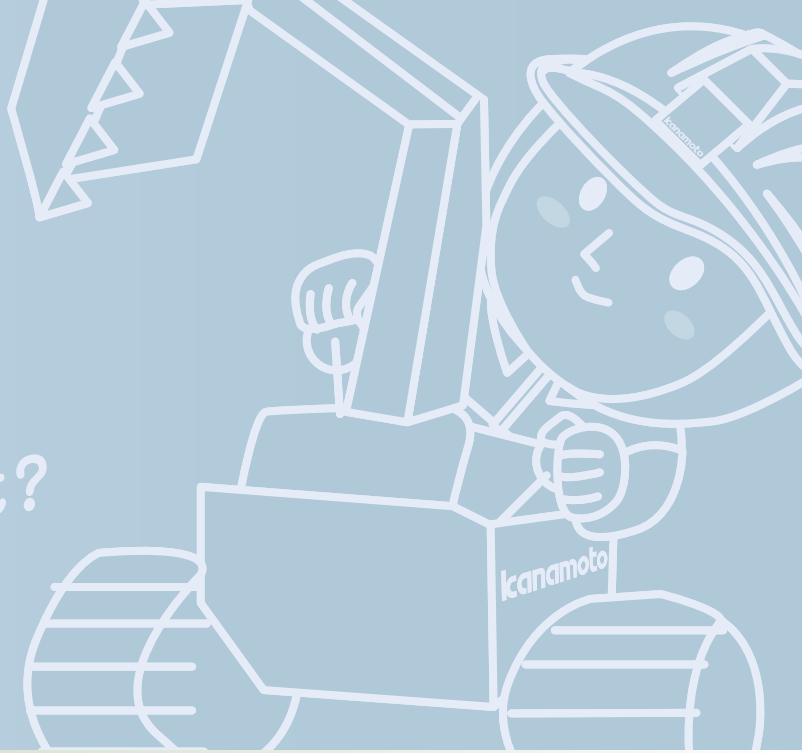
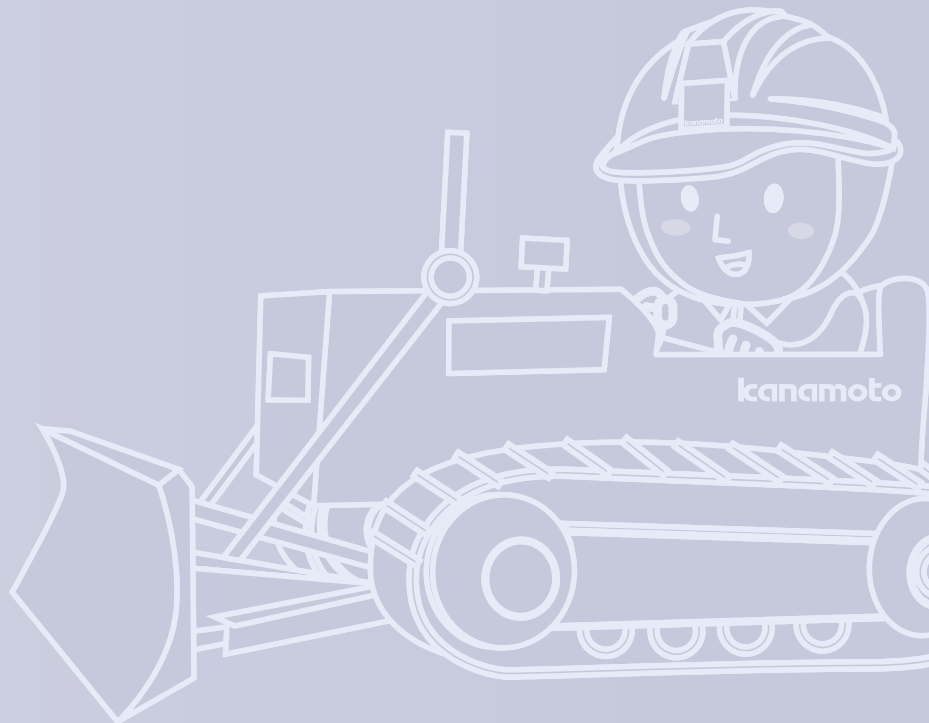


How about renting it?



Semiannual Report **2006**
For the Six months ended April 30,



ミッション・ステートメント

四十余年にわたり培った“カナモト・スタイル”。
さらなる可能性を求め、これからも。

カナモトの成長は、日本の建機レンタル業界の発展と軌を一にしてきました。品目、品質管理、供給チャネルのほか、時代に即して開発してきたカナモトの最先端のビジネスモデルは、お客様の経営合理化に寄与しています。全国のお客様からのご支持をベースに、カナモトはこれからもレンタルソリューションの可能性を拡張させてまいります。

本レポートに掲載されている貸借対照表・損益計算書は、現行の日本の会計制度に則り作成されたものです。

Mission Statement

**Over forty years of continually challenging the potential of the construction equipment rental business.
Always striving to achieve the highest level of service.**

Kanamoto's growth has been synonymous with the development of Japan's construction equipment rental business. Whether the concern is products, quality assurance, supply channels, or a state-of-the-art business model developed to meet changing times, helping customers rationalize their operations has always been our foremost goal.

With support from customer firms nationwide, Kanamoto will further expand the possibilities for construction equipment rental solutions in the years ahead.

For purposes of this report, the Balance Sheets and Statements of Income were created using financial data prepared according to Japan's Securities Report guidelines.



シンボルキャラクター「カナモト坊や」

当社ホームページ開設とともに、幼児向けキャラクターとして、1996年に誕生した「カナモト坊や」。最近ではホームページを飛び出して、広告やノベルティグッズのデザインに登場したり、今夏からはレンタル機械に貼り付けられるステッカーにもなっています。

当社整備スタッフと同じオーバーオールに身を包んだ「カナモト坊や」は、当社が提供する商品・サービスの「高品質」を証明するシンボルマークでもあります。これからもロゴマークと同様、当社のブランディングキャラクターとして幅広い露出を計画しています。

Symbol character "Kanamoto Kid"

"Kanamoto Kid" made his debut as a character aimed at children in 1996, when Kanamoto created its website. Recently he's been roaming beyond the confines of the Company's homepage, and has appeared in designs for Kanamoto's advertisements and novelty goods. Beginning this summer, he'll be prominent in the stickers Kanamoto places on its rental equipment as well. Dressed in the same overalls as Kanamoto's equipment maintenance and repair staff, Kanamoto Kid is a symbol of the high quality Kanamoto provides in all of its products and services. As with its logo mark, Kanamoto is planning broad exposure of Kanamoto Kid in the future as a brand character.

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将来見通しの記述について

このレポートに記載されている株式会社カナモトの計画、戦略などのうち、過去の事実以外のものは将来の業績に関する見通しの記述であり、現在入手可能な情報に基づく仮定となっております。これら将来の見通しの記述は、既知のリスク、未知のリスクの不確かさ、その他の要因などを含み、株式会社カナモトの実際の経営成績・業績とは大きく異なる可能性があります。

Forward-Looking Statements

Statements included as part of the Kanamoto Co., Ltd. plans and strategies described in this report, other than statements of actual past facts, are descriptions of the Company's outlook concerning future operating results and are assumptions based on information currently available.

These descriptions of the future outlook contain known risks and unidentified risks, as well as other uncertainty factors, and the actual management performance and operating results of Kanamoto Co., Ltd. may vary substantially from the descriptions provided herein.

当社グループ連結決算
Financial Highlights (Consolidated)

		百万円 / Millions of Yen			千ドル Thousands of U.S. dollars
		April 30, 2005	October 31, 2005	April 30, 2006	April 30, 2006
売上高	Rental revenues and sales of goods	¥ 33,126	¥ 63,975	¥ 34,520	\$ 301,750
営業利益	Operating income	1,291	1,404	2,873	25,115
当期純利益	Net income	463	352	1,048	9,165
株主資本	Total shareholders' equity	33,090	33,465	35,262	308,240
総資産	Total assets	85,510	81,977	87,003	760,522

		円 / Yen			ドル / U.S. dollars
		April 30, 2005	October 31, 2005	April 30, 2006	April 30, 2006
1株当たり当期純利益	Net income per share of common stock	¥ 15.53	¥ 11.57	¥ 35.12	\$ 0.31
1株当たり配当	Cash dividends per share of common stock	9.00	18.00	9.00	-

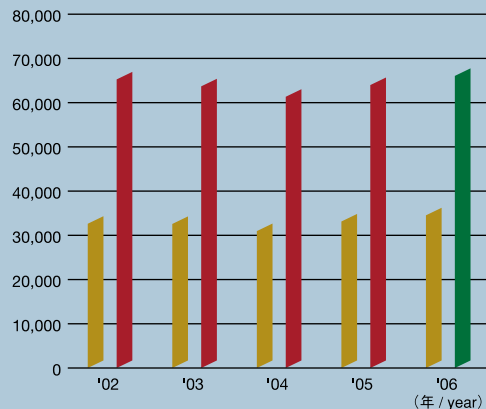
*表示されている米ドル金額は、2006年4月30日現在のおおよその実勢為替レート1ドル=114.40円により換算しています。

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥114.40 = US \$1, the approximate exchange rate on April 30, 2006.

