Results of Operations for the Fiscal Year Ended March 31, 2016
REPORTED BY KOMORI CORPORATION (Japanese GAAP)

May 12, 2016

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Annual General Meeting of Shareholders: June 21, 2016
Payment date of year-end dividend: June 22, 2016
Preparation of supplementary materials for financial results: Yes
Holding of presentation meeting for financial results: Yes (for financial analysts/investors)

1. Consolidated Business Results for Fiscal 2016 (April 1, 2015 to March 31, 2016)

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

	Fiscal year ended March 31, 2016	%	Fiscal year ended March 31, 2015	%
Net sales	95,326	4.5	91,259	(0.6)
Operating income	6,612	1.9	6,489	(23.4)
Ordinary income	6,508	(17.0)	7,841	(22.3)
Profit attributable to owners of parent	6,522	(13.8)	7,569	(44.6)

(Yen)

Basic earnings per share	105.26	122.16
Diluted earnings per share	-	-

(%)

ROE	4.8	5.8
ROA	3.5	4.4
Operating income to net sales ratio	6.9	7.1

Notes:
1. Comprehensive income:
Fiscal year ended March 31, 2016: 3,287 million yen (69.1) %
Fiscal year ended March 31, 2015: 10,633 million yen (26.0) %
2. Share of profit of entities accounted for using equity method:
Fiscal year ended March 31, 2016: -
Fiscal year ended March 31, 2015: -
3. Percentage figures accompanying net sales indicate the percentage increase/decrease from the previous fiscal year.

(2) Financial position (In millions of yen, unless otherwise stated)

	March 31, 2016	March 31, 2015
Total assets	188,173	184,622
Total net assets	135,890	135,128
Equity ratio (%)	72.2	73.2
Net assets per share (Yen)	2,192.83	2,180.73

Note:
Equity as of: March 31, 2016: 135,876 million yen
March 31, 2015: 135,128 million yen

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

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Net cash provided by (used in) operating activities	11,935	7,483
Net cash provided by (used in) investing activities	(1,352)	(8,684)
Net cash provided by (used in) financing activities	(2,778)	(2,529)
Cash and cash equivalents at end of the period	59,140	51,556

2. Dividends

		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ending March 31, 2017 (Forecast)
Annual cash dividends per share (Yen)		30.00	40.00	40.00
	First quarter period-end dividends	-	-	-
	Second quarter period-end dividends	10.00	20.00	20.00
	Third quarter period-end dividends	-	-	-
	Year-end dividends	20.00	20.00	20.00
Total cash dividends for the year (Millions of yen)		1,858	2,478	-
Dividend payout ratio (Consolidated) (%)		24.6	38.0	62.0
Ratio of dividends to net assets (Consolidated) (%)		1.4	1.8	-

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(In millions of yen, unless otherwise stated)

	Sixth months ending September 30, 2016	%	Fiscal year ending March 31, 2017	%
Net sales	41,200	(4.8)	97,500	2.3
Operating income	300	(86.1)	5,200	(21.4)
Ordinary income	100	(96.5)	5,000	(23.2)
Profit attributable to owners of parent	100	(97.4)	4,000	(38.7)
Basic earnings per share (Yen)	1.61	-	64.55	-

Note:
Percentage figures accompanying consolidated net sales indicate the percentage increase/decrease from the previous fiscal year.

*Notes

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

(2) Changes in accounting principles; changes in accounting estimates; restatements

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

Note: Indicates changes under Article 14-2 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. For further information, please refer to “4. CONSOLIDATED FINANCIAL STATEMENTS, (5) Notes to Consolidated Financial Statements, Change in Accounting Policies” on page 30

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock) as of:
   March 31, 2016: 68,292,340 shares
   March 31, 2015: 68,292,340 shares
2. Number of treasury stock as of:
   March 31, 2016: 6,328,517 shares
   March 31, 2015: 6,327,390 shares
3. Average number of shares during the period:
   Fiscal year ended March 31, 2016: 61,964,615 shares
   Fiscal year ended March 31, 2015: 61,965,859 shares

* Implementation status of audit procedures
This financial flash report (KESSAN TANSHIN) is not subject to the audit procedure by certified public accountants or auditing firm, as is required under the Financial Instruments and Exchange Law of Japan. Nevertheless, as of the date of announcement of this report, the audit of the financial statements contained herein is in progress.

* 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.
For further information on the forecast of consolidated business results, please refer to "1. REVIEW OF OPERATIONS AND FINANCIAL CONDITION," "(1) Review of Operations," "(6) Outlook" on pages 14.

Materials for summary result presentation in Japanese will be disclosed through the Tokyo Stock Exchange's Timely Disclosure Network, known as TDnet, on May 20, 2016. The same materials will be posted on Komori's website. Also, English translation of these materials will be posted on the Company's website at:
http://www.komori.com/contents_com/ir/index.htm

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1. REVIEW OF OPERATIONS AND FINANCIAL CONDITION

(1) Review of Operations

(1) Overview

During the fiscal year ended March 31, 2016, the global economy was negatively affected by slowing growth in the Chinese economy, which has 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 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 have led to continued slowing, while excess debt and capacity present structural problems in need of adjustment. The Japanese economy has seen 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 that 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, which resulted in the appreciation of the yen 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.

(2) Consolidated Performance

Amid this market environment, the Komori Group promoted its Fourth Medium-Term Management Plan, which it launched in 2013 (the 90th anniversary of Komori's founding), with the aim of returning the Group to strong financial standing. During the final year of this management plan, the Group focused on two initiatives: "transforming the business structure" to shift away from current dependence on offset printing presses and realize a more multifaceted business portfolio; and "achieving business model innovation in sales activities" to expand the range of marketing through the provision of optimal solutions to business challenges confronting customers.

