

Fiscal Year ending October 31, 2006

Summary of Company Interim Financial Statements



June 9, 2006

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 June 9, 2006
 Interim Dividend System The Company has an interim dividend system
 Interim Dividend Payment Date July 18, 2006
 Has the Company adopted a Unit Stock System? Yes (1 unit equals 1,000 shares)

1 . Operating Results for the Interim Period ended April 30, 2006 (November 1, 2005–April 30, 2006)

(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	%
Six months ended April 30, 2006	30,764	5.8	2,496	113.4	2,569	109.6
Six months ended April 30, 2005	29,080	- 2.2	1,169	-12.8	1,225	-8.0
Fiscal year ended October 31, 2005	57,202		1,526		1,960	

	Net Income		Net Income per Share of Common Stock	Net Income per Share of Common Stock Fully Diluted
	Millions of yen	%	Yen	Yen
Six months ended April 30, 2006	955	58.6	31.99	-
Six months ended April 30, 2005	602	-39.4	20.16	-
Fiscal year ended October 31, 2005	609		20.16	-

Notes 1. Average number of shares outstanding during the period

Six months ended April 30, 2006 29,849,847 shares

Six months ended April 30, 2005 29,857,851 shares

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

2. Are there any changes in accounting method? Yes

3. 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) Dividends

	Interim Dividend per Share of Common Stock	Annual Dividend per Share of Common Stock
	Yen	Yen
Six months ended April 30, 2006	9.00	
Six months ended April 30, 2005	9.00	
Fiscal year ended October 31, 2005		18.00

(3) 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, 2006	83,358	35,605	42.7	1,192.95
Six months ended April 30, 2005	81,655	33,416	40.9	1,119.22
Fiscal year ended October 31, 2005	79,037	33,903	42.9	1,135.43

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

Six months ended April 30, 2006 29,846,932 shares

Six months ended April 30, 2005 29,856,811 shares

Fiscal year ended October 31, 2005 29,853,076 shares

2. Number of shares of treasury stock at end of period

Six months ended April 30, 2006 406,309 shares

Six months ended April 30, 2005 396,430 shares

Fiscal year ended October 31, 2005 400,165 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	
					Year-end	
Full year	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
	59,600	3,330	3,430	1,310	9.00	18.00

Reference: Projected net income per share of common stock (Full year) ¥43.89

*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.

IX Company Financial Statements

1. Comparative Balance Sheets

(Unit: Thousands of yen)

Category	Period	End of Prior Fiscal Year Interim Period (As of April 30, 2005)		End of Current Fiscal Year Interim Period (As of April 30, 2006)		Prior Fiscal Year Summary Balance Sheet (As of October 31, 2005)	
		Amount	Percent	Amount	Percent	Amount	Percent
(Assets)							
Current Assets							
Cash and deposits		17,732,891		20,185,604		13,230,849	
Notes receivable, trade	*1	2,317,748		2,339,487		2,583,873	
Accounts receivable, trade		8,687,044		9,328,574		10,665,107	
Inventory		346,111		343,948		311,947	
Other current assets		2,764,063		1,811,191		2,874,525	
Allowance for doubtful accounts		- 573,665		- 534,302		- 1,001,255	
Total Current Assets		31,274,193	38.3	33,474,504	40.2	28,665,048	36.3
Fixed Assets							
(1) Tangible Fixed Assets *2							
Rental equipment		9,980,521		8,891,692		9,453,886	
Buildings and structures		5,542,979		5,200,752		5,344,822	
Land	*4	25,788,514		25,520,058		25,869,082	
Other tangible fixed assets	*4	2,187,840		1,852,404		1,954,956	
Total Tangible Fixed Assets		43,499,856		41,464,908		42,622,746	
(2) Intangible Fixed Assets		208,273		165,321		187,284	
(3) Investments and Other Assets							
Investment securities		4,196,108		6,487,262		5,684,987	
Other assets		3,363,991		2,773,017		2,679,645	
Allowance for doubtful accounts		- 606,832		- 526,201		- 321,855	
Reserve for investment losses		- 280,000		- 480,173		- 480,173	
Total Investments and Other Assets		6,673,267		8,253,904		7,562,603	
Total Fixed Assets		50,381,396	61.7	49,884,133	59.8	50,372,634	63.7
Total Assets		81,655,589	100.0	83,358,638	100.0	79,037,683	100.0

