

Fiscal Year ended October 31, 2005

Summary of Company Financial Statements



December 9, 2005

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
 Inquiries **Nobuhito Utatsu**
 Director & Corporate Officer, Division Manager, Accounting Division
 TEL 81-11-209-1600

Please send inquiries in English to takayama@kanamoto.co.jp.

Date of Report to the Board of Directors December 9, 2005
 Interim Dividend System The Company has an interim dividend system
 Regular General Meeting of the Shareholders January 27, 2006
 Has the Company adopted a Unit Stock System? Yes (One unit equals 1,000 shares)

1. Operating Results for the Fiscal Year Ended October 31, 2005

(November 1, 2004–October 31, 2005)

(1) 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	%
Fiscal year ended October 31, 2005	57,202	-3.5	1,526	-17.1	1,960	7.3
Fiscal year ended October 31, 2004	59,274	-2.0	1,842	-21.6	1,827	-25.3

	Net Income	Net Income per Share of Common Stock	Net Income per Share of Common Stock Fully Diluted	Return on Shareholders' Equity	Return on Total Assets	Ordinary Income Margin
	Yen	Yen	Yen	%	%	%
Fiscal year ended October 31, 2005	609 (-48.7)	20.16	-	1.8	2.4	3.4
Fiscal year ended October 31, 2004	1,187 (24.4)	39.50	-	3.7	2.1	3.1

(Notes) 1. Average number of shares outstanding during the fiscal year

Fiscal Year ended October 31, 2005 29,856,334 shares

Fiscal Year ended October 31, 2004 29,865,301 shares

2. Are there any changes in accounting method? No

3. The percentages shown for revenues, operating income, ordinary income and net income are the percent increase or decrease compared to the prior fiscal year

(2) Dividends

	Annual Dividend per Share of Common Stock			Total Dividends (Annual)	Dividend Payout Ratio	Dividends as a Percentage of Shareholders' Equity
	Interim	Year-end				
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended October 31, 2005	18.00	9.00	9.00	537	89.3	1.6
Fiscal year ended October 31, 2004	19.00	9.00	10.00	567	48.1	1.7

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Summary of Company Financial Statements, FY Ended October 31, 2005

(3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended October 31, 2005	79,037	33,903	42.9	1,135.43
Fiscal year ended October 31, 2004	85,469	32,933	38.5	1,102.69

- (Notes) 1. Number of shares issued and outstanding at fiscal year-end
- | | |
|------------------------------------|-------------------|
| Fiscal Year ended October 31, 2005 | 29,853,076 shares |
| Fiscal Year ended October 31, 2004 | 29,859,442 shares |
2. Number of shares of treasury stock at fiscal year-end
- | | |
|------------------------------------|----------------|
| Fiscal year ended October 31, 2005 | 400,165 shares |
| Fiscal year ended October 31, 2004 | 393,799 shares |

2. Projected Operating Results for the Fiscal Year Ending October 31, 2006

(November 1, 2005 - October 31, 2006)

	Revenues	Operating Income	Ordinary Income	Net Income	Annual Dividend per Share of Common Stock		
					Interim	Year-end	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Interim period	29,090	1,270	1,300	480	9.00	-----	-----
Full year	56,760	1,650	1,730	700	-----	9.00	18.00

Reference: Projected net income per share of common stock (Full year) ¥23.45

(Note) 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.

V Company Financial Statements

1. Comparative Balance Sheets

(Unit: Thousands of yen)

