

ORIX CORP
Form 6-K
April 27, 2004

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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 April, 2004.

ORIX Corporation

(Translation of Registrant's Name into English)

3-22-8 Shiba, Minato-Ku, Tokyo, JAPAN
(Address of Principal Executive Offices)

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

Form 20-F Form 40-F

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

Yes No

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1. <u>ORIX's Annual Consolidated Financial Results (April 1, 2003 - March 31, 2004) filed with the Tokyo Stock Exchange on Monday, April 26, 2004.</u>	<u>2</u>

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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: April 26, 2004

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 March 31, 2004**

April 26, 2004

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

U.S. Dollar amounts have been calculated at Yen 105.69 to \$1.00, the approximate exchange rate prevailing at March 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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Material Contained in this Report

The Company's Financial information for the fiscal year from April 1, 2003 to March 31, 2004, filed with the Tokyo Stock Exchange and also made public by way of a press release.

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Consolidated Financial Results from April 1, 2003 to March 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
Nagoya Stock Exchange
New York Stock Exchange (Trading Symbol: IX)

Head Office: Tokyo JAPAN

Tel:(03)5419-5102

(URL http://www.orix.co.jp/grp/ir_e/ir_index.htm)

Date Approved by Board of Directors: April 26, 2004

1. Performance Highlights for the Years Ended March 31, 2004 and 2003**(1) Performance Highlights Operating Results (Unaudited)**

	Total	Year-on-Year	Operating	Year-on-Year	Income	(millions of
	Revenues	Change	Income	Change	before	JPY)*1
					Income	Year-on-Year
					Taxes*2	Change
March 31, 2004	720,773	5.7%	84,775	129.3%	102,157	126.1%
March 31, 2003	681,820	3.7%	36,974	(49.1%)	45,179	(37.5%)

	Net	Year-on-Year	Basic	Diluted	Return	Return	Operating
	Income	Change	Earnings	Earnings	on	on	Margin
			Per Share	Per Share	Equity	Assets	*4
						*3	
March 31, 2004	54,020	78.6%	645.52	607.52	10.1%	1.8%	14.2%
March 31, 2003	30,243	(24.9%)	361.44	340.95	6.0%	0.7%	6.6%

- Equity in Net Income of Affiliates was a net gain of JPY 17,924 million for the year ended March 31, 2004 and a net gain of JPY 6,203 million for the year ended March 31, 2003.
- The average number of shares was 83,685,449 for the year ended March 31, 2004 and 83,672,434 for the year ended March 31, 2003.

3. Changes in Accounting Principles Yes (new accounting adoption) No

* **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, Cumulative Effect of a Change in Accounting Principle and Income Taxes.

* **Note 3:** This figure has been calculated using Income Before Income Taxes in accordance with Tokyo Stock Exchange disclosure practice. The figure on following pages is calculated using Net Income.

* **Note 4:** In this context, Operating Margin is calculated by dividing Income Before Income Taxes by Total Revenues.

(2) Performance Highlights Financial Position (Unaudited)

	Total	Shareholders	Shareholders'	Shareholders'
	Assets	Equity	Equity	Equity Per
			Ratio	Share
March 31, 2004	5,624,957	564,047	10.0%	6,739.64
March 31, 2003	5,931,067	505,458	8.5%	6,039.43

1. The number of outstanding shares was 83,691,007 as of March 31, 2004 and 83,693,009 as of March 31, 2003.

(3) Performance Highlights Cash Flows (Unaudited)

	Cash Flows	Cash Flows	Cash Flows	Cash and
	From	From	From	Cash
	Operating	Investing	Financing	Equivalents
	Activities	Activities	Activities	At End of
				Period
March 31, 2004	152,812	123,978	(328,284)	152,235
March 31, 2003	210,150	182,950	(542,040)	204,677

(4) Number of Consolidated Subsidiaries and Affiliates

Consolidated Subsidiaries	200	
Non-consolidated Subsidiaries	0	
Affiliates	74	(Of which 74 are accounted for by the equity method)

(5) Changes in Accounting Treatment

Additions to and deletions from consolidated subsidiaries and affiliates

Additions: Consolidated Subsidiaries 9, Affiliates 4

Deletions: Consolidated Subsidiaries 7, Affiliates 2

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

Fiscal Year	Total Revenues	Income before Income Taxes	Net Income
March 31, 2005	760,000	109,000	60,000

Note: Basic Earnings Per Share is forecasted to be JPY 716.92.

