May 7, 2012

Summary of Consolidated Financial and Business Results for the Fiscal Year 2011 (to March 31, 2012)〔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 7, 2012.)

Company name	Mori Seiki Co., Ltd.	Stock exchanges	Tokyo and Osaka
Listing Code number	6141	URL	http://www.moriseiki.co.jp
Representative (Title)	President (Name) Masahiko Mori		
Contact (Title)	Vice President Accounting / Finance HQ Executive Officer (Name) Tatsuo Kondo	TEL	(052) 587-1811
Expected date of the ordinary general shareholders' meeting	June 15, 2012	Expected payment date of cash dividends	June 18, 2012
Expected date of filing the financial statements	June 15, 2012		

Preparation of Supplementary Explanations of Financial Results: Yes

Financial Results Presentation to Be Held: Yes (for analysts and institutional investors)

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

1． Consolidated business results for fiscal year 2011 (April 1, 2011 to March 31, 2012)

(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 2011	155,320	29.0	6,788	—	5,915	943.4	5,619	329.8
Fiscal Year 2010	120,428	81.4	320	—	566	—	1,307	—

(Note) Comprehensive profit Fiscal Year 2011 3,651 million yen Fiscal Year 2010 -227 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 2011	51. 13	50. 22	6.0	3.3	4.4
Fiscal Year 2010	11. 83	11. 62	1.4	0.4	0.3

(Reference) Equity-method earnings Fiscal Year 2011 -264 million yen Fiscal Year 2010 -328 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2011	185,419	94,718	50.3	852. 31
Fiscal Year 2010	171,949	95,328	54.6	848. 74

(Reference) Equity capital Fiscal Year 2011 93,230 million yen Fiscal Year 2010 93,855 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 2011	8,616	-22,079	10,872	4,532
Fiscal Year 2010	-10,240	-14,054	24,107	7,414

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 2010	—	10. 00	—	10. 00	20. 00	2,212	169.1	2.3
Fiscal Year 2011	—	10. 00	—	10. 00	20. 00	2,212	39.1	2.4
Fiscal Year 2012 (Forecast)	—	10. 00	—	10. 00	20. 00		33.7	

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

３．Consolidated earnings forecast for Fiscal Year 2012 (April 1, 2012 to March 31, 2013)

(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
Full Year 2012	160,000	3.0	8,000	17.8	8,000	35.2	6,500	15.7	59. 42

(1) Change of significant subsidiaries during the fiscal year (increase/decrease in the scope of consolidation) Yes

Established : MORI SEIKI SALES AND SERVICE CO.,LTD.

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

① Changes along the revision of accounting standard, etc No

② Changes mentioned other than mentioned in ① No

③ Changes accounting estimate Yes

④ Revision and change of display 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 2011	118,475,312shares	Fiscal year 2010	118,475,312shares
② Treasury stocks at the end the fiscal year	Fiscal year 2011	9,090,403shares	Fiscal year 2010	7,893,507shares
③ Average number of common stocks in the fiscal year	Fiscal year 2011	109,908,999shares	Fiscal year 2010	110,582,055shares

(Reference) Unconsolidated Financial results

1. Unconsolidated business results for fiscal year 2011 (April 1, 2011 to March 31, 2012)

(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 2011	108,282	22.8	3,668	—	3,814	209.1	1,565	-12.1
Fiscal Year 2010	88,164	82.1	25	—	1,234	—	1,780	—

	Net income per share	Diluted net income per share
	yen	yen
Fiscal Year 2011	14. 15	13. 90
Fiscal Year 2010	16. 10	15. 81

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year 2011	175,127	96,097	54.6	864. 85
Fiscal Year 2010	158,501	94,756	59.5	852. 69

(Reference) Total Shareholders' equity Fiscal Year 2011 95,653 million yen Fiscal Year 2010 94,309 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 2012 (Forecast), see "(2)Forecast for FY 2012" page 6.

We will upload additional explanation on May 8, 2012.

1. Analysis of management performance

(1) Business results for FY 2011

For the current fiscal year (FY 2011), the machine tool industry saw a steady growth in inquiries and orders despite concern over the impact of financial instability in Europe and the tight monetary policy in China. This was buoyed by strong demand from overseas, particularly from Asia and the Americas. According to the Japan Machine Tool Builders' Association, the industry's total order value for FY 2011 increased by 17.8% from the previous fiscal year. We expect the active overseas demand will also help increase orders for our products in the future.

In this business environment, the Mori Seiki Group made a contribution in kind of all shares of its four consolidated subsidiaries in Europe, MORI SEIKI (UK) LIMITED, MORI SEIKI FRANCE SAS, MORI SEIKI ITALIANA S.R.L. and MORI SEIKI ESPANA, S.A, to DMG MORI SEIKI Europe AG, a joint corporation between Mori Seiki and GILDEMEISTER AG, and in exchange acquired shares in DMG MORI SEIKI Europe AG in March 2012.This contribution in kind enables Mori Seiki to consolidate its sales and service operations with GILDEMEISTER, which we expect will facilitate our sales growth in the region. We exhibited our X-class machines at GILDEMEISTER's Pfronten Open House held in February 2012 and received many orders from customers. We plan to display GILDEMEISTER machines at Innovation Days 2012 to be held at Mori Seiki's Iga Campus in June, the International Manufacturing Technology Show (IMTS) to be held in the U.S.A. in September, and jointly exhibit products at JIMTOF 2012 to be held in November. Through these efforts, we will further strengthen cooperation between the two companies.

With regard to products, the NTX2000 won one of the“2011 (54th) Best Ten New Products Awards” sponsored by the Nikkan Kogyo Shimbun in January 2012. In March, we launched the NVX5000 II Series as the successor to our popular NVX5000 Series of high-rigidity, high-precision vertical machining centers. We will continue to expand the lineup of our flagship X-class series, with the aim of meeting a wide variety of customer needs including machining of large parts and difficult-to-cut materials, which has been in great demand in the construction machinery, aircraft and energy industries.

On the production front, in February 2012 we introduced the Radiation Monitoring and Control Process at our Iga, Nara and Chiba Campuses and Isehara Office of our consolidated subsidiary, Magnescale Co., Ltd, and obtained certification from TÜV Rheinland Japan, one of the world's leading independent inspection agencies. The purpose of introducing this process is to eliminate the concern over radioactive contamination in products exported from Japan, and to provide safe, reliable products for customers throughout the world. At the new plants in the Iga Campus, we will seek to improve the efficiency of the parts machining, unit assembly and machine assembly processes to achieve even greater productivity.