Category	Prior Fiscal Year (As of October 31, 2004)		Current Fiscal Year (As of October 31, 2005)		Change from prior year
	Amount	Percent	Amount	Percent	Amount
(A s s e t s)	¥ thousands	%	¥ thousands	%	¥ thousands
Current Assets					
Cash and deposits	10,911,377		13,230,849		2,319,471
Notes receivable, trade	10,889,913		2,583,873		-8,306,040
Accounts receivable, trade	11,067,221		10,665,107		-402,113
Merchandise inventory	284,707		503,335		218,627
Construction equipment	1,556,528		1,207,108		-349,420
Supplies	60,163		58,439		-1,724
Prepaid expenses	219,510		227,935		8,424
Deferred tax assets	229,340		367,932		138,591
Accrued consumption tax	-		28,532		28,532
Loans to affiliated companies	500,000		500,000		-
Other current assets	80,705		293,191		212,485
Allowance for doubtful accounts	-629,663		-1,001,255		-371,592
Total Current Assets	35,169,805	41.1	28,665,048	36.3	-6,504,756
Fixed Assets					
(1) Tangible Fixed Assets					
Rental equipment	9,719,372		9,453,886		-265,485
Buildings	5,731,090		5,344,822		-386,268
Structures	1,000,057		903,297		-96,760
Machinery and equipment	878,585		773,622		-104,963
Vehicles and delivery equipment	2,738		2,338		-400
Tools, furnishings and fixtures	351,469		275,697		-75,771
Land	25,838,381		25,869,082		30,700
Construction in progress	2,793		-		-2,793
Total Tangible Fixed Assets	43,524,490	50.9	42,622,746	53.9	-901,743
(2) Intangible Fixed Assets					
Total Intangible Fixed Assets	226,860	0.3	187,284	0.2	-39,575
(3) Investments and Other					
Investment securities	3,800,470		5,684,987		1,884,517
Stock of affiliated companies	1,037,210		979,307		-57,902
Advances	100,778		7,647		-93,130
Claims in bankruptcy, claims in reorganization and other similar claims	564,006		320,870		-243,135
Long-term prepaid expenses	67,029		49,633		-17,395
Deferred tax assets	1,004,962		479,224		-525,738
Insurance reserve	50,572		55,016		4,444
Other	766,995		787,944		20,949
Allowance for doubtful accounts	-564,006		-321,855		242,150
Reserve for investment losses	-280,000		-480,173		-200,173
Total Investments and Other Assets	6,548,018	7.7	7,562,603	9.6	1,014,584
Total Fixed Assets	50,299,369	58.9	50,372,634	63.7	73,265
Total Assets	85,469,174	100.0	79,037,683	100.0	-6,431,491

(Unit: Thousands of yen)

Category	Period		Current Fiscal Year (As of October 31, 2005)		Change from prior year
	Prior Fiscal Year (As of October 31, 2004)		Amount	Percent	Amount
(Liabilities)	¥ thousands	%	¥ thousands	%	¥ thousands
Current Liabilities					
Notes payable, trade	8,967,156		7,214,389		-1,752,767
Accounts payable, trade	2,838,409		2,425,623		-412,786
Short-term bank loans	10,747,000		10,555,000		-192,000
Accounts payable, other	4,065,427		2,389,330		-1,676,097
Accrued expenses	223,844		227,269		3,425
Corporate taxes payable	362,284		530,934		168,649
Consumption and other taxes payable	148,864		-		-148,864
Accrued bonuses to employees	436,029		448,076		12,047
Equipment notes payable	174,013		133,487		-40,526
Other current liabilities	113,147		158,013		44,866
Total Current Liabilities	28,076,177	32.9	24,082,124	30.5	-3,994,052
Long-term Liabilities					
Long-term bank loans	20,735,000		17,590,000		-3,145,000
Long-term accrued expenses	2,426,551		1,876,971		-549,579
Retirement allowance to directors and auditors	71,542		79,121		7,579
Accrued employees retirement benefits	1,226,848		1,506,210		279,362
Total Long-term Liabilities	24,459,941	28.6	21,052,303	26.6	-3,407,637
Total Liabilities	52,536,118	61.5	45,134,428	57.1	-7,401,690
(Shareholders' Equity)					
Common stock	8,596,737	10.0	8,596,737	10.9	-
II Capital surplus					
Additional paid-in capital	9,720,343		9,720,343		-
Total capital surplus	9,720,343	11.4	9,720,343	12.3	-
III Earned surplus					
Legal earned surplus	1,375,287		1,375,287		-
Voluntary reserves					
General reserve	11,281,684		11,831,684		550,000
Unappropriated retained earnings	1,443,580		928,192		-515,387
Total earned surplus	14,100,552	16.5	14,135,164	17.9	34,612
IV Valuation difference on other negotiable securities	697,897	0.8	1,637,603	2.0	939,706
V Treasury stock	-182,475	-0.2	-186,594	-0.2	-4,118
Total Shareholders' Equity	32,933,055	38.5	33,903,254	42.9	970,199
Total Liabilities and Shareholders' Equity	85,469,174	100.0	79,037,683	100.0	-6,431,491

