

ORIX CORP
Form 6-K
November 13, 2009
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE Act of 1934

For the month of November, 2009.

ORIX Corporation

(Translation of Registrant's Name into English)

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

Tokyo, JAPAN

(Address of Principal Executive Offices)

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

Form 20-F Form 40-F

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

Yes No

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Table of Documents Filed

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1. <u>On November 12, ORIX Corporation (the Company) filed its quarterly financial report (shihanki houkokusho) with the Kanto Financial Bureau in Japan. This document is an English translation of consolidated financial information prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for the six months and three months ended September 30, 2008 and 2009, and the fiscal year ended March 31, 2009. This translation is unaudited.</u>	

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SIGNATURES

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

ORIX Corporation

Date: November 13, 2009

By /s/ Haruyuki Urata
Haruyuki Urata
Director
Deputy President & CFO
ORIX Corporation

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CONSOLIDATED FINANCIAL INFORMATION

1. On November 12, ORIX Corporation (the Company) filed its quarterly financial report (shihanki houkokusho) with the Kanto Financial Bureau in Japan. This document is an English translation of consolidated financial information prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for the six months and three months ended September 30, 2008 and 2009, and the fiscal year ended March 31, 2009. This translation is unaudited.
2. Significant differences between U.S. GAAP and generally accepted accounting principles in Japan (Japanese GAAP) are stated in the notes of Overview of Accounting Principles Utilized.

Table of Contents**1. Information on the Company and its Subsidiaries****(1) Consolidated Financial Highlights**

	Millions of yen				
	Six months ended September 30, 2008	Six months ended September 30, 2009	Three months ended September 30, 2008	Three months ended September 30, 2009	Fiscal year ended March 31, 2009
Total Revenues	548,738	471,447	278,562	234,053	1,067,882
Income (Loss) before Income Taxes and Discontinued Operations	78,661	24,227	27,935	11,464	9,688
Net Income Attributable to ORIX Corporation	55,266	20,150	22,907	12,958	21,924
Shareholders' Equity			1,244,093	1,265,438	1,167,530
Total Assets			8,898,089	7,918,537	8,369,736
Shareholders' Equity Per Share (yen)			14,022.00	11,776.43	13,059.59
Earnings Per Share for Income Attributable to ORIX Corporation					
Basic (yen)	621.19	207.45	258.20	125.89	246.59
Diluted (yen)	610.79	175.45	254.62	106.59	233.81
Shareholders' Equity Ratio (%)			13.98	15.98	13.95
Cash Flows from Operating Activities	125,894	100,973			308,779
Cash Flows from Investing Activities	(112,122)	352,351			171,183
Cash Flows from Financing Activities	(16,415)	(319,130)			(334,587)
Cash and Cash Equivalents at End of Period			318,710	592,852	459,969
Number of Employees			19,827	18,348	18,920

- Note: 1. As a result of the recording of Discontinued Operations in accordance with FASB Accounting Standards Codification (ASC) 205-20 (Presentation of Financial Statements Discontinued Operations), certain amounts in the fiscal year ended March 31, 2009 have been reclassified retroactively.
2. Pursuant to ASC 810-10-65-1 (Consolidation Noncontrolling Interests in Consolidated Financial Statements), Net Income was reclassified into Net Income Attributable to ORIX Corporation , after April 1, 2009.
3. Consumption tax is excluded from the stated amount of total revenues.

(2) Overview of Activities

For the three months ended September 30, 2009, no significant changes were made in the Company and its subsidiaries' operations. See Changes of Principal Related Companies below about changes in the activities of principal related companies.

(3) Changes of Principal Related Companies

Changes of principal related companies for the three months ended September 30, 2009 are as follows:

Additions:

There were no additions during the three months ended September 30, 2009.

Deletions:

There were no deletions during the three months ended September 30, 2009.

In July 2009, the Company transferred its 51% share ownership in ORIX Credit Corporation (ORIX Credit) to Sumitomo Mitsui Banking Corporation for a joint business, and ORIX Credit was shifted from consolidated subsidiary to affiliate.

(4) Number of Employees

The following shows the total number of employees in the Company and its subsidiaries as of September 30, 2009:

Number of employees

18,348

Note: (a) The above number is full-time basis.

(b) The average number of temporary employees is 5,556 for the three months ended September 30, 2009.

Table of Contents**2. Operating Results****(1) Earnings Summary**

Total revenues and profits (losses) by segment for the three months ended September 30, 2009 and 2008 are as follows:

	Millions of yen							
	Three months ended September 30, 2008		Three months ended September 30, 2009		Change (revenues)		Change (profits)	
	Segment Revenues	Segment Profits	Segment Revenues	Segment Profits (losses)	Amount	Percent (%)	Amount	Percent (%)
Corporate Financial Services	34,405	1,399	28,389	(11,043)	(6,016)	(17)	(12,442)	
Maintenance Leasing	58,699	7,246	56,146	5,511	(2,553)	(4)	(1,735)	(24)
Real Estate	82,182	19,022	53,295	10,467	(28,887)	(35)	(8,555)	(45)
Investment Banking	24,912	5,069	20,167	(3,584)	(4,745)	(19)	(8,653)	
Retail	46,455	964	38,887	9,639	(7,568)	(16)	8,675	900
Overseas Business	46,957	8,218	45,766	10,232	(1,191)	(3)	2,014	25
Subtotal	293,610	41,918	242,650	21,222	(50,960)	(17)	(20,696)	(49)
Difference between Segment Totals and Consolidated Amounts								
	(15,048)	(13,983)	(8,597)	(9,758)	6,451		4,225	
Consolidated Amounts	278,562	27,935	234,053	11,464	(44,509)	(16)	(16,471)	(59)

(2) Total Assets

Total assets by segment at September 30, 2009 and March 31, 2009 are as follows:

	September 30, 2009		March 31, 2009		Change	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)	Amount	Percent (%)
Corporate Financial Services	1,384,106	17.5	1,583,571	18.9	(199,465)	(13)
Maintenance Leasing	600,792	7.6	648,314	7.8	(47,522)	(7)
Real Estate	1,150,491	14.5	1,175,437	14.0	(24,946)	(2)
Investment Banking	1,265,140	16.0	1,321,491	15.8	(56,351)	(4)
Retail	1,419,020	17.9	1,554,006	18.6	(134,986)	(9)
Overseas Business	851,813	10.7	949,852	11.3	(98,039)	(10)
Subtotal	6,671,362	84.2	7,232,671	86.4	(561,309)	(8)
Difference between Segment Totals and Consolidated Amounts						
	1,247,175	15.8	1,137,065	13.6	110,110	10
Consolidated Amounts	7,918,537	100.0	8,369,736	100.0	(451,199)	(5)

(3) New Business Volumes

New business volumes of direct financing leases, installment loans, operating leases, investment in securities, other operating transactions for the three months ended September 30, 2009 and 2008 are as follows:

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	Millions of yen		Change	
	Three months ended September 30, 2008	Three months ended September 30, 2009	Amount	Percent (%)
Direct Financing Leases:				
New equipment acquisitions	117,989	53,339	(64,650)	(55)
Installment Loans:				
New loans added	281,762	164,671	(117,091)	(42)
Operating Leases:				
New equipment acquisitions	133,747	59,881	(73,866)	(55)
Investment in Securities:				
New securities added	86,978	130,729	43,751	50
Other Operating Transactions:				
New assets added	23,968	6,901	(17,067)	(71)

Table of Contents**3. Risk Factors**

There were not any significant changes.

