

ORIX CORP
Form 6-K
February 05, 2004

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE Act of 1934**

For the month of February, 2004.

ORIX Corporation

(Translation of Registrant's Name into English)

3-22-8 Shiba, Minato-Ku, Tokyo, JAPAN

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

TABLE OF CONTENTS

SIGNATURES

Consolidated Financial Results

Summary of Consolidated Financial Results

Consolidated Financial Highlights

Condensed Consolidated Statements of Income

Condensed Consolidated Balance Sheets

Segment Information

Table of Contents

Table of Documents Filed

Page

1. ORIX's Third Quarter Consolidated Financial Results (April 1, 2003 - December 31, 2003) filed with the Tokyo Stock Exchange on Thursday, February 5, 2004.
-

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORIX Corporation

Date: February 5, 2004

By /s/ Masaru Hattori

Masaru Hattori
Corporate Senior Vice President
Head of the Accounting Department
ORIX Corporation

Table of Contents

**Consolidated Financial Results
April 1, 2003 December 31, 2003**

February 5, 2004

In preparing its consolidated financial information, ORIX Corporation and its subsidiaries have complied with accounting principles generally accepted in the United States of America, except as modified to account for stock splits in accordance with the usual practice in Japan.

U.S. Dollar amounts have been calculated at Yen 107.13 to \$1.00, the approximate exchange rate prevailing at December 31, 2003.

These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under "Risk Factors" in the Company's annual report on Form 20-F filed with the United States Securities and Exchange Commission.

The Company expects that it will be a passive foreign investment company under the U.S. Internal Revenue Code. A U.S. holder of the shares of the Company is therefore subject to special rules of taxation in respect of certain dividend, gain or other income on such shares. Investors should consult their tax advisors with respect to such rules, which are summarized in the Company's annual report.

For further information please contact:

**Corporate Communications
ORIX Corporation
3-22-8 Shiba, Minato-ku, Tokyo 105-8683
JAPAN
Tel: (03) 5419-5102 Fax: (03) 5419-5901
E-mail: leslie_hoy@orix.co.jp**

Table of Contents

Consolidated Financial Results from April 1, 2003 to December 31, 2003
(U.S. GAAP Financial Information for ORIX Corporation and its Subsidiaries)

Corporate Name: ORIX Corporation
 Listed Exchanges: Tokyo Stock Exchange (Securities No. 8591)
 Osaka Securities Exchange
 Nagoya Stock Exchange
 New York Stock Exchange (Trading Symbol: IX)
 Head Office: Tokyo JAPAN
 Tel: (03)5419-5102
 (URL http://www.orix.co.jp/grp/ir_e/ir_index.htm)

1. Performance Highlights for the Nine Months Ended December 31, 2003 and 2002, and the Year Ended March 31, 2003**(1) Performance Highlights Operating Results (Unaudited)**

(millions of JPY)*1

| | Total | Year-on-Year | Operating | Year-on-Year | Income | Year-on-Year |
|-------------------|----------|--------------|-----------|--------------|---------|--------------|
| | Revenues | Change | Income | Change | before | Change |
| | | | | | Income | |
| | | | | | Taxes*2 | |
| December 31, 2003 | 520,927 | 4.6% | 71,021 | 27.7% | 85,119 | 38.9% |
| December 31, 2002 | 497,897 | 3.6% | 55,622 | 3.8% | 61,298 | 14.3% |
| March 31, 2003 | 683,645 | | 38,083 | | 46,288 | |

| | Net Income | Year-on-Year | Basic | Diluted |
|-------------------|------------|--------------|--------------|--------------|
| | | Change | Earnings Per | Earnings Per |
| | | | Share | Share |
| December 31, 2003 | 45,892 | 30.3% | 548.36 | 516.58 |
| December 31, 2002 | 35,212 | 20.2% | 420.87 | 396.59 |
| March 31, 2003 | 30,243 | | 361.44 | 340.95 |

- Equity in Net Income of Affiliates was a net gain of JPY 14,630 million for the nine months ended December 31, 2003, a net gain of JPY 5,674 million for the nine months ended December 31, 2002 and a net gain of JPY 6,203 million for the year ended March 31, 2003.
- The average number of shares was 83,688,890 for the nine months ended December 31, 2003, 83,666,145 for the nine months ended December 31, 2002 and 83,672,434 for the year ended March 31, 2003.
- Changes in Accounting Principles Yes (x) No () (new accounting adoption)
- Changes in Numbers of Consolidated Subsidiaries and Affiliates Yes (x) No ()
 Additions: Consolidated Subsidiaries 8, Affiliates 1
 Deletions: Consolidated Subsidiaries 4, Affiliates 2

***Note 1:** Unless otherwise stated, all amounts shown herein are in millions of Japanese yen or millions of U.S. dollars, except for Per Share amounts which are in single yen.

***Note 2:** Income before Income Taxes as used throughout the report represents Income before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes.

