



Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2015

<Japanese GAAP>

January 30, 2015

Company name: Makino Milling Machine Co., Ltd.
 Stock exchange listings: First section of Tokyo Stock Exchange
 Securities code: 6135 URL: <http://www.makino.co.jp/>
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(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to December 31, 2014)

(1) Consolidated Results of Operations (cumulative) (% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Nine months ended December 31, 2014	99,364	24.9	5,629	-	7,010	-	5,668	-
December 31, 2013	79,576	(11.5)	63	(98.8)	588	(89.0)	79	(98.1)

Note: Comprehensive income: Nine months ended December 31, 2014: ¥12,440 million [92.2 %]

Nine months ended December 31, 2013: ¥6,471 million [(8.3) %]

	Net income per share	Diluted net income per share
	(¥)	(¥)
Nine months ended December 31, 2014	50.95	45.10
December 31, 2013	0.72	0.63

(2) Consolidated Financial Positions

	Total assets	Net assets	Capital adequacy ratio
	(¥ million)	(¥ million)	%
As of December 31, 2014	237,837	110,482	46.2
March 31, 2014	218,499	99,246	45.1

Note: Owner's equity as of December 31, 2014: ¥109,867 million

March 31, 2014: ¥98,620 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2014	-	5.00	-	5.00	10.00
Fiscal year ending March 31, 2015	-	6.00	-		
Fiscal year ending March 31, 2015 (Forecast)				6.00	12.00

Note: Revisions of the forecast most recently announced : No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

(% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	141,000	13.8	8,900	81.2	9,400	75.5	7,800	81.6	70.12

Note: Revisions of the forecast most recently announced : No

*Others

(1) Material changes in subsidiaries during this period (Changes in specified subsidiaries resulting in the changes in scope of consolidation): No

[New: - Excluded: -]

(2) Applying of specific accounting of the consolidated quarterly financial statements: Yes

(3) Changes in accounting policies, accounting estimates and retrospective restatement

1) Changes in accounting policies based on revisions of accounting standard: Yes

2) Changes in accounting policies other than ones based on revisions of accounting standard: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Number of issued and outstanding shares (common stock)

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

As of December 31, 2014	119,944,543 shares
As of March 31, 2014	119,944,543 shares

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

As of December 31, 2014	8,710,705 shares
As of March 31, 2014	8,702,060 shares

3) Average number of shares

Nine months ended December 31, 2014	111,238,201 shares
Nine months ended December 31, 2013	111,248,250 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly financial results report, the quarterly review procedures to the quarterly consolidated financial statements are in progress.

* Proper use of the forecast of financial results, and other special matters

The forward-looking statements are based on currently available information and assumptions, contain risks and uncertainty, and do not constitute guarantees of future achievement. Please note that the future results may greatly vary by the changes of various factors.

4. QUALITATIVE INFORMATION

(1) Qualitative Information Relating to Consolidated Quarterly Operating Results

During the nine-month period under review, the Company posted net sales of ¥99,364 million (up 24.9% year on year), operating income of ¥5,629 million, and net income of ¥5,668 million.

As for the results forecasts (net sales of ¥141,000 million and operating income of ¥8,900 million), the Company has been progressing mostly as planned at the beginning of the fiscal year under review.

Orders received on a consolidated basis for the nine-month period under review amounted to a record high of ¥117,921 million (up 16.2% year on year). The previous highest volume of orders was ¥107,913 million, recorded for the nine-month period of the fiscal year ended March 31, 2008.

The Company promotes advanced investments in order to expand supply capacity to deal with the growing volume of orders. However, the contents of orders varied from original expectations projected at the beginning of the fiscal year under review, which poses a challenge to the Company to flexibly deal with all variations.

The details of orders by geographic region for the nine-month period under review are as follows:

Makino Milling Machine Co., Ltd. and its Consolidated Subsidiaries in Japan

Domestic demand has continued to mildly recover. With sizeable orders placed for component machining in the industrial machinery industry, the same level of orders as in the previous quarter was maintained in the current quarter.

