May 9, 2011

Summary of Consolidated Financial and Business Results for the Fiscal Year 2010 (to March 31, 2011)〔Japan GAAP〕

(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 9, 2011.)

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Stock exchanges Tokyo and Osaka
Listing Code number 6141
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Expected date of the ordinary general shareholders' meeting June 14, 2011
Expected payment date of cash dividends June 15, 2011
Expected date of filing the financial statements June 14, 2011

Preparation of Supplementary Explanations of Financial Results: Yes

Financial Results Presentation to Be Held: Yes

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

１. Consolidated business results for fiscal year 2010 (April 1, 2010 to March 31, 2011)

(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 2010	120,428	81.4	320	—	566	—	1,307	—
Fiscal Year 2009	66,402	-57.8	-26,933	—	-26,599	—	-34,693	—

(Note) Comprehensive profit Fiscal Year 2010 -227 million yen Fiscal Year 2009 -35,516 million yen

	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 2010	11 83	11 62	1.4	0.4	0.3
Fiscal Year 2009	-363 87	—	-32.6	-18.1	-40.6

(Reference) Equity-method earnings Fiscal Year 2010 -328 million yen Fiscal Year 2009 -181 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2010	171,949	95,328	54.6	848 74
Fiscal Year 2009	144,166	98,717	66.8	870 57

(Reference) Equity capital Fiscal Year 2010 93,855 million yen Fiscal Year 2009 96,269 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 2010	-10,240	-14,054	24,107	7,414
Fiscal Year 2009	-15,995	-12,894	21,477	7,255

２．Dividends

	Dividends per share					Total amount of dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
（Record date）	First Quarter	Second Quarter	Third Quarter	The end of the term	Year			
	yen	yen	yen	yen	yen	million yen	％	％
Fiscal Year 2009	—	10 00	—	10 00	20 00	1,992	—	2.3
Fiscal Year 2010	—	10 00	—	10 00	20 00	2,212	169.1	2.3
Fiscal Year 2011 (Forecast)	—	10 00	—	10 00	20 00	[redacted]	31.6	[redacted]

(Note) Dividends for Fiscal Year 2011 (Forecast) is not determined yet.

３．Consolidated earnings forecast for Fiscal Year 2011 (April 1, 2011 to March 31, 2012)

(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)	69,000	48.1	3,000	—	2,500	—	2,500	—	22 61
Full Year 2010	145,000	20.4	8,000	—	7,000	—	7,000	435.3	63 30

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　Yes

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 2010	118,475,312shares	Fiscal year 2009	118,475,312shares
② Treasury stocks at the end the fiscal year	Fiscal year 2010	7,893,507shares	Fiscal year 2009	7,892,985shares
③ Average number of common stocks in the fiscal year	Fiscal year 2010	110,582,055shares	Fiscal year 2009	95,346,153shares

(Reference) Unconsolidated Financial results

１． Unconsolidated business results for fiscal year 2010 (April 1, 2010 to March 31, 2011)

(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 2010	88,164	82.1	25	―	1,234	―	1,780	―
Fiscal Year 2009	48,419	-64.3	-21,218	―	-15,560	―	-26,991	―

	Net income per share		Diluted net income per share	
	yen		yen	
Fiscal Year 2010	16	10	15	81
Fiscal Year 2009	-283	03	―	

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share	
	million yen	million yen	%	yen	
Fiscal Year 2010	158,501	94,756	59.5	852	69
Fiscal Year 2009	130,940	98,187	73.8	874	03

(Reference) Total Shareholders' equity　Fiscal Year 2010　94,309 million yen　Fiscal Year 2009　96,669 million yen

※Indication for status of an audit.

This is not subject of an audit based on Financial Instruments and Exchange Act, and the audit is not finished when this is released.

※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. Regarding Fiscal Year 2011 (Forecast), see “(2)Forecast for FY 2010” page 6.

1. Analysis of management performance

(1) Business results for FY 2010

For the current consolidated fiscal year (FY 2010), the machine tool industry saw a steady recovery in inquiries and orders, buoyed by strong demand from overseas, particularly Asia, Europe and the U.S. According to the Japan Machine Tool Builders' Association (JMTBA), total machine tool orders for FY 2010 almost doubled from the previous year. Although there is concern over the impact of the Great East Japan Earthquake on domestic demand, we believe that, driven by a steady recovery in overseas demand, orders for our products will further increase in the future.

Under these business circumstances, Mori Seiki established "MORI SEIKI SALES AND SERVICE CO., LTD." and started operations on April 1, 2011. The purpose of the establishment is to provide Japanese customers with meticulous service and respond quickly to their needs. The new company takes responsibility for sales and service activities in Japan for all products from both GILDEMEISTER AG of Germany (hereafter “GILDEMEISTER”) and Mori Seiki.

In September 2010, Mori Seiki launched its new flagship models, X-class, in the fields of CNC lathes, vertical & horizontal machining centers and multi-axis machines. By incorporating market needs into the product concept and analyzing existing models from various angles, we developed the machines that achieve excellent performance in every aspect, from machine rigidity to eco-friendliness and compliance with safety standards. We have also been working to expand and improve our product lineup while strengthening our overseas sales activities.

We have decided to establish a North American plant in California, the United States, and are planning to start manufacturing operations in July, 2012.   We aim to increase our competitiveness in terms of delivery time and service by manufacturing products at a place closer to our customers. We will also reduce overhead costs, including freight and packing costs, and minimize the impact of exchange rate fluctuations by manufacturing products outside of Japan.

As part of our ongoing efforts to promote strategic cooperation with GILDEMEISTER, Mori Seiki started accepting orders for GILDEMEISTER DMU 50 eco, a reasonably priced CNC 5-axis control machining center, in August 2010 in Japan. At the International Manufacturing Technology Show (IMTS), which was held in the U.S.A. in September, and the JIMTOF 2010, which took place from late October to early November in Japan, Mori Seiki and GILDEMEISTER jointly exhibited a range of innovative products and received orders greatly exceeded our initial target. We also achieved excellent results at the Innovation Days (the X-class & DMG Show), which took place in February 2011 at our Iga Campus.