4. Material Contract

Not applicable

5. Analysis of Financial Results and Condition

The following discussion provides management's explanation of factors and events that have significantly affected our financial condition and results of operations. Also included is management's assessment of factors and trends which are anticipated to have a material effect on our financial condition and results of operations in the future. However, please be advised that financial conditions and results of operations in the future may also be affected by factors other than those discussed here. These factors and trends regarding future were assessed as of the issue date of quarterly financial report (Shihanki Houkokusho).

(1) Qualitative Information Regarding Consolidated Financial Results**Economic Environment**

Swift response through extensive fiscal stimulus measures has been effective in limiting the breadth and depth of the financial crisis. China and other Asian countries show positive trends and U.S. performance is better than expected. The global economy is starting to slowly emerge from the recession triggered by the financial crisis.

The U.S. has shown signs that the recession has bottomed out through programs such as automobile rebate programs, public works spending and tax benefits however increasing unemployment and decreased consumer spending continues to hinder recovery.

Japan has undergone a historic political shift in September; and has brought heightened attention toward the effects on the real economy and capital markets of the new administration's policies that include consumer-oriented stimulus and major reduction of public spending. Despite signs of recovery such as an increase in exports, severe circumstances surrounding domestic demand oriented companies and small and middle-sized companies add to uncertainties regarding the amount of time necessary for real economic recovery.

Financial Highlights

Total Revenues	¥234,053 million (Down 16% year on year)
Income before Income Taxes*	¥11,464 million (Down 59% year on year)
Net Income Attributable to ORIX Corporation	¥12,958 million (Down 43% year on year)
Earnings Per Share for Income Attributable to ORIX Corporation	
Basic	¥125.89 (Down 51% year on year)
Diluted	¥106.59 (Down 58% year on year)
ROE (Annualized)	4.2% (September 30, 2008: 7.3%)
ROA (Annualized)	0.65% (September 30, 2008: 1.02%)

* Income before Income Taxes refers to Income before Income Taxes and Discontinued Operations.

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Total Revenues

Total Revenues decreased 16% to ¥234,053 million compared to the three-month period ended September 30, 2008.

Revenues from direct financing leases for the three-month period ended September 30, 2009 (hereinafter the second quarter) decreased 30% to ¥12,150 million and interest on loans and investment securities for the second quarter decreased 39% to ¥32,081 million compared to the same period of the previous fiscal year. These declines are in line with the decreased balances of investment in direct financing leases and installment loans chiefly in the Corporate Financial Services and Investment Banking segments as a result of stringent selection of new transactions, enhanced collections and reduction of real estate-related loans. In the six-month period ended September 30, 2009 (hereafter the second consolidated period), revenues from direct financing leases and interest on loans and investment securities decreased 26% to ¥25,662 million and 29% to ¥74,036 million, respectively compared to the same period of the previous fiscal year.

Revenues from operating leases for the second quarter decreased 4% to ¥71,287 million compared to the same period of the previous fiscal year. This decline is mainly due to a decrease in revenues from overseas automobile leasing on a yen-equivalent basis due to the effects of an appreciated yen compared to the same period of the previous fiscal year, as well as a decline in revenues from precision measuring and other equipment rentals in the Maintenance Leasing segment due to decreased demand. Revenues for the second consolidated period decreased 4% to ¥140,489 million compared to the same period of the previous fiscal year.

Brokerage commissions and net gains (losses) on investment securities for the second quarter improved to ¥3,030 million from a loss of ¥1,038 million during the same period of the previous fiscal year. Although losses were recorded from private equity funds in the Investment Banking segment, gains on investment securities improved compared to the same period of the previous fiscal year due to an increase in realized gains on trading securities as a result of a recovery in the U.S. equity and bond markets. In the second consolidated period, brokerage commissions and net gains (losses) on investment securities improved to ¥10,517 million from a loss of ¥1,118 million during the same period of the previous fiscal year.

Life insurance premiums and related investment income for the second quarter increased 4% to ¥31,092 million compared to the same period of the previous fiscal year. Life insurance premiums decreased for the life insurance operations due to the promotion of indemnity products such as an individual term life and medical insurance. However, operating revenues from insurance-related investments returned to profitability in the second quarter due to the recovery of the financial capital markets, an improvement compared to the same period of the previous fiscal year when a loss was recorded. In the second consolidated period, life insurance premiums and related investment income decreased 9% to ¥57,189 million.

Real estate sales for the second quarter decreased 45% to ¥10,643 million. Conditions remain severe in the condominium market resulting from the downturn of the real estate market due to the effect of the financial crisis, and the number of condominiums delivered has decreased compared to the same period of the previous fiscal year. In the second consolidated period, real estate sales decreased 27% to ¥21,046 million compared to the same period of the previous fiscal year.

Gains on sales of real estate under operating leases mainly recorded in the Real Estate segment decreased 80% to ¥1,773 million in the second quarter compared to the same period of the previous fiscal year. The real estate market has remained sluggish and currently consists mainly of small property sales. Gains on the sale of a large office building were recorded in the second quarter, and was reclassified as income from discontinued operations. In the second consolidated period, gains on sales of real estate under operating leases declined 88% to ¥2,262 million compared to the same period of the previous fiscal year.

Other operating revenues for the second quarter decreased 7% to ¥71,997 million compared to the same period of the previous fiscal year. Revenues from the facilities operation business such as hotels and golf courses in the Real Estate segment for the second quarter increased compared to the same period of the previous fiscal year, while revenues from integrated facilities management decreased as a result of the sale of 100% shares of ORIX Facilities Corporation, included in the Real Estate segment, to DAIKYO INCORPORATED in March 2009. During the second consolidated period, other operating revenues decreased 10% to ¥140,246 million compared to the same period of the previous fiscal year.

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Total Expenses

Total Expenses decreased 9% to ¥234,212 million compared to the second quarter of the previous fiscal year.

Interest expense for the second quarter decreased 23% to ¥20,821 million compared to the same period of the previous fiscal year. This decrease is due to decreased debt levels as a result of a continued reduction of interest-bearing debt and lower overseas funding costs. Interest expense for the second consolidated period decreased 17% to ¥43,705 million compared to the same period of the previous fiscal year.

Costs of operating leases for the second quarter increased 2% to ¥49,974 million compared to the same period of the previous fiscal year. Increased costs associated with increases in assets in the Investment Banking and Real Estate segments were offset by decreases associated with a reduction in assets and the foreign exchange effects of an appreciated yen in the Overseas Business segment. Cost of operating leases for the second consolidated period remained flat year on year at ¥98,159 million.

Life insurance costs for the second quarter decreased 13% to ¥24,661 million compared to the same period of the previous fiscal year. These declines are in line with the decrease in insurance premiums due to the promotion of the sale of indemnity products. Life insurance costs for the second consolidated period decreased 15% to ¥46,440 million compared to the same period of the previous fiscal year.

Costs of real estate sales for the second quarter decreased 60% to ¥10,138 million compared to the same period of the previous fiscal year. This decline is due to a decrease in the number of condominiums delivered in addition to the absence of write-downs in the condominium operation recorded during the same period of the previous fiscal year. Costs of real estate sales for the second consolidated period decreased 44% to ¥20,734 compared to the same period of the previous fiscal year.

Other operating expenses for the second quarter decreased 17% to ¥37,038 million compared to the same period of the previous fiscal year. This is due to a decrease in line with the sale of ORIX Facilities Corporation. Other operating expenses for the second consolidated period decreased 14% to ¥75,973 million compared to the same period of the previous fiscal year.

Selling, general and administrative expenses for the second quarter were down 4% to ¥61,240 million compared to the same period of the previous fiscal year. This is due to decreases in personnel and selling expenses through the pursuit of cost reduction programs. Selling, general and administrative expenses for the second consolidated period also decreased 8% to ¥117,754 million compared to the same period of the previous fiscal year.

