

kanamoto co., ltd. **2006**

**Annual Report**

For the 12 months ended October 31, 2005



## ミッション・ステートメント

四十余年にわたり培った“カナモト・スタイル”。  
さらなる可能性を求め、これからも。

カナモトの成長は、日本の建機レンタル業界の発展と軌を一にしてきました。品目、品質管理、供給チャネルのほか、時代に即して開発してきたカナモトの最先端のビジネスモデルは、お客様の経営合理化に寄与しています。全国のお客様からのご支持をベースに、カナモトはこれからもレンタルソリューションの可能性を拡張させてまいります。本レポートに掲載されている貸借対照表・損益計算書は、現行の日本の会計制度に則り作成されたものです。

## Mission Statement

**Over forty years of continually challenging the potential of the construction equipment rental business.  
Always striving to achieve the highest level of service.**

Kanamoto's growth has been synonymous with the development of Japan's construction equipment rental business. Whether the concern is products, quality assurance, supply channels, or a state-of-the-art business model developed to meet changing times, helping customers rationalize their operations has always been our foremost goal.

With support from customer firms nationwide, Kanamoto will further expand the possibilities for construction equipment rental solutions in the years ahead.

*For purposes of this report, the Balance Sheets and Statements of Income were created using financial data prepared according to Japan's Securities Report guidelines.*

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### 将来見通しの記述について

このレポートに記載されている株式会社カナモトの計画、戦略などのうち、過去の事実以外のものは将来の業績に関する見通しの記述であり、現在入手可能な情報に基づく仮定となっております。これら将来の見通しの記述は、既知のリスク、未知のリスクの不確かさ、その他の要因などを含み、株式会社カナモトの実際の経営成績・業績とは大きく異なる可能性があります。

### Forward-Looking Statements

*Statements included as part of the Kanamoto Co., Ltd. plans and strategies described in this report, other than statements of actual past facts, are descriptions of the Company's outlook concerning future operating results and are assumptions based on information currently available. These descriptions of the future outlook contain known risks and unidentified risks, as well as other uncertainty factors, and the actual management performance and operating results of Kanamoto Co., Ltd. may vary substantially from the descriptions provided herein.*

当社グループ連結決算  
Financial Highlights (Consolidated)

		百万円 / Millions of Yen		前期比増減率(%) Percent change	千ドル Thousands of U.S. dollars
		2004	2005	2004-2005	2005
売上高	Rental revenues and sales of goods	61,336	63,975	4.3	\$ 552,702
営業利益	Operating income	1,878	1,404	-25.2	12,133
当期純利益	Net income	1,097	352	-67.9	3,046
株主資本	Total shareholders' equity	32,746	33,465	2.2	289,119
総資産	Total assets	89,323	81,978	-8.2	708,229

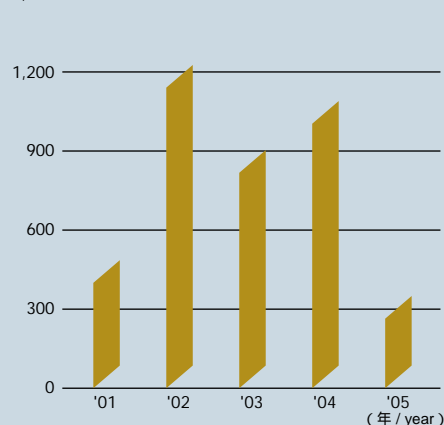
		円 / Yen		前期比増減率(%) Percent change	ドル / U.S. dollars
		2004	2005	2004-2005	2005
1株当たり当期純利益	Net income per share of common stock	36.50	11.57	-68.3	\$ 0.10
1株当たり配当	Cash dividends per share of common stock	19.00	18.00	-5.3	0.16

\*表示されている米ドル金額は、2005年10月31日現在のおおよその実勢為替レート1ドル = 115.75円により換算しています。なお、2004年10月期の配当19円のうち1円は、設立40周年記念配当です。

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥115.75 = US \$1, the approximate exchange rate on October 31, 2005. The 2004 cash dividend of ¥19 included a one-time commemorative dividend of ¥1 to celebrate the 40th anniversary of the Company's founding.

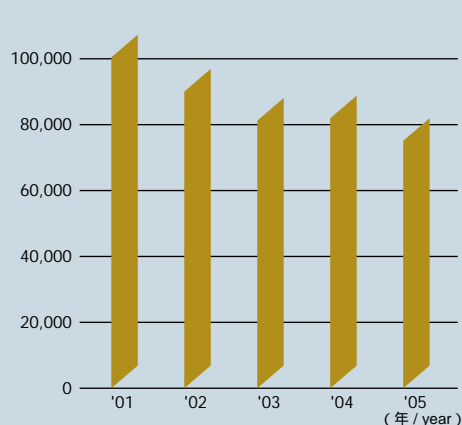
当期純利益  
Net Income

(百万円 / Millions of Yen)



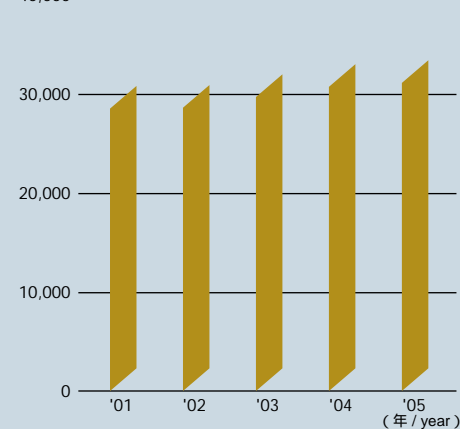
総資産  
Total Assets

(百万円 / Millions of Yen)



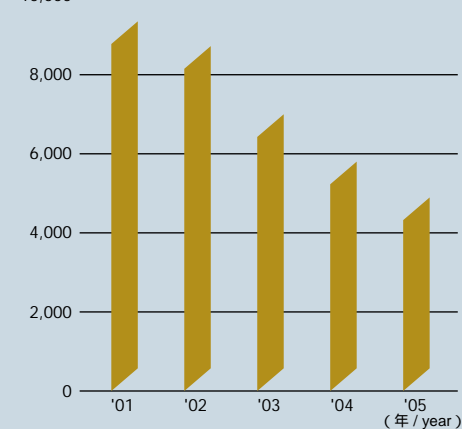
株主資本  
Total Shareholders' Equity

(百万円 / Millions of Yen)



キャッシュフロー  
Cash Flow

(百万円 / Millions of Yen)



「変革を是」とする思想のもと、引き続き企業体質の改善に努めてまいります

2005年10月期は、個人消費や消費者物価指数など主要経済指標が軒並み改善傾向を示し、日本経済の復調を改めて感ずる1年でありました。長期間低迷を続けた建設業界においても、一部大都市圏での地価の下げ止まりやJ-REIT（不動産投資信託）を牽引役とした不動産市場の活性化、大都市圏での旺盛な民間建築需要、民間設備投資の改善などようやく明るい兆しが見えてきました。

しかし、一方で地方に目を転じますと、ここ数年来の政府の財政再建政策の影響で公共事業は激減しており、大都市圏と地方圏との格差が一段と鮮明になっています。2006年度の政府予算案でも、公共事業費は対前年度4.4%の圧縮となっており、地方圏に多くの拠点を有する当社にとっては今後も厳しい経営環境は続くことが予想されます。

当社では、こうした厳しい経営環境を生き抜くため、2003年11月から長期経営計画『メタモルフォーゼ』を実施しております。激動する外部環境に適合するためには、従前の成功体験に安住せず、自ら変革を求めなければなりません。メタモルフォーゼとは、まさに「変革を是」とする思想であり、その思想のもと、具体的施策が現場主導で立案され、実行に移されております。

建機レンタル業にあって、レンタル資産は収益の源泉です。そして、資産の取得・貸出運用・保守・保管・輸送・売却・廃棄とすべての段階で的確なオペレーションが要求されます。メタモルフォーゼを実施するにあたり、中核となるコンセプトは「資産オペレーションの最適化」であります。これは、サービスの品質を低下させることなく、上述の各段階でのローコスト化を図りつつ、中長期的に収益性の高い資産構成への改善を狙う戦略であります。お客様からの信頼を毀損することなく、ローコスト化と資産シフトを実現することは利益向上に直結しますし、さらに資産取得量の適正化と資産供用年数の改善を図ることにより、ROI（投下資本回収率）の向上と減価償却費の軽減が期待できます。メタモルフォーゼ始動以来の2年を総括しますと、厳しい状況下においても着実にその施策効果は現れてきております。

今後も地方圏における経営環境は厳しい状況が続くことが予想されますが、上述の「資産オペレーションの最適化」、とりわけローコスト化の徹底、資産構成の改善、営業拠点のスクラップ&ビルドの加速化を主要戦略に掲げ、引き続き企業体質の改善に努めることで、2010年10月期に当初計画の利益水準達成を目指します。

皆様におかれましては、今後ともカナモトグループへ一層のご支援・ご鞭撻を賜りますようお願い申し上げます。



金本寛中

株式会社カナモト 代表取締役社長  
Kanchu Kanamoto President and Chief Executive Officer

## Striving continually to improve Kanamoto's corporate structure, based on the concept of "embracing change positively."

During the business period ended October 2005, Japan's economic recovery was again evident, as key economic indicators, including personal consumption and the consumer price index, generally showed positive trends. In the construction industry as well, which had remained in a long-term slump, signs of improvement were at long last noted. These included a halt in falling land prices and heightened activity in the property market, spurred by J-REIT (Japanese real estate investment trusts) in some major metropolitan areas, and vigorous private-sector construction demand and capital investment in large metropolitan areas.

When one turns to local regions, on the other hand, public works have declined sharply over the past several years in the wake of local government policies to restore fiscal soundness. The resulting divergence between major metropolitan areas and regional areas has become increasingly apparent. In the government's draft budget for Fiscal 2006, public works spending is reduced 4.4% from the level of the prior fiscal year, and for Kanamoto, which has numerous branches in regional areas, the challenging business environment is expected to continue in the future.

To survive this harsh business environment, we have been implementing Kanamoto's new long-range management plan "Metamorphose" since November 2003. To adapt to the turbulent external environment, we cannot rest content with our previous successful experience, and must voluntarily seek revolutionary change. Metamorphose first and foremost reflects the concept of "embracing change positively," and based on this outlook, Kanamoto has prepared and put into practice specific measures at the initiative of its branch offices.

In the construction equipment rental industry, rental assets are the source of earnings. Consequently, precise and appropriate operations are required at every stage, from asset acquisition and rental to maintenance, storage, transport and final sale or disposal. The core concept as we implement Metamorphose is "optimization of asset operations." This strategy is aimed at improving Kanamoto's asset portfolio, by increasing the percentage of assets that will be highly profitable over the medium to long-term, while continuing to achieve low cost at each stage as mentioned above, without decreasing the quality of service. Realizing cost reductions and a shift in assets without damaging the trust we've earned from our customers will be linked directly to improved earnings. Furthermore, by optimizing asset purchase quantities and increasing the number of years over which Kanamoto can utilize its assets, we will be able to anticipate a higher ROI (return on investment) as well as lower depreciation and amortization expense. Summarizing the two years since we initiated Metamorphose, we can confidently state that the results from implementing these measures are becoming steadily evident even under the present trying circumstances.

Although we expect difficult conditions in the regional business environment to continue, Kanamoto will focus on achieving the earnings level it set in its initial plan for the business period ending October 2010, through "optimization of asset operations" as described above, thorough cost reductions, asset portfolio improvements and acceleration of the branch scrap and build program as the Company's main strategies, and work continuously to improve the strength and soundness of the corporation.

We look forward to continuing to receive your unwavering support and encouragement for the Kanamoto group in the future.

*K. Kanamoto*

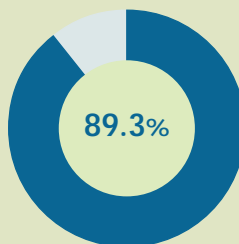




**建機レンタル事業**  
Construction equipment rental business



事業部門別売上比率  
(カナモト単体)  
Divisional sales ratio  
(Non-consolidated)



2005年度実績  
Fiscal 2005 operating results

(百万円 / Millions of Yen)	
レンタル売上 Rental revenues	39,217
販売売上 Sales revenues	11,854
部門合計 Division total	51,072

私たちカナモトがおお客様にご提供するプラスα。「α」の形はおお客様ごとに異なりますが、ご要望ごとにカスタマイズしたサービスをお届けすることで、少しでもお客様に喜んでいただけるよう、取り組んでいます。

**豊富な種類とバリエーション**

カナモトがご用意するレンタルアイテムは、電動ドリルやチェーンソーといったハンドツールから、動力源となる発電機、ダンプ・トラックなどのレンタカー、そして、タイヤショベルなどの大型建機まで多種多様。もちろん、機種だけではなくサイズバリエーションも豊富です。

例えば発電機。0.45KVAから800KVAまで各種サイズをご提供しています。また、油圧ショベルも超小型のものから1.2m<sup>3</sup>クラスまでをご用意。工事に合わせて法面や幅広バケット、アタッチメントも各種取り揃えています。お入り用の機械は見つかりましたか？ お客様の機材調達部門・カナモトに、お気軽にお話し下さい。

**ラインナップから瞬時に検索**

今ではすっかり当たり前になったコンピュータによる製品管理。カナモトでは二十余年前から他社に先駆けて全店オンラインネットワークを構築し、以降、常に最新最速のパフォーマンスを得るシステムへ更新してきました。このシステムにより日本全国どこからでも、当社の豊富なラインナップから必要な機械を必要な時に必要な台数だけご準備できます。また、お取引現場およびレンタル建機は、イントラ上のナビゲーション地図に表示して、搬入搬出やメンテナンスなどのサービス向上と充実を図っています。

**顧客満足を第一義とする対応**

カナモトの拠点は全国147を数え、グループ企業を含めると北海道から沖縄まで220拠点超になりました。全国各地のお客様に万全かつ均質なサービスを提供するべく、迅速で的確な処理や高い技術力はもとより、ひとつひとつのオーダーにきめ細かな対応をさせていただきます。お客様の満足を第一義とする姿勢こそが、カナモトの考えるサービスの基本です。

**新しいニーズの発掘**

2003年、当社はホームセンター大手の「コメリ社」と新たな業務提携を締結しました。新潟・和歌山・秋田・岩手県の「コメリ・パワー店」にツールレンタルコーナーを設置し、工務店や農家の方を中心とする個人向けの小物機械レンタルを開始。コメリ社のノウハウを活かした当事業は、カナモトをはじめアライアンスグループ各社でプロショップを展開するなど、当社の事業拡大に寄与しています。

さらに2006年には、地盤改良に定評のある技術者集団「フローテクノ社」が当社の傘下に加わりました。新しいセグメントの事業展開が新しいニーズを掘り起こす。カナモトのビジネスフィールドが大きな広がりを見せています。

**最適な機械で快適な作業を**

カナモトは、作業に適した機械・機材の供給と同様に、「レンタル機の品質」を重視します。機械の性能を維持し、かつ最大限に発揮させるため、全営業拠点に整備工場を配備。快適に、気持ちよくお使いいただけるよう、高い技術力を持つ整備員が入念なメンテナンスを行っています。

**「新カナモト補償制度」という安心**

不測の事態におけるお客様のリスクやご負担を軽減するため設けたカナモト補償制度。運用を開始してから20余年が経過しましたが、事故の形態は複雑化し、ユーザーニーズもますます多様化してきています。

そこでカナモトは、お客様の声に耳を傾けご要望を取り入れるべく、約1年をかけて従来の補償内容を大幅に見直しました。より柔軟に、より充実した内容の補償をご提供するため誕生したのが「新カナモト補償制度」です。顧客満足度の向上を最優先するカナモトならではの補償内容を盛り込み、これまで以上の“安心”をご用意しております。

**At Kanamoto, we offer customers a little extra. The additional steps we take may vary with each customer's case, but we never stop striving to ensure our customers are just a little more satisfied, by providing services customized to the requirements of each situation.**

#### **Offering the best selection with a broad range of products and models**

Kanamoto offers an extensive range of rental products and models, from hand tools such as electric drills and chain saws, to electrical generators for power supply, dump trucks and other rental vehicles, and even large-scale construction equipment such as wheel loaders. With Kanamoto, customers know they can select not only the right type of equipment, but those from various model sizes as well.

Take electrical generators, for example. Kanamoto stocks an inventory of different types, from 0.45KVA generators suitable for use at small work sites to large-scale 800KVA units. Hydraulic excavators? Customers can select from among 0.03m<sup>3</sup> mini-excavators, or large excavators up to the 1.2m<sup>3</sup> class. Kanamoto has considered every possible situation, and stands ready with the proper equipment, right down to the bucket sizes and various attachments needed to match each construction site's slope and width.

Have you found the equipment you need? Do you have the right number of units to complete the job? Whatever the need, our customers know they can look to Kanamoto at any time, any where, in any situation, as their equipment and parts procurement department.

#### **Instantaneous retrieval from Kanamoto's product lineup**

Today, computer-based product management has become the norm. Yet Kanamoto was far ahead of other companies when it created its online network more than 20 years ago, linking every branch and the head office. Since then, we have upgraded our systems continually to ensure the most innovative and fastest performance. Our product management system enables us to provide the right equipment, at the right time and in the quantity required, from Kanamoto's ample line-up, anywhere throughout Japan. What's more, by displaying users' construction sites and contracted rental construction equipment on navigation maps on the Company's Intranet, Kanamoto is able to achieve service improvements in activities such as equipment returns and deliveries and maintenance.

Although not directly visible to customers, our product management system is one component supporting the level of Kanamoto's renowned service.

#### **With the same sincerity, every time, everywhere**

Stretching from Hokkaido to Okinawa, Kanamoto's branch network is comprised of over 220 branches covering the entire Kanamoto group, including 145 branches under Kanamoto's management. Wherever the branch, we strive to offer an identical level of top-quality service for our customers throughout Japan, with sincerity and a can-do attitude. Prompt and appropriate service, the highest level of technical capability and abundant rental assets. Kanamoto service combines all of the factors customers need to get the job done, but the one thing we never forget to include is sincerity and a friendly smile. It's only natural, because fundamentally that's where customers find the heart of Kanamoto.

#### **Discovering new needs**

In 2003, Kanamoto formed a business alliance with an intent that was distinctly different from existing ties with other alliance firms. Komeri Co., Ltd. is a leading company in Japan's DIY home center industry. By establishing tool rental corners in the Komeri Power Store in Niigata, Wakayama, Akita and Iwate prefectures, Kanamoto lends small-scale equipment to construction companies, farmers and individual customers.

This alliance has given birth to a new business as well. Companies in the alliance group, including Kanamoto, have developed a professional tool sales outlet that takes maximum advantage of Komeri's retailing knowledge and experience.

We made a similar move in 2006, when we acquired Flowtechno Corporation, an engineering firm specializing in ground improvement works, and established it as a Kanamoto subsidiary. By linking new segments and new needs, Kanamoto is expanding its network rapidly.

In the years ahead, Kanamoto will continue to expand the Kanamoto network and enhance the Company's services, to enable customers to use Kanamoto's rental items and encourage more individuals to consider Kanamoto, whatever their construction needs, large or small.

#### **Using the optimal equipment, completing the job comfortably**

In conjunction with supplying the equipment and equipment parts suitable for each construction project, Kanamoto also focuses on the quality of the equipment it rents. We strive continually to ensure customers can use our construction equipment with safety and peace of mind, and complete their work easily.

At Kanamoto, we maintain our equipment conscientiously, cognizant of the fact our business and reputation are in the hands of customers who'll spread the word, because they know they can always count on Kanamoto for reliable, peak performance.

#### **Peace of mind with the "new Kanamoto compensation system"**

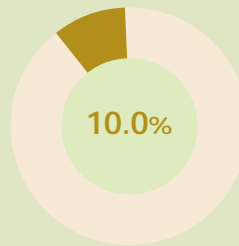
More than 20 years have passed since Kanamoto established its compensation system to mitigate customer risk and ease the burdens caused by unforeseen circumstances. Yet over the years, the types of accidents and other factors affecting compensation requirements have grown more complex.

Kanamoto therefore invested roughly one year to revamp its compensation system. We've incorporated various considerations, including customers' demands and needs, to ensure customers can use Kanamoto's rental equipment with peace of mind. After first separating the original system into its key elements, we revised various characteristics and then reorganized the components into the "new Kanamoto compensation system." As a result, we can offer the safety and peace of mind that comes from being well prepared against emergencies.

**鉄鋼製品販売事業**  
*Steel products sales business*



事業部門別売上比率  
 (カナモト単体)  
*Divisional sales ratio  
 (Non-consolidated)*



2005年度実績  
*Fiscal 2005 operating results*

(百万円 / Millions of Yen)

部門合計 Division total	5,699
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鉄鋼事業部では、北海道を中心に棒鋼やH形鋼といった一般形鋼、鋼矢板、単管パイプなど鉄鋼製品の販売のほか、ALC（軽量気泡コンクリート）外壁工事や断熱工事などの各種専門工事、断熱防水屋根「KTルーフシステム」の施工も手掛けています。資材の供給と併せて施工も請け負うことで、お客様の煩雑な手配を省き、コストカットにも寄与しています。

創業から1980年代半ばまで当社の推進力であった鉄鋼製品販売事業。建機レンタルに主力を移し、今日まで歩みを進めて来られたのも、鉄鋼製品販売というしっかりとした礎があったからこそ。これからも良質な鉄鋼製品と優れた資材の供給で、お客様との信頼関係を深めるとともに、建機レンタル部門と協力して一層皆様のお役に立てるよう、取り組んでまいります。

In addition to the sale of steel products mainly in Hokkaido, including general steel such as steel bar and steel H-beams, sheet piles and single tube pipes, the Steel Sales Division handles various specialized works, including construction of ALC (autoclave light-weight concrete) exterior walls and insulation construction, as well as installation of "KT roof system" insulated waterproof roofing. The division also helps customers eliminate complicated procedures and cut costs, by performing construction on a subcontract basis along with supplying materials.

From the time Kanamoto was established until the mid-1980s, the steel products sales business drove the Company's growth. The shift of Kanamoto's primary business to construction equipment rentals, and the growth path the Company has followed to the present, also were possible because of the solid foundation provided by steel products sales. In the future as well, the Steel Sales Division will endeavor to deepen its relationship of trust with Kanamoto's customers by supplying high-quality steel products and superior materials, and fulfill a more useful role for customers through cooperation with the Construction Equipment Rental Division.

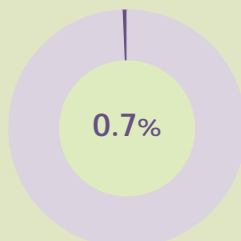


## 情報機器事業

### Information products business



事業部門別売上比率  
(カナモト単体)  
Divisional sales ratio  
(Non-consolidated)



2005年度実績  
Fiscal 2005 operating results

(百万円 / Millions of Yen)

レンタル売上 Rental revenues	389
販売売上 Sales revenues	41
部門合計 Division total	430

当社第三の柱として1982年に開設した情報機器事業部は、技術革新がめまぐるしいスピードで進むIT業界において、数々の実績を着実に重ねてきました。デバイスの販売を始め、ソフトウェア開発、そして現在のWINDOWSマシンの規範となった当時最高機種種のIBM社・PC-ATのレンタルを国内で初めて開始。また、SUN社からは、世界で二番目の同社ワークステーションレンタル会社として公認されています。

現在も従来同様、高性能ハードウェア類の提供と併せて、様々なネットワークソリューションをお客様にご提案しています。また、通信関連機器分野ではLAN\*からIP電話に至るまで、統合通信ネットワークの構築もサポート。製品や技術の進歩が著しいコンピュータ業界ですが、カナモトはハード・ソフトの両面において“最新”のサービスをご利用いただけるよう、努めています。

これまでの軌跡に新たな実績を積み重ねていけるよう、今後もカナモト独自のサービスを積極的に展開していきます。

\*Local Area Network—施設内程度の規模で用いられるコンピュータネットワーク

The Information Products Division, which Kanamoto established as the third pillar of the Company in 1982, has steadily achieved impressive results in the IT industry, where technological innovations are occurring at a dizzying pace. Beginning with device sales, the division later expanded into software development, and brought Kanamoto the distinction of being the first company in Japan to rent the IBM PC-AT, the most advanced model of its time that set the standard for today's Windows®-based machines. Kanamoto also was the second company in the world certified by Sun Microsystems as a rental firm for Sun workstations.

Today the division continues the offer customers high-performance hardware, just as it did in the past, along with proposing a variety of network solutions. In the telecommunications-related equipment sector, the division also supports construction of integrated telecommunications networks, with solutions ranging from Local Area Networks to IP telephony. As the computer industry evolves through remarkable advances in products and technology, Kanamoto will continue to apply the most advanced services, from both a hardware and software perspective.

Even as it continues to attain new results in the services it currently offers, in the years ahead Kanamoto's Information Products Division will aggressively seek to develop proprietary services.

公共事業費減少に伴い、依然厳しい経営環境が続く建設業界。その中で建設会社をはじめとするユーザー企業様に、経営の効率化を図るツール・最適なソリューションをご提供するのが私たちカナモトの使命です。

#### 経営合理化をサポートする建機レンタル

お客様にとって、レンタルは「必要な時」に「必要な機械」を「必要な台数」だけ借りることができる効率的で無駄のないサービス。自社で機械を保有するには、購入資金をはじめ保管場所の確保やメンテナンス費用などの経費が固定化されてしまいますが、レンタルを利用すれば、これら経費の固定化を避け、コストを大幅に削減できるとともに、煩雑な経理処理からも開放されます。

保有する高度な技術はそのままに、新世紀に合致した新しいビジネスモデルの確立を目指す企業にとって、キャッシュを固定化させてしまう無駄な設備投資は不要です。カナモトは得意とする分野で建設会社様のお手伝いをするべく、建機レンタルという経営合理化に有効かつ最適なソリューションを提供しています。

#### 建機業界におけるカナモトの可能性

工事に必要な建機を自社で保有する時代は過ぎ去りました。自社保有台数は必要最小限にとどめ、レンタルを利用して設備投資を抑えるという方法は、建設会社各社様における建機調達の新常識的な手法となっています。日本土木工業協会の統計によると、建設現場でレンタル機が使用される頻度を示す「建機レンタル依存率」は平均で47.1%。レンタルでの利用が既に広く浸透している機械などは調査対象外となっているにもかかわらず、引き続き高い水準で推移しています。

今後、発電機や油圧ショベルなど汎用性の高い機械はもとより、大都市圏で需要拡大が大きく見込まれる地盤改良工事に対応した建機などにおいても、レンタル依存率はさらに高まることが予測され、業界でも屈指の商品ラインナップと全国をカバーする拠点ネットワークを有する当社には、業容を拡大する可能性が大きく残されています。

Japan's construction industry continues to labor under a tough management environment as public-works spending declines. Kanamoto's mission is to provide construction companies and other users with the tools and optimum solutions for increasing business efficiency.

