

October 2000 Company Financial Statements Summary

December 14, 2000

Listed Company Name **Kanamoto Company, Ltd.**
 Listing Exchanges **Tokyo Stock Exchange, First Section; Sapporo Stock Exchange**
 Company Code Number **9 6 7 8**
 Head Office Address **1-19, Odori Higashi 3-chome, Chuo-ku, Sapporo, Hokkaido Japan 060-0041**
 Inquiries Person to Contact **Director and General Manager, Accounting Department**
 Name **Nobuhito Utatsu** TEL (011)-209-1600
 Date of Report to the Board of Directors **December 14, 2000**
 Regular General Meeting of the Shareholders **January 30, 2001**

1. Operating results for the fiscal year ended October 31, 2000 (November 1, 1999 - October 31, 2000)

(1) Operating results (Numbers less than one million yen have been rounded down) ¥ millions

	Revenues		Operating Income		Ordinary Income		Net Income	
Fiscal year ended October 31, 2000	61,030	0.7%	3,104	24.1%	2,668	28.2%	1,455	15.7%
Fiscal year ended October 31, 1999	60,584	4.5%	4,091	40.1%	3,715	25.5%	1,726	13.0%

	Net income per share of common stock	Net income per share of common stock after adjustment for potential ordinary shares	Return on shareholders' equity	Return on total assets	Ordinary income margin
	Yen	Yen	%	%	%
Fiscal year ended October 31, 2000	48.66	38.73	4.8	2.6	4.4
Fiscal year ended October 31, 1999	58.95	51.71	6.0	3.7	6.1

(Notes) 1. Average number of shares outstanding during the period Fiscal year ended October 31, 2000 29,908,158 shares
 Fiscal year ended October 31, 1999 29,290,498 shares

2. Are there any changes in accounting method? No

3. The percentages shown for revenues, operating income, ordinary income and fiscal year net income are the percent increase or decrease compared to the prior fiscal year

(2) Dividends

	Annual dividend per share of common stock			Total dividends (Annual)	Dividend payout ratio	Dividends as a percentage of shareholders' equity
	Interim	Year-end				
	Yen	Yen	Yen	¥ millions	%	%
Fiscal year ended October 31, 2000	18.00	9.00	9.00	543	37.4	1.8
Fiscal year ended October 31, 1999	19.00	9.00	10.00	558	32.3	1.9

(3) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ millions	¥ millions	%	Yen
Fiscal year ended October 31, 2000	102,920	30,926	30.0	1,023.06
Fiscal year ended October 31, 1999	102,194	29,502	28.9	1,000.85

(Note) Number of shares issued and outstanding at fiscal year-end Fiscal year ended October 31, 2000 30,229,241 shares
 Fiscal year ended October 31, 1999 29,477,019 shares

2. Projected operating results for the fiscal year ending October 31, 2001 (November 1, 2000 - October 31, 2001)

	Revenues	Ordinary Income	Net Income	Annual dividend per share of common stock		
				Interim	Year-end	
	¥ millions	¥ millions	¥ millions	Yen	Yen	Yen
Interim period	29,520	1,610	300	9.00	—	—
Full year	60,000	2,500	210	—	9.00	18.00

(Reference) Projected net income per share of common stock (Full year) ¥6.95

Company Financial Statements

1. Comparative balance sheet

(Amounts less than ¥1,000 have been rounded down)

