

**Fiscal Year ending October 31, 2000****Summary of Company Interim Financial Statements****June 15, 2000**

Listed Company Name **Kanamoto Company, Ltd.** Listing Exchanges  
Company Code Number **9678** **Tokyo Stock Exchange**  
**Sapporo Stock Exchange**

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Date of Report to the Board of Directors June 15, 2000  
Interim Dividend System The Company has an interim dividend system  
Interim Dividend Payment Date July 21, 2000

**1. Operating Results for the Interim Period ended April 30, 2000** (November 1, 1999 - April 30, 2000)**(1) Operating Results** (Numbers less than one million yen have been rounded down)

	Revenues		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended April 30, 2000	29,452	0.4	2,036	- 13.3	1,738	- 19.7
Six months ended April 30, 1999	29,338	2.0	2,349	32.2	2,164	23.7
Fiscal year ended October 31, 1999	60,584		4,091		3,715	

	Net Income		Net Income per Share of Common Stock
	Millions of yen	%	Yen
Six months ended April 30, 2000	993	- 2.8	33.56
Six months ended April 30, 1999	1,022	- 21.7	35.01
Fiscal year ended October 31, 1999	1,726		58.95

Notes 1. Average number of shares outstanding during the period

Six months ended April 30, 2000 29,607,447 shares

Six months ended April 30, 1999 29,205,135 shares

Fiscal year ended October 31, 1999 29,290,498 shares

2. Are there any changes in accounting method? No

**(2) Dividends**

	Interim Dividend per Share of Common Stock	Annual Dividend per Share of Common Stock
	Yen	Yen
Six months ended April 30, 2000	9.00	- - -
Six months ended April 30, 1999	9.00	- - -
Fiscal year ended October 31, 1999	- - -	19.00

**kanamoto**

**(3) Financial Position**

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended April 30, 2000	102,156	30,722	30.1	1,017.39
Six months ended April 30, 1999	98,759	28,976	29.3	989.53
Fiscal year ended October 31, 1999	102,194	29,502	28.9	1,000.85

Notes 1. Number of shares issued and outstanding at end of period

Six months ended April 30, 2000 30,197,241 shares

Six months ended April 30, 1999 29,283,019 shares

Fiscal year ended October 31, 1999 29,477,019 shares

2. Difference between market value and the interim period balance sheet

book value of negotiable securities ¥839 million

3. Difference between market value and contractual value of derivative

transactions as of the end of the interim period ¥ - million

**2. Projected Operating Results for the Fiscal Year Ending October 31, 2001**

(November 1, 1999 - October 31, 2000)

	Revenues	Ordinary Income	Net Income	Annual Dividend per Share of Common Stock	
				Year-end	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Full year	59,980	3,310	1,660	9.00	18.00

Reference: Projected net income per share of common stock (Full year) ¥54.97

## Attachment

### Current condition of the Company and affiliates

The business activities conducted by the Company and its affiliates (one subsidiary and six affiliated companies) are centered on the rental and sale of construction equipment, temporary construction materials, security equipment and other products, the sale of steel materials, and the rental and sale of information technology equipment (computers and peripheral equipment, etc.). The Company is also undertaking development of electric power supply and service businesses and food and beverage businesses as supplemental business activities. An explanation of the position of the Company and its affiliates in each business activity, and the relationships of the segments by type of business, is provided below.

#### **[ Businesses related to the Construction Equipment Rental Division ]**

**The Company** and **Taniguchi Co., Ltd.** (an affiliated company) are both engaged in the construction equipment rental business. Taniguchi Co., Ltd. operates in designated marketing areas and borrows rental equipment assets from the Company as needed in order to meet customer demand.

**SRG Kanamoto Co., Ltd.** (a subsidiary) operates a rental business to promote the rental of temporary materials for construction use. **Assist Co., Ltd.** (an affiliated company) is engaged in the rental of security products for the construction industry. The Company and Taniguchi Co., Ltd. borrow rental assets from both SRG Kanamoto Co., Ltd. and Assist Co., Ltd. as needed to rent to their own customers.

