

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2015.” 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 Third Quarter of Fiscal Year Ending March 31, 2015 <Japanese GAAP>

February 5, 2015

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
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Scheduled filing date of Quarterly Securities Report: February 12, 2015
 Scheduled date of dividend payments: —
 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 Third Quarter of Fiscal Year Ending March 31, 2015 (from April 1, 2014 to December 31, 2014)

(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)	(%)
Nine months ended December 31, 2014	152,879	2.9	7,895	(11.2)	11,252	(7.7)	6,718	22.7
Nine months ended December 31, 2013	148,623	17.0	8,894	3.8	12,187	32.4	5,473	10.1

(Note) Comprehensive income

Nine months ended December 31, 2014: ¥13,308 million [(38.1) %]
 Nine months ended December 31, 2013: ¥21,496 million [70.6 %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Nine months ended December 31, 2014	102.27	—
Nine months ended December 31, 2013	83.32	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2014	338,739	199,100	58.0	2,990.79
As of March 31, 2014	340,943	190,804	55.2	2,865.09

(Reference) Ownership equity

As of December 31, 2014: ¥196,455 million As of March 31, 2014: ¥188,199 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, 2014	—	22.00	—	27.00	49.00
Year ending March 31, 2015	—	24.00	—		
Year ending March 31, 2015 (forecast)				25.00	49.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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)	(%)	(Yen)						
Full year	225,000	2.9	18,000	7.7	21,000	6.2	12,000	20.7	182.68

(Note) Revisions to the latest consolidated financial forecast: Yes

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): Yes
- (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 December 31, 2014: 68,638,210 shares
As of March 31, 2014: 68,638,210 shares

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

As of December 31, 2014: 2,951,197 shares
As of March 31, 2014: 2,951,091 shares

(c) Average number of shares

Nine months ended December 31, 2014: 65,687,040 shares
Nine months ended December 31, 2013: 65,687,395 shares

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(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.

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Attachment

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1. Qualitative Information on the Financial Statements

(1) Operating Results

In the nine months ended December 31, 2014, the Japanese economy showed a trend of gradual recovery driven by improvements in both corporate capital investment and the employment situation, despite the weak personal consumption resulting from the prolonged effect from the rise in the consumption tax rate. Looking at the global economy, on the other hand, although the United States maintained a trend toward recovery and Europe also showed signs of rallying, among emerging countries, China's growth rate slowed further, contributing to an uncertain outlook overall.

Under these conditions, in this last year of its three-year 2014 Medium-Term Management Plan, which started in April 2012, the GLORY Group (the "Group") proactively implemented the three strategies—Business, Constitutional, and Corporate Management—under its basic policy to "implement a growth strategy and strengthen profitability to achieve the Long-Range Vision 2018." Particularly in its overseas business, the Group implemented region-specific strategies aimed at maximizing the synergies made available by the acquisition of Talaris, while in the domestic market, the Group made efforts to expand sales of products of the Company to untapped markets.

As a result, net sales in this nine-month period totaled ¥152,879 million (up 2.9% year on year). Sales of merchandise and finished goods were ¥104,164 million (up 3.3% year on year) and sales from maintenance services were ¥48,714 million (up 2.0% year on year). Operating income was ¥7,895 million (down 11.2% year on year) and ordinary income was ¥11,252 million (down 7.7% year on year). Net income was ¥6,718 million (up 22.7% year on year), an increase from the corresponding period of the previous year which included the reporting of an extraordinary loss associated with the restructuring of the overseas consolidated subsidiaries. Comprehensive income was ¥13,308 million (down 38.1% year on year).

Results of operations in each business segment were as follows.

Financial market

Sales of the "multi-functional banknote changers" were strong due to capturing of demand for replacements. However, sales of this segment's main products "open teller systems" and "coin and banknote recyclers" for tellers were slow.

As a result, net sales in this segment were ¥29,400 million (down 5.6% year on year) and operating income was ¥1,465 million (down 29.8% year on year).

Retail and transportation market

Sales of "sales proceeds deposit machines" in the cash-in-transit market were strong but sales of "sales proceeds deposit machines" for the retail market and this segment's main product "coin and banknote recyclers" for cashiers were sluggish.

As a result, net sales in this segment were ¥20,302 million (down 9.4% year on year) and operating income was ¥1,465 million (down 44.8% year on year).