■ = 中間 / Interim period ■ = 通期 / Full year ■ = 通期予想 / Projected

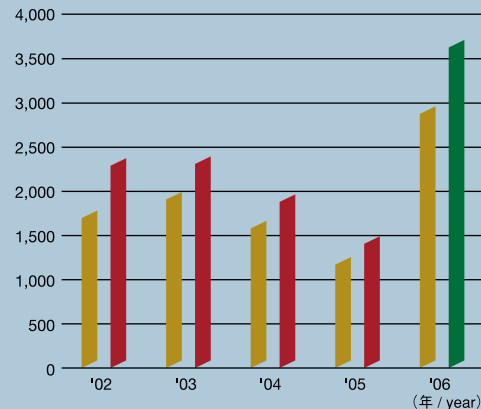
売上高
Revenues

(百万円 / Millions of Yen)



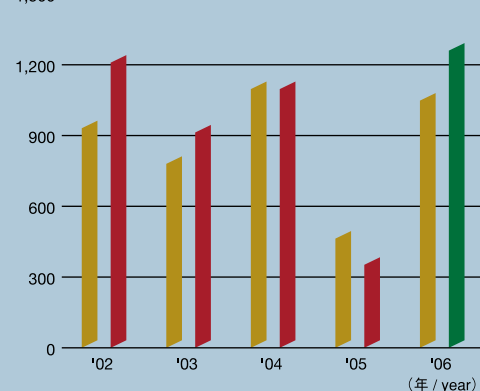
営業利益
Operating Income

(百万円 / Millions of Yen)



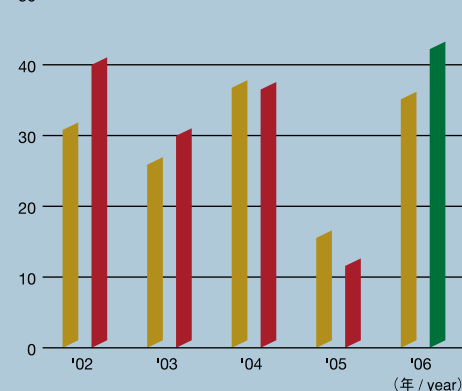
当期純利益
Net Income

(百万円 / Millions of Yen)



1株当たり当期純利益 (EPS)
Net Income per Share

(円 / Yen)



第42期中間事業報告書

2005(平成17)年11月1日から
2006(平成18)年4月30日まで

財務セクション

第42期中間事業報告書

連結財務の状況

個別財務の状況

営業の状況

【経営成績】

■当連結会計期間の概況

当期の日本経済は、主要金融機関を筆頭に、外需が好調の鉄鋼、機械などの製造業や海運など輸出関連産業のほか、不動産や広告、情報サービスなど国内需要を糧にする業種についても業績が回復、景気は好景気局面を迎えつつあります。しかしながら、この基調も首都圏を中心としたもので、地方は相変わらず厳しい経済環境にあり、個人消費も格差が拡大しており、すべての面で二極化が進みました。当社グループのユーザーである建設業界でも同様で、首都圏では堅調な民需に潤いましたが、地方では官民ともに建設設備投資の減退が続き、厳しい環境にありました。当社グループの事業別の概況及び特記すべき事業展開等については下記のとおりです。

■建設関連事業

建設関連事業の当中間期業績は、厳しい事業環境のなか、売上高は312億41百万円(対前年同期比4.7%増)、営業利益は27億42百万円(同133.0%増と増収増益となりました)。また、当社の当該事業部門単体では、レンタル売上は対前年同期比5.8%増の214億40百万円、販売売上は同9.1%増の60億45百万円、合計で274億85百万円、対前年同期比で6.5%増の結果となりました。

当社単体の状況

当社の建機レンタル売上を地域別に見ると、北海道地区・東北地区とも建設総投資額が大きく前年割れをしているなか、それぞれ民間建設や北海道新幹線プロジェクトなど各地で取りこぼのないよう奮闘した結果、北海道地区は対前年同期と変わらない売上を確保、東北地区は同12.2%増と前期同様好調に推移しました。

また、関東信越地区は好調な首都圏に加え、新潟県の災害復旧工事や北関東での民間設備投資と各地の需要を取り込めたことから同7.9%増、近畿中部地区は(株)カンキとの相乗効果に加えて神戸・淡路島・福井の災害復旧工事のほか大阪の需要回復などから同5.5%増となりました。この結果、北海道、本州及びその他の、地域比率は31.4% : 68.6%でした。

連結子会社の状況

第一機械産業(株)は、鹿屋・垂水両地区での建機レンタルが好調に推移し、売上高は前年同期比5.8%増、営業利益は同66.7%増の増収増益となりました。

(株)エスアールジー・カナモトは札幌圏内の民間建築工事と橋梁工事向け足場が好調に推移。売上高は対前年同期比15.1%増、営業損失も同92.6%減と大幅な改善をみました。

(株)アシストは、測量機器レンタル事業を当社アライアンスグループ企業に一本化したため当初目標よりも収益幅は小さくなったものの、売上高は対前年同期比4.0%増、営業利益も同39.1%増の増収増益となりました。

(株)カンキは、レンタル売上は堅調に推移したものの商品販売が伸び悩んだため、売上高は対前年同期比17.7%減でした。なお、大幅増強したレンタル用資産のコスト負担があったものの営業利益は56百万円増と大幅に改善しました。

(株)カナテックは、受注・生産のタイムラグもあり売上高は対前年同期比13.7%減となりましたが、営業損失は97.6%減の改善をみました。

なお、地盤改良用建設機械の技術開発・製作・販売を行っているフローテック(株)を子会社化いたしました。

当該事業年度の連結経営成績の結果

	当該中間期	前中間期
売上高	34,520 (4.2)	33,126 (7.0)
営業利益	2,873 (122.5)	1,291 (18.2)
経常利益	2,801 (136.3)	1,185 (22.4)
中間純利益	1,048 (126.1)	463 (57.8)

単位：百万円 括弧内は対前年同期比増減(%)

■鉄鋼関連事業

新商材(高耐久断熱防水屋根、KTルーフシステム)をはじめ取扱高も順調に推移しましたが、普通鋼材の市中国在庫が過剰気味となり販売価格が急落したことから売上高は30億58百万円、対前年同期比で0.1%減、営業利益も同47.0%減の12百万円となりました。

■情報関連事業

情報機器事業部門は、首都圏でのパソコンレンタル需要が堅調だったものの、レンタル料金の低廉化もあって対前年同期比では2.2%減。一方、商品販売は中古機販売が好調に推移し同45.0%増、部門全体では2億19百万円(同2.0%増)の増収、営業利益は21百万円(同100.6%増)でありました。

【経営方針】

■目標とする経営指標、中長期的な経営戦略

当社は、毎期の設備投資負担が非常に大きく、かつ、数年に渡る期間損益を考慮しなければならない事業形態であることから、従前からキャッシュ・フロー同様、EBITDA+(減価償却前営業利益)の拡大を重要な指標のひとつに据えております。

進行中の長期経営計画(2003年11月～2008年10月)の数値目標は、右記のとおりです。長期経営計画の数値目標については、前期末に保守的な修正を加えましたが、当中間期の業績結果を踏まえ、当期通期(2006年10月期)予想については上方修正をしております。

当社を取り巻く環境は引き続き厳しさが予想されるものの、利益重視の経営を実践し財務体質の改善と強化を図る現在の基本方針はそのままに、一層の業績拡大とマーケットに評価される『強いカナモト』を目指し、以下に記した経営戦略の一つ一つを着実に実践してまいります。

「メタモルフォーゼ」数値目標

		2006年10月期	2008年10月期
連結の業績	売上高	66,050	68,390
	経常利益	3,420	3,890
	EPS	42.21円	68.34円
単体の業績(当社)	売上高	59,600	61,700
	経常利益	3,430	3,900
	EBITDA+	18,330	18,930

単位：百万円 EPSは1株当たり当期純利益(単位：円)

(1)利益重視のレンタル用資産構成の継続

収益率の高い機種を優先的に増強していきます。また、既に最新型公害対策機をラインナップ済みであるため、これまでの入替えのために短期化していた運用期間を適正化して利益率向上に努めます。

(2)大胆なスクラップ&ビルドの実施

大都市圏、特に首都圏でのシェア獲得が当社の一層の業績拡大につながることから、地方は現状維持を基本として最小限の新設に止め、首都圏及び大都市圏周辺での早急な新設を実施してまいります。また、業績の伸長可能性、採算性をよく吟味して引き続き拠点閉鎖・統合を検討してまいります。

(3)顧客第一の強い営業体制の構築

ユーザーニーズを徹底的に検証した営業手法、現場に即したオンリーワン商品が徐々に浸透してきております。また、新カナモト総合補償制度や、災害発生時の緊急要請対応契約締結など、地域社会とのかかわりを一層強めてまいります。

(4)アライアンス戦略

北海道から沖縄まで各地に点在する当社グループ企業並びにアライアンス(提携)企業については、各種商材、情報の共有化を図りつつ、カナモトグループ各社間の企業連携を強化してシナジー効果を高めてまいります。

■通期の見通し

日本経済は、不良債権処理も進み業績回復をした主要金融機関を軸にして、海外需要に沸く機械、自動車産業など大手企業を中心に好業績を収めております。景気動向指数では大方の産業で復調の兆しが見られるなど、全国的に好景気の様相を呈しておりますが、唯一、業績回復から見放されているのは建設業界であります。とりわけ地方における建設業界を取り巻く環境は、地方財政の逼迫から厳しい状況が続いていることから、経営環境は大きく改善する見込みがないものと想定しております。

上述の背景から、当社グループの経営環境も不透明な建設需要に左右され引き続き厳しさが予想されますものの、2006年5月25日付のプレスリリースで既報のとおり、中間業績を踏まえ通期業績予想については上方修正いたしております。

収入面、利益面ともに予断を許しません。収益体質の改善がなされてきたこと、営業力も回復傾向にあることなど現在進行中の長期経営計画の諸施策が具現化しつつありますので、この基調を維持すべく収益確保に努めてまいります。

通期(2006年10月期)の連結業績予想

	前回発表値	今回修正予想	増減額(率)	前期実績
売上高	63,210	66,050	2,840 (4.5)	63,975
営業利益	1,910	3,630	1,720 (9.1)	1,404
経常利益	1,680	3,420	1,740(103.6)	1,550
当期純利益	610	1,260	650(106.6)	352

単位：百万円 括弧内は対前年同期比増減(%)
ご参考：1株当たり予想当期純利益(通期)42.21円

通期(2006年10月期)の個別業績予想

	前回発表値	今回修正予想	増減額(率)	前期実績
売上高	56,760	59,600	2,840 (5.0)	57,202
営業利益	1,650	3,330	1,680(101.8)	1,526
経常利益	1,730	3,430	1,700 (98.3)	1,960
当期純利益	700	1,310	610 (87.1)	609

単位：百万円 括弧内は対前年同期比増減(%)
ご参考：1株当たり予想当期純利益(通期)43.89円



連結財務諸表

中間連結貸借対照表

(単位：百万円)

