Date: February 10, 2016

Summary of Consolidated Financial Statements for the Fiscal Year 2015 ended December 31, 2015 (IFRS basis)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the Fiscal Year 2015 announced on February 10, 2016)

Listed company name: DMG MORI CO., LTD.

Stock exchange listing: First Section of Tokyo Stock Exchange

Code Number: 6141 URL http://www.dmgmori.co.jp

Company Representative: Masahiko Mori, President

Contact Person Tatsuo Kondo, Vice President, Accounting / Finance HQ, Executive Officer

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Expected date of the ordinary general shareholders' meeting: March 24, 2016

Estimated starting date of dividend paying: March 25, 2016

Filing date of financial statements: March 24, 2016

Preparation of supplementary explanatory materials: Yes

Holding of financial statements release conference: Yes (for investment analysts and institional investors)

(Note: All amounts less than one million are disregarded)

1. Consolidated business results of the fiscal year 2015 ended December 31, 2015 (April 1, 2015 to December 31, 2015)

(1) Consolidated business results (% of change from same period in the previous year)

	Sales revenues		Operating result		Earnings before Taxes		Net income		Income attributable to owners of the parent company		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2015	318,449	-	31,140	-	29,681	-	29,029	-	26,900	-	23,135	-
Fiscal year ended March 31, 2015	174,365	-	18,196	-	23,086	-	17,328	-	17,080	-	17,922	-

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity, attributable to owners of the parent company	Ratio of income before income tax to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2015	216.53	216.53	17.0	6.4	9.8
Fiscal year ended March 31, 2015	131.65	131.64	10.9	8.2	10.4

(Note) Share of profits of at equity-accounted investments

Fiscal year ended December 31, 2015: 168 million yen

Fiscal year ended March 31, 2015: 4,976 million yen

Following the approval of the “Partial Amendment to Articles of Incorporation” at the Ordinary General Meeting held on June 19, the company changed the fiscal year-end from March 31 to December 31.Since it is in the transition period, there is no “% of change from same period in the previous year” written in this report.

(2) Consolidated financial position

	Total assets	Net assets	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company	Equity per share attributable to owners of the parent company
	million yen	million yen	million yen	%	million yen
December 31, 2015	598,034	232,107	155,270	26.0	1,293.72
March 31, 2015	323,759	166,373	161,992	50.0	1,266.28

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the fiscal year
	million yen	million yen	million yen	million yen
December 31, 2015	18,628	△26,892	71,859	83,577
March 31, 2015	7,342	△58,690	53,582	21,408

2. Dividends

	Dividends per share					Total amount of dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent company (Consolidated)
(Record date)	First Quarter	Second Quarter	Third Quarter	The end of the term	Year			
	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2015	—	12. 00	—	13. 00	25. 00	3,320	19.0	2.1
December 31, 2015	13. 00	—	—	13. 00	26. 00	3,287	12.0	2.1
December 31, 2016 (forecast)	—	13. 00	—	13. 00	26. 00		24.0	

3. Consolidated earnings forecast for Fiscal Year 2016 (January 1, 2016 to December 31, 2016)

(% of change from same period in the previous year)

	Sales Revenue		Operating result		Income attributable to owners of the parent company		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full Year 2016	410,000	-	25,000	-	13,000	-	108.32

(Note)

Since the fiscal year ending December 31, 2015 is transition period of the fiscal year change, consolidated earnings forecast is a projected business results for 9 months (April 1, 2015 to December 31, 2015) and therefore, the change from the previous fiscal year (%) is not included herein.

Exchange rate used for consolidated earnings forecast for FY2016: JPY 115/USD, JPY 130/EUR (For the last fiscal year: JPY 121.1/USD, JPY 134.3/EUR)

※Notes

(1) Changes in significant subsidiaries during the fiscal year 2015: Yes

Include 5 subsidiaries: DMG MORI AG, GILDEMEISTER Beteiligungen GmbH, DMG MORI Sales and Service Holding AG, DMG MORI Netherlands Holding B.V., DMG MORI Europe AG

Exclude: none

(2) Changes in accounting policies applied and changes in accounting estimates

1. Changes in accounting policies required by IFRS: No

2. Changes in accounting policies other than the above: No

3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the end of the period (including treasury stock)

December 31, 2015: 132,943,683	March 31, 2015: 132,943,683

2. Number of treasury stock at the end of the period

December 31, 2015: 12,924,543	March 31, 2015: 5,015,329

3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

April - December 2015: 124,233,464	April - March 2015: 129,742,181

- Information regarding implementation of review procedures

The financial results are not subject to yearly audit review procedures based on the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the yearly financial statement review procedures based on the Financial Instruments and Exchange Law has not been completed.

- Explanations for adequate utilization of the forecast and other special matters

From the fiscal year 2015 ended December 31, 2015, the company introduced the International Financial Reporting Standards (IFRS) to prepare its consolidated financial statements accordingly. The consolidated financial data for the fiscal year 2014 are also presented based on the IFRS.

- Proper use of the earnings forecasts and other notes

The above forecast is 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. Regarding Fiscal Year 2016 (Forecast), please see "1. Analysis of management performance and consolidated financial status (2) Forecast for fiscal year 2016".

We will upload additional explanation on February 10, 2016.

(Attached Documents)　Index

1. Analysis of management performance and consolidated financial status

(1) Explanation of operating results

During the fiscal year 2015 (from April 1 to December 31, 2015), the sales revenues were 318,449 million yen, and the operating result was 31,140 million yen, and earnings before taxes were 29,681 million yen. The income attributable to owners of the parent company was 26,900 million yen. Please note that the operating result presented includes appraisal gains on AG shares (gains on step acquisition) of 37,296 million yen in the first quarter following the consolidation with DMG MORI AKTIENGESELLSCHAFT (hereafter “AG”), the result of purchase price allocation of AG and temporary increased costs due to the change in business model from distribution to direct sales in the US.

We currently put a focus on an expansion of market share, improvement of profitability and asset utilization through business collaboration with AG.

We released the eco*Mill* series (600, 800, 1100), which had been jointly developed with AG. The machine boasting the superior accuracy and performance is equipped with advanced technologies of both companies, ensuring high flexibility, operability and productivity. We globally produce the machine at 4 plants located in 4 countries among 16 plants in 9 countries all over the world, and provide customers with services on a regional basis.

In December, we started taking orders for the NLX 6000 | 2000, a high-rigidity, high-precision turning center. The model offers three types of spindles capable of handling various workpieces, and the large precise CNC turning center is suitable for large-diameter shafts for the aircraft parts and energy fields. We collaboratively produce the above machines at not only CO factories but also 9 AG factories located in 5 countries on the manufacturing bases in four strategic locations around the world: Japan, North America, Europe and China. We will continue to strive to deliver the best products and services more quickly to our customers by implementing production at location of demand and reduction of delivery time.

We have been working on standardization of important components, and improvement of product quality and performance. We manufacture main parts such as servo ATCs, new material magazines, built-in motor turrets, and speed master spindles in-house in an effort to increasingly supply them to AG and improve operating rates of the production lines.

We continuously develop applications for CELOS, the user interface that keeps pace with IoT/Industry 4.0; and expand the lineup of the embedded software. In October, first in the whole world, we presented the project “Machine Tool 4.0” in collaboration with Schaeffler Technologies of Germany at the EMO Milano 2015. In the future, the production data in CELOS will be linked to the sales and administrative systems via communication network.

In January, the newly constructed System Solution Plant at the Nara Campus started its operation. The plant is used to establish turnkey systems for automotive, airplane and medical parts lines. So we will be able to respond to the customer demand for robotization and automation more quickly than ever, and create best production process/solution together with the customers. We continue to enhance the application engineers in an effort to further strengthen the total solutions to customers’ production issues.

