

Results of Operations for the Fiscal Year Ended March 31, 2008
REPORTED BY KOMORI CORPORATION

May 12, 2008

Company name: KOMORI CORPORATION
 Securities code: 6349 (Tokyo Stock Exchange, Osaka Securities Exchange)
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 Annual General Meeting of Shareholders: June 24, 2008
 Payment date of year-end dividend: June 25, 2008

1. Consolidated Business Results for Fiscal 2008 (April 1, 2007 to March 31, 2008)

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

	Year ended March 31, 2008	%	Year ended March 31, 2007	%
Net sales	154,838	9.1	141,870	11.8
Operating income	18,349	22.3	15,002	50.4
Ordinary income	15,532	(7.4)	16,782	35.8
Net income	8,670	(6.2)	9,246	17.4

(Yen)

Net income per share	127.39	133.47
Diluted net income per share	-	-

(%)

ROE	5.6	6.1
ROA	7.3	7.9
Operating income to net sales ratio	11.9	10.6

Notes:

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

Year ended March 31, 2008: -

Year ended March 31, 2007: -

2. 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)

	March 31, 2008	March 31, 2007
Total assets	211,774	215,403
Net assets	155,863	153,978
Equity ratio (%)	73.6	71.5
Net assets per share (Yen)	2,304.73	2,249.67

Note:

Equity as of: March 31, 2008: 155,863 million yen

March 31, 2007: 153,978 million yen

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

	Year ended March 31, 2008	Year ended March 31, 2007
Net cash provided by operating activities	21,008	6,199
Net cash used in investing activities	(2,020)	(211)
Net cash used in financing activities	(4,797)	(5,519)
Cash & cash equivalents at the end of year	42,100	29,332

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2. Dividends

	Year ended March 31, 2007	Year ended March 31, 2008	Year ending March 31, 2009 (Forecast)
Annual cash dividends per share (Yen)	30.00	40.00	40.00
Interim dividends	13.00	20.00	20.00
Year-end dividends	17.00	20.00	20.00
Total cash dividends for the year (Millions of yen)	2,066	2,713	-
Dividend payout ratio (Consolidated) (%)	22.5	31.4	26.0
Ratio of dividends to net assets (Consolidated) (%)	1.4	1.8	-

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(In millions of yen, unless otherwise stated)

	Sixth months ending September 30, 2008	%	Year ending March 31, 2009	%
Net sales	74,000	2.5	158,000	2.0
Operating income	7,300	(1.0)	18,400	0.3
Ordinary income	6,800	(14.4)	17,300	11.4
Net income	4,100	(11.7)	10,400	19.9
Net income per share (Yen)	60.30	-	153.70	-

Note:

Percentage figures accompanying consolidated net sales, operating income, ordinary income and net income indicate the percentage increase/decrease from corresponding periods in the previous fiscal year.

4. Other

(1) Changes to significant subsidiaries during the fiscal year under review (Changes in the scope of consolidation accompanying changes to specified subsidiaries): None

Note:

For details refer to "OVERVIEW OF THE KOMORI GROUP" on page 13.

(2) Changes to principal accounting procedures and presentation methods relating to the preparation of consolidated financial statements (Significant changes in basis for preparing consolidated financial statements)

1. Changes accompanying revisions to accounting standards: Yes

2. Changes other than those in item 1. above: Yes

Note:

For details refer to "Important Matters that Form the Basis for Compiling Consolidated Financial Statements" on pages 24-25 and "Significant Changes in the Basis for Preparing Consolidated Financial Statements" on page 27.

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock) as of:

March 31, 2008: 68,292,340 shares

March 31, 2007: 70,292,340 shares

2. Number of treasury stock as of:

March 31, 2008: 664,940 shares

March 31, 2007: 1,847,151 shares

Note:

Refer to "Per share information" on page 36 for details regarding the number of shares that forms the basis for the calculation of net income per share (consolidated).

(Reference)

1. Non-Consolidated Business Results for Fiscal 2008 (April 1, 2007 to March 31, 2008)

(1) Results of operations

(In millions of yen, rounded down)

	Year ended March 31, 2008	%	Year ended March 31, 2007	%
Net sales	121,232	4.2	116,360	17.0
Operating income	15,515	7.2	14,470	92.7
Ordinary income	13,940	(17.0)	16,792	56.4
Net income	8,166	16.1	7,036	80.7

(Yen)

Net income per share	119.99		101.56	
Diluted net income per share	-		-	

Note:

Percentage figures accompanying 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)

	March 31, 2008	March 31, 2007
Total assets	187,847	190,541
Net assets	149,057	147,078
Equity ratio (%)	79.4	77.2
Net assets per share (Yen)	2,204.10	2,148.86

Note:

Equity as of: March 31, 2008: 149,057 million yen
 March 31, 2007: 147,078 million yen

2. Forecast of Non-Consolidated Business Results of Operations for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(In millions of yen, unless otherwise stated)

	Six months ending September 30, 2008	%	Year ending March 31, 2009	%
Net sales	60,000	2.3	127,000	4.8
Operating income	5,500	(30.0)	14,000	(9.8)
Ordinary income	5,500	(37.9)	14,000	0.4
Net income	3,300	(44.7)	8,500	4.1
Net income per share (Yen)	48.80	-	125.69	-

Note:

Percentage figures accompanying net sales, operating income, ordinary income and net income indicate the percentage increase/decrease from corresponding periods in the previous fiscal year.

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. Furthermore, the impact of applying the "Accounting Standards for Lease Transactions" (Accounting Standards Board of Japan, Statement No. 13), which establishes standards for financial accounting and reporting for leases by lessees and lessors, has not been reflected in forecasts for the full fiscal year ending March 31, 2009. For further information on the forecast of consolidated business results, please refer to "5. OUTLOOK" on pages 8-9.

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

REVIEW OF OPERATIONS

1. Review of Operations

(1) Overview

In fiscal 2008, the fiscal year ended March 31, 2008, the Japanese economy experienced moderate growth underpinned by a steady increase in corporate-sector capital expenditure and firm personal consumption. Toward the end of the fiscal year, however, economic growth slowed substantially, owing to the sharp rise in energy and raw material costs and uncertainty surrounding the global economy.

In the first and second quarters of the fiscal year under review, the U.S. economy maintained its growth trajectory. Buffeted by the drop in residential investment as well as sub-prime loan issues resulting in tight financial-sector credit conditions, economic activity slowed entering the third quarter. By the fourth quarter, the U.S. economy experienced an accelerated downturn. During this period, the U.S. dollar weakened substantially against the yen. Mirroring, economic activity in the United States, the European economy continued to expand during the first half of fiscal 2008. Economic conditions deteriorated rapidly entering the second half, however, triggered by credit insecurity within the financial sector. Asia, including China and other newly emerging countries, enjoyed high rates of economic growth throughout the fiscal year overall. Toward the end of the period, however, economic conditions slowed.

In the printing industry, the Komori Group's primary market, capital expenditure was modest during the fiscal year ended March 31, 2008. This generally reflected market maturity in Japan, the United States and Western Europe and a focus on renewal demand designed to lift productivity and promote added value. In Central and Eastern Europe, Russia, China, South America, India and other newly developing countries, demand continued to grow at high levels.

(2) Consolidated Performance

Under these circumstances, the Komori Group placed considerable emphasis on the development of products and solutions by utilizing its automated technologies that gave birth to such industry-leading products as Komori's automatic plate changer (APC) and short makeready capabilities. From the production perspective, Komori worked diligently to promote its *Monozukuri (Manufacturing) Innovation 2008 Activities* to enhance quality and reduce production lead times. In response to continued growth in its overseas sales, Komori strengthened its support capabilities to ensure the supply of component parts within 24 hours. At the same time, the Company undertook

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preparatory steps to establish technical services centers for Asia and Europe.

Accounting for these factors, orders received in fiscal 2008 increased 8.6% compared with the previous fiscal year to ¥157,271 million. In the fiscal year under review, Komori changed its accounting method for recording sales of sheet-fed offset presses from a shipment to an acceptance basis, contributing to a drop in sales. Sales of web offset presses declined in Japan. Total net sales, on the other hand, climbed 9.1% year on year to ¥154,838 million supported by substantial growth in Europe as well as newly emerging countries. From a profit perspective, operating income rose 22.3% compared with the previous fiscal year to ¥18,349 million. Despite this improvement, ordinary income declined 7.4% year on year to ¥15,532 million and net income contracted 6.2% to ¥8,670 million due to the loss on foreign exchange attributable to rapid appreciation in the value of the yen.

Outside of Japan, overseas sales increased 20.3% to ¥112,783 million. This represented 72.8% of total net sales.

Net Sales by Business Segment

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Increase / (Decrease) (%)
Printing equipment	122,535	134,159	9.5%
Other	19,335	20,679	7.0%
Total	141,870	154,838	9.1%

(3) Net Sales by Geographic Segment

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Increase / (Decrease) (%)	
Net sales	141,870	154,838	9.1%	
Breakdown	Japan	48,104	42,055	(12.6)%
	The Americas	33,062	31,930	(3.4)%
	Europe	34,501	43,475	26.0%
	Asia	20,044	28,376	41.6%
	Other regions	6,157	9,000	46.2%

Domestic Sales

Despite distinct signs of market maturation, those printing companies in Japan that were

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confronted by a heavy workload adopted a positive approach toward capital expenditure in an effort to secure productivity enhancements, rationalization and high value-added. Against this backdrop, domestic demand for sheet-fed offset presses was firm. Notwithstanding favorable conditions, sales in Japan declined 12.6% compared with the previous fiscal year. This was attributable to the drop in orders received and sales of web offset presses following completion of a recent round of renewal investment and the change in accounting method for recording sales of sheet-fed offset presses from a shipment to an acceptance basis.

