



## Nine-month Consolidated Financial Report for the Fiscal Year ending October 31, 2012 (Japan GAAP)

September 7, 2012

Listed Company Name **Kanamoto Co., Ltd.**  
 Company Code Number **9678**  
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**  
 (URL <http://www.kanamoto.co.jp>)  
 Representative **Kanchu Kanamoto** President  
 Inquiries **Nobuhito Utatsu**  
 Director and Corporate Officer, Division Manager, Accounting Division  
 TEL 81-11-209-1600

Please send inquiries in English to [takayama@kanamoto.co.jp](mailto:takayama@kanamoto.co.jp)

Scheduled date for submission of Quarterly Report September 13, 2012  
 Scheduled date for commencement of dividend payments —  
 Preparation of Quarterly Settlement Supplementary  
 Explanatory Materials: No  
 Quarterly Earnings Briefings: No

### 1. Consolidated Operating Results for the Nine-Month Period of the Fiscal Year Ending October 31, 2012 (November 1, 2011 - July 31, 2012)

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

(Percentages shown are the percent increase or decrease compared to 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, 2012: Third Quarter	58,717	13.4	4,244	113.8	3,850	152.4	2,725	—
Fiscal Year ended October 31, 2011: Third Quarter	51,779	-2.7	1,985	-31.2	1,525	-37.9	69	-93.7

Note: Comprehensive income

Fiscal Year ending October 31, 2012 Third Quarter: ¥2,763 million (887.1%)

Fiscal Year ended October 31, 2011 Third Quarter: ¥279 million (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal Year ending October 31, 2012: Third Quarter	83.02	—
Fiscal Year ended October 31, 2011: Third Quarter	2.11	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Fiscal Year ending October 31, 2012: Third Quarter	131,667	40,395	29.8
Fiscal Year ended October 31, 2011	115,120	37,592	32.2

(Reference) Shareholders' equity

Fiscal Year ending October 31, 2012, Third Quarter ¥39,192 million

Fiscal Year ended October 31, 2011 ¥37,085 million

## 2. Dividends

	Annual Dividends 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, 2011	—	10.00	—	10.00	20.00
Fiscal year ending October 31, 2012	—	10.00	—		
Fiscal year ending October 31, 2012 (Projected)				10.00	20.00

(Note) Has the Company revised its most recently released dividend projection? No

## 3. Projected Consolidated Operating Results for the Fiscal year Ending October 31, 2012

(November 1, 2011 - October 31, 2012)

(Percentages indicate percent change from prior consolidated 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	76,280	7.3	4,710	62.1	4,200	87.5	2,110	81.0	64.26

(Note) Has the Company revised its most recently released projected consolidated operating results? No

## Notes to the Consolidated Operating Results

(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): Yes

Company newly included (Company name: Unite Co., Ltd.)

Company newly excluded (Company name: )

(2) Application of special accounting method in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(a) Changes in accounting principles in conjunction with revision of accounting standards: No

(b) Changes other than the above: No

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

(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, 2012 Third Quarter: 32,872,241 shares

Fiscal year ended October 31, 2011: 32,872,241 shares

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

Fiscal year ending October 31, 2012 Third Quarter: 38,935 shares

Fiscal year ended October 31, 2011: 37,712 shares

(c) Number of shares during the period (consolidated year-to-date)

Fiscal year ending October 31, 2012 Third Quarter: 32,834,140 shares

Fiscal year ended October 31, 2011: 32,834,544 shares

Note: Disclosure concerning status of implementation of quarterly review procedure

This quarterly earnings report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the Company has not completed the quarterly review procedure for quarterly financial statements.

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

Note Concerning Forward-Looking Statements

The above projections 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. Please refer to "I. Qualitative Information Concerning Quarterly Consolidated Operating Results (3) Qualitative Information Concerning Projected Consolidated Operating Results" on Page 7 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

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## I. Qualitative Information Concerning Quarterly Consolidated Operating Results

### (1) Qualitative Information Concerning Consolidated Operating Results

< Management Environment > (From November 1, 2011 to July 31, 2012)

A mild recovery trend was evident in some segments of Japan's economy during the Kanamoto Group's consolidated third quarter, driven to a large extent by restoration and reconstruction demand in the wake of the Great East Japan Earthquake. Nevertheless, an atmosphere of uncertainty lingered, with the outlook clouded by a rising unemployment rate, ongoing deflation, energy problems and numerous other factors. The international economy as well faced a host of issues that it struggled to overcome, including a rekindling of Europe's debt crisis, slowing economic growth in China and other newly developing countries, and soaring grain market prices that were driven upward by drought in the United States.

