



Six-month Consolidated Financial Report for the Fiscal Year ending October 31, 2010

June 4, 2010

Listed Company Name **Kanamoto Company, Ltd.**
 Company Code Number **9678**
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
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Scheduled date for submission of Quarterly Report June 11, 2010
 Scheduled date for commencement of dividend payments July 12, 2010

1. Operating Results for the Interim Period of the Fiscal Year Ending October 31, 2010 (November 1, 2009 - April 30, 2010)

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

(Percentages shown are the percent increase or decrease compared to the same period of the prior consolidated fiscal year)

	Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ending October 31, 2010: Second quarter	37,142	14.0	3,195	246.8	2,924	268.4	1,515	—
Fiscal Year ended October 31, 2009: Second quarter	32,590	—	921	—	793	—	—143	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal Year ending October 31, 2010: Second quarter	46.15	—
Fiscal Year ended October 31, 2009: Second quarter	—4.38	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year ending October 31, 2010: Second quarter	107,860	38,125	34.8	1,143.19
Fiscal Year ended October 31, 2009	96,435	36,541	37.5	1,102.51

(Reference) Shareholders' equity

Fiscal Year Ending October 31, 2010 Second Quarter: ¥37,538 million
 Fiscal Year Ended October 31, 2009: ¥36,203 million

2. Dividends

(Record Date)	Dividend per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2009	—	10.00	—	10.00	20.00
Fiscal year ending October 31, 2010	—	10.00	—	—	—
Fiscal Year ending October 31, 2010 (Projected)	—	—	—	10.00	20.00

(Note) Has the Company revised its projected dividends during this quarter? No

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 2010 (November 1, 2009 - October 31, 2010)

(Percentages indicate percent change from prior fiscal year)

	Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	67,300	5.4	1,340	875.8	730	—	330	—	10.04

(Note) Has the Company revised its projected consolidated operating results during the quarter? No

4. Other

- (1) Were there changes to material subsidiaries during the period under review (Transfer of specified subsidiaries in conjunction with revisions to the scope of consolidation)?: No
Company newly included (Company name: _____)
Company newly excluded (Company name: _____)
- (2) Has the Company adopted the simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements?: Yes
Note: For details see "4. Other" under Qualitative Information and Financial Statements on Page 7
- (3) Changes in accounting principles, procedures or representation methods relating to preparation of the consolidated quarterly financial statements (Matters stated in the Change to the Basis for Preparation of Consolidated Quarterly Financial Statements)
(a) Are there changes in conjunction with revision to accounting standards?: Yes
(b) Changes other than the above: No
Note: For details see "4. Other" under Qualitative Information and Financial Statements on Page 7
- (4) Number of shares issued (common stock)
(a) Number of shares outstanding at the end of the period (including treasury stock)
Fiscal year ending October 31, 2010 Second Quarter: 32,872,241 shares
Fiscal year ended October 31, 2009: 32,872,241 shares
(b) Number of shares of treasury stock at the end of the period
Fiscal year ending October 31, 2010 Second Quarter: 35,878 shares
Fiscal year ended October 31, 2009: 34,385 shares
(c) Average number of shares during the period (Consolidated year-to-date)
Fiscal year ending October 31, 2010 Second Quarter: 32,837,517 shares
Fiscal year ended October 31, 2009: 32,839,730 shares

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

Forward-looking statements

The above projections were prepared based upon information available to the Company at the time the projections were released as well as various assumptions concerning the future economic and business environment. Actual operating results may differ from the projected figures depending upon various factors in the future.

Qualitative Information and Financial Statements

1. Qualitative information concerning consolidated operating results

< Management Environment > (From November 1, 2009 to April 30, 2010)

During the Kanamoto Group's second quarter, Japan's economy benefited from economic growth in China and other Asian countries that expanded the base supporting an external demand-driven business recovery, and corporate earnings – particularly at major manufacturers – showed improvement despite ongoing weakness in consumption in the United States and Europe. In addition, consumption stimulus measures such as a reduction of the automobile tax on environmentally friendly cars and the eco-point system also demonstrated a certain positive effect, and overall the economy maintained a mild but steady recovery.