Our third medium-term management plan, "GQ-C-SI 123" (Global Quality for Customer with Speed and Innovation 123), started in FY 2011. This management plan outlines the company’s objectives to provide high-quality products and services to customers worldwide as quickly as possible. Based on this vision, we aspire to build robust development, manufacturing and sales capabilities by thoroughly implementing strategies such as expanding the range of the X-class machines.

The Mori Seiki Group will continue to expand its business on a global basis and actively implement strategies for medium and long-term growth.

Under these circumstances, our consolidated sales were 155,320 million yen (29.0% increase from the previous fiscal year), consolidated operating profit was 6,788 million yen (320 million yen; the previous fiscal year), consolidated ordinary profit was 5,915 million yen (943% increase from the previous fiscal year) and consolidated net profit was 5,619 million yen (329% increase from the previous fiscal year).

Business results and trends by geographical segment are as follows.

In Japan, the inquiries from the automobile industry have remained strong and orders for machine tools have been somewhat stronger than we had expected. Sales were 130,667 million yen (27.2% increase from the previous fiscal year) and segment profit was 4,390 million yen (482% increase from the previous fiscal year).

In the Americas, orders from the automobile, aircraft, natural resource, energy and construction machinery industries remained at a high level. Sales were 45,686 million yen (44.2% increase from the previous fiscal year) and segment profit was 1,188 million yen (segment loss was 124 million yen; the previous fiscal year).

In Europe, despite the uncertainty over future economic prospects due to the current financial instability, the number of inquiries has been increasing steadily. Sales were 35,206 million yen (29.0% increase from the previous fiscal year) and segment profit was 836 million yen (segment loss was 382 million yen; the previous fiscal year).

In Asia, orders from the automobile industry remained at a high level. In China, although there was concern over the effect of the tight monetary policy, we received more inquiries than we had expected. Sales were 24,394 million yen (12.5% increase from the previous fiscal year) and segment profit was 305 million yen (708% increase from the previous fiscal year).

Consolidated

（Million yen）

	63rd term FY2010	64th term FY2011	Change
Sales	120,428	155,320	34,892
Operating income	320	6,788	6,468
Ordinary income	566	5,915	5,348
Net income	1,307	5,619	4,312

Unconsolidated

（Million yen）

	63rd term FY2010	64th term FY2011	Change
Sales	88,164	108,282	20,118
Operating income	25	3,668	3,642
Ordinary income	1,234	3,814	2,580
Net income	1,780	1,565	-215

(2)Forecast for FY 2012

Although our business environment is uncertain regarding European economy and the developments of the exchange rates, the order intake in the Americas and Asian countries is still in an excellent condition and it is expected to be constantly strengthened in Japan as well.

The Mori Seiki Group will build the systems of development, manufacturing, sales, and service so that we can provide products and services required by customers in a timely manner. Also, we carry on measures to further improve the financial standing. Prospects of our business results for the next term (consolidated) considering the above mentioned items are as follows;

(Million yen)

	Full year (consolidated)
Sales	160,000
Operating income	8,000
Ordinary income	8,000
Net income	6,500

* The average yen-U.S. dollar market rate is set at 80 yen = U.S. $1.00

**The average yen-Euro market rate is set at 105 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 hopes to be the best partner for customers as well as a worldwide pioneer in the machine tool industry. And to achieve our vision, we have been implementing the medium-term management plan.

In our third medium-term management plan, “GQ-C-SI 123”, covering the three-year period from FY 2011 to FY 2013, we aim to be a company staying a step ahead with innovative solutions. Based on this basic policy, we will strive to realize further growth responding to changes in the market. GQ-C-SI 123 is an acronym standing for “Global Quality for Customers with Speed and Innovation,” and 123 represents the figures set as our targets: an operating margin of more than 10%, a 20% increase in efficiency and 30% greater market share compared with FY 2010. In order to achieve these goals, we are promoting the following three strategies.

① Creating robust factories and sales network

We steadily provide products and services that satisfy customers’ requirements. For production, we have established a production system that is linked to our incoming orders. We also focus on making accurate production plans and strictly manage their progress. In FY 2011, the first year of the GQ-C-SI 123 plan, we achieved a monthly production of 500 units in Japan. In the U.S.A., where Mori Seiki has a strong market presence, we are building a new production base to meet customers’ request for shorter lead time, and will start operation in July 2012. On the sales front, we are actively promoting sales collaboration with GILDEMEISTER. By working closely with the Engineering Department and taking advantage of MSPQ (Mori Seiki Qualified Products), we offer the ideal solutions for our customers’ machining challenges.

② Strengthening cooperation with GILDEMEISTER

Three years have passed since Mori Seiki and GILDEMEISTER started business and capital collaboration in March 2009. In FY 2011, the two companies consolidated their sales and service platforms in Europe, where GILDEMEISTER has a well-established presence. The strategic integration has significantly increased Mori Seiki’s presence in the European markets. With regard to production and development, we entered into a license agreement with GILDEMEISTER for horizontal machining centers, in which Mori Seiki has its strength, and 5-axis machines, in which GILDEMEISTER has its strength. Under the agreement, both companies manufacture each other’s products at their own factories to improve production efficiency, and will continue to concentrate management resources on their own strongest areas to develop products that bring greater satisfaction to our customers.

③ Achieving higher level of quality

We are committed to improving quality and reliability. Our ultimate goal is to offer products that can impress our customers in all aspects, including quick and reliable responses to inquiries and service needs, not to mention meeting customers' requirements in machine design, functions and specifications. All Mori Seiki Group companies and staff do their best to achieve this goal, recognizing that continually improving quality and reliability is one of the most important issues for our group.

(4) Analysis of consolidated financial status

A. Assets, liabilities and net assets

- Assets

Current assets decreased by 0.2% compared to the previous fiscal year to 86,028 million yen.

Fixed assets increased by 15.9% compared to the previous fiscal year to 99,390 million yen. That was mainly because investments in securities increased by 12,939 million yen.

As a result, total assets increased by 7.8% compared to the previous fiscal year to 185,419 million yen.

