ANNUAL REPORT 2002

Year ended March 31, 2002

GLORY®

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

CONTENTS

FINANCIAL HIGHLIGHTS

GLORY LTD. and its consolidated subsidiaries
Years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars
For the Year:	2001	**2002**	**2002**
Net sales	¥ 151,704	**¥ 131,618**	**$ 987,752**
Operating profit	26,197	**10,787**	**80,953**
Income before income taxes and minority interests	19,182	**7,212**	**54,124**
Net income	11,191	**3,669**	**27,535**
At Year End:			
Total assets	186,937	**166,505**	**1,249,568**
Total Shareholders' equity	101,315	**105,115**	**788,856**

	Yen		U.S. dollars
Per share:	2001	**2002**	**2002**
Net income	¥ 297.62	**¥ 100.44**	**$ 0.754**
Cash dividends	24.00	**16.00**	**0.12**

(Note)
The U.S. dollar amounts are translated, for convenience only, at the rate of ¥133.25=US$1, the approximate exchange rate at March 31, 2002.

PRESIDENT'S MESSAGE

Hideto Nishino, President

Reported below is the general condition of our company's business results for its 56th term (from April 1, 2001 to March 31, 2002).

During this fiscal year for the present consolidated financial statement, export and capital investment changed inactively due to stagnant US economy and depression of IT-related industry. The economy has never been favorable and resulted in rise of unemployment rate, aggravation of corporate earnings, and decreased personal consumption. Some manufacturers shifted its production to China.

Under such economic environment, our company group (Glory Ltd., its consolidated subsidiaries, and affiliates accounted for by the equity method) directed power towards research and development of new technologies and products to promptly meet the needs in each market, tackled to rationalize and streamline the development and design operations. For this term we secured target sales and profits regardless of severe achievements, compared with the previous fiscal year for the consolidated financial statement in which there was special demand due to newly issued 2000-yen banknote and 500-yen coin.

As a result, the net sales amounted to ¥131,618 million (down 13.2% from the previous term). As for the incomes, we tried hard to improve management efficiency, such as reduction in general expenses. However, operating profit income decreased to ¥10,787 million (down 58.8% from the previous term) and profit income before profit taxes also decreased to ¥9,540 million (down 63.5% from the previous term) because sales-cost ratio rose, which resulted from the increase in development expense for new products in addition to sharp reduction of sales. The net income for this term amounted to ¥3,669 million (down 67.2% from the previous term) since extraordinary loss ¥1,798 million appropriated for a fall of possession stocks had brought loss of investment in securities to us. Thus, large decrease arose in each profit income.

As for the cash dividend, our basic policy is to attach much importance to continuous and stable dividend to live up to the expectations of stockholders while considering the present business environment and earnings to strengthen the management foundation for a long term.

The total cash dividend for this term is ¥16.0 per share for the year, which includes the end of this term dividend considers as ¥8.0 per stock, adds the already carried-out the dividend of mid-term ¥8.0 per stock to this.

As the future theme for Glory group, we will strengthen the product development to meet the market needs by establishing core technologies further in order to aim at the top brand in cash handling machine. We will also offer systems of high value, which make full use of recognition technology and mechatronics technology stored until now, together with network solution technology.

Moreover, we will strive for the improvement of management efficiency, making full use of information systems such as new production control system, product development information system, and 3-D CAD system. The newly built building equipped with information infrastructure will improve the development environment, and realize effective design operations and reduction in development period. In this manner, we would also like to adapt ourselves to environmental change more swiftly and properly, thus improving the group’s incomes by combining the total strength of our group.

I thank you for your continued support and cooperation.

June 2002

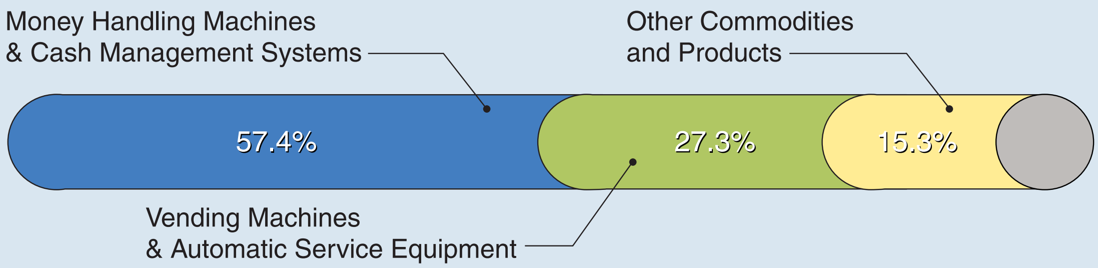
Hideto Nishino

Hideto Nishino
President

BUSINESS RESULTS

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

Net Sales by Business Segments



Shown below are Corporate Achievements by Business Groups.

Money Handling Machines & Cash Management Systems

Desktop Currency Reader Counter
GFR-120

For the domestic markets, sales of new deposit and dispense units to be used at teller windows that can handle both banknotes and coins in financial institutions greatly increased, and also sales of deposit units for security companies increased as the demand for money collection service rose. On the other hand, sales of coin wrapping machines and banknote recognition sorters etc., sharply decreased because the special procurements of 2000-yen banknotes and new 500-yen coins settled. Moreover, sales of automated deposit and dispensing systems decreased due to fall of capital investment by financial institutions.

As for export, sales of coin wrapping machines for the U.S.A. and banknote deposit machines on an OEM basis decreased, but sales of banknote counters for Euro zone to handle newly issued Euro notes, banknote counters and banknote recognition sorters for Asia for increased favorably. Although the total export amount increased, it could not cover the decrease in sales for the domestic market.

As a result, sales amounted to ¥68,574 million (down 22.6% from the previous term). As for the income, the operating profit amounted to ¥4,534 million (down 73.8% from the previous term) because increase of expense for new products development lead to increase of sales-cost ratio.

Compact Cash Control Machine
RG-120

Vending Machines & Automatic Service Equipment

Since demand has decreased in the amusement game industry owing to cutting down capital investment and severe competitions, sales of related devices in the amusement game industry such as card vending machines, medal vending machines and card processing machines dropped. Sales of cigarette vending machines also decreased because of price reduction in addition to sales reduction. Meanwhile, sales of maintenance fee increased favorably during this consolidated fiscal period.

