



## Six-month Consolidated Financial Report for the Fiscal Year ending October 31, 2019 [Japan GAAP]

June 7, 2019

Listed Company Name	<b>Kanamoto Co., Ltd.</b>	
Company Code Number	<b>9678</b>	
Listed Exchanges (URL)	<b>Tokyo Stock Exchange, Sapporo Stock Exchange</b> <a href="https://www.kanamoto.co.jp">https://www.kanamoto.co.jp</a>	
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Scheduled date for submission of Quarterly Report	June 13, 2019	
Scheduled date for commencement of dividend payments	July 5, 2019	
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, 2019

(November 1, 2018 – April 30, 2019)

#### (1) Consolidated Operating Results (Cumulative)

(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 ending October 31, 2019: Second quarter	91,856	7.6	11,266	2.5	11,511	3.2	7,255	7.7
Fiscal Year ended October 31, 2018: Second quarter	85,349	7.8	10,994	10.0	11,155	8.9	6,735	4.1

(Note) Comprehensive income (millions of yen)

Fiscal Year Ending October 31, 2019, Second Quarter 7,560 (5.4%)

Fiscal Year Ended October 31, 2018, Second Quarter 7,171 (1.7%)

	Net Income per Share	Net Income per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal Year ending October 31, 2019: Second quarter	187.62	—
Fiscal Year ended October 31, 2018: Second quarter	190.59	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
Fiscal Year ending October 31, 2019: Second quarter	268,923	118,594	41.8
Fiscal Year ended October 31, 2018	241,374	102,031	39.6

(Reference) Equity (millions of yen)

Fiscal Year Ending October 31, 2019, Second Quarter 112,400

Fiscal Year Ended October 31, 2018 95,680

## 2. Dividends

	Annual Dividends per Share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full-year
Fiscal year ended October 31, 2018	Yen —	Yen 20.00	Yen —	Yen 40.00	Yen 60.00
Fiscal year ending October 31, 2019	—	25.00			
Fiscal Year ending October 31, 2019 (Projected)			—	40.00	65.00

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

## 3. Projected Consolidated Operating Results for the Fiscal Year Ending October 2019

(November 1, 2018 – October 31, 2019)

(Percentages show the change from the prior year)

	Net Sales		Operating profit		Ordinary profit		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	175,700	4.5	18,400	4.5	18,700	4.3	12,000	1.2	310.30

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

No

#### 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
- |                                       |   |
|---------------------------------------|---|
| Company newly included (Company name) | — |
| Company newly excluded (Company name) | — |
- (2) Application of special accounting method in the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting principles, changes in accounting estimates and retrospective restatements
- (a) Changes in accounting policy 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, 2019 Second Quarter: | 38,742,241 shares |
| Fiscal year ended October 31, 2018:                 | 36,092,241 shares |
- (b) Number of shares of treasury stock at the end of the period
- |   |                |
|---|----------------|
| Fiscal year ending October 31, 2019 Second Quarter: | 3,209 shares   |
| Fiscal year ended October 31, 2018:                 | 753,183 shares |
- (c) Average number of shares during the period (consolidated year-to-date)
- |   |                   |
|---|-------------------|
| Fiscal year ending October 31, 2019 Second Quarter: | 38,672,755 shares |
| Fiscal year ended October 31, 2018 Second Quarter:  | 35,339,047 shares |

Note: Quarterly earnings reports are not subject to quarterly review by certified public accountants or independent account auditors.

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 7 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

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 Monday, June 10, 2019.

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

During the first two quarters of Kanamoto's current consolidated fiscal year, Japan's economy maintained its gradual recovery trend as corporate operating results and the employment and income environment continued to improve. Nevertheless, conditions that warrant close attention persisted, including concerns over the effects trade friction between the U.S. and China and the UK's impending withdrawal from the European Union will have on the global economy.

