ORIX CORP
Form 6-K
February 09, 2005
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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 February, 2005.

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 x 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 x

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		Page
1.	ORIX s Third Quarter Consolidated Financial Results (April 1, 2004 - December 31, 2004) filed with the Tokyo Stock Exchange on Friday, February 4, 2005.	

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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: February 8, 2005

By /s/ Shunsuke Takeda

Shunsuke Takeda
Director
Vice Chairman and CFO
ORIX Corporation

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Consolidated Financial Results

April 1, 2004   December 31, 2004

February 4, 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 104.21 to $1.00, the approximate exchange rate prevailing at December 31, 2004.

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

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Consolidated Financial Results from April 1, 2004 to December 31, 2004

(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: (03)5419-5102
(URL http://www.orix.co.jp/grp/ir_e/ir_index.htm)

1. Performance Highlights for the Nine Months Ended December 31, 2004 and 2003, and the Year Ended March 31, 2004

(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
December 31, 2004	611,903	18.7%	92,108	37.3%	113,458	39.8%
December 31, 2003	515,582	4.0%	67,081	23.2%	81,179	35.0%
March 31, 2004	719,132		83,978		101,360	

	Net Income	Year-on-Year Change	Basic Earnings Per Share	Diluted Earnings Per Share*3
December 31, 2004	67,718	47.6%	808.27	743.17
December 31, 2003	45,892	30.3%	548.36	509.86
March 31, 2004	54,020		645.52	601.46

1. Equity in Net Income of Affiliates was a net gain of JPY 17,803 million for the nine months ended December 31, 2004, a net gain of JPY 14,630 million for the nine months ended December 31, 2003 and a net gain of JPY 17,924 million for the year ended March 31, 2004.
2. The average number of shares was 83,781,217 for the nine months ended December 31, 2004, 83,688,890 for the nine months ended December 31, 2003 and 83,685,449 for the year ended March 31, 2004.
3. Adoption of simplified accounting method Yes (x) No ( )
4. Changes in Accounting Principles Yes ( ) No (x) (except for adoptions of new accounting principles)
5. Changes in Numbers of Consolidated Subsidiaries and Affiliates Yes (x) No ( )
   Additions: Consolidated Subsidiaries 10, Affiliates 3 Deletions: Consolidated Subsidiaries 4, Affiliates 5

***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, Extraordinary Gain and Income Taxes.

***Note 3:** In accordance with the requirements of EITF 04-08, diluted earnings per share for the nine months ended December 31, 2003 and the year ended March 31, 2004 are revised retroactively.

(2) Performance Highlights - Financial Position (Unaudited)

	Total Assets	Shareholders Equity	Shareholders Equity Ratio	Shareholders Equity Per Share
December 31, 2004	5,873,033	641,332	10.9%	7,642.86
December 31, 2003	5,672,032	551,768	9.7%	6,594.86
March 31, 2004	5,624,957	564,047	10.0%	6,739.64

1. The number of outstanding shares was 83,912,548 as of December 31, 2004, 83,666,365 as of December 31, 2003 and 83,691,007 as of March 31, 2004.

(3) Performance Highlights - Cash Flows (Unaudited)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
December 31, 2004	73,554	(334,182)	188,573	80,129
December 31, 2003				
March 31, 2004	152,812	123,978	(328,284)	152,235

2. Forecasts for the Year Ending March 31, 2005 (Unaudited)

Fiscal Year	Total Revenues	Income before Income Taxes	Net Income
March 31, 2005	810,000	134,000	80,000

Note: Basic Earnings Per Share is forecasted to be JPY 953.37.

In addition, ORIX has delisted from the Nagoya Stock Exchange on October 23, 2004.

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Summary of Consolidated Financial Results

1. Nine Months Ended December 31, 2004

Financial Highlights

Income before Income Taxes*	**113,458 million yen (Up 40% year on year)**
Net Income	**67,718 million yen (Up 48% year on year)**
Earnings Per Share (Basic)	**808.27 yen (Up 47% year on year)**
Earnings Per Share (Diluted)	**743.17 yen (Up 46% year on year)**
Shareholders Equity Per Share	**7,642.86 yen (Up 13% on March 31, 2004)**
ROE (Annualized)	**15.0% (December 31, 2003: 11.6%)**
ROA (Annualized)	**1.57% (December 31, 2003: 1.05%)**

* Income before Income Taxes refers to Income before Discontinued Operations, Extraordinary Gain and Income Taxes.