- Liabilities

Current liabilities decreased by 19.9% compared to the previous fiscal year to 53,094 million yen. That was mainly because short-term bank loans decreased by 16,394 million yen.

Fixed liabilities increased by 264.5% compared to the previous fiscal year to 37,606 million yen. That was mainly due to a increase of 30,000 million yen in Bonds payable.

As a result, total liabilities increased by 18.4% compared to the previous fiscal year to 90,701 million yen.

- Net assets

Total net assets decreased by 0.6% compared to the previous fiscal year to 94,718 million yen. The major reason for the decrease was that decrease of 3,342 million yen in translation adjustments, we paid cash dividend of 2,212 million yen while posting a net income of 5,619 million yen and increase of 1,197 million yen in treasury stock.

B. Cash flows during fiscal year 2011

(million yen)

	63rd term Fiscal Year 2010	64th term Fiscal Year 2011	Change
Cash flows from operating activities	-10,240	8,616	18,857
Cash flows from investing activities	-14,054	-22,079	-8,024
Cash flows from financing activities	24,107	10,872	-13,234
Cash and cash equivalents at the end of the year	7,414	4,532	-2,881

Cash and cash equivalents at the end of FY 2011 were 4,532 million yen, a decrease of 2,881 million yen from the previous fiscal year.

Factors which affected the cash flows for FY 2011 are shown below.

- Cash flows from operating activities

  Net cash provided in operating activities was 8,616 million yen (10,240 million yen was used in the previous fiscal year).

  The main increasing factors are 6,702 million and 6,725 million yen income before income taxes and minority interests and depreciation and amortization, and 1,461 million yen decrease in accounts receivable. The main decreasing factors are increase in inventories respectively of 8,369 million yen and 3,257 million yen decrease in gain on change in equity.

- Cash flows from investing activities

  Net cash used in investing activities was 22,079 million yen (14,054 million yen was used in the previous fiscal year). This is mainly due to proceeds from transfer of business of 1,131 million yen, purchase of stocks of subsidiaries and affiliates of 11,655 million yen, and purchases of tangible fixed assets of 8,208 million yen.

- Cash flows from financing activities

  Net cash provided in financing activities was 10,872 million yen (24,107 million yen was provided in the previous fiscal year).

  The main increasing reason is proceeds from issuance of bonds of 29,852 million yen. The main decreasing reason is net decrease in short-term bank loans of 16,394 million yen and cash dividends of 2,212 million yen.

C. Trends in cash flow related indexes

	61st term Fiscal Year 2008	62nd term Fiscal Year 2009	63rd term Fiscal Year 2010	64th term Fiscal Year 2011
Shareholders' equity ratio (%)	78.3	66.8	54.6	50.3
Shareholders' equity ratio at fair value (%)	52.9	88.4	63.9	50.2
Cash flow to interest bearing loans ratio (%)	121.4	—	—	731.1
Interest coverage ratio (times)	65.9	—	—	16.0

(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 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 2011/2012

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, we issued an interim dividend and year-end dividend per share of 10 yen each, for a full-year total of 20 yen. For FY 2012, the interim dividend is scheduled to be 10 yen per share and the year-end dividend 10 yen, for a full-year total of 20 yen.

２． Management policy

(1) Basic management policy

Our basic management policy is: as a machine tool manufacturer, “we provide innovative, accurate and trouble-free machines at competitive prices. ”We are striving to become "Global One" in the fields of CNC lathes, machining centers, multi-axis machines and grinding machines, as well as engineering and service.

(2) Management targets

The Mori Seiki Group purposes to become “Global One” company in the machine tool industry by responding quickly to the rapid changes in business environment and market trends. We believe that improving our profit margin and strengthening our financial strength are essential in achieving our pursuit. As stated in the GQ-C-SI 123 third medium-term management plan, the Group aims to achieve more than 10% of consolidated operating margin ratio by the end of FY 2013, and continues our untiring efforts to create customer value as well as increasing our corporate value.

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

With differences in economic development levels, financial problems, fluctuations in exchange rates, natural disasters and geopolitical risks arising in the global markets, manufacturers are now entering a new phase in production innovation and relocation of management resources. At the same time, machine tool manufactures are required to meet customers’ diversified requirements that include not only machines themselves, but also operation support, engineering solutions, education and after-sales services. By fully utilizing its robust sales and service networks and the technical expertise it has cultivated for over 60 years, the Mori Seiki Group responds flexibly to the changes in business environment as well as customer needs.

On the product development front, our flagship models of the X-class now accounts for more than 40% of all incoming orders. This indicates that the X-class has developed into reliable machines that can cater to customers’ requirements. We will continue to expand the X-class lineup. The collaboration with GILDEMEISTER significantly increased our product range, contributing to solving customers’ machining challenges. Additionally, the two companies jointly developed the MILLTAP 700 compact machining center. With this machine, we are aiming to develop new customer bases.

On the production front, we have concentrated production resources on our domestic production, and will continue to bolster the competitiveness of our products, particularly high added-value products, in the domestic market. At the Iga Campus, a key plant at Mori Seiki, we constructed a new machining plant and assembly plant, aiming to improve both quality and productivity. For overseas, we built our first North American manufacturing plant for the purpose of minimizing the risk of losing business opportunities and reducing transportation costs. With the new US factory, which will start operation in July 2012, we seek to increase our market share in the U.S.A. In China and other emerging countries, which have been enjoying economic growth, demand for products with high added-value is on the rise. To answer this demand, we are considering building a manufacturing plant in China. In this way, we are promoting our production development at locations closer to our customers.

On the sales front, we have been promoting sales collaboration with GILDEMEISTER, and are establishing a dominant position in the machine tool market in terms of customer base, solutions and services. In FY 2011, the two companies integrated their sales platforms in Europe, where GILDEMEISTER enjoying a strong presence. In the future, the two companies will consider consolidating the sales platforms in China.

Based on this management policy, the Mori Seiki Group strives to create customer value and increase our corporate value in terms of business scale, profitability and financial base by establishing a competitive edge in the machine tool market.

