November 14, 2014

Financial Results for the Six Months Ended September 30, 2014

The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the six months ended September 30, 2014.

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Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2014		As of September 30, 2014			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)	% of March 31, 2014 total	Amount (billions of yen)	% of March 31, 2014 total
Individual insurance	11,466	128,094.8	11,499	100.3	124,714.7	97.4
Individual annuities	1,477	8,798.3	1,506	102.0	8,998.2	102.3
Individual insurance and annuities	12,944	136,893.2	13,005	100.5	133,712.9	97.7
Group insurance	-	48,357.1	-	-	48,351.9	100.0
Group annuities	-	6,353.4	-	-	6,422.2	101.1

Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.

New Policies

	Number of policies (thousands)	% of September 30, 2013 total	Amount (billions of yen)	New Business	Net increase by conversion	% of September 30, 2013 total
Six months ended September 30, 2013						
Individual insurance	495		2,754.9	2,609.8	145.0	
Individual annuities	42		284.3	287.9	(3.5)	
Individual insurance and annuities	538		3,039.2	2,897.7	141.5	
Group insurance	-		110.3	110.3	-	
Group annuities	-		0.1	0.1	-	
Six months ended September 30, 2014						
Individual insurance	491	99.1	1,795.8	2,251.6	(455.7)	65.2
Individual annuities	54	126.3	391.2	396.5	(5.3)	137.6
Individual insurance and annuities	545	101.3	2,187.0	2,648.1	(461.0)	72.0
Group insurance	-	-	278.4	278.4	-	252.4
Group annuities	-	-	0.1	0.1	-	108.7

Note: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.
3. Amount of new policies for group annuities is equal to the initial premium payment.

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Amount of surrenders and lapses	3,101.5	2,926.9
Surrender and lapse rate (%)	2.19	2.14

Note: 1. The amount of lapses is not offset by the amount of lapses which are reinstated.
2. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force contracts.

(2) Annualized Net Premiums

Policies in Force

(billions of yen except percentages)

	As of March 31, 2014	As of September 30, 2014	% of March 31, 2014 total
Individual insurance	1,640.1	1,632.3	99.5
Individual annuities	375.9	384.8	102.4
Total	2,016.0	2,017.2	100.1
Medical and survival benefits	540.2	548.6	101.5

New Policies

(billions of yen except percentages)

	Six months ended September 30, 2013	Six months ended September 30, 2014	% of September 30, 2013 total
Individual insurance	45.0	50.3	111.7
Individual annuities	9.3	13.0	139.1
Total	54.4	63.3	116.4
Medical and survival benefits	21.5	24.1	111.6

Note: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

2. Annualized net premiums for medical and survival benefits include (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

3. New policies include net increase by conversion.

(3) Profit and Loss Items

(millions of yen except percentages)

	Six months ended September 30, 2013	Six months ended September 30, 2014	% of September 30, 2013 total
Premium and other income	1,427,403	1,495,407	104.8
Investment income	615,002	588,807	95.7
Benefits and Claims	1,182,147	1,274,519	107.8
Investment expenses	105,848	58,516	55.3
Ordinary profit	171,812	224,026	130.4

(4) Total assets

(millions of yen except percentages)

	As of March 31, 2014	As of September 30, 2014	% of March 31, 2014 total
Total Assets	34,028,823	35,381,404	104.0

2. Unaudited Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2014 (summarized)	As of September 30, 2014
(ASSETS)		
Cash and deposits	573,973	653,859
Call loans	334,500	327,400
Monetary claims bought	275,818	268,988
Money held in trust	34,699	32,006
Securities	28,005,170	29,228,210
[Government bonds]	[14,169,860]	[14,219,537]
[Local government bonds]	[235,000]	[138,337]
[Corporate bonds]	[2,044,589]	[1,739,007]
[Stocks]	[3,136,437]	[3,450,439]
[Foreign securities]	[7,938,499]	[9,201,731]
Loans	3,023,173	3,052,004
Policy loans	452,938	442,855
Ordinary loans	2,570,235	2,609,149
Tangible fixed assets	1,215,576	1,204,221
Intangible fixed assets	88,549	85,612
Reinsurance receivable	11,046	9,741
Other assets	369,894	429,807
Deferred tax assets	11,163	-
Customers' liabilities for acceptances and guarantees	88,225	92,396
Reserve for possible loan losses	(2,753)	(2,663)
Reserve for possible investment losses	(215)	(179)
Total assets	34,028,823	35,381,404

	As of March 31, 2014 (summarized)	As of September 30, 2014
(LIABILITIES)		
Policy reserves and others	29,744,001	30,008,553
Reserves for outstanding claims	150,709	132,349
Policy reserves	29,199,269	29,496,683
Reserve for policyholder dividends	394,022	379,520
Reinsurance payable	657	521
Subordinated bonds	107,562	107,562
Other liabilities	1,498,375	1,655,538
Corporate income tax payable	63,523	54,543
Lease liabilities	6,018	5,189
Asset retirement obligations	2,831	2,794
Other liabilities	1,426,001	1,593,010
Reserve for employees' retirement benefits	407,170	393,877
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,141	2,051
Reserve for possible reimbursement of prescribed claims	800	700
Reserve for price fluctuations	116,453	123,453
Deferred tax liabilities	-	154,273
Deferred tax liabilities for land revaluation	91,595	90,918
Acceptances and guarantees	88,225	92,396
Total liabilities	32,056,983	32,629,846
(NET ASSETS)		
Capital stock	210,224	343,104
Capital surplus	210,262	343,144
Legal capital surplus	210,224	343,104
Other capital surplus	37	40
Retained earnings	287,286	394,751
Legal retained earnings	5,600	5,600
Other retained earnings	281,686	389,151
Fund for risk allowance	43,120	43,120
Fund for price fluctuation allowance	65,000	65,000
Reserve for tax basis adjustments of real estate	23,534	23,905
Retained earnings brought forward	150,031	257,125
Treasury stock	(11,500)	(10,493)
Total shareholders' equity	696,272	1,070,507
Net unrealized gains (losses) on securities, net of tax	1,315,890	1,700,654
Deferred hedge gains (losses)	(2,586)	18,219
Reserve for land revaluation	(38,320)	(38,576)
Total of valuation and translation adjustments	1,274,983	1,680,296
Subscription rights to shares	583	753
Total net assets	1,971,839	2,751,558
Total liabilities and net assets	34,028,823	35,381,404

3. Unaudited Non-Consolidated Statement of Earnings

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
ORDINARY REVENUES	2,208,277	2,256,825
Premium and other income	1,427,403	1,495,407
[Premium income]	[1,427,001]	[1,495,206]
Investment income	615,002	588,807
[Interest and dividends]	[369,876]	[388,591]
[Gains on money held in trust]	[4,387]	[3,505]
[Gains on sale of securities]	[137,802]	[109,587]
[Gains on investments in separate accounts]	[91,146]	[77,907]
Other ordinary revenues	165,871	172,609
[Reversal of reserves for outstanding claims]	[-]	[18,360]
ORDINARY EXPENSES	2,036,464	2,032,798
Benefits and claims	1,182,147	1,274,519
[Claims]	[347,800]	[348,855]
[Annuities]	[246,252]	[288,639]
[Benefits]	[240,187]	[212,926]
[Surrender values]	[256,229]	[271,046]
[Other refunds]	[90,930]	[152,516]
Provision for policy reserves and others	325,268	301,826
Provision for reserves for outstanding claims	1,875	-
Provision for policy reserves	318,878	297,414
Provision for interest on policyholder dividends	4,514	4,412
Investment expenses	105,848	58,516
[Interest expenses]	[9,704]	[7,475]
[Losses on sale of securities]	[39,149]	[5,455]
[Losses on valuation of securities]	[1,210]	[574]
[Derivative transaction losses]	[18,729]	[2,962]
Operating expenses	206,511	200,646
Other ordinary expenses	216,688	197,289
ORDINARY PROFIT	171,812	224,026
EXTRAORDINARY GAINS	1,748	463
Gains on disposal of fixed assets	1,748	463
EXTRAORDINARY LOSSES	26,930	12,019
Losses on disposal of fixed assets	1,023	1,761
Impairment losses on fixed assets	11,906	3,258
Provision for reserve for price fluctuations	14,000	7,000
Provision for reserve for policyholder dividends	40,264	46,410
Income before income taxes	106,366	166,060
Corporate income taxes-current	63,450	68,647
Corporate income taxes-deferred	(21,091)	(19,311)
Total of corporate income taxes	42,359	49,335
Net income for the period	64,007	116,724

4. Unaudited Non-Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2013

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
						Other retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	210,207	210,207	-	210,207	5,600	43,120	65,000	20,838	81,982
Cumulative effect of changes in accounting policies				-					
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	210,207	210,207	-	210,207	5,600	43,120	65,000	20,838	81,982
Changes for the period									
Issuance of new shares				-					
Issuance of new shares - exercise of subscription rights to shares	17	17		17					
Dividends				-					(15,855)
Net income for the period				-					64,007
Disposal of treasury stock			(8)	(8)					
Transfer from retained earnings to capital surplus			8	8					(8)
Transfer to reserve for tax basis adjustments of real estate				-				400	(400)
Transfer from reserve for tax basis adjustments of real estate				-				(64)	64
Transfer from reserve for land revaluation				-					(11)
Net changes of items other than shareholders' equity									
Total changes for the period	17	17	-	17	-	-	-	336	47,795
Balance at the end of the period	210,224	210,224	-	210,224	5,600	43,120	65,000	21,175	129,778

(millions of yen)

	Shareholders' equity			Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments		
	Total retained earnings								
Balance at the beginning of the year	216,541	(13,431)	623,524	1,092,583	(1,801)	(36,995)	1,053,786	379	1,677,691
Cumulative effect of changes in accounting policies	-		-						-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	216,541	(13,431)	623,524	1,092,583	(1,801)	(36,995)	1,053,786	379	1,677,691
Changes for the period									
Issuance of new shares	-		-						-
Issuance of new shares - exercise of subscription rights to shares	-		35						35
Dividends	(15,855)		(15,855)						(15,855)
Net income for the period	64,007		64,007						64,007
Disposal of treasury stock	-	1,067	1,059						1,059
Transfer from retained earnings to capital surplus	(8)		-						-
Transfer to reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for land revaluation	(11)		(11)						(11)
Net changes of items other than shareholders' equity				54,393	(1,342)	(13)	53,037	203	53,241
Total changes for the period	48,132	1,067	49,235	54,393	(1,342)	(13)	53,037	203	102,476
Balance at the end of the period	264,673	(12,363)	672,759	1,146,976	(3,143)	(37,008)	1,106,824	583	1,780,168

Six months ended September 30, 2014

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			
						Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	210,224	210,224	37	210,262	5,600	43,120	65,000	23,534	150,031
Cumulative effect of changes in accounting policies				-					10,330
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	210,224	210,224	37	210,262	5,600	43,120	65,000	23,534	160,362
Changes for the period									
Issuance of new shares	132,842	132,842		132,842					
Issuance of new shares - exercise of subscription rights to shares	37	37		37					
Dividends				-					(19,846)
Net income for the period				-					116,724
Disposal of treasury stock			2	2					
Transfer from retained earnings to capital surplus				-					
Transfer to reserve for tax basis adjustments of real estate				-				433	(433)
Transfer from reserve for tax basis adjustments of real estate				-				(62)	62
Transfer from reserve for land revaluation				-					256
Net changes of items other than shareholders' equity									
Total changes for the period	132,879	132,879	2	132,882	-	-	-	371	96,763
Balance at the end of the period	343,104	343,104	40	343,144	5,600	43,120	65,000	23,905	257,125

(millions of yen)

	Shareholders' equity			Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments		
	Total retained earnings								
Balance at the beginning of the year	287,286	(11,500)	696,272	1,315,890	(2,586)	(38,320)	1,274,983	583	1,971,839
Cumulative effect of changes in accounting policies	10,330		10,330						10,330
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	297,617	(11,500)	706,603	1,315,890	(2,586)	(38,320)	1,274,983	583	1,982,170
Changes for the period									
Issuance of new shares	-		265,684						265,684
Issuance of new shares - exercise of subscription rights to shares	-		74						74
Dividends	(19,846)		(19,846)						(19,846)
Net income for the period	116,724		116,724						116,724
Disposal of treasury stock	-	1,007	1,010						1,010
Transfer from retained earnings to capital surplus	-		-						-
Transfer to reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for land revaluation	256		256						256
Net changes of items other than shareholders' equity				384,763	20,805	(256)	405,313	170	405,483
Total changes for the period	97,134	1,007	363,904	384,763	20,805	(256)	405,313	170	769,387
Balance at the end of the period	394,751	(10,493)	1,070,507	1,700,654	18,219	(38,576)	1,680,296	753	2,751,558

I. NOTES TO THE UNAUDITED NON-CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2014

1. Valuation Methods of Securities

Securities held by the Company including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Bonds

Held-to-maturity bonds are stated at amortized cost determined by the moving average method.

