

Results of Operations for the Fiscal Year Ended March 31, 2006
REPORTED BY KOMORI CORPORATION

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Company name: KOMORI CORPORATION
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Board of Directors Meeting: May 15, 2005

U.S. GAAP: Not applied

1. Consolidated Business Results for Fiscal 2006 (April 1, 2005 to March 31, 2006)

(1) Results of operations (In millions of yen rounded down)

	Year ended March 31, 2006	%	Year ended March 31, 2005	%
Net Sales	126,863	13.5	111,822	8.1
Operating Income	9,974	10.2	9,049	28.2
Ordinary Income	12,362	26.4	9,783	54.4
Net Income	7,875	25.4	6,282	53.9

	Year ended March 31, 2006	Year ended March 31, 2005
Net Income per Share (Yen)	111.87	87.39
Diluted Net Income per Share (Yen)	-	79.15
ROE (%)	5.3	4.4
ROA (%)	5.9	4.7
Ordinary Income to Net Sales Ratio (%)	9.7	8.7

Notes:

- Equity in net income of affiliated companies accounted for by the equity method:

Year ended March 31, 2006	-
Year ended March 31, 2005	-
- Average number of shares outstanding during the period (consolidated):

Year ended March 31, 2006	70,011,055 shares
Year ended March 31, 2005	71,435,435 shares
- Changes in accounting methods: None
- Percentage figures accompanying consolidated net sales, operating income, ordinary income and net income indicate the percentage increase / decrease from the previous fiscal year.

(2) Financial Position (In millions of yen unless otherwise stated)

	Year ended March 31, 2006	Year ended March 31, 2005
Total Assets	206,967	211,345
Shareholders' Equity	150,597	144,224
Shareholders' Equity Ratio (%)	72.8	68.2
EPS (Yen)	2,167.30	2,048.25

Note: Number of shares outstanding (consolidated) as of:

March 31, 2006	69,466,194 shares
March 31, 2005	70,394,302 shares

(3) Summary of statements of cash flows (In millions of yen rounded down)

	Year ended March 31, 2006	Year ended March 31, 2005
Cash Flows from Operating Activities	10,084	9,962
Cash Flows from Investing Activities	(2,103)	3,196
Cash Flows from Financing Activities	(25,125)	(10,196)
Cash and Cash Equivalents at the end of the Period	28,916	45,509

(4) Scope of Consolidation and Application of the Equity Method	
Number of consolidated subsidiaries:	16
Number of non-consolidated subsidiaries accounted for by the equity method:	-
Number of affiliated companies accounted for by the equity method:	-
(5) Changes in the Scope of Consolidation and Application of the Equity Method:	
Newly consolidated companies:	1
Excluded consolidated companies	-
Newly affiliated companies accounted for by the equity method:	-
Excluded affiliated companies accounted for by the equity method:	-

2. Forecast of Operating Results for the Fiscal Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(In millions of yen)		
	Six months ending Sep. 30, 2006	Year ending March 31, 2007
Net Sales	66,500	136,000
Ordinary Income	5,300	12,500
Net Income	3,100	7,900

(Reference) Net income per share for the fiscal year ending March 31, 2007 is forecast to be 113.72 yen.

The aforementioned forecasts are based on management's assumptions and beliefs in light of the information currently available to it and accordingly involve risks and uncertainties that may cause actual results to differ materially from forecasts. These uncertainties include, but are not limited to, changes in economic conditions, market trends, changes in foreign currency exchange rates and other factors. For further information on the aforementioned forecasts, please refer to page 8 of the supplementary data attached.

MANAGEMENT POLICIES

1. Basic Management Policy

Underpinned by its sound management practice and quality technical expertise, Komori Corporation contributes to the development and prosperity of society by providing products and services in the printing equipment field that appeal to its extensive range of global customers. The Company's goal is to consistently deliver "KANDO" (impression beyond expectations) to its customers.

In every facet of its business activities, Komori is committed to harmonious coexistence with the environment, while engendering the trust and fulfilling the expectations of all stakeholders, including shareholders, customers, business partners, employees and their families and the communities in which the Company serves.

2. Basic Policy on the Appropriation of Profits

In the context of retained earnings, Komori adopts a long-term perspective based on the fundamental objectives of ensuring a sound management platform and continuous business growth. Against this backdrop, the Company has positioned the consistent payment of a stable dividend to shareholders as a key priority of management. Guided by this policy, Komori makes every effort to achieve a dividend payout ratio of 30%. At the same time, the Company acknowledges the acquisition of treasury stock as a means to further increase shareholder value and improve shareholder returns. Accordingly, Komori is considering opportunities to retire treasury stock based on the balance of existing holdings and its overall capital policy.

For fiscal 2006, the fiscal year ended March 31, 2006, Komori intends to pay its year-end dividend of ¥13 per common share, an increase of ¥2. This was approved by the Company's Board of Directors and will be proposed at the Company's 60th Annual General Meeting of Shareholders.

3. Basic Policy Regarding the Reduction of the Company's Investment Trading Unit

Komori maintains a policy of reviewing its share-trading unit with the aims of enhancing liquidity and broadening the Company's shareholder base. The company will look positively at reducing the trading unit based on a number of considerations, including the share price, shareholder composition, an analysis of the costs and benefits, the Company's financial position and a variety of other factors.