The Americas

In North America, indications of economic slowdown became increasingly evident reflecting growing turmoil within the residential and financial markets. Under these conditions, demand remained firm mainly for presses that offer high value-added options such as multicolor printing and inline coating functions. Buoyed by robust market demand, orders received and sales in Central and South America increased markedly on the back of successful Group efforts to establish a powerful sales agency network and to deliver more competitive products and services. Impacted by the change in accounting method for recording sales of sheet-fed offset presses to an acceptance basis at Komori's U.S.-based subsidiary, overall sales in the Americas declined 3.4% compared with the previous fiscal year.

Europe

Reflecting robust results in the corporate sector as well as positive sentiment toward capital expenditure throughout Europe, sales grew substantially in both developed nations, which comprise the mature markets of Western and Northern Europe, and the growing markets of Central and Eastern Europe. In specific terms, demand in Western and Northern Europe centered mainly on equipment that offer such high-value-added options as multicolor printing and inline coating functions. In Central and Eastern Europe, demand covered a wider spectrum, from small and mid-sized equipment, mainly four-color presses, to high-value-added presses catering to leading printing companies. Taking into account the aforementioned factors, and amid depreciation in the value of the yen against the euro, sales in Europe climbed 26.0% compared with the previous fiscal year.

Asia

In China, expectations that the government would reinstate tax and duty exemptions

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began to weaken in fiscal 2007. This has led to the growing acceptance of imposts as a part of the printing press purchase process. Under these circumstances, demand for sheet-fed offset presses grew notably, following an extended period during which companies postponed acquiring new equipment, resulting in a sharp surge in orders received and sales. Buoyed by this positive environment as well as steady sales expansion in other parts of Asia including India, a nation distinguished by its remarkable growth, sales throughout the region jumped 41.6% compared with the previous fiscal year.

Other Regions

Sales in Oceania and the Middle East rose notably during the fiscal year under review. As a result, overall sales in the other region segment surged 46.2% year on year.

(4) Highlights

In the fiscal year ended March 31, 2008, Group highlights were as follows.

Toward the end of September, the International Graphic Arts Show (IGAS) 2007, an international printing equipment exhibition convened every four years, was held in Tokyo and attended by more than 130,000 visitors from around the globe. This exhibition provided the Komori Group with an excellent opportunity to showcase a selection of its cutting-edge equipment that caters to the diverse needs of global customers. In addressing the printing industry's demands for high quality, high productivity, high-value-added, short-run and quick turnaround printing, Komori secured orders in excess of its initial target.

In March 2008, the Group formally ratified the decision to construct the Komori Graphic Technology Center (KGC), located within Komori's Tsukuba Plant site. With a floor space measuring 4,600 square meters, the facility will serve as the Group's core research, development and training center and is scheduled to open in May 2009. In specific terms, plans are in place for KGC to fulfill a variety of functions, serving as: (1) a technical research facility to facilitate joint research with academic institutions and other printing material and peripheral equipment manufacturers; (2) a demonstration facility focusing on system quality assurance and sales promotion; (3) a training facility for the Group's global network of service and production engineering personnel, and; (4) a technical education and training facility for Komori Group customers. Taking full advantage of the aforementioned functions, Komori will strive to contribute to the development of printing technologies.

On June 26, 2007, the proposal to acquire up to 800,000 shares of the

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Company's common stock for a maximum acquisition price of ¥2,500 million was ratified at Komori's 61st Annual General Meeting of Shareholders. In accordance with this ratification, Komori had acquired the maximum 800,000 shares of common stock for an aggregate acquisition price of ¥2,104 million as of the end of the fiscal year under review. Furthermore, Komori retired 2,000,000 shares of treasury stock in March 2008.

(5) Outlook

Looking ahead, we anticipate that tight credit conditions, triggered by sub-prime loan issues in the United States, will become increasingly evident on a global scale resulting in a rapid downturn in economic activity worldwide. Exacerbated by persistent appreciation in the value of the yen and sudden surges in the costs of crude oil and raw materials, the Komori Group recognizes that there is little room for complacency with regard to future prospects.

Under these conditions, the Komori Group will work diligently to increase its share in the mature markets of industrialized nations, addressing negative factors that place downward pressure on demand, while further expanding sales in newly developing countries, which continue to exhibit robust growth.

Scheduled to be held in Germany, Komori plans to showcase a host of the Group's new presses and functions over a two-week period commencing the end of May at drupa 2008, the world's largest international printing equipment exhibition, which is staged every four years. With plans to address short makeready, high productivity and high-value-added needs, the Komori Group will step up its sales promotion and marketing activities in an effort to generate demand growth focusing mainly on Europe and newly emerging countries.

Forecasts of consolidated results for the fiscal year ending March 31, 2009 are provided as follows.

Forecasts of Consolidated Results for the Fiscal year Ending March 31, 2009

(In millions of yen)

	Fiscal Year Ended March 31, 2008	Fiscal Year Ending March 31, 2009	Increase / (Decrease) (%)
Net sales	154,838	158,000	2.0%
Operating income	18,349	18,400	0.3%
Ordinary income	15,532	17,300	11.4%
Net income	8,670	10,400	19.9%

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Forecasts for the fiscal year ending March 31, 2009 are based on exchange rate assumptions as follows:

USD 1.00 = ¥100

Euro 1.00 = ¥150

The aforementioned consolidated 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.

The Komori Group's operating structure is susceptible to movements in exchange rates, with more than 70% 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 Japan's stock markets.

2. Financial Condition

(1) Assets, Liabilities and Net Assets

Total assets as of March 31, 2008 stood at ¥211,774 million, a decrease of ¥3,629 million compared with the previous fiscal year-end. Liabilities were ¥55,911 million, down ¥5,513 million compared with March 31, 2007 while net assets totaled ¥155,863 million, reflecting growth of ¥1,884 million. A key factor contributing to the decline in assets was the ¥13,407 million decrease in notes and accounts receivable. Furthermore, the increase in the aggregate total of cash on hand and bank deposits, marketable securities and long-term bank deposits was held to ¥12,878 million while investments in securities fell ¥2,054 million on the back of a ¥1,507 million decrease in net unrealized gains on available-for-sale securities.

Major movement resulting in a drop in liabilities included notes and accounts payable, which fell ¥684 million. In addition, income taxes payable and deferred income taxes declined ¥2,201 million and ¥1,331 million, respectively.

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(2) Consolidated Cash Flows

(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 Year Ended March 31, 2008	21,008	(2,020)	(4,797)	42,100
Fiscal Year Ended March 31, 2007	6,199	(211)	(5,519)	29,332
Increase / (Decrease)	14,809	(1,809)	722	12,768

Net cash provided by operating activities amounted to ¥21,008 million, up ¥14,809 million compared with the previous fiscal year. Major cash inflows were income before income taxes of ¥14,954 million and decrease in notes and accounts receivable totaling ¥12,817 million. The principal cash outflow was income taxes paid of ¥8,967 million.

Net cash used in investing activities was ¥2,020 million, an increase of ¥1,809 million year on year. The major cash outflow components were payments for purchase of property, plant and equipment as well as payments for purchase of investments in securities.

Net cash used in financing activities totaled ¥4,797 million, up ¥722 million compared with the previous fiscal year. The principal cash outflows were increase in treasury stock, net, of ¥2,155 million and cash dividends paid in the amount of ¥2,524 million.

Accounting for the aforementioned activities, cash and cash equivalents at the end of the fiscal year stood at ¥42,100 million, an increase of ¥12,768 million compared with March 31, 2007.

Trends in key cash flow-related indicators for the Komori Group are provided as follows:

	Fiscal Year Ended March 31, 2005	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Equity Ratio (%)	68.2%	72.8%	71.5%	73.6%
Equity Ratio (%) (Market capitalization Basis)	54.4%	92.1%	87.2%	66.1%
Debt Repayment Period (Years)	2.40 years	0.24 years	0.22 years	0.06 years
Interest Coverage Ratio (Times)	13.0 times	24.6 times	20.2 times	200.4 times

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Equity ratio: $\text{Equity} / \text{Total assets}$

Equity ratio (Market capitalization basis): $\text{Market capitalization} / \text{Total assets}$

Debt repayment period: $\text{Interest-bearing liabilities} / \text{Cash flows from operating activities}$

Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest expense}$

- All indicators have been calculated from consolidated financial figures. Cash flow refers to cash flows from operating activities as shown on the consolidated statements of cash flows.
- Market capitalization as of the end of the period is calculated based on the share closing price as of the end of the fiscal year multiplied by the number of shares issued and outstanding (less treasury stock) as of the fiscal period-end.

3. Basic Policy on the Appropriation of Profits, Cash Dividends for the Fiscal Year under Review and the Fiscal Year Ending March 31, 2009

While considering the level of retained earnings required to prudently secure a robust operating platform and ensure future business growth from a long-term perspective, Komori positions the continuous and stable return of profits to its shareholders as a key management priority. Guided by this underlying policy, Komori strives to ensure a dividend payout ratio of 30% on a consolidated net income basis. In an effort to further enhance shareholder value, Komori also undertakes the acquisition of treasury stock as considered appropriate. Komori will retire treasury stock after considering the balance of treasury stock held and its overall capital policy.

For the fiscal year ended March 31, 2008, Komori's Board of Directors resolved to submit a proposal at its 62nd Annual General Meeting of Shareholders for a fiscal year-end cash dividend of ¥20 per common share. For the fiscal year ending March 31, 2009, Komori plans to pay an interim cash dividend of ¥20 per common share and a fiscal year-end cash dividend of ¥20 per common share for an annual dividend of ¥40 per common share.