In March, 2011, Mori Seiki accepted new common shares allocated to a third party by GILDEMEISTER. In April, we acquired additional shares issued by GILDEMEISTER through a public offering, and the ratio of the number of shares held to the total number of shares issued became 20.1%. GILDEMEISTER will therefore become Mori Seiki's equity method affiliate. To achieve growth in sales, Mori Seiki will further strengthen cooperation with GILDEMEISTER in various fields, including sales network expansion, parts supply, joint development projects and financial services for our customers.

The fiscal year ended March 31, 2011 was the last year of our second medium-term management plan, the PQR555. Through the activities for the PQR555, we encouraged further cost reduction to achieve a strong financial structure. We also introduced global human resource management systems, and provided in-house training programs according to the skill level of individual employees. These approaches in human resource management have yielded beneficial outcomes.

For risk management activities, we placed security trade management as top priority, and established strict export control systems through installation of the Relocated Machine Security Function in our products.

In this coming fiscal year, the Mori Seiki Group will continue to expand the business on a global scale and actively implement strategies for medium and long-term growth.

Under the present conditions, our consolidated sales were 120,428 million yen (an 81.4% increase from the previous fiscal year), consolidated operating income was 320 million yen (previous fiscal year: consolidated operating loss of 26,933 million yen) and consolidated ordinary income was 566 million yen due to foreign exchange profit (previous fiscal year: consolidated ordinary loss of 26,599 million yen). In addition, our consolidated net income was 1,307 million yen (previous fiscal year: consolidated net loss of 34,693 million yen) as a result of recording profit from reversal of new stock acquisition rights.
The trends and business results for each segment are as follows:

Orders in Japan have been recovering. The number of inquiries from the hydraulic equipment related industry has been steadily increasing. Under the present conditions, sales in Japan were 102,669 million yen, and operating income was 754 million yen.
Orders in the Americas have been increasing steadily. Orders from the semiconductor, natural resources, energy, construction machinery and automobile related industries also remained at a high level. Under the present conditions, sales in the Americas were 31,672 million yen, and operating loss was 124 million yen.

In Europe, the number of inquiries from the aircraft and general industrial machinery related industries has been increasing steadily. The order environment in Germany, France and Italy has also been improving. Under the present conditions, sales in Europe were 27,286 million yen, and operating loss was 382 million yen.

In Asia and Oceania, orders from the automobile industry remained at a high level. In China, the number of inquiries from the infrastructure related industry (construction machinery, agricultural machinery, etc.) increased steadily. Under the present conditions, sales were 21,685 million yen, and operating income was 37 million yen.

Consolidated

（Million yen）

	62nd term FY2009	63rd term FY2010	Change
Sales	66,402	120,428	54,025
Operating income / loss	-26,933	320	27,253
Ordinary income / loss	-26,599	566	27,166
Net loss	-34,693	1,307	36,000

Unconsolidated

（Million yen）

	62nd term FY2009	63rd term FY2010	Change
Sales	48,419	88,164	39,744
Operating income / loss	-21,218	25	21,244
Ordinary income / loss	-15,560	1,234	16,794
Net loss	-26,991	1,780	28,771

(2)Forecast for FY 2011

For the future order environment, we expect that demand in the U.S. and European markets continues to recover, and orders from Asia, especially China, will also increase. As for Japan, although the downward trend in car production stemming from the Great East Japan Earthquake will affect machine tool orders, we do not expect a sharp decline in demand.

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, and to implement various measures to further improve our financial structure.

The forecast for the business results (consolidated) for FY 2011 is as follows:

(Million yen)

	Interim of FY 2011 (consolidated)	Full year (consolidated)
Sales	69,000	145,000
Operating income / loss	3,000	8,000
Ordinary income / loss	2,500	7,000
Net income / loss	2,500	7,000

* The average yen-U.S. dollar market rate is set at 83 yen = U.S. $1.00

**The average yen-Euro market rate is set at 115 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 has been implementing a series of medium-term management plans with the aim of sharing and realizing our vision of "striving to be the world leader in the machine tool industry and to be the best partner for our customers." Our second medium-term management plan PQR555, which started from FY 2008, came to an end in FY 2010. Under the PQR555, we concentrated on improving management quality in: "P" (People: human resource development), "Q" (Quality: quality improvement) and "R" (Risk Management). We are convinced that we have achieved satisfactory results.

Based on our marketing strategy that seeks to build a strong position in the global market, we have attained balanced sales in the four major markets: Japan, the Americas, Europe and Asia including China. In particular, Mori Seiki has been showing its market presence in the Americas and Europe with a JMTBA share of around 20%. In emerging markets including China and India, we are increasing our presence by actively promoting the X-class, our new flagship products that offer sophisticated functions and high quality machining at competitive prices.

We have also been committed to reducing manufacturing costs, as well as selling, general and administrative expenses to further strengthen our profit structure. In addition to this, we are now implementing thorough cost reduction measures starting with the X-class, by reviewing material costs and outsourcing/in-house manufacturing costs at the design stage, and by improving machining and assembly efficiency. Joint procurement with our capital and business collaboration partner GILDEMEISTER is steadily demonstrating its effectiveness in cost reduction.

We accomplished many of the objectives we emphasized in out second medium-term management plan, such as developing personnel with global perspective; improving product/service quality and reliability; complying with laws and regulations; ensuring thorough export controls; and strengthening our risk management system. At the same time, we have established systems to fulfill these goals, which was our another significant achievement under the PQR555.

(4) Analysis of consolidated financial status

A. Assets, liabilities and net assets

- Assets

Current assets increased by 37.4% compared to the previous fiscal year to 86,177 million yen. That was mainly because trade notes and accounts receivables increased by 15,419 million yen, and inventories increased by 5,777 million yen.

Fixed assets increased by 5.3% compared to the previous fiscal year to 85,772 million yen. That was mainly because investments in securities increased by 10,115 million yen.

As a result, total assets increased by 19.3% compared to the previous fiscal year to 171,949 million yen.