As the result, sales amounted to ¥43,020 million (down 2.9% from the previous term). As for the income, the operating profit amounted to ¥4,527 million (down 30.6% from the previous term) as a rise of sales-cost ratio resulted from increase of expense for new products development.

Other Commodities and Products

This product group includes mainly the goods, parts, fixtures, and accessories outsourced from companies other than our company's group, and their sales were favorable.

As a result, sales and the operating profit amounted to ¥20,024 million (up 6.2% from the previous term) and ¥1,630 million (down 32.6% from the previous term) respectively.

The operating profit by business groups is the amount before unrealized profit due to internal transfer of fixed assets is subtracted.

All the figures in this report do not include consumption tax etc.

COMPANY PROFILE

As of March 31, 2002

Company name	:	GLORY LTD.
Founded	:	November 27, 1944
Capital stock	:	¥12,892,947,600
Employees	:	1,760 (4,730 including subsidiaries)
Fiscal Year-end	:	March 31
URL	:	http://www.glory.co.jp
Location	:	

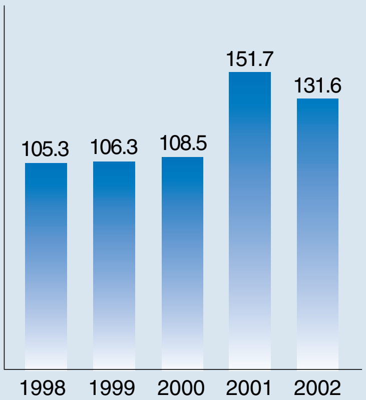
Head Office / Factory	:	1-3-1 Shimoteno, Himeji City, Hyogo 670-8567, Japan Phone: +81-792-97-3131 Fax : +81-792-94-6233
Tokyo Office	:	5-4-6 Osaki, Shinagawa-ku, Tokyo 141-8581, Japan Phone: +81-3-3495-6301
Saitama Factory	:	2-4-1 Furukawa, Kazo City, Saitama 347-0004, Japan Phone: +81-480-68-4661

FIVE-YEAR SUMMARY

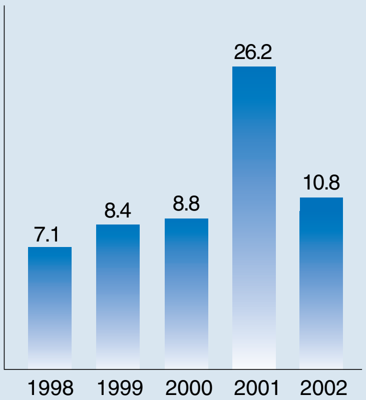
GLORY LTD. and its consolidated subsidiaries
Years ended March 31

	Millions of yen					Thousands of U. S. dollars
	1998	1999	2000	2001	**2002**	**2002**
For the Year :						
Net sales	¥ 105,300	¥ 106,284	¥ 108,544	¥ 151,704	**¥ 131,618**	**$ 987,752**
Operating profit	7,132	8,419	8,776	26,197	**10,787**	**80,953**
Income before income taxes and minority interests	5,045	5,470	4,344	19,182	**7,212**	**54,124**
Net income	1,900	1,686	1,756	11,191	**3,669**	**27,535**
Depreciation and amortization	3,907	4,065	5,031	5,105	**5,341**	**40,083**
At Year End :						
Total assets	150,765	156,389	159,419	186,937	**166,505**	**1,249,568**
Shareholders' equity	81,284	82,293	93,566	101,315	**105,115**	**788,856**
Per share of common stock (Yen and U.S. dollars) :						
Net income	¥ 54.73	¥ 48.55	¥ 50.19	¥ 297.62	**¥ 100.44**	**0.754**
Cash dividends	16.00	16.00	16.00	24.00	**16.00**	**0.12**
Shareholders' equity	2,340.49	2,369.45	2,474.04	2,777.01	**2,832.81**	**21.26**
Shareholders' equity ratio	53.9%	52.6%	58.7%	54.2%	**63.1%**	
Rate of Return On Equity(ROE)	2.4	2.1	2.0	11.5	**3.6**	

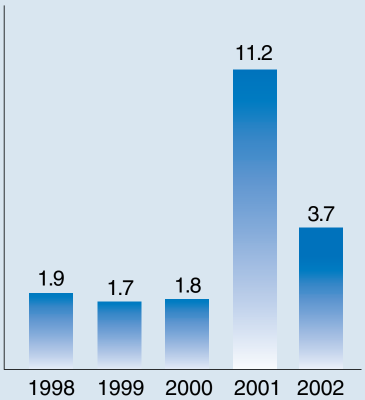
Net sales
(Billions of yen)



Operating profit
(Billions of yen)



Net income
(Billions of yen)



TOPICS

Corresponding to Euro, the new currency

Small-sized Banknote Counter (GFB-800/900)

About a half year has passed since the introduction of Euro, the standardized currency for the twelve European nations. In each country, the transition from the old to the new had been smooth and quick. Making payments and giving changes in retail shops, depositing and withdrawing cash through ATMs, vending tickets for public transportations—all these are now in Euro, which shows how this currency has steadily penetrated into daily life.

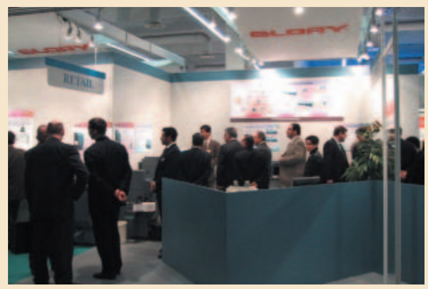
The Glory Group saw a business opportunity in this introduction of Euro, and we have actively expanded our business to the banks and the Mint Bureaus across the euro zone. As for the Mint Bureaus, we have supplied coin-wrapper in the minting process, while for the banks we developed banknote processing system and other products to expose any counterfeit bills. These have achieved great results, enabling us to take part in the world's biggest currency transition process.

For the future, the Glory Group is determined to become even more actively involved in businesses abroad, and to expand our exporting business.

And, we sense that it's our mission to supply money-processing machinery that contributes to efficiency and saving labor in countries around the world.

Exhibiting in the "CeBIT", the world's largest trade fair™

"CeBIT", held every spring in Hanover, Germany is the world's largest trade fair for IT goods. The Glory was one of the exhibitors in this fair, which almost all the leading companies in the world are said to participate.