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Group Position

The ORIX Group consists of ORIX Corporation, 200 subsidiaries and 74 affiliates, and is developing various operations.

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 finance

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, ORIX Auto Leasing Corporation, IFCO Inc., Nittetsu Lease Co., Ltd.

(2) Equipment operating leases

This business principally comprises the rental of precision measuring equipment and personal computers to corporate customers as well as automobile rental operations.

[Main related companies]

ORIX Rentec Corporation, ORIX Rent-A-Car Corporation

(3) 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), and REITs.

[Main related companies]

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

(4) Real estate

This business consists principally of condominium development and office rental activities as well as the operation of such facilities as hotels, employee dormitories, and training facilities.

[Main related companies]

ORIX Corporation, ORIX Estate Corporation, ORIX Real Estate Corporation

(5) 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

(6) Other

The other segment encompasses securities transactions, venture capital operations, consumer card loan operations, 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

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, ORIX Real Estate Equities, Inc., ORIX Financial Services, Inc., ORIX Capital Markets, LLC, Stockton Holdings Limited

(2) Asia and Oceania

Principal businesses in Asia and Oceania involve direct financing leases, operating leases for precision measuring equipment and transportation equipment, corporate lending, and securities investment.

[Main related companies]

ORIX Investment and Management Private Limited, ORIX Asia Limited, ORIX Australia Corporation Limited,

ORIX Taiwan Corporation, PT. ORIX Indonesia Finance, ORIX Leasing Malaysia Berhad, ORIX Leasing Pakistan Limited,

ORIX Leasing Singapore Limited, INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

(3) Europe

Principal businesses in Europe center on aircraft operating leases, corporate loans, and securities investments.

[Main related companies]

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Summary of Consolidated Financial Results

Management Policies

Objectives

ORIX has continued to provide value-added financial products and services to meet its customers' needs. As the services that customers demand have diversified, we have increased the number and quality of the financial solutions that we provide. As a result, ORIX's financial services have expanded from leasing, rentals and lending to include life insurance, real estate finance and development, and investment banking activities. As new business opportunities arise in the future, we plan to build on our accumulated knowledge and experience to continue to provide creative and innovative value-added financial solutions.

ORIX aims to achieve the optimum growth in long-term shareholder value and contribute to society by taking the lead in discovering customers' needs in order to provide new value-added financial services. This is the basis of ORIX's management philosophy and we will further strive to focus on areas that fully utilize the specialization of the entire ORIX Group in order to meet our customers' needs.

ORIX has placed primary importance on profitability by carefully selecting businesses and concentrating its resources to achieve maximum growth in shareholder value. However, in the Japanese financial market, it is quite difficult to achieve a level of risk-adjusted return that is comparable to global standards. In light of this, ORIX is striving to increase the efficiency of its asset-based business and is concentrating more of its resources on investment banking activities with the goal of improving profitability.

Dividend Policy

We believe we should use retained earnings mainly to invest in new growth opportunities as we strive to achieve returns for shareholders by increasing our corporate value over the long run.

Unit Shares

ORIX's basic policy is to periodically review the number of common shares that make up one trading unit in order to promote broad participation by investors. With regards to the number of shares that make one unit, ORIX will consider demands from the market and weigh the costs and benefits associated with any changes to the present trading unit.

