

# Three-month Consolidated Financial Report for the Fiscal Year ending October 31, 2012 [Japan GAAP]

March 9, 2012

Listed Company Name **Kanamoto Company, Ltd.**  
 Company Code Number **9678**  
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**  
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Scheduled date for submission of Quarterly Report March 15, 2012  
 Scheduled date for commencement of dividend payments –  
 Preparation of Quarterly Settlement Supplementary  
     Explanatory Materials No  
 Quarterly Earnings Briefings No

## 1. Operating Results for the Three-Month Period of the Fiscal Year Ending October 31, 2012 (November 1, 2011 – January 31, 2012)

### (1) Consolidated Operating Results (Cumulative) (Numbers less than one million yen have been rounded down)

(Percentages shown are the percent increase or decrease compared to the same period of the prior consolidated fiscal year)

	Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ending October 31, 2012: First quarter	20,915	14.4	2,316	107.9	2,176	122.1	1,165	228.7
Fiscal Year ended October 31, 2011: First quarter	18,280	-2.2	1,114	-33.2	979	-38.6	354	-58.4

Note: Comprehensive income

Fiscal Year Ending October 31, 2012 First Quarter: ¥1,251 million (118.2%)  
 Fiscal Year Ended October 31, 2011 First Quarter: ¥ 573 million (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal Year ending October 31, 2012: First quarter	35.51	—
Fiscal Year ended October 31, 2011: First quarter	10.80	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
Fiscal Year ending October 31, 2012: First quarter	123,542	38,473	30.7
Fiscal Year ended October 31, 2011	115,120	37,592	32.2

(Reference) Shareholders' equity

Fiscal Year Ending October 31, 2012 First Quarter: ¥37,969 million  
 Fiscal Year Ended October 31, 2011: ¥37,085 million

## 2. Dividends

	Dividend per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full year
	Yen <input type="checkbox"/>	Yen 10.00	Yen <input type="checkbox"/>	Yen 10.00	Yen 20.00
Fiscal year ended October 31, 2011	<input type="checkbox"/>	10.00	<input type="checkbox"/>	10.00	20.00
Fiscal year ending October 31, 2012	<input type="checkbox"/>	10.00	<input type="checkbox"/>	10.00	20.00
Fiscal Year ending October 31, 2012 (Projected)	<input type="checkbox"/>	10.00	<input type="checkbox"/>	10.00	20.00

(Note) Has the Company revised its projected dividends during this quarter? No

## 3. Projected Consolidated Operating Results for the Fiscal Year Ending October 2012 (November 1, 2011 - October 31, 2012) (Percentages indicate percent change from prior fiscal year)

	Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim (Year-to-date)	36,330	2.9	2,250	30.5	1,900	34.9	830	<input type="checkbox"/>	25.28
Full year	72,610	2.1	3,780	30.1	3,040	35.7	1,350	15.8	41.12

(Note) Has the Company revised its most recently released projected consolidated operating results during the quarter? No

4. Other

- (1) Were there changes to material subsidiaries during the period under review?: No  
Note: Transfer of specified subsidiaries in conjunction with revisions to the scope of consolidation during the quarterly accounting period.  
Company newly included (Company name: )  
Company newly excluded (Company name: )
- (2) Application of special accounting method in the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates and retrospective restatements  
(a) Changes in accounting principles in conjunction with a revision to accounting standards: No  
(b) Changes other than the above: No  
(c) Changes in accounting estimates: No  
(d) Retrospective restatements: No
- (4) Number of shares issued (common stock)  
(a) Number of shares outstanding at the end of the period (including treasury stock)  
Fiscal year ending October 31, 2012 First Quarter: 32,872,241 shares  
Fiscal year ended October 31, 2011: 32,872,241 shares  
(b) Number of shares of treasury stock at the end of the period  
Fiscal year ending October 31, 2012 First Quarter: 37,285 shares  
Fiscal year ended October 31, 2011: 37,712 shares  
(c) Average number of shares during the period (consolidated year-to-date)  
Fiscal year ending October 31, 2012 First Quarter: 32,834,534 shares  
Fiscal year ended October 31, 2011 First Quarter: 32,835,326 shares

Note: Disclosure concerning status of implementation of quarterly review procedure

This quarterly earnings report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the Company has not completed the quarterly review procedure for financial statements.