In the construction industry related to the Kanamoto Group, construction demand remained brisk, supported by public works spending, private sector capital outlays on maintenance and upgrades and labor-saving enhancements against the backdrop of strong corporate earnings, and redevelopment projects centered in the Tokyo metropolitan area. At the same time, however, conditions that should be monitored carefully, including a steep rise in construction costs and the supply-demand picture for skilled labor, lingered as well.

Given such circumstances, as it began the final fiscal year of its "BULL55" long-term vision (fiscal 2015 - fiscal 2019) the Kanamoto Group worked together to lay a foundation for sustainable growth. This included efforts to expand the Group's domestic base of operations during this five-year period by establishing 29 new branches at Kanamoto itself and increasing the number of alliance group bases by 157 locations through M&A and business tie-ups, pursuing overseas business by developing offices in seven countries, and boosting equipment utilization ratios through optimum placement of rental equipment using the new systems introduced last year and through labor saving and efficiency improvements, all with the objective of creating lasting corporate value based on Kanamoto's three priority policies of "expansion of domestic base of operations", "overseas development" and "optimization of internal operational processes".

Consolidated net sales for the interim period were ¥91,856 million, up 7.6% compared with the same period of the previous consolidated fiscal year. In terms of earnings, operating income increased 2.5% from the same period of the previous consolidated fiscal year to ¥11,266 million, ordinary income increased 3.2% year-on-year to ¥11,511 million, and interim period profit attributable to owners of parent rose 7.7% year-on-year to ¥7,255 million.

Operating 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, reconstruction demand in the Tohoku Region exhibited a declining trend. In major metropolitan areas, however, large-scale projects such as infrastructure maintenance related to the Tokyo Olympics and redevelopment projects are being planned, while full-scale work on disaster recovery and restoration works in Hokkaido, Kyushu, and western Japan is underway as well, and construction equipment demand rental as a whole remained brisk.

Used construction equipment sales rose 17.9% from the corresponding period of the previous consolidated fiscal year, as Kanamoto methodically sold rental equipment it has operated for a certain number of years, in order to maintain an appropriate asset portfolio structure.

As a result of the above factors, net sales for Kanamoto's construction-related businesses increased 7.6% from the same period of the previous consolidated fiscal year to ¥82,602 million, and operating income edged up 1.9% year-on-year to ¥10,550 million.

#### < Other businesses >

In the Company's other businesses, steel products-related sales, information and telecommunications-related sales and sales from welfare-related business all expanded steadily. Net sales rose 8.0% from the same period of the previous consolidated fiscal year to ¥9,253 million, and operating income increased 13.7% year-on-year to ¥505 million.

## (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 ¥27,549 million compared with the end of the prior consolidated fiscal year to ¥268,923 million. This change mainly reflected an increase of ¥14,230 million in cash and deposits, an increase of ¥6,764 million in rental equipment and an increase of ¥3,929 million in notes and accounts receivable-trade, respectively.

Total liabilities were ¥150,328 million, an increase of ¥10,985 million compared with the end of the prior consolidated fiscal year. The principal items contributing to this change were an increase of ¥7,640 million in notes and accounts payable-trade and an increase of ¥4,922 million in long-term accounts payable-other, respectively, and a decrease of ¥4,724 in long-term loans payable.

Total net assets came to ¥118,594 million, ¥16,563 million higher than at the end of the prior consolidated fiscal year. This mainly reflected increases of ¥8,353 million from the issuance of new shares by way of a public offering and third-party allotment and an increase of ¥2,364 million from the disposal of treasury stock by way of a public offering, respectively, profit attributable to owners of parent for the interim period of ¥7,255 million, and a decrease of ¥1,413 million for dividends from surplus.

Beginning from the first quarter of the current consolidated fiscal year, the Company will apply the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan Accounting Standard Statement No. 28 dated February 16, 2018) and its related guidance, and the comparison of financial position has been made using retroactively adjusted numerical figures for the end of the prior consolidated fiscal year.

