

(Unofficial Translation)
Consolidated Summary Report under Japanese GAAP
for the Fiscal Year Ended March 31, 2019

May 15, 2019

Company Name: Dai-ichi Life Holdings, Inc.

Stock exchange listings: Tokyo

Code Number: 8750

URL: <https://www.dai-ichi-life-hd.com/>

Representative: Seiji Inagaki, President, Representative Director

For inquiry: Takuya Tonoshima, General Manager, Investor Relations Group, Corporate Planning Unit

TEL: (050)3780-6930

General meeting of shareholders: June 21, 2019

Dividend payment date: June 24, 2019

Securities report issue date: June 24, 2019

Supplementary information for financial statements: Available

Explanatory meeting to be held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Data for the Fiscal Year Ended March 31, 2019

(1) Consolidated results of operations

(% represents the change from the previous fiscal year)

Fiscal Year Ended	Ordinary Revenues		Ordinary Profit		Net Income attributable to shareholders of Parent Company	
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%
March 31, 2019	7,184,093	2.1	432,945	(8.3)	225,035	(38.2)
March 31, 2018	7,037,827	9.0	471,994	11.0	363,928	57.4

Note. Comprehensive income (loss) for the fiscal years ended March 31, 2019 and 2018 were 72,613 million yen (89.4% decrease year-on-year) and 684,757 million yen (158.4% increase year-on-year), respectively.

Fiscal Year Ended	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Profits to Total Assets	Ratio of Ordinary Profits to Ordinary Revenues
	yen	yen	%	%	%
March 31, 2019	194.43	194.29	6.0	0.8	6.0
March 31, 2018	310.69	310.45	10.6	0.9	6.7

(Reference) Income from investment in affiliates (Equity method) March 31, 2019: 10,067 million yen March 31, 2018: 5,528 million yen

(2) Consolidated financial condition

As of	Total Assets	Total Net Assets	Ratio of Net Assets Attributable to the Company's shareholders to Total Assets	Total Net Assets per Share
	Unit: million yen	Unit: million yen	%	yen
March 31, 2019	55,941,261	3,713,592	6.6	3,240.72
March 31, 2018	53,603,028	3,749,271	7.0	3,217.68

(Reference) Net assets attributable to the Company's shareholders as of March 31, 2019 and 2018 were 3,712,430 million yen and 3,747,923 million yen, respectively.

(3) Consolidated cash flows

Fiscal Year Ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Unit: million yen	Unit: million yen	Unit: million yen	Unit: million yen
March 31, 2019	1,696,993	(1,347,136)	(143,428)	1,237,077
March 31, 2018	1,169,136	(1,015,438)	(85,421)	1,033,022

2. Dividends on Common Stock

Fiscal Year Ended	Dividends per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2018	-	0.00	-	50.00	50.00	58,239	16.1	1.7
March 31, 2019	-	0.00	-	58.00	58.00	66,442	29.8	1.8
March 31, 2020 (Forecast)	-	0.00	-	62.00	62.00		31.4	

Note. "Total dividends (Annual)" in the above table excludes dividends of 213 million yen for the fiscal year ended March 31, 2018 and dividends of 241 million yen for the fiscal year ended March 31, 2019 to shares held by the Stock Granting Trust (J-ESOP trust).

3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2020

(% represents the change from the previous fiscal year)

Fiscal Year Ending March 31, 2020	Ordinary Revenues		Ordinary Profit		Net Income attributable to shareholders of Parent Company		Net Income per Share
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	yen
	6,931,000	(3.5)	417,000	(3.7)	226,000	0.4	197.28

4. Notes

(1) Changes in significant subsidiaries during the period (changes in “Specified Subsidiaries” (Tokutei Kogaisha) accompanying changes in scope of consolidation): Yes

Newly added to the scope of consolidation: Asteron Life & Superannuation Limited

Note. Asteron Life & Superannuation Limited changed its name from Suncorp Life & Superannuation Limited.

(2) Changes in accounting policies, accounting estimates and correction of past errors:

(A) Changes in accounting policies due to revision of accounting standards: Yes

(B) Changes in accounting policies due to reasons other than item (A) above: Yes

(C) Changes in accounting estimates: No

(D) Correction of past errors: No

For details, please refer to (Changes in Accounting Policies), (5) Notes to the Consolidated Financial Statements, under [3. Unaudited Consolidated Financial Statements] of the Appendix.