4. 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 70% and accordingly is subject to movements in foreign exchange currency rates. While the Group's principal markets are the United States, Europe and Asia,

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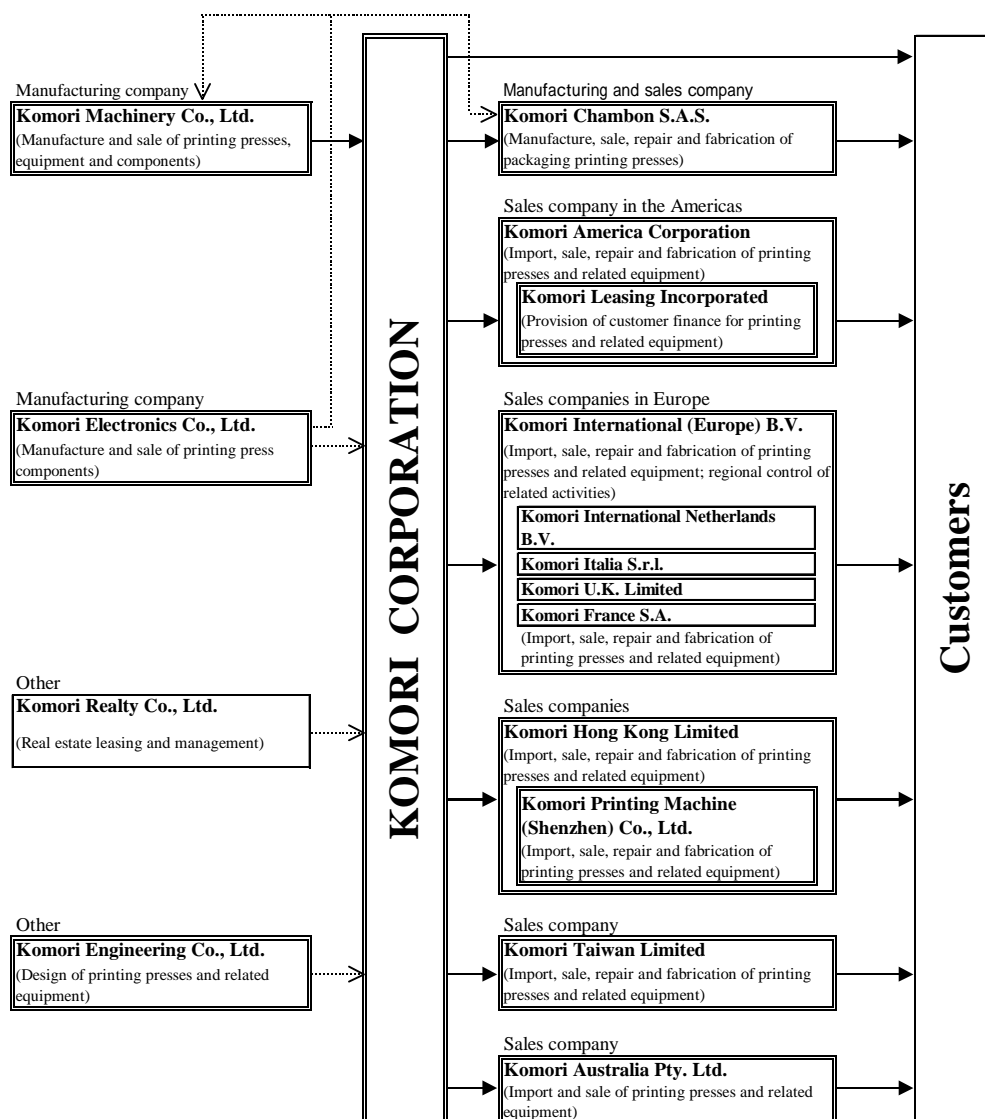
Komori does not rely on any particular region for its business. In addition, the Company works to reduce risk through the application of foreign exchange forward contracts. Komori does, however, recognize that significant and volatile movements in foreign currency exchange rates may adversely affect 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, Europe, the United States 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.

OVERVIEW OF THE KOMORI GROUP

The Komori Group comprises Komori Corporation and its 16 subsidiary companies. The Group's principal activity is to manufacture, sell and provide services for printing presses and related equipment and parts. Other related activities include financing and real estate management services.

An organization chart outlining the names, business activities and relationships among Group companies is provided as follows.



Notes:

1. Group organization as of March 31, 2008.
2. Consolidated subsidiary Komori International Trading (Shenzhen) Co., Ltd. was liquidated effective September 30, 2007.

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MANAGEMENT POLICIES

1. Basic Management Policy

Through the “Project to create Kando for customers” based on its 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. Medium-Term Management Strategies and Key Management Indicators

Guided by its second medium-term management plan, which covers the three-year period from April 1, 2006 to March 31, 2009, the Komori Group continues to implement specific fundamental strategies in its efforts to: (1) create and deliver products and services of the highest quality; (2) establish and nurture management systems and human resources that develop Komori into a true global corporation, and; (3) enhance its earnings base and reinforce its financial structure.

In this context, and by the end of its second medium-term management plan, the Group also identified specific management targets comprising consolidated net sales of ¥150,000 million or greater, operating income as a percentage of net sales (ROS) of 10% or greater, and ordinary income as a percentage of average total assets (ROA) of 7% or greater.

Evaluating the Group’s performance, and recognizing the additional benefits of greater than anticipated depreciation in the value of the yen, Komori achieved each of the aforementioned management targets well in advance of initial expectations. In the fiscal year ended March 31, 2008, the second year of the current three-year medium-term management plan, consolidated net sales totaled ¥154,800 million, ROS reached 11.9% and ROA was 7.3%.

3. Pending Issues

The global printing industry is currently experiencing a period of significant change. While enjoying moderate demand growth in overall terms, disparities are increasingly emerging between industrialized and newly emerging countries. On the one hand, printing industry demand growth in developed nations and regions including Japan,

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Europe and the United States is weak impacted by market maturity, declining unit prices and low profitability. In newly emerging countries, such as Brazil, Russia, India and China, on the other hand, demand is expanding at record levels buoyed by robust domestic consumption and export demand.

Furthermore, ongoing printing industry technological innovation that has underpinned market maturity in industrialized countries has significantly diluted value-added enhancements, negating the need for specialized skills. In response to this trend, signs of industry reorganization are becoming more evident most notably through shifts in business models as well as M&A.

Intrinsic to this industry change is also the rapid worldwide surge in electronic media and its competition and co-existence with print media.

Taking the aforementioned into consideration, these changes are impacting the price, delivery, volume, quality and related features of printed materials. Accordingly, the Komori Group has positioned the following five core issues and initiatives at the heart of its response to changes in the external environment.

1. Responding to further gains in the ratio of overseas sales to total sales, to pursue increased globalization of its business activities. In addition to lifting its share in the main markets of Europe and the United States, to reinforce activities in Asia and newly developing countries.
2. To ensure that its products and services accurately reflect market and customer needs. To this end, to strengthen its efforts and the “project to create *KANDO* for customers.”
3. To gain customer recognition to comprehensive quality gains (perceptual quality) that encompass traditional design and production quality management.
4. To promote activities that boost cost competitiveness in response to the sharp rise in raw material prices and fluctuations in foreign currency exchange rates while rebuilding production systems.
5. To reestablish a product development function that accurately incorporates the needs of customers and each era taking into consideration performance, the environment, safety, systems efficiency, utilization rates and related factors.

By implementing the aforementioned initiatives, the Komori Group will endeavor to strengthen its management platform in an effort to create and deliver products and services of the highest quality, a fundamental strategy of its ongoing medium-term management plan. In addition, the Group will reinforce efforts to adhere strictly to

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compliance requirements, bolster internal control systems and promote sound management in accordance with the Komori Group's Code of Corporate Conduct.

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

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

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2007		March 31, 2008		Increase / (Decrease)
		%		%	
(ASSETS)					
I. Current Assets:	147,373	68.4	150,030	70.8	2,656
Cash on hand and bank deposits	30,214		42,018		11,803
Notes and accounts receivable	63,682		50,275		(13,407)
Marketable securities	-		2,105		2,105
Inventories	42,977		43,116		138
Insurance fund due within one year	-		782		782
Deferred income taxes	7,107		7,750		643
Other current assets	3,966		4,418		451
Allowance for doubtful accounts	(575)		(437)		138
II. Fixed Assets:	68,030	31.6	61,744	29.2	(6,286)
1. Tangible Fixed Assets	36,451	16.9	34,141	16.1	(2,310)
Buildings and structures	10,522		9,890		(632)
Machinery and equipment	5,722		5,523		(199)
Land	18,390		17,522		(867)
Construction in progress	515		126		(389)
Other tangible fixed assets	1,299		1,077		(221)
2. Intangible Fixed Assets	787	0.4	1,024	0.5	237
3. Investments and Others	30,791	14.3	26,578	12.6	(4,212)
Investments in securities	10,992		8,937		(2,054)
Long-term loans	518		406		(112)
Long-term bank deposits	5,850		4,820		(1,030)
Long-term deferred income taxes	345		100		(245)
Insurance fund	11,831		11,193		(638)
Reorganization and related receivables	1,632		674		(958)
Other investments and others	752		1,144		391
Allowance for doubtful accounts	(1,131)		(697)		433
Total Assets	215,403	100.0	211,774	100.0	(3,629)