	第41期中間 (2005.4.30)		第41期末 (2005.10.31)		第42期中間 (2006.4.30)			第41期中間 (2005.4.30)		第41期末 (2005.10.31)		第42期中間 (2006.4.30)	
	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)		金額	構成比(%)	金額	構成比(%)	金額	構成比(%)
資産の部							負債の部						
流動資産	34,148	39.9	30,718	37.5	36,467	41.9	流動負債	29,373	34.4	26,137	31.9	30,083	34.6
現金及び預金	18,839		14,111		21,065		支払手形及び買掛金	13,039		10,837		13,441	
受取手形及び売掛金	12,705		14,329		13,242		短期借入金	655		577		558	
たな卸資産	575		538		641		1年以内返済予定の長期借入金	10,497		10,718		10,570	
建設機材	1,688		1,469		1,312		未払法人税等	708		555		1,158	
繰延税金資産	371		318		316		賞与引当金	532		515		566	
その他	648		873		494		役員賞与引当金	-		-		2	
貸倒引当金	680		923		605		未払金	3,327		2,464		2,617	
固定資産	51,361	60.1	51,258	62.5	50,535	58.1	その他	610		467		1,167	
有形固定資産	44,553	52.1	43,538	53.1	42,382	48.7	固定負債	22,957	26.8	22,303	27.2	21,546	24.8
レンタル用資産	10,452		9,811		9,260		長期借入金	19,185		18,643		17,545	
建物及び構築物	6,752		6,501		6,291		退職給付引当金	1,341		1,525		1,592	
機械装置及び運搬具	848		792		740		役員退職慰労引当金	120		110		138	
土地	26,062		26,140		25,791		長期未払金	2,237		1,968		1,871	
建設仮勘定	95		-		24		繰延税金負債	-		-		364	
その他	342		292		273		その他	72		55		33	
無形固定資産	782	0.9	688	0.8	610	0.7	負債合計	52,330	61.2	48,440	59.1	51,629	59.4
投資その他の資産	6,025	7.1	7,031	8.6	7,542	8.7	少数株主持分						
投資有価証券	4,318		5,753		6,601		少数株主持分	89	0.1	71	0.1	111	0.1
繰延税金資産	749		302		-		資本の部						
その他	2,146		1,754		1,778		資本金	8,596	10.0	8,596	10.5	8,596	9.9
貸倒引当金	1,189		778		837		資本剰余金	9,720	11.4	9,720	11.8	9,720	11.2
資産合計	85,510	100.0	81,977	100.0	87,003	100.0	利益剰余金	14,071	16.5	13,691	16.7	14,464	16.6
							その他有価証券評価差額金	886	1.0	1,643	2.0	2,672	3.0
							自己株式	184	0.2	186	0.2	191	0.2
							資本合計	33,090	38.7	33,465	40.8	35,262	40.5
							負債・少数株主持分及び資本合計	85,510	100.0	81,977	100.0	87,003	100.0

中間連結損益計算書

(単位：百万円)	第41期中間 (2004.11.1～2005.4.30)		第41期末 (2004.11.1～2005.10.31)		第42期中間 (2005.11.1～2006.4.30)	
	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)
売上高	33,126	100.0	63,975	100.0	34,520	100.0
レンタル売上高	22,504		42,985		24,004	
商品売上高	10,621		20,989		10,516	
売上原価	24,896	75.2	48,735	76.2	24,591	71.2
レンタル売上原価	16,332		31,949		16,446	
商品売上原価	8,564		16,785		8,144	
売上総利益	8,229	24.8	15,240	23.8	9,928	28.8
販売費及び一般管理費	6,938	20.9	13,835	21.6	7,055	20.5
営業利益	1,291	3.9	1,404	2.2	2,873	8.3
営業外収益	182	0.6	716	1.1	172	0.5
受取利息	2		3		0	
受取配当金	26		57		10	
その他	152		655		162	
営業外費用	288	0.9	570	0.9	244	0.7
支払利息	180		353		168	
その他	108		217		76	
経常利益	1,185	3.6	1,550	2.4	2,801	8.1
特別利益	114	0.3	121	0.2	16	0.1
特別損失	257	0.8	545	0.8	638	1.9
税金等調整前中間(当期)純利益	1,041	3.1	1,125	1.8	2,179	6.3
法人税、住民税及び事業税	634	1.9	858	1.3	1,121	3.3
法人税等調整額	86	0.3	97	0.1	31	0.1
少数株主利益	30	0.1	11	0.0	40	0.1
中間(当期)純利益	463	1.4	352	0.6	1,048	3.0

中間連結剰余金計算書

(単位：百万円)	第41期中間 (2004.11.1～2005.4.30)	第41期末 (2004.11.1～2005.10.31)	第42期中間 (2005.11.1～2006.4.30)
	金額	金額	金額
資本剰余金の部			
資本剰余金期首残高	9,720	9,720	9,720
資本剰余金中間期末(期末)残高	9,720	9,720	9,720
利益剰余金の部			
利益剰余金期首残高	13,913	13,913	13,691
利益剰余金増加高	463	352	1,048
中間(当期)純利益	463	352	1,048
利益剰余金減少高	305	574	275
配当金	298	567	268
役員賞与	7	7	7
利益剰余金中間期末(期末)残高	14,071	13,691	14,464

中間連結キャッシュ・フロー計算書

(単位：百万円)	第41期中間 (2004.11.1～2005.4.30)	第41期末 (2004.11.1～2005.10.31)	第42期中間 (2005.11.1～2006.4.30)
	金額	金額	金額
営業活動によるキャッシュ・フロー	12,739	10,219	9,183
投資活動によるキャッシュ・フロー	78	11	501
財務活動によるキャッシュ・フロー	5,563	7,833	2,731
現金及び現金同等物の増加額	7,096	2,374	6,953
現金及び現金同等物の期首残高	11,734	11,734	14,108
現金及び現金同等物の中間期末(期末)残高	18,831	14,108	21,062



個別財務諸表

中間個別貸借対照表

(単位：百万円)	第41期中間 (2005.4.30)		第41期末 (2005.10.31)		第42期中間 (2006.4.30)		第41期中間 (2005.4.30)		第41期末 (2005.10.31)		第42期中間 (2006.4.30)	
	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)
資産の部												
流動資産	31,274	38.3	28,665	36.3	33,474	40.2	26,664	32.7	24,082	30.5	27,663	33.2
現金及び預金	17,732		13,230		20,185		9,313		7,214		9,573	
受取手形	2,317		2,583		2,339		1,930		2,425		2,314	
売掛金	8,687		10,665		9,328		10,324		10,555		10,415	
たな卸資産	346		311		343		3,249		2,389		2,495	
その他	2,764		2,874		1,811		646		530		1,068	
貸倒引当金	573		1,001		534		466		448		489	
固定資産	50,381	61.7	50,372	63.7	49,884	59.8	21,574	26.4	21,052	26.6	20,089	24.1
有形固定資産	43,499		42,622		41,464		18,040		17,590		16,555	
レンタル用資産	9,980		9,453		8,891		231		133		265	
建物	5,542		5,344		5,200		502		385		1,038	
土地	25,788		25,869		25,520							
その他	2,187		1,954		1,852							
無形固定資産	208		187		165							
投資その他の資産	6,673		7,562		8,253							
投資有価証券	4,196		5,684		6,487							
その他	3,363		2,679		2,773							
貸倒引当金	606		321		526							
投資損失引当金	280		480		480							
資産合計	81,655	100.0	79,037	100.0	83,358	100.0	48,239	59.1	45,134	57.1	47,752	57.3
負債の部												
流動負債	26,664	32.7	24,082	30.5	27,663	33.2						
支払手形	9,313		7,214		9,573							
買掛金	1,930		2,425		2,314							
短期借入金	10,324		10,555		10,415							
未払金	3,249		2,389		2,495							
未払法人税等	646		530		1,068							
賞与引当金	466		448		489							
役員賞与引当金	-		-		2							
設備関係支払手形	231		133		265							
その他	502		385		1,038							
固定負債	21,574	26.4	21,052	26.6	20,089	24.1						
長期借入金	18,040		17,590		16,555							
長期未払金	2,125		1,876		1,744							
繰延税金負債	-		-		118							
退職給付引当金	1,315		1,506		1,567							
役員退職慰労引当金	93		79		103							
負債合計	48,239	59.1	45,134	57.1	47,752	57.3						
資本の部												
資本金	8,596	10.5	8,596	10.9	8,596	10.3						
資本剰余金	9,720	11.9	9,720	12.3	9,720	11.6						
資本準備金	9,720		9,720		9,720							
利益剰余金	14,396	17.6	14,135	17.9	14,814	17.8						
利益準備金	1,375		1,375		1,375							
任意積立金	11,831		11,831		11,851							
中間(当期)未処分利益	1,189		928		1,587							
その他有価証券評価差額金	886	1.1	1,637	2.0	2,666	3.2						
自己株式	184	0.2	186	0.2	191	0.2						
資本合計	33,416	40.9	33,903	42.9	35,605	42.7						
負債資本合計	81,655	100.0	79,037	100.0	83,358	100.0						

中間個別損益計算書

(単位：百万円)	第41期中間 (2004.11.1～2005.4.30)		第41期末 (2004.11.1～2005.10.31)		第42期中間 (2005.11.1～2006.4.30)	
	金額	構成比(%)	金額	構成比(%)	金額	構成比(%)
売上高	29,080	100.0	57,202	100.0	30,764	100.0
売上原価	21,963	75.5	43,789	76.5	22,230	72.3
売上総利益	7,116	24.5	13,413	23.5	8,533	27.7
販売費及び一般管理費	5,946	20.5	11,886	20.8	6,037	19.6
営業利益	1,169	4.0	1,526	2.7	2,496	8.1
営業外収益	283	1.0	923	1.6	296	1.0
営業外費用	227	0.8	489	0.9	223	0.7
経常利益	1,225	4.2	1,960	3.4	2,569	8.4
特別利益	107	0.4	69	0.1	4	0.0
特別損失	246	0.9	837	1.4	621	2.0
税引前中間(当期)純利益	1,086	3.7	1,192	2.1	1,951	6.4
法人税、住民税及び事業税	571	2.0	833	1.4	1,032	3.4
法人税等調整額	87	0.3	249	0.4	35	0.1
中間(当期)純利益	602	2.0	609	1.1	955	3.1
前期繰越利益	587		587		632	
中間配当額	-		268		-	
中間(当期)未処分利益	1,189		928		1,587	

アスベスト対策機器のレンタルを開始しました

アスベストは廉価でありながら優れた断熱・耐火材として、日本ではビルや工場などの建造物に多用されてきました。しかし、近年、中皮腫や肺がんなどの要因になることが判明し、現在では予防規則が制定され、廃棄物処理法で厳しい規制が敷かれています。

これに対応するため当社では、高性能ULPAフィルタを搭載したアスベストの粉塵の飛散を防止する「超微細粉塵対策機器」のレンタルを開始しました。また、これまで研究機関に持ち込まなければ計測できなかった大気中のアスベスト濃度を、現場で即座に計測することができる「リアルタイムモニター」もラインナップし、万全のメンテナンス体制構築と併せて、全国から多くのお引き合いをいただいています。

Kanamoto begins renting asbestos removal equipment

As a low-cost material boasting excellent insulating and fireproofing characteristics, asbestos was utilized for a broad range of applications in buildings, factories and other structures throughout Japan. In recent years, however, asbestos has been identified as a cause of various illnesses, including lung cancer and mesothelioma, an asbestos-related cancer, and Japan's government has enacted restrictive measures governing asbestos use and placed stringent curbs on its disposal under the Waste Management Law.

