Date: November 7, 2017

Summary of Consolidated Financial Statements for the third quarter of Fiscal Year 2017 ended September 30, 2017 (IFRS basis)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the third quarter announced on November 7, 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: November 10, 2017

Estimated starting date of dividend paying: -

Preparation of supplementary explanatory materials: Yes

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

1. Consolidated business results of the third quarter ended September 30, 2017 (January 1, 2017 to September 30, 2017)

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

(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		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter ended September 30, 2017	303,254	13.3	14,883	473.3	11,700	-	7,119	-	6,848	-	9,817	-
Third quarter ended September 30, 2016	267,768	-	2,595	-	786	-	90	-	△1,879	-	△28,386	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended September 30, 2017	49.56	49.26
Third quarter ended September 30, 2016	△16.01	△16.01

(Note)

・Total comprehensive income of the third quarter ended September 30, 2016 is mainly caused by the differences from currency translation with the strong yen.

・Basic earnings per share 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	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	million yen	million yen	million yen	%	yen
September 30,2017	562,510	105,279	103,030	18.3	842.09
December 31, 2016	558,222	102,482	100,449	18.0	836.25

(Note) Ratio of equity attributable to owners of the parent and equity per share attributable to owners of the parent 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	-	15.00	-		
December 31, 2017 (Forecast)				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		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full Year 2017	415,000	10.2	28,000	-	15,000	-	114.15

(Note)

・Revision of consolidated earnings forecast in the current quarter: Yes

・Supported by the strong demand in market and the impact of strong euro against yen, we made an upward revision of the consolidated earnings forecast for fiscal year 2017 released on August 8, 2017 for the sales revenues, the operating result, and the income attributable to owners of the parent. For details, please refer to the “1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections” on page 4.

・Exchange rate used for consolidated earnings forecast for fiscal year 2017: JPY 110.0/USD for the fourth quarter, 111.4 /USD for the full year

JPY 130.0/EUR for the fourth quarter, 125.9 /EUR for the full year

4. Others

(1) Changes in significant subsidiaries during the third quarter ended September 30, 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)

September 30, 2017: 125,953,683 December 31, 2016: 132,943,683

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

September 30, 2017: 3,993,617 December 31, 2016: 12,924,920

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

January - September 2017: 122,063,013 January - September 2016: 120,019,128

- 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" on page 4.

We will upload additional explanation on November 7, 2017.

(Attached Documents)　Index

1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

For the first three quarters of the fiscal year 2017 (from January 1 to September 30), the sales revenues were 303,254 million yen (2,433,823 thousand EUR), the operating income was 14,883 million yen (119,451 thousand EUR), and earnings before taxes were 11,700 million yen (93,906 thousand EUR). The income attributable to owners of the parent company was 6,848 million yen (54,963 thousand EUR). (Euro amount is converted from yen at 124.6 yen/EUR, the average exchange rate between January 2017 and September 2017.)

As for the business strategy, we promote the IoT and Connected Industries/Industry 4.0 innovations and facilitate system automation for customers. In Germany, we co-founded a joint venture ADAMOS (ADAptive Manufacturing Open Solutions) with leading-edge companies including ZEISS and Dürr. As a company that provides the open Industrial IoT platform service, ADAMOS pushes forward with the integration of the latest IT technologies and industrial knowledge, taking a neutral stand between vendors. Automation systems that transfer workpieces and pallets help stabilize quality, save manpower and improve working environments as well as improving productivity for customers. In our effort to deliver high-quality systems in a short delivery time, we offer “DMG MORI One Stop Service” that provides a comprehensive support for customers. We take care of all the troublesome processes for them and provide a total solution necessary for production activities.