Revenues: 611,903 million yen (Up 19% year on year)

Although revenues from direct financing leases, residential condominium sales and gains on sales of real estate under operating leases decreased year on year, revenues from operating leases, interest on loans and investment securities, brokerage commissions and net gains on investment securities, life insurance premiums and related investment income and other operating revenues were up compared to the same period of the previous fiscal year. As a result, revenues increased 19% to 611,903 million yen in the first nine months of this fiscal year compared with the same period of the previous fiscal year. Furthermore, a new item has been added to the consolidated statements of income entitled, transportation revenues, which has been separated from other operating revenues.

In Japan, revenues from direct financing leases were up 1% year on year. The automobile leasing operations performed steadily. In addition, other direct financing leases generated higher revenues compared with the same period of the previous fiscal year as we continued to carefully select new assets and focus on the profitability of each transaction. Overseas, although the leasing operations in the Asia and Oceania region expanded, revenues were down 9% year on year due to the reduction in assets in the U.S. and the appreciation of the yen against the dollar. As a result, overall revenues from direct financing leases decreased 1% to 83,381 million yen compared with the same period of the previous fiscal year.

In Japan, revenues from operating leases increased 21% year on year due to an expansion of the automobile operating lease operations with the acquisition of JAPAREN Co., Ltd. (merged into ORIX Auto Corporation on January 1, 2005) in October 2003, which contributed from the beginning of this fiscal year, and the precision measuring and other equipment rental operations were steady year on year. Overseas, revenues were up 9% year on year due to the steady performance centering on the automobile operating lease operations. As a result, overall revenues from operating leases increased 18% to 111,124 million yen compared with the same period of the previous fiscal year.

In Japan, interest on loans and investment securities increased 19% year on year. Although revenues were down at our card loan operations as a result of a lower balance of loans due to a more strict credit screening process, an increase in loans to corporate customers, including non-recourse loans, contributed to the rise in revenues. Overseas, revenues were down 5% year on year due mainly to the reduction in assets in the U.S. and the appreciation of the yen against the dollar. As a result, overall revenues from interest on loans and investment securities increased 13% to 98,973 million yen compared with the same period of the previous fiscal year.

Brokerage commissions increased 13% year on year due to the high trading volume on the stock market. Net gains on investment securities increased 54% year on year due to the sale of securities associated mainly with our venture capital operations in Japan and securities investment operations in the U.S. As a result, brokerage commissions and net gains on investment securities increased 45% to 20,589 million yen compared with the same period of the previous fiscal year.

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Life insurance premiums and related investment income increased 4% to 97,045 million yen compared with the same period of the previous fiscal year due to an increase in new contracts and our continued focus on more profitable life insurance products.

Residential condominium sales declined 32% year on year to 46,947 million yen, which is consistent with the plan for the fiscal year and reflects a reduction in the number of condominiums sold to buyers. Furthermore, net revenues associated with residential condominiums developed through certain joint ventures, which are accounted for by the equity method, are included in equity in net income of affiliates (3,832 million yen associated with residential condominium sales and 3,370 million yen associated with costs of residential condominium sales, which includes selling costs).

Gains on sales of real estate under operating leases were down 88% year on year to 1,086 million yen due to lower revenues associated with the sales of office buildings and other real estate and the reclassification of a majority of revenues associated with the sales of office buildings and other real estate to discontinued operations.

Transportation revenues were 39,715 million yen in the first nine months of this fiscal year. Transportation revenues, which are associated with the operations of Footwork Express Co., Ltd., were included in other operating revenues up to the first half of this fiscal year and were separated from other operating revenues from the third quarter of this fiscal year. Furthermore, although transportation revenues were recorded from January 2004 upon the acquisition of net assets in December 2003 that constituted a business of reorganization company, Footwork Logistics Corporation (previously reorganization company, Footwork Express Co., Ltd.), transportation revenues were not recorded in the previous fiscal year due to the recording of income on a three months lag basis.

Other operating revenues were up due to the increase in revenues associated with our building maintenance and real estate development operations. In addition, companies in which we invested as part of our corporate rehabilitation business in the second half of the previous fiscal year made contributions from the beginning of this fiscal year and the expansion of fee businesses (mainly loan servicing fees and arrangement fees) also contributed to earnings. As a result, other operating revenues increased 78% to 113,043 million yen compared with the same period of the previous fiscal year.