(3) Policy-reserve-matching Bonds (in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA))

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Subsidiaries and Affiliated Companies

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

(a) Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value as of September 30, 2014 (for domestic stocks, the average value during September), with cost determined by the moving average method.

(b) Available-for-sale Securities Whose Market Values Are Extremely Difficult to Recognize

i) Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method.

ii) All others are valued at cost determined by the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statement of earnings.

2. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of September 30, 2014 were ¥11,615,618 million and ¥12,965,262 million, respectively.

(2) Risk Management Policy

The Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, it periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products are:

(a) individual life insurance and annuities,
(b) non-participating single premium whole life insurance (without duty of medical disclosure),
(c) financial insurance and annuities, and
(d) group annuities,

with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), the Company revalued land for business use. The difference between the fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land:

  The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Articles 2-1 and 2-4 of the

Enforcement Ordinance of the Law for Revaluation of Land (Publicly Issued Cabinet Order 119, March 31, 1998).

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method (the depreciation of buildings other than attached improvements and structures is calculated by the straight-line method) and is computed by proportionally allocating the estimated depreciation for the fiscal year.

Estimated useful lives of major assets are as follows:

Buildings	two to sixty years
Other tangible fixed assets	two to twenty years

Tangible fixed assets other than land, buildings and leased assets that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets that are acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years following the fiscal year end when such assets were depreciated to their final depreciable limit.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company uses the straight-line method for amortization of intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful life of five years.

(3) Depreciation of Leased Assets

Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Company translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates as of September 30, 2014. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for Possible Loan Losses

The reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereinafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereinafter, “substantially bankrupt obligors”), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans to and claims on obligors that have not yet suffered business failure but are considered highly likely to fail (hereinafter, “obligors at risk of bankruptcy”), the reserve is calculated, taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor’s ability to pay.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans to and claims on bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2014 was ¥63 million.

8. Reserve for Employees’ Retirement Benefits

For the reserve for employees’ retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of September 30, 2014.

(1) Allocation of Estimated Retirement Benefits

Estimated retirement benefits are allocated under the benefit formula basis over the period ending March 31, 2015.

(2) Amortization of Actuarial Differences

Actuarial differences are amortized under the straight-line method through a certain period (seven years) within the employees' average remaining service period, starting from the following year.

The accounting treatment of unrecognized actuarial differences related to the retirement benefits for the non-consolidated financial statements is different from that for the consolidated financial statements.

9. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of the Company is established for securities whose market values are extremely difficult to recognize. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

10. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors of the Company, (1) an estimated amount for future payment out of the total amount of benefits for past service approved by the 105th general meeting of representative policyholders of the Company and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the 105th general meeting of representative policyholders of the Company are provided.

11. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, the Company provided for reserve for the possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

12. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.

13. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10 issued on March 10, 2008). Primarily, (a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; (b) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); (c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and (d) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

(2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds

Equity options ………………………………..	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts ……………………..	Domestic stocks

(3) Hedging Policies

The Company conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of the hedging instruments.

14. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserve

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

(1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of the Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
(2) Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996 for which premium payments were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, the additional provision for policy reserves for the six months ended September 30, 2014 was ¥59,917 million.

16. Accounting Standard for Retirement Benefits

Effective the six months ended September 30, 2014, the Company applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter “the Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter “the Guidance”), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance.

The Company revised the calculation method of projected benefit obligation and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees’ average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, the Company followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the six months ended September 30, 2014 related to changes in calculation method of projected benefit obligation and service cost is included in the Company’s retained earnings.

As a result, the Company’s reserve for employees’ retirement benefits decreased by ¥14,903 million and retained earnings brought forward increased by ¥10,330 million at the beginning of the six months ended September 30, 2014 as compared to what it would have been if calculated using the previous method. Also, for the six months ended September 30, 2014, both ordinary profit and income before income taxes of the Company decreased by ¥128 million.

17. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of September 30, 2014 was ¥1,575,474 million.

18. Problem Loans

As of September 30, 2014, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥9,044 million. The amount of credits to bankrupt borrowers was ¥4,271 million, the amount of delinquent loans was ¥4,327 million, the Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥445 million.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Act. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write off of loans described in Note 7 above, credits to bankrupt borrowers and delinquent loans decreased by ¥6 million and ¥57 million, respectively.

19. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act was ¥1,286,951 million. Separate account liabilities were the same amount as the separate account assets.

20. Leased Computers

In addition to leased assets included in the non-consolidated balance sheet, the Company has computers as significant leased tangible fixed assets. The Company has no material leased intangible fixed assets.

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

(Unit: million yen)

Balance at the beginning of the fiscal year ending March 31, 2015...................	394,022
Dividends paid	(65,323)
Interest accrual	4,412
Provision for reserve for policyholder dividends...	46,410
Balance as of September 30, 2014	379,520

22. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies the Company held as of September 30, 2014 was ¥477,897 million.

23. Organization Change Surplus

The amount of the Company’s organization change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

24. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were as follows:

(Unit: million yen)

Securities (Government bonds)	869,685
Securities (Foreign securities)	4,361
Cash/deposits	86
Securities and cash/deposits pledged as collateral	874,134

The amounts of secured liabilities were as follows:

(Unit: million yen)

Cash collateral for securities lending transactions ……..	837,995
Loans payable …………………………………………..	1
Secured liabilities ……………………………………….	837,996

"Securities (Government bonds)" pledged for collateral as securities lending transactions with cash collateral as of September 30, 2014 was ¥791,619 million.

25. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter "reserves for outstanding claims reinsured") was ¥4 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserves reinsured") was ¥0 million.

26. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of September 30, 2014, the market value of the securities borrowed which were not sold or pledged was ¥41,864 million, among which no securities were pledged as collateral.

27. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥33,121 million.

28. Subordinated Debt

Other liabilities included subordinated debt of ¥320,000 million, the repayment of which is subordinated to other obligations.

29. Subordinated Bonds

Subordinated bonds of ¥107,562 million shown in liabilities included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

30. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥52,414 million as of September 30, 2014. These obligations will be recognized as operating expenses in the period in which they are paid.

31. Incentive Programs Granting Employees Company Shares

Notes to incentive programs granting employees shares of the Company through dedicated trusts are omitted as the same notes are described in the notes to the consolidated financial statements.

32. Subsequent Events

On September 30, 2014, the board of directors of the Company resolved to issue U.S. dollar-denominated perpetual subordinated notes with interest deferral options (the "Notes") and the payment was completed on October 28, 2014.

(1) Name of the notes
U.S. dollar-denominated perpetual subordinated notes (with interest deferral options)

(2) Total sum of issue price
US$ 1.0 billion

(3) Issue price (amount paid)
99% of principal amount of the notes

(4) Issue price (offering price)
100% of principal amount of the notes

(5) Interest rate
A fixed rate of 5.10% per annum before October 2024 and a floating rate with step-up thereafter

(6) Maturity
None (perpetual). The Notes are callable on each interest payment date in and after October 2024 at the discretion of the Company, subject to prior government approval, etc.

(7) Listing securities exchange
Singapore Exchange Limited

(8) Payment date

October 28, 2014

(9) Collaterals and guarantees

The Notes have no collaterals or guarantees and there are no assets especially retained for the reimbursement of the Notes.

(10) Use of proceeds from the Notes

For partial repayment of existing subordinated loans and for general corporate purposes

(11) Others

Regarding the Notes, the Company hedges against exchange rate fluctuation risks until October 2024 using foreign currency swaps.

II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

1. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥13,958 million, ¥27,375 million, ¥67,811 million and ¥442 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥18 million, ¥2,517 million, ¥2,751 million and ¥168 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥177 million and ¥396 million, respectively.

2. Reinsurance

In calculating the reversal of reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥0 million was added. In calculating the provision for policy reserves, a reversal of policy reserves reinsured of ¥0 million was added.

3. Interest and Dividends

The breakdown of interest and dividends for the six months ended September 30, 2014 were as follows:

(Unit: million yen)

Interest from bank deposits ……………	5,255
Interest and dividends from securities …	311,391
Interest from loans ……………………..	33,483
Rental income ………………………….	33,872
Other interest and dividends …………...	4,588
Total …………………………………...	388,591

4. Net Income per Share

Net income per share for the six months ended September 30, 2014 was ¥107.13. Diluted net income per share for the same period was ¥107.07.

III. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

1. Treasury Stock

(Unit: thousands of shares)

	Number of shares of treasury stock outstanding at the beginning of the fiscal year ending March 31, 2015	Increase in treasury stock	Decrease in treasury stock	Number of treasury stock outstanding as of September 30, 2014
Treasury stock Shares of Common Stock (*)	7,743	-	694	7,048

(*) The 694 thousand share decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the Stock Granting Trust (J-ESOP) and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the Company's Trust-type Employee Shareholding Incentive Plan (E-Ship®).

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Six months ended September 30, 2013	Six months ended September 30, 2014
Fundamental revenues		2,064,716	2,143,597
Premium and other income		1,427,403	1,495,407
Investment income		471,441	475,580
[Interest and dividends]		[369,876]	[388,591]
Other ordinary revenues		165,871	172,609
Fundamental expenses		1,887,881	1,938,485
Benefits and claims		1,182,147	1,274,519
Provision for policy reserves and others		245,950	232,908
Investment expenses		36,583	33,121
Operating expenses		206,511	200,646
Other ordinary expenses		216,688	197,289
Fundamental profit	***A***	176,835	205,112
Capital gains		142,190	113,093
Gains on money held in trust		4,387	3,505
Gains on investments in trading securities		-	-
Gains on sale of securities		137,802	109,587
Derivative transaction gains		-	-
Foreign exchange gains		-	-
Others		-	-
Capital losses		69,023	25,391
Losses on money held in trust		-	-
Losses on invesements in trading securities		-	-
Losses on sale of securities		39,149	5,455
Losses on valuation of securities		1,210	574
Derivative transaction losses		18,729	2,962
Foreign exchange losses		9,934	16,399
Others		-	-
Net capital gains (losses)	***B***	73,166	87,701
Fundamental profit after net capital gains (losses)	***A + B***	250,002	292,813
Other one-time gains		1,370	134
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		1,370	98
Others		-	35
Other one-time losses		79,559	68,921
Ceding reinsurance commissions		-	-
Provision for contingency reserve		18,000	9,000
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		3	3
Others		61,556	59,917
Other one-time profits	***C***	(78,189)	(68,786)
Ordinary profit	***A + B + C***	171,812	224,026

Note:

1. For the six months ended September 30, 2013, "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (237 million yen) and the amount of the additional policy reserves provided (61,318 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

2. For the six months ended September 30, 2014, "Others"in "Other one-time gains" represents the reversal of reserve for possible invesement losses (35 million yen).
"Others" in "Other one-time losses" represents the amount of the additional policy reserves provided (59,917 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

6. Investment of General Account Assets for the Six Months Ended September 30, 2014

(1) Investment Environment

- During the six months ended September 30, 2014, the Japanese economy experienced favorable employment and wage conditions. However, the recovery in the economy was slow due to the continued backlash in individual consumption after the increase of the consumption tax rate.
- The U.S. economy maintained a recovery led by continued quantitative easing measures by the Federal Reserve Board (FRB) and improved employment and wage conditions, despite the downward pressure on the economy due to continuous budget cuts of the government. The European economy recovered only moderately due to the worsened economic conditions resulting from the geopolitical tensions in neighboring countries, despite the support of enhanced monetary easing measures by the European Central Bank (ECB).
- Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

- Ten-year Japanese government bond (JGB) yield showed a downward trend due to (a) tightened supply and demand for JGBs backed by the quantitative and qualitative monetary easing measures by the Bank of Japan (BOJ), (b) slowdown of the recovery in individual consumption after the increase in consumption tax and (c) lowered overseas interest rates due to the financial environment benefiting from monetary easing in developed countries.

