



Fiscal Year ending October 31, 2007

Summary of First Quarter Operating Results (Consolidated)

March 2, 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>)
 Representative **Kanchu Kanamoto** President
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1. Matters Related to Preparation of the Summary of First Quarter Operating Results

- ① Has the Company adopted simplified methods for accounting treatment? Yes
 The Company uses book value for inventory.
 The Company charges an amount to its allowance for doubtful accounts based on actual loss experience in the prior consolidated accounting fiscal year for normal accounts.
- ② Are there any differences with the methods of recognition used in the accounting treatment for the most recent consolidated fiscal year? No
- ③ Are there any changes in the scope of consolidation and/or application of the equity method? No

2. Operating Results for the First Quarter of the Fiscal Year Ending October 31, 2007 (November 1, 2006 - January 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: First Quarter	18,856	(7.7)	2,173	(68.4)	2,115	(70.9)
Fiscal Year Ended October 31, 2006: First Quarter	17,503	(-0.6)	1,290	(72.3)	1,237	(72.1)
(Reference) Fiscal Year Ended October 31, 2006	68,023		4,068		3,788	

	Net Income		Net Income per Share of Common	Net Income per Share on a Fully Diluted
	Millions of yen	%	Yen	Yen
Fiscal Year Ending October 31, 2007: First Quarter	1,618	(410.0)	49. 26	—
Fiscal Year Ended October 31, 2006: First Quarter	317	(-20.3)	10. 63	—
(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

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(Qualitative information concerning consolidated operating results)

< Management Environment > (From November 1, 2006 to January 31, 2007)

During the first quarter, Japan's economy maintained its expansionary trend, as private sector capital investment centered on major metropolitan areas continued unabated. In regions where public works are a mainstay of the local economy, however, both public and private sector demand were extremely weak, and in many areas of Japan, conditions unrelieved by a sense of economic recovery persisted. Given such circumstances, demand in the construction equipment rental industry, which is Kanamoto's main business, improved steadily in Japan's three major metropolitan areas around Tokyo, Osaka and Nagoya.

First Quarter Operating Results

In the construction-related businesses that are Kanamoto's main sector of operations, operating results exceeded those in the same period of the prior consolidated fiscal year. Under an environment in which total construction investment is growing only slowly, the Company expanded at a steady pace centered on construction equipment rentals as a result of aggressive business development throughout Japan aimed at securing private sector demand. The Company also increased used equipment sales, enjoying vigorous demand from overseas buyers.

Operating results were positive in Kanamoto's other businesses as well. In the steel products sales business, healthy orders for private sector capital investment were received in the Doo Block in Hokkaido. Personal computer rentals in the Company's information and telecommunications-related division were robust as well. As a result, operating results in all of the Company's businesses were higher than in the same period of the prior consolidated fiscal year.

From an earnings perspective, both operating income and ordinary income were substantially higher than in the same period one year earlier, as a result of measures continued from the prior year to improve rental equipment asset operating efficiency and reduce the depreciation and amortization burden. Net income as well was substantially higher than in the same period of the prior consolidated fiscal year, reflecting the above earnings improvements as well as higher extraordinary profits from the sale of fixed assets. This gain on sale or retirement of fixed assets has also been incorporated into the projected operating results for the fiscal year ending October 31, 2007 released by Kanamoto on December 8, 2006.

As a result of the above factors, consolidated revenues from operations for the first quarter of the consolidated fiscal year ending October 2007 increased 7.7% compared to the same period of the prior consolidated fiscal year to ¥18,856 million, operating income rose 68.4% year-on-year to ¥2,173 million, ordinary income jumped 70.9% year-on-year to ¥2,115 million and net income soared 410.0% over the same period of the prior consolidated fiscal year to ¥1,618 million. A summary of operating results for each of the Company's businesses and business development issues deserving special mention are described below.

