May 10, 2010

Summary of Consolidated Financial and Business Results for the Fiscal Year 2009 (to March 31, 2010)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial and Business Results for the Fiscal Year announced on May 10, 2010.)

Company name	Mori Seiki Co., Ltd.		Stock exchanges	Tokyo and Osaka
Listing Code number	6141		URL	http://www.moriseiki.co.jp
Representative (Title)	President	(Name) Masahiko Mori		
Contact (Title)	Vice President Accounting / Finance HQ Executive Officer	(Name) Tatsuo Kondo	TEL	(052) 587-1811

Expected date of the ordinary general shareholders' meeting	June 18, 2010	Expected payment date of cash dividends	June 21, 2010
Expected date of filing the financial statements	June 18, 2010		

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

1．Consolidated business results for fiscal year 2009 (April 1, 2009 to March 31, 2010)

(1) Consolidated business results (Percentage shows the change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2009	66,402	-57.8	-26,933	—	-26,599	—	-34,693	—
Fiscal Year 2008	157,203	-22.3	5,922	-81.1	3,197	-88.8	-2,153	—

	Net income per share	Diluted net income per share	Return on Equity	Ordinary income on total assets	Operating income on net sales
	yen	yen	%	%	%
Fiscal Year 2009	-363 87	—	-32.6	-18.1	-40.6
Fiscal Year 2008	-23 59	—	-1.7	2.0	3.8

(Reference) Equity-method earnings Fiscal Year 2009 -181 million yen Fiscal Year 2008 -110 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2009	144,166	98,717	66.8	870 57
Fiscal Year 2008	149,216	118,929	78.3	1,319 04

(Reference) Equity capital Fiscal Year 2009 96,269 million yen Fiscal Year 2008 116,800 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the fiscal year
	million yen	million yen	million yen	million yen
Fiscal Year 2009	-15,995	-12,894	21,477	7,255
Fiscal Year 2008	8,564	-11,424	-507	14,255

２．Dividends

(Record date)	Dividends per share					Total amount of dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	The end of the term	Year			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal Year 2008	—	20 00	—	20 00	40 00	3,600	—	3.0
Fiscal Year 2009	—	10 00	—	10 00	20 00	1,992	—	2.3
Fiscal Year 2010 (Forecast)	—	10 00	—	10 00	20 00	[redacted]	221.2	[redacted]

３．Consolidated earnings forecast for Fiscal Year 2010 (April 1, 2010 to March 31, 2011)

(Percentage shows the change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim (for six-month period ending September 30, 2010)	45,000	44.7	-4,500	—	-4,500	—	-4,500	—	-40 69
Full Year 2010	108,000	62.6	1,000	—	1,000	—	1,000	—	9 04

４．Other

(1) Change of significant subsidiaries during the fiscal year (increase/decrease in the scope of consolidation) No

(2) Change of important accounting policies, procedures, and ways of display (description as the change of basis for preparing consolidated financial statements)

① Changes along the revision of accounting standard, etc No

② Changes mentioned other than mentioned in ① No

（3）Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the fiscal year (Including treasury stocks)	Fiscal year 2009	118,475,312shares	Fiscal year 2008	96,475,312shares
② Treasury stocks at the end the fiscal year	Fiscal year 2009	7,892,985shares	Fiscal year 2008	7,925,975shares

(Reference) Unconsolidated Financial results

１．Unconsolidated business results for fiscal year 2009 (April 1, 2009 to March 31, 2010)

(1) Unconsolidated business results （% of change from the previous fiscal year.）

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2009	48,419	-64.3	-21,218	—	-15,560	—	-26,991	—
Fiscal Year 2008	135,784	-22.6	5,234	-81.9	2,870	-89.2	-3,356	—

	Net income per share	Diluted net income per share
	yen	yen
Fiscal Year 2009	-283 03	—
Fiscal Year 2008	-36 76	—

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year 2009	130,940	98,187	73.8	874 03
Fiscal Year 2008	133,706	110,290	81.9	1,235 98

（Reference）Total Shareholders' equity Fiscal Year 2009 96,669 million yen Fiscal Year 2008 109,469 million yen

※Proper use of the earnings forecasts and other notes

The above forecast is based on information available as of the release of this report and assumptions of several uncertain factors which may affect the company's results. Actual results might be different from the above estimates due to subsequent changes in the circumstances. Please refer to "1. Analysis of Management performance (2) Forecast for the fiscal year of 2010" on page No. 6 for further information of the forecast and assumptions.

１． Analysis of management performance

(1) Business results for FY 2009

For the current consolidated fiscal year (FY 2009), the environment of inquiry and order in the machine tool industry has been unfavorable. However, markets outside of Japan including Asia and China have shown signs of recovery in demand. In addition, for four consecutive months, from December, 2009 through March, 2010, the industry's total order value released from the Japan Machine Tool Builders' Association has exceeded that of the same month of the previous year. The markets in North America, China and India have also shown a strong recovery in demand. Therefore, we firmly believe that our orders will increase in the future.

In this business environment, the MORI SEIKI Group improved its sales and service network by restructuring of Technical Centers both in Japan and outside of Japan, and promoted cost reduction in all areas. In December, 2009, we raised equity finance of 16.8 billion yen through public offering and allocation of new shares to a third party in order to keep financial soundness and to aggressively make investment for future growth.

For product development, we have developed new products to respond to customer needs. We have developed the NT1000 high-precision, high-efficiency compact integrated mill turn center that reduces floor space by approximately 40% compared with our conventional machines; the NMV3000 DCG 5-axis control vertical machining center that offers high-speed, high-precision machining and outstanding operability; and the new MAPPS IV operating system packed with high-performance CAM software

We have also implemented production cuts in response to the decline in demand, and have provided educational training, particularly for manufacturing engineers, on a wide variety of skills.

In addition, in order to maximize synergy effects of the business and capital agreement entered into between MORI SEIKI and GILDEMEISTER AG of Germany (hereafter referred to as GILDEMEISTER) in March, 2009, we are collaborating with GILDEMEISTER in various fields including development, manufacturing, purchasing, sales and service.

Moreover, we carried out further cost reduction measures in order to strengthen our financial structure. In preparation for the market recovery, we continue to strengthen our management system through our effort under the second mid-term management plan, PQR555, including human resource development and product quality improvement. We are establishing new systems that enable us to quickly respond to customer requests when demand grows in the future.

In this way, we, the Mori Seiki Group, are actively implementing a strategy toward medium and long-term growth by expanding its global business.

Against this background, we recorded consolidated sales of 66,402 million yen decreased by 57.8% from the previous fiscal year, consolidated operating loss of 26,933 million yen (5,922 million yen of consolidated operating income in the previous fiscal year), and consolidated ordinary loss of 26,599 million yen (3,197 million yen of consolidated ordinary income in the previous fiscal year) which was mainly due to foreign exchange gain. Also, consolidated net loss was 34,693 million yen (consolidated net loss was 2,153 million yen in the previous fiscal year) which was mainly due to restructuring costs for business structure primarily as a result of recording voluntary early retirement program .

Business results and trends by geographical segment are as follows.

In Japan, the operating rates of the machines delivered to large customers have shown an upward tendency since the beginning of this year. We take it as a sign of increase in potential demand, but the business conditions have not yet fully recovered. The orders remained low in all industries including automobiles. Sales were 50,595 million yen decreased by 64.4% compared with 142,236 million yen in the previous fiscal year. Operating loss was 22,616 million yen (6,090 million yen of operating income in the previous fiscal year).

In the Americas, although the level of orders was low throughout the year, the aircraft and medical equipment industries have shown a strong recovery since the second half of the year. Sales were 17,957 million yen decreased by 42.0% compared with 30,971 million yen in the previous fiscal year. Operating income was 680 million yen decreased by 38.4% compared with 1,105 million yen in the previous fiscal year.

In Europe, although the aircraft, medical equipment and environmental technology industries have shown signs of recovery since the second half of the year, the orders remained low throughout the year. Sales were 20,954 million yen decreased by 55.5% compared with 47,087 million yen in the previous fiscal year. Operating loss was 5,388 million yen (54 million yen of operating income in the previous fiscal year).

In Asia and Oceania, although the level of order remained low throughout the year, demand in emerging markets has been growing. In particular, the automobile and infrastructure industries in China and the automobile industry in India have shown a strong recovery. Sales were 2,652 million yen decreased by 47.2% compared with 5,027 million yen in the previous fiscal year. Operating loss was 786 million yen (704 million yen of operating loss in the previous fiscal year).

<u>Consolidated</u>

（Million yen）

	61st term FY2008	62nd term FY2009	Change
Sales	157,203	66,402	-90,800
Operating income / loss	5,922	-26,933	-32,855
Ordinary income / loss	3,197	-26,599	-29,797
Net loss	-2,153	-34,693	-32,540

Unconsolidated

(Million yen)

	61st term FY2008	62nd term FY2009	Change
Sales	135,784	48,419	-87,365
Operating income / loss	5,234	-21,218	-26,452
Ordinary income / loss	2,870	-15,560	-18,430
Net loss	-3,356	-26,991	-23,634

(2)Forecast for FY 2010

For our future order environment, we expect that demand in markets outside of Japan, which has shown a strong recovery since the second half of the last year, will continue to grow, and demand in Japan will also get on a recovery track from the second half of this year. We, the MORI SEIKI Group, will continue to improve development, manufacturing, sales and service systems so that we can quickly provide products and services to customers when the economy begins to recover, and to implement various measures to further improve our financial structure.

The forecast for the business results (consolidated) for FY 2010 is as follows:

(Million yen)

	Interim of FY 2010 (consolidated)	Full year (consolidated)
Sales	45,000	108,000
Operating income / loss	-4,500	1,000
Ordinary income / loss	-4,500	1,000
Net income / loss	-4,500	1,000

* The average yen-U.S. dollar market rate is set at 90 yen = U.S. $1.00

**The average yen-Euro market rate is set at 120 yen = € 1.00

Note concerning statements about the future, etc.

This material contains earnings estimates, plans, policies, business strategies, targets, forecasts, and perceptions and judgments about matters of fact concerning the future of Mori Seiki and the Mori Seiki Group. Its predictions, expectations, assumptions, plans, perceptions and judgments are based on information available to Mori Seiki at the time of writing. For this reason, there is a possibility that actual results may differ from these forecasts.

(3) Progress report on medium-term management plan

The Mori Seiki Group is promoting the PQR555 medium-term management plan for the three-year period from FY 2008 to FY 2010. The basic policy of this plan is "to maintain stable growth in mature markets, maintain a growth path by expanding its market share in emerging markets, and establish global management quality by pursuing high levels of human resources, quality, and risk management. Through these efforts, we aim to become Global One."