As the technological aspect, we released a vertical machining center the NVX 5000 2nd Generation which boasts the cutting capability twice as powerful as that of the conventional model; and a high-precision 5-axis control machining center the DMU 50 3rd Generation and horizontal machining centers the NHX 5500 2nd Generation and NHX 6300 2nd Generation, all of which are equipped with the in-house developed high-performance spindle. The models not only improved their cutting performance, but also are readily compatible with automation. Those new machines are all equipped with the energy-saving function “GREENmode” that includes monitoring and idle reduction as standard to drastically cut down on the power consumption.

As for the sales, we joined the EMO Hannover 2017 held in Hannover, Germany in September and showcased 75 models including 8 world premieres. More than half the display models were put on show in combination with peripherals as solutions for automation. At the additive manufacturing area, we presented the technologies of the powder bed and powder nozzle methods along with various kinds of workpieces actually machined so that the visitors could touch them and learn about a broad possibility of machining that the DMG MORI machines can offer. In October, we took part in the Mechatronics Technology Japan (MECT) 2017 held in Nagoya to showcase cutting-edge technologies on smart factory, CELOS & sensing and automation, and provided varieties of productivity-boosting solutions and technical know-how with various machining examples and live demos.

In July, we opened the Emerging Technologies Laboratory inside Tokyo Global Headquarters. At the laboratory, the research members acquire knowledge of programming for machine learning, and IoT, network and cloud technologies to be highly skilled professionals who can create new values of the next-generation.

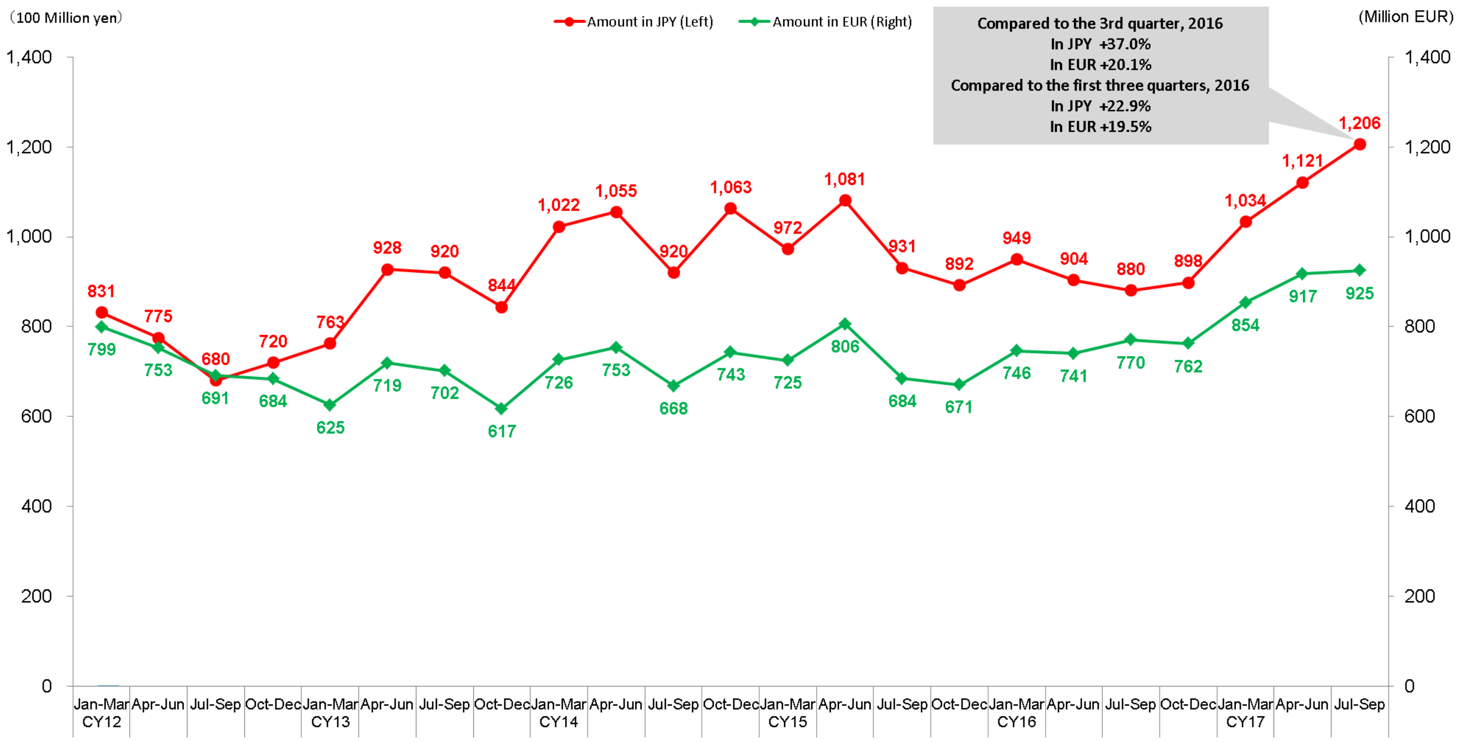
We facilitate “work style reform” through the expansion of teleworking, adoption of flextime with core hours and mindset changing efforts to eliminate overtime work. In addition to those approaches, we will establish new child care centers at all campuses in Japan in April 2018. DMG MORI continues to make an all-out effort to further enhance a life-work balance and increase productivity under the motto of “Play healthy + active,” “Work together + innovative,” and “Study smart + deeper.”