< Summary of operating results by business >

[Business related to the Construction Equipment Rental Division]

In the Hokkaido Region and Tohoku Region, which faced a busy season, revenues increased steadily, growing by 4.2% and 8.9% year-on-year, respectively, as a result of proactive business development to secure private sector demand. In the Kanto & Shinetsu Region revenues edged down 1.8% from the same period of the prior consolidated fiscal year, despite the growth in private sector demand throughout the Kanto area as a whole centered on Tokyo, as the special procurement demand for earthquake recovery work in the Shinetsu area wound down. In the Kinki-Chubu Region, orders received for large-scale projects rose steadily, and revenues increased 7.7% from the same period one year earlier. As a result of these factors, construction equipment rental revenues for Kanamoto on an unconsolidated basis increased 4.2% from the

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same period of the prior consolidated fiscal year.

In addition, because of vigorous foreign demand for used equipment, revenue from sales for the Construction Equipment Rental Division grew 37.1% year-on-year. As a result, on an unconsolidated basis total revenues for Kanamoto's construction-related businesses increased 9.0% compared with the same period of the prior fiscal year.

Turning to the conditions at Kanamoto's construction-related consolidated subsidiaries, at SRG Kanamoto Ltd., which is developing a temporary scaffolding rental business in Hokkaido, and at Kanatech Co., Ltd., a temporary housing manufacturer, revenues rose strongly compared with the same period of the prior consolidated fiscal year. For Daiichi Machine Industries Co., Ltd. in Kagoshima Prefecture, where disaster recovery demand came to an end, however, and at Kanki Corporation in Hyogo Prefecture, which revised certain aspects of its business strategy, revenues fell year-on-year. As a result of these changes, consolidated revenues for construction-related businesses was 8.3% 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 were up 1.7% year-on-year. This reflected comparatively strong orders for private sector capital investment in Sapporo and the surrounding area and in the Tomakomai East district.

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

In the Company's information and telecommunications-related division, rentals of personal computers and servers expanded well, but sales of used equipment such as workstations weakened somewhat. As a result, revenues slipped 1.2% from the same period of the prior consolidated fiscal year.

[Business development issues deserving special mention and status of branch office changes]

During the first quarter under review, Kanamoto established a new Chiba Shinminato Branch (Chiba City, Mihama Ward) in January 2007. The Company did not close any branches.

As already reported, on February 1, 2007 in the second quarter of the fiscal year ending in October 2007, Kanamoto succeeded to the goodwill and rental equipment assets of Rental TO Co., Ltd. (President and Representative Director: Kiyoshi Ogasawara; Head Office: Hokuto City, Hokkaido; Capital: ¥30.0 million), a subsidiary of TO Ogasawara Co., Ltd. (President and Representative Director: Yasumasa Ogasawara; JASDAQ: 9812; Head Office: Hakodate City, Hokkaido) that is engaged in the construction equipment rental business in the Donan district. In addition, on February 7 Kanamoto completed an additional acquisition of outstanding shares of Kyushu Kensan Co., Ltd. (President and Representative Director: Suburu Saitou; Head Office: Fukuoka City; Fukuoka Prefecture), a member of the Kanamoto alliance group, and made that company a Kanamoto subsidiary.

Shanghai Jinheyuan Equipment Rental Co., Ltd., a joint venture established as Kanamoto's first overseas presence, will begin business activities from February 2007.

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

	Total Assets	Net Assets	Capital Adequacy	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ending October 31, 2007: First Quarter	89,613	39,829	44.3	1,208.57
Fiscal Year Ended October 31, 2006: First Quarter	86,872	34,222	39.4	1,146.46
(Reference) Fiscal Year Ended October 31, 2006	86,815	38,051	43.7	1,155.22

[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: First Quarter	2,018	681	-548	20,548
Fiscal Year Ended October 31, 2006: First Quarter	3,776	-168	993	18,710
(Reference) Fiscal Year Ended October 31, 2006	8,414	-489	-3,635	18,398

[Qualitative information concerning change in consolidated financial position]**(1) Change in financial position (consolidated)**

Compared with the end of the prior consolidated accounting fiscal year, total assets at the end of the first quarter under review increased ¥2,797 million to ¥89,613 million. This change was mainly from increases in cash and deposits and investment securities.