#### Consolidated cash flows

Cash and cash equivalents (“cash”) at the end of the consolidated interim period increased by ¥14,230 million compared with the end of the prior consolidated fiscal year to ¥50,963 million. Cash flows for the consolidated interim period under review are discussed below.

#### (Cash flows from operating activities)

Cash flow generated from operating activities increased 12.4% from the same period of the prior consolidated fiscal year to ¥25,528 million.

This mainly reflected income before income taxes and minority interests of ¥11,501 million and depreciation and amortization of ¥13,462 million, respectively, an increase of ¥7,002 million in notes and accounts payable - trade, expenditure by the assets acquisition for rentals of ¥2,520 million and income taxes paid of ¥1,673 million, respectively, and a decrease of ¥4,361 million in notes and accounts receivable - trade.

#### (Cash flows from investing activities)

Cash flow used in investing activities was ¥1,649 million, compared with cash flow used in investing activities in the interim period of the prior consolidated fiscal year of ¥4,562 million.

This mainly reflected the purchase of property, plant and equipment of ¥1,433 million.

#### (Cash flows from financing activities)

Cash flow used in financing activities was ¥10,038 million, compared with cash flow used in financing activities in the prior consolidated fiscal year of ¥13,250 million.

This mainly reflected proceeds from issuance of stock of ¥8,353 million and ¥2,364 million from sale of treasury stock, respectively, repayments of installment payables of ¥12,295 million, repayments of long-term loans payable of ¥6,684 million and cash dividends paid of ¥1,411 million, respectively.

### (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, 2018 (Japan GAAP) released on December 7, 2018.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Unit: Millions of yen)

	As of October 31, 2018	As of April 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	36,793	51,023
Notes and accounts receivable - trade	36,736	40,665
Electronically recorded monetary claims - operating	5,091	6,123
Securities	200	200
Merchandise and finished goods	765	1,365
Costs on uncompleted construction contracts	55	30
Raw materials and supplies	651	832
Construction machine parts	14,652	15,537
Other	1,710	2,161
Allowance for doubtful accounts	-208	-203
Total current assets	96,448	117,736
Non-current assets		
Property, plant and equipment		
Rental equipment	203,519	211,785
Accumulated depreciation	-127,242	-128,744
Rental equipment, net	76,277	83,041
Buildings and structures	35,531	35,903
Accumulated depreciation	-20,859	-21,486
Buildings and structures, net	14,671	14,416
Machinery, equipment and vehicles	7,643	7,562
Accumulated depreciation	-6,333	-6,267
Machinery, equipment and vehicles, net	1,309	1,295
Land	36,566	36,970
Other	2,227	2,954
Accumulated depreciation	-1,544	-1,611
Other, net	682	1,342
Total property, plant and equipment	129,508	137,066
Intangible assets		
Goodwill	343	272
Other	1,236	1,289
Total intangible assets	1,580	1,562
Investments and other assets		
Investment securities	9,989	8,515
Deferred tax assets	856	1,186
Other	3,367	3,278
Allowance for doubtful accounts	-375	-422
Total investments and other assets	13,837	12,558
Total non-current assets	144,926	151,186
<b>Total assets</b>	<b>241,374</b>	<b>268,923</b>



(Unit: Millions of yen)

	As of October 31, 2018	As of April 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	30,695	38,336
Short-term loans payable	1,146	1,280
Current portion of long-term loans payable	12,825	11,939
Lease obligations	945	903
Income taxes payable	1,929	4,096
Provision for bonuses	1,136	1,307
Accounts payable - other	22,839	23,661
Other	2,749	3,432
Total current liabilities	74,267	84,957
Non-current liabilities		
Long-term loans payable	23,087	18,363
Lease obligations	1,684	1,721
Long-term accounts payable - other	39,591	44,514
Net defined benefit liability	261	260
Asset retirement obligations	449	453
Other	—	57
Total non-current liabilities	65,075	65,370
Total liabilities	139,342	150,328
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,652	17,829
Capital surplus	14,916	19,276
Retained earnings	67,086	73,432
Treasury shares	-2,129	-9
Total shareholders' equity	93,526	110,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,148	1,898
Deferred gains or losses on hedges	0	-0
Foreign currency translation adjustment	—	-33
Remeasurements of defined benefit plans	5	4
Total accumulated other comprehensive income	2,153	1,870
Non-controlling interests	6,351	6,194
Total net assets	102,031	118,594
Total liabilities and net assets	241,374	268,923

