



Fiscal Year ended October 31, 2017

Financial Statements Bulletin (Japan GAAP)

December 8, 2017

Listed Company Name **Kanamoto Co., Ltd.**
 Company Code Number **9678**
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
 URL <http://www.kanamoto.co.jp>
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Scheduled date for Regular General Meeting of the Shareholders January 25, 2018
 Scheduled date for commencement of dividend payments January 26, 2018
 Scheduled date for submission of Annual Securities Report January 25, 2018
 Preparation of Supplementary Explanatory Materials: Yes
 Earnings Briefings (For institutional investors and analysts): Yes

(Numbers less than one million yen have been rounded down)

1. Consolidated Operating Results for the Fiscal Year ended October 31, 2017

(November 1, 2016 – October 31, 2017)

(1) Consolidated Operating Results

(Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended October 31, 2017	158,428	9.4	16,665	10.1	17,193	19.4	10,744	32.7
Fiscal year ended October 31, 2016	144,870	8.7	15,134	-7.0	14,405	-10.9	8,098	-15.3

(Note) Comprehensive income (millions of yen)

Fiscal year ended October 31, 2017 11,966 (35.7%)
 Fiscal year ended October 31, 2016 8,818 (-10.4%)

	Earnings per Share	Earnings per Share on a Fully Diluted Basis	ROE	Ordinary Profit to Total Assets	Operating Margin
	Yen	Yen	%	%	%
Fiscal year ended October 31, 2017	304.05	-	13.2	7.7	10.5
Fiscal year ended October 31, 2016	229.16	-	11.1	6.8	10.4

(Reference) Investment profit or loss accounted for by the equity method (millions of yen)

Fiscal year ended October 31, 2017 -
 Fiscal year ended October 31, 2016 -

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2017	227,545	91,788	37.9	2,440.41
As of October 31, 2016	220,836	81,434	34.7	2,169.93

(Reference) Equity (millions of yen)

As of October 31, 2017 86,241
 As of October 31, 2016 76,683

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended October 31, 2017	37,788	-4,747	-30,960	35,160
Fiscal year ended October 31, 2016	26,618	-8,940	-20,726	33,069

2. Dividends

	Annual Dividends per Share					Dividends in Total (Full Year)	Dividend Payout Ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full-year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended October 31, 2016	-	15.00	-	30.00	45.00	1,590	19.6	2.2
Fiscal year ended October 31, 2017	-	15.00	-	35.00	50.00	1,766	16.4	2.2
Fiscal year ending October 31, 2018 (projected)	-	20.00	-	35.00	55.00		17.8	

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2018

(November 1, 2017 - October 31, 2018)

(Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period	81,400	2.8	9,240	-7.5	9,270	-9.5	5,770	-10.8	163.28
Full year	161,870	2.2	17,330	4.0	17,420	1.3	10,900	1.4	308.44

Notes

(1) Changes in material subsidiaries during the period under review (changes in specific subsidiaries in conjunction with a change in the scope of consolidation): No

Company newly included	–
Company newly excluded	–

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

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

(b) Changes other than the above: No

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: No

(3) Number of shares issued (common shares)

(a) Number of shares outstanding at the end of the period (including treasury shares)

As of October 31, 2017	36,092,241 shares
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As of October 31, 2016	36,092,241 shares
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(b) Number of treasury shares of at the end of the period

As of October 31, 2017	753,253 shares
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As of October 31, 2016	753,079 shares
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(c) Average number of shares outstanding during the period

Fiscal year ended October 31, 2017	35,339,024 shares
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Fiscal year ended October 31, 2016	35,339,216 shares
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(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended October 31, 2017

(November 1, 2016 – October 31, 2017)

(1) Non-Consolidated Operating Results

(Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended October 31, 2017	107,277	3.4	11,963	0.8	12,521	3.2	8,553	25.1
Fiscal year ended October 31, 2016	103,777	1.7	11,864	-15.9	12,132	-13.0	6,840	-18.0

	Earnings per Share		Earnings per Share on a Fully Diluted Basis	
	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2017	242.05	-	-	-
Fiscal year ended October 31, 2016	193.56	-	-	-

(2) Non-Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per Share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	Yen	Yen
As of October 31, 2017	184,340	79,048	79,048	79,048	42.9	42.9	2,236.87	2,236.87
As of October 31, 2016	178,796	71,665	71,665	71,665	40.1	40.1	2,027.93	2,027.93

(Reference) Equity (millions of yen)
As of October 31, 2017 79,048
As of October 31, 2016 71,665

2. Projected Non-Consolidated Operating Results for the Fiscal Year Ending October 31, 2018

(November 1, 2017 - October 31, 2018)

(Percentages show the change from prior year)

	Net Sales		Ordinary Profit		Profit		Earnings per Share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Interim period	55,050	2.8	6,900	-4.8	4,730	-4.9	133.85	133.85
Full year	109,670	2.2	12,650	1.0	8,680	1.5	245.62	245.62

Note: Financial results reports are not required to be audited.