Total net assets increased by ¥1,777 million compared with the end of the prior consolidated fiscal year to ¥39,829 million yen. This change mainly reflected an increase in consolidated earned surplus. As a result, the capital adequacy ratio for the first quarter was 44.3%.

(2) Consolidated cash flows

Cash and cash equivalents (referred to below as "cash") at the end of the first quarter under review totaled ¥20,548 million yen, an increase of ¥1,838 million yen compared with the end of the same period in the prior consolidated fiscal year. Cash flows for the consolidated quarter under review are discussed below.

(Cash flow from operating activities)

Cash flow from operating activities was ¥2,018 million yen, a decrease of ¥1,758 million from the same period of the prior consolidated fiscal year. This mainly reflected the increase in income before taxes and adjustments, a smaller increase in accounts payable, trade, a gain on sale or retirement of fixed assets and higher payment of corporate and other taxes.

(Cash flow from investing activities)

Cash flow provided by investing activities was ¥681 million, compared with cash flow used in investing activities of ¥168 million in the same period of the prior consolidated fiscal year. This mainly reflected an increase in funds provided from the sale of tangible fixed assets.

(Cash flow from financing activities)

Cash flow used in financing activities was ¥548 million, compared with cash flow provided by financing activities of ¥993 million in the same period of the prior consolidated fiscal year. This change was mainly the result of a substantial decrease in the amount of funds provided through short-term bank loans.

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 2007 (November 1, 2006 - October 31, 2007)

	Projected Revenues	Projected Operating Income	Projected Ordinary Income	Projected Net Income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim	35,530	2,940	2,870	1,830
Full-year	68,570	4,230	4,020	2,360

(Reference) Projected net income per share (full-year) ¥71.82

[Qualitative information concerning projected operating results]

Based on decision criteria concerning materiality, and the fact Kyushu Kensan's current conditions will not have a material affect on Kanamoto's consolidated operating results, Kanamoto will account for Kyushu Kensan Co., Ltd., the Company's new subsidiary, as a non-consolidated subsidiary.

Although operating results up to the present point in time generally continue to exceed Kanamoto's initial plan, because of the lingering sense of uncertainty concerning second quarter operating results in Hokkaido and the Tohoku region, including a dip in demand because of an unseasonably mild winter, and factors such as the tendency for Kanamoto's earnings to be concentrated in the first six months of the fiscal year, the Company has not revised its projected interim and full-year consolidated operating results.

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

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

1. (Summary) First Quarter Consolidated Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	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	20,548,969	18,713,419	1,835,549	9.8	18,398,312
2.	Notes receivable, trade	14,722,876	14,250,444	472,432	3.3	14,959,325
3.	Inventory	495,225	545,517	-50,291	-9.2	560,203
4.	Construction equipment	1,177,502	1,394,794	-217,292	-15.6	1,193,669
5.	Deferred tax assets	333,364	333,624	-260	-0.1	391,803
6.	Other	597,639	1,818,630	-1,220,990	-67.1	752,572
	Allowance for doubtful accounts	-527,744	-905,355	377,610	-41.7	-523,650
	Total current assets	37,347,833	36,151,076	1,196,757	3.3	35,732,235
II	Fixed assets					
1.	Tangible fixed assets					
(1)	Rental equipment assets	9,921,091	9,769,262	151,828	1.6	9,358,195
(2)	Buildings and structures	6,605,659	6,369,129	236,530	3.7	6,631,891
(3)	Land	25,991,252	25,796,559	194,693	0.8	25,906,130
(4)	Other	1,219,557	1,108,340	111,217	10.0	1,227,220
	Total tangible fixed assets	43,737,561	43,043,291	694,270	1.6	43,123,437
2.	Intangible fixed assets					
(1)	Consolidation adjustment account	—	409,519	-409,519	-100.0	—
(2)	Goodwill	359,379	—	359,379	—	395,109
(3)	Other	137,693	238,255	-100,561	-42.2	141,585
	Total intangible fixed assets	497,072	647,774	-150,701	-23.3	536,695
3.	Investments and other assets					
(1)	Investment securities	6,858,369	6,078,029	780,339	12.8	6,224,097
(2)	Other	1,889,829	1,787,115	102,713	5.7	1,874,002
	Allowance for doubtful accounts	-717,223	-834,987	117,763	-14.1	-674,876
	Total investments and other assets	8,030,975	7,030,157	1,000,817	14.2	7,423,223
	Total fixed assets	52,265,609	50,721,223	1,544,385	3.0	51,083,356
	Total Assets	89,613,442	86,872,299	2,741,143	3.2	86,815,592

