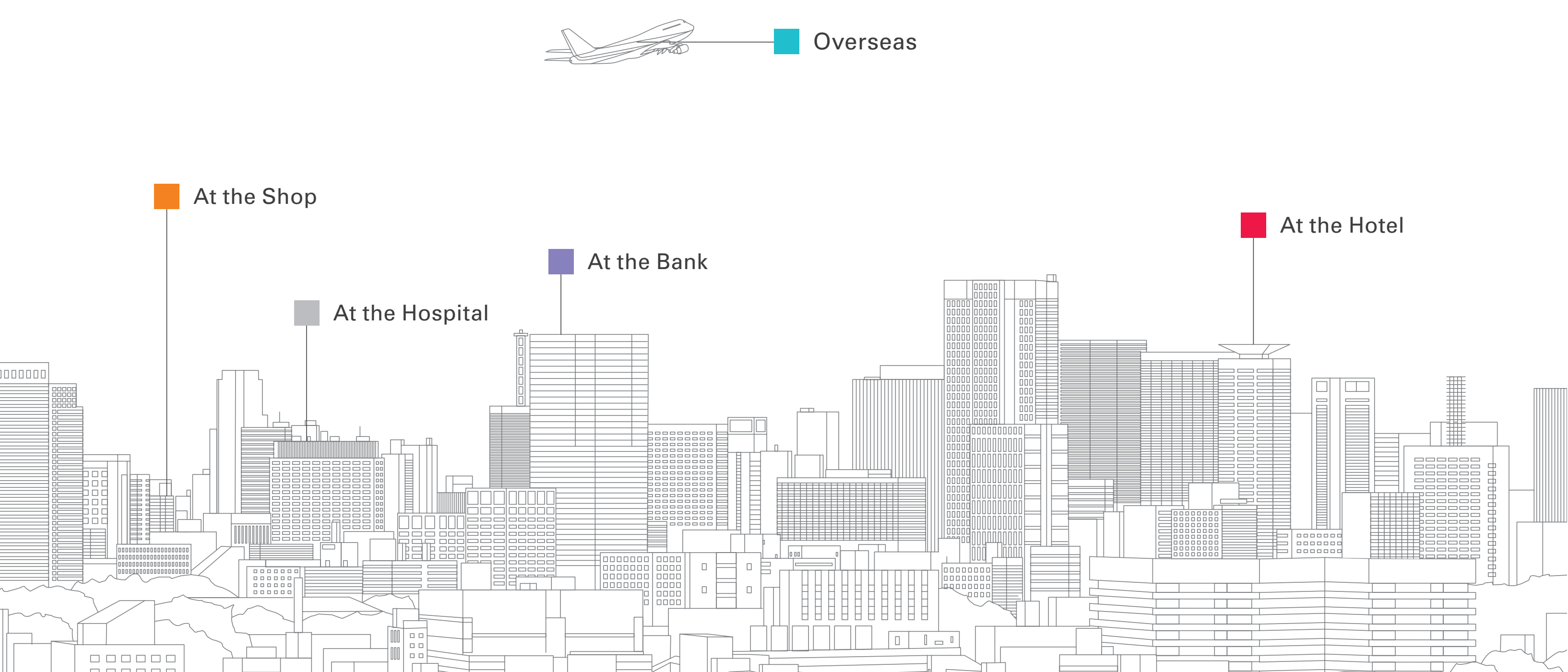
GLORY LTD.

Leadership Built on a Distinct Business Focus

- Developing
- Providing
- Maintaining
- Pioneering

Leading-edge Currency Handling Solutions for Society’s Wide-ranging Needs



The GLORY Group dates back to 1918 when Kokuei Machinery Manufacturing was founded in Himeji City, Japan as a factory for repairing light bulb manufacturing devices. Over time, Kokuei strengthened its technological know-how with the aim of developing original products.

After developing Japan's first coin-counting machine for the Japan Mint in 1950, Kokuei entered the money handling machine business and subsequently created many revolutionary products, including a coin counting machine, a coin wrapping machine, a 1000-yen banknote exchange machine and a coin-sorting machine.

The company, which began using the GLORY brand in 1953, earned recognition as a pioneer in Japan's money handling machine industry. It again confirmed its leading position after introducing the country's first chewing gum and cigarette vending machine.

In 1971, Kokuei changed its name to GLORY to reflect that it had grown into a company capable of competing both nationwide and in world markets.

While expanding its businesses, GLORY developed expertise in two core technologies: recognition/identification, which is key to accurate sorting of coins and banknotes, and mechatronics, which is used for high-speed one-by-one handling of coins and banknotes. By enhancing these technologies and leveraging them as key competitive strengths, we successfully developed open teller systems for financial institutions in 1986 and cash recyclers for cashiers in 1992. In recent years, as security needs have grown more sophisticated, our R&D focus has expanded into new technological fields, such as fingerprint and face recognition.

With advanced products and technologies, GLORY has built strong customer bases in the financial, retail, vending machine and amusement markets.

We today sell products in over 80 countries through 14 subsidiaries in North America, Europe and Asia. Starting in 2009, we are rolling out a new range of initiatives aimed at fulfilling our vision: "GLORY as world's top brand." Under the slogan GET INTO GLOBAL 2011, we will work to enhance our technological, sales and service skills to achieve further global growth.

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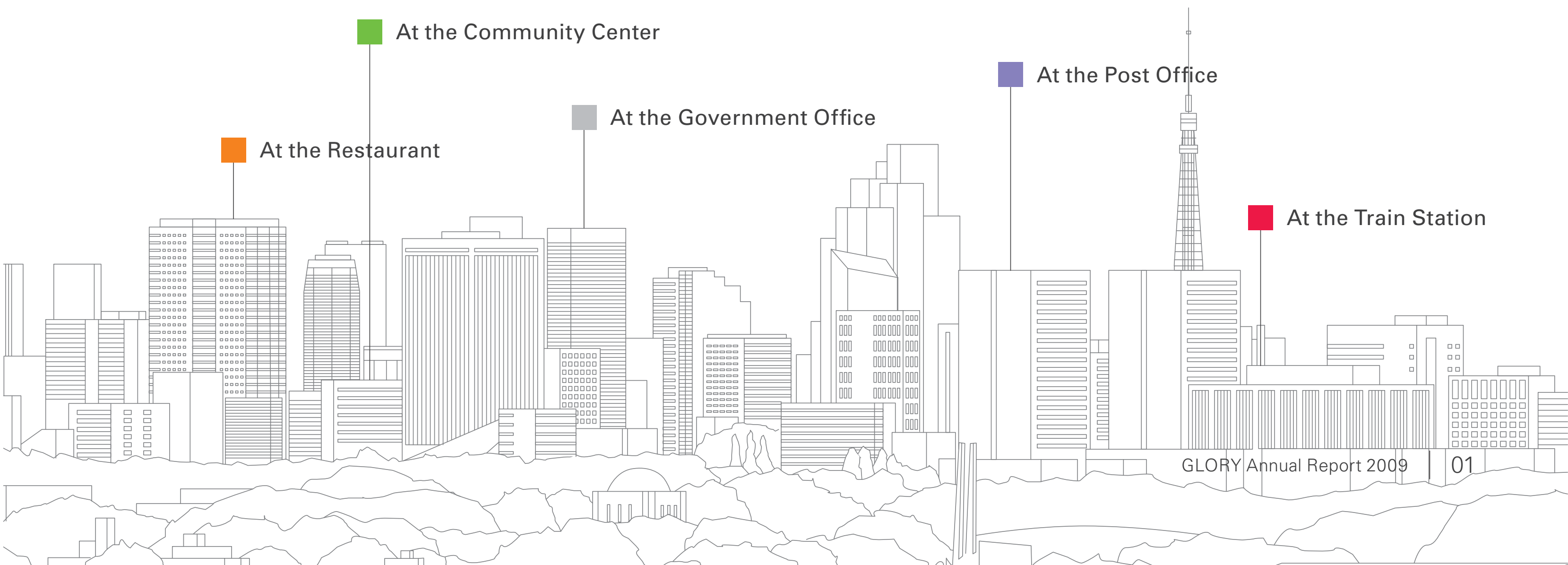


Consolidated Financial Highlights

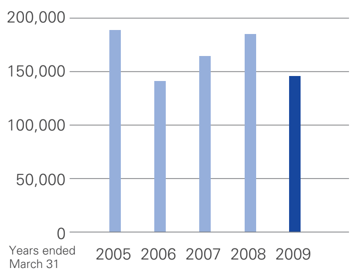
GLORY LTD. and its consolidated subsidiaries
Years ended March 31

For the year:	2005	2006	2007	2008	Millions of yen 2009	Thousand of U.S. dollars*1 2009
Net sales	¥188,881	¥141,231	¥164,540	¥185,181	**¥145,979**	**$1,486,093**
Operating income	32,554	5,453	12,961	20,947*2	**9,427**	**95,966**
Net income	19,306	740	6,461	11,711	**5,782**	**58,865**
Capital expenditures*3	7,991	4,793	6,035	7,279	**10,638**	**108,296**
Depreciation, amortization and other	5,438	6,889	6,337	6,570	**7,621**	**77,584**
Research and development expenses	13,048	9,474	9,328	9,615	**9,204**	**93,700**
At year-end:						
Total assets	217,460	206,361	216,988	209,237	**196,798**	**2,003,439**
Total equity*4	146,657	146,134	150,842	151,735	**147,176**	**1,498,282**
Interest-bearing debt	18,714	19,083	13,190	12,914	**14,110**	**143,643**
Per share data (Yen, U.S. dollars):					Yen	U.S. dollars
Net income	257.00	9.14	87.15	160.70	**82.15**	**0.84**
Cash dividends	30.00	22.00	30.00	40.00	**30.00**	**0.31**

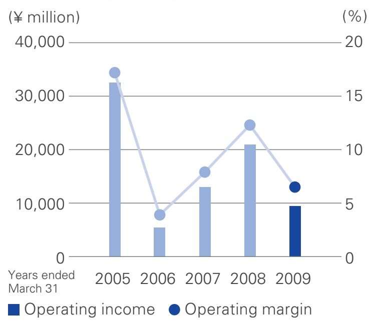
*1 The U.S. dollar amounts are converted, for convenience only, at the rate of ¥98.23=US $1, the approximate exchange rate at March 31, 2009.
*2 For easy comparison, the figure for 2008 has been adjusted to reflect a change in the accounting standard for measurement of inventories effective from April 1, 2008.
*3 The capital investment figures include investments and other assets.
*4 The data previously presented as "Total shareholders' equity" are shown as "Total equity" based on the new accounting standard implemented from fiscal year 2008.

Net Sales

(¥ million)

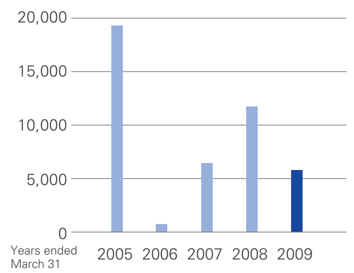


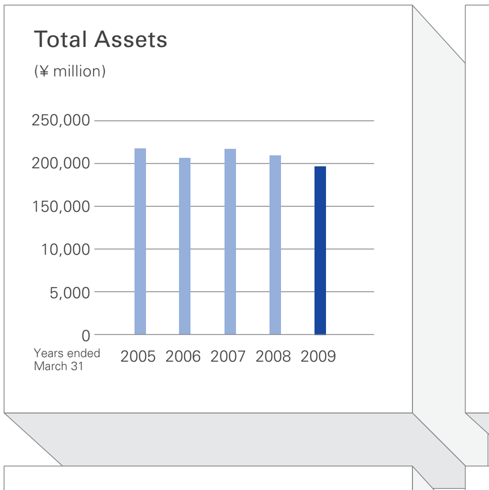
Operating Income/ Operating Margin

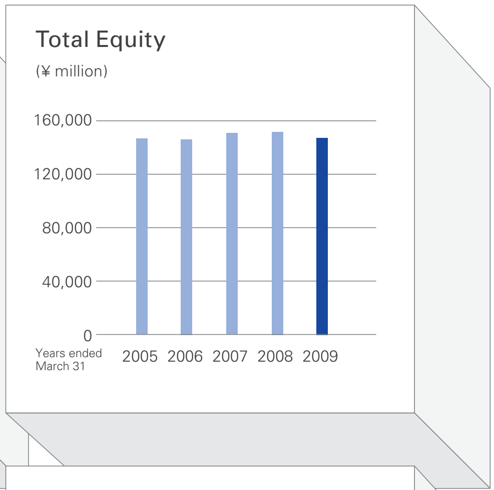


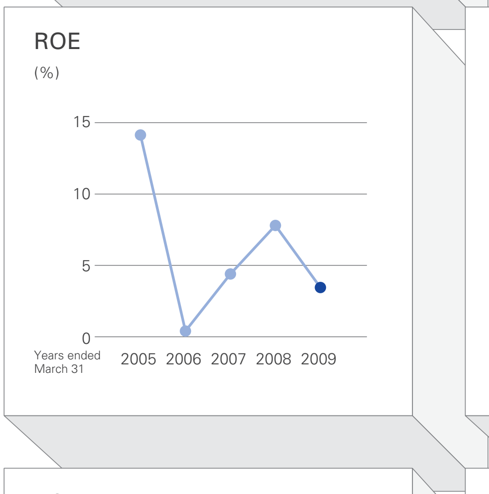
Net Income

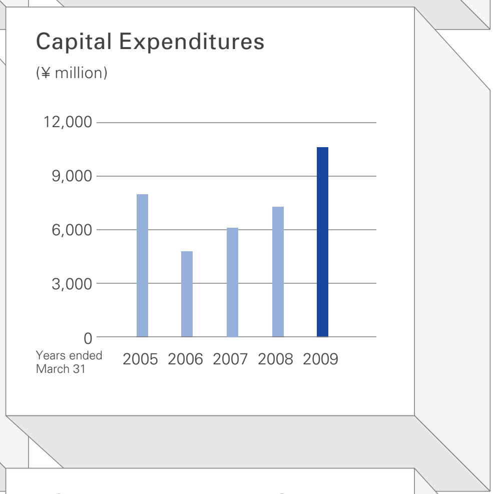
(¥ million)

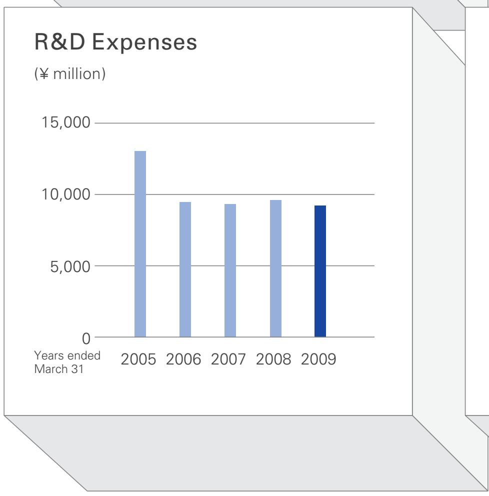


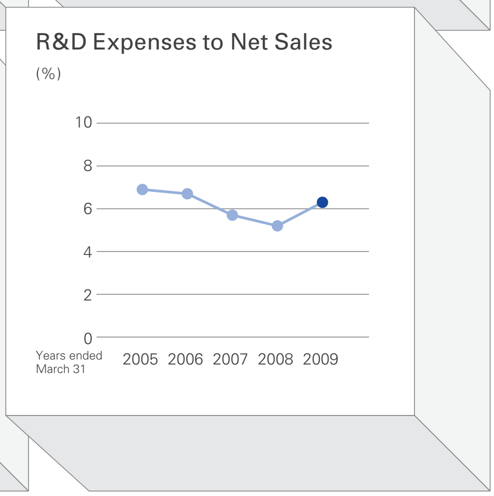












Forward-looking Statements

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

Interview with the President

GLORY is leveraging its distinct business focus with new strategies focused on the next growth stage.

The fiscal year ended March 31, 2009, the final year of our 2006 Medium-Term Management Plan, proved very challenging. The strong demand we saw in connection with the privatization of Japan's postal service ended, and we were also affected by the global financial crisis in the latter half of the year.

Yet, despite these circumstances, on a three-year average, we succeeded in exceeding our targets for both sales and income during the period of the plan. We are confident that we have taken solid steps forward in strengthening our corporate structure.

Effective April 2009, GLORY has rolled out a new plan, the 2011 Medium-Term Management Plan. Over the next three years, we will do our utmost under the slogan GET INTO GLOBAL 2011 to expand profitability, enhance our profit structure and strengthen the Group to move toward a new growth stage.

President
Hideto Nishino

> “Looking back at the period of the 2006 Medium-Term Management Plan, GLORY managed to exceed all targets despite considerable impact from a rapidly changing business environment.”

Q1 Please tell us about the business environment and GLORY's results in the fiscal year under review.

From the start of the fiscal year, we anticipated that our business environment would be more severe than the year before. In the fiscal year ended March 31, 2008, our environment had been characterized by several favorable factors. These included high capital expenditure by financial institutions, our main customers, who enjoyed strong operating results, and large-scale demand for products in connection with the privatization of Japan's postal service and for cigarette vending machines equipped with an age verification function. We expected that these demand factors would not continue in the year ending March 31, 2009.

Therefore, we developed a comparatively modest plan for the year, and proceeded as planned until the second quarter. In September, however, the Lehman Shock triggered a global financial crisis.

As one, financial institutions restrained capital expenditures, with far worse effects than we had imagined. Moreover, as we entered the new year, the crisis also spread to the retail market and the overall situation worsened.

In our overseas businesses, although we recorded increased full-year earnings, the market turned sluggish in the third quarter, and we were simultaneously significantly affected by the rapid appreciation of the yen.

Consequently, the business environment remained extremely severe through the rest of the year both in Japan and overseas. The GLORY Group was forced to make downward revisions to its operating forecasts twice: in October 2008 and February 2009.

As a result, consolidated operating results for the fiscal year under review were sales of ¥145,979 million (down 21.2% year on year), operating income of ¥9,427 million (down 58.7% year on year) and net income of ¥5,782 million (down 50.6% year on year).

Q2 Please discuss the operating results for the fiscal year by product market.

In the financial market, installations of one of GLORY's main products, namely open teller systems that enable greater operating discipline and efficiency, continued among large branches of megabanks, regional banks and other institutions, and also began spreading among credit unions, agricultural cooperatives and others. However, once the financial crisis broke out, many of these organizations postponed such installations.