Note: Explanation concerning appropriate use of the projected operating results and other items to note

Note Concerning Forward-Looking Statements

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. Please refer to the Qualitative Information Concerning Projected Operating Results on Page 3 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

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## **I. Qualitative Information Concerning Quarterly Consolidated Operating Results**

### **1. Qualitative Information Concerning Consolidated Operating Results**

#### **< Management Environment > (From November 1, 2011 to January 31, 2012)**

During the first quarter of the Kanamoto Group's current fiscal year, improvement in the manufacturing sector continued as the supply chain was restored after being disrupted by the Great East Japan Earthquake, and Japan's economy ostensibly turned toward recovery, supported by restoration demand from the stricken areas. On the other hand, with the global economy decelerating because of the debt crisis in Europe, and Japanese businesses generally marking time because of concerns over future corporate operating results under the impact of the historically strong yen and widespread damage to the production facilities of many Japanese firms from flooding in Thailand, the future outlook remains clouded.

#### **< First Quarter Consolidated Operating Results > (From November 1, 2011 to January 31, 2012)**

In the engineering works and construction market related to the Kanamoto Group, construction work orders exhibited a rising trend driven by restoration and reconstruction demand following the Great East Japan Earthquake. When viewed nationally, however, moves to reduce public works in conjunction with budget cutbacks are continuing, while in the private sector, a prudent stance toward capital investment has spread because of the uncertain prospects for the global economy. Taken together, these factors have produced greater polarization in the management environment by region. A similar tendency is occurring in the construction equipment rental market as well as a result of the regions where businesses are developing branches, and the types of construction equipment companies are holding.

In light of these circumstances, the Kanamoto Group responded zealously to the infrastructure restoration and reconstruction demand in the disaster-stricken areas in eastern Japan and areas hard-hit by typhoon damage and localized torrential rains. The Group also actively proceeded to adopt and provide customers with the latest technology, including information-aided construction, and with labor-saving new commercial products. Through these measures and success in its efforts to methodically select and concentrate operations, including optimum positioning of rental assets and cost reductions, the Group significantly increased both revenues and earnings compared with its initial plan.

As a result of these factors, consolidated revenues for the first quarter of the Business Period ending in October 2012 were ¥20,915 million, up 14.4% compared with the same period of the previous consolidated fiscal year.

In terms of earnings, operating income rose 107.9% from the same period of the previous consolidated fiscal year to ¥2,316 million, ordinary income climbed 122.1% year-on-year to ¥2,176 million and net income soared 228.7% year-on-year to ¥1.165 million.

Operating results for each segment of the Kanamoto Group are discussed below.

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

Construction equipment rental revenues tended to exceed the level in the same period of the previous year in all of the Kanamoto Group's regions. In addition to restoration demand following the earthquake and heavy rainfall disasters, revenues were boosted by increased demand for snow removal-related products because of record-breaking snowfalls, and by an improved supply

and demand situation for construction equipment in other regions as large quantities of construction equipment were redirected into stricken areas.

Looking at construction-related business revenues by region, revenues for the first quarter increased 7.6% year-on-year because of engineering works in the Hokkaido Region, a sector in which Kanamoto excels, and the implementation of a strong business development effort targeting construction activities.

In the Tohoku Region, revenues increased 44.8% compared with the same period of the previous year, reflecting snow removal demand in areas along the Sea of Japan, as well as restoration and reconstruction demand-related works in the three prefectures damaged by the earthquake and tsunami. Revenues in the Kanto Region were up 15.4% over the period one year earlier, mainly because of public works, including the construction of three ring roads (Metropolitan Inter-City Expressway, Tokyo Outer Ring Road and Central Circular Route), and a partial recovery trend in condominium construction in the Tokyo metro area. In the Kinki & Chubu Region, private sector capital investment broke out of its slump in the metropolitan areas and helped boost revenues by 6.2%, and in the Kyushu & Okinawa Region, revenues rose 13.9% thanks to works to repair heavy rainfall damage.