(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)

	Six months ended April 30, 2018	Six months ended April 30, 2019
Net sales	85,349	91,856
Cost of sales	58,052	63,350
Gross profit	27,297	28,505
Selling, general and administrative expenses	16,303	17,239
Operating profit	10,994	11,266
Non-operating income		
Interest income	9	12
Dividend income	64	64
Rent income	43	40
Other	259	322
Total non-operating income	376	441
Non-operating expenses		
Interest expenses	57	46
Foreign exchange losses	34	0
Share issuance cost	—	46
Other	124	102
Total non-operating expenses	215	195
Ordinary profit	11,155	11,511
Extraordinary income		
Gain on sales of non-current assets	0	26
Subsidy income	12	19
Gain on sales of investment securities	0	14
Total extraordinary income	12	61
Extraordinary losses		
Loss on sales and retirement of non-current assets	32	67
Loss on valuation of shares of subsidiaries and associates	—	3
Loss on sales of investment securities	157	—
Loss on valuation of investment securities	44	—
Total extraordinary losses	234	70
Profit before income taxes	10,933	11,501
Income taxes – current	3,724	3,819
Income taxes – deferred	–86	–162
Total income taxes	3,637	3,657
Profit	7,296	7,844
Profit attributable to non-controlling interests	561	588
Profit attributable to owners of parent	6,735	7,255

(Quarterly Consolidated Statements of Comprehensive Income)  
(Consolidated Interim Period Ended April 30)

(Unit: Millions of yen)

	Six months ended April 30, 2018	Six months ended April 30, 2019
Profit	7,296	7,844
Other comprehensive income		
Valuation difference on available-for-sale securities	-127	-250
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	4	-33
Remeasurements of defined benefit plans, net of tax	-0	-0
Total other comprehensive income	-124	-284
Comprehensive income	7,171	7,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,616	6,972
Comprehensive income attributable to non-controlling interests	555	587

## (3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended April 30, 2018	Six months ended April 30, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,933	11,501
Depreciation	12,487	13,462
Amortization of goodwill	71	71
Loss (gain) on sales and retirement of non-current assets	31	41
The amount of cost price transfer with asset sell-off for rentals	1,151	516
Expenditure by the construction equipment and supplies	-584	-434
Expenditure by the assets acquisition for rentals	-2,603	-2,520
Loss (gain) on valuation of investment securities	44	—
Loss (gain) on sales of investment securities	157	-14
Loss on valuation of shares of subsidiaries and associates	—	3
Increase (decrease) in allowance for doubtful accounts	59	36
Increase (decrease) in provision for bonuses	129	159
Increase (decrease) in net defined benefit liability	-8	-1
Interest and dividend income	-73	-77
Assets buy on the installment plan purchase payment interest for rentals	157	169
Interest expenses	57	46
Foreign exchange losses (gains)	2	-32
Decrease (increase) in notes and accounts receivable – trade	-1,765	-4,361
Decrease (increase) in inventories	-890	-391
Increase (decrease) in notes and accounts payable – trade	5,484	7,002
Increase (decrease) in accounts payable – other	1,364	1,675
Other, net	-369	490
Subtotal	25,838	27,344
Interest and dividend income received	69	69
Interest expenses paid	-213	-212
Income taxes paid	-2,976	-1,673
Net cash provided by (used in) operating activities	22,716	25,528
<b>Cash flows from investing activities</b>		
Payments into time deposits	-190	-190
Proceeds from withdrawal of time deposits	190	190
Purchase of property, plant and equipment	-2,602	-1,433
Proceeds from sales of property, plant and equipment	0	27
Purchase of intangible assets	-227	-185
Purchase of investment securities	-4	-4
Proceeds from sales of investment securities	1	23
Purchase of shares of subsidiaries	-1,393	-161
Purchase of shares of subsidiaries and associates	-99	—
Payments of loans receivable	-345	—
Collection of loans receivable	81	33
Collection of long-term accounts receivable-other	—	40
Other, net	23	10
Net cash provided by (used in) investing activities	-4,562	-1,649

