Fiscal Year ending October 31, 2007
Interim Financial Statements Bulletin

June 8, 2007

Listed Company Name **Kanamoto Company, Ltd.**
Company Code Number **9678**
Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
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Date for submission of Semi-Annual Report: July 25, 2007
Date for start of dividend payments: July 17, 2007

1. Consolidated Operating Results for the Interim Period ended April 30, 2007

(Nov. 1, 2006 – Apr. 30, 2007)

(1) Consolidated Operating Results

(Numbers less than one million yen have been rounded down)
(Percentages show the change from the prior year)

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended April 30, 2007	36,230	5.0	3,438	19.7	3,422	22.2
Six months ended April 30, 2006	34,520	4.2	2,873	122.5	2,801	136.3
Fiscal year ended October 31, 2006	68,023	–	4,068	–	3,788	–

	Net Income		Net Income per Share of Common Stock	Net Income per Share on a Fully Diluted Basis
	Millions of yen	%	Yen	Yen
Six months ended April 30, 2007	2,382	127.3	72.53	–
Six months ended April 30, 2006	1,048	126.1	35.12	–
Fiscal year ended October 31, 2006	1,742	–	57.41	–

Notes 1. Investment profit or loss accounted for by the equity method
Six months ended April 30, 2007 –
Six months ended April 30, 2006 –
Fiscal year ended October 31, 2006 –

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended April 30, 2007	90,867	40,400	44.3	1,225.81
Six months ended April 30, 2006	87,003	35,262	40.5	1,181.45
Fiscal year ended October 31, 2006	86,815	38,051	43.7	1,155.22

Notes 1. Owners' equity and valuation and translation adjustments:
Six months ended April 30, 2007 ¥40,272,000,000
Six months ended April 30, 2006 –
Fiscal year ended October 31, 2006 ¥37,959,000,000

(3) Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Balance of Cash and Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended April 30, 2007	6,774	- 1,105	- 1,601	22,465
Six months ended April 30, 2006	9,183	501	- 2,731	21,062
Fiscal year ended October 31, 2006	8,414	- 489	- 3,635	18,398

2. Dividends

	Interim Dividend per Share of Common Stock	Year-end Dividend per Share of Common Stock	Full-year Dividend per Share of Common Stock
	Yen	Yen	Yen
Fiscal year ended October 31, 2006	9.00	9.00	18.00
Fiscal year ended October 31, 2007	9.00	———	18.00
Fiscal year ended October 31, 2007 (projected)	———	9.00	

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2007

(November 1, 2006 - October 31, 2007)

(Percentages show the change from the prior year)

	Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share on a Fully Diluted Basis
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	68,700	1.0	4,600	13.1	4,700	24.1	2,400	37.7	73.05

4. Other

(1) Changes to material subsidiaries during the period (transfer of specified subsidiaries in conjunction with revision to scope of consolidation)? No

(2) Changes to accounting principles, procedures and reporting method pertaining to preparation of the interim consolidated financial statements (matters described in the Changes in Important Matters Used as the Basis for Preparation of the Interim Consolidated Financial Statements)
(a) Changes accompanying revisions to accounting standards etc.? No
(b) Changes other than those in (a)? No

(3) Number of shares issued (common stock)
(a) Number of shares issued and outstanding at end of period (including treasury stock)

Six months ended April 30, 2007	32,872,241 shares
Six months ended April 30, 2006	30,253,241 shares
Fiscal year ended October 31, 2006	32,872,241 shares

(b) Number of shares of treasury stock at end of period

Six months ended April 30, 2007	18,670 shares
Six months ended April 30, 2006	406,309 shares
Fiscal year ended October 31, 2006	13,123 shares

(Reference) Summary of Company Interim Operating Results

1. Operating Results for the Interim Period ended April 30, 2007 (November 1, 2006–April 30, 2007)

(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, 2007	32,449	5.5	3,070	23.0	3,195	24.4
Six months ended April 30, 2006	30,764	5.8	2,496	113.4	2,569	109.6
Fiscal year ended October 31, 2006	60,753	—	3,715	—	3,739	—

	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, 2007	2,320	143.0	70.62	—
Six months ended April 30, 2006	955	58.6	31.99	—
Fiscal year ended October 31, 2006	1,720	—	56.67	—

(2) 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, 2007	87,406	40,626	46.5	1,236.59
Six months ended April 30, 2006	83,358	35,605	42.7	1,192.95
Fiscal year ended October 31, 2006	83,514	38,376	46.0	1,167.90

Notes 1. Owners' equity and valuation and translation adjustments:

Six months ended April 30, 2007	¥40,626,000,000
Six months ended April 30, 2006	–
Fiscal year ended October 31, 2006	¥38,376,000,000

2. Projected Operating Results for the Fiscal Year Ending October 31, 2007

(November 1, 2006 - October 31, 2007)

(Percentages show the change from prior year)

	Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share on a Fully Diluted Basis
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	62,000	2.1	4,300	15.7	4,700	25.7	3,000	74.4	91.31

Note: Explanation concerning appropriate use of the projected operating results and other items to note

The projected operating results 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.

1. Operating Results

(1) Analysis of operating results

① Summary of fiscal year interim period operating results

Viewed comprehensively, during the fiscal year interim period under review Japan's economy exhibited a weakening of the yen from the middle of the period, and steady positive growth centered on export-related industries. The economic recovery progressed mainly among Japan's major corporations and the largest metropolitan areas and the bracket of especially wealthy consumers, and the effects of the economic recovery began to appear widely as the unemployment rate, which highlights the employment environment, also fell below 4% after an interval of four years. Nevertheless, the economic upswing could be described as one in which the benefits of the recovery remain lopsided, under which local regions strapped by severe fiscal circumstances, as well as many individuals, cannot sense any real improvement.

Despite the harsh business environment in local regions faced with stringent fiscal conditions as stated above, the revenues of the Kanamoto Group grew at a steady pace in each region. This included higher revenues in both large metropolitan areas and local regions for the Construction Equipment Rental Division, Kanamoto's main business, as the result of efforts to cultivate private sector demand and fight tenaciously to not lose any of the few public works projects being initiated. Revenues from equipment sales by this division also exceeded Kanamoto's initial plan.

From an earnings perspective, for the second consecutive year Kanamoto continued to steadily demonstrate results from the various measures outlined in the Company's long-term management plan, including improvements in operating efficiency and reductions in the depreciation and amortization burden for rental equipment assets. Operating income, ordinary income and interim net income all exceeded the Company's initial projection and the results for the same period of the prior fiscal year. As a result, revenues from operations for the interim period of the consolidated fiscal year ending October 2007 increased 5.0% compared to the same period of the prior consolidated fiscal year to ¥36,230 million, operating income rose 19.7% year-on-year to ¥3,438 million, ordinary income increased 22.2% year-on-year to ¥3,422 million and net income soared 127.3% over the same period of the prior consolidated fiscal year to ¥2,382 million. A summary of operating results for each of the Company's businesses and business development issues deserving special mention are described below.

〔 Fiscal Year ending October 31, 2007 Interim Operating Results 〕

(Percentages show the change from prior year)

		Revenues		Operating income		Ordinary income		Interim net income	
		Mil. of yen	%	Mil. of yen	%	Mil. of yen	%	Mil. of yen	%
Consolidated	Current FY Interim period	36,230	5.0	3,438	19.7	3,422	22.2	2,382	127.3
	Prior FY Interim Period	34,520	4.2	2,873	122.5	2,801	136.3	1,048	126.1
	Prior FY	68,023		4,068		3,788		1,742	
Non-consolidated	Current FY Interim period	32,449	5.5	3,070	23.0	3,195	24.4	2,320	143.0
	Prior FY Interim Period	30,764	5.8	2,496	113.4	2,569	109.6	955	58.6
	Prior FY	60,753		3,715		3,739		1,720	

② Summary of operating results by business segment
[Business related to the Construction Equipment Rental Division]

In the construction-related businesses of the entire Kanamoto Group, both revenues and earnings were higher. For the consolidated fiscal year interim period under review, consolidated revenues increased 7.8% from the prior consolidated fiscal year to ¥33,668 million, and operating income rose 22.0% year-on-year to ¥3,346 million.

< Kanamoto Co., Ltd. on an non-consolidated basis >

As the level of public works shrinks with each passing year, an extremely harsh business environment has continued in regions where private sector demand cannot be anticipated to supplement the shortfall. To capture the scarce available demand, Kanamoto sought to exploit new markets, by aggressively developing business in markets such as architecture-related and event-related sites, for example, where until now the Company had been slow to seek customers, while further strengthening its sales offensive.

Construction equipment rental revenues on a non-consolidated basis by region rose 5.2% year-on-year in the Hokkaido Region, where Kanamoto was successful in strengthening its marketing and in uncovering private sector demand, and were up 5.8% from the same period of the prior fiscal year in the Tohoku Region, where the Company continued its excellent momentum from the prior fiscal year. In the Kanto & Shinetsu Region, where special procurement for disaster recovery work in both Niigata and Nagano Prefecture came to an end, revenues edged down 1.9% year on-year. Following an early surge, revenues in the Kinki & Chubu Region eased to 3.4% growth for the period, despite vigorous private sector demand in the Nagoya area, as sales softened because of a slowdown in demand in Hyogo Prefecture. The percentage of revenues accounted for by Hokkaido and by Honshu and other regions was 32.3% and 67.7%, respectively.

As a result of these factors, for Kanamoto's Construction Equipment Rental Division on a stand-alone basis, rental revenues increased 3.0% year-on-year to ¥22,073 million, revenues from sales rose 29.2% year-on-year to ¥7,813 million and total revenues increased 8.7% from the same period of the prior consolidated fiscal year to ¥29,886 million.

During the consolidated fiscal year interim period under review, Kanamoto opened two new branches at the Chiba Shinminato Branch (Chiba City, Mihama Ward) and in Higashidori (Higashidori, Shimokita-gun, Aomori Prefecture) and closed the Ojiya Branch (Ojiya City, Niigata Prefecture). As a result, at the end of the interim period Kanamoto had 148 branches.

< Consolidated subsidiaries >

Daiichi Kikai Co., Ltd. experienced a slowdown in large-scale disaster recovery demand, but as a result of securing both private sector demand and government demand and efforts to cultivate customers from a broadened marketing perspective, revenues were up 8.2% from the same period of the prior consolidated fiscal year, and operating income increased 57.7% year-on-year.

SRG Kanamoto Co., Ltd. continued to achieve steady growth in rentals of temporary scaffolding for condominium construction. Revenues expanded 25.1% increase from the same period of the prior consolidated fiscal year, and operating income showed a ¥16.513 million improvement, producing the company's first positive earnings as an interim period operating result.

At **Assist Co., Ltd.**, revenues were slightly lower than the initial plan because revenues and earnings for the measurement equipment rental business transferred by the company were eliminated. As a result, revenues were 1.6% lower than in the same period of the prior consolidated fiscal year, and operating income also decreased 14.3% year-on-year.

At **Kanki Corporation**, which is restructuring its management, revenues were 8.0% less than in the same period of the prior consolidated fiscal year because a decrease in construction equipment rental demand in Hyogo Prefecture and the influence of unit price reductions. Earnings also were affected by the increased cost burden for the company's greatly expanded selection of rental equipment assets and the cost to move its business office to a new location, and the company posted an operating loss.

Kanatech Co., Ltd., successfully revised its product pricing in conjunction with the sudden rise in cost of materials, and released new modular housing units. As a result, revenues increased 21.7% year-on-year, and operating income rose ¥15.453 million compared with the same period of the prior consolidated fiscal year, restoring this company to profitability.

[Business related to the Steel Sales Division]

Demand fell for both private sector construction such as condominiums in Sapporo, which had demonstrated strong steady growth until the interim period under review, and for steel towers for the telecommunications industry. Price adjustments because of excess inventory concerns also were less effective than anticipated. As a result, revenues decreased 23.3% from the same period of the prior consolidated fiscal year to ¥2,345 million, and the division posted a small operating loss of ¥13 million.

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

Low rental fee conditions for personal computers prevailed, but rental demand for personal computers grew at a steady pace, and revenues for the Information Products Division increased 5.5% compared with the same period of the prior consolidated fiscal year. On the other hand, revenues from sales of used devices fell 47.9% year-on-year as the business entered its off season. Revenues for the entire division dipped 1.3% year-on-year to ¥216 million, and operating income decreased 2.4% from the same period of the prior consolidated fiscal year to ¥21 million.

(2) Analysis of financial position

① Summary of fiscal year interim period operating results

(Millions of yen)

	Interim Period Ended April 2006 (Prior Consolidated FY Interim Period)	Interim Period Ended April 2007 (Current Consolidated FY Interim Period)	Change
Cash flow from operating activities	9,183	6,774	–2,408
Cash flow from investing activities	501	–1,105	–1,606
Cash flow from financing activities	–2,731	–1,601	1,129
Increase in cash and equivalents	6,953	4,067	–2,885
Balance of cash and equivalents at beginning of period	14,108	18,398	4,289
Balance of cash and equivalents at end of interim period	21,062	22,465	1,403

(Cash flow from operating activities)

Cash flow from operating activities was ¥6,774 million, a decrease of ¥2,408 million from the interim period of the prior consolidated accounting fiscal year.
This mainly reflected the increase in income before taxes and adjustments, a larger decrease in accounts receivable, trade, a smaller increase in accounts payable, trade and a larger gain on sale or retirement of fixed assets.

(Cash flow from investing activities)

Cash flow used in investing activities was ¥1,105 million, a change of ¥1,606 million from the interim period of the prior consolidated accounting fiscal year.
This mainly reflected an increase in the funds provided from the sale of tangible fixed assets, which was offset by an increase in funds used for the purchase of tangible fixed assets and an increase in the funds used for the purchase of non-consolidated subsidiary stock.

(Cash flow from financing activities)

Cash flow used in financing activities was ¥1,601 million, a decrease of ¥1,129 million from the interim period of the prior consolidated accounting fiscal year.
This mainly reflected an increase in funds provided by long-term bank loans.

As a result of the above, the balance of cash and equivalents at the end of the consolidated fiscal year interim period under review increased ¥1,403 million compared with the end of the interim period of the prior consolidated fiscal year, to ¥22,465 million.

The cash flow indicator trends for the Kanamoto group are provided below.

