

ORIX CORP  
Form 6-K  
November 07, 2007  
Table of Contents

---

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

---

## FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 OF

THE SECURITIES EXCHANGE Act of 1934

For the month of November, 2007.

---

## ORIX Corporation

(Translation of Registrant's Name into English)

---

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

Tokyo, 108-0014, JAPAN

(Address of Principal Executive Offices)

---

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

Form 20-F  Form 40-F

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

Yes  No

**Table of Contents**

**Table of Documents Filed**

|  | <b>Page</b> |
|--|-------------|
| 1. <u>ORIX's Interim Consolidated Financial Results (April 1, 2007 – September 30, 2007) filed with the Tokyo Stock Exchange on Tuesday, November 6, 2007.</u> |             |

**Table of Contents**

**SIGNATURES**

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

**ORIX Corporation**

Date: November 6, 2007

By /s/ Yasuhiko Fujiki

Yasuhiko Fujiki  
Director  
President, Chief Operating Officer and Chief Financial Officer  
ORIX Corporation

---

**Table of Contents**

---

**Consolidated Financial Results**

**April 1, 2007 September 30, 2007**

---

November 6, 2007

*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 115.43 to \$1.00, the approximate exchange rate prevailing at September 30, 2007.*

*These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under Risk Factors in the Company's annual report on Form 20-F filed with the United States Securities and Exchange Commission and under 4.Business Risks of the Summary of Consolidated Financial Results herein.*

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

**For further information please contact:**

**Corporate Communications**

**ORIX Corporation**

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

**JAPAN**

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

**E-mail: [yui\\_takamatsu@orix.co.jp](mailto:yui_takamatsu@orix.co.jp)**

**Table of Contents****Consolidated Financial Results from April 1, 2007 to September 30, 2007**

(U.S. GAAP Financial Information for ORIX Corporation and its Subsidiaries)

Corporate Name: ORIX Corporation  
Listed Exchanges: Tokyo Stock Exchange (Securities No. 8591)  
Osaka Securities Exchange  
New York Stock Exchange (Trading Symbol : IX)  
Head Office: Tokyo JAPAN  
Tel: +81-3-5419-5102  
(URL [http://www.orix.co.jp/grp/ir\\_e/ir\\_index.htm](http://www.orix.co.jp/grp/ir_e/ir_index.htm))

**1. Performance Highlights for the Six Months Ended September 30, 2007 and 2006, and the Year Ended March 31, 2007****(1) Performance Highlights - Operating Results (Unaudited)**

|                    | Total Revenues | Year-on-Year Change | Operating Income | Year-on-Year Change | Income before Income Taxes*2 | Year-on-Year Change | Net Income | Year-on-Year Change |
|--------------------|----------------|---------------------|------------------|---------------------|------------------------------|---------------------|------------|---------------------|
| September 30, 2007 | 568,064        | 3.1%                | 97,961           | (26.7%)             | 128,536                      | (14.2%)             | 92,008     | 0.7%                |
| September 30, 2006 | 550,786        | 24.9%               | 133,697          | 16.9%               | 149,870                      | 13.7%               | 91,326     | 8.8%                |
| March 31, 2007     | 1,138,934      | 22.8%               | 281,733          | 31.8%               | 315,641                      | 26.9%               | 196,506    | 18.1%               |

|                    | Basic Earnings Per Share | Diluted Earnings Per Share |
|--------------------|--------------------------|----------------------------|
| September 30, 2007 | 1,006.25                 | 981.15                     |
| September 30, 2006 | 1,014.29                 | 977.73                     |
| March 31, 2007     | 2,177.10                 | 2,100.93                   |

1. Equity in Net Income of Affiliates was a net gain of JPY 24,520 million for the six months ended September 30, 2007, a net gain of JPY 15,017 million for the six months ended September 30, 2006, and a net gain of JPY 31,946 million for the year ended March 31, 2007.

**\*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 Income Taxes, Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain.

**(2) Performance Highlights - Financial Position (Unaudited)**

|                    | Total Assets | Shareholders Equity | Shareholders Equity Ratio | Shareholders Equity Per Share |
|--------------------|--------------|---------------------|---------------------------|-------------------------------|
| September 30, 2007 | 8,878,006    | 1,266,994           | 14.3%                     | 13,832.97                     |
| September 30, 2006 | 7,633,915    | 1,034,339           | 13.5%                     | 11,470.78                     |
| March 31, 2007     | 8,207,187    | 1,194,234           | 14.6%                     | 13,089.83                     |

**(3) Performance Highlights - Cash Flows (Unaudited)**

Edgar Filing: ORIX CORP - Form 6-K

|                    | Cash Flows<br>from Operating Activities | Cash Flows<br>from Investing Activities | Cash Flows<br>from Financing Activities | Cash and Cash Equivalents<br>at End of Period |
|--------------------|---|---|---|---|
| September 30, 2007 | 2,027                                   | (557,731)                               | 595,735                                 | 254,705                                       |
| September 30, 2006 | 165,962                                 | (520,853)                               | 252,904                                 | 143,971                                       |
| March 31, 2007     | 226,128                                 | (802,278)                               | 545,014                                 | 215,163                                       |

**2. Dividends for the Years Ended March 31, 2007 (Unaudited)**

|                | Dividends Per Share |
|----------------|---------------------|
| March 31, 2007 | 130.00              |

**3. Forecasts for the Year Ending March 31, 2008 (Unaudited)**

| Fiscal Year    | Total Revenues | Year-on-Year Change | Income before Income Taxes*2 | Year-on-Year Change | Net Income | Year-on-Year Change | Basic Earnings Per Share |
|----------------|----------------|---------------------|------------------------------|---------------------|------------|---------------------|--------------------------|
| March 31, 2008 | 1,216,000      | 6.8%                | 353,000                      | 11.8%               | 202,500    | 3.1%                | 2,210.88                 |

**4. Other Information**

(1) **Changes in Significant Consolidated Subsidiaries** Yes ( ) No ( x )

(2) **Changes in Accounting Principles, Procedures and Disclosures**

1. Changes due to adoptions of new accounting standards Yes ( x ) No ( )  
 2. Other than those above Yes ( ) No ( x )

(3) **Number of Outstanding Shares (Ordinary Shares)**

- The number of outstanding shares, including treasury shares, was 91,843,773 as of September 30, 2007, 90,497,813 as of September 30, 2006, and 91,518,194 as of March 31, 2007.
- The number of treasury shares was 251,411 as of September 30, 2007, 326,211 as of September 30, 2006, and 284,484 as of March 31, 2007.

**Table of Contents****[Summary of Consolidated Financial Results]**

|                                      |  |
|--------------------------------------|--|
| <b>Income before Income Taxes*</b>   | <b>128,536 million yen (Down 14% year on year)</b> |
| <b>Net Income</b>                    | <b>92,008 million yen (Up 1% year on year)</b>     |
| <b>Earnings Per Share (Basic)</b>    | <b>1,006.25 yen (Down 1% year on year)</b>         |
| <b>Earnings Per Share (Diluted)</b>  | <b>981.15 yen (Up 0% year on year)</b>             |
| <b>Shareholders Equity Per Share</b> | <b>13,832.97 yen (Up 6% on March 31, 2007)</b>     |
| <b>ROE (Annualized)</b>              | <b>15.0% (September 30, 2006: 18.4%)</b>           |
| <b>ROA (Annualized)</b>              | <b>2.15% (September 30, 2006: 2.46%)</b>           |

\* Income before income taxes refers to income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain.

**1. Analysis of Financial Highlights****1-1. Financial Highlights for the Six Months Ended September 30, 2007****Economic Environment**

The world economy as a whole has continued to recover and expand, in spite of concerns caused by the U.S. subprime mortgage loan problem. The U.S. economy showed signs of gradual economic recovery, despite concerns regarding the decrease in residential investment, supported by weak yet improving consumer spending and employment. The European economy continued its recovery trend, backed by an expansion in capital investment and steady consumer spending. In Asia, the Chinese economy, with the upcoming Beijing Olympics, continued to record high growth, and other countries across Asia also showed signs of economic expansion despite political instability in certain areas.

The Japanese economy maintained its trend of gradual economic recovery, despite the economic instability caused by the rise in oil prices, due to the expansion of private capital investment and improvement in employment levels stemming from strong corporate earnings.

Under the foregoing circumstances, financial highlights for the six months ended September 30, 2007 are as follows. Furthermore, the U.S. subprime mortgage loan problem had no direct impact on the Company, and the indirect effect on the Company as a result of the turmoil caused in the financial markets was limited.

**Overview of Business Performance (April 1, 2007 to September 30, 2007)****Revenues: 568,064 million yen (Up 3% year on year)**

Revenues increased 3% to 568,064 million yen compared with the same period of the previous fiscal year. Although revenues from direct financing leases, brokerage commissions and net gains on investment securities, real estate 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, life insurance premiums and related investment income and other operating revenues were up compared to the same period of the previous fiscal year.