Expenses: 519,795 million yen (Up 16% year on year)

Although interest expense, costs of residential condominium sales, provision for doubtful receivables and probable loan losses and foreign currency transaction loss, net were down, depreciation-operating leases, life insurance costs, other operating expenses, selling, general and administrative expenses, write-downs of long-lived assets and write-downs of securities increased in the first nine months of this fiscal year. As a result, expenses were up 16% to 519,795 million yen compared with the same period of the previous fiscal year. Furthermore, a new item has been added to the consolidated statements of income entitled, costs of transportation revenues, which has been separated from other operating expenses.

Interest expense was down 9% year on year to 41,824 million yen due mainly to the lower average debt levels in Japan and overseas.

Depreciation-operating leases increased 13% year on year to 69,667 million yen due to the increase in operating assets compared to the same period of the previous fiscal year.

Life insurance costs increased 5% year on year to 87,058 million yen in line with the rise in life insurance premiums.

Costs of residential condominium sales were down 30% year on year to 43,191 million yen in line with the decrease in residential condominium sales.

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Costs of transportation revenues were 34,051 million yen in the first nine months of this fiscal year. Costs of transportation revenues represent the cost corresponding to transportation revenues and were included in other operating expenses up to the first half of this fiscal year.

Other operating expenses were up 110% year on year to 72,347 million yen along with the rise in other operating revenues.

Selling, general and administrative expenses were up 12% year on year to 130,610 million yen due mainly to the costs, which were included from the start of this fiscal year, associated with an increase in consolidated companies in the second half of the previous fiscal year.

Provision for doubtful receivables and probable loan losses was down 22% year on year to 27,054 million yen due to a lower level of non-performing assets despite the rise in operating assets.

The majority of the write-downs of long-lived assets in the first nine months of this fiscal year were associated with a building in Japan that was previously classified under office facilities. This building was reclassified to rental purpose, after it was decided that the building would be rebuilt. We tested for impairment for the purpose of rental asset use and consequently wrote the building down by 7,705 million yen to its fair value in the first half of this fiscal year. As a result, write-downs of long-lived assets were up 118% year on year to 9,165 million yen.

Write-downs of securities were flat year on year at 3,999 million yen as we recorded write-downs associated with investments in stocks in our venture capital operations in Japan and securities investment operations in the U.S.

Net Income: 67,718 million yen (Up 48% year on year)

Operating income was up 37% year on year to 92,108 million yen. Equity in net income of affiliates was up 22% to 17,803 million yen compared to the same period of the previous fiscal year (while equity in net income of affiliates in the first half of the previous fiscal year included our proportionate interest in the recognition of deferred tax assets of 5,380 million yen for Korea Life Insurance Co., Ltd. (KLI) attributable to a change in tax rules in Korea, the first nine months of this fiscal year only included the contribution from KLI s regular operations). Income before discontinued operations, extraordinary gain and income taxes rose 40% year on year to 113,458 million yen with contributions from the gains on sales of affiliates.

Discontinued operations, net of applicable tax effect were 4,697 million yen. Income from discontinued operations, net of 7,890 million yen and gains on sales of real estate under operating leases of 1,086 million yen totaled 8,976 million yen, a decrease of 3,979 million yen compared to the same period of the previous fiscal year.

As a result, net income rose 48% compared to the same period of the previous fiscal year to 67,718 million yen.

Operating Assets: 5,072,970 million yen (Up 5% on March 31, 2004)

Operating assets were up 5% on March 31, 2004 to 5,072,970 million yen.

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

Segment profits for Corporate Financial Services, Rental Operations, Real Estate-Related Finance, Real Estate, Life Insurance, Other and Americas were up while Europe moved back into the black compared to a segment loss in the first nine months of the previous fiscal year. On the other hand, Asia and Oceania was down year on year.

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Operations in Japan

Corporate Financial Services (Segment name changed from Corporate Finance to Corporate Financial Services)**:**

The automobile leasing operations and loans to corporate customers both expanded. Direct financing leases other than those associated with our automobile leasing operations in which we continued to carefully select new assets and focus on the profitability of each transaction were at the same level as compared to the same period of the previous fiscal year. As a result, segment revenues were up 9% year on year to 104,189 million yen. Segment profits increased 30% to 43,512 million yen compared to 33,511 million yen in the same period of the previous fiscal year thanks in part to the lower provision for doubtful receivables and probable loan losses. Segment assets increased 8% on March 31, 2004 to 1,957,302 million yen.