The demand for machine tools remains steady in the global market. The cumulative order volume for the first three quarters (January to September 2017) is up 23% compared to the same period last year. For a year-over-year quarterly comparison, the first quarter (January to March 2017) is up 9% and the second quarter (April to June 2017) is up 24%. The third quarter (July to September 2017) shows a significant increase of 37%, which was supported by favorable reviews for our advanced solutions at the EMO held in September.

By industry, the demand from the semi-conductor device industry shows a steady and high growth, and the demand from a wide range of sectors including the aircraft, medical equipment, automated machinery (robots), general machinery and automotive industries and SMEs (Small and Medium-sized Enterprises) also remains strong. For the construction machinery industry, the demand has been well on the way to recovery since the beginning of the year. On the other hand, the demand from the energy-related industry, where some positive signs were seen, is expected to take time to recover. The regional results for the first three quarters are up 28% in Japan, up 19% in Americas and up 27% in Europe compared to the corresponding period of the previous year. Asian regions and countries including China also show solid increases.

With regard to capital investment, customers in the global market are highly interested in high-functionality machines, automation, process integration and IoT technologies, and the current brisk demand for machine tools is expected to continue for a certain time. Backed by the favorable results up to the third quarter, we will make untiring efforts to exceed our order volume forecast for the fiscal year 2017 of 410 billion yen, and achieve over 430 billion yen which is a 17% increase on a year-over-year basis.

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



(Note) Euro amount is converted from yen at the market exchange rate of each period.

<Consolidated results>

Consolidated results of the third quarter ended September 30, 2017 is as follows: Unit : 100 Million yen (Million EUR)

	January through September, 2016	January through September, 2017	Difference	<Forecast> January through December, 2017
Sales revenues	2,677 (2,209)	3,032 (2,433)	354 (224)	4,150 (3,296)
Operating result	25 (21)	148 (119)	122 (98)	280 (222)
Operating result / Sales revenues	1.0%	4.9%	3.9%pts	6.7%
Income attributable to owners of the parent	△18 (△15)	68 (54)	87 (70)	150 (119)

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 121.2 yen/EUR for the figures of January through September, 2016, 124.6 yen/EUR for those of January through September, 2017, and 125.9 yen/EUR for the figures of January through December, 2017.

(2) Explanation of financial position

Total assets at the end of the third quarter of fiscal year 2017 amounted to 562,510 million yen. Total equity is 105,279 million yen and ratio of equity attributable to owners of the parent is 18.3%.

(3) Explanation of forecasts and other projections

Supported by the strong demand in market and the impact of strong euro against yen, we made an upward revision of the consolidated earnings forecast for fiscal year 2017 released on August 8, 2017. Therefore, the sales revenues, the operating result, and the income attributable to owners of the parent in the forecast for 2017 shown above have been changed accordingly.