Based on our vision of “By providing "first class products" and "first class services" from our "first class personnel" to "first class customers,” we will achieve to become Global One," we are making strenuous efforts to attain the following three business targets. Fiscal year 2010 is the final year of the PQR555. We will implement necessary measures to achieve the PQR555 objectives.

(1) Sustain Growth

While maintaining stable growth in mature markets in Japan, Europe and the Americas, for emerging markets, in rapidly growing emerging markets such as BRICs, we will actively compete to expand our share. We are also committed to increasing our market share in strategic industries such as the automobile, aircraft, energy and precision machinery industries.

To this end, we will develop new models, particularly large machines, and bring them to the market. Furthermore, we will intensively strengthen our sales activities in emerging markets by establishing new Application Centers and Technical Centers.

(2) Strengthen Profit Structure

To further strengthen the profit structure, we reduce cost of sales and selling, general and administrative expenses.

To achieve these goals, we strive to reduce cost at the design stage while improving production and logistical efficiency. For each expense, we try to achieve the numerical targets indicated above by setting a specific target and controlling budget and actual cost.

(3) Establish Global Management Quality

We are in the process of building a system to achieve our goals set forth in the PQR555 by hiring talented people and training employees so that they can work globally.

With respect to quality, we set a specific accuracy target for all models in order to pursue high-accuracy and high-efficiency machining. Furthermore, we aim to increase customer satisfaction by improving product quality.

With respect to risk management, we strictly abide by compliance rules, promote health and safety practices, strengthen our security trade control system, and thoroughly implement internal control for the management system and financial reporting. Through these efforts, we will establish global management quality.

(4)Analysis of consolidated financial status

A. Assets, liabilities and net assets

・Assets

Current assets decreased by 20.4% compared to the previous fiscal Year to 62,733 million yen. That was mainly because cash and deposits decreased by 6,936 million yen, and inventories decreased by 4,854 million yen.

Fixed assets increased by 15.6% compared to the previous fiscal Year to 81,433 million yen. That was mainly because lease assets increased by 4,262 million yen, and investments in securities increased by 4,368 million yen.

As a result, total assets decreased by 3.4% compared to the previous fiscal Year to 144,166 million yen.

・Liabilities

Current liabilities increased by 43.7% compared to the previous fiscal Year to 34,983 million yen. That was mainly because trade notes and accounts payables increased by 2,713 million yen, and short-term bank loans increased by 8,252 million yen.

Fixed liabilities increased by 76.0% compared to the previous fiscal Year to 10,465 million yen. That was mainly due to increase of 4,159 million yen in lease obligations.

As a result, total liabilities increased by 50.1% compared to the previous fiscal Year to 45,449 million yen.

・Net assets

Total net assets decreased by 17.0% compared to the previous fiscal Year to 98,717 million yen. Major reasons for the decrease were that though capital and capital surplus increased by 8,433 and 8,433 million yen respectively due to issuing new stocks, net loss was 34,693 million yen.

B. Cash flows during Fiscal Year 2009

（million yen）

	61st term Fiscal Year 2008	62nd term Fiscal Year 2009	Change
Cash flows from operating activities	8,564	-15,995	-24,559
Cash flows from investing activities	-11,424	-12,894	-1,470
Cash flows from financing activities	-507	21,477	21,984
Cash and cash equivalents at the end of the fiscal year	14,255	7,255	-6,999

Cash and cash equivalents at the end of FY 2009 were 7,255 million yen, a decrease of 6,999 million yen from the previous fiscal Year. Factors which affected the cash flow for FY 2009 are shown below.

・Cash flows from operating activities

Net cash used in operating activities was 15,995 million yen (8,564 million yen was provided in the previous fiscal year). The main increasing factors are 1,282 and 6,039 million yen decreased in notes and accounts receivable and inventories respectively. The main decreasing factor is loss before income taxes and minority interests of 34,640 million yen.

・ Cash flows from investing activities

Net cash used in investing activities was 12,894 million yen (11,424 million yen was used in the previous fiscal year). This is mainly due to investments in securities of 5,430 million yen, purchases of tangible fixed assets of 5,639 million yen, purchases of intangible fixed assets of 2,573 million yen.

・Cash flows from financing activities

Net cash provided in financing activities was 21,477 million yen (507 million yen was used in the previous fiscal year). The main increasing reasons are proceeds from issuance of common stock of 16,769 million yen and short-term bank loan of 7,602 million yen. The main decreasing reason is cash dividends of 2,657 million yen.

C. Trends in cash flow related indexes

	59th term Fiscal Year 2006	60th term Fiscal Year 2007	61st term Fiscal Year 2008	62nd term Fiscal Year 2009
Shareholders' equity ratio (%)	77.2	74.7	78.3	66.8
Shareholders' equity ratio at fair value (%)	159.4	96.3	52.9	88.4
Cash flow to interest bearing loans ratio (%)	6.4	4.9	121.4	—
Interest coverage ratio (times)	464.6	407.7	65.9	—

(Notes)

Shareholders' equity ratio: Shareholders' equity / total assets

Shareholders equity ratio at fair value: market value of listed shares / total assets

Cash flows to interest-bearing loans ratio: Interest-bearing liabilities / operating cash flows

Interest coverage ratio: Operating cash flows / interest payments

※ These indexes are calculated based on consolidated financial figures.

※ Market value of listed shares is calculated based on the closing share price at end of term x outstanding shares (excluding treasury stock) at end of the term

※ For cash flows, "Cash flows from operating activities" from the consolidated cash flow statements are used.

Interest-bearing liabilities include all liabilities on the balance sheets that incur interest. For the interest payments, the "Interest paid" on the consolidated cash flow statement is used.

(5)Basic policy concerning profit appropriation and dividend payment for FY 2009/2010

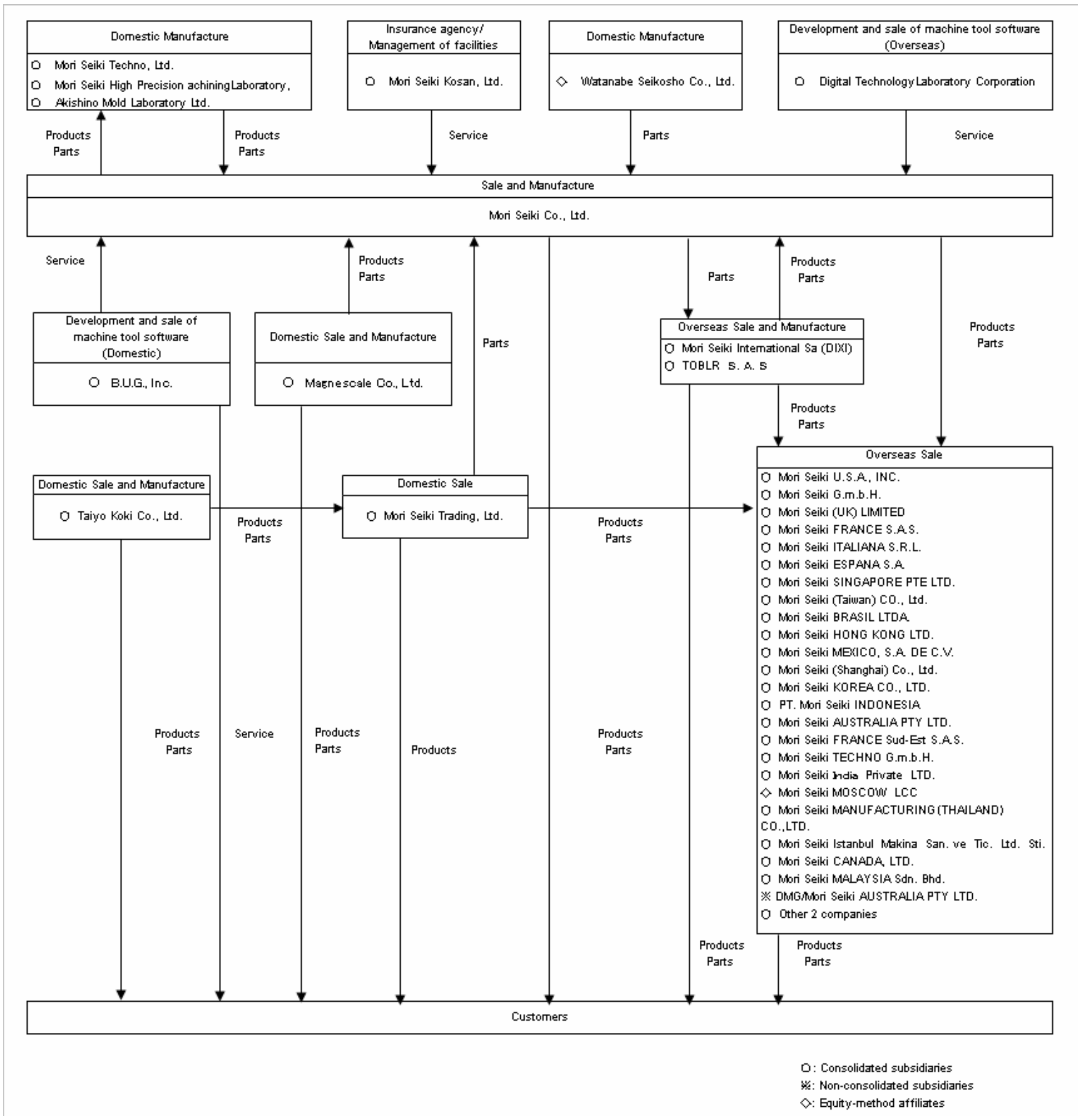
The Mori Seiki Group strives to enhance corporate value for our shareholders, who understand that machine tools are both capital assets and products which support manufacturing throughout the world. For our principle for profit appropriation, we will continue to invest in the development of pivotal new products and technologies as well as consolidating our production equipment in order to reinforce our competitive strength in the market, based on an overall judgment concerning our future business plan, business results, financial conditions, and so on.

For FY 2009, we issued an interim dividend and year-end dividend per share of 10 yen each, for a full-year total of 20 yen. As for FY 2010, the interim dividend is scheduled to be 10 yen per share and the year-end dividend 10 yen, for a full-year total of 20 yen.

２． Outline of the Mori Seiki group

The group consists of Mori Seiki Co., Ltd., 42 subsidiaries, and 3 affiliated companies. The group's principal activities are the manufacture and sale of machine tools (machining centers, CNC lathes, and other finished products), and insurance agency.

The structure of the group is shown in the diagram.



The business activities of the group's consolidated subsidiaries, non-consolidated subsidiaries, and affiliated companies is shown below.