- Liabilities

Current liabilities increased by 89.5% compared to the previous fiscal year to 66,303 million yen. That was mainly because short-term bank loans increased by 26,622 million yen, and trade notes and accounts payables increased by 5,363 million yen.

Fixed liabilities decreased by 1.4% compared to the previous fiscal year to 10,317 million yen. That was mainly due to a decrease of 258 million yen in lease obligations.

As a result, total liabilities increased by 68.6% compared to the previous fiscal year to 76,621 million yen.

- Net assets

Total net assets decreased by 3.4% compared to the previous fiscal year to 95,328 million yen. The major reason for the decrease was that we paid cash dividend of 2,212 million yen while posting a net income of 1,307 million yen.

B. Cash flows during fiscal year 2010

（million yen）

	62nd term Fiscal Year 2009	63rd term Fiscal Year 2010	Change
Cash flows from operating activities	-15,995	-10,240	5,755
Cash flows from investing activities	-12,894	-14,054	-1,160
Cash flows from financing activities	21,477	24,107	2,629
Cash and cash equivalents at the end of the fiscal year	7,255	7,414	158

Cash and cash equivalents at the end of FY 2010 were 7,414 million yen, a increase of 158 million yen from the previous fiscal year.

Factors which affected the cash flows for FY 2010 are shown below.

- Cash flows from operating activities

  Net cash used in operating activities was 10,240 million yen (15,995 million yen was provided in the previous fiscal year).

  The main increasing factors are 6,635 million and 5,453 million yen depreciation and amortization and accounts payable, and a 1,184 million yen increase in loss before income taxes and minority interests. The main decreasing factors are notes and accounts receivable of 16,093 million yen and inventories respectively of 6,514 million yen.

- Cash flows from investing activities

  Net cash used in investing activities was 14,054 million yen (12,894 million yen was used in the previous fiscal year). This is mainly due to selling of tangible fixed assets of 1,218 million yen investments in securities of 10,547 million yen, purchases of tangible fixed assets of 3,360 million yen.

- Cash flows from financing activities

  Net cash provided in financing activities was 24,107 million yen (21,477 million yen was used in the previous fiscal year).

  The main increasing reason is short-term bank loans of 26,622 million yen. The main decreasing reason is cash dividends of 2,212 million yen.

C. Trends in cash flow related indexes

	60th term Fiscal Year 2007	61st term Fiscal Year 2008	62nd term Fiscal Year 2009	63rd term Fiscal Year 2010
Shareholders' equity ratio (%)	74.7	78.3	66.8	54.6
Shareholders' equity ratio at fair value (%)	96.3	52.9	88.4	63.9
Cash flow to interest bearing loans ratio (%)	4.9	121.4	—	—
Interest coverage ratio (times)	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.

※ For the terms with negative cash flows from operating activities, "Cash flows to interest-bearing loans ratio" and "Interest coverage ratio" are not mentioned.

(5) Basic policy concerning profit appropriation and dividend payment for FY 2010/2011

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 2011, 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.

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 rapidly changing 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.

As stated in our third medium-term management plan, "GQ-C-SI 123", the Mori Seiki Group aims to achieve a ratio of consolidated sales in relation to consolidated operating income of more than 10% by the end of fiscal year 2013, and will continue our untiring efforts to increase our corporate value and the profits of our shareholders.

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

Mori Seiki's third medium-term management plan, "GQ-C-SI 123 (Global Quality for Customer with Speed and Innovation 123）" has started in April, 2011. This management plan outlines our objectives to provide high-quality products and services to customers worldwide in a speedy manner, and aims at building robust sales, manufacturing and development capabilities by making the most of the foundation established through our second medium-term management plan. In recent years, as the degrees of sophistication of products increase, customer demand is shifting to engineering, operational support, education and comprehensive service. We aim to be a dependable business partner for our customers worldwide by quickly providing solutions for their requirements. We will also make our efforts to create a high barrier to prevent our competitors from entering into the markets in advanced countries, including Europe, the Americas and Japan, and will gain a foothold in the emerging markets, including China, India and Brazil, where the super high technology related industries are expected to grow in the future.

The business and capital collaboration with GILDEMEISTER that began in March, 2009, has made smooth progress in the fields of sales, purchasing, development, production and finance. In April, 2011, the ratio of the number of shares held by Mori Seiki to the total number of shares issued by GILDEMEISTER became 20.1%, and the capital alliance relationship has been further enhanced. We will continue to accelerate the collaboration in the future.

We aim to achieve operating income of more than 10%, as well as to increase efficiency improvement rate by more than 20% and market share by more than 30%, compared to FY 2010, by the end of fiscal year 2013, the final year of the 3-year medium-term management plan. In the machine tool industry, where demand fluctuates widely, the most important thing is to maintain financial strength. We will make efforts to contract net interest-bearing debt and to achieve shareholders' equity ratio of more than 70%.

(4) Challenges facing the company

① Product development

We launched a new product lineup, the X-class, last year to make full model changes of our flagship models, and to set new standards in terms of accuracy and cutting ability. This year, we will further expand the lineup of the X-class, and will develop machines capable of cutting difficult-to-cut material as well as grinding, following the trend of the increasing demand for aircrafts, jet engines, power generators and construction machinery. We will continue to pursue reduced machining time and improved accuracy by introducing super-high-speed continuous on-machine measurement using laser as well as by reviewing the whole process, from a process using CAM to one on a machine tool.

② Quality

We regard any activity --from product planning to sales and service-- that is involved with customers through providing products as "Quality", and all employees have made continuous effort to improve the quality. Under the second medium-term management plan, "PQR555", we worked hard to improve accuracy, achieving positioning accuracy of less than 6 μm. For our third medium-term management plan, "GQ-C-SI 123", we put up a new slogan, "Let's provide a high-quality machine that impresses our customers." To this end, we will make machines by paying careful attention to every detail. Additionally, we are proceeding with preparations for the production in the USA so that we can achieve quality equivalent to that of the machines built in Japan. The Mori Seiki Group will continue to implement important measures to improve quality.