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(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	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		12,762,257	12,227,863	534,394	4.4	12,419,337
2. Short-term bank loans		535,000	2,650,935	-2,115,935	-79.8	497,704
3. Long-term bank loans due within one year		10,082,356	10,741,996	-659,640	-6.1	10,077,496
4. Corporate taxes payable		1,350,718	596,220	754,498	126.5	1,365,479
5. Accrued bonuses to employees		664,329	667,012	-2,683	-0.4	511,737
6. Accrued bonuses to directors and auditors		—	—	—	—	5,500
7. Accounts payable, other		2,335,892	2,452,800	-116,907	-4.8	2,676,023
8. Other		719,902	860,657	-140,754	-16.4	1,017,823
Total current liabilities		28,450,457	30,197,485	-1,747,028	-5.8	28,571,100
II Long-term liabilities						
1. Long-term bank loans		16,285,472	18,439,233	-2,153,761	-11.7	16,031,111
2. Accrued employees retirement benefits		1,726,803	1,548,890	177,913	11.5	1,681,719
3. Retirement allowances to directors and auditors		131,784	136,859	-5,074	-3.7	129,214
4. Long-term accrued expenses		2,689,868	2,019,112	670,756	33.2	2,107,836
5. Other		499,358	202,294	297,063	146.8	242,843
Total long-term liabilities		21,333,288	22,346,390	-1,013,102	-4.5	20,192,724
Total Liabilities		49,783,745	52,543,876	-2,760,131	-5.3	48,763,825
(Minority interests)						
Minority interests		—	105,918	—	—	—
(Shareholders' Equity)						
I Common stock		—	8,596,737	—	—	—
II Additional paid-in capital		—	9,720,343	—	—	—
III Consolidated retained earnings		—	13,733,006	—	—	—
IV Valuation difference on other investment securities		—	2,360,778	—	—	—
V Treasury stock		—	-188,360	—	—	—
Total Shareholders' Equity		—	34,222,504	—	—	—
Total Liabilities, Minority Interests and Shareholders' Equity		—	86,872,299	—	—	—

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(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	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		16,212,507	—	—	—	14,889,638
4. Treasury stock		-8,577	—	—	—	-6,303
Total Owners' Equity		36,861,517	—	—	—	35,540,922
II Valuation and translation adjustments						
Valuation difference on other investment securities		2,847,934	—	—	—	2,418,684
Total Valuation and Translation Adjustments		2,847,934	—	—	—	2,418,684
III Minority interests		120,245	—	—	—	92,159
Total Net Assets		39,829,697	—	—	—	38,051,766
Total Liabilities and Net Assets		89,613,442	—	—	—	86,815,592

