

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2014.” Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Consolidated Financial Results

for the Second Quarter of Fiscal Year Ending March 31, 2014 <Japanese GAAP>

November 6, 2013

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code Number: 6 4 5 7 URL: <http://www.glory-global.com/>
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Scheduled filing date of Quarterly Securities Report: November 13, 2013
 Scheduled date of dividend payments: December 5, 2013
 Preparation of quarterly earnings supplementary explanatory material: Yes
 Holding of quarterly earnings presentation: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded downward.)

1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2014 (from April 1, 2013 to September 30, 2013)

(1) Consolidated Operating Results (cumulative)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended September 30, 2013	96,366	22.2	5,391	16.5	7,014	54.4	2,539	11.0
Six months ended September 30, 2012	78,875	17.3	4,628	10.9	4,542	3.4	2,288	2.7

(Note) Comprehensive income

Six months ended September 30, 2013: ¥11,043 million [266.7 %]
 Six months ended September 30, 2012: ¥3,011 million [5.9 %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Six months ended September 30, 2013	38.65	—
Six months ended September 30, 2012	34.83	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2013	320,824	177,658	54.8	2,674.75
As of March 31, 2013	319,077	168,464	52.2	2,537.23

(Reference) Ownership equity

As of September 30, 2013: ¥175,697 million As of March 31, 2013: ¥166,664 million

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2. Dividends

(Record date)	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2013	—	21.00	—	23.00	44.00
Year ending March 31, 2014	—	22.00			
Year ending March 31, 2014 (forecast)			—	22.00	44.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	210,000	10.0	17,000	17.6	17,000	24.1	8,500	23.7	129.40

(Note) Revisions to the latest consolidated financial forecast: None

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving a change in the scope of consolidation):
None

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and estimates, and restatements

- (a) Changes in accounting policies associated with revisions of accounting standards, etc.: None
- (b) Changes in accounting policies other than (a): None
- (c) Changes in accounting estimates: None
- (d) Restatements: None

(4) Total number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury stock)

As of September 30, 2013: 68,638,210 shares

As of March 31, 2013: 68,638,210 shares

(b) Number of treasury shares at the end of the period

As of September 30, 2013: 2,950,813 shares

As of March 31, 2013: 2,950,749 shares

(c) Average number of shares

Six months ended September 30, 2013: 65,687,429 shares

Six months ended September 30, 2012: 65,687,690 shares

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(Note) Status of implementation of quarterly review procedures

These “Consolidated Financial Results” are exempt from the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. As of the date of the release of these Consolidated Financial Results, the quarterly review procedures pursuant to the Financial Instruments and Exchange Act for quarterly consolidated financial statements have not been completed.

(Note) Explanation regarding the appropriate use of financial forecasts and other special items

The forward-looking statements such as operational forecasts contained in this report are based on the information currently available to GLORY LTD. and certain assumptions which are regarded as legitimate, and are not promises regarding the achievement of forecasts. Actual performance may differ greatly from these forecasts due to various present and future factors. For the assumptions and other related matters concerning the financial forecasts, please refer to “1. Qualitative Information on the Financial Statements, (2) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 6 of the Attachment.

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Attachment

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1. Qualitative Information on the Financial Statements

(1) Operating Results

In the six months ended September 30, 2013, the Japanese economy was put on track for a moderate recovery, reflecting such positive developments as a correction in the yen's strength and recovery in share prices due to the effects of government economic policies, and signs of improvement in corporate earnings and personal consumption. Looking at the global economy, on the other hand, although the United States maintained a trend toward recovery and some European countries showed signs of improvement, growth in China and other emerging economies was on a downward trend, contributing to an uncertain outlook overall.

Under these conditions, in this second year of its three-year 2014 Medium-Term Management Plan, which started in April 2012, the GLORY Group (the "Group") implemented the three strategies—Business, Constitutional, and Corporate Management—that form its basic policy to "implement a growth strategy and strengthen profitability to achieve the Long-Range Vision 2018." Looking at overseas business in particular, the Group worked to promptly realize synergies from the acquisition of Talaris in July 2012, mainly through proactive efforts to integrate operations with the Talaris Group. In the domestic market, the Group carried out active business expansion through such means as increasing sales by entering the untapped markets and launching new products.