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Provision for doubtful receivables and probable loan losses increased 59% to ¥27,070 million compared to the second quarter of the previous fiscal year. This increase is mainly due to an increase in provisions for installment loans to real estate-related companies. Provision for doubtful receivables and probable loan losses increased 44% to ¥39,475 million compared to the second consolidated period of the previous fiscal year.

At the end of the second quarter, installment loans to real estate-related companies (excluding non-recourse loans issued by SPCs) accounted for ¥583,659 million, or 22% of all outstanding installment loans. Installment loans to real estate-related companies are secured in most cases with real estate as collateral. Of this amount, loans individually evaluated for impairment were down to ¥189,381 million from ¥215,971 million on March 31, 2009, however the valuation allowance for this amount increased to ¥59,332 million from ¥47,592 million on March 31, 2009 due to a deterioration of collateral value for existing loans individually evaluated for impairment due to a decline in real estate prices.

Write-downs of long-lived assets were ¥196 million in the second quarter. This is chiefly due to write-downs of real estate under operating leases in the Real Estate segment. Write-downs of long-lived assets were ¥298 million in the second consolidated period. No write-downs of long-lived assets were recorded during the second quarter or second consolidated period of the previous fiscal year.

Write-downs of securities for the second quarter decreased 9% to ¥3,337 million compared to the same period of the previous fiscal year. This is due to decreased losses from domestic and overseas equity investments recorded during the same period of the previous fiscal year. Write-downs of securities for the second consolidated period increased 9% to ¥6,085 million.

As a result of foregoing changes, an operating loss of ¥159 million was recorded in the second quarter compared to a profit of ¥21,003 million during the same period of the previous fiscal year. Operating income in the second consolidated period decreased 61% to ¥22,472 million compared to the same period of the previous fiscal year.

Net Income Attributable to ORIX Corporation

Net Income Attributable to ORIX Corporation decreased 43% to ¥12,958 million compared to the second quarter of the previous fiscal year.

Equity in net income (loss) of affiliates for the second quarter declined 33% to ¥4,623 million compared to the same period of the previous fiscal year. A loss of ¥4,538 million was recorded in the second consolidated period compared to a profit of ¥21,570 million during the same period of the previous fiscal year.

Gains (Losses) on sales of subsidiaries and affiliates and liquidation losses, net was a profit of ¥7,000 million compared to a loss of ¥2 million during the same period of the previous fiscal year. A 51% stake of ORIX Credit Corporation was transferred to Sumitomo Mitsui Banking Corporation (SMBC) in July 2009 and gains on sales of subsidiaries were recorded. Gains (Losses) on sales of subsidiaries and affiliates and liquidation losses, net for the second consolidated period was a profit of ¥6,293 million compared to a loss of ¥233 million during the same period of the previous fiscal year.

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As a result of the foregoing changes, income before income taxes was ¥11,464 million in the second quarter, a 59% decrease compared to the same period of the previous fiscal year. Income before income taxes for the second consolidated period was ¥24,227 million, a 69% decrease compared to the same period of the previous fiscal year.

Discontinued operations, net of applicable tax effect in the second quarter decreased 20% to ¥6,493 million. This is chiefly from a decrease in gains on sales of real estate under operating leases in Japan. Discontinued operations, net of applicable tax effect for the second consolidated period decreased 43% to ¥6,201 million compared to the same period of the previous fiscal year.

Net income attributable to ORIX Corporation for the second quarter decreased 43% to ¥12,958 million compared to the same period of the previous fiscal year. Net income attributable to ORIX Corporation for the second consolidated fiscal period decreased 64% to ¥20,150 million compared to the same period of the previous fiscal year.

Segment Information

Segment profits* for the second quarter continued on a recovery trend, although Corporate Financial Services Segment recognized a loss due to increased provision for doubtful receivables and probable loan losses compared to the first quarter of this fiscal year. The Investment Banking Segment recorded a decrease in losses. Maintenance Leasing Segment, Real Estate Segment, and Retail Segment recorded increases in profits.

* The Company evaluates performance based on quarterly income before income taxes and discontinued operations as well as results of discontinued operations and net income attributable to the noncontrolling interests before applicable tax effect. Tax expenses are not included in segment profits.

Segment information for the second quarter and second consolidated period is as follows.

Corporate Financial Services Segment

This segment is involved in lending, leasing, commission business for the sale of financial products, and environment-related businesses.

Segment revenues for the second quarter were down 17% to ¥28,389 million compared to the same period of the previous fiscal year. This is due to a 26% decrease in the average balances of direct financing leases and installment loans compared to the same period of the previous fiscal year resulting from stagnant demand for corporate financing and enhanced collections under the severe operating environment. Segment revenues for the second consolidated period were down 16% to ¥58,830 million compared to the same period of the previous fiscal year.

Despite decreases in interest expense and selling, general and administrative expenses compared to the same quarter of the previous fiscal year, segment expenses increased compared to the same quarter of the previous fiscal year due to a 74% year on year increase in provisions for doubtful receivables and probable loan losses as a result of reappraisal of collateralized properties and enhanced collection of non-performing assets. However, the new occurrences of non-performing assets have been decreasing since the fourth quarter of the previous fiscal year due to stringent restrictions placed on new transactions to real estate-related companies and increased collateral requirements.

As a result, segment profits for the second quarter recorded a loss of ¥11,043 million, down from a profit of ¥1,399 million during the same period of the previous fiscal year. Segment profits for the second consolidated period recorded a loss of ¥9,149 million compared to a profit of ¥7,145 million during the same period of the previous fiscal year.

Segment assets decreased 13% to ¥1,384,106 million compared to March 31, 2009, due to a decline in the balances of investments in direct financing leases and installment loans.

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Maintenance Leasing Segment

This segment consists of automobile and rental operations. The automobile operations are comprised of automobile leasing and rentals and car sharing. The rental operations are comprised of leasing and rental of precision measuring equipment and IT-related equipment.

The maintenance leasing market continues to face a severe operating environment. Demand from corporate clients has declined in line with broader cost reduction efforts in automobile leasing business and enterprises spending less on capital expenditure in rental business. However, the Maintenance Leasing Segment has maintained relatively stable revenues by capitalizing on ORIX's position as the industry-leader in terms of market share and providing high value-added services.

Segment revenues for the second quarter were down 4% to ¥56,146 million compared to the same period of the previous fiscal year. Segment revenues for the second consolidated period were also down 4% to ¥112,383 million compared to the same period of the previous fiscal year.

Regarding segment expenses, depreciation expenses increased 2% for the second quarter resulting from conservative residual value estimates due to the sluggish secondary automobiles market. On the other hand, selling, general and administrative expenses decreased.

As a result, segment profits for the second quarter decreased 24% to ¥5,511 million compared to the same period of the previous fiscal year. Segment profits for the second consolidated period were down 27% to ¥10,703 million compared to the same period of the previous fiscal year, achieving 43% of the initial profit forecast for the current fiscal year of ¥25,000 million.

Segment assets were down 7% to ¥600,792 million compared to March 31, 2009 due to a decrease in new transactions due to weakening demand and an increase in sales of low performing assets.

Real Estate Segment

This segment consists of development and rentals of commercial real estate and office buildings, condominium development and sales, hotel, golf course, and training facility operation, senior housing development and management, REIT asset management, and real estate investment advisory services.

The market for smaller properties has started to see an increase in sales activity. In addition, the condominium market has shown signs of bottoming out in metropolitan areas. Still, the real estate market as a whole has been unable to regain its previous strength as the vacancy rates remain high and average rents have continued to decline in the office building market.