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

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2007		March 31, 2008		Increase / (Decrease)
		%		%	
(LIABILITIES)					
I. Current Liabilities:	<u>58,086</u>	27.0	<u>54,065</u>	25.5	<u>(4,021)</u>
Notes and accounts payable	31,609		30,925		(684)
Short-term bank loans	864		1,068		204
Current portion of long-term debt	354		118		(236)
Income taxes payable	5,824		3,623		(2,201)
Accrued bonuses to employees	1,194		1,301		106
Reserve for product warranty	2,070		1,883		(186)
Reserve for loss on guarantees	2,247		2,068		(178)
Accrued bonuses for directors and corporate auditors	74		61		(12)
Deferred profit on installment sales	376		210		(166)
Other current liabilities	13,469		12,804		(665)
II. Long-Term Liabilities:	<u>3,338</u>	1.5	<u>1,845</u>	0.9	<u>(1,492)</u>
Long-term debt	139		-		(139)
Accrued retirement benefits for directors and corporate auditors	472		403		(68)
Accrued retirement benefits for employees	524		506		(17)
Accrued sales promotion expenses	47		295		247
Deferred income taxes	1,902		570		(1,331)
Other long-term liabilities	252		69		(182)
Total Liabilities	61,424	28.5	55,911	26.4	(5,513)
(NET ASSETS)					
I. Shareholders' Equity:					
Common stock	37,714	17.5	37,714	17.8	-
Additional paid-in capital	37,797	17.5	37,797	17.8	-
Retained earnings	79,623	37.0	81,579	38.5	1,955
Treasury stock	(3,428)	(1.6)	(1,393)	(0.6)	2,035
Total Shareholders' Equity	151,706	70.4	155,697	73.5	3,990
II. Revaluation and Translation Adjustments:					
Net unrealized gains on available-for-sale securities	2,830	1.3	1,322	0.6	(1,507)
Translation adjustments	(557)	(0.2)	(1,156)	(0.5)	(598)
Total Revaluation and Translation Adjustments	2,272	1.1	165	0.1	(2,106)
Total Net Assets	153,978	71.5	155,863	73.6	1,884
Total Liabilities and Net Assets	215,403	100.0	211,774	100.0	(3,629)

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

Consolidated Statements of Income

(In millions of yen)

	Fiscal 2007 (April 1, 2006 to March 31, 2007)		Fiscal 2008 (April 1, 2007 to March 31, 2008)		Increase / (Decrease)
		%		%	
I. Net Sales	141,870	100.0	154,838	100.0	12,967
II. Cost of Sales	93,676	66.1	99,840	64.5	6,164
Reversal from deferred profit on installment sales	127	0.1	89	0.1	(37)
Transfer to deferred profit on installment sales	43	0.0	40	0.0	(2)
Gross profit	48,277	34.0	55,047	35.6	6,769
III. Selling, General and Administrative Expenses	33,275	23.4	36,697	23.7	3,422
Operating income	15,002	10.6	18,349	11.9	3,347
IV. Non-Operating Income	2,905	2.0	1,429	0.9	(1,476)
Interest and dividend income	780		733		(47)
Gain on sales of marketable securities	91		5		(86)
Gain from insurance fund	118		15		(102)
Gain on foreign exchange	1,588		-		(1,588)
Other non-operating income	327		675		348
V. Non-Operating Expenses	1,125	0.8	4,246	2.8	3,120
Interest expenses	307		104		(202)
Loss on disposal of obsolete inventories	34		143		108
Loss on foreign exchange	-		2,850		2,850
Loss on asserted claims	456		481		25
Valuation loss on inventories	162		202		39
Other non-operating expenses	164		463		298
Ordinary income	16,782	11.8	15,532	10.0	(1,250)
VI. Extraordinary Income	734	0.5	609	0.5	(125)
Gain on sale of fixed assets	67		329		262
Gain on sale of investments in securities	639		-		(639)
Reversal of allowance for doubtful accounts	28		204		175
Reversal of reserve for loss on guarantees	-		75		75
VII. Extraordinary Losses	1,293	0.9	1,187	0.8	(106)
Loss on disposal of fixed assets	226		104		(122)
Impairment loss on fixed assets	-		944		944
Valuation loss on investment securities	35		-		(35)
Moving expenses of factory	49		-		(49)
Allowance for doubtful accounts	408		-		(408)
Loss on bad debt	486		-		(486)
Loss on prior period adjustments	-		138		138
Other extraordinary losses	87		-		(87)
Income before income taxes	16,223	11.4	14,954	9.7	(1,269)
Income taxes --- current	8,111	5.7	7,093	4.6	(1,018)
Income taxes --- deferred	(1,134)	(0.8)	(809)	(0.5)	324
Net income	9,246	6.5	8,670	5.6	(576)

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

Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2007

(In millions of yen)

	Shareholders' Equity				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at March 31, 2006	37,714	37,871	75,384	(4,217)	146,753
Changes during the year					
Dividends from surplus			(1,806)		(1,806)
Bonuses to directors			(45)		(45)
Net income			9,246		9,246
Increase of treasury stock				(2,444)	(2,444)
Decrease of treasury stock		0		1	1
Retirement of treasury stock		(74)	(3,156)	3,231	-
Items other than changes in shareholders' equity					
Total	-	(74)	4,238	788	4,953
Balance at March 31, 2007	37,714	37,797	79,623	(3,428)	151,706

	Revaluation and Translation Adjustments			Total Net Assets
	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Translation Adjustments	Total Revaluation and Translation Adjustments	
Balance at March 31, 2006	4,519	(675)	3,843	150,597
Changes during the year				
Dividends from surplus				(1,806)
Bonuses to directors				(45)
Net income				9,246
Increase of treasury stock				(2,444)
Decrease of treasury stock				1
Retirement of treasury stock				-
Items other than changes in shareholders' equity	(1,688)	117	(1,571)	(1,571)
Total	(1,688)	117	(1,571)	3,381
Balance at March 31, 2007	2,830	(557)	2,272	153,978

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

Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2008

(In millions of yen)

	Shareholders' Equity				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at March 31, 2007	37,714	37,797	79,623	(3,428)	151,706
Changes during the year					
Dividends from surplus			(2,524)		(2,524)
Net income			8,670		8,670
Increase of treasury stock				(2,159)	(2,159)
Decrease of treasury stock		1		3	4
Retirement of treasury stock		(1)	(4,190)	4,192	-
Items other than changes in shareholders' equity					
Total	-	-	1,955	2,035	3,990
Balance at March 31, 2008	37,714	37,797	81,579	(1,393)	155,697

	Revaluation and Translation Adjustments			Total Net Assets
	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Translation Adjustments	Total Revaluation and Translation Adjustments	
Balance at March 31, 2007	2,830	(557)	2,272	153,978
Changes during the year				
Dividends from surplus				(2,524)
Net income				8,670
Increase of treasury stock				(2,159)
Decrease of treasury stock				4
Retirement of treasury stock				-
Items other than changes in shareholders' equity	(1,507)	(598)	(2,106)	(2,106)
Total	(1,507)	(598)	(2,106)	1,884
Balance at March 31, 2008	1,322	(1,156)	165	155,863

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

Consolidated Statements of Cash Flows

(In millions of yen)

	Fiscal 2007 (April 1, 2006 to March 31, 2007)	Fiscal 2008 (April 1, 2007 to March 31, 2008)
• Cash Flows from Operating Activities:		
Income before income taxes	16,223	14,954
Depreciation and amortization	2,375	2,784
Impairment loss on fixed assets	-	944
Decrease in allowance for doubtful accounts	(380)	(564)
Increase in accrued bonuses for employees	124	106
Decrease in accrued retirement benefits	(523)	(16)
Decrease in accrued bonuses for directors and corporate auditors	-	(12)
Interest and dividend income	(780)	(733)
Interest expenses	307	104
(Gain) loss on foreign exchange	(1,856)	4,186
Directors' bonuses paid	(45)	-
Gain on sale of investments in securities	(730)	(5)
Gain from insurance fund	(118)	(15)
(Increase) decrease in notes and accounts receivable	(4,134)	12,817
Increase in inventories	(4,630)	(1,858)
Increase (decrease) in notes and accounts payable	3,075	(1,148)
Increase in other receivables	(130)	(233)
Others, net	1,698	(1,943)
Subtotal	10,475	29,367
Interest and dividends received	778	751
Interest paid	(316)	(142)
Income taxes paid	(4,737)	(8,967)
Net cash provided by operating activities	6,199	21,008
• Cash Flows from Investing Activities:		
Payments of time deposits	(1,590)	(960)
Proceeds from maturity of time deposits	1,627	1,174
Payments for purchase of property, plant and equipment	(4,226)	(2,543)
Proceeds from sale of property, plant and equipment	357	931
Payments for purchase of investments in securities	(1,075)	(890)
Proceeds from sale of investments in securities	3,492	16
Payments for purchase of other investments	(3,289)	(598)
Proceeds from maturity of other investments	4,417	737
Collection of loans	75	112
Net cash used in investing activities	(211)	(2,020)
• Cash Flows from Financing Activities:		
Increase in short-term debt	1,465	1,967
Repayments of short-term debt	(2,320)	(1,742)
Repayments of long-term debt	(416)	(342)
Increase in treasury stock, net	(2,442)	(2,155)
Cash dividends paid	(1,806)	(2,524)
Net cash used in financing activities	(5,519)	(4,797)
• Effect of exchange rate changes on cash and cash equivalents	(52)	(1,422)
• Net increase in cash and cash equivalents	415	12,768
• Cash and cash equivalents at beginning of year	28,916	29,332
• Cash and cash equivalents at end of year	29,332	42,100

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

Important Matters that Form the Basis for Compiling Consolidated Financial Statements

1. Scope of Consolidation

- (1) Consolidated subsidiaries 15

Steps to liquidate the consolidated subsidiary Komori International Trading (Shenzhen) Co., Ltd. were completed on September 30, 2007. The statement of income for the period prior to liquidation was excluded from the scope of consolidation as the subsidiary's impact on the consolidated financial statements was considered immaterial.

- (2) Unconsolidated subsidiary 1

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

The unconsolidated subsidiary, Komori Realty Co., Ltd., is a small-scale company and was excluded from the scope of consolidation as its total assets, net sales, net income and retained earnings were immaterial in relation to the consolidated financial statements.

2. Application of the Equity Method

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

3. Date of Settlement of Accounts for Consolidated Subsidiaries

Consolidated subsidiary Komori Printing Machine (Shenzhen) Co., Ltd. settles its accounts on December 31. For the purposes of preparing consolidated financial statements, statements are based upon a provisional settlement of accounts conducted at the consolidated year-end. The closing dates for earnings for consolidated subsidiaries other than those companies mentioned above 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

Available-for-sale 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 net assets, 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.

