

# October 2001 Company Financial Statements Summary

December 13, 2001

## Kanamoto Company, Ltd.

Head Office: 1-19, Odori Higashi 3-chome, Chuo-ku, Sapporo, Hokkaido Japan 060-0041

Stock Code: 9678

Listing Exchanges: Tokyo Stock Exchange(First Section), Sapporo Stock Exchange

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Date of Report to the Board of Directors :

December 13, 2001

SEC (United States) Accounting Standards :

The Company has not adopted SEC accounting standards

### 1. Operating results for the fiscal year ended October 31, 2001 (November 1, 2000 - October 31, 2001)

#### (1) Operating results (Numbers less than one million yen have been rounded down)

	Revenues		Operating Income		Ordinary Income		Net Income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Fiscal year ended October 31, 2001	64,295	( 5.4)	2,771	(-10.7)	3,294	( 23.5)	518	(-64.4)
Fiscal year ended October 31, 2000	61,030	( 0.7)	3,104	(-24.1)	2,668	(-28.2)	1,455	(-15.7)

	Net income per share of common stock	Net income per share of common stock after adjustment for potential ordinary shares	Return on shareholders' equity	Return on total assets	Ordinary income margin
	Yen	Yen	%	%	%
Fiscal year ended October 31, 2001	17.14	15.04	1.7	3.2	5.1
Fiscal year ended October 31, 2000	48.66	38.73	4.8	2.6	4.4

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

Fiscal year ended October 31, 2001: 30,245,585 shares

Fiscal year ended October 31, 2000: 29,908,158 shares

2. Are there any changes in accounting method?

No

3. The percentages shown for revenues, operating income, ordinary income and fiscal year 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
	Yen	Yen	Yen	¥ millions	%	%
Fiscal year ended October 31, 2001	18.00	9.00	9.00	544	105.0	1.8
Fiscal year ended October 31, 2000	18.00	9.00	9.00	543	37.4	1.8

**(3) Financial position**

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ millions	¥ millions	%	Yen
Fiscal year ended October 31, 2001	105,423	31,034	29.4	1,025.82
Fiscal year ended October 31, 2000	102,920	30,926	30.0	1,023.06

(Note s)

Number of shares issued and outstanding at fiscal year-end

Fiscal year ended October 31, 2001: 30,252,259 shares      Fiscal year ended October 31, 2000: 30,229,241 shares

Number of shares of treasury stock at fiscal year-end

Fiscal year ended October 31, 2001: 982 shares      Fiscal year ended October 31, 2000: 277 shares

**2. Projected operating results for the fiscal year ending October 31, 2002****(November 1, 2001 – October 31, 2002)**

	Revenues	Ordinary income	Net income	Annual dividend per share of common stock		
				Interim Yen	Year-end Yen	Total Yen
	¥ millions	¥ millions	¥ millions			
Interim period	30,120	1,150	580	9.00	-	-
Full year	61,440	1,510	700	-	9.00	18.00

(Reference) Projected net income per share of common stock (Full year) ¥23.14

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### 1. Comparative Balance Sheets

(Amounts less than ¥1,000 have been rounded down)

