



Fiscal Year ending October 31, 2007 Summary of Third Quarter Operating Results (Consolidated)

September 7, 2007

Listed Company Name **Kanamoto Company, Ltd.**
 Company Code Number **9678**
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
 (URL <http://www.kanamoto.co.jp>)
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1. Operating Results for the Third Quarter of the Fiscal Year Ending October 31, 2007 (November 1, 2006 - July 31, 2007)

(1) Consolidated Operating Results (Numbers less than one million yen have been rounded down)

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ending October 31, 2007: Third Quarter	52,237	(4.0)	3,687	(20.7)	3,915	(33.4)
Fiscal Year Ended October 31, 2006: Third Quarter	50,226	(8.3)	3,054	–	2,934	–
(Reference) 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
Fiscal Year Ending October 31, 2007: Third Quarter	2,592	(138.1)	78.90	–
Fiscal Year Ended October 31, 2006: Third Quarter	1,088	–	36.48	–
(Reference) Fiscal Year Ended October 31, 2006	1,742	–	57.41	–

(Note) The percentages shown for revenues, operating income, ordinary income and net income are the percent increase or decrease compared to the same period of the prior fiscal year

(2) Change in Consolidated Financial Position

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

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ending October 31, 2007: Third Quarter	87,121	39,941	45.8	1,215.93
Fiscal Year Ended October 31, 2006: Third Quarter	83,639	34,676	41.5	1,162.02
(Reference) Fiscal Year Ended October 31, 2006	86,815	38,051	43.7	1,155.22

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(3) Consolidated Cash Flows

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

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Balance of Cash and Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ending October 31, 2007: Third Quarter	4,161	-1,218	-1,724	19,617
Fiscal Year Ended October 31, 2006: Third Quarter	6,885	-151	-3,368	17,473
(Reference) Fiscal Year Ended October 31, 2006	8,414	-489	-3,635	18,398

2. Dividends

	Dividend per Share
(Date of Record)	Third Quarter
	Yen
Fiscal Year Ending October 31, 2007: Third Quarter	-
Fiscal Year Ended October 31, 2006: Third Quarter	-

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

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

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full-year	68,700	1.0	4,600	13.1	4,700	24.1

	Net Income		Net income Per Share
	Millions of yen	%	Yen
Full-year	2,400	3.7	73.05

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

4. Other Matters

- (1) Were there any changes in material subsidiaries during the quarter under review (changes in specific subsidiaries in conjunction with a change in the scope of consolidation)? No
- (2) Has the Company adopted simplified methods for accounting treatment? Yes
- (3) Are there any differences with the methods of recognition used in the accounting treatment for the most recent consolidated fiscal year? No

(Note) For details see Page 7-8 (Qualitative information concerning the financial statements), 4. Other matters

5. Summary of Non-consolidated Operating Results

(November 1, 2006 - July 31, 2007) (Reference)

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ending October 31, 2007: Third Quarter	46,728	(4.4)	3,441	(26.9)	3,869	(37.8)
Fiscal Year Ended October 31, 2006: Third Quarter	44,745	(9.2)	2,710	–	2,807	(951.9)
(Reference) 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 on a Fully Diluted Basis
	Millions of	%	Yen	Yen
Fiscal Year Ending October 31, 2007: Third Quarter	2,660	(149.2)	80.99	–
Fiscal Year Ended October 31, 2006: Third Quarter	1,067	–	35.78	–
(Reference) Fiscal Year Ended October 31, 2006	1,720	–	56.67	–

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ending October 31, 2007: Third Quarter	84,095	40,427	48.1	1,230.70
Fiscal Year Ended October 31, 2006: Third Quarter	80,304	35,094	43.7	1,176.04
(Reference) Fiscal Year Ended October 31, 2006	83,514	38,376	46.0	1,167.90

6. Projected Non-consolidated Operating Results for the Fiscal Year Ending October 2007

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

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full-year	62,000	2.1	4,300	15.7	4,700	25.7

	Net Income		Net income Per Share
	Millions of yen	%	Yen
Full-year	3,000	74.4	91.31

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

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.

【Qualitative information and financial statements】

1. Qualitative information concerning consolidated operating results

(1) < Management Environment > (From May 1, 2007 to July 31, 2007)

During the third quarter, Japan's economy again maintained its recovery trend, as evidenced by incremental increases in land prices centered on the Tokyo metropolitan area and other positive changes. Nevertheless, beginning with the growing sub-prime loan problem in the United States, clouds began gathering over export-related industries, which have been expanding at a steady pace, and a sense of unease concerning future developments was palpable.

At the same time, the yawning gap that has emerged between different regions in Japan proved intractable, and personal consumption remained sluggish, affected substantive declines in real income as a result of the abolition of preferential taxation and increases in the cost of living following the sharp rise in crude oil prices.