(3) Number of shares outstanding (common stock)

	<u>As of March 31, 2019</u>	<u>As of March 31, 2018</u>
(A) Total shares outstanding including treasury stock:	1,198,208,200	1,198,023,000
(B) Shares of treasury stock held:	52,650,425	33,230,600
	<u>Year ended March 31, 2019</u>	<u>Year ended March 31, 2018</u>
(C) Average outstanding shares:	1,157,398,266	1,171,339,375

Note.

1. For the number of shares used as the basis for the calculation of consolidated net income per share, please refer to (Per-share information), (5) Notes to the Consolidated Financial Statements, under [3. Unaudited Consolidated Financial Statements] of the Appendix.

2. The 4,161,700 shares and 4,270,100 shares of treasury stock in the above table represent the sum of shares of common stock of the Company owned by the Stock Granting Trust (J-ESOP trust) as of March 31, 2019 and 2018, respectively.

(Reference) Non-consolidated Financial Data

1. Non-consolidated Financial Data for the Fiscal Year Ended March 31, 2019

(1) Non-consolidated results of operations

(% represents the change from the previous fiscal year)

Fiscal Year Ended	Sales Revenues		Operating Profit	
	Unit: million yen	%	Unit: million yen	%
March 31, 2019	157,816	171.3	147,532	204.0
March 31, 2018	58,168	166.5	48,535	179.1

Fiscal Year Ended	Ordinary Profit		Net Income	
	Unit: million yen	%	Unit: million yen	%
March 31, 2019	145,683	198.3	144,494	151.0
March 31, 2018	48,840	(75.4)	57,565	(43.5)

Fiscal Year Ended	Net Income per Share	Diluted Net Income per Share
	yen	yen
March 31, 2019	124.84	124.75
March 31, 2018	49.15	49.11

(2) Non-consolidated financial condition

As of	Total Assets	Total Net Assets	Ratio of Net Assets Attributable to the Company's shareholders to Total Assets	Total Net Assets per Share
	Unit: million yen	Unit: million yen	%	yen
March 31, 2019	1,708,202	1,257,325	73.5	1,096.55
March 31, 2018	1,691,175	1,205,618	71.2	1,033.89

(Reference) Net assets attributable to the Company's shareholders as of March 31, 2019 and 2018 were 1,256,162 million yen and 1,204,270 million yen, respectively.

*This report is exempt from the audits of CPAs or Audit firms.

*Notes for using earnings forecast in this report and others:

This report contains forward-looking statements, such as earnings forecasts, regarding the intent, beliefs and current expectations of the Company and its management with respect to the expected financial condition and results of operations of the Company. These statements necessarily depend upon information currently available to the Company and its management and on assumptions that the Company and its management believe are appropriate. Forward-looking statements are not guarantees of future performance and actual results may differ materially from any future results expressed or implied by forward-looking statements. Forward-looking statements are subject to various risks and uncertainties, such as fluctuations in market conditions, including changes in the value of equity securities and changes in interest rates and forward exchange rates, the occurrence of illegal acts, operational and system risks, risks associated with general economic conditions in Japan and other factors. Important factors which may affect the Company's financial condition, results of operations and business performance are not limited to the factors described above. In light of the risks and uncertainties relating to forward-looking statements, investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this release.

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The Company plans to hold a conference call for institutional investors and analysts regarding its financial results for the fiscal year ended March 31, 2019 on May 15, 2019. The material for the conference call will be posted on TDnet and the Company's website.

1. Consolidated Results of Operations

(1) Results of Operations and Financial Condition

(i) Results of Operations for the Fiscal Year Ended March 31, 2019

- Ordinary revenues of Dai-ichi Life Holdings, Inc. (hereinafter the “Company” or the “Parent Company”) and its consolidated subsidiaries (collectively, the “Group”) for the fiscal year ended March 31, 2019 increased by 146.2 billion yen, or 2.1%, to 7,184.0 billion yen, consisting of (1) 5,344.0 billion yen (9.4% increase) of premium and other income, (2) 1,583.2 billion yen (12.2% decrease) of investment income, and (3) 256.8 billion yen (26.7% decrease) of other ordinary revenues, compared to the prior fiscal year. Premium and other income increased mainly attributable to the increase in sales of Dai-ichi Frontier Life.
- Meanwhile, the Group’s ordinary expenses for the fiscal year ended March 31, 2019 increased by 2.8%, to 6,751.1 billion yen, consisting of (1) 3,839.1 billion yen (1.3% increase) of benefits and claims, (2) 1,309.2 billion yen (7.0% increase) of provision for policy reserves and others, (3) 541.5 billion yen (1.4% decrease) of investment expenses, (4) 703.5 billion yen (6.4% increase) of operating expenses, and (5) 357.6 billion yen (4.6% increase) of other ordinary expenses, compared to the prior fiscal year.
- Consequently, the Group’s ordinary profit for the fiscal year ended March 31, 2019, compared to the prior fiscal year, decreased by 39.0 billion yen or 8.3%, to 432.9 billion yen. Its net income attributable to shareholders of parent company for the fiscal year, which is ordinary profit after extraordinary gains and losses, provision for reserve for policyholder dividends, and total of corporate income taxes, decreased by 38.2%, to 225.0 billion yen.
- Net income attributable to shareholders of parent company for the fiscal year decreased compared to the prior fiscal year. The decrease was mainly attributable to a one-time increase of 90.1 billion yen in profit for Protective Life as a result of the reduction in the U.S. corporate tax rate and a share exchange gain of 33.5 billion yen on the merger of Janus Capital and Henderson Group, both of which occurred in the prior fiscal year.