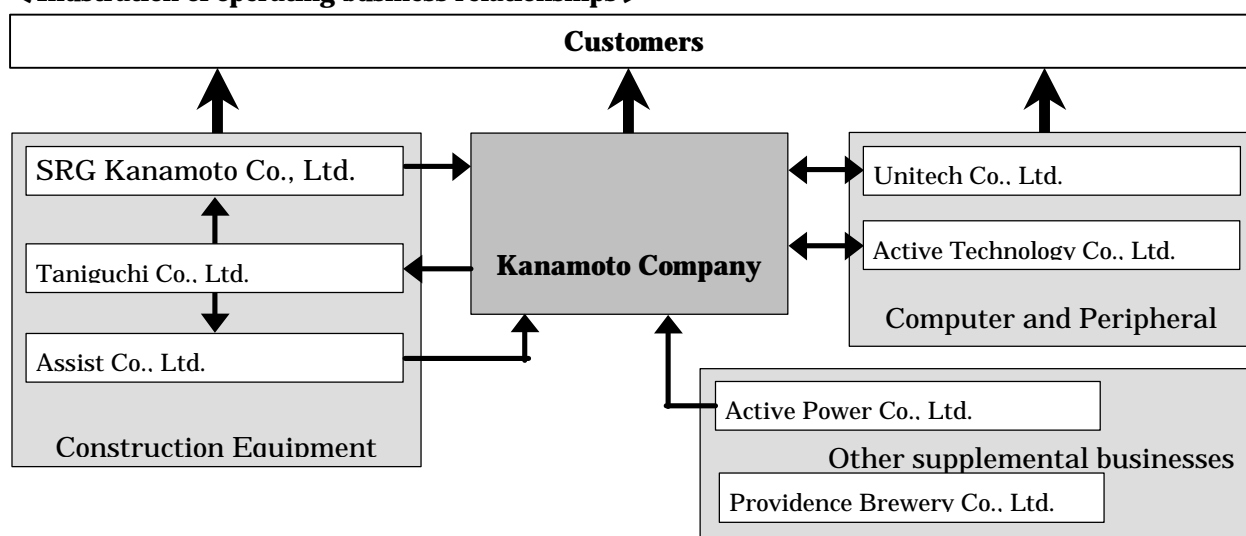
#### **[ Businesses related to the Computer and Peripheral Equipment Rental Division ]**

Together with **the Company**, **Unitech Co., Ltd.** and **Active Technology Co., Ltd.** (both affiliated companies) are engaged in the sale of computers and computer peripheral equipment. The Company supplies semiconductor products to Unitech Co., Ltd. and imports and supplies wireless LAN devices to Active Technology Co., Ltd.

#### **[ Other supplemental businesses ]**

**Active Power Co., Ltd.** (an affiliated company) is engaged in the sale of microturbine electrical generators, and supplies these products to the Company, among others. **Providence Brewery Co., Ltd.** (an affiliated company) brews and sells regional beers and operates a brewpub restaurant.

#### **[ Illustration of operating business relationships ]**



## **Management Policies**

### **(1) Basic policies concerning business management and distribution of earnings**

Every company's mission is to achieve successful results that produce the maximum satisfaction for all parties involved with the company, including customers, shareholders and the local community. At Kanamoto, we've added to this premise our commitment to change – embodied in the philosophy “never be satisfied with present conditions and constantly move ahead, regardless of the environment.” Together, these concepts form the fundamental management outlook for developing our businesses. In order to ensure the long-term, integrated expansion of shareholders' profits, we continue to focus comprehensively on both capital investments based on our medium-term profit plan, and on profitability, dividend trend and financial health. We also remain committed to our policy of stable dividend growth. To accomplish these goals we have focused from the very start on the importance of cash flow and placed particular importance on the growth of EBITDA (earnings before interest, taxes and depreciation and amortization).

### **(2) Medium to long-term corporate management strategy**

Over the long term, Kanamoto Company faces a situation in which expense budgets at public enterprises are shrinking. Under these circumstances it may appear difficult to assert that the future of construction equipment rentals – our company's principal business – looks promising. That having been said, however, the percentage of equipment used at construction sites that is rented is also showing an upward trend. There are also other numerous avenues that enable Kanamoto to grow, such as the expansion of our business into regions where we currently do not have branches and the strengthening of our responsiveness to private sector demand and the construction industry. We are also continuing our venture business support activities, in order to nurture new businesses that will follow in the footsteps of our construction equipment rental business.

The principal elements of our 1999-2002 Medium-Term Management Plan for November 1999 through October 2002 are the following.

- Expand our service area, by opening branches in western Japan where we still do not have branches and building our group of business alliances.

- Continue to invest in venture businesses within the framework of a specified amount of net income.

- Refine our financial strategy of focusing on global standards, and strive to improve our debt rating. In separate action we formed a collaborative business alliance for construction equipment rental in December 1999 with Komatsu Group. Both companies will benefit by avoiding redundant investments and achieving more effective utilization of owned assets, and we are continuing to coordinate our activities in each marketing region.

## **Operating results**

### **(1) Summary of mid-term operating results**

Despite a sense during the interim operating period that the large-scale economic stimulus package approved by the administration of former Prime Minister Obuchi was continuing to lessen the economic malaise engulfing Japan's economy, individual consumption in general remained cool. Despite an overall mood of business recovery in the Bank of Japan's most recent "tankan" short-term business outlook Diffusion Index survey (March 2000), economic results were still negative. The feeling continues that there is still excess capital investment and employment, and currently the economic recovery can be described as uncertain at best.

In the construction industry, which remains Kanamoto's leading customer, bullish sentiment prevailed over the aforementioned large-scale economic stimulus package (including ¥2.7 trillion in the second revision for public enterprise-related expenses in Fiscal 1999), a large share of which was allocated to favored activities centered on local public organizations. Nevertheless, because of problems such as the resolution of bad loans still held by financial institutions, uncertainty over the direction of public enterprises and lackluster consumer demand, it was a time for companies in the construction industry to review the nature of their business.

