

ORIX CORP
Form 6-K
October 16, 2003

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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 October, 2003.

ORIX Corporation

(Translation of Registrant's Name into English)

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

(Address of Principal Executive Offices)

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

Form 20-F

Form 40-F

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

Yes

No

This report on Form 6-K is hereby incorporated by reference into the prospectus constituting part of the registration statement on Form F-3 of ORIX Corporation filed October 16, 2003.

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1. ORIX's First Quarter Consolidated Financial Results (April 1, 2003 - June 30, 2003).
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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: October 16, 2003

By /s/ Masaru Hattori

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

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**Consolidated Financial Results
April 1, 2003 June 30, 2003**

October 16, 2003

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 119.80 to \$1.00, the approximate exchange rate prevailing at June 30, 2003.

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

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

For further information please contact:

Corporate Communications

ORIX Corporation

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JAPAN

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Consolidated Financial Results from April 1, 2003 to June 30, 2003
(U.S. GAAP Financial Information for ORIX Corporation and its Subsidiaries)

Corporate Name: ORIX Corporation
 Listed Exchanges: Tokyo Stock Exchange (Securities No. 8591)
 Osaka Securities Exchange
 Nagoya Stock Exchange
 New York Stock Exchange (Trading Symbol: IX)
 Head Office: Tokyo JAPAN
 Tel: (03)5419-5102

1. Performance Highlights for the Three Months Ended June 30, 2003 and 2002, and the Year Ended March 31, 2003

(1) Performance Highlights Operating Results (Unaudited)

(millions of JPY)*1

| | <u>Total</u> | <u>Year-on-Year</u> | <u>Operating</u> | <u>Year-on-Year</u> | <u>Income</u> | <u>Year-on-Year</u> |
|----------------|-----------------|---------------------|------------------|---------------------|----------------|---------------------|
| | <u>Revenues</u> | <u>Change</u> | <u>Income</u> | <u>Change</u> | <u>before</u> | <u>Change</u> |
| | | | | | <u>Income</u> | |
| | | | | | <u>Taxes*2</u> | |
| June 30, 2003 | 170,917 | 6.2% | 22,536 | (8.8%) | 25,920 | (1.5%) |
| June 30, 2002 | 160,957 | (10.3%) | 24,699 | 12.7% | 26,322 | 25.1% |
| March 31, 2003 | 683,645 | | 38,083 | | 46,288 | |

| | <u>Net</u> | <u>Year-on-Year</u> | <u>Basic</u> | <u>Diluted</u> |
|----------------|---------------|---------------------|---------------------|---------------------|
| | <u>Income</u> | <u>Change</u> | <u>Earnings Per</u> | <u>Earnings Per</u> |
| | | | <u>Share</u> | <u>Share</u> |
| June 30, 2003 | 14,098 | (16.5%) | 168.45 | 158.71 |
| June 30, 2002 | 16,885 | 61.7% | 201.85 | 189.95 |
| March 31, 2003 | 30,243 | | 361.44 | 340.95 |

- Equity in Net Income of Affiliates was a net gain of JPY 3,384 million for the three months ended June 30, 2003, a net gain of JPY 1,623 million for the three months ended June 30, 2002 and a net gain of JPY 6,203 million for the year ended March 31, 2003.
- The average number of shares was 83,692,403 for the three months ended June 30, 2003, 83,649,183 for the three months ended June 30, 2002 and 83,672,434 for the year ended March 31, 2003.
- Changes in Accounting Principles Yes (x) No () (new accounting adoption)
- Changes in Numbers of Consolidated Subsidiaries and Affiliates Yes (x) No ()
 Additions: Consolidated Subsidiaries 1, Affiliates 1
 Deletions: Consolidated Subsidiaries 4, Affiliates 0

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 represents Income before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes.

(2) Performance Highlights Financial Position (Unaudited)

| <u>Total Assets</u> | <u>Shareholders</u> | <u>Shareholders</u> | <u>Shareholders</u> |
|---------------------|---------------------|---------------------|---------------------|
| | <u>Equity</u> | <u>Equity</u> | <u>Equity Per</u> |
| | | <u>Ratio</u> | <u>Share</u> |

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| | | | | |
|----------------|-----------|---------|------|----------|
| June 30, 2003 | 5,923,307 | 526,547 | 8.9% | 6,291.50 |
| June 30, 2002 | 6,091,100 | 498,673 | 8.2% | 5,961.30 |
| March 31, 2003 | 5,931,067 | 505,458 | 8.5% | 6,039.43 |

1. The number of outstanding shares (excluding treasury stock) was 83,691,779 as of June 30, 2003, 83,651,712 as of June 30, 2002 and 83,693,009 as of March 31, 2003.
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Table of Contents**Summary of Consolidated Financial Results****1. Three Months Ended June 30, 2003 (First Quarter)****Financial Highlights**

| | |
|---------------------------------------|---|
| Income before Income Taxes | 25,920 million yen (Down 2% year on year) |
| Net Income | 14,098 million yen (Down 17% year on year) |
| Earnings Per Share (Basic) | 168.45 yen (Down 17% year on year) |
| Earnings Per Share (Diluted) | 158.71 yen (Down 16% year on year) |
| Shareholders' Equity Per Share | 6,291.50 yen (Up 6% year on year) |
| ROE (annualized) | 10.9% (June 30, 2002: 13.5%) |
| ROA (annualized) | 0.95% (June 30, 2002: 1.09%) |

Revenues: 170,917 million yen (Up 6% year on year)

Revenues from operating leases and residential condominium sales both grew strongly. Although there was a decrease in revenues from direct financing leases and interest on loans and investment securities mainly as a result of the lower balance of assets compared with the first quarter of the previous fiscal year, overall revenues were up 6% year on year to 170,917 million yen.