Nevertheless, deflation progressed further in some sectors, including services and the logistics industry, and although private sector capital investment also enjoyed a cyclical upturn in reaction to the large adjustments in the prior year, the sense that companies still face overcapacity lingered, and conditions dampened expectations of a full-scale economic recovery.

In the construction industry, domestic private sector construction demand remained sluggish. The lull was softened, on the other hand, by special procurement related to economic measures that was centered on local areas. Financial countermeasures aimed at small and medium-sized firms also proved successful, and the number of bankruptcies followed a slowing trend from the recent pace.

< Interim Period Consolidated Operating Results > (From November 1, 2009 to April 30, 2010)

For the interim period of the consolidated fiscal year ending in October 2010, the consolidated revenues of the Kanamoto Group rose 14.0% compared with the same period of the previous consolidated fiscal year to ¥37,142 million. Although the severe earnings environment was unchanged, construction equipment rental demand generally was somewhat improved compared with the same period of the previous consolidated fiscal year. The comparatively early recovery of the market for used construction equipment also was a positive factor.

The positive improvement carried through to earnings as well, as consolidated operating income jumped 246.8% year-on-year to ¥3,195 million and consolidated ordinary income rose 268.4% compared with the same period one year earlier to ¥2,924 million. Interim consolidated accounting period net income was ¥1,515 million, compared with an interim period net loss of ¥143 million in the same period of the previous consolidated fiscal year.

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

[Business related to the Construction Equipment Rental Division]

Domestic construction equipment rentals had all the appearance of a war of attrition. Price competition throughout Japan grew even more feverish as the volume of work fell sharply from the prior year. The Kanamoto Group aggressively developed tactics such as proposal-based sales that integrate all of the Group's businesses, and worked to restructure the construction equipment rental asset portfolio and align it more appropriately with various markets, including a broader selection of new energy-saving equipment, and strove to expand its market share in various regions. As a result, rental revenues in this business sector exhibited double-digit growth, increasing 13.7% compared with the same period of the previous consolidated fiscal year. By region, year-on-year growth was highest in the Hokkaido Region where Kanamoto was able to demonstrate the Group's capabilities, as revenues increased sharply by 51.7%. Revenues rose 3.0% year-on-year in the Tohoku Region and recovered to the prior year level. Such growth

was sufficient to supplement revenue declines of 10.0% in the Kanto Region, 6.9% in the Kinki & Chubu Region and 11.3% in the Kyushu & Okinawa Region, areas where private sector demand was curtailed.

Moreover, revenues from equipment sales in this business sector expanded briskly, rising 21.2% compared with the same period of the previous consolidated fiscal year. Sales progressed according to the Company's plan against the backdrop of a recovery in the market for used construction equipment to the level enjoyed prior to the global recession.

Although Kanamoto's overseas subsidiaries account for only a small percentage of the Group's total operating results, the Shanghai Jinheyuan Group (Shanghai Jinheyuan Equipment Rental Co., Ltd. and Shanghai Jinheyuan Engineering Construction Co., Ltd.) expanded its operating performance by steadily supporting infrastructure construction and demand related to the international exposition in Shanghai, and developing its business in Tianjin.

As a result of these factors, revenues for Kanamoto's construction-related businesses in the interim consolidated accounting period under review increased 15.4% from the same period of the previous consolidated fiscal year to ¥34,654 million, and operating income soared 243.7% year-on-year to ¥3,219 million.

[Business related to the Steel Sales Division]

With the exception of demand related to economic stimulus measures similar to those for construction equipment rental, demand for steel products in Hokkaido was extremely limited. Despite efforts to secure actual demand, such as steps to enhance sales of construction-related materials, revenues for the interim consolidated accounting period under review declined 8.9% year-on-year to ¥2,129 million. Because of the inability to pass along steel manufacturers' price increases to customers, the operating loss was ¥2.0 million, compared with an operating loss of ¥3.0 million in the same period one year earlier.