In the construction industry where the Kanamoto Group is mainly developing its business, capital investment spending in both the public and private sectors exceeded the previous year's volume, supported by restoration and recovery work following the Great East Japan Earthquake and the execution of a supplementary budget for nationwide disaster prevention measures. At the same time, the business environment raised a number of concerns regarding the future progress of these activities, including a shortage of construction workers in the devastated regions, a sharp rise in labor costs, and cutbacks in public works expenditures in non-stricken areas.

< Third Quarter Consolidated Year-to-Date Operating Results > (From November 1, 2011 to July 31, 2012)

The Kanamoto Group's operating results in general remained steady, in contrast to the Company's initial forecast. Nationwide, construction equipment demand was brisk. In addition to debris removal works in the three prefectures damaged by the Great East Japan Earthquake, positive factors included the partial start of restoration works such as sewerage systems, roads and ports, recovery works, disaster mitigation and disaster prevention measures works in various areas that suffered damage from heavy rainstorms, and earthquake resistant countermeasure works, particularly for the Tokyo Metropolitan Expressway.

To support the Great East Japan Earthquake restoration and reconstruction effort, every company in the Kanamoto Group formed a response team to send to the disaster area, which greatly expanded our flexible response capabilities. The Group also strove to secure earnings from every perspective, including measures to achieve more efficient operation based on optimum rental asset placement and further enhancing our lineup of information-aided construction and energy-saving new commercial products.

As a result of these factors, consolidated revenues for the first nine months of the Business Period ending in October 2012 were ¥58,717 million, up 13.4% compared with the same period of the previous consolidated fiscal year. Earnings were also higher, as consolidated operating income rose 113.8% from the same period one year earlier to ¥4,244 million, and consolidated ordinary income jumped 152.4% year-on-year to ¥3,850 million. Third quarter year-to-date consolidated net income improved significantly to ¥2,725 million, up from ¥69 million for the same period one year ago.

Results for each of the Group's business segments were as follows.

#### [ Business related to the Construction Equipment Rental Division ]

Looking at construction equipment rental revenue by region, the Hokkaido Region faced difficult circumstances as the effects of a reduction in the public sector demand that accompanied the restoration budget began to appear. Thanks to strenuous efforts to develop the Group's business and projects such as work related to extension of the Shinkansen line, however, revenues edged up 1.5% compared with the same period of the previous consolidated fiscal year. In the Tohoku Region, revenues were up broadly, rising 40.5% year-on-year because of relatively strong rental demand in Niigata and Aomori, and works related to earthquake disaster recovery-related construction in the three damaged prefectures. Revenues in the Kanto Region were up 8.6% from the same period one year earlier. In addition to large-scale projects, this growth was supported by steady ground improvement works and foundation construction, public works such as disaster prevention and disaster mitigation works, and the recovery of private sector construction investment in the Tokyo metropolitan area. In the Kinki & Chubu Region, which also benefited from disaster prevention and disaster mitigation works in metropolitan areas, as well as growth in demand for electric generators because of scheduled electricity blackouts, revenues increased 9.6% over the same period in the previous fiscal year. The Kyushu & Okinawa

Region was nearly unchanged, with revenues up just 0.1% from the corresponding period of the previous fiscal year.

Although construction equipment rentals overseas account for only a very small portion of Kanamoto's operating results, revenues from this activity grew 78.0% from the corresponding period of the prior year as the Company worked to attract demand in Southeast Asia. Conditions at each overseas subsidiary varied considerably. Revenues at Shanghai Jinheyuan Engineering Construction Co., Ltd. were off 11.6% year-on-year, as the economic slowdown in China was gradually revealed and construction demand slumped in various regions. SJ Rental, Inc. was basically flat, as the demand trend in Guam was unchanged. On the other hand, KANAMOTO (HK) CO., LTD., an unconsolidated subsidiary, maintained its strong growth by posting a 467.2% increase in revenue over the previous year thanks to a vigorous, large-scale intra-regional project.

Overseas sales of used construction equipment contracted 29.6% compared with the first nine months of the previous fiscal year, as the Company continued to postpone sales as part of its response to Great East Japan Earthquake restoration demand.

As a result of these factors, revenues for Kanamoto's construction-related businesses for the first nine months of the fiscal year increased 14.6% from the same period of the previous consolidated fiscal year to ¥54,015 million, and operating income climbed 139.0% year-on-year to ¥4,014 million.