Revenues from direct financing leases decreased 17% to 38,744 million yen compared to the same period of the previous fiscal year. In Japan, revenues from direct financing leases were down 19% to 25,981 million yen compared to 32,049 million yen in the same period of the previous fiscal year due to a lower level of operating assets resulting from securitizations made in the previous fiscal year, in addition to decreases in revenues from cancellations and revenues from sales of direct financing lease assets and decrease in gains from securitizations. Overseas, revenues were down 13% to 12,763 million yen compared to 14,704 million yen in the same period of the previous fiscal year due primarily to the lower level of operating assets.

---

**Table of Contents**

Revenues from operating leases increased 19% to 145,544 million yen compared to the same period of the previous fiscal year. In Japan, revenues were up 14% to 106,226 million yen compared to 93,004 million yen in the same period of the previous fiscal year due to an expansion in automobile, real estate operating leases and precision measuring and other equipment rental operations. Overseas, revenues were up 33% to 39,318 million yen compared to 29,498 million yen in the same period of the previous fiscal year due to an expansion of automobile operating leases in the Asia, Oceania and Europe segment.

Revenues from interest on loans and investment securities increased 19% to 112,498 million yen compared to the same period of the previous fiscal year. In Japan, interest on loans and investment securities increased 24% to 89,214 million yen compared to 71,828 million yen in the same period of the previous fiscal year due primarily to an expansion of loans to corporate customers, including non-recourse loans, as well as a contribution to revenues from the loan servicing operations. Overseas, revenues were up 1% to 23,284 million yen compared to 22,974 million yen in the same period of the previous fiscal year due to an expansion of loans to corporate customers, despite a decrease in revenues from interest on investment securities recorded in the second quarter of the previous fiscal year in The Americas segment.

Revenues from brokerage commissions and net gains on investment securities decreased 19% to 15,047 million yen compared to the same period of the previous fiscal year. Although brokerage commissions increased 4% year on year, net gains on investment securities decreased 25% year on year due to a decrease in revenues from the venture capital operations and a decrease in revenues from our securities investment operations in The Americas segment.

Although life insurance premiums were flat year on year, revenues from life insurance premiums and related investment income were up 1% year on year to 64,149 million yen due to an increase in life insurance related investment income.

Although real estate sales were recorded in the Oceania region, real estate sales decreased 40% year on year to 40,592 million yen due mainly to a decrease in the number of condominiums sold to buyers in Japan compared to the same period in the previous fiscal year.

Gains on sales of real estate under operating leases were down 52% year on year to 5,839 million yen due to a decrease in gains on sales of office buildings and other real estate under operating leases not classified under discontinued operations (refer to (Note 1) below).

Other operating revenues increased 17% year on year to 145,651 million yen. In Japan, revenues were up 18% to 116,158 million yen compared to 98,805 million yen in the same period of the previous fiscal year due mainly to an increase in revenues associated with real estate management operations including golf courses and training facilities, and contributions from the beginning of this fiscal year from companies in which we invested in the previous fiscal year, as well as an expansion of revenues from the integrated facilities management operations and its related services. Overseas, revenues increased 15% to 29,493 million yen compared to 25,548 million yen in the same period of the previous fiscal year due to the recognition of ship-related revenues in the Asian region.

---

Note 1: Subsidiaries, business units, and certain rental properties sold or to be disposed of by sale without significant continuing involvements are reported under discontinued operations and the related amounts that had been previously reported have been reclassified retroactively.

**Expenses: 470,103 million yen (Up 13% year on year)**

Expenses increased 13% to 470,103 million yen compared with the same period of the previous fiscal year. Although interest expense, costs of operating leases, other operating expenses, selling, general and administrative expenses, provision for doubtful receivables and probable loan losses and write-downs of securities increased, life insurance costs and costs of real estate sales were down year on year.



---

**Table of Contents**

Interest expense was up 38% year on year to 51,796 million yen due mainly to an increase in Japan. In Japan, interest expense increased 57% year on year due to higher interest rates as well as higher average debt levels. Overseas, interest expense increased 14% year on year due mainly to higher interest rates.

Costs of operating leases were up 22% year on year to 92,506 million yen accompanying the increase in operating lease assets.

Life insurance costs were down 3% year on year to 55,835 million yen.

Costs of real estate sales were down 33% year on year to 36,647 million yen along with the decrease in real estate sales.

Other operating expenses were up 27% year on year to 82,358 million yen accompanying the increase in other operating revenues.

Selling, general and administrative expenses were up 12% year on year to 133,078 million yen due to an increase in general and administrative expenses for write-downs of intangible assets, in addition to recorded expenses associated with companies in which we invested in the previous fiscal year from the beginning of this fiscal year, and expenses associated with the expansion of existing operations.

Provision for doubtful receivables and probable loan losses almost quadrupled year on year to 14,132 million yen due to some reversals of the provision for doubtful receivables and probable loan losses in the same period of the previous fiscal year, in addition to factors including an increase in installment loans.

There were no write-downs of long-lived assets recorded in the first half of this fiscal year.

Write-downs of securities were up 75% year on year to 3,757 million yen.

**Net Income: 92,008 million yen (Up 1% year on year)**

Operating income was down 27% year on year to 97,961 million yen due to the reasons noted above.

Equity in net income of affiliates increased 63% to 24,520 million yen due to an increase in profits from equity method affiliates both in Japan and overseas, and an increase in earnings from investments in residential condominiums developed through certain joint ventures.

Gains on sales of subsidiaries and affiliates and liquidation losses more than quintupled year on year to 6,055 million yen, due to gains on sales of affiliates mainly in the Asian region.

As a result, income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain decreased 14% year on year to 128,536 million yen.

Minority interests in earnings of subsidiaries, net increased 33% year on year to 2,310 million yen.

Income from continuing operations decreased 14% year on year to 74,402 million yen.

Discontinued operations (refer to (Note 1) on page 2), net of applicable tax effect more than quadrupled year on year to 17,606 million yen due mainly to gains on sales of real estate under operating leases in Japan.

As a result of the foregoing changes, net income increased 1% year on year to 92,008 million yen.

---

**Table of Contents**

**Segment Information**

Segment profits (refer to (Note 2) below) declined for the Corporate Financial Services, Automobile Operations, Real Estate-Related Finance, Life Insurance, and The Americas segments; and increased for the Rental Operations, Real Estate, Other and Asia, Oceania and Europe segments compared to the same period of the previous fiscal year.

The results of the reported segments from the first quarter of this fiscal year reflect the revised business classification of the Company. Accordingly, leasing operations of the affiliates, which had been included in the Other segment, have been included in the Corporate Financial Services segment from the first quarter of this fiscal year (refer to (Note 1) below on page 16 of the Segment Information).

Note 2: The Company evaluates the performance of its segments based on income before income taxes as well as results of discontinued operations before applicable tax effect and minority interests in earnings of subsidiaries. Tax expenses are not included in segment profits.

**Operations in Japan**

**Corporate Financial Services Segment:**

Segment revenues were up 9% year on year to 63,021 million yen due primarily to an expansion of loans to corporate customers, despite the decrease in gains from securitizations.

Segment profits decreased 41% to 17,313 million yen compared to 29,534 million yen in the same period of the previous fiscal year, despite an increase in segment revenues, due to increases in interest expense and provision for doubtful receivables and probable loan losses, where some reversals were recognized in the same period of the previous fiscal year, in addition to the recognition of write-downs of intangible assets and a decrease in gains from securitizations.

Segment assets increased 9% on March 31, 2007 to 2,026,447 million yen due to the expansion of loans to corporate customers.

**Automobile Operations Segment:**

Segment revenues increased 7% year on year to 76,905 million yen due to an increase in revenues from operating leases, despite a decrease in revenues from direct financing leases in the automobile leasing operations.

Segment profits decreased 7% to 12,395 million yen compared to 13,386 million yen in the same period of the previous fiscal year due to an increase in expenses accompanying an increase in revenues from operating leases, in addition to an increase in interest expenses and selling, general and administrative expenses, including advertisement costs.

Segment assets increased 5% on March 31, 2007 to 538,793 million yen due to an expansion of operating lease assets.

**Rental Operations Segment:**

Segment revenues were up 16% year on year to 37,524 million yen due to an increase in revenues from operating leases including precision measuring and other equipment.

Segment profits increased 51% to 5,896 million yen compared to 3,897 million yen in the same period of the previous fiscal year, as there were no losses on the sale of investment securities, which were recorded in the same period of the previous fiscal year, and due to an increase in segment revenues.

Segment assets decreased 2% on March 31, 2007 to 118,950 million yen due to a decrease in investment in direct financing leases, despite an increase in operating lease assets.



## **Table of Contents**

### **Real Estate-Related Finance Segment:**

Segment revenues increased 17% year on year to 44,627 million yen due to an expansion of revenues associated with corporate loans, including non-recourse loans, despite a decrease in revenues from real estate sales and gains from securitizations.