Corporate Governance

ORIX has strengthened its corporate governance structure in order to more objectively ensure that business activities are being carried out to maximize shareholder value. For example, ORIX established an Advisory Board in 1997 made up of experienced individuals from outside the Company, introduced a Corporate Executive Officer system in 1998, and welcomed independent directors to the Board and set up the Executive Nomination and Compensation Committee in 1999. In order to take further steps to strengthen its corporate governance structure, ORIX received approval from shareholders at the 40th Annual General Meeting of Shareholders in 2003 to adopt a Company with Committees' board model, which became possible on April 1, 2003 as a result of revisions to the Japanese Commercial Code. In addition, ORIX believes that compliance is a foundation of strong corporate governance and continues to strengthen its compliance based on the spirit of EC21, which is our guide to continue to be an Excellent Company in the 21st Century. We are actively promoting our Corporate Action Principles and Employee Action Principles as part of compliance.

Table of Contents**Financial Results****1. Fiscal Year Ended March 31, 2004****Economic Environment**

Although the world economy was unstable in the first part of the fiscal year ended March 31, 2004, from the middle of this fiscal year, we began to see signs of a global economic recovery. In the United States, tax breaks and loose monetary policy helped boost consumer consumption and spending on housing, while capital expenditures also increased helping to spur the economy. In Europe, external demand supported modest recovery, while Asia experienced strong economic growth thanks to exports against the backdrop of continued economic growth in China and recovery in demand in information technology-related industries. In Japan, strong export growth combined with the effects of corporate restructuring helped to raise corporate profits, and we also saw some signs of an improvement in consumer spending. An increase in stock prices and signs of an end to falling property prices in some areas of Tokyo were indications that Japan's long period of economic stagnation may be coming to an end.

Financial Highlights

Income before Income Taxes*	102,157 million yen (Up 126% year on year)
Net Income	54,020 million yen (Up 79% year on year)
Earnings Per Share (Basic)	645.52 yen (Up 79% year on year)
Earnings Per Share (Diluted)	607.52 yen (Up 78% year on year)
Shareholders Equity Per Share	6,739.64 yen (Up 12% year on year)
ROE	10.1% (March 31, 2003: 6.0%)
ROA	0.93% (March 31, 2003: 0.49%)

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

Revenues: 720,773 million yen (Up 6% year on year)

Revenues from direct financing leases and interest on loans and investment securities fell compared to the previous year as a result of a lower balance of assets as we maintained strict credit evaluations and continued to focus on the profitability of each transaction. Life insurance premiums and related investment income were also down due to the continued shift to insurance-only life insurance products. On the other hand, revenues from operating leases increased due to improvements in our precision measuring equipment rental and automobile rental businesses, while gains on sales of real estate under operating leases also increased. In addition, residential condominium sales increased due to the increase in the number of condominiums sold to buyers. Brokerage commissions in brokerage commissions and net gains on investment securities also increased as a result of improvements in the stock markets in Japan and net gains on the sale of investment securities rose due to improved stock and bond markets in Japan and the United States. We also saw growth in other operating revenues due to increases in contributions from building maintenance operations and from the revenues from companies in which we have invested as part of our corporate rehabilitation business. As a result, revenues increased 6% to 720,773 million yen compared with the previous fiscal year.

Expenses: 635,998 million yen (Down 1% year on year)

In addition to a decline of 38,337 million yen in write-downs of long-lived assets, interest expense

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declined due mainly to lower levels of operating assets and the resulting lower levels of debt in Japan and overseas. In addition, life insurance costs fell in line with the decline in revenues, while provision for doubtful receivables and probable loan losses and write-downs of securities declined. Depreciation operating leases increased as a result of an increase in investment in operating leases, and costs of residential condominium sales and other operating expenses rose in line with the increase in revenues. Selling, general and administrative expenses rose due mainly to the increase in the number of consolidated companies. These factors contributed to a decrease in overall expenses of 1% year on year to 635,998 million yen.

