ANNUAL REPORT 2003

Year ended March 31, 2003

GLORY®

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

CONTENTS

FINANCIAL HIGHLIGHTS

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2002 and 2003

	Millions of yen		Thousands of U.S. dollars
For the Year:	2002	**2003**	**2003**
Net sales	¥ 131,618	**¥ 117,287**	**$ 975,765**
Operating profit	10,787	**8,641**	**71,889**
Income before income taxes and minority interests	7,212	**10,702**	**89,035**
Net income	3,669	**5,902**	**49,101**
At Year End:			
Total assets	166,505	**164,077**	**1,365,033**
Total Shareholders' equity	105,115	**110,686**	**920,849**

	Yen		U.S. dollars
Per share:	2002	**2003**	**2003**
Net income	¥ 100.44	**¥ 157.42**	**$ 1.310**
Cash dividends	16.00	**16.00**	**0.13**

(Note)
The U.S. dollar amounts are translated, for convenience only, at the rate of ¥120.20=US$1, the approximate exchange rate at March 31, 2003.

PRESIDENT'S MESSAGE

Hideto Nishino, President

I am pleased to present our Company's Annual Report for the year ended March 31, 2003. (The 57th term from April 1, 2002 to March 31, 2003)

During the fiscal year for our consolidated financial statements, the Japanese economy experienced extremely difficult times. Decreased consumer spending and reduced investments in new plants and equipment due to a decrease in domestic demand, in addition to dropping stock prices and an accelerating deflationary spiral, caused this.

During this economic recession, demand fell sharply below the previous term for the financial market, one of the principal markets for our company group (Glory Ltd., its consolidated subsidiaries and its affiliates consolidated under the equity method). Financial institutions were stepping up their drive for bad loan disposal and also cut back purchases of machines with the issue of new banknotes near at hand. Thus their equipment investment dropped below our expectations. In the distribution market, with lower consumer spending, demand from department stores and supermarkets was sluggish; however, demand was rather brisk from security service companies active in laborsaving investments as well as from self-service gas stations. In the vending machine market, demand for cigarette vending machines was slumped because of saturation of the market. In the amusement game market, demand was generally weak due to curbed investment in the building of or remodeling of pachinko parlors.

In these economic conditions, our group concentrated on research and development of new technology and new products to meet the needs in each of our markets in a prompt and elaborative manner and pushed forward rationalization and enhanced efficiency in the field of production. Under this difficult external environment, our operations were effected, with our sales dropping substantially below the level of the previous term.

As a result, sales came to ¥117,287 million (down 10.9% from the previous term). Earnings were adversely affected by the substantial drop of sales in spite of our efforts to reduce expenses and improve the ratio of costs to sales. Thus operating profits declined to ¥8,641 million (down 19.9% from the previous term) and recurring profits to ¥8,251 million (down 13.5% from the previous term). However, net income for the current term increased to ¥5,902 million (up 60.9% over the figure in the previous term). This increase was attributable largely to the posting of profit for ¥4,760 million resulting from return to the government of welfare pension fund so far managed by us on behalf of the government, although loss for ¥1,877 million on revaluation of investment securities was posted because of declined market prices of securities held by our group.

With regards to dividends, it is our policy to reward our stockholders for their support by distributing a reasonable portion of the profit to them as dividends and to reinforce our internal reserves by retaining the remainder to strengthen our earnings base to prepare for further market fluctuations and also making preparations for future business development.

The term-end dividend is payable at ¥8 per stock, which brings the yearly amount of dividends per stock to ¥16, including the interim dividend of ¥8 already paid.

Looking ahead, we will vigorously strive to promote development of our products responding to changing market needs by further cultivating our core technologies, such as technology for money recognition and identification as well as mechatronics technology, aiming to become the world's top brand in the cash handling industry.

As for our present task, our painstaking efforts are to perfect our preparations for the issuance of new banknotes (scheduled for the first half of the fiscal year 2004) by establishing our identification technology and expanding the production capacity, so that no inconvenience will be caused to our customers. At the same time, we are intending to intensify our drive more than ever for overseas development of our cash handling technology, which is highly valued in Japan.

We are determined to come up to expectations of our stockholders through the concerted efforts of our Glory group by responding quickly and precisely to the market environment and promoting the ongoing betterment of our business results in the coming years. We sincerely thank our stockholders for their continuous support and guidance.

June 2003

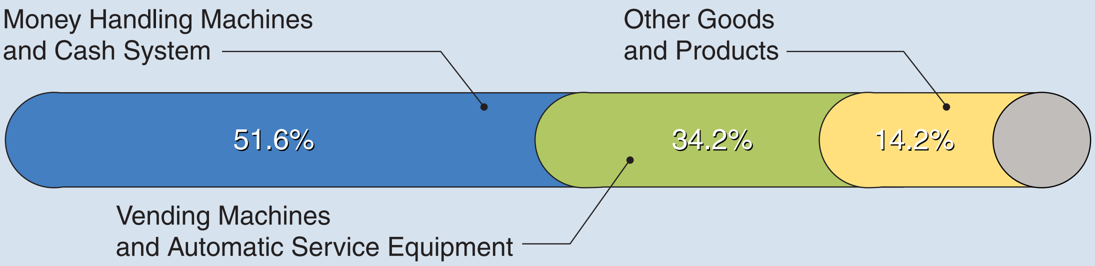
Hideto Nishino

Hideto Nishino
Director and President

BUSINESS RESULTS

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

Net Sales by Business Segments



BUSINESS RESULTS BY SEGMENT

Money Handling Machines and Cash System


Automatic Cash Drawer <RR-1>

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

In the financial market, capital investment dropped beyond all expectations. Worsening business results were caused by the disposal of bad loans as well as the purchase of machines being withheld until the forthcoming issue of new banknotes. Thus sales of coin wrapping machines and open teller systems decreased. Sales of banknote, coin depositing and dispensing machines (our OEM products used by financial institutions at teller windows), and coin depositing and dispensing machines installed in ATMs also decreased.

In the distribution market, sales of small-sized cash receiving machines (used in department stores and supermarkets) decreased. The sales of small-sized cash management machines for self-service gas stations, and accepting machines for security service companies and change handling machines (used at cashiers of supermarkets and retail shops) increased.