Crowds gather in front of the Glory booth.

Launching into the China market

In July 2001, a local company GLORY CASH HANDLING SYSTEMS (CHINA) LIMITED was established in Hong Kong, aiming to enlarge our shares and strengthen after-sales service in China, where recent economic growth is remarkable.

This will enable us to promote more sales in China market that has a huge potential for cash processing machinery.

We have already held private exhibitions in nine of the China's main cities, which gained appraisal from the attendants who seemed to have been greatly impressed by the Glory's high-leveled technologies.

Environmental measures—certification by ISO 14001

Recently, various environmental problems have risen; forcing companies to more voluntarily conduct their pro-environment measures.

Under these circumstances, we have been making great efforts to lessen environmental damage, to carry out our social responsibility as a company. For example, we have proposed a policy and a plan for environmental protection, and promoted energy-cutting and saving resources. We've also cut industrial waste, properly managed chemicals, and developed eco-friendly products.

The symbol representing promotion of ISO 14001

These efforts have resulted in the certification by the " ISO 14001 ", the international standard for environment management system. Our headquarters and Himeji Distribution Center was certified this March, and our main office in Tokyo and Saitama factory was certified in May.

This certification is only a first step for us. We are determined to continue making efforts toward pro-environment activities and eco-friendly products.

Completion of new building equipped with a machine factory and development function

A whole view of the new building---iron-framed, seven stories
---lot area 2683m^2
---total floor area 16499m^2

This June, the new building equipped with a machine factory and development function was set up inside the headquarters lot.

The building, with its stairwell reaching up to the second floor, is a " machine factory " integrating mass-production, experimental production, and resin-treatment facilities, which previously had been separated. The third floor and up holds engineers in charge of designing, testing, and evaluating products. Increased efficiency and the realization of concurrent development have reduced the time needed for development, and higher productivity can be expected.

This facility is also an " intelligence center " for promoting IT. We are hoping that this will improve efficiency in developing and strengthen our market competence.

Easy to use! Self-service sign-up system

Self-service sign-up system (FVK-30)

This newly born Self-service sign-up System (FVK-30 system) receives all sorts of applications, such as opening an account, for self-service banking facilities.

With this new product, application for initial transaction and card publication are possible. Its touch-panel process makes it very easy to use for beginners, and it even makes more space in the store because of its compact size.

Moreover, one controlling terminal (FVP-30) can control three Self-service Contracting equipments, which enables banks to lead efficient transactions. This means saving workforce, cutting costs, and even improving customer service.

Increased efficiency in gift certificate settlement!

Gift Certificate Settling System (GDS-100)

Gift certificates are frequently used in department stores and supermarkets. Before, cashiers themselves had to sort by hand various gift certificates for settlement.

Now, our company has developed a machine that automatically sorts and organizes these gift certificates. This Gift Certificate Settlement System (GDS-100) is the first in this industry that cuts down the complicated settling process.

When various gift certificates are set inside this machine, it automatically sorts them according to their type or the amount of money. It even counts the total amount or number, and instantly the settlement process is finished. It's also excellent in speedily settling proceeds. In addition, the data read by the machine can be used to swiftly charge the publishing company.

From the work by hand to the direct settlement at the checkout counter---our new product is the one that can drastically change the old ways of settling gift certificates.

CONSOLIDATED BALANCE SHEETS

GLORY LTD. and its subsidiaries
At March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2002**	2001	**2002**
Current assets:			
Cash and cash equivalents	**¥ 53,773**	¥ 56,015	**$ 403,550**
Time deposits	**305**	1,034	**2,289**
Notes and accounts receivable			
Notes	**3,966**	5,860	**29,764**
Accounts	**27,416**	32,730	**205,749**
Other	**321**	599	**2,409**
Less: allowance for credit losses	**(170)**	(237)	**(1,276)**
	31,533	38,952	**236,645**
Inventories (Note 4)	**21,539**	29,504	**161,644**
Deferred tax assets (Note 14)	**2,360**	3,826	**17,711**
Other current assets	**983**	1,588	**7,377**
Total current assets	**110,495**	130,919	**829,231**
Property,plant and equipment:			
Land (Note 5)	**12,745**	12,798	**95,647**
Buildings and structures (Note 5)	**27,105**	26,985	**203,415**
Machinery and equipment	**38,694**	38,798	**290,386**
Construction in progress	**1,674**	15	**12,563**
	80,218	78,596	**602,011**
Less: accumulated depreciation	**(45,948)**	(44,728)	**(344,826)**
Net property, plant and equipment	**34,272**	33,869	**257,201**
Investments and other assets:			
Investments in securities (Note 3)	**5,740**	7,638	**43,077**
Investments in and advances to unconsolidated subsidiaries and affiliates	**2,191**	1,353	**16,443**
Deferred tax assets (Note 14)	**5,687**	4,140	**42,679**
Software costs,net	**3,544**	3,825	**26,597**
Other	**4,654**	5,236	**34,927**
	21,816	22,192	**163,722**
Less: allowance for credit losses	**(80)**	(46)	**(600)**
Total investments and other assets	**21,738**	22,147	**163,137**
Total assets	**¥ 166,505**	¥ 186,937	**$ 1,249,568**

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2002	Millions of yen 2001	Thousands of U.S. dollars (Note 1) 2002
Current liabilities:			
Short-term debt (Note 5)	**¥ 20,376**	¥ 26,742	**$ 152,916**
Notes and accounts payable:			**0**
Notes	**8,185**	11,773	**61,426**
Accounts	**7,432**	8,374	**55,775**
	15,617	20,147	**117,201**
Accrued income taxes (Note 14)	**2,484**	11,155	**18,642**
Accrued expenses	**4,278**	6,032	**32,105**
Other current liabilities	**7,981**	10,445	**59,895**
Total current liabilities	**50,738**	74,524	**380,773**
Long-term liabilities:			
Accrued severance indemnities (Note 6)	**10,088**	9,071	**75,707**
Other long-term liabilities (Note 5)	**204**	379	**1,531**
Total long-term liabilities	**10,293**	9,450	**77,246**
Minority interests	**359**	1,646	**2,694**
Contingencies (Note 7)			
Shareholders' equity: (Note 10)			
Common stock			
Authorized - 128,664,000 shares			
Issued -37,118,105 shares at March 31,2002 and 36,484,205 shares at March 31,2001	**12,892**	12,892	**96,750**
Additional paid-in capital	**20,629**	19,119	**154,814**
Retained earnings	**71,961**	69,376	**540,045**
Net unrealized holding gains or losses on securities (Note 11)	**(306)**	10	**(2,296)**
Foreign currency translation adjustment	**(37)**	(82)	**(278)**
Less: treasury stock, at cost	**(25)**	(0)	**(188)**
Total shareholders' equity	**105,115**	101,315	**788,856**
Total liabilities and shareholders' equity	**¥ 166,505**	¥ 186,937	**$ 1,249,568**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF INCOME

