ANNUAL REPORT

Year ended March 31 2004

GLORY LTD.

The World Cultural Heritage-**Himeji Castle**
Himeji Castle is located in Himeji City, where the Head Office of GLORY LTD. is.

CONTENTS

FINANCIAL HIGHLIGHTS

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars
For the Year:	2003	**2004**	**2004**
Net sales	¥ 117,287	**¥ 176,765**	**$ 1,672,486**
Operating profit	8,641	**30,916**	**292,516**
Income before income taxes and minority interests	10,702	**29,169**	**275,986**
Net income	5,902	**17,527**	**165,844**
At Year End:			
Total assets	164,077	**213,844**	**2,023,313**
Total Shareholders' equity	110,686	**128,504**	**1,251,867**

	Yen		U.S. dollars
Per share:	2003	**2004**	**2004**
Net income	¥ 157.42	**¥ 233.19**	**$ 2.206**
Cash dividends	16.00	**22.00**	**0.21**

(Note) The U.S. dollar amounts are translated, for convenience only, at the rate of ¥105.69=U.S.$ the approximate exchange rate at March 31, 2004.

PRESIDENT'S MESSAGE

Hideto Nishino, President

I am pleased to present our Company's Annual Report for the year ended March 31, 2004 (the 58th term from April 1, 2003 to March 31, 2004).

During this consolidated fiscal year, the Japanese economy showed signs of recovery backed by improved corporate earnings from surging exports and expanded capital investment in the private sector. However, the full-fledged recovery was not yet seen, with personal consumption still continuing stagnant.

Amid such business conditions in general, demand for our products increased far above the year-before level in the financial market, the principal market for the GLORY Group (GLORY LTD., its consolidated subsidiaries and its affiliates consolidated under the equity method). This increase was attributable to the upfront demand for machines capable of handling with new banknotes to be issued this November as well as the demand for rationalization investment. In the distribution market, demand was satisfactory for laborsaving machines and front equipment (used at windows to customers), although the retailing industry in general was under severe economic environment affected by unseasonable cool summer and warm winter. In the vending machine market, demand was steady for various ticket vending machines at leisure facilities and restaurants. For cigarette vending machines, replacement demand was steady although the market itself was saturated. In the amusement game market, demand was satisfactory for counter equipment at pachinko parlors while their capital investment for new openings and remodeling work ran out of steam.

In these economic conditions, the Company Group strived for expansion of sales by pushing forward research and development of new technology and new products to meet the needs in each of our markets in a prompt and elaborative manner and also by concentrating our drive on manufacture and sales of new machines and modification of existing machines to cope with the issue of new banknotes scheduled this November.

As a result, sales increased substantially to ¥176,765 million, up 50.7% over the figure in the previous term. Earnings also jumped substantially as the ratio of cost of sales declined reflecting increased production volume although personnel expenses and new products-related costs increased. Thus operating profit came to ¥30,916 million (up 257.8% over the previous term) and recurring profit came to ¥29,870 million (up 262.0% over the previous term). Current term net profit increased substantially to ¥17,527 million (up 196.9% over the previous term) after posting loss from revaluation of fixed assets.

With regard to dividends, it is our basic policy to reward our shareholders for their support by distributing a reasonable portion of profit to them as dividends while reinforcing our management base from a long-term viewpoint by taking business environment and earning position into consideration.

This term-end dividend is payable at ¥14 per stock, including the ordinary dividend at ¥6 and the special dividend at ¥8, which brings the yearly amount of dividend per stock to ¥22, including the interim dividend of ¥8 per stock (before stock split-ups) already paid.

The Company made stock split-ups at the ratio of two stocks to one common stock as of March 19, 2004. Therefore, when the basis before stock split-ups is used for comparison, the yearly amount of dividend per stock comes to ¥36 (including the interim dividend of ¥8, the term-end dividend of ¥12 and the special dividend of ¥16), up ¥20 over the yearly amount of dividend per stock of ¥16 paid in the previous term.

Meanwhile, we are intending to utilize our internal reserves as the funds for business expansion in the future such as for research and development of new technology and new products and for opening-up and fostering of new fields and new business in a bid for betterment of our business results.

The market environment surrounding the Company Group is rapidly changing. In the financial market, our principal market, more and more financial institutions are shifting their strategy from defensive to "offensive" while their drive to promote efficiency is accelerating more than ever through abolition and consolidation of their branches. In the distribution market, the move toward rationalization and rigidification is becoming remarkable to cope with liquidation of human resources. Furthermore, new services through tie-up between financial institutions and the distribution industry are emerging as a result of a big change in money flow involving the cash transport industry.

Under such business environment, the Company Group is recognizing it as the most priority task to respond flexibly and properly to the changing market environment. We are intending to focus our efforts on the following three points, accomplishment of our measures to cope with the forthcoming issue of new banknotes, fostering and expansion of our new business on a medium-term basis and promotion of our efficient management.

In the coming years, we are determined to come up to expectations of our shareholders through concerted efforts of the GLORY Group by responding quickly and precisely to the market environment and promoting the ongoing betterment of our business results. We sincerely ask for continued support and guidance of our shareholders.

June 2004

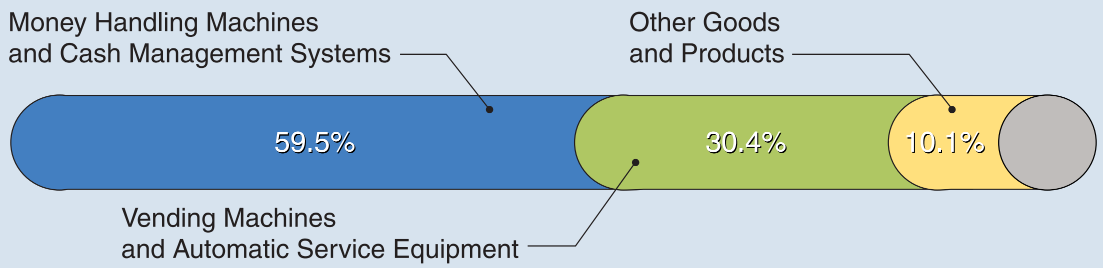
Hideto Nishino

Hideto Nishino
President

BUSINESS RESULTS

GLORY LTD. and its consolidated subsidiaries
Year ended March 31, 2004

Net Sales by Business Segments



BUSINESS RESULTS BY SEGMENT

Money Handling Machines and Cash Management Systems


Open Tellers Machine for Financial Institute
<WAVE-100FNS>

Our principal markets in this section are the financial market, the distribution market and the overseas market.

In the financial market, capital investment by financial institutions was centered on up-front demand for machines capable of dealing with new banknotes to be issued this November. Thus sales of coin wrapping machines dropped, but sales of open teller systems capable of dealing with new banknotes recorded a substantial increase. Sales of banknote and coin depositing and dispensing machines (our OEM products used by financial institutions at teller windows) and coin depositing and dispensing machines installed in ATMs also increased remarkably.

In the distribution market, sales decreased of accepting machines for security service companies engaged in money collection and delivery business, but sales increased of cash recyclers for cashiers of supermarkets and retail shops (which are favorably received by them as highly convenient machines). Sales also increased of the small-sized cash deposit machines for supermarkets and mass-merchandise stores (which are convenient machines for their settlement of sales proceeds).