(Unit: Thousands of yen)

Category	Period	End of Prior Fiscal Year Interim Period (As of April 30, 2005)		End of Current Fiscal Year Interim Period (As of April 30, 2006)		Prior Fiscal Year Summary Balance Sheet (As of October 31, 2005)	
		Amount	Percent	Amount	Percent	Amount	Percent
(Liabilities)							
Current Liabilities							
Notes payable, trade	*1,5	9,313,631		9,573,536		7,214,389	
Accounts payable, trade	*5	1,930,210		2,314,041		2,425,623	
Short-term bank loans		10,324,000		10,415,000		10,555,000	
Accounts payable, other		3,249,439		2,495,925		2,389,330	
Corporate taxes payable		646,600		1,068,767		530,934	
Accrued bonuses to employees		466,202		489,431		448,076	
Accrued bonuses to directors and auditors		-		2,750		-	
Equipment notes payable		231,998		265,073		133,487	
Other current liabilities		502,749		1,038,789		385,282	
Total Current Liabilities		26,664,832	32.7	27,663,314	33.2	24,082,124	30.5
Long-term Liabilities							
Long-term bank loans		18,040,000		16,555,000		17,590,000	
Long-term accrued expenses		2,125,996		1,744,805		1,876,971	
Long-term deferred tax liability		-		118,773		-	
Accrued employees retirement benefits		1,315,092		1,567,178		1,506,210	
Retirement allowance to directors and auditors		93,236		103,657		79,121	
Total Long-term Liabilities		21,574,325	26.4	20,089,414	24.1	21,052,303	26.6
Total Liabilities		48,239,158	59.1	47,752,729	57.3	45,134,428	57.1
(Shareholders' Equity)							
Common stock		8,596,737	10.5	8,596,737	10.3	8,596,737	10.9
Capital surplus							
Additional paid-in capital		9,720,343		9,720,343		9,720,343	
Total capital surplus		9,720,343	11.9	9,720,343	11.6	9,720,343	12.3
Earned surplus							
Legal earned surplus		1,375,287		1,375,287		1,375,287	
General reserve		11,831,684		11,851,286		11,831,684	
Reserve for advanced depreciation of fixed assets		-		19,601		-	
General reserve		11,831,684		11,831,684		11,831,684	
Unappropriated retained earnings (interim period)		1,189,722		1,587,646		928,192	
Total earned surplus		14,396,694	17.6	14,814,220	17.8	14,135,164	17.9
Valuation difference on other negotiable		886,693	1.1	2,666,072	3.2	1,637,603	2.0
Treasury stock		-184,036	-0.2	-191,464	-0.2	-186,594	-0.2
Total Shareholders' Equity		33,416,431	40.9	35,605,909	42.7	33,903,254	42.9
Total Liabilities and Shareholders' Equity		81,655,589	100.0	83,358,638	100.0	79,037,683	100.0

2. Comparative Statements of Income

(Unit: Thousands of yen)

Category	Period	Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)		Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)		Prior Fiscal Year Summary Statement of Income (From November 1, 2004 to October 31, 2005)	
		Amount	Percent	Amount	Percent	Amount	Percent
Operating revenues		29,080,330	100.0	30,764,168	100.0	57,202,641	100.0
Cost of revenues		21,963,898	75.5	22,230,983	72.3	43,789,520	76.5
Gross profit		7,116,431	24.5	8,533,184	27.7	13,413,121	23.5
Selling, general and administrative		5,946,705	20.5	6,037,131	19.6	11,886,610	20.8
Operating income		1,169,725	4.0	2,496,053	8.1	1,526,510	2.7
Non-operating revenues	*2	283,977	1.0	296,539	1.0	923,943	1.6
Non-operating expenses	*3	227,981	0.8	223,512	0.7	489,590	0.9
Ordinary income		1,225,721	4.2	2,569,079	8.4	1,960,863	3.4
Extraordinary profits		107,312	0.4	4,743	0.0	69,447	0.1
Extraordinary losses	*4,5	246,400	0.9	621,880	2.0	837,348	1.4
Income before taxes and adjustments		1,086,633	3.7	1,951,942	6.4	1,192,962	2.1
Corporate, local and business taxes		571,986	2.0	1,032,592	3.4	833,579	1.4
Adjustment for corporate and other		- 87,388	-0.3	-35,683	-0.1	- 249,835	-0.4
Net income		602,035	2.0	955,033	3.1	609,217	1.1
Profit carry-forward from prior period		587,686		632,613		587,686	
Cash dividends		-		-		268,711	
Unappropriated retained earnings		1,189,722		1,587,646		928,192	