4. Management Targets

Financial targets identified in the Company's three-year medium-term management plan, which ended in the fiscal year under review, were (1) operating income as a percentage of net sales (ROS) of 10% or greater and (2) ordinary income as a percentage of average total assets (ROA) of 6% or greater. In its new medium-term management plan, Komori has again identified a ROS

target of 10% or greater. The Company's ROA target has been revised to 7% or greater.

5. Medium-Term Management Strategies and Pending Issues

In October 2003, Komori formulated its medium-term management plan based on two core strategies, namely to increase profitability and reinforce financial position.

From the perspective of increasing profitability, Komori strove to reduce costs, cut back fixed expenses and enhance productivity. Against a target of 10% or greater, ROS for the fiscal year under review was 7.9%, impacted by the increase in selling, general and administrative costs. While ROS improved from 5.6% in the plan's base year, the Company regrettably failed to achieve its target. Going forward, as the Tsukuba Plant becomes fully operational, Komori is anticipating further cost rationalization and a reduction in lead times. On this basis, the Company expects to achieve its original target.

In working to reinforce its financial position, Komori identified an ROA target of 6% or greater and the strategic objective of reducing interest-bearing debt by ¥40.0 billion. During the three year period, the Company successfully reduced interest-bearing debt by ¥47.9 billion, exceeding its original target. In addition, Komori was effectively able to meet the goal set for ROA.

Based then on the results and outstanding issues of the previous medium-term management plan, Komori formulated a new three-year plan that commenced on April 1, 2006. The basic strategies and targets of the plan are as follows.

Basic Strategies:

1. To become a truly global company
2. To establish a management system and human resource training programs as a global company
3. To reinforce its earnings and financial position

Numerical Targets:

- Consolidated net sales: ¥150.0 billion or greater
- ROS: 10% or greater
- ROA: 7% or greater

Challenging Issues:

1. To establish a quality assurance system
2. To promote product planning and development
3. To realize comprehensive cost reduction
4. To pursue human resource training (management and overseas personnel)
5. To realize a global 24-hour service structure

In an effort to resolve pending issues and achieve Group targets, Komori has formulated an action plan in conjunction with each operating division. In promoting this plan, Komori will endeavor to expand its business scope and improve its operating results.

6. Matters Relating to Transactions with Parent Company

Komori does not have a parent company, and accordingly, there are no applicable transactions to report.

7. Other Important Issues Relating to the Company's Management

There were no other important matters relating to the Company's management to report.

REVIEW OF OPERATIONS AND FINANCIAL CONDITION

1. Review of Operations

(1) Overview

Despite concerns surrounding the possible impact from the sharp increase in crude oil and other material prices, the Japanese economy in fiscal 2006 remained steady on the back of improved corporate earnings, which contributed to increased capital expenditure and a recovery in personal consumption.

Overseas, the U.S. economy showed signs of expansion. While conditions were clouded by the impact of a large-scale hurricane, personal consumption drove moderate economic recovery, buoyed by continued improvement in the employment environment. Europe enjoyed an economic upswing fueled by strong export activity. In Asia, overall conditions were robust, with particularly high rates of growth seen in China.

During the fiscal year under review, the printing industry, Komori's primary market, exhibited the following investment expenditure trends. In Japan, the market remained firm, as companies renewed aging equipment. Healthy capital expenditure carried through from the previous fiscal year as companies strove to enhance productivity, establish competitive advantage and secure additional added value. Overseas, demand was robust, with the exception of China, where growth stalled, impacted by the difficulties in getting exemption of import duty and tax.

(2) Consolidated Performance

Against this backdrop, Komori worked to expand sales of strategic products with the addition of LITHRONE S40SP, a double-sided press, to the LITHRONE S40 series. Efforts also encompassed the compact SPICA 26P/29P and newly released SPICA 29P-W sheet-fed offset presses, and SYSTEM 35S/38S and SYSTEM 35/38 web offset presses. In particular, the Company made every effort to secure orders at printing exhibitions, including China Print 2005, an exhibition held in Beijing in May 2005; PRINT 05, held in Chicago in September 2005; and JGAS 2005, held in Tokyo in October 2005. As a result, Komori received orders in excess of expectations.

Accounting for these factors, orders received in fiscal 2006 increased 14.3% compared with the previous fiscal year to ¥136,909 million. Net sales rose 13.5% to ¥126,863 million, while ordinary income climbed 26.4% to ¥12,362 million. Net income for the fiscal year under review increased 25.4% year on year to ¥7,875 million. Overseas sales rose 12.9% to ¥81,103 million, representing 63.9% of total net sales.

Information by Business Segment

(In millions of yen, %)

	Fiscal 2006	Fiscal 2005	Increase (Decrease)
Printing equipment	108,509	93,230	16.4%
Other	18,354	18,592	(1.3)%
Total	126,863	111,822	13.5%

(3) Information by Geographic Segment

(In millions of yen, %)

	Fiscal 2006	Fiscal 2005	Increase (Decrease)
Net Sales	126,863	111,822	13.5%
Japan	45,760	39,974	14.5%
The Americas	28,708	23,161	23.9%
Europe	28,382	24,501	15.8%
Asia	17,051	19,231	(11.3)%
Other regions	6,961	4,953	40.5%

Domestic Sales

The economic environment remained steady, on the back of robust capital expenditure, as companies looked to renew aging equipment, secure competitive advantage and rationalize production. Under these circumstances, demand for sheet-fed offset presses and web offset presses was strong. In specific terms, the Company enjoyed healthy demand for sheet-fed offset presses that offer one-pass printing and high-value-added options such as inline coating functions, and web offset presses from distributors of free papers, mail-order and publishing companies. Continuing from the previous fiscal year, results were strong for equipment that contributed to productivity improvement. In the fiscal year under review, sales in Japan rose 14.5% compared with fiscal 2005.