Segment profits decreased 3% to 20,405 million yen compared to 21,021 million yen in the same period of the previous fiscal year, despite an increase in segment revenues, due to a decrease in gains from real estate sales and gains from securitizations, in addition to the increases in interest expense and provision for doubtful receivables and probable loan losses, where some reversals were recognized in the same period of the previous fiscal year.

Segment assets increased 20% on March 31, 2007 to 1,824,442 million yen due to an increase in corporate loans, including non-recourse loans.

### **Real Estate Segment:**

Segment revenues decreased 1% year on year to 140,359 million yen due to a decrease in real estate sales as a result of a decrease in the number of condominiums sold to buyers, despite an increase in revenues associated with real estate rental activities, including office buildings, and management operations, including golf courses and training facilities, and an increase in gains from sales of real estate under operating leases.

Segment profits increased 32% to 41,010 million yen compared to 31,129 million yen in the same period of the previous fiscal year due mainly to an increase in gains on sales of real estate under operating leases, in addition to an increase in the contribution from residential condominiums developed through certain joint ventures which were accounted for by the equity method. The total number of condominiums sold to buyers was 1,545 units in the first half of this fiscal year compared with 1,972 units in the first half of the previous fiscal year.

Segment assets increased 7% on March 31, 2007 to 962,998 million yen due mainly to an expansion of operating assets, including operating lease assets.

### **Life Insurance Segment:**

Although revenues from life insurance premiums were flat year on year, segment revenues were up 1% year on year to 64,149 million yen, due to an increase in life insurance related investment income.

Segment profits decreased 12% to 2,983 million yen compared to 3,379 million yen in the same period of the previous fiscal year due to an increase in provision for doubtful receivables and probable loan losses, where some reversals were recognized in the same period of the previous fiscal year, despite an increase in segment revenues.

Segment assets increased 1% on March 31, 2007 to 513,624 million yen.

### **Other Segment:**

Although revenues from venture capital operations decreased, segment revenues increased 5% year on year to 59,583 million yen due to contributions from the beginning of this fiscal year from companies in which we invested in the previous fiscal year.

Segment profits increased 16% to 21,415 million yen compared to 18,432 million yen in the same period of the previous fiscal year due to an increase in contributions from equity method affiliates in Japan.

Segment assets increased 1% on March 31, 2007 to 778,789 million yen.

---

**Table of Contents**

**Overseas Operations**

**The Americas Segment:**

Segment revenues decreased 8% year on year to 51,732 million yen due to a decrease in one-off contributions made by gains on investment securities and interest on investment securities in the second quarter of this fiscal year, which were recorded in the second quarter of the previous fiscal year, despite an increase in revenues associated with corporate loans and an increase in gains from the sale of real estate under operating leases. Furthermore, as mentioned under the above item Economic Environment, the U.S. subprime mortgage loan problem had no direct impact, and the indirect effect was limited.

Segment profits decreased 38% to 11,118 million yen compared to 17,922 million yen in the same period of the previous fiscal year accompanying a decrease in segment revenues.

Segment assets increased 4% on March 31, 2007 to 507,633 million yen due mainly to an increase in corporate loans.

**Asia, Oceania and Europe Segment:**

Segment revenues were up 37% year on year to 64,873 million yen due to an expansion of operating leases, including automobile leasing, and the recognition of real estate sales and ship-related revenues.

Segment profits increased 47% to 26,397 million yen compared to 17,926 million yen in the same period of the previous fiscal year due to an increase in segment revenues, in addition to an increase in contributions from equity method affiliates. Furthermore, there was a recognition of gains on sales of affiliates.

Segment assets were down 7% on March 31, 2007 to 583,761 million yen, due to a decrease in investment in affiliates, despite an increase in investment in direct financing leases and operating lease assets.

**Summary of Second Quarter (Three Months Ended September 30, 2007)**

In the second quarter of this fiscal year revenues increased 3,758 million yen year on year.

Revenues from direct financing leases were down compared to the second quarter of the previous fiscal year due to a decrease in operating assets and reduced contribution from gains on securitizations. Revenues from operating leases and interest on loans and investment securities were up due to an increase in operating assets compared to the second quarter of the previous fiscal year. Brokerage commissions and net gains on investment securities were down compared to the second quarter of the previous fiscal year. Although life insurance premiums were flat year on year, life insurance premiums and related investment income were down compared to the second quarter of the previous fiscal year due to a decrease in life insurance related investment income. Real estate sales decreased year on year due to a decrease in the number of condominiums sold to buyers in the second quarter of this fiscal year compared to the second quarter of the previous fiscal year. Gains on sales of real estate under operating leases were down year on year. Other operating revenues were up year on year due to contributions from newly acquired companies as well as an increase in revenues associated with our real estate management operations, including training facilities and golf courses.

Expenses were up 23,074 million yen compared to the second quarter of the previous fiscal year.

Interest expense was up year on year due to higher average debt levels and higher interest rates. Costs of operating leases were up year on year in line with the increase in operating assets. Life insurance costs were down compared with the second quarter of the previous fiscal year. Costs of real estate sales decreased compared to the second quarter of the previous fiscal year due to the corresponding increase in real estate sales.

Other operating expenses increased compared to the second quarter of the previous fiscal year due to the corresponding increase in other operating revenues. Selling, general and administrative expenses were up year on year as a result of an increase in related expenses associated with an increase in the number of employees as a result of an effort to expand our sales platform primarily in Japan, as well as an increase in expenses from newly acquired companies. Provision for doubtful receivables and probable loan losses increased compared to the second quarter of the previous fiscal year, due to some reversals of the provision for doubtful receivables and probable loan losses in the second quarter of the previous fiscal year, and reflecting an increase in installment loans. There were no write-downs of long-lived assets recorded in the second quarter of this fiscal year. Write-downs of securities increased year on year.



---

**Table of Contents**

The foregoing changes resulted in a decrease in operating income by 19,316 million yen to 45,345 million yen compared with the second quarter of the previous fiscal year.

Equity in net income of affiliates and gains on sales of subsidiaries and affiliates and liquidation loss increased year on year. Income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain decreased by 13,014 million yen to 58,065 million yen.

Minority interests in earnings of subsidiaries of 1,348 million yen were recorded in the second quarter, and as a result, income from continuing operations decreased by 7,660 million yen to 33,362 million yen.

Discontinued operations, net of applicable tax effect added 12,868 million yen and net income in the second quarter of this fiscal year rose by 2,007 million yen to 46,230 million yen compared with net income of 44,223 million yen in the second quarter of the previous fiscal year.

**1-2. Outlook and Forecasts for the Fiscal Year Ending March 31, 2008**

In terms of the business environment for the fiscal year ending March 31, 2008, while overseas the adjustment of the housing market is expected to continue and concerns about an economic slowdown may increase in the U.S., the European economy is expected to remain strong, and the Asian economy, led by China, is also expected to continue to expand. In Japan, a continuation of gradual economic expansion is expected due to a steady trend in capital investments, as well as a moderate increase in interest rates.

Under such economic environment, we have not revised our forecast for the fiscal year ending March 31, 2008, announced on May 10, 2007, of total revenues of 1,216,000 million yen (up 6.8% compared with the fiscal year ended March 31, 2007), income before income taxes of 353,000 million yen (up 11.8%), and net income of 202,500 million yen (up 3.1%).

Although forward-looking statements in this document such as forecasts are attributable to current information available to the Company as well as on assumptions deemed rational, actual financial results may differ materially due to various factors.

The ORIX Group has been diversifying its business expansion into areas centering on its financial service operations, including real estate-related and investment-related operations. Due to the characteristics of these operations, which are affected by changes in economic conditions in Japan and overseas, our operating environment, as well as market trends, it has become difficult to accurately estimate figures, such as earnings forecasts.

Therefore, readers are urged not to place undue reliance on these figures, as they may differ materially from the actual financial results.

Various factors causing these figures to differ materially are discussed, but not limited to, those described under Risk Factors (includes additional items listed on page 9) in the Form 20-F submitted to the U.S. Securities and Exchange Commission.

**Table of Contents****2. Analysis of Financial Condition****2-1. Analysis of Assets, Liabilities, Shareholders' Equity and Cash Flows****Operating Assets: 7,215,127 million yen (Up 9% on March 31, 2007)**

In the first half of this fiscal year, operating assets were up 9% on March 31, 2007 to 7,215,127 million yen. As a result of our selective process in accumulating quality operating assets (assets with appropriate risk and return), investment in direct financing leases was down on March 31, 2007, while installment loans, investment in operating leases, investment in securities and other operating assets increased.

We expect to continue to accumulate quality operating assets including installment loans for the fiscal year ending March 31, 2008.

**Summary of Cash Flows**

Cash and cash equivalents increased by 39,542 million yen to 254,705 million yen compared to March 31, 2007.

Cash flows from operating activities provided 2,027 million yen in the first half of this fiscal year due to the addition of non-cash items to net income, including depreciation and amortization and

provision for doubtful receivables and probable loan losses, despite outflows from increase in loans held for sale and decrease in accrued expenses.