Looking at construction equipment rental revenues, despite a decline in the Hokkaido region where public works construction took a breather, the Tohoku region achieved broad revenue growth as our efforts to become the dominant player came to fruition and the Sea of Japan region also remained strong. In the Kanto area, the construction equipment rental business into which we have recently focused our efforts turned in a good performance despite increasingly aggressive competition from other firms, with revenues unchanged from the same period of the prior fiscal year. Finally, revenues also climbed in the Kinki and Tokai regions as a result of our new branches, despite further stoking of competitors' efforts. As a result, total rental revenue rose by 3.5% over the prior year.

Sales revenues for the division fell as sales of used equipment were postponed due to the influence of positive inquiries regarding equipment rentals, and sales of new equipment also declined as construction companies refrained from new purchases. Compared to the same period of the prior fiscal year, sales revenues edged downward 3.6%. Revenues for the division as a whole were up 1.8%, a slight increase. The Company adjusted its branch network by opening six new branches, including two branches in the Hokkaido region, three branches in the Tohoku region and one branch in the Kinki-Tokai region. The Company closed one branch in the Sea of Japan region.

In the Steel Sales Division, despite industry progress in reducing inventories the steel market continued to witness a decline in actual demand and sales were off 5.4% from the same period of the prior fiscal year. In the Computer and Peripheral Equipment Rental Division, although there was no change in rental revenue from the prior year, sales of newly-handled items (LAN boards for factories) that had experienced strong growth in the same period of the prior year declined, resulting in a 17.3% drop in sales revenue from the same period of the prior year for the division as a whole.

As a result of the above performance, total revenue was ¥29,452 million (up 0.4% compared to prior year). Ordinary income was ¥1,738 million (down 19.7% from the prior year), and net income for the interim period was ¥993 million (down 2.8% from the prior year).

As part of the effort to improve its financial position, the Company issued ¥5,000 million of yen-denominated convertible bonds in the Swiss market on November 1, 1999.

At the present time the Company's venture business support activities include capital investments or

purchases of debentures at eight companies, plus support in the form of business collaboration with two more firms.

In another area, the Company expects Active Power Co., Ltd., which is marketing microturbine electrical generators produced by Capstone Corporation in the U.S., to begin shipping soundproofed-type microturbine electrical generators based on Capstone's specifications by the end of 2000, as originally planned.

## **(2) Outlook for the fiscal year**

In the budget for Fiscal 2000, public enterprise spending will remain at the level of the prior fiscal year (¥9,430.7 billion). To this amount another ¥500.0 billion has been added as reserve funds for public enterprises. As a result of these aggressive government economic measures, the equipment investment posture of firms is gradually improving.

On another positive note, according to the Fiscal 1999 survey by the Japan Civil Engineering Association the use of construction equipment rentals to meet equipment needs rose 1.1% over the prior fiscal year to 55.2%, the highest level ever recorded. The use of rental equipment by general contractors increased 2.7% to 74.2%, while the use of rentals by sub-contractors also rose 1.2% to 43.3%, continuing the steady trend towards outsourcing of recent years.

With regard to the current situation facing the Construction Equipment Rental Division, the Company's principal business sector, although a reasonable level of demand is expected but growing competition to survive the shakeout in the rental equipment industry will be unavoidable. Particularly in regions other than the Tokyo metropolitan area, demand from the private sector is minimal, and the construction equipment rental industry will face a tough time trying to improve its operating results

During the fiscal year Kanamoto will selectively strengthen its dominant position, particularly in Hokkaido and the Tohoku region, to ensure the Construction Equipment Rental Division's market position is not eroded through careless oversight. During the fiscal year we plan to open 12 branches, including six branches in Hokkaido (including two already opened in the first half), five branches in the Tohoku region (including 3 already opened), and one branch in the Kinki-Tokai region (already opened). We will also open two delivery yards, one in Hokkaido and one in the Sea of Japan region.

The Computer and Peripheral Equipment Rental Division has begun marketing a high-speed wireless transmission product for home use. Because the product's video transmission capabilities are far superior to those of products already marketed by other companies, the product is expected to become one of the division's leading products.

In summary, private sector capital investment in the construction equipment rental market remains fluid, recovery of the steel market is not expected, and sales of used equipment have declined more than in our initial plan. Therefore, for the full fiscal year the Company's total revenues are projected to edge downward by 1.0% to ¥59,980 million, ordinary income is projected to decline by 10.9% to ¥3,310 million, and net income is projected to shrink 3.8% to ¥1,660 million.

## VIII Company Financial Statements

### 1. Comparative Balance Sheets

(Unit: Thousands of yen)

