

ORIX CORP
Form 6-K
June 12, 2006
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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, 2006.

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.)

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Form 20-F Form 40-F

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

Yes No

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1. <u>Additions to Consolidated Financial Results for Fiscal 2006 filed with the Tokyo Stock Exchange on Friday, June 9, 2006.</u>	<hr/>

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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 12, 2006

By /s/ Shunsuke Takeda
Shunsuke Takeda
Director
Vice Chairman and CFO
ORIX Corporation

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2006/6/9

Corporate Communications

ORIX Corporation

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Additions to Consolidated Financial Results for fiscal 2006

ORIX Corporation adds the information to the consolidated financial results for fiscal 2006, which we announced at May 12, 2006.

Additions:

1. Income Taxes

2. Pension Plans

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Income before discontinued operations, income taxes and minority interests in earnings of subsidiaries, and the provision for income taxes in fiscal 2006 and 2005 are as follows:

	Millions of		Millions of
	JPY		U.S. dollars
	Year ended March 31,	Year ended March 31,	Year ended March 31,
	2006	2005	2006
Income before discontinued operations, income taxes and minority interests in earnings of subsidiaries:			
Domestic	201,388	119,168	1,715
Overseas	50,762	35,935	432
	252,150	155,103	2,147
Provision for income taxes:			
Current			
Domestic	60,290	46,949	513
Overseas	7,817	5,640	67
	68,107	52,589	580
Deferred			
Domestic	18,752	4,160	159
Overseas	10,873	11,373	93
	29,625	15,533	252
Provision for income taxes	97,732	68,122	832

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 8%, which in the aggregate result in a statutory income tax rate of 40.9% in fiscal 2006 and 2005.

Reconciliation of the differences between tax provision computed at the statutory rate and consolidated provisions for income taxes in fiscal 2006 and 2005 are as follows:

	Millions of		Millions of
	JPY		U.S. dollars
	Year ended March 31,	Year ended March 31,	Year ended March 31,
	2006	2005	2006
Income before discontinued operations, income taxes and minority interests in earnings of subsidiaries	252,150	155,103	2,147
Tax provision computed at statutory rate	103,129	63,437	878

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Increases (reductions) in taxes due to:			
Change in valuation allowance	393	(3,960)	3
Non-deductible expenses for tax purposes	1,099	1,099	10
Effect of lower tax rates on foreign subsidiaries and a domestic life insurance subsidiary	(1,045)	(1,294)	(9)
Effect of foreign subsidiaries undistributed earnings no longer permanently reinvested		5,855	
Other, net	(5,844)	3,075	(50)
Provision for income taxes	97,732	68,122	832

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.

In fiscal 2005, a deferred tax liability of JPY5,855 million was recognized because the Company determined not to permanently reinvest undistributed earnings of certain foreign subsidiaries.

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Total income taxes recognized in fiscal 2006 and 2005 are as follows:

	Millions of		Millions of
	JPY		U.S. dollars
	Year ended March 31,	Year ended March 31,	Year ended March 31,
	2006	2005	2006
Provision for income taxes	97,732	68,122	832
Income tax on discontinued operations	9,779	4,766	84
Income tax on other comprehensive income (loss):			
Net unrealized gains on investment in securities	7,297	7,564	62
Minimum pension liability adjustments	307	4,781	3
Foreign currency translation adjustments	6,943	81	59
Net unrealized gains on derivative instruments	3,238	1,865	28
Total income taxes	125,296	87,179	1,068

The tax effects of temporary differences giving rise to the deferred tax assets and liabilities at March 31, 2006 and 2005 are as follows:

	Millions of		Millions of
	JPY		U.S. dollars
	March 31,	March 31,	March 31,
	2006	2005	2006
Assets:			
Net operating loss carryforwards	33,016	16,440	281
Allowance for doubtful receivables on direct financing leases and probable loan losses	29,625	33,007	252
Other operating assets	4,212	3,703	36
Accrued expenses	11,534	9,176	98
Other	25,767	14,031	220
	104,154	76,357	887
Less: valuation allowance	(16,096)	(14,649)	(137)
	88,058	61,708	750
Liabilities:			
Investment in direct financing leases	91,788	91,522	782
Investment in operating leases	17,872	8,246	152
Investment in securities	17,748	9,552	151
Deferred insurance policy acquisition costs	12,421	11,468	106
Policy liabilities	10,715	8,765	91
Undistributed earnings	64,519	43,376	549
Prepaid benefit cost	12,457	12,161	106
Other	45,321	12,980	386
	272,841	198,070	2,323
Net deferred tax liability	184,783	136,362	1,573