Note: Explanation concerning appropriate use of the projected operating results and other items to note (Note concerning forward-looking statements)

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company does not guarantee the achievement of the projections. Actual operating results may differ substantially due to a number of factors. Please refer to "1. Overview of Operating Results and Others (4) Future Outlook" on Page 8 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

(Methods of obtaining the supplementary materials and the content of the earnings briefings)

The Company plans to hold a meeting for institutional investors and analysts on Tuesday, December 12, 2017. Presentation materials will be available on the Company's website after the meeting.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results and Others for the Fiscal Year Ended October 31, 2017

a) Summary of consolidated fiscal year operating results (From November 1, 2016 to October 31, 2017)

In the fiscal year under review, Japan's economy maintained a modest recovery trend, supported by strong corporate earnings, the recovery of capital investment, reasons for optimism in both the employment and income environments. However, a wariness must remain in place about uncertainties, such as the economic impact of unstable political conditions in the US and Europe and geopolitical risks posed by the Middle East and Asia.

The construction industry, in which the Kanamoto Group is involved, was solid overall due to robust public sector investment and a recovery in private-sector construction investment attributable to improved corporate earnings.

In these conditions, the Group promoted various measures with the aim of achieving its Medium-term Management Plan (fiscal 2014 to fiscal 2016), and worked to ensure strong future revenue and build a stable management base. Those measures include the strengthening of business structure by expanding the Group's business in urban areas, and the optimal reallocation of rental equipment and further improvement of such equipment's utilization rate.

Consequently, in the fiscal year ended October 31, 2017 net sales rose 9.4% from the prior consolidated fiscal year level to ¥158,428 million. On the earnings front, operating profit increased 10.1% year on year to ¥16,665 million and ordinary profit rose 19.4% to ¥17,193 million. Profit attributable to owners of parent increased 32.7% over the prior consolidated fiscal year to ¥10,744 million.

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

b) Summary of consolidated operating results by business segment [Business related to the Construction Equipment Rental Division]

In the construction-related business, which is Kanamoto's core business, reconstruction demand in the Tohoku Region was gradually decreasing, but in other regions, demand was relatively brisk. Overall, rental demand for construction equipment was solid. The Group focused its management resources on supporting reconstruction and recovery efforts following last year's Kumamoto earthquake and typhoons in Kagoshima and Hokkaido, as well as this year's torrential rain storms throughout Japan, and carried out building a continual support system.

By region, sales in this business fluctuated as follows: up 16.7% in the Hokkaido Region, down 7.7% in the Tohoku Region, up 7.5% in the Kanto & Koushinetsu Region, up 8.1% in the Nishi-nihon Region, and up 54.9% in the Kyushu & Okinawa Region. The inclusion of Nishiken Co., Ltd. in the scope of consolidation from the third quarter of the previous fiscal year and the signs of synergy effects in the Kyushu Region, including Nishiken, led to a strong growth in net sales and operating profit in the Kyushu Region during the fiscal year.

Moreover, in sales of used construction equipment, the Group continued to systematically sell rental equipment that had been in service for a certain number of years to maintain a proper composition of assets. Sales of used construction equipment, included in net sales, increased 9.1% versus the previous fiscal year.

Reflecting these factors, the Kanamoto Group posted net sales in the construction-related businesses of ¥142,414 million, an increase of 8.5% year-on-year, and operating profit of ¥15,415 million, an increase of 9.7%.

[Other businesses]

In the Company's other businesses, sales were steady at those related to both the Steel Sales Division and the Information Products Division. This, coupled with the addition of Nishiken's welfare-

related business, resulted in a 17.2% increase in net sales from the same period of the prior consolidated fiscal year to ¥16,013 million and a 29.7% increase in operating profit to ¥856 million.

