May 10, 2013

Summary of Consolidated Financial and Business Results for the Fiscal Year 2012 (to March 31, 2013)〔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 10, 2013.)

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 17, 2013	Expected payment date of cash dividends	June 18, 2013
Expected date of filing the financial statements	June 17, 2013		

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 2012 (April 1, 2012 to March 31, 2013)

(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 2012	148,559	-4.4	4,134	-39.1	5,005	-15.4	5,170	-8.0
Fiscal Year 2011	155,320	29.0	6,788	—	5,915	943.4	5,619	329.8

(Note) Comprehensive profit Fiscal Year 2012 12,016 million yen(229.1%) Fiscal Year 2011 3,651 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 2012	47. 27	47. 07	5.3	2.7	2.8
Fiscal Year 2011	51. 13	50. 22	6.0	3.3	4.4

(Reference) Equity-method earnings Fiscal Year 2012 680 million yen Fiscal Year 2011 -264 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2012	186,653	104,481	55.0	938. 53
Fiscal Year 2011	185,419	94,718	50.3	852. 31

(Reference) Equity capital Fiscal Year 2012 102,659 million yen Fiscal Year 2011 93,230 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 2012	21,421	-10,089	-10,085	6,268
Fiscal Year 2011	8,616	-22,079	10,872	4,532

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 2011	—	10. 00	—	10. 00	20. 00	2,212	39.1	2.4
Fiscal Year 2012	—	10. 00	—	10. 00	20. 00	2,212	42.3	2.3
Fiscal Year 2013 (Forecast)	—	10. 00	—	10. 00	20. 00		31.3	

３．Consolidated earnings forecast for Fiscal Year 2013 (April 1, 2013 to March 31, 2014)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year 2013	155,000	4.3	7,000	69.3	7,500	49.8	7,000	35.4	63.99

※ Note

(1) Change of significant subsidiaries during the fiscal year (increase/decrease in the scope of consolidation)　No

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

① Changes along the revision of accounting standard, etc　Yes

② Changes mentioned other than mentioned in ①　No

③ Changes accounting estimate　Yes

④ Revision and change of display　No

Consolidated Financial Statements. For details, please refer to “(5) Notes (Consolidated balance sheet)” under “3.Consolidated financial statements” on page 26

(3) Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the fiscal year (Including treasury stocks)	Fiscal year 2012	118,475,312shares	Fiscal year 2011	118,475,312shares
② Treasury stocks at the end the fiscal year	Fiscal year 2012	9,091,233shares	Fiscal year 2011	9,090,403shares
③ Average number of common stocks in the fiscal year	Fiscal year 2012	109,384,622shares	Fiscal year 2011	109,908,999shares

(Reference) Unconsolidated Financial results

1．Unconsolidated business results for fiscal year 2012 (April 1, 2012 to March 31, 2013)

(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 2012	100,020	-7.6	3,776	3.0	4,917	28.9	4,188	167.7
Fiscal Year 2011	108,282	22.8	3,668	―	3,814	209.1	1,565	-12.1

	Net income per share	Diluted net income per share
	yen	yen
Fiscal Year 2012	37．87	37．72
Fiscal Year 2011	14．15	13．90

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year 2012	166,948	98,527	58.8	887．05
Fiscal Year 2011	175,127	96,097	54.6	864．85

(Reference) Total Shareholders' equity Fiscal Year 2012 98,107 million yen Fiscal Year 2011 95,653 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 2013 (Forecast), see "(2)Forecast for FY 2012" page 7.

We will upload additional explanation on May 10, 2013.

Index of the Attachment

1. Analysis of management performance and consolidated financial status

(1) Business results for FY 2012

During the consolidated fiscal year ended March 31, 2013, the machine tool industry experienced a decline in inquiries and orders in the first half of the year, mainly due to concerns over the impact of financial instability in Europe, the economic slowdown in China and the continued appreciation of the Japanese yen. In the second half of the year, however, a gradual upward trend was observed, with the yen beginning to weaken and Japan's stock market surging. Although the industry's total order value for FY2012 released by the Japan Machine Tool Builders' Association declined by 13.1% from the previous fiscal year, the Mori Seiki Group has seen positive signs in some markets, such as an increasing number of inquiries in Europe and the continuing strong demand in the Americas. Driven by this trend, the Mori Seiki group has been actively implementing sales activities in an effort to further increase our order intake.

In this business environment, Mori Seiki signed the Cooperation Agreement with GILDEMEISTER AG (hereinafter, GILDEMEISTER) in March 2013 with the aim of further reinforcing capital and business collaboration between the two companies. To strengthen capital ties, the ratio of the number of shares held by Mori Seiki to the total number of voting shares issued by GILDEMEISTER will be increased up to 24.9% while GILDEMEISTER will have a right to increase its shareholding ratio to the total number of shares issued by Mori Seiki up to 10.1%. Both companies have already used "DMG MORI SEIKI" in the global market as their common brand name. Now that the name has become widely recognized across the world, Mori Seiki will change its company name to "DMG MORI SEIKI Co., Ltd." after obtaining approvals at this year's shareholders' meeting and making modifications to the Articles of Incorporation.

Mori Seiki and GILDEMEISTER have already integrated their sales operations in the U.S.A., Japan, Europe and Asia. In China we have obtained legal authorization based on the Antimonopoly Law, and hosted a joint booth at CIMT 2013 held in April 2013 in Beijing, which marked the first joint exhibition in China.