2. (Summary) First Quarter Consolidated Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
I	Revenues	18,856,014	17,503,425	1,352,589	7.7	68,023,782
II	Cost of revenues from operations	12,488,476	12,222,266	266,210	2.2	49,745,294
	Gross profit	6,367,537	5,281,158	1,086,378	20.6	18,278,487
III	Selling, general and administrative expenses	4,194,275	3,990,994	203,280	5.1	14,210,350
	Operating income	2,173,262	1,290,164	883,098	68.4	4,068,136
IV	Non-operating revenues					
	1. Interest revenue	561	10	551	—	2,467
	2. Dividend income	13,666	9,845	3,820	38.8	40,396
	3. Gain on sale of investment securities	3,482	8,388	-4,905	-58.5	24,883
	4. Insurance benefits	9,121	6,403	2,717	42.4	40,910
	5. Rents received	21,952	22,346	-393	-1.8	90,902
	6. Other	29,696	31,899	-2,203	-6.9	116,103
	Total non-operating revenues	78,481	78,894	-412	-0.5	315,662
V	Non-operating expenses					
	1. Interest expense	107,108	84,628	22,479	26.6	357,750
	2. Other	28,702	46,497	-17,795	-38.3	237,590
	Total non-operating expenses	135,810	131,126	4,683	3.6	595,340
	Ordinary income	2,115,933	1,237,931	878,002	70.9	3,788,458
VI	Extraordinary profits					
	1. Gain on sale or retirement of fixed assets	920,700	—	920,700	—	50,018
	2. Gain on reversal of allowance for doubtful accounts	20,634	9,524	11,110	116.7	33,270
	3. Other	752	846	-93	-11.0	311,436
	Total extraordinary profits	942,088	10,370	931,718	—	394,726
VII	Extraordinary losses					
	1. Loss on sale or retirement of fixed assets	39,179	5,915	33,263	562.3	52,366
	2. Impairment loss	890	344,417	-343,527	-99.7	594,568
	3. Loss on valuation of investment securities	3,516	—	3,516	—	—
	4. Other	19,508	2,961	16,547	558.7	82,666

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Total extraordinary losses	63,094	353,294	-290,200	-82.1	729,600
Income before taxes and adjustments	2,994,927	895,007	2,099,920	234.6	3,453,583
Corporate, local and business taxes	1,320,021	581,060	738,960	127.2	1,767,872
Adjustment for corporate and other taxes	28,218	-38,235	66,454	-173.8	-77,965
Minority interest in income	28,085	34,782	-6,696	-19.3	21,024
Net income	1,618,600	317,398	1,301,202	410.0	1,742,652

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

First Quarter of the Fiscal Year Ending October 31, 2007 (November 1, 2006 - January 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 first quarter under review					
Dividends from surplus			-295,732		-295,732
First quarter net income			1,618,600		1,618,600
Purchase of treasury stock				-2,273	-2,273
Net change of items other than owners' equity during the first quarter under review					
Total change of items during the first quarter under review	-	-	1,322,868	-2,273	1,320,595
Balance at the end of the first quarter under review (January 31, 2007)	9,696,717	10,960,869	16,212,507	-8,577	36,861,517

	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 first quarter under review				
Dividends from surplus		-		-295,732
First quarter net income		-		1,618,600
Purchase of treasury stock		-		-2,273
Net change of items other than owners' equity during the first quarter under review	429,249	429,249	28,085	457,335
Total change of items during the first quarter under review	429,249	429,249	28,085	1,777,930
Balance at the end of the first quarter under review (January 31, 2007)	2,847,934	2,847,934	120,245	39,829,697

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

(Unit: Thousands of yen)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount
I Cash flow from operating activities				
Income before taxes and adjustments		2,994,927	895,007	3,453,583
Depreciation and amortization expense		1,010,746	1,102,864	4,792,624
Impairment loss		890	344,417	594,568
Amortization of consolidation adjustment account		—	26,136	—
Amortization of goodwill		35,729	—	136,546
Gain on sale or retirement of fixed assets		-920,700	—	-50,018
Loss on sale or retirement of fixed assets		39,179	5,915	52,366
Installment purchases of assets for small-value rentals		40,608	46,505	125,132
Reclassification of cost of sales associated with disposal of construction equipment		7,369	645	6,866
Reclassification of cost of sales associated with disposal of rental assets		88,401	42,008	569,273
Expenditures for acquisition of rental assets		-421,876	-266,388	-1,811,898
New share issuance costs		—	—	14,762
Valuation loss on investment securities		3,516	—	—
Gain on sale of investment securities		-3,482	-8,388	-24,883
Increase (decrease) in allowance for doubtful accounts		46,441	38,937	-502,887
Increase (decrease) in accrued bonuses to employees		152,592	151,216	-4,059
Increase (decrease) in accrued bonuses to directors and auditors		-5,500	—	5,500
Increase in accrued employees retirement benefits		45,084	22,897	155,725
Increase in retirement allowances to directors and auditors		2,570	26,386	18,741
Interest revenue and dividend income		-14,228	-9,855	-42,863
Interest expense on installment purchases of rental assets		9,931	12,094	42,906
Interest expense		107,108	84,628	357,750
Increase (decrease) in accounts receivable, trade		236,449	78,645	-630,235
Increase (decrease) in inventory assets		64,977	-6,566	-21,251
Increase (decrease) in accounts payable, trade		342,920	1,390,245	1,581,719