Consolidated subsidiaries

Sale of machine tools (machining centers, CNC lathes, and other finished products)

Mori Seiki U.S.A., INC., Mori Seiki G.m.b.H., Mori Seiki (UK) LIMITED, Mori Seiki FRANCE S.A.S., Mori Seiki ITALIANA S.R.L., Mori Seiki ESPANA S.A., Mori Seiki SINGAPORE PTE LTD., Mori Seiki (TAIWAN)

CO., LTD., Mori Seiki BRASIL LTDA., Mori Seiki HONG KONG LTD., Mori Seiki MEXICO, S.A. DE C.V., Mori Seiki (SHANGHAI) CO., LTD., Mori Seiki KOREA CO., LTD., PT. Mori Seiki INDONESIA, Mori Seiki AUSTRALIA PTY LTD., Mori Seiki FRANCE SUD-EST S.A.S.,

Mori Seiki INDIA PRIVATE LTD., Mori Seiki ISTANBUL MAKINA SAN. VE TIC.LTD. STI., Mori Seiki MANUFACTURING(THAILAND)CO., LTD., Mori Seiki CANADA, LTD., Mori Seiki MALAYSIA Sdn. Bhd., Mori Seiki TECHNO G.m.b.H., Mori Seiki TRADING, LTD., other 2 companies

Development and sale of machine tool software

Digital Technology Laboratory Corporation

Manufacture and sale of grinders and other finished products

Taiyo Koki Co., Ltd.

Overhaul of used machine tools

Mori Seiki Techno, Ltd.

Manufacture and sale of auto parts, metal mold components, and machine tools components

Mori Seiki High Precision Machining Laboratory, Ltd.

Sales of machining centers, Jig borer, and other finished products

Mori Seiki International SA (DIXI)

Design, manufacture and sale of Mold Laboratory

Akishino Mold Laboratory, Ltd.

Manufacture and sale of machine tool peripherals

TOBLER S.A.S.

Insurance agency / Management of facilities

Mori Seiki Kosan, Ltd.

Developing and sale of software

B.U.G., Inc.

Manufacture and sale of measuring instruments

Magnescale Co.,Ltd.

Non-consolidated subsidiaries

DMG/Mori Seiki AUSTRALIA PTY LTD.

Other non-consolidated subsidiaries 6 companies

Equity-method affiliates

Manufacture and sale of cast products, processed machine tools, and other finished products

Watanabe Seikosyo Co., Ltd.

Sale of machine tools (machining centers, CNC lathes, and other finished products)

Mori Seiki MOSCOW LLC

Non-equity method affiliates

Import of machineries sale for synthetic resin, fiber production

ITOCHU Systech Corporation

３．Management policy

(1)Basic management policy

As a machine tool maker, our Group has made "supply of innovative, accurate and trouble-free machines at competitive prices" the mainstay of its management policy, and looks forward to "Global One" status in the fields of CNC lathes, machining centers, multi-axis machines and grinding machines.

(2)Management targets

In order to build a robust corporate structure, to be able to respond quickly to shifts in market trends and the business environment within the machine tool industry, and to achieve the Global One position within that industry, we believe that the most important issue for the Mori Seiki Group is increasing our profitability. The Mori Seiki Group will continue our untiring efforts, aiming for a ratio of consolidated sales in relation to consolidated operating profit of more than 10%, in order to increase our corporate value and the profits of our shareholders.

(3)Company's medium to long-term management strategies

①Striving toward a long-term partnership with GILDEMEISTER AG of Germany

Based on the business and capital agreement entered into between Mori Seiki and GILDEMEISTER AG of Germany (GILDEMEISTER) in March, 2009, we are promoting a long-term partnership with GILDEMEISTER.

As a part of the partnership in the manufacturing field, DuraVertical 635 eco vertical machining centers and DuraTurn 310 V3 eco turning centers made by GILDEMEISTER’s Shanghai plant have joined our product lineup. Meanwhile, Mori Seiki supplies our NT6600 DCG high-precision, large integrated mill turn centers to GILDEMEISTER as OEM production. We have also supplied major components of a machine tool including spindles, ball screws and turrets to GILDEMEISTER since last July. We believe that we can achieve significant cost reduction by promoting standardization of parts and by developing joint purchasing arrangements with GILDEMEISTER. In the future, Mori Seiki and GILDEMEISTER will jointly conduct research and development for new models in addition to further expansion of mutual OEM supply.

In Thailand, Indonesia, Taiwan, Turkey, Japan, Korea and Australia, we have integrated sales and service bases of Mori Seiki and GILEDEMEISTER since last July, and have started joint sales and service. The bases in the USA and India were also integrated in April, 2010. Furthermore, with the aim of further expansion of our business in Europe, we will establish a joint leasing company by collaborating with Mitsui & Co., Ltd. and GILDEMEISTER, and will start a finance business for our customers. We aim to increase orders from our existing customers and win orders from new customers by reducing their cash flow burden.

By continuing and deepening these activities, Mori Seiki and GILEDEMEISTER will continue to collaborate with each other to establish leadership in the global machine tool market.

②Acquisition of shares of Magnescale Co., Ltd. and start of a measuring instrument business

Mori Seiki has acquired all shares of Magnescale Co., Ltd. on March 31, 2010, and converted the company into Mori Seiki 's consolidated subsidiary. Magnescale Co., Ltd was a company Sony Manufacturing Systems Corporation, a wholly-owned subsidiary of Sony Corporation, formed by spinning off its measuring instrument business (Magnescales, laser scales, and digital gauges) into a separate company.

The measuring instrument that measures position of a cutting tool and workpiece and compensates the position errors is an important element to increase accuracy of machine tools. We, the MORI SEIKI Group, differentiate ourselves from our competitors by improving our machine accuracy and price competitiveness.

(4)Challenges facing the company

①Product development

The machine tool markets in developed countries are seeing growing demand for large machines, 5-axis machines, multi-axis machines and those capable of heavy-duty cutting. At the same time, in Asian countries, where the economy is recovering rapidly, and the automobile industries which many electric components are assembled, there are also high expectations of small machine tools designed for light cutting. In response to these needs, the Mori Seiki Group has been developing new-generation large machines characterized by innovative design and small machines focusing on high precision and cost performance. We will launch these new models to the market during this fiscal year.

②Quality

We take all activities that connect us with customers through our products, from product planning to sales and service, as “quality” and work together to improve the quality. We have been striving to further improve our product performance and reliability through our efforts under the second mid-term management plan PQR555, in which we aim to achieve accuracy of 5 μm and develop a more complete product inspection. We are also committed to improving our maintenance service by offering even more comprehensive services, including a two-year warranty and 24/7 customer support, as well as shipping parts within 24 hours. Moreover, we have created the same quality assurance system for OEM products supplied by GILDEMEISTER, such as the Eco Series that went on sale this spring, in order to ensure consistent product quality. The Mori Seiki Group will continue to implement important measures to improve quality.

③Security Trade Management

In recent years, international concern about measures to prevent the proliferation of weapons of mass destruction and the excess stockpiling of conventional weapons has been growing.The Mori Seiki Group has stipulated internal regulations (Compliance Program) to ensure compliance with export control laws, and applies them strictly. We have been well ahead of other manufacturers in terms of prevention of illegal export, and have installed the function which detects if the machine is relocated from the installed place, and disables unauthorized startup. For the machines which are not equipped with this function, but have been shipped to the Non-White Countries, we have completed to install this function. We have been working on security trade management as our top-priority issue.

④Compliance

In our efforts to raise employees' awareness of compliance issues, top management explains to all employees about the importance of compliance, and we continue to provide training for our executives and employees to deepen their understanding of compliance. In addition, we have built a system in which the Internal Audit Department takes a major role in monitoring the compliance status, with the aim of further strengthening our internal management.

４．Consolidated financial statements

（1）Consolidated balance sheet

（Amount：million yen）

	At the end of the previous consolidated fiscal year (March 31, 2009)	At the end of the previous consolidated fiscal year (March 31, 2010)
(Assets)		
Current Assets		
Cash and deposits	14,452	7,516
Notes and accounts receivable	16,633	16,665
Goods and products	14,652	10,067
Work in process	5,808	6,241
Raw material and supplies	17,454	16,751
Deferred income taxes	1,714	533
Consumption tax receivable	210	310
Other	7,985	4,761
Allowance for doubtful receivables	-139	-114
Total current assets	78,773	62,733
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	※1 25,541	※1 26,926
Machinery, equipment and vehicles, net	※1 7,639	※1, 7 4,301
Land	※4 15,940	※4 17,152
Lease assets, net	—	※1 4,354
Construction in progress	1,862	1,722
Other, net	※1 3,556	※1 3,199
Total tangible fixed assets	54,539	57,657
Intangible fixed assets		
Goodwill	694	2,024
Other	4,628	5,733
Total Intangible fixed assets	5,323	7,757
Investments and other assets		
Investments in securities	※3 8,598	※3 12,966
Long-term prepaid expenses	398	165
Deferred income taxes	283	1,569
Other	※3 1,298	※3 1,317
Total investments and other assets	10,579	16,018
Total fixed assets	70,442	81,433
Total assets	149,216	144,166

	At the end of the previous consolidated fiscal year (March 31, 2009)	At the end of the previous consolidated fiscal year (March 31, 2010)
(Liabilities)		
Current liabilities		
Accounts payable	3,374	—
Trade notes and accounts payables	—	6,087
Short-term bank loans	※5,6 10,298	※5,6 18,550
Lease obligations	15	270
Accrued payments	4,207	4,116
Accrued expenses	1,268	1,780
Accrued income taxes	1,434	741
Advances received	1,554	925
Accrued consumption tax	45	4
Deferred income taxes	113	35
Allowance for product warranties	1,192	845
Allowance for bonuses to directors and corporate auditors	25	—
Allowance for bonuses	—	234
Other	813	1,390
Total current liabilities	24,342	34,983
Fixed liabilities		
Convertible bonds with stock acquisition rights	2,583	2,583
Lease obligations	82	4,241
Deferred income taxes	938	1,227
Deferred income taxes on land revaluation reserve	※4 1,699	※4 1,699
Allowance for retirement benefits	641	312
Other	—	402
Total fixed liabilities	5,945	10,465
Total liabilities	30,287	45,449
(Net assets)		
Shareholders' equity		
Capital	32,698	41,132
Capital surplus	45,429	53,863
Retained earnings	50,184	12,820
Treasury stock	-10,589	-10,544
Total shareholders' equity	117,723	97,271
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,193	1,750
Net unrealized gains/loss on derivative instruments	1,202	943
Land revaluation reserve	※4 1,545	※4 1,545
Translation adjustments	-4,864	-5,242
Total valuation and translation adjustments	-922	-1,002
Stock acquisition rights	828	1,533
Minority interests	1,300	914
Total net assets	118,929	98,717
Total liabilities and net assets	149,216	144,166

