

Consolidated Financial Results

for the Second Quarter of Fiscal Year Ending March 31, 2013 <Japanese GAAP>

November 5, 2012

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Scheduled filing date of Quarterly Security Report: November 12, 2012
 Scheduled date of dividend payments: December 5, 2012
 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, 2012 (from April 1, 2012 to September 30, 2012)

(1) Consolidated Operating Results (cumulative)

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

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended September 30, 2012	78,875	17.3	4,628	10.9	4,542	3.4
Six months ended September 30, 2011	67,255	1.2	4,172	(18.3)	4,391	(20.4)

(Note) Comprehensive income

Six months ended September 30, 2012: 3,011 million yen (5.9 %) Six months ended September 30, 2011: 2,844 million yen (25.4 %)

	Net income		Net income per share	Fully diluted net income per share
	(Millions of yen)	(%)	(Yen)	(Yen)
Six months ended September 30, 2012	2,288	2.7	34.83	—
Six months ended September 30, 2011	2,228	(24.1)	33.93	—

(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, 2012	294,204	154,898	52.2	2,338.29
As of March 31, 2012	205,244	153,333	74.0	2,312.33

(Reference) Ownership equity

As of September 30, 2012: ¥153,596 million As of March 31, 2012: ¥151,891 million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2012	—	20.00	—	22.00	42.00
Year ending March 31, 2013	—	21.00			
Year ending March 31, 2013 (forecast)			—	21.00	42.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(The percentages show the increase or decrease 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)
Full Year	185,000	25.9	14,500	28.6	13,500	13.4	7,500	20.1	114.18

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

Notes:

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries involving a change in the scope of consolidation): Yes

Newly consolidated: 5 companies; GLORY Global Solutions Ltd.

Talaris Topco Limited

Talaris Midco Limited

Talaris Holdings Limited

Talaris Limited

Exclusion: None

(Note) For more information, please refer to "2. Other Information (1) Changes in Significant Subsidiaries During the Quarter" on page 4 of the Attachment.

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and estimates, and restatement

(a) Changes in accounting policies associated with a revision of accounting standards, etc.: Yes

(b) Changes in accounting policies other than (a): None

(c) Changes in accounting estimates: Yes

(d) Restatements: None

(Note) The changes in the method used for depreciation starting with the first quarter of the current fiscal year falls under "a case where it is difficult to make a distinction between changes in an accounting policy and changes in an accounting estimate" as provided for under a relevant regulation. For more information, please refer to "2. Other Information (3) Changes in Accounting Policies and Estimates, Restatement" on page 4 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 stock)

As of September 30, 2012: 68,638,210 shares

As of March 31, 2012: 68,638,210 shares

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

As of September 30, 2012: 2,950,578 shares

As of March 31, 2012: 2,950,450 shares

(c) Average number of shares

Six months ended September 30, 2012: 65,687,690 shares

Six months ended September 30, 2011: 65,687,894 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 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.

Attachment

Contents

1. Qualitative Information on the Financial Statements	4
Consolidated Operating Results.....	4
2. Supplementary Information on the “Notes”	5
(1) Changes in Significant Subsidiaries During the Quarter.....	5
(2) Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements.....	5
(3) Changes in Accounting Policies and Estimates, and Restatement.....	5
3. Quarterly Consolidated Financial Statements	6
(1) Quarterly Consolidated Balance Sheets.....	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	8
Quarterly Consolidated Statements of Income	
Six months period ended September 30, 2012.....	8
Quarterly Consolidated Statements of Comprehensive Income	
Six months period ended September 30, 2012.....	9
(3) Notes Relating to Assumption as a Going Concern.....	10
(4) Note for Significant Change in the Amount of Shareholders' Equity.....	10
(5) Segment Information.....	10

1. Qualitative Information on the Financial Statements

(1) Consolidated Operating Results

In the six-month period ended September 30, 2012, there was an upturn in the Japanese economy because of demand associated with recovery activities following the Great East Japan Earthquake and others. However, the economic outlook is still unclear because of emerging signs of stagnation in consumer spending and slowing global economic growth due to the prolonged European debt problem and other factors.