3. Notes to the Interim Financial Statements and Significant Accounting Policies

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Prior Fiscal Year Summary Statement of Income (From November 1, 2004 to October 31, 2005)
1. Valuation standards and valuation methods for assets	<p>(1) Negotiable securities</p> <p>Common stock of subsidiaries and affiliated companies</p> <p>The Company has adopted the cost method based upon the moving average method</p> <p>Other negotiable securities</p> <p>Negotiable securities with a market on a securities exchange</p> <p>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 interim period closing date or similar prices</p> <p>Other negotiable securities</p> <p>The Company has adopted the cost method based upon the moving average method</p> <p>(2) Construction equipment</p> <p>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>(3) Merchandise inventories and supplies</p> <p>Merchandise inventory</p> <p>Lower of cost or market based on the last-in, first-out method</p> <p>Supplies</p> <p>The Latest purchase cost method</p>	<p>(1) Negotiable securities</p> <p>Common stock of subsidiaries and affiliated companies</p> <p>Same as at left</p> <p>Other negotiable securities</p> <p>Negotiable securities with a market on a securities exchange</p> <p>Same as at left</p> <p>Other negotiable securities</p> <p>Same as at left</p> <p>(2) Construction equipment</p> <p>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>(3) Merchandise inventories and supplies</p> <p>Merchandise inventory</p> <p>Same as at left</p> <p>Supplies</p> <p>Same as at left</p>	<p>(1) Negotiable securities</p> <p>Common stock of subsidiaries and affiliated companies</p> <p>Same as at left</p> <p>Other negotiable securities</p> <p>Negotiable securities with a market on a securities exchange</p> <p>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 accounting period closing date or similar prices</p> <p>Other negotiable securities</p> <p>Same as at left</p> <p>(2) Construction equipment</p> <p>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>(3) Merchandise inventories and supplies</p> <p>Merchandise inventory</p> <p>Same as at left</p> <p>Supplies</p> <p>Same as at left</p>

<p>2. Depreciation method for fixed assets</p>	<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>(2) Intangible fixed assets The Company has adopted the declining-balance method. 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>(1) Tangible fixed assets Same as at left</p> <p>(2) Intangible fixed assets Same as at left</p> <p>(3) Long-term prepaid expenses Same as at left</p>	<p>(1) Tangible fixed assets Same as at left</p> <p>(2) Intangible fixed assets Same as at left</p> <p>(3) Long-term prepaid expenses Same as at left</p>
<p>3. Accounting standards for allowances and reserves</p>	<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 interim period based upon a salary estimate amount.</p>	<p>(1) Allowance for doubtful accounts Same as at left</p> <p>(2) Accrued bonuses to employees Same as at left</p>	<p>(1) Allowance for doubtful accounts Same as at left</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>

(3) Accrued bonuses to directors and auditors

The Company provides for accrued directors and auditors' bonuses. At the end of the interim period, the Company accrued an amount to provide for the liability recognized during the period.