For Kanamoto's customers in construction-related industries, the severe management environment in local areas exhibited a similar pattern, again showing few positive signs of improvement.

(2) < Third Quarter Operating Results > (From May 1, 2007 to July 31, 2007)

Kanamoto's third quarter overlaps the off season for construction demand. Nevertheless, in construction-related businesses that are Kanamoto's main sector of operations, the Company grew strongly in accordance with its initial plan as a result of successfully meeting steady demand for construction equipment rentals. Sales of used construction equipment also increased as planned.

A summary of operating results for each of the Company's businesses is described below.

[Business related to the Construction Equipment Rental Division]

A breakdown of equipment rental revenue for the third period, which is included in construction-related business revenues, shows revenue in the Hokkaido region increased 6.1% over the same period of the prior consolidated fiscal year, as Kanamoto's efforts to aggressively meet private sector demand throughout Hokkaido as public works investment declines met with success. In the Tohoku Region, operating results were flat year-on-year in both the Tohoku area where redevelopment projects in each prefecture were completed, and in the Kanto Shinetsu area, where demand slackened as special procurement related to the Chuetsu Earthquake that was extended through the previous year came to an end.

In the Kinki-Chubu Region, rental revenue grew strongly because of vigorous equipment rental demand in the Nagoya area. Lower demand in the Kobe area, however, acted as a significant braking factor, and for the area overall revenue increased 12.8% year-on-year. In the Kyushu region, Kanamoto was comparatively successful in capturing available demand, but compared with the same period of the prior consolidated fiscal year, which was boosted by extensive disaster recovery demand, revenue fell 11.6%. As a result of these factors, rental revenue for the Construction Equipment Rental Division in the third quarter increased 2.5% from the same period of the prior consolidated fiscal year.

Used equipment sales for the division during the third quarter increased 3.7% year-on-year. This was the result of Kanamoto's "Thanks Fair," which the Company held in various areas of Japan for the second year and established as a local event, and steadily growing sales of modular housing units for temporary use and other products. In addition, market prices for sales of used construction equipment soared as a result of robust overseas demand. While revenues from used equipment sales already exceed the Company's initial plan because of interim period results, third quarter results were nearly identical to plan. Kanamoto will continue selling used construction equipment on a timely basis in the future, by monitoring the international market while optimizing its rental equipment operating periods.

As a result of these changes, revenues for construction-related businesses for the third quarter were 2.9% higher than in the same period of the prior consolidated fiscal year.

[Business related to the Steel Sales Division]

In the steel products sales business, revenues fell 5.8% year-on-year. This mainly reflected a slowdown in condominium demand in the Doou area in Hokkaido.

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

In the Company's information and telecommunications-related division, PC rentals were strong. Personal computer sales were lackluster, however, as customers refrained from purchasing new models because of concerns regarding the installed software. As a result, revenues edged down 4.0% from the same period of the prior consolidated fiscal year.

(3) < Cumulative Operating Results Since the Beginning of the Fiscal Year >

(From November 1, 2006 to July 31, 2007)

Looking at cumulative operating results by business, in the construction-related business revenues increased 6.2% over the same period of the prior consolidated fiscal year to ¥48,055 million, and operating income rose sharply by 24.7% year-on-year to ¥3,564 million. In the steel products sales business, revenues fell 17.3% year-on-year to ¥3,857 million, and the division incurred an operating loss of ¥11 million compared with operating income of ¥28 million in the same period of the prior consolidated fiscal year. The Company's information and telecommunications-related division had revenues totaling ¥324 million, down 2.2% year-on-year, and operating income of ¥28 million, 1.9% higher than in the same nine-month period of the prior consolidated fiscal year.

As a result of the above, cumulative consolidated revenues through the third quarter of the fiscal year ending October 2007 were ¥52,237 million, 4.0% higher than in the same period of the prior consolidated fiscal year.

From an earnings perspective, Company measures to improve rental equipment asset operating efficiency and reduce the depreciation burden proved effective for the second year. In addition, profit margins improved because of excellent conditions in the used construction equipment market. As a result, year-to-date consolidated operating income increased 20.7% over the same nine-month period of the prior consolidated fiscal year to ¥3,687 million.

Consolidated ordinary income for the nine months year-to-date was boosted by gains on the sale of stock holdings and owned real estate, increasing 33.4% year-on-year to ¥3,915 million, and for the nine months ended in the third quarter, consolidated net income soared 138.1% over the same period of the prior consolidated fiscal year, to ¥2,592 million.

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

During the third quarter under review, Kanamoto opened its new Hiroshima Branch (Asaminami-ku, Hiroshima) in June. The Company did not close any branches during the quarter. Furthermore, on May 1 Kanamoto acquired all of outstanding shares of Assist Co., Ltd. (Futsuo Kimura, President and Representative Director; Head Office: Otaru, Japan), which is developing a construction industry safety products rental business in Hokkaido, through an additional acquisition of shares, and converted that company a wholly-owned subsidiary.