	FY Ended October 2003	FY Ended October 2004	FY Ended October 2005	FY Ended October 2006	Interim Period Ended April 2007 (Current Consolidated FY Interim Period)
Shareholders' equity ratio (%)	35.8	36.7	40.8	43.7	44.3
Shareholders' equity ratio on a market capitalization basis (%)	17.7	18.1	26.6	32.0	41.7
Years to repay debt	4.0	6.3	3.3	3.5	4.5
Interest coverage ratio (times)	17.2	13.4	24.5	21.0	30.5

(Notes)

Shareholders' equity ratio: Shareholders' equity / Total assets

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

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

Interest coverage ratio: Operating cash flow / Interest payments

* All indicators are calculated using financial values on a consolidated basis.
* Total market capitalization is calculated by multiplying the closing share price at the end of the term by the number of shares outstanding (after deducting treasury stock) at the end of the term.
* Cash flow from operating activities shown on the Consolidated Statements of Cash Flows is used as operating cash flow. Interest-bearing liabilities include all liabilities on which the Company pays interest that are accounted for on the Consolidated Balance Sheets. The amounts shown as interest expense on the Consolidated Statements of Cash Flows are used as interest payments.

(3) Outlook for the fiscal year

Japan's economy is following a recovery trend that is being driven by the strong operating results of leading companies, and is maintaining the longest growth period on record, supported by factors such as an improved employment environment. Conditions still remain subject to international circumstances, however, including the sharp rise in crude oil prices and the uncertain outlook for the business climate in the U.S. A close look at the underpinning of the current expansion reveals the polarization of domestic economic disparity, such as the problems of local administrative authorities faced with a fiscal bankruptcy crisis or the burgeoning number of socially vulnerable families, has not been resolved.

Construction demand, which is intimately related to Kanamoto's main business of construction equipment rentals, is expanding in the Tokyo metropolitan area and in major metropolitan centers in areas such as the Chukyo Region and the Kansai Region because of ongoing capital investment against the backdrop of the recovery in corporate operating performance. In regions that must rely heavily on public works, however, private sector construction demand for redevelopment projects or condominium construction can be expected in certain local cities, but this remains inadequate to offset the sharp cutbacks in public works, and economic severity is still projected to continue. Other factors, such as delays in construction project starts under the influence of the House of Councilors election in July, can also be assumed.

Accordingly, although Kanamoto revised its full-year projection on May 28, management believes the business environment will remain extremely difficult because, in its view, there will not be any major improvements in local construction demand trends. The Kanamoto group will strive to maintain its current revenue and earnings growth trends, through efforts such as strengthening the cooperation among each group company and proactive sale development. In June 2007, Kanamoto established its Hiroshima Branch (Asaminami-ku, Hiroshima), the Company's first foothold in the Chugoku Region, and plans to continue adding branches in the Tokyo metropolitan area, Nagoya and Osaka.

〔 Projected Operating Results for the Consolidated Fiscal Year Ending October 31, 2007

(November 1, 2006 - October 31, 2007) 〕

(Millions of yen, except for net income per share which is in yen)

		Revenues	Operating income	Ordinary income	Net income	Net income
Consolidated	Full-year projected results	68,700	4,600	4,700	2,400	73.05
	Prior year results (FY Ended October 2006)	68,023	4,068	3,788	1,742	57.41
Non-consolidated	Full-year projected results	62,000	4,300	4,700	3,000	91.31
	Prior year results (FY Ended October 2006)	60,753	3,715	3,739	1,720	56.67

[Projected Financial Position for the Fiscal Year Ending October 31, 2007 (November 1, 2006 - October 31, 2007)]

Cash flow from operating activities

Cash flow provided from operating activities is expected to decrease compared with the prior consolidated fiscal year, because expenditures for acquisition of rental assets will increase.

Cash flow from investing activities

Expenditures are projected to increase year-on-year, because of funds used for the acquisition of subsidiary company stock.

Cash flow from financing activities

Cash flow used in financing activities is expected to increase compared with the prior consolidated fiscal year, because the Company will not have funds provided by the issuance of stock and will increase funds provided by long-term bank loans.

As a result of the above, the balance of cash and equivalents at the end of the consolidated fiscal year is projected to decrease compared to the balance at the end of the prior consolidated fiscal year.

(4) Basic policies concerning distribution of earnings and current period dividends

As the basis of its earnings distribution policy, Kanamoto seeks to ensure a stable return of earnings to the extent possible, while taking into consideration its earnings level, payout ratio, and financial position from a medium to long-term perspective. In the future, Kanamoto will consider a dividend payout ratio of at least 30% at its objective, while taking its earnings into consideration.

At the same time, the Company will utilize its internal reserves by allocating funds for capital investment, including the introduction of rental equipment assets that will serve as the source of future earnings, and for enhancing shareholders' equity.

To enable the Company to flexibly implement its capital policy, Kanamoto has established a system for making purchases of treasury stock.

(5) Business and other risks

The following risks are included among the business and accounting matters described in the Accounting Bulletin (Consolidated) that might have an important influence on investors' decisions.

Statements concerning future matters are judgments made by the Company based on information available at the present point in time.

① Economic conditions

Because the construction-related businesses that are the main business of the Kanamoto group remain highly dependent on public works, the stagnation of market growth and intensification of price competition resulting from ongoing cutbacks in public works investment are continuing and the severity of the business environment is expected to continue.

To minimize the affects from cutbacks in public works, the Kanamoto group is implementing various management measures, such as shifting management resources to major metropolitan areas where private sector demand is strong, and seeking to maintain and improve operating results. Nevertheless, there is a possibility future operating results including revenues will be negatively affected if further large reductions in public works or other changes affecting industry demand occur in the future.

② Seasonal changes in operating results

Because budget decisions for public works are made in April of each year, there is a time lag of roughly six months before construction actually is begun. Therefore the construction-related businesses that are Kanamoto's main business experience a trend in which the busy season during each business period extends from about October until the following March, and construction equipment rental demand reaches its maximum peak during this period. As a result, the revenues and earnings of the Kanamoto group tend to be concentrated in the Company's interim accounting period (the six-month period from November through the following April).

③ Interest rate fluctuations

The Kanamoto group allocates internal capital and procures funding from outside sources to meet its need for funds to purchase rental equipment and other assets, make branch-related capital investments and provide working capital for business activities. Although the Company takes steps to mitigate the affect of interest rate fluctuations on its externally borrowed funds, including transactions to fix the interest rates paid on borrowed funds to the extent possible, there is a possibility the operating results and financial position of the Kanamoto group will be affected by future large changes in short-term interest rates.

④ Projected benefit obligation

The projected employee benefit obligation and costs of the Kanamoto group are calculated mainly based on basic rates such as a discount rate and expected rate of return on pension assets. Because these basic rates are determined in each annual review, they have a material affect on changes in the operating results and financial position of the Kanamoto group. There is a possibility the operating results and financial position of the Kanamoto group might be negatively affected if the discount rate declines further or the yield on investments deteriorates.

⑤ Asset impairment accounting for fixed assets

Beginning from the business period ending in October 2006, the Kanamoto group will apply the "Accounting Standard for Impairment of Fixed Assets." There is a possibility the operating results and financial position of the Kanamoto group might be negatively affected if the profitability of fixed assets declines because of factors such as a marked deterioration in the Company's business environment in the future.

2. Current Conditions of the Company's Group

The Kanamoto Company group (Kanamoto and its affiliated companies) has organized its principal business activities around "businesses related to the Construction Equipment Rental Division," which is engaged in the rental and sale of construction equipment and construction-related equipment parts, "businesses related to the Steel Sales Division," which sells materials for construction such as steel products, and "businesses related to the Information Products Division and Other Businesses," which rents and sells computers including workstations and PC servers and computer peripheral equipment. The group is comprised of the parent company, five consolidated subsidiaries and seven non-consolidated subsidiaries. There are no companies that apply equity method accounting to non-consolidated subsidiaries.
An explanation of the business activities and position of each company in the Kanamoto Group, and the relationships to the group's segments by business category, is provided below.

[Business related to the Construction Equipment Rental Division]
The Company's Construction Equipment Rental Division, Daiichi Kikai Co., Ltd. (a consolidated subsidiary) and Kanki Corporation (a consolidated subsidiary) are engaged in the rental and sale of construction equipment and machines used for construction. These two subsidiary companies borrow rental equipment assets from the Company as needed in order to meet customer demand.

Assist Co., Ltd. (a consolidated subsidiary) and Comsupply Co., Ltd. (a non-consolidated subsidiary) are engaged in the rental and sale of furniture and fixtures and safety products, and SRG Kanamoto Co., Ltd. (a consolidated subsidiary) rents and sells temporary materials for construction use. The Company borrows rental assets from SRG Kanamoto Co., Ltd., Assist Co., Ltd. and Comsupply Co., Ltd. as needed to rent to other companies.

Kanatech Co., Ltd. (a consolidated subsidiary) sells modular housing units for temporary use. Flowtechno Co., Ltd. (a non-consolidated subsidiary), is engaged in the technical development, manufacture and sale of construction equipment for ground improvement works. Kanamoto purchases modular housing units for temporary use and construction equipment for ground improvement from these two companies as needed to rent to its own customers.

Furthermore, in February 2007 Kanamoto acquired the majority of the outstanding shares of Kyushu Kensan Co., Ltd., and made the company and its company group firms subsidiaries of Kanamoto. This company group, which is composed of Kyushu Kensan Co., Ltd., Kensan Fukuoka Co., Ltd., Kensan Techno Co., Ltd. and Center Corporation Ltd., is engaged in the rental and sale of construction equipment in northern Kyushu (all four companies are non-consolidated subsidiaries). Kyushu Kensan borrows rental equipment assets from Kanamoto as needed in order to meet its customer demand.

In addition, in February 2007 Kanamoto established Shanghai Jinheyuan Equipment Rental Co., Ltd., a joint management with a Chinese firm in Shanghai, China. The non-consolidated subsidiary represents the first overseas foray for the Kanamoto Group. This company, which currently is engaged in importing and exporting of construction materials, also plans to develop a construction equipment rental business in the future.

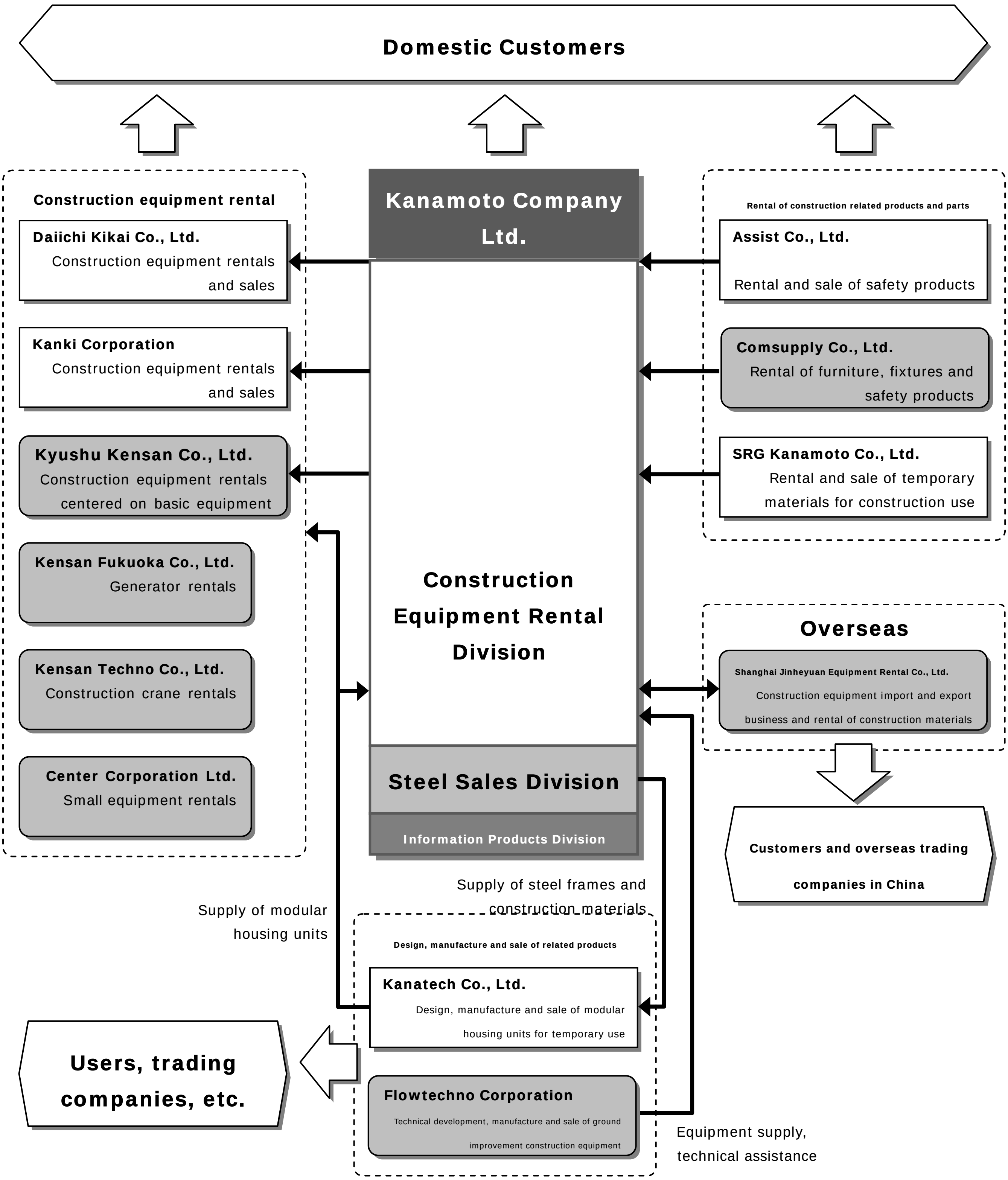
[Business related to the Steel Sales Division]

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

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

Kanamoto's Information Products Division is engaged in the rental and sale of computers, including workstations and PC servers, as well as computer peripheral equipment. Active Technology Corporation, an affiliated company related to the Company's Other Businesses, has currently halted business activities.

The companies and activities described above are shown in the following diagram illustrating their operating businesses relationships.



(Notes)

① There are no companies that apply equity method accounting to non-consolidated subsidiaries.

