

ORIX CORP
Form 6-K
July 01, 2003

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE Act of 1934

For the month of June, 2003.

ORIX Corporation

(Translation of Registrant's Name into English)

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

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

Form 20-F x

Form 40-F o

(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 o

No x

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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: June 25, 2003

By /s/ Masaru Hattori

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

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2003/6/25

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Additions and partial amendments to Consolidated Financial Results for fiscal 2003

ORIX Corporation adds the information and amends a part of the consolidated financial results for fiscal 2003, which we announced at April 25, 2003.

Additions:

1. Pension Plans
2. Income Taxes
3. Investment in Securities (additions to Consolidated Financial Results for fiscal 2003 p.17,18)

Partial Amendments:

1. Investment in Securities (partial amendments to Consolidated Financial Results for fiscal 2003 p.17,18)

Table of Contents**Additions****1. Pension Plans**

The Company and certain subsidiaries have trusted contributory and non-contributory funded pension plans covering substantially all of their employees other than directors and corporate auditors. Under the plans, employees are entitled to lump-sum payments at the time of termination of their employment or to pension payments. The amounts of such payments are determined on the basis of length of service and remuneration at the time of termination. The Company and its subsidiaries' funding policy is to contribute annually the amounts actuarially determined. Assets of the plans are invested primarily in interest-bearing securities and marketable equity securities.

The funded status of the defined benefit pension plans, a substantial portion of which consists of domestic pension plans, as of March 31, 2003 is as follows:

| | Millions of JPY | Millions of U.S. dollars |
|-------------------------------------------------------------------|--------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | 66,715 | 555 |
| Service cost | 4,060 | 34 |
| Interest cost | 1,728 | 14 |
| Plan participants' contributions | 535 | 4 |
| Plan amendments | (3,076) | (25) |
| Actuarial loss | 6,332 | 53 |
| Foreign currency exchange rate change | (345) | (3) |
| Benefits paid | (1,653) | (14) |
| Plan curtailment | (69) | (1) |
| Special termination benefits | 1 | 0 |
| Acquisition and other | 460 | 4 |
| | <u> </u> | <u> </u> |
| Benefit obligation at end of year | 74,688 | 621 |
| | <u> </u> | <u> </u> |
| Change in plan assets: | | |
| Fair value of plan assets at beginning of year | 55,418 | 461 |
| Actual return on plan assets | (7,718) | (64) |
| Employer contribution | 7,719 | 64 |
| Plan participants' contributions | 535 | 4 |
| Benefits paid | (1,239) | (10) |
| Foreign currency exchange rate change | (261) | (2) |
| Acquisition and other | 38 | 0 |
| | <u> </u> | <u> </u> |
| Fair value of plan assets at end of year | 54,492 | 453 |
| | <u> </u> | <u> </u> |
| The funded status of the plans: | | |
| Funded status | (20,196) | (168) |
| Unrecognized prior service cost | (2,802) | (23) |
| Unrecognized net actuarial loss | 45,170 | 375 |
| Unrecognized net transition obligation | 359 | 3 |
| | <u> </u> | <u> </u> |
| Net amount recognized | 22,531 | 187 |
| | <u> </u> | <u> </u> |
| Amount recognized in the consolidated balance sheets consists of: | | |
| Prepaid benefit cost | 25,119 | 209 |
| Accrued benefit liability | (9,787) | (82) |
| Intangible asset | 112 | 1 |

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| | | |
|------------------------------------------------------|---------------|------------|
| Accumulated other comprehensive income, gross of tax | <u>7,087</u> | <u>59</u> |
| Net amount recognized | <u>22,531</u> | <u>187</u> |

The aggregate projected benefit obligations, aggregate accumulated benefit obligations and aggregate fair values of plan assets for the plans with the accumulated benefit obligations in excess of plan assets were JPY35,147 million (US\$292 million), JPY23,903 million (US\$199 million) and JPY14,383 million (US\$120 million), respectively, at March 31, 2003.

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Net pension cost of the plans for fiscal 2003 consists of the following:

| | Millions of JPY | Millions of U.S. dollars |
|----------------------------------------------------|--------------------|--------------------------------|
| Service cost | 4,060 | 34 |
| Interest cost | 1,728 | 15 |
| Expected return on plan assets | (1,534) | (13) |
| Amortization of unrecognized transition obligation | 11 | 0 |
| Amortization of unrecognized net actuarial loss | 1,588 | 13 |
| Amortization of unrecognized prior service cost | (272) | (2) |
| Plan curtailment | 13 | 0 |
| | <hr/> | <hr/> |
| Net periodic pension cost | 5,594 | 47 |
| | <hr/> | <hr/> |

Significant assumptions of domestic and foreign pension plans used to determine these amounts for fiscal 2003 are as follows:

Domestic

| | |
|--------------------------------------------------|------|
| Discount rate | 2.0% |
| Rate of increase in compensation levels | 1.7% |
| Expected long-term rate of return on plan assets | 2.0% |

Foreign

| | |
|--------------------------------------------------|------|
| Discount rate | 6.3% |
| Rate of increase in compensation levels | 4.0% |
| Expected long-term rate of return on plan assets | 8.5% |

In addition, directors and corporate auditors of the Company and certain subsidiaries, and executive officers of the Company, receive lump-sum payments upon termination of their services under unfunded termination plans. The payments to directors and corporate auditors are subject to shareholders' approval. The amount required based on length of service and remuneration to date under these plans is fully accrued.