③ Trade controls for security

In recent years, as the global security situation deteriorates, in particular as the Asian security situation gets worse, international concern about measures to prevent the proliferation of weapons of mass destruction and the excess stockpiling of conventional weapons has been growing. Against this business environment, the Mori Seiki Group has stipulated internal regulations (Compliance Program) to ensure compliance with export control laws, and applies them strictly.

Additionally, to prevent the illegal export of our products, we have become the first in the machine tool industry to install the function that detects and disables a machine if the machine is relocated from the site where it was installed. We will continue our efforts in trade controls for security as an important issue.

④ Safety measures against earthquakes

We would like to extend our deepest sympathies to those affected by the Great Eastern Japan Earthquake. Our Group created a team consisting of 200 people, and conducted machine checks and repair for our customers affected by the earthquake. If a similar earthquake hits Tokai or Kansai region, our production system will be significantly affected. We have started to review our business continuity plan, including our supply chain systems, and will continue to implement enough measures, including reinforcement of buildings, against a future earthquake.

⑤ Compliance with the Law

Regarding compliance with the law, our managers themselves explain the importance of carrying on corporate activities in compliance with the law and corporate ethics to all members of staff, and by conducting training towards directors and general employees on a continuing basis, we are seeking to improve and increase directors' and employees' awareness of the law. We have also arranged a system to implement monitoring of the status of compliance with the law, with the Internal Auditing Department in the key role, and are working on strengthening internal control.

３．Consolidated financial statements

（１）Consolidated balance sheet

（Amount：million yen）

	At the end of the previous consolidated fiscal year (March 31, 2010)	At the end of the current consolidated fiscal year (March 31, 2011)
(Assets)		
Current Assets		
Cash and deposits	7,516	7,418
Notes and accounts receivable	16,665	32,085
Securities	―	101
Goods and products	10,067	12,421
Work in process	6,241	7,130
Raw material and supplies	16,751	19,285
Deferred income taxes	533	2,061
Consumption tax receivable	310	398
Other	4,761	5,413
Allowance for doubtful receivables	-114	-139
Total current assets	62,733	86,177
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	※1 26,926	※1, 7 24,581
Machinery, equipment and vehicles, net	※1, 7 4,301	※1, 7 4,101
Land	※4 17,152	※4 18,339
Lease assets, net	※1 4,354	※1 4,026
Construction in progress	1,722	476
Other, net	※1 3,199	※1 2,895
Total tangible fixed assets	57,657	54,421
Intangible fixed assets		
Goodwill	2,024	1,575
Other	5,733	4,681
Total Intangible fixed assets	7,757	6,256
Investments and other assets		
Investments in securities	※3 12,966	※3 23,082
Long-term prepaid expenses	165	85
Deferred income taxes	1,569	374
Other	※3 1,317	※3 1,552
Total investments and other assets	16,018	25,094
Total fixed assets	81,433	85,772
Total assets	144,166	171,949

	At the end of the previous consolidated fiscal year (March 31, 2010)	At the end of the current consolidated fiscal year (March 31, 2011)
(Liabilities)		
Current liabilities		
Accounts payable	—	11,451
Trade notes and accounts payables	6,087	—
Short-term bank loans	※5,6 18,550	※5,6 45,172
Lease obligations	270	278
Accrued payments	4,116	3,796
Accrued expenses	1,780	1,734
Accrued income taxes	741	373
Advances received	925	1,336
Accrued consumption tax	4	71
Deferred income taxes	35	16
Allowance for product warranties	845	914
Allowance for bonuses	234	123
Other	1,390	1,035
Total current liabilities	34,983	66,303
Fixed liabilities		
Convertible bonds with stock acquisition rights	2,583	2,583
Lease obligations	4,241	3,983
Deferred income taxes	1,227	1,387
Deferred income taxes on land revaluation reserve	※4 1,699	※4 1,699
Allowance for retirement benefits	312	309
Long-term accounts payable-other	—	288
Asset retirement obligations	—	62
Other	402	4
Total fixed liabilities	10,465	10,317
Total liabilities	45,449	76,621
(Net assets)		
Shareholders’ equity		
Capital	41,132	41,132
Capital surplus	53,863	53,863
Retained earnings	12,820	11,910
Treasury stock	-10,544	-10,545
Total shareholders’ equity	97,271	96,360
Comprehensive profit		
Net unrealized holding gain on securities	1,750	1,463
Net unrealized gains/loss on derivative instruments	943	476
Land revaluation reserve	※4 1,545	※4 1,545
Translation adjustments	-5,242	-5,989
Total Comprehensive profit	-1,002	-2,505
Stock acquisition rights	1,533	469
Minority interests	914	1,003
Total net assets	98,717	95,328
Total liabilities and net assets	144,166	171,949

（２）Consolidated statement of income and statement of comprehensive profit

Consolidated statement of income

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net sales	66,402	120,428
Cost of sales	※1 55,204	※1 80,863
Gross profit	11,198	39,564
Selling, general and administrative expenses	※2,3 38,131	※2,3 39,244
Operating income/loss	-26,933	320
Non-operating income		
Interest income	28	45
Dividend income	180	179
Exchange gain	604	891
Other	476	310
Total of Non-operating income	1,289	1,427
Non-operating expenses		
Interest expense	289	421
Fees and commissions	127	119
Stock issuance cost	97	―
Equity in losses of affiliates	181	328
Net periodic retirement benefit cost	142	―
Other	117	310
Total of Non-operating expenses	956	1,180
Ordinary income/loss	-26,599	566
Extraordinary gain		
Gain on sales of fixed assets	※4 20	※4 206
Gain on sales of investment in securities	1,006	―
Gain on sales of stock of subsidiaries and affiliates	29	―
Gain on reversal of subscription rights to shares	―	1,406
Total of Extraordinary income	1,056	1,612
Extraordinary loss		
Loss on sales of fixed assets	※5 14	※5 29
Loss on disposal of fixed assets	※6 94	※6 68
Loss on impairment of fixed assets	※7 233	―
Loss on revaluation of investments in securities	32	496
Loss on valuation of other investments	8	13
Loss on disaster	―	88
Loss on adjustment for changes of accounting standard for asset retirement obligations	―	15
Restructuring costs for business structure	※8 8,714	※8 282
Total of Extraordinary loss	9,097	994
Income before income taxes and minority interests	-34,640	1,184
Income taxes	739	198
Income taxes deferred	55	-289

