

Summary of Consolidated Financial Statements for the first quarter of Fiscal Year 2017 ended March 31, 2017 (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, 2017)

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, Vice President, Accounting / Finance HQ, Executive Officer
 Phone: +81-52-587-1811

Filing date of quarterly financial statements: May 12, 2017

Estimated starting date of dividend paying: -

Preparation of supplementary explanatory materials: Yes

Holding of quarterly earnings release conference: Yes (for investment analysts and institutional investors)

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

1. Consolidated business results of the first quarter ended March 31, 2017 (January 1, 2017 to March 31, 2017)

(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, 2017	97,207	1.9	4,009	77.6	2,948	78.9	1,599	0.3	1,602	97.2	2,788	-
First quarter ended March 31, 2016	95,407	-	2,258	-	1,648	-	1,593	-	812	-	Δ7,703	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended March 31, 2017	11.07	11.02
First quarter ended March 31, 2016	6.77	6.77

(Note)

- Total comprehensive income of the first quarter ended March 31, 2016 is mainly caused by the differences from currency translation with the strong yen.
- Basic earnings per share of the first quarter ended March 31, 2017 is based on the earning amount which excludes earnings attributed to owners of hybrid capital.

(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	%	yen
March 31, 2017	551,407	103,222	101,246	18.4	818.35
December 31, 2016	558,222	102,482	100,449	18.0	836.25

(Note) Ratio of equity attributable to owners of the parent company and equity per share attributable to owners of the parent company are based on the equity amount which includes amounts of hybrid capital.

2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
December 31, 2016	-	13.00	-	13.00	26.00
December 31, 2017	-				
December 31, 2017 (Forecast)		15.00	-	15.00	30.00

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

3. Consolidated earnings forecast for Fiscal Year 2017 (January 1, 2017 to December 31, 2017)

(% 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 2017	380,000	0.9	22,000	-	11,000	-	82.67

(Note)

- Revision of consolidated earnings forecast in the current quarter: No
- Exchange rate used for consolidated earnings forecast for fiscal year 2017: JPY 110.0 /USD, JPY 120.0 /EUR

4. Others

(1) Changes in significant subsidiaries during the first quarter ended March 31, 2017: No

(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)

March 31, 2017: 129,443,683

December 31, 2016: 132,943,683

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

March 31, 2017: 5,924,940

December 31, 2016: 12,924,920

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

January - March 2017: 120,893,748

January - March 2016: 120,019,140

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures.

- 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 2017(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, 2017.

1. Qualitative Information Regarding Quarterly Settlement of Accounts	
(1) Explanation of operating results	2
(2) Explanation of financial position	3
(3) Explanation of forecasts and other projections	3
2. Quarterly Consolidated Financial Statements	
(1) Quarterly consolidated statements of financial position	4
(2) Quarterly consolidated statements of income	6
(3) Quarterly consolidated statements of comprehensive income	7
(4) Quarterly consolidated statements of changes in equity	8
(5) Quarterly consolidated statements of cash flows	10
(6) Notes on going concern assumption	12
(7) Notes on quarterly consolidated financial statements	12

1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

During the first quarter of the fiscal year 2017 (from January 1 to March 31), the sales revenues were 97,207 million yen (802,701 thousand EUR), the operating result was 4,009 million yen (33,107 thousand EUR), and earnings before taxes were 2,948 million yen (24,350 thousand EUR). The income attributable to owners of the parent company was 1,602 million yen (13,233 thousand EUR). (Euro amount is converted from yen at 121.1 yen/EUR, the average exchange rate of January through March, 2017.)

The Company made a full review of its business and assets in the course of the complete management integration with DMG MORI AKTIENGESELLSCHAFT (hereinafter called AG), and reported the temporary expenses for liquidating the overlapping assets and withdrawing from the non-core business in the fiscal year of 2016. As the special accounting processes relating to the total integration was all completed by the end of 2016, we will embody the effects of the profit improvement in our U.S. subsidiary and the liquidation of the overlapping assets, and make 2017 “a year to accomplish the numerical targets.”

As for the business strategies, we offer a wide array of IoT and Industry 4.0 solutions to answer to various customer demand through our innovative products and services as a total solution provider. We made a speedy approach towards Industry 4.0. Network connections and use of software and sensors enable remote maintenance, operation status management and accurate failure prediction of machine tools at shop floor across the world, contributing to higher operation rates.