Total provisions charged to income for all the plans including the defined benefit plans are JPY7,094 million (US\$59 million) in fiscal 2003.

Table of Contents**2. Income Taxes**

Income before extraordinary gain, cumulative effect of a change in accounting principle and income taxes and the provision for income taxes in fiscal 2003 is as follows:

| | Millions of JPY | Millions of U.S. dollars |
|-----------------------------------------------------------------------------------------------------------|--------------------|-----------------------------|
| Income before extraordinary gain, cumulative effect of a change in accounting principle and income taxes: | | |
| Domestic | 36,589 | 304 |
| Foreign | 9,699 | 81 |
| | <u>46,288</u> | <u>385</u> |
| Provision for income taxes: | | |
| Current | | |
| Domestic | 43,652 | 363 |
| Foreign | 766 | 6 |
| | <u>44,418</u> | <u>369</u> |
| Deferred | | |
| Domestic | (28,521) | (237) |
| Foreign | 5,299 | 44 |
| | <u>(23,222)</u> | <u>(193)</u> |
| Provision for income taxes | <u>21,196</u> | <u>176</u> |

The Company and its domestic subsidiaries are subject to a National Corporate tax of 30%, an Inhabitant tax of approximately 6% and a deductible Enterprise tax of approximately 10%, which in the aggregate resulted in a statutory income tax rate of approximately 42% in fiscal 2003. The effective income tax rate is different from the statutory tax rate primarily because of certain non-deductible expenses for tax purposes, a change in valuation allowance and the effect of lower income tax rates on foreign subsidiaries and a domestic life insurance subsidiary.

Under the provisions of FASB statement No. 109 (Accounting for Income Taxes), the effect of a change in tax laws or rates is included in income in the period the change is enacted and includes a cumulative recalculation of deferred tax balances based on the new tax laws or rates. The Amendments to Local Tax Laws, enacted on March 31, 2003 (effective from April 1, 2004), decreased the statutory tax rate to approximately 40.7%. As a result, the net deferred tax liability was reduced by JPY2,420 million (US\$20 million) which was credited to the provisions for income taxes in fiscal 2003.

Reconciliation of the differences between tax provision computed at the statutory rate and consolidated provisions for income taxes in fiscal 2003 is as follows:

| | Millions of JPY | Millions of U.S. dollars |
|----------------------------------------------------------------------------------------------------------|--------------------|--------------------------------|
| Income before extraordinary gain, cumulative effect of a change in accounting principle and income taxes | <u>46,288</u> | <u>385</u> |

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| | | |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| Tax provision computed at statutory rate | 19,441 | 162 |
| Increases (reductions) in taxes due to: | | |
| Change in valuation allowance | 2,597 | 21 |
| Non-deductible expenses for tax purposes | 1,013 | 8 |
| Effect of a change in tax rate | (2,420) | (20) |
| Effect of lower tax rates on foreign subsidiaries and domestic life insurance subsidiary | (705) | (6) |
| Other, net | 1,270 | 11 |
| | <u> </u> | <u> </u> |
| Provision for income taxes | 21,196 | 176 |
| | <u> </u> | <u> </u> |

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Total income taxes recognized in fiscal 2003 are as follows:

| | Millions of JPY | Millions of U.S. dollars |
|---------------------------------------------------------------------|--------------------|-----------------------------|
| Provision for income taxes | 21,196 | 176 |
| Income tax on extraordinary gain | 2,206 | 18 |
| Income tax on cumulative effect of a change in accounting principle | 353 | 3 |
| Income tax on other comprehensive income (loss): | | |
| Net unrealized losses on investment in securities | (7,046) | (58) |
| Minimum pension liability adjustments | 1,986 | 17 |
| Foreign currency translation adjustments | (835) | (7) |
| Net unrealized losses on derivative instruments | (445) | (4) |
| | <u> </u> | <u> </u> |
| Total income taxes | 17,415 | 145 |
| | <u> </u> | <u> </u> |

The tax effects of temporary differences giving rise to the deferred tax assets and liabilities at March 31, 2003 are as follows:

| | Millions of JPY | Millions of U.S. dollars |
|----------------------------------------------------------------------------------------|--------------------|-----------------------------|
| Assets: | | |
| Net operating loss carryforwards | 23,268 | 194 |
| Allowance for doubtful receivables on direct financing leases and probable loan losses | 25,514 | 212 |
| Other operating assets | 8,761 | 73 |
| Policy liabilities | 1,387 | 12 |
| Accrued expenses | 8,088 | 67 |
| Other | 9,739 | 81 |
| | <u> </u> | <u> </u> |
| | 76,757 | 639 |
| Less: valuation allowance | (7,034) | (59) |
| | <u> </u> | <u> </u> |
| | 69,723 | 580 |
| Liabilities: | | |
| Investment in direct financing leases | 116,583 | 970 |
| Investment in operating leases | 19,255 | 160 |
| Investment in securities | 2,219 | 19 |
| Deferred life insurance acquisition costs | 12,768 | 106 |
| Undistributed earnings | 14,797 | 123 |
| Prepaid benefit cost | 10,223 | 85 |
| Other | 5,132 | 43 |
| | <u> </u> | <u> </u> |
| | 180,977 | 1,506 |
| | <u> </u> | <u> </u> |
| Net deferred tax liability | 111,254 | 926 |
| | <u> </u> | <u> </u> |