To support these measures, Kanamoto has begun renting super-fine asbestos dust collection equipment equipped with efficient ULPA (Ultra Low Penetration Air) filters that prevent dispersion of asbestos dust. Moreover, with the addition to its product lineup of a "real-time monitor" capable of immediately measuring asbestos concentration in the air at removal sites, a task only research laboratories could perform until recently, Kanamoto's rental program has received numerous inquiries nationwide in conjunction with firms' creation of thorough maintenance organizations.

**「Conet2006」に出展**

2006年7月、千葉県・幕張メッセで開催された日本最大の建設機械のイベント「CONET2006」に、当社も出展しました。

今回のCONETのテーマは「環境・防災・安全」。そこで、当社がその開発に大きく関与したアスベスト対策機器や新型高性能橋梁点検車「橋竜」、バイオガス発電システムのほか、環境問題を意識したハイブリッド投光機、超小型電気自動車などの展示説明を実施し、ユーザーをはじめ一般の来場者の皆様からも好評を得ました。

一方、CONETに続いて個人投資家を対象とした日本経済新聞社主催の「日経IRフェア」と、日本個人投資家協会主催の「JAI資産運用フォーラム」にも出展。このたびの中間業績、そして今後の展開など企業姿勢をアピールしました。

今後も実業に関係するイベントやIRイベント等、企業PR活動を積極的に進めていく計画です。

Kanamoto exhibits at "Conet2006"

Kanamoto hosted a company exhibit at "CONET2006," Japan's biggest exhibition for construction equipment and technology, which was held at Makuhari Messe in Chiba Prefecture in July 2006.

The theme of this year's CONET was "environment, disaster prevention and safety." Kanamoto's exhibit displayed a variety of equipment, including asbestos removal equipment Kanamoto played a large role in developing, the "Bridge Dragon," a new highly efficient bridge inspection vehicle, and biogas power generating systems, as well as environmentally friendly hybrid floodlight equipment and small electric vehicles, along with detailed explanations of the equipment and Kanamoto's products and services. From equipment users to visitors from the general public, Kanamoto's exhibit received a favorable reception from every individual who stopped by the exhibit.

In addition to CONET, Kanamoto also hosted exhibits of its products and services at the "Nikkei IR Fair" sponsored by Nihon Keizai Shimbun Inc., and at the "JAI Asset Management Forum" for private investors sponsored by the Japan Association for Individual Investors. At both venues, Kanamoto discussed its interim period operating results and the Company's stance towards issues such as future developments.

Kanamoto plans to continue actively conducting company PR activities in the future, including business-related events and IR events.

**地盤改良工法のエンジニアリング会社「フローテクノ社」を子会社化**

2006年3月、当社は、地盤改良工法に特化したエンジニアリング会社「フローテクノ社」を子会社化いたしました。

同社が有する都市再生型インフラ整備(40m以深の大深度地下工事)対応の工法や、橋梁の維持・補修工事の新工法などは今後、首都圏で需要拡大が見込まれる分野の技術です。従前から地盤改良工事に対応した建機レンタルを強みとしている当社にとって、この分野の技術力強化は大きなメリットとなり、これまで以上に営業活動を優位に進めることが可能となりました。首都圏のシェア拡大を含め、今後の展開にご期待ください。

Ground improvement works engineering firm Flowtechno Corporation becomes a Kanamoto subsidiary

Flowtechno Corporation, an engineering firm specializing in ground improvement works, became a Kanamoto subsidiary in March 2006.

Technologies possessed by Flowtechno Corporation, including deep underground construction works at depths exceeding 40m (130ft) for urban renewal infrastructure construction and new methods for bridge maintenance and repair works, are in sectors where demand is expected to grow in the Tokyo metropolitan area in the future. Strengthening its technological capabilities in this sector will have major advantages for Kanamoto, which has sought to position construction equipment rentals for ground improvement works as a company strong point, and will enable Kanamoto to achieve even greater dominance in its marketing and rental activities. Flowtechno Corporation can be expected to contribute to Kanamoto's future development, including expansion of the Company's market share in the Tokyo metropolitan area.



Report of Operating Results and Financial Position for the six months ended April 30, 2006

November 1, 2005 - April 30, 2006

Report of Operating Results and Financial Position for the six months ended April 30, 2006

Consolidated Financial Position

Non-consolidated Financial Position

Preparation of Financial Statements and Depreciation and Amortization Expense

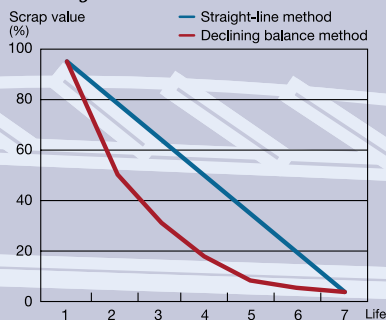
1. For purposes of this report, the Balance Sheets and Statements of Income were created using financial data prepared according to Japan's Securities Report Guidelines.

Kanamoto's financial statements are audited by Shin Nihon & Co. and Kanamoto's Audit Committee. English-language versions of the Company's financial statements, which include changes to the reporting categories, are reports prepared internally by Kanamoto and are not audited by the Company's auditors or its Audit Committee.

2. Kanamoto uses a variety of techniques when introducing rental assets. In addition to purchasing assets by installments, the Company also uses finance leases (including operating leases), which are an off-balance sheet item (details are provided in the notes to the accounting statements).

Kanamoto has adopted the declining balance method for depreciation and amortization expense. As shown below, this results in a situation where paper gains are easily produced if assets can be used over long periods of time because the depreciation and amortization expense is large for the first year, then grows smaller in later years. The difference in depreciation according to the declining balance method and the straight-line method is shown in the diagram.

Comparison of straight-line method and declining balance method



Under Japan's current accounting system, large variances between actual asset values and book values can occur in asset value assessments. One reason is the fact durable lives are stipulated by the Tax Code. For assets handled by Kanamoto in particular, implementing planned rental asset introductions suitable to the size of its business and keeping balance sheet depreciation and amortization expense uniform are extremely difficult because the durable lives established by law are different for each equipment model.

Accordingly, to achieve results more closely approximating the market-value accounting concept, Kanamoto also introduces assets by utilizing both operating leases and finance leases in an effort to equalize depreciation and amortization expense.

Financial Section

Operating results

Summary of consolidated fiscal year interim period operating results

During the consolidated fiscal year interim period under review, Japan's economy continued to experience a growth phase. Led by major financial institutions, operating results recovered not only in export-related industries such as manufacturing and marine transportation, which benefited from strong external demand for products such as steel and machinery, but also in businesses catering to domestic demand, including real estate, advertising and information services. Nevertheless, this positive trend was centered on the Tokyo metropolitan area, and in most other areas severe economic conditions were unchanged. The gap in personal consumption broadened as well, as polarization in all aspects of the economy continued unabated. These circumstances applied for the Kanamoto group's main customers in the construction industry as well. Private sector demand remained robust in the Tokyo metropolitan area, but in other regions, construction and capital investment by both the public and private sectors continued to decline, and the harsh business environment persisted. A summary of operating results for each of the Kanamoto group's businesses, and business development issues deserving special mention, are described below.

Business related to the Construction Equipment Rental Division

Despite the severe business environment, operating results for Kanamoto's construction-related businesses rose significantly for the consolidated fiscal year interim period under review. Revenues increased 4.7% year-on-year to ¥31,241 million, and operating income rose 133.0% to ¥2,742 million.

For Kanamoto's Construction Equipment Rental Division on a stand-alone basis, rental revenues increased 5.8% year-on-year to ¥21,440 million, revenues from sales rose 9.1% year-on-year to ¥6,045 million and total revenues increased 6.5% from the same period of the previous consolidated fiscal year to ¥27,485 million.

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

Looking at the Company's construction equipment rental revenues by region, total construction investment in the Hokkaido Region and the Tohoku Region has fallen substantially below the levels in the prior year. As a result of efforts to win contracts in various markets including private construction and the Hokkaido Shinkansen line project, however, the Company maintained revenues in the Hokkaido Region at the same level as in the same period of the previous consolidated fiscal year. In the Tohoku Region, revenues increased 12.2% year-on-year.

In the Kanto & Shinetsu Region, revenues were up 7.9% year-on-year. In addition to the Tokyo metropolitan area where demand is strong, the Company benefited from Niigata Prefecture related to disaster recovery work, and private sector capital investment in the Kita-Kanto Region. Revenues in the Kinki-Chubu Region were 5.5% higher than in the same period of the previous consolidated fiscal year. In addition to the synergistic effect from making Kanki Corporation a consolidated subsidiary company, revenue was boosted by disaster recovery work in Kobe, Awajishima and Fukui and a recovery in private sector demand in Osaka. As a result, the percentage of revenues accounted for by Hokkaido and Honshu and other regions was 31.4% and 68.6%, respectively.

< Consolidated subsidiaries >

Daiichi Kikai Co., Ltd. enjoyed strong construction equipment rentals in both Kanoya and Tarumizu, increasing revenues 5.8% compared to the same period of the previous consolidated fiscal year and boosting operating income 66.7% year-on-year.

SRG Kanamoto Co., Ltd. increased rentals of temporary scaffolding for private sector construction work and new bridge construction in the Sapporo area. Revenues expanded 15.1% from the same period of the previous consolidated fiscal year, and the company substantially reduced its operating loss by 92.6%.

At Assist Co., Ltd., revenues were up 4.0% year-on-year, and operating income rose 39.1% from the same period of the previous consolidated fiscal year, even though revenues and earnings for the measurement equipment rental business were smaller than the initial objective because the company outsourced rentals of this equipment to other Kanamoto alliance group firms.