#### [ Other Businesses ]

In the steel products sales business the Company is developing in Hokkaido, revenue was off 5.4% from the same period of the previous fiscal year as the demand for steel materials in Sapporo slipped during the construction industry's off-peak season. The Company's information and telecommunications-related business, on the other hand, achieved 19.6% growth in revenue thanks to a recovery in personal computer rental demand and steady expansion of the employee dispatch business.

As a result of these factors, for the third quarter year-to-date consolidated period under review, revenues from other businesses rose by 1.3% from the same period of the previous consolidated fiscal year to ¥4,702 million, while operating income fell 10.9% year-on-year to ¥102 million.

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

The Company did not open or close any branches during its third quarter consolidated business period.

Beginning from the third quarter of the current consolidated fiscal year, Kanamoto will include Unite Co., Ltd. in the scope of consolidation as announced on June 28, 2012.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, liabilities and net assets

Total assets at the end of the third quarter under review increased by ¥16,547 million compared with the end of the previous consolidated fiscal year to ¥131,667 million. This mainly reflected an increase of ¥12,885 million in assets, including an increase of ¥5,478 million in rental equipment, because the Company acquired the shares of Unite Co., Ltd. and newly included that company within the scope of consolidation during the third quarter consolidated period under review.

Total liabilities increased by ¥13,744 million compared with the end of the previous consolidated fiscal year to ¥91,271 million. This was mainly an increase of ¥10,467 million as a result of the newly consolidated entity, identical to the factor that resulted in the increase in total assets, including an increase of ¥1,777 million in lease obligations in conjunction with leasing agreements and an increase of ¥3,532 million in long-term accrued expenses in conjunction with installment payment agreements, which are used as a means to procure rental equipment.

Total Net Assets were ¥40,395 million, ¥2,803 million higher than at the end of the prior consolidated fiscal year. This mainly reflected third quarter net income of ¥2,725 million.

(3) Qualitative Information Concerning Projected Consolidated Operating Results

There are no revisions to the full-year projected operating results for the Business Period ending on October 31, 2012 that the Company announced in its *Six-month Consolidated Financial Report for the Fiscal Year Ending October 31, 2012 [Japan GAAP]* dated June 8, 2012.

When Kanamoto's current management environment is examined, construction equipment rental demand in the Tohoku and Kanto areas stricken by last year's disaster remains extremely vigorous because of earthquake disaster reconstruction. In addition, demand is also strong because of coastal surge barrier works for nuclear plants and construction of evacuation routes. Consequently, commensurate operating results are expected during the second half of Kanamoto's current fiscal year.

Nevertheless, because of the fact a demand forecast for regions not devastated by the earthquake cannot be envisaged easily because of reductions in public works expenditures, and the fact that even in the three earthquake-damaged prefectures the orientation of future restoration and recovery efforts is still undecided and many aspects of the future progress of these works cannot be understood in detail, the Company has maintained its operating results forecast as indicated above.

## II. Matters Concerning Summary Information (Notes)

### (1) Changes to Material Subsidiaries during the Consolidated Period under Review

During the first quarter, Kanamoto absorbed and merged with SRG Kanamoto Co., Ltd., a consolidated subsidiary, with Kanamoto as the surviving company.

In the third quarter consolidated period under review, Kanamoto acquired the shares of Unite Co., Ltd., and included that entity within the scope of consolidation.

### (2) Supplemental Information

#### (Retirement allowances to directors and auditors)

Kanamoto and certain of its consolidated subsidiaries resolved at the Board of Directors of each company to discontinue the system for retirement allowances to directors and auditors, and the termination payment in conjunction with discontinuation of the system for retirement allowances to directors and auditors was resolved and approved by the Regular General Meeting of the Shareholders of each company.

In accordance with this change, Kanamoto has reversed the full amount of the retirement allowances to directors and auditors corresponding to the period until the conclusion of the Regular General Meeting of the Shareholders, and disclosed the unpaid amount of ¥217,138,000 in conjunction with the termination payment by including the amount in long-term accrued expenses reported under long-term liabilities.

#### (Accrued employees' retirement benefits)

Kanamoto and certain of its consolidated subsidiaries have discontinued the system for retirement allowances to Corporate Officers at the conclusion of the Regular General Meeting of the Shareholders, based on a resolution of each company's Board of Directors.

