

Fiscal Year ended October 31, 2004

Summary of Company Financial Statements



December 13, 2004

Listed Company Name **Kanamoto Company, Ltd.**
 Company Code Number **9678**
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**
 Head Office Address 1-19, Odori Higashi 3-chome, Chuo-ku, Sapporo, Hokkaido Japan 060-0041
 (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.

Date of Report to the Board of Directors December 13, 2004
 Interim Dividend System The Company has an interim dividend system
 Regular General Meeting of the Shareholders January 28, 2005
 Has the Company adopted a Unit Stock System? Yes (One unit equals 1,000 shares)

1. Operating Results for the Fiscal year ended October 31, 2004

(November 1, 2003–October 31, 2004)

(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	%
Fiscal year ended October 31, 2004	59,274	- 2.0	1,842	-21.6	1,827	-25.3
Fiscal year ended October 31, 2003	60,494	- 0.2	2,350	4.2	2,447	- 1.2

	Net Income		Net Income per Share of Common Stock	Net Income per Share of Common Stock Fully Diluted	Return on Shareholders' Equity	Return on Total Assets	Ordinary Income Margin
	Millions of yen	%	Yen	Yen	%	%	%
Fiscal year ended October 31, 2004	1,187	(24.4)	39.50	-	3.7	2.1	3.1
Fiscal year ended October 31, 2003	953	(- 15.9)	31.30	28.30	3.0	2.7	4.1

(Notes) 1. Average number of shares outstanding during the fiscal year

Fiscal Year ended October 31, 2004 29,865,301 shares

Fiscal Year ended October 31, 2003 30,030,383 shares

2. Are there any changes in accounting method? No

3. The percentages shown for revenues, operating income, ordinary income and 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	Year-end			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended October 31, 2004	18.00	9.00	10.00	567	48.1	1.7
Fiscal year ended October 31, 2003	18.00	9.00	9.00	537	57.5	1.7

Note: Breakdown of the year-end dividend for the fiscal year ended October 31, 2004

Regular dividend: ¥9.00 Commemorative dividend: ¥1.00

kanamoto

Summary of Company Financial Statements, FY Ended October 31, 2004

P. 1

(3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended October 31, 2004	85,469	32,933	38.5	1,102.69
Fiscal year ended October 31, 2003	87,627	32,004	36.5	1,071.50

- (Notes) 1. Number of shares issued and outstanding at fiscal year-end
Fiscal Year ended October 31, 2004 29,859,442 shares
Fiscal Year ended October 31, 2003 29,868,824 shares
2. Number of shares of treasury stock at fiscal year-end
Fiscal year ended October 31, 2004 393,799 shares
Fiscal year ended October 31, 2003 384,417 shares

2. Projected Operating Results for the Fiscal Year Ending October 31, 2005

(November 1, 2004 - October 31, 2005)

	Revenues	Operating Income	Ordinary Income	Net Income	Annual Dividend per Share of Common Stock		
					Interim	Year-end	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Interim period	28,740	1,190	1,150	580	9.00	-----	-----
Full year	57,050	1,960	1,890	900	-----	9.00	18.00

Reference: Projected net income per share of common stock (Full year) ¥30.14

(Note) The above projections were prepared based upon information available to the Company at the time the projections were announced as well as various assumptions concerning the future economic and business environment. Actual operating results may differ from the projected figures depending upon various factors in the future.

VIII Company Financial Statements

1. Comparative Balance Sheets

(Unit: Thousands of yen)