As for sales and service, Mori Seiki announced in January its plan to construct the DMG / MORI SEIKI Tokyo Solution Center in Shiomi, Koto-ku, Tokyo. The solution center will house a showroom to exhibit about 30 machine tools from both companies. Also it will offer opportunities to develop new machining technologies in tandem with our customers while serving as a customer support base where customers who purchased 5-axis machines can acquire the latest 5-axis machining techniques. Our existing Tokyo branch office, presently located in front of the Shinagawa Station, will move to the new building, and the department engaged in promoting sales collaboration with GILDEMEISTER will also have an office in it.

In March 2013 B.U.G. Inc., one of Mori Seiki group companies, became a wholly owned subsidiary of Mori Seiki. With B.U.G. as the Mori Seiki's software development hub, we will further reinforce our development strength.

As for products, DIXI machines, a Switzerland-based wholly owned subsidiary of Mori Seiki, developed the DIXI 210 super high-precision machine in conjunction with GILDEMEISTER and unveiled it at the open house of GILDEMEISTER's Pfronten factory which took place in January 2013. The DIXI 210 is the world's largest super high-precision machine and was developed by combining DIXI's high levels of technical skills with GILDEMEISTER's engineering expertise. The machine is particularly suitable for customers requiring extremely high machining accuracy. Also in January, Mori Seiki launched the NHX6300 as a new model in the popular NHX series of high-precision, high-speed horizontal machining centers. Featuring unparalleled rigidity and agility, the MHX6300 provides powerful heavy-duty cutting, shorter non-cutting time and greater productivity. Mori Seiki will continue to provide products that are highly functional, reliable and worthy of investment to cater to a wide range of customers' needs.

As for production, the construction of our new plant in Tianjin, China, is well under way and the facility is expected to be operational in September 2013. Establishing production plants overseas allows us to manufacture machine tools closer to our customers, resulting in shorter delivery time and reduction in overhead costs including logistics cost from Japan and production costs. We expect that the Tianjin plant will help expand our sale in China. Additionally, the Tianjin plant will also play an important role as a production base of machine components that are used in our plants in Japan and the U.S.A.

Under these circumstances, our consolidated sales were 148,559 million yen (down 4.4% from previous fiscal year), consolidated operating profit was 4,134 million yen (down 39.1% from previous fiscal year), consolidated ordinary profit was 5,005 million yen (down 15.4% from previous fiscal year) and consolidated net profit was 5,170 million yen (down 8.0% from previous fiscal year).

Business trends and results by geographical segment are summarized as follows:

In Japan, inquiries from the automotive and infrastructure/housing industries remained strong whereas orders from the construction machinery and semiconductor sectors were on a downward trend. Sales were 124,359 million yen (down 4.8% from previous fiscal year) and segment profit was 4,717 million yen (up 7.4% from previous fiscal year).

In the Americas, orders from the automotive and aircraft industries remained at a high level. Sales were 48,993 million yen (up 7.2% from previous fiscal year) and segment loss was 995 million yen (previous fiscal year: segment profit of 1,188 million yen).

In Europe, the number of inquiries as a whole increased steadily, especially in the automotive industry. Sales were 28,670 million yen (down 18.6% from previous fiscal year) and segment loss was 62 million yen (previous fiscal year: segment profit of 836 million yen).

In Asia, orders from the automotive, natural resource and energy sectors were trending upward, and in China, inquiries from the automotive and agricultural machinery showed a steady trend. Sales were 24,665 million yen (up 1.1% from previous fiscal year) and segment loss was 2 million yen (previous fiscal year: segment profit of 305 million yen).

Consolidated

(Million yen)

	64th term FY2011	65th term FY2012	Change
Sales	155,320	148,559	-6,761
Operating income	6,788	4,134	-2,654
Ordinary income	5,915	5,005	-909
Net income	5,619	5,170	-449

Unconsolidated

(Million yen)

	64th term FY2011	65th term FY2012	Change
Sales	108,282	100,020	-8,262
Operating income	3,668	3,776	108
Ordinary income	3,814	4,917	1,102
Net income	1,565	4,188	2,623

(2)Forecast for FY 2013

As for our future business environment, the strong demand in the Americas and China is expected to continue.

The Mori Seiki Group will work on building development, manufacturing, sales and service systems that enable us to provide products and services needed by customers in a timely manner while implementing various measures to further improve our financial standing.

The business forecast (consolidated) for the next fiscal year is as follows:

(Million yen)

	Full year (consolidated)
Sales	155,000
Operating income	7,000
Ordinary income	7,500
Net income	7,000

* The average yen-U.S. dollar market rate is set at 95 yen = U.S. $1.00

**The average yen-Euro market rate is set at 125 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 built a new production base to meet customers’ request for shorter lead time, and started 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 MSQP (Mori Seiki Qualified Products), we offer the ideal solutions for our customers’ machining challenges.

② Strengthening cooperation with GILDEMEISTER

It has been four years since Mori Seiki and GILDEMEISTER started business and capital collaboration in March 2009. The two companies have consolidated the sales activities in the main sales and service platforms of the machine tool industry which are Europe, the Americas and Japan, and we are gaining a significantly high market presence as “DMG/MORI SEIKI” in the areas. With regard to production and development, we entered into a license agreement with GILDEMEISTER for horizontal machining centers and lathes, 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 in an effort to improve production efficiency. In the next consolidated fiscal year, we will enhance the capital relationship between the two and change our trade name so that it can match the brand name of our products.