Category	Current fiscal year (As of October 31, 2000)		Prior fiscal year (As of October 31, 1999)		Amount of increase or decrease
	Amount	Percent	Amount	Percent	
(Assets)	¥ thousands	%	¥ thousands	%	¥ thousands
Current assets					
Cash and deposits	16,297,173		16,192,095		105,078
Notes receivable, trade	11,858,956		14,784,165		2,925,208
Accounts receivable, trade	11,486,658		10,774,469		712,188
Negotiable securities	746,051		922,134		176,083
Treasury stock	165		972		807
Merchandise inventory	740,621		834,806		94,184
Construction equipment	3,691,573		3,346,464		345,109
Supplies	76,587		83,233		6,646
Short-term loans	-		37,500		37,500
Prepaid expenses	270,305		280,619		10,314
Deferred consumption and other taxes	24,844		-		24,844
Deferred tax assets	105,066		264,780		159,713
Other current assets	128,646		52,328		76,318
Allowance for doubtful accounts	173,025		135,602		37,423
Total current assets	45,253,626	44.0	47,437,967	46.4	2,184,341
Fixed assets					
(1) Tangible fixed assets					
Rental equipment	18,825,760		16,909,278		1,916,482
Buildings	6,344,520		5,686,554		657,966
Structures	1,685,708		1,545,349		140,359
Machinery and equipment	1,366,338		1,346,938		19,399
Vehicles and delivery equipment	2,112		2,706		594
Tools, furnishings and fixtures	217,602		210,609		6,993
Land	24,042,995		24,033,210		9,785
Construction in progress	338,959		1,031,419		692,459
Total tangible fixed	52,823,998	51.3	50,766,066	49.7	2,057,932
(2) Intangible fixed assets					
Total intangible fixed assets	57,122	0.1	40,178	0.0	16,943
(3) Investments and other assets					
Investment securities	2,860,812		2,343,472		517,340
Stock of affiliated companies	224,199		187,500		36,699
Bonds of affiliated companies	10,000		10,000		-
Advances	158,435		18,201		140,234
Long-term loans	100,000		100,000		-
Long-term prepaid expenses	173,119		178,521		5,401
Insurance reserve	179,524		168,161		11,362
Deferred tax assets	485,310		271,926		213,383
Other	825,021		857,597		32,576
Allowance for doubtful accounts	230,181		184,825		45,355
Total investments and other assets	4,786,242	4.6	3,950,555	3.9	835,686
Total fixed assets	57,667,363	56.0	54,756,801	53.6	2,910,562
Total assets	102,920,989	100.0	102,194,769	100.0	726,220

(Amounts less than ¥1 thousand have been rounded down)

Category	Current fiscal year (As of October 31, 2000)		Prior fiscal year (As of October 31, 1999)		Amount of increase or decrease
	Amount	Percent	Amount	Percent	
(Liabilities)	¥ thousands	%	¥ thousands	%	¥ thousands
Current liabilities					
Notes payable, trade	8,367,393		9,195,512		828,119
Accounts payable, trade	2,784,599		2,605,958		178,641
Short-term bank loans	12,135,000		15,799,590		3,664,590
Accounts payable, other	7,582,990		8,333,094		750,103
Corporate taxes payable	202,872		1,556,903		1,354,031
Consumption and other taxes payable	-		42,749		42,749
Accrued expenses	244,309		237,655		6,653
Accrued bonuses to employees	491,873		479,417		12,456
Equipment notes payable	792,559		917,963		125,403
Other current liabilities	158,656		192,824		34,168
Total current liabilities	32,760,254	31.9	39,361,668	38.5	6,601,414
Long-term liabilities					
Straight bonds	5,277,692		5,277,692		-
Convertible bonds	9,796,000		5,641,000		4,155,000
Long-term bank loans	12,865,000		13,504,000		639,000
Long-term accrued expenses	11,008,272		8,629,522		2,378,750
Retirement allowances to auditors and directors	287,454		278,801		8,653
Total long-term liabilities	39,234,418	38.1	33,331,015	32.6	5,903,403
Total liabilities	71,994,672	70.0	72,692,684	71.1	698,011
(Shareholders' equity)					
Common stock	8,591,481	8.3	8,316,362	8.2	275,119
Additional paid-in capital	9,715,111	9.4	9,440,093	9.2	275,018
Legal earned surplus	1,245,262	1.2	1,118,086	1.1	127,175
Retained earnings					
(1) Voluntary reserves					
General reserve	9,550,000		8,250,000		1,300,000
(2) Unappropriated retained earnings	1,824,461		2,377,542		553,080
Total other reserves	11,374,461	11.1	10,627,542	10.4	746,919
Shareholders' equity	30,926,316	30.0	29,502,085	28.9	1,424,231
Total liabilities and shareholders' equity	102,920,989	100.0	102,194,769	100.0	726,220