(4) Challenges facing the company

① Product development

The X-class launched in 2010 is a new range of machines which has replaced our previous flagship models including lathes, machining centers, and mill turn centers, and set new standards in terms of accuracy and cutting ability. In FY 2012, we will further expand the range of the X-class machines and also develop machines suitable for the line of machining mass production parts with high productivity, which are highly demanded in Japan and overseas. We will also attempt something new such as introducing super-high-speed, continuous on-machine measurement using laser and the system that the chips generated at the machining point are sucked inside the spindle, which does not dispose chips in the machining chamber, and thereby, would like to produce results.

② Quality

Quality includes all activities, from product planning to sales and service, in which we relate to customers through our products. We all work hard to improve quality everyday. For our third medium-term management plan, "GQ-C-SI 123", which started in FY2011, we put up a new slogan, "Let's make an impression on customers by providing high-quality machines!" To this end, we will make machines by paying careful attention to every detail. Additionally, we have completed preparing to start the production at Mori Seiki Manufacturing USA, to provide products with quality equivalent to those made in Japan. The Mori Seiki Group will continue to implement important measures to improve quality.

③ Trade controls for security

With recent deterioration in security environment, particularly in the Asian countries, international concern about measures for preventing the proliferation of weapons of mass destruction and the excess stockpiling of conventional weapons has been growing. To address this, the Mori Seiki Group has established internal regulations (Compliance Program) to ensure compliance with export control laws. 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 is originally installed. We will continue to address security trade issues as our top priority.

④ 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. We also increase directors' and employees' awareness of the law by conducting training on a regular basis. For our business development to accelerate globalization, we strive for establishing a system to comply with the law in overseas as well as in Japan.

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, 2011)		At the end of the current consolidated fiscal year (March 31, 2012)	
(Assets)				
Current Assets				
Cash and deposits		7,418		4,549
Notes and accounts receivable		32,085		31,735
Securities		101		101
Goods and products		12,421		16,263
Work in process		7,130		7,571
Raw material and supplies		19,285		19,438
Deferred income taxes		2,061		2,158
Consumption taxes receivable		398		511
Other		5,413		3,898
Allowance for doubtful receivables		-139		-199
Total current assets		86,177		86,028
Fixed assets				
Tangible fixed assets				
Buildings and structures, net	※1, 7	24,581	※1, 7	24,194
Machinery, equipment and vehicles, net	※1, 7	4,101	※1, 7	4,496
Land	※4	18,339	※4	18,717
Lease assets, net	※1	4,026	※1	3,896
Construction in progress		476		1,370
Other, net	※1	2,895	※1	2,886
Total tangible fixed assets		54,421		55,562
Intangible fixed assets				
Goodwill		1,575		1,066
Other		4,681		4,812
Total Intangible fixed assets		6,256		5,878
Investments and other assets				
Investments in securities	※3	23,082	※3	36,021
Long-term prepaid expenses		85		140
Deferred income taxes		374		370
Other	※3	1,552	※3	1,416
Total investments and other assets		25,094		37,949
Total fixed assets		85,772		99,390
Total assets		171,949		185,419

	At the end of the previous consolidated fiscal year (March 31, 2011)	At the end of the current consolidated fiscal year (March 31, 2012)
(Liabilities)		
Current liabilities		
Accounts payable-trade	11,451	10,702
Short-term bank loans	※5,6 45,172	※5,6 28,778
Current portion of bonds with subscription rights to shares	—	2,583
Lease obligations	278	334
Accrued payments	3,796	5,699
Accrued expenses	1,734	1,689
Accrued income taxes	373	462
Advances received	1,336	980
Accrued consumption taxes	71	67
Deferred income taxes	16	47
Allowance for product warranties	914	837
Allowance for bonuses	123	195
Other	1,035	715
Total current liabilities	66,303	53,094
Fixed liabilities		
Bonds payable	—	30,000
Bonds with subscription rights to shares	2,583	—
Lease obligations	3,983	3,882
Deferred income taxes	1,387	1,418
Deferred income taxes on land revaluation reserve	※4 1,699	※4 1,485
Allowance for retirement benefits	309	341
Long-term accounts payable-other	288	406
Asset retirement obligations	62	63
Other	4	8
Total fixed liabilities	10,317	37,606
Total liabilities	76,621	90,701
(Net assets)		
Shareholders' equity		
Capital	41,132	41,132
Capital surplus	53,863	53,863
Retained earnings	11,910	15,312
Treasury stock	-10,545	-11,742
Total shareholders' equity	96,360	98,565
Other comprehensive income		
Net unrealized holding gain on securities	1,463	2,132
Net unrealized gains/loss on derivative instruments	476	104
Revaluation reserve for land	※4 1,545	※4 1,759
Translation adjustments	-5,989	-9,331
Total other comprehensive profit	-2,505	-5,335
Stock acquisition rights	469	466
Minority interests	1,003	1,021
Total net assets	95,328	94,718
Total liabilities and net assets	171,949	185,419

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

Consolidated statement of income

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	The current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Net sales	120,428	155,320
Cost of sales	※1 80,863	※1 105,950
Gross profit	39,564	49,370
Selling, general and administrative expenses	※2,3 39,244	※2,3 42,581
Operating income	320	6,788
Non-operating income		
Interest income	45	58
Dividend income	179	227
Exchange gain	891	49
Other	310	278
Total of Non-operating income	1,427	614
Non-operating expenses		
Interest expense	421	542
Fees and commissions	119	158
Equity in losses of affiliates	328	264
Other	310	521
Total of Non-operating expenses	1,180	1,487
Ordinary income	566	5,915
Extraordinary income		
Gain on sales of fixed assets	※4 206	※4 28
Gain on reversal of subscription rights to shares	1,406	8
Gain on transfer of business	—	576
Gain on liquidation of subsidiaries	—	135
Gain on change in equity	—	3,257
Total of Extraordinary income	1,612	4,005
Extraordinary loss		
Loss on sales of fixed assets	※5 29	※5 23
Loss on disposal of fixed assets	※6 68	※6 78
Impairment loss	—	※7 3
Loss on valuation of investment securities	496	200
Loss on valuation of other investments	13	2
Restructuring costs for business structure	※8 282	※8 2,221
Loss on disaster	88	599
Retirement benefit expenses	—	88
Loss on adjustment for changes of accounting standard for asset retirement obligations	15	—
Total of Extraordinary loss	994	3,219
Income before income taxes and minority interests	1,184	6,702
Income taxes	198	916
Income taxes deferred	-289	-110