GLORY LTD. and its subsidiaries
Years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	**2002**
Operating income:			
Net sales	**¥ 131,618**	¥ 151,704	**$ 987,752**
Operating expenses:			
Cost of sales	**(88,014)**	(91,611)	**(660,518)**
Selling, general and administrative expenses (Note 12)	**(32,816)**	(33,895)	**(246,274)**
Total operating expenses	**(120,831)**	(125,507)	**(906,799)**
Operating profit	**10,787**	26,197	**80,953**
Other income(expenses):			
Interest and dividend income	**139**	225	**1,043**
Interest expense	**(345)**	(449)	**(2,589)**
Foreign exchange gain, net	**16**	176	**120**
Loss on disposal of inventories	**(1,217)**	(676)	**(9,133)**
Loss on write-down of investments in securities	**(1,798)**	—	**(13,493)**
Prior year adjustment of accrued severance indemnities	—	(4,331)	—
Loss on disposal of software	—	(870)	—
Net loss on disposal or sale of property and equipment	**(213)**	(385)	**(1,598)**
Impairment loss on deposits for golf club membership	**(186)**	(1,065)	**(1,396)**
Other, net	**31**	362	**233**
Total other expenses, net	**(3,575)**	(7,015)	**(26,829)**
Income before income taxes and minority interests	**7,212**	19,182	**54,124**
Income taxes: (Note 14)			
Current	**(3,169)**	(12,630)	**(23,782)**
Deferred	**(150)**	4,774	**(1,126)**
	(3,319)	(7,855)	**(24,908)**
Income before minority interests	**3,892**	11,326	**29,208**
Minority interests	**(222)**	(134)	**(1,666)**
Net income	**¥ 3,669**	¥ 11,191	**$ 27,535**

	Yen		U.S. dollars (Note 1)
	2002	2001	**2002**
Net income per share	**¥ 100.44**	¥ 297.62	**$ 0.754**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

GLORY LTD. and its subsidiaries
Years ended March 31, 2002 and 2001

	Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2000	37,820,025	¥ 12,892	¥ 19,119	¥ 61,555	¥ —	¥ —	¥ (1)
Net income for the year	—	—	—	11,191	—	—	—
Net unrealized holding gains on securities	—	—	—	—	10	—	—
Foreign currency translation adjustment	—	—	—	—	—	(82)	—
Cash dividends paid	—	—	—	(605)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(160)	—	—	—
Treasury stock retired	(1,336,000)	—	—	(2,605)	—	—	0
Increase in treasury stock	—	—	—	—	—	—	—
Balance at March 31, 2001	36,484,205	12,892	19,119	69,376	10	(82)	(0)
Net income for the year	—	—	—	3,669	—	—	—
Net unrealized holding gains on securities	—	—	—	—	(316)	—	—
Foreign currency translation adjustment	—	—	—	—	—	45	—
Cash dividends paid	—	—	—	875	—	—	—
Bonuses to directors and corporate auditors	—	—	—	208	—	—	—
Treasury stock retired	—	—	—	—	—	—	—
Increase in additional paid-in capital due to acquisition of additional shares for consolidated subsidiaries	633,900	—	1,510	—	—	—	—
Increase in treasury stock	—	—	—	—	—	—	—
							(24)
Balance at March 31, 2002	37,118,105	¥ 12,892	¥ 20,629	¥ 71,961	¥ (306)	¥ (37)	¥ (25)

	Thousands of U.S. dollars (Note 1)					
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2001	$ 96,750	$ 143,482	$ 520,645	$ 75	$ (615)	$ (7)
Net income for the year	—	—	27,535	—	—	—
Net unrealized holding gains on securities	—	—	—	(2,371)	—	—
Foreign currency translation adjustment	—	—	—	—	337	—
Cash dividends paid	—	—	6,566	—	—	—
Bonuses to directors and corporate auditors	—	—	1,560	—	—	—
Treasury stock retired	—	—	—	—	—	—
Increase in additional paid-in capital due to acquisition of additional shares for consolidated subsidiaries	—	11,332	—	—	—	—
Increase in treasury stock	—	—	—	—	—	—
Balance at March 31, 2002	$ 96,750	$ 154,814	$ 540,045	$ (2,296)	$ (278)	$ (188)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GLORY LTD. and its subsidiaries
Years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	**2002**
Operating activities:			
Income before income taxes and minority interests	**¥ 7,212**	¥ 19,182	**$ 54,124**
Adjustments for:			
Depreciation and amortization	**5,341**	5,105	**40,083**
Provision for accrued severance indemnities	**1,017**	4,736	**7,632**
Interest and dividend income	**(139)**	(225)	**(1,043)**
Interest expenses	**344**	449	**2,582**
Net loss on sales or disposal of property and equipment	**213**	385	**1,598**
Loss on write-down of investments in securities	**1,798**	—	**13,493**
Loss on disposal of software	—	870	—
Impairment loss on deposits for golf club membership	**186**	1,065	**1,396**
Decrease (increase) in notes and accounts receivable	**7,431**	(11,139)	**55,767**
Decrease (increase) in inventories	**8,102**	(7,338)	**60,803**
Increase (decrease) in notes and accounts payable	**(5,469)**	6,683	**(41,043)**
Increase (decrease) in accrued expenses	**(1,754)**	2,157	**(13,163)**
Other, net	**(1,549)**	313	**(11,625)**
Sub total	**22,735**	22,246	**170,619**
Interest and dividend income received	**143**	223	**1,073**
Interest expenses paid	**(329)**	(447)	**(2,469)**
Income taxes paid	**(11,916)**	(3,422)	**(89,426)**
Net cash provided by operating activities	**10,632**	18,599	**79,790**
Investing activities:			
Payments for purchase of property and equipment	**(4,739)**	(3,479)	**(35,565)**
Proceeds from sales of property and equipment	**240**	60	**1,801**
Payments for purchase of investments in securities	**(586)**	(567)	**(4,398)**
Proceeds from sales of investments in securities	**107**	247	**803**
Payments for purchase of software	**(1,173)**	(2,566)	**(8,803)**
Net decrease (increase) in time deposits	**728**	(315)	**5,463**
Decrease in other investments, net	**(96)**	(183)	**(720)**
Net cash used in investing activities	**(5,518)**	(6,803)	**(41,411)**
Financing activities:			
Net decrease in short-term loans	**(6,433)**	(4,793)	**(48,278)**
Cash dividends paid	**(875)**	(605)	**(6,567)**
Treasury stock retired	—	(2,605)	—
Other, net	**(85)**	(411)	**(638)**
Net cash used in financing activities	**(7,395)**	(8,415)	**(55,497)**
Effect of exchange rate changes on cash and cash equivalents	**40**	53	**300**
Net increase (decrease) in cash and cash equivalents	**(2,241)**	3,433	**(16,818)**
Cash and cash equivalents at beginning of year	**56,015**	52,581	**420,375**
Cash and cash equivalents at end of year	**¥ 53,773**	¥ 56,015	**$ 403,550**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GLORY LTD. and its subsidiaries

