

# Annual Report 2016

Fiscal year ended March 31, 2016

## ***Kando : Beyond Expectations***



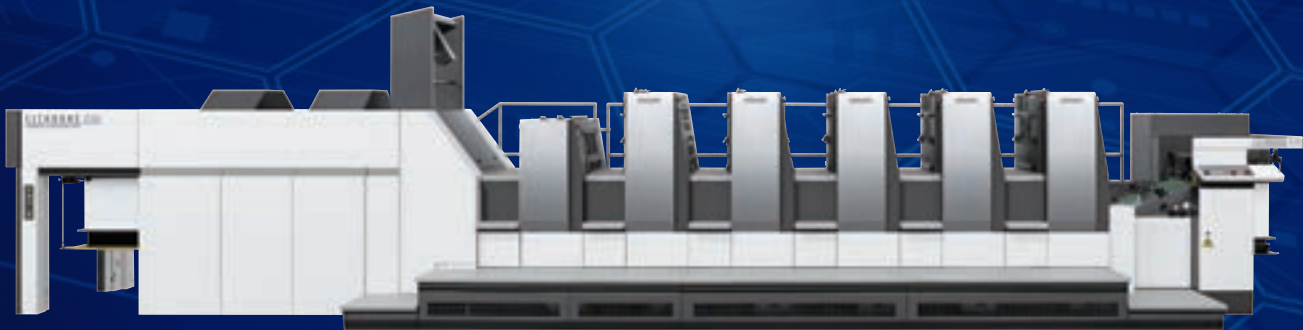
# KOMORI

LITHRONE  
KOMORI CORPORATION

## *Komori Total Solutions*

For 90 years, since its establishment in 1923, the Komori Group has been producing offset printing presses. Our flagship products include sheet-fed offset presses such as the LITHRONE series and ENTHRONE series, web offset presses such as the SYSTEM series and related equipment and devices. Moreover, the Group has been supplying security printing presses to the National Printing Bureau in Japan as well as to overseas customers in dozens of countries.

The Komori Group endeavors to improve the quality and productivity of its basic printing presses and develop printing information networks and automated integrated printing systems to respond to the recent trend of digital workflow and networking, and realize a total printing production system. With its sights fixed on remaining a trusted Print Engineering Service Provider, the Group also works to bring the range of its proposals to bear in solving customer issues.



### Contents

- |    |   |    |  |
|----|---|----|--|
| 01 | Consolidated Financial Highlights   | 15 | Financial Review                                 |
| 02 | KOMORI at a Glance  | 18 | Consolidated Balance Sheets                      |
| 04 | Message from the Chairman   | 20 | Consolidated Statements of Income                |
| 05 | An Interview with the President   |    | Consolidated Statements of Comprehensive Income  |
| 10 | Special Feature: drupa 2016   | 21 | Consolidated Statements of Changes in Net Assets |
|    | <b>Introducing the Revamped Komori Brand with the Full-Scale Global Marketing of New PESP Solutions</b> | 22 | Consolidated Statements of Cash Flows            |
| 12 | Directors, Corporate Auditors and Operating Officers  | 23 | Notes to Consolidated Financial Statements       |
| 13 | Corporate Governance  | 42 | Independent Auditor's Report                     |
| 14 | Six-Year Summary of Consolidated Financial Data   | 44 | Branch Offices and Plants, Subsidiaries          |
|    |   | 45 | Corporate Data and Investor Information          |

### Caution Regarding Forward-Looking Statements

This annual report contains information about forward-looking statements related to such matters as the Company's plans, strategies, and business results. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks and uncertainties. The Company's actual activities and business results could differ significantly due to changes, including changes in the economic environment, business environment, demand, and exchange rates.

# Consolidated Financial Highlights

Komori Corporation and Consolidated Subsidiaries

Years ended March 31	Millions of yen			Percent change 2016/2015	Thousands of U.S. dollars (Note 1)
	2014	2015	2016		2016
Net sales	¥ 91,838	¥ 91,260	¥ 95,327	4.5%	\$ 845,995
Operating income	8,473	6,490	6,613	1.9%	58,687
Income before income taxes	10,071	8,122	6,294	(22.5)%	55,855
Profit attributable to owners of parent	13,657	7,570	6,522	(13.8)%	57,883
Total assets	172,408	184,622	188,174	1.9%	1,669,983
Total net assets	125,687	135,129	135,890	0.6%	1,205,986

Per share:	Yen			Percent change 2016/2015	U.S. dollars (Note 1)
	2014	2015	2016		2016
Net income—primary	¥ 220.39	¥ 122.16	¥ 105.26	(13.8)%	\$ 0.93
Cash dividends	15.00	30.00	40.00	33.3%	0.35

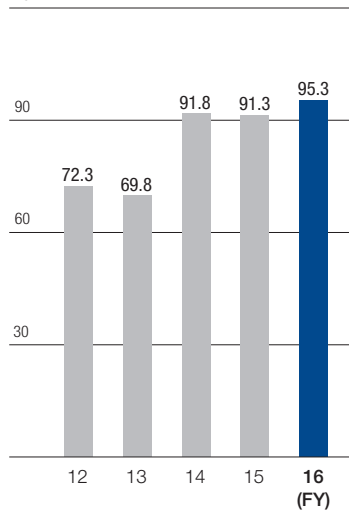
Ratio:	%			Percentage point change
	2014	2015	2016	
Equity ratio	72.9%	73.2%	72.2%	(1.0)

Notes: 1. U.S. dollar amounts are converted from Japanese yen for convenience only at the rate of ¥112.68 = US\$1.00.

2. Financial figures throughout this report are rounded to the nearest whole identified unit.

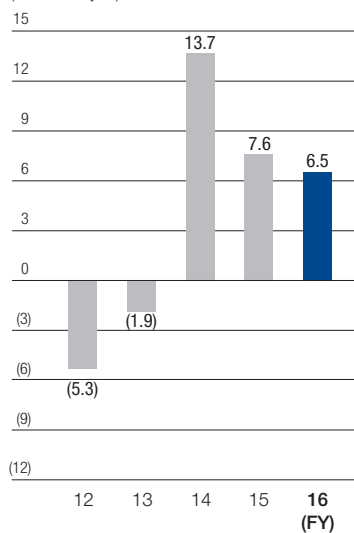
## Net Sales

(Billions of yen)  
120



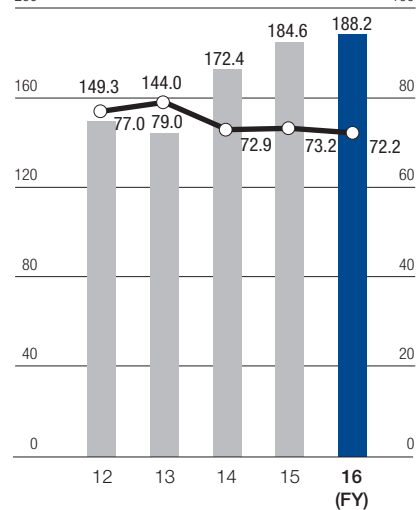
## Profit (loss) attributable to owners of parent

(Billions of yen)



## Total Assets and Equity Ratio

(Billions of yen)



# Sheet-Fed Offset Presses

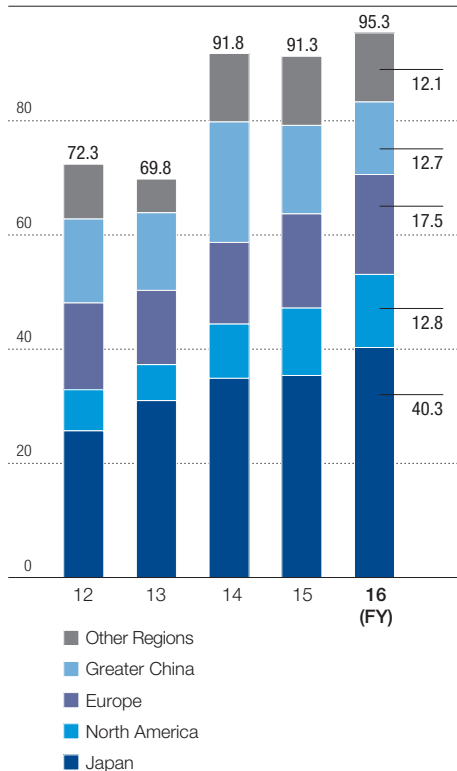
Sheet-fed offset presses print on individual sheets of paper cut to specified sizes and are suitable for small-lot, high-quality commercial printing, such as brochures and posters as well as packaging printing.



**LITHRONE G40**  
 Length: 15.2 meters;  
 Height: 2.2 meters; Colors: 6

## Komori's Net Sales by Region

(Billions of yen)  
100

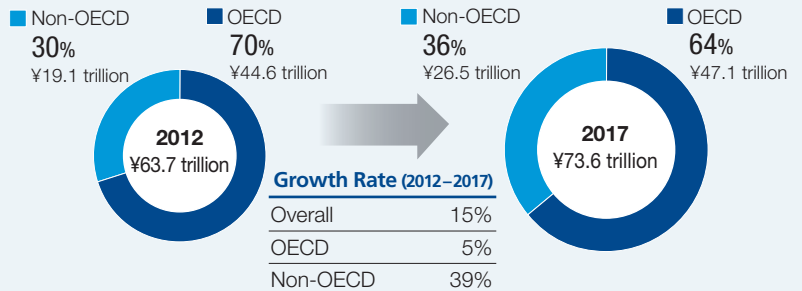


## The Printing Industry

- According to data published in February 2014, the scale of the global printing market in 2012 stood at approximately ¥64 trillion.
- Markets in developed countries, including OECD\* members, such as the North American and Western European nations as well as Japan, accounted for around 70% of this total.
- Compared with 2012, the global printing market is forecast to grow 15% to approximately ¥74 trillion over the five years through to 2017. Despite slowing growth in mature markets in OECD countries, considerable market expansion of 39% over the same five years is projected in non-OECD members, including such emerging countries as China, India and ASEAN nations, due to economic and population growth. These trends will, in turn, lead to changes in market composition, with the proportion of the global market accounted for by developed countries shrinking and that of newly emerging nations expanding.

\* The Organisation for Economic Cooperation and Development: An international organization established by European, North American and other developed countries to provide a forum for deliberating international economics issues. Currently, 34 countries have become signatories.

## Scale of the Global Printing Market



Source: NPES (The U.S. Association for Suppliers of Printing, Publishing and Converting Technologies); figures are presented based on the exchange rate of US\$1 = ¥110 (average rate during fiscal 2015)

# Security Printing Presses

Komori's security printing presses are specifically suited for applications requiring robust anti-counterfeiting technology, including banknotes, government bonds, postal stamps, revenue stamps and passports. In particular, Komori printing presses used for banknote printing are fully equipped with highly sophisticated printing technologies that ensure inimitability.

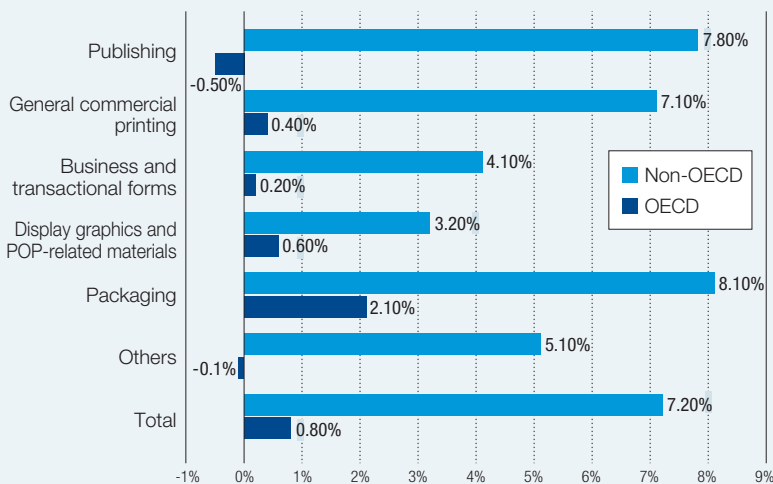


IC-532III  
(Intaglio press)

## The Printing Machinery Industry

- Looking at OECD members, which are mainly developed countries, significant market expansion is not expected in most market categories, with the exception of package printing presses, for which demand is likely to grow steadily. Demand for publishing printing will decline due to the popularization of digital media.
- Newly emerging markets mainly in non-OECD countries will enjoy constant growth in most market categories, with demand for publishing, commercial and package printing growing rapidly. Within these categories, Asian markets are seen as particularly promising.

### CAGR\* of Printing Markets by Category (2012–2017)

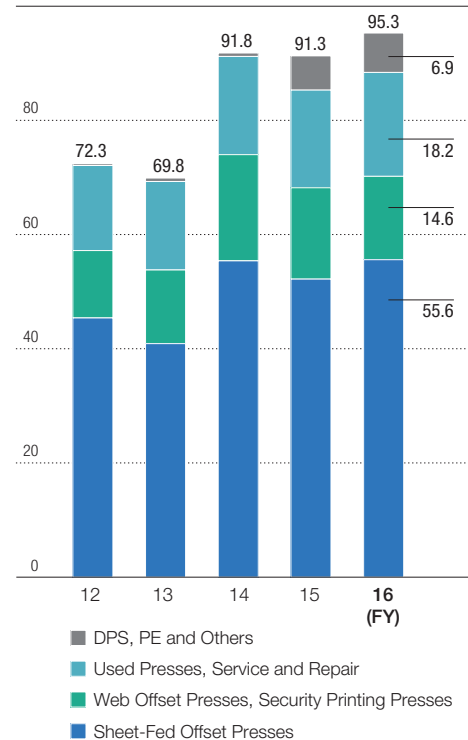


\* Compound average growth rate

Source: NPES (the U.S. Association for Suppliers of Printing, Publishing and Converting Technologies)

## Komori's Net Sales by Product Category

(Billions of yen)  
100





In 2013, the year of our 90th anniversary, we renewed our commitment to achieving a revival akin to a re-founding of Komori. We rallied Companywide strength to implement the Fourth Medium-Term Management Plan, which advanced three key initiatives, namely, “transforming the business structure,” “achieving business model innovation in sales activities” and “transforming the profit structure.” These initiatives have laid the foundation for accomplishing the goals of our longstanding efforts to transform.

Having now initiated our Fifth Medium-Term Management Plan, we are determined to reclaim our previous strength. We are decisively pushing forward with this plan to overcome the challenges confronting us once and for all.

Komori has maintained an unchanging commitment to standing out for its technologies. This commitment has been our corporate “DNA,” guiding us throughout the more than 90 years of the Company’s history. Remaining true to this tradition, we will strive to establish a robust business structure capable of achieving sustainable growth. Furthermore, in line with our management philosophy of delivering Kando—customer satisfaction beyond expectations—we will endeavor to provide customers around the globe with products and services that exceed expectations while enhancing our corporate value.

Looking ahead, we sincerely ask for your continued support and encouragement.

Yoshiharu Komori  
Representative Director, Chairman and CEO

A handwritten signature in black ink that reads "Yoshiharu Komori". The signature is written in a cursive, flowing style.

**To enhance our corporate value, we will provide customers worldwide with solutions that deliver *Kando*—customer satisfaction beyond expectations—in all aspects of printing operations.**

Satoshi Mochida  
Representative Director, President and COO



**Q1** Please provide us with an overview of Komori's business operations in fiscal 2016, the year ended March 31, 2016.

**A** During fiscal 2016, the overall global economy was less than robust, due in part to the deceleration of economic growth in China. In the printing industry, however, companies in Japan actively carried out capital expenditure, spurred by the launch of a government-led subsidy system to encourage the adoption of energy-saving facilities. In Europe, business sentiment toward capital expenditure has grown warmer thanks to gradual economic recovery. In the United States, although print demand got back on a recovery track, printing companies remained cautious about upgrading their facilities. In China, demand remained sluggish due to the deceleration of economic growth and the deterioration of the financing environment. In India and some ASEAN nations, print demand was firm, fueling demand for printing machinery upgrades, as these markets have been largely unaffected by falling resource prices and currency depreciation.

Given this market environment, Komori implemented the Fourth Medium-Term Management Plan. During fiscal 2016, the final year of this plan, we focused on two initiatives: "transforming the business structure" and "achieving business model innovation in sales activities." The former aimed to create a more diversified business structure centered on new businesses, with the offset printing press business serving as a stronger core business pillar. The latter was intended to expand the range of marketing through the provision of optimal solutions to business challenges confronting customers.

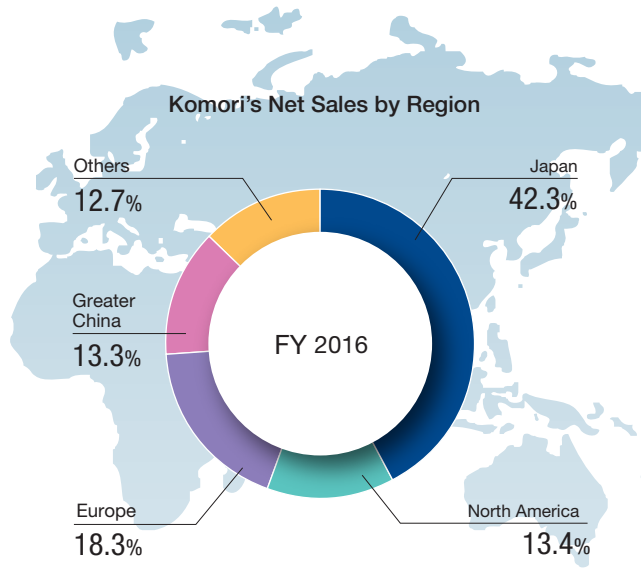
In April 2015, we participated in Print China 2015—one of the three major printing technology exhibitions in China—held in Dongguan, Guangdong Province. We demonstrated printing presses incorporating the H-UV curing system\* as well as those incorporating the full-automatic plate changer (Full-APC), the automatic registration system, the color management system



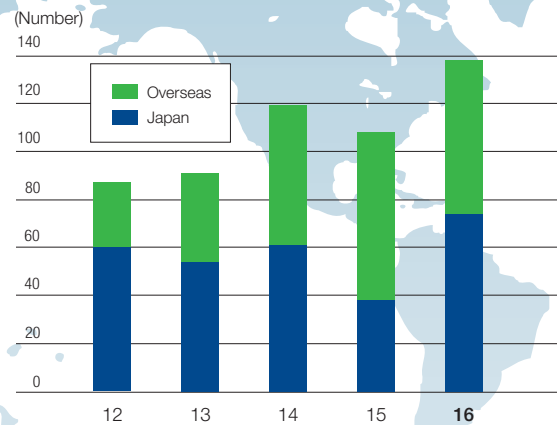
(CMS), and other equipment enabling highly automated operations, alongside our package printing presses. Our demonstration included cost-effective printing operations aimed at countering rising personnel expenses. We also demonstrated a wide variety of package printing and other value-added printing services, which we believe will help customers expand the possibilities of their package printing business in anticipation of future market growth.

In September 2015, we participated in IGAS 2015, one of the world's four biggest printing equipment exhibitions, held at Tokyo Big Sight. Under the theme "OPEN NEW PAGES," we demonstrated comprehensive solutions consisting of hardware, software and K-Supply products. Featured hardware products encompassed offset printing presses, digital printing presses, including a print on demand (POD) electrophotographic digital printing system, and post-press equipment. We also demonstrated the integrated control of this hardware using our software products and exhibited K-Supply products, another key component enhancing printing quality and productivity. We are confident that by making new connections, for example linking hardware and software, these solutions will help our customers create new value and establish new business models.