[Information Products Division-related businesses and other business]

Although it obtained large contracts for product sales, the Company's information and telecommunications-related division was unable to stave off a decline in rental income as the number of personal computer rental customers fell because of corporate cutbacks in development-related expenses. The engineer dispatch business, on the other hand, achieved steady revenue growth despite having only just started operations, reflecting the recovery trend in the research and development activities of firms. As a result of these factors, for the interim consolidated accounting period under review revenues increased 57.8% from the same period of the previous consolidated fiscal year to ¥358 million. Operating income fell 76.3% year-on-year to ¥3.0 million.

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

(1) The Company did not open or close any branches during the interim consolidated accounting period under review.

(2) During the first quarter of the consolidated accounting period under review, Kanamoto converted four companies - Shanghai Jinheyuan Group described above (Shanghai Jinheyuan Equipment Rental Co., Ltd. and Shanghai Jinheyuan Engineering Construction Co., Ltd.; Head office: Shanghai, China), SJ Rental, Inc. (Head office: Territory of Guam, United States) and Kanamoto Engineering Co., Ltd. (Head office: Minato Ward, Tokyo, Japan)) - into companies subject to consolidation.

2. Qualitative information on consolidated financial conditions

(1) Assets, liabilities and net assets

Total assets at the end of the interim period under review increased by ¥11,425 million compared with the end of the prior consolidated accounting fiscal year to ¥107,860 million. This mainly reflected an increase of ¥5,037 million as the result of four consolidated subsidiaries being newly included in the scope of consolidation from the first quarter consolidated accounting period, and an increase in cash and deposits in conjunction with higher short-term borrowing.

Total liabilities were ¥69,735 million, an increase of ¥9,841 million compared with the end of the prior consolidated accounting fiscal year. The main factors were an increase of ¥4,720 million from the increase in the number of consolidated subsidiaries – the same reason for the increase in total assets – and an increase in short-term bank loans of ¥7,313 million.

Total net assets rose ¥1,583 million compared with the end of the prior consolidated accounting fiscal year to ¥38,125 million. This was mainly the increase in earned surplus as a result of interim period income before income taxes and minority interests.

(2) Consolidated cash flows

Cash flow from operating activities was ¥5,575 million. This mainly reflected interim period income before taxes and adjustments of ¥3,023 million, depreciation and amortization expense of ¥3,684 million and expenditures for acquisition of rental assets totaling ¥2,052 million.

Cash flow from investing activities was ¥729 million. The main factor was funds provided from sale of investment securities of ¥773 million.

Cash flow from financing activities was ¥1,346 million. The main factors were an increase in short-term bank loans of ¥7,536 million, funds used to repay long-term bank loans of ¥5,567 million and funds used for repayment of installment obligations of ¥2,077 million.

3. Qualitative information concerning projected consolidated operating results

The Company announced a revision to its projected operating results for the business period ending October 2010 on May 28.

Because the third quarter of the Kanamoto Group's fiscal year (May-July) overlaps the start of the new fiscal year for the central government and national budget, and consequently construction demand tends to be slack, the Company does not project significant growth during the second half compared with its interim period operating results. Moreover, during the current fiscal year in particular, construction demand in most regions is expected to contract substantially as construction works related to economic stimulus measures during the first half near an end, and the country prepares for the approaching summer elections for the Upper House. This decline in demand is expected to accelerate the tendency for earnings conditions to deteriorate, including greater competition and concomitant price reductions. Moreover, there are still no signs of activity that would indicate a recovery of private sector demand in urban areas including Japan's major metropolitan areas, and the direction of construction demand in the remaining six months of the fiscal year is regarded as extremely uncertain. The full-year projection reflects this severe and uncertain operating climate in the second half.

Although not a matter pertaining to the interim consolidated accounting period under review, as reported previously the Company will execute an absorption-type merger with Narasaki Lease Co., Ltd. (head office: Chuo-ku, Sapporo, Hokkaido) and Aomori Narasaki Rental Co., Ltd. (head office: Aomori, Aomori Prefecture) on June 1, 2010.

