LEADING IN JAPAN, GROWING OVERSEAS

Annual Report **2011**

For the Year Ended March 31, 2011

GLORY LTD.

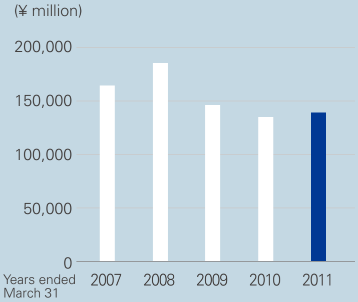
Consolidated Financial Highlights

GLORY LTD. and its consolidated subsidiaries
Years ended March 31

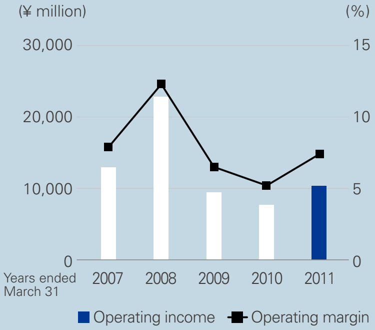
For the year:	2007	2008	2009	2010	Millions of yen 2011	Thousands of U.S. dollars*1 2011
Net sales	¥ 164,540	¥ 185,181	¥ 145,979	¥ 135,105	**¥ 138,965**	**$ 1,671,257**
Operating income	12,961	20,947*2	9,427	7,685	**10,324**	**124,161**
Net income	6,461	11,711	5,782	5,109	**6,229**	**74,913**
Capital expenditure*3	6,035	7,279	10,638	6,714	**6,414**	**77,138**
R&D expenses	9,328	9,615	9,204	8,776	**8,678**	**104,366**
Depreciation and amortization	6,337	6,570	7,621	8,145	**6,717**	**80,782**
At year-end:						
Total assets	216,988	209,237	196,798	194,983	**198,020**	**2,381,479**
Total equity*4	150,842	151,735	147,176	145,345	**149,782**	**1,801,347**
Interest-bearing debt	13,190	12,914	14,110	14,038	**13,309**	**160,060**
Per share data (Yen, U.S. dollars):					Yen	U.S. dollars
Net income	87.15	160.70	82.15	76.00	**94.83**	**1.14**
Dividend (annual)	30.00	40.00	30.00	33.00	**37.00**	**0.44**

*1 The U.S. dollar amounts are converted, for convenience only, at the rate of ¥83.15=US$1, the approximate exchange rate at March 31, 2011.
*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 expenditure 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.

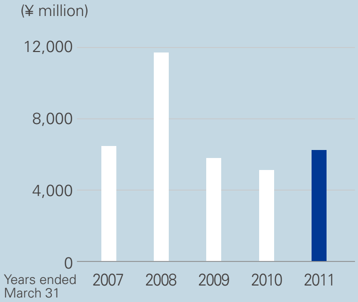
Net Sales



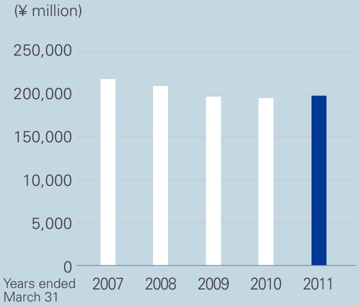
Operating Income/Operating Margin



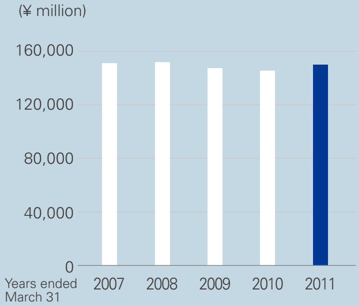
Net Income



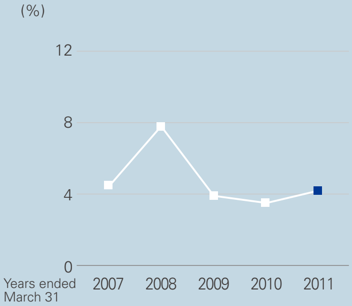
Total Assets



Total Equity



ROE



Segment Highlights

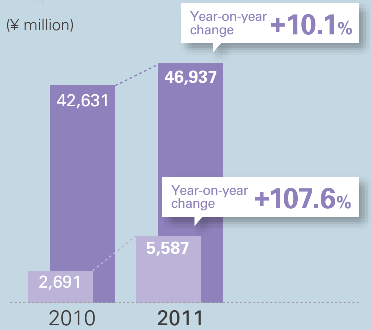
Years ended March 31

Contribution to Total Net Sales

(As of March 31, 2011)

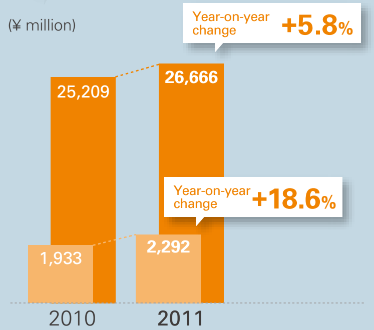
Financial Market	33.8%
Retail and Transportation Market	19.2%
Amusement Market	17.4%
Overseas Market	20.7%
Others	8.9%

Financial Market



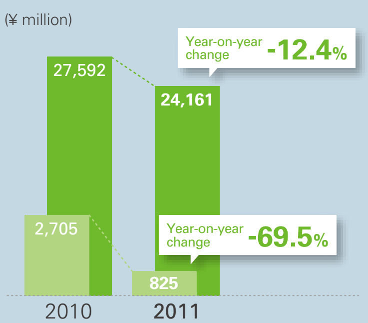
As for open teller systems, a key GLORY product line, sales of compact types targeting small and mid-sized financial branches were strong. In addition, sales of banknote and coin recyclers for tellers, sold as OEM products, developed favorably as demand for updates was meticulously identified and sales opportunities capitalized.

Retail and Transportation Market



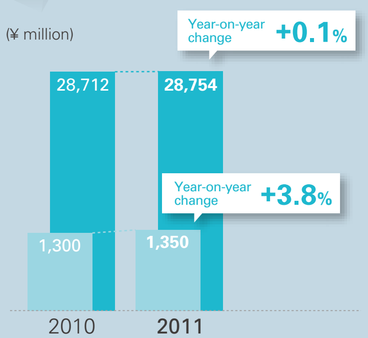
Sales in this market developed favorably as a whole thanks to robust sales of mainstay banknote and coin recyclers, key products for this market, despite a slump in sales of sales proceeds deposit machines, which are OEM products.

Amusement Market



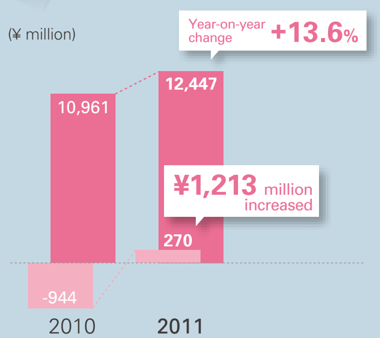
Despite robust sales of premium dispensing machines, a new product, the market as a whole was weak due to customers' restraint of capital investment in card systems and the impact of intensification of market competition.

Overseas Market



Overall business results in the overseas market remained at the prior-year level. Sales of new products, namely banknote counters and banknote sorters, were robust in Asia. In Europe, on the other hand, the slack business environment offset the positive contribution to business performance from the acquisition of a distributor.

Others



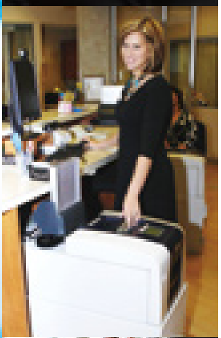
Sales of ticket vending machines and winnings payment units for public horse racetracks, which are OEM products, developed favorably.

Change in Segment Reporting

Beginning in the fiscal year ended March 31, 2011, the basis for segment reporting has been changed from a product basis to a market basis. Reflecting this change, figures for the previous fiscal year have been restated according to the new segments to facilitate prior-year comparison.

Former Segments
Money handling machines and cash management systems
Vending machines and automatic service equipment
Other goods and products

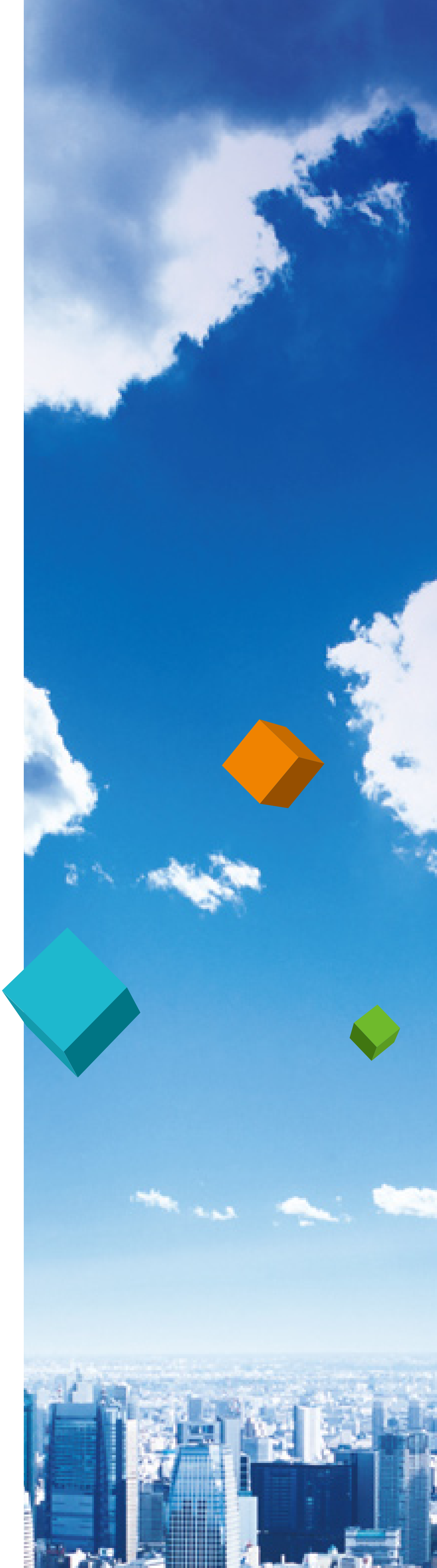
New Segments
Financial Market
Retail and Transportation Market
Amusement Market
Overseas Market
Others



Contents

Forward-Looking Statement

Statements in this annual report, other than historical facts, are forward-looking statements based on management's assumptions and beliefs. The forward-looking statements are based on of the assumptions about the future that underpin them, and on the judgment of the Company according to the information then available. Please be aware that forecasts can differ widely from actual results, due to a wide range of factors.



We Secure the Future

GLORY has been in operation for over 90 years—since 1918, when its predecessor, Kokuei Machinery Manufacturing was founded in Himeji, Japan. At that time, the use of electric lights in Japanese homes was beginning to spread, and the company started its business as a repair shop for light bulb manufacturing equipment.

The company worked to improve its technical capabilities and create its own products. In 1950, GLORY developed and delivered to Japan Mint Japan's first coin counter, a success that prompted the company to start the money handling machine business. The company went on to establish a position as a pioneer in money handling machines in Japan, developing a number of groundbreaking products including the first coin wrappers, 1,000-yen banknote changers, and cigarette vending machines to be manufactured in Japan.

Through these business activities, GLORY has evolved powerful core technologies: recognition and identification, which enable the accurate discrimination of coins and banknotes, and mechatronics, for high-speed one-by-one handling of coins and banknotes. GLORY has leveraged these distinctive technologies to introduce a number of products.

Today, GLORY contributes to the development of a secure, dependable society by providing products and solutions that realize operating discipline and efficiency in money handling in the financial, retail, transportation, amusement and other markets, both in Japan and, increasingly, overseas. We have established subsidiaries in North America, Europe, and Asia and have won the trust of customers in more than 80 countries around the world.

GLORY will seek further growth and continue our quest to achieve the vision of "GLORY as the world's top brand."

Overseas Market

>>> P.16

Main Products

Banknote deposit units for ATMs
Banknote sorters
Banknote counters
Banknote recyclers for tellers
Coin and banknote recyclers
Coin wrappers

Banknote sorter
<UW series>

FILLING A GLOBAL NEED

GLORY in Your Local Community

GLORY products support efficiency improvements, laborsaving and strictness in business operations for customers in wide-ranging business fields in communities across Japan and abroad. GLORY helps to make society more secure and dependable through unique technological capabilities and expertise cultivated over many years.

Financial Market

>>> P.18

Main Products

Open teller systems
Banknote and coin recyclers for tellers
Coin wrappers
Cash monitoring cabinets
Banknote sorters
Multi-functional banknote changers
Key management systems

Open teller system
<WAVE series>

Retail and Transportation Market

>>> P.19

Main Products

Coin and banknote recyclers
Sales proceeds deposit machines
Multi-functional banknote changers
Cash recyclers for gas stations
Coin-operated lockers

Coin and banknote recycler for cashiers
<RT/RAD series>

Amusement Market

>>> P.20

Main Products

Card systems for pachinko parlors
Pachinko ball counters for each pachinko machine
Banknote conveyor systems
Membership management systems for pachinko parlors
Pachinko prize dispensing machines
Pachinko ball/token counters

Pachinko ball counter
<JCT series>

Others

>>> P.21

Main Products

Cigarette vending machines
Ticket vending machines
RFID self-checkout systems for cafeterias
Medical payment kiosks
Ballot sorters for handwritten ballots

Ballot sorter for handwritten ballots
<GTS series>

Message from the Chairman and the President

Chairman of the Board
Hideto Nishino

President
Hirokazu Onoe

GROWING TO NEW LEVELS

Under a new management structure, GLORY is poised to advance to a new stage of growth in preparation for its centennial anniversary.

We would like to convey our deepest sympathies to those affected by the Great East Japan Earthquake and offer prayers for a rapid recovery. The GLORY Group is committed to doing everything in its power to support the recovery effort.

The fiscal year ended March 31, 2011 was the second year of GLORY's 2011 Medium-Term Management Plan, launched in April 2009 as a basic blueprint for seizing business opportunities from a global perspective and leaping forward to a new growth stage. In the plan, the GLORY Group set forth three strategies: a Business Strategy for boosting growth potential through means including expansion of overseas operations, a Constitutional Strength Strategy for reinforcing the profit structure, and a Group Structure Strengthening Strategy for supporting global business development. We have steadily implemented measures, step by step, to achieve the plan.

In the fiscal year ending March 31, 2012, the final year of the Medium-Term Management Plan, GLORY will work to further increase business competitiveness and draw up a medium- to long-term management plan in preparation for its centennial anniversary. GLORY has taken this opportunity to renew its management structure, and on April 1, 2011 former president Hideto Nishino became chairman of the board, and former executive vice president Hirokazu Onoe became president. We will combine our respective strengths, work in unison, and make every effort to ensure the further development of the GLORY Group in an adverse business environment.

In the fiscal year ending March 31, 2012, the business environment will remain uncertain due to the impact of the Great East Japan Earthquake and other factors. Nevertheless, GLORY will make every effort to achieve the objectives for the final year of the medium-term plan. We request your continued support and encouragement as the GLORY Group embarks on a new era of growth.

August 2011

Chairman of the Board
Hideto Nishino

President
Hirokazu Onoe

In the fiscal year ended March 31, 2011, GLORY achieved sales and profit increases by accurately identifying and satisfying demand for process automation at financial institutions in Asia and customer needs in the financial market in Japan.

QUESTION 1.

You became the president of GLORY in April 2011. Where do you aspire to lead the Company?

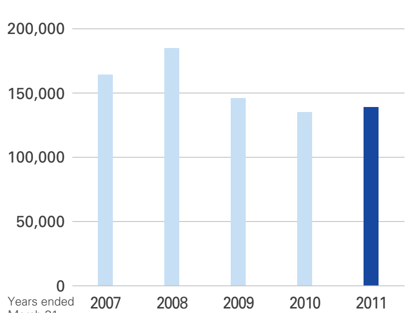
I intend to steadily carry on the GLORY tradition of continued growth of more than 90 years since the founding of the Company.

During its more than 90 years of operation, GLORY has demonstrated steady growth by providing products and services that earn the trust of customers. I consider my mission to be to carry on this tradition and take GLORY to new heights.

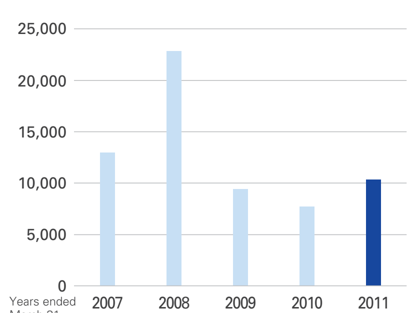
GLORY is currently implementing the 2011 Medium-Term Management Plan under the slogan "GET INTO GLOBAL 2011" to "Capitalize on new business opportunities with a global vision and accelerate to a period of new growth!". The fiscal year ending March 31, 2012 is the final year of the plan. We have revised slightly the original targets for this plan due to the impact of the Great East Japan Earthquake, and I will make every effort to achieve the revised targets.

Another important task is to formulate the next management plan. In preparation for celebration of GLORY's centennial anniversary in 2018, I intend to draw up a long-term business vision and prepare the next medium-term management plan. In that process I will actively solicit and take into account the opinions and ideas of our mid-career employees and young employees.

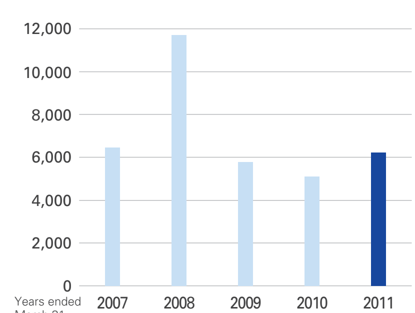
Net Sales (¥ million)



Operating Income (¥ million)



Net Income (¥ million)



QUESTION 2.

Please explain about GLORY's business results in the fiscal year ended March 31, 2011.

Higher sales and income were achieved due to robust sales in the domestic financial market and in Asia.

Although signs of business recovery appeared in Japan in the fiscal year ended March 31, 2011 due to positive factors such as bright spots in corporate profits and personal consumption, uncertainty about future business conditions increased as a result of sharp yen appreciation, prolonged deflation, and the impact of the Great East Japan Earthquake.

