

Friday, May 28, 2010

For Immediate Release

Kanamoto Company, Limited

Stock Code 9678

Tokyo Stock Exchange 1st Section; Sapporo Stock Exchange
Kanchu Kanamoto

President, CEO

< Contact for inquiries concerning this material >

Yuichi Takayama

IR & Public Relations Manager, Office of the President

Telephone: + 81 – 11 – 209 – 1631

Notification Concerning Revision of Projected Operating Results for the Business Period Ending October 2010

Kanamoto Company, Limited (Kanchu Kanamoto, President; Head Office: Sapporo, Japan), Japan's leading construction equipment rental company, has revised its projected consolidated and non-consolidated operating results for the interim period ended April 30 (November 1, 2009 - April 30, 2010) and for the fiscal year ending October 31, 2010 (November 1, 2009 - October 31, 2010) released on December 4, 2009. Details are provided below.

1. Revised projection of consolidated operating results

Interim period consolidated operating results for the business period ending October 31, 2010

(November 1, 2009 - April 30, 2010)

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

	Revenues	Operating Income	Ordinary Income	Net Income	Net income per share
Prior projection (A)	35,200	1,730	1,510	700	21.32
Revised projection (B)	37,100	3,190	2,980	1,510	45.98
Increase (decrease) (B-A)	1,900	1,460	1,410	810	—
Percent change (%)	5.3%	84.3%	93.3%	115.7%	—
(Reference) Prior fiscal year (Interim period ended April 30, 2009)	32,590	921	793	—141	—4.38

Fiscal year consolidated operating results

(November 1, 2009 - October 31, 2010)

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

	Revenues	Operating Income	Ordinary Income	Net Income	Net income per share
Prior projection (A)	67,100	1,150	710	110	3.35
Revised projection (B)	67,300	1,340	730	330	10.04
Increase (decrease) (B-A)	200	190	20	220	—
Percent change (%)	0.2%	16.5%	2.8%	200.0%	—
(Reference) Prior fiscal year (Business period ended October 31, 2009)	63,863	137	—222	—1,158	—35.28

2. Revised projection of non-consolidated operating results

Interim period non-consolidated operating results for the business period ending October 31, 2010

(November 1, 2009 - April 30, 2010)

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

	Revenues	Operating Income	Ordinary Income	Net Income	Net income per share
Prior projection (A)	28,500	1,500	1,340	710	21.62
Revised projection (B)	30,130	2,530	2,530	1,180	35.93
Increase (decrease) (B—A)	1,630	1,030	1,130	470	—
Percent change (%)	5.7%	68.6%	84.3%	66.1%	—
(Reference) Prior fiscal year (Interim period ended April 30, 2009)	27,371	637	540	—314	—9.58

Fiscal year non-consolidated operating results

(November 1, 2009 - October 31, 2010)

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

	Revenues	Operating Income	Ordinary Income	Net Income	Net income per share
Prior projection (A)	55,100	880	550	260	7.92
Revised projection (B)	56,080	1,020	780	270	8.22
Increase (decrease) (B—A)	980	140	230	10	—
Percent change (%)	1.7%	15.9%	41.8%	3.8%	—
(Reference) Prior fiscal year (Business period ended October 31, 2009)	54,447	417	172	—1,060	—32.24

3. Reasons for the revision

(Fiscal year ending October 2010 Interim operating results projection)

Through the second quarter, the domestic construction-related businesses of the Kanamoto Group were confronted with a severe operating climate, as public sector demand decreased significantly and private sector demand showed no signs of recovery. By reviewing the asset portfolio for its main business of construction equipment rentals and working aggressively to boost sales in each region, the Kanamoto Group successfully offset a decline in revenues in the Kanto Region and the Kinki & Chubu Region, where private sector demand slumped, by substantially increasing revenues in the Hokkaido Region, which benefitted from the effect of economic stimulus measures, and similarly restoring revenues in the Tohoku Region to the prior year level.

At the same time, the Company was able to proceed with sales of used equipment in line with its plan, as conditions in overseas markets for used construction equipment remained steady throughout the period. Because of these circumstances, revenues exceeded the Company's initial plan, and we have revised our projected operating results to reflect this fact.

With regard to earnings, profit margins improved because of several factors, including the increase in revenues described above, lower costs as a result of efficient procurement of construction equipment for rentals and the recovery of overseas markets for used construction equipment to the levels seen prior to the global recession, and each earnings measure significantly exceeded the Company's plan as a result.

(Fiscal year ending October 2010 Full-year operating results projection)

Because the third quarter of the Kanamoto Group's fiscal year (May-July) overlaps the start of the new fiscal year for the central government and national budget, construction demand is slack, and traditionally Kanamoto's operating results in the second half of the Company's fiscal year (May-October) tend not to exhibit large increases compared with the first half. In the current fiscal year in particular, construction demand in most regions is expected to contract substantially, as construction works related to economic stimulus measures during the first half near an end and the country prepares for the approaching summer elections for the Upper House. Conditions that will make it difficult to maintain earnings, including weak private sector demand, intensifying competition resulting from falling construction equipment rental demand in regions where public works have been sharply curtailed and concomitant unit price reductions, are expected to continue. Moreover, there are still no signs of activity that would indicate a recovery of private sector demand in urban areas including Japan's major metropolitan areas, and the trend in the latter half of the business period must be acknowledged to be extremely uncertain. In light of this severe operating climate, the full-year projection does not anticipate the large net increases seen until the second quarter.

4. Other matters

The Company plans to announce its interim period operating results for the business period ending October 30, 2010 at 3:30PM on Friday, June 4, 2010.

Although the unsettled management environment still continues, based on the results of its operations through the second quarter, and with the intent of maintaining a stable dividend, the Company plans to seek approval at the Board of Directors meeting scheduled to be held on June 4, 2010 to pay an interim dividend of ¥10 per share in line with its initial plan.

End

The operating results described in this material were calculated and prepared based on information available to Kanamoto at the time this material was released. Actual operating results might vary considerably from the projected values as a result of various future factors.