced a 31.3% increase in sales compared with the previous fiscal year, making a big contribution to growth in consolidated sales and earnings.

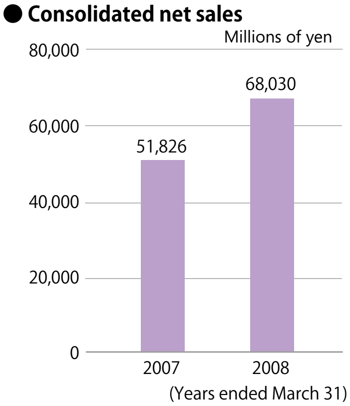
Strategies

Demand associated with the postal system privatization in Japan ended in fiscal year that ended in March 2008. In the fiscal year ending in March 2009, we are establishing a system capable of offering comprehensive proposals for improving efficiency and competitiveness just as we already do for other private-sector financial institutions.

To increase sales of open teller systems and other products, we will strengthen our product lineup and improve their performance. Japanese financial institutions continue to make large investments for equipment needed to follow strict procedures for various tasks. We plan to capture orders for equipment replacements and target sales opportunities to first-time users.

The financial market in Japan is undergoing major changes. Significant events include the increased sharing of computer systems by banks, regional bank mergers and more intense competition. All these developments represent opportunities for GLORY. We are determined to increase our market share. Central objectives are strengthening sales activities for new products, increasing sales targeting banks that do not yet use our products, and concentrating on capturing a large share of demand for upgrades.

● **Consolidated net sales**



Open teller systems
〈WAVE series〉

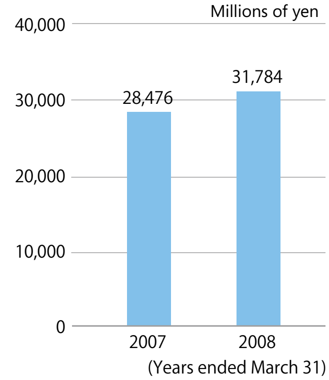
Banknote /coin depositing and dispensing machine
〈RB series〉

Key management system
〈KBS series〉

Overseas markets

Financial institutions in Europe need to identify counterfeit banknotes and make branch office operations more efficient, such as by streamlining the removal from circulation of soiled and damaged banknotes. Due to these needs, there is strong demand in Europe for banknote depositing and dispensing machines for tellers and banknote depositing units for ATMs. In addition, there was growth in sales of desktop banknote counters in Europe and banknote sorting machines in the United States. The result was an 11.6% increase in overseas sales compared with the previous fiscal year.

● **Consolidated net sales**



Strategies

To enter new markets and increase our sales volume, we are reinforcing sales operations in Europe, taking steps to increase sales of banknote depositing units for ATMs, and working on raising sales in the BRIC countries. As the amount of euro banknotes in circulation climbs, banks in Europe need to work harder on measures involving counterfeit banknotes and boosting operating efficiency at branch offices, such as by collecting soiled or damaged banknotes more efficiently. We therefore expect sales of banknote depositing and dispensing machines for tellers and ATM banknote depositing units to remain strong.

We plan to continue developing new markets for our products and taking many other actions to grow outside Japan. For example, we will introduce new products, chiefly system products, to enhance our portfolio. In addition, we are building deeper ties with ATM manufacturing companies, which are the purchasers of our banknote depositing units. In Russia, one of the BRIC countries, the increasing use of currency handling machines is creating growing demand for these products just as in the euro zone.

We are determined to expand our business in overseas markets by differentiating ourselves through the development of value-added products ahead of our competitors.

Banknote depositing and dispensing machine for tellers 〈RBU series〉

Banknote depositing and dispensing machine for tellers 〈RZ series〉

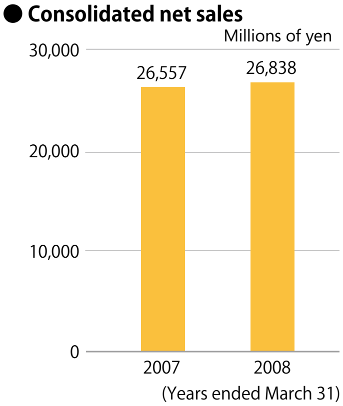
Banknote depositing unit for ATMs 〈UD series〉

Banknote sorting machine 〈UW series〉

Distribution market

Sales of sales proceeds deposit machines for armored transport companies increased slightly. However, sales of cash recyclers for cashiers for major retail chains and other stores were basically flat, excluding the large-scale demand from major retailers in the fiscal year that ended in March 2008. These factors combined to produce a 1.1% increase in sales compared with the previous fiscal year.

● **Consolidated net sales**



Strategies

In this market, GLORY plans to grow by concentrating exclusively on two categories: cash register peripherals and cash deposit machines for armored transport companies. At major retailers and other stores, demand for cash recyclers for cashiers linked to POS registers is increasing faster as the number of part-time workers increases and more stores operate late at night. We plan to increase sales of these machines by supplying standard models, high-performance models and models for OEM suppliers. The market for cash recyclers for cashiers is now well established. In fiscal year that ended in March 2008, we made progress in extending the market for these units to other industries, such as by performing trial activities in some markets. In the fiscal year ending in March 2009, we will introduce new products in the second half.

In the armored transport market, there is a growing need to raise the efficiency of cash processing centers because the number of deposit machines at stores is increasing. To become even more competitive in this market, GLORY will leverage its expertise in offering comprehensive proposals extending from deposit machines to other equipment used at processing centers that oversee the collection and delivery of cash.

Cash recycler for cashiers 〈RT/RAD series〉

Deposit machine 〈DSS series〉

Vending machine market

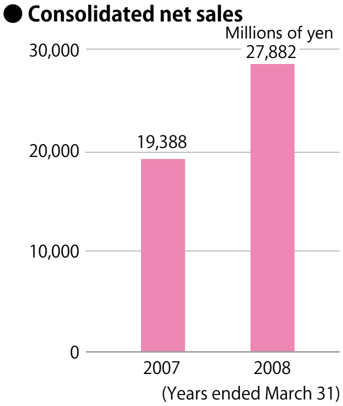
In fiscal year ended in March 2008, vending machine sales surged 43.8% compared with the previous fiscal year primarily because of a large volume of orders to replace or update cigarette vending machines to prevent sales of cigarettes to minors. This process was mostly completed by the end of March 2008. About 50,000 of these vending machines were replaced and about 110,000 machines were upgraded. These vending machines capable of adult verification were installed in stages nationwide and started operating from July 2008.

Strategies

Demand is expected to be soft in Japan's vending machine market, and especially in the cigarette vending machine sector, in the fiscal year ending in March 2009 and afterward. At this stage, we are concentrating on enhancing our competitive edge by lowering the cost of our products and building stronger relationships with cigarette manufacturers. At the same time, GLORY is working on ideas for future core products other than cigarette vending machines.

Cigarette vending machine
〈 TNR series 〉

● Consolidated net sales



Amusement market

Revisions to regulations governing pachislo machines in Japan caused companies to shift capital expenditures to the replacement of these machines. As a result, there was a decline in orders for money handling and other products for pachinko parlors, GLORY's primary products in this market. Despite this downturn in demand, there was a high volume of orders for our pre-paid card systems and banknote transport systems used by pachinko parlors. The result was a 17.7% decrease compared with the previous fiscal year in sales of products for the amusement market.

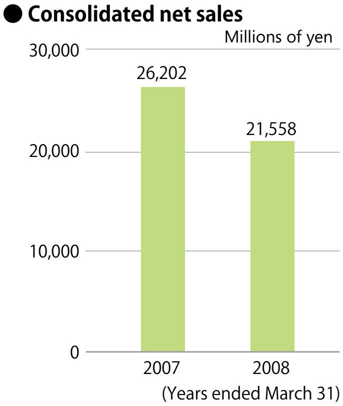
Strategies

We foresee more challenges ahead in the entire amusement market. To overcome these challenges, we plan to raise our market share by increasing our ability to offer comprehensive proposals for large pachinko parlors and by developing products with more functions and better performance.

