Fiscal Year ending October 31, 2004

Interim Financial Statements Bulletin (Consolidated)

June 10, 2004

Listed Company Name **Kanamoto Company, Ltd.**
Company Code Number **9678**
Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
Head Office Address 1-19, Odori Higashi 3-chome, Chuo-ku, Sapporo, Hokkaido Japan 060-0041
(URL http://www.kanamoto.co.jp)
Representative **Kanchu Kanamoto** President
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Date of Report to the Board of Directors June 10, 2004
SEC Accounting Standards The Company has not adopted SEC accounting standards

1. Consolidated Operating Results for the Interim Period ended April 30, 2004

(Nov. 1, 2003 – Apr. 30, 2004)

(1) Consolidated Operating Results

(Numbers less than one million yen have been rounded down)

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended April 30, 2004	30,955	- 5.0	1,578	-17.1	1,527	-15.0
Six months ended April 30, 2003	32,570	- 0.1	1,905	12.4	1,796	1.0
Fiscal year ended October 31, 2003	63,686		2,307		2,279	

	Net Income		Net Income per Share of Common Stock	Net income per share on a fully diluted basis
	Millions of yen	%		
Six months ended April 30, 2003	1,097	40.6	36.75	—
Six months ended April 30, 2002	780	-16.1	25. 88	23. 32
Fiscal year ended October 31, 2003	913		29. 96	27. 11

Notes 1. Investment profit or loss accounted for by the equity method
Six months ended April 30, 2004 —
Six months ended April 30, 2003 —
Fiscal year ended October 31, 2003 —
2. Average number of shares (consolidated) outstanding during the period
Six months ended April 30, 2004 29,868,128 shares
Six months ended April 30, 2003 30,175,156 shares
Fiscal year ended October 31, 2003 30,030,383 shares
3. Are there any changes in accounting method? No
4. The percentages shown for revenues, operating income, ordinary income and net income are the percent increase or decrease compared to the same period of the prior fiscal year

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended April 30, 2004	87,605	32,964	37.6	1,103.77
Six months ended April 30, 2003	97,916	31,590	32.3	1,057.29
Fiscal year ended October 31, 2003	89,010	31,907	35.8	1,068.25

Notes 1. Number of shares (consolidated) issued and outstanding at end of period

Six months ended April 30, 2004	29,865,040 shares
Six months ended April 30, 2003	29,879,020 shares
Fiscal year ended October 31, 2003	29,868,824 shares

(3) Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Balance of Cash and Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended April 30, 2004	4,955	119	- 1,896	15,141
Six months ended April 30, 2003	6,346	- 312	- 2,951	18,515
Fiscal year ended October 31, 2003	10,359	- 107	-13,764	11,920

(4) Companies to which consolidation accounting and equity method accounting apply

Number of consolidated subsidiaries: 4

Number of non-consolidated subsidiaries accounted for by the equity method: 0

Number of affiliated companies accounted for by the equity method: 0

(5) Changes in scope of consolidation and application of equity method accounting

Consolidation (new companies)	0	(Excluded)	0
Equity method accounting (new companies)	0	(Excluded)	0

2. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2004

(November 1, 2003 - October 31, 2004)

	Revenues	Operating Income	Ordinary Income	Net Income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full year	60,610	2,140	1,960	1,140

Reference: Projected net income per share of common stock (Full year) ¥38.17

*The above projections were prepared based upon information available to the Company at the time the projections were announced as well as various assumptions concerning the future economic and business environment. Actual operating results may differ from the projected figures depending upon various factors in the future. Please refer to Page 10 for details of the projections

I Current Conditions of the Company Group

The Kanamoto Company group is comprised of the parent company, six subsidiaries and two affiliated companies. The business activities of the group are centered on the rental of construction equipment, and the development of businesses involved in the rental and sale of a full line of construction-related materials. An explanation of each company's position with regard to its relevant business is provided below.

〔Businesses related to the Construction Equipment Rental Division〕

The Company's rental division, together with **Daiichi Machine Industries Co., Ltd.** (a consolidated subsidiary company), is engaged in the rental and sale of construction equipment and machines used for construction. The subsidiary company operates in designated marketing areas and borrows rental equipment assets from the Company as needed in order to meet customer demand. **Kanamoto Shikoku Co., Ltd.**, a non-consolidated subsidiary company that was also engaged in this business, was merged into Kanamoto in April 2004.

SRG Kanamoto Co., Ltd. (a consolidated subsidiary company) operates a rental business that provides temporary materials for construction use. **Assist Co., Ltd.** (a consolidated subsidiary company) and **Com Supply Co., Ltd.** (a non-consolidated subsidiary company) are engaged in the rental and sale of furniture and fixtures and safety products for the construction industry. The Company borrows rental assets from these three companies as needed to rent to its own customers.

In addition to the above companies, **Kanatech Co., Ltd.** (a consolidated subsidiary company) develops, manufactures and sells modular housing units for temporary use. **Polyshield Services Co., Ltd.** (a non-consolidated subsidiary company), which was engaged in the sale and construction of specialized rust-proof, water-proof shields, has halted all business operations at the present time.

〔Businesses related to the Steel Sales Division〕

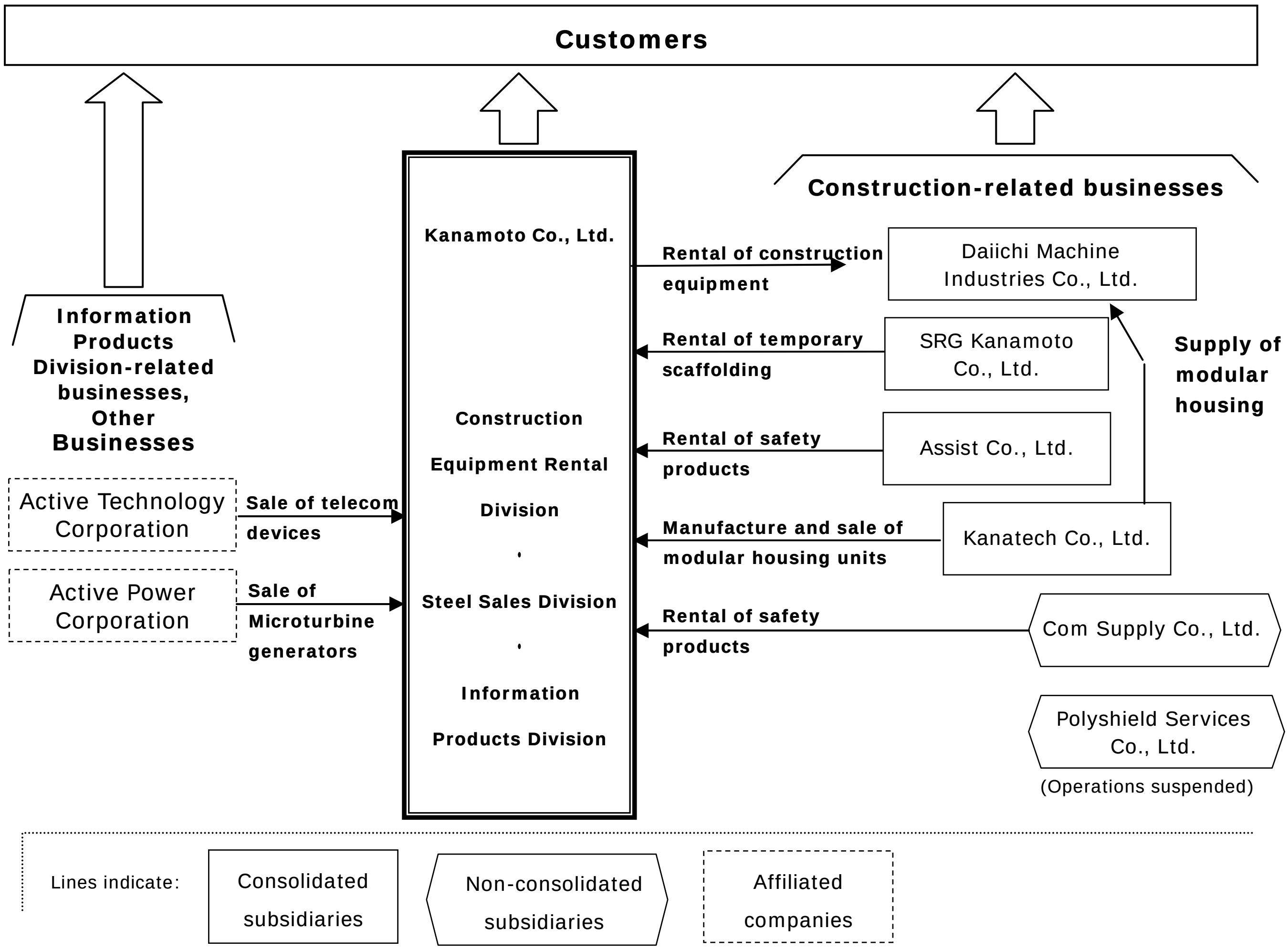
The Company's Steel Sales Division sells steel products and construction-related manufactured goods. The Company has no subsidiaries or affiliated companies related to this division.