② Consolidated subsidiaries are indicated by white boxes, and non-consolidated subsidiaries are shown in grey boxes. Dotted lines indicated the companies that are grouped in the same business classification.

③ → Arrows indicate business transactions. For details please see the text on the previous page.

3. Management Policies

(1) Basic policies concerning the Company's business management

The Kanamoto group has never been complacent about its present condition. Every group company has positioned Kanamoto's action agenda of promoting maximization of revenues and absolute reduction of costs, while continually seeking innovation and striving to energize its businesses, as the common philosophy of the entire Kanamoto group. By managing the group's businesses to conform to changes in market conditions, the Company seeks to achieve continual growth in earnings by accurately providing the services truly demanded by Kanamoto's customers. Through this approach to its business, Kanamoto believes it will be evaluated positively as a corporate group that can fundamentally satisfy the expectations and trust of its stakeholders and make a valuable and tangible contribution to society.

(2) Management indicators established as objectives

The Kanamoto Group's core operations in the construction equipment rental business require a substantial capital investment burden. Moreover, the structure of this business requires a profit and loss outlook extending over several years. Given these considerations, the Kanamoto group has always positioned growth in EBITDA+ (earnings before interest, taxes, depreciation and amortization) as its most important management indicator, while also taking into consideration ROI (return on investment).

With regard to the numerical targets set in the long-term management plan Kanamoto currently is implementing (November 2003 - October 2008), there remains uncertainty concerning the trend in construction demand during the plan period, and on several occasions in the past the Company has revised its targets compared with initial plan. On May 28, 2007, the Company released the latest revisions to its full-year operating results outlook for the current consolidated fiscal year. After taking into consideration construction demand in regions where economic recovery has been slow, at this time the Company has not made any additional changes to the numerical targets for the fiscal year ending in October 2008. The Company will work to improve the profitability of the entire Kanamoto group, focusing on maintaining and expanding EBITDA+, which has a direct influence on Kanamoto's consolidated operating results.

		Fiscal Year Ending October 2007	Fiscal Year Ending October 2007
Consolidated operating results	Revenues	68,700	70,980
	Ordinary income	4,700	4,560
	Net income per share	73.05	67.87
Non-consolidated operating results (Kanamoto)	Revenues	62,000	63,670
	Ordinary income	4,700	4,500
	EBITDA+	19,117	19,960

(Unit: Millions of yen, except for net income per share which is in yen)

(3) Medium to long-term corporate management strategy

The Company has now completed the fourth period of its long-range management plan "Metamorphose" (November 2003 - October 2008). During this four-year period, the Company has gradually realized the results of measures it has promoted, centered on reorganization of its earnings profile and improvement of its financial position, and as a result has three times revised its initial operating results projections upwards. By continuing to practice earnings-focused management and further expanding operating results, the Company seeks to build a "strong Kanamoto" that will be evaluated positively by the market.

① Maintain an earnings-focused rental equipment asset portfolio

In addition to replacing its large rental assets with the latest emissions-controlled models, and extending rental periods for such assets, the Company will seek to improve profit margins by also strengthening its emphasis on equipment boasting high returns.

② Execute a bold scrap and build program

The Company has adopted a fundamental approach of giving priority to establishing new branches in the Tokyo metropolitan area and regions surrounding other large metropolitan areas, while maintaining its existing branch network in other regions. In areas where the Kanamoto group has not yet opened branches, the Company's policy is to investigate moving aggressively into a region after analyzing all pertinent information and available opportunities. The Company also will carefully scrutinize the possibilities for expanding operating results and improving the profitability of each branch, and continue to close and integrate branches. The Company also will actively utilize techniques such as M&A as engines of growth.

③ Build a powerful marketing organization and alliance group where customers are always Number One

Kanamoto seeks to be a firm that enjoys a high level of customer trust and is firmly rooted in its local communities. The Company pursues this objective by offering services that take maximum advantage of its corporate scale, such as Kanamoto's comprehensive compensation system and agreements with local governments to respond to urgent requests following a disaster, and offering products that are linked directly to customers' needs.

In addition, the Kanamoto group forms a network reaching from Hokkaido to Okinawa, and the Company will continue to strengthen cooperation among all Kanamoto group firms, and increase the synergistic effects from this approach.

(4) Issues to be addressed by the Company

Based on Japan's fiscal policies, public works construction is projected to continue following a declining trend. On the other hand, the demand for construction equipment rentals is showing a positive trend, driven by the efforts of construction companies to control capital spending. The severity of the competition among construction equipment rental firms, however, continues to increase. Given this environment, the issue faced by Kanamoto is to maintain its traditional earnings and ensure its profit base is sound, by responding accurately to the demands of user firms as their needs become more advanced and complex.

① Enhance marketing capabilities and customer strategies

As the leading firm in the construction equipment rental industry, Kanamoto strives to foster employees who possess appropriate knowledge and skills. The Company also is taking steps to cultivate a new range of customers, including sectors such as facilities maintenance, landscaping and gardening and events, by diversifying the types of products it handles.

② Emphasize group management and strengthen alliances

Kanamoto will strengthen cooperation among Kanamoto group companies from an operating, business and asset management standpoint, increase alliances with firms in every region of Japan and seek mechanisms aimed at the creation of mutual earnings opportunities.

③ Reinforce Kanamoto's financial strategy

Kanamoto is taking steps to enhance funds procurement flexibility, while giving consideration to equipment plans including its purchases of rental equipment assets. At the same time, the Company is striving to improve its financial position, by reducing interest-bearing debt as much as possible while improving capital efficiency, by incorporating measures such as the liquidation of assets.

④ Continuous cost reductions

Because of factors such as the sharp rise in crude oil and raw materials prices and increasing interest rates, increasing asset introduction costs are a concern. Together with the thorough use of benchmarks when introducing assets, the Company also will strive to maintain asset value by optimizing asset maintenance costs based on its rental assets operating policies. The Company also will continue measures aimed at achieving low-cost operations and eliminating wasteful expenses.

⑤ Compliance and internal controls

Recently, scandals perpetrated by firms have been reported frequently. The Kanamoto group should profit from such incidents as well, and to create an organization that is aligned with society's demands the Company has prepared ethical standards, a code of conduct and a compliance manual. The Company works to ensure every individual is thoroughly familiar with these guidelines, and manages its organization in accordance with these materials. The Company also has reconfirmed its management processes for maintaining reliable and trusted financial reporting. At each group company as well, Kanamoto is directing the development of systems as quickly as possible and guiding system operation, and working to ensure a group-wide organization for observing all laws is in place.

IV Interim Consolidated Financial Statements

1. Interim Consolidated Balance Sheets

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

Category / Period		Prior Consolidated Fiscal Year Interim Period (As of April 30, 2006)			Current Consolidated Fiscal Year Interim Period (As of April 30, 2007)			Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2006)		
		Amount		Percent	Amount		Percent	Amount		Percent
(Assets)										
I Current Assets										
1.Cash and deposits			21,065,337			22,465,779			18,398,312	
2.Notes and accounts receivable, trade	*3		13,242,954			13,012,758			14,959,325	
3.Inventory			641,479			685,271			560,203	
4.Construction equipment			1,312,970			1,132,334			1,193,669	
5.Deferred tax assets			316,581			356,582			391,803	
6.Other current assets			494,345			290,729			752,572	
Allowance for doubtful accounts			- 605,691			- 523,190			- 523,650	
Total Current Assets			36,467,976	41.9		37,420,264	41.2		35,732,235	41.2
II Fixed Assets										
1.Tangible Fixed Assets										
(1)Rental equipment		37,169,078			37,038,152			37,784,220		
Accumulated depreciation		27,908,940	9,260,137		27,227,145	9,811,007		28,426,025	9,358,195	
(2)Buildings and structures		15,965,488			16,517,185			16,561,916		
Accumulated depreciation		9,673,554	6,291,934		9,788,405	6,728,780		9,930,025	6,631,891	
(3)Machinery, equipment and delivery equipment		4,280,489			4,375,415			4,322,961		
Accumulated depreciation		3,539,940	740,549		3,590,806	784,609		3,602,186	720,775	
(4)Land			25,791,953			26,264,162			25,906,130	
(5)Construction in progress			24,244			87,065			246,544	
(6)Other tangible fixed assets		1,112,607			1,092,233			1,126,604		
Accumulated depreciation		838,757	273,850		836,431	255,802		866,704	259,900	
Total Tangible Fixed Assets			42,382,668	48.7		43,931,427	48.4		43,123,437	49.7
2.Intangible Fixed Assets			610,652	0.7		489,036	0.5		536,695	0.6
3.Investments and Other assets										
(1)Investment securities			6,601,532			7,753,593			6,224,097	
(2)Other assets			1,778,065			2,008,911			1,874,002	
Allowance for doubtful accounts			- 837,154			- 735,621			-674,876	
Total Investments and Other Assets			7,542,443	8.7		9,026,884	9.9		7,423,223	8.5
Total Fixed Assets			50,535,764	58.1		53,447,348	58.8		51,083,356	58.8
Total Assets			87,003,740	100.0		90,867,612	100.0		86,815,592	100.0

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

Category / Period		Prior Consolidated Fiscal Year Interim Period (As of April 30, 2006)			Current Consolidated Fiscal Year Interim Period (As of April 30, 2007)			Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2006)		
		Amount		Percent	Amount		Percent	Amount		Percent
(Liabilities)										
I Current Liabilities										
1.Notes and accounts payable, trade	*3		13,441,414			13,224,826			12,419,337	
2.Short-term bank loans			558,696			390,000			497,704	
3.Long-term bank loans due within one year			10,570,496			9,772,856			10,077,496	
4.Corporate taxes payable			1,158,159			1,828,399			1,365,479	
5.Accrued bonuses to employees			566,786			537,423			511,737	
6.Accrued bonuses to directors and auditors			2,750			—			5,500	
7.Accounts payable, other			2,617,049			2,968,714			2,676,023	
8.Other current liabilities			1,167,947			713,158			1,017,823	
Total Current Liabilities			30,083,300	34.6		29,435,377	32.4		28,571,100	32.9
II Long-term Liabilities										
1.Long-term bank loans			17,545,359			16,204,883			16,031,111	
2.Accrued employees retirement benefits			1,592,064			1,763,508			1,681,719	
3.Retirement allowances to directors and auditors			138,708			127,150			129,214	
4.Long-term accrued expenses			1,871,385			2,485,270			2,107,836	
5.Consolidation adjustment			364,763			440,671			221,336	
6.Other long-term liabilities			33,871			10,727			21,507	
Total Long-term Liabilities			21,546,152	24.8		21,032,211	23.1		20,192,724	23.3
Total Liabilities			51,629,452	59.4		50,467,589	55.5		48,763,825	56.2
(Minority Interests)										
Minority interests			111,603	0.1		—			—	
(Shareholders' Equity)										
I Common stock			8,596,737	9.9		—			—	
II Additional paid-in capital			9,720,343	11.2		—			—	
III Earned surplus			14,464,078	16.6		—			—	
IV Valuation difference on other negotiable securities			2,672,989	3.0		—			—	
V Treasury stock			- 191,464	- 0.2		—			—	
Total Shareholders' Equity			35,262,684	40.5		—			—	
Total Liabilities and Shareholders' Equity			87,003,740	100.0		—			—	
(Net Assets)										
I Owners' equity			—	—						
1.Paid-in capital			—	—		9,696,717	10.7		9,696,717	11.2
2.Capital surplus			—	—		10,960,869	12.0		10,960,869	12.6

3.Earned surplus		—	—		16,976,821	18.7		14,889,638	17.2
4.Treasury stock		—	—		- 11,415	- 0.0		- 6,303	- 0.1
Total Owners' Equity		—	—		37,622,992	41.4		35,540,922	40.9
II Valuation and translation adjustments									
1.Valuation difference on other investment securities		—	—		2,649,377	2.9		2,418,684	2.8
Total Valuation and translation adjustments		—	—		2,649,377	2.9		2,418,684	2.8
III Minority Interests		—	—		127,653	0.2		92,159	0.1
Total Net Assets		—	—		40,400,023	44.5		38,051,766	43.8
Total Liabilities and Net Assets		—	—		90,867,612	100.0		86,815,592	100.0

2. Interim Consolidated Statements of Income

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

Category / Period		Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)			Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)			Prior Fiscal Year Summary Consolidated Balance Sheet (From November 1, 2005 to October 31, 2006)		
		Amount		Percent	Amount		Percent	Amount		Percent
Ⅰ Revenues from operations										
1.Rental revenues		24,004,132			24,776,553			46,058,582		
2.Sales		10,516,055	34,520,187	100.0	11,454,139	36,230,692	100.0	21,965,199	68,023,782	100.0
Ⅱ Cost of revenues from operations										
1.Cost of rental revenues		16,446,658			16,708,757			32,697,199		
2.Cost of goods sold		8,144,894	24,591,553	71.2	8,575,926	25,284,683	69.8	17,048,094	49,745,294	73.1
Gross profit			9,928,633	28.8		10,946,008	30.2		18,278,487	26.9
Ⅲ Selling, general and administrative expenses	*1		7,055,561	20.5		7,507,667	20.7		14,210,350	20.9
Operating income			2,873,072	8.3		3,438,340	9.5		4,068,136	6.0
Ⅳ Non-operating revenues										
1.Interest revenue		229			11,807			2,467		
2.Dividend income		10,104			14,059			40,396		
3.Gain on sale of investment securities		17,799			4,312			24,883		
4.Insurance benefits		22,934			18,843			40,910		
5.Rents received		44,849			43,415			90,902		
6.Cash bonus received		–			101,816			–		
7.Other		76,859	172,776	0.5	45,141	239,396	0.7	116,103	315,662	0.5
Ⅴ Non-operating expenses										
1.Interest expense		168,160			194,164			357,750		
2.New share issuance costs		–			–			14,762		
3.Other		76,327	244,487	0.7	61,176	255,340	0.7	222,828	595,340	0.9
Ordinary income			2,801,361	8.1		3,422,396	9.5		3,788,458	5.6
Ⅵ Extraordinary profits										
1.Gain on sale or retirement of fixed assets	*2	883			920,700			50,018		
2.Valuation gain on investment partnership		544			4,946			8,515		
3.Gain on reversal of allowance for doubtful accounts		11,548			20,990			33,270		
4.Gain on sale of investment securities		3,246			1,336			–		
5.Compensation received		–			–			275,500		
6.Other		69	16,292	0.1	59	948,033	2.6	27,421	394,726	0.6
Ⅶ Extraordinary losses										
1.Loss on sale or retirement of fixed assets	*3	16,753			45,774			52,366		