Period	Prior Fiscal Year (As of October 31, 2003)		Current Fiscal Year (As of October 31, 2004)		Change from prior year
	Amount	Percent	Amount	Percent	Amount
(Assets)	¥ thousands	%	¥ thousands	%	¥ thousands
Current Assets					
Cash and deposits	11,346,085		10,911,377		- 434,707
Notes receivable, trade	10,148,086		10,889,913		741,827
Accounts receivable, trade	11,159,099		11,067,221		- 91,878
Negotiable securities	39,192		-		- 39,192
Merchandise inventory	321,595		284,707		- 36,888
Construction equipment	1,958,064		1,556,528		- 401,535
Supplies	54,419		60,163		5,744
Prepaid expenses	227,240		219,510		- 7,730
Deferred tax assets	227,744		500,000		500,000
Tax receivables	-		229,340		1,595
Other current assets	174,548		80,705		- 93,842
Allowance for doubtful accounts	- 490,153		- 629,663		- 139,510
Total Current Assets	35,165,921	40.1	35,169,805	41.1	3,883
Fixed Assets					
(1) Tangible Fixed Assets					
Rental equipment	12,932,042		9,719,372		- 3,212,669
Buildings	5,825,344		5,731,090		- 94,253
Structures	1,200,747		1,000,057		- 200,689
Machinery and equipment	960,715		878,585		- 82,130
Vehicles and delivery equipment	3,567		2,738		- 828
Tools, furnishings and fixtures	436,799		351,469		- 85,329
Land	24,381,774		25,838,381		1,456,607
Construction in progress	1,892		2,793		901
Total Tangible Fixed Assets	45,742,882	52.2	43,524,490	50.9	- 2,218,392
(2) Intangible Fixed Assets					
Total Intangible Fixed Assets	97,367	0.1	226,860	0.3	129,492
(3) Investments and Other					
Investment securities	3,391,710		3,800,470		408,760
Stock of affiliated companies	1,025,082		1,037,210		12,128
Advances	111,569		100,778		- 10,791
Claims in bankruptcy, claims in reorganization and other similar claims	540,255		564,006		23,750
Long-term prepaid expenses	66,758		67,029		270
Deferred tax assets	1,453,438		1,004,962		- 448,475
Insurance reserve	98,411		50,572		- 47,838
Other	703,723		766,995		63,271
Allowance for doubtful accounts	- 540,255		- 564,006		- 23,750
Reserve for investment losses	- 229,402		- 280,000		- 50,597
Total Investments and Other Assets	6,621,291	7.6	6,548,018	7.7	- 73,272
Total Fixed Assets	52,461,541	59.9	50,299,369	58.9	- 2,162,172
Total Assets	87,627,462	100.0	85,469,174	100.0	- 2,158,288

(Unit: Thousands of yen)

Category	Period	Prior Fiscal Year (As of October 31, 2003)		Current Fiscal Year (As of October 31, 2004)		Change from prior year
		Amount	Percent	Amount	Percent	Amount
(Liabilities)		¥ thousands	%	¥ thousands	%	¥ thousands
Current Liabilities						
Notes payable, trade		7,387,353		8,967,156		1,579,803
Accounts payable, trade		3,048,841		2,838,409		- 210,432
Short-term bank loans		9,576,000		10,747,000		1,171,000
Accounts payable, other		5,785,173		4,065,427		- 1,719,745
Accrued expenses		230,977		223,844		- 7,132
Corporate taxes payable		644,977		362,284		- 282,693
Consumption and other taxes payable		174,665		148,864		- 25,801
Accrued bonuses to employees		428,739		436,029		7,290
Equipment notes payable		362,936		174,013		- 188,923
Other current liabilities		117,093		113,147		- 3,946
Total Current Liabilities		27,756,758	31.7	28,076,177	32.9	319,418
Long-term Liabilities						
Long-term bank loans		20,592,000		20,735,000		143,000
Long-term accrued expenses		5,321,023		2,426,551		- 2,894,471
Retirement allowance to directors and auditors		176,210		71,542		- 104,668
Accrued employees retirement benefits		1,776,890		1,226,848		- 550,042
Accrued employees retirement benefits		27,866,123	31.8	24,459,941	28.6	- 3,406,182
Total Liabilities		55,622,882	63.5	52,536,118	61.5	- 3,086,763
(Shareholders' Equity)						
Common stock		8,596,737	9.8	8,596,737	10.0	-
Capital surplus						
Additional paid-in capital		9,720,343		9,720,343		-
Total capital surplus		9,720,343	11.1	9,720,343	11.4	-
Earned surplus						
Legal earned surplus		1,375,287		1,375,287		-
(1) Voluntary reserves						
General reserve		10,981,684		11,281,684		300,000
(2) Unappropriated retained earnings		1,140,402		1,443,580		303,177
Total earned surplus		13,497,374	15.4	14,100,552	16.5	603,177
Valuation difference on other negotiable securities		367,442	0.4	697,897	0.8	330,454
Treasury stock		- 177,318	- 0.2	- 182,475	- 0.2	- 5,157
Total Shareholders' Equity		32,004,580	36.5	32,933,055	38.5	928,475
Total Liabilities and Shareholders' Equity		87,627,462	100.0	85,469,174	100.0	- 2,158,288