2. Comparative statement of income

(Amounts less than ¥1 thousand have been rounded down)

Category	Current fiscal year [From November 1, 1999 To October 31, 2000]		Prior fiscal year [From November 1, 1998 To October 31, 1999]		Amount of increase or decrease
	Amount	Percent	Amount	Percent	
	¥ thousands	%	¥ thousands	%	¥ thousands
Operating revenues	61,030,048	100.0	60,584,159	100.0	445,888
Cost of revenues from operations	46,456,372	76.1	45,226,804	74.6	1,229,567
Gross profit	14,573,675	23.9	15,357,354	25.4	783,679
Selling and administrative expenses	11,468,912	18.8	11,265,682	18.6	203,230
Operating income	3,104,762	5.1	4,091,672	6.8	986,909
Non-operating revenue	815,807	1.3	626,334	1.0	189,472
Interest and dividends	91,196		98,251		7,055
Gain on redemption of bonds	28,358		93,413		65,055
Other	696,252		434,670		261,581
Non-operating expenses	1,252,351	2.0	1,002,484	1.7	249,867
Interest expense	479,845		569,406		89,561
Bond interest expense	132,001		133,576		1,575
Stock issue expense	1,182		1,003		179
Bond issue expense	147,500		4,259		143,240
Other	491,821		294,237		197,583
Ordinary income	2,668,218	4.4	3,715,522	6.1	1,047,304
Extraordinary profit	175,433	0.3	17,080	0.1	158,352
Adjustment of prior period profit or loss	971		67		903
Other	174,461		17,013		157,448
Extraordinary loss	215,415	0.4	177,704	0.3	37,711
Loss on sale or disposal of fixed assets	199,063		118,883		80,180
Valuation loss on investment securities	16,351		2,770		13,581
Other	-		56,050		56,050
Income before income taxes	2,628,236	4.3	3,554,899	5.9	926,662
Corporate, local and business taxes	1,226,610	2.0	2,080,920	3.4	854,309
Adjustment for corporate and other taxes	53,669	0.1	252,783	0.4	199,114
Net income	1,455,295	2.4	1,726,762	2.9	271,467
Profit carryforward from prior period	668,096		656,720		11,375
Adjustment for prior fiscal year tax effect	-		283,923		283,923
Cash dividends	271,754		263,513		8,241
Additions to legal reserve	27,175		26,351		824
Unappropriated retained earnings	1,824,461		2,377,542		553,080

3. Comparative appropriation of retained earnings (proposed)

(Amounts less than ¥1 thousand have been rounded down)

Period Category	Current fiscal year (proposed) General Meeting of the Shareholders approval date (January 30, 2001)	Prior fiscal year General Meeting of the Shareholders approval date (January 28, 2000)	Amount of increase or decrease
	¥ thousands	¥ thousands	¥ thousands
Unappropriated retained earnings	1,824,461	2,377,542	553,080
To be appropriated as follows			
Amount of appropriated retained earnings	1,188,660	1,709,446	520,785
Transfer to legal earned surplus	100,000	100,000	-
(Note) Cash dividends	272,060 (¥9 per share)	294,746 (¥10 per share)	22,685
Directors bonuses	16,600	14,700	1,900
(Auditors bonuses)	(1,700)	(1,200)	(500)
Voluntary reserve			
General reserve	800,000	1,300,000	500,000
Net income carried forward to the next period	635,801	668,096	32,295

(Notes) 1. The Company paid an interim dividend of ¥271,754,000 (¥9 per share) on July 21, 2000.

