

ORIX CORP
Form 6-K
November 25, 2005
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 November, 2005.

ORIX Corporation

(Translation of Registrant's Name into English)

Mita NN Bldg., 4-1-23 Shiba, Minato-Ku,

Tokyo, 108-0014, JAPAN

(Address of Principal Executive Offices)

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(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

Table of Documents Filed

| | Page |
|--|-------------|
| 1. <u>ORIX's Interim Consolidated Financial Results (April 1 - September 30, 2005) filed with the Tokyo Stock Exchange on Tuesday, November 8, 2005.</u> | <u>3</u> |

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: November 9, 2005

By /s/ Shunsuke Takeda

Shunsuke Takeda
Director
Vice Chairman and CFO
ORIX Corporation

Table of Contents

Consolidated Financial Results

April 1, 2005 – September 30, 2005

November 8, 2005

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 113.19 to \$1.00, the approximate exchange rate prevailing at September 30, 2005.

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 and those factors described under "5. Business Risk" of the "Financial Results" herein.

The Company believes that it will be considered a "passive foreign investment company" for the United States Federal income tax purpose in the year to which these consolidated financial results relate and for the foreseeable future by reason of the composition of its assets and the nature of its income. A U.S. holder of the shares or ADSs of the Company is therefore subject to special rules generally intended to eliminate any benefits from the deferral of U.S. Federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. 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

Mita NN Bldg., 4-1-23 Shiba, Minato-ku, Tokyo 108-0014

JAPAN

Tel: +81-3-5419-5102 Fax: +81-3-5419-5901

E-mail: raymond_spencer@orix.co.jp

Table of Contents**Consolidated Financial Results from April 1, 2005 to September 30, 2005**

(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
New York Stock Exchange (Trading Symbol : IX)

Head Office: Tokyo JAPAN
Tel: +81-3-5419-5102
(URL http://www.orix.co.jp/grp/ir_e/ir_index.htm)

Date Approved by Board of Directors: November 8, 2005

1. Performance Highlights for the Six Months Ended September 30, 2005 and 2004, and the Year Ended March 31, 2005**(1) Performance Highlights - Operating Results (Unaudited)**

| | (millions of JPY)*1 | | | | | |
|--------------------|---------------------|------------------------|---------------------|------------------------|---------------------------------|------------------------|
| | Total Revenues | Year-on-Year Change | Operating Income | Year-on-Year Change | Income before Income Taxes*2 | Year-on-Year Change |
| September 30, 2005 | 442,927 | 6.5% | 115,702 | 105.5% | 133,109 | 93.3% |
| September 30, 2004 | 415,931 | 15.6% | 56,293 | 23.0% | 68,860 | 20.2% |
| March 31, 2005 | 913,719 | | 130,159 | | 153,549 | |

| | Net Income | Year-on-Year Change | Basic Earnings Per Share | Diluted Earnings Per Share*3 |
|--------------------|------------|------------------------|-----------------------------|---------------------------------|
| September 30, 2005 | 83,954 | 96.7% | 957.87 | 907.93 |
| September 30, 2004 | 42,688 | 35.9% | 509.74 | 469.19 |
| March 31, 2005 | 91,496 | | 1,087.82 | 1,002.18 |

- Equity in Net Income of Affiliates was a net gain of JPY 15,607 million for the six months ended September 30, 2005, a net gain of JPY 9,765 million for the six months ended September 30, 2004 and a net gain of JPY 20,043 million for the year ended March 31, 2005.
- The average number of shares was 87,646,520 for the six months ended September 30, 2005, 83,743,749 for the six months ended September 30, 2004 and 84,110,243 for the year ended March 31, 2005.
- Changes in Accounting Principles Yes () No (x) (except for adoptions of new accounting principles)

***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 Discontinued Operations and Income Taxes.

***Note 3:** The September 30, 2004 diluted earnings per share reflects retrospective application of accounting for the effect of contingently convertible instruments set forth in EITF Issue No.04-8.

(2) Performance Highlights - Financial Position (Unaudited)

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| | <u>Total Assets</u> | <u>Shareholders Equity</u> | <u>Shareholders Equity Ratio</u> | <u>Shareholders Equity Per Share</u> |
|--------------------|---------------------|--------------------------------|--------------------------------------|--|
| September 30, 2005 | 6,333,055 | 821,420 | 13.0% | 9,333.32 |
| September 30, 2004 | 5,724,771 | 619,249 | 10.8% | 7,389.48 |
| March 31, 2005 | 6,068,953 | 727,333 | 12.0% | 8,322.96 |

1. The number of outstanding shares was 88,009,397 as of September 30, 2005, 83,801,399 as of September 30, 2004 and 87,388,706 as of March 31, 2005.

(3) Performance Highlights - Cash Flows (Unaudited)

| | <u>Cash Flows from Operating Activities</u> | <u>Cash Flows from Investing Activities</u> | <u>Cash Flows from Financing Activities</u> | <u>Cash and Cash Equivalents at End of Period</u> |
|--------------------|---|---|---|---|
| September 30, 2005 | 112,157 | (182,787) | 102,172 | 177,565 |
| September 30, 2004 | 40,987 | (95,526) | 23,747 | 121,891 |
| March 31, 2005 | 126,467 | (408,004) | 274,343 | 145,380 |

(4) Number of Consolidated Subsidiaries and Affiliates

| | | |
|-------------------------------|-----|--|
| Consolidated Subsidiaries | 182 | |
| Non-consolidated Subsidiaries | 0 | |
| Affiliates | 81 | (Of which 81 are accounted for by the equity method) |

(5) Changes in Number of Consolidated Subsidiaries and Affiliates

Additions to and deletions from consolidated subsidiaries and affiliates for the six months ended September 30, 2005

Additions: Consolidated Subsidiaries 2, Affiliates 5

Deletions: Consolidated Subsidiaries 13, Affiliates 6

2. Forecasts for the Year Ending March 31, 2006 (Unaudited)

| <u>Fiscal Year</u> | <u>Total Revenues</u> | <u>Income before Income Taxes</u> | <u>Net Income</u> |
|--------------------|---------------------------|---------------------------------------|-------------------|
| March 31, 2006 | 890,000 | 230,000 | 140,000 |

Note : Basic Earnings Per Share is forecasted to be JPY 1,590.74.

Table of Contents

Group Position

The main contents of each operation and the positioning of ORIX Corporation and its subsidiaries are given below.

The following classification is the same as that used in the classification of information by segment.

Operations in Japan

(1) Corporate Financial Services

This business centers on direct financing leases and installment loans, other than real estate loans, to corporate customers as well as the sale of a variety of financial products and other fee business.

[Main related companies]

ORIX Corporation, ORIX Alpha Corporation, Nittetsu Lease Co., Ltd.

(2) Automobile Operations

This business principally comprises automobile leasing operations and automobile rental operations.

[Main related companies]

ORIX Auto Corporation

(3) Rental Operations

This business principally comprises the rental and lease of precision measuring equipment, personal computers and other equipment to corporate customers.

[Main related companies]

ORIX Rentec Corporation

(4) Real Estate-Related Finance

This business encompasses real estate loans to corporate customers and housing loans to individuals. ORIX is also expanding its business involving loan servicing, commercial mortgage-backed securities (CMBS).

[Main related companies]

ORIX Corporation, ORIX Trust and Banking Corporation, ORIX Asset Management & Loan Services Corporation

(5) Real Estate

This business consists principally of condominium development, office building development and sales, office rental activities, integrated facilities management as well as the operation of such facilities as hotels, employee dormitories and training facilities and asset management of Real Estate Investment Trust (REITs).

[Main related companies]

ORIX Corporation, ORIX Real Estate Corporation, ORIX Facilities Corporation

(6) Life Insurance

This segment consists of direct and agency life insurance sales and related activities conducted by ORIX Life Insurance.

[Main related companies]

ORIX Life Insurance Corporation

(7) Other

The other segment encompasses securities brokerage, venture capital operations, consumer card loan operations, investment banking and new businesses.

[Main related companies]

ORIX Corporation, ORIX Credit Corporation, ORIX Capital Corporation, ORIX Securities Corporation, ORIX Baseball Club Co., Ltd.,

ORIX COMMODITIES Corporation, ORIX Investment Corporation,

The Fuji Fire and Marine Insurance Company, Limited, DAIKYO INCORPORATED

Overseas Operations

(1) The Americas

Principal businesses in the Americas segment are direct financing leases, corporate lending, securities investment, commercial mortgage-backed securities (CMBS) related business, and real estate development.

[Main related companies]

ORIX USA Corporation

(2) Asia, Oceania and Europe

Principal businesses in Asia, Oceania and Europe involve direct financing leases, ship related operations, operating leases for transportation equipment, corporate lending and securities investment.

[Main related companies]

ORIX Asia Limited, ORIX Taiwan Corporation, ORIX Leasing Malaysia Berhad,

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ORIX Investment and Management Private Limited, PT. ORIX Indonesia Finance, ORIX Australia Corporation Limited,
ORIX Aviation Systems Limited, Korea Life Insurance Co., Ltd., ORIX Leasing Singapore Limited,
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED, ORIX Leasing Pakistan Limited

- 1 -

Table of Contents

Group Structure

Table of Contents

[Management Policies]

1. Management Policy

The basic policy for management at ORIX is to fulfill our social responsibilities as a corporation by continuing to optimize growth in corporate value and shareholder value through unique and inventive business activities.

2. Profit Distribution Policy

ORIX's profit distribution policy is to foster sustainable growth of the company and shareholder value through the optimal use of retained earnings in addition to steady distributions to investors.

ORIX is attempting to distribute profits to investors, upon consideration of the results of each earnings period, through a steady dividend over the long-term, while aiming to strengthen its financial position and increase its earnings capabilities through an efficient management structure.

In order to achieve a further increase in earnings, ORIX is planning to appropriate retained earnings to business fields that are expected to achieve high earnings.

3. Vision and Policy for Lowering Investment Units

ORIX believes that it is necessary to take appropriate measures in reviewing its policy regarding the minimum investment unit for trading on the stock exchange to allow for participation by a broader range of investors.

With regard to the above policy, ORIX plans to change the number of shares that constitute one unit from 100 to 10 on December 1, 2005.

4. Target Management Index

ORIX is building its business portfolio with a focus on balancing profitability, growth and stability of the company. To achieve this, we set ROE, ROA, and the shareholders' equity ratio as important management indexes and continue to work to make improvements in these.

5. Mid- to Long-Term Corporate Management Strategy

ORIX is working to establish the following corporate image:

A company that can produce an economic impact by creating new standards of value highly appraised by the market, and engaging in business activities with pride.

A company with a high ability to meet various expectations from society including shareholders, customers and employees that practices modesty and is trusted by related parties.

A company that complies with social standards, has a superior corporate culture with fair and transparent business activities, maintains a harmonious balance with society and is widely respected around the world.

We continuously strive to provide new and inventive services that are both multidimensional and multinational in order to accomplish the above stated corporate image.

Additionally, we are working to further enhance our risk management and corporate governance to achieve sustainable growth of our corporate value.

Table of Contents

6. Challenges to be Addressed

ORIX is currently working on the following important challenges:

1) Bolstering the Solid and Steadily Growing Profit Base

2) Accelerating the Speed of Growth Businesses

3) Developing New Opportunities for Future Growth

4) Further Increasing the Rigor of Risk Management

1) Bolstering the Solid and Steadily Growing Profit Base

We consider three business segments in Japan Corporate Financial Services; Rental Operations; and Life Insurance and one overseas segment Asia, Oceania and Europe to constitute our stable profit base in light of their performances to date. We hope that we can further bolster this profit base by drawing on our accumulated expertise and the customer confidence we have earned to steadily augment earnings in each of these segments.

2) Accelerating the Speed of Growth Businesses

ORIX has steadily increased the sophistication of its business models through the accurate and timely response to opportunities associated with changes in macroeconomic conditions and customer needs. For example, we have already been: 1) shifting our emphasis from only lease financing to include services in the Automobile Operations segment, 2) expanding operations to include the development of condominium and office building projects in the Real Estate segment, and 3) broadening our scope of operations in the Real Estate-Related Finance segment to take advantage of relatively new opportunities such as securitization and other real-estate linked financial products. We believe these segments have many growth opportunities and we are proactively taking measures to expand these businesses.

3) Developing New Opportunities for Future Growth

Thus far, ORIX has pursued sustained growth by entering new business fields in areas where we can leverage our special strengths. The Other segment has numerous businesses that are well suited for the expansion of ORIX's operations. Currently, the potential scope of business involving principal investments in financially troubled or bankrupt companies is steadily broadening, and this is likely to be an important new growth area for us. Rather than managing funds obtained from investors, our principal investment operations entail investing our own funds, taking steps to augment the value of the companies in which we invest within a specified period of time, and then earning profits on the sale of our investments. Having completed the restructuring of our operations in The Americas segment, we are considering it to also be a new growth segment ripe for dynamic redevelopment. We have already established a franchise in the business field related to CMBS (commercial mortgage-backed securities) and are aiming to complement our existing franchises by developing additional businesses in the United States where we hope to benefit from the experience of competing in the world's most advanced and diverse financial market.