In February 2016, we hosted an open house event at the Tsukuba Plant's Komori Graphic Technology Center (KGC), with 400 representatives from 150 printing companies in attendance. The solutions exhibited at IGAS 2015 were demonstrated in ways closely tailored to the attendees and their respective needs.



Orders Received for Printing Presses with H-UV Curing Systems



In addition, a growing number of European customers are installing Komori printing presses equipped with the H-UV system. We consider this region the second key growth market for such products after Japan. With this in mind, our plans call for reopening KGC Europe (Netherlands) in October 2016 after renovations. The reopened facility will allow even more sophisticated demonstrations, which will stimulate further market growth.

As a result of the above initiatives, orders received totaled ¥91.7 billion, virtually unchanged from the previous fiscal year. This was attributable to firm orders received in Japan, Europe and India, which offset a significant decrease in orders received in China and sluggish showings in the United States and some ASEAN nations. Net sales were ¥95.3 billion, up 5% year on year. Despite stagnant sales in China, other areas showed sales increases, contributing to growth in overall results. Operating income grew 2% year on year to ¥6.6 billion due to the increase in net sales. However, profit attributable to owner of the parent decreased 14% to ¥6.5 billion. This was a result of the posting of foreign exchange losses due to the rapid appreciation of the yen beginning in January 2016.

\* An innovative curing system that uses a UV lamp developed with Komori know-how and highly sensitive specialized UV ink. The system helps ensure cost-effective and environment-friendly printing services with superior quality and reliability.

growth through the diversification of our business portfolio; “achieving business model innovation in sales activities,” intended to expand the range of the Group’s marketing; and “transforming the profit structure” to secure the stable profit necessary to support the first two initiatives. The plan also positioned the offset printing press business as a core business pillar. The plan’s numerical targets for its final year, fiscal 2016, included consolidated net sales of ¥100 billion and an operating income ratio of 8%. Actual results fell short of these targets, at ¥95.3 billion and 6.9%, respectively.

Our core offset printing press business was affected by stagnation in demand due to the drastic deceleration of economic growth in China, contrary to our expectations for the country’s market potential. However, overall demand in the Japanese, U.S. and European markets remained firm, and we were successful in our efforts to step up the marketing of printing presses equipped with the H-UV system, package printing presses and other offerings designed for high-value-added printing services, as well as those attuned to the needs of emerging markets. Buoyed by these positive factors, net sales rose significantly.

Our efforts aimed at transforming the business structure were centered on the overseas expansion of our security printing press business. The outcome of this initiative was favorable, and we successively obtained multiple orders. These included orders from the U.K.-based De La Rue International Limited for large-sized facilities as well as orders from other customers for facilities to be installed in emerging nations in Asia and elsewhere. Furthermore, we secured a new revenue base by entering the printed electronics (PE) business. Our business in this area is driven by SERIA CORPORATION, a Group subsidiary acquired in 2014. On the other hand, development in the digital printing press (DPS) business lagged behind the initial schedule, causing delays in commercialization and profit plans. Thus, the operating results of this business fell considerably short of our numerical targets, despite our former projections assuming business growth in this field.

Our initiatives aimed at achieving business model innovation in sales activities, however, made some progress in Japan. As a result, the number of offerings marketed under the print engineering service provider (PESP) approach steadily increased.

## Q2 Please tell us about the outcome of the Fourth Medium-Term Management Plan, implemented from April 2013 to March 2016.

# A

In 2013, we celebrated the 90th anniversary of Komori’s founding. We positioned this milestone year as a “Year One” for our initiatives aimed at achieving a revival that is akin to a re-founding of Komori. In doing so, we renewed our commitment to reclaiming our previous strength through the creation of a new business model. We thus launched the Fourth Medium-Term Management Plan that year, implementing three initiatives: “transforming the business structure,” aimed at strategically driving

# Q3

## Could you elaborate on the concrete results of each key initiative?

# A

### (1) Transforming the Business Structure (New Businesses)

#### ■ Overseas Security Printing Press Business

Having long served as the only currency printing press manufacturer in Japan, Komori has accumulated a wealth of technological capabilities and expertise regarding product quality. Drawing on these strengths, in 2009 we initiated full-scale expansion into currency printing press markets overseas. As a result, we succeeded in obtaining orders from Bangko Sentral ng Pilipinas (the Central Bank of the Philippines) in 2011 and 2012. These accomplishments were soon followed by orders from Perum Percetakan Uang Republik Indonesia for large-scale currency printing facilities (2013), orders from De La Rue International Limited for facilities to be installed at the printing works of the Bank of England (2014), and orders placed by customers in Poland, the UAE and the Democratic Republic of Congo (2015). We have thus steadily solidified our presence in the worldwide security printing press industry as a trustworthy brand boasting superior quality.

Going forward, demand for currency printing is expected to grow in emerging nations in Asia, Africa and elsewhere, backed by economic growth. In step with this trend, sophisticated printing technologies, such as those aimed at preventing counterfeiting and enhancing the durability of banknotes, will be increasingly sought after. To accommodate these requirements, we will continue to focus our efforts on developing next-generation models boasting superior printing quality and productivity as well as cost-effectiveness.

#### ■ The DPS Business

Development efforts in collaboration with external partners have been under way to create two types of next-generation commercial digital printing presses capable of accommodating requests for small print runs, multiple printing items, short turnarounds, and variable data printing.

#### Impremia IS29:

A 29 inch-size sheet-fed UV inkjet digital printing system developed in partnership with Konica Minolta. Eliminating the need for specialized paper, the Impremia IS29 boasts rapid curing and double-sided printing, and can accommodate requests for small print runs, multiple printing items and short turnarounds. Leveraging the flexibility of digital printing, this printing system is expected to bring considerable benefit to printing business operators who seek to enhance their responsiveness to today's variable printing requirements.

In September 2015, we demonstrated this system at IGAS 2015 in combination with offset printing presses, thereby proposing novel solutions for printing businesses. We also demonstrated such solutions at KGC facilities in Japan, the United

States and Europe and subsequently initiated the full-scale marketing of Impremia IS29 in April 2016. The following month, we demonstrated the system at drupa 2016 in Germany, garnering highly favorable feedback from attendees from around the world for its superior printing quality, comparable with that of offset printing presses. We will strive to promote this model utilizing our KGC facilities in Japan and overseas.

#### Impremia NS-40:

A 40 inch-size Nanographic Printing™ system developed with the Israel-based Landa Corporation. The Impremia NS-40 has been in development since 2012, when Landa Corporation agreed to license its Landa Nanographic Printing™ process technology to Komori. Employing this new technology based on a novel development concept, this collaborative R&D has resulted in the creation of a digital printing press capable of printing on a wide variety of paper, plastic sheets and package films.

At drupa 2016, our demonstrations of the ways this system can provide customers with innovative solutions received resounding applause.

#### ■ The PE Business

In May 2014, we acquired SERIA CORPORATION to expand new businesses in the field of printed electronics. This acquisition has enabled us to utilize SERIA CORPORATION's unique technologies and tap into its sales channels and customer base to promote the gravure offset printing presses Komori has developed for producing fine-line circuits (we now call this line of presses PEPIO).

In November and December 2015, we hosted open house events titled 2015 EXPO SERIA. By doing so, we demonstrated new screen printing presses and other technologies and solutions in an effort to refresh SERIA CORPORATION's brand image. We also exhibited various types of expendables, supplies and equipment, including those created by Komori, with the aim of securing greater presence in the PE industry through the proposal of products not previously marketed in this sector.

To step up product development, we established SERIA PE Technology Center in Gifu, Japan. This R&D facility has now become a key base for creating new products, establishing more sophisticated technologies and resolving technological challenges. We will leverage this facility to advance our PE technologies in partnership with our customers, supplies vendors and equipment manufacturers.

### (2) Achieving Business Model Innovation in Sales Activities

#### ■ Enhanced Product Lineup

Hardware: In September 2015, we became the sole distributor of the Truepress Jet 520HD, a high-speed, roll type inkjet press developed by SCREEN Holdings Co., Ltd., in the United States. Since one-to-one marketing is commonplace in the U.S., this digital printing press is expected to become a key solution to help businesses accommodate diverse customer needs.

In addition, we enhanced the lineups of such post-press equipment as die-cutting and sheet-cutting machines.

Software: We developed software products for controlling printing processes, including “K-Station” and “KP-Connect.”

K-Supply products: We enhanced the lineup of K-Supply brand products designed to bolster superior printing quality, productivity and performance, including inks, cleansing liquid and printing rollers.

### (3) Transforming the Profit Structure

#### ■ Monozukuri (Manufacturing) Innovation Activities

To transform the profit structure, we promoted *Monozukuri (Manufacturing) Innovation* activities along with the “SGA20” initiative aimed at reducing selling, general and administrative (SG&A) expenses. We also implemented operational streamlining

through the use of ICT technologies and personnel system reforms.

*Monozukuri (Manufacturing) Innovation* activities are collective efforts to build a development and production structure capable of creating excellent products with greater cost competitiveness. These activities involve our three key production bases, namely, the Tsukuba Plant (Tsukuba City, Ibaraki), Komori Machinery Co., Ltd. (Higashiokitama-gun, Yamagata) and Komori Machinery (Nantong) Co., Ltd. (Jiangsu Province, China). Through these efforts, we have been developing new technologies that will enhance the strengths of Komori products and differentiate us from competitors while reducing manufacturing costs through such means as the use of interchangeable modules and parts. Simultaneously, we have been optimizing our facilities to accommodate multi-product and variable-lot production requirements, with the aim of realizing more stable product quality and shorter manufacturing lead times.

## Fifth Medium-Term Management Plan

### Core Strategies

- 1. Transform the profit structure through business model innovation in sales activities as we expand the PESP business**  
Achieve business growth through the provision of expendables (K-Supply, etc.) and peripheral equipment (Apressia, etc.), such services as retrofit facility upgrades, and solutions that integrate all of these elements (KP-Connect Cloud Solution, etc.)
- 2. Execute exhaustive reforms in *Monozukuri* (manufacturing), development and production**  
Enhance our responsiveness to multi-product and variable-lot production requirements via a new production methods while realizing shorter production lead-times, improved inventory balance and greater cost-effectiveness
- 3. Establish a new DPS business model and make it profitable**  
Market the Impremia IS29, a new UV inkjet printing press, and the Impremia NS40, a next-generation digital printing press incorporating the technologies of Komori and Landa Corporation (Israel), while establishing a unique business model built around Komori’s specific strengths
- 4. Differentiate Komori from competitors through the creation of synergies**  
Develop and provide unique and high-value-added solutions through the integration of offset, digital and security printing presses, printed electronics, and other technologies and know-how
- 5. Step up recruitment and human resource development including securing competent candidates from overseas**  
Establish a streamlined corporate structure enabling nimble decision making and rationalize business functions; focus human resource development efforts on enhancing individuals’ operational skills and capability to succeed on the global stage while nurturing management candidates with the aim of optimizing our workforce ahead of the forthcoming business diversification and changing employee roles
- 6. Streamline back office functions and reduce SG&A expenses (SGA20)**  
Boost profitability through the utilization of ICT, outsourcing and other steps to streamline operations while promoting the SGA20 initiative
- 7. Implement concrete financial strategies and M&A policies**  
Utilize our financial resources in a more proactive and strategic manner to improve asset and capital efficiency, drive growth strategies, and revise our dividend and shareholder return and other capital policies

### Numerical Targets for Fiscal 2019 (Including the Effect of Strategic Investments)

Net sales	¥140 billion	Operating income ratio	9% or greater
ROE	6%	Total shareholder return ratio	40% or greater

## Q4 Please give us an outline of your Fifth Medium-Term Management Plan, launched in April 2016.

**A** The new plan incorporates two of the previous plan's key initiatives, namely, "transforming the business structure" and "achieving business model innovation in sales activities." It also includes measures to strengthen our mainstay offset printing press business. Building on the initiatives of the previous plan, we have laid out more concrete steps to achieve clearer results from strategies and policies that we previously established but have yet to implement in a thoroughgoing manner. In sum, the Fifth Medium-Term Management plan aims to utilize Komori's management resources more effectively and to maximize their potential.

## Q5 What's was the significance of drupa 2016 for Komori?

**A** Held every four years, drupa is the world's largest printing equipment exhibition. drupa 2016 presented an important opportunity with the potential to affect the overall outcome of our initiatives under the Fifth Medium-Term Management Plan. Our demonstration was themed "OPEN NEW PAGES," with the sub-theme of "Connected Print." In line with these themes, our proposals were centered on integrating printing processes to create new solutions. More specifically, we exhibited the Impremia IS29 digital printing system in front of a global audience. This provided a prime example of our solutions that enable users to perform value-added services by connecting digital and offset printing presses. We are confident that the demonstration of this and other offerings helped us gain greater recognition among customers worldwide with regard to our PESP business approach. Komori's strength is no longer confined to the manufacture of offset printing presses. We are transforming into a provider of comprehensive print engineering service solutions. For more details, please also see the "Special Feature" section (page 10).

## Q6 Could you please tell us about Komori's policy on shareholder returns?

**A** 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 maintaining the stable return of profits to its shareholders, which is supported by capital efficiency (ROE), as a key management priority. Guided by this underlying policy, Komori aims to ensure a total shareholder return ratio of 40% or greater. This target

includes the enhancement of shareholder returns via the acquisition of treasury stock, as Komori is committed to enhancing shareholder returns in a comprehensive manner. Komori may also retire treasury stock based on the balance of such stock held and the Company's overall capital policy.

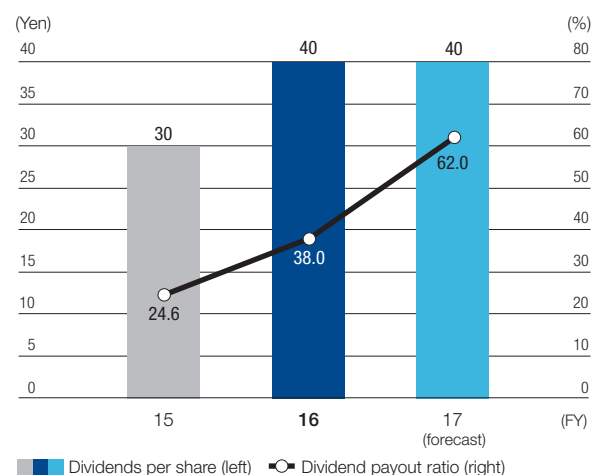
In line with this policy and taking the current operating results into account, the Company's fiscal 2016 annual dividend will amount to ¥40 per common share, up ¥10 compared with the annual dividend for the previous fiscal year. This consists of an interim dividend of ¥20 and a year-end dividend of ¥20. For fiscal 2017, ending March 31, 2017, Komori plans to pay annual dividends of ¥40 per common share. This will comprise an interim dividend of ¥20 and a year-end dividend of ¥20.

## Q7 Lastly, please share any message you have for shareholders and investors.

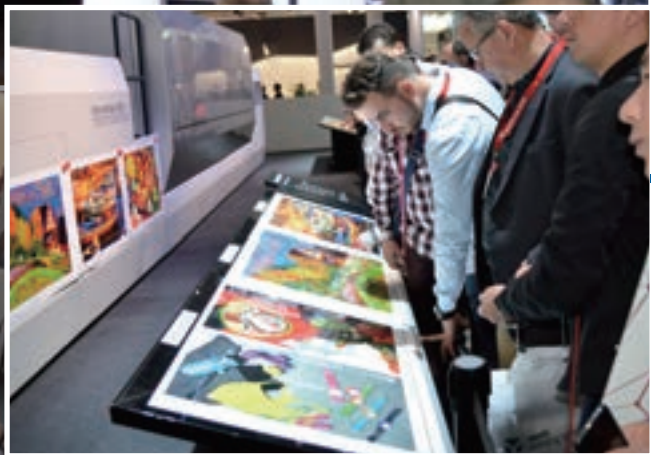
**A** As the outlook of the global economy gets murkier, there is a growing sense of future uncertainty in the business environment surrounding the Company. In this economic and industrial climate, Komori Corporation will nevertheless push forward with its initiatives aimed at achieving transformation, promoting the PESP business approach, expanding the range of its marketing and securing a corporate structure capable of delivering broader product and service lineups.

We are not passively reacting to changes in the external environment. Rather, we are determined to become an agent of change in the industry. Taking on the challenges ahead, we will decisively transform into a top-notch print engineering service provider. We appreciate our shareholders and investors, and sincerely ask their continued support and encouragement as we endeavor to meet their expectations.

**Dividends per Share and Dividend Payout Ratio**



# Introducing the Revamped Komori Brand with the Full-Scale Global Marketing of New PESP Solutions



## OPEN NEW PAGES—Expanding Printing Business Possibilities

The world's largest international printing equipment exhibition, drupa 2016, was held in Dusseldorf, Germany, over 11 days starting May 31, 2016. Komori's booth was the largest among Japanese printing machinery and equipment manufacturers at the exhibition. Under the theme "OPEN NEW PAGES," we demonstrated a wide range of printing solutions—such as offset printing, digital printing and printed electronics (PE) technologies as well as printing supplies and other related equipment—and Komori's novel business model, the print engineering service provider (PESP) business approach, which incorporates all these solutions. A roaring success, our exhibition garnered highly favorable feedback from attendees.



## Connected Print

Having positioned “Connected Print” as its sub-theme, the Komori booth featured such hardware as four offset printing presses (including two new models), two digital printing presses and post-press equipment (sheet-cutting machines). We also demonstrated software products that control said hardware in an integrated manner and exhibited K-Supply products, another key component supporting printing quality and productivity. Our demonstration focused on how our solutions can help create a variety of innovative business models by making new connections between previously separate processes and equipment. Specifically, these solutions included the combination of offset and digital printing presses, the seamless inclusion of supplies and post-press equipment and the integration of all printing processes while facilitating even closer collaboration between Komori and printing companies. By doing so, we demonstrated that Komori is now poised to help customers plan and create even more attractive printed materials and uncover the great potential that lies in the future of printing businesses.

## ICT Solutions

Today, many printing companies would admit that they have significant room for improvement in facility utilization efficiency. Addressing this challenge, Komori provides powerful ICT solutions that make printing processes more transparent and promote automated and labor-saving operations with superior productivity. For example, the cloud-based KP-Connect service helps users check the utilization status of their printing facilities at any time, from any place, while K-Station4 enables optimal operational scheduling for all printing machinery. At drupa 2016, we featured the K-Station4 service in all of our demonstrations to show how it helps make control of printing processes easy and transparent.

## Expanding the Possibilities of Printing with Cutting-Edge DPS Offerings

**Initiating the Global Marketing of Impremia IS29**  
Impremia IS29 is a state-of-the-art digital printing press whose performance well exceeds what professional printing operators have come to expect of conventional digital printing presses. Boasting superior productivity and efficiency as well as extremely high printing resolution comparable to that of offset printing presses, this model eliminates the need for specialized paper while accommodating a variety of paper thicknesses. It is also capable of performing double-sided printing, rapid curing and on-demand printing services with multiple printing items, small print runs and short turnarounds. Impremia IS29 is thus expected to become a key tool for creating innovative printing processes by flexibly satisfying various printing requirements and new market needs.

## Demonstrating Impremia NS40

Impremia NS40 is a revolutionary B1-size high-speed digital printing press developed with the Israel-based Landa Corporation employing Landa Nanographic Printing™ process technology. In addition to accommodating a wide range of paper quality, this model is capable of printing on such media as package films and plastic sheets. Komori believes that the Impremia NS40 will help expand the possibilities of package printing as well as a variety of other printing operations.

