



Fiscal Year ending October 31, 2006

## Summary of First Quarter Operating Results (Consolidated)

March 3, 2006

Listed Company Name **Kanamoto Company, Ltd.**  
 Company Code Number **9678**  
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**  
 ( URL <http://www.kanamoto.co.jp> )  
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### 1. Matters Related to Preparation of the Summary of First Quarter Operating Results

Has the Company adopted simplified methods for accounting treatment? Yes

The Company uses book value for inventory.

The Company charges an amount to its allowance for doubtful accounts based on actual loss experience in the prior consolidated accounting fiscal year for normal accounts.

Are there any differences with the methods of recognition used in the accounting treatment for the most recent consolidated fiscal year? Yes

Are there any changes in the scope of consolidation and/or application of the equity method? No

### 2. Operating Results for the First Quarter of the Fiscal Year Ending October 31, 2006 (November 1, 2005 - January 31, 2006)

#### (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	%
Fiscal Year Ending October 31, 2006: First Quarter	17,503	(-0.6)	1,290	(72.3)	1,237	(72.1)
Fiscal Year Ended October 31, 2005: First Quarter	17,612	(8.3)	748	(-8.0)	719	(-9.0)
(Reference) Fiscal Year Ended October 31, 2005	63,975		1,404		1,550	

	Net Income		Net Income per Share of Common	Net Income per Share on a Fully
	Millions of yen	%	Yen	Yen
Fiscal Year Ending October 31, 2006: First Quarter	317	(-20.3)	10.63	-
Fiscal Year Ended October 31, 2005: First Quarter	398	(-0.4)	13.33	-
(Reference) Fiscal Year Ended October 31, 2005	352		11.57	-

(Note) 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

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Summary of First Quarter Operating Results (Consolidated),  
 Fiscal Year Ending October 31, 2006

## **(Qualitative information concerning consolidated operating results)**

< Management Environment > (From November 1, 2005 to January 31, 2006)

During the first quarter, the sharp rise in crude oil prices had a substantial affect on the positive business sentiment in the manufacturing sector, the engine of Japan's economy. Nevertheless, the earnings trend at many leading firms continued to improve, led by positive results posted by key financial institutions that have met their targets for disposal of non-performing loans. In addition, personal consumption strengthened following improvement in the employment and income environment, and sales of winter clothing and goods were boosted by a cold wave. In general, the economy continued to recover and overall, concerns about deflation have gradually diminished.

Under this environment, the construction industry, which is the main customer of the Kanamoto Group, enjoyed a steady positive trend in the Tokyo metropolitan area and the Tokai Region, where private sector demand is vigorous. In other areas of Japan, however, public works slowed and private demand was weak, and the recessionary mood remained strong as the severe environment remained unchanged.

### **First Quarter Operating Results**

In the Kanamoto Group's primary business in the construction equipment rental industry, rental revenues generally improved at a steady pace except in Hokkaido, where the economy has been slow to recover. As a result, sales revenues for this division fell below the level of the same period of the prior year, as the Company held disposals of rental equipment assets to the minimum quantities necessary, in accordance with its initial plan.

Moreover, from an earnings perspective the effects from efforts to maintain unit prices and reduce the depreciation expense burden were gradually actualized, and earnings greatly exceeded the same period of the prior consolidated fiscal year.

As a result, at the end the first quarter for the fiscal year ending on October 31, 2006, consolidated revenues were ¥17,503 million, 0.6% lower than in the same period of the prior consolidated fiscal year, consolidated operating income rose 72.3% year-on-year to ¥1,290 million and consolidated ordinary income increased 72.1% over the same period of the prior year to ¥1,237 million. Consolidated net income was ¥317 million, a 20.3% decrease from first quarter of the prior consolidated fiscal year. During the first quarter, the Company began applying asset impairment accounting for fixed assets, and booked an impairment loss of ¥344 million as an extraordinary loss for the quarter.

A summary of operating results by business, and business developments and other matters deserving special mention, are provided below.

< Summary of operating results by business >

[ Business related to the Construction Equipment Rental Division ]

Looking at construction equipment rental revenues in the first quarter by region, in the Hokkaido Region the Company pursued vigorous efforts, and revenues were nearly unchanged from the same period of the prior consolidated fiscal year, decreasing only slightly despite the sharp cutback in public works spending. Rentals of items such as safety products and temporary scaffolding, which the division is developing in the same region, were strong and greatly exceeded the prior year level.