Expenses: 148,381 million yen (Up 9% year on year)

On the expense side, costs of residential condominium sales increased in line with the growth in revenues from condominium sales, while interest expense was down 14% year on year due primarily to a decrease in debt and lower interest rates overseas. Overall expenses were up 9% year on year to 148,381 million yen.

Net Income: 14,098 million yen (Down 17% year on year)

Operating income fell 9% year on year to 22,536 million yen, while income before income taxes was down only 2% to 25,920 million yen due primarily to contributions from equity in net income of affiliates. Net income was down 17% year on year to 14,098 million yen compared to 16,885 million yen in the first quarter of last fiscal year. The results for the first quarter of last fiscal year included the recording of 1,937 million yen due to a cumulative effect of a change in accounting principle, whereas no such effect was recorded in the first quarter of this fiscal year.

Operating Assets: 5,201,976 million yen (Up 1% on March 31, 2003)

Operating assets remained almost flat, rising 1% to 5,201,976 million yen compared with March 31, 2003 mainly as a result of a careful selection of new assets.

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Segment Information

Operations in Japan

Corporate Finance: While the automobile leasing operations continued to perform relatively strongly, the cautious selection of new assets and the resulting lower level of assets compared with the first quarter of the previous fiscal year in other operations led to a decrease in segment profits to 9,345 million yen in the first quarter of this fiscal year from 10,411 million yen recorded in the same period of the previous fiscal year.

Equipment Operating Leases: The improvement of the precision measuring equipment rental business contributed to an increase in segment profits to 1,520 million yen compared to 1,271 million yen in the first quarter of the previous fiscal year.

Real Estate-Related Finance: Although corporate non-recourse loans, housing loans and loan servicing operations continued to do well, segment profits were 3,018 million yen compared to 6,106 million yen mainly because there was a gain of 3,174 million yen realized from the sale of shares of an affiliated J-REIT to the public in the first quarter of the previous fiscal year, whereas no such item was recorded in the first quarter of this fiscal year.

Real Estate: The condominium development business made a large contribution to segment earnings due primarily to a large number of condominium sales year on year in the first quarter. In addition, gains from the sale of office buildings and other real estate, and revenues from real estate rental properties and building maintenance operations contributed to the increase in segment profits to 8,160 million yen in the first quarter of this fiscal year from 2,735 million yen in the same period of the previous fiscal year.

Life Insurance: This segment experienced a loss of 392 million yen compared to a segment profit of 1,282 million yen in the first quarter of the previous fiscal year due primarily to the decrease in gains on the sale of investment securities.

Other: Although the consumer card loan operations performed well, segment profits decreased to 1,177 million yen in the first quarter of this fiscal year from 2,554 million yen in the first quarter of the previous fiscal year due mainly to fewer gains from the sale of securities in our venture capital operations and losses of The Fuji Fire and Marine Insurance Company, Ltd., an equity method affiliate.

Overseas Operations

The Americas: Segment profits improved to 2,131 million yen in the first quarter of this fiscal year compared to 1,229 million yen in the same quarter of the previous fiscal year in part due to lower costs associated with the restructuring of a subsidiary.

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Asia and Oceania: Strong performance of the corporate lending and automobile leasing operations of each company in the region and the contribution from Korea Life Insurance Co., Ltd., an equity method affiliate, resulted in a growth of segment profits to 4,204 million yen in the first quarter of this fiscal year compared to 1,673 million yen in the same period of the previous fiscal year.

Europe: Segment profits experienced a loss of 258 million yen due primarily to the decrease in segment assets.

2. Additional Information

Korea Life Insurance Co., Ltd. (KLI), an equity method affiliate, expects to recognize an additional deferred tax asset due to a change of tax rules in Korea enacted in May 2003. KLI is in the process of finalizing its estimate of the effect of the change of the tax rules. The Company's share of the effect of the change is presently estimated to approximate 6,000 million yen. In accordance with the Company's policy of recording its equity in the income of KLI on a one-quarter lag basis, the Company will record equity income related to the tax change in the second quarter ending September 30, 2003.