At Kanki Corporation, revenues were 17.7% lower than in the same period of the previous consolidated fiscal year, despite strong growth in rental revenues accompanying its business restructuring, because the company was unable to increase product sales. Furthermore, operating income was greatly improved by ¥56 million, even though the cost burden for investment in rental equipment assets was substantially higher.

Kanatech Co., Ltd. saw its revenues decline 13.7% from the same period of the previous consolidated fiscal year, because of the time lag between orders and production. Nevertheless, the company greatly reduced its operating loss by 97.6%.

Flowtechno Corporation, a company that develops, manufactures and

sells technology for ground improvement construction equipment, was made a subsidiary company of Kanamoto on March 1.

Business related to the Steel Sales Division

The Steel Sales Division achieved strong sales of products it handles, including new materials such as high-endurance insulated waterproof roofing and the KT roof system. Because selling prices fell sharply as a result of market concerns of excess steel materials inventories, however, revenues edged down 0.1% year-on-year to ¥3,058 million, and operating income was down 47.0% from the same period of the previous consolidated fiscal year to ¥12 million.

Business related to the Information Products Division and Other Businesses

Although rental demand in the Tokyo metropolitan area for personal computers is growing at a steady pace, revenues for the Information Products Division decreased 2.2% compared with the same period of the previous consolidated fiscal year as rental fees also fell. On the other hand, revenues from sales of used devices increased 45.0% year-on-year during the same period. Revenues for the entire division increased 2.0% year-on-year to ¥219 million, and operating income climbed 100.6% to ¥21 million.

Fiscal Year ending October 31, 2005 Interim Consolidated Operating Results

(Millions of yen; % change from prior year)

	Revenues	Operating Income	Ordinary Income	Net Income
Consolidated FY interim period	34,520 4.2	2,873 122.5	2,801 136.3	1,048 126.1
Prior FY interim period	33,126 7.0	1,291 -18.2	1,185 -22.4	463 -57.8

Management Policies

Management indicators established as objectives and medium to long-term management strategy

Kanamoto's operations require a substantial capital investment burden in each business period. Moreover, the structure of its principal business requires a profit and loss outlook extending over several years. Given these considerations, Kanamoto has always emphasized cash flow, as well as growth in EBITDA⁺ (earnings before interest, taxes, depreciation and amortization) as a key management indicator.

Under the long-term management plan (November 2003 - October 2008) Kanamoto currently is implementing, the Company has set the numerical targets shown below. Although the Company tempered the numerical targets for its long-range management plan by making

conservative corrections at the end of the prior business period, Kanamoto has since revised upward the outlook for the current business period ending in October 2006, based on its interim period operating results.

Although the severity of the business environment surrounding Kanamoto is expected to continue, by continuing to practice earnings-focused management and maintaining its current basic policy of improving and strengthening its financial position, the Company seeks to further expand operating results and build a "strong Kanamoto" that will be evaluated positively by the market. To achieve these goals, Kanamoto is steadily practicing each of the management strategies outlined below.

(Millions of yen, except net income per share)

	Fiscal Year ending October 2006	Fiscal Year ending October 2008
Consolidated operating results		
Revenues	66,050	68,390
Ordinary income	3,420	3,890
Net income per share (yen)	42.21	68.34
Non-consolidated operating results (Kanamoto Company)		
Revenues	59,600	61,700
Ordinary income	3,430	3,900
EBITDA ⁺	18,330	18,930

EBITDA⁺ = Operating income + Depreciation expense + Other depreciation and amortization expense + Low price rental assets, and others

EBITDA⁺ is an indicator used only for the construction equipment rental business and excludes steel products and information products



(1) Maintain an earnings-focused rental equipment asset portfolio

The Company is maintaining its priority on introducing assets boasting high profit margins. In addition, the Company has already completed replacement of its large rental assets with the latest emissions-controlled models, and will seek to improve profit margins by extending rental periods for such assets.

(2) Execute a bold scrap and build program

Because the share of earnings achieved in major urban areas, particularly the Tokyo metropolitan area, will be closely linked to further growth in the Company's operating results, Kanamoto is limiting new branches in local areas to the minimum number required to maintain its present position, and pursuing rapid establishment of new branches throughout the Tokyo metropolitan area and other key urban areas. The Company also will carefully scrutinize the possibilities for expanding operating results and improving the profitability of each branch, and continue to close and integrate branches.

Outlook for the fiscal year

Japan's economy is demonstrating steady growth centered on large-scale firms in sectors such as machinery and automobiles, which have been stimulated by foreign demand, and boosted by the progress major financial institutions have made in disposing of non-performing loans. While numerical values for economic and business trends shows signs of a recovery at manufacturers, and appear to be one aspect of a nationwide boom that seems supported by signs of a recovery in most industries, the construction industry is one industry that has not benefited from the business recovery. The environment surrounding the construction industry in local regions remains especially difficult, because stringent local government financial conditions remain unchanged, and this business environment is not expected to improve significantly.

(3) Build a powerful marketing organization where customers are always Number One

Based on a management model of thoroughly studying user needs, Kanamoto gradually is introducing unique or specialized products that address the requirements at each construction site. Kanamoto also is further strengthening its relationships with local communities, by means such as Kanamoto's comprehensive compensation system and agreements with local governments to respond to urgent requests following a disaster.

(4) Alliance strategy

The Kanamoto group and its alliance firms currently are active in many regions, from Hokkaido to Okinawa. The Company will continue to expand the sharing of products and information, strengthen cooperation among all Kanamoto group firms and increase the synergistic effects from this approach.

Against this backdrop, the Company expects the business environment surrounding the Kanamoto group to be affected by uncertain construction demand, and the severity of business conditions to continue. Nevertheless, as already reported in its press dated May 25, 2006, based on interim operating results the Company has revised its projected full-year operating results.

Although actual results are unpredictable from the standpoint of both revenues and earnings, the Company will seek to generate revenues that will maintain this earnings trend, as it continues to achieve positive results from the various measures based on the long-term management plan the Company currently is executing, including improvements in the Company's earnings capabilities and the recovery of its sales and marketing momentum.

Fiscal year ending October 2006 Revision of projected operating results (Consolidated)

(November 1, 2005 - October 31, 2006)

(Millions of yen)		Revenues	Operating Income	Ordinary Income	Net Income
Prior projection	(A)	63,210	1,910	1,680	610
Revised projection	(B)	66,050	3,630	3,420	1,260
Increase (decrease)	(B - A)	2,840	1,720	1,740	650
Rate of change (%)		4.5	90.1	103.6	106.6
Prior fiscal year results (fiscal year ended October 2005)		63,975	1,404	1,550	352

Fiscal year ending October 2006 Revision of projected operating results (Non-Consolidated)

(November 1, 2005 - October 31, 2006)

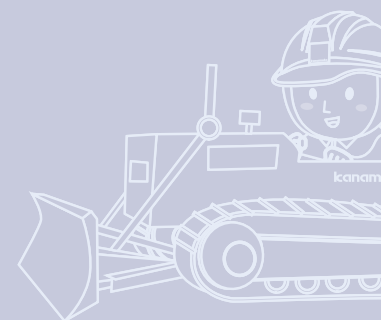
(Millions of yen)		Revenues	Operating Income	Ordinary Income	Net Income
Prior projection	(A)	56,760	1,650	1,730	700
Revised projection	(B)	59,600	3,330	3,430	1,310
Increase (decrease)	(B - A)	2,840	1,680	1,700	610
Rate of change (%)		5.0	101.8	98.3	87.1
Prior fiscal year results (fiscal year ended October 2005)		57,202	1,526	1,960	609

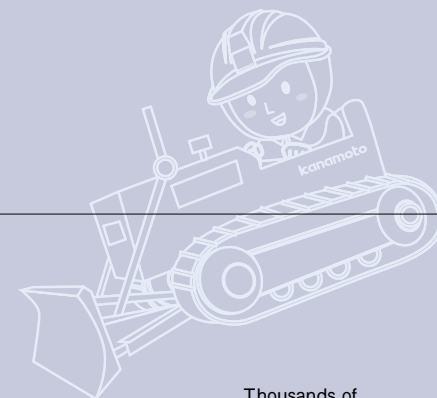
Interim Consolidated Balance Sheets

ASSETS

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Current assets:				
Cash and cash equivalents	¥ 18,831	¥ 14,109	¥ 21,062	\$ 184,111
Notes and accounts receivable, trade	12,706	14,329	13,243	115,760
Inventories	575	539	641	5,607
Deferred income taxes	372	319	317	2,767
Other current assets	2,345	2,346	1,810	15,825
Less: Allowance for doubtful accounts	(680)	(923)	(605)	(5,294)
Total current assets	34,149	30,719	36,468	318,776
Property and equipment:				
Rental equipment	38,797	38,229	37,169	324,905
Building and structures	16,031	15,912	15,965	139,558
Machinery and equipment	5,430	5,364	5,393	47,142
Less: Accumulated depreciation	(41,862)	(42,107)	(41,960)	(366,793)
	18,396	17,398	16,567	144,812
Land	26,062	26,141	25,792	225,454
Construction in progress	96	0	24	212
Total property and equipment	44,554	43,539	42,383	370,478
Investments and other assets:				
Investment securities	4,318	5,753	6,601	57,706
Deferred income taxes	750	302	-	-
Other assets	2,929	2,443	2,389	20,880
Less: Allowance for doubtful accounts	(1,189)	(778)	(837)	(7,318)
Total investments and other assets	6,808	7,720	8,153	71,268
Total assets	¥ 85,511	¥ 81,978	¥ 87,004	\$760,522

Note : U.S. dollar amounts have been translated from yen for convenience only, at the rate of ¥114.40=US\$1, the approximate exchange rate on April 30, 2006.