In actions taken after the close of the third quarter, the Company re-established a Kanazawa Branch (Kanazawa City, Ishikawa Prefecture) and Itoigawa Branch (Itoigawa City, Niigata Prefecture). Overseas, in July Kanamoto formed Shanghai Jinheyuan Equipment Rental Co., Ltd., a business tie-up with Shanghai Mechanized Construction Co., Ltd. (Chairman of the Board: Cheung Lap Sun) that will focus on construction equipment rentals. The alliance partner is a subsidiary of Shanghai Construction Group (Chairman of the Board: Jiang Zhi Quan), a leading construction company that forms one of the largest concerns in Shanghai,

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Summary of Third Quarter Operating Results (Consolidated)

Fiscal Year Ending October 31, 2007

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2. Qualitative information concerning consolidated financial position

(1) Assets, liabilities and net assets

Compared with the end of the same quarter in the prior consolidated fiscal year, total assets increased ¥3,481 million to ¥87,121 million. This mainly reflected a year-on-year increase in cash and deposits of ¥2,141 million, and an increase in stock of affiliated companies of ¥1,252 million.

Total liabilities decreased ¥1,692 million compared with the end of the same period in the prior consolidated fiscal year to ¥47,179 million. Major changes included reductions in long-term bank loans due within one year and long-term bank loans of ¥1,021 million and ¥751 million, respectively, compared with the end of the same period in the prior consolidated fiscal year.

Total net assets were ¥39,941 million. This was an increase of ¥5,265 million compared with the end of the same period in the prior consolidated fiscal year. Paid-in capital increased ¥1,099 million year-on-year, while capital surplus and earned surplus improved ¥1,240 million and ¥2,654 million, respectively, compared with the end of the same period in the prior consolidated fiscal year.

(2) Consolidated cash flows

Cash flow from operating activities was ¥4,161 million, a decrease of ¥2,723 million compared with the end of the same period one year earlier. This mainly reflected income before taxes and adjustments of ¥4,772 million and a large decrease in accounts receivable, trade of ¥2,289 million, a reduction in accounts payable, trade of ¥1,573 million and payment of corporate and other taxes totaling ¥2,179 million.

Cash flow used in investing activities was ¥1,218 million, ¥1,066 million higher than in the same period of the prior consolidated fiscal year. The major items affecting cash flow from investing activities were an increase in funds provided from the sale of tangible fixed assets, which totaled ¥1,849 million, acquisitions of subsidiary company stock of ¥1,567 million and funds used for the purchase of tangible fixed assets of ¥1,841 million.

Cash flow used in financing activities was ¥1,724 million, or ¥1,644 million less than in the same period of the prior consolidated fiscal year. This mainly reflected an increase in funds provided by long-term bank loans, to ¥8,750 million.

As a result of the above, cash and cash equivalents the end of the third quarter increased ¥2,144 million compared with the end of the third quarter of the prior consolidated fiscal year, to ¥19,617 million.

3. Qualitative information concerning projected consolidated operating results

Kanamoto's year-to-date operating results generally exceeded the Company's initial plan. After considering the items that had not varied from its full-year projection when the Company released its interim operating results in June, Kanamoto has not made any changes to its projected consolidated operating results for the full year at the present time.

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

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

4. Other matters

(1) Changes in material subsidiaries during the period under review (changes in specific subsidiaries in conjunction with a change in the scope of consolidation)

The Company had no material items to report.

(2) Adoption of the simplified methods for accounting treatment

The Company uses book value for inventory.

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

(3) Differences with the methods of recognition used in the accounting treatment for the most recent consolidated fiscal year

The Company had no material items to report.

1. (Summary) Third Quarter Consolidated Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Assets)						
I	Current Assets					
1.	Cash and deposits	17,476,247	19,617,260	2,141,013	12.3%	18,398,312
2.	Notes receivable, trade	13,056,302	12,669,492	-386,809	-3.0%	14,959,325
3.	Inventory	931,451	831,806	-99,644	-10.7%	560,203
4.	Construction equipment	1,231,715	1,069,201	-162,513	-13.2%	1,193,669
5.	Deferred tax assets	197,030	249,432	52,402	26.6%	391,803
6.	Other	695,956	423,194	-272,761	-39.2%	752,572
	Allowance for doubtful accounts	-534,632	-458,859	75,772	-14.2%	-523,650
	Total current assets	33,054,070	34,401,529	1,347,459	4.1%	35,732,235
II	Fixed assets					
1.	Tangible fixed assets					
(1)	Rental equipment assets	9,191,749	9,423,181	231,431	2.5%	9,358,195
(2)	Buildings and structures	6,162,181	6,735,764	573,583	9.3%	6,631,891
(3)	Land	25,888,335	26,268,316	379,980	1.5%	25,906,130
(4)	Other	1,486,833	1,037,449	-449,384	-30.2%	1,227,220
	Total tangible fixed assets	42,729,100	43,464,712	735,611	1.7%	43,123,437
2.	Intangible fixed assets					
(1)	Consolidation adjustment account	357,245	—	-357,245	-100.0%	—
(2)	Goodwill	—	580,407	580,407	—	395,109
(3)	Other	220,644	142,553	-78,091	-35.4%	141,585
	Total intangible fixed assets	577,890	722,960	145,070	25.1%	536,695
3.	Investments and other assets					
(1)	Investment securities	6,090,202	7,287,175	1,196,972	19.7%	6,224,097
(2)	Other	2,020,692	2,062,751	42,059	2.1%	1,874,002
	Allowance for doubtful accounts	-832,213	-817,845	14,367	-1.7%	-674,876
	Total investments and other assets	7,278,681	8,532,081	1,253,399	17.2%	7,423,223
	Total fixed assets	50,585,673	52,719,754	2,134,081	4.2%	51,083,356
	Total Assets	83,639,743	87,121,284	3,481,540	4.2%	86,815,592