Category	Period	Prior fiscal year (As of October 31, 2000)		Current fiscal year (As of October 31, 2001)		Amount of increase or decrease
		¥ thousands	%	¥ thousands	%	
( Assets )						
I Current Assets						
Cash and deposits		16,297,173		15,691,502		-605,671
Notes receivable, trade		11,858,956		12,519,707		660,750
Accounts receivable, trade		11,486,658		12,586,858		1,100,200
Negotiable securities		746,051		114,440		-631,611
Treasury stock		165		-		-165
Merchandise inventory		740,621		738,281		-2,340
Construction equipment		3,691,573		2,931,588		-759,984
Supplies		76,587		67,865		-8,722
Prepaid expenses		270,305		252,944		-17,361
Deferred consumption and other taxes		24,844		-		-24,844
Deferred tax assets		105,066		226,386		121,319
Other current assets		128,646		73,392		-55,253
Allowance for doubtful accounts		┘ 173,025		┘ 318,288		-145,263
Total Current Assets		45,253,626	44.0	44,884,678	42.6	-368,947
II Fixed Assets						
(1) Tangible Fixed Assets						
Rental equipment		18,825,760		19,820,554		994,793
Buildings		6,344,520		6,446,603		102,082
Structures		1,685,708		1,581,594		-104,114
Machinery and equipment		1,366,338		1,294,670		-71,668
Vehicles and delivery equipment		2,112		2,078		-33
Tools, furnishings and fixtures		217,602		230,596		12,994
Land		24,042,995		24,258,223		215,227
Construction in progress		338,959		58,896		-280,062
Total Tangible Fixed Assets		52,823,998	51.3	53,693,217	50.9	869,218
(2) Intangible Fixed Assets						
Total Intangible Fixed Assets		57,122	0.1	78,984	0.1	21,862
(3) Investments and Other Assets						
Investment securities		2,860,812		3,544,937		684,125
Stock of affiliated companies		224,199		588,199		364,000
Bonds of affiliated companies		10,000		10,000		-
Advances		158,435		187,468		29,032
Long-term loans to affiliated companies		100,000		100,000		-
Long-term prepaid expenses		173,119		168,148		-4,970
Insurance reserve		179,524		194,193		14,669
Deferred tax assets		485,310		1,563,464		1,078,154
Other		825,021		856,838		31,817
Allowance for doubtful accounts		-230,181		-446,847		-216,665
Total Investments and Other Assets		4,786,242	4.6	6,766,405	6.4	1,980,162
Total Fixed Assets		57,667,363	56.0	60,538,606	57.4	2,871,243
Total Assets		102,920,989	100.0	105,423,285	100.0	2,502,295

(Amounts less than ¥1,000 have been rounded down)

Category	Period		Current fiscal year		Amount of increase or decrease
	Prior fiscal year (As of October 31, 2000)		(As of October 31, 2001)		
	¥ thousands	%	¥ thousands	%	¥ thousands
(Liabilities)					
<b>I Current Liabilities</b>					
Notes payable, trade	8,367,393		9,151,177		783,784
Accounts payable, trade	2,784,599		2,646,364		-138,235
Short-term bank loans	12,135,000		7,755,000		-4,380,000
Accounts payable, other	7,582,990		8,284,244		701,253
Corporate taxes payable	202,872		1,290,280		1,087,408
Consumption and other taxes payable	-		319,204		319,204
Accrued expenses	244,309		279,598		35,289
Accrued bonuses to employees	491,873		575,298		83,425
Equipment notes payable	792,559		421,631		-370,928
Other current liabilities	158,656		122,830		-35,825
<b>Total Current Liabilities</b>	<b>32,760,254</b>	<b>31.9</b>	<b>30,845,629</b>	<b>29.3</b>	<b>-1,914,624</b>
<b>II Long-term Liabilities</b>					
Straight bonds	5,277,692		5,277,692		-
Convertible bonds	9,796,000		9,281,000		-515,000
Long-term bank loans	12,865,000		14,305,000		1,440,000
Long-term accrued expenses	11,008,272		12,399,361		1,391,088
Retirement allowances to auditors and directors	287,454		282,426		-5,028
Accrued employees retirement benefit	-		1,997,795		1,997,795
<b>Total Long-term Liabilities</b>	<b>39,234,418</b>	<b>38.1</b>	<b>43,543,275</b>	<b>41.3</b>	<b>4,308,856</b>
<b>Total Liabilities</b>	<b>71,994,672</b>	<b>70.0</b>	<b>74,388,904</b>	<b>70.6</b>	<b>2,394,232</b>
(Shareholders' Equity)					
<b>I Common stock</b>	<b>8,591,481</b>	<b>8.3</b>	<b>8,596,737</b>	<b>8.2</b>	<b>5,256</b>
<b>II Additional paid-in capital</b>	<b>9,715,111</b>	<b>9.4</b>	<b>9,720,343</b>	<b>9.2</b>	<b>5,232</b>
<b>III Legal earned surplus</b>	<b>1,245,262</b>	<b>1.2</b>	<b>1,372,487</b>	<b>1.3</b>	<b>127,225</b>
<b>IV Retained earnings</b>					
(1) Voluntary reserves					
General reserve	9,550,000		10,350,000		800,000
(2) Unappropriated retained earnings	1,824,461		854,814		-969,647
<b>Total other reserves</b>	<b>11,374,461</b>	<b>11.1</b>	<b>11,204,814</b>	<b>10.6</b>	<b>-169,647</b>
<b>V Valuation difference on other negotiable securities</b>	<b>-</b>	<b>-</b>	<b>140,535</b>	<b>0.1</b>	<b>140,535</b>
<b>VI Treasury stock</b>	<b>-</b>	<b>-</b>	<b>-537</b>	<b>-0.0</b>	<b>-537</b>
<b>Shareholders' Equity</b>	<b>30,926,316</b>	<b>30.0</b>	<b>31,034,380</b>	<b>29.4</b>	<b>108,063</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>102,920,989</b>	<b>100.0</b>	<b>105,423,285</b>	<b>100.0</b>	<b>2,502,295</b>