To transform the business structure, the Group promoted such new businesses as the security printing press business targeting overseas customers, the digital printing press (DPS) business and the Printed Electronics (PE) business. In the security printing press business, Komori successfully obtained orders from customers in such countries as Russia, the Republic of Congo, and Poland. The Company believes that this accomplishment reflects the worldwide recognition Komori has garnered by engaging in close technological collaboration with the UK-based De La Rue International Limited, the world's largest private securities printing firm. In the DPS business, the Company developed Impremia IS29, a 29-inch UV inkjet digital printing system, and began accepting reservation requests domestically, prior to taking orders from customers worldwide. Also, Komori has signed an exclusive sales contract regarding Truepress Jet520HD, a high-speed, roll type inkjet press developed by SCREEN Holdings Co., Ltd., thereby becoming the sole distributor marketing this model in the United States. The signing of this contract was intended to enhance the lineup of digital printing presses Komori handles. In the PE business, Group subsidiary SERIA CORPORATION (previously, Tokai Holdings

Co., Ltd.) opened the PE Technology Center in November 2015 to establish a business base equipped with development and showroom functions with the aim of swiftly accommodating customer needs.

To achieve business model innovation in sales activities, Komori strove to secure even stronger relationships with its customers through the solution business, which involves the proposal of comprehensive solutions including printing presses, supplies and software. In September 2015, Komori participated in IGAS 2015, Japan's largest international graphic art show held in Tokyo. Under the theme "OPEN NEW PAGES," the Company demonstrated a variety of solutions employing the combination of three components, namely, 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. Komori also demonstrated how the Company's software products control this hardware in an integrated manner while exhibiting K-Supply brand products that help enhance printing quality and productivity. Komori is confident that these solutions will help customers expand the possibility of their printing operations. In February 2016, the Company hosted an open house event at its Komori Graphic Technology Center (KGC) of the Tsukuba Plant, with representatives from a record-high 150 printing companies attending the event. With the aim of stimulating potential demand, the solutions exhibited at IGAS 2015 were demonstrated in a way highly attuned to the audience and their business conditions. Moreover, to expand the range of its solutions, Komori entered into an original design manufacturer (ODM) agreement with Shanghai Eternal Machinery Co., Ltd., a subsidiary of the BOBST Group. Also, the Company signed a sales agreement with the Israel-based Highcon Systems Ltd. to market Highcon's innovative digital cutting and creasing systems in Japan. In line with its Print Engineering Service Provider (PESP) business approach aimed at proposing comprehensive solutions, these agreements are expected to enhance Komori's lineup of post-press equipment, such as die-cutting and sheet-cutting machines.

Thanks to the success of the abovementioned initiatives, orders received in fiscal 2016, ended March 31, 2016, edged up 0.2% from fiscal 2015 to ¥91,695 million, with consolidated net sales growing 4.5% year on year to ¥95,326 million. The cost of goods sold ratio remained about the same as the previous year at around 65%. As a result, operating income totaled ¥6,612 million, up

1.9% compared with the previous fiscal year. The balance of other income and expenses deteriorated due in part to a loss on foreign exchange totaling ¥400 million in fiscal 2016, a turnaround from the ¥836 million gain on foreign exchange posted in fiscal 2015. Reflecting this drop, ordinary income decreased 17.0% year on year to ¥6,508 million. Moreover, in contrast with extraordinary income in fiscal 2015 for items such as a ¥212 million gain on sales of noncurrent assets and a ¥123 million gain on sales of investment securities, in fiscal 2016 the Company posted an impairment loss of ¥182 million as an extraordinary loss. Due to this turnaround, income before income taxes was down 22.5% year on year to ¥6,293 million. During fiscal 2016, the Company posted deferred tax assets at its sales subsidiary in the United States, taking into account the growing recoverability of such assets. With this accounting treatment reducing tax burdens, profit attributable to owners of the parent was ¥6,522 million, down 13.8% year on year.

Overseas sales totaled ¥55,032 million, down 1.4% from the previous fiscal year, with the ratio of overseas sales to net sales at 57.7%.

(3) Overview of Consolidated Net Sales by Region

Consolidated net sales during the fiscal year under review amounted to ¥95,326 million, representing a 4.5% increase from the previous fiscal year. An overview of consolidated net sales by region is set out below.

(In millions of yen)

		Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016	Increase / (Decrease) (%)
Net sales		91,259	95,326	4.5%
Breakdown	Japan	35,430	40,294	13.7%
	North America	11,786	12,758	8.3%
	Europe	16,491	17,461	5.9%
	Greater China	15,477	12,715	(17.8%)
	Other Regions	12,073	12,096	0.2%

Domestic Sales

In Japan, stagnant print demand caused printing companies to pursue greater profitability by comprehensively streamlining their printing process. As a result, energy-saving and automated facilities were highly sought after. Against this backdrop, in March 2015 the Japanese government launched a public subsidy system aimed at encouraging corporations to introduce energy-saving facilities. Drawing on the eligibility of some Komori facilities for this subsidy, the Company sought to boost sales by helping customers incorporate subsidies in their capital investment planning. Having participated in IGAS 2015 in September 2015, the Company demonstrated a variety of business solutions capable of helping customers expand the possibility of their printing operations in line with the theme “OPEN NEW PAGES.” A roaring success, Komori’s demonstration was one of highlights in this international graphic art show held in Tokyo. Moreover, in February 2016, the Company hosted an open house event titled “KGC OPEN NEW PAGES SHOW 2016” exhibiting a range of solutions employing cutting-edge printing presses, digital printing systems and a variety of post-press equipment in the presence of customers from around the world. Thanks to the success of these efforts, orders received in fiscal 2016 were firm, with domestic net sales increasing 13.7% from the previous fiscal year to ¥40,294 million.

North America

The U.S. economy has seen constant recovery backed by firm demand in the household sector brought about by such factors as an improvement in employment, burgeoning personal consumption and an upswing in the housing market. With these positive factors leading to a recovery in print demand, the U.S. market has seen continuously firm demand for facility upgrades for multi-colored and multi-functional printing presses boasting superior production efficiency. Although some printing companies were cautious about deciding on major capital expenditure, Komori engaged in active sales negotiations to market printing machinery. As a result, net sales in this region rose 8.3% compared with the previous fiscal year to ¥12,758 million.

