



Notification Concerning Absorption-type Merger
of Consolidated Subsidiary
2011/08/30 in Japan | Page 1 / 3
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For Immediate Release

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Notification Concerning Absorption-type Merger of Consolidated Subsidiary

At its Board of Directors meeting held today, Kanamoto Co., Ltd. (Kanchu Kanamoto, President; Head Office: Sapporo, Japan), Japan's leading construction equipment rental company, resolved to absorb and merge with SRG Kanamoto Co., Ltd. ("SRG Kanamoto"), a wholly-owned subsidiary company. Details are provided below. Because the merger is a simple absorption-type merger of a wholly-owned subsidiary company, disclosure of certain disclosure matters and contents is omitted.

1. Objective of the merger and business organization

Kanamoto will undertake the merger with the objectives of creating an organization capable of responding flexibly and appropriately to rental demand, by establishing a new "Temporary Equipment Rental Department" within Kanamoto's Construction Equipment Rental Division (Hokkaido Region) to handle rentals of temporary scaffolding materials and succeed to the temporary scaffolding materials rental business of SRG Kanamoto, and further enhancing customer service by improving the efficiency of operations.

2. Summary of the merger

(1) Merger schedule

Approval of corporate resolution:	August 30, 2011
Signing of merger agreement:	August 30, 2011
Merger date:	November 1, 2011 (Effective date)

The merger will be executed by Kanamoto Co., Ltd. and SRG Kanamoto without obtaining the approval of the General Meeting of the Shareholders concerning the merger agreement, based on the provisions for a simple merger prescribed in Article 796 paragraph (3) of the Companies Act and the provisions for a short form merger prescribed in Article 784 paragraph (1) of the same Act.

(2) Merger method

An absorption-type merger in which Kanamoto will be the surviving company and SRG Kanamoto will be dissolved.

Because SRG Kanamoto currently has negative equity, and eliminating this negative equity condition before the merger is expected to be difficult, Kanamoto will eliminate the negative equity condition prior to the merger by waiving a portion of its claims against SRG Kanamoto.

(3) Merger ratio and amount of money delivered due to merger

The merger is a merger with a wholly-owned subsidiary company, and there will be no new share issuance and no money will be delivered due to the merger.

(4) Handling of predecessor company's stock acquisition rights or corporate bonds with stock acquisition rights

There are no material items to report.

3. Summary of operating results of merger companies

Trade name	Kanamoto Co., Ltd. (Surviving company)	SRG Kanamoto Co., Ltd. (Extinguished company)
Business	Rental and sale of construction equipment	Rental and sale of temporary scaffolding materials
Established	October 1964	August 1999
Head Office location	Sapporo, Hokkaido	Sapporo, Hokkaido
Representative's name and official position	Kanchu Kanamoto, President and Representative Director	Tatsuo Kanamoto, President and Representative Director
Capital	9,696 million yen	100 million yen
Shares issued	32,872,241 shares	6,000 shares
Fiscal year-end	October 31	August 31
Largest shareholders and percent owned	ORIX Corporation (4.99%) Japan Trustee Services Bank, Ltd. (Trust Account 3.83%) Taichu Kanamoto (3.68%)	Kanamoto Co., Ltd. (100.0%)

Recent operating results (Millions of yen, except for net income per share which is in yen)

	Kanamoto Co., Ltd. (Surviving company)	SRG Kanamoto Co., Ltd. (Extinguished company)
Most recent business period	FYE October 2010	FYE August 2010
Revenues	58,083	688
Operating income	2,538	3
Ordinary income	2,370	7
Net income	1,032	6
Net assets	37,089	- 263
Total assets	97,729	570
Net income per share of common stock	31.41	1,112.76
Net assets per share	1,128.29	- 43,926.61

4. Status after merger

(1) Trade name, business activities, head office location, representative, equity and accounting period

There will be no changes as a result of this merger.

(2) Future outlook

The merger is a merger between Kanamoto and a 100% consolidated subsidiary of Kanamoto, and will not have any material effect on Kanamoto's consolidated and non-consolidated operating results.

Kanamoto plans to release its Nine-month Consolidated Financial Report for the Fiscal Year ending October 31, 2011 on September 2, 2011.

End