< Change in number of branches >

The Company opened seven new branches and closed one branch.

New branches: Kuji Branch (Kuji City, Iwate Prefecture), Hidaka Equipment Center (Sarugun, Hokkaido), Kanto Aerial Work Vehicle Maintenance Center (Chiba City, Chiba Prefecture), Iida Branch (Shimoina-gun, Nagano Prefecture), Fuji Branch (Fuji City, Shizuoka Prefecture), Murakami Branch (Murakami City, Niigata Prefecture), Komaki Branch (Komaki City, Aichi Prefecture)

Closed branch: Tsugaru Dam Branch (Nakatsugaru-gun, Aomori Prefecture)

(2) Overview of Financial Position for the Fiscal Year Ended October 31, 2017

Total assets at the end of the consolidated fiscal year under review stood at ¥227,545 million, an increase of ¥6,708 million compared with the end of the prior consolidated fiscal year. This was primarily due to a ¥2,011 million increase in cash and deposits, a ¥1,927 million increase in construction machine parts in conjunction with operating activities and a ¥1,506 million increase in investment securities, tempered by a ¥1,284 million decrease in rental equipment.

Total liabilities were ¥135,756 million, a decrease of ¥3,645 million compared with the end of the prior consolidated fiscal year. This was primarily due to a ¥1,787 million increase in notes and accounts payable - trade and a ¥1,194 million increase in income taxes payable, tempered by a ¥1,922 million decrease in current portion of long-term loans payable, a ¥2,797 million decrease in long-term loans payable and a ¥1,742 million decrease in long-term accounts payable - other.

Total net assets totaled ¥91,788 million, ¥10,354 million higher than at the end of the prior consolidated fiscal year. This chiefly reflects profit attributable to owners of parent of ¥10,744 million. Meanwhile, the Company posted ¥1,590 million in cash dividends.

(3) Overview of Cash Flows for the Fiscal Year Ended October 31, 2017

(Unit: Millions of yen)

	FY Ended October 2016 (Prior consolidated fiscal year)	FY Ended October 2017 (Consolidated fiscal year under review)	Change from prior year
Net cash provided by (used in) operating activities	26,618	37,788	11,169
Net cash provided by (used in) investing activities	-8,940	-4,747	4,193
Net cash provided by (used in) financing activities	-20,726	-30,960	-10,234
Net increase (decrease) in cash and cash equivalents	-3,080	2,091	5,171
Cash and cash equivalents at beginning of period	36,150	33,069	-3,080
Cash and cash equivalents at end of period	33,069	35,160	2,091

The balance of cash and cash equivalents ("cash") on a consolidated basis at the end of the consolidated fiscal year under review was ¥35,160 million, an increase of ¥2,091 million compared with the end of the prior consolidated fiscal year. Cash flows for the consolidated fiscal year under review are discussed below.

(Net cash provided by (used in) operating activities)

Cash generated from operating activities stood at ¥37,788 million, an increase of 42.0% from the prior consolidated fiscal year.

This was primarily attributable to the following: profit before income taxes of ¥16,940 million, depreciation of ¥24,428 million, increase (decrease) in notes and accounts payable - trade of ¥1,915 million and increase (decrease) in accounts payable - other of ¥1,276 million as well as income taxes paid of ¥4,404 million and expenditure by the assets acquisition for rentals of ¥2,731 million.

(Net cash provided by (used in) investing activities)

Cash flow utilized in investing activities was ¥4,747 million, compared with ¥8,940 million in the prior consolidated fiscal year.

This mainly reflected the purchase of property, plant and equipment of ¥2,731 million, the purchase of shares of subsidiaries of ¥917 million and the payments of loans receivable of ¥742 million.

(Net cash provided by (used in) financing activities)

Cash flow used for financing activities was ¥30,960 million, compared with cash flow used in financing activities in the prior consolidated fiscal year of ¥20,726 million.

This mainly reflected ¥22,582 million for repayments of installment payables, ¥15,667 million for repayments of long-term loans payable, ¥1,744 million for repayments of lease obligations, and ¥1,591 million in cash dividends paid. Meanwhile, the Company posted ¥10,900 million in proceeds from long-term loans payable.