Pre-paid card system unit for pachinko parlors
〈 JCP series 〉

Pre-paid card issuing machine accepting debit cards
〈 JCH series 〉

● Consolidated net sales



Other markets

This category covers GLORY products used in government offices, hospitals, consumer finance, leisure facilities and many other market sectors. In the fiscal year that ended in March 2007, there was a decline in demand for self-service contract machines used by consumer finance companies and medical payment kiosks at hospitals because of reductions in capital expenditures in these two market sectors. Offsetting this downturn somewhat was higher demand for automated ballot counting machines for handwritten ballots, which significantly reduce the time needed to tally votes. Demand was backed by two major elections in Japan in April and July 2007. However, total fiscal 2007 sales in this market sector decreased 24.8% compared with the previous fiscal year.

Strategies

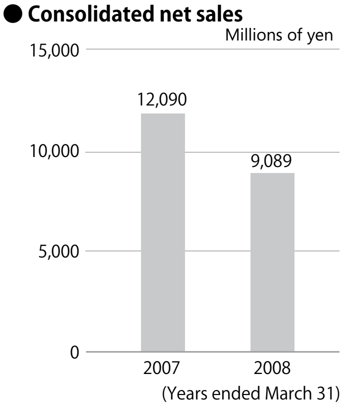
We are working on improving performance in this sector in many ways. Major initiatives include the launch of new products, strengthening various services that use our data processing center, and offering a variety of products and services for settlement methods.

Automated ballot counting machine for handwritten ballots
〈 GTS series 〉

Self-service contract machine
〈 FVK series 〉

Medical payment kiosk
〈 FKS series 〉

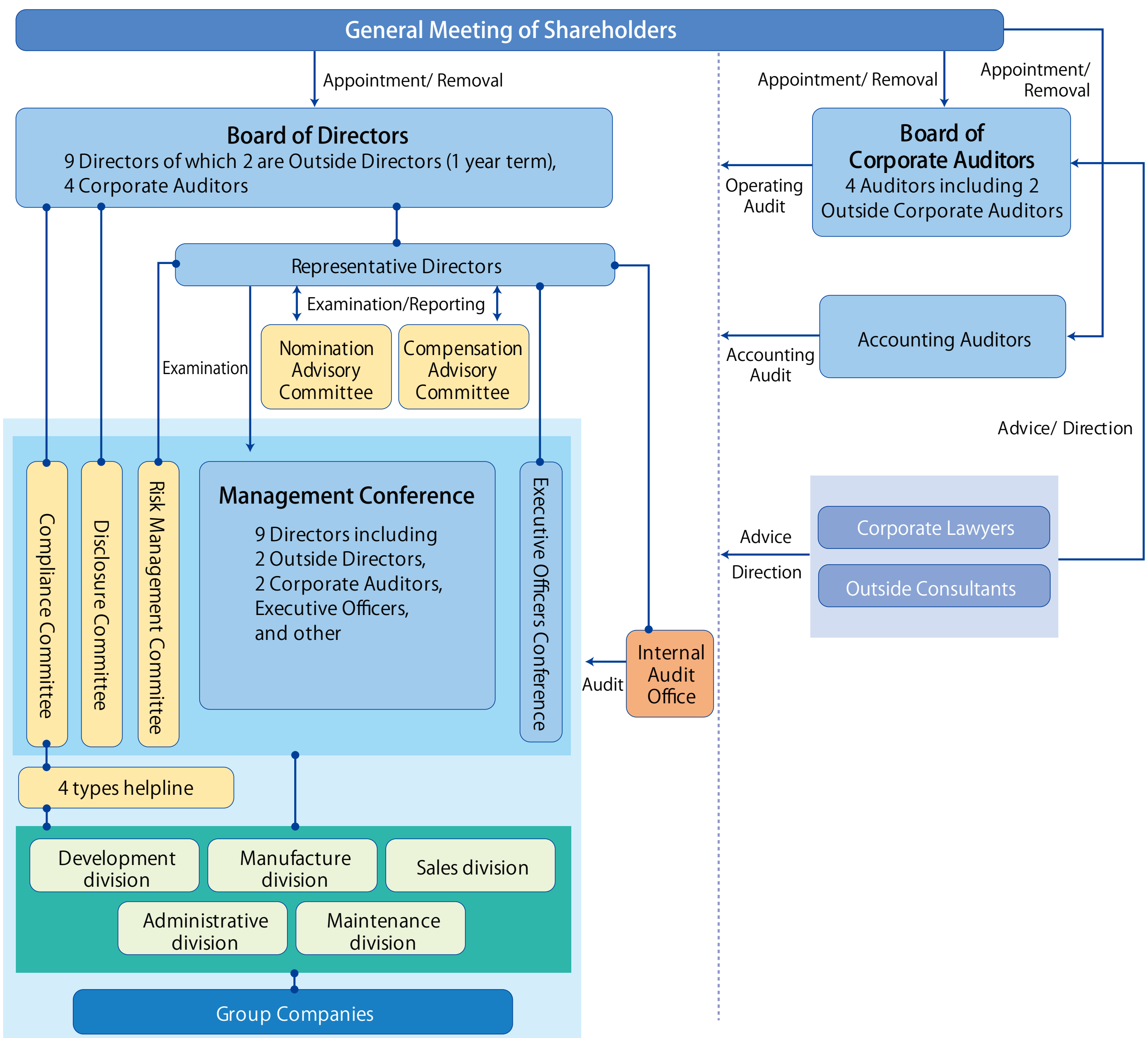
● Consolidated net sales



Corporate Governance and Compliance

GLORY promotes corporate governance reform toward achieving sound, efficient operations that earn the trust and support of all shareholders and other stakeholders, and that enhances corporate value. The measures we have implemented include introducing an executive officer system, reducing the size of the board, and appointing an outside director. We are confident that these steps have moved us in the direction of making our management more responsive to global competition while retaining transparency and objectivity. Going forward, we continue to work to strengthen the governance function: in 2008, we have reduced the term of office for directors from two years to one, increased the number of outside directors from one to two, and put in place a performance-based executive compensation system.

We will further our efforts to enhance internal control systems and to provide for more accurate and fair disclosure of information, as the means to make management more transparent and to conduct extensive compliance management. GLORY believes that the cumulative effect of these activities will make it possible to conduct business operations in an even sounder, more efficient manner.



Board of Directors, Corporate Auditors and Executive Officers (As of June 27, 2008)

From left to right, in the back row : Saizo Onami, Yoshiyuki Nakatsuka, Yuichi Takeda, Kazuhiko Yasuhira, Terumichi Saeki, Hiroki Sasaki, Akira Niijima
From left to right, in the front row : Hirokazu Onoe, Masakazu Hamano, Hideto Nishino, Hisao Onoe, Masatoshi Ushio, Norishige Matsuoka

[Board of Directors, Corporate Auditors]

***Chairman of the Board**	Hisao Onoe
***President**	Hideto Nishino
Director	Masatoshi Ushio
Director	Masakazu Hamano
Director	Norishige Matsuoka
Director	Hirokazu Onoe
Director	Terumichi Saeki
Outside Director	Hiroki Sasaki
Outside Director	Akira Niijima
Corporate Auditor	Yoshiyuki Nakatsuka
Corporate Auditor	Saizo Onami
Outside Corporate Auditor	Kazuhiko Yasuhira
Outside Corporate Auditor	Yuichi Takeda

* Representative Director

[Executive Officers]

Executive Vice President	Masatoshi Ushio
Executive Vice President	Masakazu Hamano
Senior Managing Executive Officer	Norishige Matsuoka
Senior Managing Executive Officer	Yuichi Funabiki
Senior Managing Executive Officer	Masahiro Ichitani
Managing Executive Officer	Hirokazu Onoe
Managing Executive Officer	Hideaki Matsushita
Managing Executive Officer	Osamu Tanaka
Managing Executive Officer	Takenori Nishi
Senior Executive Officer	Tetsu Yoshioka
Senior Executive Officer	Tomoaki Ishido
Senior Executive Officer	Koichi Ohta
Senior Executive Officer	Keietsu Fukuba
Senior Executive Officer	Kiyoshi Kigasawa
Senior Executive Officer	Yoshiyuki Yamaguchi
Senior Executive Officer	Izumi Hirota
Executive Officer	Fumio Miyanaga
Executive Officer	Seiji Nitta
Executive Officer	Kaoru Ohara
Executive Officer	Ichiro Kishida
Executive Officer	Hirokazu Sekino
Executive Officer	Norio Murakami
Executive Officer	Hiroaki Fukui

Establishing the Global Standard

GLORY sells its products worldwide through its overseas subsidiaries and dealers. In recent years, GLORY has been aggressively marketing its products in Europe and North America, where the use of cash handling machines is being promoted more than ever.