As a result, net sales in this six-month period totaled ¥96,366 million (up 22.2% year on year). Sales of merchandise and finished goods were ¥66,185 million (up 14.8% year on year) and sales from maintenance services were ¥30,181 million (up 42.0% year on year). Operating income was ¥5,391 million (up 16.5% year on year), ordinary income was ¥7,014 million (up 54.4% year on year), net income was ¥2,539 million (up 11.0% year on year), and comprehensive income was ¥11,043 million (up 266.7% year on year).

Results of operations in each business segment were as follows.

Financial market

Sales of our main product "open teller systems" were steady for both conventional models and compact models for small- and medium-sized financial outlets. Sales of "coin and banknote recyclers" for tellers were favorable due to our capturing of replacement demand.

As a result, net sales in this segment were ¥22,279 million (up 9.2% year on year) and operating income was ¥1,872 million (up 13.9% year on year).

Retail and transportation market

Sales of "coin and banknote recyclers" for cashiers, our main products, as well as "banknote changers" to the retail market, were strong, while sales of "sales proceeds deposit machines" to the cash-in-transit market were favorable.

As a result, net sales in this segment were ¥15,536 million (up 11.6% year on year) and operating income was ¥1,966 million (up 47.5% year on year).

Amusement market

Sales of main products such as "card systems" were sluggish, mainly reflecting declining popularity of pachislot in Japan.

As a result, net sales in this segment were ¥11,069 million (down 7.8% year on year), while operating income was ¥817 million (up 55.2% year on year), mainly due to improvement in the product mix.

Overseas market

Although sales of "banknote deposit units" for ATMs, which are OEM products, were sluggish, sales of "banknote sorters" in China and other emerging countries were strong. Furthermore, sales in the six months ended September 30, 2013, benefitted not only from the addition of the Talaris Group's sales but also the effects of yen depreciation. Consequently, overall overseas market sales increased significantly year on year.

As a result, net sales in this segment were ¥40,772 million (up 60.6% year on year), while operating income was ¥984 million (down 14.3% year on year) due to amortization expenses of goodwill in association with the acquisition of Talaris.

In the "other" business segment, which is excluded from the reportable segments, net sales were ¥6,707 million (down 6.3% year on year) and operating loss was ¥249 million (operating loss of ¥23 million in the corresponding period of the previous fiscal year).

All amounts in this section do not include consumption taxes.

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(2) Consolidated Financial Forecasts and Other Forward-looking Statements

Looking ahead, although corporate earnings and personal consumption are expected to continue to improve in Japan, overseas economies remain subject to lingering concerns including slower growth in emerging countries. As a consequence, the economic outlook is forecast to remain uncertain. In light of this situation and a revision of the exchange rate assumptions for the financial forecasts, the consolidated financial forecasts for the year ending March 31, 2014, have been revised as indicated in “Notice of Revision to the Financial Forecast,” a news release dated October 30, 2013.

The exchange rate assumptions for the financial forecasts for the third quarter and after have been revised to US\$1=¥100 (changed from ¥90), 1 euro=¥130 (changed from ¥120) and 1 pound sterling=¥150 (changed from ¥140).

2. Supplementary Information on the “Notes”

(1) Changes in Significant Subsidiaries During the Quarter

Not applicable.

(2) Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

Tax expense is calculated by rationally estimating the effective tax rate after application of tax-effect accounting to income before income taxes for the fiscal year including this second quarter, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

(3) Changes in Accounting Policies and Estimates, and Restatements

Not applicable.