Cash flows from investing activities used 557,731 million yen in the first half of this fiscal year and used 520,853 million yen in the first half of the previous fiscal year due mainly to an increase in outflows associated with the increase in installment loans made to customers, as a result of the expansion of loans to corporate customers, and the increase in purchases of available-for-sale securities.

Cash flows from financing activities provided 595,735 million yen in the first half of this fiscal year and provided 252,904 million yen in the first half of the previous fiscal year due to an increase in debt accompanying the increase in operating assets.

**2-2. Trend in Cash Flow-Related Performance Indicators**

|  | 2006.3    | 2007.3    | 2007.9     |
|--|-----------|-----------|------------|
| Shareholders' Equity Ratio                       | 13.2%     | 14.6%     | 14.3%      |
| Shareholders' Equity Ratio based on Market Value | 45.5%     | 34.1%     | 27.0%      |
| Interest-bearing Debt to Cash Flow Ratio         | 36.2      | 24.3      | 1,504.9    |
| Interest Coverage Ratio                          | 2.3 times | 2.8 times | 0.04 times |

Shareholders' Equity Ratio: Shareholders' Equity/Total Assets

Shareholders' Equity Ratio based on Market Value: Total Market Value of Listed Shares /Total Assets

Interest-bearing Debt to Cash Flow Ratio: Interest-bearing Debt/Cash Flow

Interest Coverage Ratio: Cash Flow/Interest Payments

Note 3: All figures have been calculated under consolidated basis.

Note 4: Total Market Value of Listed Shares has been calculated based on the number of outstanding shares excluding treasury shares.

Note 5: Cash Flow refers to cash flows from operating activities.

Note 6: Interest-bearing Debt refers to all liabilities with payable interest listed on the consolidated balance sheet.





---

**Table of Contents**

**3. Profit Distribution Policy and Dividends for the Fiscal Year Ended March 31, 2007**

ORIX believes that securing profits from its businesses primarily as retained earnings, and utilizing them for strengthening its base of operations and making investments for growth, and sustaining profit growth while maintaining financial stability, will lead to increased shareholder value.

ORIX's current policy is to meet the needs of its shareholders by maximizing shareholder value through medium- and long-term profit growth and continuing to distribute stable dividends. Regarding share buybacks, ORIX will take into account the adequate level of retained earnings and act accordingly by considering factors such as changes in the economic environment, trend in stock prices, and financial situation.

Dividend distribution is scheduled once a year as a year-end dividend.

**4. Business Risks**

With the announcement of our interim results for the fiscal year ending March 31, 2008, additional items have arisen concerning Risk Factors found in our latest Form 20-F submitted to the U.S. Securities and Exchange Commission on July 17, 2007, and the changes are shown below.

2. Risk related to our business overall

(1) Operational Risk

(ii) Risks related to computer and other information systems

We are highly reliant on computer systems and other information systems for financial transactions, personal information management, business monitoring and processing and as part of our business decision-making and risk management activities. ~~Furthermore, we will develop data centers services and offer system environments for our customers as of November 1, 2007.~~ System shutdowns, malfunctions or failures due to unexpected contingencies, the mishandling or fraudulent acts of employees or third parties, or infection by a computer virus could have an adverse effect on our operations, such as hindered receipt and payment of monies, leak or destruction of confidential information or personal information, ~~and the generation of errors in information used for business decision-making and risk management, the leak and destruction of information belonging to our customers, and the suspension of services provided by our customers.~~ In such event, our liquidity or that of the customer who relies on us for financing or payment ~~could be adversely affected, the customer who utilizes our data center services,~~ and our relationship with the customer could ~~also all~~ be adversely affected. As a result, we could be sued or subject to administrative penalty or our reputation or credibility could be adversely affected.

Our information system equipment could suffer damage from a large-scale natural disaster or terrorism. Since information systems serve an increasingly important role in business activities, the risk of stoppage of the network or information system due to disaster or terrorism is increasing. If the network or information system stops, we could experience interruption of business activity, delay in payment or sales, or substantial costs for recovery of the network or the information system.

Furthermore, the item 4. Risks related to specific business (11) Risk related to legal proceedings against Korea Life Insurance Co. found in Risk Factors will be deleted due to the sale of all of our shares in Korea Life Insurance Co. on September 28, 2007.

**Table of Contents****Consolidated Financial Highlights**

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|  | Year          |        | Year          |        | (millions of JPY, except for share data)<br>Relationship |           | Year   |
|--|---------------|--------|---------------|--------|--|-----------|--------|
|  | -on-          |        | -on-          |        | to   | -on-      |        |
|  | September 30, | Change | September 30, | Change | March 31,  | March 31, | year   |
|  | 2006          |        | 2007          |        | 2007   | 2007      | Change |
| <b>Operating Assets</b>  |               |        |               |        |  |           |        |
| Investment in Direct Financing Leases  | 1,433,591     | 98%    | 1,240,575     | 87%    | 99%  | 1,258,404 | 88%    |
| Installment Loans  | 3,252,274     | 131%   | 3,819,023     | 117%   | 109%   | 3,490,326 | 119%   |
| Investment in Operating Leases   | 786,694       | 133%   | 953,117       | 121%   | 111%   | 862,049   | 120%   |
| Investment in Securities   | 711,127       | 115%   | 1,034,337     | 145%   | 118%   | 875,581   | 128%   |
| Other Operating Assets   | 135,401       | 137%   | 168,075       | 124%   | 110%   | 152,106   | 166%   |
| <b>Total</b>   | 6,319,087     | 120%   | 7,215,127     | 114%   | 109%   | 6,638,466 | 113%   |
| <b>Operating Results</b>   |               |        |               |        |  |           |        |
| Total Revenues   | 550,786       | 125%   | 568,064       | 103%   |  | 1,138,934 | 123%   |
| Income before Income Taxes, Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain | 149,870       | 114%   | 128,536       | 86%    |  | 315,641   | 127%   |
| Net Income   | 91,326        | 109%   | 92,008        | 101%   |  | 196,506   | 118%   |
| <b>Earnings Per Share</b>  |               |        |               |        |  |           |        |
| Net Income   |               |        |               |        |  |           |        |
| Basic  | 1,014.29      | 106%   | 1,006.25      | 99%    |  | 2,177.10  | 116%   |
| Diluted  | 977.73        | 108%   | 981.15        | 100%   |  | 2,100.93  | 117%   |
| Shareholders' Equity Per Share   | 11,470.78     | 123%   | 13,832.97     | 121%   | 106%   | 13,089.83 | 123%   |
| <b>Financial Position</b>  |               |        |               |        |  |           |        |
| Shareholders' Equity   | 1,034,339     | 126%   | 1,266,994     | 122%   | 106%   | 1,194,234 | 125%   |
| Number of Outstanding Shares (thousands of shares)   | 90,172        | 102%   | 91,592        | 102%   | 100%   | 91,234    | 101%   |
| Long- and Short-Term Debt and Deposits   | 5,193,763     | 122%   | 6,100,825     | 117%   | 111%   | 5,483,922 | 111%   |
| Total Assets   | 7,633,915     | 121%   | 8,878,006     | 116%   | 108%   | 8,207,187 | 113%   |
| Shareholders' Equity Ratio   | 13.5%         |        | 14.3%         |        |  | 14.6%     |        |
| Return on Equity (annualized)  | 18.4%         |        | 15.0%         |        |  | 18.3%     |        |
| Return on Assets (annualized)  | 2.46%         |        | 2.15%         |        |  | 2.54%     |        |
| <b>New Business Volumes</b>  |               |        |               |        |  |           |        |
| Direct Financing Leases  |               |        |               |        |  |           |        |
| New Receivables Added  | 394,296       | 95%    | 349,458       | 89%    |  | 720,840   | 81%    |
| New Equipment Acquisitions   | 351,249       | 95%    | 310,146       | 88%    |  | 636,723   | 80%    |
| Installment Loans  | 1,089,342     | 139%   | 1,230,513     | 113%   |  | 2,226,282 | 121%   |
| Operating Leases   | 170,646       | 152%   | 226,962       | 133%   |  | 348,561   | 110%   |
| Investment in Securities   | 116,035       | 104%   | 319,123       | 275%   |  | 331,055   | 140%   |

Edgar Filing: ORIX CORP - Form 6-K

|                              |         |      |        |     |         |      |
|------------------------------|---------|------|--------|-----|---------|------|
| Other Operating Transactions | 121,919 | 219% | 75,805 | 62% | 215,409 | 163% |
|------------------------------|---------|------|--------|-----|---------|------|

