

**Summary of Consolidated Financial and Business Results of the First Quarter
for the Fiscal Year 2010 (to June 30, 2010) [Japan GAAP]**

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial and Business Results of the First Quarter announced on July 27, 2010)

July 27, 2010

Company name Mori Seiki Co., Ltd.

Code Number 6141 Tokyo and Osaka Stock Exchanges

(URL <http://www.moriseiki.co.jp>)

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Expected date of filing the quarterly financial report		August 6, 2010
Expected payment date of cash dividends		—
Quarterly financial closing supplementary explanatory documents		Yes
Quarterly financial closing presentation		Yes

Note: All amounts less than one million are disregarded.

1. Consolidated business results for the first quarter of the fiscal year 2010 (April 1, 2010 to June 30, 2010)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	Million yen	%
First Quarter Fiscal Year 2010	19,026	38.5	-4,777	—	-5,644	—	-5,510	—
First Quarter Fiscal Year 2009	13,737	-70.0	-8,040	—	-7,729	—	-8,757	—

	Net income per share in this quarter		Diluted net income per share	
	yen		yen	
First Quarter Fiscal Year 2010	-49	83	—	—
First Quarter Fiscal Year 2009	-98	89	—	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share	
	million yen	million yen	%	yen	
First Quarter Fiscal Year 2010	141,202	90,637	62.4	796	72
Fiscal year 2009	144,166	98,717	66.8	870	57

(Reference) Equity capital First quarter of the Fiscal Year 2010 88,102 million yen Fiscal Year 2009 96,269 million yen

2. Dividends

Dividends per share						
	First Quarter	Second Quarter	Third Quarter	The end of the term	Year	
	yen	yen	yen	yen	yen	
Fiscal Year 2009	— —	10 00	— —	10 00	20 00	
Fiscal Year 2010	— —					
Fiscal Year 2010(Forecast)		10 00	— —	10 00	20 00	

Note: Amendment of the forecast on dividends during the first quarter of the fiscal year 2010 No

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

(Percent change shows the change from the previous interim or full year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	
Interim	45,000	44.7	-4,500	—	-5,000	—	-5,000	—	-45	22
Full year	108,000	62.6	1,000	—	1,000	—	1,000	—	9	04

Note: Amendment of the consolidated earnings forecast during the first quarter of the fiscal year 2010 Yes

4. Other

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

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

(3) Changes of important accounting policies, procedures, and ways of display (matters to be included in the section, "Change in Notes related to the preparation of the quarterly consolidated financial statements")

① Changes along the revision of accounting standards, etc. Yes

② Changes other than mentioned in ① No

(4) Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the year (Including treasury stocks)	The First quarter of the fiscal year 2010	118,475,312 shares	Fiscal year 2009	118,475,312 shares
② Treasury stocks at the end of the year	The First quarter of the fiscal year 2010	7,892,949 shares	Fiscal year 2009	7,892,985 shares
③ Number of average shares (during the quarter terms)	The First quarter of the fiscal year 2010	110,582,363 shares	The First quarter of the fiscal year 2009	88,564,119 shares

※Implementation of quarterly review

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

※Proper use of the earnings forecasts and other notes

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

(3) Qualitative information on consolidated earnings forecast for further information of the forecasts and assumptions.

Index of the Attachment

1. Qualitative Information / Financial Statement, etc	4
(1) Qualitative information on consolidated operating results	4
(2) Qualitative information on consolidated financial status	4
(3) Qualitative information on consolidated earnings forecast	5
2. Others	5
(1) Changes of significant subsidiaries	5
(2) Adoption of simplified accounting methods and peculiar accounting methods	5
(3) Changes of important accounting policies, procedures, and ways of display	5
(4) Significant information on premise of going concern	5
3. Consolidated financial statements	6
(1) The 1st quarter consolidated balance sheet	6
(2) The 1st quarter consolidated statement of income	8
(3) The 1st quarter consolidated statement of cash flows	9
(4) Notes about premise of going concern	11
(5) Segment Information	11
(6) Note regarding remarkable fluctuation of shareholder's equity	12

1. Qualitative Information/Financial Statements, etc.

(1) Qualitative information on consolidated operating results

For the first quarter (from April 1 to June 30, 2010), the business conditions in the machine tool industry have still not fully recovered and there have been the concerns over the economic conditions and fluctuations in foreign currency exchange rates in Europe. The markets outside of Japan, especially in Asia and North America, however, have begun to show positive signs in demand. In addition, 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 for seven consecutive months, from December, 2009 through June, 2010. Therefore, we firmly believe that our orders will increase in the future.