(ii) Financial Condition as of March 31, 2019

(a) Condition of assets, liabilities, and net assets

- The Group’s total assets as of March 31, 2019, compared to March 31, 2018, increased by 4.4%, to 55,941.2 billion yen, mainly consisting of 47,065.0 billion yen (4.8% increase) of securities, 3,353.2 billion yen (3.9% decrease) of loans and 1,145.2 billion yen (1.3% increase) of tangible fixed assets.
- The Group’s total liabilities as of March 31, 2019 increased by 4.8% to 52,227.6 billion yen, mainly consisting of 48,279.4 billion yen (6.1% increase) of policy reserves and others, compared to March 31, 2018.
- The Group’s total net assets as of March 31, 2019 decreased by 1.0% to 3,713.5 billion yen. Net unrealized gains on securities, net of tax, as of March 31, 2019, which are included in the Group’s total net assets, decreased by 6.1% to 2,101.5 billion yen, mainly attributable to the decrease in unrealized gains on securities in the group companies including Protective Life.

(b) Cash flows

- Cash Flows from Operating Activities

The Company's net cash flows provided by operating activities for the fiscal year ended March 31, 2019 increased by 527.8 billion yen to 1,696.9 billion yen, compared to the prior fiscal year.

- Cash Flows from Investing Activities

The Company's net cash flows used in investing activities for the fiscal year ended March 31, 2019 increased by 331.6 billion yen to 1,347.1 billion yen, compared to the prior fiscal year.

- Cash Flows from Financing Activities

The Company's net cash flows used in financing activities for the fiscal year ended March 31, 2019 increased by 58.0 billion yen to 143.4 billion yen, compared to the prior fiscal year.

- Cash and Cash Equivalents at the End of the Year

As a result, the Company's cash and cash equivalents as of March 31, 2019 increased by 204.0 billion yen to 1,237.0 billion yen from 1,033.0 billion yen at the end of the prior fiscal year.

(2) Forecasts

- The Company forecasts its consolidated ordinary revenues to decrease compared to the previous fiscal year to 6,931.0 billion yen, mainly due to the decrease in sales of Dai-ichi Frontier Life. The Company also forecasts ordinary profit to decrease to 417.0 billion yen mainly due to decrease in fundamental profit for Dai-ichi Life, and forecasts net income attributable to shareholders of parent company to increase to 226.0 billion yen mainly due to increase in profit for group companies including Dai-ichi Frontier Life.
- The above forecasts are based on the Company's current expectations, taking into account factors such as the information currently available and past experience, and assuming that interest rates, forward exchange rates and stock prices do not substantially vary from those as of March 31, 2019. Therefore, actual results may substantially differ from the forecasts.

2. Basic Rationale for Selection of Accounting Standards

The Group is evaluating International Financial Reporting Standards (IFRS), assuming that the Group will adopt IFRS in the future.

Regarding the new accounting standards for insurance contracts which the International Accounting Standards Board (IASB) published, taking into account the potential effect on the method of creating financial statements, we are continuously examining their progress.