2.Impairment loss *4	594,568			890			594,568		
3.Valuation loss on investment partnership	17,804			49			—		
4.Other	9,365	638,492	1.9	28,576	75,289	0.2	82,666	729,600	1.1
Income before taxes and adjustments		2,179,161	6.3		4,295,140	11.9		3,453,583	5.1
Corporate, local and business taxes	1,121,920			1,778,552			1,767,872		
Adjustment for corporate and other taxes	- 31,697	1,090,222	3.2	98,180	1,876,732	5.2	- 77,965	1,689,906	2.5
Minority interest in income or loss		40,468	0.1		35,493	0.1		21,024	0.0
Net income		1,048,470	3.0		2,382,914	6.6		1,742,652	2.6

3. Interim Statements of Consolidated Retained Earnings

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

Period / Category	Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	
	Amount	
(Capital Surplus)		
Ⅰ Balance of capital surplus at the beginning of the period		9,720,343
Ⅱ Balance of capital surplus at the end of the interim period		9,720,343
(Earned Surplus)		
Ⅰ Balance of earned surplus at the beginning of the period		13,691,585
Ⅱ Increase in earned surplus		
Interim period net income	1,048,470	1,048,470
Ⅲ Decrease in earned surplus		
1.Dividends	268,677	
2.Directors and auditors' bonuses	7,300	275,977
Ⅳ Balance of earned surplus at the end of the interim period		14,464,078

Current Consolidated Accounting Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)

(Unit: Thousands of yen)

	Owners' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total owners' equity
Balance at the end of the prior consolidated accounting fiscal year (October 31, 2006)	9,696,717	10,960,869	14,889,638	- 6,303	35,540,922
Change of items during the consolidated accounting fiscal year interim period					
Dividends from surplus			- 295,732		- 295,732
Net income			2,382,914		2,382,914
Purchase of treasury stock				- 5,112	- 5,112
Change of items other than owners' equity during the consolidated accounting fiscal year interim period (net amount)					
Total changes of items during the consolidated accounting fiscal year interim period	—	—	2,087,182	- 5,112	2,082,070
Balance at the end of the consolidated accounting fiscal year interim period (April 30, 2007)	9,696,717	10,960,869	16,976,821	- 11,415	37,622,992

	Valuation and translation adjustments		Minority interests	Total net assets
	Valuation difference on other investment securities	Total valuation and translation adjustments		
Balance at the end of the prior consolidated accounting fiscal year (October 31, 2006)	2,418,684	2,418,684	92,159	38,051,766
Change of items during the consolidated accounting fiscal year interim period				
Dividends from surplus				- 295,732
Net income				2,382,914
Purchase of treasury stock				- 5,112
Change of items other than owners' equity during the interim consolidated accounting period (net amount)	230,693	230,693	35,493	266,186
Total changes of items during the consolidated accounting fiscal year interim period	230,693	230,693	35,493	2,348,256
Balance at the end of the consolidated accounting fiscal year interim period (April 30, 2007)	2,649,377	2,649,377	127,653	40,400,023

Prior Consolidated Accounting Fiscal Year (From November 1, 2005 to October 31, 2006)

(Unit: Thousands of yen)

	Owners' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total owners' equity
Balance at the end of the prior consolidated fiscal year (October 31, 2005)	8,596,737	9,720,343	13,691,585	- 186,594	31,822,071
Change of items during the consolidated fiscal year					
Issuance of new shares	1,099,980	1,097,046			2,197,026
Dividends from surplus			- 268,677		- 268,677
Dividends from surplus (interim dividend)			- 268,622		- 268,622
Directors and auditors' bonuses from appropriation of earnings			- 7,300		- 7,300
Net income			1,742,652		1,742,652
Purchase of treasury stock				-11,781	-11,781
Disposal of treasury stock		143,480		192,072	335,552
Change of items other than shareholders' equity during the consolidated fiscal year (net amount)					—
Total changes of items during the consolidated accounting fiscal year	1,099,980	1,240,526	1,198,052	180,290	3,718,850
Balance at the end of the consolidated accounting fiscal year (October 31, 2006)	9,696,717	10,960,869	14,889,638	- 6,303	35,540,922

	Valuation and translation adjustments		Minority interests	Total net assets
	Valuation difference on other investment securities	Total valuation and translation adjustments		
Balance at the end of the prior consolidated fiscal year (October 31, 2005)	1,643,403	1,643,403	71,135	33,536,610
Change of items during the consolidated fiscal year				
Issuance of new shares				2,197,026
Dividends from surplus				- 268,677
Dividends from surplus (interim dividend)				- 268,622
Directors and auditors' bonuses from appropriation of earnings				- 7,300
Net income				1,742,652
Purchase of treasury stock				- 11,781
Disposal of treasury stock				335,552
Change of items other than shareholders' equity during the consolidated fiscal year (net amount)	775,281	775,281	21,024	796,305
Total changes of items during the consolidated accounting fiscal year under review	775,281	775,281	21,024	4,515,155
Balance at the end of the consolidated accounting fiscal year under review (October 31, 2006)	2,418,684	2,418,684	92,159	38,051,766

4. Interim Consolidated Statements of Cash Flows

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

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year Summary Consolidated Statement of Cash Flows (From November 1, 2005 to October 31, 2006)
	Amount	Amount	Amount
I Cash flow from operating activities			
Income before taxes and adjustments	2,179,161	4,295,140	3,453,583
Depreciation and amortization expense	2,282,463	2,176,707	4,792,624
Impairment loss	594,568	890	594,568
Amortization of consolidation adjustment account	52,273	–	–
Amortization of goodwill	–	73,859	136,546
Gain on sale or retirement of fixed assets	- 883	- 920,700	- 50,018
Loss on sale or retirement of fixed assets	16,753	45,744	52,366
Installment purchases of assets for small-value rentals	8,749	56,728	125,132
Reclassification of cost of sales associated with disposal of construction equipment	1,615	8,609	6,866
Reclassification of cost of sales associated with disposal of rental assets	244,027	210,073	569,273
Expenditures for acquisition of rental assets	- 567,212	-1,168,121	- 1,811,898
New share issuance costs	–	–	14,762
Valuation loss on investment securities	–	3,516	–
Gain on sale of investment securities	- 17,799	- 4,312	- 24,883
Increase in allowance for doubtful accounts	- 258,557	60,284	- 502,887
Increase (decrease) in accrued bonuses to employees	50,990	25,686	- 4,059
Increase in accrued bonuses to directors and auditors	2,750	- 5,500	5,500
Increase (decrease) in accrued employees retirement benefits	66,070	81,789	155,725
Increase in retirement allowances to directors and auditors	28,235	- 2,063	18,741
Interest revenue and dividend income	- 10,333	- 25,867	- 42,863
Interest expense on installment purchases of rental assets	23,259	20,856	42,906
Interest expense	168,160	194,164	357,750
(Increase) decrease in accounts receivable, trade	1,086,136	1,946,567	- 630,235
(Increase) decrease in inventory assets	- 102,528	- 124,438	- 21,251
Increase (decrease) in accounts payable, trade	2,603,795	805,489	1,581,719
Increase (decrease) in accounts payable, other	385,363	546,673	428,072
Directors and auditors' bonuses paid	- 7,300	–	- 7,300
Other, net	1,060,185	- 12,693	489,036
Subtotal	9,889,946	8,289,113	9,729,787
Interest and dividends received	10,333	25,867	42,863
Interest expense	- 197,163	- 224,521	- 400,061
Payment of corporate and other taxes	- 519,330	- 1,315,632	- 957,962
Cash flow from operating activities	9,183,785	6,774,826	8,414,626

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

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year Summary Consolidated Statement of Cash Flows (From November 1, 2005 to October 31, 2006)
	Amount	Amount	Amount
Ⅱ Cash flow from investing activities			
Disbursements for investments in term deposits	—	—	3,018
Funds used for the purchase of investment securities	- 308,269	- 68,933	- 465,832
Funds provided from the sale of investment securities	1,244,098	153,208	1,353,015
Funds used for establishment of affiliated company		- 34,778	—
Funds used for payment of capital contribution	- 200	—	—
Funds used for the purchase of tangible fixed assets	- 403,049	- 1,771,801	- 2,248,477
Funds provided from the sale of tangible fixed assets	24,563	1,846,880	931,262
Funds used for the purchase of intangible fixed assets	- 5,914	- 40,866	- 14,729
Funds used for the purchase of non-consolidated subsidiary stock	- 50,025	- 1,199,992	- 50,025
Other	60	10,807	2,556
Cash flow from investing activities	501,264	- 1,105,476	- 489,212
Cash flow from financing activities			
Decrease in short-term bank loans	- 18,668	- 107,704	- 79,660
Funds provided by long-term bank loans	4,400,000	5,350,000	8,200,000
Funds used to repay long-term bank loans	- 5,646,248	- 5,480,868	- 11,453,496
Funds used for repayment of installment obligations	- 1,193,130	- 1,062,467	- 2,271,544
Funds provided by new share issuance	—	—	2,182,264
Funds provided from disposal of treasury stock	—	—	335,552
Funds used for the purchase of treasury stock	- 4,869	- 5,112	- 11,781
Payment of dividends to parent company	- 268,677	- 295,732	- 537,300
Cash flow from financing activities	- 2,731,594	- 1,601,883	- 3,635,966
Increase (decrease) in cash and equivalents	6,953,455	4,067,466	4,289,448
Balance of cash and equivalents at beginning of period	14,108,863	18,398,312	14,108,863
Balance of cash and equivalents at end of the interim period (consolidated fiscal year)	21,062,318	22,465,779	18,398,312

Significant Accounting Policies for the Consolidated Financial Statements

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 to October 31, 2006)
1. Companies included in the consolidation	(1) Number of consolidated companies: 5 Consolidated company name: Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Kikai Co., Ltd. Kanki Corporation (2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name Comsupply Co., Ltd. Kanki Maintenance Co., Ltd. (Reason for exclusion from consolidation) The size of the non-consolidated subsidiaries is small and their net assets, sales and interim period profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and do not have a material effect on the interim consolidated financial statements.	(1) Number of consolidated companies: 5 Consolidated company name: Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Kikai Co., Ltd. Kanki Corporation (2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name Comsupply Co., Ltd. Flowtechno Corporation Kyusyu Kensan Co., Ltd. Kensan Fukuoka Co., Ltd. Center Corporation. (Reason for exclusion from consolidation) The size of the non-consolidated subsidiaries is small and their net assets, sales and interim period profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and do not have a material effect on the interim consolidated financial statements.	(1) Number of consolidated companies: 5 Consolidated company name: Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Kikai Co., Ltd. Kanki Corporation (2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name Comsupply Co., Ltd. Kanki Maintenance Co., Ltd. (Reason for exclusion from consolidation) The size of the non-consolidated subsidiaries is small and their net assets, sales and fiscal year profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and do not have a material effect on the consolidated financial statements.

2. Matters pertaining to application of equity method accounting	Three non-consolidated subsidiaries (Comsupply Co., Ltd., Kanki Maintenance Co., Ltd. and Flowtechno Corporation) and two affiliated companies (Active Technology Corporation and Active Power Corporation) have been omitted from items to which equity method accounting is applied because their respective effect on consolidated net income or loss (amount corresponding to minority interest) and consolidated capital surplus (amount corresponding to minority interest) is immaterial and none of the companies is important to the Company's overall operations. Active Power Corporation was liquidated on January 18, 2006.	Six non-consolidated subsidiaries (Comsupply Co., Ltd., Flowtechno Corporation, Kyushu Kensan Co., Ltd., Kensan Fukuoka Co., Ltd., Kensan Techno Co., Ltd. and Center Corporation) and two affiliated companies (Active Technology Corporation and Shanghai Jinheyuan Equipment Rental Co., Ltd.) have been omitted from items to which equity method accounting is applied because their respective effect on consolidated net income or loss (amount corresponding to minority interest) and consolidated capital surplus (amount corresponding to minority interest) is immaterial and none of the companies is important to the Company's overall operations.	Three non-consolidated subsidiaries and two affiliated companies (Active Technology Corporation and Active Power Corporation) have been omitted from items to which equity method accounting is applied because their respective effect on consolidated net income or loss (amount corresponding to minority interest) and consolidated capital surplus (amount corresponding to minority interest) is immaterial and none of the companies is important to the Company's overall operations. Active Power Corporation was liquidated on January 18, 2006, and Kanki Maintenance Co., Ltd. was liquidated on October 3, 2006.
3. Matters pertaining to the interim period-end (fiscal year-end) for consolidated subsidiaries	The interim period-end closing date for all of the consolidated subsidiaries except Kanki Corporation is February 28. When preparing the interim consolidated financial statements, the Company used the subsidiaries' financial statements as of February 28, and made adjustments for significant transactions that occurred between March 1, 2006 and the interim consolidated accounting date on April 30, 2006 that were deemed to have a material effect on the interim consolidated financial results.	The interim period-end closing date for all of the consolidated subsidiaries except Kanki Corporation is February 28. When preparing the interim consolidated financial statements, the Company used the subsidiaries' financial statements as of February 28, and made adjustments for significant transactions that occurred between March 1, 2007 and the interim consolidated accounting date on April 30, 2007 that were deemed to have a material effect on the interim consolidated financial results.	The fiscal year closing date for all of the consolidated subsidiaries except Kanki Corporation is August 31. When preparing the consolidated financial statements, the Company used the subsidiaries' financial statements as of August 31, adjusted for significant transactions that occurred between the subsidiaries' fiscal year-end and the consolidation date that have a material effect on the consolidated financial results.