	The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Total of Income taxes	795	-91
Income before minority interests	－	1,275
Minority interests in loss	-743	-32
Net income / loss	-34,693	1,307

statement of comprehensive profit

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Income before minority interests	―	1,275
Others		
Net unrealized holding gain on securities	―	-288
Net unrealized gains/loss on derivative instruments	―	-467
Translation adjustments	―	-765
Share of other comprehensive income of associates		19
Other comprehensive profit	―	※2 -1,502
Comprehensive profit	―	※1 -227
Contents		
Comprehensive income attributable to owners of the	―	-190
Comprehensive income attributable to minority	―	-36

（３）Consolidated Statement of changes in stockholders' equity

(Amount：million yen)

	The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital		
Balance at the end of the previous fiscal year	32,698	41,132
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	41,132	41,132
Capital surplus		
Balance at the end of the previous fiscal year	45,429	53,863
Changes in the current term		
Issuance of new stocks	8,433	—
Sales of treasury stock	—	-0
Total changes in the current term	8,433	-0
Balance at the end of the current fiscal year	53,863	53,863
Retained earnings		
Balance at the end of the previous fiscal year	50,184	12,820
Changes in the current term		
Dividend	-1,771	-1,106
Interim dividend	-886	-1,106
Current net loss	-34,693	1,307
Sales of treasury stock	-13	—
Decrease resulting from newly consolidated subsidiaries	—	-5
Total changes in the current term	-37,363	-910
Balance at the end of the current fiscal year	12,820	11,910
Treasury stock		
Balance at the end of the previous fiscal year	-10,589	-10,544
Changes in the current term		
Purchases of treasury stock	-1	-0
Sales of treasury stock	45	0
Total changes in the current term	44	-0
Balance at the end of the current fiscal year	-10,544	-10,545

	The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Total amount of shareholders’ equity		
Balance at the end of the previous fiscal year	117,723	97,271
Changes in the current term		
Issuance of new stocks	16,867	—
Dividend	-1,771	-1,106
Interim dividend	-886	-1,106
Current net loss	-34,693	1,307
Purchases of treasury stock	-1	-0
Sales of treasury stock	32	0
Decrease resulting from newly consolidated subsidiaries	—	-5
Total changes in the current term	-20,451	-910
Balance at the end of the current fiscal year	97,271	96,360
Comprehensive profit		
Net unrealized holding gain on securities		
Balance at the end of the previous fiscal year	1,193	1,750
Changes in the current term		
Net Changes in the current term other than shareholders’ equity	556	-287
Total changes in the current term	556	-287
Balance at the end of the current fiscal year	1,750	1,463
Net unrealized gain/loss on derivative instruments		
Balance at the end of the previous fiscal year	1,202	943
Changes in the current term		
Net Changes of items other than shareholders’ equity	-258	-467
Total changes in the current term	-258	-467
Balance at the end of the current fiscal year	943	476
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, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Translation adjustments		
Balance at the end of the previous fiscal year	-4,864	-5,242
Changes in the current term		
Net Changes of items other than shareholders' equity	-377	-747
Total changes in the current term	-377	-747
Balance at the end of the current fiscal year	-5,242	-5,989
Total adjustment gains and losses		
Balance at the end of the previous fiscal year	-922	-1,002
Changes in the current term		
Net Changes of items other than shareholders' equity	-79	-1,502
Total changes in the current term	-79	-1,502
Balance at the end of the current fiscal year	-1,002	-2,505
Stock acquisition rights		
Balance at the end of the previous fiscal year	828	1,533
Changes in the current term		
Net Changes of items other than shareholders' equity	704	-1,064
Total changes in the current term	704	-1,064
Balance at the end of the current fiscal year	1,533	469
Minority interests		
Balance at the end of the previous fiscal year	1,300	914
Changes in the current term		
Net Changes of items other than shareholders' equity	-385	89
Total changes in the current term	-385	89
Balance at the end of the current fiscal year	914	1,003
Total shareholders' equity		
Balance at the end of the previous fiscal year	118,929	98,717
Changes in the current term		
Issuance of new stocks	16,867	—
Dividend	-1,771	-1,106
Interim dividend	-886	-1,106
Current net loss	-34,693	1,307
Purchases of treasury stock	-1	-0
Sales of treasury stock	32	0
Decrease resulting from newly consolidated subsidiaries	—	-5
Net changes of items other than shareholders' equity	239	-2,477
Total changes in the current term	-20,211	-3,388
Balance at the end of the current fiscal year	98,717	95,328

（4）Consolidated statement of cash flows

(Amount：million yen)

	The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	The current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Operating activities		
Income / loss before income taxes and minority interests	-34,640	1,184
Depreciation and amortization	7,286	6,635
Loss on sales of fixed assets	14	29
Loss on disposal of fixed assets	94	68
Loss on impairment of fixed assets	233	—
Gain / loss on sales of fixed assets	-20	-206
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	32	496
Loss on valuation of other investments	8	13
Restructuring costs for business structure	8,714	282
Gain on reversal of subscription rights to shares	—	-1,406
Amortization of goodwill	342	536
Stock-based compensation	704	341
Equity in earnings/losses of afilliates	181	328
Increase (decrease) in allowance for bonuses to directors and corporate auditors	-25	—
Increase (decrease) in allowance for bonuses	-15	-111
Increase (decrease) in allowance for doubtful receivables	-12	31
Increase in allowance for retirement benefits	-450	1
Increase (decrease) in allowance for product warranties	-353	68
Interest and dividend income	-208	-225
Interest expense	289	421
Unrealized exchange loss	488	911
Decrease (increase) in accounts receivable	1,282	-16,093
Increase in inventories	6,039	-6,514
Decrease in accounts payable	1,283	5,453
Decrease (increase) in consumption tax receivable	-100	-87
Increase (decrease) in accrued consumption tax	-65	66
Increase (decrease) in other accrued payments	-662	-116
Other	242	-433
Sub-total	-10,352	-8,321
Interest and dividend income received	209	225
Interest paid	-283	-424
Restructuring costs for business structure paid	-7,360	-1,183
Income taxes paid	1,791	-536
Net cash provided in operating activities	-15,995	-10,240