2. Comparative Statements of Income

(Unit: Thousands of yen)

Category	Period	Prior Fiscal Year (As of October 31, 2003)		Current Fiscal Year (As of October 31, 2004)		Change from prior year
		Amount	Percent	Amount	Percent	Amount
		¥ thousands	%	¥ thousands	%	¥ thousands
Operating revenues		60,494,281	100.0	59,274,381	100.0	- 1,219,900
Cost of revenues		46,694,601	77.2	45,811,415	77.3	- 883,186
Gross profit		13,799,680	22.8	13,462,966	22.7	- 336,714
Selling, general and administrative expenses		11,449,012	18.9	11,620,779	19.6	171,767
Operating income		2,350,667	3.9	1,842,186	3.1	- 508,481
Non-operating revenues		609,144	1.0	529,462	0.9	- 79,681
Interest and dividends		81,474		77,222		- 4,251
Gain on sale of investment securities		134,900		47,261		- 87,638
Rents received		153,875		176,170		22,294
Insurance benefits received		23,148		28,850		5,702
Cash bonus received		18,733		1,283		- 17,450
Gain on redemption of straight bonds		890		-		- 890
Other		196,121		198,673		2,552
Non-operating expenses		512,783	0.8	544,146	0.9	31,362
Interest expense		348,875		332,619		- 16,256
Bond interest expense		23,947		-		- 23,947
Other		139,960		211,527		71,566
Ordinary income		2,447,028	4.1	1,827,502	3.1	- 619,525
Extraordinary profits		49,952	0.1	620,226	1.0	570,274
Gain on disposal of fixed assets		365		8,334		7,968
Valuation gain investment enterprise partnership		23,408		5,130		- 18,278
Gain on liquidation of affiliated company		22,311		-		- 22,311
Gain on return of entrusted portion of corporate Employee Welfare Pension Fund		-		606,420		606,420
Other		3,866		342		- 3,524
Extraordinary losses		640,169	1.1	204,949	0.3	- 435,219
Loss on sale or disposal fixed assets		86,447		94,392		7,944
Valuation loss on investment securities		259,639		41,898		- 217,741
Transfer to reserve for investment losses		229,402		50,597		- 178,805
Other		64,679		18,062		- 46,616
Income before taxes and adjustments		1,856,811	3.1	2,242,779	3.8	385,968
Corporate, local and business taxes		1,031,595	1.7	832,790	1.4	- 198,805
Adjustment for corporate and other taxes		- 128,717	- 0.2	222,880	0.4	351,598
Net income		953,933	1.6	1,187,109	2.0	233,175
Profit carry-forward from prior period		588,999		557,483		- 31,515
Cash dividends		268,978		268,785		- 193
Loss on cancellation of affiliated company stock related to merger		133,551		32,226		- 101,324
Unappropriated retained earnings		1,140,402		1,443,580		303,177

3. Comparative Appropriation of Retained Earnings

(Unit: Thousands of yen)

Category	Period	Prior Fiscal Year General Meeting of the Shareholders approval date (January 27, 2004)	Current Fiscal Year (proposed) General Meeting of the Shareholders approval date (January 28, 2005)	Change from prior year
		¥ thousands	¥ thousands	¥ thousands
Unappropriated retained earnings		1,140,402	1,443,580	303,177
To be appropriated as follows				
Amount of appropriated retained earnings		582,919	855,894	272,975
(Note) Cash dividends		268,819 (¥9 per share)	298,594 (¥10 per share)	29,775
Directors bonuses		14,100	7,300	- 6,800
(Auditors bonuses)		(1,700)	(1,800)	(100)
Voluntary reserve				
General reserve		300,000	550,000	250,000
Net income carried forward to the next period		557,483	587,686	30,202

- (Notes) 1. The Company paid an interim dividend of ¥268,785,000 (¥9 per share) on July 20, 2004.
2. The shareholder dividend is calculated excluding 393,799 shares of treasury stock.