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Fiscal Year Ending October 31, 2007

(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Liabilities)						
I Current liabilities						
1.	Notes and accounts payable, trade	11,718,622	10,846,120	-872,502	-7.4%	12,419,337
2.	Short-term bank loans	475,000	425,000	-50,000	-10.5%	497,704
3.	Long-term bank loans due within one year	10,583,996	9,562,356	-1,021,640	-9.7%	10,077,496
4.	Corporate taxes payable	726,130	1,208,615	482,485	66.4%	1,365,479
5.	Accrued bonuses to employees	214,603	210,590	-4,013	-1.9%	511,737
6.	Accrued bonuses to directors and auditors	4,125	—	-4,125	-100.0%	5,500
7.	Accounts payable, other	2,297,230	2,448,648	151,417	6.6%	2,676,023
8.	Other	1,357,958	779,547	-578,410	-42.6%	1,017,823
	Total current liabilities	27,377,666	25,480,878	-1,896,788	-6.9%	28,571,100
II Long-term liabilities						
1.	Long-term bank loans	17,830,485	17,079,294	-751,191	-4.2%	16,031,111
2.	Accrued employees retirement benefits	1,650,433	1,797,335	146,901	8.9%	1,681,719
3.	Retirement allowances to directors and auditors	125,013	128,714	3,701	3.0%	129,214
4.	Long-term accrued expenses	1,751,357	2,453,960	702,603	40.1%	2,107,836
5.	Other	137,053	239,244	102,190	74.6%	242,843
	Total long-term liabilities	21,494,342	21,698,548	204,206	1.0%	20,192,724
	Total Liabilities	48,872,008	47,179,426	-1,692,582	-3.5%	48,763,825
(Minority interests)						
	Minority interests	91,354	—	—	—	—
(Shareholders' Equity)						
I	Common stock	8,596,737	—	—	—	—
II	Additional paid-in capital	9,720,343	—	—	—	—
III	Consolidated retained earnings	14,235,858	—	—	—	—
IV	Valuation difference on other investment securities	2,320,478	—	—	—	—
V	Treasury stock	△ 197,037	—	—	—	—
	Total Shareholders' Equity	34,676,380	—	—	—	—
	Total Liabilities, Minority Interests and Shareholders' Equity	83,639,743	—	—	—	—

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(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Net Assets)						
I Owners' equity						
1. Paid-in capital		—	9,696,717	—	—	9,696,717
2. Capital surplus		—	10,960,869	—	—	10,960,869
3. Earned surplus		—	16,890,353	—	—	14,889,638
4. Treasury stock		—	-17,053	—	—	- 6,303
Total Owners' Equity		—	37,530,887	—	—	35,540,922
II Valuation and translation adjustments						
Valuation difference on other investment securities		—	2,410,970	—	—	2,418,684
Total Valuation and Translation Adjustments		—	2,410,970	—	—	2,418,684
III Minority interests		—	—	—	—	92,159
Total Net Assets		—	39,941,857	—	—	38,051,766
Total Liabilities and Net Assets		—	87,121,284	—	—	86,815,592