We also work on enhancement of Technology Cycles which enable customers to achieve complex machining easily in a short time. Technology Cycles are DMG MORI's new and total solutions for customers that combine four elements: machine bodies, open innovation products including cutting tools and peripheral equipment, embedded software, and human machine interfaces such as CELOS. Machining, setups and measurements that require specialized machines, programs and tools in the conventional way can be easily done by any operators with general-purpose machines and standard tools. Technology Cycles ensure quick startup of machine operations and high-quality machining at shop floor. We continue to provide customers with a broad range of total solutions using peripheral equipment and software as well as machine tools.

As for the technological aspect, we made REALIZER GmbH with high technical strength in Selective Laser Melting (SLM) a subsidiary and added the LASERTEC 3D SLM as a new product lineup to further go ahead with our technological innovations in the additive manufacturing field. As we already have the LASERTEC 65 3D and the LASERTEC 4300 3D that employ Direct Energy Deposition, a technique that irradiates metal powder and laser beam at the same time to melt and deposit a material, the acquisition of the SLM technology makes it possible for us to combine the powder bed method and the powder nozzle method technologies and to provide customers with completely new applications. DMG MORI will continue to provide products that are reliable, highly functional and worthy of investment to meet each and every customer needs.

As for the sales, we held “Open House, Pfronten 2017” under the theme of DMG MORI Smart Factory at the Pfronten Plant in February. We displayed over 80 cutting-edge models including the Europe Premiere model DMU 50 3rd Generation and the LASERTEC 75 Shape. We also showcased our revolutionary technologies and IoT/Industry 4.0 solutions, featuring future-oriented user interface-equipped machines that are connected via the internal network and working with automaton systems to achieve digital manufacturing; a production system solution to support from parts production to a whole process chain; and a total solution to achieve automated production.

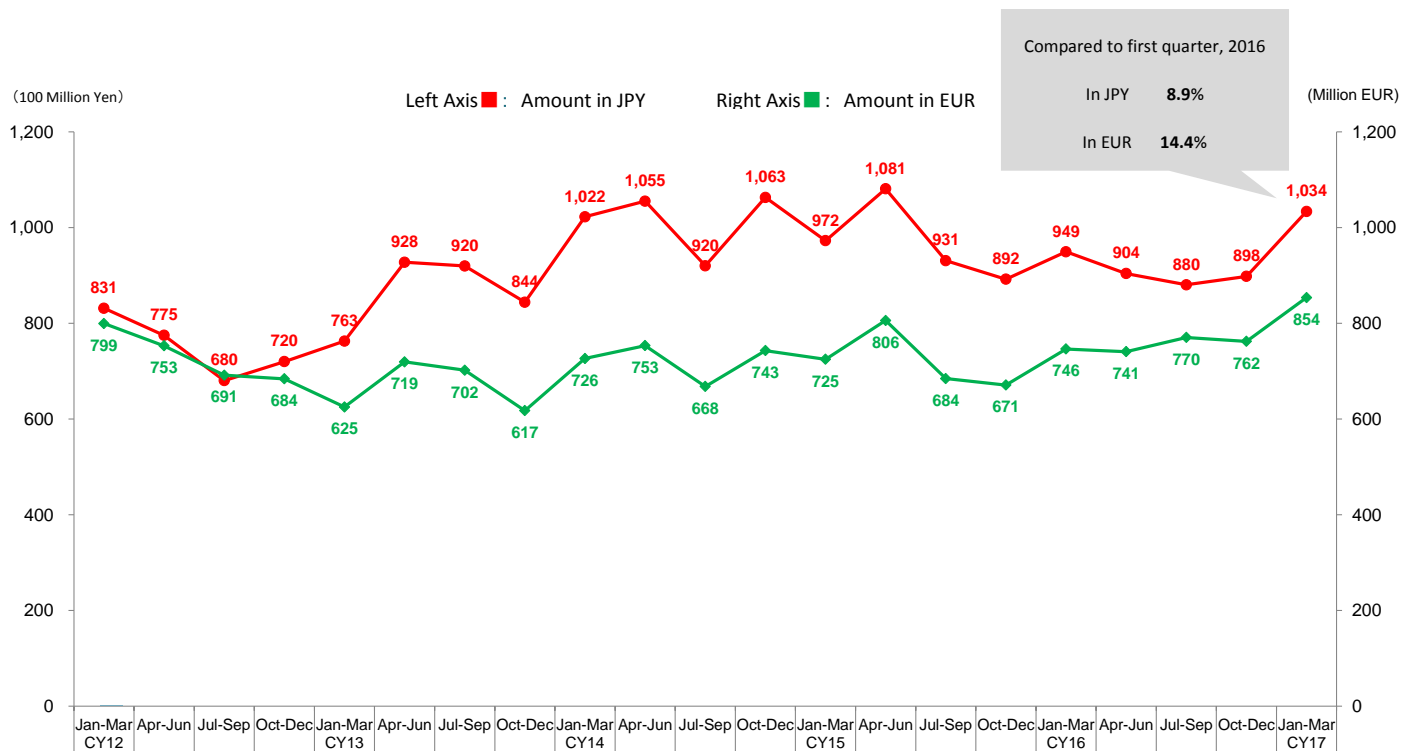
In 2017, we will further strengthen our efforts towards “work style reform.” Under the motto of “Play healthy + active”, “Work together + innovative” and “Study smart + deeper”, we support a well work-life balance between work and private time for employees by promoting work from home, adopting flextime with core hours, and making mindset changing efforts to eliminate overtime work.