Yield on ten-year government bonds:	April 1, 2014	0.640%
	September 30, 2014	0.520%

[Domestic Stocks]

- The Nikkei 225 temporarily declined to below the 14,000 level due mainly to mounting geopolitical tensions. After that, the Nikkei 225 rose to the 16,000 level, due to (a) major developed countries experiencing record stock prices supported by the monetary easing measures, (b) the revised growth strategies of the Japanese government including the reduction of corporate tax rates and revision of investment policies of public pension funds, including Government Pension Investment Fund, Japan (GPIF) and (c) an improvement in corporate earnings associated with the depreciation of the yen.

Nikkei 225 Stock Average:	April 1, 2014	14,827
	September 30, 2014	16,173
TOPIX:	April 1, 2014	1,202
	September 30, 2014	1,326

[Foreign Currency]

- The yen initially hovered only in a limited range against the U.S. dollar due mainly to mounting geopolitical tensions, while the expectations for further monetary easing measures by the BOJ diminished. After that, a potential increase in interest spread between the yen and the U.S. dollar related to expectations for an early rate increase in the U.S. caused the yen to depreciate against the dollar to the ¥109 level for the first time since August 2008.
- The yen appreciated against the euro due to (a) mounting geopolitical tensions in Ukraine and the Middle East and (b) additional monetary easing measures by the ECB.

yen /U.S. dollar:	April 1, 2014	¥102.92
	September 30, 2014	¥109.45
yen/euro:	April 1, 2014	¥141.65
	September 30, 2014	¥138.87

(2) Investment Results

[Asset Composition]

- The Company continued to set fixed income investments, including domestic bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. The Company actively increased its position in policy-reserve-matching bonds by purchasing mainly super-long-term JGBs while taking interest rate levels into account, in order to further enhance its Asset Liability Management (ALM) strategy and improve profitability.
- The Company has flexibly changed allocation of its risk assets (such as domestic stocks and foreign securities intended to promote diversification and to improve its profitability) by taking market trends into account.
- The table below summarizes the investment results of the Company's general account by asset class:

Assets	Investment results
Domestic bonds	<u>Decrease</u> Based on its ALM strategy, the Company tried to lengthen the duration of the bonds, taking into account interest rate levels. However, it refrained from actively accumulating policy-reserve-matching bonds due to continued low interest rates. The overall balance of domestic bonds decreased due to a shift from domestic bonds to foreign currency-denominated bonds with currency hedges in order to improve investment efficiency within its fixed income assets. The Company also strived to improve investment yields by making careful selection and diversification among various credit risk products, including corporate bonds and securitized products, in accordance with risk-adjusted credit spread guidelines.
Loans	<u>Slight increase</u> The Company slightly increased the amount of loans by actively providing new loans to fulfill capital needs in growth areas such as environment and infrastructure investments. The Company also provided loans to secure adequate risk-adjusted credit spreads, while also paying attention to the credit spread trends in the bond market.
Domestic stocks	<u>Increase</u> Due to a rise in stock prices and flexible allocation to capture market trends, the fair value-based balance of domestic stocks increased. The Company replaced some companies/sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued, taking into account analyses by in-house analysts.
Foreign bonds	<u>Increase</u> The Company shifted from domestic bonds to foreign currency-denominated bonds with currency hedges in order to improve investment efficiency within its fixed income assets focusing on international interest spreads. Additionally, taking market trends into account, the Company flexibly changed allocation of foreign currency-denominated bonds without currency hedges. As a result, the balance of foreign bonds increased. Moreover, the Company cautiously controlled risks by diversifying its portfolio by sector and currency and tried to improve investment performance.
Foreign stocks	<u>Increase</u> To enhance the total return of its portfolio, the Company increased the balance of foreign stocks. The Company continued to focus on diversification by investment style and geographical composition of its foreign stock portfolio, utilizing both independent investment advisors and in-house managers.
Real estate	<u>Slight decrease</u> The Company pursued improvement in profitability of the existing real estate portfolio by (a) investing in new residential properties and selling properties with lower profitability and (b) renegotiating rents and improving vacancy rates. Also, the Company strived to increase the value of existing properties by renovating and reconstructing them.

Note: Underlined changes in assets above are described on a book value basis.

[Investment income and expenses]

- Investment income decreased by ¥12.9 billion, compared to the same period last year, to ¥510.9 billion, due mainly to a decrease in gains on sale of securities while interest and dividends increased as a result of an increase in the balance of foreign securities, the yen depreciation and dividend increases in domestic stocks, etc.
- Investment expenses decreased by ¥47.3 billion to ¥58.5 billion, due mainly to a decrease in losses on sale of securities.
- As a result, net investment income increased by ¥34.3 billion to ¥452.3 billion year-on-year.

(3) Investment Environment Outlook for the Six Months Ending March 31, 2015

- For the six months ending March 31, 2015, the Company expects the Japanese economy will be on track for a modest recovery supported by positive effects such as (a) a recovery in employment and wage conditions, (b) steady capital investment and (c) actualization of the effect of the government's economic stimulus measures despite a slow recovery from the backlash in individual consumption after the increase of the consumption tax rate. Additionally, enhanced quantitative and qualitative monetary easing measures by the BOJ, maintaining a low interest rate environment, is expected to support the economy.

[Domestic interest rates]

- While there is same expectation of a rise in inflation when approaching the fiscal year starting April 2015 when the BOJ set the goal of achieving a 2% price increase, the domestic interest rates are expected to remain roughly flat due to the enhanced quantitative and qualitative montetary easing measures by the BOJ which are forecasted to further tighten the supply and demand for JGBs.

[Domestic stocks]

- We forecast that the domestic stock market will remain brisk, given the positive effects such as (a) the expectations for the government's economic stimulus measures aiming at economic recovery and additional increase of the individual consumption tax and (b) the expectations for the improvement of supply-demand environment due to changes in the asset portfolio of public pension funds, supported by fiscal and financial policies by the Japanese government and the BOJ.
- Additionally, increased expectations for the potential improvement in corporate earnings due to the forecasted yen depreciation trend will support the rise in stock prices.

[Foreign currency]

- We anticipate the overall yen depreciation trend against the U.S. dollar will remain, as the FRB smoothes the path to the way for a rate increase in the U.S. in or after 2015 while the BOJ is expected to enhance its monetary easing measures.
- For euro-yen rates, while concerns over deflation and trends in current account surplus in the Euro-zone support an appreciation of the euro against the yen, the expectations for enhanced monetary easing measures by the ECB are forecasted to grow. Therefore, we anticipate that the enro-yen rate will move within a certain range for the period.

(4) Investment Policies for the Six Months Ending March 31, 2015

- The Company will continue to set fixed income investments, including government and corporate bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. In addition, taking into account market trends, the Company will flexibly change allocation of its risk assets, such as domestic stocks and foreign securities, carried to diversify and improve the overall returns of its investment portfolio.
- The table below summarizes the expected investments of the Company's general account by asset class:

Assets	Investment policies
Domestic bonds	<u>Increase when interest rates rise</u> The Company will continue investing in domestic bonds as a core asset under its ALM strategy. When interest rates rise, the Company will accumulate its bonds while considering a shift to bonds with longer durations (i.e., long-term bonds and super-long-term bonds) to further enhance its ALM.
Loans	<u>Slight decrease</u> The Company will continue to actively fulfill the capital needs in new growth areas. The Company intends to provide new loans by setting appropriate credit spreads, with attention to borrowers' profiles and credit spread levels in the corporate bond market. However, its overall loan balance is expected to slightly decrease due to the effect of maturity and so on.
Domestic stocks	<u>Flexibly increase or decrease</u> While intending to slightly decrease the exposure to domestic stocks for risk management purposes, the Company will flexibly change allocation of domestic stocks, following market trends. Also, the Company will seek opportunities to improve the profitability of the portfolio by actively selecting companies and sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued.
Foreign bonds	<u>Flexibly increase or decrease</u> While intending to maintain exposure to foreign currency-denominated bonds without currency hedges, the Company will flexibly change the allocation of this asset class based on exchange rate trends, while carefully monitoring the diversification effect among risk assets. The Company will flexibly change allocation of foreign currency-denominated bonds with currency hedges, in order to improve investment efficiency within its fixed income assets while carefully monitoring international interest spreads.
Foreign stocks	<u>Increase</u> Taking market trends into account, the Company will increase its exposure to foreign stocks. The Company also continues to seek regional diversification, as well as investment style diversification.

7. Investment Results of General Account

(1) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2014		As of September 30, 2014	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	827,414	2.5	890,411	2.6
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	275,818	0.8	268,988	0.8
Trading account securities	-	-	-	-
Money held in trust	34,699	0.1	32,006	0.1
Securities	26,905,478	82.0	28,103,844	82.3
Domestic bonds	16,120,309	49.1	15,780,292	46.2
Domestic stocks	2,862,186	8.7	3,167,504	9.3
Foreign securities	7,535,743	23.0	8,765,740	25.7
Foreign bonds	5,817,347	17.7	7,003,680	20.5
Foreign stocks and other securities	1,718,395	5.2	1,762,059	5.2
Other securities	387,238	1.2	390,306	1.1
Loans	3,023,173	9.2	3,052,004	8.9
Policy loans	452,938	1.4	442,855	1.3
Ordinary loans	2,570,235	7.8	2,609,149	7.6
Real estate	1,206,176	3.7	1,196,018	3.5
Real estate for rent	781,595	2.4	775,326	2.3
Deferred tax assets	11,163	0.0	-	-
Others	538,861	1.6	602,388	1.8
Reserve for possible loan losses	(2,753)	(0.0)	(2,663)	(0.0)
Total	32,820,032	100.0	34,142,998	100.0
Foreign currency-denominated assets	6,039,804	18.4	7,236,528	21.2

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(2) Changes (Increase/Decrease) in Assets (General Account)

(millions of yen)

	Six month ended September 30, 2013	Six month ended September 30, 2014
Cash, deposits, and call loans	(28,342)	62,996
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	(5,185)	(6,830)
Trading account securities	-	-
Money held in trust	4,371	(2,693)
Securities	304,178	1,198,365
Domestic bonds	(58,364)	(340,016)
Domestic stocks	306,486	305,317
Foreign securities	28,371	1,229,997
Foreign bonds	24,491	1,186,333
Foreign stocks and other securities	3,879	43,663
Other securities	27,685	3,067
Loans	(57,947)	28,831
Policy loans	(10,980)	(10,082)
Ordinary loans	(46,966)	38,913
Real estate	(15,939)	(10,157)
Real estate for rent	(7,320)	(6,268)
Deferred tax assets	(2,597)	(11,163)
Others	167,531	63,527
Reserve for possible loan losses	2,405	89
Total	368,473	1,322,965
Foreign currency-denominated assets	121,581	1,196,724