Amusement market

Although sales of "membership management systems" and "pachinko prize dispensing machines" were slow primarily due to a decline in new pachinko parlor openings, sales of this segment's main products such as "card systems" were robust.

As a result, net sales in this segment were ¥20,104 million (up 11.9% year on year), while operating income was ¥2,360 million (up 45.0% year on year).

Overseas market

Although sales of "banknote deposit modules" for ATMs were sluggish, sales of this segment's main product "banknote recyclers" were robust in the United States and Asia. Therefore, sales for the overall market were steady, with the effect of yen depreciation further contributing to the performance.

As a result, net sales in this segment were ¥73,360 million (up 8.8% year on year) and operating income was ¥2,705 million (down 7.6% year on year), mainly reflecting deterioration in the operating margin due to intensifying market competition.

In the "other" business segment, which is excluded from the reportable segments, net sales were ¥9,712 million (up 0.7% year on year) and operating loss was ¥100 million (operating loss of ¥403 million in the corresponding period of the previous 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 the economy in Japan is expected to continue on a trend of gradual recovery, concerns remain of a risk of economic downturn resulting from a prolonged effect from the hike in the consumption tax rate and a rise in costs of imported raw materials resulting from steep yen depreciation. In the global economy, meanwhile, although the United States and some countries in Europe are showing recovery trends, a situation of uncertainty is expected to remain overall, characterized by lingering concerns of an economic downturn caused by such factors as geopolitical risks and a steep fall in the crude oil price.

In light of this business environment and the consolidated operating results of the nine months ended December 31, 2014, the Company revised the consolidated financial forecasts from the forecasts that were announced on November 5, 2014. For details please see “Announcement of Revision to the Financial Forecast,” issued today (February 5, 2015).

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 third 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 accounting standard for retirement benefits, etc.)

For the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits from the first quarter ended June 30, 2014 and reviewed the calculation method for retirement benefit obligations and service costs. Accordingly, the Company changed the periodic allocation method of projected retirement benefit amount from the straight-line method to the benefit formula method. Concerning the determination method of discount rate, the Company has changed the bond maturity period that forms the basis for the determination of discount rate from one that is based on a period approximate to the average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits, etc. is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change in the determination of retirement benefit obligations and service costs has been added to or deducted from retained earnings as of the beginning of the nine months ended December 31, 2014.

As a result of this change, as of the beginning of the nine months ended December 31, 2014, net defined benefit liability increased by ¥806 million, and retained earnings decreased by ¥491 million. In addition, operating income, ordinary income, and income before income taxes and minority interests for the nine months ended December 31, 2014 have each decreased by ¥95 million.

(Early application of accounting standard for business combinations, etc.)

As it became possible to apply the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the start of the fiscal year beginning on or after April 1, 2014, the Company has applied these accounting standards, etc. from the first quarter ended June 30, 2014 (except for the provisions set forth in Paragraph 39 of the Accounting Standard for Consolidated Financial Statements) and changed the method of recording acquisition-related costs to one in which they are recognized as expenses for the fiscal year in which they occurred.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (3) of the Accounting Standard for Business Combinations, Paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (3) of the Accounting Standard for Business Divestitures. Accordingly, the cumulative amount of impact as of the beginning of the nine months ended December 31, 2014, in the case of retrospective application of the new accounting policies to all prior periods has been added to or deducted from retained earnings.

As a result of this change, as of the beginning of the nine months ended December 31, 2014, goodwill decreased by ¥987 million, and retained earnings decreased by ¥689 million. In addition, operating income, ordinary income and income before income taxes and minority interests for the nine months ended December 31, 2014 have each increased by ¥48 million.