(2) Performance Highlights Financial Position (Unaudited)

| | Total Assets | Shareholders | Shareholders | Shareholders |
|-------------------|--------------|--------------|--------------|--------------|
| | | Equity | Equity | Equity Per |
| | | | Ratio | Share |
| December 31, 2003 | 5,672,032 | 551,768 | 9.7% | 6,594.86 |

Edgar Filing: ORIX CORP - Form 6-K

| | | | | |
|-------------------|-----------|---------|------|----------|
| December 31, 2002 | 6,025,781 | 506,605 | 8.4% | 6,053.07 |
| March 31, 2003 | 5,931,067 | 505,458 | 8.5% | 6,039.43 |

1. The number of outstanding shares was 83,666,365 as of December 31, 2003, 83,693,803 as of December 31, 2002 and 83,693,009 as of March 31, 2003.

2. Forecasts for the Year Ending March 31, 2004 (Unaudited)

| Fiscal Year | Total Revenues | Income before Income Taxes | Net Income |
|----------------|----------------|----------------------------|------------|
| March 31, 2004 | 730,000 | 98,000 | 53,000 |

Note: Basic Earnings Per Share is forecasted to be JPY 633.47.

Table of Contents**Summary of Consolidated Financial Results****1. Nine Months Ended December 31, 2003****Financial Highlights**

| | |
|--------------------------------------|---|
| Income before Income Taxes* | 85,119 million yen (up 39% year on year) |
| Net Income | 45,892 million yen (up 30% year on year) |
| Earnings Per Share (Basic) | 548.36 yen (up 30% year on year) |
| Earnings Per Share (Diluted) | 516.58 yen (up 30% year on year) |
| Shareholders Equity Per Share | 6,594.86 yen (up 9% from March 31, 2003) |
| ROE (annualized) | 11.6% (December 31, 2002: 9.3%) |
| ROA (annualized) | 1.05% (December 31, 2002: 0.76%) |

* Income before income taxes refers to income before extraordinary gain, cumulative effect of a change in accounting principle and income taxes.

Revenues: 520,927 million yen (up 5% year on year)

In addition to a lower balance of assets owing to the careful selection of new assets and our continued focus on the profitability of each transaction, fewer gains from securitization resulted in lower revenues from direct financing leases and interest on loans and investment securities in the first nine months of the fiscal year ending March 31, 2004 compared to the same nine months of the previous fiscal year. The continued policy of emphasizing insurance-only-type over savings-type products resulted in a decline in life insurance premiums and related investment income. However, revenues from operating leases were up as a result of a recovery in the precision measuring equipment rental operations and the sale of some office buildings. Residential condominium sales also grew due to the increase in the number of condominiums sold to buyers during the period. In addition to an increase in the net gains on the sale of securities, the recovery of the stock market in Japan supported an increase in brokerage commissions, which resulted in growth in brokerage commissions and net gains on investment securities. As a result, revenues grew 5% year on year to 520,927 million yen.

Expenses: 449,906 million yen (up 2% year on year)

Interest expense was down due mainly to a reduction in debt in Japan and overseas, as well as a decline in interest rates overseas compared with the same period of the previous fiscal year. Life insurance costs fell in line with the drop in revenues, while write-downs of long-lived assets and write-downs of securities were lower compared to the same period of the previous fiscal year. However, depreciation operating leases and costs of residential condominium sales rose in line with the growth in revenues, while the increase in the number of consolidated companies as a result of acquisitions resulted in an increase in selling, general and administrative expenses. As a result, expenses increased 2% year on year to 449,906 million yen.

Table of Contents

Net Income: 45,892 million yen (up 30% year on year)

Operating income grew 28% year on year to 71,021 million yen, while equity in net income of affiliates increased due mainly to the recognition of deferred tax assets at Korea Life Insurance Co., Ltd. (Refer to 4. Additional Information on page 4). As a result, net income rose 30% year on year to 45,892 million yen.

Operating Assets: 4,910,845 million yen (down 5% from March 31, 2003)

Operating assets were down 5% to 4,910,845 million yen compared with March 31, 2003 as a result of the careful selection of new assets and our continued focus on the profitability of each transaction, a lower level of assets overseas due to the appreciation of the yen against the U.S. dollar and the sale of certain assets.

Segment Information (Segment Profits refer to income before income taxes)

Operations in Japan

Corporate Finance: While the automobile leasing operations continued to perform relatively strongly, fewer gains from securitization were recorded. In addition, in operations other than the automobile leasing operations, a lower level of segment assets as a result of the cautious selection of new transactions resulted in a decline in segment revenues. As a result, segment profits in the first nine months of the fiscal year ending March 31, 2004 fell 7%, to 33,511 million yen, compared to 36,062 million yen recorded in the same period of the previous fiscal year.

Equipment Operating Leases: The improvement of the precision measuring equipment rental business contributed to an increase in segment profits of 21% year on year, to 5,528 million yen, compared to 4,572 million yen recorded in the same period of the previous fiscal year.