（２）Consolidated statement of income

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	The current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Net sales	157,203	66,402
Cost of sales	※1 98,304	※1 55,204
Gross profit	58,898	11,198
Selling, general and administrative expenses	※2,3 52,976	※2,3 38,131
Operating income/loss	5,922	-26,933
Non-operating income		
Interest income	120	28
Dividend income	198	180
Exchange gain	—	604
Other	378	476
Total of Non-operating income	697	1,289
Non-operating expenses		
Interest expense	133	289
Exchange loss	2,584	—
Fees and commissions	178	127
Stock issuance cost	—	97
Equity in losses of affiliates	110	181
Net periodic retirement benefit cost	—	142
Other	415	117
Total of Non-operating expenses	3,422	956
Ordinary income/loss	3,197	-26,599
Extraordinary gain		
Gain on sales of fixed assets	※4 31	※4 20
Gain on sales of investment in securities	—	1,006
Gain on sales of stock of subsidiaries and affiliates	—	29
Total of Extraordinary income	31	1,056
Extraordinary loss		
Loss on sales of fixed assets	※5 4	※5 14
Loss on disposal of fixed assets	※6 599	※6 94
Loss on impairment of fixed assets	※7 128	※7 233
Loss on revaluation of investments in securities	1,211	32
Loss on valuation of other investments	3	8
Restructuring costs for business structure	—	※8 8,714
Total of Extraordinary loss	1,947	9,097
Income before income taxes and minority interests	1,281	-34,640
Income taxes	1,727	739
Income taxes deferred	1,427	55
Total of Income taxes	3,155	795
Minority interests in income / loss	279	-743
Net loss	-2,153	-34,693

（3）Consolidated Statement of changes in stockholders' equity

(Amount：million yen)

	The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	The current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital		
Balance at the end of the previous fiscal year	32,698	32,698
Changes in the current term		
Issuance of new stocks	—	8,433
Total changes in the current term	—	8,433
Balance at the end of the current fiscal year	32,698	41,132
Capital surplus		
Balance at the end of the previous fiscal year	45,429	45,429
Changes in the current term		
Issuance of new stocks	—	8,433
Total changes in the current term	—	8,433
Balance at the end of the current fiscal year	45,429	53,863
Retained earnings		
Balance at the end of the previous fiscal year	56,750	50,184
Effect of changes in accounting policies applied to foreign subsidiaries	-68	—
Changes in the current term		
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Current net loss	-2,153	-34,693
Sales of treasury stock	-37	-13
Decrease resulting from newly consolidated subsidiaries	-133	—
Total changes in the current term	-6,497	-37,363
Balance at the end of the current fiscal year	50,184	12,820
Treasury stock		
Balance at the end of the previous fiscal year	-4,768	-10,589
Changes in the current term		
Purchases of treasury stock	-5,932	-1
Sales of treasury stock	111	45
Total changes in the current term	-5,820	44
Balance at the end of the current fiscal year	-10,589	-10,544

	The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	The current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Total amount of shareholders' equity		
Balance at the end of the previous fiscal year	130,109	117,723
Effect of changes in accounting policies applied to foreign subsidiaries	-68	―
Changes in the current term		
Issuance of new stocks	―	16,867
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Current net loss	-2,153	-34,693
Purchases of treasury stock	-5,932	-1
Sales of treasury stock	74	32
Decrease resulting from newly consolidated subsidiaries	-133	―
Total changes in the current term	-12,318	-20,451
Balance at the end of the current fiscal year	117,723	97,271
Valuation and translation adjustments		
Net unrealized holding gain on securities		
Balance at the end of the previous fiscal year	1,570	1,193
Changes in the current term		
Net Changes in the current term other than shareholders' equity	-376	556
Total changes in the current term	-376	556
Balance at the end of the current fiscal year	1,193	1,750
Net unrealized gain/loss on derivative instruments		
Balance at the end of the previous fiscal year	-1,026	1,202
Changes in the current term		
Net Changes of items other than shareholders' equity	2,229	-258
Total changes in the current term	2,229	-258
Balance at the end of the current fiscal year	1,202	943
Land revaluation reserve		
Balance at the end of the previous fiscal year	1,545	1,545
Changes in the current term		
Net Changes of items other than shareholders' equity	―	―
Total changes in the current term	―	―
Balance at the end of the current fiscal year	1,545	1,545

	The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	The current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Translation adjustments		
Balance at the end of the previous fiscal year	-1,984	-4,864
Changes in the current term		
Net Changes of items other than shareholders' equity	-2,880	-377
Total changes in the current term	-2,880	-377
Balance at the end of the current fiscal year	-4,864	-5,242
Total adjustment gains and losses		
Balance at the end of the previous fiscal year	104	-922
Changes in the current term		
Net Changes of items other than shareholders' equity	-1,027	-79
Total changes in the current term	-1,027	-79
Balance at the end of the current fiscal year	-922	-1,002
Stock acquisition rights		
Balance at the end of the previous fiscal year	369	828
Changes in the current term		
Net Changes of items other than shareholders' equity	459	704
Total changes in the current term	459	704
Balance at the end of the current fiscal year	828	1,533
Minority interests		
Balance at the end of the previous fiscal year	1,177	1,300
Changes in the current term		
Net Changes of items other than shareholders' equity	123	-385
Total changes in the current term	123	-385
Balance at the end of the current fiscal year	1,300	914
Total shareholders' equity		
Balance at the end of the previous fiscal year	131,761	118,929
Effect of changes in accounting policies applied to foreign subsidiaries	-68	—
Changes in the current term		
Issuance of new stocks	—	16,867
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Current net loss	-2,153	-34,693
Purchases of treasury stock	-5,932	-1
Sales of treasury stock	74	32
Decrease resulting from newly consolidated subsidiaries	-133	—
Net changes of items other than shareholders' equity	-445	239
Total changes in the current term	-12,763	-20,211
Balance at the end of the current fiscal year	118,929	98,717

（4） Consolidated statement of cash flows

(Amount：million yen)

	The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	The current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Operating activities		
Income / loss before income taxes and minority interests	1,281	-34,640
Depreciation and amortization	6,900	7,286
Loss on sales of fixed assets	4	14
Loss on disposal of fixed assets	599	94
Loss on impairment of fixed assets	128	233
Gain / loss on sales of fixed assets	-31	-20
Gain / loss on sales of investment in securities	―	-1,006
Gain / loss on sales of stock of subsidiaries and affiliates	―	-29
Loss on valuation of investments in securities	1,211	32
Loss on valuation of other investments	3	8
Restructuring costs for business structure	―	8,714
Amortization of goodwill	389	342
Stock-based compensation	459	704
Equity in earnings/losses of afilliates	110	181
Increase (decrease) in allowance for bonuses to directors and corporate auditors	25	-25
Increase (decrease) in allowance for bonuses	―	-15
Increase (decrease) in allowance for doubtful receivables	9	-12
Increase in allowance for retirement benefits	603	-450
Increase (decrease) in allowance for product warranties	-360	-353
Interest and dividend income	-318	-208
Interest expense	133	289
Unrealized exchange loss	3,192	488
Decrease (increase) in accounts receivable	19,992	1,282
Increase in inventories	-1,454	6,039
Decrease in accounts payable	-8,120	1,283
Decrease (increase) in consumption tax receivable	501	-100
Increase (decrease) in accrued consumption tax	2	-65
Increase (decrease) in other accrued payments	-2,710	-662
Bonuses to directors and corporate auditors	-163	―
Other	993	242
Sub-total	23,381	-10,352
Interest and dividend income received	336	209
Interest paid	-129	-283
Restructuring costs for business structure paid	―	-7,360
Income taxes paid	-15,023	1,791
Net cash provided in operating activities	8,564	-15,995

	At the end of the Previous consolidated fiscal year (March 31, 2009)	At the end of the current consolidated fiscal year (March 31, 2010)
Investing activities		
Increase in long-term deposit	-136	-69
Sales of tangible fixed assets	373	3,677
Purchases of tangible fixed assets	-8,103	-5,639
Purchases of intangible fixed assets	-2,414	-2,573
Sales of investment in securities	―	2,366
Increase in investments in securities	-310	-5,430
Sales of stock of subsidiaries and affiliates	―	215
Purchases of stock of subsidiaries and affiliates	-373	-135
Increase in investments in subsidiaries and affiliates	―	-19
Acquisition of stock in consolidated subsidiaries due to change in consolidated group	―	※3 -5,323
Other	-459	16
Net cash used in investing activities	-11,424	-12,894
Financing activities		
Increase (decrease) in short-term bank loans, net	9,602	7,602
Proceeds from sales of treasury stock	71	32
Proceeds from issuance of common stock	―	16,769
Purchases of treasury stock	-5,932	-5
Cash dividends	-4,163	-2,657
Cash dividends paid to minority shareholders	-21	-21
Other	-61	-242
Net cash used in financing activities	-507	21,477
Effect of exchange rate changes on cash equivalents	-708	-44
Decrease in cash and cash equivalents	-4,075	-7,457
Cash and cash equivalents at beginning of the year	17,916	14,255
Increase in cash and cash equivalents from newly consolidated subsidiaries	414	457
Cash and cash equivalents at the end of the year	※1 14,255	※1 7,255

Situation or problems with significant doubt for premise of going concern

None.

