One Brand for the World.

Interim Report

First half year 2014

AUTOMOTIVE INDUSTRY

The DMG MORI machines are used for manufacturing injection moulds for the automotive industry, which require a maximum of precision and the highest surface quality in the production process: for example, headlight reflectors manufactured on the HSC 70 *linear*.

DMG MORI SEIKI

AKTIENGESELLSCHAFT

Dear shareholders,

DMG MORI SEIKI AKTIENGESELLSCHAFT has completed the first half year of 2014 as planned and increased the order intake as well as the sales revenues and the profit in a challenging market environment: order intake reached € 1,210.1 million (+13 %; previous year: € 1,069.9 million). Sales revenues increased by 6 % to € 1,034.4 million (previous year: € 975.0 million). EBITDA amounted to € 90.2 million (previous year: € 71.7 million), EBIT was to € 67.8 million (previous year: € 49.1 million) and EBT rose to € 64.6 million (previous year: € 44.2 million). As at 30 June 2014, the group reported earnings after taxes of € 44.6 million (previous year: € 30.5 million).

The reason for the positive development of earnings in the first half year is a sustainable business development, especially in our European key markets. Efficiency increases and cost reductions were achieved in addition, which among others were realised through the cooperation with our Japanese partner DMG MORI SEIKI COMPANY LIMITED. In the second half of 2014, we expect a further stabilisation of our business. Despite the current conflicts, we assume that the global economic conditions will be stable overall. We expect important impulses for the order intake from the forthcoming trade and technology fairs: the IMTS in Chicago, the AMB in Stuttgart and the JIMTOF in Tokyo. Following to the presentation of nine world premieres in the first half year, we will introduce an additional 10 world premieres, scores of technology solutions and innovative software tools in the second half of the year, together with our cooperation partner.

The business in Russia continues to be subject to delays in the issuance of export approvals by the German authorities. The export applications are processed only slowly at the present time. The market however is and remains attractive for us as a machine tool manufacturer because Russia is a growth market for machine tools. As previously reported, the construction of our modern production and assembly plant in Ulyanovsk is further advanced. In addition, we started the construction of our technology centre in Moscow in January 2014.

We confirm our forecasts for the current business year: despite the high uncertainties due to the currently numerous political conflicts, we continue to plan an order intake of around € 2.3 billion. Based on these expectations and our order backlog, the annual sales revenues should amount to around € 2.2 billion. Foremost in the fourth quarter, we expect increasing contributions to sales revenues and the operating income. On the assumption that the market development will proceed according to our expectations, we plan to achieve an EBIT of around € 175 million and an EBT of around € 165 million. Based on these developments, we intend to distribute a dividend for the financial year 2014.

KEY FIGURES The interim consolidated financial statements of DMG MORI SEIKI AKTIENGESELLSCHAFT were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union. The interim financial statements have not been audited and refer exclusively to the DMG MORI SEIKI AKTIENGESELLSCHAFT and its affiliated group companies (in the following referred to as the DMG MORI SEIKI group).

01 **DMG MORI SEIKI GROUP**

	30 June 2014 € million	31 Dec. 2013 € million	30 June 2013 € million	Changes 30 June 2014 to 30 June 2013 € million	%
Sales revenues					
Total	1,034.4	2,054.2	975.0	59.4	6
Domestic	358.2	676.5	318.0	40.2	13
International	676.2	1,377.7	657.0	19.2	3
% International	65	67	67		
Order intake					
Total	1,210.1	2,101.1	1,069.9	140.2	13
Domestic	431.8	705.8	332.2	99.6	30
International	778.3	1,395.3	737.7	40.6	6
% International	64	66	69		
Order backlog					
Total	1,207.6	1,031.9	1,079.9	127.7	12
Domestic	351.1	277.5	266.4	84.7	32
International	856.5	754.4	813.5	43.0	5
% International	71	73	75		
Investments	78.2	213.5	37.9	40.3	106
of which tangible assets / intangible assets	56.3	106.6	36.3		
Personnel costs	247.1	465.2	232.0	15.1	7
Personnel ratio in %	23.0	22.6	22.9		
EBITDA	90.2	193.9	71.7	18.5	26
EBIT	67.8	147.6	49.1	18.7	38
EBT	64.6	135.0	44.2	20.4	46
Earnings after taxes	44.6	93.2	30.5	14.1	46

	30 June 2014	31 Dec. 2013	30 June 2013	Changes 30 June 2014 to 31 Dec. 2013	%
Employees	6,807	6,497	6,426	310	5
plus trainees	206	225	202	–19	–8
Total employees	7,013	6,722	6,628	291	4

References

P — Page reference for further information in the Interim Report

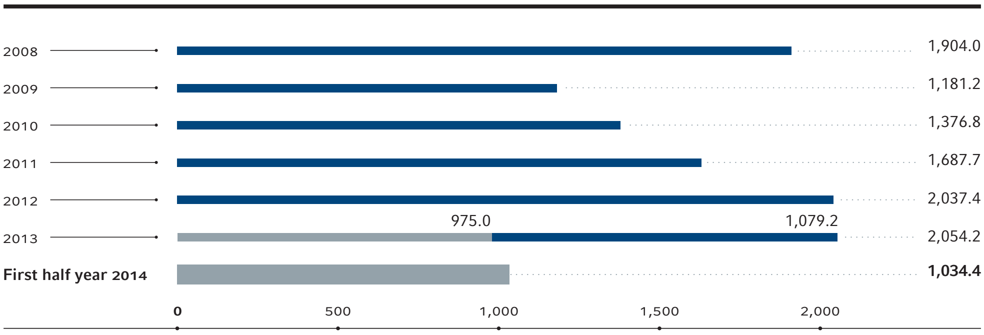
G — Reference to a diagram or table providing visual representation

I — Reference to further / updated information in the internet

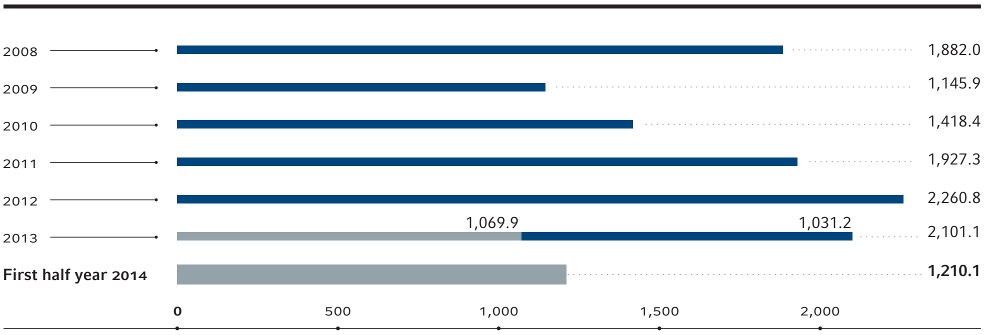
◄◄ DMG MORI SEIKI Group
Key Figures

◄ Sales Revenues
Order Intake
EBIT
Employees

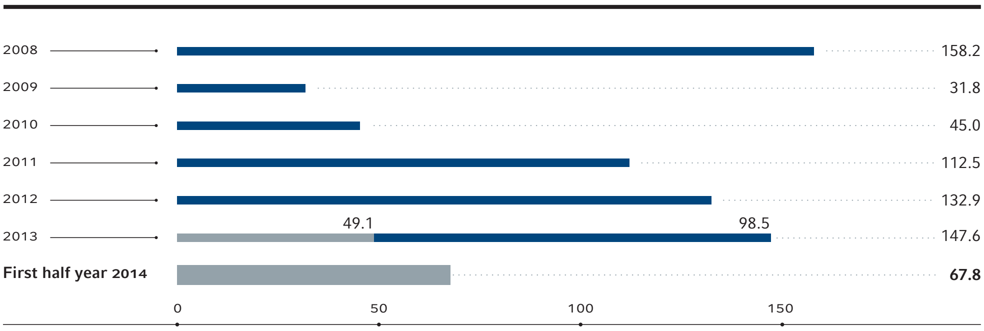
02 **SALES REVENUES** IN € MILLION



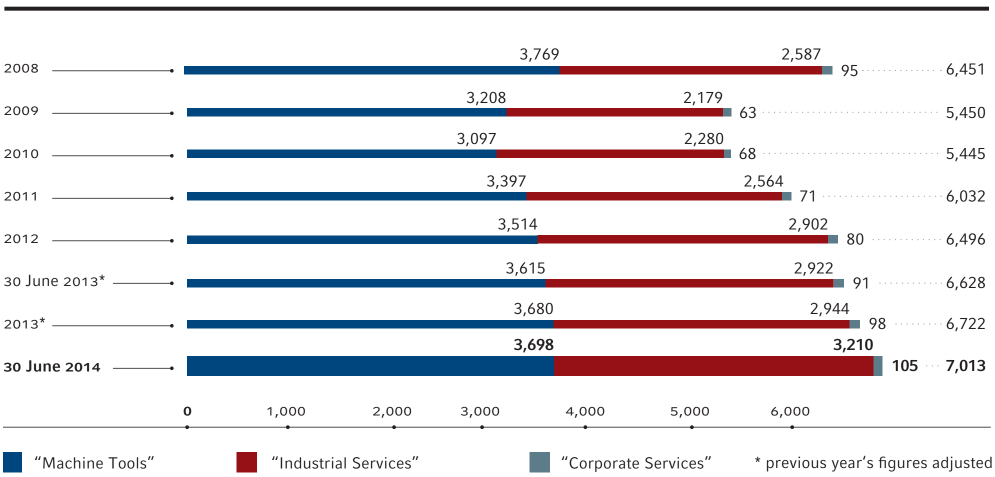
03 **ORDER INTAKE** IN € MILLION



04 **EBIT** IN € MILLION



05 **NUMBER OF EMPLOYEES** INCL. TRAINESS



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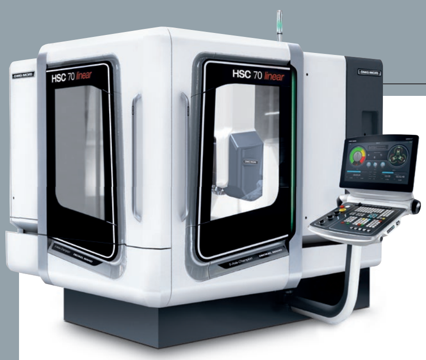


COVER IMAGE // Innovations for the automotive industry: HSC 70 *linear*

The HSC 70 *linear* with its thermo-symmetric design and innovative cooling concept offers the highest long-term precision. The long-time stability of the machine as well as its dynamics and precision is ensured by the standard integration of linear motors in all feed axes. The HSC 70 *linear* is used for tool-making and mould manufacturing in the focus sectors of aerospace and automotive.