Valuation allowance is mainly recognized for deferred tax assets of consolidated subsidiaries with net operating loss carryforwards for tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax loss carryforwards are utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company and its subsidiaries will realize the benefits of these deductible temporary differences and tax loss carryforwards, net of the existing valuation allowances at March 31, 2006. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The net changes in the total valuation allowance were increases of JPY1,447 million (\$12 million) in fiscal 2006 and JPY741 million in fiscal 2005, respectively. As of March 31, 2006 and 2005, deferred tax liabilities have not been recognized for JPY101,896 million (\$867 million) and JPY72,779 million of undistributed earnings of foreign subsidiaries where the Company intends to reinvest permanently. The company has not calculated the amount of the unrecognized deferred tax liability for those undistributed earnings as it is not practicable. The deferred tax liability will be recognized when the Company is no longer able to demonstrate that it plans to permanently reinvest undistributed earnings.

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Certain subsidiaries have net operating loss carryforwards of JPY108,757 million (\$926 million) and JPY57,352 million at March 31, 2006 and 2005, respectively, which expire as follows:

	Millions of		Millions of
	JPY		U.S. dollars
	March 31,	March 31,	March 31,
	2006	2005	2006
2006		791	
2007	1	1,132	0
2008	3,821	4,728	33
2009	2,456	1,023	21
2010	1,822	145	16
2011	6,647		57
2011 and thereafter		49,533	
2012 and thereafter	94,010		799
Total	108,757	57,352	926

Net deferred tax assets and liabilities at March 31, 2006 and 2005 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of		Millions of
	JPY		U.S. dollars
	March 31,	March 31,	March 31,
	2006	2005	2006
Other assets	20,750	19,245	177
Income taxes: Deferred	205,533	155,607	1,750
Net deferred tax liability	184,783	136,362	1,573

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2. Pension Plans

The Company and certain subsidiaries have trusted contributory and non-contributory funded pension plans covering substantially all of their employees. Those trusted contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump-sum payments at the time of termination of their employment or pension payments. Defined benefit pension plans consist of a plan of which the amounts of such payments are determined on the basis of length of service and remuneration at the time of termination and a cash balance plan.

Certain subsidiaries had tax qualified pension plans in which the benefit was determined on the basis of length of service and remuneration at the time of termination and severance indemnity plans. However, during fiscal 2006, they amended these plans to the cash balance plan and defined contribution pension plan.

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.

In June 2001, the Japanese pension law was amended to permit an employer to elect to transfer the entire substitutional portion of benefit obligation from the employees' pension fund (EPF) to the government together with a specified amount of plan assets determined pursuant to a government formula. In fiscal 2004, the Company and certain subsidiaries received government approval of exemption from the obligation for benefits related to future employee service with respect to the substitutional portion of EPF. In fiscal 2005, the Company and certain subsidiaries received government approval of exemption from the obligation for benefits related to past employee service with respect to the substitutional portion of EPF and transferred the benefit obligation of the substitutional portion as well as related government-specified portion of plan assets of EPF to the government. As a result of the completion of the transfer, the Company and certain subsidiaries recognized a gain on a subsidy from the government of JPY12,425 million, a gain on the reversal of retirement benefit liabilities as a result of derecognition of previously accrued salary progression at the time of settlement for the substitutional portion of JPY2,618 million, and a loss of JPY14,470 million to liquidate the plan, which mainly include amortization of unrecognized actuarial loss. The net impact of the above was a gain of JPY573 million, which was recorded as a reduction in selling, general and administrative expenses in the consolidated statements of income in fiscal 2005. In fiscal 2006, the Company and certain subsidiaries amended a portion of EPF which was not transferred to the government in fiscal 2005 to the cash balance plan.

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The funded status of the defined benefit pension plans, a substantial portion of which consists of domestic pension plans, as of March 31, 2006 and 2005 is as follows:

