

**Summary of Consolidated Financial and Business Results of the First Quarter
for the Fiscal Year 2011(to June 30, 2011) [Japan GAAP]**

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial and Business Results of the First Quarter announced on July 28, 2011)

July 28, 2011

Company name Mori Seiki Co., Ltd.

Code Number 6141 Tokyo and Osaka Stock Exchanges
(URL <http://www.moriseiki.co.jp>)

Representative Title President (the representative director)
Name Masahiko Mori

Contact Title Vice president (the representative director)
Accounting / Finance HQ Executive Officer
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Expected date of filing the quarterly financial report August 10, 2011

Expected payment date of cash dividends —

Quarterly financial closing supplementary explanatory documents Yes

Quarterly financial closing presentation Yes (for analysts and institutional investors)

Note: All amounts less than one million are disregarded.

1. Consolidated business results for the First quarter of the fiscal year 2011 (April 1, 2011 to June 30, 2011)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	Million yen	%
First Quarter Fiscal Year 2011	28,834	51.5	-1,318	—	-1,290	—	-1,267	—
First Quarter Fiscal Year 2010	19,026	38.5	-4,777	—	-5,644	—	-5,510	—

(Note)

Comprehensive profit First quarter of the Fiscal Year 2011: -1,079 million yen. First quarter of the Fiscal Year 2010: -7,245 million yen

	Net income per share in this quarter		Diluted net income per share	
	yen	yen	yen	yen
First Quarter Fiscal Year 2011	-11	46	—	—
First Quarter Fiscal Year 2010	-49	83	—	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
First Quarter Fiscal Year 2011	179,784	91,413	50.0
Fiscal year 2010	171,949	95,328	54.6

(Reference) Equity capital First quarter of the Fiscal Year 2011 89,976 million yen Fiscal Year 2010 93,855 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 2010	— —	10 00	— —	10 00	20 00
Fiscal Year 2011	— —				
Fiscal Year 2011(Forecast)		10 00	— —	10 00	20 00

Note: Amendment of the latest forecast on dividends No

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

(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	
Half year	69,000	48.1	3,000	—	2,500	—	2,500	—	22	69
Full year	145,000	20.4	8,000	—	7,000	—	7,000	435.3	63	66

Note: Amendment of the latest consolidated earnings forecast of the fiscal year 2011 No

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 peculiar accounting methods for preparing quarterly consolidated financial statements No

(3) Changes of important accounting policies, procedures, changes of estimate in view of accounting, and amendment.

- ① Changes along the revision of accounting standards, etc. No
- ② Changes other than mentioned in ① No
- ③ Changes of estimate in view of accounting No
- ④ Amendment No

(4) Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the year (Including treasury stocks)	The first quarter of the fiscal year 2011	118,475,312 shares	Fiscal year 2010	118,475,312 shares
② Treasury stocks at the end of the year	The first quarter of the fiscal year 2011	8,783,446 shares	Fiscal year 2010	7,893,507 shares
③ Number of average shares (during the quarter terms)	The first quarter of the fiscal year 2011	110,581,789 shares	The first quarter of the fiscal year 2010	110,582,363 shares

※Implementation of quarterly review

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

※Proper use of the earnings forecasts and other notes

(Attention for the forecasts)

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.

(How to get the additional explanation)

We will upload additional explanation on July 29, 2011.

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1. Qualitative Information/Financial Statements, etc.

(1) Qualitative information on consolidated operating results

For the first quarter of FY 2011 (from April 1st to June 30th, 2011), the machine tool industry saw a steady recovery in orders. The Japan Machine Tool Builders' Association reported that total machine tool orders for the first half of 2011 (January to June) rose 53%, compared with the same period last year. We expect that the demand for Mori Seiki products will also increase in the future, driven by strong demand from overseas, particularly Asia, Europe and the U.S. Under these business circumstances, the Mori Seiki Group started its third medium-term management plan, "GQ-C-SI 123" (Global Quality for Customers with Speed and Innovation 123), in April. The basic policy of our new medium-term management plan is "to provide customers worldwide with unmatched quality products and services by acting with speed." Under the "GQ-C-SI 123," we strive to strengthen our sales, manufacturing and development capabilities, aiming to achieve an operating margin of more than 10%, improve efficiency by more than 20% and expand market share by more than 30% compared with those in FY 2010, by the end of FY 2013, the final year of this medium-term management plan.