Europe

In Europe, robust personal consumption backed by firm employment in primary countries, such as Germany and the United Kingdom, has led to modest but constant recovery in the economy as a whole. Demand in the U.K. printing industry remained firm, while Southern European countries, including France and Italy, saw signs of steady recovery in demand, particularly for the upgrade of aged facilities. Komori carried out sales promotion activities centered on printing presses incorporating the H-UV curing system, which instantly dries ink through the use of a UV lamp and highly sensitive ink and has garnered solid market reputation for its environment-friendliness, in addition to promoting its package printing presses. As a result, net sales in Europe climbed 5.9% compared with the previous fiscal year to ¥17,461 million.

Greater China

In Greater China, in light of the ongoing economic slowdown financial institutions have grown cautious about providing loans and thus tightened their credit examination procedures prior to financing funds for capital investment in printing machinery. Accordingly, new capital expenditure remained sluggish, except for investment carried out by a fraction of companies with abundant financial resources. Nevertheless, the Company introduced the LITHRONE G37, which has been upgraded from the compact printing press LITHRONE A37. While the latter was designed to accommodate A-size paper targeting the Asian market, the introduction of the new model is intended to better accommodate markets needs particularly in Greater China. In addition, Komori has actively

stimulated potential demand by, for example, hosting open house events featuring cutting-edge 37-inch multi-colored presses for package printing, an area destined for future growth. However, net sales in this region declined 17.8% compared with the previous fiscal year to ¥12,715 million, due to the greater-than-expected deterioration of the economic environment.

Other Regions

Despite the impact of the depreciation of currencies in newly emerging nations, the slowing of growth in the Chinese economy, a fall in resource prices and other factors, print demand grew steadily in markets in other Asian countries reflecting the expansion of the middle class. When the Company participated in the IGAS 2015 exhibition in Tokyo, a multitude of potential customers from India and ASEAN nations attended the event, with Komori representatives receiving a number of promising business inquiries. As a result, net sales in other regions rose 0.2% compared with the previous fiscal year to ¥12,096 million.

(4) Business Performance by Reportable Segment

1. Japan

The "Japan" reportable segment includes the Company's sales in Japan and direct sales to distributors in certain overseas regions. These overseas regions consist of Asia—including mainland China, the ASEAN region and India but excluding Hong Kong and Taiwan—and Central and South America, as well as other regions. Reflecting the Company's performance in the above regions, net sales in the reportable segment "Japan" totaled ¥79,451 million, a year-on-year increase of ¥1,094 million, while operating income totaled ¥5,266 million, a decrease from ¥6,419 million in the previous fiscal year.

2. North America

The "North America" reportable segment comprises sales posted by the Company's sales subsidiaries in the United States. The Company's performance in this reportable segment was similarly affected by operating conditions described in the section Overview of Consolidated Net Sales by Region, above. As a result, net sales in this reportable segment totaled ¥12,790 million, a year-on-year increase of ¥961 million. Operating income totaled ¥199 million, a decrease from ¥354 million in the previous fiscal year.

3. Europe

The "Europe" reportable segment consists of sales recorded by the Company's sales subsidiaries in Europe and by a subsidiary that manufactures and markets package printing presses, also in Europe. As a result of factors explained in the above section, net sales in this reportable segment totaled ¥18,526 million, a year-on-year decrease of ¥658 million, and operating income totaled ¥857 million, an increase from ¥755 million in the previous fiscal year.

4. Other

The "Other" reportable segment includes sales recorded by the Company's sales subsidiaries in Hong Kong, Taiwan, Singapore and Malaysia as well as a printing machinery production subsidiary in Nantong, China. Subject to the aforementioned operating conditions in Asia, net sales in this reportable segment totaled ¥5,979 million, a year-on-year increase of ¥703 million. However, due to a loss posted by a Nantong printing machinery production subsidiary, operating loss amounted to ¥84 million, compared with a loss of

¥272 million recorded in the previous fiscal year.

(5) Highlights

In the fiscal year ended March 31, 2016, Group highlights were as follows.

Firstly, as part of initiatives to develop new businesses, in the DPS business the Komori Group began accepting reservation requests from domestic customers for Impremia IS29, following demonstrations at IGAS 2015 and an open house event held at its KGC facility. This digital printing system is capable of accommodating 29-inch (B2 size) paper and boasts superior print quality and stability to satisfy performance requirements for professional use. With the UV inkjet printing system eliminating the need for pre-coated paper, this model can accommodate a wide range of substrates of varying thickness, even ordinary offset paper. The Impremia IS29 also boasts extremely high print resolution comparable to offset printing and customers have shown great interest in these features.

Secondly, the Group strove to expand its lineup of solutions marketed under the PESP business approach, another key initiative to develop new businesses, while initiating the global expansion of the PESP business approach by focusing on developed countries. In addition to the provision of K-Supply brand products, such as printing supplies and expendables optimized for Komori printing presses, the Company released the “Apressia” series, a line of post-press equipment. Furthermore, Komori initiated the provision of KP-Connect KOMORI Solution Cloud, an information-sharing platform aimed at assisting printing companies with their efforts to improve productivity. The Company will engage in the full-scale marketing of this start-up service in fiscal 2017.

Thirdly, Komori completed the development of the LITHRONE G37, a sheet-fed offset press equipped with the H-UV L (LED) curing system, a new model for bolstering the Company’s core offset printing press business. Although designed for A1-size paper, this model can accommodate sheets up to 37 inches and meet a variety of printing needs, such as printing on cardboard as well as thin paper. Moreover, the incorporation of an LED lamp into the H-UV instant curing system has made the model even more environment-friendly.

Fourthly, Komori has been strengthening the function of its KGC facilities to enhance its R&D capability for creating PESP business products and to secure greater knowledge management platforms to share cutting-edge

printing technologies. Moreover, in October 2015 the Company reopened its KGC Europe (Utrecht, Netherlands) after renovation, and successively renewed KGC U.S. (Chicago) and KGC China (Shenzhen). Leveraging these facilities, the Komori Group will provide total solutions encompassing printing software capable of accommodating diverse and complex customer needs, digital printing presses, printing supplies and expendables as well as post-press equipment, with the aim of ensuring that customer requests are always met with optimal printing systems.

