

Fiscal Year ending October 31, 2005

Summary of First Quarter Operating Results (Consolidated)



March 4, 2005

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
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1. Matters Related to Preparation of the Summary of First Quarter Operating Results

Has the Company adopted simplified methods for accounting treatment? Yes

The Company uses book value for inventory.

The Company charges an amount to its allowance for doubtful accounts based on actual loss experience in the prior consolidated accounting fiscal year for normal accounts.

Are there any differences with the methods of recognition used in the accounting treatment for the most recent consolidated fiscal year? No

Are there any changes in the scope of consolidation and/or application of the equity method? No

2. Operating Results for the First Quarter of the Fiscal Year Ending October 31, 2005 (November 1, 2004 - January 31, 2005)

(1) Consolidated 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 Ending October 31, 2005: First Quarter	17,612 (8.3)	748 (- 8.0)	719 (- 9.0)
Fiscal Year Ended October 31, 2004: First Quarter	16,270 (-)	813 (-)	790 (-)
(Reference) Fiscal Year Ended October 31, 2004	61,336	1,878	1,749

	Net Income	Net Income per Share of Common Stock	Net Income per Share on a Fully Diluted Basis
	Millions of yen (%)	Yen	Yen
Fiscal Year Ending October 31, 2005: First Quarter	398 (- 0.4)	13.33	-
Fiscal Year Ended October 31, 2004: First Quarter	399 (-)	13.38	-
(Reference) Fiscal Year Ended October 31, 2004	1,097	36.50	-

(Note) The percentages shown for revenues, operating income, ordinary income and net income are the percent increase or decrease compared to the same period of the prior fiscal year

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Summary of First Quarter Operating Results (Consolidated),
Fiscal Year Ending October 31, 2005

(Qualitative information concerning consolidated operating results)

Management Environment (From November 1, 2004 to January 31, 2005)

During the first quarter, Japan's economy shifted fundamentally from its recovery trend, slowing from the second half of last year and exhibiting signs of drift as the pace of business activity weakened. In the construction industry, the main customer of the Kanamoto Group, the slowdown followed cutbacks in the public works expenditure budget and coincided with construction delays caused by natural disasters in 2004 and the New Year holidays. Overall this created a generally severe environment, particularly in regions where private demand was extremely limited. The construction equipment rental business, the main business of the Kanamoto Group, similarly reflected this environment, which hampered the Company's efforts to improve operating results.

As a result of these factors, consolidated operating results for the first quarter of the fiscal year ending in October 2005 were nearly unchanged from the same period of the prior consolidated fiscal year. Consolidated revenues were ¥17,612 million, while consolidated operating income was ¥748 million, consolidated ordinary income was ¥719 million and consolidated net income was ¥398 million. A summary of operating results for each of the Company's main businesses, as well as business development issues deserving special mention, is provided below.

Summary of operating results by business

[Business related to the Construction Equipment Rental Division]

In regions such as Hokkaido and Kyushu where the local economies are greatly depressed because of reductions in public works expenditures, construction demand was also weak and construction equipment rental revenues fell below the level of the same quarter of the prior consolidated fiscal year. In the Kanto Shinetsu territory that includes Tokyo, on the other hand, both public works and private sector demand were robust, and in the Kinki-Chubu territory construction related to large-scale projects such as the Chubu International Airport was also vigorous. As a result, these areas achieved double-digit revenue growth compared with the same period of the prior consolidated fiscal year. Restoration construction following the Niigata Prefecture Chuetsu Earthquake was centered on temporary housing, and full-scale restoration work is expected to take place from the spring of 2005 (from Kanamoto's third quarter).

Revenue from construction equipment sales declined, primarily because replacements with equipment fitted with pollution-control devices was completed and sales of the Company's own used construction equipment were maintained at the level of its initial plan.

[Business related to the Steel Sales Division]

Double-digit sales growth compared to the same period of the prior consolidated fiscal year was achieved as the result of higher demand, including demand for new factory construction.

[Business related to the Information Products Division and Other Businesses]

In the Company's information products-related business, demand is growing but rental fees for both PCs and Work Stations are near rock-bottom levels. Information product-related sales decreased sharply, however, because of development delays on key products.