2. Comparative Statements of Income

(Unit: Thousands of yen)

Category	Period	Prior fiscal year (From November 1, 2003 To October 31, 2004)		Current fiscal year (From November 1, 2004 To October 31, 2005)		Change from prior year
		Amount	Percent	Amount	Percent	Amount
		¥ thousands	%	¥ thousands	%	¥ thousands
Operating revenues		59,274,381	100.0	57,202,641	100.0	-2,071,740
Cost of revenues		45,811,415	77.3	43,789,520	76.5	-2,021,895
Gross profit		13,462,966	22.7	13,413,121	23.5	-49,844
Selling, general and administrative expenses		11,620,779	19.6	11,886,610	20.8	265,830
Operating income		1,842,186	3.1	1,526,510	2.7	-315,675
Non-operating revenues		529,462	0.9	923,943	1.6	394,480
Interest and dividends		77,222		66,775		-10,447
Gain on sale of investment securities		47,261		359,093		311,831
Rents received		176,170		244,052		67,882
Insurance benefits received		28,850		47,709		18,859
Cash bonus received		1,283		-		-1,283
Other		198,673		206,311		7,638
Non-operating expenses		544,146	0.9	489,590	0.9	-54,555
Interest expense		332,619		317,034		-15,584
Other		211,527		172,555		-38,971
Ordinary income		1,827,502	3.1	1,960,863	3.4	133,360
Extraordinary profits		620,226	1.0	69,447	0.1	-550,779
Gain on disposal of fixed assets		8,334		57,433		49,098
Valuation gain on investment enterprise partnership		5,130		10,849		5,719
Gain on return of entrusted portion of corporate Employee Welfare Pension Fund		606,420		-		-606,420
Other		342		1,164		822
Extraordinary losses		204,949	0.3	837,348	1.4	632,398
Loss on sale or disposal fixed assets		94,392		120,158		25,766
Valuation loss on investment securities		41,898		29,589		-12,308
Loss on valuation of affiliated company stock		-		55,000		55,000
Transfer to reserve for investment losses		50,597		200,173		149,576
Transfer to reserve for doubtful accounts for affiliated company stock		-		407,149		407,149
Other		18,062		25,275		7,213
Income before taxes and adjustments		2,242,779	3.8	1,192,962	2.1	-1,049,817
Corporate, local and business taxes		832,790	1.4	833,579	1.4	789
Adjustment for corporate and other taxes		222,880	0.4	-249,835	-0.4	-472,715
Net income		1,187,109	2.0	609,217	1.1	-577,891
Profit carry-forward from prior period		557,483		587,686		30,202
Interim cash dividends		268,785		268,711		-74
Loss on cancellation of affiliated company stock related to merger		32,226		-		-32,226
Unappropriated retained earnings		1,443,580		928,192		-515,387

3. Comparative Appropriation of Retained Earnings

(Unit: Thousands of yen)

Category	Period	Prior Fiscal Year General Meeting of the Shareholders approval date (January 28, 2005)	Current Fiscal Year (proposed) General Meeting of the Shareholders approval date (January 27, 2006)	Change from prior year
		¥ thousands	¥ thousands	¥ thousands
Unappropriated retained earnings		1,443,580	928,192	-515,387
To be appropriated as follows				
Amount of appropriated retained earnings		855,894	295,579	-560,314
(Note) Cash dividends		298,594 (¥10 per share)	268,677 (¥9 per share)	-29,916
Directors bonuses		7,300	7,300	-
(Auditors bonuses)		(1,800)	(1,800)	(-)
Voluntary reserves				
General reserve		550,000	-	-550,000
Reserve for advanced depreciation of fixed assets		-	19,601	19,601
Net income carried forward to the next period		587,686	632,613	44,927

(Notes) 1. The Company paid an interim dividend of ¥268,711,000 (¥9 per share) on July 19, 2005.

