

(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, 2016.” 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, 2016 <Japanese GAAP>

August 5, 2015

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: August 11, 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 First Quarter of Fiscal Year Ending March 31, 2016 (from April 1, 2015 to June 30, 2015)

(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)	(%)
Three months ended June 30, 2015	44,777	9.8	924	15.7	2,659	77.6	1,114	45.9
Three months ended June 30, 2014	40,783	—	798	—	1,497	—	763	—

(Note) Comprehensive income

Three months ended June 30, 2015: ¥7,907 million [457.8 %]
 Three months ended June 30, 2014: ¥1,417 million [— %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Three months ended June 30, 2015	16.96	—
Three months ended June 30, 2014	11.62	—

(Note) The financial figures provided for the three months ended June 30, 2014 are the figures after the retrospective application which was carried out in accordance with changes in the accounting policy. The percentages showing the changes from the corresponding period of the previous year are not provided.

(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, 2015	342,726	211,490	60.9	3,177.75
As of March 31, 2015	346,613	204,544	58.1	3,066.53

(Reference) Ownership equity

As of June 30, 2015: ¥208,736 million As of March 31, 2015: ¥201,431 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, 2015	—	24.00	—	30.00	54.00
Year ending March 31, 2016	—				
Year ending March 31, 2016 (forecast)		27.00	—	27.00	54.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(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
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six months ending September 30, 2015	105,000	8.7	6,000	20.3	6,000	(10.6)	3,000	(26.4)	45.67
Full year	230,000	3.4	20,000	7.0	20,000	(10.0)	11,500	(10.8)	175.07

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

The percentages showing the changes from the corresponding period of the previous year for the full year and the six months were calculated based on the figures of the fiscal year ended March 31, 2015 after retrospective application which was carried out in accordance with changes in the accounting policy.

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): 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 June 30, 2015: 68,638,210 shares

As of March 31, 2015: 68,638,210 shares

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

As of June 30, 2015: 2,951,341 shares

As of March 31, 2015: 2,951,231 shares

(c) Average number of shares

Three months ended June 30, 2015: 65,686,893 shares

Three months ended June 30, 2014: 65,687,095 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 three months ended June 30, 2015, the Japanese economy showed a trend of gradual recovery driven by an observed trend toward a pickup in personal consumption, and improvements in both corporate capital investment and the employment situation. The outlook of the global economy, on the other hand, has been uncertain overall; the United States maintained a trend toward recovery, Europe moved toward recovery at a moderate pace and in Asia, the pace of China's growth further weakened.

Under these conditions, in this first 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 three-month period totaled ¥44,777 million (up 9.8% year on year). Sales of merchandise and finished goods were ¥28,845 million (up 13.9% year on year) and sales from maintenance services were ¥15,931 million (up 3.0% year on year). Operating income was ¥924 million (up 15.7% year on year). Significant increases were realized for other incomes; ordinary income was ¥2,659 million (up 77.6% year on year) and net income attributable to owners of parent was ¥1,114 million (up 45.9% year on year), due to the foreign exchange gains, etc. Comprehensive income was ¥7,907 million (up 457.8% year on year), which mainly reflected a large increase in the foreign currency translation adjustment due to yen depreciation.

It should be noted that, from the three months ended June 30, 2015, the Company has applied "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), and "net income" is now presented as "net income attributable to owners of parent."

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 our capturing of replacement demand.

As a result, net sales in this segment were ¥8,569 million (up 11.0% year on year) and operating income was ¥571 million (¥38 million in the corresponding period of the previous year).

Retail and transportation market

Sales of "coin and banknote recyclers" for cashiers, the main product in this segment, were strong. Moreover, sales of "sales proceeds deposit machines" for the retail market and "sales proceeds deposit machines" in the cash-in-transit market were robust due to our capturing of replacement demand.

As a result, net sales in this segment were ¥8,438 million (up 47.2% year on year) and operating income was ¥1,094 million (up 219.1% year on year).

Amusement market

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

As a result, net sales in this segment were ¥4,677 million (down 7.2% year on year), while operating income was ¥325 million (down 30.8% year on year).

Overseas market

Although sales of "banknote sorters" were sluggish in Europe and Asia, sales of this segment's main product, "banknote recyclers," were strong in the Americas and Europe. Moreover, sales of "coin and banknote recyclers" for the retail market were strong in Europe. Therefore, sales for the market overall were on par with the corresponding period of the previous year.

As a result, net sales in this segment were ¥20,402 million (up 3.6% year on year) and operating loss was ¥936 million (operating income of ¥161 million in the corresponding period of the previous year), mainly reflecting intensifying market competition and an increase in preparatory costs in line with overseas business expansion.

In the other business segment, which is excluded from the reportable segments, net sales were ¥2,689 million (up 3.7% year on year) and operating loss was ¥130 million (operating loss of ¥215 million in the corresponding period of the previous year).

All amounts in this section do not include consumption taxes.

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From the first quarter ended June 30, 2015, the Company has changed its method of translating revenue and expense accounts of foreign subsidiaries into Japanese yen. This change in accounting policy has been applied retrospectively; therefore, the comparisons against the corresponding period of the previous year have been calculated based on the figures after the retrospective application.

(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, 2016 that were announced on May 12, 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 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

Changes in Accounting Policies

(Change in the method of translating revenue and expense accounts of foreign subsidiaries)

The revenue and expense accounts of foreign subsidiaries were previously translated into Japanese yen at the current exchange rate prevailing as of the respective balance sheet date. However, as the foreign subsidiaries are ever increasing in importance and the exchange rates have fluctuated considerably in recent times, from the first quarter ended June 30, 2015, the Company has changed the translation method to one using the average exchange rate for the respective period to more accurately reflect the performances of foreign subsidiaries in the consolidated financial statements.