4) Further Increasing the Rigor of Risk Management

As we have expanded our operations, we have continually worked to strengthen our risk management systems. In evaluating credit risks associated with our mainstay lease and loan transactions in Japan, for example, we employ our own unique default probability model to quantify risks. We are thus able to use quantified risk indicators to allocate risk capital to individual business segments and then evaluate the profitability of these sectors based on their cost of capital. Consequently, we have created a highly sophisticated business portfolio management system that facilitates our strategic decision-making process. We believe our growth in the past has been supported by the sophistication and effectiveness of our risk management and portfolio management systems. Our future development can only be sustained if we strengthen these systems further.

- 4 -

Table of Contents

7. Corporate Governance Policy and Current Status of Implementation Measures

1) Corporate Governance Policy

To enable the promotion of business activities in line with its basic management policy (as previously described under 1. Management Policy), ORIX believes it is important to build corporate governance systems that are sound and fair from the perspectives of various stakeholders.

2) Strengthening Corporate Governance

Progress in Strengthening Corporate Governance

Since the June 1997 establishment of an Advisory Board, which included experienced and resourceful individuals from outside the Company, ORIX has strengthened its corporate governance framework with the aim of objectively determining whether its business activities are emphasizing the interests of its shareholders. In June 1998, we introduced a Corporate Executive Officer system to help separate strategic decision-making functions from day-to-day administrative operations. In June 1999, ORIX reduced the number of members on its Board of Directors, arranged for three Advisory Board members to fill two positions as independent directors and one position as an advisor to the Board, and phased out the Advisory Board. In addition, the Nominating Committee and the Compensation Committee were established to operate as support units for the Board of Directors.

To ensure the more effective separation of roles and responsibilities between the decision-making and monitoring functions of the Board of Directors and the executive function of management, ORIX adopted a Company with Committees board model in June 2003, following the April 2003 implementation of revisions to the Commercial Code of Japan that permit this model. In line with the new board model, nominating, audit, and compensation committees were set up under the Board of Directors.

In June 2004, ORIX added another outside director to its Board, thus bringing the total number of outside directors to five. Including seven internal directors, the board then had a total of 12 members. From June 2005, the board structure consisted of five outside directors and seven internal directors, and a decision was made to change the membership composition of the nominating, audit, and compensation committees by increasing the ratio of outside directors on those committees in order to promote increased management transparency and objectivity. In September 2005, one internal director retired and presently the Board of Directors consists of five outside directors and six internal directors for a total of 11 members.

A flow chart of ORIX's corporate governance system is shown below.

As of November 8, 2005

Table of Contents

Board of Directors

The Board of Directors includes 11 members, of which five are outside directors. In accordance with the Commercial Code, the Board of Directors makes important business decisions for ORIX, supervises the operational execution activities of directors and executive officers, and receives operational progress reports from executive officers.

Nominating Committee

The Nominating Committee has four members of which three are outside directors and one is an internal director. As stipulated in the Commercial Code, the Nominating Committee is authorized to nominate director candidates for approval at the annual general meeting of shareholders as well as to participate in the selection of executive officers.

Audit Committee

The Audit Committee has three members, all of which are outside directors. The Audit Committee receives quarterly performance reports from the executive officer responsible for the Accounting Department, reports from the independent public accountant concerning audits, and business summary reports from the COO.

It also receives internal audit report results and other reports related to internal control systems from the executive officer responsible for the Internal Audit Department and reports from executive officers on the units for which they are responsible. These reports are used to evaluate the execution of the operational duties of executive officers and the functioning of internal control systems. The Audit Committee Secretariat supports the execution of the duties of the Audit Committee. The Audit Committee Secretariat, which receives instructions and requests from the Audit Committee, makes reports to the Audit Committee based upon instructions and requests that it makes to the Internal Audit Department upon conducting audits. The Audit Committee undertakes monitoring activities using these reports with the objective of further improving and strengthening internal control systems.

Compensation Committee

The Compensation Committee has four members, all of which are outside directors. As stipulated in the Commercial Code, the Compensation Committee is authorized to determine policies regarding the compensation of directors and executive officers as well as the monetary remuneration of each individual director and executive officer.

Disclosure Committee

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ORIX believes that disclosure control occupies an important position within the overall scheme of corporate governance. We have set up an information disclosure system with the Disclosure Committee playing a central role in facilitating the appropriate and timely disclosure of information to investors. The Disclosure Committee, which plays a key role in our disclosure control, consists of executive officers who are in charge of departments such as corporate communications, accounting, treasury and internal control. Upon receiving material information from each department, the committee discusses, as needed, necessary actions to be taken to evaluate whether or not any timely disclosure is needed and to ensure appropriate and timely disclosure of such information.

Strengthening Compliance

ORIX believes that compliance is a crucial foundation for sound corporate governance and it proactively implements rigorous compliance programs. In April 1989, when we changed our name from Orient Leasing Co., Ltd., to ORIX Corporation, we introduced an ORIX Group Corporate Identity program that specified Group Ideals, Group Management Goals, and Group Action Principles. This is the conceptual root of our compliance programs.

- 6 -

Table of Contents

As we neared the 21st century, we articulated three concepts in April 1998 that would characterize our identity and operations in the new century – pride, trust, and respect – thereby extending the conceptual scope of the ideals, management goals, and action principles of the corporate identity program. To foster pride, trust, and respect throughout our operations, we drafted our Corporate Action Principles and Employee Action Principles.

These concepts and principles together form the basis of EC21, which is a program designed to ensure that ORIX strives to be an Excellent Company in the 21st century. EC21 is the base of ORIX's compliance system. To effectively instill the ideals articulated in EC21 throughout its operations, ORIX established units specializing in compliance promotion and, in February 2002, prepared a compliance manual. This manual includes action guidelines that explain the spirit of EC21 in concrete and specific terms. At the same time, ORIX organized training and other programs to promote greater awareness of, and more attention to, compliance among all the ORIX Group's employees.

In fiscal 2003, ORIX began a Compliance Program containing specific compliance performance measures that continue to be drafted and implemented by officers and employees throughout the Group each year. To quickly discover compliance violations and prevent scandals before they occur, we have established a Compliance Help Line, to which individuals can call anonymously, and prepared a manual entitled Rules Related to the Compliance Help Line to help ensure the service is effective.

3) Risk Management System

We consider management of a variety of risks essential to conducting our businesses and to increasing our corporate value. Accordingly, through the development of a credible information network we have designed our risk management system in a manner that permits us to identify, measure, analyze and evaluate our risks, and to set appropriate policies and limits to manage and mitigate such risks. We attempt to control these risks by utilizing a risk management system that manages both overall risk as well as specific risks associated with individual transactions, businesses and overseas geographical regions.

New Components of Risk Management

As part of our efforts to improve profitability, in recent years we have developed new business lines, such as real estate-related businesses and investment banking-related businesses, in addition to our traditional businesses, such as leasing and lending, which are in essence the provision of debt finance. In order to more effectively allocate management resources in light of our diversified business models and the consequent changes in our risk profiles, we are incorporating new components into our risk management system, focusing in particular on the strengthening of risk monitoring.

Risk is monitored for each business and for each type of risk. Our monitoring includes details of where capital is used, comparisons of performance with basic guidelines, analysis of changes over time and deviation from initial plans, and evaluation of profitability with respect to risk capital. Based on individual risks, the monitoring also includes progress reports on particular projects and investments, including the status of exit strategies, comprehensive comparative analyses of projections and actual performance, and analyses of changes over time in important targets. The results of our monitoring are reported to top management on a quarterly basis and are part of the fundamental data used to make strategic decisions and allocate capital to various businesses.

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In order to measure risk, different methods have been adopted in accordance with the characteristics of the assets and operations associated with each business. We make changes in the methods used to measure risk as a result of changes in business models or the business environment.

- 7 -

Table of Contents

Systems and Functions Supporting Risk Assessment

The systems and functions supporting ORIX's risk assessment are shown below.

ORIX's business activities involve various risk factors, and the principal risks vary for each business line. Our risk management system comprises four principal levels.

The first level consists of the sales and marketing departments. Our sales and marketing staff are responsible for a range of risk management functions, including implementing an initial credit analysis and evaluation with respect to potential transactions, and monitoring risks and managing and collecting problem assets with respect to originated transactions.

At the second level, we have four specialized groups responsible for risk management, consisting principally of the Risk Management Headquarters, which is responsible for evaluating and monitoring transactions proposed by our sales and marketing departments and for monitoring operating assets and quantifying risk, the Treasury Department, which is in charge of risk related to procurement of funds, the Legal Department, which is in charge of legal risk, and the Compliance Department, which promotes compliance.

The third level of our risk management system is our Investment and Credit Committee, or ICC, which comprises top management, including the CEO, COO, CFO and the executive officer in charge of investment and credit. The ICC meets on average three times a month primarily to review and approve or reject individual credit transactions and investments that exceed certain specified credit or investment amounts.

Our monthly strategy meetings add a fourth level to our risk management system. These meetings perform a particularly important role in the monitoring and control of the various businesses in which we are involved. Separate meetings are held by top management with the executives in charge of individual departments or business units to discuss matters such as the state of achievement of targets and changes in the business environment. Matters considered vitally important to our operations are decided on by the ICC and reported to the board of directors as appropriate.

Table of Contents**Financial Results****1. Six Months Ended September 30, 2005****Economic Environment**

The world economy has generally continued to recover over the last six-month period. The U.S. economy showed signs of expansion despite concerns regarding employment and deterioration of consumer confidence due to the effects of hurricanes and the resulting higher energy costs. The European economy was able to maintain mild growth on the back of a recovery in exports despite the lag in improvement in employment. The Asian economy achieved mild growth overall. While the Chinese economy continued to achieve high growth and the Korean and Taiwanese economies recovered, the ASEAN economy experienced a slowdown as a result of the prevailing high crude oil prices.

On the other hand, the Japanese economy continued to recover in the first half of this fiscal year due to the steady growth in consumer spending and capital expenditures and improvements in corporate earnings and employment. Considering the present state of the Japanese economy, an end to deflation is expected.

Financial Highlights

| | |
|---------------------------------------|--|
| Income before Income Taxes* | 133,109 million yen (Up 93% year on year) |
| Net Income | 83,954 million yen (Up 97% year on year) |
| Earnings Per Share (Basic) | 957.87 yen (Up 88% year on year) |
| Earnings Per Share (Diluted) | 907.93 yen (Up 94% year on year) |
| Shareholders' Equity Per Share | 9,333.32 yen (Up 12% on March 31, 2005) |
| ROE (Annualized) | 21.7% (September 30, 2004: 14.4%) |
| ROA (Annualized) | 2.71% (September 30, 2004: 1.50%) |

* Income before income taxes refers to income before discontinued operations and income taxes.

Revenues: 442,927 million yen (Up 6% year on year)

Revenues increased 6% to 442,927 million yen in the first half of this fiscal year compared with the same period of the previous fiscal year. Although real estate sales decreased year on year, revenues from direct financing leases, operating leases, interest on loans and investment securities, brokerage commissions and net gains on investment securities, life insurance premiums and related investment income, gains on sales of real estate under operating leases and other operating revenues were up compared to the same period of the previous fiscal year.

Furthermore, transportation revenues, which were recorded in the previous fiscal year, are recorded as equity in net income of affiliates during this fiscal year as shown in the (Note) on Page 10.

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Revenues from direct financing leases increased 10% to 61,035 million yen compared to the same period of the previous fiscal year. In Japan, revenues from direct financing leases were up 10% year on year. The automobile leasing operations performed steadily. In addition, revenues from direct financing leases were also up due to the operations of ORIX Kitakanto Corporation, which entered the ORIX Group during the previous fiscal year, and contributed to the increase in revenues from the beginning of this fiscal year and due to the contribution from the securitization of direct financing leases. Overseas, revenues were up 7% year on year. Although there were lower revenues as a result of a reduction of operating assets associated with the leasing operations in The Americas segment compared to the same period of the previous fiscal year, the expansion of the leasing operations in the Asia, Oceania and Europe segment resulted in the higher revenues.

Revenues from operating leases increased 13% to 99,778 million yen compared to the same period of the previous fiscal year. In Japan, although revenues from the precision measuring and other equipment rental operations were down year on year, there was an increase in real estate and automobile operating leases that contributed to a 9% increase year on year. Overseas, revenues were up 26% year on year due mainly to the expansion centering on automobile and other operating leases.

