

Fiscal Year ending October 31, 2004
Third Quarter Financial Statements Bulletin (Consolidated)
September 3, 2004

Listed Company Name **Kanamoto Company, Ltd.**
Company Code Number **9678**
Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
(URL <http://www.kanamoto.co.jp>)
Representative **Kanchu Kanamoto** President
Inquiries **Nobuhito Utatsu**
Director & Corporate Officer, Division Manager, Accounting Division
TEL 81-11-209-1600
Please send inquiries in English to takayama@kanamoto.co.jp

1. Matters Related to Preparation of the Quarterly Financial Statements Bulletin

1. Are there any differences between the statement methods used and the accounting procedures applied for the most recent consolidated fiscal year? No
2. Are there any changes in the scope of consolidation and application of the equity method? No

2. Summary of Operating Results for the Third Quarter of the Fiscal Year Ending October 31, 2004 (November 1, 2003 – July 31, 2004)

(1) Revenues (Consolidated) (Amounts less than one million yen omitted)

	Millions of yen	%
Fiscal Year Ending October 31, 2004: Nine Months ended July 31, 2004	44,478	(—)
Fiscal Year Ended October 31, 2003: Nine Months ended July 31, 2003	—	(—)
(Reference) Fiscal Year Ended October 31, 2003	63,686	

- (Notes)
1. Revenues are cumulative totals through the end of the third quarter.
 2. Kanamoto Company did not disclose quarterly operating results during the fiscal year ended October 31, 2003. Accordingly, the percentage increase or decrease compared with the same period of the prior fiscal year has been omitted.

[Supplementary Explanation Concerning Third Quarter Revenues]

<Business Environment>

During the third quarter under review, Japan's economy began to show signs of a business recovery as business sentiments for Japan overall reflected the business performance of certain firms and regions. The large gulf between the recovery of corporate operating results and the employment situation, however, remained marked with continued sharp differences in business sentiments between large and small firms and between major metropolitan areas and local regions. For construction-related businesses in particular, the unrelenting severity of business conditions was conspicuous in many of the regions where private sector demand is weak and firms rely on public works.

<Trends in the Company's Main Businesses>

Based on its new long-range management plan "Metamorphose," Kanamoto strengthened its new

market development efforts in sectors such as equipment rentals for construction and maintenance works, while continuing to increase the percentage of highly profitable equipment models in its portfolio. This enabled the Company to maximize the advantages of its equipment line-up featuring the latest state-of-the-art equipment, including a broad selection of environmentally-friendly equipment, that is unrivalled by any other company in the construction equipment rental business. At the same time, the Company concentrated on focused marketing efforts throughout the entire Kanamoto Group for products such temporary scaffolding, safety products, and furniture and fixtures used at construction sites. In certain regions the Company also sought to ensure earnings and dominate competition through alliances with leading local firms.

As a result, during the quarter under review, the Company steadily achieved inroads into private sector demand in the Tokyo metropolitan area and in the Kinki-Chubu Region, including the Tokai area, despite the fact the third quarter in the construction industry is an off season with few public works orders. In areas where public works cutbacks continued, on the other hand, and in the Tohoku and Hokkaido regions, the Company faced a challenging situation as orders lagged for construction projects other than disaster relief work.

<Notable Business Development Efforts and Status of Branch Network Modifications>

The alliance group Kanamoto has been constructing as part of its growth strategy produced positive results, and is advancing to the next stage.

During the third quarter under review, Kanamoto effected the transfer of the high level construction equipment rental business of Kanaya Lease Co., Ltd. (Head office: Urayasu, Chiba Prefecture) on June 1, which the Company began operating as its Tokyo Metropolitan Area High Level Equipment Branch. On July 2, Kanamoto also took over the construction equipment rental operations of Nakano Motors Co., Ltd. (Head office: Ikutahara, Monbetsu-gun, Hokkaido), a company that has enjoyed close business relations with Kanamoto in the Doto Region of Hokkaido. Kanamoto is developing this business as its Engaru office.

In addition to the actions described above, shortly after the close of the quarter under review Kanamoto will convert Kanki Corporation (Head office: Suma-ku, Kobe, Japan), the leading construction equipment rental company in Hyogo Prefecture, into a subsidiary company. Although the effects of this step and the above-mentioned changes on the Company's operating results will be minor during the fiscal year ending on October 31, 2004, management expects these actions to contribute to growth of the Company's rental business beginning from the next fiscal year.

Other actions taken by the Company included opening the Shin-Kiba Branch, located on 5,627m² of land (including the site for the Shutoken Aerial Equipment Branch) and positioned as Kanamoto's construction equipment branch for the Tokyo metropolitan area, and closing the Kurobe sub-branch (Kurobe, Toyama Prefecture) and the Toda Branch (Toda, Saitama Prefecture). As a result, during the first nine months of the fiscal year ending October 31, 2004 the Company established five new branches and closed seven branches. In addition, as part of its alliance with Komatsu, the Company began joint management operations of the Monbetsu Equipment Center, which will seek orders for the Hidaka disaster recovery works in Monbetsu-cho, Hokkaido.

As a result of the above, consolidated revenues for the first nine months of the fiscal year ending October 31, 2004 were 44,478 million yen.

(2) Events Having a Material Affect on the Financial Position and Operating Results of Kanamoto's Corporate Group During the Quarter Under Review

There were no pertinent matters to report.

3. Fiscal Year ending October 31, 2004 Projected Full-year Consolidated Operating Results (November 1, 2003 - October 31, 2004)

	Projected revenues	Projected operating income	Projected ordinary income	Projected net income	Projected net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Consolidated fiscal year	60,780	1,850	1,700	950	31.81
(Reference) Non-consolidated fiscal year	58,730	1,820	1,740	1,020	34.15

Qualitative Information Concerning Projected Operating Results and other Matters

The projected operating results described above were prepared by revising projected values previously released by the Company (June 10, 2004).

These projections were prepared on the basis of information available to management as of the date these reference materials were released and other factors, including assumptions concerning the future economic environment, and entail various risks and uncertainty factors.

Actual operating results may differ from the projected values for the monetary amounts described above because of various future factors, including the economic circumstances surrounding the Company, market trends, and competitive conditions.

End