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Consolidated Financial Highlights

(For the Three Months Ended June 30, 2003 and 2002, and the Year Ended March 31, 2003)
(Unaudited)

(millions of JPY, except for per share data)

| | June 30, 2003 | Change from March 31, 2003 | Year-on-year Change | June 30, 2002 | Year-on-year Change | March 31, 2003 | Year-on-year Change |
|--|------------------|--|------------------------|------------------|------------------------|-------------------|------------------------|
| Operating Assets | | | | | | | |
| Investment in Direct Financing Leases | 1,582,153 | 101% | 96% | 1,646,932 | 101% | 1,572,308 | 95% |
| Installment Loans | 2,302,005 | 101% | 99% | 2,327,354 | 121% | 2,288,039 | 101% |
| Investment in Operating Leases | 523,413 | 99% | 116% | 451,012 | 97% | 529,044 | 111% |
| Investment in Securities | 697,926 | 103% | 92% | 759,406 | 79% | 677,435 | 79% |
| Other Operating Assets | 96,479 | 95% | 67% | 143,064 | 108% | 101,481 | 39% |
| Total | 5,201,976 | 101% | 98% | 5,327,768 | 104% | 5,168,307 | 93% |
| Operating Results | | | | | | | |
| Total Revenues | 170,917 | | 106% | 160,957 | 90% | 683,645 | 104% |
| Income before Income Taxes | 25,920 | | 98% | 26,322 | 125% | 46,288 | 63% |
| Net Income | 14,098 | | 83% | 16,885 | 162% | 30,243 | 75% |
| Earnings Per Share | | | | | | | |
| Income before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | | | | | | | |
| Basic | 168.45 | | 94% | 178.70 | 142% | 299.88 | 62% |
| Diluted | 158.71 | | 94% | 168.19 | 139% | 283.04 | 61% |
| Net Income | | | | | | | |
| Basic | 168.45 | | 83% | 201.85 | 158% | 361.44 | 74% |
| Diluted | 158.71 | | 84% | 189.95 | 155% | 340.95 | 73% |
| Shareholders' Equity Per Share | 6,291.50 | 104% | 106% | 5,961.30 | 104% | 6,039.43 | 101% |
| Financial Position | | | | | | | |
| Shareholders' Equity | 526,547 | 104% | 106% | 498,673 | 107% | 505,458 | 101% |
| Number of Shares ('000) | | | | | | | |
| (excluding treasury stock) | 83,692 | 100% | 100% | 83,652 | 102% | 83,693 | 100% |
| Long-and Short-Term Debt and | | | | | | | |
| Deposits | 4,232,175 | 100% | 94% | 4,489,605 | 108% | 4,239,514 | 91% |
| Total Assets | 5,923,307 | 100% | 97% | 6,091,100 | 107% | 5,931,067 | 93% |
| Shareholders' Equity Ratio | 8.9% | | | 8.2% | | 8.5% | |
| Return on Equity (annualized) | 10.9% | | | 13.5% | | 6.0% | |
| New Business Volumes | | | | | | | |
| Direct Financing Leases | | | | | | | |
| New Receivables Added | 212,175 | | 89% | 237,779 | 128% | 1,000,896 | 92% |
| New Equipment Acquisitions | 188,194 | | 89% | 210,819 | 132% | 895,848 | 91% |
| Installment Loans | 270,959 | | 79% | 341,138 | 127% | 1,268,170 | 95% |
| Operating Leases | 40,810 | | 196% | 20,870 | 44% | 173,567 | 119% |
| Investment in Securities | 57,370 | | 117% | 48,907 | 55% | 231,294 | 66% |
| Other Operating Assets | 28,655 | | 138% | 20,768 | 93% | 116,736 | 57% |

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Condensed Consolidated Statements of Income Data
(For the Three Months Ended June 30, 2003 and 2002, and the Year Ended March 31, 2003)
(Unaudited)

(millions of JPY, millions of US\$)