#### Construction equipment rental supports management rationalization

Construction equipment rental is an efficient, sensible approach that enables customers to rent "the right equipment" at "the right time" and in "the right quantity." When a company owns equipment itself, not only does it have to use its capital to purchase the equipment, it also must maintain a storage facility and regularly incur expenditures such as maintenance costs. By utilizing equipment rentals, however, companies can avoid these expenditures along with greatly reducing their costs, and do away with complicated accounting procedures.

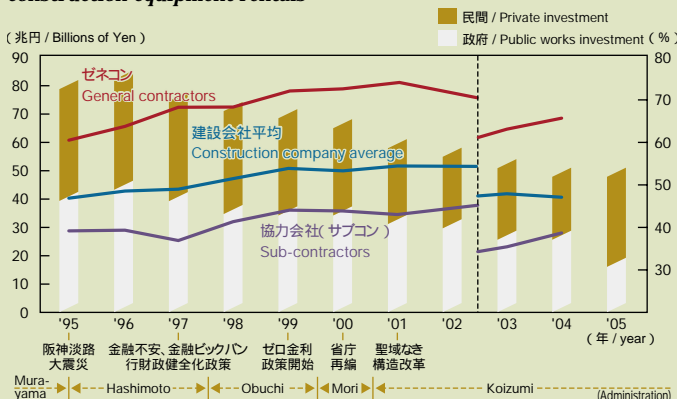
For firms seeking to establish a new business model that conforms to the new century, taking advantage of the advanced technology possessed by Kanamoto eliminates needless capital investment that ties up cash in fixed assets. To assist construction companies in their areas of specialization, Kanamoto offers construction equipment rentals as an effective, optimum solution for management rationalization.

#### The possibilities for Kanamoto in the construction equipment industry

The era when companies themselves owned the construction equipment needed for construction projects is long gone. As a means for companies to reduce the quantity of equipment they own to the absolute minimum and control their capital investment, the use of equipment rentals has become the commonsense approach for construction companies when they need to procure construction equipment. According to statistics from the Japan Civil Engineering Contractors' Association, Inc., the average "construction equipment rental utilization rate," which shows the percentage of equipment used at construction sites that is rented, is 47.1%. Even though the survey does not cover many types of equipment that already are being using widely on a rental basis, the utilization rate has remained at a high level.

As demand grows in the future for equipment with a broad range of general applications, such as generators and hydraulic excavators, as well as for construction equipment to support ground improvement works, which are expected to expand substantially in major metropolitan areas, the rental utilization ratio is projected to increase further. For Kanamoto, which boasts the industry's preeminent product lineup and a branch network covering the entire country, there are still plenty of opportunities to expand.

日本の建設総投資と建機レンタル依存率の推移  
Change in construction investment in Japan and reliance on construction equipment rentals



国土交通省 / 社団法人日本土木工業協会調べ  
レンタル依存率は、2002年から高所作業車、ファン、発電機等の高依存度機種が調査対象から外されたため、数値は不連続となっています。  
Based on a survey by the Ministry of Land, Infrastructure and Transport and the Japan Civil Engineering Contractors' Association, Inc.  
The percentages for reliance on construction equipment rentals declined in 2002 because equipment models for which firms rely primarily on rentals, such as vehicles for high-level work, fans and electric generators, were added to the survey in that year.

カナモトは豊富な品揃えと良質なサービスを提供することで、顧客満足度の向上に努めてきました。これからもお客様にとって最良のレンタルソリューションを提供してまいります。

### 資産オペレーションの最適化

中長期的に資産構成をより収益性の高いアセットミックスに持っていくことが、カナモトの掲げる重要な経営指標のひとつです。その手法としては、ROI（投下資本回収率）の高い機種に入れ替えるとともに、資産導入を抑えつつ、リーンオペレーションを実施することで、単価維持と減価償却負担の軽減を図ることが有効です。長期経営計画「メタモルフォーゼ」を開始した2004年から本年までの2年間で、この「資産オペレーションの最適化」は着実に効果を現れてきています。

### 将来の収益を生み出す資産戦略

カナモトでは、この数年、定期的なレンタル資産の更新を意識的に早め、国土交通省が推し進める公害対策規制をクリアした機械を前倒しで導入してきました。この結果、当社が現在保有するほとんどすべての建機が、環境に配慮した最新鋭のレンタル資産群となっています。ユーザー企業の利便性の追求はもとより、環境経営の実現というニーズにもお応えするため、カナモトでは100億円超の設備投資を毎年実施しています。合わせてこの資産規模に見合う減価償却費負担が毎期生じていますが、資産はレンタル収益を確保した後、中古売却益を得られるという収益サイクルを持ち合わせています。この設備投資は言わば将来のための布石。つまり、今日の膨大な設備投資は将来の収益を獲得するための戦略的な投資であり、償却負担は未来の収益の源泉なのです。当社では従前からEBITDA<sup>+</sup>（ ）を最重要経営指標に掲げており、この戦略は奏功し、現在では競合他社を凌駕する堅固な経営基盤を形成しています。

Kanamoto has worked to improve customer satisfaction by maintaining a full product lineup and providing the highest quality service. We will continue to offer the best rental solutions for our customers.

### Optimization of asset utilization

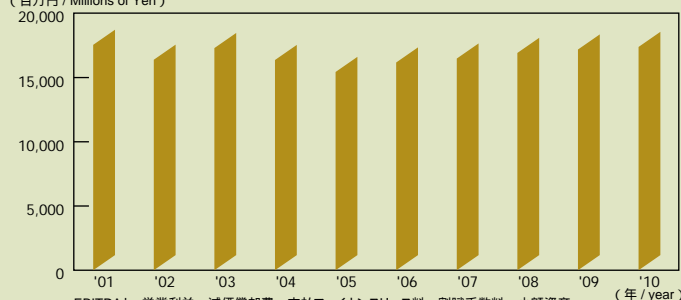
One of the important management indicators Kanamoto has set for itself is creating an asset portfolio with an even more profitable asset mix over the medium to long-term. One means to achieve this effectively is maintain unit prices and reduce the depreciation burden by replacing equipment with new models that will generate a high ROI (return on investment), and control asset introductions and implement lean operations. During the two-year period since 2004, when it launched its long-range management plan "Metamorphose," Kanamoto has steadily demonstrated positive results from such "optimization of asset utilization."

### Asset strategy drives future earnings

Over the past several years, Kanamoto has intentionally accelerated the pace of regular rental asset renewals, and introduced ahead of schedule equipment that clears the anti-pollution measures and regulations promoted by Japan's Ministry of Land, Infrastructure and Transport. As a result, Kanamoto has created an environmentally friendly, state-of-the-art rental asset portfolio encompassing nearly every piece of construction equipment the Company currently owns. To pursue even greater convenience for user firms, as well support efforts to achieve environmentally-friendly management, each year Kanamoto completes capital investment totaling over 10 billion yen. Although this level of asset investment produces a corresponding depreciation and amortization expense burden each year, this is offset by an earnings cycle through which Kanamoto earns a profit on the sale of used equipment, after earnings from asset rentals have been assured. So such capital investment is, so to speak, Kanamoto's stepping stone to the future. Today's large capital investment, in other words, is a strategic investment to generate an income stream in the future, and the depreciation burden is the source of those future earnings.

### EBITDA<sup>+</sup>の推移 Change in EBITDA<sup>+</sup>

(百万円 / Millions of Yen)



EBITDA<sup>+</sup> = 営業利益 + 減価償却費 + 支払ファイナンスリース料 + 割賦手数料 + 小額資産  
EBITDA<sup>+</sup> = operating income + depreciation and amortization expense + finance lease fee payments + installment payment charges + purchase payments for small-scale construction equipment and inexpensive rental assets

レンタル資産導入に際しては割賦購入だけでなく、ファイナンスリースも多用していることから当社ではEBITDA（減価償却前営業利益）に支払ファイナンスリース料や小額資産を加算したEBITDA<sup>+</sup>の拡大を重視しています。

Note: Because Kanamoto introduces rental assets by using finance leases as well as installment payment purchases, the Company focuses on growth in the indicator EBITDA<sup>+</sup>, which adds finance lease fee payments and purchase payments for small-scale construction equipment and inexpensive rental assets to EBITDA (earnings before interest, taxes, depreciation and amortization).

#### 有利子負債の圧縮による財務体質の改善

ストックビジネスであるレンタル事業は、レンタル資産の導入に要する設備投資があるため、もともと他業種に比べ資産構成に占める有利子負債の比率は必然的に高くなる傾向にあります。特に当社では、お客様のニーズに即した機械を毎年、大量に導入しているため、有利子負債比率は同業者と比較しても高い数値を示します。そこで当社では、株主資本の充実を図りつつ、資産導入に際しては毎年キャッシュフローの範囲内での設備投資を目安に、借入だけではなくファイナンスリースも活用することで有利子負債の圧縮とバランスシートのスリム化に努めてきました。この結果、財務の健全性を測る指標のひとつで、株主資本に対する有利子負債の割合を表すD/Eレシオ（デッド・エクイティ・レシオ=有利子負債・株主資本倍率）は、ここ数年間1倍未満で推移しています。

#### 高性能なオンラインネットワーク

膨大な量の資産を経年して運用する建機レンタル事業にとって、資産のクオリティを維持し、かつ、ユーザーの要望に合致した建機を常に取り揃え、必要台数お届けするためには、コンピュータによる管理が必要不可欠となります。カナモトでは毎年、自社のシステム開発に積極的な設備投資を行っており、2004年に基幹システムをメインフレームからオープンシステムに全面移行しました。これにより、レンタル資産の在庫管理やメンテナンス・定期検査の実施状況把握のみならず、経理処理や与信管理、そして次期導入機種を選定など、あらゆる社内業務の効率化を実現しています。

1985年に業界に先駆けて全店オンラインネットワークを完成させたカナモト。このオンラインネットワークは、地域特性に応じた顧客ニーズの把握、収益バランスのとれた資産構成など、業務遂行の上で重要な役割を果たしてきました。今後も、情報システムの拡充を図りつつ、経営基盤の強化を図ってまいります。

#### Financial position improved by reduction of interest-bearing debt

The equipment rental business is an asset-intensive business that requires substantial capital investment to introduce rental assets. Therefore compared with other businesses, the ratio of interest-bearing debt to the asset portfolio always tends to be high. And because Kanamoto in particular introduces a large quantity of equipment every year to meet customers' needs, compared with other firms in the industry Kanamoto has a high interest-bearing debt ratio.

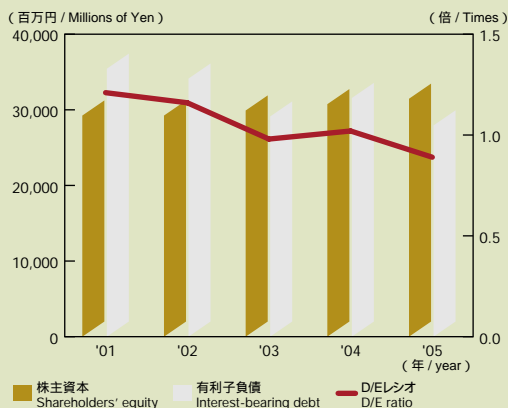
Consequently, Kanamoto is working to strengthen shareholders' equity, reduce interest-bearing debt and slim down its balance sheet, by limiting capital investment within the scope of its annual cash flow, and utilizing both borrowing and finance leases when introducing assets. As a result, the Company's D/E ratio (debt equity ratio), one indicator for measuring financial health that shows the ratio of interest-bearing debt to shareholders' equity, has been below 1.0X for the past several years.

#### Efficient online network

For a construction equipment rental company, which operates a substantial volume of assets with each passing year, using computers to manage the asset portfolio is an absolute must for maintaining asset quality, continuously providing the right selection of construction equipment to meet users' needs and delivering the quantities of equipment required. At Kanamoto, we aggressively undertake capital investment each year in our own system development, and we completed the migration of all mission-critical systems from a mainframe to an open system in 2004. As a result, not only is Kanamoto able to manage its rental asset inventory and monitor the status of maintenance and periodic inspections in real time, the Company has achieved greater efficiency in all of its internal operations, including accounting processing, credit management and the selection of rental asset models for introduction in subsequent periods.

Kanamoto was a pioneer in the industry when it completed an online network in 1985 linking every branch and the head office. This online network has played a key role for accomplishing activities such as understanding customer needs corresponding to local characteristics, and creating an asset portfolio with the optimal earnings balance. Kanamoto will continue its efforts to expand its information systems and strengthen its management base in the future.

株主資本、有利子負債、D/Eレシオの推移  
Change in shareholders' equity, interest-bearing debt and D/E ratio



カナモトの基幹システムはUNIXをプラットフォームとしたWebベースのオープンシステムを採用

Kanamoto has adopted a web-based open system built on a UNIX platform for its mission-critical systems



### 全国に広がる拠点ネットワーク

北海道から沖縄までを網羅する事業提携ネットワーク「カナモトアライアンスグループ」。充実した商品ラインナップとグループの総合力で全国各地のお客様から寄せられるさまざまなご要望にお応えしています。カナモトブランドの浸透を図りつつ、一日も早いネットワークの拡大を実現するため、各地の優良なレンタル会社とのアライアンス（事業提携）も積極的に行なっています。

また、新しい取り組みのひとつとして、2003年にはホームセンター大手のコメリ社と提携して、同社が展開するコメリパワー店舗内に電動ドリルやチェンソーなどDIYにも使える小物機械のレンタルコーナーを出店。この提携により、これまでお取引する機会が少なかったホームオーナー、農家、工務店など新規顧客の開拓を図ることで、レンタルビジネスの裾野を着実に拡大しています。

### 中古マーケットからも認められるメンテナンス技術

当社でレンタルに供する建機は、数年間に渡る役務を終えた後に中古マーケットで売却処分されます。この購入から売却に至るまでの生涯回収で、収益の極大化を図るのがカナモトのビジネスモデル。その礎となっているのは、当社の高いメンテナンス技術です。

ユーザーに快適にご利用いただくため、毎年、新しい設備投資を実施するほか、どの建機も持ち得る機能を最大限に発揮できるよう常に万全のメンテナンスを施しています。売却の時期を迎えても当社の建機は高次元で品質を維持していることから、国内外の中古マーケットでも高い評価をいただいております。これは、日々の入念な整備の結実であり、カナモトのメンテナンス技術への評価と自負しております。今後も万全の整備を施してレンタル機械の品質を守り、皆様からの信頼に応えてまいります。

### A branch network with nationwide reach

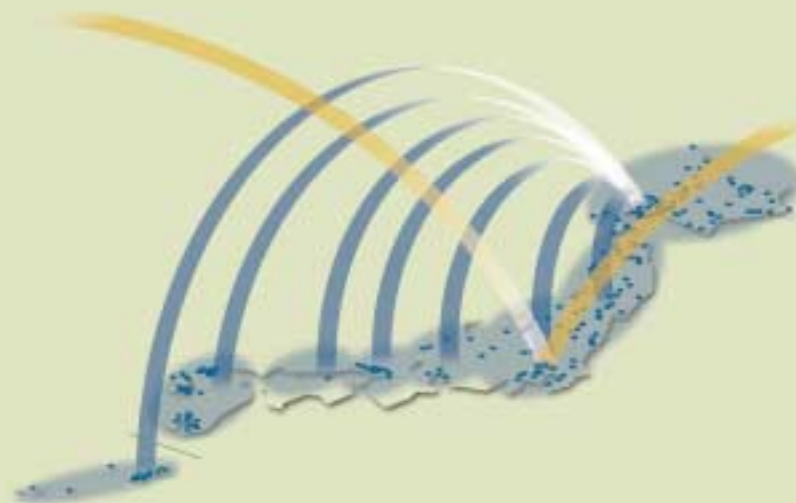
The “Kanamoto alliance group” is a business cooperation network reaching from Hokkaido to Okinawa. With an enhanced product lineup and the group’s integrated capabilities, we can meet the diverse requests received from customers in locations throughout Japan. We continue to actively seek alliances with leading equipment rental firms in various regions, in order to build awareness of the Kanamoto brand and expand the network more rapidly.

As one new approach, in 2003 Kanamoto also began cooperating with Komeri Co., Ltd., a leading company in Japan’s DIY home center industry, by opening rental corners in “power stores” Komeri is developing. These outlets rent small equipment that also can be used for DIY projects, such as electric drills and chainsaws. By cultivating new customers through this alliance, such as home owners, farmers and carpentry firms, which Kanamoto had few opportunities to work with in the past, Kanamoto is steadily expanding the reach of its construction equipment rental business.

### Kanamoto’s maintenance technology acknowledged by the used equipment market as well

After renting construction equipment for several years, Kanamoto sells its assets on the used equipment market. Kanamoto’s business model is based on the maximization of earnings through lifetime recovery, from purchase to final disposal, and Kanamoto’s excellent maintenance technology is the cornerstone of this model.

In addition to making new capital investment each year, Kanamoto continually performs thorough maintenance, to ensure each piece of construction equipment can demonstrate its functions to the maximum extent and enable customers to use the Company’s assets with confidence. Because Kanamoto maintains equipment quality at the highest level, even after disposal Kanamoto’s construction equipment earns high praise in the domestic and foreign used construction equipment markets. At Kanamoto, we’re proud of this positive evaluation of our maintenance skills and capabilities, which are the culmination of the quality to which we are dedicated each and every day. In the future we will continue this thorough maintenance management, to protect the quality of our rental equipment and respond to the trust placed in Kanamoto by all of our stakeholders.



## 経営の透明性の向上、コンプライアンス精神の浸透する企業風土を目指して

### コーポレートガバナンス体制の強化

コーポレートガバナンスは、「企業統治」などと訳され、企業における意志決定の仕組みのこと指しています。1990年代以降、上場企業の不祥事が多発したことから、株主の利益を毀損する行為が行なわれていないかどうか企業運営の監督・監査の重要性が社会的に認識され、注目を集めるようになってきました。

カナモトは、従前から経営の透明性の向上に努めることが、全てのステークホルダーとの信頼関係の構築につながり、ひいては企業の社会的存在価値を高めると考え、そのためコーポレートガバナンス体制の強化に積極的に取り組んできました。

具体的には、経営の意思決定に広い意見を取り入れるため社外取締役を任用しているほか、2001年からは執行役員制度を導入し、経営の監督責任と執行責任を明確化することで、経営の透明性向上と意思決定の迅速化を図っています。また、2006年1月からは取締役の任期を2年から1年に短縮し、より機動的な経営体制を構築しています。

一方、経営の監査については、当社は監査役会制度を採用しています。監査役会は経営の監査を行なうため、常時、取締役会に参加しているほか、監査室・監査法人と連携して積極的に情報を交換しつつ、業務活動全般に関する内部監査をはじめグループ全体の取締役の職務の適法性・妥当性について監査を行なうなど、コーポレートガバナンス体制強化の重要な役割を担っています。

これらの取り組みにより、新しい時代が要請する企業の姿を、確実に実現してまいります。

## Kanamoto creates a corporate culture to improve transparency and foster compliance awareness

### Strengthening Kanamoto's corporate governance system

Frequently interpreted as "management rules" or similar controls, corporate governance refers to a firm's decision-making mechanisms. Because of numerous scandals that have rocked listed companies since the 1990s, society's awareness of the importance of supervision and auditing of corporate operations to prevent conduct harmful to shareholder value has grown, and corporate governance has attracted greater attention.

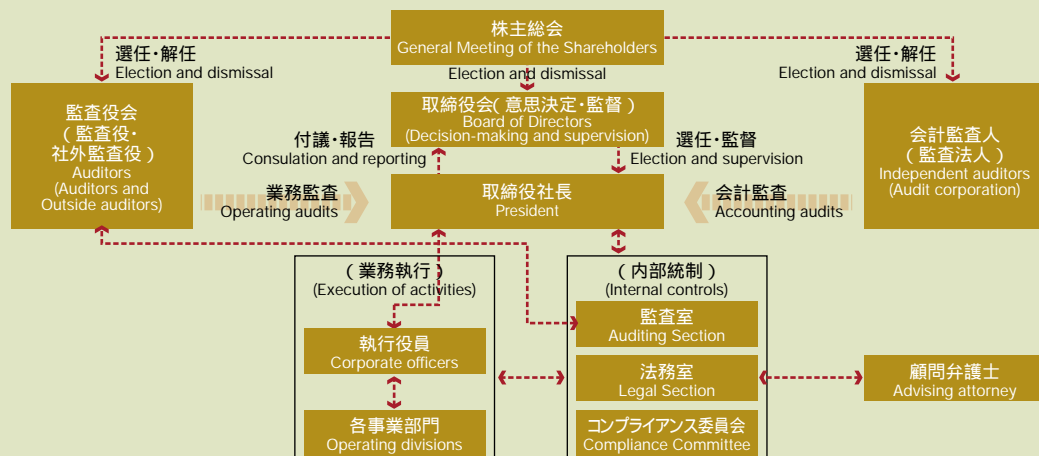
Kanamoto has always taken steps designed to improve management transparency. In recent years the Company has implemented measures aggressively to strengthen its corporate governance organization, based on the belief such measures will be linked to the formation of mutual trust with every Kanamoto stakeholder and thereby increase the value of Kanamoto's operations to society.

In addition to appointing outside directors, with the goal of incorporating a broad range of opinions into management decision-making, since 2001 Kanamoto has sought to enhance management transparency and accelerate decision-making with the introduction of a corporate officer system, to clarify supervisory authority over operations and responsibility for execution of the Company's businesses. In addition, in January 2006 Kanamoto shortened the term of office for directors to one year from two years, creating a more flexible management organization.

For management audits, Kanamoto has adopted the auditor system. The Audit Committee fulfills an important role for strengthening Kanamoto's corporate governance organization, through activities such as audits concerning the legality and appropriateness of directors' duties throughout the entire Kanamoto group, and internal audits of all business activities, as well as regular participation in Board of Directors meetings and the active exchange of information with the Company's Auditing Section and outside auditing firm, in order to audit management activities.

These efforts will enable Kanamoto to steadily achieve the corporate governance demanded by a new era.

### カナモトのコーポレートガバナンス体制 Kanamoto's corporate governance organization



### 内部統制システムの整備

大企業による巨額の粉飾決算事件が頻発した米国では、失墜した証券取引の信頼を回復するため2002年にSOX法（米国企業改革法）が制定されました。日本でも同様の不正会計を懸念し、2006年5月に新会社法の施行が決定。2009年3月期から上場企業には、決算書の正当性およびリスク管理の実践の状況を、経営者が日々の業務でチェックする「内部統制システム」が義務づけられます。また同時に、決算期ごとに経営者が自社の内部統制システムを評価・公開し、監査法人による監査を受けたうえで、有価証券報告書などと一緒に提出することが定められています。

内部統制の目的は、「財務報告の信頼性確保」「業務の効率化」「法令遵守」「資産の保全」の4つで、最終的には企業価値・株主価値を向上させることです。カナモトでは、2005年12月に内部統制プロジェクトチームを発足し、まず「財務報告の信頼性確保」を最優先事項に掲げ、鋭意作業を進めています。具体的には、各部署・各現場の業務内容を文書化・フローチャート化してリスクの洗い出しを行った結果を経営者が評価し、補完が必要と判断される場合は補正・補強をすることで、透明性が高く、ステークホルダーからの希求に資する企業を目指しています。

### 社会とのコミュニケーション -- IR活動の充実、ステークホルダーとの対話

カナモトは、従前から株主・投資家の皆様への情報開示などIR活動を重視し、そのツールとして公平性・透明性の観点からホームページを積極的に活用しつつ、ステークホルダーの皆様が財務情報や企業情報にアクセスしやすい環境を整備してきました。

財務情報の開示については、2004年10月期から四半期ごとの決算発表を実施しているほか、機関投資家・アナリストには、当社の潜在価値を正當に評価していただけるよう、中間・期末決算発表直後の決算説明会をはじめ、スモールミーティング等を暫時開催することで企業価値向上を図っています。

また、ホームページ上では、財務情報だけではなく決算説明会の動画・配布資料のほか、株主様向けの『カナモト・エグゼクティブ』（年4回発行）、海外投資家向けのアニュアルレポートの掲載など、コンテンツの充実に努めているほか、IR担当部署へのメールによる問い合わせ窓口も設けており、インターネットを通じてステークホルダーの皆様とのコミュニケーションが可能な体制を構築しています。

### Kanamoto upgrades its internal controls system

In the wake of multiple fraudulent accounting scandals involving millions of dollars at major corporations, the Sarbanes-Oxley Act (U.S. Corporate Reform Act) was enacted in the United States in 2002 in an effort to restore trust in securities transactions, which was severely damaged. Because of concerns regarding similar accounting fraud, a new corporate law was enforced in Japan as well in May 2006. Beginning from the business period ending in March 2009, all listed companies will be obligated to introduce an internal controls system, and senior management will be required to check for accounting irregularities and attest to the validity of financial statements and risk management practices as part of its daily activities. In addition, management will be required to evaluate and disclose its own internal controls system each accounting period, and submit a report, together with the company's financial statements and other documents, after the report has been audited by a certified public accountant.

The four objectives of internal controls are "assuring the reliability of financial reports," "operating efficiency improvements," "observance of laws and regulations" and "preservation of assets," and ultimately, the purpose is to improve corporate value and shareholder value. In December 2005, Kanamoto established an Internal Controls Project Team, which has declared "assuring the reliability of financial reports" to be its top priority and is proceeding vigorously with efforts in this area. Specifically, senior management will evaluate the results of the team's efforts to document and create a flow chart of the activities of each position and work site and clarify risks, and when additional measures are deemed necessary, senior management will take steps to increase transparency by correcting or improving supervision and control, with the goal of ensuring Kanamoto contributes to the wishes of its stakeholders.

### Communications with society -- IR activity enhancements, dialogue with stakeholders

Kanamoto has emphasized IR activities, including disclosure of information to shareholders and investors, for many years. The Company has created an environment that enables every stakeholder to access financial and corporate information easily, by actively using Kanamoto's website as an efficient tool from the standpoint of fairness and transparency.

For disclosure of financial information, Kanamoto has released its financial statements on a quarterly basis since the business period ended October 2004, and seeks to increase corporate value by periodically holding small meetings, including financial briefings immediately after the Company's release of interim and fiscal year-end settlement of accounts statements, to enable institutional investors and analysts to accurately evaluate Kanamoto's potential value.

Using the Internet, Kanamoto has created a system enabling the Company to communicate with its stakeholders. This includes not only posting Company financial statements on Kanamoto's website, but measures to enhance the website's contents as well, such as posting videos of its financial statement briefings together with the briefing materials distributed to participants, and adding links to the quarterly editions of Kanamoto Examiner, the Company magazine for shareholders, and Kanamoto's English-language Annual Report for overseas investors. Kanamoto also has established an inquiry window, which anyone can use to contract the Company's IR department by e-mail.