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 13.1% compared to the previous fiscal year to 74,739 million yen. That was mainly because Notes and accounts receivable decreased by 6,911 million yen and Inventories decreased by 5,332 million yen.

Fixed assets increased by 12.6% compared to the previous fiscal year to 111,914 million yen. That was mainly because Tangible fixed assets increased by 7,226 million yen and investment securities increased by 4,345 million yen.

As a result, total assets increased by 0.7% compared to the previous fiscal year to 186,653 million yen.

- Liabilities

Current liabilities decreased by 16.7% compared to the previous fiscal year to 44,253 million yen. That was mainly because Accounts payable-trade decreased by 1,625 million yen, Short-term bank loans decreased by 4,848 million yen and Accrued payments decreased by 1,843 million yen.

Fixed liabilities increased by 0.8% compared to the previous fiscal year to 37,918 million yen.

As a result, total liabilities decreased by 9.4% compared to the previous fiscal year to 82,172 million yen.

- Net assets

Total net assets increased by 10.3% compared to the previous fiscal year to 104,481 million yen. The major reason for the increase was that we paid cash dividend of 2,212 million yen while posting a Net income of 5,170 million yen and increase of 5,907 million yen in Translation adjustments

B. Cash flows during fiscal year 2012

(million yen)

	64th term Fiscal Year 2011	65th term Fiscal Year 2012	Change
Cash flows from operating activities	8,616	21,421	12,804
Cash flows from investing activities	-22,079	-10,089	11,990
Cash flows from financing activities	10,872	-10,085	-20,958
Cash and cash equivalents at the end of the year	4,532	6,268	1,735

Cash and cash equivalents at the end of FY 2012 were 6,268 million yen, an increase of 1,735 million yen from the previous fiscal year.

Factors which affected the cash flows for FY 2012 are shown below.

- Cash flows from operating activities

  Net cash provided in operating activities was 21,421 million yen (8,616 million yen was provided in the previous fiscal year).

  The main increasing factors are 5,637 million and 6,584 million yen Income before income taxes and Depreciation and amortization, and 6,344 million and 6,683 million yen decrease in Accounts receivable and Inventories. The main decreasing factors are decrease in Accounts payable of 2,018 million yen and 1,957 million yen decrease in Foreign exchange gains.

- Cash flows from investing activities

  Net cash used in investing activities was 10,089 million yen (22,079 million yen was used in the previous fiscal year). This is mainly due to proceeds from Transfer of business of 1,783 million yen, Purchases of tangible fixed assets of 9,928 million yen, and Purchases of Intangible assets of 1,993 million yen.

- Cash flows from financing activities

  Net cash used in financing activities was 10,085 million yen (10,872 million yen was provided in the previous fiscal year).

  The main decreasing reason is net decrease in Short-term bank loans of 4,848 million yen, Redemption of bonds with subscription rights to shares of 2,583 million yen and Cash dividends of 2,219 million yen.

C. Trends in cash flow related indexes

	62nd term Fiscal Year 2009	63rd term Fiscal Year 2010	64th term Fiscal Year 2011	65th term Fiscal Year 2012
Shareholders' equity ratio (%)	66.8	54.6	50.3	55.0
Shareholders' equity ratio at fair value (%)	88.4	63.9	50.2	65.1
Cash flow to interest bearing loans ratio (%)	—	—	731.1	272.4
Interest coverage ratio (times)	—	—	16.0	39.2

(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 2012/2013

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 2012, 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 2013, 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, integrated mill turn centers 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, a compact machining center and the DIXI 210, a 5-axis machine with drastically improved volumetric accuracy. With these machines, we are aiming to develop new customer bases.
With regard to the production system, we define our domestic plants as the mother plants and will continuously work on the improvement of quality and productivity. In November 2012 we had a grand opening of the U.S. plant, where the production of horizontal machining centers which are in high demand in the U.S. will be concentrated to increase the market share. In 2013 we will also start the operation of another plant in Tianjin, China. As the market in which value-added products and service are high in demand has been gradually on the rise as a result of economic growth of emerging countries, customer needs for our

machines are becoming increasingly high. We are continuously committed to promoting our production development at locations closer to our customers on an as-needed basis.

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. Since FY 2011 we consolidated our sales and service activities at the GILDEMEISTER's largest sales platform, Europe, and it started to achieve positive results this year. In the future, we, in corporation with GILDEMEISTER, will further expand the consolidation in emerging countries including China, Russia and Brazil to establish a solid sales and service system more than ever.

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

(4) Challenges facing the company

① Product development

Our product development in FY 2012 focused on enhancement of the X-class lineup that consists of our flagship models including lathes, machining centers and integrated mill turn centers. The X-class models, each of which was launched during FY 2010 to FY 2011, have achieved the total sales of 5,000 units. With their high precision machining and excellent cutting performance, the X-class models have successfully grown to become our leading products. In FY 2013 we plan on enhancing options such as automation, aiming to make the models further advanced and attractive.

In FY 2012, we started a joint development of new lathes, the CTX eco series, with DILDEMEISTER; and further and continuous cooperation with them will bring about efficient product development for both companies.

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 aim to produce our products by paying careful attention to every detail. We also focus on keeping quality of products which will be produced at the Tianjin plant in China from this fall as high as that of domestically manufactured products in the same way we do for the U.S. plant-manufactured products. 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 a high-ranked priority.