Interim Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Current liabilities:				
Short-term bank loans	¥ 656	¥ 577	¥ 559	\$ 4,884
Current portion of long-term debt	10,497	12,602	10,570	92,399
Notes and accounts payable, trade	13,040	10,838	13,441	117,495
Accrued income taxes	709	556	1,158	10,124
Accrued bonuses	533	516	567	4,954
Other current liabilities	3,938	1,049	3,788	33,110
Total current liabilities	29,373	26,138	30,083	262,966
Non-current liabilities:				
Long-term debt	19,186	20,269	17,545	153,368
Accrued pension and severance costs	1,341	1,526	1,592	13,917
Other liabilities	2,430	509	2,409	21,055
Total non-current liabilities	22,957	22,304	21,546	188,340
Minority interests	90	71	112	976
Shareholders' equity:				
Common stock	8,597	8,597	8,597	75,146
Capital surplus	9,720	9,720	9,720	84,968
Retained earnings	14,071	13,692	14,464	126,434
Unrealized holding gain on securities	887	1,643	2,673	23,365
Treasury stock	(184)	(187)	(191)	(1,673)
Total shareholders' equity	33,091	33,465	35,263	308,240
Total liabilities and shareholders' equity	¥ 85,511	¥ 81,978	¥ 87,004	\$ 760,522

Interim Consolidated Statements of Income

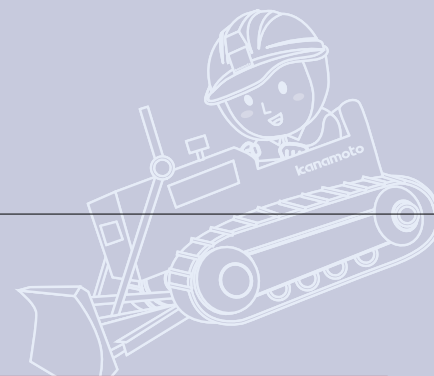
	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Revenue				
Rentals	¥ 22,505	¥ 42,986	¥ 24,004	\$ 209,826
Sales	10,622	20,989	10,516	91,924
	33,127	63,975	34,520	301,750
Cost of revenue				
Rentals	16,332	31,950	16,447	143,764
Sales	8,565	16,785	8,145	71,197
	24,897	48,735	24,592	214,961
Gross profit	8,230	15,240	9,928	86,789
Selling, general and administrative expenses	6,939	13,836	7,055	61,674
Operating income	1,291	1,404	2,873	25,115
Other income (expenses) :				
Interest and dividend income	30	61	10	90
Interest expenses	(180)	(353)	(168)	(1,470)
Impairment loss on fixed assets	-	-	(595)	(5,197)
Others, net	(99)	14	59	511
Income before income taxes and minority interests	1,042	1,126	2,179	19,049
Income taxes :				
Current	634	859	1,122	9,807
Deferred	(86)	(97)	(32)	(277)
	548	762	1,090	9,530
Minority interests in subsidiaries	30	12	41	354
Net income	¥ 464	¥ 352	¥ 1,048	\$ 9,165

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Per share of common stock :				
Net income				
Basic	¥ 15.53	¥ 11.57	¥ 35.12	\$ 0.31
Diluted	-	-	-	-

Interim Consolidated Statements of Cash Flows

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Net cash provided by operating activities	¥ 12,740	¥ 10,219	¥ 9,184	\$ 80,278
Net used in investing activities	(79)	(11)	501	4,382
Net cash used in financing activities	(5,564)	(7,833)	(2,732)	(23,878)
Net increase (decrease) in cash and cash equivalents	7,097	2,375	6,953	60,782
Cash and cash equivalents at beginning of the period	11,734	11,734	14,109	123,329
Cash and cash equivalents at end of the period	¥ 18,831	¥ 14,109	¥ 21,062	\$ 184,111

Note : U.S. dollar amounts have been translated from yen for convenience only, at the rate of ¥114.40=US\$1, the approximate exchange rate on April 30, 2006.



Segment Information

For the six months ended April 30, 2006	Millions of yen				Eliminations and corporate items	Consolidated
	Construction related business	Steel related business	Information and communication related and other business	Total		
Sales						
Outside customers	¥ 31,242	¥ 3,058	¥ 220	¥ 34,520	¥ -	¥ 34,520
Intersegment	-	-	-	-	-	-
Total	31,242	3,058	220	34,520	-	34,520
Operating expenses	28,499	3,046	198	31,743	(96)	31,647
Operating profit	¥ 2,743	¥ 12	¥ 22	¥ 2,777	¥ 96	¥ 2,873

For the six months ended April 30, 2006	Thousands of U.S.dollars (Note)				Eliminations and corporate items	Consolidated
	Construction related business	Steel related business	Information and communication related and other business	Total		
Sales						
Outside customers	\$ 273,094	\$ 26,735	\$ 1,921	\$ 301,750	\$ -	\$ 301,750
Intersegment	-	-	-	-	-	-
Total	273,094	26,735	1,921	301,750	-	301,750
Operating expenses	249,121	26,624	1,729	277,474	(839)	276,635
Operating profit	\$ 23,973	\$ 111	\$ 192	\$ 24,276	\$ 839	\$ 25,115

Outstanding Balance of Future Lease Payments (Consolidated)

For the six months ended April 30, 2006	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Finance Leases				
Within one year	¥ 5,839	¥ 5,778	¥ 6,218	\$ 54,350
After one year	17,883	17,312	15,764	137,801
Total	23,723	23,090	21,982	192,150
Operating Leases				
Within one year	1,793	1,665	1,922	16,804
After one year	4,064	3,838	4,888	42,727
Total	¥ 5,857	¥ 5,502	¥ 6,810	\$ 59,531

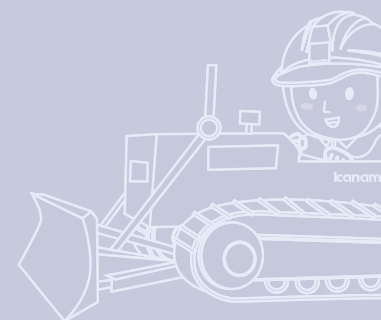
Non-Consolidated Financial Statements

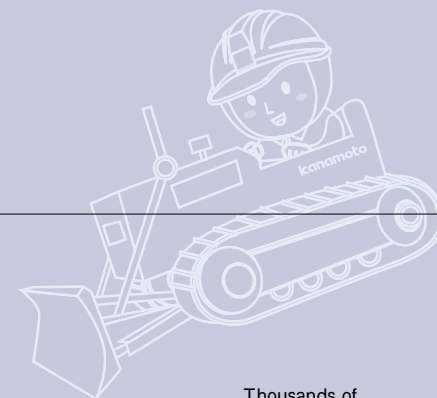
Interim Non-Consolidated Balance Sheets

ASSETS

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Current assets :				
Cash and time deposits	¥ 17,733	¥ 13,231	¥ 20,186	\$ 176,448
Notes receivable, trade	2,318	2,584	2,339	20,450
Accounts receivable, trade	8,687	10,665	9,329	81,543
Inventories	346	254	344	3,007
Other current assets	2,764	2,932	1,811	15,831
Less : Allowance for doubtful accounts	(574)	(1,001)	(534)	(4,670)
Total current assets	31,274	28,665	33,475	292,609
Property and equipment :				
Rental equipment	35,975	36,016	34,977	305,743
Buildings	11,424	11,276	11,322	98,966
Structures	3,814	3,839	3,842	33,584
Machinery and equipment	5,172	5,138	5,161	45,116
Less : Accumulated depreciation	(38,769)	(39,515)	(39,381)	(344,243)
	17,616	16,754	15,921	139,166
Land	25,788	25,869	25,520	223,077
Construction in progress	96	0	24	212
Total property and equipment	43,500	42,623	41,465	362,455
Investments and other assets :				
Investment and other assets	7,768	8,552	9,425	82,392
Less : Allowance for doubtful accounts and reserve for investments	(886)	(802)	(1,006)	(8,797)
Total investments and other assets	6,882	7,750	8,419	73,595
Total assets	¥ 81,656	¥ 79,038	¥ 83,359	\$ 728,659

Note : U.S. dollar amounts have been translated from yen for convenience only, at the rate of ¥114.40=US\$1, the approximate exchange rate on April 30, 2006.





Interim Non-Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Current liabilities :				
Current portion of long-term bank loans	¥ 10,324	¥ 10,555	¥ 10,415	\$ 91,040
Notes payable, trade	9,314	7,214	9,574	83,685
Accounts payable, trade	1,930	2,426	2,314	20,228
Notes payable, other	232	133	265	2,317
Accounts payable, other	3,249	2,389	2,496	21,818
Accrued income taxes	647	531	1,069	9,342
Accrued bonuses	466	448	489	4,278
Other current liabilities	503	387	1,042	9,104
Total current liabilities	26,665	24,083	27,664	241,812
Non-current liabilities :				
Long-term bank loans	18,040	17,590	16,555	144,712
Long-term accounts payable, other	2,126	1,877	1,745	15,252
Accrued pension and severance costs	1,315	1,506	1,567	13,699
Deferred tax liabilities	-	-	119	1,038
Other liabilities	93	79	103	906
Total non-current liabilities	21,574	21,052	20,089	175,607
Shareholders' equity :				
Common stock :	8,597	8,597	8,597	75,146
Capital surplus	9,720	9,720	9,720	84,968
Retained earnings	14,397	14,136	14,814	129,495
Unrealized holding gain on securities	887	1,637	2,666	23,305
Treasury stock	(184)	(187)	(191)	(1,674)
Total shareholders' equity	33,417	33,903	35,606	311,240
Total liabilities and shareholders' equity	¥ 81,656	¥ 79,038	¥ 83,359	\$ 728,659

Interim Non-Consolidated Statements of Income

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Revenue				
Rentals	¥ 20,455	¥ 39,607	¥ 21,632	\$ 189,092
Sales	8,625	17,596	9,132	79,826
	29,080	57,203	30,764	268,918
Cost of revenue				
Rentals	15,182	29,976	15,268	133,458
Sales	6,782	13,814	6,963	60,869
	21,964	43,790	22,231	194,327
Gross profit	7,116	13,413	8,533	74,591
Selling, general and administrative expenses	5,946	11,887	6,037	52,772
Operating income	1,170	1,526	2,496	21,819
Other income (expenses) :				
Interest and dividend income	31	67	14	120
Interest expenses	(159)	(317)	(152)	(1,325)
Impairment loss on fixed assets	-	-	(595)	(5,197)
Others, net	45	(83)	189	1,645
Income before income taxes	1,087	1,193	1,952	17,062
Income taxes				
Current	572	834	1,033	9,026
Deferred	(87)	(250)	(36)	(312)
	485	584	997	8,714
Net income	¥ 602	¥ 609	¥ 955	\$ 8,348

	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
Per share of common stock :				
Net income				
Basic	¥ 20.16	¥ 20.16	¥ 31.99	\$ 0.28
Diluted	-	-	-	-

Outstanding Balance of Future Lease Payments (Non-Consolidated)

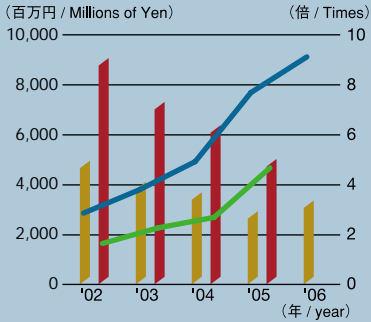
	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note)
	April 30, 2005 (Unaudited)	October 31, 2005	April 30, 2006 (Unaudited)	April 30, 2006 (Unaudited)
For the six months ended April 30, 2006				
Finance Leases				
Within one year	¥ 5,367	¥ 5,326	¥ 5,658	\$ 49,461
After one year	15,941	15,327	13,535	118,315
Total	21,308	20,654	19,194	167,776
Operating Leases				
Within one year	1,612	1,476	1,682	14,702
After one year	3,538	3,376	4,213	36,830
Total	¥ 5,150	¥ 4,853	¥ 5,895	\$ 51,532

Note : U.S. dollar amounts have been translated from yen for convenience only, at the rate of ¥114.40=US\$1, the approximate exchange rate on April 30, 2006.

