

Consolidated Financial Results

Second Quarter of the Fiscal Year Ending March 31, 2012 <Japanese GAAP>

November 4, 2011

Company Name: GLORY LTD. Stock exchange listings: Tokyo and Osaka (1st Sections)
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Scheduled filing date of quarterly security report: November 11, 2011
 Scheduled date of dividend payments: December 5, 2011
 Quarterly earnings supplementary explanatory material: Yes
 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 Ended September 30, 2011 (from April 1, 2011 to September 30, 2011)

(1) Consolidated Operating Results (cumulative)

(The percentages show the increase or decrease from the same quarter of the previous year.)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Second quarter ended September 30, 2011	67,255	1.2	4,172	(18.3)	4,391	(20.4)
Second quarter ended September 30, 2010	66,458	3.6	5,108	93.3	5,515	46.4

	Net income		Net income per share	Fully diluted net income per share
	(Millions of yen)	(%)	(Yen)	(Yen)
Second quarter ended September 30, 2011	2,228	(24.1)	33.93	—
Second quarter ended September 30, 2010	2,935	32.0	44.69	—

(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, 2011	198,126	151,113	75.6	2,279.04
As of March 31, 2011	198,019	149,781	75.0	2,260.47

(Reference) Ownership equity

As of September 30, 2011: ¥149,705 million

As of March 31, 2011: ¥148,485 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
Year ended March 31, 2011	(Yen) —	(Yen) 17.00	(Yen) —	(Yen) 20.00	(Yen) 37.00
Year ending March 31, 2012	—	20.00			
Year ending March 31, 2012 (forecast)			—	21.00	41.00

(Note) Revisions to the last announced dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(The percentages show the increase or decrease from the previous full 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)
Full Year	145,000	4.3	11,000	6.5	11,000	(0.3)	6,500	4.3	98.95

(Note) Revisions to the last announced consolidated financial forecast: None

4. Other (Please refer to “2. Other Information” of the [Attachment] on page 5 for details.)

(1) Changes in significant subsidiaries during the quarter (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, changes in accounting estimates, and restatements

- (a) Changes in accounting policies associated with a revision 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 September 30, 2011: 68,638,210 shares

As of March 31, 2011: 68,638,210 shares

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

As of September 30, 2011: 2,950,368 shares

As of March 31, 2011: 2,950,306 shares

(c) Average number of shares during the term

Second quarter ended September 30, 2011: 65,687,894 shares

Second quarter ended September 30, 2010: 65,688,576 shares

(Note) Status of Implementation of Quarterly Review Procedures

These “Consolidated Financial Results” are not subject to the quarterly review procedures set forth in the Financial Instruments and Exchange Act. As of the date of the release of these Consolidated Financial Results, implementation of quarterly review procedures for consolidated quarterly financial statements were in progress.

(Note) Explanation Regarding the Appropriate Use of Financial Forecasts and Other Special Items

The above forecasts were prepared based on information available as of the date of this report. Actual performance may differ greatly from these forecasts due to various present and future factors.

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1. Qualitative Information and Financial Statements, etc.

(1) Qualitative Information Related to the Consolidated Operating Results

During the six-month period ended September 30, 2011, although Japan's economy drastically declined due to a deterioration in corporate performance caused by the Great East Japan Earthquake and sluggish household consumption, signs of economic recovery began to be seen with the restoration of the supply chain. However, in the second quarter, uncertainty in the economic outlook increased due to the continuing low stock prices and strong yen, arising from an unsettled background of concern over the decelerating U.S. economy and the European debt problem.

In this uncertain business environment, in the final year of the 2011 Medium-Term Management Plan, and under the basic principle "Capitalize on new business opportunities with global vision and accelerate to a period of new growth!," the GLORY Group ("Group") has taken positive measures: generating and developing more customer demand by aggressively developing and introducing new products, reducing costs by expanding overseas procurement and production, and increasing operational efficiency by streamlining subsidiary operations.

As a result, net sales through the second quarter totaled ¥67,255 million (up 1.2% year-on-year). Sales of merchandise and finished goods were ¥50,405 million (down 0.3% year-on-year), and sales from maintenance services were ¥16,849 million (up 5.9% year-on-year). Operating income was ¥4,172 million (down 18.3% year-on-year), and ordinary income was ¥4,391 million (down 20.4% year-on-year). Net income through the second quarter was ¥2,228 million (down 24.1% year-on-year), and comprehensive income was ¥2,844 million (up 25.4% year-on-year).