Overseas, revenue increased 25.1% from the same period one year earlier, as Shanghai Jinheyuan Engineering Construction Co., Ltd. opened successive offices in China.

Turning to overseas sales of used construction equipment, sales declined 36.2% year-on-year, in line with the Company's initial plan, as sales were postponed because of the priority on using equipment to meet earthquake recovery demand.

As a result of these factors, first quarter revenues for Kanamoto's construction-related businesses improved 15.9% from the same period of the previous consolidated fiscal year to ¥19,288 million, and operating income expanded 118.6% year-on-year to ¥2,237 million.

### **[ Other Businesses ]**

In the steel products sales business the Company is developing in Hokkaido, revenues for the first quarter of the current consolidated fiscal year slipped 2.6% from the same period one year earlier as construction works were postponed because of the effect of the earthquake. In contrast, the Company's information and telecommunications-related division achieved growth in both personal computer rental demand and personnel placement, and revenues expanded 15.3%.

As a result of the above activities, for the first quarter of the current consolidated fiscal year, revenues in the Company's other businesses edged down 0.5% from the same period one year ago to ¥1,626 million, and operating income declined 13.2% from the prior year to ¥40.0 million.

### **[ Business development issues deserving special mention and status of branch office changes ]**

During the first quarter of the current consolidated fiscal year, Kanamoto opened two new branches, the Miyako Branch (Yamada Town, Shimohei-gun, Iwate Prefecture) and the Kameishi Branch (Kameishi City, Iwate Prefecture). The Company closed its Shimukappu Equipment Center (Shimukappu Village, Yufutsu-gun, Hokkaido) and Isawa Equipment Center (Oshu City, Iwate Prefecture).

## **2. Qualitative Information Concerning Consolidated Financial Position**

### **(1) Assets, liabilities and net assets**

Total assets at the end of the first quarter under review increased by ¥8,421 million compared with the end of the prior consolidated accounting fiscal year to ¥123,542 million. This change mainly reflected an increase of ¥3,693 million in cash and deposits from the collection of accounts receivable, trade, and an increase of ¥3,697 million in rental equipment.

Total liabilities were ¥85,068 million, an increase of ¥7,541 million compared with the end of the prior consolidated fiscal year. The main factors behind this change were an increase in notes and accounts payable, trade of ¥1,463 million, an increase in long-term bank loans of ¥1,669 million and an increase in long-term accrued expenses, including the installment payment contract used to purchase rental equipment and other assets, of ¥3,216 million.

Total Net Assets were ¥38,473 million, ¥880 million higher than at the end of the prior consolidated fiscal year. The main factors behind this change were net income of ¥1,165 million reported for the first quarter of the current consolidated fiscal year, and a decrease of ¥328 million as a year-end dividend for the prior consolidated fiscal year.

### **3. Qualitative information concerning projected consolidated operating results**

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.

## **II. Matters Concerning Summary Information (Other)**

### **1. Changes to material subsidiaries during the consolidated period under review**

During the first quarter of the current consolidated fiscal year, Kanamoto absorbed and merged with SRG Kanamoto Co., Ltd., a consolidated subsidiary, with Kanamoto as the surviving entity.

### **2. Application of special accounting method in the preparation of quarterly consolidated financial statements**

#### **1. Appraisal methods for inventory assets**

The appraisal value of inventories at the end of the first quarter under review has been calculated using a rational method based on physical inventories at the end of the previous consolidated accounting fiscal year, rather than physical inventories at the end of the quarter under review.

To write down the book value of inventory, the Company estimates the net selling values of assets for which there has been a clear decline in profitability, and writes down the book values to those amounts.

#### **2. Method of calculating fixed asset depreciation expense**

For depreciation and amortization expense for fixed assets for which it has adopted the declining balance method, the Company calculates the amount of depreciation and amortization pertaining to the consolidated fiscal year on a pro-rata basis for each period.