〔Businesses related to the Information Products Division and Other Businesses〕

As the Company's information and telecommunications-related division, Kanamoto's Information Products Division is engaged in the rental and sale of computers, computer peripheral equipment and equipment for the development of computer products. **Active Technology Corporation** (an affiliated company), which is principally engaged in the sale of telecommunications-related equipment such as wireless LAN devices, is affiliated with this division. As a supplemental business, **Active Power Corporation** (an affiliated company) is engaged in the sale of microturbine generators manufactured by Capstone Corporation, a U.S. company, and supplies these products to the Company, among others.

〔Relationship of the Operating Businesses〕

(Note) An asterisk indicates an affiliated company to which equity method is not applied



II Management Policies

1. Basic policies concerning business management

The Kanamoto Company group believes that adapting to changes in the business environment, developing the group firms on a sustainable basis and maximizing earnings contributes to the best results for all stakeholders. This is the reason Kanamoto has always made the centerpiece of its action agenda the concept "constantly seek innovation and strive to energize the business."

By offering each customer optimal solutions and services fine-tuned to its exact needs, based on rational rental proposals that take maximum advantage of Kanamoto's years of accumulated equipment rental knowledge and experience, Kanamoto seeks to grow in a manner that will contribute fully to society.

2. Basic policies concerning distribution of earnings

To ensure the long-term, integrated expansion of shareholders' profits, Kanamoto continues to focus comprehensively on both capital investments and profitability based on its medium-term profit plan, general dividend trends and a sound financial position. In particular, the Company remains committed to its policy of stable dividend growth.

At the same time, the Company utilizes its internal reserves by allocating funds for the introduction of rental equipment assets that will serve as the source of future earnings.

To provide for a more flexible capital policy in the future, Kanamoto has established a program and policy for the purchase of treasury stock.

3. Management indicators established as objectives

Because of the Company's need to maintain a large inventory of assets, Kanamoto has always emphasized ROI (return on investment) and cash flow, and seeks growth in EBITDA (earnings before interest, taxes, depreciation and amortization) to meet its primary objective of establishing a solid management foundation.

For the new long-range management plan Kanamoto will launch in the fiscal year ending October 2004, the Company will seek to attain the following numerical objectives in the fiscal year ending October 2006 and in the fiscal year ending October 2008.

(Millions of yen, except net income per share)

		Fiscal Year ending October 2006	Fiscal Year ending October 2008
Consolidated operating results	Revenues	60,400	63,340
	Ordinary income	3,350	5,370
	Net income per share (yen)	57	93
Non-consolidated operating results (Kanamoto Company)	Revenues	58,000	60,600
	Ordinary income	3,160	5,070
	EBITDA	18,029	19,553

4. Medium to long-term corporate management strategy

In "Metamorphose," the Company's new long-range management plan, Kanamoto will focus on enhancing operating systems in the Construction Equipment Rental Division, which is the core business of Kanamoto and the Kanamoto group. Kanamoto will also launch wide-ranging efforts to reinvigorate the Company, and create a stronger Kanamoto that is well-equipped to survive in the face of a changed business environment, by the end of the fiscal year ending October 2008. To accomplish this plan we have established the following objectives.

①Earnings-focused management

Kanamoto will shift its focus away from a revenues-first approach and emphasize gross profit. Moreover, because the Company has already completed the replacement of its large-scale construction equipment rental assets with the latest emissions-controlled models designed to reduce pollution, Kanamoto will limit the introduction of new rental assets and work to reduce depreciation and amortization expense. The Company will continue to aggressively introduce small-scale construction equipment and inexpensive rental assets, however, which boast high profit margins.

②Execute a bold scrap and build program
In the prior fiscal year, Hokkaido accounted for 41% of Kanamoto's total revenues by region, with Honshu accounting for the remaining 59%. By making an aggressive effort to expand in Honshu, Kanamoto will implement its flexible branch office location strategy to raise the percentage of revenues generated in Honshu to 65-70%. In addition, by taking bolder measures to close or scale back the number of unprofitable branches, when opening new branches the Company will concentrate on establishing lightly-equipped branches, particularly in the Tokyo metropolitan area.

③Build a powerful marketing organization where customers are always Number One
By taking maximum advantage of its information systems, Kanamoto will implement marketing programs to thoroughly fulfill user needs. The Company will continue to reconfigure its asset composition to best suit the regional characteristics of each branch office, independently and autonomously of other branches, to create a position in which Kanamoto's presence is indispensable for its customers' operations.

④Pursue Kanamoto's alliance strategy
The Kanamoto group and its alliance firms currently have bases capable of providing products and services with uniform quality throughout Japan, from Hokkaido to Okinawa. By expanding the number of alliance firms and enhancing the alliance group's capabilities, Kanamoto has strengthened its corporate cooperation as the Kanamoto group and enhanced synergistic effects.

Even though business conditions will be extremely difficult during the initial two-year period of the new long-range management plan, by pursuing the objectives mentioned above Kanamoto will continue to be recognized as the leading company in the construction equipment rental business. By maintaining its efforts to improve and strengthen the Company's financial position, Kanamoto will seek to create a firm that is evaluated positively by the market.

5. Issues to be addressed by the Company

Over the past several years total construction investment has fallen sharply, as public works spending has been curtailed under the government's financial restoration policy. For firms involved in the construction industry, the change in the current business environment has been extremely severe and fosters little hope for a turnaround in immediate conditions. This situation is reflected in the construction equipment rental industry as well, as the decline in rental unit prices, user requests for discounts, and greater competition among firms continue unabated. Regardless of a firm's size, with each passing year operating margins at construction equipment rental firms have continued to shrink.

Nevertheless, as the use of construction equipment rentals by construction firms continues to grow, this presents opportunities in which the construction equipment rental industry will be enable to maintain or even improve profitability through appropriate asset investments and timely operation.
As the Kanamoto group, we regard this deterioration of the business environment as an opportunity. Kanamoto is working to expand revenues by cooperating closely with other Kanamoto group firms and its alliance partners, from a business and asset management perspective. We are also focusing on increasing operating income by cutting various costs and overhead. Together with reducing depreciation and amortization expense with strict controls on investments, mainly for large-scale construction equipment, we are continually seeking to achieve lower-cost operations.

Kanamoto is also taking steps to improve the value of its corporate brand. To achieve this goal the Company will concentrate on appropriate user support and the level of quality satisfaction, by creating a knowledge management system and a maintenance standardization system that effectively utilize the online system linking every Kanamoto branch office.

As the standard bearer for the construction equipment rental industry, Kanamoto has taken up its mission and obligation with a strong sense of commitment and is working to develop the construction equipment rental market and foster a sound industry in the face of a challenging environment.

III Operating Results and Financial Position

1. Operating results

①Summary of the interim consolidated accounting period under review

During the interim consolidated accounting period under review, Japan's economy was buoyed by a recovery in corporate consolidated earnings as major firms achieved record profits. Business sentiments also showed a steadily improving trend, with bright spots evident even in certain personal consumption segments. Nevertheless, a recessionary mood continued to hang over domestic non-manufacturing businesses, creating an extremely tough business environment in the construction industry in particular. In local regions, the effects of the marked reduction in public works expenditures were heightened further by a lack of momentum in private sector demand as well.

〔Construction-related business〕

Although construction demand is forecast to remain tight throughout the current year, and the downward trend in public works spending outside major metropolitan areas remained unchanged in every region, Kanamoto's Construction Equipment Rental Division undertook many detailed efforts to boost operating performance in line with "'Metamorphose," the Company's new long-range management plan.

As a result of efforts to steadily locate and win small-scale construction projects in the face of weak demand, the Company was able to achieve a 0.2% increase overall in construction equipment rental revenue compared to the same period one year earlier.