With the exception of Hokkaido, revenue exceeded the same period of the prior consolidated fiscal year in the Tohoku, Kanto and Shinetsu, Kinki and Chubu and Kyushu regions, respectively. In the Tohoku Region in particular, the division captured much of the small volume of public sector and private sector demand, and again achieved strong results and posted double-digit year-on-year growth.

The division showed good performance in the Kanto and Shinetsu Region as well. Revenues exceeded the same period of the prior consolidated fiscal year, reflecting large-scale redevelopment projects in the Tokyo metropolitan area and recovery efforts following the Niigata Prefecture Chuetsu Earthquake. The division also achieved a synergy effect in the Kinki and Chubu Region with Kanki Corporation, a subsidiary headquartered in Hyogo Prefecture, and expanded at a steady pace even though large-scale projects were

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fewer. In the Kyushu Region the division's results were boosted by disaster recovery construction works and steady equipment rentals and sales. Sales of modular housing units for temporary use were especially strong.

[ Business related to the Steel Sales Division ]

Revenues fell year-on-year. The main reasons were a lack of demand for new plant construction, which was strong in the same period of the prior consolidated fiscal year, weak selling prices reflecting the market's sense of excess steel material inventories, and delays in steel material goods deliveries.

[ Business related to the Information Products Division and Other Businesses ]

Rental revenues were unchanged from the same period of the prior consolidated fiscal year, as demand for personal computer rentals in the Tokyo metropolitan area continued at a steady pace. Product sales recovered compared to the same period one year earlier. As a result, net revenues for the entire division were marginally higher.

< Business development issues deserving special mention and status of branch office changes >

During the first quarter, the Company closed its Kanazawa Branch (Kanazawa, Ishikawa Prefecture) on January 31. The Company did not open any new branches during the quarter.

As already reported on March 1, Kanamoto has made Flowtechno Corporation a subsidiary company. Flowtechno specializes in construction methods to support large-scale urban renewal infrastructure project construction (deep underground construction at depth of 40m and more), for which demand is expected to expand significantly in the future, and new methods for maintenance and repair work on bridges, roads and other structures. This new subsidiary is expected to serve as a springboard for increasing Kanamoto's market share in the Tokyo metropolitan area.

**(2) Change in Consolidated Financial Position** (Numbers less than one million yen have been rounded down)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ending October 31, 2006: First Quarter	86,872	34,222	39.4	1,146.46
Fiscal Year Ended October 31, 2005: First Quarter	87,011	32,982	37.9	1,104.65
(Reference) Fiscal Year Ended October 31, 2005	81,977	33,465	40.8	1,120.76

**[Consolidated Cash Flows]**

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

	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
Fiscal Year Ending October 31, 2006: First Quarter	3,776	-168	993	18,710
Fiscal Year Ended October 31, 2005: First Quarter	9,174	33	-3,331	17,610
(Reference) Fiscal Year Ended October 31, 2005	10,219	-11	-7,833	14,108

**(Qualitative information concerning change in consolidated financial position)**

Looking at the financial position in the first quarter under review compared with the end of the prior consolidated accounting fiscal year, total assets increased by ¥4,894 million to ¥86,872 million. This mainly reflected an increase in cash and equivalents, and increases in accounts payable, trade and short-term bank loans.

Shareholders' equity increased ¥757 million compared with the end of prior consolidated accounting fiscal year to ¥34,222 million. The shareholders' equity ratio was 39.4%.

**(Cash flow from operating activities)**

Cash flow from operating activities was ¥3,776 million, a year-on-year decrease of ¥5,398 million. This was mainly the result of a decrease in accounts receivable, trade.

**(Cash flow from investing activities)**

Cash flow used for investing activities was ¥168 million, compared with cash flow provided by investing activities of ¥33 million in the same period of the prior consolidated accounting fiscal year. This was mainly a decrease in funds provided from sale of investment securities.

**(Cash flow from financing activities)**

Cash flow provided from financing activities was ¥993 million, compared with cash flow used for financing activities of ¥3,331 million in the same period of the prior consolidated accounting fiscal year. This mainly reflected an increase in short-term bank loans.