The Company expects orders from die manufacturers, its main customers.

MAKINO ASIA PTE LTD

With demand coming from a wide range of industries in China, orders received for the nine-month period under review increased by 39% year on year. The Company will continue to make efforts to keep this level of orders.

Although the Indian market was sluggish, the demand for machine tools is picking up.

MAKINO INC.

Steady demand was seen from the auto and aircraft industries.

There are some gaps in demand trends depending on regions or industries, but the Company will continue its marketing activities in response to users' needs.

MAKINO Europe GmbH

In the European market, it is becoming difficult for users to raise funds because of the macroeconomic impact.

Under such circumstances, the Company will work to secure orders by pursuing sales expansion with its characteristic products intended for niche markets.

(2) Qualitative Information on Consolidated Fiscal Position

Total assets on a consolidated basis at the end of the third quarter under review increased by ¥19,338 million from the end of fiscal 2014 to ¥237,837 million. Major changes included an increase of ¥14,589 million in inventories, an increase of ¥2,127 million in investment securities and a decrease of ¥938 million in cash and time deposits.

Total liabilities increased from the end of fiscal 2014 by ¥8,102 million to ¥127,355 million primarily due to increases of ¥1,907 million in short-term loans and ¥1,148 million in notes and accounts payable.

Net assets increased by ¥11,235 million from the end of fiscal 2014 to ¥110,482 million, mainly due to increases of ¥4,527 million in retained earnings and ¥5,512 million in foreign currency translation adjustments.

(3) Qualitative Information on Consolidated Results Forecasts

The Company has not revised the consolidated results forecasts for the full year it announced previously (on April 30, 2014).

5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of March 31, 2014 and December 31, 2014)

(in million yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	43,664	42,726
Notes and accounts receivable-trade	40,389	39,734
Securities	1,004	1,006
Merchandise and finished goods	14,384	24,255
Work in process	11,837	13,641
Raw materials and supplies	21,248	24,163
Deferred tax assets	1,839	2,341
Other	4,122	5,030
Allowance for doubtful accounts	(756)	(898)
Total current assets	137,735	152,001
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	28,039	28,499
Machinery, equipment and vehicles, net	6,222	6,399
Tools, furniture and fixtures, net	2,879	3,391
Land	16,479	16,834
Lease assets, net	1,585	1,225
Construction in progress	818	2,497
Total property, plant and equipment	56,024	58,848
Intangible assets		
Other	1,724	1,818
Total intangible assets	1,724	1,818
Investments and other assets		
Investment securities	17,539	19,666
Long-term loans receivable	531	529
Deferred tax assets	1,638	1,684
Net defined benefit asset	711	736
Other	3,044	2,984
Allowance for doubtful accounts	(451)	(432)
Total investments and other assets	23,013	25,169
Total noncurrent assets	80,763	85,835
Total assets	218,499	237,837

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	(in million yen)	
	As of March 31, 2014	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,418	25,567
Short-term loans payable	7,380	9,287
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	646	4,088
Lease obligations	432	292
Income taxes payable	763	1,135
Other	16,756	21,116
Total current liabilities	60,396	71,488
Noncurrent liabilities		
Bonds payable	10,000	10,000
Convertible bond-type bonds with subscription rights to shares	12,000	12,000
Long-term loans payable	25,731	22,117
Lease obligations	1,523	1,230
Deferred tax liabilities	4,992	5,724
Provision for directors' retirement benefits	43	50
Net defined benefit liability	2,270	2,324
Negative goodwill	17	-
Other	2,276	2,419
Total noncurrent liabilities	58,856	55,866
Total liabilities	119,253	127,355
Net assets		
Shareholders' equity		
Capital stock	19,263	19,263
Capital surplus	32,595	32,595
Retained earnings	44,556	49,084
Treasury stock	(4,785)	(4,792)
Total shareholders' equity	91,630	96,151
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,547	9,896
Deferred gains or losses on hedges	(8)	(2)
Foreign currency translation adjustment	208	5,721
Remeasurements of defined benefit plans	(1,757)	(1,898)
Total accumulated other comprehensive income	6,989	13,716
Minority interests	626	614
Total net assets	99,246	110,482
Total liabilities and net assets	218,499	237,837