Category	Period		End of Current Fiscal Year Interim Period		Prior Fiscal Year Summary Balance Sheet	
	End of Prior Fiscal Year Interim Period		End of Current Fiscal Year Interim Period		Prior Fiscal Year Summary Balance Sheet	
	(As of April 30, 1999)		(As of April 30, 2000)		(As of October 31, 1999)	
	Amount	Percent	Amount	Percent	Amount	Percent
(Assets)		%		%		%
I Current Assets						
Cash and deposits	18,964,310		17,887,632		16,192,095	
Notes receivable, trade	13,222,006		14,487,679		14,784,165	
Accounts receivable, trade	8,384,919		7,743,666		10,774,469	
Inventory	1,211,535		991,060		918,040	
Other current assets	3,950,871		5,762,929		4,904,800	
Allowance for doubtful accounts	- 114,671		- 166,584		- 135,602	
Total Current Assets	45,618,972	46.2	46,706,384	45.7	47,437,967	46.4
II Fixed Assets						
(1) Tangible Fixed Assets						
Rental equipment	15,539,064		16,626,408		16,909,278	
Buildings & structures	5,899,046		6,281,962		5,686,554	
Land	24,003,732		24,042,786		24,033,210	
Other tangible fixed assets	3,892,675		3,812,620		4,137,023	
Total Tangible Fixed Assets	49,334,519		50,763,777		50,766,066	
(2) Intangible Fixed Assets	40,034		67,361		40,178	
(3) Investments and Other Assets	3,994,108		4,834,259		4,135,381	
Allowance for doubtful accounts	- 227,727		- 214,786		- 184,825	
Total Investments and Other Assets	3,766,381		4,619,472		3,950,555	
Total Fixed Assets	53,140,935	53.8	55,450,611	54.3	54,756,801	53.6
Total Assets	98,759,908	100.0	102,156,996	100.0	102,194,769	100.0

(Unit: Thousands of yen)

Category	Period		End of Current Fiscal Year Interim Period		Prior Fiscal Year Summary Balance Sheet	
	End of Prior Fiscal Year Interim Period		(As of April 30, 2000)		(As of October 31, 1999)	
	Amount	Percent	Amount	Percent	Amount	Percent
(Liabilities)		%		%		%
I Current Liabilities						
Notes payable, trade	7,404,283		8,557,213		9,195,512	
Accounts payable, trade	2,505,852		2,052,541		2,605,958	
Short-term bank loans	15,716,815		14,090,200		15,799,590	
Accounts payable, other	7,026,995		7,986,053		8,333,094	
Corporate taxes payable	1,156,449		772,980		1,556,903	
Accrued bonuses to employees	459,471		477,625		479,417	
Equipment notes payable	635,562		857,930		917,963	
Other current liabilities	641,754		496,487		473,229	
Total Current Liabilities	35,547,183	36.0	35,291,031	34.5	39,361,668	38.5
II Long-term Liabilities						
Straight bonds	5,277,692		5,277,692		5,277,692	
Convertible bonds	5,923,000		9,866,000		5,641,000	
Long-term bank loans	15,373,200		11,993,000		13,504,000	
Long-term accrued expenses	7,394,186		8,719,457		8,629,522	
Retirement allowances to directors and auditors	268,138		287,454		278,801	
Total Long-term Liabilities	34,236,216	34.7	36,143,603	35.4	33,331,015	32.6
Total Liabilities	69,783,400	70.7	71,434,635	69.9	72,692,684	71.1
(Shareholders' Equity)						
I Common stock	8,273,876	8.4	8,584,473	8.4	8,316,362	8.2
II Additional paid-in capital	9,397,801	9.5	9,708,135	9.5	9,440,093	9.2
III Legal earned surplus	1,091,735	1.1	1,218,086	1.2	1,118,086	1.1
IV Retained earnings						
General reserve	8,250,000		9,550,000		8,250,000	
Unappropriated retained earnings (interim period)	1,963,094		1,661,665		2,377,542	
Total other reserves	10,213,094	10.3	11,211,665	11.0	10,627,542	10.4
Shareholders' Equity	28,976,507	29.3	30,722,361	30.1	29,502,085	28.9
Total Liabilities and Shareholders' Equity	98,759,908	100.0	102,156,996	100.0	102,194,769	100.0



**2. Comparative Statements of Income**

(Unit: Thousands of yen)

Category	Period	Prior Fiscal Year Interim Period		Current Fiscal Year Interim Period		Prior Fiscal Year Summary Statement of Income	
		(From November 1, 1998 to April 30, 1999)		(From November 1, 1999 to April 30, 2000)		(From November 1, 1998 to October 31, 1999)	
		Amount	Percent	Amount	Percent	Amount	Percent
I	Operating revenues	29,338,113	100.0	29,452,753	100.0	60,584,159	100.0
II	Cost of revenues	21,499,207	73.3	21,743,306	73.8	45,226,804	74.6
	Gross profit	7,838,905	26.7	7,709,447	26.2	15,357,354	25.4
III	Selling, general and administrative expenses	5,489,289	18.7	5,673,123	19.3	11,265,682	18.6
	Operating income	2,349,616	8.0	2,036,324	6.9	4,091,672	6.8
IV	Non-operating revenues	330,472	1.1	373,316	1.3	626,334	1.0
V	Non-operating expenses	515,616	1.7	671,432	2.3	1,002,484	1.7
	Ordinary income	2,164,472	7.4	1,738,208	5.9	3,715,522	6.1
VI	Extraordinary profits	600	0.0	134,048	0.5	17,080	0.1
VII	Extraordinary losses	92,464	0.3	97,035	0.3	177,704	0.3
	Income before taxes and adjustments	2,072,608	7.1	1,775,220	6.0	3,554,899	5.9
	Corporate, local and business taxes	1,142,863	3.9	735,943	2.5	2,080,920	3.4
	Adjustment for corporate and other taxes	- 92,705	- 0.3	45,707	0.1	- 252,783	- 0.4
	Net income	1,022,450	3.5	993,569	3.4	1,726,762	2.9
	Profit carry-forward from prior period	656,720		668,096		656,720	
	Adjustment for prior fiscal year tax effects	283,923		-		283,923	
	Cash dividends	-		-		263,513	
	Additions to legal reserve	-		-		26,351	
	Unappropriated retained earnings	1,963,094		1,661,665		2,377,542	

