Date: May 10, 2016

Summary of Consolidated Financial Statements for the first quarter of Fiscal Year 2016 ended March 31, 2016 (IFRS basis)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the first quarter announced on May 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	Hirotake Kobayashi, Senior Managing Director, Accounting / Finance HQ, Executive Officer		
Phone:	+81-52-587-1811		

Filing date of quarterly financial statements: May 12, 2016

Estimated starting date of dividend paying: -

Preparation of supplementary explanatory materials: Yes

Holding of quarterly earnigs release conference: Yes (for investment analysts and institional investors)

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

1. Consolidated business results of the first quarter ended March 31, 2016 (January 1, 2016 to March 31, 2016)

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

	Sales revenues		Operating result		Earnings before Taxes		Quarterly profit		Income attributable to owners of the parent company		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
First quarter ended March 31, 2016	95,407	-	2,258	-	1,648	-	1,593	-	812	-	△7,703	-
First quarter ended March 31, 2015	55,840	-	8,827	-	9,338	-	6,171	-	6,085	-	252	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended March 31, 2016	6.77	6.77
First quarter ended March 31, 2015	47.06	47.06

(Note) The company changed the fiscal year-end from March 31 to December 31. Following this change, the comparable period of the first quarter ended March 31, 2016 is the first quarter ended March 31, 2015. The Company consolidated DMG MORI AKTIENGESELLSCHAFT (hereinafter “AG”) from April, 2015, consolidated business results of the first quarter ended March 31, 2015 does not include business results of AG. Thus, there is no “% of change from same period in the previous year” written in this report. Consolidated business results including 100% of financial results of AG are as follows; sales revenues: 110,000 million yen, operating result: 10,000 million yen, income attributable to owners of the parent company: 5,500 million yen. For the calculation of income attributable to owners of the parent company, used shareholding ratio to AG is 52.54%, the ratio at the time of consolidation. Total comprehensive income of the first quarter ended March 31, 2016 is mainly caused by the differences from currency translation with the strong yen.

(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 attributable to owners of the parent company per share
	million yen	million yen	million yen	%	yen
March 31, 2016	565,262	222,815	147,441	26.1	1,228.49
December 31, 2015	598,034	232,107	155,270	26.0	1,293.72

2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
December 31, 2015	13.00	-	-	13.00	26.00
December 31, 2016	-				
December 31, 2016 (Forecast)		13.00	-	13.00	26.00

(Note) Revision of dividend forecast in the current quarter: No

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 revenues		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	-	14,500	-	120.81

(Note)

Revision of consolidated earnings forecast in the current quarter: Yes

Since the fiscal year ending December 31, 2015 was comprised of 9 months, from April 1, 2015 to December 31, 2015, there is no “% of change from same period in the previous year” written in this report.

Exchange rate used for consolidated earnings forecast for fiscal year 2016: JPY 111.4/USD, JPY 125.6/EUR (Assumed exchange rate from April 1, 2016 to December 31, 2016: JPY 110.0/USD, JPY 125.0/EUR)

Forecast of income attributable to owners of the parent company was revised from 13,000 million yen (disclosed on February 10, 2016) to 14,500 million yen, considering the effect of additional acquisition of shares of AG (from 60.67% to 76.03%).

4. Others

(1) Changes in significant subsidiaries during the first quarter ended January 31, 2016: No

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

1. Changes in accounting policies required by IFRS: Yes
2. Changes in accounting policies other than the above: No
3. Changes in accounting estimates: No

(Note) For detail, please refer to the “2. Other information” on page 4

(3) Number of shares outstanding (Common stock)

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

March 31, 2016: 132,943,683 December 31, 2015: 132,943,683

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

March 31, 2016: 12,924,543 December 31, 2015: 12,924,543

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

January - March 2016: 120,019,140 January - March 2015: 129,301,079

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Thus, at the time of disclosure of these financial results, the quarterly 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 first quarter of the fiscal year 2015 ending December 31, 2015, the company introduced the International Financial Reporting Standards (IFRS) to prepare its consolidated financial statements accordingly.

- 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. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections".

We will upload additional explanation on May 10, 2016.