Overall economic development progressed positively in the first half year 2014 as a whole. The impulses for the global economy are currently primarily generated by the industrialised countries. In emerging countries, the growth dynamics have weakened recently. The political conflicts in the Ukraine, in Syria, in Iraq and in Israel continue to represent a factor of high uncertainty for the global economy.

In **Asia**, the economic development was inconsistent. The Japanese exports profited from lower yen exchange rates. China's economy grew somewhat slower than expected. However, there are already indications of a recovery at the present time. Positive signals were received again from the **U.S.A**. Following the weaker growth due to the weather at the beginning of the year, the U.S. economy is currently on the upswing. In **Europe**, the economic recovery progresses at a low level. In this context, especially Great Britain and Spain set important impulses. The economic development in **Germany** continues to develop positively. The economic barometer of the German Economic Research Institute (DIW Berlin) assumes that the growth for the second quarter will still amount to +0.2% compared to the first quarter – following the strong growth in the previous quarter.

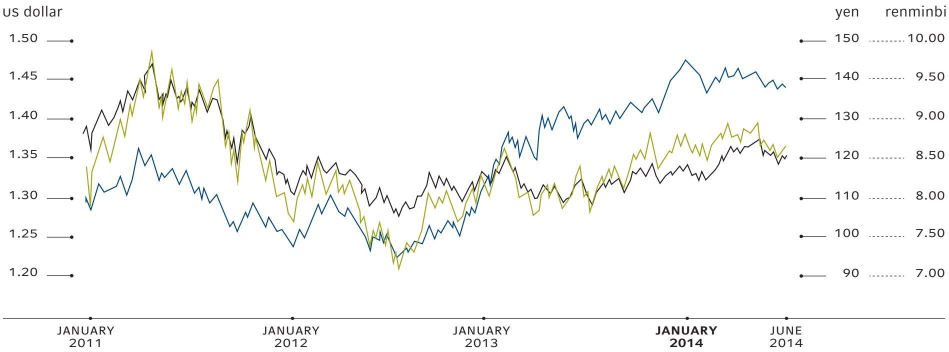
The international business of DMG MORI SEIKI AKTIENGESELLSCHAFT is affected by the euro's exchange rates. Of particular importance are the US dollar, the Chinese renminbi and the Japanese yen. In the second quarter of 2014, the value of the euro in reference to these **currencies** increased compared to the previous year's quarter. Compared to the average value of the euro, the US dollar was USD 1.37 (previous year's quarter: USD 1.31). Thus the euro gained 5.0% against the US dollar. The average value of the Chinese renminbi was quoted at 8.54 renminbi (previous year's quarter: 8.04 renminbi) and thus the euro gained 6.3% against the renminbi. For the customers in the USA, and in the dollar-dependent markets as well as in China, the prices of the products from our European production have therefore increased.

The average value of the yen fell by 8.5% compared to the euro and was quoted at 140.0 yen (previous year's quarter: 129.1 yen). This results in a competitive advantage for Japanese suppliers in the eurozone; the machines of DMG MORI SEIKI COMPANY LIMITED, which we market in Europe, can therefore be offered at more favourable terms.

Sources: German Economic Research Institute (DIW), Berlin
ifo Economic Research Institute (ifo), Munich
International Monetary Fun (IMF), Washington

A . 01 **EXCHANGE RATE MOVEMENTS**
EURO IN RELATION TO US DOLLAR, YEN AND RENMINBI

Euro against US dollar
Euro against yen
Euro against renminbi



Sources: European Central Bank, Deutsche Bundesbank (German Federal Bank)

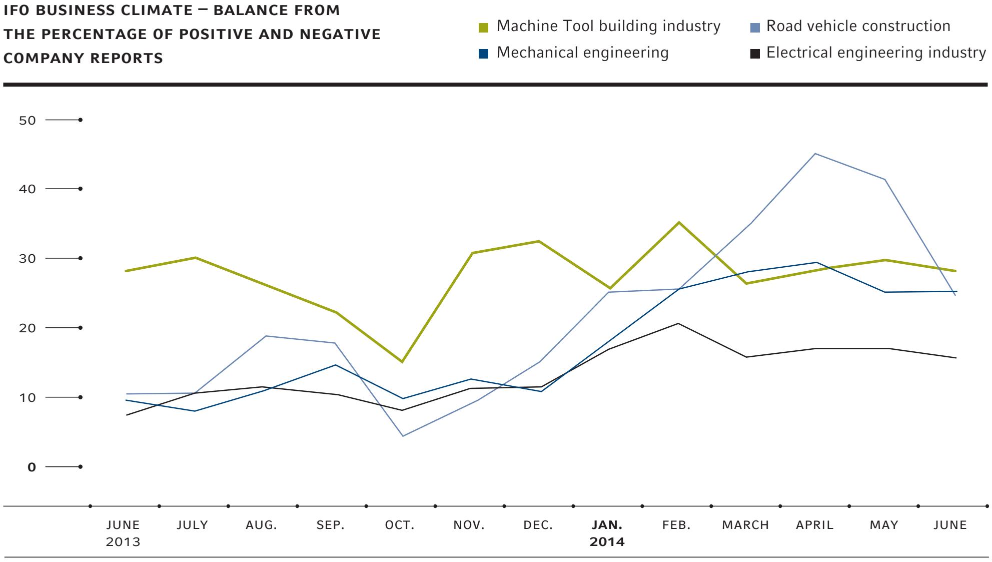
On the whole, the **global market for machine tools** in 2014 will grow. The German Machine Tool Builders‘ Association (VDW) and the British economic research institute Oxford Economics are expecting 3.7% growth in world consumption to € 61.1 billion in their most recent forecast of April this year. Besides this forecast, which we have already published in our Q1-Interim Report, there are currently no new figures available. The next Oxford Economics and VDW's forecast will be published as scheduled in October 2014. In Asia demand is expected to rise by 3.6%. In America, an increase in consumption of 7.4% is estimated. In Europe, demand is to grow somewhat more slowly (+1.6%).

The **German machine tool market** will also grow over the course of the year. The order intake of the German machine tool manufacturers was on the rise in the beginning of the year (+4%). Oxford Economics is forecasting a growth of 7.5% for the entire year (2013: +6.9%).

The **ifo business climate index** for trade and industry in Germany has most recently stagnated. However, the main consumer sectors continue to assess the current business situation as positive.

Source: Oxford Economics, VDW (Verein Deutscher Werkzeugmaschinenfabriken e.V.)

A . 02 **IFO BUSINESS CLIMATE – BALANCE FROM THE PERCENTAGE OF POSITIVE AND NEGATIVE COMPANY REPORTS**



Source: ifo Institut, Munich

B . 01

Group Structure

CORPORATE SERVICES

DMG MORI SEIKI AKTIENGESELLSCHAFT (Bielefeld)

MACHINE TOOLS

GILDEMEISTER Beteiligungen GmbH (Bielefeld)

Turning	Milling	Advanced Technologies	ECOLINE Association
GILDEMEISTER Drehmaschinen GmbH (Bielefeld)	DECKEL MAHO Pfronten GmbH (Pfronten)	SAUER GmbH (Idar-Oberstein, Pfronten)	DMG ECOLINE AG (Dübendorf / Switzerland)
GRAZIANO Tortona S.r.l. (Tortona / Italy)	DECKEL MAHO Seebach GmbH (Seebach)		FAMOT Pleszew Sp. z o.o. (Pleszew / Poland)
GILDEMEISTER Italiana S.p.A. (Bergamo / Italy)			DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., (Shanghai / China)
			Ulyanovsk Machine Tools ooo (Ulyanovsk / Russia)

As of 30 June 2014, the DMG MORI SEIKI group, including DMG MORI SEIKI AKTIENGESELLSCHAFT comprised 95 entities. Compared to 31 March 2014, the number of group companies was reduced by one.

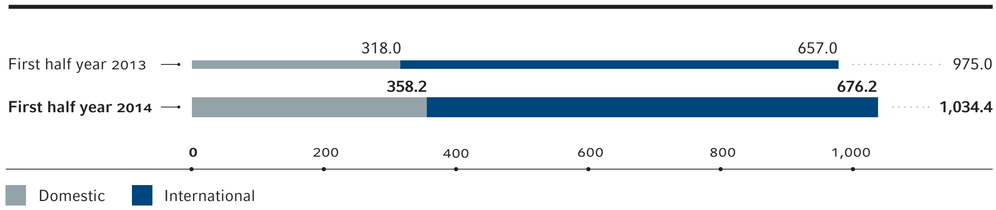
Sales revenues

Sales revenues in the **second quarter** reached € 529.3 million (previous year: € 508.9 million). At the end of the first half year sales revenues rose to € 1,034.4 million and thus were 6% above the previous year's figure (previous year: € 975.0 million).

P. 10 – 15 *Segments*

The group's international sales revenues rose by 3% to € 676.2 million. Domestic sales revenues were € 358.2 million. The export share was 65% (previous year: 67%).

B . 02 SALES REVENUES DMG MORI SEIKI GROUP
IN € MILLION



Electronics	Automation
DMG Electronics GmbH (Pfronten)	DMG AUTOMATION GmbH* (Hüfingen)

INDUSTRIAL SERVICES

Sales and Service locations worldwide (145)

DMG MORI SEIKI Germany Stuttgart (8)	DMG MORI SEIKI Europe Dübendorf (Switzerland) (35)	DMG MORI SEIKI Asia Shanghai, Singapore (59)
DMG MORI SEIKI America Itasca (Illinois) (16)	DMG MORI SEIKI Services Bielefeld, Pfronten (21)	a+f GmbH Wurzburg, Stuttgart (6)

* As of 01 January 2014 in the Machine Tools segment

Order intake

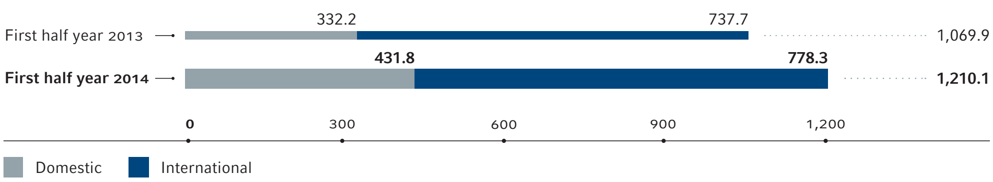
In the **second quarter**, order intake was € 608.9 million and thus 10% above the previous year's figure (€ 551.2 million). In the "Machine Tools" segment orders were € 340.2 million (previous year: € 323.6 million). The "Industrial Services" segment recorded an order intake of € 268.7 million (previous year: € 227.6 million); of which € 257.0 million was contributed by the Services division (previous year: € 209.7 million). Order intake for Energy Solutions amounted to € 11.7 million (previous year: € 17.9 million). The "Industrial Services" segment also includes the machines of our cooperation partner.

