

(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, 2017.” 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, 2017 <Japanese GAAP>

November 7, 2016

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code number: 6457 URL: <http://www.glory-global.com/>
 Representative: Hirokazu Onoe President & Representative Director
 Contact person: Motozumi Miwa Representative Director & Senior Managing Executive Officer /
 Executive General Manager, Business Management Headquarters
 TEL +81-79-297-3131

Scheduled filing date of Quarterly Securities Report: November 11, 2016
 Scheduled date of dividend payments: December 5, 2016
 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, 2017 (from April 1, 2016 to September 30, 2016)

(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 attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended September 30, 2016	102,343	(1.7)	8,356	24.3	3,878	(42.0)	2,136	(29.2)
Six months ended September 30, 2015	104,146	7.8	6,725	34.8	6,691	(0.3)	3,016	(26.0)

(Note) Comprehensive income

Six months ended September 30, 2016: ¥(11,919) million [— %]
 Six months ended September 30, 2015: ¥4,433 million [(28.9) %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Six months ended September 30, 2016	32.63	—
Six months ended September 30, 2015	45.89	—

(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, 2016	305,507	181,570	58.5	2,755.59
As of March 31, 2016	321,672	198,287	60.6	2,966.22

(Reference) Ownership equity

As of September 30, 2016: ¥178,830 million As of March 31, 2016: ¥194,840 million

(TRANSLATION FOR REFERENCE ONLY)

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, 2016	—	27.00	—	29.00	56.00
Year ending March 31, 2017	—	30.00			
Year ending March 31, 2017 (forecast)			—	30.00	60.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
Full year	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
	220,000	(3.1)	19,000	(7.6)	15,000	(14.7)	8,000	(9.4)	122.15

(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.: Yes
(b) Changes in accounting policies other than (a): None
(c) Changes in accounting estimates: None
(d) Restatements: None

(Note) For more information, please refer to “2. Supplementary Information on the “Notes” (3) Changes in Accounting Policies and Estimates, and Restatements” on page 6 of the Attachment.

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

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

As of September 30, 2016: 68,638,210 shares

As of March 31, 2016: 68,638,210 shares

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

As of September 30, 2016: 3,531,967 shares

As of March 31, 2016: 2,749,737 shares

(c) Average number of shares (cumulative from the beginning of the period)

Six months ended September 30, 2016: 65,491,237 shares

Six months ended September 30, 2015: 65,721,024 shares

(Note) In addition to the number of treasury shares as of September 30, 2016, there also existed 55,365 shares owned by the “Board Incentive Plan (BIP) Trust Account” as assets in trust for a stock compensation plan for directors, and 153,585 shares owned by the “Employee Stock Ownership Plan (ESOP) Trust Account” as assets in trust for an incentive plan for senior managers.

(TRANSLATION FOR REFERENCE ONLY)

(Note) Status of implementation of quarterly review procedures

These “Consolidated Financial Results” are exempt from the quarterly review procedures required under the Financial Instruments and Exchange Act. As of the date of the release of these Consolidated Financial Results, the quarterly review procedures required under 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 the Company and certain assumptions which the Company regards 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.

(TRANSLATION FOR REFERENCE ONLY)

Attachment

Contents

1. Qualitative Information on the Financial Statements	5
(1) Operating Results.....	5
(2) Consolidated Financial Forecasts and Other Forward-looking Statements.....	6
(3) Basic Policy on Profit Distributions.....	6
2. Supplementary Information on the “Notes”	6
(1) Changes in Significant Subsidiaries During the Period.....	6
(2) Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements.....	6
(3) Changes in Accounting Policies and Estimates, and Restatements.....	6
3. Quarterly Consolidated Financial Statements	7
(1) Quarterly Consolidated Balance Sheet.....	7
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	9
Quarterly Consolidated Statement of Income	9
Quarterly Consolidated Statement of Comprehensive Income.....	10
(3) Notes to Quarterly Consolidated Financial Statements	11
Notes Regarding Assumption of a Going Concern	11
Notes for Significant Change in the Amount of Shareholders’ Equity	11
Segment Information	11

(TRANSLATION FOR REFERENCE ONLY)

1. Qualitative Information on the Financial Statements

(1) Operating Results

In the six months ended September 30, 2016, the Japanese economy showed a trend of gradual recovery driven by improvements in corporate capital investments and the employment situation, while personal consumption has levelled off. Looking at the global economy, on the other hand, although, in Asia, China's economy was in state of slowing down, the United States maintained a trend toward recovery and Europe continued to move toward recovery at a moderate pace. However, the overall outlook remained uncertain through this period, with the trend towards a stronger yen continuing due to factors such as the impact of the U.K.'s decision to leave the EU.