(Attached Documents)　Index

1. Quantitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

During the first quarter of the fiscal year 2016 (from January 1 to March 31, 2016), the sales revenues were 95,407 million yen, and the operating result was 2,258 million yen, and earnings before taxes were 1,648 million yen. The income attributable to owners of the parent company was 812 million yen. Quarterly comprehensive income was minus of 7,703 million yen. This is mainly due to exchange rate difference in the tendency to strong yen that affect business results of overseas subsidiaries (Change in exchange rate used for the financial statements in foreign currency of overseas subsidiaries and decrease in exchanged amount due to an appreciation of the yen. Exchange rate at previous quarter end: 120.5 yen/USD, 131.7 yen/EUR, Exchange rate at this quarter end: 112.6 yen/USD, 127.5 yen/EUR).

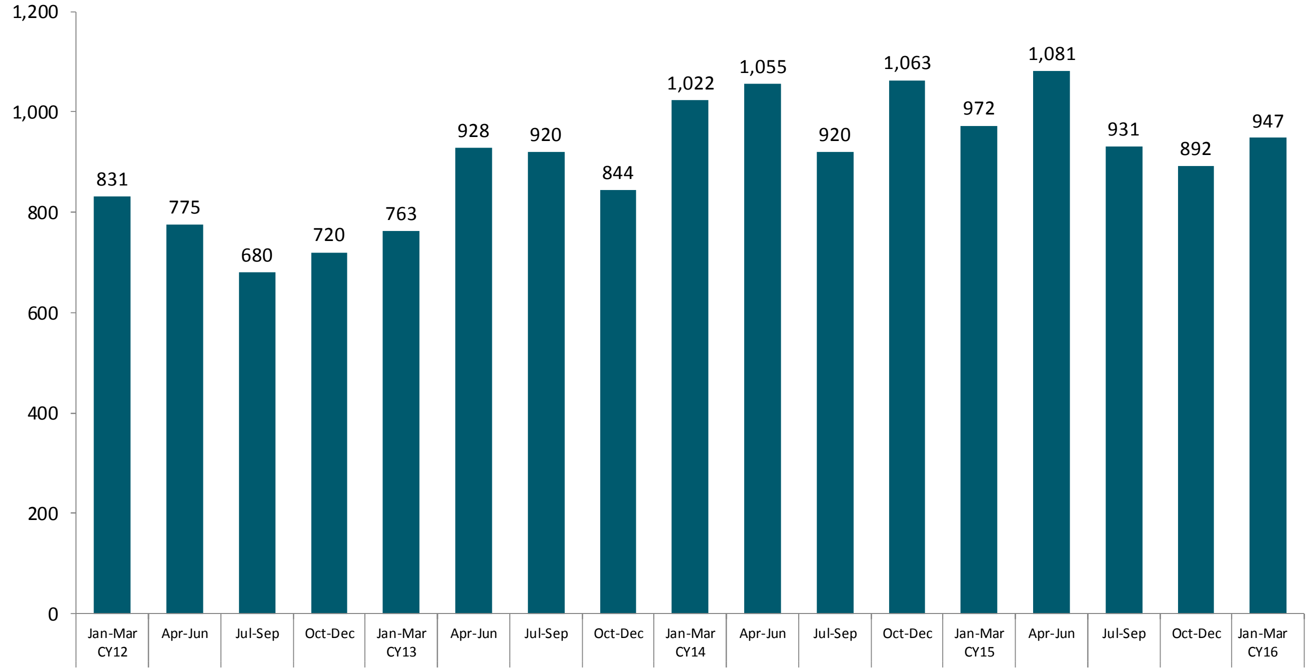
The Company has acquired further 12,108,437 shares (15.36%) in DMG MORI AKTIENGESELLSCHAFT (hereafter AG) and reached a total shareholding of 76.03% of shares in AG, including the shares held by our consolidated company, DMG MORI GmbH. As of the end of April 2016, market capitalization of AG amounted to approximately 400 billion yen. Therefore, total market value of AG which the Company holds was approximately 300 billion yen (shareholding ratio: 76.03%). Under the current accounting standards, gain on revaluation on subsidiary's stock listed in stock market is not allowed to record in the financial statement of the Group, but current total market value of AG which the Company holds considerably exceeds our investment amount (approximately 200 billion yen). In addition, the Company has made a resolution on April 6, 2016 to start preparations for entering into a Domination and Profit and Loss Transfer Agreement based on the laws and regulation of Germany between DMG MORI GmbH and AG in order to further strengthen the ties within the DMG MORI group and to utilize management resources more efficiently. The effectiveness of the Domination Agreement will allow further alignment of measures and policies taken by the Company and AG. Through enhancing the integration with AG and optimizing the group-wide resources by such measures and policies, the Company intends to further develop its machine tool business and maximize its corporate value.