④ Compliance with the Law

Regarding compliance with the law, our board members themselves give explicit instructions to all employees on implementation of our corporate activities in thorough compliance with the law and corporate ethics. We also increase directors' and employees' awareness of the law by planning and conducting training on a regular basis. For greater globalization of our business, we strive for establishing a system to comply with the law in overseas as well as in Japan. With the Internal Auditing Department in the key role, we have already established a system to regularly monitor our compliance with the law, so we will continuously work on strengthening our internal control.

3．Consolidated financial statements

（1）Consolidated balance sheet

（Amount：million yen）

	At the end of the previous consolidated fiscal year (March 31, 2012)		At the end of the current consolidated fiscal year (March 31, 2013)	
(Assets)				
Current Assets				
Cash and deposits		4,549		6,287
Notes and accounts receivable	※4	31,735	※4	24,824
Securities		101		—
Goods and products		16,263		12,195
Work in process		7,571		7,189
Raw material and supplies		19,438		18,555
Deferred income taxes		2,158		2,742
Consumption taxes receivable		511		430
Other		3,898		2,744
Allowance for doubtful receivables		-199		-230
Total current assets		86,028		74,739
Fixed assets				
Tangible fixed assets				
Buildings and structures, net	※1, 9	24,194	※1, 9	26,094
Machinery, equipment and vehicles, net	※1, 9	4,496	※1, 9	5,989
Land	※6	18,717	※6	21,774
Lease assets, net	※1,9	3,896	※1,9	3,995
Construction in progress		1,370		1,882
Other, net	※1	2,886	※1	3,052
Total tangible fixed assets		55,562		62,788
Intangible fixed assets				
Goodwill		1,066		666
Other		4,812		5,245
Total Intangible fixed assets		5,878		5,912
Investments and other assets				
Investment securities	※5	36,021	※5	40,367
Long-term prepaid expenses		140		310
Long-term loans receivable		—		132
Deferred income taxes		370		944
Other	※5	1,416	※5	1,459
Total investments and other assets		37,949		43,213
Total fixed assets		99,390		111,914
Total assets		185,419		186,653

	At the end of the previous consolidated fiscal year (March 31, 2012)	At the end of the current consolidated fiscal year (March 31, 2013)
(Liabilities)		
Current liabilities		
Accounts payable-trade	10,702	9,077
Short-term bank loans	※7,8 28,778	※7,8 23,929
Current portion of bonds with subscription rights to shares	2,583	—
Lease obligations	334	428
Accrued payments	5,699	3,855
Accrued expenses	1,689	1,583
Advances received	980	1,894
Accrued income taxes	462	981
Accrued consumption taxes	67	75
Deferred income taxes	47	249
Allowance for product warranties	837	832
Allowance for bonuses	195	168
Other	715	1,177
Total current liabilities	53,094	44,253
Fixed liabilities		
Bonds payable	30,000	30,000
Lease obligations	3,882	3,986
Deferred income taxes	1,418	1,400
Deferred income taxes on land revaluation reserve	※6 1,485	※6 1,485
Allowance for retirement benefits	341	222
Long-term accounts payable-other	406	748
Asset retirement obligations	63	62
Other	8	13
Total fixed liabilities	37,606	37,918
Total liabilities	90,701	82,172
(Net assets)		
Shareholders' equity		
Capital	41,132	41,132
Capital surplus	53,863	53,863
Retained earnings	15,312	18,270
Treasury stock	-11,742	-11,743
Total shareholders' equity	98,565	101,523
Other comprehensive profit		
Net unrealized holding gain on securities	2,132	2,616
Net unrealized gains/loss on derivative instruments	104	185
Revaluation reserve for land	※6 1,759	※6 1,759
Translation adjustments	-9,331	-3,423
Total other comprehensive profit	-5,335	1,136
Stock acquisition rights	466	434
Minority interests	1,021	1,386
Total net assets	94,718	104,481
Total liabilities and net assets	185,419	186,653

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

Consolidated statement of income

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Net sales	155,320	148,559
Cost of sales	※1 105,950	※1 104,393
Gross profit	49,370	44,165
Selling, general and administrative expenses	※2,3 42,581	※2,3 40,031
Operating income	6,788	4,134
Non-operating income		
Interest income	58	34
Dividend income	227	318
Exchange gain	49	756
Equity in earnings of affiliates	―	680
Other	278	261
Total of Non-operating income	614	2,052
Non-operating expenses		
Interest expense	542	544
Fees and commissions	158	189
Equity in losses of affiliates	264	―
Other	521	446
Total of Non-operating expenses	1,487	1,180
Ordinary income	5,915	5,005
Extraordinary income		
Gain on sales of fixed assets	※4 28	※4 14
Gain on sales of investment securities	―	6
Gain on reversal of subscription rights to shares	8	24
Gain on transfer of business	576	288
Gain on liquidation of subsidiaries	135	―
Insurance income	―	554
Gain on change in equity	3,257	―
Total of Extraordinary income	4,005	887
Extraordinary loss		
Loss on sales of fixed assets	※5 23	※5 3
Loss on disposal of fixed assets	※6 78	※6 16
Impairment loss	※7 3	※7 107
Loss on valuation of investment securities	200	―
Loss on valuation of other investments	2	8
Restructuring costs for business structure	※1 2,221	―
Loss on disaster	※1 599	―
Retirement benefit expenses	88	105
Loss on cancel of lease contracts	―	15
Total of Extraordinary loss	3,219	256