In the overseas market, sales in the United States increased of small-sized cash deposit machines principally for financial institutions but decreased of banknote dispenser units. Sales of cash deposit machines in European countries increased but sales of banknote sorting machines and banknote counters in Asian countries decreased.

As a result, overall sales in this section including those in other markets increased to ¥105,094 million (up 73.8% over the previous term). In regard to earnings, operating profit also jumped to ¥21,975 million (up 410.8% over the previous term) reflecting the substantial increase of sales.


Cash Recycler for Cashier
<RT-50> <RAD-50>

Vending Machines and Automatic Service Equipment

Our principal markets in this section are the vending machine market and the amusement game market. Our sales in this section also come in part from the financial market and the distribution market.

In the vending machine market, sales of ticket vending machines increased benefiting from the favorable effect of business tie-up and the steady growth of demand. Sales of cigarette vending machines also increased as a result of our elaborative sales promotion drive in all parts of the country in spite of saturation in the market.

In the amusement game market, sales of counter equipment at pachinko parlors such as automatic premium dispensing machines and POS-related machines recorded a substantial increase. POS-related machines covering from premium sorting business to inventory control and calculation business were winning a favorable reception among pachinko parlors as equipment for their business rationalization. From the second half of this term, sales of medal vending machines for money capable of dealing with new banknotes were also showing a satisfactory increase.

Banknote changers sold to the financial market and the distribution market recorded a substantial increase of sales backed by the move of shifting to charged money changing service and the up-front demand to cope with the issue of new banknotes.

As a result, overall sales in this section including those in other markets increased to ¥53,761 million (up 34.0% over the previous term). In regard to earnings, operating profit also increased to ¥5,905 million (up 99.8% over the previous term) reflecting increased sales.

Other Goods and Products

This section primarily covers parts, fixtures, accessories and other goods. Sales in this section increased benefiting from the demand for modification of existing machines to cope with the issue of new banknotes.

As a result, sales came to ¥17,909 million (up 7.3% over the previous term) and operating profit to ¥3,026 million (up 120.2% over the previous term) reflecting increased sales.

Multifunctional Banknote Exchange Machine <EN-100>

Automatic Premium Dispensing Machine <JK-110>

COMPANY PROFILE

As of March 31, 2004

Company name:	GLORY LTD.	
Founded :	November 27, 1944	
Paid-in Capital :	¥12,892,947,600	
Employees :	Consolidated : 5,038	Non-consolidated : 1,772
Fiscal Year-end :	March 31	
URL :	http://www.glory.co.jp	
Location :		

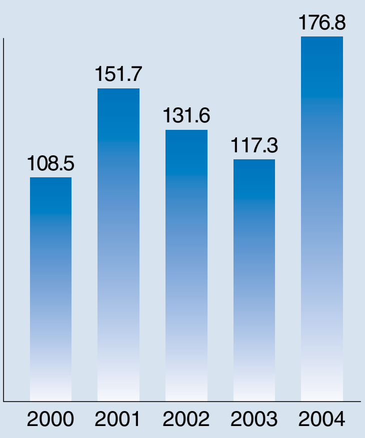
Head Office / Himeji Factory	:	1-3-1 Shimoteno, Himeji City, Hyogo 670-8567, Japan Phone: +81-792-97-3131 Fax : +81-792-94-6233
Tokyo Office	:	5-4-6 Osaki, Shinagawa-ku, Tokyo 141-8581, Japan Phone: +81-3-3495-6301
Saitama Factory	:	2-4-1 Furukawa, Kazo City, Saitama 347-0004, Japan Phone: +81-480-68-4661

FIVE-YEAR SUMMARY

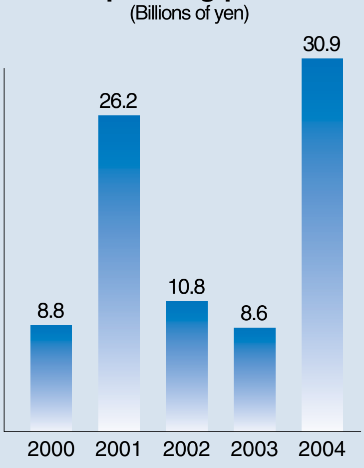
GLORY LTD. and its consolidated subsidiaries
Years ended March 31

	Millions of yen					Thousands of U. S. dollars
	2000	2001	2002	2003	**2004**	**2004**
For the Year :						
Net sales	¥ 108,544	¥ 151,704	¥ 131,618	¥ 117,287	**¥ 176,765**	**$1,672,486**
Operating profit	8,776	26,197	10,787	8,641	**30,916**	**292,516**
Income before income taxes and minority interests	4,344	19,182	7,212	10,702	**29,169**	**275,986**
Net income	1,756	11,191	3,669	5,902	**17,527**	**165,844**
Depreciation and amortization	5,031	5,105	5,341	4,864	**5,129**	**48,529**
At Year End :						
Total assets	159,419	186,937	166,505	164,077	**213,844**	**2,023,313**
Shareholders' equity	93,566	101,315	105,115	110,686	**128,504**	**1,215,867**
Per share of common stock (Yen and U.S. dollars) **:**						
Net income	¥ 50.19	¥ 297.62	¥ 100.44	¥ 157.42	**¥ 233.19**	**$ 2.206**
Cash dividends	16.00	24.00	16.00	16.00	**22.00**	**0.21**
Shareholders' equity	2,474.04	2,777.01	2,832.81	2,983.81	**1,729.93**	**16.37**
Shareholders' equity ratio	58.7%	54.2%	63.1%	67.5%	**60.1%**	
Rate of Return On Equity(ROE)	2.0	11.5	3.6	5.5	**14.7**	

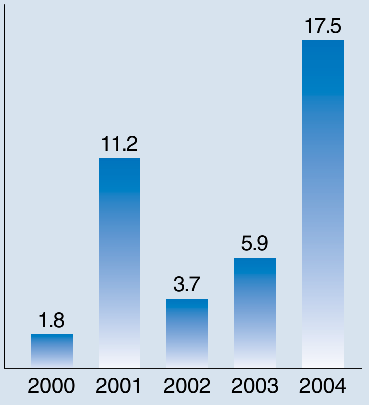
Net sales
(Billions of yen)



Operating profit
(Billions of yen)



Net income
(Billions of yen)



TOPICS

Banknotes Renewed First Time in Twenty Years

Present status of our approach to the revamped banknotes

Three kinds of banknotes, 1,000 yen, 5,000 yen and 10,000 yen, will be renewed in this November 2004. As the currently circulating banknotes were issued in 1984, this is the new issue of banknotes for the first time in twenty years.

About two years have passed since the announcement of this new issue in August 2002. Since then, the Company Group has been making concerted efforts to develop machines capable of dealing with new banknotes. We are pleased to report the present condition of our measures to the issue of new banknotes.

Final inspection of the recycling-type Banknote and Coin Depositing and Dispensing Machines <RB-300>

Development of technologies to cope with the revamped banknotes and production of machines

We have completed the development of technologies for recognition of new banknotes, and production of new recognition units is progressing smoothly at our production lines. Thus new recognition units capable of dealing with not only existing banknotes but also new banknotes are installed in our various products that are being shipped to the market.

Production line for Banknote Changers <EN-100> that can accept new banknotes

Modification work to our existing products for dealing with new banknotes

It is possible to modify our existing products operating in the market so that they can deal with the revamped banknotes.