P. 10 – 15
Segments

In the **first half year** order intake rose by 13% and thus amounted to € 1,210.1 million (previous year: € 1,069.9 million). Domestic orders were € 431.8 million (previous year: 332.2 million). International orders amounted to € 778.3 million (previous year: € 737.7 million). Thus the share of foreign business amounted to 64% (previous year: 69%).

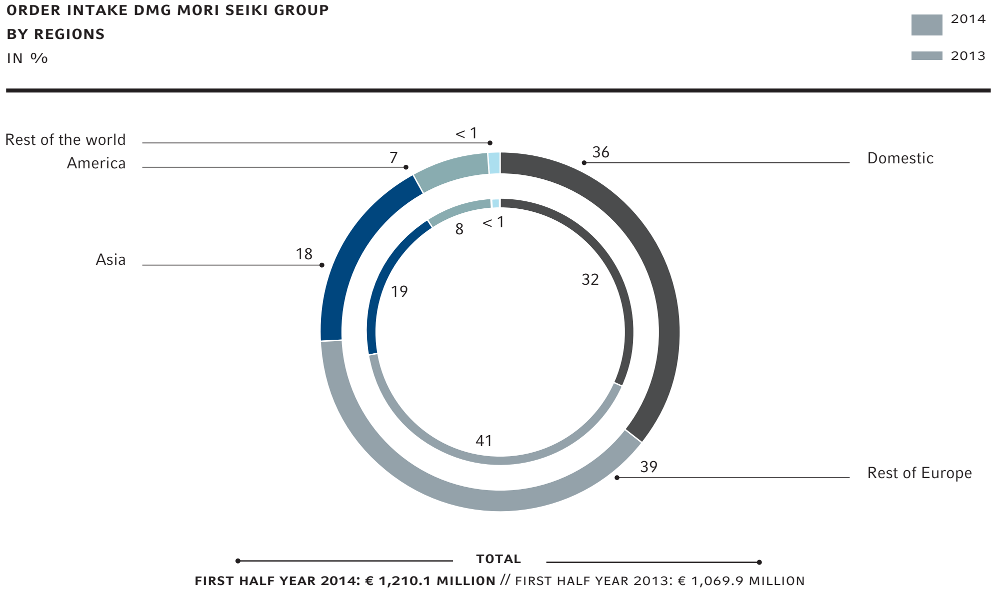
The international trade fairs were successful: we accomplished to present our products live in cutting operations to 63,052 registered trade fair visitors.

B . 03 **ORDER INTAKE DMG MORI SEIKI GROUP**
IN MIO €



In the individual market regions, order intake developed as follows:

B . 04 **ORDER INTAKE DMG MORI SEIKI GROUP BY REGIONS**
IN %



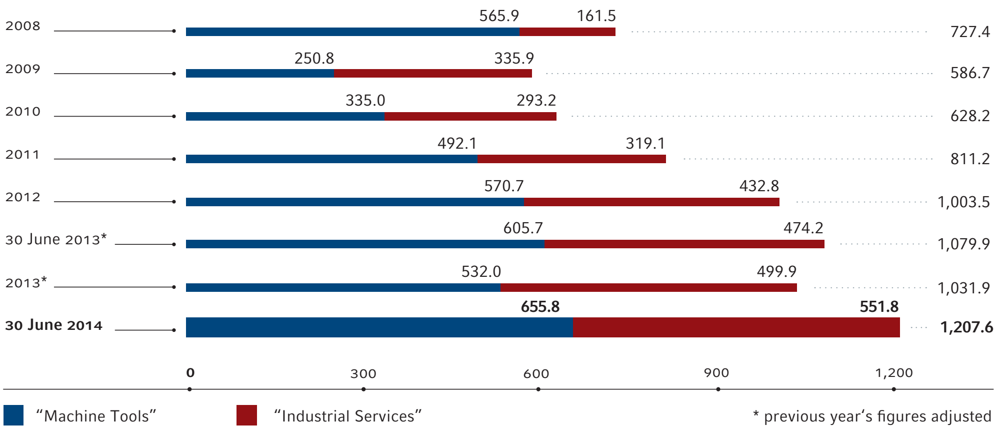
P. 10 – 15
Segments

Order backlog

On 30 June 2014, order backlog within the group was € 1,207.6 million (31 Dec. 2013: € 1,031.9 million). Domestic backlog increased compared with the end of 2013 by € 73.6 million to € 351.1 million. The backlog for international orders grew by € 102.1 million to € 856.5 million. International orders account for 71% of existing orders.

The backlog developed in the individual segments as follows:

B . 05 **ORDER BACKLOG DMG MORI SEIKI GROUP**
IN € MILLION



* previous year's figures adjusted

The order backlog in “Machine Tools” gives rise to a forward order book of an average of about five months. In this respect, the individual production companies show different capacity utilisation.

Results of Operations, Net Worth and Financial Position

The DMG MORI SEIKI group was able to improve its earnings situation again as planned in the **second quarter**: EBITDA rose to € 50.7 million (previous year: € 43.6 million), EBIT amounted to € 39.4 million (previous year: € 32.1 million) and the EBT reached € 38.5 million (previous year: € 29.1 million).

As at 30 **June** 2014, EBITDA amounted to € 90.2 million (previous year: € 71.7 million), EBIT reached € 67.8 million (previous year: € 49.1 million), and EBT rose to € 64.6 million (previous year: € 44.2 million). As at 30 June 2014, the group’s earnings after taxes was € 44.6 million (previous year: € 30.5 million).

Sales revenues rose by € 59.4 million (+6.1%) to € 1,034.4 million (previous year: € 975.0 million). Total operating revenues increased by € 65.7 million to € 1,076.8 million (previous year: € 1,011.1 million). The materials ratio decreased to 54.0% (previous year: 54.8%). Due to increased revenues cost of materials rose to € 582.0 million (previous year: € 554.1 million). Gross income improved by € 37.8 million to € 494.8 million (previous year: € 457.0 million). Since the number of employees has increased within the scope of the implementation of the joint venture with our cooperation partner in China, personnel expenses rose to € 247.1 million (previous year: € 232.0 million). The personnel expenses ratio was at 23.0% (previous year: 22.9%).

P. 16
Employees

The balance of other income and expenses amounted to € 157.5 million (previous year: € 153.3 million). The increase was largely due to sales related expenses. Depreciations amounted to € 22.4 million (previous year: € 22.6 million). The financial result in the half year was € −3.2 million (previous year: € −4.9 million). As at 30 June 2014, tax expenses were incurred in the amount of € 20.0 million, which led to earnings after taxes of € 44.6 million (previous year: € 30.5 million). The tax ratio was 30.9% (previous year: 31.0%).

P. 29
Notes to the Interim Consolidated Financial Statements

B.06

	30 June 2014 € million	31 Dec. 2013 € million	30 June 2013 € million
Net worth			
Long-term assets	825.5	785.7	593.5
Short-term assets	1,224.0	1,224.3	1,039.0
Equity	1,196.4	1,164.4	793.8
Outside capital	853.1	845.6	838.7
Balance sheet total	**2,049.5**	**2,010.0**	**1,632.5**

The balance sheet total as at 30 June 2014 was € 2,049.5 million (31 Dec. 2013: € 2,010.0 million).

Under **assets**, long-term assets increased by € 39.8 million to € 825.5 million. Financial assets amounted € 205.0 million (31 Dec. 2013: € 208.3 million). The participation in the capital increase of our cooperation partner caused an increase. The valuation of shares in DMG MORI SEIKI COMPANY LIMITED ran counter to the closing date.

Short-term assets remained nearly constant at € 1,224.0 million (31 Dec. 2013: € 1,224.3 million). Inventories rose by € 56.8 million to € 540.6 million. Raw materials and consumables increased by € 4.5 million to € 194.2 million. The stock of unfinished goods increased to € 115.3 million (€ +3.6 million) and the finished goods rose to € 225.5 million (€ +44.9 million). The increase was primarily due to preliminary work for planned sales revenues in the second half of the year. The turnover rate of inventories was 3.8 (previous year's period: 3.5). Trade debtors increased by € 58.6 million to € 258.5 million. The increase results in particular from the utilisation of the factoring volume having been lower by € 29.8 million. In the first half year, liquid funds reduced to € 212.3 million (31 Dec 2013: € 371.1 million).

Under **equity and liabilities**, equity increased by € 32.0 million to € 1,196.4 million (31 Dec. 2013: € 1,164.4 million). Earnings after taxes of € 44.6 million led to an increase of equity, while the dividend payment in May 2014 in the amount of € 39.4 million resulted in a reduction. The minority shares in equity amounted to € 111.0 million (€ +16.6 million). The equity ratio reached 58.4% (31 Dec. 2013: 57.9%). Outside capital increased by € 7.5 million to € 853.1 million. Provisions decreased by € 11.4 million to € 247.6 million; this was especially due to the decrease in provisions for profit-sharing bonuses, premiums and commissions. Trade creditors increased by € 17.5 million to € 349.3 million.

The group's financial position developed as follows: In the first half year, the **cash flow** from operating activities was € −91.8 million (previous year: € −40.2 million). Based on earnings before taxes (EBT) of € 64.6 million (previous year: € 44.2 million), depreciations (€ +22.4 million) as well as increased trade creditors (€ +15.0 million) contributed positively to the cash flow. The rise in inventories by € 54.6 million and in trade receivables by € 54.3 million, as well as the reduction in provisions by € 11.6 million led to a reduction of the cash flow.

P. 9
Investments

The cash flow from investment activity amounted to € −75.9 million (previous year: € −42.1 million). Investments in intangible assets and property, plant and equipment amounted to € −56.3 million (previous year: € −36.3 million). The increase results in particular from investments in the modernisation of our production site in Bergamo (Italy), in our new European headquarter in Winterthur (Switzerland) as well as the construction of our production and assembly plant in Ulyanovsk (Russia). Payments for investments in financial assets amounted to € −21.9 million (previous year: € −1.6 million) and was due to the increase of shares in DMG MORI SEIKI COMPANY LIMITED within the scope of the capital increase.

Cash flow from financing activity was € 8.2 million (previous year: € −0.7 million). The change over the previous year resulted from the sale of own company shares in the amount of € 38.6 million in March 2014 and the payment of dividends in the amount of € 39.4 million in May 2014. The changes in the individual cash flows result in a reduction of cash and cash equivalents to € 212.3 million (31 Dec. 2013: € 371.1 million).

