

Six-month Consolidated Financial Report for the Fiscal Year ending October 31, 2018 [Japan GAAP]

June 8, 2018

Listed Company Name Kanamoto Co., Ltd.

Company Code Number 9678

Listing Exchanges Tokyo Stock Exchange, Sapporo Stock Exchange

URL http://www.kanamoto.co.jp

Representative Tetsuo Kanamoto President and CEO

Inquiries Nobuhito Utatsu Director and Senior Executive Corporate Officer,

Division Manager, Accounting Division

TEL 81-11-209-1600

Please send inquiries in English to takayama@kanamoto.co.jp

Scheduled date for submission of Quarterly Report June 13, 2018 Scheduled date for commencement of dividend payments July 5, 2018

Preparation of Quarterly Settlement Supplementary

Explanatory Materials

Yes

Quarterly Earnings Briefings Yes (For institutional investors and analysts)

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

1. Consolidated Operating Results for the Six-Month Period of the Fiscal Year Ending October 31, 2018

(November 1, 2017 – April 30, 2018)

(1) Consolidated operating results (Cumulative)

(Percentages show the change from the prior year)

	Net Sa	les	Operating	Profit	Ordinary	Profit	Profit Attribut Owners of F	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ending October 31, 2018: Second quarter	85,349	7.8	10,994	10.0	11,155	8.9	6,735	4.1
Fiscal Year ended October 31, 2017: Second quarter	79,210	15.4	9,993	16.1	10,242	24.2	6,468	30.2

(Note) Comprehensive income (millions of yen)

Fiscal Year Ending October 31, 2018, Second Quarter 7,171 (1.7%)
Fiscal Year Ended October 31, 2017, Second Quarter 7,053 (36.2%)

	Net Profit per Share	Net Profit per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal Year ending October 31, 2018: Second quarter	190.59	_
Fiscal Year ended October 31, 2017: Second quarter	183.03	_

(2) Consolidated financial position

,	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
Fiscal Year ending October 31, 2018: Second quarter	242,968	97,701	37.7
Fiscal Year ended October 31, 2017	227,545	91,788	37.9

(Reference) Equity (millions of yen)

Fiscal Year Ending October 31, 2018 Second Quarter 91,621 Fiscal Year Ended October 31, 2017 86,241

2. Dividends

		Annual Dividends per Share					
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full-year		
	Yen	Yen	Yen	Yen	Yen		
Fiscal year ended October 31, 2017	_	15.00	_	35.00	50.00		
Fiscal year ending October 31, 2018	_	20.00					
Fiscal year ending October 31, 2018 (Projected)			_	35.00	55.00		

(Note) Has the Company revised its most recently released dividend projection?

No

3. Projected Consolidated Operating Results for the Fiscal year ending October 2018

(November 1, 2017 - October 31, 2018)

(Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attribut Owners of F		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	161,870	2.2	17,330	4.0	17,420	1.3	10,900	1.4	308.44

(Note) Has the Company revised its most recently released projected consolidated operating results during the quarter?

4. 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

- (2) Application of special accounting method in the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting principles, changes in accounting estimates and retrospective restatements
 - (a) Changes in accounting principles in conjunction with revision of accounting standards: No
 - (b) Changes other than the above: No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatements: No
- (4) Number of shares issued (common shares)
 - (a) Number of shares outstanding at the end of the period (including treasury shares)

Fiscal year ending October 31, 2018 Second Quarter: 36,092,241 shares
Fiscal year ended October 31, 2017: 36,092,241 shares

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

Fiscal year ending October 31, 2018 Second Quarter: 753,183 shares Fiscal year ended October 31, 2017: 753,253 shares

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

Fiscal year ending October 31, 2018 Second Quarter: 35,339,047 shares Fiscal year ended October 31, 2017 Second Quarter: 35,339,060 shares

Note: This quarterly earnings report is exempt from the quarterly review procedure

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. Qualitative Information Concerning Quarterly Consolidated Operating Results (3) Explanation Concerning Future Forecasts Including Projected Consolidated Operating Results" on Page 6 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

Procedure for obtaining the Quarterly Settlement Supplementary Explanatory Materials and Quarterly Earnings Briefing
The Company plans to hold a briefing for institutional investors and analysts on Tuesday, June 12, 2018.
Following the briefing, the Company will upload the briefing highlights and discussion (voice recording) on the
Company's website as quickly as possible, together with the Quarterly Earnings Briefing materials used that day.

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1. Qualitative Information Concerning Quarterly Consolidated Operating Results

- (1) Qualitative Information Concerning Consolidated Operating Results
 - < Second Quarter Operating Results > (From November 1, 2017 to April 30, 2018)

During the first two quarters of Kanamoto's current consolidated fiscal year, the business environment maintained its modest recovery trend despite uncertainty surrounding the overseas economy and heightened geopolitical risks.

