

# To All Concerned Parties

## Kanamoto Company, Limited

Stock Code 9678

Tokyo Stock Exchange 1<sup>st</sup> Section; Sapporo Stock Exchange

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## Notification Concerning Revision of Projected Interim and Full-year Operating Results

Kanamoto Company, Limited (Kanchu Kanamoto, President; Head Office: Sapporo, Japan), Japan's leading construction equipment rental company, has made the following revisions to its projected consolidated and non-consolidated interim (November 1, 2007 – April 30, 2008) and full-year operating results for the fiscal year ending October 31, 2008 (November 1, 2007 - October 31, 2008) provided in the Financial Statements Bulletin released on December 7, 2007.

The Company plans to release its Interim Financial Statements Bulletin for the fiscal year ending October 2008 on Friday, June 6, 2008.

(Millions of yen, except net income per share which is in yen)

### 1. Revised projection of consolidated operating results

#### (1) Fiscal year ending October 2008, interim period

(November 1, 2007 – April 30, 2008)

	Revenues	Operating income	Ordinary income	Interim net income	Net income per share
Prior projection (A)	37,500	3,400	3,300	1,800	54.80
Revised projection (B)	37,200	2,900	2,800	1,500	45.67
Increase (decrease) (B–A)	–300	–500	–500	–300	9.13
Rate of change (%)	–0.8%	–14.7%	–15.2%	–16.7%	–16.7%
Prior fiscal year interim results (Fiscal year ended October 2007)	36,230	3,438	3,422	2,382	72.53

#### (2) Fiscal year ending October 2008, full year

(November 1, 2007 – October 31, 2008)

	Revenues	Operating income	Ordinary income	Interim net income	Net income per share
Prior projection (A)	71,900	4,600	4,400	2,300	70.02
Revised projection (B)	71,600	3,600	3,400	1,500	45.67
Increase (decrease) (B–A)	–300	–1,000	–1,000	–800	–24.35
Rate of change (%)	–0.4%	–21.7%	–22.7%	–34.8%	–34.8%
Prior fiscal year results (Fiscal year ended October 2007)	68,626	4,236	4,416	3,035	92.40

**2. Revised projection of non-consolidated operating results****(1) Fiscal year ending October 2008, interim period**

(November 1, 2007 – April 30, 2008)

	Revenues	Operating income	Ordinary income	Interim net income	Net income per share
Prior projection (A)	32,100	3,100	3,000	1,600	48.71
Revised projection (B)	32,100	2,700	2,700	1,400	42.62
Increase (decrease) (B–A)	0	–400	–300	–200	–6.09
Rate of change (%)	0.0%	–12.9%	–10.0%	–12.5%	–12.5%
Prior fiscal year interim results (Fiscal year ended October 2007)	32,449	3,070	3,195	2,320	70.62

**(2) Fiscal year ending October 2008, full year**

(November 1, 2007 – October 31, 2008)

	Revenues	Operating income	Ordinary income	Interim net income	Net income per share
Prior projection (A)	61,700	4,300	4,100	2,200	66.98
Revised projection (B)	61,700	3,600	3,500	1,700	51.76
Increase (decrease) (B–A)	0	–700	–600	–500	–15.22
Rate of change (%)	0.0%	–16.3%	–14.6%	–22.7%	–22.7%
Prior fiscal year results (Fiscal year ended October 2007)	61,576	4,012	4,372	3,431	104.44

**3. Reasons for the revision** (Fiscal year ending October 2008 Interim period operating results)

In the construction equipment rental business, signs of improvement in the delay of construction work starts caused by revision of the Building Standards Law were evident from the latter half of January 2008, with construction demand exhibiting a recovery trend centered on major metropolitan areas. Nevertheless, with construction demand in local regions continuing to be negatively affected by the delay described above, as well as by factors such as a temporary halt in works because of disagreements over Japan's special funding tax for road construction, Kanamoto projects rental revenue to fall below its initial plan. On the other hand, revenue from sales compensated for the decline in rental revenue, as a recovery was seen in steel products sales with the start of construction on previously postponed building projects, and used construction equipment sales exceeded the prior year level because of vigorous overseas demand despite the affect from appreciation of the yen.

As a result of these factors, Kanamoto projects it will achieve its initial projection for total revenues, but has revised downward its projection for interim period operating income, ordinary income and net income to reflect lower construction equipment rental revenue.

(Fiscal year ending October 2008 Full-year operating results)

Although the delay in construction starts caused by revision of the Building Standards Law is being eliminated, uncertainty in the domestic business outlook is looming larger as the yen continues to strengthen and raw materials, led by higher oil prices, continue to climb, and as concerns of a slowdown in private sector capital investment have emerged.

Furthermore, there is no change in the trend of cutbacks in public works, and little room for significant improvement in future domestic construction demand is anticipated before the interim period. Kanamoto expects its consolidated subsidiaries with offices in local regions in particular to remain greatly affected by these factors, and believes it must project earnings performance for the full year extremely conservatively. The Company therefore has also revised its full-year operating results forecast.

**4. Other matters**

Kanamoto has not changed either its interim dividend or year-end dividend because of this revision of its projected operating results.

These projected consolidated operating results were prepared using projections based on information available to the Company as of the date this material was released and forecasts of the future economic, environment, and include various risks and uncertainty factors. Accordingly, there is a possibility the Company's actual consolidated operating results will differ from the projected amounts shown above as a result of various future factors, including but not limited to economic conditions surrounding the Company, market trends, and competitive conditions.

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