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(3) Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Interest and dividends	369,876	388,591
Interest from bank deposits	3,238	5,255
Interest and dividends from securities	293,047	311,391
Interest from loans	36,974	33,483
Rental income	32,548	33,872
Other interest and dividends	4,067	4,588
Gains on trading account securities	-	-
Gains on money held in trust	4,387	3,505
Gains on investments in trading securities	-	-
Gains on sale of securities	137,802	109,587
Gains on sale of domestic bonds	44,345	13,958
Gains on sale of domestic stocks	19,376	27,375
Gains on sale of foreign securities	74,081	67,811
Others	-	442
Gains on redemption of securities	7,265	8,937
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	2,404	89
Reversal of reserve for possible investment losses	-	35
Other investment income	2,119	153
Total	523,855	510,900

(4) Investments Expense (General Account)

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Interest expenses	9,704	7,475
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on investments in trading securities	-	-
Losses on sale of securities	39,149	5,455
Losses on sale of domestic bonds	380	18
Losses on sale of domestic stocks	3,589	2,517
Losses on sale of foreign securities	35,014	2,751
Others	165	168
Losses on valuation of securities	1,210	574
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	382	177
Losses on valuation of foreign securities	827	396
Others	-	-
Losses on redemption of securities	316	185
Derivative transaction losses	18,729	2,962
Foreign exchange losses	9,934	16,399
Provision for reserve for possible loan losses	-	-
Provision for reserve for possible investment losses	237	-
Write-down of loans	3	3
Depreciation of real estate for rent and others	7,328	7,240
Other investment expenses	19,233	18,220
Total	105,848	58,516

(5) Net Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net investment income	418,007	452,383

(6) Valuation gains and losses on trading securities (General Account)

(millions of yen)

	As of March 31, 2014		As of September 30, 2014	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	31,863	788	29,226	1,584
Trading account securities	-	-	-	-
Money held in trust	31,863	788	29,226	1,584

(7) Fair value information on securities (General Account) (securities with fair value except for trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2014					
Held-to-maturity bonds	45,109	48,862	3,753	3,753	-
Domestic bonds	45,109	48,862	3,753	3,753	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,726,939	12,799,665	1,072,726	1,072,869	142
Domestic bonds	11,721,834	12,794,528	1,072,693	1,072,836	142
Foreign bonds	5,104	5,137	33	33	-
Stocks of subsidiaries and affiliates	28,434	44,116	15,682	15,682	-
Available-for-sale securities	12,115,568	14,013,790	1,898,222	1,980,087	81,864
Domestic bonds	4,048,489	4,353,365	304,875	306,098	1,222
Domestic stocks	1,605,896	2,537,699	931,802	985,695	53,892
Foreign securities	5,928,966	6,540,243	611,277	636,785	25,508
Foreign bonds	5,327,360	5,812,243	484,882	504,474	19,592
Foreign stocks and other securities	601,605	728,000	126,394	132,310	5,916
Other securities	252,517	288,828	36,311	37,377	1,066
Monetary claims bought	262,110	275,818	13,708	13,882	173
Certificates of deposit	15,000	15,000	0	0	-
Money held in trust	2,587	2,835	247	247	-
Total	23,916,050	26,906,435	2,990,384	3,072,392	82,007
Domestic bonds	15,815,433	17,196,756	1,381,322	1,382,687	1,365
Domestic stocks	1,605,896	2,537,699	931,802	985,695	53,892
Foreign securities	5,960,087	6,587,059	626,971	652,479	25,508
Foreign bonds	5,332,465	5,817,380	484,915	504,507	19,592
Foreign stocks and other securities	627,622	769,678	142,055	147,972	5,916
Other securities	254,934	291,266	36,332	37,398	1,066
Monetary claims bought	262,110	275,818	13,708	13,882	173
Certificates of deposit	15,000	15,000	0	0	-
Money held in trust	2,587	2,835	247	247	-
As of September 30, 2014					
Held-to-maturity bonds	45,260	49,471	4,210	4,210	-
Domestic bonds	45,260	49,471	4,210	4,210	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,615,618	12,965,262	1,349,644	1,349,661	17
Domestic bonds	11,603,514	12,952,934	1,349,420	1,349,437	17
Foreign bonds	12,104	12,328	223	223	-
Stocks of subsidiaries and affiliates	26,878	60,154	33,275	33,275	-
Available-for-sale securities	12,847,689	15,301,022	2,453,332	2,506,534	53,201
Domestic bonds	3,794,955	4,130,668	335,713	336,009	295
Domestic stocks	1,588,299	2,838,537	1,250,238	1,287,862	37,623
Foreign securities	6,935,052	7,753,642	818,589	833,775	15,185
Foreign bonds	6,323,819	6,991,576	667,757	679,125	11,368
Foreign stocks and other securities	611,233	762,065	150,832	154,649	3,817
Other securities	251,799	286,406	34,606	34,700	93
Monetary claims bought	254,995	268,988	13,992	13,995	2
Certificates of deposit	20,000	19,999	(0)	-	0
Money held in trust	2,587	2,779	191	191	-
Total	24,535,446	28,375,910	3,840,463	3,893,683	53,219
Domestic bonds	15,443,729	17,133,073	1,689,344	1,689,657	313
Domestic stocks	1,588,299	2,838,537	1,250,238	1,287,862	37,623
Foreign securities	6,973,173	7,825,257	852,083	867,269	15,185
Foreign bonds	6,335,923	7,003,904	667,981	679,349	11,368
Foreign stocks and other securities	637,250	821,352	184,102	187,919	3,817
Other securities	252,660	287,273	34,612	34,706	93
Monetary claims bought	254,995	268,988	13,992	13,995	2
Certificates of deposit	20,000	19,999	(0)	-	0
Money held in trust	2,587	2,779	191	191	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

* Carrying amount of securities whose fair value is deemed extremely difficult to recognize is as follows:

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	418,119	451,013
Unlisted domestic stocks (except over-the-counter stocks)	201,171	206,964
Unlisted foreign stocks (except over-the-counter stocks)	172,743	192,479
Others	44,204	51,569
Available-for-sale securities	966,677	955,813
Unlisted domestic stocks (except over-the-counter stocks)	123,314	122,002
Unlisted foreign stocks (except over-the-counter stocks)	775,099	765,001
Unlisted foreign bonds	0	0
Others	68,263	68,809
Total	1,384,797	1,406,826

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation gains/losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: gain of 15,280 million yen as of March 31, 2014 and gain of 15,570 million yen as of September 30, 2014.

(Reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above, in addition to the figures in the table (7), is as follows:

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2014					
Held-to-maturity bonds	45,109	48,862	3,753	3,753	-
Domestic bonds	45,109	48,862	3,753	3,753	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,726,939	12,799,665	1,072,726	1,072,869	142
Domestic bonds	11,721,834	12,794,528	1,072,693	1,072,836	142
Foreign bonds	5,104	5,137	33	33	-
Stocks of subsidiaries and affiliates	446,553	477,476	30,922	35,061	4,139
Domestic stocks	201,171	201,171	-	-	-
Foreign stocks	205,376	236,277	30,901	35,040	4,139
Other securities	40,005	40,026	21	21	-
Available-for-sale securities	13,082,245	14,980,508	1,898,262	1,980,127	81,865
Domestic bonds	4,048,489	4,353,365	304,875	306,098	1,222
Domestic stocks	1,729,211	2,661,014	931,802	985,695	53,892
Foreign securities	6,713,945	7,325,262	611,317	636,825	25,508
Foreign bonds	5,327,360	5,812,243	484,882	504,474	19,592
Foreign stocks and other securities	1,386,584	1,513,019	126,434	132,351	5,916
Other securities	310,901	347,212	36,311	37,377	1,066
Monetary claims bought	262,110	275,818	13,708	13,882	173
Certificates of deposit	15,000	15,000	0	0	-
Money held in trust	2,587	2,835	247	247	-
Total	25,300,848	28,306,513	3,005,664	3,091,811	86,146
Domestic bonds	15,815,433	17,196,756	1,381,322	1,382,687	1,365
Domestic stocks	1,930,383	2,862,186	931,802	985,695	53,892
Foreign securities	6,924,426	7,566,677	642,251	671,899	29,647
Foreign bonds	5,332,465	5,817,380	484,915	504,507	19,592
Foreign stocks and other securities	1,591,961	1,749,297	157,336	167,391	10,055
Other securities	350,906	387,238	36,332	37,398	1,066
Monetary claims bought	262,110	275,818	13,708	13,882	173
Certificates of deposit	15,000	15,000	0	0	-
Money held in trust	2,587	2,835	247	247	-
As of September 30, 2014					
Held-to-maturity bonds	45,260	49,471	4,210	4,210	-
Domestic bonds	45,260	49,471	4,210	4,210	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,615,618	12,965,262	1,349,644	1,349,661	17
Domestic bonds	11,603,514	12,952,934	1,349,420	1,349,437	17
Foreign bonds	12,104	12,328	223	223	-
Stocks of subsidiaries and affiliates	477,892	526,738	48,846	52,900	4,054
Domestic stocks	206,964	206,964	-	-	-
Foreign stocks	225,113	273,953	48,840	52,894	4,054
Other securities	45,814	45,820	5	5	-
Available-for-sale securities	13,803,502	16,256,834	2,453,332	2,506,534	53,201
Domestic bonds	3,795,805	4,131,518	335,713	336,009	295
Domestic stocks	1,710,301	2,960,539	1,250,238	1,287,862	37,623
Foreign securities	7,709,933	8,528,523	818,589	833,775	15,185
Foreign bonds	6,323,819	6,991,576	667,757	679,125	11,368
Foreign stocks and other securities	1,386,114	1,536,946	150,832	154,649	3,817
Other securities	309,878	344,485	34,606	34,700	93
Monetary claims bought	254,995	268,988	13,992	13,995	2
Certificates of deposit	20,000	19,999	(0)	-	0
Money held in trust	2,587	2,779	191	191	-
Total	25,942,273	29,798,307	3,856,033	3,913,307	57,273
Domestic bonds	15,444,579	17,133,923	1,689,344	1,689,657	313
Domestic stocks	1,917,265	3,167,504	1,250,238	1,287,862	37,623
Foreign securities	7,947,151	8,814,805	867,654	886,894	19,239
Foreign bonds	6,335,923	7,003,904	667,981	679,349	11,368
Foreign stocks and other securities	1,611,227	1,810,900	199,672	207,544	7,871
Other securities	355,693	390,306	34,612	34,706	93
Monetary claims bought	254,995	268,988	13,992	13,995	2
Certificates of deposit	20,000	19,999	(0)	-	0
Money held in trust	2,587	2,779	191	191	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

(8) Fair value information on money held in trust (General Account)

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2014	34,699	34,699	1,036	6,681	5,645
As of September 30, 2014	32,006	32,006	1,776	6,916	5,139

Note: 1. Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
2. "Gains (losses)" include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(millions of yen)

	As of March 31, 2014		As of September 30, 2014	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	31,863	788	29,226	1,584

* Information on money held in trust classified as held-to-maturity, policy-reserve-matching and available-for-sale is as follows:

(millions of yen)

	As of March 31, 2014					As of September 30, 2014				
	Book value	Fair value	Gains (losses)			Book value	Fair value	Gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust classified as held-to-maturity	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as policy-reserve-matching	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as available-for-sale	2,587	2,835	247	247	-	2,587	2,779	191	191	-

(9) Total net unrealized gains (losses) of general account assets

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Securities	3,005,664	3,856,033
Domestic bonds	1,381,322	1,689,344
Domestic stocks	931,802	1,250,238
Foreign securities	642,251	867,654
Foreign bonds	484,915	667,981
Foreign stocks and other securitie	157,336	199,672
Other securities	36,332	34,612
Others	13,955	14,184
Real estate	48,264	50,165
Total (including others not listed above)	3,050,515	3,932,817