Significant accounting policies for the interim period financial statements

Category \ Period	Prior fiscal year interim accounting period (From November 1, 1998 To April 30, 1999)	Current fiscal year interim accounting period (From November 1, 1999 To April 30, 2000)
1. Accounting principles used for normal accounting treatment and standards for accounting methods that differ according to statement preparation		
(1) Deferred treatment of operating expenses and deferred amounts		
Depreciation expense	<p>The estimated amount of annual depreciation expense at the end of the current interim accounting period is appropriated proportionately over the term.</p>	Same as at left
Amount of transfer for accrued bonuses for employees	<p>For accrued bonuses to employees, an amount is appropriated to the interim accounting period for the estimated amount arising during the year, using the period as a standard. On the balance sheets, an amount equal to the amount of the interim period accounting liability, less the amount already paid for the interim accounting period, is shown as the accrued bonuses for employees.</p> <p>( Supplemental information )</p> <p>In prior years, accrued bonuses to employees were appropriated as the amount equivalent to the maximum deposit according to the hour salary standard for salaries as based on provisions of the Corporate Tax Law. Following amendment of the Corporate Tax Law in Fiscal 1998, however, beginning with this interim period the method was changed to an appropriation of a salary estimate amount. The effective amount based upon this change is immaterial.</p>	<p>For accrued bonuses to employees, an amount is appropriated to the interim accounting period for the estimated amount arising during the year, using the period as a standard. On the balance sheets, an amount equal to the amount of the interim period accounting liability, less the amount already paid for the interim accounting period, is shown as the accrued bonuses for employees.</p>
Amount of transfer for retirement allowances to directors	<p>The company provided for retirement allowances to directors and auditors based upon pertinent rules and appropriated proportionately to the account based upon length of service.</p>	Same as at left

(2) Method for appropriating income taxes and business taxes	An amount calculated is appropriated to the current interim period income before income taxes by applying the prescribed tax rate to changes in income due to tax accounting adjustments on the tax return.	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	(1) Merchandise inventories Same as at left
4. Appraisal standards when using standards other than principle standards, for assets other than merchandise inventory and supplies	(2) Supplies The Latest Purchase Cost method Negotiable securities that have a market on a securities exchange ... .. Lower of cost or market method based upon the moving average method	(2) Supplies Same as at left Negotiable securities that have a market on a securities exchange Same as at left

<p style="text-align: right;">Period</p> <p>Category</p>	<p>Prior fiscal year interim accounting period (From November 1, 1998 To April 30, 1999)</p>	<p>Current fiscal year interim accounting period (From November 1, 1999 To April 30, 2000)</p>
<p>5. Depreciation method for tangible fixed assets</p>	<p>Declining-balance method based upon provisions in the corporate tax code ( Change in depreciable life )</p> <p>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.</p> <p>As a result, depreciation expense increased by ¥41,368,000 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.</p>	<p>Declining-balance method based upon provisions in the corporate tax code</p>
<p>6. Deferred charges</p>	<p>Stock issue expenses are charged to income as incurred.</p>	<p>Stock and bond issue expenses are charged to income as incurred.</p>
<p>7. Lease transactions</p>	<p>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.</p>	<p>Same as at left</p>
<p>8. Other significant matters that are standard policies for the interim financial statements</p> <p>Accounting treatment for consumption tax</p>	<p>Consumption tax is taken out of all Statements of Income items and Balance Sheet items, except mainly for receivables and payables.</p> <p>Furthermore, because the monetary amount of the tax is relatively minor when consumption taxes received and paid are offset, the amount is included in "Other current liabilities".</p>	<p>Same as at left</p>

## Supplemental information

Category \ Period	Prior fiscal year interim accounting period (From November 1, 1998 To April 30, 1999)	Current fiscal year interim accounting period (From November 1, 1999 To April 30, 2000)
1. Allowance for doubtful accounts	In the past, the allowance for doubtful accounts was provided at an estimated amount of probable bad debts and the maximum amount that could be charged to income under the Corporate Income Tax Law. Following amendment of the Tax Code during Fiscal Year 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, operating income, ordinary income and income before taxes decreased by ¥11,642,000 compared to what they would have been using the standards applied in the prior period.	_____
2. Application of tax effect accounting	Beginning with this fiscal year accounting period, Kanamoto will apply tax effect accounting. As a result, net income and unappropriated retained earnings for the interim accounting period increased by ¥92,705,000 and ¥376,628,000, respectively, compared to what they would have been if tax effect accounting were not applied.	_____

## Change in reporting method

Prior fiscal year interim accounting period (From November 1, 1998 To April 30, 1999)	Current fiscal year interim accounting period (From November 1, 1999 To April 30, 2000)
In prior year interim periods, business taxes payable and branch location taxes payable were reported in business taxes payable. Beginning with this interim period, business taxes payable of 241,023,000 are included in corporate taxes payable, and branch location taxes of ¥6,398,000 are included in accounts payable, other.	_____