The orders for the first quarter remain steady, an 8.9% increase on a yen basis and a 14.4% increase on a euro basis from the same quarter of 2016. In Japan, we are moving out of a correction phase of the previous year, but it takes a little more time to make a full recovery considering current unstable exchange rates.

In North America, orders from the aircraft, semiconductor device-related industries and SMEs (Small and Medium Enterprises) are robust, and inquiries from the energy-related industries are also on the increase. In Europe, we see a gradual recovery in the German market that experienced a slight stagnation last year. In the EMEA region, where we have overwhelming sales advantages, orders are up by over 30% on a yen basis.

In China and Asian countries/regions, demand for sophisticated production equipment and automated systems are growing, and the market trend is moving into an upward phase. At “Open House Pfronten 2017” held in Pfronten, Germany in February and “CIMT 2017” in Beijing, China in April, we featured “smart factory” that puts together our cutting-edge solutions, and it brought satisfactory order results at both events.

<Reference> Quarterly consolidated order intake (Yen in 100 millions and EUR in millions)



<Consolidated results>

Consolidated results of the first quarter ended March 31, 2017 is as follows:

Unit : 100 Million yen
(Million EUR)

	<Reference>			<Forecast>
	January through March, 2016	January through March, 2017	Difference	January through December, 2017
Sales revenues	954 (750)	972 (802)	18 (53)	3,800 (3,167)
Operating result	23 (18)	40 (33)	17 (15)	220 (183)
Operating result / Sales revenues	2.4%	4.1%	1.8% pts	5.8%
Income attributable to owners of the parent company	8 (6)	16 (13)	8 (6)	110 (92)

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 127.2 yen/EUR for the figures of January through March, 2016, 121.1 yen/EUR for those of January through March, 2017, and 120.0 yen/EUR for the figures of January to December, 2017.

(2) Explanation of financial position

Total assets at the end of the first quarter of fiscal year 2017 amounted to 551,407 million yen. Total equity is 103,222 million yen and ratio of equity attributable to owners of the parent company is 18.4%.

(3) Explanation of forecasts and other projections

Forecasts of the consolidated results are the same figures as those published in "Summary of Consolidated Financial Statements for the Fiscal Year 2016 ended December 31, 2016", uploaded on February 10, 2017.

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. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	December 31, 2016	March 31, 2017
(Assets)		
Current assets		
Cash and cash equivalents	67,750	63,661
Trade and other receivables	51,008	53,315
Other financial assets	8,228	7,531
Inventories	122,172	120,663
Other current assets	10,823	11,691
Total current assets	259,983	256,862
Non-current assets		
Property, plant and equipment	137,441	134,427
Goodwill	65,641	65,379
Other intangible assets	66,346	64,217
Other financial assets	13,310	13,815
Investments in associates and joint ventures	1,987	1,986
Deferred tax assets	5,809	6,805
Other non-current assets	7,701	7,913
Total non-current assets	298,238	294,544
Total assets	558,222	551,407

December 31, 2016

March 31, 2017

(Liabilities)

Current liabilities

Trade and other payables	55,861	49,013
Interest-bearing bonds and borrowings	45,960	62,397
Advances received	26,683	30,156
Other financial liabilities	14,796	8,282
Accrued income taxes	5,409	4,771
Provisions	26,045	22,603
Other current liabilities	5,505	5,848
Total current liabilities	180,261	183,074

Non-current liabilities

Interest-bearing bonds and borrowings	160,820	150,995
Other financial liabilities	94,824	93,898
Net employee defined benefit liabilities	6,200	5,791
Provisions	4,088	4,768
Deferred tax liabilities	7,309	7,731
Other non-current liabilities	2,234	1,925
Total non-current liabilities	275,477	265,110