The Americas

Amid a positive economic environment, demand for facility renewal remained strong. During PRINT 05, an exhibition held in September 2005, orders received surpassed expectations, contributing to the overall increase in sales. In fiscal 2006, sales in Central and South America surged 83.5% year on year. Sales growth across the Americas as a whole was up a healthy 23.9% compared with the previous fiscal year.

Europe

Demand continued to slump in Western European countries, including Germany, England and France. In neighboring countries and regions where printing costs are competitive, printing-related capital expenditure increased. As a result, sales, particularly in Eastern Europe, jumped 193.4%.

Overall sales in Europe climbed 15.8% year on year.

Asia

In the Chinese market, the government's tight monetary policy and the removal of tax and duty exemptions contributed to a 17.9% drop in sales. Sales growth in Korea and India, on the other hand, was substantial, limiting the overall decline in sales across Asia to 11.3% compared with the previous fiscal year.

Other Regions

Throughout the fiscal year under review, the trend toward a shift of printing work away from Western Europe continued. Demand in the Middle East, particularly in Turkey, was steady. Sales in the Oceania region improved 35.4%, while results in Africa more than tripled, rising 369.3% compared with the previous fiscal year. Accounting for these factors, sales in other regions increased 40.5% year on year.

(4) Outlook

Looking ahead, overall conditions across global economies are expected to remain positive. Caution, however, is warranted in light of uncertainties surrounding the impact of movements in crude oil prices and exchange rates, as well as the impact of additional interest rate increases in Europe and the United States.

Against this backdrop, the Komori Group will leverage its participation in various printing equipment exhibitions throughout 2006, including IPEX2006, to be held in Birmingham, UK in April, All in Print China 2006, scheduled for June in Shanghai, JGAS 2006, in Tokyo in September and GRAPH EXPO, to be held in Chicago in October. Through these exhibitions, the Company will promote its outstanding lineup of products and systems with the aim of achieving its sales targets. As the first year of its new medium-term management plan, the Komori Group will also redouble efforts to achieve identified targets and maintain a unified front in increasing operating results. As we work toward implementing our core strategies, the Komori Group seeks the continued support and understanding of its shareholders.

Forecasts of consolidated results for the fiscal year ending March 31, 2007 are as follows.

(In billions of yen, %)

Net sales	136.0	YoY	7.2%
Operating income	13.5	YoY	35.4%
Ordinary income	12.5	YoY	1.1%
Net income	7.9	YoY	0.3%

Forecasts are based on exchange rate assumptions as follows:

USD 1.00 = ¥115; Euro 1.00 = ¥135.

The aforementioned forecasts are based on management's assumptions and beliefs in light of the information currently available to it and accordingly involve risks and uncertainties that may cause actual results to differ materially from forecasts. These uncertainties include, but are not limited to the following:

- Sudden and significant changes in economic conditions in the Company's principal markets
- Movements in foreign currency exchange rates and, in particular, the exchange rate of the U.S. dollar and euro

The Komori Group's operating structure is susceptible to movements in exchange rates, with more than 60% of its total sales generated overseas. While the Group utilizes forward foreign exchange rate contracts as a hedge against exchange rate movements, a major shift in foreign exchange markets may substantially impact the Group's operating results.

- Sudden and significant changes in product supply and demand
- Movements in the Japanese stock market

2. Financial Condition

Consolidated cash flows are summarized as follows.

(In millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Period
Fiscal 2006	10,084	(2,103)	(25,125)	28,916
Fiscal 2005	9,962	3,196	(10,196)	45,509
Increase (Decrease)	121	(5,299)	(14,929)	(16,592)

Net cash provided by operating activities amounted to ¥10,084 million, an increase of ¥121 million compared with the previous fiscal year. Major cash outflows were increases in notes and accounts receivable and inventories, in line with robust orders and sales. Major cash inflows were an increase in notes and accounts payable and income before income taxes.

Net cash used in investing activities totaled ¥2,103 million. In the fiscal year under review, the Company recorded payments for the purchase of property, plant and equipment mainly in connection with second-phase construction on the Tsukuba Plant and undertook sales of investments in securities to effect the redemption of convertible bonds.

Net cash used in financing activities was ¥25,125 million, an increase of ¥14,929 million. This is mainly attributed to the redemption of convertible bonds and repayment of debt, as well as the increase in treasury stock and payment of cash dividends.

As a result of the aforementioned activities, cash and cash equivalents at the end of the

fiscal year declined ¥16,592 million to ¥28,916 million.