**(Notes to the Interim Period Balance Sheets)**

Category \ Period	End of Prior Fiscal Year Interim Period (As of April 30, 1999)	End of Current Fiscal Year Interim Period (As of April 30, 2000)	End of Prior Fiscal Year (As of October 31, 1999)
Total accumulated depreciation for tangible fixed assets	¥48,112,335,000	¥49,283,118,000	¥49,200,962,000
Contingent liabilities Guarantees	¥27,464,000	¥27,958,000	¥26,795,000
Treasury stock Treasury stock shares Amount carried on the balance sheets	1,595 shares ¥1,097,000	1,313 shares ¥1,017,000	1,384 shares ¥972,000
Reasons for increase in number of shares issued	Exercise of new stock subscription rights (Stock options) Shares issued: 95,000 Issue price per share: ¥437 Amount credited to capital surplus: ¥219	(1) Exercise of new stock subscription rights (Stock options) Shares issued: 69,000 Issue price per share: ¥437 Amount credited to capital surplus: ¥219 (2) Conversion of yen denominated convertible bonds maturing 2003 Number of shares 651,222 shares Per share conversion price ¥777 Capitalization amount ¥389	Exercise of new stock subscription rights (Stock options) Shares issued: 289,000 Issue price per share: ¥437 Amount credited to capital surplus: ¥219
Reduction to book value	Amounts for assets acquired in prior fiscal years for which accumulated book values were reduced by government subsidies  Machinery & equipment ¥5,044,000 Land ¥2,686,000 Total ¥7,730,000	The book value of buildings was reduced by ¥48,132,000 for expropriations during the period. The amounts by which the accumulated book amounts of other assets were reduced by government subsidies were as follows.  Machinery & equipment ¥5,044,000 Land ¥3,569,000 Total ¥8,613,000	The book value of land was reduced by ¥883,000 for government subsidies during the period. The amounts by which accumulated book amounts of other assets were reduced by government subsidies were as follows.  Machinery & equipment ¥5,044,000 Land ¥3,569,000 Total ¥8,613,000

Accounting treatment of notes maturing at the end of the period		<p>The interim period-end was a financial institution 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 for which settlement was postponed and which are included in the interim balances were as follows.</p> <table data-bbox="852 689 1125 896"> <tr> <td>Notes receivable, trade</td> <td>¥1,347,094,000</td> </tr> <tr> <td>Notes payable, trade</td> <td>¥917,557,000</td> </tr> <tr> <td>Equipment notes payable</td> <td>¥181,029,000</td> </tr> </table>	Notes receivable, trade	¥1,347,094,000	Notes payable, trade	¥917,557,000	Equipment notes payable	¥181,029,000	<p>The period-end was a financial institution 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 for which settlement was postponed and which are included in the interim balances were as follows.</p> <table data-bbox="1144 689 1417 896"> <tr> <td>Notes receivable, trade</td> <td>¥1,291,723,000</td> </tr> <tr> <td>Notes payable, trade</td> <td>¥896,634,000</td> </tr> <tr> <td>Equipment notes payable</td> <td>¥85,141,000</td> </tr> </table>	Notes receivable, trade	¥1,291,723,000	Notes payable, trade	¥896,634,000	Equipment notes payable	¥85,141,000
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**(Notes to the Interim Period Statements of Income)**

Category \ Period	Prior Fiscal Year Interim Period (From November 1, 1998 to April 30, 1999)	Current Fiscal Year Interim Period (From November 1, 1999 to April 30, 2000)	Prior Fiscal Year Summary Statement of Income (From November 1, 1998 to October 31, 1999)
1. Principal items included in non-operating revenues			
Interest received	¥43,487,000	¥7,069,000	¥56,818,000
Gain on redemption of corporate bonds by purchase	¥64,654,000	¥25,024,000	¥93,413,000
2. Principal items included in non-operating expenses			
Interest expense and discounts	¥303,320,000	¥234,517,000	¥569,406,000
New stock issuance expense	¥534,000	¥1,152,000	¥1,003,000
Interest on corporate bonds	-	¥147,500,000	¥4,259,000
3. Depreciation and amortization			
Tangible fixed assets	¥3,372,783,000	¥3,388,128,000	¥7,168,438,000
	<p>(Additional information)            In prior periods business taxes were included in general and administrative expenses. Beginning in this interim period, business taxes are included in corporate, local and business taxes. As a result, operating income, ordinary income and income before taxes, respectively, increased by ¥235,543,000 over what they would have been using the standards applied in prior interim accounting periods.</p>		