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Income before income taxes and minority interests	6,702	5,637
Income taxes	916	802
Income taxes deferred	-110	-680
Total of Income taxes	805	122
Income before minority interests	5,896	5,514
Minority interests in income	276	344
Net income	5,619	5,170

Statement of comprehensive profit

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Income before minority interests	5,896	5,514
Other comprehensive profit		
Net unrealized holding gain on securities	1,115	477
Net unrealized gains/loss on derivative instruments	-476	―
Revaluation reserve for land	213	―
Translation adjustments	-91	2,303
Share of other comprehensive income of associates accounted for using equity method	-3,006	3,720
Total of other comprehensive profit	※1 -2,244	※1 6,501
Comprehensive profit	3,651	12,016
Contents		
Comprehensive income attributable to owners of the parent	3,399	11,642
Comprehensive income attributable to minority interests	251	373

（3） Consolidated Statement of changes in stockholders' equity

(Amount：million yen)

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
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	—
Total changes in the current term	-0	—
Balance at the end of the current fiscal year	53,863	53,863
Retained earnings		
Balance at beginning of the year	11,910	15,312
Changes in the current term		
Dividend	-1,106	-1,106
Interim dividend	-1,106	-1,106
Current net income	5,619	5,170
Decrease resulting from newly consolidated subsidiaries	-5	—
Total changes in the current term	3,402	2,958
Balance at the end of the current fiscal year	15,312	18,270
Treasury stock		
Balance at beginning of the year	-10,545	-11,742
Changes in the current term		
Purchases of treasury stock	-0	-0
Sales of treasury stock	0	—
Increase in equity in affiliates accounted for by application of equity method	-1,197	—
Total changes in the current term	-1,197	-0
Balance at the end of the current fiscal year	-11,742	-11,743

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Total amount of shareholders' equity		
Balance at beginning of the year	96,360	98,565
Changes in the current term		
Dividend	-1,106	-1,106
Interim dividend	-1,106	-1,106
Current net income	5,619	5,170
Purchases of treasury stock	-0	-0
Sales of treasury stock	0	—
Decrease resulting from newly consolidated subsidiaries	-5	—
Increase in equity in affiliates accounted for by application of equity method	-1,197	—
Total changes in the current term	2,204	2,957
Balance at the end of the current fiscal year	98,565	101,523
Other comprehensive profit		
Net unrealized holding gain on securities		
Balance at beginning of the year	1,463	2,132
Changes in the current term		
Net Changes of items other than shareholders' equity	669	483
Total changes in the current term	669	483
Balance at the end of the current fiscal year	2,132	2,616
Net unrealized gain/loss on derivative instruments		
Balance at beginning of the year	476	104
Changes in the current term		
Net Changes of items other than shareholders' equity	-371	80
Total changes in the current term	-371	80
Balance at the end of the current fiscal year	104	185
Land valuation reserve		
Balance at beginning of the year	1,545	1,759
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	1,759	1,759

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Translation adjustments		
Balance at beginning of the year	-5,989	-9,331
Changes in the current term		
Net Changes of items other than shareholders' equity	-3,342	5,907
Total changes in the current term	-3,342	5,907
Balance at the end of the current fiscal year	-9,331	-3,423
Total other comprehensive profit		
Balance at beginning of the year	-2,505	-5,335
Changes in the current term		
Net Changes of items other than shareholders' equity	-2,829	6,472
Total changes in the current term	-2,829	6,472
Balance at the end of the current fiscal year	-5,335	1,136
Stock acquisition rights		
Balance at beginning of the year	469	466
Changes in the current term		
Net Changes of items other than shareholders' equity	-3	-31
Total changes in the current term	-3	-31
Balance at the end of the current fiscal year	466	434
Minority interests		
Balance at beginning of the year	1,003	1,021
Changes in the current term		
Net Changes of items other than shareholders' equity	18	364
Total changes in the current term	18	364
Balance at the end of the current fiscal year	1,021	1,386
Total net assets		
Balance at beginning of the year	95,328	94,718
Changes in the current term		
Dividend	-1,106	-1,106
Interim dividend	-1,106	-1,106
Current net income	5,619	5,170
Purchases of treasury stock	-0	-0
Sales of treasury stock	0	—
Decrease resulting from newly consolidated subsidiaries	-5	—
Increase in equity in affiliates accounted for by application of equity method	-1,197	—
Net changes of items other than shareholders' equity	-2,814	6,805
Total changes in the current term	-610	9,763
Balance at the end of the current fiscal year	94,718	104,481

（4） Consolidated statement of cash flows

(Amount：million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Operating activities		
Income before income taxes	6,702	5,637
Depreciation and amortization	6,725	6,584
Loss on sales of fixed assets	23	3
Loss on disposal of fixed assets	78	16
Impairment loss	3	107
Gain on sales of fixed assets	-28	-14
Loss (gain) on sales of investment securities	－	-6
Loss on valuation of investments in securities	200	－
Loss on valuation of other investments	2	8
Restructuring costs for business structure	2,221	－
Gain on reversal of subscription rights to shares	-8	-24
Amortization of goodwill	459	369
Share-based compensation expenses	5	－
Bond issuance cost	147	－
Loss (gain) on transfer of business	-576	-288
Loss (gain) on change in equity	-3,257	－
Insurance income	－	-554
Equity in earnings/losses of affiliates	264	-680
Increase (decrease) in allowance for bonuses	72	-27
Increase (decrease) in allowance for doubtful receivables	79	38
Increase (decrease) in allowance for retirement benefits	133	-125
Increase (decrease) in allowance for product warranties	-76	-5
Interest and dividend income	-286	-353
Interest expense	542	544
Foreign exchange losses (gains)	609	-1,957
Increase (decrease) in accounts receivable	1,461	6,344
Increase (decrease) in inventories	-8,369	6,683
Increase (decrease) in accounts payable	-785	-2,018
Increase (decrease) in consumption tax receivable	-113	81
Increase (decrease) in accrued consumption tax	-3	7
Increase (decrease) in other accrued payments	1,179	-1,442
Other	2,374	2,531
Sub-total	9,783	21,460
Interest and dividend income received	286	580
Interest paid	-538	-546
Income taxes paid	-913	-432
Proceeds from insurance income	－	554