In these circumstances, we saw strong sales in the financial market, GLORY Group's main market, due to robust capital investment by financial institutions. Sales of the compact open teller system introduced in December 2009, the industry's smallest system, were especially strong. In addition, we increased sales of banknote and coin recyclers for tellers, sold as OEM products, by identifying and capitalizing on demand for updates. Although customers in the retail and transportation market maintained a cautious posture toward capital spending, sales developed favorably as a whole thanks to robust sales of mainstay banknote and coin recyclers. The amusement market was weak due to restraint of capital investment coupled with intensification of market competition. In the overseas market, sales of banknote sorters and other products increased in China and India, where economic growth continues. On the other hand, sales were weak in the European and U.S. markets, due in part to the impact of yen appreciation.

As a result, we achieved increases in sales and income in the year under review. Consolidated net sales were ¥138,965 million (up 2.9% year on year), operating income was ¥10,324 million (up 34.3%), and net income was ¥6,229 million (up 21.9%).

QUESTION 3.

With the second year of the 2011 Medium-Term Management Plan having completed, what progress was made in achieving the plan objectives?

GLORY is steadily implementing the measures in the medium-term management plan, including the reinforcement of overseas sales capabilities and production systems and the restructuring of Group companies in Japan and overseas.

In the **Business Strategy**, we have positioned our overseas business operations as a growth business and will aggressively implement measures in development, production, sales and maintenance to achieve our target of a sales contribution of 30% from overseas markets. A major development in the year under review was the acquisition in October 2010 of Sitrade Italia S.p.A., a GLORY distributor for many years, located in Italy, which will contribute to the reinforcement of sales capabilities in Europe. In Asia, we have positioned China as a key market and are continuing to expand and upgrade our sales network and reinforce product appeal, initiatives that contributed to robust sales in the year under review.

An especially high-priority aspect of the **Constitutional Strength Strategy** is production and procurement reform. We are working to achieve targets of a 30% increase in productivity and an overseas production and procurement ratio of 30%. For example, we have completed factory expansion at GLORY Denshi Kogyo (Suzhou) Ltd. in China (July 2009) and GLORY (PHILIPPINES), INC. (March 2011) and are steadily putting in place a structure to achieve these targets.

We are implementing the **Group Structure Strengthening Strategy** within all Group companies to reinforce the corporate structure under which we integrated three manufacturing subsidiaries and launched GLORY Products Ltd. in April 2010. Also, the integration of two amusement business subsidiaries in April 2011 resulted in the rebirth of GLORY NASCA Ltd.

Basic principals 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!

Business Strategy	● Growth business (Overseas operations) ● Core business (Domestic operations) ● Future new business (New business)
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

QUESTION 4.

You have indicated that GLORY will continue to focus on overseas business expansion. Could you explain the plan in greater detail?

We have restructured company divisions to establish the International Business Headquaters in order to accelerate overseas business development and will expand and upgrade our distributor network in each region.

Although GLORY Group currently does business in approximately 80 countries around the world, ample room remains for further market development in the overseas business. In addition, there are major differences from country to country in the degree of mechanization of money handling machines at financial institutions and retail stores, and active business expansion measures are certain to lead to future growth.

To more effectively pursue our overseas business, a key component of our operations, in April 2011 we transited to an organizational structure in which we have divided our operations into the Domestic Business Headquarters and the International Business Headquaters. Furthermore, the International Business Headquarters has organized its business operations by region, with separate business units for Europe, the Americas, and Asia.

Also reinforcement of sales capabilities, such as the setting up of distributor networks is essential for development of the enormous market available to us overseas. First of all, in Asia, we have set up a network of more than 40 distributors in China, a high-growth market. In India, we will pursue full-scale market expansion utilizing our newly established local subsidiary. In Europe, system solutions are important for sales expansion, and I expect the system proposal capabilities and customer service capabilities of new GLORY Group member, Sitrade Italia S.p.A. of Italy to prove a tremendous asset. In the Americas, we will promote sales of systems products, such as banknote recyclers for use at financial institution counters, and propose a new business model for cash management.

QUESTION 5.

What is the outlook for business results in the fiscal year ending March 31, 2012?

Although the impact of the Great East Japan Earthquake is a source of concern, we forecast continued sales expansion in Asia and robust development of the financial market and the retail and transportation market in Japan.

Because GLORY incurred little direct damage to production sites in the Great East Japan Earthquake and prospects are good for parts procurement from external suppliers, we expect the impact on domestic production activities to be minor. However, some impact on sales in some of our markets is likely to result from customers' partial suspension of operation in response to the need to conserve electricity, and expected decline in capital investment.

Meanwhile, on the demand front, growth in China, India, and other Asian markets is likely to continue, and in Japan we expect the financial, retail and transportation markets to develop favorably.

In light of these expected developments, we forecast consolidated net sales of ¥145.0 billion, operating income of ¥11.0 billion, and net income of ¥6.5 billion in the fiscal year ending March 31, 2012.

Net Sales by Business Segment

(¥ million)

	2011	2012 Forecast	Year on Year (%)
Financial Market	46,937	47,000	+0.1
Retail and Transportation Market	26,666	30,000	+12.5
Amusement Market	24,161	20,000	-17.2
Overseas Market	28,754	35,000	+21.7
Others	12,447	13,000	+4.5
Total	138,965	145,000	+4.3

Years ended March 31

QUESTION 6.

Finally, please discuss GLORY's policy concerning shareholder returns.

We increased the annual dividend for the fiscal year ended March 31, 2011 by ¥4 per share to ¥37. Next year, we plan to further increase the dividend.

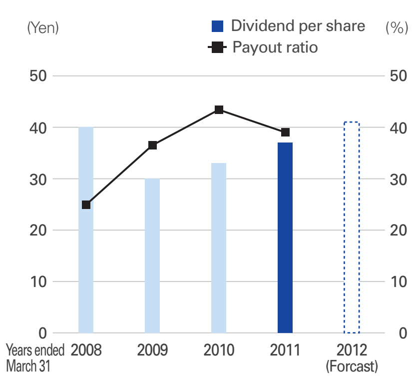
GLORY's basic policy on profit distribution is to maintain a minimum dividend of 1.5% of consolidated equity capital and a consolidated dividend payout ratio of 25% or higher. In line with this policy, we declared an annual dividend of ¥37 per share for the year under review, an increase of ¥4 from the previous fiscal year, consisting of an interim dividend of ¥17 and a year-end dividend of ¥20.

For the fiscal year ending March 31, 2012, we plan to increase the minimum dividend of 1.5% of consolidated equity capital to 1.8% and pay an annual dividend of ¥41 (an interim dividend of ¥20 and a year-end dividend of ¥21).

In addition, we intend to implement treasury stock purchases from time to time depending on the business environment.

GLORY aims to continue steady growth unaffected by the external environment and meet the expectations of our shareholders through stable returning of profits.

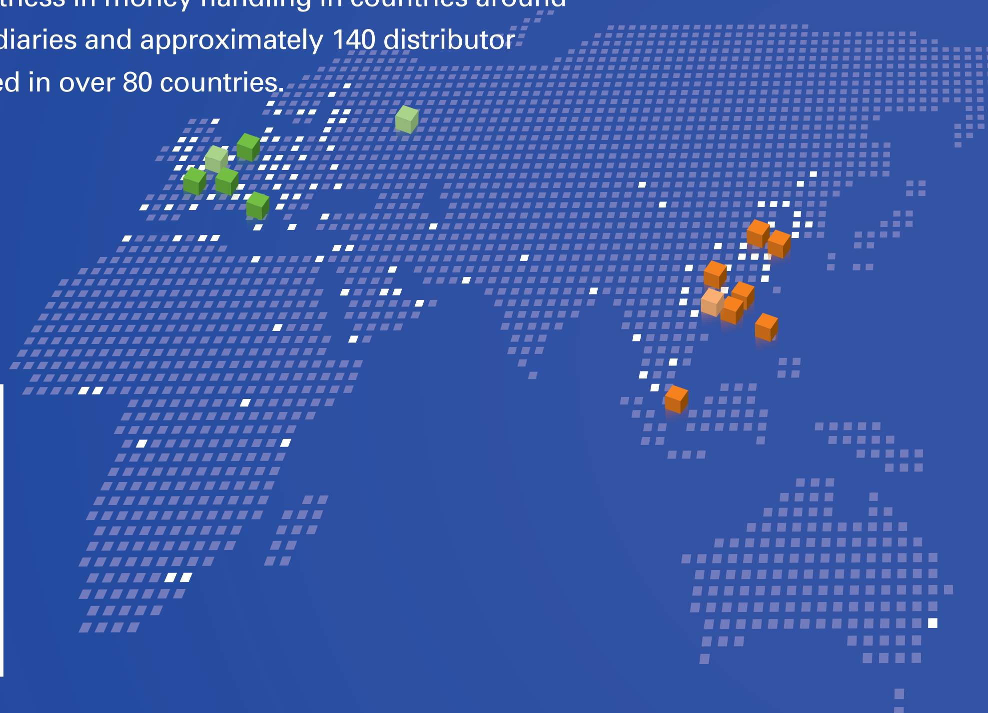
Cash Dividends/ Payout ratio

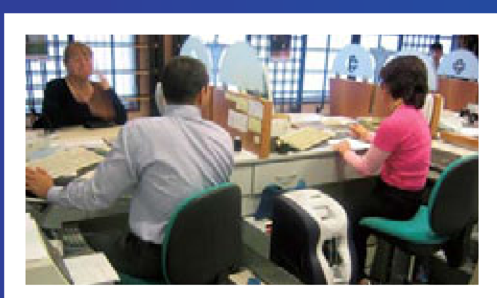


Special Feature

BECOMING A GLOBAL COMPANY

In 1964 GLORY exhibited its products at a nationwide office equipment show in the U.S. This marked the first step in the development of a sales network that meets customer needs for efficiency and strictness in money handling in countries around the world. Currently, we have 13 subsidiaries and approximately 140 distributor overseas, and GLORY products are used in over 80 countries.



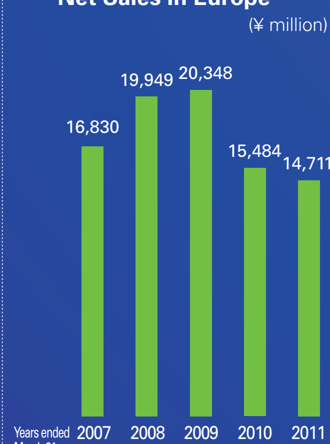


The RZ series, used at financial institutions in Italy

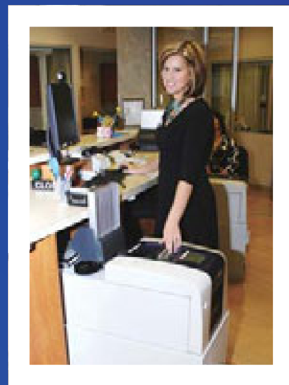
EUROPE

Since the onset of the global financial crisis, Europe has remained in a stagnation economy characterized by an increase in the unemployment rate and financial collapse in Greece. Realignment in the financial industry in response to the business stagnation is progressing, and there is a trend toward capital investment restraint on the part of financial institutions. Nevertheless, European financial institutions operate approximately 170,000 branches, three times the number in Japan, and we expect the need for full-scale mechanization to further increase.

Net Sales in Europe



Share of Overseas Sales



The RBU series of banknote recyclers for tellers, used in the U.S.

THE AMERICAS

The economy in the Americas is gradually recovering from the economic recession that followed the global financial crisis, and signs of recovery have begun to appear even in the financial industry. In the U.S. alone, financial institutions operate about 97,000 branches*, 1.7 times the number in Japan, and needs for efficiency and strictness are likely to increase in earnest. In South America, demand for currency processing machines is expected to rise due to expansion of the money supply attendant on economic growth in Brazil and other developing countries.

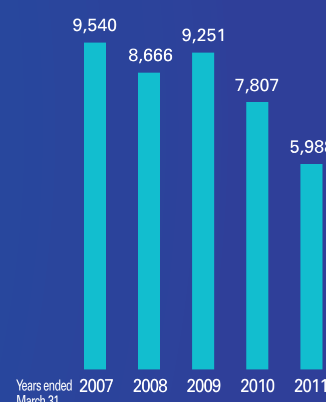
*Excluding credit unions

Subsidiaries
Branch offices of subsidiaries
Distributors

Share of Overseas Sales

Net Sales in the Americas

(¥ million)



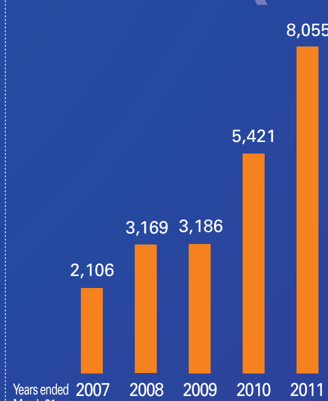
A bustling financial district in China

ASIA

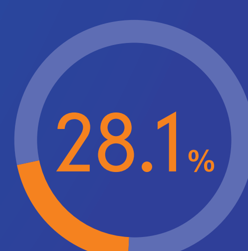
In Asia, rapid and dramatic economic growth centered on China and India has led to a surge in development of public infrastructure. The number of banknotes in circulation in China is about six times that in Japan, and financial institutions operate about 190,000 branches, 3.3 times the number in Japan. Despite the size of the market, money handling machines are not in widespread use, and China offers great growth potential.

Net Sales in Asia

(¥ million)



Share of Overseas Sales



Special Feature

BECOMING A GLOBAL COMPANY

Overseas Business

CHINA

Sales Policy in China

A private show presented by GLORY and a dealer

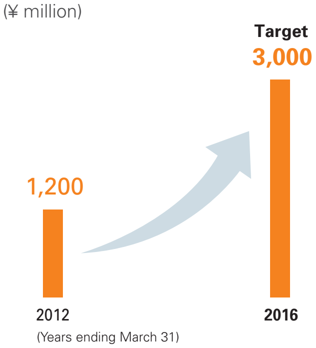
In China, striking economic growth has brought rapid expansion of cash in circulation to 4.46 trillion yuan in 2010, an increase of 80% from 2005.

In addition, the number of ATMs installed exceeded 200,000 in 2009. ATM use is expected to expand from China's coastal areas to its interior in the coming years, and the installed base is expected to exceed 400,000 machines in 2015. Furthermore, since the common practice is for each branch of financial institutions to prepare banknotes for loading into ATMs, demand for banknote sorters is on the rise. Accordingly, unit sales of GLORY banknote sorters are steadily increasing, and our market share has climbed to above 50%.

To ensure that sales activities and customer service based closer to our customers, in the fiscal year ended March 31, 2011 GLORY increased the number of distributors in China to approximately 40. Each distributor works to increase sales of GLORY products and boost brand power through private shows held jointly with GLORY. We plan to further expand the distributor network to inland areas and will take full advantage of the network to increase sales in this important market.

Sales Growth Plan in India

(¥ million)



INDIA

Establishment of GLORY Currency Automation India Pvt. Ltd.

Among the Asian countries experiencing striking economic growth, India has shown a high rate of growth to rival that of China and is expected to become an enormous market in the future. Reflecting this economic development, cash in circulation in India is growing at a pace exceeding 15% per annum. At the same time, India is plagued by the circulation of counterfeit banknotes. For this reason, the Reserve Bank of India, the country's central bank, has instructed local banks to bolster counterfeit banknote detection using banknote sorters. As a result, adoption of banknote sorters is increasing, and currently, more than 3,500 units of GLORY banknote sorters are already in operation in India, where they have won acclaim for their functions and reliability.

Taking notice of the growth potential and future market size offered by India, GLORY established GLORY Currency Automation India Pvt. Ltd., a subsidiary in New Delhi, in June 2011. We forecast sales of ¥1.2 billion in the subsidiary's first year of operation and sales of ¥3.0 billion in five years. In addition, we plan to commence software development in India in two years and utilize the subsidiary as a base for both sales and development.

A street corner in Delhi

PHILIPPINES

Completion of the GLORY (PHILIPPINES), INC.'s Second Factory

GLORY (PHILIPPINES), INC. was established in 1994 as the GLORY Group's first overseas production base. The company started operation with the production of banknote counters. Since 2000, the company has been producing OEM product units for Japanese market and banknote deposit units for ATMs, an OEM product for overseas markets. The company has made an enormous contribution to the Group, especially in its handling of increased production in connection with postal privatization in Japan.

To achieve the targets in the medium-term management plan of an overseas sales contribution of 30% and overseas production and procurement ratio of 30%, and to augment overseas production capacity and boost cost competitiveness, GLORY undertook construction of a second factory in the Philippines, which was completed its March 2011. As a result, overall factory production capacity in the country has roughly doubled.

GLORY (PHILIPPINES), INC. will continue to contribute to the Group's cost reduction and quality improvement efforts mainly through the production of OEM products for overseas markets.

New factory in operation

Network of Sitrade

EUROPE

Sitrade Italia S.p.A. Joined GLORY Group

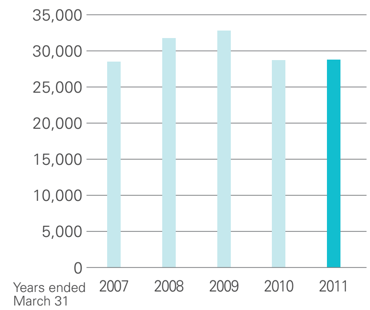
On October 1, 2010 GLORY acquired majority shares of Sitrade Italia S.p.A., located in Milan, Italy. Sitrade is a company that has grown and developed as a GLORY distributor in Italy for more than 30 years. It is the largest distributor of GLORY products by volume in Europe, a key market, and boasts sales of approximately ¥5.5 billion. Sitrade's customers are Italian banks and cash-in-transit companies, and the company has excellent customer service capabilities, with particular strengths in systems product sales expertise and software development. Adding Sitrade to the GLORY Group has made it possible to take advantage of GLORY's brand name and product development capabilities to more adequately respond to customer needs. We will seek further business expansion not only in Italy, but throughout Europe.

