

Summary of Consolidated Financial and Business Results of the Second Quarter

for the Fiscal Year 2013(to September 30, 2013) [Japan GAAP]

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial and Business Results of the Second Quarter announced on October 30, 2013)

October 30, 2013

Company name **DMG Mori Seiki Co., Ltd.**

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

Representative Title President
Name Masahiko Mori

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Expected date of filing the quarterly financial report November 12, 2013

Expected payment date of cash dividends December 2, 2013

Quarterly financial closing supplementary explanatory documents Yes

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

Note: All amounts less than one million are disregarded.

1. Consolidated business results for the Second quarter of the fiscal year 2013(April 1, 2013 to Septemebr 30, 2013)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	Million yen	%
Second Quarter Fiscal Year 2013	76,766	4.4	3,452	82.2	3,479	—	3,026	375.5
Second Quarter Fiscal Year 2012	73,564	2.4	1,895	-18.6	110	-89.7	636	-48.0

(Note)

Comprehensive profit Second quarter of the Fiscal Year 2013: 7,606 million yen

Second quarter of the Fiscal Year 2012: -2,763 million yen

	Net income per share in this quarter		Diluted net income per share	
	yen		yen	
Second Quarter Fiscal Year 2013	27.	81	27.	80
Second Quarter Fiscal Year 2012	5.	82	5.	77

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net income per share
	million yen	million yen	%	yen
Second Quarter Fiscal Year 2013	206,362	111,575	52.0	993. 46
Fiscal year 2012	186,653	104,481	55.0	938. 53

(Reference) Equity capital Second quarter of the Fiscal Year 2013 107,409 million yen Fiscal Year 2012 102,659 million yen

2. Dividends

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

Note: Amendment of the latest forecast on dividends No

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

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

Note: Amendment of the latest consolidated earnings forecast of the fiscal year 2013 : Yes

※ Notes

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

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

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

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

It comes under Article 5-10 of the regulation of "Term, form and method of drawing up quarterly financial statements". For details, please refer to "(3) Qualitative information on consolidated earnings forecast" under "1. Qualitative Information/Financial Statements, etc" on page 3.

(4) Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the year (Including treasury stocks)	The second quarter of the fiscal year 2013	118,475,312 shares	Fiscal year 2012	118,475,312 shares
② Treasury stocks at the end of the year	The second quarter of the fiscal year 2013	10,358,363 shares	Fiscal year 2012	9,091,233 shares
③ Number of average shares (during the quarter terms)	The second quarter of the fiscal year 2013	108,840,987 shares	The second quarter of the fiscal year 2012	109,384,802 shares

※Implementation of quarterly review

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

※Proper use of the earnings forecasts and other notes

(Attention for the forecasts)

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

(How to get the additional explanation)

We will upload additional explanation on October 30, 2013.

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1. Qualitative Information/Financial Statements, etc.

(1) Qualitative information on consolidated operating results

During the first half of the fiscal year ending March 31, 2014 (from April 1 to September 30, 2013), the machine tool industry saw declines in inquiries and orders, with the January-to-September order intake reported by Japan Machine Tool Builders' Association decreased by 14.9% from the same period last year. Despite the overall decline, our group has had a strong demand in the Americas and seen positive signs of increased demand in Japan and Europe. Therefore, this upward trend is expected to continue for the foreseeable future.

As of October 1, 2013, we changed our company name to DMG MORI SEIKI CO., LTD. (hereinafter referred to as DMG MORI SEIKI). Under the same one motto of "One brand for the world," we, DMG MORI SEIKI, and DMG MORI SEIKI Aktiengesellschaft (changed their company name from GIDLEMEISTER AG on the same day, hereinafter referred to as DMG MORI SEIKI AG) will further strengthen the business collaboration to provide customers with more innovative products which are unparalleled in the machine tool industry. We will also strive to enhance technologies that have been built in long years of company history and tradition and become a reliable partner for customers all over the world.

At the EMO HANNOVER 2013 held in Germany in September, DMG MORI SEIKI displayed some 100 machines including machines of DMG MORI SEIKI AG, which drew approximately 20,000 visitors to the joint booth. Among them are world premieres such as a newly-developed operating system CELOS and 15 machines designed with the new design concept. The CELOS can be mounted on new machines of both companies, and CELOS-equipped machines will be shipped out starting from April 2014. The machines with the new design concept have been improved in functionality, usability and durability, and it is self-explanatory at a glance that they represent an exquisitely integrated design of both companies.

