

For Immediate Release

Kanamoto Company, Limited

Stock Code 9678

Tokyo Stock Exchange 1st Section; Sapporo Stock Exchange

Nobuhito Utatsu

Director and Corporate Officer, Division Manager, Accounting Division

< Contact for inquiries concerning this material >

Yuichi Takayama

IR & Public Relations Section Manager, Office of the President

Telephone: + 81 – 11 – 209 – 1631

Notification Concerning Revision of Projected Full-Year Operating Results for the Business Period Ended October 2008

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 full-year operating results for the business period ended October 31, 2008 (November 1, 2007 - October 31, 2008) released on August 29, 2008.

The Company plans to release its Accounting Bulletin (Consolidated) for the Business Period Ended October 2008 on Friday, December 5.

1. Revised projection of consolidated operating results

Fiscal year ending October 2008

(November 1, 2007 – October 31, 2008)

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

	Revenues	Operating income	Ordinary income	Interim net income	Net income per share
Prior projection (A)	71,000	2,800	2,600	1,000	30.45
Revised projection (B)	69,400	2,200	2,000	640	19.49
Decrease (B–A)	–1,600	–600	–600	–360	–10.96
Rate of change (%)	–2.3%	–21.4%	–23.1%	–36.0%	–36.0%
Prior fiscal year results (FY Ended October 2007)	68,626	4,236	4,416	3,035	92.40

2. Revised projection of non-consolidated operating results**Fiscal year ended October 2008**

(November 1, 2007 – October 31, 2008)

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

	Revenues	Operating income	Ordinary income	Interim net income	Net income per share
Prior projection (A)	61,300	2,800	2,700	650	19.79
Revised projection (B)	60,400	2,400	2,300	180	5.48
Decrease (B–A)	–900	–400	–400	–470	–14.31
Rate of change (%)	–1.5%	–14.3%	–14.8%	–72.3%	–72.3%
Prior fiscal year results (FY Ended October 2007)	61,576	4,012	4,372	3,431	104.44

3. Reasons for the revision

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

During the Kanamoto Group's Business Period ended October 2008, a variety of factors, including the delay of construction starts resulting from the effects of enforcement of the revised Building Standard Law and the sharp rise in oil and construction materials prices, created an extremely severe management environment throughout the year and significantly affected the construction-related businesses that are Kanamoto's main customers, particularly firms whose business bases are in regions that experienced a dearth of orders because of cutbacks in public works spending. The hesitant investment and financing stance among foreign capital investment funds and financial institutions additionally had a serious affect on the operations of many mid-sized developers.

At the same time, a contraction in credit caused by the disruption of financial systems on a global scale that was triggered by the subprime loan problem in the United States, and the progressive appreciation of the yen, cast a long shadow over the operating results of export industries such as automobiles and electrical machinery, which had been driving the recovery trend in Japan's economy. These wrenching changes in the management environment confronted Japan in swift succession with a range of problems it had not faced previously.

The Kanamoto Group went back to basics, by aggressively launching a sales offensive for small-scale repair works, and anticipated an improvement in operating results during the fourth quarter, when construction equipment rental demand increases. Nevertheless, sales were lackluster in regions such as Hokkaido, Tohoku and southern Kyushu, where the volume of work from both public and private sector demand fell in absolute terms, as Japan's economy experienced a rapid deceleration caused by turmoil in the financial economy, which was far greater than initially assumed, and the factors outlined above. For consolidated subsidiaries of Kanamoto that are developing businesses in these regions as well, revenues and earnings are projected to decline across the board.

As a result, although consolidated revenues will be marginally higher compared with the previous consolidated fiscal year, from an earnings perspective all income from operating income through net income will be lower, and operating results are expected to diverge sharply from the Company's revised projection.

In addition, as a result of consultations with its audit firm Kanamoto decided to reserve an appropriate amount during the business period from a standpoint of conservative accounting practices for guarantees of the loans and debts of certain consolidated subsidiaries, and recorded this as an extraordinary loss. Although their operating results have been weakened by the deterioration in the management environment, these consolidated subsidiaries remain important to the strategy of the Kanamoto Group, and the Company will continue without any revisions its policy of supporting the companies in question.

4. Other Matters

Kanamoto does not plan to make any revisions to its year-end dividend.

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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