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Premium of employees' pension fund paid	—	-193
Net cash provided in operating activities	8,616	21,421

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Investing activities		
Increase (decrease) in time deposits	-12	—
Sales of tangible fixed assets	273	111
Purchases of tangible fixed assets	-8,208	-9,928
Purchases of intangible fixed assets	-1,812	-1,993
Proceeds from sales of investment securities	—	113
Purchase of investment securities	-60	-0
Proceeds from redemption of securities	—	201
Purchases of stock of subsidiaries and affiliates	-11,655	—
Payments for investments in capital of subsidiaries and affiliates	—	-202
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-49	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	24
Proceeds from transfer of business	※2 1,131	※2 1,783
Payments for transfer of business	-1,505	—
Purchases of stock from minority shareholders	-234	-87
Other	54	-111
Net cash used by Investing activities	-22,079	-10,089
Financing activities		
Increase (decrease) in short-term bank loans, net	-16,394	-4,848
Proceeds from sales of treasury stock	0	—
Purchases of treasury stock	-0	-0
Proceeds from issuance of bonds	29,852	—
Redemption of bonds with subscription rights to shares	—	-2,583
Cash dividends	-2,212	-2,219
Cash dividends paid to minority shareholders	-0	-14
Other	-372	-420
Net cash (provided) used in financing activities	10,872	-10,085
Effect of exchange rate changes on cash equivalents	-293	488
Decrease in cash and cash equivalents	-2,883	1,735
Cash and cash equivalents at beginning of the year	7,414	4,532
Increase in cash and cash equivalents from newly consolidated subsidiaries	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 4,532	※1 6,268

（5）Notes (Consolidated balance sheet)

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

None.

(Changes of Accounting policy)

(Change of Method for Calculating Depreciation)

The company and its domestic consolidated subsidiaries changed the method for calculating depreciation for the tangible fixed assets gained on April 1, 2012 or later, based on the revised corporate tax low. As a result, operating income, ordinary income and income before income taxes and minority interests of the current consolidated fiscal year increased by 123 million yen, respectively, as compared with each of those calculated in the conventional method.

(Consolidated balance sheet)

※1 Accumulated depreciation for tangible fixed assets

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
	71,352	75,821

※2 Guaranty of liabilities

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Guaranty of liabilities for customer paying lease fee	2,276	2,881
The Company has provided a bank with the letter of awareness on the bank loans of its associates (MG Finance GmbH).	2,469	8,248

※3 Balance of transfer of accounts receivable-trade

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
	―	4,396

※4 Account processing for matured bills as of the end of consolidated fiscal year

Account processing for matured bills as of the end of consolidated fiscal year is usually done on the clearing date. However, as the end of current consolidated fiscal year happened to be a holiday of financial institutions, matured bills as of the end of the next consolidated fiscal year are included in the balance at the end of current consolidated fiscal year.

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Notes	108	54

※5 Related to unconsolidated subsidiaries and associates.

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Investments in securities (Stocks)	25,388	29,570
Investments and other assets other (Equity fund)	394	486

※6 Revaluation its land for operational usage.

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

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
deferred income taxes on land revaluation reserve	1,485	1,485
land revaluation reserve	1,759	1,759
Difference between fair value at the end of the term and the book	-3,677	-3,833

※7 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.

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Lines of credit	16,050	16,050
Short-term loans utilized	5,828	8,459
Available credit	10,221	7,590

※8 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.

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Committed lines of credit	50,000	50,000
Short-term loans utilized	22,950	15,470
Available credit	27,050	34,530

※9 Committed line-of-credit agreements

Advanced depreciation deducted from acquisition price is as follows.

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Buildings and structures	45	45
Machinery, equipment and vehicles	25	25
Lease assets	136	136
Total	207	207

(Consolidated profit and loss)

※1 Following loss on revaluation of inventories included in cost of sales, since inventories were devaluated because of decrease profitability. And 1,270 million yen of loss on revaluation of inventories and 211 million yen of that are included in Business structure improvement expenses and Loss on disaster in the previous fiscal year.