3. Risk Factors

The Komori Group's business performance and financial condition are subject to a number of business and other risks. Risks that may significantly impact the Group include the following:

- (1) The Komori Group's ratio of overseas sales to total sales is in excess of 60% and accordingly is subject to movements in foreign exchange currency rates. While the Group's principal markets are the United States, Europe and Asia, Komori does not rely on any particular region for its business. In addition, the Company works to reduce risk through the application of foreign exchange forward contracts. Komori does, however, recognize that significant and volatile movements in foreign exchange rates may adversely affect its business performance.
- (2) The Komori Group is a specialized manufacturer of printing presses, primarily engaged in the manufacture, sales and repair of offset presses. Historically, demand for printing presses is impacted by economic conditions and trends, although a slight time lag often exists. In other words, capital investment is significantly subdued in periods of economic downturn. Accordingly, in the event of a major recession in the Company's principal markets of Japan, Europe, the United States and Asia, Komori's performance may be significantly affected.
- (3) In the printing press market, additional services such as providing finance are integral to securing competitive advantage. To this end, the Company on occasion provides a debt guarantee to lease companies and banks for customers who have purchased its products. While the Company maintains a reserve for possible loan loss on doubtful accounts based on historic data and individual assessment of each transaction, Komori's performance may be impacted by customer bankruptcy due to factors such as economic recession.

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2006		March 31, 2005		Increase / Decrease
		%		%	
(ASSETS)					
I Current Assets:	134,562	65.0	143,804	68.0	(9,242)
Cash on hand and bank deposits	30,186		47,913		(17,726)
Notes and accounts receivable---trade	58,734		54,797		3,937
Marketable securities	73		312		(239)
Inventories	37,121		35,084		2,037
Deferred income taxes	5,817		4,732		1,085
Other current assets	4,103		1,837		2,266
Allowance for doubtful accounts	(1,475)		(872)		(603)
II Fixed Assets:	72,405	35.0	67,540	32.0	4,864
1. Tangible Fixed Assets:	35,881	17.3	33,974	16.1	1,906
Buildings and structures	11,197		8,347		2,849
Machinery and equipment	5,048		4,371		676
Land	18,292		18,922		(629)
Construction in progress	136		1,354		(1,217)
Other tangible fixed assets	1,206		977		228
2. Intangible Fixed Assets	838	0.4	1,442	0.7	(603)
3. Investments and Advances:	35,685	17.3	32,124	15.2	3,561
Investments in securities	15,323		13,661		1,662
Long-term loans	593		510		82
Long-term deferred income taxes	625		1,873		(1,247)
Insurance fund	12,566		14,930		(2,363)
Rehabilitation and related receivables	558		603		(45)
Long-term deposits	5,500		-		5,500
Other investments and advances	1,039		1,070		(31)
Allowance for doubtful accounts	(521)		(526)		5
Total Assets	206,967	100.0	211,345	100.0	(4,377)

Notes:

(In millions of yen unless otherwise stated)

	<u>March 31, 2006</u>	<u>March 31, 2005</u>
1. Accumulated depreciation	38,992	37,666
2. Contingent liabilities	27,051	27,014
3. Treasury stock (shares)	2,626,146 4,217	4,198,038 6,091

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2006		March 31, 2005		Increase / Decrease
		%		%	
(LIABILITIES)					
I. Current Liabilities:	<u>51,332</u>	24.8	<u>63,579</u>	30.1	<u>(12,246)</u>
Notes and accounts payable---trade	28,561		25,006		3,555
Short-term bank loans	1,525		1,806		(280)
Current portion of long-term debt	417		796		(379)
Current portion of convertible bonds	-		19,993		(19,993)
Income taxes payable	2,736		2,340		396
Accrued bonuses to employees	1,069		989		80
Reserve for product warranty	2,358		1,498		859
Reserve for loss on guarantees	2,021		1,680		341
Deferred profit on installment sales	460		519		(59)
Other current liabilities	12,180		8,947		3,232
II. Long-Term Liabilities:	<u>5,037</u>	2.4	<u>3,541</u>	1.7	<u>1,496</u>
Long-term debt	491		1,360		(869)
Accrued retirement benefits for directors and statutory auditors	431		429		1
Accrued retirement benefits for employees	1,000		115		884
Deferred income taxes	2,869		1,556		1,312
Other long-term liabilities	245		79		165
Total Liabilities	56,370	27.2	67,120	31.8	(10,750)
(MINORITY INTERESTS)					
Minority interests	-	-	-	-	-
(SHAREHOLDERS' EQUITY)					
I. Common stock	37,714	18.2	37,714	17.8	-
II. Additional paid-in capital	37,871	18.3	37,797	17.8	74
III. Retained earnings	75,384	36.4	73,057	34.6	2,326
IV. Unrealized gain on available-for-sale securities	4,519	2.2	2,262	1.1	2,256
V. Cumulative translation adjustment	(675)	(0.3)	(516)	(0.2)	(158)
	154,814	74.8	150,316	71.1	4,498
VI. Treasury stock	(4,217)	(2.0)	(6,091)	(2.9)	1,874
Total Shareholders' Equity	150,597	72.8	144,224	68.2	6,373
Total Liabilities, Minority Interests and Shareholders' equity	206,967	100.0	211,345	100.0	(4,377)

Consolidated Statements of Income

(In millions of yen)