These projected consolidated operating results materials were prepared using projections based on information available to the Company as of the date this material was released and forecasts of the future economic environment, and include various risks and uncertainty factors. Accordingly, there is a possibility the Company's actual consolidated operating results will differ from the projected amounts shown above as a result of various future factors, including but not limited to economic conditions surrounding the Company, market trends, and competitive conditions.

4. Other

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

The Company had no material items to report.

(2) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

1. Calculation method for fixed asset depreciation expense

For depreciation and amortization expense for fixed assets for which it has adopted the declining balance method, the Company calculates the amount of depreciation and amortization pertaining to the consolidated fiscal year on a pro-rata basis for each period.

2. Method of calculating estimated balance of doubtful accounts for normal accounts

Because there has been no significant change in the actual loss experience calculated at the end of the prior consolidated accounting fiscal year for the end of the interim consolidated accounting period under review, the Company has calculated the estimated balance of doubtful accounts by using the actual loss experience at the end of the prior consolidated accounting fiscal year.

(3) Changes in accounting principles, procedures and reporting methods pertaining to preparation of the quarterly consolidated financial statements

Change in accounting method for completed contract revenues and cost of completed contracts

The Company traditionally reported revenues and costs of construction contracts by applying the completed-contract method. Beginning from the first quarter consolidated accounting period, the Company will apply the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Implementation Guidance No. 18, December 27, 2007). Beginning from works contracts for which construction activity was begun during the first quarter consolidated accounting period, the Company will apply the percentage of completion method for works for which the outcome of the construction activity is deemed certain by the end of the second quarter consolidated accounting period (with the estimate of the percentage of completion based on the cost incurred as a percentage of estimated total cost), and will apply the completed-contract method for all other works.

The affect of this change on the Company's earnings and information by segment is not material.

5 Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Unit: Thousands of yen)

	Current Consolidated Fiscal Year Interim Period (As of April 30, 2010)	Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2009)
Classification	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	20,684,278	12,345,028
Notes and accounts receivable, trade	14,081,082	14,388,250
Negotiable securities	1,350,000	1,800,000
Work in progress	16,640	38,326
Merchandise and finished goods	699,267	643,091
Raw materials and supplies	159,293	140,857
Construction equipment	1,010,910	1,011,437
Income taxes receivable	—	355,911
Consumption taxes receivable	—	71,661
Deferred tax assets	456,106	261,523
Other	913,264	783,704
Allowance for doubtful accounts	-438,758	-475,964
Total Current Assets	38,832,083	31,363,829
Fixed assets		
Tangible fixed assets		
Rental equipment assets	61,263,268	54,406,793
Accumulated depreciation	-36,490,069	-35,145,234
Net rental Equipment assets	24,773,199	19,261,559
Buildings and structures	20,833,660	20,904,695
Accumulated depreciation	-12,599,617	-12,296,819
Net buildings and structures	8,234,043	8,607,875
Machinery, equipment, vehicles and delivery equipment	5,201,248	5,206,308
Accumulated depreciation	-4,375,899	-4,316,731
Net machinery, equipment, vehicles and delivery equipment	825,349	889,577
Land	29,545,804	29,448,053
Construction in progress	8,648	—
Other	1,347,044	1,344,459
Accumulated depreciation	-1,058,417	-1,033,713
Net other	288,627	310,746
Total Tangible Fixed Assets	63,675,671	58,517,812
Intangible fixed assets		
Goodwill	446,982	542,304

Other	321,714	323,684
Total Intangible Fixed Assets	768,696	865,989
Investments and other assets		
Investment securities	2,343,826	3,218,486
Deferred tax receivable	1,028,738	1,286,857
Other	2,154,409	2,399,931
Allowance for doubtful accounts	-892,730	-929,977
Allowance for investment loss	-50,025	-287,897
Total Investments and Other Assets	4,584,218	5,687,400
Total Fixed Assets	69,028,587	65,071,202
Total Assets	107,860,670	96,435,031

