

**Summary of Consolidated Financial and Business Results of the Second Quarter  
for the Fiscal Year 2010 (to September 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 Second Quarter announced on October 26, 2010)

October 26, 2010

**Company name** Mori Seiki Co., Ltd.

Code Number 6141 Tokyo and Osaka Stock Exchanges

( 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 filing the quarterly financial report		November 12, 2010
Expected payment date of cash dividends		December 1, 2010
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 second quarter of the fiscal year 2010 (April 1, 2010 to September 30, 2010)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	Million yen	%
Second Quarter Fiscal Year 2010	46,590	49.9	-5,740	—	-6,305	—	-6,108	—
Second Quarter Fiscal Year 2009	31,090	-66.8	-14,656	—	-14,885	—	-15,744	—

	Net income per share in this quarter		Diluted net income per share	
	yen		yen	
Second Quarter Fiscal Year 2010	-55	24	—	—
Second Quarter Fiscal Year 2009	-177	76	—	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share	
	million yen	million yen	%	yen	
Second Quarter Fiscal Year 2010	144,581	89,885	60.4	789	84
Fiscal year 2009	144,166	98,717	66.8	870	57

(Reference) Equity capital Second quarter of the Fiscal Year 2010 87,341 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	— —	10 00				
Fiscal Year 2010(Forecast)			— —	10 00	20 00	

Note: Amendment of the forecast on dividends during the second 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
Full year	115,000	73.2	1,000	—	1,000	—	1,000	—	9 04

Note: Amendment of the consolidated earnings forecast during the second 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 second 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 second quarter of the fiscal year 2010	7,893,298 shares	Fiscal year 2009	7,892,985 shares
③ Number of average shares (during the quarter terms)	The second quarter of the fiscal year 2010	110,582,229 shares	The second quarter of the fiscal year 2009	88,572,151 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.

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## 1. Qualitative Information/Financial Statements, etc.

### (1) Qualitative information on consolidated operating results

In the second quarter of FY 2010 (from April 1st to September 30th, 2010), the machine tool industry saw a steady recovery in orders. The industry's total order value released by the Japan Machine Tool Builders' Association has exceeded that of the same month of the previous year every month since December, 2009. Although the concern about a prolonged appreciation of the yen still exists, we expect that orders will further increase in the future.

In this business environment, the Mori Seiki Group launched the "X-class" machines in the fields of lathes, vertical and horizontal machining centers and multi-axis machines in September. By incorporating the current market needs into the product concept and analyzing existing models from various angles, Mori Seiki developed the X-class machines that achieve outstanding performance in every aspect, from machine rigidity to eco-friendliness and compliance with safety standards. We are confident that the X-class machines with extensive features will meet our customers' diversified needs.

As part of our ongoing effort to promote a strategic cooperation with GILDEMEISTER AG of Germany (hereafter referred to as "GILDEMEISTER"), Mori Seiki started accepting orders for the GILDEMEISTER DMU 50 eco, a CNC 5-axis control machining center that boasts excellent cost performance, in Japan in August. At the International Manufacturing Technology Show (IMTS), which was held in the U.S.A. in September, Mori Seiki and GILDEMEISTER jointly exhibited 39 innovative machines including the X-class, and attracted so many visitors. At the show, we received orders greatly exceeded our target.

Against this background, we recorded consolidated sales of 46,590 million yen, a 49.9% increase from the previous second quarter, consolidated operating loss of 5,740 million yen (14,656 million yen of consolidated operating loss in the previous second quarter), and consolidated ordinary loss of 6,305 million yen (14,885 million yen of consolidated ordinary loss in the previous second quarter) which was mainly due to foreign exchange loss. Also, consolidated net loss was 6,108 million yen (consolidated net loss was 15,744 million yen in the previous second quarter).