The Group's operating results by reportable business segment were as follows:

(Financial market)

Sales of our main product open teller systems, both our conventional systems and compact open teller systems for small and mid-sized financial outlets, were favorable, and approximated such sales for the same period of the previous fiscal year. As for sales of OEM products, sales of coin recycling modules for ATMs were favorable, while sales of banknote and coin recycling modules for tellers were sluggish due to suppressed replacement demand and consequently, total sales for this market approximated sales for the same period of the previous fiscal year.

As a result, net sales for this segment amounted to ¥21,186 million (down 1.8% year-on-year). Operating income was ¥1,839 million (down 15.6% year-on-year).

(Retail and transportation market)

Capital investments entered the recovery phase for supermarkets and specialty shops, and sales of our main product coin and banknote recyclers for cashiers were favorable. However, sales of OEM sales proceeds deposit machines were sluggish and consequently, total sales for this segment approximated the amount for the same period of the previous fiscal year.

Operating income increased due to the positive effects of cost reductions from increased overseas production.

As a result, net sales for this segment amounted to ¥13,151 million (down 3.1% year-on-year). Operating income was ¥1,724 million (up 46.1% year-on-year).

(Amusement market)

Despite an upward swing in the popularity of pachislots which had been declining in recent years and the favorable sales of pachinko ball/token dispensers, sales of our main product card systems and other equipment, declined in part due to the impact of intensified competition.

As a result, net sales for this segment amounted to ¥10,453 million (down 14.1% year-on-year). The operating loss was ¥129 million (down 75.5% year-on-year).

(Overseas market)

In the Americas, sales of OEM bulk banknote and check deposit units for ATMs were favorable. In Asia, sales of banknote sorters were favorable, especially in China. In Europe, sales were firm due to the positive effect of the acquisition of Sitrade Italia S.p.A., a distributor in Italy.

Operating income decreased due to an increase in development costs for new products.

As a result, net sales for this segment amounted to ¥15,623 million (up 15.8% year-on-year). Operating income was ¥736 million (down 35.2% year-on-year).

As for the “others” business segment, net sales amounted to ¥6,839 million (up 20.9 % year-on-year). The operating loss was ¥258 million (operating income for the same period of the previous fiscal year was ¥84 million).

The above amounts do not include consumption taxes.

2. Other Information

(1) Changes in Significant Subsidiaries During the Quarter:

None

(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 consolidated fiscal year including this second quarter, and then multiplying income before income taxes for the quarter by the estimated effective tax rate. Deferred income taxes are included and presented in “income taxes.”

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

None

(Additional information)

The Group adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) with respect to accounting changes and prior period error corrections as of the beginning of the first quarter ended June 30, 2011.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011)	Current Second Quarter (As of September 30, 2011)
ASSETS		
CURRENT ASSETS:		
Cash and deposits	33,706	26,682
Notes and accounts receivable-trade	29,794	30,105
Short-term investment securities	22,340	27,253
Merchandise and finished goods	14,359	14,822
Work in process	6,163	7,183
Raw materials and supplies	6,018	6,682
Other	8,471	8,376
Allowance for doubtful accounts	(335)	(308)
Total current assets	120,520	120,797
NONCURRENT ASSETS:		
Property, plant and equipment:		
Net property, plant and equipment	34,454	34,405
Intangible assets:		
Goodwill	4,238	3,862
Other	3,885	3,799
Total intangible assets	8,123	7,661
Investment and other assets:		
Investment securities	19,476	20,082
Other	17,040	16,529
Allowance for doubtful accounts	(1,594)	(1,350)
Total investment and other assets	34,921	35,261
Total noncurrent assets	77,499	77,328
TOTAL ASSETS	198,019	198,126
LIABILITIES		
CURRENT LIABILITIES:		
Notes and accounts payable-trade	13,362	13,193
Short-term loans payable	11,064	10,788
Income taxes payable	2,221	1,631
Provision for bonuses	3,903	4,026
Other provision	371	292
Other	9,522	9,789
Total current liabilities	40,445	39,721
NONCURRENT LIABILITIES:		
Provision for retirement benefits	3,293	3,182
Other	4,499	4,108
Total noncurrent liabilities	7,792	7,290
Total liabilities	48,238	47,012