The basis for investment in limited partnership investment businesses and similar partnerships (those defined as marketable securities under Article 2.2 of the Financial Instruments and Exchange Law) is provided in the most recent financial statements available, in accordance with partnership agreements provided for on the day of financial reporting and using methods that incorporate the equivalent of equity in the net price of investment.

(b) Inventories

Products

Primarily stated at cost, determined by the specific identification cost method

Used products

Primarily stated at cost, determined by the specific identification cost method

Raw materials

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

Works in progress

Stated at cost, determined by the specific identification 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 Income 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.

(Changes in Accounting Policies)

Pursuant to a revision of the Corporate Income Tax Law and effective from the fiscal year ended March 31, 2008, the depreciation of tangible fixed assets acquired by Komori and its domestic consolidated subsidiaries on and after April 1, 2007 is calculated in accordance with the revised Corporate Income Tax Law. As a result of this change in accounting policy and in comparison with the previously existing accounting

policy, operating income, ordinary income and income before income taxes each declined by ¥67 million and net income declined by ¥40 million.

(Additional Information)

Pursuant to a revision of the Corporate Income Tax Law and effective from the fiscal year ended March 31, 2008, tangible fixed assets acquired prior to March 31, 2007 by Komori and its domestic consolidated subsidiaries are depreciated and amortized on a straight-line basis over five years from the following fiscal year when depreciation and amortization is completed to pre-established depreciable limits. As a result of this change in accounting policy and in comparison with the previously existing accounting policy, operating income, ordinary income and income before income taxes each declined by ¥132 million, and net income declined by ¥78 million.

The impact of the aforementioned on segment information is recorded in the relevant section of this report.

(b) Intangible fixed assets

Marketing rights

Komori Taiwan Limited: Straight-line method over a maximum of 10 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

An 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 for employees

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

(c) Accrued retirement benefits for 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 period. Prior service

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cost is amortized in the year in which it was incurred. 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

A reserve for product warranty is provided for based on an amount estimated by applying a ratio of the amount of repair costs actually incurred under the product warranty provided by the Group against the amount of net sales. In addition, an amount to cover individual repair costs is provided when appropriate.

(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 corporate auditors

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

(g) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are recorded in an amount based on the estimated amount payable by the Company and a portion of its domestic consolidated subsidiaries in the fiscal year under review.

(h) Accrued sales promotion expenses

Accrued sales promotion expenses are recorded in an amount determined based on the estimated amount payable in connection with the use by customers of a points system established as part of a campaign initiative designed to promote sales.

(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 financial statements

Consumption taxes are recorded separately.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

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

6. 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.

Significant Changes in the Basis for Preparing Consolidated Financial Statements:

(Changes in Accounting Method for Net Sales)

From the fiscal year ended March 31, 2008, the Komori Group changed the accounting method used for recording net sales of sheet-fed offset presses from a shipment basis to an acceptance basis. This shift was implemented to ensure a more objective and accurate measure for recording net sales; one that takes into consideration the protracted period between shipment and acceptance, reflecting growing sales of multicolor, longer length and highly sophisticated sheet-fed offset presses. In addition, this change in accounting policy was adopted to enable the development of an operating structure better equipped to manage the process between shipment and acceptance, enhance quality and minimize the period through to acceptance. In the case of web offset presses, which require a longer period through acceptance than sheet-fed offset presses, the Komori Group already records net sales on an acceptance basis. Accordingly, no change in accounting policy has been implemented. Reflecting these factors, and in comparison with the previous accounting method, net sales declined ¥3,491 million. From a profit perspective, operating income, ordinary income and income before income taxes each decreased by ¥977 million, and net income declined by ¥597 million. The impacts on segment information and overseas sales are recorded in the relevant sections of this report.

Notes

(Notes to Consolidated Balance Sheets)

(In millions of yen)

	March 31, 2007	March 31, 2008
1. Accumulated depreciation	38,855	39,194
2. Contingent liabilities	25,533	19,253
3. Notes receivable*	691	-
Notes payable*	858	-

*The value of notes that have matured are calculated as of the date of their conversion. Because the closing date of the period ended March 31, 2007 was a financial holiday, notes with maturities on that date have been included in the March 31, 2007 balance sheets.

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

Fiscal year ended March 31, 2008

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

(Shares)

	March 31, 2007	Increase	Decrease	March 31, 2008
Shares outstanding				
Common stock	70,292,340	-	2,000,000	68,292,340
Total	70,292,340	-	2,000,000	68,292,340
Treasury stock				
Common stock*	1,847,151	819,387	2,001,598	664,940
Total	1,847,151	819,387	2,001,598	664,940

* Breakdown of increase in common treasury stock:

Increase due to purchase of odd-lot shares of less than one trading unit: 19,387 shares

Increase due to repurchase of treasury stock: 800,000 shares

* Breakdown of decrease in common treasury stock:

Decrease due to sale of odd-lot shares of less than one trading unit: 1,598 shares

Decrease due to retirement of treasury stock: 2,000,000 shares

2. Items related to dividends

(1) Dividend payments

Resolution	Class of Shares	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
June 26, 2007 Annual General Meeting of Shareholders	Common stock	1,163	17	March 31, 2007	June 27, 2007
November 12, 2007 Board of Directors Meeting	Common stock	1,360	20	September 30, 2007	November 30, 2007
Total		2,524			

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(2) Dividends with a record date that falls within the fiscal period under review and an effective date in the following fiscal period are to be proposed at the annual general meeting of shareholders on June 24, 2008 and are as follows:

1. Total amount of dividends: ¥1,352 million
2. Amount of dividend per share: ¥20.00
3. Record date: March 31, 2008
4. Effective date: June 25, 2008

Retained earnings will be applied as the dividend source.

(Notes to Consolidated Statements of Cash Flows)

Reconciliation of cash and cash equivalents outstanding at the year-end and items recorded on consolidated balance sheets

(In millions of yen)

	March 31, 2007	March 31, 2008
Cash on hand and bank deposits	30,214	42,018
Time deposits of over three months	(882)	(1,668)
Marketable securities account (Transferable deposits)	-	1,750
Cash and cash equivalents	29,332	42,100

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 2007 (April 1, 2006 to March 31, 2007)

(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	63,416	29,255	39,917	9,282	141,870	-	141,870
(2) Intersegment sales	53,018	91	1,078	43	54,232	(54,232)	-
Total	116,434	29,346	40,996	9,326	196,103	(54,232)	141,870
Operating expenses	101,278	27,873	40,939	9,074	179,166	(52,297)	126,868
Operating income	15,156	1,473	56	251	16,937	(1,934)	15,002
II. Assets	194,518	29,471	43,532	3,854	271,376	(55,973)	215,403

Notes:

1. Among operating expenses in the fiscal year ended March 31, 2007, no unallocatable cost is included in elimination or corporate items.

2. Classification of countries and regions/major countries in each region

I. Classification of countries and regions is based on geographical proximity.

II. Major countries in each region
 The Americas: The United States
 Europe: The Netherlands, United Kingdom, France
 Others: Hong Kong, Taiwan, Australia

3. Changes in accounting policies

(Accounting method for bonuses to directors and corporate auditors)

From the fiscal year ended March 31, 2007, Komori adopted the "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005). As a result of this change in accounting method and in comparison with the previously existing accounting method, operating expenses in Japan increased by ¥74 million while operating income in Japan decreased by the same amount.

Fiscal 2008 (April 1, 2007 to March 31, 2008)

(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	66,741	26,910	51,759	9,427	154,838	-	154,838
(2) Intersegment sales	54,497	54	303	49	54,904	(54,904)	-
Total	121,239	26,964	52,063	9,476	209,743	(54,904)	154,838
Operating expenses	104,667	26,343	51,373	9,138	191,524	(55,035)	136,489
Operating income	16,571	620	689	337	18,219	130	18,349
II. Assets	194,241	23,803	39,607	3,723	261,376	(49,602)	211,774

Notes:

1. Among operating expenses in the period under review, no unallocatable cost is included in elimination or corporate items.

2. Classification of countries and regions/major countries in each region

I. Classification of countries and regions is based on geographical proximity.

II. Major countries in each region
 The Americas: The United States
 Europe: The Netherlands, United Kingdom, France
 Others: Hong Kong, Taiwan, Australia

3. Changes in accounting policies

(Accounting method for sales)

As reported under "Significant Changes in the Basis for Preparing Interim Consolidated Financial Statements," and from the fiscal year ended March 31, 2008, the Komori Group has changed the accounting method used for recording net sales of sheet-fed offset presses. In accordance with this change, the Komori Group has shifted from a shipment basis to an acceptance basis. As a result of this change in accounting for sheet-fed offset press sales, and in comparison with the previous accounting method, net sales and operating income in Japan fell by ¥1,060 million and ¥288 million, respectively. Net sales and operating income fell by ¥1,427 million and ¥198 million, respectively, in the Americas; by ¥614 million and ¥47 million, respectively, in Europe; and by ¥389 million and ¥10 million, respectively, in other regions. In connection with eliminations and/or corporate, operating income decreased by ¥431 million.

(Accounting method for depreciating tangible fixed assets)

As reported under "Important Matters that Form the Basis for Compiling Interim Consolidated Financial Statements (2) (a)," and from the fiscal year ended March 31, 2008, the Komori Group has changed the accounting method used for depreciating tangible fixed assets acquired on or after April 1, 2007 in accordance with the revised Corporate Income Tax Law. In addition, the Komori Group depreciates tangible fixed assets acquired prior to March 31, 2007 on a straight-line basis over five years from the fiscal year following that date until depreciation is completed to pre-established depreciable limits. As a result of this change in accounting method and in comparison with the previously existing accounting method, operating expenses in Japan increased by ¥199 million and operating income decreased in Japan by the same amount.