Rental Operations (Segment name changed from Equipment Operating Leases to Rental Operations)**:**

Revenues for operating leases associated with the precision measuring and other equipment rental operations were steady compared with the same period of the previous fiscal year. In addition, operating leases for automobiles were up along with the acquisition of JAPAREN Co., Ltd, which contributed from the beginning of this fiscal year. As a result, segment revenues were up 16% year on year to 61,784 million yen. Although segment assets were down 1% on March 31, 2004 to 146,109 million yen, segment revenues increased. As a result, segment profits rose 56% to 8,605 million yen compared to 5,528 million yen in the same period of the previous fiscal year.

Real Estate-Related Finance:

Revenues associated with corporate loans including non-recourse loans increased and the loan servicing operations, which include servicing fees, also made a larger contribution to revenues compared to the same period of the previous fiscal year. As a result, segment revenues increased 60% year on year to 61,718 million yen. In addition, although there was an increase in provision for doubtful receivables and probable loan losses in this segment, segment profits increased 46% to 19,766 million yen compared to 13,531 million yen in the same period of the previous fiscal year. Segment assets increased 15% on March 31, 2004 to 1,045,373 million yen.

Real Estate:

While residential condominium sales declined year on year, which is consistent with the plan for the fiscal year, and lower revenues from the sale of office buildings were recorded, revenues associated with our building maintenance operations increased. As a result, segment revenues increased 3% year on year to 105,394 million yen. Write-downs of long-lived assets were lower than in the same period of the previous fiscal year and segment profits increased 56% to 12,521 million yen compared to 8,051 million yen in the same period of the previous fiscal year. Segment assets increased 9% on March 31, 2004 to 337,892 million yen.

Life Insurance:

Segment revenues increased 5% year on year to 97,027 million yen due to a shift to more profitable life insurance products and an increase in the number of new contracts. Segment profits, which included the recognition of gains on sales of affiliates, increased 33% to 5,765 million yen compared to 4,341 million yen in the same period of the pervious fiscal year. Segment assets were down 2% on March 31, 2004 to 572,742 million yen.

Other:

The contribution from the consumer card loan operations decreased year on year as a result of a stricter credit screening process that led to a lower average loan balance and subsequent lower interest on loans. However, net gains on investment securities were up at our venture capital operations and brokerage commissions at our securities brokerage expanded due to the high trading volume on the stock market. In addition, companies in which we invested as part of our corporate rehabilitation business in the second half of the previous fiscal year made a contribution to revenues from the beginning of this fiscal year. As a result, segment revenues increased 100% year on year to 102,555 million yen. Provision for doubtful receivables and probable loan losses associated with our card loan operations decreased, while equity in net income of affiliates increased year on year. As a result, segment profits increased 221% to 16,286 million yen compared to 5,081 million yen in the same period of the previous fiscal year. As the level of loans associated with our card loan operations declined, segment assets increased only 1% on March 31, 2004 to 416,146 million yen.

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Overseas Operations

The Americas:

Although revenues from direct financing leases and interest on loans to corporate customers were down, net gains on investment securities increased due mainly to the sale of CMBS (commercial mortgage-backed securities) and the net gains on the sales of real estate were also recorded. As a result, segment revenues were up 4% year on year to 34,985 million yen. Provision for doubtful receivables and probable loan losses was down and an equity method affiliate went from a loss in the first half of this fiscal year to a gain in the first nine months of this fiscal year. As a result, segment profits increased 102% to 12,207 million yen compared to 6,035 million yen in the same period of the previous fiscal year. Segment assets were down 10% on March 31, 2004 to 427,689 million yen due to the decrease in balance of direct financing leases and loans to corporate customers.

Asia and Oceania:

Segment revenues were up 4% year on year to 41,278 million yen. Automobile leasing and corporate lending of a number of companies in the region performed steadily, while the ship-related operations expanded. However, equity in net income of affiliates was down year on year, as the first half of the previous fiscal year included, in addition to the contribution from the regular operations of KLI, our proportionate interest in the recognition of deferred tax assets of 5,380 million yen for KLI attributable to a change in tax rules in Korea. As a result, segment profits decreased 2% to 16,097 million yen compared to 16,385 million yen in the same period of the previous fiscal year. Segment assets increased 7% on March 31, 2004 to 442,427 million yen.