In the construction industry related to the Kanamoto Group, construction demand continued to be supported by public works projects, as well as by steady corporate capital investment, modestly increasing demand driven by redevelopment projects concentrated in the Tokyo metropolitan area, and works related to the 2020 Tokyo Olympics, and remained brisk.

Given these conditions, the Kanamoto Group's consolidated net sales for the interim period were ¥85,349 million yen, up 7.8% compared with the same period of the previous consolidated fiscal year. From an earnings perspective, operating profit rose 10.0% from the same period of the previous consolidated fiscal year to ¥10,994 million, ordinary profit increased 8.9% year-on-year to ¥11,155 million, and interim period profit attributable to owners of parent rose 4.1% year-on-year to ¥6,735 million.

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

< Business related to the Construction Equipment Rental Division >

In the construction-related business that is Kanamoto's primary business focus, the Company pursued development of branches in the Tokyo metropolitan area and in regions of western Japan where it has not had a strong presence, in accordance with its medium and long-term plans. At the same time, the Company moved to bolster measures in business domains where it can take advantage of its strengths as a group, such as broadening its line-up of equipment for tunnel-related works, and worked to broaden its operating base.

The Company also continued to maintain its support system for disaster recovery and restoration activities, and proactively repositioned its assets to further improve the utilization rates of existing rental equipment.

Sales of used construction equipment, which the Company is undertaking systematically, remained robust against the backdrop of a favorable market environment.

As a result of the above factors, interim period net sales for Kanamoto's construction-related businesses increased 6.5% from the same period of the previous consolidated fiscal year to ¥76,782 million, and operating profit improved 11.8% year-on-year to ¥10,355 million.

< Other businesses >

In the Company's other businesses, net sales were up 20.5% compared with the interim period of the previous consolidated fiscal year to ¥8,567 million because of steady demand in Kanamoto's steel products-related, information and telecommunications-related, and welfare-related businesses. Operating profit from these operations slipped 16.7% to ¥444 million, however, reflecting a decline in net sales from steel-related works.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, liabilities and net assets

Total assets at the end of the interim period under review increased by ¥15,423 million compared with the end of the prior consolidated fiscal year to ¥242,968 million. This change mainly reflected an increase of ¥4,903 million in cash and deposits, an increase of ¥3,240 million in rental equipment, and an increase of ¥1,656 million in investment securities.

Total liabilities were $$\pm 145,266$$ million, an increase of $$\pm 9,510$$ million compared with the end of the prior consolidated fiscal year. The principal items contributing to this change were an increase of $$\pm 4,873$$ million in notes and accounts payable-trade, an increase of $$\pm 1,095$$ million in accounts payable-other, and an increase of $$\pm 2,181$$ million in long-term accounts payable-other.

Total net assets came to ¥97,701 million, ¥5,912 million higher than at the end of the prior consolidated fiscal year. This was mainly because of profit attributable to owners of parent for the interim period of ¥6,735 million, and a decrease of ¥1,236 million for dividends from surplus.

(3) Explanation Concerning Future Forecasts Including Projected Consolidated Operating Results

There are no revisions to the full-year projected operating results that the Company announced in the Financial Statements Bulletin for the Fiscal Year Ended October 31, 2017 (Japan GAAP) released on December 8, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: Millions of yen)