	At the end of the Previous consolidated fiscal year （March 31, 2010）	At the end of the current consolidated fiscal year （March 31, 2011）
Investing activities		
Increase in long-term deposit	-69	249
Sales of tangible fixed assets	3,677	1,218
Purchases of tangible fixed assets	-5,639	-3,360
Purchases of intangible fixed assets	-2,573	-799
Sales of investment in securities	2,366	―
Increase in investments in securities	-5,430	-10,547
Sales of stock of subsidiaries and affiliates	215	―
Purchases of stock of subsidiaries and affiliates	-135	-446
Increase in investments in subsidiaries and affiliates	-19	-569
Acquisition of stock in consolidated subsidiaries due to change in consolidated group	※3 -5,323	―
Other	36	200
Net cash used in investing activities	-12,894	-14,054
Financing activities		
Increase (decrease) in short-term bank loans, net	7,602	26,622
Proceeds from sales of treasury stock	32	0
Proceeds from issuance of common stock	16,769	―
Purchases of treasury stock	-5	-0
Cash dividends	-2,657	-2,212
Cash dividends paid to minority shareholders	-21	-0
Other	-242	-302
Net cash used in financing activities	21,477	24,107
Effect of exchange rate changes on cash equivalents	-44	85
Decrease in cash and cash equivalents	-7,457	-101
Cash and cash equivalents at beginning of the year	14,255	7,255
Increase in cash and cash equivalents from newly consolidated subsidiaries	457	260
Cash and cash equivalents at the end of the year	※1 7,255	※1 7,414

（5）Situation or problems with significant doubt for premise of going concern

None.

（6）Changes in rules for preparing consolidated financial statements

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
———	(1) Application of Accounting Standards for Asset Retirement Obligations Effective from this fiscal year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18; issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21; issued on March 31, 2008) have been applied. The effect of this change on operating income, ordinary income and income before income taxes was immaterial.
———	(2) Application of the "Revised Accounting Standard for Equity Method of Accounting for Investments" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" Effective from this fiscal year ended March 31, 2011, the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, for the part released on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24; issued on March 10, 2008) have been applied, and necessary adjustments were made for consolidated accounting purposes. The effect of this change on ordinary income and income before income taxes was immaterial.
———	(3) Application of Accounting Standards for Business Combinations Effective from this fiscal year ended March 31, 2011, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21;

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
	issued on December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; issued on December 26, 2008), the “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23; issued on December 26, 2008), the “Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7; issued on December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, for the part released on December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; issued on December 26, 2008) have been applied.

（7）Change of expression

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
(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.	———
———	(Consolidated statement of income) Due to the adoption of the Cabinet Office Ordinance for Partial Revision of the Regulations for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5; issued on March 24, 2009), in accordance with the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; issued on December 26, 2008), an account item “Income before minority interests” was separately presented for the fiscal year ended March 31, 2011.

（8）Additional information

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
———	Effective from this fiscal year ended March 31, 2011, the “Accounting Standard for Comprehensive profit” (ASBJ Statement No. 25; issued on June 30, 2010) have been applied. The figures for “Comprehensive profit” and “Total comprehensive profit” of previous consolidated fiscal year are theirs of “Valuation and translation adjustments” and “Total valuation and translation adjustments”.

（9）Notes

(Consolidated balance sheet)

Previous consolidated fiscal year (March 31, 2010)	Current consolidated fiscal year (March 31, 2011)
※1 Accumulated depreciation for tangible fixed assets 66,520 Million yen	※1 Accumulated depreciation for tangible fixed assets 68,945 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 ———	※2 Guaranty of liabilities 1) Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 367 cases) 1,639 Million yen 2) The Company has provided a bank with the letter of awareness on the bank loans of its assocoates. MG Finance GmbH 2,281 Million yen The Compay has essentially provided 1,140 Million yen because another 1,140 Million yen is provided another letter of awareness.
※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	※3 Notes related to unconsolidated subsidiaries and associates. Investments in securities (Stocks) 1,092 Million yen Investments and other assets Other (Equity fund) 502 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	※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 -3,061 Million yen

Previous consolidated fiscal year (March 31, 2010)	Current consolidated fiscal year (March 31, 2011)
※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	※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 38,550 million yen Short-term loans utilized 20,632 million yen Available credit 17,917 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	※6 Committed line-of-credit agreements For effective financing purposes the Company 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 50,000 million yen Short-term loans utilized 24,540 million yen Available credit 25,460 million yen
※7 Advanced depreciation deducted from acquisition price 13 Million yen	※7 Advanced depreciation deducted from acquisition price 196 Million yen

(Consolidated profit and loss)

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
※1 Following loss on revaluation of inventories included in cost of sales, since inventories were devaluated because of decreased profitability. 1,253 million yen	※1 Following loss on revaluation of inventories included in cost of sales, since inventories were devaluated because of decreased profitability. 1,170million yen
※2 Principal expense items included in sales and global administrative expenses are below; Fare 2,836 million yen Sales promotion expenses 1,754 million yen Salary and bonus 10,593 million yen	※2 Principal expense items included in sales and global administrative expenses are below; Salary and bonus 9,885 million yen Research and development expenditures 4,809 million yen

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)		Current consolidated fiscal year (April 1, 2010 to March 31, 2011)	
Expenses for retirement benefit	413 million yen	Allowance for product arranties	72 million yen
Depreciation	2,565 million yen	Allowance for doubtful receivables	76 million yen
Amortization of goodwill	342 million yen	Allowance for bonuses	78 million yen
Commissions	2,411 million yen		
Research and development expenditures	5,632 million yen		
Allowance for product warranties	-353 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)	5,632million yen	※3 Total of research and development expenditures. (General administrative expenditure)	4,809million yen
※4 Details of gain on sales of fixed assets		※4 Details of gain on sales of fixed assets	
Machinery, equipment and vehicles	7 million yen	Buildings and structures	190 million yen
Land	7 million yen	Machinery, equipment and vehicles	14 million yen
Other (fixture and furniture)	5 million yen	Other (fixture and furniture)	1 million yen
Total	20 million yen	Total	206 million yen

