

Results of Operations for the Three Months Ended June 30, 2006 **REPORTED BY KOMORI CORPORATION**

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1. Note to consolidated financial statements for the Three Months Ended June 30, 2006

- (1) Adoption of the simplified accounting method: Yes
 Actual inventory is curtailed.
 (2) Change in accounting policies from the latest consolidated fiscal year: None
 (3) Change in scope of consolidation and equity method: None

Consolidated Financial Highlights

(1) Results of operations

(In millions of yen)

	Three months ended Jun. 30, 2006	% *	Three months ended Jun. 30, 2005	% *	Year ended Mar. 31, 2006
Net sales	26,956	7.9	24,975	25.5	126,863
Operating income	1,966	33.9	1,468	314.0	9,974
Ordinary income	2,249	29.0	1,743	95.2	12,362
Net income	1,232	99.2	618	42.3	7,875

(yen)

Net income per share	17.74	8.81	111.87
Diluted net income per share	-	7.80	-

Notes:

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

Qualitative information regarding the status of consolidated business results:

In the first quarter (the three-month period ended June 30, 2006), net sales amounted to ¥26,956 million, an increase of 8% compared with the corresponding period of the previous fiscal year. Overseas sales were robust, climbing 22% year on year. Results were particularly strong in Europe, surging 72% buoyed by IPEX 2006, an exhibition held in the United Kingdom in April, and outstanding performances in surrounding countries. While sales rose in the United States by 15% year on year, results remained unchanged in Asia, with a decline in other regions. Despite increased demand for sheet-fed offset presses in Japan, domestic sales fell 15% year on year, reflecting the concentrated nature of web offset presses in the second quarter. On the earnings front, the Company experienced an upswing in profits on the back of sales growth. Operating income totaled ¥1,966 million while ordinary income was ¥2,249 million. Net income jumped 99% year on year to ¥1,232 million, reflecting the absence of impairment losses recorded during the corresponding period of the previous fiscal year.

In comparison with the Company's forecast results, overall net sales were 12% under targets. While results in Japan were in line with plans and Europe exceeded forecast results, both the United States and China regions fell below expectations. As a result, operating income underperformed forecasts by 14%. During the fiscal period under review, the yen continued to depreciate against the forecast rate. Komori was able to avoid a loss on foreign exchange of approximately ¥600 million, which contributed to an improvement in ordinary income of 30%.

Orders in Japan and Europe were strong compared with the corresponding period of the previous fiscal year, but forecasts declined in the China region. Accounting for these factors, overall orders climbed 16% year on year and exceeded forecast results by 19%.

(2) Financial position

(In millions of yen)

	Jun. 30, 2006	Jun. 30, 2005	Mar. 31, 2006
Total assets	204,998	211,803	206,967
Shareholders' equity	150,232	143,552	150,597
Ratio of shareholders' equity to total assets (%)	73.3	67.8	72.8

(yen)

Shareholders' equity per share (EPS) (Yen)	2,162.72	2,048.09	2,167.30
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(3) Summary of statements of cash flows

(In millions of yen rounded down)

	Three months ended Jun. 30, 2006	Three months ended Jun. 30, 2005	Year ended Mar. 31, 2006
Net cash (used in) provided by operating activities	(1,489)	(1,172)	10,084
Net cash (used in) provided by investing activities	(1,141)	3,641	(2,103)
Net cash (used in) financing activities	(1,355)	(1,568)	(25,125)
Cash & cash equivalents at the end of period	24,989	46,625	28,916

Qualitative information regarding changes in consolidated financial position:

In the first quarter of the fiscal year under review, net cash used in operating activities amounted to ¥1,489 million. Major cash inflows comprised income before income taxes and a decrease in notes and accounts receivable. Major cash outflows were an increase in inventories and income taxes paid.

Net cash used in investing activities totaled ¥1,141 million. The principal component was payments for purchase of property, plant and equipment.

Net cash used in financing activities was ¥1,355 million. The major uses of cash were cash dividends paid and repayment of debt.

(4) Forecast of results of operations for the year ending March 31, 2007

(In millions of Yen)

	Six months ending Sep. 30, 2006	Year ending Mar. 31, 2007
Net sales	66,500	136,000
Ordinary income	5,300	12,500
Net income	3,100	7,900

Qualitative information regarding business results forecasts:

Komori anticipates it will achieve interim and full fiscal year net sales in line with forecasts. On the order front, the Company's operating environment is expected to enjoy favorable conditions. Orders from Europe and particularly surrounding countries are forecast to remain strong. Demand in Japan is also expected to be robust on the back of renewal demand for aging equipment and requirements for smaller lots, shorter delivery times and high-value-added printing. As a result, orders are forecast to remain in line with plans.