4. Notes to the Financial Statements
(Significant accounting policies)

Item \ Period	Prior fiscal year From November 1, 2002 To October 31, 2003	Current fiscal year From November 1, 2003 To October 31, 2004
1. Valuation standards and valuation methods for negotiable securities	<p>Common stock of subsidiaries and affiliated companies The Company has adopted the cost method based upon the moving average method</p> <p>Other negotiable securities Negotiable securities with a market on a securities exchange The Company has adopted the market value method (the full amount of the valuation difference is charged to equity using the direct transfer to capital method, with the disposal cost determined by the moving average method) based on the market price on the fiscal year closing date or similar prices</p> <p>Other negotiable securities The Company has adopted the cost method based upon the moving average method</p>	<p>Common stock of subsidiaries and affiliated companies Same as at left</p> <p>Other negotiable securities Same as at left</p>
2. Appraisal standards and appraisal method for construction equipment	<p>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</p>	<p>Same as at left</p>
3. Appraisal standards and appraisal method for merchandise inventories and supplies	<p>(1) Merchandise inventories and supplies Merchandise inventory Lower of cost or market based on the last-in, first-out method</p> <p>(2) Supplies The Latest purchase cost method</p>	<p>(1) Merchandise inventories and supplies Merchandise inventory Same as at left</p> <p>(2) Supplies Same as at left</p>
4. Depreciation method for fixed assets	<p>(1) Tangible fixed assets The Company has adopted the declining-balance method. 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. The depreciable lives mainly used by the Company are as follows. Rental assets 5-10 years Buildings 31-34 years</p>	<p>(1) Tangible fixed assets Same as at left</p>

	<p>(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).</p> <p>(3) Long-term prepaid expenses The Company has adopted straight-line depreciation.</p>	<p>(2) Intangible fixed assets Same as at left</p> <p>(3) Long-term prepaid expenses Same as at left</p>
5. Accounting standards for allowances and reserves	<p>(1) Allowance for doubtful accounts To provide for losses on doubtful accounts such as accounts receivable, the Company charges to income an amount based on actual loss experience for normal accounts, 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 during the fiscal year based upon a salary estimate amount.</p> <p>(3) Accrued employees retirement benefits The Company provides for accrued employees retirement benefits based upon the projected amounts of the liability for accrued employees retirement benefits and the value of pension assets at the end of the fiscal year. At the end of each fiscal year, the Company appropriates an amount to the reserve to provide for the liability recognized during the period. Past years' service liabilities are fully written off in the year incurred. The difference based on an actuarial calculation is charged to income beginning in the fiscal year following the year in which incurred, with the amounts allocated proportionately using the straight-line method, based on a specified number of years (10 years) that is less than the average remaining period of employment for employees at the time the difference arises.</p>	<p>(1) Allowance for doubtful accounts Same as at left</p> <p>(2) Accrued bonuses to employees Same as at left</p> <p>(3) Accrued employees retirement benefits Same as at left</p>

		<p>(Supplemental information)</p> <p>On January 1, 2004 the Company received approval from the Minister of Health, Labour and Welfare for exemption from the obligation to make future payments for the entrusted portion of the Employee Welfare Pension Fund, accompanying enforcement of the Defined Benefit Corporate Pension Law.</p> <p>The Company has adopted the interim measures prescribed in Paragraph 47-2 of the Business Guidelines Concerning Retirement Benefit Accounting (Interim Report) concerning return of the entrusted portion of the corporate Employee Welfare Pension Fund (Japanese Institute of Certified Public Accountants, Accounting System Committee Report No. 13), and on the day authorization was received the Company accounted for the retirement benefit liability related to the entrusted portion and the pension assets equivalent to the return amount as being extinguished.</p> <p>The Company accounted for the affects on earnings accompanying this treatment at the end of the consolidated fiscal accounting year under review by booking extraordinary income of ¥606,420,000.</p> <p>The returned equivalent amount (minimum actuarial liability) measured as of the end of the consolidated accounting fiscal year under review was ¥1,296,434,000.</p>
	<p>(4) Retirement allowances to directors and auditors</p> <p>The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account at the end of the fiscal year proportionately based upon length of service.</p> <p>(5) Reserve for investment losses</p> <p>The Company provides for losses from the decline in real prices of assets such as the stock of subsidiary companies that are subject to asset impairment accounting by applying internally established standards that take into consideration subsidiary company operating result and asset quality.</p>	<p>(4) Retirement allowances to directors and auditors</p> <p>Same as at left</p> <p>(5) Reserve for investment losses</p> <p>Same as at left</p>
6. Lease transactions	<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>