1. Basis of Presenting Consolidated Financial Statements

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

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

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

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25=U.S.$1, the rate of exchange prevailing at March 31, 2002 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation Principles

The accompanying consolidated financial statements include the accounts of the Company and its 11 subsidiaries.

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

The consolidated subsidiaries are listed below.

2002		2001	
Name	Year end	Name	Year end
GLORY SHOJI CO., LTD.	March 31	GLORY SHOJI CO., LTD.	March 31
GLORY KIKI CO.,LTD.	March 31	GLORY KIKI CO.,LTD.	March 31
HOKKAIDO GLORY CO.,LTD.	March 31	HOKKAIDO GLORY CO.,LTD.	March 31
GLORY SERVICE CO.,LTD.	March 31	GLORY SERVICE CO.,LTD.	March 31
GLORY • LINCS CO.,LTD.	March 31	GLORY • LINCS CO.,LTD.	March 31
G • A • M CO.,LTD.	March 31	G • A • M CO.,LTD.	March 31
KASAI GLORY LTD.	March 31	KASAI GLORY LTD.	March 31
SAYO GLORY LTD.	March 31	SAYO GLORY LTD.	March 31
GLORY TEC LTD.	March 31	GLORY TEC LTD.	March 31
Glory (U.S.A.) Inc.	March 31	Glory (U.S.A.) Inc.	March 31
Glory GmbH	March 31	Glory GmbH	March 31

Considering materiality for the consolidated financial statements, investments in three unconsolidated subsidiaries, A•Z INC., SYSTEM RESEARCH CO., LTD., GLORY IST CO., LTD. are accounted for by the equity method.

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

(b) Translation of Foreign Currenies

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

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

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

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

(c) Cash and Cash Equivalents

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

(d) Short-term Investments and Investments in Securities

Effective from the year ended March 31, 2001, the Company and its domestic subsidiaries have adopted the new Financial Accounting Standard for Financial Instruments issued by the Business Accounting Deliberation Council. Following the new standard, the management determines the appropriate classification of securities, and all securities other than investments in subsidiaries and affiliates are classified as “Other securities” which represent securities other than trading securities and held-to-maturity securities. Marketable “Other securities” are stated at market value. Net unrealized gains or losses on “Other securities” are reported as a separated item in shareholders' equity, net of related tax effect. Such unrealized holding gains or losses on “Other securities” in shareholders' equity are not available for distribution as dividends and bonuses to directors and corporate auditors under the Commercial Code. Costs of their sales are determined by the moving average method. “Other securities” which are not marketable are stated at cost, the cost of these securities is determined by the moving average method.
The effect of adoption of the new standard for the year ended March 31, 2001 was to decrease income before income taxes and minority interests by ¥508 million.

(e) Inventories

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

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of the Company and its domestic subsidiaries' property and equipment other than buildings acquired on and after April 1, 1998 is computed using the declining balance method. The Company and its domestic subsidiaries' buildings acquired on and after April 1, 1998 are depreciated based on the straight-line method.

Depreciation of overseas subsidiaries is mainly computed using the straight-line method.

The range of the estimated useful lives is as follows:

	2002	2001
Buildings and structures	3 to 50 years	3 to 50 years
Machinery and equipment	2 to 20 years	2 to 20 years

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

(g) Finance Leases

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

(h) Capitalized Software Costs

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

(i)Allowance for Credit Losses

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

(j) Accrued Bonuses

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

(k) Accrued Severance Indemnities

Effective from the year ended March 31, 2001, the Company and its domestic subsidiaries have adopted the new Financial Accounting Standard for Retirement Benefits issued by the Business Accounting Deliberation Council. In accordance with the new standard, accrued severance indemnities of employees are provided based on the estimated amount of projected benefit obligations in excess of the plan assets at fair value. The transition amount arising from adopting the new standard was ¥4,331 million and charged to income during the year. The actuarial differences are amortized using the declining balance method over 15 years of certain years within the average remaining service period counting from the next year in which they arise.

The effect of adoption of the new standard for the year ended March 31, 2001 was to decrease income before income taxes and minority interests by ¥5,148 million.

Under the prior method of accounting, accrued severance indemnities were provided in the total amount of 100% of the liability that the Company and its domestic subsidiaries would be required to pay if all eligible employees voluntarily terminated employment at balance sheet date, less the benefits payable under the non-contributory pension plan, and the past service cost for the pension plan estimated at the balance sheet date.

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

(l) Income Taxes

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

(m) Net Income and Dividend Per Share

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share is not applicable due to no outstanding warrant or convertible bond.

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

(n) Appropriation of Retained Earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, a proposal by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by a shareholders' meeting which must be held within three months after the end of each financial year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each financial year represents the appropriation which was approved by the shareholders' meeting and disposed of during that year but which related to the immediately preceding financial year.

The payment of bonuses to directors and corporate auditors is made out of retained earnings instead of being charged to income for the year and constitutes a part of the appropriation referred to the above.