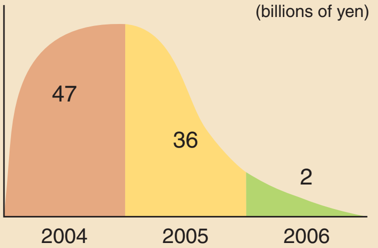
More than 80% of our modification work in the financial market has been finished now and we plan to almost complete the modification work by the end of September.

Our modification work in the distribution market and the amusement game market has also started and we also plan to complete most of the modification work by the end of September.

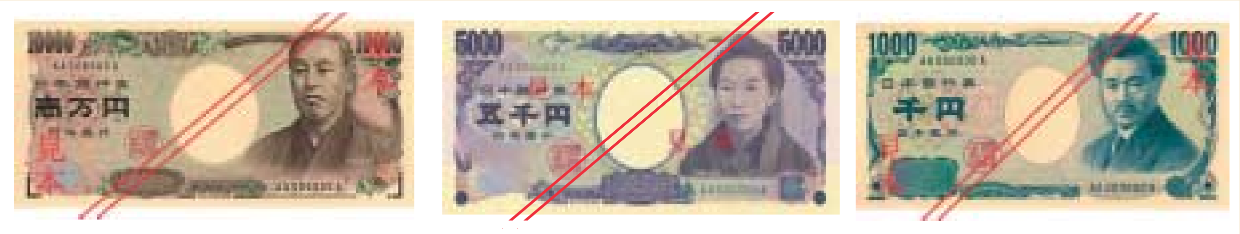
Modification work to our products operating in the market

Effect of the issue of new banknotes on our business results

Sales caused by the issue of new banknotes are expected to reach about ¥85.0 billion during three years from the March 2004 term through the March 2006 term. The actual result of sales in the March 2004 term totaled ¥47.0 billion, of which ¥25.0 billion came from replacement demand of new products and ¥22.0 billion came from modification demand of existing products. Sales in the coming years from the issue of new banknotes are estimated at ¥36.0 billion in the March 2005 term and at ¥2.0 billion in the March 2006 term.



Graphic chart of changes due to the special demand from the issue of new banknotes



Three kinds of the revamped banknotes

The issue of new banknotes is a big business chance for the Company Group. In order to make the most of this chance, we intend to make the utmost effort by taking all possible measures.

After the end of this special demand from the issue of new banknotes, we plan to vigorously try to find our way in new fields and development of new products in a bid to improve our business results.

Our New Company in China
Production Factory Started Operation

The factory of our new company "GLORY DENSHI KOGYO (SUZHOU) LTD." (hereinafter "GLORY DENSHI") established in the People's Republic of China (hereinafter "China") in February 2003 started operation in April 2004.

GLORY DENSHI has its head office and factory in Suzhou New District, Jiangsu Province, China located near Shanghai showing remarkable economic development. GLORY DENSHI will manufacture, sell and do maintenance of various money handling machines such as banknote counters and banknote sorting machines for the Chinese market. GLORY DENSHI is our second overseas production base next to GLORY (PHILIPPINES), Inc. established in the Philippines in 1994. GLORY DENSHI has a work force of about 30 persons at present and plans to increase it to about 150 persons.

Economic development of China in recent years is so remarkable as to attract attention from the world as the world factory for every kind of industry and as the huge market. In line with such economic development, demand for money handling-related products is growing. In order to expand our business further in this market, the Company Group established GLORY CASH HANDLING SYSTEMS (CHINA) LIMITED. as the sales company in Hong Kong in 2001, and also established Glory International Trading (Shanghai) Co., Ltd. as the sales company in Shanghai in August 2003.

Further expansion of demand is expected in the future not only in the financial market but also in the distribution market. So the Company Group is determined to make concerted efforts mainly through these three subsidiaries in China to expand our business in this market by placing our products that satisfy the needs in China in a timely manner.

GLORY DENSHI KOGYO (SUZHOU) LTD.

- **Business Lines:**
  Mainly manufacture, sale and maintenance of money handling machines for the Chinese market.
- **Founded:** February 2003.
- **Paid-in Capital:** US$4,200,000.
- **Head Office:**
  No. 1458 Xiang Jiang Road, Suzhou New District, Jiangsu Province, China

CONSOLIDATED BALANCE SHEETS

GLORY LTD. and its subsidiaries
At March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2004**	2003	**2004**
Current assets:			
Cash and cash equivalents	**¥ 65,997**	¥ 54,924	**$ 624,439**
Time deposits	**712**	266	**6,737**
Notes and accounts receivable:			
Notes	**5,570**	2,600	**52,701**
Accounts	**50,995**	25,823	**482,496**
Other	**246**	456	**2,328**
Less: allowance for credit losses	**(216)**	(150)	**(2,044)**
	56,595	28,729	**535,481**
Inventories (Note 4)	**29,205**	21,781	**276,327**
Deferred tax assets (Note 15)	**6,323**	2,997	**59,826**
Other current assets	**421**	1,687	**3,983**
Total current assets	**159,255**	110,386	**1,506,812**
Property, plant and equipment:			
Land (Note 14)	**12,301**	12,667	**116,388**
Buildings and structures	**29,520**	29,647	**279,307**
Machinery and equipment	**40,254**	38,807	**380,869**
Construction in progress	**121**	153	**1,145**
	82,196	81,274	**777,708**
Less: accumulated depreciation	**(47,934)**	(47,175)	**(453,534)**
Net property, plant and equipment	**34,263**	34,100	**324,184**
Investments and other assets:			
Investments in securities (Note 3)	**6,746**	5,425	**63,828**
Investments in and advances to unconsolidated subsidiaries and affiliates	**2,532**	1,541	**23,957**
Deferred tax assets (Note 15)	**3,787**	4,499	**35,831**
Software costs,net	**2,683**	3,069	**25,386**
Other	**4,584**	5,061	**43,372**
	20,332	19,595	**192,374**
Less: allowance for credit losses	**(8)**	(5)	**(76)**
Total investments and other assets	**20,325**	19,591	**192,308**
	¥ 213,844	¥ 164,077	**$ 2,023,313**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	**2004**	2003	**2004**
Current liabilities:			
Short-term debt (Note 5)	**¥ 18,128**	¥ 19,005	**$ 171,520**
Notes and accounts payable:			
Notes	**13,198**	6,633	**124,875**
Accounts	**12,336**	6,661	**116,719**
	25,534	13,294	**241,593**
Accrued income taxes (Note 15)	**12,743**	2,951	**120,570**
Accrued expenses	**9,809**	4,196	**92,809**
Other current liabilities	**11,062**	6,427	**104,665**
Total current liabilities	**77,277**	45,876	**731,167**
Long-term liabilities:			
Accrued severance indemnities (Note 6)	**7,970**	6,789	**75,409**
Other long-term liabilities (Note 5)	**92**	228	**870**
Total long-term liabilities	**8,062**	7,017	**76,280**
Minority interests	—	497	—
Contingencies (Note 7)			
Shareholders' equity (Note 10):			
Common stock			
Authorized - 128,664,000 shares			
Issued -74,236,210 shares at March 31 2004 and 37,118,105 shares at March 31, 2003	**12,892**	12,892	**121,979**
Additional paid-in capital	**20,629**	20,629	**195,184**
Retained earnings	**94,260**	77,389	**891,854**
Net unrealized holding gains or losses on securities (Note 11)	**1,030**	13	**9,745**
Foreign currency translation adjustment	**(203)**	(137)	**(1,921)**
Less: treasury stock, at cost	**(105)**	(102)	**(993)**
Total shareholders' equity	**128,504**	110,686	**1,215,858**
	¥ 213,844	¥ 164,077	**$ 2,023,313**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF INCOME