Furthermore, when the termination payments to directors and auditors were resolved at the same General Meeting of the Shareholders, the payment of a termination payment to corporate officers was similarly decided.

In accordance with this change, Kanamoto has disclosed accrued employees' retirement benefits of ¥34,805,000 corresponding to the period until the conclusion of the Regular General Meeting of the Shareholders by including the amount in long-term accrued expenses reported under long-term liabilities.

#### (Application of the *Accounting Standard for Accounting Changes and Error Corrections*)

Beginning from accounting changes and corrections of past errors that were implemented from the beginning of the first quarter consolidated accounting period, the Company will apply the *Accounting Standard for Accounting Changes and Error Corrections* (Accounting Standards Board of Japan Statement No. 24 dated December 4, 2009) and the *Guidance on the Accounting Standard for Accounting Changes and Error Corrections* (Accounting Standards Board of Japan Guidance No. 24 dated December 4, 2009).

#### (Effect of revisions to the corporation tax rate)

The "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011, and the revisions to the corporate tax rate and assessment of the Special Reconstruction Corporation Tax will be applied from the consolidated fiscal year that begins on or after April 1, 2012. In conjunction with this change, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be revised from 40.4% applied in the past to 37.7% for temporary differences expected to be eliminated from the consolidated fiscal year that begins on November 1, 2012 until the consolidated fiscal year that begins on November 1, 2014, and to 35.3% for temporary differences expected to be eliminated from the consolidated fiscal year that begins on November 1, 2015.

As a result of this tax rate revision, deferred tax assets (the amount after deducting deferred tax liabilities) has been decreased by ¥55,889,000, and the adjustment for corporate and other taxes increased by ¥77,237,000.



### III. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year (As of October 31, 2011)	Current Consolidated Fiscal Year Third Quarter (As of July 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	20,059,836	19,622,926
Notes and accounts receivable, trade	16,419,596	21,399,330
Negotiable securities	350,000	350,000
Work in progress	33,299	47,251
Merchandise inventories and products	621,325	570,264
Raw materials and supplies	198,063	237,758
Construction equipment	1,557,207	2,135,598
Income taxes receivable	10,156	14,740
Consumption tax receivable	103,824	19,446
Deferred tax assets	383,915	514,343
Other	606,178	644,896
Allowance for doubtful accounts	- 368,095	- 389,829
<b>Total Current Assets</b>	<b>39,975,310</b>	<b>45,166,727</b>
Fixed assets		
Tangible fixed assets		
Rental equipment assets	72,929,202	105,534,128
Accumulated depreciation	- 41,233,812	- 63,128,909
<b>Net rental equipment assets</b>	<b>31,695,389</b>	<b>42,405,219</b>
Buildings and structures	20,871,684	22,195,690
Accumulated depreciation	- 13,481,705	- 14,400,892
<b>Net buildings and structures</b>	<b>7,389,979</b>	<b>7,794,797</b>
Machinery, equipment, vehicles and delivery equipment	5,131,902	5,361,848
Accumulated depreciation	- 4,491,947	- 4,742,975
<b>Net machinery, equipment, vehicles and delivery equipment</b>	<b>639,955</b>	<b>618,873</b>
Land	29,907,779	29,658,925
Other	1,422,796	1,576,639
Accumulated depreciation	- 1,186,184	- 1,283,868
<b>Net other</b>	<b>236,611</b>	<b>292,770</b>
<b>Total Tangible Fixed Assets</b>	<b>69,869,715</b>	<b>80,770,586</b>
Intangible fixed assets		
Goodwill	159,081	36,677
Other	243,722	220,194
<b>Total Intangible Fixed Assets</b>	<b>402,804</b>	<b>256,871</b>
Investments and other assets		
Investment securities	3,202,316	3,327,033
Deferred tax assets	658,472	911,836
Other	1,866,172	2,053,113
Allowance for doubtful accounts	- 732,482	- 689,555
Reserve for investment losses	- 122,010	- 129,010
<b>Total Investments and Other Assets</b>	<b>4,872,468</b>	<b>5,473,418</b>
<b>Total Fixed Assets</b>	<b>75,144,988</b>	<b>86,500,876</b>
<b>Total Assets</b>	<b>115,120,298</b>	<b>131,667,604</b>