Under these conditions, in this second year of its three-year 2017 Medium-Term Management Plan, which started in April 2015, the GLORY Group (the "Group") proactively implemented the three strategies—Business, Constitutional, and Corporate Management—under its basic policy to "Realize business growth through 'customer-oriented superb manufacturing' and enhance profitability to achieve the Long-Range Vision 2018."

As a result, net sales in this six-month period totaled ¥102,343 million (down 1.7% year on year). Of this, sales of merchandise and finished goods were ¥71,124 million (down 1.2% year on year) and sales from maintenance services were ¥31,219 million (down 3.0% year on year). Operating income increased significantly to ¥8,356 million (up 24.3% year on year), due to a decrease in selling, general and administrative expenses, etc. However, ordinary income was ¥3,878 million (down 42.0% year on year), and net income attributable to owners of parent was ¥2,136 million (down 29.2% year on year), due to the foreign exchange losses, etc. caused by sudden changes in foreign exchange rates. Comprehensive income posted a loss of ¥11,919 million (vs. comprehensive income of ¥4,433 million in the corresponding period of the previous year), which reflected a large decrease in the foreign currency translation adjustment due to yen appreciation.

Results of operations in each business segment are as follows.

Financial market

Sales of this segment's main product, "open teller systems," were strong for compact models for small- and medium-sized financial outlets and sales of "coin and banknote recyclers" for tellers were also robust due to capturing of replacement demand.

As a result, net sales in this segment were ¥27,363 million (up 15.4% year on year) and operating income was ¥3,893 million (up 33.4% year on year).

Retail and transportation market

Sales of this segment's main product, "coin and banknote recyclers" for cashiers, were sluggish due to the large-scale demand of the previous year having run its course, while sales of "sales proceeds deposit machines" for the retail market were also slow.

As a result, net sales in this segment were ¥20,862 million (down 6.4% year on year) and operating income was ¥2,109 million (down 5.8% year on year).

Amusement market

Sales of this segment's main products such as "card systems" were sluggish, mainly reflecting constraint toward investment in pachinko parlors.

As a result, net sales in this segment were ¥8,623 million (down 19.8% year on year) and operating income was ¥151 million (down 82.2% year on year).

Overseas market

Although sales of "banknote sorters" were slow in Asia, sales of this segment's main product, "banknote recyclers," as well as "sales proceeds deposit machines" for the retail market, were strong in Europe. In addition, sales of "coin sorters" were robust in the Americas. In the overseas market as a whole, net sales were robust on a local currency basis, however, on a yen basis, net sales were on par with the corresponding period of the previous year due to the impact of yen appreciation.

As a result, net sales in this segment were ¥44,467 million (down 3.7% year on year) and operating income was ¥2,429 million (up 172.6% year on year) due to improvements in product mix and cost reductions, etc.

In the other business segment, which contains the businesses that are not included in the reportable segments, net sales were ¥1,027 million (down 15.2% year on year) and operating loss was ¥227 million (operating loss of ¥172 million in the corresponding period of the previous year).

The Company reclassified its business segments and changed the classification of products that were previously included in "Others" segment as follows: banknote recycling modules for horse race ticket vending machines to "Financial market" segment; cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, and ballot sorters for handwritten ballots to "Retail and transportation market" segment. This change was effective from the three months ended June 30, 2016. Due to this change, the

(TRANSLATION FOR REFERENCE ONLY)

above-mentioned comparisons to the corresponding period of the previous year have been made using figures from the corresponding period of the previous year based on the revised segment classification.

All amounts in this section do not include consumption taxes.

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

No changes have been made to the consolidated financial forecasts for the year ending March 31, 2017 that were announced on July 28, 2016.

(3) Basic Policy on Profit Distributions

The Company considers the return of profits to shareholders to be an important management task and retains a policy to continue stable dividends while striving to maintain and enhance a sound financial standing in preparation for future business growth. The Company has set a dividend payout ratio of 30% or higher on a consolidated basis.

With regard to the acquisition of treasury shares, the Company will consider an appropriate response after having taken into overall account future business development, investment plans, the level of retained earnings, and performance trends. The Company will leverage the acquired treasury shares for investment in future growth, such as M&As, and for flexible capital policy.

2. Supplementary Information on the “Notes”

(1) Changes in Significant Subsidiaries During the Period

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

Changes in Accounting Policies

(Application of practical solution on a change in depreciation method due to tax reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the first quarter ended June 30, 2016, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact from this change on operating income, ordinary income and income before income taxes for the six months ended September 30, 2016 is immaterial.