Accounting for these factors, forecasts provided at the time of the Company's announcement on May 15, 2006, of consolidated results for the fiscal year ended March 31, 2006, remain unchanged.

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.

Consolidated Balance Sheets

(In millions of yen)

	Jun. 30, 2006		Jun. 30, 2005		Mar. 31, 2006	
		%		%		%
(ASSETS)						
Current Assets:	<u>133,307</u>	65.0	<u>147,849</u>	69.8	<u>134,562</u>	65.0
Cash on hand and bank deposits	26,056		49,233		30,186	
Notes and accounts receivable --- trade	57,025		53,427		58,734	
Marketable securities	-		323		73	
Inventories	42,088		37,977		37,121	
Deferred income taxes	5,459		4,884		5,817	
Other current assets	4,163		2,843		4,103	
Allowance for doubtful accounts	(1,486)		(839)		(1,475)	
Fixed Assets:	<u>71,691</u>	35.0	<u>63,953</u>	30.2	<u>72,405</u>	35.0
1. Tangible Fixed Assets	<u>36,021</u>	17.6	<u>34,061</u>	16.1	<u>35,881</u>	17.3
Buildings and structures	11,062		8,181		11,197	
Machinery and equipment	4,996		4,196		5,048	
Land	18,140		18,247		18,292	
Construction in progress	649		2,503		136	
Other tangible fixed assets	1,173		931		1,206	
2. Intangible Fixed Assets	<u>817</u>	0.4	<u>1,339</u>	0.6	<u>838</u>	0.4
3. Investments and Advances	<u>34,852</u>	17.0	<u>28,552</u>	13.5	<u>35,685</u>	17.3
Investments in securities	14,355		12,426		15,323	
Long-term loans	576		505		593	
Long-term deferred income taxes	349		1,950		625	
Insurance fund	13,018		12,572		12,566	
Rehabilitation and related receivables	532		587		558	
Long-term deposits	5,500		-		5,500	
Other investments and advances	1,040		1,035		1,039	
Allowance for doubtful accounts	(520)		(525)		(521)	
Total Assets	204,998	100.0	211,803	100.0	206,967	100.0

(In millions of yen)

	Jun. 30, 2006		Jun. 30, 2005		Mar. 31, 2006	
		%		%		%
(LIABILITIES)						
Current Liabilities:	50,277	24.5	65,153	30.7	51,332	24.8
Notes and accounts payable --- trade	30,170		26,536		28,561	
Short-term bank loans	1,355		1,610		1,525	
Current position of long-term debt	389		823		417	
Current position of convertible bonds	-		19,993		-	
Income taxes payable	584		1,343		2,736	
Accrued bonuses to employees	328		294		1,069	
Reserve for product warranty	2,123		1,495		2,358	
Reserve for loss on guarantees	2,153		1,720		2,021	
Deferred profit on installment sales	402		586		460	
Other current liabilities	12,768		10,750		12,180	
Long-Term Liabilities:	4,488	2.2	3,097	1.5	5,037	2.4
Long-term debt	301		1,076		491	
Accrued retirement benefits for directors and statutory auditors	441		401		431	
Accrued retirement benefits for employees	968		116		1,000	
Deferred income taxes	2,574		1,322		2,869	
Other long-term liabilities	201		181		245	
Total Liabilities	54,766	26.7	68,250	32.2	56,370	27.2
(NET ASSETS)						
Shareholders' equity						
Common stock	37,714	18.4	-	-	-	-
Additional paid-in capital	37,871	18.5	-	-	-	-
Retained earnings	75,668	36.9	-	-	-	-
Treasury stock	(4,221)	(2.1)	-	-	-	-
Total shareholders' equity	147,033	71.7				
Valuation and conversions						
Unrealized gain on available-for-sale securities	3,868	1.9	-	-	-	-
Cumulative translation adjustment	(670)	(0.3)	-	-	-	-
Total valuation and conversions	3,198	1.6				
Minority interests	-	-				
Total net assets	150,232	73.3	-	-	-	-
Total liabilities and net assets	204,998	100.0	-	-	-	-

(In millions of yen)

	Jun. 30, 2006		Jun. 30, 2005		Mar. 31, 2006	
		%		%		%
(MINORITY INTEREST)						
Minority interest	-	-	-	-	-	-
(SHAREHOLDERS' EQUITY)						
Common stock	-	-	37,714	17.8	37,714	18.2
Additional paid-in capital	-	-	37,797	17.8	37,871	18.3
Retained earnings	-	-	72,862	34.5	75,384	36.4
Unrealized gain on available-for-sale securities	-	-	2,293	1.1	4,519	2.2
Cumulative translation adjustment	-	-	(538)	(0.3)	(675)	(0.3)
Treasury stock	-	-	(6,577)	(3.1)	(4,217)	(2.0)
Total Shareholders' Equity	-	-	143,552	67.8	150,597	72.8
Total Liabilities and Shareholders' Equity	-	-	211,803	100.0	206,967	100.0