	Fiscal 2006 (April 1, 2005 to March 31, 2006)		Fiscal 2005 (April 1, 2004 to March 31, 2005)		Increase / Decrease
		%		%	
I. Net Sales	126,863	100.0	111,822	100.0	15,040
II. Cost of Sales	84,616	66.7	75,904	67.9	8,711
Reversal from deferred profit on installment sales	192	0.1	333	0.3	(141)
Transfer to deferred profit on installment sales	132	0.1	72	0.0	59
Gross profit	<u>42,305</u>	33.3	<u>36,178</u>	32.4	<u>6,127</u>
III. Selling, General and Administrative Expenses	32,331	25.4	27,129	24.3	5,202
Operating income	<u>9,974</u>	7.9	<u>9,049</u>	8.1	<u>925</u>
IV. Non-Operating Income	3,837	2.9	2,874	2.5	963
Interest and dividend income	791		719		71
Gain on sales of marketable securities	295		-		295
Gain on investment in monetary trusts	-		325		(325)
Gain on insurance fund	286		177		108
Gain on foreign exchange	1,988		1,196		792
Other non-operating income	475		455		20
V. Non-Operating Expenses	1,449	1.1	2,140	1.9	(690)
Interest expenses	349		649		(299)
Interest expenses on bonds	59		119		(59)
Loss on disposal of obsolete inventories	92		99		(7)
Loss on redemption of marketable securities	0		1		(1)
Loss on sale of investments in securities	-		424		(424)
Litigation settlement expenses	138		101		36
Compensation for damages	568		270		297
Loss on devaluation of inventories	134		-		134
Other non-operating expenses	107		473		(365)
Ordinary income	<u>12,362</u>	9.7	<u>9,783</u>	8.7	<u>2,578</u>
VI. Extraordinary Income	638	0.5	655	0.6	(16)
Gain on sale of fixed assets	13		5		7
Gain on sales of investment in securities	354		309		45
Reversal of allowance for doubtful accounts	219		318		(99)
Other extraordinary income	50		21		29
VII. Extraordinary Losses	2,325	1.8	489	0.4	1,836
Loss on disposal of fixed assets	49		400		(351)
Impairment loss on fixed assets	665		-		665
Plant relocation expenses	205		-		205
Transfer to allowance for doubtful accounts	756		-		756
Initial transition loss for retirement benefits	631		-		631
Other extraordinary losses	<u>16</u>		<u>88</u>		<u>(72)</u>
Income before income taxes	10,675	8.4	9,948	8.9	726
Income taxes - current	3,922	3.1	3,092	2.8	830
Refund of previous year's income taxes	(1,372)	(1.1)	-	-	(1,372)
Income taxes - deferred	<u>249</u>	0.2	<u>574</u>	0.5	<u>(324)</u>
Net income	<u>7,875</u>	6.2	<u>6,282</u>	5.6	<u>1,593</u>

(English translation of "KESSAN TANSIN" originally issued in Japanese language.)

Consolidated Statements of Shareholders' Equity

(In millions of yen)

	Fiscal 2006 (April 1, 2005 to March 31, 2006)		Fiscal 2005 (April 1, 2004 to March 31, 2005)		Increase / Decrease
(CAPITAL SURPLUS)					
Capital surplus at the beginning of the period		37,797		37,797	-
Increase in capital surplus					
Gain on sale of treasury stock	74	74	-	-	74
Capital surplus at the end of the period		37,871		37,797	74
(RETAINED EARNINGS)					
Retained earnings at beginning of the period		73,057		68,098	4,959
Increase in retained earnings					
Net income	7,875	7,875	6,282	6,282	1,593
Decrease in Retained Earnings					
Cash dividends	1,548		1,291		
Directors' bonus	39		30		
Retirement of treasury stock	3,961	5,548	-	1,322	4,226
Retained earnings at the end of the period		75,384		73,057	2,326

Consolidated Statements of Cash Flows

(In millions of yen)

	Fiscal 2006 (April 1, 2005 to March 31, 2006)	Fiscal 2005 (April 1, 2004 to March 31, 2005)
I. Cash Flows from Operating Activities:		
Income before income taxes	10,675	9,948
Depreciation and amortization	2,314	2,273
Impairment loss	665	-
Increase (decrease) in allowance for doubtful accounts	549	(4,569)
Increase in accrued bonuses to employees	80	10
Increase in accrued retirement benefits	860	60
Interest and dividend income	(791)	(719)
Interest expenses	409	769
Foreign exchange gain	(2,510)	(1,703)
Directors' bonuses paid	(39)	(30)
(Gain) loss on sales of investments in securities	(650)	115
Loss on redemption of marketable securities	0	1
Income from cancellation and expiration of insurance fund	(286)	(177)
(Increase) decrease in notes and accounts receivable	(916)	3,317
Increase in inventories	(979)	(3,718)
Increase in notes and accounts payable	2,765	3,131
Decrease in other receivables	565	4,873
Others, net	(193)	136
Subtotal	12,520	13,718
Interest and dividends earned	762	721
Interest paid	(412)	(770)
Income taxes paid	(2,786)	(3,705)
Net cash provided by operating activities	10,084	9,962
Cash Flows from Investing Activities:		
Payments of time deposits	(11,582)	(4,653)
Proceeds from maturity of time deposits	7,216	5,163
Payments for purchase of marketable securities	(0)	(0)
Proceeds from sale of marketable securities	209	-
Proceeds from redemption of marketable securities	128	510
Payments for purchase of tangible and intangible fixed assets	(3,545)	(3,088)
Proceeds from sale of tangible and intangible fixed assets	379	249
Payments for purchase of investments in securities	(451)	(1,461)
Proceeds from sale of investments in securities	3,011	4,387
Payments for purchase of other investments	(3,164)	(2,006)
Proceeds from maturity of other investments	5,778	2,815
Increase in loans receivable	(220)	-
Collection of loans	137	20
Proceeds from monetary trusts	-	1,258
Net cash (used in) provided by investing activities	(2,103)	3,196
Cash Flows from Financing Activities:		
Increase in short-term debt	2,238	5,382
Repayment of short-term debt	(2,457)	(10,270)
Repayment of long-term debt	(1,351)	(1,404)
Payments for redemption of bonds	(19,993)	-
Payments for acquisition and retirement of treasury stock	(2,012)	(2,611)
Cash dividends paid	(1,548)	(1,291)
Net cash used in financing activities	(25,125)	(10,196)
Effect of exchange rate changes on cash and cash equivalents	551	273
Net (decrease) increase in cash and cash equivalents	(16,592)	3,236
Cash and cash equivalents at the beginning of the period	45,509	42,241
Cash and cash equivalents from newly consolidated subsidiaries	-	31
Cash and Cash equivalents at the end of the period	28,916	45,509