### コンプライアンス精神の浸透 -- 社員行動基準ハンドブックの作成、ヘルプラインの設置

コンプライアンスとは、企業が経営活動を行ううえで、法令や規則などのルール、さらには社会的規範を守ること。カナモトでは、社員行動基準を集約したハンドブックを作成し、全社員に配布するとともに、イントラネットに情報を掲載し社員がアクセスしやすい環境を整えることで全社員にコンプライアンス精神の浸透を図っています。また、2003年には倫理規程を制定し、社外委員を含めたコンプライアンス委員会を中心に全社を挙げた法令・倫理規程遵守の体制を確立しています。

なお、コンプライアンス委員会には、法令違反や不正行為の社内通報システムとしてヘルプラインを設置しています。社内窓口のほか社外にも通報窓口（弁護士事務所）を設けており、通報者の秘密を厳守し、正義の芽を摘み取ることのない体制を整えています。これからもステークホルダーの皆様からの信頼にお応えするため、全社を挙げてコンプライアンス精神の浸透に取り組んでまいります。

### 個人情報保護の取組み

カナモトの取引は企業間取引が主であるため、取り扱う個人情報は少ないように思われがちですが、ビジネスには必ず人が介在するものであり、また、株主、投資家、仕入先などの個人情報も含めると取り扱う個人情報量は膨大なものになります。そこで、カナモトでは、プライバシーポリシー（個人情報保護方針）を定め、個人情報の適切な管理を行うとともに、万が一、情報が外部に漏洩した場合の対処・対応についても万全の体制を整えています。

その一例として、インターネットのセキュリティについては、当社のホームページ利用者から送信される情報はSSL（Secure Socket Layer）暗号化技術を用いるなど、情報セキュリティシステムの強化を図っており、第三者認証機関であるピートラスト・ジャパンからSureServer証明書の発行を受けています。

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### Spreading a compliance outlook — Kanamoto prepares an Employee Conduct Standards Handbook, installs helpline

Compliance is all about observing the rules, including the letter and intent of laws and regulations along with social standards, in the course of pursuing the firm's business activities. At Kanamoto, we've taken steps to foster a compliance outlook in every employee. Together with preparing a handbook detailing the Company's employee conduct standards, which is distributed to every employee, we use Kanamoto's Intranet to disseminate compliance information. This has created an environment where employees can access compliance information easily. During 2003, Kanamoto also enacted ethics guidelines and established an organization for observance of laws and ethics guidelines, centered on a Compliance Committee that includes outside committee members, to disseminate this information to every Kanamoto group company.

As an in-house system for reporting violations of the law or employee misconduct, Kanamoto has set up a helpline within the Compliance Committee. Together with a reporting window (attorney's office) maintained outside the Company, Kanamoto has established an organization to strictly protect the confidentiality of reporting individuals and ensure proper conduct is never stifled. In the future, Kanamoto will continue efforts to foster a compliance mentality throughout every Kanamoto group company, to respond to the trust stakeholders have placed in the Company's management and employees.

### Efforts to protect personal information

Because the majority of Kanamoto's business transactions are transactions with other firms, one might be tempted to think the volume of personal data handled by the Company is quite small. "Business" is an activity among individuals, however, and the quantity of personal information handled, including personal data on shareholders, investors, suppliers and other parties, has expanded tremendously. Consequently Kanamoto has adopted a Privacy Policy (Personal Data Protection Policy), and established a thorough organization to manage personal information appropriately and respond in the event personal data is leaked outside the Company.

As one example, for Internet security Kanamoto has strengthened its information security system with measures such as SSL (Secure Socket Layer) cryptographic technology for information sent from individuals using Kanamoto's homepage. These measures have earned Kanamoto a SureServer Certificate from Betrusted Japan Co., Ltd., a third-party certification organization.



## 安全衛生の取組み

カナモトでは、全営業拠点に整備工場を併設し、整備スタッフを配置することで、メンテナンスの行き届いた機械をお客様にご利用いただけるよう整備体制の強化に努めてきました。しかし、一方で大型の重機・建機を扱う整備業務では多くの危険も伴います。大多数が軽微な事故で済んでいるものの、当社でも過去5年平均で毎年約10件の労災事故が発生しており、そのうちの約7割、7件が整備工場が発生しています。

そこで労災予防に重点的に取り組むため、当社では2004年に総務部管掌の安全衛生対策の一機能を安全衛生室として独立・分離し、組織の権限強化を図ることで、全社を挙げて安全衛生体制の強化と労災撲滅に取り組んでいます。具体的には、定期的に社内講習会を開催し、各所への監査・指導を徹底することで、社員の危機管理意識の向上に努めています。

## 人材育成・開発プログラム

経済・社会の発展に貢献する企業グループを目指すカナモトにとって、会社を担う人材こそが最も重要な資産です。そのため、営業職・整備職という職制に合わせた人材育成・開発プログラムを実施し、従業員一人ひとりのレベルアップとモチベーションの向上を図っています。

特に整備職は、建設機械を整備するにあたり多くの資格が必要になるため、重点的に整備教育の拡充を図っています。具体的には、有資格者が講師となり若手整備職員に社内整備研修を実施しているほか、各メーカー主催の整備研修、資格取得を奨励する社内教育制度を拡充することで、機械が本来の性能を最大限に生かせるようメンテナンス体制の強化に努めています。こうした教育プログラムを充実させることで、より高品質なサービスをお客様に提供できるよう、日々企業努力を重ねています。

## Approach to safety and health

By establishing facilities staffed by maintenance and repair specialists at every branch, Kanamoto has worked to enhance its maintenance and repair organization and ensure customers can use equipment that has been properly and regularly maintained. Maintenance and repair operations involving large-scale heavy machinery and construction equipment, however, are attended by numerous dangerous conditions. Fortunately the majority of accidental injuries are minor. Nevertheless, over the past five years even Kanamoto has experienced an average of ten worker accidents annually, and about 70% of these have occurred at maintenance and repair shops.

Therefore to emphatically address measures to prevent worker accidents, in 2004 Kanamoto separated the management of certain safety and health measures from its Administration Division and established this function as an independent Safety and Health Section. By enhancing the section's organizational authority, Kanamoto is focusing on strengthening safety and health systems and eliminating worker accidents at every group company. Specifically, this section works to improve employee crisis-management awareness by regularly holding in-house training sessions, conducting audits and providing thorough guidance for each location.



社内整備講習会の様子  
In-house maintenance and repair course

## Human resources training and development programs

For Kanamoto, which seeks to build a corporate group that contributes to economic and social progress, the people who carry out our day-to-day activities are our most important asset. Kanamoto therefore strives to improve each employee's skills and motivation, by implementing organizationally suitable human resources training and development programs for individuals with management duties and those responsible for maintenance and repair.

Given the need for employees to have numerous qualifications for maintenance and repair work in particular, Kanamoto works diligently to broaden maintenance and repair training for individuals engaged in equipment maintenance and repairs. In addition to having qualified individuals serve as instructors to provide in-house maintenance and repair training for young maintenance and repair staff, Kanamoto has taken steps to strengthen its maintenance organization and ensure construction equipment is capable of performing at its original peak efficiency, by expanding the Company's training system to include manufacturer-sponsored maintenance and repair training and encouraging employees to obtain advanced qualifications. By broadening its training programs in this manner, Kanamoto is accumulating valuable experience each and every day that enables us to provide customers with even higher quality services.

## 整備技術技能・運転技能有資格者数（2005年10月現在） Number of Repair Qualified Technicians and Operation Qualified Technicians (As of October 2005)

資格名 Qualification		人数 Number of individuals
整備技術技能有資格者 Repair Qualified Technicians	建設機械整備技能士(特級) Construction Equipment Repair Technician (Expert)	12
	建設機械整備技能士(1級) Construction Equipment Repair Technician (First Class)	86
	建設機械整備技能士(2級) Construction Equipment Repair Technician (Second Class)	196
	可搬形発電機整備技術者 Portable Generator Repair Technician	228
	自動車整備士 Automobile Repair Technician	270
	有機溶剤作業主任者 Organic Solvent Work Manager	24
	危険物取扱主任者 Hazardous Materials Handling Manager	171
運転技能有資格者 Operation Qualified Technicians	職業訓練指導員 Vocational Training Instructor	28
	車両系建設機械運転者 Vehicle-type Construction Equipment Operator	737
	移動式クレーン運転士 Mobile Crane Operator	46
	移動式クレーン特別教育 Mobile Crane Special Training	330
	大型(特殊)免許 Large-scale Equipment (Special) Operating License	239
	玉掛け技能者 Sling Crane Technician	420
フォークリフト運転者 Forklift Operator	136	
ショベルローダ等運転者 Shovel Loader Operator	13	

資格者数は延べ人数です  
Note: Number of qualifications held is total man-qualifications

## 持続可能な社会の構築へ向けて、多角的な取組みを

### 環境にやさしいレンタル資産群

排ガス規制というと自動車にばかり目を向けがちですが、自動車同様、実は建設機械についてもこれらの規制が適用されています。

カナモトでは、従前から地球環境への配慮は企業にとって重要な責務であると考え、業界に先駆けて排ガス・騒音などの公害対策クリア機種への資産シフトを計画的に実施してきました。この結果、2005年現在、カナモトが保有するレンタル用資産の実に99%が排ガス・騒音等の公害規制をクリアしています。お客様の利便性を追求することはもちろんですが、社会の環境負荷の低減、お客様の環境経営のお手伝いをさせていただくこともカナモトに課せられた重要な使命です。

## Diversified efforts aimed at creating a sustainable society

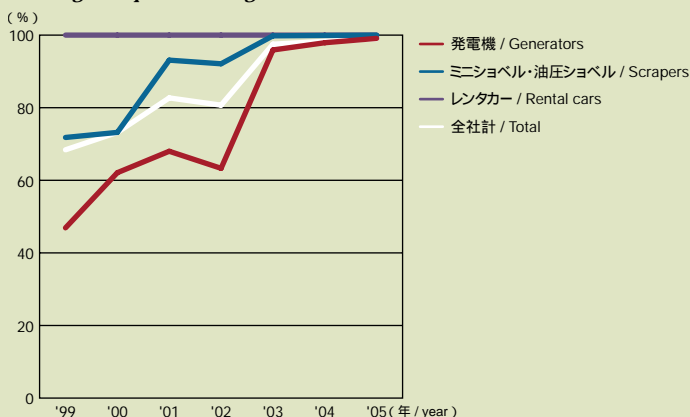
### Environmentally-friendly rental assets

Mention exhaust emissions regulations, and chances are most people will think only of automobiles. Yet in fact, such regulations apply equally to construction equipment as well.

Kanamoto has long regarded consideration of the global environment to be an important corporate obligations. The Company has been well ahead of the industry in implementing a planned shift of assets to models that clear anti-pollution statutes for exhaust gas, noise and other environmentally harmful effects. As a result, as of 2005, fully 99% of Kanamoto's construction equipment rental assets clear pollution regulations for exhaust gas and noise. It goes without saying that Kanamoto always pursues customer convenience, but helping to reduce society's burden on the environment, and assisting customers' environmental management efforts, also are important missions for Kanamoto.



公害対策機の導入率  
Percentage of Company and rental assets  
meeting anti-pollution regulations



### レンタルという環境配慮型のビジネス

建設機械のレンタルそのものが、環境配慮型のビジネスといえます。なぜなら、レンタルはお客様に機械をタイムシェアしてご利用いただくサービス。そのため、ご利用いただくほど社会全体の資源の有効活用につながります。しかもカナモトの商品ラインナップは公害対策規制をクリアした機械ばかりですから、同時に工事現場や周辺地域の環境負荷を最小限に抑えることもできるのです。

一般的に、建設工事イコール環境破壊というイメージがもたれがちですが、私たちの生活基盤を支える社会インフラを維持修繕するにも建設工事はやはり必要不可欠なもの。そのためカナモトは、環境規制をクリアした建機を豊富に取り揃えることで、これからも社会全体の省エネ化・省資源化に貢献できるよう企業努力を続けてまいります。

### 営業車両に低燃費・低排出ガス車を積極導入

カナモトでは、お客様にレンタルする建設機械だけではなく、自社の営業車両にも低燃費・低排出の環境規制に対応した車両の導入を積極的に行なっています。

1998年に営業車両にハイブリット車・プリウスの導入を開始して以来、その後も積極的に低燃費・低排出ガス車の導入を図っており、2005年現在で導入台数は300台以上、営業車両の70%以上が環境負荷を抑制したエコカーとなっています。

### Equipment rental as an environmentally-conscious business

When you think about it, the construction equipment rental business itself can be called an environmentally-conscious business, because equipment rentals are a service by which customers use equipment on a time-sharing basis. This means that to the extent customers utilize Kanamoto's construction equipment rental assets, such rentals are linked to more effective use of resources by society as a whole. What's more, because Kanamoto's product lineup includes only equipment that meets anti-pollution measures and regulations, Kanamoto customers can simultaneously keep the environmental burden at construction sites and surrounding areas to a minimum.

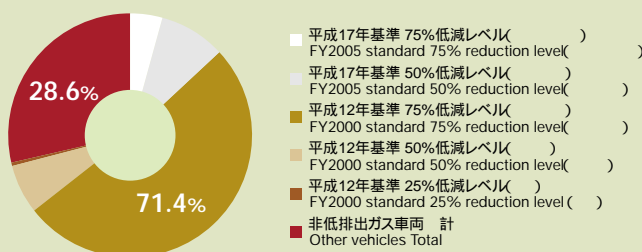
Although people generally tend to have an image in which construction work equals environmental destruction, construction work remains necessary and indispensable for maintaining and repairing the social infrastructure that supports our lives. For this reason, Kanamoto will continue its corporate efforts in the future to contribute to lower energy consumption and greater resource conservation by society as a whole, by offering an ample inventory of construction equipment that satisfies environmental regulations.

### Aggressive introduction of low-fuel consumption, low-exhaust automobiles for company vehicles

At Kanamoto, not only have we been aggressively introducing construction equipment to rent to customers, we've also been introducing automobiles that meet low-fuel consumption and low-exhaust environmental regulations as vehicles for the Company's own use.

Since Kanamoto first began introducing the Prius hybrid automobile as a Company vehicle in 1998, the Company has actively continued to introduce low-fuel consumption and low-exhaust vehicles. As of 2005, Kanamoto has introduced over 300 such vehicles, and more than 70% of Kanamoto's automobiles for business use are environmentally-friendly vehicles that limit the environmental burden.

低燃費・低排出ガス車の導入率  
*Low-fuel consumption and low-exhaust automobiles as a percentage of all Company vehicles*



2005年現在、サービスカーなどに採用している車両のディーゼルエンジンには規制基準に準じたものはありません  
Note: As of 2005, diesel engines in vehicles adopted for Company service automobiles and other uses are not based on the new standards



**ますます充実化の進むカナモトのネットワーク。  
より広範で、よりきめ細かなサービスを。**

積極的なスクラップ&ビルドとアライアンス戦略により、カナモト・グループのネットワークはさらに拡充。より多くのお客様に、よりきめ細かなサービスをご利用いただく体制を整備しました。

カナモトは2005年、2006年も各地の地場有力企業との協力関係をベースに、さらにネットワークを拡大しました。当社のドミナント戦略に則り、シェア拡大と企業ブランドの認知度向上を図る夕張・占冠（北海道）蟹田・上北（青森）仙台南（宮城）いわき中央（福島）城山（神奈川）加えて新潟県中越地震の復旧工事対応を主目的とする小千谷・三条（新潟）の9拠点を新設。全国の拠点数は当社単体で147、グループ企業を含めると計223を数え、より多くのお客様に当社のサービスをご利用いただける体制が整いました。

また、既存営業エリアでは、きめ細かなサービスをご提供するべくスクラップ&ビルドによる効果的な拠点配置にも取り組んでおります。

**Kanamoto's network just keeps getting better and better.  
For more comprehensive, more finely-tuned service.**

The Kanamoto Group network continues to grow larger, based on Kanamoto's aggressive scrap and build program and its alliance strategy. We've created an organization that enables even more customers to used services fine-tuned to their exact needs.

During 2005 and the first half of 2006, Kanamoto expanded its network even further, based on cooperative alliances with leading local firms in various regions. Following Kanamoto's strategy of achieving local dominance, the Company established nine new bases — Yubari and Shimukappu (Hokkaido), Kanita and Kamikita (Aomori), Sendai-Minami (Miyagi), Iwaki-Chuo (Fukushima), Shiroyama (Kanagawa), Ojiya and Sanjo (Niigata), which will focus mainly on supporting restoration work following the Niigata Chuetsu Earthquake — to expand Kanamoto's market share and increase awareness of the Kanamoto brand. This brings the number of branches throughout Japan to 147 Kanamoto branches, and a total of 223 including the branches of group firms, forming an organization that will enable even more customers to take advantage of Kanamoto's services.

At the same time, Kanamoto continues to devote efforts to establishing effective branch locations in its existing business areas, based on its scrap and build policy, to provide customers with finely-tuned services to meet every need.





■ レンタル事業部  
Construction Equipment Rental Division

● 鉄鋼事業部  
Steel Sales Division

▲ 情報機器事業部  
Information Products Division

アライアンス企業

Kanamoto Alliance Group Firms

■ (株)アシスト  
Assist Co., Ltd.

■ (株)エスアールジー・カナモト  
SRG Kanamoto Co., Ltd.

■ (株)カナテック  
Kanatech Co., Ltd.

■ 第一機械産業(株)  
Daiichi Machine Industries Co., Ltd.

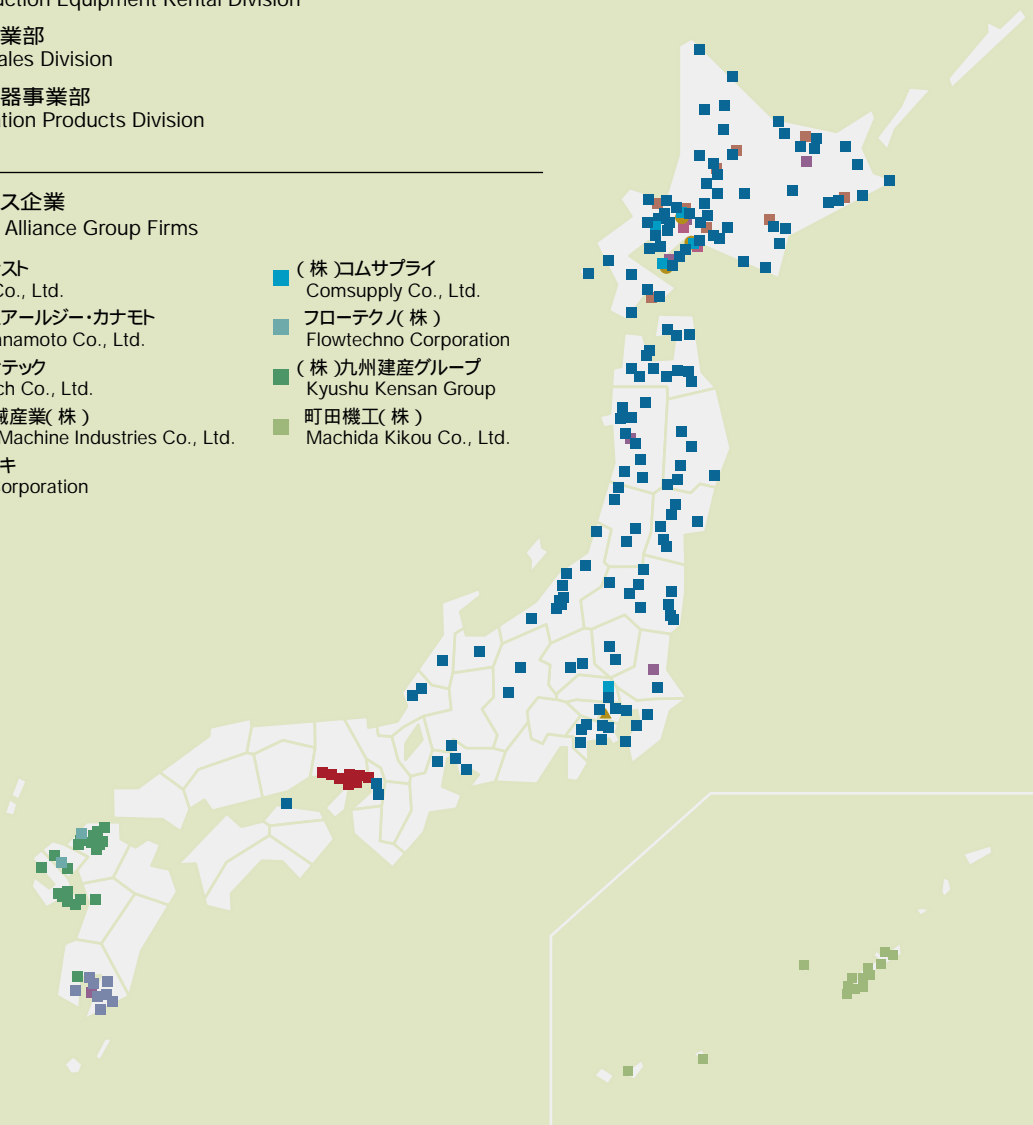
■ (株)カンキ  
Kanki Corporation

■ (株)コムサプライ  
Comsupply Co., Ltd.

■ フローテクノ(株)  
Flowtechno Corporation

■ (株)九州建産グループ  
Kyushu Kensan Group

■ 町田機工(株)  
Machida Kikou Co., Ltd.



当社及び当社グループ営業拠点エリア別内訳 2006年5月現在  
Kanamoto and the group companies' operating branches As of May 2006

	カナモト Kanamoto	連結対象会社 Consolidated companies	その他・アライアンスグループ Other companies of alliance group	計 Total
北海道 Hokkaido	57	14	4	75
東北 Tohoku	43	1	-	44
関東 Kanto	26	1	1	28
中部 Chubu	15	-	-	15
近畿 Kinki	5	8	-	13
中国 Chugoku	-	-	-	0
四国 Shikoku	1	-	-	1
九州 Kyushu	-	8	24	32
沖縄 Okinawa	-	-	15	15
計 Total	147	32	44	223

**グループネットワークの総合力で、先進のレンタルサービスを全国にご提供しています。**

カナモトアライアンスグループは、当社と連結子会社5社、非連結子会社2社、アライアンス提携会社2社で構成されています。当社が保有する圧倒的なレンタル資産と、各地の地場有力レンタル会社の絶対的な営業力を合わせ、地域特性に応じた質の高いサービスをご提供します。

**Kanamoto offers advanced construction equipment rental services throughout Japan, based on the integrated capabilities of the Kanamoto group network.**

The Kanamoto alliance group is comprised of the parent company and five consolidated subsidiaries, two non-consolidated subsidiaries and two alliance partners. By combining Kanamoto's overwhelming inventory of rental assets with the management capabilities of strong local rental companies, Kanamoto provides high-quality service perfectly suited to regional characteristics.



**株式会社アシスト (9拠点)**

什器備品や仮設信号、標識など建設用保安用品のレンタル・販売を北海道で展開しています。

**Assist Co., Ltd. (9 branches)**

Engaged in the rental of safety products such as signals or signs for the construction industry.

**エスアールジー・カナモト株式会社 (2拠点)**

カナモトとエスアールジー・タカミヤの合弁会社で、北海道で仮設足場レンタルを行っています。

**SRG Kanamoto Co., Ltd. (2 branches)**

A joint venture between Kanamoto and SRG Takamiya Co., Ltd. that provides rentals of temporary scaffolding.



**株式会社カナテック (6拠点)**

仮設ユニットハウスの開発と製造・販売を行なっています。

**Kanatech Co., Ltd. (6 branches)**

Designs, manufactures and sells modular housing units for construction use.

**第一機械産業株式会社 (8拠点)**

鹿児島県に本拠を置く会社で、建設機械器具等のレンタル・販売事業を展開しています。

**Daiichi Machine Industries Co., Ltd. (8 Branches)**

Construction equipment rental company headquartered in Kagoshima Prefecture.



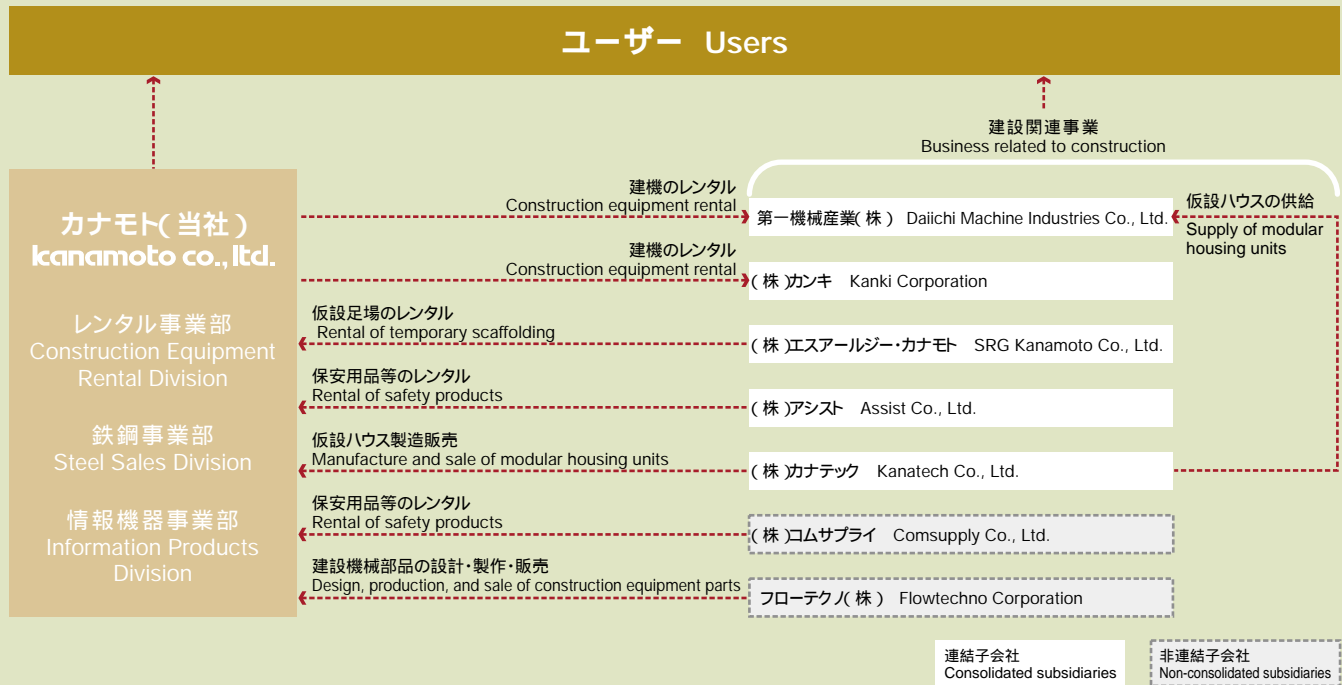
**株式会社カンキ (8拠点)**

兵庫県に本拠を置き、建設機械器具等のレンタル・販売事業を展開しています。

**Kanki Corporation (8 branches)**

Construction equipment rental company headquartered in Hyogo Prefecture.

カナモトアライアンス & アソシエーツ  
Alliance & Associates



**株式会社コムサプライ (5拠点)**

北海道と埼玉県に拠点を置き、什器備品・建設用仮設資材のレンタル・販売事業を行っています。

**Comsupply Co., Ltd. (5 branches)**

Engaged in the rental of safety products for the construction industry.



**フローテクノ株式会社 (2拠点)**

福岡県に本拠を置き、地盤改良用機械の設計・製造・販売事業を展開しています。

**Flowtechno Corporation (2 branch)**

Headquartered in Fukuoka Prefecture, developing a business engaged in the design, manufacture and sale of ground improvement equipment.