Net Income: 54,020 million yen (Up 79% year on year)

Operating income was 84,775 million yen, an increase of 129% over the previous fiscal year. Equity in net income of affiliates increased 189% to 17,924 million yen due in large part to the contribution from Korea Life Insurance Co., Ltd., which included the recognition of certain deferred tax assets (refer to page 7, 5. Additional Information). As a result, income before income taxes rose 126% to 102,157 million yen and net income increased 79% to 54,020 million yen compared with the previous fiscal year.

Operating Assets: 4,849,194 million yen (Down 6% year on year)

As a result of the careful selection of new assets, the sale of some assets and the appreciation of the Japanese yen against the U.S. dollar, operating assets declined 6% to 4,849,194 million yen compared with March 31, 2003.

Segment Information (Profits refer to income before income taxes)**Operations in Japan**

Corporate Finance: The automobile leasing operations continued to perform well during the fiscal year, however, profits were down to 43,787 million yen compared to 44,158 million yen in the previous fiscal year as a result of fewer gains from securitization.

Equipment Operating Leases: Segment profits increased to 9,342 million yen compared to 4,402 million yen in the previous fiscal year due to improved profitability of the precision measuring and other equipment rental operations.

Real Estate-Related Finance: The segment saw a continued strong contribution from consumer housing loans and corporate loans, including non-recourse loans, while the loan servicing operations also made contributions. However, 3,174 million yen of gains from the listing and sale of shares in a J-REIT were recorded in the previous fiscal year and profits decreased to 18,102 million yen compared to 19,572 million yen in the previous fiscal year.

Real Estate: Revenues from condominium development and building maintenance continued to grow. In addition, gains from the sale of office buildings under operating leases contributed to earnings. In the fiscal year ended March 31, 2003, we also recorded 50,682 million yen in write-downs of certain real estate assets. As a result, profits in the fiscal year ended March 31, 2004 were 6,244 million yen compared to a loss of 39,441 million yen in the previous fiscal year.

Life Insurance: Life insurance premiums and related investment income were lower as a result of the continued shift to insurance-only life insurance products, but life insurance costs for policy reserves and related expenses also declined, resulting in an increase in profits to 5,382 million yen from 4,791 million yen in the previous fiscal year.

Other: The consumer card loan operations continued to contribute to earnings. The securities brokerage business also benefited from improvements in the Japanese stock markets, while both venture capital

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operations and equity method affiliates contributed to earnings. As a result, profits rose to 10,079 million yen compared to 8,452 million yen in the previous fiscal year.

Overseas Operations

The Americas: Segment profits improved to 7,601 million yen compared to 1,332 million yen in the previous fiscal year due largely to fewer write-downs of securities and lower provision for doubtful receivables and probable loan losses.

Asia and Oceania: Contributions from automobile leasing and corporate lending of a number of companies in the region, in addition to an increase in equity in net income of affiliates from Korea Life Insurance Co., Ltd. (refer to page 7, 5. Additional Information), resulted in a rise in segment profits to 17,848 million yen compared to 9,765 million yen in the same period of the previous fiscal year.

Europe: A segment loss of 1,252 million yen was recorded compared to a loss of 736 million yen in the previous fiscal year due largely to the recording of losses on certain equity method investments.

2. Summary of Cash Flows (Fiscal Year Ended March 31, 2004)

Cash and cash equivalents decreased by 26% or 52,442 million yen, to 152,235 million yen compared to March 31, 2003 due primarily to the repayment of debt.

Cash flows from operating activities declined by 57,338 million yen to 152,812 million yen in this fiscal year compared to 210,150 million yen in the previous fiscal year. The major items resulting in this decline were write-downs of long-lived assets, which added 50,682 million yen to cash flows in the previous fiscal year compared to 12,345 million yen in this fiscal year, and a decrease in policy liabilities which reduced cash flows by 15,771 million yen in this fiscal year compared to an increase of 5,889 million yen in the previous fiscal year.