## LITHRONE GX40 Offset Printing Press Featuring the Latest Packaging Technologies

In the field of package printing, solutions for enhancing quality control and productivity are highly sought after as they have a significant impact on profitability. Our demonstration at drupa 2016 featured the LITHRONE GX40, which is equipped with the H-UV instant curing system as well as a new device specially designed to step up quality control and improve the production efficiency of package printing. Our proposals incorporating this model included a one-stop solution leveraging extremely smooth connections between our digital printing press, which created merchandise packaging samples, the LITHRONE GX40, which then printed exactly the same design on packages, and our die-cutting machine seamlessly handling the post-press processing of these packages. With the LITHRONE GX40 playing the central role in providing high-value-added printing services, such solutions will help customers seize greater business opportunities.

## A Roaring Success

Each time we demonstrated these printing presses, attendees flocked to the Komori stand, which became one of the most bustling. Audiences showed especially great interest in the cutting-edge Impremia IS29 and Impremia NS40 digital printing presses and the LITHRONE GX40 package printing press. We were also able to demonstrate the benefit of using K-Supply products, which are designed to smoothly connect hardware with supplies, while showing how K-Station4 integrates entire printing processes and KP-Connect facilitates closer collaboration between Komori and users. In sum, these offerings served as a vehicle to convey our new brand image consistent with our recent transformation to a provider of comprehensive print engineering solutions, thereby helping us gain significant presence in the European market.

Using its participation in drupa 2016 as a springboard, Komori will strive to reinforce its comprehensive lineup of products and solutions capable of swiftly meeting ever-diversifying market needs and rapidly evolving trends. In these ways, we will promote the global expansion of our PESP business.

## Directors, Corporate Auditors and Operating Officers

(As of June 21, 2016)

### Directors



**YOSHIHARU KOMORI**

Chairman, CEO and  
Representative Director



**SATOSHI MOCHIDA**

President, COO and  
Representative Director



**KAZUNORI SAITOH**

Director and Managing  
Operating Officer



**EIJI KAJITA**

Director and Operating Officer



**KOICHI MATSUNO**

Director and Operating Officer



**MASAFUMI YOKOYAMA**

Director and Operating Officer



**MASAMITSU YOSHIKAWA**

Director



**HARUNOBU KAMEYAMA**

Director

### Corporate Auditors

**YUJI ASAKURA**

Corporate Auditor

**SHINJI AMAKO\***

Corporate Auditor

**HIROKO SAKAMOTO\***

Corporate Auditor

**MASAKAZU KAWABATA\***

Corporate Auditor

\* Outside Director/Corporate Auditor

### Operating Officers

**YOSHINOBU KOMORI**

Senior Operating Officer

**TOSHIYUKI TSUGAWA**

Operating Officer

**MASANORI MOCHIZUKI**

Operating Officer

**YUTAKA IWATA**

Operating Officer

**JUNYA SHIMADA**

Operating Officer

**ISAO FUNAHASHI**

Operating Officer

## Fundamental Concepts

Komori has positioned corporate governance as a key management priority and an essential means to maximize corporate value and fulfill the expectations of all stakeholders, including shareholders, customers, suppliers, local communities, employees and their families. To that end, Komori employs an audit system as a core part of its corporate governance activities.

Komori also recognizes that securing management transparency, prompt decision making, compliance, and strengthening the audit function are fundamental to corporate governance. Based on these fundamental concepts, the Company pursues efforts to ensure solid corporate governance in all facets of management, including the supervision of management. Specifically, the Company's basic policies for internal control systems are revised every year upon the resolution of the Board of Directors, thereby guiding the development and operation of internal control systems.

Moreover, the Company implements and annually evaluates its system of internal controls through the CSR and Environmental Countermeasure Planning & Coordination Office, which reports the results at Board of Directors' meetings.

## Corporate Organization and Internal Control System

Composed of eight directors (including two from outside the Company) as of June 21, 2016, the Board of Directors meets once a month in principle to determine matters relating to law, fundamental management policies, and other matters of importance as the Company's ultimate decision-making body, while supervising the executive function of directors. Fully observing and widely disseminating the management policies and other decisions made by the Board of Directors, the Board of Operating Officers, which consists of 12 operating officers, is tasked with securing sound business execution toward the achievement of annual targets and maximizing corporate value. The Board of Corporate Auditors is composed of four corporate auditors including three outside corporate auditors. Corporate auditors attend meetings of major importance, such as the Board of Directors meetings, thereby auditing the executive function of directors.

To ensure rapid decision making, Management Meetings, chaired by the president and attended by the operating officers in charge of corporate planning, production, development, sales and administration divisions together with corporate auditors as observers, are held to deliberate and formulate policies relating to key management issues and the Company's medium-term management plan. In order to thoroughly disseminate policies decided in this meeting, a Companywide meeting

is usually held on a monthly basis. Each meeting is attended by relevant directors and general managers who deliberate matters of importance and confirm the proper execution of duties.

## Internal Audits and Audits by Corporate Auditors

Examining the business affairs of the Group as a whole to ascertain whether they are being performed appropriately and efficiently, four staff members conduct internal audits under the auspices of the Internal Audit Office, which is directly controlled by the president.

Corporate auditors conduct audits on directors in the execution of the latter's duties in accordance with the auditing standards set by the Board of Corporate Auditors.

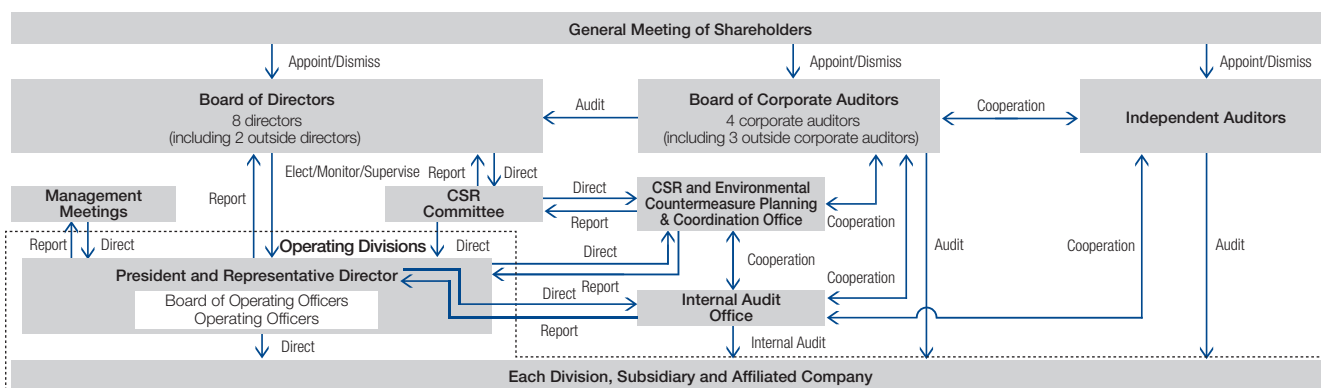
In addition to regular meetings, corporate auditors hold meetings with the Internal Audit Office on an as-required basis so as to avoid the duplication of respective audit plans and to share information. Based on the results of previous audits, they also verify and confirm the status of business execution at operating divisions and exchange opinions on matters such as follow-ups and improvements.

Corporate auditors liaise closely with independent auditors in their daily business and receive reports related to ongoing audits from the independent auditors as necessary. In addition, corporate auditors exchange opinions on outlines of audit plans, including internal control audits, and share information on significant audit matters. While receiving such regularly scheduled information as the results of fiscal period-end audits, quarterly reviews and internal control audits and ensuring the useful exchange of views, corporate auditors accompany independent auditors on their rounds, auditing operating bases and conducting inspections of physical inventory, as necessary, in pursuit of efficient and effective audits.

## Outside Directors and Outside Corporate Auditors

Outside directors are expected to perform several significant roles, such as monitoring the Board of Directors' business execution from an external viewpoint. The Company has two outside directors as of June 21, 2016. Pursuant to the bourse's Securities Listing Regulations, the Company has notified the Tokyo Stock Exchange of the designation of two outside directors, Masamitsu Yoshikawa and Harunobu Kameyama, as independent directors, as well as three outside corporate auditors, Shinji Amako, Hiroko Sakamoto and Masakazu Kawabata, as independent corporate auditors. The Company designated their status as independent as they have no conflict of interest with the Company's shareholders.

## Corporate Governance Structure (Overview)



## Six-Year Summary of Consolidated Financial Data

Komori Corporation and Consolidated Subsidiaries

Years ended March 31	Millions of yen					Thousands of U.S. dollars (Note 1)	
	2011	2012	2013	2014	2015	2016	2016
Net sales	¥ 72,234	¥ 72,298	¥ 69,826	¥ 91,838	¥ 91,260	¥ 95,327	\$ 845,995
Cost of sales	54,890	54,166	49,777	61,029	59,190	62,565	555,240
Selling, general and administrative expenses	21,364	22,040	19,505	22,374	25,602	26,168	232,232
Operating income (loss)	(3,977)	(3,954)	589	8,473	6,490	6,613	58,687
Income (loss) before income taxes	(5,360)	(5,257)	(1,700)	10,071	8,122	6,294	55,855
Profit (loss) attributable to owners of parent	(6,216)	(5,293)	(1,900)	13,657	7,570	6,522	57,884
Capital expenditure	1,271	849	1,881	1,367	2,116	3,125	27,733
Depreciation and amortization	3,083	2,849	2,251	2,172	1,860	2,027	17,988
R&D expenses	4,321	4,830	3,806	4,185	5,123	4,975	44,151
Total assets	161,186	149,277	143,957	172,408	184,622	188,174	1,669,983
Total net assets	124,179	115,012	113,722	125,687	135,129	135,890	1,205,986
Interest-bearing debt	9,782	7,785	1,946	11,614	10,260	10,067	89,337

Per share:	Yen					U.S. dollars (Note 1)	
	2011	2012	2013	2014	2015	2016	2016
Net income (loss)—primary	¥ (93.03)	¥ (80.69)	¥ (30.66)	¥ 220.39	¥ 122.16	¥ 105.26	\$ 0.93
Net assets	1,858.43	1,855.97	1,835.17	2,028.31	2,180.73	2,192.83	19.46
Cash dividends	20.00	20.00	10.00	15.00	30.00	40.00	0.35

Financial indicators:	%					%	
	2011	2012	2013	2014	2015	2016	2016
Return on sales (Note 2)	(5.5)%	(5.5)%	0.8%	9.2%	7.1%	6.9%	
Equity ratio	77.0	77.0	79.0	72.9	73.2	72.2	
Return on total assets (Note 3)	(3.7)	(3.4)	(1.3)	8.6	4.2	3.5	
Return on equity (Note 4)	(4.8)	(4.4)	(1.7)	11.4	5.8	4.8	
Payout ratio (Consolidated basis)	—	—	—	6.8	24.6	38.0	

Debt-to-equity ratio (Note 5)	Times					Times	
	2011	2012	2013	2014	2015	2016	2016
	0.08	0.07	0.02	0.09	0.08	0.07	

Number of employees at fiscal year-end	2,138	2,104	1,814	1,784	2,106	2,189	
Number of shares outstanding at fiscal year-end (Note 6)	66,818,844	61,968,861	61,968,017	61,966,269	61,964,950	61,963,823	

Notes: 1. U.S. dollar amounts are converted from Japanese yen for convenience only at the rate of ¥112.68 = US\$1.00.

2. Return on sales = Operating income (loss)/Net sales X 100

3. Return on total assets = Profit (loss) attributable to owners of parent/Average total assets X 100

4. Return on equity = Profit (loss) attributable to owners of parent/Average net assets X 100

5. Debt-to-equity ratio = Interest-bearing debt/Equity

6. Number of shares outstanding at fiscal year-end does not include treasury stock.

## Financial Review

### SCOPE OF CONSOLIDATION

The Komori Group consists of Komori Corporation and 19 subsidiaries. As of March 31, 2016, consolidated financial statements included the accounts of the parent company and 18 majority-owned subsidiaries.

### BUSINESS ENVIRONMENT

During the fiscal year ended March 31, 2016, the global economy was negatively affected by slowing growth in the Chinese economy, which resulted in fewer exports from newly emerging nations to China, with an accompanying drop in resource prices, including crude oil and iron ore, further undermining economies in these nations and other resource-rich countries. Nevertheless, economies in developed countries were firm due to robust personal consumption backed by an upswing in employment and wages, as well as the positive effect of falling oil prices. This helped bolster the global economy. In the United States, domestic demand grew gradually due to steady growth in personal consumption on the back of higher employment and falling oil prices. In Europe, although exports to such emerging nations as those in Asia and Central and South America were sluggish, personal consumption was firm in the Euro area, resulting in steady economic recovery. In India and ASEAN nations, overall demand for public infrastructure development was robust, while personal consumption was firm in urban areas. In China, declining exports to newly emerging nations and resource-rich countries led to continued slowing, while excess debt and capacity present structural problems in need of adjustment. The Japanese economy saw an improvement in corporate earnings and hiring thanks to ongoing monetary easing policies led by the Bank of Japan, in addition to the depreciation of the yen, which continued through the end of December 2015. Nevertheless, a sense of uncertainty prevailed in the economic outlook due to such factors as a turnaround in the foreign currency exchange rate as the yen appreciated from January 2016 onward.

Amidst these circumstances, the printing industry faced stagnant print demand due to the popularization of digital information and communications technology. In developed countries, however, print demand reached bottom and returned to a growth path. Markets in newly emerging nations saw steady growth in print demand reflecting population growth and the expansion of the middle class, despite the impact of economic fluctuations.

In the printing machinery market, demand for upgrades of printing facilities grew modestly in Europe. Buoyed by a recovery in print demand, the North American market saw firm demand for facility upgrades, particularly for multi-colored and multi-functional printing presses offering superior production efficiency. In the Chinese market, companies remained cautious about investments in printing machinery due to stricter lending criteria accompanying the deceleration of economic growth. In ASEAN nations and elsewhere in Asia, demand for printing machinery was supported by burgeoning print demand, resulting in virtually unchanged levels of capital expenditure compared with the previous fiscal year. In the Japanese market, an improvement in corporate earnings and the government-led economic stimulus packages have caused some companies to actively invest in printing machinery.

### REVENUES AND EARNINGS

In fiscal 2016, consolidated net sales increased

4.5% compared with the previous fiscal year to ¥95,327 million. Overseas sales fell 1.4% year on year to ¥55,032 million. This represented 57.7% of total net sales, a decrease of 3.5 percentage points.

The cost of sales increased 5.7% year on year to ¥62,565 million, with the cost of sales representing 65.6% of total net sales, an increase of 0.8 of a percentage point, despite Komori's ongoing efforts to reduce manufacturing costs. Selling, general and administrative (SG&A) expenses increased to ¥26,168 million, up 2.2% compared with the previous fiscal year, due mainly to a rise in personnel expenses. The ratio of SG&A expenses to net sales decreased 0.6 of a percentage point to 27.5%.

As a result, Komori posted operating income totaling ¥6,613 million, an increase from operating income of ¥6,490 million in the previous fiscal year.

The balance of other income and expenses deteriorated, due in part to the posting of foreign exchange losses totaling ¥400 million, a turnaround from foreign exchange gains of ¥837 million in the previous fiscal year. The Company also recorded an impairment loss of ¥182 million as extraordinary loss during the fiscal year under review.

As a result, Komori reported income before income taxes totaling ¥6,294 million in the fiscal year under review, compared with income before income taxes totaling ¥8,122 million in the previous fiscal year. The Company posted profit attributable to owners of the parent for the fiscal year under review of ¥6,522 million, a decrease from the fiscal 2015 figure of ¥7,570 million. This was due to a considerable year-on-year increase in income taxes—deferred.

Basic earnings per share amounted to ¥105.26, a decrease from ¥122.16 per share in fiscal 2015.

### DIVIDENDS

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 addition, the Company maintains a basic policy of paying both an interim and a fiscal year-end dividend. During the fiscal year under review, the interim dividend was determined by the Board of Directors and the fiscal year-end dividend was determined at Komori's Annual General Meeting of Shareholders.

Although the Company faced a persistently harsh business environment during fiscal 2016, Komori continued to prioritize the payment of a stable dividend stream and paid a full-year dividend of ¥40 per share, up ¥10 from the previous fiscal year, made up of interim and fiscal year-end dividends of ¥20 per share and ¥20 per share, respectively.

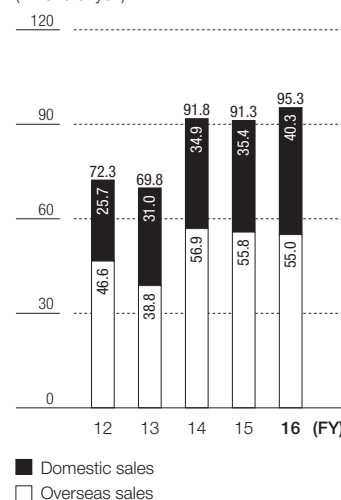
### FINANCIAL POSITION

Total assets as of March 31, 2016, stood at ¥188,174 million, an increase of ¥3,552 million, or 1.9%, compared with the previous fiscal year-end.

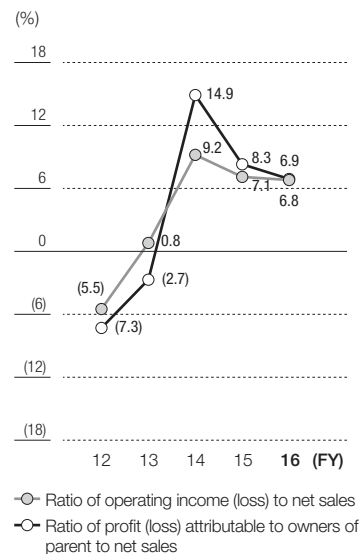
Key factors contributing to the rise in total assets included a ¥5,728 million increase in cash and deposits, a ¥1,208 million increase in deferred tax assets, a ¥924 million increase in inventories, an ¥838 million increase in property, plant and equipment, a ¥570 million increase in investment securities and a ¥553 million increase in investments and other assets—other. Key

### Domestic Sales and Overseas Sales

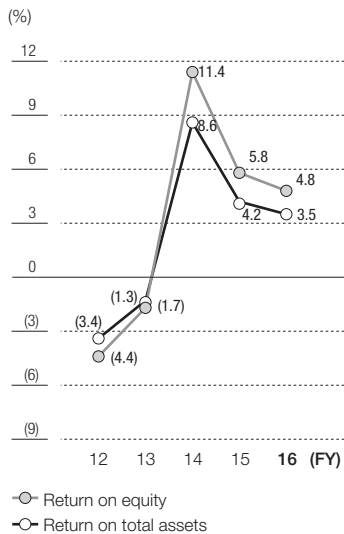
(Billions of yen)



### Ratio of Operating Income (Loss) to Net Sales, and Ratio of Profit (loss) attributable to owners of parent to Net Sales



### Return on Equity and Return on Total Assets



negative factors affecting total assets included a ¥3,662 million decrease in notes and accounts receivable—trade and a ¥2,468 million decrease in short-term investment securities.

Total liabilities stood at ¥52,284 million, up ¥2,791 million, or 5.6%, compared with the end of the previous fiscal year.

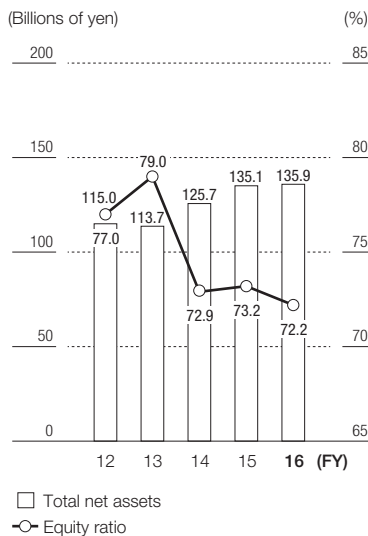
The key contributors to the increase in liabilities were a ¥1,568 million increase in net defined benefit liabilities, an ¥827 million rise in current liabilities—other and a ¥600 million increase in electronically recorded monetary obligations. Negative factors included a ¥328 million decrease in deferred tax liabilities.