GLORY LTD. and its subsidiaries
Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	**2004**
Operating income:			
Net sales	**¥ 176,765**	¥ 117,287	**$ 1,672,486**
Operating expenses:			
Cost of sales	**(108,747)**	(75,571)	**(1,028,924)**
Selling, general and administrative expenses (Note 12)	**(37,101)**	(33,074)	**(351,036)**
Total operating expenses	**(145,848)**	(108,645)	**(1,379,960)**
Operating profit	**30,916**	8,641	**292,516**
Other income (expenses):			
Interest and dividend income	**125**	105	**1,183**
Interest expense	**(254)**	(276)	**(2,403)**
Foreign currency exchange gain loss, net	**(105)**	(23)	**(993)**
Gain on sales of investments in securities	**244**	—	**2,309**
Loss on disposal of inventories	**(1,134)**	(573)	**(10,729)**
Loss on write-down of investments in securities	**(126)**	(1,878)	**(1,192)**
Net loss on sales or disposal of property and equipment	**(339)**	(206)	**(3,207)**
Impairment loss on land (Note 14)	**(422)**	—	**(3,993)**
Gains on return of substituted portions of employee pension fund	—	4,760	—
Other, net	**265**	153	**2,507**
Total other income (expenses), net	**(1,747)**	2,061	**(16,529)**
Income before income taxes and minority interests	**29,169**	10,702	**275,986**
Income taxes (Note 15):			
Current	**(14,944)**	(4,368)	**(141,395)**
Deferred	**3,322**	(374)	**31,432**
	(11,622)	(4,742)	**(109,963)**
Income before minority interests	**17,548**	5,959	**166,033**
Minority interests	**(19)**	(56)	**(180)**
Net income	**¥ 17,527**	¥ 5,902	**$ 165,844**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	**2004**
Net income per share	**¥ 233.19**	¥ 157.42	**$ 2.206**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

GLORY LTD. and its subsidiaries
Years ended March 31, 2004 and 2003

		Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gains (losses) on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2002	37,118,105	¥ 12,892	¥ 20,629	¥ 71,961	¥ (306)	¥ (37)	¥ (25)
Net income for the year	—	—	—	5,902	—	—	—
Net unrealized holding losses on securities	—	—	—	—	320	—	—
Foreign currency translation adjustments	—	—	—	—	—	(100)	—
Increase due to inclusion of newly consolidated subsidiaries	—	—	—	204	—	—	—
Cash dividends paid	—	—	—	(593)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(84)	—	—	(76)
Increase in treasury stock	—	—	—	—	—	—	—
Balance at March 31, 2003	37,118,105	12,892	20,629	77,389	13	(137)	(102)
Net income for the year	—	—	—	17,527	—	—	—
Net unrealized holding gains on securities	—	—	—	—	1,016	—	—
Foreign currency translation adjustments	—	—	—	—	—	(65)	—
Cash dividends paid	—	—	—	(593)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(64)	—	—	—
Increase in treasury stock	—	—	—	—	—	—	(3)
Stock split	37,118,105	—	—	—	—	—	—
Balance at March 31, 2004	74,236,210	¥ 12,892	¥ 20,629	¥ 94,260	¥ 1,030	¥ (203)	¥ (105)

	Thousands of U.S. dollars (Note 1)					
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gains (losses) on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2003	$ 121,979	$ 195,184	$ 732,226	$ 123	$ (1,296)	$ (965)
Net income for the year	—	—	165,834	—	—	—
Net unrealized holding gains on securities	—	—	—	9,613	—	—
Foreign currency translation adjustments	—	—	—	—	(615)	—
Increase due to inclusion of newly consolidated subsidiaries	—	—	—	—	—	—
Cash dividends paid	—	—	(5,611)	—	—	—
Bonuses to directors and corporate auditors	—	—	(606)	—	—	—
Increase in treasury stock	—	—	—	—	—	(28)
Balance at March 31, 2004	$ 121,979	$ 195,184	$ 891,854	$ 9,745	$ (1,921)	$ (993)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GLORY LTD. and its subsidiaries
Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	**2004**
Operating activities:			
Income before income taxes and minority interests	**¥ 29,169**	¥ 10,702	**$ 275,986**
Adjustments for:			
Depreciation and amortization	**5,129**	4,864	**48,529**
Provision for accrued severance indemnities	**1,181**	(3,373)	**11,174**
Interest and dividend income	**(124)**	(105)	**(1,173)**
Interest expenses	**254**	276	**2,403**
Net loss on sales or disposal of property and equipment	**338**	206	**3,198**
Loss on write-down of investments in securities	**126**	1,878	**1,192**
Gain on sales of investments in securities	**(244)**	—	**(2,309)**
Impairment losses on land	**422**	—	**3,993**
Decrease (increase) in notes and accounts receivable	**(27,104)**	2,719	**(256,448)**
Increase in inventories	**(7,658)**	(240)	**(72,457)**
Increase (decrease) in notes and accounts payable	**12,365**	(2,939)	**116,993**
Increase (decrease) in accrued expenses	**984**	(82)	**9,310**
Other, net	**8,045**	(388)	**76,119**
Sub total	**22,885**	13,517	**216,529**
Interest and dividend income received	**125**	105	**1,183**
Interest expenses paid	**(254)**	(271)	**(2,403)**
Income taxes paid	**(5,097)**	(3,918)	**(48,226)**
Net cash provided by operating activities	**17,659**	9,433	**167,083**
Investing activities:			
Payments for purchase of property, plant and equipment	**(4,439)**	(4,294)	**(42,000)**
Proceeds from sales of property, plant and equipment	**44**	206	**416**
Payments for purchase of investments in securities	**(148)**	(1,974)	**(1,400)**
Proceeds from sales of investments in securities	**665**	393	**6,292**
Payments for purchase of software	**(709)**	(945)	**(6,708)**
Decrease (increase) in time deposits, net	**(446)**	49	**(4,220)**
Acquisition of shares of an unconsolidated subsidiary	**(21)**	(501)	**(199)**
Payment for purchase of consolidated subsidiaries, net of cash acquired	**(441)**	—	**(4,173)**
Decrease in other investments, net	**344**	133	**3,255**
Net cash used in investing activities	**(5,152)**	(6,933)	**(48,746)**
Financing activities:			
Net decrease in short-term loans	**(771)**	(1,303)	**(7,295)**
Cash dividends paid	**(593)**	(593)	**(5,611)**
Other, net	**(48)**	(128)	**(454)**
Net cash used in financing activities	**(1,412)**	(2,025)	**(13,360)**
Effect of exchange rate changes on cash and cash equivalents	**(20)**	(16)	**(189)**
Net increase in cash and cash equivalents	**11,073**	459	**104,769**
Cash and cash equivalents at beginning of year	**54,924**	53,733	**519,671**
Effect of the increase in scope of consolidated subsidiaries	—	692	—
Cash and cash equivalents at end of year	**¥ 65,997**	¥ 54,924	**$ 624,439**

The accompanying notes are an integral part of these 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 from the accounts maintained by GLORY LTD. (the“Company”) and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements filed with the Director of Kanto Finance Bureau in Japan have been reclassified and relevant-notes have been added, if appropriate, for the convenience for readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥105.69=U.S.$1, the rate of exchange prevailing at March 31, 2004 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation Principles

The accompanying consolidated financial statements include the accounts of the Company and its 13 subsidiaries as of March 31, 2004 and 2003, respectively.