| | Three Months | | Three Months | | Year ended | Year-on-year | U.S. |
|---|--------------|--------------|--------------|--------------|------------|--------------|----------|
| | ended | Year-on-year | ended | Year-on-year | March 31, | Change | dollars |
| | June 30, | Change | June 30, | Change | March 31, | (%) | June 30, |
| | 2003 | (%) | 2002 | (%) | 2003 | | 2003 |
| Total Revenues: | 170,917 | 106 | 160,957 | 90 | 683,645 | 104 | 1,427 |
| Direct Financing Leases | 28,516 | 93 | 30,742 | 104 | 122,928 | 101 | 238 |
| Operating Leases | 37,878 | 124 | 30,534 | 108 | 127,608 | 106 | 316 |
| Interest on Loans and Investment Securities | 28,314 | 92 | 30,757 | 106 | 131,590 | 108 | 236 |
| Brokerage Commissions and Net Gains on Investment Securities | 3,246 | 63 | 5,127 | 127 | 10,857 | 59 | 27 |
| Life Insurance Premiums and Related Investment Income | 30,590 | 93 | 32,946 | 82 | 138,511 | 91 | 255 |
| Residential Condominium Sales | 23,176 | 199 | 11,666 | 41 | 71,165 | 123 | 193 |
| Interest Income on Deposits | 161 | 91 | 177 | 37 | 526 | 38 | 1 |
| Other Operating Revenues | 19,036 | 100 | 19,008 | 98 | 80,460 | 126 | 161 |
| Total Expenses: | 148,381 | 109 | 136,258 | 87 | 645,562 | 110 | 1,239 |
| Interest Expense | 16,258 | 86 | 18,974 | 73 | 71,990 | 80 | 136 |
| Depreciation Operating Leases | 20,697 | 107 | 19,429 | 104 | 80,565 | 105 | 173 |
| Life Insurance Costs | 29,326 | 99 | 29,649 | 82 | 125,684 | 90 | 245 |
| Costs of Residential Condominium Sales | 20,372 | 204 | 9,985 | 43 | 60,769 | 123 | 170 |
| Other Operating Expenses | 10,217 | 122 | 8,379 | 78 | 41,359 | 140 | 85 |
| Selling, General and Administrative Expenses | 37,489 | 110 | 34,163 | 115 | 144,271 | 114 | 312 |
| Provision for Doubtful Receivables and Probable Loan Losses | 11,968 | 93 | 12,803 | 133 | 54,706 | 107 | 100 |
| Write-downs of Long-Lived Assets | | | | | 50,682 | 1866 | |
| Write-downs of Securities | 1,506 | 70 | 2,166 | 102 | 14,325 | 73 | 13 |
| Foreign Currency Transaction Loss, Net | 548 | 77 | 710 | 62 | 1,211 | | 5 |
| Operating Income | 22,536 | 91 | 24,699 | 113 | 38,083 | 52 | 188 |
| Equity in Net Income of Affiliates | 3,384 | 209 | 1,623 | | 6,203 | | 28 |
| Gain on Sales of Affiliates | | | | | 2,002 | 1682 | |
| Income before Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes | 25,920 | 98 | 26,322 | 125 | 46,288 | 63 | 216 |
| Provision for Income Taxes | 11,822 | 104 | 11,374 | 106 | 21,196 | 64 | 98 |
| Income before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | 14,098 | 94 | 14,948 | 145 | 25,092 | 63 | 118 |
| Extraordinary Gain, Net of Applicable Tax Effect | | | | | 3,214 | | |
| Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect | | | 1,937 | 1456 | 1,937 | 1456 | |

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| | | | | | | | |
|-------------------|--------|----|--------|-----|--------|----|-----|
| Net Income | 14,098 | 83 | 16,885 | 162 | 30,243 | 75 | 118 |
|-------------------|--------|----|--------|-----|--------|----|-----|

- Note:**
1. Comprehensive Income (Loss) under FASB Statement No.130 (Reporting Comprehensive Income) was a gain of JPY 23,188 million (US\$194 million) for the three months ended June 30, 2003, a loss of JPY 2,607 million for the three months ended June 30, 2002 and a gain of JPY 3,936 million for the year ended March 31, 2003.
 2. The Company recognized an extraordinary gain due to the excess of the proportionate fair value of the net assets over the purchase price of an affiliate paid by the Company (Negative Goodwill).
 3. On April 1, 2002, as a result of the adoption of FASB Statement No. 141 (Business Combinations), the Company and its subsidiaries recorded a transition gain arising from the write-off of Negative Goodwill of JPY1,937 million as of March 31, 2002 as a Cumulative Effect of a Change in Accounting Principle.

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Condensed Consolidated Balance Sheets Data
 (As of June 30, 2003 and March 31, 2002)
 (Unaudited)

| | (millions of JPY, millions of US\$) | | |
|--|-------------------------------------|------------------|----------------------------------|
| | June 30, 2003 | March 31, 2003 | U.S. dollars June 30, 2003 |
| Assets | | | |
| Cash and Cash Equivalents | 166,925 | 204,677 | 1,393 |
| Restricted Cash | 20,985 | 18,671 | 175 |
| Time Deposits | 566 | 1,184 | 5 |
| Investment in Direct Financing Leases | 1,582,153 | 1,572,308 | 13,207 |
| Installment Loans | 2,302,005 | 2,288,039 | 19,215 |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (134,740) | (133,146) | (1,125) |
| Investment in Operating Leases | 523,413 | 529,044 | 4,369 |
| Investment in Securities | 697,926 | 677,435 | 5,826 |
| Other Operating Assets | 96,479 | 101,481 | 805 |
| Investment in Affiliates | 152,297 | 144,974 | 1,271 |
| Other Receivables | 138,708 | 146,650 | 1,158 |
| Advances | 115,485 | 119,645 | 964 |
| Prepaid Expenses | 44,230 | 41,494 | 369 |
| Office Facilities | 75,481 | 77,043 | 630 |
| Other Assets | 141,394 | 141,568 | 1,181 |
| Total | 5,923,307 | 5,931,067 | 49,443 |
| Liabilities and Shareholders Equity | | | |
| Short-Term Debt | 1,120,197 | 1,120,434 | 9,351 |
| Deposits | 270,183 | 262,467 | 2,255 |
| Trade Notes, Accounts Payable and Other Liabilities | 260,033 | 252,453 | 2,171 |
| Accrued Expenses | 76,886 | 82,012 | 642 |
| Policy Liabilities | 604,830 | 608,553 | 5,049 |
| Current and Deferred Income Taxes | 147,913 | 163,711 | 1,235 |
| Deposits from Lessees | 74,923 | 79,366 | 624 |
| Long-Term Debt | 2,841,795 | 2,856,613 | 23,721 |
| Total Liabilities | 5,396,760 | 5,425,609 | 45,048 |
| Common Stock | 52,067 | 52,067 | 435 |
| Additional Paid-in Capital | 70,002 | 70,002 | 584 |
| Retained Earnings: | | | |
| Legal Reserve | 2,220 | 2,220 | 19 |
| Retained Earnings | 441,169 | 429,163 | 3,683 |
| Accumulated Other Comprehensive Loss | (30,657) | (39,747) | (256) |
| Treasury Stock, at Cost | (8,254) | (8,247) | (70) |
| Shareholders Equity | 526,547 | 505,458 | 4,395 |
| Total | 5,923,307 | 5,931,067 | 49,443 |

