

Consolidated Financial Results

First Quarter of the Fiscal Year Ending March 31, 2012 <Japanese GAAP>

August 3, 2011

Company Name: GLORY LTD. Stock exchange listings: Tokyo and Osaka (1st Sections)
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Scheduled filing date of quarterly security report: August 10, 2011
 Scheduled date of dividend payments: —
 Quarterly earnings supplementary explanatory material: Yes
 Quarterly earnings presentation: Yes (for institutional investors)

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2011 (from April 1, 2011 to June 30, 2011)

(1) Consolidated Operating Results (cumulative)

(The percentages show the increase or decrease from the same quarter of the previous year.)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
First quarter ended June 30, 2011	29,989	(1.2)	1,306	16.3	1,588	36.9
First quarter ended June 30, 2010	30,339	4.7	1,123	47.6	1,160	(26.8)

	Net income		Net income per share	Fully diluted net income per share
	(Millions of yen)	(%)	(Yen)	(Yen)
First quarter ended June 30, 2011	768	68.6	11.71	—
First quarter ended June 30, 2010	456	(36.0)	6.94	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2011	196,363	149,827	75.5	2,257.71
As of March 31, 2011	198,019	149,781	75.0	2,260.47

(Reference) Ownership equity

As of June 30, 2011: ¥148,303 million As of March 31, 2011: ¥148,485 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
Year ended March 31, 2011	(Yen) —	(Yen) 17.00	(Yen) —	(Yen) 20.00	(Yen) 37.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (forecast)		20.00	—	21.00	41.00

(Note) Revisions to the last announced dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(The percentages show the increase or decrease from the same period of the previous year and for the previous full 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)
Six months ending September 30, 2011	65,000	(2.2)	2,500	(51.1)	2,500	(54.7)	1,500	(48.9)	22.84
Full Year	145,000	4.3	11,000	6.5	11,000	(0.3)	6,500	4.3	98.95

(Note) Revisions to the last announced consolidated financial forecast: None

4. Other (Please refer to "2. Other Information" of the [Attachment] on page 5 for details.)

(1) Changes in significant subsidiaries during the quarter (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, changes in accounting estimates, and restatements

(a) Changes in accounting policies associated with a revision 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 June 30, 2011: 68,638,210 shares

As of March 31, 2011: 68,638,210 shares

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

As of June 30, 2011: 2,950,306 shares

As of March 31, 2011: 2,950,306 shares

(c) Average number of shares during the term

First quarter ended June 30, 2011: 65,687,904 shares

First quarter ended June 30, 2010: 65,688,743 shares

(Note) Status of Implementation of Quarterly Review Procedures

These "Consolidated Financial Results" are not subject to the quarterly review procedures set forth in the Financial Instruments and Exchange Act. As of the date of the release of these Consolidated Financial Results, implementation of quarterly review procedures for consolidated quarterly financial statements were in progress.

(Note) Explanation Regarding the Appropriate Use of Financial Forecasts and Other Special Items

The above forecasts were prepared based on information available as of the date of this report. Actual performance may differ greatly from these forecasts due to various present and future factors.

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1. Qualitative Information and Financial Statements, etc.

(1) Qualitative Information on the Consolidated Operating Results

During the first quarter, the Japanese economy was affected by supply related limitations as a result of the Great East Japan Earthquake, significantly reducing production and exports. Although production has been recovering rapidly, Japan still faces an uncertain business outlook due to prolonged power shortages and the strong yen.

In this uncertain business environment, in the final year of the 2011 Medium-Term Management Plan, and under the basic principle “Capitalize on new business opportunities with global vision and accelerate to a period of new growth!,” the GLORY Group (“Group”) has taken positive measures: generating and developing more consumer demand by aggressively developing and introducing new products, reducing costs by expanding overseas procurement and production, and increasing operational efficiency by streamlining subsidiary operations.

As a result, net sales for the first quarter totaled ¥29,989 million (down 1.2% year-on-year). Sales of merchandise and finished goods were ¥21,697 million (down 3.4% year-on-year), and sales from maintenance services were ¥8,292 million (up 5.2% year-on-year). Operating income was ¥1,306 million (up 16.3% year-on-year), and ordinary income was ¥1,588 million (up 36.9% year-on-year). Net income for the first quarter was ¥768 million (up 68.6% year-on-year), and comprehensive income was ¥1,316 million (comprehensive income for the previous first quarter was ¥117 million).