As for the demands for machine tools, thanks to the effects of the government’s investment promotion plan including investment tax credit and government subsidies, the orders in Japan remained robust.

In the U.S., we are in the process of shifting business model from distribution to direct sales and because of the change, the company recognized significant loss mainly due to temporary decrease in sales and sharp increase in headcounts. In FY2016 an effect of the initial investments will contribute and we forecast black figure in the end.

In Europe, the order trend was relatively favorable in Italy where “EMO Milano 2015” was held, and Spain.

In the Asian countries, we saw strong orders because of great contribution of South Korea and Taiwan in the first half of the year, yet followed by a slight slowdown over the second half.

In the Chinese market, with a slowdown of the macro economy, demands for so-called “low-priced and fake products” have ended. In the trend where products having the same quality, specification and performance as Japan, Europe and USA are demanded, the orders for our products were relatively steady.

Consolidated

(Million yen)

	FY2014 (April 2014 to March 2015)	FY2015 (April 2015 to December 2015)	(Reference) ※ CY2014 January to December	(Reference) ※ CY2015 January to December
Sales Revenue	174,365	318,449	412,098	428,449
Operating result	18,196	31,140	38,630	41,141
Income attributable to owners of the parent company	17,080	26,900	17,346	32,400
Basic earnings per share	131.65 yen	216.53 yen	130.48 yen	243.71 yen

(※) For reference, the figures are consolidated business result where 100% of AG's financial result are taken.

Please note that income attributable to owners of the parent company is based on shareholding ratio (Dec. 31, 2014: 52.54%, Dec. 31, 2015: 60.67%)

(2) Forecast for fiscal year 2016

In this business environment, the level of orders is expected to remain robust in Japan, Americas and Europe in the foreseeable future.

We, the DMG MORI CO., LTD. Group, will continue to accelerate the integration with AG in the field of development, manufacturing, sales and service, 165 area sales and service bases located in 46 countries in the world operate at full capacity and makes further efforts to increase our corporate value. The forecast for the business results (consolidated) for FY 2016 is as follows:

	Fiscal Year 2016 (January 1, 2016 to December 31, 2016)	(Reference) CY2015 (※) January to December
Sales Revenue (million yen)	410,000	428,449
Operating result (million yen)	25,000	41,141
Income attributable to owners of the company (million yen)	13,000	32,400
Basic earnings per share (yen)	108.32	243.71

* The average yen-U.S. dollar market rate is set at 115 yen = U.S. $1.00 **The average yen-Euro market rate is set at 130 yen = € 1.00

(※) For reference, the figures are consolidated business result where 100% of AG's financial result are taken.

Note concerning statements about the future, etc.

This material contains earnings estimates, plans, policies, business strategies, targets, forecasts, and perceptions and judgments about matters of fact concerning the future of DMG MORI CO., LTD. and the DMG MORI CO., LTD. Group. Its predictions, expectations, assumptions, plans, perceptions and judgments are based on information available to DMG MORI CO., LTD. as of the report date. For this reason, there is a possibility that actual results may differ from the forecasts above.

(3) Explanation of financial position

1. Assets, liabilities and equity

The comparison between FY2014 ended March 31, 2015 (excluding AG financial result) and FY2015 ended Dec. 31, 2015 as follows:

・Assets

Short-term assets are 284,561 million yen and it is mainly because Cash and cash equivalents increased by 62,169 million yen, Trade and other receivable increased by 10,010 million yen and Inventories increased by 76,070 million yen.

Long-term assets are 313,473 million yen and it is mainly because Tangible assets increased by 69,732 million yen, Goodwill increased by 67,053 million yen and Other intangible assets increased by 66,195 million yen while Equity accounted investments decreased by 96,888 million yen.

As a result, total assets are 598,034 million yen.

・Liabilities

Short-term liabilities are 223,750 million yen and it is mainly because Trade and other payables increased by 37,344 million yen, Bonds and borrowings increased by 46,579 million yen, Payment received on accounts increased by 17,100 million yen and Short-term provisions increased by 23,367 million yen.

Long-term liabilities are 142,175 million yen. It is mainly because Bonds and borrowings increased by 61,293 million yen. As a result total liabilities are 365,926 million yen.

・Equity

Equity is 232,107 million yen. It is mainly because recognition of net income 29,029 million yen, Minority interests' share of equity increased by 72,457 million yen, Capital provision decreased by 11,128 million yen and Treasury stock increased by 17,738 million yen.

(Reference)

(Million Yen)	March 31, 2015 (※)	December 31, 2015	Change
Short-term assets	275,653	284,561	8,908
Long-term assets	278,086	313,473	35,387
Short-term liabilities	212,800	223,750	10,950
Long-term liabilities	82,176	142,175	59,999
Equity	258,763	232,107	△26,656

(※) For reference, the figures are consolidated business result where 100% of AG's financial position is taken.

2. Cash flows during fiscal year 2015

（Million yen）

	Fiscal Year 2014 April 2014 to March 2015	Fiscal Year 2015 April 2015 to December 2015	Reference (※) CY2014 Jan - Dec	Reference (※) CY2015 Jan - Dec
Operating activities	7,342	18,628	18,519	14,816
Investing activities	△58,690	△26,892	△29,757	△83,581
Financing activities	53,582	71,859	23,639	119,771
Cash and cash equivalents at the end of the year	21,408	83,577	69,359	83,577

(※) For reference, the figures are cash flows where 100% of AG's financial result are taken.

Main factors for the increase are as follows:

・Cash flows from operating activities

Net cash provided in operating activities was 18,628 million yen (net cash provided in the previous fiscal year was 7,342 million yen).

The main factors for the increase are 29,681 million yen Earnings before taxes, 14,638 million yen Depreciation and amortization, 6,547 million yen decrease in inventories and 8,737 million yen increase in Trade and other payables. The main factor for the decrease is 37,296 million yen associated with Gain on step acquisition and 10,170 million yen for income taxes.

・Cash flows from investing activities

Net cash paid out in investing activities was 26,892 million yen (net cash paid out in the previous fiscal year was 58,690 million yen). This is mainly due to acquisition of tangible assets of 19,739 million yen, acquisition of intangible assets of 4,727 million yen and investments in subsidiary stocks of 4,808 million yen.

・Cash flows from financing activities

Net cash provided in financing activities was 71,859 million yen (net cash provided in the previous fiscal year was 53,582 million yen).

The main factors for the increase are net increase in Short-term bank loans payable of 13,208 million yen and increase in Long-term loans of 104,725 million yen. The main decreasing factors are payments for long-term loans of 10,875 million yen and payments for acquisition of minority shares of 28,861 million yen (voting rights 8.13%) .

As a result, cash and cash equivalents as of December 31, 2015 are 83,577 million yen (increased by 62,168 million yen from Mar 31, 2015)

3. Trends in cash flow related indexes

	Fiscal Year 2014	Fiscal Year 2015	Reference (※) CY2014 Jan - Dec	Reference (※) CY2015 Jan- Dec
Shareholders' equity ratio (%)	50.0	26.0	35.1	26.0
Shareholders' equity ratio at fair value (%)	72.9	28.6	34.5	28.6
Cash flow to interest bearing loans ratio (%)	1,463.3	1,189.9	414.2	1,496.1
Interest coverage ratio (times)	13.4	9.3	10.5	6.3

(Notes) Shareholders' equity ratio: Shareholders' equity / total assets

Shareholders equity ratio at fair value: Market value of listed shares / total assets

Cash flows to interest-bearing loans ratio: Interest-bearing liabilities / operating cash flows

Interest coverage ratio: Operating cash flows / interest payments

・These indexes are calculated based on consolidated financial figures.