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Increase (decrease) in accounts payable, other	-261,773	71,440	428,072
Directors and auditors' bonuses paid	-	-7,300	-7,300
Other	-153,892	366,309	489,036
Subtotal	3,447,991	4,407,804	9,729,787
Interest and dividends received	14,228	9,855	42,863
Interest expense	-109,204	-100,780	-400,061
Payment of corporate and other taxes	-1,334,782	-540,411	-957,962
Cash flow from operating activities	2,018,231	3,776,468	8,414,626

(Unit: Thousands of yen)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2006)	(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 tangible fixed assets	-1,223,118	-89,835	-2,248,477
	Funds provided from the sale of tangible fixed assets	1,845,395	857	931,262
	Funds used for the purchase of intangible fixed assets	-2,964	-1,400	-14,729
	Funds used for the purchase of investment securities	-47,191	-176,183	-465,832
	Funds provided from sale of investment securities	109,288	98,195	1,353,015
	Funds used for purchase of subsidiary company stock	—	—	-50,025
	Other	—	-200	2,556
	Cash flow from investing activities	681,410	-168,566	-489,212
III Cash flow from financing activities				
	Increase (decrease) in short-term bank loans	37,295	2,073,571	-79,660
	Funds provided by long-term bank loans	3,050,000	2,700,000	8,200,000
	Funds used to repay long-term bank loans	-2,790,779	-2,880,874	-11,453,496
	Funds used for repayment of installment obligations	-547,496	-628,617	-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	-2,273	-1,765	-11,781
	Payment of dividends to parent company	-295,732	-268,677	-537,300
	Cash flow from financing activities	-548,985	993,635	-3,635,966
IV	Increase in cash and equivalents	2,150,657	4,601,537	4,289,448
V	Balance of cash and equivalents at beginning of period	18,398,312	14,108,863	14,108,863
VI	Balance of cash and equivalents at end of the period	20,548,969	18,710,400	18,398,312

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5. Business Segment Information

[Segment information by type of business]

Current quarter (From November 1, 2006 to January 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	17,413,478	1,334,930	107,605	18,856,014	—	18,856,014
Operating expenses	15,271,540	1,350,481	103,035	16,725,057	—42,304	16,682,752
Operating income	2,141,938	—15,550	4,569	2,130,957	42,304	2,173,262

Same quarter of the prior consolidated accounting fiscal year

(From November 1, 2005 to January 1, 2006)

(Unit: Thousands of yen)

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

[Segment information by location]