## 2. Comparative Statements of Income

(Amounts less than ¥1,000 have been rounded down)

Category	Period	Prior fiscal year		Current fiscal year		Amount of increase or decrease
		(From November 1, 1999 to	%	(From November 1, 2000 to	%	
		¥ thousands		¥ thousands		¥ thousands
I	Operating revenues	61,030,048	100.0	64,295,468	100.0	3,265,420
II	Cost of revenues from operations	46,456,372	76.1	48,872,408	76.0	2,416,036
	Gross profit	14,573,675	23.9	15,423,059	24.0	849,384
III	Selling and administrative expenses	11,468,912	18.8	12,651,742	19.7	1,182,829
	Operating income	3,104,762	5.1	2,771,317	4.3	-333,445
IV	Non-operating revenue	815,807	1.3	1,191,777	1.8	375,969
	Interest and dividends	91,196		40,492		-50,704
	Gain on sale of negotiable securities	128,873		-		-128,873
	Gain on sale of investment securities	-		370,851		370,851
	Gain on redemption of straight bonds	28,358		8,143		-20,215
	Other	567,378		772,290		204,912
V	Non-operating expenses	1,252,351	2.0	668,233	1.0	-584,118
	Interest expense	479,845		395,076		-84,768
	Bond interest expense	132,001		129,290		-2,711
	Stock issue expense	1,182		68		-1,114
	Bond issue expense	147,500		-		-147,500
	Other	491,821		143,797		-348,023
	Ordinary income	2,668,218	4.4	3,294,861	5.1	626,642
VI	Extraordinary profit	175,433	0.3	33,151	0.1	-142,281
	Adjustment of prior period profit or loss	42,204		2,256		-39,948
	Other	133,228		30,895		-102,333
VII	Extraordinary loss	215,415	0.4	2,255,508	3.5	2,040,093
	Loss on sale or disposal of fixed assets	199,063		100,597		-98,466
	Valuation loss on investment securities	16,351		126,450		110,098
	Money transferred to reserve for accrued employees retirement benefit	-		1,973,120		1,973,120
	Other	-		55,340		55,340
	Income before taxes and adjustments	2,628,236	4.3	1,072,504	1.7	-1,555,731
	Corporate, local and business taxes	1,226,610	2.0	1,854,010	2.9	627,399
	Adjustment for corporate and other taxes	-53,669	-0.1	-1,299,994	-2.0	-1,246,325
	Net income	1,455,295	2.4	518,488	0.8	-936,806
	Profit carry-forward from prior period	668,096		635,801		-32,295
	Cash dividends	271,754		272,250		496
	Additions to legal reserve	27,175		27,225		49
	Unappropriated retained earnings	1,824,461		854,814		-969,647

