

(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, 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 Third Quarter of Fiscal Year Ending March 31, 2016 <Japanese GAAP>

February 5, 2016

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: February 12, 2016
 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, 2016 (from April 1, 2015 to December 31, 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)	(%)
Nine months ended December 31, 2015	159,038	7.5	11,072	38.2	10,665	(6.1)	4,911	(28.0)
Nine months ended December 31, 2014	147,930	—	8,010	—	11,354	—	6,823	—

(Note) Comprehensive income

Nine months ended December 31, 2015: ¥4,944 million [(62.8) %]
 Nine months ended December 31, 2014: ¥13,308 million [— %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Nine months ended December 31, 2015	74.74	—
Nine months ended December 31, 2014	103.88	—

(Note) The financial figures provided for the nine months ended December 31, 2014 are the figures after the retrospective application which was carried out in accordance with changes in the accounting policy. The percentage changes from the corresponding period of the previous year are not provided for the nine months ended December 31, 2014.

(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, 2015	331,358	206,746	61.4	3,099.72
As of March 31, 2015	346,613	204,544	58.1	3,066.53

(Reference) Ownership equity

As of December 31, 2015: ¥203,609 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	—	27.00	—		
Year ending March 31, 2016 (forecast)				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)
Full year	230,000	3.4	20,000	7.0	20,000	(10.0)	11,500	(10.8)	175.01

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

The percentage changes from the corresponding period of the previous year 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 December 31, 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 December 31, 2015: 2,749,737 shares

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

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

Nine months ended December 31, 2015: 65,709,485 shares

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

(Note) In addition to the number of treasury shares as of December 31, 2015, there also existed 30,000 shares owned by the “Board Incentive Plan (BIP) Trust Account” as assets in trust for a stock compensation plan for directors, and 172,000 shares owned by the “Employee Stock Ownership Plan (ESOP) Trust Account” as assets in trust for an incentive plan for senior managers.

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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, 2015, the Japanese economy showed a trend of gradual recovery driven by firm personal consumption as well as improvements in corporate earnings 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 and Europe continued to move toward recovery at a moderate pace, and in Asia, China's economy remained in state of slowing down.

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 nine-month period totaled ¥159,038 million (up 7.5% year on year). Sales of merchandise and finished goods were ¥110,050 million (up 8.8% year on year) and sales from maintenance services were ¥48,987 million (up 4.7% year on year). Operating income was ¥11,072 million (up 38.2% year on year). However, ordinary income was ¥10,665 million (down 6.1% year on year) and net income attributable to owners of parent was ¥4,911 million (down 28.0% year on year), due to the foreign exchange losses, etc. Comprehensive income was ¥4,944 million (down 62.8% year on year).

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 ¥34,760 million (up 18.2% year on year) and operating income was ¥4,259 million (up 190.6% year on 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" for the cash-in-transit market were robust due to our capturing of replacement demand.

As a result, net sales in this segment were ¥28,550 million (up 40.6% year on year) and operating income was ¥3,117 million (up 112.8% 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 ¥16,254 million (down 19.2% year on year), while operating income was ¥1,208 million (down 48.8% year on year).

Overseas market

Although sales of "banknote sorters" were slow 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 steady.

As a result, net sales in this segment were ¥72,102 million (up 5.4% year on year) and operating income was ¥2,580 million (down 8.5% year on year), mainly reflecting intensifying market competition and an increase in preparatory costs in line with overseas business expansion.

In the other business segment, which contains the businesses that are not included in the reportable segments, net sales were ¥7,369 million (down 24.1% year on year) and operating loss was ¥93 million (operating loss of ¥100 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 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