The Group’s operating results by reportable business segment were as follows:

(Financial market)

Although sales of our main product open teller systems were favorable for both conventional systems and compact systems for small and mid-sized financial outlets, total sales for this segment approximated sales for the previous first quarter.

As a result, net sales for this segment amounted to ¥8,471 million (down 1.9% year-on-year). Operating income was ¥342 million (down 17.8% year-on-year).

(Retail and transportation market)

Although sales of our main product coin and banknote recyclers were favorable, sales for this first quarter approximated sales of the previous first quarter due to stagnant sales of OEM sales proceeds deposit machines.

As a result, net sales for this segment amounted to ¥5,836 million (down 2.8% year-on-year). Operating income was ¥736 million (up 51.5% year-on-year).

(Amusement market)

Sales of our main product card systems were sluggish, as the aftermath of the Earthquake suppressed pachinko parlors managers from making capital investments and they exercised self-restraint in renewing their pachinko parlors.

As a result, net sales for this segment amounted to ¥4,597 million (down 25.2% year-on-year). The operating loss was ¥251 million (operating income for the previous first quarter was ¥102 million).

(Overseas market)

In the U.S.A., sales of OEM bulk banknote and check deposit units for ATMs were favorable. In Asia, sales of banknote sorters were favorable, in line with expanding markets in China and India. In Europe, Sitrade Italia S.p.A., a sales subsidiary in Italy, contributed favorable financial results, although sales of OEM banknote recycling units for ATMs were sluggish.

As a result, net sales for this segment amounted to ¥7,779 million (up 7.5% year-on-year). Operating income was ¥502 million (up 27.7% year-on-year).

As for other business segments, sales of OEM banknote recycling units for horse race ticket vending machines were favorable.

As a result, net sales for other business segments amounted to ¥3,304 million (up 42.6 % year-on-year). The operating loss was ¥23 million (the operating loss for the previous first quarter was ¥276 million).

The above amounts do not include consumption taxes.

2. Other Information

(1) Changes in Significant Subsidiaries During the Quarter:

None

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

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 consolidated fiscal year including this first quarter, and then multiplying the income before income taxes for the quarter by the estimated effective tax rate.

Deferred income taxes are included and presented in “income taxes.”

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

None

(Additional information)

The Group adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009) with respect to accounting changes and prior period error corrections as of the beginning of the first quarter ended June 30, 2011.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011)	Current First Quarter (As of June 30, 2011)
ASSETS		
CURRENT ASSETS:		
Cash and deposits	33,706	30,438
Notes and accounts receivable-trade	29,794	28,667
Short-term investment securities	22,340	23,117
Merchandise and finished goods	14,359	16,746
Work in process	6,163	6,623
Raw materials and supplies	6,018	6,241
Other	8,471	8,432
Allowance for doubtful accounts	(335)	(324)
Total current assets	120,520	119,943
NONCURRENT ASSETS:		
Property, plant and equipment:		
Net property, plant and equipment	34,454	34,133
Intangible assets:		
Goodwill	4,238	4,160
Other	3,885	3,883
Total intangible assets	8,123	8,044
Investment and other assets:		
Investment securities	19,476	18,741
Other	17,040	17,034
Allowance for doubtful accounts	(1,594)	(1,534)
Total investment and other assets	34,921	34,241
Total noncurrent assets	77,499	76,419
TOTAL ASSETS	198,019	196,363
LIABILITIES		
CURRENT LIABILITIES:		
Notes and accounts payable-trade	13,362	12,505
Short-term loans payable	11,064	11,174
Income taxes payable	2,221	890
Provision for bonuses	3,903	2,090
Other provision	371	293
Other	9,522	11,972
Total current liabilities	40,445	38,926
NONCURRENT LIABILITIES:		
Provision for retirement benefits	3,293	3,259
Other	4,499	4,350
Total noncurrent liabilities	7,792	7,609
Total liabilities	48,238	46,535