Table of Contents

Revenues from interest on loans and investment securities increased 17% to 77,198 million yen compared to the same period of the previous fiscal year. In Japan, interest on loans and investment securities increased 16% year on year. Although the balance of card loans was down year on year, an increase in loans to corporate customers, including non-recourse loans, and an expansion of the loan servicing operations contributed to the higher earnings. Overseas, revenues were up 21% year on year, with increases in both The Americas segment and Asia, Oceania and Europe segment.

Revenues from brokerage commissions and net gains on investment securities increased 56% to 20,416 million yen compared to the same period of the previous fiscal year. Brokerage commissions were up 49% year on year due to an increase in the level of trading volume on the stock market in Japan. Net gains on investment securities were up 57% year on year due to the sale of securities mainly associated with our venture capital operations and corporate rehabilitation fund investments in Japan and securities investments in The Americas segment.

Life insurance premiums and related investment income were up 3% year on year to 68,470 million yen. Life insurance premiums were flat year on year, while life insurance related investment income improved year on year.

Real estate sales decreased 25% year on year to 31,376 million yen. Although revenues associated with the sales of condominiums to buyers were flat compared to the same period of the previous fiscal year, there was no sale of office buildings and other real estate developments in the first half of this fiscal year that was recorded in the same period of the previous fiscal year. Furthermore, residential condominiums developed through certain joint ventures were accounted for by the equity method, and are included as a net of revenues and selling costs in equity in net income of affiliates. The revenues from the aforementioned joint ventures were 1,108 million yen.

Gains on sales of real estate under operating leases were up more than seven-fold year on year to 9,445 million yen due to the higher revenues associated with the sales of rental purpose office buildings and other real estate.

Other operating revenues increased 32% to 75,209 million yen due to the contribution from companies in which we invested as part of our corporate rehabilitation business in the previous fiscal year that were included from the beginning of this fiscal year and an increase in revenues associated with our integrated facilities management and related service operations.

(Note)

Transportation revenues and costs of transportation revenues associated with the operations of Footwork Express Co., Ltd. in which we invested as part of our corporate rehabilitation business, were included in the same period of the previous fiscal year based on a three-month lag basis as permitted under U.S. GAAP. However, ORIX's share in Footwork Express Co., Ltd. was reduced in December 2004 due to an increase in capital whereby the substantive participating right of a minority shareholder was increased. As a result, ORIX no longer has a controlling financial interest in the company and accounted for this company as an equity method affiliate at the end of the fiscal year ended March 31, 2005. ORIX has started recording its proportionate share of net income or loss of the company by the equity method from the fiscal year ending March 31, 2006 instead of recording transportation revenues and costs of transportation revenues.

Expenses: 327,225 million yen (Down 9% year on year)

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Expenses were down 9% to 327,225 million yen compared with the same period of the previous fiscal year. Although interest expense, costs of operating leases, other operating expenses, and selling, general and administrative expenses increased, life insurance costs, costs of real estate sales, provision for doubtful receivables and probable loan losses, write-downs of long-lived assets, and write-downs of securities were down year on year. For details on costs of transportation revenues, please see the (Note) shown above.

- 10 -

Table of Contents

Interest expense was up 10% year on year to 30,573 million yen due to the higher average debt levels in Japan and higher interest rates overseas despite the lower average debt levels.

Costs of operating leases were up 9% year on year to 66,815 million yen accompanying the increase in revenues from operating leases.

Life insurance costs decreased 3% year on year to 58,239 million yen due mainly to lower insurance payments.

Costs of real estate sales were down 29% year on year to 27,765 million yen accompanying the decrease in real estate sales. Furthermore, 3,042 million yen in selling costs associated with residential condominiums developed through certain joint ventures were accounted for by the equity method.

Other operating expenses were up 42% year on year to 44,817 million yen accompanying the increase in other operating revenues.

Selling, general and administrative expenses were up 2% year on year to 89,509 million yen. Although there were no expenses associated with Footwork Express Co., Ltd., which became an equity method affiliate (refer to the (Note) on Page 10 for details), an increase in costs, which were included from the beginning of this fiscal year, associated with an increase in consolidated companies in the previous fiscal year, led to the higher expenses.

Despite an increase in operating assets, provision for doubtful receivables and probable loan losses was down 59% year on year to 6,877 million yen due to a lower level of non-performing assets.

Write-downs of long-lived assets were down year on year to 521 million yen.

Write-downs of securities were down 3% year on year to 2,668 million yen as we recorded write-downs associated mainly with equity investments made by our venture capital operations in Japan.

Net Income: 83,954 million yen (Up 97% year on year)

Operating income was up 106% year on year to 115,702 million yen.

Equity in net income of affiliates was up 60% to 15,607 million yen compared to the same period of the previous fiscal year due mainly to the contribution from overseas equity method affiliates. Included in equity in net income of affiliates are earnings on investments in operating companies accounted for by the equity method and earnings on investments in residential condominiums developed through certain joint

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ventures, which are also accounted for by the equity method. The equity in net income of affiliates associated with residential condominium joint ventures was a loss of 1,934 million yen, which is primarily attributable to the upfront recognition of advertising expenses, associated with some large-scale condominium development projects, preceding the revenue recognition of completed sales upon title transfer to buyers.

Gains on sales of subsidiaries and affiliates and liquidation loss were down 36% year on year to 1,800 million yen.

Income before discontinued operations and income taxes increased 93% year on year to 133,109 million yen.

Discontinued operations, net of applicable tax effect were up 38% year on year to 5,462 million yen.

As a result, net income increased 97% year on year to 83,954 million yen.

Operating Assets: 5,262,765 million yen (Up 3% on March 31, 2005)

Operating assets were up 3% on March 31, 2005 to 5,262,765 million yen. Although investment in operating leases was down on March 31, 2005 due to the sale of some rental purpose office buildings and a reclassification of some office buildings to office facilities upon a change in their use, investment in direct financing leases, installment loans, investment in securities and other operating assets were up.

Table of Contents

Segment Information (Profits refer to income before income taxes)

Segment profits were up year on year for all nine segments.

The results of the reported segments from April 1, 2005 reflect the revised operating structure following the reorganization of the Company. Accordingly, the real estate-related equity investment operations and the REIT asset management operations, which had been included in the Real Estate-Related Finance segment, were included in the Real Estate segment from the first quarter of this fiscal year (Please refer to the Note on page 24 of the Segment Information).

Operations in Japan

Corporate Financial Services Segment:

Segment revenues were up 17% year on year to 47,662 million yen due to the expansion of loans to corporate customers, a similar level of contribution from direct financing leases compared to the same period of the previous fiscal year, and due to the recognition of gains from securitization.

Segment profits increased 38% to 23,824 million yen compared to 17,273 million yen in the same period of the previous fiscal year due to the increase in segment revenues and the lower provision for doubtful receivables and probable loan losses as a result of a reduction in the level of non-performing assets.

Segment assets increased 6% on March 31, 2005 to 1,602,587 million yen due to an increase in loans to corporate customers despite the lower level of direct financing leases as a result of securitization.

Automobile Operations Segment:

Segment revenues increased 11% year on year to 48,911 million yen. Although the automobile rental operations were slightly lower compared to the same period of the previous fiscal year, the automobile leasing operations expanded.

Segment profits increased 23% to 13,425 million yen in line with the increase in segment revenues compared to 10,916 million yen in the same period of the previous fiscal year.

Segment assets increased 8% on March 31, 2005 to 489,313 million yen due to the expansion of the automobile leasing operations.

Rental Operations Segment:

Segment revenues were down 4% year on year to 33,638 million yen as the precision measuring and other equipment rental operations had fewer orders from electronics and communications equipment manufacturers despite an increase in revenues from transactions being accounted for as direct financing leases.

Segment profits increased 5% to 5,292 million yen compared to 5,044 million yen in the same period of the previous fiscal year. Although segment revenues were lower, the recognition of gains on investment securities contributed to the higher profits.

Segment assets were down 1% on March 31, 2005 to 116,982 million yen.

Real Estate-Related Finance Segment:

Segment revenues increased 31% year on year to 34,865 million yen due to the expansion of revenues associated with corporate loans, including non-recourse loans, the loan servicing operations, and gains on investment securities.

Segment profits increased 99% to 20,318 million yen compared to 10,216 million yen in the same period of the previous fiscal year due to the increase in segment revenues and reduction in non-performing assets, which resulted in a lower provision for doubtful receivables and probable loan losses.

Segment assets increased 1% on March 31, 2005 to 961,049 million yen due mainly to the increase in corporate loans.

Table of Contents

Real Estate Segment:

Segment revenues increased 15% year on year to 98,018 million yen. Lower real estate sales were recorded as there were no revenues associated with the sale of real estate developments, such as office buildings, in the first half of this fiscal year that were recorded in the same period of the previous fiscal year, while revenues associated with the sales of residential condominiums were flat year on year. On the other hand, gains associated with sales of real estate under operating leases increased and revenues associated with our integrated facilities management and related service operations also expanded.

Segment profits increased 64% to 20,562 million yen compared to 12,505 million yen in the same period of the previous fiscal year due to the increase in gains associated with the sales of real estate under operating leases.

Segment assets increased 4% on March 31, 2005 to 520,730 million yen due to the purchase of some rental purpose real estate despite the reclassification of some assets to office facilities upon a change in their use.

Life Insurance Segment:

Segment revenues were up 3% year on year to 68,178 million yen. Although life insurance premiums were flat year on year, life insurance related investment income improved year on year.

Segment profits increased 94% year on year to 7,753 million yen compared to 3,992 million yen in the same period of the previous fiscal year due to the increase in segment revenues and lower insurance payments.

Segment assets were down 8% on March 31, 2005 to 521,022 million yen due to a reclassification of some assets as a result of a change in their use to office facilities and a decrease in the investment portfolio associated with the maturity of some endowment insurance policies.

Other Segment:

Segment revenues decreased 26% year on year to 49,919 million yen. Although there were contributions to revenues from companies that we invested in the previous fiscal year, as part of our corporate rehabilitation business, from the beginning of this fiscal year, and from the securities operations and gains on investment securities, the change in the accounting treatment of transportation revenues to equity in net income of affiliates, as previously described on the (Note) on page 10, led to the lower revenues.

Segment profits increased 38% to 16,259 million yen compared to 11,800 million yen in the same period of the previous fiscal year due to the aforementioned contributing factors to segment revenues and the lower provision for doubtful receivables and probable loan losses associated with the card loan operations.

Segment assets were up 6% on March 31, 2005 to 519,727 million yen.

Overseas Operations

The Americas Segment:

Segment revenues were up 10% year on year to 26,493 million yen. Although there was a decrease in revenues associated with direct financing leases and operating leases due to the lower average balances compared to the same period of the previous fiscal year, revenues from interest on loans to corporate customers and sales on real estate increased year on year.

Segment profits were up approximately three-fold to 14,070 million yen compared to 4,725 million yen in the same period of the previous fiscal year due to the increase in segment revenues and improvement in equity in net income of affiliates.

Segment assets were down 1% on March 31, 2005 to 398,936 million yen. Although there was an increase in operating asset, excluding investment in operating leases, such as an increase in direct financing leases on March 31, 2005 and the effect of a depreciation of the yen against the dollar, segment assets were down due to the withdrawal from an investment in an affiliate accompanying its termination.

Table of Contents

Asia, Oceania and Europe Segment:

Segment revenues were up 26% year on year to 43,834 million yen as corporate lending and automobile leasing of a number of companies in the region performed steadily, while revenues from the ship-related operations also increased.

Segment profits increased 81% to 19,747 million yen compared to 10,933 million yen in the same period of the previous fiscal year due to an increase in segment revenues, the steady performance of equity in net income of affiliates, and the contribution from the gain on the sale of an affiliate.

Segment assets were up 6% on March 31, 2005 to 527,255 million yen due mainly to the increase in investment in direct financing leases and the depreciation of the yen against the dollar.

2. Summary of Cash Flows (Six Months Ended September 30, 2005)

Cash and cash equivalents increased by 32,185 million yen to 177,565 million yen compared to March 31, 2005.

Cash flows from operating activities provided 112,157 million yen in the first half of this fiscal year and provided 40,987 million yen in the same period of the previous fiscal year due primarily to inflows associated with the increase in net income, increase in deposits from lessees and increase in inflows associated with the collection of accounts receivable related to real estate sales.

Cash flows from investing activities used 182,787 million yen in the first half of this fiscal year, compared to 95,526 million yen in the same period of the previous fiscal year. Although inflows associated with net proceeds from securitization of lease receivables, loan receivables and securities were higher compared to the same period of the previous fiscal year, there was an increase in outflows associated with the increase in installment loans made to customers mainly as a result of the expansion of loans to corporate customers, including non-recourse loans.

Cash flows from financing activities provided 102,172 million yen in the first half of this fiscal year, compared to 23,747 million yen in the same period of the previous fiscal year, due to the increase in debt accompanying the increase in operating assets.