GLORY Europe GmbH

[Europe]
Strengthening direct sales activities and extending geographic coverage

In the euro zone, financial institutions are increasing measures at their branches to detect counterfeit banknotes and use stricter and more efficient methods for processing cash. The European Central Bank has asked banks to step up activities to remove counterfeit banknotes and soiled and damaged banknotes from circulation. As a result, there is a growing need for cash processing machines that can recognize and authenticate banknotes. Many European banks are purchasing banknote depositing and dispensing machines for tellers and banknote sorting machines.

In the distribution market, companies are focusing on lowering the cost of handling cash. The resulting upturn in interest in cash recyclers and deposit machines is expected to increase demand for GLORY's products.

In Russia and other areas of Eastern Europe, banks are redesigning branches as in the euro zone, such as by removing protective glass barriers at teller windows. In addition, banks are expected to start using banknote depositing and dispensing machines for tellers to apply strict standards for teller operations. Furthermore, as the number of ATMs in this region climbs, there will be rising demand for banknote sorting machines used to prepare banknotes placed in ATMs.

GLORY is building a stronger direct sales infrastructure in Europe. There are already sales bases in Belgium, Austria and Britain. In January 2008, we established GLORY France SAS, further enlarging our sales network in order to capture a larger share of the money handling machine market in Europe by more accurately monitoring and identifying the needs of customers.

[United States]
Task Force for Increasing Sales of System Products

In the United States, GLORY is increasing sales of banknote depositing and dispensing machines for tellers, a category where demand from financial institutions is rising just as in the euro zone. We have formed a task force for the U.S. market with the mission of increasing market share by selling products that target customers' needs.

In the casino market, slot machines that pay winners with coins have been replaced by machines that print bar-code tickets with the winning amount in order to improve operating efficiency. These machines eliminate the need for handling coins but create demand for other GLORY products. We plan to use this opportunity to increase sales of system products for casino operations. One example is the Casino Kiosk, a cash and coin dispensing unit for bar-code tickets. We also foresee more demand for our banknote sorting machines, banknote depositing and dispensing units and other products that make cash processing more reliable and efficient.

[OEM]
A Stronger System for Supplying Products That Meet Market Needs

Recently demand for ATMs has been increasing all over the world. By 2011, more than two million ATMs are expected to be operating worldwide. In Europe, Russia and the United States, there is a rapid shift from cash dispensers to ATMs that can accept deposits as well as dispense cash. Due to these trends, there is growing demand for the banknote depositing units for ATMs that GLORY supplies to major ATM manufacturers. We will continue using our technologies covering currencies worldwide to quickly supply the quality products that our customers require.

GLORY (U.S.A.) Inc.

Products for Overseas

Banknote depositing and dispensing machine for tellers

This is a system product used by bank tellers to deposit cash received from customers and to dispense cash to customers. Demand for this machine is increasing outside Japan because of the growing need at banks to apply stricter standards to cash handling tasks and improve efficiency. GLORY is using knowledge gained from operations in Japan to increase sales of banknote depositing and dispensing machines and other products in overseas markets.

Banknote depositing and dispensing machine 〈 RZ series 〉

Banknote sorting machine

These machines are used to sort banknotes by denominations, detect counterfeit banknotes, and remove soiled and damaged (unfit) banknotes from circulation so that only “fit” banknotes are recirculated. Cash processing centers of banks, casinos and armored transport companies are the primary users of these machines. Recently, demand has been climbing rapidly in Europe and North America as the responsibility for checking banknotes is shifted from central banks to commercial banks and other financial institutions.

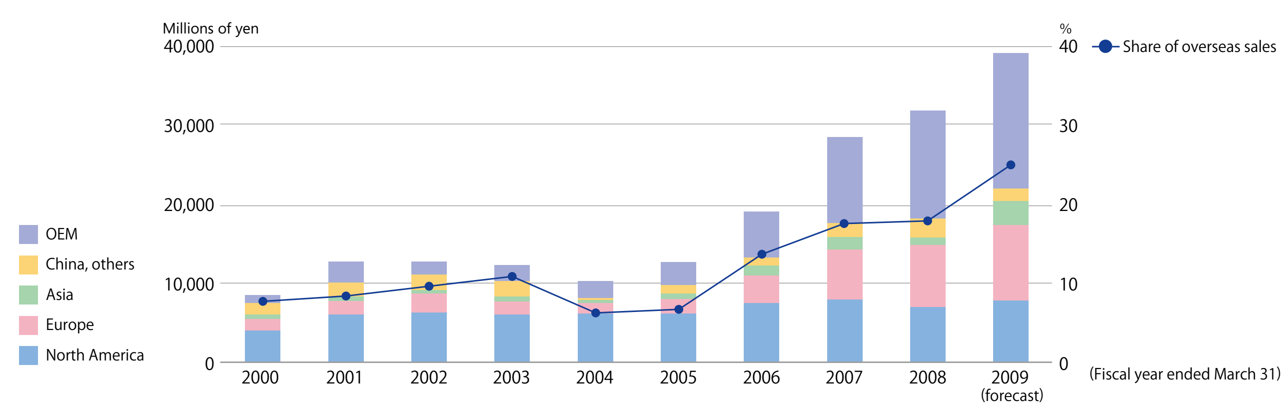
Banknote sorting machine 〈 UW series 〉

Banknote depositing units for ATMs

These units are used in overseas ATMs that can accept banknotes. ATMs equipped with GLORY depositing units are deployed across the world, mainly in the United States and in Europe and Asia. Although ATMs that accept deposits are widely used in Japan, the number of these ATMs outside Japan is still relatively small. Installation of ATMs that accept deposits is increasing rapidly, resulting in rising orders for banknote deposit units.

Banknote depositing unit for ATM 〈 UD series 〉

Growth in Overseas Sales



Consolidated Balance Sheets

GLORY LTD. and its subsidiaries
At March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2008**	2007	**2008**
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 66,111**	¥ 59,435	**$ 659,860**
Receivables:			
Trade notes	**4,056**	5,599	**40,487**
Trade accounts	**28,112**	33,139	**280,591**
Unconsolidated subsidiaries and associated companies	**1,074**	819	**10,719**
Other	**386**	281	**3,848**
Allowance for doubtful receivables	**(172)**	(141)	**(1,716)**
Inventories (Note 4)	**23,258**	28,745	**232,142**
Short-term investments (Note 3)	**1,885**	3,869	**18,841**
Deferred tax assets (Note 8)	**5,217**	5,162	**52,072**
Other current assets	**905**	735	**9,027**
Total current assets	**130,835**	137,643	**1,305,871**
PROPERTY, PLANT AND EQUIPMENT (Note 5):			
Land	**11,806**	12,125	**117,833**
Buildings and structures	**31,631**	31,674	**315,713**
Machinery and equipment	**9,764**	10,016	**97,457**
Furniture and fixtures	**39,889**	38,342	**398,131**
Construction in progress	**452**	61	**4,509**
Total	**93,542**	92,218	**933,643**
Accumulated depreciation	**(58,360)**	(56,334)	**(582,487)**
Net property, plant and equipment	**35,182**	35,884	**351,156**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**21,888**	22,907	**218,461**
Investments in and advances to unconsolidated subsidiaries and associated companies	**1,405**	1,591	**14,023**
Software costs - net	**2,773**	2,343	**27,681**
Goodwill	**1,031**	1,083	**10,289**
Deferred tax assets (Note 8)	**4,088**	3,999	**40,806**
Other investments and other assets	**14,661**	12,103	**146,333**
Allowance for doubtful receivables	**(2,626)**	(564)	**(26,218)**
Total investments and other assets	**43,220**	43,462	**431,375**
TOTAL	**¥ 209,237**	¥ 216,989	**$ 2,088,402**