As for the business activities, while demands for automation, systematization and full-turnkey from customer rise, we established a new concept, "Technology Cycle". The concept is the system in which we optimize our highly developed 5-axis machine, mill-turn machine, laser ultrasonic machine and 3D additive manufacturing machine with peripheral equipment as open innovation collaborating with leading-edge makers of tooling, scale, robot, censor, coolant and etc. and structure best solution to customers. These usability significantly improve because of in-house developed hardware such as ERGOline®, SLIMline® and COMPACTline and MAPPS locating CELOS as high-ranked software and other various incorporated software. In particular, ELGOline Touch as Human Machine Interface hardware and CELOS as software we have been developing become possible to connect with information such as ERP and improve their usability. As a result, they have a favorable reception especially among young generation operators.

As to the demand for machine tools, order intake of DMG MORI group during the first quarter was 97.4 billion yen and it has been steadily increasing overall. Compared to decline rate of JMTBA average, the order intake of our group remained on the same level compared to the same period in the previous year (△2.6%), and firm market of Americas and Europe is leading the entire group. Trends by region are as follows:

In spite of tendency to strong yen and restrained purchases prior to the Monozukuri subsidy expected to be adopted in June, inquiries from the automotive and machinery industries are steadily increasing in Japan. In North America, orders mainly from the automotive, aircraft and medical industries remain robust, and the order volume exceeded the last year's total for the same period because our transition to direct sales and service has been well in progress, and the new business model began to effectively function. In Europe, orders are steadily increasing thanks to satisfactory results at the exhibitions. In China, its capital investment intention remains strong due to the demand for high value-added and high-function equipment to achieve precision machining, and automation equipment to improve productivity. At the Shanghai exhibition in April drew more than 6,000 visitors, and we received a great number of orders that exceeded the number of the previous year. In Asian, orders of South Korea and Taiwan continue to recover.

<Reference> Quarterly consolidated order intake (Yen in 100 Millions)



<Consolidated results>

Since the Company consolidated AG and changed the fiscal year-end from March 31 to December 31 from last fiscal year, the sales revenues of Japan, U.S.A. and Europe tend to increase in later of second half. Therefore, the company assume the Company is going to accomplish the disclosed financial forecast.

		<Forecast>	<Reference> (*)	
	January through March, 2016	January through December, 2016	January through March, 2015	January through December, 2015
Sales revenues	95,407 million yen	410,000 million yen	110,000 million yen	428,449 million yen
Operating result	2,258 million yen	25,000 million yen	10,000 million yen	41,141 million yen
Income attributable to owners of the parent company	812 million yen	14,500 million yen	5,500 million yen	32,400 million yen
Basic earnings per share	6.77 yen	120.81 yen	42.54 yen	243.71 yen

* For reference, the figures are consolidated business result where 100% of AG's financial result is incorporated.

Please note that income attributable to owners of the parent company is based on shareholding ratio (Jan.-Mar. 2015: 52.54%, Jan.-Mar. 2016: 60.67%, After Apr, 2016: 76.03%)

(2) Explanation of financial position

Total assets at the end of the first quarter of fiscal year 2016 amounted to 565,262 million yen. Total equity is 222,815 million yen and ratio of equity attributable to owners of the parent company is 26.1%.

(3) Explanation of forecasts and other projections

Forecast of income attributable to owners of the parent company was changed to 14,500 million yen from 13,000 million yen which its announcement in “Summary of Consolidated Financial Statements for the Fiscal Year 2015” on February 10, 2016, as a result of considering the effect of additional acquisition of shares of AG (from 60.67% to 76.03%).

This 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.

2. Other information

(1) Change of important accounting policies

The significant accounting policies applied to the quarterly consolidated financial statements are identical to those applied to the consolidated financial statements for the previous fiscal year ended December 31, 2015, except for the accounting standard provided below.

The Group has applied the following standards from the first quarter ended March 31, 2016. The application of these standards had no material effect on the quarterly consolidated financial statements.