**アライアンス提携会社**

**Alliance companies**

**九州建産グループ (グループ企業4社22拠点)**

福岡県に本拠を置き、建設機械器具等のレンタル・販売事業を展開しています。

**Kyushu Kensan Group (22 branches, 4 group companies)**

Construction equipment rental company headquartered in Fukuoka Prefecture.



**町田機工株式会社 (15拠点)**

沖縄県に本拠を置き、建設機械器具等のレンタル・販売事業を展開しています。

**Machida Kikou Co., Ltd. (15 branches)**

Construction equipment rental company headquartered in Okinawa Prefecture.

株式会社金本商店設立(改組、北海道室蘭市) 金本善中代表取締役社長就任	1964.10	Kanamoto Shoten Co., Ltd. established (Reorganization in Muroran, Hokkaido) Zenchu Kanamoto appointed President and Representative Director
営業拠点展開を開始(北海道)	1971.10	Began development of sales branch network (Hokkaido)
社名を株式会社カナモトに変更	1972.12	Company name changed to Kanamoto Co., Ltd.
北海道外初の拠点として青森県に進出	1979.9	Advanced into Aomori Prefecture with the first office located outside of Hokkaido
金本太中(現名誉会長)代表取締役社長就任	1981.9	Taichu Kanamoto (Currently honorary chairman) appointed President and Representative Director
秋田県に進出	1982.3	Advanced into Akita Prefecture
第三者割当増資(40万株・額面50円)	10	Third-party allocation of shares (400 thousand shares; par value 50 yen)
岩手県に進出	11	Advanced into Iwate Prefecture
千葉県に進出	1983.7	Advanced into Chiba Prefecture
第3の営業部門、情報機器事業部を開設(北海道苫小牧市)	9	Launched Computer and Peripheral Equipment Division as the company's third operating division (Tomakomai, Hokkaido)
群馬県に進出	1985.2	Advanced into Gunma Prefecture
宮城県に進出	7	Advanced into Miyagi Prefecture
全店オンラインネットワーク完成	11	Completed on-line computer system network linking all branches
神奈川県に進出	1986.6	Advanced into Kanagawa Prefecture
福島県に進出	1987.7	Advanced into Fukushima Prefecture
中期経営計画“ACT '90”スタート	11	Start of “Act '90” medium-term management plan
栃木県に進出	1988.12	Advanced into Tochigi Prefecture
ほぼ北海道地区全域に拠点配置	1989.6	Branches located in nearly all regions of Hokkaido
新潟県に進出	9	Advanced into Niigata Prefecture
中期経営計画“NEW ACT”スタート	1990.11	Start of “New Act” medium-term management plan
札幌証券取引所に上場 山形県に進出	1991.6	Listed on the Sapporo Stock Exchange Advanced into Yamagata Prefecture
埼玉県に進出	7	Advanced into Saitama Prefecture
株式分割 1:1.2 上場記念配当として1株当り4円50銭を加え年間配当12円 情報機器事業部大船テクノセンター落成	10	Completed 1:1.2 stock split Paid an annual dividend of ¥12, including a dividend of ¥4.5 to commemorate the Company's stock listing Completed Information Products Division Ofuna Technocenter
株式分割 1:1.1 1株当り2円50銭増配、年間配当10円	1992.10	Completed 1:1.1 stock split Increased dividend by ¥2.5 per share and paid annual dividend of ¥10
スイス・フラン建ワラント債を発行(6,000万SFr)	1993.8	Issued Swiss franc-denominated warrants (SFr60 million)
株式分割 1:1.5 年間配当10円	10	Completed 1:1.5 stock split, paid annual dividend of ¥10
中期経営計画“CHALLENGING '96”スタート	11	Start of “Challenging '96” medium-term management plan
長野県に進出	12	Advanced into Nagano Prefecture
愛知県に進出	1994.1	Advanced into Aichi Prefecture
公募増資(200万株) 海外IR説明会を開始	4	Increased capital through public offering (2 million shares) Began conducting overseas IR briefings
大阪府に進出 スイス・フラン建転換社債を発行(1億SFr)	7	Advanced into Osaka Prefecture Issued Swiss franc-denominated convertible bonds (SFr100 million)
株式分割 1:1.3 年間配当10円	10	Completed 1:1.3 stock split Paid annual dividend of ¥10
富山県に進出	1995.4	Advanced into Toyama Prefecture
札幌証券取引所の貸借銘柄に選定される	8	Designated as a loan transaction stock for the Sapporo Stock Exchange
福井県に進出 株式分割 1:1.1 1株当り2円増配、年間配当12円	10	Advanced into Fukui Prefecture Completed 1:1.1 stock split Increased annual dividend by ¥2 to ¥12
公募増資(200万株) 東京証券取引所市場第二部上場	1996.3	Increased capital through public offering (2 million shares) Listed on the Second Section of the Tokyo Stock Exchange
石川県に進出	5	Advanced into Ishikawa Prefecture
本社を札幌市中央区に移転 第1回無担保転換社債を発行(100億円)	6	Relocated head office functions in Sapporo, Chuo Ward Conversion of first unsecured convertible bonds (¥10 billion)



茨城県に進出 株式分割 1:1.1 1株当り2円増配、年間配当14円	10	Advanced into Ibaraki Prefecture Completed 1:1.1 stock split Increased annual dividend by ¥2 to ¥14
中期経営計画“PLAN JUPITER”スタート	11	Start of“Plan Jupiter” medium-term management plan
三重県に進出	12	Advanced into Mie Prefecture
東京証券取引所の信用銘柄に選定される	1997. 4	Designated as a stock for margin trading on the Tokyo Stock Exchange
株当り2円増配、年間配当16円	10	Increased annual dividend by ¥2 to ¥16
ユーロドル建普通社債発行(42,000千米ドル)	11	Issued Eurodollar-denominated straight corporate bonds (US\$42 million)
ストックオプション制度の導入	1998. 1	Introduced stock option program
東京証券取引所市場第一部指定	4	Stock elevated to the First Section of the Tokyo Stock Exchange
金本寛中、代表取締役 社長に就任	6	Kanchu Kanamoto appointed President and Representative Director
5期以上の連続増配で東京証券取引所から表彰される	9	Honored by the Tokyo Stock Exchange with the Commendation Award for Listed Companies, for more than five consecutive years of annual dividend increases following listing on the Exchange
1株当り2円増配、年間配当18円	10	Increased ordinary annual dividend by ¥2 to ¥18
株式会社SRGカナモト設立	1999. 8	Established SRG Kanamoto Co., Ltd.
設立35周年記念配当1円、年間配当19円	10	Commemorative per-share dividend of ¥1 to commemorate 35th year anniversary, paying total annual dividend of ¥19
カナモト浜松町Kビル竣工(東京) アルパイン円建ゼロクーポン転換社債50億円を発行(スイス)	11	Construction completed on the Kanamoto Hamamatsucho K Building (Tokyo) Issued ¥5 billion denominated zero-coupon bond (Switzerland)
第2回ストックオプション実施	2000. 1	Implemented second stock option program
町田機工株式会社とアライアンス締結	3	Concluded an alliance with Machida Kikou Co., Ltd.
株式会社カナテックに仮設ハウス製作事業を移管 年間配当18円	10	Transferred temporary housing production business to Kanatech Co., Ltd. Paid annual ordinary dividend of ¥18 per share
コミットメントファシリティ 設定(道内初)	11	Established commitment facility (first in Hokkaido)
株式会社九州建産とアライアンス締結	12	Concluded an alliance with Kyushu Kensan Co., Ltd.
執行役員制度導入	2001. 1	Introduced corporate officer system
株式会社カナモト四国設立	6	Established Kanamoto Shikoku Co., Ltd.
発寒メガステーションを開設 第一機械産業株式会社を子会社化 中期経営計画“カナモトサバイバルプラン”スタート 第2回コミットメントファシリティ 設定	11	Opened Hassamu Megastation Converted Daiichi Machine Industries Co., Ltd. into a subsidiary Start of“Kanamoto Survival Plan” medium-term management plan Established second commitment facility
東京都内に営業所を開設	2002. 2	Established sales office in Tokyo
シンジケート・ローン契約を提結(70億円)	6	Concluded syndicated loan (7 billion yen)
兵庫県に進出 第3回コミットメントファシリティ 設定	11	Advanced to Hyogo Prefecture Established third commitment facility
株式会社タニグチを合併	2003. 8	Merged with Taniguchi Co., Ltd.
第一機械産業株式会社を完全子会社化 長期経営計画“メタモルフォーゼ”スタート 第4回コミットメントファシリティ 設定	11	Converted Daiichi Machine Industries Co., Ltd. into a wholly-owned subsidiary Start of“Metamorphose” long-range management plan Established fourth commitment facility
日本個人投資家協会からIR優秀企業として表彰される(4社目)	12	Kanamoto honored with the IR Excellent Firm Award from the Japan Association for Individual Investors (JAII) (fourth company to receive the award)
株式会社カナモト四国を完全子会社化(2004年4月に合併)	2004. 1	Converted Kanamoto Shikoku Co., Ltd. into a wholly-owned subsidiary.
株式会社金谷リースから建機レンタル事業の営業権を譲受	5	Received the operating rights to the construction equipment rental business of Kanaya Lease
中野モータース株式会社から建機レンタル業務を継承	7	Succeeded to the construction equipment rental business of Nakano Motors.
株式会社カンキを子会社化	9	Converted Kanki Corporation into a subsidiary
敦賀建機リース株式会社と業務提携 手形債権の流動化を実施(総枠120億円) 設立40周年記念配当1円年間配当19円	10	Kanamoto concluded an alliance with Tsuruga Kenki Lease Co., Ltd. Executed ¥12.0 billion liquidation scheme for bill receivables
第5回コミットメントファシリティ 設定	11	Established fifth commitment facility
地盤改良エンジニアリング会社のフローテクノ株式会社を子会社化	2006. 3	Converted Flowtechno Corporation, a ground improvement engineering company, into a subsidiary

商号

株式会社 **カナモト**

本社所在地

北海道札幌市中央区大通東3丁目1番地19

設立

1964年(昭和39年)10月28日

資本金

85億9,673万円(払込済資本金)

上場取引所

東京証券取引所第一部・札幌証券取引所

証券コード

9678

発行済株式総数

30,253千株

決算期

毎年10月31日(年1回)

売上高

572億200万円(2005年10月期)

従業員数

1,146名

(役員、嘱託、臨時社員を除く)

事業内容

建設機械器具のレンタル、鉄鋼製品の販売、  
エンジニアリングワークステーション  
および周辺機器のレンタル

主要取引金融機関

株式会社三菱東京UFJ  
三菱UFJ信託銀行株式会社  
株式会社みずほコーポレート銀行  
株式会社三井住友銀行  
株式会社北洋銀行  
農林中央金庫  
北海道信用農業協同組合連合会  
株式会社北海道銀行  
株式会社第四銀行  
信金中央金庫

大株主

オリックス株式会社  
日本マスタートラスト信託銀行株式会社信託口  
金本太中  
金本三郎  
株式会社小松製作所  
カナモトキャピタル株式会社  
東京海上日動火災保険株式会社  
株式会社北洋銀行  
株式会社北海道銀行  
デンヨー株式会社

主要取引先(50音順)

株式会社アイチコーポレーション  
いすゞ自動車株式会社  
伊藤忠建機株式会社  
伊藤忠商事株式会社  
株式会社大林組  
鹿島建設株式会社  
株式会社小松製作所  
五洋建設株式会社  
酒井重工業株式会社  
清水建設株式会社  
新キャタピラー三菱株式会社  
大成建設株式会社  
株式会社竹中工務店  
株式会社タダノ  
株式会社鶴見製作所  
デンヨー株式会社  
東亜建設工業株式会社  
戸田建設株式会社  
西松建設株式会社  
阪和興業株式会社  
日野自動車株式会社  
北越工業株式会社  
前田建設工業株式会社  
三井物産株式会社  
三菱ふそうバス・トラック株式会社

Company Name

**kanamoto co., ltd.**

Head Office

1-19, Odori Higashi 3-chome Chuo-ku,  
Sapporo, Hokkaido 060-0041 Japan

Established

October 28, 1964

Capitalization

¥8.6 billion (Paid-in capital)

Listing Exchanges

Tokyo Stock Exchange, First Section  
Sapporo Stock Exchange

Stock Code

9678

Common Shares Issued and Outstanding

30,253,000

Fiscal Year-end

October 31

Revenues

¥57,202 million  
(Fiscal year ended October 2005)

Number of Employees

1,146

(Excluding directors and temporary or part-time workers)

Principal Businesses

Rental of construction equipment  
Sale of steel products  
Rental of engineering workstations and  
computer peripherals.

Primary Lenders

The Bank of Tokyo-Mitsubishi UFJ  
The Mitsubishi UFJ Trust and Banking  
Corporation  
Mizuho Corporate Bank  
Sumitomo Mitsui Banking Corporation  
North Pacific Bank  
The Norinchukin Bank  
Hokkaido Shinren  
The Hokkaido Bank  
Daishi Bank  
Shinkin Central Bank

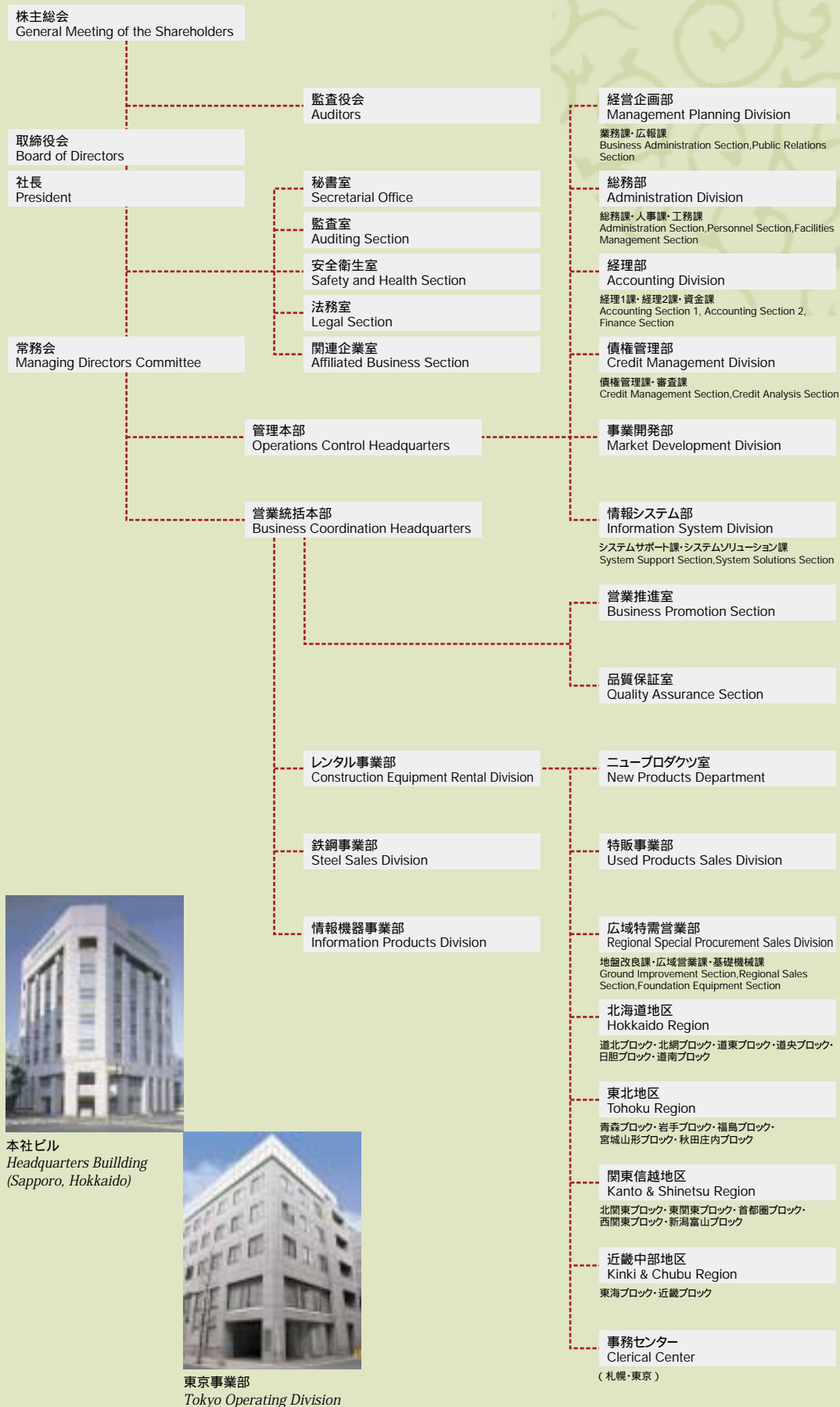
Principal Shareholders

ORIX Corporation  
The Master Trust Bank of Japan, Ltd.  
Taichu Kanamoto  
Saburo Kanamoto  
Komatsu Ltd.  
Kanamoto Capital Company  
Tokio Marine & Nichido Fire Insurance Co., Ltd.  
North Pacific Bank, Ltd.  
The Hokkaido Bank, Ltd.  
Denyo Co., Ltd.

Primary Customers

Aichi Corporation  
Isuzu Motors Limited  
ITOCHU CONSTRUCTION MACHINERY,  
ITOCHU Corporation Co., Ltd.  
OBAYASHI CORPORATION  
KAJIMA CORPORATION  
Komatsu Ltd.  
PENTA-OCEAN CONSTRUCTION CO., LTD.  
SAKAI HEAVY INDUSTRIES, Ltd.  
Shimizu Corporation  
SHIN CATERPILLAR MITSUBISHI Ltd.  
Taisei Corporation  
Takenaka Corporation  
TADANO Ltd.  
Tsurumi Manufacturing Co., Ltd.  
Denyo Co., Ltd.  
TOA Corporation  
TODA Corporation  
Nishimatsu Construction Co., Ltd.  
HANWA Co., Ltd.  
Hino Motors, Ltd.  
HOKUETSU INDUSTRIES Co., Ltd.  
MAEDA CORPORATION  
MITSUI & Co., Ltd.  
Mitsubishi Fuso Truck and Bus Corporation

組織図 (2006年5月現在)  
**Organization Chart (May 2006)**



本社ビル  
 Headquarters Building  
 (Sapporo, Hokkaido)



東京事業部  
 Tokyo Operating Division

取締役  
Directors



金本 寛中\*  
**Kanchu Kanamoto \***  
代表取締役社長  
President  
CEO



鷺田 秀光\*  
**Hidemitsu Washida \***  
取締役相談役  
Advisor



卯辰 伸人\*  
**Nobuhito Utatsu \***  
取締役執行役員・経理部長  
情報システム部管掌・債権管理部  
債権管理課管掌  
Division Manager, Accounting  
Division  
Manager in Charge of Credit  
Analysis Section, Credit  
Management Division &  
Information Systems Division



佐藤 幸夫  
**Yukio Sato**  
取締役  
〔株)カンキ代表取締役社長〕  
President of Kanki Corporation



金本 栄中\*  
**Eichu Kanamoto \***  
取締役執行役員・内部統制  
プロジェクトチーム委員長委嘱  
総務部管掌・債権管理部審査課管掌  
Chairman, Internal Management  
Project Team Committee  
Manager in Charge of  
Administration Division & Credit  
Analysis Section,  
Credit Management Division



金本 哲男\*  
**Tetsuo Kanamoto \***  
取締役執行役員  
営業統括本部長・レンタル事業部  
長・近畿中部地区担当部長  
Manager, Business Coordination  
Headquarters  
Division Manager, Construction  
Equipment Rental Division  
Regional Manager, Kinki & Chubu Region  
Construction Equipment Rental Division



成田 仁志\*  
**Hitoshi Narita \***  
取締役執行役員  
経営企画部長・秘書室長  
Division Manager,  
Management Planning Division  
Office Chief, Secretarial Office



平田 政一\*  
**Masakazu Hirata \***  
取締役執行役員・レンタル事業部  
副事業部長  
特販事業部長・品質保証  
室長・関連企業室長  
Deputy Division Manager, Construction  
Equipment Rental Division  
Division Manager, Used Products Sales Division  
Manager, Quality Assurance Department  
Manager, Affiliated Business Section



北方 敬一\*  
**Keiichi Kitakata \***  
取締役執行役員  
事業開発部長・情報機器事業部長  
Division Manager, Research &  
Investment Division  
Division Manager, Information  
Products Division



川村 雄一  
**Yuichi Kawamura**  
取締役  
Director



川島 治  
**Osamu Kawashima**  
取締役  
Director

監査役  
Auditors



奥村 敏三  
**Toshizo Okumura**  
常勤監査役  
Standing Corporate  
Auditor



澤田 紳六  
**Shinroku Sawada**  
常勤監査役  
Standing Corporate  
Auditor



橋本 昭夫  
**Akio Hashimoto**  
監査役  
Outside Corporate  
Auditor



辻 清宏  
**Kiyohiro Tsuji**  
監査役  
Outside Corporate  
Auditor

執行役員  
Corporate Officers



熊谷 浩  
**Hiroshi Kumagai**  
情報システム部長  
Division Manager,  
Information System Division



金本 龍男  
**Tatsuo Kanamoto**  
レンタル事業部北海道地区担当部長  
Regional Manager, Hokkaido Region  
Construction Equipment Rental  
Division



麻野 裕一  
**Yuichi Asano**  
債権管理部長  
監査室長・法務室長  
Division Manager, Credit Management  
Division  
Manager, Auditing Section  
Manager, Legal Section



長崎 学  
**Manabu Nagasaki**  
レンタル事業部東北地区担当部長  
Regional Manager, Tohoku Region  
Construction Equipment Rental  
Division



磯野 浩之  
**Hiroyuki Isono**  
総務部長  
Division Manager, Administration  
Division

(注1) \*印の取締役は、執行役員を兼任しております。  
(注2) 川村雄一氏及び川島治氏は、商法第188条第2項第7号12に定める社外取締役であります。  
(注3) 橋本昭夫氏及び辻清宏氏は、「株式会社の監査等に関する商法の特例に関する法律」第18条第1項に定める社外監査役であります。  
1. Asterisk indicates directors who hold the additional post of corporate officer.  
2. Outside Corporate Auditors Akio Hashimoto and Kiyohiro Tsuji are outside corporate auditors as stipulated by Article 18, Section 1 of The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations.  
3. Yuichi Kawamura and Osamu Kawashima fulfill the requirements for Outside Directors as stipulated in Article 188 paragraph 2 No. 7-2 of the Commercial Code.



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2004(平成16)年11月1日から2005(平成17)年10月31日まで

第41期事業報告書

連結財務の状況

個別財務の状況

重要な会計方針

## 営業の状況

### 当社グループの経営成績

#### ■ 経営環境

当期の日本経済は、原油・原料価格の高騰などの外部環境に影響を受けたものの、鉄鋼に代表される製造業や海運などの輸出関連産業の好業績を背景に、首都圏を中心に民間設備投資は増加しつつあり、大都市圏の景気は回復基調にありました。しかし、地方においては景気回復の恩恵をあずかるまでには至らず、地域経済、個人消費のどちらにおいても、首都圏ならびに大都市圏と地方の格差が一層顕在化する結果となりました。

当社グループのユーザーである建設業界でも同様で、豊富な公共事業と民間設備投資が連鎖して相乗効果をもたらしている首都圏と、公共事業が著しく減少している地方の格差が鮮明に顕れ、地方に多くの拠点を抱える当社グループにとっては厳しい経営環境が続きました。

### 経営の経過及び成果

#### ■ 建設関連事業

主力事業である建機レンタル事業は、民間設備投資も豊富な大都市圏では比較的堅調に推移しましたが、公共事業の減少幅が大きく、民間設備投資も乏しい地方では依然厳しい経営環境にありました。

当社グループ全体の建設関連事業における当期の業績は、こうした厳しい経営環境のなか、売上高は578億44百万円(対前年同期比5.5%増)と増収になりましたが、営業利益は12億03百万円(同28.4%減)と減少しました。

当社の当該事業部門単体では、レンタル売上は対前年同期比1.9%増の392億17百万円、販売売上は当初の計画どおり中古機販売を抑制した結果、同17.0%減の118億54百万円、当社レンタル事業部合計では510億72百万円、対前年同期比で32%減の結果となりました。

当社のレンタル売上を地域別に見ると、北海道地区は公共事業が大幅に減少し、昨年来の災害復旧工事も一段落したことから対前年同期比で5.2%減となりました。東北地区は公共事業が著しく減少したものの、新幹線やガスパイプラインなどの大型プロジェクト対応の新規出店効果や、県庁所在都市の再開発プロジェクト、マンション工事など民需の増加に伴い同4.6%増と前年を上回りました。関東信越地区では、関東においては豊富な大型民間プロジェクト工事や維持修繕工事などの需要が好調に推移したこと、また信越では新潟県中越地震の災害復旧特需もあって同11.7%増と大幅に伸びました。近畿中部地区は中部国際空港・万博関連工事の終息で需要の鈍化が懸念されたものの、東海・大阪での再開発に伴う大型ビル工事や維持修繕工事などで比較的好調であったこと、また昨年の台風・集中豪雨の災害復旧工事の影響などから同6.5%増となりました。その結果、地域別レンタル売上比率は北海道が37.3%、本州・その他が62.7%と、本州シフトが一段と進みました。

期中の当社単体の拠点新設/閉鎖は、北海道地区+1/-1、東北地区+4/-0、関東信越地区+2/-0、近畿中部地区+0/-0の計+7/-1の差し引き6拠点プラスの計146拠点となりました。

一方、当事業の連結子会社の状況については、第一機械産業(株)は、新規出店によるレンタル売上増と、仮設ハウスの販売が好調に推移し、売上高は前年同期比7.9%増でしたが、出店による設備投資負担が重く、営業損失の計上となりました。

(株)エスアールジー・カナモトは札幌圏内における民間建築工事が好調に推移しましたが、地方都市では思うように需要が伸びず売上高は対前年同期比0.8%減となったものの、営業損失は同22.8%の改善となりました。

(株)アシストは、公共事業減少の影響を受け主力の安全機器などが伸びず、売上高は対前年同期比5.5%減、営業利益も同5.6%減、減収減益となりました。

(株)カンキは、当期から貸借対照表、損益計算書ともに連結対象となっております。経営再建中である同社は、売上高はほぼ計画通り推移しましたが、レンタル用資産を大幅に増強したことから、営業損失を計上しました。グループ内唯一の製造業の(株)カナテックも売上高は対前年同期比9.8%減となり、新商品開発に伴う資材調達費が増加したほか、資材高騰による製造原価コスト増の影響を吸収しきれず、営業損失の計上となりました。

### セグメント別売上高

事業分野	第40期 平成16年10月期	第41期 平成17年10月期	前期比増減率 (%)
建設関連事業	54,823	57,844	5.5
鉄鋼関連事業	6,058	5,699	5.9
情報通信関連 その他の事業	454	430	5.2
合計	61,336	63,975	4.3