2. The shareholder dividend is calculated excluding 400,165 shares of treasury stock.

4. Notes to the Financial Statements

(Significant accounting policies)

Item	Period Prior fiscal year From November 1, 2003 To October 31, 2004	Current fiscal year From November 1, 2004 To October 31, 2005
1. Valuation standards and valuation methods for negotiable securities	<p>Common stock of subsidiaries and affiliated companies The Company has adopted the cost method based upon the moving average method</p> <p>Other negotiable securities Negotiable securities with a market on a securities exchange 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 fiscal year closing date or similar prices</p> <p>Other negotiable securities The Company has adopted the cost method based upon the moving average method</p>	<p>Common stock of subsidiaries and affiliated companies Same as at left</p> <p>Other negotiable securities Same as at left</p>
2. Appraisal standards and appraisal method for construction equipment	<p>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</p>	<p>Construction equipment Same as at left</p>
3. Appraisal standards and appraisal method for merchandise inventories and supplies	<p>Merchandise inventories and supplies (1) Merchandise inventories Lower of cost or market based on the last-in, first-out method (2) Supplies The Latest purchase cost method</p>	<p>Merchandise inventories and supplies (1) Merchandise inventories Same as at left (2) Supplies Same as at left</p>
4. Depreciation method for fixed assets	<p>(1) 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. The depreciable lives mainly used by the Company are as follows. Rental assets 5-10 years Buildings 31-34 years</p>	<p>(1) Tangible fixed assets Same as at left</p>

	<p>(2) 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).</p> <p>(3) Long-term prepaid expenses The Company has adopted straight-line depreciation.</p>	<p>(2) Intangible fixed assets Same as at left</p> <p>(3) Long-term prepaid expenses Same as at left</p>
5. Accounting standards for allowances and reserves	<p>(1) 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.</p> <p>(2) Accrued bonuses to employees To fully provide for expenditures of bonuses the Company will pay to employees, an amount is appropriated to the reserve during the fiscal year based upon a salary estimate amount.</p> <p>(3) Accrued employees retirement benefits The Company provides for accrued employees 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 fiscal year. At the end of each 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 written off in the year incurred. The difference based on an actuarial calculation is charged to income beginning in the 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.</p>	<p>(1) Allowance for doubtful accounts Same as at left</p> <p>(2) Accrued bonuses to employees Same as at left</p> <p>(3) Accrued employees retirement benefits Same as at left</p>

(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 (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 on earnings accompanying this treatment at the end of the consolidated fiscal accounting year under review by booking extraordinary income of ¥606,420,000.

The returned equivalent amount (minimum actuarial liability) measured as of the end of the consolidated accounting fiscal year under review was ¥1,296,434,000.

(4) 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 at the end of the fiscal year proportionately based upon length of service.

(5) Reserve for investment losses

The Company provides for losses from the decline in real prices of assets such as the stock of subsidiary companies that are subject to asset impairment accounting by applying internally established standards that take into consideration subsidiary company operating results and asset quality.

(4) Retirement allowances to directors and auditors

Same as at left

(5) Reserve for investment losses

Same as at left

6. 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
7. Hedge transactions	<p>(1) 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.</p> <p>(2) 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.</p> <p>(3) 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.</p> <p>(4) 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 the 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.</p>	<p>(1) Hedge transactions Same as at left</p> <p>(2) Hedge methods and hedged transactions Same as at left</p> <p>(3) Hedging policies Same as at left</p> <p>(4) Method for evaluating the effectiveness of hedges Same as at left</p>
8. Other significant matters for preparation of the fiscal year financial statements	<p>(1) 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. The suspense accounts for consumption tax receipts and consumption tax payable are included in "other current liabilities" because the financial importance is minimal after the amounts are offset.</p>	<p>(1) Accounting treatment of consumption tax Same as at left</p>