		(Offic. Willions of yell)
	As of October 31, 2017	As of April 30, 2018
Assets	•	
Current assets		
Cash and deposits	35,220	40,123
Notes and accounts receivable - trade	37,057	37,986
Electronically recorded monetary claims - operating	4,069	4,900
Securities	200	200
Merchandise and finished goods	583	1,125
Raw materials and supplies	288	629
construction machine parts	12,193	12,790
Deferred tax assets	706	756
Other	1,237	1,343
Allowance for doubtful accounts	-784	- 795
Total current assets	90,772	99,060
Non-current assets		
Property, plant and equipment		
rental equipment	198,879	202,027
accumulated depreciation	-125,211	-125,119
rental equipment,net	73,668	76,908
Buildings and structures	32,910	33,407
Accumulated depreciation	-19,801	-20,332
Buildings and structures, net	13,108	13,074
Machinery, equipment and vehicles	7,290	7,472
Accumulated depreciation	-6,154	-6,319
Machinery, equipment and vehicles, net	1,136	1,152
Land	35,623	36,657
Other	2,170	3,206
Accumulated depreciation	-1,421	-1,481
Other, net	749	1,724
Total property, plant and equipment	124,286	129,518
Intangible assets		
Goodwill	486	415
Other	1,110	1,263
Total intangible assets	1,596	1,678
Investments and other assets		
Investment securities	8,417	10,073
Deferred tax assets	436	446
Other	2,308	2,510
Allowance for doubtful accounts	−272	-320
Total investments and other assets	10,889	12,710
Total non-current assets	136,772	143,907
Total assets	227,545	242,968
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Liabilities		As of October 31, 2017	As of April 30, 2018
Notes and accounts payable - trade 28,773 33,647 Short-term loans payable 994 770 Current portion of long-term loans payable 12,029 12,048 Lease obligations 1,048 1,018 Income taxes payable 3,247 3,989 Provision for bonuses 1,099 1,229 Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 23,846 24,309 Lease obligations 2,017 1,925 Long-term loans payable - other 37,127 39,308 Provision for directors' retirement benefits 106 - Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 13,5756 145,266 Net assets 3 145,266 Shareholders' equity 1,562 1,562 Capita	Liabilities	•	
Short-term loans payable 994 770 Current portion of long-term loans payable 12,029 12,405 Lease obligations 1,048 1,018 Income taxes payable 3,247 3,989 Provision for bonuses 1,099 1,229 Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 23,846 24,309 Lease obligations 2,017 1,925 Long-term loans payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 3,652 13,652 Capital stuck 13,652 13,652	Current liabilities		
Current portion of long-term loans payable 12,029 12,405 Lease obligations 1,048 1,018 Income taxes payable 3,247 3,989 Provision for bonuses 1,099 1,229 Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 - Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 13,652 13,652 Net assets 13,652 13,652 Shareholders' equity 3,652 13,652 Capital stock 13,652 13,652 Capital surplus	Notes and accounts payable - trade	28,773	33,647
Lease obligations 1,048 1,018 Income taxes payable 3,247 3,989 Provision for bonuses 1,099 1,229 Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 2,017 1,925 Long-term loans payable 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets 3 145,266 Net assets 13,652 13,652 Capital stock 13,652 13,652 Capital surplus 14,916	Short-term loans payable	994	770
Income taxes payable 3,247 3,989 Provision for bonuses 1,099 1,229 Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 2,017 1,925 Long-term loans payable 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 - Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 3,652 13,652 Capital stock 13,652 13,652 13,652 Capital stock 13,652 13,652 14,916 Retained earnings 57,172 62,	Current portion of long-term loans payable	12,029	12,405
Provision for bonuses 1,099 1,229 Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 2 71,521 78,672 Long-term loans payable 23,846 24,309 24,309 24,309 24,309 24,309 24,309 24,309 25,300 26,300 27,127 39,308 29,017 1,925 20,017 1,925 20,017 1,925 20,017 1,925 20,017 1,925 20,017 1,925 20,017 1,925 20,017 1,925 20,017 1,925 20,018 20,017 1,925 20,018 20,017 1,925 20,018 20,018 20,009	Lease obligations	1,048	1,018
Accounts payable - other 21,269 22,364 Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total ilabilities 135,756 145,266 Net assets Shareholders' equity 3,652 13,652 Capital stock 13,652 13,652 13,652 Capital surplus 14,916 14,916 14,916 Retained earnings 57,172 62,670 77 77 62,670 Treasury shares -2,129 -2,129 72,129 72,129 Total shareholders' equity 83,612	Income taxes payable	3,247	3,989
Other 3,060 3,245 Total current liabilities 71,521 78,672 Non-current liabilities 3,060 24,309 Long-term loans payable 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 2 Capital sturplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges	Provision for bonuses	1,099	1,229
Total current liabilities 71,521 78,672 Non-current liabilities 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 - Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 3,652 13,652 Capital stock 13,652 13,652 2,670 Capital surplus 14,916 14,916 14,916 Retained earnings 57,172 62,670 2,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges	Accounts payable - other	21,269	22,364
Non-current liabilities 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 2 13,652 13,652 Capital stock 13,652 13,652 13,652 Capital surplus 14,916 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Deferred gains or losses on hedges 0 — Foreign currency translation adjustment 85 90 R	Other	3,060	3,245
Long-term loans payable 23,846 24,309 Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 2 Capital stock 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Deferred gains or losses on hedges 0 — Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4	Total current liabilities	71,521	78,672
Lease obligations 2,017 1,925 Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 2 13,652 13,652 Capital stock 13,652 13,652 14,916 <td< td=""><td>Non-current liabilities</td><td></td><td>_</td></td<>	Non-current liabilities		_
Long-term accounts payable - other 37,127 39,308 Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity Shareholders' equity Shareholders' equity 13,652 13,652 Capital surplus 14,916	Long-term loans payable	23,846	24,309
Provision for directors' retirement benefits 106 — Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity Valuation difference on a social strock 13,652 13,652 Capital strock 13,652 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080<	Lease obligations	2,017	1,925
Net defined benefit liability 259 251 Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity 8 Capital stock 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Long-term accounts payable - other	37,127	39,308
Asset retirement obligations 431 437 Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity Capital stock 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Provision for directors' retirement benefits	106	
Other 444 361 Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity Capital stock 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Net defined benefit liability	259	251
Total non-current liabilities 64,234 66,594 Total liabilities 135,756 145,266 Net assets Shareholders' equity	Asset retirement obligations	431	437
Total liabilities 135,756 145,266 Net assets Shareholders' equity 2 13,652 13,652 13,652 13,652 13,652 13,652 13,652 13,652 13,652 14,916 14,916 14,916 14,916 14,916 14,916 14,916 14,916 14,916 14,916 14,916 14,916 12,512 12,570 12,512 12,512 12,512 12,512 12,512 12,512 12,512 12,512 12,512 12,512 12,512 12,513 <td>Other</td> <td>444</td> <td>361</td>	Other	444	361
Net assets Shareholders' equity 13,652 13,652 13,652 Capital surplus 14,916 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Total non-current liabilities	64,234	66,594
Shareholders' equity 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Total liabilities	135,756	145,266
Capital stock 13,652 13,652 Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Net assets		_
Capital surplus 14,916 14,916 Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Shareholders' equity		
Retained earnings 57,172 62,670 Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Capital stock	13,652	13,652
Treasury shares -2,129 -2,129 Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income	Capital surplus	14,916	14,916
Total shareholders' equity 83,612 89,110 Accumulated other comprehensive income 2,538 2,415 Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Retained earnings	57,172	62,670
Accumulated other comprehensive income 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 Non-controlling interests Total net assets 2,538 2,415 2,518 90 2,510 90 85 90 2,510 80 80 91,788 97,701	Treasury shares	-2,129	-2,129
Valuation difference on available-for-sale securities 2,538 2,415 Deferred gains or losses on hedges 0 — Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Total shareholders' equity	83,612	89,110
Deferred gains or losses on hedges 0 - Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Accumulated other comprehensive income		
Foreign currency translation adjustment 85 90 Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Valuation difference on available-for-sale securities	2,538	2,415
Remeasurements of defined benefit plans 5 4 Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Deferred gains or losses on hedges	0	_
Total accumulated other comprehensive income 2,629 2,510 Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Foreign currency translation adjustment	85	90
Non-controlling interests 5,547 6,080 Total net assets 91,788 97,701	Remeasurements of defined benefit plans	5	4
Total net assets 91,788 97,701	Total accumulated other comprehensive income	2,629	2,510
Total net assets 91,788 97,701	· ·	5,547	6,080
	•	91,788	97,701
	Total liabilities and net assets	227,545	242,968