In the overseas market, sales of banknote dispenser units increased principally from sales to U.S. financial institutions. However, sales of banknote counting machines and coin wrapping machines in European countries decreased as demand for special procurements following the issue of Euro currency had already leveled off. Sales of coin wrapping machines for the U.S. market also declined with demand from the casino industry, falling to operation without the use of coins.

As a result, overall sales in these areas, including those in other markets, decreased to ¥60,476 million (down 11.8% from the previous term). In regard to earnings, operating profits also dropped to ¥4,301 million (down 5.1% from the previous term) reflecting decreased sales.


Compact Deposit Machine
<DSS-200>

Vending Machines and Automatic Service Equipment

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

In the vending machine market, although sales of ticket vending machines increased, sales of cigarette vending machines declined sharply because of saturation in the market. Falling demand for cigarette vending machines was also caused by a review of equipment investment by tobacco makers.

In the amusement game market, capital investment in pachinko parlors was restrained in such areas as new openings and remodeling work. Consequently, sales of counter equipment such as premium dispensing machines and ball counting machines dropped. In addition, demand from pachinko card companies for their prepaid card systems slowed down in the latter half of the fiscal year, so sales of related equipment such as card vending machines and card processing machines dropped.

Meanwhile, multifunctional banknote exchange machines sold to the financial market and the distribution market recorded increased sales backed by brisk demand in line with the move of shifting to charged money changing service.

As a result, overall sales in this segment, including those in other markets decreased to ¥40,123 million (down 6.7% from the previous term). Operating profit also dropped to ¥2,955 million (down 34.7% from the previous term) reflecting decreased sales.

Other Goods and Products

This section primarily covers parts, fitting tools, accessories and other articles. Decreased sales of goods and products caused sales in this section to decline.

Thus sales in this section came to ¥16,687 million (down 16.7% from the previous term) and operating profit to ¥1,374 million (down 15.7% from the previous term).

Operation profit by segment is shown in the amount before eliminating unrealized profit due to internal transfer of fixed assets, etc.

The above amounts do not include consumption tax etc.

Self-service sign-up system
<FVK-30>

Multifunctional Banknote Exchange Machine
<EN-100>

Compact Deposit Machine
<DSS-200>

COMPANY PROFILE

As of March 31, 2003

Company name: GLORY LTD.

Founded : November 27, 1944

Capital stock : ¥12,892,947,600

Employees : 1,755 (4,874 including subsidiaries)

Fiscal Year-end : March 31

URL : http://www.glory.co.jp

Location :

Head Office / Factory : 1-3-1 Shimoteno, Himeji City, Hyogo 670-8567, Japan
Phone: +81-792-97-3131
Fax : +81-792-94-6233

Tokyo Office : 5-4-6 Osaki, Shinagawa-ku, Tokyo 141-8581, Japan
Phone: +81-3-3495-6301

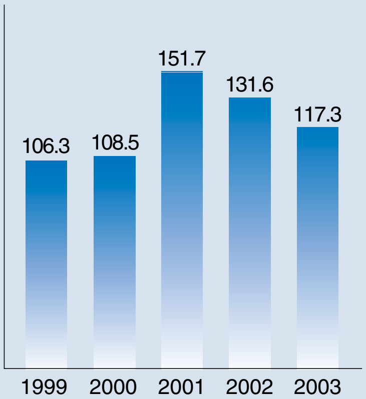
Saitama Factory : 2-4-1 Furukawa, Kazo City, Saitama 347-0004, Japan
Phone: +81-480-68-4661

FIVE-YEAR SUMMARY

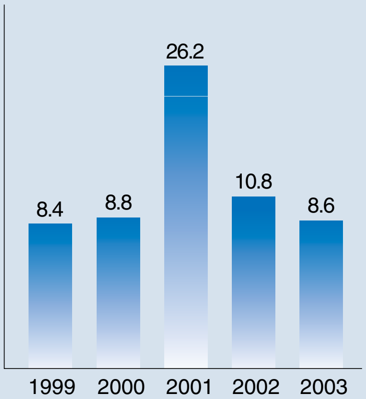
GLORY LTD. and its consolidated subsidiaries
Years ended March 31

	Millions of yen					Thousands of U. S. dollars
	1999	2000	2001	2002	**2003**	**2003**
For the Year :						
Net sales	¥ 106,284	¥ 108,544	¥ 151,704	¥ 131,618	**¥ 117,287**	**$ 975,765**
Operating profit	8,419	8,776	26,197	10,787	**8,641**	**71,889**
Income before income taxes and minority interests	5,470	4,344	19,182	7,212	**10,702**	**89,035**
Net income	1,686	1,756	11,191	3,669	**5,902**	**49,101**
Depreciation and amortization	4,065	5,031	5,105	5,341	**4,864**	**40,466**
At Year End :						
Total assets	156,389	159,419	186,937	166,505	**164,077**	**1,365,033**
Shareholders' equity	82,293	93,566	101,315	105,115	**110,686**	**920,849**
Per share of common stock (Yen and U.S. dollars) **:**						
Net income	¥ 48.55	¥ 50.19	¥ 297.62	¥ 100.44	**¥ 157.42**	**1.310**
Cash dividends	16.00	16.00	24.00	16.00	**16.00**	**0.13**
Shareholders' equity	2,369.45	2,474.04	2,777.01	2,832.81	**2,983.81**	**24.82**
Shareholders' equity ratio	52.6%	58.7%	54.2%	63.1%	**67.5%**	
Rate of Return On Equity(ROE)	2.1	2.0	11.5	3.6	**5.5**	

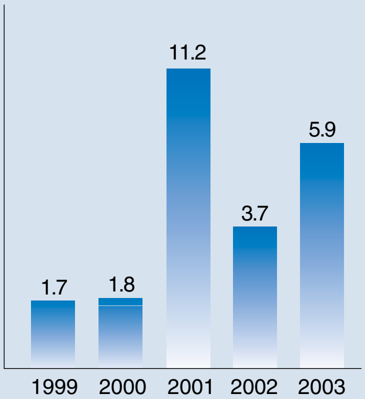
Net sales
(Billions of yen)



Operating profit
(Billions of yen)



Net income
(Billions of yen)



TOPICS

Mobile Phone Payment Business Started

Our company has developed a vending machine, which allows payment by credit card using a mobile phone.