In both Hokkaido and the Tohoku area, the two regions where Kanamoto has a major share of the market, the Company received orders related to disaster relief works. In Hokkaido, revenue rose 1.6% year-on-year, but in the Tohoku region revenue fell 1.5% compared to the same period one year earlier. In the Kanto and Shinetsu region, revenue increased 2.1% over the first half of the prior fiscal year, as a result of works related to a substantial number of large-scale, private sector projects in the Tokyo metropolitan area and the effects of Kanamoto's new branches in Tokyo. Revenue in the Kinki-Chubu region fell 2.8% year-on-year. Although demand in Nagoya was steady, thanks to new airport construction and works for an upcoming exhibition, the region as a whole was negatively affected by fewer public works in the Osaka metropolitan area. Overall, the percentage of total construction equipment rental revenues accounted for by Hokkaido and Honshu was 36.2% and 63.8%, respectively.

With regard to sales revenue, the division's sales of used construction equipment were also lower, decreasing 4.2% year-on-year for the division as a whole. To a large extent this was the result of the Company's controls on sales of used construction equipment assets in overseas markets, which were 5.6% below the level in the first half of the prior fiscal year. Within Japan, buyers of used equipment were not inclined to make purchases, despite the roll-out of Kanamoto's 40th Anniversary Campaign, and domestic sales decreased 2.5% year-on-year.

During the interim consolidated accounting period under review, the Company decreased the number of branches by three. This reflected four branches closed in Hokkaido, one new branch and one branch closing in the Tohoku region, and one new branch in the Kinki-Chubu region. The new branch in the Kinki-Chubu region was the Takamatsu Branch, taken over by Kanamoto when the Company absorbed Kanamoto Shikoku Co., Ltd. in April 2004.

Operating results at Kanamoto's consolidated subsidiaries were mixed. Daiichi Machine Industries Co., Ltd. continued to enjoy a favorable environment for new construction orders, increasing rental and sales revenues 3.3% compared to the same period of the prior fiscal year. Operating income was basically unchanged, reflected higher new branch expenses. Although SRG Kanamoto Co., Ltd. was able to expand revenue by 43.8% year-on-year, its operating loss deteriorated by 87.7% under the burden of depreciation expenses resulting from new machine part purchases. Assist Co., Ltd. did not face downward pressure on the value of its product line during the interim consolidated accounting period under review, and was able to increase revenue 7.1% from the same period of the prior fiscal year while boosting operating income 59.7%. Kanatech Co., Ltd. saw its revenue drop 31.9% compared with the same period of the prior fiscal year, and ended the first half with an operating loss as the volume of orders from within and outside the Kanamoto group plunged sharply.

As a result of the above activities, consolidated revenues from construction-related business for the interim consolidated accounting period under review declined by 3.3% to ¥28,265 million, and operating income fell 17.9% to ¥1,511 million.

〔 Steel sales-related business 〕

The market for steel and related products enjoyed a resurgence, with steel material prices rising sharply for the first time in 17 years since the collapse of Japan's bubble economy. Demand for steel materials in Hokkaido, however, remained weak throughout the winter months. Nevertheless, although Steel Sales Division revenue fell 11.8% from the level of the same period of the prior fiscal year to ¥2,449 million, the division decreased its operating loss by 98.5%, to ¥460,000.

〔 Information Products Business and Other Businesses 〕

Because demand shifted to low-priced versions of existing products, even for items such as engineering workstations, Kanamoto's Information Products Business Division saw its rental revenue shrink by 19.0% compared to the same period of the prior consolidated fiscal year, despite a higher volume of equipment rented. Equipment sales also fell substantially, declining 81.4% year-on-year as development and mass production of new models was delayed. For the division as a whole, revenues were down 56.5%. As a result, revenues for the Company's Information Products Business and Other Businesses fell 56.5% from the first half of the prior consolidated fiscal year to ¥241 million, generating an operating loss of ¥8 million compared to positive operating income of ¥24 million one year earlier.

〔 Fiscal Year ending October 31, 2004 Interim Consolidated Operating Results 〕

(Million yen; % change from prior year)

	Revenues		Operating Income		Ordinary Income		Net Income	
Consolidated FY interim period	30,955	−5.0%	1,578	−17.1%	1,527	−15.0	1,097	40.6%
Prior FY interim period	32,570	−0.1%	1,905	12.4%	1,796	1.0%	780	−16.1%

②Outlook for the full fiscal year ending October 31, 2004

The willingness of private sector firms to invest is expected to remain strong, and an economic recovery driven mainly by large firms is projected to continue for the immediate future.
Nevertheless, the outlook for healthier domestic demand is less sanguine. Causes for concern include the fact that corporate profits, considered the primary engine driving the economic recovery, remain heavily reliant on external demand from China and North America, and few companies have plans for substantial new capital investment within Japan. Kanamoto expects Japan's economic recovery to remain greatly influenced by the external environment, including economic growth in the U.S. and China, injecting an element of instability. The environment surrounding the construction industry therefore is anticipated to remain severe throughout the second half of the fiscal year as well.

Kanamoto has revised upward its outlook for the full fiscal year by incorporating its interim period operating results, which exceeded the plan levels for set for earnings improvement in "Metamorphose," Kanamoto's new long-range management plan. Compared with the prior consolidated fiscal year, however, conditions in terms of numerical figures will remain severe.

The Kanamoto Group is addressing these circumstances earnestly. Management will continue efforts to create the business structure and capabilities that will enable the Company to respond appropriately to this challenging business environment, by steadily incorporating the measures designated in the Company's long-term plan "Metamorphose" and optimizing asset operations. By effectively utilizing a full range of state-of-the-art construction equipment and related products unavailable from other firms, including its lineup of environmentally-friendly equipment and vehicles, Kanamoto will work to maintain earnings and fend off competition based on its alliance with superior firms that are dominant in selected regions throughout Japan.

(Fiscal Year ending October 31, 2004 Projected Full-year Consolidated Operating Results)

(Million yen; % change from prior year)

	Revenues	Operating Income	Ordinary Income	Net Income
Full year projection	60,610 −4.8%	2,140 −7.3%	1,960 −14.0%	1,140 24.7%

2. Financial position

Interim consolidated accounting period

Cash flow from operating activities declined 21.9% year-on-year, to ¥4,955 million. This change primarily reflected the increase in income before taxes and adjustments, a decrease in depreciation and amortization expense, a decrease in accrued employees retirement benefits accompanying the return of the entrusted portion of the corporate employees' welfare pension fund, and an increase in payments of corporate and other taxes. Cash flow from operating activities decreased ¥1,391 million from the same period of the prior fiscal year.

Cash flow from investing activities was ¥119 million, ¥432 million higher than in the same period of the prior fiscal year. This was mainly the result of an increase in funds provided from sale of investment securities, and a decrease in funds used for the purchase of tangible fixed assets.

Cash flow from financing activities was ¥1,896 million, a 35.8% change year-on-year. Although funds provided by long-term bank loans were less than in the same period of the prior fiscal year, the change mainly reflected the absence of funds used for redemption of straight bonds and fewer funds used for repayment of installment obligations.

As a result of the above, the balance of cash and equivalents at the end of the interim consolidated accounting period under review was ¥15,141 million, ¥3,373 million less than at the end of the prior consolidated fiscal year interim period.

Cash flow trend indicators for the Kanamoto Group

The cash flow trend indicators for the Kanamoto group are provided below.

	FY ended October 31, 2001	FY ended October 31, 2002	FY ended October 31, 2003	FY ending April 30, 2004 Interim period
Shareholders' equity ratio (%)	28.9	31.5	35.8	37.6
Shareholders' equity ratio on a market capitalization basis (%)	15.0	14.4	17.7	18.5
Years to repay debt	4.5	4.7	4.0	8.2
Interest coverage ratio (times)	14.8	14.2	17.2	20.4

(Notes) Shareholders' equity ratio: Shareholders' equity ÷ Total assets

Shareholders' equity ratio on a market capitalization basis: Shareholders' equity on a market capitalization basis ÷ Total assets

Years to repay debt: Interest-bearing liabilities ÷ Operating cash flow

Interest coverage ratio: Operating cash flow ÷ Interest payments

*All indicators are calculated using financial values on a consolidated basis.

*Total market capitalization is calculated by multiplying the closing share price at the end of the interim period by the number of shares outstanding (after deducting treasury stock) at the end of the interim period.