### 当該事業年度(2005年10月期 通期)の連結経営成績の結果

	当該期	前期
売上高	63,975 (4.3)	61,336 (3.7)
営業利益	1,404 (25.2)	1,878 (18.6)
経常利益	1,550 (11.4)	1,749 (23.2)
当期純利益	352 (67.9)	1,097 (20.1)

単位：百万円

単位：百万円 括弧内は対前年同期比増減(%)

## ■ 鉄鋼関連事業

上期は昨年からの原料高と輸出の好調に支えられ、新商材（高耐久断熱防水屋根、K T ルーフシステム）への取組も本格化したことから、取扱高も順調に推移しましたが、下期に入り普通鋼材の市中在庫が過剰気味となり販売価格が急落したことから売上高は56億99百万円、対前年同期比で5.9%減、営業利益も24百万円の同45.2%減となりました。

## ■ 情報通信関連・その他の事業

情報機器事業部門のレンタル収入は、景気回復からパソコン需要は拡大し期初から大口案件が増加、対前年同期比で見ると8.6%増となりました。一方、商品販売は、主力製品を欠いたままの状態が続いており同56.7%減と低迷、部門全体では5.2%減収の4億30百万円、売上原価・販管費の圧縮により営業利益は20百万円と大幅改善となりました。

## 中長期的な会社の経営戦略

平成16年10月期よりスタートさせた長期経営計画メタモルフォーゼ（5カ年計画 至2008年10月）も2期を終えましたが、これまでの2期間では、顧客第一の強い営業体制の構築と、修理費・運送費などの徹底的な原価削減など、売上総利益を重視した運営に移行すべく企業体質の改善を進めてきました。

残念ながら、長期経営計画メタモルフォーゼにつきましては、所期の予想を上回る地方の経営環境の悪化から、残る3期間の計画値を修正せざるを得ない結果となりました。長期経営計画第3期目にあたる2006年10月期の業績も非常に厳しい状況が予想されますが、以下の戦略を実践することにより、レンタル業のリーディングカンパニーとして認知を受けるとともに、すでに一定の成果を上げているローコストオペレーションによる冗費の削減など引き続き財務体質の改善と強化を図って、マーケットに評価される『強いカナモト』を目指します。

### (1) 利益重視の運営

売上第一主義から脱却し、売上総利益を重視した運営を踏襲します。資産構成については、公害対策機などの大型建機については既に新型機に入替っていることから、引き続き、新規導入は必要最小限のものとし、減価償却等のコスト低減を図ります。また、収益率の高い小型建機ならびに小額資産については優先的に増強するとともに、その運用期間を延長して利益率の向上に努めます。

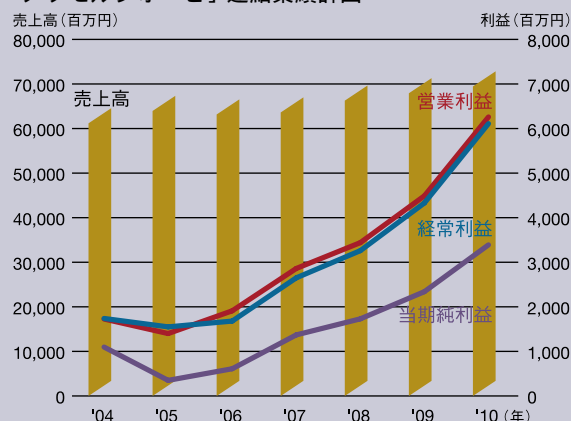
### (2) 大胆なスクラップ&ビルドの実施

北海道の地域別レンタル売上比率が37.3%と、当初計画以上のスピードで本州に軸足が移っています。北海道地区においては営業拠点の再編を実施してシェアを堅持します。また、本州地区では今後も需要の多い首都圏を主体として設備投資額を極力抑制した低コストの軽装備拠点の拠点展開を図ってまいります。また、不採算店舗の見直しを徹底し、大胆なスクラップを引き続き推し進めます。

## 「メタモルフォーゼ」数値目標

		2006年10月期	2008年10月期
連結の業績	売上高	63,210百万円	66,170百万円
	経常利益	1,680百万円	3,260百万円
	1株当たり当期純利益	20円	58円
単体の業績(当社)	売上高	56,760百万円	59,480百万円
	経常利益	1,730百万円	3,270百万円
	EBITDA+	16,800百万円	17,390百万円

## 「メタモルフォーゼ」連結業績計画



### (3) 顧客第一の強い営業体制の構築

当社の情報システムを最大限に活用し、ユーザーニーズを徹底的に追及した営業を実施し、顧客にとって必要不可欠の存在となるよう努めます。具体的には、システム及び内容を一新した新カナモト総合補償制度や、災害発生時の緊急要請対応について地方自治体との契約締結するなど、顧客や地域社会とのかかわりを一層強めてまいります。さらに、扱い商品の多角化により、これまでの土木・建築を中心とした顧客層に加え、メンテナンス・造園・イベントの各分野など新しい顧客層の開拓を図ります。

### (4) グループ経営の重視

当社の連結子会社等は、未だ成長過程にあります。これらの業績拡大のため、当社からの人員派遣など、経営面・営業面・資産運用面での連携を強化して、グループとしての一層の収益拡大を図ります。

### (5) アライアンス戦略の推進

当社グループならびにアライアンス（提携）企業は現在、北海道から沖縄まで各地に点在しておりますが、さらにこのアライアンスの質・量を拡大させることで、カナモトグループとしての企業連携を強化してシナジー効果を高めてまいります。また、子会社との事業協力を徹底するなど、子会社自体の企業成長の一層の促進を図ります。基本的には業務提携の強化や子会社のプロモーションなどを主体に行っていく予定ですが、M & A等も有効な手法の一つと考えております。

### (6) 財務戦略の強化

レンタル用資産購入等の設備計画を踏まえつつ、資金調達の弾力化を図るとともに、受取手形債権の流動化により資金効率の改善を図りながら、極力、有利子負債の圧縮を押し進め、財務内容の改善に努めてまいります。

## 次期（2006年10月期）の見通し

2005年も終わりを迎え、主要金融機関の業績の好転や、企業収益の改善を背景にした民間設備投資の増加など、日本経済の復調を感じさせる材料が見えてきました。しかし、一方では依然、原油や原料価格の高騰など外部環境の影響が懸念されるほか、消費税率ほか税制の見直しや医療費の変更など国民負担の増加が現実視されており、個人消費に陰を落す結果となっています。日本の景気回復は、不安定要素を含みつつ、一進一退を繰り返すものと予想されます。また、建設業界に目を転じれば、地方における建設業界を取り巻く環境は所期の予想よりも厳しい状況でありました。今後も、地方財政の逼迫から公共工事は多くを望まず、北海道などについては引き続き、厳しい経営環境が続くものと想定しております。

先期は、この北海道地区の落ち込みを、首都圏をはじめとする本州地区が堅調に推移してカバーした結果となりました。当期以降、首都圏では新規出店を見込んでいること、また、東北地区の復調などから、北海道の低迷が続くとしても、相応の水準を確保できるものと予想しておりますが、災害復旧工事に潤った地域の今後について予断を許さないことから、長期経営計画の2006年10月期からの今後3ヵ年の目標値を修正しました。次期の見通しは下記のとおりです。

当社グループといたしましては、一部地域・機種におけるレンタル料金の是正なども含め、メタモルフォーゼの施策効果は着実に表れていることから、資産オペレーションの最適化をさらに進め、厳しい経営環境に充分に対応できる企業体質、体力を作り上げつつ、最新鋭機の品揃えを最大の武器に、一部地域では地場優良同業者とのアライアンスによる競合回避をはかりつつ、収益確保に努めてまいります。

なお、次期から固定資産の減損会計適用となりますが、現在のところ、一部遊休資産・賃貸用資産についての減損処理を見込んでおります。

次期(2006年10月期)の連結業績予想

	中間期予想	通期予想
売上高	32,560 ( 1.7)	63,210 ( 1.2)
営業利益	1,600 (23.9)	1,910 (36.0)
経常利益	1,470 (24.1)	1,680 (8.4)
当期純利益	540 (16.6)	610 (73.3)

単位：百万円 括弧内は対前年同期比増減（％）

次期(2006年10月期)個別業績予想(カナモト単体)

	中間期予想	通期予想
売上高	29,090 (0.0)	56,760 ( 0.8)
営業利益	1,270 (8.6)	1,650 (8.1)
経常利益	1,300 (6.1)	1,730 (11.7)
当期純利益	480 (20.3)	700 (14.9)

単位：百万円 括弧内は対前年同期比増減（％）



連結貸借対照表

(単位：百万円)	第40期末 (2004.10.31)		第41期末 (2005.10.31)		(単位：百万円)	第40期末 (2004.10.31)		第41期末 (2005.10.31)	
	金額	構成比 (%)	金額	構成比 (%)		金額	構成比 (%)	金額	構成比 (%)
資産の部					負債の部				
流動資産	37,782	42.3	<b>30,718</b>	<b>37.5</b>	流動負債	30,619	34.3	<b>26,137</b>	<b>31.9</b>
現金及び預金	11,742		<b>14,111</b>		支払手形及び買掛金	13,405		<b>10,837</b>	
受取手形及び売掛金	23,480		<b>14,329</b>		短期借入金	676		<b>577</b>	
たな卸資産	703		<b>538</b>		1年以内返済予定の長期借入金	10,935		<b>10,718</b>	
建設機材	1,905		<b>1,469</b>		未払法人税等	368		<b>555</b>	
繰延税金資産	252		<b>318</b>		賞与引当金	480		<b>515</b>	
その他	429		<b>873</b>		未払金	4,129		<b>2,464</b>	
貸倒引当金	730		<b>923</b>		その他	623		<b>467</b>	
固定資産	51,541	57.7	<b>51,258</b>	<b>62.5</b>	固定負債	25,899	29.0	<b>22,303</b>	<b>27.2</b>
有形固定資産	44,705	50.1	<b>43,538</b>	<b>53.1</b>	長期借入金	21,952		<b>18,643</b>	
レンタル用資産	10,309		<b>9,811</b>		退職給付引当金	1,228		<b>1,525</b>	
建物及び構築物	7,011		<b>6,501</b>		役員退職慰労引当金	96		<b>110</b>	
機械装置及び運搬具	907		<b>792</b>		長期未払金	2,496		<b>1,968</b>	
土地	26,112		<b>26,140</b>		その他	125		<b>55</b>	
建設仮勘定	2		-		負債合計	56,518	63.3	<b>48,440</b>	<b>59.1</b>
その他	361		<b>292</b>						
無形固定資産	821	0.9	<b>688</b>	<b>0.8</b>	少数株主持分				
連結調整勘定	559		<b>435</b>		少数株主持分	59	0.0	<b>71</b>	<b>0.1</b>
その他	262		<b>252</b>						
投資その他の資産	6,014	6.7	<b>7,031</b>	<b>8.6</b>	資本の部				
投資有価証券	3,938		<b>5,753</b>		資本金	8,596	9.6	<b>8,596</b>	<b>10.5</b>
繰延税金資産	911		<b>302</b>		資本剰余金	9,720	10.9	<b>9,720</b>	<b>11.8</b>
その他	2,826		<b>1,754</b>		利益剰余金	13,913	15.6	<b>13,691</b>	<b>16.7</b>
貸倒引当金	1,660		<b>778</b>		その他有価証券評価差額金	697	0.8	<b>1,643</b>	<b>2.0</b>
資産合計	89,323	100.0	<b>81,977</b>	<b>100.0</b>	自己株式	182	0.2	<b>186</b>	<b>0.2</b>
					資本合計	32,745	36.7	<b>33,465</b>	<b>40.8</b>
					負債・少数株主持分及び資本合計	89,323	100.0	<b>81,977</b>	<b>100.0</b>

連結の範囲等に関する事項

(1) 連結の範囲に関する事項

連結子会社の状況

連結子会社の数：5社

連結子会社の名称：(株)アシスト、(株)エスアールジー・カナモト、(株)カナテック、第一機械産業(株)、(株)カンキ

非連結子会社の状況

非連結子会社の名称：(株)コムサプライ、(株)カンキメンテナンス

連結の範囲から除いた理由：非連結子会社は小規模であり総資産・売上高・当期純損益(持分に見合う額)及び利益剰余金(持分に見合う額)等は、いずれも連結財務諸表に重要な影響を及ぼしていないためであります。

(2) 持分法の適用に関する事項

持分法を適用していない非連結子会社及び関連会社の状況

会社の名称：(株)コムサプライ、(株)カンキメンテナンス、(株)アクティブテクノロジー、(株)アクティブパワー

持分法を適用しない理由

連結純損益(持分に見合う額)及び連結剰余金(持分に見合う額)等に及ぼす影響は軽微であり、かつ、全体としても重要性がないため持分法の適用範囲から除外しております。

(3) 連結子会社の事業年度等に関する事項

(株)カンキ以外の連結子会社の決算日は8月31日であります。

連結財務諸表の作成に当たっては、8月31日現在の財務諸表を使用し、連結決算日との間に生じた重要な取引については、連結上必要な調整を行っております。

# 連結財務諸表

## 連結損益計算書

(単位：百万円)	第40期末 (2004.10.31)		第41期末 (2005.10.31)	
	金額	構成比(%)	金額	構成比(%)
売上高	61,336	100.0	<b>63,975</b>	<b>100.0</b>
レンタル売上高	39,759		<b>42,985</b>	
商品売上高	21,577		<b>20,989</b>	
売上原価	47,017	76.6	<b>48,735</b>	<b>76.2</b>
レンタル売上原価	29,998		<b>31,949</b>	
商品売上原価	17,018		<b>16,785</b>	
売上総利益	14,318	23.4	<b>15,240</b>	<b>23.8</b>
販売費及び一般管理費	12,440	20.3	<b>13,835</b>	<b>21.6</b>
営業利益	1,878	3.1	<b>1,404</b>	<b>2.2</b>
営業外収益	438	0.7	<b>716</b>	<b>1.1</b>
受取利息	2		<b>3</b>	
受取配当金	68		<b>57</b>	
その他	367		<b>655</b>	
営業外費用	567	0.9	<b>570</b>	<b>0.9</b>
支払利息	347		<b>353</b>	
その他	219		<b>217</b>	
経常利益	1,749	2.9	<b>1,550</b>	<b>2.4</b>
特別利益	620	1.0	<b>121</b>	<b>0.2</b>
特別損失	157	0.3	<b>545</b>	<b>0.8</b>
税金等調整前当期純利益	2,212	3.6	<b>1,125</b>	<b>1.8</b>
法人税、住民税及び事業税	839	1.4	<b>858</b>	<b>1.3</b>
法人税等調整額	256	0.4	<b>97</b>	<b>0.1</b>
少数株主利益	18	0.0	<b>11</b>	<b>0.0</b>
当期純利益	1,097	1.8	<b>352</b>	<b>0.6</b>

## 連結剰余金計算書

(単位：百万円)	第40期末 (2003.11.1 ~ 2004.10.31)		第41期末 (2004.11.1 ~ 2005.10.31)	
	金額		金額	
資本剰余金の部				
資本剰余金期首残高	9,720		<b>9,720</b>	
資本剰余金期末残高	9,720		<b>9,720</b>	
利益剰余金の部				
利益剰余金期首残高	13,400		<b>13,913</b>	
利益剰余金増加高				
当期純利益	1,097		<b>352</b>	
利益剰余金減少高	583		<b>574</b>	
配当金	537		<b>567</b>	
役員賞与	14		<b>7</b>	
非連結子会社の合併に伴う減少高	32		<b>-</b>	
利益剰余金期末残高	13,913		<b>13,691</b>	

## 連結キャッシュ・フロー計算書

(単位：百万円)	第40期末 (2003.11.1 ~ 2004.10.31)		第41期末 (2004.11.1 ~ 2005.10.31)	
	金額		金額	
営業活動によるキャッシュ・フロー	6,230		<b>10,219</b>	
投資活動によるキャッシュ・フロー	1,535		<b>11</b>	
財務活動によるキャッシュ・フロー	4,923		<b>7,833</b>	
現金及び現金同等物の増減額	228		<b>2,374</b>	
現金及び現金同等物の期首残高	11,920		<b>11,734</b>	
非連結子会社との合併に伴う現金及び現金同等物の増加額	42		<b>-</b>	
現金及び現金同等物の期末残高	11,734		<b>14,108</b>	

## 個別貸借対照表

(単位:百万円)	第40期末 (2004.10.31)		第41期末 (2005.10.31)	
	金額	構成比(%)	金額	構成比(%)
資産の部				
流動資産	35,169	41.1	28,665	36.3
現金及び預金	10,911		13,230	
受取手形	10,889		2,583	
売掛金	11,067		10,665	
商品	284		253	
建設機材	1,556		1,207	
貯蔵品	60		58	
前払費用	219		227	
繰延税金資産	229		367	
未収消費税	-		28	
関係会社貸付金	500		500	
その他	80		543	
貸倒引当金	629		1,001	
固定資産	50,299	58.9	50,372	63.7
有形固定資産	43,524	50.9	42,622	53.9
レンタル用資産	9,719		9,453	
建物	5,731		5,344	
構築物	1,000		903	
機械及び装置	878		773	
車輛運搬具	2		2	
工具器具及び備品	351		275	
土地	25,838		25,869	
建設仮勘定	2		-	
無形固定資産	226	0.3	187	0.2
投資その他の資産	6,548	7.7	7,562	9.6
投資有価証券	3,800		5,684	
関係会社株式	1,037		979	
出資金	100		7	
破産債権、更生債権、その他これらに準ずる債権	564		320	
長期前払費用	67		49	
繰延税金資産	1,004		479	
保険積立金	50		55	
その他	766		787	
貸倒引当金	564		321	
投資損失引当金	280		480	
資産合計	85,469	100.0	79,037	100.0

(単位:百万円)	第40期末 (2004.10.31)		第41期末 (2005.10.31)	
	金額	構成比(%)	金額	構成比(%)
負債の部				
流動負債	28,076	32.9	24,082	30.5
支払手形	8,967		7,214	
買掛金	2,838		2,425	
1年内返済予定の長期借入金	10,747		10,555	
未払金	4,065		2,389	
未払費用	223		227	
未払法人税等	362		530	
未払消費税等	148		-	
賞与引当金	436		448	
設備関係支払手形	174		133	
その他	113		158	
固定負債	24,459	28.6	21,052	26.6
長期借入金	20,735		17,590	
長期未払金	2,426		1,876	
退職給付引当金	1,226		1,506	
役員退職慰労引当金	71		79	
負債合計	52,536	61.5	45,134	57.1
資本の部				
資本金	8,596	10.0	8,596	10.9
資本剰余金	9,720	11.4	9,720	12.3
資本準備金	9,720		9,720	
利益剰余金	14,100	16.5	14,135	17.9
利益準備金	1,375		1,375	
任意積立金	11,281		11,831	
当期末処分利益	1,443		928	
その他有価証券評価差額金	697	0.8	1,637	2.0
自己株式	182	0.2	186	0.2
資本合計	32,933	38.5	33,903	42.9
負債資本合計	85,469	100.0	79,037	100.0

## 個別損益計算書

(単位:百万円)	第40期末 (2003.11.1 ~ 2004.10.31)		第41期末 (2004.11.1 ~ 2005.10.31)	
	金額	構成比(%)	金額	構成比(%)
売上高	59,274	100.0	57,202	100.0
売上原価	45,811	77.3	43,789	76.5
売上総利益	13,462	22.7	13,413	23.5
販売費及び一般管理費	11,620	19.6	11,886	20.8
営業利益	1,842	3.1	1,526	2.7
営業外収益	529	0.9	923	1.6
営業外費用	544	0.9	489	0.9
経常利益	1,827	3.1	1,960	3.4
特別利益	620	1.0	69	0.1
特別損失	204	0.3	837	1.4
税引前当期純利益	2,242	3.8	1,192	2.1
法人税、住民税及び事業税	832	1.4	833	1.4
法人税等調整額	222	0.4	249	0.4
当期純利益	1,187	2.0	609	1.1
前期繰越利益	557		587	
中間配当額	268		268	
合併による関係会社株式消却損	32		-	
当期末処分利益	1,443		928	

## 利益処分計算書

(単位:千円)	第40期末 (2005.1.28)	第41期末 (2006.1.27)
	金額	金額
当期末処分利益	1,443,580	928,192
これを次のとおり処分いたしました。		
利益処分量	855,894	295,579
株主配当金	298,594	268,677
(1株につき10円)		(1株につき9円)
役員賞与金	7,300	7,300
(うち監査役賞与金)	(1,800)	(1,800)
任意積立金	550,000	-
固定資産増新積立金	-	19,601
次期繰越利益	587,686	632,613

\* 2004年10月の期末配当の10円のうち1円は設立40周年記念配当です。

# 重要な会計方針

## 連結財務諸表

### 1. 重要な会計方針等

- (1) 有価証券の評価基準及び評価方法  
 関連会社株式 移動平均法による原価法  
 その他有価証券  
 時価のあるもの：連結決算日の市場価格等に基づく時価法（評価差額は全部資本直入法により処理し、売却原価は移動平均法により算定）  
 時価のないもの：移動平均法による原価法
- (2) 建設機材の減価償却の方法  
 購入年度別原価から、定率法による減価償却費を控除した額によっております。
- (3) たな卸資産の評価基準及び評価方法  
 商品：後入先出法による低価法  
 貯蔵品：最終仕入原価法
- (4) 固定資産の減価償却の方法  
 有形固定資産  
 定率法：ただし、定期借地権契約による借地上的建物については、耐用年数を定期借地権の残存期間、残存価額を零とした定額法によっております。  
 なお、一部の連結子法人等については、平成10年4月1日以降に取得した建物附属設備を除く建物については定額法によっております。なお、主な耐用年数は以下のとおりであります。  
 レンタル用資産：5年～10年  
 建物及び構築物：10年～34年  
 無形固定資産  
 定額法：自社利用のソフトウェアについては、社内における利用可能期間（5年）に基づく定額法によっております。
- (5) 重要な引当金の計上基準  
 貸倒引当金：売上債権等の貸倒損失に備えるために、一般債権については貸倒実績率により、貸倒懸念債権等特定の債権については個別に回収可能性を勘案し、回収不能見込額を計上しております。  
 賞与引当金：従業員に対して支給する賞与の支出に充てるため、支給見込額の当期負担額を計上しております。  
 退職給付引当金：従業員の退職給付に備えるため、当連結会計年度末における退職給付債務及び年金資産の見込額に基づき計上しております。過去勤務債務は、その発生時において一括償却しております。  
 数理計算上の差異は、各連結会計年度の発生時における従業員の平均残存勤務期間以内の一定の年数（10年）による定額法により按分した額をそれぞれ発生の日翌連結会計年度から費用処理することとしております。  
 役員退職慰労引当金：役員の退職慰労金の支出に備えるため、内規に基づく期末要支給額を計上しております。
- (6) 重要なリース取引の処理方法  
 リース物件の所有権が借主に移転すると認められるもの以外のファイナンス・リース取引については、通常の賃貸借取引に係る方法に準じた会計処理によっております。
- (7) 重要なヘッジ会計の方針  
 ヘッジ会計の方法：外貨建取引等会計処理基準に基づく振当処理及び金融商品会計基準に基づく特例処理によっております。  
 ヘッジ手段とヘッジ対象：外貨建仕債及び輸入代金債務に係る為替変動リスクを回避する目的で通貨スワップ取引及び為替予約取引を利用しております。また、借入金利に係る金利相場の変動リスクを回避する目的で、金利スワップ取引を利用しております。  
 ヘッジ方針：相場変動リスクを受ける資産・負債の範囲内でリスクヘッジ目的に限定してデリバティブ取引を利用しております。  
 ヘッジ有効性評価の方法：通貨スワップ取引及び為替予約取引は、ヘッジ開始時及びその後も継続して、相場変動またはキャッシュ・フロー変動を完全に相殺できるものと想定できるため、ヘッジ有効性の評価を省略しております。また、金利スワップ取引は特例処理の要件を満たしており、その判定をもって有効性の判定に代えております。
- (8) 連結子法人等の資産及び負債の評価に関する事項  
 連結子法人等の資産及び負債の評価については、全面時価評価法を採用しております。
- (9) 連結調整勘定の償却に関する事項  
 連結調整勘定の償却については、原則として5年間の均等償却を行っております。
- (10) 消費税等の会計処理  
 取扱方式によっております。

#### 表示方法の変更 (貸借対照表)

「証券取引法等の一部を改正する法律」(平成16年法律第97号)が平成16年6月9日に公布され、平成16年12月1日より適用となること及び「金融商品会計に関する実務指針」(会計制度委員会報告第14号)が平成17年2月15日付で改正されたことに伴い、当連結会計年度から投資事業有限責任組合及びそれに類する組合への出資(証券取引法第2条第2項により有価証券とみなされるもの)を「投資有価証券」として表示する方法に変更いたしました。  
 なお、当連結会計年度の「投資有価証券」に含まれる当該出資の額は1,069,935千円であり、前連結会計年度における投資その他の資産「出資金」に含まれている当該出資の額は1,080,080千円です。

#### 追加情報

「地方税法等の一部を改正する法律」(平成15年法律第9号)が平成15年3月31日に公布され、平成16年4月1日以後に開始する事業年度より外形標準課税制度が導入されたことに伴い、当連結会計年度から「法人事業税における外形標準課税部分の損益計算書上の表示についての実務上の取扱い」(平成16年2月13日企業会計基準委員会実務対応報告第12号)に従い法人事業税の付加価値割及び資本割については、販売費及び一般管理費に計上しております。この結果、販売費及び一般管理費は77,297千円増加し、営業利益、経常利益及び税金等調整前当期純利益が、77,297千円減少しております。

### 2. 連結貸借対照表の注記

- (1) 有形固定資産の減価償却累計額 42,107,202千円  
 (2) 保証債務額 30,779千円  
 (3) 債権譲渡契約に基づく債権流動化  
 債権譲渡契約に基づく債権流動化を行っております。 受取手形 5,348,993千円  
 なお、受取手形の譲渡残高には、当社に譲渡権の及ぶものが1,152,352千円含まれております。