### 3. Supplemental information

(Retirement allowances to directors and auditors)

Kanamoto and certain of its consolidated subsidiaries resolved at the Board of Directors of each company to discontinue the system for retirement allowances to directors and auditors, and a termination payout to directors and auditors in conjunction with discontinuation of the system for retirement allowances to directors and auditors was resolved and approved by the Regular General Meeting of the Shareholders of each company.

In accordance with this change the Company reversed the full amount of retirement allowances to directors and auditors corresponding to the period until the conclusion of the General Meeting of the Shareholders, and has reported the unpaid amount of ¥217,138,000 in conjunction with the termination payout in long-term accrued expenses under long-term liabilities.

(Accrued employees' retirement benefits)

Kanamoto and certain of its consolidated subsidiaries discontinued the accrued employees' retirement benefits system for Corporate Officers at the conclusion of the Regular General Meeting of the Shareholders, based on a resolution of the Board of Directors of each company.

Furthermore, when the termination payout to directors and auditors was resolved at the General Meeting of the Shareholders, the Company similarly made a termination payout to its Corporate Officers.

In accordance with this change the Company has reported the accrued employees' retirement benefits of ¥34,805,000 for the period until the conclusion of the General Meeting of the Shareholders in long-term accrued expenses under long-term liabilities.

(Application of the *Accounting Standard for Accounting Changes and Error Corrections*)

Beginning with accounting changes and corrections of past reporting errors that are made after the beginning of the first quarter of the current consolidated fiscal year, the Company has adopted the *Accounting Standard for Accounting Changes and Error Corrections* (Accounting Standards Board of Japan Statement No. 24 dated December 4, 2009) and the *Guidance on Accounting Standard for Accounting Changes and Error Corrections* (Accounting Standards Board of Japan Guidance No. 24 dated December 4, 2009).

(Effect of revisions to the corporation tax rate)

The *Act for Partial Amendment of the Income Tax Law Etc. for Construction of a Tax System Corresponding to Changes in the Structure of the Economy and Society* (Act No. 114 of 2011) and the *Special Measures Act to Secure the Financial Resources Necessary to Implement Measures for Restoration from the Great East Japan Earthquake* (Act No. 117 of 2011) were enacted on December 2, 2011, and revisions to the corporation tax rate and the assessment of the restoration special corporation tax will become effective in the consolidated fiscal year beginning from April 1, 2012. In conjunction with these laws, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be changed from 40.4%, the rate traditionally applied, to 37.7% of the temporary difference in cancellations expected from the consolidated fiscal year beginning after November 1, 2012 to the consolidated fiscal year beginning on November 1, 2014, and to 35.3% of the temporary difference in cancellations expected after the consolidated fiscal year beginning on November 1, 2015.



Based on this tax rate revision, the Company has reduced the amount of deferred tax assets (amount after deducting the amount of deferred tax liabilities) by ¥38,874,000, and increased the adjustment for corporate and other taxes by ¥59,982,000.

### III. Quarterly Consolidated Financial Statements

#### 1. Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year (As of October 31, 2011)	Current Consolidated Fiscal Year First Quarter (As of January 31, 2012)
Classification	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	20,059,836	23,753,290
Notes and accounts receivable, trade	16,419,596	17,101,774
Negotiable securities	350,000	350,000
Work in progress	33,299	25,755
Merchandise and finished goods	621,325	630,510
Raw materials and supplies	198,063	215,057
Construction equipment	1,557,207	2,137,479
Income taxes receivable	10,156	—
Consumption tax receivable	103,824	13,263
Deferred tax assets	383,915	304,756
Other	606,178	505,542
Allowance for doubtful accounts	-368,095	-378,189
Total Current Assets		
Fixed assets		
Tangible fixed assets		
Rental equipment assets	72,929,202	78,281,693
Accumulated depreciation	-41,233,812	-42,888,507
Net rental Equipment assets	31,695,389	35,393,186
Buildings and structures	20,871,684	21,020,910
Accumulated depreciation	-13,481,705	-13,621,367
Net buildings and structures	7,389,979	7,399,542
Machinery, equipment, vehicles and delivery equipment	5,131,902	5,137,546
Accumulated depreciation	-4,491,947	-4,510,533
Net machinery, equipment, vehicles and delivery equipment	639,955	627,012
Land	29,907,779	29,908,929
Other	1,422,796	1,454,069
Accumulated depreciation	-1,186,184	-1,198,445
Net other	236,611	255,624
Total Tangible Fixed Assets	69,869,715	73,584,295
Intangible fixed assets		
Goodwill	159,081	114,287
Other	243,722	224,779
Total Intangible Fixed Assets	402,804	339,066