Change in Presentation Method

Prior fiscal year From November 1, 2003 To October 31, 2004	Current fiscal year From November 1, 2004 To October 31, 2005
	<p>(Company Balance Sheets)</p> <p>Following promulgation of the Law to Partially Amend the Securities and Exchange Law Etc. (Law No. 97 of 2004) on June 9, 2004 and its application on December 1, 2004, and the revision of the Practical Guidelines for Accounting for Financial Instruments (Accounting Committee Report No. 14) on February 15, 2005, the Company changed its reporting method to disclose investments in venture capital investment limited partnerships and similar associations (investments regarded as negotiable securities under Article 2 paragraph 2 of the Securities and Exchange Law) as "investment securities" beginning from the fiscal year under review.</p> <p>The amount of a such investments included in investment securities for the fiscal year under review is ¥96,201,000, and the amount of such investments included in "Other" under Investments and Other Assets in the prior fiscal year was ¥92,556,000.</p> <p>(Company Statements of Income)</p> <p>1. The Company has reported cash bonus received (¥2,905,000 for the fiscal year under review), which was reported as a separate category until the prior fiscal year, in "Other" under non-operating revenues because the amount remains less than 10% of total non-operating revenues.</p> <p>2. In prior fiscal years, the Company reported the loss on valuation of affiliated company stock in "Other" under extraordinary losses, but for the fiscal year under review this item is reported separately because the amount exceeded 10% of the total amount of extraordinary losses.</p> <p>The amount of the loss on valuation of affiliated company stock at the end of the prior fiscal year was ¥646,000.</p>

Supplemental Information

Prior fiscal year From November 1, 2003 To October 31, 2004	Current fiscal year From November 1, 2004 To October 31, 2005
	<p>Following promulgation of the Law to Partially Amend the Local Tax Law (Law No. 9 of 2003) on March 31, 2003 and the introduction of a corporate size-based tax system in the corporate fiscal year beginning after April 1, 2004, the Company will report the added value portion and capital portion of corporate taxes in selling, general and administrative expenses from the fiscal year under review in accordance with the Practical Solution on Presentation for Corporate Size-Based Portion of Corporate Business Tax on the Income Statement (Accounting Standards Board of Japan, Corporate Accounting Standards Committee Report No. 12 dated February 13, 2004).</p> <p>As a result, selling, general and administrative expenses increased by ¥75,654,000, and operating income, ordinary income and income before taxes and adjustments decreased by ¥75,654,000.</p>