3. Unaudited Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
ASSETS		
Cash and deposits	891,285	920,177
Call loans	164,600	335,500
Monetary claims bought	195,133	199,193
Money held in trust	523,828	559,474
Securities	44,916,958	47,065,031
Loans	3,487,682	3,353,268
Tangible fixed assets	1,130,525	1,145,267
Land	773,762	787,421
Buildings	346,027	348,900
Leased assets	4,276	2,440
Construction in progress	97	149
Other tangible fixed assets	6,362	6,355
Intangible fixed assets	414,995	444,869
Software	86,422	96,631
Goodwill	51,481	48,926
Other intangible fixed assets	277,091	299,311
Reinsurance receivable	94,064	155,320
Other assets	1,676,172	1,692,127
Deferred tax assets	1,201	17,154
Customers' liabilities for acceptances and guarantees	108,514	55,515
Reserve for possible loan losses	(1,497)	(1,248)
Reserve for possible investment losses	(436)	(390)
Total assets	53,603,028	55,941,261

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
LIABILITIES		
Policy reserves and others	45,513,790	48,279,458
Reserves for outstanding claims	517,422	555,517
Policy reserves	44,597,717	47,325,761
Reserve for policyholder dividends	398,650	398,178
Reinsurance payable	218,791	379,568
Bonds payable	968,938	1,062,252
Other liabilities	1,998,151	1,420,986
Net defined benefit liabilities	413,189	422,346
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,384	1,298
Reserve for possible reimbursement of prescribed claims	900	900
Reserves under the special laws	195,797	218,259
Reserve for price fluctuations	195,797	218,259
Deferred tax liabilities	357,859	311,059
Deferred tax liabilities for land revaluation	76,438	76,023
Acceptances and guarantees	108,514	55,515
Total liabilities	49,853,756	52,227,668
NET ASSETS		
Capital stock	343,146	343,326
Capital surplus	329,653	329,723
Retained earnings	976,899	1,134,392
Treasury stock	(60,076)	(98,634)
Total shareholders' equity	1,589,623	1,708,808
Net unrealized gains (losses) on securities, net of tax	2,238,159	2,101,587
Deferred hedge gains (losses)	(9,649)	3,803
Reserve for land revaluation	(12,423)	(13,488)
Foreign currency translation adjustments	(49,201)	(77,457)
Accumulated remeasurements of defined benefit plans	(8,584)	(10,824)
Total accumulated other comprehensive income	2,158,300	2,003,621
Subscription rights to shares	1,348	1,162
Total net assets	3,749,271	3,713,592
Total liabilities and net assets	53,603,028	55,941,261

(2) Consolidated Statement of Earnings and Comprehensive Income

[Consolidated Statement of Earnings]

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
ORDINARY REVENUES	7,037,827	7,184,093
Premium and other income	4,884,579	5,344,016
Investment income	1,802,626	1,583,228
Interest and dividends	1,197,362	1,244,255
Gains on investments in trading securities	214,470	-
Gains on sale of securities	236,702	279,220
Gains on redemption of securities	24,835	21,146
Reversal of reserve for possible loan losses	343	237
Other investment income	1,484	1,692
Gains on investments in separate accounts	127,428	36,676
Other ordinary revenues	350,621	256,848
ORDINARY EXPENSES	6,565,833	6,751,148
Benefits and claims	3,789,907	3,839,105
Claims	1,177,487	1,164,756
Annuities	656,046	818,785
Benefits	457,515	502,606
Surrender values	803,906	672,578
Other refunds	694,950	680,379
Provision for policy reserves and others	1,223,870	1,309,287
Provision for reserves for outstanding claims	-	12,553
Provision for policy reserves	1,215,562	1,288,468
Provision for interest on policyholder dividends	8,308	8,265
Investment expenses	548,957	541,541
Interest expenses	43,866	43,306
Losses on money held in trust	1,244	448
Losses on investments in trading securities	-	85,306
Losses on sale of securities	115,943	141,762
Losses on valuation of securities	4,709	11,151
Losses on redemption of securities	4,338	3,569
Derivative transaction losses	78,917	41,586
Foreign exchange losses	245,255	162,354
Provision for reserve for possible investment losses	205	37
Write-down of loans	992	120
Depreciation of real estate for rent and others	13,286	13,254
Other investment expenses	40,199	38,642
Operating expenses	661,110	703,573
Other ordinary expenses	341,986	357,641
Ordinary profit	471,994	432,945

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
EXTRAORDINARY GAINS	34,182	2,512
Gains on disposal of fixed assets	651	2,476
Gains on exchange of stocks of subsidiaries and affiliated companies	33,507	-
Other extraordinary gains	23	36
EXTRAORDINARY LOSSES	34,416	28,607
Losses on disposal of fixed assets	1,446	4,064
Impairment losses on fixed assets	11,589	1,801
Provision for reserve for price fluctuations	21,120	22,462
Other extraordinary losses	259	279
Provision for reserve for policyholder dividends	95,000	87,500
Income before income taxes	376,760	319,349
Corporate income taxes-current	113,588	99,814
Corporate income taxes-deferred	(100,757)	(5,501)
Total of corporate income taxes	12,831	94,313
Net income	363,928	225,035
Net income attributable to shareholders of parent company	363,928	225,035