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
	1,478	1,539

※2 Principal expense items included in sales and global administrative expenses are below;

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Freightage expenses	6,221	5,218
Salary and bonus	11,424	10,979
Research and development expenditures	3,506	2,733
Allowance for product warranties	-18	-3
Allowance for doubtful receivables	26	40
Allowance for bonuses	99	111

※3 Total of research and development expenditures.(General administrative expenditure)

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
	3,506	2,733

※4 Details of gain on sales of fixed assets

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Buildings and structures	10	0
Machinery, equipment and vehicles	17	13
Other (fixture and furniture)	0	1
Total	28	14

※5 Details of loss on sales of fixed assets

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Buildings an structures	0	―
Machinery, equipment and vehicles	20	2
Land	0	―
Other (fixture and furniture)	1	0
Total	23	3

※6 Details of loss on disposal of fixed assets

(Million yen)

	The previous consolidated fiscal year(April 1, 2011 to March 31, 2012)	The current consolidated fiscal year(April 1, 2012 to March 31, 2013)
Buildings and structures	42	0
Machinery, equipment and vehicles	5	8
Other (software)	4	0
Other (fixture and furniture)	26	6
Total	78	16

※7 Loss on impairment of fixed assets

The consolidated companies recognized loss on impairment of fixed assets as follows;

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

Company	Location	Use	Classification	Million yen
Taiyo Koki Co.,Ltd	Nagaoka,Niigata	Idle	Building, land	3

（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.

（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）

The net selling value is applied to recoverable amounts and it is calculated based on the real estate appraisal amounts.

The current consolidated fiscal year (April 1, 2012 to March 31, 2013)

Company	Location	Use	Classification	Million yen
B.U.G., Inc.	—	—	Goodwill	107

（Background）

In the current consolidated fiscal year B.U.G. Inc., a consolidated subsidiary of Mori Seiki, became a wholly owned subsidiary of Mori Seiki, and its company name has been changed to B.U.G. MORI SEIKI CO., LTD. since April 1, 2013. As the B.U.G.'s main business was shifted to research and development of Mori Seiki products, the entire amount of goodwill has been recognized as an impairment loss.

(Grouping)

Mori Seiki and its consolidated subsidiaries basically group their assets by operating department. In the manufacturing department, assets are grouped by plant.

(Calculation method of recoverable amounts)

Recoverable amounts on goodwill as shown in the above table are measured taking its value in use as zero.

(Statement of comprehensive profit)

Current consolidated fiscal year (April 1, 2012 to March 31, 2013)

※1 Adjustment and Income tax relating to other comprehensive income

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Net unrealized holding gain on securities		
This fiscal year	1,503 million yen	308 million yen
Adjustment	200 million yen	-6 million yen
Before tax effect	1,704 million yen	302 million yen
Tax effect	-588 million yen	175 million yen
Net unrealized holding gain on securities	1,115 million yen	477 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	2,303 million yen
Adjustment	185 million yen	—
Translation adjustments	-91 million yen	2,303 million yen
Share of other comprehensive income of associates accounted for using equity method		
This fiscal year	-2,983 million yen	3,721 million yen
Adjustment	—	31 million yen
Before tax effect	-2,983 million yen	3,752 million yen
Tax effect	-22 million yen	-32 million yen
Share of other comprehensive income of associates accounted for using equity method	-3,006 million yen	3,720 million yen
Total of other comprehensive profit	-2,244 million yen	6,501 million yen

(Consolidated statement of changes in shareholders' equity)

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

1 Shares issued and outstanding, Treasury stock

	The beginning of this fiscal year	Increase	Decrease	The end of the current fiscal year
Shares issued and outstanding				
Common stock	118,475,312	—	—	118,475,312
Total	118,475,312	—	—	118,475,312
Treasury stock				
Common stock ※1,2	7,893,507	1,196,905	9	9,090,403
Total	7,893,507	1,196,905	9	9,090,403

※1 1,196,905 increase of common stock in treasury stock consists of 1,196,364 increase from application of equity method and 541 purchases of stocks under minimum unit.

※2 9 decrease of common stock in treasury stock consists of selling purchases of stocks under minimum unit.

2 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
	Stock acquisition rights as stock option	—	—	—	—	—	45
Consolidated subsidiary	Stock acquisition rights as stock option	—	—	—	—	—	21
Total			—	—	—	—	466

3 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 15, 2012 Shareholders' meeting	Common stock	Retained earnings	1,106	10	March 31, 2012	June 18, 2012

Current consolidated fiscal year (April 1, 2012 to March 31, 2013)

1 Shares issued and outstanding, Treasury stock

	The beginning of this fiscal year	Increase	Decrease	The end of the current fiscal year
Shares issued and outstanding				
Common stock	118,475,312	—	—	118,475,312
Total	118,475,312	—	—	118,475,312
Treasury stock				
Common stock ※1	9,090,403	830	—	9,091,233
Total	9,090,403	830	—	9,091,233

※1 830 increase of common stock in treasury stock consists of 830 purchases of stocks under minimum unit.

2 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	―	―	―	―	―	373
	Stock acquisition rights as stock option	―	―	―	―	―	45
Consolidated subsidiary	Stock acquisition rights as stock option	―	―	―	―	―	15
Total			―	―	―	―	434

3 Dividends

(1) Dividends paid

Resolution	Types of shares	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 15, 2012 Shareholders' meeting	Common stock	1,106	10	March 31, 2012	June 18, 2012
October 30, 2012 Board meeting	Common stock	1,106	10	September 30, 2012	December 3, 2012

(2) Dividends, which the cutoff date was in the year ended March 31, 2013, and the effective date of which will be in the year ending March 31, 2014

Resolution	Types of shares	Item	Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 17, 2013 Shareholders' meeting	Common stock	Retained earnings	1,106	10	March 31, 2013	June 18, 2013

(Consolidated statement of cash flows)

※1 Cash and cash equivalents as of the fiscal year end are reconciled to the accounts reported in the consolidated balance sheets

	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Cash and cash equivalents	4,549 million yen	6,287 million yen
Time deposits with maturities of more than three months	-17 million yen	-19 million yen
Cash and cash equivalents at the end of the fiscal year	4,532 million yen	6,268 million yen

※2 Principal assets decreased and liabilities by transfer of business

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

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.