In recent years, mobile phones have spread remarkably among the public, while their performance and functions have been rapidly advancing. Meanwhile, methods for electronic payment have also been expanding rapidly as a result of diversification of payment means.

The payment of credits by the use of mobile phones is one of such methods. This credit settlement trial (called "Kei-Credit" trial) is now being conducted by KDDI and credit card companies like UC Card Co., Ltd. This is a field test using the so-called "third-generation mobile phone" which has a credit card function, using a built-in multipurpose IC card. Users can make payment by using their mobile phones at department stores, shopping malls, and online stores which participate in this trial.

Our company has joined in this trial in anticipating the expansion of the electronic settlement in the future. We are studying the feasibility of this method by connecting our prepaid card vending machines to our information-processing center "GCAN CENTER" where we are offering communication services for the payment by credit cards in this trial.

Electronic means of payment are expected to become more and more diversified in the future. Thus we will vigorously endeavor to create next-generation products aiming to further expand our market share.

Prepaid card vending machine exclusive to "Kei-Credit" trial

How to make a purchase?

(1) Push the button for an article you want to purchase.

(2) Operate the mobile phone and face its communication portion towards the vending machine.

(3) The transaction is completed via infrared communication.

Our Products at Self-Service Gas Stations

In recent years, the number of self-service gas stations is rapidly increasing where drivers refuel their cars by themselves. Our products including small-sized cash management machines (RG series) are used at theses stations.

Small-sized cash management machine (RG-I20EQ)

The procedure for the self-service system is as follows: drivers put cash in the machine and select the type of gasoline they want, after refueling drivers receive change, if any. Our small-sized cash management machines (RG series) enjoy a good reputation, automatically handling all cash transactions from accepting cash to paying-back change.

Self-service gas stations have been increasing steadily since the deregulation in 1998 and have been rapidly increasing in particular from last year. As a result, the sales of "RG series" machines have been growing year after year, contributing speedy and correct handling of cash there.

Meanwhile, at gas stations where prepaid cards can be used in addition to cash, our prepaid card vending machines (PSV series) and our prepaid card reading, writing and printing machines used for settlement of transactions by prepaid cards (PSP series) are also popular.

In the service station industry where cutthroat price-cutting competition is a constant, all gas stations are expected to switch to this system to survive. Thus we will endeavor to increase our share in this market, by introducing new products to fit industry needs.

Scene of a self-service gas station where our products are installed

CONSOLIDATED BALANCE SHEETS

GLORY LTD. and its subsidiaries
At March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2003**	2002	**2003**
Current assets:			
Cash and cash equivalents	**¥ 54,924**	¥ 53,773	**$ 456,938**
Time deposits	**266**	305	**2,213**
Notes and accounts receivable:			
Notes	**2,600**	3,966	**21,631**
Accounts	**25,823**	27,416	**214,834**
Other	**456**	321	**3,794**
Less: allowance for credit losses	**(150)**	(170)	**(1,248)**
	28,729	31,533	**239,010**
Inventories (Note 4)	**21,781**	21,539	**181,206**
Deferred tax assets (Note 14)	**2,997**	2,360	**24,933**
Other current assets	**1,687**	983	**14,035**
Total current assets	**110,386**	110,495	**918,353**
Property,plant and equipment:			
Land (Note 5)	**12,667**	12,745	**105,383**
Buildings and structures (Note 5)	**29,647**	27,105	**246,647**
Machinery and equipment	**38,807**	38,694	**322,854**
Construction in progress	**153**	1,674	**1,273**
	81,274	80,218	**676,156**
Less: accumulated depreciation	**(47,175)**	(45,948)	**(392,471)**
Net property, plant and equipment	**34,100**	34,272	**283,694**
Investments and other assets:			
Investments in securities (Note 3)	**5,425**	5,740	**45,133**
Investments in and advances to unconsolidated subsidiaries and affiliates	**1,541**	2,191	**12,820**
Deferred tax assets (Note 14)	**4,499**	5,687	**37,429**
Software costs,net	**3,069**	3,544	**25,532**
Other	**5,061**	4,654	**42,105**
	19,595	21,816	**163,020**
Less: allowance for credit losses	**(5)**	(80)	**(42)**
Total investments and other assets	**19,591**	21,738	**162,987**
Total assets	**¥ 164,077**	¥ 166,505	**$ 1,365,033**

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2003	2002	Thousands of U.S. dollars (Note 1) 2003
Current liabilities:			
Short-term debt (Note 5)	**¥ 19,005**	¥ 20,376	**$ 158,111**
Notes and accounts payable:			
Notes	**6,633**	8,185	**55,183**
Accounts	**6,661**	7,432	**55,416**
	13,294	15,617	**110,599**
Accrued income taxes (Note 14)	**2,951**	2,484	**24,551**
Accrued expenses	**4,196**	4,278	**34,908**
Other current liabilities	**6,427**	7,981	**53,469**
Total current liabilities	**45,876**	50,738	**381,664**
Long-term liabilities:			
Accrued severance indemnities (Note 6)	**6,789**	10,088	**56,481**
Other long-term liabilities (Note 5)	**228**	204	**1,897**
Total long-term liabilities	**7,017**	10,293	**58,378**
Minority interests	**497**	359	**4,135**
Contingencies (Note 7)			
Shareholders' equity (Note 10):			
Common stock			
Authorized - 128,664,000 shares			
Issued -37,118,105 shares at March 31, 2003 and 2002	**12,892**	12,892	**107,255**
Additional paid-in capital	**20,629**	20,629	**171,622**
Retained earnings	**77,389**	71,961	**643,835**
Net unrealized holding gains or losses on securities (Note 11)	**13**	(306)	**108**
Foreign currency translation adjustment	**(137)**	(37)	**(1,140)**
Less: treasury stock, at cost	**(102)**	(25)	**(849)**
Total shareholders' equity	**110,686**	105,115	**920,849**
Total liabilities and shareholders' equity	**¥ 164,077**	¥ 166,505	**$ 1,365,033**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF INCOME