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

Overseas Sales

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

Fiscal 2007 (April 1, 2006 to March 31, 2007)

(In millions of yen, %)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	33,062	34,501	20,044	6,157	93,765
(2) Consolidated sales	-	-	-	-	141,870
(3) Ratio of overseas sales	23.3	24.3	14.1	4.3	66.1

Fiscal 2008 (April 1, 2007 to March 31, 2008)

(In millions of yen, %)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	31,930	43,475	28,376	9,000	112,783
(2) Consolidated sales	-	-	-	-	154,838
(3) Ratio of overseas sales	20.6	28.1	18.3	5.8	72.8

Notes:

1. Overseas sales are the sum of the Company and its consolidated subsidiaries' sales in countries and regions outside of Japan.

2. Classification of countries and regions/major countries in each region

I. Classification of countries and regions is based on geographical proximity.

II. Major countries in each region

The Americas: The United States, Canada, Brazil

Europe: The Netherlands, United Kingdom, France

Asia: China, Hong Kong, Taiwan

3. Changes in accounting policies

(Accounting method for sales)

As reported under "Significant Changes in the Basis for Preparing Interim Consolidated Financial Statements," and from the fiscal year ended March 31, 2008, the Komori Group has changed the accounting method used for recording net sales of sheet-fed offset presses. In accordance with this change, the Komori Group has shifted from a shipment basis to an acceptance basis. As a result of this change, and in comparison with the previous accounting method, overseas sales declined by ¥2,431 million. This comprised declines of ¥1,427 million in the Americas; ¥614 million in Europe; ¥389 million in Asia. Overseas sales in other regions were unaffected by this change.

(Related Party Transactions)

Fiscal 2007 (April 1, 2006 to March 31, 2007)

Disclosure of related party transactions has been omitted as there were no significant transactions with related parties.

Fiscal 2008 (April 1, 2007 to March 31, 2008)

Disclosure of related party transactions has been omitted as there were no significant transactions with related parties.

Accounting for Income Taxes

1. Significant components of the Companies' deferred income taxes and liabilities

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Deferred tax assets:		
Allowance for doubtful accounts	293	216
Research and development expenses	1,726	2,424
Accrued enterprise tax	414	284
Accrued bonuses for employees	481	528
Reserve for loss on guarantees	812	751
Impairment loss on fixed assets	-	381
Reserve for product warranty	613	435
Accrued retirement benefits for directors and corporate auditors	190	162
Valuation loss on inventories	526	350
Intercompany profits	2,402	2,516
Others	503	546
Subtotal	7,967	8,599
Less--Valuation allowance	(101)	(85)
Total deferred tax assets	7,866	8,513
Deferred tax liabilities:		
Reserve for advanced depreciation of fixed assets	(281)	(306)
Adjustments of allowance for doubtful accounts in consolidation procedure	(27)	(13)
Net unrealized gains on available-for-sale securities	(1,918)	(896)
Others	(88)	(17)
Total deferred tax liabilities	(2,315)	(1,233)
Net deferred tax assets	5,550	7,280

2. The reconciliation of the statutory tax rate to the effective income tax rate

(%)

	March 31, 2007	March 31, 2008
Statutory tax rate	40.4	40.4
Increase (decrease) in taxes resulting from permanent differences		
Realization of unrealized profit unrecognized tax effect	0.4	-
Permanently nondeductible expenses	0.4	0.5
Dividends received, nontaxable	(0.2)	(0.3)
Flat taxation of inhabitant taxes	0.2	0.2
Unrecognized taxable income of subsidiary with net operating loss carryforwards	3.5	5.1
Tax rate difference of foreign consolidated subsidiary	(0.6)	(2.6)
Special tax deduction for R&D expenses	(1.3)	(0.8)
Deduction allowed for impairment loss on investments in securities	0.0	(0.1)
Others	0.2	(0.4)
Effective income tax rate	43.0	42.0

Securities

Fiscal 2007 (April 1, 2006 to March 31, 2007)

1. Trading securities as of March 31, 2007

(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. Available-for-sale securities with market price

(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			
Stocks	4,516	9,336	4,819
Subtotal	4,516	9,336	4,819
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets			
1. Stocks	975	903	(71)
2. Debt securities and bonds	10	9	(0)
Subtotal	985	913	(71)
Total	5,501	10,250	4,748

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

Not applicable.

5. Available-for-sale securities sold during the fiscal period

(In millions of yen)

Sales Amount	Total Profit from Sale	Total Loss from Sale
3,317	742	11

6. Available-for-sale securities without market price

Other marketable securities

(In millions of yen)

Details	Amount Stated on Consolidated Balance Sheets
1. Unlisted stocks (excluding over-the-counter stocks)	306
2. Preferred equities	300
3. Voluntary fund partnerships	135
Total	742

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	-	135	-	-
Total	-	145	-	-

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

Fiscal 2008 (April 1, 2007 to March 31, 2008)

1. Trading securities as of March 31, 2008

(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. Available-for-sale securities with market price

(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			
Stocks	3,611	6,581	2,970
Subtotal	3,611	6,581	2,970
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets			
1. Stocks	2,725	1,973	(751)
2. Debt securities and bonds	10	9	(0)
Subtotal	2,735	1,983	(751)
Total	6,346	8,565	2,218

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

Not applicable.

5. Available-for-sale securities sold during the fiscal period

(In millions of yen)

Sales Amount	Total Profit from Sale	Total Loss from Sale
11	5	-

6. Available-for-sale securities without market price

Other marketable securities

(In millions of yen)

Details	Amount Stated on Consolidated Balance Sheets
1. Unlisted stocks (excluding over-the-counter stocks)	349
2. Preferred equities	300
3. Voluntary fund partnerships	78
4. Negotiable deposits	1,750
Total	2,477

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	2,105	22	-	-
Total	2,105	32	-	-

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

Accrued Retirement Benefits for Employees

The Company and domestic consolidated subsidiaries adopt funded non-contributory tax qualified defined benefit pension plans. In some cases, employees receive additional retirement benefit outside of the actuarial calculation of projected benefit obligations.

Certain overseas consolidated subsidiaries also adopt defined benefit pension plans.

The accrued retirement benefits as of March 31, 2007 and 2008 are analyzed as follows:

(In millions of yen)

	March 31, 2007	March 31, 2008
Projected benefit obligations	(15,787)	(15,254)
Plan assets	15,145	13,662
Unfunded projected benefit obligation	(642)	(1,591)
Unrecognized actuarial differences	742	1,744
Sub-total	100	153
Prepaid pension cost	624	659
Accrued retirement benefits for employees	(524)	(506)

Note:

Certain consolidated subsidiaries accrue retirement benefits by using the simplified method.

Net pension expense related to the retirement for the years ended March 31, 2007 and 2008 is mainly as follows:

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Service cost	843	786
Interest cost	378	392
Expected return on plan assets	417	431
Amortization of unrecognized prior service cost	254	-
Amortization of unrecognized actuarial differences	88	103
Net pension expense	1,147	850

Note:

The pension expenses of consolidated subsidiaries that applied the simplified method is included in "service cost."

Assumptions used in the calculation of the above information were as follows:

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
Method of attributing the projected benefits to periods of service	Straight-line-basis	Straight-line-basis
Amortization of unrecognized prior service cost	Charged in full amount in the current fiscal year	-
Amortization of unrecognized actuarial differences	15 years	15 years

Per Share Information

(Yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Net assets per share	2,249.67	2,304.73
Net income per share	133.47	127.39

Note: Since no residual shares exist, diluted net income per share is not stated.

Basis for Calculation

1. Net assets per share

(In millions of yen; thousands of shares)

Item	March 31, 2007	March 31, 2008
Total net assets on the consolidated balance sheets	153,978	155,863
Net assets pertaining to common stock	153,978	155,863
Number of shares of issued and outstanding (common stock)	70,292	68,292
Number of treasury stock (common stock)	1,847	664
Number of shares of common stock used to calculate net assets per share	68,445	67,627

2. Net income per share

(In millions of yen; thousands of shares)

Item	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Net income on the consolidated statements of income	9,246	8,670
Net income pertaining to common stock	9,246	8,670
Significant breakdown of the amount not available to common stockholders		
Appropriation of retained earnings for bonuses to directors and statutory auditors	-	-
Amount not available to common stockholders	-	-
Average number of shares of common stock outstanding during the year	69,281	68,061

Important Subsequent Events

Not applicable

Disclosure Omission

Information and notes relating to lease and derivative transactions are considered of little importance to this report.

Accordingly, this information has been omitted.

Production, Order and Sales

1. Production

Production Results

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
(1) Printing presses	115,171	126,546
(2) Other	21,157	23,155
Total	136,328	149,701

Notes:

1. The figures presented in the preceding table are based on average sales prices.
2. The figures presented in the preceding table are exclusive of consumption tax.
3. The figures presented in the preceding table include amounts denominated in foreign currencies that have been converted at average exchange rates for each fiscal year.

2. Orders

Orders Received

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
(1) Printing presses	125,568	136,601
(2) Other	19,278	20,669
Total	144,846	157,271

Notes:

1. The figures presented in the preceding table are exclusive of consumption tax.
2. The figures presented in the preceding table include amounts denominated in foreign currencies that have been converted at average exchange rates for each fiscal year.

Order Backlog as of the Year-End

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
(1) Printing presses	56,814	57,649
(2) Other	1,125	1,098
Total	57,939	58,748

Notes:

1. The figures presented in the preceding table do not include estimates of future orders received.
2. The figures presented in the preceding table are exclusive of consumption tax.
3. The figures presented in the preceding table include amounts denominated in foreign currencies that have been converted at exchange rates prevailing at the closing date of each fiscal year.