3. Summary of Second Quarter (Three Months Ended September 30, 2005)

In the second quarter revenues increased 16,764 million yen year on year. Revenues from direct financing leases were up compared to the second quarter of the previous fiscal year due to the increase in the average balance of direct financing leases and the contribution from gains on securitization. Revenues from operating leases and interest on loans and investment securities were up in line with the increase in operating assets. Brokerage commissions and net gains on investment securities were up due mainly to the increase in brokerage commissions and revenues from corporate rehabilitation fund investments. Life insurance premiums and related investment income were up compared to the same

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period of the previous fiscal year as the life insurance related investment income increased despite the slightly lower life insurance premiums.

Real estate sales decreased year on year due to the reduction in the number of condominiums sold to buyers. Gains on sales of real estate under operating leases, associated with office buildings that are not accounted for under discontinued operations increased. Other operating revenues were up year on year due mainly to the contribution to revenues associated with companies in which we invested as part of our corporate rehabilitation business mainly from the third quarter of the previous fiscal year.

- 14 -

Table of Contents

On the other hand, expenses were down 24,041 million yen compared to the second quarter of the previous fiscal year. Interest expense increased year on year as a result of the increase in the average balance of operating assets. Costs of operating leases were up year on year in line with the increase in revenues from operating leases. Life insurance costs were down compared with the same period of the previous fiscal year due to the lower insurance payments. Costs of real estate sales decreased in line with the lower real estate sales. Other operating expenses increased in line with the increase in associated revenues in the second quarter of this fiscal year. Selling, general and administrative expenses were down year on year despite the recording of costs associated with the increase in the number of consolidated companies from the third quarter of the previous fiscal year, as Footwork Express Co., Ltd. (please refer to the (Note) on Page 10 for details) went from being accounted for as a consolidated company to an equity method affiliate and due to lower advertising costs. The provision for doubtful receivables and probable loan losses was down compared to the second quarter of the previous fiscal year due to a lower level of non-performing assets.

Write-downs of long-lived assets and write-downs of securities were also down year on year.

This resulted in an increase in operating income by 40,805 million yen to 66,085 million yen compared with the second quarter of the previous fiscal year.

Equity in net income of affiliates was up year on year due mainly to the contribution of overseas equity method affiliates and gains on sales of subsidiaries and affiliates and liquidation loss were recorded. Income before discontinued operations and income taxes increased by 42,516 million yen compared to the second quarter of the previous fiscal year to 74,770 million yen.

Discontinued operations, net of applicable tax effect added 2,084 million yen and net income in the second quarter of this fiscal year rose by 27,004 million yen to 46,165 million yen compared with a net income of 19,161 million yen in the second quarter of the previous fiscal year.

4. Outlook and Forecasts for the Fiscal Year Ending March 31, 2006

For the fiscal year ending March 31, 2006 we have revised our original forecast as follows. Revenues 890,000 million yen (down 3% compared with the fiscal year ended March 31, 2005), income before income taxes of 230,000 million yen (up 50%), and net income of 140,000 million yen (up 53%).

Millions of Yen

| | Total Revenues | Income before Income Taxes* | Net Income |
|---------------------------------|----------------|--------------------------------|------------|
| Previous Forecast (A) | 880,000 | 162,000 | 96,000 |
| New Forecast (B) | 890,000 | 230,000 | 140,000 |
| Change (B-A) | 10,000 | 68,000 | 44,000 |
| Change (%) | 1.1 | 42.0 | 45.8 |
| (Reference) Fiscal 2005 Results | 913,719 | 153,549 | 91,496 |

* Income before income taxes refers to income before discontinued operations and income taxes.

Table of Contents

5. Business Risk

Our business, operating results and financial condition may be materially adversely affected by any of the factors discussed below or other factors. The risk factors listed below are taken from the Annual Financial Report (Yukashoken houkokusho) for the fiscal year ended March 31, 2005 that was submitted in Japan in June 2005.

Our business may continue to be adversely affected by economic conditions in Japan

Deflation, deterioration in market demand for real estate, natural disasters or environmental hazards may adversely affect the value of our long-lived assets or collateral of our loans

Our credit losses on loans to Japanese real estate-related companies and construction companies may exceed our allowances for these loans

Changes in market interest rates and currency exchange rates could adversely affect our assets and our financial condition and results of operations

We may lose market share or suffer reduced interest margins if our competitors compete with us on pricing and other terms

Our access to liquidity and capital may be restricted by economic conditions, instability in the financial markets or potential credit rating downgrades

Our business has in the past been, and may again be, adversely affected by adverse economic conditions in the United States

Adverse developments affecting other Asian economies may adversely affect our business

We may suffer losses on our investment portfolio and derivative instruments

We may suffer losses if we are unable to remarket leased equipment returned to us

Our allowance for doubtful receivables on direct financing leases and probable loan losses may be insufficient

Our credit-related costs might increase

Poor performance or failure of affiliates accounted for using the equity method, which include investments in companies as part of our corporate rehabilitation business, or consolidated companies in which we have invested as part of our corporate rehabilitation business, will have an adverse affect on our results of operations and financial condition

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Our business may be adversely affected by adverse conditions in the airline industry

Inadequate or failed processes or systems, human factors or external events or factors may adversely affect our results of operations, liquidity or reputation

We may be exposed to increased risks as we expand or reduce the range of our products and services, or acquire companies or assets, including as part of our corporate rehabilitation business

We may not be able to hire or retain human resources to achieve our strategic goals

Our results of operations and financial condition may be materially adversely affected by unpredictable events

A failure to comply with regulations to which many of our businesses are subject could result in sanctions or penalties, harm our reputation and adversely affect our results of operations

Changes in law and regulations may materially affect our business, results of operations and financial condition

Changes in tax laws or accounting rules may affect our sales of structured financial products

Litigation and regulatory investigations may adversely affect our financial results

Our life insurance subsidiary is subject to risks that are specific to its business

A downgrade of our credit ratings could have a negative effect on our derivative transactions

We may not be able to manage our risks successfully through derivatives

Our real estate investments may be uninsured or under-insured for certain losses

Dispositions of the Shares, particularly by major shareholders, may adversely affect market prices for the Shares

Table of Contents

The departure of top management could adversely affect us

Change of listed sections and delisting of Shares could adversely affect the liquidity and price of the Shares

Holding a professional baseball team entails reputation risks

There is a risk that our risk management will not be effective

Details on risks related to our business are disclosed in our Annual Financial Report (Yukashoken houkokusho) each year.

Table of Contents**Consolidated Financial Highlights**

(For the Six Months Ended September 30, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

(millions of JPY, except for per share data)

| | September 30, 2005 | Change from March 31, 2005 | Year -on- year Change | September 30, 2004 | Year -on- year Change | March 31, 2005 | Year -on- year Change |
|---|-----------------------|-------------------------------------|--------------------------------|-----------------------|--------------------------------|-------------------|--------------------------------|
| Operating Assets | | | | | | | |
| Investment in Direct Financing Leases | 1,462,354 | 101% | 100% | 1,465,856 | 95% | 1,451,574 | 100% |
| Installment Loans | 2,491,927 | 104% | 111% | 2,254,387 | 101% | 2,386,597 | 107% |
| Investment in Operating Leases | 591,056 | 95% | 110% | 536,489 | 110% | 619,005 | 115% |
| Investment in Securities | 618,688 | 105% | 105% | 591,714 | 100% | 589,271 | 107% |
| Other Operating Assets | 98,740 | 119% | 135% | 72,932 | 101% | 82,651 | 115% |
| Total | 5,262,765 | 103% | 107% | 4,921,378 | 100% | 5,129,098 | 106% |
| Operating Results | | | | | | | |
| Total Revenues | 442,927 | | 106% | 415,931 | 116% | 913,719 | 121% |
| Income before Discontinued Operations and Income Taxes | 133,109 | | 193% | 68,860 | 120% | 153,549 | 148% |
| Net Income | 83,954 | | 197% | 42,688 | 136% | 91,496 | 169% |
| Earnings Per Share | | | | | | | |
| Net Income | | | | | | | |
| Basic | 957.87 | | 188% | 509.74 | 136% | 1,087.82 | 169% |
| Diluted | 907.93 | | 194% | 469.19 | 134% | 1,002.18 | 167% |
| Shareholders' Equity Per Share | 9,333.32 | 112% | 126% | 7,389.48 | 114% | 8,322.96 | 123% |
| Financial Position | | | | | | | |
| Shareholders' Equity | 821,420 | 113% | 133% | 619,249 | 114% | 727,333 | 129% |
| Number of Outstanding Shares ('000) | 88,009 | 101% | 105% | 83,801 | 100% | 87,389 | 104% |
| Long- and Short-Term Debt and Deposits | | | | | | | |
| Total Assets | 4,269,728 | 103% | 109% | 3,912,797 | 98% | 4,146,322 | 107% |
| Shareholders' Equity Ratio | 6,333,055 | 104% | 111% | 5,724,771 | 101% | 6,068,953 | 108% |
| Return on Equity (annualized) | 13.0% | | | 10.8% | | 12.0% | |
| Return on Assets (annualized) | 21.7% | | | 14.4% | | 14.2% | |
| | 2.71% | | | 1.50% | | 1.56% | |

New Business Volumes

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| Direct Financing Leases | | | | | | |
|------------------------------|---------|------|---------|------|-----------|------|
| New Receivables Added | 415,435 | 104% | 398,951 | 100% | 863,137 | 108% |
| New Equipment Acquisitions | 368,961 | 104% | 355,848 | 100% | 767,672 | 108% |
| Installment Loans | 783,614 | 111% | 704,040 | 133% | 1,545,517 | 137% |
| Operating Leases | 111,911 | 117% | 95,814 | 129% | 248,327 | 131% |
| Investment in Securities | 111,710 | 106% | 105,578 | 152% | 244,600 | 200% |
| Other Operating Transactions | 55,565 | 100% | 55,783 | 72% | 129,604 | 70% |

- 18 -

Table of Contents**Condensed Consolidated Statements of Income**

(For the Six Months Ended September 30, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

(millions of JPY, millions of US\$)

| | Year | | Year | | Year | | |
|--|---------------|--------|---------------|--------|------------|--------|---------------|
| | Six Months | -on- | Six Months | -on- | Year ended | -on- | U.S. dollars |
| | ended | year | ended | year | March 31, | year | September 30, |
| | September 30, | Change | September 30, | Change | March 31, | Change | September 30, |
| | 2005 | (%) | 2004 | (%) | 2005 | (%) | 2005 |
| Total Revenues : | 442,927 | 106 | 415,931 | 116 | 913,719 | 121 | 3,913 |
| Direct Financing Leases | 61,035 | 110 | 55,661 | 98 | 113,514 | 101 | 539 |
| Operating Leases | 99,778 | 113 | 88,118 | 112 | 178,977 | 109 | 882 |
| Interest on Loans and Investment Securities | 77,198 | 117 | 65,852 | 111 | 136,035 | 117 | 682 |
| Brokerage Commissions and Net Gains on Investment Securities | 20,416 | 156 | 13,087 | 173 | 33,906 | 130 | 180 |
| Life Insurance Premiums and Related Investment Income | 68,470 | 103 | 66,341 | 102 | 137,004 | 102 | 605 |
| Real Estate Sales | 31,376 | 75 | 41,899 | 99 | 123,162 | 126 | 277 |
| Gains on Sales of Real Estate under Operating Leases | 9,445 | 737 | 1,281 | 16 | 1,554 | 17 | 83 |
| Transportation Revenues | | | 26,927 | | 55,339 | | |
| Other Operating Revenues | 75,209 | 132 | 56,765 | 136 | 134,228 | 144 | 665 |
| Total Expenses : | 327,225 | 91 | 359,638 | 114 | 783,560 | 117 | 2,891 |
| Interest Expense | 30,573 | 110 | 27,812 | 89 | 56,126 | 94 | 270 |
| Costs of Operating Leases | 66,815 | 109 | 61,261 | 104 | 123,067 | 103 | 590 |
| Life Insurance Costs | 58,239 | 97 | 59,919 | 103 | 122,896 | 103 | 515 |
| Costs of Real Estate Sales | 27,765 | 71 | 39,262 | 104 | 113,830 | 128 | 245 |
| Costs of Transportation Revenues | | | 23,399 | | 46,594 | | |
| Other Operating Expenses | 44,817 | 142 | 31,594 | 145 | 82,449 | 158 | 396 |
| Selling, General and Administrative Expenses | 89,509 | 102 | 87,417 | 113 | 181,522 | 113 | 790 |
| Provision for Doubtful Receivables and Probable Loan Losses | 6,877 | 41 | 16,687 | 74 | 39,650 | 83 | 61 |
| Write-downs of Long-Lived Assets | 521 | 6 | 9,165 | 218 | 11,713 | 95 | 5 |
| Write-downs of Securities | 2,668 | 97 | 2,763 | 134 | 4,930 | 94 | 24 |
| Foreign Currency Transaction Loss (Gain), Net | (559) | | 359 | 76 | 783 | 50 | (5) |
| Operating Income | 115,702 | 206 | 56,293 | 123 | 130,159 | 150 | 1,022 |

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| | | | | | | | |
|--|----------------|------------|---------------|------------|----------------|------------|--------------|
| Equity in Net Income of Affiliates | 15,607 | 160 | 9,765 | 82 | 20,043 | 112 | 138 |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Loss | 1,800 | 64 | 2,802 | | 3,347 | | 16 |
| Income before Discontinued Operations and Income Taxes | 133,109 | 193 | 68,860 | 120 | 153,549 | 148 | 1,176 |
| Provision for Income Taxes | 54,617 | 181 | 30,127 | 116 | 68,490 | 134 | 483 |
| Income from Continuing Operations | 78,492 | 203 | 38,733 | 124 | 85,059 | 161 | 693 |
| Discontinued Operations: | | | | | | | |
| Income from Discontinued Operations, Net | 9,185 | | 6,687 | | 10,835 | | 81 |
| Provision for Income Taxes | (3,723) | | (2,732) | | (4,398) | | (32) |
| Discontinued Operations, Net of Applicable Tax Effect | 5,462 | 138 | 3,955 | | 6,437 | 885 | 49 |
| Net Income | 83,954 | 197 | 42,688 | 136 | 91,496 | 169 | 742 |

- Note:** 1. Pursuant to FASB Statement No. 144 (Accounting for the Impairment or Disposal of Long-Lived Assets), the results of operations which meet the criteria for discontinued operations are reported as a separate component of income, and those related amounts that had been previously reported are reclassified.
2. In the previous fiscal year, Transportation Revenues and Costs of Transportation Revenues were disclosed separately. However, as the logistics subsidiary became an affiliate, the proportionate share of the net income (loss) was recorded in Equity in Net Income of Affiliates by the equity method.