- 10 -

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

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|   | (millions of JPY, millions of US\$)          |                                       |  |                                       |                                    |                                       |  |
|---|--|---------------------------------------|--|---------------------------------------|------------------------------------|---------------------------------------|--|
|   | Six Months<br>ended<br>September 30,<br>2006 | Year<br>-on-<br>year<br>Change<br>(%) | Six Months<br>ended<br>September 30,<br>2007 | Year<br>-on-<br>year<br>Change<br>(%) | Year<br>ended<br>March 31,<br>2007 | Year<br>-on-<br>year<br>Change<br>(%) | U.S. dollars<br>Six Months<br>ended<br>September 30,<br>2007 |
| <b>Total Revenues :</b>   | 550,786                                      | 125                                   | 568,064                                      | 103                                   | 1,138,934                          | 123                                   | 4,921  |
| Direct financing leases   | 46,753                                       | 100                                   | 38,744                                       | 83                                    | 90,266                             | 94                                    | 336  |
| Operating leases  | 122,502                                      | 116                                   | 145,544                                      | 119                                   | 253,708                            | 122                                   | 1,261  |
| Interest on loans and investment securities   | 94,802                                       | 125                                   | 112,498                                      | 119                                   | 201,531                            | 126                                   | 975  |
| Brokerage commissions and net gains on investment securities  | 18,534                                       | 91                                    | 15,047                                       | 81                                    | 70,684                             | 145                                   | 129  |
| Life insurance premiums and related investment income   | 63,767                                       | 93                                    | 64,149                                       | 101                                   | 132,835                            | 96                                    | 556  |
| Real estate sales   | 67,895                                       | 216                                   | 40,592                                       | 60                                    | 87,178                             | 116                                   | 352  |
| Gains on sales of real estate under operating leases  | 12,180                                       | 129                                   | 5,839  | 48                                    | 22,958                             | 256                                   | 50   |
| Other operating revenues  | 124,353                                      | 149                                   | 145,651                                      | 117                                   | 279,774                            | 145                                   | 1,261  |
| <b>Total Expenses :</b>   | 417,089                                      | 128                                   | 470,103                                      | 113                                   | 857,201                            | 120                                   | 4,072  |
| Interest expense  | 37,448                                       | 134                                   | 51,796                                       | 138                                   | 81,307                             | 138                                   | 449  |
| Costs of operating leases   | 76,084                                       | 116                                   | 92,506                                       | 122                                   | 163,427                            | 123                                   | 801  |
| Life insurance costs  | 57,436                                       | 99                                    | 55,835                                       | 97                                    | 115,565                            | 98                                    | 484  |
| Costs of real estate sales  | 55,006                                       | 198                                   | 36,647                                       | 67                                    | 73,999                             | 112                                   | 317  |
| Other operating expenses  | 64,821                                       | 120                                   | 82,358                                       | 127                                   | 147,693                            | 120                                   | 713  |
| Selling, general and administrative expenses  | 119,043                                      | 143                                   | 133,078                                      | 112                                   | 253,416                            | 136                                   | 1,153  |
| Provision for doubtful receivables and probable loan losses   | 3,557  | 53                                    | 14,132                                       | 397                                   | 13,798                             | 85                                    | 122  |
| Write-downs of long-lived assets  | 1,318  | 253                                   |  |                                       | 1,940                              | 23                                    |  |
| Write-downs of securities   | 2,142  | 80                                    | 3,757  | 175                                   | 5,592                              | 123                                   | 33   |
| Foreign currency transaction loss (gain), net   | 234  |                                       | (6)  |                                       | 464                                |                                       | (0)  |
| <b>Operating Income</b>   | 133,697                                      | 117                                   | 97,961                                       | 73                                    | 281,733                            | 132                                   | 849  |
| Equity in Net Income of Affiliates  | 15,017                                       | 96                                    | 24,520                                       | 163                                   | 31,946                             | 100                                   | 212  |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Losses  | 1,156  | 64                                    | 6,055  | 524                                   | 1,962                              | 72                                    | 53   |
| <b>Income before Income Taxes, Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain</b> | 149,870                                      | 114                                   | 128,536                                      | 86                                    | 315,641                            | 127                                   | 1,114  |
| Provision for Income Taxes  | 61,542                                       | 115                                   | 51,824                                       | 84                                    | 126,182                            | 131                                   | 449  |
|   | 88,328                                       | 113                                   | 76,712                                       | 87                                    | 189,459                            | 125                                   | 665  |

**Income before Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain**

|   |               |            |               |            |                |            |            |
|---|---------------|------------|---------------|------------|----------------|------------|------------|
| Minority Interests in Earnings of Subsidiaries, Net   | 1,737         | 182        | 2,310         | 133        | 4,796          | 149        | 20         |
| <b>Income from Continuing Operations</b>              | <b>86,591</b> | <b>112</b> | <b>74,402</b> | <b>86</b>  | <b>184,663</b> | <b>124</b> | <b>645</b> |
| <b>Discontinued Operations:</b>                       |               |            |               |            |                |            |            |
| Income from discontinued operations, net              | 6,964         |            | 29,714        |            | 18,370         |            | 257        |
| Provision for income taxes                            | (2,802)       |            | (12,108)      |            | (7,100)        |            | (105)      |
| Discontinued operations, net of applicable tax effect | 4,162         | 61         | 17,606        | 423        | 11,270         | 64         | 152        |
| Extraordinary Gain, Net of Applicable Tax Effect      | 573           |            |               |            | 573            |            |            |
| <b>Net Income</b>                                     | <b>91,326</b> | <b>109</b> | <b>92,008</b> | <b>101</b> | <b>196,506</b> | <b>118</b> | <b>797</b> |

**Note:** Pursuant to FASB Statement No. 144 ( Accounting for the Impairment or Disposal of Long-Lived Assets ), the results of operations which meet the criteria for discontinued operations are reported as a separate component of income, and those related amounts that had been previously reported are reclassified.

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

(For the Three Months Ended September 30, 2006 and 2007)

(Unaudited)

|   | (millions of JPY, millions of US\$)            |                                       |  |                                       |  |
|---|--|---------------------------------------|--|---------------------------------------|--|
|   | Three Months<br>ended<br>September 30,<br>2006 | Year<br>-on-<br>year<br>Change<br>(%) | Three Months<br>ended<br>September 30,<br>2007 | Year<br>-on-<br>year<br>Change<br>(%) | U.S. dollars<br>Three Months<br>ended<br>September 30,<br>2007 |
| <b>Total Revenues :</b>   | 281,072  | 123                                   | 284,830  | 101                                   | 2,468  |
| Direct financing leases   | 23,579   | 95                                    | 19,311   | 82                                    | 167  |
| Operating leases  | 60,662   | 111                                   | 75,565   | 125                                   | 655  |
| Interest on loans and investment securities   | 51,970   | 129                                   | 58,075   | 112                                   | 503  |
| Brokerage commissions and net gains on investment securities  | 8,084  | 68                                    | 7,048  | 87                                    | 61   |
| Life insurance premiums and related investment income   | 34,098   | 89                                    | 31,597   | 93                                    | 274  |
| Real estate sales   | 38,870   | 320                                   | 23,238   | 60                                    | 201  |
| Gains on sales of real estate under operating leases  | 770  | 21                                    | 9  | 1                                     | 0  |
| Other operating revenues  | 63,039   | 147                                   | 69,987   | 111                                   | 607  |
| <b>Total Expenses :</b>   | 216,411  | 132                                   | 239,485  | 111                                   | 2,075  |
| Interest expense  | 19,730   | 135                                   | 26,958   | 137                                   | 234  |
| Costs of operating leases   | 37,668   | 116                                   | 47,031   | 125                                   | 407  |
| Life insurance costs  | 30,365   | 98                                    | 28,861   | 95                                    | 250  |
| Costs of real estate sales  | 32,096   | 289                                   | 21,037   | 66                                    | 182  |
| Other operating expenses  | 33,412   | 121                                   | 40,299   | 121                                   | 349  |
| Selling, general and administrative expenses  | 60,477   | 141                                   | 66,415   | 110                                   | 576  |
| Provision for doubtful receivables and probable loan losses   | 926  | 44                                    | 7,004  | 756                                   | 61   |
| Write-downs of long-lived assets  | 1,318  | 253                                   |  |                                       |  |
| Write-downs of securities   | 583  | 67                                    | 1,990  | 341                                   | 17   |
| Foreign currency transaction loss (gain), net   | (164)  |                                       | (110)  | 67                                    | (1)  |
| <b>Operating Income</b>   | 64,661   | 99                                    | 45,345   | 70                                    | 393  |
| Equity in Net Income of Affiliates  | 5,943  | 71                                    | 6,672  | 112                                   | 58   |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Losses  | 475  | 139                                   | 6,048  |                                       | 52   |
| <b>Income before Income Taxes, Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain</b> | 71,079   | 96                                    | 58,065   | 82                                    | 503  |
| Provision for Income Taxes  | 29,209   | 97                                    | 23,355   | 80                                    | 202  |
| <b>Income before Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain</b>               | 41,870   | 95                                    | 34,710   | 83                                    | 301  |
| Minority Interests in Earnings of Subsidiaries, Net   | 848  | 145                                   | 1,348  | 159                                   | 12   |