Real Estate-Related Finance: The housing loan operations continued to perform well, while increases in segment revenues from loans to corporate customers and loan servicing operations contributed to segment profits. Segment assets decreased compared with March 31, 2003 as a result of the sale of certain assets. Segment profits were up 7% year on year to 13,531 million yen, compared to 12,664 million yen in the same period of the previous fiscal year.

Real Estate: In addition to gains from the condominium development business and building maintenance operations, large gains from the sale of office buildings contributed to segment profits of 8,051 million yen in the first nine months of this fiscal year, compared to a loss of 4,466 million yen in the same period of the previous fiscal year when write-downs of long-lived assets of 14,665 million yen were recorded.

Life Insurance: Life insurance premiums and related investment income were lower as a result of the continued shift in marketing strategy away from savings-type to insurance-only-type products. In line with this drop in life insurance premiums, life insurance costs for policy reserves and related expenses also

Table of Contents

declined. As a result, segment profits were up 47%, to 4,341 million yen, compared to 2,949 million yen in the same period of the previous fiscal year.

Other: Although the consumer card loan operations continued to perform well, fewer gains from securitization and lower contributions from equity in net income of affiliates resulted in a drop in segment profits of 50%, to 5,081 million yen, compared to 10,155 million yen in the same period of the previous fiscal year.

Overseas Operations

The Americas: Segment profits improved to 6,035 million yen in the first nine months of this fiscal year, compared to a loss of 590 million yen in the same period of the previous fiscal year due largely to lower provision for doubtful receivables and probable loan losses and fewer write-downs of securities.

Asia and Oceania: Contributions from automobile leasing operations and the corporate lending business of a number of companies in the region, in addition to an increase in equity in net income of affiliates from Korea Life Insurance Co., Ltd. (refer to page 4, 4. Additional Information), resulted in a rise in segment profits to 16,385 million yen compared to 5,859 million yen in the same period of the previous fiscal year.

Europe: Segment profits experienced a loss of 1,445 million yen due largely to the recording of losses on certain equity method investments.

2. Summary of Third Quarter (Three Months Ended December 31, 2003)

In the three months ended December 31, 2003 (third quarter), revenues increased 7% year on year, or 11,887 million yen to 175,056 million yen. Revenues from direct financing leases and interest on loans and investment securities were down compared to the same period of the previous fiscal year owing to a lower balance of assets as a result of the careful selection of new transactions. On the other hand, the sale of some office buildings contributed to higher revenues from operating leases, the gains on the sale of securities resulted in an increase in brokerage commissions and net gains on investment securities, residential condominium sales continued to perform well, and revenues from companies in which we have invested as part of our corporate rehabilitation business contributed to a rise in other operating revenues compared to the same period of the previous fiscal year.

Overall expenses were up 6%, or 8,582 million yen, to 150,764 million yen compared to the previous third quarter. While interest expense and life insurance costs declined year on year, depreciation operating leases and costs of residential condominium sales rose in line with the increase in the associated revenues. In addition, selling, general and administrative expenses rose year on year as a result of the increase in the number of consolidated companies.

Operating income rose 16%, or 3,305 million yen, compared to the previous third quarter, to 24,292 million yen. Income before income taxes rose 15%, or 3,561 million yen, to 26,863 million yen, and net

Table of Contents

income increased 16%, or 2,024 million yen, to 14,473 million yen.

3. Outlook and Forecasts for the Fiscal Year Ending March 31, 2004

We have revised our forecasts for the fiscal year ending March 31, 2004 and now forecast revenues of 730,000 million yen (up 7% compared with the fiscal year ended March 31, 2003), income before income taxes of 98,000 million yen (up 112%) and net income of 53,000 million yen (up 75%).

| | Revenues | Income before Income Taxes* | (millions of JPY) Net Income |
|----------------------------------|-----------------|--|---|
| Previous Forecasts (A) | 730,000 | 87,000 | 48,000 |
| New Forecasts (B) | 730,000 | 98,000 | 53,000 |
| Increase (decrease) (B-A) | 0 | 11,000 | 5,000 |
| Increase (decrease) in percent | 0 | 12.6 | 10.4 |
| Fiscal year ended March 31, 2003 | 683,645 | 46,288 | 30,243 |

* Income before income taxes refers to income before extraordinary gain, cumulative effect of a change in accounting principle and income taxes.

4. Additional Information

Equity in net income of affiliates for the nine months ended December 31, 2003 included 10,299 million yen from Korea Life Insurance Co., Ltd. (KLI). This amount included ORIX's proportionate interest in the ordinary operating results of KLI and our proportionate interest in the recognition of deferred tax assets of 5,380 million yen attributable to a change in tax rules in Korea.

The change in Korean tax rules in May 2003 will enable KLI to apply certain historical losses to reduce future taxable income. As a result of this change, KLI recorded a tax benefit in earnings and a corresponding deferred tax asset in the first quarter of its current fiscal year ending March 31, 2004. ORIX recorded a proportionate interest in income reported by KLI in the second quarter of our fiscal year ending March 31, 2004 in accordance with the Company's policy of recording its equity in the income of KLI on a one-quarter lag basis.