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Under these circumstances, gains on sales of real estate under operating leases fell dramatically for the second quarter compared to the same period of the previous fiscal year; however, this was partially offset by a gain on sales of approximately ¥7 billion recorded on the sale of INTAGE Akihabara Building.

The condominium development business has seen a fall in revenues due to a decrease in the number of condominiums delivered to 351 units for the second quarter from 638 units in the same quarter for the previous fiscal year. However, profits increased due to a significant decrease in write-downs on projects under development. In addition, revenues and expenses from integrated facilities management services declined as a result of the transfer of shares of ORIX Facilities Corporation in March 2009.

As a result, segment revenues for the second quarter decreased 35% to ¥53,295 million compared to the same period of the previous fiscal year, while profits for the second quarter were down 45% to ¥10,467 million compared to the same period of the previous fiscal year. Moreover, segment revenues and profits for the second consolidated period were down 33% to ¥95,940 million and down 73% to ¥10,728 million, respectively. Profits are trending steadily with 54% of the initial forecast of ¥20,000 million achieved so far.

Although there was an increase in real estate under operating leases, which are expected to generate stable cash flows, segment assets declined 2% to ¥1,150,491 million compared to March 31, 2009 due to a decrease in inventories related to the condominium development business.

Investment Banking Segment

This segment consists of real estate finance, commercial real estate asset securitization, loan servicing (asset recovery), principal investment, M&A advisory, and venture capital.

Segment revenues decreased 19% to ¥20,167 million compared to the same quarter of the previous fiscal year. Revenues and profits were down in the real estate finance business as the average balances of installment loans and investment in securities (including specified bonds issued by SPEs) for the second quarter were down 35% and 39% respectively due to stringent collections and reduced new business transactions. In the loan servicing (asset recovery) business, servicing fees increased compared to the same quarter of the previous fiscal year while revenues declined in line with a decrease in collections from the sales of collateral resulting from the continued decline in liquidity in the real estate market. Segment revenues for the second consolidated period decreased 15% to ¥41,178 million compared to the same period of the previous fiscal year.

Interest expense and selling, general and administrative expenses for the second quarter decreased by 21% and 6%, respectively, compared to the same period of the previous fiscal year, while provisions for doubtful receivables and probable loan losses increased considerably due to a reappraisal of possible collections from assets backing non-recourse loans.

Equity in net income (loss) and gain (loss) on sales of affiliates decreased compared to the same quarter of the previous fiscal year due to decreased equity in net income from affiliates. However, the amount of losses has decreased since the third quarter of the previous fiscal year when significant write-downs were recorded.

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As a result of the foregoing, segment profits recorded a loss of ¥3,584 million compared to a profit of ¥5,069 million during the same period of the previous fiscal year, however the amount of losses has steadily decreased since the third quarter of the previous fiscal year. Segment profits for the second consolidated fiscal period recorded a loss of ¥13,745 million, down from a profit of ¥12,326 million during the same period of the previous fiscal year.

Segment assets were down 4% to ¥1,265,140 million compared to March 31, 2009. Real estate collateral has been acquired in some cases in order to maximize collections and to increase real estate value by capitalizing on ORIX's real estate value chain. Upon acquiring a property, a portion of the installment loan and investment in securities (specified bonds issued by SPEs) was reclassified under investment in operating leases. As a result, installment loans and investment in securities (including specified bonds issued by SPEs) decreased, while investment in operating leases increased.

Retail Segment

This segment consists of the trust and banking business, the life insurance operations, and the securities brokerage and the card loan business in an affiliate.

In line with the strategy of pursuing business alliances with banks and other financial institutions, a 51% stake of ORIX Credit Corporation was transferred to Sumitomo Mitsui Banking Corporation (SMBC) in July 2009 and the card loan business will become a joint venture with SMBC on and after the second quarter. As a result of this transfer, gains on sales of subsidiaries were recorded, and after the second quarter, gains and losses according to the amount held will be recorded as segment profits using the same method as other equity-method affiliates.

Profits rose in the trust and banking business compared to the same period of the previous fiscal year due to a decrease in provisions for doubtful receivables and probable loan losses and an increase in revenues from installment loans. Targeting future growth, the trust and banking business has diversified its portfolio by strengthening its corporate finance operations to complement its mortgage loan business to individuals, and has also increased its deposit base. In the life insurance business, insurance related gains improved due to increased contracts for new products, and related investment income increased as a result of improvement in market conditions compared to the same quarter of the previous fiscal year. In the securities brokerage, brokerage commissions were down compared to the same quarter of the previous fiscal year as a result of intensifying competition to reduce commissions.

As a result, segment revenues for the second quarter decreased 16% to ¥38,887 million compared to the same period of the previous fiscal year, while profits for the second quarter increased approximately 10 times to ¥9,639 million compared to the same period of the previous fiscal year. Segment profits have been steadily improving since a loss was recorded during the fourth quarter of the previous fiscal year. For the second consolidated period, segment revenues decreased 15% to ¥82,112 million and segment profits increased 80% to ¥14,820 million compared to the same period of the previous fiscal year, reaching 74% of the initial forecast of ¥20,000 million for the current fiscal year.

Segment assets were ¥1,419,020 million, down 9% compared to March 31, 2009 mainly due to the share transfer of ORIX Credit Corporation.

Table of Contents**Overseas Business Segment**

This segment consists of leasing, lending, investment in bonds, investment banking, real estate-related operations, and ship- and aircraft-related operations in the U.S., Asia, Oceania and Europe.

Segment revenues were down 3% to ¥45,766 million compared to the same quarter of the previous fiscal year. Brokerage commissions and net gains (losses) on investment securities were up as a result of recovery of the U.S. bond and equity markets since the first quarter of this fiscal year. However, average balance of investments in operating leases and direct financing leases declined 29% compared to the same period of the previous fiscal year, mainly due to a stronger yen and a cautious stance toward new transactions in Asia and Oceania. In addition to the decrease in the average balance, a stronger yen also led to a 28% decline in operating lease revenues and direct financing lease revenues. In the U.S., revenues from installment loans were down due to a lower market interest rate and a stronger yen as well as a decline in installment loans. Segment revenues for the second consolidated period were down 6% to ¥88,039 million compared to the same period of the previous fiscal year.

Regarding segment expenses, despite an increase in provisions for doubtful receivables and probable loan losses in the U.S., interest expense decreased primarily due to decrease in the average balance of interest bearing debt, as well as lower interest rates and a stronger yen.

Segment profits increased 25% to ¥10,232 million compared to the same period of the previous fiscal year as a result of contributions from gains on a company in Asia in which ORIX had made a principal investment. Segment profits for the second consolidated period increased 54% to ¥21,489 million, surpassing the initial profit forecast for the current fiscal year of ¥15,000 million.

Segment assets decreased 10% to ¥851,813 million compared to March 31, 2009 mainly due to decreases in installment loans and investments in direct financing leases and operating leases resulting from the cautious stance toward new transactions and the foreign exchange effects of a stronger yen.

(2) Financial Condition

	Fiscal period ended September 30, 2009	Fiscal year ended March 31, 2009	Change	Year on Year Change
Total Assets (millions of yen)	7,918,537	8,369,736	(451,199)	(5%)
(Segment Assets)	6,671,362	7,232,671	(561,309)	(8%)
Total Liabilities (millions of yen)	6,611,637	7,158,743	(547,106)	(8%)
(Long- and Short-term Debt)	4,684,693	5,252,012	(567,319)	(11%)
(Deposits)	744,458	667,627	76,831	12%
Shareholders' Equity (millions of yen)	1,265,438	1,167,530	97,908	8%
Shareholders' Equity Per Share (yen)	11,776.43	13,059.59	(1,283.16)	(10%)

Total Assets decreased 5% to ¥7,918,537 million from ¥8,369,736 million on March 31, 2009. Investment in operating leases increased due to the acquisition of real estate under operating leases. Investment in securities also increased, however, installment loans and investment in direct financing leases decreased due to the stringent selection of new transactions and a focus on collections. In addition, installment loans decreased and investment in affiliates increased as a result of the change in status of ORIX Credit Corporation from consolidated subsidiary to equity method affiliate during the second quarter of the current fiscal year. Furthermore, segment assets were down 8% to ¥6,671,362 million compared to March 31, 2009.