*Cash flow from operating activities shown on the Consolidated Statements of Cash Flows is used as operating cash flow.

Interest-bearing liabilities include all liabilities on which the Company pays interest that are accounted for on the Consolidated Balance Sheets.

The amounts shown as interest expense on the Consolidated Statements of Cash Flows are used as interest payments.

〔Fiscal Year ending October 31, 2004 Projected Cash Flows〕

Cash flow from operating activities is projected to decrease compared to the prior consolidated fiscal year because of lower revenues and earnings and a decrease in the amount of depreciation and amortization expense.

Cash flow from investing activities is projected to remain nearly unchanged from the level of the prior consolidated fiscal year because the Company does not project any large changes in expenditures.

Cash flow used for financing activities is projected to decrease compared with the prior consolidated fiscal year because the Company will not redeem straight bonds or convertible bonds.

As a result, the balance of cash and equivalents at the end of the consolidated fiscal year is projected to remain at nearly the same level as the balance at the end of the prior consolidated fiscal year.

Ⅳ Interim Consolidated Financial Statements

1. Interim Consolidated Balance Sheets (Amounts have been rounded down to the nearest thousand yen)

Category / Period		End of Prior Consolidated Fiscal Year Interim Period (As of April 30, 2003)		End of Current Consolidated Fiscal Year Interim Period (As of April 30, 2004)		Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2003)	
		Amount	Percent	Amount	Percent	Amount	Percent
(Assets)							
Current Assets							
Cash and deposits		18,519,252		15,149,601		11,928,637	
Notes and accounts receivable, trade		21,532,872		19,551,382		21,411,919	
Negotiable securities		23,425		19,038		39,192	
Inventory		1,158,088		1,043,460		854,296	
Construction equipment		2,250,791		2,120,993		1,958,064	
Deferred tax assets		249,378		283,583		261,196	
Other current assets		366,533		298,436		436,585	
Allowance for doubtful accounts		-573,960		-561,565		-488,842	
Total Current Assets		43,526,382	44.5	37,904,929	43.3	36,401,049	40.9
Fixed Assets							
Tangible Fixed Assets	*1						
Rental equipment		14,549,615		10,950,116		13,301,236	
Buildings and structures	*2	7,508,721		6,898,402		7,187,496	
Machinery, equipment and delivery equipment		1,058,594		950,300		989,031	
Land	*2	24,622,537		24,651,537		24,637,537	
Construction in progress		2,157		11,149		1,892	
Other tangible fixed assets		212,751		420,731		437,874	
Total Tangible Fixed Assets		47,954,378	49.0	43,882,237	50.1	46,555,069	52.3
Intangible Fixed Assets							
Total Intangible Fixed Assets		107,630	0.1	113,482	0.1	102,748	0.1
Investments and Other Assets							
Investment securities		3,507,667		3,821,658		3,572,156	
Deferred tax assets		1,753,682		917,206		1,383,397	
Other assets		1,634,227		1,583,838		1,559,460	
Allowance for doubtful accounts		-567,095		-618,021		-563,757	
Total Investments and Other Assets		6,328,482	6.4	5,704,681	6.5	5,951,255	6.7
Total Fixed Assets		54,390,491	55.5	49,700,401	56.7	52,609,073	59.1
Total Assets		97,916,874	100.0	87,605,331	100.0	89,010,122	100.0

(Amounts have been rounded down to the nearest thousand yen)

Category \ Period	End of Prior Consolidated Fiscal Year Interim Period (As of April 30, 2003)		End of Current Consolidated Fiscal Year Interim Period (As of April 30, 2004)		Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2003)	
	Amount	Percent	Amount	Percent	Amount	Percent
(Liabilities)						
Current Liabilities						
Notes and accounts payable, trade	10,819,119		10,539,732		11,048,285	
Short-term bank loans *2	853,157		934,845		713,358	
Long-term bank loans due within one year *2	9,961,839		10,445,875		9,672,816	
Convertible bonds to be redeemed within one year	4,098,000		—		—	
Corporate taxes payable	789,641		682,306		648,231	
Accrued bonuses to employees	506,781		464,132		442,868	
Accounts payable, other	6,722,552		4,746,007		5,819,386	
Other current liabilities	614,679		603,304		568,574	
Total Current Liabilities	34,365,771	35.1	28,416,203	32.4	28,913,520	32.5
Long-term Liabilities						
Long-term bank loans *2	23,203,396		21,202,424		20,734,299	
Retirement allowances to directors and auditors	195,005		94,979		197,093	
Accrued employees retirement benefits	1,745,728		1,185,974		1,777,314	
Long-term accrued expenses	6,561,461		3,601,192		5,333,619	
Consolidation adjustment	17,256		14,679		14,630	
Other long-term liabilities	85,450		44,150		61,076	
Total Long-term Liabilities	31,808,298	32.5	26,143,401	29.9	28,118,033	31.6
Total Liabilities	66,174,069	67.6	54,559,604	62.3	57,031,554	64.1
(Minority Interests)						
Minority interests	152,057	0.1	81,573	0.1	71,303	0.1
(Shareholders' Equity)						
Common stock	8,596,737	8.8	8,596,737	9.8	8,596,737	9.7
Additional paid-in capital	9,720,343	9.9	9,720,343	11.1	9,720,343	10.9
Earned surplus	13,536,009	13.8	14,182,462	16.2	13,400,060	15.0
Valuation difference on other negotiable securities	- 91,375	-0.1	643,902	0.7	367,442	0.4
Treasury stock	-170,967	-0.1	-179,292	-0.2	-177,318	-0.2
Total Shareholders' Equity	31,590,747	32.3	32,964,152	37.6	31,907,265	35.8
Total Liabilities and Shareholders' Equity	97,916,874	100.0	87,605,331	100.0	89,010,122	100.0

2. Interim Consolidated Statements of Income

(Amounts have been rounded down to the nearest thousand yen)

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)		Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)		Prior Fiscal Year Summary Consolidated Statement of Income (From November 1, 2002 to October 31, 2003)	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues from operations						
Rental revenues	21,043,659		20,831,504		40,724,552	
Sales	11,526,719		10,124,280		22,961,732	
Total revenues from operations	32,570,378	100.0	30,955,785	100.0	63,686,284	100.0
Cost of revenues from operations						
Cost of rental revenues	15,513,402		15,241,041		30,928,308	
Cost of goods sold	8,754,905		7,830,897		17,970,191	
Total cost of revenues	24,268,308	74.5	23,071,938	74.5	48,898,499	76.8
Gross profit	8,302,070	25.5	7,883,846	25.5	14,787,785	23.2
Selling, general and administrative expenses *1	6,396,919	19.7	6,305,263	20.4	12,480,119	19.6
Operating income	1,905,150	5.8	1,578,582	5.1	2,307,665	3.6
Non-operating revenues						
Interest revenue	1,700		578		2,552	
Dividend income	37,575		26,796		79,711	
Gain on sale of investment securities	—		34,466		134,900	
Insurance benefits	2,857		16,893		23,148	
Rents received	44,010		44,302		86,490	
Gain on redemption of corporate bonds by purchase	890		—		—	
Cash bonus received	16,265		656		18,733	
Consolidation adjustment account write-off	2,625		2,922		—	
Other	85,115		102,282		182,479	
Total non-operating revenues	191,040	0.6	228,899	0.7	528,016	0.8
Non-operating expenses						
Interest expense	211,578		172,513		398,080	
Other	88,119		107,076		158,298	
Total non-operating expenses	299,697	0.9	279,589	0.9	556,378	0.8
Ordinary income	1,796,493	5.5	1,527,892	4.9	2,279,303	3.6
Extraordinary profits						
Adjustment of prior period profit or loss *2	2,160		—		—	
Gain on sale or retirement of fixed assets *3	324		442		365	
Valuation gain on investment partnership	—		53		23,408	
Gain on return of entrusted portion of welfare pension fund	—		606,420		—	
Other	1,667		5,260		13,162	
Total extraordinary Profits	4,151	0.0	612,176	2.0	36,936	0.1

(Amounts have been rounded down to the nearest thousand yen)

