Fiscal Year ending October 31, 2008
Interim Financial Statements Bulletin

June 6, 2008

Listed Company Name **Kanamoto Company, Ltd.**
Company Code Number **9678**
Listing Exchanges **Tokyo Stock Exchange First Section, Sapporo Stock Exchange**
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Date for submission of Semi-Annual Report: July 25, 2008
Date for start of dividend payments: July 14, 2008

1. Consolidated Operating Results for the Interim Period ended April 30, 2008

(November 1, 2007 - October 31, 2008)

(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, 2008	37,236	2.8	2,918	−15.1	2,833	−17.2
Six months ended April 30, 2007	36,230	5.0	3,438	19.7	3,422	22.2
Fiscal year ended October 31, 2007	68,626		4,236		4,416	

	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, 2008	1,476	−38.0	44.97	—
Six months ended April 30, 2007	2,382	127.3	72.53	—
Fiscal year ended October 31, 2007	3,035		94.40	—

Notes 1. Investment profit or loss accounted for by the equity method
Six months ended April 30, 2008 —
Six months ended April 30, 2007 —
Fiscal year ended October 31, 2007 —

(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, 2008	91,755	40,536	43.8	1,224.56
Six months ended April 30, 2007	90,867	40,400	44.3	1,225.81
Fiscal year ended October 31, 2007	85,155	39,973	46.9	1,216.98

Notes 1. Owners' equity and valuation and translation adjustments: (Millions of yen)
Six months ended April 30, 2008 40,220
Six months ended April 30, 2007 40,272
Fiscal year ended October 31, 2007 39,973

(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, 2008	5,134	−2,649	41	20,420
Six months ended April 30, 2007	6,774	−1,105	−1,601	22,465
Fiscal year ended October 31, 2007	4,479	−1,427	−4,237	17,213

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, 2007	9.00	11.00	20.00
Fiscal year ended October 31, 2008	10.00	———	
Fiscal year ending October 31, 2008 (projected)	———	10.00	

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2008

(November 1, 2007 - October 31, 2008)
(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	71,600	4.3	3,600	−15.0	3,400	−23.0	1,500	−50.6	45.67

4. Other

(1) Changes to material subsidiaries during the period (transfer of specified subsidiaries in conjunction with revision to scope of consolidation)? Yes
Newly consolidated companies 3 (Kyushu Kensan Co., Ltd., Kensan Fukuoka Co., Ltd., Kensan Techno Co., Ltd.)
(Note) For details, please refer to "Current Conditions of the Company's Group" on page 12.

(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, 2008 32,872,241 shares
Six months ended April 30, 2007 32,872,241 shares
Fiscal year ended October 31, 2007 32,872,241 shares

(b) Number of shares of treasury stock at end of period
Six months ended April 30, 2008 27,407 shares
Six months ended April 30, 2007 18,670 shares
Fiscal year ended October 31, 2007 25,725 shares
(Note) For the number of shares used as the basis for calculation of interim period earnings per share (consolidated), please refer to "Per Share Information" on page 50.

(Reference) Summary of Company Interim Operating Results

1. Operating Results for the Interim Period ended April 30, 2008

(November 1, 2007–April 30, 2008)

(1) 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, 2008	32,127	−1.0	2,782	−9.4	2,734	−14.4
Six months ended April 30, 2007	32,449	5.5	3,070	23.0	3,195	24.4
Fiscal year ended October 31, 2007	61,576		4,012		4,372	

	Net Income		Net Income per Share of Common Stock
	Millions of yen	%	Yen
Six months ended April 30, 2008	1,435	−38.1	43.70
Six months ended April 30, 2007	2,320	143.0	70.62
Fiscal year ended October 31, 2007	3,431		104.44

(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, 2008	85,980	41,133	47.8	1,252.35
Six months ended April 30, 2007	87,406	40,626	46.5	1,236.59
Fiscal year ended October 31, 2007	82,902	40,787	49.2	1,241.77

Notes 1. Owners' equity and valuation and translation adjustments: (Millions of yen)

Six months ended April 30, 2008	41,133
Six months ended April 30, 2007	40,626
Fiscal year ended October 31, 2007	40,787

2. Projected Operating Results for the Fiscal Year Ending October 31, 2008

(November 1, 2007 - October 31, 2008)
(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	61,700	0.2	3,600	−10.3	3,500	−19.9	1,700	−50.5	51.76

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

During the interim period under review, the effects from the subprime loan problem in the United States rippled through the global economy. Japan's economy was affected as well, as the stock market slumped because of concerns of an economic slowdown in the U.S. and worries about the operating results of financial institutions threw a shadow over the real economy. In addition, the management environment surrounding firms generally deteriorated, as earnings in manufacturing and other sectors came under pressure from rising costs for various raw materials, which originated in the sharp jump in oil prices and appreciation of the yen. Individuals, on the other hand, were confronted by successive price hikes from the first of the year on basic necessities such as fuel and food, which heightened anxiety concerning the future and the demands of everyday life. When added to pressures for resolution of confusing issues such as pension problems and difficulties with the medical-care system for the elderly, the result caused personal consumption to cool visibly. The broadening gap among the general population, from differences in wealth between the general public and more affluent brackets and the economic disparity between major metropolitan areas and other regions, appeared both real and intractable.

In the construction industry that is the leading customer of the Kanamoto group, signs of improvement in construction demand were evident from the latter half of January 2008 in major metropolitan areas, where are numerous large-scale project projects are underway. Such positive changes could be seen despite the marked delay in construction starts since last summer because of revision of the Building Standards Law. Nevertheless, in regions where construction is heavily dependent on public works, demand was affected not only by the delay in construction starts but also by a temporary suspension of work as the government debated the provisional highway construction tax rate, and conditions generally remained unsatisfactory. Viewed nationally, the environment was extremely severe, as evidenced by the rising trend in the number of construction firm bankruptcies.

On the other hand, a recovery was noted in steel products sales from the second half of January 2008, even though large price increases continued after the start of the year, as construction was begun on projects that had been delayed as noted above. In addition, used construction equipment sales were supported by vigorous overseas demand, despite being affected by the strengthening of the yen, and exceeded the same period of the previous consolidated fiscal year.

In light of this extremely challenging environment, the Kanamoto group, which has numerous bases throughout Japan, zealously pursued improvements to its operations based on each measure outlined in Kanamoto's long-term management plan "Metamorphose." The Company was unable to fully absorb the external causes of deterioration, such as of the temporary halt to construction work because of the provisional highway construction tax rate problem, however, and the Kanamoto group's rental revenues fell below the plan target and was basically unchanged from the same period one year earlier. Used construction equipment sales exceeded Kanamoto's initial plan as described above, and total revenues increased compared with the same period of the previous consolidated fiscal year.

From an earnings perspective, operating income and ordinary income fell below the results for the interim period of the previous consolidated fiscal year. Although Kanamoto achieved demonstrable results from measures outlined in the Company's long-term management plan, including greater rental equipment operating efficiency and a lower depreciation expense burden, this result reflected the fact rental revenues were significantly below the initial plan. In addition, during the interim period of the previous consolidated fiscal year Kanamoto posted extraordinary income from the sale of land, a one-time factor that was not repeated during the interim period under review. Consequently net income for the interim period under review fell substantially below the result for the same period of the previous consolidated fiscal year.

As a result, revenues for the interim period of the consolidated fiscal year ending October 31, 2008 rose 2.8%

from the same period of the previous consolidated fiscal year to ¥37,236 million, operating income decreased 15.1% year-on-year to ¥2,918 million and ordinary income fell 17.2% compared with the same period one year earlier to ¥2,833 million. Interim period net income declined 38.0% year-on-year to ¥1,476 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, 2008 Interim Operating Results** 〕

(Percentages show the change from the 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	37,236	2.8	2,918	−15.1	2,833	−17.2	1,476	−38.0
	Prior FY Interim Period	36,230	5.0	3,438	19.7	3,422	22.2	2,382	127.3
	Prior FY	68,626		4,236		4,416		3,035	
Non-consolidated	Current FY Interim period	32,127	−1.0	2,782	−9.4	2,734	−14.4	1,435	−38.1
	Prior FY Interim Period	32,449	5.5	3,070	23.0	3,195	24.4	2,320	143.0
	Prior FY	61,576		4,012		4,372		3,431	

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 for the consolidated fiscal year interim period under review, consolidated revenues increased 1.7% from the previous consolidated fiscal year to ¥34,235 million, and operating income declined 13.3% year-on-year to ¥2,900 million.

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

Kanamoto strove tirelessly to secure projects in the civil engineering works sector where it excels. Nevertheless, rental revenues fell below the same period of the previous year because of the tough conditions facing the Company. This included a temporary suspension in construction works in some regions in April because of the provisional highway construction tax rate problem, in addition to the negative factor of delays in confirmation of construction permits in conjunction with revision of the Building Standards Law. On the other hand, because revenue from equipment sales exceeded the level in the interim period one year earlier, revenues as a whole were level with the same period of the previous fiscal year.

By region, non-consolidated construction equipment rental net revenues decreased 4.1% from the same period of the previous year in the Hokkaido Region, despite efforts to capture new private sector demand, and also fell 11.5% year-on-year in the Tohoku Region, reflecting the gradual decrease in projects and the substantial growth in market share achieved by the Company until the previous fiscal year. In the Kanto Region, large-scale projects such as the Haneda Airport Expansion Project contributed significantly to a 3.6% year-on-year increase. In the Kinki & Chubu Region, net revenues grew 3.6% year-on-year as revenues in both the Tokai district and Kansai exceeded the levels during the interim period of the previous fiscal year. As a result, rental revenues for Kanamoto's construction equipment rental division decreased 3.8% from the same period of the previous year to ¥21,240 million. The percentage of revenues accounted for by Hokkaido and by Honshu and other regions was 32.0% and 68.0%, respectively.

Moreover, there was no change in vigorous overseas demand for used construction equipment, despite the negative affect from appreciation of the yen, and sales increased 3.6% from the same period of the previous year even though domestic sales were flat because fewer work sites. As a result, sales revenues on a non-consolidated basis edged up 0.9% year-on-year to ¥7,886 million. Total operating revenues for the Construction Equipment Rental Division were ¥29,126 million, 2.5% lower than in the same period of the previous fiscal year.