Edgar Filing: ORIX CORP - Form 6-K

|   |         |    |         |     |      |
|---|---------|----|---------|-----|------|
| <b>Income from Continuing Operations</b>              | 41,022  | 95 | 33,362  | 81  | 289  |
| <b>Discontinued Operations:</b>                       |         |    |         |     |      |
| Income from discontinued operations, net              | 4,340   |    | 21,766  |     | 189  |
| Provision for income taxes                            | (1,712) |    | (8,898) |     | (77) |
| Discontinued operations, net of applicable tax effect | 2,628   | 92 | 12,868  | 490 | 112  |
| Extraordinary Gain, Net of Applicable Tax Effect      | 573     |    |         |     |      |
| <b>Net Income</b>                                     | 44,223  | 96 | 46,230  | 105 | 401  |

- 12 -



**Table of Contents****Condensed Consolidated Balance Sheets**

(As of September 30, 2006 and 2007, and March 31, 2007)

(Unaudited)

|  | (millions of JPY, millions of US\$) |                       |                   |                                       |
|--|-------------------------------------|-----------------------|-------------------|---------------------------------------|
|  | September 30,<br>2006               | September 30,<br>2007 | March 31,<br>2007 | U.S. dollars<br>September 30,<br>2007 |
| <b>Assets</b>  |                                     |                       |                   |                                       |
| Cash and Cash Equivalents  | 143,971                             | 254,705               | 215,163           | 2,207                                 |
| Restricted Cash  | 108,377                             | 157,095               | 121,569           | 1,361                                 |
| Time Deposits  | 453                                 | 1,502                 | 913               | 13                                    |
| Investment in Direct Financing Leases  | 1,433,591                           | 1,240,575             | 1,258,404         | 10,747                                |
| Installment Loans  | 3,252,274                           | 3,819,023             | 3,490,326         | 33,085                                |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (89,824)                            | (95,824)              | (89,508)          | (830)                                 |
| Investment in Operating Leases   | 786,694                             | 953,117               | 862,049           | 8,257                                 |
| Investment in Securities   | 711,127                             | 1,034,337             | 875,581           | 8,961                                 |
| Other Operating Assets   | 135,401                             | 168,075               | 152,106           | 1,456                                 |
| Investment in Affiliates   | 344,937                             | 311,594               | 367,762           | 2,699                                 |
| Other Receivables  | 180,424                             | 245,807               | 212,324           | 2,129                                 |
| Inventories  | 158,181                             | 235,427               | 216,150           | 2,040                                 |
| Prepaid Expenses   | 46,496                              | 59,459                | 54,855            | 515                                   |
| Office Facilities  | 89,814                              | 91,443                | 90,682            | 792                                   |
| Other Assets   | 331,999                             | 401,671               | 378,811           | 3,480                                 |
| <b>Total Assets</b>  | <b>7,633,915</b>                    | <b>8,878,006</b>      | <b>8,207,187</b>  | <b>76,912</b>                         |
| <b>Liabilities and Shareholders' Equity</b>  |                                     |                       |                   |                                       |
| Short-Term Debt  | 1,267,616                           | 1,366,894             | 1,174,391         | 11,842                                |
| Deposits   | 349,346                             | 456,960               | 446,474           | 3,959                                 |
| Trade Notes, Accounts Payable and Other Liabilities                                    | 359,515                             | 427,039               | 381,110           | 3,699                                 |
| Accrued Expenses   | 87,509                              | 93,025                | 122,202           | 806                                   |
| Policy Liabilities   | 494,866                             | 485,105               | 491,946           | 4,203                                 |
| Current and Deferred Income Taxes  | 269,180                             | 294,793               | 320,412           | 2,554                                 |
| Security Deposits  | 158,778                             | 169,377               | 174,196           | 1,467                                 |
| Long-Term Debt   | 3,576,801                           | 4,276,971             | 3,863,057         | 37,052                                |
| <b>Total Liabilities</b>   | <b>6,563,611</b>                    | <b>7,570,164</b>      | <b>6,973,788</b>  | <b>65,582</b>                         |
| <b>Minority Interests</b>  | <b>35,965</b>                       | <b>40,848</b>         | <b>39,165</b>     | <b>354</b>                            |
| <b>Common Stock</b>  | <b>89,705</b>                       | <b>101,962</b>        | <b>98,755</b>     | <b>883</b>                            |
| Additional Paid-in Capital   | 110,098                             | 123,698               | 119,402           | 1,072                                 |
| Retained Earnings:   |                                     |                       |                   |                                       |
| Legal reserve  | 2,220                               | 2,220                 | 2,220             | 19                                    |
| Retained earnings  | 816,620                             | 1,003,614             | 921,823           | 8,695                                 |
| Accumulated Other Comprehensive Income   | 19,494                              | 38,477                | 55,253            | 333                                   |
| Treasury Stock, at Cost  | (3,798)                             | (2,977)               | (3,219)           | (26)                                  |

Edgar Filing: ORIX CORP - Form 6-K

|  |           |           |           |        |
|--|-----------|-----------|-----------|--------|
| <b>Total Shareholders Equity</b>                 | 1,034,339 | 1,266,994 | 1,194,234 | 10,976 |
| <b>Total Liabilities and Shareholders Equity</b> | 7,633,915 | 8,878,006 | 8,207,187 | 76,912 |

|  | September 30,<br>2006 | September 30,<br>2007 | March 31,<br>2007 | U.S. dollars<br>September 30,<br>2007 |
|--|-----------------------|-----------------------|-------------------|---------------------------------------|
| <b>Note : Accumulated Other Comprehensive Income</b> |                       |                       |                   |                                       |
| Net unrealized gains on investment in securities     | 42,995                | 61,201                | 72,994            | 530                                   |
| Defined benefit pension plans                        |                       | 3,231                 | 3,604             | 28                                    |
| Minimum pension liability adjustments                | (614)                 |                       |                   |                                       |
| Foreign currency translation adjustments             | (24,975)              | (27,185)              | (22,620)          | (236)                                 |
| Net unrealized gains on derivative instruments       | 2,088                 | 1,230                 | 1,275             | 11                                    |
|  | 19,494                | 38,477                | 55,253            | 333                                   |

- 13 -

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

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|  | (millions of JPY, millions of US\$)          |  |                                    |  |
|--|--|--|------------------------------------|--|
|  | Six Months<br>ended<br>September 30,<br>2006 | Six Months<br>ended<br>September 30,<br>2007 | Year<br>ended<br>March 31,<br>2007 | U.S. dollars<br>Six Months<br>ended<br>September 30,<br>2007 |
| <b>Common Stock:</b>   |  |  |                                    |  |
| Beginning balance  | 88,458                                       | 98,755                                       | 88,458                             | 856  |
| Exercise of warrants and stock acquisition rights                | 785  | 847  | 2,259                              | 7  |
| Conversion of convertible bond                                   | 462  | 2,360  | 8,038                              | 20   |
| Ending balance   | 89,705                                       | 101,962                                      | 98,755                             | 883  |
| <b>Additional Paid-in Capital:</b>                               |  |  |                                    |  |
| Beginning balance  | 106,729                                      | 119,402                                      | 106,729                            | 1,035  |
| Exercise of warrants, stock acquisition rights and stock options | 785  | 845  | 2,257                              | 7  |
| Conversion of convertible bond                                   | 462  | 1,848  | 6,250                              | 16   |
| Stock-based compensation   | 1,848  | 1,253  | 3,515                              | 11   |
| Other, net   | 274  | 350  | 651                                | 3  |
| Ending balance   | 110,098                                      | 123,698                                      | 119,402                            | 1,072  |
| <b>Legal Reserve:</b>  |  |  |                                    |  |
| Beginning balance  | 2,220  | 2,220  | 2,220                              | 19   |
| Ending balance   | 2,220  | 2,220  | 2,220                              | 19   |
| <b>Retained Earnings:</b>  |  |  |                                    |  |
| Beginning balance  | 733,386                                      | 921,823                                      | 733,386                            | 7,986  |
| Cash dividends   | (8,092)                                      | (11,863)                                     | (8,092)                            | (103)  |
| Net income   | 91,326                                       | 92,008                                       | 196,506                            | 797  |
| Capital transactions of equity-method investee                   |  | 1,641  |                                    | 15   |
| Other, net   |  | 5  | 23                                 | 0  |
| Ending balance   | 816,620                                      | 1,003,614                                    | 921,823                            | 8,695  |
| <b>Accumulated Other Comprehensive Income:</b>                   |  |  |                                    |  |
| Beginning balance  | 27,603                                       | 55,253                                       | 27,603                             | 478  |
| Net change of unrealized gains on investment in securities       | (7,861)                                      | (11,793)                                     | 22,138                             | (102)  |
| Defined benefit pension plans                                    |  | (373)  |                                    | (3)  |
| Net change of minimum pension liability adjustments              | 18   |  | (5)                                |  |
| Adjustment to initially apply FASB Statement No. 158             |  |  | 4,241                              |  |
| Net change of foreign currency translation adjustments           | 1,157  | (4,565)                                      | 3,512                              | (40)   |
| Net change of unrealized gains on derivative instruments         | (1,423)                                      | (45)   | (2,236)                            | (0)  |
| Ending balance   | 19,494                                       | 38,477                                       | 55,253                             | 333  |