Table of Contents**Condensed Consolidated Statements of Income**

(For the Three Months Ended September 30, 2005 and 2004)

(Unaudited)

(millions of JPY, millions of US\$)

| | Three Months ended September 30, 2005 | Year -on- year Change (%) | Three Months ended September 30, 2004 | Year -on- year Change (%) | U.S. dollars September 30, 2005 |
|--|--|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Total Revenues : | 230,603 | 108 | 213,839 | 117 | 2,037 |
| Direct Financing Leases | 32,313 | 114 | 28,262 | 100 | 285 |
| Operating Leases | 51,968 | 121 | 42,923 | 108 | 459 |
| Interest on Loans and Investment Securities | 40,978 | 114 | 35,949 | 115 | 362 |
| Brokerage Commissions and Net Gains on Investment Securities | 11,973 | 151 | 7,927 | 183 | 106 |
| Life Insurance Premiums and Related Investment Income | 38,241 | 106 | 36,133 | 105 | 338 |
| Real Estate Sales | 12,162 | 61 | 20,059 | 104 | 107 |
| Gains on Sales of Real Estate under Operating Leases | 3,625 | | 83 | 4 | 32 |
| Transportation Revenues | | | 14,152 | | |
| Other Operating Revenues | 39,343 | 139 | 28,351 | 125 | 348 |
| Total Expenses : | 164,518 | 87 | 188,559 | 119 | 1,453 |
| Interest Expense | 15,881 | 114 | 13,940 | 91 | 140 |
| Costs of Operating Leases | 33,332 | 117 | 28,476 | 95 | 294 |
| Life Insurance Costs | 31,000 | 97 | 31,954 | 111 | 274 |
| Costs of Real Estate Sales | 11,101 | 59 | 18,719 | 108 | 97 |
| Costs of Transportation Revenues | | | 11,685 | | |
| Other Operating Expenses | 23,431 | 142 | 16,518 | 143 | 207 |
| Selling, General and Administrative Expenses | 46,155 | 95 | 48,384 | 121 | 408 |
| Provision for Doubtful Receivables and Probable Loan Losses | 2,145 | 27 | 7,892 | 74 | 19 |
| Write-downs of Long-Lived Assets | 521 | 6 | 9,165 | 218 | 5 |
| Write-downs of Securities | 868 | 67 | 1,295 | 235 | 8 |
| Foreign Currency Transaction Loss (Gain), Net | 84 | 16 | 531 | | 1 |
| Operating Income | 66,085 | 261 | 25,280 | 104 | 584 |
| Equity in Net Income of Affiliates | 8,344 | 167 | 5,011 | 59 | 74 |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Loss | 341 | 17 | 1,963 | | 3 |
| Income before Discontinued Operations and Income Taxes | 74,770 | 232 | 32,254 | 99 | 661 |
| Provision for Income Taxes | 30,689 | 218 | 14,066 | 95 | 271 |

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| | | | | | |
|--|---------------|------------|---------------|------------|------------|
| Income from Continuing Operations | 44,081 | 242 | 18,188 | 102 | 390 |
| Discontinued Operations | | | | | |
| Income from Discontinued Operations, Net | 3,517 | | 1,649 | | 31 |
| Provision for Income Taxes | (1,433) | | (676) | | (13) |
| Discontinued Operations, Net of Applicable Tax Effect | 2,084 | 214 | 973 | | 18 |
| Net Income | 46,165 | 241 | 19,161 | 111 | 408 |

- 20 -

Table of Contents**Condensed Consolidated Balance Sheets**

(As of September 30, 2005 and 2004, and March 31, 2005)

(Unaudited)

| | (millions of JPY, millions of US\$) | | | |
|--|-------------------------------------|-----------------------|-------------------|---------------------------------------|
| | September 30, 2005 | September 30, 2004 | March 31, 2005 | U.S. dollars September 30, 2005 |
| Assets | | | | |
| Cash and Cash Equivalents | 177,565 | 121,891 | 145,380 | 1,569 |
| Restricted Cash | 69,645 | 50,176 | 53,193 | 615 |
| Time Deposits | 5,814 | 996 | 8,678 | 51 |
| Investment in Direct Financing Leases | 1,462,354 | 1,465,856 | 1,451,574 | 12,919 |
| Installment Loans | 2,491,927 | 2,254,387 | 2,386,597 | 22,015 |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (103,028) | (125,309) | (115,250) | (910) |
| Investment in Operating Leases | 591,056 | 536,489 | 619,005 | 5,222 |
| Investment in Securities | 618,688 | 591,714 | 589,271 | 5,466 |
| Other Operating Assets | 98,740 | 72,932 | 82,651 | 872 |
| Investment in Affiliates | 302,306 | 174,805 | 274,486 | 2,671 |
| Other Receivables | 142,895 | 142,901 | 160,263 | 1,262 |
| Inventories | 115,058 | 145,107 | 113,203 | 1,017 |
| Prepaid Expenses | 50,434 | 45,684 | 45,082 | 446 |
| Office Facilities | 95,106 | 66,347 | 65,410 | 840 |
| Other Assets | 214,495 | 180,795 | 189,410 | 1,896 |
| Total Assets | 6,333,055 | 5,724,771 | 6,068,953 | 55,951 |
| Liabilities and Shareholders' Equity | | | | |
| Short-Term Debt | 955,048 | 922,427 | 947,871 | 8,438 |
| Deposits | 354,191 | 317,235 | 336,588 | 3,129 |
| Trade Notes, Accounts Payable and Other Liabilities | 307,618 | 290,130 | 270,737 | 2,718 |
| Accrued Expenses | 87,782 | 93,087 | 95,407 | 776 |
| Policy Liabilities | 519,849 | 559,815 | 550,880 | 4,593 |
| Current and Deferred Income Taxes | 204,242 | 160,960 | 179,859 | 1,804 |
| Deposits from Lessees | 122,416 | 88,733 | 98,415 | 1,081 |
| Long-Term Debt | 2,960,489 | 2,673,135 | 2,861,863 | 26,155 |
| Total Liabilities | 5,511,635 | 5,105,522 | 5,341,620 | 48,694 |
| Common Stock | 76,520 | 52,315 | 73,100 | 676 |
| Additional Paid-in Capital | 94,602 | 70,268 | 91,045 | 836 |
| Retained Earnings: | | | | |
| Legal Reserve | 2,220 | 2,220 | 2,220 | 19 |
| Retained Earnings | 650,952 | 521,686 | 570,494 | 5,751 |
| Accumulated Other Comprehensive Income (Loss) | 4,514 | (19,396) | (1,873) | 40 |
| Treasury Stock, at Cost | (7,388) | (7,844) | (7,653) | (65) |

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| | | | | |
|---|-------------------------------|-------------------------------|---------------------------|--|
| Total Shareholders Equity | 821,420 | 619,249 | 727,333 | 7,257 |
| Total Liabilities and Shareholders Equity | 6,333,055 | 5,724,771 | 6,068,953 | 55,951 |
| | September 30, 2005 | September 30, 2004 | March 31, 2005 | U.S. dollars September 30, 2005 |
| Note : Accumulated Other Comprehensive Income (Loss) | | | | |
| Net unrealized gains on investment in securities | 37,219 | 29,282 | 40,150 | 329 |
| Minimum pension liability adjustments | (1,146) | (7,742) | (1,090) | (10) |
| Foreign currency translation adjustments | (31,904) | (38,527) | (39,610) | (282) |
| Net unrealized gains (losses) on derivative instruments | 345 | (2,409) | (1,323) | 3 |

- 21 -

Table of Contents**Condensed Consolidated Statements of Shareholders Equity**

(For the Six Months Ended September 30, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

| | (millions of JPY, millions of US\$) | | | |
|--|--|--|---------------------------------|---------------------------------------|
| | Six Months ended September 30, 2005 | Six Months ended September 30, 2004 | Year ended March 31, 2005 | U.S. dollars September 30, 2005 |
| Common Stock: | | | | |
| Beginning balance | 73,100 | 52,068 | 52,068 | 646 |
| Issuance during the year | 3,420 | 247 | 21,032 | 30 |
| Ending balance | 76,520 | 52,315 | 73,100 | 676 |
| Additional Paid-in Capital: | | | | |
| Beginning balance | 91,045 | 70,015 | 70,015 | 805 |
| Issuance during the year and other, net | 3,557 | 253 | 21,030 | 31 |
| Ending balance | 94,602 | 70,268 | 91,045 | 836 |
| Legal Reserve: | | | | |
| Beginning balance | 2,220 | 2,220 | 2,220 | 19 |
| Ending balance | 2,220 | 2,220 | 2,220 | 19 |
| Retained Earnings: | | | | |
| Beginning balance | 570,494 | 481,091 | 481,091 | 5,040 |
| Cash dividends | (3,496) | (2,093) | (2,093) | (31) |
| Net income | 83,954 | 42,688 | 91,496 | 742 |
| Ending balance | 650,952 | 521,686 | 570,494 | 5,751 |
| Accumulated Other Comprehensive Income (Loss): | | | | |
| Beginning balance | (1,873) | (33,141) | (33,141) | (17) |
| Net change of unrealized gains on investment in securities | (2,931) | 4,234 | 15,102 | (26) |
| Net change of minimum pension liability adjustments | (56) | 225 | 6,877 | 0 |
| Net change of foreign currency translation adjustments | 7,706 | 7,102 | 6,019 | 68 |
| Net change of unrealized gains on derivative instruments | 1,668 | 2,184 | 3,270 | 15 |
| Ending balance | 4,514 | (19,396) | (1,873) | 40 |
| Treasury Stock: | | | | |
| Beginning balance | (7,653) | (8,206) | (8,206) | (67) |
| Increase, net | 265 | 362 | 553 | 2 |
| Ending balance | (7,388) | (7,844) | (7,653) | (65) |

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| | | | | |
|--|---------|---------|---------|-------|
| Total Shareholders Equity: | | | | |
| Beginning balance | 727,333 | 564,047 | 564,047 | 6,426 |
| Increase, net | 94,087 | 55,202 | 163,286 | 831 |
| Ending balance | 821,420 | 619,249 | 727,333 | 7,257 |
| Summary of Comprehensive Income : | | | | |
| Net income | 83,954 | 42,688 | 91,496 | 742 |
| Other comprehensive income | 6,387 | 13,745 | 31,268 | 57 |
| Comprehensive income | 90,341 | 56,433 | 122,764 | 799 |