Category / Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)		Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)		Prior Fiscal Year Summary Consolidated Statement of Income (From November 1, 2002 to October 31, 2003)	
	Amount	Percent	Amount	Percent	Amount	Percent
Extraordinary losses						
Loss on sale or retirement of fixed assets *4	8,848		73,499		88,863	
Valuation loss on investment securities	259,639		10,000		259,639	
Valuation loss on investment partnership	—		14,803		—	
Other	31,842		—		92,420	
Total extraordinary losses	300,330	0.9	98,302	0.3	440,922	0.7
Income before taxes and adjustments	1,500,314	4.6	2,041,765	6.6	1,875,316	3.0
Corporate, local and business taxes	766,718	2.3	643,560	2.1	1,036,152	1.6
Adjustment for corporate and other taxes	-101,107	-0.3	259,390	0.8	- 55,071	-0.0
Minority interest in income or loss	- 53,858	-0.2	- 41,267	-0.1	19,640	0.0
Net income	780,845	2.4	1,097,547	3.6	913,875	1.4

3. Interim Statements of Consolidated Retained Earnings

(Amounts have been rounded down to the nearest thousand yen)

Category / Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)		Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)		Prior Fiscal Year Summary Statement of Consolidated Retained Earnings (From November 1, 2002 to October 31, 2003)	
	Amount		Amount		Amount	
(Capital Surplus)						
Balance of capital surplus at the beginning of the period		9,720,343		9,720,343		9,720,343
Balance of capital surplus at the end of the interim period		9,720,343		9,720,343		9,720,343
(Earned Surplus)						
Balance of earned surplus at the beginning of the period		13,044,002		13,400,060		13,044,002
Increase in earned surplus						
Interim period net income	780,845	780,845	1,097,547	1,097,547	913,875	913,875
Decrease in earned surplus						
Dividends	272,238		268,819		541,217	
Directors and auditors' bonuses	16,600		14,100		16,600	
Decrease in earned surplus from merger of non-consolidated subsidiary	—	288,838	32,226	315,145	—	557,817
Balance of earned surplus at the end of the interim period		13,536,009		14,182,462		13,400,060

4. Interim Consolidated Statements of Cash Flows

(Amounts have been rounded down to the nearest thousand yen)

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Fiscal Year Summary Consolidated Statement of Cash Flows (From November 1, 2002 to October 31, 2003)
	Amount	Amount	Amount
Cash flow from operating activities			
Income before taxes and adjustments	1,500,314	2,041,765	1,875,316
Amortization of consolidation adjustment account	-2,625	-2,922	61,057
Depreciation and amortization expense	3,294,226	2,561,656	6,650,660
Gain on sale or retirement of fixed assets	-324	-442	-365
Loss on sale or retirement of fixed assets	8,848	73,499	88,863
Installment purchases of assets for small-value rentals	65,714	8,663	113,174
Reclassification of cost of sales associated with disposal of construction equipment	4,278	17,097	18,306
Reclassification of cost of sales associated with disposal of rental assets	1,264,398	889,142	1,779,039
Expenditures for acquisition of rental assets	-312,391	-195,017	-906,554
Valuation loss on investment securities	259,639	10,000	259,639
Gain on sale of investment securities	—	- 34,466	-134,900
Loss on sale of investment securities	11,229	—	—
Gain on redemption of corporate bonds by purchase	-890	—	-890
Increase in allowance for doubtful accounts	66,239	121,894	- 22,216
Increase (decrease) in accrued bonuses to employees	- 34,398	21,264	- 98,310
Increase (decrease) in accrued employees retirement benefits	70,003	-591,340	101,589
Increase in retirement allowances to directors and auditors	-1,638	-102,113	449
Interest revenue and dividend income	- 39,276	- 27,375	- 82,263
Interest expense on installment purchases of rental assets	101,687	64,938	181,612
Interest expense	211,578	172,513	398,080
(Increase) decrease in accounts receivable, trade	1,587,544	1,915,433	1,708,497
(Increase) decrease in inventory assets	-348,622	-188,614	- 44,829
Increase (decrease) in accounts payable, trade	-1,146,159	-526,440	-916,993
Increase (decrease) in accounts payable, other	28,925	- 81,952	206,893
Directors and auditors' bonuses paid	- 16,600	- 14,100	- 16,600
Other, net	74,011	-352,126	74,043
Subtotal	6,645,711	5,780,956	11,293,299
Interest and dividends received	39,276	27,375	82,263
Interest expense	-286,261	-243,329	-600,912
Payment of corporate and other taxes	- 52,495	-609,674	-415,364
Cash flow from operating activities	6,346,231	4,955,327	10,359,286

(Amounts have been rounded down to the nearest thousand yen)

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Fiscal Year Summary Consolidated Statement of Cash Flows (From November 1, 2002 to October 31, 2003)
	Amount	Amount	Amount
Cash flow from investing activities			
Disbursements for investments in term deposits	—	—	-5,000
Revenue from redemption of term deposits	—	—	1,218
Funds used for the purchase of tangible fixed assets	-274,129	- 86,540	-638,435
Funds provided from the sale of tangible fixed assets	2,185	2,801	11,331
Funds used for the purchase of intangible fixed assets	- 15,235	- 20,540	- 23,145
Funds used for the purchase of investment securities	-664,867	-588,401	- 1,361,608
Funds provided from the sale of investment securities	653,040	888,970	1,988,385
Funds used for payment of capital contribution	- 14,210	- 10	- 14,220
Funds used for purchase of consolidated subsidiary stock	—	- 27,875	-108,551
Other	455	- 48,581	42,998
Cash flow used for investing activities	-312,762	119,823	-107,027
Cash flow from financing activities			
Increase (decrease) in short-term bank loans	- 52,297	221,486	-192,095
Funds provided by long-term bank loans	12,290,000	6,400,000	15,000,000
Funds used to repay long-term bank loans	- 4,910,952	- 5,158,816	-10,379,073
Funds used for redemption of straight bonds by purchase	- 65,110	—	- 65,110
Funds used for redemption of convertible bonds	—	—	- 4,098,000
Funds used for redemption of straight bonds	- 5,277,692	—	- 5,277,692
Funds used for repayment of installment obligations	- 4,499,513	- 3,088,038	- 8,076,438
Funds used for the purchase of treasury stock	-163,894	-1,973	-165,258
Payment of dividends to parent company	-272,238	-268,819	-541,217
Funds provided from the issue of stock to minority shareholders	—	—	30,000
Other	—	-150	—
Cash flow used for financing activities	- 2,951,699	- 1,896,311	-13,764,886
Increase (decrease) in cash and equivalents	3,081,770	3,178,839	- 3,512,627
Balance of cash and equivalents at beginning of period	15,433,247	11,920,620	15,433,247
Increase in cash and equivalents accompanying merger with non-consolidated subsidiary	—	42,124	—
Balance of cash and equivalents at end of the interim period	18,515,018	15,141,584	11,920,620

5. Notes to the Interim Consolidated Financial Statements and Significant Accounting Policies

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Consolidated Fiscal Year (From November 1, 2002 to October 31, 2003)
1. Companies included in the consolidation	(1) Number of consolidated companies: 5 Consolidated company name: Taniguchi Co., Ltd. Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Machine Industries Co., Ltd. Providence Brewery Co., Ltd., a consolidated subsidiary during the prior consolidated accounting fiscal year, was liquidated in April 2003. Providence Brewery's financial results have been eliminated from the Consolidated Statements of Income and the Consolidated Statements of Cash Flows, and the company has been removed from the scope of consolidation.	(1) Number of consolidated companies: 4 Consolidated company name: Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Machine Industries Co., Ltd.	(1) Number of consolidated companies: 4 Consolidated company name: Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Machine Industries Co., Ltd. Providence Brewery Co., Ltd., a consolidated subsidiary during the prior consolidated accounting fiscal year, was liquidated in April 2003. Providence Brewery's financial results have been eliminated from the Consolidated Statements of Income and the Consolidated Statements of Cash Flows, and the company has been removed from the scope of consolidation. Taniguchi Co., Ltd. merged with Kanamoto Co., Ltd. on August 1, 2003. Taniguchi's financial results have been eliminated from the Consolidated Statements of Income and the Consolidated Statements of Cash Flows, and the company has been removed from the scope of consolidation.