IFRS		Summary
IAS 1	Presentation of Financial Statements	Clarification of methods of presentation of financial statements and disclosures
IAS 16	Property, Plant and Equipment	Clarification of acceptable methods of depreciation and amortization
IAS 38	Intangible Assets	Clarification of acceptable methods of depreciation and amortization
IFRS 11	Joint Arrangements	Defines the accounting treatment of acquisition of a joint venture

3. Quarterly Consolidated Financial Statements

（1） Quarterly consolidated statements of financial position

（Yen in Millions）

	December 31, 2015	March 31, 2016
(Assets)		
Short-term assets		
Cash and cash equivalent	83,577	62,963
Trade and other receivable	54,958	50,239
Other financial assets	5,489	7,827
Inventories	129,943	128,933
Other short-term assets	10,592	12,001
Total short-term assets	284,561	261,965
Long-term assets		
Tangible assets	141,919	138,679
Goodwill	68,218	65,906
Other intangible assets	72,834	70,050
Other financial assets	17,560	15,078
Equity accounted investments	2,230	2,272
Deferred taxes	4,047	4,995
Other long-term assets	6,663	6,312
Total long-term assets	313,473	303,296
Total assets	598,034	565,262

(Yen in Millions)

	December 31, 2015	March 31, 2016
(Liabilities)		
Short-term debts		
Trade and other payables	66,648	52,136
Bonds and borrowings	100,692	107,043
Payment received on accounts	18,757	18,125
Other short term financial liabilities	780	2,512
Accrued income taxes	5,733	5,533
Short-term provisions	25,752	23,999
Other short term liabilities	5,385	4,905
Total short-term debts	223,750	214,256
Long-term debts		
Bonds and borrowings	116,210	104,509
Other long-term financial liabilities	4,307	4,170
Pension provisions	6,224	6,002
Other long-term provisions	4,788	4,386
Deferred income taxes	8,664	7,605
Other long-term liabilities	1,980	1,514
Total long-term debts	142,175	128,190
Total liabilities	365,926	342,446
Equity		
Subscribed capital	51,115	51,115
Capital provision	53,057	53,057
Treasury stock	△23,768	△23,768
Revenue provisions	71,466	70,772
Other components of equity	3,399	△3,735
Total equity attributable to owners of the parent company	155,270	147,441
Non-controlling interests' share of equity	76,837	75,373
Total equity	232,107	222,815
Total liabilities and equity	598,034	565,262

（2） Quarterly consolidated statements of income

（Yen in Millions）

	First quarter ended March 31, 2015 (January 1, 2015 through March 31, 2015)	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)
Revenue		
Sales revenues	55,840	95,407
Other operating revenues	694	1,278
Operating performance	56,535	96,685
Cost		
Changes in finished goods and work in progress	2,086	2,506
Cost of raw materials, consumables and goods for resale	23,618	39,644
Personnel costs	10,048	29,078
Depreciation	1,639	4,278
Other operating expenses	10,314	18,920
Total cost	47,708	94,427
Operating result	8,827	2,258
Financial income	27	64
Financial expense	156	638
Share of profits of at equity-accounted investments (△: loss)	640	△35
Earnings before taxes	9,338	1,648
Income taxes	3,166	54
Quarterly profit	6,171	1,593
Quarterly profit attributable to:		
Owners of the parent company	6,085	812
Non-controlling interests	86	781
Quarterly profit	6,171	1,593
Quarterly profit per share		
Basic earnings per share (yen)	47.06	6.77
Diluted earnings per share (yen)	47.06	6.77

(3) Quarterly consolidated statements of comprehensive income

(Yen in Millions)

	First quarter ended March 31, 2015 (January 1, 2015 through March 31, 2015)	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)
Quarterly profit	6,171	1,593
Other comprehensive income		
Items never reclassified to income statement		
New calculation of benefit-oriented pension plans	△443	75
Sum of items never reclassified to income statement	△443	75
Items that will be reclassified to profit or loss		
Differences from currency translation	△533	△7,417
Changes in market value of hedging instruments	519	△199
Change in the fair value measurement of available-for-sale assets	920	△1,703
Share of other comprehensive income of associates accounted for using equity method	△6,381	△52
Sum of items which are reclassified to the income statement	△5,475	△9,372
Total other comprehensive income	△5,919	△9,297
Total comprehensive income	252	△7,703
Total comprehensive income attributable to:		
Owners of the parent company	202	△6,268
Non-controlling interests	49	△1,435
Total	252	△7,703

(4) Quarterly consolidated statements of changes in equity

(Yen in Millions)