**(Lease Transactions)**

Period Category	Prior Fiscal Year Interim Period (From November 1, 1998 to April 30, 1999)	Current Fiscal Year Interim Period (From November 1, 1999 to April 30, 2000)	Prior Fiscal Year Summary Statement of Income (From November 1, 1998 to October 31, 1999)																																																
1. For finance lease transactions except leases that transfer ownership of the property to the lessee.	1. Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balance at the end of the interim period	1. Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balance at the end of the interim period	1. Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balance at the end of the fiscal year accounting period.																																																
	<table border="1"> <thead> <tr> <th></th> <th>Acquisition price</th> <th>Accumulated depreciation</th> <th>Outstanding balance</th> </tr> </thead> <tbody> <tr> <td>Rental assets</td> <td>¥ '000 15,110,865</td> <td>¥ '000 4,968,691</td> <td>¥ '000 10,142,174</td> </tr> <tr> <td>Other assets</td> <td>611,379</td> <td>319,704</td> <td>291,675</td> </tr> <tr> <td>Total</td> <td>15,722,245</td> <td>5,288,395</td> <td>10,433,850</td> </tr> </tbody> </table>		Acquisition price	Accumulated depreciation	Outstanding balance	Rental assets	¥ '000 15,110,865	¥ '000 4,968,691	¥ '000 10,142,174	Other assets	611,379	319,704	291,675	Total	15,722,245	5,288,395	10,433,850	<table border="1"> <thead> <tr> <th></th> <th>Acquisition price</th> <th>Accumulated depreciation</th> <th>Outstanding balance</th> </tr> </thead> <tbody> <tr> <td>Rental assets</td> <td>¥ '000 16,656,984</td> <td>¥ '000 7,670,140</td> <td>¥ '000 8,986,843</td> </tr> <tr> <td>Other assets</td> <td>537,854</td> <td>234,860</td> <td>302,994</td> </tr> <tr> <td>Total</td> <td>17,194,839</td> <td>7,905,000</td> <td>9,289,838</td> </tr> </tbody> </table>		Acquisition price	Accumulated depreciation	Outstanding balance	Rental assets	¥ '000 16,656,984	¥ '000 7,670,140	¥ '000 8,986,843	Other assets	537,854	234,860	302,994	Total	17,194,839	7,905,000	9,289,838	<table border="1"> <thead> <tr> <th></th> <th>Acquisition price</th> <th>Accumulated depreciation</th> <th>Outstanding balance</th> </tr> </thead> <tbody> <tr> <td>Rental assets</td> <td>¥ '000 15,605,416</td> <td>¥ '000 5,922,316</td> <td>¥ '000 9,683,099</td> </tr> <tr> <td>Other assets</td> <td>593,459</td> <td>360,127</td> <td>233,331</td> </tr> <tr> <td>Total</td> <td>16,198,875</td> <td>6,282,444</td> <td>9,916,431</td> </tr> </tbody> </table>		Acquisition price	Accumulated depreciation	Outstanding balance	Rental assets	¥ '000 15,605,416	¥ '000 5,922,316	¥ '000 9,683,099	Other assets	593,459	360,127	233,331	Total	16,198,875	6,282,444	9,916,431
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	2. Outstanding balance of future lease payments at the end of the interim period	2. Outstanding balance of future lease payments at the end of the interim period	2. Outstanding balance of future lease payments at the end of the fiscal year accounting period.																																																
	<p>Within one year ¥2,987,850,000</p> <p>After one year ¥7,498,116,000</p> <p>Total ¥10,485,966,000</p>	<p>Within one year ¥2,814,451,000</p> <p>After one year ¥6,199,145,000</p> <p>Total ¥9,013,596,000</p>	<p>Within one year ¥2,880,127,000</p> <p>After one year ¥7,130,792,000</p> <p>Total ¥10,010,919,000</p>																																																
	3. Amount of lease payments, depreciation expense and interest expense	3. Amount of lease payments, depreciation expense and interest expense	3. Amount of lease payments, depreciation expense and interest expense																																																
	<p>Lease payments ¥1,497,694,000</p> <p>Depreciation expense ¥1,370,096,000</p> <p>Interest expense ¥172,320,000</p>	<p>Lease payments ¥1,618,672,000</p> <p>Depreciation expense ¥1,531,426,000</p> <p>Interest expense ¥153,393,000</p>	<p>Lease payments ¥2,982,359,000</p> <p>Depreciation expense ¥2,717,859,000</p> <p>Interest expense ¥327,507,000</p>																																																
	4. Accounting method for amount equivalent to depreciation expense	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	Same as at left																																																
	5. Accounting method for amount equivalent to interest expense	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	Same as at left																																																
2. Operating leases	Future lease payments	Future lease payments	Future lease payments																																																
	<p>Within one year ¥829,601,000</p> <p>After one year ¥2,217,684,000</p> <p>Total ¥3,047,285,000</p>	<p>Within one year ¥1,036,303,000</p> <p>After one year ¥1,908,879,000</p> <p>Total ¥2,945,182,000</p>	<p>Within one year ¥994,391,000</p> <p>After one year ¥1,922,620,000</p> <p>Total ¥2,917,011,000</p>																																																

### 3. Revenue by division

Revenues by operating division were as follows.