Sales of banknote / coin depositing and dispensing units for tellers sold as OEM products declined significantly. In addition, another factor pushing down year-on-year sales was the end of the large-scale demand connected with the privatization of Japan's postal service.

In the overseas market, although sales dropped in the third quarter due to the financial crisis, we recorded a sales increase for the full year. In particular, we recorded a significant increase in sales of banknote depositing units for ATMs, which are sold as OEM products, due to rising demand from U.S. and European financial institutions working to raise their level of operating discipline and efficiency. This trend was also seen in Japan. Furthermore, demand for banknote sorting machines in fast-growing markets such as China increased and remained strong.

In the retail market, sales of cash recyclers for cashiers and compact deposit machines were strong, mainly for supermarkets and specialty stores. Also, due to the market penetration of self-checkout terminals, sales of cash recycler units for such terminals also increased. However, in the fourth quarter, the financial crisis caused steep drops in the capital expenditures of corporations and in our product sales.

In the vending machine market, demand for cigarette vending machines with an age verification function ended in July 2008, and there was a sharp, but expected, sales decline. Furthermore, the Taspo card* did not penetrate the market very well; most consumers simply chose to purchase cigarettes at convenience stores and other shops rather than through vending machines. This led the demand for cigarette vending machines to slow further, and the GLORY Group saw a drop in sales.

In the amusement market, although the overall number of pachinko parlors dropped while some establishments grew in size, our acquisition of CREATION CARD CO., LTD. in August 2008 and reinforcement of the business infrastructure to further expand card system sales proved effective. As a result, the Group secured Japan's second-highest market share for pre-paid card systems for pachinko parlors, and recorded sales above the initial plan.

* The Taspo card is an age verification card issued by the Tobacco Institute of Japan as a means to reinforce measures against under-age smoking.

Q3 GLORY has completed the three-year 2006 Medium-Term Management Plan. What were your achievements?

In October 2006, the plan's first year, we merged with GLORY Shoji Co., Ltd. (a 100% subsidiary responsible for sales and maintenance of GLORY products), and worked to integrate manufacturing and sales functions to promptly realize the benefits of the merger and raise our corporate value. Our efforts were based on three strategic pillars: a Growth Strategy, an Efficiency Strategy and a Corporate Governance strategy.

Under the Growth Strategy, we implemented a business unit system to enable each business unit to make decisions and carry out measures in a timely fashion in response to market conditions. With this system in place, we were able to turn large demand into expanding sales.

Under the Efficiency Strategy, we pursued various reforms in each of our corporate functions, including those for development, manufacturing and sales. We achieved cost reductions far above the initial target by reducing product development times and costs and increasing overseas manufacturing and material procurement.

Under the Corporate Governance strategy, we worked to strengthen our corporate governance structure through initiatives including reducing the number of directors, adopting an outside director system and reforming the executive remuneration system. We also added external experts to the Corporate Compliance Committee and enhanced our compliance helplines as part of efforts to revise and strengthen our compliance system. As a result, we have gained transparency and objectivity in the company's management.

Q4 Please provide an outline of the new 2011 Medium-Term Management Plan.

The 2011 Medium-Term Management Plan will run between the fiscal year ending March 31, 2010 and that ending March 31, 2012, under a basic policy defined as "Capitalize on new business opportunities with a global vision and accelerate to a period of new growth!" and under the slogan GET INTO GLOBAL 2011.

Quantitative targets for the plan's final year are: consolidated sales of ¥170,000 million, including ¥51,000 million in overseas sales, and consolidated operating income of ¥15,000 million (an operating margin of 8.8%). To achieve these targets, we have defined three basic strategies: a Business Strategy, a Constitutional Strength Strategy and a Group Structure Strengthening Strategy.

Under the Business Strategy, we regard our overseas operations as having the highest growth potential, and will move decisively to meet needs, particularly in Europe, for operational rationalization and better sorting of fit and unfit notes* and elimination of counterfeit notes. We will also work to expand sales of our main products, such as banknote depositing and dispensing machines for tellers, banknote depositing units for ATMs and banknote sorting machines. Furthermore, we plan to launch new products in the retail and armored transport market as new pillars of business, and will also aggressively expand our business activities in Asian countries, primarily in China, to grow globally.

Meanwhile, we will position our domestic operations as our core business and work to enhance our earnings capability by raising our cost competitiveness to a new level, while doing our utmost to explore new business areas that can drive future growth.

Under the Constitutional Strength Strategy, we will continue development and production efficiency reforms begun under the 2006 Medium-Term Management Plan. We will also reduce inventories, and establish new sales models to optimize production and distribution systems and reduce costs on a group-wide basis.

Under the Group Structure Strengthening Strategy, we will continue to implement the Corporate Governance Strategy defined under the 2006 Medium-Term Management Plan from a global perspective. As overseas sales continue to rise year after year, our immediate objective is to strengthen our group management system so that it can effectively support global expansion. To this end, we will aggressively pursue strategies related to corporate governance, group governance, personnel, and capital assets.

To advance these strategies, we aim to make capital expenditures worth ¥18,500 million within the three-year period. We will also aggressively invest in R&D so as to have new products account for at least 30% of sales by the fiscal year ending March 31, 2012.

* "Sorting of fit and unfit notes" means separating soiled and damaged notes from usable ones.

Q5 As GLORY expands globally, what are your strengths compared with overseas competitors?

Fifty years ago, GLORY began manufacturing and selling the money handling systems that today form our core business.

“While securing stable operating results in Japan, GLORY will aim for further growth by aggressively strengthening its business presence overseas.”

Over the years, our business focus on this relatively niche market has earned us leading market shares, and thereby a stable earnings and management base. This base is supported by three core strengths: our R&D capabilities, our sales and maintenance network and our group-wide system for planning, development, manufacturing, sales and maintenance.

The urge to always explore something new through R&D is part of GLORY's DNA. After developing the Japan Mint's first coin counting machine in 1950, we have continued to enhance core technologies unique to GLORY, such as recognition / identification and mechatronics technologies. The GLORY Group invests approximately ¥10 billion annually in R&D, and has some 800 engineers working to develop new products and technologies using these core technologies.

As for our sales and maintenance network, we have established a network of some 100 sales and maintenance bases throughout Japan and gained customers' trust by offering thoroughly prepared proposals and timely services. We are currently working to expand our network of locations overseas.

We regard our group-wide system for planning, development, manufacturing, sales and maintenance as a strength that enables us to foster strong customer relationships, and develop recommendation skills and product development capabilities that accurately meet customer needs.

We also have a competitive edge in overseas markets. While many of our competitors specialize in particular product segments, GLORY handles a wide range of products including banknote/coin depositing and dispensing machines and banknote sorting machines, enabling us to respond to customer needs with comprehensive solutions.

Q6 How do you view the business outlook for the fiscal year ending March 31, 2010?

It is difficult to make forecasts due to the current global recession and foreign exchange rate fluctuations, but we expect a highly challenging year. However, we remain committed to building a foundation for achieving the targets of the 2011 Medium-Term Management Plan, to stand ready to respond quickly whenever demand recovers and to aggressively pursue measures for future growth.

GLORY's products help companies to refine and optimize their operations, and hence demand for what we do rises in times of recession. However, as the current global recession has spread so rapidly, most companies are restraining their investments for the time being. Once the economy recovers, companies will definitely make investments to raise efficiency, and GLORY will aggressively launch new products to meet and stimulate this demand. Also, we will accelerate efforts to improve efficiency and cut costs to strengthen our corporate structure.

Through these efforts, the Group aims to reach the following consolidated operating targets for the fiscal year ending March 31, 2010: sales of ¥140,000 million, operating income of ¥7,500 million, ordinary income of ¥7,500 million and net income of ¥4,500 million.

Q7 Please explain GLORY's dividend policy and give a final message to shareholders and investors.

Returning profits to shareholders is an important management objective. Our basic policy is to deliver annual profit distribution of ¥30 per share as standard based on our equity after taking into consideration a variety of factors, including consolidated operating results. Accordingly, we have paid a dividend of ¥30 per share for the fiscal year ended March 31, 2009.

For the fiscal year ending March 31, 2010, our basic policy will be to continue our distribution of a stable dividend, while striving to maintain and enhance a sound balance sheet in preparation for future business growth. Specifically, our target is to return profits to shareholders at a consolidated dividend payout ratio of 25% or higher, while providing a minimum dividend in any case at the ratio of 1.5% of consolidated equity capital. Accordingly, we plan to pay an annual dividend of ¥33 per share for the fiscal year ending March 31, 2010.

With regard to the purchase of treasury stock, we will take action as necessary to respond to changes in our business environment.

As we advance toward our goals, GLORY will seek to achieve further growth by unifying the strengths of the Group, refining the capabilities we have accumulated thus far and accelerating business expansion in overseas markets.

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

July 2009
President

Hideto Nishino

2011 Medium-Term Management Plan (FY2009–FY2011)

The GLORY Group's development is guided by medium-term management plans, and we have grown continuously by determinedly fulfilling their objectives. The 2011 Medium-Term Management Plan, launched in the current fiscal year, was developed in response to factors including the adverse global economic environment and the resulting sudden changes in the business environment surrounding the Group.

We have positioned the coming three years as a period in which we will strengthen our corporate foundations ahead of a new growth stage. Under the basic principle "Capitalize on new business opportunities with a global vision and accelerate to a period of new growth!" and the slogan GET INTO GLOBAL 2011, GLORY will pursue three core strategies: a Business Strategy, a Constitutional Strength Strategy and a Group Structure Strengthening Strategy.

We will do our utmost to achieve the following targets by the fiscal year ending March 31, 2012, the final year of the medium-term management plan: consolidated net sales of ¥170,000 million, overseas sales of ¥51,000 million (overseas sales ratio of 30%) and consolidated operating income of ¥15,000 million (operating margin of 8.8%).

Basic Principle of the 2011 Medium-Term Management Plan

GET INTO GLOBAL 2011

Capitalize on new business opportunities with a global vision and accelerate to a period of new growth!

Basic Strategies

Business strategy

- Growth business (Overseas operations)
- Core business (Domestic operations)
- Future new business (New businesses)

Constitutional strength strategy

- Product development reform
- Production and procurement reform
- Inventory reform
- Sales reform

Group structure strengthening strategy

- Corporate governance strategy
- Group governance strategy
- Personnel strategy
- Capital asset strategy

Profit Targets for FY2011

Consolidated net sales ········· ¥170 billion

Overseas sales ········· ¥51 billion (Overseas sales ratio: 30%)

Consolidated operating income ········· ¥15 billion (Operating margin: 8.8%)

Basic Strategies

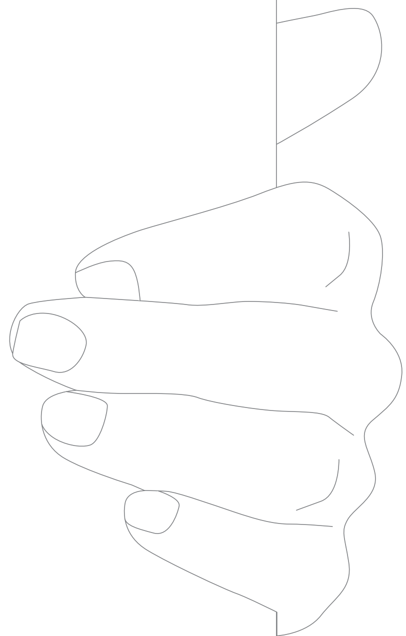
Business strategy

Aim: Strengthening our growth potential

The GLORY Group has taken steps to establish sales networks in various parts of the world. Under the 2011 Medium-Term Management Plan, we see our overseas operations as our primary area of growth, and will concentrate management resources here to further develop products aimed at overseas business expansion and globally develop our sales and maintenance network.

Meanwhile, we will position our domestic operations as our core business, and further strengthen our market presence by boosting retention of profits with high-value-added strategies, aggressively pursuing opportunities in unexplored markets, reducing costs to improve profitability and expand our earnings capability.

In addition, GLORY will position new activities, such as the security business, as our future business areas. We will enhance our pursuit of technologies that can quickly be applied in current operations and also strive to form new operational business models, not only during the period of the medium-term management plan, but also over the longer term.



Constitutional strength strategy

Aim: Strengthening our business constitution through functional reforms

Maintaining a global point of view, GLORY will roll out structural reforms in the areas of product development, production and procurement, inventory and sales, and work to further strengthen the Group's profit structure.

Specifically, we will work to make our core technologies applicable globally and strongly promote unit standardization; further improve development efficiency; expand overseas production and procurement, and enhance production technologies. In product development, we will aim to triple the quality by cutting our products' downtime ratio by two thirds, as well as achieve a 30% cost reduction and a 30% improvement in efficiency. In production and procurement, we will work to achieve a 30% overseas production and procurement ratio and improve productivity by 30%.

Further, to achieve an inventory turnover period of a month and a half, we will seek to reduce product lead times and more accurately project demand to maintain inventory assets at an adequate level. In sales, GLORY will implement aggressive sales techniques that are more strongly customer-focused and regionally oriented to overcome the present difficult business environment.

Group structure strengthening strategy

Aim: Strengthening our structure to support globalization

Given the increasing ratio of our overseas sales and production, GLORY will continue to promote the Corporate Governance Strategy launched as part of the 2006 Medium-Term Management Plan. We will implement this strategy from a global perspective to enhance our group-wide governance and compliance system.

By clarifying the roles and missions of our subsidiaries, we will reorganize and integrate the Group companies in Japan and overseas, and selectively concentrate manpower resources to strengthen our competitiveness.

In addition, under the capital asset strategy, we will consolidate our gross assets by restructuring asset components. We will also work to steadily enhance the soundness of our group management base by maintaining and strengthening our financial base, and optimize the balance between strategic investments in priority businesses and shareholder returns.

Organizational Structure

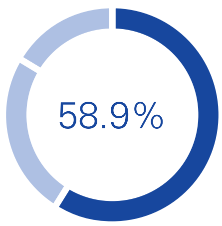
	Growth business	Core businesses					Future new business
Markets	Overseas	Financial	Retail/Transportation	Other	Vending machines	Amusement	New operations
New structure (Operational headquarter system)	Money Handling System Business Headquarters						
				Automated Service System Business Headquarters			
Previous structure (Company system)	International Operations & OEM						
		Financial Business Systems	Retails & Media Industries Systems		Vending Machines & Amusement Systems		

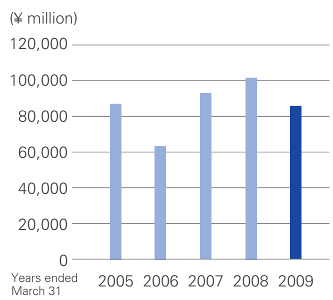
GLORY at a Glance

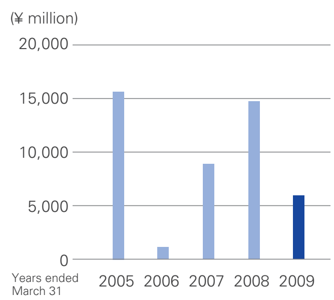
The core activities of the GLORY Group are the manufacturing, sale and maintenance of money handling machines and cash management systems, vending machines and automatic service equipment. The table below shows our main products and industry segments.

▼ Contribution to Total Net Sales | **▼ Net Sales** | **▼ Operating Income**

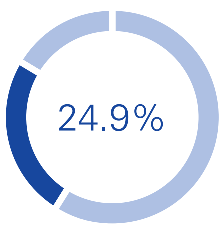
Money handling machines and cash management systems

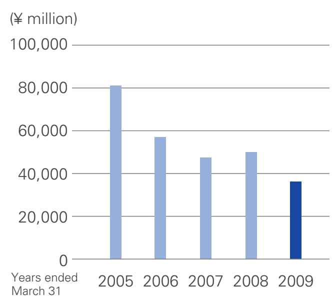


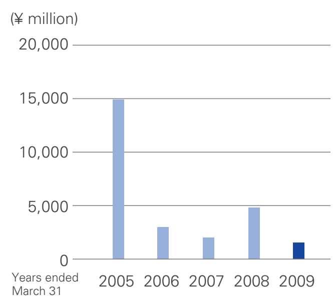




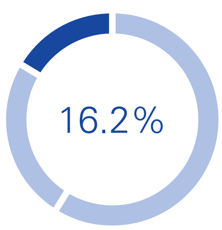
Vending machines and automatic service equipment

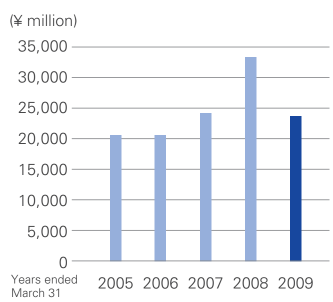


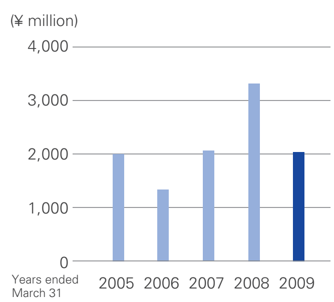




Other goods and products







Product Markets		Customers	Main Products and Goods
Overseas Market	>> P.12	Overseas financial institutions, armored transport companies, casinos, major computer manufacturers (OEM), and others.	Banknote depositing machines, coin wrapping machines, banknote depositing units for ATMs, banknote sorting machines, banknote depositing and dispensing machines for tellers.
Financial Market	>> P.14	Financial institutions, life and non-life insurance companies, securities firms, major computer manufacturers (OEM), and others.	Open teller systems, coin wrapping machines, banknote / coin depositing and dispensing machines for tellers.
Retail and Transportation Market	>> P.15	Department stores, supermarkets, armored transport companies, cash-in-transit companies, railroad companies, bus companies, taxi companies, home delivery companies, and others.	Sales proceeds deposit machines, cash recyclers for cashiers, cash management machines for ticket counters.
Other Markets	>> P.17	Consumer finance companies, government offices, hospitals, leisure facilities, general companies, and others.	RFID self-check out systems for cafeterias, medical payment kiosks for hospitals, ballot counting machines for handwritten ballot papers.
Vending Machine Market	>> P.17	Japan and overseas tobacco companies, railroad companies, and others.	Cigarette vending machines, coin-operated lockers, ticket vending machines.
Amusement Market	>> P.16	Pachinko parlors, and others.	Pre-paid card systems for pachinko parlors, equipment for pachinko parlors including premium dispensing machines, pachinko ball/ token dispensing machines and counting machines, banknote exchange machines and membership management systems.
Other products, parts and accessories not included in the above categories, and those from companies outside of the GLORY Group.			