ORIX has plans to sell a portion of its interest in KLI in the future. However, no definitive agreements of sale have been arranged at the time of this announcement. The corresponding increase in the carrying value of ORIX's ownership interest as a result of the recording of the above recognition of deferred tax assets in KLI is not necessarily reflective of an increase in the fair value of our equity interest in the event of a sale to a third party. Therefore, we believe that there is a possibility that we will be unable to sell our portion of KLI at or above the carrying value of our investment at the time of sale. In such an event, we will record a loss on the sale in the period in which a definitive agreement of sale is arranged.

Table of Contents**Consolidated Financial Highlights**

(For the Nine Months Ended December 31, 2003 and 2002, and the Year Ended March 31, 2003)

(Unaudited)

(millions of JPY, except for per share data)

| | December 31, 2003 | Change from March 31, 2003 | Year -on- Year Change | December 31, 2002 | Year -on- year Change | March 31, 2003 | Year -on- Year Change |
|--|----------------------|--|--------------------------------|----------------------|--------------------------------|-------------------|--------------------------------|
| Operating Assets | | | | | | | |
| Investment in Direct Financing Leases | 1,545,853 | 98% | 95% | 1,634,494 | 89% | 1,572,308 | 95% |
| Installment Loans | 2,224,670 | 97% | 94% | 2,374,664 | 104% | 2,288,039 | 101% |
| Investment in Operating Leases | 496,570 | 94% | 109% | 454,468 | 93% | 529,044 | 111% |
| Investment in Securities | 544,021 | 80% | 78% | 695,319 | 71% | 677,435 | 79% |
| Other Operating Assets | 99,731 | 98% | 70% | 142,856 | 76% | 101,481 | 39% |
| Total | 4,910,845 | 95% | 93% | 5,301,801 | 92% | 5,168,307 | 93% |
| Operating Results | | | | | | | |
| Total Revenues | 520,927 | | 105% | 497,897 | 104% | 683,645 | 104% |
| Income before Extraordinary Gain, Cumulative Effect of a change in Accounting Principle and Income Taxes | 85,119 | | 139% | 61,298 | 114% | 46,288 | 63% |
| Net Income | 45,892 | | 130% | 35,212 | 120% | 30,243 | 75% |
| Earnings Per Share | | | | | | | |
| Income before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | | | | | | | |
| Basic | 545.46 | | 137% | 397.72 | 112% | 299.88 | 62% |
| Diluted | 513.85 | | 137% | 374.82 | 110% | 283.04 | 61% |
| Net Income | | | | | | | |
| Basic | 548.36 | | 130% | 420.87 | 118% | 361.44 | 74% |
| Diluted | 516.58 | | 130% | 396.59 | 116% | 340.95 | 73% |
| Shareholders' Equity Per Share | 6,594.86 | 109% | 109% | 6,053.07 | 103% | 6,039.43 | 101% |
| Financial Position | | | | | | | |
| Shareholders' Equity | 551,768 | 109% | 109% | 506,605 | 103% | 505,458 | 101% |
| Number of Outstanding Shares (000) | 83,666 | 100% | 100% | 83,694 | 100% | 83,693 | 100% |
| Long-and Short-Term Debt and Deposits | 3,941,826 | 93% | 90% | 4,393,599 | 93% | 4,239,514 | 91% |
| Total Assets | 5,672,032 | 96% | 94% | 6,025,781 | 95% | 5,931,067 | 93% |
| Shareholders' Equity Ratio | 9.7% | | | 8.4% | | 8.5% | |
| Return on Equity (annualized) | 11.6% | | | 9.3% | | 6.0% | |
| New Business Volumes | | | | | | | |
| Direct Financing Leases | | | | | | | |
| New Receivables Added | 614,520 | | 79% | 777,216 | 91% | 1,000,896 | 92% |
| New Equipment Acquisitions | 547,264 | | 79% | 695,496 | 91% | 895,848 | 91% |
| Installment Loans | 822,979 | | 85% | 970,830 | 96% | 1,268,170 | 95% |
| Operating Leases | 118,634 | | 133% | 89,039 | 70% | 173,567 | 119% |
| Investment in Securities | 89,457 | | 74% | 121,122 | 45% | 231,294 | 66% |
| Other Operating Assets | 105,434 | | 134% | 78,756 | 65% | 116,736 | 57% |

Table of Contents**Condensed Consolidated Statements of Income**(For the Nine Months Ended December 31, 2003 and 2002, and the Year Ended March 31, 2003)
(Unaudited)