[Consolidated Statement of Comprehensive Income]

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net income	363,928	225,035
Other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	335,075	(134,626)
Deferred hedge gains (losses)	15,579	13,452
Reserve for land revaluation	(3)	-
Foreign currency translation adjustments	(28,541)	(21,674)
Remeasurements of defined benefit plans, net of tax	11,288	(2,350)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(12,568)	(7,223)
Total other comprehensive income	320,828	(152,421)
Comprehensive income	684,757	72,613
(Details)		
Attributable to shareholders of parent company	684,757	72,613

(3) Consolidated Statement of Changes in Net Assets

Year ended March 31, 2018

(Unit: million 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	343,146	329,740	665,345	(37,476)	1,300,756	1,906,091	(25,243)
Cumulative effect of changes in accounting policies					-		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,146	329,740	665,345	(37,476)	1,300,756	1,906,091	(25,243)
Changes for the year							
Issuance of new shares					-		
Dividends			(50,531)		(50,531)		
Net income attributable to shareholders of parent company			363,928		363,928		
Purchase of treasury stock				(22,999)	(22,999)		
Disposal of treasury stock		(87)		400	312		
Transfer from reserve for land revaluation			(5,121)		(5,121)		
Others			3,277		3,277		
Net changes of items other than shareholders' equity						332,068	15,594
Total changes for the year	-	(87)	311,553	(22,599)	288,866	332,068	15,594
Balance at the end of the year	343,146	329,653	976,899	(60,076)	1,589,623	2,238,159	(9,649)

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	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	(17,541)	(8,178)	(19,865)	1,835,262	1,247	3,137,266
Cumulative effect of changes in accounting policies				-		-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(17,541)	(8,178)	(19,865)	1,835,262	1,247	3,137,266
Changes for the year						
Issuance of new shares						-
Dividends						(50,531)
Net income attributable to shareholders of parent company						363,928
Purchase of treasury stock						(22,999)
Disposal of treasury stock						312
Transfer from reserve for land revaluation						(5,121)
Others						3,277
Net changes of items other than shareholders' equity	5,117	(41,023)	11,280	323,037	101	323,138
Total changes for the year	5,117	(41,023)	11,280	323,037	101	612,005
Balance at the end of the year	(12,423)	(49,201)	(8,584)	2,158,300	1,348	3,749,271

Year ended March 31, 2019

(Unit: million 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	343,146	329,653	976,899	(60,076)	1,589,623	2,238,159	(9,649)
Cumulative effect of changes in accounting policies			(9,420)		(9,420)	(1,192)	
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,146	329,653	967,479	(60,076)	1,580,202	2,236,967	(9,649)
Changes for the year							
Issuance of new shares	180	180			360		
Dividends			(58,239)		(58,239)		
Net income attributable to shareholders of parent company			225,035		225,035		
Purchase of treasury stock				(39,000)	(39,000)		
Disposal of treasury stock		(109)		441	331		
Transfer from reserve for land revaluation			1,064		1,064		
Others			(947)		(947)		
Net changes of items other than shareholders' equity						(135,379)	13,452
Total changes for the year	180	70	166,913	(38,558)	128,605	(135,379)	13,452
Balance at the end of the year	343,326	329,723	1,134,392	(98,634)	1,708,808	2,101,587	3,803

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	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	(12,423)	(49,201)	(8,584)	2,158,300	1,348	3,749,271
Cumulative effect of changes in accounting policies				(1,192)		(10,612)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(12,423)	(49,201)	(8,584)	2,157,108	1,348	3,738,659
Changes for the year						
Issuance of new shares						360
Dividends						(58,239)
Net income attributable to shareholders of parent company						225,035
Purchase of treasury stock						(39,000)
Disposal of treasury stock						331
Transfer from reserve for land revaluation						1,064
Others						(947)
Net changes of items other than shareholders' equity	(1,064)	(28,255)	(2,239)	(153,486)	(185)	(153,672)
Total changes for the year	(1,064)	(28,255)	(2,239)	(153,486)	(185)	(25,066)
Balance at the end of the year	(13,488)	(77,457)	(10,824)	2,003,621	1,162	3,713,592