The valuation allowance mainly related to deferred tax assets of consolidated subsidiaries with operating loss carryforwards for tax purposes. The Company does not believe the likelihood of realizing these deferred tax assets is more likely than not. The net change in the total valuation allowance in fiscal 2003 was increase of JPY 2, 412 million (US\$20 million).

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Certain subsidiaries have net operating loss carryforwards of JPY55,739 million (US\$464 million) for which deferred tax assets have been recognized as of March 31, 2003, which expire as follows:

| Year ending March 31, | Millions of JPY | Millions of U.S. dollars |
|-----------------------|-----------------|--------------------------|
| 2004 | 3,231 | 27 |
| 2005 | 3,331 | 28 |
| 2006 | 6,150 | 51 |
| 2007 | 2,111 | 18 |
| 2008 | 2,070 | 17 |
| Thereafter | 38,846 | 323 |
| | <hr/> | <hr/> |
| Total | 55,739 | 464 |
| | <hr/> | <hr/> |

As of March 31, 2003, a deferred tax liability of JPY8,889 million (US\$74 million) has not been recognized for JPY84,909 million (US\$706 million) of undistributed earnings of certain foreign subsidiaries as it is the Company's intention to permanently reinvest those earnings. The deferred tax liability will be recognized when the Company is no longer able to demonstrate that it plans to permanently reinvest undistributed earnings.

Net deferred tax assets and liabilities at March 31, 2003 are reflected in the accompanying consolidated balance sheets under the following captions:

| | Millions of JPY | Millions of U.S. dollars |
|----------------------------|-----------------|--------------------------|
| Other assets | 17,588 | 146 |
| Income taxes: Deferred | 128,842 | 1,072 |
| | <hr/> | <hr/> |
| Net deferred tax liability | 111,254 | 926 |
| | <hr/> | <hr/> |

Table of Contents**3. Investment in Securities**

The following is a summary of the contractual maturities of debt securities classified as available-for-sale and held-to-maturity securities held at March 31, 2003:

| | Millions of JPY | | Millions of U.S. dollars | |
|-----------------------------|-----------------|----------------|--------------------------|--------------|
| | Amortized cost | Fair value | Amortized cost | Fair value |
| Available-for-sale: | | | | |
| Due within one year | 125,091 | 125,297 | 1,041 | 1,042 |
| Due after one to five years | 200,228 | 199,829 | 1,666 | 1,662 |
| Due after five to ten years | 103,215 | 100,734 | 859 | 838 |
| Due after ten years | 70,121 | 72,545 | 583 | 605 |
| | <u>498,655</u> | <u>498,405</u> | <u>4,149</u> | <u>4,147</u> |
| Held-to-maturity: | | | | |
| Due within one year | | | | |
| Due after one to five years | | | | |
| Due after five to ten years | 10,638 | 11,030 | 89 | 92 |
| Due after ten years | | | | |
| | <u>10,638</u> | <u>11,030</u> | <u>89</u> | <u>92</u> |

Securities not due at a single maturity date, such as mortgage-backed securities, are included in the above table based on their final maturities.

Certain borrowers may have the right to call or prepay obligations. This right may cause actual maturities to differ from the contractual maturities summarized above.

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[Before amendment]

March 31, 2003

| | Millions of JPY | | | |
|-------------------------|-------------------|------------------------------|-------------------------------|---------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Held-to-maturity: | | | | |
| Asset-backed securities | 10,638 | — | — | 10,638 |
| | <u>10,638</u> | <u>—</u> | <u>—</u> | <u>10,638</u> |

March 31, 2003

| | Millions of U.S. dollars | | | |
|-------------------------|--------------------------|------------------------------|-------------------------------|---------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Held-to-maturity: | | | | |
| Asset-backed securities | 89 | — | — | 89 |
| | <u>89</u> | <u>—</u> | <u>—</u> | <u>89</u> |

[After amendment]

March 31, 2003

| | Millions of JYP | | | |
|-------------------------|-------------------|------------------------------|-------------------------------|---------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Held-to-maturity: | | | | |
| Asset-backed securities | 10,638 | 397 | (5) | 11,030 |
| | <u>10,638</u> | <u>397</u> | <u>(5)</u> | <u>11,030</u> |

March 31, 2003

| | Millions of U.S. dollars | | | |
|-------------------------|--------------------------|------------------------------|-------------------------------|---------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Held-to-maturity: | | | | |
| Asset-backed securities | 89 | 3 | (0) | 92 |
| | <u>89</u> | <u>3</u> | <u>(0)</u> | <u>92</u> |