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

(Consolidated Interim Period Ended April 30)

(Unit: Millions of yen)

		(Orne: Willions of year)
	Six months ended April 30, 2017	Six months ended April 30, 2018
Net sales	79,210	85,349
Cost of sales	53,718	58,052
Gross profit	25,492	27,297
Selling, general and administrative expenses	15,499	16,303
Operating profit	9,993	10,994
Non-operating income	·	·
Interest income	1	9
Dividend income	55	64
Rent income	38	43
Foreign exchange gains	122	_
Other	263	259
Total non-operating income	481	376
Non-operating expenses		
Interest expenses	133	57
Foreign exchange losses	_	34
Other	97	124
Total non-operating expenses	231	215
Ordinary profit	10,242	11,155
Extraordinary income		
Gain on sales of non-current assets	8	0
Gain on donation of non-current assets	13	_
Subsidy income	3	12
Gain on sales of investment securities	174	0
Total extraordinary income	200	12
Extraordinary losses		
Loss on sales and retirement of non-current assets	63	32
Loss on valuation of shares of subsidiaries and associates	28	-
Loss on sales of investment securities	_	157
Loss on valuation of investment securities	<u> </u>	44
Total extraordinary losses	91	234
Profit before income taxes	10,351	10,993
Income taxes - current	3,547	3,724
Income taxes - deferred	− 197	-86
Total income taxes	3,349	3,637
Profit	7,001	7,296
Profit attributable to non-controlling interests	533	561
Profit attributable to owners of parent	6,468	6,735
•	<u>, </u>	

		(Unit: Millions of yen)
	Six months ended April 30, 2017	Six months ended April 30, 2018
Profit	7,001	7,296
Other comprehensive income		
Valuation difference on available-for-sale securities	93	-127
Deferred gains or losses on hedges	0	-0
Foreign currency translation adjustment	-41	4
Remeasurements of defined benefit plans, net of tax	-0	-0
Total other comprehensive income	51	-124
Comprehensive income	7,053	7,171
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,512	6,616
Comprehensive income attributable to non-controlling interests	540	555

(Unit: Millions of yen)