Item \ Period	Prior fiscal year From November 1, 2002 To October 31, 2003	Current fiscal year From November 1, 2003 To October 31, 2004
7. Hedge transactions	<p>(1) Hedge transactions The Company accounts for hedge transactions using allocations based on accounting standards for foreign currency-denominated transactions, and special rule accounting based on accounting standards for financial products.</p> <p>(2) Hedge methods and hedged transactions The Company uses currency swaps and forward transactions in order to avoid the currency fluctuation risk related to the Company's foreign currency-denominated straight bonds and liabilities for import payments. The Company also uses interest swaps to avoid interest rate fluctuation risk related to interest on bank borrowing.</p> <p>(3) Hedging policies The Company's use of derivative transactions is limited to hedging risk within the scope of the Company's assets and liabilities subject to market fluctuation risk.</p> <p>(4) Method for evaluating the effectiveness of hedges The Company does not evaluate the effectiveness of its hedge transactions because it can assume that its currency swap transactions and forward transactions will completely offset market fluctuations or changes in cash flow from the time hedge begins until it is terminated. In addition, the Company's interest swap transactions fulfill the requirements for special rule accounting, and the Company has elected to use this in place of an evaluation of effectiveness.</p>	<p>(1) Hedge transactions Same as at left</p> <p>(2) Hedge methods and hedged transactions Same as at left</p> <p>(3) Hedging policies Same as at left</p> <p>(4) Method for evaluating the effectiveness of hedges Same as at left</p>
8. Other significant matters for preparation of the fiscal year financial statements	<p>(1) 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. The suspense accounts for consumption tax receipts and consumption tax payable are included in "other current liabilities" because the financial importance is minimal after the amounts are offset.</p>	<p>(1) Accounting treatment of consumption tax Same as at left</p>

(2) Accounting standards for treasury stock and reversal of legal reserves

Beginning in the fiscal year under review, Kanamoto will apply the Accounting Standard for Treasury Stock and Reversal of Legal Reserves (Corporate Accounting Standard No. 1), which will be applied in Japan to financial statements from the fiscal year that begins after April 1, 2002.

The effect of this change on the Company's income statement for the fiscal year under review is not material.

Based on amendment of the provisions concerning financial statements, the shareholders' equity section of the Comparative Balance Sheets and the Comparative Appropriation of Retained Earnings have been prepared using the amended balance sheet provisions.

(3) Per share information

Beginning in the fiscal year under review, Kanamoto will apply the Accounting Standard for Earnings Per Share (Corporate Accounting Standard No. 2) and the Implementation Guidance for Accounting Standard for Earnings Per Share (Corporate Accounting Standards Implementation Guidance No. 4), which will be applied in Japan to financial statements from the fiscal year that begins after April 1, 2002. The effect of this change is described in the "Note Concerning Information Per Share."

Notes to the Financial Statements

(Notes to the Balance Sheets)