3. Sales

Net Sales Results

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
(1) Printing presses	122,535	134,159
(2) Other	19,335	20,679
Total	141,870	154,838

Note:

1. The figures presented in the preceding table are exclusive of consumption tax.

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

Non-Consolidated Balance Sheets

(In millions of yen)

	March 31, 2007		March 31, 2008		Increase / (Decrease)
		%		%	
(ASSETS)					
Current Assets:	<u>113,685</u>	59.7	<u>120,675</u>	64.2	<u>6,990</u>
Cash on hand and bank deposits	13,464		26,941		13,477
Notes receivable	16,969		13,081		(3,887)
Accounts receivable	59,807		53,016		(6,791)
Marketable securities	-		455		455
Inventories of products	6,414		8,646		2,231
Inventories of raw materials	4,344		4,383		38
Inventories of work in progress	7,885		7,691		(194)
Prepaid expenses	174		255		81
Insurance fund due within one year	-		782		782
Deferred income taxes	3,178		3,999		821
Other current assets	1,504		1,431		(73)
Allowance for doubtful accounts	(57)		(8)		48
Fixed Assets:	<u>76,856</u>	40.3	<u>67,171</u>	35.8	<u>(9,684)</u>
1. Tangible Fixed Assets	<u>30,051</u>	15.8	<u>28,397</u>	15.1	<u>(1,654)</u>
Buildings	7,799		7,361		(437)
Structures	696		625		(71)
Machinery and equipment	3,267		3,232		(35)
Vehicles and transportation equipment	87		63		(23)
Furniture and tools	756		610		(146)
Land	17,241		16,379		(861)
Construction in progress	201		124		(77)
2. Intangible Fixed Assets	<u>694</u>	0.3	<u>842</u>	0.5	<u>148</u>
Land leasehold	366		356		(10)
Software	115		126		10
Software development in progress	-		170		170
Other intangible fixed assets	211		189		(22)
3. Investments and Others	<u>46,110</u>	24.2	<u>37,931</u>	20.2	<u>(8,178)</u>
Investments in securities	10,919		8,864		(2,054)
Investments in equity of affiliated companies	8,041		3,641		(4,400)
Investments in capital	27		27		-
Long-term loans	518		406		(112)
Long-term loans to affiliated companies	14,424		9,988		(4,435)
Long-term bank deposits	5,500		4,500		(1,000)
Reorganization and related receivables	964		674		(289)
Long-term prepaid expenses	163		33		(130)
Insurance fund	11,831		11,193		(638)
Prepaid pension expenses	-		659		659
Other investments and others	308		310		1
Allowance for doubtful accounts	(3,889)		(2,368)		1,521
Allowance for investment loss	(2,700)		-		2,700
Total Assets	190,541	100.0	187,847	100.0	(2,694)

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

Non-Consolidated Balance Sheets

(In millions of yen)

	March 31, 2007		March 31, 2008		Increase / (Decrease)
		%		%	
(LIABILITIES)					
Current Liabilities:	40,586	21.3	37,357	19.9	(3,229)
Notes payable	5,444		4,825		(619)
Accounts payable	21,992		22,516		523
Accrued amounts payable	530		1,034		503
Accrued expenses	823		678		(145)
Income taxes payable	5,371		2,873		(2,498)
Advances received	1,177		1,230		52
Deposits payable	1,497		1,350		(146)
Accrued bonuses for employees	978		1,080		101
Reserve for product warranty	1,280		1,008		(271)
Reserve for loss on guarantees	592		494		(98)
Accrued bonuses for directors and corporate auditors	68		55		(13)
Deferred profit on installment sales	376		210		(166)
Other current liabilities	451		-		(451)
Long-Term Liabilities:	2,876	1.5	1,432	0.7	(1,443)
Accrued retirement benefits for directors and corporate auditors	462		396		(66)
Accrued retirement benefits for employees	278		167		(110)
Accrued sales promotion expenses	47		295		247
Deferred income taxes	1,897		573		(1,323)
Other long-term liabilities	190		-		(190)
Total Liabilities	43,462	22.8	38,789	20.6	(4,673)
(NET ASSETS)					
Shareholders' Equity:	144,248	75.7	147,735	78.7	3,486
1. Common stock	37,714	19.8	37,714	20.1	-
2. Additional paid-in capital	37,797	19.8	37,797	20.1	-
Legal capital reserve	37,797		37,797		-
3. Retained earnings	72,165	37.9	73,617	39.2	1,451
1) Legal retained earnings	2,122		2,122		-
2) Other retained earnings	70,043		71,495		1,451
Reserve for special depreciation	9		5		(4)
Reserve for advanced depreciation	319		358		38
General reserve	65,550		67,550		2,000
3) Unappropriated retained earnings	4,163		3,581		(582)
4. Treasury stock	(3,428)	(1.8)	(1,393)	(0.7)	2,035
Revaluation and Translation Adjustments:	2,830	1.5	1,322	0.7	(1,507)
Net unrealized gains on available-for-sale securities	2,830		1,322		(1,507)
Total Net Assets	147,078	77.2	149,057	79.4	1,978
Total Liabilities and Net Assets	190,541	100.0	187,847	100.0	(2,694)

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

Non-Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2007		Year ended March 31, 2008		Increase / (Decrease)
		%		%	
. Net Sales	116,360	100.0	121,232	100.0	4,871
. Cost of Sales	82,272	70.7	83,836	69.2	1,563
Reversal from deferred profit on installment sales	127	0.1	89	0.1	(37)
Transfer to deferred profit on installment sales	43	0.0	40	0.0	(2)
Gross profit	34,171	29.4	37,444	30.9	3,273
. Selling, General and Administrative Expenses	19,700	17.0	21,929	18.1	2,228
Operating income	14,470	12.4	15,515	12.8	1,044
. Non-Operating Income	3,084	2.7	1,933	1.6	(1,150)
Interest and dividend income	922		1,148		226
Gain on sale of marketable securities	91		5		(86)
Gain from insurance fund	118		15		(102)
Gain on foreign exchange	1,409		-		(1,409)
Gain on technical management	310		360		50
Other non-operating income	232		404		171
. Non-Operating Expenses	762	0.7	3,508	2.9	2,746
Interest expenses	239		0		(239)
Loss on asserted claims	244		246		1
Valuation loss on inventories	147		17		(130)
Loss on foreign exchange	-		2,816		2,816
Other non-operating expenses	130		428		297
Ordinary income	16,792	14.4	13,940	11.5	(2,851)
. Extraordinary Income	729	0.6	1,996	1.6	1,266
Gain on sale of investments in securities	639		-		(639)
Gain on sale of fixed assets	62		319		257
Reversal of reserve for loss on guarantees	-		28		28
Reversal of allowance for doubtful accounts	28		1,649		1,620
. Extraordinary Losses	3,655	3.1	2,704	2.2	(950)
Allowance for doubtful accounts	660		-		(660)
Impairment loss on fixed assets	-		944		944
Moving expenses of factory	43		-		(43)
Loss on disposal of fixed assets	161		16		(144)
Loss on sale of fixed assets	55		43		(11)
Valuation loss on investment securities	35		-		(35)
Valuation loss on equity of affiliated companies	-		1,700		1,700
Allowance for investment loss	2,700		-		(2,700)
Income before income taxes	13,866	11.9	13,232	10.9	(634)
Income taxes --- current	6,989	6.0	6,188	5.1	(800)
Income taxes --- deferred	(158)	(0.1)	(1,122)	(0.9)	(963)
Net income	7,036	6.0	8,166	6.7	1,130

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

Non-Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2007

(In millions of yen)

	Shareholders' Equity											
	Common Stock	Additional Paid-in Capital			Retained Earnings						Treasury Stock	Total Shareholders' Equity
		Legal capital reserve	Other additional paid-in capital	Total Additional Paid-in Capital	Legal retained earnings	Other retained earnings			Total Retained Earnings			
					Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Unappropriated retained earnings				
Balance at March 31, 2006	37,714	37,797	74	37,871	2,122	18	302	67,050	638	70,132	(4,217)	141,501
Changes during the year												
Dividends from surplus									(1,806)	(1,806)		(1,806)
Bonuses to directors									(40)	(40)		(40)
Reversal of reserve for special depreciation (previous year)						(4)			4	-		-
Reversal of reserve for special depreciation (during the year)						(4)			4	-		-
Reversal of reserve for advanced depreciation (previous year)							(4)		4	-		-
Reversal of reserve for advanced depreciation (during the year)							(4)		4	-		-
Reserve for advanced depreciation							25		(25)	-		-
Reversal of general reserve								(1,500)	1,500	-		-
Net income									7,036	7,036		7,036
Increase of treasury stock											(2,444)	(2,444)
Decrease of treasury stock			0	0							1	1
Retirement of treasury stock			(74)	(74)					(3,156)	(3,156)	3,231	-
Items other than changes in shareholders' equity												
Total	-	-	(74)	(74)	-	(8)	17	(1,500)	3,525	2,033	788	2,747
Balance at March 31, 2007	37,714	37,797	-	37,797	2,122	9	319	65,550	4,163	72,165	(3,428)	144,248

	Revaluation and Translation Adjustment		Total Net Assets
	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Total Revaluation and Translation Adjustments	
Balance at March 31, 2006	4,519	4,519	146,020
Changes during the year			
Dividends from surplus			(1,806)
Bonuses to directors			(40)
Reversal of reserve for special depreciation (previous year)			-
Reversal of reserve for special depreciation (during the year)			-
Reversal of reserve for advanced depreciation (previous year)			-
Reversal of reserve for advanced depreciation (during the year)			-
Reserve for advanced depreciation			-
Reversal of general reserve			-
Net income			7,036
Increase of treasury stock			(2,444)
Decrease of treasury stock			1
Retirement of treasury stock			-
Items other than changes in shareholders' equity	(1,688)	(1,688)	(1,688)
Total	(1,688)	(1,688)	1,058
Balance at March 31, 2007	2,830	2,830	147,078