3. Investments in Securities

As of March 31, 2002 and 2001, “ Other securities ” are as follows:

	Millions of Yen					
	2002			2001		
	Carrying Amounts	**Acquisition Costs**	**Difference**	Carrying Amounts	Acquisition Costs	Difference
Market value available						
Securities with unrealized gain						
Equity securities	**¥ 1,443**	**¥ 1,038**	**¥ 405**	¥ 3,090	¥ 2,340	¥ 750
Bond and debenture	**100**	**100**	**0**	201	200	1
	1,544	**1,138**	**405**	3,292	2,540	752
Securities with unrealized loss						
Equity securities	**3,092**	**4,026**	**(933)**	3,062	3,797	(735)
	4,636	**¥ 5,164**	**¥ (528)**	6,355	¥ 6,338	¥ 16
Market value not available	**1,104**			1,283		
Total	**¥ 5,740**			¥ 7,638		

	Thousands of U.S. dollars		
	2002		
	Carrying Amounts	Acquisition Costs	Difference
Market value available			
Securities with unrealized gain			
Equity securities	$ 10,829	$ 7,789	$ 3,039
Bond and debenture	750	750	0
	11,579	8,540	3,039
Securities with unrealized loss	23,204	30,213	(7,001)
Equity securities	34,783	$ 38,753	$ (3,962)
Market value not available	8,285		
Total	$ 43,078		

“Other securities” sold for the year ended March 31, 2002 and 2001 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Proceeds of sales	**¥ 0**	¥ 206	**$ 0**
Gains of sales	**-**	20	**-**
Losses of sales	**¥ 5**	¥ 17	**$ 37**

The aggregate annual maturities of bonds and debenture included in “Other securities” outstanding as of March 31, 2002 were as follows:

Year ending March 31	Millionsof Yen	Thousands of U.S. Dollars
2003	¥ 100	$ 750

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

4. Inventories

Inventories as of March 31, 2002 and 2001 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Finished goods and merchandise	**¥ 10,548**	¥ 14,480	**$ 79,159**
Work in process	**5,966**	9,316	**44,772**
Raw materials and supplies	**5,024**	5,708	**37,703**
	¥ 21,539	¥ 29,504	**$ 161,644**

5. Short-term debt and Long-term debt

Short-term debt as of March 31, 2002 and 2001 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Loans from banks and an insurance company	**¥ 20,333**	¥ 26,700	**$ 152,592**

The average interest rate applicable to short-term bank loans as of March 31, 2002 and 2001 was 1.3% and 1.4%, respectively.

Long-term debt (included in Other long-term liabilities on the accompanying consolidated balance sheet) as of March 31, 2002 and 2001 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Loans from banks and an insurance company, due from 2002 to 2005	**¥ 139**	¥ 181	**$ 1,053**
Less: portion due within one year	**(42)**	(42)	**(324)**
	¥ 96	¥ 139	**$ 729**

The average interest rate applicable to long-term loans as of March 31, 2002 and 2001 was 2.6%.

The aggregate annual maturities of long-term debt subsequent to March 31, 2002 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 42	$ 324
2004	42	324
2005	10	81
2006 and thereafter	—	—
	¥ 96	$ 729

As of March 31, 2002 and 2001, assets pledged as collateral for long-tem debt, including the current portion of long-term debt and short-term debt, were as follows:

	Millions of yen		Thousands of U.S. dollars
Assets pledged as collateral:	**2002**	2001	**2002**
Land	**¥ 400**	¥ 400	**$ 3,001**
Building and structures	**114**	122	**855**
	¥ 514	¥ 522	**$ 3,856**
Secured debt:			
Short-term debt	**¥ 142**	¥ 42	**$ 1,065**
Long-term debt	**96**	139	**729**
	¥ 239	¥ 182	**$ 1,794**

6. Severance and Pension Plan

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

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

In addition, the Company and its domestic subsidiaries have one united contributory funded benefit pension plan, which is pursuant to the Japanese Welfare Pension Insurance Law, and which is defined benefit plan. This plan covers a portion of the governmental welfare pension program, under which both of the employer and employees contribute.

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

The following provided a reconciliation of projected benefit obligation to accrued severance indemnities for employees recognized on the accompanying consolidated balance sheet as of March 31,2002 and 2001.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Projected benefit obligation	**¥ 33,753**	¥ 26,737	**$ 253,305**
Fair value of plan assets	**(17,114)**	(16,541)	**(128,435)**
Funded status	**16,639**	10,195	**124,870**
Unrecognized actuarial differences	**(7,676)**	(2,235)	**(57,606)**
Net liability recognized in balance sheet	**8,962**	7,960	**67,264**
Prepaid pension expense	**72**	153	**540**
Accrued severance indemnities for employees	**¥ 9,035**	¥ 8,113	**$ 67,804**

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

Components of net periodic benefit cost for the year ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Service cost	**¥ 1,788**	¥ 1,725	**$ 13,418**
Interest cost	**908**	812	**6,814**
Expected return on plan assets	**(451)**	(290)	**(3,384)**
Transition amount recognized	**-**	4,331	**-**
Amortization of actuarial differences	**317**	-	**2,378**
Net periodic benefit cost	**¥ 2,562**	¥ 6,578	**$ 19,227**

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

Projected benefit obligation was determined using a discount rate of 2.8% and 3.5%, and the expected rates of return on planes assets were range of 0.9% to 3.5% and 0.9% to 2.1% for the year ended March 31, 2002 and 2001, respectively.
Projected benefit obligation is attributed to periods based on year of service.

On April 1, 2002 the initial age when their employees receive annuity on the contributory funded benefit pension plan has been revised to be postponed. This revision decreases past service cost by ¥2,009 million ($ 15,076 thousand).

7. Contingencies

The Company provided guarantees for bank loans drawn by its employees. Such guarantees aggregated ¥97 million ($727 thousand) and ¥139 million as of March 31, 2002 and 2001, respectively.

The Company's group provided guarantees for lease obligations owed by its customers. Such guarantees amounted to ¥708 million ($5,313 thousand) and ¥804 million as of March 31, 2002 and 2001, respectively.

The Company's group provided guarantees for lease obligations owed by its sales agency's customers. Such guarantees as of March 31, 2002 were ¥193 million ($1,448 thousand).