The grand opening ceremony for the Tianjin plant, which started its operation in September in Tianjin city, China, took place on October 18. The Tianjin plant is our second overseas production base, following DMG Mori Seiki Manufacturing USA Inc. (hereinafter referred to as DMSM). The establishment of the Tianjin plant will strengthen our production system which now consists of four major regions and countries in the world: Europe, North America, Japan and China. We will reduce logistic costs and delivery time in an effort to provide better products and services for customers.

As for our business and capital collaboration with DMG MORI SEIKI AG, we subscribed for new shares issued by DMG MORI SEIKI AG in August; and in exchange, transferred a part of the shares of our subsidiary, Magnescape Co., Ltd. (hereinafter referred to as Magnescape) and a part of the shares of our sub-subsidiary, DMSM to DMG MORI SEIKI AG. In September we again subscribed for new shares issued by DMG MORI SEIKI AG. The mutual capital participation will allow Magnescape to jointly conduct technological development activities with DMG MORI SEIKI AG for the purpose of expanding the new customer base and the future business, and DMSM to gain the cooperation of DMG MORI SEIKI AG in production technologies, which will help the company get off to a good start with the production system in a strong market environment in the U.S.

Under these circumstances, our consolidated sales were 76,766 million yen (4.4% increase from the same period last year), consolidated operating income was 3,452 million yen (82.2% increase from the same period last year), consolidated ordinary income was 3,479 million yen (the same period last year: consolidated ordinary income of 110 million yen) and consolidated net income was 3,026 million yen (375% increase from the same period last year).

(2) Qualitative information on consolidated financial status

At the end of the second quarter, total assets were 206,362 million yen, 19,708 million yen increased from the end of the previous fiscal year. The main reasons for the increase are that though Notes and accounts receivable have increased by 1,872 million yen, Buildings and structures, net 2,933 million yen and Investments in securities 14,777 million yen respectively. Net assets were 111,575 million yen, and shareholders' equity ratio was 52.0%, 3.0 percentage decreased from the end of the previous fiscal year.

(3) Qualitative information on consolidated earnings forecast

We announce that we have revised the forecast for the full year of the fiscal year 2013(April 1, 2013 to March 31, 2014) originally announced on May 10, 2013. The full year consolidated sales, the operating income, ordinary income and net income for the year have been revised to 158,000 million yen, 8,000 million yen, 8,500 million yen, and 7,200 million yen respectively because of the strong demand in market.

The forecast is based on the information available as of the release date of this report and assumptions of several uncertain factors which may affect the company's results. Actual results might be different from the estimates due to subsequent changes in the circumstances.

2. Information for the summery (notes)

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

(Change of method for calculating depreciation of property, plant and equipment)

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

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

As a result of this change, compared with the previous method, operating income, ordinary income and income before income taxes increased by 360 million yen, respectively.

3. Consolidated financial statements

(1) The second quarter consolidated balance sheet

(Amount : million yen)

	At the end of the previous consolidated fiscal year (March 31, 2013)	At the end of the 2 nd consolidated quarter (September 30, 2013)
(Assets)		
Current Assets		
1 Cash and deposits	6,287	5,855
2 Notes and accounts receivable	24,824	26,696
3 Goods and products	12,195	13,879
4 Work in process	7,189	8,175
5 Raw material and Supplies	18,555	16,950
6 Deferred tax assets	2,742	3,097
7 Consumption tax receivable	430	395
8 Other	2,744	3,329
9 Allowance for doubtful receivables	-230	-157
Total current assets	74,739	78,222
Fixed assets		
1 Tangible fixed assets		
(1) Buildings and structures, net	26,094	29,028
(2) Machinery, equipment and vehicles, net	5,989	6,670
(3) Land	21,774	21,922
(4) Lease assets, net	3,995	3,860
(5) Construction in progress	1,882	447
(6) Other, net	3,052	3,251
Total tangible fixed assets	62,788	65,180
2 Intangible fixed assets		
(1) Goodwill	666	1,069
(2) Other	5,245	4,084
Total Intangible fixed assets	5,912	5,153
3 Investments and other assets		
(1) Investments in securities	40,367	55,144
(2) Long-term prepaid expenses	310	457
(3) Deferred tax assets	944	759
(4) Other	1,591	1,445
Total investments and other assets	43,213	57,806
Total fixed assets	111,914	128,139
Total assets	186,653	206,362