Europe:

Segment revenues were down 9% year on year to 7,683 million yen due in part to the lower balance of segment assets. Segment profits were 1,420 million yen compared to segment losses of 1,445 million yen in the same period of the previous fiscal year as this segment recorded losses on certain equity method investments from which we withdrew in the previous fiscal year.

2. Summary of Cash Flows (Nine Months Ended December 31, 2004)

Cash and cash equivalents decreased by 72,106 million yen to 80,129 million yen compared to March 31, 2004.

Cash flows from operating activities provided 73,554 million yen in the first nine months of this fiscal year due to the net income as well as profit and loss items without cash activities such as depreciation and amortization and provision for doubtful receivables and probable loan losses, while increase in inventories, which is associated with the residential condominium development operations, was an outflow.

Cash flows from investing activities used 334,182 million yen in the first nine months of this fiscal year. This was due to the increase in installment loans made to customers in consequence of the expansion of loans to corporate customers, including non-recourse loans, as well as the increase of purchases of available-for-sale securities. Along with those investing activities, cash flows from financing activities provided 188,573 million yen in the first nine months of this fiscal year due to the increase in debt.

Please note that a consolidated statement of cash flows has not been provided for the nine months ended December 31, 2003. Therefore, no comparison has been made regarding the cash flows for operating, investing and financing activities for that period.

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3. Summary of Third Quarter (Three Months Ended December 31, 2004)

In the third quarter revenues increased 36,509 million yen year on year. Although direct financing lease assets decreased, revenues from direct financing leases were up compared to the third quarter of the previous fiscal year due to the higher profitability of transactions. Revenues from operating leases were up in line with the increase in operating assets. Interest on loans and investment securities was up due to the increase in loans to corporate customers, including non-recourse loans. Brokerage commissions and net gains on investment securities were up as net gains on the sale of securities in Japan and securities investment operations in the U.S. were higher compared to the same period of the previous fiscal year even though brokerage commissions were flat year on year. Life insurance premiums and related investment income were up year on year due to the increase in the number of new contracts. Residential condominium sales decreased year on year, due to the reduction in the number of condominiums sold to buyers, which is consistent with the plan for the fiscal year, and the aforementioned joint development of residential condominiums, which are accounted for by the equity method. Gains on sales of real estate under operating leases were down slightly as a majority of revenues associated with the sales of office buildings and other real estate were reclassified in discontinued operations. Transportation revenues (refer to page 2 of this document) were 12,788 million yen in the third quarter of this fiscal year. Other operating revenues were up year on year due to the increase in 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, and the higher contribution from the building maintenance and real estate development operations.

On the other hand, expenses were up 23,908 million yen compared to the third quarter of the previous fiscal year. Interest expense decreased mainly as a result of the decline in the average level of debt overseas. Depreciation-operating leases increased in line with the increase in operating assets as compared to the third quarter of the previous fiscal year. Life insurance costs and other operating expenses increased in line with the increase in associated revenues, while costs of residential condominium sales declined in line with the decrease in associated revenues in the third quarter of this fiscal year. Costs of transportation revenues (refer to page 3 of this document) were 10,652 million yen in the third quarter of this fiscal year. Selling, general and administrative expenses were up due to the costs associated with the increase in the number of consolidated companies from the third quarter of the previous fiscal year. Although operating assets were up year on year, provision for doubtful receivables and probable loan losses was down slightly compared to the third quarter of the previous fiscal year. There were no write-downs of long-lived assets in the third quarter of this fiscal year and write-downs of securities decreased compared to the third quarter of the previous fiscal year.

This resulted in an increase in operating income by 12,601 million yen to 35,500 million yen compared with the third quarter of the previous fiscal year.

Equity in net income of affiliates was up year on year due to the contribution of an equity method affiliate in the U.S. Income before discontinued operations, extraordinary gain and income taxes increased by 18,813 million yen to 44,283 million yen compared to the third quarter of the previous fiscal year.

Discontinued operations, net of applicable tax effect added 905 million yen and net income in the third quarter of this fiscal year rose by 10,557 million yen to 25,030 million yen compared with a net income of 14,473 million yen in the third quarter of the previous fiscal year.

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4. Outlook and Forecasts for the Fiscal Year Ending March 31, 2005

For the fiscal year ending March 31, 2005, we have revised our forecast as follows. Revenues 810,000 million yen (up 13% compared with the fiscal year ended March 31, 2004), income before income taxes of 134,000 million yen (up 32%), and net income of 80,000 million yen (up 48%).