(TRANSLATION FOR REFERENCE ONLY)

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	68,053	72,937
Notes and accounts receivable - trade	50,671	41,750
Securities	500	3,999
Merchandise and finished goods	25,380	28,697
Work in process	6,526	7,080
Raw materials and supplies	11,462	10,963
Other	9,891	12,209
Allowance for doubtful accounts	(675)	(663)
Total current assets	171,811	176,975
Non-current assets		
Property, plant and equipment	35,832	35,047
Intangible assets		
Customer relationships	27,344	21,441
Goodwill	63,796	50,150
Other	6,179	5,446
Total intangible assets	97,320	77,037
Investments and other assets		
Investment securities	8,765	8,789
Other	8,001	7,700
Allowance for doubtful accounts	(59)	(43)
Total investments and other assets	16,707	16,446
Total non-current assets	149,860	128,532
Total assets	321,672	305,507
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,971	16,934
Short-term loans payable	16,885	33,635
Current portion of long-term loans payable	9,424	8,449
Income taxes payable	2,230	1,271
Provision for bonuses	7,786	6,414
Provision for directors' bonuses	71	36
Provision for stock grant	67	30
Other	26,181	23,912
Total current liabilities	81,619	90,684
Non-current liabilities		
Long-term loans payable	22,629	16,904
Provision for stock grant	67	85
Net defined benefit liability	6,607	5,955
Other	12,461	10,305
Total non-current liabilities	41,766	33,251
Total liabilities	123,385	123,936

(TRANSLATION FOR REFERENCE ONLY)

GLORY LTD. (6457)
Consolidated Financial Results
for the Second Quarter of Fiscal Year
Ending March 31, 2017

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,952	20,974
Retained earnings	151,653	152,211
Treasury shares	(6,141)	(8,721)
Total shareholders' equity	179,357	177,357
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	235	253
Foreign currency translation adjustment	17,819	3,477
Remeasurements of defined benefit plans	(2,572)	(2,257)
Total accumulated other comprehensive income	15,483	1,472
Non-controlling interests	3,446	2,740
Total net assets	198,287	181,570
Total liabilities and net assets	321,672	305,507

(TRANSLATION FOR REFERENCE ONLY)

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Net sales	104,146	102,343
Cost of sales	63,378	62,033
Gross profit	40,767	40,309
Selling, general and administrative expenses	34,042	31,952
Operating income	6,725	8,356
Non-operating income		
Interest income	79	85
Dividend income	253	294
Other	420	193
Total non-operating income	753	572
Non-operating expenses		
Interest expenses	390	290
Foreign exchange losses	252	4,623
Other	143	136
Total non-operating expenses	786	5,050
Ordinary income	6,691	3,878
Extraordinary income		
Gain on sales of non-current assets	3	7
Gain on sales of investment securities	–	4
Total extraordinary income	3	11
Extraordinary losses		
Loss on retirement of non-current assets	26	30
Loss on valuation of investment securities	–	38
Other	1	–
Total extraordinary losses	28	69
Income before income taxes	6,667	3,820
Income taxes	3,082	1,169
Net income	3,584	2,651
Net income attributable to non-controlling interests	568	515
Net income attributable to owners of parent	3,016	2,136

(TRANSLATION FOR REFERENCE ONLY)

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Net income	3,584	2,651
Other comprehensive income		
Valuation difference on available-for-sale securities	(172)	17
Foreign currency translation adjustment	1,450	(14,902)
Remeasurements of defined benefit plans, net of tax	(429)	314
Total other comprehensive income	848	(14,571)
Comprehensive income	4,433	(11,919)
Comprehensive income attributable to:		
Owners of parent	4,063	(12,004)
Non-controlling interests	369	84

(TRANSLATION FOR REFERENCE ONLY)

(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

Acquisition of treasury shares

The Company resolved at a meeting of the Board of Directors held on August 4, 2016 to acquire its treasury shares and, during the six months ended September 30, 2016, it acquired its treasury shares as follows.

- (1) Type of shares acquired Common stock of the Company
- (2) Total number of shares acquired 810,000 shares
- (3) Total amount of shares acquired ¥2,631,599,000
- (4) Period of share acquisition From August 5, 2016 to September 30, 2016
- (5) Method of share acquisition Open-market purchase by trust method

Segment Information

(a) Six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

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	23,717	22,286	10,746	46,184	102,935	1,210	104,146	-	104,146
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	23,717	22,286	10,746	46,184	102,935	1,210	104,146	-	104,146
Segment profit (loss)	2,919	2,238	847	891	6,897	(172)	6,725	-	6,725

Note: "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

(b) Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

1. 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	27,363	20,862	8,623	44,467	101,316	1,027	102,343	-	102,343
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	27,363	20,862	8,623	44,467	101,316	1,027	102,343	-	102,343
Segment profit (loss)	3,893	2,109	151	2,429	8,584	(227)	8,356	-	8,356

Note: "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

2. Changes in reportable segments

The Company reclassified its business segments and changed the classification of products that were previously included in "Others" segment as follows: banknote recycling modules for horse race ticket vending machines to "Financial market" segment; cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, and ballot sorters for handwritten ballots to "Retail and transportation market" segment. This change was effective from the three months ended June 30, 2016. Segment information for the six months ended September 30, 2015, is prepared and disclosed based on the reportable segment classifications after the change.