- 22 -

Table of Contents**Condensed Consolidated Statements of Cash Flows**

(For the Six Months Ended September 30, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

| | (millions of JPY, millions of US\$) | | | |
|--|--|--|---------------------------------|---------------------------------------|
| | Six Months ended September 30, 2005 | Six Months ended September 30, 2004 | Year ended March 31, 2005 | U.S. dollars September 30, 2005 |
| Cash Flows from Operating Activities: | | | | |
| Net income | 83,954 | 42,688 | 91,496 | 742 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 60,168 | 65,104 | 132,158 | 531 |
| Provision for doubtful receivables and probable loan losses | 6,877 | 16,687 | 39,650 | 61 |
| Decrease in policy liabilities | (31,031) | (32,967) | (41,902) | (274) |
| Gains from securitization transactions | (4,035) | (2,706) | (12,520) | (36) |
| Equity in net income of affiliates | (15,607) | (9,765) | (20,043) | (138) |
| Gains on sales of subsidiaries and affiliates and liquidation loss | (1,800) | (2,802) | (3,347) | (16) |
| Gains on sales of available-for-sale securities | (6,402) | (11,236) | (14,761) | (57) |
| Gains on sales of real estate under operating leases | (9,445) | (1,281) | (1,554) | (83) |
| Gains on sales of operating lease assets other than real estate | (4,895) | (2,280) | (4,746) | (43) |
| Write-downs of long-lived assets | 521 | 9,165 | 11,713 | 5 |
| Write-downs of securities | 2,668 | 2,763 | 4,930 | 24 |
| Increase in restricted cash | (16,186) | (14,379) | (17,517) | (143) |
| Increase in trading securities | (7,425) | (9,299) | (21,430) | (66) |
| Increase in inventories | (14,803) | (20,856) | (21,906) | (131) |
| Increase in prepaid expenses | (3,940) | (1,461) | (975) | (35) |
| Increase (decrease) in accrued expenses | (8,512) | (3,880) | 8,255 | (75) |
| Increase in deposits from lessees | 24,123 | 10,211 | 19,567 | 213 |
| Other, net | 57,927 | 7,281 | (20,601) | 512 |
| Net cash provided by operating activities | 112,157 | 40,987 | 126,467 | 991 |
| Cash Flows from Investing Activities: | | | | |
| Purchases of lease equipment | (509,873) | (436,304) | (942,489) | (4,505) |
| Principal payments received under direct financing leases | 314,488 | 322,727 | 633,724 | 2,779 |
| Net proceeds from securitization of lease receivables, loan receivables and securities | 102,287 | 72,711 | 191,976 | 904 |
| Installment loans made to customers | (783,614) | (703,820) | (1,545,297) | (6,923) |
| Principal collected on installment loans | 616,456 | 627,482 | 1,287,144 | 5,446 |
| Proceeds from sales of operating lease assets | 89,306 | 48,362 | 73,928 | 789 |
| Investment in and dividends received from affiliates, net | (7,716) | (836) | (48,257) | (68) |
| Purchases of available-for-sale securities | (91,389) | (94,411) | (219,890) | (807) |
| Proceeds from sales of available-for-sale securities | 72,752 | 53,843 | 127,452 | 643 |
| Maturities of available-for-sale securities | 20,202 | 28,648 | 82,373 | 178 |
| Purchases of other securities | (20,321) | (11,184) | (24,283) | (180) |
| Proceeds from sales of other securities | 15,966 | 2,589 | 11,456 | 141 |
| Purchases of other operating assets | (15,774) | (2,851) | (9,216) | (139) |
| Acquisitions of subsidiaries, net of cash acquired | | (6,044) | (12,506) | |

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Sales of subsidiaries, net of cash disposed | 1,500 | | | 13 |
| Other, net | 12,943 | 3,562 | (14,119) | 114 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash used in investing activities | (182,787) | (95,526) | (408,004) | (1,615) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash Flows from Financing Activities: | | | | |
| Net increase (decrease) in debt with maturities of three months or less | 43,425 | (33,465) | (34,227) | 384 |
| Proceeds from debt with maturities longer than three months | 919,112 | 793,755 | 1,934,048 | 8,120 |
| Repayment of debt with maturities longer than three months | (878,214) | (755,004) | (1,665,050) | (7,759) |
| Net increase in deposits due to customers | 17,603 | 24,690 | 44,043 | 156 |
| Issuance of common stock | 3,476 | 492 | 2,052 | 31 |
| Dividends paid | (3,496) | (2,093) | (2,093) | (31) |
| Net decrease in call money | | (5,000) | (5,000) | |
| Other, net | 266 | 372 | 570 | 2 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by financing activities | 102,172 | 23,747 | 274,343 | 903 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 643 | 448 | 339 | 6 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 32,185 | (30,344) | (6,855) | 285 |
| Cash and Cash Equivalents at Beginning of Period | 145,380 | 152,235 | 152,235 | 1,284 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash and Cash Equivalents at End of Period | 177,565 | 121,891 | 145,380 | 1,569 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Table of Contents

Segment Information

(For the Six Months Ended September 30, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

(millions of JPY)

| | Six months ended September 30, 2005 | | | Six months ended September 30, 2004 | | | Year ended March 31, 2005 | | |
|---|-------------------------------------|-----------------|------------------|-------------------------------------|-----------------|------------------|---------------------------|-----------------|------------------|
| | Segment Revenues | Segment Profits | Segment Assets | Segment Revenues | Segment Profits | Segment Assets | Segment Revenues | Segment Profits | Segment Assets |
| Operations in Japan | | | | | | | | | |
| Corporate Financial Services | 47,662 | 23,824 | 1,602,587 | 40,774 | 17,273 | 1,467,823 | 87,708 | 43,848 | 1,506,311 |
| Automobile Operations | 48,911 | 13,425 | 489,313 | 44,076 | 10,916 | 441,202 | 89,404 | 21,088 | 451,715 |
| Rental Operations | 33,638 | 5,292 | 116,982 | 34,981 | 5,044 | 117,741 | 68,447 | 9,384 | 118,427 |
| Real Estate-Related Finance | 34,865 | 20,318 | 961,049 | 26,694 | 10,216 | 867,605 | 77,389 | 13,856 | 956,047 |
| Real Estate | 98,018 | 20,562 | 520,730 | 84,892 | 12,505 | 398,388 | 195,906 | 23,959 | 500,755 |
| Life Insurance | 68,178 | 7,753 | 521,022 | 66,306 | 3,992 | 565,021 | 136,857 | 7,223 | 567,023 |
| Other | 49,919 | 16,259 | 519,727 | 67,450 | 11,800 | 421,744 | 143,754 | 20,970 | 489,758 |
| Sub-Total | 381,191 | 107,433 | 4,731,410 | 365,173 | 71,746 | 4,279,524 | 799,465 | 140,328 | 4,590,036 |
| Overseas Operations | | | | | | | | | |
| The Americas | 26,493 | 14,070 | 398,936 | 24,020 | 4,725 | 446,231 | 53,084 | 15,621 | 403,399 |
| Asia, Oceania and Europe | 43,834 | 19,747 | 527,255 | 34,772 | 10,933 | 499,426 | 73,089 | 22,133 | 498,855 |
| Sub-Total | 70,327 | 33,817 | 926,191 | 58,792 | 15,658 | 945,657 | 126,173 | 37,754 | 902,254 |
| Segment Total | 451,518 | 141,250 | 5,657,601 | 423,965 | 87,404 | 5,225,181 | 925,638 | 178,082 | 5,492,290 |
| Difference between Segment totals and Consolidated Amounts | (8,591) | (8,141) | 675,454 | (8,034) | (18,544) | 499,590 | (11,919) | (24,533) | 576,663 |
| Consolidated Amounts | 442,927 | 133,109 | 6,333,055 | 415,931 | 68,860 | 5,724,771 | 913,719 | 153,549 | 6,068,953 |

(millions of US\$)

U.S. dollars September 30, 2005

| | Segment Revenues | Segment Profits | Segment Assets |
|------------------------------|------------------|-----------------|----------------|
| Operations in Japan | | | |
| Corporate Financial Services | 421 | 210 | 14,158 |
| Automobile Operations | 432 | 119 | 4,323 |
| Rental Operations | 297 | 47 | 1,034 |
| Real Estate-Related Finance | 308 | 180 | 8,491 |
| Real Estate | 866 | 182 | 4,600 |
| Life Insurance | 602 | 68 | 4,603 |

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| | | | |
|---|--------------|--------------|---------------|
| Other | 442 | 143 | 4,592 |
| Sub-Total | 3,368 | 949 | 41,801 |
| Overseas Operations | | | |
| The Americas | 234 | 124 | 3,524 |
| Asia, Oceania and Europe | 387 | 175 | 4,659 |
| Sub-Total | 621 | 299 | 8,183 |
| Segment Total | 3,989 | 1,248 | 49,984 |
| Difference between Segment totals and Consolidated Amounts | (76) | (72) | 5,967 |
| Consolidated Amounts | 3,913 | 1,176 | 55,951 |

***Note 1:** The results of the reported segments from April 1, 2005 reflect the revised operating structure following the reorganization of the Company. Accordingly, real estate-related equity investment operations and the REIT asset management operations, which had been included in the Real Estate-Related Finance segment, were included in the Real Estate segment from the first quarter of this fiscal year. Therefore, certain related amounts that had been previously reported are reclassified.

- 2: Effective January 1, 2005, the Company integrated seven group companies, which were involved in automobile leasing and rental operations, into ORIX Auto Corporation, in order to control and manage the overall automobile operations under one company. The automobile leasing operations, which had been included in the Corporate Financial Services segment and the automobile rental operations that had been included in the Rental Operations segment were included in the Automobile Operations segment from the previous fiscal year. The Rental Operations segment included only the rental operations of precision measuring and other equipment. The Company changed the management of its overseas operations, whereby the Europe segment and the Asia and Oceania segment were combined and from the previous fiscal year the new segment was shown as the Asia, Oceania and Europe segment.
- 3: Since the Company evaluates the performance for the segments based on profits before income taxes, tax expenses are not included in the segment profits. In addition, results of discontinued operations are included in Segment Revenues and Segment Profits of each segment, if any. Such amounts are eliminated in Difference between Segment totals and Consolidated Amounts.

Table of Contents

Basis of presentation and significant accounting policies

In preparing the accompanying consolidated financial statements, ORIX Corporation (the Company) and its subsidiaries have followed 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.

Some areas of potential significant differences between U.S. and Japanese accounting policies and practices are as follows: Accounting for direct financing leases, the use of the straight-line method of depreciation for operating lease equipment, deferral of life insurance policy acquisition costs, accounting for derivative instruments and hedging activities, accounting for goodwill and other intangible assets resulting from business combinations, accounting for pension plans, and reclassification of discontinued operations. Segment information is prepared in accordance with FASB Statement No. 131. The basis of presentation and significant accounting policies are as follows.

1. Consolidated subsidiaries

The accompanying consolidated financial statements include the accounts of the Company, 106 domestic subsidiaries and 76 overseas subsidiaries (total of 182 subsidiaries).

The consolidated financial statements also include variable interest entities to which the Company and its subsidiaries are primary beneficiaries pursuant to FASB Interpretation No. 46 (revised December 2003) (FIN46(R) (Consolidation of Variable Interest Entities)).

Major subsidiaries are ORIX Auto Corporation, ORIX USA Corporation and others.

2. Affiliates accounted for by the equity method

Investment in 57 domestic affiliates and 24 overseas affiliates (total of 81 affiliates) are accounted for by using the equity method. Major affiliates are The Fuji Fire and Marine Insurance Company, Limited, DAIKYO INCORPORATED, Korea Life Insurance Co., Ltd., and others.

3. The date of subsidiaries fiscal closing

Certain subsidiaries have an interim closing date that differs from that of the Company. However, these subsidiaries close their books and make necessary adjustments for consolidation purposes as of the Company's interim closing date. For certain subsidiaries whose fiscal periods end at a date that is within three months from our consolidated interim closing date, we use the most recent fiscal period end of those subsidiaries in our consolidated financial results.

4. Accounting policies

(1) Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Recognition of revenues

Direct financing leases The excess of aggregate lease rentals plus the estimated unguaranteed residual value over the cost of the leased equipment constitutes the unearned lease income to be taken into income over the lease term. Certain direct lease origination costs (initial direct costs) are being deferred and amortized over the lease term as a yield adjustment.

Operating leases Revenues from operating leases are recognized on a straight-line basis over the contract terms. Operating lease assets are recorded at cost and are depreciated over their estimated useful lives mainly on a straight-line basis.

Insurance premiums and expenses Premium income from life insurance policies are recognized as earned premiums when due. Life insurance benefits are recorded as expenses when they are incurred. Policy liabilities for future policy benefits are established for by the net level premium method, based on actuarial estimates of the amount of future policyholder benefits. Certain costs associated with writing insurance (deferred policy acquisition costs) are deferred and amortized over the respective policy periods in proportion to anticipated premium revenue.

Table of Contents

(3) Investment in securities

Trading securities are reported at fair value with unrealized gains and losses included in income. Available-for-sale securities are reported at fair value, and unrealized gains or losses are recorded through other comprehensive income (loss), net of applicable income taxes. However, the Company and its subsidiaries recognize losses related to securities for which the market price has been significantly below the acquisition cost and not considered temporary in nature.

(4) Inventories

Inventories consist primarily of advance and/or progress payments for development of residential condominiums for sale and completed residential condominiums.

Advances and/or progress payments for sale are carried at cost less any impairment losses and finished goods are stated at the lower of cost or market.