### 3. Comparative Appropriation of Retained Earnings (proposed)

(Amounts less than ¥1,000 have been rounded down)

Category	Period	Prior fiscal year General Meeting of the Shareholders approval date (January 30, 2001)	Current fiscal year (proposed) General Meeting of the Shareholders approval date (January 29, 2002)	Amount of increase or decrease
		¥ thousands	¥ thousands	¥ thousands
Unappropriated retained earnings		1,824,461	854,814	-969,647
To be appropriated as follows				
Amount of appropriated retained earnings		1,188,660	288,870	-899,790
Transfer to legal earned surplus		100,000	-	-100,000
(Note) Cash dividends		272,060 (¥9 per share)	272,270 (¥9 per share)	209
Directors bonuses		16,600	16,600	-
(Auditors bonuses)		(1,700)	(1,700)	( - )
Voluntary reserve				
General reserve		800,000	-	-800,000
Net income carried forward to the next period		635,801	565,944	-69,857

(Notes) 1. The Company paid an interim dividend of ¥272,250,000 (¥9 per share) on July 23, 2001.

2. The shareholder dividend is calculated excluding 982 shares of treasury stock.

#### 4. Notes to the financial statements

##### (Significant accounting policies)

Category \ Period	Prior fiscal year From November 1, 1999 To October 31, 2000	Current fiscal year From November 1, 2000 To October 31, 2001
1. Valuation standards and valuation methods for negotiable securities	<p>Negotiable securities with a market on a securities exchange .....Lower of cost or market method based upon the moving average method</p> <p>Other negotiable securities .....Cost method based upon the moving average method</p>	<p>Subsidiary companies and affiliated companies The Company has adopted the cost method based upon the moving average method</p> <p>Other negotiable securities Securities with a market price 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 accounting period closing date or similar prices</p> <p>Other negotiable securities The Company has adopted the cost method, cost being determined by the moving average method</p>
2. Appraisal standards and appraisal method for construction equipment	Amount after deduction of depreciation expense calculated according to the declining-balance method from the original prices, by separate fiscal year of purchase	Same as at left
3. Appraisal standards and appraisal method for merchandise inventories and supplies	<p>(1) Merchandise inventories 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 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 based upon provisions in the Corporate Income Tax Law. 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.</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 Straight-line depreciation based upon provisions in the Corporate Income Tax Law.</p>	<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>(2) Intangible fixed assets Same as at left</p> <p>(3) Long-term prepaid expenses The Company has adopted the straight-line method.</p>
5. Deferred charges	New share issue expenses and bond issue expenses are charged to income as incurred.	New share issue expenses are charged to income as incurred.

<div style="text-align: right;">Period</div> <div style="text-align: left;">Category</div>	Prior fiscal year From November 1, 1999 To October 31, 2000	Current fiscal year From November 1, 2000 To October 31, 2001
6. Accounting standards for allowances and reserves	<p>(1) Reserve for doubtful accounts            To provide for losses from doubtful accounts held at the end of the fiscal year, the Company charges to income the maximum amount that can be charged based on the provisions of the Corporate Income Tax Law, 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 based upon a salary estimate amount.</p> <p>(3) Accrued employees retirement benefit            -----</p> <p>(4) Retirement allowances to directors and auditors            The Company provides for retirement allowances to directors and auditors based upon pertinent rules and appropriated to the account proportionately based upon length of service.</p>	<p>(1) Reserve 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 based upon a salary estimate amount.</p> <p>(3) Accrued employees retirement benefit            The Company provides for employees' accrued retirement benefits based upon the projected amounts of the accrued retirement benefit liability and pension assets at the end of the accounting year. Furthermore, the full amount of the one-time difference for change in accounting standards (¥1,973,120,000) was charged to income at the end of the current consolidated accounting year.            The difference based on an actuarial calculation is charged to income beginning in the following consolidated accounting fiscal year 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>(4) Retirement allowances to directors and auditors            Same as at left</p>
7. Lease transactions	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.	Same as at left
8 . 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>
9. Other significant matters for preparation of the financial statements	<p>(1) Qualified pension plan</p> <ol style="list-style-type: none"> <li>1. The Company adopted a fully qualified pension plan (Kanamoto Pension Fund) for its retirement benefit system on July 1, 1990.</li> <li>2. Past service costs are being funded over a period of 7 years.</li> <li>3. The liability for past service cost as of March 31, 2000 was ¥505,081,000.</li> </ol> <p>(2) 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.</p>	<p>(1) Qualified pension plan -----</p> <p>(2) Accounting treatment of consumption tax Same as at left</p>