	The previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	The current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Total of Income taxes	-91	805
Income before minority interests	1,275	5,896
Minority interests in income / loss	-32	276
Net income	1,307	5,619

statement of comprehensive profit

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	The current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Income before minority interests	1,275	5,896
Other comprehensive profit		
Net unrealized holding gain on securities	-288	1,115
Net unrealized gains/loss on derivative instruments	-467	-476
Revaluation reserve for land	－	213
Translation adjustments	-765	-91
Share of other comprehensive income of associates accounted for using equity method	19	-3,006
Total of other comprehensive profit	-1,502	※1 -2,244
Comprehensive profit	-227	3,651
Contents		
Comprehensive income attributable to owners of the parent	-190	3,399
Comprehensive income attributable to minority interests	-36	251

（3） Consolidated Statement of changes in stockholders' equity

(Amount：million yen)

	The previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	The current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital		
Balance at beginning of the year	41,132	41,132
Balance at the end of the current fiscal year	41,132	41,132
Capital surplus		
Balance at beginning of the year	53,863	53,863
Changes in the current term		
Sales of treasury stock	-0	-0
Total changes in the current term	-0	-0
Balance at the end of the current fiscal year	53,863	53,863
Retained earnings		
Balance at beginning of the year	12,820	11,910
Changes in the current term		
Dividend	-1,106	-1,106
Interim dividend	-1,106	-1,106
Current net income	1,307	5,619
Decrease resulting from newly consolidated subsidiaries	-5	-5
Total changes in the current term	-910	3,402
Balance at the end of the current fiscal year	11,910	15,312
Treasury stock		
Balance at beginning of the year	-10,544	-10,545
Changes in the current term		
Purchases of treasury stock	-0	-0
Sales of treasury stock	0	0
Increase in equity in affiliates accounted for by application of equity method	―	-1,197
Total changes in the current term	-0	-1,197
Balance at the end of the current fiscal year	-10,545	-11,742

	The previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	The current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Total amount of shareholders' equity		
Balance at beginning of the year	97,271	96,360
Changes in the current term		
Dividend	-1,106	-1,106
Interim dividend	-1,106	-1,106
Current net income	1,307	5,619
Purchases of treasury stock	-0	-0
Sales of treasury stock	0	0
Decrease resulting from newly consolidated subsidiaries	-5	-5
Increase in equity in affiliates accounted for by application of equity method	―	-1,197
Total changes in the current term	-910	2,204
Balance at the end of the current fiscal year	96,360	98,565
Other comprehensive profit		
Net unrealized holding gain on securities		
Balance at beginning of the year	1,750	1,463
Changes in the current term		
Net Changes in the current term other than shareholders' equity	-287	669
Total changes in the current term	-287	669
Balance at the end of the current fiscal year	1,463	2,132
Net unrealized gain/loss on derivative instruments		
Balance at beginning of the year	943	476
Changes in the current term		
Net Changes of items other than shareholders' equity	-467	-371
Total changes in the current term	-467	-371
Balance at the end of the current fiscal year	476	104
Land valuation reserve		
Balance at beginning of the year	1,545	1,545
Changes in the current term		
Net Changes of items other than shareholders' equity	―	213
Total changes in the current term	―	213
Balance at the end of the current fiscal year	1,545	1,759

	The previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	The current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Translation adjustments		
Balance at beginning of the year	-5,242	-5,989
Changes in the current term		
Net Changes of items other than shareholders' equity	-747	-3,342
Total changes in the current term	-747	-3,342
Balance at the end of the current fiscal year	-5,989	-9,331
Total other comprehensive profit		
Balance at beginning of the year	-1,002	-2,505
Changes in the current term		
Net Changes of items other than shareholders' equity	-1,502	-2,829
Total changes in the current term	-1,502	-2,829
Balance at the end of the current fiscal year	-2,505	-5,335
Stock acquisition rights		
Balance at beginning of the year	1,533	469
Changes in the current term		
Net Changes of items other than shareholders' equity	-1,064	-3
Total changes in the current term	-1,064	-3
Balance at the end of the current fiscal year	469	466
Minority interests		
Balance at beginning of the year	914	1,003
Changes in the current term		
Net Changes of items other than shareholders' equity	89	18
Total changes in the current term	89	18
Balance at the end of the current fiscal year	1,003	1,021
Total net assets		
Balance at beginning of the year	98,717	95,328
Changes in the current term		
Dividend	-1,106	-1,106
Interim dividend	-1,106	-1,106
Current net income	1,307	5,619
Purchases of treasury stock	-0	-0
Sales of treasury stock	0	0
Decrease resulting from newly consolidated subsidiaries	-5	-5
Increase in equity in affiliates accounted for by application of equity method	—	-1,197
Net changes of items other than shareholders' equity	-2,477	-2,814
Total changes in the current term	-3,388	-610
Balance at the end of the current fiscal year	95,328	94,718

（4）Consolidated statement of cash flows

(Amount：million yen)

	The previous consolidated fiscal year(April 1, 2010 to March 31, 2011)	The current consolidated fiscal year(April 1, 2011 to March 31, 2012)
Operating activities		
Income before income taxes	1,184	6,702
Depreciation and amortization	6,635	6,725
Loss on sales of fixed assets	29	23
Loss on disposal of fixed assets	68	78
Impairment loss	—	3
Gain on sales of fixed assets	-206	-28
Loss on valuation of investments in securities	496	200
Loss on valuation of other investments	13	2
Restructuring costs for business structure	282	2,221
Gain on reversal of subscription rights to shares	-1,406	-8
Amortization of goodwill	536	459
Share-based compensation expenses	341	5
Bond issuance cost	—	147
Loss (gain) on transfer of business	—	-576
Loss (gain) on change in equity	—	-3,257
Equity in earnings/losses of affiliates	328	264
Increase (decrease) in allowance for bonuses	-111	72
Increase (decrease) in allowance for doubtful receivables	31	79
Increase (decrease) in allowance for retirement benefits	1	133
Increase (decrease) in allowance for product warranties	68	-76
Interest and dividend income	-225	-286
Interest expense	421	542
Unrealized exchange loss	911	609
Increase (decrease) in accounts receivable	-16,093	1,461
Increase (decrease) in inventories	-6,514	-8,369
Increase (decrease) in accounts payable	5,453	-785
Increase (decrease) in consumption tax receivable	-87	-113
Increase (decrease) in accrued consumption tax	66	-3
Increase (decrease) in other accrued payments	-116	1,179
Other	-433	2,374
Sub-total	-8,321	9,783
Interest and dividend income received	225	286
Interest paid	-424	-538
Restructuring costs for business structure paid	-1,183	—
Income taxes paid	-536	-913
Net cash provided in operating activities	-10,240	8,616

