

Results of Operations for the Six Months Ended September 30, 2006
REPORTED BY KOMORI CORPORATION

November 13, 2006

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 Board of Directors meeting: November 13, 2006
 U.S. GAAP: Not applied

1. Consolidated Business Results for the First Half of Fiscal 2007 (April 1, 2006 to September 30, 2006)

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

	Six months ended Sep. 30, 2006	% *	Six months ended Sep. 30, 2005	% *	Year ended Mar. 31, 2006
Net sales	66,870	13.0	59,161	10.4	126,863
Operating income	6,690	46.4	4,571	22.4	9,974
Ordinary income	7,563	35.8	5,568	13.3	12,362
Net income	4,092	34.9	3,033	(1.9)	7,875

(Yen)

Net income per share	58.91	43.21	111.87
Diluted net income per share	-	-	-

Notes:

- Equity in net income of affiliated companies accounted for by the equity method:
 Six months ended September 30, 2006: - Six months ended September 30, 2005: - Year ended March 31, 2006: -
- Average number of shares outstanding during the period (consolidated):
 Six months ended September 30, 2006: 69,463,228
 Six months ended September 30, 2005: 70,188,803
 Year ended March 31, 2006: 70,011,055
- 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 corresponding period of the previous fiscal year.

(2) Financial position (In millions of yen, rounded down)

	Sep. 30, 2006	Sep. 30, 2005	Mar. 31, 2006
Total assets	209,898	198,450	206,967
Net assets	153,168	147,071	150,597
Ratio of shareholders' equity to total assets (%)	73.0	74.1	72.8

(Yen)

Net assets per share	2,205.19	2,089.62	2,167.30
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Note:

Number of shares outstanding (consolidated) as of: September 30, 2006: 69,458,268
 September 30, 2005: 70,382,015
 March 31, 2006: 69,466,194

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

(3) Summary of statements of cash flows

(In millions of yen, rounded down)

	Six months ended Sep. 30, 2006	Six months ended Sep. 30, 2005	Year ended Mar. 31, 2006
Net cash (used in) provided by operating activities	(180)	1,662	10,084
Net cash (used in) provided by investing activities	(851)	1,327	(2,103)
Net cash (used in) financing activities	(1,912)	(21,381)	(25,125)
Cash & cash equivalents at the end of period	26,219	27,222	28,916

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries:	16
Number of unconsolidated subsidiaries accounted for by the equity method:	-
Number of affiliated companies accounted for by the equity method:	-

(5) Change in the scope of consolidation and application of the equity method

Newly consolidated companies:	-
Excluded consolidated companies:	-
Newly affiliated companies accounted for by the equity method:	-
Excluded affiliated companies accounted for by the equity method:	-

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

(In millions of yen)

	Year ending Mar. 31, 2007
Net sales	139,000
Ordinary income	13,600
Net income	8,200

(Ref.) Net income per share for the year ending March 31, 2007 is anticipated to be 118.6 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 supplementary data attached.

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

MANAGEMENT POLICIES

1. Basic Management Policy

Through the “Project to create *KANDO* for customers” under quality management, the Komori Group maintains the fundamental principle of contributing to the cultural development of society by striving to consistently deliver products and services that satisfy global customers beyond expectations.

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% of consolidated net income. 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 the six-month period ended September 30, 2006, Komori has declared a cash dividend of ¥13 per common share.

3. Basic Policy Regarding the Reduction of Investment Trading Unit

Komori maintains a policy of reviewing its share-trading unit with the aims of enhancing liquidity and broadening the Company’s individual shareholder base. Any decision to reduce the trading unit shall be made 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

The Komori Group commenced its second medium-term management plan on April 1, 2006. During the term of the plan, the three-year period from April 1, 2006 through March 31, 2009, the Group will strive to achieve (1) consolidated net sales of ¥150 billion or greater, (2) operating income as a percentage of net sales (ROS) of 10% or greater, and (3) ordinary income as a percentage of average total assets (ROA) of 7% or greater.

5. Medium-Term Management Strategies and Pending Issues

Basic Strategies and Objectives of the Second Medium-Term Management Plan

Under its new three-year plan, the Komori Group has clarified its basic strategies, identified numerical targets and outlined those initiatives required to address key issues in an effort to achieve its objectives. To this end, Komori is currently implementing specific measures.