	(2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name: Polyshield Services Co., Ltd. Kanamoto Shikoku Co., Ltd. (Reason for exclusion from consolidation) The size of the non-consolidated subsidiaries is small and their net assets, sales and fiscal year profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and do not have a material effect on the consolidated financial statements.	(2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name: Polyshield Services Co., Ltd. Com Supply Co., Ltd. (Reason for exclusion from consolidation) The size of the non-consolidated subsidiaries is small and their net assets, sales and fiscal year profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and do not have a material effect on the consolidated financial statements.	(2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name: Polyshield Services Co., Ltd. Kanamoto Shikoku Co., Ltd. (Reason for exclusion from consolidation) The size of the non-consolidated subsidiaries is small and their net assets, sales and fiscal year profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and do not have a material effect on the consolidated financial statements.
2. Matters pertaining to application of equity method accounting	Two unconsolidated subsidiaries (Polyshield Services Co., Ltd. and Kanamoto Shikoku Co., Ltd.) and two affiliated companies (Active Technology Corporation and Active Power Corporation) have been omitted from items to which equity method accounting is applied because their respective effect on interim consolidated net income or loss (amount corresponding to equity) and interim consolidated capital surplus (amount corresponding to equity) is immaterial and none of the companies is important to the company's overall operations.	Two unconsolidated subsidiaries (Polyshield Services Co., Ltd. and Com Supply Co., Ltd.) and two affiliated companies (Active Technology Corporation and Active Power Corporation) have been omitted from items to which equity method accounting is applied because their respective effect on interim consolidated net income or loss (amount corresponding to equity) and interim consolidated capital surplus (amount corresponding to equity) is immaterial and none of the companies is important to the company's overall operations.	Two unconsolidated subsidiaries (Polyshield Services Co., Ltd. and Kanamoto Shikoku Co., Ltd.) and two affiliated companies (Active Technology Corporation and Active Power Corporation) have been omitted from items to which equity method accounting is applied because their respective effect on consolidated net income or loss and consolidated capital surplus is immaterial and none of the companies is important to the company's overall operations.

3. Matters pertaining to the interim period-end (fiscal year-end) for consolidated subsidiaries	The interim period-end closing date for all of the consolidated subsidiaries is February 28. When preparing the interim consolidated financial statements, the Company uses the subsidiaries' financial statements as of February 28, and makes adjustments for significant transactions that occurred between March 1, 2002 and the interim consolidated accounting date on April 30, 2002 that were deemed to have a material effect on the interim consolidated financial results.	The interim period-end closing date for all of the consolidated subsidiaries is February 28. When preparing the interim consolidated financial statements, the Company uses the subsidiaries' financial statements as of February 28, and makes adjustments for significant transactions that occurred between March 1, 2002 and the interim consolidated accounting date on April 30, 2002 that were deemed to have a material effect on the interim consolidated financial results.	The fiscal year-end for all of the consolidated subsidiaries is August 31. When preparing the consolidated financial statements the Company used the subsidiaries' financial statements as of August 31, adjusted for significant transactions that occurred between the subsidiaries' fiscal year-end and the consolidation date that have a material effect on the consolidated financial results.
4. Accounting principles and standards used for normal accounting treatment (1) Appraisal standards and appraisal methods for principal assets	a. Negotiable securities Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price or similar prices on the interim consolidated accounting date or similar prices Securities without market prices Cost method, cost being determined by the moving average method b. Construction equipment Amount after deduction of depreciation expense calculated according to the declining-balance method from the original prices, by separate fiscal year of purchase	a. Negotiable securities Other negotiable securities Securities with a market price Same as at left Securities without market prices Same as at left b. Construction equipment Same as at left	a. Negotiable securities Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the consolidated accounting fiscal year closing date or similar prices Securities without market prices Same as at left b. Construction equipment Same as at left

	c. Merchandise inventories and supplies (i) Merchandise inventories Lower of cost or market based on the last-in, first-out method (ii) Supplies The latest purchase cost method	c. Merchandise inventories and supplies (i) Merchandise inventories Same as at left (ii) Supplies Same as at left	c. Merchandise inventories and supplies (i) Merchandise inventories Same as at left (ii) Supplies Same as at left
(2) Depreciation methods for principal depreciable assets	a. Tangible fixed assets The Company has adopted the declining-balance method. Buildings on land that is leased under a fixed-term land lease agreement, however, are depreciated using the straight-line method using the remaining period of the fixed-term lease as the depreciable life and zero residual value. For certain consolidated subsidiaries, the Company has adopted the straight-line method for buildings and structures acquired on or after April 1, 2000 but excluding fixtures and equipment. The depreciable lives mainly used by the Company are as follows. Rental assets: 5-10 years Buildings: 31-34 years	a. Tangible fixed assets Same as at left	a. Tangible fixed assets Same as at left
	b. Intangible fixed assets Software for use within the Company is depreciated using the straight-line method based on the assumed useful life for internal use (5 years).	b. Intangible fixed assets Same as at left	b. Intangible fixed assets Same as at left
(3) Accounting standards for principal allowances and reserves	a. Allowance for doubtful accounts To provide for losses on doubtful accounts such as accounts receivable, the Company charges to income an amount based on actual loss experience for normal accounts, plus an amount for projected unrecoverable amounts based on assessments of individual accounts.	a. Allowance for doubtful accounts Same as at left	a. Allowance for doubtful accounts Same as at left

	b. Accrued bonuses to employees To fully provide for bonuses the Company will pay to employees, the Company appropriates an amount to the reserve for the accounting period liability based upon the estimated amounts of bonuses and salaries.	b. Accrued bonuses to employees Same as at left	b. Accrued bonuses to employees Same as at left
	c. Accrued employees retirement benefit The Company provides for employees' accrued retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the consolidated fiscal year. At the end of each interim consolidated accounting period, the Company appropriates an amount to the reserve to provide for the liability recognized during the period. The difference based on an actuarial calculation is charged to income beginning in the consolidated accounting fiscal year following the year in which incurred, with the amounts allocated proportionately using the straight-line method, based on a specified number of years (10 years) that is less than the average remaining period of employment for employees at the time the difference arises.	c. Accrued employees retirement benefit Same as at left	c. Accrued employees retirement benefit The Company provides for employees' accrued retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the consolidated fiscal year. At the end of each consolidated accounting fiscal year, the Company appropriates an amount to the reserve to provide for the liability recognized during the period. Past years' service liabilities are fully amortized in the year incurred. The difference based on an actuarial calculation is charged to income beginning in the consolidated accounting fiscal year following the year in which incurred, with the amounts allocated proportionately using the straight-line method, based on a specified number of years (10 years) that is less than the average remaining period of employment for employees at the time the difference arises.

		(Supplemental information) On January 1, 2004 the Company received approval from the Minister of Health, Labour and Welfare for exemption from the obligation to make future payments for the entrusted portion of the Employee Welfare Pension Fund, accompanying enforcement of the Defined Benefit Corporate Pension Law. The Company has adopted the interim measures prescribed in Paragraph 47-2 of the Business Guidelines Concerning Retirement Benefit Accounting (Interim Report) concerning return of the entrusted portion of the corporate Employee Welfare Pension Fund (The Japanese Institute of Certified Public Accountants, Accounting System Committee Report No. 13), and on the day authorization was received the Company accounted for the retirement benefit liability related to the entrusted portion and the pension assets equivalent to the return amount as being extinguished. The Company accounted for the affects accompanying this treatment by booking extraordinary profits of ¥606 million as of the end of the interim consolidated accounting period. The returned equivalent amount (minimum actuarial liability) measured as of the end of the interim consolidated accounting period under review was ¥1,316 million.	