(millions of JPY, millions of US\$)

| | Nine Months ended December 31, 2003 | Year -on- year Change (%) | Nine Months ended December 31, 2002 | Year -on- year Change (%) | Year ended March 31, 2003 | Year -on- year Change (%) | U.S. dollars December 31, 2003 |
|--|--|---------------------------------------|--|---------------------------------------|---------------------------------|---------------------------------------|---|
| Total Revenues : | 520,927 | 105 | 497,897 | 104 | 683,645 | 104 | 4,863 |
| Direct Financing Leases | 84,368 | 90 | 93,359 | 104 | 122,928 | 101 | 788 |
| Operating Leases | 108,817 | 119 | 91,754 | 102 | 127,608 | 106 | 1,016 |
| Interest on Loans and Investment Securities | 87,437 | 92 | 95,436 | 109 | 131,590 | 108 | 816 |
| Brokerage Commissions and Net Gains on Investment Securities | 14,164 | 153 | 9,282 | 79 | 10,857 | 59 | 132 |
| Life Insurance Premiums and Related Investment Income | 93,633 | 93 | 100,153 | 87 | 138,511 | 91 | 874 |
| Residential Condominium Sales | 68,864 | 133 | 51,724 | 128 | 71,165 | 123 | 643 |
| Interest Income on Deposits | 523 | 128 | 410 | 33 | 526 | 38 | 5 |
| Other Operating Revenues | 63,121 | 113 | 55,779 | 129 | 80,460 | 126 | 589 |
| Total Expenses : | 449,906 | 102 | 442,275 | 104 | 645,562 | 110 | 4,200 |
| Interest Expense | 46,759 | 86 | 54,259 | 76 | 71,990 | 80 | 436 |
| Depreciation Operating Leases | 62,585 | 107 | 58,597 | 103 | 80,565 | 105 | 584 |
| Life Insurance Costs | 83,135 | 91 | 91,216 | 85 | 125,684 | 90 | 776 |
| Costs of Residential Condominium Sales | 62,136 | 143 | 43,308 | 127 | 60,769 | 123 | 580 |
| Other Operating Expenses | 34,528 | 122 | 28,263 | 135 | 41,359 | 140 | 322 |
| Selling, General and Administrative Expenses | 117,021 | 111 | 105,099 | 116 | 144,271 | 114 | 1,094 |
| Provision for Doubtful Receivables and Probable Loan Losses | 34,682 | 93 | 37,388 | 117 | 54,706 | 107 | 324 |
| Write-downs of Long-Lived Assets | 4,202 | 29 | 14,665 | 1058 | 50,682 | 1866 | 39 |
| Write-downs of Securities | 3,987 | 50 | 7,916 | 61 | 14,325 | 73 | 37 |
| Foreign Currency Transaction Loss, Net | 871 | 56 | 1,564 | | 1,211 | | 8 |
| Operating Income | 71,021 | 128 | 55,622 | 104 | 38,083 | 52 | 663 |
| Equity in Net Income of Affiliates | 14,630 | 258 | 5,674 | 16211 | 6,203 | | 137 |
| Gain (Loss) on Sales of Affiliates | (532) | | 2 | 4 | 2,002 | 1682 | (5) |
| Income before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle | 85,119 | 139 | 61,298 | 114 | 46,288 | 63 | 795 |

and Income Taxes

| | | | | | | | |
|---|--------|-----|--------|------|--------|------|-----|
| Provision for Income Taxes | 39,470 | 141 | 28,023 | 114 | 21,196 | 64 | 369 |
| Income before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | 45,649 | 137 | 33,275 | 114 | 25,092 | 63 | 426 |
| Extraordinary Gain, Net of Applicable Tax Effect | 243 | | | | 3,214 | | 2 |
| Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect | | | 1,937 | 1456 | 1,937 | 1456 | |
| Net Income | 45,892 | 130 | 35,212 | 120 | 30,243 | 75 | 428 |

- Note:**
1. Comprehensive Income under FASB Statement No.130 (Reporting Comprehensive Income) was gain of JPY 48,501 million (US\$453 million) for the nine months ended December 31, 2003, gain of JPY 5,044 million for the nine months ended December 31, 2002 and gain of JPY 3,936 million for the year ended March 31, 2003.
 2. The Company recognized an Extraordinary Gain, Net of Applicable Tax Effect in the nine months ended December 31, 2003 and in the previous fiscal year due to the excess of the proportionate fair value of the net assets over the purchase price of the affiliate paid by the Company (Negative Goodwill)
 3. On April 1, 2002, as a result of the adoption of FASB Statement No. 141 (Business Combinations), the Company and its subsidiaries recorded a transition gain arising from the write-off of Negative Goodwill of JPY 1,937 million as of March 31, 2002 as the Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect.