During the interim period under review, Kanamoto opened the two new bases shown below. The Company did not close any bases. As a result, Kanamoto had 154 branches.
Opened: Mikasa Branch (Mikasa City, Hokkaido), Tobetsu Branch (Tobetsu-cho, Ishikari-gun, Hokkaido)
Closed: None

< Consolidated subsidiaries >
Daiichi Kikai Co., Ltd. continued to face difficult conditions, including a decrease in public works and the end of disaster recovery work that had extended through the prior period. As the result of steady sales efforts, however, the company increased revenues 1.6% from the same period of the previous fiscal year. Operating income dropped substantially, however, falling 83.9% year-on-year because of a higher capital investment load, reflecting new branch openings and an increased cost burden for replacement of rental assets.
Kanki Corporation, which is restructuring its management, zealously focused management resources on securing construction equipment rental demand at factories because of the sharp drop in public works in Hyogo Prefecture, but revenues were 12.4% lower than in the same period of the previous consolidated fiscal year. The company posted an operating loss, reflecting the continuing cost burden from greatly enhancing its rental equipment assets.
Kyushu Kensan Co., Ltd., **Kensan Fukuoka Co., Ltd.** and **Kensan Techno Co., Ltd.**, the three members of the **Kyushu Kensan Group** that is developing its business mainly in Fukuoka Prefecture in northern Kyushu, cannot be compared to the same period of the previous consolidated fiscal year because the prior fiscal year was an irregular accounting period. The three companies reported higher earnings as the result of growth in private construction work and demand for equipment such as large-scale cranes.
SRG Kanamoto Co., Ltd. was significantly affected by delays in project construction starts as a result of revision of the Building Standards Law, as demand for temporary scaffolding for condominium construction in the Sapporo area declined. Revenues were down 17.7% from the same period of the previous consolidated fiscal year, resulting in an operating loss of ¥21 million.
With the success of new business activities, **Assist Co., Ltd.** boosted revenues compared with the interim period of the previous consolidated fiscal year. This did not absorb the increased burden caused by rental asset purchases, however. Revenues rose 2.3% year-on-year, while operating income decreased 30.4% from the same period one year earlier.
Kanatech Co., Ltd. experienced a delay in its planned acquisition of a major customer, which resulted in a temporary higher inventory burden. Revenues decreased 11.2% from the same period of the previous consolidated fiscal year, while operating income shrank 94.8% year-on-year.

[Business related to the Steel Sales Division]
Following a slow start in steel products sales in Hokkaido in the first quarter because of the revision to the Building Standards Law, construction on delayed building projects was begun in the second quarter. Revenues expanded 16.4% from the same period of the previous consolidated fiscal year to ¥2,728 million. The company posted an operating loss of ¥4 million.

[Business related to the Information Products Division and Other Businesses]
Rental revenues for the Information Products Division were up 14.8% compared with the same period of the previous consolidated fiscal year, reflecting the success of aggressive efforts to develop new products and meet short-term spot demand. Sales of used devices were excellent, jumping 177.5% from the same period of the previous consolidated fiscal year. For the division as a whole, revenues increased 25.8% year-on-year to ¥272 million, and operating income increased 92.9% from the same period one year earlier to ¥41 million.

(2) Analysis of financial position

① Summary of fiscal year interim period operating results (Millions of yen)

	Interim Period Ended April 2007 (Prior Consolidated FY Interim Period)	Interim Period Ended April 2008 (Current Consolidated FY Interim Period)	Change
Cash flow from operating activities	6,774	5,134	−1,640
Cash flow from investing activities	−1,105	−2,649	−1,544
Cash flow from financing activities	−1,601	41	1,643
Increase in cash and equivalents	4,067	2,526	−1,541
Balance of cash and equivalents at beginning of period	18,398	17,213	−1,184
Balance of cash and equivalents at end of interim period	22,465	20,420	−2,045

(Cash flow from operating activities)

Cash flow from operating activities was ¥5,134 million, a decrease of ¥1,640 million from the interim period of the prior consolidated accounting fiscal year.

This mainly reflected an increase in expenditures for acquisition of rental assets and a smaller decrease in accounts receivable, trade.

(Cash flow from investing activities)

Cash flow used in investing activities was ¥2,649 million, a change of ¥1,544 million from the interim period of the prior consolidated accounting fiscal year.

This mainly reflected a decrease in cash provided from the sale of tangible fixed assets.

(Cash flow from financing activities)

Cash flow from financing activities was ¥41 million, a change of ¥1,643 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, and an increase in cash and cash equivalents resulting from newly consolidated companies, the balance of cash and cash equivalents at the end of the consolidated fiscal year interim period under review decreased ¥2,045 million compared with the interim period of the previous consolidated fiscal year, to ¥20,420 million.

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

	FY Ended October 2004	FY Ended October 2005	FY Ended October 2006	FY Ended October 2007	Interim Period Ended April 2008 (Current Consolidated FY Interim Period)
Shareholders' equity ratio (%)	36.7	40.8	43.7	46.9	43.9
Shareholders' equity ratio on a market capitalization basis (%)	18.1	26.6	32.0	41.3	23.6
Years to repay debt	6.3	3.3	3.5	6.4	6.4
Interest coverage ratio (times)	13.4	24.5	21.0	11.9	22.6

(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

Over the past several months, the economic environment surrounding Japan has deteriorated significantly, even as the delay in construction work starts that resulted from revision of the Building Standards Law, which had been regarded as an extremely short-term problem, is being eliminated after the software to meet the amended standards was finally made available in the spring. Negative factors include the steady appreciation of the yen, and the rapid jump in raw materials costs led by rising oil prices. In general, the sense of uncertainty regarding the outlook for domestic business conditions has grown stronger.
Bankruptcies of small, medium and mid-sized building contractors, real estate firms and even developers and condominium construction companies, driven not only by the emerging sense of a slowdown in the private sector capital investment trend but also by the unbroken downward trend in public works, are beginning to be conspicuous. In the used construction equipment market, on the other hand, the demand for used equipment remains vigorous globally, and market prices remain strong, but changes in overseas circumstances can be abrupt, and whether the market can sustain its current robust conditions a while longer remains an open question.

When we summarize these parameters and estimate the future domestic construction demand trend, we believe the probability for a significant improvement in conditions over the intermediate term to be extremely small. Because Kanamoto and its consolidated subsidiaries maintain branches in many local areas, we expect the Kanamoto group to remain greatly affected by these factors. Kanamoto therefore has adopted an extremely conservative full-year performance forecast and revised its earnings projection for the full year as announced on May 27.

Although we have revised our initial projection, we believe the current severe management environment can also be viewed as a major future opportunity for Kanamoto. The key factor is efforts to reorganize the industry and the accelerating pace of reliance on rental equipment. Viewed on a nationwide scale, there are many regions where Kanamoto has not yet developed business or branches, which present substantial room for expansion, particularly in the Tokyo metropolitan area where the maximum demand in Japan is anticipated. In the future, Kanamoto will vigorously accelerate branch development including M&A. There are opportunities to increase earnings sufficiently through new responses to large-scale projects, such as ground improvement, for example, that make the best use of Kanamoto's size, and in the gradually expanding event rental sector, and we will strive to develop our business in close cooperation with each affiliated company.

Furthermore, **Shanghai Jinheyuan Equipment Rental Co., Ltd.**, which has begun construction equipment rental operations in Shanghai, China, is demonstrating a strong start. In conjunction with our strong used construction equipment sales, we will work to foster and expand our business overseas.

Kanamoto's earnings projection for the Business Period ending October 2008 is shown in the table below.

〔Projected Operating Results for the Consolidated Fiscal Year Ending October 31, 2008〕

(November 1, 2007 - October 31, 2008)

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

		Revenues	Operating income	Ordinary income	Net income	Net income per share
Consolidated	Full-year projected results	71,600	3,600	3,400	1,500	45.67
	Prior year results (FY Ended October 2007)	68,626	4,236	4,416	3,035	92.40
Non-consolidated	Full-year projected results	61,700	3,600	3,500	1,700	51.76
	Prior year results (FY Ended October 2007)	61,576	4,012	4,372	3,431	104.44

[Projected Financial Position for the Fiscal Year Ending October 31, 2008]

(November 1, 2007 - October 31, 2008)

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 tangible fixed assets will increase.

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 reduce 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 be basically unchanged from 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. Kanamoto's objective is to maintain a dividend payout ratio of at least 30%, while giving consideration to earnings.

Although Kanamoto projects its operating results for the Business Period ending October 2008 will be below its initial plan, based on the basic policy described above the Company plans to pay a regular dividend of ¥20 per share for the full year (interim and year-end dividend of ¥10 per share each).

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) Special benefits plan for shareholders

To celebrate the tenth anniversary of the elevation of its stock to the First Section of the Tokyo Stock Exchange, Kanamoto established a special benefits plan for shareholders. Shareholders owning at least 1,000 shares who are described or recorded in the Register of Shareholders and List of Beneficial Shareholders as of October 31 (Date of Record) of each year will receive fresh products from Hokkaido, the birthplace of Kanamoto, with a value equivalent to 3,000 yen. Shareholders will be able to choose their desired items from a catalog enclosed with Kanamoto's annual report.

(6) 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. Beginning from the previous consolidated fiscal year, the Company has adopted the cash balance system, and the Company will seek stabilization of the projected benefit obligation and costs by offsetting the change in the projected benefit obligation and costs as a result of the discount rate and change in projected benefits amount.

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" that are engaged in the rental and sale of construction equipment and construction-related equipment parts, "Businesses related to the Steel Sales Division" that sell materials for construction such as steel products, and "Business related to the Information Products Division and Other Businesses" that rent and sell computers including workstations and PC servers and computer peripheral equipment. The group is comprised of the parent company, eight 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 company) and **Kanki Corporation** (a consolidated subsidiary company) are engaged in the rental and sale of construction equipment and machines used for construction. These two subsidiary companies borrow rental equipment assets from Kanamoto as needed in order to meet customer demand.

The Kyushu Kensan Group is engaged in the rental and sale of construction equipment. **Kyushu Kensan Co., Ltd.** (a consolidated subsidiary) rents and sells mainly foundation equipment, **Kensan Fukuoka Co., Ltd.** (a consolidated subsidiary) rents and sells mainly portable generators, **Kensan Techno Co., Ltd.** (a consolidated subsidiary) rents construction cranes and **Center Corporation, Ltd.** (a non-consolidated subsidiary) mainly rents and sells small machines. Kyushu Kensan borrows rental equipment assets from Kanamoto as needed in order to meet its 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) and **Asahikawa Fujisho Co., Ltd.** (a non-consolidated subsidiary) rent and sell temporary materials for construction use. Kanamoto borrows rental assets from these four companies as needed to rent to other companies.

Kanatech Co., Ltd. (a consolidated subsidiary company) 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.

Shanghai Jinheyuan Equipment Rental Co., Ltd. (a non-consolidated subsidiary; Shanghai, China) and **SJ Rental, Inc.** (a non-consolidated subsidiary; Territory of Guam, United States), which became a subsidiary company in April 2008, are engaged in the rental and sale of construction equipment and tools and the import and export of construction materials.