All significant inter-company accounts and transactions are eliminated in consolidation.

The difference between the cost of investments in subsidiaries and affiliates and the Company’s equity in their net assets at their respective dates of acquisition is being amortized as incurred.

The consolidated subsidiaries as of March 31,2004 and 2003 are listed below.

Name	Year end
GLORY SHOJI CO., LTD.	March 31
GLORY KIKI CO.,LTD	March 31
HOKKAIDO GLORY CO.,LTD	March 31
GLORY SERVICE CO.,LTD	March 31
GLORY•LINCS CO.,LTD	March 31
KASAI GLORY LTD.	March 31
SAYO GLORY LTD.	March 31
GLORY TEC LTD.	March 31
Glory (U.S.A) Inc.	March 31
Glory GmbH	March 31
GLORY IST CO., LTD.	March 31
GLORY TECHNO 24 CO., LTD.	March 31
GLORY MONEY HANDLING MACHINES PTE LTD.	March 31

Considering materiality for the consolidated financial statements, investments in unconsolidated subsidiaries are accounted for by the equity method. Those subsidiaries are listed below.

2004		2003	
Name	Year end	Name	Year end
GLORY AZ SYSTEM CO.,LTD.	March 31	A•Z INC.	March 31
		SYSTEM RESEARCH CO., LTD.	March 31

On April 1, 2003, A•Z INC. was merged with SYSTEM RESEARCH CO., LTD., and became GLORY AZ SYSTEM CO.,LTD .

Investments in the remaining unconsolidated subsidiaries and affiliates, which would have immaterial effect for the consolidated financial statements, are carried at cost.

(b) Translation of Foreign Currencies

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates effective at the respective transaction dates.

All monetary assets and liabilities denominated in foreign currencies, whether short-term or long-term, are translated into Japanese yen at the current exchange rate prevailing at the balance sheet date.

The resulting translation gains or losses are included in determination of net income for the current year.

The foreign currency financial statements of overseas subsidiaries are translated into Japanese yen and for the balance sheet accounts other than shareholders' equity, which is translated at the historical rates, are translated at the current rate prevailing the respective balance sheet date.
Operating accounts are translated at the average rates of exchange for the respective year.

(c) Cash and Cash Equivalents
Cash and cash equivalents consist of cash in hand, deposits held at call with bank and all highly liquid investments with original maturities of three months or less which present insignificant risk of change in value.

(d) Investments in Securities
All securities other than investments in subsidiaries and affiliates are classified as "Other securities" which represent securities other than trading securities and held-to-maturity securities. Marketable "Other securities" are stated at market value. Net unrealized gains or losses on "Other securities" are reported as a separated item in shareholders' equity, net of related tax effect. Such unrealized holding gains or losses on "Other securities" in shareholders' equity are not available for distribution as dividends and bonuses to directors and corporate auditors under the Commercial Code. Costs of these securities are determined by the moving average method. "Other securities" which are not marketable are stated at cost, the cost of these securities is determined by the moving average method.

(e) Inventories
The Company's and its subsidiaries' 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.

(f) Property, Plant and Equipment
Property, plant and equipment are stated at cost. Depreciation of the Company and its domestic subsidiaries' property and equipment other than buildings acquired on and after April 1, 1998 is computed using the declining balance method. The Company and its domestic subsidiaries' buildings acquired on and after April 1, 1998 are depreciated based on the straight-line method.
Depreciation of overseas subsidiaries is mainly computed using the straight-line method.
The range of the estimated useful lives is as follows:

Buildings and structures	3 to 50 years
Machinery and equipmen	4 to 12 years

Expenditures for maintenance, repairs and minor renewals are charged to income as incurred.

The Company adopted accounting standard for Impairment of Fixed Assets ("Opinion concerning establishment of Accounting Standard for Impairment of Fixed Assets "issued by the Business Accounting Deliberation Council on August 9, 2002) and "Implementation Guideline of Standard for Impairment of fixed assets (Implementation Guideline of Standard of Enterprise accounting No.6 issued on October 31, 2003)". As a result of adoption of new accounting standard for the year ended March 31, 2004, income before income taxes and minority interests decreased by ¥422 million ($3,993 thousand) compared with what would have been recorded under the previous accounting standard.

(g) Finance Leases
Where the finance leases other than those that are deemed to transfer the ownership of the leased property to the lessee during the lease terms or on their terminations, the leased property is not capitalized, and the relating lease expenses are charged to income in the period incurred in accordance with the Accounting Standard for Lease issued by the Business Accounting Deliberation Council.

(h) Capitalized Software Costs
The Company and its domestic subsidiaries capitalized 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.

(i) Allowance for Credit Losses
Allowance for credit losses of the Company and its domestic subsidiaries is provided at the average percentage of bad debt loss on actual defaults suffered during certain past periods, although that was provided at the higher of it or statutory percentage prescribed under the Income Taxes Laws in 2003, together with an amount necessary to cover possible uncollectable amounts based on management's judgment. Allowance for credit losses of the Company's overseas subsidiaries is provided in an amount deemed uncollectable based on management's judgment.

(j) Accrued Bonuses
Accrued employees' bonuses is recorded to provide for bonus payments to employees based on the estimated amounts.

(k) Accrued Severance Indemnities
Accrued severance indemnities 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 is within the average remaining service period.

Pursuant to the enactment of the Defined Benefit Corporate Pension Law, the Glory Employees Pension, on October 18, 2002, was granted immunity by the Ministry of Health, Labor and Welfare from paying future portions of the fund. In this regard, the Company applied the interim measure set forth in Clause 47-2 of the Practical Guidance for Accounting for Retirement (Interim Report), the JICPA Accounting

Committee Report No.13, and recognized the immunity from retirement payment obligations for the company-paid portion of the employees pension programs and the disappearance of pension assets which will be returned, on the same day.
The accrued severance indemnities include lump-sum retirement benefit for the Company and its consolidated subsidiaries' directors and corporate auditors. The amount would be paid at the balance sheet date in accordance with the Company's internal regulations if all directors and corporate auditors retired at that date. Amounts payable to directors and corporate auditors on retirement are subject to the approval of the shareholders' meeting.

(l) Income Taxes
Deferred income taxes are provided for temporary difference between the carrying amount of assets and liabilities for financial reporting and income tax purpose.

(m) Net Income and Dividend Per Share
Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is not applicable due to no outstanding warrant nor convertible bonds.

The Company conducted a two-for-one stock split of all outstanding shares of the Company's common stock, payable March 19, 2004. Per share information are computed assuming that the stock split took place at the beginning of fiscal 2004.

Net income per share for fiscal 2003 would be ¥78.71, if the above stock split was retroactively applied at the beginning of fiscal 2003.