Overseas Market

GLORY's major customers overseas include foreign financial institutions, armored transport companies and casinos. Key products include banknote depositing and dispensing machines for tellers at financial institutions, banknote sorting machines for use by financial institutions and armored transportation companies to remove counterfeit notes, and banknote depositing units for ATMs, sold as OEM products. Recently, we have also begun to supply products for the retail industry.

Market environment and trends

Today, demand for money processing machines can be categorized into five different needs: Improvement of operating efficiency, enhancement of operating discipline, removal of counterfeit banknotes, sorting of fit/unfit notes, and improvement of cash flow. We have years of experience in the field of money handling process automation in Japan, and our products can meet these needs.

Recent years have seen increasing demand for more advanced money handling machines in Europe, and process automation is rapidly spreading. Although capital expenditures have slowed due to the effects of the global financial crisis, we expect to see continuous demand for products that meet the above needs as the European Central Bank (ECB) will, before the end of 2010, require financial institutions and armored transport companies to assume responsibility for managing the recirculation of banknotes.

Furthermore, while many overseas ATMs have so far been limited to withdrawals, demand has begun to increase for ATMs equipped with a deposit function. Such ATMs are now being installed in several countries, particularly in Europe, and in Russia and China.

Similarly, in the retail market, many retail stores overseas are now installing self-checkout terminals. We continue to see increasing demand for automated processes that contribute to higher operating efficiency.

Operating results

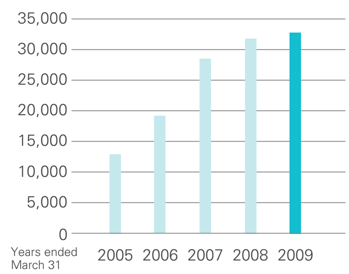
Although business slumped in the third quarter due to the financial crisis, sales of banknote depositing units for ATMs and banknote sorting machines were favorable on a full-year basis. This was due to several factors, including new measures required of European financial institutions for the removal of counterfeit money, increasing need for enhanced operating efficiency and an increase in the number of ATMs in China. Meanwhile, in Europe and the United States, sales of banknote depositing and dispensing machines for tellers were strong. As a result, net sales totaled ¥32,784 million, up 3.1% year on year.

Strategies and initiatives going forward

While the trend of restrained capital investment continues, particularly among European and U.S. financial institutions, we expect the need for maintaining strict management over banknotes, including sorting fit/unfit notes and safeguards against counterfeit money, to remain strong.

Net Sales

(¥ million)



Banknote sorting machine
<USF series>

Banknote depositing and dispensing machine for tellers
<RZ series>

Accelerating Business Expansion in the Overseas Market

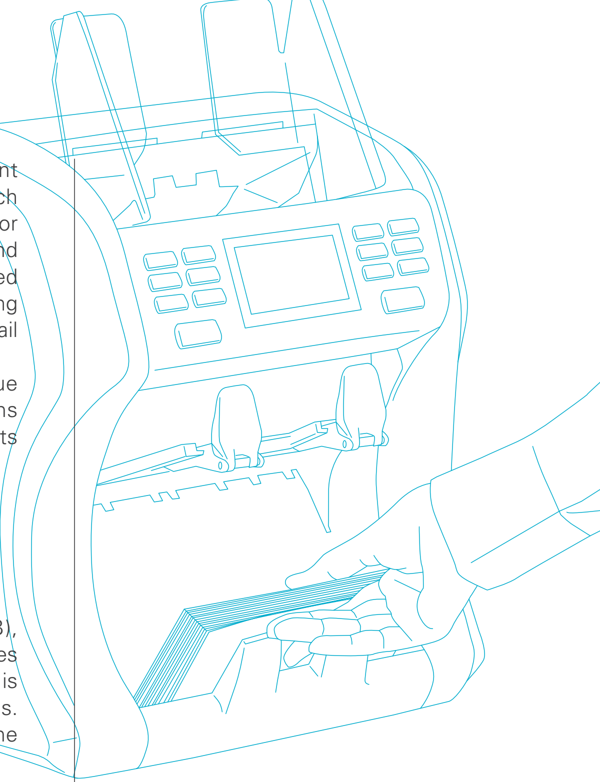
Senior Managing Executive Officer, Executive General Manager of the Money Handling System Business Headquarters

Yuichi Funabiki

Although the number of financial institutions and retail shops outside of Japan is of course immense, full-fledged automation of money handling processes has yet to become widespread. Given recent years' rapidly growing need for automation, for instance prompted by the ECB's decision to make private financial institutions responsible for banknote sorting processes, this trend has resulted in a strong tailwind for the GLORY Group. The Group will promote business expansion by meeting such market needs with products based on its core technologies.

While we have been expanding the number of sales locations in the United States, Europe and Asia, we will also strengthen and expand our sales channels from a regional perspective. As a medium- to long-term objective.

We will accelerate our overseas business expansion by working to make our core technologies applicable globally and promoting standardization, by enhancing our competitiveness in overseas markets and by maximizing our use of the technological and proposal skills that we have fostered in the domestic Japanese market.



Under the 2011 Medium-Term Management Plan, GLORY will focus management resources on overseas markets to promote business expansion for core products, such as banknote depositing and dispensing machines for tellers, banknote depositing units for ATMs and banknote sorting machines, and seek new business opportunities in retail and armored transport market segments. Specifically, we have formed a project team dedicated to meeting the needs of U.S. and European businesses, and placed focus on recommending systems that help raise cash management efficiency to financial institutions and to the retail industry. Here, we have already concluded a number of successful business deals.

GLORY will position Europe, the United States and China as key markets and pursue sales strategies adapted to each region. Moreover, we will cultivate demand in regions expected to see strong economic growth, such as India and other Asian countries, and parts of Africa and South America.

Strategy by Overseas Region

Europe

Reinforcing and expanding sales channels

In the financial market, following new regulations issued by the European Central Bank (ECB), demand for highly efficient banknote sorting for the removal of counterfeit and unfit banknotes is spreading, primarily in the euro zone. Also with the expanded installation of ATMs, there is increasing need for banknote sorting machines that enable depositing of banknotes to ATMs. GLORY will work to strengthen sales channels in each region to expand its share of the banknote handling machine market in the euro zone and throughout East Europe.

We have been promoting sales of banknote depositing and dispensing machines for tellers primarily in Italy and Spain. As we anticipate further market expansion, we will review sales channels by region and reinforce our sales capabilities.

Automation of money handling processes is also increasing in the retail business. We expect demand for cash recyclers for cashiers to increase in connection with the spread of self-checkout terminals at retail shops and sales proceeds deposit machines and will aggressively work to develop new markets.

United States

Expanding sales of system products

While U.S. financial institutions have generally installed ATMs, automation of cash handling processes is still not widespread. Manufacturers of money handling machines are aggressively competing in offering sales proposals to U.S. financial institutions. GLORY will compete by proposing banknote depositing and dispensing machines for tellers as well as other high-performance, high-quality system products based on the technologies that we have refined in Japan to date.

Given the growing demand for high-function ATMs with banknote or check deposit capabilities, we will promote increased sales of banknote depositing units for ATMs.

In the casino market, slot machines that pay out bar code tickets instead of coins are penetrating the market. GLORY will promote expanded sales of the casino KIOSK, a money settlement terminal used for automating bar code ticket conversion operations.

China

Aggressively expanding business in China, a market of rapid growth

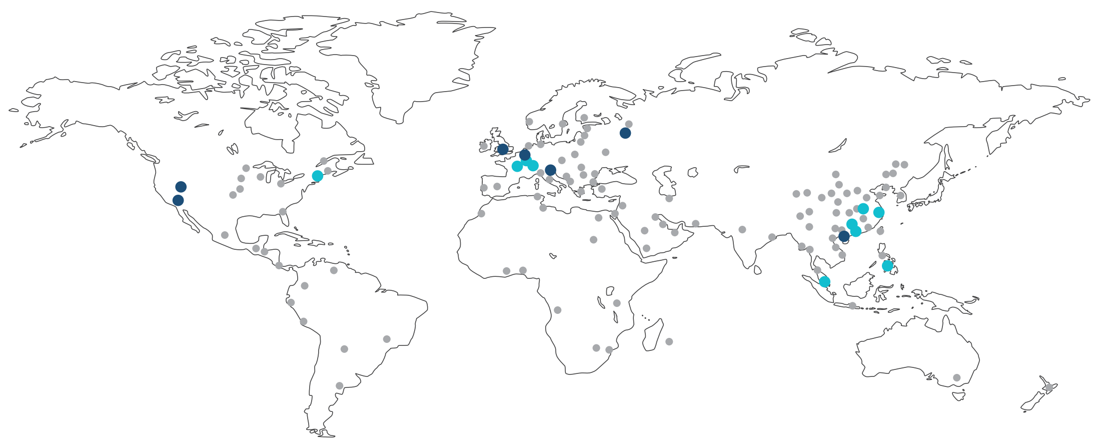
China is currently considered to be the market with the greatest future potential. In addition to the rapidly growing penetration of ATMs, there is strong demand for banknote sorting machines capable of removing counterfeit notes. GLORY will work to expand its sales channels and increase its share of banknote sorting machines in this market.

Banknote depositing and dispensing machines for tellers at financial institutions is one of the products drawing a great deal of attention in China. As China is GLORY's third-most strategic growth market following Europe and the United States, we will aggressively expand our business there.

Banknote depositing unit for ATMs
<UD series>

Global Network

- Subsidiaries
- Offices of subsidiaries
- Dealers



Financial Market

Key products include open teller systems used at branches of financial institutions, banknote/coin depositing and dispensing machines for tellers, and money exchange machines for use in bank lobbies.

In addition to the above locations, GLORY's products are also found in the "centers" where financial institutions collectively process cash, as well as at life and non-life insurance companies and securities firms. Some are also provided as OEM products, for instance to large computer manufacturers.

The financial market is GLORY's main market, and our core products account for more than a 70% share of the market of money handling machines in Japan.

Market environment and trends

There is a growing need among financial institutions in Japan for increased efficiency and operating discipline. As installations of currency handling machines in large offices of megabanks and regional banks have generally been completed, installations are now spreading among small and mid-sized offices of credit unions and agricultural cooperatives.

However, due to the financial crisis that broke out in the fall of 2008, capital investment by financial institutions has dropped rapidly.

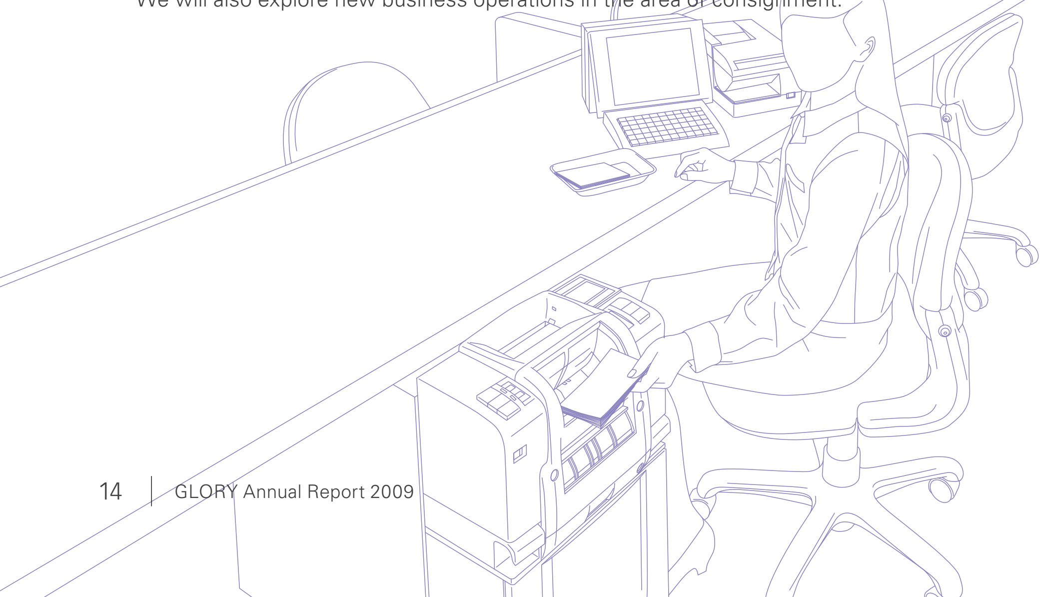
Operating results

Demand for equipment enabling greater efficiency and operating discipline remained strong among financial institutions in the year under review. However, sales of open teller systems and banknote / coin depositing and dispensing machines for tellers, sold as OEM products, declined drastically. This was due to factors including an end to the large-volume demand resulting from the privatization of Japan's postal service in the fiscal year ended March 31, 2008, and the gloomy consumer spending outlook prompted by the financial crisis. As a result, net sales totaled ¥45,829 million, down 32.6% year on year.

Strategies and initiatives going forward

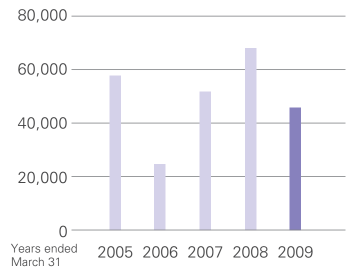
Financial institutions are, due to sharply reduced operating results, drastically trimming their budgets while being highly selective when allocating capital expenditures. However, even under these severe circumstances, we believe that there is strong demand for our products, such as open teller systems that contribute to higher operating efficiency and lower operational risk. To cultivate new demand, we will focus on enhancing the lineup of open teller systems for small branches of financial institutions. Furthermore, by linking open teller systems with an auto cash cabinet that enables greater operating discipline and efficiency, we will recommend synergy effects and strive to increase sales.

In the non-cash segment, GLORY will seek to expand sales of face recognition entrance/exit systems and other security-related products, as well as document processing products. We will also explore new business operations in the area of consignment.



Net Sales

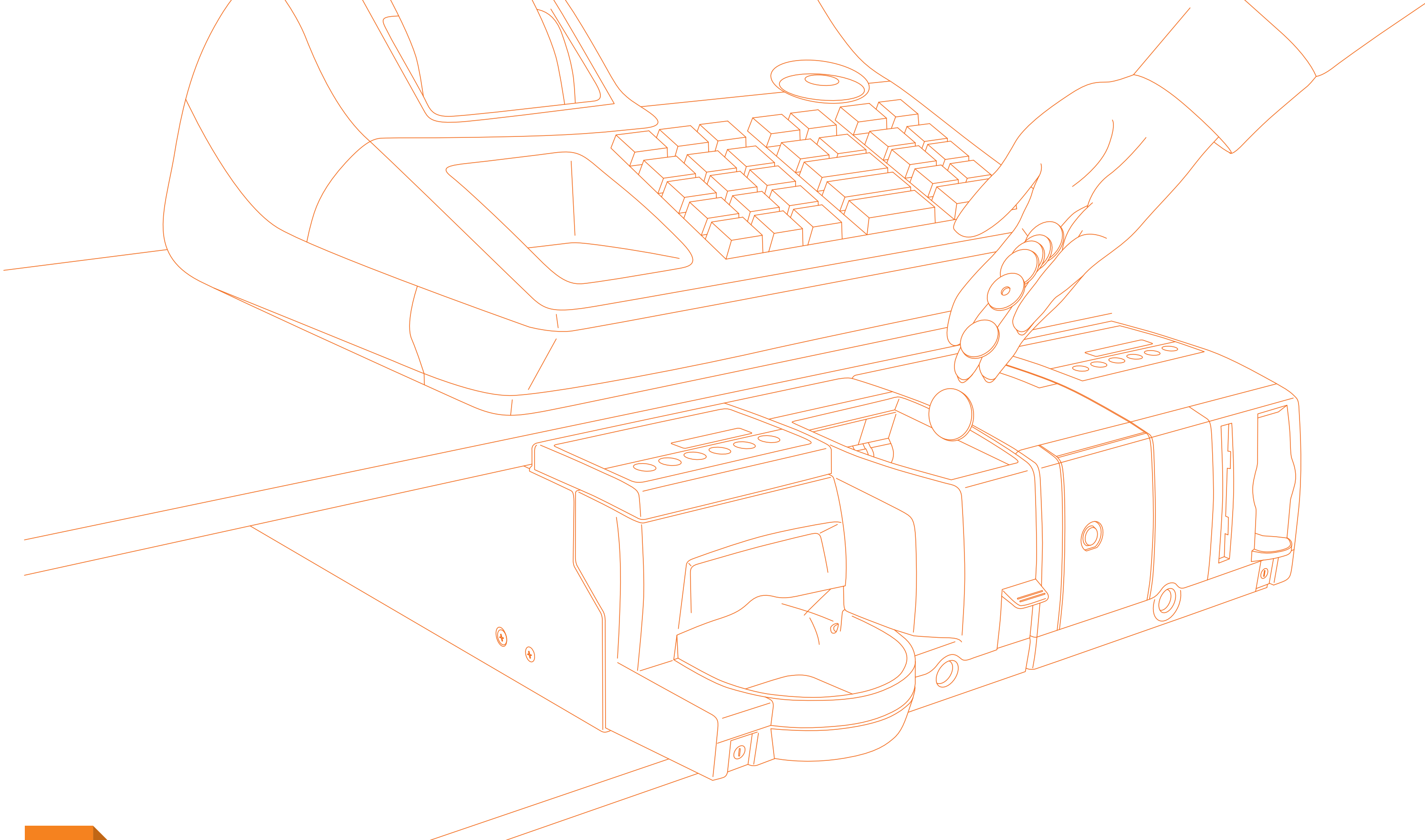
(¥ million)



Open teller system
<WAVE series>

Banknote/coin depositing and dispensing machine
<RB series>

Auto cash cabinet
<BW series>



Retail and Transportation Market

In this market, our key products include cash recyclers for cashiers for supermarkets, drugstores and specialty stores, and sales proceeds deposit machines for shops in department stores and shopping centers. In addition, we supply sales proceeds deposit machines for armored transport companies. For railroad companies, GLORY offers cash management machines for ticket counters.

Market environment and trends

In the domestic retail business, the number of part-time workers is increasing due to changes in society's employment structure and more stores operating late at night. This has resulted in increasing demand for POS register-linked cash recyclers for cashiers that enable higher operating efficiency and cash management discipline.