GLORY LTD. and its subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	**2003**
Operating income:			
Net sales	**¥ 117,287**	¥ 131,618	**$ 975,765**
Operating expenses:			
Cost of sales	**(75,571)**	(88,014)	**(628,710)**
Selling, general and administrative expenses (Note 12)	**(33,074)**	(32,816)	**(275,158)**
Total operating expenses	**(108,645)**	(120,831)	**(903,869)**
Operating profit	**8,641**	10,787	**71,889**
Other income (expenses):			
Interest and dividend income	**105**	139	**874**
Interest expense	**(276)**	(345)	**(2,296)**
Foreign currency exchange gain (loss), net	**(23)**	16	**(191)**
Loss on disposal of inventories	**(573)**	(1,217)	**(4,767)**
Loss on write-down of investments in securities	**(1,878)**	(1,798)	**(15,624)**
Net loss on sales or disposal of property and equipment	**(206)**	(213)	**(1,714)**
Gains on return of substituted portions of employee pension fund (Note6)	**4,760**	–	**39,601**
Other, net	**153**	(155)	**1,273**
Total other income (expenses), net	**2,061**	(3,575)	**17,146**
Income before income taxes and minority interests	**10,702**	7,212	**89,035**
Income taxes (Note 14):			
Current	**(4,638)**	(3,169)	**(36,339)**
Deferred	**(374)**	(150)	**(3,111)**
	(4,742)	(3,319)	**(39,451)**
Income before minority interests	**5,959**	3,892	**49,576**
Minority interests	**(56)**	(222)	**(466)**
Net income	**¥ 5,902**	¥ 3,669	**$ 49,101**

	Yen		U.S. dollars (Note 1)
	2003	2002	**2003**
Net income per share	**¥ 157.42**	¥ 100.44	**$ 1.310**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

GLORY LTD. and its subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2001	36,484,205	¥ 12,892	¥ 19,119	¥ 69,376	¥ 10	¥ (82)	¥ (0)
Net income for the year	—	—	—	3,669	—	—	—
Net unrealized holding gains on securities	—	—	—	—	(316)	—	—
Foreign currency translation adjustments	—	—	—	—	—	45	—
Cash dividends paid	—	—	—	(875)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(208)	—	—	—
Treasury stock retired	—	—	—	—	—	—	—
Increase in additional paid-in capital due to acquisition of additional shares for consolidated subsidiaries	633,900	—	1,510	—	—	—	—
Increase in treasury stock	—	—	—	—	—	—	(24)
Balance at March 31, 2002	37,118,105	12,892	20,629	71,961	(306)	(37)	(25)
Net income for the year	—	—	—	5,902	—	—	—
Net unrealized holding gains on securities	—	—	—	—	320	—	—
Foreign currency translation adjustment	—	—	—	—	—	(100)	—
Increase due to inclusion of newly consolidated subsidiaries	—	—	—	204	—	—	—
Cash dividends paid	—	—	—	(593)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(84)	—	—	—
Increase in treasury stock	—	—	—	—	—	—	(76)
Balance at March 31, 2003	37,118,105	¥ 12,892	¥ 20,629	¥ 77,389	¥ 13	¥ (137)	¥ (102)

	Thousands of U.S. dollars (Note 1)					
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2002	$ 107,255	$ 171,622	$ 598,677	$ (2,546)	$ (308)	$ (208)
Net income for the year	—	—	49,101	—	—	—
Net unrealized holding gains on securities	—	—	—	2,662	—	—
Foreign currency translation adjustment	—	—	—	—	(832)	—
Increase due to inclusion of newly consolidated subsidiaries	—	—	1,697	—	—	—
Cash dividends paid	—	—	(4,933)	—	—	—
Bonuses to directors and corporate auditors	—	—	(699)	—	—	—
Increase in treasury stock	—	—	—	—	—	(632)
Balance at March 31, 2003	$ 107,255	$ 171,622	$ 643,835	$ 108	$ (1,140)	$ (849)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GLORY LTD. and its subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	**2003**
Operating activities:			
Income before income taxes and minority interests	**¥ 10,702**	¥ 7,212	**$ 89,035**
Adjustments for:			
Depreciation and amortization	**4,864**	5,341	**40,466**
Provision for accrued severance indemnities	**(3,373)**	1,017	**(28,062)**
Interest and dividend income	**(105)**	(139)	**(874)**
Interest expenses	**276**	344	**2,296**
Net loss on sales or disposal of property and equipment	**206**	213	**1,714**
Loss on write-down of investments in securities	**1,878**	1,798	**15,624**
Decrease in notes and accounts receivable	**2,719**	7,431	**22,621**
Decrease (increase) in inventories	**(240)**	8,102	**(1,997)**
Increase in notes and accounts payable	**(2,939)**	(5,469)	**(24,451)**
Decrease in accrued expenses	**(82)**	(1,754)	**(682)**
Other, net	**(388)**	(1,363)	**(3,228)**
Sub total	**13,517**	22,735	**112,454**
Interest and dividend income received	**105**	143	**874**
Interest expenses paid	**(271)**	(329)	**(2,255)**
Income taxes paid	**(3,918)**	(11,916)	**(32,596)**
Net cash provided by operating activities	**9,433**	10,632	**78,478**
Investing activities:			
Payments for purchase of property and equipment	**(4,294)**	(4,739)	**(35,724)**
Proceeds from sales of property and equipment	**206**	240	**1,714**
Payments for purchase of investments in securities	**(1,974)**	(586)	**(16,423)**
Proceeds from sales of investments in securities	**393**	107	**3,270**
Payments for purchase of software	**(945)**	(1,173)	**(7,862)**
Net decrease in time deposits	**49**	728	**408**
Acquisition of shares of an unconsolidated subsidiary	**(501)**	—	**(4,168)**
Increase (decrease) in other investments, net	**133**	(96)	**1,106**
Net cash used in investing activities	**(6,933)**	(5,518)	**(57,679)**
Financing activities:			
Net decrease in short-term loans	**(1,303)**	(6,433)	**(10,840)**
Cash dividends paid	**(593)**	(875)	**(4,933)**
Other, net	**(128)**	(85)	**(1,065)**
Net cash used in financing activities	**(2,025)**	(7,395)	**(16,847)**
Effect of exchange rate changes on cash and cash equivalents	**(16)**	40	**(133)**
Net increase (decrease) in cash and cash equivalents	**459**	(2,241)	**3,819**
Cash and cash equivalents at beginning of year	**53,733**	56,015	**447,363**
Effect of the increase in scope of consolidated subsidiaries	**692**	—	**5,757**
Cash and cash equivalents at end of year	**¥ 54,924**	¥ 53,773	**$ 456,938**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GLORY LTD. and its subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by GLORY LTD. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Director of Kanto Finance Bureau in Japan have been reclassified and relevant-notes have been added, if appropriate, for the convenience for readers outside Japan. Certain prior-year amounts have been reclassified to conform with current year's presentation.