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	376,760	319,349
Depreciation of real estate for rent and others	13,286	13,254
Depreciation	43,208	50,914
Impairment losses on fixed assets	11,589	1,801
Amortization of goodwill	3,823	4,390
Increase (decrease) in reserves for outstanding claims	(35,828)	35,993
Increase (decrease) in policy reserves	1,004,292	1,155,292
Provision for interest on policyholder dividends	8,308	8,265
Provision for (reversal of) reserve for policyholder dividends	95,000	87,500
Increase (decrease) in reserve for possible loan losses	(564)	(239)
Increase (decrease) in reserve for possible investment losses	(8)	(46)
Write-down of loans	992	120
Increase (decrease) in net defined benefit liabilities	8,378	6,112
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(114)	(85)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	100	-
Increase (decrease) in reserve for price fluctuations	21,120	22,462
Interest and dividends	(1,197,362)	(1,244,255)
Securities related losses (gains)	(478,445)	(95,253)
Interest expenses	43,866	43,306
Foreign exchange losses (gains)	245,255	162,354
Losses (gains) on disposal of fixed assets	595	527
Equity in losses (income) of affiliates	(5,528)	(10,067)
Gains on exchange of stocks of subsidiaries and affiliated companies	(33,507)	-
Decrease (increase) in reinsurance receivable	(6,147)	(50,501)
Decrease (increase) in other assets unrelated to investing and financing activities	(40,271)	(87,727)
Increase (decrease) in reinsurance payable	15,603	158,963
Increase (decrease) in other liabilities unrelated to investing and financing activities	159,708	(85,831)
Others, net	126,897	83,869
Subtotal	381,008	580,470
Interest and dividends received	1,356,311	1,424,532
Interest paid	(51,328)	(50,442)
Policyholder dividends paid	(90,542)	(96,237)
Others, net	(369,626)	8,247
Corporate income taxes paid	(56,686)	(169,576)
Net cash flows provided by (used in) operating activities	1,169,136	1,696,993

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	(19,575)	3,708
Purchases of monetary claims bought	(29,134)	(34,317)
Proceeds from sale and redemption of monetary claims bought	32,648	32,131
Purchases of money held in trust	(355,628)	(117,960)
Proceeds from decrease in money held in trust	163,600	81,781
Purchases of securities	(9,663,806)	(10,790,799)
Proceeds from sale and redemption of securities	8,851,662	9,677,088
Origination of loans	(715,646)	(738,590)
Proceeds from collection of loans	757,822	914,523
Others, net	31,173	(279,306)
Total of net cash provided by (used in) investment transactions	(946,884)	(1,251,739)
Total of net cash provided by (used in) operating activities and investment transactions	222,252	445,253
Acquisition of tangible fixed assets	(35,547)	(58,163)
Proceeds from sale of tangible fixed assets	2,818	22,833
Acquisition of intangible fixed assets	(34,129)	(34,757)
Proceeds from sale of intangible fixed assets	-	295
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	-	(30,334)
Acquisition of stock of subsidiaries	(1,696)	(881)
Proceeds from transfer of business	-	1,343
Proceeds from acquisition of business	-	4,268
Net cash flows provided by (used in) investing activities	(1,015,438)	(1,347,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	60,455	65,860
Repayment of borrowings	(79,665)	(197,715)
Proceeds from issuing bonds	62,176	146,055
Redemption of bonds	(62,545)	(40,169)
Repayment of financial lease obligations	(2,177)	(1,331)
Net increase (decrease) in short-term financing	9,862	(16,808)
Purchase of treasury stock	(22,999)	(39,000)
Cash dividends paid	(50,413)	(58,100)
Acquisitions of stock of subsidiaries that do not result in change in scope of consolidation	(114)	(2,219)
Others, net	0	0
Net cash flows provided by (used in) financing activities	(85,421)	(143,428)
Effect of exchange rate changes on cash and cash equivalents	(12,364)	(2,373)
Net increase (decrease) in cash and cash equivalents	55,912	204,054
Cash and cash equivalents at the beginning of the year	977,110	1,033,022
Cash and cash equivalents at the end of the year	1,033,022	1,237,077

(5) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumptions)

None

(Changes in Accounting Policies)

- (i) Effective the fiscal year ended March 31, 2019, certain consolidated overseas subsidiaries adopted Accounting Standards Update ("ASU") No. 2014-09 - Revenue from Contracts with Customers (Topic 606) issued by the Financial Accounting Standards Board ("FASB").

Under the new guidance principle, entities are required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In accordance with the amendments in this update applied on a modified retrospective basis, a cumulative effect adjustment to retained earnings was recorded at the beginning of the fiscal year ended March 31, 2019.

As a result, retained earnings decreased by ¥10,612 million at the beginning of the fiscal year ended March 31, 2019. There was no significant impact on the figures in the consolidated statement of earnings for the fiscal year ended March 31, 2019.