Long- and short-term debt levels have decreased compared to March 31, 2009 as a result of continued reductions of interest-bearing liabilities. However, deposits have increased compared to March 31, 2009 due to business expansion into corporate lending in the trust and banking business.

Shareholders' equity increased 8% to ¥1,265,438 million compared to March 31, 2009. Financial stability was enhanced resulting from ¥83 billion raised through the issuance of new shares in July 2009.

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(3) Liquidity and Capital Resources

ORIX Group requires capital resources at all times for maintaining working capital. We have put our main emphasis on ensuring stable funding and reducing our funding costs by diversifying our funding methods and sources. We strive for timely and flexible capital resource procurement by monitoring the funding requirements of our sales and investment operations and the balance between funding supply and our funding needs. We also monitor various market trends including the willingness of financial institutions to lend money in the market, investment trends of investors, and so on.

ORIX Group's funding from long- and short-term debt and acceptance of deposits on a consolidated basis was ¥5,429 billion as of September 30, 2009.

ORIX Group's funding consists mainly of borrowings from financial institutions and funding from capital markets. Borrowings were procured from a diverse range of financial institutions including major banks, regional banks, foreign banks and life and casualty insurance companies, consisting of approximately 230 institutions. Funding from the capital markets was composed of the issuance of ORIX straight bonds, commercial paper (CP), medium-term notes issued by ORIX and three overseas subsidiaries, the securitization of operating assets and unsecured convertible bonds with stock acquisition rights. The ratio of funding from capital markets to total debt including deposits was 34%.

Since the Lehman Brothers bankruptcy filing, we have been facing financial market dysfunction. In response to this environment we have implemented various measures to stabilize our financial condition such as decreasing interest bearing debt to improve our debt-to-equity ratio, issuing convertible bonds in December 2008 to increase the average maturity of debt, and retaining excess liquidity through cash and deposits to decrease short term liquidity risk. We also raised approximately ¥83 billion in July 2009 through the issuance of new shares (18 million shares), which will be used for new investments and reduction of debt.

In addition, ORIX Credit Corporation, formerly a consolidated subsidiary, became an equity-method affiliate in July 2009. As a result, borrowings from financial institutions was reduced, with short-term borrowings reduced by ¥2,578 million and payables due to securitization reduced by ¥91,327 million.

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Debt

(a) Short-term debt

	September 30, 2009 (Millions of yen)	March 31, 2009 (Millions of yen)
Borrowings from financial institutions	366,132	568,676
Commercial paper	316,486	225,991
Medium-term notes	21,550	3,500
Total	704,168	798,167

Short-term debt on September 30, 2009 was ¥704,168 million, 15% of the total amount of debt compared to March 31, 2009.

Cash and cash equivalent, time deposits and available amount of the committed credit facilities on September 30, 2009 totaled ¥967,411 million, which was 306% of the outstanding CP balance on September 30, 2009 of ¥316,486 million.

(b) Long-term debt

	September 30, 2009 (Millions of yen)	March 31, 2009 (Millions of yen)
Borrowings from financial institutions	2,468,326	2,676,129
Bonds	1,181,149	1,319,354
Medium-term notes	99,493	99,393
Payable under securitized lease and loan receivables	231,557	358,969
Total	3,980,525	4,453,845

Long-term debt on September 30, 2009 was ¥3,980,525 million, 85% of the total amount of debt compared to 85% on March 31, 2009. As of September 30, 2009, 62% of long-term debt consisted of borrowings from financial institutions.

(c) Deposits

	September 30, 2009 (Millions of yen)	March 31, 2009 (Millions of yen)
Deposits	744,458	667,627

Apart from the short-term and long-term debt noted above, ORIX Trust and Banking Corporation and ORIX Asia Limited accept deposits. The balance of deposits on September 30, 2009 was ¥744,458 million, an increase of 12% or ¥76,831 million on March 31, 2009.

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(4) Summary of Cash Flows

Cash and cash equivalents increased by ¥190,391 million to ¥592,852 million compared to June 30, 2009.

Cash flows from operating activities provided ¥94,523 million in the second quarter, having provided ¥152,634 million during the same period of the previous fiscal year, as a result of the adjustment of net income such as depreciation and amortization and provision for doubtful receivables and probable loan losses, in addition to a decrease in the number of condominiums delivered compared to the same period of the previous fiscal year despite a decrease in net income compared to the previous fiscal year.

Cash flows from investing activities provided ¥240,559 million during the second quarter, having used ¥26,517 million during the same period of the previous fiscal year, due to decreases in purchases of lease equipment, installment loans made to customers, and purchases of other securities reflecting the policy of stringent selection of new transactions, and return of investment in connection to sale of subsidiaries, net of cash disposed.

Cash flows from financing activities used ¥141,628 million during the second quarter, having used ¥45,439 million during the same period of the previous fiscal year, due to reduction of interest-bearing debt and funding through new share issuance in line with the policy of fortification of financial stability.

Cash management is stable resulting from an increased cash balance and operating and investing activities providing cash inflows.

(5) Challenges to be addressed

There were not any significant changes for the three months ended September 30, 2009.

(6) Research and Development Activity

There were not any significant changes for the three months ended September 30, 2009.

Table of Contents**5. Overview of Facilities****(1) Facilities for Rent**

(a) New equipment acquisitions

In association with the operating lease business, the Company and its subsidiaries own facilities for rent. New equipment acquisitions were ¥59,881 million for the three months ended September 30, 2009.

(b) Details of facilities for rent

Details of facilities for rent at September 30, 2009 are as follows:

	Millions of yen	Composition ratio
Transportation equipment	580,862	35.2%
Measuring and information-related equipment	172,921	10.5
Real estate	875,617	53.0
Other	21,410	1.3
Subtotal	1,650,810	100.0%
Accumulated depreciation	(384,847)	
Net	1,265,963	
Accrued rental receivables	20,164	
Total	1,286,127	

For the three months ended September 30, 2009, the Company and its subsidiaries wrote down certain facilities for rent to their fair value under the provisions of ASC 360-10 (Property, Plant, Equipment Impairment or Disposal of Long-Lived Assets). For further information on the write-downs, see Note 12 write-downs of long-lived assets .

(c) Plans for acquisition and disposal of facilities

For the three months ended September 30, 2009, there were not any significant changes in acquisition and disposal of facilities.

(2) Office Facilities and Facilities for Operation Other than for Rent

(a) Overview of facilities not for rent

The Company and its subsidiaries own the following facilities:

Head-office buildings

Facilities for welfare

Facilities for management such as golf courses and training facilities

(b) Status of main facilities not for rent

i) The Company

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For the three months ended September 30, 2009, there were not any significant changes of major facilities.

ii) Subsidiaries in Japan

For the three months ended September 30, 2009, there were not any significant changes of major facilities.

iii) Overseas subsidiaries

For the three months ended September 30, 2009, there were not any significant changes of major facilities.

(c) Plans for acquisition and disposal of facilities not for rent

For the three months ended September 30, 2009, there were not any significant changes in acquisition and disposal of facilities not for rent.