Fundamental Strategies:

1. Creation and provision of superior products and services
2. Establishment of a global management system and global human resources that develop Komori into a real global corporation
3. Enhancement of earnings bases and reinforcement of financial structure

Numerical Targets for FY 2009:

- Consolidated net sales: ¥150 billion or greater
- ROS: 10% or greater
- ROA: 7% or greater

Key Issues:

1. Promoting product planning and highly efficient development
2. Establishing a quality assurance system
3. Strengthening cost competitiveness
4. Bolstering overseas sales capabilities
5. Pursuing human resource training

The Komori Group is committed to resolving these issues and has formulated a Groupwide action plan with the aim of achieving its targets and further enhancing its corporate value.

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 emerging impacts of a sharp rise in crude oil prices and inclement weather, the Japanese economy continued to experience a sustained recovery during the six-month period ended September 30, 2006. This was attributed to private-sector demand driven by the twin platforms of steady corporate capital expenditure and personal consumption.

Overseas, the U.S. economy exhibited a downturn and lower year-on-year growth rates, reflecting the impact of an increase in interest rates, the effects of high-energy prices and a slump in the residential market. In Europe, overall economic conditions experienced a moderate growth trajectory led mainly by firm export-based corporate activity. Led by China, Asia also enjoyed export-driven growth conditions.

During the period under review, the printing industry, Komori's primary market, exhibited the following investment expenditure trends. In Japan, the market for both sheet-fed offset and web offset presses remained firm, as companies undertook investment to respond to demands for multi-task, short-run printing and high-value-added options, and to improve productivity.

Overseas, investment in sheet-fed offset and web offset presses was also firm, leading to substantial operating activity in the United States, Europe and Asia.

(2) Consolidated Performance

Against this backdrop, Komori worked to expand sales of strategic products such as the LITHRONE S40, LITHRONE S40P, the new LITHRONE S26 and LITHRONE S29, as well as the SPICA 26P and SPICA 29P-W sheet-fed offset presses, and the SYSTEM 35S and SYSTEM 38S web offset presses. In particular, the Company made every effort to secure orders at printing exhibitions including IPEX2006, an exhibition held in Birmingham (U.K.) in April 2006, and All in Print China 2006, held in Shanghai in June 2006. As a result, Komori received orders in excess of expectations.

Accordingly, in the period under review, orders received increased 7.6% compared with the corresponding period of the previous fiscal year to ¥71,893 million. Net sales rose 13.0% to ¥66,870 million while ordinary income climbed 35.8% to ¥7,563 million. Interim net income rose 34.9% year on year to ¥4,092 million.

Overseas sales increased 14.3% to ¥42,300 million, representing 63.3% of total net sales.

(3) Information by Geographic Segment

(In millions of yen)

		Six months ended September 30, 2006	Six months ended September 30, 2005	Increase / (Decrease) (%)
Net sales		66,870	59,161	13.0%
Breakdown	Japan	24,569	22,156	10.9%
	The Americas	14,595	12,127	20.4%
	Europe	14,970	13,957	7.3%
	Asia	9,946	8,111	22.6%
	Other regions	2,788	2,808	(0.7)%

Domestic Sales

Demand remained strong supported by robust capital expenditure, as companies looked to renew aging equipment, as well as enhance and rationalize production. In particular, sales of web offset presses continued their positive trend from the previous fiscal year. This was attributed to high demand for models that deliver cost efficiency through automated and laborsaving functions, as well as demand for models that cater to short-run printing and models for high-quality printing as part of equipment renewal and expansion investments. While the shift toward multicolor printing continues, sales of sheet-fed offset presses, on the other hand, were unchanged from the corresponding period of the previous fiscal year. As a result, sales in Japan for the six months ended September 30, 2006 rose 10.9% year on year.

The Americas

In North America, sales were steady mainly for equipment that offers high-value-added options such as multicolor printing and inline coating functions. In Latin America, activities were boosted by successful efforts to secure orders at EXPO PRINT, a week-long exhibition held in Brazil from May 31, 2006, and strategies relating to sales agents. As a result, sales of compact sheet-fed offset presses increased. The LITHRONE S1040P multicolor printing press with a sheet-reversing function and LITHRONE S440SP double-sided printing press also contributed to sales. Accounting for these factors, sales in the Americas climbed 20.4% compared with the corresponding period of the previous fiscal year.