・ Market value of listed shares is calculated based on the closing share price at end of term x outstanding shares (excluding treasury stock) at end of term

・ For cash flows, "Cash flows from operating activities" from the consolidated cash flow statements are used. Interest-bearing liabilities include all liabilities on the balance sheets that incur interest. For the interest payments, the "Interest paid" on the consolidated cash flow statement is used.

・ Since the fiscal year ended December 31, 2015 is transition period of the fiscal year change, consolidated earnings forecast is a projected business results for 9 months (April 1, 2015 to December 31, 2015) and therefore, "cash flow to interest bearing loans ratio" and "interest coverage ratio" are cash flows from operating activities and that to interest payments.

(※) For reference, the figures are cash flows where 100% of AG's financial result are taken.

(4) Basic policy concerning profit appropriation and dividend payment for FY2015/2016

The DMG MORI CO., LTD. Group strives to enhance corporate value for our shareholders, who understand that machine tools are both capital assets and products which support manufacturing throughout the world. Our principle for profit appropriation is stable and continuous payment of dividend based on an overall judgment concerning our future business plan, business results, financial conditions, and so on.

For internal reserve, we continue to invest in the development of pivotal new products and technologies as well as consolidating our production equipment in order to reinforce our competitive strength in the market.

For FY 2015, we issued an interim dividend per share of 13 yen and year-end dividend per share of 13 yen, for a full-year total of 26 yen.

For FY 2016 we plan to issue an interim dividend per share of 13 yen and year-end dividend per share of 13 yen, for a full-year total of 26 yen.

2. Management policy

(1) Basic management policy

Our basic management policy as a machine tool manufacturer is: “we provide customers with innovative, accurate and trouble-free machines at competitive prices.” Along with the rise of IoT and Industry 4.0, we aim to become an essential total solution provider in the fields of CNC lathes, machining centers, multi-axis machines and grinding machines as well as systematization, automation and intelligence of engineering-fused machines.

(2) Management targets

The DMG MORI CO., LTD. Group seeks to maintain and continue the status of Global One in the machine tool industry by responding quickly to rapid changes in the business environment and market trends. We believe that improving our profit margin and capital profitability and strengthening our financial strength are essential in achieving our pursuit. The Group is determined to achieve a consolidated operating margin of over 13% ROE of over 12%, shareholders’ equity ratio of over 50% by 2020, and continues its untiring efforts to create customer value and further improve its corporate value.

(3) Company's medium to long-term management strategies

With differences in economic development levels, financial problems, fluctuations in exchange rates, natural disasters and geopolitical risks arising in the global markets, manufactures are now entering a new phase in production innovation and relocation of management resources. At the same time, machine tool manufacturers are required to meet customers’ ever-diversifying requirements that include not only the provision of high-precision, high-performance machines, but also expansion of operation and engineering support, education and after-sales services. We, at the DMG MORI CO., LTD. Group, respond flexibly to changes in the business environment and customer needs by fully utilizing our robust sales and service networks and technical expertise we have cultivated for years.

DMG MORI CO (hereafter CO) and DMG MORI AG (hereafter AG) have been promoting collaboration in fields including sales, development, purchasing and production since March 2009, and having reached the conclusion that it would be best for the two companies to be operated in an integrated manner in terms of capital too in order to create further corporate value, and in April, 2015 we realized the business integration of the two companies with approval obtained under the antitrust and competition laws in all of the countries in which CO filed notifications

For product development, the collaboration with AG has enabled us to include their machines in our product lineup and with a joint development, we improve an ability of making proposals to existing customers while attracting new and potential customers. Also, we took over the lathe division of AMADA MACHINE TOOLS CO., LTD., a subsidiary wholly owned by AMADA CO., LTD. and have further enriched our product lineup of the compact lathe division. While CO and AG also concentrate on standardization of machine components and consolidation of machine models, we will strive to improve profitability by providing solution with the most use of application.

As for production, through integration with AG, we established manufacturing bases in four strategic locations around the world: Japan, North America, Europe and China, and make every effort to quickly respond to needs at location of demand and reduce exchange rate impact on operating results. We will continue to strive to deliver the best products and services more quickly to our customers by implementing production at location of demand and reduction of delivery time.

In sales development, through integration of sales with AG, the two companies are building a stronger sales and service system while continuing to consolidate a dominant position in the industry in terms of the number of clients, the provision of solutions and services, and so on. We are also utilizing the sales system of AG, which has strengths in marketing and direct sales, to roll out efficient and effective sales activities and forge more robust relations with the customers.

Under this management policy, the DMG MORI Group remains committed to creating customer value and building a competitive advantage in terms of business scale, profitability and financial base in the machine tool industry, aiming to further improve its corporate value.

(4) Challenges facing the company

① Product development

We implement efficient product development by making the most of the technologies and technical expertise we have accumulated both in Japan and Germany. We also work on the consolidation of machine models between CO and AG, along with the unification of the machine exterior design, aiming to increase productivity and to offer even better service.

In an effort to provide customers with a wider range of solutions, we are now concentrating on the development of embedded software that facilitates measurements, gear cutting and high-precision machining, while promoting production automation and systemization.

Other areas on which we place importance include predictive maintenance and the provision of optimal machining conditions, and we work on these issues by taking advantage of the sensing technology and IoT.

② Quality

We regard all of our activities that make us relate with customers through our products, from product planning and sales to service, as “quality,” and each and every staff makes a daily effort to further improve it. With the motto of “giving customers a great excitement and impression through incomparable quality,” we will manufacture products in such a manner that close attention is always paid to every inch of each product. Also, we are committed to consolidating development, production, service and sales processes, and performing various activities for improvement so that customers will be able to feel the same high-quality in the products manufactured in any of our factories located in Japan, Europe, USA and China.

③ Trade controls for security

As there has been mounting uncertainty surrounding the world’s national security environment, especially in Asia, Middle East and Eastern Europe regions in recent years, the non-proliferation of weapons of mass destruction and the prevention of excessive stockpiling of conventional weapons became one of the growing international interests. To address the issue, the DMG MORI CO., LTD. Group has stipulated internal regulations (Compliance Program) to ensure compliance with export control laws and applies them strictly. In addition, we have our machines equipped with the device to detect and disable a machine if the machine is relocated from the site where it was originally installed, aiming to prevent the illegal export of our products. We will continue to tackle the security trade control as our priority.

④ Compliance with the Law

Our board members give explicit instructions to the employees on implementation of the corporate activities in thorough compliance with the law and corporate ethics. We create a plan for various educational training and implement the training on a continuing basis in an attempt to increase awareness of law in all of our employees including the board members. For greater globalization of our business, we strive to establish a solid law compliance system in our global bases as well as domestic ones. With the Internal Auditing Department in the key role, we already have established the system to regularly monitor our law compliance activities, so we will continuously work on consolidation of our internal control.

⑤ Cooperation with DMG MORI AG

We established a business and capital partnership with DMG MORI AG, a largest machine tool manufacturer in Europe, in March 2009 with the aim to take a greater leap in the global market. Since then both companies have been promoting consolidation of sales and service bases and strengthening the collaboration in the area of parts supply, joint development and financing services for customers. In April, 2015, through the takeover bid we realized the business integration of the two companies with approval obtained under the antitrust and anti-competition law authorities in all of the countries in which CO filed notifications. We will continue integrated management of the two companies and keep up our efforts to enhance the corporate value, through commonalizing parts, consolidating machine models, and promoting system integration in the areas of sales and development.

3. Basic policy for selection of accounting standards

We voluntarily introduced the International Financial Reporting Standards (“IFRS”) in place of Japanese GAAP to improve international comparability of financial information starting from the FY2015.