Basis for calculating net income per share is as follows;

	Millions of yen	Thousands of U.S. dollars
	2004	2004
Net income per share		
Net income for the fiscal year	¥ 17,527	$ 165,834
Net income not available to common shareholders		
(Bonuses to directors and corporate auditors)	(237)	(2,242)
Net income for common stock	¥ 17,290	$ 163,592
Average number of shares outstanding during the current fiscal year		
(unit : shares)	74,146,755	

Cash dividends per share represent interim dividends paid and annual dividends declared as applicable to the respective years.

(n) Appropriation of Retained Earnings
Under the Japanese Commercial Code and the Articles of Incorporation of the Company, a proposal by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by a shareholders' meeting which must be held within three months after the end of each financial year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each financial year represents the appropriation which is approved by the shareholders' meeting and disposed of during that year, but related to the immediately preceding financial year.
The payment of bonuses to directors and corporate auditors is made out of retained earnings instead of being charged to income for the year and constitutes a part of the appropriation referred to the above.

3. Investments in Securities

As of March 31, 2004 and 2003, "Other securities" were as follows:

	Millions of Yen					
	2004			2003		
Market value available:	**Carrying Amounts**	**Acquisition Costs**	**Difference**	Carrying Amounts	Acquisition Costs	Difference
Securities with unrealized gain:						
Equity securities	**¥ 4,223**	**¥ 2,424**	**¥ 1,799**	¥ 1,388	¥ 1,117	¥ 270
Securities with unrealized loss:						
Equity securities	**643**	**708**	**(65)**	2,182	2,429	(247)
	4,866	**¥ 3,132**	**¥ 1,733**	3,570	¥ 3,547	¥ 23
Market value not available	**1,879**			1,854		
Total	**¥ 6,746**			¥ 5,425		

	Thousands of U.S. dollars		
	2004		
Market value available:	Carrying Amounts	Acquisition Costs	Difference
Securities with unrealized gain:			
Equity securities	$ 39,956	$ 22,935	$ 17,021
Securities with unrealized loss:			
Equity securities	6,084	6,699	(615)
	46,040	$ 29,634	$ 16,397
Market value not available	17,778		
Total	$ 63,828		

"Other securities" sold for the years ended March 31, 2004 and 2003 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Proceeds from sales	**¥ 665**	¥ 393	**$ 6,292**
Gains on sales	**244**	—	**2,309**
Losses on sales	—	176	—

The fair value information in respect of short-term investments and investments in securities, whose market value is not available, is not required under Japanese regulation.

4. Inventories

Inventories as of March 31, 2004 and 2003 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Finished goods and merchandise	**¥ 13,458**	¥ 11,948	**$ 127,341**
Work in process	**9,236**	5,005	**87,389**
Raw materials and supplies	**6,510**	4,827	**61,598**
	¥ 29,205	¥ 21,781	**$ 276,327**

5. Short-term debt and Long-term debt

Short-term debt as of March 31, 2004 and 2003 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Loans from banks and an insurance company	**¥ 18,085**	¥ 18,963	**$ 171,114**

The average interest rate applicable to short-term bank loans as of March 31, 2004 and 2003 was 1.2%.

Long-term debt (included in Other long-term liabilities on the accompanying consolidated balance sheets) as of March 31, 2004 and 2003 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Loans from banks and an insurance company, due from 2005 to 2007	**¥ 53**	¥ 96	**$ 501**
Less: portion due within one year	**(42)**	(42)	**(397)**
	¥ 10	¥ 53	**$ 95**

The average interest rate applicable to long-term loans as of March 31, 2004 and 2003 was 2.6%.

The aggregate annual maturities of long-term debt subsequent to March 31, 2004 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2005	¥ 42	$ 397
2006	10	95
2007 and thereafter	—	—
	¥ 53	$ 501

As of March 31, 2004 and 2003 assets pledged as collateral for long-tem debt, including the current portion of long-term debt and short-term debt, were as follows:

	Millions of yen		Thousands of U.S. dollars
Assets pledged as collateral:	**2004**	2003	**2004**
Land	**¥ 400**	¥ 400	**$ 3,785**
Buildings and structures	**97**	105	**918**
	¥ 497	¥ 505	**$ 4,702**
Secured debt:			
Short-term debt	**¥ 42**	¥ 42	**$ 397**
Long-term debt	**10**	53	**95**
	¥ 53	¥ 96	**$ 501**

6. Severance and Pension Plan

Employees of the Company and ten domestic consolidated 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.

The Company and its domestic subsidiaries have four non-contributory pension plans, which are defined benefit plans, covering a portion of their indemnities under their internal regulations for employees. The Company's non-contributory pension plans cover approximately 70% of the indemnities under the Company's internal regulation for employees.

In addition, the Company and its domestic subsidiaries have one united contributory funded benefit pension plan, which is pursuant to the Japanese Welfare Pension Insurance Law, and which is a defined benefit plan.

The extra indemnities upon termination that may be paid to employees are not included in accrued severance indemnities.

The following provided a reconciliation of projected benefit obligation to accrued severance indemnities for employees recognized on the accompanying consolidated balance sheets as of March 31, 2004 and 2003.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Projected benefit obligation	**¥ 25,719**	¥ 20,785	**$ 243,343**
Fair value of plan assets	**(13,215)**	(10,190)	**(125,035)**
Funded status	**12,504**	10,595	**118,308**
Unrecognized actuarial differences	**(5,734)**	(5,002)	**(54,253)**
Net liability recognized in balance sheet	**6,769**	5,592	**64,045**
Prepaid pension expense	—	10	
Accrued severance indemnities for employees	**¥ 6,769**	¥ 5,602	**$ 64,045**

Projected benefit obligation of certain subsidiaries are calculated using the simplified method, which is permitted to apply by small sized companies, in conformity with the Accounting Standard for Retirement Benefits.

Components of net periodic benefit cost for the years ended March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Service cost	**¥ 1,380**	¥ 1,673	**$ 13,057**
Interest cost	**575**	727	**5,440**
Amortization of actuarial differences	**717**	890	**6,784**
Amortization of prior service cost	—	(144)	
Gain on return of substituted portions of employee pension fund	—	(4,760)	
Net periodic benefit cost (income)	**¥ 2,673**	¥ (1,613)	**$ 25,291**

Service cost does not include employees' contribution of contributory funded benefit pension plan.

Projected benefit obligation was determined using discount rates of 2.0% and 2.8%, and the expected rates of return on plan assets were 0.0% for the years ended March 31, 2004 and 2003.

Projected benefit obligation is attributed to periods based on years of service.

7. Contingencies

The Company provided guarantees for bank loans drawn by its employees. Such guarantees aggregated ¥70 million ($662 thousand) and ¥90 million as of March 31, 2004 and 2003, respectively.

The Company's group provided guarantees for lease obligations owed by its customers. Such guarantees amounted to ¥1,487 million ($14,069 thousand) and ¥1,215 million as of March 31, 2004 and 2003, respectively.

The Company's group provided guarantees for lease obligations owed by its sales agency's customers. Such guarantees amounted to ¥145 million ($1,372 thousand) and ¥139 million as of March 31, 2004 and 2003, respectively.