(Reference) Trends in Cash Flow Indicators

	FY ended October 2014	FY ended October 2015	FY ended October 2016	FY ended October 2017
Equity ratio (%)	33.6	34.3	34.7	37.9
Equity ratio on a market capitalization basis (%)	76.3	42.7	40.4	57.5
Ratio of interest-bearing liabilities to operating cash flow (year)	3.5	2.7	3.8	2.5
Interest coverage ratio (times)	25.6	40.4	40.8	68.3

(Notes) Equity ratio: $\text{Equity} / \text{Total assets}$

Equity ratio on a market capitalization basis:

$\text{Shareholders' equity on a market capitalization basis} / \text{Total assets}$

Ratio of interest-bearing liabilities to operating cash flow:

$\text{Interest-bearing liabilities} / \text{Cash flows from operating activities}$

Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest payments}$

* All indicators are calculated using financial values on a consolidated basis.

* Total market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (after deducting treasury shares) at the end of the fiscal year.

* Cash flows from operating activities in the consolidated statements of cash flows are used for operating cash flow in the table above. Interest-bearing liabilities include all liabilities posted to the consolidated balance sheets that incur interest. Interest expenses in the consolidated statements of cash flows are used for interest payments in the table above.

(4) Future Outlook

In the next fiscal year, the Group expects the sector investment and private-sector capital investment to remain strong. However, the industry faces issues such as widening regional disparities due to the concentration of construction work in urban areas and changes in the procurement environment for equipment, materials, and labor. Given these conditions, the Group will continue to ensure that it holds the optimal rental equipment and mix of equipment models aligned to construction demand and customer needs, while raising operational efficiency and utilization rates further by operating new systems. Pursuing these priority measures will enable the Group to achieve the goals of the new long-term vision "BULL 55." In addition, Kanamoto aims to further improve its earnings management and strengthen its corporate governance system as well as to build a management system that will facilitate sustainable growth in the long term.

The Kanamoto Group aims for net sales of ¥161,870 million, a growth of 2.2% year-on-year, operating profit of ¥17,330 million, an increase of 4.0%, ordinary profit of ¥17,420 million, a rise of 1.3%, and profit attributable to owners of parent of ¥10,900 million, an improvement of 1.4%.

2. Basic Policy Regarding Selection of Accounting Standards

The Kanamoto Group plans to prepare its consolidated financial statements in accordance with generally accepted accounting practices in Japan, taking into account comparability of consolidated financial statements between different accounting periods and against different companies.

Note that it is the policy of the Kanamoto Group to adopt the international financial reporting standards depending on conditions and trends in Japan and abroad.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	Prior consolidated fiscal year (As of October 31, 2016)	Current consolidated fiscal year (As of October 31, 2017)
Assets		
Current assets		
Cash and deposits	33,209	35,220
Notes and accounts receivable - trade	36,502	37,057
Electronically recorded monetary claims - operating	3,718	4,069
Securities	200	200
Merchandise and finished goods	693	583
Raw materials and supplies	379	288
Construction machine parts	10,265	12,193
Deferred tax assets	604	706
Other	1,059	1,237
Allowance for doubtful accounts	-689	-784
Total current assets	85,945	90,772
Non-current assets		
Property, plant and equipment		
Rental equipment	189,549	198,879
Accumulated depreciation	-114,596	-125,211
Rental equipment, net	74,953	73,668
Buildings and structures	31,029	32,910
Accumulated depreciation	-18,883	-19,801
Buildings and structures, net	12,145	13,108
Machinery, equipment and vehicles	6,999	7,290
Accumulated depreciation	-5,963	-6,154
Machinery, equipment and vehicles, net	1,036	1,136
Land	35,630	35,623
Other	2,343	2,170
Accumulated depreciation	-1,332	-1,421
Other, net	1,011	749
Total property, plant and equipment	124,776	124,286
Intangible assets		
Goodwill	628	486
Other	664	1,110
Total intangible assets	1,292	1,596
Investments and other assets		
Investment securities	6,911	8,417
Deferred tax assets	419	436
Other	2,216	2,308
Allowance for doubtful accounts	-406	-272
Allowance for investment loss	-320	-0
Total investments and other assets	8,821	10,889
Total non-current assets	134,891	136,772
Total assets	220,836	227,545

(Unit: Millions of yen)