Note: 1. Only foreign exchange valuation gains (losses) are taken into account for foreign securities whose fair value is deemed extremely difficult to recognize.
2. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
3. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Claims against bankrupt and quasi-bankrupt obligors	4,362	4,307
Claims with collection risk	4,431	4,291
Claims for special attention	63	472
Subtotal (I)	8,857	9,071
[Percentage (I)/(II)]	[0.21%]	[0.19%]
Claims against normal obligors	4,258,174	4,729,378
Total (II)	4,267,031	4,738,450

Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Credits to bankrupt borrowers	4,329	4,271
Delinquent loans	4,463	4,327
Loans past due for three months or more	-	-
Restructured loans	35	445
Total	8,828	9,044
[Percentage of total loans]	[0.29%]	[0.30%]

Note: 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers as of March 31, 2014 and September 30, 2014 were 6 million yen and 6 million yen, respectively. The write-offs relating to delinquent loans as of March 31, 2014 and September 30, 2014 were 60 million yen and 57 million yen, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

10. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2014	As of September 30, 2014
Total solvency margin	*(A)*	4,770,380	6,145,987
Common stock, etc. [*1]		676,855	1,069,245
Reserve for price fluctuations		116,453	123,453
Contingency reserve		531,093	540,093
General reserve for possible loan losses		1,394	1,403
Net unrealized gains on securities (before tax) × 90% [*2]		1,708,436	2,207,999
Net unrealized gains (losses) on real estate × 85% [*2]		19,155	20,754
Policy reserves in excess of surrender values		1,731,450	1,783,044
Qualifying subordinated debt		427,562	427,562
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(397,689)	(40,142)
Excluded items		(169,507)	(169,507)
Others		125,176	182,080
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	*(B)*	1,235,660	1,453,158
Insurance risk	R_1	82,252	80,303
3rd sector insurance risk	R_8	166,728	167,802
Assumed investment yield risk	R_2	256,233	251,103
Guaranteed minimum benefit risk	R_7 [*3]	4,347	4,018
Investment risk	R_3	920,520	1,143,268
Business risk	R_4	28,601	32,929
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$		772.1%	845.8%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

11. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Individual variable insurance	53,284	56,512
Individual variable annuities	112,848	103,958
Group annuities	1,077,304	1,126,480
Separate account total	1,243,437	1,286,951

(2) Sum Insured of Policies in Force of Individual Variable Insurance and Annuities (Separate Account)

A. Individual variable insurance

(millions of yen except number of policies)

	As of March 31, 2014		As of September 30, 2014	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	175	871	170	845
Individual variable insurance (whole life)	45,376	280,932	44,946	278,108
Total	45,551	281,804	45,116	278,954

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2014		As of September 30, 2014	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	29,822	107,174	25,766	107,660

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Ordinary revenues	2,975,233	3,462,742
Ordinary profit	156,091	234,307
Net income for the period	47,937	123,362
Comprehensive income for the period	88,105	534,664

	As of March 31, 2014	As of September 30, 2014
Total assets	37,705,176	39,934,847
Solvency margin ratio	756.9%	834.4%

(2) Scope of Consolidation and Application of Equity Method

	As of September 30, 2014
Number of consolidated subsidiaries	21
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	32

For information regarding changes in subsidiaries and affiliates, please refer to "I. Guidelines for Preparation of Unaudited Consolidated Financial Statements" (P. 36).

(3) Unaudited Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2014 (summarized)	As of September 30, 2014
ASSETS		
Cash and deposits	698,594	818,538
Call loans	362,800	357,600
Monetary claims bought	281,859	275,076
Money held in trust	66,400	64,768
Securities	31,203,581	33,215,694
Loans	3,024,702	3,053,508
Tangible fixed assets	1,215,895	1,204,595
Intangible fixed assets	210,053	203,904
Reinsurance receivable	33,867	57,663
Other assets	516,436	591,987
Net defined benefit assets	-	469
Deferred tax assets	5,734	1,505
Customers' liabilities for acceptances and guarantees	88,225	92,396
Reserve for possible loan losses	(2,759)	(2,680)
Reserve for possible investment losses	(215)	(179)
Total assets	37,705,176	39,934,847
LIABILITIES		
Policy reserves and others	33,327,552	34,419,558
Reserves for outstanding claims	358,606	365,786
Policy reserves	32,574,923	33,674,251
Reserve for policyholder dividends	394,022	379,520
Reinsurance payable	27,677	31,335
Subordinated bonds	107,562	107,562
Other liabilities	1,593,272	1,772,498
Net defined benefit liabilities	385,436	372,066
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,163	2,076
Reserve for possible reimbursement of prescribed claims	800	700
Reserve for price fluctuations	118,167	125,973
Deferred tax liabilities	15,108	179,427
Deferred tax liabilities for land revaluation	91,595	90,918
Acceptances and guarantees	88,225	92,396
Total liabilities	35,757,563	37,194,513
NET ASSETS		
Capital stock	210,224	343,104
Capital surplus	210,262	343,144
Retained earnings	219,552	334,292
Treasury stock	(11,500)	(10,493)
Total shareholders' equity	628,538	1,010,049
Net unrealized gains (losses) on securities, net of tax	1,322,731	1,716,737
Deferred hedge gains (losses)	(2,586)	18,219
Reserve for land revaluation	(38,320)	(38,576)
Foreign currency translation adjustments	19,756	16,694
Accumulated remeasurements of defined benefit plans	16,854	16,397
Total accumulated other comprehensive income	1,318,435	1,729,471
Subscription rights to shares	583	753
Minority interests	55	58
Total net assets	1,947,613	2,740,333
Total liabilities and net assets	37,705,176	39,934,847

(4) Unaudited Consolidated Statement of Earnings and Comprehensive Income

[Unaudited Consolidated Statement of Earnings]

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
ORDINARY REVENUES	2,975,233	3,462,742
Premium and other income	2,118,829	2,586,960
Investment income	682,696	712,000
[Interest and dividends]	[375,671]	[410,504]
[Gains on money held in trust]	[-]	[2,666]
[Gains on investments in trading securities]	[12,608]	[7,858]
[Gains on sale of securities]	[144,488]	[111,156]
[Gains on investments in separate accounts]	[138,139]	[170,090]
Other ordinary revenues	173,706	163,781
ORDINARY EXPENSES	2,819,141	3,228,434
Benefits and claims	1,416,377	1,568,936
[Claims]	[372,895]	[386,224]
[Annuities]	[247,097]	[311,998]
[Benefits]	[260,641]	[241,782]
[Surrender values]	[355,029]	[365,038]
Provision for policy reserves and others	787,680	1,109,702
Provision for reserves for outstanding claims	24,866	3,002
Provision for policy reserves	758,299	1,102,287
Provision for interest on policyholder dividends	4,514	4,412
Investment expenses	134,549	57,974
[Interest expenses]	[10,180]	[7,945]
[Losses on money held in trust]	[4,540]	[-]
[Losses on sale of securities]	[39,264]	[5,544]
[Losses on valuation of securities]	[1,214]	[574]
[Derivative transaction losses]	[23,983]	[4,558]
Operating expenses	255,173	281,226
Other ordinary expenses	225,360	210,595
Ordinary profit	156,091	234,307
EXTRAORDINARY GAINS	1,754	739
Gains on disposal of fixed assets	1,752	463
Gain on step acquisition	-	273
Other extraordinary gains	1	2
EXTRAORDINARY LOSSES	27,218	12,814
Losses on disposal of fixed assets	1,029	1,769
Impairment losses on fixed assets	11,906	3,258
Provision for reserve for price fluctuations	14,283	7,786
Other extraordinary losses	0	0
Provision for reserve for policyholder dividends	40,264	46,410
Income before income taxes and minority interests	90,363	175,822
Corporate income taxes-current	65,346	72,560
Corporate income taxes-deferred	(21,090)	(20,108)
Total of corporate income taxes	44,255	52,452
Income before minority interests	46,107	123,370
Minority interests in gain (loss) of subsidiaries	(1,830)	8
Net income for the period	47,937	123,362

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	46,107	123,370
Other comprehensive income	41,998	411,293
Net unrealized gains (losses) on securities, net of tax	52,013	393,345
Deferred hedge gains (losses)	(1,342)	20,805
Reserve for land revaluation	(25)	-
Foreign currency translation adjustments	(13,032)	(331)
Remeasurements of defined benefit plans, net of tax	-	(461)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	4,384	(2,064)
Comprehensive income for the period	88,105	534,664
Attributable to shareholders of the parent company	90,176	534,654
Attributable to minority interests	(2,070)	10

(5) Unaudited Consolidated Statement of Cash Flows

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes and minority interests	90,363	175,822
Depreciation	19,288	18,734
Impairment losses on fixed assets	11,906	3,258
Amortization of goodwill	1,783	3,773
Increase (decrease) in reserves for outstanding claims	28,351	7,087
Increase (decrease) in policy reserves	757,854	1,099,024
Provision for interest on policyholder dividends	4,514	4,412
Provision for (reversal of) reserve for policyholder dividends	40,264	46,410
Increase (decrease) in reserve for possible loan losses	(2,405)	(81)
Increase (decrease) in reserve for possible investment losses	237	(35)
Write-down of loans	3	3
Increase (decrease) in reserve for employees' retirement benefits	(26,961)	-
Decrease (increase) in net defined benefit assets	-	53
Increase (decrease) in net defined benefit liabilities	-	1,762
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(107)	(86)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(160)	(99)
Increase (decrease) in reserve for price fluctuations	14,283	7,786
Interest and dividends	(375,671)	(410,504)
Securities related losses (gains)	(261,706)	(292,256)
Interest expenses	10,180	7,945
Losses (gains) on disposal of fixed assets	(818)	938
Loss (gain) on step acquisitions	-	(273)
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	23,129	(7,114)
Others, net	(18,510)	20,602
Subtotal	315,818	687,162
Interest and dividends received	411,031	438,469
Interest paid	(10,670)	(8,300)
Policyholder dividends paid	(60,125)	(65,323)
Others, net	(199,886)	(18,959)
Corporate income taxes paid	(71,910)	(78,924)
Net cash flows provided by (used in) operating activities	384,257	954,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(17,740)	(8,500)
Proceeds from sale and redemption of monetary claims bought	18,747	15,615
Purchases of money held in trust	(5,100)	(1,900)
Proceeds from decrease in money held in trust	-	6,000
Purchases of securities	(5,171,119)	(4,122,521)
Proceeds from sale and redemption of securities	4,664,145	3,011,084
Origination of loans	(337,848)	(217,890)
Proceeds from collection of loans	397,402	189,022
Others, net	128,417	64,057
Total of net cash provided by (used in) investment transactions	(323,096)	(1,065,032)
Total of net cash provided by (used in) operating activities and investment transactions	61,161	(110,909)
Acquisition of tangible fixed assets	(5,066)	(8,229)
Proceeds from sale of tangible fixed assets	4,361	1,675
Acquisition of intangible fixed assets	(9,490)	(8,864)
Proceeds from sale of intangible fixed assets	8	303
Acquisition of stock of subsidiaries and affiliates resulting in change in scope of consolidation	-	(2,699)
Net cash flows provided by (used in) investing activities	(333,283)	(1,082,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(31,085)	(1,023)
Repayment of financial lease obligations	(842)	(849)
Proceeds from issuing common stock	-	264,175
Proceeds from disposal of treasury stock	1,037	976
Cash dividends paid	(15,769)	(19,761)
Others, net	(14)	(7)
Net cash flows provided by (used in) financing activities	(46,674)	243,509
Effect of exchange rate changes on cash and cash equivalents	(2,662)	873
Net increase (decrease) in cash and cash equivalents	1,636	115,659
Cash and cash equivalents at the beginning of the period	848,717	1,061,394
Cash and cash equivalents at the end of the period	850,354	1,177,054