Investments and other assets		
Investment securities	3,202,316	3,277,697
Deferred tax receivable	658,472	672,670
Other	1,866,172	1,857,521
Allowance for doubtful accounts	-732,482	-726,377
Allowance for investment loss	-122,010	-122,010
Total Investments and Other Assets	4,872,468	4,959,502
Total Fixed Assets	75,144,988	78,882,865
Total Assets	115,120,298	123,542,106

	Prior Consolidated Fiscal Year (As of October 31, 2011)	Current Consolidated Fiscal Year First Quarter (As of January 31, 2012)
Classification	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	13,318,570	14,781,577
Short-term bank loans	11,155,150	11,086,860
Long-term bank loans due within one year	9,853,531	10,376,058
Current portion of bonds	22,000	11,000
Lease obligations	1,087,355	1,284,292
Corporate taxes payable	322,353	896,286
Accrued bonuses to employees	531,006	283,933
Allowance for disaster losses	289,850	280,066
Accounts payable, other	7,574,532	7,524,920
Other	1,188,201	1,541,543
Total Current Liabilities	45,342,552	48,066,537
Long-term liabilities		
Bonds		
Long-term bank loans	17,063,051	18,732,580
Lease obligations	1,430,603	1,618,824
Accrued employees retirement benefits	37,455	2,457
Retirement allowances to directors and auditors	210,336	—
Long-term accrued expenses	13,251,369	16,468,213
Asset retirement obligations	147,078	149,640
Other	45,143	30,624
Total Long-term Liabilities	32,185,039	37,002,340
Total Liabilities	77,527,592	85,068,878
(Net Assets)		
Shareholder's equity		

Capital stock	9,696,717	9,696,717
Capital surplus	10,960,749	10,960,761
Retained earnings	16,297,314	17,118,887
Treasury stock	-25,240	-24,954
Total Shareholders' Equity	36,929,541	37,751,411
Valuation and translation adjustments		
Valuation difference on other investment securities	198,819	259,413
Translation adjustments account	-42,758	-40,979
Total Valuation and Translation Adjustments	156,060	218,434
Minority Interests	507,104	503,383
Total Net Assets	37,592,706	38,473,228
Total Liabilities and Net Assets	115,120,298	123,542,106

**2. Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**  
**Quarterly Consolidated Statements of Income**  
**(Three-month period ended January 31, 2012)**

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year First Quarter From November 1, 2010 to January 31, 2011	Current Consolidated Fiscal Year First Quarter From November 1, 2011 to January 31, 2012
Classification	Amount	Amount
Revenues	18,280,145	20,915,098
Cost of revenues	12,723,821	14,099,491
Gross profit	5,556,324	6,815,607
Selling, general and administrative expenses	4,442,061	4,498,869
Operating income	1,114,262	2,316,737
Non-operating income		
Interest income	1,879	1,482
Dividend income	14,639	16,288
Insurance benefits	3,936	12,654
Rents received	12,878	12,850
Cash bonus received	521	13,338
Amortization of negative goodwill	17,458	17,458
Reversal of allowance for doubtful accounts	—	17,432
Other	29,939	29,873
Total non-operating income	81,252	121,377
Non-operating expenses		
Interest expense	174,537	210,974
Loss on sale of notes receivable	11,370	12,878
Other	29,920	38,131
Total non-operating expenses	215,828	261,984
Ordinary income	979,686	2,176,130
Extraordinary income		
Gain on sale or retirement of fixed assets	2,142	1,347
Reversal of allowance for doubtful accounts	3,596	—
Gain on liquidation of subsidiary	—	19,615
Other	1,647	138
Total extraordinary income	7,387	21,102
Extraordinary losses		
Loss on sale or retirement of fixed assets	62,428	26,806
Transfer to reserve for investment losses	4,000	—