4. Accounting principles and standards used for normal accounting treatment (1) Appraisal standards and appraisal methods for principal assets	a. Negotiable securities Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the consolidated accounting fiscal year interim period closing date or similar prices. Securities without market prices The Company has adopted the cost method, cost being determined by the moving average method b. Construction equipment Amount after deduction of depreciation expense calculated according to the declining-balance method from the original prices, by separate fiscal year of purchase c. Merchandise inventories and supplies (i) Merchandise inventories Lower of cost or market based on the Last-in, First-out method (ii) Supplies The Latest Purchase Cost method	a. Negotiable securities Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the consolidated accounting fiscal year interim period closing date or similar prices. Securities without market prices Same as at left b. Construction equipment Same as at left c. Merchandise inventories and supplies (i) Merchandise inventories Same as at left (ii) Supplies Same as at left	a. Negotiable securities Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the consolidated accounting fiscal year closing date or similar prices Securities without market prices Same as at left b. Construction equipment Same as at left c. Merchandise inventories and supplies (i) Merchandise inventories Same as at left (ii) Supplies Same as at left

(2) Depreciation methods for principal depreciable assets	a. Tangible fixed assets The Company has adopted the declining-balance method. Buildings on land that is leased under a fixed-term land lease agreement, however, are depreciated using the straight-line method using the remaining period of the fixed-term lease as the depreciable life and zero residual value. For certain consolidated subsidiaries, the Company has adopted the straight-line method for buildings and structures acquired on or after April 1, 2000 but excluding fixtures and equipment. The depreciable lives mainly used by the Company are as follows. Rental assets 5-10 years Buildings 31-34 years	a. Tangible fixed assets Same as at left	a. Tangible fixed assets Same as at left
	b. Intangible fixed assets 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).	b. Intangible fixed assets Same as at left	b. Intangible fixed assets Same as at left
(3) Accounting standards for deferred assets			New share issuance costs The Company expenses the full amount of new share issuance costs when the costs are incurred.
(4) Accounting standards for principal allowances and reserves	a. Reserve for doubtful accounts To provide for losses on doubtful accounts such as accounts receivable, the Company charges to income an amount based on actual loss experience for normal accounts, plus an amount for projected unrecoverable amounts based on assessments of individual accounts.	a. Reserve for doubtful accounts Same as at left	a. Reserve for doubtful accounts Same as at left

	b. 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 year based upon a salary estimate amount.	b. Accrued bonuses to employees Same as at left	b. Accrued bonuses to employees Same as at left

	c. Accrued bonuses to directors and auditors The Company provides for accrued directors and auditors’ bonuses. At the end of the interim consolidated accounting 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 consolidated accounting fiscal year, however, the Company will account for directors and auditors’ bonuses as an expense of the accounting period in which such bonuses are accrued, based on the Accounting Standard for Directors’ Bonuses (Accounting Standards Board of Japan, Accounting Statement No. 4 dated November 29, 2005). 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. The affect of this change on the Company’s information by segment is not material.	c. Accrued bonuses to directors and auditors ——————	c. Accrued bonuses to directors and auditors The Company provides for accrued directors and auditors’ bonuses. At the end of the consolidated accounting fiscal year, 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 consolidated accounting fiscal year, however, the Company will account for directors and auditors’ bonuses as an expense of the accounting period in which such bonuses are accrued, based on the Accounting Standard for Directors’ Bonuses (Accounting Standards Board of Japan, Accounting Statement No. 4 dated November 29, 2005). As a result, operating income, ordinary income and income before taxes and adjustments were ¥5,500,000 less than they otherwise would have been had the accounting standards used in past periods been applied. The affect of this change on the Company’s information by segment is not material.

	d. Accrued employees retirement benefit The Company provides for employees' accrued retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the consolidated fiscal year. At the end of each interim consolidated accounting period, the Company appropriates an amount to the reserve to provide for the liability recognized during the period. The difference based on an actuarial calculation is charged to income beginning in the consolidated accounting fiscal year following the year in which incurred, with the amounts allocated proportionately using the straight-line method, based on a specified number of years (10 years) that is less than the average remaining period of employment for employees at the time the difference arises.	d. Accrued employees retirement benefit Same as at left	d. Accrued employees retirement benefit The Company provides for employees' accrued retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the consolidated fiscal year. At the end of each consolidated accounting fiscal year, the Company appropriates an amount to the reserve to provide for the liability recognized during the period. The difference based on an actuarial calculation is charged to income beginning in the consolidated accounting fiscal year following the year in which incurred, with the amounts allocated proportionately using the straight-line method, based on a specified number of years (10 years) that is less than the average remaining period of employment for employees at the time the difference arises.
	e. Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately at the end of the interim consolidated accounting period based upon length of service.	e. Retirement allowances to directors and auditors Same as at left	e. Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately at the end of the consolidated accounting fiscal year based upon length of service.
(5) Lease transactions	For finance lease transactions except for leases that transfer ownership of the property to the lessee, rent expenses are charged to income as payments are made.	Same as at left	Same as at left

(6) Hedge accounting for principal hedging methods	a. Hedge transactions The Company accounts for hedge transactions using allocations based on accounting standards for foreign currency-denominated transactions, and special rule accounting based on accounting standards for financial products.	a. Hedge transactions Same as at left	a. Hedge transactions Same as at left
	b. Hedge methods and hedged transactions The Company uses currency swaps and forward transactions in order to avoid the currency fluctuation risk related to the Company's foreign currency-denominated straight bonds and liabilities for import payments. The Company also uses interest swaps to avoid interest rate fluctuation risk related to interest on bank borrowing.	b. Hedge methods and hedged transactions Same as at left	b. Hedge methods and hedged transactions Same as at left
	c. Hedging policies The Company's use of derivative transactions is limited to hedging risk within the scope of the Company's assets and liabilities subject to market fluctuation risk.	c. Hedging policies Same as at left	c. Hedging policies Same as at left
	d. Method for evaluating the effectiveness of hedges The Company does not evaluate the effectiveness of its hedge transactions because it can assume that its currency swap transactions and forward transactions will completely offset market fluctuations or changes in cash flow from the time hedge begins until it is terminated. In addition, the Company's interest swap transactions fulfill the requirements for special rule accounting, and the Company has elected to use this in place of an evaluation of effectiveness.	d. Method for evaluating the effectiveness of hedges Same as at left	d. Method for evaluating the effectiveness of hedges Same as at left

(7) Other material matters pertaining to preparation of the interim consolidated financial statements (consolidated financial statements)	Accounting treatment of consumption tax Consumption tax is taken out of all Statement of Income items and Balance Sheet items, except mainly for receivables and payables.	Accounting treatment of consumption tax Same as at left	Accounting treatment of consumption tax Same as at left
5. Items included in cash and equivalents on the Interim Consolidated Statements of Cash Flows (Consolidated Statements of Cash Flows)	Cash on hand, deposits that can be withdrawn on demand and highly liquid short-term investments that mature within three months of the date of acquisition and which can be easily converted into cash and that have minimal risk of a change in price.	Same as at left	Same as at left

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

Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 To April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 To October 31, 2006)
(Accounting Standard for Impairment of Fixed Assets) Beginning from this consolidated accounting fiscal year interim 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). 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. The total amount of the impairment loss is deducted directly from the balance for each asset based on the revised standards for preparation of interim consolidated financial statements and other rules.	————	(Accounting Standard for Impairment of Fixed Assets) Beginning from this consolidated accounting fiscal year, 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 9, 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). 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. The affect of this change on the Company's information by segment is described in the relevant section. The total amount of the impairment loss is deducted directly from the balance for each asset based on the revised standards for preparation of interim consolidated financial statements and other rules.
————	————	(Accounting Standard for Presentation of Net Assets in the Balance Sheet) Beginning from this consolidated accounting fiscal year, the Company has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5 dated December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8 dated December 9, 2005).

		The amount corresponding to the total of shareholders' equity based on the past accounting standard is ¥37,959,606,000. The net asset section of the consolidated balance sheet for the consolidated accounting fiscal year under review was prepared based on the revised consolidated financial statements rules.

Change in Reporting Method

Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)
(Interim Consolidated Statements of Income) Until the prior consolidated accounting fiscal year interim period, the Company reported income from recovery of bad debts in "Other" under extraordinary profits. The Company has reported this item separately because the amount exceeded 10% of total extraordinary profits. The amount of "income from recovery of bad debts" in the interim period of the prior consolidated accounting year was ¥61,000. ――――――――	(Interim Consolidated Statements of Income) ―――――――― Until the prior consolidated accounting fiscal year interim period, the Company reported cash bonus received as a separate category in "Other" under non-operating revenues. The Company has reported this item separately because the amount exceeded 10% of total non-operating revenues. The amount of "cash bonus received" in the interim period of the prior consolidated accounting fiscal year was ¥29,552,000.
(Interim Consolidated Statements of Cash Flows)	(Interim Consolidated Statements of Cash Flows) Beginning from the current interim consolidated accounting period, the goodwill amortization expense previously reported in "Depreciation and amortization expense" (¥16,000,000 for the interim period of the prior consolidated accounting fiscal year) will be included in "Amortization of goodwill," based on the revised interim consolidated financial statements rules. Also, beginning from the current interim consolidated accounting period the amount reported in the past as "amortization of consolidation adjustment account" will be included in "Amortization of goodwill."

Notes to the Interim Financial Statements

(Notes to the Interim Consolidated Balance Sheets)

Prior Consolidated Fiscal Year Interim Period (As of April 30, 2006)	Current Consolidated Fiscal Year Interim Period (As of April 30, 2007)	Prior Consolidated Fiscal Year (As of October 31, 2006)
1. Guarantees Joint and several guarantees of employee bank loans 31,159,000 Guarantee of debt for long-term bank loan to affiliated company (Flowtechno Corporation) 100,000,000 Total 131,159,000	1. Guarantees Joint and several guarantees of employee bank loans 27,763,000 Guarantee of debt for long-term bank loan to affiliated company (Flowtechno Corporation) 100,000,000 Total 127,763,000	1. Guarantees Joint and several guarantees of employee bank loans 27,162,000 Guarantee of debt for long-term bank loan to affiliated company (Flowtechno Corporation) 100,000,000 Total 127,162,000
2. Discount on notes receivable, trade 155,972,000	2. Discount on notes receivable, trade 475,474,000	2. Discount on notes receivable, trade 373,580,000
*3. Notes and bills maturing at the end of the interim period (consolidated 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 consolidated fiscal year interim accounting period was a financial institution holiday, notes and bills maturing on the final day of the following consolidated interim period are included in the consolidated fiscal year interim accounting period balance. Notes receivable, trade 43,551,000 Notes payable, trade 1,485,239,000	*3. Notes and bills maturing at the end of the interim period (consolidated 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 consolidated fiscal year interim accounting period was a financial institution holiday, notes and bills maturing on the final day of the following consolidated interim period are included in the consolidated fiscal year interim accounting period balance. Notes receivable, trade 39,698,000 Notes payable, trade 1,542,050,000	―――――
4.Contingent liabilities The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 7,921,742,000 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.	4.Contingent liabilities The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 7,492,647,000 The amount of notes receivable, trade with a right of recourse to the Company included in balance of notes receivable, trade is ¥1,549,803,000.	4.Contingent liabilities The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 5,734,296,000 The amount of notes receivable, trade with a right of recourse to the Company included in balance of notes receivable, trade is ¥1,244,278,000.

(Notes to the Interim Consolidated Statements of Income)

	Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 to October 31, 2006)
*1. Major expense categories and amounts included in selling, general and administrative expenses			
Employee salaries and wages	2,673,627,000	29,248,749,000	5,529,726,000
Depreciation expense	382,867,000	393,138,000	746,963,000
Rents	779,729,000	782,282,000	1,587,085,000
Transfer to allowance for doubtful accounts	49,261,000	83,891,000	45,529,000
Transfer to accrued bonuses to employees	553,776,000	535,553,000	510,328,000
Transfer to accrued bonuses to directors and auditors	2,750,000	—	
Employees retirement benefit expense	156,204,000	163,365,000	5,500,000
Transfer to retirement allowances to directors and auditors	9,268,000	9,424,000	304,966,000
Amortization of consolidation adjustment account	52,273,000		18,741,000
Amortization of goodwill		55,459,000	136,546,000
*2. Gain on sale or retirement of fixed assets			
Land	772,000	906,198,000	49,905,000
Buildings and structures	110,000	14,413,000	110,000
Machinery, equipment and delivery equipment		88,000	
Others			3,000
Total	883,000	920,700,000	50,018,000
*3. Loss on sale or retirement of fixed assets.			
(Loss on sale of fixed assets)			
Buildings and structures			108,000
Land	2,428,000	26,859,000	2,428,000
Other	284,000	420,000	284,000
(Loss on retirement of fixed assets)			
Rental equipment	12,040,000	9,025,000	24,055,000
Buildings and structures	1,541,000	7,402,000	21,261,000
Machinery, equipment and delivery equipment	155,000	337,000	2,464,000
Other	304,000	1,728,000	1,763,000
Total	15,427,000	45,774,000	52,366,000

Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 to October 31, 2006)
*4. Impairment loss In the consolidated fiscal year interim period, the Kanamoto group incurred an impairment loss on the following asset group.	*4. Impairment loss In the consolidated fiscal year interim period, the Kanamoto group incurred an impairment loss on the following asset group.	*4. Impairment loss In the consolidated accounting fiscal year, the Kanamoto Group incurred an impairment loss on the following asset group.

Prior Consolidated Fiscal Year Interim Period:

Location	Use	Asset
Kamakura City, Kanagawa Prefecture Kanazawa City, Ishikawa Prefecture Muroran City, Hokkaido Five other locations	Dormant asset	Land

Current Consolidated Fiscal Year Interim Period:

Location	Use	Asset
Tomakomai City, Hokkaido	Dormant asset	Land

Prior Consolidated Fiscal Year:

Location	Use	Asset
Kamakura City, Kanagawa Prefecture Kanazawa City, Ishikawa Prefecture Muroran City, Hokkaido Five other locations	Dormant asset	Land

Prior Consolidated Fiscal Year Interim Period	Current Consolidated Fiscal Year Interim Period	Prior Consolidated Fiscal Year
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 the recoverable value, and accounted for the reduction as an impairment loss (¥594,568,000) under extraordinary losses. This ¥594,568,000 was for land. 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.	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 the recoverable value, and accounted for the reduction as an impairment loss (¥890,000) under extraordinary losses. This ¥890,000 was for land. 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.	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 the recoverable value, and accounted for the reduction as an impairment loss (¥594,568,000) under extraordinary losses. This ¥594,568,000 was for land. 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.