(6) Outlook

In the printing industry, printing demand is getting back on the recovery track, due in part to signs of a shift in consumer preferences toward paper books from electronic books. Taking these factors into account, Komori anticipates that during fiscal 2017, ending March 31, 2017, demand for printing machinery will remain firm particularly in developed countries.

Against this backdrop, drupa 2016, the world's largest international printing exhibition, will be held for 11 days from May 31, 2016, in Düsseldorf, Germany, with representatives from printing companies in the United States, Japan and Asia as well as in Europe, being expected to attend the event. As it did at IGAS 2015, Komori will demonstrate its solutions at drupe 2016 under the theme "OPEN NEW PAGES" while also positioning "Connected Print" as the sub theme for demonstration at this upcoming exhibition. These themes reflect our determination to realize more affluent printing communication by connecting what had been separate—for example, the Company and customers, offset printing and digital printing, and hardware and software—and by integrating all printing processes. In this way, Komori aims to provide customers with new value and solutions, which, in turn, help them open new pages in their businesses. In line with this determination, Komori will exhibit LITHRONE GX40, which is replete with cutting-edge technologies, and the newly developed LITHRONE G29, alongside such digital printing presses as Impremia IS29 and Impremia NS40. Furthermore, Komori will propose comprehensive solutions consisting of hardware, such as printing presses and post-press equipment, and K-supply brand printing supplies that bolster printing quality and productivity, as well as software for controlling products in the former two categories in an integrated manner. The Company is confident that the optimal combination of these three product groups will lead to the

enhancement of profitability and productivity in customers' printing operations. Beginning with the participation in drupa 2016, Komori will carry out demonstrations at locations worldwide on such occasions as open house events, thereby stimulating demand for and boosting sales of its comprehensive solutions capable of helping customers create new value and generate greater profit.

Also, the Company will further strengthen its operations other than the offset printing press business to supplement this core business, thereby realizing a more multifaceted business structure and securing diverse sources of profit. In the DPS business, Komori will strive to build a new business model through the integration of digital and offset printing presses. In the security printing press business, Komori will enhance its technological development and service capabilities while promoting overseas expansion, in anticipation of growing needs for banknote printing in newly emerging nations, counterfeit prevention technologies in developed countries and rising customer requirements for higher production efficiency. In the PE business, the Company will employ screen printing technologies and sales channels owned by SERIA CORPORATION, a Group subsidiary, to market its products to develop new customer base, such as electronics parts makers in Japan and overseas.

Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2017

(In millions of yen)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ending March 31, 2017	Increase / (Decrease) (%)
Net sales	95,326	97,500	2.3%
Operating income	6,612	5,200	(21.4%)
Ordinary income	6,508	5,000	(23.2%)
Profit attributable to owners of parent	6,522	4,000	(38.7%)

Forecasts for the fiscal year ending March 31, 2017 are based on exchange rate assumptions as follows: USD 1.00 = ¥110, Euro 1.00 = ¥120

(2) Financial Condition

(1) Assets, Liabilities and Net Assets

Total assets as of March 31, 2016 stood at ¥188,173 million, an increase of ¥3,551 million compared with the previous fiscal year-end. Liabilities were ¥52,283 million, up ¥2,789 million compared with March 31, 2015, while net assets totaled ¥135,890 million, an increase of ¥761million.

Key factors contributing to the rise in total assets included a ¥5,727 million increase in cash and deposits, a ¥1,208 million increase in deferred tax assets, a ¥924 million increase in inventories, a ¥837 million increase in property, plant and equipment, a ¥569 million increase in investment securities, and a ¥553 million increase in investments and other assets. Key negative factors affecting total assets included a ¥3,662 million decrease in notes and accounts receivable—trade and a ¥2,467 million decrease in securities.

The key contributors to the increase in liabilities were a ¥1,567 million increase in net defined benefit liabilities and a ¥825 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.

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 ¥2,478 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 ¥783 million increase in valuation difference on available-for-sale securities.

(2) Consolidated Cash Flows

(In millions of yen)

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal Year Ended March 31, 2016	11,935	(1,352)	(2,778)	59,140
Fiscal Year Ended March 31, 2015	7,483	(8,684)	(2,529)	51,556
Increase / (Decrease)	4,452	7,332	(248)	7,583

Net cash provided by operating activities in the fiscal year ended March 31, 2016 amounted to ¥11,935 million, up ¥4,452 million from net cash provided by operating activities of ¥7,483 million in the previous fiscal year. Principal cash outflows included a ¥1,204 million increase in inventories and income taxes paid of ¥1,051 million. Major cash inflows were the posting of income before income taxes totaling ¥6,293 million as well as a ¥5,130 million decrease in notes and accounts receivable—trade and ¥2,026 million in depreciation and amortization.

Net cash used in investing activities was ¥1,352 million, down ¥7,332 million from ¥8,684 million used in investing activities in the previous fiscal year. Principal cash outflows were a ¥2,767 million net increase in property, plant and equipment and intangible assets and a ¥2,197 million net increase in investment securities. Main cash inflows included a ¥3,555 million net decrease in time deposits maturing over three months and a ¥759 million net decrease in securities.

Net cash used in financing activities totaled ¥2,778 million, up ¥248 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 ¥2,478 million and a ¥172 million net decrease in short-term loans payable.

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

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Equity Ratio (%)	73.2%	72.2%
Equity Ratio (%) (Market capitalization basis)	51.4%	43.1%
Ratio of Interest-Bearing Debt to Cash Flow (Times)	1.37	0.84
Interest Coverage Ratio (Times)	79.40	192.31

Equity ratio: Equity / Total assets
Equity ratio (Market capitalization basis): Market capitalization / Total assets
Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Net cash provided by operating activities
Interest coverage ratio: Net cash provided by operating activities / Interest expense
The above-mentioned indicators have all been calculated using consolidated financial figures, cash flow referring to Net Cash Provided by (Used in) Operating Activities in the Consolidated Statements of Cash Flows.
Market capitalization is calculated by multiplying the share closing price at the end of the fiscal period by the number of shares issued and outstanding (less treasury stock) at the end of the fiscal period.