Cash flows from investing activities decreased by 58,972 million yen to 123,978 million yen compared to 182,950 million yen in the previous fiscal year. While cash outflows for the purchase of lease equipment, installment loans made to customers, and the purchase of available for sale securities all declined as a result of lower business volumes, inflows also declined due primarily to a decrease of net proceeds from securitization of lease and loan receivables, and a reduction in proceeds from sales of available-for-sale securities.

542,040 million yen was used in cash flows from financing activities in the previous fiscal year, while 328,284 million yen was used in the current fiscal year due to the lower level of operating assets and the ensuing repayment of debt.

3. Summary of Fourth Quarter (Three Months Ended March 31, 2004)

In the fourth quarter of the fiscal year ended March 31, 2004, revenues increased by 18,807 million yen compared with the fourth quarter of the previous fiscal year to 203,969 million yen. Revenues from direct financing leases and interest on loans and investment securities were lower due to the cautious selection of new assets and the resulting lower level of assets. On the other hand, brokerage commissions and net gains on investment securities increased due to improvement in stock and bond markets in Japan and overseas, residential condominium sales increased due to more condominiums sold to buyers, and other operating revenues rose as a result of growth in building maintenance operations and revenues from companies in which we have invested as part of our corporate rehabilitation business. On the other hand, expenses declined by 16,277 million yen. Costs of residential condominium sales and other operating expenses rose in line with increases in revenues, and selling, general and administrative expenses rose due to the increase in the number of consolidated companies. However, write-downs of long-lived assets declined by

27,874 million yen and write-downs of securities declined by 5,156 million

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yen. There were also declines in interest expense and provisions for doubtful receivables and probable loan losses. As a result, operating profits in the fourth quarter of the fiscal year ended March 31, 2004 were up 35,084 million yen to 17,181 million yen, income before income taxes was up 35,839 million yen to 20,465 million yen and net income was up 13,097 million yen to 8,128 million yen.

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

For the fiscal year ending March 31, 2005, we forecast revenues of 760,000 million yen (up 5% compared with the fiscal year ended March 31, 2004), income before income taxes of 109,000 million yen (up 7%), and net income of 60,000 million yen (up 11%).

5. Additional Information

Equity in net income of affiliates for the fiscal year ended March 31, 2004 included 10,047 million yen from Korea Life Insurance Co., Ltd., or KLI. This amount included ORIX's proportionate interest in the ordinary operating results of KLI and our proportionate interest in the recognition of deferred tax assets of 5,380 million yen attributable to a change in tax rules in Korea.

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

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

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Consolidated Financial Highlights
(For the Years Ended March 31, 2004 and 2003)
(Unaudited)

(millions of JPY, except for per share data)

	Year ended March 31, 2004	Year -on- year Change	Year ended March 31, 2003	Year -on- year Change
Operating Assets				
Investment in Direct Financing Leases	1,453,575	92%	1,572,308	95%
Installment Loans	2,234,940	98%	2,288,039	101%
Investment in Operating Leases	536,702	101%	529,044	111%
Investment in Securities	551,928	81%	677,435	79%
Other Operating Assets	72,049	94%	76,343	31%
Total	4,849,194	94%	5,143,169	93%
Operating Results				
Total Revenues	720,773	106%	681,820	104%
Income before Discontinued Operations, Extraordinary Gain, Cumulative Effect of a change in Accounting Principle and				
Income Taxes	102,157	226%	45,179	62%
Net Income	54,020	179%	30,243	75%
Earnings Per Share				
Net Income				

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Condensed Consolidated Statements of Income
(For the Years Ended March 31, 2004 and 2003)
(Unaudited)