- (ii) Effective the fiscal year ended March 31, 2019, certain consolidated overseas subsidiaries adopted ASU No. 2016-01 - Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities issued by the FASB.

The update requires that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) be measured at fair value with changes in fair value recognized in net income.

In accordance with the amendments in this update applied on a modified retrospective basis, a cumulative effect adjustment to both retained earnings and accumulated other comprehensive income was recorded at the beginning of the fiscal year ended March 31, 2019.

As a result, retained earnings increased by ¥1,192 million and net unrealized gains (losses) on securities, net of tax decreased by ¥1,192 million at the beginning of the fiscal year ended March 31, 2019. There was no significant impact on the figures in the consolidated statement of earnings for the fiscal year ended March 31, 2019.

- (iii) Effective the fiscal year ended March 31, 2019, the Company has changed scope of cash and cash equivalents in the consolidated statement of cash flows.

Previously, cash and cash equivalents consisted 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.

In order to more accurately present the actual cash flows, scope of cash and cash equivalents has been revised and consists of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have insignificant risk of change in value.

This change in the accounting policies has been applied retrospectively.

As a result, "Net cash flows provided by (used in) investing activities" decreased by ¥19,575 million, "Effect of exchange rate changes on cash and cash equivalents" increased by ¥68 million, "Net increase (decrease) in cash and cash equivalents" decreased by ¥19,507 million, "Cash and cash equivalents at the beginning of the year" decreased by ¥3,355 million, and "Cash and cash equivalents at the end of the year" decreased by ¥22,863

million in the consolidated statement of cash flows for the fiscal year ended March 31, 2018.

(Segment Information and Others)

[Segment Information]

1 Overview of reporting segments

The reporting segments of the Company are components of the Company about which separate financial information is available. The segments are subject to periodic review to enable the Company's Board of Directors to decide on allocation of business resources and evaluate business performance.

The Company is a holding company which manages life insurance companies in Japan and elsewhere as well as other subsidiaries and affiliated companies. These companies are subject to regulations of the Insurance Business Act.

The Company's operations are therefore segmented based on the operations of its subsidiaries and affiliated companies and the Company's three reporting segments are the Domestic Life Insurance Business, the Overseas Insurance Business, and Other Business.

The Domestic Life Insurance Business consists of subsidiaries which operate domestic life insurance business. The Overseas Insurance Business consists of subsidiaries and affiliated companies which operate overseas insurance business. The Company and affiliated companies that do not operate either the Domestic Life Insurance Business or the Overseas Insurance Business are segmented as Other Business and mainly consist of the asset management related business.

2 Method of calculating ordinary revenues, income or loss, assets and liabilities and others by reporting segment

Figures for reporting segment income are based on ordinary profit.

Intersegment revenue is mainly based on market prices.

3 Information on ordinary revenues, income or loss, assets and liabilities, and others by reporting segment

For the fiscal year ended March 31, 2019

(Unit: million yen)

	Reporting segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
Ordinary revenues (Note 1)	5,931,313	1,341,382	11,207	7,283,903	(99,809)	7,184,093
Intersegment transfers	1,963	482	148,877	151,323	(151,323)	-
Total	5,933,276	1,341,864	160,085	7,435,226	(251,132)	7,184,093
Segment income (loss)	375,758	52,770	144,525	573,054	(140,109)	432,945
Segment assets	44,863,905	10,872,663	1,793,066	57,529,636	(1,588,375)	55,941,261
Segment liabilities	41,770,825	10,056,099	453,451	52,280,376	(52,707)	52,227,668
Other relevant information						
Depreciation of real estate for rent and others	13,240	14	-	13,254	-	13,254
Depreciation	30,640	20,231	42	50,914	-	50,914
Amortization of goodwill	-	4,390	-	4,390	-	4,390
Interest and dividends	959,560	286,163	139,906	1,385,630	(141,374)	1,244,255
Interest expenses	12,858	29,877	1,719	44,455	(1,148)	43,306
Equity in income of affiliates	-	2,295	7,771	10,067	-	10,067
Extraordinary gains	2,472	39	-	2,512	-	2,512
Extraordinary losses	28,516	90	-	28,607	-	28,607
[Impairment losses on fixed assets]	[1,766]	[35]	[-]	[1,801]	[-]	[1,801]
Taxes	79,382	12,312	2,619	94,313	-	94,313
Investments in affiliated companies	-	49,524	141,599	191,123	-	191,123
Increase in tangible fixed assets and intangible fixed assets	82,337	10,562	60	92,961	-	92,961

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Adjusted amounts were as follows.