(Supplemental information)

Category \ Period	Prior fiscal year From November 1, 1999 To October 31, 2000	Current fiscal year From November 1, 2000 To October 31, 2001
Accounting for employees retirement benefits	-----	The Company has adopted the accounting standards for retirement benefits ("Opinions on Setting Standards for Post-employment Benefits," Business Accounting Council, June 16, 1998) from the current fiscal year. As a result, the Company's expense for accrued employees retirement benefit increased by ¥1,997,795,000, and ordinary income decreased by ¥24,675,000 and income before taxes decreased by ¥1,997,795,000, compared to what they would have been had the accounting standards used in the prior fiscal year been applied.

Accounting for financial instruments	-----	<p>The Company has adopted the accounting standards for financial instruments ("Opinions on Setting Standards for Financial Instruments," Business Accounting Committee, January 22, 1999) from the current fiscal year. As a result, the Company's ordinary income increased by ¥79,351,000 and income before taxes increased by ¥14,153,000 compared to what they would have been had the accounting standards used in the prior fiscal year been applied.</p> <p>In addition, the Company reviewed its holding objectives for negotiable securities held at the beginning of the fiscal year, and has disclosed the securities included in other negotiable securities that mature within one year as negotiable securities in current assets, and has disclosed all other securities as investment securities. As a result, the Company's negotiable securities accounted for as current assets were reduced by ¥278,026,000 and its investment securities increased by ¥278,026,000 compared to what they would have been had the accounting standards used in the prior fiscal year been applied.</p>
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## (Notes to the Balance Sheets)

Category \ Period	Prior fiscal year (As of October 31, 2000)	Current fiscal year (As of October 31, 2001)
1. Total accumulated depreciation for tangible fixed assets	¥49,118,380,000	¥49,491,403,000
2. Balance of liability for guarantees	<p>Joint and several guarantees of employee bank loans ¥25,398,000</p> <p>Guarantee of debt for long-term bank loan to affiliated company (Active Power Co., Ltd.) (Daichi Kangyo Bank) ¥280,000,000</p>	<p>Joint and several guarantees of employee bank loans ¥26,839,000</p> <p>Guarantee of debt for long-term bank loan to affiliated company (Active Power Co., Ltd.) (Daichi Kangyo Bank) ¥350,000,000</p>
3. Common stock issued during the fiscal year	<p>Conversion of convertible bonds (Yen-denominated convertible bonds maturing in 2003)</p> <p>Exercise of subscription rights (Stock option)</p>	<p>Exercise of subscription rights (Stock option)</p>
Form of issue		
Number of shares issued	651,000 shares	24,000 shares
Share issue price	¥777	¥437
Capitalization amount	¥388	¥219
4. Reduction to book value		
Amounts for assets acquired for which accumulated book values were reduced by government subsidies		
Machinery & equipment	¥5,044,000	¥5,044,000
Land	¥3,569,000	¥3,569,000
Total	¥8,613,000	¥8,613,000