4. Consolidated Financial Statements

(1) Consolidated statements of financial position

(Yen in Millions)

	April 1, 2014 (Date of transition to IFRS)	March 31, 2015	December 31, 2015 (※)
(Assets)			
Short-term assets			
Cash and cash equivalent	18,916	21,408	83,577
Trade and other receivable	35,530	44,948	54,958
Other financial assets	82	869	5,489
Inventories	40,856	53,873	129,943
Other short-term assets	2,578	3,038	10,592
Total short-term assets	97,965	124,138	284,561
Long-term assets			
Tangible assets	69,009	72,187	141,919
Goodwill	704	1,164	68,218
Other intangible assets	5,408	6,639	72,834
Other financial assets	13,856	17,624	17,560
Equity accounted investments	51,635	99,118	2,230
Deferred tax assets	1,657	1,570	4,047
Other long-term assets	847	1,316	6,663
Total long-term assets	143,120	199,620	313,473
Total assets	241,085	323,759	598,034

(※) 100% of AG financial results is taken in the consolidated financial statements for FY 2015 ended December 31, 2015

(Yen in Millions)

	April 1, 2014 (Date of transition to IFRS)	March 31, 2015	December 31, 2015 (※)
(Liabilities)			
Short-term liabilities			
Trade and other payables	20,779	29,304	66,648
Bonds and borrowings	16,838	54,113	100,692
Payment received on accounts	2,141	1,657	18,757
Other short term financial liabilities	677	339	780
Accrued income taxes	1,017	4,452	5,733
Short-term provisions	2,463	2,385	25,752
Other short term liabilities	561	558	5,385
Total short-term liabilities	44,478	92,811	223,750
Long-term liabilities			
Bonds and borrowings	34,883	54,917	116,210
Other long-term financial liabilities	4,008	3,951	4,307
Pension provisions	379	676	6,224
Other long-term provisions	125	117	4,788
Deferred income taxes	1,871	3,630	8,664
Other long-term liabilities	1,268	1,280	1,980
Total long-term liabilities	42,537	64,574	142,175
Total liabilities	87,016	157,386	365,926
(Equity)			
Subscribed capital	51,115	51,115	51,115
Capital provision	64,153	64,185	53,057
Treasury stock	△3,609	△6,030	△23,768
Revenue provisions	34,337	47,769	71,466
Other components of equity	3,987	4,952	3,399
Total equity attributable to owners of the parent company	149,984	161,992	155,270
Minority interests' share of equity	4,084	4,380	76,837
Total equity	154,069	166,373	232,107
Total liabilities and equity	241,085	323,759	598,034

（2）Consolidated statements of income

（Yen in Millions）

	Fiscal Year 2014 (April 1, 2014 through March 31, 2015)	Fiscal Year 2015 (※) (April 1, 2015 through December 31, 2015)
Revenue		
Sales revenues	174,365	318,449
Other operating revenues	4,765	42,913
Operating performance	179,130	361,362
Cost		
Changes in finished goods and work in progress	△4,600	5,206
Cost of raw materials, consumables and goods	87,470	144,567
Personnel costs	39,610	92,278
Depreciation	6,763	14,638
Other operating expenses	31,690	73,532
Total cost	160,933	330,222
Operating result	18,196	31,140
Financial income	491	450
Financial expense	578	2,078
Share of profits of at equity-accounted investments	4,976	168
Earnings before taxes	23,086	29,681
Income taxes	5,757	652
Net income	17,328	29,029
Income attributable to:		
Owners of the parent company	17,080	26,900
Minority interests	248	2,129
Net income	17,328	29,029
Income per share		
Basic earnings per share (yen)	131.65	216.53
Diluted earnings per share (yen)	131.64	216.53

(※) 100% of AG financial results are taken in the consolidated financial statements for FY 2015 ended December 31, 2015

（3）Consolidated statements of comprehensive income

（Yen in Millions）

	Fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015)	Fiscal year ended December 31, 2015 (※) (April 1, 2015 through December 31, 2015)
Net income	17,328	29,029
Other comprehensive income		
Items never reclassified to income statement		
New calculation of benefit-oriented pension plans	△454	△110
Sum of items never reclassified to income statement	△454	△110
Items that will be reclassified to profit or loss		
Differences from currency translation	2,224	△5,268
Changes in market value of hedging instruments	589	△171
Change in the fair value measurement of available-for-sale assets	2,609	△344
Share of other comprehensive income of associates accounted for using equity method	△4,374	0
Sum of items which are reclassified to the income statement	1,048	△5,783
Total other comprehensive income	594	△5,893
Total comprehensive income	17,922	23,135
Total comprehensive income attributable to:		
Owners of the parent company	17,621	21,210
Minority interests	301	1,925
Total	17,922	23,135

(※) 100% of AG financial results is taken in the consolidated financial statements for FY 2015 ended December 31, 2015

(4) Consolidated statements of changes in equity

（Yen in Millions）

	Note	Equity attributable to owner of the parent company						Minority interest share of equity	Total equity
		Subscribed capital	Capital provision	Treasury stock	Revenue provisions	Other components of equity	Total		
At as April 1, 2014		51,115	64,153	▵3,609	34,337	3,987	149,984	4,084	154,069
Net income					17,080		17,080	248	17,328
Other comprehensive income						540	540	53	594
Comprehensive income		-	-	-	17,080	540	17,621	301	17,922
Change of own shares				△1			△1		△1
Dividend payment					△3,188		△3,188	△14	△3,202
Share-based payment transactions			32			▵34	▵2	3	0
Changes of ownership interest for subsidiary company under continuous control				△2,419			△2,419		△2,419
Change due to business combination							-		-
Change due to sale of subsidiaries					△4		△4		△4
Transfer other component of capital to retained earnings					△454	454	-		-
Other					△2	4	2	5	8
Total of the contribution by owner and distribution to the owner		-	32	△2,420	△3,649	424	△5,613	△5	△5,618
Purchase of non-controlling interests							-		-
Amount of change of Ownership interest for Subsidiary company		-	-	-	-	-	-	-	-
At as March 31, 2015		51,115	64,185	▵6,030	47,769	4,952	161,992	4,380	166,373

（Yen in Millions）

	Note	Equity attributable to owner of the parent company						Minority interest share of equity	Total equity
		Subscribed capital	Capital provision	Treasury stock	Revenue provisions	Other components of equity	Total		
Net income					26,900		26,900	2,129	29,029
Other comprehensive income						△5,689	△5,689	△204	△5,893
Comprehensive income		-	-	-	26,900	△5,689	21,210	1,925	23,135
Change of own shares				△1			△1		△1
Dividend payment					△3,121		△3,121	△2,925	△6,046
Share-based payment transactions							-		-
Changes of ownership interest for subsidiary company under continuous control							-		-
Change due to business combination				△5,925		4,057	△1,867	84,517	82,649
Change due to sale of subsidiaries						△2	△2	△414	△416
Transfer other component of capital to retained earnings					△82	82	-		-
Other							-		-
Total of the contribution by owner Distribution to the owner		-	-	△5,926	△3,203	4,137	△4,992	81,177	76,185
Purchase of non-controlling interests			△11,128	△11,811			△22,939	△10,646	△33,585
Amount of change of Ownership interest for Subsidiary company		-	△11,128	△11,811	-	-	△22,939	△10,646	△33,585
At as December 31, 2015 (※)		51,115	53,057	△23,768	71,466	3,399	155,270	76,837	232,107

(※) 100% of AG financial results is taken in the consolidated financial statements for FY 2015 ended December 31, 2015