2. (Summary) Third Quarter Consolidated Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
I	Revenues	50,226,123	52,237,886	2,011,763	4.0%	68,023,782
II	Cost of revenues from operations	36,699,903	37,424,123	724,220	2.0%	49,745,294
	Gross profit	13,526,219	14,813,762	1,287,542	9.5%	18,278,487
III	Selling, general and administrative expenses	10,471,336	11,126,047	654,711	6.3%	14,210,350
	Operating income	3,054,883	3,687,714	632,830	20.7%	4,068,136
IV	Non-operating revenues					
1.	Interest revenue	451	18,656	18,204	—	2,467
2.	Dividend income	38,669	50,126	11,456	29.6%	40,396
3.	Gain on sale of investment securities	19,862	284,512	264,650	—	24,883
4.	Rents received	65,741	61,094	-4,646	-7.1%	90,902
5.	Other	124,328	199,997	75,668	60.9%	157,013
	Total non-operating revenues	249,053	614,387	365,333	146.7%	315,662
V	Non-operating expenses					
1.	Interest expense	262,756	304,675	41,918	16.0%	357,750
2.	Other	106,514	81,467	-25,047	-23.5%	237,590
	Total non-operating expenses	369,271	386,142	16,871	4.6%	595,340
	Ordinary income	2,934,666	3,915,959	981,292	33.4%	3,788,458
VI	Extraordinary profits					
1.	Gain on sale or retirement of fixed assets	884	921,056	920,171	—	50,018
2.	Gain on reversal of allowance for doubtful accounts	12,310	20,965	8,655	70.3%	33,270
3.	Compensation received	—	—	—	—	275,500
4.	Other	24,977	7,239	-17,737	-71.0%	35,936
	Total extraordinary profits	38,172	949,261	911,089	—	394,726
VII	Extraordinary losses					
1.	Loss on sale or retirement of fixed assets	23,766	54,967	31,201	131.3%	52,366
2.	Impairment loss	594,568	890	-593,678	-99.9%	594,568
3.	Other	27,170	36,735	9,564	35.2%	82,666

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Total extraordinary losses	645,504	92,592	-552,911	-85.7%	729,600
Income before taxes and adjustments	2,327,333	4,772,627	2,445,293	105.1%	3,453,583
Corporate, local and business taxes	1,146,838	2,022,304	875,466	76.3%	1,767,872
Adjustment for corporate and other taxes	71,403	158,194	86,790	121.5%	-77,965
Minority interest in income	20,219	—	-20,219	-100.0%	21,024
Net income	1,088,872	2,592,128	1,503,256	138.1%	1,742,652

3. (Summary) Third Quarter Consolidated Statement of Changes in Net Assets

Third Quarter of the Fiscal Year Ending October 31, 2007 (November 1, 2006 - July 31, 2007)

(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, 2006)	9,696,717	10,960,869	14,889,638	-6,303	35,540,922
Change of items during the third quarter under review					
Dividends from surplus			-295,732		-295,732
Dividends from surplus (interim dividend)			-295,682		-295,682
Third quarter net income			2,592,128		2,592,128
Purchase of treasury stock				-10,749	-10,749
Net change of items other than owners' equity during the third quarter under review					
Total change of items during the third quarter under review	-	-	2,000,714	-10,749	1,989,965
Balance at the end of the third quarter under review (July 31, 2007)	9,696,717	10,960,869	16,890,353	-17,053	37,530,887

	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, 2006)	2,418,684	2,418,684	92,159	38,051,766
Change of items during the third quarter under review				
Dividends from surplus				-295,732
Dividends from surplus (interim dividend)				-295,682
Third quarter net income				2,592,128
Purchase of treasury stock				-10,749
Net change of items other than owners' equity during the third quarter under review	-7,714	-7,714	-92,159	-99,874
Total change of items during the third quarter under review	-7,714	-7,714	-92,159	1,890,091
Balance at the end of the third quarter under review (July 31, 2007)	2,410,970	2,410,970	-	39,941,857

4. (Summary) Third Quarter Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount
I Cash flow from operating activities				
Income before taxes and adjustments		2,327,333	4,772,627	3,453,583
Depreciation and amortization expense		3,508,240	3,375,363	4,792,624
Impairment loss		594,568	890	594,568
Amortization of consolidation adjustment account		78,409	—	—
Amortization of goodwill		—	125,741	136,546
Gain on sale or retirement of fixed assets		-884	-921,056	-50,018
Loss on sale or retirement of fixed assets		23,766	54,967	52,366
Installment purchases of assets for small-value rentals		45,923	87,585	125,132
Reclassification of cost of sales associated with disposal of construction equipment		6,162	23,290	6,866
Reclassification of cost of sales associated with disposal of rental assets		475,562	347,858	569,273
Expenditures for acquisition of rental assets		-1,328,780	-1,385,829	-1,811,898
New share issuance costs		—	—	14,762
Valuation loss on investment securities		—	11,016	—
Gain on sale of investment securities		-19,862	-284,512	-24,883
Increase (decrease) in allowance for doubtful accounts		-334,559	78,177	-502,887
Decrease in accrued bonuses to employees		-301,192	-301,146	-4,059
Increase (decrease) in accrued bonuses to directors and auditors		4,125	-5,500	5,500
Increase in accrued employees retirement benefits		124,439	115,615	155,725
Increase (decrease) in retirement allowances to directors and auditors		14,539	-499	18,741
Interest revenue and dividend income		-39,121	-68,782	-42,863
Interest expense on installment purchases of rental assets		33,636	32,279	42,906
Interest expense		262,756	304,675	357,750
Increase (decrease) in accounts receivable, trade		1,272,788	2,289,833	-630,235
Increase in inventory assets		-392,500	-271,238	-21,251
Increase (decrease) in accounts payable, trade		881,004	-1,573,216	1,581,719