### 3. 連結損益計算書の注記

- 1 株当たり当期純利益 11円57銭

## 個別財務表

### 1. 重要な会計方針

- (1) 有価証券の評価基準及び評価方法  
 子会社株式及び関連会社株式 移動平均法による原価法  
 その他有価証券  
 時価のあるもの：決算日の市場価格等に基づく時価法（評価差額は全部資本直入法により処理し、売却原価は移動平均法により算定）  
 時価のないもの：移動平均法による原価法
- (2) 建設機材の評価基準及び評価方法  
 購入年度別原価から、定率法による減価償却費を控除した額によっております。
- (3) たな卸資産の評価基準及び評価方法  
 商品：後入先出法による低価法  
 貯蔵品：最終仕入原価法
- (4) 固定資産の減価償却の方法  
 有形固定資産  
 定率法：ただし、定期借地権契約による借地上的建物については、耐用年数を定期借地権の残存期間、残存価額を零とした定額法によっております。  
 なお、主な耐用年数は以下のとおりであります。  
 レンタル用資産：5年～10年  
 建物：31年～34年  
 無形固定資産  
 定額法：自社利用のソフトウェアについては、社内における利用可能期間（5年）に基づく定額法によっております。  
 長期前払費用：定額法
- (5) 引当金の計上基準  
 貸倒引当金：売上債権等の貸倒損失に備えるため、一般債権については貸倒実績率により、貸倒懸念債権等特定の債権については個別に回収可能性を勘案し、回収不能見込額を計上しております。  
 賞与引当金：従業員に対して支給する賞与の支出に充てるため、支給見込額の当期負担額を計上しております。  
 退職給付引当金：従業員の退職給付の支給に備えるため、当事業年度末における退職給付債務及び年金資産の見込額に基づき計上しております。過去勤務債務は、その発生時に一括償却しております。数理計算上の差異は、各事業年度の発生時における従業員の平均残存勤務期間以内の一定の年数（10年）による定額法により按分した額をそれぞれ発生の日翌事業年度から費用処理することとしております。  
 役員退職慰労引当金：商法施行規則第43条に規定する引当金であります。役員の退職金の支出に備えるため、内規に基づく期末要支給額を計上しております。  
 投資損失引当金：子会社株式等で減損処理の対象とはならないものについて、実質価額の下落による損失に備えるため、子会社等の経営成績及び資産内容を勘案して会社所定の基準により計上しております。
- (6) リース取引の処理方法  
 リース物件の所有権が借主に移転すると認められるもの以外のファイナンス・リース取引については、通常の賃貸借取引に係る方法に準じた会計処理によっております。
- (7) ヘッジ会計の方法  
 ヘッジ会計の方法：外貨建取引等会計処理基準に基づく振当処理及び金融商品会計基準に基づく特例処理によっております。  
 ヘッジ手段とヘッジ対象：外貨建仕債及び輸入代金債務に係る為替変動リスクを回避する目的で通貨スワップ取引及び為替予約取引を利用しております。また、借入金利に係る金利相場の変動リスクを回避する目的で、金利スワップ取引を利用しております。  
 ヘッジ方針：相場変動リスクを受ける資産・負債の範囲内でリスクヘッジ目的に限定してデリバティブ取引を利用しております。  
 ヘッジ有効性評価の方法：通貨スワップ取引及び為替予約取引は、ヘッジ開始時及びその後も継続して、相場変動またはキャッシュ・フロー変動を完全に相殺できるものと想定できるため、ヘッジ有効性の評価を省略しております。また、金利スワップ取引は特例処理の要件を満たしており、その判定をもって有効性の判定に代えております。
- (8) 消費税等の会計処理  
 取扱方式によっております。

#### 表示方法の変更

#### (貸借対照表)

「証券取引法等の一部を改正する法律」(平成16年法律第97号)が平成16年6月9日に公布され、平成16年12月1日より適用となること及び「金融商品会計に関する実務指針」(会計制度委員会報告第14号)が平成17年2月15日付で改正されたことに伴い、当事業年度から投資事業有限責任組合及びそれに類する組合への出資(証券取引法第2条第2項により有価証券とみなされるもの)を「投資有価証券」として表示する方法に変更いたしました。  
 なお、当事業年度の「投資有価証券」に含まれる当該出資の額は96,201千円であり、前事業年度における投資その他の資産「出資金」に含まれている当該出資の額は92,556千円です。

#### 追加情報

「地方税法等の一部を改正する法律」(平成15年法律第9号)が平成15年3月31日に公布され、平成16年4月1日以後に開始する事業年度より外形標準課税制度が導入されたことに伴い、当事業年度から「法人事業税における外形標準課税部分の損益計算書上の表示についての実務上の取扱い」(平成16年2月13日企業会計基準委員会実務対応報告第12号)に従い法人事業税の付加価値割及び資本割については、販売費及び一般管理費に計上しております。この結果、販売費及び一般管理費は75,654千円増加し、営業利益、経常利益及び税引前当期純利益が、75,654千円減少しております。

### 2. 貸借対照表の注記

- (1) 子会社に対する金銭債権・債務  
 短期金銭債権 728,822千円  
 短期金銭債務 514,241千円  
 (2) 有形固定資産の減価償却累計額 39,514,952千円  
 (3) 保証債務額 1,439,966千円  
 (4) 商法施行規則第124条第3号に規定する時価を付したことにより増加した純資産額 1,637,603千円  
 (5) 貸借対照表に計上した固定資産のほか、レンタル用資産の一部等については、リース契約により使用しております。  
 (6) レンタル用資産の一部については、割賦払いの方法で購入しているため所有権が売主に留保されており、その代金未払額は3,912,720千円です。  
 (7) 過年度に取得した資産のうち国庫補助金による圧縮記帳累計額は機械及び装置5,044千円、土地3,569千円の計18,613千円です。  
 (8) 債権譲渡契約に基づく債権流動化を行っております。  
 受取手形 5,348,993千円  
 なお、受取手形の譲渡残高には、当社に譲渡権の及ぶものが1,152,352千円含まれております。

### 3. 損益計算書の注記

- (1) 子会社との取引高  
 売上高 527,804千円  
 仕入高 1,358,889千円  
 (2) 1株当たり当期純利益 20円16銭



November 1, 2004 - October 31, 2005

**Report of Operating Results and Financial Position  
for the 41th Business Period**

**Consolidated Financial Position  
Non-consolidated Financial Position**

**Note 1**

For purposes of this report, the Balance Sheets and Statements of Income were created using financial data prepared according to Japan's Securities Report Guidelines.

**Note 2**

Kanamoto uses a variety of techniques when introducing rental assets. In addition to purchasing assets by installments, the Company also uses finance leases (including operating leases), which are an off-balance sheet item (details are provided in the notes to the accounting statements).

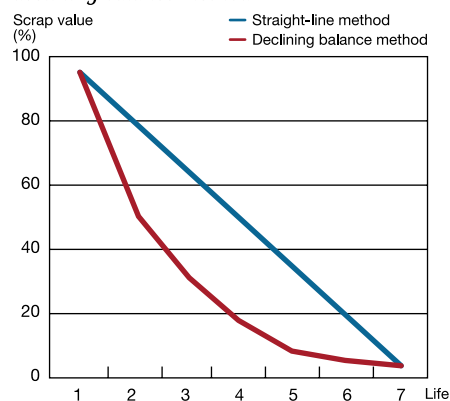
Accordingly, please refer to the balance sheets (description page 40, 52) and the Supplemental Information (details of tangible fixed assets published on page 49, 56) concerning the amount of rental assets introduced in the fiscal year under review, and to the balance sheets (description page 40, 52) and the note on finance leases (including operating leases) in the notes to the balance sheets (description page 49, 56) concerning depreciation and amortization expense.

Kanamoto has adopted the declining balance method for depreciation and amortization expense. As shown, this results in a situation where paper gains are easily produced if assets can be used over long periods of time because the depreciation and amortization expense is large for the first year, then grows smaller in later years. The difference in depreciation according to the declining balance method and the straight-line method is shown in the diagram below.

Under Japan's current accounting system, large variances between actual asset values and book values can occur in asset value assessments. One reason is the fact durable lives are stipulated by the Tax Code. For assets handled by Kanamoto in particular, implementing planned rental assets introductions suitable to the size of its business and keeping balance sheet depreciation and amortization expense uniform are extremely difficult because the durable lives established by law are different for each equipment model.

Accordingly, to achieve results more closely approximating the market-value accounting concept, Kanamoto also introduces assets by utilizing both operating leases and finance leases in an effort to equalize depreciation and amortization expense.

**Comparison of straight-line method and  
declining balance method**



# Report of Operating Results and Financial Position for the 41th Business Period

(November 1, 2004 - October 31, 2005)

## Operating results

### Summary of consolidated fiscal year operating results

During the consolidated fiscal year under review, Japan's economy was affected by external environmental factors such as the sharp rise in prices for oil and raw materials. Nevertheless, business conditions in major metropolitan areas enjoyed a recovery. Private sector capital investment continued to grow centered on the Tokyo metropolitan area, against the backdrop of strong operating results in export-related industries, such as iron and steel and marine transportation. The benefits of this economic recovery, however, did not extend as far as other regions. As a result, the gap between the Tokyo metropolitan area and other large urban areas compared with other regions, in terms of both the local economy and personal consumption, became even more marked.

A similar trend also was evident in the construction industry, the primary customer of the Kanamoto group. The difference between the Tokyo metropolitan area, where ample public works and private capital investment are closely linked and have produced a synergistic effect, and local regions where public works projects have decreased remarkably, has emerged in stark relief. For the Kanamoto group, which has numerous branches in local areas, the tough business environment continued.

### Construction-related business

In Kanamoto's main business in the construction equipment rental industry, demand grew at a comparatively steady pace in the major metropolitan areas where private sector capital investment is strong. In local areas, on the other hand, where cutbacks in the volume of public work has been substantial and private capital investment also was limited, the management environment remained severe.

Confronted with this challenging business environment, for the consolidated fiscal year under review the Kanamoto group achieved consolidated revenues of ¥57,844 million in its construction-related businesses, an increase of 5.5% compared to the prior consolidated fiscal year, and operating income ¥1,203 million, a 28.4% decrease year-on-year.

For this division of the Company on a stand-alone basis, rental revenues rose 1.9% compared to the prior consolidated fiscal year, to ¥39,217 million, and sales decreased 17.0% compared to the prior consolidated fiscal year to ¥11,854 million as a result of strictly limiting sales of used equipment in accordance with the Company's original plan. As a result, total revenues for Kanamoto's Construction Equipment Rental Division were ¥51,072 million, 3.2% lower than in the prior consolidated fiscal year.

By region, rental revenues decreased 5.2% year-on-year in Hokkaido, where public works were sharply lower and the first stage of disaster restoration work begun last year was completed. In the Tohoku Region, rental revenues exceeded the prior year level by 4.6%, despite a marked decline in public works. This was the result of a new branch opened to support large projects such as the Shinkansen and a gas pipeline, prefectural government urban redevelopment projects, and growth in private demand such as apartment building construction. In the Kanto and Shinetsu Region, demand was strong because of numerous large-scale private construction projects and maintenance and repair work in the Kanto Region, as well as extraordinary demand because of disaster recovery work in Shinetsu following the Niigata Prefecture Chuetsu Earthquake, resulting in 11.7% higher rental revenues. In the Kinki-Chubu Region, rental revenues rose 6.5% year-on-year, despite concerns of a slowdown in demand following the completion of construction related to the Chubu International Airport and Aichi Expo, because of comparatively strong large-scale building construction and maintenance and repair work as part of redevelopment in Tokai and Osaka and the impact of disaster relief work following last year's typhoon and local torrential rains. As a result, the percentage of total rental revenues accounted for by Hokkaido and Honshu were 37.3% and 62.7%, respectively, as the shift of revenues towards Honshu progressed further.

During the consolidated fiscal year under review, Kanamoto opened one new branch and closed one branch in the Hokkaido Region, added four new branches in the Tohoku Region and opened two new branches in the Kanto-Shinetsu Region. There were no new branches or branches closed in the Kinki-Chubu Region. The total number of branches increased by six to 146 branches.

Turning to the operations of its consolidated subsidiaries, Daiichi Machine Industries Co., Ltd. enjoyed growth in rental revenues and sales of temporary housing units as a result of opening a new branch, and increased revenues 7.9% from the prior consolidated fiscal year level. The company incurred an operating loss, however, because of its increased cost burden for new branch start-up costs. SRG Kanamoto Co., Ltd. was unable to increase demand as expected in local cities, even though private construction works in the Sapporo area were steady, and revenues decreased 0.8% year-on-year. The company reduced its operating loss by 22.8%.

At Assist Co., Ltd., both revenues and operating income fell. Revenues declined 5.5% from the prior consolidated fiscal year because the company was unable to increase orders for safety equipment, which were affected by the decline in public works. Operating income was down 5.6% year-on-year.

Beginning from the consolidated fiscal year under review, Kanki Corporation was included within the scope of consolidation for both the balance sheet and statement of income. This company currently is implementing a management restructuring, and although revenues changed nearly according to plan the company booked an operating loss because of a large increase in rental equipment assets.

At Kanatech Co., Ltd., which is the only manufacturing firm in the Kanamoto group, revenues decreased 9.8% from the prior consolidated fiscal year level. The company incurred an operating loss as a result of increased materials procurement expenses in conjunction with new product development, and because it was unable to absorb the affect of higher manufacturing costs resulting from a sharp increase in raw materials costs.

### Steel Sales-related business

During the first half of the consolidated fiscal year under review, revenues were supported by inventory levels from the prior year and strong exports, and steady growth in orders that included new products (highly durable, insulated and waterproof roofing, and the KT roofing system). During the second half, however, selling prices fell sharply with concerns about market inventory levels for steel materials. As a result, revenues declined 5.9% year-on-year to ¥5,699 million, and operating income fell 45.2% compared to the prior consolidated fiscal year to ¥24 million.

### Information Products-related business and Other Businesses

As demand for personal computers expanded along with the economic recovery, the Information Products Division increased the number of large volume accounts from the start of the fiscal year and increased rental revenues by 8.6% compared to the prior consolidated fiscal year. On the other hand, revenue from product sales dropped 56.7% year-on-year, as the lack of new core products continued. As a result, revenues for the division as a whole fell 5.2% from the prior consolidated fiscal year to ¥430 million, and operating income shrank to ¥20 million under pressure from cost of revenues and selling, general and administrative expenses.

### Medium to long-term corporate management strategy

As explained above, Kanamoto already has completed the first two business periods of "Metamorphose," its five-year long-term management plan extending through the fiscal year ending October 2008. During this two-year period, Kanamoto made business organization improvements to shift the management focus to gross margins. This included building a powerful marketing organization where customers are always Number One, and thorough reductions of costs such as equipment repair expense and transport expense.

Unfortunately, because deterioration of the local business environment has been worse than initially projected, Kanamoto revised its numerical objectives for the remaining three fiscal years of "Metamorphose," its long-term management plan. For the consolidated fiscal year ending October 2006 as well, the third year of its long-term management plan, Kanamoto expects operating results to be affected by the extremely tough business conditions. By pursuing the following strategies, however, Kanamoto will seek to earn further recognition as Japan's leading company in the construction equipment rental business. To maintain its "strong Kanamoto" market reputation, the Company also will continue to improve and strengthen its financial position.

#### Earnings-focused management

Kanamoto will shift its focus from a revenues-first approach, and pursue management emphasizing gross profit. In terms of its asset portfolio, the Company has already completed replacement of its large rental assets with the latest emissions-controlled models, designed to reduce pollution, and will continue restricting introductions of new rental assets to the minimum quantity necessary in order to reduce depreciation and amortization expense and other costs. In addition, the Company will maintain its priority on introducing small-scale construction equipment and inexpensive rental assets, which have high profit margins, and seek to improve profit margins by extending rental periods for such assets.

#### Execute a bold scrap and build program

Currently Hokkaido accounts for 37.3% of Kanamoto's total rental revenues by region, which indicates the shift of revenues towards Honshu is occurring at a pace faster than initially planned. In the

Hokkaido Region, Kanamoto is maintaining its market share through reorganization of its branches. In Honshu, Kanamoto is developing branches around the Tokyo metropolitan area, as the core market where demand will remain strong in the future, by utilizing low-cost bases equipped with a smaller equipment line-up, to minimize capital investment requirements as much as possible. The Company also will continue to review unprofitable branches and pursue a bold scrap and build program.

#### Build a powerful marketing organization where customers are always Number One

By taking maximum advantage of its information systems, Kanamoto will implement marketing programs to thoroughly fulfill user needs and create a position in which Kanamoto's presence is indispensable for its customers' operations. Specifically, Kanamoto is further strengthening its relationships with customers and local communities by means such as Kanamoto's comprehensive compensation system offering improved systems and contents, and agreements with local governments to respond to urgent requests following disasters.

#### Pursue Kanamoto's alliance strategy

The Kanamoto group and its alliance firms currently are active in many regions, from Hokkaido to Okinawa. The Company will seek to strengthen cooperation among these firms as the Kanamoto group and increase the synergistic effects from this approach, by seeking additional high-quality alliance members. Kanamoto also will further promote business growth at its subsidiaries through full cooperation with each subsidiary's business.

### Fiscal Year ended October 31, 2005 Consolidated Operating Results

(Million yen; % change from prior year)

	Revenues		Operating Income		Ordinary Income		Net Income	
Consolidated Fiscal Year Under Review	63,975	4.3	1,404	-25.2	1,550	-11.4	352	-67.9
Prior Consolidated Fiscal Year	61,336	-3.7	1,878	-18.6	1,749	-23.2	1,097	20.1

#### Outlook for the next consolidated fiscal year (Business Period ending October 2006)

As 2005 drew to a close, factors such as improved operating performance at leading financial institutions and growing private sector capital investment against a backdrop of stronger corporate earnings gave evidence that a sustainable recovery in Japan's economy was underway. On the other hand, the affect of the external environment, including the sharp rise in crude oil and raw materials prices, remained a source of concern. In addition, increases in the general public's financial burden that seem all but certain, such as increases in the consumption tax and other taxes and changes in medical care costs, cast a shadow over personal consumption. As a result, Japan's economic recovery is expected to experience repeated fits and starts as long as it remains susceptible to these instability factors.

In the construction industry, the environment enveloping the industry in local regions presents conditions much more severe than initially anticipated. In the years ahead as well, there is little hope of substantial public works because of stringent local fiscal conditions, and in regions such as Hokkaido, Kanamoto projects the severe management environment to continue.

In the prior fiscal year, demand in Honshu including the Tokyo metropolitan area remained steady, and as a result covered the decline in demand in the Hokkaido Region. Even if the slump in

Hokkaido continues, Kanamoto projects it will be able to maintain the corresponding level of demand, during the current fiscal year and beyond, because it expects to establish new branches in the Tokyo metropolitan area and because of the recovery in the Tohoku Region. Nevertheless, because future demand in regions boosted by disaster recovery work is unpredictable, Kanamoto revised the numerical objectives for the next three periods, beginning from the fiscal year ending October 2006 of its long-range management plan. The outlook of next consolidated fiscal year is given below.

Because the results of measures under its long-term management plan "Metamorphose," including adjustments in rental rates for selected territories and equipment, are being demonstrated steadily, the entire Kanamoto group will seek to maintain earnings by pursuing further optimization of asset operations, continuing to create the corporate structure and business capabilities to respond fully to the challenging business environment, taking full advantage of Kanamoto's broad line-up of state-of-the-art equipment, and avoiding competition through alliances with other leading rental companies in selected regions.

Finally, although Kanamoto will be required to apply asset impairment accounting for fixed assets beginning from the next business period, at the present time the Company plans to apply asset impairment write-offs for certain idle assets and lease assets.

### Fiscal Year ending October 31, 2006 Projected Consolidated Operating Results

(Million yen; % change from prior year)

	Revenues		Operating Income		Ordinary Income		Net Income	
Interim period	32,560	-1.7%	1,600	23.9%	1,470	24.1%	540	16.6%
Full year	63,210	-1.2%	1,910	36.0%	1,680	8.4%	610	73.3%

# Consolidated Balance Sheets

## ASSETS

As of October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Current assets:</b>			
Cash and cash equivalents	¥ 11,734	¥ 14,109	\$ 121,891
Notes and accounts receivable, trade	23,481	14,329	123,793
Inventories	703	539	4,656
Deferred income taxes (Note 8)	252	319	2,756
Other current assets	2,343	2,346	20,267
Less: Allowance for doubtful accounts	(731)	(923)	(7,976)
<b>Total current assets</b>	<b>37,782</b>	<b>30,719</b>	<b>265,387</b>
<b>Property and equipment:</b>			
Rental equipment	39,161	38,229	330,275
Buildings and structures	16,039	15,912	137,468
Machinery and equipment	5,370	5,364	46,340
Less: Accumulated depreciation	(41,980)	(42,107)	(363,777)
	18,590	17,398	150,306
Land	26,112	26,141	225,840
Construction in progress	3	0	0
<b>Total property and equipment</b>	<b>44,705</b>	<b>43,539</b>	<b>376,146</b>
<b>Investments and other assets:</b>			
Investment securities			
– Unconsolidated subsidiaries and affiliates (Note 3)	60	5	43
– Others (Note 3)	3,986	5,748	49,659
Deferred income taxes (Note 8)	911	302	2,611
Other assets	3,540	2,443	21,106
Less: Allowance for doubtful accounts	(1,661)	(778)	(6,723)
<b>Total investments and other assets</b>	<b>6,836</b>	<b>7,720</b>	<b>66,696</b>
<b>Total assets</b>	<b>¥ 89,323</b>	<b>¥ 81,978</b>	<b>\$ 708,229</b>

(Note)

\* For details of Current assets : Deferred income taxes, please refer to page 50 (Note 8).

\* For details of unconsolidated subsidiaries and affiliates, please refer to page 45 (Note 3).

\* For details of others, please refer to page 45 (Note 3).

\* For details of Investments and other assets : Deferred income taxes, please refer to page 50 (Note 8).



## LIABILITIES AND SHAREHOLDERS' EQUITY

As of October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Current liabilities:</b>			
Short-term bank loans (Note 4)	¥ 677	¥ 577	\$ 4,988
Current portion of long-term debt (Note 4)	14,262	12,602	108,873
Notes and accounts payable, trade	13,405	10,838	93,630
Accrued income taxes	369	556	4,800
Accrued bonuses	480	516	4,456
Other current liabilities	1,426	1,049	9,063
<b>Total current liabilities</b>	<b>30,619</b>	<b>26,138</b>	<b>225,810</b>
<b>Non-current liabilities:</b>			
Long-term debt (Note 4)	24,275	20,269	175,109
Accrued pension and severance costs (Note 5)	1,229	1,526	13,184
Other liabilities (Note 8)	395	509	4,392
<b>Total non-current liabilities</b>	<b>25,899</b>	<b>22,304</b>	<b>192,685</b>
<b>Minority interests</b>	<b>59</b>	<b>71</b>	<b>615</b>
<b>Contingent liabilities (Note 6)</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized—66,000,000 shares			
Issued—30,253,241 shares	8,597	8,597	74,270
Capital surplus	9,720	9,720	83,977
Retained earnings	13,914	13,692	118,286
Unrealized holding gain on securities (Note 3)	698	1,643	14,198
Treasury stock	(182)	(187)	(1,612)
<b>Total shareholders' equity</b>	<b>32,746</b>	<b>33,465</b>	<b>289,119</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 89,323</b>	<b>¥ 81,978</b>	<b>\$ 708,229</b>

(Note)

\* For details of Short-term bank loans, please refer to page 47 (Note 4).

\* For details of Current portion of long term debt, please refer to page 47 (Note 4).

\* For details of Long-term debt, please refer to page 47 (Note 4).

\* For details of Accrued pension and severance costs, please refer to page 47 (Note 5).

\* For details of Other liabilities, please refer to page 50 (Note 8).

\* For details of Contingent liabilities, please refer to page 48 (Note 6).

\* For details of Unrealized holding gain on securities, please refer to page 45 (Note 3).

# Consolidated Statements of Income

Years Ended October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Revenue</b>			
Rentals	¥ 39,759	¥ 42,986	\$ 371,368
Sales	21,577	20,989	181,334
	61,336	63,975	552,702
<b>Cost of sales</b>			
Rentals	29,998	31,950	276,022
Sales	17,019	16,785	145,015
	47,017	48,735	421,037
<b>Gross profit</b>	14,319	15,240	131,665
<b>Selling, general and administrative expenses</b>	12,440	13,836	119,532
<b>Operating income</b>	1,879	1,404	12,133
<b>Other income (expenses):</b>			
Interest and dividend income	71	61	526
Interest expenses	(348)	(353)	(3,052)
Others, net	610	14	120
<b>Income before income taxes and minority interests</b>	2,212	1,126	9,727
<b>Income taxes (Note 8):</b>			
Current	839	859	7,416
Deferred	257	(97)	(839)
	1,096	762	6,577
<b>Minority interests in subsidiaries</b>	19	12	104
<b>Net income</b>	¥ 1,097	¥ 352	\$ 3,046

Years Ended October 31, 2005 and 2004	Yen		U.S. dollars (Note1)
	2004	2005	2005
<b>Per share of common stock :</b>			
<b>Net income</b>			
Basic	¥ 36.50	¥ 11.57	\$ 0.10
Diluted	—	—	—
<b>Cash dividends applicable to the year</b>	19.00	18.00	0.16

(Note)

\* For details of Income taxes, please refer to page 50 (Note 8).

## Consolidated Statements of Cash Flows

Years Ended October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Cash flows from operating activities :</b>			
Net income before income taxes and minority interests	¥ 2,212	¥ 1,126	\$ 9,727
Adjustments for :			
Depreciation expenses	5,295	5,211	45,020
Loss on disposal or sales of property and equipment	98	147	1,273
Write-down of investments in securities	42	85	734
Gain on sales of investments in securities	(47)	(364)	(3,144)
Provision (reversal of provision) for allowance for doubtful accounts	153	(690)	(5,963)
Provision (reversal of provision) for accrued pension and severance costs	(548)	297	2,567
Interest and dividend income	(71)	(61)	(526)
Interest expenses	459	421	3,640
Decrease (increase) in trade receivables	(944)	9,151	79,062
Decrease (increase) in inventories	205	164	1,418
Increase (decrease) in trade payables	1,071	(2,568)	(22,186)
Other	(183)	(1,672)	14,452
<b>Subtotal</b>	7,742	11,247	97,170
Interest and dividend income received	71	61	526
Interest expenses paid	(464)	(417)	(3,604)
Income taxes paid	(1,119)	(672)	(5,803)
<b>Net cash provided by operating activities</b>	6,230	10,219	88,289
<b>Cash flows from investing activities :</b>			
Payments for purchase of investment securities	(1,045)	(1,189)	(10,270)
Proceeds from sales of investment securities	1,333	1,386	11,977
Payments for purchase of property and equipment	(1,899)	(485)	(4,190)
Other	76	277	2,385
<b>Net cash used in investing activities</b>	(1,536)	(11)	(98)
<b>Cash flows from financing activities :</b>			
Increase (decrease) in short-term bank loans, net	(37)	(99)	(858)
Proceeds from long-term debt	11,930	7,900	68,251
Repayments of long-term debt	(10,710)	(11,425)	(98,708)
Repayments of lease obligation	(5,564)	(3,637)	(31,423)
Cash dividends paid	(537)	(567)	(4,901)
Other	(5)	(5)	(36)
<b>Net cash used in financing activities</b>	(4,923)	(7,833)	(67,675)
<b>Net increase (decrease) in cash and cash equivalents</b>	(229)	2,375	20,516
<b>Cash and cash equivalents at beginning of the year</b>	11,921	11,734	101,375
<b>Increase due to inclusion in consolidation</b>	42	0	0
<b>Cash and cash equivalents at end of the year</b>	¥ 11,734	¥ 14,109	\$ 121,891

## Consolidated Statements of Shareholders' Equity

Years Ended October 31, 2005 and 2004	Thousands of shares of common stock	Millions of yen			
		Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities
<b>Balance at October 31, 2003</b>	30,253	¥ 8,597	¥ 9,720	¥ 13,400	¥ 367
Net income				1,097	
Cash dividends				(537)	
Bonuses to directors and auditors				(14)	
Other				(32)	331
<b>Balance at October 31, 2004</b>	30,253	8,597	9,720	13,914	698
Net income				352	
Cash dividends				(567)	
Bonuses to directors and auditors				(7)	
Other					945
<b>Balance at October 31, 2005</b>	30,253	¥ 8,597	¥ 9,720	¥ 13,692	¥ 1,643

Years Ended October 31, 2005 and 2004	Thousands of U.S. dollars (Note 1)			
	Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities
<b>Balance at October 31, 2004</b>	\$ 74,270	\$ 83,977	\$ 120,204	\$ 6,027
Net income			3,046	
Cash dividends			(4,901)	
Bonuses to directors and auditors			(63)	
Other				8,171
<b>Balance at October 31, 2005</b>	\$ 74,270	\$ 83,977	\$ 118,286	\$ 14,198



## 1. Basis of presenting of consolidated financial statements

The consolidated financial statements have been prepared from the accounts maintained by Kanamoto Co., Ltd. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

In order to facilitate the understanding of readers outside Japan, certain reclassifications are given to the consolidated financial statements prepared for domestic purposes.