Depreciation		Six months ended April 30, 2017	Six months ended April 30, 2018
Depreciation	Cash flows from operating activities		
Amortization of goodwill Loss (gain) on sales and retirement of non-current assets The amount of cost price transfer with asset sell-off for rentals Expenditure by the construction equipment and supplies Expenditure by the assets acquisition for rentals -460 -56 Expenditure by the assets acquisition for rentals -1,381 -2,66 Loss (gain) on sales of investment securities -174 -181 Loss (gain) on valuation of shares of subsidiaries and associates Increase (decrease) in allowance for doubtful accounts -168 -174 -181 Increase (decrease) in provision for bonuses Increase (decrease) in provision for bonuses Increase (decrease) in rent defined benefit liability 9 Interest and dividend income -56 -58 -58 Foreign exchange losses (gains) -91 Decrease (increase) in notes and accounts receivable -trade Decrease (increase) in inventories -85 Increase (increase) in inventories -85 Increase (decrease) in inventories -85 -88 Increase (decrease) in inventories -85 -88 Increase (decrease) in inventories -85 -88 Increase (decrease) in inventories -86 -87 -88 Increase (decrease) in inventories -86 -87 -88 Increase (decrease) in inventories -86 -88 Increase (decrease) in inventories -86 -87 -88 Increase (decrease) in inventories -86 -87 -88 Increase (decrease) in inventories -86 -88 Increase (decrease) in inventories -86 -87 -88 Increase (decrease) in inventories -86 -87 -88 Increase (decrease) in otes and accounts payable - trade -88 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -89 Increase (decrease) in otes and accounts payable - trade -9	Profit before income taxes	10,351	10,933
Loss (gain) on sales and retirement of non-current assets The amount of cost price transfer with asset sell-off for rentals Expenditure by the construction equipment and supplies Expenditure by the assets acquisition for rentals I coss (gain) on sales of investment securities I coss (gain) on valuation of investment securities I coss (gain) on valuation of investment securities I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss on valuation of shares of subsidiaries and associates I coss of shares of subsidiaries and associates I consider the construction of the cons	Depreciation	11,940	12,487
The amount of cost price transfer with asset sell-off for rentals Expenditure by the construction equipment and supplies Expenditure by the construction equipment and supplies Expenditure by the assets acquisition for rentals Loss (gain) on sales of investment securities Loss (gain) on valuation of investment securities Loss on valuation of shares of subsidiaries and associates Increase (decrease) in allowance for doubtful accounts Increase (decrease) in provision for bonuses Increase (decrease) in provision for bonuses Increase (decrease) in net defined benefit liability 9 11 12 13 16 176 18 18 18 19 19 19 19 10 11 11 11 11 11	Amortization of goodwill	71	71
rentals	Loss (gain) on sales and retirement of non-current assets	55	31
Expenditure by the assets acquisition for rentals		665	1,151
Loss (gain) on sales of investment securities -174 18 Loss (gain) on valuation of investment securities - 4 Loss on valuation of shares of subsidiaries and associates 28 Increase (decrease) in allowance for doubtful accounts -168 .6 Increase (decrease) in provision for bonuses 94 11 Increase (decrease) in net defined benefit liability 9 -1 Increase (decrease) in net defined benefit liability 9 -56 Increase (decrease) in net defined benefit liability 9 -1 Increase (decrease) in inet deposits 133 .8 Foreign exchange losses (gains) -91 -91 Decrease (increase) in notes and accounts receivable - trade 10 -1,76 Increase (decrease) in inventories -85 -88 Increase (decrease) in notes and accounts payable - trade 3,485 5,44 Increase (decrease) in otes and accounts payable - trade 1,114 1,36 Other, net 463 -33 Interest expenses paid 26,180 25,83 Interest and dividend income received 56 <	Expenditure by the construction equipment and supplies	-460	-584
Loss (gain) on valuation of investment securities	Expenditure by the assets acquisition for rentals	− 1,381	-2,603
Loss on valuation of shares of subsidiaries and associates 28 Increase (decrease) in allowance for doubtful accounts -168 94 13 16 16 17 17 17 17 17 18 18 19 19 19 19 19 19	Loss (gain) on sales of investment securities	−174	157
Increase (decrease) in allowance for doubtful accounts	Loss (gain) on valuation of investment securities	_	44
Increase (decrease) in provision for bonuses 94 12 Increase (decrease) in net defined benefit liability 9	Loss on valuation of shares of subsidiaries and associates	28	<u> </u>
Increase (decrease) in net defined benefit liability 9 1-1 Interest and dividend income -56 -76 Assets buy on the installment plan purchase payment interest for rentals 176 18 Interest expenses 133 -8 Interest expenses 133 -91 Decrease (increase) in notes and accounts receivable - trade 10 -1,76 Decrease (increase) in inventories -85 -86 Increase (decrease) in notes and accounts payable - trade 3,485 5,44 Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -33 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -1,812 -2,91 Income taxes paid -1,812 -2,91 Net cash provided by (used in) operating activities 24,114 22,77 Cash flows from investing activities -60 -11 Proceeds from withdrawal of time deposits -60 -15 Proceeds from sales of property, plant and equipment -1,527 -2,66 Proceeds from sales of property, plant and equipment 16 Purchase of intangible assets -259 -22 Purchase of investment securities -4 -4 Proceeds from sales of investment securities -4 Proceeds from sales of investment securities -4 Proceeds from sales of subsidiaries -7 -7,30 Purchase of shares of subsidiaries -7 -7,30 Purchase of shares of subsidiaries -7 -7,30 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidiaries and associates -7 -7,40 Purchase of shares of subsidia	Increase (decrease) in allowance for doubtful accounts	-168	59
Interest and dividend income	Increase (decrease) in provision for bonuses	94	129