Period Category	Prior Fiscal Year (As of October 31, 2003)	Current Fiscal Year (As of October 31, 2004)																		
1. Total accumulated depreciation for tangible fixed assets	41,201,008,000	38,291,314,000																		
2. Guarantees Joint and several guarantees of employee bank loans. Guarantees of borrowed indebtedness of subsidiary companies (Daiichi Kikai Co., Ltd., Assist Co., Ltd., Kanki Corporation) and affiliated company. (Active Power Co., Ltd.)	20,902,000	25,669,000																		
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Guaranteed Amount</th> </tr> </thead> <tbody> <tr> <td>Active Power Co., Ltd.</td> <td style="text-align: right;">269,500,000</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">269,500,000</td> </tr> </tbody> </table>	Company	Guaranteed Amount	Active Power Co., Ltd.	269,500,000	Total	269,500,000	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Guaranteed Amount</th> </tr> </thead> <tbody> <tr> <td>Daiichi Kikai Co., Ltd</td> <td style="text-align: right;">210,000,000</td> </tr> <tr> <td>Assist Co., Ltd.</td> <td style="text-align: right;">223,183,000</td> </tr> <tr> <td>Kanki Corporation</td> <td style="text-align: right;">1,260,000,000</td> </tr> <tr> <td>Active Power Co., Ltd.</td> <td style="text-align: right;">269,500,000</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">1,962,683,000</td> </tr> </tbody> </table>	Company	Guaranteed Amount	Daiichi Kikai Co., Ltd	210,000,000	Assist Co., Ltd.	223,183,000	Kanki Corporation	1,260,000,000	Active Power Co., Ltd.	269,500,000	Total	1,962,683,000
Company	Guaranteed Amount																			
Active Power Co., Ltd.	269,500,000																			
Total	269,500,000																			
Company	Guaranteed Amount																			
Daiichi Kikai Co., Ltd	210,000,000																			
Assist Co., Ltd.	223,183,000																			
Kanki Corporation	1,260,000,000																			
Active Power Co., Ltd.	269,500,000																			
Total	1,962,683,000																			
3. Notes and bills maturing at the end of the fiscal year		<p>Notes and bills maturing on the last day of the fiscal year are settled and processed on the note and bill clearing date. Because the last day of the Company's fiscal year was a financial institution holiday, notes and bills maturing on the final day of the following fiscal year are included in the fiscal year-end balance.</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Notes receivable</td> <td style="text-align: right;">766,154,000</td> </tr> <tr> <td style="padding-left: 20px;">Bills receivable</td> <td style="text-align: right;">900,142,000</td> </tr> </table>	Notes receivable	766,154,000	Bills receivable	900,142,000														
Notes receivable	766,154,000																			
Bills receivable	900,142,000																			
4. Common stock	<p>Shares issued Common stock 66,000,000 shares Number of shares outstanding Common stock 30,253,241 shares</p>	<p>Shares issued Common stock 66,000,000 shares Number of shares outstanding Common stock 30,253,241 shares</p>																		
5. Treasury stock	Common stock 384,417 shares	Common stock 393,799 shares																		
6. Reduction to book value Amounts for assets acquired for which accumulated book values were reduced by government subsidies Machinery and equipment Land Total	<table style="width: 100%;"> <tr> <td style="padding-left: 20px;">5,044,000</td> </tr> <tr> <td style="padding-left: 20px;">3,569,000</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">8,613,000</td> </tr> </table>	5,044,000	3,569,000	8,613,000	<table style="width: 100%;"> <tr> <td style="padding-left: 20px;">5,044,000</td> </tr> <tr> <td style="padding-left: 20px;">3,569,000</td> </tr> <tr> <td style="border-top: 1px solid black; padding-left: 20px;">8,613,000</td> </tr> </table>	5,044,000	3,569,000	8,613,000												
5,044,000																				
3,569,000																				
8,613,000																				
5,044,000																				
3,569,000																				
8,613,000																				
7. Limitation on dividends		The amount of the increase in net assets from applying a market price to assets as provided Article 124 paragraph 3 of the Commercial Code Enforcement Regulations is ¥697,897,000.																		

(Notes to the Statements of Income)

Period Category	Prior Fiscal Year (From November 1, 2002 To October 31, 2003)	Current Fiscal Year (From November 1, 2003 To October 31, 2004)
1. Transactions with affiliates		Seconded employees salaries 77,954,000 Rent receipts 86,544,000
2. Loss on sale or retirement of fixed assets	(Loss on sale of fixed assets) Buildings 172,000 Telephone subscription rights 123,000 (Loss on retirement of fixed assets) Rental equipment 17,957,000 Buildings 13,407,000 Structures 31,529,000 Machinery and equipment 2,827,000 Tools, furnishings and fixtures 79,000 Other 20,349,000 Total 86,447,000	(Loss on sale of fixed assets) Land 309,000 Machinery and equipment 32,000 Vehicle transport equipment 51,000 (Loss on retirement of fixed assets) Rental equipment 20,404,000 Buildings 26,476,000 Structures 40,233,000 Machinery and equipment 5,746,000 Tools, furnishings and fixtures 473,000 Other 665,000 Total 94,392,000

(Notes to Leasing Transactions)