	Prior consolidated fiscal year (As of October 31, 2016)	Current consolidated fiscal year (As of October 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,986	28,773
Short-term loans payable	1,194	994
Current portion of bonds	40	-
Current portion of long-term loans payable	13,951	12,029
Lease obligations	1,357	1,048
Income taxes payable	2,052	3,247
Provision for bonuses	1,091	1,099
Accounts payable - other	21,079	21,269
Other	2,399	3,060
Total current liabilities	70,152	71,521
Non-current liabilities		
Long-term loans payable	26,644	23,846
Lease obligations	2,700	2,017
Long-term accounts payable - other	38,870	37,127
Provision for directors' retirement benefits	94	106
Net defined benefit liability	234	259
Asset retirement obligations	384	431
Other	321	444
Total non-current liabilities	69,249	64,234
Total liabilities	139,402	135,756
Net assets		
Shareholders' equity		
Capital stock	13,652	13,652
Capital surplus	14,916	14,916
Retained earnings	48,017	57,172
Treasury shares	-2,129	-2,129
Total shareholders' equity	74,458	83,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,051	2,538
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	164	85
Remeasurements of defined benefit plans	8	5
Total accumulated other comprehensive income	2,225	2,629
Non-controlling interests	4,750	5,547
Total net assets	81,434	91,788
Total liabilities and net assets	220,836	227,545

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)	Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)
Net sales	144,870	158,428
Cost of sales	101,313	109,863
Gross profit	43,556	48,565
Selling, general and administrative expenses	28,422	31,899
Operating profit	15,134	16,665
Non-operating income		
Interest income	6	4
Dividend income	140	148
Rent income	71	73
Foreign exchange gains	-	253
Reversal of allowance for doubtful accounts	47	31
Other	263	424
Total non-operating income	528	936
Non-operating expenses		
Interest expenses	267	199
Foreign exchange losses	493	-
Provision of allowance for investment loss	278	-
Other	218	209
Total non-operating expenses	1,257	409
Ordinary profit	14,405	17,193
Extraordinary income		
Gain on sales of non-current assets	35	21
Gain on donation of non-current assets	-	13
Subsidy income	6	9
Gain on sales of investment securities	2	220
Gain on step acquisitions	14	-
Total extraordinary income	59	265
Extraordinary losses		
Loss on sales and retirement of non- current assets	164	140
Impairment loss	254	157
Loss on valuation of investment securities	54	-
Loss on sales of investment securities	4	-
Loss on valuation of shares of subsidiaries and associates	141	140
Loss on sales of shares of subsidiaries and associates	-	79
Total extraordinary losses	620	518
Profit before income taxes	13,844	16,940
Income taxes - current	5,215	5,594
Income taxes - deferred	36	-204
Total income taxes	5,252	5,389
Profit	8,591	11,551
Profit attributable to non-controlling interests	493	806
Profit attributable to owners of parent	8,098	10,744

(Consolidated Statements of Comprehensive Income)

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)	Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)
Profit	8,591	11,551
Other comprehensive income		
Valuation difference on available-for-sale securities	93	498
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	121	-79
Remeasurements of defined benefit plans, net of tax	11	-4
Total other comprehensive income	226	415
Comprehensive income	8,818	11,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,323	11,147
Comprehensive income attributable to non-controlling interests	495	818

(3) Consolidated Statements of Changes in Equity

Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,652	14,916	41,156	-2,128	67,597
Changes of items during period					
Dividends of surplus			-1,236		-1,236
Profit attributable to owners of parent			8,098		8,098
Purchase of treasury shares				-0	-0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,861	-0	6,861
Balance at end of current period	13,652	14,916	48,017	-2,129	74,458

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,948	-0	43	-	1,991	2,409	71,998
Changes of items during period							
Dividends of surplus					-		-1,236
Profit attributable to owners of parent					-		8,098
Purchase of treasury shares					-		-0
Net changes of items other than shareholders' equity	103	0	121	8	233	2,341	2,574
Total changes of items during period	103	0	121	8	233	2,341	9,435
Balance at end of current period	2,051	-	164	8	2,225	4,750	81,434

Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,652	14,916	48,017	-2,129	74,458
Changes of items during period					
Dividends of surplus			-1,590		-1,590
Profit attributable to owners of parent			10,744		10,744
Purchase of treasury shares				-0	-0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	9,154	-0	9,154
Balance at end of current period	13,652	14,916	57,172	-2,129	83,612

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,051	-	164	8	2,225	4,750	81,434
Changes of items during period							
Dividends of surplus					-		-1,590
Profit attributable to owners of parent					-		10,744
Purchase of treasury shares					-		-0
Net changes of items other than shareholders' equity	486	0	-79	-3	404	796	1,200
Total changes of items during period	486	0	-79	-3	404	796	10,354
Balance at end of current period	2,538	0	85	5	2,629	5,547	91,788