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| | June 30, 2003 | March 31, 2003 | U.S. dollars June 30, 2003 |
|--|--------------------------|---------------------------|---|
| Note: Accumulated Other Comprehensive Loss | | | |
| Net unrealized gains on investment in securities | 11,599 | 1,917 | 97 |
| Minimum pension liability adjustments | (4,179) | (4,182) | (35) |
| Foreign currency translation adjustments | (31,195) | (29,919) | (260) |
| Net unrealized losses on derivative instruments | (6,882) | (7,563) | (58) |

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(Unaudited)

(millions of JPY)

| | Three months ended June 30, 2003 | | | Three months ended June 30, 2002 | | | Year ended March 31, 2003 | | |
|---|----------------------------------|---|---------------------|----------------------------------|---|---------------------|---------------------------|---|---------------------|
| | Revenues | Income (Loss) before Income Taxes | Operating Assets | Revenues | Income (Loss) before Income Taxes | Operating Assets | Revenues | Income (Loss) before Income Taxes | Operating Assets |
| Operations in Japan | | | | | | | | | |
| Corporate Finance | 30,993 | 9,345 | 1,910,425 | 31,465 | 10,411 | 2,008,152 | 125,560 | 44,158 | 1,893,422 |
| Equipment Operating Leases | 16,980 | 1,520 | 142,189 | 16,233 | 1,271 | 141,905 | 67,655 | 4,402 | 144,397 |
| Real Estate-Related Finance | 10,937 | 3,018 | 932,999 | 13,995 | 6,106 | 906,193 | 51,589 | 19,572 | 931,513 |
| Real Estate | 37,239 | 8,160 | 295,663 | 18,983 | 2,735 | 293,189 | 104,454 | (39,441) | 303,838 |
| Life Insurance | 30,590 | (392) | 592,987 | 32,946 | 1,282 | 497,593 | 138,511 | 4,791 | 579,805 |
| Other | 16,231 | 1,177 | 395,184 | 12,773 | 2,554 | 389,605 | 61,238 | 8,452 | 387,978 |
| Sub-Total | 142,970 | 22,828 | 4,269,447 | 126,395 | 24,359 | 4,236,637 | 549,007 | 41,934 | 4,240,953 |
| Overseas Operations | | | | | | | | | |
| The Americas | 11,313 | 2,131 | 604,167 | 14,739 | 1,229 | 695,351 | 57,909 | 1,332 | 618,148 |
| Asia and Oceania | 12,857 | 4,204 | 461,345 | 13,741 | 1,673 | 467,456 | 55,425 | 9,765 | 437,874 |
| Europe | 2,606 | (258) | 70,657 | 3,091 | (545) | 98,200 | 13,311 | (736) | 75,207 |
| Sub-Total | 26,776 | 6,077 | 1,136,169 | 31,571 | 2,357 | 1,261,007 | 126,645 | 10,361 | 1,131,229 |
| Segment Total | 169,746 | 28,905 | 5,405,616 | 157,966 | 26,716 | 5,497,644 | 675,652 | 52,295 | 5,372,182 |
| Difference between Segment totals and Consolidated Amounts | 1,171 | (2,985) | (203,640) | 2,991 | (394) | (169,876) | 7,993 | (6,007) | (203,875) |
| Consolidated Amounts | 170,917 | 25,920 | 5,201,976 | 160,957 | 26,322 | 5,327,768 | 683,645 | 46,288 | 5,168,307 |

(millions of US\$)

U.S. dollars June 30, 2003

| | Revenues | Income (Loss) before Income taxes | Operating Assets |
|-------------------------------|----------|---|---------------------|
| Operations in Japan | | | |
| Corporate Finance | 259 | 78 | 15,947 |
| Equipment Operating Leases | 142 | 12 | 1,187 |
| | 91 | 25 | 7,788 |

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| | | | |
|---|-------------------|-------------------|-------------------|
| Real Estate-Related Finance | | | |
| Real Estate | 311 | 68 | 2,468 |
| Life Insurance | 255 | (3) | 4,950 |
| Other | 135 | 10 | 3,298 |
| | <u> </u> | <u> </u> | <u> </u> |
| Sub-Total | 1,193 | 190 | 35,638 |
| Overseas Operations | | | |
| The Americas | 95 | 18 | 5,043 |
| Asia and Oceania | 107 | 35 | 3,851 |
| Europe | 22 | (2) | 590 |
| | <u> </u> | <u> </u> | <u> </u> |
| Sub-Total | 224 | 51 | 9,484 |
| | <u> </u> | <u> </u> | <u> </u> |
| Segment Total | <u>1,417</u> | <u>241</u> | <u>45,122</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Difference between Segment totals and Consolidated Amounts | | | |
| | 10 | (25) | (1,700) |
| | <u> </u> | <u> </u> | <u> </u> |
| Consolidated Amounts | <u>1,427</u> | <u>216</u> | <u>43,422</u> |
| | <u> </u> | <u> </u> | <u> </u> |