Prior Fiscal Year (From November 1, 2002 to October 31, 2003)				Current Fiscal Year (From November 1, 2003 to October 31, 2004)			
1. Finance lease transactions except for leases that transfer ownership of the property to the lessee. (1) Amounts corresponding to lease property acquisition price, accumulated depreciation and outstanding balances at the end of the fiscal year				1. Finance lease transactions except for leases that transfer ownership of the property to the lessee. (1) Amounts corresponding to lease property acquisition price, accumulated depreciation and outstanding balances at the end of the fiscal year			
	Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)		Acquisition price (¥'000)	Accumulated depreciation (¥'000)	Outstanding balance (¥'000)
Rental assets	27,425,528	7,096,970	20,328,557	Rental assets	31,262,997	10,026,592	21,236,404
Other assets	458,792	193,647	265,145	Other assets	416,266	214,161	202,104
Total	27,884,320	7,290,617	20,593,703	Total	31,679,264	10,240,754	21,438,509
(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				Within one year			
			4,689,094,000				5,242,607,000
After one year				After one year			
			16,064,070,000				15,577,358,000
Total				Total			
			20,753,164,000				20,819,966,000
(3) Amount of lease payments, depreciation expense and interest expense				(3) Amount of lease payments, depreciation expense and interest expense			
Lease payments				Lease payments			
			5,279,347,000				5,721,008,000
Depreciation expense				Depreciation expense			
			4,720,895,000				5,369,497,000
Interest expense				Interest expense			
			656,827,000				754,622,000
(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 to each year.				Same as at left			
2. Operating leases				2. Operating leases			
Future lease payments				Future lease payments			
Within one year				Within one year			
			1,789,778,000				1,813,177,000
After one year				After one year			
			3,238,604,000				3,434,039,000
Total				Total			
			5,028,382,000				5,247,217,000

(Negotiable securities)

For the prior fiscal year (as of October 31, 2003) and the current fiscal year (as of October 31, 2004), the stock of the Company's subsidiary companies and affiliated companies did not have a market price.

(Notes Related to Tax Effect Accounting)

Prior Fiscal Year (From November 1, 2002 to October 31, 2003)	Current Fiscal Year (From November 1, 2003 to October 31, 2004)
<p>1. Major factors creating deferred tax assets and deferred tax liabilities</p> <p>Deferred tax assets</p> <p>Amount in excess of limit for inclusion 236,877,000</p> <p>Disallowance of deferred business taxes 51,852,000</p> <p>Excess accrued employees retirement benefit 728,951,000</p> <p>Excess accrued employees retirement benefit 71,188,000</p> <p>Amount in excess of limit for accrued bonuses to employees 143,466,000</p> <p>Disallowance of excess depreciation 404,014,000</p> <p>Disallowance of reserve for investment losses 92,678,000</p> <p>Other 201,224,000</p> <p><u>Total deferred tax assets 1,930,255,000</u></p> <p>Deferred tax liability</p> <p>Valuation difference on negotiable securities 249,072,000</p> <p><u>Net deferred tax assets 1,681,183,000</u></p> <p>Disclosure classifications:</p> <p>Current assets 227,744,000</p> <p>Property and equipment 1,453,438,000</p>	<p>1. Major factors creating deferred tax assets and deferred tax liabilities</p> <p>Amount in excess of limit for inclusion</p> <p>Disallowance of deferred business taxes 259,935,000</p> <p>Excess accrued employees retirement benefit 24,011,000</p> <p>Amount in excess of limit for inclusion 495,646,000</p> <p>Excess accrued employees retirement benefit 28,902,000</p> <p>Disallowance of excess depreciation 176,155,000</p> <p>Disallowance of reserve for investment losses 359,951,000</p> <p>Other 113,120,000</p> <p><u>Total deferred tax assets 249,651,000</u></p> <p>Disallowance of excess depreciation 1,707,374,000</p> <p>Deferred tax liability</p> <p>Valuation difference on negotiable securities 473,071,000</p> <p><u>Net deferred tax assets 1,234,303,000</u></p> <p>Disclosure classifications:</p> <p>Current assets 229,340,000</p> <p>Property and equipment 1,004,962,000</p>
<p>2. Causes of principal differences between the statutory tax rate and burden ratio for corporate and other taxes following application of tax effect accounting by major category.</p> <p>Statutory corporate tax rate 41.7%</p> <p>(Adjustment)</p> <p>Local tax equalization 4.3%</p> <p>Items not included permanently in losses such as expense account 1.4%</p> <p>Effect of change in statutory corporate tax rate 1.4%</p> <p>Other - 0.2%</p> <p><u>Burden ratio for corporate and other taxes after application of tax effect accounting 48.6%</u></p>	<p>2. Causes of principal differences between the statutory tax rate and burden ratio for corporate and other taxes following application of tax effect accounting by major category.</p> <p>Statutory corporate tax rate 41.7%</p> <p>(Adjustment)</p> <p>Local tax equalization 3.8%</p> <p>Items not included permanently in losses such as expense account 1.4%</p> <p>Effect of change in statutory corporate tax rate 2.1%</p> <p>Other - 1.9%</p> <p><u>Burden ratio for corporate and other taxes after application of tax effect accounting 47.1%</u></p>