Table of Contents

Condensed Consolidated Statements of Income
(For the Three Months Ended December 31, 2003 and 2002)
(Unaudited)

(millions of JPY, millions of US\$)

| | Year -on- Three Months ended December 31, 2003 | Year -on- year Change (%) | Three Months ended December 31, 2002 | Year -on- year Change (%) | U.S. dollars December 31, 2003 |
|---|---|---------------------------------------|---|---------------------------------------|---|
| Total Revenues : | 175,056 | 107 | 163,169 | 110 | 1,634 |
| Direct Financing Leases | 27,503 | 92 | 29,880 | 95 | 257 |
| Operating Leases | 36,576 | 119 | 30,675 | 97 | 341 |
| Interest on Loans and Investment Securities | 27,860 | 89 | 31,395 | 101 | 260 |
| Brokerage Commissions and Net Gains on Investment Securities | 6,595 | 487 | 1,355 | 41 | 62 |
| Life Insurance Premiums and Related Investment Income | 28,480 | 101 | 28,321 | 95 | 266 |
| Residential Condominium Sales | 26,329 | 120 | 21,982 | 296 | 246 |
| Interest Income on Deposits | 260 | 265 | 98 | 40 | 2 |
| Other Operating Revenues | 21,453 | 110 | 19,463 | 148 | 200 |
| Total Expenses : | 150,764 | 106 | 142,182 | 108 | 1,407 |
| Interest Expense | 14,894 | 85 | 17,555 | 81 | 139 |
| Depreciation Operating Leases | 21,016 | 106 | 19,744 | 102 | 196 |
| Life Insurance Costs | 24,892 | 93 | 26,792 | 96 | 232 |
| Costs of Residential Condominium Sales | 24,463 | 139 | 17,596 | 272 | 228 |
| Other Operating Expenses | 12,782 | 126 | 10,114 | 152 | 119 |
| Selling, General and Administrative Expenses | 39,551 | 112 | 35,270 | 109 | 370 |
| Provision for Doubtful Receivables and Probable Loan Losses | 10,839 | 87 | 12,421 | 106 | 101 |
| Write-downs of Long-Lived Assets | | | | | |
| Write-downs of Securities | 1,930 | 89 | 2,174 | 37 | 18 |
| Foreign Currency Transaction Loss, Net | 397 | 77 | 516 | 832 | 4 |
| Operating Income | 24,292 | 116 | 20,987 | 132 | 227 |
| Equity in Net Income of Affiliates | 2,707 | 117 | 2,315 | 448 | 25 |
| Gain (Loss) on Sales of Affiliates | (136) | | | | (1) |
| Income before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes | 26,863 | 115 | 23,302 | 142 | 251 |
| Provision for Income Taxes | 12,390 | 114 | 10,853 | 151 | 116 |
| Income before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | 14,473 | 116 | 12,449 | 134 | 135 |
| Extraordinary Gain, Net of Applicable Tax Effect | | | | | |
| Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect | | | | | |

Edgar Filing: ORIX CORP - Form 6-K

| | | | | | |
|-------------------|---------------|------------|---------------|------------|------------|
| Net Income | <u>14,473</u> | <u>116</u> | <u>12,449</u> | <u>134</u> | <u>135</u> |
|-------------------|---------------|------------|---------------|------------|------------|

| | December 31, 2003 | March 31, 2003 | U.S. dollars December 31, 2003 |
|---|----------------------|-------------------|--------------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Note: Accumulated Other Comprehensive Loss | | | |
| Net unrealized gains on investment in securities | 15,568 | 1,917 | 145 |
| Minimum pension liability adjustments | (3,857) | (4,182) | (36) |
| Foreign currency translation adjustments | (44,434) | (29,919) | (415) |
| Net unrealized losses on derivative instruments | (4,415) | (7,563) | (41) |

Edgar Filing: ORIX CORP - Form 6-K

Table of Contents

Segment Information

(For the Nine Months Ended December 31, 2003 and 2002, and the Year Ended March 31, 2003)
(Unaudited)

(millions of JPY)