In this business environment, the Mori Seiki Group held INNOVATION DAYS 2010 at the Iga campus in June, attracting the largest number of visitors than any other exhibition ever held in Iga. On the other hand, we developed and released new products in response to customer needs. The NH1000 DCG high speed and high-precision horizontal machining center, for example, was designed to offer high-efficiency and high-precision machining of large work pieces. For ongoing new product development, we are developing next generation large machines with an innovative design and small machines focusing on high precision and cost performance, to respond to diversified customer needs. We will release these new models into the market during this fiscal year. Concerning Magnescale Co., Ltd, which became our wholly-owned subsidiary, its measuring instrument business has been stable due to the demand from the semiconductor industries. Magnescale contributes to our cost reduction in terms of internal procurement and helps our company to build a sound financial structure. With respect to human resource development and in-house education, we will continually train our employees so that they can develop their skills and knowledge needed to build machine tools and they can work globally. Also we put effort on educating our young employees, especially 80 new recruits who have started working since this April, so that they will be able to lead the machine tool industry in the future.

Against this background, we recorded consolidated sales of 19,026 million yen, a 38.5% increase from the previous first quarter, consolidated operating loss of 4,777 million yen (8,040 million yen of consolidated operating loss in the previous first quarter), and consolidated ordinary loss of 5,644 million yen (7,729 million yen of consolidated ordinary loss in the previous first quarter) which was mainly due to foreign exchange loss. Also, consolidated net loss was 5,510 million yen (consolidated net loss was 8,757 million yen in the previous first quarter).

We have been building up the long-term partnership with GILDEMEISTER AG of Germany (hereafter referred to as GILDEMEISTER) in the filed of development, manufacturing, purchasing, sales and service in order to maximize synergy effects of the business and capital agreement between the two companies entered into in March, 2009. On the sales and service sides, joint sales and service have been started in U.S.A. and India since 1st April. The two companies will continue to collaborate with each other to establish leadership in the global machine tool market.

In June 2010, we also established a joint company, MG Finance GmbH, with Mitsui & Co., Ltd. and GILDEMEISTER in Germany. We will start by providing financial services, which focus on leasing service, for our customers in Germany, and will expand the target area to include the entire Europe with the aim of supporting our customers to introduce new equipment.

(2) Qualitative information on consolidated financial status

At the end of the first quarter, total assets were 141,202 million yen, 2,964 million yen decreased from the end of the previous fiscal year. The main reasons for the decrease are that though inventories have increased by 1,146 million yen, cash and deposits, notes and accounts receivable, tangible fixed assets, and investments in securities have decreased by 1,203 million, 2,462 million, 2,140 million and 1,452 million yen respectively. Net assets were 90,637 million yen, and shareholders' equity ratio was 62.4%, 4.4 percentage decreased in the current first quarter.

(Situation of cash flows)

For the first quarter, the balance of cash and cash equivalents were 6,308 million yen, 946 million yen decreased from the end of the previous fiscal year.

Net cash used by operating activities was 2,645 million yen. The main increasing factors are increase in account payable of 3,196 million yen and depreciation and amortization of 1,586 million yen. The main decreasing factor is loss before income taxes and minority interests of 5,938 million yen and increase of inventories which is 2,583 million yen.

Net cash used in investing activities was 493 million yen. The main increasing factor is sales of tangible fixed assets of 532 million yen. The main decreasing factors are purchase of tangible fixed assets of 498 million yen and increase in investment in securities of 305 million yen and payment of investment in capital of subsidiaries and affiliates of 568 million yen.