### 3. Projected Consolidated Operating Results for the Fiscal Year Ending October 2006

(November 1, 2005 - October 31, 2006)

	Projected Revenues	Projected Operating Income	Projected Ordinary Income	Projected Net Income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim	32,560	1,600	1,470	540
Full-year	63,210	1,910	1,680	610

(Reference) Projected net income per share (full-year) ¥20.43

#### (Qualitative information concerning projected operating results)

Because operating results to-date are generally close to Kanamoto's initial plan, the Company has not made any changes to the projected full year consolidated operating results numerical values released on December 9, 2005.

These projected consolidated operating results were prepared using projections based on information available to the Company as of the date this material was released and forecasts of the future economic, environment, and include various risks and uncertainty factors.

Accordingly, there is a possibility the Company's actual consolidated operating results will differ from the projected amounts shown above as a result of various future factors, including but not limited to economic conditions surrounding the Company, market trends, and competitive conditions.

# 1. (Summary) First Quarter Consolidated Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2005)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2005
		Amount	Amount	Amount	Percent	Amount
( Assets )						
Current Assets						
1. Cash and deposits		18,713,419	17,618,767	1,094,651	6.2	14,111,882
2. Notes and accounts receivable, trade		14,250,444	15,065,882	-815,437	-5.4	14,329,090
3. Inventory		545,517	663,135	-117,617	-17.7	538,951
4. Construction equipment		1,394,794	1,797,619	-402,824	-22.4	1,469,376
5. Deferred tax assets		333,624	283,053	50,571	17.9	318,999
6. Other		1,818,630	431,992	1,386,638	321.0	873,516
Allowance for doubtful accounts		-905,355	-551,215	-354,139	-64.2	-923,256
Total Current Assets		36,151,076	35,309,233	841,842	2.4	30,718,560
Fixed Assets						
1. Tangible Fixed Assets						
(1) Rental equipment		9,769,262	10,658,532	-889,269	-8.3	9,811,304
(2) Buildings and structures		6,369,129	6,854,244	-485,115	-7.1	6,501,912
(3) Land		25,796,559	26,060,314	-263,755	-1.0	26,140,976
(4) Other		1,108,340	1,318,651	-210,311	-15.9	1,084,721
Total Tangible Fixed Assets		43,043,291	44,891,743	-1,848,452	-4.1	43,538,915
2. Intangible Fixed Assets						
(1) Consolidation adjustment account		409,519	531,987	-122,468	-23.0	435,655
(2) Other		238,255	250,797	-12,542	-5.0	252,765
Total Intangible Fixed Assets		647,774	782,785	-135,011	-17.2	688,421
3. Investments and Other Assets						
(1) Investment securities		6,078,029	4,181,853	1,896,175	45.3	5,753,056
(2) Deferred tax assets		-	719,937	-719,937	-100.0	302,238
(3) Other		1,787,115	2,828,939	-1,041,823	-36.8	1,754,473
Allowance for doubtful accounts		-834,987	-1,703,043	868,056	51.0	-778,148
Total Investments and Other Assets		7,030,157	6,027,687	1,002,470	16.6	7,031,620
Total Fixed Assets		50,721,223	51,702,216	-980,992	-1.9	51,258,957
Total Assets		86,872,299	87,011,449	-139,149	-0.2	81,977,517