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)	Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)
Cash flows from operating activities		
Profit before income taxes	13,844	16,940
Depreciation	22,097	24,428
Impairment loss	254	157
Amortization of goodwill	83	142
Loss (gain) on sales and retirement of non-current assets	128	119
The amount of cost price transfer with asset sell-off for rentals	840	994
Expenditure by the construction equipment and supplies	-492	-1,073
Expenditure by the assets acquisition for rentals	-3,034	-2,731
Loss (gain) on valuation of investment securities	54	-
Loss (gain) on sales of investment securities	2	-220
Loss on valuation of shares of subsidiaries and associates	141	140
Loss (gain) on sales of shares of subsidiaries and associates	-	79
Increase (decrease) in allowance for doubtful accounts	-61	-113
Increase (decrease) in allowance for investment loss	278	-
Increase (decrease) in provision for bonuses	141	8
Increase (decrease) in net defined benefit liability	-14	21
Interest and dividend income	-146	-153
Assets buy on the installment plan purchase payment interest for rentals	371	349
Interest expenses	267	199
Foreign exchange losses (gains)	292	-199
Decrease (increase) in notes and accounts receivable - trade	390	-808
Decrease (increase) in inventories	-107	236
Increase (decrease) in notes and accounts payable - trade	-1,654	1,915
Increase (decrease) in accounts payable - other	1,298	1,276
Other, net	-877	884
Subtotal	34,096	42,593
Interest and dividend income received	146	153
Interest expenses paid	-653	-553
Income taxes paid	-6,970	-4,404
Net cash provided by (used in) operating activities	26,618	37,788

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)	Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)
Cash flows from investing activities		
Payments into time deposits	-0	-560
Proceeds from withdrawal of time deposits	-	640
Purchase of property, plant and equipment	-2,729	-2,731
Proceeds from sales of property, plant and equipment	38	31
Purchase of intangible assets	-366	-461
Purchase of investment securities	-22	-583
Proceeds from sales of investment securities	48	450
Purchase of shares of subsidiaries	-	-917
Proceeds from sales of shares of subsidiaries	-	76
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-5,806	-
Purchase of shares of subsidiaries and associates	-	-100
Payments of loans receivable	-37	-742
Collection of loans receivable	25	28
Other, net	-90	122
Net cash provided by (used in) investing activities	-8,940	-4,747
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-894	-212
Redemption of bonds	-50	-40
Proceeds from long-term loans payable	19,960	10,900
Repayments of long-term loans payable	-14,637	-15,667
Repayments of installment payables	-21,304	-22,582
Repayments of lease obligations	-1,967	-1,744
Purchase of treasury shares	-0	-0
Purchase of treasury shares of subsidiaries	-0	-0
Cash dividends paid	-1,235	-1,591
Dividends paid to non-controlling interests	-1	-22
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-594	-
Net cash provided by (used in) financing activities	-20,726	-30,960
Effect of exchange rate change on cash and cash equivalents	-33	10
Net increase (decrease) in cash and cash equivalents	-3,080	2,091
Cash and cash equivalents at beginning of period	36,150	33,069
Cash and cash equivalents at end of period	33,069	35,160

(5) Notes to the Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

(Changes in Accounting Estimates)

(Change of useful lives)

Nishiken Co., Ltd., a consolidated subsidiary of the Company, modified the useful lives of rental equipment from the fiscal year under review.

When Nishiken became a consolidated subsidiary, the Group made this change with the intention of standardizing the useful lives of equipment within the Group for rental equipment of the same type and used under the same conditions. This takes into account the economic life, repairs to the equipment, and the update cycle, among other factors.

As a result of this change, compared with the figures based on the previous method, operating profit, ordinary profit and profit attributable to owners of parent for the fiscal year under review decreased by ¥123 million respectively.

The impact on segment information is stated in the relevant section.

(Supplemental Information)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the fiscal year under review, the Company has applied Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Statement No. 26, March 28, 2016).

(Segment Information)

1. Summary of reporting segments

The Company's reporting segments are those units of the Company's for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about resources to be allocated to the segments and assess the segments' performance.

The Company conducts business operations by product and service. The "business related to the Construction Equipment Rental Division" is the reporting segment.

The Company's "business related to the Construction Equipment Rental Division" rents and sells construction equipment and temporary materials for construction use.