Translations of Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the approximate exchange rate on October 31, 2005, which was ¥115.75 to US\$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, or could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

## 2. Summary of significant accounting policies

### (a) Consolidation principles

The consolidated financial statements include the accounts of the Company and significant companies which the Company controls through majority voting right or existence of certain conditions. All significant inter-company transactions and accounts are eliminated.

Investments in unconsolidated subsidiaries and affiliates of which the Company has the ability to exercise significant influence over operating and financial policies are stated at cost and equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate.

### (b) Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and all highly liquid investments with maturities of three months or less.

### (c) Securities

Securities except for investments in unconsolidated subsidiaries and affiliates are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with unrealized gains and losses reported in a separate component of shareholders' equity, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

### (d) Inventories

Inventories are stated principally at the lower of cost or market, cost being determined principally by the last-in, first-out method.

### (e) Property and equipment

Property and equipment are stated at cost. Depreciation is mainly computed at rates based on the estimated useful lives of assets on the declining-balance method.

The principal estimated useful lives range from 5 to 10 years for rental equipment and from 10 to 34 years for building and structures.

### (f) Accrued pension and severance costs

To provide for employees' severance indemnities and pension payments, net periodic pension and severance costs are computed based on the projected benefit obligation and the pension plan assets.

The actuarial assumption adjustment is to be amortized by the straight-line method beginning the following fiscal year over a period of 10 years, which is less than the average remaining years of service of the active participations in the plans.

See note 5 for the method of the accounting for the separation of the substitutional portion of the benefit obligation from the corporate portion of the benefit obligation under Welfare Pension Fund Plan.

### (g) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

### (h) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred taxes and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

### (i) Earnings per share

Basic Earnings per Share ("EPS") is computed based on the average number of shares of common stock outstanding for the period. Diluted EPS assumes that outstanding convertible bonds were converted into common stock at the beginning of the period at the current conversion price.

### (j) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period and the accounts for that period do not, therefore, reflect such appropriations.

### (k) Reclassification of accounts

Certain of the 2004 accounts have been reclassified to confirm with the 2005 financial statement presentation.

## 3. Short-term investments and investments securities

At October 31, 2005, the Company and its consolidated subsidiaries did not possess any securities classified as trading securities or held-to-maturity securities. Securities classified as other securities are included in "short-term investments" and "investments securities-others" in the consolidated balance sheets.

a) The components of unrealized gain or loss on marketable securities classified as other securities at October 31, 2005 were as follows:

## Notes to Consolidated Financial Statements

October 31, 2005	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
<b>Unrealized gain:</b>			
Stock	¥ 1,544	¥ 4,348	¥ 2,804
Other	10	10	–
	1,554	4,358	2,804
<b>Unrealized loss:</b>			
Stock	99	84	(15)
Other	988	959	(29)
	1,087	1,043	(44)
<b>Total</b>	<b>¥ 2,641</b>	<b>¥ 5,401</b>	<b>¥ 2,760</b>

October 31, 2005	Thousands of U.S. dollars		
	Acquisition costs	Carrying value	Unrealized gain (loss)
<b>Unrealized gain:</b>			
Stock	\$ 13,342	\$ 37,561	\$ 24,219
Other	88	92	4
	13,430	37,653	24,223
<b>Unrealized loss:</b>			
Stock	857	728	(129)
Other	8,538	8,289	(249)
	9,395	9,017	(378)
<b>Total</b>	<b>\$ 22,825</b>	<b>\$ 46,670</b>	<b>\$ 23,845</b>

The components of unrealized gain or loss on marketable securities classified as other securities at October 31, 2004 were as follows:

October 31, 2004	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
<b>Unrealized gain:</b>			
Stock	¥ 1,148	¥ 2,373	¥ 1,225
Other	30	44	14
	1,178	2,417	1,239
<b>Unrealized loss:</b>			
Stock	157	135	(22)
Other	968	924	(44)
	1,125	1,059	(66)
<b>Total</b>	<b>¥ 2,303</b>	<b>¥ 3,476</b>	<b>¥ 1,173</b>

Non-marketable securities classified as other securities at October 31, 2005 and 2004 amounted to ¥346 million (\$2,989 thousand) and ¥509 million respectively.

b) Sales of securities classified as other securities with aggregate gain and loss are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	October 31, 2005	October 31, 2004	October 31, 2005
<b>Sales proceeds</b>	¥ 958	¥ 1,186	\$ 8,279
<b>Aggregate gain</b>	363	66	3,144
<b>Aggregate loss</b>	–	19	–

c) The redemption schedule for bonds with maturity dates at October 31, 2005 was summarized as follows:

October 31, 2005	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	¥ –	¥ –	¥ –	¥ –
Other	–	–	950	–
<b>Total</b>	¥ –	¥ –	¥ 950	¥ –

October 31, 2005	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	\$ –	\$ –	\$ –	\$ –
Other	–	–	8,210	–
<b>Total</b>	\$ –	\$ –	\$ 8,210	\$ –

The redemption schedule for bonds with maturity dates at October 31, 2004 was summarized as follows:

October 31, 2004	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	¥ –	¥ –	¥ –	¥ –
Other	–	–	924	44
<b>Total</b>	¥ –	¥ –	¥ 924	¥ 44

Following a partial revision to the Japanese securities and exchange laws effective from December 1, 2004, investments in limited partnerships and similar partnership are classified as investment securities from the year ended October 31, 2005.

The amount of applicable investments in partnerships which are included in "investments securities" on the consolidated balance sheets is ¥107 million (\$932 thousand) and ¥108 million for the years ended October 31, 2005 and 2004, respectively.

#### 4. Short-term bank loans and long-term debt

The annual average interest rates applicable to short-term bank loans outstanding at October 31, 2005 and 2004 were 1.52%.

Long-term debt at October 31, 2005 and 2004 consisted of the following:	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2005	2005
<b>Loans from banks and insurance companies, maturing through 2015 :</b>			
Secured	¥ –	¥ –	\$ –
Unsecured	32,888	29,362	253,668
Obligations under installment purchases, maturing through 2009	5,649	3,509	30,314
	38,537	32,871	283,982
<b>Less current portion</b>	14,262	12,602	108,873
	¥ 24,275	¥ 20,269	\$ 175,109

Aggregate annual maturities of long-term debt subsequent to October 31, 2005 are as follows:

Year ending October 31	Millions of yen	Thousands of U.S. dollars
<b>2006</b>	¥ 12,602	\$ 108,873
<b>2007</b>	9,496	82,035
<b>2008</b>	5,838	50,440
<b>2009</b>	3,207	27,701
<b>2010 and thereafter</b>	1,728	14,933
	¥ 32,871	\$ 283,982

#### 5. Accrued pension and severance costs

An employee whose employment is terminated is entitled, in most cases, to pension payments or lump-sum severance indemnities, the amounts of which are determined by reference to the basic rate of pay, length of service and the conditions under which the termination occurs. The company has established contributory defined benefit pension plans pursuant to the Welfare Pension Insurance Law of Japan, which cover a portion of the governmental welfare pension program, under which the contributions are made jointly by the Company and their employees, and which include an additional portion representing the substituted non-contributory pension plans. In addition, certain subsidiaries have maintained lump-sum severance indemnity plans.

The projected benefit obligation and funded status including a portion of the governmental welfare program at October 31, 2005 and 2004 were as follows:

## Notes to Consolidated Financial Statements

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Projected benefit obligation</b>	¥(4,698)	¥(4,382)	\$(37,862)
<b>Plan assets</b>	2,504	2,979	25,743
<b>Unrecognized actuarial assumption adjustment</b>	965	(123)	(1,065)
<b>Accrued pension and severance costs</b>	¥(1,229)	¥(1,526)	\$(13,184)

In computing projected benefit obligation, several simplified methods are permitted to small companies, and certain subsidiaries have adopted such methods.

The components of net periodic pension and severance costs for the years ended October 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Service cost	¥ 328	¥ 407	\$ 3,519
Interest cost	108	91	792
Expected return on plan assets	(90)	(95)	(826)
Amortization of actuarial losses	82	112	968
<b>Sub total</b>	428	515	4,453
Gain on return of the substitutional portion of welfare pension fund plans	(606)	–	–
<b>Net periodic pension and severance costs</b>	¥(178)	¥ 515	\$ 4,453

The assumptions used were as follows:

Discount rate	2.0%
Expected rate of return on plan assets	4.0%
Method of attributing benefit to periods of service	Straight-line basis
Amortization period for actuarial assumption adjustment	10 years

### 6. Contingent liabilities

At October 31, 2005, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen	Thousands of U.S. dollars
	2005	2005
Guarantees of loans	¥ 31	\$ 266
Trade notes discounted	374	3,227
Factoring of trade notes with recourse	1,152	9,956



## 7. Leases

Lease payments under finance leases for the years ended October 31, 2005 and 2004 were ¥6,569 million (\$56,755 thousand) and ¥6,015 million, respectively.

Pro forma information on leased property such as acquisition costs, accumulated depreciation, obligations under finance leases, depreciations expenses, interest expenses on finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended October 31, 2005 and 2004, was as follows:

For the year ended October 31, 2005	Millions of yen			Thousands of U.S. dollars		
	Rental equipment	Machinery and equipment	Total	Rental equipment	Machinery and equipment	Total
Acquisition costs	¥ 37,626	¥ 351	¥ 37,977	\$ 325,065	\$ 3,030	\$ 328,095
Accumulated depreciation	14,079	196	14,275	121,631	1,695	123,326
<b>Net book value</b>	¥ 23,547	¥ 155	¥ 23,702	\$ 203,434	1,335	\$ 204,769

	Millions of yen	Thousands of U.S. dollars
<b>Obligations under finance leases:</b>		
Due within one year	¥ 5,778	\$ 49,917
Due after one year	17,311	149,561
<b>Total</b>	¥ 23,089	\$ 199,478

For the year ended October 31, 2004	Millions of yen		
	Rental equipment	Machinery and equipment	Total
Acquisition costs	¥ 32,088	¥ 435	¥ 32,523
Accumulated depreciation	10,492	228	10,720
<b>Net book value</b>	¥ 21,596	¥ 207	¥ 21,803

	Millions of yen
<b>Obligations under finance leases:</b>	
Due within one year	¥ 5,450
Due after one year	15,749
<b>Total</b>	¥ 21,199

Depreciation expenses and interest expenses, which are not reflected in the consolidated statements of income, computed by the straight-line method and the interest method were ¥5,960 million (\$51,488 thousand) and ¥773 million (\$6,676 thousand), respectively, for the year ended October 31, 2005 and ¥5,633 million and ¥778 million, respectively, for the year ended October 31, 2004.

The minimum rental commitments under non-cancelable operating leases for the years ended October 31, 2005 and 2004 were as follows:

For the year ended October 31, 2005	Millions of yen	Thousands of U.S. dollars
	Due within one year	¥ 1,665
Due after one year	3,838	33,157
<b>Total</b>	¥ 5,503	\$ 47,537

	Millions of yen
Due within one year	¥ 1,870
Due after one year	3,604
<b>Total</b>	¥ 5,474

## Notes to Consolidated Financial Statements

### 8. Income taxes

The difference between the statutory tax rate and the effective tax rate for the years ended October 31, 2005 and 2004 was as follows:

	2004	2005
<b>Statutory tax rate</b>	41.7 %	40.4 %
Effect of:		
Net operating losses of subsidiaries	3.3	11.9
Expenses not deductible for tax purposes	1.4	3.0
Inhabitants tax per capita	4.1	8.1
Other	(1.0)	4.2
<b>Effective tax rate</b>	49.5 %	67.6 %

The significant components of deferred tax assets and liabilities at October 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Deferred tax assets:</b>			
Depreciation expenses	¥ 368	¥ 319	\$ 2,758
Accrued bonuses for employees	192	208	1,800
Provisions for doubtful accounts	556	322	2,782
Accrued pension and severance costs	496	607	5,242
Net operating loss carry forwards	1,241	1,340	11,580
Others	392	495	4,273
Sub total	3,245	3,291	28,435
Less valuation allowance	(1,608)	(1,558)	(13,462)
<b>Total deferred tax assets</b>	1,637	1,733	14,973
<b>Deferred tax liabilities:</b>			
Net unrealized gain on securities	474	1,115	9,633
<b>Net deferred tax assets</b>	1,163	618	5,340
<b>Net deferred tax assets were disclosed as follows:</b>			
Current assets	252	319	2,756
Investments and other assets	911	302	2,611
Non-current liabilities	(-)	(3)	(27)
	¥ 1,163	¥ 618	\$ 5,340

### 9. Supplemental cash flow information

Non-cash investing and financing activities for the years ended October 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Non-cash investing and financing activities:</b>			
Additions to obligations under installment purchases	¥ 764	¥ 1,538	\$ 13,296

## 10. Segment information

Business segment information for the years ended October 31, 2005 and 2004 was as follows:

Millions of yen

For the year ended October 31, 2005	Construction related business	Steel related business	Information and communication related and other business	Total	Eliminations and corporate items	Consolidated
Sales						
Outside customers	¥ 57,845	¥ 5,700	¥ 430	¥ 63,975	¥ –	¥ 63,975
Intersegment	–	–	–	–	–	–
<b>Total</b>	57,845	5,700	430	63,975	–	63,975
Operating expenses	56,641	5,675	410	62,726	(155)	62,571
Operating profit	¥ 1,204	¥ 25	¥ 20	¥ 1,249	¥ 155	¥ 1,404
Identifiable assets	¥ 53,992	¥ 1,661	¥ 845	¥ 56,498	¥ 25,480	¥ 81,978
Depreciation	4,975	2	8	4,985	226	5,211
Capital expenditures	4,264	58	–	4,322	345	4,667

Thousands of U.S. dollars

For the year ended October 31, 2005	Construction related business	Steel related business	Information and communication related and other business	Total	Eliminations and corporate items	Consolidated
Sales						
Outside customers	\$ 499,737	\$ 49,242	\$ 3,723	\$ 552,702	\$ –	\$ 552,702
Intersegment	–	–	–	–	–	–
<b>Total</b>	499,737	49,242	3,723	552,702	–	552,702
Operating expenses	489,336	49,028	3,549	541,913	(1,344)	540,569
Operating profit	\$ 10,401	\$ 214	\$ 174	\$ 10,789	\$ (1,344)	\$ 12,133
Identifiable assets	\$ 466,450	\$ 14,350	\$ 7,302	\$ 488,102	\$ 220,127	\$ 708,229
Depreciation	42,983	15	72	43,070	1,950	45,020
Capital expenditures	36,841	497	4	37,342	2,984	40,326

Millions of yen

For the year ended October 31, 2004	Construction related business	Steel related business	Information and communication related and other business	Total	Eliminations and corporate items	Consolidated
Sales						
Outside customers	¥ 54,823	¥ 6,059	¥ 454	¥ 61,336	¥ –	¥ 61,336
Intersegment	–	–	–	–	–	–
<b>Total</b>	54,823	6,059	454	61,336	–	61,336
Operating expenses	53,142	6,014	454	59,610	(152)	59,458
Operating profit	¥ 1,681	¥ 45	¥ –	¥ 1,726	¥ 152	¥ 1,879
Identifiable assets	¥ 63,774	¥ 3,323	¥ 1,025	¥ 68,122	¥ 21,201	¥ 89,323
Depreciation	5,060	5	9	5,074	221	5,295
Capital expenditures	2,609	2	–	2,612	1,799	4,411

## 11. Effect of the Change in the Standard Enterprise Tax in Japan

Effective from April 1, 2004, the enterprise tax components attributable to added value and capital were reported in selling, general and administrative expenses due to the Act for Partial Revision of Local Tax Law passed on March 31, 2003.

Selling, general and administrative expenses increased by ¥77 million. As a result, operating income and income before income taxes and minority interests decreased accordingly by ¥77 million for the fiscal year ended October 31, 2005.

## 12. Subsequent events

On January 27, 2006, the company's shareholders approved the payment of a cash dividend of ¥ 9.00 (\$0.08) per one share to shareholders of record at October 31, 2005, or a total payment of ¥269 million (\$2,321 thousand).

# Non-Consolidated Balance Sheets

## ASSETS

As of October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Current assets :</b>			
Cash and time deposits	¥ 10,911	¥ 13,231	\$ 114,305
Notes receivable, trade	10,890	2,584	22,323
Accounts receivable, trade	11,067	10,665	92,139
Inventories	285	254	2,190
Deferred income taxes (Note 5)	229	368	3,179
Other current assets	2,417	2,564	22,160
Less : Allowance for doubtful accounts	(629)	(1,001)	(8,650)
<b>Total current assets</b>	<b>35,170</b>	<b>28,665</b>	<b>247,646</b>
<b>Property and equipment :</b>			
Rental equipment (Note 4)	35,620	36,016	311,154
Buildings	11,449	11,276	97,417
Structures	3,801	3,839	33,165
Machinery and equipment (Note 4)	5,104	5,138	44,386
Less : Accumulated depreciation	(38,291)	(39,515)	(341,382)
	17,683	16,754	144,740
Land	25,838	25,869	223,491
Construction in progress	3	0	0
<b>Total property and equipment</b>	<b>43,524</b>	<b>42,623</b>	<b>368,231</b>
<b>Investments and other assets :</b>			
Investment securities			
– Subsidiaries and affiliates	1,037	979	8,461
– Others	3,894	5,685	49,114
Deferred income taxes (Note 5)	1,005	479	4,140
Other assets	1,683	1,409	12,168
Less : Allowance for doubtful accounts and reserve for investments	(844)	(802)	(6,929)
<b>Total investments and other assets</b>	<b>6,775</b>	<b>7,750</b>	<b>66,954</b>
<b>Total assets</b>	<b>¥ 85,469</b>	<b>¥ 79,038</b>	<b>\$ 682,831</b>

(Note)

\* For details of Current assets : Deferred income taxes, please refer to page 57 (Note 5).

\* Under the accounting principles and practices currently applied in Japan, finance leases and operating leases are off balance sheet items. For details of concerning matters related to lease transactions, please refer to page 56 (Note 4).

\* For details of Investments and other assets : Deferred income taxes, please refer to page 57 (Note 5).



## LIABILITIES AND SHAREHOLDERS' EQUITY

As of October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Current liabilities :</b>			
Current portion of long-term bank loans	¥ 10,747	¥ 10,555	\$ 91,188
Notes payable, trade	8,967	7,214	62,327
Accounts payable, trade	2,838	2,426	20,956
Notes payable, other	174	133	1,153
Accounts payable, other	4,065	2,389	20,642
Accrued income taxes	362	531	4,587
Accrued bonuses	436	448	3,871
Other current liabilities	486	387	3,329
<b>Total current liabilities</b>	<b>28,075</b>	<b>24,083</b>	<b>208,053</b>
<b>Non-current liabilities :</b>			
Long-term bank loans	20,735	17,590	151,965
Long-term accounts payable, other	2,426	1,877	16,216
Accrued pension and severance costs	1,227	1,506	13,013
Other liabilities	72	79	683
<b>Total non-current liabilities</b>	<b>24,460</b>	<b>21,052</b>	<b>181,877</b>
<b>Contingent liabilities (Note 3)</b>			
<b>Shareholders' equity :</b>			
Common stock :			
Authorized-66,000,000 shares			
Issued-30,253,241 shares	8,597	8,597	74,270
Capital surplus	9,720	9,720	83,977
Retained earnings	14,101	14,136	122,118
Unrealized holding gain on securities	698	1,637	14,148
Treasury stock	(182)	(187)	(1,612)
<b>Total shareholders' equity</b>	<b>32,934</b>	<b>33,903</b>	<b>292,901</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 85,469</b>	<b>¥ 79,038</b>	<b>\$ 682,831</b>

(Note)

\* For details of Contingent liabilities, please refer to page 56 (Note 3)

## Non-consolidated Statements of Income

Years ended October 31, 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note1)
	2004	2005	2005
<b>Revenue</b>			
Rentals	¥ 38,830	¥ 39,607	\$ 342,177
Sales	20,444	17,596	152,014
	59,274	57,203	494,191
<b>Cost of sales</b>			
Rentals	30,066	29,976	258,969
Sales	15,745	13,814	119,342
	45,811	43,790	378,311
<b>Gross profit</b>	13,463	13,413	115,880
<b>Selling, general and administrative expenses</b>	11,621	11,887	102,692
<b>Operating income</b>	1,842	1,526	13,188
<b>Other income (expenses) :</b>			
Interest and dividend income	77	67	577
Interest expenses	(332)	(317)	(2,739)
Others, net	656	(83)	(720)
<b>Income before income taxes</b>	2,243	1,193	10,306
<b>Income taxes (Note 5)</b>			
Current	833	834	7,202
Deferred	223	(250)	(2,159)
	1,056	584	5,043
<b>Net income</b>	¥ 1,187	¥ 609	\$ 5,263

	Yen		U.S. dollars (Note1)
	2004	2005	2005
<b>Per share of common stock :</b>			
Net income			
Basic	¥ 39.50	¥ 20.16	\$ 0.17
Diluted	–	–	–
Cash dividends applicable to the year	19.00	18.00	0.16

(Note)

\* For details of Income taxes, please refer to page 57 (Note 5)

## Non-consolidated Statements of Shareholders' Equity

Years ended October 31, 2005 and 2004	Thousands of shares of common stock	Millions of yen			
		Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities
<b>Balance at October 31, 2003</b>	30,253	¥ 8,597	¥ 9,720	¥ 13,497	¥ 367
Net income				1,187	
Cash dividends				(537)	
Bonuses to directors and auditors				(14)	
Other				(32)	331
<b>Balance at October 31, 2004</b>	30,253	8,597	9,720	14,101	698
Net income				609	
Cash dividends				(567)	
Bonuses to directors and auditors				(7)	
Other					939
<b>Balance at October 31, 2005</b>	30,253	¥ 8,597	¥ 9,720	¥ 14,136	¥ 1,637

	Thousands of U.S. dollars (Note1)			
	Common stock	Capital surplus	Retained earnings	Unrealized holding gain on securities
<b>Balance at October 31, 2004</b>	\$ 74,270	\$ 83,977	\$ 121,819	\$ 6,029
Net income			5,263	
Cash dividends			(4,901)	
Bonuses to directors and auditors			(63)	
Other				8,119
<b>Balance at October 31, 2005</b>	\$ 74,270	\$ 83,977	\$ 122,118	\$ 14,148

# Notes to Non-consolidated Financial Statements

## 1. Basis of presenting of non-consolidated financial statements

The non-consolidated financial statements have been prepared from the accounts maintained by Kanamoto Co., Ltd. (the "Company") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

In order to facilitate the understanding of readers outside Japan, certain reclassifications are given to the non-consolidated financial statements prepared for domestic purposes.

Translations of Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the approximate exchange rate on October 31, 2005, which was ¥115.75 to US\$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, or could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

## 2. Summary of significant accounting policies

### (a) Basis of presentation

The non-consolidated financial statements are prepared on the basis of the same accounting policies as those discussed in Note 2 to the consolidated financial statements except that investments in subsidiaries and affiliates are stated at cost.

## 3. Contingent liabilities

At October 31, 2005	Millions of yen	Thousands of U.S. dollars
Guarantees of loans	¥ 1,440	\$ 12,440
Factoring of trade notes with recourse	1,152	9,956

## 4. Leases

Lease payments under finance leases for the years ended October 31, 2005 and 2004 were ¥6,030 million (\$52,102 thousand) and ¥5,721 million, respectively.

Pro forma information on leased property such as acquisition costs, accumulated depreciation, obligations under finance leases, depreciations expenses, interest expenses on finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended October 31, 2005 and 2004, was as follows:

For the year ended October 31, 2005	Millions of yen			Thousands of U.S. dollars		
	Rental equipment	Machinery and equipment	Total	Rental equipment	Machinery and equipment	Total
Acquisition costs	¥ 34,441	¥ 308	¥ 34,749	\$ 297,549	\$ 2,657	\$ 300,206
Accumulated depreciation	13,279	174	13,453	114,718	1,507	116,225
Net book value	¥ 21,162	¥ 134	¥ 21,296	\$ 182,831	\$ 1,150	\$ 183,981

### Obligations under finance leases:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 5,326	\$ 46,016
Due after one year	15,327	132,417
<b>Total</b>	<b>¥ 20,653</b>	<b>\$ 178,433</b>

For the year ended October 31, 2004	Millions of yen		
	Rental equipment	Machinery and equipment	Total
Acquisition costs	¥ 31,263	¥ 416	¥ 31,679
Accumulated depreciation	10,027	214	10,241
Net book value	¥ 21,236	¥ 202	¥ 21,438

### Obligations under finance leases:

	Millions of yen
Due within one year	¥ 5,243
Due after one year	15,577
<b>Total</b>	<b>¥ 20,820</b>

Depreciation expenses and interest expenses, which are not reflected in the non-consolidated statements of income, computed by the straight-line method and the interest method were ¥5,475 million (\$47,303 thousand) and ¥710 million (\$6,130 thousand), respectively, for the year ended October 31, 2005 and ¥5,369 million and ¥755 million, respectively, for the year ended October 31, 2004.

The minimum rental commitments under non-cancelable operating leases for the years ended October 31, 2005 and 2004 were as follows:

For the year ended October 31, 2005	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 1,476	\$ 12,754
Due after one year	3,376	29,170
<b>Total</b>	<b>¥ 4,852</b>	<b>\$ 41,924</b>

For the year ended October 31, 2004	Millions of yen
Due within one year	¥ 1,813
Due after one year	3,434
<b>Total</b>	<b>¥ 5,247</b>

## 5. Income taxes

The difference between the statutory tax rate and the effective tax rate for the years ended October 31, 2005 and 2004 was as follows:

	2004	2005
<b>Statutory tax rate</b>	41.7 %	<b>40.4 %</b>
Inhabitants tax per capita	3.8	<b>7.3</b>
Expenses not deductible for tax purposes	3.4	<b>2.5</b>
Other	(1.8)	<b>(3.4)</b>
<b>Effective tax rate</b>	<b>47.1 %</b>	<b>46.8 %</b>

The significant components of deferred income tax assets and liabilities at October 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Deferred tax assets:</b>			
Depreciation expenses	¥ 360	<b>¥ 312</b>	<b>\$ 2,693</b>
Accrued bonuses for employees	176	<b>181</b>	<b>1,564</b>
Provisions for doubtful accounts	260	<b>203</b>	<b>1,760</b>
Accrued pension and severance costs	496	<b>600</b>	<b>5,182</b>
Others	415	<b>661</b>	<b>5,710</b>
<b>Total deferred tax assets</b>	<b>1,707</b>	<b>1,957</b>	<b>16,909</b>
<b>Deferred tax liabilities</b>			
Unrealized holding gain on securities	473	<b>1,110</b>	<b>9,590</b>
<b>Net deferred tax assets</b>	<b>¥ 1,234</b>	<b>¥ 847</b>	<b>\$ 7,319</b>

## 6. Effect of the Change in the Standard Enterprise Tax in Japan

Effective from April 1, 2004, the enterprise tax components attributable to added value and capital were reported in selling, general and administrative expenses due to the Act for Partial Revision of Local Tax Law passed on March 31, 2003.