Total liabilities

455,739 448,185

Equity

Subscribed capital	51,115	51,115
Capital surplus	-	-
Hybrid capital	49,505	49,505
Treasury shares	Δ23,769	Δ10,876
Retained earnings	34,863	21,535
Other components of equity	Δ11,266	Δ10,033
Equity attributable to owners of the parent	100,449	101,246
Non-controlling interests	2,033	1,975
Total equity	102,482	103,222

Total liabilities and equity

558,222 551,407

(2) Quarterly consolidated statements of income

(Yen in Millions)

	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)	First quarter ended March 31, 2017 (January 1, 2017 through March 31, 2017)
Revenues		
Sales revenues	95,407	97,207
Other operating revenues	1,278	2,252
Total revenue	96,685	99,460
Cost		
Changes in merchandise, finished goods and work in progress for sale	2,506	△4,363
Costs of raw materials, consumables and goods for resale	39,644	48,944
Personnel costs	29,078	28,552
Depreciation and amortization	4,278	4,367
Other operating costs	18,920	17,949
Total costs	94,427	95,450
Operating result	2,258	4,009
Financial income	64	76
Financial costs	638	1,169
Share of profits of associates and joint ventures accounted for using equity method(△: loss)	△35	32
Earnings before income taxes	1,648	2,948
Income taxes	54	1,349
Quarterly profit	1,593	1,599
Quarterly profit attributable to:		
Owners of the parent	812	1,602
Non-controlling interests	781	△3
Quarterly profit	1,593	1,599
Quarterly earnings per share		
Basic (yen)	6.77	11.07
Diluted (yen)	6.77	11.02

(3) Quarterly consolidated statements of comprehensive income

(Yen in Millions)

	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)	First quarter ended March 31, 2017 (January 1, 2016 through March 31, 2017)
Quarterly profit	1,593	1,599
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	75	52
Subtotal	75	52
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	△7,417	1,141
Effective portion of changes in fair value of cash flow hedge	△199	207
Change in fair value measurements of available-for-sale financial assets	△1,703	△216
Share of other comprehensive income of associates accounted for using equity method	△52	5
Subtotal	△9,372	1,137
Total other comprehensive income	△9,297	1,189
Comprehensive income	△7,703	2,788
Comprehensive income attributable to:		
Owners of the parent	△6,268	2,806
Non-controlling interests	△1,435	△18
Total	△7,703	2,788

(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 surplus	Hybrid capital	Treasury shares	Retained earnings	Other components of equity	Total		
As of January 1, 2016	51,115	53,057	-	Δ23,768	71,466	3,399	155,270	76,837	232,107
Net income					812		812	781	1,593
Other comprehensive income						Δ7,080	Δ7,080	Δ2,216	Δ9,297
Total comprehensive income	-	-	-	-	812	Δ7,080	Δ6,268	Δ1,435	Δ7,703
Amount paid out to owners of hybrid capital							-		-
Treasury stock cancellation							-		-
Treasury stock disposition							-		-
Cash dividends					Δ1,560		Δ1,560	Δ28	Δ1,589
Transfer from retained earnings to capital surplus							-		-
Share-based payments							-		-
Changes due to business combinations							-		-
Transfer from other components of equity to retained earnings					54	Δ54	-		-
Other							-		-
Total transactions with owners of the parent	-	-	-	-	Δ1,506	Δ54	Δ1,560	Δ28	Δ1,589
Acquisition of non-controlling interests		Δ0					Δ0	Δ0	Δ0
Changes in ownership interests in subsidiaries and others	-	Δ0	-	-	-	-	Δ0	Δ0	Δ0
As of March 31, 2016	51,115	53,057	-	Δ23,768	70,772	Δ3,735	147,441	75,373	222,815

(Yen in Millions)

	Equity attributable to owner of the parent company							Non-controlling interest share of equity	Total equity
	Subscribed capital	Capital surplus	Hybrid capital	Treasury shares	Retained earnings	Other components of equity	Total		
As of January 1, 2017	51,115	-	49,505	△23,769	34,863	△11,266	100,449	2,033	102,482
Net income					1,602		1,602	△3	1,599
Other comprehensive income						1,204	1,204	△14	1,189
Total comprehensive income	-	-	-	-	1,602	1,204	2,806	△18	2,788
Amount paid out to owners of hybrid capital					△533		△533		△533
Treasury stock cancellation		△6,446		6,446			-		-
Treasury stock disposition		△6,442		6,446			3		3
Cash dividends					△1,560		△1,560	△57	△1,618
Transfer from retained earnings to capital surplus		12,889			△12,889		-		-
Share-based payments						81	81		81
Changes due to business combinations							-	18	18
Transfer from other components of equity to retained earnings					52	△52	-		-
Other				△0			△0		△0
Total transaction with owners of the parent	-	-	-	12,892	△14,930	28	△2,009	△39	△2,049
Acquisition of non-controlling interests							-		-
Changes in ownership interests in subsidiaries and others	-	-	-	-	-	-	-	-	-
As of March 31, 2017	51,115	-	49,505	△10,876	21,535	△10,033	101,246	1,975	103,222