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2005)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2005
		Amount	Amount	Amount	Percent	Amount
<b>( Liabilities )</b>						
Current Liabilities						
1.	Notes and accounts payable, trade	12,227,863	13,081,321	-853,457	-6.5	10,837,618
2.	Short-term bank loans	2,650,935	791,020	1,859,914	235.1	577,364
3.	Long-term bank loans due within one year	10,741,996	10,691,496	50,500	0.5	10,718,496
4.	Corporate taxes payable	596,220	429,740	166,479	38.7	555,570
5.	Accrued bonuses to employees	667,012	644,671	22,341	3.5	515,796
6.	Accounts payable, other	2,452,800	3,477,147	-1,024,346	-29.5	2,464,772
7.	Other	860,657	615,179	245,478	39.9	467,946
	Total Current Liabilities	30,197,485	29,730,576	466,909	1.6	26,137,564
Long-term Liabilities						
1.	Long-term bank loans	18,439,233	20,201,229	-1,761,996	-8.7	18,643,607
2.	Accrued employees retirement benefits	1,548,890	1,263,914	284,976	22.5	1,525,993
3.	Retirement allowances to employees	136,859	115,299	21,560	18.7	110,473
4.	Long-term accrued expenses	2,019,112	2,528,840	-509,727	-20.2	1,968,265
5.	Other	202,294	99,378	102,915	103.6	55,003
	Total Long-term Liabilities	22,346,390	24,208,661	-1,862,270	-7.7	22,303,342
	Total Liabilities	52,543,876	53,939,238	-1,395,361	-2.6	48,440,907
<b>( Minority Interests )</b>						
	Minority Interests	105,918	90,061	15,856	17.6	71,135
<b>( Shareholders' Equity )</b>						
	Common stock	8,596,737	8,596,737	-	-	8,596,737
	Additional paid-in capital	9,720,343	9,720,343	-	-	9,720,343
	Consolidated retained earnings	13,733,006	14,005,797	-272,790	-1.9	13,691,585
	Valuation difference on other investment securities	2,360,778	842,818	1,517,959	180.1	1,643,403
	Treasury stock	-188,360	-183,546	-4,813	2.6	-186,594
	Total Shareholders' Equity	34,222,504	32,982,149	1,240,355	3.8	33,465,475
	Total Liabilities, Minority Interests and Shareholders' Equity	86,872,299	87,011,449	-139,149	-0.2	81,977,517

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## 2. (Summary) First Quarter Consolidated Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2005)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2005
		Amount	Amount	Amount	Percent	Amount
Revenues		17,503,425	17,612,980	-109,555	-0.6	63,975,212
Cost of revenues from operations		12,222,266	12,905,870	-683,604	-5.3	48,735,074
Gross profit		5,281,158	4,707,110	574,048	12.2	15,240,137
Selling, general and administrative expenses		3,990,994	3,958,474	32,519	0.8	13,835,766
Operating income		1,290,164	748,635	541,529	72.3	1,404,371
Non-operating revenues						
1. Interest revenue		10	1,430	-1,420	-99.3	3,756
2. Dividend income		9,845	11,064	-1,219	-11.0	57,149
3. Gain on sale of investment securities		8,388	12,659	-4,271	-33.7	363,963
4. Rents received		22,346	23,675	-1,328	-5.6	94,173
5. Other		38,303	53,769	-15,465	-28.8	197,506
Total non-operating revenues		78,894	102,599	-23,705	-23.1	716,548
Non-operating expenses						
1. Interest expense		84,628	88,755	-4,126	-4.6	353,256
2. Others		46,497	43,370	3,126	7.2	217,449
Total non-operating expenses		131,126	132,126	-999	-0.8	570,705
Ordinary income		1,237,931	719,108	518,822	72.1	1,550,213
Extraordinary profits						
1. Gain on sale or retirement of fixed assets		-	4,254	-4,254	-100.0	57,930
2. Gain on reversal of allowance for doubtful accounts		9,524	147,200	-137,676	-93.5	24,174
3. Other		846	5,878	-5,032	-85.6	38,920
Total extraordinary profits		10,370	157,333	-146,963	-93.4	121,025
Extraordinary losses						
1. Loss on sale or retirement of fixed assets		5,915	21,065	-15,150	-71.9	147,388
2. Loss on valuation of investment securities		-	-	-	-	29,961
3. Loss on valuation of affiliated company stock		-	-	-	-	55,000

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4 . Transfer to allowance for doubtful loans to affiliates	-	-	-	-	255,724
5 . Impairment loss	344,417	-	344,417	-	-
6 . Other	2,961	-	2,961	-	57,310
Total extraordinary losses	353,294	21,065	332,228	-	545,383
Income before taxes and adjustments	895,007	855,376	39,630	4.6	1,125,855
Corporate, local and business taxes	581,060	364,862	216,198	59.3	858,422
Adjustment for corporate and other taxes	-38,235	61,575	-99,810	-162.1	-97,079
Corporate, local and business taxes	34,782	30,815	3,966	12.9	11,889
Adjustment for corporate and other taxes	317,398	398,123	-80,724	-20.3	352,623