In the first half of the year, **free cash flow** amounted to € −146.1 million (previous year: € −73.9 million). The announced adjustments of the factoring volume and higher investments in intangible assets and property, plant and equipment led to a reduction of the free cash flow. In addition we built up inventories in the first half year for planned sales revenues. In the second quarter, **free cash flow** amounted to € −41.4 million (previous year's quarter: € −4.6 million). EBT of € 38.5 million had positive effects. Counteracting effects in the second quarter resulted from the increase in inventories by € 15.0 million and trade debtors by € 28.5 million.

In the second half year, we are planning an increasing surplus in liquidity. For the entire year 2014 we assume a positive free cash flow. However, the actual amount depends on the adjustments of the factoring volume as well as on the implemented investment volume.

B . 07 **CASH FLOW**

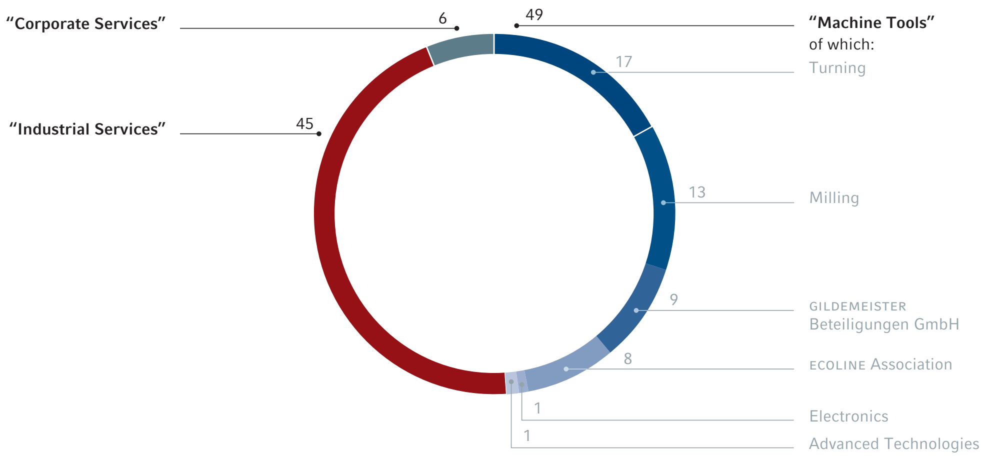
	2014 First half year € million	2013 First half year € million
Cash flow from operating activities	−91.8	−40.2
Cash flow from investment activity	−75.9	−42.1
Cash flow from financing activity	8.2	−0.7
Changes in cash and cash equivalents	−158.8	−84.6
Liquid funds at the start of the reporting period	371.1	173.3
Liquid funds at the end of the reporting period	212.3	88.7

Investments

Investments in intangible assets and plant, property and equipment were € 56.3 million during the first half year (previous year‘s value: € 36.3 million). The priority was on the continuation of large projects already underway: by the Grand Opening on 3 June, we have completed the modernisation of our production site in Bergamo (Italy). Here, we built up a new assembly hall and fundamentally modernised the mechanical production. Furthermore we put on stream a new technology centre. In Bergamo we produce our single-spindle and multi-spindle lathes, as well as the NLX-series of our cooperation partner for the European market. The new XXL Centre in Pfronten opened on 8 July. We have created an optimal assembly setting in the ultra-modern large machine centre for our portal machine, the DMU 600 P. As planned, we will complete the construction of our new European headquarters in Winterthur (Switzerland) in November; here we will bundle our entire European sales and service activities. We likewise advanced the construction of our modern production and assembly plant in Ulyanovsk (Russia) as well as our new technology centre in Moscow (Russia). In addition, we made group-wide investments in the development of pioneering products and the modernisation of technical plants.

The capital inflow to financial assets of € 21.9 million results from the participation in the capital increase of our cooperation partner, DMG MORI SEIKI COMPANY LIMITED, in order to keep the equity holding at a steady level of 9.6% of voting share capital. In the first six months, investments totalled € 78.2 million (previous year's figure: € 37.9 million).

B.08 **CONTRIBUTION OF EACH SEGMENT / DIVISION TO INVESTMENTS IN FIXED ASSETS AND INTANGIBLE ASSETS**
IN %



TOTAL
FIRST HALF YEAR 2014: € 56.3 MILLION

Segmental Reporting

Our business activities include the "Machine Tools" and "Industrial Services" segments. The "Corporate Services" segment primarily includes the DMG MORI SEIKI AKTIENGESELLSCHAFT with its group-wide holding functions. The selected machines from our cooperation partner that we produce under licence are included in "Machines Tools". The trade in and services for these machines are entered in the accounts under "Industrial Services".

The breakdown of sales revenues, order intake and EBIT for the individual segments is presented as follows:

B . 09 **SEGMENT KEY FIGURES OF DMG MORI SEIKI GROUP**

	30 June 2014 € million	31 Dec. 2013* € million	30 June 2013* € million	Changes 30 June 2014 to 30 June 2013 € million	%
Sales Revenues	**1,034.4**	**2,054.2**	**975.0**	**59.4**	**6**
Machine Tools	578.2	1,220.6	574.6	3.6	1
Industrial Services	456.1	833.4	400.3	55.8	14
Corporate Services	0.1	0.2	0.1	0.0	
Order Intake	**1,210.1**	**2,101.1**	**1,069.9**	**140.2**	**13**
Machine Tools	702.0	1,183.6	611.3	90.7	15
Industrial Services	508.0	917.3	458.5	49.5	11
Corporate Services	0.1	0.2	0.1	0.0	
EBIT	**67.8**	**147.6**	**49.1**	**18.7**	**38**
Machine Tools	32.4	87.7	27.7	4.7	17
Industrial Services	51.1	94.1	36.7	14.4	39
Corporate Services	–15.5	–33.8	–14.8	–0.7	

* previous year's figures adjusted

"Machine Tools"

The "Machine Tools" segment, our core segment, includes the group's new machines business and consists of the business areas Turning, Milling, Advanced Technologies (Ultrasonic / Lasertec), ECOLINE and Electronics. Since 1 January 2014 DMG Automation GmbH also is an organisational part of the "Machine Tools" segment. This business has become more important and should be expanded the next years. The figures of the previous year and those as of 31 December 2013 were adjusted accordingly.

B . 10

KEY FIGURES "MACHINE TOOLS" SEGMENT	30 June 2014 € million	31 Dec. 2013* € million	30 June 2013* € million	Changes 30 June 2014 to 30 June 2013 € million	%
Sales revenues					
Total	578.2	1,220.6	574.6	3.6	1
Domestic	189.5	364.5	168.5	21.0	12
International	388.7	856.1	406.1	−17.4	−4
% International	67	70	71		
Order intake					
Total	702.0	1,183.6	611.3	90.7	15
Domestic	257.4	370.3	171.9	85.5	50
International	444.6	813.3	439.4	5.2	1
% International	63	69	72		
Order Backlog					
Total	655.8	532.0	605.7	50.1	8
Domestic	199.8	131.9	129.5	70.3	54
International	456.0	400.1	476.2	−20.2	−4
% International	70	75	79		
Investments	27.8	56.8	21.2	6.6	31
EBIT	32.4	87.7	27.7	4.7	17

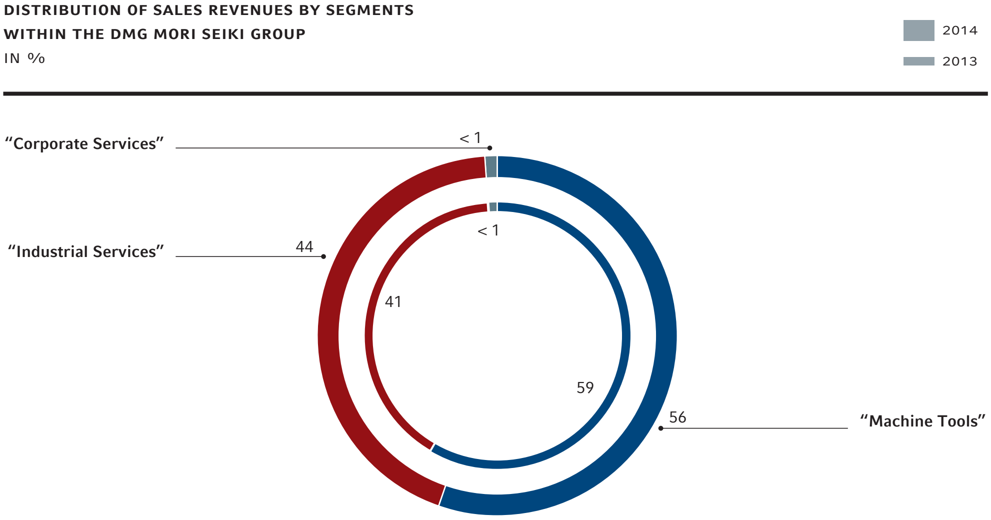
	30 June 2014	31 Dec. 2013*	30 June 2013*	Changes 30 June 2014 to 31 Dec. 2013	%
Employees	3,499	3,462	3,419	37	1
plus trainees	199	218	196	−19	−9
Total employees	3,698	3,680	3,615	18	0

* previous year's figures adjusted

The "Machine Tools" segment developed in the second quarter as follows: **sales revenues** amounted to € 300.1 million (previous year's quarter: € 302.5 million). As at 30 June 2014, sales revenues increased by € 3.6 million to € 578.2 million and were thus above the comparable period in the previous year (€ 574.6 million). The "Machine Tools" segment contributed 56% of group sales revenues on a year-on-year comparison (previous year's period: 59%).

With respect to the total sales revenues of the group, “Machine Tools”, “Industrial Services” and “Corporate Services” contributed as follows:

B . 11 **DISTRIBUTION OF SALES REVENUES BY SEGMENTS WITHIN THE DMG MORI SEIKI GROUP**
IN %



TOTAL
FIRST HALF YEAR 2014: € 1,034.4 MILLION // FIRST HALF YEAR 2013: € 975.0 MILLION

Order intake in the “Machine Tools” segment during the first half of the year rose to € 702.0 million (previous year’s period: € 611.3 million). In the second quarter, orders amounted to € 340.2 million (previous year: € 323.6 million). Thus, the “Machine Tools” in the group accounted for 58% of all incoming orders (previous year: 57%). The **order backlog** at the end of the first half year amounted to € 655.8 million (30 June 2013: € 605.7 million). **EBIT** rose to € 32.4 million (previous year: € 27.7 million). As at 30 June 2014, the number of “Machine Tools” segment employees was almost at the same level as that of year’s end 2013 with 3,698 (31 Dec. 2013: 3,680). The increase by 18 employees was due to the employment of additional production personnel at our sites in Ulyanovsk, Pfronten as well as DMG Automation.