(6) Unaudited Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2013

(millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	210,207	210,207	156,357	(13,431)	563,340	1,099,351	(1,801)
Cumulative effect of changes in accounting policies					-		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	210,207	210,207	156,357	(13,431)	563,340	1,099,351	(1,801)
Changes for the period							
Issuance of new shares					-		
Issuance of new shares - exercise of subscription rights to shares	17	17			35		
Dividends			(15,855)		(15,855)		
Net income for the period			47,937		47,937		
Disposal of treasury stock		(8)		1,067	1,059		
Transfer from retained earnings to capital surplus		8	(8)		-		
Transfer from reserve for land revaluation			(11)		(11)		
Others			244		244		
Net changes of items other than shareholders' equity						52,134	(1,342)
Total changes for the period	17	17	32,306	1,067	33,409	52,134	(1,342)
Balance at the end of the period	210,224	210,224	188,663	(12,363)	596,750	1,151,486	(3,143)

(millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	(36,995)	18,229	-	1,078,784	379	6,514	1,649,020
Cumulative effect of changes in accounting policies							-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(36,995)	18,229	-	1,078,784	379	6,514	1,649,020
Changes for the period							
Issuance of new shares							-
Issuance of new shares - exercise of subscription rights to shares							35
Dividends							(15,855)
Net income for the period							47,937
Disposal of treasury stock							1,059
Transfer from retained earnings to capital surplus							-
Transfer from reserve for land revaluation							(11)
Others							244
Net changes of items other than shareholders' equity	(13)	(8,528)	-	42,250	203	(2,085)	40,368
Total changes for the period	(13)	(8,528)	-	42,250	203	(2,085)	73,778
Balance at the end of the period	(37,008)	9,701	-	1,121,035	583	4,428	1,722,798

Six months ended September 30, 2014

(millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	210,224	210,262	219,552	(11,500)	628,538	1,322,731	(2,586)
Cumulative effect of changes in accounting policies			11,272		11,272		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	210,224	210,262	230,824	(11,500)	639,810	1,322,731	(2,586)
Changes for the period							
Issuance of new shares	132,842	132,842			265,684		
Issuance of new shares - exercise of subscription rights to shares	37	37			74		
Dividends			(19,846)		(19,846)		
Net income for the period			123,362		123,362		
Disposal of treasury stock		2		1,007	1,010		
Transfer from retained earnings to capital surplus					-		
Transfer from reserve for land revaluation			256		256		
Others			(303)		(303)		
Net changes of items other than shareholders' equity						394,005	20,805
Total changes for the period	132,879	132,882	103,468	1,007	370,238	394,005	20,805
Balance at the end of the period	343,104	343,144	334,292	(10,493)	1,010,049	1,716,737	18,219

(millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	(38,320)	19,756	16,854	1,318,435	583	55	1,947,613
Cumulative effect of changes in accounting policies							11,272
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(38,320)	19,756	16,854	1,318,435	583	55	1,958,885
Changes for the period							
Issuance of new shares							265,684
Issuance of new shares - exercise of subscription rights to shares							74
Dividends							(19,846)
Net income for the period							123,362
Disposal of treasury stock							1,010
Transfer from retained earnings to capital surplus							-
Transfer from reserve for land revaluation							256
Others							(303)
Net changes of items other than shareholders' equity	(256)	(3,062)	(456)	411,035	170	2	411,208
Total changes for the period	(256)	(3,062)	(456)	411,035	170	2	781,447
Balance at the end of the period	(38,576)	16,694	16,397	1,729,471	753	58	2,740,333

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) Number of consolidated subsidiaries for the six months ended September 30, 2014: 21

The twenty-one subsidiaries of the Dai-ichi Life Insurance Company, Limited (the "Parent Company") include:

- The Dai-ichi Life Information Systems Co., Ltd.,
- The Dai-ichi Frontier Life Insurance Co., Ltd.,
- Sompo Japan DIY Life Insurance Co., Ltd. ("DIY Life")
- Dai-ichi Life Insurance Company of Vietnam, Limited, and
- TAL Dai-ichi Life Australia Pty Ltd ("TDLA")

Effective the six months ended September 30, 2014, DIY Life is included in the scope of consolidation.

Effective the six months ended September 30, 2014, two subsidiaries of TDLA are excluded from the scope of consolidation as TDLA disposed of its interest in the subsidiaries.

(2) Number of non-consolidated subsidiaries for the six months ended September 30, 2014: 15

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Business Service K.K and First U Anonymous Association. The fifteen non-consolidated subsidiaries had, individually, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss), retained earnings, cash flows, and others.

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries under the equity method for the six months ended September 30, 2014: 0

(2) Number of affiliated companies under the equity method for the six months ended September 30, 2014: 32

The thirty-two affiliated companies of the Parent Company include:

- DIAM Co., Ltd.
- Mizuho-DL Financial Technology Co., Ltd.
- Trust & Custody Services Bank Ltd.
- Corporate-pension Business Service Co., Ltd.
- Japan Excellent Asset Management Co., Ltd.
- NEOSTELLA CAPITAL CO., LTD.
- OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED
- Star Union Dai-ichi Life Insurance Company Limited, and
- Janus Capital Group Inc.

Effective the six months ended September 30, 2014, one subsidiary of Janus Capital Group Inc. is newly accounted for under the equity method.

Effective the six months ended September 30, 2014, Japan Real Estate Asset Management Co., Ltd. is excluded from the scope of the equity method as the Parent Company disposed of its interest in Japan Real Estate Asset Management Co., Ltd..

(3) Non-consolidated subsidiaries and affiliated companies

The non-consolidated subsidiaries (Dai-ichi Seimei Business Service K.K., First U Anonymous Association and others), as well as affiliated companies (CVC No.1 Investment Limited Partnership, CVC No.2 Investment Limited Partnership, NEOSTELLA No.1 Investment Limited Partnership, O.M. Building Management Co., Ltd. and others) of the Parent Company were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss), retained earnings and others.

3. Interim Closing Dates of Consolidated Subsidiaries

The interim closing date of domestic consolidated subsidiaries is September 30, whereas that of foreign consolidated subsidiaries is June 30 or September 30. Financial information as of those closing dates is used to prepare the consolidated financial statements, although necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2014

1. Valuation Methods of Securities

Securities held by the Parent Company and its consolidated subsidiaries including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Bonds

Held-to-maturity bonds are stated at amortized cost determined by the moving average method.

(3) Policy-reserve-matching Bonds (in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by JICPA)

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

(a) Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value as of September 30, 2014 (for domestic stocks, the average value during September), with cost determined by the moving average method.

(b) Available-for-sale Securities Whose Market Values Are Extremely Difficult to Recognize

i) Government/corporate bonds (including foreign bonds) whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method.

ii) All others are valued at cost determined by the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the consolidated statement of earnings.

2. Risk Management Policy of Policy-Reserve-Matching Bonds

The Parent Company and its certain subsidiary categorize their insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups of insurance groups of the Parent Company are:

- individual life insurance and annuities,
- non-participating single premium whole life insurance (without duty of medical disclosure),
- financial insurance and annuities, and
- group annuities,

with the exception of certain types.

The sub-groups of insurance groups of the subsidiary of the Parent Company are:

- individual life insurance and individual annuity (yen-denominated, short-term),

- individual life insurance and individual annuity (yen-denominated, long-term),
- individual life insurance and individual annuity (U.S. dollar-denominated), and
- individual life insurance and individual annuity (Australian dollar-denominated),

with the exception of certain types and contracts.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), the Parent Company revalued land for business use. The difference between the fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

  The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Articles 2-1 and 2-4 of the Enforcement Ordinance of the Law for Revaluation of Land (Publicly Issued Cabinet Order 119, March 31, 1998).

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method (the depreciation of buildings other than attached improvements and structures is calculated by the straight-line method) and is computed by proportionally allocating the estimated depreciation for the fiscal year.

Estimated useful lives of major assets are as follows:

- Buildings: two to sixty years
- Other tangible fixed assets: two to twenty years

Tangible fixed assets other than land, buildings and leased assets that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years following the fiscal year end when such assets were depreciated to their final depreciable limit.

Depreciation of tangible fixed assets owned by consolidated subsidiaries in Japan is principally calculated by the declining balance method, while the straight-line method is principally used to compute depreciation for such assets of consolidated overseas subsidiaries.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Parent Company and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful lives of four to eight years.

(3) Depreciation of Leased Assets

Depreciation for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of September 30, 2014 was ¥647,372 million.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Parent Company translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies not accounted for under the equity method) into yen at the prevailing exchange rate as of September 30, 2014. Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are translated into yen at the exchange rate on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Parent Company's consolidated overseas subsidiaries are translated into yen at the exchange rates at the end of their interim periods. Translation adjustments associated with the consolidated overseas subsidiaries are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheet.

For certain consolidated subsidiaries of the Parent Company, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as "net unrealized gains (losses) on securities", and the remaining changes are reported in "foreign exchange gains (losses)".

7. Reserve for Possible Loan Losses

The reserve for possible loan losses is calculated based on internal rules for self-assessment, write-offs, and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereinafter, "bankrupt obligors") and loans to and claims on obligors that have suffered substantial business failure (hereinafter, "substantially bankrupt obligors"), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans to and claims on obligors that have not yet suffered business failure but are considered highly likely to fail (hereinafter, "obligors at risk of bankruptcy"), the reserve is calculated taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor's ability to pay.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Parent Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2014 was ¥63 million.

8. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of the Parent Company is established for securities whose market values are extremely difficult to recognize. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

9. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors of the Parent Company, (1) an estimated amount for future payment out of the total amount of benefits for past service approved by the 105th general meeting of representative policyholders of the Parent Company and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the 105th general meeting of representative policyholders of the Parent Company are provided.

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of certain consolidated subsidiaries, an amount considered to have been rationally incurred during the interim period is provided.

10. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, the Parent Company provided for reserve for the possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

11. Net Defined Benefit Liabilities and Net Defined Benefit Assets

For the net defined benefit liabilities and the net defined benefit assets, an amount is considered to have been rationally incurred during the interim period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2015.

(1) Allocation of estimated retirement benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefits to the period until March 31, 2015.

(2) Amortization of actuarial differences and past service cost

Past service cost is amortized under the straight-line method through a certain period (three years) within the employees' average remaining service period.

Actuarial differences are amortized under the straight-line method through a certain period (three or seven years) within the employees' average remaining service period, starting from the following year.

Certain consolidated subsidiaries applied the simplified method in calculating their projected benefit obligations.

12. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.

13. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, (a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; (b) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); (c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and (d) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

(2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps ………………………..	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps…………………..	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts ……...	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transactions)
Currency options …………………………	Foreign currency-denominated bonds
Equity options ……………………………	Domestic stocks, foreign currency-denominated stocks (forecasted transactions)
Equity forward contracts………………….	Domestic stocks

(3) Hedging Policies

The Parent Company conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

14. Calculation of National and Local Consumption Tax

The Parent Company and its domestic consolidated subsidiaries account for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense for the six months ended September 30, 2014.

15. Policy Reserves

Policy reserves of the Parent Company and its consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

(1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).

(2) Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired by the Parent Company on or before March 31, 1996 for which premium payments were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, the amount of the provisions for policy reserves for the six months ended September 30, 2014 was ¥59,917 million.

16. Accounting Standard for Retirement Benefits

Effective the six months ended September 30, 2014, the Parent Company and its domestic consolidated subsidiaries applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter “the Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter “the Guidance”), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. The Parent Company and its domestic consolidated subsidiary revised the calculation method of projected benefit obligation and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees’ average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, the Parent Company and its domestic consolidated subsidiary followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the six months ended September 30, 2014 related to changes in calculation method of projected benefit obligation and service cost is included in the Parent Company and its domestic consolidated subsidiary’s retained earnings.

As a result, net defined benefit assets increased by ¥450 million, net defined benefit liabilities decreased by ¥15,900 million and retained earnings increased by ¥11,272 million at the beginning of the six months ended September 30, 2014 as compared to what they would have been if calculated using the previous method. Also, for the six months ended September 30, 2014, both ordinary profit and income before income taxes and minority interests decreased by ¥144 million.

17. Financial Instruments and Others

(1) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of September 30, 2014 were as follows. The following table does not include financial instruments whose fair value is extremely difficult to recognize. (Please refer to (Note 2).)