In the sales field, we exhibited our machines at CIMT2011, which took place in Beijing in April, and held the Innovation Days event in Chicago in May. Both events were a great success and we received more orders than we had expected. In June we started taking orders for the DMU 60 eVo and LASERTEC 210 Shape 5-axis machining centers manufactured by GILDEMEISTER AG of Germany. With a strong partnership with GILDEMEISTER, Mori Seiki will continue to provide an extensive product lineup to suit each and every customer production requirements.

In the production field, a new machining plant is now under construction at the Iga Campus. The new plant helps us streamline our domestic production processes and improve production efficiency after January 2012, when the plant goes into operation. Groundbreaking for the new American manufacturing plant in Davis, California, took place in June and the preparations for the start-up in July 2012 are now well underway. In April we entered into negotiations with GILDEMEISTER and Shen Yang Machine Tool (Group) Co., Ltd. to set up a joint venture in China. With its production bases in Japan, the U.S.A., Europe and China, Mori Seiki will establish a four-pronged production system, with a view to the diversification of risks as well as global competition.

As the ratio of the number of shares held by Mori Seiki to the total number of shares issued by GILDEMEISTER became 20.1% in April, GILDEMEISTER has been an associate accounted for using the equity method since the end of the first quarter. In June Mori Seiki and GILDEMEISTER came to a basic agreement with the Institute of National Colleges of Technology (INCT) in Japan on the establishment of the DMG/MORI SEIKI Scholarship Fund. This fund is intended to provide financial support for INCT students who have been affected by the Great East Japan Earthquake. We sincerely hope that the INCT students from the affected areas will overcome the disaster and devote themselves to their studies, so that they can in the future play an active role in Japan's manufacturing industry.

Under the present conditions, our consolidated sales were 28,834 million yen (51.5% increase from the same period last year), consolidated operating loss was 1,318 million yen (the same period last year: consolidated operating loss of 4,777 million yen), consolidated ordinary loss was 1,290 million yen (the same period last year: consolidated ordinary loss of 5,644 million yen) and consolidated net loss was 1,267 million yen (the same period last year: quarterly net loss of 5,510 million yen).

(2) Qualitative information on consolidated financial status

At the end of the first quarter, total assets were 179,784 million yen, 7,834 million yen increased from the end of the previous fiscal year. The main reasons for the increase are that though Notes and accounts receivable have decreased by 6,529 million yen respectively, Investments in securities and Inventories have increased by 8,860 million yen and 6,387 million yen respectively. Net assets were 91,413 million yen, and shareholders' equity ratio was 50.0%, 4.6 percentage decreased in the current first quarter.

(3) Qualitative information on consolidated earnings forecast

There is not any changes in the forecast for the full year of the fiscal year 2011 (April 1, 2011 to March 31, 2012) and the first half year of it originally announced on May 9, 2011.

2. Others

(1) Changes of significant subsidiaries during the financial term (changes in specific subsidiaries involving changes in scope of consolidation)

There are no applicable matters.

(2) Adoption of peculiar accounting methods for preparing quarterly consolidated financial statements

There are no applicable matters.

(3) Changes of important accounting policies, procedures, changes of estimate in view of accounting, and amendment

There are no applicable matters.

3. Consolidated financial statements

(1) The first quarter consolidated balance sheet

(Amount : million yen)

	At the end of the previous consolidated fiscal year (March 31, 2011)	At the end of the 1 st consolidated quarter (June 30, 2011)
(Assets)		
Current Assets		
1 Cash and deposits	7,418	4,963
2 Notes and accounts receivable	32,085	25,555
3 Securities	101	101
4 Goods and products	12,421	17,176
5 Work in process	7,130	7,777
6 Raw material and Supplies	19,285	20,271
7 Deferred income taxes	2,061	2,127
8 Consumption tax receivable	398	538
9 Other	5,413	6,629
10 Allowance for doubtful receivables	-139	-160
Total current assets	86,177	84,981
Fixed assets		
1 Tangible fixed assets		
(1) Buildings and structures, net	24,581	24,315
(2) Machinery, equipment and vehicles, net	4,101	4,147
(3) Land	18,339	19,162
(4) Lease assets, net	4,026	3,870
(5) Construction in progress	476	679
(6) Other, net	2,895	2,802
Total tangible fixed assets	54,421	54,978
2 Intangible fixed assets		
(1) Goodwill	1,575	1,440
(2) Other	4,681	4,438
Total Intangible fixed assets	6,256	5,878
3 Investments and other assets		
(1) Investments in securities	23,082	31,942
(2) Long-term prepaid expenses	85	107
(3) Deferred income taxes	374	426
(4) Other	1,552	1,467
Total investments and other assets	25,094	33,944
Total fixed assets	85,772	94,802
Total assets	171,949	179,784