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.

Unit : 100 Million yen

(Million EUR)

	Released on August 8 Jan. through Dec., 2017	Released on November 7 Jan. through Dec., 2017	Difference	<Reference> Jan. through Dec., 2016
Sales revenues	4,030 (3,268)	4,150 (3,296)	120 (28)	3,766 (3,131)
Operating result	260 (210)	280 (222)	20 (12)	20 (16)
Operating result / Sales revenues	6.5%	6.7%	0.3% pts	0.5%
Income attributable to owners of the parent	140 (113)	150 (119)	10 (6)	△78 (△65)

(Note)

・Exchange rate used for consolidated earnings forecast for fiscal year 2017: JPY 110.0 /USD for the fourth quarter, 111.4 /USD for the full year
JPY 130.0 /EUR for the fourth quarter, 125.9 /EUR for the full year

・Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal year; 120.3 yen/EUR for the figures of 2016, 123.3 yen/EUR for the figures of 2017 released on August 8, and 125.9 yen/EUR for figures of 2017 released on November 7.

2. Quarterly Consolidated Financial Statements

（1）Quarterly consolidated statements of financial position

（Yen in Millions）

	December 31, 2016	September 30, 2017
(Assets)		
Current assets		
Cash and cash equivalents	67,750	46,832
Trade and other receivables	51,008	58,091
Other financial assets	8,228	7,361
Inventories	122,172	128,443
Other current assets	10,823	15,564
Total current assets	259,983	256,292
Non-current assets		
Property, plant and equipment	137,441	135,477
Goodwill	65,641	72,145
Other intangible assets	66,346	69,082
Other financial assets	13,310	14,419
Investments in associates and joint ventures	1,987	2,188
Deferred tax assets	5,809	7,156
Other non-current assets	7,701	5,748
Total non-current assets	298,238	306,217
Total assets	558,222	562,510

(Yen in Millions)

	December 31, 2016	September 30, 2017
(Liabilities and equity)		
Current liabilities		
Trade and other payables	55,861	54,052
Interest-bearing bonds and borrowings	45,960	44,644
Advances received	26,683	38,201
Other financial liabilities	14,796	17,357
Accrued income taxes	5,409	7,481
Provisions	26,045	27,390
Other current liabilities	5,505	5,164
Total current liabilities	180,261	194,293
Non-current liabilities		
Interest-bearing bonds and borrowings	160,820	139,534
Other financial liabilities	94,824	101,802
Net employee defined benefit liabilities	6,200	6,256
Provisions	4,088	4,880
Deferred tax liabilities	7,309	8,417
Other non-current liabilities	2,234	2,045
Total non-current liabilities	275,477	262,937
Total liabilities	455,739	457,230
Equity		
Subscribed capital	51,115	51,115
Capital surplus	-	-
Hybrid capital	49,505	49,505
Treasury shares	△23,769	△7,225
Retained earnings	34,863	17,919
Other components of equity	△11,266	△8,284
Equity attributable to owners of the parent	100,449	103,030
Non-controlling interests	2,033	2,249
Total equity	102,482	105,279
Total liabilities and equity	558,222	562,510

(2) Quarterly consolidated statements of income

(Yen in Millions)

	Third quarter ended September 30, 2016 (January 1, 2016 through September 30, 2016)	Third quarter ended September 30, 2017 (January 1, 2017 through September 30, 2017)
Revenues		
Sales revenues	267,768	303,254
Other operating revenues	4,361	5,463
Total revenue	272,129	308,718
Cost		
Changes in merchandise, finished goods and work in progress for sale	△4,653	195
Costs of raw materials, consumables and goods for resale	121,104	137,581
Personnel costs	85,897	87,403
Depreciation and amortization	12,356	13,356
Other operating costs	54,828	55,297
Total costs	269,533	293,834
Operating result	2,595	14,883
Financial income	313	383
Financial costs	2,205	3,612
Share of profits of associates and joint ventures accounted for using equity method	83	46
Earnings before income taxes	786	11,700
Income taxes	696	4,580
Quarterly profit	90	7,119
Quarterly profit attributable to:		
Owners of the parent	△1,879	6,848
Non-controlling interests	1,969	271
Quarterly profit	90	7,119
Quarterly earnings per share		
Basic (yen) (△: loss)	△16.01	49.56
Diluted (yen) (△: loss)	△16.01	49.26