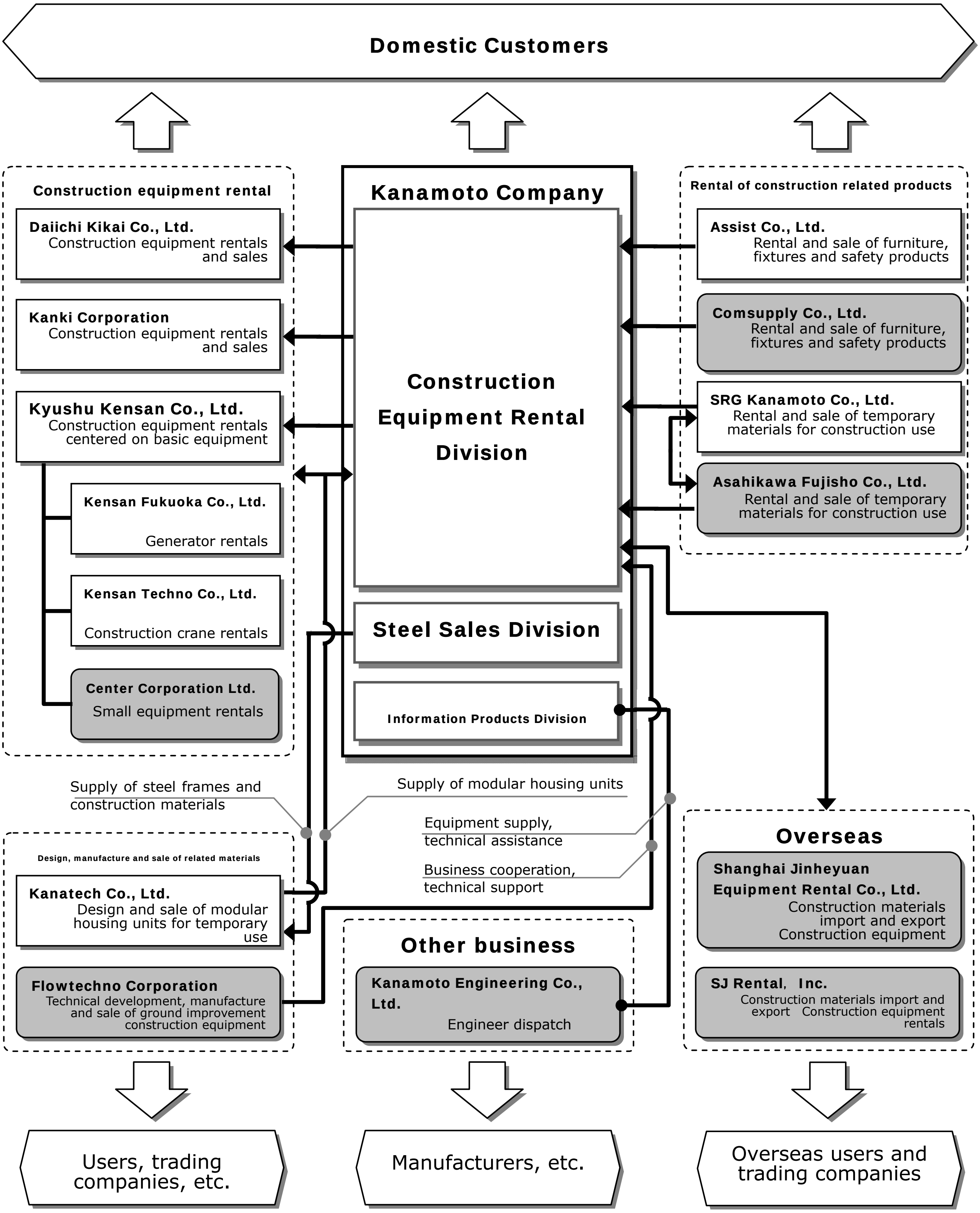
[Business related to the Steel Sales Division]

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. **Kanamoto Engineering Co., Ltd.** (a non-consolidated subsidiary) manages specified worker dispatching undertakings to dispatch engineering-related human resources to manufacturer research and development divisions and other entities.

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 believes that seeking innovation, maintaining a dynamic corporate culture and continually pushing businesses forward, by regarding "customers' interests as Kanamoto's interests," is the best way to meet the expectations of shareholders and group stakeholders and ensure earnings growth. Through this philosophy, Kanamoto practices group management with the objective of being a corporate group that can make a valuable and tangible contribution to society.

(2) Management indicators established as objectives

Because the construction equipment rental businesses managed by the Kanamoto group require a substantial capital investment burden, which necessitates a profit and loss outlook extending over several years, 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). The maintenance and growth of EBITDA+ in particular is recognized to be necessary and indispensable because it serves to complement future earnings.
In its initial plan Kanamoto projected higher revenues and earnings for the current business period ending October 2008, the final fiscal year of Kanamoto's long-term management plan (November 2003 - October 2008). Because of the decrease in public works, as well as heightened concerns of cutbacks in private sector capital investment as a result of record oil prices and sharply higher raw materials costs, which have been rising daily since enforcement of the revised Building Standards Law, Kanamoto believes there is extremely little room for a recovery in domestic construction demand during the remaining six months of its plan and revised its earnings objective on May 27.

		Fiscal Year Ending October 2008 Initial objectives	Fiscal Year Ending October 2008 Revised objectives
Consolidated operating results	Revenues	71,900	71,600
	Ordinary income	4,400	3,400
	Net income per share	70.02	45.67
Non-consolidated operating results (Kanamoto)	Revenues	61,700	61,700
	Ordinary income	4,100	3,500
	EBITDA+	19,435	18,661

(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 entered the final five months of its long-range management plan "Metamorphose" (November 2003 - October 2008). While Kanamoto was ultimately compelled to make downward revisions in the final year performance forecast for the business period ending October 2008, we remain proud of the success we've achieved with regard to various management issues as a result of the measures implemented based on the plan. At the same time, however, the problems confronting Kanamoto, such as the lack of major progress pertaining to branch development in the Tokyo metropolitan area and hiring of skilled human resources, which the Company must pursue as its number one priorities, are also still clear.
In the new long-term management plan (from November 2008) Kanamoto is now zealously preparing, we will continue to pursue a group management strategy that enables each group company to practice earnings-focused management, and focus on creating a corporate group that further increases operating results and is evaluated positively by the market, in order to resolve these various issues, which must be addressed as quickly as possible.

① Create an earnings-focused rental equipment asset portfolio (asset optimization strategy)

The operating period for rental assets and time for selling used equipment differs depending on each equipment model. To maximize and optimize period earnings, Kanamoto will work to increase profitability by improving the accuracy of its asset portfolio, utilizing models with strong margins.

② Expand bases in the Tokyo metropolitan area and advance into regions where Kanamoto does not have branches

Kanamoto has placed top priority on establishing new branches in the Tokyo, Nagoya and Osaka metropolitan areas, and will also aggressively pursue M&A in these areas. In regions where Kanamoto does not have branches, the Company will pursue M&A, alliances, new branch establishment and business area expansion more aggressively, while taking into consideration the local circumstances in areas where it will expand. In the future as well, the Company will position M&A as a growth engine of the Kanamoto group.

③ Strengthen the activities of the Regional Special Procurement Sales Division

Kanamoto has been successful in responding to large-scale projects through coordinated sales by the Regional Special Procurement Sales Division, which is responsible for Kanamoto's support for large-scale projects, and the Company will strengthen the activities of this division in the future.

④ Build a powerful marketing organization and alliance group where customers are always Number One

While Kanamoto is gradually increasing the number of agreements with local governments to respond to urgent requests following a disaster, the Company will not limit its efforts to countermeasures against natural calamities and will continue targeting firms with strong ties to their local communities. In addition to increasing the synergistic effects through cooperation with Kanamoto group firms and alliance (tie-up) partners throughout Japan from Hokkaido to Okinawa, Kanamoto will build a community-based sales and marketing organization, including customer firms and municipalities, that takes maximum advantage of each entity's size.

⑤ Overseas development efforts

In addition to Shanghai Jinheyuan Equipment Rental Co., Ltd., which is off to a smooth start in China, projects where construction equipment procured from Kanamoto is used are being carried out in various countries in regions such as Southeast Asia. Kanamoto will continue developing proactive sales in regions achieving remarkable growth and work to create a decisive business base. Furthermore, because the sales of used construction equipment implemented by Kanamoto's each year enhance Kanamoto's reputation in each country and contribute substantially to business development in other countries, Kanamoto also will continue to offer high-quality used construction equipment for sale.

⑥ Development of new rental products and new businesses

Product categories developed by Kanamoto's New Products Office that offer proprietary improvements are linked not only to the growth of Kanamoto's of main business of construction equipment rentals, but also to the development of new business sectors such as the event rental business. The Company will continue developing this side support for its rental divisions.

(4) Issues to be addressed by the Company

The environment affecting the Company is one of unprecedented severity. In addition to ongoing cutbacks to public works, firms are retreating from capital investment in the face of high oil prices and rising raw materials costs. Kanamoto expects weaker firms to be forced out of the industry at an accelerating pace, as the competition between construction equipment rental firms intensifies even further.
As a firm, Kanamoto will continue working to expand its business with the goal of nationwide development, and build a strong sales and marketing organization by successfully addressing each of the following issues, to ensure a robust earnings base.

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 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

The Company will strive to maintain asset value by introducing assets based on the thorough use of benchmarks, and optimizing asset maintenance costs based on its rental assets operating policies.

⑤ Compliance and internal controls

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. Moreover, to maintain reliable and trusted financial reporting, Kanamoto has also completed measures to reconfirm its management processes, as well as operational tests of these new processes, and created the organization to begin actual application from November 1, 2008.
Kanamoto is also preparing such systems at each company in the Kanamoto group, to enable appropriate operation at the company level. We will continue this effort to build a uniform organization for compliance with the law across the entire Kanamoto group.