2. The shareholder dividend is calculated excluding 277 shares of treasury stock.

4. Notes to the financial statements

(Significant accounting policies)

Period Category	Current fiscal year From November 1, 1999 To October 31, 2000	Prior fiscal year From November 1, 1998 To October 31, 1999
1. Valuation standards and valuation methods for negotiable securities	Negotiable securities with a market on a securities exchangeLower of cost or market method based upon the moving average method Other negotiable securitiesCost method based upon the moving average method	Negotiable securities with a market on a securities exchange Same as at left Other negotiable securities Same as at left
2. Appraisal standards and appraisal method for construction equipment	Amount after deduction of depreciation expense calculated according to the declining-balance method from the original prices, by separate fiscal year of purchase	Same as at left
3. Appraisal standards and appraisal method for merchandise inventories and supplies	(1) Merchandise inventories Lower of cost or market based on the Last-in, First-out method (2) Supplies The Latest Purchase Cost method	(1) Merchandise inventories Same as at left (2) Supplies Same as at left
4. Depreciation method for fixed assets	(1) Tangible fixed assets The Company has adopted the declining-balance method based upon provisions in the Corporate Income Tax Law. Buildings on land that is leased under a fixed-term land lease agreement, however, are depreciated using the straight-line method using the remaining period of the fixed-term lease as the depreciable life and zero residual value. (2) Intangible fixed assets Software for use within the Company is depreciated using the straight-line method based on the assumed useful life for internal use (5 years). (3) Long-term prepaid expenses Straight-line depreciation based upon provisions in the Corporate Income Tax Law.	(1) Tangible fixed assets The Company has adopted the declining-balance method based upon provisions in the Corporate Income Tax Law. Buildings on land that is leased under a fixed-term land lease agreement, however, are depreciated using the straight-line method using the remaining period of the fixed-term lease as the depreciable life and zero residual value. (Change in depreciable life) Beginning in the current period the depreciable life for buildings (excluding equipment installed in buildings) has been shortened based upon amendment of the Corporate Income Tax Law in Fiscal Year 1998. As a result, depreciation expense increased by ¥82,736,000 over what it would have been using the standards applied in the prior period, and ordinary income and income before income taxes, respectively, have been decreased by the same amount. (3) Long-term prepaid expenses Same as at left
5. Deferred charges	New share issue expenses and bond issue expenses are charged to income as incurred.	Same as at left

<div style="text-align: right;">Period</div> <div style="text-align: left;">Category</div>	Current fiscal year From November 1, 1999 To October 31, 2000	Prior fiscal year From November 1, 1998 To October 31, 1999
6. Accounting standards for allowances and reserves	<p>(1) Reserve for doubtful accounts To provide for losses from doubtful accounts held at the end of the fiscal year, the Company charges to income the maximum amount that can be charged based on the provisions of the Corporate Income Tax Law, plus an amount for projected unrecoverable amounts based on assessments of individual accounts.</p> <p>(2) Accrued bonuses to employees To fully provide for expenditures of bonuses the Company will pay to employees, an amount is appropriated to the reserve based upon a salary estimate amount.</p> <p>(3) Retirement allowances to directors and auditors The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately based upon length of service.</p>	<p>(1) Reserve for doubtful accounts To provide for losses from doubtful accounts held at the end of the fiscal year, the Company charges to income the maximum amount that can be charged based on the provisions of the Corporate Income Tax Law, plus an amount for projected unrecoverable amounts based on assessments of individual accounts. (Supplemental information) Following amendment of Japan's Tax Code in Fiscal 1998, the reserve calculation was changed by replacing the maximum amount that could be charged to income under the Corporate Income Tax Law with the maximum amount that is actually charged to income under the Code. As a result, selling and administrative expense increased by ¥17,805,000 and ordinary income and income before taxes declined by the same amount, respectively, compared to what they would have been using the standards applied in the prior period.</p> <p>(2) Accrued bonuses to employees To fully provide for expenditures of bonuses the Company will pay to employees, an amount is appropriated to the reserve based upon a salary estimate amount. (Supplemental information) In prior years, accrued bonuses to employees were appropriated as the amount equivalent to the maximum deposit according to the hourly salary standard for salaries based on provisions of the Corporate Tax Law. Following amendment of the Corporate Tax Law in Fiscal 1998, however, beginning with this fiscal year the method was changed to an appropriation of a salary estimate amount. The effective amount based upon this change is immaterial.</p> <p>(3) Retirement allowances to directors and auditors Same as at left</p>
7. Lease transactions	For finance lease transactions except for leases that transfer ownership of the property to the lessee, rent expenses are charged to income as payments are made.	Same as at left
8. Other significant matters for preparation of the financial statements	<p>(1) Qualified pension plan 1. The Company adopted a fully qualified pension plan (Kanamoto Pension Fund) for its retirement benefit system on July 1, 1990. 2. Past service costs are being funded over a period of 7 years. 3. The liability for past service cost as of March 31, 2000 was ¥505,081,000.</p> <p>(2) Accounting treatment of consumption tax Consumption tax is taken out of all Statement of Income items and Balance Sheet items, except mainly for receivables and payables.</p>	<p>(1) Qualified pension plan 1. Same as at left 2. Past service costs are being funded over a period of more than 10 years but not more than 20 years. 3. The liability for past service cost as of March 31, 1999 was ¥524,376,000.</p> <p>(2) Accounting treatment of consumption tax Same as at left</p>