Sitrade employees at Sicurezza,
Italy's largest international security products exposition

Overseas Market

Customers in this market include primarily of foreign financial institutions, cash-in-transit companies, and casinos. The major products for this market are banknote recyclers (for use by tellers at financial institutions to recycle banknotes), banknote sorters for use by financial institutions and cash-in-transit companies (to remove counterfeits and sort banknotes), and banknote deposit modules for ATMs, which are sold as OEM products. Recently, we have also begun to supply products for the retail industry.

Net Sales (¥ million)



Market environment and trends

In Europe, the European Central Bank (ECB) has mandated strict controls on recirculated banknotes by financial institutions and cash-in-transit companies in the euro zone, resulting in increased demand for banknote sorters. However, financial institutions continue to restrain capital investment. Meanwhile, in the retail market, there is growing interest in re-evaluating the costs associated with money handling. This has led to an increase in the number of retailers considering installation of money handling machines.

In the U.S., restructuring of financial institutions continues, and the trend toward outsourcing of operations to cash-in-transit companies has gained impetus. As a result, demand from cash-in-transit companies for money handling machines is increasing.

In Asia, activities to prevent the circulation of counterfeit banknotes have expanded, especially in China, spurring increased demand for banknote sorters used at individual bank branches to prepare banknotes for withdrawal at ATMs or service counters.

Operating results

In the year under review, overall business results in the overseas market remained at the prior-year level. Sales of new products, namely banknote counters and banknote sorters, were robust in Asia. In Europe, on the other hand, the slack business environment offset the positive contribution to business performance from the acquisition of Sitrade Italia S.p.A.

As a result, net sales edged up 0.1% year on year to ¥28,754 million, while operating income rose 3.8% to ¥1,350 million.

Strategies and initiatives going forward

To achieve a 30% sales contribution from overseas operations at an early date, we will aim for further growth from overseas businesses by increasing the pace of business development and inculcating the market-in concept into our business operations. In addition, to further solidify the business foundation we are moving ahead with reinforcement of competitiveness through the introduction of new products and with the opening up of new markets.

In the Americas, we will promote sales of systems products, such as banknote recyclers for use at financial institution counters, and propose a new business model for cash management.

In Europe, we will leverage the sales expertise of Sitrade to increase sales throughout Europe.

In Asia, we will position China and India as key markets and actively inject resources into these markets. In China, we will shorten development times of products adapted to local customer needs and actively sell high value-added products such as banknote sorters and systems products. In India, our local subsidiary established in June 2011 will serve as a base for implementation of a sales strategy attuned to market requirements.

Managing Executive Officer
Executive General Manager
International Business Headquarters

Tetsu Yoshioka

Rigorous adherence to the market-in concept on a regional basis

As a result of company restructuring, in April 2011, GLORY organized the International Business Headquarters with the objective of stepping up overseas business development.

Accompanying this organizational change, the operating units, which were previously organized by product line, were reorganized by region, with separate business units for Europe, the Americas and Asia. This reorganization has resulted in a structure that facilitates more rigorous adherence to the market-in concept and the pursuit of product development and sales policies that meet diverse customer needs in individual countries around the world.

In addition, GLORY will step up sales activities in developing countries, especially in Asia, where economic growth has been striking in recent years. In particular, we have established a local subsidiary in India, where we plan to increase sales by identifying local needs through rigorous market analysis.

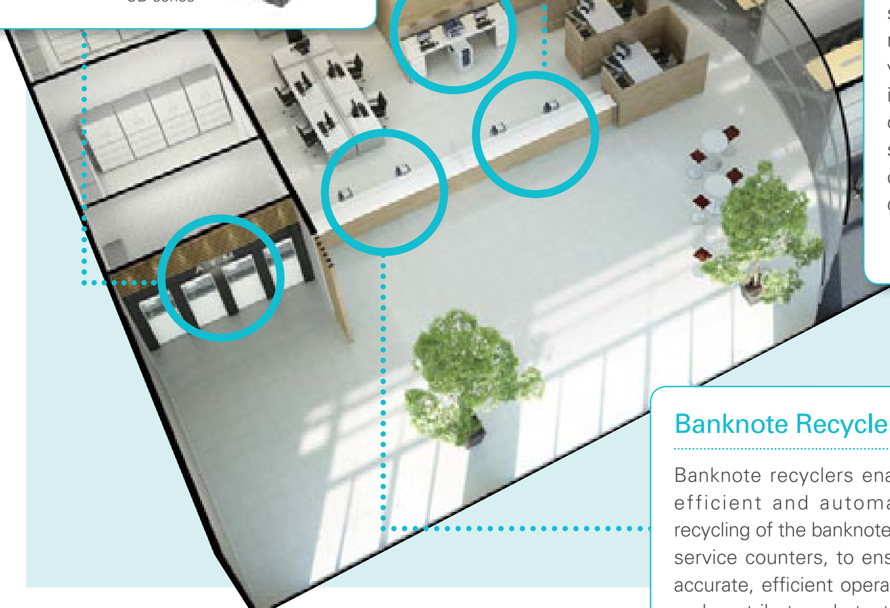
In keeping with our business vision of “GLORY as the world’s top brand,” we will seek further growth of our overseas business operations.

The GLORY Branch Solution Transforms Banks Worldwide.

GLORY offers a variety of proposals to solve issues pertaining to bank branch operations.

Branch format, service content, operating details, and amount of cash handled vary significantly from country to country and from bank to bank. But key issues common to banks all over the world are efficiency and strictness in operations at branches. In addition to offering a broad product line, GLORY provides products and operating improvement expertise optimized to the issues facing each bank and works together with the individual customer to create a completely new branch profile. That is the GLORY branch solution.

Comprehensive Banking Solutions



Banknote Sorters

UW-500

USF-100

USF-50

Banknote sorters make it possible to sort banknotes by denomination, orientation, and fitness by simply loading banknotes of mixed denominations. These machines meet diverse customer needs for banknote counting and sorting.

Banknote Deposit Units for ATMs

Simply installing banknote deposit units makes it possible for ATM manufacturers to add banknote deposit capability to ATMs, an application for which market needs have increased in recent years.

UD series

Compact Banknote Counters

Compact banknote counters are designed for simple, counter-top operation. They simultaneously count banknotes of mixed denominations and perform various banknote processing functions, including amount determination and sorting and count checking for each denomination.

GFS series

Banknote Recyclers for tellers

Banknote recyclers enable efficient and automatic recycling of the banknotes at service counters, to ensure accurate, efficient operation and contribute substantially to workload alleviation.

RZ series

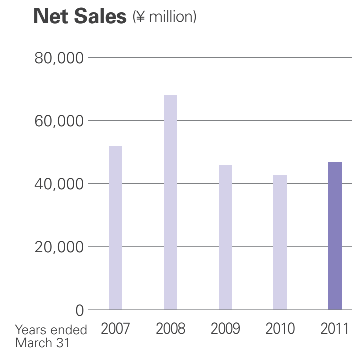
RBU series

Financial Market

In the financial market, our main customers are financial institutions in Japan. The key products are open teller systems (used for managing receipts and disbursements at operating branches), banknote and coin recyclers for tellers (used in the deposit and withdrawal of money at bank counters), and money changers set up in bank lobbies.

Other GLORY products are used in the centralized money processing centers of financial institutions as well as at life and non-life insurance companies and securities firms. Some are also provided as OEM products to large computer manufacturers.

The financial market is GLORY's principal market, where our core products have captured market share exceeding 70%.



Market environment and trends

Demand for greater operational efficiency and strictness at financial institutions remains strong. Installation of equipment that meets these needs is now expanding from megabanks and regional banks to credit unions and agricultural cooperatives. In the year under review, the propensity for capital investment increased in step with recovery in the business performance of financial institutions.

Operating results

For open teller systems, a key GLORY product line, sales of compact types targeting small and mid-sized financial branches were strong. In addition, sales of banknote and coin recyclers for tellers, sold as OEM products, developed favorably as we carefully monitored demand for updates and capitalized on sales opportunities.

As a result, net sales increased 10.1% year on year to ¥46,937 million, and operating income surged 107.7% to ¥5,587 million.

Strategies and initiatives going forward

We will continue to implement our critical strategy of increasing sales of open teller systems. First, we will step up activities to promote system updates among customers whose systems are over 10 years old. Next, we will engage in vigorous sales activities for compact open teller systems targeting small and mid-sized branches of financial institutions that were prevented from installing the previous product series due to issues of space and cost. Furthermore, we will seek further business growth by actively proposing solutions grounded in the customer's perspective, such as a proposal for an office that uses compact open teller systems and cash monitoring cabinets.

Compact open teller system
<WAVE C30>

Cash monitoring cabinet
<BW-700>

Managing Executive Officer
Executive General Manager
Domestic Business Headquarters
Yoshiyuki Yamaguchi

Implementing high-speed business development as the driver of domestic business operations

The Domestic Business Headquarters controls GLORY's branch offices and subsidiaries in Japan. As the driver of domestic business operations, we consider our mission to implement high-speed business development strategically and efficiently in the financial, retail, transportation, amusement, and other markets.

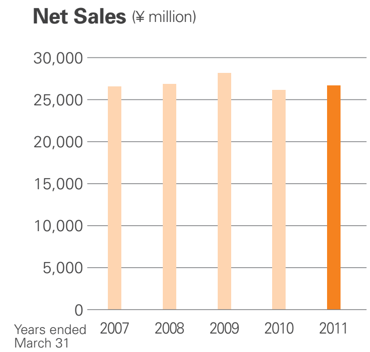
In the fiscal year ending March 31, 2012, the final year of the 2011 Medium-Term Management Plan, we will continue to focus on profit growth through the introduction of new products and deeper penetration of our markets, business expansion into untapped markets, and the rapid commercialization of new businesses. We will also move ahead with the strategy for strengthening the business constitution through means including reinforcement of operations at our branch offices and rigorous implementation of our new supply chain management system and work to ensure that initiatives implemented to date bear fruit.

We will also formulate a medium- to long-term strategy to plot a future course for the development of our domestic operations.

Retail and Transportation Market

GLORY's key products in this market include banknote and coin recyclers for cashiers at supermarkets, drugstores, and specialty shops and sales-proceeds deposit machines used to manage sales proceeds at shops in department stores and shopping malls. We also offer sales-proceeds deposit machines adapted for use in the collection of sales proceeds by cash-in-transit companies.

GLORY also supplies public transit companies with cash recyclers that count deposit receipts and money received and also pay change at ticket counters and coin-operated lockers.



Market environment and trends

Amid a prolonged slump in consumer spending, the retail sector continues to face an adverse business environment characterized by restructuring and consolidation of retail outlets and closure of unprofitable stores. Although capital spending restraints remain in evidence as companies hold back on equipment updates or new equipment installation at retail stores, there are signs of active capital investment at companies whose business performance has recovered due to rationalization efforts.

Operating results

Sales in this market developed favorably as a whole thanks to robust sales of banknote and coin recyclers, key products for this market, despite a slump in sales of sales proceeds deposit machines, which are OEM products.

As a result, net sales in the segment rose 5.8% year on year to ¥26,666 million, while operating income rose 18.6% to ¥2,292 million.

Strategies and initiatives going forward

We will promote installation of coin and banknote recyclers at convenience stores, an untapped market sector for those machines, and aim to increase sales to restaurants, specialty shops, and other existing sectors.

In addition, we will aim to increase sales to supermarkets and other retailers by actively promoting new products and others.

Coin and banknote recycler for cashiers
<RT-200 RAD-200>
Wrapped coin monitoring drawers
<WD-200>

Sales proceeds deposit machine
<DS series>

The DSR-200 Cash Management Station for Retail Stores

Efficient cash management, using sales proceeds to make change

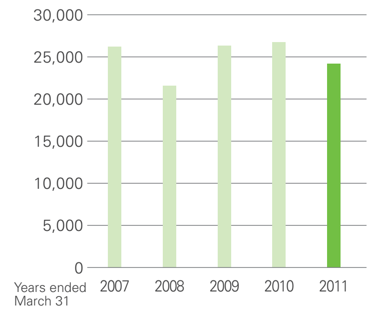
At many supermarkets and retail stores, sales proceeds are calculated by dedicated staff in the store office. The newly developed DSR-200 is a multi-functional cash management station for retail stores that can dispense sales proceeds as change, resulting in greater efficiency in money handling than previous products that had only a cash receipt function. Also the DSR-200 increases cash management efficiency by storing coins wrapped in rolls of 50 and replenishing cash registers with rolled coins for use as change.

When used in combination with GLORY banknote and coin recyclers and the wrapped coin monitoring drawers, the DSR-200 further increases convenience and contributes to improvement in the flow of money at cash registers and in store offices.

Amusement Market

GLORY's main customers in this market are pachinko parlors. Our core products are peripheral machines other than the game machines, specifically, pachinko ball and token dispensers, pachinko ball and token counters, pachinko prize dispensing machines, money changers and prepaid card systems for in-store sales management.

Net Sales (¥ million)



Market environment and trends

The number of pachinko parlors has been decreasing, to approximately 12,500 as of the end of December 2010. Business conditions remained adverse in the year under review due to factors including restraint of capital investment in card systems and voluntary restraint in replacement of amusement machines.

Operating results

Despite robust sales of pachinko prize dispensing machines, a new product, the market as a whole was weak due to customers' restraint of capital investment in card systems and the impact of intensification of market competition.

As a result, net sales fell 12.4% year on year to ¥24,161 million, and operating income plunged 69.5% to ¥825 million.

Strategies and initiatives going forward

Among its key strategies, GLORY will devise and implement ways to reinforce the business structure so as to cope with the adverse market environment. First, we will seek to rapidly capture synergies from the April 2011 merger of subsidiaries GLORY NASCA Ltd. and CREATION CARD CO., LTD.

We will also actively promote sales of pachinko ball counters, which meet needs for laborsaving at pachinko parlors, and pachinko prize dispensing machines, which increase efficiency and strictness in pachinko prize management. At the same time, we will pursue cost cutting through offshore production and parts procurement.

The Great East Japan Earthquake has led to partial suspension of operation of pachinko parlors to save energy, and a decline in capital investment propensity and self-restraint in capital spending are expected. Accordingly, we will work to unfailingly secure the limited number of available orders.

Pachinko ball counter
<JCT series>

Pachinko ball counter
<JBL-100>

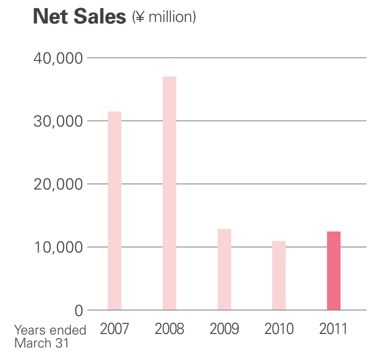
What is a Pachinko parlor?

Pachinko parlors are casino-like recreational facilities, unique to Japan where people play a pinball game called pachinko. At pachinko parlors, the player rents steel pachinko balls from the parlor and uses the balls to play a pachinko machine with the aim of increasing the number of balls. After playing, the player exchanges the pachinko balls for prizes. Pachinko is one of Japan's most popular leisure activities.

Every day, millions of players drop in to unwind with pachinko.

Others

Products in the others business segment include those products sold for sectors other than the above key markets, such as cigarette vending machines, ticket vending machines, RFID self-checkout systems for company cafeterias, medical payment kiosks for hospitals and election-related products for government offices such as ballot sorters for handwritten ballots.



Market environment and trends

The issuance of a detailed statement of fees and expenses for medical care became mandatory at hospitals, in April 2010, resulting in increased demand for medical payment kiosks capable of issuing detailed statements. With regard to companies, although the trend toward employee benefit and welfare expense cutbacks continues due to the economic downturn, signs of a recovery have begun to appear, principally in the Tokyo metropolitan area. Demand for employee cafeteria systems that are compatible with public transit e-card systems as a means of enhancing employee convenience is increasing. In addition, demand for ballot sorters for handwritten ballots rose in connection with the House of Councilors election held in July 2010.

Operating results

Sales of ticket vending machines and winnings payment units for public horse racetracks, which are OEM products, developed favorably.

As a result, net sales rose 13.6% year on year to ¥12,447 million, and operating income was ¥270 million (compared to operating loss of ¥944 million the previous fiscal year).

Strategies and initiatives going forward

We will attempt to increase sales to hospitals by continuing to promote new installations of medical payment kiosks.

We will collaborate with railroad companies to vigorously increase sales of RFID self-checkout systems for company cafeterias that are compatible with railroad e-card payment systems. Also, we will endeavor to meet the demand for such systems that will work compatibly with retail companies' e-card systems.

We will seek to expand the restaurant market by stepping up efforts to sell touch-panel ticket vending machines, which have begun to penetrate the market.

RFID self-checkout system for cafeterias
<PSA series>

Touch-screen ticket vending machine
<VT series>

The FHP-10 Medical Payment Kiosk for Hospitals

The industry's first certified Color Universal Design* product

In recent years, the number of public buildings and facilities and products that incorporate barrier free and universal design features has increased, and Color Universal Design (CUD) to accommodate the diverse ways people perceive color is also coming into widespread use.

The FHP-10 is a medical payment kiosk that makes it possible for patients to pay medical expenses in cash or with a credit or debit card by operating the device by themselves without going to the cashier's window. The colors used for the operation screen and guidance lamps were carefully chosen to ensure ease of viewing uninfluenced by individual differences in color vision. As a result, the FHP-10 is the first medical payment kiosk to be awarded CUD certification.

*** Color Universal Design**
The Color Universal Design (CUD) mark is issued by the Color Universal Design Organization to certify that a product's design takes into consideration individual differences people have in color perception to ensure ease of viewing for many people.

ESG Initiatives

ENVIRONMENTAL

Environmental Initiatives

Vigorous environmental conservation activities are one way GLORY endeavors to discharge corporate social responsibility (CSR). The GLORY Group has established a policy of "Proactive stance in reduction of environmental impact and protection of resources" as an aspect of our vision of "GLORY as the world's top brand" and engages in environmental activities that span every aspect of business operations.