(Notes to the Interim Consolidated Statement of Changes of Changes in Net Assets)

Current consolidated accounting fiscal year interim period (From November 1, 2006 to April 31, 2007)

1. Class of shares issued and number of shares, treasury stock and number of shares

(Thousands of shares)

	Number of shares at end of prior consolidated accounting fiscal year	Increase in number of shares during the current consolidated accounting year interim period	Decrease in number of shares during the current consolidated accounting year interim period	Number of shares at end of the current consolidated accounting year interim period
Number of shares issued				
Common stock	32,872	–	–	32,872
Total	32,872	–	–	32,872
Treasury stock				
Common stock	13	5	–	18
Total	13	5	–	18

(Note) The number of treasury stock shares of common stock increased by 5,000 shares through purchases of shares comprising less than one investment unit.

2. Matters pertaining to subscription rights and treasury stock subscription rights

The Company had no material items to report.

3. Dividends

(1) Dividends paid

Resolution	Class of stock	Total dividend ('000 yen)	Dividend per share (yen)	Date of record	Payment date
January 26, 2007 Regular General Meeting of the Shareholders	Common stock	295,732	9.0	October 31, 2006	January 29, 2007

(2) Dividends for which the date of record falls in the current consolidated accounting fiscal year interim period and the dividend payment date is after the close of the current consolidated accounting fiscal year interim period

Resolution	Class of stocks	Total dividend ('000 yen)	Source of funds for dividend	Dividend per share (yen)	Date of record	Payment date
June 8, 2007 Board of Directors meeting	Common stock	295,682	Earned surplus	9.0	April 30, 2007	July 17, 2007

Prior consolidated accounting fiscal year (From November 1, 2005 to October 31, 2006)

1. Class of shares issued and number of shares, treasury stock and number of shares

(Thousands of shares)

	Number of shares at end of the prior consolidated accounting fiscal year	Increase in number of shares during the consolidated accounting fiscal year	Decrease in number of shares during the consolidated accounting fiscal year	Number of shares at end of the consolidated accounting fiscal year
Number of shares issued				
Common stock (Note 1)	30,253	2,619	－	32,872
Total	30,253	2,619	－	32,872
Treasury stock				
Common stock (Note 2, 3)	400	12	400	13
Total	400	12	400	13

(Notes) 1. The number of shares of common stock issued increased by 2,619,000 shares. This included an increase of 2,600,000 shares of new stock issued through a public offering and an increase of 19,000 shares of new stock issued by a third party allocation.

2. The number of treasury stock shares of common stock increased by 12,000 shares through purchases of shares comprising less than one investment unit.

3. The number of treasury stock shares of common stock decreased by 400,000 shares through disposals of treasury stock.

2. Matters pertaining to subscription rights and treasury stock subscription rights

The Company had no material items to report.

3. Dividends

(1) Dividends paid

Resolution	Class of stock	Total dividend (‘000 yen)	Dividend per share (yen)	Date of record	Payment date
January 27, 2006 Regular General Meeting of the Shareholders	Common stock	268,677	9.00	October 31, 2005	January 30, 2006
June 9, 2006 Board of Directors	Common stock	268,622	9.00	April 30, 2006	July 18, 2006

(2) Dividends for which the date of record falls in the current consolidated accounting fiscal year and the dividend payment date is in the following fiscal year

Resolution	Class of stocks	Total dividend (‘000 yen)	Source of funds for dividend	Dividend per share (yen)	Date of record	Payment date
January 26, 2007 Regular General Meeting of the Shareholders	Common stock	295,732	Consolidated retained earnings	9.00	October 31, 2006	January 29, 2007

(Notes to the Interim Consolidated Statements of Cash Flows)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 to October 31, 2006)
Relationships between interim period ending balance for cash and equivalents and amounts for items shown on the interim consolidated balance sheet (As of April 30, 2006)	Relationships between interim period ending balance for cash and equivalents and amounts for items shown on the interim consolidated balance sheet (As of April 30, 2007)	Relationships between fiscal year ending balance for cash and equivalents and amounts for items shown on the fiscal year consolidated balance sheet (As of October 31, 2006)
Cash and equivalents 21,065,337,000	Cash and equivalents 22,465,779,000	Cash and equivalents 18,398,312,000
Term deposits with a maturity longer than 3 months - 3,018,000	Term deposits with a maturity longer than 3 months –	Term deposits with a maturity longer than 3 months –
Items considered to be cash and equivalents 21,062,318,000	Items considered to be cash and equivalents 22,465,779,000	Items considered to be cash and equivalents 18,398,312,000

Lease Transactions

<table>
<tr><th>Prior Consolidated Fiscal Year Interim Period
(From November 1, 2005 to April 30, 2006)</th><th>Current Consolidated Fiscal Year Interim Period
(From November 1, 2006 to April 30, 2007)</th><th>Prior Consolidated Fiscal Year
(From November 1, 2005 to October 31, 2006)</th></tr>
<tr>
<td>1. Finance lease transactions except for 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

Please refer to Annex A

(2) Outstanding balance of future lease payments at the end of the interim period
Within one year 6,217,624,000
After one year 15,764,380,000
Total 21,982,005,000
(3) Amount of lease payments, depreciation expense and interest expense
Lease payments 3,173,021,000
Depreciation expense 2,896,195,000
Interest expense 359,123,000
(4) Accounting method for amount equivalent to depreciation expense
Straight-line depreciation using the lease term as the depreciable life and zero residual value.
(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.
2. Operating leases
Future lease payments
Within one year 1,922,375,000
After one year 4,887,972,000
Total 6,810,348,000</td>
<td>1. Finance lease transactions except for 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

Please refer to Annex B

(2) Outstanding balance of future lease payments at the end of the interim period
Within one year 6,609,317,000
After one year 18,914,851,000
Total 25,524,168,000
(3) Amount of lease payments, depreciation expense and interest expense
Lease payments 4,229,927,000
Depreciation expense 3,633,687,000
Interest expense 401,923,000
(4) Accounting method for amount equivalent to depreciation expense
Same as at left
(5) Accounting method for amount equivalent to interest expense
Same as at left
2. Operating leases
Future lease payments
Within one year 1,961,312,000
After one year 4,625,495,000
Total 6,586,807,000</td>
<td>1. Finance lease transactions except for 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 fiscal year accounting period

Please refer to Annex C

(2) Outstanding balance of future lease payments at the end of the period
Within one year 6,355,705,000
After one year 15,869,153,000
Total 22,224,858,000
(3) Amount of lease payments, depreciation expense and interest expense
Lease payments 6,471,623,000
Depreciation expense 5,912,597,000
Interest expense 677,257,000
(4) Accounting method for amount equivalent to depreciation expense
Same as at left
(5) Accounting method for amount equivalent to interest expense
Same as at left
2. Operating leases
Future lease payments
Within one year 2,150,840,000
After one year 5,381,216,000
Total 7,532,057,000</td>
</tr>
</table>

Annex　A

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	37,404,823	15,152,877	22,251,945
Other assets	317,756	183,501	134,255
Total	37,722,579	15,336,379	22,386,200

Annex　B

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	43,482,821	17,665,036	25,817,785
Other assets	226,728	152,441	74,286
Total	43,709,550	17,817,478	25,892,072

Annex　C

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	39,777,357	17,228,654	22,548,702
Other assets	313,056	194,312	118,744
Total	40,090,413	17,422,966	22,667,447

Notes Related to Negotiable Securities

Prior consolidated accounting fiscal year interim period (As of April 30, 2006)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Yen thousand)

	Prior consolidated accounting fiscal year interim period (As of April 30, 2005)		
	Acquisition price	Balance on the interim consolidated balance sheet	Difference
(1) Stock	1,618,914	6,101,853	4,482,939
(2) Bonds			
a. Government bonds	—	—	—
b. Corporate bonds	—	—	—
c. Other	—	—	—
(3) Other negotiable securities	123,000	127,610	4,610
Subtotal	1,741,914	6,229,463	4,487,549

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

(Unit: Yen thousand)

	Prior consolidated accounting fiscal year interim period (As of April 30, 2005)
	Amount shown on the interim consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	229,400
Other	87,644

Consolidated accounting fiscal year interim period under review (As of April 30, 2007)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Yen thousand)

	Consolidated accounting fiscal year interim period under review (As of April 30, 2006)		
	Acquisition price	Balance on the interim consolidated balance sheet	Difference
(1) Stock	1,610,278	6,076,077	4,465,799
(2) Bonds			
a. Government bonds	—	—	—
b. Corporate bonds	—	—	—
c. Other	—	—	—
(3) Other negotiable securities	103,000	85,132	−17,867
Subtotal	1,713,278	6,161,210	4,447,931

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

(Unit: Yen thousand)

	Consolidated accounting fiscal year interim period under review (As of April 30, 2006)
	Amount shown on the interim consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	211,400
Other	73,186

Prior consolidated accounting fiscal year (As of October 31, 2006)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Yen thousand)

	Prior consolidated accounting fiscal year (As of October 31, 2006)		
	Acquisition price	Balance on the interim consolidated balance sheet	Difference
(1) Stock	1,631,981	5,714,959	4,082,977
(2) Bonds			
a. Government bonds			
b. Corporate bonds	15,375	15,420	45
c. Other			
(3) Other negotiable securities	145,500	123,340	-22,160
Subtotal	1,792,856	5,853,719	4,060,862

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

(Unit: Yen thousand)

Type	Prior consolidated accounting fiscal year (As of October 31, 2006)
	Amount shown on the consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	229,400
Unlisted foreign bonds	—
Corporate bonds with warrants for new stock	—
Other	85,953

Notes Related to Derivative Transactions

Prior consolidated fiscal year interim period (As of April 30, 2006)

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

Consolidated fiscal year interim period under review (As of April 30, 2007)

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

Prior consolidated fiscal year (As of October 31, 2006)

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

Notes Related to Stock Options

Prior consolidated fiscal year interim period (From November 1, 2005 to April 30, 2006)

The Company had no material items to report

Consolidated fiscal year interim period under review (From November 1, 2006 to April 30, 2007)

The Company had no material items to report

Prior consolidated fiscal year (From November 1, 2005 to October 31, 2006)

The Company had no material items to report

Business Segment Information
(Segment Information by Type of Business)

Prior consolidated accounting fiscal year interim period (From November 1, 2005 to April 30, 2006)

(Unit: Yen thousand)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues						
(1) Sales to outside customers	31,241,904	3,058,485	219,797	34,520,187	—	34,520,187
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	31,241,904	3,058,485	219,797	34,520,187	—	34,520,187
Operating expenses	28,499,481	3,045,813	197,837	31,743,132	- 96,017	31,647,114
Operating income	2,742,422	12,671	21,960	2,777,054	96,017	2,873,072

(Notes) 1. Method of business classification
Businesses are classified based on consideration of similarities such as the type of labor and products, the nature of the business and the business markets.
2. Principal products, by business

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

Consolidated accounting fiscal year interim period under review (From November 1, 2006 to April 30, 2007)

(Unit: Yen thousand)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues						
(1) Sales to outside customers	33,668,481	2,345,274	216,936	36,230,692		36,230,692
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	33,668,481	2,345,274	216,936	36,230,692		36,230,692
Operating expenses	30,322,027	2,358,915	195,498	32,876,440	-48,089	32,792,351
Operating income	3,346,454	-13,640	21,437	3,354,251	84,089	3,438,340

(Notes) 1. Method of business classification
Businesses are classified based on consideration of similarities such as the type of labor and products, the nature of the business and the business markets.
2. Principal products, by business

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

Prior consolidated fiscal year (From November 1, 2005 to October 31, 2006)

(Unit: Yen thousand)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues						
(1) Sales to outside customers	61,102,406	6,485,485	435,890	68,023,782	—	68,023,782
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	—	—	—	—	—	—
Operating expenses	57,289,724	6,441,515	404,783	64,136,023	- 180,377	63,955,645
Operating income	3,812,682	43,970	31,106	3,887,758	180,377	4,068,136

(Notes) 1. Method of business classification

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

2. Principal products, by business

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

(Segment information by location)

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

(Foreign sales)

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

(Per Share Information)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 to October 31, 2006)
Net assets per share ¥1,181.45 Interim period net income per share ¥35.12 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.	Net assets per share ¥1,225.81 Interim period net income per share ¥35.12 Same as at left	Net assets per share ¥1,155.22 Fiscal year net income per share ¥11.57 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 interim period (fiscal year) earnings per share is as follows.

Category / Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Consolidated Fiscal Year (From November 1, 2005 to October 31, 2006)
Interim period (fiscal year) net income (¥ '000)	1,048,470	2,382,914	1,742,652
Amount not attributed to common stock shareholders (¥ '000)	—	—	—
(Amount for directors and auditors' bonuses based on appropriation of earnings)	(—)	(—)	(—)
Interim period (fiscal year) net income related to common stock (¥ '000)	1,048,470	2,382,914	1,742,652
Average number of outstanding shares during the period	29,849,847	32,856,401	30,357,093

(Material Events after the Close of the Consolidated Fiscal Year)

The Company had no material items to report.