### 3. (Summary) First Quarter Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2005)	Change from prior year
		Amount	Amount	Amount
I Cash flow from operating activities				
Depreciation and amortization expense		895,007	855,376	1,125,855
Depreciation and amortization expense		1,102,864	1,162,277	5,211,105
Impairment loss		344,417	-	-
Amortization of consolidation adjustment account		26,136	27,129	106,781
Gain on sale or retirement of fixed assets		-	-4,254	-57,930
Loss on sale or retirement of fixed assets		5,915	21,065	147,388
Installment purchases of assets for small-value rentals		46,505	88,238	69,455
Reclassification of cost of sales associated with disposal of construction equipment		645	4,572	7,442
Reclassification of cost of sales associated with disposal of rental assets		42,008	84,117	564,032
Expenditures for acquisition of rental assets		-266,388	-639,893	-2,465,393
Valuation loss on investment securities		-	-	84,961
Gain on sale of investment securities		-8,388	-12,659	-363,963
Increase (decrease) in allowance for doubtful accounts		38,937	-137,405	-690,259
Increase in accrued bonuses to employees		151,216	164,074	35,198
Increase (decrease) in accrued employees retirement benefits		22,897	35,084	297,163
Increase (decrease) in retirement allowances to directors and auditors		26,386	19,017	14,191
Interest revenue and dividend income		-9,855	-12,495	-60,905
Interest expense on installment purchases of rental assets		12,094	20,598	68,120
Interest expense		84,628	88,755	353,256
Increase (decrease) in accounts receivable, trade		78,645	8,414,666	9,151,458
(Increase) decrease in inventory assets		-6,566	39,924	164,108
Increase (decrease) in accounts payable, trade		1,390,245	-324,281	-2,567,984

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Increase (decrease) in accounts payable, other	71,440	-234,156	-195,552
Directors and auditors' bonuses paid	-7,300	-7,300	-7,300
Other	366,309	-71,822	256,190
Subtotal	4,407,804	9,580,629	11,247,422
Interest and dividends received	9,855	12,495	60,905
Interest expense	-100,780	-113,825	-417,194
Payment of corporate and other taxes	-540,411	-304,371	-671,665
Cash flow from operating activities	3,776,468	9,174,928	10,219,467

(Unit: Thousands of yen)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2005)	Change from prior year
		Amount	Amount	Amount
Cash flow from investing activities				
Funds provided from redemption of term deposits		-	-	5,000
Funds used for the purchase of tangible fixed assets		-89,835	-78,963	-484,985
Funds provided from the sale of tangible fixed assets		857	65,899	314,122
Funds used for the purchase of intangible fixed assets		-1,400	-2,030	-50,730
Funds used for the purchase of investment securities		-176,183	-294,279	-1,188,707
Funds provided from sale of investment securities		98,195	342,796	1,386,291
Funds used for purchase of subsidiary company stock		-	-	2,902
Other		-200	-50	4,741
Cash flow from investing activities		-168,566	33,373	-11,364
Cash flow from financing activities				
Increase (decrease) in short-term bank loans		2,073,571	114,381	-99,275
Funds provided by long-term bank loans		2,700,000	900,000	7,900,000
Funds used to repay long-term bank loans		-2,880,874	-2,894,874	-11,425,496
Funds used for repayment of installment obligations		-628,617	-1,151,550	-3,637,197
Funds used for the purchase of treasury stock		-1,765	-1,070	-4,118
Payment of dividends to parent company		-268,677	-298,594	-567,305
Cash flow from financing activities		993,635	-3,331,708	-7,833,393
Increase (decrease) in cash and equivalents		4,601,537	5,876,593	2,374,708
Balance of cash and equivalents at beginning of period		14,108,863	11,734,154	11,734,154
Balance of cash and equivalents at end of the period		18,710,400	17,610,748	14,108,863

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#### 4. Business Segment Information

##### [ Segment information by type of business ]

Current quarter (From November 1, 2005 to January 31, 2006)

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	16,082,315	1,312,201	108,908	17,503,425	-	17,503,425
Operating expenses	14,847,599	1,314,738	101,061	16,263,399	-50,138	16,213,260
Operating income	1,234,715	-2,536	7,846	1,240,025	50,138	1,290,164

Same quarter of the prior consolidated accounting fiscal year

(From November 1, 2004 to January 1, 2005)

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	15,905,693	1,600,404	106,883	17,612,980	-	17,612,980
Operating expenses	15,203,633	1,594,863	106,637	16,905,134	-40,788	16,864,345
Operating income	702,059	5,541	245	707,846	40,788	748,635