Assets buy on the installment plan purchase payment interest for rentals 176 18 Interest expenses 133 8 Foreign exchange losses (gains) -91 -91 Decrease (increase) in notes and accounts receivable - trade 10 -1,76 Decrease (increase) in inventories -85 -85 Increase (decrease) in notes and accounts payable - trade 3,485 5,44 Increase (decrease) in accounts payable - other 1,114 1,30 Other, net 463 -33 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2 Income taxes paid -1,812 -2,93 Net cash provided by (used in) operating activities 24,114 22,7 Cash flows from investing activities -60 -15 Payments into time deposits -60 -15 Proceeds from withdrawal of time deposits - - Purchase of property, plant and equipment -1,527 -2,60 Proceeds from sales of property, plant and equipment <td>· · · · · · · · · · · · · · · · · · ·</td> <td>9</td> <td>-8</td>	· · · · · · · · · · · · · · · · · · ·	9	-8
interest for rentals 176 18 Interest expenses 133 8 Foreign exchange losses (gains) -91 -91 Decrease (increase) in notes and accounts receivable - trade 10 -1,76 Decrease (increase) in inventories -85 -85 Increase (decrease) in notes and accounts payable - trade 3,485 5,44 Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2 Income taxes paid -309 -2 Income taxes paid -1,812 -2,9 Net cash provided by (used in) operating activities 24,114 22,7 Cash flows from investing activities -60 -15 Payments into time deposits -60 -15 Proceeds from withdrawal of time deposits - - Purchase of property, plant and equipment -1,527 -2,60 Purchase of i	Interest and dividend income	− 56	-73
interest for rentals 176 18 Interest expenses 133 8 Foreign exchange losses (gains) -91 -91 Decrease (increase) in notes and accounts receivable - trade 10 -1,76 Decrease (increase) in inventories -85 -85 Increase (decrease) in notes and accounts payable - trade 3,485 5,44 Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2 Income taxes paid -309 -2 Income taxes paid -1,812 -2,9 Net cash provided by (used in) operating activities 24,114 22,7 Cash flows from investing activities -60 -15 Payments into time deposits -60 -15 Proceeds from withdrawal of time deposits - - Purchase of property, plant and equipment -1,527 -2,60 Purchase of i	Assets buy on the installment plan purchase payment	470	457
Porcigin exchange losses (gains) -91		1/6	157
Foreign exchange losses (gains) -91	Interest expenses	133	57
Decrease (increase) in notes and accounts receivable - trade 10 -1,76 Decrease (increase) in inventories -85 -88 Increase (decrease) in notes and accounts payable - trade 3,485 5,44 Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2 Income taxes paid -1,812 -2,97 Net cash provided by (used in) operating activities 24,114 22,7* Cash flows from investing activities -60 -15 Payments into time deposits -60 -15 Proceeds from withdrawal of time deposits - 15 Purchase of property, plant and equipment -1,527 -2,60 Proceeds from sales of property, plant and equipment 16 -259 Purchase of investment securities -4 -4 Purchase of shares of subsidiaries - -1,30 Purchase of shares of subsidiaries and associates	·	- 91	2
Decrease (increase) in inventories -85 -86 Increase (decrease) in notes and accounts payable - trade 3,485 5,48 Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -22 Income taxes paid -1,812 -2,97 Net cash provided by (used in) operating activities 24,114 22,7 Cash flows from investing activities -60 -19 Payments into time deposits -60 -19 Proceeds from withdrawal of time deposits - 19 Purchase of property, plant and equipment -1,527 -2,60 Purchase of investment securities -259 -22 Purchase of investment securities -4 - Purchase of shares of subsidiaries - -1,33 Purchase of shares of subsidiaries and associates - -1,33 Purchase of shares of subsidiaries and associates - <td< td=""><td>Decrease (increase) in notes and accounts receivable -</td><td>10</td><td>-1,765</td></td<>	Decrease (increase) in notes and accounts receivable -	10	-1,765
Increase (decrease) in notes and accounts payable - trade 1,114 1,36 Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -22 Income taxes paid -1,812 -2,97 Net cash provided by (used in) operating activities 24,114 22,77 Cash flows from investing activities -60 -19 Proceeds from withdrawal of time deposits -60 -19 Purchase of property, plant and equipment -1,527 -2,60 Purchase of intangible assets -259 -22 Purchase of investment securities 316 Purchase of shares of subsidiaries -4 Proceeds from sales of subsidiaries -60 -1,30 Purchase of shares of subsidiaries -7 Purchase of shares of subsidiaries -7 Purchase of shares of subsidiaries -7 Purchase of shares of subsidiaries and associates -9 Purchase of loans receivable -96 -34 Collection of loans receivable 11 0 Other, net 193 27		-85	-890
Increase (decrease) in accounts payable - other 1,114 1,36 Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2 Income taxes paid -1,812 -2,97 Net cash provided by (used in) operating activities 24,114 22,77 Cash flows from investing activities -60 -19 Payments into time deposits -60 -19 Proceeds from withdrawal of time deposits - 19 Purchase of property, plant and equipment -1,527 -2,60 Purchase of invastment securities -259 -22 Purchase of investment securities -4 -259 Purchase of shares of subsidiaries - -1,33 Purchase of shares of subsidiaries and associates - -1,33 Purchase of shares of subsidiaries and associates - -7 Payments of loans receivable -96 -34 Collection of loans receivable -1 -1			5,484
Other, net 463 -36 Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2 Income taxes paid -1,812 -2,97 Net cash provided by (used in) operating activities 24,114 22,7° Cash flows from investing activities -60 -19 Payments into time deposits -60 -19 Proceeds from withdrawal of time deposits - 19 Purchase of property, plant and equipment -1,527 -2,60 Purchase of intangible assets -259 -22 Purchase of intangible assets -259 -22 Purchase of investment securities -4 Purchase of shares of subsidiaries - -1,33 Purchase of shares of subsidiaries and associates - -1,33 Purchase of shares of subsidiaries and associates - - Payments of loans receivable -96 -34 Collection of loans receivable 11 8 Other, net	· · · · · · · · · · · · · · · · · · ·		1,364