(2) Consolidated Income Statements and Comprehensive Income Statement

	(in million yen)	
	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	79,576	99,364
Cost of sales	58,212	69,219
Gross profit	21,363	30,145
Selling, general and administrative expenses	21,299	24,515
Operating income	63	5,629
Non-operating income		
Interest and dividends income	258	340
Foreign exchange gains	437	1,140
Other	508	466
Total non-operating income	1,204	1,948
Non-operating expenses		
Interest expenses	605	462
Other	74	103
Total non-operating expenses	679	566
Ordinary income	588	7,010
Extraordinary income		
Gain on sales of noncurrent assets	38	79
Gain on sales of investment securities	149	-
Total extraordinary income	188	79
Extraordinary loss		
Loss on retirement of noncurrent assets	19	10
Loss on valuation of stocks of subsidiaries and affiliates	99	-
Total extraordinary losses	119	10
Income before income taxes and minority interests	656	7,079
Income taxes	542	1,374
Income before minority interests	113	5,704
Minority interests in income	34	36
Net income	79	5,668

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	(in million yen)	
	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Loss before minority interests	113	5,704
Other comprehensive income		
Valuation difference on available-for-sale securities	3,164	1,349
Deferred gains or losses on hedges	(30)	6
Foreign currency translation adjustment	3,223	5,517
Remeasurements of defined benefit plans, net of tax	-	(138)
Total other comprehensive income	6,357	6,735
Comprehensive income	6,471	12,440
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,432	12,395
Comprehensive income attributable to minority interests	39	44

6. Segment Information

(1) Reportable segment information

The Group's reportable segments are defined as individual units where independent financial information is available and which are subject to regular review by the board of directors to evaluate their results and decide the allocation of management resources. The reportable segments are summarized as follows:

Reportable segment **I** is a segment for which Makino Milling Machine Co., Ltd. is responsible. Its main areas are Japan, the Republic of Korea, China, Oceania, Russia, Norway, the United Kingdom, and all other areas not included in reportable segments **II**, **III** or **IV**.

Reportable segment **II** is a segment for which MAKINO ASIA PTE LTD (Singapore) is responsible. Its main areas are China, ASEAN and India.

Reportable segment **III** is a segment for which MAKINO INC. (Mason, Ohio, the United States of America) is responsible. It covers all countries in North and South America.

Reportable segment **IV** is a segment for which MAKINO Europe GmbH (Hamburg, Germany) is responsible. It covers all countries in the European continent except Norway.

Income for each reportable segment denotes operating income, and intersegments are based on market prices in general.

Nine months ended December 31, 2013 (Millions of yen)

	I	II	III	IV	Total
Net sales:					
External customers	¥23,922	¥18,135	¥28,356	¥9,161	¥79,576
Intersegment	26,124	5,474	167	85	31,852
Total	50,046	23,610	28,524	9,246	111,428
Segment income (loss)	(¥575)	¥532	¥763	(¥127)	¥593

Nine months ended December 31, 2014 (Millions of yen)

	I	II	III	IV	Total
Net sales:					
External customers	¥32,229	¥23,422	¥34,270	¥9,441	¥99,364
Intersegment	36,114	7,551	339	135	44,141
Total	68,343	30,974	34,610	9,577	143,505
Segment income (loss)	¥4,290	¥1,800	¥1,191	(¥50)	¥7,231

	Nine months ended December 31,	
	Millions of yen	
	2013	2014
Segment income	¥593	¥7,231
Elimination	(529)	(1,602)
Consolidated operating income	¥63	¥5,629