

Consolidated Business Results for the Three Months Ended June 30, 2017 **REPORTED BY KOMORI CORPORATION (Japanese GAAP)**

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Preparation of supplementary materials for quarterly financial results: Yes
Holding of presentation meeting for quarterly financial results: Yes (for financial analysts/investors)

1. Consolidated Business Results for the First Quarter (April 1, 2017 to June 30, 2017)

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

	Three months ended June 30, 2017	%	Three months ended June 30, 2016	%
Net sales	16,114	8.3	14,876	(18.5)
Operating income (loss)	(894)	-	(2,035)	-
Ordinary income (loss)	(464)	-	(2,881)	-
Profit (loss) attributable to owners of parent	(497)	-	(2,178)	-

(Yen)

Basic earnings (loss) per share	(8.54)	(35.15)
Diluted earnings per share	-	-

Notes:

1. Comprehensive income (loss):

Three months ended June 30, 2017: (99) million yen - %

Three months ended June 30, 2016: (2,992) million yen - %

2. Percentage figures accompanying consolidated net sales indicate the percentage increase/decrease from the corresponding period of the previous fiscal year.

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

	June 30, 2017	March 31, 2017
Total assets	182,563	180,100
Total net assets	130,122	131,386
Equity ratio (%)	71.3	73.0

Reference:

Equity as of: June 30, 2017: 130,122 million yen
March 31, 2017: 131,386 million yen

2. Dividends

(Yen)

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018	Fiscal year ending March 31, 2018 (Forecast)
Cash dividends per share			
First quarter period-end dividends	-	-	-
Second quarter period-end dividends	20.00	-	20.00
Third quarter period-end dividends	-	-	-
Year-end dividends	20.00	-	20.00
Annual cash dividends	40.00	-	40.00

Note: Revision to the latest dividend forecast announced in May 2017: None

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(In millions of yen, rounded down)

	Six months ending September 30, 2017	%	Fiscal year ending March 31, 2018	%
Net sales	43,500	28.2	97,000	12.0
Operating income	200	-	2,000	16.8
Ordinary income	200	-	2,100	46.9
Profit attributable to owners of parent	100	-	1,600	143.3
		(Yen)		
Basic earnings per share	1.72		27.48	

Notes:

1. Revision to the latest forecast of consolidated business results announced in May 2017: None
2. Percentage figures in the above table indicate the percentage increase/decrease from the corresponding period of the previous fiscal year.

*Notes

(1) Changes in significant subsidiaries during the period under review: None

Note: Indicates changes in the scope of consolidation accompanying changes in specified subsidiaries during the period under review

(2) Adoption of the simplified accounting and special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies; changes in accounting estimates; restatements

1. Changes in accounting policies accompanying revisions to accounting standards: None
2. Changes other than those in item 1. above: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of shares outstanding (common stock)

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

June 30, 2017:	62,292,340 shares
March 31, 2017:	62,292,340 shares
2. Number of treasury shares as of:

June 30, 2017:	4,065,912 shares
March 31, 2017:	4,065,893 shares
3. Average number of shares during the period

Three months ended June 30, 2017:	58,226,438 shares
Three months ended June 30, 2016:	61,963,750 shares

* This quarterly financial flash report (KESSAN TANSIN) is not subject to quarterly review by certified public accountants or auditing firms as specified under the Financial Instruments and Exchange Law of Japan.

* Disclaimer regarding the appropriate use of performance forecasts and other remarks

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

Materials for the summary result presentation in Japanese will be disclosed through the Tokyo Stock Exchange's Timely Disclosure Network, known as TDnet, on August 4, 2017. The same materials will be posted on Komori's website. Also, English translations of these materials will be posted on the Company's website at http://www.komori.com/contents_com/ir/index.htm

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

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1. Qualitative Information Regarding the Quarterly Financial Results

(1) Overview of Consolidated Business Results

Consolidated net sales during the first three months of the fiscal year under review amounted to ¥16,114 million, representing an 8.3% increase from the same period of the previous fiscal year. An overview of consolidated net sales by region is set out below.

Overview of Consolidated Net Sales by Region

(In millions of yen)

		Three Months Ended June 30, 2016	Three Months Ended June 30, 2017	Increase / (Decrease) (%)
Net sales		14,876	16,114	8.3%
Breakdown	Japan	4,973	5,029	1.1%
	North America	2,958	922	(68.8%)
	Europe	2,971	3,531	18.8%
	Greater China	1,733	1,832	5.7%
	Other Regions	2,239	4,798	114.3%

Domestic Sales

The Japanese economy enjoyed continued recovery backed by rising exports and robust domestic demand. Buoyed by firm printing machinery demand, domestic net sales edged up 1.1% year on year to ¥5,029 million. In the first quarter of the fiscal year under review, the Company hosted open house events to demonstrate the LITHRONE GX44RP, a 44 inch-size single-pass double-sided printing press that enables users to perform high-speed printing and shorten makeready time, with the aim of securing orders for this new product. Moreover, SERIA CORPORATION, a consolidated subsidiary of Komori, participated in the “2nd CERAMICS JAPAN—Highly-Functional Ceramics Expo” held at Tokyo Big Sight, with its staff demonstrating proposals targeting representatives from electronics parts industries in Japan, Taiwan, South Korea, China and other countries.