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

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥120.20=U.S.$1, the rate of exchange prevailing at March 31, 2003 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation Principles

The accompanying consolidated financial statements include the accounts of the Company and its 13 and 11 subsidiaries as of March 31, 2003 and 2002, respectively.

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

The consolidated subsidiaries are listed below.

2003 Name	2003 Year end	2002 Name	2002 Year end
GLORY SHOJI CO., LTD.	March 31	GLORY SHOJI CO., LTD.	March 31
GLORY KIKI CO.,LTD.	March 31	GLORY KIKI CO.,LTD.	March 31
HOKKAIDO GLORY CO.,LTD.	March 31	HOKKAIDO GLORY CO.,LTD.	March 31
GLORY SERVICE CO.,LTD.	March 31	GLORY SERVICE CO.,LTD.	March 31
GLORY・LINCS CO.,LTD.	March 31	GLORY・LINCS CO.,LTD.	March 31
KASAI GLORY LTD.	March 31	G・A・M CO.,LTD.	March 31
SAYO GLORY LTD.	March 31	KASAI GLORY LTD.	March 31
GLORY TEC LTD.	March 31	SAYO GLORY LTD.	March 31
Glory (U.S.A) Inc.	March 31	GLORY TEC LTD.	March 31
Glory GmbH	March 31	Glory (U.S.A) Inc.	March 31
GLORY IST CO., LTD.	March 31	Glory GmbH	March 31
GLORY TECHNO 24 CO., LTD.	March 31		
GLORY MONEY HANDLING MACHINES PTE LTD.	March 31		

GLORY IST CO., LTD., GLORY TECHNO 24 CO., LTD., GLORY MONEY HANDLING MACHINES PTE LTD. have been included in consolidation from the year ended March 31, 2003.
On April 1, 2002, GLORY・LINCS CO., LTD. merged with G・A・M CO.,LTD.

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

2003 Name	2003 Year end	2002 Name	2002 Year end
A•Z INC.	March 31	A•Z INC.	March 31
SYSTEM RESEARCH CO., LTD.	March 31	SYSTEM RESEARCH CO., LTD.	March 31
		GLORY IST CO., LTD.	March 31

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

(b) Translation of Foreign Currencies

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

All monetary assets and liabilities denominated in foreign currencies, whether short-term or long-term, are translated into Japanese yen

at the current exchange rates prevailing at the balance sheet date.
The resulting translation gains or losses are included in determination of net income for the current year.

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

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

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

(e) Inventories
The Company's and its subsidiaries' inventories other than the subsidiaries' merchandise are stated at cost, which are mainly determined by the periodic average method. The subsidiaries' merchandise is stated at cost, which is mainly determined by the moving average method.

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

Buildings and structures	3 to 50 years
Machinery and equipment	2 to 20 years

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

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

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

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

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

(k) Accrued Severance Indemnities
Accrued severance indemnities of employees are provided based on the estimated amount of projected benefit obligations in excess of the plan assets at fair value. The actuarial differences are amortized from the next year using the declining balance method over 15 years which is within the average remaining service period.
Pursuant to the enactment of the Defined Benefit Corporate Pension Law, the Glory Employees Pension, on October 18, 2002, was granted immunity by the Ministry of Health, Labor and Welfare from paying future portions of the fund. In this regard, the Company applied the interim measure set forth in Clause 47-2 of the Practical Guidance for Accounting for Retirement (Interim Report), the JICPA Accounting Committee Report No.13, and recognized the immunity from retirement payment obligations for the company-paid portion of the employees pension programs and the disappearance of pension assets which will be returned, on the same day.

The accrued severance indemnities include lump-sum retirement benefit for the Company and its consolidated subsidiaries' directors and corporate auditors. The amount would be paid at the balance sheet date in accordance with the Company's internal regulations if all directors and corporate auditors retired at that date. Amounts payable to directors and corporate auditors on retirement are subject to the approval of the shareholders' meeting.

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

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

From the current consolidated fiscal year, the Company has adopted The Accounting Standard for Net Income per Share (Statement of Accounting Standard Board of Japan No.2) and The Guidance for Implementation of the Accounting Standard for Net Income per Share (Guidance for Implementation of Statement of Accounting Standard Board of Japan No.4). Statistics per share of the current fiscal year calculated based on the previous accounting standard are as follows;
Net assets per share; ¥ 2,985.55 ($ 24.83)
Net income per share; ¥ 159.15 ($ 1.32)

Basis for calculating net income per share is as follows;

	Millions of yen	Thousands of U.S. dollars
	2003	2003
Net income per share		
Net income for the fiscal year	¥ 5,902	$ 49,110
Net income not available to common shareholders		
(Bonuses to directors and corporate auditors)	(64)	(532)
Net income for common stock	¥ 5,838	$ 48,578
Average number of shares outstanding during the current fiscal year		
(unit : shares)	37,089,749	

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

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

3.Investments in Securities
As of March 31, 2003 and 2002, "Other securities" were as follows:

	Millions of Yen					
	2003			2002		
Market value available:	**Carrying Amounts**	**Acquisition Costs**	**Difference**	Carrying Amounts	Acquisition Costs	Difference
Securities with unrealized gain:						
Equity securities	**¥ 1,388**	**¥ 1,117**	**¥ 270**	¥ 1,443	¥ 1,038	¥ 405
Bonds and debentures	—	—	—	100	100	0
	1,388	**1,117**	**270**	1,544	1,138	405
Securities with unrealized loss:						
Equity securities	**2,182**	**2,429**	**(247)**	3,092	4,026	(933)
	3,570	**¥ 3,547**	**¥ 23**	4,636	¥ 5,164	¥ (528)
Market value not available	**1,854**			1,104		
total	**¥ 5,425**			¥ 5,740		