4. 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, 2007)			Current Consolidated Fiscal Year Interim Period (As of April 30, 2008)			Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2007)		
		Amount		Percent	Amount		Percent	Amount		Percent
(Assets)										
Current Assets										
Cash and deposits			22,465,779			15,992,146			11,913,890	
Notes and accounts receivable, trade	*3		13,012,758			14,170,885			14,239,136	
Negotiable securities			—			4,600,000			5,300,000	
Inventory			685,271			626,840			533,600	
Construction equipment			1,132,334			966,238			1,010,645	
Deferred tax assets			356,582			345,287			360,573	
Other current assets			290,729			539,297			457,321	
Allowance for doubtful accounts			-523,190			-494,819			-488,905	
Total Current Assets			37,420,264	41.2		36,745,875	40.0		33,326,262	39.1
Fixed Assets										
Tangible Fixed Assets										
Rental equipment		37,038,152			41,832,911			37,567,171		
Accumulated depreciation		27,227,145	9,811,007		30,522,246	11,310,664		28,044,139	9,523,031	
Buildings and structures		16,517,185			17,006,588			17,151,855		
Accumulated depreciation		9,788,405	6,728,780		10,485,378	6,521,209		10,480,334	6,671,521	
Machinery, equipment and delivery equipment		4,375,415			4,501,251			4,415,336		
Accumulated depreciation		3,590,806	784,609		3,771,827	729,423		3,665,003	750,333	
Land			26,264,162			28,545,131			26,268,316	
Construction in progress			87,065			307,063			46,172	
Other tangible fixed assets		1,092,233			1,126,846			1,115,602		
Accumulated depreciation		836,431	255,802		891,028	235,817		876,638	238,963	
Total Tangible Fixed Assets			43,931,427	48.4		47,649,310	51.9		43,498,339	51.1
Intangible Fixed Assets										
Goodwill	*5		357,249			946,127			275,797	
Other intangible fixed assets			131,786			143,071			137,516	
Total Intangible Fixed Assets			489,036	0.5		1,089,199	1.2		413,314	0.5
Investments and Other Assets										
Investment securities			7,753,593			4,052,247			6,610,180	
Other assets			2,008,911			3,132,389			2,070,164	
Allowance for doubtful accounts			-735,621			-913,749			-762,464	
Total Investments and Other Assets			9,026,884	9.9		6,270,887	6.9		7,917,880	9.3
Total Fixed Assets			53,447,348	58.8		55,009,398	60.0		51,829,534	60.9
Total Assets			90,867,612	100.0		91,755,273	100.0		85,155,797	100.0

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

Category / Period		Prior Consolidated Fiscal Year Interim Period (As of April 30, 2007)			Current Consolidated Fiscal Year Interim Period (As of April 30, 2008)			Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2007)		
		Amount		Percent	Amount		Percent	Amount		Percent
(Liabilities)										
Current Liabilities										
Notes and accounts payable, trade	*3		13,224,826			12,671,172			11,292,635	
Short-term bank loans			390,000			379,634			330,000	
Long-term bank loans due within one year			9,772,856			9,130,130			8,972,356	
Corporate bonds redeemable within one year			–			40,000			–	
Corporate taxes payable			1,828,399			1,307,029			1,449,478	
Accrued bonuses to employees			537,423			536,405			552,926	
Accounts payable, other			2,968,714			3,534,338			2,346,872	
Other current liabilities			713,158			665,091			642,568	
Total Current Liabilities			29,435,377	32.4		28,263,801	30.8		25,586,836	30.1
Long-term Liabilities										
Corporate bonds			–			40,000			–	
Long-term bank loans			16,204,883			17,453,262			15,718,705	
Accrued employees retirement benefits			1,763,508			974,247			935,980	
Retirement allowances to directors and auditors			127,150			146,847			132,633	
Long-term accrued expenses			2,485,270			3,799,342			2,486,318	
Long-term deferred tax liability			440,671			–			–	
Other long-term liabilities			10,727			540,880			321,805	
Total Long-term Liabilities			21,032,211	23.1		22,954,579	25.0		19,595,442	23.0
Total Liabilities			50,467,589	55.5		51,218,381	55.8		45,182,279	53.1
(Net Assets)										
Owners' equity										
Paid-in capital			9,696,717	10.7		9,696,717	10.6		9,696,717	11.4
Capital surplus			10,960,869	12.0		10,960,869	11.9		10,960,869	12.9
Earned surplus			16,976,821	18.7		18,311,281	20.0		17,333,642	20.4
Treasury stock			-11,415	-0.0		-21,020	-0.0		-19,784	-0.1
Total Owners' Equity			37,622,992	41.4		38,947,848	42.5		37,971,444	44.6
Valuation and translation adjustments										
Valuation difference on other investment securities			2,649,377	2.9		1,272,529	1.4		2,002,072	2.3
Total Valuation and Translation Adjustments			2,649,377	2.9		1,272,529	1.4		2,002,072	2.3
Minority Interests			127,653	0.2		316,514	0.3		–	–
Total Net Assets			40,400,023	44.5		40,536,892	44.2		39,973,517	46.9
Total Liabilities and Net Assets			90,867,612	100.0		91,755,273	100.0		85,155,797	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, 2006 to April 30, 2007) Amount		Percent	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008) Amount		Percent	Prior Fiscal Year Summary Consolidated Balance Sheet (From November 1, 2006 to October 31, 2007) Amount		Percent
Revenues from operations										
Rental revenues		24,776,553			24,815,344			46,739,096		
Sales		11,454,139	36,230,692	100.0	12,421,511	37,236,856	100.0	21,887,816	68,626,913	100.0
Cost of revenues from operations										
Cost of rental revenues		16,708,757			17,247,717			33,260,225		
Cost of goods sold		8,575,926	25,284,683	69.8	8,947,516	26,195,233	70.3	16,230,180	49,490,405	72.1
Gross profit			10,946,008	30.2		11,041,622	29.7		19,136,507	27.9
Selling, general and administrative expenses	*1		7,507,667	20.7		8,123,028	21.8		14,899,972	21.7
Operating income			3,438,340	9.5		2,918,593	7.9		4,236,534	6.2
Non-operating revenues										
Interest revenue		11,807			33,462			44,782		
Dividend income		14,059			17,632			51,715		
Gain on sale of investment securities		4,312			–			287,528		
Insurance benefits		18,843			44,557			38,877		
Rents received		43,415			43,573			81,409		
Cash bonus received		101,816			4,013			105,737		
Other		45,141	239,396	0.7	57,418	200,658	0.5	102,577	712,627	1.0
Non-operating expenses										
Interest expense		194,164			170,500			338,051		
Loss on sale of notes receivable		–			43,719			75,155		
Loss on sale of investment securities		–			869			–		
Other		61,176	255,340	0.7	71,119	286,208	0.8	119,684	532,891	0.8
Ordinary income			3,422,396	9.5		2,833,043	7.6		4,416,270	6.4
Extraordinary profits										
Gain on sale or retirement of fixed assets	*2	920,700			18,327			921,056		
Valuation gain on investment partnership		4,946			–			8,333		
Gain on reversal of allowance for doubtful accounts		20,990			19,777			21,109		
Gain on bad debts recovered		1,336			–			–		
Gain on reversal of accrued employees retirement benefits		–			–			845,319		
Other		59	948,033	2.6	5,045	43,150	0.1	5,018	1,800,836	2.6

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

Category / Period		Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)			Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)			Prior Fiscal Year Summary Consolidated Balance Sheet (From November 1, 2006 to October 31, 2007)		
		Amount		Percent	Amount		Percent	Amount		Percent
Extraordinary losses										
Loss on sale or retirement of fixed assets	*3	45,774			42,960			68,231		
Impairment loss	*4	890			490			890		
Valuation loss on investment securities		—			5,873			11,016		
Amortization of goodwill	*5	—			—			331,425		
Valuation loss on investment partnership		49			19,859			—		
Valuation loss on merchandise inventories		—			12,741			—		
Other		28,576	75,289	0.2	28,300	110,225	0.3	37,597	449,161	0.6
Income before taxes and adjustments			4,295,140	11.9		2,765,968	7.4		5,767,945	8.4
Corporate, local and business taxes		1,778,552			1,264,075			2,286,833		
Adjustment for corporate and other taxes		98,180	1,876,732	5.2	-37,814	1,226,261	3.2	410,200	2,697,033	3.9
Minority interest in income			35,493	0.1		62,781	0.2		35,493	0.1
Net income			2,382,914	6.6		1,476,926	4.0		3,035,418	4.4

3. Interim Consolidated Statement of Changes in Net Assets

Prior 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 interim consolidated accounting 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

Current Consolidated Accounting Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)

(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, 2007)	9,696,717	10,960,869	17,333,642	−19,784	37,971,444
Change of items during the consolidated accounting fiscal year interim period					
Dividends from surplus			−361,311		−361,311
Net income			1,476,926		1,476,926
Decrease resulting from change in scope of consolidation			−137,975		−137,975
Purchase of treasury stock				−1,235	−1,235
Change of items other than owners' equity during the interim consolidated accounting period (net amount)					
Total changes of items during the consolidated accounting fiscal year interim period	−	−	977,638	−1,235	976,403
Balance at the end of the consolidated accounting fiscal year interim period (April 30, 2008)	9,696,717	10,960,869	18,311,281	−21,020	38,947,848

	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, 2007)	2,002,072	2,002,072	−	39,973,517
Change of items during the consolidated accounting fiscal year interim period				
Dividends from surplus		−		−361,311
Net income		−		1,476,926
Decrease resulting from change in scope of consolidation		−		−137,975
Purchase of treasury stock		−		−1,235
Change of items other than owners' equity during the interim consolidated accounting period (net amount)	−729,542	−729,542	316,514	−413,028
Total changes of items during the consolidated accounting fiscal year interim period	−729,542	−729,542	316,514	563,375
Balance at the end of the consolidated accounting fiscal year interim period (April 30, 2008)	1,272,529	1,272,529	316,514	40,536,892

Prior Consolidated Accounting Fiscal Year (From November 1, 2006 to October 31, 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 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 fiscal year					
Dividends from surplus			−591,414		−591,414
Net income			3,035,418		3,035,418
Purchase of treasury stock				−13,481	−13,481
Change of items other than shareholders' equity during the consolidated fiscal year (net amount)					
Total changes of items during the consolidated accounting fiscal year	−	−	2,444,003	−13,481	2,430,522
Balance at the end of the consolidated accounting fiscal year (October 31, 2007)	9,696,717	10,960,869	17,333,642	−19,784	37,971,444

	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 consolidated fiscal year				
Dividends from surplus		−		−591,414
Net income		−		3,035,418
Purchase of treasury stock		−		−13,481
Change of items other than shareholders' equity during the consolidated fiscal year (net amount)	−416,611	−416,611	−92,159	−508,771
Total changes of items during the consolidated accounting fiscal year	−416,611	−416,611	−92,159	1,921,750
Balance at the end of the consolidated accounting fiscal year (October 31, 2007)	2,002,072	2,002,072	−	39,973,517

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, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year Summary Consolidated Statement of Cash Flows (From November 1, 2006 to October 31, 2007)
	Amount	Amount	Amount
Cash flow from operating activities			
Income before taxes and adjustments	4,295,140	2,765,968	5,767,945
Depreciation and amortization expense	2,176,707	2,525,135	4,648,677
Impairment loss	890	490	890
Amortization of goodwill	73,859	127,298	395,108
Gain on sale of fixed assets	−920,700	−18,327	−921,056
Loss on sale or retirement of fixed assets	45,774	42,960	68,231
Gain on reversal of accrued employees retirement benefits	–	–	−845,319
Installment purchases of assets for small-value rentals	56,728	44,678	97,069
Reclassification of cost of sales associated with disposal of construction equipment	8,609	2,910	25,597
Reclassification of cost of sales associated with disposal of rental assets	210,073	259,063	397,062
Expenditures for acquisition of rental assets	−1,168,121	−1,855,062	−2,095,742
Valuation loss on investment securities	3,516	5,873	11,016
Gain on sale of investment securities	−4,312	–	−287,528
Loss on sale of investment securities	–	869	–
Increase in allowance for doubtful accounts	60,284	91,333	52,842
Increase (decrease) in accrued bonuses to employees	25,686	−23,764	41,189
Decrease in accrued bonuses to directors and auditors	−5,500	–	−5,500
Increase in accrued employees retirement benefits	81,789	37,774	99,580
Increase (decrease) in retirement allowances to directors and auditors	−2,063	13,042	3,419
Interest revenue and dividend income	−25,867	−51,094	−96,497
Interest expense on installment purchases of rental assets	20,856	48,143	43,182
Interest expense	194,164	170,500	338,051
Decrease in accounts receivable, trade	1,946,567	1,213,602	720,189
Decrease (Increase) in inventory assets	−124,438	18,047	−27,730
Increase (decrease) in accounts payable, trade	805,489	316,068	−1,126,702
Increase (decrease) in accounts payable, other	546,673	1,276,065	−76,564
Other, net	−12,693	−292,539	−257,663
Subtotal	8,289,113	6,719,039	6,969,749
Interest and dividends received	25,867	51,260	90,470
Interest expense	−224,521	−227,445	−377,448
Payment of corporate and other taxes	−1,315,632	−1,408,219	−2,202,835
Cash flow from operating activities	6,774,826	5,134,634	4,479,936