(Supplemental information)

Period Category	Current fiscal year From November 1, 1999 To October 31, 2000	Prior fiscal year From November 1, 1998 To October 31, 1999
Application of tax effect accounting	_____	<p>Beginning with this fiscal year accounting period, Kanamoto applied tax effect accounting based on Appendix Paragraph 3 of the "Ordinance to Partially Revise Regulations Concerning Terminology, Forms and Procedures for Preparation of Financial Statements" (Ministry of Finance Ordinance No. 173 dated December 21, 1998).</p> <p>As a result, net income increased by ¥252,783,000 and unappropriated retained earnings increased by ¥536,707,000, respectively, compared to what they would have been if tax effect accounting were not applied.</p>

(Change in reporting method)

Current fiscal year From November 1, 1999 To October 31, 2000	Prior fiscal year From November 1, 1998 To October 31, 1999
_____	<p>In prior fiscal years business taxes payable and branch location taxes payable were reported in business taxes payable. Beginning with this fiscal year, business taxes payable of ¥316,549,000 are included in corporate taxes payable, and branch location taxes payable of ¥13,583,000 are included in accounts payable, other.</p>
_____	<p>Based upon the amendment of the Regulations Concerning Financial Statements, for the current fiscal year the business tax that was included in taxes and public charges in the prior fiscal year is reported in corporate, local and business taxes (¥419,213,000 for the current fiscal year).</p>

(Notes to the Balance Sheets)

Category \ Period	Current fiscal year (As of October 31, 2000)	Prior fiscal year (As of October 31, 1999)
1. Total accumulated depreciation for tangible fixed assets	¥49,118,380,000	¥49,200,962,000
2. Treasury stock		
Treasury stock shares	277 shares	2,384 shares
Amount reported on the balance sheet	¥165,000	¥972,000
3. Common stock issued during the fiscal year		
Form of issue	Conversion of convertible bonds (Yen-denominated convertible bonds maturing in 2003)	Exercise of subscription rights (Stock option)
Number of shares issued	651,000 shares	289,000 shares
Share issue price	¥777	¥437
Capitalization amount	¥388	¥219
4. Reduction to book value		
Amounts for assets acquired for which accumulated book values were reduced by government subsidies		
Machinery & equipment	¥5,044,000	¥5,044,000
Land	¥3,569,000	¥3,569,000
Total	¥8,613,000	¥8,613,000
5. Accounting treatment of notes maturing at the end of the period	_____	<p>The fiscal year-end was October 31, 1999, a business holiday in Japan. Notes receivable and payable that matured on that date were settled on the immediately following business day, as is customary in Japan. Notes outstanding on October 31, 1999 for which settlement was postponed and which are included in the interim balances were as follows.</p> <p>Notes receivable, ¥1,291,723,000 trade</p> <p>Notes payable, ¥896,634,000 trade</p> <p>Equipment notes payable ¥85,141,000</p>

(Lease transactions)