	At the end of the Previous consolidated fiscal year (March 31, 2011)	At the end of the current consolidated fiscal year (March 31, 2012)
Investing activities		
Increase (decrease) in time deposits	249	-12
Sales of tangible fixed assets	1,218	273
Purchases of tangible fixed assets	-3,360	-8,208
Purchases of intangible fixed assets	-799	-1,812
Purchase of investment securities	-10,547	-60
Purchases of stock of subsidiaries and affiliates	-446	-11,655
Payments for investments in capital of subsidiaries and affiliates	-569	―
Purchase of investments in subsidiaries resulting in change in scope of consolidation	―	-49
Proceeds from transfer of business	―	※2 1,131
Payments for transfer of business	―	※4 -1,505
Purchases of stock from minority shareholders	―	-234
Other	200	54
Net cash provided by financing activities	-14,054	-22,079
Financing activities		
Increase (decrease) in short-term bank loans, net	26,622	-16,394
Proceeds from sales of treasury stock	0	0
Purchases of treasury stock	-0	-0
Proceeds from issuance of bonds	―	29,852
Cash dividends	-2,212	-2,212
Cash dividends paid to minority shareholders	-0	-0
Other	-302	-372
Net cash used in financing activities	24,107	10,872
Effect of exchange rate changes on cash equivalents	85	-293
Decrease in cash and cash equivalents	-101	-2,883
Cash and cash equivalents at beginning of the year	7,255	7,414
Increase in cash and cash equivalents from newly consolidated subsidiaries	260	94
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	―	-92
Cash and cash equivalents at the end of the year	※1 7,414	※1 4,532

(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, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
(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	―――

Previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
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; 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, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
(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, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
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”.	———
———	(Application of Accounting Standards for accounting changes and error corrections) Effective when accounting changes and error corrections were conducted after the beginning of the current consolidated fiscal year, the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24; issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24; issued on December 4, 2009) have been applied.
———	(Application for consolidated tax payment) We apply consolidated tax payment from fiscal year 2011.
———	(The effect of corporate tax rate change) The Act of the Partial Revision of the Income Tax Act to establish a tax system, which responds to structural transformation of our economy and society (Act. No. 114 of 2011) and the Act on Special Measures for securing finance resources necessary to implement the measures for the recovery from the Great East Japan Earthquake (Act No. 117 of 2011) were promulgated, and the corporation tax rate has declined and the special corporation tax for recovery has been imposed from the consolidated fiscal year starting on April 1, 2012. With these events, the effective tax rate, which is

Previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
	used for calculating the deferred tax assets and the deferred tax liabilities, is to be changed from the conventional of 40.49% to the temporally difference to be settled of 37.75% between the consolidated fiscal year starting on April 1, 2012 and the consolidated fiscal year starting on April 1 2014; to the temporally difference to be settled of 35.38% in the consolidated fiscal year starting on April 1, 2015. By this change in the tax rate, both the amounts of the deferred tax liabilities -- the amount that the deferred tax assets is deducted – and the deferred tax liabilities required for reevaluation have reduced by 59 million yen and 213 million yen respectively. Whereas, the adjustment cost of corporation tax has increased by 94 million yen.

(9) Notes

(Consolidated balance sheet)

Previous consolidated fiscal year (March 31, 2011)	Current consolidated fiscal year (March 31, 2012)
※1 Accumulated depreciation for tangible fixed assets 68,945 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 associates. MG Finance GmbH 2,281 Million yen The Company 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) 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 -3,061 Million yen	※1 Accumulated depreciation for tangible fixed assets 71,352 Million yen ※2 Guaranty of liabilities 1) Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 407 cases) 2,276 Million yen 2) The Company has provided a bank with the letter of awareness on the bank loans of its associates. MG Finance GmbH 2,469 Million yen ※3 Notes related to unconsolidated subsidiaries and associates. Investments in securities (Stocks) 25,388 Million yen Investments and other assets Other (Equity fund) 394 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, 1,485 million yen is included as part of liabilities and, and a negative 1,759 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 -3,677 Million yen

Previous consolidated fiscal year (March 31, 2011)	Current consolidated fiscal year (March 31, 2012)
※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	※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 16,050 million yen Short-term loans utilized 5,828 million yen Available credit 10,221 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	※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 22,950 million yen Available credit 27,050 million yen
※7 Advanced depreciation deducted from acquisition price 196 Million yen	※7 Advanced depreciation deducted from acquisition price 207 Million yen

(Consolidated profit and loss)

Previous consolidated fiscal year (April 1, 2010 to March 31, 2011)		Current consolidated fiscal year (April 1, 2011 to March 31, 2012)	
※1 Following loss on revaluation of nventories included in cost of sales, since inventories were devaluated because of decreased profitability.	1,170million yen	※1 Following loss on revaluation of inventories included in cost of sales, since inventories were devaluated because of decreas d profitability.	1,478million yen
※2 Principal expense items included in sales and global administrative expenses are below;		※2 Principal expense items included in sales and global administrative expenses are below;	
Salary and bonus	9,885 million yen	Salary and bonus	11,424 million yen
Research and development expenditures	4,809 million yen	Research and development expenditures	3,506 million yen
Allowance for product warranties	72 million yen	Allowance for product warranties	-18 million yen
Allowance for doubtful receivables	76 million yen	Allowance for doubtful receivables	26 million yen
Allowance for bonuses	78 million yen	Allowance for bonuses	99 million yen
※3 Total of research and development expenditures. (General administrative expenditure)	4,809million yen	※3 Total of research and development expenditures. (General administrative expenditure)	3,506million yen
※4 Details of gain on sales of fixed assets		※4 Details of gain on sales of fixed assets	
Buildings and structures	190 million yen	Buildings and structures	10 million yen
Machinery, equipment and vehicles	14 million yen	Machinery, equipment and vehicles	17 million yen
Other (fixture and furniture)	1 million yen	Other (fixture and furniture)	0 million yen
Total	206 million yen	Total	28 million yen
※5 Details of loss on sales of fixed assets		※5 Details of loss on sales of fixed assets	
Buildings and structures	11 million yen	Buildings an structures	0 million yen
Machinery, equipment and vehicles	10 million yen	Machinery, equipment and vehicles	20 million yen
Other (fixture and furniture)	7 million yen	Land	0 million yen
Total	29 million yen	Other (fixture and furniture)	1 million yen
		Total	23 million yen