(Supplemental information)

In the past, the Company accounted for directors and auditors' bonuses as a decrease in unappropriated retained earnings, based on the Proposal for Appropriation of Retained Earnings approved at the General Meeting of the Shareholders. Beginning from this interim period, however, the Company will accrue an amount to provide for the liability recognized as having occurred during the period, based on the Practical Solution on Tentative Treatments of Accounting for Directors' Bonuses (Accounting Standards Board of Japan, Theme Advisory Committee Recommendation No. 13 dated March 9, 2004). As a result, operating income, ordinary income and income before taxes and adjustments were ¥2,750,000 less than they otherwise would have been had the accounting standards used in past periods been applied.

(4) 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 interim period, 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.

(5) 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 interim period proportionately based upon length of service.

(4) Accrued employees retirement benefits

Same as at left

(5) Retirement allowances to directors and auditors

Same as at left

(4) Accrued employees retirement benefits

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 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.

(5) 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.

	<p>(6) Reserve for investment losses</p> <p>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.</p>	<p>(6) Reserve for investment losses</p> <p>Same as at left</p>	<p>(6) Reserve for investment losses</p> <p>Same as at left</p>
4. Lease transactions	<p>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.</p>	<p>Same as at left</p>	<p>Same as at left</p>
5. Hedge transactions	<p>(1) Hedge transactions</p> <p>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</p> <p>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</p> <p>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>(1) Hedge transactions</p> <p>Same as at left</p> <p>(2) Hedge methods and hedged transactions</p> <p>Same as at left</p> <p>(3) Hedging policies</p> <p>Same as at left</p>	<p>(1) Hedge transactions</p> <p>Same as at left</p> <p>(2) Hedge methods and hedged transactions</p> <p>Same as at left</p> <p>(3) Hedging policies</p> <p>Same as at left</p>

	<p>(4) Method for evaluating the effectiveness of hedges</p> <p>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.</p>	<p>(4) Method for evaluating the effectiveness of hedges</p> <p>Same as at left</p>	<p>(4) Method for evaluating the effectiveness of hedges</p> <p>Same as at left</p>
<p>6. Other significant matters for preparation of the interim period (fiscal year) financial statements</p>	<p>Accounting treatment of consumption tax</p> <p>Consumption tax is taken out of all Statement of Income items and Balance Sheet items, except mainly for receivables and payables.</p> <p>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>Accounting treatment of consumption tax</p> <p>Same as at left</p>	<p>Accounting treatment of consumption tax</p> <p>Same as at left</p>

Changes in Important Matters Used as the Basis for Preparation of the Interim Financial Statements

Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Prior Fiscal Year Summary Statement of Income (From November 1, 2004 to October 31, 2005)
	<p>(Accounting Standard for Impairment of Fixed Assets)</p> <p>Beginning from the interim period of the non-consolidated accounting period, the Company has adopted the Accounting Standard for Impairment of Fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (Business Accounting Council, August 8, 2002) and "Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets" (Accounting Standards Board of Japan, October 31, 2003, Financial Accounting Standard Implementation Guidance No. 6).</p> <p>As a result, interim period income before taxes and adjustments was ¥594,568,000 lower than it would have been had the accounting standards used in previous periods been applied.</p> <p>The total amount of the impairment loss is deducted directly from the balance for each asset based on the revised interim financial statements standards and other rules.</p>	

Change in Reporting Method

Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)
<p>(Interim Balance Sheet)</p> <p>1. "Investment securities" were included in Investments and Other Assets until the prior fiscal year interim period, but have been disclosed separately at the end of the current fiscal year interim period because they exceeded 5% of total assets.</p> <p>The amount of "Investment securities" at the end of the prior fiscal year interim period was ¥3,743,612,000.</p> <p>2. Following promulgation of The Law to Revise Parts of the Securities and Exchange Law (Law No. 97 of 2004) on June 9, 2004 and its enforcement on December 1, 2004 and revision of the Practical Guidelines Concerning Accounting for Financial Instruments (The Japanese Institute of Certified Public Accountants, Accounting Committee Report No. 14) dated February 15, 2005, the Company changed its method for reporting limited partnerships for investment and investments in associations similar to such partnerships (instruments regarded as negotiable securities under the provisions of Article 2 paragraph 2 of the Securities and Exchange Law) to show them as "investment securities" beginning from the current fiscal year interim period.</p> <p>The amount of such investments included in "Investment securities" for the interim accounting period under review is ¥93,642,000, and the amount of such investments included in "Other" in Investments and other assets in the prior fiscal year interim period is ¥88,290,000.</p>	<p style="text-align: center;">-----</p>