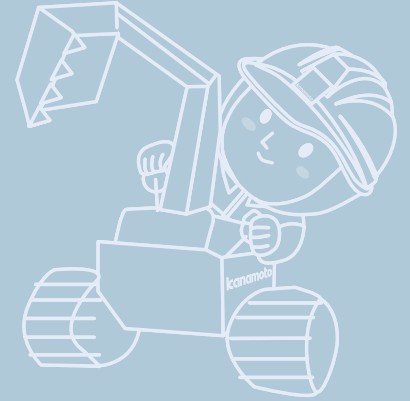
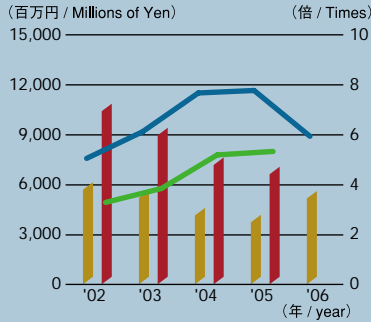
グラフで見る5年間（連結） At a Glance (Consolidated)

■ = 中間 / Interim period ■ = 通期 / Full year

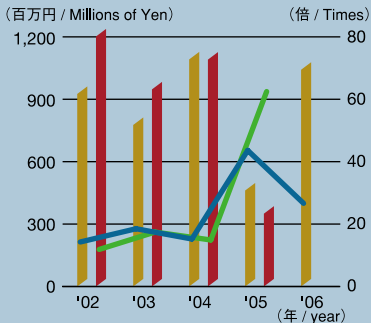
**キャッシュフロー
Cash Flow**
**株価キャッシュフロー倍率
PCFR**
CF=当期純利益+減価償却費-(配当+役員賞与)
PCFR=株時価総額÷CF=株価÷1株当たりCF
CF = Net income + Depreciation expense - (Cash dividends + Bonuses to directors and auditors)
PCFR = Total market capitalization ÷ CF = Stock Price ÷ Cash flow per share of common stock



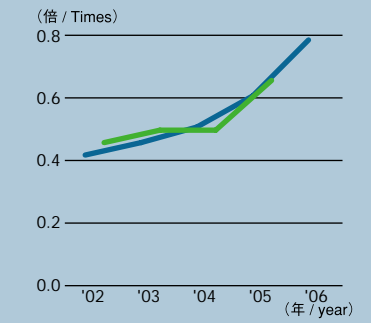
**減価償却前営業利益
EBITDA**
**EBITDA倍率
EBITDA Ratio**
EBITDA=営業利益+減価償却費
EBITDA倍率=(期末株時価総額+有利子負債-期末非営業資産時価)÷EBITDA
EBITDA = operating income + depreciation and amortization expense
EBITDA ratio = (Total market capitalization at end of business period + interest-bearing debt - market value of non-trade assets at end of business period) ÷ EBITDA



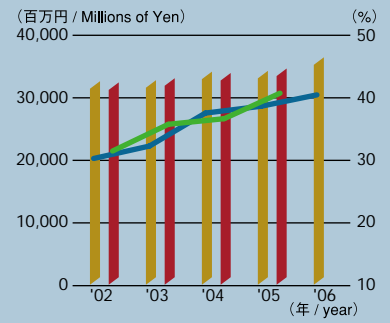
**当期純利益
Net Income**
**株価収益率
PER**
PER=期末株時価総額÷当期純利益
PER = Total market capitalization at end of period ÷ Net Income



**株価純資産倍率
PBR**
PBR=株主資本利益率×株価収益率
PBR = ROE × PER



**株主資本
Shareholders' Equity**
**株主資本比率
Shareholders' Equity Ratio**
株主資本比率=株主資本÷総資産
Shareholders' Equity Ratio = Shareholders' equity ÷ Total assets



**株主資本利益率
ROE**
ROE=当期純利益÷株主資本
=一株当たり当期純利益 (EPS) ÷一株当たり純資産 (BPS)
ROE = Net income ÷ Shareholders' equity = EPS ÷ BPS



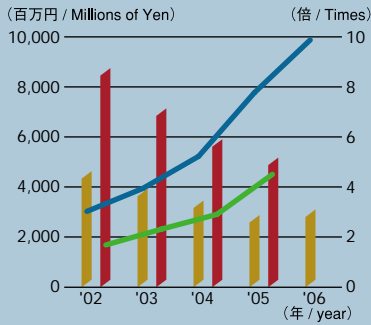
**総資産利益率
ROA**
ROA=当期純利益÷総資産
ROA = Net income ÷ Total assets



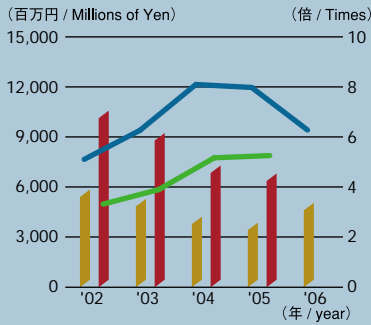
グラフで見る5年間（個別） At a Glance (Non-Consolidated)

■ = 中間 / Interim period ■ = 通期 / Full year

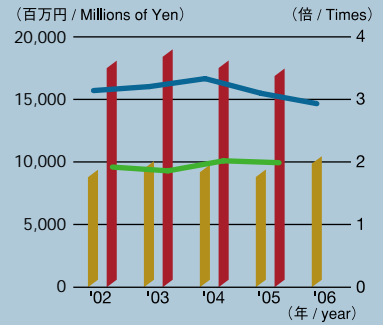
**キャッシュフロー
Cash Flow**
**株価キャッシュフロー倍率
PCFR**
CF=当期純利益+減価償却費-(配当+役員賞与)
PCFR=株式時価総額÷CF=株価÷1株当たりCF
CF = Net income + Depreciation expense - (Cash dividends + Bonuses to directors and auditors)
PCFR = Total market capitalization ÷ CF = Stock Price ÷ Cash flow per share of common stock



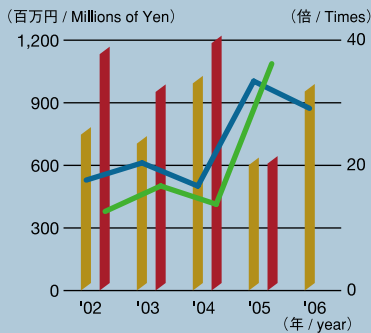
**減価償却前営業利益
EBITDA**
**EBITDA倍率
EBITDA Ratio**
EBITDA=営業利益+減価償却費
EBITDA倍率=(期末株式時価総額+有利子負債-期末非営業資産時価)÷EBITDA
EBITDA = operating income + depreciation and amortization expense
EBITDA ratio = (Total market capitalization at end of business period + interest-bearing debt - market value of non-trade assets at end of business period) ÷ EBITDA



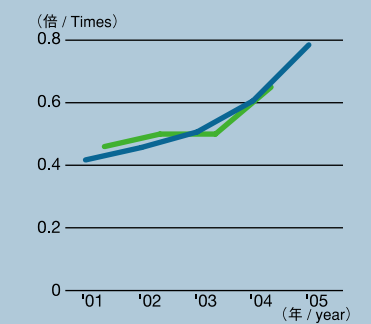
**EBITDA+
EBITDA+**
**EBITDA+倍率
EBITDA+ Ratio**
EBITDA+=EBITDA+設備投資同等物
EBITDA+倍率=(期末株式時価総額+有利子負債-期末非営業資産時価)÷EBITDA+
EBITDA+ = Operating income + Depreciation expense + Other depreciation and amortization expense + Low-price rental assets, and others
EBITDA+ is an indicator used only for the construction equipment rental business and excludes steel products and information products



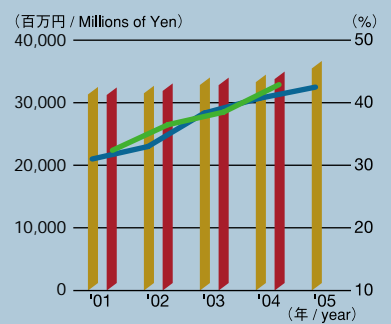
**当期純利益
Net Income**
**株価収益率
PER**
PER=期末株式時価総額÷当期純利益
PER = Total market capitalization at end of period ÷ Net Income



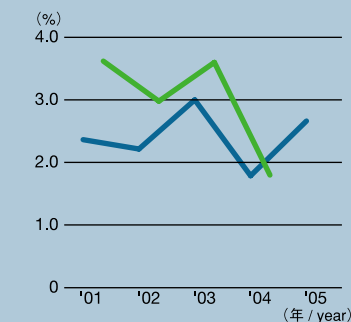
**株主純資産倍率
PBR**
PBR=株主資本利益率×株価収益率
PBR = ROE × PER



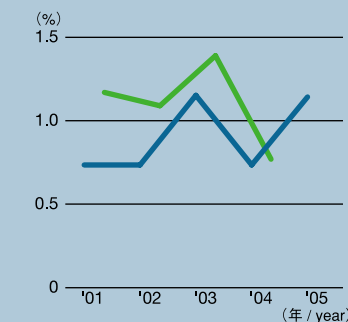
**株主資本
Shareholders' Equity**
**株主資本比率
Shareholders' Equity Ratio**
株主資本比率=株主資本÷総資産
Shareholders' Equity Ratio = Shareholders' equity ÷ Total assets



**株主資本利益率
ROE**
ROE = 当期純利益 ÷ 株主資本
= 一株当たり当期純利益 (EPS) ÷ 一株当たり純資産 (BPS)
ROE = Net income ÷ Shareholders' equity = EPS ÷ BPS

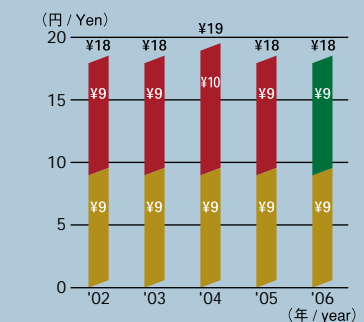


**総資産利益率
ROA**
ROA=当期純利益÷総資産
ROA = Net income ÷ Total assets



**1株当たり配当
Dividend per Share of Common Stock**

*2004年10月の期末配当の10円のうち1円は設立40周年記念配当です。
The 2004 cash dividend of ¥19 included a one-time commemorative dividend of ¥1 to celebrate the 40th anniversary of the Company's founding.