	Current Consolidated Fiscal Year Interim Period (As of April 30, 2010)	Prior Fiscal Year Summary Consolidated Balance Sheet (As of October 31, 2009)
Classification	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	12,447,318	13,150,825
Short-term bank loans	9,701,686	1,258,931
Long-term bank loans due within one year	10,461,451	10,537,364
Current portion of bonds	22,000	42,000
Corporate taxes payable	1,613,951	14,722
Accrued bonuses to employees	619,731	464,636
Allowance for loss on affiliated company liquidation	94,764	—
Accounts payable, other	4,495,515	4,293,687
Other	1,933,835	856,711
Total Current Liabilities	41,390,254	30,618,878
Long-term liabilities		
Bonds	33,000	44,000
Long-term bank loans	17,527,061	20,987,266
Accrued employees retirement benefits	1,390,641	1,320,173
Retirement allowances to directors and auditors	239,089	226,356
Long-term accrued expenses	7,324,998	6,327,718
Other	1,829,990	368,783
Total Long-term Liabilities	28,344,781	29,274,298
Total Liabilities	69,735,036	59,893,177
(Net Assets)		
Shareholder's equity		

Capital stock	9,696,717	9,696,717
Capital surplus	10,960,869	10,960,869
Retained earnings	16,590,153	15,334,652
Treasury stock	-24,519	-23,917
Total Shareholders' Equity	37,223,221	35,968,321
Valuation and translation adjustments		
Valuation difference on other investment securities	333,772	235,603
Translation adjustments account	-18,839	—
Total Valuation and Translation Adjustments	314,932	235,603
Minority Interests	587,481	337,929
Total Net Assets	38,125,634	36,541,854
Total Liabilities and Net Assets	107,860,670	96,435,031

(2) Consolidated Quarterly Statements of Income

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year Interim Period From November 1, 2008 to April 30, 2009	Current Consolidated Fiscal Year Interim Period From November 1, 2009 to April 30, 2010
Classification	Amount	Amount
Revenues	32,590,313	37,142,520
Cost of revenues	23,241,760	25,144,506
Gross profit	9,348,552	11,998,013
Selling, general and administrative expenses	8,427,012	8,802,474
Operating income	921,539	3,195,539
Non-operating income		
Interest income	27,006	8,681
Dividend income	7,937	11,643
Insurance benefits	22,012	63,939
Rents received	22,590	26,172
Cash bonus received	2,405	1,272
Amortization of negative goodwill	34,916	34,916
Other	66,617	77,049
Total non-operating income	183,468	223,676
Non-operating expenses		
Interest expense	199,722	362,103
Loss on sale of notes receivable	34,469	26,522
Other	77,064	106,105
Total non-operating expenses	311,257	494,731
Ordinary income	793,768	2,924,485
Extraordinary income		
Gain on sale of investment securities	—	153,765
Reversal of allowance for doubtful accounts	3,749	52,350
Reversal of accrued employees retirement benefits	16,310	—
Subsidies	—	77,279
Other	9,522	7,868
Total extraordinary income	29,582	291,264
Extraordinary losses		
Loss on sale or retirement of fixed assets	29,809	38,415
Impairment loss	312	—
Valuation loss on investment securities	586,336	4,137

Transfer to allowance for doubtful accounts	—	35,507
Transfer to allowance for loss on affiliated company liquidation	—	94,764
Other	38,716	874
Total extraordinary losses	655,175	173,698
Income before taxes and adjustments	168,176	3,042,050
Corporate, local and business taxes	402,548	1,561,187
Adjustment for corporate and other taxes	-183,469	-73,159
Total corporate and other taxes	219,079	1,488,027
Minority interest in income	93,084	38,458
Net income	-143,986	1,515,564

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Thousands of yen)