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

Period / Category	Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year Summary Consolidated Statement of Cash Flows (From November 1, 2006 to October 31, 2007)
	Amount	Amount	Amount
Cash flow from investing activities			
Disbursements for investments in term deposits	–	−46,698	–
Revenue from redemption of term deposits	–	124,340	–
Funds used for the purchase of investment securities	−68,933	−10,031	−123,716
Funds provided from the sale of investment securities	153,208	28,701	527,674
Funds used for establishment of affiliated company	−34,778	−100,000	−34,778
Funds used for the purchase of tangible fixed assets	−1,771,801	−2,466,017	−2,059,416
Funds provided from the sale of tangible fixed assets	1,846,880	142,139	1,875,374
Funds used for the purchase of intangible fixed assets	−40,866	−21,656	−64,781
Funds used for the purchase of consolidated subsidiary stock	–	−50	−367,450
Funds used for the purchase of non-consolidated subsidiary stock	−1,199,992	−303,711	−1,199,992
Other, net	10,807	3,028	20,077
Cash flow from investing activities	−1,105,476	−2,649,955	−1,427,009
Cash flow from financing activities			
Decrease in short-term bank loans	−107,704	−60,365	−167,704
Funds provided by long-term bank loans	5,350,000	6,860,000	9,550,000
Funds used to repay long-term bank loans	−5,480,868	−5,138,446	−10,967,546
Funds used to redeem corporate bonds	–	−20,000	–
Funds used for repayment of installment obligations	−1,062,467	−1,236,930	−2,047,202
Funds used for the purchase of treasury stock	−5,112	−1,235	−13,481
Payment of dividends to parent company	−295,732	−361,311	−591,414
Cash flow from financing activities	−1,601,883	41,710	−4,237,348
Increase (decrease) in cash and cash equivalents	4,067,466	2,526,390	−1,184,421
Balance of cash and cash equivalents at beginning of period	18,398,312	17,213,890	18,398,312
Increase in cash and cash equivalents due to newly consolidated subsidiaries	–	680,339	–
Balance of cash and cash equivalents at end of the interim period (consolidated fiscal year)	22,465,779	20,420,620	17,213,890

5. Significant Accounting Policies for the Consolidated Financial Statements

Category \ Period	Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Consolidated Fiscal Year (From November 1, 2006 to October 31, 2007)
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	(1) Number of consolidated companies: 8 Consolidated company name: Assist Co., Ltd. SRG Kanamoto Co., Ltd. Kanatech Co., Ltd. Daiichi Kikai Co., Ltd. Kanki Corporation Kyushu Kensan Co., Ltd. Kensan Fukuoka Co., Ltd. Kensan Techno Co., Ltd. Beginning from the interim consolidated accounting period under review, Kyushu Kensan Co., Ltd., Kensan Fukuoka Co., Ltd. and Kensan Techno Co., Ltd. are included in the scope of consolidation because the importance of these companies to Kanamoto's operations has increased.	(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. Kensan Techno Co., Ltd. Center Corporation, 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.	(2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name: Comsupply Co., Ltd. Flowtechno Corporation Center Corporation, Ltd. Shanghai Jinheyuan Equipment Rental Co., Ltd. Asahikawa Fujisho Co., Ltd. SJ Rental, Inc. Kanamoto Engineering 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.	(2) Main non-consolidated subsidiaries Non-consolidated subsidiary company name: Comsupply Co., Ltd. Flowtechno Corporation Kyusyu Kensan Co., Ltd. Kensan Fukuoka Co., Ltd. Kensan Techno Co., Ltd. Center Corporation, 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	Six non-consolidated subsidiaries (Comsupply Co., Ltd., Flowtechno Corporation, Kyushu Kensan Co., Ltd., Kensan Fukuoka Co., Ltd., Kensan Techno Co., Ltd. and Center Corporation, Ltd.) 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 interim net income or loss (amount corresponding to minority interest) and interim consolidated capital surplus (amount corresponding to minority interest) is immaterial and none of the companies is important to the Company's overall operations.	Seven non-consolidated subsidiaries (Comsupply Co., Ltd., Flowtechno Corporation, Center Corporation, Ltd., Shanghai Jinheyuan Equipment Rental Co., Ltd., Asahikawa Fujisho Co., Ltd., SJ Rental, Inc. and Kanamoto Engineering Co., Ltd.) have been omitted from items to which equity method accounting is applied because their respective effect on interim consolidated net income or loss (amount corresponding to minority interest) and interim consolidated capital surplus (amount corresponding to minority interest) is immaterial and none of the companies is important to the Company's overall operations. Kanamoto transferred all of the stock held in Active Technology Corporation to a third party on December 10, 2007.	Six non-consolidated subsidiaries 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.
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, 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 interim period-end closing date for all of the consolidated subsidiaries except Kanki Corporation is February 29. When preparing the interim consolidated financial statements, the Company used the subsidiaries' financial statements as of February 29, and made adjustments for significant transactions that occurred between March 1, 2008 and the interim consolidated accounting date on April 30, 2008 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.	a. Negotiable securities Other negotiable securities Securities with a market price Same as at left Securities without market prices 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 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. For certain consolidated subsidiaries, the Company has adopted the straight-line method for buildings and structures acquired on or after April 1, 1998 but excluding fixtures and equipment. The depreciable lives mainly used by the Company are as follows. Rental assets 5-10 years Buildings 10-34 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 straight-line 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 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 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 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.	c. Accrued employees retirement benefit Same as at left	c. 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 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.

			(Supplemental information) During the consolidated accounting fiscal year under review, the Company revised its retirement benefits system and transferred its defined benefit corporate pension plan (fund-type) to a defined benefit corporate pension plan (contract-type), and simultaneously introduced a cash balance system. In conjunction with this change the Company has applied the Accounting for the Transfer Between Retirement Benefit Plans (Financial Accounting Standards Implementation Guidance No. 1). In addition, during the consolidated accounting fiscal year under review certain consolidated subsidiaries revised their retirement benefits systems and transferred their termination allowance plans to a defined contribution corporate pension plan and termination allowance plan, and have applied the Accounting for the Transfer Between Retirement Benefit Plans (Financial Accounting Standards Implementation Guidance No. 1). The Company accounted for the ¥845,319,000 affect from these transfers in extraordinary profits as a "gain on reversal of accrued employees retirement benefits"
	d. 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.	d. Retirement allowances to directors and auditors Same as at left	d. 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.

(4) 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
(5) 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
(6) 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

Change in Reporting Method

Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)
(Interim Consolidated Statements of Income)	(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.	Until the prior consolidated accounting fiscal year, the Company reported bill liquidation charges in "Interest expense." To disclose this item more clearly, beginning from the consolidated accounting fiscal year under review the Company will report this item in "Loss on sale of notes receivable." The amount of the "loss on sale of notes receivable" in the interim period of the previous consolidated accounting year was ¥41,066,000.
(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."	――――

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

(Unit: Thousands of yen)

Prior Consolidated Fiscal Year Interim Period (As of April 30, 2007)	Current Consolidated Fiscal Year Interim Period (As of April 30, 2008)	Prior Consolidated Fiscal Year (As of October 31, 2007)
1. Guarantees Joint and several guarantees of employee bank loans 27,763 (Bank of Tokyo-Mitsubishi UFJ, Ltd., others) Guarantee of debt for long-term bank loan to Flowtechno Corporation, a non-consolidated subsidiary 100,000 (Fukuoka Bank) Total 127,763	1. Guarantees Joint and several guarantees of employee bank loans 23,023 (Bank of Tokyo-Mitsubishi UFJ, Ltd., others) Guarantee of debt for long-term bank loan to Flowtechno Corporation, a non-consolidated subsidiary 100,000 Guarantee of borrowing liabilities of Shanghai Jinheyuan Equipment Rental Co., Ltd., a non-consolidated subsidiary 1,373,035 Guarantee of finance lease liabilities of Shanghai Jinheyuan Equipment Rental Co., Ltd., a non-consolidated subsidiary 200,292 Total 1,696,350	1. Guarantees Joint and several guarantees of employee bank loans 23,144 (Bank of Tokyo-Mitsubishi UFJ, Ltd., others) Guarantee of debt for long-term bank loan to Flowtechno Corporation, a non-consolidated subsidiary 100,000 Guarantee of borrowing liabilities of Shanghai Jinheyuan Equipment Rental Co., Ltd., an affiliated company 168,960 Guarantee of finance lease liabilities of Shanghai Jinheyuan Equipment Rental Co., Ltd., an affiliated company 70,973 Total 363,078
2. Discount on notes receivable, trade 293,597	2. Discount on notes receivable, trade 273,298	2. Discount on notes receivable, trade 307,034
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 Notes payable, trade 1,542,050	————	————
4.Contingent liabilities The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 7,492,647	4.Contingent liabilities The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 5,866,653	4.Contingent liabilities The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 4,971,036

Liquidated claims bearing a right of recourse to the Company and included in the balance of notes receivable, trade transferred total 1,549,803.	Liquidated claims bearing a right of recourse to the Company and included in the balance of notes receivable, trade transferred total 1,279,783.	Liquidated claims bearing a right of recourse to the Company and included in the balance of notes receivable, trade transferred total 1,017,362.
5. Intangible fixed assets and goodwill Intangible fixed assets and goodwill include negative goodwill of 891 and goodwill of 81,600.	5. Intangible fixed assets and goodwill Intangible fixed assets and goodwill include negative goodwill of 78,469 and goodwill of 87,966.	5. Intangible fixed assets and goodwill Intangible fixed assets and goodwill include negative goodwill of 594 and goodwill of 60,800.