**5. Notes to the Financial Statements
(Notes to the Balance Sheets)**

Period Category	Prior Fiscal Year (As of October 31, 2004)	Current Fiscal Year (As of October 31, 2005)																						
1. Total accumulated depreciation for tangible fixed assets	38,291,314,000	39,514,952,000																						
2. Guarantees Joint and several guarantees of employee bank loans. Guarantees of borrowed indebtedness of subsidiary companies (Daiichi Kikai Co., Ltd., Assist Co., Ltd., Kanki Corporation) and affiliated company (Active Power Co., Ltd.).	25,669,000 <table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="text-align: center;">Company</th><th style="text-align: center;">Guaranteed Amount</th></tr></thead><tbody><tr><td>Daiichi Kikai Co., Ltd.</td><td style="text-align: right;">210,000,000</td></tr><tr><td>Assist Co., Ltd.</td><td style="text-align: right;">223,183,000</td></tr><tr><td>Kanki Corporation</td><td style="text-align: right;">1,260,000,000</td></tr><tr><td>Active Power Co., Ltd.</td><td style="text-align: right;">269,500,000</td></tr><tr><td style="text-align: center;">Total</td><td style="text-align: right;">1,962,683,000</td></tr></tbody></table>	Company	Guaranteed Amount	Daiichi Kikai Co., Ltd.	210,000,000	Assist Co., Ltd.	223,183,000	Kanki Corporation	1,260,000,000	Active Power Co., Ltd.	269,500,000	Total	1,962,683,000	30,779,000 <table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="text-align: center;">Company</th><th style="text-align: center;">Guaranteed Amount</th></tr></thead><tbody><tr><td>Daiichi Kikai Co., Ltd.</td><td style="text-align: right;">190,000,000</td></tr><tr><td>Assist Co., Ltd.</td><td style="text-align: right;">85,187,000</td></tr><tr><td>Kanki Corporation</td><td style="text-align: right;">1,134,000,000</td></tr><tr><td style="text-align: center;">Total</td><td style="text-align: right;">1,409,187,000</td></tr></tbody></table>	Company	Guaranteed Amount	Daiichi Kikai Co., Ltd.	190,000,000	Assist Co., Ltd.	85,187,000	Kanki Corporation	1,134,000,000	Total	1,409,187,000
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Assist Co., Ltd.	85,187,000																							
Kanki Corporation	1,134,000,000																							
Total	1,409,187,000																							
3. Notes and bills maturing at the end of the fiscal year	Notes and bills maturing on the last day of the fiscal year are settled and processed on the note and bill clearing date. Because the last day of the Company's fiscal year was a financial institution holiday, notes and bills maturing on the final day of the following fiscal year are included in the fiscal year-end balance. Notes receivable 766,154,000 Bills receivable 900,142,000																							
4. Common stock	Shares issued Common stock 66,000,000 shares Number of shares outstanding Common stock 30,253,241 shares	Shares issued Common stock 66,000,000 shares Number of shares outstanding Common stock 30,253,241 shares																						
5. Treasury stock	Common stock 393,799 shares	Common stock 400,165 shares																						
6. Reduction to book value Amounts for assets acquired for which accumulated book values were reduced by government subsidies Machinery and equipment Land Total	¥5,044,000 ¥3,569,000 <hr/> ¥8,613,000	¥5,044,000 ¥3,569,000 <hr/> ¥8,613,000																						
7. Limitation on dividends	The amount of the increase in net assets from applying a market price to assets as provided by Article 124 paragraph 3 of the Commercial Code Enforcement Regulations is ¥697,897,000.	The amount of the increase in net assets from applying a market price to assets as by provided Article 124 paragraph 3 of the Commercial Code Enforcement Regulations is ¥1,637,603,000.																						
8. Liquidation of receivables based on receivables transfer facility		The Company liquidates receivables based on a receivables transfer facility. Notes receivable, ¥5,348,993,000 trade Liquidated claims bearing a right of recourse to the Company and included in the balance of notes receivable, trade transferred total ¥1,152,352,000.																						

(Notes to the Statements of Income)

Period Category	Prior fiscal year (From November 1, 2003 To October 31, 2004)	Current fiscal year (From November 1, 2004 To October 31, 2005)
1. Transactions with affiliates	Seconded employees Salaries ¥75,636,000 Rent receipts ¥67,141,000	Seconded employees Salaries ¥105,532,000 Rent receipts ¥154,325,000
2. Loss on sale or retirement of fixed assets	(Loss on sale of fixed assets) Land ¥309,000 Machinery and equipment ¥32,000 Vehicle transport equipment ¥51,000 (Loss on retirement of fixed assets) Rental equipment ¥20,404,000 Buildings ¥26,476,000 Structures ¥40,233,000 Machinery and equipment ¥5,746,000 Tools, furnishings and fixtures ¥473,000 Other ¥ 665,000 Total ¥94,392,000	(Loss on sale of fixed assets) Land ¥1,915,000 Machinery and equipment ¥605,000 Buildings ¥58,008,000 Tools, furnishings and fixtures ¥53,000 Structures ¥108,000 (Loss on retirement of fixed assets) Rental equipment ¥23,585,000 Buildings ¥1,047,000 Structures ¥2,213,000 Machinery and equipment ¥1,651,000 Tools, furnishings and fixtures ¥1,502,000 Vehicle transport equipment ¥24,000 Other ¥29,442,000 Total ¥120,158,000

(Notes to Leasing Transactions)