Of the current total of about 1.1 million POS registers, cash recyclers for cashiers account for less than 20%, and we expect sales to expand further. Also, as self-checkout terminals become more and more widespread, we expect to see growing demand for cash recyclers for such registers.

Operating results

Sales were favorable for cash recyclers for cashiers and compact deposit machines aimed at medium-size supermarkets and drugstores. Net sales amounted to ¥28,191 million, up 5.0% from the fiscal year ended March 31, 2008.

Strategies and initiatives going forward

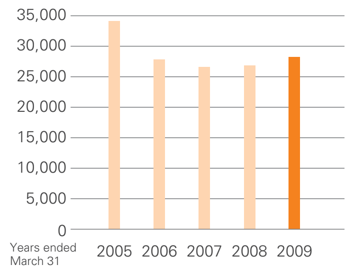
The downward trend in overall retail sales, caused by sluggish consumer spending in the current economic recession, has led more and more companies to postpone capital expenditures and the launching of new shops.

However, as our products contribute to more streamlined handling of sales proceeds and reduced costs, we expect demand for GLORY's products to remain strong, and we will launch new products and explore further opportunities in the retail and transportation markets.

In the retail market, GLORY will further reinforce its sales activities primarily toward convenience stores and restaurants, and also seek to boost sales of products related to electronic money.

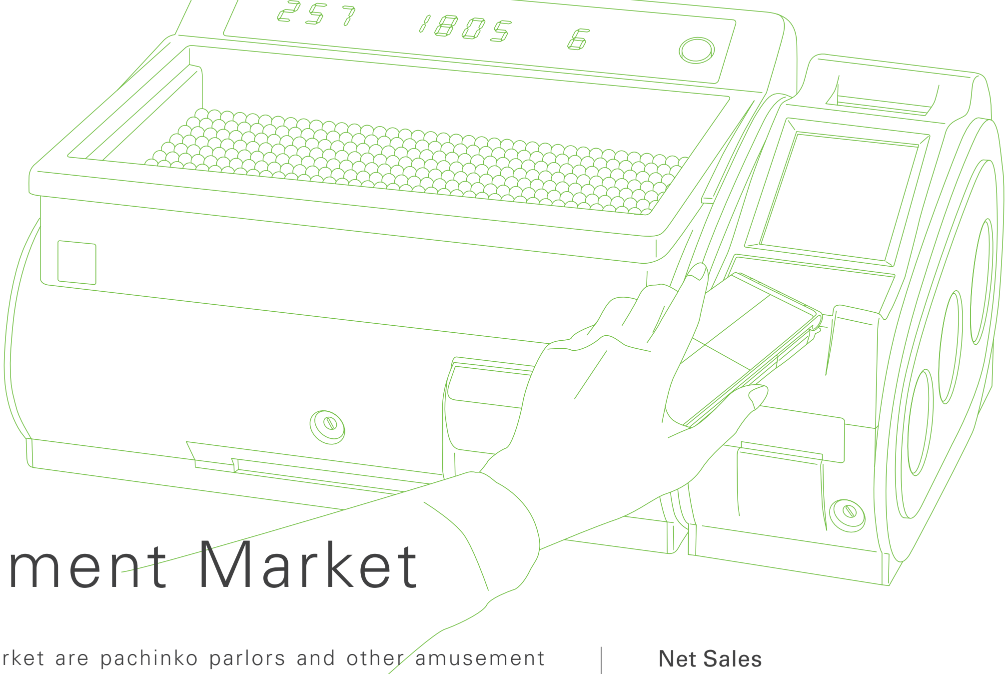
Net Sales

(¥ million)



Cash recycler for cashiers
<RT/RAD series>

Compact deposit machine
<DS series>



Amusement Market

Our key customers in this market are pachinko parlors and other amusement establishments, and our core products support their operations. Specifically, GLORY provides products such as pachinko ball/token dispensing machines and counting machines, premium dispensing machines, money exchange machines, and card systems that facilitate sales management in amusement halls.

Market environment and trends

While this industry is now seeing a continuing trend of restrained capital investment, a decrease in the number of pachinko parlors and other factors contributing to a shrinking market, there are some signs of recovery primarily among large pachinko parlors.

Under these business conditions and aiming to expand its card system business, in August 2008 GLORY acquired CREATION CARD CO., LTD. from Abilit Corporation, a manufacturer of pachinko slot machines, and engaged in sales and maintenance of card systems for pachinko parlors.

In October 2008, we combined two subsidiaries: GLORY Lincs Co., Ltd., which focused on various equipment for pachinko parlors, and NASCA Corporation, which engaged in the card system-related business. With the new company, GLORY NASCA Ltd., we have put in place a system for offering integrated solutions for pachinko parlors that include various equipment and card systems.

Operating results

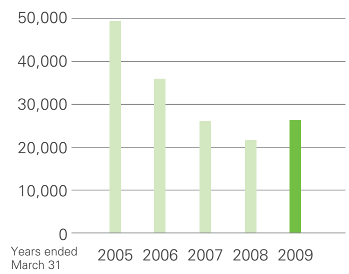
Given the recovery in demand seen primarily among major pachinko parlors, card system equipment sales were favorable. After August 2008, operating results were also further strengthened by a sales contribution from CREATION CARD CO., LTD. As a result, net sales amounted to ¥26,318 million, up 22.1% year on year.

Strategies and initiatives going forward

Given the increasing number of pachinko parlors operating with multiple ball lending rates, demand is growing for premium management POS and ball counting machines. GLORY will launch a range of new products, including ball counting machines and the industry's first cell phone-based member management system, to boost its competitiveness in the market and reinforce its capability to offer integrated solutions for pachinko parlors.

Net Sales

(¥ million)



Pachinko ball counting machines
<JCT series>

Reconstructing the Vending Machine Business and Launching New Products for the Amusement Market

Senior Executive Officer, Executive General Manager of the Automated Service System Business Headquarters

Izumi Hirota

We aim to offset slower sales of cigarette vending machines, which have so far been our main products in the vending machine market, by restructuring our vending machine business and developing new markets. For example, for company cafeterias, we will aggressively propose ticket vending machines as well as RFID self–checkout systems that can instantly calculate bills and calories consumed.

Meanwhile, in the amusement market, although the number of pachinko parlors is falling, we see room for business expansion as demand is strong for machines that make parlor management more efficient and improve services. Here, we will boost sales by making comprehensive proposals of various machines centered on card systems and by introducing next-generation products.

Vending Machine Market

GLORY's core products in this market are cigarette vending machines sold primarily to Japanese and overseas tobacco companies. In addition, we provide ticket vending machines used at restaurants and leisure facilities, coin-operated lockers and other products.

Market environment and trends

In July 2008, Taspo-capable cigarette vending machines were introduced throughout Japan. These machines are designed to prevent underage smoking by requiring purchasers to use Taspo ("Tobacco Passport") ID cards. However, a significant percentage of consumers reacted by opting to purchase cigarettes across the counter at convenience stores and other outlets, while purchases via vending machines dropped sharply to nearly 35% of the amount seen before the new vending machines were rolled out.

One reason for this is that the penetration rate of Taspo cards remains low, reaching only 33.7% as of March 31, 2009. As a result, the number of vending machines installed throughout Japan also dropped drastically from 620,000 in March 31, 2005 to 430,000 in March 31, 2009.

Operating results

Sales of cigarette vending machines dropped significantly as the need for renewal and remodeling of cigarette vending machines to accommodate the age verification function came to a close by the first quarter. As a result, net sales totaled ¥7,486 million, down 73.2% year on year.

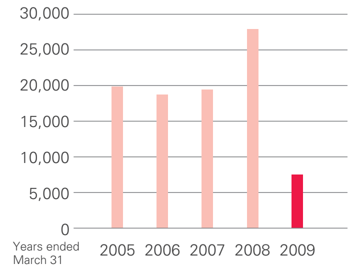
Strategies and initiatives going forward

Under the current severe business conditions, we will construct a production system for our cigarette vending machine business that is capable of responding appropriately to demand. In the ticket vending machine business, we shifted from an outsourced production process to an in-house one during the previous term, and established a system for performing the entire process from planning to maintenance.

Going forward, we aim to expand our market share by promoting sales of new products.

Net Sales

(¥ million)



Ticket vending machine <VT series>

Other Markets

This category consists of products used in sectors other than the key markets described thus far, and includes items for consumer finance companies, government offices, hospitals, leisure facilities and general companies.

Market environment and trends

Demand for self-service contract machines for consumer finance companies has continued to be sluggish for the last two years due to the freezing of capital investment by consumer finance companies. Although we expected to see stronger demand for automated ballot counting machines for handwritten ballots given the upcoming national elections, the implementation has been postponed until the next term. Demand for medical payment kiosks for hospitals is steadily increasing due to their ability to decrease the time spent waiting for billing and to handle money strictly and correctly. Demand for RFID self-checkout systems, which are mainly for company cafeterias and that automatically calculate bills and calories consumed, was favorable in the first half in response to the need for good health management. However, after entering the third quarter, sales have been stagnant due to companies restraining their capital expenditures. GLORY also has its own information processing center and offers a variety of services as an application service provider (ASP), including electronic public notice investigation services. During the fiscal year under review, the introduction of the Electronic Share Certificate System from January 5, 2009 in Japan sparked demand for public notices, and GLORY increased its sales through proactive initiatives.

Operating results

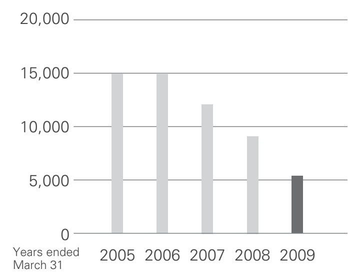
While sales of medical payment kiosks were favorable, sales of self-service contract machines and election-related products were stagnant. As a result, net sales totaled ¥5,370 million, down 40.9% year on year.

Strategies and initiatives going forward

As local and national elections get underway, GLORY will work to capture demand for election-related products. To further drive market expansion, we will also launch new products for use by hospitals. As for RFID self-checkout systems for cafeterias, we will promote expanded sales in response to anticipated future demand.

Net Sales

(¥ million)



RFID self-checkout system for cafeterias <PSA series>

Senior Executive Officer, Executive General Manager of the Production Headquarters

Tomoaki Ishido

Production Headquarters

Building a Production System Capable of Achieving Globally Competitive Quality and Cost Performance

—Aiming at an overseas production and parts procurement ratio of 30%—

The Production Headquarters is tasked with reforming production and procurement of parts so that the GLORY Group can achieve the goal of "globally competitive quality and cost" stated in the 2011 Medium-Term Management Plan.

In our efforts to enhance group-wide cost-competitiveness and production capability, we are fundamentally reviewing our production structure to reduce total costs. We are also working to establish a production system from a global perspective, with which we aim at achieving overseas sales of ¥51 billion by fiscal 2011.

Specifically, in terms of production sites, we will review the functions of each domestic and overseas site, and reorganize these as necessary to optimize their performance and improve the overall production efficiency of the Group. Currently, we have production sites in the Philippines, China and Germany. In preparation for medium-to-long term demand, we will also work to further expand our geographic reach. By locating production as close to customers as possible, we will not only improve customer satisfaction and reduce logistics costs, but also minimize the effects of inventory and foreign exchange fluctuations.

In parts procurement, we will maximize the capabilities of our sites in Singapore and China and expand procurement from overseas.

By fully implementing these measures, we aim to improve our overseas production and procurement from their current ratios of about 10% to 30%.

Furthermore, while promoting quality improvement, standardization and reduction of the number of parts, we will reinforce the Production Headquarters' ties with the Development Division to improve productivity in our manufacturing process and reduce manufacturing costs. In addition, we will reduce inventories by shortening product lead times.

Another key management objective is the cultivation of human resources. To pass on our technologies to the next generation of employees and support future business growth overseas, including the expansion of overseas locations, GLORY will do its utmost from a group-wide, global perspective to nurture a new generation of managers and engineers who will be in charge of production in Japan and overseas.

Saitama Factory

* The No. 2 Plant is on the right.

New Production Sites Added

Saitama No. 2 Plant

Completion date	: July 2009
Location	: Kazo City, Saitama, Japan
Total construction cost	: ¥1.4 billion
Purpose	: To enable a future increase in production volume and act as a distribution hub for the East Japan region

GLORY Denshi Kogyo (Suzhou) Ltd. No. 2 Plant

Completion date	: July 2009
Location	: Suzhou, Jiangsu Province, China
Total construction cost	: ¥300 million
Purpose	: To manufacture products for the domestic Chinese market and to manufacture units for the Japanese market

Maintenance Call Center

Himeji Parts Center

Managing Executive Officer, Executive General Manager of the Service Headquarters

Takenori Nishi

Service Headquarters

Providing the Industry's No.1 Maintenance Service Quality under the Watchwords "Reliable, Safe and Speedy"

The Service Headquarters manages the GLORY Group's maintenance services, which are provided by 1,300 staff members in approximately 100 locations around Japan under the watchwords "Reliable, Safe and Speedy."

During the fiscal year ending March 31, 2010, we aim to enhance our earnings capability by expanding the existing scope of our maintenance services. Also, we will work to improve customer satisfaction and establish a solid foundation for a maintenance business.

In April 2009, GLORY integrated its repair acceptance centers and the repair division of GLORY Techno 24 Co., Ltd., and commenced operation of call centers in Tokyo and Osaka that accommodate all of our products. We not only provide support for products requiring repair, but also ensure that we provide the type of comprehensive service that eliminates any concerns a customer may have. A staff of approximately 120 responds to inquiries on a 365-day, 24-hour basis, and we are continually working to improve maintenance quality.

We also place emphasis on developing human resources to support our worldwide business expansion and enhance overseas maintenance services.

Topics

Himeji Parts Center

In November 2008, GLORY established the Himeji Parts Center as the terminal site for maintenance parts and concentrated supply and repair functions for parts here. To effectively supply maintenance materials to maintenance sites across Japan, we have 11 delivery points to which the Center supplies maintenance parts, and we are doing our utmost to reduce the time between the receipt of a repair request and the completion of repair work.

Establishment of Overseas Maintenance Business System

To reinforce our maintenance business, we assign staff members from the Service Headquarters to subsidiaries, for instance in the United States, Germany, China and Singapore. We will continue to develop overseas maintenance staff and further enhance the maintenance business.

Basic Policy on Corporate Governance

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

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

None of these goals can be achieved without a firm commitment to the continuing improvement of corporate governance. We will continue our efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, enhance compliance management, and improve corporate value.

Q1 Please outline GLORY's corporate governance system.

We aim to strengthen management supervision, speed up decision making and deliver efficient business administration through a system centered on the Board of Directors, which includes two outside directors, and the Board of Corporate Auditors.

The Board of Directors, consisting of nine directors (including two outside directors), makes decisions on important matters and oversees business execution. President & Representative Director Hideto Nishino serves as chairman of the Board of Directors meetings. We have sought to both energize the Board of Directors and assure quick decision making by reducing the number of directors from 16 to 9 two years ago and introducing an executive officer system.

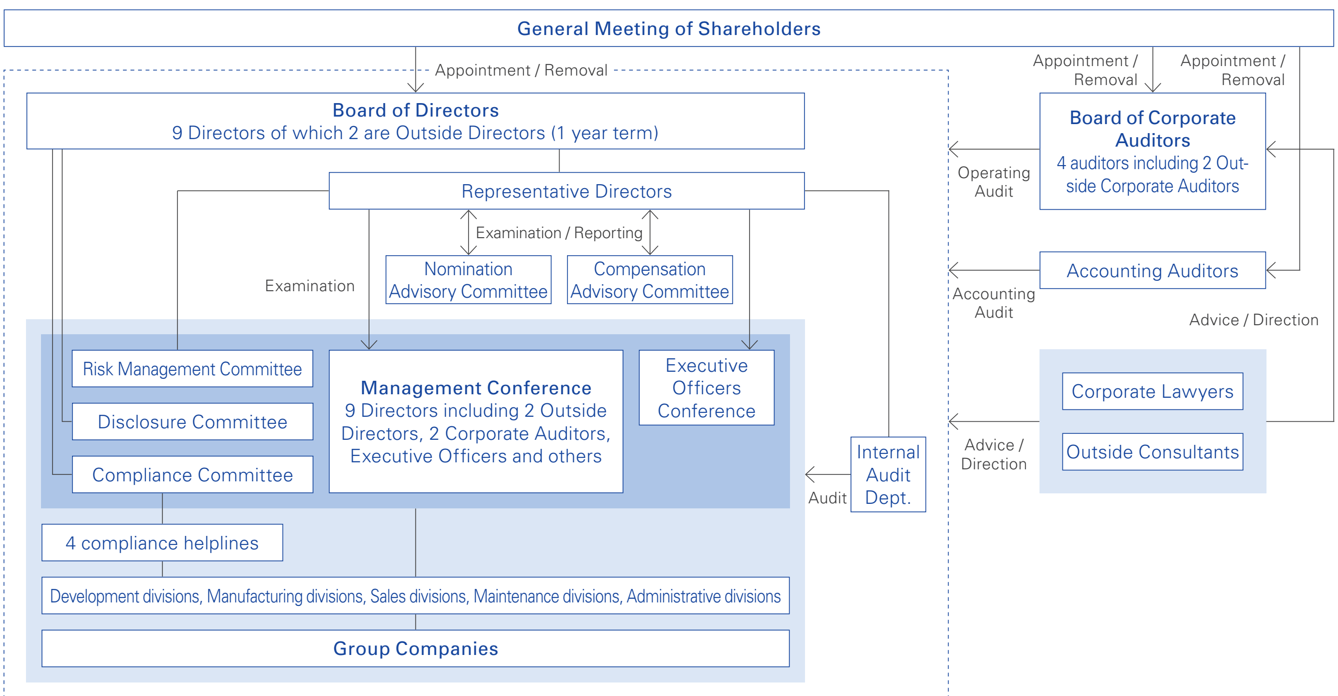
The Board of Corporate Auditors, consisting of two corporate auditors and two outside corporate auditors, assesses directors' conduct of duties and audits the legality of execution. The corporate auditors perform regular audits based on an annual audit plan and participate in important meetings, such as those of the Board of Directors and the Management Conference, which discusses business execution policies and plans based on basic policies established by the Board of Directors.