Table of Contents**6. Company Stock Information**

(1) Information of Outstanding Shares, Common Stock and Additional Paid-in Capital

The information of the number of outstanding shares, the amount of common stock and additional paid-in capital for the three months ended September 30, 2009 is as follows:

In thousands		Millions of yen			
Number of outstanding shares		Common stock		Additional paid-in capital	
Increase, net	September 30, 2009	Increase, net	September 30, 2009	Increase, net	September 30, 2009
18,001	110,218	41,681	143,899	41,681	171,078

Note: *1 Additional paid-in capital represented as shown above is based on Japanese GAAP.

*2 On July 21, 2009, the Company issued 18,000,000 shares of common stock by way of primary Japanese public offering and international offering. As a result of those offerings, common stock and additional paid-in capital increased by ¥41,677 million, respectively, compared to June 30, 2009.

(2) List of Major Shareholders

The following is a list of major shareholders as of September 30, 2009:

Name	Number of shares held (in thousands)	Percentage of total shares issued
Address Japan Trustee Services Bank, Ltd. (Trust Account) 1-8-11, Harumi, Chuo-ku, Tokyo	11,565	10.49%
The Master Trust Bank of Japan, Ltd. (Trust Account) 2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	10,452	9.48
Japan Trustee Services Bank, Ltd. (Trust Account 9) 1-8-11, Harumi, Chuo-ku, Tokyo	4,128	3.75
The Chase Manhattan Bank 385036 360 N. Crescent Drive Beverly Hills, CA 90210 U.S.A.	3,384	3.07
State Street Bank and Trust Company P.O. BOX 351 Boston, MA 02101 U.S.A.	2,416	2.19
Morgan Stanley & Co. Inc 1585 Broadway New York, NY 10036, U.S.A.	1,943	1.76
SSBT OD05 Omnibus Account China Treaty Clients 338 Pitt Street Sydney Nsw 2000 Australia	1,936	1.76
Mizuho Corporate Bank, Ltd. Harumi Island Triton Square Office Tower Z 1-8-12, Harumi Chuo-ku, Tokyo	1,500	1.36
NATSCUMCO 111 Wall Street New York, NY 10043 U.S.A.	1,496	1.36

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The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	1,471	1.34
Woolgate House, Coleman Street London EC2P 2HD, England		
	40,295	36.56%

Notes:

(a) The number of shares held in relation to a trust business may not be all inclusive and therefore is reported with reference to the names listed as shareholders.

(b) NATSCUMCO is the nominee name of the depository bank, Citibank Japan Ltd., for the aggregate of Citibank's American Depositary Receipts (ADRS) holders.

(c) The Company has 2,763 thousands of shares of treasury stocks (2.51%) as of September 30, 2009 which is not included in the List of Major Shareholders above.

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(d) Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Co., Ltd., Mitsubishi UFJ Securities International plc, Mitsubishi UFJ Asset Management Co., Ltd. and MU Investments Co., Ltd. jointly filed an amended report as required under Japanese regulations on July 21, 2009 that shows their share holdings of the Company as of July 13, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Mitsubishi UFJ Trust and Banking Corporation *1	3,018	3.27%
Mitsubishi UFJ Securities Co., Ltd.	88	0.10
Mitsubishi UFJ Securities International plc *2	383	0.42
Mitsubishi UFJ Asset Management Co., Ltd.	552	0.60
MU Investments Co., Ltd.	242	0.26
Total	4,286	4.63%

*1,2 The number of shares and percentage of total shares in issued held by Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities International plc include the residual securities.

(e) Morgan Stanley Japan Securities Co., Ltd., Morgan Stanley & Co. Incorporated, Morgan Stanley & Co. International PLC, MSDW Equity Finance Services I (Cayman) Ltd. and MS Equity Financing Services (Luxembourg) S.a.r.l jointly filed an amended report as required under Japanese regulations on July 22, 2009 that shows their share holdings of the Company as of July 15, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Morgan Stanley Japan Securities Co., Ltd.	(19)	(0.02)%
Morgan Stanley & Co. Incorporated	103	0.11
Morgan Stanley & Co. International PLC *3	2,285	2.48
MSDW Equity Finance Services I (Cayman) Ltd.	0	0.00
MS Equity Financing Services (Luxembourg) S.a.r.l	690	0.75
Total	3,060	3.32%

*3 The number of shares and percentage of total shares in issued held by Morgan Stanley & Co. International PLC include the residual securities.

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(f) Barclays Global Investors Japan Ltd., Barclays Global Investors, N.A., Barclays Global Fund Advisors, Barclays Global Investors Ltd, Barclays Bank PLC Ltd and Barclays Capital Securities Ltd jointly filed an amended report as required under Japanese regulations on July 31, 2009 that shows their share holdings of the Company as of July 27, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Barclays Global Investors Japan Ltd.	1,311	1.19%
Barclays Global Investors, N.A.	1,314	1.19
Barclays Global Fund Advisors	657	0.60
Barclays Global Investors Ltd	783	0.71
Barclays Bank PLC Ltd	0	0.00
Barclays Capital Securities Ltd *4	386	0.35
Total	4,454	4.04%

*4 The number of shares and percentage of total shares in issued held by Barclays Capital Securities Ltd include the residual securities. (g) Mizuho Corporate Bank, Limited, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd., Mizuho Asset Management Co., Ltd., SHINKO INVESTMENT TRUST MANAGEMENT CO., LTD., jointly filed an amended report as required under Japanese regulations on August 21, 2009 that shows their share holdings of the Company as of August 14, 2009. With the exception of Mizuho Corporate Bank, Limited, the following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Mizuho Corporate Bank, Limited	1,500	1.35%
Mizuho Securities Co., Ltd. *5	663	0.60
Mizuho Trust & Banking Co., Ltd. *6	2,635	2.38
Mizuho Asset Management Co., Ltd. *7	287	0.26
SHINKO INVESTMENT TRUST MANAGEMENT CO., LTD.	116	0.11
Total	5,202	4.70%

*5,6,7 The number of shares and percentage of total shares in issued held by Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd. and Mizuho Asset Management Co., Ltd. include the residual securities.

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(h) Fidelity Investments Japan Limited and FMR LLC jointly filed an amended report as required under Japanese regulations on September 2, 2009 that shows their share holdings of the Company as of August 28, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Fidelity Investments Japan Limited	8,729	7.92%
FMR LLC	6,797	6.17
Total	15,527	14.09%

(i) JPMorgan Asset Management (Japan) Limited., JPMorgan Asset Management (UK) Limited, Highbridge Capital Management (Hong Kong), Limited, JPMorgan Securities Japan Co., Ltd. and J.P. Morgan Securities Ltd. jointly filed an amended report as required under Japanese regulations on September 4, 2009 that shows their share holdings of the Company as of August 31, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
JPMorgan Asset Management (Japan) Limited.	6,587	5.98%
JPMorgan Asset Management (UK) Limited *8	309	0.28
Highbridge Capital Management (Hong Kong), Limited	490	0.44
JPMorgan Securities Japan Co., Ltd.	311	0.28
J.P. Morgan Securities Ltd.	512	0.47
Total	8,211	7.45%

*8 The number of shares and percentage of total shares in issued held by JPMorgan Asset Management (UK) Limited include the residual securities.

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(j) Nomura Securities Co., Ltd., NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. jointly filed an amended report as required under Japanese regulations on September 25, 2009 that shows their share holdings of the Company as of September 15, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Nomura Securities Co., Ltd.	343	0.31%
NOMURA INTERNATIONAL PLC *9	6,510	5.64
Nomura Asset Management Co., Ltd. *10	4,423	4.01
Total	11,277	9.76%

*9,10 The number of shares and percentage of total shares in issued held by NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. include the residual securities.