Prior fiscal year (From November 1, 2003 To October 31, 2004)				Current fiscal year (From November 1, 2004 To October 31, 2005)			
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				(1) Amounts corresponding to lease property acquisition price, accumulated depreciation and outstanding balances at the end of the fiscal year			
	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)		Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	31,262,997	10,026,592	21,236,404	Rental assets	34,441,263	13,278,651	21,162,612
Other assets	416,266	214,161	202,104	Other assets	307,584	174,410	133,173
Total	31,679,264	10,240,754	21,438,509	Total	34,748,848	13,453,062	21,295,785
(2) Outstanding balance of future lease payments at the end of the fiscal year				(2) Outstanding balance of future lease payments at the end of the fiscal year			
	Within one year	¥5,242,607,000			Within one year	¥5,326,336,000	
	After one year	¥15,577,358,000			After one year	¥15,327,278,000	
	Total	¥20,819,966,000			Total	¥20,653,615,000	
(3) Amount of lease payments, depreciation expense and interest expense				(3) Amount of lease payments, depreciation expense and interest expense			
	Lease payments	¥5,721,008,000			Lease payments	¥6,030,861,000	
	Depreciation expense	¥5,369,497,000			Depreciation expense	¥5,475,320,000	
	Interest expense	¥754,622,000			Interest expense	¥709,565,000	
(4) Accounting method for amount equivalent to depreciation expense				(4) Accounting method for amount equivalent to depreciation expense			
Straight-line depreciation using the lease term as the depreciable life and zero residual value.				Same as at left			
(5) Accounting method for amount equivalent to interest expense				(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.				Same as at left			
2. Operating leases				2. Operating leases			
	Future lease payments				Future lease payments		
	Within one year	¥1,813,177,000			Within one year	¥1,476,233,000	
	After one year	¥3,434,039,000			After one year	¥3,376,419,000	
	Total	¥5,247,217,000			Total	¥4,852,653,000	

(Negotiable Securities)

For the prior fiscal year (as of October 31, 2004) and the current fiscal year (as of October 31, 2005), the stock of the Company's subsidiary companies and affiliated companies did not have a market price.

(Notes Related to Tax Effect Accounting)

Prior fiscal year (From November 1, 2003 To October 31, 2004)	Current fiscal year (From November 1, 2004 To October 31, 2005)
<p>1. Major factors creating deferred tax assets and deferred tax liabilities</p> <p>Amount in excess of limit for inclusion</p> <p>Disallowance of deferred business taxes ¥259,935,000</p> <p>Excess accrued employees retirement benefit ¥24,011,000</p> <p>Amount in excess of limit for inclusion ¥495,646,000</p> <p>Excess accrued employees retirement benefit ¥28,902,000</p> <p>Disallowance of excess depreciation ¥176,155,000</p> <p>Disallowance of reserve for investment losses ¥359,951,000</p> <p>Other ¥113,120,000</p> <p>Total deferred tax assets <u>¥249,651,000</u></p> <p>Disallowance of excess depreciation ¥1,707,374,000</p> <p>Deferred tax liability</p> <p>Valuation difference on negotiable securities ¥473,071,000</p> <p>Net deferred tax assets <u>¥1,234,303,000</u></p> <p>Disclosure classifications:</p> <p>Current assets</p> <p>Property and equipment ¥1,004,962,000</p>	<p>1. Major factors creating deferred tax assets and deferred tax liabilities</p> <p>Amount in excess of limit for inclusion</p> <p>Disallowance of deferred business taxes ¥203,734,000</p> <p>Excess accrued employees retirement benefit ¥52,019,000</p> <p>Amount in excess of limit for inclusion ¥599,817,000</p> <p>Excess accrued employees retirement benefit ¥31,964,000</p> <p>Disallowance of excess depreciation ¥181,022,000</p> <p>Disallowance of reserve for investment losses ¥311,670,000</p> <p>Other ¥193,990,000</p> <p>Total deferred tax assets <u>¥382,989,000</u></p> <p>Disallowance of excess depreciation ¥1,957,210,000</p> <p>Deferred tax liability</p> <p>Valuation difference on negotiable securities ¥1,110,053,000</p> <p>Net deferred tax assets <u>¥847,156,000</u></p> <p>Disclosure classifications:</p> <p>Current assets</p> <p>Property and equipment ¥479,224,000</p>
<p>2. Causes of principal differences between the statutory tax rate and burden ratio for corporate and other taxes following application of tax effect accounting by major category.</p> <p>Statutory corporate tax rate 41.7%</p> <p>(Adjustment)</p> <p>Local tax equalization 3.8%</p> <p>Items not included permanently in losses such as expense account 3.4%</p> <p>Effect of change in statutory corporate tax rate 0.3%</p> <p>Other -2.1%</p> <p>Burden ratio for corporate and other taxes after application of tax effect accounting <u>47.1%</u></p>	<p>2. Causes of principal differences between the statutory tax rate and burden ratio for corporate and other taxes following application of tax effect accounting by major category.</p> <p>Statutory corporate tax rate 40.4%</p> <p>(Adjustment)</p> <p>Local tax equalization 7.3%</p> <p>Items not included permanently in losses such as expense account 2.5%</p> <p>Reversal of corporate taxes payable from past fiscal years -3.4%</p> <p>Burden ratio for corporate and other taxes after application of tax effect accounting <u>46.8%</u></p>