	(millions of JPY, millions of US\$)				
	Year ended March 31, 2004	Year -on- year Change (%)	Year ended March 31, 2003	Change (%)	Year-on-year U.S. dollars March 31, 2004
Total Revenues:	720,773	106	681,820	104	6,820
Direct Financing Leases	112,372	91	122,928	101	1,063
Operating Leases	130,488	106	122,526	103	1,235
Gains on Sales of Real Estate under Operating Leases	9,116	280	3,257	475	86
Interest on Loans and Investment Securities	116,744	89	131,590	108	1,105
Brokerage Commissions and Net Gains on Investment Securities	26,025	240	10,857	59	246
Life Insurance Premiums and Related Investment Income	134,212	97	138,511	91	1,270
Residential Condominium Sales	98,034	138	71,165	123	928
Interest Income on Deposits	884	168	526	38	8
Other Operating Revenues	92,898	115	80,460	126	879
Total Expenses:	635,998	99	644,846	110	6,018
Interest Expense	60,597	84	71,846	80	573
Depreciation Operating Leases	83,919	105	79,993	104	794
Life Insurance Costs	119,653	95	125,684	90	1,132
Costs of Residential Condominium Sales	88,679	146	60,769	123	839
Other Operating Expenses	52,561	127	41,359	140	497
Selling, General and Administrative Expenses	161,835	112	144,271	114	1,532
Provision for Doubtful Receivables and Probable Loan Losses	49,592	91	54,706	107	469
Write-downs of Long-Lived Assets	12,345	24	50,682	1866	117
Write-downs of Securities	5,240	37	14,325	73	50
Foreign Currency Transaction Loss, Net	1,577	130	1,211		15
Operating Income	84,775	229	36,974	51	802

Equity in Net Income of Affiliates	17,924	289	6,203		170
Gain (Loss) on Sales of Affiliates	(542)		2,002	1,682	(5)
	<u> </u>				
Income before Discontinued Operations, Extraordinary Gain, Cumulative Effect of a Change in Accounting Principle and Income Taxes	<u>102,157</u>	<u>226</u>	<u>45,179</u>	<u>62</u>	<u>967</u>
Provision for Income Taxes	<u>51,538</u>	<u>248</u>	<u>20,746</u>	<u>64</u>	<u>488</u>
	<u> </u>				
Income before Discontinued Operations, Extraordinary Gain and Cumulative Effect of a Change in Accounting Principle	<u>50,619</u>	<u>207</u>	<u>24,433</u>	<u>62</u>	<u>479</u>
Discontinued Operations					
Income from Discontinued Operations, Net (including gains on sales of JPY3,747 million in fiscal 2004)	4,713		1,109		45
Provision for Income Taxes	(1,921)		(450)		(19)
	<u> </u>				
Discontinued Operations, Net of Applicable Tax Effect	<u>2,792</u>	<u>424</u>	<u>659</u>	<u>153</u>	<u>26</u>
Extraordinary Gain, Net of Applicable Tax Effect	609	19	3,214		6
Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect			1,937	1,456	
	<u> </u>				
Net Income	<u>54,020</u>	<u>179</u>	<u>30,243</u>	<u>75</u>	<u>511</u>

Note: 1. The Company recognized an Extraordinary Gain, Net of Applicable Tax Effect in the years ended March 31, 2004 and 2003 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).

- 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 the Cumulative Effect of a Change in Accounting Principle, Net of Applicable Tax Effect.
- Gains on Sales of Real Estate under Operating Leases was reclassified as a separate account from this fiscal year. In addition, Gains on Sales of Real Estate under Operating Leases that had been included in Operating

Leases in the previous fiscal year has been reclassified to conform to this year.

4. Net income from sales of real estate under operating leases that is considered to be discontinued operation was reclassified as Discontinued Operations. Accordingly, certain amounts in the previous fiscal year have been reclassified to conform to the presentation in this fiscal year.

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Condensed Consolidated Statements of Income

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

			(millions of JPY, millions of US\$)	
	Three Months ended March	Year-on-Year Change	Three Months ended March	U.S. dollars