### (2) Qualitative information on consolidated financial status

At the end of the second quarter, total assets were 144,581 million yen, 414 million yen increased from the end of the previous fiscal year. The main reasons for the increase are that though Cash and deposits and Tangible fixed assets have decreased by 1,761 million yen and 2,048 million yen respectively, Notes and accounts receivable and Inventories have increased by 3,696 million yen and 770 million yen respectively. Net assets were 89,885 million yen, and shareholders' equity ratio was 60.4%, 6.4 percentage decreased in the current second quarter.

#### (Situation of cash flows)

For the second quarter, the balance of cash and cash equivalents were 5,750 million yen, 1,505 million yen decreased from the end of the previous fiscal year.

Net cash used by operating activities was 8,391 million yen. The main increasing factors are Depreciation and amortization of 3,206 million yen and Increase in account payable of 2,682 million yen. The main decreasing factors are Loss before income taxes and minority interests of 6,677 million yen, Increase in notes and accounts receivable of 4,523 million yen and Increase in inventories of 2,819 million yen.

Net cash used in investing activities was 1,187 million yen. The main increasing factor is Sales of tangible fixed assets of 617 million yen. The main decreasing factors are Purchase of tangible fixed assets of 1,108 million yen, Payment of investment in capital of subsidiaries and affiliates of 586 million yen and Increase in investments in securities of 305 million yen.

Net cash provided in financing activities was 7,871 million yen. The main increasing reason is Increase in short-term bank loans, net of 9,122 million yen. The main decreasing reason is Cash dividends of 1,103 million yen.

(3) Qualitative information on consolidated earnings forecast

We announce that we have revised the forecast for the full year of the fiscal year 2010 (April 1, 2010 to March 31, 2011) originally announced on May 10, 2010. The revised full year net sales is 115,000 million yen for the reason of recovery in orders for machine tool industries.

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

① Change 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.

② Change of ways of display

(The second 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 second quarter of fiscal year 2010.

### 3. Consolidated financial statements

#### (1) The second quarter consolidated balance sheet

(Amount : million yen)

	At the end of the 2nd consolidated quarter (September 30, 2010)	At the end of the previous consolidated fiscal year (March 31, 2010)
(Assets)		
Current Assets		
1 Cash and deposits	5,754	7,516
2 Notes and accounts receivable	20,362	16,665
3 Securities	101	-
4 Goods and products	10,995	10,067
5 Work in process	5,412	6,241
6 Raw material and Supplies	17,423	16,751
7 Deferred income taxes	744	533
8 Consumption tax receivable	268	310
9 Other	5,904	4,761
10 Allowance for doubtful receivables	-192	-114
<b>Total current assets</b>	<b>66,774</b>	<b>62,733</b>
Fixed assets		
1 Tangible fixed assets		
(1) Buildings and structures, net	25,282	26,926
(2) Machinery, equipment and vehicles, net	4,760	4,301
(3) Land	18,391	17,152
(4) Lease assets, net	3,908	4,354
(5) Construction in progress	329	1,722
(6) Other, net	2,935	3,199
<b>Total tangible fixed assets</b>	<b>55,608</b>	<b>57,657</b>
2 Intangible fixed assets		
(1) Goodwill	1,741	2,024
(2) Other	5,243	5,733
<b>Total Intangible fixed assets</b>	<b>6,984</b>	<b>7,757</b>
3 Investments and other assets		
(1) Investments in securities	11,703	12,966
(2) Long-term prepaid expenses	106	165
(3) Deferred income taxes	1,760	1,569
(4) Other	1,642	1,317
<b>Total investments and other assets</b>	<b>15,213</b>	<b>16,018</b>
<b>Total fixed assets</b>	<b>77,807</b>	<b>81,433</b>
<b>Total assets</b>	<b>144,581</b>	<b>144,166</b>