Business development issues deserving special mention and status of branch office changes

Japan's Diet has approved a supplementary budget for disaster recovery work, allocating ¥1,238.4 billion for public works-related construction plus a large supplementary budget. The Company believes it can anticipate corresponding growth in revenues in the various regions where restoration work will be initiated. During the quarter under review, the Company did not establish any new branches or close any existing branches.

From a standpoint of capital funding efficiency, the Company began the liquidation of bill receivables in November 2004 as previously announced, and believes this will contribute to gradually reducing interest-bearing debt.

(2) Change in Consolidated Financial Position

(Numbers less than one million yen have been rounded down)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ending October 31, 2005: First Quarter	87,011	32,982	37.9	1,104.65
Fiscal Year Ended October 31, 2004: First Quarter	94,696	32,063	33.9	1,073.49
(Reference) Fiscal Year Ended October 31, 2004	89,323	32,745	36.7	1,096.42

[Consolidated Cash Flows]

(Numbers less than one million yen have been rounded down)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Balance of Cash and Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ending October 31, 2005: First Quarter	9,174	33	- 3,331	17,610
Fiscal Year Ended October 31, 2004: First Quarter	1,169	- 42	3,385	16,433
(Reference) Fiscal Year Ended October 31, 2004	6,230	- 1,535	- 4,923	11,734

(Qualitative information concerning change in consolidated financial position)

Compared with the end of the prior consolidated accounting fiscal year, total assets at the end of the quarter under review decreased ¥2,312 million to ¥87,011 million. This mainly reflected the liquidation of bill receivables and a decline in interest-bearing debt.

Shareholders' equity increased ¥236 million compared with the end of the prior consolidated accounting fiscal year to ¥32,982 million, and the shareholders' equity ratio rose to 37.9%.

(Cash flow from operating activities)

Cash flow from operating activities was ¥9,174 million yen, an increase of ¥8,005 million from the same period of the prior consolidated accounting fiscal year. This change was mainly from the increase in cash provided by the reduction in accounts receivable, trade because of the liquidation of bill receivables.

(Cash flow from investing activities)

Cash flow from investing activities increased ¥75 million from the same period of the prior consolidated fiscal accounting year to ¥33 million. This mainly reflected an increase in cash provided from the sale of tangible fixed assets.

(Cash flow from financing activities)

Cash flow used in financing activities was ¥3,331 million, a change of ¥6,717 million from the same period of the prior consolidated accounting fiscal year. This primarily reflected a decrease in funds provided by long-term bank loans and an increase in funds used to repay long-term bank loans.

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 2005

(November 1, 2004 - October 31, 2005)

	Projected Revenues	Projected Operating Income	Projected Ordinary Income	Projected Net Income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim	32,250	1,440	1,280	650
Full-year	63,400	2,130	1,790	740

(Reference) Projected net income per share (full-year) ¥24.78

(Qualitative information concerning projected operating results)

Operating results for the quarter under review were slightly below the initial plan objective. Nevertheless, the Company believes future operating results will generally be close to plan because the supplementary budget for public works for disaster recovery has been approved and this construction is expected to begin soon. Therefore for its performance forecast shown above, the Company has maintained the projected consolidated operating results announced in the Accounting Bulletin (Consolidated) released at the end of last year, without making any revisions.

These projected consolidated operating results were prepared using projections based on information available to the Company as of the date this material was released and forecasts of the future economic, environment, and include various risks and uncertainty factors.

Accordingly, there is a possibility the Company's actual consolidated operating results will differ from the projected amounts shown above as a result of various future factors, including but not limited to economic conditions surrounding the Company, market trends, and competitive conditions.