Net cash provided in financing activities was 2,109 million yen. The main increasing reason is increase in short-term bank loans, net of 3,120 million yen. The main decreasing reason is and cash dividends of 934 million yen.

(3)Qualitative information on consolidated earnings forecast

We announce that we have revised the forecast for the interim year of the fiscal year 2010 (April 1, 2010 to March 31, 2011) originally announced on May 10, 2010, because of anticipation of exchange loss due to yen's appreciation.

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

2. Others

(1) Changes of significant subsidiaries

There are no applicable matters.

(2) Adoption of simplified accounting methods and peculiar accounting methods

There are no applicable matters.

(3) Changes of important accounting policies, procedures, and ways of display

①Change in accounting standard

(Application of "Accounting Standard for Asset Retirement Obligations")

From the first quarter of fiscal year 2010, we apply the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 of March 31, 2008).

There is no significant impact on our operating income/loss, ordinary income/loss or income/loss before income tax and minority interests.

②Change of ways of display

(The 1st quarter consolidated statement of income)

Based on the "Accounting Standard for Consolidated Financial Statement" (ASBJ Statement No.22 of December 26, 2008), we apply the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statement" (Cabinet Office Ordinance No.5, March 24, 2009). As a result, "Loss before minority interests" is included in the consolidated financial statement for the first quarter of fiscal year 2010.

(4) Significant information on premise of going concern

There are no applicable matters.

3. Consolidated financial statements

(1) The 1st quarter consolidated balance sheet

(Amount : million yen)

	At the end of the 1st consolidated quarter (June 30, 2010)	At the end of the previous consolidated fiscal year (March 31, 2010)
(Assets)		
Current Assets		
1 Cash and deposits	6,312	7,516
2 Notes and accounts receivable	14,202	16,665
3 Securities	101	-
4 Goods and products	10,870	10,067
5 Work in process	6,027	6,241
6 Raw material and Supplies	17,309	16,751
7 Deferred income taxes	699	533
8 Consumption tax receivable	323	310
9 Other	7,716	4,761
10 Allowance for doubtful receivables	-246	-114
Total current assets	63,287	62,733
Fixed assets		
1 Tangible fixed assets		
(1) Buildings and structures, net	25,552	26,926
(2) Machinery, equipment and vehicles, net	4,196	4,301
(3) Land	16,700	17,152
(4) Lease assets, net	4,128	4,354
(5) Construction in progress	1,825	1,722
(6) Other, net	3,112	3,199
Total tangible fixed assets	55,516	57,657
2 Intangible fixed assets		
(1) Goodwill	1,879	2,024
(2) Other	5,505	5,733
Total Intangible fixed assets	7,384	7,757
3 Investments and other assets		
(1) Investments in securities	11,513	12,966
(2) Long-term prepaid expenses	134	165
(3) Deferred income taxes	1,674	1,569
(4) Other	1,690	1,317
Total investments and other assets	15,014	16,018
Total fixed assets	79,914	81,433
Total assets	141,202	144,166

	At the end of the 1st consolidated quarter (June 30, 2010)	At the end of the previous consolidated fiscal year (March 31, 2010)
(Liabilities)		
Current liabilities		
1	7,958	6,087
2	21,670	18,550
3	262	270
4	4,544	4,116
5	1,745	1,780
6	1,597	925
7	422	741
8	11	4
9	29	35
10	775	845
11	60	234
12	824	1,390
Total current liabilities	<u>39,903</u>	<u>34,983</u>
Fixed liabilities		
1	2,583	2,583
2	4,044	4,241
3	1,671	1,227
4	1,699	1,699
5	304	312
6	296	402
7	61	—
Total fixed liabilities	<u>10,661</u>	<u>10,465</u>
Total liabilities	<u>50,564</u>	<u>45,449</u>
(Net assets)		
Shareholders' equity		
1	41,132	41,132
2	53,863	53,863
3	6,198	12,820
4	-10,544	-10,544
Total shareholders' equity	<u>90,649</u>	<u>97,271</u>
Valuation and translation adjustments		
1	380	1,750
2	1,642	943
3	1,545	1,545
4	-6,115	-5,242
Total valuation and translation adjustments	<u>-2,546</u>	<u>-1,002</u>
Stock acquisition rights	1,700	1,533
Minority interests	833	914
Total net assets	<u>90,637</u>	<u>98,717</u>
Total liabilities and net assets	<u>141,202</u>	<u>144,166</u>