As of the end of the fiscal year under review, total net assets amounted to ¥135,890 million, up ¥761 million, or 0.6%, year on year.

Key factors contributing to the increase in net assets included a ¥6,522 million increase in retained earnings due to the posting of profit attributable to owners of the parent. Key negative factors included a ¥2,479 million decline in retained earnings due to the payment of cash dividends, a ¥1,666 million fall in remeasurements of defined benefit plans, a ¥785 million decrease in foreign currency translation adjustment and a ¥784 million decrease in valuation difference on available-for-sale securities.

Taking these factors into account, the equity ratio stood at 72.2%, down 1.0% from 73.2% as of the previous fiscal year-end. Net assets per share rose ¥12.10 to ¥2,192.83 from ¥2,180.73 at March 31, 2015.

### Total Net Assets and Equity Ratio



### RESEARCH AND DEVELOPMENT EXPENSES

In the Komori Group's R&D activities, efforts are prioritized in accordance with business strategies as well as the degree of importance and urgency of each project.

The principal R&D activities conducted during the fiscal year under review are set out below.

Komori developed the Impremia IS29, a state-of-the-art 29 inch-size sheet-fed UV inkjet digital printing system capable of accommodating a maximum paper size of 585 mm by 750 mm. With a UV inkjet technology eliminating the need for such pre-coated and other types of specialized paper, this model can print on regular offset printing paper and other types of paper with a variety of thicknesses ranging from 0.06 mm to 0.6 mm (during single-sided printing). Moreover, the Impremia IS29 performs instant curing and single-pass double-sided printing, thereby satisfying requests for multiple printing items, small print runs and short turnarounds. This product will also enable highly precise registration adjustment comparable to offset printing presses. In sum, the Impremia IS29's printing stability and quality are as good as those of offset printing presses, making it a powerful tool for commercial and package printing.

Building on with success in the high-performance LITHRONE G series, the Company developed the LITHRONE GX40 line, which embodies cutting-edge, world-leading Komori technologies and know-how. Capable of handling such media as cardboard, the LITHRONE GX40 line boasts stable printing performance with 18,000 impressions per hour while incorporating an automated non-stop operating system, printing control system and other devices aimed at enabling high-speed and uninterrupted printing as well as highly efficient job changeover. In addition, this product line includes various machinery configurations to accommodate diversifying user requests, including those for

special set-ups to perform high-value-added printing services. Thanks to these features, the LITHRONE GX40 line boasts superior printing quality and productivity and is optimally suited to package printing, which often necessitates accommodating diverse customer requests, along with such applications as high-grade commercial printing and publishing. Also, this product line is capable of performing eco-friendly printing with lower energy consumption and heat emissions, and features compact design.

Komori developed the LITHRONE G29 line on the back of growing needs for optimal solutions tailored to increasingly sophisticated and complicated printing requests. Boasting stable printing performance with 16,500 impressions per hour, even when printing on cardboard, this product line is equipped with various cutting-edge automated systems, thereby realizing even shorter makeready times. Furthermore, it includes models incorporating the Komori Drying System (KDS), a dryer specialized for the H-UV instant curing system, and in-line coaters, with the aim of flexibly accommodating high-grade commercial printing and a wide variety of high-value-added printing services.

Striving to enhance its automation technologies, Komori upgraded its PDC-SX system, a set of equipment to control print density, adding new functions capable of enhancing the stability of package printing quality and productivity. Specifically, these functions enable more accurate color adjustment based on feedback from a color measurement process, even when handling special colors for which it is difficult for engineers to perform color matching. The upgraded system also helps ensure a smooth connection with punching processes by employing a registration adjustment system that precisely matches paper setting and the position of printed images. Moreover, Komori developed a new "PDF comparison system" that compares images of printed materials taken by scanners with source data in such forms as PDF. By detecting defects attributable to flaws in the printing plate or missing characters at the trial printing stage, this system will help ensure that printed materials with insufficient quality are swiftly rejected prior to delivery.

Other recent development achievements include a system to manage rejected sheets using an inkjet serial-numbering device. The system numbers each sheet when it is placed on the feeder board, aiming to realize better control of printing quality.

Komori also developed printing materials and supplies. For example, the Company implemented R&D initiatives aimed at enhancing the quality of the H-UV ink specialized for its proprietary H-UV curing system, emphasizing the optimization of such properties as the tack, density and liquidity of the ink. Komori thus created and released KG-911, a new ink finely tuned to the H-UV equipped printing presses that boasts superior curability, quality and cost effectiveness and is usable in an even broader range of printing applications.

Total R&D expenses in the fiscal year under review amounted to ¥4,975 million, a decrease of 2.9% year on year. This was equivalent to 5.2% of total net sales.

### CAPITAL EXPENDITURE, DEPRECIATION AND AMORTIZATION

Total capital expenditure in fiscal 2016 was ¥3,125 million, an increase of ¥1,009 million compared with the previous fiscal year. Komori conducted capital expenditure aimed mainly at

developing new businesses. Depreciation and amortization rose ¥167 million to ¥2,027 million. Looking ahead, Komori plans to engage in capital expenditure totaling ¥1,950 million in fiscal 2017.

## CASH FLOWS

Net cash provided by operating activities in the fiscal year ended March 31, 2016 amounted to ¥11,936 million, up ¥4,452 million from net cash provided by operating activities of ¥7,484 million in the previous fiscal year.

Principal cash outflows included a ¥1,204 million increase in inventories and income taxes paid of ¥1,052 million. Major cash inflows were the posting of income before income taxes totaling ¥6,294 million as well as a ¥5,131 million decrease in notes and accounts receivable—trade and ¥2,027 million in depreciation and amortization.

Net cash used in investing activities was ¥1,353 million, down ¥7,332 million from ¥8,685 million used in investing activities in the previous fiscal year.

Principal cash outflows were a ¥2,766 million net increase in property, plant and equipment and intangible assets and a ¥2,198 million net increase in investment securities. Main cash inflows included a ¥3,556 million net decrease in time deposits maturing over three months and a ¥759 million net decrease in short-term investment securities.

Net cash used in financing activities totaled ¥2,778 million, up ¥249 million from ¥2,529 million used in financing activities in the previous fiscal year.

The principal components of cash outflows included the payment of cash dividends amounting to ¥2,479 million and a ¥172 million net decrease in short-term loans payable.

As a result of the aforementioned activities, cash and cash equivalents at the end of the fiscal year stood at ¥59,140 million, an increase of ¥7,583 million compared with March 31, 2015.

## BUSINESS AND OTHER RISKS

### (1) Fluctuations in foreign currency exchange rates

The Komori Group's overseas sales represent more than half of its total sales and, accordingly, its performance is subject to movements in foreign exchange currency rates. While our principal markets are Europe, the Americas and Asia, we do not rely on any particular region for our 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.

### (2) Changes in the market environment

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. In other words, capital investment is significantly subdued in periods of economic downturn. Accordingly, in the event of a major economic recession in the Company's principal markets of Japan, Europe, the Americas and Asia, Komori's performance may be significantly affected.

### (3) Damage incurred as a result of the execution of debt guarantee

In the printing press market, additional services such as providing financing 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 guarantees based on historic data and an individual assessment of each transaction, Komori's performance and financial condition may be impacted by customer bankruptcy due to factors such as an economic recession.

### (4) Shrinkage of demand for offset printing due to the global popularization of digital media and growing trend toward shorter turnarounds, small print runs and variable data printing

The offset printing press market—Komori's core operating domain—is facing a shift in customer requirements from large-lot printing to shorter turnarounds, smaller print runs and variable data printing, reflecting growing trends toward environment-friendly printing as well as personal marketing, a business approach that meticulously addresses the individual needs of each consumer. Moreover, due to the popularization of the internet and e-books, demand for printing on paper media is shrinking. Accordingly, if Komori faces the further shrinkage of the offset printing press market due to the rapid popularization of such digital media as the internet and short-turnaround, small-lot and variable data printing services, the Company's financial condition and business performance may be negatively affected.

### (5) Unexpected events that may hinder the Company in developing the digital printing press business

To develop new businesses, the Komori Group entered the digital printing press business, initiating the marketing of A3-size digital printing presses supplied by an external manufacturer on an OEM basis. Moreover, plans call for expanding the product lineup by releasing a B2-size cutting-edge digital printing press that Komori has co-developed with an external partner. However, the Komori Group's financial condition and business performance can be affected negatively due to such risks as the intensification of competition in the digital printing press market, a significant change in the printing industry's demand for machinery, or other unexpected events that hinder the Company in developing the digital printing press business.

### (6) Country risk accompanying overseas operations

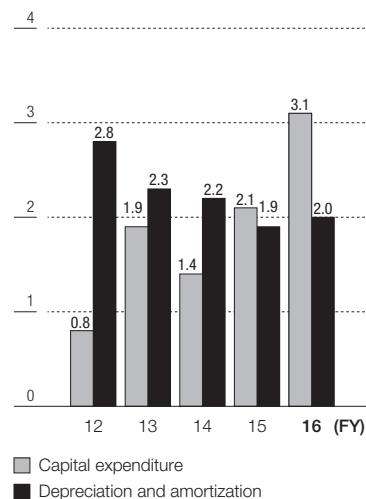
The Komori Group has sales subsidiaries in Europe, the Americas and China and makes more than half of its consolidated net sales in markets overseas. In the event that violent unrest were to break out against foreign-owned companies expanding into these markets, or internal conflicts, acts of terrorism, war, natural disasters or a pandemic were to occur in these regions, the Komori Group's financial condition and business performance could be impacted significantly.

### (7) Concentration of the production base

The Tsukuba Plant is the Group's core production base, and if a major earthquake, tornado or other natural disaster were to hit the plant, the plant could suffer damage to manufacturing facilities or the disruption of its supply chain, which could, in turn, cause the plant's entire operations to be suspended. Accordingly, such events may significantly affect the Komori Group's financial condition and business performance.

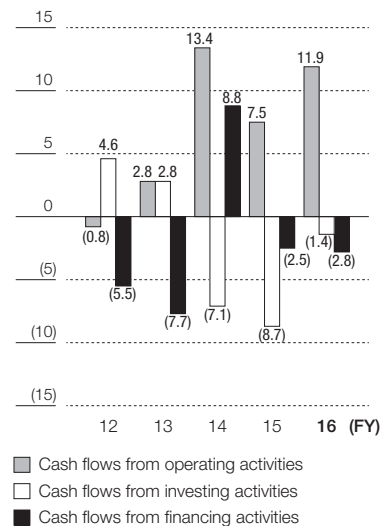
## Capital Expenditure, Depreciation and Amortization

(Billions of yen)



## Cash Flows

(Billions of yen)



## Consolidated Balance Sheets

Komori Corporation and Consolidated Subsidiaries

March 31, 2015 and 2016	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
<b>ASSETS</b>			
Current Assets:			
Cash and deposits (Note 3)	¥ 44,307	¥ 50,035	\$ 444,041
Notes and accounts receivable-trade (Note 3)	21,968	18,306	162,460
Short-term investment securities (Notes 3 and 4)	21,289	18,821	167,031
Merchandise and finished goods	13,918	16,871	149,727
Work in process	10,397	7,424	65,884
Raw materials and supplies	7,209	8,155	72,373
Current portion of insurance funds	967	630	5,589
Deferred tax assets (Note 10)	5,225	5,455	48,411
Other	3,089	2,905	25,783
Allowance for doubtful accounts	(183)	(192)	(1,703)
Total current assets	128,186	128,410	1,139,596
Noncurrent Assets:			
Property, plant and equipment:			
Buildings and structures	31,832	31,958	283,621
Machinery, equipment and vehicles	20,679	20,761	184,247
Other	7,424	7,561	67,107
Accumulated depreciation	59,935	60,280	534,975
	(44,676)	(43,873)	(389,365)
Land	15,259	16,407	145,610
Construction in progress	18,392	18,353	162,877
	336	65	574
Total property, plant and equipment	33,987	34,825	309,061
Intangible assets	3,004	2,975	26,404
Investments and other assets:			
Investment securities (Notes 3 and 4)	11,434	12,004	106,531
Long-term time deposits	500	500	4,437
Deferred tax assets (Note 10)	121	1,099	9,753
Insurance funds	5,522	5,946	52,765
Net defined benefit asset (Note 11)	1,000	1,124	9,971
Other	968	1,521	13,495
Allowance for doubtful accounts	(100)	(230)	(2,030)
Total investments and other assets	19,445	21,964	194,922
Total noncurrent assets	56,436	59,764	530,387
Total Assets	¥184,622	¥188,174	\$1,669,983

The accompanying notes are an integral part of these consolidated financial statements.

Thousands of  
U.S. dollars  
(Note 1)

	Millions of yen		2016
	2015	2016	
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities:			
Notes and accounts payable-trade (Note 3)	¥ 12,421	¥ 12,435	\$ 110,361
Electronically recorded obligations-operating (Note 3)	5,795	6,395	56,755
Short-term loans payable (Notes 3 and 6)	211	41	363
Income taxes payable (Notes 3 and 10)	461	713	6,329
Provision for bonuses (Note 3)	1,002	1,054	9,351
Provision for product warranties	1,145	980	8,696
Provision for loss on guarantees	479	415	3,683
Provision for directors' bonuses	16	25	222
Provision for point card certificates	—	1	11
Notes payable - facilities	32	163	449
Deferred installment income	69	51	1,450
Other	13,229	14,056	124,739
<b>Total current liabilities</b>	<b>34,860</b>	<b>36,329</b>	<b>322,409</b>
Noncurrent Liabilities:			
Bonds payable (Notes 3 and 6)	10,000	10,000	88,747
Long-term loans payable (Notes 3 and 6)	49	26	227
Deferred tax liabilities (Note 10)	1,669	1,341	11,902
Provision for directors' retirement benefits	36	12	107
Provision for point card certificates	3	0	1
Provision for environmental measures	10	10	93
Provision for loss on litigation	110	251	2,223
Net defined benefit liability (Note 11)	2,090	3,658	32,462
Other	666	657	5,826
<b>Total noncurrent liabilities</b>	<b>14,633</b>	<b>15,955</b>	<b>141,588</b>
<b>Total Liabilities</b>	<b>49,493</b>	<b>52,284</b>	<b>463,997</b>
Contingent Liabilities (Note 12)			
Net Assets:			
Shareholders' equity:			
Capital stock:			
Authorized: 295,500,000 shares at March 31, 2015 and 2016			
Issued: 68,292,340 shares at March 31, 2015 and 2016	37,715	37,715	334,707
Capital surplus	37,797	37,797	335,440
Retained earnings	61,686	65,670	582,797
Treasury stock, at cost 6,327,390 and 6,328,517 shares at March 31, 2015 and 2016	(4,955)	(4,957)	(43,988)
<b>Total shareholders' equity</b>	<b>132,243</b>	<b>136,225</b>	<b>1,208,956</b>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities (Note 4)	3,448	2,664	23,646
Foreign currency translation adjustment	404	(381)	(3,380)
Remeasurements of defined benefit plans	(966)	(2,632)	(23,362)
<b>Total other comprehensive income</b>	<b>2,886</b>	<b>(349)</b>	<b>(3,096)</b>
<b>Non-controlling interests</b>		<b>14</b>	<b>126</b>
<b>Total net assets</b>	<b>135,129</b>	<b>135,890</b>	<b>1,205,986</b>
<b>Total liabilities and net assets</b>	<b>¥184,622</b>	<b>¥188,174</b>	<b>\$1,669,983</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statements of Income

Komori Corporation and Consolidated Subsidiaries

For the years ended March 31, 2015 and 2016	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Net Sales (Note 17)	¥91,260	¥95,327	\$845,995
Cost of Sales	59,190	62,565	555,240
Reversal of Unrealized Income on Installment Sales	32,070	32,762	290,755
Gross profit	22	19	164
Selling, General and Administrative Expenses (Notes 7, 8 and 11)	32,092	32,781	290,919
Operating income (Note 17)	25,602	26,168	232,232
Other Income (Expenses):	6,490	6,613	58,687
Late charge income	—	242	2,149
Interest income	138	119	1,054
Dividends income	179	198	1,761
Interest expenses	(94)	(62)	(551)
Loss on disposal of inventories	(351)	—	—
Foreign exchange gains (losses)	837	(400)	(3,553)
Insurance income	736	—	—
Compensation for damage	(125)	(292)	(2,589)
Gain on sales of noncurrent assets	212	17	148
Gain on sales of investment securities	124	—	—
Loss on sales of noncurrent assets	(0)	(21)	(190)
Loss on retirement of noncurrent assets	(32)	(28)	(243)
Impairment loss (Note 9)	—	(182)	(1,617)
Loss on valuation of investment securities (Note 4)	(4)	—	—
Provision for loss on litigation	(110)	(140)	(1,247)
Business structure improvement expenses	(21)	—	—
Other	143	230	2,046
Total other income (expenses)	1,632	(319)	(2,832)
Income before income taxes	8,122	6,294	55,855
Income Taxes (Note 10):			
Income taxes-current	860	922	8,181
Income taxes-deferred	(308)	(1,150)	(10,210)
Total income taxes	552	(228)	(2,029)
Profit (loss)	7,570	6,522	57,884
Profit attributable to non-controlling interests	—	0	1
Profit attributable to owners of parent	¥ 7,570	¥ 6,522	\$ 57,883
		Yen	U.S. dollars (Note 1)
Per Share (Note 16):			
Net income—primary	¥122.16	¥105.26	\$0.93
Cash dividends	30.00	40.00	0.35

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statements of Comprehensive Income

Komori Corporation and Consolidated Subsidiaries

For the years ended March 31, 2015 and 2016	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Income before minority interests	¥ 7,570	¥ 6,522	\$ 57,885
Other comprehensive income			
Valuation difference on available-for-sale securities	1,199	(783)	(6,953)
Foreign currency translation adjustment	1,047	(785)	(6,967)
Remeasurements of defined benefit plans, net of tax	817	(1,667)	(14,789)
Total other comprehensive income (Note 15)	3,063	(3,235)	(28,709)
Comprehensive income	10,633	3,287	29,176
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	¥10,633	¥ 3,288	\$ 29,187
Comprehensive income attributable to non-controlling interests	—	(1)	(11)

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

Komori Corporation and Consolidated Subsidiaries

Millions of yen

	Number of shares issued (After deducting treasury stock)	Shareholders' equity					Accumulated other comprehensive income					Total net assets
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income	Non-controlling interests	
For the year ended March 31, 2015												
Balance at April 1, 2014	61,966,269	¥37,715	¥37,797	¥55,305	¥(4,953)	¥125,864	¥2,249	¥ (643)	¥(1,783)	¥ (177)	¥—	¥125,687
Cumulative effects of changes in accounting policies				¥50		¥50						¥50
Restated balance		¥37,715	¥37,797	¥55,355	¥(4,953)	¥125,914	¥2,249	¥ (643)	¥(1,783)	¥ (177)	—	¥125,737
Dividends from retained earnings (Note 16 (3))	—	—	—	(1,239)	—	(1,239)	—	—	—	—	—	(1,239)
Profit attributable to owners of parent	—	—	—	7,570	—	7,570	—	—	—	—	—	7,570
Purchase of treasury stock	(1,319)	—	—	—	(2)	(2)	—	—	—	—	—	(2)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	1,199	1,047	817	3,063	—	3,063
Total changes of items during the period	(1,319)	—	—	6,331	(2)	6,329	1,199	1,047	817	3,063	—	9,392
Balance at March 31, 2015	61,964,950	¥37,715	¥37,797	¥61,686	¥(4,955)	¥132,243	¥3,448	¥ 404	¥ (966)	¥2,886	¥—	¥135,129
For the year ended March 31, 2016												
Balance at April 1, 2015	61,964,950	¥37,715	¥37,797	¥61,686	¥(4,955)	¥132,243	¥3,448	¥ 404	¥ (966)	¥2,886	¥—	¥135,129
Cumulative effects of changes in accounting policies						—						—
Restated balance		¥37,715	¥37,797	¥61,686	¥(4,955)	¥132,243	¥3,448	¥ 404	¥ (966)	¥2,886	—	¥135,129
Dividends from retained earnings (Note 16 (3))	—	—	—	(2,479)	—	(2,479)	—	—	—	—	—	(2,479)
Profit attributable to owners of parent	—	—	—	6,522	—	6,522	—	—	—	—	—	6,522
Purchase of treasury stock	(1,127)	—	—	—	(2)	(2)	—	—	—	—	—	(2)
Change of scope of consolidation	—	—	—	(59)	—	(59)	—	—	—	—	—	(59)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	(784)	(785)	(1,666)	(3,235)	14	(3,221)
Total changes of items during the period	(1,127)	—	—	3,984	(2)	3,982	(784)	(785)	(1,666)	(3,235)	14	761
Balance at March 31, 2016	61,963,823	¥37,715	¥37,797	¥65,670	¥(4,957)	¥136,225	¥2,664	¥ (381)	¥(2,632)	¥ (349)	¥14	¥135,890

Note: "Number of shares issued" represents shares issued less treasury stock shares.