8. Lease

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Lease expense	**¥ 848**	¥ 865	**$ 6,363**

Future lease payments, including interest are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Due within one year	**¥ 750**	¥ 742	**$ 5,628**
Due after one year	**1,384**	1,597	
Total	**¥ 2,135**	¥ 2,340	**$ 10,386**

Additional information, assuming capitalization of the leased property, requested by the Business Accounting Deliberation Council, which are disclosed as not included in the profit and loss accounts or balance sheets, is as follows:

Notional acquisition cost, and accumulated depreciation:

	Millions of yen		Thousands of U.S. dollars
Leased property:	**2002**	2001	**2002**
Machinery and equipment	**¥ 4,008**	¥ 4,021	**$ 30,078**
Computer software costs	**—**	3	**—**
Less:			
Accumulated depreciation	**1,872**	1,685	**14,048**
	¥ 2,135	¥ 2,340	**$ 16,022**

Notional depreciation expenses for the year ended March 31, 2002 and 2001 were ¥848 million ($6,363 thousand) and ¥865 million, respectively.
Notional acquisition cost means the cost which is characterized as the total lease payment, including interest due to the immateriality of the leased property against tangible fixed assets capitalized on the accompanying consolidated balance sheets. Notional depreciation expenses are calculated by the straight-line method assuming that there is no scrap value over the term of the lease based on notional acquisition cost.

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Due within one year	**¥ 61**	¥ 56	**$ 457**
Due after one year	**83**	140	**622**
Total	**¥ 144**	¥ 197	**$ 1,080**

9. Financial Instruments

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

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

10. Shareholders' Equity

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

Under the Japanese Commercial Code, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve until such reserve equals 25% of the amount of common stock. This reserve may be transferred to common stock by a resolution of the Board of Directors or used to reduce a deficit with the approval of a shareholders' meeting but is not available for dividend payments. The legal reserve of the Company and its consolidated subsidiaries are included in the retained earnings and are not shown separately in the accompanying consolidated Balance sheets.

Effective from October 1, 2001, the revised Commercial Code requires such appropriations until the total amount of additional paid in capital and earned reserve (collectively, “legal reserves”) equals 25% of stated capital. Legal reserves may be transferred to stated capital by a resolution of the board of directors or used to reduce a deficit with the approval of a shareholders' meeting as before the revision of the Commercial Code. In addition, under the revised Commercial Code, legal reserves may be available for dividends to the extent that legal reserves do not fall below 25% of stated capital, and the Company is allowed to repurchase its own shares to the extent that the aggregate cost of treasury shares does not exceed the maximum available for dividends.

11. Unrealized Holding Gains or Losses on Securities

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Market value in excess of cost	**¥ (528)**	¥ 16	**$ (3,962)**
Deferred tax assets (liabilities)	**222**	(6)	**1,666**
Unrealized holding gains or losses on securities, net of tax	**¥ (306)**	¥ 10	**$ (2,269)**

12. Selling, General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Employees' salaries and bonuses	**¥ 10,019**	¥ 10,416	**$ 75,189**
Rent	**3,478**	3,594	**26,101**

13. Research and Development

Research and development expenditures charged to administrative expense and manufacturing cost for the year ended March 31, 2002 and 2001 were ¥11,477 million ($86,131 thousand) and ¥10,961 million, respectively.

14. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which resulted in statutory tax rate of approximately 42.0% in the aggregate. Foreign subsidiaries are subject to income taxes of the countries in which they operate.
The effective tax rate for the year ended March 31, 2002 differed from the statutory tax rate for the following reasons:

Statutory tax rate	42.0%
Expenses not deductible for income tax purposes, entertainment expense and others	3.9
Revenue not deductive for income tax purposes, dividend received and others	(0.2)
Inhabitant tax levied per capital	0.6
Other	(0.3)
Effective tax rate	46.0%

Since the difference between the effective tax rate and the statutory tax rate is immaterial, such information is not required to be disclosed under Japanese regulation for the year ended March 31, 2001.

The components of the Company and its subsidiaries' deferred tax assets and liabilities as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
Deferred tax assets:	**2002**	2001	**2002**
Accrued severance indemnities	**¥ 3,991**	¥ 3,586	**¥ 29,951**
Loss on write-down of investments in securities	**774**	—	**5,808**
Accrued bonuses	**714**	1,426	**5,358**
Enterprise tax	**205**	1,019	**1,538**
Unrealized profit among the Company and its consolidated subsidiaries eliminated	**697**	971	**5,230**
Impairment loss on deposits for golf club membership	**462**	429	**3,467**
Research and development expenditures	**708**	304	**5,313**
Net unrealized holding gains on securities	**222**	—	**1,666**
Other	**423**	464	**3,174**
Total gross deferred tax assets	**8,200**	8,204	**61,538**
Deferred tax assets:			
Reserve for special depreciation	**(152)**	(177)	**(1,140)**
Other	**—**	(60)	—
Total gross deferred tax liabilities	**(152)**	(238)	**(1,140)**
Net deferred tax assets	**¥ 8,047**	¥ 7,966	**$ 60,390**

15. Segment Information

The Company and its consolidated subsidiaries have divided its operations into three reportable business segments "Money handling machines and cash management system", "Vending machines and automatic service equipment", and "Others", based on similarities in function of finish goods and merchandise.

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

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

Business Segments

Net sales	Millions of yen 2002	Millions of yen 2001	Thousands of U.S. dollars 2002
Money handling machines and cash system			
Customers	¥ 68,574	¥ 88,563	$ 514,626
Inter segment	—	—	—
Total	68,574	88,563	514,626
Vending machines and automatic service equipment			
Customers	43,020	44,283	322,851
Inter segment	—	—	—
Total	43,020	44,283	322,851
Others			
Customers	20,024	18,857	150,273
Inter segment	5,083	2,694	38,146
Total	25,107	21,552	188,420
Elimination	(5,083)	(2,694)	(38,146)
Consolidated total	¥ 131,618	¥ 151,704	¥ 987,752
Operating expenses			
Money handling machines and cash system	¥ 64,039	¥ 71,256	¥ 480,592
Vending machines and automatic service equipment	38,492	37,754	288,870
Others	23,477	19,133	176,187
Elimination	(5,177)	(2,637)	(388,851)
Consolidated total	¥ 120,831	¥ 125,507	$ 906,799
Operating profit			
Money handling machines and cash system	¥ 4,534	¥ 17,307	$ 34,026
Vending machines and automatic service equipment	4,527	6,528	33,973
Others	1,630	2,418	12,232
Elimination and corporate	94	(57)	705
Consolidated total	¥ 10,787	¥ 26,197	$ 80,953
Assets			
Money handling machines and cash system	¥ 57,753	¥ 70,848	$ 433,418
Vending machines and automatic service equipment	34,535	36,038	259,174
Others	15,123	21,983	113,493
Elimination	(1,270)	(1,994)	(9,530)
Corporate	60,362	60,062	452,998
Consolidated total	¥ 166,505	¥ 186,937	$ 1,249,568
Depreciation and amortization			
Money handling machines and cash system	¥ 3,495	¥ 3,472	$ 26,228
Vending machines and automatic service equipment	1,485	1,347	11,144
Others	360	285	2,701
Corporate	—	—	—
Consolidated total	¥ 5,341	¥ 5,105	$ 40,082
Capital expenditure for segment assets			
Money handling machines and cash system	¥ 4,092	¥ 3,978	$ 30,709
Vending machines and automatic service equipment	1,688	1,447	12,667
Others	457	279	3,429
Corporate	—	-	-
Consolidated total	¥ 6,238	¥ 5,705	$ 46,814