Note: Relationship between the balance of cash and cash equivalents at the end of the period and cash on hand and bank deposits reported in the consolidated balance sheets.

	March 31, 2006	March 31, 2005
Cash on hand and bank deposits	30,186	47,913
Short-term investment with original maturities exceeding three months	(1,270)	(2,404)
Cash and Cash equivalents	28,916	45,509

Consolidated Segment Information

1. Information by Business Segment

The Komori Group is primarily engaged in a single business activity, namely the Manufacture, sale and repair of printing presses. As a result, information by business segment has been omitted

2. Information by Geographic Segment

Fiscal 2006 (April 1, 2005 to March 31, 2006)

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
I. Net Sales and Operating Income							
Net Sales							
(1) Sales to outside customers	58,476	25,837	36,431	6,118	126,863	-	126,863
(2) Intersegment sales	41,034	76	1,403	47	42,562	(42,562)	-
Total	99,510	25,914	37,834	6,166	169,425	(42,562)	126,863
Operating Expenses	90,721	24,641	37,304	5,959	158,627	(41,738)	116,888
Operating Income (Loss)	8,789	1,272	529	206	10,798	(823)	9,974
II. Assets	179,578	29,292	36,997	3,201	249,069	(42,102)	206,967

Fiscal 2005 (April 1, 2004 to March 31, 2005)

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
I. Net Sales and Operating Income							
Net Sales							
(1) Sales to outside customers	53,889	21,206	30,986	5,740	111,822	-	111,822
(2) Intersegment sales	31,628	47	1,009	37	32,723	(32,723)	-
Total	85,518	21,254	31,996	5,777	144,546	(32,723)	111,822
Operating Expenses	77,711	20,659	31,757	5,593	135,723	(32,949)	102,773
Operating Income (Loss)	7,806	594	238	183	8,822	226	9,049
II. Assets	169,258	25,252	34,516	2,326	231,353	(20,008)	211,345

3. Overseas Sales

Overseas sales and the proportion of overseas sales to total consolidated sales are as follows:

Fiscal 2006 (April 1, 2005 to March 31, 2006)

(In millions of yen)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	28,708	28,382	17,051	6,961	81,103
(2) Consolidated sales	-	-	-	-	126,863
(3) Ratio of overseas sales	% 22.6	% 22.4	% 13.4	% 5.5	% 63.9

Fiscal 2005 (April 1, 2004 to March 31, 2005)

(In millions of yen)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	23,161	24,501	19,231	4,953	71,848
(2) Consolidated sales	-	-	-	-	111,822
(3) Ratio of overseas sales	% 20.7	% 21.9	% 17.2	% 4.4	% 64.3

Securities

Fiscal 2006 (April 1, 2005 to March 31, 2006)

1. Available-for-sale marketable securities as of March 31, 2006

(In millions of yen)

Amount stated on consolidated balance sheet	Valuation difference included in profit and loss
-	-

2. Held-to-maturity debt securities with fair value

Not applicable.

3. Other securities with fair value

(In millions of yen)

	Acquisition Cost	Amount Stated on Consolidated Balance Sheets	Difference
Securities for which the amount stated on consolidated balance sheets exceeds their acquisition costs			
1. Stocks	4,113	11,547	7,434
2. Debt securities and bonds	-	-	-
3. Other	1,732	1,893	161
Subtotal	5,845	13,441	7,595
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets			
1. Stocks	523	514	(9)
2. Debt securities and bonds	10	9	0
3. Other	600	596	(3)
Subtotal	1,133	1,120	(13)
Total	6,979	14,561	7,582

4. Held-to-maturity debt securities sold during the fiscal period

Not applicable.

5. Other securities sold during the fiscal period

(In millions of yen)

Sales Amount	Total Profit from Sale	Total Loss from Sale
3,313	714	64

6. Other securities without fair value

(1) Held-to-maturity debt securities

(In millions of yen)

Details	Amount Stated on Consolidated Balance Sheets
1. Unlisted foreign debt securities	-
Total	-

(2) Other marketable securities

(In millions of yen)

Details	Amount Stated on Consolidated Balance Sheets
1. Unlisted stocks (excluding over-the-counter stocks)	337
2. Preferred equities	300
3. Voluntary fund partnerships	197
Total	834

7. Projected future redemption after consolidated accounts settlement date of held-to-maturity debt securities and securities with maturities

(In millions of yen)

	Less than one year	1 to 5 years	5 to 10 years	Longer than 10 years
1. Debt securities				
Corporate bonds	-	9	-	-
Other	-	-	-	-
2. Other	73	215	-	13
Total	73	225	-	13

Fiscal 2005 (April 1, 2004 to March 31, 2005)

1. Available-for-sale marketable securities as of March 31, 2005

(In millions of yen)

Amount stated on consolidated balance sheet	Valuation difference included in profit and loss
-	-

2. Held-to-maturity debt securities with fair value

Not applicable.