(5) Consolidated statements of cash flows

（Yen in Millions）

	Fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015)	Fiscal year ended (※) December 31, 2015 (April 1, 2015 through December 31, 2015)
Cash flow from operating activities		
Earnings before taxes	23,086	29,681
Depreciation	6,763	14,638
Gain on step acquisition	-	△37,296
Loss (gain) on sales/disposal of long-term assets	△68	24
Financial results	86	1,628
Equity in loss (earnings) of equity method	△4,976	△168
Other income and expense not affecting payments	△3,202	△40
Changes in Inventories (△: increase)	△11,578	6,547
Changes in trade and other receivables (△: increase)	△7,596	4,633
Changes in trade and other payables (△: decrease)	7,082	8,737
Change in provisions	145	880
Others	△2,025	1,073
Sub total	7,714	30,339
Interest received	32	137
Dividends received	1,614	315
Interest paid	△546	△1,994
Income tax paid	△1,471	△10,170
Cash flow from operating activities	7,342	18,628
Cash flow from investment activities		
Amount received from the sale of tangible assets	549	1,257
Amount paid out for acquisition of tangible assets	△6,868	△19,739
Amount paid out for acquisition of intangible assets	△1,668	△4,727
Amount paid out for sale of investments in securities	144	1,460
Amount paid out for investments in subsidiary stocks	△283	△4,808
Amount received from the sale of shares of subsidiaries and affiliates	310	-
Amount paid out for acquisition of shares of subsidiaries and affiliates	△50,634	-
Other	△239	△335
Cash flow from investment activities	△58,690	△26,892

(Yen in Millions)

	Fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015)	Fiscal year ended (※) December 31, 2015 (April 1, 2015 through December 31, 2015)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	52,262	13,208
Amount received from long-term loans	20,000	104,725
Payments for long-term loans	-	△10,875
Redemption of corporate bonds	△15,000	-
Dividends paid	△3,192	△3,119
Dividends paid for minority shareholders	△14	△2,782
Payments for acquisition of minority shares	-	△28,861
Payments for acquisition of treasury stock	△1	△1
Other	△471	△435
Cash flow from financing activities	53,582	71,859
Differences from currency translation associated with cash and cash equivalents	257	△1,426
Increase (decrease) in cash and cash equivalents	2,492	62,168
Opening balance of cash and cash equivalents	18,916	21,408
Cash and cash equivalents at the end of the period	21,408	83,577

(※) 100% of AG financial results is taken in the consolidated financial statements for FY 2015 ended December 31, 2015

(6) Notes on going concern assumption

There is no applicable matters

(7) Notes on consolidated financial statements

1. Reporting Entity

DMG MORI Co., Ltd. (the “Company”) is a company established under Japanese law. The Company domiciles in Japan and its registered office is located in 106 Kitakoriyama-cho, Yamato-Koriyama City, Nara.

The consolidated financial statements of the Company are reported as of December 31, 2015 and composed of the Company, its associates and equity interests to related companies (the “Group”). The Group engages in businesses related to manufacturing and sales of machine tools (Machining Centers, Turning Centers, Turn-Mill Complete Machining Centers, Universal Milling machines for 5-axis machining) , software (user interface, installation software) and measuring devices and providing total solutions utilizing the machine tools, software and measuring devices with service support, application and engineering.

2. Basis of preparations

(1) Accounting standards complied with

The consolidated financial statements have been prepared in accordance with IFRS 34 Interim Financial Reporting, pursuant to the provisions set forth in Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, etc. (Cabinet Office Ordinance No. 64 of 2007), as they satisfy all of the requirements for a “Specified Company” prescribed in Article 1-2, Paragraph 1, Item (i), (a) – (c) and (d)-3 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

The Group has adopted IFRS starting from the fiscal year ended December 31, 2015 (April 1, 2015 through December 31, 2015), and consolidated financial statements for that year are the Group’s first statements to be prepared in accordance with IFRS.

(2) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, with the exception of some financial assets which are measured at fair value.

(3) Presentation currency and units used

The consolidated financial statements are presented in Japanese yen, with figures less than one million yen being rounded down.

3. Segmental information

(1) Scope of segment reporting

The reporting segments of the Group is based on the business areas where independent financial statements are available and that are regularly reviewed by executive boards for the purposes of decision-making on the allocation of resources and evaluation of profitability. The segments are divided according to products and services that the Group deals with and difference in internal reporting and management method associated with the products and services.

The business activities of the Group are categorized into the business segments of “Machine Tools” and “Industrial Services”.

In the financial statements of the previous fiscal year, the segment information was reported and disclosed by region such as “Japan”, “The Americas”, “Europe” and “China and Asia”, but following the integration with DMG MORI AKTIENGESELLSCHAFT, from this fiscal year, the Group changed reporting segments to “Machine Tools” and “Industrial Services”.

(2) Calculation method of sales revenue, income or loss and other items by each reportable segment

The amount of segment income (loss) is based on operating income (loss) and Share of profits of at equity-accounted investments. Inter-segment sales and transfers between the segments are the prices determined based on the market prices.

(3) Segment sales and income

The segment sales and income by each reportable segment are summarized as follows.

Cumulative fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(Yen in Millions)

	Reporting Segments			Adjustment (Note)		
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	Figures in consolidated statements of income
Sales revenue						
Sales revenue with third parties	139,962	34,402	174,365	-	-	174,365
Sales revenue with other segments	78,624	15,536	94,160	-	△94,160	-
Total	218,586	49,939	268,526	-	△94,160	174,365
Segment income	23,818	4,748	28,567	△5,639	245	23,172
Interest Receivable						491
Interest Payable						△578
Earnings before Taxes						23,086

(Note) “Adjustment” includes trade elimination of inter-segment trade amounts and net profit of corporate functions.

Cumulative fiscal year ended December 31, 2015 (April 1, 2015 to December 31, 2015)

(Yen in Millions)

	Reporting Segments			Adjustment (Note)		
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	Figures in consolidated statements of income
Sales Revenue						
Sales revenue with third parties	229,332	89,094	318,426	22	-	318,449
Sales revenue with other segments	107,669	22,212	129,881	2,109	△131,991	-
Total	337,001	111,306	448,308	2,132	△131,991	318,449
Segment income	23,040	15,878	38,919	△11,257	3,647	31,309
Interest Receivable						450
Interest Payable						△2,078
Earnings before Tax						29,681

(Note) “Adjustment” includes trade elimination of inter-segment trade amounts and net profit of corporate function

4. Net income per share

Basis of calculation for basic net income per share and diluted net income per share is as follows:

Items	The previous consolidated fiscal year (April 1, 2014 to March 31, 2015)	The current consolidated fiscal year (April 1, 2015 to December 31, 2015)
Net income attributable to owners of the parent company (million yen)	17,080	26,900
Net income adjustments based on which diluted net income per share is calculated (million yen)	-	-
Diluted net income (million yen)	17,080	26,900
Average number of common stocks in the fiscal year (thousand stocks)	129,742	124,233
Increase in common stocks based on which diluted net income per share is calculated (thousand stocks)		
Increase by stock option (thousand stocks)	4	-
Average number of common stocks based on which diluted net income per share is calculated (thousand stocks)	129,746	124,233
Basic net income per share (yen)	131.65	216.53
Diluted net income per share (yen)	131.64	216.53

5. Business Combination

Fiscal year 2015 (April 1, 2015 through December 31, 2015)

Increase in shares of DMG MORI AKTIENGESELLSCHAFT (“AG”)

(1) Summary of business combination

As the company and AG have continued to collaborate in sales, development, procurement, production and certain other fields since March 2009, we have come to the conclusion that in order to further create corporate value, it will be the best solution that they are operated together in an integrated manner also in terms of capital and implemented a tender offer against AG through our consolidated subsidiary, DMG MORI GmbH. The tender offer periods are as follows:

(i) Tender Offer Period

From February 11, 2015 to March 25, 2015 (6 weeks)

(ii) Additional Tender Offer Period

From March 31, 2015 to April 13, 2015 (2 weeks)

As a result of this takeover bid, the company acquired additional 28.21% of voting rights (total acquisition price: 89,065 million yen) and the company and DMG MORI GmbH percentage of voting rights in AG became 52.54%.