There is no major geographic area other than Japan, in which net sales and assets are material. Ratio of sales to foreign customers for consolidated sales is also not material.

16.Subsequent Event

The following appropriation of the Company's retained earnings in respect of the year ended March 31, 2002 was proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 27, 2002:

Appropriations	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥8 per share)	¥ 296	$ 2,221
Bonuses to directors and corporate auditors	22	165
Transfer to reserve for special depreciation	3	22
Transfer to general reserve	1,500	11,257
Total appropriations	¥ 1,822	$ 13,673

REPORT OF INDEPENDENT ACCOUNTANTS

Report of Independent Accountants

The Board of Directors
GLORY LTD.

We have audited the accompanying consolidated balance sheets of GLORY LTD. and its consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of GLORY LTD. and its consolidated subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Notes 2, GLORY LTD. and its domestic consolidated subsidiaries have adopted new Japanese accounting standards for retirement benefits and financial instruments effective April 1, 2001.

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

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Osaka, Japan
June 27, 2002

STOCK INFORMATION

As of March 31, 2002

Common Stock

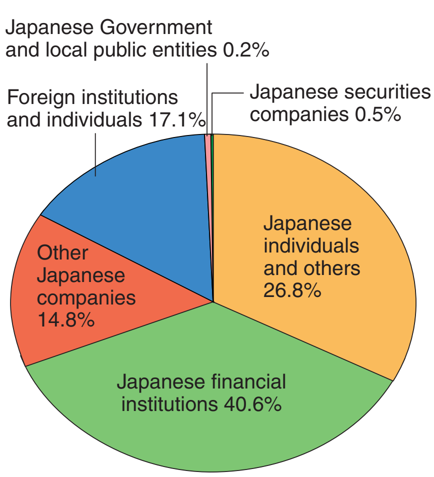
Number of shares authorized	: 128,664,000
Number of shares issued	: 37,118,105
Per Value	: ¥50
Unit for Trading	: 1,000
Number of shareholders	: 2,881
Stock Exchange Listings	: Tokyo, Osaka
Ticker Symbol Number	: 6457

Major Shareholders

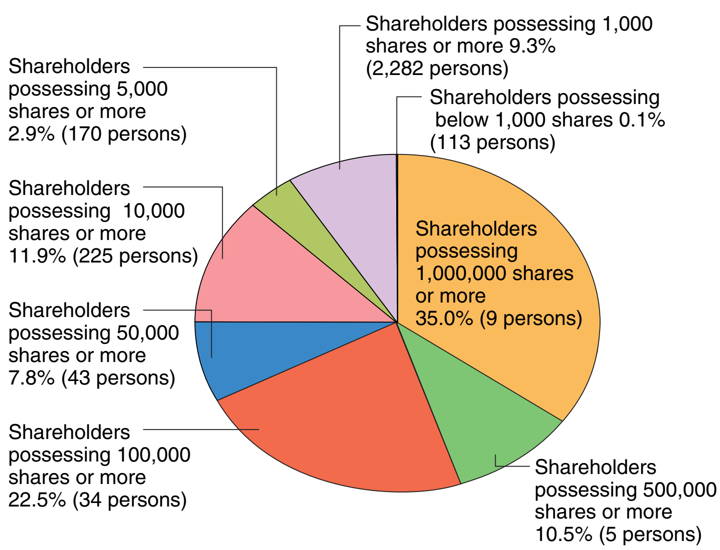
	Investment to the Company		Investment to the Company's major shareholders	
	Thousands of shares	Proportion	Thousands of shares	Proportion
Nippon Life Insurance Company	2,094	5.6 %	–	–
Tatsuta Boseki Kaisha, Limited	1,969	5.3	–	–
The Mitsuisumitomo Bank, Limited	1,823	4.9	1,408	0.0
The Chase Manhattan Bank, N.A. London	1,546	4.2	–	–
Boston Safe Deposit BSDT Treaty Clients Omnibus	1,279	3.4	–	–
The Mitsubishi Trust And Bank, Ltd (Trusty Account)	1,177	3.2	–	–
Onoe International Limited	1,100	3.0	–	–
Japan Trustee Services Bank, Ltd (Trusty Account)	1,006	2.7	–	–
Winning Limited	1,000	2.7	–	–
Glory group employees' holdings gathering	944	2.5	–	–

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

Distribution by Ownership of Shares



Distribution by Number of Shares



CONSOLIDATED SUBSIDIARIES

As of March 31, 2002

Japan		
GLORY SHOJI CO., LTD.	:	Osaka
GLORY KIKI CO., LTD.	:	Hyogo
HOKKAIDO GLORY CO., LTD.	:	Hokkaido
GLORY SERVICE CO., LTD.	:	Osaka
GLORY･LINCS CO., LTD.	:	Tokyo
KASAI GLORY LTD.	:	Hyogo
SAYO GLORY LTD.	:	Hyogo
GLORY TEC LTD.	:	Hyogo
Overseas		
Glory (U.S.A.) Inc.	:	New Jersey, U.S.A.
Glory GmbH	:	Düsseldorf, F.R. Germany

DIRECTORS AND CORPORATE AUDITORS

As of June 28, 2002

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

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

GLORY LTD.

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