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year (As of October 31, 2011)	Current Consolidated Fiscal Year Third Quarter (As of July 31, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable, trade	13,318,570	16,681,139
Short-term bank loans	11,155,150	902,781
Long-term bank loans due within one year	9,853,531	12,579,448
Current portion of bonds	22,000	—
Lease obligations	1,087,355	1,079,057
Corporate taxes payable	322,353	1,465,329
Accrued bonuses to employees	531,006	552,536
Allowance for disaster losses	289,850	128,421
Accounts payable, other	7,574,532	8,040,815
Other	1,188,201	1,624,410
<b>Total Current Liabilities</b>	<b>45,342,552</b>	<b>43,053,941</b>
Long-term liabilities		
Long-term bank loans	17,063,051	27,758,773
Lease obligations	1,430,603	3,207,796
Accrued employees' retirement benefits	37,455	884
Retirement allowances to directors and auditors	210,336	—
Long-term accrued expenses	13,251,369	16,784,172
Asset retirement obligations	147,078	209,232
Other	45,143	256,991
<b>Total Long-term Liabilities</b>	<b>32,185,039</b>	<b>48,217,851</b>
<b>Total Liabilities</b>	<b>77,527,592</b>	<b>91,271,792</b>
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	9,696,717	9,696,717
Capital surplus	10,960,749	10,960,761
Retained earnings	16,297,314	18,350,482
Treasury stock	- 25,240	- 26,537
<b>Total Shareholders' Equity</b>	<b>36,929,541</b>	<b>38,981,422</b>
Accumulated other comprehensive income		
Valuation difference on other investment securities	198,819	251,573
Translation adjustments account	- 42,758	- 40,060
<b>Total Accumulated Other Comprehensive Income</b>	<b>156,060</b>	<b>211,513</b>
Minority interests	507,104	1,202,875
<b>Total Net Assets</b>	<b>37,592,706</b>	<b>40,395,811</b>
<b>Total Liabilities and Net Assets</b>	<b>115,120,298</b>	<b>131,667,604</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Consolidated nine-month period ended July 31, 2012)

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year Third Quarter (From November 1, 2010 to July 31, 2011)	Current Consolidated Fiscal Year Third Quarter (From November 1, 2011 to July 31, 2012)
Revenues	51,779,568	58,717,469
Cost of revenues from operations	36,697,694	41,036,747
Gross profit	15,081,873	17,680,722
Selling, general and administrative expenses	13,096,837	13,436,453
Operating income	1,985,036	4,244,269
Non-operating income		
Interest income	7,853	6,266
Dividend income	50,547	85,232
Insurance benefits	30,848	25,617
Rents received	39,507	40,633
Cash bonus received	4,794	22,519
Amortization of negative goodwill	52,374	52,374
Reversal of allowance for doubtful accounts	—	5,520
Other	77,364	151,232
Total non-operating income	263,289	389,396
Non-operating expenses		
Interest expense	567,700	633,819
Loss on sale of notes receivable	31,483	35,385
Other	123,849	113,957
Total non-operating expenses	723,034	783,163
Ordinary income	1,525,291	3,850,503
Extraordinary income		
Gain on sale or retirement of fixed assets	11,547	20,233
Gain on sale of investment securities	52	1,092
Reversal of allowance for doubtful accounts	5,625	—
Subsidies	32,848	115,666
Gain on liquidation of subsidiary	—	19,615
Gain on negative goodwill	—	671,889
Other	6,645	252
Total extraordinary income	56,719	828,751
Extraordinary losses		
Loss on sale or retirement of fixed assets	85,125	56,620
Impairment loss	—	183,896
Valuation loss on investment securities	104,059	1,849
Transfer to reserve for investment losses	4,000	—
Extraordinary expenses resulting from application of the <i>Accounting Standard for Asset   Retirement Obligations</i>	95,530	—
Loss from disaster	677,957	—
Other	114	184
Total extraordinary losses	966,787	242,549
Income before taxes and adjustments	615,223	4,436,705
Corporate, local and business taxes	536,540	1,876,536
Adjustment for corporate and other taxes	22,087	- 140,957
Total corporate and other taxes	558,628	1,735,579

Income before minority interest	56,595	2,701,125
Minority interest in income or loss (-)	- 12,608	- 24,742
Net income	69,203	2,725,867

(Quarterly Consolidated Statements of Comprehensive Income)  
(Consolidated nine-month period ended July 31, 2012)

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year Third Quarter (From November 1, 2010 to July 31, 2011)	Current Consolidated Fiscal Year Third Quarter (From November 1, 2011 to July 31, 2012)
Income before minority interest	56,595	2,701,125
Other comprehensive income		
Valuation difference on other investment securities	223,925	52,753
Translation adjustments account	- 603	9,175
Total other comprehensive income	223,321	61,929
Quarter comprehensive income	279,916	2,763,054
(Breakdown)		
Comprehensive quarterly income attributable to owners of the parent	292,602	2,781,320
Comprehensive quarterly income attributable to minority interests	- 12,686	- 18,265

(3) Notes Relating to the Going Concern Assumption

The Company had no material items to report.