The current consolidated fiscal year (April 1, 2012 to March 31, 2013)

1,783 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 1,443 million yen.

※3 Details of significant non-monetary transactions

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

The amount of assets and liabilities for finance lease transactions in the current consolidated fiscal year are respectively 302 million yen.

The current consolidated fiscal year (April 1, 2012 to March 31, 2013)

The amount of assets and liabilities for finance lease transactions in the current consolidated fiscal year are respectively 260 million yen.

(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

The accounting method for reportable segments is generally the same as the contents stated in “Rules for preparing consolidated financial statements.”

The reportable segment income is based on the operating income.

The operating revenue inside the group is calculated based on the value which was decided taking into account the market price.

(Change of Method for Calculating Depreciation)

The company and its domestic consolidated subsidiaries changed the method for calculating depreciation for the tangible fixed assets gained on April 1, 2012 or later, based on the revised corporate tax law. As a result, the segment income of the current consolidated fiscal year in Japan increased by 123 million.

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

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

	Japan (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/loss	4,390	1,188	836	305	6,719
Segment Assets	140,964	19,778	43,855	8,065	212,663

Current consolidated fiscal year (April 1, 2012 to March 31, 2013)

	Japan (million yen)	The Americas (million yen)	Europe (million yen)	Asia and Oceania (million yen)	Total (million yen)
Operating Revenues					
Outside customers	50,733	47,636	26,898	23,292	148,559
Inside group	73,625	1,357	1,772	1,373	78,129
Total	124,359	48,993	28,670	24,665	226,689
Segment Income	4,717	-995	-62	-2	3,657
Segment Assets	121,529	25,393	45,712	10,996	203,631

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

Income	Fiscal year 2011 (million yen)	Fiscal year 2012 (million yen)
Total	6,719	3,657
Elimination of unrealized income	68	476
Income on consolidated financial statements	6,788	4,134

Assets	Fiscal year 2011 (million yen)	Fiscal year 2012 (million yen)
Total	212,663	203,631
Assets	10,141	10,424
Adjustment of unrealized income	-2,803	-1,440
Elimination of transaction inside group	-34,582	-25,962
Assets on consolidated financial statements	185,419	186,653

(Company combination)

Transfer in the companies' subsidiary

1 Outline of separation of business

(1) Name of receiver

DMG Spare Parts GmbH

(2) Contents of separated business

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

(3) Main reason for transfer

This transfer is intended to facilitate the smooth supply of machine tool components and expand the sales of our products across Europe by taking advantage of the know-how and network of GILDEMEISTER.

(4) The datum date of transfer

March 20, 2012

(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 288 million yen

(2) Proper price of Inventories on balance sheet related transfer business

1,443 million yen

3 Name of segment transferred business belonged

Europe

(Per share information)

Items	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Net assets per share	852.31yen	938.53yen
Net loss (-) per share	51.13yen	47.27yen
Net income per share after deduction of latent stocks	50.22yen	47.07yen

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

Items	The previous consolidated fiscal year (April 1, 2011 to March 31, 2012)	The current consolidated fiscal year (April 1, 2012 to March 31, 2013)
Net income per share		
Net income (million yen)	5,619	5,170
Amount not belonging to common stockholders (million yen)	—	—
Net income on common stock (million yen)	5,619	5,170
Average number of common stocks in the fiscal year (thousand stocks)	109,908	109,384
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 (12,790). consolidated subsidiaries' bond with warrants as stock-option 1 kind (535).	The company's bond with warrants as stock-option 2 kinds (12,335). consolidated subsidiaries' bond with warrants as stock-option 1 kind (379).

(Important subsequent event)

DMG / MORI SEIKI USA is pleased to announce Tyler Machine Tool Company will join the machine tool builder as a direct sales organization as of April 1, 2013.

Tyler Machine Tool, with offices in Seabrook, NH, and South Windsor, CT, has represented Mori Seiki Ltd (now DMG / MORI SEIKI) for more than 35 years. Herb Tyler founded the family-owned business in 1977. According to Glenn Tyler, Vice President of Tyler Machine Tool, the current organization and staff of 38 well remain intact at both New England locations, as well the Tyler company name. “Nothing will change regarding day-to-day operations,” Tyler said. “But this will definitely be a big win for the customers because of the additional resources and closer working relationship we will have with both the builders and the factories.”

Mark Mohr, President of DMG / MORI SEIKI USA, says manufacturers can expect an even higher level of support through this new organization. “Tyler Machine Tool is very highly respected distributor in New England. Bringing the success of that team under the umbrella of DMG / MORI SEIKI helps us to achieve a truly seamless organization, directly connected to the customer.” Tyler Machine Tool Company provides sales, engineering and support for DMG and MORI SEIKI machine tools in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. DMG / MORI SEIKI engineers and builds extremely reliable machine tools that are distributed worldwide.

(1) Outline of combination of company

Name and contents of purchased company

Name: Tyler Machine Tool Co., Inc.

Contents: Sales of Mori Seiki machine tools

(2) Amount and detail of assets and debt accepted on the date of combination

Not decided yet

(3) Amount, reason, method of depreciation and period of depreciation

Not decided yet

4. Other

None