	At the end of the 2nd consolidated Quarter (September 30, 2010)	At the end of the previous consolidated fiscal year (March 31, 2010)
(Liabilities)		
Current liabilities		
1 Notes and accounts payable-trade	8,501	6,087
2 Short-term bank loans	27,672	18,550
3 Lease obligations	261	270
4 Accrued payments	3,265	4,116
5 Accrued expenses	1,748	1,780
6 Advances received	1,291	925
7 Accrued income taxes	416	741
8 Accrued consumption taxes	21	4
9 Deferred income taxes	35	35
10 Allowance for product warranties	758	845
11 Allowance for bonuses	148	234
12 Other	665	1,390
Total current liabilities	44,787	34,983
Fixed liabilities		
1 Convertible bonds with stock acquisition rights	2,583	2,583
2 Lease obligations	3,832	4,241
3 Deferred income taxes	1,122	1,227
4 Deferred income taxes for land revaluation reserve	1,699	1,699
5 Accrued retirement benefits	318	312
6 Long-term accrued payments	289	402
7 Asset retirement obligations	61	—
8 Other	2	—
Total fixed liabilities	9,908	10,465
Total liabilities	54,695	45,449
(Net assets)		
Shareholders' equity		
1 Capital	41,132	41,132
2 Capital surplus	53,863	53,863
3 Retained earnings	5,599	12,820
4 Treasury stock	-10,544	-10,544
Total shareholders' equity	90,050	97,271
Valuation and translation adjustments		
1 Net unrealized holding gain on securities	852	1,750
2 Net unrealized gain/loss on derivative instruments	1,060	943
3 Land revaluation reserve	1,545	1,545
4 Translation adjustments	-6,166	-5,242
Total valuation and translation adjustments	-2,709	-1,002
Stock acquisition rights	1,784	1,533
Minority interests	759	914
Total net assets	89,885	98,717
Total liabilities and net assets	144,581	144,166

(2) The second quarter consolidated statement of income  
(The second consolidated quarter total)

(Amount : million yen)

	The previous 2nd consolidated quarter total (April 1, 2009 to September 30 2009)	The 2nd consolidated quarter total (April 1, 2010 to September 30, 2010)
Net sales	31,090	46,590
Cost of sales	26,537	33,652
Gross profit	4,552	12,938
Selling, general and administrative expenses	19,209	18,678
Operating loss (-)	-14,656	-5,740
Non-operating income		
1 Interest income	15	20
2 Dividend income	99	117
3 Interest on refund of income taxes and other	93	—
4 Other	160	123
Total of non-operating income	368	261
Non-operating expenses		
1 Interest expense	121	218
2 Exchange loss	155	207
3 Fees and commissions	58	51
4 Equity in losses of affiliates	110	122
5 Other	150	227
Total of non-operating expenses	596	826
Ordinary loss (-)	-14,885	-6,305
Extraordinary gain		
1 Gain on sales of fixed assets	16	7
Total of extraordinary income	16	7
Extraordinary loss		
1 Loss on sales of fixed assets	4	20
2 Loss on disposal of fixed assets	57	19
3 Loss on impairment of fixed assets	4	—
4 Loss on revaluation of investments in securities	32	68
5 Loss on revaluation of other investments	4	3
6 Loss on adjustment for changes of accounting standard for asset retirement obligations	—	15
7 Loss on business structural reorganization	—	251
Total of extraordinary loss	103	379
Loss before income taxes and minority interests (-)	-14,972	-6,677
Income taxes	117	85
Income taxes deferred	1,073	-384
Total of Income taxes	1,190	-299
Loss before minority interests (-)	—	-6,377
Minority interests in loss (-)	-417	-268
Net loss(-)	-15,744	-6,108



## (3) The second quarter consolidated statement of cash flows

(Amount : million yen)