“Industrial Services“

The “Industrial Services” segment includes the divisions Services and Energy Solutions. In **Services** we have brought together the marketing activities and LifeCycle Services for our machines and those of our cooperation partner. Assisted by DMG MORI LifeCycle Services, our customers optimise the productivity of their machine tools over their entire lifetime – from their commissioning to trade-in as used machines.

In **Energy Solutions** we focus on the Cellstrom, Energy Efficiency, Services and Components divisions. We are increasing our activities in the area of storage technology and we intend to participate in the growth of the market for decentralised storage with our advanced vanadium redox technology.

B.12 **KEY FIGURES "INDUSTRIAL SERVICES" SEGMENT**

	30 June 2014 € million	31 Dec. 2013* € million	30 June 2013* € million	Changes 30 June 2014 to 30 June 2013 € million	%
Sales revenues					
Total	456.1	833.4	400.3	55.8	14
Domestic	168.6	311.8	149.4	19.2	13
International	287.5	521.6	250.9	36.6	15
% International	63	63	63		
Order intake					
Total	508.0	917.3	458.5	49.5	11
Domestic	174.3	335.3	160.2	14.1	9
International	333.7	582.0	298.3	35.4	12
% International	66	63	65		
Order Backlog					
Total	551.8	499.9	474.2	77.6	16
Domestic	151.3	145.6	136.9	14.4	11
International	400.5	345.3	337.3	63.2	19
% International	73	71	71		
Investments	25.1	41.9	12.5	12.6	101
EBIT	51.1	94.1	36.7	14.4	39

	30 June 2014	31 Dec. 2013*	30 June 2013*	Changes 30 June 2014 to 31 Dec. 2013	%
Employees	3,203	2,937	2,916	266	9
plus trainees	7	7	6	0	0
Total employees	3,210	2,944	2,922	266	9

* previous year's figures adjusted

In the second quarter, **sales revenues** in the "Industrial Services" segment amounted to € 229.2 million (previous year's quarter: € 206.4 million). In the first half of the year, sales revenues reached up to € 456.1 million (previous year: € 400.3 million).

Services recorded sales revenues of € 219.1 million in the second quarter (previous year: € 193.9 million). In the first half year, they rose by € 62.8 million to € 437.7 million (previous year: € 374.9 million). Sales revenues in Energy Solutions were € 10.1 million in the second quarter (previous year: € 12.5 million) and amounted to € 18.4 million in the first half year (previous year: € 25.4 million). "Industrial Services" contributed a total share of 44% to the group sales revenues (previous year: 41%).

Order intake in the second quarter were € 268.7 million (previous year's quarter: € 227.6 million). In the first half year order intake amounted to € 508.0 million (previous year: € 458.5 million). "Industrial Services" contributed a total share of 42% of group incoming orders (previous year: 43%).

In Services, the order intake rose to € 488.5 million as at 30 June (previous year: € 423.3 million). Order intake in the business with services (e.g. maintenance, repair and spare parts) developed positively. The business with the machines of our cooperation partner amounted to € 206.5 million (previous year: € 154.9 million) – and in the current financial year, we are planning an order intake of approximately € 425 million. Orders in the Energy Solutions divisions amounted to € 19.5 million (previous year: € 35.2 million).

The **order backlog** was € 551.8 million (30 June 2013: € 474.2 million).
EBIT in the first six months amounted to € 51.1 million (previous year: € 36.7 million).
In the "Industrial Services" segment, the number of **employees** was 3,210 at the end of the second quarter 2014 (31 Dec. 2013: 2,944).

„Corporate Services“

B . 13 **KEY FIGURES "CORPORATE SERVICES" SEGMENT**

	30 June 2014 € million	31 Dec. 2013 € million	30 June 2013 € million	Changes 30 June 2014 to 30 June 2013 € million
Sales revenues	0.1	0.2	0.1	0.0
Order intake	0.1	0.2	0.1	0.0
Investments *	25.3	114.8	4.2	21.1
EBIT	−15.5	−33.8	−14.8	−0.7

* of which as at 30 June 2014: € 21.9 million capital inflow to financial assets, 31 Dec. 2013: € 106.9 million capital inflow to financial assets, 30 June 2013: € 1.6 million capital inflow to financial assets

	30 June 2014	31 Dec. 2013	30 June 2013	Changes 30 June 2014 to 31 Dec. 2013	%
Employees	105	98	91	7	7

The "Corporate Services" segment primarily includes the DMG MORI SEIKI AKTIENGESELLSCHAFT with its group-wide holding functions. **EBIT** amounted to € −15.5 million (previous year: € −14.8 million). The financial result improved to € 4.6 million (previous year: € 2.3 million). **EBT** amounted to € −10.9 million (previous year: € −12.5 million).

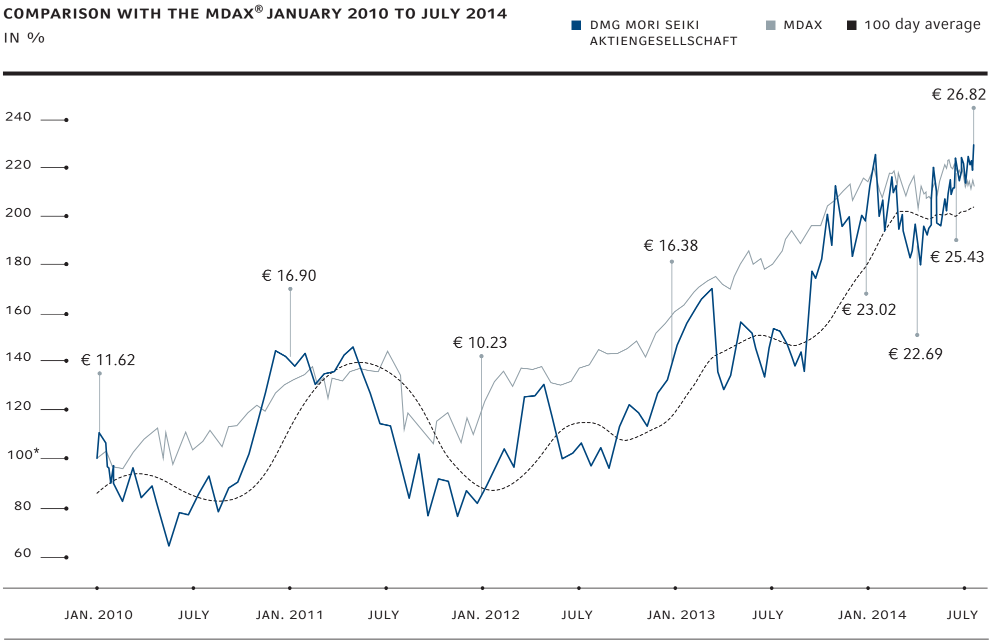
Employees

On 30 June 2014, the group had 7,013 employees of whom 206 were trainees (31 Dec. 2013: 6,722). The number of employees has thus risen by 291. The increase in personnel primarily resulted from the bundling of our joint sales and service activities with our cooperation partner in China and Brazil. For the manufacturer plants, additional personnel were employed at our sites in Ulyanovsk and Pfronten as well as at DMG Automation. At the end of the first half year, 3,854 employees (55%) were working at our domestic companies and 3,159 employees at the international companies (45%). Personnel costs amounted to € 247.1 million (previous year: € 232.0 million). The personnel expenses ratio was 23.0 % (previous year: 22.9%).

Share

The share of DMG MORI SEIKI AKTIENGESELLSCHAFT was quoted at the start of the second quarter at € 22.69 (1 April 2014) and closed the reporting period at € 25.43 (30 June 2014). The current share price is € 26.82 (25 July 2014). The company is currently being analysed by 16 banks, of which nine recommend buying the share, two banks who rate the share as "overweight" and five analysts recommend to hold the stock.

B . 14 **THE DMG MORI SEIKI AKTIENGESELLSCHAFT SHARE IN COMPARISON WITH THE MDAX® JANUARY 2010 TO JULY 2014**
IN %



* 04 January 2010 = 100, stock performance indexed, XETRA stock prices
Source: Deutsche Börse Group

For the first six months, based on the number of shares of 78.8 million, a turnover rate of 0.4 times has been calculated (previous year's period: 0.7 times based on the number of shares of 60.2 million. The trading volume averaged approximately 247,000 shares per trading day (previous year: 355,000 shares).

Research and Development

Expenditure on research and development in the first half year amounted to € 22.0 million (previous year: € 22.5 million). In contrast to last year's report, expenditures for custom engineering are no longer included. The previous year's figure has been adjusted accordingly.

Due to the increasing demand for customer-specific solutions, custom engineering are gaining more and more importance. We intend to increasingly pursue the opportunities present in the custom engineering area and build up the business. The expenditures for custom engineering are thus viewed separately from this year onwards and no longer allocated to research and development expenditures.

In the first half of the year, we presented nine world premieres at international and national trade fairs as well as in-house exhibitions. In the second half of the year, we will now present an additional 10 world premieres. Thus, a total of 19 world premieres highlight the status of DMG MORI as a global innovations leader in the machine tool sector.

In the second quarter, at our in-house exhibition in Bielefeld, we presented the universal lathe CTX alpha 300 with CELOS and featuring the new DMG MORI design. At the Grand Opening of GILDEMEISTER Italiana in Bergamo, we presented the world premiere of SPRINT 20|5. The machine for work pieces of up to 600 mm length was developed especially for the medical and automotive sectors. All in all, the working space on two tool carriages offers room for 23 partly driven tools. Delicate mass components can be produced this way with a high geometric flexibility and precision. Further features of the machine that set it apart from the competition are the short chip-to-chip and changeover times for the highest possible productivity.

Furthermore the NLX 2500 SY / 700 for six-side processing engineered by our partner DMG MORI SEIKI COMPANY LIMITED was presented with CELOS and in the new DMG MORI design. The machine is being produced at GILDEMEISTER Italiana for the European market.

There are currently a total of 499 employees working on the development of our new products; this is the equivalent of 14% of the workforce at the plants.

World premiere in the 2nd Quarter 2014: SPRINT 20|5

The SPRINT 20|5 has a main and counter spindle, as well as several linear and rotary axes for the production of complex components. Optionally, two driven tool stations for the rear-side processing can be fitted. The space requirement of just 1.92 sqm and the chip-to-chip time of less than 0.2 seconds are unique in this class of automatic lathes.

Opportunities and Risk Management Report

In its worldwide business dealings, the DMG MORI SEIKI is confronted with various opportunities and risks. Our opportunities and risk management assists us in identifying and assessing these timely. The Executive Board and the Supervisory Board are informed regularly about the current risk situation of the group and that of the individual business units.