	Thousands of U.S. dollars		
	2003		
Market value available:	Carrying Amounts	Acquisition Costs	Difference
Securities with unrealized gain:			
Equity securities	$ 11,550	$ 9,300	$ 2,249
Bonds and debentures	—	—	—
	11,550	9,300	2,249
Securities with unrealized loss:			
Equity securities	18,153	20,209	(2,056)
	29,703	$ 29,510	$ 193
Market value not available	15,430		
total	$ 45,133		

"Other securities" sold for the years ended March 31, 2003 and 2002 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Proceeds of sales	**¥ 393**	¥ 107	**$ 3,272**
Gains of sales	—	—	—
Losses of sales	**176**	5	**1,464**

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

4. Inventories

Inventories as of March 31, 2003 and 2002 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Finished goods and merchandise	**¥ 11,948**	¥ 10,548	**$ 99,403**
Work in process	**5,005**	5,966	**41,642**
Raw materials and supplies	**4,827**	5,024	**40,161**
	¥ 21,781	¥ 21,539	**$ 181,206**

5. Short-term debt and Long-term debt

Short-term debt as of March 31, 2003 and 2002 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Loans from banks and an insurance company	**¥ 18,963**	¥ 20,333	**$ 157,762**

The average interest rate applicable to short-term bank loans as of March 31, 2003 and 2002 was 1.3% .

Long-term debt (included in Other long-term liabilities on the accompanying consolidated balance sheets) as of March 31, 2003 and 2002 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Loans from banks and an insurance company, due from 2004 to 2006	**¥ 96**	¥ 139	**$ 802**
Less: portion due within one year	**(42)**	(42)	**(356)**
	¥ 53	¥ 96	**$ 446**

The average interest rate applicable to long-term loans as of March 31, 2003 and 2002 was 2.6%.

The aggregate annual maturities of long-term debt subsequent to March 31, 2003 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 42	$ 356
2005	42	356
2006 and thereafter	10	90
	¥ 96	$ 802

As of March 31, 2003 and 2002, assets pledged as collateral for long-tem debt, including the current portion of long-term debt and short-term debt, were as follows:

	Millions of yen		Thousands of U.S. dollars
Assets pledged as collateral:	**2003**	2002	**2003**
Land	**¥ 400**	¥ 400	**$ 3,327**
Buildings and structures	**105**	114	**876**
	¥ 505	¥ 514	**$ 4,204**
Secured debt:			
Short-term debt	**¥ 42**	¥ 142	**$ 356**
Long-term debt	**53**	96	**446**
	¥ 96	¥ 239	**$ 802**

6. Severance and Pension Plan

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

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

In addition, the Company and its domestic subsidiaries have one united contributory funded benefit pension plan, which is pursuant to the Japanese Welfare Pension Insurance Law, and which is a defined benefit plan. Pursuant to the enactment of the Defined Benefit Corporate Pension Law, the Glory Employees Pension, on October 18, 2002, was granted immunity by the Ministry of Health, Labor and Welfare from paying future portions of the fund. The Company recognized the immunity from retirement payment obligations for the company-paid portion of the employees pension programs and the disappearance of pension assets which will be returned, on the same day.

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

The following provided a reconciliation of projected benefit obligation to accrued severance indemnities for employees recognized on the accompanying consolidated balance sheets as of March 31,2003 and 2002.

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Projected benefit obligation	**¥ 20,785**	¥ 33,753	**$ 172,924**
Fair value of plan assets	**(10,190)**	(17,114)	**(84,776)**
Funded status	**10,595**	16,639	**88,148**
Unrecognized actuarial differences	**(5,002)**	(7,676)	**(41,621)**
Net liability recognized in balance sheet	**5,592**	8,962	**46,526**
Prepaid pension expense	**10**	72	**84**
Accrued severance indemnities for employees	**¥ 5,602**	¥ 9,035	**$ 46,611**

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

Components of net periodic benefit cost for the years ended March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Service cost	**¥ 1,673**	¥ 1,788	**$ 13,923**
Interest cost	**727**	908	**6,050**
Expected return on plan assets	—	(451)	—
Amortization of actuarial differences	**890**	317	**7,411**
Amortization of prior service cost	**(144)**	—	**(1,202)**
Gains on return of substituted portions of employee pension fund	**(4,760)**	—	**39,603**
Net periodic benefit cost (income)	**¥ (1,613)**	¥ 2,562	**$ (13,421)**

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

Projected benefit obligation was determined using a discount rate of 2.8%, and the expected rates of return on plan assets were range of 0.0% and 0.9% to 3.5% for the years ended March 31, 2003 and 2002, respectively.
Projected benefit obligation is attributed to periods based on years of service.

Effective April 1, 2002, the Company revised its internal regulation in which the initial age became older when the retirees first receive annuity on the contributory funded benefit pension plan. This revision decreased past service cost by ¥2,009 million.

7. Contingencies

The Company provided guarantees for bank loans drawn by its employees. Such guarantees aggregated ¥90 million ($748 thousand) and ¥97 million as of March 31, 2003 and 2002, respectively.

The Company's group provided guarantees for lease obligations owed by its customers. Such guarantees amounted to ¥1,215 million ($10,108 thousand) and ¥708 million as of March 31, 2003 and 2002, respectively.

The Company's group provided guarantees for lease obligations owed by its sales agency's customers. Such guarantees amounted to ¥139 million ($1,156 thousand) and ¥193 million as of March 31, 2003 and 2002, respectively.