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

Europe

In the period under review, Komori enjoyed an increase in sales negotiations. This was exemplified at IPEX2006, an exhibition held in Birmingham (U.K.) in April 2006, at which the Company secured orders in excess of expectations. In Western Europe, demand for equipment that offer high-value-added options such as multicolor printing and inline coating functions increased as companies worked to secure competitive advantage compared with adjoining nations. In Central and Eastern Europe, signs of a shift from second-hand equipment to new models were increasingly evident. Buoyed by an increase in sales to countries including Russia, Slovenia and the Czech Republic, along with the aforementioned factors, sales across Europe increased 7.3% year on year.

Asia

In the China market, the government's removal of tax and duty exemptions contributed to sluggish conditions. Overall conditions in the China regions, however, experienced year-on-year sales growth underpinned by strong order activity at All in Print China 2006, an exhibition held in Shanghai in June 2006, and an increase in sales in Taiwan. Sales also grew in Korea and ASEAN countries. Compared with the corresponding period of the previous fiscal year, sales in Asia climbed 22.6%.

Other Regions

Sales in Oceania rose 9.4% year on year, while results in the Middle East and Africa declined. Overall sales in other regions edged down 0.7%.

2. Financial Condition*Consolidated Cash Flows*

(In millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Cash Flows from Operating Activities	(180)	1,662	10,084
Cash Flows from Investing Activities	(851)	1,327	(2,103)
Cash Flows from Financing Activities	(1,912)	(21,381)	(25,125)
Cash and Cash Equivalents at the End of the Period	26,219	27,222	28,916

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

Net cash used in operating activities amounted to ¥180 million, a decrease of ¥1,842 million compared with the corresponding period of the previous fiscal year. Major cash inflows were income before income taxes and an increase in notes and accounts payable. Major cash outflows were increases in inventories and in notes and accounts receivable reflecting the growth in orders, and income taxes paid.

Net cash used in investing activities was ¥851 million, an increase of ¥2,178 million compared with the corresponding period of the previous fiscal year. The principal component was payments for purchase of property, plant and equipment designed to reinforce manufacturing facilities.

Net cash used in financing activities totaled ¥1,912 million, down ¥19,469 million year on year. The primary components were repayments of short-term debt and cash dividends paid.

Accounting for the aforementioned activities, cash and cash equivalents at the end of the period stood at ¥26,219 million, a decrease of ¥2,697 million compared with March 31, 2006.

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:

- a. The Komori Group's ratio of overseas sales to total sales is in excess of 60%, and accordingly, is subject to movements in foreign currency exchange 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 currency exchange rates may adversely affect its business performance.
- b. The Komori Group is a specialized manufacturer of printing presses, primarily engaged in the manufacture, sale 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 major economic recession in the

Company's principal markets of Japan, the United States, Europe and Asia, Komori's performance may be significantly affected.

- c. 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 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.

OUTLOOK

1. Overview

Looking ahead, the sharp rise in crude oil prices and a slowdown in the U.S. economy are expected to create uncertainty in the corporate sector. Against the backdrop of these and other factors, Komori recognizes that there is no room for complacency.

Under these conditions, Komori will pursue efforts to expand sales of its strategic products. In sheet-fed offset presses, the Group will work to increase sales of new products such as the LITHRONE S26/S29, which through its automated functions delivers significantly reduced makeready times, the double-sided, convertible perfecting press LITHRONE S26P/S29P, and the SPICA 26P/29P-W, which realizes high-quality printing, reduced lead times and low costs. Komori will also endeavor to bolster sales of its enhanced lineup of LITHRONE S40 series products. In web offset presses, Komori will focus efforts on expanding sales of the SYSTEM 35S and SYSTEM 38S, which provide high-quality printing while reducing makeready times. In addition, Komori will strive to increase sales through demonstrations of its high-value-added printing options at GRAPH EXPO 2006, a printing equipment exhibition held in Chicago in October 2006. Moreover, in the first year of its second medium-term management plan, Komori will implement the action plans formulated across the entire Group in an effort to improve operating activities and results.

2. Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2007

(In billions of yen)

Net sales	139.0	YoY	+9.6%
Operating income	13.9	YoY	+39.4%
Ordinary income	13.6	YoY	+10.0%
Net income	8.2	YoY	+4.1%

Forecasts for the second half of the fiscal year are based on exchange rate assumptions as follows:

USD 1.00 = ¥115

Euro 1.00 = ¥145

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 U.S. dollar and euro
- Sudden and significant changes in product supply and demand
- Movements in Japan's stock market

Consolidated Balance Sheets

(In millions of yen)

	September 30, 2006		September 30, 2005		Increase / (Decrease)	March 31, 2006
		%		%		
(ASSETS)						
Current Assets:	138,673	66.1	134,766	67.9	3,906	134,562
Cash on hand and bank deposits	27,287		32,295		(5,007)	30,186
Notes and accounts receivable --- trade	60,948		56,978		3,969	58,734
Marketable securities	174		10		164	73
Inventories	41,078		37,106		3,972	37,121
Deferred income taxes	5,985		5,242		743	5,817
Other current assets	3,936		4,047		(110)	4,103
Allowance for doubtful accounts	(738)		(914)		175	(1,475)
Fixed Assets:	71,225	33.9	63,683	32.1	7,541	72,405
1. Tangible Fixed Assets:	36,009	17.1	35,201	17.7	807	35,881
Buildings and structures	10,955		11,535		(580)	11,197
Machinery and equipment	4,980		4,087		893	5,048
Land	18,351		18,253		98	18,292
Construction in progress	577		330		247	136
Other tangible fixed assets	1,143		994		148	1,206
2. Intangible Fixed Assets	805	0.4	1,350	0.7	(545)	838
3. Investments and Advances:	34,409	16.4	27,130	13.7	7,278	35,685
Investments in securities	12,228		12,675		(446)	15,323
Long-term loans	558		712		(154)	593
Long-term deferred income taxes	921		664		256	625
Insurance fund	13,296		12,029		1,267	12,566
Rehabilitation and related receivables	2,910		577		2,332	558
Long-term deposits	5,500		-		5,500	5,500
Other investments and advances	1,009		1,004		5	1,039
Allowance for doubtful accounts	(2,014)		(533)		(1,481)	(521)
Total Assets	209,898	100.0	198,450	100.0	11,448	206,967

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

Consolidated Balance Sheets

(In millions of yen)

	September 30, 2006		September 30, 2005		Increase / (Decrease)	March 31, 2006
		%		%		
(LIABILITIES)						
Current Liabilities:	52,611	25.1	48,155	24.3	4,455	51,332
Notes and accounts payable --- trade	30,944		26,934		4,010	28,561
Short-term bank loans	925		1,535		(609)	1,525
Current portion of long-term debt	372		954		(582)	417
Income taxes payable	3,120		2,897		222	2,736
Accrued bonuses to employees	1,122		1,008		114	1,069
Reserve for product warranty	2,264		1,586		677	2,358
Reserve for loss on guarantees	2,101		2,027		74	2,021
Deferred profit on installment sales	419		547		(127)	460
Other current liabilities	11,340		10,664		675	12,180
Long-Term Liabilities:	4,118	1.9	3,222	1.6	895	5,037
Long-term debt	246		734		(487)	491
Accrued retirement benefits for directors and statutory auditors	451		411		40	431
Accrued retirement benefits for employees	366		96		269	1,000
Deferred income taxes	2,806		1,762		1,043	2,869
Other long-term liabilities	247		217		29	245
Total Liabilities	56,729	27.0	51,378	25.9	5,351	56,370
(NET ASSETS)						
Shareholders' Equity:						
Common stock	37,714	18.0	-	-	-	-
Additional paid-in capital	37,871	18.0	-	-	-	-
Retained earnings	78,528	37.4	-	-	-	-
Treasury stock	(4,236)	(2.0)	-	-	-	-
Total Shareholders' Equity	149,878	71.4	-	-	-	-
Valuation and Conversions:						
Unrealized gain on available-for-sale securities	3,870	1.8	-	-	-	-
Cumulative translation adjustment	(580)	(0.2)	-	-	-	-
Total Valuation and Conversions	3,290	1.6	-	-	-	-
Minority Interests	-	-	-	-	-	-
Total Net Assets	153,168	73.0	-	-	-	-
Total Liabilities and Net Assets	209,898	100.0	-	-	-	-
(MINORITY INTERESTS)						
Minority interests	-	-	-	-	-	-
(SHAREHOLDERS' EQUITY)						
Common stock	-	-	37,714	19.0	-	37,714
Additional paid-in capital	-	-	37,871	19.1	-	37,871
Retained earnings	-	-	75,277	37.9	-	75,384
Unrealized gain on available-for-sale securities	-	-	2,960	1.5	-	4,519
Cumulative translation adjustment	-	-	(599)	(0.3)	-	(675)
Treasury stock	-	-	(6,154)	(3.1)	-	(4,217)
Total Shareholders' Equity	-	-	147,071	74.1	-	150,597
Total Liabilities, Minority Interests and Shareholders' Equity	-	-	198,450	100.0	-	206,967