(5) Impairment of long-lived assets

Long-lived assets and certain identifiable intangibles to be held and used by the Company and its subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the sum of undiscounted future cash flows expected to be generated by the assets is less than the carrying amount of the assets, impairment losses are recorded. The net carrying value of assets not recoverable is reduced to fair value if lower than the carrying value.

(6) Allowance for doubtful receivables on direct financing leases and probable loan losses

The allowance for doubtful receivables on direct financing leases and probable loan losses is maintained at a level which, in the judgment of management, is adequate to provide for probable losses on lease and loan portfolios that can be reasonably anticipated.

(7) Prepaid benefit cost (Accrued benefit liability)

The Company and its subsidiaries adopt FASB Statement No. 87 (Employer's Accounting for Pensions), and the costs of pension plans are accrued based on amounts determined using actuarial methods.

(8) Foreign currencies translation

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The Company and its subsidiaries maintain their accounting records in their functional currency. Transactions in foreign currencies are recorded in the entity's functional currency based on the prevailing exchange rates on the transaction date.

The financial statements of foreign subsidiaries and affiliates are translated into Japanese yen by applying the exchange rates in effect at the end of each fiscal year to all assets and liabilities. Income and expenses are translated at the average rates of exchange prevailing during the fiscal year.

- 26 -

Table of Contents

(9) Hedge accounting

The Company and its subsidiaries adopt FASB Statement No. 133 (Accounting for Derivative Instruments and Hedging Activities), as amended by FASB Statement No. 138 (Accounting for Certain Derivative Instruments and Certain Hedging Activities an amendment of FASB Statement No. 133) and FASB Statement No. 149 (Amendment of Statement 133 on Derivative Instruments and Hedging Activities). All derivatives are recorded on the balance sheet at fair value.

(10) Goodwill and other intangible assets resulting from business combinations

Goodwill and other intangible assets that have indefinite useful lives are not amortized. Impairment tests are required on an annual basis and between annual tests whenever events or circumstances indicate a potential impairment might exist.

(11) Income taxes

The Company, in general, determines its income tax provisions for interim periods by applying the current estimate of the effective tax rate to be applicable for the full fiscal year to the actual year-to-date pre-tax income amount. The estimated effective tax rate is determined by dividing total estimated income tax expense for the full fiscal year by total estimated pre-tax income for the full fiscal year.

5. Cash and cash equivalents in the accompanying consolidated statements of cash flows

Cash and cash equivalents include cash on hand, deposits placed with banks and short-term highly liquid investments with original maturities of three months or less.

Table of Contents**Revenues from overseas customers**

Revenues from overseas customers are as follows.

| | Millions of JPY | | |
|---|-----------------|--------------------------|---------|
| | The Americas | Asia, Oceania and Europe | Total |
| September 30, 2005 | | | |
| Overseas revenue | 22,344 | 46,103 | 68,447 |
| Consolidated revenue | | | 442,927 |
| The rate of the overseas revenues to consolidated revenue | 5.1% | 10.4% | 15.5% |

| | Millions of JPY | | |
|---|-----------------|--------------------------|---------|
| | The Americas | Asia, Oceania and Europe | Total |
| September 30, 2004 | | | |
| Overseas revenue | 20,772 | 36,878 | 57,650 |
| Consolidated revenue | | | 415,931 |
| The rate of the overseas revenues to consolidated revenue | 5.0% | 8.9% | 13.9% |

| | Millions of JPY | | |
|---|-----------------|--------------------------|---------|
| | The Americas | Asia, Oceania and Europe | Total |
| March 31, 2005 | | | |
| Overseas revenue | 46,552 | 77,227 | 123,779 |
| Consolidated revenue | | | 913,719 |
| The rate of the overseas revenues to consolidated revenue | 5.1% | 8.4% | 13.5% |

Millions of U.S. dollars

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| <u>September 30, 2005</u> | <u>The Americas</u> | <u>Asia, Oceania and Europe</u> | <u>Total</u> |
|---|-------------------------|-------------------------------------|--------------|
| Overseas revenue | 198 | 407 | 605 |
| Consolidated revenue | | | 3,913 |
| The rate of the overseas revenues to consolidated revenue | 5.1% | 10.4% | 15.5% |

- 28 -

Table of Contents**Investment in Securities**

Investment in securities at September 30, 2005 and 2004, and March 31, 2005 consists of the following:

| | Millions of JPY | | | Millions of U.S. dollars |
|-------------------------------|-----------------------|-----------------------|-------------------|-----------------------------|
| | September 30, 2005 | September 30, 2004 | March 31, 2005 | September 30, 2005 |
| Trading securities | 58,040 | 34,917 | 47,784 | 513 |
| Available-for-sale securities | 399,666 | 411,894 | 390,542 | 3,531 |
| Other securities | 160,982 | 144,903 | 150,945 | 1,422 |
| | 618,688 | 591,714 | 589,271 | 5,466 |

Other securities consist mainly of non-marketable equity securities, preferred capital shares carried at cost and investment funds accounted for under the equity method.

The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale securities in each major security type at September 30, 2005 and 2004, and March 31, 2005 are as follows:

| September 30, 2005 | Millions of JPY | | | Fair Value |
|--|-------------------|------------------------------|-------------------------------|----------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | |
| Available-for-sale: | | | | |
| Japanese and foreign government bond securities | 4,503 | 76 | (233) | 4,346 |
| Japanese prefectural and foreign municipal bond securities | 21,259 | 6 | (241) | 21,024 |
| Corporate debt securities | 239,625 | 1,466 | (1,833) | 239,258 |
| Mortgage-backed and other asset-backed securities | 69,958 | 13,228 | (2,687) | 80,499 |
| Equity securities | 20,103 | 34,786 | (350) | 54,539 |
| | 355,448 | 49,562 | (5,344) | 399,666 |

Table of Contents

| | Millions of JPY | | | Fair Value |
|--|-----------------|------------------------|-------------------------|----------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | |
| September 30, 2004 | | | | |
| Available-for-sale: | | | | |
| Japanese and foreign government bond securities | 13,861 | 34 | (188) | 13,707 |
| Japanese prefectural and foreign municipal bond securities | 17,397 | 15 | (79) | 17,333 |
| Corporate debt securities | 218,056 | 3,908 | (2,264) | 219,700 |
| Mortgage-backed and other asset-backed securities | 106,684 | 11,261 | (2,840) | 115,105 |
| Equity securities | 15,998 | 30,411 | (360) | 46,049 |
| | 371,996 | 45,629 | (5,731) | 411,894 |

| | Millions of JPY | | | Fair Value |
|--|-----------------|------------------------|-------------------------|----------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | |
| March 31, 2005 | | | | |
| Available-for-sale: | | | | |
| Japanese and foreign government bond securities | 4,498 | 78 | (215) | 4,361 |
| Japanese prefectural and foreign municipal bond securities | 16,941 | 68 | (138) | 16,871 |
| Corporate debt securities | 238,096 | 2,159 | (1,332) | 238,923 |
| Mortgage-backed and other asset-backed securities | 65,192 | 13,460 | (2,314) | 76,338 |
| Equity securities | 18,912 | 35,862 | (725) | 54,049 |
| | 343,639 | 51,627 | (4,724) | 390,542 |

| | Millions of U.S. dollars | | | Fair Value |
|--|--------------------------|------------------------|-------------------------|--------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | |
| September 30, 2005 | | | | |
| Available-for-sale: | | | | |
| Japanese and foreign government bond securities | 40 | 1 | (2) | 39 |
| Japanese prefectural and foreign municipal bond securities | 188 | | (2) | 186 |
| Corporate debt securities | 2,116 | 13 | (16) | 2,113 |
| Mortgage-backed and other asset-backed securities | 618 | 117 | (24) | 711 |
| Equity securities | 178 | 307 | (3) | 482 |
| | 3,140 | 438 | (47) | 3,531 |

Table of Contents**Key Quarterly Financial Data (Unaudited)**

(millions of JPY)

| Balance Sheet Data | Fiscal 2005 | | | | Fiscal 2006 | |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| | Q1 (04/4-6) | Q2 (04/7-9) | Q3 (04/10-12) | Q4 (05/1-3) | Q1 (05/4-6) | Q2 (05/7-9) |
| 1) Investment in Direct Financing Leases | 1,454,461 | 1,465,856 | 1,480,526 | 1,451,574 | 1,470,338 | 1,462,354 |
| Japan | 1,183,421 | 1,187,595 | 1,212,340 | 1,183,791 | 1,186,866 | 1,164,647 |
| Overseas | 271,040 | 278,261 | 268,186 | 267,783 | 283,472 | 297,707 |
| 2) Installment Loans | 2,221,554 | 2,254,387 | 2,328,427 | 2,386,597 | 2,440,842 | 2,491,927 |
| Japan | 1,997,881 | 2,019,718 | 2,100,661 | 2,153,949 | 2,211,360 | 2,258,906 |
| Overseas | 223,673 | 234,669 | 227,766 | 232,648 | 229,482 | 233,021 |
| 3) Investment in Operating Leases | 529,078 | 536,489 | 576,621 | 619,005 | 574,801 | 591,056 |
| Japan | 385,532 | 380,550 | 425,178 | 466,489 | 425,815 | 439,063 |
| Overseas | 143,546 | 155,939 | 151,443 | 152,516 | 148,986 | 151,993 |
| 4) Investment in Securities | 579,193 | 591,714 | 605,511 | 589,271 | 593,911 | 618,688 |
| Japan | 423,111 | 446,026 | 466,607 | 467,562 | 466,859 | 489,625 |
| Overseas | 156,082 | 145,688 | 138,904 | 121,709 | 127,052 | 129,063 |
| 5) Other Operating Assets | 68,004 | 72,932 | 81,885 | 82,651 | 91,677 | 98,740 |
| Japan | 61,071 | 64,772 | 74,538 | 75,156 | 84,390 | 90,551 |
| Overseas | 6,933 | 8,160 | 7,347 | 7,495 | 7,287 | 8,189 |
| Total Operating Assets | 4,852,290 | 4,921,378 | 5,072,970 | 5,129,098 | 5,171,569 | 5,262,765 |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (128,726) | (125,309) | (120,508) | (115,250) | (110,689) | (103,028) |
| Allowance/Investment in Direct Financing Leases and Installment Loans | 3.5% | 3.4% | 3.2% | 3.0% | 2.8% | 2.6% |
| Total Assets | 5,651,018 | 5,724,771 | 5,873,033 | 6,068,953 | 6,185,171 | 6,333,055 |
| Short-Term Debt, Long-Term Debt and Deposits | 3,876,782 | 3,912,797 | 4,060,447 | 4,146,322 | 4,236,166 | 4,269,728 |
| Policy Liabilities | 577,024 | 559,815 | 554,161 | 550,880 | 537,746 | 519,849 |
| Total Liabilities | 5,056,239 | 5,105,522 | 5,231,701 | 5,341,620 | 5,420,568 | 5,511,635 |
| Shareholders Equity | 594,779 | 619,249 | 641,332 | 727,333 | 764,603 | 821,420 |
| Total Liabilities & Shareholders Equity | 5,651,018 | 5,724,771 | 5,873,033 | 6,068,953 | 6,185,171 | 6,333,055 |
| New Business Volumes | Q1 (04/4-6) | Q2 (04/7-9) | Q3 (04/10-12) | Q4 (05/1-3) | Q1 (05/4-6) | Q2 (05/7-9) |
| Direct Financing Leases: New receivables added | 188,262 | 210,689 | 202,826 | 261,360 | 196,181 | 219,254 |
| Japan | 150,035 | 169,583 | 160,378 | 220,748 | 153,585 | 169,741 |
| Overseas | 38,227 | 41,106 | 42,448 | 40,612 | 42,596 | 49,513 |
| Direct Financing Leases: New equipment acquisitions | 166,937 | 188,911 | 180,174 | 231,650 | 175,106 | 193,855 |

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| | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| Japan | 130,715 | 148,909 | 139,736 | 187,930 | 134,333 | 145,029 |
| Overseas | 36,222 | 40,002 | 40,438 | 43,720 | 40,773 | 48,826 |
| <hr/> | | | | | | |
| Installment Loans: New loans added | 307,530 | 396,510 | 394,231 | 447,246 | 363,952 | 419,662 |
| Japan | 273,289 | 352,816 | 351,053 | 417,336 | 329,457 | 374,084 |
| Overseas | 34,241 | 43,694 | 43,178 | 29,910 | 34,495 | 45,578 |
| <hr/> | | | | | | |
| Operating Leases: New equipment acquisitions | 40,737 | 55,077 | 81,786 | 70,727 | 48,932 | 62,979 |
| Japan | 33,195 | 35,750 | 70,626 | 62,193 | 30,794 | 44,201 |
| Overseas | 7,542 | 19,327 | 11,160 | 8,534 | 18,138 | 18,778 |
| <hr/> | | | | | | |
| Investment in Securities: New securities added | 45,486 | 60,092 | 60,167 | 78,855 | 51,178 | 60,532 |
| Japan | 38,795 | 56,822 | 58,932 | 76,261 | 49,603 | 59,867 |
| Overseas | 6,691 | 3,270 | 1,235 | 2,594 | 1,575 | 665 |
| <hr/> | | | | | | |
| Other Operating Transactions: New assets added | 29,354 | 26,429 | 45,563 | 28,258 | 30,376 | 25,189 |
| Japan | 29,354 | 25,017 | 45,386 | 27,888 | 30,376 | 25,189 |
| Overseas | | 1,412 | 177 | 370 | | |
| <hr/> | | | | | | |