(3) Basic Policy on the Appropriation of Profits and Cash Dividends for the Fiscal Year under Review and the Fiscal Year Ending March 31, 2017

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 robust and stable return of profits to its shareholders 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 ratio is consistent with the Company's policy for shareholder returns set forth in the Fifth Medium-Term Management Plan announced on April 28, 2016 and was determined by giving due consideration to ensuring the stable payment of dividends. As such, Komori is committed to enhancing shareholder returns in a comprehensive manner.

As for the fiscal 2016 year-end cash dividend, Komori has passed a resolution at its Board of Directors meeting to propose the payment of ¥20 per common share, as stated in the dividend forecast, at its 70th Annual General Meeting of Shareholders.

Although the operating environment surrounding the Company is likely to remain severe, for the fiscal year ending March 31, 2017, Komori plans to pay annual dividends of ¥40 per common share, the same amount paid in the previous fiscal year. This will comprise an interim cash dividend of ¥20 per common share and a fiscal year-end cash dividend of ¥20 per common share.

2. MANAGEMENT POLICIES

(1) Basic Management Policy

Through the "Kando Project," which is based on its quality management approach, the Komori Group maintains the fundamental principle of contributing to the cultural development of society by striving to consistently deliver products and services that satisfy global customers to levels beyond their expectations. In every facet of its business activities, Komori is committed to engendering the trust and fulfilling the expectations of all stakeholders, including shareholders, customers, business partners, employees and their families, and the communities in which the Company operates, while achieving harmonious coexistence with them.

(2) Pending Issues, Medium-Term Management Strategies and Key Management Indicators

In the printing industry, print demand is getting back to a gradual recovery path after reaching bottom in such developed countries as Japan, the United States and Europe. In newly emerging nations, print demand is steadily growing on the back of population growth and the expanding middle class, despite the impact of economic fluctuations. In China, however, the deceleration of economic growth is causing the outlook to remain uncertain, even though the country boasts potentially robust demand that would otherwise become the world's largest market. Amid this business environment, Komori recognizes the urgent need to promote key initiatives including "transforming the business structure," "achieving business model innovation in sales activities" and *Monozukuri (Manufacturing) Innovation* activities.

To address these challenges, Komori launched its Fifth Medium-Term Management Plan in April 2016. Having upgraded two key initiatives under the previous medium-term management plan, namely, "transforming the business structure" and "achieving business model innovation in sales activities," the new plan is intended to enhance Komori's corporate value through the effective utilization of management resources. The new plan will step up these two key initiatives aimed at transformation and innovation. It will also provide ongoing emphasis on the execution of *Monozukuri (Manufacturing) Innovation* activities and concrete financial strategies.

To transform the business structure, Komori will build a unique business model while introducing Impremia IS29, a digital printing press that

the Company co-developed with Konica Minolta, and Impremia NS40, a next-generation digital printing press being developed in partnership with the Israel-based Landa Corporation. Moreover, Komori will create synergies by combining its technologies and knowhow in the fields of offset, digital and security printing as well as printed electronics. In this way, the Company will shift away from the current dependence on the offset printing business to realize a more multifaceted business portfolio, thereby securing greater profit.

To achieve business model innovation in sales activities, Komori will focus on the PESP business, developing and marketing such items as peripheral equipment and supplies as well as KP-Connect, an information sharing platform designed to improve the productivity of printing businesses. By doing so, the Company will be better positioned to propose solutions capable of boosting the productivity and profitability of customers' operations. Also, Komori will develop sales and customer service structures that are responsive to changes in the market and operating environment surrounding printing companies while improving the sophistication of its account management. Pursuing long-lasting partnerships with customers, Komori will secure ongoing business transactions, which will, in turn, enable it to create an even more stable profit structure.

Promoting *Monozukuri (Manufacturing) Innovation* activities, Komori will build a development and production structure capable of creating attractive products by employing 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). Furthermore, the Company will introduce new production methods that better accommodate multi-product and variable-lot production requirements. Komori will also strive to shorten production lead times and reduce manufacturing costs in a bid to realize an optimally efficient production structure.

To execute concrete financial strategies, Komori will strategically utilize its financial resources with an eye to improving asset and capital efficiency, thereby achieving corporate growth and greater shareholder returns.

By rallying Groupwide strength, Komori will focus its management resources on the aforementioned initiatives to solidify its operating platform and thus realize sustainable growth and greater corporate value while getting the Group back to strong financial standing.

3. FUNDAMENTAL APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS

To ensure preparedness for the future adoption of IFRS, discussions are now under way to develop in-house manuals and guidelines and determine the appropriate timing for its introduction.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2015	March 31, 2016
(ASSETS)		
Current Assets:		
Cash and deposits	44,306	50,034
Notes and accounts receivable-trade	21,968	18,306
Short-term investment securities	21,288	18,821
Merchandise and finished goods	13,918	16,871
Work in process	10,397	7,423
Raw materials and supplies	7,209	8,154
Current portion of insurance funds	967	629
Deferred tax assets	5,225	5,454
Other	3,087	2,905
Allowance for doubtful accounts	(183)	(191)
Total current assets	128,186	128,409
Noncurrent Assets:		
Property, plant and equipment		
Buildings and structures	31,832	31,958
Accumulated depreciation	(19,796)	(20,339)
Buildings and structures, net	12,035	11,619
Machinery, equipment and vehicles	20,679	20,760
Accumulated depreciation	(18,364)	(17,022)
Machinery, equipment and vehicles, net	2,314	3,738
Land	18,392	18,352
Construction in progress	336	64
Other	7,424	7,561
Accumulated depreciation	(6,515)	(6,512)
Other, net	908	1,049
Total property, plant and equipment	33,987	34,824
Intangible assets	3,004	2,975
Investments and other assets		
Investment securities	11,434	12,003
Long-term time deposits	500	500
Deferred tax assets	120	1,098
Insurance funds	5,522	5,945
Net defined benefit asset	1,000	1,123
Other	967	1,520
Allowance for doubtful accounts	(99)	(228)
Total investments and other assets	19,444	21,963
Total noncurrent assets	56,436	59,764
Total Assets	184,622	188,173