	d. Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately at the end of the interim consolidated accounting period based upon length of service.	d. Retirement allowances to directors and auditors Same as at left	d. Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately at the end of the consolidated fiscal year based upon length of service.
(4) Lease transactions	For finance lease transactions except for leases that transfer ownership of the property to the lessee, rent expenses are charged to income as payments are made.	Same as at left	Same as at left
(5) Hedge accounting for principal hedging methods	a. Hedge transactions The Company accounts for hedge transactions using allocations based on accounting standards for foreign currency-denominated transactions, and special rule accounting based on accounting standards for financial products.	a. Hedge transactions Same as at left	a. Hedge transactions Same as at left
	b. Hedge methods and hedged transactions The Company uses currency swaps and forward transactions in order to avoid the currency fluctuation risk related to the Company's foreign currency-denominated straight bonds and liabilities for import payments. The Company also uses interest swaps to avoid interest rate fluctuation risk related to interest on bank borrowing.	b. Hedge methods and hedged transactions Same as at left	b. Hedge methods and hedged transactions Same as at left
	c. Hedging policies The Company's use of derivative transactions is limited to hedging risk within the scope of the Company's assets and liabilities subject to market fluctuation risk.	c. Hedging policies Same as at left	c. Hedging policies Same as at left

	d. Method for evaluating the effectiveness of hedges The Company does not evaluate the effectiveness of its hedge transactions because it can assume that its currency swap transactions and forward transactions will completely offset market fluctuations or changes in cash flow from the time hedge begins until it is terminated. In addition, the Company's interest swap transactions fulfill the requirements for special rule accounting, and the Company has elected to use this in place of an evaluation of effectiveness.	d. Method for evaluating the effectiveness of hedges Same as at left	d. Method for evaluating the effectiveness of hedges Same as at left
(6)Other material matters pertaining to preparation of the interim consolidated financial statements (consolidated financial statements)	Accounting treatment of consumption tax Consumption tax is taken out of all Statement of Income items and Balance Sheet items, except mainly for receivables and payables.	Accounting treatment of consumption tax Same as at left	Accounting treatment of consumption tax Same as at left
5. Items included in cash and equivalents on the Interim Consolidated Statements of Cash Flows (Consolidated Statements of Cash Flows)	Funds included in cash (cash and equivalents) on the Interim Consolidated Statements of Cash Flows include cash on hand, deposits that can be withdrawn on demand and highly liquid short-term investments that mature within three months of the date of acquisition and which can be easily converted into cash and that have minimal risk of a change in price.	Same as at left	Funds included in cash (cash and equivalents) on the Consolidated Statement of Cash Flows include cash on hand, deposits that can be withdrawn on demand and highly liquid short-term investments that mature within three months of the date of acquisition and which can be easily converted into cash and that have minimal risk of a change in price.

6. Notes to the Interim Financial Statements

(Notes to the Interim Consolidated Balance Sheets)

Category \ Period	Prior Consolidated Fiscal Year Interim Period (As of April 30, 2003)		Current Consolidated Fiscal Year Interim Period (As of April 30, 2004)	Prior Consolidated Fiscal Year (As of October 31, 2003)	
*1. Total accumulated depreciation for tangible fixed assets	42,059,083,000		39,597,140,000	42,361,092,000	
*2. Assets offered as collateral security	Buildings and structures	36,327,000	―――	Buildings and structures	35,100,000
	Land	197,434,000		Land	197,434,000
	Total	233,761,000		Total	232,534,000
Liabilities secured by the above assets	Short-term bank loans	182,000,000	―――	Short-term bank loans	170,000,000
	Long-term bank loans due within one year	129,600,000		Long-term bank loans due within one year	65,316,000
	Long-term bank loans	240,880,000		Long-term bank loans	70,000,000
	Total	552,480,000		Total	305,316,000
3. Guarantees Joint and several guarantees of employee bank loans	23,030,000		26,097,000	20,902,000	
Guarantee of debt for long-term bank loan to affiliated company (Active Power Co., Ltd.)	300,000,000		269,500,000	269,500,000	
4. Discount on notes receivable, trade	129,210,000		64,045,000	—	
5. Balance of notes receivable-trade endorsed	247,360,000		—	56,508,000	

(Notes to the Interim Consolidated Statements of Income)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Consolidated Fiscal Year (From November 1, 2002 to October 31, 2003)
*1. Major expense categories and amounts included in selling, general and administrative expenses	*1. Major expense categories and amounts included in selling, general and administrative expenses	*1. Major expense categories and amounts included in selling, general and administrative expenses
Employee salaries and wages 2,410,644,000 Depreciation expense 464,731,000 Rents 722,275,000 Transfer to allowance for doubtful accounts 262,913,000 Transfer to accrued bonuses to employees 503,752,000	Employee salaries and wages 2,374,471,000 Depreciation expense 404,853,000 Rents 699,432,000 Transfer to allowance for doubtful accounts 217,265,000 Transfer to accrued bonuses to employees 450,967,000	Employee salaries and wages 4,801,138,000 Depreciation expense 925,979,000 Rents 1,435,256,000 Transfer to allowance for doubtful accounts 332,086,000 Transfer to accrued bonuses to employees 440,369,000 Employees retirement benefit expense 544,652,000 Transfer to retirement allowances to directors and auditors 1,962,000 Amortization of consolidation adjustment account 61,057,000
*2. Details of gain from adjustment to prior period profit or loss Recovery of bad debts formerly written off 2,160,000	―――――	―――――
*3. Gain on sale or retirement of fixed assets Land 324,000	*3. Gain on sale or retirement of fixed assets Land 442,000	*3. Gain on sale or retirement of fixed assets Machinery, equipment and delivery equipment 41,000 Land 324,000 Total 365,000
*4. Loss on sale or retirement of fixed assets. (Loss on sale of fixed assets) Telephone subscription rights 60,000 (Loss on retirement of fixed assets) Rental equipment 5,816,000 Buildings and structures 274,000 Other 2,696,000 Total 8,848,000	*4. Loss on sale or retirement of fixed assets. (Loss on retirement of fixed assets) Rental equipment 14,250,000 Buildings and structures 55,024,000 Machinery, equipment and delivery equipment 3,489,000 Other 735,000 Total 73,499,000	*4. Loss on sale or retirement of fixed assets. (Loss on sale of fixed assets) Buildings and structures 172,000 Telephone subscription rights 2,195,000 (Loss on retirement of fixed assets) Rental equipment 18,215,000 Buildings and structures 44,936,000 Machinery, equipment and delivery equipment 2,913,000 Other 20,429,000 Total 88,863,000

(Notes to the Interim Consolidated Statements of Cash Flows)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Consolidated Fiscal Year (From November 1, 2002 to October 31, 2003)
Relationships between interim period ending balance for cash and equivalents and amounts for items shown on the interim consolidated balance sheet (As of April 30, 2003) Cash and equivalents 18,519,252,000 Term deposits with a maturity longer than 3 months −4,234,000 Items considered to be cash and equivalents 18,515,018,000	Relationships between interim period ending balance for cash and equivalents and amounts for items shown on the interim consolidated balance sheet (As of April 30, 2004) Cash and equivalents 15,149,601,000 Term deposits with a maturity longer than 3 months −8,017,000 Items considered to be cash and equivalents 15,141,584,000	Relationships between fiscal year ending balance for cash and equivalents and amounts for items shown on the fiscal year consolidated balance sheet (As of October 31, 2003) Cash and equivalents 11,928,637,000 Term deposits with a maturity longer than 3 months −8,017,000 Items considered to be cash and equivalents −11,920,620,000

V Business Segment Information

(Segment Information by Type of Business)

Prior interim consolidated accounting period (From November 1, 2002 to April 30, 2003)

(Unit: Yen thousands)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues						
(1) Sales to outside customers	29,238,852	2,777,018	554,507	32,570,378	—	32,570,378
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	29,238,852	2,777,018	554,507	32,570,378	—	32,570,378
Operating expenses	27,397,620	2,808,938	531,460	30,738,018	−72,790	30,665,228
Operating income	1,841,232	−31,919	23,047	1,832,360	72,790	1,905,150

(Notes) 1. Method of business classification

Businesses are classified based on consideration of similarities such as the type of labor and products, the nature of the business and the business markets.

2. Principal products, by business

Business	Principal products
Construction equipment rentals	Construction equipment such as hydraulic shovels, generators, temporary construction materials, construction safety equipment, temporary modular housing units, special rustproof and waterproof shields
Steel sales	Steel bar, sheet steel, steel products such as round bar, steel scrap
Information products and other businesses	Computers and peripheral devices, telecommunications-related equipment, microturbine generators

Interim consolidated accounting period under review (From November 1, 2003 to April 30, 2004)

(Unit: Yen thousands)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues						
(1) Sales to outside customers	28,265,167	2,449,561	241,056	30,955,785	—	30,955,785
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	28,265,167	2,449,561	241,056	30,955,785	—	30,955,785
Operating expenses	26,754,031	2,450,027	249,939	29,453,998	−76,796	29,377,202
Operating income	1,511,135	−465	−8,883	1,501,786	76,796	1,578,582

(Notes) 1. Method of business classification

Businesses are classified based on consideration of similarities such as the type of labor and products, the nature of the business and the business markets.