To promote the reduction of environmental load and the preservation of natural resources on a global scale, we will contribute to "a solid future" for the global environment.

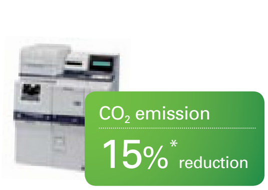
The GLORY Environmental Vision

In 2010, GLORY established the GLORY Environmental Vision, a blueprint for involvement in four environmental conservation themes in two fields—"products" and "business"—on the basis of stimulating the environmental "awareness" of individual employees as shown in the diagram. Our aim is to clearly define medium- to long-term targets for environmental conservation activities and focus greater effort on those activities, while simultaneously earning stakeholders' trust.

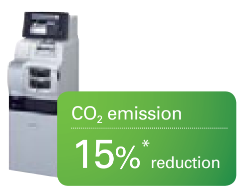
Development of Environment-friendly Products

The revision of the Law Concerning the Rational Use of Energy in April 2010 has resulted in the imposition of energy conservation obligations on many of GLORY's customers. The GLORY Group will support our customers' energy conservation activities by developing environment-friendly products.

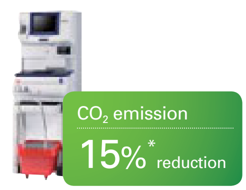
Financial Market
Compact open teller system
<WAVE C30>



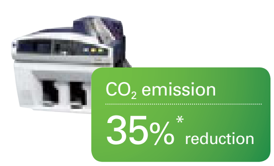
Retail and Transportation Market
Sales proceeds deposit machine
<DS-600>



Amusement Market
Pachinko ball counter
<JBL-100>



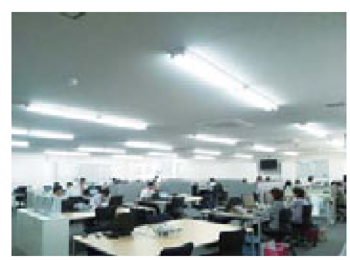
Overseas Market
Banknote sorter
<USF-100>



*Compared with Conventional models

Reduction of Environmental Impact from Business Activities

GLORY strives to engage in business activities that have a low impact on the global environment. Examples of this are the installation of solar panels and LED (light-emitting diode) lighting and the greening of business sites to mitigate global warming. We also promote green procurement, purchasing of environment-friendly parts, as we rigorously control and reduce hazardous chemical substances by inspecting for regulated substances using X-ray fluorescence spectrometers. We also focus effort on environmental activities in which individuals can participate, such as the Ecocap Movement to collect and recycle PET-bottle caps and training in environmentally friendly driving techniques. In this way, the entire Group strives to realize more environment-friendly business activities.



Overhead LED lighting saves energy at Kyushu Branch

Innovation of Environmental Awareness

It is said that fully 40,000 plant and animal species become extinct each year worldwide. GLORY wants to do its part to protect and preserve a global environment in which diverse species can coexist. Accordingly, in April 2011 GLORY began forest conservation and maintenance activities in Himeji City, Hyogo Prefecture, where our head office is located. Specifically, we have adopted a previously neglected forest, which we have named the GLORY Yumesaki Forest, where GLORY employees are planting and caring for broadleaf trees such as flowering cherry and oak. The aim is to regenerate the forest and create a habitat in which many species of plants and animals can live together while at the same time increasing the environmental consciousness among the employees who participate in the forestry work.

Employees plant trees at the GLORY *Yumesaki* Forest

SOCIAL

Contributing to Society as a Corporate Citizen

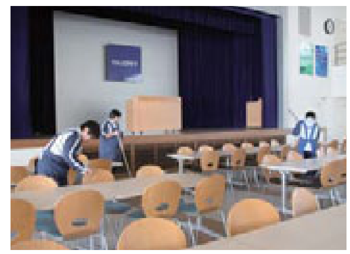
A corporation conducts business with the support of a universe of stakeholders, including customers, shareholders and investors, employees, local communities, suppliers, and partners. By contributing to the communities in which we exist, GLORY, as a corporate citizen, is actively working to fulfill its corporate social responsibilities.

GLORY Friendly Co., Ltd.

Promoting hiring of people with disabilities

In 1999, GLORY established GLORY Friendly Co., Ltd. as a Special Subsidiary Company, specifically to support the self-reliance of people with disabilities and give them opportunities to get involved in society. The principal task of GLORY Friendly employees is to provide support to enable the employees of other GLORY Group companies to perform their work comfortably and smoothly, including the beautification and greening of company premises, the collection and distribution of internal documents, and mail and waste disposal and management. Two new employees joined the company in April 2011, bringing the number of employees to 41 (including 26 people with mental disabilities), compared to 17 employees when the company was founded. The employees engage in their work with cheerfulness and a sense of satisfaction.

The GLORY Group aims to create a workplace where all people can feel satisfied with life and work, and people with disabilities have ample employment opportunities.



GLORY employees with disabilities experience greater self-reliance and social involvement

GLORY Foundation for Elementary School Students

Enriching the lives of local children

In March 1995, GLORY established the GLORY Elementary School Students Foundation to contribute to the sound development of elementary school students in the neighboring communities of our head office. Since its establishment, the Foundation has focused on projects related to sports, arts, and culture.

Hands-on Science Class

GLORY holds the Hands-on Science Class each year to enable children to discover the wonders and fascination of science and nurture the buds of imagination and creative thinking. The event offers workshops for making, for example, robots, and also a science below.

Through the hands on science class young students explore their physical world

Children's Theater

The Children's Theater is held once a year to foster purity and free thinking in children. We provide a venue for emotional contact between parents and children through the performance of original puppet plays.

Stimulating free thinking through the Children's Theater

Hands-on Class for Parents and Children

In 2010, GLORY inaugurated the Hands-on Class for Parents and Children to strengthen the bonds between parents and children and to foster the sound development of children through positive family interaction. In the first event of the class, children and their studied photography at Awaji Island in Hyogo Prefecture and a photo contest for the children's photographs was held.

A hands-on parent-and-child photography workshop stimulates family involvement

GOVERNANCE

Corporate Governance

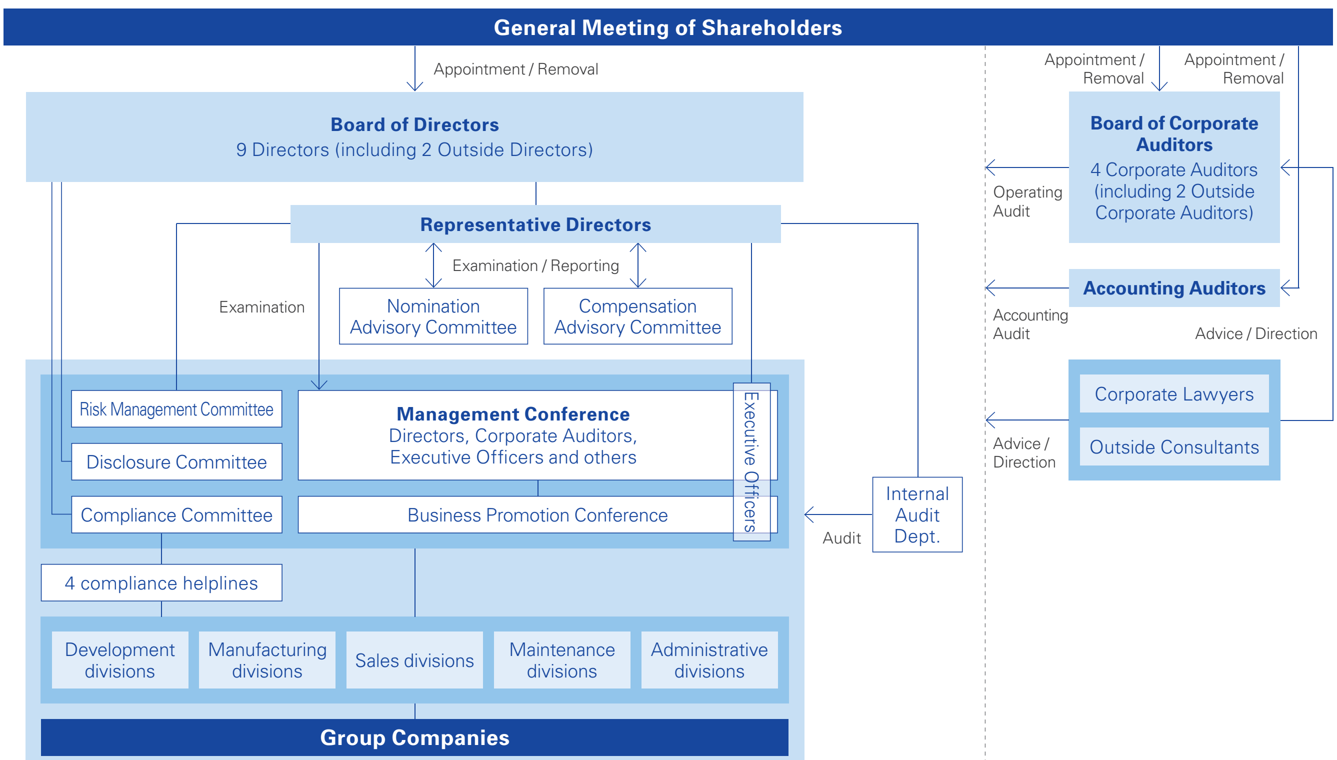
Basic Policy on Corporate Governance

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, and enhance compliance management, thereby improving corporate value.

Corporate Governance System



Initiatives to Enhance Corporate Governance

Enhancement of Management Transparency and Soundness	2006 Establishment of the Nomination Advisory Committee and Compensation Advisory Committee 2006 Establishment of the Compliance Committee
Enhancement of Decision-making Capabilities and Speed Clarification of the Responsibility Framework	2006 Introduction of the Executive Officer System 2007 Decrease in the number of directors (from a maximum of 17 to a maximum of 10) 2008 Change in the term of office of directors (from 2 years to 1 year)
Enhancement of Supervision Functions	2007 Appointment of outside directors 2008 Increase in the number of outside directors (from 1 to 2)

GLORY's Corporate Governance Structure

Directors and Board of Directors

GLORY's Board of Directors is composed of 9 directors (including 2 outside directors). In principle, the Board of Directors meeting is held once per month. The Board of Directors decides the important business policies of GLORY LTD. and its Group, supervises business execution, and receives reports on the status of business execution. The directors, including the outside directors, exchange views in vigorous discussions to which the corporate auditors add their opinions when needed.

Corporate Auditors and Board of Corporate Auditors

GLORY's Board of Corporate Auditors is composed of 2 full-time corporate auditors and two outside corporate auditors for a total of 4 members. In principle, they meet once every 2 months. Each corporate auditor, including the outside corporate auditors, conducts audits based on an annual corporate audit plan that follows the audit policy and the assignment of duties determined by the Board of Corporate Auditors, and issues reports on the audit status and exchanges information and views at the Board of Corporate Auditors meeting.

Executive Officers

GLORY employs an Executive Officer System in order to make business execution speedier and more efficient. The executive officers, under direct command of the representative directors, are charged with the execution of their appointed operations after decisions are made by the Board of Directors.

Management Conference

GLORY holds a Management Conference once a month to discuss matters related to the business policy, management plans, and major operations executed in accordance with policies created by the Board of Directors. The Management Conference comprises the company directors, including outside directors; the full-time corporate auditors; executive officers and others, deliberates on issues and matters for company operations.

Business Promotion Conference

To promote prompt, appropriate execution of business operations, GLORY has established the Business Promotion Conference for each division GLORY's domestic and overseas operations, which are GLORY's core businesses.

Each Conference is chaired by the head of each division and consists of general managers of sales, development, quality assurance, production, maintenance and other divisions.

The Conference formulates and promotes business strategies, checks progress in the implementation of business plans and reinforces coordination among various functions.

Nomination Advisory Committee and Compensation Advisory Committee

GLORY has established a Nomination Advisory Committee and a Compensation Advisory Committee to ensure transparency and objectivity concerning key management issues such as the appointment of directors and executive officers and decisions on compensation. These committees consist of 2 representative directors and 2 outside directors.

Internal Audit Department

In order to ensure compliance with legal and corporate requirements, as well as continuous business efficiency improvement, GLORY has established a 12-member group that reports directly to the representative directors and acts as the Company's internal audit department. This department conducts audits in accordance with an annual internal audit plan that identifies areas where risks are high from a compliance standpoint, and suggests improvements based on audit results. Also, to ensure a high level of trust in the Company's financial statements, the Internal Audit Department evaluates the effectiveness of internal controls pertaining to financial reporting.

Accounting Auditors

GLORY has employed Deloitte Touche Tohmatsu as its accounting auditors since June 2007. There are no material conflicts of interest between GLORY LTD. and the Deloitte Touche Tohmatsu (Tohmatsu) and its staff who engage in GLORY audits. A policy is in place at Tohmatsu to limit the audit staff members' involvement in GLORY audits to a fixed period of time.

Remuneration for Directors and Corporate Auditors

Policy Concerning Remuneration for Directors and Corporate Auditors

- Remuneration for directors (except for outside directors) consists of fixed remuneration and performance-related bonus.
- In order to maintain a high level of independence, remuneration of outside directors and corporate auditors consists of fixed remuneration only.
- Funds for bonuses to directors and corporate auditors are a fixed percentage of consolidated net income, an indicator linked to business performance.
- Retirement benefits for directors and corporate auditors are not provided.

Remuneration for directors and corporate auditors for the fiscal year ended March 31, 2011

Recipient	Total amount of remuneration	Base salary		Bonuses	
		No. of persons	Amount	No. of persons	Amount
Directors (Except for outside directors)	¥153 million	10	¥100 million	7	¥53 million
Corporate auditors (Except for outside corporate auditors)	¥26 million	2	¥26 million	—	—
Outside executives	¥26 million	4	¥26 million	—	—
Outside directors	(¥15 million)	(2)	(¥15 million)	—	—
Outside corporate auditors	(¥10 million)	(2)	(¥10 million)	—	—

(Notes) 1. The chart includes three directors whose terms of office expired as of the end of the 64th General Meeting of Shareholders held on June 25, 2011.
2. Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
3. Bonuses pertaining to the year under review were approved by resolution of the 65th Ordinary General Meeting of Shareholders held on June 24, 2011.

Board of Directors, Board of Corporate Auditors and Executive Officers

(As of June 24, 2011)

Board of Directors

Chairman of the Board*
Hideto Nishino

President*
Hirokazu Onoe

Director & Executive Advisor
Hisao Onoe

Director & Executive Vice President
Norishige Matsuoka

Director
Masahiro Ichitani

Director
Kiyoshi Kigasawa

Director
Tomoaki Ishido

Outside Director
Hiroki Sasaki

Outside Director
Akira Niijima

Board of Corporate Auditors

Corporate Auditor
Yoshiyuki Nakatsuka

Corporate Auditor
Toshihiko Otani

Outside Corporate Auditor
Yuichi Takeda

Outside Corporate Auditor
Mikio Nakajo

Executive Officers

Senior Managing Executive Officer
Masahiro Ichitani

Managing Executive Officer
Hideaki Matsushita

Managing Executive Officer
Tetsu Yoshioka

Senior Executive Officer
Izumi Hirota

Senior Executive Officer
Takashi Mitsui

Executive Officer
Hirokazu Sekino

Executive Officer
Motozumi Miwa

Executive Officer
Masatomo Toji

Senior Managing Executive Officer
Takenori Nishi

Managing Executive Officer
Tomoaki Ishido

Managing Executive Officer
Yoshiyuki Yamaguchi

Senior Executive Officer
Kaoru Ohara

Executive Officer
Seiji Nitta

Executive Officer
Hiroaki Fukui

Executive Officer
Yoshitaka Iyori

Executive Officer
Toshiaki Fujii

Senior Managing Executive Officer
Osamu Tanaka

Managing Executive Officer
Koichi Ohta

Senior Executive Officer
Kiyoshi Kigasawa

Senior Executive Officer
Norio Murakami

Executive Officer
Ichiro Kishida

Executive Officer
Manabu Shibutani

Executive Officer
Shigetoshi Mabuchi

* Indicates that the individual is a Representative Director.

FINANCIAL SECTION

Eleven-Year Consolidated Financial Summary

GLORY LTD. and its consolidated subsidiaries
Years ended March 31

Millions of Yen

		2001	2002	2003
Summary of income (for the year):	Net sales	¥ 151,704	¥ 131,618	¥ 117,287
	Cost of sales	91,611	88,014	75,571
	Selling, general and administrative expenses	33,895	32,816	33,074
	Operating income	26,197	10,787	8,641
	Net income	11,191	3,669	5,902
	Capital expenditure *2	3,715	4,924	3,899
	R&D expenses	10,961	11,477	10,111
	Depreciation and amortization	5,105	5,341	4,864
Financial position (at year-end):	Total assets	186,937	166,505	164,077
	Shareholders' equity	101,315	105,115	110,686
	Net assets *3	—	—	—
	Interest-bearing debt *4	26,882	20,473	19,060
Per share data (yen):	Net income *5	¥ 297.62	¥ 100.44	¥ 157.42
	Equity	2,771.01	2,832.81	2,983.81
	Dividend (annual)	24.00	16.00	16.00
Financial indicators (%):	Return on equity (ROE)	11.5	3.6	5.5
	Equity ratio	54.2	63.1	67.5
Others:	Number of shares outstanding (thousands)	36,484	37,118	37,118
	Number of employees *6	4,631	4,730	4,874

*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 Since the fiscal year ended March 31, 2005, capital expenditures have been calculated as the total of property, plant, and equipment and investment and other assets.
*3 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.
*4 Under new accounting standard for lease transactions effective from the fiscal year ended March 31, 2009, interest-bearing debt includes finance lease obligations.
*5 Net income per share of common stock is based on the weighted average number of shares outstanding in each year.
*6 The number of employees is shown on a consolidated basis.