3. Other securities with fair value

(In millions of yen)

	Acquisition Cost	Amount Stated on Consolidated Balance Sheets	Difference
Securities for which the amount stated on consolidated balance sheets exceeds their acquisition costs			
1. Stocks	2,962	6,523	3,561
2. Debt securities and bonds	10	10	0
3. Other	3,517	3,921	404
Subtotal	6,489	10,454	3,965
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets			
1. Stocks	1,387	1,265	(122)
2. Debt securities and bonds	-	-	-
3. Other	1,298	1,251	(47)
Subtotal	2,686	2,516	(169)
Total	9,176	12,971	3,795

4. Held-to-maturity debt securities sold during the fiscal period

Not applicable.

5. Other securities sold during the fiscal period

(In millions of yen)

Sales Amount	Total Profit from Sale	Total Loss from Sale
4,147	349	462

6. Other securities without fair value

(1) Held-to-maturity debt securities

(In millions of yen)

Details	Amount Stated on Consolidated Balance Sheets
1. Unlisted foreign debt securities	-
Total	-

(2) Other marketable securities

(In millions of yen)

Details	Amount Stated on Consolidated Balance Sheets
1. Unlisted stocks (excluding over-the-counter stocks)	316
2. Investment trusts (MMF, FFF)	209
3. Preferred equities	300
4. Voluntary fund partnerships	175
Total	1,001

7. Projected future redemption after consolidated accounts settlement date of held-to-maturity debt securities and securities with maturities

(In millions of yen)

	Less than one year	1 to 5 years	5 to 10 years	Longer than 10 years
1. Debt securities				
Corporate bonds	-	10	-	-
Other	-	-	-	-
2. Other	102	1,115	247	-
Total	102	1,125	247	-

Important Matters that Form the Basis for Compiling Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries 16

(2) Non-consolidated subsidiaries 1

(3) Reason for exclusion of non-consolidated subsidiary from the scope of consolidation

The non-consolidated subsidiary, Komori Kosan Co., Ltd., is a small-scale company and was excluded from the scope of consolidation since its combined assets, net sales, net income and shareholders' equity were immaterial in relation to the interim consolidated financial statements.

2. Application of the Equity Method

The non-consolidated subsidiary has no significant impact on net income and retained earnings, and is relatively insignificant overall. Accordingly, Komori does not apply the equity method, but accounts for the non-consolidated subsidiary using the cost basis.

3. Date of Settlement of Accounts for Consolidated Subsidiaries

Consolidated subsidiaries Komori International Trading (Shenzhen) Co., Ltd. and Komori Press Machine (Shenzhen) Ltd. settle their accounts on December 31. For the purposes of preparing the consolidated financial statements, the statements are based upon a provisional settlement of accounts conducted at the consolidated period-end. The closing dates for earnings for the consolidated subsidiaries other than those previously mentioned correspond to the closing dates for consolidated accounting.

4. Summary of Significant Accounting Standards

(1) Standards and evaluation methods for important assets

(a) Marketable securities

Other marketable securities

Securities for which market quotations are available:

Stated at fair value, determined by the market price valuation method on the closing date of the period under review. (The difference between the carrying value and the market value is included in equity, while the cost of securities sold is computed using the moving-average method.)

Securities for which market quotations are unavailable:

Stated at cost, determined by the moving-average method.

(b) Inventories

Products

Primarily stated at cost determined by the individual-identified cost method.

Used products

Primarily stated at cost determined by the individual-identified cost method.

Raw materials

Primarily stated at cost determined by the first-in, first-out method.

Work in process

Stated at cost determined by the individual-identified cost method.

(c) Derivatives

Stated at fair value.

(2) Methods for depreciating and amortizing depreciable assets

(a) Tangible fixed assets

Stated primarily using the declining-balance method. Identical standards to regulations in the Corporate Tax Law are utilized to determine expected lifetime and salvage value. However, the straight-line method is used for buildings (except for attached facilities) obtained by Komori or Komori Machinery Co., Ltd. after April 1, 1998.

(b) Intangible fixed assets

Marketing rights

Komori Corporation: Amortized by the straight-line method over a maximum of five years in accordance with the provisions of the Japanese Commercial Code.

Komori Taiwan Limited: Amortized by the straight-line method over a maximum of ten years.

Software

Amortized by the straight-line method for an estimated in-house usable period of five years.

Other

Amortized by the straight-line method.

(3) Accounting for allowances and reserves

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided on the basis of the amount estimated by applying the percentage of its own actual bad debt loss against the balance of total receivables. In addition, the amount deemed necessary to cover uncollectible receivables is provided when appropriate.

(b) Accrued bonuses to employees

Accrued bonuses to employees are provided for in an amount determined based on the estimated payable amount by the Company in the future.