	At the end of the previous consolidated fiscal year (March 31, 2013)	At the end of the 2 nd consolidated quarter (September 30, 2013)
(Liabilities)		
Current liabilities		
1 Payable-trade	9,077	12,477
2 Short-term bank loans	23,929	11,530
3 Current portion of bonds	—	15,000
4 Lease obligations	428	424
5 Accrued payments	3,855	5,366
6 Accrued expenses	1,583	2,138
7 Advances received	1,894	1,596
8 Accrued income taxes	981	967
9 Accrued consumption taxes	75	45
10 Deferred tax liabilities	249	203
11 Allowance for product warranties	832	850
12 Allowance for bonuses	168	221
13 Others	1,177	521
Total current liabilities	44,253	51,344
Fixed liabilities		
1 Bonds	30,000	35,000
2 Lease obligations	3,986	3,884
3 Deferred tax liabilities	1,400	1,624
4 Deferred tax liabilities for land revaluation	1,485	1,485
5 Accrued retirement benefits	222	246
6 Long-term accrued payments	748	676
7 Asset retirement obligations	62	63
8 Other	13	461
Total fixed liabilities	37,918	43,441
Total liabilities	82,172	94,786
(Net assets)		
Shareholders' equity		
1 Capital	41,132	41,132
2 Capital surplus	53,863	53,863
3 Retained earnings	18,270	20,191
4 Treasury stock	-11,743	-13,397
Total shareholders' equity	101,523	101,789
Other comprehensive profit		
1 Net unrealized holding gain on securities	2,616	2,746
2 Net unrealized gain/loss on derivative instruments	185	197
3 Land revaluation reserve	1,759	1,759
4 Translation adjustments	-3,423	916
Total other comprehensive profit	1,136	5,620
Stock acquisition rights	434	57
Minority interests	1,386	4,108
Total net assets	104,481	111,575
Total liabilities and net assets	186,653	206,362

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

Consolidated statement of income

(The second consolidated quarter total)

(Amount : million yen)

	The previous 2 nd consolidated quarter total (April 1, 2012 to September 30, 2012)	The 2 nd consolidated quarter total (April 1, 2013 to September 30, 2013)
Net sales	73,564	76,766
Cost of sales	51,654	51,679
Gross profit	21,910	25,087
Selling, general and administrative expenses	20,015	21,634
Operating income	1,895	3,452
Non-operating income		
1 Interest income	21	12
2 Dividend income	225	254
3 Exchange gain	—	561
4 Equity in earnings of affiliates	118	—
5 Other	92	115
Total of non-operating income	459	944
Non-operating expenses		
1 Interest expense	274	279
2 Exchange loss	1,646	—
3 Fees and commissions	57	90
4 Equity in losses of affiliates	—	241
5 Other	265	306
Total of non-operating expenses	2,243	917
Ordinary income	110	3,479
Extraordinary gain		
1 Gain on sales of fixed assets	4	15
2 Gain on sales of investment securities	—	4
3 Gain on change in equity	—	3,432
4 Gain on reversal of subscription rights to shares	16	373
5 Insurance income	409	—
Total of extraordinary income	429	3,826
Extraordinary loss		
1 Loss on sales of fixed assets	2	1
2 Loss on disposal of fixed assets	5	27
3 Loss on valuation of other investments	—	1
4 Loss on change in equity	—	895
5 Business structure improvement expenses	—	2,656
6 Retirement benefit expenses	8	—
7 Loss on cancellation of leases	15	—
Total of extraordinary loss	31	3,583
Income before income taxes	508	3,722
Income taxes	150	594
Income taxes deferred	-400	-3
Total of Income taxes	-249	590
Income before minority interests	758	3,132
Minority interests in income	121	105
Net income	636	3,026

Statement of comprehensive profit

(The second consolidated quarter total)

(Amount: million yen)

	The previous 2 nd consolidated quarter total (April 1, 2012 to September 30 2012)	The 2 nd consolidated quarter total (April 1, 2013 to September 30, 2013)
Income before minority interests	758	3,132
Other comprehensive profit		
Net unrealized holding gain on securities	-1,593	471
Translation adjustments	-1,124	1,143
Share of other comprehensive profit of associates accounted for using equity method	-804	2,859
Other comprehensive profit	-3,521	4,474
Quarterly comprehensive profit	-2,763	7,606
Contents		
Comprehensive profit attributable to owners of the parent	-2,877	7,510
Comprehensive profit attributable to minority interests	114	96

(3) Notes (Consolidated financial statements)

Notes about premise of going concern

There are no applicable matters.

Note regarding remarkable fluctuation of shareholder's equity

There are no applicable matters.