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

| | (millions of JPY) | | | | |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|
| | Fiscal 2003 | | | | Fiscal 2004 |
| Balance Sheet Data | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) |
| 1) Investment in Direct Financing Leases | 1,646,932 | 1,669,623 | 1,634,494 | 1,572,308 | 1,582,153 |
| Japan | 1,283,552 | 1,305,846 | 1,278,175 | 1,237,141 | 1,242,600 |
| Overseas | 363,380 | 363,777 | 356,319 | 335,167 | 339,553 |
| 2) Installment Loans | 2,327,354 | 2,326,189 | 2,374,664 | 2,288,039 | 2,302,005 |
| Japan | 1,898,108 | 1,932,184 | 1,986,182 | 1,954,640 | 1,969,694 |
| Overseas | 429,246 | 394,005 | 388,482 | 333,399 | 332,311 |
| 3) Investment in Operating Leases | 451,012 | 460,103 | 454,468 | 529,044 | 523,413 |
| Japan | 327,391 | 339,403 | 340,997 | 369,489 | 358,596 |
| Overseas | 123,621 | 120,700 | 113,471 | 159,555 | 164,817 |
| 4) Investment in Securities | 759,406 | 717,500 | 695,319 | 677,435 | 697,926 |
| Japan | 565,409 | 520,005 | 505,995 | 497,829 | 528,184 |
| Overseas | 193,997 | 197,495 | 189,324 | 179,606 | 169,742 |
| 5) Other Operating Assets | 143,064 | 129,311 | 142,856 | 101,481 | 96,479 |
| Japan | 132,217 | 118,558 | 132,847 | 91,851 | 87,217 |
| Overseas | 10,847 | 10,753 | 10,009 | 9,630 | 9,262 |
| Total Operating Assets | 5,327,768 | 5,302,726 | 5,301,801 | 5,168,307 | 5,201,976 |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (150,264) | (136,961) | (136,833) | (133,146) | (134,740) |
| Allowance/Investment in Direct Financing Leases and Installment Loans | 3.8% | 3.4% | 3.4% | 3.4% | 3.5% |
| Total Assets | 6,091,100 | 6,050,290 | 6,025,781 | 5,931,067 | 5,923,307 |
| Short-Term Debt, Long-Term Debt and Deposits | 4,489,605 | 4,425,331 | 4,393,599 | 4,239,514 | 4,232,175 |
| Policy Liabilities | 600,144 | 601,815 | 598,832 | 608,553 | 604,830 |
| Total Liabilities | 5,592,427 | 5,550,564 | 5,519,176 | 5,425,609 | 5,396,760 |
| Shareholders Equity | 498,673 | 499,726 | 506,605 | 505,458 | 526,547 |
| Total Liabilities & Shareholders Equity | 6,091,100 | 6,050,290 | 6,025,781 | 5,931,067 | 5,923,307 |
| | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) |
| Income Statement Data | | | | | |
| Revenues | | | | | |
| 1) Direct Financing Leases | 30,742 | 32,737 | 29,880 | 29,569 | 28,516 |
| Japan | 21,987 | 24,854 | 22,503 | 22,099 | 21,906 |
| Overseas | 8,755 | 7,883 | 7,377 | 7,470 | 6,610 |
| 2) Operating Leases | 30,534 | 30,545 | 30,675 | 35,854 | 37,878 |
| Japan | 22,012 | 21,808 | 21,321 | 22,511 | 28,064 |
| Overseas | 8,522 | 8,737 | 9,354 | 13,343 | 9,814 |
| 3) Interest on Loans and Investment Securities | 30,757 | 33,284 | 31,395 | 36,154 | 28,314 |
| Interest on loans | 26,203 | 29,323 | 27,634 | 32,450 | 25,729 |
| Japan | 19,795 | 22,089 | 21,506 | 25,678 | 21,082 |

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| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Overseas | 6,408 | 7,234 | 6,128 | 6,772 | 4,647 |
| Interest on investment securities | 4,554 | 3,961 | 3,761 | 3,704 | 2,585 |
| Japan | 319 | 162 | 180 | 205 | 173 |
| Overseas | 4,235 | 3,799 | 3,581 | 3,499 | 2,412 |
| 4) Brokerage Commissions and Net Gains on Investment Securities | 5,127 | 2,800 | 1,355 | 1,575 | 3,246 |
| Brokerage commissions | 774 | 569 | 536 | 521 | 691 |
| Net Gains on investment securities | 4,353 | 2,231 | 819 | 1,054 | 2,555 |
| 5) Life Insurance Premiums and Related Investment Income | 32,946 | 38,886 | 28,321 | 38,358 | 30,590 |
| Life insurance premiums | 28,745 | 34,503 | 25,184 | 34,531 | 27,524 |
| Related investment income | 4,201 | 4,383 | 3,137 | 3,827 | 3,066 |
| 6) Residential Condominium Sales | 11,666 | 18,076 | 21,982 | 19,441 | 23,176 |
| Japan | 11,666 | 18,076 | 21,982 | 19,441 | 23,176 |
| Overseas | | | | | |
| 7) Interest Income on Deposits | 177 | 135 | 98 | 116 | 161 |
| 8) Other Operating Revenues | 19,008 | 17,308 | 19,463 | 24,681 | 19,036 |
| Japan | 17,015 | 14,867 | 16,243 | 22,420 | 16,952 |
| Overseas | 1,993 | 2,441 | 3,220 | 2,261 | 2,084 |
| Total Revenues | 160,957 | 173,771 | 163,169 | 185,748 | 170,917 |