Edgar Filing: ORIX CORP - Form 6-K

**Treasury Stock:**

|                           |         |         |         |      |
|---------------------------|---------|---------|---------|------|
| Beginning balance         | (4,750) | (3,219) | (4,750) | (28) |
| Exercise of stock options | 953     | 104     | 1,518   | 1    |
| Other, net                | (1)     | 138     | 13      | 1    |
| Ending balance            | (3,798) | (2,977) | (3,219) | (26) |

**Total Shareholders Equity:**

|                   |           |           |           |        |
|-------------------|-----------|-----------|-----------|--------|
| Beginning balance | 953,646   | 1,194,234 | 953,646   | 10,346 |
| Increase, net     | 80,693    | 72,760    | 240,588   | 630    |
| Ending balance    | 1,034,339 | 1,266,994 | 1,194,234 | 10,976 |

**Summary of Comprehensive Income:**

|                                   |         |          |         |       |
|-----------------------------------|---------|----------|---------|-------|
| Net income                        | 91,326  | 92,008   | 196,506 | 797   |
| Other comprehensive income (loss) | (8,109) | (16,776) | 23,409  | (145) |
| Comprehensive income              | 83,217  | 75,232   | 219,915 | 652   |

- 14 -

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

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|  | (millions of JPY, millions of US\$)          |  |                                    |  |
|--|--|--|------------------------------------|--|
|  | Six Months<br>ended<br>September 30,<br>2006 | Six Months<br>ended<br>September 30,<br>2007 | Year<br>ended<br>March 31,<br>2007 | U.S. dollars<br>Six Months<br>ended<br>September 30,<br>2007 |
| <b>Cash Flows from Operating Activities:</b>   |  |  |                                    |  |
| Net income   | 91,326                                       | 92,008                                       | 196,506                            | 797  |
| Adjustments to reconcile net income to net cash provided by operating activities:      |  |  |                                    |  |
| Depreciation and amortization  | 71,193                                       | 81,641                                       | 152,667                            | 707  |
| Provision for doubtful receivables and probable loan losses                            | 3,557  | 14,132                                       | 13,798                             | 122  |
| Decrease in policy liabilities   | (8,842)                                      | (6,841)                                      | (11,762)                           | (59)   |
| Gains from securitization transactions   | (2,740)                                      | (1,017)                                      | (7,762)                            | (9)  |
| Equity in net income of affiliates   | (15,017)                                     | (24,520)                                     | (31,946)                           | (212)  |
| Gains on sales of subsidiaries and affiliates and liquidation losses                   | (1,156)                                      | (6,055)                                      | (1,962)                            | (53)   |
| Extraordinary gain   | (573)  |  | (573)                              |  |
| Minority interests in earnings of subsidiaries, net                                    | 1,737  | 2,310  | 4,796                              | 20   |
| Gains on sales of available-for-sale securities  | (9,266)                                      | (3,081)                                      | (49,262)                           | (27)   |
| Gains on sales of real estate under operating leases                                   | (12,180)                                     | (5,839)                                      | (22,958)                           | (50)   |
| Gains on sales of operating lease assets other than real estate                        | (6,515)                                      | (9,272)                                      | (12,105)                           | (80)   |
| Write-downs of long-lived assets   | 1,318  |  | 1,940                              |  |
| Write-downs of securities  | 2,142  | 3,757  | 5,592                              | 33   |
| Decrease (increase) in restricted cash   | 64,452                                       | (35,604)                                     | 51,299                             | (308)  |
| Increase in loans held for sale  |  | (34,616)                                     | (52,811)                           | (300)  |
| Decrease in trading securities   | 7,003  | 1,020  | 11,248                             | 9  |
| Increase in inventories  | (28,645)                                     | (13,795)                                     | (85,899)                           | (120)  |
| Increase in prepaid expenses   | (5,536)                                      | (4,603)                                      | (13,708)                           | (40)   |
| Increase (decrease) accrued expenses   | (4,363)                                      | (29,802)                                     | 36,594                             | (258)  |
| Increase (decrease) in security deposits   | 7,201  | (4,227)                                      | 21,182                             | (37)   |
| Other, net   | 10,866                                       | (13,569)                                     | 21,254                             | (117)  |
| Net cash provided by operating activities  | 165,962                                      | 2,027  | 226,128                            | 18   |
| <b>Cash Flows from Investing Activities:</b>   |  |  |                                    |  |
| Purchases of lease equipment   | (536,368)                                    | (542,390)                                    | (1,031,591)                        | (4,699)  |
| Principal payments received under direct financing leases                              | 304,156                                      | 268,986                                      | 610,780                            | 2,330  |
| Net proceeds from securitization of lease receivables, loan receivables and securities | 84,191                                       | 84,464                                       | 275,998                            | 732  |
| Installment loans made to customers  | (1,089,193)                                  | (1,188,028)                                  | (2,173,322)                        | (10,292)   |
| Principal collected on installment loans   | 724,812                                      | 848,128                                      | 1,554,422                          | 7,348  |
| Proceeds from sales of operating lease assets  | 78,592                                       | 130,748                                      | 158,396                            | 1,133  |
| Investment in affiliates, net  | 243  | (14,829)                                     | (6,000)                            | (129)  |
| Proceeds from sales of investment in affiliates  | 5,984  | 82,077                                       | 7,905                              | 711  |
| Purchases of available-for-sale securities   | (81,072)                                     | (275,102)                                    | (254,044)                          | (2,383)  |
| Proceeds from sales of available-for-sale securities                                   | 28,965                                       | 38,920                                       | 105,829                            | 337  |
| Proceeds from redemption of available-for-sale securities                              | 16,552                                       | 80,736                                       | 39,252                             | 699  |

Edgar Filing: ORIX CORP - Form 6-K

|   |           |           |             |         |
|---|-----------|-----------|-------------|---------|
| Purchases of other securities   | (34,767)  | (43,996)  | (76,710)    | (381)   |
| Proceeds from sales of other securities                                 | 27,089    | 18,949    | 73,316      | 164     |
| Purchases of other operating assets                                     | (25,508)  | (11,167)  | (50,238)    | (97)    |
| Acquisitions of subsidiaries, net of cash acquired                      | (15,851)  | (3,684)   | (19,270)    | (32)    |
| Sales of subsidiaries, net of cash disposed                             | 529       |           | 3,019       |         |
| Other, net  | (9,207)   | (31,543)  | (20,020)    | (273)   |
| Net cash used in investing activities                                   | (520,853) | (557,731) | (802,278)   | (4,832) |
| <b>Cash Flows from Financing Activities:</b>                            |           |           |             |         |
| Net increase (decrease) in debt with maturities of three months or less | 97,585    | (5,215)   | (111,360)   | (45)    |
| Proceeds from debt with maturities longer than three months             | 1,086,631 | 1,451,814 | 2,230,830   | 12,578  |
| Repayment of debt with maturities longer than three months              | (938,003) | (866,339) | (1,655,581) | (7,505) |
| Net increase (decrease) in deposits due to customers                    | (3,941)   | 10,505    | 93,175      | 91      |
| Issuance of common stock  | 1,570     | 1,692     | 4,516       | 14      |
| Dividends paid  | (8,092)   | (11,863)  | (8,092)     | (103)   |
| Net increase (decrease) in call money                                   | 16,200    | 15,000    | (10,000)    | 130     |
| Other, net  | 954       | 141       | 1,526       | 1       |
| Net cash provided by financing activities                               | 252,904   | 595,735   | 545,014     | 5,161   |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents            | 102       | (489)     | 443         | (4)     |
| Net Increase (Decrease) in Cash and Cash Equivalents                    | (101,885) | 39,542    | (30,693)    | 343     |
| Cash and Cash Equivalents at Beginning of Period                        | 245,856   | 215,163   | 245,856     | 1,864   |
| Cash and Cash Equivalents at End of Period                              | 143,971   | 254,705   | 215,163     | 2,207   |