Table of Contents

| Income Statement Data | (millions of JPY) | | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|----------------|
| | Fiscal 2005 | | | | Fiscal 2006 | |
| | Q1 (04/4-6) | Q2 (04/7-9) | Q3 (04/10-12) | Q4 (05/1-3) | Q1 (05/4-6) | Q2 (05/7-9) |
| Revenues | | | | | | |
| 1) Direct Financing Leases | 27,399 | 28,262 | 27,720 | 30,133 | 28,722 | 32,313 |
| Japan | 21,698 | 22,268 | 21,915 | 24,260 | 22,775 | 25,802 |
| Overseas | 5,701 | 5,994 | 5,805 | 5,873 | 5,947 | 6,511 |
| 2) Operating Leases | 45,195 | 42,923 | 44,045 | 46,814 | 47,810 | 51,968 |
| Japan | 34,948 | 32,455 | 32,664 | 35,455 | 35,045 | 38,548 |
| Overseas | 10,247 | 10,468 | 11,381 | 11,359 | 12,765 | 13,420 |
| 3) Interest on Loans and Investment Securities | 29,903 | 35,949 | 33,117 | 37,066 | 36,220 | 40,978 |
| Interest on loans | 27,203 | 33,370 | 30,709 | 34,616 | 33,443 | 38,034 |
| Japan | 23,383 | 29,195 | 26,591 | 29,537 | 28,588 | 32,302 |
| Overseas | 3,820 | 4,175 | 4,118 | 5,079 | 4,855 | 5,732 |
| Interest on investment securities | 2,700 | 2,579 | 2,408 | 2,450 | 2,777 | 2,944 |
| Japan | 264 | 313 | 268 | 336 | 423 | 544 |
| Overseas | 2,436 | 2,266 | 2,140 | 2,114 | 2,354 | 2,400 |
| 4) Brokerage Commissions and Net Gains on Investment Securities | 5,160 | 7,927 | 7,502 | 13,317 | 8,443 | 11,973 |
| Brokerage commissions | 1,226 | 1,001 | 997 | 1,292 | 1,255 | 2,068 |
| Net gains on investment securities | 3,934 | 6,926 | 6,505 | 12,025 | 7,188 | 9,905 |
| 5) Life Insurance Premiums and Related Investment Income | 30,208 | 36,133 | 30,704 | 39,959 | 30,229 | 38,241 |
| Life insurance premiums | 28,007 | 33,676 | 26,966 | 37,157 | 28,393 | 32,915 |
| Related investment income | 2,201 | 2,457 | 3,738 | 2,802 | 1,836 | 5,326 |
| 6) Real Estate Sales | 21,840 | 20,059 | 26,298 | 54,965 | 19,214 | 12,162 |
| Japan | 21,840 | 20,059 | 26,298 | 54,965 | 19,214 | 12,162 |
| Overseas | | | | | | |
| 7) Gains (Losses) on Sales of Real Estate under Operating Leases | 1,198 | 83 | (195) | 468 | 5,820 | 3,625 |
| Japan | 1,198 | 83 | (195) | 468 | 5,820 | 3,625 |
| Overseas | | | | | | |
| 8) Transportation Revenues | 12,775 | 14,152 | 12,788 | 15,624 | | |
| Japan | 12,775 | 14,152 | 12,788 | 15,624 | | |
| Overseas | | | | | | |
| 9) Other Operating Revenues | 28,414 | 28,351 | 34,599 | 42,864 | 35,866 | 39,343 |
| Japan | 25,471 | 25,958 | 32,088 | 40,425 | 33,435 | 36,141 |
| Overseas | 2,943 | 2,393 | 2,511 | 2,439 | 2,431 | 3,202 |
| Total Revenues | 202,092 | 213,839 | 216,578 | 281,210 | 212,324 | 230,603 |
| Expenses | | | | | | |
| 1) Interest Expense | 13,872 | 13,940 | 13,440 | 14,874 | 14,692 | 15,881 |
| 2) Costs of Operating Leases | 32,785 | 28,476 | 30,452 | 31,354 | 33,483 | 33,332 |

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| | | | | | | |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| 3) Life Insurance Costs | 27,965 | 31,954 | 27,139 | 35,838 | 27,239 | 31,000 |
| 4) Costs of Real Estate Sales | 20,543 | 18,719 | 22,540 | 52,028 | 16,664 | 11,101 |
| 5) Costs of Transportation Revenues | 11,714 | 11,685 | 10,652 | 12,543 | | |
| 6) Other Operating Expenses | 15,076 | 16,518 | 21,828 | 29,027 | 21,386 | 23,431 |
| 7) Selling, General and Administrative Expenses | 39,033 | 48,384 | 43,115 | 50,990 | 43,354 | 46,155 |
| 8) Provision for Doubtful Receivables and Probable Loan Losses | 8,795 | 7,892 | 10,367 | 12,596 | 4,732 | 2,145 |
| 9) Write-downs of Long-Lived Assets | | 9,165 | | 2,548 | | 521 |
| 10) Write-downs of Securities | 1,468 | 1,295 | 1,236 | 931 | 1,800 | 868 |
| 11) Foreign Currency Transaction Loss (Gain), Net | (172) | 531 | 470 | (46) | (643) | 84 |
| Total Expenses | 171,079 | 188,559 | 181,239 | 242,683 | 162,707 | 164,518 |
| Operating Income | 31,013 | 25,280 | 35,339 | 38,527 | 49,617 | 66,085 |
| Equity in Net Income of Affiliates | 4,754 | 5,011 | 8,038 | 2,240 | 7,263 | 8,344 |
| Gains (Losses) on Sales of Subsidiaries and Affiliates and Liquidation Loss | 839 | 1,963 | 745 | (200) | 1,459 | 341 |
| Income before Discontinued Operations and Income Taxes | 36,606 | 32,254 | 44,122 | 40,567 | 58,339 | 74,770 |
| Provision for Income Taxes | 16,061 | 14,066 | 20,090 | 18,273 | 23,928 | 30,689 |
| Income from Continuing Operations | 20,545 | 18,188 | 24,032 | 22,294 | 34,411 | 44,081 |
| Discontinued Operations, Net of Applicable Tax Effect | 2,982 | 973 | 998 | 1,484 | 3,378 | 2,084 |
| Net Income | 23,527 | 19,161 | 25,030 | 23,778 | 37,789 | 46,165 |
| Key Ratios, Per Share Data and Employees | Q1 (04/4-6) | Q2 (04/7-9) | Q3 (04/10-12) | Q4 (05/1-3) | Q1 (05/4-6) | Q2 (05/7-9) |
| Return on Equity (ROE)* | 16.2% | 12.6% | 15.9% | 13.9% | 20.3% | 23.3% |
| Return on Assets (ROA)* | 1.67% | 1.35% | 1.73% | 1.59% | 2.47% | 2.95% |
| Shareholders' Equity Ratio | 10.5% | 10.8% | 10.9% | 12.0% | 12.4% | 13.0% |
| Debt-to-Equity Ratio (times) | 6.5 | 6.3 | 6.3 | 5.7 | 5.5 | 5.2 |
| Shareholders' Equity Per Share (yen) | 7,104.39 | 7,389.48 | 7,642.86 | 8,322.96 | 8,731.00 | 9,333.32 |
| Basic EPS (yen) | 281.05 | 228.73 | 298.51 | 280.13 | 432.08 | 525.69 |
| Diluted EPS (yen) | 258.14 | 211.02 | 270.41 | 255.48 | 409.74 | 498.00 |
| Number of Employees | 14,917 | 15,184 | 15,699 | 13,734 | 14,154 | 14,310 |

* annualized

Table of Contents

| | (millions of JPY) | | | | | |
|-------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | Fiscal 2005 | | | | Fiscal 2006 | |
| Segment Information | Q1 (04/4-6) | Q2 (04/7-9) | Q3 (04/10-12) | Q4 (05/1-3) | Q1 (05/4-6) | Q2 (05/7-9) |
| Operations in Japan | | | | | | |
| Corporate Financial Services | 19,355 | 21,419 | 20,253 | 26,681 | 22,456 | 25,206 |
| Automobile Operations | 21,379 | 22,697 | 22,679 | 22,649 | 24,462 | 24,449 |
| Rental Operations | 19,623 | 15,358 | 15,712 | 17,754 | 15,765 | 17,873 |
| Real Estate-Related Finance | 11,376 | 15,318 | 19,834 | 30,861 | 15,493 | 19,372 |
| Real Estate | 44,302 | 40,590 | 41,137 | 69,877 | 51,495 | 46,523 |
| Life Insurance | 30,260 | 36,046 | 30,721 | 39,830 | 30,093 | 38,085 |
| Other | 32,786 | 34,664 | 35,147 | 41,157 | 24,589 | 25,330 |
| Sub-Total | 179,081 | 186,092 | 185,483 | 248,809 | 184,353 | 196,838 |
| Overseas Operations | | | | | | |
| The Americas | 11,172 | 12,848 | 12,760 | 16,304 | 12,773 | 13,720 |
| Asia, Oceania and Europe | 17,058 | 17,714 | 19,237 | 19,080 | 20,220 | 23,614 |
| Sub-Total | 28,230 | 30,562 | 31,997 | 35,384 | 32,993 | 37,334 |
| Total Segment Revenues | 207,311 | 216,654 | 217,480 | 284,193 | 217,346 | 234,172 |
| Operations in Japan | | | | | | |
| Corporate Financial Services | 7,909 | 9,364 | 11,283 | 15,292 | 11,379 | 12,445 |
| Automobile Operations | 5,022 | 5,894 | 5,331 | 4,841 | 6,280 | 7,145 |
| Rental Operations | 2,411 | 2,633 | 2,270 | 2,070 | 1,634 | 3,658 |
| Real Estate-Related Finance | 2,584 | 7,632 | 3,448 | 192 | 6,892 | 13,426 |
| Real Estate | 8,837 | 3,668 | 6,118 | 5,336 | 12,781 | 7,781 |
| Life Insurance | 1,879 | 2,113 | 1,773 | 1,458 | 1,632 | 6,121 |
| Other | 6,374 | 5,426 | 4,486 | 4,684 | 8,198 | 8,061 |
| Sub-Total | 35,016 | 36,730 | 34,709 | 33,873 | 48,796 | 58,637 |
| Overseas Operations | | | | | | |
| The Americas | 1,210 | 3,515 | 7,482 | 3,414 | 7,152 | 6,918 |
| Asia, Oceania and Europe | 5,934 | 4,999 | 6,584 | 4,616 | 7,569 | 12,178 |
| Sub-Total | 7,144 | 8,514 | 14,066 | 8,030 | 14,721 | 19,096 |
| Total Segment Profits | 42,160 | 45,244 | 48,775 | 41,903 | 63,517 | 77,733 |
| Operations in Japan | | | | | | |
| Corporate Financial Services | 1,441,748 | 1,467,823 | 1,532,659 | 1,506,311 | 1,544,319 | 1,602,587 |
| Automobile Operations | 426,706 | 441,202 | 453,153 | 451,715 | 461,148 | 489,313 |
| Rental Operations | 116,020 | 117,741 | 117,599 | 118,427 | 115,660 | 116,982 |
| Real Estate-Related Finance | 853,426 | 867,605 | 932,754 | 956,047 | 977,407 | 961,049 |
| Real Estate | 391,209 | 398,388 | 450,511 | 500,755 | 478,389 | 520,730 |
| Life Insurance | 561,819 | 565,021 | 572,742 | 567,023 | 548,898 | 521,022 |
| Other | 419,110 | 421,744 | 416,146 | 489,758 | 495,998 | 519,727 |
| Sub-Total | 4,210,038 | 4,279,524 | 4,475,564 | 4,590,036 | 4,621,819 | 4,731,410 |

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| | | | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Overseas Operations | | | | | | |
| The Americas | 451,032 | 446,231 | 427,689 | 403,399 | 406,247 | 398,936 |
| Asia, Oceania and Europe | 467,721 | 499,426 | 487,579 | 498,855 | 514,018 | 527,255 |
| Sub-Total | 918,753 | 945,657 | 915,268 | 902,254 | 920,265 | 926,191 |
| Total Segment Assets | 5,128,791 | 5,225,181 | 5,390,832 | 5,492,290 | 5,542,084 | 5,657,601 |

- 33 -