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Increase (decrease) in accounts payable, other	76,525	-45,067	428,072
Directors and auditors' bonuses paid	-7,300	-	-7,300
Other	814,789	-142,571	489,036
Subtotal	8,120,373	6,620,502	9,729,787
Interest and dividends received	39,121	62,291	42,863
Interest expense	-298,130	-341,914	-400,061
Payment of corporate and other taxes	-976,278	-2,179,169	-957,962
Cash flow from operating activities	6,885,085	4,161,709	8,414,626

(Unit: Thousands of yen)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount
II	Cash flow from investing activities			
	Funds provided from redemption of term deposits	—	—	3,018
	Funds used for the purchase of investment securities	−409,241	−74,572	−465,832
	Funds provided from sale of investment securities	1,241,526	492,794	1,353,015
	Funds used for the establishment of affiliated company	—	−34,778	—
	Funds used for the purchase of consolidated subsidiary stock	—	−367,200	—
	Funds used for the purchase of non-consolidated subsidiary stock	−50,025	−1,199,992	−50,025
	Funds used for the payment of investment capital	−210	—	—
	Funds used for the purchase of tangible fixed assets	−949,875	−1,841,359	−2,248,477
	Funds provided from the sale of tangible fixed assets	30,525	1,849,138	931,262
	Funds used for the purchase of intangible fixed assets	−14,693	−58,703	−14,729
	Other	60	15,965	2,556
	Cash flow from investing activities	−151,933	−1,218,708	−489,212
III	Cash flow from financing activities			
	Decrease in short-term bank loans	−102,364	−72,704	−79,660
	Funds provided by long-term bank loans	7,600,000	8,750,000	8,200,000
	Funds used to repay long-term bank loans	−8,547,622	−8,216,957	−11,453,496
	Funds used for repayment of installment obligations	−1,771,057	−1,582,227	−2,271,544
	Funds provided by issuance of stock	—	—	2,182,264
	Funds provided from disposal of treasury stock	—	—	335,552
	Funds used for the purchase of treasury stock	−10,442	−10,749	−11,781
	Payment of dividends to parent company	−537,300	−591,414	−537,300
	Cash flow from financing activities	−3,368,787	−1,724,052	−3,635,966
IV	Increase in cash and equivalents	3,364,365	1,218,948	4,289,448
V	Balance of cash and equivalents at beginning of period	14,108,863	18,398,312	14,108,863
VI	Balance of cash and equivalents at end of the period	17,473,228	19,617,260	18,398,312

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5. Business Segment Information

[Segment information by type of business]

Same quarter of the prior consolidated accounting fiscal year

(From November 1, 2005 to July 31, 2006)

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	45,229,634	4,664,264	332,223	50,226,123	—	50,226,123
Operating expenses	42,370,639	4,635,946	303,858	47,310,444	—139,205	47,171,239
Operating income	2,858,995	28,317	28,365	2,915,678	139,205	3,054,883

Current quarter (From November 1, 2006 to July 31, 2007)

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	48,055,148	3,857,874	324,862	52,237,886	—	52,237,886
Operating expenses	44,490,188	3,869,794	295,954	48,655,937	—105,765	48,550,171
Operating income	3,564,959	—11,919	28,908	3,581,948	105,765	3,687,714

(Reference) Fiscal Year Ended October 31, 2006

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	61,102,406	6,485,485	435,890	68,023,782	—	68,023,782
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

[Segment information by location]

Current quarter and third quarter of the prior consolidated fiscal year

The Company had no material items to report because the Company did not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