(c) Accrued retirement benefits to employees

The reserve to provide for the payment of employee retirement benefits is determined primarily at an amount calculated based on the retirement benefit obligation and the estimated fair value of pension plan assets at the end of the period. Unrecognized actuarial differences are amortized on a straight-line basis over the period of 15 years from the year following that in which they arise.

(d) Reserve for product warranty

Reserve for product warranty is provided for based on the amounts estimated by applying to the ratio of the amounts of repair costs actually incurred under the product warranty provided by the Company against the amounts of net sales.

(e) Reserve for loss on guarantees

A reserve is maintained for loss on guarantees provided by the Company and a portion of overseas consolidated subsidiaries for loans of customers who purchase the Company's products. The amount of the reserve is determined by applying the ratio of the actual loss on guarantees plus the amount deemed necessary to cover potential losses of individual loans.

(f) Accrued retirement benefits for directors and statutory auditors

A specified amount determined by internal regulations is recorded to prepare retirement benefit payments to directors and statutory auditors of the Company and Komori Machinery Co., Ltd.

(4) Translation of foreign currency assets and liabilities

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The resulting gains and losses are included in net income or loss for the period. The assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the balance sheet date, with income and expense accounts translated at the average rate of exchange during the period. The resulting translation adjustments are included in the Shareholders' Equity portion of the balance sheet.

(5) Accounting for leases

Finance leases, other than those in which ownership of the leased assets is transferred to the lessee, are accounted for as operating leases.

(6) Other important items for the preparation of the financial statements

Consumption taxes are separately recorded.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are evaluated at fair value.

6. Appropriation of Retained Earnings

Consolidated statements of shareholders' equity are prepared based on appropriation of retained earnings determined during the fiscal year.

7. Scope of Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, demand deposits, and highly liquid short-term investments with maturities of less than three months that can be readily converted into cash and carry little risk of fluctuation in value.

Non-Consolidated Results of Operations for the Fiscal Year Ended March 31, 2006
REPORTED BY KOMORI CORPORATION

May 15, 2006

Company name: KOMORI CORPORATION Code: 6349
 (URL <http://www.komori.com>)

Board of Directors Meeting: May 15, 2006 Interim Dividend System: Applied
 Payment Date of Year-end Annual General Meeting of
 Dividend: June 29, 2006 Shareholders: June 28, 2006
 Stock Trading Unit: 1,000 shares

1. Non-Consolidated Business Results for Fiscal 2006 (April 1, 2005 to March 31, 2006)

(1) Results of operations (In millions of yen rounded down)

	Year ended March 31, 2006	%	Year ended March 31, 2005	%
Net Sales	99,434	16.4	85,433	7.2
Operating Income	7,510	9.2	6,877	20.0
Ordinary Income	10,734	27.6	8,409	50.0
Net Income	3,893	11.5	3,491	28.3

	Year ended March 31, 2006	Year ended March 31, 2005
Net Income per Share (Yen)	55.05	48.40
Diluted Net Income per Share (Yen)		44.11
ROE (%)	2.7	2.4
ROA (%)	5.6	4.3
Ordinary Income to Net Sales Ratio (%)	10.8	9.8

Notes:

- Average number of shares outstanding during the period (non-consolidated):

Fiscal 2006	70,011,055 shares
Fiscal 2005	71,435,435 shares
- Changes in accounting methods: None
- Percentage figures accompanying net sales, operating income, ordinary income and net income indicate the percentage increase / decrease from the previous fiscal year.

(2) Dividends

	Year ended March 31, 2006	Year ended March 31, 2005
Annual Cash Dividends per Share (Yen)	24.00	20.00
	Interim Dividends	9.00
	Year-End Dividends	11.00
Total Cash Dividends for the Year (millions of yen)	1,677	1,417
Dividend Payout Ratio (%)	43.6	41.3
Ratio of Dividends to Shareholders' Equity (%)	1.1	1.0

(3) Financial Position

(In millions of yen unless otherwise stated)

	Year ended March 31, 2006	Year ended March 31, 2005
Total Assets	185,378	195,471
Shareholders' Equity	146,020	143,464
Shareholders' Equity Ratio (%)	78.8	73.4
EPS (Yen)	2,101.46	2,037.53

Notes:

- Number of shares outstanding as of :

March 31, 2006	69,466,194 shares
March 31, 2005	70,394,302 shares
- Number of treasury stock as of :

March 31, 2006	2,626,146 shares
March 31, 2005	4,198,038 shares

2. Forecast of Operating Results for the Fiscal Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(In millions of yen unless otherwise stated)

	Six months ending Sep. 30, 2006	Year ending March 31, 2007
Net Sales	54,500	108,000
Ordinary Income	4,700	11,000
Net Income	2,700	6,600
Cash Dividends per Share (Yen)	Interim	13.00
	Year-end	13.00
	Annual	26.00

(Reference) Net income per share for the fiscal year ending March 31, 2007 is forecast to be 95.01 yen.

The aforementioned forecasts are based on management's assumptions and beliefs in light of the information currently available to it and accordingly involve risks and uncertainties that may cause actual results to differ materially from forecasts. These uncertainties include, but are not limited to, changes in economic conditions, market trends, changes in foreign currency exchange rates and other factors. For further information on the aforementioned forecasts, please refer to page 8. of the supplementary data attached.