(Unit: Millions of yen)

	Six months ended April 30, 2018	Six months ended April 30, 2019
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-223	-95
Proceeds from long-term loans payable	7,600	1,060
Repayments of long-term loans payable	-6,760	-6,684
Repayments of installment payables	-12,031	-12,295
Repayments of lease obligations	-576	-523
Proceeds from issuance of common shares	—	8,353
Proceeds from sales of treasury shares	—	2,364
Purchase of treasury shares	—	-0
Cash dividends paid	-1,235	-1,411
Dividends paid to non-controlling interests	-22	-22
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-783
Other, net	0	—
Net cash provided by (used in) financing activities	-13,250	-10,038
Effect of exchange rate change on cash and cash equivalents	-0	-0
Net increase (decrease) in cash and cash equivalents	4,903	13,840
Cash and cash equivalents at beginning of period	35,160	36,733
Increase in cash and cash equivalents from newly consolidated subsidiary	—	390
Cash and cash equivalents at end of period	40,063	50,963

#### (4) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

(Note on Significant Changes to Shareholders' Equity)

At its Board of Directors meeting held on November 12, 2018, the Company resolved to issue new shares by way of public offering and third-party allotment, dispose of treasury shares by way of public offering, and conduct a secondary offering of the Company's shares, and to issue 2,250,000 new shares of common stock by way of public offering with a payment date of November 28, 2018 to increase the capital stock and capital surplus of the Company by ¥3,546 million, respectively, and dispose of 750,000 shares of treasury stock shares by way of public offering to decrease treasury shares by ¥2,120 million and increase capital surplus by ¥243 million. The delivery of 450,000 secondary offering shares of the Company's stock was completed on November 29, 2018 and the capital stock and capital surplus of the Company were increased by ¥630 million, respectively, through the issuance of 400,000 new shares by way of third-party allotment for which the payment date was December 19, 2018.

As a result, as of April 30, 2019 the Company's capital stock was ¥17,829 million, its capital surplus was ¥19,276 million and treasury shares were -¥9 million.

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

The Company had no material items to report.

Although not a change corresponding to changes in specific subsidiaries, beginning from the first quarter of the current consolidated fiscal year the Company will include KG Flowtechno Co., Ltd. and KANAMOTO (CHINA) INVESTMENT CO., LTD., two non-consolidated subsidiaries, within the scope of consolidation because their material importance increased in the prior consolidated fiscal year.

(Supplemental Information)

(Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting. etc.)

Beginning from the first quarter of the current consolidated fiscal year, the Company will apply the *Partial Amendments to Accounting Standard for Tax Effect Accounting* (Accounting Standards Board of Japan *Accounting Standard Statement No. 28* dated February 16, 2018) and its related guidance and has included deferred tax assets in the category "investments and other assets".

(Business Segment Information)

I Interim period of the prior 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)	Total
	Business related to the Construction Equipment Rental Division		
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 profit	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.

2. 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 Quarterly Statements of Income	10,994

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, 2018 to April 30, 2019)

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

(Unit: Millions of yen)

	Reporting segment	Other Businesses (See note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Net sales to outside customers	82,602	9,253	91,856
Net sales or transfers between related segments	—	—	—
Total	82,602	9,253	91,856
Segment profit	10,550	505	11,056

(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.

2. 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	10,550
Income for “Other businesses” classification	505
Other adjustments	209
Operating profit reported on the Consolidated Quarterly Statements of Income	11,266

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

The Company had no material items to report.