8. Lease

Where the finance leases other than those that are deemed to transfer the ownership of the leased property to the lessee during the lease terms or on their terminations, the leased property is not capitalized and the relating lease expenses are charged to income in the period incurred as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Lease expense	**¥ 799**	¥ 848	**$ 6,647**

Future lease payments, including interest are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 723**	¥ 750	**$ 6,018**
Due after one year	**1,038**	1,384	**8,643**
Total	**¥ 1,762**	¥ 2,135	**$ 14,661**

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

Notional acquisition cost, and accumulated depreciation:

	Millions of yen		Thousands of U.S. dollars
Leased property:	**2003**	2002	**2003**
Machinery and equipment	**¥ 4,004**	¥ 4,008	**$ 33,311**
Less:			
Accumulated depreciation	**2,241**	1,872	**18,650**
	¥ 1,762	¥ 2,135	**$ 14,661**

Notional depreciation expenses for the years ended March 31, 2003 and 2002 were ¥799 million ($6,647 thousand) and ¥848 million, respectively.
Notional acquisition cost means the cost which is characterized as the total lease payment, including interest due to the immateriality of the leased property against tangible fixed assets capitalized on the accompanying consolidated balance sheets. Notional depreciation expenses are calculated by the straight-line method assuming that there is no scrap value over the term of the lease based on notional acquisition cost.

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

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 70**	¥ 61	**$ 583**
Due after one year	**126**	83	**1,048**
Total	**¥ 196**	¥ 144	**$ 1,631**

9. Financial Instruments

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

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

10. Shareholders' Equity

The Japanese Commercial Code provides that at least 50% of the issue price of new shares designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital.
Under the Japanese Commercial Code, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve until the total amount of additional paid in capital and earned reserve (collectively, "legal reserves") equals 25% of stated capital. Legal reserves may be transferred to stated capital by a resolution of the board of directors or used to reduce a deficit with the approval of a shareholders' meeting. In addition, legal reserves may be available for dividends to the extent that legal reserves do not fall below 25% of stated capital, and the Company is allowed to repurchase its own shares to the extent that the aggregate cost of treasury shares does not exceed the maximum amount available for dividends.
The legal reserve of the Company and its consolidated subsidiaries are included in the retained earnings and are not shown separately in the accompanying consolidated balance sheets.

11. Unrealized Holding Gains or Losses on Securities

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

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Market value in excess of cost	**¥ 23**	¥ (528)	**$ 193**
Deferred tax assets (liabilities)	**(9)**	222	**(85)**
Unrealized holding gains or losses on securities, net of tax	**¥ 14**	¥ (306)	**$ 108**

12. Selling, General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Employees' salaries and bonuses	**¥ 10,013**	¥ 10,019	**$ 83,302**
Rent	**3,434**	3,478	**28,569**

13. Research and Development

Research and development expenditures charged to administrative expense and manufacturing cost for the years ended March 31, 2003 and 2002 were ¥10,111 million ($84,118 thousand) and ¥11,477 million, respectively.

14. Income Taxes

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

The effective tax rates for the years ended March 31, 2003 and 2002 differed from the statutory tax rate as follows:

	2003	2002
Statutory tax rate	**42.0%**	42.0%
Expenses not deductible for income tax purposes, such as entertainment expense	**3.9**	1.5
Revenue not additive for income tax purposes, such as dividend received	**(0.2)**	(0.3)
Inhabitant tax levied per capital	**0.6**	0.4
Decrease in deferred tax assets for change in tax rates	—	1.2
Other	**(0.3)**	(0.5)
Effective tax rate	**46.0%**	44.3%

The components of the Company and its subsidiaries' deferred tax assets and liabilities as of March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Deferred tax assets:			
Accrued severance indemnities	**¥ 2,620**	¥ 3,991	**$ 21,800**
Loss on write-down of investments in securities	**1,371**	774	**11,411**
Accrued bonuses	**1,127**	714	**9,381**
Enterprise tax	**268**	205	**2,229**
Unrealized profit eliminated	**689**	697	**5,733**
Impairment loss on deposits for golf club membership	**439**	462	**3,652**
Research and development expenditures	**850**	708	**7,075**
Net unrealized holding gains on securities	**-**	222	**-**
Other	**317**	423	**2,642**
Total gross deferred tax assets	**7,684**	8,200	**$ 63,927**
Deferred tax liabilities:			
Reserve for special depreciation	**(187)**	(152)	**(1,561)**
Total gross deferred tax liabilities	**(187)**	(152)	**(1,561)**
Net deferred tax assets	**¥ 7,496**	¥ 8,047	**$ 62,365**

The Law to Amend a Part of Local Tax Laws (the "Law") was promulgated on March 31, 2003, which would reduce enterprise tax rate along with the introduction of non-income based taxes. The Law is to be applied to the fiscal years beginning on and after April 1, 2004. In connection with this, deferred tax assets and liabilities which would be realized or settled after April 1, 2004 were adjusted for the effect of a change in tax rates. The effect of the adjustments was to decrease deferred tax assets and increase income taxes deferred by ¥148 million ($1,231 thousand) as of and for the year ended March 31, 2003.

15. Segment Information

The Company and its consolidated subsidiaries have divided its operations into three reportable business segments "Money handling machines and cash management system", "Vending machines and automatic service equipment", and "Others", 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 equivalent, long-term investment funds included in investment in securities, and assets in administrative department.