Consolidated Statements of Income

(In millions of yen)

	Three months ended Jun. 30, 2006		Three months ended Jun. 30, 2005		Year ended Mar. 31, 2006	
		%		%		%
Net Sales	26,956	100.0	24,975	100.0	126,863	100.0
Cost of Sales	17,811	66.1	16,819	67.3	84,616	66.7
Reversal from deferred profit on installment sales	57	0.2	54	0.2	192	0.1
Transfer to deferred profit on installment sales	-	-	121	0.5	132	0.1
Gross profit	9,202	34.1	8,088	32.4	42,305	33.3
Selling, General and Administrative Expenses	7,236	26.8	6,620	26.5	32,331	25.4
Operating income	1,966	7.3	1,468	5.9	9,974	7.9
Non-Operating Income	420	1.5	777	3.1	3,837	2.9
Interest and dividend income	213		254		791	
Gain on sales of marketable securities	-		-		295	
Gain from insurance fund	1		197		286	
Gain on foreign exchange	101		-		1,988	
Other non-operating income	104		325		475	
Non-Operating Expenses	136	0.5	502	2.0	1,449	1.1
Interest expenses	69		80		349	
Interest expenses on bonds	-		29		59	
Loss on disposal of obsolete inventories	1		21		92	
Loss on redemption of marketable securities	-		-		0	
Loss on foreign exchange	-		221		-	
Litigation settlement expenses	-		-		138	
Compensation for damages	-		-		568	
Loss on devaluation of inventories	-		-		134	
Other non-operating expenses	65		149		107	
Ordinary income	2,249	8.3	1,743	7.0	12,362	9.7
Extraordinary Income	29	0.1	90	0.3	638	0.5
Gain on sale of fixed assets	7		4		13	
Gain on sales of investment in securities	19		-		354	
Reversal of allowance for doubtful accounts	3		79		219	
Other extraordinary income	-		7		50	
Extraordinary Losses	62	0.2	677	2.7	2,325	1.8
Loss on disposal of fixed assets	38		0		49	
Impairment loss on fixed assets	-		665		665	
Plant relocation expenses	24		-		205	
Transfer to allowance for doubtful accounts	-		-		756	
Initial transition loss for retirement benefits	-		-		631	
Other extraordinary losses	-		10		16	
Income before income taxes	2,217	8.2	1,156	4.6	10,675	8.4
Income taxes - current	345	1.2	942	3.7	3,922	3.1
Refund of previous year's income taxes	-	-	-	-	(1,372)	(1.1)
Income taxes - deferred	639	2.4	(404)	(1.6)	249	0.2
Net income	1,232	4.6	618	2.5	7,875	6.2

Statement of Changes in Quarterly Consolidated Shareholders' Equity

(In millions of yen)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance as of March 31, 2006	37,714	37,871	75,384	(4,217)	146,753
Changes during the quarter					
Appropriation of retained earnings for cash dividends			(903)		(903)
Directors' bonus			(45)		(45)
Net income			1,232		1,232
Acquisition of treasury stock				(4)	(4)
Net changes during the quarter in items other than shareholders' equity					
Total			283	(4)	279
Balance as of June 30, 2006	37,714	37,871	75,668	(4,221)	147,033

	Valuation and Conversions			Total net assets
	Unrealized gain on available- for-sale securities	Cumulative translation adjustment	Total valuation and conversions	
Balance as of March 31, 2006	4,519	(675)	3,843	150,597
Changes during the quarter				
Appropriation of retained earnings for cash dividends				(903)
Directors' bonus				(45)
Net income				1,232
Acquisition of treasury stock				(4)
Net changes during the quarter in items other than shareholders' equity	(650)	4	(645)	(645)
Total	(650)	4	(645)	(365)
Balance as of June 30, 2006	3,868	(670)	3,198	150,232

Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended Jun. 30, 2006	Three months ended Jun. 30, 2005	Year ended Mar. 31, 2006
. Cash Flows from Operating Activities:			
Income before income taxes	2,217	1,156	10,675
Depreciation and amortization	534	528	2,314
Impairment loss	-	-	665
Increase (decrease) in allowance for doubtful accounts	(6)	(30)	549
Increase (decrease) in accrued bonuses to employees	(741)	(695)	80
Increase (decrease) in accrued retirement benefits	(48)	2	860
Interest and dividend income	(213)	(254)	(791)
Interest expenses	69	110	409
Foreign exchange (gain) loss	(32)	72	(2,510)
Directors' bonuses paid	(45)	(39)	(39)
(Gain) loss on sales of investments in securities	(19)	(223)	(650)
Loss on redemption of marketable securities	-	-	0
Income from cancellation and expiration of insurance fund	(1)	(197)	(286)
(Increase) decrease in notes and accounts receivable	2,512	2,035	(916)
Increase in inventories	(4,949)	(3,004)	(979)
Increase in notes and accounts payable	1,874	28	2,765
Decrease in other receivables	7	50	565
Others, net	(188)	1,272	(193)
Subtotal	970	811	12,520
Interest and dividends earned	114	174	762
Interest paid	(76)	(113)	(412)
Income taxes paid	(2,498)	(2,044)	(2,786)
Net cash (used in) provided by operating activities	(1,489)	(1,172)	10,084
. Cash Flows from Investing Activities:			
Payments of time deposits	(687)	(1,393)	(11,582)
Proceeds from maturity of time deposits	890	1,189	7,216
Payments for purchase of marketable securities	(0)	(0)	(0)
Proceeds from sale of marketable securities	-	-	209
Proceeds from redemption of marketable securities	-	-	128
Payments for purchase of property, plant and equipment	(1,114)	(323)	(3,545)
Proceeds from sale of property, plant and equipment	46	78	379
Payments for purchase of investments in securities	(66)	(13)	(451)
Proceeds from sale of investments in securities	216	1,517	3,011
Payments of purchase of other investments	(448)	(388)	(3,164)
Proceeds from maturity of other investments	5	2,969	5,778
Increase in loans receivable	-	-	(220)
Collection of loans	17	5	137
Net cash (used in) provided by investing activities	(1,141)	3,641	(2,103)
. Cash Flows from Financing Activities:			
Increase in short-term debt	725	945	2,238
Repayments of short-term debt	(974)	(976)	(2,457)
Repayments of long-term debt	(199)	(277)	(1,351)
Redemption of convertible bonds	-	-	(19,993)
Payments for acquisition and retirement of treasury stock	(4)	(485)	(2,012)
Cash dividends paid	(903)	(774)	(1,548)
Net cash (used in) financing activities	(1,355)	(1,568)	(25,125)
. Effect of exchange rate changes on cash and cash equivalents	59	215	551
. Net increase (decrease) in cash and cash equivalents	(3,927)	1,116	(16,592)
. Cash and cash equivalents at the beginning of the period	28,916	45,509	45,509
. Cash and cash equivalents at the end of the period	24,989	46,625	28,916

Consolidated Segment Information

1. Information by Business Segment

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

2. Information by Geographic Segment

Three months ended June 30, 2006

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
Net Sales							
(1) Sales to outside customers	10,526	4,798	8,991	2,640	26,956	-	26,956
(2) Intersegment sales	10,336	52	84	1	10,474	(10,474)	-
Total	20,862	4,851	9,076	2,642	37,431	(10,474)	26,956
Cost of Sales and Operating Expenses	19,273	4,492	9,003	2,499	35,269	(10,278)	24,990
Operating Income	1,588	358	72	143	2,162	(196)	1,966

Three months ended June 30, 2005

(In millions of yen)

	Japan	The Americas	Europe	Others	Total	Elimination and / or Corporate	Consolidated
Net Sales							
(1) Sales to outside customers	13,063	4,183	6,129	1,598	24,975	-	24,975
(2) Intersegment sales	8,454	18	17	0	8,491	(8,491)	-
Total	21,518	4,202	6,146	1,598	33,466	8,491	24,975
Cost of Sales and Operating Expenses	20,017	4,160	6,234	1,500	31,913	(8,406)	23,506
Operating Income	1,500	41	(87)	97	1,552	(84)	1,468

Year ended March 31, 2006

(In millions of yen)

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

Notes:

1. Among cost of sales and operating expenses in the three-month period and the last fiscal year, 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, England, France

Others: Hong Kong, Taiwan, Australia

3. Overseas Sales

Three months ended June 30, 2006

(In millions of yen, %)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	5,161	7,893	4,586	1,166	18,807
(2) Consolidated sales	-	-	-	-	26,956
(3) Ratio of overseas sales (%)	19.1	29.3	17.0	4.3	69.8

Three months ended June 30, 2005

(In millions of yen, %)

	The Americas	Europe	Asia	Others	Total
(1) Overseas sales	4,507	4,599	4,562	1,701	15,371
(2) Consolidated sales	-	-	-	-	24,975
(3) Ratio of overseas sales (%)	18.0	18.4	18.3	6.8	61.5

Year ended March 31, 2006

(In millions of yen, %)

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

Notes:

1. Figures for overseas sales include net sales of the company and its all consolidated subsidiaries outside of Japan.

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

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

II. Major countries in each region

The Americas: The United States, Canada

Europe: The Netherlands, England, France

Asia: Mainland China, Hong Kong, Taiwan