2. Principal products, by business

Business	Principal products
Construction equipment rentals	Construction equipment such as hydraulic shovels, generators, temporary construction materials, construction safety equipment, temporary modular housing units, special rustproof and waterproof shields
Steel sales	Steel bar, sheet steel, steel products such as round bar, steel scrap
Information products and other businesses	Computers and peripheral devices, telecommunications-related equipment, microturbine generators

Prior consolidated fiscal year (From November 1, 2002 to October 31, 2003)

(Unit: Yen thousands)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues						
(1) Sales to outside customers	56,395,818	6,373,971	916,494	63,686,284	—	63,686,284
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	56,395,818	6,373,971	916,494	63,686,284	—	63,686,284
Operating expenses	54,190,370	6,379,114	891,738	61,461,223	−82,603	61,378,619
Operating income	2,205,447	−5,142	24,755	2,225,061	82,603	2,307,665

(Notes) 1. Method of business classification

Businesses are classified based on consideration of similarities such as the type of labor and products, the nature of the business and the business markets.

2. Principal products, by business

Business	Principal products
Construction equipment rentals	Construction equipment such as hydraulic shovels, generators, temporary construction materials, construction safety equipment, temporary modular housing units, special rustproof and waterproof shields
Steel sales	Steel bar, sheet steel, steel products such as round bar, steel scrap
Information products and other businesses	Computers and peripheral devices, telecommunications-related equipment, microturbine generators

(Segment information by location)

The Company does not report segment information by location because the Company did not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan during the prior interim consolidated accounting period, the interim consolidated accounting period under review and the prior consolidated fiscal year.

(Foreign sales)

The Company did not have any foreign sales during the prior interim consolidated accounting period, the interim consolidated accounting period under review and the prior consolidated fiscal year.

VI Notes for leasing transactions

Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Consolidated Fiscal Year (From November 1, 2002 to October 31, 2003)
1. Finance lease transactions except for leases that transfer ownership of the property to the lessee.	1. Finance lease transactions except for leases that transfer ownership of the property to the lessee.	1. Finance lease transactions except for leases that transfer ownership of the property to the lessee.
(1) Amounts corresponding to lease property acquisition price, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period. Please refer to Annex A	(1) Amounts corresponding to lease property acquisition price, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period. Please refer to Annex B	(1) Amounts corresponding to lease property acquisition price, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period. Please refer to Annex C
(2) Outstanding balance of future lease payments at the end of the interim period Within one year 5,147,197,000 After one year 15,531,164,000 Total 20,678,362,000	(2) Outstanding balance of future lease payments at the end of the interim period Within one year 5,850,363,000 After one year 17,100,732,000 Total 22,951,096,000	(2) Outstanding balance of future lease payments at the end of the fiscal year Within one year 4,927,999,000 After one year 16,287,547,000 Total 21,215,546,000
(3) Amount of lease payments, depreciation expense and interest expense Lease payments 2,900,961,000 Depreciation expense 2,500,307,000 Interest expense 344,756,000	(3) Amount of lease payments, depreciation expense and interest expense Lease payments 3,037,511,000 Depreciation expense 2,881,672,000 Interest expense 435,287,000	(3) Amount of lease payments, depreciation expense and interest expense Lease payments 5,625,507,000 Depreciation expense 5,034,577,000 Interest expense 687,650,000
(4) Accounting method for amount equivalent to depreciation expense Straight-line depreciation using the lease term as the depreciable life and zero residual value.	(4) Accounting method for amount equivalent to depreciation expense Same as at left	(4) Accounting method for amount equivalent to depreciation expense Same as at left
(5) Accounting method for amount equivalent to interest expense Interest method using the difference between total lease payments and the acquisition price of the lease property, allocated to each year.	(5) Accounting method for amount equivalent to interest expense Same as at left	(5) Accounting method for amount equivalent to interest expense Same as at left
2. Operating leases Future lease payments Within one year 1,897,034,000 After one year 3,290,904,000 Total 5,187,939,000	2. Operating leases Future lease payments Within one year 1,614,250,000 After one year 2,266,430,000 Total 3,880,680,000	2. Operating leases Future lease payments Within one year 1,793,079,000 After one year 3,238,604,000 Total 5,031,683,000

Annex A

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	28,813,194	9,031,772	19,781,422
Other assets	646,303	298,238	348,064
Total	29,459,497	9,330,011	20,129,486

Annex B

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	32,550,957	9,080,934	23,470,022
Other assets	419,727	184,038	235,688
Total	32,970,684	9,264,973	23,705,711

Annex C

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	28,088,694	7,343,977	20,744,717
Other assets	555,869	255,092	300,777
Total	28,644,564	7,599,069	21,045,494

VII Notes related to negotiable securities)

Prior interim consolidated accounting period (As of April 30, 2003)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Yen thousands)

	Prior interim consolidated accounting period (As of April 30, 2003)		
	Acquisition price (¥'000)	Amount reported on the interim consolidated balance sheet (¥'000)	Valuation profit or loss (¥'000)
(1) Stock	1,853,447	1,838,480	−14,967
(2) Bonds			
a. Government bonds	−	−	−
b. Corporate bonds	61,945	59,205	−2,740
c. Other	−	−	−
(3) Other negotiable securities	1,191,513	1,055,907	−135,606
Subtotal	3,106,907	2,953,592	−153,314

2. Details of other negotiable securities that do not have a market value

(Unit: Yen thousands)

	Prior interim consolidated accounting period (As of April 30, 2003)
	Amount shown on the interim consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	378,500

Interim consolidated accounting period under review (As of April 30, 2004)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Yen thousands)

	Interim consolidated accounting period under review (As of April 30, 2004)		
	Acquisition price (¥'000)	Amount reported on the interim consolidated balance sheet (¥'000)	Valuation profit or loss (¥'000)
(1) Stock	1,254,727	2,401,043	1,146,315
(2) Bonds			
a. Government bonds	−	−	−
b. Corporate bonds	−	−	−
c. Other	−	−	−
(3) Other negotiable securities	1,075,448	1,009,505	−65,943
Subtotal	2,330,175	3,410,548	1,080,372

2. Details of other negotiable securities that do not have a market value

(Unit: Yen thousands)

	Interim consolidated accounting period under review (As of April 30, 2004)
	Amount shown on the interim consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	369,500

Prior consolidated accounting fiscal year (As of October 31, 2003)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Yen thousands)

	Prior consolidated accounting fiscal year (As of October 31, 2003)		
	Acquisition price (¥'000)	Amount reported on the consolidated balance sheet (¥'000)	Valuation profit or loss (¥'000)
(1) Stock	1,276,232	1,969,058	692,826
(2) Bonds			
a. Government bonds	—	—	—
b. Corporate bonds	56,945	55,093	—1,852
c. Other	—	—	—
(3) Other negotiable securities	1,114,308	1,039,849	—74,459
Subtotal	2,447,485	3,064,000	616,514

2. Details of other negotiable securities that do not have a market value

(Unit: Yen thousands)

	Prior consolidated accounting fiscal year (As of October 31, 2003)
	Amount shown on the consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	383,700

VIII Notes related to Derivative Transactions

Prior consolidated fiscal year interim period (As of April 30, 2003)

Because it applies hedge accounting, the Company had no material items to report.

Consolidated fiscal year interim period under review (As of April 30, 2004)

Because it applies hedge accounting, the Company had no material items to report.

Prior consolidated fiscal year (As of October 31, 2003)

Because it applies hedge accounting, the Company had no material items to report.

(Per share information)

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Consolidated Fiscal Year (From November 1, 2002 to October 31, 2003)
Net assets per share	1,057.29	1,103.77	1,068.25
Net income per share of common stock	25.88	36.75	29.96
Net income per share of common stock after adjustment for potential ordinary shares	23.32	—	27.11

(Note) The basis for calculating consolidated fiscal year earnings per share is as follows.

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2002 to April 30, 2003)	Current Consolidated Fiscal Year Interim Period (From November 1, 2003 to April 30, 2004)	Prior Consolidated Fiscal Year (From November 1, 2002 to October 31, 2003)
Net income (¥,000)	780,845	1,097,547	913,875
Amount not attributed to common stock shareholders (¥ '000)	—	—	14,100
Net income related to common stock (¥ '000)	780,845	1,097,547	899,775
Average number of outstanding shares during the fiscal year	30,175,156	29,868,128	30,030,383
Summary of latent stock not included in the calculation of interim period (fiscal year) earnings per share on a fully diluted basis because it does not have a dilution effect	New stock warrants (stock options) based on the provisions of Article 280-19 of the old Commercial Code	Same as at left	Same as at left