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

Consolidated Statements of Income

(In millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2005		Increase / (Decrease)	Year ended March 31, 2006
		%		%		
. Net Sales	66,870	100.0	59,161	100.0	7,708	126,863
. Cost of Sales	44,373	66.4	39,777	67.2	4,595	84,616
Reversal from deferred profit on installment sales	85	0.1	107	0.2	(22)	192
Transfer to deferred profit on installment sales	44	0.0	135	0.3	(91)	132
Gross profit	22,537	33.7	19,355	32.7	3,181	42,305
. Selling, General and Administrative Expenses	15,846	23.7	14,784	25.0	1,062	32,331
Operating income	6,690	10.0	4,571	7.7	2,119	9,974
. Non-Operating Income	1,357	2.0	1,589	2.7	(232)	3,837
Interest and dividend income	403		400		3	791
Gain on sales of marketable securities	-		289		(289)	295
Gain from insurance fund	52		220		(168)	286
Gain on foreign exchange	736		359		376	1,988
Other non-operating income	164		318		(154)	475
. Non-Operating Expenses	483	0.7	591	1.0	(108)	1,449
Interest expenses	158		173		(15)	349
Interest expenses on bonds	-		59		(59)	59
Loss on disposal of obsolete inventories	4		56		(52)	92
Loss on redemption of marketable securities	-		0		0	0
Loss on sale of investments in securities	6		-		6	-
Litigation settlement expenses	-		136		(136)	138
Compensation for damages	160		132		28	568
Loss on devaluation of inventories	76		-		76	134
Other non-operating expenses	77		33		43	107
Ordinary income	7,563	11.3	5,568	9.4	1,995	12,362
. Extraordinary Income	87	0.1	90	0.2	(3)	638
Gain on sale of fixed assets	7		4		2	13
Gain on sales of investments in securities	19		23		(4)	354
Reversal of allowance for doubtful accounts	18		61		(43)	219
Reversal of reserve for loss on guarantees	41		-		41	-
Other extraordinary income	-		-		-	50
. Extraordinary Losses	767	1.1	683	1.2	83	2,325
Loss on disposal of fixed assets	64		17		46	49
Impairment loss on fixed assets	-		665		(665)	665
Plant relocation expenses	43		-		43	205
Provision for allowance for doubtful accounts	588		-		588	756
Initial transition loss for retirement benefits	-		-		-	631
Other extraordinary losses	69		-		69	16
Income before income taxes	6,883	10.3	4,975	8.4	1,908	10,675
Income taxes --- current	2,826	4.2	2,684	4.5	142	3,922
Refund of previous year's income taxes	-	-	(1,246)	(2.1)	1,246	(1,372)
Income taxes --- deferred	(35)	0.0	504	0.9	(539)	249
Net income	4,092	6.1	3,033	5.1	1,058	7,875

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

Consolidated Statements of Shareholders' Equity

(In millions of yen)

	Six months ended		Year ended	
	September 30, 2005		March 31, 2006	
(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	74
.Capital surplus at the end of the period		37,871		37,871
(RETAINED EARNINGS)				
.Retained earnings at the beginning of the period		73,057		73,057
.Increase in retained earnings				
Interim net income	3,033	3,033	7,875	7,875
.Decrease in retained earnings				
Cash dividends	774		1,548	
Directors' bonuses	39		39	
Retirement of treasury stock	-	813	3,961	5,548
.Retained earnings at the end of the period		75,277		75,384

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

Consolidated Statements of Changes in Shareholders' Equity

(In millions of yen)

	Shareholders' Equity				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2006	37,714	37,871	75,384	(4,217)	146,753
Changes during the half					
Cash dividends			(903)		(903)
Directors' bonuses			(45)		(45)
Net income			4,092		4,092
Acquisition of treasury stock				(19)	(19)
Net changes during the half in items other than shareholders' equity					
Total	-	-	3,143	(19)	3,124
Balance as of September 30, 2006	37,714	37,871	78,528	(4,236)	149,878

	Valuation and Conversions			Total Net Assets
	Unrealized Gain (Loss) on Available-for-Sale Securities	Cumulative Translation Adjustment	Total Valuation and Conversions	
Balance as of March 31, 2006	4,519	(675)	3,843	150,597
Changes during the half				
Cash dividends				(903)
Directors' bonuses				(45)
Net income				4,092
Acquisition of treasury stock				(19)
Net changes during the half in items other than shareholders' equity	(648)	94	(553)	(553)
Total	(648)	94	(553)	2,570
Balance as of September 30, 2006	3,870	(580)	3,290	153,168