(Unit: ¥ '000)

Division		Period	First Half, Prior Fiscal Year (From November 1, 1998 To April 30, 1999)	First Half, Current Fiscal Year (From November 1, 1999 To April 30, 2000)
Rental	Construction equipment		19,092,220	19,752,759
Sales	Steel materials		3,681,642 ( 73,888)	3,482,750 ( 81,575)
	Construction equipment and steel materials		6,037,337	5,817,071
	Other sales		526,913	400,172
	Subtotal		10,245,892	9,699,994
Total			29,338,113	29,452,753

- Notes
1. For sales amounts the information is shown in summary form because the extensive number of product categories makes it difficult to create a detailed sales volume table.
  2. Numbers with parentheses indicate export sales amounts.
  3. Figures for rental revenue include transport revenues related to the relevant rental.

#### 4. Negotiable securities

##### Market value of negotiable securities

(Unit: ¥ '000)

Type	End of the prior fiscal year interim period (As of April 30, 1999)			End of the current fiscal year interim period (As of April 30, 2000)			End of the prior fiscal year (As of October 31, 1999)		
	Amount shown on interim balance sheet	Market value	Valuation profit or loss	Amount shown on interim balance sheet	Market value	Valuation profit or loss	Amount shown on year-end balance sheet	Market value	Valuation profit or loss
<b>A s s e t s classified as current a s s e t s</b>									
Stocks	48,980	58,421	9,441	417,810	434,286	16,476	54,680	71,940	17,260
Bonds	223,258	222,870	- 388	269,130	268,447	- 682	233,752	234,203	450
Other	-	-	-	-	-	-	-	-	-
Subtotal	272,239	281,291	9,052	686,940	702,734	15,793	288,433	306,143	17,710
<b>A s s e t s classified as fixed a s s e t s</b>									
Stocks	1,069,387	1,587,183	517,796	1,036,833	2,081,287	1,044,453	1,049,410	1,860,600	811,190
Bonds	13,595	14,918	1,322	118,863	119,190	326	121,233	122,136	902
Other	1,026,520	803,342	- 223,178	1,000,578	779,380	- 221,198	1,000,578	762,945	- 237,633
Subtotal	2,109,503	2,405,443	295,940	2,156,274	2,979,857	823,582	2,171,222	2,745,681	574,459
<b>Total</b>	<b>2,381,742</b>	<b>2,686,735</b>	<b>304,992</b>	<b>2,843,215</b>	<b>3,682,591</b>	<b>839,375</b>	<b>2,459,655</b>	<b>3,051,825</b>	<b>592,170</b>

## ( Notes )

End of the prior fiscal year interim accounting period (As of April 30, 1999)	End of the current fiscal year interim accounting period (As of April 30, 2000)	End of the prior fiscal year (As of October 31, 1999)
1. Market value calculation methods	1. Market value calculation methods	1. Market value calculation methods
(1) Listed negotiable securities Valued mainly on the basis of the final closing prices on the Tokyo Stock Exchange	(1) Listed negotiable securities Same as at left	(1) Listed negotiable securities Same as at left
(2) Over-the-counter negotiable securities Valued on the basis of trading prices such as those published by the Japan Association of Securities Dealers	(2) Over-the-counter negotiable securities Same as at left	(2) Over-the-counter negotiable securities Same as at left
(3) Beneficiary certificates for unlisted security investment trusts Valued on the basis of each trust's standard valuation.	(3) Beneficiary certificates for unlisted security investment trusts Same as at left	(3) Beneficiary certificates for unlisted security investment trusts Same as at left
2. Stocks classified as current assets including treasury stock. Valuation profit or loss Assets classified as current assets      ¥106,000	2. Stocks classified as current assets including treasury stock. Valuation profit or loss Assets classified as current assets      - ¥11,000	2. Stocks classified as current assets including treasury stock. Valuation profit or loss Assets classified as current assets      - ¥168,000
3. Interim period balance sheet valuation of negotiable securities that are excluded from disclosure requirements Assets classified as current assets Unlisted foreign bonds with a remaining amortization period of less than one year      ¥300,000,000	3. Interim period balance sheet valuation of negotiable securities that are excluded from disclosure requirements Assets classified as current assets Beneficiary certificates during the trust's closed period      ¥135,919,000  Unlisted foreign bonds      ¥109,853,000	3. Interim period balance sheet valuation of negotiable securities that are excluded from disclosure requirements Assets classified as current assets Unlisted foreign bonds with a remaining amortization period of less than one year      ¥498,932,000 Beneficiary certificates during the trust's closed period      ¥35,942,000 Unlisted foreign bonds      ¥99,800,000
Assets classified as fixed assets Unlisted stock except for over-the-counter stocks      ¥198,750,000 Government bond investment trust      ¥10,000,000 Corporate bonds with stock warrants attached      ¥10,000,000 Unlisted foreign bonds      ¥99,800,000	Assets classified as fixed assets Unlisted stock except for over-the-counter stocks      ¥509,510,000 Corporate bonds with stock warrants attached      ¥10,000,000 Unlisted foreign bonds      ¥305,156,000	Assets classified as fixed assets Unlisted stock except for over-the-counter stocks      ¥359,750,000 Corporate bonds with stock warrants attached      ¥10,000,000

**5. Derivative contract amount, market value and valuation profit and loss**

From time to time Kanamoto Company utilizes interest rate and currency derivative transactions. The amounts of these contracts and the amounts equivalent to valuation profit and loss are very small. Details of the transactions have been omitted because the amounts are deemed to have little influence on the company's financial position.