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3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	60,579	54,460
Notes and accounts receivable-trade	44,629	40,128
Securities	4,601	2,750
Merchandise and finished goods	17,458	22,139
Work in process	6,312	7,221
Raw materials and supplies	8,302	9,737
Other	10,428	11,232
Allowance for doubtful accounts	(442)	(484)
Total current assets	151,870	147,184
Noncurrent assets		
Property, plant and equipment	34,941	34,941
Intangible assets		
Customer relationships	28,646	30,808
Goodwill	69,080	73,948
Other	7,484	7,247
Total intangible assets	105,212	112,003
Investments and other assets		
Investment securities	15,708	15,878
Other	11,359	10,831
Allowance for doubtful accounts	(14)	(15)
Total investments and other assets	27,053	26,694
Total noncurrent assets	167,206	173,639
Total assets	319,077	320,824
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,096	17,638
Short-term loans payable	35,831	31,174
Current portion of long-term loans payable	6,151	8,295
Income taxes payable	3,023	2,770
Provision for bonuses	4,663	4,899
Other provision	90	46
Other	23,288	24,355
Total current liabilities	93,145	89,180
Noncurrent liabilities		
Long-term loans payable	42,002	39,233
Provision for retirement benefits	3,421	3,270
Other	12,043	11,482
Total noncurrent liabilities	57,467	53,986
Total liabilities	150,612	143,166

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Consolidated Financial Results
for the Second Quarter of Fiscal Year
Ending March 31, 2014

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	130,055	131,122
Treasury stock	(5,816)	(5,816)
Total shareholders' equity	157,762	158,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	185	281
Foreign currency translation adjustment	8,716	16,587
Total accumulated other comprehensive income	8,901	16,868
Minority interests	1,800	1,960
Total net assets	168,464	177,658
Total liabilities and net assets	319,077	320,824

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Net sales	78,875	96,366
Cost of sales	48,673	57,490
Gross profit	30,202	38,875
Selling, general and administrative expenses	25,573	33,484
Operating income	4,628	5,391
Non-operating income		
Interest income	159	138
Dividends income	223	387
Foreign exchange gains	–	1,396
Other	266	239
Total non-operating income	649	2,162
Non-operating expenses		
Interest expenses	242	441
Commission for bridge loan	455	–
Other	38	97
Total non-operating expenses	736	539
Ordinary income	4,542	7,014
Extraordinary income		
Gain on sales of noncurrent assets	2	4
Other	7	5
Total extraordinary income	9	10
Extraordinary loss		
Loss on valuation of investment securities	109	–
Loss on liquidation of business	–	973
Impairment loss	62	–
Other	89	110
Total extraordinary losses	260	1,084
Income before income taxes and minority interests	4,291	5,940
Income taxes	1,829	3,078
Income before minority interests	2,461	2,862
Minority interests in income	173	322
Net income	2,288	2,539

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Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Income before minority interests	2,461	2,862
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	95
Foreign currency translation adjustment	569	8,086
Total other comprehensive income	550	8,181
Comprehensive income	3,011	11,043
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,002	10,505
Comprehensive income attributable to minority interests	8	538

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(3) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Assumption of a Going Concern

Not applicable.

Notes for Significant Change in the Amount of Shareholders' Equity

Not applicable.

Segment Information

(a) Six months ended September 30, 2012 (from April 1, 2012 to September 30, 2012)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated statement of income
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	20,400	13,917	12,005	25,393	71,717	7,158	78,875	–	78,875
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	20,400	13,917	12,005	25,393	71,717	7,158	78,875	–	78,875
Segment profit (loss)	1,644	1,332	526	1,148	4,652	(23)	4,628	–	4,628

Note: "Other" segment is a business segment that is not included in reportable segments and includes businesses such as sales and maintenance services to domestic tobacco shops, tobacco companies, hospitals, local governments, general companies, etc.

(b) Six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated statement of income
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	22,279	15,536	11,069	40,772	89,658	6,707	96,366	–	96,366
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	22,279	15,536	11,069	40,772	89,658	6,707	96,366	–	96,366
Segment profit (loss)	1,872	1,966	817	984	5,640	(249)	5,391	–	5,391

Note: "Other" segment is a business segment that is not included in reportable segments and includes businesses such as sales and maintenance services to domestic tobacco shops, tobacco companies, hospitals, local governments, general companies, etc.