Notes to the Interim Period Balance Sheets

Period Item	Prior Fiscal Year Interim Period (As of April 30, 2005)	Current Fiscal Year Interim Period (As of April 30, 2006)	Prior Fiscal Year (As of October 31, 2005)																																
*1. Notes and bills maturing at the end of the (interim period) fiscal year	Notes and bills maturing on the last day of the interim period are settled and processed on the note and bill clearing date. Because the last day of the Company's current fiscal year interim accounting period was a financial institution holiday, notes and bills maturing on the final day of the following interim period are included in the fiscal year interim accounting period balance. Notes receivable, 42,930,000 trade Notes payable, trade 1,330,120,000	Notes and bills maturing on the last day of the interim period are settled and processed on the note and bill clearing date. Because the last day of the Company's current fiscal year interim accounting period was a financial institution holiday, notes and bills maturing on the final day of the following interim period are included in the fiscal year interim accounting period balance. Notes receivable, 28,656,000 trade Notes payable, 1,333,786,000 trade	-----																																
*2. Total accumulated depreciation for tangible fixed assets	38,769,434,000	38,381,436,000	39,514,952,000																																
*3. Contingent liabilities Joint and several guarantee of employee bank loans Guarantees of borrowed indebtedness of subsidiary companies (Daiichi Kikai Co., Ltd., Assist Co., Ltd., Kanki Corporation) and Non-consolidated subsidiary company (Flowtechno Corporation)	31,294,000	31,159,000	30,779,000																																
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*5. Affiliated companies	-----	-----	<p>The Company had the following liabilities in addition to liabilities to affiliated companies separately classified elsewhere.</p> <p>Current liabilities</p> <p>Notes and Accounts payable, trade. ¥804,369,000</p>
6. Contingent liabilities	<p>The Company liquidates bill receivables based on notes receivables transfer program.</p> <p>Notes receivable, trade. ¥8,324,410,000</p> <p>The amount of notes receivable, trade with a right of recourse to the Company included in balance of notes receivable, trade is ¥1,337,614,000.</p>	<p>The Company liquidates bill receivables based on notes receivables transfer program.</p> <p>Notes receivable, trade. ¥7,921,742,000</p> <p>The amount of notes receivable, trade with a right of recourse to the Company included in balance of notes receivable, trade is ¥1,665,477,000.</p>	<p>The Company liquidates bill receivables based on notes receivables transfer program.</p> <p>Notes receivable, trade. ¥5,348,993,000</p> <p>The amount of notes receivable, trade with a right of recourse to the Company included in balance of notes receivable, trade is ¥1,152,352,000.</p>

Notes to the Interim Period Statements of Income

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Prior Fiscal Year (From November 1, 2004 to October 31, 2005)
*1. Transactions with affiliates			
Secoded employees' salaries	50,482,000	59,005,000	105,532,000
Rent receipts	76,928,000	83,065,000	154,325,000
*2. Principal items included in non- operating revenues			
Interest received	4,212,000	3,632,000	8,402,000
Gain on sale of investment securities	17,807,000	17,799,000	359,093,000
Rents received	121,507,000	126,804,000	244,052,000
Insurance benefits	16,601,000	22,934,000	47,709,000
Cash bonus received	888,000	-	-
*3. Principal items included in non- operating expenses			
Interest expense	158,531,000	151,547,000	317,034,000
*4. Principal items included in extraordinary profits			
Gain on return of entrusted portion of welfare pension fund	192,465,000	-	407,149,000
I m p a i r m e n t l o s s	-	594,568,000	-
*5. I m p a i r m e n t l o s s	-----	In the interim accounting period, the Company incurred an impairment loss on the following asset groups.	-----

Location	Use	Asset
Muroran, Hokkaido and 5 other locations	Dormant asset	Land

Asset groupings used by the Company to apply asset impairment accounting are based on the smallest unit for which profitability can be determined regularly. Specifically, dormant assets are grouped using the assets for each property.