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

LIABILITIES AND EQUITY	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 1) 2008
CURRENT LIABILITIES:			
Short-term debt (Note 5)	¥ 11,678	¥ 11,245	$ 116,563
Current portion of long-term debt (Note 5)	709	709	7,077
Payables:			
Trade notes	7,248	10,274	72,341
Trade accounts	7,062	10,101	70,490
Unconsolidated subsidiaries and associated companies	612	526	6,110
Other	6,389	3,850	63,768
Income taxes payable	5,756	3,952	57,452
Accrued expenses	7,582	6,995	75,680
Accruals for debt guarantees	356	304	3,555
Accruals for loss on cancellation of lease obligation	178	2,275	1,776
Other current liabilities	5,603	4,880	55,913
Total current liabilities	53,173	55,111	530,725
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	2,932	8,762	29,262
Other long-term liabilities (Note 5)	1,397	2,274	13,945
Total long-term liabilities	4,329	11,036	43,207
CONTINGENT LIABILITIES (Note 13)			
EQUITY (Notes 7 and 14):			
Common stock,			
Authorized - 128,664,000 shares;			
Issued - 72,838,210 shares in 2008 and 74,236,210 shares in 2007	12,893	12,893	128,685
Capital surplus	20,630	20,630	205,908
Retained earnings	119,938	114,505	1,197,105
Unrealized gain on available-for-sale securities	735	2,146	7,333
Foreign currency translation adjustments	32	106	318
Treasury stock - at cost			
1,148,123 shares in 2008 and 92,973 shares in 2007	(2,912)	(111)	(29,065)
Total	151,316	150,169	1,510,284
Minority interests	419	673	4,186
Total equity	151,735	150,842	1,514,470
TOTAL	¥ 209,237	¥ 216,989	$ 2,088,402

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

Consolidated Statements of Income

GLORY LTD. and its subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
NET SALES	¥ 185,181	¥ 164,540	$ 1,848,302
COST OF SALES	117,066	108,628	1,168,447
Gross profit	68,115	55,912	679,855
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	45,288	42,952	452,021
Operating income	22,827	12,960	227,834
OTHER INCOME (EXPENSES):			
Interest and dividend income	666	503	6,649
Interest expense	(338)	(244)	(3,377)
Foreign currency exchange gain - net	—	160	—
Gain on sales of investment securities (Note 3)	0	13	0
Loss on write-down of investment securities	(641)	—	(6,394)
Loss on disposal of inventories	(1,880)	(823)	(18,763)
Loss on sales and disposal of property, plant and equipment	(762)	(485)	(7,602)
Income from life insurance and endowment contract	151	96	1,506
Reversal of provision for loss on cancellation of lease obligations	161	—	1,610
Loss on payment for litigation settlement	—	(723)	—
Gain on termination of partial retirement benefit plan	—	110	—
Provision for debt guarantees	—	(198)	—
Provision for loss on cancellation of lease obligation	—	(2,116)	—
Other - net	15	347	140
Other income (expenses) - net	(2,628)	(3,360)	(26,231)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	20,199	9,600	201,603
INCOME TAXES (Note 8):			
Current	(7,626)	(4,416)	(76,112)
Deferred	(825)	1,289	(8,239)
	(8,451)	(3,127)	(84,351)
MINORITY INTERESTS IN NET INCOME	(37)	(12)	(363)
NET INCOME	¥ 11,711	¥ 6,461	$ 116,889

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.s):			
Basic net income	¥ 160.70	¥ 87.15	$ 1.60
Diluted net income	—	—	—
Cash dividends applicable to the year	40.00	30.00	0.40

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

Consolidated Statements of Changes in Equity

GLORY LTD. and its subsidiaries
Years ended March 31, 2008 and 2007

	Thousands	Millions of yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2006	74,236	¥12,893	¥20,630	¥109,740	¥ 3,051	¥ (71)	¥ (109)	¥146,134	¥ 661	¥146,795
Net income				6,461				6,461		6,461
Cash dividends, ¥30 per share				(1,631)				(1,631)		(1,631)
Bonuses to directors and corporate auditors				(65)				(65)		(65)
Purchase of treasury stock							(2)	(2)		(2)
Retirement of treasury stock			0				0	0		0
Net change in the year					(905)	177		(728)	12	(716)
BALANCE, MARCH 31, 2007	74,236	12,893	20,630	114,505	2,146	106	(111)	150,169	673	150,824
Net income				11,711				11,711		11,711
Cash dividends, ¥40 per share				(2,427)				(2,427)		(2,427)
Purchase of treasury stock							(6,652)	(6,652)		(6,652)
Retirement of treasury stock	(1,398)		(0)	(3,851)			3,851	(0)		(0)
Net change in the year					(1,411)	(74)		(1,485)	(254)	(1,739)
BALANCE, MARCH 31, 2008	72,838	¥12,893	¥20,630	¥119,938	¥ 735	¥ 32	¥ (2,912)	¥151,316	¥ 419	¥151,735

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2007	$128,685	$205,908	$1,142,877	$ 21,416	$ 1,061	$ (1,105)	$1,498,842	$ 6,713	$1,505,555
Net income			116,889				116,889		116,889
Cash dividends, $0.40 per share			(24,225)				(24,225)		(24,225)
Purchase of treasury stock						(66,396)	(66,396)		(66,396)
Retirement of treasury stock		(0)	(38,436)			38,436	(0)		(0)
Net change in the year				(14,083)	(743)		(14,826)	(2,527)	(17,353)
BALANCE, MARCH 31, 2008	$128,685	$205,908	$1,197,105	$ 7,333	$ 318	$ (29,065)	$1,510,284	$ 4,186	$1,514,470

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

Consolidated Statements of Cash Flows

GLORY LTD. and its subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 20,199**	¥ 9,600	**$ 201,603**
Adjustments for:			
Income taxes - paid	**(6,355)**	4,256	**(63,432)**
Depreciation and amortization	**6,570**	6,337	**65,577**
Provision for doubtful receivables	**2,098**	(167)	**20,937**
Loss on sales and disposal of property, plant and equipment	**762**	485	**7,601**
Loss on write-down of investment securities	**641**	—	**6,394**
Gain on sales of investment securities	**25**	—	**250**
Changes in assets and liabilities:			
Decrease (increase) in notes, accounts and other receivable - trade	**6,406**	(9,439)	**63,935**
Decrease (increase) in inventories	**5,459**	(3,149)	**54,489**
Increase in interest and dividend receivable	**(11)**	(10)	**(110)**
Increase (decrease) in notes and accounts payable - trade	**(6,130)**	4,900	**(61,185)**
Increase in interest payable	**3**	5	**28**
Decrease in liability for retirement benefits	**(6,049)**	(2,356)	**(60,373)**
Increase in accruals for debt guarantees	**52**	304	**516**
Increase (decrease) in allowance for loss on cancellation of lease obligations	**(2,097)**	2,275	**(20,933)**
Increase (decrease) in accrued expenses	**(302)**	673	**(3,017)**
Other - net	**794**	4,993	**7,950**
Net cash provided by operating activities	**22,065**	18,707	**220,230**
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	**128**	150	**1,276**
Purchases of property, plant and equipment	**(4,714)**	(4,553)	**(47,047)**
Purchases of software	**(1,391)**	(643)	**(13,882)**
Proceeds from sales of investment securities	**3,534**	128	**35,272**
Purchases of investment securities	**(3,469)**	(340)	**(34,628)**
Payment for acquisition of stock from minority shareholders	**(434)**	—	**(4,329)**
Decrease (increase) in time deposit - net	**451**	(94)	**4,502**
Decrease (increase) in other assets	**152**	(66)	**1,511**
Net cash used in investing activities	**(5,743)**	(5,418)	**(57,325)**
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans - net	**437**	(5,208)	**4,364**
Repayments of long-term debt	**(709)**	(761)	**(7,077)**
Repurchase of treasury stock	**(6,652)**	—	**(66,395)**
Dividends paid	**(2,428)**	(1,632)	**(24,238)**
Other - net	**—**	(1)	**—**
Net cash provided by financing activities	**(9,352)**	(7,602)	**(93,346)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(294)**	179	**(2,923)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,676**	5,866	**66,636**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**59,435**	53,300	**593,224**
INCREASE FROM THE CHANGE IN COMPANIES CONSOLIDATED	**—**	269	**—**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 66,111**	¥ 59,435	**$ 659,860**