1. (Summary) First Quarter Consolidated Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2005)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2004)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount	Percent	Amount
(Assets)						
I Current Assets						
1 . Cash and deposits		17,618,767	16,441,743	1,177,023	7.2	11,742,173
2 . Notes and accounts receivable, trade		15,065,882	23,679,425	- 8,613,543	- 36.4	23,480,548
3 . Negotiable securities		-	39,645	- 39,645	- 100.0	-
4 . Inventory		663,135	915,514	- 252,379	- 27.6	703,059
5 . Construction equipment		1,797,619	2,061,669	- 264,050	- 12.8	1,905,762
6 . Deferred tax assets		283,053	188,957	94,095	49.8	252,069
7 . Other		431,992	303,128	128,863	42.5	429,435
Allowance for doubtful accounts		- 551,215	- 574,019	22,803	4.0	- 730,669
Total Current Assets		35,309,233	43,056,064	- 7,746,831	- 18.0	37,782,380
II Fixed Assets						
1. Tangible Fixed Assets						
(1) Rental equipment		10,658,532	12,309,728	- 1,651,196	- 13.4	10,309,578
(2) Buildings and structures		6,854,244	7,040,195	- 185,951	- 2.6	7,011,800
(3) Land		26,060,314	24,651,537	1,408,776	5.7	26,112,181
(4) Other		1,318,651	1,414,187	- 95,535	- 6.8	1,271,445
Total Tangible Fixed Assets		44,891,743	45,415,649	- 523,906	- 1.2	44,705,006
2. Intangible Fixed Assets						
(1) Consolidation adjustment account		531,987	-	531,987	-	559,067
(2) Other		250,797	108,654	142,143	130.8	262,569
Total Intangible Fixed Assets		782,785	108,654	674,130	620.4	821,637
3. Investments and Other Assets						
(1) Investment securities		4,181,853	3,729,243	452,610	12.1	3,938,162
(2) Deferred tax assets		719,937	1,364,518	- 644,581	- 47.2	911,019
(3) Other		2,828,939	1,619,808	1,209,130	74.6	2,826,514
Allowance for doubtful accounts		- 1,703,043	- 597,756	- 1,105,286	- 184.9	- 1,660,994
Total Investments and Other Assets		6,027,687	6,115,814	- 88,127	- 1.4	6,014,701
Total Fixed Assets		51,702,216	51,640,119	62,097	0.1	51,541,344
Total Assets		87,011,449	94,696,183	- 7,684,734	- 8.1	89,323,725

(Unit: Thousands of yen, %)

Item	Period	Current Quarter	Prior FY Quarter	Change from prior year		(Reference)
		(First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2005)	(First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2004)			Consolidated Accounting Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount	Percent	Amount
(Liabilities)						
I Current Liabilities						
1 .	Notes and accounts payable, trade	13,081,321	12,226,672	854,649	7.0	13,405,603
2 .	Short-term bank loans	791,020	3,882,735	- 3,091,714	- 79.6	676,639
3 .	Long-term bank loans due within one year	10,691,496	10,297,500	393,996	3.8	10,935,496
4 .	Corporate taxes payable	429,740	324,145	105,594	32.6	368,813
5 .	Accrued bonuses to employees	644,671	612,594	32,077	5.2	480,597
6 .	Accounts payable, other	3,477,147	5,872,040	- 2,394,892	- 40.8	4,129,127
7 .	Other	615,179	664,597	- 49,418	- 7.4	623,001
	Total Current Liabilities	29,730,576	33,880,284	- 4,149,707	- 12.2	30,619,278
II Long-term Liabilities						
1 .	Long-term bank loans	20,201,229	22,077,549	- 1,876,320	- 8.5	21,952,103
2 .	Accrued employees retirement benefits	1,263,914	1,805,440	- 541,526	- 30.0	1,228,829
3 .	Retirement allowances to directors and auditors	115,299	182,883	- 67,584	- 37.0	96,281
4 .	Long-term accrued expenses	2,528,840	4,525,074	- 1,996,234	- 44.1	2,496,910
5 .	Consolidation adjustment account	-	16,140	- 16,140	- 100.0	-
6 .	Other	99,378	61,076	38,302	62.7	125,226
	Total Long-term Liabilities	24,208,661	28,668,164	- 4,459,502	- 15.6	25,899,351
	Total Liabilities	53,939,238	62,548,449	- 8,609,210	- 13.8	56,518,630
(Minority Interests)						
	Minority Interests	90,061	83,738	6,322	7.6	59,245
(Shareholders' Equity)						
I	Common stock	8,596,737	8,596,737	-	-	8,596,737
II	Additional paid-in capital	9,720,343	9,720,343	-	-	9,720,343
III	Consolidated retained earnings	14,005,797	13,516,934	488,862	3.6	13,913,568
IV	Valuation difference on other investment securities	842,818	407,299	435,519	106.9	697,675
V	Treasury stock	- 183,546	- 177,318	- 6,228	- 3.5	- 182,475
	Total Shareholders' Equity	32,982,149	32,063,996	918,153	2.9	32,745,849
	Total Liabilities, Minority Interests and Shareholders' Equity	87,011,449	94,696,183	- 7,684,734	- 8.1	89,323,725