Shareholding ratio is as follows:

Before the Tender Offer	: 24.33% (the company 24.33%)
Individual purchase	: 16.31% (the company 9.37%, DMG MORI GmbH 6.94%)
The Tender Offer	: 11.90% (DMG MORI GmbH 11.90%)・・・purchase price per share: EUR 30.55
After the Tender Offer	: 52.54% (the company 33.70%, DMG MORI GmbH 18.84%)

We included AG in the scope of consolidation on April 13, 2015 (date of business combination) considering the situation where the company substantially held majority of voting rights in AG.

In addition, the company acquired additional 8.13% of voting rights (total acquisition price: 28,861 million yen) and the company's percentage of voting rights in AG at the end of this fiscal year (December 31, 2015) became 60.67%.

With the integration of the company and AG, we will seek for more cooperative effects going forward. In the area of sales, centralization of information will enable proposals and support that better meet customer needs and will contribute to further sales. In the areas of development and production, fusion with AG's technologies such as 5-axis control technology and laser technology will promote the development of more attractive products, and will lead to enhanced profitability through integration of product models, standardization of components, expansion of component distribution utilizing in-house production technology and production at the place of demand. In the field of service, we will enlarge service network to facilitate technology exchange and strengthen service support structure on a global basis. As for human resources, we will continuously focus on personnel training through improvement of productivity, reduction of working time and employee training.

(2) Consideration of the integration

(Yen in Millions)

	Amount
Cash and cash equivalents	38,709
Fair value of shares that the company had already had upon acquisition of control.	146,627
Total	185,337

(3) Assets acquired and liabilities assumed

The fair values of assets acquired and liabilities assumed as of acquisition date are as follows:

(Yen in Millions)

	Amount
Short-term assets	
Cash and cash equivalents	31,738
Trade and other receivables	40,989
Inventories	83,429
Other	23,699
Long-term assets	
Tangible assets	62,780
Intangible assets	67,022
Other long-term assets	42,735
Fair value of assets acquired	352,395
Short-term debts	

Trade and other payables	△49,405
Payment received on accounts	△19,005
Provisions	△24,520
Other short-term debts	△11,065
Long-term debts	
Bonds and borrowings	△5,823
Provisions	△10,709
Other long-term debts	△18,035
Fair value of liabilities assumed	△138,566
Netted fair value of the assets acquired and liabilities assumed	213,828
The company shares AG holds and other	△13,552
Minority interests	△87,116
Goodwill	72,176

(4) Adjustment on tentative consideration

Consideration of integration is allocated to assets acquired and liabilities assumed based on fair market value as of the acquisition date. Allocation of the consideration has completed as of December 31, 2015. Major adjustments from the tentative consideration are as follows:

Inventories	Increase by 9,404 million yen
Long-term tangible assets	Increase by 7,394 million yen
Intangible assets	Increase by 56,656 million yen
Other long-term liabilities	Increase by 16,980 million yen

As a result, Minority interests' share of equity increased by 28,237 million yen and goodwill decreased by 28,237 million yen.

(5) Minority interests

The minority interest of 87,116 million yen is measured by multiplying the identifiable amount of equity of the acquired company on the date of acquisition by the ratio of equity after the business combination.

(6) Goodwill

The goodwill 72,176 million yen is calculated based on expected synergy effects that do not satisfy the recognition condition individually with the existing business and excess earning capability.

(7) Expenses related to acquisition

Expense related to acquisition is 768 million yen (53 million yen was generated in the previous fiscal year) and included in "Other expense" on consolidated statements of income.

(8) Gain on step acquisition

As a result of re-measurement of AG shares based on fair market value that the company had owned on the date of acquisition, the company recognizes gain on step acquisition by 36,656 million yen. The profit is included in "Other operating revenue" on consolidated statements of income.

(9) Acquisition of Minority interests' share of equity (acquisition of own interest, acquisition of treasury stock from AG)

During the fiscal year period, the company implemented an additional acquisition of AG shares for 28,861 million yen and as a result, the voting rights on AG shares became 60.67% as of December 31, 2015. Also, the company acquired 12,797,000 of treasury stocks from its consolidated company AG for 20,193 million yen.

These transactions were treated as an equity transaction of minority interests, and as a result, the treasury stocks increased by 11,811 million yen, the minority interests decreased by 10,646 million yen and capital provision decreased by 6,404 million yen.

6. Significant subsequent events

There is no applicable matter.

7. First-time Adoption

The Group discloses the consolidated financial statements in accordance with IFRS from this fiscal year ended December 31, 2015. The latest financial statements prepared in accordance with the Generally Accepted Accounting Principles in Japan ("Japanese accounting standards") are those of the prior fiscal year (1 April 2014 through 31 March 2015), and 1 April 2014 is the date of transition to IFRS.

IFRS requires that companies adopting IFRS for the first time ("first-time adopters") apply IFRS retrospectively, although there are some areas for which first-time adopters can choose whether to apply IFRS retrospectively (IFRS 1 "First-Time Adoption of International Financial Reporting Standards". On transition from Japanese accounting standards to IFRS, the Group applied the following exemptions:

①Business Combinations

Under IFRS 1, for business combinations that occurred prior to the date of transition to IFRS, first-time adopters can choose not to retrospectively apply IFRS 3, *Business Combinations*. The Group has applied this exemption and the Group has chosen not to retrospectively apply IFRS 3 for business combinations that occurred prior to the date of transition to IFRS. As a result, the amount of goodwill arising from the business combinations that occurred prior to the date of transition to IFRS is based on that amount in Japanese accounting standards at the date of transition. Meanwhile, the Group conducted impairment test for goodwill at the date of transition to IFRS, whether or not signs of impairment exist.

②Deemed Cost

Under IFRS 1, first-time adopters may elect to record the carrying amount of an item of tangible assets, real estate for investment and intangible assets as deemed cost at fair value at the date of transition. The Group had revaluated its land for operational usage in accordance with the laws "Act on Revaluation of Land" (Act No. 34 of March 31, 1998) and its revaluated amount has been recorded as deemed cost at the fair value at the date of transition.

③Cumulative Translation Differences of Foreign Operations

Under IFRS 1, first-time adopters have the option of either choosing to deem the cumulative translation differences for all foreign operations as of the date of transition to IFRS to zero. The Group has chosen to deem the cumulative translation differences as of the date of transition to IFRS to 0.