North America

In North America, corporate earnings remained robust thanks to continuous improvement in employment. Looking at the printing machinery market, however, capital expenditure for facility upgrades associated with offset printing presses was sluggish, causing net sales in this region to decrease 68.8% year on year to ¥922 million.

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Europe

Despite problems regarding non-performing loans that confront banks in southern European countries, the overall European economy has seen modest but steady recovery thanks to monetary easing policies undertaken by the European Central Bank and growth in production volume in the manufacturing sector. Consequently, net sales in this region increased 18.8% compared with the same period of the previous fiscal year to ¥3,531 million.

Greater China

In Greater China, government-led economic policies led to a significant rise in investment in infrastructure and real estate, with exports having made a year-on-year turnaround and getting back onto a growth track in step with expansion in the global economy. Reflecting this, the regional economy enjoyed modest but continued growth. Against this backdrop, orders received for printing machinery were firm, thanks in part to Komori's participation in China Print 2017 (the Beijing International Printing Technology Exhibition) held in May 2017, a major event that provided the Company with an excellent opportunity to promote its products. Consequently, net sales in this region increased 5.7% year on year to ¥1,832 million.

Other Regions

In Other Regions, India was struck by disorder associated with the introduction of the Goods and Services Tax (GST) in July 2017. However, economies in ASEAN countries maintained gradual growth due to robust domestic demand and exports. Thanks to these factors and firm sales for security printing presses, net sales in Other Regions increased 114.3% year on year to ¥4,798 million. In May 2017, Currency Conference 2017 was held in Malaysia, with central bank officials as well as representatives from private banknote printing firms and banknote printing machinery makers attending the event from 76 countries around the world. Participating in this conference, the Company made aggressive efforts to facilitate the attendees' understanding of Komori security printing presses and take orders for these presses.

In addition, having launched the full-scale marketing of the Impremia IS29 in 2016, efforts are now under way to secure orders for this digital printing system from customers in Japan, North America, Europe and Greater China. As a result, a growing number of users around the world are taking note of the model's strong potential as a high-end digital printing system that can be used in combination with offset printing presses to realize more effective printing operations.

Turning to expenses, the cost of sales ratio improved year on year, reflecting such factors as the

depreciation of the yen. The ratio of selling, general and administrative (SG&A) expenses to net sales was down compared with the same period of the previous fiscal year due mainly to a decrease in corporate spending on advertising. As a result, the Company posted operating loss of ¥894 million for the first three months of the fiscal year under review, compared with operating loss of ¥2,035 million in the same period of the previous fiscal year. The Company posted an ordinary loss totaling ¥464 million. This was despite the posting of foreign exchange gains totaling ¥336 million, a turnaround from foreign exchange losses of ¥966 million recorded in the same period of the previous fiscal year.

For the first three months of the fiscal year under review, the Company recorded a loss before income taxes totaling ¥608 million, compared with a loss before income taxes totaling ¥2,900 million posted in the same period of the previous fiscal year. The main components of the loss before income taxes included retirement benefit expenses of ¥170 million in connection with revisions in retirement benefit systems at a domestic manufacturing subsidiary during the first quarter of the fiscal year under review. Reflecting these factors, Komori posted a net loss attributable to owners of the parent totaling ¥497 million. This was an improvement from the net loss attributable to owners of the parent in the same period of the previous fiscal year, which amounted to ¥2,178 million despite the posting of deferred tax assets totaling ¥518 million reflecting the retrospective application of accounting standards pertaining to the assessment of the recoverability of deferred tax assets.

(2) Financial Condition

Total Assets

As of June 30, 2017, total assets stood at ¥182,563 million, up ¥2,463 million (1.4%) year on year. Key positive factors contributing to total assets included a ¥3,958 million increase in inventories, a ¥1,304 million increase in current assets—other, a ¥1,092 million increase in electronically recorded monetary claims, a ¥726 million increase in securities and a ¥420 million increase in investments and other assets.

Key negative factors affecting total assets included a ¥3,757 million decrease in notes and accounts receivable—trade and a ¥959 million decrease in cash and deposits.

Liabilities and Net Assets

Liabilities as of June 30, 2017 were ¥52,440 million, up ¥3,726 million (7.7%) year on year. The key contributors to the increase in liabilities were a ¥2,963 million increase in current liabilities—other, a ¥1,023 million increase in short-term loans payable and a ¥505 million increase in electronically recorded obligations.

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Key negative factors impacting liabilities included a ¥751 million decrease in other provisions and a ¥223 million decrease in notes and accounts payable.

Net assets totaled ¥130,122 million, down ¥1,263 million (1.0%) year on year.