(k) AllianceBernstein L.P. and AllianceBernstein Japan Ltd. jointly filed an amended report as required under Japanese regulations on October 6, 2009 that shows their share holdings of the Company as of September 30, 2009. The following information is not included in the list of major shareholders above because the reported number of shares held is not able to be confirmed substantially against the list of shareholders as of September 30, 2009.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
AllianceBernstein L.P.	9,140	8.29%
AllianceBernstein Japan Ltd.	1,118	1.01
Total	10,258	9.31%

Table of Contents**6. Financial Information****(1) Condensed Consolidated Balance Sheets (Unaudited)**

Assets	Millions of yen	
	September 30, 2009	March 31, 2009
Cash and Cash Equivalents	592,852	459,969
Restricted Cash	133,241	128,056
Time Deposits	4,218	680
Investment in Direct Financing Leases	815,827	914,444
Installment Loans	2,683,518	3,304,101
Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses	(160,384)	(158,544)
Investment in Operating Leases	1,286,127	1,226,624
Investment in Securities	945,029	926,140
Other Operating Assets	187,890	189,560
Investment in Affiliates	379,821	264,695
Other Receivables	223,730	228,581
Inventories	174,863	197,960
Prepaid Expenses	36,421	34,571
Office Facilities	90,014	86,945
Other Assets	525,370	565,954
Total Assets	7,918,537	8,369,736

Table of Contents**(1) Condensed Consolidated Balance Sheets (Unaudited) (Continued)**

Liabilities and Equity	Millions of yen	
	September 30, 2009	March 31, 2009
Liabilities:		
Short-Term Debt	704,168	798,167
Deposits	744,458	667,627
Trade Notes, Accounts Payable and Other Liabilities	337,959	370,310
Accrued Expenses	86,031	96,662
Policy Liabilities	417,856	442,884
Current and Deferred Income Taxes	170,064	160,358
Security Deposits	170,576	168,890
Long-Term Debt	3,980,525	4,453,845
Total Liabilities	6,611,637	7,158,743
Redeemable Noncontrolling Interests	24,408	25,396
Commitments and Contingent Liabilities		
Equity:		
Common Stock	143,899	102,216
Additional Paid-in Capital	178,766	136,313
Retained Earnings	1,087,035	1,071,919
Accumulated Other Comprehensive Income (loss)	(94,702)	(92,384)
Treasury Stock, at Cost	(49,560)	(50,534)
Total ORIX Corporation Shareholders Equity	1,265,438	1,167,530
Noncontrolling Interests	17,054	18,067
Total Equity	1,282,492	1,185,597
Total Liabilities and Equity	7,918,537	8,369,736

Table of Contents**(3) Condensed Consolidated Statements of Income (Unaudited)**

	Millions of yen	
	Six months ended September 30, 2008	Six months ended September 30, 2009
Revenues:		
Direct financing leases	34,647	25,662
Operating leases	145,983	140,489
Interest on loans and investment securities	103,744	74,036
Brokerage commissions and net gains (losses) on investment securities	(1,118)	10,517
Life insurance premiums and related investment income	62,963	57,189
Real estate sales	28,697	21,046
Gains on sales of real estate under operating leases	18,562	2,262
Other operating revenues	155,260	140,246
Total revenues	548,738	471,447
Expenses:		
Interest expense	52,727	43,705
Costs of operating leases	98,370	98,159
Life insurance costs	54,686	46,440
Costs of real estate sales	36,803	20,734
Other operating expenses	88,561	75,973
Selling, general and administrative expenses	127,570	117,754
Provision for doubtful receivables and probable loan losses	27,471	39,475
Write-downs of long-lived assets		298
Write-downs of securities	5,583	6,085
Foreign currency transaction loss (gain), net	(357)	352
Total expenses	491,414	448,975
Operating Income	57,324	22,472
Equity in Net Income (loss) of Affiliates	21,570	(4,538)
Gains (losses) on Sales of Subsidiaries and Affiliates and Liquidation Losses, net	(233)	6,293
Income before Income Taxes and Discontinued Operations	78,661	24,227
Provision for Income Taxes	32,841	9,940
Income from Continuing Operations	45,820	14,287
Discontinued Operations:		
Income from discontinued operations, net	18,596	9,421
Provision for income taxes	(7,764)	(3,220)
Discontinued operations, net of applicable tax effect	10,832	6,201
Net Income	56,652	20,488
Net Income (loss) Attributable to the Noncontrolling Interests	694	(741)
Net Income Attributable to the Redeemable Noncontrolling Interests	692	1,079
Net Income Attributable to ORIX Corporation	55,266	20,150

Per Share Data (Unaudited)

	Six months ended September 30, 2008	Yen	Six months ended September 30, 2009
Earnings Per Share attributable to ORIX Corporation-Basic:			
Income from Continuing Operations	499.44		142.43
Discontinued Operations	121.75		65.02
Net Income Attributable to ORIX Corporation	621.19		207.45
Earnings Per Share attributable to ORIX Corporation-Diluted:			
Income from Continuing Operations	492.31		122.18
Discontinued Operations	118.48		53.27
Net Income Attributable to ORIX Corporation	610.79		175.45

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	Millions of yen	
	Three months ended September 30, 2008	Three months ended September 30, 2009
Revenues:		
Direct financing leases	17,239	12,150
Operating leases	74,270	71,287
Interest on loans and investment securities	52,623	32,081
Brokerage commissions and net gains (losses) on investment securities	(1,038)	3,030
Life insurance premiums and related investment income	29,981	31,092
Real estate sales	19,267	10,643
Gains on sales of real estate under operating leases	8,761	1,773
Other operating revenues	77,459	71,997
Total revenues	278,562	234,053
Expenses:		
Interest expense	26,902	20,821
Costs of operating leases	48,827	49,974
Life insurance costs	28,327	24,661
Costs of real estate sales	25,180	10,138
Other operating expenses	44,704	37,038
Selling, general and administrative expenses	63,533	61,240
Provision for doubtful receivables and probable loan losses	17,073	27,070
Write-downs of long-lived assets		196
Write-downs of securities	3,668	3,337
Foreign currency transaction loss (gain), net	(655)	(263)
Total expenses	257,559	234,212
Operating Income	21,003	(159)
Equity in Net Income (loss) of Affiliates	6,934	4,623
Gains (losses) on Sales of Subsidiaries and Affiliates and Liquidation Losses, net	(2)	7,000
Income before Income Taxes and Discontinued Operations	27,935	11,464
Provision for Income Taxes	12,518	4,656
Income from Continuing Operations	15,417	6,808
Discontinued Operations:		
Income from discontinued operations, net	13,930	9,755
Provision for income taxes	(5,764)	(3,262)
Discontinued operations, net of applicable tax effect	8,166	6,493
Net Income	23,583	13,301
Net Income (loss) Attributable to the Noncontrolling Interests	404	(297)
Net Income Attributable to the Redeemable Noncontrolling Interests	272	640
Net Income Attributable to ORIX Corporation	22,907	12,958

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Per Share Data (Unaudited)

	Yen	
	Three months ended September 30, 2008	Three months ended September 30, 2009
Earnings Per Share Attributable to ORIX Corporation-Basic:		
Income from Continuing Operations	166.15	62.46
Discontinued Operations	92.05	63.43
Net Income Attributable to ORIX Corporation	258.20	125.89
Earnings Per Share Attributable to ORIX Corporation-Diluted:		
Income from Continuing Operations	165.00	54.21
Discontinued Operations	89.62	52.38
Net Income Attributable to ORIX Corporation	254.62	106.59
Consolidated Statement of Comprehensive Income		