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

Notes to Consolidated Financial Statements

GLORY LTD. and its subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

The accounts of foreign subsidiaries consolidated with GLORY LTD. (the "Company") are based on the financial statements prepared in conformity with generally accepted accounting principles ("GAAP") prevailing in the countries where the subsidiaries have been incorporated. Financial statements have not been materially affected by the differences between the GAAP prevailing in these countries and Japanese GAAP. Therefore, no adjustments have been reflected in the accompanying consolidated financial statements to present the accounts of the subsidiaries in compliance with Japanese accounting principles.

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 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which 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 ¥100.19 to $1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2008 include the accounts of the Company and its 18 (19 in 2007) significant subsidiaries (together, the "Group").

2008 Name	Year-end	2007 Name	Year-end
HOKKAIDO GLORY CO., LTD.	March 31	HOKKAIDO GLORY CO., LTD.	March 31
GLORY SERVICE CO., LTD.	March 31	GLORY SERVICE CO., LTD.	March 31
GLORY LINCS CO., LTD.	March 31	GLORY LINCS CO., LTD.	March 31
GLORY IST CO., LTD.	March 31	GLORY IST CO., LTD.	March 31
GLORY TECHNO 24 CO., LTD.	March 31	GLORY TECHNO 24 CO., LTD.	March 31
NASCA CORPORATION	March 31	NASCA CORPORATION	March 31
GLORY AZ SYSTEM CO., LTD.	March 31	GLORY AZ SYSTEM CO., LTD.	March 31
MARUESU GT CO., LTD.	March 31	MARUESU GT CO., LTD.	March 31
GLORY KIKI CO., LTD.	March 31	GLORY KIKI CO., LTD.	March 31
KASAI GLORY LTD.	March 31	KASAI GLORY LTD.	March 31
SAYO GLORY LTD.	March 31	SAYO GLORY LTD.	March 31
GLORY TEC LTD.	March 31	GLORY TEC LTD.	March 31
GLORY (U.S.A.) Inc.	March 31	GLORY (U.S.A.) Inc.	March 31
GLORY Money Handling Machines Pte. Ltd.	March 31	GLORY Money Handling Machines Pte. Ltd.	March 31
GLORY GmbH	December 31	GLORY GmbH	December 31
GLORY Europe GmbH	December 31	GLORY Europe GmbH	December 31
Standardwerk Eugen Reis GmbH	December 31	Standardwerk Eugen Reis GmbH	December 31
Reis Service GmbH	December 31	Reis Service GmbH	December 31
		GLORY Austria GmbH *1	December 31

Notes: *1 GLORY Austria GmbH was merged on October 1, 2007 with GLORY Europe GmbH which is the surviving company.

GLORY Europe GmbH, Standardwerk Eugen Reis GmbH, Reis Service GmbH and GLORY GmbH were consolidated using the financial statements as of December 31 because the difference between the closing date of the subsidiaries and that of the Company did not exceed three months. Significant transactions between December 31 and March 31 were adjusted on consolidation.

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

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

On the acquisition of a subsidiary, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair value.

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

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

b. 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, certificate of deposits, all of which mature or become due within three months of the date of acquisition.

c. Inventories

The Group's inventories other than the subsidiaries' merchandise are stated at cost, which are mainly determined by the periodic average method. The subsidiaries' merchandise is stated at cost, which is mainly determined by the moving average method.

d. Short-term Investments and Investment Securities

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

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

e. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries other than buildings acquired on and after April 1, 1998 is computed by the declining-balance method, while depreciation of its consolidated foreign subsidiaries is mainly computed by the straight-line method at rates based on estimated useful lives of the assets. Buildings of the Company and its consolidated domestic subsidiaries acquired on and after April 1, 1998 are depreciated by the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 4 to 12 years for machinery, equipment and others.

Effective from the year ended March 31, 2008, the Company and its consolidated domestic subsidiaries changed the depreciation method for the property, plant and equipment acquired on and after April 1, 2007, due to the revision of Japanese Corporation Tax Law and its regulation.

The effect of this adoption was to decrease income before income taxes and minority interests by ¥360 million ($3,593 thousand) for the year ended March 31, 2008.

f. Capitalized Software Costs

The Company and its consolidated domestic subsidiaries capitalize the costs of software for internal-use and the costs are amortized based on the straight-line method over the estimated useful lives of 5 years. On the other hand, the capitalized costs of software for sale are amortized at the greater amount based on the ratio determined by the estimated sale quantity of each product or on the straight-line method over the remaining estimated useful lives (not exceeding 3 years), in accordance with Practical Guidance for Accounting for Research and Development Costs and Software Costs issued by the Japanese Institute of Certified Public Accountants.

g. Allowance for Doubtful Receivables

Allowance for doubtful receivables of the Company and its consolidated domestic subsidiaries is provided at the average percentage of bad debt loss on actual defaults suffered during certain past periods, together with an amount necessary to cover possible uncollectible amounts based on management's judgment. Allowance for doubtful receivables of the Company's consolidated foreign subsidiaries is provided in an amount deemed uncollectible based on management's judgment.

h. Liability for Retirement Benefits

Liability for retirement benefits of employees are provided based on the estimated amount of projected benefit obligations in excess of the plan assets at fair value. The actuarial differences are amortized from the next year using the declining balance method over 15 years which are within the average remaining service period. The prior service costs are amortized on declining balance method, over 15 years.

i. Accruals for Loss on Cancellation of Lease Obligations

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

j. Accruals for Debt Guarantees

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

k. Presentation of Equity

On December 9, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

l. Research and Development Costs

Research and development costs are charged to income as incurred.

m. Leases

Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. All other leases are accounted for as operating leases.

n. Bonuses to Directors and Corporate Auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

o. Income Taxes

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

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

p. Foreign Currency Transactions

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

q. Foreign Currency Financial Statements

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

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

Revenue and expense accounts of consolidated foreign subsidiaries are also translated into yen at the current exchange rate as of the balance sheet date.

r. Derivatives and Hedging Activities

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

Monetary receivables and payables denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts qualify for hedge accounting.

s. Per Share Information

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

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

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

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Book value and fair value information on "Held-to-maturity debt securities" as of March 31, 2008 and 2007 are summarized as follows:

	Millions of yen					
	2008			2007		
	Book Value per Balance Sheet	Fair Value	Difference	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:						
Other	¥ —	¥ —	¥ —	¥ 1,000	¥ 1,000	¥ 0
Securities whose fair values do not exceed their book value:						
Other	16,000	15,237	(763)	15,000	14,348	(652)
Subtotal	16,000	15,237	(763)	16,000	15,348	(652)
Market value not available	38	—	—	42	—	—
Total	¥ 16,038	¥ 15,237	¥ (763)	¥ 16,042	¥ 15,348	¥ (652)

	Thousands of U.S. Dollars		
	2008		
	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:			
Other	$ —	$ —	$ —
Securities whose fair values do not exceed their book value:			
Other	159,697	152,084	(7,613)
Subtotal	159,697	152,084	(7,613)
Market value not available	379	—	—
Total	$ 160,076	$ 152,084	$ (7,613)