Classification	Prior Consolidated Fiscal Year Interim Period	Current Consolidated Fiscal Year Interim Period
	From November 1, 2008 to April 30, 2009	From November 1, 2009 to April 30, 2010
Cash flow from operating activities		
Income before taxes and adjustments	168,176	3,042,050
Depreciation and amortization expense	2,230,638	3,684,244
Impairment loss	312	—
Amortization of goodwill	85,315	92,892
Loss on sale or retirement of fixed assets	29,809	33,855
Installment purchases of assets for small-value rentals	17,637	—
Reclassification of cost of sales associated with disposal of construction equipment	12,750	375
Reclassification of cost of sales associated with disposal of rental assets	331,115	413,812
Expenditures for acquisition of rental assets	-2,234,037	-2,052,130
Valuation loss on investment securities	586,336	4,137
(Gain) loss on sales of investment securities	2,086	-153,765
Increase (decrease) in allowance for doubtful accounts	118,268	-91,451
Increase (decrease) in accrued bonuses to employees	-148,633	145,677
Increase (decrease) in accrued employees retirement benefits	94,839	70,468
Increase (decrease) in retirement allowances to directors and auditors	-5,423	12,732
Increase (decrease) in allowance for loss on affiliated company liquidation	—	94,764
Interest revenue and dividend income	-34,944	-20,325
Interest expense on installment purchases of rental assets	81,632	89,293
Interest expense	199,722	362,103
Decrease in accounts receivable, trade	2,061,630	683,507
(Increase) decrease in inventory	210,246	-12,732
Increase (decrease) in accounts payable, trade	-1,352,782	-1,195,013
Increase (decrease) in accounts payable, other	352,445	90,574
Other	112,548	426,630

Subtotal	2,919,690	5,721,702
Interest and dividends received	36,334	20,361
Interest expense	-297,581	-412,802
Payment of corporate and other taxes	-11,338	246,714
Cash flow from operating activities	2,647,106	5,575,975

Classification	Prior Consolidated Fiscal Year Interim Period From November 1, 2008 to April 30, 2009	Current Consolidated Fiscal Year Interim Period From November 1, 2009 to April 30, 2010
	Cash flow from investing activities	
Disbursements for investments in term deposits	—	-50,000
Revenue from redemption of term deposits	121,123	500
Funds used for the purchase of tangible fixed assets	-1,696,035	-75,559
Funds provided from the sale of tangible fixed assets	16,788	13,232
Funds used for the purchase of intangible fixed assets	-29,805	-28,891
Funds used for the purchase of investment securities	-515,008	-14,721
Funds provided from sale of investment securities	51,808	773,768
Funds used for the purchase of subsidiary stock in conjunction with change in scope of consolidation	-169,304	—
Funds used for the purchase of subsidiary stock	-46,000	-12,250
Funds used for establishment of subsidiary company	-21,664	—
Payments of loans receivable	—	-62,100
Funds provided from collection of short-term loans receivable	—	59,426
Other	260	126,010
Cash flow from investing activities	-2,287,838	729,415
Cash flow from financing activities		
Increase in short-term bank loans	137,988	7,536,111
Funds provided by long-term bank loans	8,000,000	2,008,983
Funds used to repay long-term bank loans	-5,391,542	-5,567,641
Funds used to redeem corporate bonds	-31,000	-31,000
Funds used for repayment of installment obligations	-1,800,065	-2,077,105

Funds used for the purchase of treasury stock	-1,028	-601
Payment of dividends	-326,459	-327,757
Other	—	-194,445
Cash flow from financing activities	587,893	1,346,543
Effect of exchange rate changes on cash and cash equivalents	—	2,701
Increase in cash and equivalents	947,161	7,654,636
Balance of cash and equivalents at beginning of period	17,566,695	14,086,028
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	24,629	—
Increase in cash and cash equivalents due to newly consolidated subsidiaries	—	185,114
Balance of cash and equivalents at end of the period	18,538,486	21,925,778

(4) Notes Relating to the Going Concern Assumption

The Company had no material items to report.

(5) Business Segment Information

[Segment Information by Type of Business]

Prior consolidated fiscal year second quarter (From February 1, 2009 to April 30, 2009)

(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) Revenues from customers	13,750,179	1,285,127	113,640	15,148,947	—	15,148,947
(2) Intersegment revenue	—	—	—	—	—	—
Total	13,750,179	1,285,127	113,640	15,148,947	—	15,148,947
Operating income (loss)	265,114	-6,900	8,681	266,895	-15,318	251,576

Current consolidated fiscal year second quarter (From February 1, 2010 to April 30, 2010)