##### [ Segment information by location ]

Current quarter and same quarter of the prior consolidated accounting fiscal year

The Company does not report segment information by location because the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

## 5. (Summary) First Quarter Company Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2005)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2005
		Amount	Amount	Amount	Percent	Amount
<b>( Assets )</b>						
Cash and deposits						
1. Notes receivable, trade		17,889,861	16,676,341	1,213,519	7.3	13,230,849
2. Accounts receivable, trade		2,838,609	3,521,707	-683,098	-19.4	2,583,873
3. Cash and deposits		9,889,272	9,825,504	63,767	0.6	10,665,107
4. Inventory		316,670	330,561	-13,891	-4.2	311,947
5. Construction equipment		1,143,789	1,473,192	-329,402	-22.4	1,207,108
6. Deferred tax assets		382,619	259,709	122,910	47.3	367,932
7. Other		2,246,468	794,667	1,451,800	182.7	1,299,485
Allowance for doubtful accounts		-981,080	-446,738	-534,342	-119.6	-1,001,255
Total Current Assets		33,726,209	32,434,945	1,291,263	4.0	28,665,048
Fixed Assets						
1. Tangible Fixed Assets						
(1) Rental equipment		9,359,278	10,134,553	-775,275	-7.6	9,453,886
(2) Building		5,249,177	5,616,672	-367,494	-6.5	5,344,822
(3) Structures		869,472	964,390	-94,918	-9.8	903,297
(4) Land		25,524,664	25,786,514	-261,849	-1.0	25,869,082
(5) Other		1,075,354	1,272,632	-197,277	-15.5	1,051,658
Total Tangible Fixed Assets		42,077,947	43,774,762	-1,696,815	-3.9	42,622,746
2. Intangible Fixed Assets						
Total Intangible Fixed Assets		174,898	213,356	-38,458	-18.0	187,284
3. Investments and Other Assets						
(1) Investment securities		6,006,321	4,074,226	1,932,094	47.4	5,684,987
(2) Stock of affiliated companies		979,307	1,037,210	-57,902	-5.6	979,307
(3) Deferred tax assets		18,352	813,092	-794,740	-97.7	479,224
(4) Other		1,261,561	1,577,585	-316,024	-20.0	1,221,113
Allowance for doubtful accounts		-385,619	-599,731	214,111	35.7	-321,855
Reserve for investment losses		-480,173	-280,000	-200,173	-71.5	-480,173
Total investments and other assets		7,399,748	6,622,384	777,364	11.7	7,562,603
Total Fixed Assets		49,652,594	50,610,503	-957,909	-1.9	50,372,634
Total Assets		83,378,804	83,045,449	333,354	0.4	79,037,683

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Summary of First Quarter Operating Results (Consolidated),  
Fiscal Year Ending October 31, 2006

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2005)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2005
		Amount	Amount	Amount	Percent	Amount
( Liabilities )						
Current Liabilities						
1 . Notes payable, trade		8,789,391	9,467,415	-678,023	-7.2	7,214,389
2 . Accounts payable, trade		2,016,186	1,978,243	37,942	1.9	2,425,623
3 . Short-term bank loans		2,000,000	-	2,000,000	-	-
4 . Long-term bank loans due within one year		10,580,000	10,513,000	67,000	0.6	10,555,000
5 . Accounts payable, other		2,349,402	3,415,761	-1,066,358	-31.2	2,389,330
6 . Corporate taxes payable		542,141	387,751	154,390	39.8	530,934
7 . Accrued bonuses to employees		612,083	598,290	13,793	2.3	448,076
8 . Other		927,528	677,868	249,659	36.8	518,770
Total Current Liabilities		27,816,733	27,038,329	778,403	2.9	24,082,124
Long-term Liabilities						
1 . Long-term bank loans		17,425,000	19,025,000	-1,600,000	-8.4	17,590,000
2 . Long-term accrued expenses		1,882,788	2,424,409	-541,621	-22.3	1,876,971
3 . Retirement allowances to directors and auditors		102,969	88,874	14,094	15.9	79,121
4 . Accrued employees retirement benefits		1,525,607	1,261,932	263,674	20.9	1,506,210
Total Long-term Liabilities		20,936,365	22,800,217	-1,863,851	-8.2	21,052,303
Total Liabilities		48,753,099	49,838,547	-1,085,447	-2.2	45,134,428
( Shareholders' ) Equity						
Common stock		8,596,737	8,596,737	-	-	8,596,737
Capital surplus						
Additional paid-in capital		9,720,343	9,720,343	-	-	9,720,343
Total capital surplus		9,720,343	9,720,343	-	-	9,720,343
Earned surplus						
Legal earned surplus		1,375,287	1,375,287	-	-	1,375,287
Voluntary reserves						
Reserve for advanced depreciation of fixed assets		19,601	-	19,601	-	-
General reserve		11,831,684	11,831,684	-	-	11,831,684
Unappropriated retained earnings		918,075	1,023,152	-105,076	-10.3	928,192
Total earned surplus		14,144,649	14,230,124	-85,475	-0.6	14,135,164
Valuation difference on other investment		2,352,335	843,243	1,509,091	179.0	1,637,603