Book value and acquisition cost information on "Available-for-sale securities" as of March 31, 2008 and 2007 are summarized as follows:

	Millions of yen					
	2008			2007		
	Acquisition Costs	Book Value per Balance Sheet	Difference	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:						
Equity securities	¥ 2,332	¥ 3,898	¥ 1,566	¥ 3,239	¥ 7,048	¥ 3,809
Securities whose book values do not exceed their acquisition costs:						
Equity securities	1,471	1,152	(319)	764	585	(179)
Corporate bonds	500	496	(4)	500	487	(13)
Other	50	45	(5)	3	3	(0)
Subtotal	4,353	5,591	1,238	4,506	8,123	3,617
Market value not available	—	1,259	—	—	1,272	—
Total	¥ 4,353	¥ 6,850	¥ 1,238	¥ 4,506	¥ 9,395	¥ 3,617

	Thousands of U.S. dollars		
	2008		
	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	$ 23,272	$ 38,902	$ 15,630
Securities whose book values do not exceed their acquisition costs:			
Equity securities	14,682	11,502	(3,180)
Corporate bonds	4,991	4,951	(39)
Other	499	444	(55)
Subtotal	43,444	55,800	12,355
Market value not available	—	12,566	—
Total	$ 43,444	$ 68,366	$ 12,355

"Available-for-sale securities" sold during the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Proceeds from sales	¥ 14	¥ 128	$ 139
Gain on sales	0	13	0
Loss on sales	25	—	250

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

As for "Available-for-sale securities" which are not marketable, if real price of the securities declined remarkably due to aggravation of financial condition of issuing companies, such securities are impaired accordingly.

The Group recognized ¥466 million ($4,650 thousand) and ¥36 million in loss on valuation of investment securities for the years ended March 31, 2008 and 2007, respectively.

4. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Finished products and merchandise	¥ 12,522	¥ 14,442	$ 124,986
Work in process	5,938	7,513	59,265
Raw materials and supplies	4,798	6,790	47,891
Total	¥ 23,258	¥ 28,745	$ 232,142

5. SHORT-TERM AND LONG-TERM DEBT

(a) Short-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Loans from banks and an insurance company	**¥ 11,678**	¥ 11,245	**$ 116,563**

The annual average interest rates applicable to short-term bank loans at March 31, 2008 and 2007 were 2.1% and 1.8% , respectively.

(b) Long-term debt (including in other long-term liabilities on the accompanying consolidated balance sheets) at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Loans from banks and an insurance company, due from 2009 to 2010	**¥ 1,236**	¥ 1,945	**$ 12,332**
Less: portion due within one year	**(709)**	(709)	**(7,077)**
Total	**¥ 527**	¥ 1,236	**$ 5,255**

The annual average interest rates applicable to long-term loans at March 31, 2008 and 2007 were 1.8% and 1.6%, respectively.

(c) Annual maturities of long-term debt at March 31, 2008, were as follows:

	Millions of yen	Thousands of U.S. dollars
Year Ending March 31		
2009	¥ 709	$ 7,077
2010	499	4,976
2011	28	279
2012	—	—
2013 and thereafter	—	—
Total	¥ 1,236	$ 12,332

(d) The Group' assets pledged as collateral for long-term debt (including the current portion of long-term debt) at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Assets pledged as collateral:			
Land	**¥ —**	¥ 35	**$ —**
Buildings and structures	**—**	257	**—**
Total	**¥ —**	¥ 292	**$ —**
Secured debt:			
Short-term debt (current portion of long-term debt)	**¥ —**	¥ 52	**$ —**

6. RETIREMENT AND PENSION PLANS

(a) Employees of the Company and its consolidated domestic subsidiaries with more than one year of service are entitled to receive lump-sum indemnities upon termination. The amount of the benefits is determined based upon current basic rate of pay, length of service and cause of retirement.

Employees of the Company and its consolidated domestic subsidiaries are covered by contributory funded defined benefit enterprise pension plans, cash balance pension fund plans, non-contributory tax-qualified pension plans and lump-sum payment plans. The extra indemnities upon termination that may be paid to employees are not included in liability for retirement benefits.

GLORY SHOJI CO., LTD. was merged on October 1, 2006 with the Company. With respect to this merger, the Company has adopted "Accounting for Transfers Among Retirement Benefits Plans" ("Financial Accounting Standard Implementation Guidance No. 1"). The effect of this application was to increase income before income taxes by ¥110 million, which was recorded as "Gain on termination of partial retirement benefit plan" in the consolidated statements of income for the year ended March 31, 2007. In addition, the Company transferred a non-contributory tax-qualified pension plan to a cash balance pension fund plan in October 1, 2006.

On November 30, 2007, the Company established a trust fund for its contributory funded defined benefit enterprise pension plans and lump-sum payment plans.

(b) The liability (asset) for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Projected benefit obligation	**¥ 30,125**	¥ 28,601	**$ 300,676**
Fair value of plan assets (including a pension trust)	**(24,295)**	(21,265)	**(242,484)**
Unrecognized actuarial loss	**(5,872)**	(1,784)	**(58,606)**
Unrecognized prior service cost	**2,755**	3,210	**27,493**
Net liability	**2,713**	8,762	**27,079**
Prepaid pension cost	**219**	—	**2,183**
Liability for retirement benefits	**¥ 2,932**	¥ 8,762	**$ 29,262**

(c) The components of net periodic benefit costs for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Service cost	**¥ 1,676**	¥ 1,793	**$ 16,732**
Interest cost	**564**	605	**5,631**
Expected return on plan assets	**(425)**	(375)	**(4,245)**
Recognized actuarial loss	**248**	352	**2,480**
Amortization of prior service costs	**(455)**	(157)	**(4,550)**
Other	**—**	(110)	**—**
Net periodic benefit cost	**¥ 1,608**	¥ 2,108	**$ 16,047**

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

(d) Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%
Allocation method of the retirement benefits expected to be paid at the retirement date	Straight-line method based on years of service	Straight-line method based on years of service
Amortization period of prior service cost	15 years	15 years
Recognition period of actuarial gain/loss	15 years	15 years

7. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all 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 Corporate Law 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 Corporate Law 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 charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law 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 Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law 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.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 41% for the years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets due to:			
Liability for retirement benefits	**¥ 3,156**	¥ 3,580	**$ 31,496**
Allowance for doubtful receivables	**601**	—	**6,000**
Accrued business office tax	**525**	—	**5,237**
Loss on write-down of investment securities	**801**	737	**8,000**
Accrued bonuses	**2,212**	1,807	**22,080**
Tax loss carry-forward	**—**	971	**—**
Allowance for loss on cancellation of lease obligations	**—**	958	**—**
Unrealized profit eliminated	**437**	635	**4,357**
Depreciation and amortization	**493**	534	**4,926**
Impairment loss on deposits for golf club membership	**—**	251	**—**
Research and development expenditures	**1,031**	622	**10,290**
Other	**2,390**	2,399	**23,856**
Gross deferred tax assets	**11,646**	12,494	**116,242**
Less: valuation allowance	**(1,513)**	(1,561)	**(15,099)**
Total gloss deferred tax assets	**¥ 10,133**	¥ 10,933	**$ 101,143**
Deferred tax liabilities due to:			
Net unrealized gain on securities	**¥ (637)**	¥ (1,529)	**$ (6,354)**
Reserve for special depreciation	**(19)**	(45)	**(191)**
Other	**(172)**	(198)	**(1,719)**
Total gloss deferred tax liabilities	**(828)**	(1,772)	**(8,265)**
Net deferred tax assets	**¥ 9,305**	¥ 9,161	**$ 92,878**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 is as follows:

	2008	2007
Normal effective statutory tax rate	**40.6%**	40.6%
Expenses not deductible for income tax purposes, such as entertainment expenses	**1.2**	3.5
Tax credit related to research expenses	**(4.1)**	(9.3)
Recognized deferred tax on unrealized intercompany profit for the prior fiscal year	**—**	(5.7)
Corporation taxes for the prior fiscal year	**—**	1.4
Valuation allowance	**3.3**	—
Amortization of goodwill	**1.0**	0.8
Other - net	**(0.2)**	1.3
Actual effective tax rate	**41.8%**	32.6%

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 mainly consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Employees' salaries and bonuses	**¥ 14,274**	¥ 13,342	**$ 142,466**
Rent expenses	**3,484**	3,626	**34,775**

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expense and manufacturing cost for the years ended March 31, 2008 and 2007 were ¥9,616 million ($95,976 thousand) and ¥9,329 million, respectively.