3. The statutory corporate tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the fiscal year under review was changed from 41.7% in the prior fiscal year to 40.4% with the promulgation of the Law to Partially Amend the Local Tax Law (Law No. 9 of 2003) on March 31, 2003 (However, the amendment is expected to be annulled after November 1, 2004). As a result, the total amount of deferred tax assets (the amount after deducting deferred tax liabilities) decreased by ¥18,006,000, and the adjustment for corporate and other taxes and the valuation difference for other negotiable securities increased by ¥26,020,000 and ¥8,014,000, respectively, compared to what they otherwise would have been had the statutory corporate tax rate used in previous periods been applied.

(Per Share Information)

Period	Prior Fiscal Year (From November 1, 2002 to October 31, 2003)	Current Fiscal Year (From November 1, 2003 to October 31, 2004)
Category		
Net assets per share	¥1,071.50	¥1,102.69
Net income per share of common stock	¥31.30	39.50
Net income per share of common stock after adjustment for potential ordinary shares	¥28.30	-
	<p>(Supplemental information)</p> <p>Beginning in the fiscal year under review, Kanamoto will apply the Accounting Standard for Earnings Per Share (Corporate Accounting Standard No. 2) and the Implementation Guidance for Accounting Standard for Earnings Per Share (Corporate Accounting Standards Implementation Guidance No. 4). Furthermore, for information purposes per share information was calculated by applying the accounting standard and the implementation guidance to the operating results for the prior fiscal year and is shown below.</p> <p>(Prior fiscal year)</p> <p>Net assets per share ¥1,036.63</p> <p>Net income per share ¥36.94</p> <p>Net income per share on a fully diluted basis ¥28.44</p>	<p>The Company has not reported net income per share of common stock after adjustment for potential ordinary shares because it does not have any potential shares that would have a dilution effect.</p>

Note: The basis for calculating net income per share and net income per share on a fully diluted basis is provided below.

(Unit: Thousands of yen)

Category \ Period	Prior Fiscal Year (From November 1, 2002 to October 31, 2003)	Current Fiscal Year (From November 1, 2003 to October 31, 2004)
Net income per share		
Fiscal year net income	953,933	1,187,109
Amount not attributable to major shareholders	14,100	7,300
Fiscal year net income related to common stock	939,833	1,179,809
Average number of shares outstanding during the fiscal year	30,030,383	29,865,301
Net income per share on a fully diluted basis		
Fiscal year net income adjustment	13,961	-
(Interest expense [Tax equivalent deduction amount])	(13,961)	-
Change in number of shares of common stock (shares)	3,677,771	-
(Convertible bonds)	(3,677,771)	-
Summary of latent common stock not included in the calculation of net income per share on a fully diluted basis because it will not have a dilution effect	Common stock subscription rights based on the provisions of Article 280-19 of the old Commercial Code (Stock Options)	Same as at left

(Material events after the close of the consolidated fiscal year)

The Company had no material items to report.

IX 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

Candidates for new appointments as director

Director

Osamu Kawashima (Current position ORIX Corporation Hokkaido Area Manager, Sapporo & Hakodate Branch Manager)

Candidates for new appointments as auditor

Auditor (Corporate Auditor)

Kiyohiro Tsuji (Current position Eiko Certified Public Tax Accountant's Corporation)

Retiring directors

Directors

Kojiro Satsuma (Current position ORIX Corporation Osaka Sales Department III General Manager)

Retiring auditors

Auditor (Corporate Auditor)

Kiyoshi Ohnishi (Current position Eiko Certified Public Tax Accountant's Corporation)