(3) Quarterly consolidated statements of comprehensive income

(Yen in Millions)

	Third quarter ended September 30, 2016 (January 1, 2016 through September 30, 2016)	Third quarter ended September 30, 2017 (January 1, 2017 through September 30, 2017)
Quarterly profit	90	7,119
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	△1,030	△22
Subtotal	△1,030	△22
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	△25,657	2,509
Effective portion of changes in fair value of cash flow hedge	△150	△11
Change in fair value measurements of available-for-sale financial assets	△1,424	207
Share of other comprehensive income of associates accounted for using equity method	△214	13
Subtotal	△27,445	2,719
Total other comprehensive income	△28,476	2,697
Comprehensive income	△28,386	9,817
Comprehensive income attributable to:		
Owners of the parent	△22,852	9,562
Non-controlling interests	△5,533	255
Total	△28,386	9,817

(4) Quarterly consolidated statements of changes in equity

（Yen in Millions）

	Equity attributable to owners of the parent							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	-	△23,768	71,466	3,399	155,270	76,837	232,107
Net income					△1,879		△1,879	1,969	90
Other comprehensive income						△20,973	△20,973	△7,503	△28,476
Total comprehensive income	-	-	-	-	△1,879	△20,973	△22,852	△5,533	△28,386
Issue of hybrid capital			50,000				50,000		50,000
Issue cost of hybrid capital			△494				△494		△494
Amount paid out to owners of hybrid capital							-		-
Treasury shares acquisition				△0			△0		△0
Treasury shares cancellation							-		-
Treasury shares disposition		△0		0			0		0
Cash dividends					△3,121		△3,121	△1,402	△4,523
Transfer from retained earnings to capital surplus							-		-
Share-based payments						0	0		0
Changes due to business combinations							-	65	65
Transfer from other components of equity to retained earnings					△745	745	-		-
Total transactions with owners of the parent	-	△0	49,505	△0	△3,866	746	46,385	△1,336	45,048
Acquisition of non-controlling interests		△32,552					△32,552	△28,990	△61,543
Acquisition of non-controlling interests with recourse		△20,505			△25,819		△46,325	△39,116	△85,441
Changes in ownership interests in subsidiaries and others	-	△53,057	-	-	△25,819	-	△78,877	△68,107	△146,984
As of September 30, 2016	51,115	-	49,505	△23,768	39,900	△16,827	99,926	1,859	101,785

(Yen in Millions)

	Equity attributable to owners of the parent							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					6,848		6,848	271	7,119
Other comprehensive income						2,713	2,713	△16	2,697
Total comprehensive income	-	-	-	-	6,848	2,713	9,562	255	9,817
Issue of hybrid capital							-		-
Issue cost of hybrid capital							-		-
Amount paid out to owners of hybrid capital					△1,069		△1,069		△1,069
Treasury shares acquisition				△2,750			△2,750		△2,750
Treasury shares cancellation		△12,847		12,847			-		-
Treasury shares disposition		△6,442		6,446			3		3
Cash dividends					△3,405		△3,405	△57	△3,462
Transfer from retained earnings to capital surplus		19,290			△19,290		-		-
Share-based payments						246	246		246
Changes due to business combinations					△5		△5	18	13
Transfer from other components of equity to retained earnings					△22	22	-		-
Total transactions with owners of the parent	-	0	-	16,543	△23,791	268	△6,980	△39	△7,020
Acquisition of non-controlling interests		△0					△0	△0	△0
Acquisition of non-controlling interests with recourse							-		-
Changes in ownership interests in subsidiaries and others	-	△0	-	-	-	-	△0	△0	△0
As of September 30, 2017	51,115	-	49,505	△7,225	17,919	△8,284	103,030	2,249	105,279