11. LEASE

(a) Lessee

Lease expense, reversal of impairment loss on leaseholds, depreciation expense, interest expense and impairment loss relating to financing leases which do not transfer ownership of the leased properties to the lessee during the terms of the leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Lease expense	**¥ 2,548**	¥ 3,061	**$ 25,434**
Reversal of impairment loss on leaseholds	**67**	93	**672**
Depreciation expense	**2,190**	2,596	**21,858**
Interest expense	**169**	279	**1,691**
Impairment loss	**—**	—	**—**

Depreciation expense is computed by the straight-line method over the terms of the related leases. The interest expense is computed by the interest method.

The aggregate future lease payments at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Due within one year	**¥ 1,951**	¥ 2,518	**$ 19,475**
Due after one year	**2,572**	4,312	**25,673**
Total	**¥ 4,523**	¥ 6,830	**$ 45,149**
Outstanding of impairment loss on leaseholds	**¥ 41**	¥ 108	**$ 408**

Additional information, assuming capitalization of the leased properties, requested by the Business Accounting Deliberation Council, is disclosed, but not included in the statements of income or balance sheets.

A summary of the leased properties under the above leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Machinery, equipment and software	¥ 12,651	¥ 13,750	$ 126,272
Accumulated depreciation	(7,594)	(6,595)	(75,795)
Accumulated impairment loss	(281)	(281)	(2,804)
Total	¥ 4,776	¥ 6,874	$ 47,672

Aggregate future lease payments under non-cancelable operating lease as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 56	¥ 85	$ 555
Due after one year	125	86	1,251
Total	¥ 181	¥ 171	$ 1,806

(b) Lessor

Aggregate future lease receivables for sublease as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 1,718	¥ 1,917	$ 17,153
Due after one year	2,512	3,930	25,068
Total	¥ 4,230	¥ 5,847	$ 42,221

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

12. DERIVATIVES

The Company and certain consolidated subsidiaries enter into forward foreign exchange contracts. These contracts are designed to hedge certain exposures to foreign exchange rate fluctuations on monetary assets and liabilities denominated in foreign currencies and manage stabilization of income. The Company and certain consolidated subsidiaries do not hold or issue any financial instruments for trading or speculative purpose.

The Company had the following derivatives contracts outstanding at March 31, 2008 and 2007:

	Millions of yen					
	2008			2007		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Forward foreign exchange contracts	¥ 946	¥ 914	¥ 33	¥ 513	¥ 584	¥ 71

	Thousands of U.S. dollars		
	2008		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Forward foreign exchange contracts	$ 9,447	$ 9,122	$ 325

Foreign currency forward contracts which qualify for hedge accounting for the years ended March 31, 2008 and 2007 are excluded from the disclosure of market value information.

13. CONTINGENT LIABILITIES

At March 31, 2008 and 2007, the Group had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Guarantees for bank loans drawn by its employees	**¥ 90**	¥ 80	**$ 898**
Guarantees for lease obligations owed by its customers	**3,068**	3,161	**30,624**
Guarantees for lease obligations owed by its sales agency's customers	**—**	13	**—**

14. SUBSEQUENT EVENTS

(a) Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2008 was approved at the Company's shareholders meeting held on June 27, 2008:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥26 ($0.26) per share	¥ 1,864	$ 18,604

15. SEGMENT INFORMATION

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

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

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

(a) Industry Segments

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Net sales:			
Money handling machines and cash management systems:			
Customers	**¥ 101,710**	¥ 92,829	**$ 1,015,173**
Inter segment	**—**	—	**—**
Total	**101,710**	92,829	**1,015,173**
Vending machines and automatic service equipment:			
Customers	**50,078**	47,536	**499,829**
Inter segment	**—**	—	**—**
Total	**50,078**	47,536	**499,829**
Other goods and products:			
Customers	**33,393**	24,175	**333,300**
Inter segment	**9,130**	7,012	**91,130**
Total	**42,523**	31,187	**424,430**
Elimination	**(9,130)**	(7,012)	**(91,130)**
Consolidated total	**¥ 185,181**	¥ 164,540	**$ 1,848,302**
Operating expenses:			
Money handling machines and cash management systems	**¥ 86,969**	¥ 83,929	**$ 868,038**
Vending machines and automatic service equipment	**45,273**	45,542	**451,876**
Other goods and products	**39,206**	29,126	**391,324**
Elimination or corporate	**(9,094)**	(7,017)	**(90,770)**
Consolidated total	**¥ 162,354**	¥ 151,580	**$ 1,620,468**
Operating profit:			
Money handling machines and cash management systems	**¥ 14,742**	¥ 8,900	**$ 147,135**
Vending machines and automatic service equipment	**4,804**	1,994	**47,953**
Other goods and products	**3,317**	2,061	**33,106**
Elimination or corporate	**(36)**	5	**(360)**
Consolidated total	**¥ 22,827**	¥ 12,960	**$ 227,834**
Assets:			
Money handling machines and cash management systems	**¥ 59,681**	¥ 66,961	**$ 595,681**
Vending machines and automatic service equipment	**46,350**	47,320	**462,616**
Other goods and products	**11,496**	12,344	**114,744**
Elimination or corporate	**91,710**	90,364	**915,361**
Consolidated total	**¥ 209,237**	¥ 216,989	**$ 2,088,402**

	Millions of yen				Thousands of U.S. dollars	
	2008		2007		**2008**	
Depreciation and amortization:						
Money handling machines and cash management systems	**¥**	**3,596**	¥	3,471	**$**	**35,894**
Vending machines and automatic service equipment		**2,258**		2,354		**22,536**
Other goods and products		**716**		512		**7,148**
Consolidated total	**¥**	**6,570**	¥	6,337	**$**	**65,577**
Capital expenditure for segment assets:						
Money handling machines and cash management systems	**¥**	**4,315**	¥	3,675	**$**	**43,072**
Vending machines and automatic service equipment		**2,216**		1,955		**22,114**
Other goods and products		**748**		405		**7,462**
Consolidated total	**¥**	**7,279**	¥	6,035	**$**	**72,648**

(b) Geographical Segments

	Millions of yen				Thousands of U.S. dollars
	2008		2007		**2008**
Net sales:					
Japan:					
Customers	**¥**	**162,636**	¥	143,278	**$ 1,623,278**
Inter segment		**14,520**		12,330	**144,921**
Total		**177,156**		155,608	**1,768,199**
America:					
Customers		**5,607**		7,379	**55,965**
Inter segment		**2**		1	**20**
Total		**5,609**		7,380	**55,985**
Europe:					
Customers		**15,927**		12,349	**158,974**
Inter segment		**15**		8	**146**
Total		**15,942**		12,357	**159,119**
Asia/Oceania:					
Customers		**1,011**		1,534	**10,086**
Inter segment		**569**		597	**5,683**
Total		**1,580**		2,131	**15,769**
Elimination		**(15,106)**		(12,936)	**(150,770)**
Consolidated total	**¥**	**185,181**	¥	164,540	**$ 1,848,302**