	At the end of the previous consolidated fiscal year (March 31, 2011)	At the end of the 1 st consolidated quarter (June 30, 2011)
(Liabilities)		
Current liabilities		
1 Payable-trade	11,451	11,334
2 Short-term bank loans	45,172	56,534
3 Current portion of convertible bonds with stock acquisition rights	—	2,583
4 Lease obligations	278	275
5 Accrued payments	3,796	4,828
6 Accrued expenses	1,734	1,942
7 Accrued income taxes	373	198
8 Advances received	1,336	1,677
9 Accrued consumption taxes	71	39
10 Deferred income taxes	16	16
11 Allowance for product warranties	914	839
12 Allowance for bonuses	123	98
13 Other	1,035	823
Total current liabilities	<u>66,303</u>	<u>81,191</u>
Fixed liabilities		
1 Convertible bonds with stock acquisition rights	2,583	—
2 Lease obligations	3,983	3,846
3 Deferred income taxes	1,387	1,050
4 Deferred income taxes for land revaluation reserve	1,699	1,699
5 Accrued retirement benefits	309	323
6 Long-term accrued payments	288	190
7 Asset retirement obligations	62	62
8 Other	4	6
Total fixed liabilities	<u>10,317</u>	<u>7,178</u>
Total liabilities	<u>76,621</u>	<u>88,370</u>
(Net assets)		
Shareholders' equity		
1 Capital	41,132	41,132
2 Capital surplus	53,863	53,863
3 Retained earnings	11,910	9,530
4 Treasury stock	-10,545	-11,428
Total shareholders' equity	<u>96,360</u>	<u>93,097</u>
Comprehensive profit		
1 Net unrealized holding gain on securities	1,463	790
2 Net unrealized gain/loss on derivative instruments	476	268
3 Land revaluation reserve	1,545	1,545
4 Translation adjustments	-5,989	-5,725
Total valuation and translation adjustments	<u>-2,505</u>	<u>-3,121</u>
Stock acquisition rights	469	476
Minority interests	1,003	960
Total net assets	<u>95,328</u>	<u>91,413</u>
Total liabilities and net assets	<u>171,949</u>	<u>179,784</u>

(2) The first quarter consolidated statement of income and statement of comprehensive profit
(The first consolidated quarter total)

	(Amount : million yen)	
	The previous 1 st consolidated quarter total (April 1, 2010 to June 30, 2010)	The 1 st consolidated quarter total (April 1, 2011 to June 30, 2011)
Net sales	19,026	28,834
Cost of sales	14,387	19,459
Gross profit	4,639	9,375
Selling, general and administrative expenses	9,417	10,693
Operating loss (-)	-4,777	-1,318
Non-operating income		
1 Interest income	11	13
2 Dividend income	112	106
3 Exchange gain	—	116
4 Other	62	111
Total of non-operating income	185	347
Non-operating expenses		
1 Interest expense	90	124
2 Fees and commissions	25	25
3 Exchange loss	724	—
4 Equity in losses of affiliates	43	101
5 Other	168	67
Total of non-operating expenses	1,052	319
Ordinary loss (-)	-5,644	-1,290
Extraordinary gain		
1 Gain on sales of fixed assets	3	3
2 Other	—	0
Total of extraordinary income	3	3
Extraordinary loss		
1 Loss on sales of fixed assets	6	1
2 Loss on disposal of fixed assets	15	1
3 Loss on revaluation of investments in securities	—	46
4 Loss on revaluation of other investments	0	—
5 Loss on adjustment for changes of accounting standard for asset retirement obligations	15	—
6 Loss on business structural reorganization	259	—
7 Loss on disaster	—	32
Total of extraordinary loss	297	81
Loss before income taxes and minority interests (-)	-5,938	-1,369
Income taxes	10	78
Income taxes deferred	-248	-143
Total of Income taxes	-237	-64
Loss before minority interests (-)	-5,700	-1,304
Minority interests in loss (-)	-190	-36
Net loss(-)	-5,510	-1,267

statement of comprehensive profit
(The first consolidated quarter total)