Subtotal 26,180 25,83 Interest and dividend income received 56 6 Interest expenses paid -309 -2° Income taxes paid -1,812 -2,90 Net cash provided by (used in) operating activities 24,114 22,7° Cash flows from investing activities -60 -19 Payments into time deposits -60 -19 Proceeds from withdrawal of time deposits - 19 Purchase of property, plant and equipment -1,527 -2,60 Purchase of investment securities -259 -22 Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries - -1,33 Purchase of shares of subsidiaries and associates - -1,33 Purchase of loans receivable -96 -34 Collection of loans receivable 11 8 Cother, net 193 2			-369
Interest and dividend income received Interest expenses paid Income taxes paid Incom	-		25,838
Interest expenses paid -309 -200 Income taxes paid -1,812 -2,910 Net cash provided by (used in) operating activities 24,114 22,710 Cash flows from investing activities Payments into time deposits -60 -190 Proceeds from withdrawal of time deposits -60 -190 Purchase of property, plant and equipment -1,527 -2,60 Proceeds from sales of property, plant and equipment 16 Purchase of intangible assets -259 -220 Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries and associates -5 Payments of loans receivable -96 -340 Collection of loans receivable 11 6 Cother, net 193 220 Cother in the company of			69
Income taxes paid-1,812-2,90Net cash provided by (used in) operating activities24,11422,70Cash flows from investing activities-60-19Payments into time deposits-60-19Proceeds from withdrawal of time deposits-18Purchase of property, plant and equipment-1,527-2,60Proceeds from sales of property, plant and equipment16-259Purchase of intangible assets-259-22Purchase of investment securities-4-4Proceeds from sales of investment securities316-1,33Purchase of shares of subsidiaries1,33Purchase of shares of subsidiaries and associates1,33Payments of loans receivable-96-34Collection of loans receivable118Other, net1932			-213
Net cash provided by (used in) operating activities Cash flows from investing activities Payments into time deposits Proceeds from withdrawal of time deposits Purchase of property, plant and equipment Proceeds from sales of property, plant and equipment Purchase of intangible assets Purchase of investment securities Purchase of shares of subsidiaries Purchase of shares of subsidiaries and associates Payments of loans receivable Collection of loans receivable Other, net			-2,976
Cash flows from investing activities Payments into time deposits -60 -19 Proceeds from withdrawal of time deposits -19 Purchase of property, plant and equipment -1,527 -2,60 Proceeds from sales of property, plant and equipment 16 Purchase of intangible assets -259 -22 Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries -1,33 Purchase of shares of subsidiaries and associates -1,33 Purchase of loans receivable -96 -34 Collection of loans receivable 11 88 Other, net 193			22,716
Payments into time deposits -60 -19 Proceeds from withdrawal of time deposits - 19 Purchase of property, plant and equipment -1,527 -2,60 Proceeds from sales of property, plant and equipment 16 Purchase of intangible assets -259 -22 Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries1,336 Purchase of shares of subsidiaries and associates5 Payments of loans receivable -96 -34 Collection of loans receivable 11 88 Other, net 193		21,111	22,710
Proceeds from withdrawal of time deposits Purchase of property, plant and equipment Proceeds from sales of property, plant and equipment Purchase of intangible assets Purchase of investment securities Purchase of investment securities Purchase of shares of subsidiaries and associates Payments of loans receivable Collection of loans receivable Other, net		-60	-190
Purchase of property, plant and equipment -1,527 -2,60 Proceeds from sales of property, plant and equipment 16 Purchase of intangible assets -259 -22 Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries1,39 Purchase of shares of subsidiaries and associates9 Payments of loans receivable -96 -34 Collection of loans receivable 11 8 Other, net 193 3			190
Proceeds from sales of property, plant and equipment Purchase of intangible assets Purchase of investment securities Proceeds from sales of investment securities Purchase of shares of subsidiaries Purchase of shares of subsidiaries Purchase of shares of subsidiaries and associates Payments of loans receivable Collection of loans receivable Other, net	•	-1 527	
Purchase of intangible assets -259 -22 Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries1,38 Purchase of shares of subsidiaries and associates96 Payments of loans receivable -96 -34 Collection of loans receivable 11 8 Other, net 193 -25			0
Purchase of investment securities -4 Proceeds from sales of investment securities 316 Purchase of shares of subsidiaries1,36 Purchase of shares of subsidiaries and associates9 Payments of loans receivable -96 -34 Collection of loans receivable 11 8 Other, net 193 3			-227
Proceeds from sales of investment securities316Purchase of shares of subsidiaries—-1,39Purchase of shares of subsidiaries and associates—-9Payments of loans receivable-96-34Collection of loans receivable118Other, net1933			-4
Purchase of shares of subsidiaries — -1,39 Purchase of shares of subsidiaries and associates — -9 Payments of loans receivable —96 —34 Collection of loans receivable —11 —8 Other, net ———————————————————————————————————			1
Purchase of shares of subsidiaries and associates Payments of loans receivable Collection of loans receivable Other, net 11 12 13			_1 202
Payments of loans receivable -96 -34 Collection of loans receivable 11 8 Other, net 193 2		<u> </u>	-1,393 -99
Collection of loans receivable 11 8 Other, net 193 2		_06	
Other, net	•		-345 81
Net each provided by (yeard in) investing activities 4400	Net cash provided by (used in) investing activities	-1,409	23 -4,562