6. (Summary) Third Quarter Company Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Assets)						
I Current assets						
1. Cash and deposits		16,529,713	18,871,893	2,342,179	14.2%	17,461,345
2. Notes receivable, trade		2,019,627	1,809,561	-210,065	-10.4%	2,876,924
3. Accounts receivable, trade		9,665,617	9,263,499	-402,118	-4.2%	10,734,102
4. Inventory		583,435	462,526	-120,908	-20.7%	320,863
5. Construction equipment		1,014,695	820,314	-194,381	-19.2%	968,243
6. Deferred tax assets		184,607	242,886	58,279	31.6%	384,442
7. Other		611,270	319,876	-291,394	-47.7%	694,408
Allowance for doubtful accounts		-456,882	-390,137	66,744	-14.6%	-456,245
Total current assets		30,152,085	31,400,420	1,248,335	4.1%	32,984,085
II Fixed assets						
1. Tangible fixed assets						
(1) Rental equipment		8,893,925	9,191,222	297,297	3.3%	9,087,513
(2) Buildings		5,106,472	5,546,665	440,192	8.6%	5,462,248
(3) Structures		812,581	967,063	154,481	19.0%	933,405
(4) Land		25,616,441	25,996,422	379,980	1.5%	25,634,236
(5) Other		1,446,314	1,006,025	-440,289	-30.4%	1,191,381
Total tangible fixed assets		41,875,735	42,707,398	831,662	2.0%	42,308,785
2. Intangible fixed assets						
Total intangible fixed assets		160,526	161,406	880	0.5%	147,261
3. Investments and other assets						
(1) Investment securities		5,979,954	5,923,246	-56,708	-0.9%	6,115,087
(2) Stock of affiliated companies		1,029,332	2,649,304	1,619,971	157.4%	1,029,332
(3) Deferred tax assets		134,096	40,389	-93,706	-69.9%	50,933
(4) Other		2,010,602	2,277,436	266,834	13.3%	1,830,127
Allowance for doubtful accounts		-557,720	-498,562	59,157	-10.6%	-385,941
Reserve for investment losses		-480,173	-565,171	-84,997	17.7%	-565,171
Total investments and other assets		8,116,092	9,826,642	1,710,550	21.1%	8,074,368
Total fixed assets		50,152,354	52,695,447	2,543,093	5.1%	50,530,415
Total Assets		80,304,439	84,095,868	3,791,428	4.7%	83,514,501

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Summary of Third Quarter Operating Results (Consolidated)

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(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Liabilities)						
I Current liabilities						
1.	Notes payable, trade	7,924,888	7,458,550	-466,338	-5.9%	8,246,886
2.	Accounts payable, trade	2,162,168	1,960,230	-201,938	-9.3%	2,522,512
3.	Long-term bank loans due within one year	10,435,000	9,408,000	-1,027,000	-9.8%	9,935,000
4.	Accounts payable, other	2,189,199	2,325,034	135,834	6.2%	2,562,743
5.	Corporate taxes payable	639,978	1,100,475	460,497	72.0%	1,291,556
6.	Accrued bonuses to employees	145,532	152,618	7,086	4.9%	437,693
7.	Accrued bonuses to directors and auditors	4,125	—	-4,125	-100.0%	5,500
8.	Other	1,450,114	827,333	-622,780	-42.9%	1,232,666
	Total current liabilities	24,951,006	23,232,242	-1,718,763	-6.9%	26,234,559
II Long-term liabilities						
1.	Long-term bank loans	16,885,000	16,248,000	-637,000	-3.8%	15,120,000
2.	Long-term accrued expenses	1,661,177	2,320,538	659,360	39.7%	2,030,031
3.	Accrued employees retirement benefits	1,625,023	1,781,221	156,197	9.6%	1,663,537
4.	Retirement allowances to directors and auditors	87,476	86,732	-744	-0.9%	90,261
	Total long-term liabilities	20,258,676	20,436,491	177,814	0.9%	18,903,829
	Total Liabilities	45,209,682	43,668,734	-1,540,948	-3.4%	45,138,388
(Shareholders' Equity)						
I Common stock						
		8,596,737	—	—	—	—
II Capital surplus						
	Additional paid-in capital	9,720,343	—	—	—	—
	Total capital surplus	9,720,343	—	—	—	—
III Earned surplus						
	Legal earned surplus	1,375,287	—	—	—	—
	Voluntary reserves					
	Reserve for advanced depreciation of fixed assets	19,601	—	—	—	—
	General reserve	11,831,684	—	—	—	—
	Unappropriated retained earnings	1,431,796	—	—	—	—
	Total earned surplus	14,658,370	—	—	—	—

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IV	Valuation difference on other investment securities	2,316,342	—	—	—	—
V	Treasury stock	-197,037	—	—	—	—
	Total Shareholders' Equity	35,094,756	—	—	—	—
	Total Liabilities and Shareholders' Equity	80,304,439	—	—	—	—

(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
	(Net Assets)					
I	Owners' equity					
1.	Paid-in capital	—	9,696,717	—	—	9,696,717
2.	Capital surplus					
	Capital legal reserve	—	10,817,389	—	—	10,817,389
	Other capital surplus	—	143,480	—	—	143,480
	Total Capital Surplus	—	10,960,869	—	—	10,960,869
3.	Earned surplus					
	Earned legal reserve		1,375,287			1,375,287
	Other earned surplus	—	16,005,039	—	—	13,935,479
	Reserve for advanced depreciation of fixed assets	—	19,601	—	—	19,601
	General reserve	—	12,931,684	—	—	11,831,684
	Earned surplus brought forward	—	3,053,752	—	—	2,084,192
	Total earned surplus	—	17,380,326	—	—	15,310,766
4.	Treasury stock	—	—17,053	—	—	—6,303
	Total owners' equity	—	38,020,860	—	—	35,962,049
II	Valuation and translation adjustments					
	Valuation difference on other investment securities	—	2,406,273	—	—	2,414,062
	Total valuation and translation adjustments	—	2,406,273	—	—	2,414,062
	Total Net Assets	—	40,427,134	—	—	38,376,112
	Total Liabilities and Net Assets	—	84,095,868	—	—	83,514,501