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Summary of First Quarter Operating Results (Consolidated),
Fiscal Year Ending October 31, 2005

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2. (Summary) First Quarter Consolidated Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2005)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2004)	Change from prior year		(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount	Percent	Amount
I	Revenues	17,612,980	16,270,337	1,342,643	8.3	61,336,258
II	Cost of revenues from operations	12,905,870	11,817,776	1,088,094	9.2	47,017,429
	Gross profit	4,707,110	4,452,561	254,548	5.7	14,318,828
III	Selling, general and administrative expenses	3,958,474	3,639,141	319,333	8.8	12,440,160
	Operating income	748,635	813,419	- 64,784	- 8.0	1,878,668
IV	Non-operating revenues					
1 .	Interest revenue	1,430	29	1,401	-	2,781
2 .	Dividend income	11,064	5,246	5,818	110.9	68,308
3 .	Gain on sale of investment securities	12,659	15,979	- 3,319	- 20.8	47,261
4 .	Rents received	23,675	20,532	3,142	15.3	113,474
5 .	Other	53,769	45,284	8,484	18.7	206,612
	Total non-operating revenues	102,599	87,072	15,527	17.8	438,438
V	Non-operating expenses					
1 .	Interest expense	88,755	85,155	3,599	4.2	347,660
2 .	Others	43,370	25,195	18,175	72.1	219,738
	Total non-operating expenses	132,126	110,351	21,774	19.7	567,399
	Ordinary income	719,108	790,140	- 71,031	- 9.0	1,749,707
VI	Extraordinary profits					
1 .	Gain on sale or retirement of fixed assets	4,254	-	4,254	-	8,334
2 .	Gain on return of entrusted portion of corporate Employee Welfare Pension Fund	-	-	-	-	606,420
3 .	Gain on reversal of allowance for doubtful accounts	147,200	-	147,200	-	-
4 .	Other	5,878	6	5,872	-	5,472
	Total extraordinary profits	157,333	6	157,327	-	620,226
VII	Extraordinary losses					
1 .	Loss on sale or retirement of fixed assets	21,065	1,863	19,202	-	97,824
2 .	Other	-	-	-	-	59,960
	Total extraordinary losses	21,065	1,863	19,202	-	157,785
	Income before taxes and adjustments	855,376	788,283	67,092	8.5	2,212,149
	Corporate, local and business taxes	364,862	280,726	84,135	30.0	839,083
	Adjustment for corporate and other taxes	61,575	64,331	- 2,756	- 4.3	256,687
	Minority interest in income or loss	30,815	43,431	- 12,616	- 29.0	18,939
	Net income	398,123	399,793	- 1,670	- 0.4	1,097,439

3. (Summary) First Quarter Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2005)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2004)	(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount
I Cash flow from operating activities				
Income before taxes and adjustments		855,376	788,283	2,212,149
Depreciation and amortization expense		1,162,277	1,274,652	5,294,745
Amortization of consolidation adjustment account		27,129	- 1,461	- 5,845
Gain on sale or retirement of fixed assets		- 4,254	-	- 8,334
Loss on sale or retirement of fixed assets		21,065	1,863	97,824
Installment purchases of assets for small-value rentals		88,238	4,230	12,475
Reclassification of cost of sales associated with disposal of construction equipment		4,572	5,759	22,224
Reclassification of cost of sales associated with disposal of rental assets		84,117	387,261	1,482,068
Expenditures for acquisition of rental assets		- 639,893	- 110,194	- 1,278,248
Valuation loss on investment securities		-	-	42,544
Gain on sale of investment securities		- 12,659	- 15,979	- 47,261
Increase (decrease) in allowance for doubtful accounts		- 137,405	119,175	152,945
Increase in accrued bonuses to employees		164,074	169,725	6,692
Increase (decrease) in accrued employees retirement benefits		35,084	28,125	- 548,485
Increase (decrease) in retirement allowances to directors and auditors		19,017	- 14,210	- 101,749
Interest revenue and dividend income		- 12,495	- 5,275	- 71,090
Interest expense on installment purchases of rental assets		20,598	34,373	111,954
Interest expense		88,755	85,155	347,660
Increase (decrease) in accounts receivable, trade		8,414,666	- 2,267,505	- 944,131
(Increase) decrease in inventory assets		39,924	- 61,217	204,823
Increase (decrease) in accounts payable, trade		- 324,281	1,178,386	1,071,687
Increase (decrease) in accounts payable, other		- 234,156	284,723	239,627
Directors and auditors' bonuses paid		- 7,300	- 14,100	- 14,100
Other		- 71,822	19,305	- 538,148
Subtotal		9,580,629	1,891,076	7,742,029
Interest and dividends received		12,495	5,275	71,090
Interest expense		- 113,825	- 121,322	- 463,881
Payment of corporate and other taxes		- 304,371	- 605,275	- 1,119,008
Cash flow from operating activities		9,174,928	1,169,753	6,230,229