As of September 30, 2014	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Cash and deposits	818,538	818,549	10
(2) Call loans	357,600	357,600	-
(3) Monetary claims bought	275,076	275,076	-
(4) Money held in trust	64,768	64,768	-
(5) Securities			
a. Trading securities	3,337,163	3,337,163	-
b. Held-to-maturity bonds	45,260	49,471	4,210
c. Policy-reserve-matching bonds	12,866,789	14,249,379	1,382,589
d. Stock of subsidiaries and affiliate companies	34,467	60,154	25,687
e. Available-for-sale securities	15,840,671	15,840,671	-
(6) Loans	3,053,508		
Reserve for possible loan losses (*1)	(1,799)		
	3,051,708	3,190,739	139,030
Total assets	36,692,042	38,243,571	1,551,529
(1) Bonds payable	107,562	126,343	18,781
(2) Long-term borrowings	347,312	350,738	3,426
Total liabilities	454,874	477,082	22,208
Derivative transactions (* 2)			
a. Hedge accounting not applied	12,124	12,124	-
b. Hedge accounting applied	[105,867]	[105,398]	468
Total derivative transactions	[93,742]	[93,273]	468

(*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*2) Credits/debts from derivative transactions are presented on a net basis. Figures in [] are net debts.

(Note 1) Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions

- **Assets**

(1) Cash and deposits

As for deposits with maturities, except for those which are close to maturity, present value is calculated by discounting the carrying amount for each segment based on the term, using a deposit interest rate which is assumed to be applied to new deposit. As for deposits close to maturity and deposits without maturity, fair value is based on the carrying amount since fair value is close to the carrying amount.

(2) Call loans

Since all call loans are close to due date and their fair value is close to their carrying amounts, fair value of call loans is based on their carrying amount.

(3) Monetary claims bought

The fair value of monetary claims bought is based on the reasonably calculated price.

(4) Money held in trust

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. The fair value of derivative transactions included in money held in trust is based on the price on derivatives markets.

(5) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or the price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to the partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in "(2) Securities" on page 43.

(6) Loans

The fair value of loans is calculated by discounting future cash flows of the subject loan, using interest rates corresponding to the internal credit rating and remaining period which are assumed to be applied to new loans to the subject borrower.

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of September 30, 2014. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans.

Also, loans without a due date because of their characteristics that their exposure is limited to the amount of their collaterals, are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, their book value is recorded as the fair value.

- **<u>Liabilities</u>**

(1) Bonds payable (subordinated bonds)

The fair value of bonds issued by the Parent Company is based on the price on the bond market.

(2) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowing. Also, certain of long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

- **<u>Derivative Transactions</u>**

The breakdown of derivative transactions is (1) currency-related transactions (currency forward contracts, currency options, etc.); (2) interest-related transactions (interest rate futures, interest rate swaps, etc.); (3) stock-related transactions (yen stock index futures, foreign currency-denominated stock index futures, etc.); (4) bond-related transactions (yen bond futures, foreign currency-denominated bond futures, etc.). The fair value of the instruments is based on the exchange-traded prices and the prices quoted from counterparty financial institution, etc.

(Note 2) Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (5) Securities in (Note 1)

As of September 30, 2014	Carrying amount
	(Unit: million yen)
1. Unlisted domestic stocks (*) …………………	154,940
2. Unlisted foreign stocks (*) ……………………	43,236
3. Other foreign securities (*) …………………	789,283
4. Other securities (*) …………………………	103,882
Total	1,091,342

(*) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of fair value information.

(2) Securities

- Held-to-maturity Bonds:

As of September 30, 2014	Carrying amount	Market value	Unrealized gains (losses)
		(Unit: million yen)	
Held-to-maturity bonds with unrealized gains:			
(1) Bonds	45,260	49,471	4,210
a. Government bonds	45,260	49,471	4,210
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
(2) Foreign securities	-	-	-
a. Foreign bonds	-	-	-
Subtotal	45,260	49,471	4,210
Held-to-maturity bonds with unrealized losses:			
(1) Bonds	-	-	-
a. Government bonds	-	-	-
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
(2) Foreign securities	-	-	-
a. Foreign bonds	-	-	-
Subtotal	-	-	-
Total	45,260	49,471	4,210

- Policy-reserve-matching Bonds:

As of September 30, 2014	Carrying amount	Market value	Unrealized gains (losses)
		(Unit: million yen)	
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	12,009,925	13,368,551	1,358,625
a. Government bonds	11,484,957	12,815,846	1,330,888
b. Local government bonds	78,279	85,062	6,782
c. Corporate bonds	446,688	467,643	20,955
(2) Foreign securities	764,646	789,137	24,490
a. Foreign bonds	764,646	789,137	24,490
Subtotal	12,774,572	14,157,689	1,383,116
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	23,532	23,480	(52)
a. Government bonds	-	-	-
b. Local government bonds	-	-	-
c. Corporate bonds	23,532	23,480	(52)
(2) Foreign securities	68,683	68,209	(474)
a. Foreign bonds	68,683	68,209	(474)
Subtotal	92,216	91,689	(527)
Total	12,866,789	14,249,379	1,382,589

- Available-for-sale Securities:

As of September 30, 2014	Carrying amount	Acquisition cost	Unrealized gains (losses)
		(Unit: million yen)	
Available-for-sale securities with gains:			
(1) Bonds	4,414,195	4,062,268	351,926
a. Government bonds	2,888,044	2,601,712	286,331
b. Local government bonds	68,349	65,172	3,176
c. Corporate bonds	1,457,801	1,395,382	62,418
(2) Domestic stocks	2,691,894	1,404,031	1,287,862
(3) Foreign securities	7,218,316	6,351,755	866,560
a. Foreign bonds	6,537,154	5,825,267	711,886
b. Other foreign securities	681,161	526,487	154,674
(4) Other securities	627,960	576,891	51,068
Subtotal	14,952,366	12,394,947	2,557,418
Available-for-sale securities with losses:			
(1) Bonds	39,714	40,033	(319)
a. Government bonds	14,224	14,474	(249)
b. Local government bonds	-	-	-
c. Corporate bonds	25,489	25,559	(69)
(2) Domestic stocks	146,643	184,267	(37,623)
(3) Foreign securities	862,721	878,116	(15,395)
a. Foreign bonds	781,740	793,317	(11,576)
b. Other foreign securities	80,980	84,799	(3,819)
(4) Other securities	134,302	134,881	(578)
Subtotal	1,183,381	1,237,298	(53,917)
Total	16,135,747	13,632,245	2,503,501

Note:

Figures in “Other securities” include certificates of deposits (acquisition cost: ¥20,000 million; carrying amount: ¥19,999 million) and trust beneficiary rights (acquisition cost: ¥260,995 million; carrying amount: ¥275,076 million), which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheet, respectively.

(3) Money Held in Trust

- Money held in trust for investment purpose:

As of September 30, 2014	(Unit: million yen)
Carrying amount on the consolidated balance sheet	61,988
Gains (losses) on valuation of money held in trust	745

- Money held in trust classified as Available-for-Sale (other than for investment purpose, classified as held-to maturity and policy-reserve-matching):

As of September 30, 2014	(Unit: million yen)
Carrying amount on the consolidated balance sheet	2,779
Acquisition cost	2,587
Unrealized gains (losses)	191
Unrealized gains	191
Unrealized losses	-

18. Real Estate for Rent

The carrying amount, net change during the six months ended September 30, 2014, and the market value of real estate for rent were as follows:

Six months ended September 30, 2014	(Unit: million yen)
Carrying amount	
Beginning balance	803,093
Net change during the period	(7,015)
Ending balance	796,077
Market value	792,247

Notes:

(1) The carrying amount of real estate for rent on the consolidated balance sheet was acquisition cost net of accumulated depreciation and impairments.

(2) Net change in the carrying amount includes cost of acquisition of the real estate for rent of ¥6,466 million, the depreciation expense of ¥7,234 million, change in use of the real estate of ¥3,059 million, impairment losses of ¥2,581 million and sale of the real estate of ¥2,312 million.

(3) The Parent Company calculates the market value of the majority of the real estate for rent based on real estate appraisals by an independent appraiser, and others based on the internal but reasonable estimates.

19. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of September 30, 2014 was ¥1,585,762 million.

20. Problem Loans

As of September 30, 2014, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥9,044 million. The amount of credits to bankrupt borrowers was ¥4,271 million, the amount of delinquent loans was ¥4,327 million, the Parent Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥445 million.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Act. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in Note 7, credits to bankrupt borrowers and delinquent loans decreased by ¥6 million and ¥57 million, respectively.

21. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Act was ¥3,236,986 million. Separate account liabilities were the same amount as the separate account assets.

22. Leased Computers

In addition to leased assets included in the consolidated balance sheet, the Parent Company and its consolidated subsidiaries have computers as significant leased tangible fixed assets. They have no material leased intangible fixed assets.

23. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

(Unit: million yen)

Balance at the beginning of the fiscal year ending March 31, 2015	394,022
Dividends paid	(65,323)
Interest accrual	4,412
Provision for reserve for policyholder dividends	46,410
Balance as of September 30, 2014	379,520

24. Stock of Subsidiaries

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Parent Company held as of September 30, 2014 was as follows:

(Unit: million yen)

Stocks	109,696
Capital	45,820
Total	155,517

25. Organizational Change Surplus

The amount of the Parent Company's organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

26. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities, cash and deposits pledged as collateral were as follows:

(Unit: million yen)

Securities (Government bonds)	880,786
Securities (Foreign securities)	4,361
Securities (Corporate bonds)	526
Cash/deposits	86
Securities and cash/deposits pledged as collateral	885,761

The amounts of secured liabilities were as follows:

(Unit: million yen)

Cash collateral for securities lending transactions	837,995
Loans payable	1
Secured liabilities	837,996

"Securities (Government bonds)" pledged as collateral for securities lending transactions with cash collateral as of September 30, 2014 was ¥791,619 million.

27. Net Assets per Share

The amount of net assets per share of the Parent Company as of September 30, 2014 was ¥2,300.40.

28. Stock Options

(1) The Account used to record expenses associated with issuing stock options and the amount expensed during the six months ended September 30, 2014

Operating expenses: ¥244 million

(2) Details of the stock options granted during the six months ended September 30, 2014

	4th Series of Stock Acquisition Rights
Granted persons	11 directors (except outside directors) and 17 executive officers of the Parent Company
Class and total number (*)	179,000 shares of common stock
Granted date	August 18, 2014
Vesting conditions	The acquisition rights are vested on the above granted date.
Service period covered	N/A
Exercise period	From August 19, 2014 to August 18, 2044 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of the Parent Company.
Exercise price	¥1 per stock option
Fair value at the grant date	¥1,366

(*) It has been described in terms of the number of shares.

29. Consolidation as a Result of Acquisition of DIY Life

(1) Overview of business combination

(a) Name and business of the acquired company

- Company name: Sompo Japan DIY Life Insurance Co., Ltd.
- Business: Life insurance business

(b) Purpose of the acquisition

Through the acquisition of DIY Life, the Parent Company aims to offer a new brand of insurance products through a network of agents in consideration of the diversification of the customers' needs in order to develop a new market.

(c) Date of business combination

August 1, 2014

(d) Legal form of business combination

Purchase of shares of DIY Life in cash

(e) Name of acquired company after combination

Sompo Japan DIY Life Insurance Co., Ltd.

(f) The Parent Company's percentage of shareholdings after completion of the transaction

- Share of existing voting rights before the date of business combination: 10%
- Share of additional voting rights acquired on the date of business combination: 90%
- Share of voting rights after completion of the transaction: 100%

(g) Controlling company

The Parent Company holds more than a 50% stake in DIY Life and, therefore, the Parent Company controls the decision-making body of DIY Life.

(2) Accounting period for which earnings of the acquired company were included in the consolidated statement of earnings

From July 1, 2014 to September 30, 2014.