Current fiscal year From November 1, 1999 To October 31, 2000				Prior fiscal year From November 1, 1998 To October 31, 1999			
1. For finance lease transactions except for leases that transfer ownership of the property to the lessee. (1) Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period.				1. For finance lease transactions except for leases that transfer ownership of the property to the lessee. (1) Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period.			
	Acquisition price	Accumulated depreciation	Outstanding balance		Acquisition price	Accumulated depreciation	Outstanding balance
	¥ '000	¥ '000	¥ '000		¥ '000	¥ '000	¥ '000
Rental assets	16,688,293	8,788,906	7,899,386	Rental assets	15,605,416	5,922,316	9,683,099
Tools, furnishings and fixtures	653,650	308,993	344,656	Tools, furnishings & fixtures	593,459	360,127	233,331
Total	17,341,943	9,097,900	8,244,043	Total	16,198,875	6,282,444	9,916,431
(2) Outstanding balance of future lease payments at the end of the fiscal year				(2) Outstanding balance of future lease payments at the end of the fiscal year			
	Within one year	¥2,638,858,000			Within one year	¥2,880,127,000	
	After one year	¥5,402,652,000			After one year	¥7,130,792,000	
	T o t a l	¥8,041,510,000			T o t a l	¥10,010,919,000	
(3) Amount of lease payments, depreciation expense and interest expense				(3) Amount of lease payments, depreciation expense and interest expense			
	Lease payments	¥3,080,428,000			Lease payments	¥2,982,359,000	
	Depreciation expense	¥2,820,125,000			Depreciation expense	¥2,717,859,000	
	Interest expense	¥291,429,000			Interest expense	¥327,507,000	
(4) Accounting method for amount equivalent to depreciation expense				(4) Accounting method for amount equivalent to depreciation expense			
	Straight-line depreciation using the lease term as the depreciable life and zero residual value.				Same as at left		
(5) Accounting method for amount equivalent to interest expense				(5) Accounting method for amount equivalent to interest expense			
	Interest method using the difference between total lease payments and the acquisition price of the lease property, allocated equally to each year.				Same as at left		
2. Operating leases				2. Operating leases			
	Future lease payments				Future lease payments		
	Within one year	¥1,422,400,000			Within one year	¥994,391,000	
	After one year	¥2,704,382,000			After one year	¥1,922,620,000	
	T o t a l	¥4,126,782,000			T o t a l	¥2,917,011,000	

(Significant subsequent events)

Current fiscal year From November 1, 1999 To October 31, 2000	Prior fiscal year From November 1, 1998 To October 31, 1999
—————	At the board of directors meeting held on October 13, 1999, the board approved the issue of ¥5,000 million of yen-denominated convertible bonds in the Swiss market on November 1, 1999 (Switzerland time). The bonds were subsequently issued and the funds received on that date.

Changes to directors and auditors

1. Changes to representative directors

There were no changes to the Company's representative directors.

2. Changes to other directors and auditors

New candidates for director

- Director (not full-time)

Masahiro Matono (Currently Executive Director, ORIX Corporation Deputy General Manager, Tokyo Sales Office)

Retiring directors

- Director General Manager, Credit Management Division, in charge of the Auditing Department
Eichu Kanamoto (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director General Manager, Administrative Division and Manager of the Affiliated Enterprises Division
Kimio Tsujioka (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director General Manager, Construction Rental Equipment Division, Hokkaido
Kenichi Katayama (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director Deputy General Manager, Construction Rental Equipment Division, Kanto Region and General Manager, Computer and Peripheral Equipment rental Division
Takemitsu Ikeda (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director General Manager, Construction Equipment Rental Division, Sea of Japan Region
Kazuaki Tanaka (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director General Manager, Steel Sales Division
Yoshikatsu Kon (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director General Manager, Accounting Department
Nobuhito Utatsu (Will assume position as an Executive Director, Kanamoto Co., Ltd.)
- Director (not a full-time employee)
Hiroshi Furukawa (currently Managing Director, ORIX Corporation)

Candidate to assume a position as auditor

- Corporate Auditor (Standing)
Norizumi Tsuda (currently Vice President and Director, Dogin Card Co., Ltd.)

Retiring auditor

- Corporate Auditor (Standing)
Setsuo Aburakawa