(Millions of Yen)

	Total Revenues	Income before Income Taxes*	Net Income
Previous Forecast (A)	780,000	122,000	74,000
New Forecast (B)	810,000	134,000	80,000
Change (B-A)	30,000	12,000	6,000
Change (%)	3.8	9.8	8.1
(Reference)			
Fiscal 2004 results	719,132	101,360	54,020

* Income before Income Taxes refers to Income before Discontinued Operations, Extraordinary Gain and Income Taxes.

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Consolidated Financial Highlights

(For the Nine Months Ended December 31, 2004 and 2003, and the Year Ended March 31, 2004)

(Unaudited)

(millions of JPY, except for per share data)

	December 31, 2004	Change from March 31, 2004	Year -on- year Change	December 31, 2003	Year -on- year Change	March 31, 2004	Year -on- year Change
Operating Assets							
Investment in Direct Financing Leases	1,480,526	102%	96%	1,545,853	95%	1,453,575	92%
Installment Loans	2,328,427	104%	105%	2,224,670	94%	2,234,940	98%
Investment in Operating Leases	576,621	107%	116%	496,570	109%	536,702	101%
Investment in Securities	605,511	110%	111%	544,021	78%	551,928	81%
Other Operating Assets	81,885	114%	116%	70,556	56%	72,049	94%
Total	5,072,970	105%	104%	4,881,670	92%	4,849,194	94%
Operating Results							
Total Revenues	611,903		119%	515,582	104%	719,132	106%
Income before Discontinued Operations, Extraordinary Gain and Income Taxes	113,458		140%	81,179	135%	101,360	227%
Net Income	67,718		148%	45,892	130%	54,020	179%
Earnings Per Share							
Net Income							
Basic	808.27		147%	548.36	130%	645.52	179%
Diluted	743.17		146%	509.86	129%	601.46	176%
Shareholders Equity Per Share	7,642.86	113%	116%	6,594.86	109%	6,739.64	112%
Financial Position							
Shareholders Equity	641,332	114%	116%	551,768	109%	564,047	112%
Number of Outstanding Shares (000)	83,913	100%	100%	83,666	100%	83,691	100%
Long-and Short-Term Debt and Deposits	4,060,447	105%	103%	3,941,826	90%	3,859,180	91%
Total Assets	5,873,033	104%	104%	5,672,032	94%	5,624,957	95%
Shareholders Equity Ratio	10.9%			9.7%		10.0%	
Return on Equity (annualized)	15.0%			11.6%		10.1%	
Return on Assets (annualized)	1.57%			1.05%		0.93%	
New Business Volumes							
Direct Financing Leases							
New Receivables Added	601,777		98%	614,520	79%	801,787	80%
New Equipment Acquisitions	536,022		98%	547,264	79%	713,240	80%
Installment Loans	1,098,271		133%	822,979	85%	1,124,276	89%
Operating Leases	177,600		150%	118,634	133%	189,737	109%
Investment in Securities	165,745		185%	89,457	74%	122,066	53%
Other Operating Transactions	101,346		96%	105,434	134%	186,265	160%

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Condensed Consolidated Statements of Income

(For the Nine Months Ended December 31, 2004 and 2003, and the Year Ended March 31, 2004)

(Unaudited)

(millions of JPY, millions of US$)

	Nine Months ended December 31, 2004	Year-on-year Change (%)	Nine Months ended December 31, 2003	Year-on-year Change (%)	Year ended March 31, 2004	Year-on-year Change (%)	U.S. dollars December 31, 2004
Total Revenues :	611,903	119	515,582	104	719,132	106	5,872
Direct Financing Leases	83,381	99	84,368	90	112,372	91	800
Operating Leases	111,124	118	94,528	107	128,955	106	1,066
Interest on Loans and Investment Securities	98,973	113	87,437	92	116,744	89	950
Brokerage Commissions and Net Gains on Investment Securities	20,589	145	14,164	153	26,025	240	198
Life Insurance Premiums and Related Investment Income	97,045	104	93,598	94	134,154	97	931
Residential Condominium Sales	46,947	68	68,864	133	98,034	138	451
Gains on Sales of Real Estate under Operating Leases	1,086	12	9,015	774	9,116	280	10
Transportation Revenues	39,715						381
Other Operating Revenues	113,043	178	63,608	113	93,732	116	1,085
Total Expenses :	519,795	116	448,501	102	635,154	99	4,988
Interest Expense	41,824	91	46,206	86	60,145	84	401
Depreciation - Operating Leases	69,667	113	61,742	107	83,537	105	669
Life Insurance Costs	87,058	105	83,135	91	119,653	95	835
Costs of Residential Condominium Sales	43,191	70	62,136	143	88,679	146	414
Costs of Transportation Revenues	34,051						327
Other Operating Expenses	72,347	210	34,519	122	52,551	127	694
Selling, General and Administrative Expenses	130,610	112	117,021	111	161,835	112	1,254
Provision for Doubtful Receivables and Probable Loan Losses	27,054	78	34,682	93	49,592	91	260
Write-downs of Long-Lived Assets	9,165	218	4,202	29	12,345	24	88
Write-downs of Securities	3,999	100	3,987	50	5,240	37	38
Foreign Currency Transaction Loss, Net	829	95	871	56	1,577	130	8
Operating Income	92,108	137	67,081	123	83,978	231	884