| | Nine months ended December 31, 2003 | | | Nine months ended December 31, 2002 | | | Year ended March 31, 2003 | | |
|---|-------------------------------------|-------------------------------------|------------------|-------------------------------------|-------------------------------------|------------------|---------------------------|-------------------------------------|------------------|
| | Revenues | Income (Loss) before Income Taxes*1 | Operating Assets | Revenues | Income (Loss) before Income Taxes*1 | Operating Assets | Revenues | Income (Loss) before Income Taxes*1 | Operating Assets |
| Operations in Japan | | | | | | | | | |
| Corporate Finance | 95,348 | 33,511 | 1,878,794 | 95,691 | 36,062 | 1,963,548 | 125,560 | 44,158 | 1,893,422 |
| Equipment Operating Leases | 53,344 | 5,528 | 141,932 | 49,866 | 4,572 | 145,234 | 67,655 | 4,402 | 144,397 |
| Real Estate-Related Finance | 38,671 | 13,531 | 901,501 | 36,955 | 12,664 | 908,821 | 51,589 | 19,572 | 931,513 |
| Real Estate | 102,589 | 8,051 | 283,227 | 75,619 | (4,466) | 307,599 | 104,454 | (39,441) | 303,838 |
| Life Insurance | 92,541 | 4,341 | 533,708 | 100,153 | 2,949 | 578,744 | 138,511 | 4,791 | 579,805 |
| Other | 51,243 | 5,081 | 412,459 | 42,159 | 10,155 | 398,435 | 61,238 | 8,452 | 387,978 |
| Sub-Total | 433,736 | 70,043 | 4,151,621 | 400,443 | 61,936 | 4,302,381 | 549,007 | 41,934 | 4,240,953 |
| Overseas Operations | | | | | | | | | |
| The Americas | 33,565 | 6,035 | 517,134 | 40,287 | (590) | 691,100 | 57,909 | 1,332 | 618,148 |
| Asia and Oceania | 39,502 | 16,385 | 419,775 | 41,381 | 5,859 | 454,123 | 55,425 | 9,765 | 437,874 |
| Europe | 8,460 | (1,445) | 57,298 | 9,593 | (722) | 78,376 | 13,311 | (736) | 75,207 |
| Sub-Total | 81,527 | 20,975 | 994,207 | 91,261 | 4,547 | 1,223,599 | 126,645 | 10,361 | 1,131,229 |
| Segment Total | 515,263 | 91,018 | 5,145,828 | 491,704 | 66,483 | 5,525,980 | 675,652 | 52,295 | 5,372,182 |
| Difference between Segment Totals and Consolidated Amounts | 5,664 | (5,899) | (234,983) | 6,193 | (5,185) | (224,179) | 7,993 | (6,007) | (203,875) |
| Consolidated Amounts | 520,927 | 85,119 | 4,910,845 | 497,897 | 61,298 | 5,301,801 | 683,645 | 46,288 | 5,168,307 |

(millions of US\$)

U.S. dollars December 31, 2003

| | Revenues | Income (Loss) before Income Taxes*1 | Operating Assets |
|-----------------------------|----------|-------------------------------------|------------------|
| Operations in Japan | | | |
| Corporate Finance | 890 | 313 | 17,538 |
| Equipment Operating Leases | 498 | 52 | 1,325 |
| Real Estate-Related Finance | 361 | 126 | 8,415 |

Edgar Filing: ORIX CORP - Form 6-K

| | | | |
|---|-------------------|-------------------|-------------------|
| Real Estate | 958 | 75 | 2,644 |
| Life Insurance | 864 | 41 | 4,982 |
| Other | 478 | 47 | 3,849 |
| | <u> </u> | <u> </u> | <u> </u> |
| Sub-Total | 4,049 | 654 | 38,753 |
| Overseas Operations | | | |
| The Americas | 313 | 56 | 4,827 |
| Asia and Oceania | 369 | 153 | 3,918 |
| Europe | 79 | (13) | 535 |
| | <u> </u> | <u> </u> | <u> </u> |
| Sub-Total | 761 | 196 | 9,280 |
| | <u> </u> | <u> </u> | <u> </u> |
| Segment Total | <u>4,810</u> | <u>850</u> | <u>48,033</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Difference between Segment Totals and Consolidated Amounts | 53 | (55) | (2,193) |
| | <u> </u> | <u> </u> | <u> </u> |
| Consolidated Amounts | <u>4,863</u> | <u>795</u> | <u>45,840</u> |
| | <u> </u> | <u> </u> | <u> </u> |

***Note 1:** Income (Loss) before Income Taxes represents Income before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes.

Note 2: Quarterly comparison of segment information is presented in the accompanying Key Quarterly Financial Data located on page 12.

Edgar Filing: ORIX CORP - Form 6-K

| | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|
| Japan | 172,957 | 274,881 | 149,193 | 161,755 | 158,176 | 139,969 | 172,006 |
| Overseas | 64,822 | 50,936 | 64,427 | 61,925 | 53,999 | 46,401 | 43,969 |
| Direct Financing Leases: New equipment | | | | | | | |
| acquisitions | 210,819 | 297,122 | 187,555 | 200,352 | 188,194 | 166,734 | 192,336 |
| Japan | 151,062 | 251,883 | 128,093 | 144,525 | 138,479 | 121,963 | 151,787 |
| Overseas | 59,757 | 45,239 | 59,462 | 55,827 | 49,715 | 44,771 | 40,549 |
| Installment Loans: New loans added | | | | | | | |
| Japan | 341,138 | 334,070 | 295,622 | 297,340 | 270,959 | 258,464 | 293,556 |
| Overseas | 273,867 | 300,963 | 261,815 | 264,242 | 225,042 | 223,315 | 247,284 |
| Overseas | 67,271 | 33,107 | 33,807 | 33,098 | 45,917 | 35,149 | 46,272 |
| Operating Leases: New equipment | | | | | | | |
| acquisitions | 20,870 | 40,656 | 27,513 | 84,528 | 40,810 | 33,722 | 44,102 |
| Japan | 14,128 | 33,517 | 20,667 | 74,688 | 29,880 | 20,354 | 38,392 |
| Overseas | 6,742 | 7,139 | 6,846 | 9,840 | 10,930 | 13,368 | 5,710 |
| Investment in Securities: New securities | | | | | | | |
| added | 48,907 | 46,321 | 25,894 | 110,172 | 57,370 | 12,107 | 19,980 |
| Japan | 38,346 | 44,804 | 23,520 | 107,807 | 53,835 | 11,020 | 6,051 |
| Overseas | 10,561 | 1,517 | 2,374 | 2,365 | 3,535 | 1,087 | 13,929 |
| Other Operating Assets: New assets added | | | | | | | |
| Japan | 20,768 | 29,791 | 28,197 | 37,980 | 28,655 | 48,363 | 28,416 |
| Overseas | 15,475 | 29,403 | 23,504 | 30,948 | 28,655 | 48,301 | 28,416 |
| Overseas | 5,293 | 388 | 4,693 | 7,032 | | 62 | |