Notes related to the preparation of the consolidated financial statements

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
1 Scope of consolidation (1) Consolidated subsidiaries	33 consolidated subsidiaries Names of principal consolidated subsidiaries are omitted as described in the description of the outline of Mori Seiki group. Akishino Mold Laboratory, LTD., Mori Seiki Kosan, LTD., Mori Seiki Manufacturing (THAILAND) CO., LTD, TOBLER S.A.S. and Mori Seiki Techno G.M.B.H. are newly included in consolidation due to importance. Mori Seiki CANADA, LTD., Mori Seiki MALAYSIA Sdn. Bhd., and Mori Seiki 4345 MORRIS PARK DRIVE, LLC are newly included in consolidation due to foundation.	35 consolidated subsidiaries Names of principal consolidated subsidiaries are omitted as described in the description of the outline of Mori Seiki group. B.U.G., INC. is newly included in consolidation due to importance. Mori Seiki (UK) LIMITED is newly included in consolidation due to foundation. Magnescale CO.,LTD. Is newly included in consolidation due to stock acquisition. Mori Seiki (Thailand) CO.,LTD. Is excluded from consolidation due to liquidation.
(2) Non-consolidated subsidiaries	Non-consolidated subsidiary names B.U.G., INC. and other 3 subsidiaries. Reasons for exclusion from consolidation All four non-consolidated subsidiaries are small in scale. Their total assets, sales, consolidated net income, and retained earnings are not significant for the consolidated financial statements.	Non-consolidated subsidiary names DMG/Mori Seiki AUSTRALIA PTY LTD. and other 6 subsidiaries. Reasons for exclusion from consolidation All seven non-consolidated subsidiaries are small in scale. Their total assets, sales, consolidated net income, and retained earnings are not significant for the consolidated financial statements.
2 Equity method (1) Companies accounted for by the equity method Company name	2 companies WATANABE SEIKOSYO CO., LTD. Mori Seiki MOSCOW LLC	2 companies WATANABE SEIKOSYO CO., LTD. Mori Seiki MOSCOW LLC

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
(2) Companies not accounted for by the equity method	Names of unconsolidated subsidiaries and affiliates not accounted by the interest method Unconsolidated subsidiaries B.U.G., INC. and other 3 subsidiaries. Affiliates ITOCHU Systech Corporation Reasons for not applying of the equity method All four unconsolidated subsidiaries and affiliates are small in scale. Their consolidated net income and retained earnings are not significant for the consolidated financial statements.	Names of unconsolidated subsidiaries and affiliates not accounted by the interest method Unconsolidated subsidiaries DMG/Mori Seiki AUSTRALIA PTY LTD. and other 6 subsidiaries. Affiliates ITOCHU Systech Corporation Reasons for not applying of the equity method Unchanged.
3 Accounting period of consolidated subsidiaries	For five consolidated subsidiaries, their fiscal year end on December 31. For twenty-eight consolidated subsidiaries, their fiscal year end on March 31. Five consolidated subsidiaries whose fiscal year end on December, report based on provisional settlement of account as of the consolidated closing.	For one consolidated subsidiary, their fiscal year end on September 30. For five consolidated subsidiaries, their fiscal year end on December 31. For twenty-nine consolidated subsidiaries, their fiscal year end on March 31. One consolidated subsidiary whose fiscal year end on September and five consolidated subsidiaries whose fiscal year end on December, report based on provisional settlement of account as of the consolidated closing.

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
4 Significant accounting policies (1) Valuation methods for assets		
① Securities	Other investments in securities: Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.	Other investments in securities: Marketable securities: Unchanged. Non-marketable securities: Unchanged.
② Inventories	Goods, products and stock in process: (The Company, Mori Seiki Co., Ltd. and its domestic consolidated subsidiaries) Stated principally at cost determined by the average method after writing down the book value due to the decline in profitability. (The overseas consolidated subsidiaries) Stated principally at the lower of cost or market, cost being determined by the first-in, first-out method. Raw materials Stated at cost determined by the moving average method after writing down the book value due to the decline in profitability. Supplies Stated at cost determined by the last purchase price method after writing down the book value due to the decline in profitability.	Goods, products and stock in process: Unchanged. Raw materials Unchanged. Supplies Unchanged.

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
	(Change in accounting policies) Accounting Standard for Measurement of Inventories. (Administration of financial accounting standards Article 9 on July 5, 2006) has been applied from the current consolidated fiscal year. This change has almost no effect on profit and loss. The effect for segment information is described on its part.	―――
③ Net liabilities resulting from derivatives.	Stated at fair value.	Unchanged.
(2) Depreciation method		
① Tangible fixed assets except for lease assets	Depreciation of tangible fixed assets of The Company and the domestic consolidated subsidiaries, except for buildings acquired on or subsequent to April 1, 1998, is calculated by the declining balance method over the estimated useful lives of the respective assets. Depreciation of buildings of The Company and the domestic consolidated subsidiaries acquired on or subsequent to Aril 1, 1998 is calculated by the straight-line method. The estimated useful lives of tangible fixed assets are summarized as follows. Buildings and structures: 7-50 years Machinery, equipment and vehicles: 2-17 years	Unchanged.

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
	(Additional information) The Company and its domestic consolidated subsidiary have changed estimated useful lives of machinery from 10 to 9 years. This change is the result of adjusting the estimated useful lives to the actual conditions in accordance with the 2008 revision of the Corporation Tax Law of Japan effective April 1, 2008. As a result, gross profit decreased by 112 million yen and operating income, ordinary income, and income before income taxes and minority interests decreased by 117 million yen. The effect for segment information is described on its part.	———
② Intangible fixed asset except for lease assets	Stated at the straight line method. Expenditures relating to software developed for sale in the market are capitalized and amortized by the straight-line method over the prospective sales period, generally 3 years. And expenditures relating to software developed for internet use are capitalized as assets and amortized by the straight-line method over the estimated useful lives of the software, generally a period of 5 years.	Unchanged.
③ Lease assets	Calculated by the straight-line method over the respective lease terms assuming a nil residual value. Non-cancelable leases of The Company and its domestic consolidated subsidiaries, whose transactions have been started on or before March 31, 2008 are still accounted for as operating leases.	Calculated by the straight-line method over the respective lease terms Unchanged.

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
(3) Treatment for deferred assets	———	Stock issuance cost Stock issuance cost is recognized as expense when paid.
(4) Standard for inclusion of allowances		
① Allowance for doubtful receivables	Allowance for doubtful receivables is calculated based on the actual historical ratio of bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.	Unchanged.
② Allowance for product warranties	Allowance for product warranties is calculated based on the actual historical ratio of repair costs per corresponding product sales to provide for future repairs during free charge product warranty periods.	Unchanged.
③ Allowance for bonuses to directors and corporate auditors	Allowance for bonuses to directors and corporate auditors is calculated based on the estimated amount of bonuses to be paid to directors and corporate auditors in the Company and its domestic consolidated subsidiary.	Allowance for bonuses to directors and corporate auditors is calculated based on the estimated amount of bonuses to be paid to directors and corporate auditors in the Company and its domestic consolidated subsidiary. It is not applicable in current consolidated fiscal year
④ Allowance for retirement benefits	Allowance for retirement benefits is calculated based on the estimated amount of the retirement benefit obligation and the fair value of the pension plan assets at March 31, 2009, to provide for retirement benefits of employees in some of the overseas consolidated subsidiaries. Actuarial gain or loss is amortized in a certain period within the average remaining years of services of eligible employees.	Unchanged.

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
⑤ Allowance for bonuses	―――	Allowance for bonuses to employees is calculated based on the estimated amount of bonuses attributable in current consolidated fiscal year for two domestic consolidated subsidiaries.
(5) Foreign currency translation	Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and the differences arising from the translation are included in the statement of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in net assets.	Unchanged.
(6) Hedge accounting		
① Hedge accounting	Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.	Unchanged.
② Hedging instruments and hedge items	Item for hedge accounting: Hedging instruments…Forward foreign exchange contracts Hedging items…Hedging items are primarily forecast transactions dominated in foreign currencies.	Unchanged.

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
③ Hedging policy ④ Assessing of hedge effectiveness (7) Other information for consolidation financial statement Consumption tax	To avoid the risk arising from fluctuation in foreign currency exchange rates, The Company enters into forward foreign exchange contracts. The Company utilizes these derivatives as hedges to reduce the inherent risk to its assets and liabilities. The effectiveness is assessed by comparing accumulated fluctuations of hedging instruments with those of hedging items. Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.	Unchanged. Unchanged. Unchanged.
5 Valuation of assets and liabilities of consolidation subsidiaries	Stated at fair value.	Unchanged.
6 Amortization of goodwill.	Stated at the straight-line method, ranging from 5 to 10 years.	Unchanged.
7 Cash and cash equivalents in the consolidated statements of cash flows..	Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	Unchanged.

Changes in rules for preparing consolidated financial statements

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
(Accounting standard for lease transactions) Non-cancelable leases not accompanying the transfer of ownership previously had been accounted for as operating leases. However, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 (June 17, 1993 (The First Committee of Business Accounting Council), revised on March 30, 2007)) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (The Japan Institute of Certified Public Accountants), revised on March 30, 2007)) have been applied from the current consolidated fiscal year. Therefore, non-cancelable leases have been accounted for as finance leases. However, non-cancelable leases of The Company and its domestic consolidated subsidiaries whose transaction has been started on or before March 31, 2008 are still accounted for as operating leases. This change has almost no effect on profit and loss. The effect for segment information is described on its part.	———
(Practical Solution on Unification of Accounting Policies applied to Foreign Subsidiaries for Consolidated Financial Statements) From the current consolidated fiscal year, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) has been applied, and modifications necessary for the consolidated settlement of accounts are made. This change has almost no effect on profit and loss. The effect for segment information is described on its part.	———

Change of expression

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
(Consolidated balance sheet) With applying the ministerial ordinance of Cabinet Office for modification the part of financial statement regulation, what was classified as ‘inventories’ at the previous consolidated fiscal year comes to be classified as ‘goods and products’, ‘work in process’ and ‘raw materials and supplies’ from the current consolidated fiscal year. Also, ‘goods and products’, ‘work in process’ and ‘raw materials and supplies’ included in inventories at the previous consolidated fiscal year are respectively 13,703 million yen, 7,867 million yen, 17.172 million yen.	―――
―――	(Consolidated balance sheet) What was classified as ‘other, net’ in fixed assets at the previous consolidated fiscal year comes to be classified as ‘lease assets’ from the current consolidated fiscal year, since its amount has exceeded 1% of total assets. Also, ‘lease assets’ at the end of the previous consolidated fiscal year is 91 million yen.
―――	(Consolidated statement of income) What was classified as ‘other’ in non-operating expenses at the previous consolidated fiscal year comes to be classified as ‘net periodic retirement benefit cost’ from the current consolidated fiscal year, since its amount has exceeded 10% of total non-operating expenses. Also, ‘net periodic retirement benefit cost’ included in ‘other’ in the previous consolidated fiscal year is 267 million yen.