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

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

6. (Summary) First Quarter Company Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2006)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Assets)						
I Current assets						
1. Cash and deposits		19,831,003	17,889,861	1,941,142	10.9	17,461,345
2. Notes receivable, trade		2,569,242	2,838,609	-269,366	-9.5	2,876,924
3. Accounts receivable, trade		10,485,278	9,889,272	596,006	6.0	10,734,102
4. Inventory		328,333	316,670	11,662	3.7	320,863
5. Construction equipment		910,344	1,143,789	-233,445	-20.4	968,243
6. Deferred tax assets		325,896	382,619	-56,723	-14.8	384,442
7. Other		541,238	2,246,468	-1,705,229	-75.9	694,408
Allowance for doubtful accounts		-456,590	-981,080	524,489	-53.5	-456,245
Total current assets		34,534,746	33,726,209	808,536	2.4	32,984,085
II Fixed assets						
1. Tangible fixed assets						
(1) Rental equipment		9,655,732	9,359,278	296,454	3.2	9,087,513
(2) Buildings		5,411,561	5,249,177	162,383	3.1	5,462,248
(3) Structures		961,919	869,472	92,447	10.6	933,405
(4) Land		25,719,358	25,524,664	194,693	0.8	25,634,236
(5) Other		1,185,252	1,075,354	109,898	10.2	1,191,381
Total tangible fixed assets		42,933,823	42,077,947	855,876	2.0	42,308,785
2. Intangible fixed assets						
Total intangible fixed assets		136,524	174,898	-38,374	-21.9	147,261
3. Investments and other assets						
(1) Investment securities		6,749,299	6,006,321	742,978	12.4	6,115,087
(2) Stock of affiliated companies		1,029,332	979,307	50,025	5.1	1,029,332
(3) Deferred tax assets		-	18,352	-18,352	-100.0	50,933
(4) Other		1,819,775	1,261,561	558,214	44.2	1,830,127
Allowance for doubtful accounts		-412,531	-385,619	-26,911	7.0	-385,941
Reserve for investment losses		-565,171	-480,173	-84,997	17.7	-565,171
Total investments and other assets		8,620,705	7,399,748	1,220,956	16.5	8,074,368
Total fixed assets		51,691,053	49,652,594	2,038,458	4.1	50,530,415
Total Assets		86,225,799	83,378,804	2,846,995	3.4	83,514,501

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(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2006)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
(Liabilities)						
I	Current liabilities					
1.	Notes payable, trade	9,189,439	8,789,391	400,048	4.6	8,246,886
2.	Accounts payable, trade	1,869,489	2,016,186	-146,696	-7.3	2,522,512
3.	Short-term bank loans	—	2,000,000	-2,000,000	-100.0	—
4.	Long-term bank loans due within one year	9,928,000	10,580,000	-652,000	-6.2	9,935,000
5.	Accounts payable, other	2,196,243	2,349,402	-153,159	-6.5	2,562,743
6.	Corporate taxes payable	1,297,942	542,141	755,801	139.4	1,291,556
7.	Accrued bonuses to employees	606,793	612,083	-5,290	-0.9	437,693
8.	Accrued bonuses to directors and auditors	—	—	—	—	5,500
9.	Other	1,087,872	927,528	160,344	17.3	1,232,666
	Total current liabilities	26,175,780	27,816,733	-1,640,952	-5.9	26,234,559
II	Long-term liabilities					
1.	Long-term bank loans	15,377,000	17,425,000	-2,048,000	-11.8	15,120,000
2.	Long-term accrued expenses	2,554,534	1,882,788	671,746	35.7	2,030,031
3.	Long-term deferred taxes	210,031	—	210,031	—	—
4.	Retirement allowances to directors and auditors	90,261	102,969	-12,708	-12.3	90,261
5.	Accrued employees retirement benefits	1,708,029	1,525,607	182,421	12.0	1,663,537
	Total long-term liabilities	19,939,856	20,936,365	-996,509	-4.8	18,903,829
	Total Liabilities	46,115,637	48,753,099	-2,637,462	-5.4	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	—	11,851,286	—	—	—
	Reserve for advanced depreciation of fixed assets	—	19,601	—	—	—

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	General reserve	—	11,831,684	—	—	—
	Unappropriated retained earnings	—	918,075	—	—	—
	Total earned surplus	—	14,144,649	—	—	—
IV	Valuation difference on other investment securities	—	2,352,335	—	—	—
V	Treasury stock	—	—188,360	—	—	—
	Total Shareholders' Equity	—	34,625,704	—	—	—
	Total Liabilities and Shareholders' Equity	—	83,378,804	—	—	—

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2006)	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		15,242,232	—	—	—	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		2,290,946	—	—	—	2,084,192
Total earned surplus		16,617,519	—	—	—	15,310,766
4. Treasury stock		—8,577	—	—	—	—6,303
Total owners' equity		37,266,529	—	—	—	35,962,049
II Valuation and translation adjustments						
Valuation difference on other investment securities		2,843,632	—	—	—	2,414,062
Total valuation and translation adjustments		2,843,632	—	—	—	2,414,062
Total Net Assets		40,110,162	—	—	—	38,376,112
Total Liabilities and Net Assets		86,225,799	—	—	—	83,514,501