V Company Financial Statements (Non-consolidated)

1. Comparative Balance Sheets

(Unit: Thousands of yen)

Category / Period		Prior Fiscal Year Interim Period (As of April 30, 2006)			Current Fiscal Year Interim Period (As of April 30, 2007)			Prior Fiscal Year Summary Balance Sheet (As of October 31, 2006)		
		Amount		Percent	Amount		Percent	Amount		Percent
(Assets)										
I Current Assets										
Cash and deposits		20,185,604			21,759,757			17,461,345		
Notes receivable, trade	*4	2,339,487			2,190,318			2,876,924		
Accounts receivable, trade		9,328,574			9,140,579			10,734,102		
Inventory		343,948			383,258			320,863		
Other current assets		1,811,191			1,457,777			2,047,094		
Allowance for doubtful accounts		- 534,302			-453,442			-456,245		
Total Current Assets			33,474,504	40.2		34,478,248	39.4		32,984,085	39.5
II Fixed Assets										
(1)Tangible Fixed Assets	*1									
Rental equipment		8,891,692			9,562,596			9,087,513		
Buildings and structures		5,200,752			5,527,658			5,462,248		
Land	*3	25,520,058			25,992,268			25,436,236		
Other tangible fixed assets	*3	1,852,404			2,068,034			2,124,787		
Total Tangible Fixed Assets			41,464,908			43,150,558			42,308,785	
(2)Intangible Fixed Assets			165,321			159,176			147,261	
(3)Investments and Other Assets										
Investment securities		6,487,262			6,390,840			6,115,087		
Other assets		2,773,017			4,225,942			2,910,393		
Allowance for doubtful accounts		- 526,201			-433,076			-385,941		
Reserve for investment losses		- 480,173			-565,171			-565,171		
Total Investments and Other Assets			8,253,904			9,618,535			8,074,368	
Total Fixed Assets			49,884,133	59.8		52,928,270	60.6		50,530,415	60.5
Total Assets			83,358,638	100.0		87,406,519	100.0		83,514,501	100.0

(Unit: Thousands of yen)

Category / Period		Prior Fiscal Year Interim Period (As of April 30, 2006)			Current Fiscal Year Interim Period (As of April 30, 2007)			Prior Fiscal Year Summary Balance Sheet (As of October 31, 2006)		
			Amount	Percent	Amount		Percent	Amount		Percent
(Liabilities)										
Ⅰ Current Liabilities										
Notes payable, trade	*4	9,573,536			9,672,407			8,246,886		
Accounts payable, trade		2,314,041			1,752,979			2,522,512		
Short-term bank loans		10,415,000			9,608,000			9,935,000		
Accounts payable, other		2,495,925			2,838,598			2,562,743		
Corporate taxes payable		1,068,767			1,705,394			1,291,556		
Accrued bonuses to employees		489,431			481,288			437,693		
Accrued bonuses to directors and auditors		2,750			－			5,500		
Equipment notes payable		265,073			443,039			340,345		
Other current liabilities		1,038,789			582,902			892,321		
Total Current Liabilities			27,663,314	33.2		27,084,610	31.0		26,234,559	31.4
Ⅱ Long-term Liabilities										
Long-term bank loans		16,555,000			15,335,000			15,120,000		
Long-term accrued expenses		1,744,805			2,359,944			2,030,031		
Long-term deferred tax liability		118,773			168,511					
Accrued employees retirement benefits		1,567,178			1,747,844			1,663,537		
Retirement allowance to directors and auditors		103,657			84,079			90,261		
Total Long-term Liabilities			20,089,414	24.1		19,695,379	22.5		18,903,829	22.6
Total Liabilities			47,752,729	57.3		46,779,990	53.5		45,138,388	54.0
(Shareholders' Equity)										
Ⅰ Common stock			8,596,737	10.3		－	－		－	－
Ⅱ Capital surplus										
1.Additional paid-in capital		9,720,343			－			－		
Total capital surplus			9,720,343	11.6		－	－		－	－
Ⅲ Earned surplus										
1.Legal earned surplus		1,375,287			－			－		
2.General reserve		11,851,286			－			－		
3.Unappropriated retained earnings (interim period)		1,587,646			－			－		
Total earned surplus			14,814,220	17.8		－	－		－	－
Ⅳ Valuation difference on other negotiable			2,666,072	3.2		－	－		－	－
Ⅴ Treasury stock			-191,464	-0.2		－	－		－	－
Total Shareholders' Equity			35,605,909	42.7		－	－		－	－
Total Liabilities and Shareholders' Equity			83,358,638	100.0		－	－		－	－

(Unit: Thousands of yen)

Period / Category	Prior Fiscal Year Interim Period (As of April 30, 2006)			Current Fiscal Year Interim Period (As of April 30, 2007)			Prior Fiscal Year Summary Balance Sheet (As of October 31, 2006)		
	Amount		Percent	Amount		Percent	Amount		Percent
(Net Assets)									
I Owners' equity									
1.Paid-in capital		–	–		9,696,717	11.1		9,696,717	11.6
2.Capital surplus									
(1) Capital reserve	–			10,817,389			10,817,389		
(2)Other capital surpluses	–			143,480			143,480		
Total capital surplus		–	–		10,960,869	12.6		10,960,869	13.1
3.Earned surplus									
(1)Legal retained earnings	–			1,375,287			1,375,287		
(2)Other retained earnings									
Reserve for advanced depreciation of fixed assets	–			19,601			19,601		
General reserve				12,931,684			11,831,684		
Earned surplus brought forward	–			3,008,865			2,084,192		
Total earned surplus		–	–		17,335,439	19.8		15,310,766	18.4
4.Treasury stock		–	–		- 11,415	- 0.0		- 6,303	-0.0
Total Owners' Equity		–	–		37,981,611	43.5		35,962,049	43.1
II Valuation and translation adjustments									
1 Valuation difference on other investment securities	–			2,644,918			2,414,062		
Total Valuation and Translation Adjustments		–	–		2,644,918	3.0		2,414,062	2.9
Total Net Assets		–	–		40,626,529	46.5		38,376,112	46.0
Total Liabilities and Net Assets		–	–		87,406,519	100.0		83,514,501	100.0

2. Comparative Statements of Income

(Unit: Thousands of yen)

Category \ Period		Prior Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)			Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)			Prior Fiscal Year Summary Statement of Income (From November 1, 2005 to October 31, 2006)		
		Amount		Percent	Amount		Percent	Amount		Percent
Ⅰ Operating revenues			30,764,168	100.0		32,449,130	100.0		60,753,945	100.0
Ⅱ Cost of revenues			22,230,983	72.3		22,940,982	70.7		44,904,830	73.9
Gross profit			8,533,184	27.7		9,508,147	29.3		15,840,115	26.1
Ⅲ Selling, general and administrative expenses			6,037,131	19.6		6,438,102	19.8		12,133,316	20.0
Operating income			2,496,053	8.1		3,070,045	9.5		3,715,798	6.1
Ⅳ Non-operating revenues	*1		296,539	1.0		361,591	1.1		561,380	0.9
Ⅴ Non-operating expenses	*2		223,512	0.7		235,652	0.7		537,926	0.9
Ordinary income			2,569,079	8.4		3,195,983	9.9		3,739,252	6.1
Ⅵ Extraordinary profits	*3		4,743	0.0		946,377	2.9		360,351	0.6
Ⅶ Extraordinary losses	*4,5		621,880	2.0		68,239	0.2		809,716	1.3
Income before taxes and adjustments			1,951,942	6.4		4,074,120	12.6		3,289,887	5.4
Corporate, local and business taxes		1,032,592			1,655,508			1,684,230		
Adjustment for corporate and other taxes		-35,683	996,906	3.3	98,206	1,753,715	5.4	-114,543	1,569,686	2.6
Net income			955,033	3.1		2,320,405	7.2		1,720,201	2.8
Profit carry-forward from prior period			632,613			–			–	
Cash dividends			–			–			–	
Unappropriated retained earnings			1,587,646			–			–	

3. Statement of Changes in Net Assets

Statement of Changes in Net Assets

Current Fiscal Year Interim Period (From November 1, 2006 to April 31, 2007)

(Unit: Thousands of yen)

	Owners' equity								
	Paid-in capital	Capital surplus			Earned surplus				
		Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Other earned surplus			Total earned surplus
						Fixed assets Reserve for advanced depreciation	General reserve	Earned surplus brought forward	
October 31, 2006 balance	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	11,831,684	2,084,192	15,310,766
Changes of items during the fiscal year interim period									
Transfer to general reserve				–			1,100,000	-1,100,000	–
Dividends from surplus				–				- 295,732	- 295,732
Net income				–				2,320,405	2,320,405
Purchase of treasury stock				–					–
Disposal of treasury stock									–
Net changes of items other than owners' equity during the fiscal year interim period									
Total changes of items during the fiscal year interim period	–	–	–	–	–	–	1,100,000	924,673	2,024,673
April 30, 2007 balance	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	12,931,684	3,008,865	17,335,439

	Owners' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total owners' equity	Valuation difference on other investment securities	Total valuation and translation adjustments	
October 31, 2006 balance	- 6,303	35,962,049	2,414,062	2,414,062	38,376,112
Changes of items during the fiscal year interim period					
Transfer to reserve for advanced depreciation of fixed assets		–		–	–
Transfer to general reserve		–		–	–
Dividends from surplus		- 295,732		–	- 295,732
Net income		2,320,405		–	2,320,405
Purchase of treasury stock	- 5,112	- 5,112		–	- 5,112
Net changes of items other than owners' equity during the fiscal year interim period			230,855	230,855	230,855
Total changes of items during the fiscal year interim period	- 5,112	2,019,561	230,855	230,855	2,250,416
April 30, 2007 balance	- 11,415	37,981,611	2,644,918	2,644,918	40,626,529

Prior Fiscal Year (From November 1, 2005 to October 31, 2006)

(Unit: Thousands of yen)

	Owners' equity								
	Paid-in capital	Capital surplus			Earned surplus				
		Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Other earned surplus			Total earned surplus
						Fixed assets Reserve for advanced depreciation	General reserve	Earned surplus brought forward	
October 31, 2005 balance	8,596,737	9,720,343	—	9,720,343	1,375,287	—	11,831,684	928,192	14,135,164
Changes of items during the fiscal year									
Issuance of new shares	1,099,980	1,097,046		1,097,046					—
Transfer to reserve for advanced depreciation of fixed assets				—		19,601		- 19,601	—
Dividends from surplus				—				- 268,677	- 268,677
Dividends from surplus (interim dividends)				—				- 268,622	- 268,622
Directors and auditors bonuses from appropriation of earnings				—				- 7,300	- 7,300
Net income				—				1,720,201	1,720,201
Purchase of treasury stock				—					—
Disposal of treasury stock			143,480	143,480					—
Net changes of items other than owners' equity during the fiscal year									
Total changes of items during the fiscal year	1,099,980	1,097,046	143,480	1,240,526	—	19,601	—	1,155,999	1,175,601
October 31, 2006 balance	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	11,831,684	2,084,192	15,310,766

	Owners' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total owners' equity	Valuation difference on other investment securities	Total valuation and translation adjustments	
October 31, 2005 balance	- 186,594	32,265,650	1,637,603	1,637,603	33,903,254
Changes of items during the fiscal year					
Issuance of new shares		2,197,026		—	2,197,026
Transfer to reserve for advanced depreciation of fixed assets		—		—	—
Dividends from surplus		- 268,677		—	- 268,677
Dividends from surplus (interim dividends)		- 268,622		—	- 268,622
Directors and auditors bonuses from appropriation of earnings		- 7,300		—	- 7,300
Net income		1,720,201		—	1,720,201
Purchase of treasury stock	- 11,781	- 11,781		—	- 11,781
Disposal of treasury stock	192,072	335,552		—	335,552
Net changes of items other than owners' equity during the fiscal year			776,458	776,458	776,458
Total changes of items during the fiscal year	180,290	3,696,399	776,458	776,458	4,472,857
October 31, 2006 balance	- 6,303	35,962,049	2,414,062	2,414,062	38,376,112

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

Period / Category	Prior Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year (From November 1, 2005 to October 31, 2006)
(1) Appraisal standards and appraisal methods for principal assets	a. Negotiable securities Common stock of subsidiaries and affiliated companies The Company has adopted the cost method based upon the moving average method	a. Negotiable securities Common stock of subsidiaries and affiliated companies Same as at left	a. Negotiable securities Common stock of subsidiaries and affiliated companies Same as at left
	Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the interim period closing date or similar prices.	Other negotiable securities Securities with a market price Same as at left	Other negotiable securities Securities with a market price The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the accounting fiscal year closing date or similar prices
	Securities without market prices The Company has adopted the cost method, cost being determined by the moving average method	Securities without market prices Same as at left	Securities without market prices Same as at left
	b. Construction equipment Amount after deduction of depreciation expense calculated according to the declining-balance method from the original prices, by separate fiscal year of purchase	b. Construction equipment Same as at left	b. Construction equipment Same as at left
	c. Merchandise inventories and supplies (i) Merchandise inventories Lower of cost or market based on the Last-in, First-out method (ii) Supplies The Latest Purchase Cost method	c. Merchandise inventories and supplies (i) Merchandise inventories Same as at left (ii) Supplies Same as at left	c. Merchandise inventories and supplies (i) Merchandise inventories Same as at left (ii) Supplies Same as at left

(2) Depreciation methods for principal depreciable assets	a. Tangible fixed assets The Company has adopted the declining-balance method. Buildings on land that is leased under a fixed-term land lease agreement, however, are depreciated using the straight-line method using the remaining period of the fixed-term lease as the depreciable life and zero residual value. The depreciable lives mainly used by the Company are as follows. Rental assets 5-10 years Buildings 31-34 years	a. Tangible fixed assets Same as at left	a. Tangible fixed assets Same as at left
	b. Intangible fixed assets 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).	b. Intangible fixed assets Same as at left	b. Intangible fixed assets Same as at left
	c. Long-term prepaid expenses The Company has adopted straight-line depreciation.	c. Long-term prepaid expenses Same as at left	c. Long-term prepaid expenses Same as at left
(3) Accounting standards for deferred assets	―――――	―――――	New share issuance costs The Company expenses the full amount of new share issuance costs when the costs are incurred.
(4) Accounting standards for principal allowances and reserves	a. Reserve for doubtful accounts To provide for losses on doubtful accounts such as accounts receivable, the Company charges to income an amount based on actual loss experience for normal accounts, plus an amount for projected unrecoverable amounts based on assessments of individual accounts.	a. Reserve for doubtful accounts Same as at left	a. Reserve for doubtful accounts Same as at left

	b. 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.	b. Accrued bonuses to employees Same as at left	b. 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.
	c. 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 account for directors and auditors' bonuses as an expense of the accounting period in which such bonuses are accrued, based on the Accounting Standard for Directors' Bonuses (Accounting Standards Board of Japan, Accounting Statement No. 4 dated November 29, 2005). 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.	c. Accrued bonuses to directors and auditors ――――――	c. Accrued bonuses to directors and auditors The Company provides for accrued directors and auditors' bonuses. At the end of the fiscal year, 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 fiscal year, however, the Company will account for directors and auditors' bonuses as an expense of the accounting period in which such bonuses are accrued, based on the Accounting Standard for Directors' Bonuses (Accounting Standards Board of Japan, Accounting Statement No. 4 dated November 29, 2005). As a result, operating income, ordinary income and income before taxes and adjustments were ¥5,500,000 less than they otherwise would have been had the accounting standards used in past periods been applied.

	d. Accrued employees retirement benefit The Company provides for employees' accrued retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the 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. 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.	d. Accrued employees retirement benefit Same as at left	d. Accrued employees retirement benefit The Company provides for employees' accrued retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the 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. 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.
	e. Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately at the end of the interim period based upon length of service.	e. Retirement allowances to directors and auditors Same as at left	e. Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately at the end of the fiscal year based upon length of service.
	f. 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.	f. Reserve for investment losses Same as at left	f. Reserve for investment losses Same as at left

(5) Lease transactions	For finance lease transactions except for leases that transfer ownership of the property to the lessee, rent expenses are charged to income as payments are made.	Same as at left	Same as at left
(6) Hedge accounting for principal hedging methods	a. Hedge transactions The Company accounts for hedge transactions using allocations based on accounting standards for foreign currency-denominated transactions, and special rule accounting based on accounting standards for financial products. b. Hedge methods and hedged transactions The Company uses currency swaps and forward transactions in order to avoid the currency fluctuation risk related to the Company's foreign currency-denominated straight bonds and liabilities for import payments. The Company also uses interest swaps to avoid interest rate fluctuation risk related to interest on bank borrowing. c. Hedging policies The Company's use of derivative transactions is limited to hedging risk within the scope of the Company's assets and liabilities subject to market fluctuation risk.	a. Hedge transactions Same as at left b. Hedge methods and hedged transactions Same as at left c. Hedging policies Same as at left	a. Hedge transactions Same as at left b. Hedge methods and hedged transactions Same as at left c. Hedging policies Same as at left

	d. Method for evaluating the effectiveness of hedges The Company does not evaluate the effectiveness of its hedge transactions because it can assume that its currency swap transactions and forward transactions will completely offset market fluctuations or changes in cash flow from the time hedge begins until it is terminated. In addition, the Company's interest swap transactions fulfill the requirements for special rule accounting, and the Company has elected to use this in place of an evaluation of effectiveness.	d. Method for evaluating the effectiveness of hedges Same as at left	d. Method for evaluating the effectiveness of hedges Same as at left
(7) Other significant matters for preparation of the interim period (fiscal year) financial statements	Accounting treatment of consumption tax Consumption tax is taken out of all Statement of Income items and Balance Sheet items, except mainly for receivables and payables. 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.	Accounting treatment of consumption tax Same as at left	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.