Q2 What steps has GLORY taken to enhance transparency and fairness of management?

Having two experienced outside directors actively participate in management improves management transparency and fairness.

Of the nine directors, two are outside directors. After appointing one outside director for the first time in June 2007, we expanded this to two in fiscal 2008.

Corporate Governance System



The current outside directors are Hiroki Sasaki and Akira Niijima. Hiroki Sasaki has held key positions at globally recognized steel manufacturers and brings both abundant experience and global perspectives to the Board. Akira Niijima was employed at a company that, like GLORY, is highly R&D-oriented, and has a wealth of domestic and international experience that enables him to understand business from a global perspective. The veteran advice from Hiroki Sasaki and Akira Niijima contributes to greater transparency and fairness of management.

The two outside directors also serve key roles in ensuring effective and appropriate decision making by providing alternative perspectives and opinions based on many years of management experience. They attend meetings of the Nomination Advisory Committee and the Compensation Advisory Committee, which were established to increase transparency and objectivity in the appointment of directors, corporate auditors and executive officers and in the setting of remuneration, as well as Management Conference meetings.

Outside Director

Hiroki Sasaki

Assumed his current position as director in June 2008.

Member of the Nomination Advisory Committee.

Member of the Compensation Advisory Committee.

Hiroki Sasaki has held key management positions at NIPPON STEEL CORPORATION and Sanyo Special Steel Co., Ltd. He has a wealth of management experience and maintains global perspectives.

Outside Director

Akira Niijima

Assumed his current position as director in June 2008.

Member of the Nomination Advisory Committee.

Member of the Compensation Advisory Committee.

Akira Niijima has held important positions at PIONEER CORPORATION. He was a Representative Director of this company and its U.S. subsidiary, which like GLORY is highly R&D-oriented. With his abundant experience, he understands business from a global perspective.

Q3 How is GLORY enhancing corporate governance on a group-wide basis?

Under the 2011 Medium-Term Management Plan, we are actively working to strengthen group-wide governance.

The Group Structure Strengthening Strategy is one of the core strategies of the 2011 Medium-Term Management Plan, which extends the Corporate Governance Strategy of the previous medium-term management plan from a global perspective. We will promote this strategy aggressively, and implement corporate governance initiatives on a group-wide basis, including overseas subsidiaries.

Regarding compliance, we will work to build thorough understanding and adherence among Group employees to the corporate philosophy and compliance guidelines that we have introduced in recent years.

Q4 How is management supervised?

The Board of Corporate Auditors, consisting of two full-time and two outside corporate auditors, is tasked with overseeing management.

The corporate auditors attend the Board of Directors meetings and Management Conference meetings to verify the appropriate and fair deliberation of directors, and also performs thorough audits in collaboration with accounting auditors, the Internal Audit Department and corporate auditors of subsidiaries.

GLORY has two outside corporate auditors: One attorney-at-law and one company executive. As the outside corporate auditors bring their expertise to the supervisory function, they contribute to increasingly sound management that takes into account not only the legality and appropriateness of GLORY's management but also enhances efficiency and objectivity.

Outside Auditor

Kazuhiko Yasuhira

Assumed his current position as corporate auditor of GLORY in June 1994.

Attorney-at-Law
Director, Harima Law Office

For a company to develop stably over a long period of time, it is essential that it carries out its social responsibilities with a strong sense of ethics so as to win the trust of both customers and society at large.

To this end, our tasks as outside corporate auditors are primarily to monitor compliance with law and regulations, the soundness and appropriateness of management and the status of the internal control system and to assess the speed and efficiency of decision making. For this purpose, we raise questions in Board of Directors meetings from time to time about the reason behind decisions and the status on the execution of operations, and receive status reports on regular audits from full-time corporate auditors.

Given especially that I am a lawyer, I also review matters regarding various contracts entered into by the Company and provide comments on possible associated legal risks that must be shouldered by the Company.

Outside Auditor

Yuichi Takeda

Assumed his current position as corporate auditor of GLORY in June 2005.

President, Maneki Shokuhin K.K.
President, K.K. Himeji Eki Biru

A company must continuously work to enhance corporate value through sound management that earns it credibility and support from all stakeholders. Also, it must be trusted and recognized as a valuable member of society. In my view, for a company like GLORY, it is especially important to maintain a sound approach toward the users of our products. For example, it is crucial that it properly assesses whether a product meets users' needs and ensures a proper level of maintenance service.

Throughout my years in corporate management, I have been a user of GLORY's products. I have been watching, from a user's perspective, GLORY's corporate culture and its way toward customers.

As somebody who highly respects the GLORY brand and would like to see it improve further, I will make full use of my experience going forward. I intend to keep in mind the Company's compliance requirements and consider the Company's vision toward users, so that I may offer comments and advice from my position as an outside auditor.

Q5 What other mechanisms are there to ensure transparency and objectivity?

We presently have special committees, such as the Nomination Advisory Committee, the Compensation Advisory Committee and the Disclosure Committee, to ensure transparency and objectivity.

The Nomination Advisory Committee and Compensation Advisory Committee ensure transparency and objectivity in the appointment of directors, corporate auditors and executive officers and the setting of their remuneration. Both committees have five members and are chaired by Hisao Onoe, Chairman of the Board. The other four members are President & Representative Director Hideto Nishino, Terumichi Saeki, part-time director (attorney-at-law) and outside directors Hiroki Sasaki and Akira Niijima. With the outside members in majority, the committees ensure higher transparency and objectivity by giving careful deliberation to committee issues prior to presentation to the Board of Directors.

To promote timely and appropriate disclosure, we have established the Disclosure Committee, which is chaired by the Chief Information Officer, director Norishige Matsuoka. This committee reviews the needs and contents of disclosures before resolutions are taken by the Board of Directors.

Q6 What is GLORY's basic stance on remuneration for executives?

Remuneration for executives consists of a fixed portion and a bonus linked to the Company's performance. Bonuses are paid after approval at the General Meeting of Shareholders.

GLORY pays a fixed salary monthly within the scope of remuneration approved at the 61st General Meeting of Shareholders, while performance-linked bonuses are paid only after approval at each General Meeting of Shareholders.

The total bonus amount is determined as a percentage of consolidated net income for the term and distributed to each director based on the degree of achievement against the goals set at the beginning of the term. Furthermore, share ownership guidelines for executives have been established under which the executives, according to their respective positions, are encouraged to hold shares of GLORY. This is part of our efforts to bring management thinking and motivation in line with the perspective of the shareholders.

No bonuses are provided to part-time directors or outside directors and corporate auditors, who are principally responsible for supervising management.

Based on the above policy, the following remuneration was paid to directors and corporate auditors for the fiscal year ended March 31, 2009:

Total Remuneration for Directors and Corporate Auditors in the Fiscal Year Ended March 31, 2009

Recipient	Remuneration		Bonuses	
	No. of persons	Amount	No. of persons	Amount
Directors (Outside directors)	12 (3)	¥110 million (¥10 million)	6 (—)	¥43 million (—)
Auditors (Outside auditors)	4 (2)	¥36 million (¥10 million)	— (—)	— (—)

(Notes) 1. The chart includes three directors (one outside director) whose terms of office expired as of the end of the 62nd General Meeting of Shareholders held on June 27, 2008.
2. Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
3. The maximum amount of remuneration for directors was approved as ¥150 million p.a. at the 61st General Meeting of Shareholders held on June 28, 2007 (a maximum of ¥20 million for outside directors). This amount does not include employee salary portions for directors who have concurrent responsibilities as employees.
4. The maximum amount of remuneration for corporate auditors was approved as ¥50 million p.a. at the 61st General Meeting of Shareholders held on June 28, 2007.

Q7 Please describe GLORY's compliance system.

We view compliance as an important management objective. We have established a Corporate Compliance Committee and appointed a Chief Compliance Officer, and also set up compliance helplines.

GLORY is taking decisive steps to enhance its group-wide compliance structure. As part of this effort, we have set up a Corporate Compliance Committee, which is chaired by President & Representative Director Hideto Nishino and includes two outside experts, who are both lawyers. The committee reviews key issues regarding compliance and reports matters to the Board of Directors. The Board of Directors appoints a director to serve as the Chief Compliance Officer, a position currently held by Norishige Matsuoka. Matsuoka oversees the activities managed by the Secretariat of the Corporate Compliance Committee, including the promotion and implementation of various compliance-related measures as well as training for employees.

GLORY has also set up four compliance helplines, including one outside helpline for employees of Group companies, and does its utmost to promptly detect and correct any compliance violations and protect reporters' anonymity.

Q8 What efforts are being made to vitalize the General Meeting of Shareholders?

We have attempted to make the meeting more inviting to shareholders by adopting an electronic voting system, and by sending out notices of the General Meeting of Shareholders earlier. Also, after the meeting, our showroom is open to shareholders.

To enable shareholders to adequately review proposals addressed at the General Meeting of Shareholders, we have since June 2008 delivered materials for the meeting three weeks in advance. In 2003, GLORY adopted electronic voting, and in 2007 we began using the electronic proxy voting system for institutional investors (the ICJ system) sponsored by the Tokyo Stock Exchange.

On the day of the meeting, narrations and audiovisual presentations are used, and the President reports in detail on the Group's business performance and management status. After the meeting, the Company's showroom is open to shareholders, at which time directors, executive officers and staff members actively promote communication with shareholders by explaining about products and the history of GLORY.

The voting results for the General Meeting of Shareholders held in 2009 are posted on our corporate website at www.glory.co.jp/en.

Contributing to Society as a Corporate Citizen

Companies conduct business activities under the support of customers, shareholders, investors, employees, local communities, business partners and other stakeholders. GLORY is actively working to fulfill its corporate social responsibilities, for instance by developing environment-friendly products, offering products and services that bring customers security and peace of mind, and contributing to local communities.

Implementing the ISO 14001 environmental management system

In April 2001, the GLORY Group began taking extensive steps to tackle environmental issues. In March 2002, we earned our first ISO 14001 Environmental Management System certification at our Head office/Factory, and our Himeji Distribution Center. In May the same year, GLORY's Shinagawa Business Place and Saitama Factory were certified. In October 2006, our environmental management systems, until then run separately by each business site, were integrated to raise efficiency and create a single, company-wide system.

From 2007, we extended this system to the Group's manufacturing companies to promote group-wide environmental protection, raising the total number of certified group companies to 9 (seven domestic and two overseas) as of March 31, 2009. Going forward, we will continuously strengthen our group-wide environmental management system and contribute to environmental protection efforts.

GLORY employees taking part in environmental clean-up activities.

Providing environment-friendly products

Since 2001, GLORY has steadily strengthened its focus on environment-friendly products. At present, we are making group-wide efforts to develop and provide such products with the aim of reducing CO_2 emitted during use by 30% by 2030. We assess all new products, from the planning and design stages onward, to verify their energy- and resource-saving capacity and properly control the use of chemical substances. We also aggressively promote the use of environment-friendly materials.

Creating facilities that are friendly to both the environment and people

In November 2008, we completed the Himeji Parts Center, which now serves as the Group's hub for maintenance parts. Equipped with LEDs and touch sensors to reduce energy use, the Center has been recognized for its excellent illumination.

To further reduce the building's environmental impact, the Center's storage areas are equipped with an air circulation system that improves air conditioning efficiency and saves energy.

The energy–efficient Himeji Parts Center.

Promoting employment opportunities for people with disabilities

A decade ago, in April 1999, GLORY established a subsidiary, GLORY Friendly Co., Ltd., with the specific aim of creating employment opportunities for people with disabilities.

At first, the company had a staff of 17 (including five with mental disabilities). Today, the staff numbers 34 (including 20 with mental disabilities) and the scope of operation has grown to include environment beautification for Group companies, sorting of internal documents and mail, and processing and managing of industrial waste.

The employment locations of the company have also been extended beyond the Head Office to other business sites in Himeji. Supervised by task instructors, the workers enthusiastically carry out their work with a common motto: "Foster a creative working environment by valuing communication with one another and fully demonstrating our skills."

The GLORY Group will continue to contribute toward a society in which all people can enjoy a good quality of life.

Fostering children's interest in science—The GLORY Elementary School Students Foundation

To increase children's curiosity about science, the GLORY Elementary School Students Foundation hosts a "GLORY Hands-on Science Class" every August. The class, held for the 20th time in 2009, is specifically structured to enable children to enjoy the wonders of science through hands-on experiments, and GLORY employees support the activities as the staff of the program. We will continue to help stir children's curiosity about science through activities that are genuinely interesting and enjoyable.

The GLORY Elementary School Students Foundation also holds science classes.

Board of Directors, Corporate Auditors and Executive Officers

(As of June 26, 2009)

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

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
Kiyoshi Kigasawa

Senior Executive Officer
Yoshiyuki Yamaguchi

Senior Executive Officer
Izumi Hirota

Executive Officer
Fumio Miyanaga

Executive Officer
Seiji Nitta

Executive Officer
Kaoru Ohara

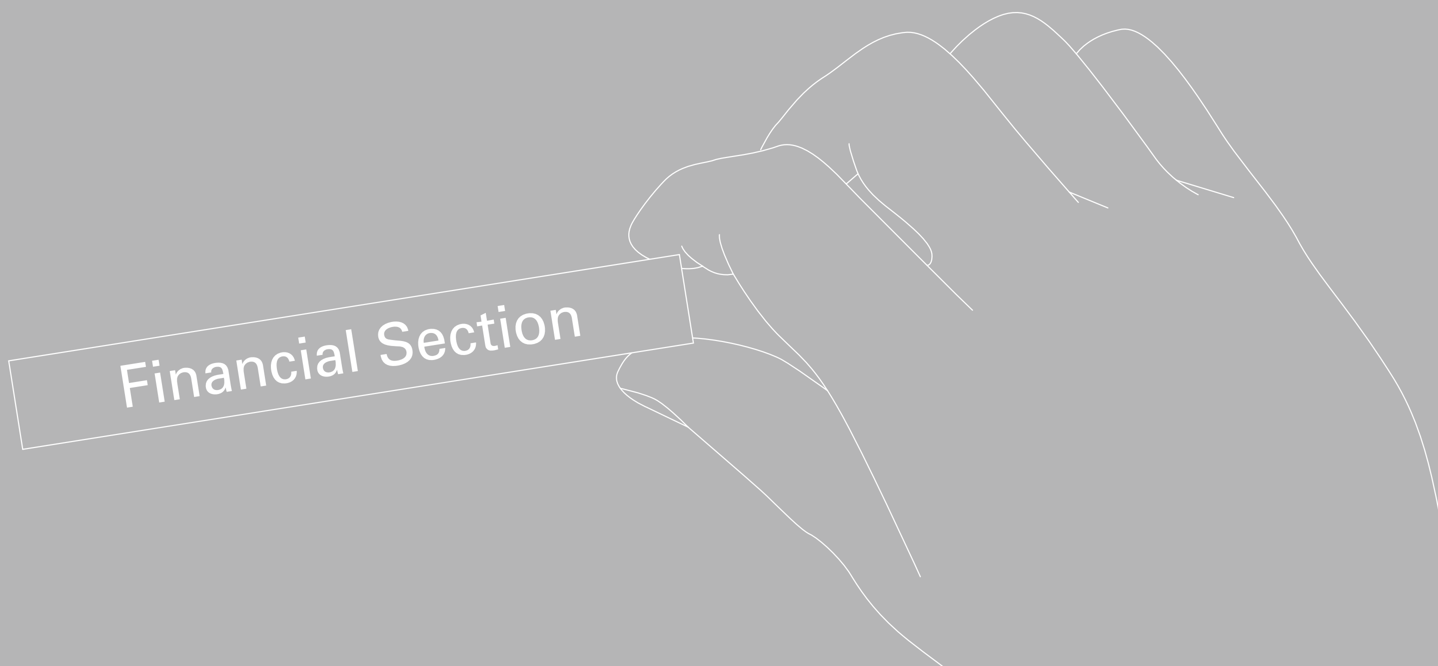
Executive Officer
Ichiro Kishida

Executive Officer
Hirokazu Sekino

Executive Officer
Norio Murakami

Executive Officer
Hiroaki Fukui

Executive Officer
Takashi Mitsui



Contents

Eleven-Year Consolidated Financial Summary

GLORY LTD. and its consolidated subsidiaries
Years ended March 31

Millions of Yen

		1999	2000	2001
Summary of income (for the year):	Net sales	¥ 106,284	¥ 108,544	¥ 151,704
	Cost of sales	68,401	70,707	91,611
	Selling, general and administrative expenses	29,464	29,060	33,895
	Operating income	8,419	8,776	26,197
	Net income	1,686	1,756	11,191
	R&D expenses	8,964	9,458	10,961
	Depreciation and amortization	4,065	5,031	5,105
Financial position (at year-end):	Total assets	156,389	159,419	186,937
	Shareholders' equity	82,293	93,566	101,315
	Net assets *2	—	—	—
	Interest-bearing debt *3	36,371	32,013	26,882
Per share data (yen):	Net income *4	¥ 48.55	¥ 50.19	¥ 297.62
	Equity	2,369.45	2,474.04	2,771.01
	Dividend (annual)	16.00	16.00	24.00
Financial indicators (%):	Return on equity (ROE)	2.0	2.0	11.5
	Equity ratio	52.6	58.7	54.2
Others:	Number of shares outstanding (thousands)	34,730	37,820	36,484
	Number of employees *5	—	4,623	4,631

*1 For easy comparison, the figure for 2008 has been adjusted to reflect a change in the accounting standard for measurement of inventories, effective from April 1, 2008.
*2 Net assets are presented following the entry into force of the new Japanese Corporate Law in 2006. Net assets comprise shareholders' equity as previously defined, plus minority interests and share subscription rights.
*3 Under new accounting standard for lease transactions effective from 2009, interest-bearing debt includes finance lease obligations.
*4 Net income per share of common stock is based on the weighted average number of shares outstanding in each year.
*5 The number of employees is shown on a consolidated basis from the year 2000 onwards.