(Notes to the Interim Consolidated Statements of Income)

(Unit: Thousands of yen)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)		Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)		Prior Consolidated Fiscal Year (From November 1, 2006 to October 31, 2007)	
*1. Major expense categories and amounts included in selling, general and administrative expenses		*1. Major expense categories and amounts included in selling, general and administrative expenses		*1. Major expense categories and amounts included in selling, general and administrative expenses	
Employee salaries and wages	2,924,849	Employee salaries and wages	3,241,819	Employee salaries and wages	5,854,852
Depreciation expense	393,138	Depreciation expense	369,913	Depreciation expense	833,686
Rents	782,282	Rents	931,544	Rents	1,551,266
Transfer to allowance for doubtful accounts	83,891	Transfer to allowance for doubtful accounts	124,806	Transfer to allowance for doubtful accounts	166,598
Transfer to accrued bonuses to employees	535,553	Transfer to accrued bonuses to employees	536,092	Transfer to accrued bonuses to employees	552,610
Employees retirement benefit expense	163,365	Employees retirement benefit expense	143,545	Employees retirement benefit expense	283,831
Transfer to retirement allowances to directors and auditors	9,424	Transfer to retirement allowances to directors and auditors	13,042	Transfer to retirement allowances to directors and auditors	18,460
Amortization of goodwill	73,859	Amortization of goodwill	127,298	Amortization of goodwill	63,682
*2. Gain on sale of fixed assets		*2. Gain on sale of fixed assets		*2. Gain on sale of fixed assets	
Land	906,198	Buildings and structures	17,818	Land	906,198
Buildings and structures	14,413	Machinery, equipment and delivery equipment	387	Buildings and structures	14,413
Machinery, equipment and delivery equipment	88	Others	120	Others	444
Total	920,700	Total	18,327	Total	921,056
*3. Loss on sale or retirement of fixed assets.		*3. Loss on sale or retirement of fixed assets.		*3. Loss on sale or retirement of fixed assets.	
(Loss on sale of fixed assets)		(Loss on retirement of fixed assets)		(Loss on sale of fixed assets)	
Land	26,859	Rental equipment	8,907	Land	26,859
Other	420	Buildings and structures	15,592	Other	420
		Machinery, equipment and delivery equipment	2,966	(Loss on retirement of fixed assets)	
(Loss on retirement of fixed assets)		Leases	12,607	Rental equipment	17,489
Rental equipment	9,025	Other	2,887	Buildings and structures	8,902
Buildings and structures	7,402	Total	42,960	Machinery, equipment and delivery equipment	9,195
Machinery, equipment and delivery equipment	337			Other	5,364
Other	1,728			Total	68,231
Total	45,774				

<table>
<tr>
<th>Prior Consolidated Fiscal Year
Interim Period
(From November 1, 2006
to April 30, 2007)</th>
<th>Current Consolidated Fiscal Year
Interim Period
(From November 1, 2007
to April 30, 2008)</th>
<th>Prior Consolidated Fiscal Year
(From November 1, 2006
to October 31, 2007)</th>
</tr>
<tr>
<td>*4. Impairment loss
During the consolidated fiscal year interim period, the Kanamoto group incurred an impairment loss on the following asset group.
<table>
<tr><th>Location</th><th>Use</th><th>Asset</th></tr>
<tr><td>Tomakomai City, Hokkaido</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 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.

*5. Amortization of goodwill
—</td>
<td>*4. Impairment loss
During the consolidated fiscal year interim period, the Kanamoto group incurred an impairment loss on the following asset group.
<table>
<tr><th>Location</th><th>Use</th><th>Asset</th></tr>
<tr><td>Tomakomai City, Hokkaido</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 the recoverable value, and accounted for the reduction as an impairment loss (¥490,000) under extraordinary losses. This ¥490,000 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.

*5. Amortization of goodwill
—</td>
<td>*4. Impairment loss
During this consolidated accounting fiscal year the Kanamoto group incurred an impairment loss on the following asset group.
<table>
<tr><th>Location</th><th>Use</th><th>Asset</th></tr>
<tr><td>Tomakomai City, Hokkaido</td><td>Dormant asset</td><td>Land</td></tr>
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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.

*5. Amortization of goodwill
During the consolidated accounting fiscal year, the Company amortized the portion of goodwill generated in past fiscal years pertaining to the reduction of excess profitability.</td>
</tr>
</table>

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

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

Current consolidated accounting fiscal year interim period (From November 1, 2007 to April 30, 2008)

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 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 (Note)	25	2	−	27
Total	25	2	−	27

(Note) The number of treasury stock shares of common stock increased by 2,000 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 29, 2008 Regular General Meeting of the Shareholders	Common stock	361,311	11.0	October 31, 2007	January 30, 2008

(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 6,2008 Board of Directors meeting	Common stock	328,448	Earned surplus	10.0	April 30, 2008	July 14, 2008

Prior consolidated accounting fiscal year (From November 1, 2006 to October 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 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	32,872	—	—	32,872
Total	32,872	—	—	32,872
Treasury stock				
Common stock (Note)	13	12	—	25
Total	13	12	—	25

(Note) The number of treasury stock shares of common stock increased by 12,000 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
June 8, 2007 Board of Directors	Common stock	295,682	9.0	April 30, 2007	July 17, 2007

(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 29, 2008 Regular General Meeting of the Shareholders	Common stock	361,311	Earned surplus	11.0	October 31, 2007	January 30, 2008

(Notes to the Interim Consolidated Statements of Cash Flows)

(Unit: Thousands of yen)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Consolidated Fiscal Year (From November 1, 2006 to October 31, 2007)
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) Cash and equivalents 22,465,779 Term deposits with a maturity longer than 3 months – Items considered to be cash and equivalents 22,465,779	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, 2008) Cash and equivalents 15,992,146 Negotiable securities 4,600,000 Term deposits with a maturity longer than 3 months −171,526 Items considered to be cash and equivalents 20,420,620	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, 2007) Cash and equivalents 11,913,890 Negotiable securities 5,300,000 Items considered to be cash and equivalents 17,213,890

(Lease Transactions)

(Unit: Thousands of yen)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Consolidated Fiscal Year (From November 1, 2006 to October 31, 2007)
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 6,609,317	Within one year 7,146,657	Within one year 7,485,431
After one year 18,914,851	After one year 17,373,507	After one year 18,550,608
Total 25,524,168	Total 24,520,164	Total 26,036,039
(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 4,229,927	Lease payments 3,689,790	Lease payments 7,880,775
Depreciation expense 3,633,687	Depreciation expense 3,261,553	Depreciation expense 6,822,747
Interest expense 401,923	Interest expense 341,290	Interest expense 744,755
(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 1,961,312	Within one year 2,265,910	Within one year 1,857,756
After one year 4,625,495	After one year 4,001,325	After one year 4,153,706
Total 6,586,807	Total 6,267,235	Total 6,011,462

Annex A

	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 B

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	43,592,303	19,144,399	24,447,904
Other assets	167,557	114,038	53,518
Total	43,759,861	19,258,438	24,501,423

Annex C

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	45,501,035	19,202,671	26,298,363
Other assets	255,555	192,203	63,351
Total	45,756,590	19,394,875	26,361,715

Notes Related to Negotiable Securities

Prior consolidated accounting fiscal year interim period (As of April 30, 2007)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Thousands of yen)

	Prior consolidated accounting fiscal year interim period (As of April 30, 2007)		
	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: Thousands of yen)

	Prior consolidated accounting fiscal year interim period (As of April 30, 2007)
	Amount shown on the interim consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	211,400
Other	73,186

Consolidated accounting fiscal year interim period under review (As of April 30, 2008)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Thousands of yen)

	Consolidated accounting fiscal year interim period under review (As of April 30, 2008)		
	Acquisition price	Balance on the interim consolidated balance sheet	Difference
(1) Stock	1,560,259	3,728,370	2,168,111
(2) Bonds			
a. Government bonds	—	—	—
b. Corporate bonds	—	—	—
c. Other	—	—	—
(3) Other negotiable securities	103,000	71,115	−31,885
Subtotal	1,663,259	3,799,485	2,136,226

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

(Unit: Thousands of yen)

	Consolidated accounting fiscal year interim period under review (As of April 30, 2008)
	Amount shown on the interim consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	213,900
Negotiable certificates of deposit	4,600,000
Other	38,861

Prior consolidated accounting fiscal year (As of October 31, 2007)

Negotiable securities

1. Other negotiable securities with market prices

(Unit: Thousands of yen)

	Prior consolidated accounting fiscal year (As of October 31, 2007)		
	Acquisition price	Balance on the consolidated balance sheet	Difference
(1) Stock	1,566,311	4,943,957	3,377,645
(2) Bonds			
a. Government bonds	－	－	－
b. Corporate bonds	－	－	－
c. Other	－	－	－
(3) Other negotiable securities	103,000	87,203	-15,796
Subtotal	1,669,311	5,031,160	3,361,849

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

(Unit: Thousands of yen)

Type	Prior consolidated accounting fiscal year (As of October 31, 2007)
	Amount shown on the consolidated balance sheet
Other negotiable securities	
Unlisted stocks (excluding over-the-counter stocks)	211,400
Negotiable certificates of deposit	5,300,000
Other	59,822

Notes Related to Derivative Transactions

Prior consolidated fiscal year interim period (As of April 30, 2007)

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

Consolidated fiscal year interim period under review (As of April 30, 2008)

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

Prior consolidated fiscal year (As of October 31, 2007)

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, 2006 to April 30, 2007)

The Company had no material items to report

Consolidated fiscal year interim period under review (From November 1, 2007 to April 30, 2008)

The Company had no material items to report

Prior consolidated fiscal year (From November 1, 2006 to October 31, 2007)

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, 2006 to April 30, 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						
(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	30,332,027	2,358,915	195,498	32,876,440	-84,089	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

Consolidated accounting fiscal year interim period under review (From November 1, 2007 to April 30, 2008)

(Unit: Thousands of yen)

	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	34,235,077	2,728,971	272,808	37,236,856	—	37,236,856
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	34,235,077	2,728,971	272,808	37,236,856	—	37,236,856
Operating expenses	31,334,549	2,733,212	231,465	34,299,227	19,034	34,318,262
Operating income	2,900,527	-4,241	41,342	2,937,628	-19,034	2,918,593

(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

Prior consolidated accounting fiscal year (From November 1, 2006 to October 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						
(1) Sales to outside customers	63,072,214	5,120,674	434,024	68,626,913	—	68,626,913
(2) Sales or transfers between related segments	—	—	—	—	—	—
Total	63,072,214	5,120,674	434,024	68,626,913	—	68,626,913
Operating expenses	59,017,423	5,130,682	402,403	64,550,509	-160,130	64,390,378
Operating income	4,054,791	-10,008	31,621	4,076,403	160,130	4,236,534

(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

(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)

Prior consolidated accounting fiscal year interim period (From November 1, 2006 to April 30, 2007)

There are no pertinent items to report because the Company did not have any foreign sales.

Consolidated accounting fiscal year interim period under review (From November 1, 2007 to April 30, 2008)

The Company has omitted a description of foreign sales because foreign sales are less than 10% of consolidated revenues.

Prior consolidated fiscal year (From November 1, 2006 to October 31, 2007)

The Company has omitted a description of foreign sales because foreign sales are less than 10% of consolidated revenues.

(Per Share Information)

Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Consolidated Fiscal Year (From November 1, 2006 to October 31, 2007)
Net assets per share ¥1,225.81 Interim period net income per share ¥72.53 The Company has not reported interim 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 ¥1,224.56 Interim period net income per share ¥44.97 Same as at left	Net assets per share ¥1,216.98 Fiscal year net income per share ¥92.40 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.