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011)	Current First Quarter (As of June 30, 2011)
NET ASSETS		
SHAREHOLDERS' EQUITY:		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	122,267	121,694
Treasury stock	(5,815)	(5,815)
Total shareholders' equity	149,974	149,402
VALUATION AND TRANSLATION ADJUSTMENTS:		
Valuation difference on available-for-sale securities	(312)	(345)
Foreign currency translation adjustments	(1,176)	(753)
Total valuation and translation adjustments	(1,489)	(1,098)
Minority interests	1,295	1,523
Total net assets	149,781	149,827
TOTAL LIABILITIES AND NET ASSETS	198,019	196,363

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 First Quarter ended June 30, 2011

(Millions of yen)

	First Quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010)	First Quarter ended June 30, 2011 (From April 1, 2011 to June 30, 2011)
NET SALES	30,339	29,989
COST OF SALES	19,304	18,279
Gross profit	11,034	11,710
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	9,911	10,404
Operating income	1,123	1,306
NON-OPERATING INCOME:		
Interest income	86	88
Dividend income	336	260
Other	91	64
Non-operating income-net	514	414
NON-OPERATING EXPENSES:		
Interest expense	42	38
Foreign exchange loss	405	53
Other	29	39
Non-operating expenses-net	477	131
Ordinary income	1,160	1,588
EXTRAORDINARY INCOME:		
Gain on sales of noncurrent assets	33	1
Reversal of allowance for doubtful accounts	59	20
Reversal of provision for loss on cancellation of lease contracts	32	—
Other	12	3
Total extraordinary income	138	25
EXTRAORDINARY LOSS:		
Loss on retirement of noncurrent assets	12	23
Loss on valuation of investment securities	27	49
Retirement benefit expenses	257	—
Other	55	16
Total extraordinary loss	353	88
INCOME BEFORE INCOME TAXES	944	1,524
INCOME TAXES	488	643
INCOME BEFORE MINORITY INTERESTS	456	881
MINORITY INTERESTS IN INCOME	—	112
NET INCOME	456	768

(Quarterly Consolidated Statements of Comprehensive Income)
 First Quarter ended June 30, 2011

(Millions of yen)

	First Quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010)	First Quarter ended June 30, 2011 (From April 1, 2011 to June 30, 2011)
Income before minority interests	456	881
OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	(212)	(32)
Foreign currency translation adjustment	(125)	467
Total other comprehensive income	(338)	434
COMPREHENSIVE INCOME	117	1,316
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	117	1,159
Comprehensive income attributable to minority interests	—	156

(3) Notes Relating to Assumption as a Going Concern
Not applicable

(4) Segment Information
(Segment Information)

(a) First Quarter ended June 30, 2010 (from April 1, 2010 to June 30, 2010)
Information on sales and income (loss) by reportable business segment

(Millions of yen)

	Reportable business segments					Other (Note)	Total	Adjustment	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	8,634	6,005	6,147	7,235	28,021	2,317	30,339	-	30,339
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	8,634	6,005	6,147	7,235	28,021	2,317	30,339	-	30,339
Segment operating income (loss)	417	486	102	393	1,399	(276)	1,123	-	1,123

(Note) "Other" segments consists of business segments not included in reportable business segments including sales and maintenance services to domestic tobacco shops, tobacco companies, hospitals, local governments, general companies, etc.

(b) First Quarter ended June 30, 2011 (from April 1, 2011 to June 30, 2011)
Information on sales and income (loss) by reportable business segment

(Millions of yen)

	Reportable business segments					Other (Note)	Total	Adjustment	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	8,471	5,836	4,597	7,779	26,685	3,304	29,989	-	29,989
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	8,471	5,836	4,597	7,779	26,685	3,304	29,989	-	29,989
Segment operating income (loss)	342	736	(251)	502	1,330	(23)	1,306	-	1,306

(Note) "Other" segments consists of business segments not included in reportable business segments including sales and maintenance services to domestic tobacco shops, tobacco companies, hospitals, local governments, general companies, etc.

(5) Note for Significant Change in the Amount of Shareholders' Equity
Not applicable

This is a translation of the original Japanese text of the "Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2012." Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.