Millions of Yen

2002	2003	2004	2005	2006	2007	2008	2009
¥ 131,618	¥ 117,287	¥ 176,765	¥ 188,881	¥ 141,231	¥ 164,540	¥ 185,181	**¥ 145,979**
88,014	75,571	108,747	114,390	94,209	108,628	118,946 *1	**94,115**
32,816	33,074	37,101	41,937	41,568	42,952	45,288	**42,437**
10,787	8,641	30,916	32,554	5,453	12,961	20,947 *1	**9,427**
3,669	5,902	17,527	19,306	740	6,461	11,711	**5,782**
11,477	10,111	11,862	13,048	9,474	9,328	9,615	**9,204**
5,341	4,864	5,129	5,438	6,889	6,337	6,570	**7,621**
166,505	164,077	213,844	217,460	206,361	216,988	209,236	**196,798**
105,115	110,686	128,504	146,657	146,134	—	—	**—**
—	—	—	—	—	150,841	151,734	**147,176**
20,473	19,060	18,139	18,714	19,083	13,190	12,914	**14,110**
¥ 100.44	¥ 157.42	¥ 233.19	¥ 257.00	¥ 9.14	¥ 87.15	¥ 160.70	**¥ 82.15**
2,832.81	2,983.81	1,729.93	1,974.60	1,970.11	2,025.39	2,110.69	**2,155.17**
16.00	16.00	22.00	30.00	22.00	30.00	40.00	**30.00**
3.6	5.5	14.7	14.0	0.5	4.4	7.8	**3.9**
63.1	67.5	60.1	67.4	70.8	69.2	72.3	**74.8**
37,118	37,118	74,236	74,236	74,236	74,236	72,838	**69,838**
4,730	4,874	5,038	5,211	5,200	5,290	5,346	**5,510**

Management's Discussion and Analysis

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

The GLORY Group and Scope of Consolidation

The GLORY Group, the leading manufacturer of currency processing machines, consists of GLORY LTD. (the "Company"), 31 subsidiaries and 3 affiliated companies, and operates mainly in the fields of manufacturing, sales, and maintenance services of money handling machines, cash management systems, vending machines, and automatic service equipment.

Of its 31 subsidiaries, 17 were consolidated subsidiaries in the fiscal year ended March 31, 2009.

Business Overview

During the fiscal year ended March 31, 2009, the Japanese economy rapidly deteriorated, reflecting the worldwide decrease in demand in general due to the spread of the financial crisis, as well as the effects of a sudden appreciation of the yen. This economic downturn then brought restraint in capital expenditures, full-blown employment adjustment, and sluggish personal consumption.

In such circumstances, the Company strived to establish the GLORY brand in the markets and to further enhance its corporate value in order to realize the management vision "GLORY as world's top brand!" during the fiscal year under review, which was the final year under the 2006 Medium-Term Management Plan.

Net sales for the year ended March 31, 2009 stood at ¥145,979 million, a decrease of 21.2% from the previous fiscal year. Operating income and net income as well decreased by 58.7% and 50.6%, respectively, to ¥9,427 million and ¥5,782 million, respectively.

Net Sales

Net sales for the year under review declined by ¥39,202 million or 21.2% from the previous fiscal year to ¥145,979 million. Sales of machines and equipment to overseas markets achieved steady results, and the acquisition of CREATION CARD CO., LTD. in August 2008, which aimed at business expansion in the amusement market, contributed to the sales increase in the said market. On the contrary, however, the volume demands for machines and equipment for privatization of postal services and age-verifying cigarette vending machines diminished, and in addition, downward effects of restraint in capital expenditures due to the worsened business environment and the strong yen became obvious after the third quarter. As a result, the aggregate net sales declined compared with the previous fiscal year.

The breakdown of net sales shows ¥114,117 million for goods and products sales (a 22.3% year-on-year decrease), and ¥31,861 million for maintenance service sales (a 16.7% decrease).

Overview by Industry Segment

Money Handling Machines and Cash Management Systems

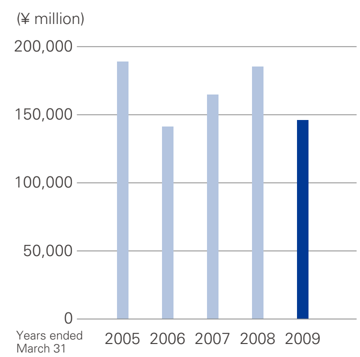
The major markets of the money handling machines and cash management systems segment are the financial market, overseas markets and the retail market.

In the financial market, the needs for higher operational preciseness and accuracy remained strong. However, as the bulk demand brought by privatization of postal services diminished and the financial crisis restrained the overall investments, the sales of open teller systems as well as the OEM sales of banknote/coin depositing and dispensing machines dropped sharply.

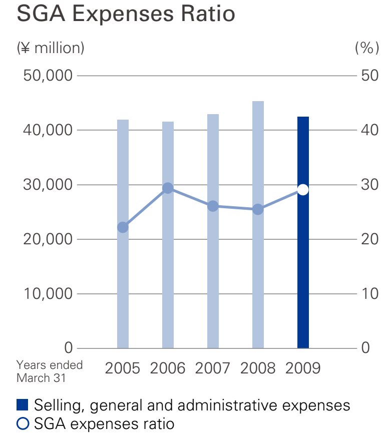
In overseas markets, although the OEM demand for banknote depositing units for ATMs declined after the third quarter, the aggregate sales in the fiscal year rose significantly. In addition, banknote sorting machines made steady sales, but the sales of banknote depositing and dispensing machines for tellers decreased.

In the retail market, especially for supermarkets and specialty stores, the sales of our mainstay products, cash recyclers for cashiers and compact deposit machines, remained strong.

Net Sales



Selling, General and Administrative Expenses/ SGA Expenses Ratio



As a result, net sales of the segment, including the sales in the other markets, amounted to ¥85,928 million, down by 15.5% from the previous fiscal year.

Vending Machines and Automatic Service Equipment

The major markets of the vending machines and automatic service equipment segment are the vending machine market and the amusement market, as well as the financial market and the retail market.

In the vending machine market, the sales of cigarette vending machines sharply declined, due to diminished demand for age-verifying cigarette vending machines by the end of the first quarter, and in addition, the shift of cigarette purchase place from vending machines to convenience stores.

In the amusement market, the trend of capital expenditure reduction remained in the industry, but sales of pre-paid card systems for pachinko parlors held favorably.

As a result, net sales of the segment, including the sales in the other markets, stood at ¥36,313 million, decreasing by 27.5% year on year.

Other Goods and Products

The other goods and products segment sells machines and equipment other than those the two major segments deal with, as well as merchandise, parts and accessories purchased from outside the Group. The sales of these goods and products decreased compared with the previous fiscal year, due to decreases in security-related products and accessories.

As a result, net sales of the segment decreased by 28.9% year on year to ¥23,738 million.

Cost of Sales

Cost of sales decreased in accordance with the decrease in net sales, by ¥24,831 million or 20.9% from the previous fiscal year to ¥94,115 million. The breakdown of cost of sales shows ¥79,052 million for goods and products sales (a ¥19,419 million or 19.7% year-on-year decrease), and ¥15,063 million for maintenance service sales (a ¥3,532 million or 19.0% decrease).

The cost of sales percentage edged up by 0.3 percentage points to 64.5%.

Selling, General and Administrative Expenses

Selling, general and administrative ("SGA") expenses declined by ¥2,851 million or 6.3% from the previous fiscal year to ¥42,437 million, in spite of a ¥443 million increase in amortization of goodwill brought mainly by acquisition of CREATION CARD CO., LTD. The ratio of SGA expenses to net sales, on the contrary, rose by 4.6 percentage points to 29.1%, due to a significant drop of net sales.

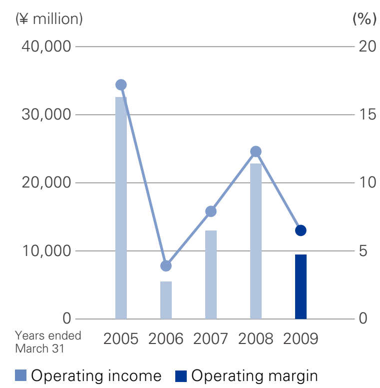
Operating Income

As a result of the above, operating income decreased by ¥11,520 million or 55.0% from the previous fiscal year to ¥9,427 million. The operating margin also declined by 4.8 percentage points to 6.5%.

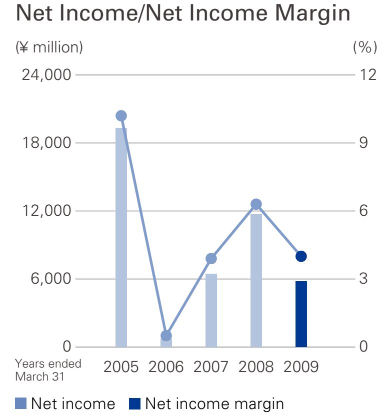
Other Income (Expenses)

Net other expenses increased slightly by ¥20 million or 2.7% to ¥768 million. Major income factors include a ¥129 million increase in gain on sales of investment securities, a ¥341 million decrease in loss on sales and disposal of property, plant and equipment, and ¥366 million surrender value of insurance posted. Major expense factors, on the other hand, were a ¥618 million increase in net foreign currency exchange loss, a ¥234 million charge for allowance for credit losses posted, and the absence of reversal of provision for loss on cancellation of lease obligations, which was ¥161 million in the previous fiscal year.

Operating Income/ Operating Margin



Net Income/Net Income Margin



Income Taxes

Income taxes decreased by ¥5,614 million to ¥2,837 million due to a decrease in income before income taxes and minority interests. Actual effective tax rate after application of tax effect accounting was 32.8%, down from 41.8% in the previous fiscal year, mainly due to a decrease in valuation allowance of deferred tax assets.

Net Income

As a result of the above, net income for the year under review stood at ¥5,782 million, marking a ¥5,929 million or 50.6% decline from the previous fiscal year.

Financial Position

Assets

Total assets as of March 31, 2009 amounted to ¥196,798 million, a year-on-year decrease of ¥12,439 million or 5.9%. Although there were certain increasing factors such as an ¥8,912 million increase in short-term investments, they were outweighed by a ¥23,113 million decrease in cash and cash equivalents, a ¥7,260 million decrease in investment securities and other factors.

Liabilities

Total liabilities as of March 31, 2009 decreased to ¥49,622 million from the previous fiscal year end by ¥7,880 million or 13.7%. This decrease was attributable mainly to a ¥5,509 million decrease in income taxes payable. Interest-bearing debt except obligations under finance leases stood at ¥11,901 million, a decrease of ¥1,013 million or 7.8% year on year, reflecting a decrease in short-term debt and other factors.

Equity

Total equity as of March 31, 2009 decreased to ¥147,176 million, which was ¥4,559 million or 3.0% lower than that of the previous fiscal year end. This was mainly due to a ¥5,757 million purchase of treasury stock although ¥5,718 million was retired.

Cash Flows

Cash and cash equivalents as of March 31, 2009 stood at ¥42,988 million, down by ¥23,113 million from the previous fiscal year end.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased by ¥19,664 million from the previous fiscal year to ¥2,401 million. Although there were certain cash-increasing factors such as a ¥29 million increase in liability for retirement benefits that reversed the previous fiscal year’s ¥6,097 million decrease, income before income taxes and minority interests resulted in a reduction of ¥8,659 million. There were also other cash out-flow factors, including ¥9,329 million in income taxes paid.

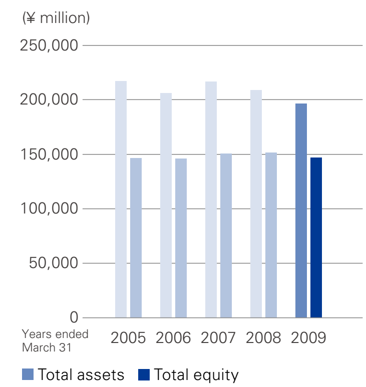
Cash Flows from Investing Activities

Net cash used in investing activities was ¥15,465 million, a ¥9,722 million increase from the previous fiscal year. Factors contributing to this increase included ¥4,216 million in purchases of investments in CREATION CARD CO., LTD., resulting in a change in the scope of consolidation, ¥1,820 million in purchases of assigned receivables, and ¥6,469 million in purchases of property, plant and equipment.

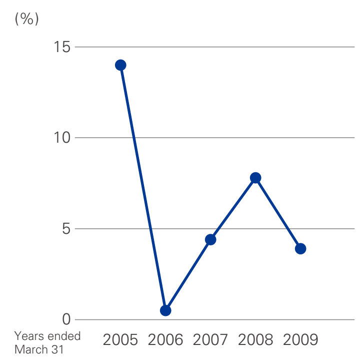
Cash Flows from Financing Activities

Net cash used in financing activities edged up by ¥191 million from the previous fiscal year to ¥9,543 million. Major cash out-flow items included ¥2,934 million in dividends paid, and ¥5,757 million in repurchases of treasury stock.

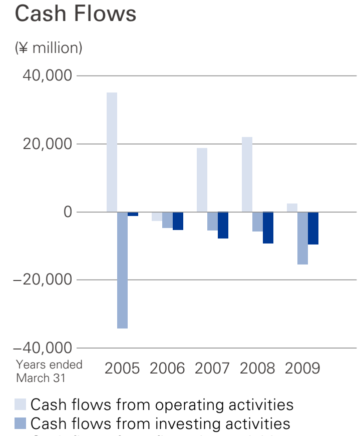
Total Assets/Total Equity



ROE



Cash Flows



Risk Information

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

The forward-looking statements made below are based on judgements made by the GLORY Group as of the end of March 31, 2009.

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

The GLORY Group is subject to business authorizations, import and export regulations as well as various laws and regulations in the countries and regions where the Group operates. Should these laws and regulations be revised or repealed, or if new public regulations were to be established, or if any other special factors influencing the market environment were to arise, the performance of the GLORY Group may be adversely affected.

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

The composition of the GLORY Group's sales is highly dependent on the financial markets. Should it become necessary for financial institutions to cut capital investments due to major operational or financial problems, the performance of the GLORY Group may be adversely affected.

(iii) R&D Investment

The GLORY Group is an R&D-based enterprise and continues to invest in R&D aggressively. However, the development of new products always involves certain risks. Depending on the concept, the development period could be longer, and the costs higher, than initially planned. If such circumstances were to occur, the performance of the GLORY Group may be adversely affected.

(iv) Intellectual Property Rights

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

(v) Overseas Business Conditions

The GLORY Group's overseas business activities are wide-ranging—including exports of products, overseas procurement, local production overseas and more.

Should a rapid change occur in the political and/or economic situation in a country or region where the Group operates, or if foreign exchange markets were to fluctuate beyond the anticipated scope, the performance of the GLORY Group may be adversely affected.

Consolidated Balance Sheets

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

ASSETS	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 42,998**	¥ 66,111	**$ 437,732**
Receivables:			
Trade notes	**3,916**	4,056	**39,864**
Trade accounts	**26,754**	28,112	**272,365**
Unconsolidated subsidiaries and associated companies	**1,215**	1,074	**12,373**
Other	**3,798**	386	**38,661**
Allowance for doubtful receivables	**(592)**	(172)	**(6,031)**
Investments in leases (Note 11)	**2,428**	-	**24,714**
Inventories (Note 4)	**24,290**	23,258	**247,279**
Short-term investments (Note 3)	**10,800**	1,888	**109,945**
Deferred tax assets (Note 8)	**4,902**	5,217	**49,907**
Other current assets	**889**	905	**9,048**
Total current assets	**121,398**	130,835	**1,235,857**
PROPERTY, PLANT AND EQUIPMENT			
Land	**11,740**	11,806	**119,512**
Buildings and structures	**33,127**	31,631	**337,245**
Machinery and equipment	**9,942**	9,764	**101,214**
Furniture and fixtures	**44,518**	39,889	**453,197**
Construction in progress	**1,114**	452	**11,338**
Total	**100,441**	93,542	**1,022,506**
Accumulated depreciation	**(62,963)**	(58,360)	**(640,973)**
Net property, plant and equipment	**37,478**	35,182	**381,533**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**14,628**	21,888	**148,916**
Investments in and advances to unconsolidated subsidiaries and associated companies	**2,129**	1,405	**21,673**
Software costs - net	**3,573**	2,773	**36,369**
Goodwill	**3,535**	1,031	**35,989**
Deferred tax assets (Note 8)	**5,895**	4,088	**60,010**
Other investments and other assets	**10,607**	14,661	**107,981**
Allowance for doubtful receivables	**(2,445)**	(2,626)	**(24,889)**
Total investments and other assets	**37,922**	43,220	**386,049**
TOTAL	**¥ 196,798**	¥ 209,237	**$ 2,003,439**

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

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT LIABILITIES:			
Short-term debt (Note 5)	**¥ 11,374**	¥ 11,678	**$ 115,793**
Current portion of long-term debt (Note 5)	**988**	709	**10,056**
Payables:			
Trade notes	**6,403**	7,248	**65,185**
Trade accounts	**8,403**	7,062	**85,548**
Unconsolidated subsidiaries and associated companies	**642**	612	**6,540**
Other	**4,239**	6,389	**43,152**
Income taxes payable	**247**	5,756	**2,511**
Accrued expenses	**5,786**	7,582	**58,901**
Accruals for debt guarantees	**259**	356	**2,635**
Accruals for loss on cancellation of lease obligations	**290**	178	**2,951**
Other current liabilities	**3,165**	5,603	**32,223**
Total current liabilities	**41,796**	53,173	**425,495**
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	**2,961**	2,932	**30,139**
Other long-term liabilities (Note 5)	**4,865**	1,397	**49,523**
Total long-term liabilities	**7,826**	4,329	**79,662**
CONTINGENT LIABILITIES (Note 13)			
EQUITY (Notes 7 and 14):			
Common stock: Authorized - 150,000,000 shares; Issued - 69,838,210 shares in 2009 and 72,838,210 shares in 2008	**12,893**	12,893	**131,253**
Capital surplus	**20,630**	20,630	**210,017**
Retained earnings	**117,068**	119,938	**1,191,779**
Unrealized gain on available-for-sale securities	**(12)**	735	**(125)**
Foreign currency translation adjustments	**(452)**	32	**(4,599)**
Treasury stock - at cost 1,548,504 shares in 2009 and 1,148,123 shares in 2008	**(2,951)**	(2,912)	**(30,043)**
Total	**147,176**	151,316	**1,498,282**
Minority interests	**—**	419	**—**
Total equity	**147,176**	151,735	**1,498,282**
TOTAL	**¥ 196,798**	¥ 209,237	**$ 2,003,439**