(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 nine months ended December 31, 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 nine months ended December 31, 2015, net sales decreased by ¥4,948 million, while operating income increased by ¥114 million, ordinary income increased by ¥101 million, income before income taxes and minority interests increased by ¥91 million, and net income attributable to owners of parent increased by ¥105 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 December 31, 2015
Assets		
Current assets		
Cash and deposits	62,022	53,375
Notes and accounts receivable - trade	55,648	48,411
Securities	4,754	2,070
Merchandise and finished goods	25,683	31,193
Work in process	6,047	6,609
Raw materials and supplies	9,900	11,667
Other	11,160	12,113
Allowance for doubtful accounts	(562)	(585)
Total current assets	174,654	164,854
Non-current assets		
Property, plant and equipment	35,509	36,525
Intangible assets		
Customer relationships	31,935	30,646
Goodwill	74,790	71,572
Other	6,411	6,010
Total intangible assets	113,136	108,228
Investments and other assets		
Investment securities	11,052	10,521
Other	12,290	11,253
Allowance for doubtful accounts	(29)	(25)
Total investments and other assets	23,312	21,749
Total non-current assets	171,958	166,503
Total assets	346,613	331,358
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,366	18,594
Short-term loans payable	19,527	17,935
Current portion of long-term loans payable	9,918	9,690
Income taxes payable	3,796	1,560
Provision for bonuses	6,664	4,872
Provision for directors' bonuses	69	47
Provision for stock grant	-	48
Other	30,031	28,503
Total current liabilities	91,374	81,252
Non-current liabilities		
Long-term loans payable	32,835	25,048
Net defined benefit liability	3,323	3,833
Provision for stock grant	-	48
Other	14,536	14,429
Total non-current liabilities	50,694	43,359
Total liabilities	142,069	124,612

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

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,629	20,952
Retained earnings	145,165	147,738
Treasury shares	(5,817)	(6,141)
Total shareholders' equity	172,871	175,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,064	982
Foreign currency translation adjustment	24,962	25,144
Remeasurements of defined benefit plans	2,532	2,040
Total accumulated other comprehensive income	28,559	28,167
Non-controlling interests	3,113	3,136
Total net assets	204,544	206,746
Total liabilities and net assets	346,613	331,358

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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, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net sales	147,930	159,038
Cost of sales	88,612	96,625
Gross profit	59,318	62,413
Selling, general and administrative expenses	51,307	51,340
Operating income	8,010	11,072
Non-operating income		
Interest income	170	122
Dividend income	526	292
Foreign exchange gains	2,813	-
Other	714	504
Total non-operating income	4,224	919
Non-operating expenses		
Interest expenses	589	554
Foreign exchange losses	-	578
Other	291	193
Total non-operating expenses	880	1,326
Ordinary income	11,354	10,665
Extraordinary income		
Gain on sales of non-current assets	239	15
Other	15	-
Total extraordinary income	254	15
Extraordinary losses		
Loss on retirement of non-current assets	170	43
Impairment loss	74	-
Other	12	6
Total extraordinary losses	258	49
Income before income taxes and minority interests	11,350	10,631
Income taxes	3,890	4,842
Net income	7,459	5,788
Net income attributable to non-controlling interests	636	877
Net income attributable to owners of parent	6,823	4,911

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net income	7,459	5,788
Other comprehensive income		
Valuation difference on available-for-sale securities	387	(81)
Foreign currency translation adjustment	5,196	(273)
Remeasurements of defined benefit plans, net of tax	265	(489)
Total other comprehensive income	5,849	(844)
Comprehensive income	13,308	4,944
Comprehensive income attributable to:		
Owners of parent	12,787	4,315
Non-controlling interests	521	628

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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) Nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

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	29,400	20,302	20,104	68,411	138,218	9,712	147,930	-	147,930
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	29,400	20,302	20,104	68,411	138,218	9,712	147,930	-	147,930
Segment profit (loss)	1,465	1,465	2,360	2,819	8,111	(100)	8,010	-	8,010

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, 2015 (from April 1, 2015 to December 31, 2015)

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	34,760	28,550	16,254	72,102	151,668	7,369	159,038	-	159,038
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	34,760	28,550	16,254	72,102	151,668	7,369	159,038	-	159,038
Segment profit (loss)	4,259	3,117	1,208	2,580	11,165	(93)	11,072	-	11,072

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 nine months ended December 31, 2014 above reflects the retrospective application. As a result of this change, in the nine months ended December 31, 2014, net sales decreased by ¥4,948 million and segment profit increased by ¥114 million in the overseas market.