Opportunities are identified and analysed within the opportunities and risk management system. With the Marketing Information System (MIS) we identify significant individual opportunities by compiling customer data worldwide and evaluating market and competitor data.

We plan to take advantage of the positive economic development in Germany, the improved economic situation in Europe after the subsiding of the sovereign debt crisis, and the stable growth dynamics in the USA with overall positive impulses on the world economy. Furthermore, the effects of exchange rate fluctuations create supplementary positive impulses by additional sales opportunities for the machines of DMG MORI SEIKI COMPANY LIMITED.

We will also continue to expand the Production division in the future. In the beginning of the third quarter 2014, local production in Russia will commence in temporary rented space. Here, we will firstly focus on educational and training issues. Upon the final completion in 2015, we will then be able to increase the capacities of the production and assembly plant with training and technology centre at the Ulyanovsk site. We will produce machines of the ECOLINE series there and advance our global strategy thereby: our ECOLINE series satisfies the global market demand for affordable machines with innovative technology.

At the same time, we continue to expand our sales activities: As at 1 June 2014, the pursued cooperation with DMG MORI SEIKI COMPANY LIMITED in Brazil, an important market, was implemented according to the plan.

Through DMG MORI FINANCE GmbH (formerly MG Finance), we offer our customers tailor-made financing solutions nationally and internationally.

We are afforded considerable corporate strategic opportunities through our permanent innovation and technology leadership. In this scope, we will also be able to introduce new innovative machines and automation solutions in the future and present them as world premieres. In addition, we continue to expand our successful Services division.

We assume that regenerative energies will continue to have central importance. We participate in this market with our Energy Solutions division, which offers solutions especially for industrial customers to optimise their energy management.

Risks are systematically identified, assessed, aggregated, monitored and notified through the DMG MORI SEIKI risk management.

Risks are currently also present due to the economic effects of the political conflicts in the Ukraine, in Syria, in Iraq and in Israel. In this context, there are risks in particular caused by the uncertain development of the sanctions imposed on Russia by German and European government institutions. This causes risks for the export of machines and technology to Russia from abroad.

In terms of the broader economy, risks arise in particular from the cyclical development. Despite improved economic developments in Europe, owing to the subsiding of the sovereign debt crisis in the European crisis states, there continue to be persistent cyclical risks for the still weak overall economic growth in Europe, which may have negative effects on the global economic growth. Furthermore, a cyclical weakness in the emerging countries has not yet been overcome. In the BRIC States (Brazil, Russia, India and China) the growth pace, even if at a high level in some cases, has noticeably slowed down. Economic slumps would lead to a substantial reduction of the sales volume or the achievable margins.

Due to adjustments of foreign currencies in comparison to the euro, such as for example, the Japanese yen, competitive advantages may be created for competitors within the Eurozone while our competitiveness declines in the relevant foreign markets.

On the procurement side, DMG MORI SEIKI perceives itself to be exposed to price increases for materials in the machine tool business.

We assume that the tax and social insurance declarations we submit are complete and correct. Nevertheless, due to differing assessments of the facts, additional charges may arise within the scope of an audit.

In order to secure our future success, we rely on highly skilled specialists and managers. If these cannot be brought and kept on board in sufficient numbers, this may have negative effects on the development of the group.

In the context of the photovoltaic activities in the Energy Solutions division, we operate some of our customers' solar parks on their behalf and bear corresponding operator risks. There are still some unsettled questions for the group as the former general contractor, which relate to already completed projects regarding approval regulations.

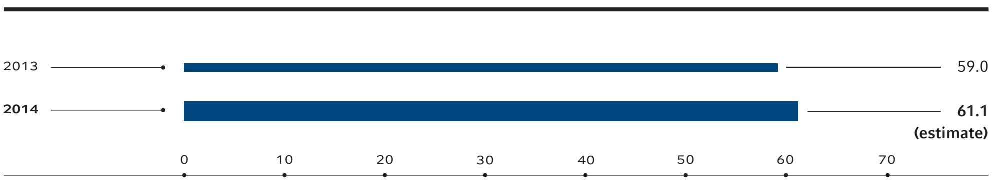
All risks are aggregated at DMG MORI SEIKI to an overall risk, which does not threaten the continuation of the group in today's perspective.

Forecast

The **world economy** will continue to grow according to the current forecasts. The Institute for the World Economy (IfW) forecasts an increase in global gross domestic product (GDP) of 3.5%. An escalation of the Ukraine conflict or an expansion of conflicts in Syria, Iraq and in Israel could however cause a downturn of the global economy. In the current year, China will fall slightly short of its growth targets for the first time according to the present expectations. Growth impulses for 2014 are therefore expected to come from the industrialised countries. In the USA, the economic growth will accelerate further. A recovery of the economy is also expected for Europe within this year: Economic researchers anticipate that the GDP of the Euro countries will rise by 1.0% in the year 2014. For Germany, an increase of 2.0% is expected.

The **global market for machine tools** in 2014 is expected to develop positively. The German Machine Tool Builders' Association (VDW) and the British economic research institute Oxford Economics are expecting 3.7% growth in world consumption to € 61.1 billion in their most recent forecast of April this year. In **Asia**, according to current forecasts, there should be a 3.6% rise in demand. In **America**, an increase in consumption of 7.4% is estimated. In **Europe**, demand is to grow somewhat more slowly (+1.6%). For **Germany** an increase of 7.5% is expected.

C.01 **MACHINE TOOLS CONSUMPTION WORLDWIDE**
IN € BILLION



Sources: VDW (German Machine Tool Builders' Association) / Oxford Economics; Institute for Economics (IfW)

Future Business Development

In the **financial year** 2014, we continue to expect overall positive global economic framework conditions. Accordingly, the presently stable economic development in Germany, the improved cyclical situation in Europe, and the stable growth dynamics in the USA should also have a positive effect on the result. In contrast, potential economic effects of the political conflicts in the Ukraine, in Syria, in Iraq and in Israel continue to present a factor of high uncertainty.

In the area of sales and services, the cooperation with our partner DMG MORI SEIKI COMPANY LIMITED is in line with the planned implementation for the for us important Canadian market as of 1 July. By year's end 2014, we will be present together with our cooperation partner in all important markets worldwide.

In the second half of 2014, we expect a further vitalisation of our business. We expect special impulses for the order intake from the autumn trade fairs and technology exibitions **IMTS in Chicago, AMB in Stuttgart** and **JIMTOF in Tokyo**, where we will present 10 world premieres together with our cooperation partner.

Based on the present business performance, we are planning an **order intake** of around € 2.3 billion for the year 2014. Due to these expectations and based on our order backlog, the **annual sales revenues** should amount to around € 2.2 billion. Especially in the fourth quarter we expect rising sales revenues and earnings to the operating income. Based on the premise that the market development will proceed according to our expectations, we are planning to achieve an **EBIT** of around € 175 million and an **EBT** of around € 165 million. For the entire year 2014, we assume a positive **free cash flow**. However, the actual amount depends on the adjustments of the factoring volume as well as on the implemented investment volume. Based on these developments, we intend to distribute a **dividend** for the financial year 2014.

The German Machine Tool Builders' Association (VDW) and Oxford Economics forecast an increase in the worldwide tool machine consumption for the **year** 2014 (+3.7). We too expect an overall positive development for the financial year 2014.

Consolidated Income Statement

D.01

2ND QUARTER 2014	2014 01 April – 30 June € million	%	2013 01 April – 30 June € million	%	Changes 2014 against 2013 € million	%
Sales Revenues	529.3	96.5	508.9	98.9	20.4	4.0
Changes in finished goods and work in progress	17.3	3.2	2.0	0.4	15.3	765.0
Own work capitalised	1.6	0.3	3.9	0.7	−2.3	59.0
Total Work Done	**548.2**	**100.0**	514.8	100.0	33.4	6.5
Cost of materials	−296.8	−54.1	−273.8	−53.2	−23.0	8.4
Gross Profit	**251.4**	**45.9**	241.0	46.7	10.4	4.3
Personnel costs	−125.5	−22.9	−117.7	−22.9	−7.8	6.6
Other income and expenses	−75.2	−13.7	−79.7	−15.5	4.5	5.6
Depreciation	−11.3	−2.1	−11.5	−2.2	0.2	1.7
Financial Result	−0.9	−0.2	−3.0	−0.6	2.1	70.0
EBT	38.5	7.0	29.1	5.6	9.4	
Income Taxes	−11.9	−2.1	−9.0	−1.7	−2.9	
Earnings after taxes	26.6	4.9	20.1	3.9	6.5	
Profit share of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT	24.1	4.4	18.2	3.5	5.9	
Profit share attributed to minority interests	2.5	0.5	1.9	0.4	0.6	
Earnings per share pursuant to IAS 33 (in euros)						
Undiluted	0.31		0.31			
Diluted	0.31		0.31			

1ST HALF YEAR 2014	2014 01 Jan. – 30 June € million	%	2013 01 Jan. – 30 June € million	%	Changes 2014 against 2013 € million	%
Sales Revenues	1,034.4	96.1	975.0	96.4	59.4	6.1
Changes in finished goods and work in progress	38.8	3.6	30.1	3.0	8.7	28.9
Own work capitalised	3.6	0.3	6.0	0.6	−2.4	40.0
Total Work Done	**1,076.8**	**100.0**	1,011.1	100.0	65.7	6.5
Cost of materials	−582.0	−54.0	−554.1	−54.8	−27.9	5.0
Gross Profit	**494.8**	**46.0**	457.0	45.2	37.8	8.3
Personnel costs	−247.1	−23.0	−232.0	−22.9	−15.1	6.5
Other income and expenses	−157.5	−14.6	−153.3	−15.2	−4.2	2.7
Depreciation	−22.4	−2.1	−22.6	−2.2	0.2	0.9
Financial Result	−3.2	−0.3	−4.9	−0.5	1.7	34.7
EBT	64.6	6.0	44.2	4.4	20.4	
Income Taxes	−20.0	−1.9	−13.7	−1.4	−6.3	
Earnings after taxes	44.6	4.1	30.5	3.0	14.1	
Profit share of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT	40.2	3.7	27.4	2.7	12.8	
Profit share attributed to minority interests	4.4	0.4	3.1	0.3	1.3	
Earnings per share pursuant to IAS 33 (in euros)						
Undiluted	0.52		0.47			
Diluted	0.52		0.47			