Millions of Yen

2004	2005	2006	2007	2008	2009	2010	2011
¥ 176,765	¥ 188,881	¥ 141,231	¥ 164,540	¥ 185,181	¥ 145,979	¥ 135,105	**¥ 138,965**
108,747	114,390	94,209	108,628	118,946 *1	94,115	87,074	**86,758**
37,101	41,937	41,568	42,952	45,288	42,437	40,346	**41,883**
30,916	32,554	5,453	12,961	20,947 *1	9,427	7,685	**10,324**
17,527	19,306	740	6,461	11,711	5,782	5,109	**6,229**
4,915	7,991	4,793	6,035	7,279	10,638	6,714	**6,414**
11,862	13,048	9,474	9,328	9,615	9,204	8,776	**8,678**
5,129	5,438	6,889	6,337	6,570	7,621	8,145	**6,717**
213,844	217,460	206,361	216,988	209,237	196,798	194,983	**198,020**
128,504	146,657	146,134	—	—	—	—	**—**
—	—	—	150,842	151,735	147,176	145,345	**149,782**
18,139	18,714	19,083	13,190	12,914	14,110	14,038	**13,309**
¥ 233.19	¥ 257.00	¥ 9.14	¥ 87.15	¥ 160.70	¥ 82.15	¥ 76.00	**¥ 94.83**
1,729.93	1,974.60	1,970.11	2,025.39	2,110.69	2,155.17	2,212.63	**2,260.47**
22.00	30.00	22.00	30.00	40.00	30.00	33.00	**37.00**
14.7	14.0	0.5	4.4	7.8	3.9	3.5	**4.2**
60.1	67.4	70.8	69.2	72.3	74.8	74.5	**75.0**
74,236	74,236	74,236	74,236	72,838	69,838	69,838	**68,638**
5,038	5,211	5,200	5,290	5,346	5,510	5,848	**6,046**

Management's Discussion and Analysis

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2011 and 2010

Economic Overview

During the fiscal year ended March 31, 2011, certain symptoms of economic recovery were observed, such as improved corporate earnings and a rally in personal consumption. However, affected by the tight employment market and prolonged deflation, the overall domestic economy remained unstable. Moreover, the Great East Japan Earthquake on March 11, 2011, had a far-reaching and serious impact on the Japanese economy, resulting in a widespread uncertainty in the business outlook.

Business Overview

Net Sales

Net sales for the fiscal year under review were ¥138,965 million, up by 2.9% compared to the previous fiscal year. Total net sales consisted of ¥106,872 million in goods and products sales, which increased by 3.3% year on year, and ¥32,093 million in sales from maintenance services, which also increased by 1.3%. Overseas sales showed a slight increase of 0.1% on the previous fiscal year to ¥28,754 million.

Cost of Sales

Cost of sales dropped by 0.4% from the previous fiscal year to ¥86,758 million, despite the increase in net sales. The cost of sales ratio improved by 2.0 percentage points to 62.4%, principally from cost-reduction initiatives.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased by 3.8% year on year to ¥41,883 million, along with the growth of net sales. The ratio of SG&A expenses to net sales edged up by 0.2% percentage point to 30.1%.

Operating Income

Operating income for the fiscal year under review stood at ¥10,324 million, a 34.3% jump from the previous fiscal year. The operating margin as well rose by 1.7 percentage points to 7.4%.

Other Income (Expenses)

Net other income (expenses) for the fiscal year under review resulted in net expenses of ¥197 million, reversing ¥821 million net income recorded in the previous fiscal year. Major income-increasing factors were a ¥207 million increase in interest and dividend income and a ¥378 million decrease in loss on sale and disposal of property, plant and equipment. Major income-decreasing factors were a ¥435 decrease in income from life insurance and endowment contracts, a ¥308 million increase in net foreign currency exchange loss, a ¥257 million retirement benefit expenses newly recorded and the absence of ¥223 million gain on sale of investment securities recorded in the previous fiscal year.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests for the year under review marked a 19.1% year-on-year growth to ¥10,127 million.

Income Taxes

Income taxes rose to ¥3,852 million from ¥3,397 million in the previous fiscal year. On the other hand, the actual effective tax rate after application of tax effect accounting dropped to 38.0% from 39.9% in the previous fiscal year.

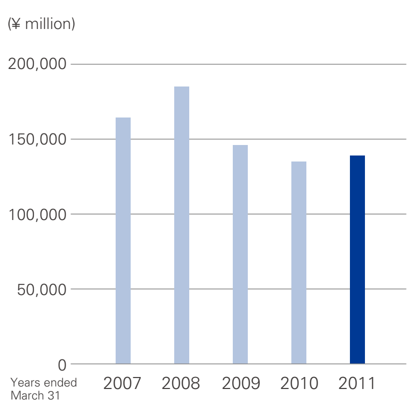
Net Income

As a result of the above, net income for the fiscal year ended March 31, 2011 grew by 21.9% on the previous fiscal year to ¥6,229 million.

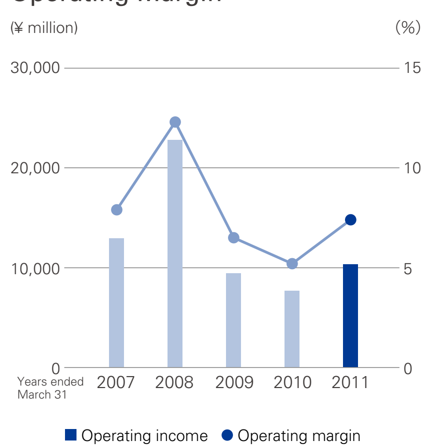
Comprehensive Income

Comprehensive income for the fiscal year under review was ¥5,351 million, as a result of netting negative ¥924 million total other comprehensive income with income before minority interests.

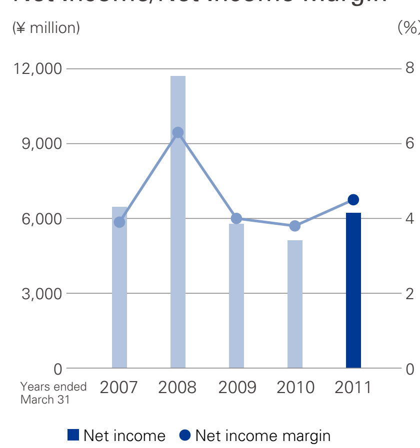
Net Sales



Operating Income / Operating Margin



Net Income/Net Income Margin



Overview by Industry Segment

Effective April 1, 2010, "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information" were adopted, and in compliance with these standards, the classification of industry segments was revised. Accordingly, for the purpose of comparison of business results by segment with those of the previous fiscal year, the figures for the previous fiscal year have been reclassified to conform to the new segment classification.

<Former segment classification>		<New segment classification>
Money handling machines and cash management systems Vending machines and automatic service equipment Other goods and products	⇒	Financial market Retail and transportation market Amusement market Overseas market Others

Financial Market

As for open teller systems, the mainstay products of the GLORY Group, sales of compact open teller systems for small- and mid-sized financial outlets were favorable. OEM banknote and coin recycling units for tellers also saw strong replacement demand and recorded steady sales.

As a result, net sales of the segment increased by 10.1% from the previous fiscal year to ¥46,937 million, and operating income rose by 107.6% to ¥5,587 million.

Retail and Transportation Market

Despite sluggish sales of OEM sales proceeds-deposit machines, coin and banknote recyclers, which are the mainstay products, performed well to lift up the overall performance in this market.

As a result, net sales of the segment rose by 5.8% to ¥26,666 million, and operating income, as well, by 18.6% to ¥2,292 million.

Amusement Market

Although a new product, pachinko-prize dispensing machines for pachinko parlors sold well, the overall market remained weak, affected not only by restrained capital investments in electronic card systems but also by the intensified competition in the market.

As a result, net sales of the segment declined by 12.4% from the previous fiscal year to ¥24,161 million, and operating income fell by 69.5% to ¥825 million.

Overseas Market

In Asia, sales of banknote sorters remained strong, reflecting the expanding markets in China and India. In Europe, although the acquisition of a distributor in Italy contributed to the operating results, sales only maintained the prior fiscal year's level due to effects of the strong yen. In the Americas, sales of OEM banknote deposit units for ATMs decreased and pushed down the overall sales.

As a result, net sales of the segment saw a slight increase of 0.1% on the previous fiscal year to ¥28,754 million, and operating income rose by 3.8% to ¥1,350 million.

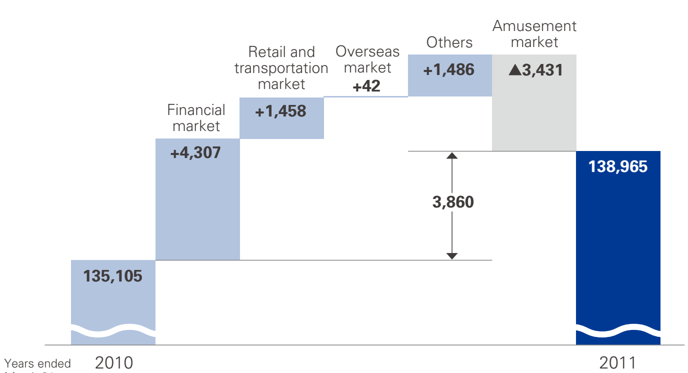
Others Business Segments

Sales of OEM banknote recycling units for public horse-race winnings payments were favorable, so were sales of ticket vending machines.

As a result, net sales of the segments rose by 13.6% from the previous fiscal year to ¥12,447 million and recorded operating income of ¥270 million reversing the previous fiscal year's ¥944 million operating loss.

Change Factors of Net Sales

(¥ million)



Financial Position

Assets

Total assets as of March 31, 2011 stood at ¥198,020 million, up by ¥3,037 million from the previous fiscal year-end.

Liabilities

Total liabilities as of March 31, 2011 amounted to ¥48,238 million, a decrease of ¥1,400 million from the previous fiscal year-end.

Equity

Total equity as of March 31, 2011 increased by ¥4,437 million from the previous fiscal year-end to ¥149,782 million.

Cash Flows

Cash and cash equivalents as of March 31, 2011 were ¥52,788 million. The year-on-year decrease of ¥863 million was attributable mainly to the ¥2,168 million acquisition of shares of a European distribution affiliate, resulting in this affiliate becoming a consolidated subsidiary.

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the fiscal year under review saw a significant drop of ¥9,527 million from the previous fiscal year to ¥9,347 million. Major cash-increasing factors were ¥10,127 million income before income taxes and minority interests and ¥6,717 million depreciation and amortization. On the other hand, major cash-decreasing factors included ¥3,172 million increase in inventories and ¥3,113 million income taxes—paid.

Net Cash Used in Investing Activities

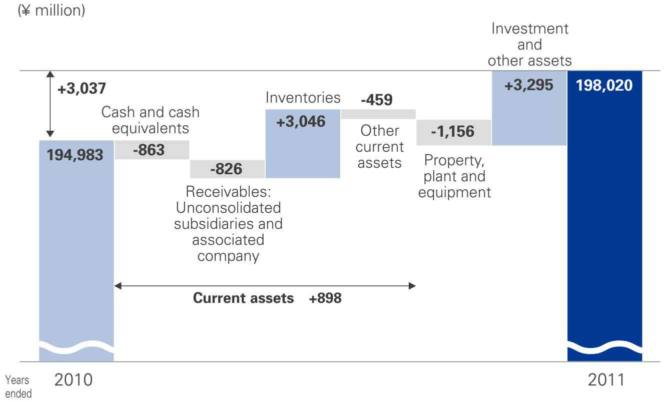
Net cash used in investing activities soared by ¥6,804 million to ¥7,535 million. Cash in-flows including ¥4,625 million proceeds from sales and redemption of investment securities were exceeded by cash out-flows such as ¥6,634 million purchases of investment securities, ¥2,168 million acquisition of investments in subsidiaries resulting in change in scope of consolidation and ¥3,116 million purchases of property, plant and equipment primarily consisting of molds and tools for the product manufacturing.

Net Cash Used in Financing Activities

Net cash used in financing activities decreased by ¥5,938 million from the previous fiscal year to ¥2,260 million, mainly due to ¥2,233 dividends paid.

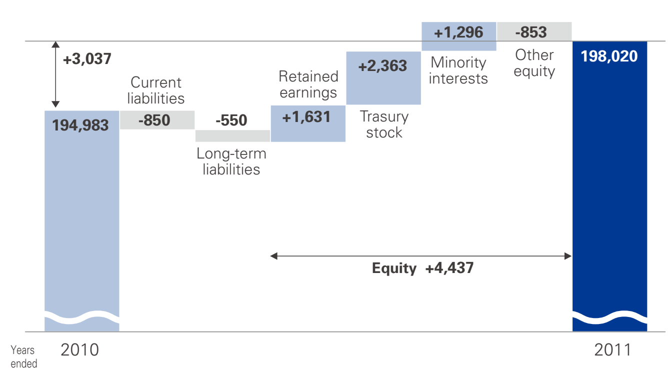
Change Factors of Assets

(¥ million)



Change Factors of Liabilities and Equity

(¥ million)



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 March 31, 2011.

(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.

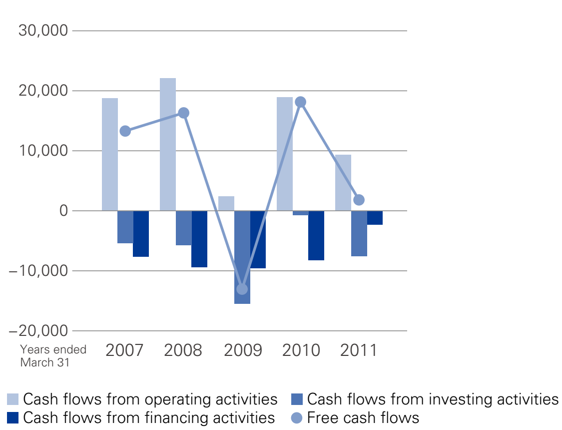
(v) Overseas Business Conditions

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.

Cash Flows

(¥ million)



Financial Statements

Consolidated Balance Sheets

GLORY LTD. and its consolidated subsidiaries
March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2011**	**2010**	**2011**
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	**¥ 52,788**	¥ 53,651	**$ 634,853**
Short-term investments (Notes 3 and 12)	**3,260**	2,555	**39,206**
Receivables (Note 12):			
Trade notes	**3,982**	4,519	**47,889**
Trade accounts	**25,397**	25,709	**305,436**
Unconsolidated subsidiaries and associated company	**675**	1,501	**8,118**
Other	**587**	592	**7,060**
Investments in leases (Notes 11 and 12)	**2,757**	2,996	**33,157**
Inventories (Note 4)	**26,541**	23,495	**319,194**
Deferred tax assets (Note 8)	**4,331**	4,595	**52,087**
Other current assets	**537**	533	**6,458**
Allowance for doubtful accounts	**(335)**	(524)	**(4,029)**
Total current assets	**120,520**	119,622	**1,449,429**
PROPERTY, PLANT AND EQUIPMENT:			
Land	**12,349**	11,631	**148,515**
Buildings and structures	**31,154**	34,831	**374,672**
Machinery and equipment	**9,403**	9,674	**113,085**
Furniture and fixtures	**49,034**	46,636	**589,705**
Construction in progress	**113**	356	**1,359**
Total	**102,053**	103,128	**1,227,336**
Accumulated depreciation	**(67,599)**	(67,518)	**(812,976)**
Net property, plant and equipment	**34,454**	35,610	**414,360**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	**18,541**	17,573	**222,983**
Investments in and advances to unconsolidated subsidiaries and associated company	**1,071**	967	**12,880**
Software costs—net	**3,697**	3,309	**44,461**
Goodwill	**4,238**	2,681	**50,968**
Deferred tax assets (Note 8)	**5,556**	5,468	**66,819**
Other investments and other assets	**11,537**	11,634	**138,749**
Allowance for doubtful accounts	**(1,594)**	(1,881)	**(19,170)**
Total investments and other assets	**43,046**	39,751	**517,690**
TOTAL	**¥ 198,020**	¥ 194,983	**$ 2,381,479**

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

LIABILITIES AND EQUITY	Millions of Yen 2011	2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT LIABILITIES:			
Short-term borrowings (Notes 5 and 12)	**¥ 11,064**	¥ 10,961	**$ 133,061**
Current portion of long-term debt (Notes 5, 11 and 12)	**772**	843	**9,284**
Payables (Note 12):			
Trade notes	**5,630**	6,397	**67,709**
Trade accounts	**7,526**	6,450	**90,511**
Unconsolidated subsidiaries and associated company	**504**	668	**6,061**
Other	**3,188**	4,160	**38,340**
Income taxes payable (Note 12)	**2,221**	1,790	**26,711**
Accrued expenses	**6,667**	5,854	**80,180**
Accruals for debt guarantees	**187**	218	**2,249**
Accruals for loss on cancellation of lease obligations	**104**	209	**1,251**
Other current liabilities	**2,583**	3,746	**31,065**
Total current liabilities	**40,446**	41,296	**486,422**
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	**3,293**	3,196	**39,603**
Long-term lease obligations (Notes 5 and 12)	**1,473**	2,019	**17,715**
Other long-term liabilities (Note 5)	**3,026**	3,127	**36,392**
Total long-term liabilities	**7,792**	8,342	**93,710**
CONTINGENT LIABILITIES (Note 14)			
EQUITY (Notes 7 and 18):			
Common stock Authorized: 150,000,000 shares; Issued: 68,638,210 shares in 2011 and 69,838,210 shares in 2010	**12,893**	12,893	**155,057**
Capital surplus	**20,630**	20,630	**248,106**
Retained earnings	**122,268**	120,637	**1,470,451**
Treasury stock—at cost 2,950,306 shares in 2011 and 4,149,280 shares in 2010	**(5,816)**	(8,179)	**(69,946)**
Accumulated other comprehensive income:			
Unrealized loss on available-for-sale securities	**(312)**	(165)	**(3,752)**
Foreign currency translation adjustments	**(1,177)**	(471)	**(14,155)**
Total	**148,486**	145,345	**1,785,761**
Minority interests	**1,296**	—	**15,586**
Total equity	**149,782**	145,345	**1,801,347**
TOTAL	**¥ 198,020**	¥ 194,983	**$ 2,381,479**