(Amount: million yen)

	The previous 1 st consolidated quarter total (April 1, 2010 to June 30 2010)	The 1 st consolidated quarter total (April 1, 2011 to June 30, 2011)
Loss before minority interests	-5,700	-1,304
Other comprehensive profit		
Net unrealized holding gain on securities	-1,367	167
Net unrealized gain/loss on derivative instruments	698	-207
Translation adjustments	-851	240
Share of other comprehensive income of associates accounted for using equity method	-23	24
Other comprehensive profit	-1,544	225
Quarterly comprehensive profit	-7,245	-1,079
Contents		
Comprehensive income attributable to owners of the parent	-7,038	-1,036
Comprehensive income attributable to minority interests	-206	-42

(3) Notes about premise of going concern

There are no applicable matters.

(4) Segment Information

I The previous first consolidated quarter total (April 1, 2010 to June 30, 2010)

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

(Million yen)

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

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

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

II The first consolidated quarter total (April 1, 2011 to June 30, 2011)

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

(Million yen)

	Japan	The Americas	Europe	China and Asia	Total
Sales and operating income					
Sales to third parties	10,094	7,736	6,855	4,148	28,834
Inter-group sales	15,156	508	281	297	16,243
Total	25,250	8,244	7,136	4,445	45,077
Operating gain/loss(-)	-1,252	-158	-21	19	-1,413

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

Income/loss	Amount (Million yen)
Total of Segment reported	-1,413
Minus of unrealized profit	94
Operating loss on the third quarter consolidated statement of income(-)	-1,318

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

There are no applicable matters.

(6) Important subsequent event

Mori Seiki has integrated its sales activities with those of its business and capital collaboration partner, GILDEMEISTER AG of Germany (hereafter referred to as "GILDEMEISTER"), in many areas in the world. Recently, GILDEMEISTER and Mori Seiki decided to integrate their sales activities in Europe, based on the premise of obtaining legal approval from the related countries.

(1) Purpose of integrating sales networks

Mori Seiki expects to increase sales by integrating its sales network with that of GILDEMEISTER, which has established a strong presence in European countries. In high value added machine tool markets that Mori Seiki puts at the center of its product strategy, the importance of performing direct sales and service, including better maintenance, is increasing in addition to the importance of providing machining technologies, software and training. GILDEMEISTER's direct sales system will function effectively to respond to the needs in the markets.

(2) Forms of integrated organizations

① Federal Republic of Germany

On July 5, GILDEMEISTER received approval from German Federal Cartel Office for integrating sales and service functions of Mori Seiki G.m.b.H. (100%-owned subsidiary of Mori Seiki) with DMG / Mori Seiki Germany (100%-owned subsidiary of GILDEMEISTER, DMG Stuttgart Vertriebs und Service GmbH, will be renamed DMG / Mori Seiki Germany). GILDEMEISTER and Mori Seiki are planning to complete the integration process on or around September 1, 2011.

Service and parts, engineering, training and administration functions will remain in Mori Seiki G.m.b.H that will support DMG / Mori Seiki Germany.

② European countries, except Germany

Mori Seiki will establish a company (provisional company name: DMG / Mori Seiki Europe) in the Swiss Confederation in collaboration with GILDEMEISTER, based on the premise of obtaining legal approval from the related countries. The integrated sales companies in European countries, except Germany (each integrated sales company incorporates the

sales companies of GILDEMEISTER and Mori Seiki in each of European countries) will be 100%-owned subsidiaries of the new joint company. GILDEMEISTER and Mori Seiki are currently discussing the share holding ratio and the composition of the board of directors for the new joint company.

(3) Future prospects

At the moment, it is not clear yet that how the integration plan affects FY 2011 business results because the transfer prices of the assets in Germany and the share holding ratio of the joint company to be established in Switzerland have not yet been determined. Once the integration plan is legally approved by the related countries, the integration process will begin. As soon as the impact on FY 2011 business results is identified, Mori Seiki will disclose the information.