- 15 -

**Table of Contents****Segment Information**

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

**1. Segment Information by Sector/Location**

|   | Six Months ended   |                 |                  | Six Months ended   |                 |                  | (millions of JPY, millions of US\$)<br>Year ended |                 |                  |
|---|--------------------|-----------------|------------------|--------------------|-----------------|------------------|---|-----------------|------------------|
|   | September 30, 2006 |                 |                  | September 30, 2007 |                 |                  | March 31, 2007                                    |                 |                  |
|   | Segment Revenues   | Segment Profits | Segment Assets   | Segment Revenues   | Segment Profits | Segment Assets   | Segment Revenues                                  | Segment Profits | Segment Assets   |
| <b>Operations in Japan</b>  |                    |                 |                  |                    |                 |                  |   |                 |                  |
| Corporate Financial Services                                      | 57,945             | 29,534          | 1,813,865        | 63,021             | 17,313          | 2,026,447        | 123,328   | 58,231          | 1,861,403        |
| Automobile Operations   | 72,016             | 13,386          | 548,513          | 76,905             | 12,395          | 538,793          | 146,966   | 28,224          | 510,805          |
| Rental Operations   | 32,412             | 3,897           | 124,363          | 37,524             | 5,896           | 118,950          | 67,859  | 10,869          | 121,621          |
| Real Estate-Related Finance                                       | 38,222             | 21,021          | 1,328,367        | 44,627             | 20,405          | 1,824,442        | 82,345  | 44,682          | 1,517,927        |
| Real Estate   | 142,129            | 31,129          | 768,622          | 140,359            | 41,010          | 962,998          | 245,336   | 51,236          | 901,237          |
| Life Insurance  | 63,488             | 3,379           | 508,409          | 64,149             | 2,983           | 513,624          | 132,060   | 9,921           | 511,051          |
| Other   | 56,928             | 18,432          | 685,067          | 59,583             | 21,415          | 778,789          | 145,443   | 60,387          | 773,595          |
| Sub-Total   | 463,140            | 120,778         | 5,777,206        | 486,168            | 121,417         | 6,764,043        | 943,337   | 263,550         | 6,197,639        |
| <b>Overseas Operations</b>  |                    |                 |                  |                    |                 |                  |   |                 |                  |
| The Americas  | 56,360             | 17,922          | 470,165          | 51,732             | 11,118          | 507,633          | 119,940   | 31,315          | 487,900          |
| Asia, Oceania and Europe  | 47,222             | 17,926          | 624,898          | 64,873             | 26,397          | 583,761          | 103,593   | 37,763          | 625,036          |
| Sub-Total   | 103,582            | 35,848          | 1,095,063        | 116,605            | 37,515          | 1,091,394        | 223,533   | 69,078          | 1,112,936        |
| <b>Segment Total</b>  | <b>566,722</b>     | <b>156,626</b>  | <b>6,872,269</b> | <b>602,773</b>     | <b>158,932</b>  | <b>7,855,437</b> | <b>1,166,870</b>                                  | <b>332,628</b>  | <b>7,310,575</b> |
| <b>Difference between Segment Totals and Consolidated Amounts</b> | <b>(15,936)</b>    | <b>(6,756)</b>  | <b>761,646</b>   | <b>(34,709)</b>    | <b>(30,396)</b> | <b>1,022,569</b> | <b>(27,936)</b>                                   | <b>(16,987)</b> | <b>896,612</b>   |
| <b>Consolidated Amounts</b>                                       | <b>550,786</b>     | <b>149,870</b>  | <b>7,633,915</b> | <b>568,064</b>     | <b>128,536</b>  | <b>8,878,006</b> | <b>1,138,934</b>                                  | <b>315,641</b>  | <b>8,207,187</b> |

|                              | U.S. dollars Six Months ended September 30, 2007 |                 |                |
|------------------------------|--|-----------------|----------------|
|                              | Segment Revenues                                 | Segment Profits | Segment Assets |
| <b>Operations in Japan</b>   |  |                 |                |
| Corporate Financial Services | 546  | 150             | 17,556         |
| Automobile Operations        | 666  | 107             | 4,668          |
| Rental Operations            | 325  | 51              | 1,030          |
| Real Estate-Related Finance  | 387  | 177             | 15,806         |
| Real Estate                  | 1,216  | 355             | 8,343          |
| Life Insurance               | 556  | 26              | 4,450          |
| Other                        | 516  | 186             | 6,746          |

Edgar Filing: ORIX CORP - Form 6-K

|   |       |       |        |
|---|-------|-------|--------|
| Sub-Total   | 4,212 | 1,052 | 58,599 |
| <b>Overseas Operations</b>  |       |       |        |
| The Americas  | 448   | 96    | 4,398  |
| Asia, Oceania and Europe  | 562   | 229   | 5,057  |
| Sub-Total   | 1,010 | 325   | 9,455  |
| <b>Segment Total</b>  | 5,222 | 1,377 | 68,054 |
| <b>Difference between Segment Totals and Consolidated Amounts</b> | (301) | (263) | 8,858  |
| <b>Consolidated Amounts</b>                                       | 4,921 | 1,114 | 76,912 |

- Note:**
1. The results of the reported segments from the first quarter of this fiscal year reflect the revised business classification of the Company. Accordingly, leasing operations of the affiliates, which had been included in the Other segment, have been included in the Corporate Financial Services segment from the first quarter of this fiscal year. Therefore, certain related amounts that had been previously reported are reclassified.
  2. The Company evaluates the performance of its segments based on income before income taxes as well as results of discontinued operations before applicable tax effect and minority interests in earnings of subsidiaries. Tax expenses are not included in segment profits.



**Table of Contents****Segment Information**

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

**2. Revenues from Overseas Customers**

|  | Six Months ended   |                             |         | Six Months ended   |                             |         | (millions of JPY, millions of US\$) |                             |           |
|--|--------------------|-----------------------------|---------|--------------------|-----------------------------|---------|-------------------------------------|-----------------------------|-----------|
|  | September 30, 2006 |                             |         | September 30, 2007 |                             |         | Year ended<br>March 31, 2007        |                             |           |
|  | The<br>Americas    | Asia, Oceania<br>and Europe | Total   | The<br>Americas    | Asia, Oceania<br>and Europe | Total   | The<br>Americas                     | Asia, Oceania<br>and Europe | Total     |
| Overseas Revenue   | 55,202             | 47,531                      | 102,733 | 46,751             | 70,524                      | 117,275 | 111,163                             | 108,291                     | 219,454   |
| Consolidated Revenue   |                    |                             | 550,786 |                    |                             | 568,064 |                                     |                             | 1,138,934 |
| The Percentage of the Overseas Revenue to Consolidated Revenue | 10.1%              | 8.6%                        | 18.7%   | 8.2%               | 12.4%                       | 20.6%   | 9.8%                                | 9.5%                        | 19.3%     |

|  | U.S. dollars    |                             |       |
|--|-----------------|-----------------------------|-------|
|  | The<br>Americas | Asia, Oceania<br>and Europe | Total |
| Overseas Revenue   | 405             | 611                         | 1,016 |
| Consolidated Revenue   |                 |                             | 4,921 |
| The Percentage of the Overseas Revenue to Consolidated Revenue | 8.2%            | 12.4%                       | 20.6% |

**Note:** Results of discontinued operations are not included in Overseas Revenue.

**Table of Contents****Per Share Data**

(For the Six Months Ended September 30, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|   | (millions of JPY, millions of US\$) |                       |                   |                                       |
|---|-------------------------------------|-----------------------|-------------------|---------------------------------------|
|   | September 30,<br>2006               | September 30,<br>2007 | March 31,<br>2007 | U.S. dollars<br>September 30,<br>2007 |
| Income from Continuing Operations                             | 86,591                              | 74,402                | 184,663           | 645                                   |
| Effect of Dilutive Securities -<br>Convertible Bond           | 835                                 | 650                   | 1,699             | 5                                     |
| Income from Continuing Operations for Diluted EPS Computation | 87,426                              | 75,052                | 186,362           | 650                                   |

|   | (thousands of shares) |                       |                   |
|---|-----------------------|-----------------------|-------------------|
|   | September 30,<br>2006 | September 30,<br>2007 | March 31,<br>2007 |
| Weighted-average Shares                             | 90,039                | 91,436                | 90,260            |
| Effect of Dilutive Securities -<br>Warrants         | 810                   | 514                   | 764               |
| Convertible Bond                                    | 3,298                 | 2,423                 | 3,215             |
| Treasury Stock                                      | 113                   | 66                    | 102               |
| Weighted-average Shares for Diluted EPS Computation | 94,260                | 94,439                | 94,341            |

|  | (JPY, US\$)           |                       |                   |                                       |
|--|-----------------------|-----------------------|-------------------|---------------------------------------|
|  | September 30,<br>2006 | September 30,<br>2007 | March 31,<br>2007 | U.S. dollars<br>September 30,<br>2007 |
| Earnings Per Share for Income from Continuing Operations |                       |                       |                   |                                       |
| Basic  | 961.71                | 813.70                | 2,045.89          | 7.05                                  |
| Diluted  | 927.50                | 794.72                | 1,975.40          | 6.88                                  |
| Shareholders' Equity Per Share                           | 11,470.78             | 13,832.97             | 13,089.83         | 119.84                                |

**Table of Contents**

**[Significant Accounting Policies]**

(New Accounting Pronouncement)

The Company and its subsidiaries adopted FASB Interpretation No. 48 ( Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 ) on April 1, 2007. This interpretation clarifies the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The adoption of FASB Interpretation No. 48 did not have a significant effect on the Company and its subsidiaries' results of operations or financial position.

Other than the above, there were no significant changes from the latest report.