Consolidated Statements of Income

GLORY LTD. and its consolidated subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	**2010**	**2011**
NET SALES	**¥ 138,965**	¥ 135,105	**$ 1,671,257**
COST OF SALES	**86,758**	87,074	**1,043,392**
Gross profit	**52,207**	48,031	**627,865**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	**41,883**	40,346	**503,704**
Operating income	**10,324**	7,685	**124,161**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**793**	586	**9,537**
Interest expense	**(181)**	(195)	**(2,177)**
Foreign currency exchange loss - net	**(326)**	(18)	**(3,921)**
Gain on sales of investment securities (Note 3)	**—**	223	**—**
Loss on valuation of investment securities (Note 3)	**(241)**	(153)	**(2,898)**
Loss on sale and disposal of property, plant and equipment	**(50)**	(428)	**(601)**
Income from life insurance and endowment contract	**201**	636	**2,417**
Reversal of provision for loss on cancellation of lease obligations	**63**	81	**758**
Loss on impairment of long-lived assets	**(359)**	(119)	**(4,317)**
Reversal of allowance for doubtful accounts	**102**	14	**1,227**
Other—net	**(199)**	194	**(2,394)**
Other income (expenses)—net	**(197)**	821	**(2,369)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**10,127**	8,506	**121,792**
INCOME TAXES (Note 8):			
Current	**(3,522)**	(2,570)	**(42,357)**
Deferred	**(330)**	(827)	**(3,969)**
Total income taxes	**(3,852)**	(3,397)	**(46,326)**
NET INCOME BEFORE MINORITY INTERESTS	**6,275**	—	**75,466**
MINORITY INTERESTS IN NET INCOME	**(46)**	—	**(553)**
NET INCOME	**¥ 6,229**	¥ 5,109	**$ 74,913**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.v):			
Basic net income	**¥ 94.83**	¥ 76.00	**$ 1.14**
Cash dividends applicable to the year	**37.00**	33.00	**0.44**

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

Consolidated Statements of Comprehensive Income

GLORY LTD. and its consolidated subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	**2011**
NET INCOME BEFORE MINORITY INTERESTS	**¥ 6,275**	**$ 75,466**
OTHER COMPREHENSIVE INCOME:		
Unrealized loss on available-for-sale securities	**(147)**	**(1,768)**
Foreign currency translation adjustments	**(777)**	**(9,345)**
Total other comprehensive income	**(924)**	**(11,113)**
COMPREHENSIVE INCOME	**¥ 5,351**	**$ 64,353**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**¥ 5,376**	**$ 64,654**
Minority interests	**(25)**	**(301)**

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, 2011 and 2010

	Thousands of Shares		Millions of Yen								
							Accumulated Other Comprehensive Income				
	Common Stock	Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Loss on Available for-sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	69,838	(1,549)	¥ 12,893	¥ 20,630	¥ 117,068	¥ (2,951)	¥ (12)	¥ (452)	¥ 147,176	¥ —	¥ 147,176
Net income					5,109				5,109		5,109
Cash dividends, ¥31 per share					(2,117)				(2,117)		(2,117)
Purchase of treasury stock		(2,600)				(5,228)			(5,228)		(5,228)
Disposal of treasury stock		0			0	0			0		0
Change of scope of consolidation					577				577		577
Net change in the year							(153)	(19)	(172)	—	(172)
BALANCE, MARCH 31, 2010	69,838	(4,149)	12,893	20,630	120,637	(8,179)	(165)	(471)	145,345	—	145,345
Net income					6,229				6,229		6,229
Cash dividends, ¥34 per share					(2,233)				(2,233)		(2,233)
Purchase of treasury stock		(1)				(2)			(2)		(2)
Retirement of treasury stock	(1,200)	1,200			(2,365)	2,365			—		—
Net change in the year							(147)	(706)	(853)	1,296	443
BALANCE, MARCH 31, 2011	**68,638**	**(2,950)**	**¥ 12,893**	**¥ 20,630**	**¥ 122,268**	**¥ (5,816)**	**¥ (312)**	**¥ (1,177)**	**¥ 148,486**	**¥ 1,296**	**¥ 149,782**

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Loss on Available for-sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$ 155,057	$ 248,106	$1,450,836	$ (98,365)	$ (1,984)	$ (5,664)	$1,747,986	$ —	$1,747,986
Net income			74,913				74,913		74,913
Cash dividends, $0.41 per share			(26,855)				(26,855)		(26,855)
Purchase of treasury stock				(24)			(24)		(24)
Retirement of treasury stock			(28,443)	28,443			—		—
Net change in the year					(1,768)	(8,491)	(10,259)	15,586	5,327
BALANCE, MARCH 31, 2011	**$ 155,057**	**$ 248,106**	**$1,470,451**	**$ (69,946)**	**$ (3,752)**	**$ (14,155)**	**$1,785,761**	**$ 15,586**	**$1,801,347**

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, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:	**2011**	**2010**	**2011**
Income before income taxes and minority interests	**¥ 10,127**	¥ 8,506	**$ 121,792**
Adjustments for:			
Income taxes—paid	**(3,113)**	—	**(37,438)**
Income taxes—refund	**—**	1,344	**—**
Depreciation and amortization	**6,717**	8,145	**80,782**
Loss on impairment of long-lived assets	**359**	119	**4,317**
Provision for doubtful receivables	**(605)**	(633)	**(7,276)**
Loss on sale and disposal of property, plant and equipment	**50**	428	**601**
Loss on valuation of investment securities	**241**	153	**2,898**
Net loss (gain) on sales of investment securities	**29**	(223)	**349**
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	**1,356**	898	**16,308**
(Increase) decrease in inventories	**(3,172)**	1,281	**(38,148)**
(Increase) decrease in interest and dividend receivable	**(15)**	22	**(180)**
Decrease in notes, accounts and other payables	**(402)**	(2,719)	**(4,835)**
(Decrease) increase in interest payable	**(3)**	10	**(36)**
Increase in liability for retirement benefits	**97**	236	**1,167**
Decrease in accruals for debt guarantees	**(30)**	(41)	**(361)**
Decrease in allowance for loss on cancellation of lease obligations	**(105)**	(81)	**(1,263)**
(Decrease) increase in lease obligations	**(518)**	554	**(6,230)**
Decrease (increase) in investment in lease	**310**	(568)	**3,728**
(Decrease) increase in accrued consumption taxes	**(318)**	1,263	**(3,824)**
Increase in accrued expenses	**695**	72	**8,358**
Other - net	**(2,353)**	108	**(28,298)**
Total adjustments	**(780)**	10,368	**(9,381)**
Net cash provided by operating activities	**9,347**	18,874	**112,411**
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	**954**	19	**11,473**
Purchases of property, plant and equipment	**(3,116)**	(4,015)	**(37,474)**
Purchases of software	**(1,340)**	(775)	**(16,115)**
Proceeds from sales of investment securities	**4,625**	9,614	**55,622**
Purchases of investment securities	**(6,634)**	(8,253)	**(79,784)**
Increase (decrease) in time deposits—net	**(14)**	2,715	**(168)**
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	**(2,168)**	—	**(26,073)**
Decrease (increase) in other assets	**158**	(36)	**1,900**
Net cash used in investing activities	**(7,535)**	(731)	**(90,619)**
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans—net	**218**	(355)	**2,622**
Repayments of long-term debt	**(243)**	(499)	**(2,923)**
Repurchase of treasury stock	**(2)**	(5,228)	**(24)**
Dividends paid	**(2,233)**	(2,116)	**(26,855)**
Net cash used in financing activities	**(2,260)**	(8,198)	**(27,180)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(415)**	59	**(4,991)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(863)**	10,004	**(10,379)**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**—**	649	**—**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**53,651**	42,998	**645,232**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 52,788**	¥ 53,651	**$ 634,853**
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Assets increased by consolidation of subsidiary previously unconsolidated	**¥ —**	¥ 333	**$ —**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Notes 2.c and 15 (a)):			
Assets acquired	**¥ (3,937)**	¥ —	**$ (47,348)**
Liabilities assumed	**1,241**	—	**14,925**
Goodwill	**(2,526)**	—	**(30,379)**
Minority interests	**1,321**	—	**15,887**
Acquisition costs	**(3,901)**	—	**(46,915)**
Acquired cash and cash equivalents	**1,733**	—	**20,842**
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	**¥ (2,168)**	¥ —	**$ (26,073)**

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, 2011 and 2010

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.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 17. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which GLORY LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. 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, 2011 include the accounts of the Company and its 16 significant (17 in 2010) subsidiaries (together, the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

2011 Name	2011 Year-end	2010 Name	2010 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 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
GLORY NASCA Ltd.	March 31	GLORY NASCA Ltd.	March 31
GLORY AZ System Co., Ltd.	March 31	GLORY AZ System Co., Ltd.	March 31
CREATION CARD CO., LTD.	March 31	CREATION CARD CO., LTD.	March 31
GLORY Products Ltd.*1	March 31	GLORY Kiki Co., Ltd.*1	March 31
GLORY (U.S.A.) Inc.	March 31	Harima GLORY Ltd.*1	March 31
GLORY Money Handling Machines Pte. Ltd.	March 31	GLORY TEC Ltd.*1	March 31
GLORY Europe GmbH	December 31	GLORY (U.S.A.) Inc.	March 31
Reis Service GmbH	December 31	GLORY Money Handling Machines Pte. Ltd.	March 31
Standardwerk Eugen Reis GmbH	December 31	GLORY Europe GmbH	December 31
Sitrade Italia S.p.A.*2	December 31	Standardwerk Eugen Reis GmbH	December 31
GLORY Denshi Kogyo (Suzhou) Ltd.	December 31	Reis Service GmbH	December 31
GLORY International Trading (Shanghai) Co., Ltd.	December 31	GLORY Denshi Kogyo (Suzhou) Ltd.	December 31
		GLORY International Trading (Shanghai) Co., Ltd.	December 31

Notes: *1 GLORY Kiki Co., Ltd., Harima GLORY Ltd. and GLORY TEC Ltd., which were consolidated subsidiaries, merged as of April 1, 2010, and Harima GLORY Ltd. and GLORY TEC Ltd. were excluded from the scope of consolidation as they were dissolved. The name of the company after the merger is GLORY Products Ltd.

*2 Sitrade Italia S.p.A. became a subsidiary as of October 1, 2010, and was included in the scope of consolidation due to the increase in its significance to the Group.

GLORY Europe GmbH, Standardwerk Eugen Reis GmbH, Reis Service GmbH, GLORY Denshi Kogyo (Suzhou) Ltd., GLORY International Trading (Shanghai) Co., Ltd. and Sitrade Italia S.p.A. 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 have been adjusted on consolidation.

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

Investments in all unconsolidated subsidiaries and associated 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.

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 accounting for property, plant, and equipment and investment properties and incorporation of the cost model 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 contained.

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.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations". Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development

(IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

The Company acquired 51% of the net assets of Sitrade Italia S.p.A. on October 1, 2010 and accounted for it by the purchase method of accounting. The related goodwill is systematically amortized over 7 years.

Transactions under common control - GLORY Kiki Co., Ltd., Harima GLORY Ltd. and GLORY TEC Ltd., which were consolidated subsidiaries, merged as of April 1, 2010.

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

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

f. Short-term Investments and Investment Securities - Short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: i) held-to-maturity debt securities, 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 (see Note 11).

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

i. **Software Costs** - Software development costs, incurred through the completion of a Beta version of specific software for sale to the market, are charged to income when incurred. Such costs incurred subsequent to the completion of the Beta version are deferred and amortized at the higher of either the amount to be amortized in proportion to the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software or the amount to be amortized by the straight-line method over 3 years. The costs of software for internal-use are amortized based on the straight-line method over the estimated useful lives of 5 years.

j. **Allowance for Doubtful Accounts** - The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the accounts outstanding.

k. **Liability for Retirement Benefits** - The liability for retirement benefits of employees are accounted for based on projected benefit obligations and plan assets at the balance sheet date. The actuarial differences are amortized from the next year using the declining balance method over 15 years, which is within the average remaining service period. The prior service costs are amortized on the declining balance method over 15 years, which is within the average remaining service period.

l. **Accruals for Loss on Cancellation of Lease Obligations** - Accruals for loss on cancellation of lease obligations before maturity for which the Group has provided guarantees are accrued 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.

m. **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.

n. **Asset Retirement Obligations** - In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company has applied this accounting standard effective April 1, 2010. The effect of this change on operating income and income before income taxes and minority interests for the year ended March 31, 2011 was immaterial.

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

p. **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 was effective for fiscal years beginning on or after April 1, 2008.

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

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and does not transfer ownership of the leased property to the lessee as operating lease transactions.

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

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

The Company applied the revised accounting standard effective April 1, 2008.

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

r. **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.

s. **Foreign Currency Transactions** - Both short-term and long-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of each balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

However receivables denominated in a foreign currency that is covered by a forward exchange contract is translated at the contract rate. The difference resulting from receivables translated at the historical rate and the contract rate is credited (charged) to income as an interest adjustment.

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

Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate.

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

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts utilized to hedge foreign currency exposures for export sales. Trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

v. 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 are no potentially dilutive securities outstanding.

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.

w. New Accounting Pronouncements

Accounting Changes and Error Corrections - In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Short-term investments:			
Time deposits other than cash equivalents	**¥ 1,019**	¥ 1,055	**$ 12,255**
Government, corporate and other bonds	**2,241**	1,500	**26,951**
Total	**¥ 3,260**	¥ 2,555	**$ 39,206**
Investment securities:			
Marketable equity securities	**¥ 3,075**	¥ 3,658	**$ 36,981**
Non-marketable equity securities	**812**	816	**9,766**
Government, corporate and other bonds	**14,395**	12,938	**173,121**
Other	**259**	161	**3,115**
Total	**¥ 18,541**	¥ 17,573	**$ 222,983**

Book value and fair value information on held-to-maturity debt securities as of March 31, 2011 and 2010 are summarized as follows:

	Millions of Yen					
	2011			2010		
	Book Value per Balance Sheet	Fair Value	Difference	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:						
Corporate bonds	**¥ 3,599**	**¥ 3,633**	**¥ 34**	¥ 819	¥ 833	¥ 14
Other	**—**	**—**	**—**	2,500	2,506	6
Securities whose fair values do not exceed their book value:						
Government bonds	**1,113**	**1,111**	**(2)**	—	—	—
Corporate bonds	**9,420**	**9,292**	**(128)**	6,620	6,525	(95)
Other	**2,504**	**2,495**	**(9)**	4,500	4,401	(99)
Total	**¥ 16,636**	**¥ 16,531**	**¥ (105)**	¥ 14,439	¥ 14,265	¥ (174)

	Thousands of U.S. Dollars		
	2011		
	Book Value per Balance Sheet	Fair Value	Difference
Securities whose fair values exceed their book value:			
Corporate bonds	**$ 43,283**	**$ 43,692**	**$ 409**
Other	**—**	**—**	**—**
Securities whose fair values do not exceed their book value:			
Government bonds	**13,386**	**13,361**	**(25)**
Corporate bonds	**113,289**	**111,750**	**(1,539)**
Other	**30,114**	**30,006**	**(108)**
Total	**$ 200,072**	**$ 198,809**	**$ (1,263)**

Book value and acquisition cost information on available-for-sale securities as of March 31, 2011 and 2010 are summarized as follows:

	Millions of Yen					
	2011			2010		
	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	**¥ 924**	**¥ 1,161**	**¥ 237**	¥ 1,159	¥ 1,553	¥ 394
Securities whose book values do not exceed their acquisition costs:						
Equity securities	**2,667**	**1,914**	**(753)**	2,772	2,105	(667)
Other	**269**	**259**	**(10)**	163	158	(5)
Total	**¥ 3,860**	**¥ 3,334**	**¥ (526)**	¥ 4,094	¥ 3,816	¥ (278)

	Thousands of U.S. Dollars		
	2011		
	Acquisition Costs	Book Value per Balance Sheet	Difference
Securities whose book values exceed their acquisition costs:			
Equity securities	**$ 11,113**	**$ 13,963**	**$ 2,850**
Securities whose book values do not exceed their acquisition costs:			
Equity securities	**32,074**	**23,018**	**(9,056)**
Other	**3,235**	**3,115**	**(120)**
Total	**$ 46,422**	**$ 40,096**	**$ (6,326)**

Available-for-sale securities sold during the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Proceeds from sales	**¥ 99**	¥ 610	**$ 1,191**
Gain on sales	**—**	223	**—**
Loss on sales	**29**	—	**349**

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 between 30% and 50% of their fair book value, such securities are measured at an amount deemed necessary in consideration of recoverability and other factors, and any decreases in the carrying amounts are charged to income as loss on valuation of short-term investments or investment securities.

As for available-for-sale securities which are not marketable, if real price of the securities declined significantly due to deterioration of the financial condition of the issuing companies, such securities are impaired accordingly.

The Group recognized ¥241 million ($2,898 thousand) and ¥153 million in loss on valuation of investment securities for the years ended March 31, 2011 and 2010, respectively.

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Finished products and merchandise	**¥ 14,359**	¥ 12,625	**$ 172,688**
Work in process	**6,163**	5,613	**74,119**
Raw materials and supplies	**6,019**	5,257	**72,387**
Total	**¥ 26,541**	¥ 23,495	**$ 319,194**

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Loans from banks and an insurance company	**¥ 11,064**	¥ 10,961	**$ 133,061**

The annual average interest rates applicable to short-term borrowings at March 31, 2011 and 2010 were 1.4%, respectively.

(b) Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Loans from banks and other	**¥ —**	¥ 314	**$ —**
Obligations under finance leases	**2,245**	2,762	**26,999**
Total	**2,245**	3,076	**26,999**
Less current portion	**(772)**	(843)	**(9,284)**
Long-term debt, less current portion	**¥ 1,473**	¥ 2,233	**$ 17,715**

The annual average interest rate applicable to long-term borrowings at March 31, 2010 was 3.1%.

(c) Annual maturities of long-term debt at March 31, 2011, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	**¥ 772**	**$ 9,284**
2013	**718**	**8,635**
2014	**547**	**6,578**
2015	**181**	**2,177**
2016 and thereafter	**27**	**325**
Total	**¥ 2,245**	**$ 26,999**

6.
RETIREMENT AND PENSION PLANS

(a) Employees of the Company and its consolidated domestic subsidiaries are covered by non-contributory and contributory funded defined benefit pension plans, and severance lump-sum payment plans.