Despite the difficult environment, in this first year of the three-year 2014 Medium-Term Management Plan that started in April 2012, the GLORY Group is implementing the Business Strategy, the Constitutional Strategy and the Corporate Management Strategy based on the plan's basic principle; Implement a growth strategy and strengthen profitability to achieve the Long-Range Vision 2018. Further, GLORY has completed the acquisition of Talaris Topco Limited of the UK through GLORY Global Solutions Ltd., a UK subsidiary on July 10, 2012 and starting with the first half of this fiscal year, GLORY Global Solutions and its subsidiaries are included in the scope of the Company's consolidation.

As a result, net sales totaled ¥78,875 million (up 17.3% year-on-year). Sales of merchandise and finished goods were ¥57,627 million (up 14.3% year-on-year) and sales from maintenance services were ¥21,248 million (up 26.1% year-on-year). Operating income was ¥4,628 million (up 10.9% year-on-year), ordinary income was ¥4,542 million (up 3.4% year-on-year), net income was ¥2,288 million (up 2.7% year-on-year), and comprehensive income was ¥3,011 million (up 5.9% year-on-year).

Results of operations in reportable business segments were as follows.

(Financial market)

Sales of open teller systems, the main product in this segment, were strong for compact models sold to small and midsize bank branches but soft for conventional models. Sales of multifunctional banknote changers were healthy because of replacement demand. Therefore, sales were the same as one year earlier for the overall market.

As a result, net sales in this segment were ¥20,400 million (down 3.7% year-on-year) and operating income was ¥1,644 million (down 10.6% year-on-year).

(Retail and transportation market)

Sales of coin and banknote recyclers for cashiers, the main product in this segment, were weak. But sales were higher overall because of sales growth of sales proceeds deposit machines and multi-functional cash management station to cash-in-transit companies.

As a result, net sales in this segment were ¥13,917 million (up 5.8% year-on-year) and operating income was ¥1,332 million (down 22.7% year-on-year).

(Amusement market)

Due to the continuing popularity of pachislot in Japan, there were strong sales of card systems and equipment including token dispensers. In addition, sales were higher for pachinko ball counters for individual pachinko machines.

As a result, net sales in this segment were ¥12,005 million (up 14.8% year-on-year) and operating income was ¥526 million (up 306.7% year-on-year).

(Overseas market)

There were strong sales of banknote deposit units for ATMs, which are OEM products, and banknote sorters. In addition, sales increased significantly due to the acquisition of Talaris Topco Limited.

As a result, net sales in this segment were ¥25,393 million (up 62.5% year-on-year) and operating income was ¥1,148 million (up 56.0% year-on-year).

In the "others" business segment, net sales were ¥7,158 million (up 4.7% year-on-year) and the operating loss was ¥23 million (operating loss of ¥258 million one year earlier).

All amounts in this section do not include consumption taxes.

2. Supplementary Information on the “Notes”

(1) Changes in Significant Subsidiaries During the Quarter:

On July 10, 2012, GLORY purchased all of the outstanding shares of Talaris Topco Limited through GLORY Global Solutions Ltd., a special purpose company that was established to acquire the shares.

GLORY Global Solutions, Talaris Topco and the three wholly owned subsidiaries of Talaris Topco (Talaris Midco Limited, Talaris Holdings Limited and Talaris Limited) have become “specified subsidiaries” of GLORY because the capital of each company exceeds one-tenth of the capital of GLORY.

(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 six months ended September 30, 2012, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

Deferred income taxes are included and presented in “income taxes.”

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

(Changes in accounting policy that is difficult to distinct from changes in accounting estimates)