Consolidated Statements of Income

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
NET SALES	¥ 145,979	¥ 185,181	$ 1,486,093
COST OF SALES	94,115	118,946	958,113
Gross profit	51,864	66,235	527,980
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	42,437	45,288	432,014
Operating income	9,427	20,947	95,966
OTHER INCOME (EXPENSES):			
Interest and dividend income	761	666	7,748
Interest expense	(295)	(338)	(3,001)
Foreign currency exchange loss - net	(850)	(232)	(8,654)
Gain on sales of investment securities (Note 3)	129	0	1,315
Loss on write-down of investment securities	(684)	(641)	(6,961)
Loss on sales and disposal of property, plant and equipment	(421)	(762)	(4,281)
Income from life insurance and endowment contracts	153	151	1,561
Reversal of provision for loss on cancellation of lease obligations	—	161	—
Charge for allowance for credit losses	(234)	—	(2,385)
Impairment losses	(30)	—	(307)
Surrender value of insurance	366	—	3,721
Other - net	337	247	3,425
Other expenses - net	(768)	(748)	(7,819)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	8,659	20,199	88,147
INCOME TAXES (Note 8):			
Current	(1,836)	(7,626)	(18,690)
Deferred	(1,001)	(825)	(10,184)
Total income taxes	(2,837)	(8,451)	(28,874)
MINORITY INTERESTS IN NET INCOME	(40)	(37)	(408)
NET INCOME	¥ 5,782	¥ 11,711	$ 58,865

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.r):			
Basic net income	¥ 82.15	¥ 160.70	$ 0.84
Cash dividends applicable to the year	41.00	33.00	0.42

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

Consolidated Statements of Changes in Equity

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

	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, 2007	74,236	¥ 12,893	¥ 20,630	¥ 114,505	¥ 2,146	¥ 106	¥ (111)	¥ 150,169	¥ 673	¥ 150,842
Net income				11,711				11,711		11,711
Cash dividends, ¥33 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
Adjustment of retained earnings due to the adoption of PITF No. 18 (Note 2.b)				1				1		1
Net income				5,782				5,782		5,782
Cash dividends, ¥41 per share				(2,936)				(2,936)		(2,936)
Purchase of treasury stock							(5,757)	(5,757)		(5,757)
Retirement of treasury stock	(3,000)			(5,717)			5,718	1		1
Net change in the year					(747)	(484)		(1,231)	(419)	(1,650)
BALANCE, MARCH 31, 2009	**69,838**	**¥ 12,893**	**¥ 20,630**	**¥ 117,068**	**¥ (12)**	**¥ (452)**	**¥ (2,951)**	**¥ 147,176**	**¥ —**	**¥ 147,176**

	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, 2008	$ 131,253	$ 210,017	$ 1,220,991	$ 7,479	$ 325	$ (29,645)	$ 1,540,420	$ 4,268	$ 1,544,688
Adjustment of retained earnings due to the adoption of PITF No. 18 (Note 2.b)			13				13		13
Net income			58,865				58,865		58,865
Cash dividends, $0.42 per share			(29,885)				(29,885)		(29,885)
Purchase of treasury stock						(58,605)	(58,605)		(58,605)
Retirement of treasury stock			(58,205)			58,207	2		2
Net change in the year				(7,604)	(4,924)		(12,528)	(4,268)	(16,796)
BALANCE, MARCH 31, 2009	**$ 131,253**	**$ 210,017**	**$ 1,191,779**	**$ (125)**	**$ (4,599)**	**$ (30,043)**	**$ 1,498,282**	**$ —**	**$ 1,498,282**

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

Consolidated Statements of Cash Flows

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:	**2009**	**2008**	**2009**
Income before income taxes and minority interests	**¥ 8,659**	¥ 20,199	**$ 88,147**
Adjustments for:			
Income taxes - paid	**(9,329)**	(6,355)	**(94,971)**
Depreciation and amortization	**7,621**	6,570	**77,590**
Provision for doubtful receivables	**247**	2,098	**2,509**
Loss on sales and disposal of property, plant and equipment	**421**	762	**4,281**
Loss on write-down of investment securities	**684**	641	**6,961**
Gain on sales of investment securities	**(129)**	25	**(1,315)**
Changes in assets and liabilities:			
Decrease in notes, accounts and other receivable - trade	**454**	6,406	**4,626**
Decrease (increase) in inventories	**(380)**	5,459	**(3,870)**
Increase in interest and dividend receivable	**(1)**	(11)	**(13)**
Decrease in notes and accounts payable	**(740)**	(3,984)	**(7,535)**
Increase in interest payable	**1**	3	**15**
Increase (decrease) in liability for retirement benefits	**29**	(6,049)	**294**
Increase (decrease) in accruals for debt guarantees	**(97)**	52	**(990)**
Increase (decrease) in allowance for loss on cancellation of lease obligations	**112**	(2,097)	**1,139**
Increase in lease obligations	**2,209**	—	**22,490**
Increase in investment in lease	**(2,428)**	—	**(24,714)**
Increase in accrued consumption taxes	**(1,559)**	734	**(15,868)**
Decrease in accrued expenses	**(1,798)**	(302)	**(18,305)**
Other - net	**(1,575)**	(2,086)	**(16,026)**
Total adjustments	**(6,258)**	1,866	**(63,702)**
Net cash provided by operating activities	**2,401**	22,065	**24,445**
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	**362**	128	**3,684**
Purchases of property, plant and equipment	**(6,469)**	(4,714)	**(65,856)**
Purchases of software	**(1,704)**	(1,391)	**(17,348)**
Proceeds from sales of investment securities	**1,266**	3,534	**12,882**
Purchases of investment securities	**(1,017)**	(3,469)	**(10,348)**
Decrease (increase) in time deposit - net	**(712)**	451	**(7,250)**
Purchases of investments in subsidiaries resulting in change in scope of consolidation	**(4,216)**	—	**(42,916)**
Purchases of investments in subsidiaries	**(614)**	(434)	**(6,250)**
Purchases of assigned receivables	**(1,820)**	—	**(18,528)**
Decrease (increase) in other assets	**(541)**	152	**(5,515)**
Net cash used in investing activities	**(15,465)**	(5,743)	**(157,445)**
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans - net	**(144)**	437	**(1,467)**
Repayments of long-term debt	**(709)**	(709)	**(7,218)**
Repurchase of treasury stock	**(5,757)**	(6,652)	**(58,603)**
Dividends paid	**(2,934)**	(2,428)	**(29,869)**
Net cash used in financing activities	**(9,543)**	(9,352)	**(97,157)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(505)**	(294)	**(5,137)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(23,113)**	6,676	**(235,294)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**66,111**	59,435	**673,026**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 42,998**	¥ 66,111	**$ 437,732**
Assets acquired	**¥ (5,512)**	¥ —	**$ (56,114)**
Liabilities assumed	**(2,932)**	—	**(29,844)**
Goodwill	**3,374**	—	**34,344**
Acquisition costs	**(5,070)**	—	**(51,614)**
Cash acquired	**354**	—	**3,608**
Accounts payable	**500**	—	**5,090**
Purchases of investments in subsidiaries resulting in change in scope of consolidation	**¥ (4,216)**	¥ —	**$ (42,916)**

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

Notes to the Consolidated Financial Statements

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

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 Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to 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 2008 financial statements to conform to the classifications used in 2009.

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 ¥98.23 to $1, the approximate rate of exchange at March 31, 2009. 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, 2009 include the accounts of the Company and its 17 (18 in 2008) significant subsidiaries (together, the "Group").

2009 Name	2009 Year-end	2008 Name	2008 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 NASCA LTD.*1	March 31	GLORY LINCS CO., LTD.*1	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
HARIMA GLORY LTD.*2	March 31	NASCA CORPORATION *1	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
CREATION CARD CO., LTD.*3	March 31	KASAI GLORY LTD.*2	March 31
GLORY TEC LTD.	March 31	SAYO GLORY LTD.*2	March 31
GLORY (U.S.A.) Inc.	March 31	GLORY TEC LTD.	March 31
GLORY Money Handling Machines Pte. Ltd.	March 31	GLORY (U.S.A.) Inc.	March 31
GLORY GmbH	December 31	GLORY Money Handling Machines Pte. Ltd.	March 31
GLORY Europe GmbH	December 31	GLORY GmbH	December 31
Standardwerk Eugen Reis GmbH	December 31	GLORY Europe GmbH	December 31
Reis Service GmbH	December 31	Standardwerk Eugen Reis GmbH	December 31
		Reis Service GmbH	December 31

Notes: *1 NASCA CORPORATION and GLORY LINCS CO., LTD. which were consolidated subsidiaries, merged as of October 1, 2008, and GLORY LINCS CO., LTD. was excluded from the scope of consolidation as it was dissolved. The name of the company after the merger is GLORY NASCA LTD.

*2 KASAI GLORY LTD. and SAYO GLORY LTD., which were consolidated subsidiaries, merged as of October 1, 2008, and SAYO GLORY LTD. was excluded from the scope of consolidation as it was dissolved. The name of the company after the merger is HARIMA GLORY LTD.

*3 CREATION CARD CO., LTD., which became a subsidiary of the Company as of August 1, 2008, is included in the scope of consolidation as it is highly significant.

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 subsidiary's 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. **Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements** - In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if included. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change on income before income taxes and minority interests was not material. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. **Business Combination** - In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

The Company acquired 100% of the net assets of CREATION CARD CO., LTD. on August 1, 2008 and accounted for it by the purchase method of accounting. The related goodwill is systematically amortized over 5 years.

Transactions under common control - NASCA CORPORATION and GLORY LINCS CO., LTD. which were consolidated subsidiaries, merged as of October 1, 2008.

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

e. Inventories - Inventories are stated at cost, which are determined by the periodic average method for finished products and work in process, but merchandise and raw materials and supplies are mainly determined by the moving average method. The Company adopted the method which book values of inventories written down on the balance sheet based on decreased profitability of assets.

Prior to April 1, 2008, inventories were stated at cost, mainly determined by the average method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income and income before income taxes and minority interests for the year ended March 31, 2009 by ¥693 million ($7,051 thousand).

f. Short-term Investments and Investment Securities - Short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: i) held-to-maturity debt securities, 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.

g. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries other than buildings acquired on and after April 1, 1998 is computed by the declining-balance method, while depreciation of its consolidated foreign subsidiaries is mainly computed by the straight-line method at rates based on estimated useful lives of the assets. Buildings of the Company and its consolidated domestic subsidiaries acquired on and after April 1, 1998 are depreciated by the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 7 to 10 years for machinery, equipment and others. The useful lives for lease assets are the terms of the respective leases.

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries changed useful lives of machinery and equipment, which previously was determined to be 4-12 years, however, from the current fiscal year, this was changed to 7-10 years as a result of reviews of asset use status, and revisions of the Corporation Tax Law and its regulation. The effect of this change was to decrease operating income and income before income taxes decreased by ¥184 million ($1,875 thousand) for the year ended March 31, 2009, respectively.

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

l. **Leases (Lessee)** - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. There was no effect from this change on operating income and income before income taxes and minority interests for the current fiscal year.

Leases (Lessor) - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Company applied the revised accounting standard effective April 1, 2008. The impact of this change on operating income and income before income taxes for the current fiscal year was immaterial.

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

n. 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.

o. 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.

p. 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.

q. **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.

r. **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

Short-term investments at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Short-term investments			
Time deposits other than cash equivalents	**¥ 4,800**	¥ 888	**$ 48,864**
Government, corporate and other bonds	**6,000**	1,000	**61,081**
Total	**¥ 10,800**	¥ 1,888	**$ 109,945**
Investment securities:			
Marketable equity securities	**¥ 3,777**	¥ 5,050	**$ 38,450**
Non-marketable equity securities	**884**	1,256	**8,997**
Government, corporate and other bonds	**9,829**	15,534	**100,059**
Other	**138**	48	**1,410**
Total	**¥ 14,628**	¥ 21,888	**$ 148,916**

Book value and fair value information on "Held-to-maturity debt securities" as of March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen					
	2009			**2008**		
	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	**¥ —**	**¥ —**	**¥ —**	¥ —	¥ —	¥ —
Securities whose fair values do not exceed their book value:						
Corporate bonds	**300**	**296**	**(4)**	—	—	—
Other	**15,000**	**13,760**	**(1,240)**	16,000	15,237	(763)
Total	**¥ 15,300**	**¥ 14,056**	**¥ (1,244)**	¥ 16,000	¥ 15,237	¥ (763)

	Thousands of U.S. Dollars		
			2009
	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:			
Corporate bonds	**3,054**	**3,013**	**(41)**
Other	**152,703**	**140,084**	**(12,619)**
Total	**$ 155,757**	**$ 143,097**	**$ (12,660)**

Book value and acquisition cost information on "Available-for-sale securities" as of March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen					
			2009			**2008**
	Acquisition Costs	Book Value per Balance Sheet	Difference	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:						
Equity securities	**¥ 1,392**	**¥ 1,917**	**¥ 525**	¥ 2,332	¥ 3,898	¥ 1,566
Securities whose book values do not exceed their acquisition costs:						
Equity securities	**2,399**	**1,860**	**(539)**	1,471	1,152	(319)
Corporate bonds	**500**	**499**	**(1)**	500	496	(4)
Other	**142**	**136**	**(6)**	50	45	(5)
Total	**¥ 4,433**	**¥ 4,412**	**¥ (21)**	¥ 4,353	¥ 5,591	¥ 1,238

	Thousands of U.S. Dollars		
			2009
	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	**$ 14,174**	**$ 19,513**	**$ 5,339**
Securities whose book values do not exceed their acquisition costs:			
Equity securities	**24,424**	**18,937**	**(5,487)**
Corporate bonds	**5,090**	**5,078**	**(12)**
Other	**1,442**	**1,390**	**(52)**
Total	**$ 45,130**	**$ 44,918**	**$ (212)**

Available-for-sale securities and held-to-maturity securities whose fair values are not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale:			
Equity securities	¥ 884	¥ 1,256	$ 8,997
Other	2	3	20
Held-to-maturity	30	38	305
Total	¥ 916	¥ 1,297	$ 9,322

"Available-for-sale securities" sold during the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Proceeds from sales	¥ 255	¥ 14	$ 2,596
Gain on sales	127	0	1,291
Loss on sales	—	25	—

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" that are not marketable, if the real price of the securities declined remarkably due to aggravation of the financial conditions of issuing companies, such securities are impaired accordingly.

The Group recognized ¥174 million ($1,767 thousand) and ¥466 million in loss on valuation of investment securities for the years ended March 31, 2009 and 2008, respectively.

The carrying values of debt securities by contractual maturities for securities at March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due in one year or less	¥ 6,000	¥ 1,000	$ 61,081
Due in one to five years	3,630	9,539	36,954
Due in five to ten years	6,199	5,996	63,106
Due after ten years	—	—	—
Total	¥ 15,829	¥ 16,535	$ 161,141

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Finished products and merchandise	**¥ 14,380**	¥ 12,522	**$ 146,391**
Work in process	**4,911**	5,938	**50,000**
Raw materials and supplies	**4,999**	4,798	**50,888**
Total	**¥ 24,290**	¥ 23,258	**$ 247,279**

5. SHORT-TERM AND LONG-TERM DEBT

(a) Short-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Loans from banks	**¥ 11,374**	¥ 11,678	**$ 115,793**

The annual average interest rates applicable to short-term bank loans at March 31, 2009 and 2008 were 1.7% and 2.1%, respectively.

(b) Long-term debt (including other long-term liabilities on the accompanying consolidated balance sheets) at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Loans from banks and an insurance company	**¥ 527**	¥ 1,236	**$ 5,360**
Obligations under finance leases	**2,209**	—	**22,490**
Total	**2,736**	1,236	**27,850**
Less current portion	**(988)**	(709)	**(10,056)**
Long-term debt, less current portion	**¥ 1,748**	¥ 527	**$ 17,794**

The annual average interest rates applicable to long-term loans at March 31, 2009 and 2008 were 2.0% and 1.8%, respectively.

(c) Annual maturities of long-term debt at March 31, 2009, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	**¥ 988**	**$ 10,056**
2011	**523**	**5,326**
2012	**496**	**5,044**
2013	**453**	**4,610**
2014 and thereafter	**276**	**2,814**
Total	**¥ 2,736**	**$ 27,850**

6. RETIREMENT AND PENSION PLANS

(a) The Company and its domestic consolidated subsidiaries have adopted, as defined benefit plans, contributory funded defined benefit enterprise pension plans, cash balance pension fund plans, non-contributory tax-qualified pension plans and retirement lump-sum payment plans. As to the contributory funded defined benefit enterprise pension plans, as of October 1, 2006, the pension benefit rate was reduced and changed to the quasi-cash balance system. Upon retirement of an employee, additional retirement payments which are not subject to retirement benefit obligation by actuarial calculations in accordance with the retirement benefit accounting, may be paid.

Although the Company adopted the non-contributory tax-qualified pension plans in March 1967, taking advantage of the merger with GLORY Shoji Co., Ltd. as of October 1, 2006, it changed to the cash balance pension fund plans in accordance with the Defined Benefit Corporate Pension Law, and introduced a quasi-cash balance system upon reducing the pension benefit rate. In addition, as of November 30, 2007, the Company set up a retirement benefit trust for the contributory funded defined benefit enterprise pension plans and the retirement lump-sum payment plans.

As of the end of current fiscal year, the Company and its consolidated subsidiaries have retirement lump-sum payment plans for nine companies, one association-type fund for the contributory funded defined benefit enterprise pension plan, one contract-type cash balance pension fund plan, and two non-contributory tax-qualified pension plans.