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income	Non-controlling interests	
For the year ended March 31, 2016											
Balance at April 1, 2015	\$334,707	\$335,440	\$547,440	\$(43,974)	\$1,173,613	\$30,599	\$ 3,587	\$ (8,573)	\$25,613	\$ —	\$1,199,226
Cumulative effects of changes in accounting policies					—						—
Restated balance	334,707	335,440	547,440	(43,974)	1,173,613	30,599	3,587	(8,573)	25,613	—	1,199,226
Dividends from retained earnings (Note 16 (3))	—	—	(21,997)	—	(21,997)	—	—	—	—	—	(21,997)
Profit attributable to owners of parent	—	—	57,883	—	57,883	—	—	—	—	—	57,883
Purchase of treasury stock	—	—	—	(14)	(14)	—	—	—	—	—	(14)
Change of scope of consolidation	—	—	(529)	—	(529)	—	—	—	—	—	(529)
Net changes of items other than shareholders' equity	—	—	—	—	—	(6,953)	(6,967)	(14,789)	(28,709)	126	(28,583)
Total changes of items during the period	—	—	35,357	(14)	35,343	(6,953)	(6,967)	(14,789)	(28,709)	126	6,760
Balance at March 31, 2016	\$334,707	\$335,440	\$582,797	\$(43,988)	\$1,208,956	\$23,646	\$(3,380)	\$(23,362)	\$ (3,096)	\$126	\$1,205,986

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statements of Cash Flows

Komori Corporation and Consolidated Subsidiaries

For the years ended March 31, 2015 and 2016	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Net Cash Provided by (Used in) Operating Activities:			
Income (loss) before income taxes	¥ 8,122	¥ 6,294	\$ 55,855
Depreciation and amortization	1,860	2,027	17,986
Impairment loss	—	182	1,617
Amortization of intangible assets	109	180	1,600
Increase (decrease) in allowance for doubtful accounts	(167)	143	1,273
Increase (decrease) in provision for bonuses	128	52	461
Increase (decrease) in net defined benefit liabilities	(657)	(233)	(2,070)
Business structure improvement expenses	21	—	—
Interest and dividends income	(317)	(317)	(2,815)
Interest expenses	94	62	552
Foreign exchange losses (gains)	(236)	51	449
Loss (gain) on valuation of investment securities	4	—	—
Decrease (increase) in notes and accounts receivable-trade	6,657	5,131	45,535
Decrease (increase) in inventories	(4,637)	(1,204)	(10,689)
Increase (decrease) in notes and accounts payable-trade	(1,619)	865	7,680
Increase (decrease) in accrued consumption taxes	(105)	(136)	(1,207)
Other, net	(429)	(367)	(3,254)
Subtotal	8,828	12,730	112,973
Interest and dividends income received	321	320	2,837
Interest expenses paid	(94)	(62)	(552)
Income taxes (paid) refund	(1,550)	(1,052)	(9,332)
Payments for business structure improvement expenses	(21)	—	—
Net cash provided by (used in) operating activities	7,484	11,936	105,926
Net Cash Provided by (Used in) Investing Activities:			
Net decrease in short-term investment securities	2,027	759	6,737
Payments into time deposits	(5,542)	(1,294)	(11,487)
Proceeds from withdrawal of time deposits	1,611	4,850	43,042
Purchase of property, plant and equipment and intangible assets	(1,706)	(2,797)	(24,824)
Proceeds from sales of property, plant and equipment and intangible assets	377	31	272
Purchase of insurance funds	(1,015)	(1,024)	(9,085)
Proceeds from maturity of insurance funds	1,056	938	8,324
Purchase of investment securities	(2,516)	(2,220)	(19,699)
Proceeds from sales of investment securities	413	22	197
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,307)	—	—
Purchase of long-term prepaid expenses	(115)	(730)	(6,479)
Other payments	(8)	(53)	(468)
Other proceeds	40	165	1,465
Net cash provided by (used in) investing activities	(8,685)	(1,353)	(12,005)
Profit attributable to owners of parent			
Net increase (decrease) in short-term loans payable	(833)	(172)	(1,531)
Repayments of long-term loans payable	(293)	(23)	(208)
Repayments of lease obligations	(166)	(102)	(904)
Net decrease (increase) in treasury stock	(2)	(2)	(15)
Proceeds from long-term loan payable	4	—	—
Cash dividends paid	(1,239)	(2,479)	(21,996)
Net cash provided by (used in) financing activities	(2,529)	(2,778)	(24,654)
Effect of exchange rate change on cash and cash equivalents	895	(376)	(3,337)
Net increase (decrease) in cash and cash equivalents	(2,835)	7,429	65,930
Cash and cash equivalents at beginning of period (Note 13)	54,392	51,557	457,550
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	154	1,370
Cash and cash equivalents at end of period (Note 13)	¥51,557	¥59,140	\$524,850

The accompanying notes are an integral part of these consolidated financial statements.

# Notes to Consolidated Financial Statements

Komori Corporation and Consolidated Subsidiaries

## 1 BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

### (1) Accounting Principles

The accompanying consolidated financial statements of Komori Corporation (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan. The account reclassification, however, has no effect on shareholders' equity, net sales or profit attributable to owners of parent.

The figures shown in the consolidated financial statements have been rounded to the nearest million yen.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥112.68 = US\$1.00, which was the rate of exchange as of March 31, 2016, has been used for the translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rates.

### (2) Accounting Changes

#### (Important Matters That Form the Basis for Compiling Consolidated Financial Statements)

##### (Matters regarding the Scope of Consolidation)

For the fiscal year ended March 31, 2016, Komori Southeast Asia Pte. Ltd. and Komori Malaysia Sdn. Bhd., based in Singapore and Malaysia respectively, have been included in the scope of consolidation due to their increased importance to the Group.

##### (Change in Accounting Policies)

#### (Changes in Accounting Policies Accompanying Revisions to Accounting Standards)

##### (Adoption of Accounting Standard for Business Combinations, etc.)

In the fiscal year ended March 31, 2016, the Company adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, dated September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, dated September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, dated September 13, 2013).

In accordance with these standards, the Company records differences arising from changes in its investments in subsidiaries under continuing ongoing control as capital surpluses and records business acquisition costs as expenses in the fiscal year in which the acquisition was executed. Allocations of acquisition costs in respect of business combinations executed from April 1, 2015 onwards under provisional accounting treatment is finalized, said allocation shall be retrospectively adjusted in the consolidated financial statements in the fiscal year in which such business combinations are completed. The adoption of these accounting standards has also led to changes in the presentation of profit attributable to owners of parent, which has resulted in certain comparative items presented in the consolidated financial statements being reclassified.

The adoption of these standards is effective from the beginning of the fiscal year ended March 31, 2016 and subject to the transitional treatment stipulated by Item 4, Paragraph 2, Article 58 of the Accounting Standard for Business Combinations; Item 4, Paragraph 5, Article 44 of the Accounting Standard for Consolidated Financial Statements; and Item 4, Paragraph 4, Article 57 of the Accounting Standard for Business Divestitures.

As of March 31, 2016, the aforementioned changes in accounting methods had no impact on the Company's consolidated financial statements and per-share information.

### (3) Business Combinations

#### (Operations of Entities under Common Control)

##### Mergers between Consolidated Subsidiaries

###### 1. Outline of Operations

- (1) The Name and Principal Business of Companies Subject to the Merger

Surviving company

Company name	Tokai Shoji Co., Ltd. (consolidated subsidiary of Komori Corporation)
Principal business	Sale of screen printing machinery and ink and other printing supplies

Absorbed company

Company name	Tokai Holdings Co., Ltd. (consolidated subsidiary of Komori Corporation)
Principal business	Manufacture and sale of printing machinery and other printing equipment and supplies

- (2) The Date of the Merger

April 1, 2015

- (3) Legal Form of the Merger

Tokai Holdings Co., Ltd. (consolidated subsidiary of Komori Corporation) was absorbed, with Tokai Shoji Co., Ltd. (consolidated subsidiary of Komori Corporation) remaining as the surviving company.

- (4) Company Name after the Merger

Seria Corporation Co., Ltd. (consolidated subsidiary of Komori Corporation)

Tokai Shoji Co., Ltd. absorbed Tokai Holdings Co., Ltd. and was then renamed Seria Corporation Co., Ltd. .

- (5) Other Matters concerning These Operations

The merger was carried out with the aim of enhancing management efficiency and reducing administrative costs by combining the operations of two consolidated subsidiaries.

###### 2. Outline of the Accounting Treatment Applied to These Operations

These companies' operations were treated as operations of entities under common control in accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

#### (4) Accounting Standards Issued But Not Yet Applied

Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No.26, December 28, 2015)

##### 1. Outline

In respect of the recoverability of deferred tax assets, the required review was conducted in accordance with the framework of Japanese Institution of Certified Public Accountants Audit Committee Report No. 66 on Determining the Recoverability of Deferred Tax whereby companies are assigned to one of five categories and deferred tax assets are calculated based on the criteria ascribed to each of those categories.

- 1) Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)
- 2) Category requirements for (Category 2) and (Category 3)
- 3) Treatment related to future deductible temporary differences which

- cannot be scheduled in companies that qualify as (Category 2)
- 4) Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)
- 5) Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

##### 2. Scheduled date of adoption

This standard will be applied from the start of the fiscal year beginning on April 1, 2016.

##### 3. Impact of adoption of this accounting standard

The impacts on the consolidated financial statements arising as a result of adoption of this accounting standard are shown below;

Deferred tax assets (Investments and other assets) and Income taxes-deferred (Income taxes) will be increased by 872 million yen (\$7,739 thousand).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Scope of Consolidation

The Company has 19 majority-owned subsidiaries as of March 31, 2016 (20 as of March 31, 2015).

### (a) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and 18 (17 in 2015) of its majority-owned subsidiaries. The major subsidiaries that are consolidated with the Company as of March 31, 2016 are listed below:

	Country of incorporation	Direct and indirect ownership percentage	Paid-in capital (millions)
Komori Machinery Co., Ltd.	(Japan)	100.0%	¥1,600
Komori Engineering Co., Ltd.	(Japan)	100.0	¥ 20
Seria Corporation Co., Ltd.	(Japan)	100.0	¥ 60
Seria Engineering Co., Ltd.	(Japan)	100.0	¥ 54
Komori America Corporation	(U.S.A.)	100.0	\$ 22.2
Komori Leasing Incorporated	(U.S.A.)	100.0	\$ 1.0
Komori International (Europe) B.V.	(Netherlands)	100.0	EUR 1.5
Komori France S.A.S.	(France)	100.0	EUR 1.8
Komori Italia S.r.l.	(Italy)	100.0	EUR 0.5
Komori U.K. Limited	(U.K.)	100.0	£ 6.2
Komori International Netherlands B.V.	(Netherlands)	100.0	EUR 1.0
Komori-Chambon S.A.S.	(France)	100.0	EUR 8.0
Komori Hong Kong Limited	(Hong Kong)	100.0	HK\$ 18.1
Komori Printing Machine (Shenzhen) Co., Ltd.	(China)	100.0	CNY 16.1
Komori Taiwan Limited	(Taiwan)	100.0	TW\$ 45.9
Komori Machinery (Nantong) Co., Ltd.	(China)	100.0	\$ 12.0
Komori Southeast Asia Pte. Ltd.*	(Singapore)	92.5	SGD 10.0
Komori Malaysia Sdn. Bhd.*	(Malaysia)	100.0	MYR 10.0

\*Due to increased importance to the Group, Komori Southeast Asia Pte. Ltd. in Singapore and Komori Malaysia Sdn. Bhd. in Malaysia were included in the scope of consolidation from the fiscal year ended March 31, 2016.

### (b) Unconsolidated subsidiary

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, profit attributable to owners of parent and retained earnings (corresponding to equity share) were immaterial in relation to the consolidated financial statements.

The unconsolidated subsidiary is considered insignificant in the context of the consolidated financial statements in terms of its impact upon profit attributable to owners of parent, retained earnings (corresponding to equity share) and other qualitative factors. The Company accounts for the subsidiary as investment at historical cost.

### (2) Fiscal Year-End of Consolidated Subsidiaries

The consolidated subsidiaries Komori Printing Machine (Shenzhen) Co., Ltd. and Komori Machinery (Nantong) Co., Ltd., prepare their annual accounts to December 31. For the purpose 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 of all other consolidated subsidiaries align with that of the Company.

### (3) Elimination and Combination for Consolidation

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Company and its subsidiaries have been eliminated.

### (4) Amortization Method and Period for Goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life.

### (5) Inventories

Merchandise, finished goods and work in process are stated at the lower of cost and net realizable value determined by using the

specific identification method.

Raw materials and supplies are stated at the lower of cost and net realizable value determined by using the first-in, first-out method.

Inventories are, in principle, carried at cost on the balance sheets. However, in the case that the net selling value falls below cost at the end of the period, inventories are stated at the net realizable value on the balance sheets.

## **(6) Financial Instruments**

### **(a) Securities**

Securities held by the Company and its subsidiaries are classified into two categories:

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 amount and the market value is included in net assets, while the cost of securities sold is computed using the moving-average method). Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount.

Securities for which market quotations are unavailable:

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

Investments in certain unconsolidated subsidiaries are stated at cost.

For further details, see “(1) (b) Unconsolidated subsidiaries,” above.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries or available-for-sale securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are recognized in the statements of income for the period.

### **(b) Derivatives**

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as “hedging instruments.”

## **(7) Methods for Depreciating and Amortizing Depreciable Assets**

### **(a) Property, plant and equipment (excluding lease assets)**

The Company and its consolidated subsidiaries recognize their depreciation expense mainly by using the straight-line method. The range of useful life is from 2 to 50 years for building and structures and from 2 to 17 years for machinery, equipment and vehicles.

### **(b) Intangible assets (excluding lease assets)**

Software

Straight-line method over an estimated in-house usable period of 5 years

Other

Straight-line method

### **(c) Lease assets**

Lease assets under finance leases other than those that are deemed to transfer ownership of the leased assets to lessees

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

## **(8) Foreign Currency Translation and Transactions**

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

All assets and liabilities of overseas consolidated subsidiaries and affiliates are translated at the foreign exchange rates prevailing

at the respective balance sheet dates, and all income and expense accounts are translated at the average foreign exchange rates for the respective periods. Foreign currency financial statement translation differences are included in the consolidated balance sheets under “Foreign currency translation adjustment” in net assets.

## **(9) Taxes**

Accrued income taxes are stated at the estimated amount payable for Corporation, Enterprise, and Inhabitant taxes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

## **(10) Accounting for Allowances and Provisions**

### **(a) Allowance for doubtful accounts**

An allowance for doubtful accounts receivable is provided by setting a percentage based on the Company’s average historical experience of bad debt loss against the balance of total receivables. In addition, the full amount deemed necessary to cover uncollectible receivables is provided when appropriate.

### **(b) Provision for bonuses**

In order to provide for the payment of bonuses to employees, the Company and its domestic consolidated subsidiaries record amounts related to the current fiscal year as a part of the estimated year-end payable amount.

### **(c) Provision for product warranties**

In order to provide for charge-free repair costs under warranty contract, a provision for product warranties is created based on an amount estimated by applying a ratio of the amount of charge-free repair costs actually incurred under the product warranties against total net sales. In addition, an amount to cover individual charge-free repair costs is provided for when appropriate.

### **(d) Provision for loss on guarantees**

A provision for loss on guarantees is maintained by the Company and a portion of its overseas consolidated subsidiaries to cover guarantees provided to lease companies and affiliated banks by the Company and the aforementioned subsidiaries for loans to customers who purchase the Company’s products. The amount of the provision is determined by applying the ratio of the actual loss on guarantees against the amount of total guarantees plus the amount deemed necessary to cover potential losses of individual loans.

### **(e) Provision for directors’ bonuses**

In order to provide for the payment of bonuses to directors, the Company and its domestic consolidated subsidiaries record amounts related to the current fiscal year as a part of the estimated year-end payable amount.

### **(f) Provision for directors’ retirement benefits**

A specified amount determined by internal regulations is recorded to prepare for the payment of retirement benefits to directors of a number of the Company’s domestic consolidated subsidiaries.

### **(g) Provision for point card certificates**

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 loyalty point system established as part of a campaign initiative designed to promote sales.

### **(h) Provision for environmental measures**

A provision for environmental measures is maintained by the Company in an amount determined based on an estimate of the amount required to cover the future removal and disposal of polychlorinated biphenyl held in storage.

#### (i) Provision for loss on litigation

In order to prepare for the loss which is expected to accrue in accordance with litigation, the Company has earmarked estimated amount of losses.

### (11) Accounting Method for Retirement Benefits

#### (a) Method used to attribute estimated amounts of retirement benefits to periods

In calculating retirement benefit obligations, the method of attributing expected benefit to the fiscal year is based on the benefit formula.

#### (b) Accounting methods for actuarial differences

Actuarial differences are charged as an expense commencing from the fiscal year following that when incurred using a straight-line method based on a determined number of years (principally 15 years) derived from the average expected remaining years of service of employees when the differences were incurred. The effect of the relevant changes has been recorded as Accumulated other comprehensive income (Remeasurements of defined benefit plans, net of tax).

### (12) Installment Sales

The Company accounts for installment sales on the basis of the installment method prescribed by the Japanese tax laws. Under this method, gross profit from installment sales is recognized in proportion to the amount of installment payments which become due. The remaining portion of the gross profit, where the due date has not yet arrived, is deferred as "Deferred installment income".

### (13) Appropriation of Retained Earnings

Under the Japanese Corporate Code and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (including year-end cash dividend payments) proposed by the Board of Directors should be approved at the shareholders' meeting, which must be held within 3 months of each financial year-end. The appropriation of retained earnings reflected in the financial statements represents the results of such appropriations

that are applicable to the immediately preceding financial year and approved at the shareholders' meeting, and paid during that year. Year-end cash dividends are paid to shareholders on the shareholders' register at the end of each financial year.

The Japanese Corporate Code provides that interim cash dividends may be distributed upon approval of the Board of Directors. The Company has paid such interim cash dividends to shareholders on record as of September 30 each year.

