



Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2016

<Japanese GAAP>

July 31, 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 Three Months of the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to June 30, 2015)

(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 attributable to owners of the parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Three months ended June 30, 2015	33,273	34.0	1,738	-	2,405	-	1,766	-
June 30, 2014	24,828	15.3	79	-	69	-	59	-

Note: Comprehensive income: Three months ended June 30, 2015: ¥3,159 million [- %]

Three months ended June 30, 2014: ¥(481) million [- %]

	Net income per share	Diluted net income per share
	(¥)	(¥)
Three months ended June 30, 2015	15.88	14.06
June 30, 2014	0.53	0.47

(2) Consolidated Financial Positions

	Total assets	Net assets	Capital adequacy ratio
	(¥ million)	(¥ million)	%
As of June 30, 2015	245,192	120,123	48.7
March 31, 2015	245,456	117,836	47.7

Note: Owner's equity as of June 30, 2015: ¥119,472 million March 31, 2015: ¥117,192 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2015	-	6.00	-	8.00	14.00
Fiscal year ending March 31, 2016	-				
Fiscal year ending March 31, 2016 (Forecast)		8.00	-	8.00	16.00

Note: Revisions of the forecast most recently announced : No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Second Quarter (cumulative)	70,000	14.6	4,000	42.9	4,600	41.0	3,900	48.9	35.06
Full year	161,000	7.7	13,000	8.1	13,600	2.6	11,000	(3.9)	98.89

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 June 30, 2015	119,944,543 shares
As of March 31, 2015	119,944,543 shares

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

As of June 30, 2015	8,689,861 shares
As of March 31, 2015	8,712,596 shares

3) Average number of shares

Three months ended June 30, 2015	111,237,395 shares
Three months ended June 30, 2014	111,241,335 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 three-month period under review, the Company posted net sales of ¥33,273 million (up 34.0% year on year), operating income of ¥1,738 million, and net income attributable to owners of the parent of ¥1,766 million.

Although orders received from the United States and Europe were lower than planned, those from Japan and China exceeded the planned figures. Overall, orders received on a consolidated basis achieved progress as planned.

The details of orders by geographic region for the first quarter are as follows:

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

By virtue of a large increase in capital investments by customers, at a rate that exceeded our expectations, coupled with subsidies from the government, the number of domestic orders received by Makino Milling Machine Co., Ltd. was the highest since the financial crisis in 2008.

MAKINO ASIA PTE LTD

Orders received exceeded initial plans.

In China, our biggest market, demands of the auto industry for environmental measures and the improvement of fuel efficiency continued. There were investments related to the development of new products for export in the IT industry.

MAKINO INC.

Expansion of demand for machine tools in the United States, which had been continuing since 2010, has now leveled off. A large project that we have been expecting to receive has also been delayed.

Although orders received during the first quarter were lower than expected, equipment utilization rates of customers were still high and inquiries did not decrease. As such, the decline in orders is temporary, and the Company does not expect this to lead to any significant changes.

MAKINO Europe GmbH

Orders received were lower than initial plans.

We will keep enhancing sales systems and structures for products especially for aircraft parts and endeavor to achieve planned targets from the second quarter onward.

(2) Qualitative Information on Consolidated Financial Position

Total assets on a consolidated basis at the end of the first quarter under review decreased by ¥264 million from the end of fiscal 2015 to ¥245,192 million. Major changes included a decrease of ¥10,413 million in notes and accounts receivable and an increase of ¥5,833 million in inventories.

Total liabilities decreased by ¥2,551 million from the end of fiscal 2015 to ¥125,069 million, primarily due to a decrease of ¥1,835 million in notes and accounts payable.

Net assets increased by ¥2,287 million from the end of fiscal 2015 to ¥120,123 million, mainly due to an increase of ¥1,373 million in foreign currency translation adjustments, and net income attributable to owners of the parent of ¥1,766 million.

(3) Qualitative Information on Consolidated Results Forecasts

The Company has not revised the consolidated results forecasts for the full year and the first half of the fiscal year under review it announced previously (on April 30, 2015).