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

Non-Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2008

(In millions of yen)

	Shareholders' Equity											
	Common Stock	Additional Paid-in Capital			Retained Earnings						Treasury Stock	Total Shareholders' Equity
		Legal capital reserve	Other additional paid-in capital	Total Additional Paid-in Capital	Legal retained earnings	Other retained earnings			Total Retained Earnings			
					Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Unappropriated retained earnings				
Balance at March 31, 2007	37,714	37,797	-	37,797	2,122	9	319	65,550	4,163	72,165	(3,428)	144,248
Changes during the year												
Dividends from surplus								(2,524)		(2,524)		(2,524)
Reversal of reserve for special depreciation						(4)		4		-		-
Reversal of reserve for advanced depreciation							(4)			-		-
Reserve for advanced depreciation							42	(42)		-		-
Reversal of general reserve								2,000	(2,000)	-		-
Net income								8,166		8,166		8,166
Increase of treasury stock											(2,159)	(2,159)
Decrease of treasury stock			1	1							3	4
Retirement of treasury stock			(1)	(1)					(4,190)	(4,190)	4,192	-
Items other than changes in shareholders' equity												
Total	-	-	-	-	-	(4)	38	2,000	(582)	1,451	2,035	3,486
Balance at March 31, 2008	37,714	37,797	-	37,797	2,122	5	358	67,550	3,581	73,617	(1,393)	147,735

	Revaluation and Translation Adjustments		Total Net Assets
	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Total Revaluation and Translation Adjustments	
Balance at March 31, 2007	2,830	2,830	147,078
Changes during the year			
Dividends from surplus			(2,524)
Reversal of reserve for special depreciation			-
Reversal of reserve for advanced depreciation			-
Reserve for advanced depreciation			-
Reversal of general reserve			-
Net income			8,166
Increase of treasury stock			(2,159)
Decrease of treasury stock			4
Retirement of treasury stock			-
Items other than changes in shareholders' equity	(1,507)	(1,507)	(1,507)
Total	(1,507)	(1,507)	1,978
Balance at March 31, 2008	1,322	1,322	149,057

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

Important Matters that Form the Basis for Compiling Non-Consolidated Financial Statements

1. Standards and Evaluation Methods for Assets

(1) Marketable securities

(a) Subsidiary companies' shares

Stated at cost, determined by the moving-average method

(b) Available-for-sale 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 net assets, 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.

The basis for investment in limited partnership investment businesses and similar partnerships (those defined as marketable securities under Article 2.2 of the Financial Instruments and Exchange Law) is provided in the most recent financial statements available, in accordance with partnership agreements provided for on the day of financial reporting and using methods that incorporate the equivalent of equity in the net price of investment.

(2) Inventories

Products, work in process

Stated at cost, determined by the specific identification cost method

Raw materials

Stated at cost, determined by the first-in first-out method

(3) Derivatives

Stated at fair value

2. Methods for Depreciating and Amortizing Depreciable Assets

(1) Tangible fixed assets

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

(Changes in Accounting Policies)

Pursuant to a revision of the Corporate Income Tax Law and effective from the fiscal year ended March 31, 2008, the depreciation of tangible fixed assets acquired on and after April 1, 2007 is calculated in accordance with the revised Corporate Income Tax Law. As a result of this change in accounting policy and in comparison with the previously existing accounting policy, operating income, ordinary income and income before income taxes each declined by ¥49 million and net income declined by ¥29 million.

(Additional Information)

Pursuant to a revision of the Corporate Income Tax Law and effective from the fiscal year ended March 31, 2008, tangible fixed assets acquired prior to March 31, 2007 are depreciated and amortized on a straight-line basis over five years when depreciation and amortization is completed to pre-established depreciable limits. As a result of this change in accounting policy

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and in comparison with the previously existing accounting policy, operating income, ordinary income and income before income taxes each declined by ¥77 million and net income declined by ¥46 million.

(2) Intangible fixed assets

Software

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

Other

Straight-line method

(3) Long-term prepaid expenses

Identical standards to regulations stipulated by the Corporate Income Tax Law, long-term prepaid expenses are depreciated on a straight-line basis.

3. Accounting for Allowances and Reserves

(1) Allowance for doubtful accounts

An 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.

(2) Accrued bonuses for employees

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

(3) Reserve for product warranty

A reserve for product warranty is provided for based on an amount estimated by applying a ratio of the amount of repair costs actually incurred under the product warranty provided by the Company against the amount of net sales. In addition, an amount to cover individual repair costs is provided when appropriate.

(4) Reserve for loss on guarantees

A reserve is maintained for loss on guarantees provided by the Company 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.

(5) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are recorded in an amount based on the estimated amount payable by the Company in the fiscal year under review.

(6) Accrued retirement benefits for directors and corporate auditors

A specified amount determined by internal regulations is recorded to prepare retirement benefit payments to directors and corporate auditors of the Company.

(7) Accrued retirement benefits for 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 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.

(8) Accrued sales promotion expenses

Accrued sales promotion expenses are recorded in an amount determined based on the

estimated amount payable in connection with the use by customers of a points system established as part of a campaign initiative designed to promote sales.

4. Accounting for Profit on Deferred Sales

For accounting purposes, the Company records sales profits relating to purchase and sales agreements with deferred payment terms and conditions on a payment collection due date basis.

5. 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 closing date. The resulting gains and losses are included in net income or loss for the current period.

6. 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.

7. Other Important Items for the Preparation of Financial Statements

Consumption taxes are recorded separately.

Significant Changes in the Basis for Preparing Non-Consolidated Financial Statements:

(Changes in Accounting Method for Net Sales)

From the fiscal year ended March 31, 2008, the Komori Group changed the accounting method used for recording net sales of sheet-fed offset presses from a shipment basis to an acceptance basis. This shift was implemented to ensure a more objective and accurate measure for recording net sales; one that takes into consideration the protracted period between shipment and acceptance, reflecting growing sales of multicolor, longer length and highly sophisticated sheet-fed offset presses. In addition, this change in accounting policy was adopted to enable the development of an operating structure better equipped to manage the process between shipment and acceptance, enhance quality and minimize the period through to acceptance. In the case of web offset presses, which require a longer period through acceptance than sheet-fed offset presses, the Komori Group already records net sales on an acceptance basis. Accordingly, no change in accounting policy has been implemented. Reflecting these factors, and in comparison with the previous accounting method, net sales declined ¥1,060 million. From a profit perspective, operating income, ordinary income and income before income taxes each decreased by ¥285 million and net income decreased by ¥169 million.

Notes**(Notes to Balance Sheets)**

(In millions of yen)

	March 31, 2007	March 31, 2008
1. Accumulated depreciation	22,712	22,842
2. Notes receivable	4,441	3,208
Accounts receivable	42,180	38,640
Other current assets	222	253
Accounts payable	11,535	12,159
(See note 1)		
3. Contingent liabilities	18,429	16,876
4. Notes receivable	691	-
Notes payable	532	-
(See note 2)		

Notes:

1. Assets and liabilities relating to affiliated companies that were not recorded under general classifications.
2. The values of notes that have matured are calculated as of the date of their conversion. Because the closing date of the period ended March 31, 2007 was a financial holiday, notes with maturities on that date have been included in the March 31, 2007 balance sheets.

(Notes to Statements of Income)

(In millions of yen)

	Year Ended March 31, 2007	Year Ended March 31, 2008
Related party transactions:		
Product sales	51,435	52,883
Parts and service income	1,553	1,648
Cost of sales (Amount of goods purchased)	31,328	35,186
Interest income	368	419
Dividend income	289	450
Technology management fee	310	360

(Notes Related to Statements of Changes in Shareholders' Equity)

Retirement of treasury stock

(In shares; millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Number of shares retired	1,800,000	2,000,000
Total value of shares acquired	3,231	4,192

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

(Accounting for Income Taxes)

1. Significant components of the Companies' deferred income taxes and liabilities

(In millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Deferred tax assets:		
Research and development expenses	1,491	2,424
Allowance for doubtful accounts of affiliated companies	1,317	674
Valuation loss on equity of affiliated companies	1,158	2,936
Allowance for investment loss in affiliated companies	1,090	-
Reserve for product warranty	517	407
Allowance for bonuses	395	436
Accrued enterprise tax	392	244
Reserve for loss on guarantees	239	199
Allowance for doubtful accounts	190	140
Impairment loss on fixed assets	-	381
Others	285	418
Subtotal	7,079	8,264
Less—Valuation allowance	(3,656)	(3,695)
Total deferred tax assets	3,422	4,568
Deferred tax liabilities:		
Net unrealized gains on available-for-sale securities	(1,918)	(896)
Reserve for advanced depreciation of fixed assets	(216)	(242)
Reserve for special depreciation	(6)	(3)
Total deferred tax liabilities	(2,141)	(1,142)
Net deferred tax assets	1,280	3,425

2. The reconciliation of the statutory tax rate to the effective income tax rate

(%)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Statutory tax rate	40.4	40.4
Increase (decrease) in taxes resulting from permanent differences		
Permanently nondeductible expenses	0.3	0.4
Allowance for investment loss	7.9	-
Valuation loss on equity of affiliated companies	-	5.2
Allowance for doubtful accounts	1.9	-
Reversal of allowance for doubtful accounts	-	(4.9)
Dividends received, nontaxable	(1.0)	(1.7)
Flat taxation of inhabitant taxes	0.3	0.3
Special tax deduction for R&D expenses	(1.5)	(0.9)
Others	1.0	(0.5)
Effective income tax rate	49.3	38.3

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(Securities)

Disclosure of subsidiaries' stocks has been omitted as there were no significant available-for-sale securities with market value.