For certain dormant assets for which the asset value was less than book value, the Company reduced book value to its recoverable value, and accounted for the reduction as an impairment loss (¥594,568,000) under extraordinary losses. This ¥594,568,000 was for land. Furthermore, the recoverable value for this asset group is measured according to net sales price, and the land is evaluated using the inheritance tax assessment value based on the land tax assessment value or other amount as a base.

6. Depreciation and amortization			
Tangible fixed assets	2,096,491,000	2,005,765,000	4,541,985,000
Intangible fixed assets	27,596,000	27,250,000	55,164,000

Lease Transactions

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Prior Fiscal Year Summary Statement of Income (From November 1, 2004 to October 31, 2005)
1. For finance lease transactions except leases that transfer ownership of the property to the lessee	1. Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balance at the end of the interim period	1. Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balance at the end of the interim period	1. Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balance at the end of the fiscal year accounting period
	Please refer to Annex A	Please refer to Annex B	Please refer to Annex C
	2. Outstanding balance of future lease payments at the end of the interim period	2. Outstanding balance of future lease payments at the end of the interim period	2. Outstanding balance of future lease payments at the end of the fiscal year
	¥'000	¥'000	¥'000
	Within one year 5,367,170, 000	Within one year 5,658,334, 000	Within one year 5,326,336, 000
	After one year 15,941,251, 000	After one year 13,535,224, 000	After one year 15,327,278, 000
	Total 21,308,422, 000	Total 19,193,559, 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	3. Amount of lease payments, depreciation expense and interest expense
	¥'000	¥'000	¥'000
	Lease payments 3,198,490, 000	Lease payments 2,858,233, 000	Lease payments 6,030,861, 000
Depreciation expense 2,923,044, 000	Depreciation expense 2,613,688, 000	Depreciation expense 5,475,320, 000	
Interest expense 393,624, 000	Interest expense 319,360, 000	Interest expense 709,565, 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 equally 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	Future lease payments	Future lease payments
	Within one year 1,612,110, 000	Within one year 1,681,931, 000	Within one year 1,476,233, 000
	After one year 3,538,018, 000	After one year 4,213,379, 000	After one year 3,376,419, 000
	Total 5,150,129, 000	Total 5,895,311, 000	Total 4,852,653, 000

Annex A

	Acquisition price (¥ '000)	Accumulated depreciation (¥ '000)	Outstanding balance (¥ '000)
Rental assets	33,216,539	11,773,455	21,443,084
Other assets	364,877	199,124	165,752
Total	33,581,417	11,972,580	21,608,837

Annex B

	Acquisition price (¥ '000)	Accumulated depreciation (¥ '000)	Outstanding balance (¥ '000)
Rental assets	33,840,891	14,313,360	19,527,530
Other assets	290,462	176,091	114,370
Total	34,131,353	14,489,452	19,641,901

Annex C

	Acquisition price (¥ '000)	Accumulated depreciation (¥ '000)	Outstanding balance (¥ '000)
Rental assets	34,441,263	13,278,651	21,162,612
Other assets	307,584	174,410	133,173
Total	34,748,848	13,453,062	21,295,785

(Negotiable Securities)

The stock of the Company's subsidiary companies and affiliated companies does not have a market price.

(Per Share Information)

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Prior Fiscal Year Summary Statement of Income (From November 1, 2004 to October 31, 2005)
Net assets per share	¥1,119.22	¥1,192.95	¥1,135.43
Interim period net income per share	¥20.16	¥31.99	¥20.16
Interim period net income per share on a fully diluted basis	-	-	-
	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.	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.

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2004 to April 30, 2005)	Current Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Prior Fiscal Year Summary Statement of Income (From November 1, 2004 to October 31, 2005)
Interim period (fiscal year) net income (¥ '000)	602,035	955,033	609,217
Amount not attributed to common stock shareholders (¥ '000)			7,300
Interim period (fiscal year) net income related to common stock (¥ '000)	602,035	955,033	601,917
Average number of outstanding shares during the period	29,857,851	29,849,847	29,856,334