(3) Acquisition cost and breakdown

		(Unit: million yen)
Acquisition price	Fair value of existing shares before the date of business combination	600
	Fair value of additional shares acquired on the date of business combination	5,400
Other direct costs	fee to outside advisors, etc.	35
Total acquisition cost		6,035

(4) Difference between revalued acquisition price and the sum of actual costs associated with step acquisitions
¥273 million

(5) Goodwill
(a) Amount of goodwill
¥2,038 million
(b) Reason to recognize goodwill
The acquisition price exceeded the net amount of DIY Life's assets and liabilities identified by the Parent Company at the completion date of the transaction.
(c) Amortization methods and amortization period
Amortized at one time

(6) The amounts of assets acquired and liabilities assumed at the date of business combination

	(Unit: million yen)
Total assets..	5,111
Securities included in the above "Total assets"	2,881
Total liabilities..	1,114
Policy reserves and others included in the above "Total liabilities" ...	928

(7) Allocation of the acquisition cost
Since the Parent Company has not yet completed the allocation of acquisition cost, a tentative accounting procedure is made, based on the information reasonably available at that time.

30. Asset Retirement Obligations

The following table shows the increase and decrease in asset retirement obligations for the six months ended September 30, 2014:

	(Unit: million yen)
Beginning balance	2,831
Time progress adjustments	20
Others	(57)
Ending balance	2,794

31. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of September 30, 2014, the market value of the securities borrowed which were not sold or pledged as collateral was ¥62,784 million.

32. Commitment Line

There were unused commitment line agreements under which the Parent Company is the lender of ¥33,121 million.

33. Subordinated Debt

Other liabilities included subordinated debt of ¥320,000 million, the repayment of which is subordinated to other obligations.

34. Subordinated Bonds

Subordinated bonds of ¥107,562 million shown in liabilities included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

35. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of the Parent Company and its subsidiaries that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥54,887 million as of September 30, 2014. These obligations will be recognized as operating expenses in the period in which they are paid.

36. Incentive Programs for Employees

The Parent Company conducts transactions by granting its stocks to its employees using trust schemes (“the Stock Granting Trust (J-ESOP)” and “the Company’s Trust-type Employee Shareholding Incentive Plan (E-Ship®)”) to incentivize its employees to improve the corporate value and, thus, stock prices, and to provide the employees with incentives to improve the corporate value of the Parent Company in the medium- to long-term.

(1) Overview of the transactions

(a) J-ESOP

J-ESOP is a program to grant shares of common stock to the Parent Company’s managerial level employees who fulfill requirements under the Stock Granting Regulations of the Parent Company. The Parent Company vests points to each managerial level employee based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from books of the Company.

(b) E-Ship®

E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership (the “Partnership”). In the E-Ship® plan, the Parent Company sets up a trust through a trust bank. The trust estimates the number of shares of common stock of the Parent Company which the Partnership is to acquire in 5 years and purchases the shares in advance. The Partnership buys shares of the Parent Company from the trust periodically. At the end of the trust period, the Partnership’s retained earnings, accumulation of net gains on sale of shares of the Parent Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Parent Company will pay off retained loss, accumulation of net losses on sale of the shares and any amount equivalent to the amount of outstanding debt at the end of period, as it is to guarantee the debt of the trust needed to purchase the shares.

(2) While adopting Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts. (ASBJ PITF No.30), the Parent Company applies the same accounting treatment as before.

(3) Information related to the stocks of the Parent Company which the trusts hold

(a) J-ESOP

i) Book value of the stocks of the Parent Company within the trust was ¥6,800 million. These stocks were recorded as the treasury stock in the total shareholders’ equity.

ii) The number of stocks within the trust at the period end was 4,498 thousand shares and the average number of stocks within the trust was 4,506 thousand shares. The number of shares at the period end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

(b) E-Ship®

i) Book value of the stocks of the Parent Company within the trust was ¥3,692 million. These stocks were recorded as the treasury stock in the total shareholders’ equity.

ii) The number of stocks within the trust at the period end was 2,550 thousand shares and the average number of stocks within the trust was 2,838 thousand shares. The number of shares at the period end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

37. Subsequent Events

On September 30, 2014, the board of directors of the Parent Company resolved to issue U.S. dollar-denominated perpetual subordinated notes with interest deferral options (the "Notes") and the payment was completed on October 28, 2014.

(1) Name of the notes

U.S. dollar-denominated perpetual subordinated notes (with interest deferral options)

(2) Total sum of issue price

US$ 1.0 billion

(3) Issue price (amount paid)

99% of principal amount of the notes

(4) Issue price (offering price)

100% of principal amount of the notes

(5) Interest rate

A fixed rate of 5.10% per annum before October 2024 and a floating rate with step-up thereafter

(6) Maturity

None (perpetual). The Notes are callable on each interest payment date in and after October 2024 at the discretion of the Parent Company, subject to prior government approval, etc.

(7) Listing securities exchange

Singapore Exchange Limited

(8) Payment date

October 28, 2014

(9) Collaterals and guarantees

The Notes have no collaterals or guarantees and there are no assets especially retained for the reimbursement of the Notes.

(10) Use of proceeds from the Notes

For partial repayment of existing subordinated loans and for general corporate purposes

(11) Others

Regarding the Notes, the Parent Company hedges against exchange rate fluctuation risks until October 2024 using foreign currency swaps.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

1. Net Income per Share

Net income per share for the six months ended September 30, 2014 was ¥113.23. Diluted net income per share for the same period was ¥113.16.

2. Calculation of Tax

At some consolidated subsidiaries, income taxes are calculated by applying a reasonably estimated effective tax rate to income before income taxes and minority interests for the six months ended September 30, 2014. The estimated effective tax rate takes into account the effect of deferred tax for the fiscal year including the six months ended September 30, 2014.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the six months ended September 30, 2014 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value of some asset groups, the Parent Company wrote down the book value of these assets to the recoverable value, and reported such write-off as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Impairment losses by asset group were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(Unit: million yen)		
Real estate not in use	Maebashi City, Gunma Prefecture and others	17	1,652	1,606	3,258

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.57% was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following items contained in the consolidated balance sheet: cash and deposits, call loans, commercial paper included in monetary claims bought, money market funds included in securities, and overdrafts included in other liabilities.

2. Reconciliation of Cash and Cash Equivalents

The reconciliation of cash and cash equivalents to balance sheet accounts as of September 30, 2014 was as follows:

	(Unit: million yen)
Cash and deposits (a) ………………..........................	818,538
Call loans (b) ……………………………………………	357,600
Money market funds included in securities (c) ……….	915
Cash and cash equivalents (a + b + c) …………………	1,177,054

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

1. Type and Number of Shares Outstanding

	At the beginning of the fiscal year ending March 31, 2015	Increase	Decrease	As of September 30, 2014
	(Unit: thousands of shares)			
Common stock (*1) …………………	1,000,060	197,878	-	1,197,938
Treasury stock (*2)…………………	7,743	-	694	7,048

Notes:

(*1) The increase of 197,878 thousand shares of common stock represents the sum of (a) the exercise of stock acquisition rights (stock options) of 78 thousand shares and (b) the issuance of new shares of 197,800 thousand shares.

(*2) The decrease of 694 thousand shares of treasury stock represents the sum of (a) shares granted to eligible employees at retirement by the J-ESOP and (b) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

2. Stock Acquisition Rights

Issuer	Details	Balance at the end of the period (Unit: million yen)
The Parent Company	Stock acquisition rights in the form of stock options	753

3. Dividends on Common Stocks

Date of resolution	June 24, 2014 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends (*1)	¥19,846 million
Dividends per share (*2)	¥20
Record date	March 31, 2014
Effective date	June 25, 2014
Dividend resource	Retained earnings

Notes:

(*1) Total dividends did not include ¥154 million of dividends to the J-ESOP trust and the E-Ship® trust, as the Parent Company recognized the shares held by those trusts as treasury shares.

(*2) The Parent Company conducted a 1:100 share split on October 1, 2013. The amount of dividend per share reflects the share split.

(7) Consolidated Solvency Margin Ratio

(millions of yen)

		As of March 31, 2014	As of September 30, 2014
Total solvency margin	***(A)***	4,681,499	6,091,118
Common stock, etc. *1		484,305	887,549
Reserve for price fluctuations		118,167	125,973
Contingency reserve		638,368	656,528
Catastrophe loss reserve		-	-
General reserve for possible loan losses		1,400	1,418
Net unrealized gains on securities (before tax) × 90% *2		1,718,809	2,229,720
Net unrealized gains (losses) on real estate × 85% *2		19,155	20,754
Sum of unrecognized actuarial differences and unrecognized past service cost		24,336	23,678
Policy reserves in excess of surrender values		1,801,440	1,887,008
Qualifying subordinated debt		427,562	427,562
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(551,240)	(206,848)
Excluded items		(125,982)	(144,306)
Others		125,176	182,080
Total risk $\sqrt{\left(\sqrt{R_1^2+R_5^2}+R_8+R_9\right)^2+\left(R_2+R_3+R_7\right)^2}+R_4+R_6$	***(B)***	1,236,978	1,459,961
Insurance risk	R_1	94,016	93,298
General insurance risk	R_5	-	-
Catastrophe risk	R_6	-	-
3rd sector insurance risk	R_8	176,074	178,436
Small amount and short-term insurance risk	R_9	-	-
Assumed investment yield risk	R_2	269,173	272,896
Guaranteed minimum benefit risk	R_7 *3	28,091	30,023
Investment risk	R_3	880,182	1,097,479
Business risk	R_4	28,950	33,442
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		756.9%	834.4%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(8) Status of Insurance Claims Paying Ability of Insurance Subsidiaries
(Solvency Margin Ratio)

The Dai-ichi Frontier Life Insurance Company (millions of yen)

			As of March 31, 2014	As of September 30, 2014
Total solvency margin		*(A)*	229,705	287,217
	Common stock, etc.		40,367	43,084
	Reserve for price fluctuations		1,714	2,500
	Contingency reserve		107,274	115,961
	General reserve for possible loan losses		8	17
	Net unrealized gains on securities (before tax) × 90% *		10,350	21,691
	Net unrealized gains (losses) on real estate × 85% *		-	-
	Policy reserves in excess of surrender values		69,990	103,963
	Qualifying subordinated debt		-	-
	Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		-	-
	Excluded items		-	-
	Others		-	-
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		*(B)*	68,429	87,108
	Insurance risk	R_1	34	42
	3rd sector insurance risk	R_8	-	-
	Assumed investment yield risk	R_2	12,939	21,793
	Guaranteed minimum benefit risk	R_7	22,812	25,110
	Investment risk	R_3	30,683	37,667
	Business risk	R_4	1,994	2,538
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$			671.3%	659.4%

*: Multiplied by 100% if losses.

Note: 1. The figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.
2. Guaranteed minimum benefit risk is calculated by standard method.

Sompo Japan DIY Life Insurance Co., Ltd.

(millions of yen)

		As of March 31, 2014	As of September 30, 2014
Total solvency margin	*(A)*	4,345	4,684
Common stock, etc.		3,835	4,189
Reserve for price fluctuations		19	19
Contingency reserve		488	473
General reserve for possible loan losses		-	-
Net unrealized gains on securities (before tax) × 90% *		2	1
Net unrealized gains (losses) on real estate × 85% *		-	-
Policy reserves in excess of surrender values		-	-
Qualifying subordinated debt		-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		-	-
Excluded items		-	-
Others		-	-
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	*(B)*	510	495
Insurance risk	R_1	395	383
3rd sector insurance risk	R_8	90	87
Assumed investment yield risk	R_2	0	0
Guaranteed minimum benefit risk	R_7	-	-
Investment risk	R_3	85	87
Business risk	R_4	17	16
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		1,700.9%	1,890.0%

*: Multiplied by 100% if losses.

Note: The figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

(9) Segment Information

The Company on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business, and therefore segment information was omitted.