2. Method of calculating the amount of net sales, income or loss, assets, liabilities and other items of each reporting segment

Except for the Standard for Measurement of Inventories, the accounting standards and methods for the reported business segment complies with accounting policy that has been adopted in preparing the consolidated financial statements.

The Company values inventory assets using prices before write-downs of book value based on decline in profitability.

Reporting segment earnings are the values on an operating profit basis.

3. Information concerning the amount of net sales, income or loss, assets, liabilities and other items of each reporting segment

Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)

(Unit: Millions of yen)

	Reporting segment		Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division			
Net sales				
Net sales to outside customers	131,208		13,662	144,870
Net sales or transfers between related segments	-		-	-
Total	131,208		13,662	144,870
Segment income	14,057		660	14,718
Segment assets	170,233		7,873	178,107
Other items				
Depreciation	21,440		494	21,935
Amortization of goodwill	44		38	83
Amount of increase of property, plant and equipment and intangible assets	25,307		994	26,302

(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, welfare-related business and other businesses.

Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)

(Unit: Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Net sales to outside customers	142,414	16,013	158,428
Net sales or transfers between related segments	-	-	-
Total	142,414	16,013	158,428
Segment income	15,415	856	16,272
Segment assets	172,981	7,793	180,775
Other items			
Depreciation	23,285	985	24,271
Amortization of goodwill	76	66	142
Amount of increase of property, plant and equipment and intangible assets	22,838	1,153	23,992

(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, welfare-related business and other businesses.

4. Difference between total reporting segment amount and the amount reported on the consolidated financial statements, and the main reasons for the difference (Matters Pertaining to Reconciliation of Difference)

(Unit: Millions of yen)

Net sales	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	131,208	142,414
Net sales for "Other businesses" classification	13,662	16,013
Intersegment eliminations	-	-
Net sales reported in the consolidated financial statements	144,870	158,428

(Unit: Millions of yen)

Income	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	14,057	15,415
Income for "Other businesses" classification	660	856
Other adjustments	415	393
Operating profit reported in the consolidated financial statements	15,134	16,665

(Unit: Millions of yen)

Assets	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	170,233	172,981
Assets of "Other businesses" classification	7,873	7,793
Company assets (Note)	42,728	46,769
Total assets reported in the consolidated financial statements	220,836	227,545

(Note) Company assets are mainly assets used in administrative divisions at the parent company that are not attributable to the reporting segment.

(Unit: Millions of yen)

Other items	Reporting segment total		Other businesses		Amount of adjustment		Amount reported in the consolidated financial statements	
	Prior consolidated fiscal year	Current consolidated fiscal year	Prior consolidated fiscal year	Current consolidated fiscal year	Prior consolidated fiscal year	Current consolidated fiscal year	Prior consolidated fiscal year	Current consolidated fiscal year
Depreciation	21,440	23,285	494	985	162	156	22,097	24,428
Amount of increase of property, plant and equipment and intangible assets	25,307	22,838	994	1,153	425	526	26,727	24,518

(Note) The adjustments to the increases in property, plant and equipment and intangible assets are capital investments related to administrative divisions.

5. Information concerning changes in reporting segments etc.

(Change of useful lives)

As described in "Changes in Accounting Estimates," the Company modified the useful lives of rental equipment owned by Nishiken Co., Ltd., a consolidated subsidiary of Kanamoto. As a result, the segment income for the "Business related to the Construction Equipment Rental Division" for the fiscal year under review decreased by ¥123 million.

(Per Share Information)

Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)		Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)	
Net assets per share	¥2,169.93	Net assets per share	¥2,440.41
Earnings per share	¥229.16	Earnings per share	¥304.05
Earnings per share on a fully diluted basis	-	Earnings per share on a fully diluted basis	-
The Company has not reported earnings per share on a fully diluted basis because it does not have any potential shares that would have a dilution effect.		Same as at left	

(Note) The basis for calculating earnings per share is as follows.

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2015 to October 31, 2016)	Current consolidated fiscal year (From November 1, 2016 to October 31, 2017)
Profit attributable to owners of parent	8,098	10,744
Amount not attributed to common share shareholders	-	-
Profit attributable to owners of parent related to common shares	8,098	10,744
Average number of shares outstanding during the fiscal year	35,339,216	35,339,024

(Material Events after the Close of the Consolidated Fiscal Year)

The Company had no material items to report.