(4) Business Segment Information

I Third quarter of the previous consolidated fiscal year (from November 1, 2010 to July 31, 2011)

1. Information concerning revenues and profit or loss of each reporting segment

(Unit: Thousands of yen)

	Reporting segment	Other businesses (See Note)	Total
	Business related to the Construction Equipment Rental Division		
Revenues			
Revenues from customers	47,139,363	4,640,204	51,779,568
Sales or transfers between segments	—	—	—
Total	47,139,363	4,640,204	51,779,568
Segment operating income	1,679,333	115,345	1,794,679

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division and other businesses.

2. Difference between total reporting segment profit or loss and the amount reported on the Consolidated Quarterly Statements of Income, and the main reasons for the difference

(Matters Pertaining to Reconciliation of Difference)

(Unit: Thousands of yen)

Earnings	Amount
Reporting segment total	1,679,333
Earnings from "Other businesses" classification	115,345
Other adjustments	190,356
Operating income reported on the Quarterly Consolidated Statements of Income	1,985,036

II Third quarter of the current consolidated fiscal year (from November 1, 2011 to July 31, 2012)

1. Information concerning revenues and profit or loss of each reporting segment

(Unit: Thousands of yen)

	Reporting segment	Other businesses (See Note)	Total
	Business related to the Construction Equipment Rental Division		
Revenues			
Revenues from customers	54,015,273	4,702,196	58,717,469
Sales or transfers between segments	—	—	—
Total	54,015,273	4,702,196	58,717,469
Segment operating income	4,014,083	102,817	4,116,900

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division and other businesses.

2. Difference between total reporting segment profit or loss and the amount reported on the Consolidated Quarterly Statements of Income, and the main reasons for the difference  
(Matters Pertaining to Reconciliation of Difference)

(Unit: Thousands of yen)

Earnings	Amount
Reporting segment total	4,014,083
Earnings from "Other businesses" classification	102,817
Other adjustments	127,369
Operating income reported on the Quarterly Consolidated Statements of Income	4,244,269

### 3. Information concerning fixed asset impairment loss and goodwill by reporting segment

(Material impairment losses pertaining to fixed assets)

The Company has reported an impairment loss on business assets used in the “Business related to the Construction Equipment Rental Division” segment because the value the Company expects to recover has fallen below the book value. The amount of the impairment loss reported for the consolidated third quarter year-to-date period is ¥183,896,000.

(Material gain on negative goodwill)

The Company has reported a gain on negative goodwill of ¥671,889,000 in extraordinary income in the “Business related to the Construction Equipment Rental Division” segment because Unite Co., Ltd., a newly acquired subsidiary, will be included within the scope of consolidation beginning from the third quarter of the consolidated fiscal year under review.

### (5) Note on Significant Changes to Shareholders' Equity

The Company had no material items to report.

### (6) Material Subsequent Events

(Dissolution and settlement of consolidated subsidiary)

At its Board of Directors meeting held on September 7, 2012, Kanamoto resolved to dissolve and liquidate SJ Rental, Inc., a consolidated subsidiary.

#### 1. Reason for dissolution and settlement

SJ Rental, Inc. was managing a construction equipment rental business related to construction works in Territory of Guam, United States. Because the rental demand initially anticipated when the subsidiary was established can no longer be expected in the foreseeable future because the infrastructure construction works related to the reassignment of US forces in Japan have been postponed, Kanamoto resolved to dissolve and liquidate this subsidiary.

#### 2. Summary of the dissolved and settled subsidiary

Company name	SJ Rental, Inc.
Head office	Territory of Guam, United States
President	Naoki Mukunashi
Capital	US\$2,706,000
Voting rights	100%

#### 3. Dissolution and settlement date

September 2013      Liquidation (scheduled)

#### 4. Effect of the dissolution and settlement on earnings

The Company is currently calculating the effect of the dissolution and settlement on earnings.

#### 5. Material effects of dissolution and settlement on business operations etc.

The effect of this change on the Company's business operations is not material.