

**Summary of Consolidated Financial and Business Results of the Third Quarter  
for the Fiscal Year 2013(to December 31, 2013) [Japan GAAP]**

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial and Business Results of the Third Quarter announced on December 31, 2013)

February 12, 2014

**Company name** **DMG MORI SEIKI Co., Ltd.**

**Code Number** 6141 Tokyo Stock Exchanges  
( URL <http://www.dmgmoriseiki.co.jp>)

**Representative** Title President  
Name Masahiko Mori

**Contact** Title Vice president  
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Expected date of filing the quarterly financial report February 13, 2014

Expected payment date of cash dividends —

Quarterly financial closing supplementary explanatory documents Yes

Quarterly financial closing presentation Yes (for analysts and institutional investors)

Note: All amounts less than one million are disregarded.

1. Consolidated business results for the Third quarter of the fiscal year 2013(April 1, 2013 to December 31, 2013)

(1) Consolidated business results

(Percentage shows the change from the previous Third quarter.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	Million yen	%
Third Quarter Fiscal Year 2013	112,953	3.9	4,529	96.0	6,153	175.3	5,229	114.7
Third Quarter Fiscal Year 2012	108,682	-1.5	2,311	-40.1	2,235	-9.7	2,435	37.6

Note :

Comprehensive profit Third quarter of the Fiscal Year 2013: 14,504 million yen

Third quarter of the Fiscal Year 2012: 3,046 million yen

	Net income per share in this quarter		Diluted net income per share	
	yen		yen	
Third Quarter Fiscal Year 2013	48.	13	48.	11
Third Quarter Fiscal Year 2012	22.	26	22.	14

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net income per share
	million yen	million yen	%	yen
Third Quarter Fiscal Year 2013	217,710	117,485	52.0	1,046. 85
Fiscal year 2012	186,653	104,481	55.0	938. 53

(Reference) Equity capital Third quarter of the Fiscal Year 2013 113,270 million yen Fiscal Year 2012 102,659 million yen

## 2. Dividends

Dividends per share					
	First Quarter	Second Quarter	Third Quarter	The end of the year	Year
	yen	yen	yen	yen	yen
Fiscal Year 2012	— —	10. 00	— —	10. 00	20. 00
Fiscal Year 2013	— —	10. 00	— —		
Fiscal Year 2013(Forecast)				10. 00	20. 00

Note: Amendment of the latest forecast on dividends No

## 3. Consolidated earnings forecast for Fiscal Year 2013 (April 1, 2013 to March 31, 2014) (Percent change shows the change from the previous full year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	158,000	6.4	8,000	93.5	8,500	69.8	7,200	39.3	66. 36

Note: Amendment of the latest consolidated earnings forecast of the fiscal year 2013 : No

Note :

(1) Changes of significant subsidiaries during the financial term (changes in specific subsidiaries involving changes in scope of consolidation) No

(2) Adoption of peculiar accounting methods for preparing quarterly consolidated financial statements No

(3) Changes of important accounting policies, procedures, changes of estimate in view of accounting, and amendment.

- ① Changes along the revision of accounting standards, etc. No
- ② Changes other than mentioned in ① Yes
- ③ Changes of estimate in view of accounting Yes
- ④ Amendment No

It comes under Article 5-10 of the regulation of "Term, form and method of drawing up quarterly financial statements". For details, please refer to "(1) Changes of important accounting policies, procedures, changes of estimate in view of accounting, and amendment" under "2. Information for the summary (notes)" on page 3.

### (4) Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the year (Including treasury stocks)	The Third quarter of the fiscal year 2013	118,475,312 shares	Fiscal year 2012	118,475,312 shares
② Treasury stocks at the end of the year	The Third quarter of the fiscal year 2013	10,274,639 shares	Fiscal year 2012	9,091,233 shares
③ Number of average shares (during the quarter terms)	The Third quarter of the fiscal year 2013	108,638,519 shares	The Third quarter of the fiscal year 2012	109,384,729 shares

### ※Implementation of quarterly review

This summary of Consolidated Financial and Business Results is out of scope in the quarterly audit based on Financial Instrument and Exchange Act. At the time of releasing this summary, the audit has not been completed.

### ※Proper use of the earnings forecasts and other notes

(Attention for the forecasts)

The above forecasts are based on information available as of the release of this report and assumptions of several uncertain factors which may affect the company's results. Actual results might be different from the above estimates due to subsequent changes in the circumstances. Please refer to "1 Qualitative Information/Financial Statements, etc" (3) Qualitative information on consolidated earnings forecast for further information of the forecasts and assumptions.

(How to get the additional explanation)

We will upload additional explanation on February 12, 2013.

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## 1. Qualitative Information/Financial Statements, etc.

### (1) Qualitative information on consolidated operating results

During the cumulative third quarter of the fiscal year ending March 31, 2014 (from April 1 to December 31, 2013), the machine tool industry saw a year-on-year decline in orders, with the January-December order intake reported by the Japan Machine Tool Builders' Association decreasing by 7.9% from the same period last year. Despite the overall decline of the industry, our group has seen continued strong demand in the Americas as well as a steady demand recovery in Japan and Europe, and made efforts to attract even more customers and orders.