(5) Quarterly consolidated statements of cash flows

(Yen in Millions)

	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)	First quarter ended March 31, 2017 (January 1, 2017 through March 31, 2017)
Cash flows from operating activities		
Earnings before income taxes	1,648	2,948
Depreciation and amortization	4,278	4,367
Loss (gain) on sales/disposal of property, plant and equipment (△: gain)	47	△129
Financial income and costs(△: gain)	573	1,093
Share of profits of associates and joint ventures accounted for using equity method (△: gain)	35	△32
Other non-cash transactions (△: gain)	△3,475	449
Changes in asset and liability items:		
Inventories (△: increase)	△1,136	△755
Trade and other receivables (△: increase)	3,582	△2,928
Trade and other payables (△: decrease)	△12,807	△6,521
Provisions (△: decrease)	△1,385	△2,735
Others	△1,105	△1,676
Subtotal	△9,743	△5,921
Interest received	62	78
Dividends received	4	1
Interest paid	△567	△608
Income tax paid	△1,665	△1,377
Net cash flows from operating activities	△11,909	△7,826
Cash flows from investment activities		
Purchase of property, plant and equipment	△2,088	△918
Proceeds from sales of property, plant and equipment	78	414
Purchase of intangible assets	△766	△715
Acquisition of subsidiaries, net of cash acquired	-	△539
Acquisition of financial instruments	△100	△997
Proceeds from sales of financial instruments	-	521
Other	△10	136
Net cash flows from investing activities	△2,886	△2,098

(Yen in Millions)

	First quarter ended March 31, 2016 (January 1, 2016 through March 31, 2016)	First quarter ended March 31, 2017 (January 1, 2017 through March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	6,808	17,793
Proceeds from non-current borrowings	116	-
Payments for non-current borrowings	Δ8,611	Δ8,670
Dividends paid	Δ1,308	Δ1,361
Dividends paid to non-controlling interests	Δ27	Δ53
Payment for obligations for non-controlling interests	-	Δ4
Amount paid out to owners of hybrid capital	-	Δ533
Other	Δ117	Δ123
Net cash flows from financing activities	Δ3,139	7,046
Effect of exchange rate changes on cash and cash equivalents	Δ2,677	Δ1,211
Increase (decrease) in cash and cash equivalents	Δ20,613	Δ4,089
Cash and cash equivalents at the beginning of period	83,577	67,750
Cash and cash equivalents at the end of period	62,963	63,661

(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, 2017 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, technology cycles and embedded 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 of important accounting policy

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, 2016.

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, 2016 (January 1, 2016 through 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	Δ38,765	-
Total	99,604	33,862	133,467	705	Δ38,765	95,407
Segment income	3,659	1,433	5,092	Δ2,837	Δ33	2,222
Interest Receivable						64
Interest Payable						Δ638
Earnings before Taxes						1,648

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

First quarter ended March 31, 2017 (January 1, 2017 to March 31, 2017)

						(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	70,897	26,304	97,202	5	-	97,207
Sales revenues with other segments	29,193	5,094	34,287	501	Δ34,789	-
Total	100,091	31,398	131,489	506	Δ34,789	97,207
Segment income	5,005	2,296	7,301	Δ2,971	Δ288	4,041
Interest Receivable						76
Interest Payable						Δ1,169
Earnings before Tax						2,948

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

4. Significant subsequent event

Cancellation of treasury stock

At the meeting of the Board of Directors on May 10, 2017, a resolution was adopted that the Company will cancel its treasury stock, pursuant to Article 178 of the Companies Act.

(1) Reason for cancelling treasury stock

To relieve concerns regarding dilution of share value due to disposition of treasury stock in the future.

(2) Details of cancellation

- ①Type of shares to be cancelled Common stock of the Company
- ②Number of shares to be cancelled 3,490,000 (2.70% of the total treasury stock before cancellation)
- ③Scheduled date of cancellation June 30, 2017

For more information, please refer to "Notice Concerning Cancellation of Treasury Stock", disclosed on May 10, 2017.