<table>
<tr><th>Previous consolidated fiscal year
(April 1, 2009 to March 31, 2010)</th><th>Current consolidated fiscal year
(April 1, 2010 to March 31, 2011)</th></tr>
<tr><td>※5 Details of loss on sales of fixed assets
<table>
<tr><td>Machinery, equipment and vehicles</td><td>9 million yen</td></tr>
<tr><td>Other (fixture and furniture)</td><td>5 million yen</td></tr>
<tr><td>Total</td><td>14 million yen</td></tr>
</table></td><td>※5 Details of loss on sales of fixed assets
<table>
<tr><td>Buildings and structures</td><td>11 million yen</td></tr>
<tr><td>Machinery, equipment and vehicles</td><td>10 million yen</td></tr>
<tr><td>Other (fixture and furniture)</td><td>7 million yen</td></tr>
<tr><td>Total</td><td>29 million yen</td></tr>
</table></td></tr>
<tr><td>※6 Details of loss on disposal of fixed assets
<table>
<tr><td>Buildings and structures</td><td>39 million yen</td></tr>
<tr><td>Machinery, equipment and vehicles</td><td>36 million yen</td></tr>
<tr><td>Other (software)</td><td>1 million yen</td></tr>
<tr><td>Other (fixture and furniture)</td><td>16 million yen</td></tr>
<tr><td>Total</td><td>94 million yen</td></tr>
</table></td><td>※6 Details of loss on disposal of fixed assets
<table>
<tr><td>Buildings and structures</td><td>26 million yen</td></tr>
<tr><td>Machinery, equipment and vehicles</td><td>15 million yen</td></tr>
<tr><td>Other (software)</td><td>5 million yen</td></tr>
<tr><td>Other (fixture and furniture)</td><td>20 million yen</td></tr>
<tr><td>Total</td><td>68 million yen</td></tr>
</table></td></tr>
<tr><td>※7 Loss on impairment of fixed assets
The consolidated companies recognized loss on impairment of fixed assets as follows;
<table>
<tr><th>Use</th><th>Classification</th><th>Location</th><th>Million yen</th></tr>
<tr><td>Head office of Mori Seiki USA,. INC</td><td>Building, land, others (fixture and furniture)</td><td>Illinois, U.S.A.</td><td>80</td></tr>
<tr><td>TOBLER S.A.S</td><td>Goodwill</td><td>—</td><td>149</td></tr>
<tr><td>Taiyo Koki Co.,Ltd Storage for parts</td><td>Building, land</td><td>Nagaoka, Niigata</td><td>4</td></tr>
<tr><td colspan="3">Total</td><td>233</td></tr>
</table>
（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.</td><td>———</td></tr>
</table>

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
（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.	
（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.	※8 Restructuring costs for business structure The main factors of restructuring costs are reorganization of organization and scrap-and-build cost for sales and service network.

(Statement of comprehensive profit)

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

Comprehensive income attributable to owners of the parent	-34,772 million yen
Comprehensive income attributable to minority interests	-743 million yen
Total	-35,516 million yen

Fiscal year 2010 (April 1, 2009 to March 31, 2010)

Net unrealized holding gain on securities	564 million yen
Net unrealized gains/loss on derivative instruments	-258 million yen
Translation adjustments	-376 million yen
Share of other comprehensive income of associates accounted for using equity method	-9 million yen
Total	-79 million yen

(Consolidated statement of changes in shareholders' equity)

Previous 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

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

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	118,475,312	—	—	118,475,312

2 Treasury stock

Types of shares	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	7,892,985	720	198	7,893,507

(Overview of changes)

The significant reasons of increase are as follows;

Purchases of stocks under minimum unit: 720 stocks

The significant reasons of decrease are as follows;

Claim for adding to holdings stocks under minimum unit: 198 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	—	—	—	—	—	406
The Company	Stock acquisition rights as stock option	—	—	—	—	—	40
Consolidated subsidiary	Stock acquisition rights as stock option	—	—	—	—	—	21
Total			—	—	—	—	469

For stock acquisition rights as stock option in 2009, 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, 2010 Shareholders' meeting	Common stock	1,106	10	March 31, 2010	June 22, 2010
October 26, 2010 Board meeting	Common stock	1,106	10	September 30, 2010	December 1, 2010

(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 14, 2011 Shareholders' meeting	Common stock	Retained earnings	1,106	10	March 31, 2011	June 15, 2011

(Consolidated statement of cash flows)

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
※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 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	Cash and cash equivalents 7,418million yen Time deposits with maturities of more than three months -3million yen Cash and cash equivalents at the end of the fiscal year 7,414million 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.	The amount of assets and liabilities for finance lease transactions in the current consolidated fiscal year are respectively 306 million yen, and Asset retirement obligations is 62 million yen.

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
※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

Previous fiscal year (from April 1, 2009, to March 31, 2010)

As net sales and the total of operating income and assets of the machine tool business account for more than 90% of the total net sales and the sum of the operating incomes and assets of all the business segments, respectively, business segment information is omitted.

ｂ．Geographical segment Information

Previous 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

※ Net sales (¥2,652 million) in Asia & Oceania in the table above included commissions paid by the Company to several consolidated subsidiaries thereof with regard to sales of products to outside customers in the relevant countries and/or regions and the net sales on products (¥7,430 million) in the said countries and/or regions, which correspond to the said commissions, were included in net sales in Japan. As a result, external net sales in Asia & Oceania were ¥9,341 million, in fact.

(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

4 Change in segmentation of countries or regions

Although Turkey was previously included in Asia & Oceania segment in Note 3 but has been included in Europe segment effective from the fiscal year ended March 31, 2011, in compliance with the administrative segmentation of the Mori Seiki Group.

The effect of this change on segment information is immaterial.