(1) Reconciliation of equity as of transition date (April 1, 2014)

The group has made necessary adjustments to its consolidated financial statements prepared in accordance with the Japanese GAAP in the course of the preparing its consolidated statements of financial position in accordance with IFRS. (※ AG financial figure is not included)

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences In recognition And measurement	IFRS	Note	Presentation under IFRS
Assets						Assets
Current assets						Short-term assets
Cash and deposits	18,935	△19		18,916		Cash and cash equivalent
Notes and accounts receivable	32,989	948	1,593	35,530	A, B	Trade and other receivable
		82		82		Other financial assets
Goods and products	15,886	24,883	85	40,856	A	Inventories
Work in process	7,709	△7,709				
Raw material and Supplies	17,173	△17,173				
Allowance for doubtful receivables	△207	207				
Consumption taxes receivable.	484	△484				
Other	3,313	△734		2,578		Other short-term assets
Deferred income Taxes	3,066	△3,066				
Total current assets	99,353	△3,066	1,678	97,965		Total short-term assets
Fixed assets						Long-term assets
Tangible fixed assets	69,009			69,009		Tangible assets
Intangible fixed Assets						
Goodwill	704			704		Goodwill
Other	5,408			5,408		Other intangible assets
Investments and other assets						
		13,408	448	13,856	D	Other financial asset
Investments securities	64,736	△12,072	△1,028	51,635	E	Equity accounted investments
Long-term prepaid expenses	640	△640				

Long-term loans receivable	87	△87				
Deferred income taxes	274	3,066	△1,684	1,657	F	Deferred taxes
Other	1,455	△607		847		Other long- term assets
Total fixed assets	142,317	3,066	△2,263	143,120		Total long-term assets
Total assets	241,670	-	△584	241,085		Total assets

Presentation under the Japanese GAAP		JGAAP	Reclassification	Difference in recognition and measurement	IFRS	Note	Presentation under IFRS
Liabilities							Liabilities
Current liabilities							Short-term liabilities
	Accounts payable-trade	11,937	9,008	△166	20,779		Trade and other payables
	Accrued payments	6,483	△6,483				
	Accrued expenses	1,942	△1,942				
	Advances received	2,141			2,141		Payment received on accounts
	Short-term bank loans	90	15,000	1,748	16,838	B, G	Bonds and borrowings
	Current portion of bonds	15,000	△15,000				
	Accrued consumption taxes	140	△140				
	Lease obligations	443	234		677		Other short-term financial liabilities
	Accrued income taxes	1,017			1,017		Accrued incomes taxes
	Allowance for product warranties	943	193	1,326	2,463	H	Short-term provisions
	Allowance for bonuses	171	△171				
	Other	1,138	△698	120	561		Other short-term liabilities
	Deferred income taxes	6	△6				
	Total current liabilities	41,454	△6	3,030	44,478		Total Short-term debts
Fixed liabilities							Long-term liabilities
	Bonds payable	35,000		△116	34,883	G	Bonds and borrowings
	Liabilities for retirement benefits	379			379		Pension provisions
	Asset retirement obligations	101	24		125		Other long-term provisions
	Lease obligation	3,853	154		4,008		Other long-term finance liabilities

Long-term accounts payable-other	681	△681				
Other	635	502	131	1,268		Other long-term liabilities
Deferred income taxes on land revaluation reserve	1,485	△1,485				
Deferred income taxes	2,577	1,491	△2,198	1,871	F	Deferred income taxes
Total fixed liabilities	44,714	6	△2,183	42,537		Total long term liabilities
Total liabilities	86,169	-	846	87,016		Total liabilities
Net assets						Equity
Capital	51,115			51,115		Subscribed capital
Capital surplus	64,153			64,153		Capital provision
Treasury stock	△3,609			△3,609		Treasury stock
Retained earnings	25,501		8,836	34,337	M	Revenue provisions
Other comprehensive profit	14,163	△14,163				
		14,197	△10,210	3,987	D, F J, K	Other components of equity
Stock acquisition rights	34	△34				
				149,984		Total equity attributable to owners of the parent company
Minority interests	4,142		△57	4,084		Minority interests' share of equity
Total net assets	155,501	-	△1,431	154,069		Total equity
Total liabilities and net assets	241,670	-	△584	241,085		Total liabilities and equity

(2) Reconciliation of equity for the previous fiscal year (ended March 31, 2015)

The group has made necessary adjustments to its consolidated financial statements prepared in accordance with the Japanese GAAP in the course of the preparing its consolidated statements of financial position in accordance with IFRS. (※ AG financial figure is not included)

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences In recognition And measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current Assets						Short-term assets
Cash and deposits	21,427	△18		21,408		Cash and cash equivalent
Notes and accounts Receivable	36,521	2,276	6,150	44,948	A,B	Trade and other receivable
		869		869		Other short-term financial Assets
Goods and products	15,729	38,047	96	53,873	A	Inventories
Work in process	13,381	△13,381				
Raw material and Supplies	24,665	△24,665				
Allowance for doubtful Receivables	△182	182				
Consumption taxes Receivable	937	△937				
Other	5,410	△2,372		3,038		Other short-term assets
Deferred income taxes	3,274	△3,274				
Total current assets	121,165	△3,274	6,247	124,138		Total short-term assets
Fixed assets						Long-term assets
Tangible fixed assets	72,187			72,187		Tangible assets
Intangible fixed assets						
Goodwill	928		235	1,164	C	Goodwill
Other	6,595		44	6,639		Other intangible assets
Investments and other Assets						
		17,154	470	17,624	D	Other long-term financial Assets
Investments and other assets	119,478	△15,970	△4,388	99,118	E	Equity accounted investments
Long-term prepaid expenses	1,142	△1,142				

Long-term loans	39	△39				
Deferred income Taxes	484	3,274	△2,188	1,570	F	Deferred taxes
Other	1,317	△1		1,316		Other long term assets
Total fixed assets	202,173	3,274	△ 5,827	199,620		Total long-term assets
Total assets	323,339	-	419	323,759		Total assets

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Short-term liabilities
Accounts payable-trade	18,490	11,019	△205	29,304		Trade and other payables
Accrued payments	7,651	△7,651				
Accrued expenses	2,459	△2,459				
Advances received	1,657			1,657		Payment received on accounts
Short-term bank loans	48,155		5,958	54,113	B	Bonds and borrowings
Accrued consumption taxes	539	△539				
Lease obligations	339			339		Other short-term financial debts
Accrued incomes taxes	4,452			4,452		Accrued incomes Taxes
Allowance for product warranties	939	19	1,426	2,385	H	Short-term provisions
Other	837	△386	108	558		Other short term liabilities
Deferred income taxes	50	△50				
Total current liabilities	85,573	△50	7,287	92,811		Total short term Liabilities
Fixed liabilities						Long term liabilities
Bonds payable	35,000	20,000	△82	54,917	G	Bonds and borrowings
Long-term bank loans	20,000	△20,000				
Liabilities for retirement benefits	676			676		Pension provision

Asset retirement obligation	49	68		117		Other long-term provisions
Lease obligation	3,951			3,951		Other long term finance liabilities
Long term accounts payable-other	513	△513				
Other	704	445	131	1,280		Other long term liabilities
Deferred income taxes on land revaluation reserve	1,345	△1,345				
Deferred income tax	4,519	1,396	△2,285	3,630	F	Deferred income tax
Total fixed liabilities	66,761	50	△2,236	64,574		Long-term debts
Total liability	152,335	-	5,050	157,386		Total liability
Net assets						Equity
Capital	51,115			51,115		Subscribed capital
Capital surplus	64,153		32	64,185	I	Capital provision
Treasury stock	△6,030			△6,030		Treasury stock
Retained earnings	37,524		10,244	47,769	M	Revenue provision
Other comprehensive profit	19,790	△19,790				
		19,790	△14,837	4,952	D,F J,K	Other components of equity
				161,992		Total equity attributable to owners of the parent company
Minority interests	4,450		△69	4,380		Minority interests' share of equity
Total net assets	171,004	-	△4,631	166,373		Total equity
Total liabilities and net assets	323,339	-	419	323,759		Total liabilities and equity

(3) Reconciliation of profit/loss and comprehensive income for the previous fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

The group has made necessary adjustments to its consolidated financial statements prepared in accordance with the Japanese GAAP in the course of the preparing its consolidated statements of comprehensive income in accordance with IFRS. (※ AG financial figure is not included)