(Unit: Thousands of yen)

Item	Period	Current Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ending October 31, 2005)	Prior FY Quarter (First Quarter of the Consolidated Accounting Fiscal Year Ended October 31, 2004)	(Reference) Consolidated Accounting Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount
II Cash flow from investing activities				
Funds used for the purchase of tangible fixed assets		- 78,963	- 53,788	- 1,899,402
Funds provided from the sale of tangible fixed assets		65,899	-	15,555
Funds used for the purchase of intangible fixed assets		- 2,030	- 10,830	- 182,859
Funds used for the purchase of investment securities		- 294,279	- 344,401	- 1,044,472
Funds provided from sale of investment securities		342,796	443,590	1,332,729
Funds used for purchase of subsidiary company stock		-	- 27,875	- 27,875
Funds provided from purchase of subsidiary company stock following change in scope of consolidation		-	-	319,306
Other		- 50	- 48,909	- 48,593
Cash flow from investing activities		33,373	- 42,215	- 1,535,610
III Cash flow from financing activities				
Increase (decrease) in short-term bank loans		114,381	3,169,376	- 36,718
Funds provided by long-term bank loans		900,000	4,500,000	11,930,000
Funds used to repay long-term bank loans		- 2,894,874	- 2,532,066	- 10,709,516
Funds used for repayment of installment obligations		- 1,151,550	- 1,482,772	- 5,564,061
Funds used for the purchase of treasury stock		- 1,070	-	- 5,157
Payment of dividends to parent company		- 298,594	- 268,819	- 537,604
Other		-	- 150	- 150
Cash flow from financing activities		- 3,331,708	3,385,567	- 4,923,208
I V Increase (decrease) in cash and equivalents		5,876,593	4,513,106	- 228,589
V Balance of cash and equivalents at beginning of period		11,734,154	11,920,620	11,920,620
V I Increase in cash and equivalents accompanying merger with non-consolidated subsidiary		-	-	42,124
VII Balance of cash and equivalents at end of the period		17,610,748	16,433,726	11,734,154

4. Business Segment Information

[Segment information by type of business]

Current quarter (From November 1, 2004 to January 31, 2005)

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	15,905,693	1,600,404	106,883	17,612,980	-	17,612,980
Operating expenses	15,203,633	1,594,863	106,637	16,905,134	- 40,788	16,864,345
Operating income	702,059	5,541	245	707,846	40,788	748,635

Same quarter of the prior consolidated accounting fiscal year

(From November 1, 2003 to January 1, 2004)

(Unit: Thousands of yen)

	Construction equipment rental business	Steel sales business	Information products business and other businesses	Total	Eliminations or entire company	Consolidated
Revenues	14,875,633	1,285,273	109,430	16,270,337	-	16,270,337
Operating expenses	14,042,430	1,329,181	119,572	15,491,183	- 34,265	15,456,918
Operating income	833,203	- 43,908	- 10,141	779,153	34,265	813,419

[Segment information by location]

Current quarter and same quarter of the prior consolidated accounting fiscal year

The Company does not report segment information by location because the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