	Equity attributable to owner of the parent company						Non-controlling interest share of equity	Total equity
	Subscribed capital	Capital provision	Treasury stock	Revenue provisions	Other components of equity	Total		
As of January 1, 2015	51,115	64,185	△3,610	41,940	10,578	164,210	4,330	168,540
Quarterly profit				6,085		6,085	86	6,171
Other comprehensive income					△5,882	△5,882	△36	△5,919
Comprehensive income				6,085	△5,882	202	49	252
Change of own shares			△0			△0		△0
Change in equity in affiliates accounted for by equity method			△2,419			△2,419		△2,419
Dividend payment						―		―
Transfer other component of capital to retained earnings				△254	254	―		―
Other				△2	2	―	0	0
Total of the contribution by owner and distribution to the owner	―	―	△2,420	△256	256	△2,420	0	△2,419
Purchase of non-controlling interests						―		―
Amount of change of Ownership interest for Subsidiary company	―	―	―	―	―	―	―	―
As of March 31, 2015	51,115	64,185	△6,030	47,769	4,952	161,992	4,380	166,373

(Yen in Millions)

	Equity attributable to owner of the parent company						Non-controlling interest share of equity	Total equity
	Subscribed capital	Capital provision	Treasury stock	Revenue provisions	Other components of equity	Total		
As of January 1, 2016	51,115	53,057	△23,768	71,466	3,399	155,270	76,837	232,107
Quarterly profit				812		812	781	1,593
Other comprehensive income					△7,080	△7,080	△2,216	△9,297
Comprehensive income				812	△7,080	△6,268	△1,435	△7,703
Change of own shares						—		—
Change in equity in affiliates accounted for by equity method						—		—
Dividend payment				△1,560		△1,560	△28	△1,589
Transfer other component of capital to retained earnings				54	△54	—		—
Other						—		—
Total of the contribution by owner Distribution to the owner	—	—	—	△1,506	△54	△1,560	△28	△1,589
Purchase of non-controlling interests		△0				△0	△0	△0
Amount of change of Ownership interest for Subsidiary company	—	△0	—	—	—	△0	△0	△0
As of March 31, 2016	51,115	53,057	△23,768	70,772	△3,735	147,441	75,373	222,815

(5) Quarterly consolidated statements of cash flows

（Yen in Millions）

	First quarter ended March 31, 2015 (January 1, 2015 through March 31, 2015)	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)
Cash flow from operating activities		
Earnings before taxes	9,338	1,648
Depreciation	1,639	4,278
Loss (gain) on sales/disposal of fixed assets (△: gain)	△102	47
Financial results (△: gain)	129	573
Equity in loss (earnings) of equity method (△: gain)	△640	35
Other income and expense not affecting payments (△: gain)	1,012	△3,475
Changes in Inventories (△: increase)	△642	△1,136
Changes in trade and other receivables (△: increase)	△5,320	3,582
Changes in trade and other payables (△: decrease)	4,897	△12,807
Change in provisions (△: decrease)	392	△1,385
Others	2,520	△1,105
Sub total	13,223	△9,743
Interest received	0	62
Dividends received	181	4
Interest paid	△148	△567
Income tax paid	△157	△1,665
Cash flow from operating activities	13,099	△11,909
Cash flow from investment activities		
Amount paid out for investments in tangible assets	△1,575	△2,088
Amount received from the sale of tangible assets	334	78
Amount paid out for investments in intangible assets	△584	△766
Amount paid out for investments in subsidiary stocks	△283	-
Amount paid out for purchase of affiliates stocks	△50,634	-
Amount received from the sale of securities	144	-
Other	318	△110
Cash flow from investment activities	△52,281	△2,886

(Yen in Millions)

	First quarter ended March 31, 2015 (January 1, 2015 through March 31, 2015)	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable (△: decrease)	52,512	6,808
Amount received from long-term loans	-	116
Payments for long-term loans	-	△8,611
Dividends paid	△152	△1,308
Dividends paid for non-controlling shareholders	-	△27
Payments for acquisition of treasury stock	△0	-
Other	△116	△117
Cash flow from financing activities	52,242	△3,139
Differences from currency translation associated with cash and cash equivalents	△215	△2,677
Increase (decrease) in cash and cash equivalents	12,844	△20,613
Opening balance of cash and cash equivalents	8,563	83,577
Cash and cash equivalents at the end of the period	21,408	62,963

(6) Notes on going concern assumption

Not applicable.