Period / Category	Prior Consolidated Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Consolidated Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Consolidated Fiscal Year (From November 1, 2006 to October 31, 2007)
Interim period (fiscal year) net income (¥ '000)	2,382,914	1,476,926	3,035,418
Amount not attributed to common stock shareholders (¥ '000)	—	—	—
Interim period (fiscal year) net income related to common stock (¥ '000)	2,382,914	1,476,926	3,035,418
Average number of outstanding shares during the period	32,856,401	32,845,359	32,852,040

Material Events after the Close of the Consolidated Fiscal Year Interim Period

The Company had no material items to report.

5. Company Financial Statements (Non-consolidated)
1. Comparative Balance Sheets

(Unit: Thousands of yen)

Category / Period		Prior Fiscal Year Interim Period (As of April 30, 2007)			Current Fiscal Year Interim Period (As of April 30, 2008)			Prior Fiscal Year Summary Balance Sheet (As of October 31, 2007)		
		Amount		Percent	Amount		Percent	Amount		Percent
(Assets)										
I Current Assets										
Cash and deposits		21,759,757			14,502,202			11,115,248		
Notes receivable, trade	*4	2,190,318			1,978,033			2,255,833		
Accounts receivable, trade		9,140,579			9,581,162			10,825,811		
Negotiable securities		—			4,600,000			5,300,000		
Inventory		383,258			369,777			295,013		
Other current assets		1,457,777			1,418,838			1,534,599		
Allowance for doubtful accounts		-453,442			-392,323			-435,092		
Total Current Assets			34,478,248	39.4		32,057,690	37.3		30,891,414	37.3
II Fixed Assets										
(1) Tangible Fixed Assets	*1									
Rental equipment		9,562,596			9,719,185			9,297,639		
Buildings		5,527,658			5,324,228			5,502,751		
Land	*3	25,992,268			27,995,930			25,996,422		
Other tangible fixed assets	*3	2,068,034			2,075,634			1,957,673		
Total Tangible Fixed Assets			43,150,558			45,114,979			42,754,487	
(2) Intangible Fixed Assets			159,176			134,170			148,235	
(3) Investments and Other Assets										
Investment securities		6,390,840			4,001,024			5,249,609		
Other assets		4,225,942			5,758,783			4,854,927		
Allowance for doubtful accounts		-433,076			-520,839			-430,758		
Reserve for investment losses		-565,171			-565,171			-565,171		
Total Investments and Other Assets			9,618,535			8,673,796			9,108,607	
Total Fixed Assets			52,928,270	60.6		53,922,945	62.7		52,011,330	62.7
Total Assets			87,406,519	100.0		85,980,636	100.0		82,902,745	100.0

(Unit: Thousands of yen)

Category \ Period		Prior Fiscal Year Interim Period (As of April 30, 2007) Amount		Percent	Current Fiscal Year Interim Period (As of April 30, 2008) Amount		Percent	Prior Fiscal Year Summary Balance Sheet (As of October 31, 2007) Amount		Percent
(Liabilities)										
Ⅰ Current Liabilities										
Notes payable, trade	*4	9,672,407			8,255,086			7,660,014		
Accounts payable, trade		1,752,979			2,164,744			2,456,499		
Short-term bank loans		9,608,000			8,896,000			8,818,000		
Accounts payable, other		2,838,598			2,841,397			2,211,522		
Corporate taxes payable		1,705,394			1,165,750			1,406,425		
Accrued bonuses to employees		481,288			470,924			499,457		
Equipment notes payable		443,039			322,064			175,331		
Other current liabilities		582,902			524,216			531,331		
Total Current Liabilities			27,084,610	31.0		24,640,183	28.7		23,758,582	28.7
Ⅱ Long-term Liabilities										
Long-term bank loans		15,335,000			16,547,000			14,926,000		
Long-term accrued expenses		2,359,944			2,598,061			2,353,188		
Long-term deferred tax liability		168,511			—			58,726		
Accrued employees retirement benefits		1,747,844			966,925			928,956		
Retirement allowance to directors and auditors		84,079			95,381			89,386		
Total Long-term Liabilities			19,695,379	22.5		20,207,368	23.5		18,356,256	22.1
Total Liabilities			46,779,990	53.5		44,847,551	52.2		42,114,839	50.8
(Net Assets)										
Ⅰ Owners' equity										
1 Paid-in capital			9,696,717	11.1		9,696,717	11.3		9,696,717	11.7
2 Capital surplus										
(1)Capital reserve		10,817,389			10,817,389			10,817,389		
(2)Other capital surpluses		143,480			143,480			143,480		
Total capital surplus			10,960,869	12.6		10,960,869	12.7		10,960,869	13.2
3. Earned surplus										
(1)Legal retained earnings		1,375,287			1,375,287			1,375,287		
(2)Other retained earnings										
Reserve for advanced depreciation of fixed assets		19,601			19,601			19,601		
General reserve		12,931,684			15,631,684			12,931,684		
Earned surplus brought forward		3,008,865			2,197,831			3,823,794		
Total earned surplus			17,335,439	19.8		19,224,405	22.3		18,150,368	21.9
4. Treasury stock			-11,415	-0.0		-21,020	-0.0		-19,784	-0.0
Total Owners' Equity			37,981,611	43.5		39,860,972	46.3		38,788,170	46.8
Ⅱ Valuation and translation adjustments										
1. Valuation difference on other investment securities			2,644,918	3.0		1,272,112	1.5		1,999,735	2.4
Total Valuation and Translation Adjustments			2,644,918	3.0		1,272,112	1.5		1,999,735	2.4
Total Net Assets			40,626,529	46.5		41,133,084	47.8		40,787,905	49.2
Total Liabilities and Net Assets			87,406,519	100.0		85,980,636	100.0		82,902,745	100.0

2. Comparative Statements of Income

(Unit: Thousands of yen)

Category \ Period		Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)			Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)			Prior Fiscal Year Summary Statement of Income (From November 1, 2006 to October 31, 2007)		
		Amount		Percent	Amount		Percent	Amount		Percent
Ⅰ Operating revenues			32,449,130	100.0		32,127,823	100.0		61,576,788	100.0
Ⅱ Cost of revenues			22,940,982	70.7		22,849,349	71.1		44,713,746	72.6
Gross profit			9,508,147	29.3		9,278,473	28.9		16,863,041	27.4
Ⅲ Selling, general and administrative expenses			6,438,102	19.8		6,495,868	20.2		12,850,084	20.9
Operating income			3,070,045	9.5		2,782,605	8.7		4,012,957	6.5
Ⅳ Non-operating revenues	*1		361,591	1.1		211,415	0.6		852,930	1.4
Ⅴ Non-operating expenses	*2		235,652	0.7		259,726	0.8		492,985	0.8
Ordinary income			3,195,983	9.9		2,734,294	8.5		4,372,901	7.1
Ⅵ Extraordinary profits	*3		946,377	2.9		24,081	0.1		1,796,528	2.9
Ⅶ Extraordinary losses	*4,5		68,239	0.2		92,394	0.3		115,626	0.2
Income before taxes			4,074,120	12.6		2,665,980	8.3		6,053,803	9.8
Corporate, local and business taxes		1,655,508			1,124,088			2,203,734		
Adjustment for corporate and other taxes		98,206	1,753,715	5.4	106,543	1,230,632	3.8	419,052	2,622,787	4.2
Net income			2,320,405	7.2		1,435,348	4.5		3,431,016	5.6

3. Statement of Changes in Net Assets

Statement of Changes in Net Assets

Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)

(Unit: Thousands of yen)

	Owners' equity								
		Capital surplus			Earned surplus				
						Other earned surplus			
	Paid-in capital	Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Fixed assets Reserve for advanced depreciation	General reserve	Earned surplus brought forward	Total earned surplus
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				–					–
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 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

Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)

(Unit: Thousands of yen)

	Owners' equity								
		Capital surplus			Earned surplus				
						Other earned surplus			
	Paid-in capital	Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Fixed assets Reserve for advanced depreciation	General reserve	Earned surplus brought forward	Total earned surplus
October 31, 2007 balance	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	12,931,684	3,823,794	18,150,368
Changes of items during the fiscal year interim period									
Transfer to general reserve				–			2,700,000	-2,700,000	–
Dividends from surplus				–				-361,311	-361,311
Net income				–				1,435,348	1,435,348
Purchase 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	–	–	–	–	–	–	2,700,000	-1,625,963	1,074,036
April 30, 2008 balance	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	15,631,684	2,197,831	19,224,405

	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, 2007 balance	-19,784	38,788,170	1,999,735	1,999,735	40,787,905
Changes of items during the fiscal year interim period					
Transfer to general reserve		–		–	–
Dividends from surplus		-361,311		–	-361,311
Net income		1,435,348		–	1,435,348
Purchase of treasury stock	-1,235	-1,235		–	-1,235
Net changes of items other than owners' equity during the fiscal year interim period			-727,622	-727,622	-727,622
Total changes of items during the fiscal year interim period	-1,235	1,072,801	-727,622	-727,622	345,178
April 30, 2008 balance	-21,020	39,860,972	1,272,112	1,272,112	41,133,084

Prior Fiscal Year (From November 1, 2006 to October 31, 2007)

(Unit: Thousands of yen)

	Owners' equity								
		Capital surplus			Earned surplus				
						Other earned surplus			
	Paid-in capital	Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Fixed assets Reserve for advanced depreciation	General reserve	Earned surplus brought forward	Total earned surplus
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									
Transfer to general reserve				－			1,100,000	-1,100,000	－
Dividends from surplus				－				-591,414	-591,414
Net income				－				3,431,016	3,431,016
Purchase of treasury stock				－					－
Net changes of items other than owners' equity during the fiscal year									
Total changes of items during the fiscal year	－	－	－	－	－	－	1,100,000	1,739,602	2,839,602
October 31, 2007 balance	9,696,717	10,817,389	143,480	10,960,869	1,375,287	19,601	12,931,684	3,823,794	18,150,368

	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					
Transfer to general reserve		－		－	－
Dividends from surplus		-591,414		－	-591,414
Net income		3,431,016		－	3,431,016
Purchase of treasury stock	-13,481	-13,481		－	-13,481
Net changes of items other than owners' equity during the fiscal year			-414,327	-414,327	-414,327
Total changes of items during the fiscal year	-13,481	2,826,120	-414,327	-414,327	2,411,793
October 31, 2007 balance	-19,784	38,788,170	1,999,735	1,999,735	40,787,905

Notes to the Interim Financial Statements and Significant Accounting Policies

Category / Period	Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year (From November 1, 2006 to October 31, 2007)
(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. 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. 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 Common stock of subsidiaries and affiliated companies Same as at left Other negotiable securities Securities with a market price Same as at left 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 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 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. The depreciable lives mainly used by the Company are as follows. Rental assets 5-10 years Buildings 31-34 years b. Intangible fixed assets The Company has adopted the straight-line 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). c. Long-term prepaid expenses The Company has adopted straight-line depreciation.	a. Tangible fixed assets Same as at left b. Intangible fixed assets Same as at left c. Long-term prepaid expenses Same as at left	a. Tangible fixed assets Same as at left b. Intangible fixed assets Same as at left c. Long-term prepaid expenses Same as at left
(3) 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. 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.	a. Reserve for doubtful accounts Same as at left b. Accrued bonuses to employees 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 fiscal year based upon a salary estimate amount.

	c. 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.	c. Accrued employees retirement benefit Same as at left	c. 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. (Supplemental information) During the fiscal year under review, the Company revised its retirement benefits system and transferred its defined benefit corporate pension plan (fund-type) to a defined benefit corporate pension plan (contract-type), and simultaneously introduced a cash balance system. In conjunction with this change, the Company has applied the Accounting for the Transfer Between Retirement Benefit Plans (Financial Accounting Standards Implementation Guidance No. 1). The Company accounted for the ¥845,319,000 affect from these transfers in extraordinary profits as a “gain on reversal of accrued employees retirement benefits.”

	d. 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. 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.	d. Retirement allowances to directors and auditors Same as at left e. Reserve for investment losses Same as at left	d. 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. e. Reserve for investment losses Same as at left
(4) 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
(5) 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.	a. Hedge transactions Same as at left b. Hedge methods and hedged transactions Same as at left	a. Hedge 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. 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.	c. Hedging policies Same as at left d. Method for evaluating the effectiveness of hedges Same as at left	c. Hedging policies Same as at left d. Method for evaluating the effectiveness of hedges Same as at left
(6) 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.