(2) The 1st quarter consolidated statement of income
(The 1st consolidated quarter total)

(Amount : million yen)

	The previous 1st consolidated quarter total (April 1, 2009 to June 30 2009)	The 1st consolidated quarter total (April 1, 2010 to June 30, 2010)
Net sales	13,737	19,026
Cost of sales	12,063	14,387
Gross profit	1,673	4,639
Selling, general and administrative expenses	9,714	9,417
Operating loss (-)	-8,040	-4,777
Non-operating income		
1 Interest income	6	11
2 Dividend income	87	112
3 Exchange gain	260	—
4 Other	87	62
Total of non-operating income	441	185
Non-operating expenses		
1 Interest expense	36	90
2 Exchange loss	—	724
3 Fees and commissions	27	25
4 Equity in losses of affiliates	54	43
5 Other	11	168
Total of non-operating expenses	130	1,052
Ordinary loss (-)	-7,729	-5,644
Extraordinary gain		
1 Gain on sales of fixed assets	4	3
Total of extraordinary income	4	3
Extraordinary loss		
1 Loss on sales of fixed assets	3	6
2 Loss on disposal of fixed assets	28	15
3 Loss on impairment of fixed assets	4	—
4 Loss on revaluation of investments in securities	0	—
5 Loss on revaluation of other investments	—	0
6 Loss on adjustment for changes of accounting standard for asset retirement obligations	—	15
7 Loss on business structural reorganization	—	259
Total of extraordinary loss	37	297
Loss before income taxes and minority interests (-)	-7,762	-5,938
Income taxes	21	10
Income taxes deferred	1,166	-248
Total of Income taxes	1,188	-237
Loss before minority interests (-)	—	-5,700
Minority interests in loss (-)	-193	-190
Net loss(-)	-8,757	-5,510

(3) The 1st quarter consolidated statement of cash flows

(Amount : million yen)

	The previous 1st consolidated quarter total (April 1, 2009 to June 30, 2009)	The 1st consolidated quarter total (April 1, 2010 to June 30, 2010)
Operating activities		
loss before income taxes and minority interests	-7,762	-5,938
Depreciation and amortization	1,671	1,586
Loss / gain on sales of fixed assets	-0	2
Loss on disposal of fixed assets	28	15
Loss on impairment of fixed assets	4	—
Loss / gain on revaluation of investments in securities	0	—
Loss on valuation of other investments	—	0
Loss on business structural reorganizations	—	259
Amortization of goodwill	88	134
Stock-based compensation	145	167
Equity in earnings / losses of affiliates	54	43
Increase / decrease in allowance for directors' bonuses	-25	—
Increase / decrease in allowance for bonuses	—	-174
Increase / decrease in allowance for doubtful receivables	1	141
Increase / decrease in allowance for retirement benefits	-34	13
Increase / decrease in allowance for product warranties	49	-68
Interest and dividend income	-94	-123
Interest expense	36	90
Unrealized exchange loss / gain	-402	784
Decrease / increase in notes and accounts receivable	6,914	1,360
Decrease / increase in inventories	1,848	-2,583
Increase / decrease in accounts payable	-447	3,196
Decrease / increase in consumption tax receivable	-98	-12
Increase / decrease in accrued consumption tax	-59	7
Increase / decrease in other accrued payments	-184	277
Other	693	-1,601
Sub-total	2,426	-2,422
Interest and dividend income received	94	123
Interest paid	-36	-90
Income taxes paid/refund	-1,142	-255
Net cash provided by operating activities	1,343	-2,645