<table>
<tr><th>Previous consolidated fiscal year
(April 1, 2010 to March 31, 2011)</th><th>Current consolidated fiscal year
(April 1, 2011 to March 31, 2012)</th></tr>
<tr><td>※6 Details of loss on disposal of fixed assets

Buildings and structures 26 million yen
Machinery, equipment and vehicles 15 million yen
Other (software) 5 million yen
Other (fixture and furniture) 20 million yen
Total 68 million yen</td><td>※6 Details of loss on disposal of fixed assets

Buildings and structures 42 million yen
Machinery, equipment and vehicles 5 million yen
Other (software) 4 million yen
Other (fixture and furniture) 26 million yen
Total 78 million yen</td></tr>
<tr><td>———</td><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>Taiyo Koki Co.,Ltd Idle</td><td>Building, land</td><td>Nagaoka, Niigata</td><td>3</td></tr>
</table>
（Background）
The building and land that Taiyo Koki Co.,Ltd , a subsidiary, had utilized as storage for parts are not expected to be used in the future, therefore, they are classified as idle properties and recorded as impairment loss in June, 2009. After reevaluation by the actual value at the end of the consolidated fiscal year, they are perceived as impairment loss.</td></tr>
<tr><td></td><td>（Grouping）
Based on the head factory (including sales offices) as a unit, idle properties which are not expected to be used in the future are grouped individually.</td></tr>
<tr><td>※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.</td><td>（Estimate amounts for receivable）
The net selling value is applied to recoverable amounts and it is calculated based on the real estate appraisal amounts.
※8 Restructuring costs for business structure
Taking into account the collaboration with GILDEMEISTER, the Mori Seiki group reviewed the systems of manufacturing, development, and sales to carry out business operation more steadily, and we recorded business restructuring</td></tr>
</table>

	expenses such as inventory write-down for discontinued machine models, costs for integrating sales in Europe, cost for liquidating subsidiaries, and impairment loss of patients. Details for impairment loss of patents are as follows.

Use	Classification	Location	Million yen
Mori Seiki Co.,Ltd R & D	Patent right	—	150

	(Background) As Mori Seiki focuses on maturing the "X-class" machines, our flagship products, for the next several years, the patents already obtained for the purpose of future R & D are not expected to be used and their profitability is unclear. Therefore, entire amount of patents has been perceived as impairment loss.
	(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 Patent right are measured at estimates of their cash flows in the future.

(Statement of comprehensive profit)

Current consolidated fiscal year (April 1, 2011 to March 31, 2012)

※1 Adjustment and Income tax relating to other comprehensive income

Net unrealized holding gain on securities	
This fiscal year	1,503 million yen
Adjustment	200 million yen
Before tax effect	1,704 million yen
Tax effect	-588 million yen
Net unrealized holding gain on securities	1,115 million yen
Net unrealized gains/loss on derivative instruments	
Adjustment	-800 million yen
Tax effect	324 million yen
Net unrealized gains/loss on derivative instruments	-476 million yen
Revaluation reserve for land	
Tax effect	213 million yen
Translation adjustments	
This fiscal year	-277 million yen
Adjustment	185 million yen
Translation adjustments	-91 million yen
Share of other comprehensive income of associates accounted for using equity method	
This fiscal year	-2,983 million yen
Tax effect	-22 million yen
Share of other comprehensive income of associates accounted for using equity method	-3,006 million yen
Total of other comprehensive profit	-2,244 million yen

(Consolidated statement of changes in shareholders' equity)

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

1 Shares issued and outstanding

Types of shares	The beginning of this 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 beginning of this 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 beginning of this 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 of the company and consolidated subsidiary, 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 21, 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, 2011, and the effective date of which will be in the year ending March 31, 2012

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

Current consolidated fiscal year (April 1, 2011 to March 31, 2012)

1 Shares issued and outstanding

Types of shares	The beginning of this 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 beginning of this fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	7,893,507	1,196,905	9	9,090,403

(Overview of changes)

The significant reasons of increase are as follows;

Increase in equity in affiliates accounted for by application of equity method:

1,196,364 stocks

Purchases of stocks under minimum unit: 541 stocks

The significant reasons of decrease are as follows;

Claim for adding to holdings stocks under minimum unit: 9 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 beginning of this fiscal year	Increase	Decrease	The end of the current fiscal year	
The Company	Stock acquisition rights as stock option	—	—	—	—	—	398
The Company	Stock acquisition rights as stock option	—	—	—	—	—	45
Consolidated subsidiary	Stock acquisition rights as stock option	—	—	—	—	—	21
Total			—	—	—	—	466

4 Dividends

(1) Dividends paid

Resolution	Types of shares	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 14, 2011 Shareholders' meeting	Common stock	1,106	10	March 31, 2011	June 15, 2011
October 27, 2011 Board meeting	Common stock	1,106	10	September 30, 2011	December 1, 2011

(2) Dividends, which the cutoff date was in the year ended March 31, 2012, and the effective date of which will be in the year ending March 31, 2013

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, 2012	June 18, 2012

(Consolidated statement of cash flows)

	Previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
※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 7,418million 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	Cash and cash equivalents 4,549million yen Time deposits with maturities of more than three months -17million yen Cash and cash equivalents at the end of the fiscal year 4,532million yen
※2 Principal assets decreased and liabilities by transfer of business	―――	1,131 million yen is included as proceeds from transfer of business as a result of transferring a part of Mori Seiki GmbH to a subsidiary of DMG. Inventories and noncurrent assets are decreased by 365 million yen.
※3 Details of significant non-monetary transactions	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.	The amount of assets and liabilities decrease because the Company has executed the contribution in kind of all shares of 4 consolidated subsidiaries for sales and service of the Company's group products, to DMG MORI SEIKI EUROPE AG. 1,505 million yen is included as cash and cash equivalents, 1,505 million yen in payments for transfer of business.