	Millions of		Millions of U.S. dollars Year ended March 31,
	JPY		
	Year ended March 31,	Year ended March 31,	
	2006	2005	2006
Change in benefit obligation:			
Benefit obligation at beginning of year	52,378	81,184	446
Service cost	2,912	2,872	25
Interest cost	1,153	1,643	10
Plan amendments	(4,070)	(10,287)	(35)
Actuarial loss (gain)	(1,995)	2,576	(17)
Foreign currency exchange rate change	395	67	3
Benefits paid	(1,913)	(1,865)	(16)
Curtailments and settlements	(1,129)		(10)
Transfer of the substitution portion of EPF		(24,670)	
Acquisition and other	276	858	3
Benefit obligation at end of year	48,007	52,378	409
Change in plan assets:			
Fair value of plan assets at beginning of year	65,264	66,684	556
Actual return on plan assets	10,711	2,768	91
Employer contribution	5,779	6,499	49
Benefits paid	(1,626)	(1,618)	(14)
Foreign currency exchange rate change	233	44	2
Curtailments and settlements	(438)		(4)
Transfer of the substitution portion of EPF		(9,627)	
Acquisition and other	(44)	514	(0)
Fair value of plan assets at end of year	79,879	65,264	680
The funded status of the plans:			
Funded status	31,872	12,886	271
Unrecognized prior service cost	(15,003)	(12,039)	(127)
Unrecognized net actuarial loss	11,791	24,248	100
Unrecognized net transition obligation	352	364	3
Net amount recognized	29,012	25,459	247
Amount recognized in the consolidated balance sheets consists of:			
Prepaid benefit cost	30,456	29,734	259
Accrued benefit liability	(2,525)	(6,156)	(22)
Intangible asset	59	94	1
Accumulated other comprehensive loss, gross of tax	1,022	1,787	9
Net amount recognized	29,012	25,459	247

The accumulated benefit obligations for all defined benefit pension plans were JPY40,461 million (\$344 million) and JPY41,597 million, respectively, at March 31, 2006 and 2005.

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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 JPY5,856 million (\$50 million), JPY5,434 million (\$46 million) and JPY2,834 million (\$24 million), respectively, at March 31, 2006 and JPY16,191 million, JPY12,722 million and JPY7,409 million, respectively, at March 31, 2005.

Total investment revenues

38,435

46,583

Other revenues

2,431

2,609

Total revenues

101,635

108,319

Benefits and expenses

Policyholder benefits

48,687

45,486

Interest credited to policyholder

account balances

21,174

21,703

Amortization of deferred acquisition costs

and value of business acquired

12,479

11,112

Operating expenses

26,254

24,396

Total benefits and expenses

108,594

102,697

Income (loss) before income tax expense (benefit)

(6,959

)

5,622

Income tax expense (benefit)

(2,411

)

2,020

Net income (loss)

\$

(4,548

)

\$

3,602

Other comprehensive loss, net of taxes:

Change in net unrealized gains and losses on

securities available for sale

\$

442

\$

(14,741

)

Other comprehensive loss

442

(14,741

)

Comprehensive loss

\$

(4,106

)

\$

(11,139

)

Net income (loss) per share, basic and diluted

\$

(0.40

)

\$

0.31

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Consolidated
Statements of Cash Flows (Unaudited)

(Thousands)

	Quarter Ended	
	March 31	
	<u>2009</u>	<u>2008</u>
Operating activities		
Net cash provided (used)	\$ 12,557	\$ (11,329)
Investing activities		
Purchases of investments:		
Fixed maturity securities	(68,657)	(135,732)
Equity securities	(592)	(8,204)
Mortgage loans	(12,260)	(1,650)
Real estate	(4,060)	(7,013)
Sales of investments:		
Fixed maturity securities	9,039	13,451
Equity securities	1,406	1,434
Other investment assets	6,779	37,484
Maturities and principal paydowns of investments	59,784	95,432
Net dispositions of property and equipment	291	343
Net cash used	(8,270)	(4,455)
Financing activities		
Proceeds from borrowings	—	96,500
Repayments of borrowings	(2,900)	(65,014)
Deposits on policyholder account balances	53,947	48,662
Withdrawals from policyholder account balances	(59,435)	(67,127)
Net transfers from separate accounts	3,920	3,441
Change in other deposits	3,093	3,130
Cash dividends to stockholders	(3,112)	(3,163)
Net acquisition of treasury stock	(1,566)	(5,974)
Net cash provided (used)	(6,053)	10,455
Decrease in cash	(1,766)	(5,329)
Cash at beginning of year	9,720	12,158
Cash at end of period	\$ 7,954	\$ 6,829

Notes

- These interim financial statements are unaudited but, in management's opinion, include all adjustments necessary for a fair presentation of the results. Please refer to the Company's Form 10-Q as filed with the Securities and Exchange Commission.
- Net income per common share was based upon the average number of shares outstanding of 11,447,494 and 11,710,608 for the quarters ended March 31, 2009 and 2008, respectively.
- Cash dividends of \$0.27 per share were paid during the quarters ended March 31, 2009 and 2008.
- Certain immaterial amounts in prior years have been reclassified to conform with the current year presentation.

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Signature

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.

KANSAS CITY LIFE INSURANCE COMPANY

(Registrant)

By: /s/ William A. Schalekamp
William A. Schalekamp
Director; Senior Vice President,
General Counsel and Secretary

May 18, 2009

(Date)

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