In this business environment, we changed our corporate name to DMG MORI SEIKI CO., LTD. in October, and have accelerated collaboration with our German partner DMG MORI SEIKI AG in the areas of machine model integration, joint purchasing and reciprocal production since we obtained permission under the EU competition law in May 2013.

At the "Mechatronics Technology Japan 2013" held in October, DMG MORI SEIKI unveiled the NLX2500, a lathe equipped with the all-new operating system CELOS and the new design concept that represents a successful machine integration between the two companies. Other innovative products highlighted at the show included the MAX3000 machining center that features superior rigidity and agility and achieves high levels of energy saving.

Also in October, the company celebrated the grand opening of its Tianjin plant in China and launched the NHC4000 and NHC5000 high-precision, high-speed horizontal machining centers, both of which are manufactured in the plant.

The Tianjin plant serves not only as a production site but also as an important supply base for machine components such as casting parts, contributing to stable global parts procurement and cost reduction of our group.

Under these circumstances, our consolidated sales were 112,953 million yen (3.9% increase from the same period last year), consolidated operating income was 4,529 million yen (96.0% increase from the same period last year), consolidated ordinary income was 6,153 million yen (175.3% increase from the same period last year) and consolidated net income was 5,229 million yen (114.7% increase from the same period last year).

### (2) Qualitative information on consolidated financial status

At the end of the third quarter, total assets were 217,710 million yen, 31,057 million yen increased from the end of the previous fiscal year. The main reasons for the increase are that though Goods and products have increased by 7,129 million yen, Buildings and structures, net 3,884 million yen, Machinery, equipment and vehicles, net 1,289 million yen and Investments in securities 18,833 million yen respectively. Net assets were 117,485 million yen, and shareholders' equity ratio was 52.0%, 3.0 percentage decreased from the end of the previous fiscal year.

### (3) Qualitative information on consolidated earnings forecast

There is not any changes in the forecast for the full year of the fiscal year 2013 (April 1, 2013 to March 31, 2014) originally announced by "Summary of Consolidated Financial and Business Results of the Second Quarter for the Fiscal Year 2013 (to September 30, 2013) [Japan GAAP]" on October 30, 2013.

## 2. Information for the summary (notes)

### (1) Changes of important accounting policies, procedures, changes of estimate in view of accounting, and amendment (Change of method for calculating depreciation of property, plant and equipment)

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries, except for buildings (other than structures attached to the buildings) acquired on or subsequent to April 1, 1998, had been calculated by the declining-balance method over the estimated useful lives of the respective assets. However, effective the first quarter of the current fiscal year, the Company and all its domestic consolidated subsidiaries, with the exception of one domestic consolidated subsidiary, have adopted the straight-line method.

The DMG MORI SEIKI Co., Ltd. Group has been globalizing its manufacturing bases and promoting collaboration with DMG Mori Seiki AG in various fields including sales, development and production based on its medium-term management plan. As our collaboration progressed, the companies shared the same recognition of the need for a standardized production management system. We then examined the operating status of our production equipment. Our study results suggested that the integration of both companies' sales bases and the globalization of production bases resulting in more stable and efficient operation. Taking these into consideration, we concluded that it was appropriate to use the straight-line method for calculating depreciation as it best reflects the pattern of consumption of economic benefits that are obtained based on the actual operating status.

As a result of this change, compared with the previous method, operating income, ordinary income and income before income taxes increased by 589 million yen, respectively.

### 3. Consolidated financial statements

#### (1) The third quarter consolidated balance sheet

(Amount : million yen)

	At the end of the previous consolidated fiscal year (March 31, 2013)	At the end of the 3rd consolidated quarter (December 31, 2013)
(Assets)		
Current Assets		
1 Cash and deposits	6,287	4,998
2 Notes and accounts receivable	24,824	23,575
3 Goods and products	12,195	19,325
4 Work in process	7,189	9,002
5 Raw material and Supplies	18,555	18,055
6 Deferred tax assets	2,742	3,301
7 Consumption tax receivable	430	694
8 Other	2,744	4,315
9 Allowance for doubtful receivables	-230	-189
Total current assets	74,739	83,080
Fixed assets		
1 Tangible fixed assets		
(1) Buildings and structures, net	26,094	29,978
(2) Machinery, equipment and vehicles, net	5,989	7,279
(3) Land	21,774	22,155
(4) Lease assets, net	3,995	3,944
(5) Construction in progress	1,882	363
(6) Other, net	3,052	3,447
Total tangible fixed assets	62,788	67,169
2 Intangible fixed assets		
(1) Goodwill	666	1,037
(2) Other	5,245	4,176
Total intangible fixed assets	5,912	5,214
3 Investments and other assets		
(1) Investments in securities	40,367	59,201
(2) Long-term prepaid expenses	310	706
(3) Deferred tax assets	944	773
(4) Other	1,591	1,565
Total investments and other assets	43,213	62,246
Total fixed assets	111,914	134,630
Total assets	186,653	217,710