(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

Previous 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

Current consolidated fiscal year (April 1, 2011 to March 31, 2012)

	The Americas (million yen)	The Americas (million yen)	Europe (million yen)	Asia and Oceania (million yen)	Total (million yen)
Operating Revenues					
Outside customers	55,077	44,036	33,379	22,826	155,320
Inside group	75,589	1,649	1,827	1,568	80,635
Total	130,667	45,686	35,206	24,394	235,955
Segment Income	4,390	1,188	836	305	6,719
Segment Assets	140,964	19,778	43,855	8,065	212,663

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

Income	Fiscal year 2010 (million yen)	Fiscal year 2011 (million yen)
Total	284	6,719
Elimination of unrealized income	35	68
Income on consolidated financial statements	320	6,788

Assets	Fiscal year 2010 (million yen)	Fiscal year 2011 (million yen)
Total	194,965	212,663
Assets	17,320	10,141
Adjustment of unrealized income	-2,635	-2,803
Elimination of transaction inside group	-37,700	-34,582
Assets on consolidated financial statements	171,949	185,419

(Company combination)

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

None

Current consolidated fiscal year (April 1, 2011 to March 31, 2012)

Ⅰ Transfer in the companies' subsidiary

1 Outline of separation of business

(1) Name of receiver

DMG MORI SEIKI Deutschland GmbH

(2) Contents of separated business

Sales and service operations of Mori Seiki G.M.B.H., the company's consolidated subsidiary, for Mori Seiki group products in Germany.

(3) Main reason for transfer

This business divestiture allows the company to sell our products through sales/service subsidiaries of GILDEMEISTER, with which the company holds business and capital collaboration. GILDEMEISTER has a powerful presence in the European market and their direct-sales system efficiently functions in our sales and service because it is necessary for us to offer fulfilling maintenance as well as more advanced machining technology, software, and education in the machine tool market where we emphasize added values as product strategies.

(4) The datum date of transfer

September 30, 2011

(5) Summary of other transaction including legal form

Business transfer consideration is limited to estate like cash

2 Summary of accounting method

(1) The amount of profit/loss of transfer

Gain on transfer of business 576 million yen

(2) Proper price on balance sheet related transfer business

Inventories and noncurrent assets 365 million yen

3 Name of segment transferred business belonged

Europe

Ⅱ Contribution in kind

1 Summary of contribution in kind

(1) Summary profile of the receiver the transfer

Name: DMG MORI SEIKI EUROPE AG

Capital: 76 million Swiss Franc

Location: Zurich, Switzerland

Shareholders: 60% owned by DMG, 40% owned by the Company

Relationship to the Company: Associates accounted for the Company using the equity method

(2) Name and summary of transferred business

Company Name: MORI SEIKI (UK) LIMITED, MORI SEIKI FRANCE SAS,

MORI SEIKI ITALIANA S.R.L., MORI SEIKI ESPANA, S.A.

Business: Sales and service of machining centers, CNC lathe, and other products

(3) The purpose of the transfer

The company, based on the contract for investment in kind effective on March 26, 2012, investigated in kind four consolidated subsidiaries, which are responsible for sales and service of the group's products in European countries, to DMG MORISEIKI Europe AG, a joint corporation of the company and GILDEMEISTER, and in return, we acquire shares accounting to 40% of their shares. Likewise, GILDEMEISTER investigated in kind their subsidiaries to the joint corporation, and acquires shares accounting to 60% of our shares.

This transfer will enable the Company to consolidate its sales and service operations with DMG. DMG has a strong presence in European markets and the Company believes that the consolidation of the two companies' sales and service platforms will facilitate sales growth for the Company's products in the region.

(4) The datum date of transfer

January 1, 2012

(5) Summary of other transaction including legal form

Gildemeister and the company contribute their subsidiaries' share in kind to DMG MORI SEIKI EUROPE AG. And they gain its share as a consideration

2 Summary of accounting method

The Company accounted for the transfer under "Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008)" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, December 26, 2008)."

Equity method-treasury stock profit is 3,257 million yen.

3 Name of segment transferred business belonged

Europe

(Per share information)

Items	Previous consolidated fiscal year (April 1, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Net assets per share	848.74yen	852.31yen
Net loss (-) per share	11.83yen	51.13yen
Net income per share after deduction of latent stocks	11.62yen	50.22yen

(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, 2010 to March 31, 2011)	Current consolidated fiscal year (April 1, 2011 to March 31, 2012)
Net income per share		
Net income (million yen)	1,307	5,619
Amount not belonging to common stockholders (million yen)	—	—
Net income on common stock (million yen)	1,307	5,619
Average number of common stocks in the fiscal year (thousand stocks)	110,582	109,908
Diluted net income per share		
Adjustment of net income	—	—
Increase of common stocks	1,987	1,987
(convertible bond with warrants)	(1,987)	(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).	The company's bond with warrants as stock-option 2 kinds (12,790). consolidated subsidiaries' bond with warrants as stock-option 1 kind (535).

(Important subsequent event)

The company has decided to construct a plant in Tianjin, China in the board meeting held on May 7, 2012. The details are as follows.

1. Reasons for plant construction
To cope with the growing demands for machine tools in China, we have decided to construct a plant in Tianjin aiming to shorten the delivery time by manufacturing machines at a closer location to customers and reduce logistics cost from Japan as well as manufacturing cost.
We also continue operating MORI SEIKI (SHANGHAI) CO. LTD., our local subsidiary, in Shanghai, China, as a base of selling products manufactured at the plant in Tianjin.

2. Outline of plant construction
(1) Location: West zone, Tianjin Economic-Technological Development Area,
Tianjin, China
(2) Site area: Approx. 90,000 ㎡
(3) Building area: Approx. 24,000 ㎡ (plan for the first stage)
(4) Startup: September, 2013
(5) Total investment: Approx. 4 billion yen (plan for the first stage)
(6) Production items: NC machine tools and peripheral equipment
(7) Production capacity: 100 units / month (plan for the first stage)
(8) Employees: 200 employees (plan for the first stage)

3. Influence on our business results
We assume slight influence on our business results in March, 2013, associated with the plant construction.

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

None