Equity in Net Income of Affiliates	17,803	122	14,630	258	17,924	289	171
Gains (Losses) on Sales of Affiliates	3,547		(532)		(542)		34
Income before Discontinued Operations, Extraordinary Gain and Income Taxes	113,458	140	81,179	135	101,360	227	1,089
Provision for Income Taxes	50,437	133	37,859	137	51,215	250	484
Income from Continuing Operations	63,021	145	43,320	133	50,145	208	605
Discontinued Operations							
Income from Discontinued Operations, Net	7,890		3,940		5,510		76
Provision for Income Taxes	(3,193)		(1,611)		(2,244)		(31)
Discontinued Operations, Net of Applicable Tax Effect	4,697	202	2,329	330	3,266	321	45
Extraordinary Gain, Net of Applicable Tax Effect			243		609	19	
Net Income	67,718	148	45,892	130	54,020	179	650

Note: 1. Comprehensive Income under FASB Statement No.130 (Reporting Comprehensive Income) was a gain of JPY 77,668 million (US$745 million) for the nine months ended December 31, 2004, a gain of JPY 48,501 million for the nine months ended December 31, 2003 and a gain of JPY 60,626 million for the year ended March 31, 2004.

2. The Company recognized an Extraordinary Gain, Net of Applicable Tax Effect in the previous fiscal year due to the excess of the proportionate fair value of the net assets over the purchase price of the affiliate paid by the Company (Negative Goodwill).

3. At previous fiscal year end, Gains on Sales of Real Estate under Operating Leases was reclassified as a separate account from Operating Leases. Accordingly, Gains on Sales of Real Estate under Operating Leases in the nine months ended December 31, 2003, has been reclassified.

4. Net income from real estate under operating leases considered to be discontinued operations were reclassified as Discontinued Operations. Accordingly, certain amounts in previous year have been reclassified to conform to the presentation for this fiscal year.

5. Interest Income on Deposits had been disclosed separately until the previous fiscal year. Starting from this fiscal year, Interest Income on Deposits was included in Other Operating Revenues because it became insignificant.

6. Transportation Revenues and Costs of Transportation Revenues were reclassified from Other Operating Revenues and Other Operating Expenses, respectively.

Table of Contents

Condensed Consolidated Statements of Income

(For the Three Months Ended December 31, 2004 and 2003)

(Unaudited)

(millions of JPY, millions of US$)

	Three Months ended December 31, 2004	**Year-on-year Change (%)**	**Three Months ended December 31, 2003**	**Year-on-year Change (%)**	**U.S. dollars December 31, 2004**
Total Revenues :	209,552	121	173,043	107	2,011
Direct Financing Leases	27,720	101	27,503	92	266
Operating Leases	36,854	110	33,471	110	354
Interest on Loans and Investment Securities	33,119	119	27,860	89	318
Brokerage Commissions and Net Gains on Investment Securities	7,502	114	6,595	487	72
Life Insurance Premiums and Related Investment Income	30,704	108	28,463	101	295
Residential Condominium Sales	13,985	53	26,329	120	134
Gains(Losses) on Sales of Real Estate under Operating Leases	(195)		1,121		(2)
Transportation Revenues	12,788				123
Other Operating Revenues	47,075	217	21,701	111	451
Total Expenses :	174,052	116	150,144	106	1,670
Interest Expense	13,547	93	14,588	84	130
Depreciation - O					