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Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
· Cash Flows from Operating Activities:			
Income before income taxes	6,883	4,975	10,675
Depreciation and amortization	1,107	1,060	2,314
Impairment loss	-	665	665
Increase in allowance for doubtful accounts	692	41	549
Increase in accrued bonuses to employees	52	18	80
Increase (decrease) in accrued retirement benefits	(654)	(22)	860
Interest and dividend income	(403)	(400)	(791)
Interest expenses	158	233	409
Foreign exchange (gain)	(1,212)	(475)	(2,510)
Directors' bonuses paid	(45)	(39)	(39)
(Gain) on sales of investments in securities	(12)	(313)	(650)
Loss on redemption of marketable securities	-	0	0
Income from cancellation and expiration of insurance fund	(52)	(220)	(286)
(Increase) in notes and accounts receivable	(4,196)	(1,434)	(916)
Increase in inventories	(3,413)	(1,749)	(979)
Increase in notes and accounts payable	2,680	1,354	2,765
(Increase) decrease in other receivables	(313)	(416)	565
Others, net	810	239	(193)
	2,081	3,516	12,520
Interest and dividends earned	403	399	762
Interest paid	(173)	(241)	(412)
Income taxes paid	(2,491)	(2,011)	(2,786)
Net cash provided by (used in) operating activities	(180)	1,662	10,084
· Cash Flows from Investing Activities:			
Payments of time deposits	(687)	(4,942)	(11,582)
Proceeds from maturity of time deposits	890	2,274	7,216
Payments for purchase of marketable securities	-	(0)	(0)
Proceeds from sale of marketable securities	-	212	209
Proceeds from redemption of marketable securities	-	3	128
Payments for purchase of property, plant and equipment	(2,672)	(1,852)	(3,545)
Proceeds from sale of property, plant and equipment	151	124	379
Payments for purchase of investments in securities	(160)	(222)	(451)
Proceeds from sale of investments in securities	2,262	2,809	3,011
Payments for purchase of other investments	(1,745)	(1,425)	(3,164)
Proceeds from maturity of other investments	1,075	4,550	5,778
Increase in loans receivable	-	(220)	(220)
Collection of loans	35	18	137
Net cash provided by (used in) investing activities	(851)	1,327	(2,103)
· Cash Flows from Financing Activities:			
Increase in short-term debt	998	1,667	2,238
Repayments of short-term debt	(1,701)	(1,777)	(2,457)
Proceeds from long-term debt	(287)	(516)	(1,351)
Repayments of bond sinking	-	(19,993)	(19,993)
Decrease in acquisition of treasury stock	(19)	(500)	(2,525)
Proceeds from acquisition and retirement of treasury stock	-	512	512
Cash dividends paid	(903)	(774)	(1,548)
Net cash used in financing activities	(1,912)	(21,381)	(25,125)
· Effect of exchange rate changes on cash and cash equivalents	247	104	551
· Net (decrease) in cash and cash equivalents	(2,697)	(18,287)	(16,592)
· Cash and cash equivalents at the beginning of the period	28,916	45,509	45,509
· Cash and cash equivalents at the end of the period	26,219	27,222	28,916

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

Important Matters that Form the Basis for Compiling Interim Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries 16

(2) Unconsolidated subsidiary 1

(3) Reason for exclusion of unconsolidated subsidiary from the scope of consolidation

The unconsolidated 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.

Komori Press Machine (Shenzhen) Ltd. was established on December 19, 2005, and became a consolidated subsidiary company in April 2006. In addition, the Company is transferring the operations of Komori International Trading (Shenzhen) Co., Ltd. to Komori Press Machine (Shenzhen) Ltd.

2. Application of the Equity Method

The unconsolidated subsidiary has no significant impact on interim net income and retained earnings, and is relatively insignificant overall. Accordingly, Komori does not apply the equity method, however accounts for the unconsolidated subsidiary on a cost basis.

3. Date of Settlement of Interim Accounts for Consolidated Subsidiaries

The interim period-end of consolidated subsidiaries Komori International Trading (Shenzhen) Co., Ltd. and Komori Press Machine (Shenzhen) Ltd. is June 30. For the purposes of preparing the consolidated financial statements, statements are based upon a provisional settlement of accounts conducted at the consolidated interim period-end. The closing dates for interim earnings for the consolidated subsidiaries other than those companies mentioned above correspond to the closing dates for interim consolidated accounting.