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

Prior Fiscal Year Interim Period (From November 1, 2005 To April 30, 2006)	Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year (From November 1, 2005 To October 31, 2006)
(Accounting Standard for Impairment of Fixed Assets) Beginning from this fiscal year interim 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 9, 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). 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. The total amount of the impairment loss is deducted directly from the balance for each asset based on the revised standards for preparation of interim financial statements and other rules.	――――――	(Accounting Standard for Impairment of Fixed Assets) Beginning from this fiscal year, 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 9, 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). As a result, fiscal year 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. The total amount of the impairment loss is deducted directly from the balance for each asset based on the revised standards for preparation of financial statements and other rules.
――――――	――――――	(Accounting Standard for Presentation of Net Assets in the Balance Sheet) Beginning from this fiscal year, the Company has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5 dated December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8 dated December 9, 2005). The amount corresponding to the total of shareholders' equity based on the past accounting standard is ¥38,376,112,000. The net asset section of the balance sheet for the fiscal year under review was prepared based on the revised financial statements rules.

6. Notes to the Interim Financial Statements
(Notes to the Interim Balance Sheets)

<table>
<tr><th>Period
Item</th><th>Prior Fiscal Year
Interim Period
(As of April 30, 2006)</th><th>Current Fiscal Year
Interim Period
(As of April 30, 2007)</th><th>Prior Fiscal Year
(As of October 31, 2006)</th></tr>
<tr><td>*1. Total accumulated depreciation for tangible fixed assets</td><td>39,381,436,000</td><td>40,173,994,000</td><td>40,266,877,000</td></tr>
<tr><td>*2. Contingent liabilities
Joint and several guarantee of employee bank loans
Guarantees of borrowed indebtedness of subsidiary companies (Daiichi Kikai Co., Ltd., Assist Co., Ltd., Kanatech Co., Ltd., Kanki Corporation) and non-consolidated subsidiary company (Flowtechno Corporation)</td>
<td>31,159,000
<table><tr><th>Company</th><th>Guaranteed Amount</th></tr><tr><td>Daiichi Kikai Co., Ltd.</td><td>190,000,000</td></tr><tr><td>Assist Co., Ltd.</td><td>46,939,000</td></tr><tr><td>Kanki Corporation</td><td>1,081,500,000</td></tr><tr><td>Flowtechno Corporation</td><td>100,000,000</td></tr><tr><td>Total</td><td>1,501,935,000</td></tr></table></td>
<td>27,763,000
<table><tr><th>Company</th><th>Guaranteed Amount</th></tr><tr><td>Kanatech Co., Ltd.</td><td>220,000,000</td></tr><tr><td>Kanki Corporation</td><td>955,500,000</td></tr><tr><td>Flowtechno Corporation</td><td>100,000,000</td></tr><tr><td>Total</td><td>1,275,500,000</td></tr></table></td>
<td>27,162,000
<table><tr><th>Company</th><th>Guaranteed Amount</th></tr><tr><td>Assist Co., Ltd.</td><td>10,000,000</td></tr><tr><td>Kanatech Co., Ltd.</td><td>220,000,000</td></tr><tr><td>Kanki Corporation</td><td>1,008,000,000</td></tr><tr><td>Flowtechno Corporation</td><td>100,000,000</td></tr><tr><td>Total</td><td>1,409,187,000</td></tr></table></td></tr>
<tr><td>*3. Reduction to book value</td>
<td>Amounts for assets acquired in prior fiscal years for which accumulated book values were reduced by government subsidies
Machinery and equipment 5,044,000
Land 3,569,000
Total 8,613,000</td>
<td>Amounts for assets acquired in prior fiscal years for which accumulated book values were reduced by government subsidies
Machinery and equipment 5,044,000
Land 3,569,000
Total 8,613,000</td>
<td>Amounts for assets acquired in prior fiscal years for which accumulated book values were reduced by government subsidies
Machinery and equipment 5,044,000
Land 3,569,000
Total 8,613,000</td></tr>
<tr><td>*4.Notes and bills maturing at the end of the interim period (fiscal year)</td>
<td>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 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 period balance.
Notes receivable, trade 28,656,000
Notes payable, trade 1,333,786,000</td>
<td>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 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 period balance.
Notes receivable, trade 31,169,000
Notes payable, trade 1,410,677,000</td>
<td>――――――</td></tr>
</table>

5. Contingent liabilities	The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade ¥7,921,742,000 The amount of notes receivable, trade with a right of recourse to the Company included in the balance of notes receivable, trade is ¥1,665,477,000.	The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade ¥7,492,647,000 The amount of notes receivable, trade with a right of recourse to the Company included in the balance of notes receivable, trade is ¥1,549,803,000.	The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade ¥5,734,296,000 The amount of notes receivable, trade with a right of recourse to the Company included in the balance of notes receivable, trade is ¥1,244,278,000.

Notes to the Interim Period Statements of Income

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year (From November 1, 2005 to October 31, 2006)
*1. Principal items included in non-operating revenues			
Interest received	3,632,000	15,053,000	9,272,000
Gain on sale of investment securities	17,799,000	4,312,000	24,883,000
Rents received	126,804,000	128,551,000	250,919,000
Insurance benefits	22,934,000	18,843,000	40,910,000
Cash bonus received	—	101,816,000	
*2. Principal items included in non-operating expenses			
Interest expense	151,547,000	177,623,000	326,636,000
*3. Principal items included in extraordinary profits Gain on sale or retirement of fixed assets	—	920,700,000	—
*4. Principal items included in extraordinary profits			
Transfer to allowance for doubtful accounts to affiliated companies	—	—	17,786,000
Impairment loss	594,568,000	890,000	594,568,000
*5. Impairment loss	In the interim accounting period, the Company incurred an impairment loss on the following asset groups.	In the interim accounting period, the Company incurred an impairment loss on the following asset groups.	In the fiscal year, the Company incurred an impairment loss on the following asset groups.

<table>
<tr>
<td></td>
<td>
<table>
<tr><th>Location</th><th>Use</th><th>Asset</th></tr>
<tr><td>Kamakura City, Kanagawa Prefecture, Kanazawa City, Ishikawa Prefecture, Muroran, Hokkaido and 5 other locations</td><td>Dormant asset</td><td>Land</td></tr>
</table>
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.
</td>
<td>
<table>
<tr><th>Location</th><th>Use</th><th>Asset</th></tr>
<tr><td>Tomakomai</td><td>Dormant asset</td><td>Land</td></tr>
</table>
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 (¥890,000) under extraordinary losses. This ¥890,000 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.
</td>
<td>
<table>
<tr><th>Location</th><th>Use</th><th>Asset</th></tr>
<tr><td>Kamakura City, Kanagawa Prefecture, Kanazawa City, Ishikawa Prefecture, Muroran, Hokkaido and 5 other locations</td><td>Dormant asset</td><td>Land</td></tr>
</table>
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.
</td>
</tr>
<tr>
<td>6. Depreciation and amortization
Tangible fixed assets
Intangible fixed assets</td>
<td>
2,005,765,000
27,250,000</td>
<td>
1,967,557,000
28,271,000</td>
<td>
4,262,635,000
54,008,000</td>
</tr>
</table>

(Notes to the Interim Non-Consolidated Statement of Changes of Changes in Net Assets)

Current fiscal year interim period (From November 1, 2006 to April 31, 2007)

1. Class of shares issued and number of shares, treasury stock and number of shares

(Thousands of shares)

	Number of shares at end of prior fiscal year	Increase in number of shares during the current fiscal year interim accounting period	Decrease in number of shares during the current fiscal year interim accounting period	Number of shares at end of the current fiscal year interim accounting period
Common stock	13	5	–	18
Total	13	5	–	18

(Note) The number of treasury stock shares of common stock increased by 5,000 shares through purchases of shares comprising less than one investment unit.

Prior fiscal year (From November 1, 2005 to October 31, 2006)

1. Class of shares issued and number of shares, treasury stock and number of shares

(Thousands of shares)

	Number of shares at end of the prior fiscal year	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares at end of the fiscal year
Number of shares issued				
Common stock (Note 2, 3)	400	12	400	13
Total	400	12	400	13

(Notes)2. The number of treasury stock shares of common stock increased by 12,000 shares through purchases of shares comprising less than one investment unit.

3. The number of treasury stock shares of common stock decreased by 400,000 shares through disposals of treasury stock.

VI Lease Transactions

Prior Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year (From November 1, 2005 to October 31, 2006)
1. Finance lease transactions except for leases that transfer ownership of the property to the lessee.	1. Finance lease transactions except for leases that transfer ownership of the property to the lessee.	1. Finance lease transactions except for leases that transfer ownership of the property to the lessee.
(1) Amounts corresponding to lease property acquisition 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 period
Within one year 5,658,334,000	Within one year 5,974,383,000	Within one year 5,815,719,000
After one year 13,535,224,000	After one year 16,576,068,000	After one year 13,838,896,000
Total 19,193,559,000	Total 22,550,452,000	Total 19,654,616,000
(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
Lease payments 2,858,233 ,000	Lease payments 3,874,509,000	Lease payments 5,812,109,000
Depreciation expense 2,613,688,000	Depreciation expense 3,315,420,000	Depreciation expense 5,344,449,000
Interest expense 319,360,000	Interest expense 357,421,000	Interest expense 595,986,000
(4) Accounting method for amount equivalent to depreciation expense Straight-line depreciation using the lease term as the depreciable life and zero residual value.	(4) Accounting method for amount equivalent to depreciation expense Same as at left	(4) Accounting method for amount equivalent to depreciation expense Same as at left
(5) Accounting method for amount equivalent to interest expense Interest method using the difference between total lease payments and the acquisition price of the lease property, allocated to each year.	(5) Accounting method for amount equivalent to interest expense Same as at left	(5) Accounting method for amount equivalent to interest expense Same as at left
2. Operating leases Future lease payments	2. Operating leases Future lease payments	2. Operating leases Future lease payments
Within one year 1,681,931 ,000	Within one year 1,662,164,000	Within one year 1,938,033,000
After one year 4,213,379,000	After one year 3,831,074,000	After one year 4,808,904,000
Total 5,895,311,000	Total 5,493,239,000	Total 6,746,938,000

Annex A

	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	3,431,353	14,489,452	19,641,901

Annex B

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	39,391,466	16,481,474	22,909,991
Other assets	212,328	147,517	64,810
Total	39,603,794	16,628,992	22,974,802

Annex C

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	36,236,228	16,177,904	20,058,323
Other assets	275,184	184,247	90,936
Total	36,511,412	16,362,152	20,149,260

Notes Related to Negotiable Securities

Prior fiscal year interim period (As of April 30, 2006)

Negotiable securities

The stock of the Company's subsidiary companies and affiliated companies did not have a stock price during the prior fiscal year interim period, the current fiscal year interim period and the prior fiscal year.

(Per Share Information)

Prior Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year (From November 1, 2005 to October 31, 2006)
Net assets per share ¥1,192.95 Interim period net income per share ¥31.99 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.	Net assets per share ¥1,236.59 Interim period net income per share ¥70.62 Same as at left	Net assets per share ¥1,167.90 Fiscal year net income per share ¥56.67 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. (Supplemental Information) Beginning from the current fiscal year, the Company has adopted the revised Accounting Standard for Earnings Per Share (Accounting Standards Board of Japan Statement No. 2 dated January 31, 2006 (revised 2006) and the Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4 dated January 31, 2006 (revised 2006). There are no material items to report as a result of this change.

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

Period / Category	Prior Fiscal Year Interim Period (From November 1, 2005 to April 30, 2006)	Current Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Prior Fiscal Year (From November 1, 2005 to October 31, 2006)
Interim period (fiscal year) net income (¥ '000)	955,033	2,320,405	1,720,201
Amount not attributed to common stock shareholders (¥ '000)	—	—	—
(Amount for directors and auditors' bonuses based on appropriation of earnings)	(—)	(—)	(—)
Interim period (fiscal year) net income related to common stock (¥ '000)	955,033	2,320,405	1,720,201
Average number of outstanding shares during the period	29,849,847	32,856,401	30,357,093

Summary of potential shares not included in the calculation of net income per share of common stock after adjustment for potential ordinary shares because the shares do not have a dilution effect	――――――	――――――	――――――

(Material Events after the Close of the Consolidated Fiscal Year)

The Company had no material items to report.