7. (Summary) Third Quarter Company Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Prior FY Quarter (Third Quarter of the Fiscal Year Ended October 31, 2006)	Current Quarter (Third Quarter of the Fiscal Year Ending October 31, 2007)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
I	Operating revenues	44,745,366	46,728,194	1,982,827	4.4%	60,753,945
II	Cost of revenues	33,099,255	33,791,092	691,837	2.1%	44,904,830
	Gross profit	11,646,111	12,937,102	1,290,990	11.1%	15,849,115
III	Selling, general and administrative expenses	8,935,367	9,495,943	560,575	6.3%	12,133,316
	Operating income	2,710,744	3,441,159	730,414	26.9%	3,715,798
IV	Non-operating revenues					
1.	Interest and dividends	43,668	73,332	29,664	67.9%	47,758
2.	Gain on sale of investment securities	19,862	284,512	264,650	—	24,883
3.	Rents received	185,291	193,808	8,516	4.6%	250,919
4.	Other	187,555	233,261	45,706	24.4%	237,818
	Total non-operating revenues	436,378	784,915	348,537	79.9%	561,380
V	Non-operating expenses					
1.	Interest expense	240,622	280,437	39,814	16.5%	326,636
2.	Other	98,875	76,034	−22,840	−23.1%	211,290
	Total non-operating expenses	339,498	356,472	16,974	5.0%	537,926
	Ordinary income	2,807,624	3,869,602	1,061,977	37.8%	3,739,252
VI	Extraordinary profits					
1.	Gain on disposal of fixed assets	884	920,700	919,815	—	50,018
2.	Compensation received	—	—	—	—	255,500
3.	Other	17,287	26,574	9,286	53.7%	54,832
	Total extraordinary profits	18,172	947,274	929,102	—	360,351
VII	Extraordinary losses					
1.	Loss on sale or disposal of fixed assets	22,417	52,542	30,125	134.4%	49,845
2.	Impairment loss	594,568	890	−593,678	−99.9%	594,568
3.	Transfer to reserve for investment losses	—	—	—	—	84,997
4.	Transfer to allowance for doubtful loans to affiliates	—	—	—	—	17,786
5.	Other	11,885	31,014	19,129	161.0%	62,518
	Total extraordinary losses	628,870	84,447	−544,423	−86.6%	809,716
	Income before taxes and adjustments	2,196,925	4,732,429	2,535,503	115.4%	3,289,887
	Corporate, local and business taxes	1,060,751	1,914,075	853,324	80.4%	1,684,230
	Adjustment for corporate and other taxes	68,368	157,379	89,011	130.2%	−114,543
	Net income	1,067,805	2,660,974	1,593,168	149.2%	1,720,201

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Profit carry-forward from prior period	632,613	—	—	—	—
Interim dividends	268,622	—	—	—	—
Unappropriated retained earnings	1,431,796	—	—	—	—

8. (Summary) Third Quarter Company Statement of Changes in Net Assets

Third Quarter of the Fiscal Year Ending October 31, 2007 (November 1, 2006 - July 31, 2007)

(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
					Reserve for advanced depreciation of fixed assets	General reserve	Net earned surplus brought forward		
Balance at the end of the prior fiscal year (October 31, 2006)	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
Change of items during the third quarter under review									
Transfer to general reserve							1,100,000	-1,100,000	—
Dividends from surplus								-295,732	-295,732
Dividends from surplus (interim dividend)								-295,682	-295,682
Third quarter net income								2,660,974	2,660,974
Purchase of treasury stock									
Net change of items other than owners' equity during the third quarter under review									
Total change of items during the third quarter under review	—	—	—	—	—	—	1,100,000	969,559	2,069,559
Balance at the end of the third quarter under review (July 31, 2007)	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	12,931,684	3,053,752	17,380,326

	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	
Balance at the end of the prior fiscal year (October 31, 2006)	-6,303	35,962,049	2,414,062	2,414,062	38,376,112
Change of items during the third quarter under review					
Transfer to general reserve		—			—
Dividends from surplus		-295,732			-295,732
Dividends from surplus (interim dividend)		-295,682			-295,682
Third quarter net income		2,660,974			2,660,974
Purchase of treasury stock	-10,749	-10,749			-10,749
Net change of items other than owners' equity during the third quarter under review			-7,788	-7,788	-7,788
Total change of items during the third quarter under review	-10,749	2,058,810	-7,788	-7,788	2,051,021
Balance at the end of the third quarter under review (July 31, 2007)	-17,053	38,020,860	2,406,273	2,406,273	40,427,134

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