- 10 -

Edgar Filing: ORIX CORP - Form 6-K

| | | | | | | | |
|---|---------------|--------------|---------------|----------------|---------------|---------------|---------------|
| Total Expenses | 136,258 | 163,835 | 142,182 | 203,287 | 148,381 | 150,761 | 150,764 |
| Operating Income (Loss) | 24,699 | 9,936 | 20,987 | (17,539) | 22,536 | 24,193 | 24,292 |
| Equity in Net Income of Affiliates | 1,623 | 1,736 | 2,315 | 529 | 3,384 | 8,539 | 2,707 |
| Gain (Loss) on Sales of Affiliates | | 2 | | 2,000 | | (396) | (136) |
| Income (Loss) before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes | 26,322 | 11,674 | 23,302 | (15,010) | 25,920 | 32,336 | 26,863 |
| Provision (Benefit) for Income Taxes | 11,374 | 5,796 | 10,853 | (6,827) | 11,822 | 15,258 | 12,390 |
| Income (Loss) before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | 14,948 | 5,878 | 12,449 | (8,183) | 14,098 | 17,078 | 14,473 |
| Extraordinary Gain, Net of Applicable Tax Effect | | | | 3,214 | | 243 | |
| Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect | 1,937 | | | | | | |
| Net Income (Loss) | 16,885 | 5,878 | 12,449 | (4,969) | 14,098 | 17,321 | 14,473 |

| Key Ratios, Per Share Data, and Employees | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) | Q2 (03/7-9) | Q3 (03/10-12) |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| Return on Equity (ROE)* | 13.5% | 4.7% | 9.9% | (3.9%) | 10.9% | 13.0% | 10.6% |
| Return on Assets (ROA)* | 1.09% | 0.39% | 0.82% | (0.33%) | 0.95% | 1.19% | 1.02% |
| Shareholders' Equity Ratio | 8.2% | 8.3% | 8.4% | 8.5% | 8.9% | 9.5% | 9.7% |
| Debt-to-Equity Ratio (times) | 9.0 | 8.9 | 8.7 | 8.4 | 8.0 | 7.4 | 7.1 |
| Shareholders' Equity Per Share (yen) | 5,961.30 | 5,973.44 | 6,053.07 | 6,039.43 | 6,291.50 | 6,465.22 | 6,594.86 |
| Basic EPS (yen) | 201.85 | 70.27 | 148.76 | (59.38) | 168.45 | 206.96 | 172.94 |
| Diluted EPS (yen) | 189.95 | 66.32 | 140.18 | (59.38) | 158.71 | 194.94 | 162.91 |
| Number of Employees | 11,820 | 11,859 | 11,977 | 11,833 | 11,621 | 11,723 | 12,698 |

*annualized

Edgar Filing: ORIX CORP - Form 6-K

| | | | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Real Estate-Related Finance | | | | | | | |
| Real Estate | 293,189 | 289,919 | 307,599 | 303,838 | 295,663 | 275,967 | 283,227 |
| Life Insurance | 497,593 | 570,983 | 578,744 | 579,805 | 592,987 | 570,013 | 533,708 |
| Other | 389,605 | 372,273 | 398,435 | 387,978 | 395,184 | 406,076 | 412,459 |
| Sub-Total | 4,236,637 | 4,265,491 | 4,302,381 | 4,240,953 | 4,269,447 | 4,118,258 | 4,151,621 |
| Overseas Operations | | | | | | | |
| The Americas | 695,351 | 713,300 | 691,100 | 618,148 | 604,167 | 541,036 | 517,134 |
| Asia and Oceania | 467,456 | 431,966 | 454,123 | 437,874 | 461,345 | 434,584 | 419,775 |
| Europe | 98,200 | 86,024 | 78,376 | 75,207 | 70,657 | 64,524 | 57,298 |
| Sub-Total | 1,261,007 | 1,231,290 | 1,223,599 | 1,131,229 | 1,136,169 | 1,040,144 | 994,207 |
| Total Segment Assets | 5,497,644 | 5,496,781 | 5,525,980 | 5,372,182 | 5,405,616 | 5,158,402 | 5,145,828 |

- 12 -