Selling, general and administrative expenses increased by ¥76 million. As a result, operating income and income before income taxes decreased accordingly by ¥76 million for the fiscal year ended October 31, 2005.

## 7. Subsequent events

On January 27, 2006, the company's shareholders approved the payment of a cash dividend of ¥9.00 (\$0.08) per one share to shareholders of record at October 31, 2005, or a total payment of ¥269 million (\$2,321 thousand).



## 独立監査人の監査報告書

謄本

株式会社カナモト  
取締役会 御中

平成17年12月16日

新日本監査法人

代表社員 公認会計士 直井 暁  
関与社員

関与社員 公認会計士 石若 保志

当監査法人は、「株式会社の監査等に関する商法の特例に関する法律」第19条の2第3項の規定に基づき、株式会社カナモトの平成16年11月1日から平成17年10月31日までの第41期営業年度の連結計算書類、すなわち、連結貸借対照表及び連結損益計算書について監査を行った。この連結計算書類の作成責任は経営者にあり、当監査法人の責任は独立の立場から連結計算書類に対する意見を表明することにある。

当監査法人は、我が国において一般に公正妥当と認められる監査の基準に準拠して監査を行った。監査の基準は、当監査法人に連結計算書類に重要な虚偽の表示がないかどうかの合理的な保証を得ることを求めている。監査は、試査を基礎として行われ、経営者が採用した会計方針及びその適用方法並びに経営者によって行われた見積りの評価も含め全体としての連結計算書類の表示を検討することを含んでいる。当監査法人は、監査の結果として意見表明のための合理的な基礎を得たと判断している。なお、この監査は、当監査法人が必要と認めて実施した子会社又は連結子会社に対する監査手続を含んでいる。

監査の結果、当監査法人は、上記の連結計算書類が、法令及び定款に従い株式会社カナモト及びその連結子法人等から成る企業集団の財産及び損益の状態を正しく示しているものと認める。

会社と当監査法人又は業務執行社員との間には、公認会計士法の規定により記載すべき利害関係はない。

以上

## 監査役会の監査報告書

謄本

監査報告書

当監査役会は、平成16年11月1日から平成17年10月31日までの第41期営業年度における取締役の職務の執行に関して各監査役から監査の方法および結果の報告を受け、協議の上、本監査報告書を作成し、以下のとおり報告いたします。

## 1. 監査役の監査の方法の概要

各監査役は、監査役会が定めた監査の方針、業務の分担等に従い、取締役会およびその他重要な会議に出席するほか、取締役等から営業の報告を受け、重要な決裁書類等を閲覧し、本社および主要な事業所において業務および財産の状況を調査し、必要に応じて子会社からも計算書類等の提出を求めるとともに、その説明を受け、営業の報告も求めました。また、会計監査人から報告および説明を受け、計算書類および附属明細書の検討等必要と認められる手続を実施いたしました。

取締役の競業取引、取締役と会社間の利益相反取引、会社が行った無償の利益供与、株主との通例的でない取引ならびに自己株式の取得および処分等に関しては、上記の監査の方法のほか、必要に応じて取締役等から報告を求め、当該取引の状況を詳細に調査いたしました。

## 2. 監査の結果

- (1) 会計監査人新日本監査法人の監査の方法および結果は相当であると認めます。
- (2) 営業報告書は、法令および定款に従い、会社の状況を正しく示しているものと認めます。
- (3) 利益処分に関する議案は、会社財産の状況その他の事情に照らして指摘すべき事項は認められません。
- (4) 附属明細書は、記載すべき事項を正しく示しており、指摘すべき事項は認められません。
- (5) 取締役の職務遂行に関しては、子会社に関する職務を含め、不正の行為または法令もしくは定款に違反する重大な事実は認められません。

なお、取締役の競業取引、取締役と会社間の利益相反取引、会社が行った無償の利益供与、株主との通例的でない取引ならびに自己株式の取得および処分等についても、取締役の義務違反は認められません。

平成17年12月22日

株式会社カナモト 監査役会  
常勤監査役 奥村 敏三  
常勤監査役 澤田 紳六  
監査役 橋本 昭夫  
監査役 辻 清宏

(注) 監査役の橋本昭夫および監査役の辻 清宏は、株式会社の監査等に関する商法の特例に関する法律第18条第1項に定める社外監査役であります。

以上

新日本監査法人並びに株式会社カナモト監査役会の監査報告書は、当社財務諸表(有価証券報告書[邦文])に対して発行されているものです。

The Audit Committee has received the reports of the audit procedures and results concerning the business performance of the directors during the 41st Business Period from November 1, 2004 through October 31, 2005 from each of the auditors. After discussing the reports we have prepared this Audit Report and report as follows.

#### 1. Scope of audit by the Audit Committee

Each of the auditors attends the meetings of the Board of Directors and other important meetings, receives business reports from the directors and other managers, reads documents concerning matters such as important decisions, and investigates the conditions of the business and financial conditions at the head office and the main branches, and also requests copies of accounting and other documents, explanations of such documents and management reports from the subsidiary companies to the extent considered necessary, in accordance with the policies specified by the Board of Directors and the duties of their office. The auditors also receive the report and explanations of the independent auditors, and carry out the procedures determined to be necessary for matters such as investigation of accounting documents and related documents.

For matters such as transactions between directors and business competitors, transactions between directors and the company that may be detrimental to the company's profitability, undocumented uses of profits by the company, unusual or uncustomary transactions with a shareholder, and purchases and sale of the company's stock, in addition to the audit procedures indicated above the auditors may request reports from the directors and other managers as they deem necessary and conduct an investigation into the details of the circumstances surrounding the transactions in question.

#### 2. Result of audit

- (1) In our opinion, the audit procedures and audit results received from the independent public accounting firm Shin Nihon & Company are appropriate.
- (2) The Report of Business Operations fairly represents the condition of the company in accordance with the laws of Japan and the Articles of Incorporation of the company.
- (3) We have examined the proposal for distribution of net income in consideration of the financial condition of the company and other circumstances surrounding the business, and determined that there are no matters that should be highlighted as a concern.
- (4) We have examined the related documents and determined that there are no matters that should be highlighted as a concern.
- (5) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws or the company's Articles of Incorporation by any of the directors in carrying out the duties and responsibilities of their offices including business activities concerning the subsidiary companies.

Furthermore, we have determined that no director violated the duties and responsibilities of his office concerning matters such as transactions between directors and business competitors, transactions between directors and the company that may be detrimental to the company's profitability, undocumented uses of profits by the company, unusual or uncustomary transactions with a shareholder, and purchases and sale of the company's stock.

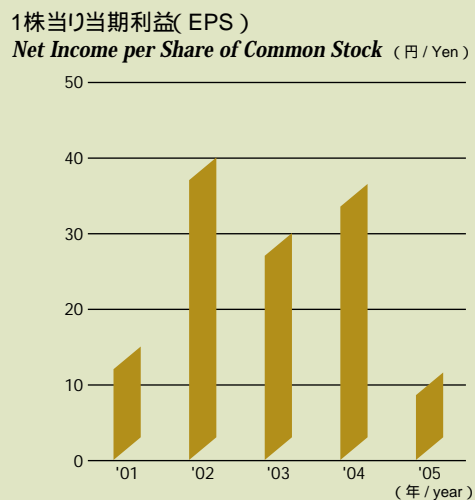
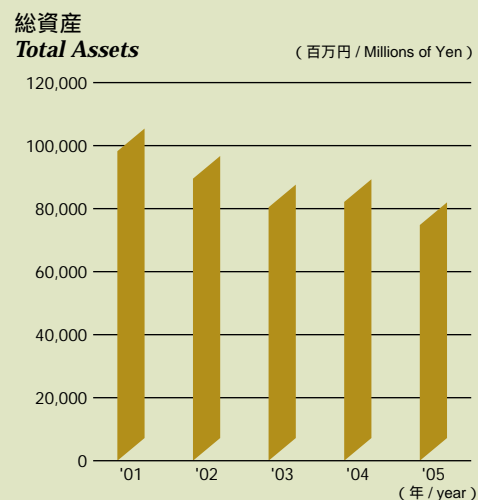
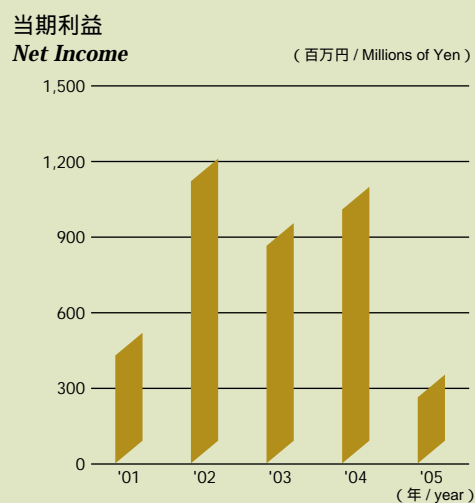
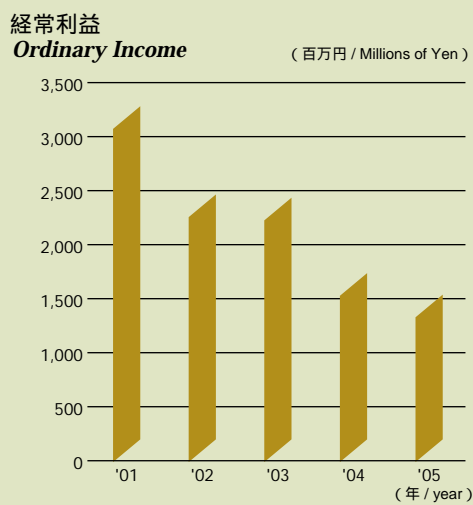
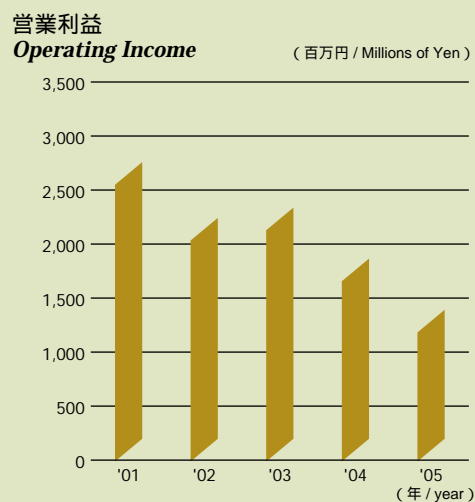
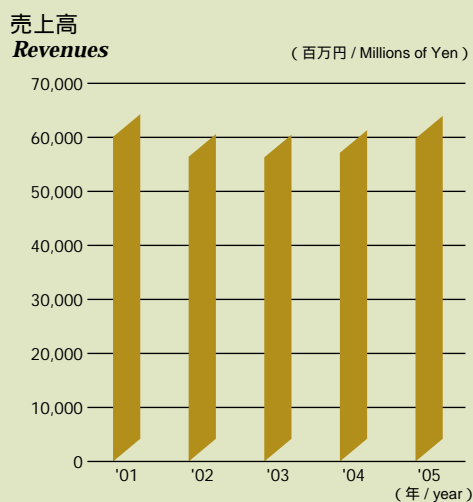
December 22, 2005

Audit Committee, Kanamoto Company, Ltd.

*(Note) Outside Auditors Akio Hashimoto and Kiyohiro Tsuji are outside auditors as stipulated by Article 18, Section 1 of The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations.*

*The audit reports concerning the Company's financial position (financial statements in Japanese) are prepared by Shin Nihon & Co. and the Audit Committee of Kanamoto Co., Ltd.*

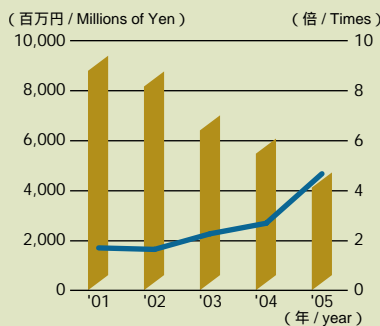
グラフで見る5年間（連結）  
At a Glance (Consolidated)



**キャッシュフロー**  
**Cash Flow**

**株価キャッシュフロー倍率**  
**PCFR**

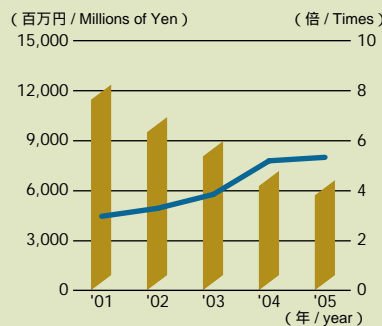
CF = 当期純利益 + 減価償却費 - (配当 + 役員賞与)  
PCFR = 株式時価総額 ÷ CF = 株価 ÷ 1株当たりCF  
CF = Net income + Depreciation expense - (Cash dividends + Bonuses to directors and auditors)  
PCFR = Total market capitalization ÷ CF = Stock Price ÷ Cash flow per share of common stock



**減価償却前営業利益**  
**EBITDA**

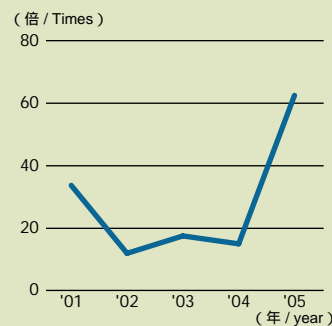
**EBITDA倍率**  
**EBITDA Ratio**

EBITDA = 営業利益 + 減価償却費  
EBITDA倍率 = (期末株式時価総額 + 有利子負債 - 期末非営業資産時価) ÷ EBITDA  
EBITDA = operating income + depreciation and amortization expense  
EBITDA ratio = (Total market capitalization at end of business period + interest-bearing debt - market value of non-trade assets at end of business period) ÷ EBITDA



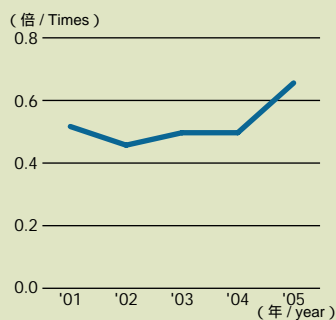
**株価収益率**  
**PER**

PER = 期末株式時価総額 ÷ 当期純利益  
PER = Total market capitalization at end of period ÷ Net Income



**株価純資産倍率**  
**PBR**

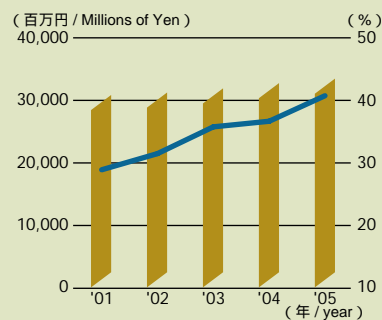
PBR = ROE × PER  
PBR = ROE × PER



**株主資本**  
**Shareholders' Equity**

**株主資本比率**  
**Shareholders' Equity Ratio**

株主資本比率 = 株主資本 ÷ 総資産  
Shareholders' Equity Ratio = Shareholders' equity ÷ Total assets



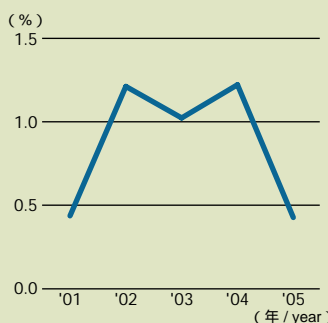
**株主資本利益率**  
**ROE**

ROE = 当期純利益 ÷ 株主資本  
= 一株当たり当期純利益 (EPS) ÷ 一株当たり純資産 (BPS)  
ROE = Net income ÷ Shareholders' equity = EPS ÷ BPS

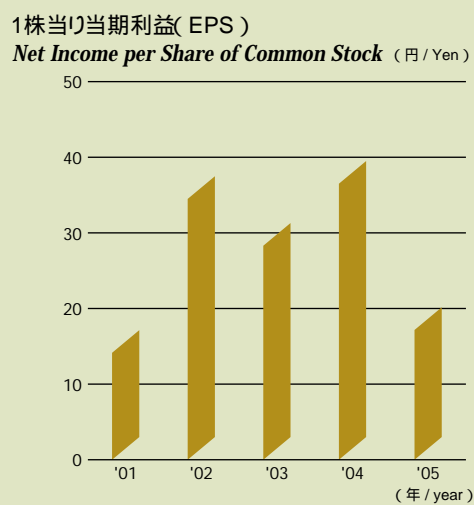
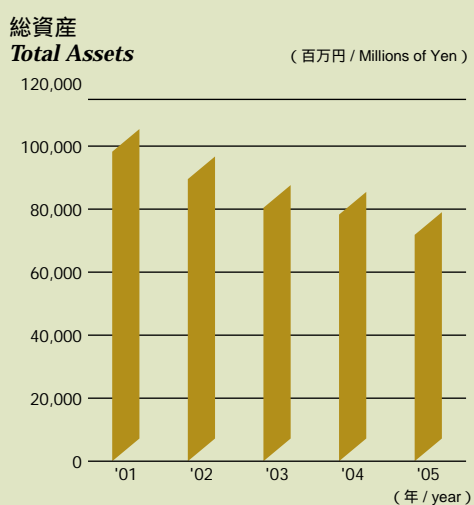
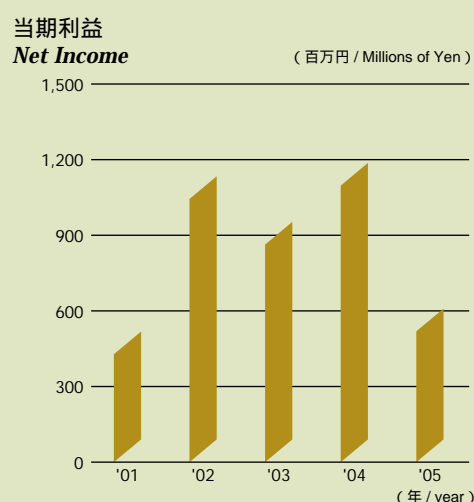
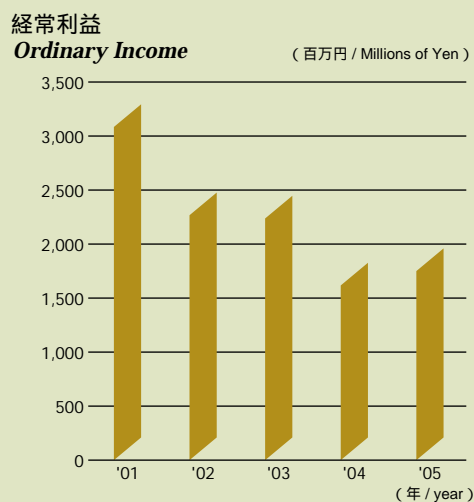
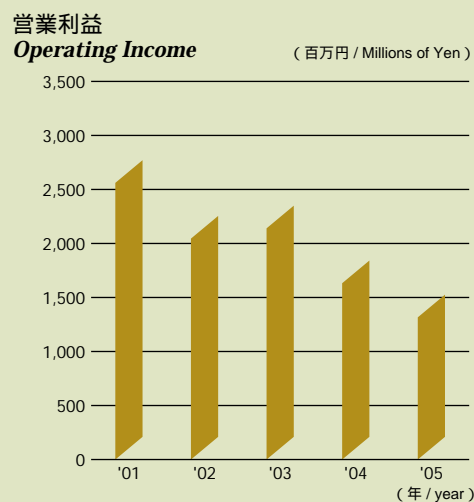
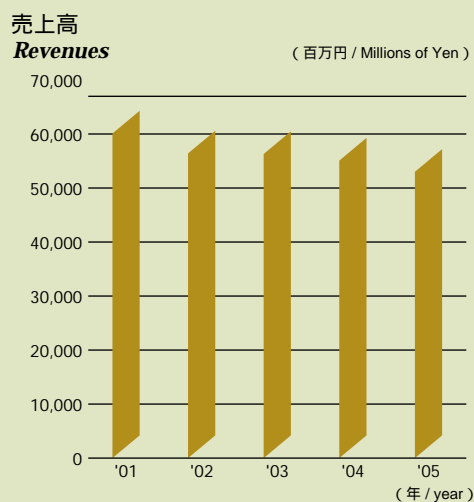


**総資産利益率**  
**ROA**

ROA = 当期純利益 ÷ 総資産  
ROA = Net income ÷ Total assets



グラフで見る5年間（個別）  
At a Glance (Non-consolidated)

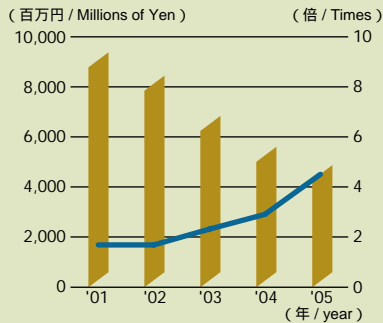




**キャッシュフロー**  
**Cash Flow**

**株価キャッシュフロー倍率**  
**PCFR**

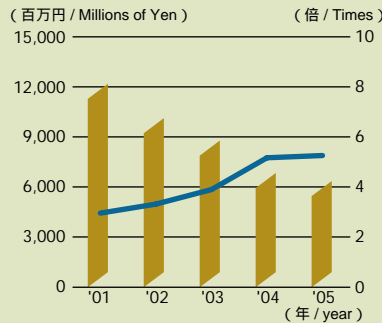
CF = 当期純利益 + 減価償却費 - (配当 + 役員賞与)  
PCFR = 株式時価総額 ÷ CF = 株価 ÷ 1株当たりJCF  
CF = Net income + Depreciation expense - (Cash dividends + Bonuses to directors and auditors)  
PCFR = Total market capitalization ÷ CF = Stock Price × Cash flow per share of common stock



**減価償却前営業利益**  
**EBITDA**

**EBITDA倍率**  
**EBITDA Ratio**

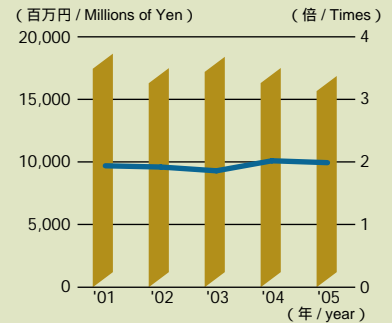
EBITDA = 営業利益 + 減価償却費  
EBITDA倍率 = (期末株式時価総額 + 有利子負債 - 期末非営業資産時価) ÷ EBITDA  
EBITDA = operating income + depreciation and amortization expense  
EBITDA ratio = (Total market capitalization at end of business period + interest-bearing debt - market value of non-trade assets at end of business period) ÷ EBITDA



**EBITDA+**  
**EBITDA+**

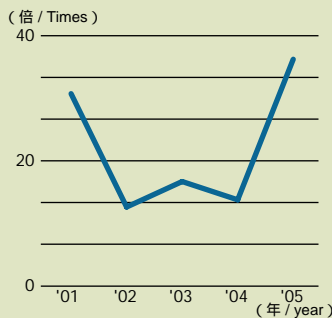
**EBITDA+倍率**  
**EBITDA+ Ratio**

EBITDA+ = EBITDA + 設備投資同等物  
EBITDA+倍率 = (期末株式時価総額 + 有利子負債 - 期末非営業資産時価) ÷ EBITDA+  
EBITDA+ = Operating income + Depreciation expense + Other depreciation and amortization expense + Low-price rental assets, and others  
*EBITDA+ is an indicator used only for the construction equipment rental business and excludes steel products and information products*



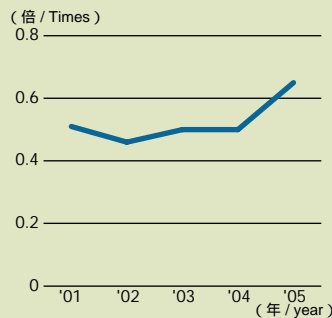
**株価収益率**  
**PER**

PER = 期末株式時価総額 ÷ 当期純利益  
PER = Total market capitalization at end of period ÷ Net Income



**株価純資産倍率**  
**PBR**

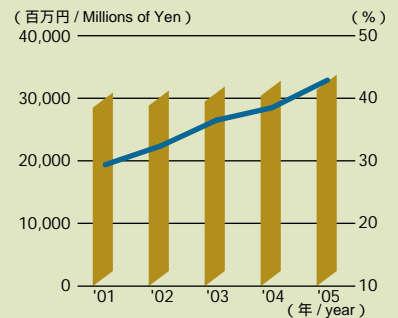
PBR = ROE × PER  
PBR = ROE × PER



**株主資本**  
**Shareholders' Equity**

**株主資本比率**  
**Shareholders' Equity Ratio**

株主資本比率 = 株主資本 ÷ 総資産  
Shareholders' Equity Ratio = Shareholders' equity ÷ Total assets



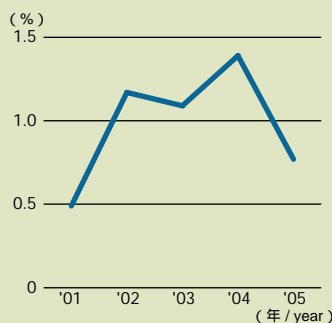
**株主資本利益率**  
**ROE**

ROE = 当期純利益 ÷ 株主資本  
= 一株当たり当期純利益 (EPS) ÷ 一株当たり純資産 (BPS)  
ROE = Net income ÷ Shareholders' equity = EPS ÷ BPS



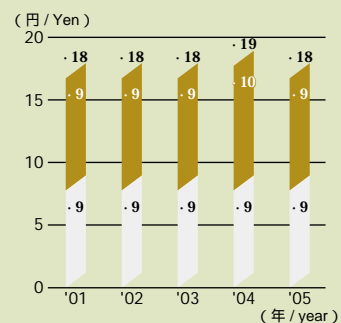
**総資産利益率**  
**ROA**

ROA = 当期純利益 ÷ 総資産  
ROA = Net income ÷ Total assets



**1株当たり配当**  
**Dividend per Share of Common Stock**

\*2004年10月の期末配当の10円のうち1円は設立40周年記念配当です。  
The 2004 cash dividend of ¥19 included a one-time commemorative dividend of ¥1 to celebrate the 40th anniversary of the Company's founding.



**kanamoto co., ltd.**

<http://www.kanamoto.co.jp>