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2015	March 31, 2016
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable-trade	12,420	12,435
Electronically recorded obligations-operating	5,794	6,395
Short-term loans payable	211	40
Income taxes payable	460	713
Provision for bonuses	1,001	1,053
Provision for product warranties	1,144	979
Provision for loss on guarantees	479	415
Provision for directors' bonuses	16	25
Provision for point card certificates	-	1
Deferred installment income	69	50
Notes payable - facilities	32	163
Other	13,229	14,055
Total current liabilities	34,860	36,329
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	49	25
Deferred tax liabilities	1,669	1,341
Provision for directors' retirement benefits	36	12
Provision for point card certificates	2	0
Provision for environmental measures	10	10
Provision for loss on litigation	110	250
Net defined benefit liability	2,090	3,657
Other	665	656
Total noncurrent liabilities	14,633	15,954
Total Liabilities	49,493	52,283
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,797	37,797
Retained earnings	61,685	65,669
Treasury stock	(4,954)	(4,956)
Total shareholders' equity	132,242	136,225
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	3,447	2,664
Foreign currency translation adjustment	404	(380)
Remeasurements of defined benefit plans	(966)	(2,632)
Total other comprehensive income	2,886	(348)
Non-controlling interests	-	14
Total Net Assets	135,128	135,890
Total Liabilities and Net Assets	184,622	188,173

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

Consolidated Statements of Income

(In millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Net Sales	91,259	95,326
Cost of Sales	59,190	62,564
Reversal of unrealized income on installment sales	21	18
Gross profit	32,091	32,780
Selling, General and Administrative Expenses	25,601	26,167
Operating income	6,489	6,612
Non-Operating Income		
Late-payment penalty charges received	–	242
Interest income	138	118
Dividends income	178	198
Foreign exchange gains	836	-
Insurance fee	736	-
Other	383	440
Total non-operating income	2,273	999
Non-Operating Expenses		
Interest expenses	94	62
Loss on disposal of inventories	350	-
Compensation for damage	124	291
Foreign exchange losses	-	400
Provision for loss on litigation	110	140
Other	241	210
Total non-operating expenses	921	1,104
Ordinary income	7,841	6,508
Extraordinary Income		
Gain on sales of noncurrent assets	212	16
Gain on sales of investment securities	123	-
Total extraordinary income	336	16
Extraordinary Loss		
Loss on sales of noncurrent assets	0	21
Loss on retirement of noncurrent assets	31	27
Impairment loss	-	182
Business structure improvement expenses	20	-
Loss on valuation of investment securities	3	-
Total extraordinary loss	56	230
Income before income taxes	8,121	6,293
Income taxes-current	859	921
Income taxes-deferred	(308)	(1,150)
Total income taxes	551	(228)
Income before minority interests	7,569	6,522
Profit attributable to non-controlling interests	-	0
Profit attributable to owners of parent	7,569	6,522

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Profit	7,569	6,522
Other comprehensive income		
Valuation difference on available-for-sale securities	1,198	(783)
Foreign currency translation adjustment	1,047	(785)
Remeasurements of defined benefit plans, net of tax	817	(1,666)
Total other comprehensive income	3,063	(3,234)
Comprehensive Income	10,633	3,287
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	10,633	3,288
Comprehensive income attributable to non-controlling interests	-	(1)

(3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Shareholders' Equity		
Capital stock		
Balance at the beginning of current period	37,714	37,714
Cumulative effects of changes in accounting policies		
Restated balance	37,714	37,714
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	37,714	37,714
Capital surplus		
Balance at the beginning of current period	37,797	37,797
Cumulative effects of changes in accounting policies		
Restated balance	37,797	37,797
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	37,797	37,797
Retained earnings		
Balance at the beginning of current period	55,305	61,685
Cumulative effects of changes in accounting policies	49	
Restated balance	55,355	61,685
Changes of items during the period		
Dividends from surplus	(1,239)	(2,478)
Profit attributable to owners of parent	7,569	6,522
Change of scope of consolidation	-	(59)
Total changes of items during the period	6,330	3,984
Balance at the end of current period	61,685	65,669
Treasury stock		
Balance at the beginning of current period	(4,953)	(4,954)
Cumulative effects of changes in accounting policies		
Restated balance	(4,953)	(4,954)
Changes of items during the period		
Purchase of treasury stock	(1)	(1)
Total changes of items during the period	(1)	(1)
Balance at the end of current period	(4,954)	(4,956)
Total shareholders' equity		
Balance at the beginning of current period	125,864	132,242
Cumulative effects of changes in accounting policies	49	-
Restated balance	125,913	132,242
Changes of items during the period		
Dividends from surplus	(1,239)	(2,478)
Profit attributable to owners of parent	7,569	6,522
Purchase of treasury stock	(1)	(1)
Change of scope of consolidation	-	(59)
Net changes of items other than shareholders' equity	-	-
Total changes of items during the period	6,328	3,982
Balance at the end of current period	132,242	136,225