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3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	59,767	44,828
Notes and accounts receivable - trade	48,240	46,320
Securities	4,847	5,958
Merchandise and finished goods	24,069	33,711
Work in process	6,771	6,458
Raw materials and supplies	9,992	10,793
Other	12,197	13,535
Allowance for doubtful accounts	(591)	(503)
Total current assets	165,295	161,101
Non-current assets		
Property, plant and equipment	35,046	35,170
Intangible assets		
Customer relationships	32,497	34,043
Goodwill	77,780	79,750
Other	7,122	6,420
Total intangible assets	117,400	120,214
Investments and other assets		
Investment securities	13,437	10,813
Other	9,784	11,459
Allowance for doubtful accounts	(20)	(22)
Total investments and other assets	23,201	22,251
Total non-current assets	175,648	177,637
Total assets	340,943	338,739
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,244	16,133
Short-term loans payable	28,270	29,327
Current portion of long-term loans payable	8,552	9,061
Income taxes payable	4,293	2,213
Provision for bonuses	6,180	3,533
Other provision	86	48
Other	27,118	29,649
Total current liabilities	96,745	89,965
Non-current liabilities		
Long-term loans payable	36,241	30,959
Net defined benefit liability	4,020	4,960
Other	13,130	13,753
Total non-current liabilities	53,392	49,673
Total liabilities	150,138	139,639

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(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	137,038	139,226
Treasury shares	(5,817)	(5,817)
Total shareholders' equity	164,744	166,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	398	785
Foreign currency translation adjustment	23,156	28,573
Remeasurements of defined benefit plans	(99)	165
Total accumulated other comprehensive income	23,454	29,523
Minority interests	2,605	2,644
Total net assets	190,804	199,100
Total liabilities and net assets	340,943	338,739

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Net sales	148,623	152,879
Cost of sales	88,005	91,894
Gross profit	60,617	60,985
Selling, general and administrative expenses	51,723	53,089
Operating income	8,894	7,895
Non-operating income		
Interest income	209	171
Dividend income	409	526
Foreign exchange gains	3,177	2,863
Other	353	723
Total non-operating income	4,149	4,284
Non-operating expenses		
Interest expenses	657	591
Other	198	335
Total non-operating expenses	856	927
Ordinary income	12,187	11,252
Extraordinary income		
Gain on sales of non-current assets	5	249
Other	5	14
Total extraordinary income	11	264
Extraordinary losses		
Loss on retirement of non-current assets	105	171
Loss on liquidation of business	1,198	-
Impairment loss	2	74
Other	9	12
Total extraordinary losses	1,315	258
Income before income taxes and minority interests	10,883	11,258
Income taxes	4,896	3,907
Income before minority interests	5,987	7,351
Minority interests in income	513	633
Net income	5,473	6,718

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Income before minority interests	5,987	7,351
Other comprehensive income		
Valuation difference on available-for-sale securities	266	387
Foreign currency translation adjustment	15,243	5,305
Remeasurements of defined benefit plans, net of tax	-	265
Total other comprehensive income	15,509	5,957
Comprehensive income	21,496	13,308
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,717	12,787
Comprehensive income attributable to minority interests	779	521

(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

Not applicable.

Segment Information

(a) Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconcilia- tion	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	31,143	22,418	17,973	67,447	138,982	9,640	148,623	-	148,623
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	31,143	22,418	17,973	67,447	138,982	9,640	148,623	-	148,623
Segment profit (loss)	2,087	2,653	1,627	2,929	9,297	(403)	8,894	-	8,894

Note: "Other" category 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) Nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

1. Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconcilia- tion	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	29,400	20,302	20,104	73,360	143,167	9,712	152,879	-	152,879
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	29,400	20,302	20,104	73,360	143,167	9,712	152,879	-	152,879
Segment profit (loss)	1,465	1,465	2,360	2,705	7,996	(100)	7,895	-	7,895

Note: "Other" category 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.

2. Changes in reportable segments

(Application of accounting standard for retirement benefits, etc.)

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In line with this change, segment profit in the nine months ended December 31, 2014 decreased by ¥33 million in the financial market, ¥20 million in the retail and transportation market, ¥18 million in the amusement market, and ¥12 million in the overseas market respectively, compared with the case if the previous method was applied.

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(Early application of accounting standard for business combinations, etc.)

As it became possible to apply the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the start of the fiscal year beginning on or after April 1, 2014, the Company has applied these accounting standards, etc. from the first quarter ended June 30, 2014 (except for the provisions set forth in Paragraph 39 of the Accounting Standard for Consolidated Financial Statements) and changed the method of recording acquisition-related costs to one in which they are recognized as expenses for the fiscal year in which they occurred.

In line with this change, segment profit in the nine months ended December 31, 2014 increased by ¥48 million in the overseas market, compared with the case if the previous method was applied.