4. Summary of Significant Accounting Standards

(1) Standards and evaluation methods for 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 interim 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, work in process

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.

(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 Taiwan Limited: Straight-line method over a maximum of ten years.

Software

Straight-line method for an estimated in-house usable period of five years

Other

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 the Company's 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 by the Company in the future.

(c) 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. In addition, the amount to cover individual repair costs is provided when appropriate.

(d) 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.

(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 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 current interim 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.

(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 current 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 net assets 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 interim financial statements

Consumption taxes are separately recorded.

5. 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 3 months that can be readily converted into cash and carry little risk of fluctuation in value.

Significant Changes in Basis for Preparing Interim Consolidated Financial Statements:

From the six-month period ended September 30, 2006, the Company adopted accounting standards for the presentation of net assets on the balance sheet as outlined in "Accounting Standard for the Presentation of Net Assets on the Balance Sheet No. 5," and "Guidance on the Accounting Standard for the Presentation of Net Assets on the Balance Sheet No. 8," both issued by the Accounting Standards Board of Japan on December 9, 2005. Under the previous standard, the total of shareholders' equity would amount to ¥153,168 million. The balance sheet for the interim period ended September 30, 2006 has been prepared consistent with revisions to regulations relating to the preparation of financial statements.

Notes

(Notes to Interim Consolidated Balance Sheets)

(In millions of yen)

	September 30, 2006	September 30, 2005	March 31, 2006
1. Accumulated depreciation	39,791	38,252	38,992
2. Contingent liabilities	26,365	27,247	27,051
3. Receivable*	553	-	-
Payable*	671	-	-

*Matured notes are calculated as of the date of their conversion. Because the closing date of the interim period under review was a holiday for financial institutions, matured notes are included in the balance as of September 30, 2006.

(Notes Related to Changes in Accounting of Interim Consolidated Shareholders' Equity)

Six months ended September 30, 2006

1. Type and number of shares issued, and type and number of treasury stock

(Unit: Shares)

	March 31, 2006	Increase	Decrease	September 30, 2006
Shares outstanding				
Common stock	72,092,340	-	-	72,092,340
Total	72,092,340	-	-	72,092,340
Treasury stock				
Common stock*	2,626,146	7,926	-	2,634,072
Total	2,626,146	7,926	-	2,634,072

*The increase of 7,926 shares of common treasury stock is due to purchase of odd lot shares of less than one trading unit.

2. Items related to dividends

(1) Dividend payments

Resolution	Class of Shares	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 28, 2006 Annual General Meeting of Shareholders	Common stock	903	13	March 31, 2006	June 29, 2006

(2) Dividends with a record date that falls within the interim period under review and an effective date in the following fiscal period

Resolution	Class of Shares	Total Dividend (Millions of yen)	Dividend Resource	Dividend per Share (Yen)	Record Date	Effective Date
November 13, 2006 Board of Directors Meeting	Common stock	902	Retained earnings	13	September 30, 2006	December 8, 2006

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

(Notes to Interim Consolidated Statements of Cash Flows)

Reconciliation of cash and cash equivalents outstanding at the interim period-end (or year-end) and items recorded on consolidated balance sheets

(In millions of yen)

	September 30, 2006	September 30, 2005	March 31, 2006
Cash on hand and bank deposits	27,287	32,295	30,186
Term deposits of over three months	(1,067)	(5,072)	(1,270)
Cash and cash equivalents	26,219	27,222	28,916

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

Six months ended September 30, 2006

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
Net sales							
(1) Sales to outside customers	32,326	12,832	17,451	4,258	66,870	-	66,870
(2) Intersegment sales	23,563	75	231	8	23,878	(23,878)	-
Total	55,889	12,907	17,683	4,267	90,748	(23,878)	66,870
Operating expenses	49,448	12,184	17,732	4,165	83,532	(23,352)	60,179
Operating income (loss)	6,441	723	(49)	101	7,216	(526)	6,690

Six months ended September 30, 2005

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
Net sales							
(1) Sales to outside customers	28,208	10,776	17,632	2,544	59,161	-	59,161
(2) Intersegment sales	17,425	29	51	26	17,533	(17,533)	-
Total	45,633	10,805	17,684	2,570	76,694	(17,533)	59,161
Operating expenses	41,815	10,574	17,554	2,442	72,386	(17,796)	54,589
Operating income	3,817	231	129	128	4,307	263	4,571