5. (Summary) First Quarter Company Balance Sheets

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2005)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2004)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount	Percent	Amount
(Assets)						
I Current Assets						
1 . Cash and deposits		16,676,341	15,828,389	847,951	5.4	10,911,377
2 . Notes receivable, trade		3,521,707	13,627,513	- 10,105,805	- 74.2	10,889,913
3 . Accounts receivable, trade		9,825,504	9,662,046	163,457	1.7	11,067,221
4 . Negotiable securities		-	39,645	- 39,645	- 100.0	-
5 . Inventory		330,561	392,898	- 62,336	- 15.9	344,870
6 . Construction equipment		1,473,192	1,851,726	- 378,534	- 20.4	1,556,528
7 . Deferred tax assets		259,709	151,112	108,597	71.9	229,340
8 . Other		794,667	534,401	260,265	48.7	800,216
Allowance for doubtful accounts		- 446,738	- 549,967	103,229	18.8	- 629,663
Total Current Assets		32,434,945	41,537,766	- 9,102,820	- 21.9	35,169,805
II Fixed Assets						
1. Tangible Fixed Assets						
(1) Rental equipment		10,134,553	12,008,087	- 1,873,533	- 15.6	9,719,372
(2) Building		5,616,672	5,726,834	- 110,162	- 1.9	5,731,090
(3) Structures		964,390	1,154,651	- 190,260	- 16.5	1,000,057
(4) Land		25,786,514	24,381,774	1,404,740	5.8	25,838,381
(5) Other		1,272,632	1,389,274	- 116,642	- 8.4	1,235,587
Total Tangible Fixed Assets		43,774,762	44,660,622	- 885,859	- 2.0	43,524,490
2. Intangible Fixed Assets						
Total Intangible Fixed Assets		213,356	103,317	110,039	106.5	226,860
3. Investments and Other Assets						
(1) Investment securities		4,074,226	3,499,597	574,629	16.4	3,800,470
(2) Stock of affiliated companies		1,037,210	1,101,857	- 64,646	- 5.9	1,037,210
(3) Deferred tax assets		813,092	1,431,982	- 618,889	- 43.2	1,004,962
(4) Other		1,577,585	1,581,999	- 4,413	- 0.3	1,549,381
Allowance for doubtful accounts		- 599,731	- 597,756	- 1,974	- 0.3	- 564,006
Reserve for investment losses		- 280,000	- 229,402	- 50,597	- 22.1	- 280,000
Total investments and other assets		6,622,384	6,788,276	- 165,892	- 2.4	6,548,018
Total Fixed Assets		50,610,503	51,552,216	- 941,712	- 1.8	50,299,369
Total Assets		83,045,449	93,089,982	- 10,044,533	- 10.8	85,469,174

(Unit: Thousands of yen, %)

Item	Period	Current Quarter (First Quarter of the Fiscal Year Ending October 31, 2005)	Prior FY Quarter (First Quarter of the Fiscal Year Ended October 31, 2004)	Change from prior year		(Reference) Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount	Percent	Amount
(Liabilities)						
I	Current Liabilities					
1.	Notes payable, trade	9,467,415	10,014,103	- 546,687	- 5.5	8,967,156
2.	Accounts payable, trade	1,978,243	1,765,449	212,793	12.1	2,838,409
3.	Short-term bank loans	-	3,000,000	- 3,000,000	- 100.0	-
4.	Long-term bank loans due within one year	10,513,000	10,206,000	307,000	3.0	10,747,000
5.	Accounts payable, other	3,415,761	5,733,390	- 2,317,628	- 40.4	4,065,427
6.	Corporate taxes payable	387,751	296,003	91,747	31.0	362,284
7.	Accrued bonuses to employees	598,290	583,589	14,701	2.5	436,029
8.	Other	677,868	1,010,785	- 332,917	- 32.9	659,869
	Total Current Liabilities	27,038,329	32,609,321	- 5,570,991	- 17.1	28,076,177
II	Long-term Liabilities					
1.	Long-term bank loans	19,025,000	21,958,000	- 2,933,000	- 13.4	20,735,000
2.	Long-term accrued expenses	2,424,409	4,444,823	- 2,020,414	- 45.5	2,426,551
3.	Retirement allowances to directors and auditors	88,874	162,000	- 73,125	- 45.1	71,542
4.	Accrued employees retirement benefits	1,261,932	1,805,016	- 543,083	- 30.1	1,226,848
	Total Long-term Liabilities	22,800,217	28,369,840	- 5,569,622	- 19.6	24,459,941
	Total Liabilities	49,838,547	60,979,161	- 11,140,614	- 18.3	52,536,118
(Shareholders' Equity)						
I	Common stock	8,596,737	8,596,737	-	-	8,596,737
II	Capital surplus					
	Additional paid-in capital	9,720,343	9,720,343	-	-	9,720,343
	Total capital surplus	9,720,343	9,720,343	-	-	9,720,343
III	Earned surplus					
	Legal earned surplus	1,375,287	1,375,287	-	-	1,375,287
	Voluntary reserves					
	General reserve	11,831,684	11,281,684	550,000	4.9	11,281,684
	Unappropriated retained earnings	1,023,152	906,787	116,364	12.8	1,443,580
	Total earned surplus	14,230,124	13,563,760	666,364	4.9	14,100,552
IV	Valuation difference on other investment securities	843,243	407,299	435,944	107.0	697,897
V	Treasury stock	- 183,546	- 177,318	- 6,228	- 3.5	- 182,475
	Total Shareholders' Equity	33,206,902	32,110,821	1,096,081	3.4	32,933,055
	Total Liabilities and Shareholders' Equity	83,045,449	93,089,982	- 10,044,533	- 10.8	85,469,174