This change in the accounting policy is retrospectively applied and the quarterly consolidated financial statements for the three months ended June 30, 2014 and the consolidated financial statements for the fiscal year ended March 31, 2015 contained in this report reflect the retrospective application of such change in the accounting policy.

As a result of this change, in the three months ended June 30, 2014, net sales and operating income increased by ¥45 million and ¥14 million, respectively, while ordinary income, income before income taxes and minority interests, and net income attributable to owners of parent each increased by ¥10 million. Also, the retrospective application of this change has caused the cumulative effects on the net assets balance at the beginning of the previous fiscal year. Specifically, the retained earnings balance decreased by ¥230 million and the foreign currency translation adjustment balance increased by the same amount, both at the beginning of the previous fiscal year.

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3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	62,022	54,106
Notes and accounts receivable - trade	55,648	42,682
Securities	4,754	7,151
Merchandise and finished goods	25,683	30,267
Work in process	6,047	6,796
Raw materials and supplies	9,900	11,460
Other	11,160	11,534
Allowance for doubtful accounts	(562)	(597)
Total current assets	174,654	163,400
Non-current assets		
Property, plant and equipment	35,509	36,043
Intangible assets		
Customer relationships	31,935	34,062
Goodwill	74,790	79,365
Other	6,411	6,489
Total intangible assets	113,136	119,917
Investments and other assets		
Investment securities	11,052	11,236
Other	12,290	12,155
Allowance for doubtful accounts	(29)	(26)
Total investments and other assets	23,312	23,365
Total non-current assets	171,958	179,325
Total assets	346,613	342,726
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,366	17,026
Short-term loans payable	19,527	18,617
Current portion of long-term loans payable	9,918	10,245
Income taxes payable	3,796	2,296
Provision for bonuses	6,664	4,192
Provision for directors' bonuses	69	15
Other	30,031	29,749
Total current liabilities	91,374	82,143
Non-current liabilities		
Long-term loans payable	32,835	30,246
Net defined benefit liability	3,323	3,749
Other	14,536	15,097
Total non-current liabilities	50,694	49,093
Total liabilities	142,069	131,236

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GLORY LTD. (6457)
Consolidated Financial Results
for the First Quarter of Fiscal Year Ending
March 31, 2016

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	145,165	145,717
Treasury shares	(5,817)	(5,817)
Total shareholders' equity	172,871	173,422
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,064	1,393
Foreign currency translation adjustment	24,962	31,775
Remeasurements of defined benefit plans	2,532	2,145
Total accumulated other comprehensive income	28,559	35,314
Non-controlling interests	3,113	2,753
Total net assets	204,544	211,490
Total liabilities and net assets	346,613	342,726

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net sales	40,783	44,777
Cost of sales	23,263	26,719
Gross profit	17,520	18,057
Selling, general and administrative expenses	16,721	17,133
Operating income	798	924
Non-operating income		
Interest income	68	41
Dividend income	486	248
Foreign exchange gains	303	1,496
Other	87	224
Total non-operating income	945	2,011
Non-operating expenses		
Interest expenses	214	199
Other	32	76
Total non-operating expenses	246	276
Ordinary income	1,497	2,659
Extraordinary income		
Gain on sales of non-current assets	3	0
Other	0	1
Total extraordinary income	4	2
Extraordinary losses		
Loss on sales of non-current assets	8	0
Loss on retirement of non-current assets	9	15
Other	2	0
Total extraordinary losses	20	15
Income before income taxes and minority interests	1,481	2,646
Income taxes	516	1,238
Net income	964	1,407
Net income attributable to non-controlling interests	200	293
Net income attributable to owners of parent	763	1,114

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net income	964	1,407
Other comprehensive income		
Valuation difference on available-for-sale securities	124	329
Foreign currency translation adjustment	42	6,558
Remeasurements of defined benefit plans, net of tax	286	(387)
Total other comprehensive income	453	6,500
Comprehensive income	1,417	7,907
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,277	7,662
Comprehensive income attributable to non-controlling interests	139	245

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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, 2014 (from April 1, 2014 to June 30, 2014)

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	7,719	5,730	5,042	19,696	38,189	2,594	40,783	–	40,783
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	7,719	5,730	5,042	19,696	38,189	2,594	40,783	–	40,783
Segment profit (loss)	38	343	470	161	1,014	(215)	798	–	798

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) Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

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	8,569	8,438	4,677	20,402	42,087	2,689	44,777	–	44,777
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	8,569	8,438	4,677	20,402	42,087	2,689	44,777	–	44,777
Segment profit (loss)	571	1,094	325	(936)	1,055	(130)	924	–	924

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

(Change in the method of translating revenue and expense accounts of foreign subsidiaries)

As stated in "Changes in Accounting Policies," the revenue and expense accounts of foreign subsidiaries were previously translated into Japanese yen at the current exchange rate prevailing as of the respective balance sheet date. However, from the first quarter ended June 30, 2015, the Company has changed the translation method to one using the average exchange rate for the respective period.

This change in the accounting policy is retrospectively applied and the segment information for the three months ended June 30, 2014 above reflects the retrospective application. As a result of this change, in the three months ended June 30, 2014, net sales and segment profit in the overseas market increased by ¥45 million and ¥14 million, respectively.