**kanamoto**Summary of First Quarter Operating Results (Consolidated),  
Fiscal Year Ending October 31, 2006

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Treasury stock	-188,360	-183,546	-4,813	2.6	-186,594
Total Shareholders' Equity	34,625,704	33,206,902	1,418,802	4.3	33,903,254
Total Liabilities and Shareholders' Equity	83,378,804	83,045,449	333,354	0.4	79,037,683



## 6. (Summary) First Quarter Company Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2006)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2005)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2005
		Amount	Amount	Amount	Percent	Amount
Operating revenues		15,585,121	15,475,649	109,471	0.7	57,202,641
Cost of revenues		10,997,572	11,359,033	-361,461	-3.2	43,789,520
Gross profit		4,587,549	4,116,615	470,933	11.4	13,413,121
Selling, general and administrative expenses		3,492,128	3,464,406	27,721	0.8	11,886,610
Operating income		1,095,421	652,209	443,212	68.0	1,526,510
Non-operating revenues						
1. Interest and dividends		11,587	15,110	-3,523	-23.3	66,775
2. Gain on sale of investment securities		8,388	12,659	-4,271	-33.7	359,093
3. Rents received		63,503	61,431	2,071	3.4	244,052
4. Other		63,842	57,614	6,228	10.8	254,021
Total non-operating revenues		147,321	146,816	505	0.3	923,943
Non-operating expenses						
1. Interest expense		75,606	78,545	-2,939	-3.7	317,034
2. Other		44,409	30,924	13,484	43.6	172,555
Total non-operating expenses		120,015	109,470	10,545	9.6	489,590
Ordinary income		1,122,727	689,555	433,172	62.8	1,960,863
Extraordinary profits						
1. Gain on disposal of fixed assets		-	4,254	-4,254	-100.0	57,433
2. Gain on reversal of allowance for doubtful accounts		-	147,200	-147,200	-100.0	-
3. Other		846	116	729	625.5	12,014
Total extraordinary profits		846	151,571	-150,725	-99.4	69,447
Extraordinary losses						
1. Loss on sale or disposal of fixed assets		4,939	19,730	-14,791	-75.0	120,158
2. Impairment loss		344,417	-	344,417	-	-
3. Valuation loss on investment securities		-	-	-	-	29,589
4. Loss on valuation of affiliated company stock		-	-	-	-	55,000
5. Transfer to reserve for investment losses		-	-	-	-	200,173
6. Transfer to allowance for doubtful loans to affiliates		-	-	-	-	407,149
7. Other		-	-	-	-	25,275

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Summary of First Quarter Operating Results (Consolidated),  
Fiscal Year Ending October 31, 2006

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Total extraordinary losses	349,356	19,730	329,626	-	837,348
Income before taxes and adjustments	774,217	821,396	-47,179	-5.7	1,192,962
Corporate, local and business taxes	527,052	322,952	204,099	63.2	833,579
Adjustment for corporate and other taxes	-38,297	62,977	-101,275	-160.8	-249,835
Net income	285,462	435,466	-150,004	-34.4	609,217
Profit carry-forward from prior period	632,613	587,686	44,927	7.6	587,686
Cash dividends	-	-	-	-	268,711
Unappropriated retained earnings	918,075	1,023,152	-105,076	-10.3	928,192