(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) Revenues from customers	17,070,936	1,164,310	207,339	18,442,587	—	18,442,587
(2) Intersegment revenue	—	—	—	—	—	—
Total	17,070,936	1,164,310	207,339	18,442,587	—	18,442,587
Operating income (loss)	1,520,992	10,015	13,326	1,544,334	-15,645	1,528,688

Prior consolidated fiscal year interim period (From November 1, 2008 to April 30, 2009)

(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) Revenues from customers	30,025,003	2,338,077	227,231	32,590,313	—	32,590,313
(2) Intersegment revenue	—	—	—	—	—	—
Total	30,025,003	2,338,077	227,231	32,590,313	—	32,590,313
Operating income (loss)	936,771	-3,252	16,320	949,838	-28,298	921,539

Current consolidated fiscal year interim period (From November 1, 2009 to April 30, 2010)

(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) Revenues from customers	34,654,342	2,129,535	358,642	37,142,520	—	37,142,520
(2) Intersegment revenue	—	—	—	—	—	—
Total	34,654,342	2,129,535	358,642	37,142,520	—	37,142,520
Operating income (loss)	3,219,286	-2,319	3,874	3,220,842	-25,302	3,195,539

(Notes) 1. Method of business classification

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

2. Principal products, by business

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

3. Changes in accounting method

Current consolidated fiscal year interim period

(a) Changes in appraisal methods for principal assets

Traditionally, the Company and its domestic consolidated subsidiaries valued construction equipment using the amount after deduction of depreciation expense calculated according to the declining-balance method from the original prices, by separate fiscal year of purchase. Beginning from the first quarter of the current consolidated accounting fiscal year, the Company will calculate the amount after deduction of depreciation expense calculated according to the straight-line method from the original prices, by separate fiscal year of purchase.

In conjunction with this change, the operating income of the Company's construction-related business for the consolidated accounting fiscal year interim period under review increased by ¥34,192 thousand compared with what it otherwise would have been had the accounting standard used in past periods been applied.

(b) Change in depreciation method for depreciable assets

Beginning from the first quarter of the current consolidated accounting fiscal year, the Company and its domestic consolidated subsidiaries have changed the method for depreciation of rental equipment from the declining balance method to the straight-line depreciation method.

In conjunction with this change, the operating income of the Company's construction-related business for the consolidated accounting fiscal year interim period under review increased by ¥1,211,483 thousand compared with what it otherwise would have been had the accounting standard used in past periods been applied.

(c) Beginning from the first quarter of the current consolidated accounting fiscal year, the Company and its domestic consolidated subsidiary have changed the useful lives used for machinery and equipment (including machinery and equipment reported as rental equipment) based on revision of the Corporation Tax Law.

In conjunction with this change, the operating income of the Company's construction-related business for the consolidated accounting fiscal year interim period under review increased by ¥40,768 thousand compared with what it otherwise would have been had the accounting standard used in past periods been applied.

Consolidated accounting fiscal year interim period under review

Change of accounting method for completed contract revenues and cost of completed contracts

As described in item (3) of "4. Other" under Qualitative Information and Financial Statements, beginning from the first quarter consolidated accounting period the Company has revised its reporting method for completed contract revenues and cost of completed contracts.

The effect of this change on the Company's Steel Sales Division-related businesses is not material when compared with the accounting method the Company traditionally applied.

[Segment information by location]

FY2009 consolidated second quarter (from February 1, 2009 to April 30, 2009) and FY2009 consolidated interim period (from November 1, 2008 to April 30,

2009)

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

FY2010 consolidated second quarter (from February 1, 2010 to April 30, 2010) and FY2010 consolidated interim period (from November 1, 2009 to April 30, 2010)

The Company has omitted a description of segment information by location because revenues in Japan account for more than 90% of total revenue in all segments.

[Foreign sales]

FY2009 consolidated second quarter (from February 1, 2009 to April 30, 2009) and FY2010 consolidated second quarter (from February 1, 2010 to April 30, 2010), and FY2009 consolidated interim period (from November 1, 2008 to April 30, 2009) and FY2010 consolidated interim period (from November 1, 2009 to April 30, 2010)

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

(6) Note on Significant Changes to Shareholders' Equity

The Company had no material items to report.