（Yen in Millions）

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Net sales	174,660		△294	174,365	A	Sales revenue
		4,741	23	4,765	I	Other operating revenue
Cost of sales	112,189	△112,189				
Selling, general and administrative expense	48,233	△48,233				
		△4,687	86	△4,600	A	Changes in merchandise, finished goods and work in process
		87,481	△11	87,470	A	Cost of raw materials and consumables
		39,574	36	39,610	H,L	Personnel costs
		7,092	△329	6,793	C	Depreciation
		32,440	△749	31,690	C	Other operating expenses
Operating income	14,236	3,264	695	18,196		Operating income
Non-operating income		491		491		Financial income
Interest income	32	△32				
Dividends	459	△459				
Exchange gain	3,662	△3,662				
Equality in earnings of affiliates	3,503		1,472	4,976	E	Share of profits and losses of at equity-accounted investments
Other income	413	△413				
Non-operating expenses		532	45	578	G	Financial expenses
Interest expense	532	△532				
Fees and Commission	1,302	△1,302				
Other expense	118	△118				
Extraordinary income						
Gain on sales of fixed assets	123	△123				
Gain on sales of investment securities	7	△7				
Gain on sales of shares of subsidiaries and associates	230	△230				
Gain on reversal of subscription rights to	32	△32				

shares						
Gain on change in equality	57	△57				
Gain on sales of other investment	8	△8				
Gain on transfer from business divestitures	162	△162				
Gain on liquidation of subsidiaries and affiliates	43	△43				
Extraordinary loss						
Loss on sales of fixed assets	0	△0				
Loss on disposal of assets	54	△54				
Loss on sales of other investment	1	△1				
Total expense						
Income before income taxes	20,963	-	2,122	23,086		Earnings before taxes
Income tax	4,876	610	270	5,757	F	Income taxes
Income taxes deferred	610	△ 610				
Income before minority interests	15,476	-	1,851	17,328		Net income

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Other comprehensive income						Other comprehensive income
Valuation difference on available-for-sale securities	2,593		16	2,609	D	Changes in the fair value measurement of available-for-sale assets
Remeasurements of defined benefit plans	△238		△215	△454	L	New calculation of benefit-oriented pension plans
Deferred gains or losses on hedges	589			589		Changes in market value of hedging instruments
Revaluation reserve for land	139		△139	-	K	–
Translation adjustment	2,265		△41	2,224	J	Differences from currency translation

Comprehensive income of associates accounted for using equity method	328		△4,702	△4,374	E	Comprehensive income of associates accounted for using equity method
Total other comprehensive income	5,677		△5,083	594		Total other comprehensive income after tax
Comprehensive income	21,154		△3,231	17,922		Comprehensive income
Net income： （Owners of the parent company）	15,476	△260	1,864	17,080		Annual profit attribute to： Owners of the parent company
		260	△12	248		Minority interest
Comprehensive income ： Attributable to owners of the parent company	20,840		△3,218	17,621		Comprehensive income attribute to： Owners of the parent company
Attributable to minority interests	314		△12	301		Minority interest

(4) Notes on reconciliation of equity, profit/loss and reconciliation of comprehensive income

(a) Notes on the reclassification

All deferred tax assets that were classified as current assets under the Japan GAAP are classified as “Deferred tax assets” under long-term assets.

All deferred tax liabilities that were classified as current liabilities under the Japan GAAP are classified as “Deferred tax liabilities” under long-term debts.

A part of the sales promotion expense that were classified as “Selling, general and administrative expenses” under the Japan GAAP is subtracted from sales revenue based on IFRS

While under the Japan GAAP, generated expenses are classified and presented as “Cost of sales, selling, general and administrative expense, non-operating expense” based on function of expense method, we apply nature of expense method under IFRS.

(b) Notes on difference in recognition and measurement

A. Revenue recognition

For sales of some goods, revenue was recognized on the delivery basis. In IFRS the income is recognized at the point when the risk and economic value is transferred.

B. Reversal of cancellation of trade receivable recognition

Some operating receivables which are under the contract for transferring the receivables and transferred to the financial institutions have been not recognized as operating receivables under the Japan GAAP, under IFRS, however, since it does not meet the requirement to cancel the recognition, “Trade and other receivable” and “bonds and borrowings” have increased.

C. Business combination

Goodwill is amortized over a certain period under Japan GAAP. Under IFRS, goodwill is not periodically amortized. The goodwill amortization expenses under Japan GAAP have been reversed. Under Japan GAAP, share acquisition costs associated with business combination are included in purchase cost, under IFRS, on the other hand, those costs are expensed as they occur.

D. Change in fair value of other financial assets

For investment securities without market value, their amounts were recorded based on the moving- average method with cost method under Japan GAAP. Under IFRS the fair value of the securities are assessed, and the differences between the acquisition prices are recognized as other components of equity.

E. Equity accounted investments

Costs for development in the affiliated company accounted for by the equity-method were recognized as expense under Japan GAAP. Under IFRS those costs have been capitalized as intangible assets.

Goodwill in the affiliated company accounted for by the equity-method is amortized over a certain period under Japan GAAP while there is no regular amortization under IFRS.

For the affiliated company accounted for by the equity-method with different closing date, financial statements of the same fiscal year were used under Japan GAAP while financial statements of the same period are used under IFRS.

F. Tax effect accounting

Due to the recognition of revenue, allocation of accrued liability, and other adjustments to IFRS, temporary differences have occurred

For the tax effect accounting with the elimination of unrealized profit and loss, tax effect amount was calculated based on the effective tax rate which will be applied to selling company under Japan GAAP. Under IFRS, on the other hand, the used effective tax rate is based on that will be applied to purchasing company.

G. Bonds and borrowings

Expenses for new issuance of bonds were recognized when it occurred under Japan GAAP. All the financial debt including bond is calculated by the effective interest method and recognized at amortized cost.

H. Provisions

Under Japan GAAP, there are no accounting standards for the recognition of liabilities for unused annual leave; however, these liabilities are accrued as provisions under IFRS.

I. Share acquisition rights

The amount due to reversal of the share acquisition right was recorded as extraordinary profit under Japan GAAP. Under IFRS, it is recorded in the Capital Surplus

J. Cumulative translation differences of foreign operation

Pursuant to the exemptions in IFRS 1 “First-time Adoption of International Financial Reporting Standards”, all accumulated translation differences are transferred to “Retained earnings” at the date of transition to IFRS.

K　Deemed cost

Under the Japanese GAAP, the Company revaluated its land for operational usage in accordance with the laws “Act on Revaluation of Land” (Act No. 34 of March 31, 1998). Under IFRS, however, the company reversed the revaluation by the application of deemed cost.

L　New calculation of benefit-oriented pension plans

Regarding liability for retirement benefits, actuarial differences generated in previous years were depreciated for a certain period under the Japanese GAAP. Under IFRS, however, such actuarial differences are recognized through comprehensive income.

M Revenue provisions

(Yen in Millions)

	Date of transition to IFRS April 1 1,2014	The previous consolidated fiscal year March 31, 2015
Adjustment for operating receivables and inventories（see Note A）	△52	△22
Impact of capitalized development costs of entities accounted for using equity method（see Note E）	195	236
Impact of unification of accounting period of entities accounted for using equity method（see Note E）	305	300
Adjustment for bonds issuance cost (see Note G)	82	317
Adju tment for unused annual leave (see Note H)	△709	△770
Adjustment for depreciation of goodwill (see Note C, E)	-	1,691
Adjustment for differences from currency translation (see Note J)	7,609	7,609
Adjustment by reversal of Land revaluation reserve （see Note K）	1,759	1,898
Adjustment for tax effects on acco nt of elimination of unrealized gains or losses (see Note L)	342	63
Others	△699	△1,080
Total adjustment of retained earnings	8,836	10,244

(7）Significant adjustments to consolidated statements of cash flows for the previous consolidated fiscal year (April 1,2014 through March 31,2015)

There are no significant differences between consolidated statements of cash flows disclosed under IFRS and those disclosed under the Japanese GAAP.

5. Other

There is no applicable matters.