ｃ. Overseas sales

Previous 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, Turkey, Russia

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

３ Change in segmentation of countries or regions

Although Turkey and Russia were previously included in Asia & Oceania segment in Note 3 but has been included in Europe segment effective from the fiscal year ended March 31, 2011, in compliance with the administrative segmentation of the Mori Seiki Group.

The effect of this change on segment information is immaterial.

d. Segment Information

1. General information about reportable segments

The reportable segments of the Mori Seiki Group, for which discrete financial information about the individual components of the Group is available, are regularly reviewed at the Board of Directors' Meeting and Operating Directors' Meeting to make decisions about resources to be allocated to the segment and assess its performance.

Our main business is the manufacture and sale of machine tools. Mori Seiki and its consolidated subsidiaries are responsible for the business operations in Japan, and each independent overseas subsidiary is responsible for the business operations in the region it belongs to. We conduct the business operations according to comprehensive product strategies by region.

The reportable segment of our group is therefore divided into four regional segments --Japan, the Americas, Europe, and China & Asia-- each of which has its own production and sales systems.

2. Information about reported segment operating revenues, segment income or loss, and segment assets

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

	The Americas (million yen)	The Americas (million yen)	Europe (million yen)	Asia and Oceania (million yen)	Total (million yen)
Operating Revenues					
Outside customers	44,531	29,695	25,912	20,288	120,428
Inside group	58,138	1,976	1,373	1,396	62,885
Total	102,669	31,672	27,286	21,685	183,313
Segment Income/loss	754	-124	-382	37	284
Segment Assets	139,413	19,430	29,706	6,415	194,965

3.Differences and contents between total and amount on consolidated financial statements

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

Income	Amount (million yen)
Total	284
Elimination of unrealized income	35
Income on consolidated financial statements	320

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

Assets	Amount (million yen)
Total	194,965
Assets	17,320
Adjustment of unrealized income	-2,635

Assets	Amount (million yen)
Elimination of	-37,700
Assets on consolidated financial statements	171,949

(Additional Information)
From this fiscal year, we began employing the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No. 17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Guidance No. 20, March 21, 2008).

(Per share information)

Items	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net assets per share	870.57 yen	848.74yen
Net loss (-) per share	-363.87 yen	11.83yen
Net income per share after deduction of latent stocks	It is not displayed because it is net loss per share although existing latent stocks.	11.62yen

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

Items	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net income/loss per share		
Net income / (loss) (million yen)	-34,693	1,307
Amount not belonging to common stockholders (million yen)	—	—
Net income / (loss) on common stock (million yen)	-34,693	1,307
Average number of common stocks in the fiscal year (thousand stocks)	95,346	110,582
Diluted net income per share		
Adjustment of net income	—	—

Items	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Increase of common stocks	—	1,987
(convertible bond with warrants)	—	(1,987)
Overview of latent stock, not included in calculation of net income after deduction of latent stock because of un-existing dilution effect	———	The company's bond with warrants as stock-option 2 kinds (12,960). consolidated subsidiaries' bond with warrants as stock-option 1 kind (551).

(Important subsequent event)

The Company and Mori Seiki International SA (DIXI), a wholly owned subsidiary thereof, resolved, at their respective Board of Directors meetings held on March 25, 2011, that they exercise shareholders' rights to subscribe for new shares to be issued by GILDEMEISTER AG of Germany (hereinafter referred to as "GILDEMEISTER"), a business and capital alliance partner of the Mori Seiki Group, with regard to the issuance of new GILDEMEISTER shares corresponding to a 20% of its total shares issued, which was resolved by GILDEMEISTER on March 24, 2011, and also that they additionally obtain GILDEMEISTER shares up to a maximum 20.1% of the total shares issued on April 14 and 15, 2011 thereof, including forfeited shares that may be available at the time when GILDEMEISTER issues new shares to the shareholders from fiscal year 2011.

1. Purpose of the subscription for newly issued shares

The Mori Seiki Group and GILDEMEISTER started business and capital alliance as of March 23, 2009, and subsequently have succeeded in solidifying their cooperative relations in the field of joint marketing, provision of joint services, production, procurement, product development and finance. At the third year of such a progressive collaboration, the Group intends to subscribe for new shares to be issued by GILDEMEISTER to reinforce mutual partnership, expand sales and help reinforce the partner's financial strength.

The company acquired additional shares of DMG, and its total shareholding is equal to 20.1% of DMG's share outstanding. As a result, DMG becomes equity method affiliate of the company.

2. Summary of the subscription for new shares

(1) Type and number of shares to be subscribed by the Group

5,256,117 shares of common stock

Amount to be subscribed: € 85,944,103 (¥10,100 million)

(2) Dates of payment: April 14 and 15, 2011

(3) Number of shares to be held by the Group: 12,093,817 shares (shareholding ratio of 20.1%)

3. method of raising funds

Bank financing

Omission of Disclosure

The notes relating to lease transactions, related party transactions, tax effect accounting, financial instruments, securities, derivative transactions, retirement benefits, stock options, business combinations, asset retirement obligations, real estate transactions including rentals and special-purpose companies subject to disclosure have been omitted hereby, as the information disclosure of the respective statements on the Summary of Consolidated Financial and Business Results for the Fiscal Year Ended March 31, 2011, was considered insignificant.

４．Other

（１）Changes in directors (Scheduled date June 14, 2011)

1. The new standing statutory director candidate

Director	Hisao Sato	(executive operating director now)

2. The directors to retire

Vice president	Hiroshi Mizuguchi	(Planed to be an adviser)
Vice president	Takeshi Saito	(Planed to be an adviser)

3. Candidate to be nominated as new corporate auditor

Statutory auditor	Morikuni Uchigasaki	(executive operating director now)
Corporate auditor	Michiyoshi Kuriyama	

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

4 The auditors to retire

Statutory auditor	Koji Kageyama
Corporate auditor	Katsuhiko Maehori
Corporate auditor	Yasuo Noishiki

Katsuhiko Maehori and Yasuo Noishiki are outside corporate auditors, as designated by Corporation Law article. 2, item 16.