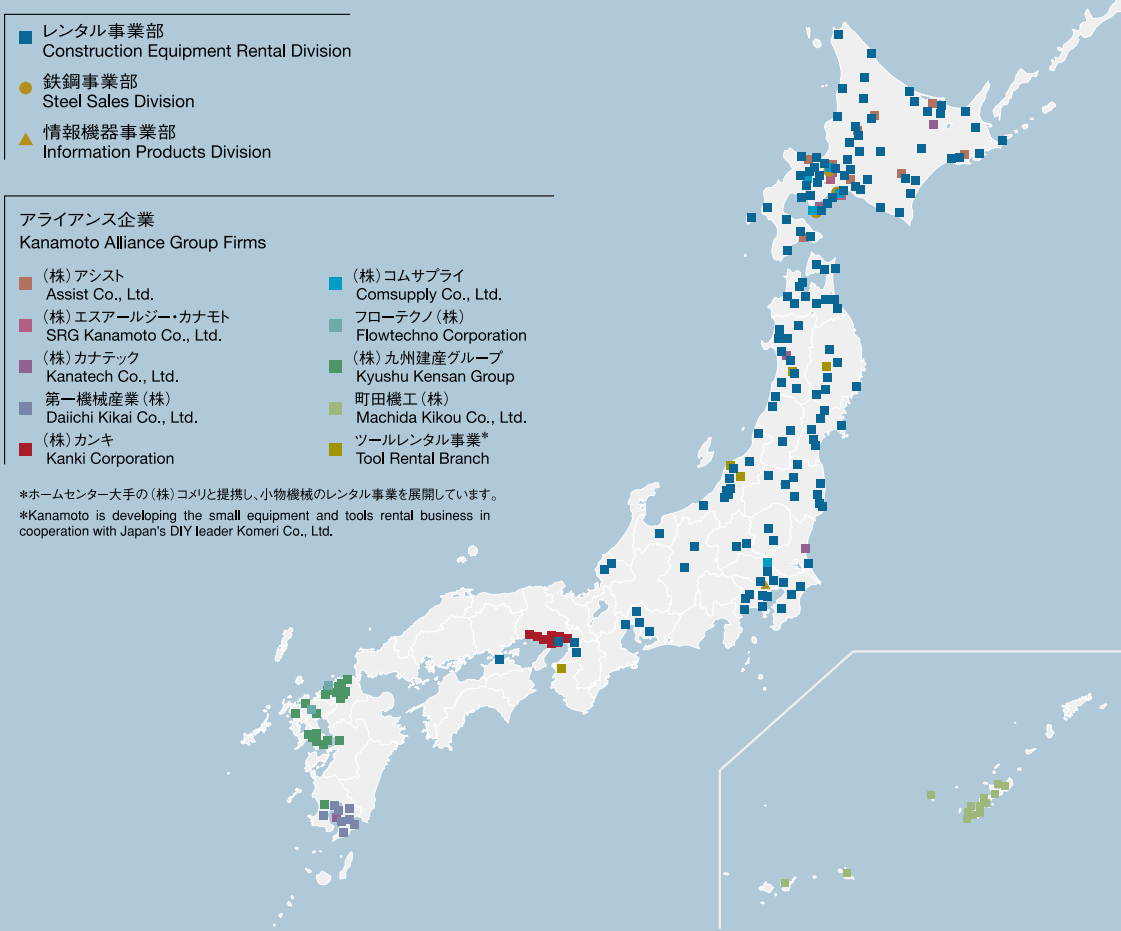
拠点ネットワーク Branch Network

営業力強化、サービスの充実に向けて、「カナモト」の可能性を広げる効果的な拠点展開

カナモトは、各地の民間設備投資や大規模プロジェクト、災害復旧工事などの需要をベースにネットワークをさらに拡大させ、全国の拠点数は当社単体で147、グループ企業を含めると計229になりました。今後も首都圏や大都市圏を中心に積極的な拠点展開、サービス拡充に努めてまいります。

Strengthening sales capacity and expanding service. Development of effective branches to broaden Kanamoto's possibilities

Based on demand for private sector capital investment, large-scale projects and disaster relief work in various regions, Kanamoto is further expanding its network. Including the Company's 147 branches, the Kanamoto group now has a total of 229 bases covering all of Japan. In the future, Kanamoto will continue to aggressively develop its branch network, and expand its services centered on the Tokyo metropolitan area and other major metropolitan areas.



当社及び当社グループ営業拠点エリア別内訳 2006年7月現在
Kanamoto and the group companies' operating branches As of July 2006

	カナモト Kanamoto	連結対象会社 Consolidated companies	その他・アライアンスグループ Other companies of alliance group	計 Total
北海道 Hokkaido	57	14	4	75
東北 Tohoku	43	1	2	46
関東 Kanto	26	1	1	28
中部 Chubu	15	-	2	17
近畿 Kinki	5	8	1	14
中国 Chugoku	-	-	-	0
四国 Shikoku	1	-	-	1
九州 Kyushu	-	9	24	33
沖縄 Okinawa	-	-	15	15
計 Total	147	33	49	229

商号
株式会社 カナモト

本社所在地
北海道札幌市中央区大通東3丁目1番地19

設立
1964年(昭和39年)10月28日

資本金
85億9,673万円(払込済資本金)

上場取引所
東京証券取引所第一部・札幌証券取引所

証券コード
9678

発行済株式総数
30,253千株

決算期
毎年10月31日(年1回)

売上高
572億2,000万円(2005年10月期)

従業員数
1,190名
(役員、嘱託、臨時社員を除く)

事業内容
建設機械器具のレンタル、鉄鋼製品の販売、
エンジニアリングワークステーション
および周辺機器のレンタル

主要取引金融機関
株式会社三菱東京UFJ銀行
三菱UFJ信託銀行株式会社
株式会社みずほコーポレート銀行
株式会社三井住友銀行
株式会社北洋銀行
農林中央金庫
株式会社北海道銀行
北海道信用農業協同組合連合会
株式会社第四銀行
信金中央金庫

大株主
オリックス株式会社
日本マスタートラスト信託銀行株式会社信託口
金本太中
金本三郎
株式会社小松製作所
カナモトキャピタル株式会社
東京海上日動火災保険株式会社
株式会社北洋銀行
株式会社北海道銀行
デンヨー株式会社

主要取引先(50音順)
株式会社アイチコーポレーション
いすゞ自動車株式会社
伊藤忠建機株式会社
伊藤忠商事株式会社
株式会社大林組
鹿島建設株式会社
株式会社小松製作所
五洋建設株式会社
酒井重工業株式会社
清水建設株式会社
新キャタピラー三菱株式会社
大成建設株式会社
株式会社竹中工務店
株式会社タダノ
株式会社鶴見製作所
デンヨー株式会社
東亜建設工業株式会社
戸田建設株式会社
西松建設株式会社
阪和興業株式会社
日野自動車株式会社
北越工業株式会社
前田建設工業株式会社
三井物産株式会社
三菱ふそうバス・トラック株式会社

Company Name
kanamoto co., ltd.

Head Office
1-19, Odori Higashi 3-chome Chuo-ku,
Sapporo, Hokkaido 060-0041 Japan

Established
October 28, 1964

Capitalization
¥8.6 billion (Paid-in capital)

Listing Exchanges
Tokyo Stock Exchange, First Section
Sapporo Stock Exchange

Stock Code
9678

Common Shares Issued and Outstanding
30,253,000

Fiscal Year-end
October 31

Revenues
¥57,202 million
(Fiscal year ended October 2005)

Number of Employees
1,190
(Excluding directors and temporary or part-time workers)

Principal Businesses
Rental of construction equipment
Sale of steel products
Rental of engineering workstations and
computer peripherals.

Primary Lenders
The Bank of Tokyo-Mitsubishi UFJ
The Mitsubishi UFJ Trust and Banking
Corporation
Mizuho Corporate Bank
Sumitomo Mitsui Banking Corporation
North Pacific Bank
The Norinchukin Bank
The Hokkaido Bank
Hokkaido Shinren
Daishi Bank
Shinkin Central Bank

Principal Shareholders
ORIX Corporation
The Master Trust Bank of Japan, Ltd.
Taichu Kanamoto
Saburo Kanamoto
Komatsu Ltd.
Kanamoto Capital Company
Tokio Marine & Nichido Fire Insurance Co., Ltd.
North Pacific Bank, Ltd.
The Hokkaido Bank, Ltd.
Denyo Co., Ltd.

Primary Customers
Aichi Corporation
Isuzu Motors Limited
ITOCHU CONSTRUCTION MACHINERY,
ITOCHU Corporation Co., Ltd.
OBAYASHI CORPORATION
KAIJIMA CORPORATION
Komatsu Ltd.
PENTA-OCEAN CONSTRUCTION CO., LTD.
SAKAI HEAVY INDUSTRIES, Ltd.
Shimizu Corporation
SHIN CATERPILLAR MITSUBISHI Ltd.
Taisei Corporation
Takenaka Corporation
TADANO Ltd.
Tsurumi Manufacturing Co., Ltd.
Denyo Co., Ltd.
TOA Corporation
TODA Corporation
Nishimatsu Construction Co., Ltd.
HANWA Co., Ltd.
Hino Motors, Ltd.
HOKUETSU INDUSTRIES Co., Ltd.
MAEDA CORPORATION
MITSUI & Co., Ltd.
Mitsubishi Fuso Truck and Bus Corporation



本社ビル
Headquarters Building
(Sapporo, Hokkaido)



東京事業部
Tokyo Operating Division

kanamoto co., ltd.

<http://www.kanamoto.co.jp>