(b) The liability (asset) for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Projected benefit obligation	**¥ 31,214**	¥ 30,125	**$ 317,763**
Fair value of plan assets (including a pension trust)	**(20,741)**	(24,295)	**(211,149)**
Unrecognized actuarial loss	**(10,662)**	(5,872)	**(108,536)**
Unrecognized prior service cost	**2,557**	2,755	**26,033**
Net liability	**2,368**	2,713	**24,111**
Prepaid pension cost	**593**	219	**6,028**
Liability for retirement benefits	**¥ 2,961**	¥ 2,932	**$ 30,139**

(c) The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Service cost	**¥ 1,708**	¥ 1,676	**$ 17,385**
Interest cost	**594**	564	**6,049**
Expected return on plan assets	**(486)**	(425)	**(4,947)**
Recognized actuarial loss	**834**	248	**8,488**
Amortization of prior service costs	**(391)**	(455)	**(3,982)**
Net periodic benefit cost	**¥ 2,259**	¥ 1,608	**$ 22,993**

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, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	**2.00%**	2.00%
Expected rate of return on plan assets	**2.00%**	2.00%
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 Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account 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 Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

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, 2009 and 2008.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Deferred tax assets due to:			
Liability for retirement benefits	**¥ 3,010**	¥ 3,156	**$ 30,644**
Allowance for doubtful receivables	**730**	601	**7,432**
Accrued business office tax	**15**	525	**155**
Loss on write-down of investment securities	**550**	801	**5,596**
Accrued bonuses	**1,464**	2,212	**14,898**
Asset adjustment account	**1,660**	—	**16,894**
Inventories	**514**	240	**5,234**
Unrealized profit eliminated	**469**	437	**4,778**
Depreciation and amortization	**502**	493	**5,108**
Research and development expenditures	**1,009**	1,031	**10,276**
Other	**2,069**	2,150	**21,064**
Gross deferred tax assets	**11,992**	11,646	**122,079**
Less: valuation allowance	**(733)**	(1,513)	**(7,466)**
Total gross deferred tax assets	**¥ 11,259**	¥ 10,133	**$ 114,613**
Deferred tax liabilities due to:			
Net unrealized gain on securities	**¥ (213)**	¥ (637)	**$ (2,166)**
Business tax refund receivables	**(142)**	(2)	**(1,448)**
Reserve for special depreciation	**(10)**	(19)	**(96)**
Other	**(97)**	(170)	**(986)**
Total gross deferred tax liabilities	**(462)**	(828)	**(4,696)**
Net deferred tax assets	**¥ 10,797**	¥ 9,305	**$ 109,917**

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, 2009 and 2008 is as follows:

	2009	**2008**
Normal effective statutory tax rate	**40.6%**	40.6%
Expenses not deductible for income tax purposes, such as entertainment expenses	**2.7**	1.2
Tax credit related to research expenses	**(2.8)**	(4.1)
Recognized deferred tax on unrealized intercompany profit for the prior fiscal year	**—**	—
Corporation taxes for the prior fiscal year	**—**	—
Valuation allowance	**(7.9)**	3.3
Amortization of goodwill	**3.0**	1.0
Other—net	**(2.8)**	(0.2)
Actual effective tax rate	**32.8%**	41.8%

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 mainly consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Employees' salaries and bonuses	**¥ 13,645**	¥ 14,274	**$ 138,911**
Rent expenses	**3,914**	3,484	**39,844**

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expense and manufacturing cost for the years ended March 31, 2009 and 2008 were ¥9,204 million ($93,700 thousand) and ¥9,616 million, respectively.

11. LEASES

(a) Lessee

Rental expenses for the years ended March 31, 2009 and 2008 were ¥2,049 million ($20,863 thousand) and ¥2,548 million, respectively.

As discussed in Note 2.l, the Company accounts for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information, on an "as if capitalized" basis for the years ended March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Machinery, equipment and software	**¥ 6,357**	¥ 12,651	**$ 64,718**
Accumulated depreciation	**(3,032)**	(7,594)	**(30,871)**
Accumulated impairment loss	**(140)**	(281)	**(1,427)**
Net leased property	**¥ 3,185**	¥ 4,776	**$ 32,420**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Due within one year	**¥ 1,421**	¥ 1,951	**$ 14,462**
Due after one year	**1,826**	2,572	**18,595**
Total	**¥ 3,247**	¥ 4,523	**$ 33,057**
Outstanding impairment loss on leaseholds	**¥ 10**	¥ 41	**$ 97**

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.

Lease expense, depreciation expense, reversal of impairment loss on leaseholds, interest expense:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Lease expense	**¥ 2,049**	¥ 2,548	**$ 20,863**
Reversal of impairment loss on leaseholds	**31**	67	**319**
Depreciation expense	**1,849**	2,190	**18,827**
Interest expense	**122**	169	**1,238**
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 minimum rental commitments under noncancellable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Due within one year	**¥ 53**	¥ 56	**$ 536**
Due after one year	**91**	125	**927**
Total	**¥ 144**	¥ 181	**$ 1,463**

(b) Lessor

The net investment in leases are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	**2009**
Gross lease receivables	**¥ 2,872**	**$ 29,235**
Unguaranteed residual values	**—**	**—**
Unearned interest income	**444**	**4,521**
Investments in lease, current	**¥ 2,428**	**$ 24,714**

Maturities of investment in leases for finance leases that deem to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	**¥ 622**	**$ 6,333**
2011	**622**	**6,333**
2012	**606**	**6,164**
2013	**566**	**5,757**
2014	**362**	**3,688**
2015 and thereafter	**94**	**960**
Total	**¥ 2,872**	**$ 29,235**

As discussed in Note 2.m, the Company accounts for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Aggregate future lease receivables for subleases as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Due within one year	**¥ 1,388**	¥ 1,718	**$ 14,127**
Due after one year	**1,838**	2,512	**18,714**
Total	**¥ 3,226**	¥ 4,230	**$ 32,841**

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. Derivative transactions entered into by the Company and certain consolidated subsidiaries have been made in accordance with internal policies which regulate authorization.

The Company had the following derivative contracts outstanding at March 31, 2009 and 2008:

	Millions of Yen					
	2009			**2008**		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Forward foreign exchange contracts	**¥ 1,203**	**¥ 1,130**	**¥ 73**	¥ 946	¥ 914	¥ 33

	Thousands of U.S. Dollars		
	2009		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Forward foreign exchange contracts	**$ 12,245**	**$ 11,501**	**$ 744**

Foreign currency forward contracts which qualify for hedge accounting for the years ended March 31, 2009 and 2008 are excluded from the disclosure of market value information.

The contract amount of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the size of risk of derivative transactions.

13. CONTINGENT LIABILITIES

At March 31, 2009 and 2008, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Guarantees for bank loans drawn by its employees	**¥ 84**	¥ 90	**$ 853**
Guarantees for lease obligations owed by its customers	**2,852**	3,068	**29,031**

14. BUSINESS COMBINATION

(a) Application of Purchase Method CREATION CARD CO., LTD.

On August 1, 2008, the Company acquired 100% of the net assets of CREATION CARD CO., LTD. from ABILIT CORPORATION. CREATION CARD CO., LTD. is in the business of the sales and maintenance of recreation card systems and recreation-related instruments. This acquisition was made to advance the prepaid card system business for recreation hall of the Company. The results of operations for CREATION CARD CO., LTD. are included in the Company's consolidated financial statements of income as of the date of acquisition. The Company accounted for this business combination by the purchase method of accounting.

The total cost of acquisition was ¥5,070 million ($51,614 thousand), which consists of ¥4,940 million ($50,290 thousand) for the common stock of CREATION CARD CO., LTD. and ¥130 million ($1,324 thousand) of related expenses, such as due diligence expenses. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. The difference between the acquisition cost and fair value of net assets of CREATION CARD CO., LTD. on acquisition date was recognised as goodwill. Goodwill recorded in connection with the acquisition totalled ¥2,932 million ($29,844 thousand) and is amortized by the straight-line method over 5 years. Although the Company acquired 100% of the net assets of CREATION CARD CO., LTD. on August 1, 2008, the allocation of purchase amounts to the assets acquired and the liabilities assumed based on their respective fair values is not finished. The effect of this on income before income taxes and minority interests is not material.

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

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 1,671	$ 17,014
Non-current assets	3,841	39,100
Total assets acquired	¥ 5,512	$ 56,114
Current liabilities	¥ 2,195	$ 22,347
Non-current liabilities	1,179	11,997
Total liabilities assumed	¥ 3,374	$ 34,344

If this business combination had been completed as of April 1, 2008, the beginning of the current fiscal year, the unaudited condensed pro forma consolidated financial statement of income for the year ended March 31, 2009 would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
Sales	¥ 2,213	$ 22,529
Operating income	182	1,853
Income before income taxes and minority interests	182	1,853
Net income	109	1,110

	Yen	U.S. Dollars
Net income per share	¥ 27.25	$ 0.28

(b) Transactions under the Common Control

NASCA CORPORATION and GLORY LINCS CO., LTD. which were consolidated subsidiaries, merged as of October 1, 2008. GLORY LINCS CO., LTD., which sells recreation cards and related instruments merged into NASCA CORPORATION, which sells and maintains recreation instruments, with NASCA CORPORATION being the surviving corporation. The name of the company after the merger is GLORY NASCA LTD.

This merger was made to use management resources more efficiently and enhance customer leverage by combining business locations. There was no agreement of merger, because both companies were 100% consolidated subsidiaries.

This merger is treated as a transaction under the common control in accordance with "Accounting for Business Combinations" issued by the BAC on October 31, 2003, and "Guidance for Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance no. 10 updated on November 15, 2007). There was no impact to consolidated financial statements.

15. RELATED PARTY DISCLOSURES

Transactions with the Company and related parties for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Transactions with a close relative of directors - Legal retaining fee	**¥ 14**	¥ —	**$ 143**

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Transactions with the Companies for which directors and their relatives hold a majority of voting rights - Purchase of parts	**¥ 705**	¥ —	**$ 7,173**

16. 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 2009	Millions of Yen 2008	Thousands of U.S. Dollars 2009
Net sales:			
Money handling machines and cash management systems:			
Customers	¥ 85,928	¥ 101,710	$ 874,761
Intersegment	—	—	—
Total	85,928	101,710	874,761
Vending machines and automatic service equipment:			
Customers	36,313	50,078	369,676
Intersegment	—	—	—
Total	36,313	50,078	369,676
Other goods and products:			
Customers	23,738	33,393	241,656
Intersegment	5,977	9,130	60,845
Total	29,715	42,523	302,501
Elimination	(5,977)	(9,130)	(60,845)
Consolidated total	¥ 145,979	¥ 185,181	$ 1,486,093
Operating expenses:			
Money handling machines and cash management systems	¥ 80,003	¥ 87,994	$ 814,448
Vending machines and automatic service equipment	34,762	45,944	353,887
Other goods and products	27,675	39,390	281,734
Elimination or corporate	(5,888)	(9,094)	(59,942)
Consolidated total	¥ 136,552	¥ 164,234	$ 1,390,127
Operating income:			
Money handling machines and cash management systems	¥ 5,925	¥ 13,716	$ 60,313
Vending machines and automatic service equipment	1,551	4,134	15,789
Other goods and products	2,040	3,133	20,767
Elimination or corporate	(89)	(36)	(903)
Consolidated total	¥ 9,427	¥ 20,947	$ 95,966
Assets:			
Money handling machines and cash management systems	¥ 64,215	¥ 59,681	$ 653,725
Vending machines and automatic service equipment	49,294	46,350	501,820
Other goods and products	11,426	11,496	116,315
Elimination or corporate	71,863	91,710	731,579
Consolidated total	¥ 196,798	¥ 209,237	$ 2,003,439

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Depreciation and amortization:			
Money handling machines and cash management systems	**¥ 4,647**	¥ 3,596	**$ 47,309**
Vending machines and automatic service equipment	**2,281**	2,258	**23,218**
Other goods and products	**693**	716	**7,057**
Consolidated total	**¥ 7,621**	¥ 6,570	**$ 77,584**
Impairment loss and amortization:			
Money handling machines and cash management systems	**¥ 30**	¥ —	**$ 307**
Vending machines and automatic service equipment	**—**	—	**—**
Other goods and products	**—**	—	**—**
Consolidated total	**¥ 30**	¥ —	**$ 307**
Capital expenditure for segment assets:			
Money handling machines and cash management systems	**¥ 5,530**	¥ 4,315	**$ 56,296**
Vending machines and automatic service equipment	**3,260**	2,216	**33,183**
Other goods and products	**1,848**	748	**18,817**
Consolidated total	**¥ 10,638**	¥ 7,279	**$ 108,296**

Notes: 1) As discussed in Note 2.e, effective April 1, 2008, the Company and its consolidated domestic subsidiaries applied ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories”. The effect of this change was to decrease operating income of Industry Money handling machines and cash management systems by ¥342 million ($3,481 thousand), Industry Vending machines and automatic service equipment by ¥299 million ($3,040 thousand), and operating income of Industry Other goods and products by ¥52 million ($529 thousand) for the year ended March 31, 2009.

2) As discussed in Note 2.g, effective April 1, 2008, the Company and its consolidated domestic subsidiaries changed the useful lives of machinery and equipment, due to the revisions of Corporation Tax Law and its regulation. The effect of this change was to decrease operating income of Industry Money handling machines and cash management systems by ¥75 million ($763 thousand), Industry Vending machines and automatic service equipment by ¥108 million ($1,099 thousand), and operating income of Industry Other goods and products by ¥1 million ($13 thousand) for the year ended March 31, 2009.

(b) Geographical Segments

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Net sales:			
Japan:			
Customers	**¥ 121,451**	¥ 162,636	**$ 1,236,397**
Intersegment	**18,524**	14,520	**188,575**
Total	**139,975**	177,156	**1,424,972**
America:			
Customers	**5,892**	5,607	**59,981**
Intersegment	**14**	2	**140**
Total	**5,906**	5,609	**60,121**
Europe:			
Customers	**17,248**	15,927	**175,590**
Intersegment	**4**	15	**39**
Total	**17,252**	15,942	**175,629**
Asia/Oceania:			
Customers	**1,387**	1,011	**14,124**
Intersegment	**642**	569	**6,532**
Total	**2,029**	1,580	**20,656**
Elimination	**(19,183)**	(15,106)	**(195,285)**
Consolidated total	**¥ 145,979**	¥ 185,181	**$ 1,486,093**

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2008**	**2009**
Operating expenses:			
Japan	**¥ 130,914**	¥ 156,695	**$ 1,332,736**
America	**5,808**	5,561	**59,123**
Europe	**17,078**	15,523	**173,855**
Asia/Oceania	**1,935**	1,561	**19,698**
Elimination or corporate	**(19,183)**	(15,106)	**(195,285)**
Consolidated total	**¥ 136,552**	¥ 164,234	**$ 1,390,127**
Operating income:			
Japan	**¥ 9,061**	¥ 20,461	**$ 92,237**
America	**98**	48	**997**
Europe	**174**	419	**1,773**
Asia/Oceania	**94**	19	**959**
Elimination or corporate	**—**	—	**—**
Consolidated total	**¥ 9,427**	¥ 20,947	**$ 95,966**

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Assets:			
Japan	¥ 117,379	¥ 111,975	$ 1,194,937
America	2,828	2,531	28,790
Europe	7,885	7,905	80,270
Asia/Oceania	842	861	8,570
Elimination or corporate	67,864	85,965	690,872
Consolidated total	¥ 196,798	¥ 209,237	$ 2,003,439

(c) Sales to Foreign Customers

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
America	¥ 9,251	¥ 8,666	$ 94,178
Europe	20,348	19,949	207,147
Asia/Oceania	3,186	3,169	32,431
Sales to foreign customers	¥ 32,785	¥ 31,784	$ 333,756

17. SUBSEQUENT EVENTS

(a) Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2009 was approved at the Company's shareholders meeting held on June 26, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥15 ($0.15) per share	¥ 1,024	$ 10,428

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of GLORY LTD.:

We have audited the accompanying consolidated balance sheets of GLORY LTD. and consolidated subsidiaries (the "Company") as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in 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. 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 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 consolidated subsidiaries as of March 31, 2009 and 2008, 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.

Our audits 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 26, 2009

Member of
Deloitte Touche Tohmatsu

Corporate and Share Information

(As of March 31, 2009)

Corporate Information

Name: GLORY LTD.
Established: November 27, 1944
Capital: ¥12,892,947,600
URL: http://www.glory.co.jp
Number of employees: 3,472 (Consolidated basis: 5,510)

Offices

GLORY LTD. Head Office/Factory	1-3-1, Shimoteno, Himeji City, Hyogo 670-8567, Japan +81-79-297-3131
Tokyo Office	Akihabara UDX 4-14-1, Sotokanda, Chiyoda-ku, Tokyo 101-8977, Japan +81-3-5207-3100
Shinagawa Business Place	5-4-6, Osaki, Shinagawa-ku, Tokyo 141-8581, Japan +81-3-3495-6301
Gochaku Business Place	67, Kokubunji, Mikunino-cho, Himeji City, Hyogo 671-0234, Japan +81-79-253-9360
Saitama Factory	2-4-1, Furukawa, Kazo City, Saitama 347-0004, Japan +81-480-68-4661
Regional offices and other business sites	7 regional offices 41 local offices 25 local service offices 3 service centers 2 other business sites

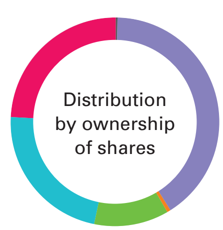
Share Information

Number of shares authorized: 150,000,000
Number of shares issued: 69,838,210
Trading unit: 100 shares
Number of shareholders: 8,112 shareholders (down 1,995 year on year)
Listing exchanges: First Section of the Tokyo Stock Exchange
First Section of the Osaka Securities Exchange
Securities code: 6457
Administrator of shareholder registry: Daiko Clearing Services Corporation

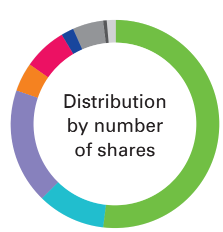
Major shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding Ratio (%)
Nippon Life Insurance Company	4,058	5.8
Japan Trustee Services Bank, Ltd. (Trustee Account)	3,708	5.3
Japan Trustee Services Bank, Ltd. (Trustee Account 4G)	3,319	4.8
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	3,082	4.4
State Street Bank and Trust Company 505223	3,060	4.4
Tatsuta Boseki Kaisya, Limited	2,939	4.2
The Master Trust Bank of Japan, Ltd.	2,463	3.5
State Street Bank and Trust Company	2,102	3.0
Sumitomo Mitsui Banking Corporation	2,100	3.0
Onoe International Limited	2,018	2.9

Shareholder distribution



National and regional government bodies	0.2%
Financial institutions	41.0%
Securities companies	0.4%
Other Japanese companies	11.7%
Overseas individuals and companies	22.7%
Japanese individuals, etc.	24.0%



1 million shares or over	52.0%
500,000–999,999 shares	10.7%
100,000–499,999 shares	17.6%
50,000–99,999 shares	4.5%
10,000–49,999 shares	6.7%
5,000–9,999 shares	1.9%
1,000–4,999 shares	4.8%
500–999 shares	0.6%
Less than 500 shares	1.2%

We Secure the Future

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