

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the First 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 First Quarter of Fiscal Year Ending March 31, 2014 <Japanese GAAP>

August 5, 2013

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1<sup>st</sup> Section)  
 Code Number: 6 4 5 7 URL: <http://www.glory-global.com/>  
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Scheduled filing date of Quarterly Securities Report: August 12, 2013  
 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 First Quarter of Fiscal Year Ending March 31, 2014 (from April 1, 2013 to June 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)	(%)
Three months ended June 30, 2013	43,498	38.4	854	(39.5)	1,684	1.6	67	(92.7)
Three months ended June 30, 2012	31,438	4.8	1,411	8.1	1,657	4.4	922	19.9

(Note) Comprehensive income

Three months ended June 30, 2013: ¥3,870 million [ 490.6 %]  
 Three months ended June 30, 2012: ¥655 million [(50.2) %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Three months ended June 30, 2013	1.03	—
Three months ended June 30, 2012	14.04	—

(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, 2013	320,186	170,813	52.7	2,569.60
As of March 31, 2013	319,077	168,464	52.2	2,537.23

(Reference) Ownership equity

As of June 30, 2013: ¥168,790 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	—				
Year ending March 31, 2014 (forecast)		22.00	—	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)
Six months ending September 30, 2013	90,000	14.1	5,000	8.0	4,500	(0.9)	2,500	9.3	38.06
Full year	200,000	4.7	16,000	10.7	15,000	9.5	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 June 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 June 30, 2013: 2,950,749 shares

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

(c) Average number of shares

Three months ended June 30, 2013: 65,687,461 shares

Three months ended June 30, 2012: 65,687,749 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 has 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.

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**Attachment**

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## 1. Qualitative Information on the Financial Statements

### Operating Results

In the three months ended June 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, Europe remained mired in stagnation while growth in China and other emerging economies showed signs of slowing down, 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 three-month period totaled ¥43,498 million (up 38.4% year on year). Sales of merchandise and finished goods were ¥28,784 million (up 25.0% year on year) and sales from maintenance services were ¥14,713 million (up 75.1% year on year). Operating income was ¥854 million (down 39.5% year on year), ordinary income was ¥1,684 million (up 1.6% year on year), net income was ¥67 million (down 92.7% year on year) due to the recording of extraordinary loss related to the restructuring of the overseas subsidiaries, and comprehensive income was ¥3,870 million (up 490.6% year on year).

Results of operations in each business segment were as follows.

#### Financial market

Sales of our main product "open teller systems" were favorable 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 ¥7,858 million (up 5.8% year on year) and operating loss was ¥76 million (operating loss of ¥38 million in the corresponding period of the previous fiscal 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 steady, resulting in steady sales in this market as a whole.

As a result, net sales in this segment were ¥7,197 million (up 13.5% year on year) and operating income was ¥951 million (up 30.7% 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 ¥5,364 million (down 13.7% year on year) and operating income was ¥444 million (up 9.2% year on year).

#### Overseas market

In this first quarter, due to inclusion of the Talaris Group's sales in the overseas market sales and favorable sales of "banknote sorters", overall overseas market sales increased significantly year on year.

As a result, net sales in this segment were ¥19,700 million (up 150.2% year on year), while operating loss was ¥170 million (operating income of ¥446 million in the corresponding period of the previous fiscal year) due to an increase of amortization of goodwill in association with the acquisition of the Talaris Group.

In the "other" business segment, which is excluded from the reportable segments, net sales were ¥3,376 million (down 5.6% year on year) and operating loss was ¥293 million (operating loss of ¥131 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. 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 first 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 June 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	60,579	57,228
Notes and accounts receivable-trade	44,629	41,893
Securities	4,601	2,950
Merchandise and finished goods	17,458	20,942
Work in process	6,312	6,765
Raw materials and supplies	8,302	9,366
Other	10,428	11,834
Allowance for doubtful accounts	(442)	(452)
Total current assets	151,870	150,530
Noncurrent assets		
Property, plant and equipment	34,941	34,777
Intangible assets		
Customer relationships	28,646	29,703
Goodwill	69,080	71,454
Other	7,484	7,209
Total intangible assets	105,212	108,366
Investments and other assets		
Investment securities	15,708	15,757
Other	11,359	10,769
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	27,053	26,511
Total noncurrent assets	167,206	169,655
Total assets	319,077	320,186
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	20,096	17,308
Short-term loans payable	35,831	36,563
Current portion of long-term loans payable	6,151	8,260
Income taxes payable	3,023	1,286
Provision for bonuses	4,663	2,496
Other provision	90	30
Other	23,288	28,006
Total current liabilities	93,145	93,951
Noncurrent liabilities		
Long-term loans payable	42,002	40,811
Provision for retirement benefits	3,421	3,323
Other	12,043	11,286
Total noncurrent liabilities	57,467	55,420
Total liabilities	150,612	149,372

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(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	130,055	128,612
Treasury stock	(5,816)	(5,816)
Total shareholders' equity	157,762	156,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	185	190
Foreign currency translation adjustment	8,716	12,280
Total accumulated other comprehensive income	8,901	12,471
Minority interests	1,800	2,023
Total net assets	168,464	170,813
Total liabilities and net assets	319,077	320,186



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**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**

**Quarterly Consolidated Statements of Income**

(Millions of yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Net sales	31,438	43,498
Cost of sales	19,473	25,872
Gross profit	11,964	17,625
Selling, general and administrative expenses	10,552	16,770
Operating income	1,411	854
Non-operating income		
Interest income	80	69
Dividends income	219	374
Foreign exchange gains	-	604
Other	82	113
Total non-operating income	382	1,161
Non-operating expenses		
Interest expenses	59	255
Foreign exchange losses	64	-
Other	11	76
Total non-operating expenses	136	331
Ordinary income	1,657	1,684
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Other	1	4
Total extraordinary income	2	5
Extraordinary loss		
Loss on valuation of investment securities	48	-
Loss on liquidation of business	-	697
Other	4	16
Total extraordinary losses	52	714
Income before income taxes and minority interests	1,607	975
Income taxes	582	774
Income before minority interests	1,025	201
Minority interests in income	103	133
Net income	922	67

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**Quarterly Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Income before minority interests	1,025	201
Other comprehensive income		
Valuation difference on available-for-sale securities	(174)	5
Deferred gains or losses on hedges	(599)	-
Foreign currency translation adjustment	403	3,664
Total other comprehensive income	(369)	3,669
Comprehensive income	655	3,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	578	3,629
Comprehensive income attributable to minority interests	76	241

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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) Three months ended June 30, 2012 (from April 1, 2012 to June 30, 2012)

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	7,430	6,341	6,214	7,873	27,860	3,577	31,438	–	31,438
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	7,430	6,341	6,214	7,873	27,860	3,577	31,438	–	31,438
Segment profit (loss)	(38)	728	406	446	1,543	(131)	1,411	–	1,411

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) Three months ended June 30, 2013 (from April 1, 2013 to June 30, 2013)

Information on sales, income (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	7,858	7,197	5,364	19,700	40,121	3,376	43,498	–	43,498
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	7,858	7,197	5,364	19,700	40,121	3,376	43,498	–	43,498
Segment profit (loss)	(76)	951	444	(170)	1,148	(293)	854	–	854

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.