Notes

(Consolidated balance sheet)

Previous consolidated fiscal year (March 31, 2009)	Current consolidated fiscal year (March 31, 2010)
※1 Accumulated depreciation for tangible fixed assets 76,500 Million yen	※1 Accumulated depreciation for tangible fixed assets 66,520 Million yen
※2 Guaranty of liabilities 1) Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 356 cases) 1,962 Million yen 2) The Company has provided a bank with the letter of awareness on the bank loans of its unconsolidated subsidiary. B.U.G., INC. 650 Million yen	※2 Guaranty of liabilities Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 345 cases) 1,658 Million yen ———
※3 Notes related to unconsolidated subsidiaries and associates. Investments in securities (Stocks) 1,339 Million yen Investments and other assets Other (Equity fund) 73 Million yen	※3 Notes related to unconsolidated subsidiaries and associates. Investments in securities (Stocks) 961 Million yen Investments and other assets Other (Equity fund) 62 Million yen
※4 The Company revalued its land for operational usage in accordance with the laws on land revaluation. The resulting revaluation difference, net of the applicable tax effect on revaluation gain, has been stated as a component of shareholders' equity, 'land revaluation reserve', and the applicable tax effect has been included in 'deferred income taxes on land revaluation reserve'. As a result, 1,699 million yen is included as part of liabilities and, and a negative 1,545 million yen in shareholders' equity. ① Method of revaluating The value of the land is calculated in accordance with the laws on land revaluation, and adjusted appropriately. ② Date of revaluation 31 March, 2002 ③ Difference between fair value at the end of the term and the book -2,605 Million yen	※4 The Company revalued its land for operational usage in accordance with the laws on land revaluation. The resulting revaluation difference, net of the applicable tax effect on revaluation gain, has been stated as a component of shareholders' equity, 'land revaluation reserve', and the applicable tax effect has been included in 'deferred income taxes on land revaluation reserve'. As a result, 1,699 million yen is included as part of liabilities and, and a negative 1,545 million yen in shareholders' equity. ① Method of revaluating The value of the land is calculated in accordance with the laws on land revaluation, and adjusted appropriately. ② Date of revaluation 31 March, 2002 ③ Difference between fair value at the end of the term and the book -2,858 Million yen

Previous consolidated fiscal year (March 31, 2009)	Current consolidated fiscal year (March 31, 2010)
※5 Line-of-credit agreements For effective financing purposes, the Company concluded line-of-credit agreements with three banks and the status of these at the end of the current consolidated fiscal year is summarized as follows. Lines of credit 45,000 million yen Short-term loans utilized 9,800 million yen Available credit 35,200 million yen	※5 Line-of-credit agreements For effective financing purposes, the Company concluded line-of-credit agreements with two banks and the status of these at the end of the current consolidated fiscal year is summarized as follows. Lines of credit 46,300 million yen Short-term loans utilized 6,100 million yen Available credit 40,200 million yen
※6 Committed line-of-credit agreements For effective financing purposes, the Company's domestic consolidated subsidiary concluded committed line-of-credit agreements with two banks and the status of such agreements at the end of the current consolidated fiscal year is summarized as follows. Committed lines of credit 31,200 million yen Short-term loans utilized 498 million yen Available credit 30,702 million yen	※6 Committed line-of-credit agreements For effective financing purposes the Company and its domestic consolidated subsidiary concluded committed line-of credit agreements with twenty two banks and the status of such agreements at the end of the current consolidated fiscal year is summarized as follows. Committed lines of credit 51,200 million yen Short-term loans utilized 12,450 million yen Available credit 38,750 million yen
———	※7 Advanced depreciation deducted from acquisition price 13 Million yen

(Consolidated profit and loss)

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)		Current consolidated fiscal year (April 1, 2009 to March 31, 2010)	
※1 Following loss on revaluation of inventories included in cost of sales, since inventories were devaluated because of decreased profitability.	332 million yen	※1 Following loss on revaluation of inventories included in cost of sales, since inventories were devaluated because of decreased profitability.	1,253 million yen
※2 Principal expense items included in sales and global administrative expenses are below;		※2 Principal expense items included in sales and global administrative expenses are below;	
Fare	7,538 million yen	Fare	2,836 million yen
Sales promotion expenses	4,158 million yen	Sales promotion expenses	1,754 million yen
Salary and bonus	12,998 million yen	Salary and bonus	10,593 million yen
Expenses for retirement benefit	472 million yen	Expenses for retirement benefit	413 million yen
Depreciation	2,492 million yen	Depreciation	2,565 million yen
Amortization of goodwill	389 million yen	Amortization of goodwill	342 million yen
Commissions	4,356 million yen	Commissions	2,411 million yen
Research and development expenditures	5,673 million yen	Research and development expenditures	5,632 million yen
Allowance for product warranties	-353 million yen	Allowance for product warranties	-353 million yen
Allowance for bonuses to directors and corporate auditors	25 million yen	Allowance for doubtful receivables	11 million yen
		Allowance for bonuses	15 million yen
※3 Total of research and development expenditures. (General administrative expenditure)	5,673 million yen	※3 Total of research and development expenditures. (General administrative expenditure)	5,632million yen
※4 Details of gain on sales of fixed assets		※4 Details of gain on sales of fixed assets	
Buildings and structures	12 million yen	Machinery, equipment and vehicles	7 million yen
Machinery, equipment and vehicles	18 million yen	Land	7 million yen
Other (fixture and furniture)	0 million yen	Other (fixture and furniture)	5 million yen
Total	31 million yen	Total	20 million yen

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
※5 Details of loss on sales of fixed assets Machinery, equipment and vehicles 3 million yen Other (fixture and furniture) 1 million yen Total 4 million yen ※6 Details of loss on disposal of fixed assets Buildings and structures 570 million yen Machinery, equipment and vehicles 6 million yen Other (fixture and furniture) 22 million yen Total 599 million yen	※5 Details of loss on sales of fixed assets Machinery, equipment and vehicles 9 million yen Other (fixture and furniture) 5 million yen Total 14 million yen ※6 Details of loss on disposal of fixed assets Buildings and structures 39 million yen Machinery, equipment and vehicles 36 million yen Other (software) 1 million yen Other (fixture and furniture) 16 million yen Total 94 million yen

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)

※7 Loss on impairment of fixed assets

The consolidated companies recognized loss on impairment of fixed assets as follows;

Use	Classification	Location	Million yen
Head office of Mori Seiki USA,. INC	Building, land, others (fixture and furniture)	Illinois, U.S.A.	27
Mori Seiki INTERNATIONAL SA (DIXI)	Goodwill	—	101
Total			128

(Background)

① Mori Seiki U. S. A., INC had utilized land, building(s), and machinery, equipment and vehicles in the above table as its head office. However, Mori Seiki U. S. A., INC determined to sell these asserts during the current consolidated fiscal year. Thus, Mori Seiki U. S. A., INC recognized a loss on impairment of these assets.

② Mori Seiki INTERNATIONAL SA (DIXI) recognized a loss on impairment of goodwill in the above table because Mori Seiki INTERNATIONAL SA (DIXI) appreciated a decline in profitability in operating activities.

(Grouping)

The Company and its consolidated subsidiaries basically group their assets by operating department. The assets are grouped by sales office in the sales department and by plant in the manufacturing department. Idle properties which are not expected to be used in the future are grouped individually.

Current consolidated fiscal year (April 1, 2009 to March 31, 2010)

※7 Loss on impairment of fixed assets

The consolidated companies recognized loss on impairment of fixed assets as follows;

Use	Classification	Location	Million yen
Head office of Mori Seiki USA,. INC	Building, land, others (fixture and furniture)	Illinois, U.S.A.	80
TOBLER S.A.S	Goodwill	—	149
Taiyo Koki Co.,Ltd Storage for parts	Building, land	Nagaoka, Niigata	4
Total			233

(Background)

① Mori Seiki U. S. A., INC recognized a loss on impairment of these assets, because the selling price has been fixed.

② TOBLER S.A.S recognized a loss on impairment of goodwill in the above table because TOBLER S.A.S appreciated a decline in profitability in operating activities.

③ Taiyo Koki Co.,Ltd had utilized land, building, in the above table as storage for parts. Taiyo Koki Co.,Ltd recognized a loss on impairment, because these assets are unutilized.

(Grouping)

The Company and its consolidated subsidiaries basically group their assets by operating department. The assets are grouped by sales office in the sales department and by plant in the manufacturing department. Idle properties which are not expected to be used in the future are grouped individually.

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
(Estimate amounts for receivable) Recoverable amounts on land, building(s), and machinery, equipment are measured at reasonable estimates of their projected net selling prices. Recoverable amounts on goodwill are measured at estimates of their cash flows in the future.	(Estimate amounts for receivable) Recoverable amounts on land, building(s), and machinery, equipment are measured at determinate selling prices. Recoverable amounts on goodwill are measured at estimates of their cash flows in the future. Recoverable amounts on land, building are measured at reasonable estimates of real-estate appraisal.
―――	※8 Restructuring costs for business structure The main factors of restructuring costs are retirement lump sum grants and scrap-and-build cost for sales and service network.

(Consolidated statement of changes in shareholders' equity)

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)

1 Shares issued and outstanding

Types of shares	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	96,475,312	—	—	96,475,312

2 Treasury stock

Types of shares	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	2,695,892	5,291,188	61,105	7,925,975

(Overview of changes)

The significant reasons of increase are as follows;

Purchases of treasury stocks with the resolution in board meeting: 5,287,500 stocks

Purchases of stocks under minimum unit: 3,665 stocks

The significant reasons of decrease are as follows;

Exercise of stock option rights: 60,500 stocks

Claim for adding to holdings stocks under minimum unit: 605 stocks

3 Stock acquisition rights

Company	Item	Types of shares	Amount of stocks				Balance at the end of the current fiscal year (Unit: Million yen)
			The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year	
The Company	Stock acquisition rights as stock option	—	—	—	—	—	821
Consolidated subsidiary	Stock acquisition rights as stock option	—	—	—	—	—	7
Total			—	—	—	—	828

For stock acquisition rights as stock option, the exercise term has not yet come.

4 Dividends

(1) Dividends paid

Resolution	Types of shares	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 18, 2008 Shareholders' meeting	Common stock	2,344	25	March 31, 2008	June 19, 2008
October 28, 2008 Board meeting	Common stock	1,828	20	September 30, 2008	December 1, 2008

(2) Dividends, which the cutoff date was in the year ended March 31, 2009, and the effective date of which will be in the year ending March 31, 2010

Resolution	Types of shares	Item	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 17, 2009 Shareholders' meeting	Common stock	Retained earnings	1,771	20	March 31, 2009	June 18, 2009

Current consolidated fiscal year (April 1, 2009 to March 31, 2010)

1 Shares issued and outstanding

Types of shares	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	96,475,312	22,000,000	—	118,475,312

(Overview of changes)

The significant reasons of increase are as follows;

Issuance of new stocks through public offering: 19,200,000 stocks

Issuance of new stocks through allocation: 2,800,000 stocks

2 Treasury stock

Types of shares	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	7,925,975	1,198	34,188	7,892,985

(Overview of changes)

The significant reasons of increase are as follows;

Purchases of stocks under minimum unit: 1,198 stocks

The significant reasons of decrease are as follows;

Exercise of stock option rights: 34,000 stocks

Claim for adding to holdings stocks under minimum unit: 188 stocks

3 Stock acquisition rights

Company	Item	Types of shares	Amount of stocks				Balance at the end of the current fiscal year (Unit: Million yen)
			The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year	
The Company	Stock acquisition rights as stock option	—	—	—	—	—	1,322
The Company	Stock acquisition rights as stock option	—	—	—	—	—	195
Consolidated subsidiary	Stock acquisition rights as stock option	—	—	—	—	—	15
Total			—	—	—	—	1,533

For stock acquisition rights as stock option, the exercise term has not yet come.