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| | (millions of JPY) | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|
| | Fiscal 2003 | | | | Fiscal 2004 |
| Income Statement Data | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) |
| Expenses | | | | | |
| 1) Interest Expense | 18,974 | 17,730 | 17,555 | 17,731 | 16,258 |
| 2) Depreciation Operating Leases | 19,429 | 19,424 | 19,744 | 21,968 | 20,697 |
| 3) Life Insurance Costs | 29,649 | 34,775 | 26,792 | 34,468 | 29,326 |
| 4) Costs of Residential Condominium Sales | 9,985 | 15,727 | 17,596 | 17,461 | 20,372 |
| 5) Other Operating Expenses | 8,379 | 9,770 | 10,114 | 13,096 | 10,217 |
| 6) Selling, General and Administrative Expenses | 34,163 | 35,666 | 35,270 | 39,172 | 37,489 |
| 7) Provision for Doubtful Receivables and Probable Loan Losses | 12,803 | 12,164 | 12,421 | 17,318 | 11,968 |
| 8) Write-downs of Long-Lived Assets | | 14,665 | | 36,017 | |
| 9) Write-downs of Securities | 2,166 | 3,576 | 2,174 | 6,409 | 1,506 |
| 10) Foreign Currency Transaction Loss (Gain), Net | 710 | 338 | 516 | (353) | 548 |
| Total Expenses | 136,258 | 163,835 | 142,182 | 203,287 | 148,381 |
| Operating Income (Loss) | 24,699 | 9,936 | 20,987 | (17,539) | 22,536 |
| Equity in Net Income of Affiliates | 1,623 | 1,736 | 2,315 | 529 | 3,384 |
| Gain on Sales of Affiliates | | 2 | | 2,000 | |
| Income (Loss) before Income Taxes | 26,322 | 11,674 | 23,302 | (15,010) | 25,920 |
| Income Taxes Provision (Benefit) | 11,374 | 5,796 | 10,853 | (6,827) | 11,822 |
| Income (Loss) before Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle | 14,948 | 5,878 | 12,449 | (8,183) | 14,098 |
| Extraordinary Gain, Net of Applicable Tax Effect | | | | 3,214 | |
| Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect | 1,937 | | | | |
| Net Income (Loss) | 16,885 | 5,878 | 12,449 | (4,969) | 14,098 |
| New Business Volumes | | | | | |
| Direct Financing Leases: New receivables added | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) |
| Japan | 237,779 | 325,817 | 213,620 | 223,680 | 212,175 |
| Overseas | 172,957 | 274,881 | 149,193 | 161,755 | 158,176 |
| Direct Financing Leases: New equipment acquisitions | 64,822 | 50,936 | 64,427 | 61,925 | 53,999 |
| Japan | 210,819 | 297,122 | 187,555 | 200,352 | 188,194 |
| Overseas | 151,062 | 251,883 | 128,093 | 144,525 | 138,479 |
| Installment Loans: New loans added | 59,757 | 45,239 | 59,462 | 55,827 | 49,715 |
| Japan | 341,138 | 334,070 | 295,622 | 297,340 | 270,959 |
| Overseas | 273,867 | 300,963 | 261,815 | 264,242 | 225,042 |
| Operating Leases: New equipment acquisitions | 67,271 | 33,107 | 33,807 | 33,098 | 45,917 |
| Japan | 20,870 | 40,656 | 27,513 | 84,528 | 40,810 |
| Overseas | 14,128 | 33,517 | 20,667 | 74,688 | 29,880 |
| Investment in Securities: New securities added | 6,742 | 7,139 | 6,846 | 9,840 | 10,930 |
| Japan | 48,907 | 46,321 | 25,894 | 110,172 | 57,370 |
| Overseas | 38,346 | 44,804 | 23,520 | 107,807 | 53,835 |
| Other Operating Assets: New assets added | 10,561 | 1,517 | 2,374 | 2,365 | 3,535 |
| Japan | 20,768 | 29,791 | 28,197 | 37,980 | 28,655 |
| Overseas | 15,475 | 29,403 | 23,504 | 30,948 | 28,655 |