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Operating expenses:			
Japan	**¥ 154,820**	¥ 142,834	**$ 1,545,264**
America	**5,561**	7,205	**55,508**
Europe	**15,523**	12,421	**154,939**
Asia/Oceania	**1,556**	2,056	**15,526**
Elimination or corporate	**(15,106)**	(12,936)	**(150,770)**
Consolidated total	**¥ 162,354**	¥ 151,580	**$ 1,620,468**
Operating profit:			
Japan	**¥ 22,336**	¥ 12,775	**$ 222,934**
America	**48**	175	**477**
Europe	**419**	(64)	**4,180**
Asia/Oceania	**24**	74	**243**
Elimination or corporate	**—**	—	**—**
Consolidated total	**¥ 22,827**	¥ 12,960	**$ 227,834**
Assets:			
Japan	**¥ 111,975**	¥ 122,271	**$ 1,117,625**
America	**2,531**	3,184	**25,267**
Europe	**7,905**	5,408	**78,898**
Asia/Oceania	**861**	600	**8,592**
Elimination or corporate	**85,965**	85,526	**858,020**
Consolidated total	**¥ 209,237**	¥ 216,989	**$ 2,088,402**

(c) Sales to Foreign Customers

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
America	**¥ 8,666**	¥ 9,540	**$ 86,493**
Europe	**19,949**	16,830	**199,117**
Asia/Oceania	**3,169**	2,106	**31,629**
Sales to foreign customers	**¥ 31,784**	¥ 28,476	**$ 317,239**

Report of Independent Auditors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of GLORY LTD.:

We have audited the accompanying consolidated balance sheet of GLORY LTD. and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in equity, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of GLORY LTD. and consolidated subsidiaries for the year ended March 31, 2007 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 28, 2007.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GLORY LTD. and consolidated subsidiaries as of March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu

June 27, 2008

Consolidated Financial Data

For the year:	1998	1999	2000	2001
Net sales	105,300	106,284	108,544	151,704
Net sales by business segment:				
Money handling machines and cash management systems	58,647	58,438	59,354	88,563
Vending machines and automatic service equipment	31,515	31,530	31,367	44,283
Other	15,138	16,316	17,822	18,857
Cost of sales	68,433	68,401	70,707	91,611
Selling, general and administrative expenses	29,733	29,464	29,060	33,895
Operating income	7,132	8,419	8,776	26,197
Operating income by industry segment				
Money handling machines and cash management systems	5,700	6,045	6,121	17,307
Vending machines and automatic service equipment	51	590	692	6,528
Other	1,373	1,829	1,936	2,418
Elimination or corporate	7	(47)	27	(57)
Operating income to net sales ratio (%)	6.8	7.9	8.1	17.3
Net income	1,900	1,686	1,756	11,191
Net income to net sales ratio (%)	1.8	1.6	1.6	7.4
Net income per share (¥)	54.7	48.6	50.2	297.6
At year end:				
Total assets	150,765	156,389	159,419	186,937
Total equity	81,284	82,293	93,566	101,315
Equity per share (¥)	2,340.49	2,369.45	2,474.04	2,777.01
Other data:				
Capital investments	4,273	3,721	3,246	3,715
Depreciation and amortization	3,907	4,065	5,031	5,105
R&D expenditure	9,003	8,964	9,458	10,961
Return on equity (%)	2.4	2.0	2.0	11.5

Millions of yen

2002	2003	2004	2005	2006	2007	2008
131,618	117,287	176,765	188,881	141,231	164,540	**185,181**
68,574	60,476	105,094	87,108	63,567	92,829	**101,710**
43,020	40,123	53,761	81,153	57,052	47,536	**50,078**
20,024	16,687	17,909	20,619	20,610	24,175	**33,393**
88,014	75,571	108,747	114,390	94,209	108,628	**117,066**
32,816	33,074	37,101	41,937	41,568	42,952	**45,288**
10,787	8,641	30,916	32,554	5,453	12,961	**22,826**
4,534	4,301	21,975	15,642	1,129	8,900	**14,741**
4,527	2,955	5,905	14,889	3,000	1,994	**4,804**
1,630	1,374	3,026	2,001	1,339	2,061	**3,316**
94	9	9	20	(16)	5	**(36)**
8.2	7.4	17.5	17.2	3.9	7.9	**12.3**
3,669	5,902	17,527	19,306	740	6,461	**11,711**
2.8	5.0	9.9	10.2	0.5	3.9	**6.3**
100.4	157.4	233.2	257.0	9.1	87.2	**160.7**
166,505	164,077	213,844	217,460	206,361	216,988	**209,236**
105,115	110,686	128,504	146,657	146,134	150,842	**151,735**
2,832.81	2,983.81	1,729.93	1,974.60	1,970.11	2,025.39	**2,110.69**
4,924	3,899	4,915	6,235	3,902	5,455	**5,852**
5,341	4,864	5,129	5,438	6,889	6,337	**6,570**
11,477	10,111	11,862	13,048	9,474	9,328	**9,615**
3.6	5.5	14.7	14.0	0.5	4.4	**7.8**

Investor Information

(As of March 31, 2008)

Corporate Data

Company Name : GLORY LTD.
Founded : November 27, 1944
Paid-in Capital : ¥12,892,947,600
Head Office : 1-3-1, Shimoteno, Himeji City,
Hyogo 670-8567, Japan
Tel. +81-79-297-3131
Employees : Consolidated basis: 5,346
Non-consolidated basis: 3,380
URL : http://www.glory.co.jp

Stock Information

Number of Shares Authorized : 150,000,000*
Number of Shares Issued : 72,838,210
Unit for Trading : 100
Number of Shareholders : 10,107
Stock Exchange Listings : Tokyo, Osaka
Securities Code : 6457
Transfer Agent : Daiko Clearing Service Corporation

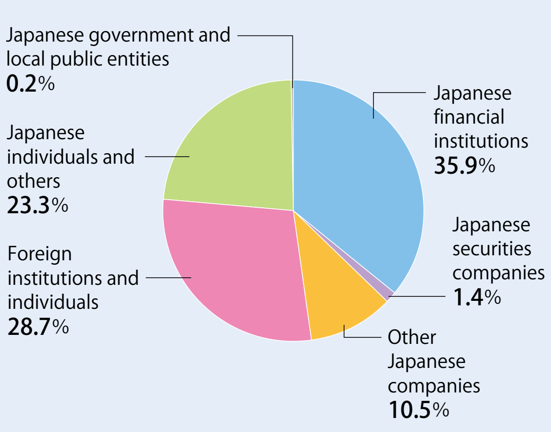
* The number of authorized shares were raised from 128,664,000 to 150,000,000 through a revision of the Articles of Incorporation on June 27, 2008.

Major Shareholders

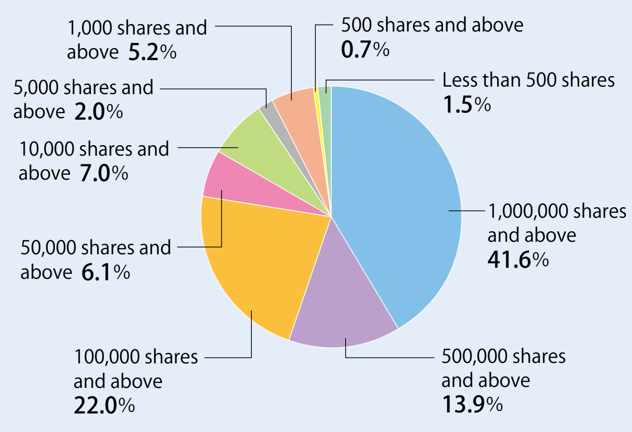
	Number of shares held (thousands)	Ratio of total shares issued (%)
State Street Bank & Trust Company	5,372	7.4
Nippon Life Insurance Company	4,058	5.6
National Mutual Insurance Federation of Agricultural Cooperative	3,082	4.2
Tatsuta Boseki Kaisha, Limited	2,939	4.0
Japan Trustee Service Bank Ltd. (Trusty Account)	2,906	4.0
Sumitomo Mitsui Banking Corporation	2,100	2.9
Onoe International Limited	2,018	2.8
The Master Trust Bank of Japan, Ltd. (Trusty Account)	1,936	2.7
Katsuhiko Onoe	1,927	2.6
The Dai-ichi Mutual Life Insurance Company	1,715	2.4

Distribution

●Distribution by Ownership of Shares



●Distribution by Number of Shares



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Tel. +81-79-297-3131

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