In conjunction with a revision in Japan’s Corporation Tax Act, GLORY and its consolidated subsidiaries in Japan have changed the method used for depreciation from the three month period of the current fiscal year. The changed depreciation method, which is based on the revised Corporation Tax Act is applied to property, plant and equipment purchased on or after April 1, 2012. This change had only a negligible effect on earnings in the six months ended September 30, 2012 under review.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2012) (Condensed)	Current Six Months (As of September 30, 2012)
ASSETS		
CURRENT ASSETS:		
Cash and deposits	42,332	50,602
Notes and accounts receivable-trade	34,842	34,901
Short-term investment securities	21,355	7,104
Merchandise and finished goods	12,932	16,550
Work in process	7,043	7,701
Raw materials and supplies	6,389	8,115
Other	8,959	9,275
Allowance for doubtful accounts	(298)	(457)
Total current assets	133,556	133,795
NONCURRENT ASSETS:		
Property, plant and equipment:	33,599	35,542
Intangible assets:		
Customer relationships	—	25,870
Goodwill	3,006	63,097
Other	3,998	7,397
Total intangible assets	7,004	96,365
Investment and other assets:		
Investment securities	16,448	15,370
Other	14,662	13,156
Allowance for doubtful accounts	(27)	(25)
Total investment and other assets	31,084	28,501
Total noncurrent assets	71,688	160,409
TOTAL ASSETS	205,244	294,204
LIABILITIES		
CURRENT LIABILITIES:		
Notes and accounts payable-trade	15,984	16,650
Short-term loans payable	11,046	61,238
Income taxes payable	1,470	1,907
Provision for bonuses	3,839	4,129
Other provision	139	62
Other	12,187	18,587
Total current liabilities	44,668	102,576
NONCURRENT LIABILITIES:		
Provision for retirement benefits	2,902	3,498
Long-term loans payable	—	23,305
Other	4,339	9,926
Total noncurrent liabilities	7,242	36,730
TOTAL LIABILITIES	51,910	139,306

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2012) (Condensed)	Current Six Months (As of September 30, 2012)
NET ASSETS		
SHAREHOLDERS' EQUITY:		
Capital stock	12,892	12,892
Capital surplus	20,629	20,629
Retained earnings	125,858	126,849
Treasury stock	(5,815)	(5,815)
Total shareholders' equity	153,565	154,556
VALUATION AND TRANSLATION ADJUSTMENTS:		
Valuation difference on available-for-sale securities	(206)	(225)
Foreign currency translation adjustment	(1,468)	(733)
Total valuation and translation adjustments	(1,674)	(959)
MINORITY INTERESTS	1,441	1,301
TOTAL NET ASSETS	153,333	154,898
TOTAL LIABILITIES AND NET ASSETS	205,244	294,204

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 Six months period ended September 30, 2012

(Millions of yen)

	Six months period ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	Six months period ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
NET SALES	67,255	78,875
COST OF SALES	41,954	48,673
Gross profit	25,301	30,202
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	21,128	25,573
Operating income	4,172	4,628
NON-OPERATING INCOME:		
Interest income	180	159
Dividends income	264	223
Other	154	266
Non-operating income-net	600	649
NON-OPERATING EXPENSES:		
Interest expenses	78	242
Commission for bridge loan	—	455
Foreign exchange losses	225	—
Other	78	38
Total non-operating expenses	382	736
Ordinary income	4,391	4,542
EXTRAORDINARY INCOME:		
Gain on sales of noncurrent assets	3	2
Reversal of allowance for doubtful accounts	40	—
Gain on sales of investment securities	19	—
Other	6	7
Total extraordinary income	69	9
EXTRAORDINARY LOSS:		
Loss on retirement of noncurrent assets	57	87
Loss on valuation of investment securities	131	109
Impairment loss	—	62
Other	50	1
Total extraordinary loss	239	260
INCOME BEFORE INCOME TAXES	4,221	4,291
INCOME TAXES	1,733	1,829
INCOME BEFORE MINORITY INTERESTS	2,487	2,461
MINORITY INTERESTS IN INCOME	259	173
NET INCOME	2,228	2,288

(Quarterly Consolidated Statements of Comprehensive Income)
Six months period ended September 30, 2012

(Millions of yen)

	Six months period ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	Six months period ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
Income before minority interests	2,487	2,461
OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	90	(19)
Foreign currency translation adjustment	265	569
Total other comprehensive income	356	550
COMPREHENSIVE INCOME	2,844	3,011
Comprehensive income attributable to:		
Owners of the parent	2,561	3,002
Minority interests	283	8

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

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

(5) Segment Information
(Segment Information)

(a) Six months period 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) "Others" 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.

(b) Six months period ended September 30, 2012 (from April 1, 2012 to September 30, 2012)
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	20,400	13,917	12,005	25,393	71,717	7,158	78,875	—	78,875
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	20,400	13,917	12,005	25,393	71,717	7,158	78,875	—	78,875
Segment operating income (loss)	1,644	1,332	526	1,148	4,652	(23)	4,628	—	4,628

(Note) "Others" 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.