### (14) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year.

Cash dividends per share shown for each year in the statements of income represent dividends declared as applicable to the respective period.

### (15) Consumption Tax

Consumption tax is imposed at the flat rate of 8% on domestic consumption of goods and services (with certain exemptions).

The consumption tax withheld upon sale is not included in the amount of "net sales" in the accompanying statements of income, but is recorded as a liability. The balances of "consumption tax withheld" (a liability item) and "consumption tax paid" (an asset item), which are borne by the Company on the purchase of goods and services are not included in the amounts of costs and expenses in the statements of income, but offset and the net balance included in "other current assets" or "other current liabilities" in the consolidated balance sheets.

### (16) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, bank deposits able to be withdrawn on demand and short-term investment securities with an original maturity of 3 months or less, and which represent a minor risk of fluctuations in value.

---

## 3 FINANCIAL INSTRUMENTS

---

### (A) Summary of Financial Instruments' Status

#### (1) Action policy with regard to financial instruments

With regard to the management of funds, it is the policy of the Company and its subsidiaries to invest temporary surpluses in highly secure financial assets, while debt from financial institutions and issuance of corporate bonds are used to procure funds. Derivatives are used to avoid the currency exchange risks associated with notes and accounts receivable. Speculative transactions are not conducted.

#### (2) Details of financial instruments, respective risks and risk management structure

Operating receivables, such as notes and accounts receivable—trade, are subject to customer credit risks. Moreover, because the Company engages in business globally, operating receivables denominated in foreign currencies are subject to the risk of fluctuating foreign exchange rates. To manage credit risks, management offices at each division of the Company and those at its subsidiaries monitor maturity dates and balances due, while the Sales Administration Department is responsible for controlling uncollected receivables. With regard to the risk associated with foreign exchange rate fluctuations, as a general rule the Company uses foreign exchange forward contracts.

Stocks that are investment securities are subject to the risk associated with market price fluctuations. However, these are

primarily company stocks held for business activities and are not intended for speculative transactions. In addition, the Finance Department regularly confirms fair value and the Board of Directors makes resolutions with regard to important purchases and sales.

Notes and accounts payable—trade, and Electronically recorded obligations-operating that are included in operating liabilities have a repayment date within one year.

Loans are mainly for the procurement of funds associated with the business activities of overseas consolidated subsidiaries. These are bank loans of limited amounts, the outstanding balances of which the Company regularly confirms.

Derivative transactions generally involve market and credit risk. Market risk infers the potential to incur a loss due to currency exchange and interest rate fluctuations. No significant market risk is identified based on the nature of transactions entered into being limited to hedging activities, and the insignificant value of such transactions. Credit risk infers the possibility of loss due to nonperformance by counterparties. It has been determined that only major financial institutions entail negligible risk as counterparties. Foreign exchange forward contracts and currency option trading are used to avoid exchange rate fluctuation risk associated with assets and liabilities denominated in foreign currencies. As a general rule, it is the Company's policy to use derivative transactions within the scope of the aforementioned objectives and to not conduct speculative transactions.

Foreign exchange forward contracts are utilized in accordance with the Company's policy, which includes limits of the number of contracts that can be entered into. The foreign currency committee manages currency option trading. The execution and management of transactions are performed by the Finance Department, and results of transactions reported to the officer in charge.

**(3) Supplemental explanation of items with regard to fair value of financial instruments**

Contract amounts included in“(B) Items with Regard to Fair Value of

Financial Instruments,” are not indicative of the market risks associated with the derivative transactions.

**(B) Items with Regard to Fair Value of Financial Instruments**

The carrying amounts and fair values of financial instruments, as well as the differences between these amounts are shown in the table below, with the exception of items for which it was not possible to ascertain fair value (refer to Note 2).

	Millions of yen		
	2015	2015	2015
	Carrying amount*	Fair value*	Difference
(1) Cash and deposits	¥ 44,307	¥ 44,307	¥ —
(2) Notes and accounts receivable—trade	21,785	21,785	—
(3) Short-term investment securities and investment securities	31,804	31,792	12
(4) Notes and accounts payable—trade	(12,421)	(12,421)	—
(5) Electronically recorded obligations—operating	(5,795)	(5,795)	—
(6) Short-term loans payable	(211)	(211)	—
(7) Long-term loans payable	(49)	(48)	1
(8) Income taxes payable	(461)	(461)	—
(9) Bonds payable	(10,000)	(10,060)	(60)
(10) Derivatives	349	349	—

	Millions of yen		
	2016	2016	2016
	Carrying amount*	Fair value*	Difference
(1) Cash and deposits	¥ 50,035	¥ 50,035	¥ —
(2) Notes and accounts receivable—trade	18,114	18,114	—
(3) Short-term investment securities and investment securities	30,512	30,514	(2)
(4) Notes and accounts payable—trade	(12,435)	(12,435)	—
(5) Electronically recorded obligations—operating	(6,395)	(6,395)	—
(6) Short-term loans payable	(41)	(41)	—
(7) Long-term loans payable	(26)	(26)	0
(8) Income taxes payable	(713)	(713)	—
(9) Bonds payable	(10,000)	(10,103)	(103)
(10) Derivatives	228	228	—

	Thousands of U.S. dollars		
	2016	2016	2016
	Carrying amount*	Fair value*	Difference
(1) Cash and deposits	\$ 444,041	\$ 444,041	\$ —
(2) Notes and accounts receivable—trade	160,757	160,757	—
(3) Short-term investment securities and investment securities	270,785	270,800	(15)
(4) Notes and accounts payable—trade	(110,361)	(110,361)	—
(5) Electronically recorded obligations—operating	(56,755)	(56,755)	—
(6) Short-term loans payable	(363)	(363)	—
(7) Long-term loans payable	(227)	(224)	3
(8) Income taxes payable	(6,329)	(6,329)	—
(9) Bonds payable	(88,747)	(89,661)	(914)
(10) Derivatives	2,023	2,023	—

\*Liabilities are shown in parentheses.

Note 1: The calculation method of financial instrument fair value together with securities and derivative transactions

(1) Cash and deposits

These are routinely settled in the short term at book value. As such, the book value is ordinarily equivalent to the fair value, and is used to approximate fair value.

(2) Notes and accounts receivable—trade

These are routinely settled in the short term at book value. As such, the book value is ordinarily equivalent to the fair value. While there are items which it will take more than one year to collect, unless there is a significant deterioration in the creditworthiness of the counterparty, book value is used to approximate fair value.

(3) Short-term investment securities and investment securities

The fair values of short-term investment securities and investment securities are determined by the stock exchange price. The fair value of bonds is based on prices at listing exchanges or transaction disclosed by financial institutions. Please refer to “4 SHORT-TERM INVESTMENT SECURITIES AND INVESTMENT SECURITIES” regarding short-term investment securities and their respective objectives.

(4) Notes and accounts payable-trade, (5) Electronically recorded obligations-operating, (6) Short-term loans payable and (8) Income tax payable

These are routinely settled in the short term at book value. As such, the book value is ordinarily equivalent to the fair value, and is used to approximate fair value.

(7) Long-term loans payable

Fair value for long-term loans payable is calculated by discounting the total amount of principal and interest to be paid, using the market rate obtainable were the Company to enter into a similar borrowing arrangement, with the same terms and conditions as at the balance sheet date.

(9) Bonds payable

The fair value of bonds issued by the Company is based on the basis of reference bond trading statistics published by the Japan Securities Dealers Association.

## (10) Derivatives

Please refer to "5 DERIVATIVE INFORMATION."

Note 2: Financial instruments for which it is not possible to ascertain fair value

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Unlisted equity securities	¥919	¥313	\$2,775

No market price was available for these instruments, and it was not possible to estimate their future cash flows. Consequently, fair value is difficult to measure and such instruments are not included in "(3) Short-term investment securities and investment securities."

Note 3: Expected maturity schedule following the date of the consolidated financial accounts of monetary assets and investment securities.

	Millions of yen			
	2015			
	Within 1 year	Within 5 years over 1 year	Within 10 years over 5 years	Over 10 years
Cash and deposits	¥44,307	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	21,316	646	5	—
Short-term investments				
Hold-to-maturity debt securities				
Joint management specified money trust	4,000	—	—	—
Corporate bonds	—	1,900	—	—
Investment security with maturity				
Certificate of deposit	17,289	—	—	—
Total	¥86,912	¥2,546	¥ 5	¥ —

	Millions of yen			
	2016			
	Within 1 year	Within 5 years over 1 year	Within 10 years over 5 years	Over 10 years
Cash and deposits	¥50,035	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	17,736	565	5	—
Short-term investments				
Hold-to-maturity debt securities				
Joint management specified money trust	5,500	—	—	—
Corporate bonds	500	2,500	900	—
Investment security with maturity				
Certificate of deposit	13,321	—	—	—
Total	¥87,092	¥3,065	¥905	¥ —

	Thousands of U.S. dollars			
	2016			
	Within 1 year	Within 5 years over 1 year	Within 10 years over 5 years	Over 10 years
Cash and deposits	\$444,041	\$ —	\$ —	\$ —
Notes and accounts receivable—trade	157,401	5,015	44	—
Short-term investments				
Hold-to-maturity debt securities				
Joint management specified money trust	48,811	—	—	—
Corporate bonds	4,436	22,187	7,988	—
Investment security with maturity				
Certificate of deposit	118,221	—	—	—
Total	\$772,910	\$27,202	\$8,032	\$ —

Note 4: Expected repayment schedule following the date of the consolidated financial accounts for the settlement of long-term loans payable and other interest-bearing debt is shown as follows:

	Millions of yen					
	2015					
	Within 1 year	Within 2 years over 1 year	Within 3 years over 2 years	Within 4 years over 3 years	Within 5 years over 4 years	Over 5 years
Short-term loans payable	¥188	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	—	—	—	10,000	—	—
Long-term loans payable	23	23	23	3	—	—
Lease obligations	136	123	104	48	13	1
Total	¥347	¥146	¥128	¥10,051	¥13	¥ 1

	Millions of yen					
	2016					
	Within 1 year	Within 2 years over 1 year	Within 3 years over 2 years	Within 4 years over 3 years	Within 5 years over 4 years	Over 5 years
Short-term loans payable	¥ 18	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	—	—	10,000	—	—	—
Long-term loans payable	23	23	2	—	—	—
Lease obligations	155	142	91	41	8	6
Total	¥196	¥165	¥10,093	¥41	¥ 8	¥ 6

Thousands of U.S. dollars

2016

	Within 1 year	Within 2 years over 1 year	Within 3 years over 2 years	Within 4 years over 3 years	Within 5 years over 4 years	Over 5 years
Short-term loans payable	\$ 155	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payable	—	—	88,746	—	—	—
Long-term loans payable	208	208	19	—	—	—
Lease obligations	1,375	1,253	806	367	70	56
Total	\$1,738	\$1,461	\$89,571	\$367	\$70	\$56

#### 4 SHORT-TERM INVESTMENT SECURITIES AND INVESTMENT SECURITIES

##### (1) Hold-to-maturity debt securities

Fair value, the acquisition cost, gross unrealized holding gains and gross unrealized holding losses for hold-to-maturity debt securities value by security type are as follows:

Year ended March 31, 2015

	Fair value	The acquisition cost	Gross unrealized gains	Gross unrealized losses
Market value exceeding acquisition cost:				
Corporate bonds	¥ 500	¥ 500	¥ 0	¥ —
Market value equal to or less than acquisition cost:				
Corporate bonds	1,388	1,400	—	(12)
Total	¥1,888	¥1,900	¥ 0	¥(12)

In addition to the hold-to-maturity debt securities presented in the table above, the Company held joint management specified money trusts totaling ¥4,000 million at March 31, 2015. Because joint management specified money trusts are settled within the short term and their market prices do not differ significantly from their book values, they are presented on a book-value basis.

Year ended March 31, 2016

	Fair value	The acquisition cost	Gross unrealized gains	Gross unrealized losses
Market value exceeding acquisition cost:				
Corporate bonds	¥1,907	¥1,900	¥ 7	¥—
Market value equal to or less than acquisition cost:				
Corporate bonds	1,995	2,000	—	(5)
Total	¥3,902	¥3,900	¥ 7	¥ (5)

	Fair Value	The acquisition cost	Gross unrealized gains	Gross unrealized losses
Market value exceeding acquisition cost:				
Corporate bonds	\$16,922	\$16,862	\$60	\$ —
Market value equal to or less than acquisition cost:				
Corporate bonds	17,704	17,749	—	(45)
Total	\$34,626	\$34,611	\$60	\$(45)

In addition to the hold-to-maturity debt securities presented in the table above, the Company holds joint management specified money trusts totaling ¥5,500 million (\$48,811 thousand) at March 31, 2016. Because joint management specified money trusts are settled within the short term and their market prices do not differ significantly from their book values, they are presented on a book-value basis.

##### (2) Available-for-sale securities with market value

Carrying amount, the acquisition cost, gross unrealized holding gains and gross unrealized holding losses for available-for-sale securities with market value by security type are as follows:

	Carrying amount	The acquisition cost	Gross unrealized gains	Gross unrealized losses
Market value exceeding acquisition cost:				
Equity securities	¥8,474	¥3,827	¥4,647	¥—
Market value equal to or less than acquisition cost:				
Equity securities	141	148	—	(7)
Total	¥8,615	¥3,975	¥4,647	¥ (7)

	Carrying amount	The acquisition cost	Gross unrealized gains	Gross unrealized losses
Market value exceeding acquisition cost:				
Equity securities	¥7,385	¥3,744	¥3,641	¥ —
Market value equal to or less than acquisition cost:				
Equity securities	406	451	—	(45)
Total	¥7,791	¥4,195	¥3,641	¥(45)

	Carrying amount	The acquisition cost	Thousands of U.S. dollars	
			Gross unrealized gains	2016 Gross unrealized losses
Market value exceeding acquisition cost:				
Equity securities	\$65,535	\$33,221	\$32,314	\$ —
Market value equal to or less than acquisition cost:				
Equity securities	3,608	4,006	—	(398)
Total	\$69,143	\$37,227	\$32,314	\$(398)

In addition to the available-for-sale securities presented in the table above, the Company holds transferable deposits totaling ¥17,289 million at March 31, 2015, and ¥13,321 million (\$118,221 thousand) at March 31, 2016. Because transferable deposits are settled within the short term and their market prices do not differ significantly from their book values, they are presented on a book-value basis.

### (3) Available-for-sale securities sold during the period

Proceeds and gross realized gains and losses from the sale of available-for-sale securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Available-for-sale securities sold during the period	¥308	¥22	\$197
Gain (Loss)	124	0	1

### (4) Impairment of available-for-sale securities during the period

Impairment losses recorded on available-for-sale securities for the years ended March 31, 2015 and 2016 are as follows:

Year ended March 31, 2015

Impairment losses on available-for-sale securities were ¥4 million.

Year ended March 31, 2016

None.

Where the fair value of available-for-sale securities has declined by more than 30% but less than 50% from their acquisition cost, the value of those securities is considered to have “substantially declined” and impairment losses on those securities are recognized in the consolidated statement of income, unless the value is considered recoverable. Where the fair value of available-for-sale securities has declined by more than 50% from their acquisition costs, the impairment losses on those securities are recognized in the consolidated statement of income.

## 5 DERIVATIVE INFORMATION

### (A) Derivative Information for the Period Ended March 31, 2015

Derivative transactions to which hedge accounting is not applicable are as follows:

	Millions of yen			
	Contractual value or notional principal amount		Fair value	Valuation gain
	Total	Over 1 year		
Foreign exchange forward contracts (selling)	¥5,747	¥—	¥349	¥349
Total	¥5,747	¥—	¥349	¥349

Fair value was estimated based on quotations obtained from major financial institutions.

### (B) Derivative Information for the Period Ended March 31, 2016

Derivative transactions to which hedge accounting is not applied are as follows:

	Millions of yen			
	Contractual value or notional principal amount		Fair value	Valuation gain
	Total	Over 1 year		
Foreign exchange forward contracts (selling)	¥6,133	¥—	¥228	¥228
Total	¥6,133	¥—	¥228	¥228

	Thousands of U.S. dollars			
	Contractual value or notional principal amount		Fair value	Valuation gain
	Total	Over 1 year		
Foreign exchange forward contracts (selling)	\$54,427	\$—	\$2,023	\$2,023
Total	\$54,427	\$—	\$2,023	\$2,023

Fair value was estimated based on quotations obtained from major financial institutions.

Derivative transactions to which hedge accounting is applicable:

Not applicable.

**6 SHORT-TERM LOANS PAYABLE, LONG-TERM LOANS PAYABLE, BOND PAYABLE AND LEASE OBLIGATIONS**

**(1) Short-Term Loans Payable as of March 31, 2015 and 2016 consisted of the following:**

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Short-term loans payable	¥188	¥18	\$155
Current portion of long-term loans payable	23	23	208
Total	¥211	¥41	\$363

Average rate of short-term loans payable as of March 31, 2016: 0.7%

Average rate of current portion of long-term loans payable as of March 31, 2016: 1.4%

Average rates presented are weighted average for short-term loans payable and current portion of long-term loans payable.

**(2) Long-Term Loans Payable as of March 31, 2015 and 2016 consisted of the following:**

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Long-term loans payable	¥49	¥26	\$227

Average rate of long-term loans payable as of March 31, 2016: 1.4%.

Maturity date of long-term loans payable: April, 2018.

**(3) Repayments of Long-Term Loans Payable (excluding those that mature within 1 year) as of March 31, 2016 are scheduled within a 5-year period shown as follows:**

	Within 2 years over 1 year	Within 3 years over 2 years	Within 4 years over 3 years	Within 5 years over 4 years
Millions of yen	¥23	¥2	¥—	¥—
Thousands of U.S. dollars	\$208	\$19	\$—	\$—

**(4) Bond Payable as of March 31, 2016:**

Company Name	Issue	Date of issue	Balance at beginning of period	Balance at end of period (Thousands of U.S. dollars)	Yield	Security	Date of redemption
Komori Corporation	No.1 Unsecured Bond	December 13, 2013	¥10,000	¥10,000 (\$88,746)	0.549%	None	December 13, 2018
	Total	—	¥10,000	¥10,000 (\$88,746)	—	—	—

**(5) Bond payable as of March 31, 2016 and scheduled for repayment within a 5-year period shown as follows:**

	Within a year	Within 2 years over 1 year	Within 3 years over 2 years	Within 4 years over 3 years	Within 5 years over 4 years
Millions of yen	¥—	¥—	¥10,000	¥—	¥—
Thousands of U.S. dollars	\$—	\$—	\$88,746	\$—	\$—

**(6) Lease Obligations as of March 31, 2015 and 2016 consisted of the following:**

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
The scheduled maturities of assumed future lease payments on such lease contracts:			
Due within 1 year	¥136	¥155	\$1,375
Due over 1 year	289	288	2,552
Total	¥425	¥443	\$3,927

The average rate for lease obligations is not presented in the table because the Company included the total gross lease amount in its consolidated balance sheets without deducting an amount equivalent to interest relating to these lease obligations.

**(7) Repayments of Long-Term Lease Obligations (excluding those that mature within 1 year) as of March 31, 2016 are scheduled within a 5-year period as follows:**

	Within 2 years over 1 year	Within 3 years over 2 years	Within 4 years over 3 years	Within 5 years over 4 years
Millions of yen	¥142	¥91	¥41	¥8
Thousands of U.S. dollars	\$1,253	\$806	\$367	\$70

The maturity date of lease obligations over 1 year is April 2017 through December 2022.