	Millions of yen	
	Six months ended September 30, 2008	Six months ended September 30, 2009
Net Income	56,652	20,488
Other Comprehensive Income:		
Net change of unrealized gains (losses) on investment in securities	(28,594)	13,068
Net change of defined benefit pension plans	(171)	493
Net change of foreign currency translation adjustments	1,843	(18,003)
Net change of unrealized gains on derivative instruments	43	(1,066)
Total	(26,879)	(5,508)
Comprehensive Income	29,773	14,980
Comprehensive income attributable to the noncontrolling interests	692	(1,688)
Comprehensive income attributable to the redeemable noncontrolling interests	1,288	(1,175)
Comprehensive Income Attributable to ORIX Corporation	27,793	17,843

	Millions of yen	
	Three months ended September 30, 2008	Three months ended September 30, 2009
Net Income	23,583	13,301
Other Comprehensive Income:		
Net change of unrealized gains (losses) on investment in securities	(18,868)	6,404
Net change of defined benefit pension plans	(47)	247
Net change of foreign currency translation adjustments	(12,377)	(17,226)
Net change of unrealized gains on derivative instruments	(698)	(125)
Total	(31,990)	(10,700)
Comprehensive Income	(8,407)	2,601

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Comprehensive income attributable to the noncontrolling interests	404	(438)
Comprehensive income attributable to the redeemable noncontrolling interests	(598)	(1,010)
Comprehensive Income Attributable to ORIX Corporation	(8,213)	4,049

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Consolidated Statement of Changes in Equity

Six months ended September 30, 2009

	Millions of yen								
	ORIX Corporation Shareholders					Total		Noncontrolling	Total
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Shareholders Equity	Interests	Equity	
Beginning Balance	102,216	136,313	1,071,919	(92,384)	(50,534)	1,167,530	18,067	1,185,597	
Issuance of common stock	41,677	41,347				83,024		83,024	
Contribution to subsidiaries							793	793	
Transaction with noncontrolling interests		5		(11)		(6)	1	(5)	
Adjustments to apply Contracts in entity's own equity			1,758			1,758		1,758	
Comprehensive income									
Net income			20,150			20,150	(741)	19,409	
Other comprehensive income									
Net change of unrealized gains (losses) on investment in securities				13,063		13,063	5	13,068	
Net change of defined benefit pension plans				501		501	(8)	493	
Net change of foreign currency translation adjustments				(14,812)		(14,812)	(937)	(15,749)	
Net change of unrealized gains on derivative instruments				(1,059)		(1,059)	(7)	(1,066)	
Other comprehensive income						(2,307)	(947)	(3,254)	
Comprehensive income						17,843	(1,688)	16,155	
Cash dividends			(6,261)			(6,261)	(119)	(6,380)	
Conversion of convertible bond	6	6				12		12	
Compensation cost of stock options		410				410		410	
Acquisition of treasury stock					(2)	(2)		(2)	
Disposal of treasury stock			(531)		821	290		290	
Other, net		685			155	840		840	
Ending balance	143,899	178,766	1,087,035	(94,702)	(49,560)	1,265,438	17,054	1,282,492	

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Six months ended September 30, 2008

	Millions of yen							
	ORIX Corporation Shareholders					Total		Total
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Shareholders Equity	Noncontrolling Interests	Equity
Beginning Balance	102,107	135,159	1,083,439	(19,295)	(33,493)	1,267,917	17,229	1,285,146
Contribution to subsidiaries							862	862
Transaction with noncontrolling interests							(276)	(276)
Comprehensive income								
Net income			55,266			55,266	694	55,960
Other comprehensive income								
Net change of unrealized gains (losses) on investment in securities				(28,487)		(28,487)	(2)	(28,489)
Net change of defined benefit pension plans				(171)		(171)		(171)
Net change of foreign currency translation adjustments				1,142		1,142		1,142
Net change of unrealized gains on derivative instruments				43		43		43
Other comprehensive income						(27,473)	(2)	(27,475)
Comprehensive income						27,793	692	28,485
Cash dividends			(23,529)			(23,529)	(511)	(24,040)
Exercise of warrants, stock acquisition rights and stock options	100	99			26	225		225
Compensation cost of stock options		721				721		721
Acquisition of treasury stock					(29,290)	(29,290)		(29,290)
Other, net		202	(1)		55	256		256
Ending balance	102,207	136,181	1,115,175	(46,768)	(62,702)	1,244,093	17,996	1,262,089

* Changes in the redeemable noncontrolling interests are not included in the table. For further information, see Note 8 redeemable noncontrolling interests .

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	Millions of yen	
	Six months ended September 30, 2008	Six months ended September 30, 2009
Cash Flows from Operating Activities:		
Net income	56,652	20,488
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	97,369	85,256
Provision for doubtful receivables and probable loan losses	27,471	39,475
Decrease in policy liabilities	(16,473)	(25,028)
(Gains) losses from securitization transactions	(212)	107
Equity in net (income) loss of affiliates	(21,570)	5,156
(Gains) losses on sales of subsidiaries and affiliates and liquidation losses, net	233	(6,293)
Gains on sales of available-for-sale securities	(92)	(3,086)
Gains on sales of real estate under operating leases	(18,562)	(2,262)
Gains on sales of operating lease assets other than real estate	(4,275)	(3,408)
Write-downs of long-lived assets		298
Write-downs of securities	5,583	6,085
Increase in restricted cash	(216)	(5,410)
Decrease in loans held for sale	10,285	1,052
Increase in trading securities	(454)	(1,424)
Decrease in inventories	18,667	18,333
Increase in prepaid expenses	(7,885)	(1,921)
Decrease in accrued expenses	(19,600)	(8,281)
Increase (decrease) in security deposits	2,933	(54)
Other, net	(3,960)	(18,110)
Net cash provided by operating activities	125,894	100,973

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	Millions of yen	
	Six months ended September 30, 2008	Six months ended September 30, 2009
Cash Flows from Investing Activities:		
Purchases of lease equipment	(474,758)	(190,401)
Principal payments received under direct financing leases	232,725	182,529
Net proceeds from securitization of lease receivables, loan receivables and securities	20,112	8,175
Installment loans made to customers	(629,748)	(320,600)
Principal collected on installment loans	758,311	520,703
Proceeds from sales of operating lease assets	111,108	63,231
Investment in affiliates, net	(2,244)	(8,417)
Proceeds from sales of investment in affiliates	1,953	4,393
Purchases of available-for-sale securities	(219,951)	(176,518)
Proceeds from sales of available-for-sale securities	79,148	72,624
Proceeds from redemption of available-for-sale securities	72,017	78,145
Purchases of held-to-maturity securities		(9,733)
Purchases of other securities	(62,111)	(6,346)
Proceeds from sales of other securities	20,586	11,293
Purchases of other operating assets	(6,146)	(2,723)
Acquisitions of subsidiaries, net of cash acquired	(4,857)	(4,944)
Sales of subsidiaries, net of cash disposed		126,721
Other, net	(8,267)	4,219
Net cash provided by (used in) investing activities	(112,122)	352,351
Cash Flows from Financing Activities:		
Net decrease in debt with maturities of three months or less	(131,151)	(51,143)
Proceeds from debt with maturities longer than three months	1,249,643	430,468
Repayment of debt with maturities longer than three months	(1,112,355)	(839,776)
Net increase in deposits due to customers	51,487	76,972
Issuance of common stock	199	83,036
Dividends paid	(23,529)	(6,261)
Net decrease in call money	(21,500)	(13,400)
Acquisition of treasury stock	(29,290)	(2)
Other, net	81	976