7. (Summary) First Quarter Company Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2007)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2006)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2006
		Amount	Amount	Amount	Percent	Amount
I	Operating revenues	16,881,362	15,585,121	1,296,241	8.3	60,753,945
II	Cost of revenues	11,231,929	10,997,572	234,357	2.1	44,904,730
	Gross profit	5,649,433	4,587,549	1,061,883	23.1	15,849,215
III	Selling, general and administrative expenses	3,639,662	3,492,128	147,534	4.2	12,133,316
	Operating income	2,009,770	1,095,421	914,349	83.5	3,715,898
IV	Non-operating revenues					
1.	Interest and dividends	15,914	11,587	4,327	37.3	47,758
2.	Gain on sale of investment securities	3,482	8,388	-4,905	-58.5	24,883
3.	Rents received	59,491	63,503	-4,011	-6.3	250,919
4.	Other	54,794	63,842	-9,048	-14.2	237,818
	Total non-operating revenues	133,683	147,321	-13,638	-9.3	561,380
V	Non-operating expenses					
1.	Interest expense	99,857	75,606	24,250	32.1	326,636
2.	Other	24,713	44,409	-19,695	-44.3	211,291
	Total non-operating expenses	124,571	120,015	4,555	3.8	537,927
	Ordinary income	2,018,882	1,122,727	896,155	79.8	3,739,351
VI	Extraordinary profits					
1.	Gain on disposal of fixed assets	920,700	-	920,700	-	50,018
2.	Other	20,291	846	19,445	-	310,332
	Total extraordinary profits	940,992	846	940,146	-	360,351
VII	Extraordinary losses					
1.	Loss on sale or disposal of fixed assets	37,945	4,939	33,006	668.3	49,845
2.	Impairment loss	890	344,417	-343,527	-99.7	594,568
3.	Valuation loss on investment securities	3,516	-	3,516	-	-
4.	Transfer to reserve for investment losses	-	-	-	-	84,997
5.	Transfer to allowance for doubtful loans to affiliates	-	-	-	-	17,786
6.	Other	19,508	-	19,508	-	62,518
	Total extraordinary losses	61,860	349,356	-287,495	-82.3	809,716
	Income before taxes and adjustments	2,898,013	774,217	2,123,796	274.3	3,289,986
	Corporate, local and business taxes	1,267,202	527,052	740,150	140.4	1,684,230
	Adjustment for corporate and other taxes	28,325	-38,297	66,623	-174.0	-114,543
	Net income	1,602,485	285,462	1,317,022	461.4	1,720,300

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Profit carry-forward from prior period	—	632,613	—	—	—
Unappropriated retained earnings	—	918,075	—	—	—

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

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

(Thousands of yen)

	Owners' Equity								
	Paid-in capital	Capital surplus			Earned legal reserve	Earned surplus			Total earned surplus
		Capital legal reserve	Other capital surplus	Total capital surplus		Other 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 first quarter under review									
Transfer to general reserve				—			1,100,000	-1,100,000	—
Dividends from surplus				—				-295,732	-295,732
First quarter net income				—				1,602,485	1,602,485
Purchase of treasury stock				—					—
Net change of items other than owners' equity during the first quarter under review									
Total change of items during the first quarter under review	—	—	—	—	—	—	1,100,000	206,753	1,306,753
Balance at the end of the first quarter under review (January 31, 2007)	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	12,931,684	2,290,946	16,617,519

	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 first quarter under review					
Transfer to general reserve		—		—	—
Dividends from surplus		-295,732		—	-295,732
First quarter net income		1,602,485		—	1,602,485
Purchase of treasury stock	-2,273	-2,273		—	-2,273
Net change of items other than owners' equity during the first quarter under review			429,570	429,570	429,570
Total change of items during the first quarter under review	-2,273	1,304,479	429,570	429,570	1,734,050
Balance at the end of the first quarter under review (January 31, 2007)	-8,577	37,266,529	2,843,632	2,843,632	40,110,162

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