(b) The liability (asset) for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Projected benefit obligation	**¥ 34,414**	¥ 32,621	**$ 413,879**
Fair value of plan assets (including a pension trust)	**(28,677)**	(26,612)	**(344,883)**
Unrecognized actuarial loss	**(5,131)**	(5,386)	**(61,708)**
Unrecognized prior service cost	**1,959**	2,194	**23,560**
Net liability	**2,565**	2,817	**30,848**
Prepaid pension cost	**728**	379	**8,755**
Liability for retirement benefits	**¥ 3,293**	¥ 3,196	**$ 39,603**

(c) The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Service cost	**¥ 1,694**	¥ 1,741	**$ 20,373**
Interest cost	**653**	616	**7,853**
Recognized actuarial loss	**765**	1,515	**9,200**
Amortization of prior service costs	**(324)**	(363)	**(3,896)**
Net periodic benefit costs	**2,788**	3,509	**33,530**
Loss on revision of projected benefit obligation	**258**	—	**3,103**
Total	**¥ 3,046**	¥ 3,509	**$ 36,633**

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

On April 1, 2010, Harima GLORY Ltd. and GLORY TEC Ltd., which were consolidated subsidiaries, merged with GLORY Kiki Co., Ltd., which was the surviving domestic subsidiary and the Companies revised the calculation method of the projected benefit obligation. The Companies had calculated the projected benefit obligation by assuming all employees terminated their employment as of March 31, 2010. The revised method is calculating the projected benefit obligation by the actuarial method.

The effect of this revision was to decrease income before income taxes by ¥258 million ($3,103 thousand).

(d) Assumptions used for the years ended March 31, 2011 and 2010 were set forth as follows:

	2011	**2010**
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.0%**	0.0%
Allocation method of the retirement benefits expected to be paid at the retirement date	**Straight-line method based on years of service**	Straight-line method based on years of service
Amortization period of prior service cost	**15 years**	15 years
Recognition period of actuarial gain/loss	**15 years**	15 years

7. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having 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 the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by 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 40.6% for the years ended March 31, 2011 and 2010, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets due to:			
Liability for retirement benefits	**¥ 2,912**	¥ 3,017	**$ 35,021**
Accrued bonuses	**1,572**	1,476	**18,906**
Research and development expenditures	**1,023**	1,019	**12,303**
Asset adjustment account	**894**	1,277	**10,752**
Allowance for doubtful accounts	**628**	602	**7,553**
Depreciation and amortization	**615**	471	**7,396**
Unrealized profit eliminated	**466**	753	**5,604**
Inventories	**271**	282	**3,259**
Loss on valuation of investment securities	**197**	192	**2,369**
Other	**2,702**	2,268	**32,495**
Gross deferred tax assets	**11,280**	11,357	**135,658**
Less: valuation allowance	**(1,230)**	(1,020)	**(14,792)**
Total gross deferred tax assets	**¥ 10,050**	¥ 10,337	**$ 120,866**
Deferred tax liabilities due to:			
Net unrealized gain on securities	**¥ (96)**	¥ (160)	**$ (1,155)**
Other	**(67)**	(114)	**(805)**
Total gross deferred tax liabilities	**(163)**	(274)	**(1,960)**
Net deferred tax assets	**¥ 9,887**	¥ 10,063	**$ 118,906**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	**40.6%**	40.6%
Expenses not deductible for income tax purposes, such as entertainment expenses	**2.1**	2.7
Tax credit related to research expenses	**(7.1)**	(7.0)
Amortization of goodwill	**3.4**	4.1
Other—net	**(1.0)**	(0.5)
Actual effective tax rate	**38.0%**	39.9%

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 mainly consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Employees' salaries and bonuses	**¥ 13,737**	¥ 13,620	**$ 165,207**
Amortization of goodwill	**843**	854	**10,138**
Depreciation expense	**2,272**	2,543	**27,320**
Rent expense	**3,731**	3,706	**44,870**

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to administrative expense and manufacturing cost for the years ended March 31, 2011 and 2010 were ¥8,999 million ($108,226 thousand) and ¥8,776 million, respectively.

11. LEASES

(a) Lessee

As discussed in Note 2.p, the Company accounts for leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information, on an "as if capitalized" basis for the years ended March 31, 2011 and 2010 were as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Acquisition cost	**¥ 2,326**	¥ 5,048	**$ 27,974**
Accumulated depreciation	**(1,868)**	(3,058)	**(22,466)**
Net leased property	**¥ 458**	¥ 1,990	**$ 5,508**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Due within one year	**¥ 358**	¥ 893	**$ 4,306**
Due after one year	**125**	1,166	**1,503**
Total	**¥ 483**	¥ 2,059	**$ 5,809**
Allowance for impairment loss on leased property	**¥ —**	¥ —	**$ —**

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Depreciation expense	**¥ 503**	¥ 1,439	**$ 6,049**
Interest expense	**21**	87	**253**
Total	**¥ 524**	¥ 1,526	**$ 6,302**
Lease payments	**¥ 546**	¥ 1,572	**$ 6,566**
Reversal of allowance for impairment loss on leased property	**¥ —**	¥ 10	**$ —**

Depreciation expense and interest expense are not reflected in the consolidated statements of income. Depreciation expense is computed by the straight-line method over the terms of the related leases. Interest expense is computed by the interest method.

The minimum rental commitments under noncancellable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Due within one year	**¥ 38**	¥ 67	**$ 457**
Due after one year	**31**	66	**373**
Total	**¥ 69**	¥ 133	**$ 830**

(b) Lessor

The net investment in lease are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Gross lease receivables	**¥ 3,428**	¥ 3,714	**$ 41,227**
Unguaranteed residual values	**—**	—	**—**
Unearned interest income	**671**	718	**8,070**
Investments in lease, current	**¥ 2,757**	¥ 2,996	**$ 33,157**

Maturities of investment in lease for finance leases that are deemed to transfer ownership of the leased property to the lessee as of March, 2011 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	**¥ 1,137**	**$ 13,674**
2013	**1,052**	**12,652**
2014	**799**	**9,609**
2015	**272**	**3,271**
2016	**87**	**1,046**
2017 and thereafter	**81**	**975**
Total	**¥ 3,428**	**$ 41,227**

As discussed in Note 2.p, the Company accounts for leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee as operating lease transactions. Aggregate future lease receivables for sublease as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥ 346**	¥ 906	**$ 4,161**
Due after one year	**115**	1,182	**1,383**
Total	**¥ 461**	¥ 2,088	**$ 5,544**

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. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and guidance was applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group invests cash surpluses in low-risk financial assets and uses financial instruments, such as short-term bank loans. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments and risk management for financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. The Group manages its credit risk from receivables on the basis of internal policies, which include monitoring of payment terms and balances of each counterparty. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, they are hedged partially by using forward foreign currency contracts on the basis of internal policies.

Short-term investments and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations. Such instruments are managed by monitoring market values and the financial position of issuers on a regular basis.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Bank loans are utilized as short-term operating funds. Although bank loans and payables are exposed to liquidity risk, the Group manages its liquidity risk by developing a financial plan.

Derivatives are forward foreign currency contracts, which are used to manage exposure to the market risk of fluctuation in foreign currency exchange rates of receivables and payables. Please see Note 13 for more detail about derivatives.

(3) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also please see Note 13 for the details of fair value for derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values and unrealized gain/loss as of March 31, 2011 and 2010 were as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Difference
Cash and cash equivalents	¥ 52,788	¥ 52,788	¥ —
Receivables:			
Trade notes	3,982		
Trade accounts	25,397		
Unconsolidated subsidiaries and associated company	416		
Subtotal	29,795		
Allowance for doubtful accounts*1	(289)		
Receivables—net	29,506	29,488	(18)
Investments in leases	2,757		
Allowance for doubtful accounts*1	(29)		
Investments in leases—net	2,728	2,694	(34)
Short-term investments and investment securities	20,988	20,883	(105)
Total	¥ 106,010	¥ 105,853	¥ (157)

March 31, 2011	Millions of Yen Carrying Amount	Fair Value	Difference
Payables:			
Trade notes	**¥ 5,630**	**¥ 5,630**	**¥ —**
Trade accounts	**7,526**	**7,526**	**—**
Unconsolidated subsidiaries and associated company	**207**	**207**	**—**
Short-term and current portion of long-term borrowings	**11,064**	**11,064**	**—**
Income taxes payable	**2,221**	**2,221**	**—**
Long-term lease obligations	**1,473**	**1,429**	**(44)**
Total	**¥ 28,121**	**¥ 28,077**	**¥ (44)**
Derivative financial instruments:*2			
Hedge accounting—Not applied	**¥ (2)**	**¥ (2)**	**¥ —**
Hedge accounting—Applied	**—**	**—**	**—**
Total	**¥ (2)**	**¥ (2)**	**¥ —**

March 31, 2010	Millions of Yen Carrying Amount	Fair Value	Difference
Cash and cash equivalents	¥ 53,651	¥ 53,651	¥ —
Receivables:			
Trade notes	4,519		
Trade accounts	25,709		
Unconsolidated subsidiaries and associated company	459		
Subtotal	30,687		
Allowance for doubtful accounts*1	(189)		
Receivables—net	30,498	30,480	(18)
Investments in leases	2,996		
Allowance for doubtful accounts*1	(36)		
Investments in leases—net	2,960	2,887	(73)
Short-term investments and investment securities	19,310	19,137	(173)
Total	¥ 106,419	¥ 106,155	¥ (264)

March 31, 2010	Millions of Yen Carrying Amount	Fair Value	Difference
Payables:			
Trade notes	¥ 6,397	¥ 6,397	¥ —
Trade accounts	6,450	6,450	—
Unconsolidated subsidiaries and associated company	425	425	—
Short-term and current portion of long-term borrowings	11,060	11,060	—
Income taxes payable	1,790	1,790	—
Long-term lease obligations	2,019	1,936	(83)
Total	¥ 28,141	¥ 28,058	¥ (83)

March 31, 2011	Thousands of U.S. Dollars Carrying Amount	Fair Value	Difference
Cash and cash equivalents	$ 634,853	$ 634,853	$ —
Receivables:			
Trade notes	47,889		
Trade accounts	305,436		
Unconsolidated subsidiaries and associated company	5,003		
Subtotal	358,328		
Allowance for doubtful accounts*1	(3,475)		
Receivables—net	354,853	354,636	(217)
Investments in leases	33,157		
Allowance for doubtful accounts*1	(349)		
Investments in leases—net	32,808	32,399	(409)
Short-term investments and investment securities	252,411	251,149	(1,262)
Total	$ 1,274,925	$ 1,273,037	$ (1,888)
Payables:			
Trade notes	$ 67,709	$67,709	$ —
Trade accounts	90,511	90,511	—
Unconsolidated subsidiaries and associated company	2,489	2,489	—
Short-term and current portion of long-term borrowings	133,061	133,061	—
Income taxes payable	26,711	26,711	—
Long-term lease obligations	17,715	17,186	(529)
Total	$ 338,196	$ 337,667	$ (529)
Derivative financial instruments:*2			
Hedge accounting—Not applied	$ (24)	$ (24)	$ —
Hedge accounting—Applied	—	—	—
Total	$ (24)	$ (24)	$ —

Note: *1 Allowance for doubtful accounts taken for receivables and investments in leases are subtracted.
*2 Figures are net of debts and credits arisen from derivative financial instruments. Net debt amounts are indicated in parentheses.

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Receivables

The carrying values are used for short-term receivables as they approximate fair value. The fair values of long-term receivables such as installment receivables are measured at present values discounted by the swap interest rate.

Investments in Leases

The fair values of investments in leases are measured at present values discounted by the swap interest rate.

Short-term Investments and Investment Securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Debt securities for which the quoted price cannot be obtained are measured at present values discounted by the swap interest rate. Information on the fair value of marketable and investment securities by classification is included in Note 3.

Payables, Short-term and Current Portion of Long-term Borrowings and Income Taxes Payable

The carrying values of payables, short-term and current portion of long-term borrowings and income taxes payable approximate fair value because of their short maturities.

Long-term Lease Obligations

The fair values of long-term lease obligations are estimated at present values discounted by the standard rate (1 year TIBOR) plus spread.

Derivatives

Information on the fair value on derivatives is included in Note 13.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	Carrying Amount		
	2011	2010	**2011**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 1,748**	¥ 1,750	**$ 21,022**

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

The carrying amount of investments in unconsolidated subsidiaries and associated company included in the above table for the years ended March 31, 2011 and 2010 were ¥936 million ($11,256 thousand) and ¥932 million, respectively.

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

	Millions of Yen			
At March 31, 2011	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**¥ 52,788**	**¥ —**	**¥ —**	**¥ —**
Receivables	**28,575**	**1,220**	**—**	**—**
Investments in leases	**903**	**1,799**	**55**	**—**
Short-term investments and investment securities	**3,260**	**9,816**	**4,475**	**7**
Total	**¥ 85,526**	**¥ 12,835**	**¥ 4,530**	**¥ 7**

	Millions of Yen			
At March 31, 2011	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**$ 634,853**	**$ —**	**$ —**	**$ —**
Receivables	**343,656**	**14,672**	**—**	**—**
Investments in leases	**10,860**	**21,636**	**661**	**—**
Short-term investments and investment securities	**39,206**	**118,052**	**53,819**	**84**
Total	**$ 1,028,575**	**$ 154,360**	**$ 54,480**	**$ 84**

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

13. DERIVATIVES

The Group enters 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 to manage stabilization of income. The Group does not hold or issue any financial instruments for trading or speculative purposes. Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk. Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization.

Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
At March 31, 2011	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Euro	**¥ 119**	**¥ —**	**¥ (2)**	**¥ (2)**

	Thousands of U.S. Dollars			
At March 31, 2011	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Euro	**$ 1,431**	**$ —**	**$ (24)**	**$ (24)**

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
At March 31, 2011	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	**Receivables**	**¥ 78**	**¥ —**	***1**

	Millions of Yen			
At March 31, 2011	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	¥ 311	¥ —	¥ 311

	Thousands of U.S. Dollars			
At March 31, 2011	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling Euro	**Receivables**	**$ 938**	**$ —**	***1**

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

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

14. CONTINGENT LIABILITIES

At March 31, 2011 and 2010, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Guarantees for bank loans drawn by its employees	**¥ 65**	¥ 71	**$ 782**
Guarantees for lease obligations owed by its customers	**2,124**	2,819	**25,544**

15. BUSINESS COMBINATIONS

(a) Application of Purchase Method Sitrade Italia S.p.A.

On October 1, 2010, the Company acquired 51% of the net assets of Sitrade Italia S.p.A. is in the business of the sales and maintenance of money handling machines.

In Medium-Term Management Plan, the Company has been promoting the development of sales network mainly in China, Europe and Americas. Within this context, the company aims to expand business through Europe not only in Italy, utilizing sales know-how and information about customers of Sitrade Italia S.p.A., by turning Sitrade Italia S.p.A., the company's largest distributor in Europe, into a subsidiary and adding to the group. The strengths of Sitrade Italia S.p.A. are excellent customer support capabilities, sales know-how of system product and software development capability. This acquisition was made to expand the group growth to become possible to more accurately respond to customer needs by sharing with each other the power of the company's brand and product development capability.

The results of operations for Sitrade Italia S.p.A. 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 ¥3,901 million ($46,915 thousand), which consist of ¥3,886 million ($46,735 thousand) for the common stock of Sitrade Italia S.p.A. and ¥15 million ($180 thousand) of related expenses, such as due diligence costs. 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 Sitrade Italia S.p.A. as of the acquisition date was recognized as goodwill. Goodwill recorded in connection with the acquisition totaled ¥2,526 million ($30,379 thousand) and is amortized by the straight-line method over 7 years.

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

	Millions of Yen	Thousands of U.S. Dollars
	2011	**2011**
Current assets	**¥ 3,200**	**$ 38,485**
Non-current assets	**737**	**8,863**
Total assets acquired	**¥ 3,937**	**$ 47,348**
Current liabilities	**¥ 1,053**	**$ 12,664**
Non-current liabilities	**188**	**2,261**
Total liabilities assumed	**¥ 1,241**	**$ 14,925**

If this business combination had been completed as of April 1, 2010, the beginning of the current fiscal year, the unaudited condensed pro forma consolidated financial statement of income for the year ended March 31, 2011 would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
Sales	**¥ 2,472**	**$ 29,729**
Operating income	**993**	**11,942**
Income before income taxes and minority interests	**991**	**11,918**
Net income	**600**	**7,216**

	Yen	U.S. Dollars
Net income per share	**¥ 9.13**	**$ 0.11**

(b) Transactions between Entities under Common Control

GLORY Kiki Co., Ltd., Harima GLORY Ltd. and GLORY TEC Ltd., which were consolidated subsidiaries, merged as of April 1, 2010. Descriptions of the business of GLORY Kiki Co., Ltd. and Harima GLORY Ltd. are the manufacturing, selling and repairing of currency handling machines. The description of the business of GLORY TEC Ltd. is the manufacturing and selling of sheet metal parts. GLORY Kiki Co., Ltd. is the surviving company. The name of the company after the merger is GLORY Products Ltd.

This merger was completed in order to strengthen cost competitiveness by increased production efficiency, for example, by consolidating manufacturing functions from parts processing to assembly, the effective use of equipment, and the improvement of distribution. There was no agreement of ownership after the merger necessary as all of three companies were 100% consolidated subsidiaries.

This merger was treated as a transaction between entities under 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 December 26, 2008).