	At the end of the previous consolidated fiscal year (March 31, 2013)	At the end of the 3rd consolidated quarter (December 31, 2013)
(Liabilities)		
Current liabilities		
1 Payable-trade	9,077	14,154
2 Short-term bank loans	23,929	13,831
3 Current portion of bonds	—	15,000
4 Lease obligations	428	440
5 Accrued payments	3,855	5,002
6 Accrued expenses	1,583	1,482
7 Advances received	1,894	2,551
8 Accrued income taxes	981	776
9 Accrued consumption taxes	75	50
10 Deferred tax liabilities	249	218
11 Allowance for product warranties	832	870
12 Allowance for bonuses	168	73
13 Others	1,177	1,405
Total current liabilities	<u>44,253</u>	<u>55,857</u>
Fixed liabilities		
1 Bonds	30,000	35,000
2 Lease obligations	3,986	3,997
3 Deferred tax liabilities	1,400	2,098
4 Deferred tax liabilities for land revaluation	1,485	1,485
5 Accrued retirement benefits	222	261
6 Long-term accrued payments	748	641
7 Asset retirement obligations	62	63
8 Other	13	819
Total fixed liabilities	<u>37,918</u>	<u>44,367</u>
Total liabilities	<u>82,172</u>	<u>100,224</u>
(Net assets)		
Shareholders' equity		
1 Capital	41,132	41,132
2 Capital surplus	53,863	53,858
3 Retained earnings	18,270	21,287
4 Treasury stock	-11,743	-13,283
Total shareholders' equity	<u>101,523</u>	<u>102,995</u>
Other comprehensive profit		
1 Net unrealized holding gain on securities	2,616	4,069
2 Deferred gains or losses on hedges	185	-225
3 Land revaluation reserve	1,759	1,759
4 Translation adjustments	-3,423	4,672
Total other comprehensive profit	<u>1,136</u>	<u>10,275</u>
Subscription rights to shares	434	39
Minority interests	1,386	4,176
Total net assets	<u>104,481</u>	<u>117,485</u>
Total liabilities and net assets	<u>186,653</u>	<u>217,710</u>

## (2) The third quarter consolidated statement of income and statement of comprehensive profit

## Consolidated statement of income

(The third consolidated quarter total)

(Amount : million yen)

	The previous 3rd consolidated quarter total (April 1, 2012 to December 31, 2012)	The 3rd consolidated quarter total (April 1, 2013 to December 31, 2013)
Net sales	108,682	112,953
Cost of sales	76,742	75,975
Gross profit	31,940	36,977
Selling, general and administrative expenses	29,629	32,447
Operating income	2,311	4,529
Non-operating income		
1 Interest income	25	17
2 Dividend income	313	352
3 Exchange gain	—	1,953
4 Equity in earnings of affiliates	321	33
5 Other	158	165
Total of non-operating income	819	2,522
Non-operating expenses		
1 Interest expense	407	427
2 Exchange loss	27	—
3 Fees and commissions	89	155
4 Other	370	316
Total of non-operating expenses	895	899
Ordinary income	2,235	6,153
Extraordinary gain		
1 Gain on sales of fixed assets	6	17
2 Gain on sales of investment securities	6	4
3 Gain on change in equity	—	3,432
4 Gain on reversal of subscription rights to shares	16	373
5 Insurance income	491	—
Total of extraordinary income	520	3,828
Extraordinary loss		
1 Loss on sales of fixed assets	2	3
2 Loss on disposal of fixed assets	6	51
3 Loss on valuation of other investments	8	1
4 Loss on change in equity	—	895
5 Business structure improvement expenses	—	2,774
6 Retirement benefit expenses	8	—
7 Loss on cancellation of leases	15	—
Total of extraordinary loss	41	3,727
Income before income taxes	2,714	6,254
Income taxes	426	817
Income taxes deferred	-356	75
Total of Income taxes	69	892
Income before minority interests	2,645	5,361
Minority interests in income	209	132
Net income	2,435	5,229



Statement of comprehensive profit  
(The third consolidated quarter total)

(Amount: million yen)

	The previous 3rd consolidated quarter total (April 1, 2012 to December 31 2012)	The 3rd consolidated quarter total (April 1, 2013 to December 31, 2013)
Income before minority interests	2,645	5,361
Other comprehensive profit		
Net unrealized holding gain on securities	-387	1,288
Deferred gains or losses on hedges	—	-449
Translation adjustments	939	2,907
Share of other comprehensive profit of associates accounted	-150	5,396
Total other comprehensive profit	401	9,143
Quarterly comprehensive profit	3,046	14,504
Contents		
Comprehensive profit attributable to owners of the parent	2,827	14,367
Comprehensive profit attributable to minority interests	219	136

(3) Notes (Consolidated financial statements)

Notes about premise of going concern

There are no applicable matters.

Note regarding remarkable fluctuation of shareholder's equity

There are no applicable matters.