Business Segments

	Millions of yen		Thousands of U.S. dollars
Net sales:	**2003**	2002	**2003**
Money handling machines and cash system:			
Customers	**¥ 60,476**	¥ 68,574	**$ 503,136**
Inter segment	—	—	—
Total	**60,476**	68,574	**503,136**
Vending machines and automatic service equipment:			
Customers	**40,123**	43,020	**333,803**
Inter segment	—	—	—
Total	**40,123**	43,020	**333,803**
Others:			
Customers	**16,687**	20,024	**138,827**
Inter segment	**5,166**	5,083	**42,986**
Total	**21,854**	25,107	**181,183**
Elimination	**(5,166)**	(5,083)	**(42,986)**
Consolidated total	**¥ 117,287**	¥ 131,618	**$ 975,766**
Operating expenses:			
Money handling machines and cash system	**¥ 56,175**	¥ 64,039	**$ 467,347**
Vending machines and automatic service equipment	**37,167**	38,492	**309,216**
Others	**20,479**	23,477	**170,378**
Elimination or corporate	**(5,176)**	(5,177)	**(43,066)**
Consolidated total	**¥ 108,645**	¥ 120,831	**$ 903,874**
Operating profit:			
Money handling machines and cash system	**¥ 4,301**	¥ 4,534	**$ 35,789**
Vending machines and automatic service equipment	**2,955**	4,527	**24,586**
Others	**1,374**	1,630	**11,435**
Elimination or corporate	**9**	94	**80**
Consolidated total	**¥ 8,641**	¥ 10,787	**$ 71,891**
Assets:			
Money handling machines and cash system	**¥ 56,989**	¥ 57,753	**$ 474,119**
Vending machines and automatic service equipment	**34,268**	34,535	**285,096**
Others	**13,825**	15,123	**115,024**
Elimination	**(1,165)**	(1,270)	**(9,692)**
Corporate	**60,158**	60,362	**500,489**
Consolidated total	**¥ 164,077**	¥ 166,505	**$ 1,365,037**
Depreciation and amortization:			
Money handling machines and cash system	**¥ 3,088**	¥ 3,495	**$ 25,695**
Vending machines and automatic service equipment	**1,425**	1,485	**11,858**
Others	**351**	360	**2,920**
Corporate	—	-	—
Consolidated total	**¥ 4,864**	¥ 5,341	**$ 40,474**
Capital expenditure for segment assets:			
Money handling machines and cash system	**¥ 3,219**	¥ 4,092	**$ 26,788**
Vending machines and automatic service equipment	**1,383**	1,688	**11,506**
Others	**368**	457	**3,064**
Corporate	—	—	—
Consolidated total	**¥ 4,971**	¥ 6,238	**$ 41,359**

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

16. Subsequent Event

The following appropriation of the Company's retained earnings in respect of the year ended March 31, 2003 was proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 27, 2003:

Appropriations	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥ 8 per share)	¥ 296	$ 2,467
Bonuses to directors and corporate auditors	22	189
Transfer to reserve for special depreciation	97	810
Transfer to general reserve	2,200	18,302
Total appropriations	¥ 2,616	$ 21,769

Report of Independent Accountants

To the Board of Directors and Shareholders of
GLORY LTD.

We have audited the accompanying consolidated balance sheets of GLORY LTD. and its consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GLORY LTD. and its consolidated subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1).

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

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Osaka, Japan
June 27, 2003

STOCK INFORMATION

As of March 31, 2003

Common Stock

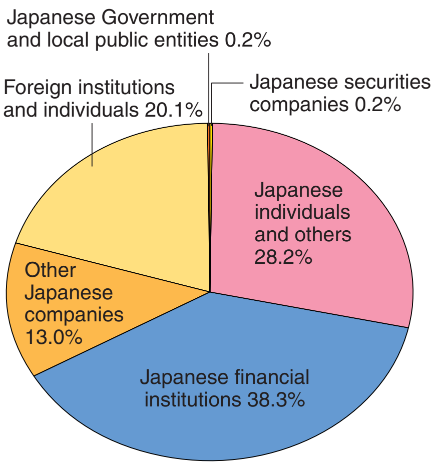
Number of shares authorized	: 128,664,000
Number of shares issued	: 37,118,105
Per Value	: ¥50
Unit for Trading	: 100
Number of shareholders	: 5,378
Stock Exchange Listings	: Tokyo, Osaka
Ticker Symbol Number	: 6457

Major Shareholders

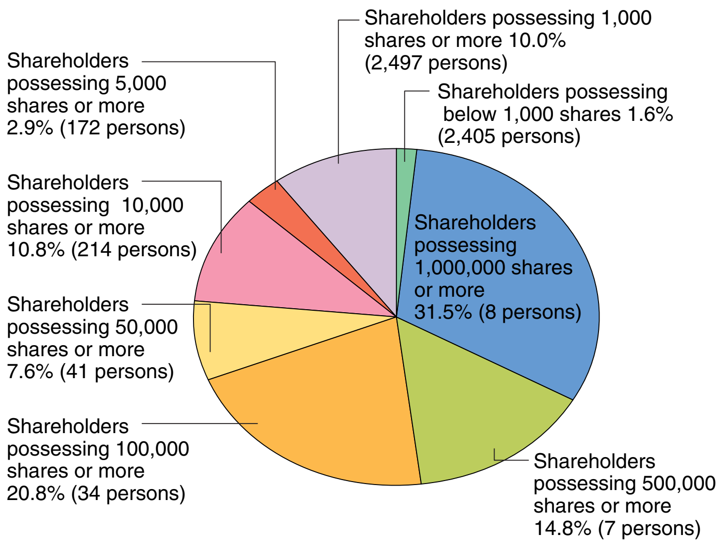
	Investment to the Company	
	Thousands of shares	Proportion
Nippon Life Insurance Company	2,051	5.5 %
The Master Trust Bank of Japan, Ltd. (Trusty Account)	1,679	4.5
The Chase Manhattan Bank, N.A. London	1,561	4.2
Boston Safe Deposit BSDT Treaty Clients Omnibus	1,488	4.0
Tatsuta Boseki Kaisha, Limited	1,469	4.0
The Mitsuisumitomo Bank, Limited	1,276	3.4
Japan Trustee Services Bank, Ltd (Trusty Account)	1,169	3.1
Onoe International Limited	1,009	2.7
Winning Limited	909	2.5
Glory group employees' holdings gathering	869	2.3

(Note) 1.Number of shares less than thousands of shares are omitted.

Distribution by Ownership of Shares



Distribution by Number of Shares



CONSOLIDATED SUBSIDIARIES

As of March 31, 2003

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

DIRECTORS AND CORPORATE AUDITORS

As of June 28, 2003

*Chairman	:	Hisao Onoe
*President	:	Hideto Nishino
Senior Executive Director	:	Katsuhiko Onoe
Senior Executive Director	:	Masatoshi Murakami
Executive Director	:	Kunihiro Ogami
Executive Director	:	Masatoshi Ushio
Executive Director	:	Norishige Matsuoka
Executive Director	:	Yuichi Funabiki
Director	:	Hideaki Matsushita
Director	:	Hirokazu Onoe
Director	:	Koichi Hashimoto
Director	:	Yoshio Onoe
Director	:	Shinya Tatsuta
Standing Corporate Auditor	:	Toru Ariyoshi
Standing Corporate Auditor	:	Terumi Urakawa
Corporate Auditor	:	Akio Ueba
Corporate Auditor	:	Kazuhiko Yasuhira

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

GLORY LTD.

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