	The previous 1st consolidated quarter total (April 1, 2009 to June 30, 2009)	The 1st consolidated quarter total (April 1, 2010 to June 30, 2010)
Investing activities		
Decrease / increase in long-term deposit	57	253
Increase in investments in securities	-2,518	-305
Purchase of stocks of subsidiaries and affiliates	—	-1
Payment of Investments in capital of subsidiaries and affiliates	—	-568
Sales of tangible fixed assets	6	532
Purchases of tangible fixed assets	-2,195	-498
Purchases of intangible fixed assets	-286	-84
Other	-56	177
Net cash used in investing activities	-4,992	-493
Financing activities		
Increase / decrease in short-term bank loans, net	1,994	3,120
Proceeds from sales of treasury stock	32	0
Purchase of treasury stock	-0	-0
Cash dividends	-1,438	-934
Cash dividends paid to minority shareholders	-17	-0
Other	-21	-75
Net cash provided / used in financing activities	550	2,109
Effect of exchange rate changes on cash and cash equivalents	117	-177
Increase / decrease in cash and cash equivalents	-2,981	-1,207
Cash and cash equivalents at the beginning of the fiscal year	14,255	7,255
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	457	260
Cash and cash equivalents at the end of the third quarter	11,731	6,308

(4) Notes about premise of going concern

There are no applicable matters.

(5) Segment Information

[Geographical Segment Information]

The previous 1st consolidated quarter total (April 1, 2009 to June 30, 2009)

(Million yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Eliminations	Consolidated
Sales and operating income							
(1) Sales to third parties	5,526	3,483	4,313	413	13,737	—	13,737
(2) Inter-group sales	4,722	524	422	90	5,760	(5,760)	—
Total	10,249	4,008	4,736	503	19,498	(5,760)	13,737
Operating income / loss	-6,918	92	-1,074	-308	-8,208	168	-8,040

[Overseas sales]

The previous 1st consolidated quarter total (April 1, 2009 to June 30, 2009)

	The Americas	Europe	Asia and Oceania	Total
I Overseas sales (Million yen)	3,841	4,313	1,481	9,636
II Consolidated net sales (Million yen)	—	—	—	13,737
III Ratio of overseas sales to consolidated net sales	28.0	31.4	10.8	70.2

[Segment information]

1. Outline of segment reported

The segments in this report are geographical units for which we are able to obtain respective financial information separately in order for the Board of Directors and Operating Directors to conduct periodic investigations to determine distribution of management resources and evaluate their business results.

The main business of our group is to product and to sell machine tools. In Japan, the company and the group's consolidated subsidiaries plan comprehensive strategies on the products and do the business. Outside of Japan, the group's consolidated local subsidiaries do as well.

As a result, our group is composed by geographical segment based on product and sales and its segment reported comprise of "Japan" "The Americas" "Europe" and "China and Asia".

2. Information on sales and income (loss) by segment reported

The 1st consolidated quarter total (April 1, 2010 to June 30, 2010)

(Million yen)

	Segment Reported				
	Japan	The Americas	Europe	China Asia	Total
Sales and operating income					
(1) Sales to third parties	7,029	4,419	4,009	3,568	19,026
(2) Inter-group sales or Transfer	8,979	481	228	262	9,952
Total	16,008	4,901	4,238	3,830	28,979
Segment loss (-)	-3,556	-361	-708	-90	-4,716

3. Total income/loss of segment reported and difference from the 1st quarter consolidated statement of income (adjustment of difference)

Income/loss	Amount (Million yen)
(1) Total of Segment reported	-4,716
(2) Minus of unrealized profit	-61
Operating loss on the 1 st quarter consolidated statement of income	-4,777

4. Information concerning significant loss from noncurrent assets, goodwill and other items by segment reported

There are no applicable matters.

(Additional Information)

From the first quarter of fiscal year 2010, we apply the "Revised Accounting Standard for Disclosures about Segment of an Enterprise and Related information" (ASJB Statement No.17 of March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (ASJB Guidance No.20 of March 21, 2008).

(6) Note regarding remarkable fluctuation of shareholder's equity

There are no applicable matters.