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011)	Current Second Quarter (As of September 30, 2011)
NET ASSETS		
SHAREHOLDERS' EQUITY:		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	122,267	123,154
Treasury stock	(5,815)	(5,815)
Total shareholders' equity	149,974	150,862
VALUATION AND TRANSLATION ADJUSTMENTS:		
Valuation difference on available-for-sale securities	(312)	(221)
Foreign currency translation adjustments	(1,176)	(935)
Total valuation and translation adjustments	(1,489)	(1,156)
Minority interests	1,295	1,408
Total net assets	149,781	151,113
TOTAL LIABILITIES AND NET ASSETS	198,019	198,126

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 Second Quarter ended September 30, 2011

(Millions of yen)

	Second Quarter ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Second Quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
NET SALES	66,458	67,255
COST OF SALES	41,170	41,954
Gross profit	25,288	25,301
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	20,179	21,128
Operating income	5,108	4,172
NON-OPERATING INCOME:		
Interest income	178	180
Dividend income	412	264
Other	289	154
Non-operating income-net	880	600
NON-OPERATING EXPENSES:		
Interest expense	81	78
Foreign exchange loss	335	225
Other	57	78
Non-operating expenses-net	474	382
Ordinary income	5,515	4,391
EXTRAORDINARY INCOME:		
Gain on sales of noncurrent assets	—	3
Reversal of allowance for doubtful accounts	73	40
Gain on sales of investment securities	—	19
Reversal of provision for loss on cancellation of lease contracts	55	—
Other	51	6
Total extraordinary income	180	69
EXTRAORDINARY LOSS:		
Loss on retirement of noncurrent assets	61	57
Loss on valuation of investment securities	200	131
Retirement benefit expenses	257	—
Impairment loss	358	—
Other	64	50
Total extraordinary loss	942	239
INCOME BEFORE INCOME TAXES	4,753	4,221
INCOME TAXES	1,818	1,733
INCOME BEFORE MINORITY INTERESTS	2,935	2,487
MINORITY INTERESTS IN INCOME	—	259
NET INCOME	2,935	2,228

(Quarterly Consolidated Statements of Comprehensive Income)
 Second Quarter ended September 30, 2011

(Millions of yen)

	Second Quarter ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Second Quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
Income before minority interests	2,935	2,487
OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	(215)	90
Foreign currency translation adjustment	(452)	265
Total other comprehensive income	(667)	356
COMPREHENSIVE INCOME	2,268	2,844
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,268	2,561
Comprehensive income attributable to minority interests	—	283

(3) Notes Relating to Assumption as a Going Concern
Not applicable

(4) Segment Information
(Segment Information)

(a) Second Quarter ended September 30, 2010 (from April 1, 2010 to September 30, 2010)
Information on sales and income (loss) by reportable business segment

(Millions of yen)

	Reportable business segments					Others (Note)	Total	Adjustment	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	21,579	13,571	12,166	13,486	60,803	5,654	66,458	—	66,458
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	21,579	13,571	12,166	13,486	60,803	5,654	66,458	—	66,458
Segment operating income (loss)	2,178	1,180	528	1,137	5,024	84	5,108	—	5,108

(Note) The “Others” segments consist of business segments not included in reportable business segments, and includes sales and maintenance services to domestic tobacco shops, tobacco companies, hospitals, local governments, general companies, etc.

(b) Second Quarter ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Information on sales and income (loss) by reportable business segment

(Millions of yen)

	Reportable business segments					Others (Note)	Total	Adjustment	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	21,186	13,151	10,453	15,623	60,415	6,839	67,255	—	67,255
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	21,186	13,151	10,453	15,623	60,415	6,839	67,255	—	67,255
Segment operating income (loss)	1,839	1,724	129	736	4,430	(258)	4,172	—	4,172

(Note) The “Others” segment consists of business segments not included in reportable business segments, and includes sales and maintenance services to domestic tobacco shops, tobacco companies, hospitals, local governments, general companies, etc.

(5) Note for Significant Change in the Amount of Shareholders' Equity
Not applicable

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2012.” Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.