(7) Notes on quarterly 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 March 31, 2016 and composed of the Company, its associates and equity interests to related companies (the “Group”). The Group engages in businesses related to providing total solutions utilizing of machine tools (Machining Centers, Turning Centers, Turn-Mill Complete Machining Centers, Universal Milling machines for 5-axis machining) , software (user interface, installation software), measuring devices with service support, application and engineering.

2. Basis of preparations

(1) Accounting standards complied with

These quarterly 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 Quarterly 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).

(2) Basis of Measurement

These quarterly 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

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

(4) Change in fiscal year end

In last fiscal year, the consolidated fiscal year end changed from March 31 to December 31. Please note that the comparable period of current first quarter (from January 1, 2016 to March 31, 2016) is disclosed as from January 1, 2015 to March 31, 2015, based on IAS 34 Interim Financial Reporting.

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 management 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”.

(2) Calculation method of net sales, 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.

First quarter ended March 31, 2015 (January 1, 2015 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 revenues						
Sales revenues with third parties	47,349	8,490	55,840	-	-	55,840
Sales revenues with other segments	26,144	4,974	31,118	-	△31,118	-
Total	73,494	13,465	86,959	-	△31,118	55,840
Segment income	10,155	738	10,894	△1,567	141	9,467
Interest Receivable						27
Interest Payable						△156
Earnings before Taxes						9,338

(Note)

"Adjustment" includes trade elimination of inter-segment trade amounts and net profit of corporate functions.

First quarter ended March 31, 2016 (January 1, 2016 to March 31, 2016)

(Yen in Millions)

	Reporting Segments			Adjustment (Note)		
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	Figures in consolidated statements of income
Sales revenues						
Sales revenues with third parties	67,585	27,814	95,400	6	-	95,407
Sales revenues with other segments	32,018	6,047	38,066	698	△38,765	-
Total	99,604	33,862	133,467	705	△38,765	95,407
Segment income	3,659	1,433	5,092	△2,837	△33	2,222
Interest Receivable						64
Interest Payable						△638
Earnings before Tax						1,648

(Note)

"Adjustment" includes trade elimination of inter-segment trade amounts and net profit of corporate functions.

4. Significant subsequent event

(1) Summary of transaction

The Company has acquired further 12,108,437 shares (15.36%) in AG on April 6, 2016 and reached a total shareholding of 76.03% of shares in AG, including the shares held by our consolidated company, DMG MORI GmbH. The Company raised the necessary funds from bank borrowing.

In addition, the Company has made a resolution on April 6, 2016 to start preparations for entering into a Domination and Profit and Loss Transfer Agreement (hereinafter “the Domination Agreement”) based on the laws and regulation of Germany between DMG MORI GmbH and AG in order to further strengthen the ties within the DMG MORI group and to utilize management resources more efficiently.

The effectiveness of the Domination Agreement will allow further alignment of measures and policies taken by the Company and AG. Through enhancing the integration with AG and optimizing the group-wide resources by such measures and policies, the Company intends to further develop its machine tool business and maximize its corporate value.

Since the Domination Agreement requires the majority approval of more than 75% of the share capital represented at the general meeting of AG, it is expected that it will come in effect in the latter half of this year.

(2) Impact to its Future Results of Operations

The cash compensation and the fixed recurring compensation which will be paid to the outside shareholders under the Domination Agreement are expected to have an impact to the Company’s future results of operations. Therefore, the Company will consider such impact after signing the Domination Agreement and make a disclosure if necessary.

(Reference) General Explanation about the Domination Agreement

A domination agreement is an agreement based on the laws of Germany that allows the controlling company to issue direct instructions to the decision-making body of the controlled company, i.e. the executive board. The Domination Agreement needs to be approved by the general shareholders’ meeting of the company to be controlled (in this case, AG). Under the Domination Agreement, the controlling company (in this case, DMG MORI GmbH) is required to annually pay a certain fixed recurring compensation, based on the theoretical dividend per share in the future, to the outside shareholders of AG. The outside shareholders are entitled to either request the controlling company to purchase their shares in exchange for a cash compensation or receive the recurring compensation. The purchase of the shares and the payment of the fixed recurring compensation will be made at fair and adequate amounts which will be approved by a court-appointed auditing firm.