**(Lease transactions)**

Prior fiscal year From November 1, 1999 To October 31, 2000				Current fiscal year From November 1, 2000 To October 31, 2001			
1. For finance lease transactions except for leases that transfer ownership of the property to the lessee.				1. For finance lease transactions except for leases that transfer ownership of the property to the lessee.			
(1) Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period.				(1) Amounts corresponding to lease property acquisition prices, accumulated depreciation and outstanding balances at the end of the fiscal year accounting period.			
	Acquisition price	Accumulated depreciation	Outstanding balance		Acquisition price	Accumulated depreciation	Outstanding balance
	¥ '000	¥ '000	¥ '000		¥ '000	¥ '000	¥ '000
Rental assets	16,688,293	8,788,906	7,899,386	Rental assets	14,030,856	6,820,861	7,209,995
Tools, furnishings and fixtures	653,650	308,993	344,656	Tools, furnishings and fixtures	623,113	306,423	316,689
Total	17,341,943	9,097,900	8,244,043	Total	14,653,970	7,127,285	7,526,684
(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	¥2,638,858,000			Within one year	¥2,893,595,000	
	After one year	¥5,402,652,000			After one year	¥4,787,601,000	
	Total	¥8,041,510,000			Total	¥7,681,197,000	
(3) Amount of lease payments, depreciation expense and interest expense				(3) Amount of lease payments, depreciation expense and interest expense			
	Lease payments	¥3,080,428,000			Lease payments	¥2,717,322,000	
	Depreciation expense	¥2,820,125,000			Depreciation expense	¥2,471,800,000	
	Interest expense	¥291,429,000			Interest expense	¥252,179,000	
(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 equally to each year.				Same as at left		
2. Operating leases				2. Operating leases			
	Future lease payments				Future lease payments		
	Within one year	¥1,422,400,000			Within one year	¥1,680,658,000	
	After one year	¥2,704,382,000			After one year	¥2,837,561,000	
	Total	¥4,126,782,000			Total	¥4,518,220,000	

**(Negotiable securities)**

The notes concerning the market price of the negotiable securities included in the prior consolidated accounting fiscal year financial statements and the negotiable securities including in the current consolidated accounting fiscal year financial statements (excluding securities of subsidiary companies and affiliated companies that have a market price) are part of the notes to the financial statements for the consolidated balance sheets. For the current consolidated accounting fiscal year (from November 1, 2000 to October 31, 2001), the Company's subsidiary companies and affiliated companies did not have any securities that have a market price.

## (Tax effect accounting)

### 1. Major factors creating deferred tax assets

	Prior fiscal year (As of October 31, 2000)	Current fiscal year (As of October 31, 2001)
Deferred tax asset		
Amount in excess of limit for inclusion in expenses for allowance for doubtful accounts		
Disallowance of deferred business taxes	¥5,128,000	¥139,048,000
Excess accrued employees retirement benefit	-	105,214,000
Amount in excess of limit for retirement allowances to directors and auditors	-	833,080,000
Amount in excess of limit for accrued bonuses to employees	119,868,000	117,771,000
Disallowance of excess depreciation		
Other	68,370,000	119,949,000
Total deferred tax assets	315,974,000	476,600,000
Deferred tax liability	81,035,000	98,708,000
Valuation difference on negotiable securities	¥590,376,000	¥1,890,370,000
Total accrued tax liability		
Net accrued tax assets	-	-100,520,000
	-	-100,520,000
	¥590,376,000	¥1,789,850,000

### 2. Causes of principal significant differences between the statutory tax rate and the tax burden for corporate and other taxes following application of tax effect accounting, by major category.

	Prior fiscal year (As of October 31, 2000)	Current fiscal year (As of October 31, 2001)
Legally effective tax rate	41.7%	41.7%
(Adjustments)		
Local tax equalization	2.7%	7.2%
Items not permanently included in expenses such as expense accounts	1.0%	2.4%
Other	-0.8%	0.4%
Burden ratio for corporate and other taxes after application of tax effect accounting	44.6%	51.7%

## 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

Director (not full-time) Koujirou Satsuma (General Manager, Hokkaido Block, ORIX Corporation)

Retiring directors

Advisor Saburo Kanamoto

Director (not full-time) Norio Uemura