6. Notes to the Interim Financial Statements

Notes to the Interim Balance Sheets

(Unit: Thousands of yen)

<table>
<tr><th>Item / Period</th><th>Prior Fiscal Year Interim Period (As of April 30, 2007)</th><th>Current Fiscal Year Interim Period (As of April 30, 2008)</th><th>Prior Fiscal Year (As of October 31, 2007)</th></tr>
<tr><td>1. Total accumulated depreciation for tangible fixed assets</td><td>40,173,994</td><td>39,925,098</td><td>40,541,384</td></tr>
<tr><td>2. Contingent liabilities
Joint and several guarantee of employee bank loans</td><td>27,763</td><td>23,023</td><td>23,144</td></tr>
<tr><td>Guarantees of borrowed indebtedness of subsidiary companies (Kanatech Co., Ltd., Kanki Corporation) and non-consolidated subsidiary companies (Flowtechno Corporation, Shanghai Jinheyuan Equipment Rental Co., Ltd.)</td>
<td><table>
<tr><th>Company</th><th>Guaranteed Amount</th></tr>
<tr><td>Kanatech Co., Ltd.</td><td>220,000</td></tr>
<tr><td>Kanki Corporation</td><td>955,500</td></tr>
<tr><td>Flowtechno Corporation</td><td>100,000</td></tr>
<tr><td>Total</td><td>1,275,500</td></tr>
</table></td>
<td><table>
<tr><th>Company</th><th>Guaranteed Amount</th></tr>
<tr><td>Kanatech Co., Ltd.</td><td>180,000</td></tr>
<tr><td>Kanki Corporation</td><td>819,000</td></tr>
<tr><td>Flowtechno Corporation</td><td>100,000</td></tr>
<tr><td>Shanghai Jinheyuan Equipment Rental Co., Ltd.</td><td>1,373,035</td></tr>
<tr><td>Total</td><td>2,472,035</td></tr>
</table></td>
<td><table>
<tr><th>Company</th><th>Guaranteed Amount</th></tr>
<tr><td>Kanatech Co., Ltd.</td><td>150,000</td></tr>
<tr><td>Kanki Corporation</td><td>882,000</td></tr>
<tr><td>Flowtechno Corporation</td><td>100,000</td></tr>
<tr><td>Shanghai Jinheyuan Equipment Rental Co., Ltd.</td><td>168,960</td></tr>
<tr><td>Total</td><td>1,300,960</td></tr>
</table></td></tr>
<tr><td>Guarantee for finance lease liabilities of Shanghai Jinheyuan Equipment Rental Co., Ltd., a non-consolidated subsidiary company</td>
<td>-------</td>
<td><table>
<tr><th>Company</th><th>Guaranteed Amount</th></tr>
<tr><td>Shanghai Jinheyuan Equipment Rental Co., Ltd.</td><td>200,292</td></tr>
<tr><td>Total</td><td>200,292</td></tr>
</table></td>
<td><table>
<tr><th>Company</th><th>Guaranteed Amount</th></tr>
<tr><td>Shanghai Jinheyuan Equipment Rental Co., Ltd.</td><td>70,973</td></tr>
<tr><td>Total</td><td>70,973</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<table>
<tr><td>Machinery and equipment</td><td>5,044</td></tr>
<tr><td>Land</td><td>3,569</td></tr>
<tr><td>Total</td><td>8,613</td></tr>
</table></td>
<td>Amounts for assets acquired in prior fiscal years for which accumulated book values were reduced by government subsidies<table>
<tr><td>Machinery and equipment</td><td>5,044</td></tr>
<tr><td>Land</td><td>3,569</td></tr>
<tr><td>Total</td><td>8,613</td></tr>
</table></td>
<td>Amounts for assets acquired in prior fiscal years for which accumulated book values were reduced by government subsidies<table>
<tr><td>Machinery and equipment</td><td>5,044</td></tr>
<tr><td>Land</td><td>3,569</td></tr>
<tr><td>Total</td><td>8,613</td></tr>
</table></td></tr>
</table>

4.Notes and bills maturing at the end of the interim period (fiscal year)	Notes and bills maturing on the last day of the interim period are settled and processed on the note and bill clearing date. Because the last day of the Company's current fiscal year interim 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 Notes payable, trade 1,410,677	--------	--------
5. Contingent liabilities	The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, trade 7,492,647 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.	The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable ,trade 5,866,653 The amount of notes receivable, trade with a right of recourse to the Company included in the balance of notes receivable, trade is 1,279,783.	The Company liquidates bill receivables based on a notes receivables transfer program. Notes receivable, Trade 4,971,036 The amount of notes receivable, trade with a right of recourse to the Company included in the balance of notes receivable, trade is 1,017,362.

Notes to the Interim Period Statements of Income

(Unit: Thousands of yen)

Item \ Period	Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year (From November 1, 2006 to October 31, 2007)
1. Principal items included in non-operating revenues			
Interest received	15,053	18,236	36,502
Gain on sale of investment securities	4,312	448	287,528
Rents received	128,551	97,942	195,809
Insurance benefits	18,843	11,568	38,877
Cash bonus received	101,816	3,595	104,680
2. Principal items included in non-operating expenses			
Interest expense	177,623	156,648	312,601
3. Principal items included in extraordinary profits			
Gain on sale of fixed assets	920	1,875	920,700
Gain on reversal of accrued employees retirement benefits	—	—	845,319
4. Principal items included in extraordinary profits			
Transfer to allowance for doubtful accounts to affiliated companies	—	—	8,311
Impairment loss	890	490	890
Loss on sale or retirement of fixed assets	43,745	28,051	63,908
Valuation loss on merchandise inventories	—	12,741	—

<table>
<tr>
<td>5. Impairment loss</td>
<td>During the interim period, the Company incurred an impairment loss on the following asset group.
<table>
<tr><td>Location</td><td>Use</td><td>Asset</td></tr>
<tr><td>Tomakomai, Hokkaido</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) under extraordinary losses. This 890 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>During the interim period, the Company incurred an impairment loss on the following asset group.
<table>
<tr><td>Location</td><td>Use</td><td>Asset</td></tr>
<tr><td>Tomakomai, Hokkaido</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 (490) under extraordinary losses. This 490 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>During the fiscal year, the Company incurred an impairment loss on the following asset group.
<table>
<tr><td>Location</td><td>Use</td><td>Asset</td></tr>
<tr><td>Tomakomai, Hokkaido</td><td>Dormant asset</td><td>Land</td></tr>
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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) under extraordinary losses. This 890 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</td><td></td><td></td><td></td></tr>
<tr><td>Tangible fixed assets</td><td>1,967,557</td><td>1,966,048</td><td>4,229,444</td></tr>
<tr><td>Intangible fixed assets</td><td>28,271</td><td>28,015</td><td>59,025</td></tr>
</table>

Notes to the Interim Non-Consolidated Statement of Changes in Net Assets
Prior fiscal year interim period (From November 1, 2006 to April 30, 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 (Note)	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.

Current fiscal year interim period (From November 1, 2007 to April 30, 2008)

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 (Note)	25	2	–	27
Total	25	2	–	27

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

Prior fiscal year (From November 1, 2006 to October 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 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)	13	12	–	25
Total	13	12	–	25

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

Lease Transactions

(Unit: Thousands of yen)

Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year (From November 1, 2006 to October 31, 2007)
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 5,974,383	Within one year 6,380,256	Within one year 6,773,121
After one year 16,576,068	After one year 14,729,994	After one year 15,876,130
Total 22,550,452	Total 21,110,250	Total 22,649,251
(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 3,874,509	Lease payments 3,257,203	Lease payments 7,058,248
Depreciation expense 3,315,420	Depreciation expense 2,876,761	Depreciation expense 6,087,072
Interest expense 357,421	Interest expense 287,795	Interest expense 640,634
(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 1,662,164	Within one year 2,027,079	Within one year 1,660,523
After one year 3,831,074	After one year 3,617,004	After one year 3,766,563
Total 5,493,239	Total 5,644,083	Total 5,427,086

Annex A

	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 B

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	38,434,131	17,352,200	21,081,931
Other assets	167,557	114,038	53,518
Total	38,601,689	17,466,239	21,135,450

Annex C

	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	40,639,357	17,673,899	22,965,457
Other assets	255,555	192,203	63,351
Total	40,894,913	17,866,103	23,028,809

Notes Related to Negotiable Securities

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

(Per Share Information)

Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year (From November 1, 2006 to October 31, 2007)
Net assets per share ¥1,236.59 Interim period net income per share ¥70.62 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 ¥1,252.35 Interim period net income per share ¥43.70 Same as at left	Net assets per share ¥1,241.77 Fiscal year net income per share ¥104.44 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.

Period / Category	Prior Fiscal Year Interim Period (From November 1, 2006 to April 30, 2007)	Current Fiscal Year Interim Period (From November 1, 2007 to April 30, 2008)	Prior Fiscal Year (From November 1, 2006 to October 31, 2007)
Interim period (fiscal year) net income (¥ '000)	2,320,405	1,435,348	3,431,016
Amount not attributed to common stock shareholders (¥ '000)	—	—	—
Interim period (fiscal year) net income related to common stock (¥ '000)	2,320,405	1,435,348	3,431,016
Average number of outstanding shares during the period	32,856,401	32,845,359	32,852,040

Material Events after the Close of the Interim Period (Fiscal Year)

The Company had no material items to report.