Year ended March 31, 2006

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
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	8,789	1,272	529	206	10,798	(823)	9,974

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

3. Overseas Sales

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

Six months ended September 30, 2006 (In millions of yen, %)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	14,595	14,970	9,946	2,788	42,300
(2) Consolidated sales	-	-	-	-	66,870
(3) Ratio of overseas sales (%)	21.8	22.4	14.9	4.2	63.3

Six months ended September 30, 2005 (In millions of yen, %)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	12,127	13,957	8,111	2,808	37,005
(2) Consolidated sales	-	-	-	-	59,161
(3) Ratio of overseas sales (%)	20.5	23.6	13.7	4.8	62.6

Year ended 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

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

Securities**1. Other Securities with Fair Value**

(In millions of yen)

	September 30, 2006			September 30, 2005			March 31, 2006		
	Acquisition cost	Amount stated on consolidated balance sheet	Difference	Acquisition cost	Amount stated on consolidated balance sheet	Difference	Acquisition cost	Amount stated on consolidated balance sheet	Difference
Other marketable securities									
1. Stocks	4,781	11,157	6,376	4,466	9,314	4,848	4,636	12,061	7,424
2. Debt securities and Bonds	10	9	(0)	10	9	(0)	10	9	(0)
3. Other	282	401	118	2,430	2,550	119	2,332	2,490	157
Total	5,073	11,568	6,494	6,907	11,874	4,967	6,979	14,561	7,582

2. Other Securities without Fair Value

(In millions of yen)

	September 30, 2006	September 30, 2005	March 31, 2006
	Amount stated on consolidated balance sheet	Amount stated on consolidated balance sheet	Amount stated on consolidated balance sheet
Other marketable securities			
1. Unlisted stocks (excluding over-the-counter stocks)	337	317	337
2. Preferred equities	300	300	300
3. Voluntary fund partnerships	196	192	197
Total	833	810	834

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

Non-Consolidated Financial Highlights

November 13, 2006

Company name: **KOMORI CORPORATION** Securities code: 6349
(URL <http://www.komori.com>) (Tokyo Stock Exchange, Osaka Securities Exchange)

- (1) Board of Directors meeting: November 13, 2006
(2) Payment date of interim dividend: December 8, 2006

(3) Results of operations (In millions of yen, rounded down)

	Six months ended Sep. 30, 2006	% *	Six months ended Sep. 30, 2005	% *	Year ended Mar. 31, 2006
Net sales	55,875	22.6	45,580	13.6	99,434
Operating income	6,247	85.8	3,362	33.3	7,510
Ordinary income	7,398	43.8	5,146	25.3	10,734
Net income	4,231	317.3	1,013	(59.8)	3,893
					(Yen)
Net income per share	60.91		14.45		55.05

Notes:

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

Six months ended September 30, 2006:	69,463,228
Six months ended September 30, 2005:	70,188,803
Year ended March 31, 2006:	70,011,055
- Changes in accounting methods: None
- Percentage figures accompanying net sales, operating income, ordinary income and net income indicate the percentage increase / decrease from the corresponding period of the previous fiscal year.

(4) Financial position (In millions of yen, rounded down)

	Sep. 30, 2006	Sep. 30, 2005	Mar. 31, 2006
Total assets	189,978	184,286	185,378
Net assets	148,640	144,380	146,020
Ratio of shareholders' equity to total assets (%)	78.2	78.3	78.8
			(Yen)
Net assets per share	2,140.00	2,051.38	2,101.46

Notes:

- Number of shares outstanding as of:

Sep. 30, 2006	69,458,268
Sep. 30, 2005	70,382,015
Mar. 31, 2006	69,466,194
- Number of treasury stock as of:

Sep. 30, 2006	2,634,072
Sep. 30, 2005	4,210,325
Mar. 31, 2006	2,626,146

(5) Forecast of operating results for the fiscal year ending March 31, 2007

(In millions of yen, rounded down)

	Net sales	Ordinary income	Net income
Year ending March 31, 2007	112,000	12,900	8,000

(Ref.) Net income per share for the year ending March 31, 2007 is anticipated to be 115.17 yen.

(6) Dividends

(Yen)

	Year ended March 31, 2006	Year ending March 31, 2007 (Actual)	Year ending March 31, 2007 (Forecasts)
Annual cash dividends per share	24.00	26.00	
Interim dividends	11.00	13.00	-
Year-end dividends	13.00	-	13.00

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