(1) Adjustment for ordinary revenues of ¥(99,809) million was mainly related to ordinary revenues including other ordinary revenues of ¥73,367 million reconciled to provision for policy reserves and provision for reserves for outstanding claims in the Consolidated Statement of Earnings.

(2) Adjustment for segment income (loss) of ¥(140,109) million was mainly related to elimination of dividend income from subsidiaries and affiliated companies.

(3) Adjustment for segment assets of ¥(1,588,375) million was mainly related to elimination of stocks of subsidiaries and affiliated companies.

(4) Adjustment for segment liabilities of ¥(52,707) million was mainly related to elimination of intersegment receivables and payables.

(5) Adjustment for others was mainly related to elimination of intersegment transactions.

3. Segment income is reconciled with ordinary profit booked in the Consolidated Statement of Earnings.

[Other Related Information]

For the fiscal year ended March 31, 2019

1 Product (Service) Segment Information

(Unit: million yen)

	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total
Premium and other income	4,372,090	971,925	-	5,344,016

2 Geographic Segment Information

(1) Ordinary Revenues

(Unit: million yen)

Japan	United States of America	Other Areas	Total
5,682,437	971,261	530,394	7,184,093

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Based on the location of customers, ordinary revenues are classified by country or region.

(2) Tangible fixed assets

Geographic segment information has been omitted as more than 90% of the Group's tangible fixed assets are derived from its business unit in Japan.

3 Major Customer Information

Major customer information has been omitted as no single customer accounts for 10% or more of the Group's consolidated ordinary revenues.

[Impairment Losses on Fixed Assets by Reporting Segment]

For the fiscal year ended March 31, 2019

Information on impairment losses on fixed assets by reporting segments is disclosed in [Segment Information].

[Amortization of Goodwill and Unamortized Amount of Goodwill by Reporting Segment]

For the fiscal year ended March 31, 2019

(Unit: million yen)

	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total
Amortization of goodwill	-	4,390	-	4,390
Unamortized amount of goodwill	-	48,926	-	48,926

[Gain on Negative Goodwill by Reporting Segment]

For the fiscal year ended March 31, 2019

Not applicable

(Per-share Information)

Net assets per share as of March 31, 2019:	¥ 3,240.72
Net income per share for the year ended March 31, 2019:	¥ 194.43
Diluted net income per share for the year ended March 31, 2019:	¥ 194.29

Note.

1. Reconciliation of net income per share and diluted net income per share was as follows:

<u>Year ended March 31, 2019</u>	<u>(Unit: million yen)</u>
Net income per share	
Net income attributable to shareholders of parent company	¥ 225,035
Net income attributable to other than shareholders of common stock	-
Net income attributable to shareholders of parent company of common stock ...	<u>¥ 225,035</u>
Average number of common stock outstanding: 1,157,398 thousand shares	
Diluted net income per share	
Adjustments to net income attributable to shareholders of parent company	-
Increase in the number of common stock: 850 thousand shares	
(Increase in the number of common stock attributable to subscription rights to shares: 850 thousand shares)	
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect: Not applicable	

2. Reconciliation of net assets per share was as follows:

<u>As of March 31, 2019</u>	<u>(Unit: million yen)</u>
Net assets	¥ 3,713,592
Adjustments	¥ 1,162
Subscription rights to shares	¥ 1,162
Net assets attributable to common stock	<u>¥ 3,712,430</u>
Number of common stock outstanding: 1,145,557 thousand shares	

3. For the calculation of net income per share, the shares held by "the Stock Granting Trust (J-ESOP)" were included in treasury stock excluded from the average number of common stock outstanding. The average number of the shares held by the J-ESOP during the year ended March 31, 2019 was 4,203 thousand shares. For the calculation of net assets per share, the shares held by the J-ESOP were included in treasury stock excluded from the number of common stock outstanding. The number of the shares held by the J-ESOP as of March 31, 2019 was 4,161 thousand shares.

(Subsequent Events)

On May 15, 2019, the board of directors of the Company resolved to repurchase the Company's shares under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

(1) Reason for the Repurchase of the Company's shares

To enhance shareholder return through the implementation of a flexible capital policy and the improvement of capital efficiency.

(2) Details of the Repurchase

- a) **Class of shares to be repurchased**
Shares of common stock
- b) **Aggregate number of shares to be repurchased**
Up to 28,000,000 shares
- c) **Aggregate price of shares to be repurchased**
Up to 28.0 billion yen
- d) **Period of repurchase of shares**
From May 16, 2019 to March 31, 2020
- e) **Method of repurchase of shares**
Open-market repurchase by the trust method