## 7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The major elements of selling, general and administrative expenses for the years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Salaries and wages	¥5,053	¥5,419	\$48,091
Shipping expenses	4,217	4,401	39,058
Research and development expenses	5,123	4,975	44,149
Provision for product warranties	693	549	4,869
Provision for bonuses	260	229	2,031
Depreciation	482	550	4,880
Pension expenses	438	261	2,318
Provision of allowance for doubtful accounts	(37)	122	1,087
Provision for loss on guarantees	35	33	297

## 8 RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenses incurred during the years ended March 31, 2015 and 2016 included in "Cost of Sales" and "Selling, General and Administrative Expenses" aggregated to ¥5,123 million and ¥4,975 million (\$44,149 thousand), respectively.

## 9 IMPAIRMENT LOSSES

For the year ended March 31, 2016, the Company and its subsidiaries recognized impairment losses for asset groups listed below.

Asset Group	Location	Type of assets	(Millions of Yen / Thousands of \$)
			Impairment loss
Goodwill	Sumida, Tokyo	Intangible assets	¥158/\$1,405
Idle property	Takahata Machi, Yamagata	Construction in progress	¥24/\$212

The Company and consolidated subsidiaries have grouped their fixed assets by business unit. Idle properties are considered and tested individually. Recoverable amounts were determined by calculating either the fair value (less costs to sell) or value in use of the asset or asset group being tested.

The goodwill impaired relates to amounts recognized on acquisition of Komori South East Asia Pte. Ltd. The net income of the business has fallen below projections and as a result the carrying value of goodwill has been impaired to its recoverable amount, resulting in other expenses of ¥158 million (\$ 1,405 thousand). The recoverable amount was calculated using the value in use methodology and using a discount rate of 3.4%.

With respect to idle property, book values have been devaluated written down to their recoverable amounts, resulting in other expenses of ¥24 million (\$212 thousands.) The recoverable value for idle property is calculated as the fair value less costs to sell, which the Company estimates as being nil.

## 10 INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to several taxes based on income, which in aggregate result in the total effective statutory tax rate disclosed for the years ended March 31, 2015 and 2016. Overseas consolidated subsidiaries are subject to income taxes of the countries in which they operate.

**(1) Significant components of the Companies' deferred income tax assets and liabilities at March 31, 2015 and 2016 are as follows:**

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Deferred tax assets:			
Tax loss carried forward	¥ 3,822	¥ 2,222	\$ 19,716
Research and development expenses	2,363	2,591	22,996
Impairment loss	545	515	4,574
Loss on valuation of inventories	491	481	4,270
Provision for loss on guarantees	169	139	1,236
Provision for product warranties	327	227	2,018
Provision for bonuses	331	334	2,960
Provision of allowance for doubtful accounts	160	68	604
Intercompany profits	894	762	6,765
Others	688	1,025	9,085
Subtotal	9,790	8,364	74,224
Less – Valuation allowance	(4,444)	(1,810)	(16,060)
Total deferred tax assets	5,346	6,554	58,164
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(1,192)	(928)	(8,235)
Deferred earnings of fixed assets	(222)	(211)	(1,871)
Net defined benefit asset	(199)	(202)	(1,795)
Others	(56)	(0)	(1)
Total deferred tax liabilities	(1,669)	(1,341)	(11,902)
Net deferred tax assets	¥ 3,677	¥ 5,213	\$ 46,262

Note: The net deferred tax assets (liabilities) at March 31, 2015 and 2016 are included in the following line items on the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Current assets      Deferred tax assets	¥ 5,225	¥ 5,455	\$ 48,411
Noncurrent assets      Deferred tax assets	121	1,099	9,753
Noncurrent liabilities      Deferred tax liabilities	(1,669)	(1,341)	(11,902)

**(2) Breakdown of principal items causing difference between effective statutory tax rate and the rate for corporate and other taxes applicable after tax benefit accounting is used**

	2015	2016
Effective statutory tax rate	35.38 %	32.83 %
(Adjustments)		
Changes in valuation allowance	(36.34)%	(40.45)%
Dividend and other non-taxable income	(0.39)%	(1.56)%
Tax credit primarily for research and development expenses	(1.40)%	(2.70)%
Entertainment and other expenses not deductible	0.26%	0.32 %
Difference in tax rates applied to overseas consolidated subsidiaries	(0.77)%	(0.77)%
Unrealized gains unrecognized prior to tax effect accounting	(0.87)%	(0.48)%
Downward adjustment of deferred tax assets at fiscal year-end due to tax rate changes	11.39 %	10.46 %
Other	(0.44)%	(1.29)%
Effective income tax rate after the tax effect accounting	6.79 %	(3.63)%

**(3) Adjustments Made for the Amount of Deferred Tax Assets and Deferred Tax Liabilities Due to Change in Income Tax Rates**

The Act for Partial Revision of Income Tax Act, etc. (Act No. 15 of 2016) and the Act for Partial Revision of Local Tax Act, etc. (Act No. 13 of 2016) were enacted on March 29, 2016 by the Diet. In line with this legislation, the statutory effective tax rate used for the calculation of deferred tax assets and liabilities for the fiscal year ended March 31, 2016 (limited to those to be eliminated on or after April 1, 2016) changed from the prior fiscal year's effective rate of 32.06%. Specifically, the statutory effective tax rate used to calculate deferred tax assets and liabilities that are expected to be recovered or paid during the period from April 1, 2016 to March 31, 2018 was changed to 30.69%. The statutory effective tax rate used to calculate those not expected to be recovered or paid until on or after April 1, 2018 was changed to 30.46%.

As a result, for fiscal 2016, deferred tax assets (after deducting deferred tax liabilities) recorded in the Consolidated Balance Sheets decreased by ¥277 million, and income taxes—deferred as recorded in the Consolidated Statements of Income increased by the same amount. In addition, in line with changes in the regulations on the deduction of loss carryforwards, the statutory upper deduction limit was set at 60% of income before the deduction of carryforwards for the fiscal year begun April 1, 2016, at 55% for the fiscal year beginning April 1, 2017, and at 50% for fiscal years beginning April 1, 2018 and beyond. Reflecting these changes, deferred tax assets decreased by ¥51 million, while income taxes—deferred increased by the same amount.

## 11 RETIREMENT BENEFITS

### 1. Outline of Retirement Benefit Plans Adopted

To secure retirement benefits for their employees, the Company and its consolidated subsidiaries adopt defined benefit and defined contribution pension plans, both of which include funded and unfunded plans. In some cases, employees receive additional retirement benefits outside of the actuarial calculation of projected benefit obligations.

### 2. Defined Benefit Plans

(1) Adjustments to the balance of Projected Benefit Obligations at the beginning and end of the Fiscal Year (excluding plans using the simplified method)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Beginning Projected benefit obligations balance	¥16,375	¥17,985	\$159,612
Cumulative effects of changes in accounting policies	(50)	—	—
Restated balance	16,325	17,985	159,612
Service cost	625	656	5,820
Interest cost	350	325	2,888
Actuarial difference	1,004	1,437	12,754
Retirement benefit paid	(487)	(617)	(5,477)
Prior service costs incurred	18	—	—
Other	150	(485)	(4,309)
Ending Projected benefit Obligations balance	¥17,985	¥19,301	\$171,288

(2) Adjustments to the balance of Plan Assets at the beginning and end of the Fiscal Year (excluding plans using the simplified method)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Beginning plan assets balance	¥14,223	¥17,268	\$153,252
Expected return on plan assets	356	371	3,294
Actuarial difference	1,694	(400)	(3,548)
Employer's contribution	1,275	1,141	10,122
Retirement benefit paid	(446)	(598)	(5,307)
Other	166	(603)	(5,354)
Ending plan assets balance	¥17,268	¥17,179	\$152,459

(3) Adjustments to the balance of Net Defined Benefit Liabilities at the beginning and end of the Fiscal Year (concerning plans using the simplified method)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Beginning net defined benefit liabilities balance	¥ 94	¥373	\$3,311
Pension expenses	51	75	663
Increase in benefit liabilities from newly consolidated subsidiary	278	—	—
Retirement benefit paid	(45)	(32)	(288)
Contribution to plans	(5)	(5)	(42)
Ending net defined benefit liabilities balance	¥373	¥411	\$3,644

(4) Adjustments to the Year-End balances of Projected Benefit Obligations and Plan Assets and to Net Defined Benefit Liabilities/Assets on the Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Projected benefit obligations of funded plans	¥ 17,958	¥ 19,273	\$ 171,038
Plan assets	(17,293)	(17,210)	(152,732)
Subtotal	665	2,063	18,306
Projected benefit obligations of unfunded plans	425	471	4,185
Net liabilities/assets on the consolidated balance sheets	1,090	2,534	22,491
Net defined benefit liabilities	2,090	3,658	32,462
Net defined benefit assets	(1,000)	(1,124)	(9,971)
Net liabilities/assets on the consolidated balance sheets	¥ 1,090	¥ 2,534	\$ 22,491

Note: Figures include plans using the simplified method.

(5) Breakdown of Pension Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Service cost	¥ 625	¥ 655	\$ 5,817
Interest cost	350	325	2,888
Expected return on plan assets	(356)	(371)	(3,294)
Actuarial difference reflected in expenses	380	183	1,620
Prior service cost reflected in expenses	18	—	—
Pension expenses calculated using the simplified method	51	75	663
Other	(13)	(17)	(148)
Pension expenses concerning defined benefit plans	¥1,055	¥ 850	\$ 7,546

(6) Remeasurements of Defined Benefit Plans (Consolidated comprehensive income)  
Breakdown of re-measurements of defined benefit plans (before tax deductions)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Actuarial difference	¥975	¥(2,119)	\$(18,804)
Total	¥975	¥(2,119)	\$(18,804)

(7) Remeasurements of Defined Benefit Plans (Consolidated balance sheet)  
Breakdown of re-measurements of defined benefit plans (before tax deductions)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Unrecognized actuarial difference	¥(871)	¥(2,990)	\$(26,533)
Total	¥(871)	¥(2,990)	\$(26,533)

(8) Matters Concerning Plan Assets

(a) Principal Components of Plan Assets

Proportions of principal components of plan assets by category

	2015	2016
Bonds	41%	43%
Stocks	22%	20%
Cash and deposits	3%	0%
General accounts	28%	30%
Other	6%	7%
Total	100%	100%

(b) Methods to Determine the Expected Long-Term Rate of Return on Plan Assets

In determining the expected long-term rate of return on its plan assets, the Company takes into consideration the distributions of its current and future pension asset portfolio as well as the rates of the short- to long- term returns expected from the various components of its pension assets.

(9) Matters Concerning Actuarial Assumptions Used in the Calculation

Primary factors representing actuarial assumptions for the years ended March 2015 and 2016 (weighted-average method)

	2015	2016
Discount rate	1.8%	0.9%
Long-term expected rate of return	2.1%	2.2%

**3. Defined Contribution Plans**

Contributions made by the Company and its consolidated subsidiaries to defined contribution plans totaled ¥84 million at March 31, 2015, and ¥131 million (\$1,164 thousand) at March 31, 2016.

**12 CONTINGENT LIABILITIES**

The Company and its subsidiaries were contingently liable for guarantees on March 31, 2015 and 2016 as follows:

Loans and lease obligations of customers who purchased the Company's products

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Seishinsya Co, Ltd. and other Japanese customers (81 and 70 in 2015 and 2016, respectively)	¥2,543	¥1,927	\$17,103
V-TAB Vimmerby AB and other foreign customers (52 and 34 in 2015 and 2016, respectively)	1,485	1,043	9,252
Total	¥4,028	¥2,970	\$26,355

Contingent liabilities for guarantees in foreign currencies included in the above total amounts are as follows:

	Thousands of foreign currency (Equivalent amount in millions of yen)		Thousands of U.S. dollars
	2015	2016	2016
U.S. dollars	USD 6,686	<b>USD 4,113</b>	<b>\$4,113</b>
	¥(803)	<b>¥(463)</b>	
Euro	EUR 5,144	<b>EUR 4,446</b>	<b>5,039</b>
	¥(670)	<b>¥(568)</b>	

### 13 CASH AND CASH EQUIVALENTS

Total cash and cash equivalents at year-end as included on the balance sheets for the years ended March 31, 2015 and 2016 are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Cash and deposits	¥44,307	<b>¥50,035</b>	<b>\$444,041</b>
Time deposits with deposit term of over 3 months	(6,550)	<b>(2,995)</b>	<b>(26,575)</b>
Securities account (transferable deposit within 3 months)	10,800	<b>7,600</b>	<b>67,448</b>
Securities account (joint management specified money trust within 3 months)	3,000	<b>4,500</b>	<b>39,936</b>
Cash and cash equivalents	¥51,557	<b>¥59,140</b>	<b>\$524,850</b>

### Main Components of Assets and Liabilities Held by a Company Newly Included in the Scope of Consolidation Due to the Acquisition of Shares

(Year ended March 31, 2015)

Tokai Holdings Co., Ltd. (now Seria Corporation Co., Ltd.) was newly included in the scope of consolidation following the acquisition of shares. The main components of assets and liabilities transferred to the Company as a result of the acquisition, the cost of the acquisition of shares and the acquisition expenses (net) as of the date of the inclusion in the consolidation are presented below.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 4,535	\$ 37,736
Noncurrent assets	1,976	16,444
Goodwill	913	7,597
Current liabilities	(2,400)	(19,970)
Noncurrent liabilities	(435)	(3,623)
Cost of acquisition of shares	4,589	38,184
Cash and cash equivalents	(1,282)	(10,668)
Acquisition expenses (net)	¥ 3,307	\$ 27,516

(Year ended March 31, 2016)

None.

### 14 LEASE TRANSACTIONS

The Company and its subsidiaries have various lease agreements whereby they act both as lessees and lessors. Finance lease contracts other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method that is applicable to ordinary operating leases.

#### (1) Finance Lease Transactions

Non-Ownership-Transfer Finance Lease Transactions during the years ended March 31, 2015 and 2016 are as follows:

##### (a) Description of lease assets

Property, plant and equipment: Mainly computers (included in "tools, furniture and fixtures")

Intangible assets: Software

##### (b) Depreciation of lease assets

Lease assets are depreciated using the straight-line method over their individual lease terms with no residual value.

#### (2) Operating Lease Transactions

Information on Operating Lease Transactions is as follows:

Total of future lease payment to be paid:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Due within 1 year	¥ 57	<b>¥ 58</b>	<b>\$ 511</b>
Due over 1 year	108	<b>105</b>	<b>933</b>
Total	¥165	<b>¥163</b>	<b>\$1,444</b>

## 15 ITEMS WITH REGARD TO OTHER COMPREHENSIVE INCOME

For the years ended March 31, 2015 and 2016  
Recycle amount and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Valuation difference on available-for-sale securities:			
Amount arising during the period	¥1,676	¥(1,041)	\$(9,243)
Recycle amount	(120)	(0)	(1)
Before tax effect adjustment	1,556	(1,041)	(9,244)
Tax effect	(357)	258	2,291
After tax effect adjustment	1,119	(783)	(6,953)
Foreign currency translation adjustment:			
Amount arising during the period	1,047	(785)	(6,967)
Recycle amount	—	—	—
Before tax effect adjustment	1,047	(785)	(6,967)
Tax effect	—	—	—
After tax effect adjustment	1,047	(785)	(6,967)
Remeasurements of defined benefit plans:			
Amount arising during the period	767	(2,351)	(20,863)
Recycle amount	208	232	2,059
Before tax effect adjustment	975	(2,119)	(18,804)
Tax effect	(158)	452	4,015
After tax effect adjustment	817	(1,667)	(14,789)
Total other comprehensive income	¥3,063	¥(3,235)	\$(28,709)

## 16 PER SHARE INFORMATION

### (1) Net Income per Share

The bases for calculating net income per share for the years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net income per share			
Profit attributable to owners of parent	¥ 7,570	¥ 6,522	\$57,883
Less: Components not pertaining to common stock shareholders	—	—	—
Profit attributable to owners of parent pertaining to common stock	7,570	6,522	57,883
Average number of shares outstanding (in thousands)	61,965	61,965	61,965
		Yen	U.S. dollars
Basic net income per share		¥122.16	\$0.93

### (2) Net Assets per Share

The bases for calculating net assets per share for the years ended March 31, 2015 and 2016 are as follows:

	2015	2016	2016
		Yen	U.S. dollars
Net assets per share	¥2,180.73	¥2,192.83	\$19.46
		Millions of yen	Thousands of U.S. dollars
Net assets on consolidated balance sheets	¥135,129	¥135,890	\$1,205,986
Amount deducted from net assets	—	14	126
Non control interest included above	—	(14)	(126)
Net assets pertaining to common stock	135,129	135,876	1,205,860
		Thousands of shares	
Number of shares of common stock issued as of March 31	68,292	68,292	68,292
Number of treasury shares of common stock as of March 31	6,327	6,328	6,328
Number of shares of common stock for this calculation	61,965	61,964	61,964

### (3) Dividends per Share for the Period Ended March 31, 2015

(i) Dividends paid to shareholders' effective date

Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (Jun. 24, 2014)	Common stock	¥620	\$5,157	¥10	\$0.08	Mar. 31, 2014	Jun. 25, 2014
Board of directors' meeting (Oct. 30, 2014)	Common stock	¥620	\$5,157	¥10	\$0.05	Sep. 30, 2014	Nov. 28, 2014

(ii) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Resolution approved by	Type of shares	Paid from	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (Jun. 23, 2015)	Common stock	Retained earnings	¥1,239	\$10,313	¥20	\$0.17	Mar. 31, 2015	Jun. 24, 2015

#### (4) Dividends per Share for the Period Ended March 31, 2016

(iii) Dividends paid to shareholders' effective date

Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (Jun. 23, 2015)	Common stock	¥1,239	\$10,998	¥20	\$0.18	Mar. 31, 2015	Jun. 24, 2015
Board of directors' meeting (Oct. 29, 2015)	Common stock	¥1,239	\$10,998	¥20	\$0.18	Sep. 30, 2015	Nov. 30, 2015

(iv) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Resolution approved by	Type of shares	Paid from	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (Jun. 21, 2016)	Common stock	Retained earnings	¥1,239	\$10,998	¥20	\$0.18	Mar. 31, 2016	Jun. 22, 2016

## 17 SEGMENT INFORMATION

### (1) Overview of Reportable Segments

Komori's reportable segments are constituent units of the Company whose separate financial information is obtainable. The Company's Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and assessing the operating results.

The Komori Group is primarily engaged in a single business activity, namely, the manufacture, sale and repair of printing presses. Komori has established a structure to manufacture all of its products, except certain products, in Japan. Meanwhile, the Company has developed a global sales and marketing structure underpinned by subsidiaries based in important overseas markets. These overseas consolidated subsidiaries are independently promoting business activities through the formulation and implementation of their own comprehensive, region-specific sales and marketing strategies.

Accordingly, the Komori Group has the three reportable segments of "Japan", "North America" and "Europe" which have been defined in line with the locations of these overseas consolidated subsidiaries constituting its global sales and marketing structure.

The composition of individual reportable segments is as follows.

The reportable segment "Japan" includes sales recorded in Japan, Central and South America and Asia, excluding a portion of Greater China. The Company and Seria Corporation are in charge of sales and marketing in this segment.

The reportable segment "North America" mainly includes sales recorded in the United States. Komori America Corporation is in charge of sales and marketing in this segment.

The reportable segment "Europe" mainly includes sales recorded in Western Europe, Eastern Europe and the Middle East. Komori International (Europe) B.V. is in charge of sales and marketing in this segment. Komori-Chambon S.A.S., which undertakes the manufacture and sale of package printing presses, is also included in this segment.

### (2) Accounting Method Concerning Net Sales, Operating Income (Loss), Assets and Other Items by Reportable Segment

The accounting method for the reportable segments is basically the same as those described in "2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES." Intersegment income and transfers are based on the prevailing markets prices.