4 Dividends

(1) Dividends paid

Resolution	Types of shares	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 17, 2009 Shareholders' meeting	Common stock	1,771	20	March 31, 2009	June 18, 2009
October 26, 2009 Board meeting	Common stock	886	10	September 30, 2009	December 1, 2009

(2) Dividends, which the cutoff date was in the year ended March 31, 2010, and the effective date of which will be in the year ending March 31, 2011

Resolution	Types of shares	Item	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 18, 2010 Shareholders' meeting	Common stock	Retained earnings	1,106	10	March 31, 2010	June 21, 2010

(Consolidated statement of cash flows)

	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
※1 Cash and cash equivalents as of the fiscal year end are reconciled to the accounts reported in the consolidated balance sheets	Cash and cash equivalents 14,452million yen Time deposits with maturities of more than three months -197million yen Cash and cash equivalents at the end of the fiscal year 14,255million yen	Cash and cash equivalents 7,516million yen Time deposits with maturities of more than three months -260million yen Cash and cash equivalents at the end of the fiscal year 7,255million yen
2 Details of significant non-monetary transactions	―――	The amount of assets and liabilities for finance lease transactions in the current consolidated fiscal year are respectively 4,450 million yen, 4,450 million yen.
※3 Principal assets and liabilities of newly acquired consolidated subsidiaries	―――	The breakdown of assets and liabilities of Magnescale Co.,Ltd. at the time of its consolidation due to the Company's acquisition of its stock, as well as the expenditure made in acquiring Magnescale Co.,Ltd. stock are as follows: Current Assets 4,489 million yen Fixed assets 2,355 million yen Goodwill 1,666 million yen Current liabilities -2,149 million yen Long-term liabilities -305 million yen Magnescale Co.,Ltd. stock acquisition price 6,056 million yen Magnescale Co.,Ltd. Cash and cash equivalents 732 million yen Net expenditure on the acquisition of Magnescale Co.,Ltd. 5,323 million yen

(Segment Information)

a． Business segment information

In the previous consolidated fiscal year (April 1, 2008 to March 31, 2009) and the current consolidated fiscal year (April 1, 2009 to March 31, 2010), The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of computerized numerically-controlled lathes, vertical-type and horizontal-type machining centers, multi-axis machines produced in a wide variety of models to meet their customers' diverse needs.

b． Geographical segment Information

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)

(Amount: million yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Eliminations	Consolidated
1 Sales and operating income Net sales							
(1) Sales to third parties	78,036	29,977	45,451	3,738	157,203	—	157,203
(2) Inter-group sales	64,199	993	1,636	1,289	68,119	(68,119)	—
Total	142,236	30,971	47,087	5,027	225,322	(68,119)	157,203
Operating expenses	136,145	29,865	47,032	5,732	218,776	(67,495)	151,280
Operating income	6,090	1,105	54	-704	6,546	(623)	5,922
2 Assets	130,870	15,429	26,693	4,363	177,357	(28,140)	149,216

（Note） 1 All common expenses in operating expenses are assigned to each segment.

2 Elimination and all the group's assets in assets included in all the group's contents are 8,325 million yen. And what is main there is invested assets fund left (Cash and cash equivalents), long-term invested fund (investment security) at parent company.

3 The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas………………………The United States, Brazil, Mexico, Canada

Europe………………………Germany, United Kingdom, France, Italy, Spain

Asia・Oceania……Singapore, Taiwan, China, Thailand, Korea, Indonesia, Australia, India, Malaysia, Turkey

4 Change in notes related to the preparation of the consolidated financial statements

（Accounting Standard for Measurement of Inventories）

As mentioned at 'Notes related to the preparation of the consolidated financial statements 4 Significant accounting policies（1）Valuation methods for assets ②Inventories', Accounting Standard for Measurement of Inventories (Administration of financial accounting standards Article 9 on July 5, 2006) has been applied from the current consolidated fiscal year. This change has almost no effect on profit and loss.

（Application of accounting standard for lease transactions）

As mentioned at 'Changes in rules for preparing consolidated financial statements,' non-cancelable leases not accompanying the transfer of ownership previously had been accounted for as operating leases. However, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 (June 17, 1993 (The First Committee of Business Accounting Council), revised on March 30, 2007)) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (The Japan Institute of Certified Public Accountants), revised on March 30, 2007)) have been applied from the current consolidated fiscal year.
This change has almost no effect on profit and loss.

（Practical Solution on Unification of Accounting Policies applied to Foreign Subsidiaries for Consolidated Financial Statements)

As mentioned at 'Changes in rules for preparing consolidated financial statements,' from the current consolidated fiscal year, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) has been applied, and modifications necessary for the consolidated settlement of accounts are made.

This change has almost no effect on profit and loss.

5　Additional information

As mentioned at 'Notes related to the preparation of the consolidated financial statements　４　Significant accounting policies　（2）Depreciation method　①　Tangible fixed assets except for lease assets,' the Company and its domestic consolidated subsidiary have changed estimated useful lives of machinery from 10 to 9 years.　This change is the result of adjusting the estimated useful lives to the actual conditions in accordance with the 2008 revision of the Corporation Tax Law of Japan effective April 1, 2008.

As a result, operating income in Japan decreased by 117 million yen for the current consolidated fiscal year compared with the previous method.　The effect of this change was immaterial except for Japan.

Current consolidated fiscal year (April 1, 2009 to March 31, 2010)

(Amount: million yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Eliminations	Consolidated
1 Sales and operating income Net sales (1)Sales to third parties	28,293	16,040	20,157	1,911	66,402	—	66,402
(2) Inter-group sales	22,302	1,917	797	740	25,757	(25,757)	—
Total	50,595	17,957	20,954	2,652	92,160	(25,757)	66,402
Operating expenses	73,211	17,277	26,343	3,439	120,271	(26,935)	93,335
Operating income	-22,616	680	-5,388	-786	-28,110	1,177	-26,933
2 Assets	134,798	16,803	23,646	3,259	178,508	(34,341)	144,166

(Note) 1 All common expenses in operating expenses are assigned to each segment.

2 Elimination and all the group's assets in assets included in all the group's contents are 9,900 million yen. And what is main there is invested assets fund left (Cash and cash equivalents), long-term invested fund (investment security) at parent company.

3 The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas………………………The United States, Brazil, Mexico, Canada

Europe………………………Germany, United Kingdom, France, Italy, Spain, Switzerland Turkey

Asia・Oceania……Singapore, Taiwan, China, Thailand, Korea, Indonesia, Australia, India, Malaysia

c. Overseas sales

Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)

	The Americas	Europe	Asia and Oceania	Total
I Overseas sales (million yen)	34,700	46,359	20,938	101,998
II Consolidated net sales (million yen)	—	—	—	157,203
III Ratio of overseas sales to consolidated net sales	22.1	29.5	13.3	64.9

（Note） 1 Overseas sales are this company and consolidated subsidiaries' sales in countries and regions out of Japan.

2 The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas………………………The United States, Brazil, Canada, Argentina, Mexico

Europe………………………Germany, United Kingdom, Italy, France, Spain, Holland, Norway, Sweden, Denmark, Switzerland, Finland, Slovenia, Czech, Hungary, Poland, Austria

Asia・Oceania……Singapore, Taiwan, China, Thailand, India, Indonesia, Korea, Australia, New Zealand, Malaysia, Philippine, Vietnam, Turkey, Israel, Russia

Current consolidated fiscal year (April 1, 2009 to March 31, 2010)

	The Americas	Europe	Asia and Oceania	Total
I Overseas sales (million yen)	17,398	20,577	9,341	47,317
II Consolidated net sales (million yen)	—	—	—	66,402
III Ratio of overseas sales to consolidated net sales	26.2	31.0	14.1	71.3

（Note） 1 Overseas sales are this company and consolidated subsidiaries' sales in countries and regions out of Japan.

2 The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas………………………The United States, Brazil, Canada, Argentina, Mexico

Europe………………………Germany, United Kingdom, Italy, France, Spain, Holland, Norway, Sweden, Denmark, Switzerland, Finland, Slovenia, Czech, Hungary, Poland, Austria

Asia・Oceania……Singapore, Taiwan, China, Thailand, India, Indonesia, Korea, Australia, New Zealand, Malaysia, Philippine, Vietnam, Turkey, Israel, Russia

(Per share information)

Items	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Net assets per share	1,319.04 yen	870.57yen
Net loss (-) per share	-23.59 yen	-363.87yen
Net income per share after deduction of latent stocks	It is not displayed because it is net loss per share although existing latent stocks.	It is not displayed because it is net loss per share although existing latent stocks.

(Note) Basis of calculation of net loss and net income after deduction of latent stocks are as follows.

Items	Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (April 1, 2009 to March 31, 2010)
Net loss per share		
Net income / (loss) (million yen)	-2,153	-34,693
Amount not belonging to common stockholders (million yen)	—	—
Net income / (loss) on common stock (million yen)	-2,153	-34,693
Average number of common stocks in the fiscal year (thousand stocks)	91,280	95,346
Net income per share after deduction of latent stocks		
Adjustment of net income in the current fiscal year (million yen)	—	—
Increase of common stocks (thousand stocks) (Stock option)	— —	— —
Overview of latent stock, not included in calculation of net income after deduction of latent stock because of un-existing dilution effect	———	———

(Important subsequent event)

Mori Seiki Co., Ltd., the Company, resolved at the meeting of its Board of Directors on May 10, 2010, to submit a proposal for the reduction of its capital surplus and retained reserve at the 62nd Ordinary General Meeting of Shareholders to be held on June 18, 2010.

The transactions are transfers within the “Net Assets” of the Company’s balance sheets. The balance of the net assets will remain unchanged.

1. Purpose of the reduction of capital surplus and retained reserve

The purpose of the reduction is to enable the Company to implement the continuing flexibility and adaptability of its capital policies, compensating retained earnings carried forward in deficit.