Primary positive factors contributing to net assets included a ¥221 million increase in valuation difference on available-for-sale securities, while the key factor contributing to the decrease in net assets was a ¥1,661 million decrease in retained earnings.

Equity Ratio

The equity ratio as of June 30, 2017 stood at 71.3%, down 1.7 percentage points from 73.0% at the end of the previous fiscal year.

(3) Consolidated Operating Results Forecasts and Other Information on the Future Outlook

As of the date of this reporting, the consolidated operating results forecasts announced on May 15, 2017 for the six months ending September 30, 2017 and the full fiscal year ending March 31, 2018 remain unchanged.

2. CONSOLIDATED FINANCIAL STATEMENTS**(1) Consolidated Balance Sheets**

	(In millions of yen)	
	Fiscal 2017	Fiscal 2018
	(March 31, 2017)	(June 30, 2017)
(ASSETS)		
Current Assets:		
Cash and deposits	40,712	39,753
Notes and accounts receivable	20,065	16,307
Electronically recorded monetary claims	2,026	3,119
Short-term investment securities	18,696	19,422
Merchandise and finished goods	15,589	19,430
Work in process	7,666	7,785
Raw materials and supplies	8,387	8,385
Other	7,240	8,545
Allowance for doubtful accounts	(291)	(259)
Total current assets	120,094	122,490
Noncurrent Assets:		
Property, plant and equipment		
Land	18,194	18,209
Other, net	15,567	15,324
Total property, plant and equipment	33,762	33,534
Intangible assets	2,453	2,327
Investments and other assets	23,789	24,210
Total noncurrent assets	60,005	60,072
Total Assets	180,100	182,563

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(1) Consolidated Balance Sheets

	(In millions of yen)	
	Fiscal 2017	Fiscal 2018
	(March 31, 2017)	(June 30, 2017)
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable	11,622	11,399
Electronically recorded obligations	6,022	6,527
Short-term loans payable	48	1,072
Income taxes payable	238	272
Provision for loss on guarantees	325	320
Other provision	1,981	1,230
Other	13,029	15,992
Total current liabilities	33,268	36,815
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Net defined benefit liability	3,350	3,449
Provision	147	146
Other	1,946	2,029
Total noncurrent liabilities	15,445	15,625
Total Liabilities	48,713	52,440
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	58,985	57,323
Treasury stock	(5,055)	(5,056)
Total shareholders' equity	129,432	127,770
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	4,469	4,691
Foreign currency translation adjustment	(860)	(751)
Remeasurements of defined benefit plans	(1,655)	(1,588)
Total other comprehensive income	1,953	2,351
Total Net Assets	131,386	130,122
Total Liabilities and Net Assets	180,100	182,563

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(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

For the three months ended June 30, 2017 and 2016

	(In millions of yen)	
	Fiscal 2017	Fiscal 2018
	(April 1, 2016 to June 30, 2016)	(April 1, 2017 to June 30, 2017)
Net Sales	14,876	16,114
Cost of Sales	10,695	11,227
Reversal of unrealized income on installment sales	1	0
Gross profit	4,182	4,887
Selling, General and Administrative Expenses	6,217	5,782
Operating loss	(2,035)	(894)
Non-Operating Income		
Interest income	23	16
Dividends income	131	154
Foreign exchange gains	-	336
Other	79	107
Total non-operating income	234	615
Non-Operating Expenses		
Interest expenses	14	15
Foreign exchange losses	966	-
Compensation for damage	16	134
Other	83	34
Total non-operating expenses	1,080	184
Ordinary loss	(2,881)	(464)
Extraordinary Income		
Gain on sales of noncurrent assets	6	-
Gain on sales of investment securities	-	29
Total extraordinary income	6	29
Extraordinary Loss		
Loss on sales of noncurrent assets	17	-
Loss on retirement of noncurrent assets	8	2
Retirement benefit expenses	-	170
Total extraordinary loss	26	172
Loss before income taxes	(2,900)	(608)
Income taxes-current	(121)	151
Income taxes-deferred	(601)	(262)
Total income taxes	(722)	(110)
Loss	(2,177)	(497)
Profit (loss) attributable to non-controlling interests	0	-
Loss attributable to owners of parent	(2,178)	(497)

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Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2017 and 2016

	(In millions of yen)	
	Fiscal 2017	Fiscal 2018
	(April 1, 2016 to June 30, 2016)	(April 1, 2017 to June 30, 2017)
Loss	(2,177)	(497)
Other comprehensive income		
Valuation difference on available-for-sale securities	138	221
Foreign currency translation adjustment	(1,043)	109
Remeasurements of defined benefit plans, net of tax	90	67
Total other comprehensive income	(814)	398
Comprehensive Income (Loss)	(2,992)	(99)
Comprehensive income attributable to:		
Comprehensive income (loss) attributable to owners of parent	(2,991)	(99)
Comprehensive income (loss) attributable to non-controlling interests	(1)	-

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(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes on Premise as a Going Concern)

None

(Notes in the Case of a Significant Change in Shareholders' Equity)

None