8. Lease

The lease expenses were charged to income in the period incurred as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Lease expense	**¥ 738**	¥ 799	**$ 6,983**

Future lease payments, including interest were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥ 602**	¥ 723	**$ 5,696**
Due after one year	**703**	1,038	**6,651**
Total	**¥ 1,305**	¥ 1,762	**$ 12,347**

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

Notional acquisition cost, and accumulated depreciation:

	Millions of yen		Thousands of U.S. dollars
Leased property:	**2004**	2003	**2004**
Machinery and equipment	**¥ 3,514**	¥ 4,004	**$ 33,248**
Less	**(2,208)**	(2,241)	**(20,891)**
Accumulated depreciation	**¥ 1,305**	¥ 1,762	**$ 12,347**

Notional depreciation expenses for the years ended March 31, 2004 and 2003 were ¥738 million ($6,983 thousand) and ¥799 million, respectively.
Notional acquisition cost means the cost which is characterized as the total lease payment, including interest due to the immateriality of the leased property against tangible fixed assets capitalized on the accompanying consolidated balance sheets. Notional depreciation expenses are calculated by the straight-line method assuming that there is no scrap value over the term of the lease based on notional acquisition cost.

Future lease payments under non-cancelable operating lease were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥ 34**	¥ 70	**$ 322**
Due after one year	**78**	126	**738**
Total	**¥ 113**	¥ 196	**$ 1,069**

9. Financial Instruments

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 and its consolidated subsidiaries' management believe that there is no risk on foreign exchange fluctuation for forward foreign exchange contracts.

10. Shareholders' Equity

The Japanese Commercial Code provides that at least 50% of the issue price of new shares designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital.

Under the Japanese Commercial Code, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve until the total amount of additional paid in capital and earned reserve (collectively, "legal reserves") equals 25% of stated capital. Legal reserves may be transferred to stated capital by a resolution of the board of directors or used to reduce a deficit with the approval of a shareholders' meeting. In addition, legal reserves may be available for dividends to the extent that legal reserves do not fall below 25% of stated capital, and the Company is allowed to repurchase its own shares to the extent that the aggregate cost of treasury shares does not exceed the maximum amount available for dividends.

The legal reserve of the Company and its consolidated subsidiaries are included in the retained earnings and are not shown separately in the accompanying consolidated balance sheets.

11. Unrealized Holding Gains or Losses on Securities

Unrealized holding gains or losses on securities in shareholders' equity are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Market value in excess of cost	**¥ 1,734**	¥ 23	**$ 16,406**
Deferred tax liabilities	**(704)**	(9)	**(6,661)**
Unrealized holding gains on securities, net of tax	**¥ 1,030**	¥ 14	**$ 9,745**

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses in the accompanying consolidated statements of income mainly consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Employees' salaries and bonuses	**¥ 10,692**	¥ 10,013	**$ 101,164**
Rent	**3,281**	3,434	**31,044**

13. Research and Development

Research and development expenditures charged to administrative expense and manufacturing cost for the years ended March 31, 2004 and 2003 were ¥11,862 million ($112,234 thousand) and ¥10,111 million, respectively.

14. Impairment losses on land

In the year ended March 31,2004, the Company and its subsidiaries adopted early the new accounting standard for impairment of fixed assets early, as described in Note 2(f).
The detail of impairment losses on land charged to income for the year ended March 31, 2004 was as follows.

Description	Location	Millions of yen	Thousands of U.S. dollars
Land	Yumesaki-cho, Shikama-gun, Hyogo Pref.	¥ 422	$ 3,993

15. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which result in statutory tax rate of approximately 42.0% in the aggregate. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective tax rates for the years ended March 31, 2004 and 2003 differed from the statutory tax rate as follows:

	2004	2003
Statutory tax rate	**42.0%**	42.0%
Expenses not deductible for income tax purposes, such as entertainment expense	**1.3**	1.5
Revenue not additive for income tax purposes, such as dividend received	**(0.1)**	(0.3)
Inhabitant tax levied per capital	**0.2**	0.4
Tax credit related to research expenses	**(4.1)**	—
Decrease in deferred tax assets for change in tax rates	**0.4**	1.2
Other	**0.1**	(0.5)
Effective tax rate	**39.8%**	44.3%

The components of the Company and its subsidiaries' deferred tax assets and liabilities as of March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
Deferred tax assets:	**2004**	2003	**2004**
Accrued severance indemnities	**¥ 3,165**	¥ 2,620	**$ 29,946**
Loss on write-down of investments in securities	**703**	1,371	**6,651**
Accrued bonuses	**3,315**	1,127	**31,365**
Enterprise tax	**1,208**	268	**11,430**
Unrealized profit eliminated	**778**	689	**7,361**
Impairment loss on deposits for golf club membership	**377**	439	**3,567**
Research and development expenditures	**652**	850	**6,169**
Other	**764**	317	**7,229**
Total gross deferred tax assets	**10,966**	7,684	**103,756**
Deferred tax liabilities:			
Unrealized holding gains on securities	**(704)**	—	**(6,661)**
Reserve for special depreciation	**(152)**	(187)	**(1,438)**
Total gross deferred tax liabilities	**(856)**	(187)	**(8,099)**
Net deferred tax assets	**¥ 10,110**	¥ 7,496	**$ 95,657**

16. Segment Information

The Company and its consolidated subsidiaries have divided its operations into three reportable business segments: "Money handling machines and cash management system", "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 investments in securities, and assets in administrative department.

Business Segments

	Millions of yen		Thousands of U.S. dollars
Net sales:	**2004**	2003	**2004**
Money handling machines and cash management systems:			
Customers	**¥ 105,094**	¥ 60,476	**$ 994,361**
Inter segment	—	—	—
Total	**105,094**	60,476	**994,361**
Vending machines and automatic service equipment:			
Customers	**53,761**	40,123	**508,667**
Inter segment	—	—	—
Total	**53,761**	40,123	**508,667**
Other goods and products:			
Customers	**17,909**	16,687	**169,448**
Inter segment	**6,957**	5,166	**65,825**
Total	**24,867**	21,854	**235,282**
Elimination	**(6,957)**	(5,166)	**(65,825)**
Consolidated total	**¥ 176,765**	¥ 117,287	**$ 1,672,486**
Operating expenses:			
Money handling machines and cash management systems:	**¥ 83,119**	¥ 56,175	**$ 786,441**
Vending machines and automatic service equipment	**47,855**	37,167	**452,786**
Other goods and products	**21,840**	20,479	**206,642**
Elimination or corporate	**(6,966)**	(5,176)	**(65,910)**
Consolidated total	**¥ 145,848**	108,645	**$ 1,379,960**
Operating profit:			
Money handling machines and cash management systems:	**¥ 21,975**	¥ 4,301	**$ 207,919**
Vending machines and automatic service equipment	**5,905**	2,955	**55,871**
Other goods and products	**3,026**	1,374	**28,631**
Elimination or corporate	**9**	9	**85**
Consolidated total	**¥ 30,916**	¥ 8,641	**$ 292,516**
Assets:			
Money handling machines and cash management systems:	**¥ 82,025**	¥ 56,989	**$ 776,090**
Vending machines and automatic service equipment	**44,513**	34,268	**421,166**
Other goods and products	**19,036**	13,825	**180,112**
Elimination	**(5,921)**	(1,165)	**(56,022)**
Corporate	**74,190**	60,158	**701,959**
Consolidated total	**¥ 213,844**	¥ 164,077	**$ 2,023,313**
Depreciation and amortization:			
Money handling machines and cash management systems:	**¥ 3,375**	¥ 3,088	**$ 31,933**
Vending machines and automatic service equipment	**1,418**	1,425	**13,417**
Other goods and products	**335**	351	**3,170**
Consolidated total	**¥ 5,129**	¥ 4,864	**$ 48,529**
Impairment losses on fixed assets:			
Corporate	**¥ 422**	¥ —	**$ 3,993**
Consolidated total	**¥ 422**	¥ —	**$ 3,993**
Capital expenditure for segment assets:			
Money handling machines and cash management systems:	**¥ 3,715**	¥ 3,219	**$ 35,150**
Vending machines and automatic service equipment	**1,567**	1,383	**14,826**
Other goods and products	**390**	368	**3,690**
Consolidated total	**¥ 5,674**	¥ 4,971	**$ 53,685**

There is no major geographic area other than Japan, in which net sales and assets are material. Ratio of sales to foreign customers for consolidated sales is also immaterial.