(3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Valuation and Translation Adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	2,249	3,447
Cumulative effects of changes in accounting policies		
Restated balance	2,249	3,447
Changes of items during the period		
Net changes of items other than shareholders' equity	1,198	(783)
Total changes of items during the period	1,198	(783)
Balance at the end of current period	3,447	2,664
Foreign currency translation adjustment		
Balance at the beginning of current period	(643)	404
Cumulative effects of changes in accounting policies		
Restated balance	(643)	404
Changes of items during the period		
Net changes of items other than shareholders' equity	1,047	(785)
Total changes of items during the period	1,047	(785)
Balance at the end of current period	404	(380)
Remeasurements of defined benefit plans		
Balance at the beginning of current period	(1,783)	(966)
Cumulative effects of changes in accounting policies		
Restated balance	(1,783)	(966)
Changes of items during the period		
Net changes of items other than shareholders' equity	817	(1,666)
Total changes of items during the period	817	(1,666)
Balance at the end of current period	(966)	(2,632)
Total valuation and translation adjustments		
Balance at the beginning of current period	(177)	2,886
Cumulative effects of changes in accounting policies		
Restated balance	(177)	2,886
Changes of items during the period		
Net changes of items other than shareholders' equity	3,063	(3,234)
Total changes of items during the period	3,063	(3,234)
Balance at the end of current period	2,886	(348)
Non-controlling interests		
Balance at the beginning of current period	-	-
Cumulative effects of changes in accounting policies		
Restated balance	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	14
Total changes of items during the period	-	14
Balance at the end of current period	-	14
Total Net Assets		
Balance at the beginning of current period	125,686	135,128
Cumulative effects of changes in accounting policies	49	-
Restated balance	125,736	135,128
Changes of items during the period		
Dividends from surplus	(1,239)	(2,478)
Profit attributable to owners of parent	7,569	6,522
Purchase of treasury stock	(1)	(1)
Change of scope of consolidation	-	(59)
Net changes of items other than shareholders' equity	3,063	(3,220)
Total changes of items during the period	9,392	761
Balance at the end of current period	135,128	135,890

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Fiscal 2015 (April 1, 2014 to March 31, 2015)	Fiscal 2016 (April 1, 2015 to March 31, 2016)
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes	8,121	6,293
Depreciation and amortization	1,859	2,026
Impairment loss	-	182
Amortization of intangible assets	108	180
Increase (decrease) in allowance for doubtful accounts	(167)	143
Increase (decrease) in provision for bonuses	128	51
Increase (decrease) in net defined benefit liability	(657)	(233)
Business structure improvement expenses	20	-
Interest and dividends income	(317)	(317)
Interest expenses	94	62
Foreign exchange losses (gains)	(235)	50
Loss (gain) on valuation of investment securities	3	-
Decrease (increase) in notes and accounts receivable-trade	6,657	5,130
Decrease (increase) in inventories	(4,636)	(1,204)
Increase (decrease) in notes and accounts payable-trade	(1,618)	865
Increase (decrease) in accrued consumption taxes	(104)	(136)
Other, net	(429)	(366)
Subtotal	8,827	12,729
Interest and dividends income received	321	319
Interest expenses paid	(94)	(62)
Payments for business structure improvement expenses	(20)	-
Income taxes paid	(1,549)	(1,051)
Net cash provided by (used in) operating activities	7,483	11,935
Net Cash Provided by (Used in) Investing Activities:		
Net decrease (increase) in short-term investment securities	2,026	759
Payments into time deposits	(5,542)	(1,294)
Proceeds from withdrawal of time deposits	1,610	4,849
Purchase of property, plant and equipment and intangible assets	(1,706)	(2,797)
Proceeds from sales of property, plant and equipment and intangible assets	377	30
Purchase of insurance funds	(1,015)	(1,023)
Proceeds from maturity of insurance funds	1,055	937
Purchase of investment securities	(2,516)	(2,219)
Proceeds from sales of investment securities	412	22
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,306)	-
Purchase of long-term prepaid expenses	-	(730)
Other payments	(122)	(52)
Other proceeds	41	164
Net cash provided by (used in) investing activities	(8,684)	(1,352)
Net Cash Provided by (Used in) Financing Activities:		
Net increase (decrease) in short-term loans payable	(833)	(172)
Repayment of long-term loans payable	(292)	(23)
Repayments of lease obligations	(166)	(101)
Net decrease (increase) in treasury stock	(1)	(1)
Proceeds from long-term loans payable	3	-
Cash dividends paid	(1,239)	(2,478)
Net cash provided by (used in) financing activities	(2,529)	(2,778)
Effect of exchange rate change on cash and cash equivalents	895	(375)
Net increase (decrease) in cash and cash equivalents	(2,835)	7,428
Cash and cash equivalents at beginning of the period	54,392	51,556
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	154
Cash and cash equivalents at end of the period	51,556	59,140

(5) Notes to Consolidated Financial Statements

(Notes on Premise as a Going Concern)

Not applicable.

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

(Matters regarding the Scope of Consolidation)

From the fiscal year ended March 31, 2016, Komori Southeast Asia Pte. Ltd. in Singapore and Komori Malaysia Sdn. Bhd. in Malaysia were included in the scope of consolidation due to their increased importance to the Group. These inclusions, however, do not constitute changes in specified subsidiaries.

(Change in Accounting Policies)

(Changes in Accounting Policies Accompanying Revisions to Accounting Standards)

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

From 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 line with these standards, the Company records differences arising from changes in its equity in subsidiaries under its ongoing control as capital surplus while posting business acquisition costs as expenses for the fiscal year in which such acquisition was executed. In addition, with regard to business combinations that come into effect at the commencement of the fiscal year ended March 31, 2016 or later, after the allocation of acquisition costs under provisional accounting treatment is finalized, said allocation shall be retrospectively reflected in the consolidated financial statements of the fiscal year in which such business combinations take effect. Moreover, the adoption of the aforementioned accounting standards led to a change in methods for presenting net income. To reflect this change, certain items presented in the consolidated financial statements regarding the full-year operating results for the previous fiscal year have been 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.

In addition, 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.

(Business Combinations)
(Operations of Entities under Common Control)
Mergers and Acquisitions 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

Merging 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 (consolidated subsidiary of Komori Corporation)

Tokai Shoji Co., Ltd. absorbed Tokai Holdings Co., Ltd. and was then renamed SERIA CORPORATION.

(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."

(Consolidated Segment Information)

[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 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 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 its various Group companies 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. Komori Corporation 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, Liabilities and Other Items by Reportable Segment

The accounting methods for the reportable segments are basically the same as those described in "Important Matters That Form the Basis for Compiling

Consolidated Financial Statements."

Intersegment sales and transfers are based on wholesale prices calculated by taking into account current market values and other factors.