Loss on adjustment for changes of accounting standard for asset retirement obligations	95,530	—
Other	—	126
Total extraordinary losses	161,958	26,933
Income before taxes and adjustments	825,115	2,170,299
Corporate, local and business taxes	320,512	873,355
Adjustment for corporate and other taxes	149,159	111,704
Total corporate and other taxes	469,672	985,060
Income before minority interest	355,443	1,185,239
Minority interest in income (loss)	693	19,298
Net income	354,749	1,165,940

**Quarterly Consolidated Statements of Comprehensive Income**  
**(Three-month period ended January 31, 2012)**

(Unit: Thousands of yen)

	Prior Consolidated Fiscal Year First Quarter From November 1, 2010 to January 31, 2011	Current Consolidated Fiscal Year First Quarter From November 1, 2011 to January 31, 2012
Classification		
Income before minority interest	355,443	1,185,239
Other comprehensive income		
Valuation difference on other investment securities	225,319	60,594
Translation adjustments account	-7,497	5,209
Total other comprehensive income	217,821	65,803
Quarter comprehensive income	573,265	1,251,042
(Breakdown)		
Comprehensive quarterly income attributable to owners of the parent	575,898	1,228,313
Comprehensive quarterly income attributable to minority interests	-2,633	22,729

### 3. Notes Relating to the Going Concern Assumption

The Company had no material items to report.

### 4. Business Segment Information

(1) First quarter of the prior consolidated fiscal year (From November 1, 2010 to January 31, 2011)

#### 1. Information concerning revenues and profit or loss of each reporting segment

(Unit: Thousands of yen)

	Reporting segment	Other businesses (see Note)	Total
	Business related to the Construction Equipment Rental Division		
Revenues			
(1) Revenues from customers	16,645,548	1,634,597	18,280,145
(2) Sales or transfers between segments	—	—	—
Total	16,645,548	1,634,597	18,280,145
Segment operating income	1,023,704	46,289	1,069,993

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division and other businesses.

#### 2. Difference between total reporting segment profit or loss and the amount reported on the Quarterly Consolidated Statements of Income, and the main reasons for the difference (Matters Pertaining to Reconciliation of Difference)

(Unit: Thousands of yen)

Earnings	Amount
Reporting segment total	1,023,704
Earnings from other classifications	46,289
Other adjustments	44,269
Operating income reported on the Quarterly Consolidated Statements of Income	1,114,262



(2) First quarter of the current consolidated fiscal year (From November 1, 2011 to January 31, 2012)

1. Information concerning revenues and profit or loss of each reporting segment

(Unit: Thousands of yen)

	Reporting segment	Other businesses (see Note)	Total
	Business related to the Construction Equipment Rental Division		
Revenues			
(1) Revenues from customers	19,288,740	1,626,357	20,915,098
(2) Sales or transfers between segments	—	—	—
Total	19,288,740	1,626,357	20,915,098
Segment operating income	2,237,413	40,156	2,277,569

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division and other businesses.

2. Difference between total reporting segment profit or loss and the amount reported on the Quarterly Consolidated Statements of Income, and the main reasons for the difference (Matters Pertaining to Reconciliation of Difference)

(Unit: Thousands of yen)

Earnings	Amount
Reporting segment total	2,237,413
Earnings from other classifications	40,156
Other adjustments	39,167
Operating income reported on the Consolidated Quarterly Statements of Income	2,316,737

**5. Note on Significant Changes to Shareholders' Equity**

The Company had no material items to report.