2. Details of the reduction of capital surplus and retained reserve

(1) Amount of surplus and reserve to be reduced

Capital surplus : 12,000 million yen

Retained reserve : 2,650 million yen

(2) Amount of retained earnings to be increased

Other capital surplus : 12,000 million yen

Retained earnings carried forward : 2,650 million yen

3. Schedule

(1)	Resolution at the Meeting of the Board of Directors	May 10, 2010
(2)	Last day for creditors to exercise opposition right	June 17, 2010 (Scheduled)
(3)	Resolution at a meeting of shareholders	June 18, 2010 (Scheduled)
(4)	Effective day	June 18, 2010 (Scheduled)

5. Unconsolidated

（1） Unconsolidated balance sheet

(Amount: million yen)

	At the end of the previous fiscal year (March 31, 2009)	At the end of the current fiscal year (March 31, 2010)
Assets		
Current Assets		
Cash and deposits	7,610	2,899
Notes receivable	541	396
Account receivable	18,780	16,575
Goods and products	9,284	6,653
Work in process	4,910	5,069
Row materials and supplies	11,733	10,626
Deferred income taxes	622	―
Income taxes receivable	3,226	13
Consumption tax receivable	190	91
Other receivable	72	157
Short-term loans receivable	3,750	8,941
Forward exchange contracts	2,777	2,003
Other	1,471	1,373
Allowance for doubtful receivable	-239	-499
Total current assets	64,731	54,304
Fixed assets		
Tangible fixed assets		
Buildings, net	16,637	17,040
Structures, net	1,227	1,152
Machinery and equipment, net	5,453	2,421
Vehicles, net	47	28
Tools, furniture and fixtures, net	2,390	1,978
Land	13,247	13,309
Lease assets, net	85	770
Construction in process	1,005	1,626
Total tangible fixed assets	40,093	38,328
Intangible fixed assets		
Patent	―	1,605
Software	3,322	3,721
Software in process	1,152	156
Right of telephone	2	2
Total intangible fixed assets	4,477	5,486

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Investments and other assets		
Investments in security	6,714	8,615
Stocks of subsidiaries and affiliates	12,649	19,369
Investments in capital of subsidiaries and affiliates	2,835	3,152
Long-term loans receivable	853	563
Long-term prepaid expenses	356	152
Other	994	966
Total investments and other assets	24,404	32,821
Total fixed assets	68,975	76,636
Total assets	133,706	130,940
Liabilities		
Current liabilities		
Accounts payable	2,520	3,233
Short-term bank loans	9,800	17,150
Lease obligation	14	139
Accrued payments	4,615	4,096
Accrued expenses	187	237
Accrued income taxes	161	199
Advances received	564	437
Deposits payable	123	728
Allowance for product warranties	497	439
Total current liabilities	18,484	26,661
Fixed liabilities		
Convertible bonds with stock acquisition rights	2,583	2,583
Lease obligation	71	641
Deferred income taxes	578	1,133
Deferred income taxes on land revaluation reserve	1,699	1,699
Other	—	34
Total fixed liabilities	4,931	6,091
Total liabilities	23,416	32,752

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Net assets		
Shareholders’ equity		
Capital	32,698	41,132
Capital surplus		
Capital reserve	45,429	53,863
Total capital surplus	45,429	53,863
Accumulated earning		
Legal reserve of accumulated earning	2,650	2,650
Other accumulated earning		
Reserve for special depreciation	—	—
Reserve for reduction entry of assets	159	154
General reserve	36,600	36,600
Retained earnings	-1,429	-31,086
Total accumulated earning	37,979	8,318
Treasury stock	-10,589	-10,544
Total shareholders’ equity	105,518	92,769
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,202	1,410
Net unrealized gain/loss on derivative instruments	1,202	943
Land revaluation reserve	1,545	1,545
Total valuation and translation adjustments	3,950	3,899
Stock acquisition rights	821	1,518
Total net assets	110,290	98,187
Total liabilities and net assets	133,706	130,940

（２） Statement of income

（Amount: million yen）

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Net sales	135,784	48,419
Cost of sales		
Beginning finished products	9,906	9,284
Current manufacturing cost of goods produced	93,239	42,648
Transfer from other accounts	550	547
Total	103,696	52,470
Year-end finished products	9,284	6,653
Cost of sales for products	94,411	45,816
Gross profit	41,372	2,602
Selling, general and administration expenses	36,138	23,821
Operating income / loss	5,234	-21,218
Non-operating income		
Interest income	149	65
Dividend income	294	5,076
Exchange gain	―	543
Rental income	5	46
Insurance income	25	19
Other	163	256
Total of non-operating income	637	6,008
Non-operating expenses		
Interests payable	130	85
Exchange loss	2,654	―
Fees and commissions	142	84
Stock issuance cost	―	97
Social insurance expenses for prior year	―	62
Other	75	20
Total of non-operating expenses	3,001	350
Ordinary income / loss	2,870	-15,560
Extraordinary gain		
Gain on sales of fixed assets	0	0
Gain on sales of investment in securities	―	1,439
Total of extraordinary income	0	1,439

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Extraordinary loss		
Loss on sales of fixed assets	—	0
Loss on disposal of fixed assets	88	42
Loss on revaluation of investments in securities	1,211	31
Loss on revaluation of stocks of affiliated companies	3,483	3,528
Loss on sales of affiliated company	—	50
Loss on revaluation of other investments	3	8
Allowance for doubtful accounts transferred	190	259
Restructuring costs for business structure	—	7,492
Total of extraordinary loss	4,977	11,415
Income before income taxes and minority interests	-2,106	-25,536
Income taxes	44	306
Income taxes deferred	1,205	1,148
Total of income taxes	1,249	1,455
Net loss	-3,356	-26,991

(3) Unconsolidated statements of changes in shareholders' equity

(Amount: million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital		
Balance at the end of the previous fiscal year	32,698	32,698
Changes in the current term		
Issuance of new stocks	―	8,433
Total changes in the current term	―	8,433
Balance at the end of the current fiscal year	32,698	41,132
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	45,429	45,429
Changes in the current term		
Issuance of new stocks	―	8,433
Total changes in the current term	―	8,433
Balance at the end of the current fiscal year	45,429	53,863
Total capital surplus		
Balance at the end of the previous fiscal year	45,429	45,429
Changes in the current term		
Issuance of new stocks	―	8,433
Total changes in the current term	―	8,433
Balance at the end of the current fiscal year	45,429	53,863
Accumulated earnings		
Legal reserve of accumulated earnings		
Balance at the end of the previous fiscal year	2,650	2,650
Changes in the current term		
Total changes in the current term	―	―
Balance at the end of the current fiscal year	2,650	2,650
Other accumulated earnings		
Reserve for special depreciation		
Balance at the end of the previous fiscal year	4	―
Changes in the current term		
Cancellation of reserving special depreciation	-4	―
Total changes in the current term	-4	―
Balance at the end of the current fiscal year	―	―

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Compressed assets reserve fund		
Balance at the end of the previous fiscal year	165	159
Changes in the current term		
Cancellation of compressed assets reserve fund	-5	-5
Total changes in the current term	-5	-5
Balance at the end of the current fiscal year	159	154
Special reserve fund		
Balance at the end of the previous fiscal year	36,600	36,600
Changes in the current term		
Total changes in the current term	—	—
Balance at the end of the current fiscal year	36,600	36,600
Deferred legal reserve of accumulated earnings		
Balance at the end of the previous fiscal year	6,127	-1,429
Changes in the current term		
Cancellation of reserving special depreciation	4	—
Cancellation of compressed assets reserve fund	5	5
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Net loss	-3,356	-26,991
Disposal of treasury stock	-37	-13
Total changes in the current term	-7,557	-29,656
Balance at the end of the current fiscal year	-1,429	-31,086
Total accumulated earnings		
Balance at the end of the previous fiscal year	45,547	37,979
Changes in the current term		
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Net loss	-3,356	-26,991
Disposal of treasury stock	-37	-13
Total changes in the current term	-7,567	-29,661
Balance at the end of the current fiscal year	37,979	8,318
Treasury stock		
Balance at the end of the previous fiscal year	-4,764	-10,589
Changes in the current term		
Purchases of treasury stock	-5,932	-1
Disposal of treasury stock	108	45
Total changes in the current term	-5,824	44
Balance at the end of the current fiscal year	-10,589	-10,544

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Total shareholder's equity		
Balance at the end of the previous fiscal year	118,910	105,518
Changes in the current term		
Issuance of new stocks	—	16,867
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Net loss	-3,356	-26,991
Purchases of treasury stock	-5,932	-1
Disposal of treasury stock	71	32
Total changes in the current term	-13,391	-12,749
Balance at the end of the current fiscal year	105,518	92,769
Valuation and translation adjustments		
Net unrealized holding gain on securities		
Balance at the end of the previous fiscal year	1,562	1,202
Changes in the current term		
Net changes of items other than shareholders' equity	-359	207
Total changes in the current term	-359	207
Balance at the end of the current fiscal year	1,202	1,410
Net unrealized loss on derivative instruments		
Balance at the end of the previous fiscal year	-1,026	1,202
Changes in the current term		
Net changes of items other than shareholders' equity	2,229	-258
Total changes in the current term	2,229	-258
Balance at the end of the current fiscal year	1,202	943
Land revaluation reserve		
Balance at the end of the previous fiscal year	1,545	1,545
Changes in the current term		
Net changes of items other than shareholders' equity	—	—
Total changes in the current term	—	—
Balance at the end of the current fiscal year	1,545	1,545
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year	2,081	3,950
Changes in the current term		
Net changes of items other than shareholders' equity	1,869	-51
Total changes in the current term	1,869	-51
Balance at the end of the current fiscal year	3,950	3,899

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Current fiscal year (April 1, 2009 to March 31, 2010)
Stock acquisition rights		
Balance at the end of the previous fiscal year	369	821
Changes in the current term		
Net changes of items other than shareholders' equity	451	697
Total changes in the current term	451	697
Balance at the end of the current fiscal year	821	1,518
Total net profit		
Balance at the end of the previous fiscal year	121,361	110,290
Changes in the current term		
Issuance of new stocks	—	16,867
Dividend	-2,344	-1,771
Interim dividend	-1,828	-886
Net loss	-3,356	-26,991
Purchases of treasury stock	-5,932	-1
Disposal of treasury stock	71	32
Net changes of items other than shareholders' equity	2,321	645
Total changes in the current term	-11,070	-12,103
Balance at the end of the current fiscal year	110,290	98,187

６．Other

Changes in directors

（１）Change in representative directors

None

（２）Other changes

Candidate to be nominated as new corporate auditor

Corporate auditor Yoshito Kato

Yoshito Kato is a candidate for the position of outside corporate auditor, as designated by Corporation Law article. 2, item 16.

（３）Scheduled date

June 18, 2010