Consolidated Statement of Other Comprehensive Income

D . 02

	2014 01 Jan. – 30 June € million	2013 01 Jan. – 30 June € million
Earnings after taxes	**44.6**	**30.5**
Other comprehensive income		
Actuarial gains / losses	−0.2	0.9
Income taxes on items that have not been reclassified to the income statement	0.6	−0.1
Sum of items not reclassified to the income statement	**0.4**	**0.8**
Differences from currency translation	2.4	−6.7
Changes in market value of hedging instruments	−2.0	−0.6
Changes in the fair value measurement of available-for-sale assets	−25.2	12.0
Income taxes on items which are reclassified to the income statement	0.0	0.0
Sum of items which are reclassified to the income statement	−24.8	4.7
Other comprehensive income for the period after taxes	**−24.4**	**5.5**
Total comprehensive income for the period	**20.2**	**36.0**
Profit share of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT	16.0	33.3
Profit share attributed to minority interests	4.2	2.7

Consolidated Balance Sheet

D . 03

ASSETS	30 June 2014 € million	31 Dec. 2013 € million	30 June 2013 € million
Long-term assets			
Goodwill	133.0	121.5	119.6
Other intangible assets	69.0	71.3	67.4
Tangible assets	352.2	317.3	277.5
Equity accounted investments	46.2	46.1	10.0
Other equity investments	158.8	162.2	55.9
Trade debtors	0.4	2.9	0.7
Receivables from related parties	0.1	0.0	0.0
Other long-term financial assets	10.4	13.3	11.6
Other long-term assets	3.2	2.8	0.9
Deferred taxes	52.2	48.3	49.9
	825.5	**785.7**	**593.5**
Short-term assets			
Inventories	540.6	483.8	556.7
Trade debtors	221.8	169.6	202.0
Receivables from at equity accounted companies	6.6	4.1	7.8
Receivables from related parties	29.2	23.5	10.0
Receivables from associated companies	0.9	2.7	1.0
Other short-term financial assets	111.7	68.6	68.3
Other short-term assets	50.4	50.4	49.5
Cash and cash equivalents	212.3	371.1	88.7
Long-term assets held for sale	50.5	50.5	55.0
	1,224.0	**1,224.3**	**1,039.0**
	2,049.5	**2,010.0**	**1,632.5**

EQUITY AND LIABILITIES	30 June 2014 € million	31 Dec. 2013 € million	30 June 2013 € million
Equity			
Subscribed capital	204.9	200.2	151.7
Capital provision	498.5	480.4	257.2
Revenue provisions	382.0	389.4	294.6
Total equity of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT	**1,085.4**	**1,070.0**	**703.5**
Minority interests' share of equity	111.0	94.4	90.3
Total equity	**1,196.4**	**1,164.4**	**793.8**
Long-term liabilities			
Long-term financial debts	6.6	2.0	1.9
Pension provisions	38.3	38.4	37.1
Other long-term provisions	20.8	27.8	17.7
Trade creditors	0.0	0.0	0.2
Other long-term financial liabilities	2.4	4.1	8.2
Other long-term liabilities	2.1	2.4	2.5
Deferred taxes	6.9	6.3	5.4
	77.1	**81.0**	**73.0**
Short-term liabilities			
Short-term financial debts	12.8	12.7	30.9
Tax provisions	31.2	34.5	34.6
Other short-term provisions	157.3	158.3	157.3
Payments received on account	163.5	148.1	139.6
Trade creditors	265.0	260.6	236.7
Liabilities to at equity accounted companies	0.3	0.3	0.1
Liabilities to related parties	71.4	48.4	85.3
Liabilities to associated companies	12.6	22.5	24.2
Other short-term financial liabilities	26.9	34.8	18.3
Other short-term liabilities	26.1	34.8	28.7
Liabilities in connection with assets held for sale	8.9	9.6	10.0
	776.0	**764.6**	**765.7**
	2,049.5	**2,010.0**	**1,632.5**

Consolidated Cash Flow Statement

D . 04

CASH FLOW FROM OPERATING ACTIVITIES	2014 01 Jan. – 30 June € million	2013 01 Jan. – 30 June € million
Earnings before taxes (EBT)	64.6	44.2
Income taxes	−20.0	−13.7
Depreciation	22.4	22.6
Change in deferred taxes	−3.3	−2.6
Change in long-term provisions	−7.2	−4.1
Other income and expenses not affecting payments	0.2	0.9
Change in short-term provisions	−4.4	−5.1
Changes in inventories, trade debtors and other assets	−154.2	−62.2
Changes in trade creditors and other liabilities	10.1	−20.2
	−91.8	**−40.2**
CASH FLOW FROM INVESTING ACTIVITY		
Amounts paid out for investments in intangible and tangible assets	−56.3	−34.3
Amounts paid out for investments in financial assets	−21.9	−1.6
Cash flow from the takeover of control of subsidiaries	0.3	−6.8
Amounts received on disposal of the property, plant and equipment	2.0	0.6
	−75.9	−42.1
CASH FLOW FROM FINANCING ACTIVITY		
Cash inflows / cash outflows for borrowings	9.0	16.7
Cash inflow from the sale of own shares	38.6	0.0
Dividends paid	−39.4	−20.4
Deposit from minority shareholders	0.0	3.0
	8.2	**−0.7**
Changes affecting payments	−159.5	−83.0
Effects of exchange rate changes on financial securities	0.7	−1.6
Cash and cash equivalents as of 1 January	371.1	173.3
Cash and cash equivalents as of 30 June	212.3	88.7

Development of Group Equity

D . 05

	Subscribed capital € million	Capital provision € million	Revenue provisions € million	Total equity of shareholders of DMG MORI SEIKI AKTIEN-GESELLSCHAFT € million	Minority interests' share of equity € million	**Total equity € million**
As at 01 January 2014	200.2	480.4	389.4	1,070.0	94.4	1,164.4
Total comprehensive income	0.0	0.0	16.0	16.0	4.2	20.2
Consolidation measures / Other changes	4.7	18.1	−23.4	−0.6	12.4	11.8
As at 30 June 2014	**204.9**	**498.5**	**382.0**	**1,085.4**	**111.0**	**1,196.4**

	Subscribed capital € million	Capital provision € million	Revenue provisions € million	Total equity of shareholders of DMG MORI SEIKI AKTIEN-GESELLSCHAFT € million	Minority interests' share of equity € million	**Total equity € million**
As at 01 January 2013	151.7	257.2	281.7	690.6	84.6	775.2
Total comprehensive income	0.0	0.0	33.3	33.3	2.7	36.0
Consolidation measures / Other changes	0.0	0.0	−20.4	−20.4	3.0	−17.4
As at 30 June 2013	**151.7**	**257.2**	**294.6**	**703.5**	**90.3**	**793.8**

Group Segmental Reporting
(part of the selected explanatory notes)

D . 06

2ND QUARTER 2014

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	300.1	229.2	0.0	0.0	529.3
EBIT	19.0	29.2	−8.9	0.1	39.4
Investments	16.7	17.3	1.9	0.0	35.9
Employees	3,698	3,210	105	0	7,013

2ND QUARTER 2013

	Machine Tools* € million	Industrial Services* € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	302.5	206.4	0.0	0.0	508.9
EBIT	20.1	19.8	−7.7	−0.1	32.1
Investments	14.1	10.1	1.5	0.0	25.7
Employees	3,615	2,922	91	0	6,628

1ST HALF YEAR 2014

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	578.2	456.1	0.1	0.0	1,034.4
EBIT	32.4	51.1	−15.5	−0.2	67.8
Investments	27.8	25.1	25.3	0.0	78.2
Employees	3,698	3,210	105	0	7,013

1ST HALF YEAR 2013

	Machine Tools* € million	Industrial Services* € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	574.6	400.3	0.1	0.0	975.0
EBIT	27.7	36.7	−14.8	−0.5	49.1
Investments	21.2	12.5	4.2	0.0	37.9
Employees	3,615	2,922	91	0	6,628

* previous year’s figures adjusted

Notes to the Interim Consolidated Financial Statements

1 APPLICATION OF REGULATIONS

The consolidated financial statements of **DMG MORI SEIKI AKTIENGESELLSCHAFT** as of 31 December 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as applicable at the reporting date and as adopted by the European Union. The consolidated interim financial statements as of 30 June 2014 were prepared on the basis of IAS 34 Interim Financial Reporting. The consolidated interim financial statements as of 30 June 2014 and the group interim management report for the period 1 January to 30 June 2014 were not reviewed or audited pursuant to Section 37w of the German Securities Trading Law (WpHG).

All interim financial statements of those companies that were included in the Interim Consolidated Financial Statements were prepared in accordance with uniform accounting and valuation principles that also formed the basis for the Consolidated Annual Financial Statements for the year ending 31 December 2013.

In view of the sense and purpose of interim reporting as an instrument of information based on the Consolidated Financial Statements, and in accordance with IAS 1.112, we refer to the Notes to the Consolidated Annual Financial Statements. These set out in detail the accounting, valuation and consolidation methods applied and the right of choice contained in the IFRS that has been exercised.

The accounting and valuation principles as well as the consolidation methods have been retained when compared to financial year 2013 (see further discussions in the Notes to the Consolidated Financial Statements as of 31 December 2013), with the exception of the application of new financial accounting regulations. None of the obligatory applications of IFRS amendments or new standards effective as of 1 January 2014 has any material effect on the DMG MORI SEIKI AKTIENGESELLSCHAFT reporting.

2 SEASONAL EFFECTS

As a globally operating company, the DMG MORI SEIKI group is subject to various cyclical developments. In the sections “Overall economic development” and “Development of the Machine Tool Industry”, the cyclical influences during the reporting period have been set out in detail. Industry-related seasonal fluctuations over the course of the year are normal and may lead to different sales revenues and as a result different earnings.

3 CONSOLIDATION GROUP

On 30 June 2014, the **DMG MORI SEIKI** group, including DMG MORI SEIKI AKTIENGESELLSCHAFT, comprised 95 companies, of which 91 companies were included in the interim financial statements as part of the full consolidation process. In comparison to 31 March 2014, the number of group affiliates was reduced by one.

DMG (Thailand) Co. Ltd., Bangkok, was closed in the second quarter.

Effective as of 31 March 2014, DMG MORI SEIKI AKTIENGESELLSCHAFT and DMG MORI SEIKI COMPANY LIMITED have contributed the operations of their Canadian sales companies in to DMG MORI SEIKI CANADA Inc., Toronto, Canada. 51% of the shares in this company are held by DMG Holding AG, Dübendorf, Switzerland; 49% of the shares are held by Mori Seiki Canada Ltd. According to IFRS 3.B64, the following mandatory disclosures must be made for company mergers: The transaction occurred without the payment of a purchase price. The consideration in kind for the business operations acquired by the DMG MORI SEIKI group corresponds to of the fair value and amounted to € 5.3 million.