### (3) Information Concerning Net Sales, Operating Income (Loss), Assets, Liabilities and Other Items by Reportable Segment

Year ended March 31, 2015	Reportable Segment				Others (Note)	Total
	Japan	North America	Europe	Subtotal		
Net sales						
Sales to external customers	¥ 58,096	¥11,786	¥16,492	¥ 86,374	¥4,886	¥ 91,260
Intersegment sales	20,262	43	2,693	22,998	390	23,388
Total	¥ 78,358	¥11,829	¥19,185	¥109,372	¥5,276	¥114,648
Operating income (loss)	¥ 6,420	¥ 354	¥ 755	¥ 7,529	¥ (272)	¥ 7,257
Assets	¥162,349	¥12,839	¥13,631	¥188,819	¥3,490	¥192,309
Other items						
Depreciation	¥ 1,501	¥ 36	¥ 252	¥ 1,789	¥ 71	¥ 1,860
Amortization of goodwill	¥ 109	—	—	¥ 109	—	¥ 109
Increase of property, plant and equipment and intangible assets	¥ 2,764	¥ 15	¥ 210	¥ 2,989	¥ 220	¥ 3,209

Note: Others include figures of the Company's business activities conducted outside the defined reportable segments, specifically in Greater China.

Year ended March 31, 2016	Reportable Segment					Others (Note)	Total
	Japan	North America	Europe	Subtotal			
Net sales							
Sales to external customers	¥ 60,512	¥12,759	¥17,461	¥ 90,732	¥4,595	¥ 95,327	
Intersegment sales	18,940	32	1,066	20,038	1,385	21,423	
Total	¥ 79,452	¥12,791	¥18,527	¥110,770	¥5,980	¥116,750	
Operating income (loss)	¥ 5,267	¥ 199	¥ 858	¥ 6,324	¥ (85)	¥ 6,239	
Assets	¥164,911	¥10,177	¥13,171	¥188,259	¥3,664	¥191,923	
Other items							
Depreciation	¥ 1,680	¥ 28	¥ 223	¥ 1,931	¥ 96	¥ 2,027	
Impairment loss	¥ 182	—	—	¥ 182	—	¥ 182	
Amortization of goodwill	¥ 180	—	—	¥ 180	—	¥ 180	
Increase of property, plant and equipment and intangible assets	¥ 3,055	¥ 108	¥ 284	¥ 3,447	¥ 88	¥ 3,535	

Thousands of U.S. dollars

Year ended March 31, 2016	Reportable Segment					Others (Note)	Total
	Japan	North America	Europe	Subtotal			
Net sales							
Sales to external customers	\$ 537,023	\$113,232	\$154,961	\$ 805,216	\$40,778	\$ 845,994	
Intersegment sales	168,087	\$ 283	\$ 9,459	\$ 177,829	\$12,291	\$ 190,120	
Total	\$ 705,110	\$113,515	\$164,420	\$ 983,045	\$53,069	\$1,036,114	
Operating income (loss)	\$ 46,740	\$ 1,767	\$ 7,614	\$ 56,121	\$ (752)	\$ 55,369	
Assets	\$1,463,538	\$ 90,317	\$116,890	\$1,670,745	\$32,519	\$1,703,264	
Other items							
Depreciation	\$ 14,905	\$ 250	\$ 1,981	\$ 17,136	\$ 851	\$ 17,987	
Impairment loss	\$ 1,617	—	—	\$ 1,617	—	\$ 1,617	
Amortization of goodwill	\$ 1,600	—	—	\$ 1,600	—	\$ 1,600	
Increase of property, plant and equipment and intangible assets	\$ 27,111	\$ 959	\$ 2,517	\$ 30,587	\$ 782	\$ 31,369	

Note: Others include figures of the Company's business activities conducted outside the defined reportable segments, specifically in Greater China and South East Asia.

#### (4) Adjustments for Differences between Total Amounts in Reportable Segments and Corresponding Amounts as presented in the Consolidated Financial Statements

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net Sales			
Total net sales in reportable segments	¥109,372	¥110,770	\$ 983,045
Net sales in others	5,276	5,980	53,069
Eliminations	(23,388)	(21,423)	(190,119)
Net sales as presented in the Consolidated Financial Statements	¥ 91,260	¥ 95,327	\$ 845,995

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Operating Income			
Total operating income in reportable segments	¥7,529	¥6,324	\$56,121
Operating loss in others	(272)	(85)	(752)
Adjustments for inventories	(824)	289	2,567
Eliminations	52	85	752
Other adjustments	5	(0)	(1)
Operating income as presented in the Consolidated Financial Statements	¥6,490	¥6,613	\$58,687

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Assets			
Total assets in reportable segments	¥188,819	¥188,259	\$1,670,745
Assets in others	3,490	3,664	32,519
Adjustments for inventories	(2,145)	(1,854)	(16,465)
Eliminations	(38,278)	(36,499)	(323,913)
Corporate assets	31,945	33,929	301,112
Other adjustments	791	675	5,985
Assets as presented in the Consolidated Financial Statements	¥184,622	¥188,174	\$1,669,983

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Depreciation			
Total depreciation in reportable segments	¥1,789	¥1,931	\$17,136
Depreciation in others	71	96	851
Adjustments for depreciation	10	(0)	(2)
Depreciation as presented in the Consolidated Financial Statements	¥1,870	¥2,027	\$17,985

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Increase of property, plant, and equipment, and intangible assets			
Total amount of increase in reportable segments	¥2,989	¥3,447	\$30,587
Amount of increase in others	220	88	782
Adjustments for amount of increase	—	—	—
Amount of increase as presented in the Consolidated Financial Statements	¥3,209	¥3,535	\$31,369

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Impairment loss			
Total impairment loss in reportable segments	¥—	¥182	\$1,617
Impairment loss in others	—	—	—
Adjustments for impairment loss	—	—	—
Impairment loss as presented in the Consolidated Financial Statements	¥—	¥182	\$1,617

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Amortization of goodwill			
Total amortization of goodwill in reportable segments	¥109	¥180	\$1,600
Amortization of goodwill in others	—	—	—
Adjustments for amortization of goodwill	—	—	—
Amortization of goodwill as presented in the Consolidated Financial Statements	¥109	¥180	\$16,000

## Related Information for the year ended March 31, 2015 and 2016

### 1. Information by Product/Service

Sales to external customers

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Manufacture and Sale of Printing Presses	¥74,171	¥77,150	\$684,678
Service and Repair, Used Presses	17,089	18,177	161,317
Total	¥91,260	¥95,327	\$845,995

### 2. Information by Region

(1) Net Sales

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Japan	¥35,430	¥40,294	\$357,600
The Americas	12,951	13,311	118,130
Europe	15,095	16,380	145,370
Asia	25,356	23,116	205,142
Other Regions	2,428	2,226	19,753
Total	¥91,260	¥95,327	\$845,995

Note: Sales are classified by countries or regions where customers are located.

### (2) Property, Plant and Equipment

Information has been omitted, as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment presented in the Consolidated Balance Sheets.

### 3. Other information

#### Information Concerning Principal Customer

Information of principal customer has been omitted as no customer exceeds 10% of the total sales amount for the year.

#### Information Concerning Impairment Loss on Fixed Assets by Reportable Segment

Information on impairment loss has been omitted, as similar information is disclosed in Segment Information.

#### Information Concerning Amortization and Unamortized Balance of Goodwill by Reportable Segment

Year ended March 31, 2015

Goodwill was recorded in the reportable segment "Japan," reflecting the acquisition of all shares of Tokai Holdings Co., Ltd. (now Seria Corporation), which became a consolidated subsidiary.

Goodwill	Reportable segment				Others	Total
	Japan	North America	Europe	Subtotal		
Millions of yen	¥804	—	—	¥804	—	¥804
Thousands of U.S. dollars	\$6,693	—	—	\$6,693	—	\$6,693

Note: Information on amortization of goodwill has been omitted because similar information is disclosed in Segment Information.

Year ended March 31, 2016

Goodwill was posted in the reportable segment "Japan," reflecting the acquisition of 92.5% of shares of Komori Southeast Asia Pte. Ltd. in the fiscal year ended March 2015 and the subsequent inclusion of this company into the scope of consolidation in the fiscal year ended March 2016.

Goodwill	Reportable segment				Others	Total
	Japan	North America	Europe	Subtotal		
Millions of yen	¥815	—	—	¥815	—	¥815
Thousands of U.S. dollars	\$7,234	—	—	\$7,234	—	\$7,234

Note: Information on amortization of goodwill has been omitted because similar information is disclosed in Segment Information.

#### Information Concerning Gain on Negative Goodwill by Reportable Segment

Not applicable.

#### Related-Party Transactions

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

### 18 SUBSEQUENT EVENTS

Not applicable.

### 19 OTHER

Net sales and income result of fiscal year ended March 31, 2016 for each period is as follows:

	Three months ended (from April 1, 2015 to June 30, 2015)	Six months ended (from April 1, 2015 to September 30, 2015)	Nine months ended (from April 1, 2015 to December 31, 2015)	Year ended March 31, 2016
Net sales (millions of yen)	¥18,254	¥43,260	¥68,234	¥95,327
Income before income taxes (millions of yen)	¥ 797	¥ 2,810	¥ 5,183	¥ 6,294
Profit attributable to owners of parent (millions of yen)	¥ 369	¥ 3,843	¥ 5,893	¥ 6,522
Net income per share (Yen)	¥ 5.95	¥ 62.01	¥ 94.23	¥105.26
	Three months ended (from April 1, 2015 to June 30, 2015)	Six months ended (from April 1, 2015 to September 30, 2015)	Nine months ended (from April 1, 2015 to December 31, 2015)	Year ended March 31, 2016
Net sales (thousands of U.S. dollars)	\$162,002	\$383,916	\$605,557	\$845,995
Income before income taxes (thousands of U.S. dollars)	\$ 7,071	\$ 24,942	\$ 45,998	\$ 55,855
Profit attributable to owners of parent (thousands of U.S. dollars)	\$ 3,271	\$ 34,101	\$ 51,820	\$ 57,883
Net income per share (U.S. dollars)	\$ 0.05	\$ 0.55	\$ 0.84	\$ 0.93

Quarterly net income per share information

	1st quarter (from April 1, 2015 to June 30, 2015)	2nd quarter (from July 1, 2015 to September 30, 2015)	3rd quarter (from October 1, 2015 to December 31, 2015)	4th quarter (from January 1, 2016 to March 31, 2016)
Net income per share (Yen)	¥5.95	¥56.06	¥32.22	¥11.03
Net income per share (U.S. dollars)	\$0.05	\$0.50	\$0.29	\$0.10



## Independent Auditor's Report

To the Board of Directors of Komori Corporation

We have audited the accompanying consolidated financial statements of Komori Corporation ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2016, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

June 22, 2016

---

PricewaterhouseCoopers Aarata  
Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
T: +81 (3) 3546 8450, F: +81 (3) 3546 8451, www.pwc.com/jp/assurance



## Branch Offices and Plants, Subsidiaries

### ■ BRANCH OFFICES AND PLANTS

Company Name	Address	Business Activities
Techno Service Center	Sumida-ku, Tokyo, Japan	Repair and fabrication of printing presses and related equipment, and sale of printing press components
West-Japan Service	Osaka City, Osaka, Japan	Repair and fabrication of printing presses and related equipment, and sale of printing press components
Sagami Service	Yamato City, Kanagawa Pref., Japan	Repair and fabrication of printing presses and related equipment, and sale of printing press components
Saitama Techno Center	Niiza City, Saitama Pref., Japan	Repair and fabrication of printing presses and related equipment, and sale of printing press components
Komori Global Parts Center	Noda City, Chiba Pref., Japan	Management of printing press and related equipment components
Osaka Regional Headquarters	Osaka City, Osaka, Japan	Sale, repair and fabrication of printing presses, related equipment and components
Nagoya Branch Office	Nagoya City, Aichi Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Kyushu Branch Office	Fukuoka City, Fukuoka Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Hokkaido Office	Sapporo City, Hokkaido, Japan	Sale, repair and fabrication of printing presses, related equipment and components
Tohoku Office	Sendai City, Miyagi Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Niigata Office	Niigata City, Niigata Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Hokuriku Office	Toyama City, Toyama Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Chugoku Office	Hiroshima City, Hiroshima Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Shikoku Office	Takamatsu City, Kagawa Pref., Japan	Sale, repair and fabrication of printing presses, related equipment and components
Tsukuba Plant	Tsukuba City, Ibaraki Pref., Japan	Design, development and manufacture of printing presses
Komori Graphic Technology Center	Tsukuba City, Ibaraki Pref., Japan	Technical and printing training, printing technology research, and printing equipment sales activities
Komori Currency Technology	Dorking, Surrey, UK	Sale of platemaking equipment, printing presses and related equipment used in the production of banknotes and securities documentation

### ■ SUBSIDIARIES

Company Name	Address	Business Activities
Komori Machinery Co., Ltd.	Higashiokitama-gun, Yamagata Pref., Japan	Manufacture and sale of printing presses, equipment and components
Komori Realty Co., Ltd.	Sumida-ku, Tokyo, Japan	Real estate leasing and management
Komori Engineering Co., Ltd.	Ushiku City, Ibaraki Pref., Japan	Design of printing presses and related equipment
SERIA CORPORATION	Kita-ku, Tokyo, Japan	Manufacture and sale of printing presses, equipment and components
SERIA ENGINEERING, INC	Gujo City, Gifu Pref., Japan	Manufacture and sale of printing presses, equipment and components
Komori America Corporation	Rolling Meadows, Illinois, U.S.A.	Import, sale, repair and fabrication of printing presses and related equipment
Komori Leasing Incorporated	Rolling Meadows, Illinois, U.S.A.	Provision of customer finance for printing presses and related equipment
Komori International (Europe) B.V.	Utrecht, The Netherlands	Import, sale, repair and fabrication of printing presses and related equipment; regional control of related activities
Komori International Netherlands B.V.	Utrecht, The Netherlands	Import, sale, repair and fabrication of printing presses and related equipment
Komori U.K. Limited	Leeds, UK	Import, sale, repair and fabrication of printing presses and related equipment
Komori France S.A.S.	Antony Cedex, France	Import, sale, repair and fabrication of printing presses and related equipment
Komori Belgium Branch Office of Komori France	Brussels, Belgium	Import, sale, repair and fabrication of printing presses and related equipment
Komori Italia S.r.l.	Assago, Milan, Italy	Import, sale, repair and fabrication of printing presses and related equipment
Komori-Chambon S.A.S.	Orleans Cedex, France	Manufacture, sale, repair and fabrication of packaging printing presses
Komori Southeast Asia Pte. Ltd.	Singapore	Import, sale, repair and fabrication of printing presses and related equipment
Komori Malaysia Sdn. Bhd.	Malaysia	Import, sale, repair and fabrication of printing presses and related equipment
Komori Hong Kong Limited	Hong Kong	Import, sale, repair and fabrication of printing presses and related equipment
Komori Printing Machine (Shenzhen) Co., Ltd.	Shenzhen, P.R.C.	Import, sale, repair and fabrication of printing presses and related equipment
Komori Printing Machine (Shenzhen) Co., Ltd. Shanghai branch	Shanghai, P.R.C.	Import, sale, repair and fabrication of printing presses and related equipment
Komori Machinery (Nantong) Co., Ltd.	Nantong, P.R.C.	Manufacture and sale of printing presses, related equipment and components
Komori Taiwan Limited	Taipei, Taiwan	Import, sale, repair and fabrication of printing presses and related equipment

# Corporate Data and Investor Information

(As of March 31, 2016)

## ■ CORPORATE DATA

Company Established:  
October 1923

Capital:  
¥37,715 million

Annual Sales (Consolidated basis):  
¥95,327 million

Employees (Consolidated basis):  
2,189

Headquarters:  
11-1 Azumabashi 3-chome,  
Sumida-ku, Tokyo 130-8666,  
Japan  
Tel: +81-3-5608-7811  
Fax: +81-3-3624-7160

## ■ INVESTOR INFORMATION

Listing:  
Tokyo Stock Exchange, First Section

Authorized Number of Shares:  
295,500,000

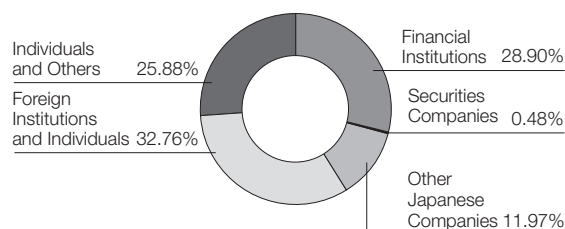
Issued Number of Shares:  
68,292,340

Minimum Trading Unit:  
100 shares

Number of Shareholders:  
4,288

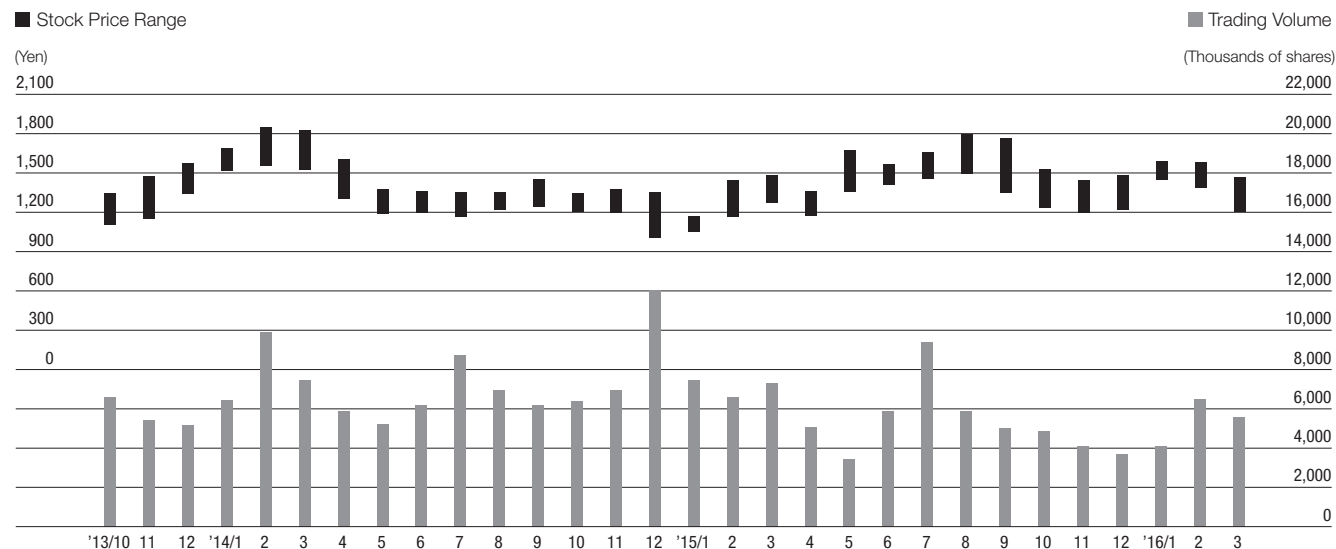
Stock Transfer Agent:  
Mizuho Trust and Banking Co., Ltd.  
Stock Transfer Agency Department

## ■ COMPOSITION OF SHAREHOLDERS



Note: The Company's holdings of treasury stock (6,328 thousand shares) are not included in the above figures.

## ■ STOCK PRICE RANGE AND TRADING VOLUME



# KOMORI

**KOMORI CORPORATION**

11-1 Azumabashi 3-chome, Sumida-ku, Tokyo 130-8666, Japan

Tel: +81-3-5608-7811

<http://www.komori.com>



Printed in Japan