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Summary of First Quarter Operating Results (Consolidated),
Fiscal Year Ending October 31, 2005

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6. (Summary) First Quarter Company Statements of Income

(Unit: Thousands of yen, %)

Item	Period	Current Quarter	Prior FY Quarter	Change from prior year		(Reference)
		(First Quarter of the Fiscal Year Ending October 31, 2005)	(First Quarter of the Fiscal Year Ended October 31, 2004)	Amount	Percent	Fiscal Year Ended October 31, 2004
		Amount	Amount	Amount	Percent	Amount
I	Operating revenues	15,475,649	15,593,096	- 117,446	- 0.8	59,274,381
II	Cost of revenues	11,359,033	11,482,677	- 123,643	- 1.1	45,811,415
	Gross profit	4,116,615	4,110,418	6,197	0.2	13,462,966
III	Selling, general and administrative expenses	3,464,406	3,437,872	26,534	0.8	11,620,779
	Operating income	652,209	672,546	- 20,337	- 3.0	1,842,186
IV	Non-operating revenues					
1.	Interest and dividends	15,110	7,997	7,113	88.9	77,222
2.	Gain on sale of investment securities	12,659	15,979	- 3,319	- 20.8	47,261
3.	Rents received	61,431	35,928	25,503	71.0	176,170
4.	Other	57,614	48,983	8,630	17.6	228,808
	Total non-operating revenues	146,816	108,888	37,927	34.8	529,462
V	Non-operating expenses					
1.	Interest expense	78,545	81,497	- 2,951	- 3.6	332,619
2.	Other	30,924	25,144	5,779	23.0	211,527
	Total non-operating expenses	109,470	106,641	2,828	2.7	544,146
	Ordinary income	689,555	674,793	14,761	2.2	1,827,502
VI	Extraordinary profits					
1.	Gain on disposal of fixed assets	4,254	-	4,254	-	8,334
2.	Gain on return of entrusted portion of corporate Employee Welfare Pension Fund	-	-	-	-	606,420
3.	Gain on reversal of allowance for doubtful accounts	147,200	-	147,200	-	-
4.	Other	116	6	110	-	5,472
	Total extraordinary profits	151,571	6	151,565	-	620,226
VII	Extraordinary losses					
1.	Loss on sale or disposal of fixed assets	19,730	1,839	17,890	972.6	94,392
2.	Valuation loss on investment securities	-	-	-	-	41,898
3.	Transfer to reserve for investment losses	-	-	-	-	50,597
4.	Other	-	-	-	-	18,062
	Total extraordinary losses	19,730	1,839	17,890	972.6	204,949
	Income before taxes and adjustments	821,396	672,960	148,436	22.1	2,242,779
	Corporate, local and business taxes	322,952	252,584	70,368	27.9	832,790
	Adjustment for corporate and other taxes	62,977	71,071	- 8,094	- 11.4	222,880
	Net income	435,466	349,304	86,162	24.7	1,187,109
	Profit carry-forward from prior period	587,686	557,483	30,202	5.4	557,483
	Cash dividends	-	-	-	-	268,785
	Loss on cancellation of affiliated company stock related to merger	-	-	-	-	32,226
	Unappropriated retained earnings	1,023,152	906,787	116,364	12.8	1,443,580