5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of March 31, 2015 and June 30, 2015)

	(in million yen)	
	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	43,008	45,286
Notes and accounts receivable-trade	45,803	35,390
Securities	1,005	1,004
Merchandise and finished goods	20,239	23,419
Work in process	12,118	12,764
Raw materials and supplies	24,695	26,703
Deferred tax assets	3,445	3,514
Other	5,214	6,439
Allowance for doubtful accounts	(1,030)	(981)
Total current assets	154,500	153,542
Noncurrent assets		
Buildings and structures, net	28,565	29,659
Machinery, equipment and vehicles, net	7,231	7,194
Tools, furniture and fixtures, net	3,304	3,558
Land	16,767	16,985
Lease assets, net	1,193	1,225
Construction in progress	1,851	1,104
Total property, plant and equipment	58,914	59,728
Intangible assets		
Other	1,800	1,790
Total intangible assets	1,800	1,790
Investments and other assets		
Investment securities	24,669	24,512
Long-term loans receivable	526	518
Deferred tax assets	1,987	2,010
Net defined benefit asset	464	432
Other	3,013	3,064
Allowance for doubtful accounts	(420)	(408)
Total investments and other assets	30,240	30,131
Total noncurrent assets	90,956	91,650
Total assets	245,456	245,192

(Continued)

	(in million yen)	
	As of March 31,2015	As of June 30,2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,372	25,537
Short-term loans payable	8,071	9,351
Current portion of long-term loans payable	3,908	2,977
Lease obligations	283	290
Income taxes payable	1,706	852
Other	22,634	21,640
Total current liabilities	63,976	60,650
Noncurrent liabilities		
Bonds payable	10,000	10,000
Convertible bond-type bonds with subscription rights to shares	12,000	11,980
Long-term loans payable	28,219	28,953
Lease obligations	1,197	1,217
Deferred tax liabilities	6,689	6,591
Provision for directors' retirement benefits	52	54
Net defined benefit liability	3,367	3,372
Other	2,117	2,249
Total noncurrent liabilities	63,643	64,419
Total liabilities	127,620	125,069
Net assets		
Shareholders' equity		
Capital stock	19,263	19,263
Capital surplus	32,595	32,602
Retained earnings	54,866	55,743
Treasury stock	(4,794)	(4,782)
Total shareholders' equity	101,930	102,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,811	13,800
Deferred gains or losses on hedges	(4)	(3)
Foreign currency translation adjustment	4,269	5,642
Remeasurements of defined benefit plans	(2,814)	(2,792)
Total accumulated other comprehensive income	15,261	16,646
Non-controlling interests	644	650
Total net assets	117,836	120,123
Total liabilities and net assets	245,456	245,192

(2) Consolidated Income Statements and Comprehensive Income Statement

(in million yen)

	Three month ended June 30, 2014	Three month ended June 30, 2015
Net sales	24,828	33,273
Cost of sales	17,315	23,063
Gross profit	7,512	10,209
Selling, general and administrative expenses	7,433	8,470
Operating income	79	1,738
Non-operating income		
Interest and dividends income	136	409
Rent income	56	58
Foreign exchange gains	-	270
Other	83	85
Total non-operating income	276	823
Non-operating expenses		
Interest expenses	155	125
Foreign exchange losses	67	-
Other	62	31
Total non-operating expenses	285	157
Ordinary income	69	2,405
Extraordinary income		
Gain on sales of noncurrent assets	33	15
Gain on sales of investment securities	-	33
Total extraordinary income	33	49
Extraordinary loss		
Loss on retirement of noncurrent assets	1	11
Total extraordinary losses	1	11
Income before income taxes and non-controlling interests	101	2,443
Income taxes	35	670
Net income	65	1,773
Net income attributable to non-controlling interests	6	6
Net income attributable to owners of the parent	59	1,766

(Continued)

	(in million yen)	
	Three month ended June 30, 2014	Three month ended June 30, 2015
Net income	65	1,773
Other comprehensive income		
Valuation difference on available-for-sale securities	(116)	(9)
Deferred gains or losses on hedges	9	0
Foreign currency translation adjustment	(498)	1,373
Remeasurements of defined benefit plans, net of tax	58	22
Total other comprehensive income	(546)	1,386
Comprehensive income	(481)	3,159
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(487)	3,152
Comprehensive income attributable to non-controlling interests	6	7

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.

Three months ended June 30, 2014

(Millions of yen)

	I	II	III	IV	Total
Net sales:					
External customers	¥7,463	¥5,917	¥8,552	¥2,894	¥24,828
Intersegment	9,934	2,169	55	31	12,190
Total	17,398	8,087	8,607	2,925	37,018
Segment income (loss)	¥477	¥427	(¥143)	(¥73)	¥687

Three months ended June 30, 2015

(Millions of yen)

	I	II	III	IV	Total
Net sales:					
External customers	¥9,863	¥9,098	¥11,351	¥2,959	¥33,273
Intersegment	11,841	2,189	125	38	14,194
Total	21,705	11,288	11,476	2,998	47,468
Segment income (loss)	¥1,113	¥823	¥308	(¥90)	¥2,155

	Three months ended June 30,	
	Millions of yen	
	2014	2015
Segment income	¥687	¥2,155
Elimination	(608)	(416)
Consolidated operating income	¥79	¥1,738