16. RELATED PARTY DISCLOSURES

Transactions with the Company and related parties for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Transactions with a close relative of a board director:			
Legal retainer	**¥ —**	¥ 22	**$ —**

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Transactions with Companies in which directors and their relatives hold a majority of voting rights:			
Purchase of parts	**¥ 511**	¥ 575	**$ 6,146**

17. COMPREHENSIVE INCOME

Other comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of Yen
Other comprehensive income:	
Unrealized loss on available-for-sale securities	¥ (153)
Foreign currency translation adjustments	(19)
Total other comprehensive income	¥ (172)

Total comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of Yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 4,936
Minority interests	—
Total comprehensive income	¥ 4,936

18. SUBSEQUENT EVENTS

(a) Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the Company's shareholders meeting held on June 24, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥20 ($0.24) per share	**¥ 1,314**	**$ 15,803**

(b) Transactions between Entities under Common Control

GLORY NASCA Ltd. and CREATION CARD CO., LTD., which were consolidated subsidiaries, merged as of April 1, 2011. Descriptions of the business of GLORY NASCA Ltd. and CREATION CARD CO., LTD. are the sales and maintenance of recreation card systems and recreation-related instruments. GLORY NASCA Ltd. is the surviving company. The name of the company after the merger is GLORY NASCA Ltd.

The merger aims at the sales expansion of the entire group and the corporate value improvement by strengthening of the active conduct of business and improving the efficiency by consolidating of resources on business. There was no agreement of ownership after the merger necessary as all of two companies were 100% consolidated subsidiaries.

This merger will be treated as a transaction between entities under 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 December 26, 2008).

19. SEGMENT INFORMATION

For the years ended March 31, 2011 and 2010

The ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" in March 2009 and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures" in March 2008. Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

   The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the industry Financial market, Retail and transportation market, Amusement market and Overseas market. Industry Financial market consists of sales and maintenance services to domestic financial institutions, Japan Post Bank, OEM clients, and others. Industry Retail and transportation market consists of sales and maintenance services to domestic supermarkets, department stores, cash-in-transit companies, railroad companies, and others. Industry Amusement market consists of sales and maintenance services to domestic amusement halls. Industry Overseas market consists of sales and maintenance services to overseas financial institutions, cash-in-transit companies, casinos, OEM clients, and others.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies". Income by reportable segment is operating income.

3. Information about sales, profit (loss), assets, liabilities and other items is as follows:

Millions of Yen

2011

	Reportable Segment								
	Financial Market	Retail and Transporta-tion Market	Amusement Market	Overseas Market	Total	Other	Total	Reconcilia-tions	Consolidated
Sales:									
Sales to external customers	¥ 46,937	¥ 26,666	¥ 24,161	¥ 28,754	¥ 126,518	¥ 12,447	¥ 138,965	¥ —	¥ 138,965
Intersegment sales or transfers									
Total	46,937	26,666	24,161	28,754	126,518	12,447	138,965		138,965
Segment profit	5,587	2,292	825	1,350	10,054	270	10,324		10,324
Segment assets*1	47,763	32,743	33,547	36,459	150,512	13,801	164,313	33,707	198,020
Other:									
Depreciation	1,691	1,248	1,861	1,351	6,151	566	6,717		6,717
Amortization of goodwill			658	185	843		843		843
Increase in property, plant and equipment and intangible assets	¥ 1,416	¥ 1,115	¥ 2,125	¥ 4,310	¥ 8,966	¥ 483	¥ 9,449	¥ —	¥ 9,449

Millions of Yen

2010

	Reportable Segment								
	Financial Market	Retail and Transporta-tion Market	Amusement Market	Overseas Market	Total	Other	Total	Reconcilia-tions	Consolidated
Sales:									
Sales to external customers	¥ 42,631	¥ 25,209	¥ 27,592	¥ 28,712	¥ 124,144	¥ 10,961	¥ 135,105	¥ —	¥ 135,105
Intersegment sales or transfers									
Total	42,631	25,209	27,592	28,712	124,144	10,961	135,105		135,105
Segment profit	2,691	1,933	2,705	1,300	8,629	(944)	7,685		7,685
Segment assets*1	44,876	27,100	35,096	37,086	144,158	13,408	157,566	37,417	194,983
Other:									
Depreciation	2,116	1,368	1,941	1,935	7,360	785	8,145		8,145
Amortization of goodwill			755	99	854		854		854
Increase in property, plant and equipment and intangible assets	¥ 1,506	¥ 1,011	¥ 1,967	¥ 1,684	¥ 6,168	¥ 546	¥ 6,714	¥ —	¥ 6,714

	Thousands of U.S. Dollars								
	2011								
	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	$ 564,486	$ 320,698	$ 290,571	$ 345,809	$1,521,564	$ 149,693	$1,671,257	$ —	$1,671,257
Intersegment sales or transfers									
Total	564,486	320,698	290,571	345,809	1,521,564	149,693	1,671,257		1,671,257
Segment profit	67,191	27,565	9,922	16,236	120,914	3,247	124,161		124,161
Segment assets*1	574,419	393,782	403,452	438,473	1,810,126	165,977	1,976,103	405,376	2,381,479
Other:									
Depreciation	20,337	15,009	22,381	16,248	73,975	6,807	80,782		80,782
Amortization of goodwill			7,913	2,225	10,138		10,138		10,138
Increase in property, plant and equipment and intangible assets	$ 17,029	$ 13,410	$ 25,556	$ 51,834	$ 107,829	$ 5,809	$ 113,638	$ —	$ 113,638

Note: *1 Reconciliations of segment assets are corporate assets of ¥33,707 million ($405,376 thousand) and ¥37,417 million for the years ended March 31, 2011 and 2010, respectively, consisting principally of surplus funds of the Group.

4. Information about products and services

	Millions of Yen			
	2011			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	¥ 89,096	¥ 31,237	¥ 18,632	¥ 138,965

	Thousands of U.S. Dollars			
	2011			
	Money Handling Machines and Cash Management Systems	Vending Machines and Automatic Service Equipment	Other Goods and Products	Total
Sales to external customers	$ 1,071,509	$ 375,671	$ 224,077	$ 1,671,257

5. Information about geographical areas

(a) Sales

Millions of Yen				
2011				
Japan	Asia/Oceania	Americas	Europe	Total
¥ 110,211	¥ 8,055	¥ 5,988	¥ 14,711	¥ 138,965

Thousands of U.S. Dollars				
2011				
Japan	Asia/Oceania	Americas	Europe	Total
$ 1,325,448	$ 96,873	$ 72,015	$ 176,921	$ 1,671,257

Note: Sales are classified in countries or regions based on location of customers.

(b) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

6. Information about major customers

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

7. Information impairment losses of assets by reportable segment

Millions of Yen — 2011

	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets						¥ 359	¥ 359		¥ 359

Thousands of U.S. Dollars — 2011

	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Impairment losses of assets						$ 4,317	$ 4,317		$ 4,317

Note: The amount of Other is primarily for assets utilized in the golf business.

8. Information on amortization of goodwill and goodwill by reportable segment

Millions of Yen — 2011

	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			¥ 658	¥ 185	¥ 843		¥ 843		¥ 843
Goodwill at March 31, 2011			1,530	2,708	4,238		4,238		4,238

Thousands of U.S. Dollars — 2011

	Reportable Segment								
	Financial Market	Retail and Transportation Market	Amusement Market	Overseas Market	Total	Other	Total	Reconciliations	Consolidated
Amortization of goodwill			$ 7,913	$ 2,225	$ 10,138		$ 10,138		$ 10,138
Goodwill at March 31, 2011			18,400	32,568	50,968		50,968		50,968

For the year ended March 31, 2010

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 the 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 departments.

Information about industry segments, geographical segments and sales to foreign customers of the Group for the year ended March 31, 2010 is as follows:

(a) Industry Segments

	Millions of Yen
	2010
Net sales:	
Money handling machines and cash management systems:	
Customers	¥ 82,133
Intersegment	—
Total	82,133
Vending machines and automatic service equipment:	
Customers	35,296
Intersegment	—
Total	35,296
Other goods and products:	
Customers	17,676
Intersegment	5,565
Total	23,241
Eliminations	(5,565)
Consolidated total	¥ 135,105
Operating expenses:	
Money handling machines and cash management systems	¥ 78,989
Vending machines and automatic service equipment	31,984
Other goods and products	22,052
Eliminations or corporate	(5,605)
Consolidated total	¥ 127,420
Operating income:	
Money handling machines and cash management systems	¥ 3,144
Vending machines and automatic service equipment	3,312
Other goods and products	1,189
Eliminations or corporate	40
Consolidated total	¥ 7,685

	Millions of Yen
	2010
Assets:	
Money handling machines and cash management systems	¥ 61,253
Vending machines and automatic service equipment	49,295
Other goods and products	9,772
Eliminations or corporate	74,663
Consolidated total	¥ 194,983
Depreciation and amortization:	
Money handling machines and cash management systems	¥ 4,509
Vending machines and automatic service equipment	2,805
Other goods and products	831
Consolidated total	¥ 8,145
Impairment loss and amortization:	
Money handling machines and cash management systems	¥ 96
Vending machines and automatic service equipment	18
Other goods and products	5
Consolidated total	¥ 119
Capital expenditure for segment assets:	
Money handling machines and cash management systems	¥ 3,543
Vending machines and automatic service equipment	2,247
Other goods and products	924
Consolidated total	¥ 6,714

(b) Geographical Segments

	Millions of Yen
	2010
Net sales:	
Japan:	
Customers	¥ 118,770
Intersegment	6,449
Total	125,219
Americas:	
Customers	4,462
Intersegment	48
Total	4,510
Europe:	
Customers	8,060
Intersegment	120
Total	8,180
Asia/Oceania:	
Customers	3,814
Intersegment	2,631
Total	6,445
Eliminations	(9,249)
Consolidated total	135,105

	Millions of Yen
	2010
Operating expenses:	
Japan	¥ 118,302
Americas	4,418
Europe	8,285
Asia/Oceania	5,664
Eliminations or corporate	(9,249)
Consolidated total	¥ 127,420
Operating income:	
Japan	¥ 6,917
Americas	92
Europe	(105)
Asia/Oceania	781
Eliminations or corporate	-
Consolidated total	¥ 7,685
Assets:	
Japan	¥ 113,549
Americas	2,480
Europe	4,531
Asia/Oceania	4,455
Eliminations or corporate	69,968
Consolidated total	¥ 194,983

(c) Sales to Foreign Customers

	Thousands of U.S. Dollars
	2010
Americas	¥ 7,807
Europe	15,484
Asia/Oceania	5,421
Sales to foreign customers	¥ 28,712

Deloitte.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of GLORY LTD.:

We have audited the accompanying consolidated balance sheets of GLORY LTD. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of 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, 2011 and 2010, 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 LLC

June 24, 2011

Member of Deloitte Touche Tohmatsu Limited

Corporate Information
(As of March 31, 2011)

Corporate Information

Name: GLORY LTD.

Established: November 27, 1944

Capital: ¥12,892,947,600

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

Number of employees: 3,504 (Consolidated basis: 6,046)

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
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 26 local service offices 3 service centers 2 other business sites

Group Companies (As of June 24, 2011)

Domestic manufacturing subsidiaries (5 in total)

● GLORY Products Ltd.
● GLORY AZ System Co., Ltd.
GLORY System Create Ltd.
GLORY Friendly Co., Ltd.
GLORY Mechatronics Ltd.

Domestic sales subsidiaries (9 in total)

● Hokkaido GLORY Co., Ltd.
● GLORY Service Co., Ltd.
● GLORY IST Co., Ltd.
● GLORY NASCA Ltd.*1
● GLORY Techno 24 Co., Ltd.
GLORY F&C Co., Ltd.
GLORY Engineering Ltd.
Japan Settlement Information Center Ltd.
(and one other company)

Subsidiaries overseas (13 in total)

● GLORY (U.S.A.) INC.
● GLORY MONEY HANDLING MACHINES PTE LTD
● GLORY Europe GmbH*2
● Standardwerk Eugen Reis GmbH
● GLORY France*3
● GLORY Denshi Kogyo (Suzhou) Ltd.
● GLORY International Trading (Shanghai) Co., Ltd.
● Sitrade Italia S.p.A.*4
GLORY (PHILIPPINES), INC.
GLORY Cash Handling Systems (China) Ltd.
GLORY IPO Asia Ltd.
GLORY IPO China Ltd.
GLORY Currency Automation India Pvt. Ltd.*5

● Consolidated subsidiaries

Notes:

*1. On April 1, 2011 GLORY NASCA Ltd. absorbed former GLORY subsidiary CREATION CARD CO., LTD. in a merger.

*2. On January 1, 2011 GLORY Europe GmbH absorbed former GLORY subsidiary Reis Service GmbH in a merger.

*3. GLORY France became a consolidated subsidiary in the fiscal year ending March 31, 2012.

*4. Sitrade Italia S.p.A. became a consolidated subsidiary in the fiscal year ended March 31, 2011.

*5. GLORY Currency Automation India Pvt. Ltd. was newly established on June 6, 2011.

Share Information

(As of March 31, 2011)

Share Information

Number of shares authorized:
150,000,000

Number of shares issued:
68,638,210 (Including 2,950,306 shares of treasury stock)

Trading unit:
100 shares

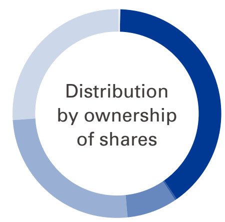
Number of shareholders:
7,803 shareholders (up 318 year on year)

Listing exchanges:
First Section of the Tokyo Stock Exchange
First Section of the Osaka Securities Exchange

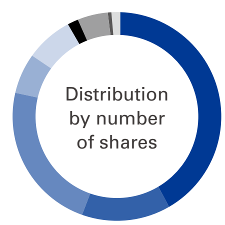
Securities code:
6457

Administrator of shareholder registry:
Mitsubishi UFJ Trust and Banking Corporation

Shareholder distribution



National and regional government bodies	0.2%
Financial institutions	40.4%
Securities companies	0.4%
Other Japanese companies	7.8%
Overseas individuals and companies	25.1%
Japanese individuals, etc.	26.1%



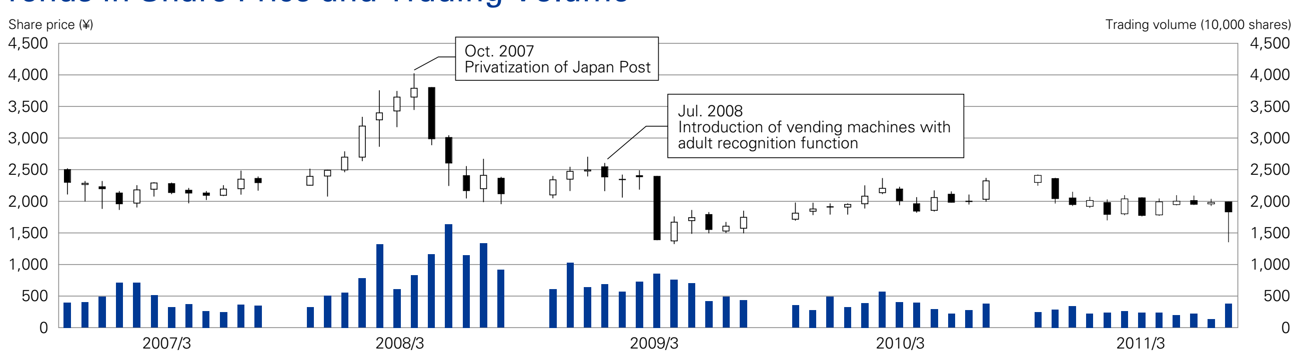
1 million shares or over	42.3%
500,000–999,999 shares	13.7%
100,000–499,999 shares	22.5%
50,000–99,999 shares	6.1%
10,000–49,999 shares	7.1%
5,000–9,999 shares	1.8%
1,000–4,999 shares	4.7%
500–999 shares	0.6%
Less than 500 shares	1.2%

Major shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
STATE STREET BANK AND TRUST COMPANY 505223	3,916	5.7
Japan Trustee Services Bank, Ltd. (Trustee Account)	3,728	5.4
Nippon Life Insurance Company	3,247	4.7
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	3,082	4.5
The Master Trust Bank of Japan, Ltd.	2,478	3.6
Sumitomo Mitsui Banking Corporation	2,100	3.1
STATE STREET BANK AND TRUST COMPANY	1,787	2.6
Dai-ichi Life Insurance Company, Limited	1,715	2.5
Tatsubo Fashion Co. Ltd.	1,500	2.2
GLORY Group Employees' Stock Ownership Association	1,486	2.2

*In addition to the above, the Company holds 2,950,306 shares of treasury stock

Trends in Share Price and Trading Volume



	2007/3	2008/3	2009/3	2010/3	2011/3
FY-end share price (Yen)	2,295	2,120	1,747	2,322	1,831
High (Yen)	2,515	4,020	2,700	2,365	2,418
Low (Yen)	1,870	1,960	1,330	1,699	1,355
Total trading volume (Shares)	51,206,700	111,178,900	78,934,700	43,545,600	29,904,100

Concerning Disclosure of Information to Shareholders and Investors

1. Basic policy on information disclosure

GLORY LTD. ("the Company") considers the proactive disclosure of information to increase management transparency an important responsibility to our shareholders and investors. We will at all times conscientiously implement measures to fairly and impartially provide timely, accurate information.

We will strive to enhance corporate value by feeding back into business management evaluations and opinions received from shareholders and investors through information disclosure.

2. Information disclosure standards

The Company conducts timely disclosure in accordance with the Timely Disclosure Regulations of the stock exchanges where the Company's stock are listed. The Company also endeavors to voluntarily disclose information considered useful for investment decisions even if such information is not subject to the Timely-Disclosure Regulations, taking into consideration timeliness and fairness.

3. Methods of disclosure

The Company provides the information required under the Timely-Disclosure Regulations by using the TDnet network, a timely-disclosure system provided by the Tokyo Stock Exchange. After this information is disclosed on TDnet, the Company also publishes it on its website. When publishing information not required under the Timely-Disclosure Regulations, the Company endevors to disclose the information according to the spirit of timely disclosure and as fairly and accurately as possible.

4. Forecasts of business results

All forecasts included in the information that the Company discloses are based on the assumptions about the future that underpin them, and on the judgment of the Company according to the information then available. Please be aware that forecasts can differ widely from actual results, due to a wide range of factors.

5. Period of silence

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

Our IR Organization

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

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We Secure the Future

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