		(Offic. Willions of yell)
	Six months ended April 30, 2017	Six months ended April 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	− 158	-223
Redemption of bonds	-30	_
Proceeds from long-term loans payable	6,440	7,600
Repayments of long-term loans payable	-8,701	-6,760
Repayments of installment payables	-10,959	-12,031
Repayments of lease obligations	-1,137	− 576
Purchase of treasury shares	-0	_
Purchase of treasury shares of subsidiaries	-0	_
Cash dividends paid	− 1,056	-1,235
Dividends paid to non-controlling interests	-22	-22
Other, net	_	0
Net cash provided by (used in) financing activities	- 15,627	-13,250
Effect of exchange rate change on cash and cash equivalents	7	-0
Net increase (decrease) in cash and cash equivalents	7,084	4,903
Cash and cash equivalents at beginning of period	33,069	35,160
Cash and cash equivalents at end of period	40,154	40,063

(4) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

(Notes on Significant Changes in Shareholders' Equity)

The Company had no material items to report.

(Supplemental Information)

(Provision for directors' retirement benefits)

Certain consolidated subsidiaries resolved at the Board of Directors meeting held in January 2018 to discontinue the system for retirement allowances to directors and pay a termination payment, in conjunction with revisions to the Work Provisions for Directors. In accordance with this change, Kanamoto has reversed the full amount of the retirement allowances to directors for the period until the resolution of the same Board of Directors Meeting, and disclosed the unpaid amount of ¥108 million in conjunction with the termination payment by including the amount in long-term accounts payable-other reported under long-term liabilities.

(Business Segment Information)

[Segment information]

- I Interim period of the prior consolidated fiscal year (From November 1, 2016 to April 30, 2017)
 - 1. Information concerning net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Reporting segment		
	Business related to the	Other Businesses	Total
	Construction Equipment	(See note)	Total
	Rental Division		
Net sales			
Net sales to outside customers	72,099	7,110	79,210
Net sales or transfers between related segments	_	l	
Total	72,099	7,110	79,210
Segment income	9,259	534	9,793

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

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

(Unit: Millions of yen)

Income	Amount	
Reporting segment total	9,259	
Income for "Other businesses" classification	534	
Other adjustments	199	
Operating profit reported on the Consolidated	0.000	
Quarterly Statements of Income	9,993	

3. Information concerning fixed asset impairment loss and goodwill by reporting segment The Company had no material items to report.

II Interim period of the current consolidated fiscal year (From November 1, 2017 to April 30, 2018)

1. Information concerning net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Reporting segment	Other Businesses (See note)	-
	Business related to the Construction Equipment Rental Division		Total
Net sales			
Net sales to outside customers	76,782	8,567	85,349
Net sales or transfers between	_	_	_
related segments			
Total	76,782	8,567	85,349
Segment income	10,355	444	10,800

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

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

(Unit: Millions of yen)

Income	Amount	
Reporting segment total	10,355	
Income for "Other businesses" classification	444	
Other adjustments	194	
Operating profit reported on the Consolidated	40.004	
Quarterly Statements of Income	10,99	

3. Information concerning fixed asset impairment loss and goodwill by reporting segment The Company had no material items to report.