(Per Share Information)

Category \ Period	Prior fiscal year (From November 1, 2003 To October 31, 2004)	Current fiscal year (From November 1, 2004 To October 31, 2005)
Net assets per share	¥1,102.69	¥1,135.43
Net income per share of common stock	¥39.50	¥20.16
Net income per share of common stock after adjustment for potential ordinary shares	-	-
	The Company has not reported net income per share of common stock after adjustment for potential ordinary shares because it does not have any potential shares that would have a dilution effect.	The Company has not reported net income per share of common stock after adjustment for potential ordinary shares because it does not have any potential shares that would have a dilution effect.

Note: The basis for calculating net income per share and net income per share on a fully diluted basis is provided below.

(Unit: Thousands of yen)

Category \ Period	Prior fiscal year (From November 1, 2003 To October 31, 2004)	Current fiscal year (From November 1, 2004 To October 31, 2005)
Net income per share		
Fiscal year net income	1,187,109	609,217
Amount not attributable to major shareholders	7,300	7,300
Fiscal year net income related to common stock	1,179,809	601,917
Average number of shares outstanding during the fiscal year	29,865,301	29,856,334
Net income per share on a fully diluted basis		
Fiscal year net income adjustment	-	-
(Interest expense [Tax equivalent deduction amount])	-	-
Change in number of shares of common stock (shares)	-	-
(Convertible bonds)	-	-
Summary of latent common stock not included in the calculation of net income per share on a fully diluted basis because it will not have a dilution effect	Common stock subscription rights based on the provisions of Article 280-19 of the old Commercial Code (Stock Options)	

(Material events after the close of the consolidated fiscal year)

The Company had no material items to report.

VI Changes to Directors and Auditors

1. Changes to Representative Directors

Retiring representative directors

Name	New position	Current position
Hidemitsu Washida	Director and Advisor	Executive Vice President, Manager in Charge of Operations Control Headquarters

2. Changes to Directors

(1) Candidates for new appointments as director

Name	New position	Current position
Masakazu Hirata	Director and Corporate Officer Deputy Division Manager, Construction Equipment Rental Division Division Manager, Used Products Sales Division Manager, Quality Assurance Department	Corporate Officer Deputy Division Manager, Construction Equipment Rental Division Division Manager, Used Products Sales Division Manager, Quality Assurance Department
Keiichi Kitakata	Director and Corporate Officer Division Manager, Research & Investment Division Division Manager, Information Products Rental Division	Corporate Officer Division Manager, Research & Investment Division

(2) Candidates for new appointments as Corporate Officer

Name	New position	Current position
Manabu Nagasaki	Corporate Officer Regional Manager, Tohoku Region Construction Equipment Rental Division	Regional Manager, Tohoku Region Construction Equipment Rental Division

(3) Retiring directors

Name	Current position
Hideki Nomiya	Corporate Officer Business Coordination Headquarters Manager in Charge of Steel Sales Division