	The previous 2nd consolidated quarter total (April 1, 2009 to September 30, 2009)	The 2nd consolidated quarter total (April 1, 2010 to September 30, 2010)
Operating activities		
Loss before income taxes and minority interests	-14,972	-6,677
Depreciation and amortization	3,537	3,206
Loss / gain on sales of fixed assets	-12	13
Loss on disposal of fixed assets	57	19
Loss on impairment of fixed assets	4	—
Loss / gain on revaluation of investments in securities	32	68
Loss on business structural reorganizations	—	251
Amortization of goodwill	175	265
Stock-based compensation	327	250
Equity in earnings / losses of affiliates	110	122
Increase / decrease in allowance for bonuses	—	-85
Loss on valuation of other investments	4	3
Increase / decrease in allowance for directors' bonuses	-25	—
Increase / decrease in allowance for doubtful receivables	2	85
Increase / decrease in allowance for retirement benefits	130	16
Increase / decrease in allowance for product warranties	-96	-86
Interest and dividend income	-114	-138
Interest expense	121	218
Unrealized exchange loss / gain	343	819
Decrease / increase in notes and accounts receivable	5,531	-4,523
Decrease / increase in inventories	5,099	-2,819
Increase / decrease in accounts payable	-477	2,682
Decrease / increase in consumption tax receivable	-189	42
Increase / decrease in accrued consumption tax	-64	16
Increase / decrease in other accrued payments	-1,687	-572
Other	174	-301
Sub-total	-1,987	-7,121
Interest and dividend income received	115	139
Interest paid	-116	-218
Loss on business structural reorganizations paid	—	-833
Income taxes paid/refund	2,041	-357
Net cash provided by operating activities	53	-8,391

	The previous 2nd consolidated quarter total (April 1, 2009 to September 30, 2009)	The 2nd consolidated quarter total (April 1, 2010 to September 30, 2010)
<b>Investing activities</b>		
Decrease / increase in long-term deposit	-190	251
Increase in investments in securities	-2,518	-305
Purchase of stocks of subsidiaries and affiliates	—	-10
Payment of Investments in capital of subsidiaries and affiliates	—	-586
Sales of tangible fixed assets	44	617
Purchases of tangible fixed assets	-3,395	-1,108
Purchases of intangible fixed assets	-1,950	-269
Other	15	223
Net cash used in investing activities	-7,996	-1,187
<b>Financing activities</b>		
Increase / decrease in short-term bank loans, net	3,402	9,122
Proceeds from sales of treasury stock	32	0
Purchase of treasury stock	-0	-0
Cash dividends	-1,766	-1,103
Cash dividends paid to minority shareholders	-21	-0
Other	-62	-146
Net cash provided / used in financing activities	1,583	7,871
Effect of exchange rate changes on cash and cash equivalents	-61	-58
Increase / decrease in cash and cash equivalents	-6,420	-1,765
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	8,292	5,750

(4) Notes about premise of going concern

There are no applicable matters.

(5) Segment Information

[Geographical Segment Information]

The previous second consolidated quarter total (April 1, 2009 to September 30, 2009)

(Million yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Eliminations	Consolidated
Sales and operating income							
(1) Sales to third parties	12,267	7,820	10,102	900	31,090	—	31,090
(2) Inter-group sales	10,836	1,049	557	309	12,752	(12,752)	—
Total	23,103	8,869	10,660	1,209	43,842	(12,752)	31,090
Operating income / loss	-12,750	199	-2,501	-515	-15,568	911	-14,656

[Overseas sales]

The previous second consolidated quarter total (April 1, 2009 to September 30, 2009)

	The Americas	Europe	Asia and Oceania	Total
I Overseas sales (Million yen)	8,644	10,103	3,968	22,715
II Consolidated net sales (Million yen)	—	—	—	31,090
III Ratio of overseas sales to consolidated net sales	27.8	32.5	12.8	73.1

[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 second consolidated quarter total (April 1, 2010 to September 30, 2010)

(Million yen)

	Segment Reported				
	Japan	The Americas	Europe	China Asia	Total
Sales and operating income					
(1) Sales to third parties	17,806	10,551	9,517	8,714	46,590
(2) Inter-group sales or Transfer	22,973	1,023	539	649	25,186
Total	40,780	11,575	10,056	9,364	71,777
Segment loss (-)	-4,064	-600	-999	-69	-5,734

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

Income/loss	Amount (Million yen)
(1) Total of Segment reported	-5,734
(2) Minus of unrealized profit	-5
Operating loss on the second quarter consolidated statement of income	-5,740

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

There are no applicable matters.

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

There are no applicable matters.