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| | | | | | |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|
| Overseas | 5,293 | 388 | 4,693 | 7,032 | |
| Key Ratios, Per Share Data, and Employees | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) |
| Return on Equity (ROE)* | 13.5% | 4.7% | 9.9% | (3.9%) | 10.9% |
| Return on Assets (ROA)* | 1.09% | 0.39% | 0.82% | (0.33%) | 0.95% |
| Shareholders' Equity Ratio | 8.2% | 8.3% | 8.4% | 8.5% | 8.9% |
| Debt-to-Equity Ratio (times) | 9.0 | 8.9 | 8.7 | 8.4 | 8.0 |
| Shareholders' Equity Per Share (yen) | 5,961.30 | 5,973.44 | 6,053.07 | 6,039.43 | 6,291.50 |
| Basic EPS (yen) | 201.85 | 70.27 | 148.76 | (59.38) | 168.45 |
| Diluted EPS (yen) | 189.95 | 66.32 | 140.18 | (59.38) | 158.71 |
| Number of Employees | 11,820 | 11,859 | 11,977 | 11,833 | 11,621 |

* annualized

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| | | (millions of JPY) | | | | |
|--|-----------------------------|-------------------|-------------|---------------|-------------|-------------|
| Segment Information | | Fiscal 2003 | | | | Fiscal 2004 |
| | | Q1 (02/4-6) | Q2 (02/7-9) | Q3 (02/10-12) | Q4 (03/1-3) | Q1 (03/4-6) |
| Operations in Japan | Corporate Finance | 31,465 | 33,079 | 31,147 | 29,869 | 30,993 |
| | Equipment Operating Leases | 16,233 | 16,734 | 16,899 | 17,789 | 16,980 |
| | Real Estate-Related Finance | 13,995 | 11,708 | 11,252 | 14,634 | 10,937 |
| | Real Estate | 18,983 | 26,331 | 30,305 | 28,835 | 37,239 |
| | Life Insurance | 32,946 | 38,886 | 28,321 | 38,358 | 30,590 |
| | Other | 12,773 | 14,386 | 15,000 | 19,079 | 16,231 |
| | Sub-Total | 126,395 | 141,124 | 132,924 | 148,564 | 142,970 |
| Overseas Operations | The Americas | 14,739 | 12,536 | 13,012 | 17,622 | 11,313 |
| | Asia and Oceania | 13,741 | 13,838 | 13,802 | 14,044 | 12,857 |
| | Europe | 3,091 | 2,742 | 3,760 | 3,718 | 2,606 |
| | Sub-Total | 31,571 | 29,116 | 30,574 | 35,384 | 26,776 |
| Total Segment Revenues | | 157,966 | 170,240 | 163,498 | 183,948 | 169,746 |
| Operations in Japan | Corporate Finance | 10,411 | 14,089 | 11,562 | 8,096 | 9,345 |
| | Equipment Operating Leases | 1,271 | 1,708 | 1,593 | (170) | 1,520 |
| | Real Estate-Related Finance | 6,106 | 3,804 | 2,754 | 6,908 | 3,018 |
| | Real Estate | 2,735 | (11,542) | 4,341 | (34,975) | 8,160 |
| | Life Insurance | 1,282 | 1,694 | (27) | 1,842 | (392) |
| | Other | 2,554 | 4,372 | 3,229 | (1,703) | 1,177 |
| | Sub-Total | 24,359 | 14,125 | 23,452 | (20,002) | 22,828 |
| Overseas Operations | The Americas | 1,229 | (2,256) | 437 | 1,922 | 2,131 |
| | Asia and Oceania | 1,673 | 2,641 | 1,545 | 3,906 | 4,204 |
| | Europe | (545) | (65) | (112) | (14) | (258) |
| | Sub-Total | 2,357 | 320 | 1,870 | 5,814 | 6,077 |
| Total Segment Profits (Income (Loss) before Income Taxes) | | 26,716 | 14,445 | 25,322 | (14,188) | 28,905 |
| Operations in Japan | Corporate Finance | 2,008,152 | 1,981,237 | 1,963,548 | 1,893,422 | 1,910,425 |
| | Equipment Operating Leases | 141,905 | 142,964 | 145,234 | 144,397 | 142,189 |
| | Real Estate-Related Finance | 906,193 | 908,115 | 908,821 | 931,513 | 932,999 |
| | Real Estate | 293,189 | 289,919 | 307,599 | 303,838 | 295,663 |
| | Life Insurance | 497,593 | 570,983 | 578,744 | 579,805 | 592,987 |
| | Other | 389,605 | 372,273 | 398,435 | 387,978 | 395,184 |
| | Sub-Total | 4,236,637 | 4,265,491 | 4,302,381 | 4,240,953 | 4,269,447 |
| Overseas Operations | The Americas | 695,351 | 713,300 | 691,100 | 618,148 | 604,167 |
| | Asia and Oceania | 467,456 | 431,966 | 454,123 | 437,874 | 461,345 |
| | Europe | 98,200 | 86,024 | 78,376 | 75,207 | 70,657 |

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| | | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Sub-Total | 1,261,007 | 1,231,290 | 1,223,599 | 1,131,229 | 1,136,169 |
| Total Segment Assets | <u>5,497,644</u> | <u>5,496,781</u> | <u>5,525,980</u> | <u>5,372,182</u> | <u>5,405,616</u> |

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