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

Fiscal 2015 (April 1, 2014 to March 31, 2015)

(In millions of yen)

	Reportable Segment				Others (Note)	Total
	Japan	North America	Europe	Subtotal		
Net sales						
Sales to outside customers	58,095	11,786	16,491	86,373	4,885	91,259
Intersegment sales	20,261	42	2,693	22,998	390	23,388
Total	78,357	11,829	19,185	109,372	5,275	114,648
Operating income (loss)	6,419	354	755	7,529	(272)	7,256
Assets	162,349	12,838	13,631	188,819	3,489	192,308
Other items						
Depreciation	1,501	36	251	1,789	70	1,859
Impairment loss	—	—	—	—	—	—
Amortization of goodwill	108	—	—	108	—	108
Increase of property, plant and equipment and intangible assets	2,764	14	210	2,989	219	3,209

Note: Others includes figures of the Company's business activities conducted outside the defined reportable segments, namely, in a part of Greater China.

Fiscal 2016 (April 1, 2015 to March 31, 2016)

(In millions of yen)

	Reportable Segment				Others (Note)	Total
	Japan	North America	Europe	Subtotal		
Net sales						
Sales to outside customers	60,511	12,758	17,461	90,731	4,594	95,326
Intersegment sales	18,940	31	1,065	20,037	1,384	21,422
Total	79,451	12,790	18,526	110,769	5,979	116,749
Operating income (loss)	5,266	199	857	6,323	(84)	6,238
Assets	193,411	10,176	13,171	216,759	3,664	220,423

Other items						
Depreciation	1,679	28	223	1,930	95	2,026
Impairment loss	182	—	—	182	—	182
Amortization of goodwill	180	—	—	180	—	180
Increase of property, plant and equipment and intangible assets	3,054	108	283	3,446	88	3,534

Note: Others includes figures of the Company's business activities conducted outside the defined reportable segments, namely, in a part of Greater China.

4. Adjustments for Differences between Total Amounts in Reportable Segments and Corresponding Amounts as Presented in Consolidated Financial Statements

(In millions of yen)

Net Sales	Fiscal 2015	Fiscal 2016
Total net sales in reportable segments	109,372	110,769
Net sales in others	5,275	5,979
Eliminations	(23,388)	(21,422)
Net sales as presented in Consolidated Financial Statements	91,259	95,326

(In millions of yen)

Operating Income (Loss)	Fiscal 2015	Fiscal 2016
Total operating income in reportable segments	7,529	6,323
Operating loss in others	(272)	(84)
Adjustments for inventories	(824)	289
Eliminations	52	84
Other adjustments	4	(0)
Operating income as presented in Consolidated Financial Statements	6,489	6,612

5. Information Concerning Amortization and Unamortized Balance of Goodwill by Reportable Segment

Fiscal 2015 (April 1, 2014 to March 31, 2015)
Goodwill was posted in the reportable segment "Japan," reflecting the acquisition of all shares of Tokai Holdings Co., Ltd. (now SERIA CORPORATION), which became a consolidated subsidiary.

(In millions of yen)

	Reportable Segment				Others	Total
	Japan	North America	Europe	Subtotal		
Amount as of the end of fiscal 2015	804	—	—	804	—	804

Note: The amortization amount of goodwill is omitted because similar information is presented in *Segment Information*.

Fiscal 2016 (April 1, 2015 to 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 fiscal 2015 and the subsequent inclusion of this company into the scope of consolidation in fiscal 2016.

(In millions of yen)

	Reportable Segment				Others	Total
	Japan	North America	Europe	Subtotal		
Amount as of the end of fiscal 2016	815	—	—	815	—	815

Note: The amortization amount of goodwill is omitted because similar information is presented in *Segment Information*.

(Per Share Information)

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Net assets per share	2,180.73	2,192.83
Basic earnings per share	122.16	105.26

Diluted earnings per share are not presented in the table above as there were no potentially dilutive shares for the fiscal years ended March 31, 2015 and 2016.

Basis for Calculation

1. Basis for the calculation of basic earnings per share are as follows.

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	7,569	6,522
Amount not available to common stockholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	7,569	6,522
Average number of shares of common stock outstanding during the year (thousands of shares)	61,965	61,964

2. Basis for the calculation of net assets per share are as follows.

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Net assets (millions of yen)	135,128	135,890
Amount deducted from net total assets (millions of yen)	—	14
(Non-controlling interests) (millions of yen)	(—)	(14)
Net assets pertaining to common stock (millions of yen)	135,128	135,876
Number of shares of common stock outstanding (thousands of shares)	61,964	61,963

(Important Subsequent Events)

Fiscal 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

Fiscal 2016 (April 1, 2015 to March 31, 2016)

Not applicable.

(Disclosure Omission)

The Company has omitted additional notes and information because the Company believes there is no significant need for such disclosure in this report.

5. OTHER

(1) Changes in Director and Corporate Auditor Personnel

As stated in a press release titled “Notice regarding changes in Directors and Corporate Auditors,”* dated April 28, 2016, the Company has disclosed its decision to implement the following changes in its directors and corporate auditors.

*Japanese only

1. Changes in Representative Directors

Not applicable.

2. Changes in Other Directors and Corporate Auditors

The following changes are scheduled to take effect on June 21, 2016.

(1) Changes in Directors

(Candidate for new appointment)

Masafumi Yokoyama (currently full-time Corporate Auditor)

(2) Changes in Corporate Auditors

(Candidates for new appointment)

Corporate Auditor (full-time)	Shinji Amako (currently president of Kubota Materials Canada Corporation)
Corporate Auditor (part-time)	Masakazu Kawabata (currently a special advisor for Mizuho Capital Co., Ltd.)

Note: Messrs. Shinji Amako and Masakazu Kawabata are candidates for outside corporate auditor as set forth in Article 2, Item 16 of the Company Law.

(Planned retirement)

Corporate Auditor (full-time)	Masafumi Yokoyama
Corporate Auditor (part-time)	Takeshi Mitsuma

Note: Messrs. Masafumi Yokoyama and Takeshi Mitsuma are corporate auditors as set forth in Article 2, Item 16 of the Company Law.