In detail, the following individual assets and debts were acquired and recognised at fair value: € 10.0 million intangible assets, € 1.6 million trade debtors, € 0.2 million cash and cash equivalents as well as € 1.5 million liabilities. The net assets acquired amounted in total to € 5.3 million. The receivables taken over include solely receivables that are expected to be recoverable. In valuating the minority interests' share of equity, use was made of the option in IFRS 3 of measuring minority interests at their proportionate share of net assets, which led to lower recognition. As of 30 June 2014, the purchase price allocation is still provisional. An additional goodwill did not result. The costs directly related to the acquisition of the company in an amount of € 0.1 million were accounted for as an expense for the period. Since 1 April 2014, the acquired business operation has contributed an additional € 1.9 million to group sales revenues. The share of earnings after taxes for the same period amounted to € –0.1 million. If the merger of the companies had already taken place on 1 January 2014, the share of earnings after taxes would have amounted to € –0.2 million and the sales revenues for the same period would have been € 3.9 million.

Comparison with the consolidated financial statements for the periods ending 31 December 2013 and the interim consolidated financial statement as at 30 June 2013 is not impaired by this.

Effective as of 30 May 2014, DMG MORI SEIKI AKTIENGESELLSCHAFT and DMG MORI SEIKI COMPANY LIMITED have contributed the operations of their Brazilian sales companies to DMG MORI SEIKI BRASIL COMERCIO DE EQUIPAMENTOS INDUSTRIAS LTDA. (formerly: DECKEL MAHO Gildemeister Brasil Ltda.). 51% of the shares in this company are held by DMG Holding AG, Dübendorf, Switzerland; 49% of the shares are held by MORI SEIKI U.S.A., Inc. According to IFRS 3.B64, the following mandatory disclosures must be made for company mergers: The transaction occurred without the payment of a purchase price. The consideration paid for the operations that were acquired from the DMG MORI SEIKI group was equivalent of the fair value and amounted to € 1.5 million. In detail, the following individual assets and debts were acquired and recognised at fair value: € 0.1 million plant, property and equipment, € 1.7 million inventories, € 0.2 million trade debtors, € 0.2 million other assets, € 0.1 million cash and cash equivalents, € 0.2 million provisions as well as € 0.1 million other liabilities. The net assets acquired amounted in total to € 0.5 million. The receivables taken over include solely receivables that are expected to be recoverable. In valuating the minority interests' share of equity, use was made of the option in IFRS 3 of measuring minority interests at their proportionate share of net assets, which led to lower recognition. As of 30 June 2014, the purchase price allocation is still provisional. A goodwill in the amount of € 1.0 million is derived from this, which results from synergy effects from the integration of the operative business in the DMG MORI SEIKI group. The costs directly related to the acquisition of the company in an amount of € 0.1 million were accounted for as an expense for the period. Since the acquisition date, the acquired business operation has contributed an additional

€ 0.1 million to group sales revenues. The share of earnings after taxes for the same period amounted to € –0.3 million. If the merger of the companies had already taken place on 1 January 2014, the profit share after taxes would have amounted to € –0.8 million and the sales revenues for the same period would have been € 1.1 million.

Comparison with the consolidated financial statements for the periods ending 31 December 2013 and the interim consolidated financial statement as at 30 June 2013 is not impaired by this.

With no change to the consolidated financial statements 2013, DMG / MORI SEIKI Australia Pty. Ltd. and SUN CARRIER OMEGA Pvt. Ltd. are classified as a joint venture and included in the consolidated financial statements at equity. Magnescale Co., Ltd., and DMG MORI Finance GmbH (formerly: MG Finance GmbH) are still classified as associated companies and included in the consolidated financial statements at equity.

4 EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average weighted number of shares as follows: At the same time, the group earnings after taxes of € 44.6 million are decreased by € 4.4 million by the minority interests‘ earnings.

D . 07

Group result excluding the profit share of the shareholders	€ K	40,207
Average weighted number of shares (pieces)		78,040,128
Earnings per share acc. to IAS 33	€	0.52

5 INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT

Compared to the reporting in the balance sheet as of 31 December 2013, the receivables and liabilities in the balance sheet as of 30 June 2014 are presented in more detail; as of 31 December 2013, this information was disclosed in the notes to the consolidated financial statements. Additions in equity investments as of 30 June 2014 resulted from the participation in the capital increase of our cooperation partner in order to keep the shareholdings of voting share capital of DMG MORI SEIKI COMPANY LIMITED constant.

The income tax expense in the interim reporting period is determined pursuant to IAS 34.30(c) on the basis of the current effective tax rate expected for the entire year.

6 STATEMENT OF COMPREHENSIVE INCOME

Comprehensive income as of 30 June 2014 of € 20.2 million comprised earnings after taxes (€ 44.6 million) and “other comprehensive income for the period after taxes” (€ –24.4 million). A significant influential factor was the change arising from the measurement of financial assets held for sale. The change in the fair values of financial derivatives reduced comprehensive income; whereas differences from currency conversion had an increasing effect on income. Seasonally-related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

7 DEVELOPMENT OF GROUP EQUITY

Equity rose in total by € 32.0 million to € 1,196.4 million. Minority interests in equity rose by € 16.6 million to € 111.0 million. The consolidated net income as of 30 June 2014 of € 44.6 million and the sale of the company's own shares of € 38.6 million increased equity. A reduction of equity resulted from the distribution of the dividend for the financial year 2013 in the amount of € 39.4 million, the change in value of the financial assets held for sale in the amount of € –25.2 million, as well as the changes in the market values of derivative financial instruments. The changes in currency that were considered without effect on net income increased equity.

8 SEGMENTAL REPORTING

P. 10 – 15
Segments

Within the scope of segmental reporting, pursuant to IFRS 8 regulations, the business activities of the DMG MORI SEIKI group have been divided into the "Machine Tools", "Industrial Services" and "Corporate Services" business segments. The segmentation corresponds to the internal management and reporting based on the different products and services. The machines of our cooperation partner produced under licence are included in "Machine Tools"; the business with the products of our cooperation partner is accounted for under "Industrial Services". DMG Automation GmbH, Hüfingen, has been part of the segment "Machine Tools" since 1 January 2014 due to an organisational change. The previous year's figures of the "Machine Tools" and "Industrial Services" segments have been adjusted accordingly. Moreover, the demarcation of the segments and the determination of the segment results remain unchanged from 31 December 2013.

9 STATEMENT OF RELATIONS WITH RELATED PARTIES

There have not been any material changes as of 30 June 2014. As presented in the notes to the financial statements as of 31 December 2013, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions.

10 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Significant events occurring after the end of the reporting period are presented in the "Forecast". In addition, no other significant events have occurred after the reporting date of interim financial statements.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles for interim reports, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group interim management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining business year.

Bielefeld, 31 July 2014

DMG MORI SEIKI AKTIENGESELLSCHAFT

The Executive Board

Dipl.-Kfm. Dr. Rüdiger Kapitza

Dipl.-Kfm. Dr. Thorsten Schmidt

Dipl.-Kfm. André Danks

Dipl.-Kfm. Dr. Maurice Eschweiler

Dipl.-Kfm. Christian Thönes

Supervisory Board:

Prof. Dr.-Ing. Raimund Klinkner, Chairman

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Financial Calendar

28 OCT. 2014	Third Quarterly Report 2014 (1 July to 30 September)
12 MAR. 2015	Press conference on Financial Statements
13 MAR. 2015	DVFA Analysts' Conference
28 APRIL 2015	First Quarterly Report 2014 (1 January to 31 March)
08 MAY 2015	Annual General Meeting at 10.00 am in Town Hall, Bielefeld

SUBJECT TO ALTERATION

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Forward-looking statements

This report contains forward-looking statements, which are based on current estimates of the management of future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors, which could lead to the actual future circumstances including the assets, liabilities, financial position and profit or loss of DMG MORI SEIKI AKTIENGESELLSCHAFT differing materially from or being more negative than that those expressly or implicitly assumed or described in these statements. The business activities of DMG MORI SEIKI AKTIENGESELLSCHAFT are subject to a series of risks and uncertainties, which may result in forward-looking statements estimates or forecasts becoming inaccurate. DMG MORI SEIKI AKTIENGESELLSCHAFT is strongly affected, in particular, by changes in general economic and business conditions (including margin developments in the most important business areas as well as the consequences of a recession) as these have a direct effect on processes, suppliers and customers. Due to their differences, not all business areas are affected to the same extent by changes in the economic environment; significant differences exist with respect to the timing and extent of the effects of any such changes. This effect is further intensified by the fact that, as a global entity, DMG MORI SEIKI AKTIENGESELLSCHAFT operates in various markets with very different economic rates of growth. Uncertainties arise inter alia from the risk that customers may delay or cancel orders or they may become insolvent or that prices become further depressed by a persistently, unfavourable market environment than that which we are expecting at the current time; developments on the financial markets, including fluctuations in interest rates and exchange rates, in the price of raw materials, in borrowing and equity margins as well as in financial assets in general; growing volatility and further decline in the capital markets and a deterioration in the conditions for the credit business and in particular deterioration from growing uncertainties that arise from the financial market and liquidity crisis including that of the euro debt crisis as well as a deterioration in the future economic success of the core business areas in which we operate; challenges in integrating major acquisitions and in implementing joint ventures and achieving the expected synergy effects and other essential portfolio measures; the introduction of competing products or technology by other companies or the entry onto the market of new competitors; a change in the dynamics of competition (primarily on developing markets); a lack of acceptance of new products and services in customer target groups of the DMG MORI SEIKI AKTIENGESELLSCHAFT group; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to natural catastrophe, to supply pre-fabricated parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other measures of public bodies; the potential effects of these investigations and proceedings on the business of DMG MORI SEIKI AKTIENGESELLSCHAFT and various other factors. Should one of these factors of uncertainty or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results stated, expected, anticipated, intended, planned, aimed at, estimated or projected in these statements.

DMG MORI SEIKI AKTIENGESELLSCHAFT neither intends to nor does DMG MORI SEIKI AKTIENGESELLSCHAFT assume any separate obligation to update any forward-looking statements to reflect any change in events or developments occurring after the reporting period. Forward-looking statements must not be understood as a guarantee or assurance of the future developments or events contained therein.

There are two companies using the name "DMG MORI SEIKI": DMG MORI SEIKI AKTIENGESELLSCHAFT with registered office in Bielefeld, Germany, and DMG MORI SEIKI COMPANY LIMITED with registered office in Nagoya, Japan. This report refers exclusively to DMG MORI SEIKI AKTIENGESELLSCHAFT. If reference is made in this report to the "DMG MORI SEIKI group", this refers exclusively to DMG MORI SEIKI AKTIENGESELLSCHAFT and its group companies.

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