17. Subsequent Event

The following appropriation of the Company's retained earnings in respect of the year ended March 31, 2004 was proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 29, 2004:

Appropriations	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥12 per share)	¥ 1,038	$ 9,821
Bonuses to directors and corporate auditors	98	927
Transfer to general reserve	10,000	94,616
Total appropriations	¥ 11,136	$ 105,364

REPORT OF INDEPENDENT ACCOUNTANTS

Report of Independent Auditors

To the Board of Directors and Shareholders of GLORY LTD.

We have audited the accompanying consolidated balance sheets of GLORY LTD. and its subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GLORY LTD. and its subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(f), effective for the year ended March 31, 2004, GLORY LTD. and its subsidiaries adopted the accounting standard for impairment of fixed assets.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers

Osaka, Japan
June 29, 2004

STOCK INFORMATION

As of March 31, 2004

Common Stock

Number of Shares Authorized	:	128,664,000
Number of Shares Issued	:	74,236,210
Unit for Trading	:	100
Number of Shareholders	:	20,284
Stock Exchange Listings	:	Tokyo, Osaka
Ticker Symbol Number	:	6457

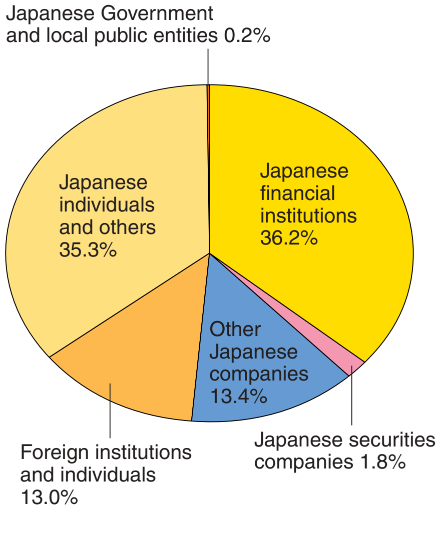
(Note) Our company made stock split-ups at the ratio of two stocks to one common stock as of March 19, 2004. Therefore the number of shares increased by 37,118,105 compared with the previous term.

Major Shareholders

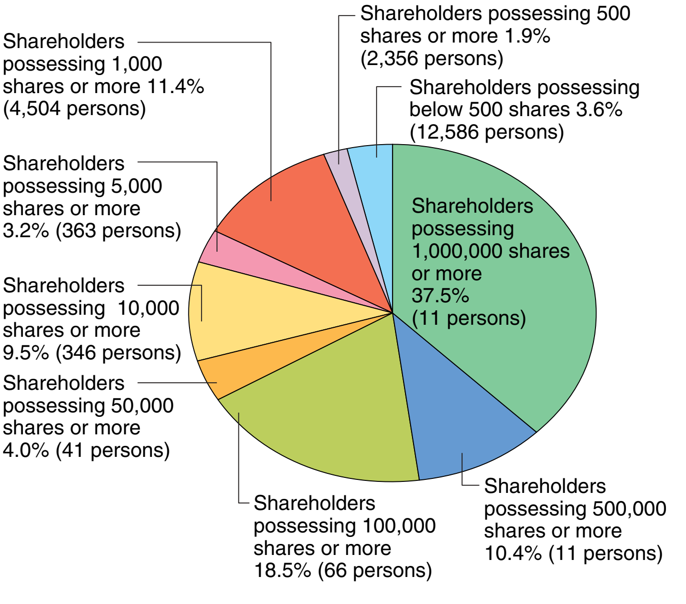
	Investment to the Company	
	Thousands of shares	Proportion
Japan Trustee Services Bank, Ltd. (Trusty Account)	4,568	6.2 %
Nippon Life Insurance Company	4,103	5.5
The Master Trust Bank of Japan, Ltd. (Trusty Account)	3,178	4.3
Tatsuta Boseki Kaisha, Limited	2,939	4.0
Sumitomo Mitsui Banking Corporation	2,552	3.4
The Chase Manhattan Bank, N.A. London	2,250	3.0
Onoe International Limited	2,018	2.7
Winning Limited	1,818	2.5
The Dai-ichi Mutual Life Insurance Company	1,715	2.3
GLORY Group Employees' Stock Ownership Association	1,603	2.2

(Note) Number of shares less than thousands of shares are omitted.

Distribution by Ownership of Shares



Distribution by Number of Shares



CONSOLIDATED SUBSIDIARIES

As of March 31, 2004

Japan		
GLORY SHOJI CO., LTD.	:	Osaka
GLORY KIKI CO., LTD.	:	Hyogo
HOKKAIDO GLORY CO., LTD.	:	Hokkaido
GLORY SERVICE CO., LTD.	:	Osaka
GLORY•LINCS CO., LTD.	:	Tokyo
GLORY TECHNO 24 CO., LTD.	:	Osaka
GLORY IST CO., LTD.	:	Osaka
KASAI GLORY LTD.	:	Hyogo
SAYO GLORY LTD.	:	Hyogo
GLORY TEC LTD.	:	Hyogo
Overseas		
Glory (U.S.A.) Inc.	:	New Jersey, U.S.A.
Glory GmbH	:	Düsseldorf, Germany
GLORY MONEY HANDLING MACHINES PTE LTD	:	Singapore

DIRECTORS AND CORPORATE AUDITORS

As of June 29, 2004

*Chairman	:	Hisao Onoe
*President	:	Hideto Nishino
Executive Vice President and Director	:	Katsuhiko Onoe
Senior Executive Director	:	Masatoshi Murakami
Senior Executive Director	:	Masatoshi Ushio
Executive Director	:	Kunihiro Ogami
Executive Director	:	Norishige Matsuoka
Executive Director	:	Yuichi Funabiki
Executive Director	:	Hirokazu Onoe
Director	:	Hideaki Matsushita
Director	:	Tomoaki Ishido
Director	:	Koichi Ohta
Director	:	Osamu Tanaka
Director	:	Tetsu Yoshioka
Director	:	Yoshio Onoe
Director	:	Shinya Tatsuta
Standing Corporate Auditor	:	Toru Ariyoshi
Standing Corporate Auditor	:	Terumi Urakawa
Corporate Auditor	:	Akio Ueba
Corporate Auditor	:	Kazuhiko Yasuhira

*(Note) * indicates that the individual is a Representative Director.*

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