(5) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended September 30, 2016 (January 1, 2016 through September 30, 2016)	Third quarter ended September 30, 2017 (January 1, 2017 through September 30, 2017)
Cash flows from operating activities		
Earnings before income taxes	786	11,700
Depreciation and amortization	12,356	13,356
Loss (gain) on sales/disposal of property, plant and equipment (△: gain)	△35	198
Financial income and costs(△: gain)	1,892	3,229
Share of profits of associates and joint ventures accounted for using equity method (△: gain)	△83	△46
Other non-cash transactions (△: gain)	50	△5,362
Changes in asset and liability items:		
Inventories (△: increase)	△6,596	△1,119
Trade and other receivables (△: increase)	2,918	△4,564
Trade and other payables (△: decrease)	△18,453	△3,388
Provisions (△: decrease)	430	△763
Others	△3,616	3,270
Subtotal	△10,351	16,510
Interest received	121	237
Dividends received	192	145
Interest paid	△1,819	△4,344
Income tax paid	△4,650	△4,955
Net cash flows from operating activities	△16,507	7,594
Cash flows from investment activities		
Purchases of property, plant and equipment	△7,114	△4,011
Proceeds from sales of property, plant and equipment	818	1,741
Purchases of intangible assets	△2,482	△2,362
Acquisition of subsidiaries, net of cash acquired	△1,045	△554
Acquisition of financial instruments	△140	△1,431
Proceeds from sales of financial instruments	500	2,302
Other	△40	335
Net cash flows from investing activities	△9,506	△3,981

(Yen in Millions)

	Third quarter ended September 30, 2016 (January 1, 2016 through September 30, 2016)	Third quarter ended September 30, 2017 (January 1, 2017 through September 30, 2017)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	△57,542	20,368
Proceeds from non-current borrowings	59,870	-
Payments for non-current borrowings	△16,607	△20,488
Amount received from issue of bonds	29,872	-
Payments for bond redemption	△15,000	△20,000
Dividends paid	△2,946	△3,247
Dividends paid to non-controlling interests	△1,402	△57
Acquisition of non-controlling interests	△61,422	△0
Payments for obligations for non-controlling interests	-	△9
Amount received from issue of hybrid capital	49,505	-
Payments to owners of hybrid capital	-	△1,069
Acquisition of treasury shares	△0	△2,750
Other	△716	△340
Net cash flows from financing activities	△16,389	△27,594
Effect of exchange rate changes on cash and cash equivalents	△8,390	3,062
Increase (decrease) in cash and cash equivalents	△50,793	△20,918
Cash and cash equivalents at the beginning of period	83,577	67,750
Cash and cash equivalents at the end of period	32,783	46,832

(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 September 30, 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 based on the market prices.

(3) Segment sales and income

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

Third quarter ended September 30, 2016 (January 1, 2016 through September 30, 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	187,535	80,212	267,748	19	-	267,768
Sales revenues with other segments	87,672	18,136	105,808	1,983	△107,792	-
Total	275,207	98,349	373,556	2,003	△107,792	267,768
Segment income	6,551	4,381	10,933	△8,414	160	2,679
Financial income						313
Financial costs						△2,205
Earnings before Taxes						786

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

Third quarter ended September 30, 2017 (January 1, 2017 through September 30, 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	218,000	85,226	303,226	27	-	303,254
Sales revenues with other segments	92,446	15,021	107,468	1,528	△108,996	-
Total	310,447	100,247	410,694	1,556	△108,996	303,254
Segment income	21,111	4,122	25,234	△9,440	△864	14,930
Financial income						383
Financial costs						△3,612
Earnings before Tax						11,700

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